

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER	Note	CPC		Group	
		2024	2023	2024	2023
		Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn
Revenue	2	923,441.58	1,263,602.85	929,197.15	1,261,783.07
Cost of Sales		(847,862.04)	(1,101,488.23)	(855,347.64)	(1,105,709.24)
<b>Gross Profit/(Loss)</b>		<b>75,579.55</b>	<b>162,114.62</b>	<b>73,849.50</b>	<b>156,073.83</b>
Other Operating Income	3	1,244.94	10,774.52	2,246.28	11,706.91
Selling & Distribution Expenses		(45,060.87)	(54,011.66)	(33,994.12)	(44,665.65)
Administrative Expenses		(15,259.15)	(29,005.98)	(20,942.47)	(34,122.79)
<b>Operating Profit/ (Loss)</b>	4	<b>16,504.47</b>	<b>89,871.49</b>	<b>21,159.20</b>	<b>88,992.30</b>
Exchange Rate Variation	4.2	14,300.88	20,340.30	14,300.88	20,340.30
Finance Income	5	3,634.54	17,588.92	3,969.66	17,898.96
Finance Expenses	6	(1,175.13)	(7,454.35)	(1,201.97)	(7,484.87)
<b>Profit /(Loss) before tax</b>		<b>33,264.76</b>	<b>120,346.36</b>	<b>38,227.77</b>	<b>119,746.69</b>
Income tax Expense	7		(36.00)	(1,616.83)	315.11
<b>Profit/(Loss) for the year</b>		<b>33,264.76</b>	<b>120,310.36</b>	<b>36,610.94</b>	<b>120,061.79</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>Items that will not be reclassified to Profit or Loss:</b>					
Re-measurement gain/(loss) on Retirement Benefit plan	18	(192.28)	(107.16)	(22.82)	(686.58)
Revaluation Gain from Land & Building				24,097.26	
Tax on Other Comprehensive Income		-	-	(7,280.01)	173.82
<b>Other comprehensive income / (expense) for the year</b>		<b>(192.28)</b>	<b>(107.16)</b>	<b>16,794.43</b>	<b>(512.75)</b>
<b>Total comprehensive Income/(expense) for the year, net of tax</b>		<b>33,072.48</b>	<b>120,203.20</b>	<b>53,405.36</b>	<b>119,549.04</b>
<b>Total Comprehensive Income attributable to :</b>					
Owners of the entity		33,072.48	120,203.20	46,633.25	119,694.94
Non-Controlling interests		-	-	6,772.11	(145.90)
		<b>33,072.48</b>	<b>120,203.20</b>	<b>53,405.36</b>	<b>119,549.04</b>

The notes appearing on pages 05 to 41 form an integral part of the Financial Statements.

# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER	Note	CPC		Group	
		2024	2023 Restated	2024	2023 Restated
		Rs.Mn.	Rs.Mn.	Rs.Mn.	Rs.Mn.
<b>ASSETS</b>					
<b>Non - Current Assets</b>					
Property, Plant & Equipment	8	45,837.40	45,684.02	86,405.28	61,635.53
Investment Property	8.3	46.60	48.51	46.60	48.51
Intangible Assets	8.4	0.00	0.20	103.77	9.53
Right-of-use-Assets	9.2	110.88	97.00	320.32	310.89
Investment in Subsidiary	10	5,142.80	5,102.00	-	-
Non-Current Financial Assets	11	13.04	13.04	13.04	13.04
Trade & Other Receivables	12	6,446.26	4,964.73	7,925.89	6,298.30
		57,596.99	55,909.49	94,814.90	68,315.79
<b>Current Assets</b>					
Inventories	14	104,376.84	166,802.60	105,244.58	167,685.66
Trade & Other Receivables	12	12,296.36	23,129.89	18,605.18	29,211.36
Short term Investments		190.67	169.84	1,338.85	1,169.84
Cash and Cash Equivalents	15	55,316.92	65,424.42	59,742.38	66,627.24
		172,180.80	255,526.75	184,930.99	264,694.11
<b>Total Assets</b>		<b>229,777.79</b>	<b>311,436.25</b>	<b>279,745.88</b>	<b>333,009.90</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Contributed Capital	16	912,580.51	912,580.51	912,580.51	912,580.51
Capital Reserve	17.1	4,992.69	4,992.69	4,992.69	4,992.69
Financial Instrument fair value		(38.00)	(38.00)	(38.00)	(38.00)
Revaluation Reserve	17.2	28,049.11	28,049.11	28,049.11	28,049.11
Retained Earnings		(875,900.79)	(908,973.26)	(849,732.41)	(896,365.66)
Non Controlling Interest		-	-	15,694.69	8,883.38
<b>Total Equity</b>		<b>69,683.52</b>	<b>36,611.05</b>	<b>111,546.58</b>	<b>58,102.02</b>
<b>Non - Current Liabilities</b>					
Retirement Benefits Obligation	18	2,046.22	1,734.71	3,953.20	3,653.61
Deferred Tax	19.1	3,111.96	3,111.96	12,167.60	4,678.03
Loans & Borrowings	20	7,822.28	9,271.53	7,822.28	9,271.53
Lease liabilities	9.3	121.59	107.10	355.50	341.05
		13,102.05	14,225.29	24,298.58	17,944.22
<b>Current Liabilities</b>					
Trade and Other Payables	21	145,306.34	178,083.81	142,214.80	174,447.52
Lease liabilities	9.3	5.16	2.54	5.21	2.59
Current portion of Loans & Borrowings	20.1	1,401.37	1,406.85	1,401.37	1,406.85
Short term Borrowings	22	279.34	81,106.71	279.34	81,106.71
		146,992.21	260,599.91	143,900.72	256,963.66
<b>Total Equity and Liabilities</b>		<b>229,777.79</b>	<b>311,436.25</b>	<b>279,745.88</b>	<b>333,009.90</b>

\*Certain numbers shown here do not correspond to the 2023 financial statements and reflect adjustments made as detailed on Note 25.

The notes appearing on pages 05 to 41 form an integral part of the Financial Statements.

These Financial Statements give a true and fair view of the state of affairs of Ceylon Petroleum Corporation and its Group as at 31<sup>st</sup> December 2024 and its profit for the year then ended.

M C D Perera

**ACTG. DY. 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 by,

D J A S De S Rajakaruna  
**CHAIRMAN**

Dr. N K M C Neththikumarage  
**MANAGING DIRECTOR**

P C Hewa Thondilege  
**DIRECTOR**

## STATEMENT OF CHANGES IN EQUITY

CPC	Contributed Capital	Revaluation Reserves	Capital Reserves	Financial Instrument fair value	Retained Earnings	Total Equity
	Rs.Mn.	Rs.Mn.	Rs.Mn.	Rs.Mn.	Rs.Mn.	Rs.Mn.
As at 1 Jan 2023	912,580.51	28,049.11	4,992.69	(38.00)	(1,032,316.25)	(86,731.94)
Prior period Adjustments	-	-	-	-	3,139.79	3,139.79
<b>Restated balance as at 1 Jan 2023</b>	<b>912,580.51</b>	<b>28,049.11</b>	<b>4,992.69</b>	<b>(38.00)</b>	<b>(1,029,176.46)</b>	<b>(83,592.15)</b>
Profit/(Loss) for the year					120,310.36	120,310.36
Other Comprehensive Income					(107.16)	(107.16)
Adjustments	-	-	-	-	-	-
<b>As at 31 Dec 2023</b>	<b>912,580.51</b>	<b>28,049.11</b>	<b>4,992.69</b>	<b>(38.00)</b>	<b>(908,973.26)</b>	<b>36,611.05</b>
Profit/(Loss) for the year					33,264.76	33,264.76
Other Comprehensive Income					(192.28)	(192.28)
<b>As at 31 Dec 2024</b>	<b>912,580.51</b>	<b>28,049.11</b>	<b>4,992.69</b>	<b>(38.00)</b>	<b>(875,900.79)</b>	<b>69,683.52</b>

Group	Contributed Capital	Revaluation Reserves	Capital Reserves	Financial Instrument fair value	Retained Earnings	Shareholders Fund	Non Controlling Interest	Total Equity
	Rs.Mn.	Rs.Mn.	Rs.Mn.	Rs.Mn.	Rs.Mn.	Rs.Mn.	Rs.Mn.	Rs.Mn.
As at 1 Jan 2023	912,580.51	28,049.11	4,992.69	(38.00)	(1,019,187.58)	(73,603.27)	9,106.69	(64,496.58)
Prior period Adjustments					3,139.79	3,139.79		3,139.79
<b>Restated balance as at 1 Jan 2023</b>	<b>912,580.51</b>	<b>28,049.11</b>	<b>4,992.69</b>	<b>(38.00)</b>	<b>(1,016,047.79)</b>	<b>(70,463.48)</b>	<b>9,106.69</b>	<b>(61,356.79)</b>
Investment on TPTL					-	-	49.00	49.00
Profit/(Loss) for the year					120,072.50	120,072.50	(10.71)	120,061.79
Other Comprehensive Income for the year					(377.56)	(377.56)	(135.20)	(512.75)
Adjustment					(12.82)	(12.82)	(6.41)	(19.23)
Divident Paid							(120.00)	(120.00)
<b>As at 31 Dec 2023</b>	<b>912,580.51</b>	<b>28,049.11</b>	<b>4,992.69</b>	<b>(38.00)</b>	<b>(896,365.66)</b>	<b>49,218.65</b>	<b>8,883.38</b>	<b>58,102.02</b>
Investment on TPTL						-	39.20	39.20
Profit/(Loss) for the year					35,501.06	35,501.06	1,109.87	36,610.94
Other Comprehensive Income for the year					11,132.19	11,132.19	5,662.24	16,794.43
Adjustment							-	-
Dividend paid							-	-
<b>As at 31 Dec 2024</b>	<b>912,580.51</b>	<b>28,049.11</b>	<b>4,992.69</b>	<b>(38.00)</b>	<b>(849,732.41)</b>	<b>95,851.90</b>	<b>15,694.69</b>	<b>111,546.58</b>

\*Certain numbers shown here do not correspond to the 2023 financial statements and reflect adjustments made as detailed on Note 25.

The notes appearing on pages 05 to 41 form an integral part of the Financial Statements.

# STATEMENT OF CASH FLOWS

For the year ended 31 December	Note	CPC		Group	
		2024	2023	2024	2023
		Rs.Mn.	Rs.Mn.	Rs.Mn.	Rs.Mn.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit/(Loss) before tax		33,264.76	120,346.36	38,227.77	119,746.69
<b>Adjustment for :</b>					
Depreciation		2,435.36	2,634.63	3,150.49	3,465.41
Amortisation		440.51	531.92	440.51	559.49
Amortisation of right-of-use-assets		8.38	4.68	16.76	9.14
Unrealized exchange variation		(6,343.37)	(12,021.01)	(6,343.37)	(12,021.01)
Dividend Income		-	(240.00)	-	(240.00)
Interest Income		(3,634.54)	(17,588.92)	(3,969.65)	(17,898.96)
Allowance for impairment		-	18,137.08	535.94	18,134.88
Interest Expenses		1,158.51	7,439.95	1,158.51	7,439.95
Provision for Retirement Obligation		319.95	352.13	658.21	652.64
(Profit)/Loss on Sale of Property, Plant & Equipment		(2.38)	(7.45)	(29.35)	(7.45)
Lease Interest		16.63	14.40	43.47	44.93
Loss on Revaluation of assets		-	-	83.86	-
Amortization of special levy		1,000.00	1,000.00	1,000.00	1,000.00
<b>Operating Profit/(Loss) before Working Capital changes</b>		<b>28,663.81</b>	<b>120,603.77</b>	<b>34,973.14</b>	<b>120,885.70</b>
<b>Changes in Working Capital</b>					
(Increase)/ Decrease in Inventories		62,425.76	(17,499.27)	62,438.27	(17,525.95)
(Increase)/ Decrease in Trade and Other Receivable		7,597.27	228,216.21	5,743.35	228,899.47
Increase/ (Decrease) In Trade and Other Payables		(27,596.63)	(56,004.72)	(27,342.68)	(56,616.82)
<b>Operating Profit/(Loss) after Working Capital changes</b>		<b>71,090.20</b>	<b>275,315.99</b>	<b>75,812.08</b>	<b>275,642.40</b>
Interest Paid		(1,158.51)	(6,896.51)	(1,158.51)	(6,896.51)
Retiring Gratuity Paid	18	(200.72)	(226.66)	(381.45)	(471.55)
Income Tax		-	-	(145.97)	(19.23)
<b>Net Cash Generated from/(used in) Operating activities</b>		<b>69,730.97</b>	<b>268,192.83</b>	<b>74,126.15</b>	<b>268,255.11</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from Sale of Property, Plant & Equipment		2.37	7.45	29.34	7.45
Acquisition of Property, Plant & Equipment	8	(1,199.63)	(853.97)	(2,540.87)	(1,056.89)
Dividends Received		-	204.00	-	204.00
Acquisition of Intangible Assets		-	-	(98.36)	-
Investments		(40.80)	(51.00)	39.20	49.00
Interest Received		3,594.10	17,467.89	3,929.21	17,777.93
Investment in Fixed Deposits/Funds		(20.83)	(87.00)	(169.00)	(1,087.00)
<b>Net Cash Flows from /(Used in) Investing Activities</b>		<b>2,335.21</b>	<b>16,687.37</b>	<b>1,189.52</b>	<b>15,894.49</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividend paid		-	-	-	(120.00)
New loans obtained		-	450,053.03	0.00	450,053.03
Repayment of Loans		(60,344.43)	(708,705.51)	(60,344.43)	(708,705.51)
Repayment for lease		(21.78)	(19.19)	(48.66)	(70.07)
<b>Net Cash Flows From/(Used in) Financing Activities</b>		<b>(60,366.21)</b>	<b>(258,671.67)</b>	<b>(60,393.09)</b>	<b>(258,842.55)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>11,699.97</b>	<b>26,208.53</b>	<b>14,922.58</b>	<b>25,307.06</b>
Cash & Cash Equivalents at the Beginning of the Year		43,337.62	17,129.09	44,540.44	19,233.38
<b>Cash &amp; Cash Equivalents at the End of the Year</b>	15	<b>55,037.59</b>	<b>43,337.62</b>	<b>59,463.04</b>	<b>44,540.43</b>

The notes appearing on pages 05 to 41 form an integral part of the Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1.1 CORPORATE INFORMATION

### General

Ceylon Petroleum Corporation (the Corporation/CPC) is a Public Corporation incorporated under Ceylon Petroleum Corporation Act, No. 28 of 1961, and domiciled in Sri Lanka. The registered office of the Corporation is located at No. 609, Dr. Danister De Silva Mawatha, Colombo 09.

### Principal activities and nature of operations

Entity	Principal activity
Ceylon Petroleum Corporation	Importing, refining, and selling of Petroleum Products in Sri Lanka.
Subsidiary Ceylon Petroleum Storage Terminals Limited	Storage and distribution of petroleum products
Subsidiary Trinco Petroleum Terminal (Pvt) Limited	Possess, develop, utilize and manage storage facilities to carry out business including but not limited to petroleum related products; to import, store, sell and export petroleum and petroleum related products or any other products, stored by the company; to carry out any other business permitted by applicable laws and regulations.

### Parent entity and the ultimate controlling party

The Corporation is under the purview of the Ministry of Energy. In the opinion of the Directors, the Corporation's ultimate parent undertaking and controlling party is the Government of Sri Lanka.

### Date of authorization for issue

The Financial Statements of Ceylon Petroleum Corporation and its Group for the year ended 31 December 2024 were authorized for issue in accordance with a Resolution of the Board of Directors on 27th February 2024.

### Statement of compliance

The Financial Statements of Ceylon Petroleum Corporation and its Group, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of cash flows, and Notes to the Financial Statements (the 'financial statements') have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs / LKASs) issued by the Institute of Chartered Accountants of Sri Lanka and the provisions of the Finance Act No. 38 of 1971 and subsequent amendments thereto.

## 1.2 BASIS OF PREPARATION

The financial statements of the Corporation and consolidated financial statements of the Group have been prepared in accordance with the Sri Lanka Accounting Standards comprising of SLFRS and LKAS (hereafter referred as "SLFRS") as issued by the Institute of Chartered Accountants of Sri Lanka.

The financial statements have been prepared on an accrual basis and under historical cost basis, except for investment properties, certain office properties (classified as property, plant and equipment), financial assets that have been measured at fair value and defined benefit obligation which is measured at the present value of the obligation.

## **Presentation & functional currency**

The Financial Statements are presented in Sri Lankan Rupees, which is the functional currency, and all values are rounded to the nearest million except when otherwise indicated.

## **Materiality and aggregation**

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

## **Basis of consolidation**

The consolidated financial statements as at and for the year ended 31 December 2024 comprise of the Corporation and its Subsidiary (together referred to as the 'Group').

Subsidiaries are those entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. CPC owns 2/3<sup>rd</sup> of shares of Ceylon Petroleum Storage Terminals Limited (CPSTL) and CPC considers CPSTL as its subsidiary. CPC owns 51% of shares of Trinco Petroleum Terminal (Pvt) Limited (TPTL) and CPC considers TPTL as its subsidiary.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the above three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of the subsidiary are prepared in compliance with the Group's accounting policies unless otherwise stated and they have a common financial year which ends on 31 December.

All intra-group balances and transactions, income and expenses are eliminated in preparing the consolidated financial statements.

## **Non-controlling interests**

Profit or loss and each component of other comprehensive income (OCI) of the subsidiary are attributed to the equity holders of the parent of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

## **1.3 ACCOUNTING POLICIES**

### **Changes in Accounting Policies**

The Accounting policies adopted are consistent with those used in the previous years, unless otherwise stated.

## **Comparative Information**

The presentation and classification of the financial statements of previous years have been amended, where relevant for better presentation and to be comparable with those of the current year.

## **Going Concern**

These financial statements are prepared on the assumption that the CPC & its Group is a going concern i.e. as continuing in operation for the foreseeable future. It is therefore assumed that CPC has neither the intention nor the necessity of liquidating or of curtailing materially the scale of its operation as per the financial statements prepared for the year ended 31<sup>st</sup> December 2024.

## **Summary of Significant Accounting Judgments, Estimates and Assumptions**

The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Corporation's accounting policies. Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual experience and results may differ from these judgments and estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognized prospectively.

The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are described in the relevant notes as follows:

- Defined Benefit Obligations – Gratuity : Note No. 1.4.12
- Impairment of financial assets : Note No. 1.4.14
- Useful lives of Property, Plant and Equipment : Note No. 1.4.6
- Deferred taxation : Note 1.4.2

## **1.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **1.4.1 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Corporation and the revenue and associated costs incurred or to be incurred can be measured reliably, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and net of sales taxes. The Group has concluded that it is the principal in all of its revenue arrangements since it is the principal obligor in all the revenue arrangements and is also exposed to inventory and credit risks.

The following specific criteria must also be met for the purpose of recognition of revenue which is in the scope of SLFRS 15.

#### **Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Revenue from sales of goods is recognized when the goods are dispatched, or in the case of delivering the goods to the customer, legal ownership is transferred only upon delivery of goods to the customer. In all such case, the

revenue is recognized by the Group when the goods are dispatched or delivered and accepted by the dealers/customers and it does not have significant impact to the revenue recognition as per the SLFRS 15.

### **Interest income & expenses**

For all financial instruments measured at amortized cost, interest expenses and income are recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Interest income is recognized as the interest accrued unless the collectability is in doubt. Interest income is presented under Finance Income and interest expense is presented under Finance expense in the income statement.

### **Dividends**

Dividend Income is recognized when the right to receive the payment is established.

### **Rental income**

Rental income is accounted for on a straight-line basis over the lease terms and is included in other operating income in the statement of profit or loss.

### **Profit / (Loss) from sale of property, plant & equipment**

Profit / (loss) arising from sale of property, plant & equipment is recognized in the period in which the sale occurs and is classified under other income.

### **Gains or Losses arising from investment securities**

Gains or losses arising from the sale of equity shares and financial instruments accounted for on the date on which the transaction takes place.

### **Other Income**

Other income is recognized on an accrual basis

### **1.4.2 Expenditure recognition**

All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Income Statement for the period.

### **Taxation**

Tax expenses for the period comprise the current and deferred tax.

#### **(i) Current Tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and the amendments thereto.

Current income tax relating to items recognized directly in equity or in other comprehensive income is recognised in equity or in other comprehensive income and not in the income statement.



## **(ii) Deferred Taxation**

Deferred tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilized except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

## **(iii) Sales Tax**

Revenues, expenses and assets are recognized net of the amount of sales tax except where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities in which case the sales tax is recognized as a part of the cost of the asset or part of the expense items as applicable. When receivables and payables that are stated with the amount of sales tax included the net amount of sales tax recoverable from or payable to, the taxation authorities is included as a part of receivables and payables in the Statement of Financial Position.

## **Borrowing Costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying asset, which are assets that necessarily take a substantial period of time to get ready for their intended use or sell, are added to the costs of those assets. All other borrowing costs are expensed in the period they occur.

### **1.4.3 Foreign Currency Transactions and Balances**

The Financial Statements are presented in Sri Lanka Rupees, which is the Corporation's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to Income Statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Income Statement are also recognised in OCI or Income Statement, respectively).

#### 1.4.4 Current versus Non-Current Classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current assets

A liability is current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period.

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.  
Deferred tax liabilities are classified as non-current liabilities.

#### 1.4.5 Fair value measurement

The Group measures financial instruments such as investments in equity shares and non-financial assets such as land, at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarized in the following notes;

- Property, plant and equipment (Note 8)
- Investment property (Note 8.3)
- Financial instruments (including those carried at amortised cost) (Note 13.1)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either;

- In the principal market for the asset or liability  
or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

External valuers are involved for valuation of significant assets, such as land and investment properties and significant liabilities, such as retirement benefits obligation.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability.

#### **1.4.6 Property, Plant & Equipment**

Property, plant and equipment, except land, are stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value.

##### **Measurement**

An item of property, plant & equipment that qualifies for recognition as an asset is initially measured at its cost of purchase directly attributable to the acquisition of the asset or construction together with any incidental expenses thereon.

The cost of self-constructed assets included the cost of materials and direct labor or any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs of qualifying assets. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met.

##### **Cost Model**

Group applies cost model to property, plant & equipment, except land, and records at cost of purchase or construction together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

##### **Revaluation Model**

Lands are measured at fair value less impairment losses recognised after the date of the revaluation. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation surplus is credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

##### **Subsequent Costs**

The cost of replacing part of an item of property, plant & equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow into the Group and its cost can be reliably measured.

## Restoration Costs

The cost incurred on repairs and maintenance of property, plant & equipment in order to restore or maintain future economic benefits is charged to Income Statement as incurred.

## De-recognition

The carrying amount of an item of property, plant & equipment is derecognized on disposal or when no future economic benefits are expected from its use. The gain or loss arising from de-recognition of an item of property, plant & equipment is included in the Income Statement when the item is derecognized.

## Depreciation

Land is not depreciated as it is deemed to have an indefinite life. Group provides depreciation on straight-line basis over the periods appropriate to the estimated useful lives of different types of assets commencing from the date available to use. Depreciation ceases on the date that the asset is derecognised.

The Group reviews annually the estimated useful lives, residual values and method of depreciation of Property, Plant and Equipment based on factors such as business plan and strategies, expected level of usage and future developments using management judgment.

The estimated useful life of assets is as follows:

Assets	Years
Buildings	35 - 50 Years
Tanks	20 - 40 Years
Pipe lines	5 - 40 years
Plant & Machinery	5 - 10 Years
Gantries & Pumps	10 - 15 years
Vehicles	4 - 5 Years
Furniture, Fittings & Office Equipment	3 - 10 Years
Buoy	10 years
SPM Facility - Tank Farm	40 Years
Aviation facility Mattala - Fuel Hydrant	40 Years
Fuel hydrant System	40 Years
Internal Road network & Fences	20 years
Metering & Electrical System	10 years
Fire fighting system	10 years
Other Assets	08 years
Muthurajawela - PLEM	10 years

The asset's residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at least at each financial year end.

## Capital Work in Progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings, major plant and machinery and system development, awaiting capitalization.

## Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount

exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

#### **1.4.7 Investment Properties**

##### **Basis of Recognition**

Investment property is property that is held to earn rentals or for capital appreciation or both but not for sale in the ordinary course of business.

##### **Measurement**

Investment property is accounted for under cost method in the Financial Statements. Accordingly, after recognition as an asset, the property is carried at its cost, less accumulated depreciation and impairment losses.

##### **Depreciation**

Depreciation is provided on a straight-line basis over the estimated life of the class of asset from the date of purchase up to the date of disposal.

##### **De-recognition**

Investment properties are derecognized once disposed or permanently withdrawn from use because no future economic benefits are expected. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in SLFRS 15. Transfers are made to and from investment property only when there is a change in use.

#### **1.4.8 Intangible assets**

##### **Basis of recognition**

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard - LKAS 38 on 'Intangible Assets'.

After initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses, if any

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement.

#### **1.4.9 Investment in Subsidiary**

Investment in Subsidiary is stated at cost, less impairment losses, if any.

#### 1.4.10 Inventories

Inventories are valued at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. Net Realizable Value (NRV) is the estimated selling price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. NRV is assessed with reference to market conditions and prices existing at the reporting date and in the light of recent market transactions.

The cost incurred in bringing inventories to its present location and conditions are accounted using the following cost formulae:

Raw Materials	- At purchase cost on first-in-first-out basis
Finished Goods a) Refined Products	- At the cost of direct materials, direct labor and an appropriate proportion of manufacturing overheads based on normal operating capacity, but excluding borrowing costs.
b) Imports	- At purchase cost on first-in-first-out basis
Work-in-progress a) Refined Products	- At the cost of direct materials, direct labor and an appropriate proportion of manufacturing overheads based on normal operating capacity, but excluding borrowing costs.
b) Imports	- At purchase cost on first-in-first-out basis
Other Finished Goods	- At purchase cost on weighted average basis
Consumables & Spares	- At purchase cost on weighted average basis

#### 1.4.11 Cash and Cash Equivalents

Cash and cash equivalents are cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investment with short maturities i.e. three months or less from the date of acquisition is also treated as cash equivalent.

#### 1.4.12 Provisions & Liabilities

##### Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

##### Defined Benefit Obligations - Gratuity

The liability recognized in the Statement of Financial Position in respect of gratuity is the present value of the obligation at the end of the reporting period using the projected unit credit method. The present value of the defined benefit obligation depends on number of factors that are determined on an actuarial basis using number

of assumptions. These assumptions used in determining the cost for gratuity include the discount rate, expected staff turnover and salary increment rate. Any change in these assumptions will impact the carrying amount of gratuity obligation.

The management determines the appropriate discount rate at the end of each year. This is the interest rate that should be used in determining the present value of estimated future cash flows expected to be required to settle the defined benefit obligation. In determining the discount rate, management considers the interest rates of government bonds in the absence of deep market for corporate bonds in Sri Lanka. Other key assumptions for defined benefit obligation are based on current market conditions.

Provision has been made for retirement gratuities from the beginning of service for all permanent employees, in conformity with LKAS 19 - Employee Benefits. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

This is not an externally funded defined benefit plan.

Actuarial gains and losses are charged or credited in other comprehensive income in the period in which they arise.

#### **Defined Contribution Plans – Employees' Provident Fund & Employees' Trust Fund**

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with the respective statutes and regulations. The Corporation contributes 15% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively and records as an expense in the income statement in the periods during which services are rendered by employees.

#### **1.4.13 Capital Reserve**

Specific amounts received from Government Consolidated Fund and the net value of restructuring sale proceeds which eventually form the issued capital of the successor to Ceylon Petroleum Corporation are credited to a Capital Reserve.

#### **1.4.14 Financial Instruments**

##### **i) Financial assets**

##### **Initial recognition and measurement**

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Corporation initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

Financial assets subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group classifies its financial instruments in the following categories:

**a. Financial assets at amortised cost**

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in income statement when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables, loans to employees and investment in treasury bonds, bills and fixed deposits.

**b. Financial assets designated at fair value through OCI**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by instrument basis.

Gains and losses on these financial assets are never recycled Income Statement. Dividends are recognised as other income in the Income Statement when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

The Group elected to classify its quoted and non-listed equity investments under this category.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.



## **Impairment of financial assets**

The Group 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 (an incurred 'loss event') 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. Expected credit losses (ECL)s are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables, 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 reorganisation 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. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors.

The Group considers a financial asset in default when contractual payments are remote. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The Group review individually significant trade receivables at the each reporting date to assess whether impairment loss should be recognized in the income statement. Since the Group assess the trade receivable individually and found not to be additionally impaired.

### **ii) Financial liabilities**

#### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, include trade and other payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

#### **Subsequent measurement**

##### **Loans & borrowings and trade and other payables at Amortised Cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Income Statement when the liabilities are derecognised as well as through the EIR amortisation process.

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 as finance costs in the Income Statement.

## **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

### **iii) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### **Determination of fair value**

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist and other relevant valuation models.

Certain financial instruments are recorded at fair value using valuation techniques in which current market transactions or observable market data are not available. Their fair value is determined using valuation models with the Group's best estimate of the most appropriate model assumptions.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 13.1.

The Institute of Chartered Accountants of Sri Lanka issued SLFRS 09 Financial Instruments which reflects financial instruments and replaces LKAS 39 Financial Instrument, recognition and Measurement. The Standard introduces new requirements for Classification and Measurement of Impairment and Hedge Accounting.

### **1.4.15 Accounting for leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### **a. Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Corporation at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subjected to impairment.

#### **b. Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

#### **1.4.16 Contingent liabilities, litigation & commitments**

Contingent liabilities are the possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognized in the Statement of Financial Position but are disclosed, unless they are remote.

#### **1.5 ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The SLFRS have been issued by the Institute of Chartered Accountants of Sri Lanka that have an effective date in the future and have not been applied in preparing these Financial Statements. The Corporation will adopt those standards when they become effective. Pending the completion of detailed review, the financial impact is not reasonably estimable as at the date of publication of these Financial Statements.

Unaudited Financial Statements 2024

2. REVENUE	CPC		Group	
	2024 Rs. Mn	2023 Rs. Mn	2024 Rs. Mn	2023 Rs. Mn
Domestic	822,849.73	1,194,086.55	820,773.17	1,191,462.75
Export	130,049.57	120,742.56	130,049.57	120,742.56
Bunkering	18,256.79	-	18,256.79	-
Terminal Charge & Others	-	-	7,832.12	804.02
Total Sales	971,156.09	1,314,829.11	976,911.66	1,313,009.33
Less : Excise Duty & SSCL	(47,714.51)	(51,226.26)	(47,714.51)	(51,226.26)
<b>Net Revenue</b>	<b>923,441.58</b>	<b>1,263,602.85</b>	<b>929,197.15</b>	<b>1,261,783.07</b>

3. OTHER OPERATING INCOME	CPC		Group	
	2024 Rs. Mn	2023 Rs. Mn	2024 Rs. Mn	2023 Rs. Mn
Income on Investment Property	439.92	1,152.63	439.92	1,152.63
Staff Loan Interest	209.77	261.40	943.83	1,097.52
Rental Income	24.59	29.08	32.93	32.85
Profit/(loss) on disposal of PPE	2.38	7.45	29.35	7.45
Profit on Sale of Filling Station equipment	41.19	21.91	41.19	21.91
Dividend Income	-	240.00	-	-
Sundry Income	527.10	9,062.04	759.07	9,394.54
	<b>1,244.94</b>	<b>10,774.52</b>	<b>2,246.28</b>	<b>11,706.91</b>

4. OPERATING PROFIT	CPC		Group	
	2024 Rs. Mn	2023 Rs. Mn	2024 Rs. Mn	2023 Rs. Mn
4.1 Operating Profit stated after charging the following expenses				
Directors' emoluments	9.71	9.70	21.41	18.18
Auditors' remuneration -Annualy (without under/over provision)	8.00	7.00	9.82	9.32
Auditors' remuneration (Forensic Audit)	33.20	-	33.20	-
Depreciation	552.63	599.96	1,267.77	1,430.74
Advertising Expenses	18.77	21.45	18.77	21.45
Legal charge & Other Professional fee	269.78	153.15	269.78	153.15
Disallowed VAT	275.84	2,139.81	275.84	2,139.81
Special Fee to General Treasury	11,000.00	6,000.00	11,000.00	6,000.00
Bad debt write-off (Note 12.1)	-	5,097.72	-	5,097.72
Provision against other receivables (Note 12)	-	18,137.09	-	18,137.09

4.2 EXCHANGE RATE VARIATION	CPC		Group	
	2024 Rs. Mn	2023 Rs. Mn	2024 Rs. Mn	2023 Rs. Mn
Exchange gain	14,313.89	41,764.52	14,313.89	41,764.52
Exchange loss	(13.01)	(21,424.22)	(13.01)	(21,424.22)
Net exchange rate gain/(loss)	<b>14,300.88</b>	<b>20,340.30</b>	<b>14,300.88</b>	<b>20,340.30</b>

5. FINANCE INCOME	CPC		Group	
	2024 Rs. Mn	2023 Rs. Mn	2024 Rs. Mn	2023 Rs. Mn
Interest Income on Treasury Bills, Fixed Deposits and Call Deposits	1,617.72	1,660.30	1,952.83	1,970.34
Interest Income on Credit invoice & Overdue trade debts	68.42	4.88	68.42	4.88
Interest Income on CEB/IPP/Aviation debtors	1.68	14,564.30	1.68	14,564.30
Interest Income on R.F.C. A/C & Others	1,946.72	1,359.44	1,946.72	1,359.44
	<b>3,634.54</b>	<b>17,588.92</b>	<b>3,969.66</b>	<b>17,898.96</b>

6. FINANCE EXPENSES	CPC		Group	
	2024 Rs. Mn	2023 Rs. Mn	2024 Rs. Mn	2023 Rs. Mn
Interest on LKR Bank Loans	1,150.74	7,424.56	1,150.74	7,424.56
Interest on Lease Liability	16.63	14.40	43.46	44.93
Other Finance Cost	7.76	15.38	7.76	15.38
	<b>1,175.13</b>	<b>7,454.35</b>	<b>1,201.97</b>	<b>7,484.87</b>

7. INCOME TAX EXPENSE	CPC		Group	
	2024 Rs. Mn	2023 Rs. Mn	2024 Rs. Mn	2023 Rs. Mn
<b>Current tax:</b>				
Current income tax	-	-	1,407.27	-
Under/(over) provision of previous years	-	-	-	-
WHT on Dividend	-	36.00	-	36.00
<b>Deferred tax:</b>				
Origination and reversal of temporary differences - Income statement	-	-	209.56	(351.11)
<b>Income tax expense - income statement</b>	-	36.00	1,616.83	(315.11)
<b>Income tax expense - Other Comprehensive Income</b>	-	-	-	(173.82)
<b>Total income tax expense</b>	-	<b>36.00</b>	<b>1,616.83</b>	<b>(488.93)</b>

A reconciliation between current tax charge and profit before tax is given below:

<b>Accounting profit/(loss) before tax</b>	<b>33,264.76</b>	<b>120,346.36</b>	<b>38,227.77</b>	<b>119,746.69</b>
Add: Disallowable expenses	4,643.62	24,991.54	7,589.34	26,912.40
Less: Allowable expenses & exempt income	(14,456.19)	(15,040.98)	(16,558.76)	(16,567.93)
<b>Adjusted trade profit</b>	<b>23,452.19</b>	<b>130,296.92</b>	<b>29,258.34</b>	<b>130,091.15</b>
Less: Utilisation of tax losses	(23,452.19)	(130,296.92)	(23,452.19)	(130,296.92)
Add: Tax losses for the year	-	-	(5,806.15)	205.77
<b>Taxable income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income tax charged at</b>				
Current year	-	-	1,407.27	-
Concessionary rates	-	-	-	-
Under/(over) provision of previous years	-	-	-	-
WHT on Dividend	-	36.00	-	36.00
Deferred tax charge to income statement	-	-	209.56	(351.11)
Origination and reversal of temporary differences - OCI	-	-	7,280.01	(173.82)
<b>Income tax expense</b>	<b>-</b>	<b>36.00</b>	<b>8,896.84</b>	<b>(488.93)</b>

Assessments have been issued to the Taxable years of 1997/98, 2014/15, 2015/16 and 2016/17 amounting to Rs. 25.12 Mn., Rs. 723.09 Mn., Rs. 54.68 Mn. and Rs. 2,170.07 Mn. respectively and CPC has made valid appeals for those Assessments. Income tax liabilities on the assessments for the year of assessment 1997/98 had been recognized in the financial statements.

8. PROPERTY, PLANT & EQUIPMENT(CPC)	Land & Building Rs.Mn	Vested Property Rs.Mn	Plant, Mach & Equip. Rs.Mn	SPM Facility Rs.Mn	Motor Vehicles Rs.Mn	Furn/Fittings, Off. Equip & Other Assets Rs.Mn	Capital Work in Progress Rs.Mn	CPC Total Rs.Mn
<b>8.1.Cost</b>								
Bal as at 01/01/2024	16,711.66	1.02	30,133.39	2,835.84	1,371.99	2,490.24	14,233.39	67,777.52
Additions	47.43	-	388.18	-	124.90	73.10	1,953.02	2,586.62
Disposals	-	-	(2.45)	-	(1.07)	(1.21)	-	(4.72)
<b>Bal as at 31/12/2024</b>	<b>16,759.09</b>	<b>1.02</b>	<b>30,486.32</b>	<b>2,835.84</b>	<b>1,528.62</b>	<b>2,562.13</b>	<b>16,186.41</b>	<b>70,359.42</b>
<b>8.2 Depreciation</b>								
Bal as at 01/01/2024	1,591.50	0.43	15,417.27	1,784.05	1,198.03	2,102.21	-	22,093.50
Charge for the Year	152.77	0.02	2,194.95	46.02	4.39	35.11	-	2,433.25
Disposals	-	-	(2.45)	-	(1.07)	(1.22)	-	(4.73)
<b>Bal as at 31/12/2024</b>	<b>1,744.27</b>	<b>0.44</b>	<b>17,576.98</b>	<b>1,830.08</b>	<b>1,234.15</b>	<b>2,136.11</b>	<b>-</b>	<b>24,522.02</b>
<b>NBV as at 31.12.2024</b>	<b>15,014.83</b>	<b>0.58</b>	<b>12,909.35</b>	<b>1,005.76</b>	<b>294.47</b>	<b>426.02</b>	<b>16,186.41</b>	<b>45,837.40</b>
Cost as at 31.12.2023	16,711.66	1.02	30,133.39	2,835.84	1,371.99	2,490.24	14,233.39	67,777.52
Acc.Dep as at 31.12.2023	1,591.50	0.43	15,417.27	1,784.05	1,198.03	2,102.21	-	22,093.50
<b>NBV as at 31.12.2023</b>	<b>15,120.16</b>	<b>0.59</b>	<b>14,716.12</b>	<b>1,051.79</b>	<b>173.95</b>	<b>388.02</b>	<b>14,233.39</b>	<b>45,684.02</b>

Gross carrying amount of the fully depreciated Property, Plant & Equipment as at 31.12.2024 is Rs 6,714 Mn (2023 – Rs 4,538 Mn).

8. PROPERTY, PLANT & EQUIPMENT(GROUP)	Land & Building Rs.Mn	Vested Property Rs.Mn	Plant, Mach & Equip. Rs.Mn	SPM Facility Rs.Mn	Motor Vehicles Rs.Mn	Furn/Fittings, Off. Equip & Other Assets Rs.Mn	Capital Work in Progress Rs.Mn	GROUP Total Rs.Mn
<b>8.1.Cost</b>								
Bal as at 01/01/2024	23,520.58	1.02	48,182.76	6,542.42	3,242.35	5,300.22	14,892.50	101,681.84
Additions	50.48	-	405.40	18.09	125.37	103.35	3,225.19	3,927.87
Transfers	9.03	-	319.78	397.79	32.80	169.56	(928.96)	-
Re-valuation	24,013.40	-	-	-	-	-	-	24,013.40
Disposals	-	-	(17.94)	-	(17.76)	(62.06)	(23.14)	(120.90)
<b>Bal as at 31/12/2024</b>	<b>47,593.48</b>	<b>1.02</b>	<b>48,890.00</b>	<b>6,958.30</b>	<b>3,382.75</b>	<b>5,511.08</b>	<b>17,165.59</b>	<b>129,502.21</b>
<b>8.2 Depreciation</b>								
Bal as at 01/01/2024	2,485.14	0.43	24,841.25	5,076.47	3,064.55	4,578.47	-	40,046.31
Charge for the Year	218.98	0.02	2,674.20	128.08	8.24	118.86	-	3,148.38
Disposals	-	-	(17.94)	-	(17.76)	(62.06)	-	(97.77)
<b>Bal as at 31/12/2024</b>	<b>2,704.12</b>	<b>0.44</b>	<b>27,497.51</b>	<b>5,204.55</b>	<b>3,055.03</b>	<b>4,635.27</b>	<b>-</b>	<b>43,096.93</b>
<b>NBV as at 31.12.2024</b>	<b>44,889.36</b>	<b>0.57</b>	<b>21,392.49</b>	<b>1,753.75</b>	<b>327.72</b>	<b>875.80</b>	<b>17,165.59</b>	<b>86,405.28</b>
Cost as at 31.12.2023	23,520.58	1.02	48,182.76	6,542.42	3,242.35	5,300.22	14,892.50	101,681.84
Acc.Dep as at 31.12.2023	2,485.14	0.43	24,841.25	5,076.47	3,064.55	4,578.47	-	40,046.31
<b>NBV as at 31.12.2023</b>	<b>21,035.44</b>	<b>0.59</b>	<b>23,341.51</b>	<b>1,465.95</b>	<b>177.79</b>	<b>721.75</b>	<b>14,892.50</b>	<b>61,635.53</b>

Gross carrying amount of the fully depreciated Property, Plant & Equipment as at 31.12.2024 is Rs 18,430 Mn (2023 – Rs. 13,515 Mn).

8.3 Investment Property	CPC		Group	
	2024 Rs.Mn	2023 Rs.Mn	2024 Rs.Mn	2023 Rs.Mn
<b>Cost</b>				
Bal. at the beginning of the year	76.52	76.52	76.52	76.52
Add: Additions / Transfers	-	-	-	-
Bal as at the end of the year	76.52	76.52	76.52	76.52
<b>Depreciation</b>				
Bal at the beginning of the year	28.01	26.10	28.01	26.10
Add: Transfer from PPE	-	-	-	-
Add: Charge for the year	1.91	1.91	1.91	1.91
Bal as at the end of the year	29.92	28.01	29.92	28.01
<b>Net Book Value</b>	<b>46.60</b>	<b>48.51</b>	<b>46.60</b>	<b>48.51</b>

Investment property consists of properties located at Thurstan Road, Flower Road & Filling Stations given on rent.

<b>Description</b>	<b>Fair Value Rs.Mn</b>
No.80, Flower Road, Colombo 07	40.000
No.22/1, Thurstan Road, Colombo 03	
Filling Stations	35.510

Fair value of the investment properties was based on the valuations carried out in the years 2012 and 2016 by the Valuation Department, who are independent valuers not connected with the Corporation.

8.4 Intangible Assets	CPC		Group		Total Rs.Mn
	ERP System Rs.Mn	ERP System Rs.Mn	SAP License Rs.Mn	Automation System Rs.Mn	
<b>Cost /Carrying value</b>					
At the beginning of the year	0.68	562.06	9.38	37.79	609.23
Additions/Transfers	-	98.36	-	-	98.36
At the end of the year	<b>0.68</b>	<b>660.42</b>	<b>9.38</b>	<b>37.79</b>	<b>707.59</b>
<b>Amortisation</b>					
At the beginning of the year	0.48	552.53	9.38	37.79	599.71
Charge for the Year	0.20	4.12	-	-	4.12
At the end of the year	0.68	556.66	9.38	37.79	603.83
<b>Carrying value</b>					
As at 31.12.2024	<b>0.00</b>	<b>103.77</b>	<b>-</b>	<b>-</b>	<b>103.77</b>
As at 31.12.2023	0.20	9.53	-	-	9.53

During the year CPC acquired PPE including intangible assets amounting to Rs. 2,586.62 Mn (2023 - Rs. 3,016.65 Mn ) and of this CPC paid Rs 1,199.63 Mn (2023 Rs. 853.97 Mn.)

During the year Group acquired PPE including intangible assets amounting to Rs. 3,927.87 Mn (2023-Rs. 3,219.57 Mn.) and of this Group paid Rs 2,540.87 Mn (2023 Rs. 1,056.89 Mn.).

### 8.5 Capitalisation of Borrowing Cost

The Group commenced the Construction of Development & Upgrading of Aviation Refuelling Terminal & the Existing Fuel Hydrant System and Installation of a Fuel Hydrant System of CPC at New Apron –E Bandaranaike International Airport (BIA) in January 2018. This Project is financed by the two outsource facilities (15% from the Commercial loan taken from Peoples Bank and the Balance 85% on a Self-financing basis by the contractor).

The amount of borrowing cost capitalized during the year 2024 was Rs. 853 Mn. (2023-Rs. 980.46 Mn). The rate was to determine the capitalization of Borrowing Cost was 9.25% p.a.

## 9 RIGHT-OF-USE-ASSETS

### 9.1. Lease Assets

The Corporation entered in to the lease contract with the Government for 24 Tanks at Trincomalee Tank Farm for the period of 50years and further, the Corporation has entered for Lease contracts for the lands at Neluwa, Yatiyantota, Ratnapura , Kegale, Hettipola and Maligawatta.

## 9 RIGHT-OF-USE-ASSETS

9.2 Right-of-use-Assets	CPC		Group	
	2024	2023	2024	2023
	Rs.Mn	Rs.Mn	Rs.Mn	Rs.Mn
<b>Cost</b>				
Bal as at 01/01	113.63	113.63	336.44	378.75
Additions	22.26	-	22.26	-
Adjustments			-	-
<b>Bal as at 31/12</b>	<b>135.89</b>	<b>113.63</b>	<b>358.70</b>	<b>378.75</b>
<b>Amortization</b>				
Bal as at 01/01	16.64	11.95	25.55	58.72
Additions	8.38	4.68	12.83	9.14
<b>Bal as at 31/12</b>	<b>25.01</b>	<b>16.64</b>	<b>38.38</b>	<b>67.86</b>
<b>Net Book Value</b>	<b>110.88</b>	<b>97.00</b>	<b>320.32</b>	<b>310.89</b>

9.3 Lease Liability	CPC		Group	
	2024	2023	2024	2023
	Rs.Mn	Rs.Mn	Rs.Mn	Rs.Mn
<b>Cost</b>				
Bal as at 01/01	109.64	114.42	343.64	356.27
Additions	22.26		22.26	
Adjustments/interest	16.63	14.40	43.46	44.93
Payments	(21.78)	(19.19)	(48.66)	(57.56)
<b>Bal as at 31/12</b>	<b>126.75</b>	<b>109.64</b>	<b>360.70</b>	<b>343.64</b>
Current liabilities	5.16	2.54	5.21	2.59
Non-current liabilities	121.59	107.10	355.50	341.05
<b>Total</b>	<b>126.75</b>	<b>109.64</b>	<b>360.70</b>	<b>343.64</b>

9.4 Maturity Analysis of Lease Liability	CPC		Group	
	2024	2023	2024	2023
	Rs.Mn	Rs.Mn	Rs.Mn	Rs.Mn
Not later than one year	5.16	2.54	5.21	2.59
Later than one year and not later than five years	19.42	8.85	19.80	9.18
Later than five years	102.17	98.25	335.70	331.87
<b>Total</b>	<b>126.75</b>	<b>109.64</b>	<b>360.70</b>	<b>343.64</b>

9.5 Details of the amounts recognized in income statement	CPC		Group	
	2024	2023	2024	2023
	Rs.Mn	Rs.Mn	Rs.Mn	Rs.Mn
Amortization expenses of right-of-use-assets	8.38	4.68	12.83	9.14
Interest expenses on lease liability	16.63	14.40	43.46	44.93
<b>Total recognized in income statement</b>	<b>25.00</b>	<b>19.09</b>	<b>56.30</b>	<b>54.07</b>
<b>Total cash outflows made with respect to leases</b>	<b>21.78</b>	<b>19.19</b>	<b>48.66</b>	<b>57.56</b>

9.6 CPC has obtained lands from the Government Institutions such as Sri Lanka Railway Department, Mahaweli Authority, Municipal Councils etc. and presently pays lease rentals as per the negotiations with the respective parties. Discussions with the relevant parties are in progress to enter into the formal contract for the lease arrangements. Lease rentals paid relating to the lease without agreements, short term and low value leases for the year 2024 is Rs. 2.29 Mn. (2023 - Rs. 6.76 Mn.) which are including the rent expenses.

10. INVESTMENT IN SUBSIDIARY	CPC		CPC		Group	
	2024	2023	2024	2023	2024	2023
	Holding %	Holding %	Rs.Mn	Rs.Mn	Rs.Mn	Rs.Mn
Ceylon Petroleum Storage Terminals Ltd.	66.67%	66.67%	5,000.00	5,000.00	-	-
Trinco Petroleum Terminal (Pvt) Ltd.	51.00%	51.00%	142.80	102.00	-	-
			<b>5,142.80</b>	<b>5,102.00</b>	-	-



## 10.1 The summarized financial information of the Subsidiary company

Subsidiary Statement of Financial Position	CPSTL		TPTL	TPTL
	2024 Rs.Mn	2023 Rs.Mn	2024 Rs.Mn	2023 Rs.Mn
Non - Current Assets	42,061.07	17,247.27	299.63	261.03
Current Assets	19,223.59	14,980.24	96.40	90.16
<b>Total Assets</b>	<b>61,284.66</b>	<b>32,227.51</b>	<b>396.04</b>	<b>351.19</b>
Capital and Reserves	46,848.60	26,480.67	160.17	115.28
Non - Current Liabilities	10,962.62	3,484.97	233.91	233.96
Current Liabilities	3,473.44	2,261.87	1.96	1.96
<b>Total Equity and Liability</b>	<b>61,284.66</b>	<b>32,227.51</b>	<b>396.04</b>	<b>351.19</b>

Statement of Comprehensive Income	CPSTL		TPTL	TPTL
	2024 Rs.Mn	2023 Rs.Mn	2024 Rs.Mn	2023 Rs.Mn
Revenue	18,898.88	10,150.03	-	-
Expenses	(15,249.78)	(11,951.62)	(36.50)	(49.98)
Other Income	1,348.96	1,487.09	1.40	3.22
Profit before Tax	4,998.06	(314.49)	(35.10)	(46.75)
Income Tax Expenses	(1,616.83)	351.10	-	-
Profit for the year	3,381.23	36.61	(35.10)	(46.75)
Other comprehensive income	16,986.71	(405.59)	-	-
<b>Total Comprehensive Income for the year</b>	<b>20,367.93</b>	<b>(368.98)</b>	<b>(35.10)</b>	<b>(46.75)</b>
Dividend paid to non- controlling interest	-	120.00	-	-

11.NON CURRENT FINANCIAL ASSETS	Note	CPC		Group	
		2024 Rs.Mn	2023 Rs.Mn	2024 Rs.Mn	2023 Rs.Mn
Quoted equity investments	11.1	12.50	12.50	12.50	12.50
Unquoted equity investments	11.2	0.54	0.54	0.54	0.54
		<b>13.04</b>	<b>13.04</b>	<b>13.04</b>	<b>13.04</b>

11.1.Quoted equity investments	CPC		Group	
	2024 Rs.Mn	2023 Rs.Mn	2024 Rs.Mn	2023 Rs.Mn
Lanka Cement Ltd.				
5,000,000 Ordinary Shares of Rs.10/= each fully paid	12.50	12.50	12.50	12.50
Adjustment for fair value changes	-	-	-	-
	<b>12.50</b>	<b>12.50</b>	<b>12.50</b>	<b>12.50</b>

11.2.Unquoted equity investments	CPC		Group	
	2024 Rs.Mn	2023 Rs.Mn	2024 Rs.Mn	2023 Rs.Mn
<b>Associated News Papers of Ceylon Ltd.</b>				
61,206 Ordinary Shares of Rs.10/= each	0.54	0.54	0.54	0.54
<b>Lanka Leyland Ltd.</b>				
100 Ordinary Shares of 10/= each	0.00	0.00	0.00	0.00
<b>International Cooperative Petroleum association</b>				
5,499 Shares of Us \$ 100/= each fully paid				
Incorporated in USA	5.09	5.09	5.09	5.09
Less : Provision for Impairment	(5.09)	(5.09)	(5.09)	(5.09)
	<b>0.54</b>	<b>0.54</b>	<b>0.54</b>	<b>0.54</b>

The unquoted investments classified as financial assets of fair value through OCI, investments are carried at cost.

The maximum exposure to credit risk at the reporting date is the carrying value of equity securities classified as fair value through OCI.

None of the unquoted equity investments is either past due or impaired except the International Cooperative Petroleum Association for which an impairment provision has been made.

12 . TRADE & OTHER RECEIVABLES	CPC			
	2024		2023	
	Current Rs.Mn	Non-Current Rs.Mn	Current Rs.Mn	Non-Current Rs.Mn
Trade Receivables	9,931.41	-	17,617.51	-
Receivables- Inland Revenue & Custom Dept.	1,686.54	-	1,565.73	-
Other Receivables	2,013.84	0.61	3,297.14	0.61
Deposits & Prepayments	(2,730.67)	1,850.73	583.64	574.49
Advance	1,332.80	-	9.35	-
Loans & Advances to Employees	62.44	4,594.93	56.52	4,389.64
<b>TOTAL</b>	<b>12,296.36</b>	<b>6,446.26</b>	<b>23,129.89</b>	<b>4,964.73</b>

As at 31 December, the age analysis of trade receivables is set out below,

	CPC	
	2024 Rs.Mn	2023 Rs.Mn
Less than 30 days	3,465.36	4,675.76
30 - 90 days	259.95	4,025.05
91 - 180 days	4.58	1,327.10
181 - 365 days	856.09	3,604.01
More than 365 days	5,393.17	4,039.99
<b>Total</b>	<b>9,979.15</b>	<b>17,671.92</b>
Provision for impairment	(47.75)	(54.40)
	<b>9,931.41</b>	<b>17,617.51</b>

Movement in the provision for impairment of trade receivables is as follows.

	CPC	
	2024 Rs.Mn	2023 Rs.Mn
Balance as at 1st January	54.40	54.40
Less: Amount Recovered	(6.66)	-
Less: Amount write off	-	-
Add: Provision for the year	-	-
Balance as at 31st December	<b>47.75</b>	<b>54.40</b>

Other receivables

	CPC	
	2024 Rs.Mn	2023 Rs.Mn
Balance as at 31 December	20,176.05	21,459.35
Less: Provision	(18,162.21)	(18,162.21)
	<b>2,013.84</b>	<b>3,297.14</b>

A provision of Rs. 10,370.6 Mn. has been made for the interest and charges receivables from the banks and a provision of Rs. 7,766.48 Mn. has been made against the receivables from the fuel suppliers.

	Group			
	2024		2023	
	Current Rs.Mn	Non-Current Rs.Mn	Current Rs.Mn	Non-Current Rs.Mn
Trade Receivables	13,650.20	-	19,767.60	-
Receivables- Inland Revenue & Custom Dept.	1,686.54	-	1,846.29	-
Other Receivables	3,393.92	0.61	3,633.55	0.61
Deposits & Prepayments	(1,520.72)	1,850.73	2,285.27	574.49
Advance	1,332.80	-	9.35	-
Loans & Advances to Employees	62.44	6,074.55	1,669.30	5,723.20
	<b>18,605.18</b>	<b>7,925.89</b>	<b>29,211.36</b>	<b>6,298.30</b>

The carrying amounts of trade receivables are denominated in following currencies;

	CPC		Group	
	2024 Rs.Mn	2023 Rs.Mn	2024 Rs.Mn	2023 Rs.Mn
Sri Lankan Rupees	9,908.76	17,567.72	13,627.56	19,717.82
United States Dollars	22.64	49.79	22.64	49.79
	<b>9,931.41</b>	<b>17,617.51</b>	<b>13,650.20</b>	<b>19,767.60</b>

	CPC		Group	
	2024 Rs.Mn	2023 Restated Rs.Mn	2024 Rs.Mn	2023 Restated Rs.Mn
<b>Financial Liabilities by category</b>				
<b>Financial Liabilities at amortized cost</b>				
Borrowings	9,503.00	91,785.09	9,503.00	91,785.09
Trade and other payables	110,224.23	126,852.11	106,151.94	123,215.82
<b>TOTAL</b>	<b>119,727.23</b>	<b>218,637.19</b>	<b>115,654.94</b>	<b>215,000.90</b>

### 13.1. Fair value of Financial Instruments

Set out below is a comparison by class of the carrying amounts and fair value of the Corporation's financial instruments that are classified as financial instruments in the financial statements

As at 31 December	Carrying Amount		Fair value	
	2024 Rs. Mn	2023 Restated Rs. Mn	2024 Rs. Mn	2023 Restated Rs. Mn
<b>Financial assets</b>				
Non Current Financial assets				
Quoted equity investments	13.2.1	12.50	12.50	12.50
Unquoted equity investments	13.2.2	0.54	0.54	0.54
Investment in Treasury Bonds	13.2.1	-	-	-
Trade & Other receivables	13.2.4	35,266.22	44,745.68	17,056.09
Cash and cash equivalents	13.2.4	55,316.92	65,424.42	55,316.92
<b>Total</b>		<b>90,596.18</b>	<b>110,183.14</b>	<b>72,386.05</b>
<b>Financial liabilities</b>				
Loans & borrowings	13.1.3	9,223.66	10,678.38	9,223.66
Trade & other payables	13.1.4	110,224.23	126,852.11	110,224.23
Short term borrowings	13.1.4	279.34	81,106.71	279.34
		<b>119,727.23</b>	<b>218,637.19</b>	<b>119,727.23</b>

### 13.2. Determination of fair value

#### Valuation Model

For all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. In an active market, direct observation of a traded price may not be possible. In these circumstances, the Group uses alternative market information and discounted cash flows to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

- 13.2.1 Fair value of investments in quoted equity and treasury bonds are based on price quoted in the market at the reporting date.
- 13.2.2 Fair value of unquoted equity investments carried at cost are assumed to equal its fair value considering the materiality of the investment.
- 13.2.3 Investment in deposits and loans & borrowings are evaluated by the Group based on parameters such as interest rates, creditworthiness of the bank, and the risk characteristics of the instrument. As at 31 December 2024, the carrying amounts of deposits, loans & borrowings are not materially different from their fair values.
- 13.2.4 Cash and cash equivalents, trade & other receivables, trade & other payables and short term borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments.

### 13.3 Fair value hierarchy

The Group use the following hierarchy for determining and disclosing the fair value of financial instruments

**Level 1:** Quoted (unadjusted) prices in active markets for identical assets or liabilities;

**Level 2:** Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

**Level 3:** Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

As at 31 December	CPC			
	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn
	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through OCI</b>				
Quoted equity investments	12.500	-	-	12.500
Unquoted equity investments	-	-	0.540	0.540
	12.500	-	0.540	13.040

14.INVENTORIES	CPC		Group	
	2024	2023	2024	2023
	Rs.Mn	Rs.Mn	Rs.Mn	Rs.Mn
Crude Oil	41,407.03	41,371.82	41,407.03	41,371.82
Other Raw material	4,069.52	2,228.33	4,069.52	2,228.33
Finished Products	50,791.20	117,054.49	50,802.58	117,069.80
Intermediate Product	3,914.53	2,089.57	3,914.53	2,089.57
Other Materials & Supplies	4,555.80	4,419.61	5,433.63	5,306.03
Less: Provision for Slow Moving Items	(361.23)	(361.23)	(382.71)	(379.90)
	<b>104,376.84</b>	<b>166,802.60</b>	<b>105,244.58</b>	<b>167,685.66</b>

As the legal actions have not been finalized against the employees related to the losses of the stocks, inventory amounting to Rs. 7.65 Mn. is maintained in the Stock in Transits.

The Crude available in tank no.02 is recognized as sludge and write off for the year 2024, this sludge is unusable as crude and will be disposed.

15.CASH AND CASH EQUIVALENTS	CPC		Group	
	2024	2023	2024	2023
	Rs.Mn	Rs.Mn	Rs.Mn	Rs.Mn
<b>Components of Cash and Cash Equivalents</b>				
Cash at Bank and in hand	55,316.92	65,424.42	59,742.38	66,627.24

Cash and cash equivalents include the following for the purpose of the statement of cash flows:

	CPC		Group	
	2024	2023	2024	2023
	Rs.Mn	Rs.Mn	Rs.Mn	Rs.Mn
Cash and cash equivalents	55,316.92	65,424.42	59,742.38	66,627.24
Bank overdrafts (note 22)	(279.33)	(22,086.81)	(279.33)	(22,086.81)
	<b>55,037.59</b>	<b>43,337.62</b>	<b>59,463.04</b>	<b>44,540.44</b>

16.CONTRIBUTED CAPITAL	CPC		Group	
	2024	2023	2024	2023
	Rs.Mn	Rs.Mn	Rs.Mn	Rs.Mn
Balance as at 31 <sup>st</sup> December	912,580.51	912,580.51	912,580.51	912,580.51
Equity capital through loan settlements	-	-	-	-
	<b>912,580.51</b>	<b>912,580.51</b>	<b>912,580.51</b>	<b>912,580.51</b>

No authorized capital has been fixed by the Parliament.

## 17.RESERVES

17.1 CAPITAL RESERVE	CPC		Group	
	2024	2023	2024	2023
	Rs.Mn	Rs.Mn	Rs.Mn	Rs.Mn
Balance as at 31 <sup>st</sup> December	4,992.69	4,992.69	4,992.69	4,992.69

In 2003, the transfer of assets to CPSTL had been done at book values. Subsequently it had been decided to record the above transactions based on the values that had been agreed upon in the process of privatization. The effect of this had been adjusted under capital reserve.

17.2 REVALUATION RESERVE	CPC		Group	
	2024	2023	2024	2023
	Rs.Mn	Rs.Mn	Rs.Mn	Rs.Mn
Balance as at 1st January	28,049.11	28,049.11	28,049.11	28,049.11
Surplus from revaluation (Note 8)		-		-
Balance as at 31 <sup>st</sup> December	<b>28,049.11</b>	<b>28,049.11</b>	<b>28,049.11</b>	<b>28,049.11</b>

The revaluation reserve is used to record increases in the fair value of Property, Plant & Equipment and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

18.RETIREMENT BENEFIT OBLIGATION	CPC		Group	
	2024 Rs.Mn	2023 Rs.Mn	2024 Rs.Mn	2023 Rs.Mn
Balance as at 01 <sup>st</sup> January	1,724.68	1,492.05	3,643.59	2,775.92
Less: Payable for those who left during the period	-	-	-	-
Payments made during the year	(200.72)	(226.66)	(381.45)	(471.55)
	1,523.96	1,265.39	3,262.13	2,304.37
Add: Current service cost	95.74	83.56	184.55	146.55
Interest cost	224.21	268.57	473.67	506.09
Actuarial (gain)/loss	192.28	107.16	22.82	686.58
	2,036.20	1,724.68	3,943.17	3,643.58
Add: Benefit China Bay /LLL/NYLON/CPSTL Employees	10.03	10.03	10.03	10.03
<b>Balance as at 31 st December</b>	<b>2,046.22</b>	<b>1,734.71</b>	<b>3,953.20</b>	<b>3,653.61</b>
<b>Expenses on retirement benefit obligation</b>				
<b>Income Statement</b>				
Current service cost	95.74	83.56	184.55	146.55
Interest cost	224.21	268.57	473.67	506.09
	<b>319.95</b>	<b>352.13</b>	<b>658.22</b>	<b>652.64</b>
<b>Other Comprehensive income</b>				
Actuarial (gain)/loss	192.28	107.16	22.82	686.58
	<b>192.28</b>	<b>107.16</b>	<b>22.82</b>	<b>686.58</b>

Actuarial valuation of retirement benefit obligation as at 31 December 2024 was carried out by messes Actuarial and Management Consultants (Pvt) Ltd, a professional actuaries using the 'Projected Unit Credit method' as recommended by LKAS 19 - Employee Benefits

**The principal actuarial assumptions used were as follows :**

Expected Salary increment	25% once in 3 year	30% once in 3 years
Expected Staff turnover	5.00%	7.00%
Interest /Discount Rate	11.00%	13.00%
Retirement age	60 years	60 years
No. of employees	1,971	2,082
Mortality	A 67/70 Mortality Table	A 67/70 Mortality Table

**18.1 Sensitivity of actuarial assumptions used**

The following table demonstrates the sensitivity to a possible change in key assumptions employed with all other variables held constant in the Retirement Benefit Obligations measurement as at 31 December 2024. The sensitivity of the Statement of Financial Position and Statement of Comprehensive Income is the effect of the assumed changes in the discount rate and salary increment on the profit or loss and Retirement Benefit Obligation for the year.

Assumption	Change in the assumption	CPC	
		Sensitivity effect on Income statement	Sensitivity effect on Retirement Benefit Obligation
		2024 Rs.Mn.	2024 Rs.Mn.
Discount Rate	Increased by 1% point	112.56	(112.56)
	Decreased by 1% point	(125.04)	125.04
Salary Increment	Increased by 1% point	(140.33)	140.33
	Decreased by 1% point	127.24	(127.24)

## 19. DEFERRED TAX-CPC

CPC has carried forward tax losses amounting to Rs. 767,687 Mn(2023 Rs. 796,480 Mn) which are available to set-off against the future tax profits. Deferred tax assets not accounted on these losses amounts to Rs. 230,306 Mn (2023 Rs.238,944 Mn).

As gains from realizations of assets are subjected to tax separately, deferred tax liability on realization of lands are noted below.

19.1 Deferred Tax-CPC	2024 Rs.Mn	2023 Rs.Mn
Balance at the beginning of the period	3,111.96	3,111.96
Origination and reversal of temporary difference - Income Statement	-	-
Other Comprehensive income	-	-
<b>Balance at the end of period</b>	<b>3,111.96</b>	<b>3,111.96</b>
Deffered tax Assets	-	-
Deferred tax liability	3,111.96	3,111.96
<b>Net deferred tax liability</b>	<b>3,111.96</b>	<b>3,111.96</b>

19.2 Recognized deferred tax assets and liabilities	2024-Rs.Mn.		2023-Rs.Mn.	
	Temporary difference	Deferred tax Liability/(Asset)	Temporary difference	Deferred tax Liability/(Asset)
<b>Deferred tax liability</b>				
Property, Plant & Equipment & Intangible assets				
Land	-	3,111.96	-	3,111.96
<b>Deferred tax assets</b>				
	-	<b>3,111.96</b>	-	<b>3,111.96</b>

Deferred tax has been calculated using an effective tax rate @ 30% and no movement of liability in 2024.

19.1 Deferred Tax-Group	2024 Rs.Mn	2023 Rs.Mn
Balance at the beginning of the period	4,678.03	5,202.96
Origination and reversal of temporary difference - Income Statement	209.56	(351.10)
Other Comprehensive income	7,280.02	(173.82)
<b>Balance at the end of period</b>	<b>12,167.60</b>	<b>4,678.03</b>
Deffered tax Assets	(772.08)	(913.30)
Deferred tax liability	12,939.69	5,591.33
<b>Net deferred tax liability</b>	<b>12,167.60</b>	<b>4,678.03</b>



19.2 Recognized deferred tax assets and liabilities	2024-Rs.Mn.		2023-Rs.Mn.	
	Temporary difference	Deferred tax Liability/(Asset)	Temporary difference	Deferred tax Liability/(Asset)
<b>Deferred tax liability</b>				
Property, Plant & Equipment & Intangible assets	119.17	9,827.72	(11.50)	2,478.89
Land	-	3,111.96	-	3,112.44
<b>Deferred tax assets</b>				
Inventories	(0.84)	(6.44)	(0.48)	(5.60)
Provisions	(159.94)	(168.39)	1.14	(8.45)
Employee benefit plan	(98.10)	(572.09)	(190.51)	(575.67)
Tax loss	323.59		(323.58)	(323.58)
		(25.16)		
	<b>183.88</b>	<b>12,167.60</b>	<b>(524.93)</b>	<b>4,678.03</b>

Deferred tax has been calculated using an effective tax rate @ 30%. The single tax rates applied different levels of taxable income, resulting to Rs. 183.88 Mn increase in the deferred tax liability as at 31 December 2024.

20.LOANS & BORROWINGS	CPC		Group	
	2024 Rs.Mn	2023 Rs.Mn	2024 Rs.Mn	2023 Rs.Mn
Peoples Bank-BIA Project	1,376.67	1,777.87	1,376.67	1,777.87
Self Financing Facility( CNCEC-14) -BIA Project	6,445.61	7,493.66	6,445.61	7,493.66
	<b>7,822.28</b>	<b>9,271.53</b>	<b>7,822.28</b>	<b>9,271.53</b>
<b>20.1. CURRENT PORTION OF LOANS &amp; BORROWINGS</b>				
Peoples Bank-BIA Project	229.45	253.98	229.45	253.98
Self Financing Facility( CNCEC-14) -BIA Project	1,171.93	1,152.87	1,171.93	1,152.87
	<b>1,401.37</b>	<b>1,406.85</b>	<b>1,401.37</b>	<b>1,406.85</b>

1. Peoples Bank Loan is guaranteed by a Treasury Guarantee of US\$ 7.725 Mn issued to People's Bank on behalf of CPC.

2. Self Financing Loan facility obtained for the BIA Project from the project construction joint venture Partner Ms China National Chemical Engineering No 14. Construction Co.Ltd (CNCEC) and the loan is guaranteed by a Severing Guarantee of US\$ 43.775 Mn issued to CNCEC on behalf of CPC. There is no cash flows through this loan and the project loan amount is recognised in the Financial Statement based on the working progress as per the loan facility agreement.

3. Outstanding amounts as at 31.12.2024 is USD. 6,180,000.00 and USD 26,298,950.01 for the M/s Peoples Bank and M/s China National Chemical Engineering No 14. Construction Co.Ltd (CNCEC) respectively.

20.2.Loans Repayable within five years from 31st December is as follows:	CPC		Group	
	2024 Rs.Mn	2023 Rs.Mn	2024 Rs.Mn	2023 Rs.Mn
Amount due within 2 years	2,917.47	2,813.70	2,917.47	2,813.70
Amount due within 3-5 years	4,204.12	4,220.55	4,204.12	4,220.55
Amount due after 5 years	2,102.06	3,644.12	2,102.06	3,644.12
	<b>9,223.66</b>	<b>10,678.38</b>	<b>9,223.65</b>	<b>10,678.38</b>

**The carrying values of borrowings are considered to be the fair value.**

(a) People's bank USD 7,725 Mn. Loan - (Interest 6 months LIBOR+5%p.a.) repayable in biannual instalments commencing from Dec 30, 2021.

(b) Self Financial Facility USD 43.775 Mn. Loan - (Interest 6 months LIBOR+3.55%p.a.) repayable in biannual instalments commencing from July 19, 2021.

21.TRADE & OTHER PAYABLES	CPC		Group	
	2024 Rs.Mn	2023 Restated Rs.Mn	2024 Rs.Mn	2023 Restated Rs.Mn
Foreign Bills Payable	62,232.66	76,245.30	62,232.66	76,245.30
Other Creditors			-	
- Amount due to Inland Revenue & Custom Dept.	35,082.11	48,091.91	36,062.86	48,091.91
- Accrued Expenses	38,681.97	39,305.09	33,328.91	34,814.67
- Other payables	9,309.59	14,441.51	10,590.37	15,295.64
- Amount due to Related Parties			-	-
	<b>145,306.34</b>	<b>178,083.81</b>	<b>142,214.80</b>	<b>174,447.52</b>

The payables include the payable amounting to USD 160.96 million (Rs. 47,808,024 million as at 31.12.2024) to National Iranian Corporation, Iran on the purchase of two shipments of Crude Oil in the year 2012. This balance has not been settled due to the sanctions imposed to Iran. The Corporation has recognized exchange variation gain of Rs. 5,112.475 million (Gain in 2023 – Rs. 9,890.155 million) for the year 2024 and Rs. 55,727.73 million for the period from 2012 to 2024. As per the agreement between Sri Lanka Tea Board and CPC, arrangements have made to transfer monthly minimum of USD 5 million until the amount is utilized to settle the payment to exporters in Sri Lanka. Accordingly, USD 90 million has been settled to NIOC through the above agreement during this period.

Amount due to Inland Revenue & Custom Dept. include the excise duty, NBT, SSCL and Income Tax payable. Refundable VAT is included under other receivables.

As monthly utility fees have not been paid by the dealers, taxes related to the monthly utility fees have not been paid and included under taxes payable until the dealers agreed to pay or finalization of the litigation action.

22.SHORT TERM BORROWINGS	CPC		Group	
	2024 Rs.Mn	2023 Rs.Mn	2024 Rs.Mn	2023 Rs.Mn
Bank & Other loans			-	
- Wholly Repayable within one year	-	59,019.90	-	59,019.90
- Bank Overdrafts	279.33	22,086.81	279.33	22,086.81
	<b>279.33</b>	<b>81,106.71</b>	<b>279.33</b>	<b>81,106.71</b>

Bank Borrowings (except Overdraft) were guaranteed by a Treasury indemnity of Rs. 100 Bn issued to Bank of Ceylon on behalf of the Corporation as at 31.12.2024.

Short term loans were utilized to finance import bills payable to the suppliers.

23.EMPLOYEES	CPC		Group	
	2024 Rs.Mn	2023 Rs.Mn	2024 Rs.Mn	2023 Rs.Mn
<b>Staff Cost</b>				
Salaries & Wages	5,911.24	5,565.50	11,725.21	11,395.81
Defined Contribution Plan	574.93	565.56	1,112.72	1,100.43
Defined benefit obligation (Note 18 )	319.95	352.13	658.22	652.64
	<b>6,806.12</b>	<b>6,483.19</b>	<b>13,496.15</b>	<b>13,148.87</b>

24. OPERATING SEGMENTS	Transport Rs.Mn	Power Generation Rs.Mn	Aviation Rs.Mn	Industries Rs.Mn	Storage & Transportation Rs.Mn	Others Rs.Mn	Eliminations/ Adjustments Rs.Mn	Total Rs.Mn
<b>Revenue</b>								
External Customers	649,089.18	112,148.89	120,057.25	19,496.67	7,816.98	20,588.17	-	929,197.15
Inter Segment					13,143.31		(13,143.31)	-
<b>Total Revenue</b>	<b>649,089.18</b>	<b>112,148.89</b>	<b>120,057.25</b>	<b>19,496.67</b>	<b>20,960.29</b>	<b>20,588.17</b>	<b>(13,143.31)</b>	<b>929,197.15</b>
<b>Results</b>								
Operating Profit/(Loss)	17,234.38	(950.88)	3,308.39	1,046.39	-	520.92	-	21,159.20
Exchange Rate Variation	-	-	-	-	-	14,300.88	-	14,300.88
Net Finance Cost	-	-	-	-	-	2,767.69	-	2,767.69
<b>Profit/(Loss) before tax</b>	<b>17,234.38</b>	<b>(950.88)</b>	<b>3,308.39</b>	<b>1,046.39</b>	<b>-</b>	<b>17,589.49</b>	<b>-</b>	<b>38,227.77</b>
Income tax Expense					(1,616.83)		-	(1,616.83)
<b>Profit/(Loss) for the year</b>	<b>17,234.38</b>	<b>(950.88)</b>	<b>3,308.39</b>	<b>1,046.39</b>	<b>(1,616.83)</b>	<b>17,589.49</b>	<b>-</b>	<b>36,610.94</b>

## 25. RESTATEMENT OF FINANCIAL STATEMENTS

1. The payables amounting to Rs. 3,139.79 Mn. of NBT to Inland Revenue Department was write-off and adjusted to year 2023.

The following tables summarize the impact on CPC and Group's financial statements.

### 25.1 Statement of Financial Position

1 January 2023	CPC			Group		
	Impact of Adjustments			Impact of Adjustments		
	As previously reported Rs.Mn.	Adjustments Rs.Mn.	As restated Rs.Mn.	As previously reported Rs.Mn.	Adjustments Rs.Mn.	As restated Rs.Mn.
Trade and Other Payables	247,196.69	(3,139.79)	244,056.90	243,823.07	(3,139.79)	240,683.28
Other Liabilities	333,436.49		333,436.49	337,053.21	-	337,053.21
<b>Total Liabilities</b>	<b>580,633.18</b>	<b>(3,139.79)</b>	<b>577,493.39</b>	<b>580,876.28</b>	<b>(3,139.79)</b>	<b>577,736.49</b>
Retained earnings	(1,032,316.25)	3,139.79	(1,029,176.46)	(1,019,187.57)	3,139.79	(1,016,047.78)
Non Controlling Interest	-	-	-	9,106.69	-	9,106.69
Capital & Other reserves	945,584.31	-	945,584.31	945,584.30	-	945,584.30
<b>Total Equity</b>	<b>(86,731.94)</b>	<b>3,139.79</b>	<b>(83,592.15)</b>	<b>(64,496.58)</b>	<b>3,139.79</b>	<b>(61,356.79)</b>
<b>Total Equity &amp; Liabilities</b>	<b>493,901.24</b>		<b>493,901.24</b>	<b>516,379.70</b>		<b>516,379.70</b>

31 December 2023	CPC Impact of Adjustments			Group Impact of Adjustments		
	As previously reported	Adjustments	As restated	As previously reported	Adjustments	As restated
	Rs.Mn.	Rs.Mn.	Rs.Mn.	Rs.Mn.	Rs.Mn.	Rs.Mn.
Trade and Other Payables	181,223.60	(3,139.79)	178,083.81	177,587.31	(3,139.79)	174,447.52
Others	96,741.40	-	96,741.40	100,460.36	-	100,460.36
<b>Total Liabilities</b>	<b>277,964.99</b>	<b>(3,139.79)</b>	<b>274,825.20</b>	<b>278,047.67</b>	<b>(3,139.79)</b>	<b>274,907.88</b>
Retained earnings	(912,113.05)	3,139.79	(908,973.26)	(899,505.45)	3,139.79	(896,365.66)
Non Controlling Interest	-	-	-	8,883.38	-	8,883.38
Capital & Other reserves	945,584.31	-	945,584.31	945,584.31	-	945,584.31
<b>Total Equity</b>	<b>33,471.26</b>	<b>3,139.79</b>	<b>36,611.05</b>	<b>54,962.23</b>	<b>3,139.79</b>	<b>58,102.02</b>
<b>Total Equity &amp; Liabilities</b>	<b>311,436.25</b>		<b>311,436.25</b>	<b>333,009.90</b>		<b>333,009.90</b>

## 26. CONTINGENT LIABILITIES, COMMITMENTS & LITIGATIONS

### CONTINGENT LIABILITIES

Inland Revenue Department (IRD) has issued following assessments against the Corporation and the Corporation has made appeals before the Commissioner Generals of Inland Revenue for these assessments.

Assessments on the Nation Building Tax (NBT) for the periods 1509 and 1512 amounting to Rs. 25.68 Mn. and Rs. 25.68 Mn. respectively (Only Penalties). Assessments on Value Added Tax have been issued by IRD for the periods 12090, 13090, 14030, 15030, 15060, 15090, 1610, 1630, 1620, 1710, 1740, 1810, 1830, 2130, 2230 and 2240 amounting (including penalties) to Rs. 44.90 Mn., Rs. 4.94 Mn., Rs. 3.48 Mn., Rs. 71.78 Mn., Rs. 29.02 Mn., Rs. 12.06 Mn., Rs. 102.17 Mn., Rs. 48.71 Mn., Rs.15.68 Mn, Rs. 78.25 Mn., Rs. 38.43 Mn., Rs. 121.81 Mn., Rs. 9.11 Mn., Rs. 11.51Mn., Rs.39.81 Mn. and Rs. 2.57 Mn. respectively. Assessments on Pay As You Earn Tax for the period 1516 amounting (including penalties) to Rs. 21.97 Mn. Penalties to the Customs for the period up to 2024 is amounting to Rs. 4.09 Bn.

Assessments issued under the Income Tax have been disclosed under the Note 07 – Tax Expense.

### Interest Claim for the LC Bills.

As per the Communications received from Peoples Bank (PB) , Bank has requested USD 10,039,808.20 as claim of interest on delay payment for the Letter of Credit issued to the suppliers of CPC during 2021 and 2022 economic crisis period. CPC has communicated the disagreement to the above claim and upon disagreement between parties matter has been forwarded to the advice of Attorney General Department.

Based on the cabinet Decision dated 28.05.2018 Attorney General Department has advised that parties **“should make every endeavor to settle the dispute through process of the negotiations and in the event such a process fails, then steps should be taken to bring the matter to the notice of the Cabinet for its consideration.”**

As per the instructions of General Treasury, Currently PB is in the process of negotiating with the Suppliers for the above claim and matter has not been resolved up to 26/02/2025.

## Demurrages

As ascertained by the Corporation, CPC has recognized the Rs. 7,398.52 Mn. as demurrage claims (incurred in prior years) ascertained by the Corporation. The demurrage claims for the imports of Crude oil and petroleum products amounting to USD 11.11 Mn. that are not ascertained by the Corporation have not been recognized in the financial statements. These liabilities would be recognized in the financial statements based on the subsequent negotiations/arbitration process taken place after the reporting date.

There were no any other material contingent liabilities existing at the date of statement of financial position.

## COMMITMENTS

The material commitments of the CPC as at 31<sup>st</sup> December 2024 relates to following;

### Commitments to the Banks

The Corporation established Letter of Credits (LCs) & Usance bills amounting to Rs. 50,955 Mn. (2023- Rs. 32,750 Mn.) at Bank of Ceylon in relation to import of crude & refined petroleum products during the year for which procurement will be made subsequent to the year end. CPC has obtained Bank & Shipping Guarantees amounting to Rs. 281.19 Mn and established bills collection amounting to Rs. 12.21 Mn. at two states banks.

CPSTL has established LCs amounting to Rs. 10.31Mn. and bank guarantees amounting to Rs. 0.45 Mn. as at 31 December 2024.

### Pending Litigations at the reporting date

There were 218 (2023-198) unsettled legal cases as at 31<sup>st</sup> December 2024 and details are noted below.

Type of Legal Cases	No of Cases			
	2024		2023	
	CPC	Group	CPC	Group
Labour Tribunal Cases	05	10	04	8
Magistrate Court Cases	03	5	03	5
District Court Cases	37	40	34	39
High Court Cases	09	10	12	13
Court of Appeal Cases	30	34	13	16
Supreme Court Cases	28	32	28	33
Human Rights Commission	32	33	30	31
Department of Labor	44	56	42	53
<b>Total</b>	<b>166</b>	<b>218</b>	<b>166</b>	<b>198</b>

Out of the above cases the following cases are considered material to CPC

Commercial Bank has filed a case in the Commercial High Court, Colombo against CPC claiming USD 8.5 Mn. with interest and other cost for the Hedging transaction.

There are five pending cases in the District Court and five pending cases (appeals) in the Supreme Court against the application of Circular 1038 dated 10.03.2022. Further, there are two pending cases in the Court of Appeal against CPC. The amount receivable to CPC as at 31.12.2024, if the above mentioned cases are determined in favour of CPC is Rs. 37,604Mn. (including the adjusted net receivable amount of Rs.301 Mn).

There are two pending cases in the District Court and a pending case (appeal) in the Court of Appeal against CPC with an interim order issued by the Court of Appeal, restraining CPC in implementing the Circular No. 1053 dated 05.07.2022 on the monthly Utility fee until final determination of the case. The Receivable amounting to Rs. 1,841 Mn has not been accounted to customer accounts as at 31.12.2024 due to the above mentioned interim order.

The aforementioned cases are still pending in the Courts and the Management believes that these cases may not have adverse effect on the continuation of the operations of the Corporation. No related provisions are made.

## 27. EVENTS AFTER THE REPORTING DATE

All material events after the reporting date, if any and where necessary have been considered and appropriate adjustments/disclosures have been made in the Financial Statements.

## 28. FINANCIAL RISK MANAGEMENT

The Group's activities expose to a variety of financial risks; market risk (including currency risk, interest rate risk), credit risk, liquidity risk and price risk. Risk management is carried out by management under policies approved by Board of Directors. Management identifies and evaluates the financial risks with reference to the operations of the Group. The Group's overall risk management programs seek to minimize potential adverse effects on the Group's financial performance.

The principal financial instruments of the Group comprise of fixed deposits, government securities, US Dollar deposits and cash. The main purpose of these finance instruments is to improve and maintain liquidity of the Group and to maximize financial return on the invested funds. The Group has various other financial instruments such as trade receivables and trade payables which arise directly from its business activities.

### (a) Market risk

#### (i) Foreign exchange risk

When the Corporation imports the petroleum products it is exposed to foreign exchange risk arising from currency exposure, primarily with respect to US dollars. The Group's functional currency is LKR in which most of the domestic transactions are denominated, and all other currencies are considered as foreign currencies for reporting purposes. Certain bank balances, trade receivables and trade payables are denominated in foreign currencies.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Corporation's profit before tax due to changes in the fair value of USD denominated liabilities.

Item	Value as at 31/12/2024 USD Mn.	Closing Rate	Change in exchange rate	*Effect on Profit before tax Rs Mn.
Loan and Borrowings	31.83	297.0162	1% increase	(95)
Bills & Other payables	321.90	297.0162	1% increase	(956)
Trade & Other Receivables	41.70	288.3293	1% increase	120
Bank Balance	112.31	288.3293	1% increase	324
<b>Total</b>				<b>(607)</b>

\* The effect on the profit before tax is the result of a change in the fair value of related liability denominated in US Dollars, where the functional currency is Sri Lankan Rupee.

Financial statements of the Group which are presented in LKR, are affected by foreign exchange fluctuations through both translation risk and transaction risk. The changes in foreign currency exchange rates affect the cost of materials, purchases and services obtained from various parties in foreign currencies. In particular, continuous depreciation of the LKR against the US\$ and other foreign currencies has direct impact on the operating and financial result through its impact on cost of imported petroleum products and other purchases.

## (ii) Interest rate risk

Interest rate risk of the Group arises mainly from the borrowings and investments in the form of government securities and fixed deposits. In the case of supplier credit, interest rate varies largely from prevailing market rates. The Group analyses the interest exposure on a continuous basis and monitors London Inter Banking Offer Rate (LIBOR) and money market rates.

## (b) Credit risk

Credit risk is the risk of financial loss to the Group, if a customer fails to meet its contractual obligations. Most of the Group's customers are not independently rated, therefore the quality of customers is considered by taking into account its financial position, past experience and other qualitative factors. The Corporation has established a credit policy under which each new customer is analyzed individually for credit worthiness before the credit limit is granted. Customers who fail to meet the corporations' credit policy may transact with the Corporation only on cash basis.

	CPC	
	2024 Rs.Mn	2023 Rs.Mn
Less than 30 days	3,465.36	4,675.76
30 - 90 days	259.95	4,025.05
91 - 180 days	4.58	1,327.10
181 - 365 days	856.09	3,604.01
More than 365 days	5,393.17	4,039.99
<b>Total</b>	<b>9,979.15</b>	<b>17,671.92</b>
Provision for impairment	(47.75)	(54.40)
	<b>9,931.41</b>	<b>17,617.51</b>

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

## (c) Liquidity risk

Cash flow planning and forecasting is performed by the Finance division of the Corporation. Finance division continuously monitors funds available to meet its various financial liabilities and optimum utilization of excess short term financial resources for better yields.

Surplus cash held over and above balance required for working capital management is invested in interest yielding financial instruments such as repos, Treasury bond investments, call deposits and money market. At the reporting date, the Corporation held cash and cash equivalents of Rs. 55,037.59 Mn that are expected to readily generate cash inflows for managing liquidity risk.

The table below shows the Corporation's non-derivative liabilities into relevant maturity grouping based on the remaining period at the reporting date to contractual maturity date.

	December 2024 (Figures in LKR Million)				
	Less than 3 months	3-12 months	1 – 2 years	3-5 Years	Over 5 years
Bank borrowings	279	-	-	-	-
Long term debt	701	815	1,401	4,204	2,102
<b>Total</b>	<b>980</b>	<b>815</b>	<b>1,401</b>	<b>4,204</b>	<b>2,102</b>

#### (d) Price Risk

The corporation is exposed to the commodity price risk of petroleum products (both Crude & Finished Products) & other raw materials imported from overseas countries in US Dollars and other currencies. The Corporation regularly holds weekly stock review meetings at which future product requirements are discussed and planned for the required future importation. At the same time the corporation continuously interacts with the General Treasury and the line ministry by giving financial information of Petroleum products to make suitable timely managerial decisions.

## 29. DIRECTORS' INTEREST IN CONTRACTS & RELATED PARTY TRANSACTIONS

Board of Directors are considered as key management personnel. No Director has direct or indirect interest in the contracts with CPC, CPSTL & TPTL except the following;

Mr. R S A W Wickramasuriya was the Chairman of CPC up to 24.09.2024, and he served as Chairman of CPSTL. Colonel (Retd) S R P Ratnayake was the Managing Director of CPC up to 24.09.2024, and he served as Managing Director of CPSTL. Mr. D J A S De S Rajakaruna appointed as the Chairman of the Corporation with effects from 24.09.2024 and he serves as the Chairman of CPSTL as well as TPTL. Dr. N K M C Neththikumara is the Managing Director of the Corporation with effects from 24.09.2024 and he is the Managing Director of CPSTL and Director of TPTL. Mr. M M C Doss and Mr. AJ L Wimalaratne are Directors of CPC and they serve as Directors of CPSTL with effects from 24.09.2024. Also Mr. M K Garusinghe is Director of CPC and serve as Director of TPTL with effect from 24.09.2024.

#### Compensation of Key Management Personnel

	CPC	
	2024 Rs.Mn	2023 Rs.Mn
Short term Benefits	9.71	9.70

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to Key Management Personnel.



**Following transactions were carried out with related parties**

Transaction	2024 Rs.Mn	2023 Rs.Mn
<b>Sales &amp; Services rendered to related parties</b>		
<b>Subsidiary</b>		
Ceylon Petroleum Storage Terminals Limited	2,076.68	2,623.89
<b>Other related parties</b>		
Ministry of Petroleum Resources Development	28.84	17.12
	2,105.52	2,641.01
<b>Services received from related parties</b>		
<b>Subsidiary</b>		
Ceylon Petroleum Storage Terminals Limited	11,080.53	9,353.81
	11,080.53	9,353.81
<b>Dividends received from related parties</b>		
<b>Subsidiary</b>		
Ceylon Petroleum Storage Terminals Limited	-	240.00
	-	240.00
<b>Other transactions with parties</b>		
<b>Subsidiary</b>		
<b>Investment</b>		
Trinco Petroleum Terminal (Pvt) Limited	40.80	51.00
	40.80	51.00
<b>Amount due from related parties*</b>		
<b>Subsidiary</b>		
Ceylon Petroleum Storage Terminals Limited	186.88	228.04
Trinco Petroleum Terminal (Pvt) Limited	0.00	0.00
<b>Other related parties</b>		
Ministry of Petroleum Resources Development	4.53	1.50
	191.42	229.53
<b>Amount due to related parties*</b>		
<b>Subsidiary</b>		
Ceylon Petroleum Storage Terminals Limited	6,753.78	6,128.11

\* Amounts are classified as trade and other receivables and trade and other payables, respectively

**Terms and conditions of transactions with related parties**

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables.

Since the Government of Sri Lanka directly controls the Corporation, CPC has considered the Government owned companies and other government related entities which are controlled, jointly controlled or significantly influenced by the Government of Sri Lanka as related parties according to LKAS 24, 'Related Party Disclosures'.

**30. CAPITAL MANAGEMENT**

Primary objective of capital management is to maintain an optimum capital structure and maintain going concern status while safeguarding key stakeholders' interests. The Corporation and its Group was able earn Rs. 53,405.37 Mn. profit during the year. Accordingly, CPC believe that the Corporation has ability to continue as going concern basis.