



ජාතික විගණන කාර්යාලය

தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

PAL/C/CPL/01/2022/02

මගේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

12 September 2023

The Chairman
Chilaw Plantations Limited

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Chilaw Plantations Limited for the year ended 31 December 2022 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

Above mentioned report is send herewith.

W.P.C Wickramaratne
Auditor General

Copies :- (1) Secretary - Ministry of Plantation and Industries

(2) Secretary - Ministry of Finance, Economic Stabilization & National Policies





ජාතික විගණන කාර්යාලය

தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

PAL/C/CPL/01/2022/02

මගේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

12-September 2023

The Chairman
Chilaw Plantations Limited

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Chilaw Plantations Limited for the year ended 31 December 2022 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Chilaw Plantations Limited (“Company”) for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

- (a) In terms of paragraphs 51 and 61 of Sri Lanka Accounting Standard 16 on property, plant and equipment, the useful life of non-current assets had not been reviewed annually and as such, fully depreciated assets such as equipment, furniture and fittings and water Supply costing Rs.24,666,125, Rs.16,326,565 and Rs.1,631,448 respectively had been further used by the Company by the end of the year under review. However, action had not been taken to revise the said estimated error in terms of Sri Lanka Accounting Standard 8 and to indicate the accurate carrying amount in the financial statements.



- (b) In 18 estate divisions out of 85 estates division's survey work had been completed and it was observed that there is a difference of 378.9432 hectare between leased and survey extent with regard to the extent of land. Therefore in relation to those 18 estates divisions, the audit observed that the value of the lands in the statement of financial position was overstated by Rs.8,521,385.
- (c) Deeds and plans relating to 67 estates divisions value at Rs.104.5 million shown in the statement of financial position were not available with the company. Furthermore it was observed that there was a difference of 603.8 hectares between estate Account's and lease agreement.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Other information included in the Company's 2022 Annual Report.

The other information comprises the information included in the Company's 2022 Annual Report but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report. Management is responsible for the other information.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the Company's 2022 Annual Report, if I conclude that there are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further material uncorrected misstatements are existed those will be included in my report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution that will be tabled in due course.

1.4 Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Company.

1.5 Auditor's Responsibility for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

- 2.1 National Audit Act, No. 19 of 2018 and Companies Act, No. 7 of 2007 include specific provisions for following requirements.
- 2.1.1 Except for the effects of the matters described in the basis for Qualified Opinion section of my report, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Company as per the requirement of section 163 (2) of the Companies Act, No. 7 of 2007 and section 12 (a) of the National Audit Act, No. 19 of 2018.
- 2.1.2 The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 The financial statements presented includes all the recommendations made by me in the previous year except the audit matters of 1.2 (a),(b) and (c) described in the basis for Qualified Opinion section of my report as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

2.2 Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

2.2.1 To state that any member of the governing body of the Company has any direct or indirect interest in any contract entered into by the Company which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018

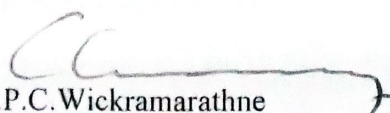
2.2.2 To state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018

2.2.3 To state that the Company has not performed according to its powers, functions, and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018.

2.2.4 To state that the resources of the Company had not been procured and utilized economically, efficiently, and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018 except for,

(a) Although there is no legal authority, the company had lent Rs.105 million to the Janatha Estate development Board, Elkaduwa Plantation Ltd, Sri Lanka state plantation corporation, Ministry of State Resources and Enterprises development and Sri Lanka Rubber Manufacturing and Export Corporation Ltd in the year 2010. However Board of Directors of the company had provided for impairment in 2014 for the outstanding due amount of Rs.119.758 million. Furthermore, total due amount with interest of Rs.183.758 million as at 31 December 2022 had been shown only on a note of financial statement for the year 2022, instead of disclosing with financial position.

(b) Rs.1,114,325 debtors including loss of goods amounting Rs.799,320 had not been recovered for more than a year, which was the 53.8 per cent of total debtors.


W.P.C. Wickramaratne

Auditor General

CHILAW PLANTATIONS LTD

*Financial Statements
For the year ended
31st December, 2022*

CHILAW PLANTATIONS LTD
STATEMENT OF COMPREHENSIVE INCOME

For the Year ended 31st December,	Notes	2022	2021
		Rs.	Rs.
Revenue	19	975,106,419	1,049,911,121
Cost of Sales	20	(520,940,365)	(520,797,587)
Gross Profit		454,166,053	529,113,534
Gain/(loss) on fair value of Biological Assets	7.3	15,025,382	42,531,191
Other Operating Income and Gains	21	181,535,982	160,985,376
Administration and General expenses	22	(229,027,818)	(206,940,871)
Profit from Operations		421,699,599	525,689,231
Finance Income	23	135,874,424	25,611,433
Finance Expenses	23.1	(43,693,022)	(40,413,552)
Profit Before Tax		513,881,001	510,887,112
Tax Expense (Provisions)	24	(20,411,125)	121,091,847
Profit for the Year		493,469,876	631,978,959
Other comprehensive Income			
Defined benefit plan actuarial gains/(losses)	16	21,063,086	20,810,990
Deferred tax adjustment on asset revaluation		(562,333)	(364,008)
Total Comprehensive Income for the year, Net of Tax		513,970,629	652,425,941
Basic Earning Per Share	25.1.2	24.67	31.60

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 06 to 42 form an integral part of these Financial Statements.

Chilaw
March 31, 2023

CHILAW PLANTATIONS LTD
STATEMENT OF FINANCIAL POSITION

As at 31st December,	Notes	2022 Rs.	2021 Rs.
ASSETS			
Non Current Assets			
Leasehold Right to Bare Land of JEDB Estates	04	60,356,373	63,045,095
Leasehold Property Plant & Equipment of JEDB Estates (Other than Right-to-Use-Land and Leased bearer biological assets)	05	769,468	786,290
Leased Bearer Biological Assets of JEDB Estates	05.1	10,939,028	12,980,315
Improvements to Leasehold property	6	1,028,825,198	992,716,087
Biological Assets -Livestock	7.1	25,779,100	14,901,800
Consumable Biological Assets	7.2	138,313,825	135,253,639
Freehold Property Plant & Equipment	08	193,729,753	156,222,060
Other finance assets	11.1	17,810,643	11,245,074
Deferred Tax Assets / (Liabilities)	14		314,675
		<u>1,476,523,388</u>	<u>1,387,465,035</u>
Current Assets			
Produce on bearer biological assets	9.1	30,194,568	33,767,324
Inventories	9.2	195,288,282	159,175,742
Assets Held for Sale	9.3	4	4
Trade and Other Receivables	10	127,630,321	68,343,764
Financial facility to State Enterprises	11		
Other finance assets	11.1	6,159,131	4,245,244
Other Current Assets		1,226,458	781,768
Short Term Investment	12	985,660,947	721,479,696
Cash in Hand and at Bank		67,349,035	17,242,514
		<u>1,413,508,745</u>	<u>1,005,036,055</u>
Total Assets		<u>2,890,032,133</u>	<u>2,392,501,090</u>
EQUITY & LIABILITIES			
Capital and Reserves			
Stated Capital	13	200,000,010	200,000,010
Retained Earnings		1,833,592,353	1,417,657,528
Revaluation Reserves (Timber revaluation & Vehicle revaluation)		321,460,790	303,424,986
Total Equity		<u>2,355,053,153</u>	<u>1,921,082,524</u>
Non Current Liabilities & Deferred Income			
Interest-bearing Loans & Borrowings	18.1	-	-
Deferred Tax Liability	14	314,474	-
Deferred Grants and Subsidies	15	9,775,811	7,229,055
Retirement Benefit Obligations	16	69,807,963	81,228,433
Liability to Make Lease Payment for the JEDB Estates	17	92,505,957	95,205,455
		<u>172,404,205</u>	<u>183,662,943</u>

Current Liabilities

Trade and Other Payables	18	344,602,287	279,313,946
Income tax Payable		15,272,989	52,005
Interest-bearing Loans & Borrowings	18.1	-	5,794,000
Liability to Make Lease Payment for the JEDB Estates	17	2,699,498	2,595,671
		<u>362,574,774</u>	<u>287,755,622</u>
Total Equity and Liabilities		<u>2,890,032,133</u>	<u>2,392,501,090</u>

The Accounting Policies and Notes on pages 06 to 42 form an integral part of these Financial Statements.

Certification

It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

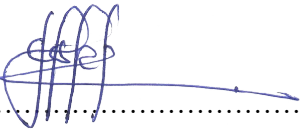


.....
Mr. R.M.R.B. Ratnayake

Senior Accountant

The Board of Directors is responsible for the preparation and fair presentation of these Financial Statements.

Approved and signed for and on behalf of the Board of Directors of Chilaw Plantations Limited.



.....
Mr. R.W.M.J.S.R. Perera

(Chairman/CEO)

Chilaw

March 31, 2023



.....
Mr. W.W.A.N.T.A. Fernando

(Director)

CHILAW PLANTATIONS LTD
STATEMENT OF CHANGES IN EQUITY
For the Year ended 31st December, 2022

Description	Stated Capital Rs.	Timber Reserve Rs.	Revaluation Reserve Rs.	Accumulated Profit Rs.	Total Rs.
Balance as at 1 January 2021	200,000,010	174,390,833	98,887,979	845,377,761	1,318,656,583
Dividend for year 2020				(50,000,000)	(50,000,000)
Profit for the Year				631,978,959	631,978,959
Other Comprehensive Income	-		-	20,446,982	20,446,982
Transferred to Timber Reserve (7.2)	-	30,510,182		(30,510,182)	-
Deferred tax adjustment transfer to Motor vehicle Revaluation reserve			(364,008)	364,008	
Balance as at 31st December 2021	200,000,010	204,901,015	98,523,971	1,417,657,528	1,921,082,524
Dividend for year 2021				(80,000,000)	(80,000,000)
Profit for the Year	-			493,469,876	493,469,876
Other Comprehensive Income			-	20,500,753	20,500,753
Transferred to Timber Reserve		18,598,138		(18,598,138)	-
Deferred tax adjustment transfer to Motor vehicle Revaluation reserve			(562,333)	562,333	-
Total Comprehensive Income	200,000,010	223,499,152	97,961,638	1,833,592,353	2,355,053,153
Balance as at 31st December 2022	200,000,010	223,499,152	97,961,638	1,833,592,353	2,355,053,153

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 06 to 42 form an integral part of these Financial Statements.

Chilaw
March 31, 2023

CHILAW PLANTATIONS LTD
STATEMENT OF CASH FLOW

For the Year ended 31st December,	2022 Rs.	2021 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Tax	513,881,001	510,887,112
Adjustments for;		
- Depreciation/Amortization	55,403,094	51,134,100
- Amortization of Grants	(260,774)	(260,774)
- Finance Expenses	43,693,022	40,413,552
- Finance Income	(135,874,424)	(25,611,433)
- Provision For Defined Benefit Plan Costs	16,194,064	14,905,189
- Profit on Disposal of Property, Plant and Equipment		(849)
- Gain/(loss) on fair value of Biological Assets	(15,025,382)	(42,531,191)
- Profit on disposal of Timber Trees	(26,136,409)	(28,607,529)
- Profit on disposal of Coconut Trees	(33,353,764)	(38,022,368)
- Provision For Incentive Payment to the Staff and Workers	93,000,000	92,985,110
Impairment allowance for capital assets	-	1,471,052.91
- WIP Transfer out & Other Adjustment	1,092,564	221,325
	512,612,991	576,983,297
Changes in:		
- Inventories	(36,112,540)	(97,928,193)
- Dairy Livestock	(10,877,300)	2,267,250
- Trade and other Receivables	(114,360)	(28,953,976)
- Other Current Assets	(444,690)	(169,592)
- Trade and other Payables	(12,212,675)	47,270,044
Cash generated from operating activities	452,851,425	499,468,829
- Interest paid on government lease	(41,830,254)	(39,434,368)
- Defined Benefit Plan Costs paid	(6,551,448)	(11,711,977)
- Finance costs Paid	(106,118)	(517,516)
- Finance Income Received	96,309,432	21,409,692
- Income Tax Paid	(5,123,325)	-
-Incentive Payment to the Staff and Workers	(92,985,110)	(48,664,769)
- Cash received from sales of valuable trees	29,086,906	54,168,749
Net Cash from Operating Activities	431,651,508	474,718,640
CASH FLOWS FROM INVESTING ACTIVITIES		
- Additions of Property, Plant & Equipment	(70,827,576)	(14,627,649)
- Field Development Expenditure	(54,549,180)	(57,143,863)
- Cash received from sales of coconut trees	33,353,764	38,037,605
- Staff loan Granted	(14,619,000)	(10,121,000)
- Staff loan recovered	6,139,543	3,884,372
- Short Term Investment	(101,245,101)	(236,002,584)
- Cash received from Disposal of Property, Plant and Equipment		81,500
Net Cash used in Investing Activities	(201,747,549)	(275,891,619)
CASH FLOWS FROM FINANCING ACTIVITIES		
- Dividends Paid		(10,000,000)
- Arrears/prepayment Installment and capital settlement of Finance Lease	(13,874,818)	(72,900,713)
-Grant received for capital expenditure	2,807,530	2,000,000
- Loan repaid during the year	(5,794,000)	(11,604,000)
Net Cash Flows used in Financing Activities	(16,861,288)	(92,504,713)
Net Increase / (Decrease) in Cash & Cash Equivalents	213,042,671	106,322,307
A. Cash & Cash Equivalents at the Beginning of the Year	323,553,051	217,230,744
B. Cash & Cash Equivalents at the End of the Year	536,595,722	323,553,051
NOTE A		
Cash & Cash Equivalents at the beginning of the Year		
Short term Investments	306,310,537	201,000,000
Cash in Hand and at Bank	17,242,514	16,230,744
	323,553,051	217,230,744
NOTE B		
Cash & Cash Equivalents at the end of the Year		
Short term Investments	469,246,687	306,310,537
Cash in Hand and at Bank	67,349,035	17,242,514
	536,595,722	323,553,051

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 06 to 42 form an integral part of these Financial Statements.

Chilaw

March 31, 2023

1 CORPORATE INFORMATION

1.1 Reporting Entity

1.1.1 Domicile and Legal Form

Chilaw Plantations Limited (the Company) is a limited liability Company incorporated and domiciled in Sri Lanka, under the Companies Act No. 17 of 1982 (The Company re-registered under the companies Act No 07 of 2007) in terms of the provisions of the Conversion of Public Corporations or Government Own Business Undertaking into Public Companies Act No. 23 of 1987.

The registered office of the Company is located at No. 165, Puttalam Road, Chilaw and the Plantations are situated in the planting districts of Puttalam, Kurunegala and Gampaha.

1.1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company were cultivation of coconut, manufacture of copra and sale of green nuts, copra.

1.1.3 Parent enterprise and Ultimate parent Enterprise

The company's parent undertaking is the Government of Sri Lanka

1.2 Date of Authorization for Issue

The Financial Statements of Chilaw Plantations Ltd. for the year ended December 31, 2022 was authorized for issue in accordance with a resolution of the Board of Directors on 31st March 2023.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The Financial Statements have been prepared in accordance with Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards (SLFRS/LKAS) promulgated by The Institute of Chartered Accountants of Sri Lanka (CASL), and with the requirements of the Companies Act No. 07 of 2007.

2.2 Basis of Measurement

These Financial Statements have been prepared in accordance with the historical cost convention other than leased assets of JEDB/SLSPC estates, which have been revalued as described in Note 04, 05 and 06 to the Financial Statements. Where appropriate, specific policies are explained in the succeeding notes and no adjustments have been made for inflationary factors in the Financial Statements.

2.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lanka Rupees (Rs.), which is the Company's functional and presentation currency. All financial information presented in Sri Lankan Rupees has been given to the nearest rupee.

2.4 Use of Estimates and Judgments

The preparation of the financial statements in conformity with SLFRS/LKAS requires Management to make judgments, estimates and assumptions that influence the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period and any future periods affected.

2.5 Going Concern

The Management of the company has made an assessment of the company's ability to continue as a going concern and is satisfied that the company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2.6 Comparative Information

The accounting policies have been consistently applied by the company and, are consistent with those used in the previous year unless otherwise stated and previous year's figures and phrases have been rearranged wherever necessary to conform to the current year's presentation.

2.7 Events occurring after the Reporting date

All material Events occurring after the Reporting date have been considered and where appropriate adjustments to or disclosures have been made in the Financial Statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Assets and Bases of their Valuation

Assets classified as current assets in the Statement of Financial Position are cash and those which are expected to realize in cash, during the normal operating cycle of the Company's business, or within one year from the

reporting date, whichever is shorter. Assets other than current assets are those, which the Company intends to hold beyond a period of one year from the reporting date.

3.1.1 Property, Plant & Equipment

3.1.1.1 Recognition and Measurement

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be reliably measured.

Items of Property, Plant & Equipment are measured at cost (or at valuation in the case of Leasehold Right to Bare Land), less accumulated depreciation and accumulated impairment losses, if any.

(a) Owned Assets

The cost of Property, Plant & Equipment includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalized as apart of that equipment.

When significant parts of Property, Plant & Equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the Statement of comprehensive income as incurred.

Capital work-in-progress is transferred to the respective asset accounts at the time of first utilization or at the time the asset is commissioned.

The carrying-values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Where motor vehicles are subsequently revalued, the entire class of such assets is revalued at fair value on the date of revaluation on 31st December 2020.

Any revaluation surplus is recognized in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the income statement, in which case the increase is recognized in the income statement. A revaluation deficit is recognized in the income statement, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

As per the valuation report of the Department of Government Valuation, Revaluation of the motor vehicles as at 31st December 2020 as follows.

Description	Net Carrying Value as at 31.12.2020 Rs.	Revalued Amount As at 31.12.2020	Revaluation Reserves Rs.
Motor Vehicle (Revalued)	4,987,021.00	103,875,000.00	98,887,979.00

Net book value of the above revalued assets as at 31st December 2022 are shown under the note no. 8 to the financial statements.

However below mentioned vehicles have not been revalued by the Department of Government Valuation due to the repairs being undertaken at the date of revaluation on 31st December 2020. Therefore those motor vehicles are measured at cost less accumulated depreciation.

Details of motor vehicles measured at cost less accumulated depreciation.

Vehicle No	Category	Cost Rs.	Accumulated Depreciation	Net book value As at 31/12/2020
Sri 6018	Hand Tractor	41,500.00	41,499.00	1/=
NW SC 1607	Hand Tractor	104,000.00	103,999.00	1/=
36 Sri 5418	Tractor	1,661,995.70	1,304,777.00	357,218.70
36 Sri 3033	Tractor	467,739.46	467,737.46	2/=
NWRV 0245	Tractor Trailer	152,375.00	152,374.00	1/=
NW UZ 3922	Motor Cycle	148,925.00	148,924.00	1/=
NW UZ 3655	Motor Cycle	148,925.00	148,924.00	1/=

(b) Leased Assets

Assets obtained under the finance lease, (which effectively transfer substantial risks and benefits incidental to ownership of the leased item) are capitalized at an amount equal to the lower of their fair value and the present value of minimum lease payments at the inception and depreciated/amortized over the period the Company is expected to benefit from the use of the leased assets.

The corresponding principal amount payable to the lessor is shown as a liability. The interest element of the rental obligation applicable to each financial year is charged to the Statement of Comprehensive Income over the period of the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The cost of improvements to the leased property is capitalized and depreciated over the unexpired period of the lease or the estimated useful lives of the improvements whichever is shorter.

3.1.1.2 Subsequent Cost

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 the part will flow to the company and its cost can be measured reliably. The carrying amount of those parts that are replaced is de-recognized in accordance with the de-recognition policy given below. The costs of the day-to-day servicing of Property, Plant & Equipment are recognized in profit or loss as incurred.

3.1.1.3 De-recognition

The carrying amount of an item of Property, Plant & Equipment is de-recognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on de-recognition are recognized in profit or loss and gains are not classified as revenue.

3.1.1.4 Depreciation and Amortization**(a) Depreciation**

Depreciation is recognized in Statement of Comprehensive Income using a straight-line method on cost or valuation over the estimated useful economic lives of each part of an item of Property, Plant & Equipment. The estimated useful lives for the current and comparative periods are as follows:

	No. of Years	Rate (%)
Buildings	40	2.50
Plants & Machinery	15	6.67
Furniture & Fittings	10	10.00
Motor Vehicles	05	20.00
Equipment	08	12.50
Permanent Land development	30	3.33
Fencing	03	33.33
Water Supply	20	5.00

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date on which the asset is classified as held for sale or is de-recognized. Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted prospectively, if appropriate.

(b) Amortization

Assets held under finance leases are amortized over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Company will have ownership by the end of the lease term. Lease period of land acquired from JEDB/SLSPC will be expired in the year 2045.

The leasehold rights of assets taken over from JEDB/SLSPC are amortized in equal amounts over the shorter of the remaining lease periods and the useful lives and the estimated useful lives for the current and comparative periods are as follows:

	No. of Years	Rate (%)
Leasehold right to bare Land	53	1.89
Improvements to Land	30	3.33
Other Vested Assets	30	3.33
Buildings	25	4.00
Machinery	15	6.67
Water Supply	20	5.00

3.1.2 Biological Asset

3.1.2.1 Immature and Mature Plantations

A) Immovable Leased Bearer Biological Assets (Immature and Mature Plantations)

In terms of the ruling of the UITF of Institute of Chartered Accountants of Sri Lanka prevailed at the time of privatization of plantation estates, Immovable Leased Bearer Biological Assets (Immature and Mature Plantations) in the JEDB/SLSPC estates under finance leases have been taken into the books of the Company retroactive with effect from 11th June 1992.

Amortization on Immovable Leased Bearer Biological Assets is recognized in Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of the asset and the estimated useful life for the current and comparative periods is as follows:

	No. of Years	Rate (%)
Mature Plantations	30	3.33

B) Improvements to Leasehold Property (Immature and Mature Plantations)

The cost of land preparation, rehabilitation, new planting, replanting, inter-planting and fertilizing, etc., incurred between the time of planting and harvesting (when the planted area attains maturity after 8 years), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on bearer biological assets (i.e. Coconut) which comes into bearing during the year, is transferred to mature plantations.

Depreciation on Improvements to Leasehold Property is recognized in Statement of Comprehensive Income on a straight-line basis over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is shorter.

The expenditure incurred on immature plantations which comes into bearing during the year, is transferred to mature plantations at the end of the year and is depreciated over their useful lives as follows.

The immature period and estimated useful life span for the current and comparative periods are as follows: (useful life span is counted after immature period)

	Immature Period	Lifespan	Depreciation
	No. of Year	No. of Years	Rate (%)
Coconut	08	50	2.00
Cashew	08	25	4.00
Dragon Fruit	03	20	5.00
Cinnamon	04	20	5.00
Pepper	06	20	5.00
Rambutan	06	20	5.00
Mango	05	20	5.00

C) Consumable Biological Assets

Consumable timber trees are measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period are immaterial. The fair value of timber trees are measured using DCF method taking in to consideration the current market prices of timber, applied to expected timber content of a tree at the maturity by an independent professional valuer.

The gain or loss arising on initial recognition of Consumable Biological assets at fair value less cost to sell and from a change in fair value less cost to sell of Consumable Biological assets are included in profit or loss for the period in which it arises all other assumptions are given in Note 7.2

The main variables in DCF model concerns.

Variable	Comment
Currency valuation	Sri Lankan Rupees (Rs.)
Timber content	Estimate based on physical verification of girth, height and considering the growth of each species in different geographical regions. Factor all the prevailing statutory regulations enforced for harvesting of timber coupled with forestry plan of the Company.
Economic useful life	Estimated based on the normal life span of each species by factoring the forestry plan of the Company.
Selling price	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfilled in bringing the trees in to saleable condition.

Discount Rate Future cash flows are discounted at following discount rates:

- Age to harvest 5 or below years 16%
- Age to harvest 6 -15 years 17%
- Age to harvest 15 years or above 18%

3.1.2.2 Dairy Live Stock

Dairy Live Stocks are measured at their fair value less costs to sell. The fair value of livestock is determined in accordance with the circulars issued by the National Livestock Development Board.

3.1.3 Non-Current Assets Held for Sale

Non-current assets, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are measured at lower of their carrying amount and fair value less cost to sell. Non-current assets are classified as held for sale only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Property, Plant & Equipment once classified as held for sale are not depreciated or amortized.

3.1.4 Inventories

Inventories are valued at lower of cost and estimated net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business after allowing for cost of realization and/or cost of conversion from their existing state to saleable condition.

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

Input Material Consumables & Spares	At actual cost on FIFO basis.
Growing Crop – Nurseries	At the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads.
Harvested Crop	Agricultural produce harvested from its biological assets are measured at their fair value less cost to sell at the point of harvest. The finished and semi-finished inventories from agriculture produce are valued by adding the cost of conversion to the fair value of the agricultural produce.
Live Stocks	Dairy Live Stocks are measured at their fair value less costs to sell. The fair value of livestock is determined in accordance with the circulars issued by the National Livestock Development Board.

3.1.4.1 Harvestable Agricultural Produce Growing on Bearer Biological Assets

In accordance with LKAS 41, company recognize agricultural produce growing on bearer plants at fair value less cost to sell. Change in the fair value of such agricultural produce recognized in profit or loss at the end of each reporting period.

For this purpose, quantities of harvestable agricultural produce ascertained based on harvesting cycle of each crop category by limiting to one harvesting cycle based on last day of the harvest in the immediately preceding cycle. Further 50% of the crop in that harvesting cycle considered for the valuation. For the valuation of the harvestable agricultural produce, the company uses the following price formulas.

Coconut – fair value less cost of picking & Transport ect.

3.1.5 Financial Instruments

3.1.5.1 Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not an FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.1.5.2 Classification and subsequent measurement

3.1.5.2.1 Financial assets

i) Policy applicable from 1st January 2018

On initial recognition, a financial asset is classified as measured at; amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequently to their recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL;

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL;

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

On the initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial assets that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

a) Business model assessment:

The Company makes an assessment of the objectives of the business model in which a financial asset is held as a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes;

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management.
- The risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;
- The frequency, volume and timing of sales of financial assets in prior periods, the reason for such sale and expectation about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de recognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

b) Subsequent measurement and gains and losses:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on de recognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3.1.5.2.2 Financial liabilities

i) Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost of FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on de recognition is also recognised in profit or loss.

3.1.5.3 De recognition

3.1.5.3.1 Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

3.1.5.3.2 Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of

the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On de recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.1.5.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.1.5.5 Impairment - Financial Assets

Non-derivative financial assets

3.1.5.5.1 Financial instruments and contract assets

Loss allowances for trade receivables are always measured at an amount equal to lifetime Expected Credit Loss (ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 365 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
 - the financial asset is more than 180 days past due.
- Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

3.1.5.5.2 Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

3.1.5.5.3 Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset occurred.

Evidence that a financial asset is credit-impaired includes the following observable data;

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

3.1.5.5.4 Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

3.1.5.5.5 Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3.2.1. Financial Risk Management Objectives and Policies

The Company principal financial liabilities comprise trade and other payables, and income tax payables. The main purpose of these financial liabilities is to finance the Company operations. The Company has loans provided to state enterprises and Trade and other receivables and cash and short-term deposits that arrive directly from its operations.

Accordingly the Company has exposure to namely Credit Risk, Liquidity Risk, Currency Risk and Interest Rate Risk from its use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

3.2.1.1. Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arise principally from the Company's receivable from customers.

3.2.1.2. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

3.2.2. Employees' Benefits

(a) Defined Contribution Plans - Provident Fund and Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognized as an expense in profit and loss in the periods during which services are rendered by employees.

The Company contributes 12% on consolidated salary of such employees to Employees' Provident Fund (EPF) and 3% on the consolidated salary of such employees to the Employees' Trust Fund.

(b) Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The cost of defined benefit plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and staff turnover. Due to the long-term nature of these obligations, such estimates are subject to significant uncertainty. Details of the key assumptions used in the estimates are contained in Note 16.

The liability is externally funded in fixed deposits with Bank of Ceylon.

3.3. Deferred Income

Grants and Subsidies

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Grants related to Property, Plant & Equipment are initially deferred and allocated to income on a systematic basis over the useful life of the related Property, Plant & Equipment as follows:

Assets are amortized over their useful lives or unexpired lease period, whichever is less.

Buildings	40 years
Water Supply	20 years
Motor Vehicles	05 years
Furniture and Fittings	10 years
Equipments	08 years

3.4. Income and Expenses

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

3.4.1. Revenue Recognition

SLFRS 15 provides a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced LKAS 18 Revenue, LKAS 11 Construction Contracts and related interpretations. Under SLFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when or as an entity transfers control of goods and services to a customer at the amount at which the entity expects to be entitled. Revenue principally comprises of Coconut and copra sales.

As per SLFRS 15, which became effective from January 1, 2018, the Company adopts principles based five step model for revenue recognition. Accordingly, revenue is recognized only when all of the following criteria are met.

- The parties to the contract have approved the contract/s;
- The entity can identify each party's rights regarding the goods or services to be transferred;
- The entity can identify the payment terms for the goods or services to be transferred;
- The contract has commercial substance;
- It is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

There is no significant impact on the Financial Statement of the Company resulting from the application of SLFRS 15

- a) **Gains and losses on disposal of an item of Property, Plant & Equipment** are determined by comparing the net sales proceeds with the carrying amounts of Property, Plant & Equipment and are recognized within 'other operating income' in the Income Statements.
- b) **Other Incomes** are recognized on accrual basis.

3.4.2. Expenses

All expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency is charged to revenue in arriving at the profit/(loss) for the year.

3.5. Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, when it is recognized in equity.

(a) Current Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date and any adjustments to tax payable in respect of previous years.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act and amendments thereto.

(b) Deferred Tax

Deferred tax is recognised using the Balance Sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax withheld on dividend income from subsidiaries and Associates is recognised as an expense in the Consolidated Income Statement at the same time as the liability to pay the related dividend is recognised.

3.6 Changes in Accounting Policies and Disclosures

Amendment to LKAS 41 & 16 – Harvestable produce growing on Bearer Biological assets

Amendments to LKAS 16- Property, plant and equipment and LKAS 41- Agriculture, require entity to recognize agricultural produce growing on bearer plants at fair value less cost to sell separately by from its bearer plants prior to harvest. After initial recognition, changes in the fair value of such agricultural produce growing on bearer plants, recognized in profit or loss at the end of each reporting period. Accordingly, the Company has applied these amendments retrospectively in the Financial Statements.

3.7 Segment Reporting

Segmental information is provided for the different business segments of the Company. Business segmentation has been determined based on the Geographical area of Plantations are situated. The activities of the segments are described in the Note 26 to the Financial Statements and Geographical area of Plantations are as follows,

Group I Estates

Chilaw Area Estate
Palugaswewa Estate
Thambapanni Area Estate
Mangala Eliya Area Estate

Group II Estates

Bingiriya Area Estate
Divulapitiya Area Estate
Madampe Area Estate
Nikawaratiya Area Estate

CHILAW PLANTATIONS LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the Year ended 31st December, 2022

04. LEASEHOLD RIGHT TO BARE LAND OF JEDB ESTATES

Leases have been executed for all estates for a period of 53 years. All of these leases are retroactive with effect from June 11, 1992 the date of formation of the Company. The leasehold right to the land on all these estates have been taken into the books of the Company on June 11, 1992 immediately after the formation of the Company, in terms of the ruling on this matter obtained from the Urgent Issue Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka. For this purpose the Board decided at its meeting on 08th March 1995 that this bare land would be revalued at the value established for this land by valuation specialist, D.R.Wickramasinghe just prior to the formation of the company.

These assets are taken into the Balance Sheet as at 11th June 1992 and amortized by equal amounts over a 53 year period and the unexpired period of the lease as at the Reporting date is 22.5 years.

	Gross Carrying Value	
	as at 31.12.2022 Rs.	as at 31.12.2021 Rs.
Leasehold Right to Bare land	142,502,287	142,502,287

	Amortization		
	as at 31.12.2022 Rs.	for the Year Rs.	as at 01.01.2022 Rs.
Leasehold Right to Bare land	82,145,914	2,688,722	79,457,192

	Carrying Value	
	as at 31.12.2022 Rs.	as at 31.12.2021 Rs.
Leasehold Right to Bare land	60,356,373	63,045,095

CHILAW PLANTATIONS LTD**NOTES TO THE DRAFT FINANCIAL STATEMENTS**

For the Year ended 31st December, 2022

05. IMMOVABLE LEASED ASSETS OF JEDB ESTATES**(OTHER THAN RIGHT-TO-USE LAND AND LEASED BEARER BIOLOGICAL ASSETS)**

In terms of the ruling of the UITF of Institute of Chartered Accountants of Sri Lanka prevailed at the time of privatization of plantation estates, all immovable Assets in the JEDB/SLSPC estates under finance leases have been taken into the books of the Company retroactive with effect from 22nd June 1992. For this purpose the Board decided at its meeting on March 08, 1995 that these assets would be taken at their book values as they appear in the books of the JEDB/SLSPC, on the day immediately preceding the date of formation of the Company. These assets are taken into the 11th June 1992 Balance Sheet and the amortization of immovable estate assets up to 31st December 2022 are as follows.

At Valuation	Improvements to Land Rs.	Other Vested Assets		Buildings Rs.	Machinery Rs.	Water Supply Rs.	2022 Rs.	2021 Rs.
		Rs.	Rs.					
Capitalized Value	841,193	1,002,944	25,356,498	530	4,026,236	31,227,401	31,227,401	
Amortization								
As at 1 January	70,652	987,195	25,356,498	530	4,026,236	30,441,110	30,405,323	
Amortization for the Year	1,074	15,749	-	-	-	16,823	35,787	
As at 31 December	71,725	1,002,944	25,356,498	530	4,026,236	30,457,933	30,441,110	
Carrying Amount	769,468	-	-	-	-	769,468	786,290	

CHILAW PLANTATIONS LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the Year ended 31st December, 2022

05.1. LEASED BEARER BIOLOGICAL ASSETS OF JEDB ESTATES

Revaluation	2022	2021
	Rs.	Rs.
Mature Plantation	78,790,334	79,653,582
Disposal Adjustment	(512,888)	(863,248)
	78,277,446	78,790,334
As at 01 January	65,810,019	64,005,567
Amortization for the Year	2,041,287	2,652,464
Disposal Adjustment	(512,888)	(848,012)
As at 31 December	67,338,419	65,810,019
Carrying Amount	10,939,028	12,980,315

Investment in plantation assets which were immature at the time of handing over to the company by way of estate leases are shown under immature plantations (revalued as at 11th June, 1992), all of which have been transferred to mature plantations as at the reporting date. Investment by the Company on mature and immature plantations is shown separately under Improvements to Leasehold Property (Mature / Immature Plantation) in Note 6 These Mature/Immature plantations were classified as bearer biological assets in terms of LKAS 41 - Agriculture.

CHILAW PLANTATIONS LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the Year ended 31st December, 2022

06 IMPROVEMENTS TO LEASEHOLD PROPERTY (Bearer Biological Assets)

Cost	Immature Plantation	Mature Plantation			2022	2021
		Coconut	Cashew	Other		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At the beginning of the - Year	292,810,260	701,473,805	100,026,612	7,968,053	1,102,278,731	1,047,906,736
Additions	54,538,053	-	-	-	54,538,053	56,473,497
Transferred from Immature		109,982,407	-	-	109,982,407	102,500,779
Transferred to Mature	(109,982,407)	-	-	-	(109,982,407)	(102,500,779)
Impairment of assets	-	-	-	-	-	(2,101,503)
At the end of the Year	237,365,906	811,456,212	100,026,612	7,968,053	1,156,816,784	1,102,278,731
Depreciation						
At the beginning of the - Year		63,419,852	44,516,410	1,626,381	109,562,644	93,731,525
Charge for the Year		14,029,475	4,001,064	398,403	18,428,942	16,461,569
Impairment of assets				-	-	(630,450)
At the end of the Year		77,449,327	48,517,474	2,024,784	127,991,586	109,562,644
Carrying Value	237,365,906	734,006,885	51,509,138	5,943,269	1,028,825,198	992,716,087

Note :

These are investments in immature/mature plantations since the formation of the Company. The assets (including plantations assets) taken over by way of estate leases are set out in Notes 4, and 5 to the Financial Statements. Further investment in immature plantations taken over by way of leases are shown in this Note. When such plantations become mature, the additional investments since taken over to bring them to maturity will be moved from immature to mature under this Note. A corresponding movement from immature to mature of the investment undertaken by JEDB/SLSPC on the same plantation prior to the lease will be carried out under Note No. 5.1

The requirement of recognition of bearer biological assets at its fair value less cost to sell under LKAS 41 was superseded by the ruling issued on 02 March 2012, by The Institute of Chartered Accountants of Sri Lanka. Accordingly, the Company has elected to measure the bearer biological assets at cost using LKAS 16 - Property Plant & Equipment.

Specific borrowings have not been obtained to finance the planting expenditure. Hence, borrowing costs were not capitalized during the year under Immature Plantations (2022 - Nil)

CHILAW PLANTATIONS LTD

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31st December, 2022

07.1 BIOLOGICAL ASSETS - LIVESTOCK

	2022	2021
	Rs.	Rs.
07.1.1 Dairy Livestock	9,507,450	8,144,710
07.1.2 Other Livestock	16,271,650	6,757,090
	25,779,100	14,901,800

07.1.1 DAIRY LIVESTOCK

	Immature Cows (Calves / Heifers)		Mature Cows (Milking and Dry cows)		2021	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at 1 st January	1,230,930	6,913,780	8,144,710	8,763,745		
Additions during the Year	37,210		37,210	56,266		
Gain/(Loss) on fair value for the Year	(543,698)	3,915,328	3,371,630	401,244		
Value increase/decrease on physical changes	(76,456)	226,128	149,672	453,860		
Transfer in/(out) other estates	(393,860)	(1,732,586)	(2,126,446)	1,600,750		
Death/Sales	(22,326)	(47,000)	(69,326)	(3,131,155)		
As at 31 st December	231,800	9,275,650	9,507,450	8,144,710		

Livestock are measured at their fair value less costs to sell. The fair value of livestock is determined in accordance with the circulars issued by the National Livestock Development Board.

07.1.2 Other Livestock (Bearer Biological Assets)

	Buffalos		Cart Bull		Stud Bulls		Sheep/Goat		Neat Cattle		2022		2021	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at 1 st January	2,320,490	1,540,860	145,440	2,481,700	268,600	6,757,090	8,405,305							
Additions during the Year	117,260	126,000	-	209,900	6,500	459,660	727,751							
Transfer in and Out	2,126,446					2,126,446	(1,377,326)							
Death/Sales	(272,313)	(280,650)		(1,069,475)	(192,500)	(1,814,938)	(1,505,888)							
Gain/Loss on fair Value for the year	3,808,117	1,785,940	154,260	2,899,875	95,200	8,743,392	507,248							
	8,100,000	3,172,150	299,700	4,522,000	177,800	16,271,650	6,757,090							

7.2 Consumable Biological Assets- Timber Plantations

	2022. Rs			2021. Rs		
	Immature	Mature	Total	Immature	Mature	Total
Balance as at 1 st January	750,354.16	134,503,285	135,253,639	79,988	129,554,323	129,634,311
Increase due to development/ Investment	11,126.18		11,126.18	670,366		670,366
Trans In/(Out)		-	-			
Changes in fair value less cost to sell		18,598,138	18,598,138		30,510,182	30,510,182
Decrease due to harvest		(15,549,078)	(15,549,078)		(25,561,220)	(25,561,220)
Balance as at 31st December	761,480.34	137,552,345	138,313,825	750,354	134,503,285	135,253,639

Consumable Biological assets include timber trees grown in estates. The cost of immature trees is treated as approximate fair value particularly on the ground of little biological transformation has taken place and impact of the biological transformation on price is not material.

The valuation was carried by Mr. A.A.M. Fathihu, Chartered Valuation Surveyor, using Discounted Cash Flow (DCF) method. In ascertaining the fair value of timber a physical verification was carried out covering all the estates.

Key assumption used in Valuation

1. Based on the price list of the state timber corporation of timber logs
2. The Prices adopted are net of expenditure.
3. Discount rate - Age to harvest 5 or below years 16%
Age to harvest 6 -15 years 17%
Age to harvest 15 years or above 18%
4. Time period of maturity estimated at 30 years

The valuations, as presented in the external valuation models based on net present values, take into accounts the long term exploitation of the timber trees. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realizable value. The Board of Directors retains their view that commodity markets are inherently volatile and that long term price projections are highly unpredictable

The company is exposed to the following risks relating to its timber trees.

Regulatory and environmental risks

The Company is subject to laws and regulations in Sri Lanka. The Company has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Supply and demand risk

The Company is exposed to risks arising from fluctuations in the price and sales volume of timber. When possible, the Company manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses to ensure that the Company's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

Climate and other risks

The Company's timber trees are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural

7.3 Change in Fair Value of Biological Assets

	2022 Rs.	2021 Rs.
Changes in fair value of consumable biological assets (Note 7.2)	18,598,138	30,510,182
Changes in fair value of Produce on bearer biological Assets (Note 9.1)	(3,572,756)	12,021,009
	<u>15,025,382</u>	<u>42,531,191</u>

CHILAW PLANTATIONS LTD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31st December, 2022

08 FREEHOLD PROPERTY PLANT & EQUIPMENTS

Cost/ Valuation	Buildings	Plant & Machinery	Motor Vehicles	Equipment	Furniture & Fittings	Fencing	Water Supply	2022	2021
	Rs..	Rs..	Rs..	Rs..	Rs..	Rs..	Rs..	Rs..	Rs..
As at 1 January	50,793,653	8,902,837	106,600,460	62,363,029	12,322,461	31,652,831	12,422,925	285,058,196	271,927,048
Additions	3,288,146.30	-	15,292,461	9,674,109	1,707,576	4,829,804	32,495,538	67,287,635	13,212,648
Transfers/Disposal	-	-	-	-	-	-	-	-	(81,500)
Transf. to held for sale	-	-	-	-	-	-	-	-	-
Transferred due to revaluation	-	-	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-	-
As at 31 December	54,081,799	8,902,837	121,892,921	72,037,138	14,030,037	36,482,634	44,918,463	352,345,830	285,058,196
Depreciation									
As at 1 January	13,601,512	4,528,073	23,238,492	47,815,968	9,555,392	25,922,862	5,960,805	130,623,104	101,328,395
Charge for the Year	1,274,593	560,469	22,984,411	3,616,576	546,553	2,675,830	568,888	32,227,320	29,295,558
Transfers/Disposal	-	-	-	-	-	-	-	-	(849)
Transferred due to revaluation	-	-	-	-	-	-	-	-	-
Transf. to held for sale	-	-	-	-	-	-	-	-	-
As at 31 December	14,876,105	5,088,542	46,222,903	51,432,543	10,101,945	28,598,692	6,529,693	162,850,424	130,623,104
Net Value								189,495,407	154,435,092
Capital Work-in-progress									
As at 1 January	-	-	-	-	-	-	-	1,786,968	466,542
Additions during the Year	-	-	-	-	-	-	-	4,014,942	1,673,968
Capitalized during the year & Transfer out	-	-	-	-	-	-	-	1,567,564	353,542
As at 31 December	-	-	-	-	-	-	-	4,234,346	1,786,968
Carrying amount								193,729,753	156,222,060

Note :

The assets shown above are those movable assets vested in the Company by Gazette notification on the date of formation of the Company (11.06.1992) and all investment in tangible assets by the company since its formation. The assets taken over by way of estate leases are set out in Notes 4 and 5.

Further, the valuation of immovable JEDB / SLSPC estate assets on finance lease (other than leasehold property) and tangible assets other than immature / mature plantations taken over on 11 June 1992 is based on net book values obtained from the State Plantations Corporation and Janatha Estate Development Board as at such date. These values were not made available to us by individual asset.

CHILAW PLANTATIONS LTD
NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 December, 2022

09. PRODUCE ON BEARER BIOLOGICAL ASSETS AND INVENTORIES

09.1 PRODUCE ON BEARER BIOLOGICAL ASSETS

	2022	2021
	Rs.	Rs.
At the beginning of the year/ as previously reported	33,767,324	21,746,315
Change in fair value less cost to sell	(3,572,756)	12,021,009
At the end of the year	<u>30,194,568</u>	<u>33,767,324</u>

09.2 INVENTORIES

	2022	2021
	Rs.	Rs.
Input Materials	4,248,975	8,460,461
Growing Crop - Nurseries	85,583,455	42,547,154
Harvested Crop	83,550,121	82,733,478
Consumables and Spares	21,905,731	25,434,649
	<u>195,288,282</u>	<u>159,175,742</u>
Impairment allowance for Obsolete Stocks	<u>195,288,282</u>	<u>159,175,742</u>

9.3 ASSETS HELD FOR SALE

	2022	2021
	Rs.	Rs.
Gross Carrying Value	400,450	400,450
Less; Accumulated Depreciation	400,446	400,446
Carrying Value	<u>4</u>	<u>4</u>

9.3.1 Carrying Value of Assets Held for Sale

Description	Vehicle No.	Cost	Depreciation	Carrying Value
Hand Tractor	NW SC 1610	104,000	103,999	1
Hand Tractor and trailer	NW SC 1611	145,500	145,498	2
Motor Cycle	NW GB 7012	150,950	150,949	1
		<u>400,450</u>	<u>400,446</u>	<u>4</u>

10. TRADE AND OTHER RECEIVABLES

	2022	2021
	Rs.	Rs.
Produce Debtors	18,254,360	29,564,923
Staff Debtors	4,690,429	4,749,559
Other Debtors	105,605,404	34,940,025
Wair-Coir Project	13,325,233	13,325,233
	<u>141,875,427</u>	<u>82,579,739</u>
Impairment allowances for Wair-Coir Project	(13,325,233)	(13,325,233)
Impairment allowances for Bad Debts	(568,587)	(568,587)
Provision for coconut rejection	(351,286)	(342,155)
	<u>127,630,321</u>	<u>68,343,764</u>

CHILAW PLANTATIONS LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the Year ended 31 December, 2022

11. FINANCIAL FACILITY TO STATE ENTERPRISES	Amount		
	Granted	2022	2021
	Rs.	Rs.	Rs.
Loan Receivables			
Elkaduwa Plantations Ltd	20,000,000	23,519,452	23,519,452
Sri Lanka Rubber Manufacturing & Export Corporation Ltd	10,000,000	10,000,000	10,000,000
Sri Lanka State Plantations Corporation	20,000,000	23,610,959	23,610,959
Ministry of State Resources & Enterprise Development	15,000,000	15,000,000	15,000,000
Janatha Estate Development Board	40,000,000	47,627,397	47,627,397
	<u>105,000,000</u>	<u>119,757,808</u>	<u>119,757,808</u>
Less:			
Impairment Loss	<u>(105,000,000)</u>	<u>(119,757,808)</u>	<u>(119,757,808)</u>
	<u>-</u>	<u>-</u>	<u>-</u>

The Company has granted temporary financial facility to the above government enterprises amounting to LKR 105 Million in the year 2010. However, the outstanding dues were not settled up to the 31 December 2014 by the respective parties and the amount with accumulated interest totaling to LKR 119,757,808/-. The Board of Directors of Chilaw Plantation Limited resolved to make a full provision for impairment for the year ended 2014.

Considering the fact that the company was unable to recover the interest income due from above state organizations, from the year 2010 to 2012, the board of directors of chilaw plantations ltd decided not to recognize the unrecoverable interest income to the accounts of chilaw plantation limited from the year 2013. Subsequently the Board of Directors of Chilaw Plantations Limited resolved to make a full provision for impairment of financial assets for the year ended 2014. However, if interest income from 2013 to 2022 is taken in to the accounts, total loan receivable balance would be Rs. 183,757,808 as details given below

Elkaduwa Plantations Ltd	39,519,452
Sri Lanka Rubber Manufacturing & Export Corporation Ltd	10,000,000
Sri Lanka State Plantations Corporation	39,610,959
Ministry of state Resources & Enterprise Development	15,000,000
Janatha Estate Development Board	79,627,397
	<u>183,757,808</u>

CHILAW PLANTATIONS LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the Year ended 31 December, 2022

11.1 OTHER FINANCIAL ASSETS

	Loan Given to Employees Rs.	Pre-Paid staff Benefit Rs.	Total Rs.
Balance as at 01/01/2021	8,440,298	813,392	9,253,689
Loan Granted During the Year 2021	8,784,785	1,336,215	10,121,000
Loan Recovered During the year 2021	(3,378,992)	(505,380)	(3,884,372)
Balance as at 31/12/2021	13,846,090	1,644,227	15,490,317
Loan Granted During the year 2022	8,774,477	5,844,523	14,619,000
Loan Recovered During the year 2022	(4,324,824)	(1,814,719)	(6,139,543)
Balance as at 31/12/2022	18,295,743	5,674,031	23,969,774
Non- Current Balance as at 31/12/2021	10,294,483	950,591	11,245,074
Current Balance as at 31/12/2021	3,551,608	693,636	4,245,244
Balance as at 31/12/2021	13,846,090	1,644,227	15,490,317
Non- Current Balance as at 31/12/2022	14,444,542	3,366,101	17,810,643
Current Balance as at 31/12/2022	3,851,201	2,307,930	6,159,131
Balance as at 31/12/2022	18,295,743	5,674,031	23,969,774

The company provides loans to employees at concessionary rate of 4% per annum. These loans are recognized on fair value at their initial recognition. The fair value of the loans given to employees are determined by discounting expected future cash flows using market rates related to the similar loans. The difference between cost and fair value of loans given to employees is recognized as prepaid staff benefits. The loans given to employees are classified as loans and receivables and subsequently measured at amortized cost. The loans given to employees are secured and interest is charged at the following rates.

	Market rate	Concessionary rate
2016	11.00%	5%
2017	14.00%	5%
2018	13.00%	5%
2019	12.50%	5%
2020	9.25%	5%
2021	10.25%	4% (w.e.f 1/9/2021)
2022	27.25%	4%

CHILAW PLANTATIONS LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the Year ended 31st December, 2022

	2022	2021
	Rs.	Rs.
12. SHORT TERM INVESTMENTS		
Fixed Deposit - BOC (Over three months)	454,968,742	362,509,708
Fixed Deposit- Peoples Bank (Over three months)	61,445,518	52,659,451
Total short term investment over Three months	516,414,260	415,169,159
Fixed Deposit - BOC (Below three months)	117,217,808	125,310,537
Treasury Bills and REPO (Below three months)	352,028,879	181,000,000
Total short term investment Below Three months	469,246,687	306,310,537
Grand Total	985,660,947	721,479,696

Short-term deposits are made for varying periods of between one month and twelve months, depending on the cash requirements of the Company, and earn interest at the respective short-term deposit rates.

The above fixed deposits with Bank of Ceylon represent Plan assets in respect of gratuity liability amounting to Rs. 69,807,963/=

13. STATED CAPITAL

Ordinary shares including one golden Shares held by the Treasury which have Special rights

20,000,001	20,000,001
------------	------------

Value of Issued and Fully Paid Shares

Ordinary shares including one golden Shares held by the Treasury which have Special rights

200,000,010	200,000,010
--------------------	--------------------

Stated Capital represents the amount paid to the company in respect of issuing 20,000,001 ordinary shares including one Golden share which has special rights. With the enactment of the Companies Act No. 07 of 2007 which is applicable with effective from 03 May 2007, the concept of authorized share capital and par value is no longer applicable.

14. DEFERRED TAX LIABILITY / (ASSETS)

At the beginning of the Year
Charged / (reversal) during the year
Deferred Tax adjustment on assets revaluation
At the end of the Year

2022	2021
Rs.	Rs.
(314,675)	126,445,436
66,816	(127,124,119)
562,333	364,008
314,474	(314,675)

	Temporary Difference Rs.	Tax Effect 2022 Rs.	2021 Rs.
-Property, Plant and Equipment	(118,690,576)	(1,077,594.88)	(6,596,721)
-Mature and Immature Plantation	-	-	(133,584,530)
-Consumable Biological Assets	-	-	(18,148,804)
		-	-
-Impairment allowances for Bad Debts	14,245,106	129,332	1,945,135
-Retirement Benefit Obligation	69,807,963	633,789	13,838,470
Carried forward Tax Losses	-	-	16,101,014
Carried forward Tax Credit	-	-	-
Deferred Tax Assets / (Liability)	(34,637,507)	(314,474)	(126,445,436)

Applicable Tax Rate for all temporary differences other than mature plantation.

30%	14%
-----	-----

Provision has been made for deferred tax on applicable tax rate up to 31st December 2020 under the liability method in respect of temporary difference arising from carrying amounts of assets and liabilities for financial reporting purposes. As per the policy decision taken by the government, Business profit arising from the agro farming is exempt from the income tax w.e.f 1st April 2019 (Refer Note no 24.1). Therefore the company has decided to reverse the brought forward deferred tax liability, relating to agro farming business, through the statement of comprehensive income for the year 2021. The effective tax rate used to calculate deferred tax liability for all temporary difference of agro processing as at 31/12/2021 is 30%.

CHILAW PLANTATIONS LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the Year ended 31st December, 2022

15. DIFERRED GRANTS AND SUBSIDIES

	2022 Received from PHDT	Rs. Received from CRI	2022 Rs.	2021 Rs.
At the beginning of the Year	5,229,055	2,000,000	7,229,055	5,489,829
Grant Received	1,026,000	1,781,530	2,807,530	2,000,000
Less : Amortization for the Year	(260,774)		(260,774)	(260,774)
At the end of the Year	5,994,281	3,781,530	9,775,811	7,229,055

i) Grants were received from the Plantation Human Development Trust for the development of facilities of workers such as re-roofing of Line rooms, Latrines, Water supply and Sanitation etc.

The amount spent is capitalized under relevant classification of Property, Plant & Equipment. Corresponding grant component is reflected under Deferred Grants and Subsidies and amortized over the useful life span of the asset.

ii) During the year 2021 and 2022 grant of Rs 3,781,530 was received from Coconut Research Institute for installation of irrigation system in kinyama seed garden and other capital work. These capital works were completed by end of the year 2022 and amortization of the said grant will be made with effect from 2023 over the useful life span of the asset as applicable.

16. RETIREMENT BENEFIT OBLIGATIONS

	2022 Rs.	2021 Rs.
At the beginning of the year	81,228,433	98,846,211
Interest Cost	8,935,129	7,907,697
Current Services Cost	7,258,935	6,997,492
Gratuity Payments for the Year	(6,551,448)	(11,711,977)
Actuarial (Gain) / Loss	(21,063,086)	(20,810,990)
At the end of the Year	69,807,963	81,228,433

LKAS 19 requires the use of actuarial techniques to make a reliable estimate of the amount of retirement benefit that employees have earned in return for their service in the current and prior periods and discount that benefit using the Projected Unit Credit Method in order to determine the present value of the retirement benefit obligation and the current service cost. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic variables and financial variables that will influence the cost of the benefit. The following key assumptions were made in

According to the actuarial valuation report issued by the actuarial value as at 31 December 2022 the actuarial present value of promised retirement benefits amounted to Rs.69,807,963. If the company had provided for gratuity on the basis of 14 days wages and half months salary for each completed year of service, the liability would have been Rs. 111,142,102.61. Hence, there is a contingent liability of Rs. 41,334,139.61 which would crystallise only if the company ceases to be a going concern.

The key assumptions used by Messrs Actuarial & Management Consultants (Pvt) Ltd. include the following;

(i) Rate of Discount	18% p.a.	(ii) Rate of Salary Increase	
(iii) Retirement Age		Monthly paid Staff	10% p.a.
Monthly paid Staff	60 years	Daily Paid Staff	10% p.a.
Daily Paid Staff	60 years		
(iv) Daily Wage Rate	Rs. 740/-	(v) Staff turnover rate	4%

CHILAW PLANTATIONS LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the Year ended 31st December, 2022

17. LIABILITY TO MAKE LEASE PAYMENT FOR THE JEDB/SLSPC ESTATES

	Repayable within 1 Year	Repayable after one Year		Sub Total	Total
		Repayable within two to five Years	Repayable after five Years		
	Rs.	Rs.	Rs.	Rs.	Rs.
Gross Finance Lease Liability	6,508,000	26,032,000	113,506,652	139,538,652	146,046,652
Less : Future Finance Charges	(3,808,502)	(14,110,148)	(32,922,547)	(47,032,695)	(50,841,197)
Net Finance Lease liability-2022	<u>2,699,498</u>	<u>11,921,852</u>	<u>80,584,104.97</u>	<u>92,505,957</u>	<u>95,205,455</u>
Net Finance Lease liability-2021	<u>2,595,671</u>	<u>11,463,320</u>	<u>83,742,134.97</u>	<u>95,205,455</u>	<u>97,801,126</u>

The leases of the estates have been amended, with effect from 11th June 1996 to an amount substantially higher than the previous lease rental of Rs. 500/= per estate per annum. The rental payable under the revised basis is Rs. 6.508 million per year. This amount is to be inflated annually by the Gross Domestic Product (GDP) deflator, and is in the form of a contingent rental.

The contingent rental during the current year charged to the Income Statement amounted to Rs. 37,917,925,- which is based on GDP deflator of 7.9% (2021 - Rs. 35,422,205/- 3.4%)

The Statement of Recommended Practice (SoRP) for Right-to-use of Land on Lease was approved by the Council of the Institute of Chartered Accountants of Sri Lanka on 19 December 2012. Subsequently, the amendments to the SoRP along with the modification to the title as Statement of Alternative Treatment (SoAT) were approved by the Council on 21 August 2013. The Company has not reassessed the Right-to-use of Land because this is not a mandatory requirement. However, if the liability is reassessed according to the alternative treatment (SoAT) on the assumption that the lease rent is increased constantly by GDP deflator of 4% and discounted at a rate of 13% , liability would be as follows.

Gross	=	1,655,415,764
Finance Charges	=	(1,026,876,927)
Net Liability	=	<u><u>628,538,836</u></u>

The above reassessed liability is not reflected in these Financial Statements.

CHILAW PLANTATIONS LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the Year ended 31st December, 2022

18. TRADE AND OTHER PAYABLES

	2022	2021
	Rs.	Rs.
Trade Creditors	570,470	1,109,524
Others (Fertilizer, Contractors etc.)	100,395,047	99,299,058
Holiday Pay	4,265,402	4,340,378
Accrued Expenditure	15,457,576	28,171,072
Audit Fee	913,792	902,592
Incentive payable to Employee	93,000,000	92,985,110
Dividend /Lease rental Payable to Treasury	130,000,000	52,506,212
	344,602,287	279,313,946

18.1 INTEREST- BEARING LOANS & BORROWINGS

	2022	2021
	Rs	Rs
At the beginning of the Year	5,794,000	17,398,000
Obtaining During the year		
Repayment during the year	5,794,000	11,604,000
At the end of the year	-	5,794,000
Payable withing one year	-	5,794,000
Payable Two to Five years	-	-
At the end of the year	-	5,794,000

Following assets were pledged as security for above liability:

Lender and Loan amount Rs.	Rate of the Interest p.a	Monthly Installment	Term of Repayment	Security Pledged
BOC Rs.23.2 Mn	4%	967,000	24 installments commenced on 19/7/2020	Fixed Deposit No 84976446 invested at Bank of ceylon Pledged as security until settled

CHILAW PLANTATIONS LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the Year ended 31st December,

	2022	2021
	Rs.	Rs.
19. REVENUE		
Coconut (Note 19.1)	882,287,388	801,718,449
Cashew	16,086,501	55,637,407
Livestock project (Note 19.2)	24,444,429	14,355,287
Dragon Fruit	732,500	696,646
Seedlings & Nursery	19,923,682	142,246,454
Pepper	655,000	327,630
Cinnamon	1,462,604	981,578
Rambuttan	901,000	435,000
Coconut Oil	13,461,137	17,640,851
Cashew processing	10,583,580	11,141,408
Others	4,568,599	4,730,412
	975,106,419	1,049,911,121
19.1 Coconut Income		
Green Nuts	817,337,885	766,078,838
Copra	64,949,504	35,639,611
	882,287,388	801,718,449
Production (Nuts)	15,172,334	14,715,763
Net Sales Average (per 1000 nuts)	57,613	57,517
19.2 Income from livestock		
Income from Dairy livestock project	7,573,061	11,075,787
Other livestock	4,606,674	1,693,723
Gain/loss on fair value	12,264,694	1,585,776
	24,444,429	14,355,287
20 Cost Of Sale		
Coconut and Copra	462,192,731	341,789,681
Cashew	5,901,382	43,364,677
Livestock project	11,816,444	14,026,502
Dragon Fruit	128,300	1,770,174
Seedlings & Nursery	10,012,809	82,280,471
Pepper	304,312	467,750
Cinnamon	1,028,083	657,123
Rambuttan	220,820	184,275
Coconut Oil	13,647,070	21,309,012
Cashew processing	9,821,287	10,465,280
Others	5,867,128	4,482,642
	520,940,365	520,797,587

CHILAW PLANTATIONS LTD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31st December,

	2022	2021
	Rs.	Rs.
21. OTHER INCOME AND GAINS		
Amortization of Grant	260,774	260,774
Gain /(Loss) on Timber sale	26,136,409	28,607,529
Coconut Palms	33,353,764	38,022,368
Coconut Husks & Shells	3,814,358	14,447,717
Penalty on delay payment and removal of coconut	2,308,189	3,346,944
Paddy	2,794,063	2,886,006
Fire wood	2,801,060	1,628,850
Desalting Tank (sale of Mud soil)	3,984,914	26,006,412
Income from Land development Project	83,793,112	26,939,049
Income from Land subleased for cultivation	12,982,992	13,970,183
Income from coconut treacle project	1,741,855	2,192,546
Others	7,564,492	2,676,997
	181,535,982	160,985,376
22. ADMINISTRATION & GENERAL EXPENSES (Details P 41- P 42)		
Personal Direct expenses	53,696,609	45,859,507
Personal Indirect expenses	21,728,462	17,073,832
Office expenses	43,683,299	38,319,036
Other expenses	109,919,449	105,688,495
	229,027,818	206,940,871
22.1 PROFIT BEFORE TAX IS STATED AFTER CHARGING		
Depreciation		
- Leasehold Right to bare land	2,688,722	2,688,722
- Immovable Leased Assets	16,823	35,787
- Freehold Property, Plant and Equipments	32,227,320	29,295,558
- Biological Assets	20,470,229	19,114,033
Directors Remuneration	2,912,636	2,570,636
Auditors Remuneration	1,020,597	862,992
Defined Benefit Plan Costs	16,194,064	14,905,189
Defined Contributions Plan Costs - EPF & ETF	35,099,618	34,242,125
Salaries & Wages	275,804,048	250,109,060
Employees' Bonus	14,635,757	9,824,726
Employees' Incentive payment	93,000,000	92,985,110
	494,069,814	456,633,938
23. FINANCE INCOME		
Interest on Fixed Deposits	80,441,226	18,834,001
Interest on Treasury bill/REPO	52,713,353	5,820,527
Interest income on Savings Account	91,895	28,987
Interest on Loan given to Staff	863,639	450,950
Unwinding of Pre-paid Staff Benefits	1,764,312	476,969
	135,874,424	25,611,433
23.1 FINANCE COST		
Land & Buildings (JEDB) Variable Lease Rental to PMD(MPI) Treasury	37,917,925	35,422,205
Lands & Buildings (JEDB) Lease Rental Interests to PMD(MPI) Treasury	3,912,329	4,012,163
Interest Expense and Bank Charges	98,457	502,215
Amortization of Staff Cost	1,764,312	476,969
	43,693,022	40,413,552
Net Finance Income/(Expenses)	92,181,402	(14,802,119)
INCOME TAX EXPENSE		
24. 24.1 The major components of income tax expenses for the year ended 31 December 2022 are as follows.		
Current Tax Expenses		
Current Income Tax (Note 24.2)	20,344,309	6,032,272
Deferred taxation Provision /(Reversal) (Note 14)	66,816	(127,124,119)
Income tax expense reported in the Income statement	20,411,125	(121,091,847)

CHILAW PLANTATIONS LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the Year ended 31st December, 2022

24.1 In terms of item 2A (g) of paragraph 4 of the First schedule to the Inland Revenue Act, No. 24 of 2017 (As amended by Act, No. 45 of 2022) with effect from January 01, 2020 but prior to April 1, 2022 and for the first six months of the year of assessment commencing on April 1, 2022, the gains and profits from the agro processing is taxable at the rate of 14%. Further, as per item (u) (i) of the Third schedule to the Inland Revenue Act, No. 24 of 2017, gains and profits from the agro farming is exempt from the income tax commencing from April 1, 2019 for the period of five years of assessment.

24.2 Reconciliation Between Tax Expenses and the Product of Accounting Profit

	2022	2021
	Rs.	Rs.
Accounting Profit before tax	513,881,001	510,887,112
Income not subject to tax	(163,425,274)	(69,512,206)
	<u>350,455,727</u>	<u>441,374,906</u>
Aggregate disallowable items	116,229,316	66,809,024
Aggregate allowable items	(140,360,942)	(80,084,161)
Adjusted Business profit / (Loss)	<u>326,324,101</u>	<u>428,099,769</u>
Assessable Charge or (Balancing Allowance) on depreciable assets		16,300
During the Year grant received	2,807,530	2,000,000
Less- Gain from unprocessed exempt income	(286,705,396)	(416,295,880)
Brought forward Tax loss utilized	(101,187,054)	(13,820,189)
Other income liable for Taxation	134,110,113	25,134,465
	<u>75,349,294</u>	<u>25,134,465</u>
Statutory Tax rate 24%- First six months	9,041,915	6,032,272
Statutory Tax rate 30%-Second six months	11,302,394	
Current Income Tax Expenses	<u>20,344,309</u>	<u>6,032,272</u>
Tax loss Brought forward	101,187,054	115,007,243
Tax loss utilized/sddition	(101,187,054)	(13,820,189)
Loss claimed against Taxable Income	-	
	<u>(0)</u>	<u>101,187,054</u>

25.1 EARNINGS PER SHARE

25.1.1 The calculation of the basic earnings per share is based on after tax profit for the year divided by the weighted average number of ordinary shares outstanding during the period.

25.1.2 The following reflects the income and share data used in the computation of basic earnings per share.

Amounts used as the Numerator :	2022	2021
	Rs.	Rs.
Net profit applicable to ordinary share holders for basic earnings per share	493,469,876	631,978,959
	<u>493,469,876</u>	<u>631,978,959</u>
Amounts used as the Denominator :	Number	Number
Weighted average number of ordinary shares in issue applicable to basis earnings per share	20,000,001	20,000,001
	<u>20,000,001</u>	<u>20,000,001</u>
Basic Earning per share	<u>24.67</u>	<u>31.60</u>

25.2. EVENTS AFTER THE REPORTING PERIOD

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

CHILAW PLANTATIONS LTD

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31st December, 2022

26 Segment Information

	Group 01		Group 02		Unallocated		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Geographical Segment Results	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue	504,189,393	612,654,367	470,917,026	437,256,754	-	-	975,106,419	1,049,911,121
Revenue Expenditure	(267,570,839)	(299,951,316)	(209,054,305)	(179,520,805)	-	-	(476,625,144)	(479,472,121)
Depreciation	(24,481,635)	(22,849,079)	(19,833,587)	(18,476,387)	-	-	(44,315,221)	(41,325,466)
Segment Results	212,136,920	289,853,971	242,029,134	239,259,563	-	-	454,166,053	529,113,534
Gain/(loss) on fair value of Biological Assets							15,025,382	42,531,191
Other Income and Gain							181,535,982	160,985,376
Unallocated Expenses							(229,027,818)	(206,940,871)
Finance Cost							(43,693,022)	(40,413,552)
Finance Income							135,874,424	25,611,433
Profit before Income Tax							513,881,001	510,887,112
Income Tax Expenses							(20,411,125)	121,091,847
Net Profit for the Year							493,469,876	631,978,959
As at 31st December								
Segment Assets								
Non Current Assets	682,368,032	622,899,008	741,809,053	716,073,099	52,346,303	48,492,928	1,476,523,388	1,387,465,035
Current Assets	199,606,262	161,729,358	74,413,737	95,537,844	1,139,488,746	747,768,852	1,413,508,745	1,005,036,055
Total Assets	881,974,294	784,628,366	816,222,790	811,610,943	1,191,835,049	796,261,781	2,890,032,133	2,392,501,090
Segment Liabilities								
Non Current Liabilities	27,856,035	35,639,615	28,943,959	33,085,583	115,604,211	114,937,745	172,404,205	183,662,943
Current Liabilities	34,948,252	54,893,847	47,567,728	24,058,756	280,058,795	208,803,019	362,574,774	287,755,622
Total Liabilities	62,804,287	90,533,463	76,511,687	57,144,339	395,663,006	323,740,764	534,978,981	471,418,566

27. RELATED PARTY DISCLOSURES

Details of significant Related Party Disclosures are as follows.

27.1 Transactions with the key management personnel of the company.

LKAS 24 'Related party Disclosures', Key Management personnel are those having authority and responsibility for planing, directing and controlling the activities of the entity.

Accordingly, the Board of Directors (including Executive and Non- Executive Directors) as key management personnel of the Company have been classified as Key Management

	2022	2021
	Rs.	Rs.
Salaries and other Employment Benefits	<u>2,912,636</u>	<u>2,570,636</u>

27.2. Related Party Transactions

There are no related party transaction during the year.

CHILAW PLANTATIONS LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the Year ended 31st December, 2022

28. COMMITMENTS AND CONTINGENCIES**28.1 Capital Commitments**

There have been no significant Capital Commitment as at the reporting date.

28.2 Contingent Liabilities

There were no contingent liabilities other than disclosed in Note No. 16 and as following as at the reporting date.

- i) Colombo office of chilaw plantations ltd is located at JEDB premises at Vaxuall street since October 2019 and there is no lease /rent agreement finalized for the said premises. Due to this an exact liability for lease/rent cannot be ascertained. However if an agreement is reached in the future a liability will have to be accounted.

ii) **Legal case filed**

No.	Case No.	Description	Present Situation
1	DMR/03137/15 District Court - Aluthkade	CPL is Claiming Rs. 2,963,522.15 the cost for Coconuts from Bee Pee & David Pvt. Ltd.	Matter is Pending
2	28/2051/14 - Labour Tribunal - Chilaw	Mr. W.M.P Weerasekara - a former Asst. Supdt. Claiming re employment	Matter is Pending
3	28/2052/14 - Labour Tribunal - Chilaw	Mr. B.M.S.S Balasooriya a former Asst. Supdt. Claiming re employment	Matter is Pending
4	A 3536 - Industrial Court - Colombo	S.C George and 8 Others ex - Employees Claiming arrears on Salary Revision	Matter is Pending
5	SC/FR/343/2016 - Supreme Court - Colombo	Mr. Anurudda Dissanayake - Supdt. Claiming Damages on his Interdiction	Matter is Pending
6	SC/FR/364 - Supreme Court - Colombo	Mr. A.A Ananda, G.A Dissanayake, M.G.C Dias, W.K Pradeep Contesting the proceduress adopted in interview for AGM Plantations	Matter is Pending
7	IR/22/17/2013 Labour Department - Narahenpita	Mrs. K.D.N Rajapaksha Claining Payment arrears for Rs. 1,250/-	Matter is Pending
8	A/112/2019	Mr. S.K.D Gunawardhana a former Supdt. Claiming for relief from Punishment and benefits of the assigned post	Matter is Pending
9	CHW/101/C/2016 - Chilaw Labour Office	Mr. M.M Merly a Manager Estate Claiming Salary Increment	Matter is Pending
10	28/2334/18/ඉඉ/ Labour Tribunal Chilaw	Mr. Peduru Appuhami former Watcher Claiming re employment	Matter is Pending
11	350/RE Marawila	Kahatawilla B - Land Case	Matter is Pending
12	SC/HCCA/LA/462/2019	Division Secretariat, Katana Divisional Secretariat, Demanhandiya	Matter is Pending
13	SPL/2913 - Negombo	Requesting Land Value from Katana Divisional Secretariat	Matter is Pending
14	A/18/2018	Ceylon Estate Staff Union Claiming Permanancy of employment and arrears	Matter is Pending
15	3746	Imbulgaswadiya Land Matter- Requesting compensation for land acquired by katana divisional secretariat	Matter is Pending
16	3885 - Special	Imbulgaswadiya Land Matter- Requesting compensation for land acquired by katana divisional secretariat	Matter is Pending
17	1224 L	This case filed by an outside party in regard to Nithalawa estate	Matter is Pending
18	3971 / L	Maravila lake II - Vialating the agreement in desilting Ruwaneliya Tank	Matter is Pending
19	1023 / L	Case pertaining to maravila II tank in Ruwaneliya estate	Matter is Pending

CHILAW PLANTATIONS LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the Year ended 31st December 2022

	Notes	2022 Rs.	2021 Rs.
REVENUE	(i)	975,106,419	1,049,911,121
COST OF SALES	(ii)	(520,940,365)	(520,797,587)
GROSS PROFIT		454,166,053	529,113,534
GAIN/(LOSS) ON FAIR VALUE OF BIOLOGICAL ASSETS		15,025,382	42,531,191
OTHER INCOME	(iii)	181,535,982	160,985,376
ADMINISTRATIVE EXPENSES	(iv)	(119,108,370)	(101,252,375)
OTHE EXPENSES	(v)	(109,919,449)	(105,688,495)
FINANCE COST	(vi)	(43,693,022)	(40,413,552)
FINANCE INCOME		135,874,424	25,611,433
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION		513,881,001	510,887,112

CHILAW PLANTATIONS LTD
NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31st December,	2022	2021
	Rs.	Rs.
(i) REVENUE		
Coconut	882,287,388	801,718,449
Cashew	16,086,501	55,637,407
Livestock project	24,444,429	14,355,287
Dragon Fruit	732,500	696,646
Seedlings & Nursery	19,923,682	142,246,454
Pepper	655,000	327,630
Cinnamon	1,462,604	981,578
Rambuttan	901,000	435,000
Coconut Oil	13,461,137	17,640,851
Cashew processing	10,583,580	11,141,408
Others	4,568,599	4,730,412
	975,106,419	1,049,911,121
(ii) COST OF SALE		
Coconut and Copra		
General Charges	285,909,143	241,150,459
Field Work & Cultivation	55,721,720	57,629,682
Harvesting	82,945,904	70,658,747
Manufacture	11,867,608	9,877,024
Transport	154,304	111,919
Other Expenses	6,795,025	3,967,067
Cost Of Production	443,393,705	383,394,898
Opening Stock Adjustment	70,224,267	28,619,050
Closing Stock Adjustment	(51,425,240)	(70,224,267)
Cost of Sales Coconut	462,192,731	341,789,681
Cashew	5,901,382	43,364,677
Livestock project	11,816,444	14,026,502
Dragon Fruit	128,300	1,770,174
Seedlings & Nursery	10,012,809	82,280,471
Pepper	304,312	467,750
Cinnamon	1,028,083	657,123
Rambuttan	220,820	184,275
Coconut Oil	13,647,070	21,309,012
Cashew processing	9,821,287	10,465,280
Others	5,867,128	4,482,642
Cost of sales	520,940,365	520,797,587
(iii) OTHER INCOME		
Amortization of Grant	260,774	260,774
Gain /(Loss) on Timber sale	26,136,409	28,607,529
Coconut Palms	33,353,764	38,022,368
Coconut Husks & Shells	3,814,358	14,447,717
Penalty on delay payment and removal of coconut	2,308,189	3,346,944
Paddy	2,794,063	2,886,006
Fire wood	2,801,060	1,628,850
Desalting Tank (sale of Mud soil)	3,984,914	26,006,412
Income on Land Rehabilitation Project (Sale of sand)	83,793,112	26,939,049
Income on Land provided for cultivation	12,982,992	13,970,183
Coconut treacle projec income	1,741,855	2,192,546
Other	7,564,492	2,676,997
	181,535,982	160,985,376

CHILAW PLANTATIONS LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the Year ended 31st December 2022

(iv) ADMINISTRATIVE EXPENSES

	Year Ended 2022	Year Ended 2021
	Rs	Rs
PERSONAL DIRECT EXPENDITURE		
Chairman /CEO and Executive Staff Salaries/Allowances	22,523,849	18,587,038
Clerical & Other Staff Salaries & Allowances	27,312,419	23,046,370
Attendance Incentives	57,700	43,000
Retiring Gratuity	1,462,843	1,256,318
Over Time	2,019,770	2,466,877
Travelling & Subsistence	320,028	383,227
Payment for Unutilized Annual Leave for Retired Officers	-	76,676
	53,696,609	45,859,507
PERSONAL INDIRECT EXPENDITURE		
Staff Welfare	3,769,479	2,668,931
Staff Uniform	335,219	193,649
Sports expenses	249,610	-
Non Executive Medical Scheme	1,870,992	1,526,044
Chairman/CEO and Executives Staff Bungalow Expenses	14,445,994	11,834,180
Staff Quarters Maintenance	71,612	125,336
Canteen Expenses	647,507	271,640
Employee transport	141,470	111,600
Transport Allowance for MM category employees	196,579	342,453
	21,728,462	17,073,832
OFFICE EXPENDITURE		
Electricity	756,738	697,634
Postage & Telegram	243,385	147,107
Telephone	630,939	597,005
Rates Assessment Tax and water	197,060	161,032
Building Upkeep	497,320	546,557
Equipment Upkeep	1,163,940	326,194
Computers Expenses	340,593	190,966
Furniture & Fitting Upkeep A/C	3,000	6,175
Conference Expenses	180,029	222,240
Printing & Stationery	2,387,923	1,837,340
Book, Periodicals and News Papers	44,150	20,052
Supervisory Field Vehicles-Fuel Costs	10,078,896	4,418,521
Supervisory Field Vehicles - Other Costs (Repairs & Maintenance)	6,733,720	4,381,506
Legal Expenses (Labour Tribunal, Lands)	1,665,585	1,734,758
Professional & Technical Consultancy Fees	2,249,900	2,773,926
Audit Fees	277,605	120,000
Insurance (Field Vehicles, Buildings, Medical)	1,610,698	1,494,280
Entertainment (Estate Field Progress Reviews, Workshops, Meetings)	1,043,332	974,847
Paper Advertisement (Papers - Procurements, Tenders, Recruitments)	202,221	498,388
Sundry Expenses	93,520	51,980
Junior Executive Development Program (NIPM, Workshops)	1,427,241	610,692
Business Promotion & CSR (Estate Temple, Kovil, Church, Schools)	1,888,713	2,884,361
Subscription	37,333	21,000
Bad debt	-	-
	33,753,841	24,716,562

CHILAW PLANTATIONS LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the Year ended 31st December 2022

(iv) ADMINISTRATIVE EXPENSES

	Year Ended 2022 Rs	Year Ended 2021 Rs
OFFICE EXPENDITURE (Contd...)		
Depreciation	11,087,872	9,808,634
Colombo Office Expenses / Building Rent/(Reversal)	(3,646,016)	1,860,000
Other Board Meeting Expenses (Fees, Refreshments)	2,487,602	1,933,841
	<u>9,929,459</u>	<u>13,602,475</u>
Total office Expenditure	43,683,299	38,319,036
Grand Total	119,108,370	101,252,375

(v) OTHER EXPENSES

Annual Bonus	14,635,757	9,824,726
Previous year and other Adjustments	1,059,692	2,439,159
Staff & Labour Performance Incentives	93,000,000	92,985,110
Estate labour welfare Activities	1,224,000	439,500
	<u>109,919,449</u>	<u>105,688,495</u>

(vi) FINANCE COSTS

Lands & Buildings (JEDB) Lease Rental Interests to PMD(MPI) Treasury	3,912,329	4,012,163
Land & Buildings (JEDB) Variable Lease Rental to PMD(MPI) Treasury	37,917,925	35,422,205
Amortization of Staff Cost	1,764,312	476,969
Interest Expenses and Bank Charges	98,457	502,215
	<u>43,693,022</u>	<u>40,413,552</u>