

Kurunegala Plantations Ltd.



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2024

Kurunegala Plantations Limited
No.80, Dambulla Road
Kurunegala

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December	Note	2024 Rs.	2023 Rs.
Revenue	4	1,284,448,519	1,010,951,819
Cost of sales	5	(794,727,717)	(563,224,713)
Gross profit		489,720,803	447,727,106
Gain/(Loss) on Fair Value of Biological Assets	16.2	47,159,053	62,300,502
Other operating income	6	62,720,801	86,139,304
Administration & general expenses	7	(211,033,967)	(226,833,617)
Profit from operating activities		388,566,689	369,333,295
Net financial income / (expenses)	8	26,266,565	165,097,450
Profit before taxation		414,833,254	534,430,745
Income tax expense	9	(131,283,196)	(57,820,389)
Profit for the year		283,550,058	476,610,356
Other comprehensive income			
Defined benefit plan actuarial gains/ (losses)		(28,663,618)	(29,036,813)
Revaluation Reserve		53,600	6,210,036
Reversal of Deferred Tax Liability (Note 26)		-	(583,466,249)
Total comprehensive income for the year		254,940,040	(129,682,670)
Earnings per share	10	14.18	23.83

The accounting policies & notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31st December

	Note	2024 Rs.	2023 Rs.
ASSETS			
NON-CURRENT ASSETS			
Right-of-use land	11	53,531,403	56,152,820
Immovable lease assets (other than bare lands)	12	5,320,012	7,937,067
Property, plant & equipment	13	2,553,362,962	2,235,123,905
Consumable biological assets	14	389,764,906	345,641,117
Other financial assets	15	21,279,332	20,212,000
		3,023,258,615	2,665,066,909
CURRENT ASSETS			
Produce on bearer biological assets	16.1	26,496,207	24,528,771
Inventories	16.3	151,957,927	117,376,162
Deposits	17	4,099,605	4,691,770
Pre-payments	18	11,708,583	2,753,537
Pre-paid expenditure on short term projects	19	8,741,729	12,182,275
Trade & other receivables	20	85,230,719	133,771,319
Other financial assets	15	12,532,914	12,075,211
Short term investments	21	800,200,000	875,200,000
Cash and bank balance	22	113,730,863	15,051,304
		1,220,057,683	1,197,630,349
Total assets		4,243,316,298	3,862,697,258
EQUITY & LIABILITIES			
CAPITAL & RESERVES			
Stated capital	23	200,000,010	200,000,010
Retained earnings		2,156,575,266	2,503,650,509
Biological asset valuation reserve		564,611,794	517,452,741
Revaluation Reserve Vehicle		122,143,210	122,089,610
Other reserves		41,983,396	70,647,014
		3,085,313,675	3,413,839,884
NON-CURRENT LIABILITIES			
Retirement benefit obligations	24	183,009,700	145,755,645
Net liability to lessor	25	69,389,619	72,954,822
Deferred tax liability	26	661,783,663	-
		914,182,981	218,710,467
CURRENT LIABILITIES			
Net liability to lessor	25	3,565,204	3,565,204
Advance received	27	15,946,445	5,877,704
Income tax payable		26,624,861	31,672,908
Trade and other payables	28	197,683,131	189,031,092
		243,819,640	230,146,908
Total equity and liabilities		4,243,316,298	3,862,697,258

The accounting policies & notes form an integral part of these financial statements.

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

DISSANAYAKE DIK
MANAGER - FINANCESAMARAKOON SMM
CHIEF EXECUTIVE OFFICERThe board of directors is responsible for the preparation and presentation of these financial statements.
Approved and signed for and on behalf of the board of directors of Kurunegala Plantations Limited.RATHNAYAKE HMP
CHAIRMAN
Kurunegala, 28th February 2025KALANSURIYA ADLG
DIRECTOR/ TREASURY REPRESENTATIVE

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December

	Stated Capital Rs.	Timber Reserve Rs.	Other Reserve Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at December 31, 2022	200,000,010	455,152,239	99,683,826	115,879,574	2,314,340,655	3,185,056,304
Net profit for the year 2023					476,610,356	476,610,356
Other Comprehensive Income			(29,036,813)		-	(29,036,813)
Revaluation Reserve				6,210,036		6,210,036
Transferred to Biological Assets Reserve		62,300,502			(62,300,502)	-
Dividend					(225,000,000)	(225,000,000)
Balance as at December 31, 2023	200,000,010	517,452,741	70,647,013	122,089,610	2,503,650,509	3,413,839,882
Net profit for the year 2024					283,550,058	283,550,058
Other Comprehensive Income			(28,663,618)		(583,466,249)	(612,129,867)
Revaluation Reserve				53,600		53,600
Transferred to Biological Assets Reserve		47,159,053			(47,159,053)	-
Dividend					-	-
Balance as at December 31, 2024	200,000,010	564,611,794	41,983,396	122,143,210	2,156,575,266	3,085,313,675

The Accounting Policies & Notes form an integral part of these Financial Statements.

STATEMENT OF CASH FLOW

For the year ended 31st December	2024 Rs.	2023 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax expense	414,833,254	534,430,745
<i>Adjustments for</i>		
Depreciation & amortization	108,553,051	92,614,886
Provision for retirement benefit obligations	32,910,045	30,297,366
Impairment of Bad & Doubtful Debts	-	-
Profit on disposal of property plant & equipment	-	(14,883)
Profit on sales bearer plants	(33,349,402)	(41,173,432)
Profit from sale of Timber Trees	(3,372,809)	(7,688,488)
Gain arising from changes in fair value less cost to sell - consumable biological assets	(47,159,053)	(62,300,502)
Net finance income	(26,266,565)	(165,097,450)
Profit before working capital changes	446,148,522	381,068,242
Changes in working capital		
Inventories	(34,581,765)	(41,308,133)
Deposits	592,165	(569,300)
Pre-payments	(8,955,046)	(64,845)
Trade and other receivables	28,663,802	(5,400,297)
Pre-paid expenditure on short term projects	3,440,546	(1,937,159)
Advance received	10,068,741	(4,860,649)
Trade and other payables	8,652,039	(91,382,793)
Cash generated from operations	454,029,003	235,545,066
Payment of retirement benefit costs	(24,319,609)	(31,381,414)
Income tax paid	(58,013,829)	(32,931,920)
Withholding tax paid	(5,359,136)	(11,604,504)
Economic service charge paid	-	-
Net cash generated from operating activities	366,336,429	159,627,228
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant & equipment	(421,500,035)	(356,513,005)
Additions to consumable biological assets	(430,622)	(538,969)
Proceeds from disposal of property, plant & equipment	-	34,850
Proceeds from disposal of bearer plants - coconut & rubber trees	33,349,402	41,709,091
Proceeds from sale of consumable biological assets	4,871,259	8,014,687
Net investment in term deposits	75,000,000	125,000,000
Interest received	117,344,705	244,713,945
Net cash flows used in investing activities	(191,365,292)	62,420,598
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease rental paid	(61,510,790)	(47,020,833)
Interest on short term borrowings and Others	(13,255,754)	-
Loan given to staff	(18,319,300)	(19,468,250)
Staff loan recoveries	16,794,265	17,809,802
Dividend paid	-	(225,000,000)
Net cash flows used in financing activities	(76,291,580)	(273,679,281)
Increase/(decrease) in cash and cash equivalents	98,679,557	(51,631,454)
Cash and cash equivalents at the beginning of the year	15,051,304	66,682,758
Cash and cash equivalents at the end of the period (Note - A)	113,730,863	15,051,304

Note - A		
Cash and Cash Equivalents as at	31.12.2024	31.12.2023
	Rs.	Rs.
Repo	58,000,000	234,000,000
Cash at Bank	43,744,906	(223,618,296)
Cash in Hand	11,966,667	4,650,240
Postage/Stamps	19,290	19,360
	113,730,863	15,051,304

The Accounting Policies & Notes form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December

	2024 Rs.	2023 Rs.
4 REVENUE		
Coconut (Note 4.1)	800,258,965	811,898,229
Rubber (Note 4.2)	73,224,463	43,122,134
Coconut Husk	52,469,546	12,680,048
Rambutan	6,340,216	11,014,137
Pepper	17,862,784	5,416,347
Cashew	35,537,520	27,092,706
Mango	25,072,361	15,549,967
Sales Center	182,734,721	20,356,637
Coconut Oil	12,265,533	9,274,828
Others	78,682,412	54,546,786
	1,284,448,519	1,010,951,819
4.1 Coconut Income		
Green nuts	779,739,315	795,504,903
Rejection Nuts	13,261,119	6,579,862
Copra	7,258,530	9,813,463
	800,258,965	811,898,229
Production (Nuts)	10,328,715	12,938,759
Sales (Nuts)	10,635,936	12,748,710
Net Sales Average (per 1000 nuts)	75,241	63,685
Cost of Sales (per 1000 nuts)	46,143	34,260
4.2 Rubber Income		
RSS	-	-
Latex	70,852,519	40,955,073
Scrap & Cuttings	2,371,944	2,167,061
	73,224,463	43,122,134
Production (Kg)	108,868	85,350
Sales (Kg)	106,475	86,816
Net Sales Average (per 1 Kg)	688	497
Cost of Sales (per 1 Kg)	436	499
5 COST OF SALES		
Coconut	490,774,448	436,773,019
Rubber	46,462,564	43,316,665
Rambutan	4,055,269	5,722,000
Pepper	9,021,544	4,877,338
Cashew	10,425,494	10,791,205
Mango	9,743,798	6,364,787
Sales Center	169,179,860	20,383,447
Coconut Oil	7,759,204	7,036,443
Others	47,305,535	27,959,809
	794,727,717	563,224,713

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December

2024

2023

Rs.

Rs.

6 OTHER OPERATING INCOME

Profit on sales bearer biological assets (Note - 6.1)	33,349,402	41,173,432
Profit / (Loss) on disposal & sale of Property Plant & Equipment	-	14,883
Profit from sale of Timber Trees	3,372,809	7,688,488
Gain arising from changes in fair value - Consumable Biological assets	-	-
Late removal & payment charge -coconut	6,622,679	8,902,338
Lease/ facility fee income	10,751,130	12,158,791
Sand/ Soil	-	-
Write back/ (Write off)	981,733	4,085,228
Other miscellaneous income	7,643,048	12,116,144
	62,720,801	86,139,304
6.1 Profit on sales bearer biological assets - Coconut Tree Sales	20,639,102	14,490,751
Less: Cost of Tress disposed during the year	(418,053)	(391,566)
Add: Accumulated depreciation as at 31st December	418,053	391,566
	20,639,102	14,490,751
Profit on sales bearer biological assets - Rubber Tree Sales	12,710,300	27,218,340
Less: Cost of Tress disposed during the year	(73,081)	(2,848,812)
Add: Accumilted depreciation as at 31st December	73,081	2,313,152
	12,710,300	26,682,681
Profit on sales bearer biological assets	33,349,402	41,173,432

7 ADMINISTRATION & GENERAL EXPENSES

Payroll Related Expenses	146,946,367	156,131,423
Maintenance & Repairs	26,386,649	25,180,482
Other Administration Expenses	37,700,951	45,521,713
	211,033,967	226,833,617

PROFIT FROM OPERATING ACTIVITIES*is stated after charging the following;*

Directors emoluments	3,198,324	3,709,321
Auditors fees on statutory audit	1,000,000	977,084
Donations	120,000	105,000
Depreciation/ Amortization-		
Leasehold rights to bare land of JEDB Estates	2,621,417	2,614,258
Immovable leased assets of JEDB Estates	2,617,056	2,616,727
Mature Plantation	30,943,291	27,967,053
Property, plant and equipment	72,371,287	59,416,848
Personal Cost includes		
Defined Benefit Plan - Retirement Gratuity	32,910,045	30,297,366
Defined Contribution Plan Cost - EPF and ETF	73,356,451	41,297,786
Performance incentive	69,794,450	90,000,000
Bonus	20,186,094	16,204,156
Holiday Pay	9,645,309	8,420,164
Medical Leave	7,300,900	7,893,183
Salaries & Wages	391,245,385	352,693,141

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December

	2024 Rs.	2023 Rs.
8 NET FINANCIAL INCOME /(EXPENSE)		
FINANCE INCOME		
Interest on Term Deposits	87,366,659	195,875,851
Interest on REPOs	8,454,468	11,116,599
Interest on Loans given to Staff	1,646,779	1,560,629
Un-winding of Pre-paid Staff Benefits	3,686,940	3,788,383
	101,154,846	212,341,462
Less: FINANCE COST		
Interest on Lease - JEDB	57,945,587	43,455,629
Interest on short term Borrowings	13,147,754	-
Sub Lease Expenses	108,000	-
Amortization of Staff Cost	3,686,940	3,788,383
	74,888,281	47,244,012
Net financial income /(expense)	26,266,565	165,097,450
9 INCOME TAX EXPENSE		
Current Income Tax Expense (Note 9.1 & 9.2)	52,965,782	57,820,389
Deferred Taxation (Note 9.3 & 26)	78,317,413	-
	131,283,196	57,820,389
9.1 CURRENT INCOME TAX EXPENSE		
<p>In terms of First Schedule item 4, 2 (c) of the Inland Revenue Act, No. 24 of 2017 a company predominantly conducting an agricultural business [the business of producing agricultural, horticultural or any animal produce and includes an undertaking for the purpose of rearing livestock or poultry] is liable to income tax at the rate of 14% on its taxable income. As Kurunegala Plantation Limited gross agriculture income is exceeds 80% of its gross income, the company is liable to pay income tax at the rate of 14% on its taxable income . However, Since the company has incurred tax losses on business no provision has been made to Financial Statement.</p>		
9.2 Reconciliation between Accounting Profit to Income Tax		
Accounting Profit Before Taxation	414,833,254	534,383,307
Income from other sources & exempt Income	(155,378,089)	(292,302,083)
	259,455,165	242,081,224
Aggregate Disallowable Items	142,041,553	165,787,824
Aggregate Allowable Items	(333,163,148)	(294,707,403)
Adjusted Business Profit for the Year	68,333,571	113,161,645
Income from Other Sources	108,219,036	192,734,632
Assessable Income/(loss)	176,552,607	192,734,632
Qualifying payments	-	-
Taxable Income	176,552,607	192,734,632
	52,965,782	57,820,389
Tax on Taxable income 30%	52,965,782	57,820,389
	52,965,782	57,820,389
Gross Income Tax Liability	52,965,782	57,820,389
9.3 DEFERRED TAX		
<p>Provision has been made for deferred taxation up to December 31,2020 under the liability method in respect of temporary differences arising from carrying amounts of assets and Liabilities for financial reporting purposes and the amounts used for taxation purpose as described in Note 26 . As stated under 9.2 above as per the policy decision taken by the Government ,business profit arising from Agro farming is exempt from income tax w.e.f April 1,2019. Therefore company has decided to reverse the brought forward deferred tax liability to statement of comprehensive income and not to recognize the deferred tax liability for future periods</p>		
Deferred tax Expense / (Income) arises from :		
Property Plant & Equipment	12,736,209	21,957,364
Bearer Biological Assets	63,509,962	326,981,645
Consumable Biological Assets	13,229,759	73,904,046
Provision for bad & doubtful debts	17,700	(2,194,745)
Employee Benefit Liability	(11,176,217)	(32,665,690)
	78,317,413	387,982,620

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December

2024
Rs.2023
Rs.

10 EARNINGS PER SHARE

The calculation of the earnings per share is based on Profit attributable to ordinary shareholders for the year divided by the weighted average number of ordinary shares outstanding during the year.

10.1 Basic Earnings per Share

Profit attributable to Ordinary Shareholders (Rs.)	283,550,058	472,374,439
Weighted average number of ordinary shares	20,000,001	20,000,001
Earnings Per Shares (Rs. Cts.)	14.18	23.62

10.2 Diluted Earnings per Share

There were no potential dilutive ordinary shares outstanding at any time during the year ended 31st December 2024. Therefore, Diluted Earnings per Share is same as Basic Earnings per Share reported above.

11 LEASEHOLD RIGHT TO BARE LAND OF JANATHA ESTATE DEVELOPMENT BOARD

11.1 The leasehold rights to the lands of all the estates have been taken into the books of the company as at June 18, 1992, immediately after the formation of the company, in terms of the ruling obtained from the Urgent Issues Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka. For this purpose, the Board has decided at its meeting held on March 08, 1995 that these bare lands would be revalued, at the values established for these lands, by the valuation specialist Mr. D.R. Wickramasinghe just prior to the formation of the company. The revalued amount taken to the June 18, 1992 Statement of Financial Position was Rs. 189,234,932. The carrying values are given in Note 11.3 below. However the Institute of Chartered Accountants of Sri Lanka has withdrawn the UITF ruling with the implementation of LKAS/SLFRSs and introduced Statement of Recommended Practices (SoRP) on leasehold land on 19th December 2012. As per the SoRP, right to use land does not permit further revaluations.

11.2 Though JEDB has handed over all 13 Estates to the Company, of these estates leases for only 5 estates have been executed and the leases for the balance 8 estates (Dambadeniya, Dodangaslanda, Hiriyala, Katugampola, Kurunegala, Mahayaya, Narammala and Wariyapola) remain to be executed. These leases will be retroactive to June 18, 1992, the date of formation of the company. The Company had entered into a Memorandum of Record with JEDB with regard to all these estates for which leases have not been executed. This Memorandum of Record is considered as an agreement between JEDB and the Company.

11.3 Leasehold Right to Bare land (53 years)

	Rs.
COST	
Capitalized Value as at 18.06.1992	189,234,932
Disposals due to change in controlling interest from 18.06.1992 - 31.12.2023	(50,586,168)
Balance as at 31.12.2023	138,648,764
Disposals due to change in controlling interest from 01.01.2024- 31.12.2024	-
Balance as at 31.12.2024	138,648,764
AMORTIZATION	
Accumulated amortization as at 01.01.2023	79,881,685
Amortization for the year 2023	2,614,258
Accumulated amortization as at 31.12.2023	82,495,943
Amortization for the year 2024	2,621,417
Disposals due to change in controlling interest from 01.01.2024 - 31.12.2024	-
Balance as at 31.12.2024 (Note - A)	85,117,359
WRITTEN DOWN VALUE	
As at 31.12.2023	56,152,821
As at 31.12.2024	53,531,403
<i>Note - A</i>	
<i>No. of Days for the lease period from 18.06.1992 - 17.06.2045</i>	19,358
<i>No. of Days for the period from 18.06.1992 - 31.12.2024</i>	11,884
<i>Amortization as at 31.12.2024 (138,648,765 / 19,358 x 11,884)</i>	85,117,360

NOTES TO THE FINANCIAL STATEMENTS

12 IMMOVABLE LEASED ASSETS (OTHER THAN BARE LAND)

As explained in Note 11, although all JEDB estate leases have not been executed to date in terms of the ruling of the UITF, all immovable assets in these estates under finance leases have been taken into the books of the company retroactive to June 18, 1992. For this purpose, the Board has decided at its meeting on March 08, 1995 that these assets be taken into the books at their book values as they appeared in the books of the JEDB on the day immediately preceding the date of formation of the company.

Revaluation	Life of the Asset years	As at 18.06.1992 Rs.	Transfer in/ (Out) Rs.	Disposals Rs.	Balance as at 31.12.2023 Rs.
Land Development Cost	30	1,127,305		(4,000)	1,123,305
Buildings	25	22,130,873		(4,437,121)	17,693,752
Machinery	15	34,841		-	34,841
Mature plantations	30	43,001,122	90,335,750	(32,135,990)	101,200,882
Immature plantations		90,647,222	(90,335,750)	(311,472)	-
		156,941,363	-	(36,888,583)	120,052,780

The carrying values for the year are as follows.

Revaluation	Balance as at 01.01.2024 Rs.	Disposals Rs.	Balance as at 31.12.2024 Rs.
Land development cost	1,123,305	-	1,123,305
Buildings	17,693,752	-	17,693,752
Machinery	34,841	-	34,841
Mature plantations	101,200,882	(491,134)	100,709,748
	120,052,780	(491,134)	119,561,646

Amortization	Balance as at 01.01.2024 Rs.	Charge for the year Rs.	Disposals Rs.	Balance as at 31.03.2024 Rs.
Land development cost	1,123,305	-	-	1,123,305
Buildings	17,693,752	-	-	17,693,752
Machinery	34,841	-	-	34,841
Mature plantations (Note A)	93,263,815	2,617,056	(491,134)	95,389,737
	112,115,713	2,617,056	(491,134)	114,241,635

Carrying value	Balance as at 01.01.2024 Rs.	Balance as at 31.03.2024 Rs.
Land development cost	0	0
Buildings	(0)	-
Machinery	-	-
Mature plantations	7,937,067	5,320,012
	7,937,068	5,320,012

Investment in plantation assets which were categorized as immature at the time of handing over to the company way of estate leases, are shown under immature plantations (revalued as at 18.06.1992). Investment in such immature plantations to bring them to bearing are shown under Note-13. When these plantations come in to bring the additional investments incurred to bring them to such stage were transferred from the category immature plantations under Note - 13 and a corresponding transfer from immature plantations to mature plantations.

NOTES TO THE FINANCIAL STATEMENTS

12 IMMOVABLE LEASED ASSETS (OTHER THAN BARE LAND) cont...

Note - A Mature plantations

COST

Mature Plantations as at 18.06.1992

Balance as at 18.06.1992	43,001,122
Disposals of mature plantations	
due to change in controlling interest from 18.06.1992 - 31.12.2022	(6,979,587)
Value of Coconut Trees disposed (other than alienation) upto 31.12.2023	(13,172,804)
Value of Coconut Trees disposed (other than alienation) during the year 2024	(418,053)
Balance as at 31.12.2024 - [a]	22,430,677

Immature Plantations as at 18.06.1992 which has been transferred to mature plantations over the period at their maturity.

Balance as at 18.06.1992	90,647,222
Disposals at immature stage due to change in controlling interest	(311,472)
Disposals after being transferred to mature plantations due to change in controlling interest	(8,730,966)
Value of Rubber Trees disposed (other than alienation) upto 31.12.2023	(3,252,631)
Value of Rubber Trees disposed (other than alienation) during the year 2024	(73,081)
Balance as at 31.12.2024 - [b]	78,279,071

Mature Plantations as at 31.12.2024 [c] - (a + b)

100,709,749

Note - B Alienation of Leased Lands

At the time of forming of Kurunegala Plations Ltd, Lads had not surveyed and all the plans not handed over. The Lands mentions in the JEDB records at the time (6,555.03 Ha.) is brought forward with adjustments, however going by the documents for the assessing value of the Lands 6,722 Ha. The current Land extend is 4,971.12 Ha. And alienation of Lands 1,750.88 Ha., Cost of Rs. 67 million are as fallows (Wich is 26% of total extent)

	Hectares	
1. Land extent Given in document used for assessing value of lands	6,722.00	
2. Land extent mentioned in JEDB records by forming KPL	6,555.03	
Variance between 1 & 2	166.97	
3. Land Extent released out to various parties (Government development programs, BOI Zones, Resettlement of Public, Statutory declarations etc.)	1,146.14	
4. Paddy Lands alienated adae cultivators (after 1992)	181.68	
5. Land acquired by villagers (Before establishment of KPL)		
Welanruppa Division	13.37	
Gommunnawa Division	40.48	53.85
6. Variations identified by land surveys		
Thippalathenna Division	99.08	
Dtathusenapura Division (Paddy Lands)	46.90	145.98
7. Land extent categorized as others (unified) without division		
Dosangaslanda	54.25	
Katugampola	2.01	56.26
Total Land reduced	1,750.88	
Present extent of Lands as per the KPL records	4,971.12	

NOTES TO THE FINANCIAL STATEMENTS

12 IMMOVABLE LEASED ASSETS (OTHER THAN BARE LAND) cont...

AMORTIZATION

Mature Plantations as at 18.06.1992

# Days for the Period from 18.06.1992 - 17.06.2022 (30 Years)	10,957
# Days for the period from 18.06.1992 - 18.06.2022	10,957
Amortization as at 31.12.2023 (23,240,297 / 10,957 x 10,957) - [d]	22,430,677

Immature Plantations as at 18.06.1992 which has been transferred to mature plantations over the period at their maturity.

Economic Life time 30 Years			COST		AMORTIZATION	
Year of Transfer	Description	Date of Disposal	Balance as at 18.06.1992	Alienation/ Disposal	Balance as at 31.12.2023	Balance as at 31.12.2024
31/12/1994	Value of the Immature plantation		37,756,930			
	Disposal - Korakaha - Disposed at immature stage			(311,473)		
	Disposal - Mahayaya	07/08/1997		(2,957,425)		
	Disposal - Malwatta	07/08/1997		(355,313)		
	Disposal - Ambana (Rubber)	10/09/1994		(223,374)		
	Disposal - Suriyapura	06/06/2000		(92,705)		
	Disposal - Polgammana	01/01/2016		(322,347)		
	Disposal - Polgammana	01/01/2016		(410,721)		
	Disposal - Rubber Trees 2013-2015	01/01/2016		(990,854)		
	Disposal - Rubber Trees - 2016	31/12/2016		(209,249)		
	Disposal - Rubber Trees - 2017	31/12/2017		(326,797)		
	Disposal - Rubber Trees - 2018	31/12/2018		(207,232)		
	Disposal - Rubber Trees - 2019	31/12/2019		(951,289)		
	Disposal - Rubber Trees - 2020	31/12/2020		(42,588)		
	Disposal - Rubber Trees - 2021	30/12/2021		(170,821)		
	Disposal - Rubber Trees - 2023	31/12/2023		(204,806)		
	Disposal - Rubber Trees - 2024	31/12/2024		(73,081)		
			37,756,930	(7,850,074)	29,906,856	29,906,856
31/12/1995	Value of the Immature plantation		8,429,585			
	Disposal - Mawathagama	15/08/1997		(493,832)		
	Disposal - Walbotale	31/05/2011		(721,401)		
	Disposal - Rubber Trees - 2018	31/12/2018		(18,018)		
			8,429,585	(1,233,251)	7,196,334	6,956,631
31/12/1996	Value of the Immature plantation		12,394,880	-	12,394,880	11,569,083
31/12/1997	Value of the Immature plantation		8,045,288			
	Disposal - Mawathagama	15/08/1997		(412,325)		
	Disposal - Pannala	09/04/1999		(748,578)		
	Disposal - Pethiyakanda	06/06/2000		(242,922)		
	Disposal - Rubber Trees - 2017	31/12/2017		(130,979)		
			8,045,288	(1,534,803)	6,510,485	5,859,852
31/12/1998	Value of the Immature plantation		9,962,094			
	Disposal - Polgammana	01/01/2016		(684,684)		
			9,962,094	(684,684)	9,277,410	8,040,478
31/12/1999	Value of the Immature plantation		8,676,654			
	Disposal - Mawathagama	15/08/1997		(420,467)		
	Disposal - Polgammana	01/01/2016		(604,222)		
			8,676,654	(1,024,689)	7,651,965	6,376,870
31/12/2000	Value of the Immature plantation		4,666,747			
	Disposal - Polgammana	01/01/2016		(40,648)		
			4,666,747	(40,648)	4,626,099	3,701,048
31/12/2001	Value of the Immature plantation		715,044		715,044	548,242
Total [e]			90,647,222	(12,368,150)	78,279,072	72,959,060
Amortization - Mature Plantations as at 31.12.2024 [f] - (d + e)						95,389,738

NOTES TO THE FINANCIAL STATEMENTS

13 PROPERTY, PLANT AND EQUIPMENT

BEARER PLANTS

The following are the investments in plantations since the formation of the company. The assets (including plantation assets) taken over under estate leases are set out in Notes 11 and 12. Continuing investments in immature plantations, taken over under these leases are shown in the above Note. When such plantations come into bearing, the additional investments incurred since taking over to bring them to bearing had been transferred from immature to mature plantations in this Note. A corresponding transfer had been made from immature to mature plantations being the investment undertaken by JEDB on the particular plantation prior to the formation of the company as described in Note 12.

	IMMATURE PLANTS																Total Rs.
	Coconut Rs.	Rubber Rs.	Tea Rs.	Cashew Rs.	Cinnamon Rs.	Rambutan Rs.	Guava Rs.	Dragon fruit Rs.	Mango Rs.	Pepper Rs.	Cocoa Rs.	Durian Rs.	Aricanut Rs.	Waraka Rs.	Lime Rs.	Coffee Rs.	
Cost																	
Balance as at 01.01.2024	482,750,730	(0)	-	6,537,223	41,414,627	8,998,807	120,526	-	19,536,695	24,042,489	-	5,979,302	877,072	1,701,533	751,808	450,185	593,160,998
Additions during the year	194,306,849	-	2,988,575	1,985,020	17,744,076	2,093,330	866,314	4,621,951	10,450,983	5,243,564	-	913,068	83,738	546,406	235,685	563,607	242,643,166
Transfers during the year	(141,355,420)	-	-	-	(17,562,980)	(2,708,686)	-	-	-	(6,889,203)	-	-	-	-	-	-	(168,516,289)
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31.12.2024	535,702,159	(0)	2,988,575	8,522,243	41,595,723	8,383,452	986,840	4,621,951	29,987,678	22,396,850	-	6,892,370	960,810	2,247,939	987,493	1,013,792	667,287,876
Cost																	
Useful life of the asset	Coconut 50 years Rs.	Rubber 20 years Rs.	Tea Rs.	Cashew 20 years Rs.	Cinnamon 20 years Rs.	Rambutan 20 years Rs.	Guava 6 years Rs.	Dragon fruit 20 years Rs.	Mango 20 years Rs.	Pepper 20 years Rs.	Cocoa 20 years Rs.	Durian 20 years Rs.	Aricanut 20 years Rs.	Waraka Rs.	Lime 20 years Rs.	Coffee 20 years Rs.	Total Rs.
Balance as at 01.01.2024	1,017,794,430	119,910,627	-	21,591,410	21,637,694	6,273,838	191,347	3,472,230	15,183,198	30,541,153	5,936,675	6,121,765	-	-	-	153,769	1,248,808,136
Transfers during the year	141,355,420	-	-	-	17,562,980	2,708,686	-	-	-	6,889,203	-	-	-	-	-	-	168,516,289
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31.12.2024	1,159,149,850	119,910,627	-	21,591,410	39,200,674	8,982,524	191,347	3,472,230	15,183,198	37,430,356	5,936,675	6,121,765	-	-	-	153,769	1,417,324,425
Amortization																	
Balance as at 01.01.2024	140,381,471	47,995,942	-	9,439,865	5,271,733	1,967,326	191,347	1,178,067	1,587,028	6,143,097	2,940,013	1,289,963	-	-	-	146,076	218,531,928
Charge for the year	20,355,889	5,120,302	-	1,079,571	1,014,570	302,516	-	173,610	759,161	1,527,057	296,834	306,088	-	-	-	7,693	30,943,291
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31.12.2024	160,737,361	53,116,244	-	10,519,436	6,286,303	2,269,842	191,347	1,351,677	2,346,189	7,670,154	3,236,847	1,596,051	-	-	-	153,769	249,475,219
Written down value																	
As at 01.01.2024	877,412,958	71,914,685	-	12,151,545	16,365,961	4,306,512	-	2,294,163	13,596,170	24,398,056	2,996,662	4,831,802	-	-	-	7,693	1,030,276,208
As at 31.12.2024	998,412,489	66,794,383	-	11,071,974	32,914,371	6,712,682	-	2,120,553	12,837,009	29,760,202	2,699,828	4,525,714	-	-	-	-	1,167,849,205
TOTAL BEARER BIOLOGICAL ASSETS																	
Written down value																	
As at 01.01.2024	1,360,163,689	71,914,685	-	18,688,768	57,780,589	13,305,319	120,526	2,294,163	33,132,865	48,440,545	2,996,662	10,811,104	877,072	1,701,533	751,808	457,878	1,623,437,206
As at 31.12.2024	1,534,114,648	66,794,383	2,988,575	19,594,217	74,510,095	15,096,134	986,840	6,742,504	42,824,687	52,157,052	2,699,828	11,418,084	960,810	2,247,939	987,493	1,013,792	1,835,137,081

NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT cont...

Following are the assets vested in the company vis a vis the Gazette notification on the date of formation of the company on June 18, 1992 and all additions thereafter. The assets taken over by way of estate leases are set out in Notes 11 and 12 to the accounts.

	Acquisition of land	Improvements to Land	Buildings	Shop Containers	Wells	Fencing	Motor Vehicles	Machinery	Furniture & Fittings	Equipment	Computer Equipment	Irrigation	Electrification	Solar Power System	Total	Work-in-progress	Total
Useful life of the Asset (Years)			40	15	40	3	5	13 1/3	10	8	5	8	40	10			
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost																	
Balance as at 01.01.2024	8,123,564	9,649,010	354,290,263	7,990,408	13,883,206	122,490,692	158,616,478	1,849,609	15,640,547	34,208,955	2,514,067	38,782,928	8,437,623	3,751,046	780,228,395	99,590,690	879,819,085
Additions during the year	-	5,432,425	45,344,147	12,306,570	470,500	21,024,107	3,563,486	4,508,100	3,164,128	31,855,414	6,593,185	1,697,074	5,590,589	-	141,549,724	120,563,545	262,113,269
Revaluation																	
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,130,208)	(7,130,208)
Transferred (from)/ to	-	-	-	-	-	-	-	-	(1,459,164)	1,459,164	-	-	-	-	-	(76,126,192)	(76,126,192)
Balance as at 31.12.2024	8,123,564	15,081,435	399,634,410	20,296,978	14,353,706	143,514,799	162,179,964	6,357,709	17,345,510	67,523,533	9,107,252	40,480,002	14,028,212	3,751,046	921,778,119	136,897,835	1,058,675,953
Depreciation																	
Balance as at 01.01.2024	-	3,639,823	57,781,649	507,532	2,950,626	101,586,631	83,525,083	1,361,010	0	(0)	(0)	13,872,849	656,553	2,250,630	268,132,386	-	268,132,386
Charge During the year	-	1,784,409	9,321,113	1,287,751	352,718	12,290,973	31,973,964	414,154	1,587,240	6,519,846	1,323,020	4,874,367	266,628	375,105	72,371,287	-	72,371,287
Disposals during the year	-	-	-	-	-	-	-	(53,600)	-	-	-	-	-	-	(53,600)	-	(53,600)
Balance as at 31.12.2024	-	5,424,232	67,102,763	1,795,282	3,303,344	113,877,604	115,499,047	1,721,564	1,587,240	6,519,846	1,323,020	18,747,216	923,181	2,625,735	340,450,073	-	340,450,073
Written down value																	
As at 01.01.2024	8,123,564	6,009,187	296,508,613	7,482,876	10,932,580	20,904,060	75,091,395	488,599	15,640,547	34,208,955	2,514,067	24,910,079		1,500,416	512,096,009	99,590,690	611,686,699
As at 31.12.2024	8,123,564	9,657,203	332,531,647	18,501,695	11,050,362	29,637,195	46,680,917	4,636,145	15,758,270	61,003,687	7,784,232	21,732,786	13,105,031	1,125,311	581,328,046	136,897,835	718,225,881

TOTAL OF PROPERTY, PLANT AND EQUIPMENT

Written down value																	
As at 01.01.2024																	2,235,123,905
As at 31.12.2024																	2,553,362,962

Acquisition of land
 The land called Pollaththapiya, 1.416 hectare in extent where the Head office of the company is situated is a land acquired by the Divisional Secretary - Kurunegala and handed over to Janatha Estate Development Board (JEDB) on July 15, 1987. Since the legal title of the land was not transferred to JEDB the land is now owned by the government. Compensation upon acquisition had not been paid to the original owners of the land, H.L. De Mel and Company. Based on a court of appeal order the company was requested by the Ministry of Plantation Industries to pay the legal compensation of Rs. 3.5 Mn. to H.L. De Mel and Company which it has paid through the Divisional Secretary, Kurunegala on condition suggested by the Ministry that the land will be transferred to the company by the government. The legal interest payable on Rs. 3.5 Mn. for delaying the payment for 18 years was calculated to be Rs. 4,623,563.92 and the company has agreed to pay this amount at the request of the Ministry of Plantation Industries. The total of the amount paid and payable relating to the acquisition of the land is, therefore, Rs. 8,123,563.92. The full amount is disclosed in these accounts as acquisition cost of the land. The title of land has been transferred to Kurunegala Plantations Ltd with effect from 2015.11.16 (Reg No. G146/78)

Fully depreciated assets

The cost of fully depreciated Property, Plant and Equipment which are still in use as at date of Statement of Financial Position is as follows,

	31.12.2024	31.12.2023
	Rs.	Rs.
Fencing	95,894,518	93,183,106
	95,894,518	93,183,106

NOTES TO THE FINANCIAL STATEMENTS

AS AT	31.12.2024 Rs.	31.12.2023 Rs.
14 CONSUMABLE BIOLOGICAL ASSETS		
14.1 TIMBER TREES		
Balance as at the beginning of the year	343,595,612	286,844,396
Increase due to development	430,622	538,969
Cost of harvested timber trees	(1,498,450)	(326,199)
Gain / (loss) arising from changes in fair value less cost to sell	45,167,025	56,538,446
Balance as at the end of the year	387,694,809	343,595,612
<p>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.</p> <p>The valuation was carried by Mr. A. A. M. Fathihu., independent Chartered valuers, using Discounted Cash Flow (DCF) method.</p> <p>Key assumption used in Valuation</p> <ol style="list-style-type: none"> 1. The harvesting is approved by the Department of Forest & the Line Ministry 2. The Prices adopted are net of expenditure. 3. Discount rate is 10% ,11% & 12%. <p>The valuations, as presented in the external valuation models based on net present values, take into account 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.</p> <p>The Company is exposed to the following risks relating to its timber trees.</p> <p>Regulatory and environmental risks</p> <p>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.</p> <p>Supply and demand risk</p> <p>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</p> <p>Climate and other risks</p> <p>The Company's timber trees are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces.</p>		
14.2 LIVESTOCK		
Cattle		
Balance as at the beginning of the year	2,045,505	1,879,437
Addition during the year	83,340	502,065
Gain / (loss) arising from changes in fair value for the Year	43,663	958,121
Death/Sale value	(102,411)	(1,294,118)
Balance as at the end of the year	2,070,097	2,045,505
Total Consumable Biological Assets	389,764,906	345,641,117

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

NOTES TO THE FINANCIAL STATEMENTS

15 OTHER FINANCIAL ASSETS

	Loan Given to Employees Rs	Pre Paid Staff Benefit Rs	Total Rs
Balance at 01.01.2023	25,128,096	5,500,669	30,628,757
Loan granted during the year -2023	14,994,591	4,473,659	19,468,250
Loan recovered during the year -2023	(14,021,416)	(3,788,383)	(17,809,799)
Balance at 31.12.2023	26,101,271	6,185,945	32,287,208
Loan granted during the year -2024	16,654,806	1,664,494	18,319,300
Loan recovered during the year -2025	(13,107,321)	(3,686,940)	(16,794,261)
Balance at 31.12.2024	29,648,755	4,163,500	33,812,246
Non Current Balance as at 31.12.2023	17,135,028	3,076,976	20,212,004
Current Balance as at 31.12.2023	8,966,241	3,108,970	12,075,211
Balance at 31.12.2023	26,101,269	6,185,946	32,287,215
Non Current Balance as at 31.12.2024	19,562,896	1,716,436	21,279,332
Current Balance as at 31.12.2024	10,085,850	2,447,064	12,532,914
Balance at 31.12.2024	29,648,746	4,163,500	33,812,246

The company provides loans to employees at concessionary rate at 5% 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.

Distress Loans

	2024	2023
Kurunegala Plantations Limited	5.00%	5.00%
Market interest rate of similar loans		
01.12.2014 - 31.12.2014	11.50%	
01.01.2015 - 31.12.2015	11.50%	
01.01.2016 - 20.11.2016	13.00%	
21.11.2016 - 31.12.2016	14.00%	
01.01.2017 - 31.12.2017	14.00%	
01.01.2018 - 31.12.2018	13.00%	
01.01.2019 - 31.12.2019	12.50%	
01.01.2020 - 31.12.2020	12.50%	
01.01.2021 - 31.12.2021	13.50%	
01.01.2022 - 31.12.2022	28.13%	
01.01.2023 - 31.12.2023	19.00%	
01.01.2024 - 31.12.2024	10.00%	

AS AT	31.12.2024 Rs.	31.12.2023 Rs.
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16 PRODUCE ON BEARER BIOLOGICAL ASSETS AND INVENTORIES

16.1 Produce on Bearer Biological Assets

As at 1st January	24,528,771	18,932,784
Change in fair value less cost to sell	1,967,436	5,595,987
As at 31st December	26,496,207	24,528,771

Level 2 inputs were used when arriving above figures.

16.2 Gain/(Loss) on fair value of Biological assets

Consumable Biological Assets Gain/(loss) (Note 14.1)	45,167,025	56,538,446
Produce on Bearer Biological Assets Gain/(loss) (Note 16.1)	1,967,436	5,595,987
Livestock Gain/(loss) (Note 14.2)	24,592	166,069
Produce on Bearer Biological Assets Gain/(loss)	47,159,053	62,300,502

16.3 INVENTORIES

Produce Stocks	50,255,966	44,721,082
Input Materials, Spares & Consumables	98,160,019	69,820,741
Growing Nurseries	3,541,943	2,834,339
	151,957,927	117,376,162

NOTES TO THE FINANCIAL STATEMENTS

AS AT	31.12.2024	31.12.2023
	Rs.	Rs.
17 DEPOSITS		
Deposits on purchase of Fuel	1,230,000	1,030,000
Deposits on purchase of other products & Services	264,000	364,000
Deposits for rented Buildings	647,335	1,350,000
Deposit kept at Labour Tribunal for Gratuity	1,942,770	1,942,770
Others	15,500	5,000
	4,099,605	4,691,770
18 PRE-PAYMENTS		
Insurance	1,356,186	1,173,705
Pre-paid subscriptions	1,089,612	118,980
Pre-paid amount on service agreements	524,950	-
Pre-paid Rents	-	641,667
Cadastral Survey	-	-
Others	8,737,835	819,186
	11,708,583	2,753,537
19 PRE PAID EXPENDITURE ON SHORT TERM PROJECTS		
Cut foliage Project - Attanagalla (Note 19.1)	-	-
Coconut Tricle	-	205,877
Passion Fruit	3,150	-
Pineapple	210,743	-
Turmeric	-	8,432,049
Oil Manufacturing	7,198,677	2,327,176
Others	1,329,159	1,217,173
	8,741,729	12,182,275
20 TRADE AND OTHER RECEIVABLES		
Trade Debtors		
Produce Debtors - Coconut	25,918,966	63,510,576
Recoverable loss on sale of Coconut	8,823,264	8,882,264
Produce Debtors - Rubber	10,014,966	7,594,824
Produce Debtors - Others	11,088,834	5,690,287
Rent Receivables	1,058,930	445,000
Other Receivables		
Interest Receivable	23,489,195	43,365,993
Staff debtors	2,664,750	2,161,597
Sundry Debtors	13,147,894	14,896,598
	96,206,799	146,547,139
Less: Rejection provision (Produce Debtors - Coconut)	(1,026,707)	(2,767,447)
	95,180,092	143,779,692
Less: Impairment of Bad & Doubtful Debts	20.1 (9,949,373)	(10,008,373)
	85,230,719	133,771,319
20.1 Movement for Impairment of Bad & Doubtful Debts		
At the beginning of the the year	10,008,373	10,038,373
Imparement provition	(59,000)	(30,000)
At the end of the the year	9,949,373	10,008,373
20.2 As at 31 December, the ageing of trade and other receivables is, as follows:		
	Current	Past due
	Total	0 - 30
	31 - 60	61 - 90
	91 - 180	> 180
	Rs.	Days Rs.
	Days Rs.	Days Rs.
2024	96,206,799	61,410,633
2023	146,547,139	98,736,809
	4,056,098	20,210,386
	(284,209)	4,877,227
	2,517,369	4,789,658
	28,506,908	17,933,059

NOTES TO THE FINANCIAL STATEMENTS

AS AT	31.12.2024 Rs.	31.12.2023 Rs.
21 SHORT TERM INVESTMENTS		
Matured after 03 months		
Term Deposits - Bank of Ceylon	180,200,000	250,200,000
Term Deposits - Peoples' Bank	375,000,000	400,000,000
Term Deposits - National Savings Bank	245,000,000	225,000,000
	800,200,000	875,200,000
	800,200,000	875,200,000
22 CASH & BANK BALANCES		
Stamps	19,290	19,360
Repo	58,000,000	234,000,000
Cash at Bank	43,744,906	(223,618,296)
Cash in Hand	11,966,667	4,650,240
	113,730,863	15,051,304
23 STATED CAPITAL		
Issued and Fully Paid		
20,000,000 Ordinary shares Rs. 10/- each	200,000,000	200,000,000
Golden share held by Secretary to the Treasury (Note 23.1)	10	10
	200,000,010	200,000,010
23.1 The Golden Shareholder		
<p>The Golden Share is currently held by Secretary to the General Treasury and should be owned either directly by the Government of Sri Lanka or by a 100% Government owned public Company. In addition to the rights of the normal ordinary shareholder, special rights are vested with the Golden Shareholder.</p>		
24 RETIREMENT BENEFIT OBLIGATIONS		
Balance as at the beginning of the year	145,755,645	117,802,880
Past Service Cost	-	-
Charged during the year	61,573,663	59,334,179
Gratuity paid /payable during the year	(24,319,609)	(31,381,414)
Balance as at the end of the year	183,009,700	145,755,645
<p>The Company will continue as a going concern. The gratuity liability is fully internally funded.</p> <p>The Valuation method used by the actuaries to value the benefit is the 'Projected Unit Credit Method', the method recommended by the Sri Lanka Accounting Standard No.19,'Employee Benefits'. The actuarial valuation of the retirement benefit obligation was carried out as at 31st December 2024 by Actuarial & Management Consultants (Pvt) Limited.</p> <p>The movement in the retirement benefit obligations over the year is as follows.</p>		
Interest Cost	18,219,456	21,204,519
Current Service Costs	14,690,589	9,092,847
Total included in the staff cost (Note 07)	32,910,045	30,297,366
Past Service Cost	-	-
Actuarial (Gain)/Loss recognized immediately	28,663,618	29,036,813
Amount Recognized in the statement of other comprehensive income	28,663,618	29,036,813
Total recognized in the comprehensive income	61,573,663	59,334,179

NOTES TO THE FINANCIAL STATEMENTS

24 RETIREMENT BENEFIT OBLIGATIONS cont...

The Key Assumptions used by the M/s. Actuarial & Management Consultants (Pvt) Ltd include the following,

	Financial Assumptions (2024)	Financial Assumptions (2023)
Rate of Interest	11% p.a	12.5% p.a
Rate of Increase of Salaries		
Executive Staff	10% p.a next increment due on 01/04/2025	10% p.a next increment due on 01/06/2024
Non Executive Staff - Head office	10% p.a next increment due on 01/04/2025	10% p.a next increment due on 01/06/2024
Estate Staff	15% or 20% p.a once in 3 years next increment due on 01/04/2025	15% or 20% p.a once in 3 years next increment due on 01/06/2024
Watchers	10% p.a next increment due on 01/04/2025	10% p.a next increment due on 01/06/2024
Daily Paid Staff	10% p.a. Next increment due on 01/04/2025	10% p.a. Next increment due on 01/06/2024
Daily Paid Staff's wage rates	Rs.740 or Rs. 1000 or 1266 or 1350 as specified by the company	Rs.740 or Rs. 1000 as applicable.

Demographic Assumptions

In addition to the above financial assumptions, demographic assumptions such as mortality, withdrawal, disability and retirement age were considered for the actual valuation. A 1967/70 Mortality Table issued by Institute of Actuaries, London for Monthly Paid Staff and A 1949/52 Mortality Table for Daily Paid Staff/ Workers were used to estimate the gratuity liability of the company.

Retirements-Age : Male/Female 60 Years (2020 - 60 Years)

Gratuity Formula**For monthly paid Staff:****Employees joined on or before 25th April 2016:**

Half month salary for each completed year of service for those with at least 5 years service and less than 10 years of service.
One monthly salary for each completed year of service for those with 10 years or more than 10 years service.

Employees joined after 25th April 2016:

Half month salary for each completed year of service for those with at least 5 years service

For Executive and, Non Executive Staff - Head office:

Monthly Salary = Basic Salary + COLA (Rs. 17,800/-)

Matching Allowance of Rs. 10,000/- is added for the Executives, who entitles for the said allowance.

For Estate Staff & Watchers:

Monthly Salary = Basic Salary

For Daily Paid Staff/ Workers:**Employees joined on or before 25th April 2016:**

Half month salary (Daily Wage x 14 Days)for each completed year of service for those with at least 5 years service and less than 10 years of service.
One monthly salary (Daily Wage x 28 Days)for each completed year of service for those with 10 years or more than 10 years service.

Employees joined after 25th April 2016:

Half month salary (Daily Wage x 14 Days)for each completed year of service for those with at least 5 years service and less than 10 years of service.

Sensitivity Analysis

Values appearing in the financial statements are very sensitive to the changes in financial and non-financial assumptions used. A sensitivity was carried out as follows:

Percentage increase/decrease in discount rate	Impact on Retirement benefit obligations	
	+ 1%	- 1%
As at 31 December 2024 - Monthly Paid	92,232,329	110,248,375
As at 31 December 2024 - Daily Paid	79,712,598	85,426,788
As at 31 December 2023 - Monthly Paid	78,981,343	93,126,513
As at 31 December 2023 - Daily Paid	58,385,601	62,219,025

Percentage increase/decrease in salary / wage increment rate.	Impact on Retirement benefit obligations	
	+ 1%	- 1%
As at 31 December 2024 - Monthly Paid	110,100,351	92,240,859
As at 31 December 2024 - Daily Paid	85,555,706	79,544,591
As at 31 December 2023 - Monthly Paid	93,283,694	78,756,379
As at 31 December 2023 - Daily Paid	62,346,131	58,236,485

NOTES TO THE FINANCIAL STATEMENTS

AS AT	18.06.1996 Rs.	31.12.2024 Rs.	31.12.2023 Rs.
25 NET LIABILITY TO LESSOR			
Gross lease liability	401,114,000	167,510,230	175,696,230
Less: Finance charges applicable to future periods	(226,419,004)	(94,555,408)	(99,176,204)
Net lease liability	174,694,996	72,954,822	76,520,026
a) Payable after 5 years;			
Gross Liability		126,580,230	134,766,230
Less: Finance charges applicable to future periods		(71,451,428)	(76,072,224)
Net Liability		55,128,802	58,694,006
b) Payable within 2 to 5 years;			
Gross Liability		32,744,000	32,744,000
Less: Finance charges applicable to future periods		(18,483,184)	(18,483,184)
Net Liability		14,260,816	14,260,816
c) Payable within 1 year;			
Gross Liability		8,186,000	8,186,000
Less: Finance charges applicable to future periods		(4,620,796)	(4,620,796)
Net Liability to the Lessor		3,565,204	3,565,204
		72,954,822	76,520,026
Net liability to lessor			
Non - current liability		69,389,619	72,954,822
Current Liability		3,565,204	3,565,204
		72,954,823	76,520,026

Consequent to the ruling on estate leases by the Urgent Issue Task Force (UITF) of The Institute of Chartered Accountants of Sri Lanka, the liability to lessor comprises of two components, the Net Present Value discount rate of 4% has been used. The lease rental paid for the period (excluding the contingent rental) is applied in settlement of the gross liability to lessor and the interest is charged to Income Statement.

The lease of the estates have been amended with effect from June 18, 1996 to an amount substantially higher than the previous nominal lease rental of Rs. 500/- per estate per annum. The first lease rental payable under the revised basis is Rs. 8,186,000/- x (1+'GDP Deflator for year 1995'/100) = 8,873,624 (from June 18, 1996 to June 17, 1997. The amount is to be inflated annually by the Gross Domestic Product (GDP) Deflator and is in the form of a contingent rental.

The payment due in each subsequent 12 month period till the end of lease on June 18, 2045 is the current year's last two quarters' total lease payment increased by the previous year's GDP Deflator and the next year's first two quarters' total lease payment increased by the current year's GDP Deflator. The charge to the Income Statement during the current period is Rs. 57,945,587 which comprises the fixed interest portion and a contingent interest portion of the lease rental .

NOTES TO THE FINANCIAL STATEMENTS

AS AT	31.12.2024 Rs.	31.12.2023 Rs.
26 DEFERRED TAX LIABILITIES		
Balance as at the beginning of the year	583,466,249	192,943,409
Charged during the year	78,317,414	390,522,840
Balance as at the end of the year	661,783,663	583,466,249
Deferred Tax is calculated on temporary differences between carrying value of taxed assets and written down value of such assets, as analyzed by each taxable activity. The reconciliation of tax effect arising from the timing differences related to carrying amounts of assets and liabilities of the statement of financial position is as follows.		
Bearer Biological Assets	(1,835,137,081)	(1,623,437,206.27)
Consumable Biological Assets	(387,694,809)	(343,595,612)
Property, Plant & Equipment	(176,072,726)	(133,618,698)
Provision for doubtful debts	9,949,373	10,008,373
Retirement Benefit Obligation	183,009,700	145,755,645
	<u>(2,205,945,543)</u>	<u>(1,944,887,498)</u>
Applicable Tax Rate	30%	30%
Net Deferred Tax Liabilities	<u>(661,783,663)</u>	<u>(583,466,249)</u>
27 ADVANCE RECEIVED		
For Sub Lease/ Land given on facility basis	982,248	1,547,774
Others	14,964,197	4,329,930
	<u>15,946,445</u>	<u>5,877,704</u>
28 TRADE AND OTHER PAYABLES		
Trade & Other Creditors & Accrued Expenses	40,575,474	21,403,427
Checkroll Wages	24,656,047	16,949,385
Refundable Bid Securities, Security Deposits & Retentions	18,090,261	17,422,466
Gratuity Payable	680,411	1,251,575
EPF Payable	5,822,171	4,362,924
ETF Payable	943,021	721,030
Medical Leave Payable	6,962,492	7,946,012
Provision for Brokerage-Coconut	324,095	920,583
Provision for Bonus Payment	16,000,000	12,000,000
Provision for Performance Incentives	70,000,000	90,008,379
Provision for Holiday Pay Payment	7,385,450	5,867,176
Chairman's Donation Fund	103,830	103,830
Gratuity Surcharge Payable	5,066,321	9,000,748
Gratuity Arrears Payable	1,073,558	1,073,558
	<u>197,683,131</u>	<u>189,031,092</u>
29 CAPITAL COMMITMENTS & CONTINGENCIES		
29.1 Capital Commitment		
The Company had no material capital commitments outstanding as at the Reporting date.		
29.2 Contingent Liabilities		
There were no contingent liability other than disclose as at the reporting date.		
# The company has relised lands for various purposes and its 1,750.88 Ha. (Note 12 B) (26% of extent).and lease rental for relase lands KPL is not Paid. However the adjustment of Lease rental and the approval for the reduce the rental had not given and unpaid Lease rental as fallows.		
Lease rental for released Lands (1,750.88 Ha)	330,779,281	290,917,544
	<u>330,779,281</u>	<u>290,917,544</u>

29.2 Contingent Liability - Details of Legal Cases Filed

	Court Case	Discription	Present Situation
01	DMR/1366/18 - Commercial Court, Colombo.	Non Payment of Rs 1,414,441.40 by New Produce & General Brokers Company regarding the purchase of coconut parcels through CDA coconut Auction.	Relevant Case is Going on at Attorney General's Department.
02	M/13834 - District Court - Kurunegala.	Non Payment of Rs. 429,988.35 by W.A.K.N.Rodrigo regarding the purchase of coconut parcels of KPL.	Relevant Case is Going on. Next Date - 06.03.2025
03	1970 M - Attanagalla Magistrate Court.	Non Payment of Rs. 375,000.00 by G.Kumuduni regarding the purchase of Rambutan harvest at attanagalla Area Estates.	Order has given to recover the cost Rs.375,000/-, but the police could not locate G.Kumuduni.
04	1236/L - Attanagalla District Court	Deed has been given to G.S.M.Hilmi & his family by the LRC from Halgahapitiya Division (20.47 acre) of Attanagalla Area Estates without the concent of KPL. This party has filed the case agained KPL at Attanagalla District Court for non providing of possession of the land to them by KPL.	Relevant Case is Going on. Pre Trial Summary will be held on 03.04.2025.
05	176/Land - Wariyapola District Court	R.M.Krishantha has filed a case at Wariyapola District Court against KPL for non providing of possession of 19 acres Wewagedara Division of Hiriyala Area Estates as he has a deed for this land extent.	Relevant Case is Going on. Next Date - 22.04.2025
06	B/1918/17 - 2029 PC - Magistrate Court - Kurunegala	Lost of 4914 Coconut worth Rs. 175,358.50 at Kurunegala Area Estates.	Suspect has escaped from the area & Police Investigations are going on.
07	B/57624 Magistrate Court - Kuliypitiya	Lost of 5542 Coconut worth Rs.224,494.00 at Dambadeniya Area Estates.	Relevant Case is Going on. Next Date - 25.05.2025
08	L/91/2020 - Gampaha District court	Lease out of 5 acres of land for Metal quarry by the LRC to outside party at Danawkanda Division of Attanagalla Area Estates	Relevant Case is Going on. Pre Trial Summary will be held on 22.04.2025.
09	WRT 172/2023	The case filed for a statutory declaration.	Relevant Case is Going on.
10	L/9359 - Kurunegala District court	The Land Reform Commission has given a deed to Mrs.Yamuna Hemamali Weeraman for AC 17 R.3 P.9.96 in the Heraliyawala division of Kurunegala Area Estates. After that, she had sold 13.50 acres from the above land to Mr.Prasad Miditha Wanigasinghe.Accordingly, Mr.Prasad has filed this case claiming the possession of land from the KPL.	Relevant Case is Going on. Pre Trial Summary will be held on 20.02.2025.

NOTES TO THE FINANCIAL STATEMENTS**30 EVENTS AFTER THE REPORTING PERIOD.**

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

AS AT	31.12.2024 Rs.	31.12.2023 Rs.
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31 RELATED PARTY TRANSACTIONS

There are no related party transaction during the year.

31.1 Key Management Personnel

Key Management Personnel includes all Board of Directors and Chief Executive Officer.

Short term employment benefits	3,198,324	3,709,321
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32 GOVERNMENT GRANTS

From Coconut Research Institute

-	1,705,977
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(To established aseed Graden for thr Production of Kapsuwaya Hybrid Coconut Seeds)

33 FINANCIAL RISK MANAGEMENT**Overview**

The Company has exposure to the following risks from its use of financial instruments:

- * Credit risk
- * Liquidity risk
- * Market risks (Including currency risk and interest rate risk)

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

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit Risk

Credit risk is the risk of financial Loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligation, and arises principally from the Company's receivables from customers and investment securities. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows,

Loans and Receivables

Trade and other Receivables	85,230,719	133,771,319
Short Term Investment	800,200,000	875,200,000
Cash and Cash Equivalents	113,730,863	15,051,304
	999,161,582	1,024,022,623

NOTES TO THE FINANCIAL STATEMENTS

AS AT	31.12.2024	31.12.2023
	Rs.	Rs.

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 finance assets. The company's approach to managing this risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal or stressed conditions, without incurring unacceptable Losses or damage to the Company's reputation.

To measure and mitigate liquidity risk, the Company closely monitored its net operating cash flow, maintained a level of Cash and Cash equivalents and secured committed funding facilities from financial institutions.

FINANCIAL RISK MANAGEMENT

Net liability to the lessor	72,954,822	76,520,026
Trade and other payables	197,683,131	189,031,092
	270,637,953	265,551,118

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, Interest rates, etc.; will affect the Company's income or the value of its holdings of financial instruments. The objective of the market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the returns.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future Cash Flows of financial instruments fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligation and Investments with floating Interest rates. However the Company does not have material long-term floating rate borrowings or deposits as at the reporting date which results a material interest rate risk.