

SRI LANKA STATE PLANTATIONS CORPORATION

BOARD OF DIRECTORS – 2002

M/s.	Dharshan T Jayanetti	-	Chairman
	Padmakirithi Hemachandra	-	Board Director
	R T R T Karunachandra	-	- do –
	K S K Pathirana	-	- do –
	Annamalay Kathireson	-	- do –
Mrs.	M Ramanujan	-	- do –

SECRETORY TO THE BOARD

Mr.	T C N Jayasekera	-	(General Manager)
	01/01/2002 to 30/05/2002		
Mr.	N E D De Croos	-	(Actg. General Manager)
	01/06/2002 to 31/12/2002		

REGISTERED OFFICE :-

55/75
Vauxhall Lane,
Colombo 02.

BANKS :-

Bank of Ceylon
Peoples Bank

AUDITORS :-

Auditor General

NAMES OF PLANTATIONS AND PLANTING EXECUTIVES
YEAR – 2002

PLANTATIONS	SUPERINTENDENT	ASST. SUPERINTENDENT
Allakolla S.P.	T F S Fernando	M Dayaratne J A S Samarasinghe
Cottaganga S.P.	S A Sudasinghe A C Abeywarne	S S Kuruppu K D M P Weerasinghe
Galphele S.P.	D K Benadict A T Boange	S Tennakoon K D I S Gunaratne
Goomera S.P.	R A R M Ranawaka	R K Naotunga S S Wijetunga
Hagalla S.P.	K G Gunaratne	K Chandrasekaran
Hare Park S.P.	K M M Perera	P S Deheragoda D S D Seneviratne
Hunasgeria S.P.	R N W Nilaweera A P Tennege (August)	K D P Wettawa (August) L W R Jayawardne
Kallebokka S.P.	A T Boange S A Sudasinghe	V W V M Madawala S Y Liyanage J H T Jayasundara C A Senanayake
Midlands S.P.	R M C Perera W A T B Wadugodapitiya (August)	C A Senanayake H N P Jinasena
Nicholaoya S.P.	A C Abeywarna S Tennakoon	
Opalgalla S.P.	P I L Perera	
Rangalla S.P.	A D Samarasekara	J P Aluvihare/B H S Mendis
Waitalawa S.P.	D K Benadict	G Jayawardane R C Kahavita

OPERATIONAL ACTIVITIES

The Sri Lanka State Plantations Corporation managed 14 Plantations up to November 2002 until Hatale SP was handed over to the Lank Reform Commission in November 2002 on a directive received from the Ministry of Plantation Industries.

Up to that period the difference in the total hectarage under seedling and VP tea compared to the year 2001 could be considered as negligible. However, Hatale SP being 566.51 hectare with seedling tea 48.90 hectare and VP tea 80.32 hectare the total cultivated extent of tea had been changed consequent to the handing over of Hatale SP at the end of the year. The total cultivated extent in bearing during the year under review was 7253 hectare seedling tea and 4629 hectare VP tea as against 7810.64 seedling tea and 4836.00 hectare VP tea in the previous year. The main reason for the decrease at the end of the ear was the handing over of Hatale SP to the LRC.

As in the previous year, the Corporation had maintained six factories manufacturing CTC teas and five factories manufacturing the Orthodox type teas.

Due to the lack of funds, no major repairs or improvements to the factories were undertaken during the period under review. This has had adverse affects on the finished product, which in turn had adverse affects on the prices realized.

Besides this, most of the replanting programmes scheduled for the year 2002 had also to be curtailed due to lack of funds. Further, the normal agricultural practices – the major being the application of fertilizer – were also disrupted due to financial constraints and also due to the weather conditions that prevailed.

As a result of the fore – going factors, the tea production during the year recorded a deficit of 99,070 kilos of tea over the corresponding period last year. This represents a reduction of 3%. Also the yield per hectare fell behind by approximately 10 kilos per hectare, which is equivalent to 1.2% when compared to last season.

CHAIRMAN'S REVIEW

On behalf of the Board of Directors, I have pleasure in presenting the Accounts and the annual report of the Sri Lanka State Plantations Corporation for the year ended 31st December 2002 and takes this opportunity of offering my comments in brief on the activities/performance of the Sri Lanka State Plantations Corporation.

ADMINISTRATIVE CHANGES

Consequent to the change of Government, the previous Board of Directors was replaced by appointing a new Board of Directors.

For the first time full time, directors were appointed with a view to facilitate the smooth working on all aspects of the Plantations. This is a new concept which did not exist in the Sri Lanka State Plantations Corporation as far as full time Working Directors are concerned.

The Board of Directors felt that the cluster system which was in existences had its draw-backs and de-clusterisation was affected with effect from March, 2002 and one Regional Office was opened in place of cluster offices, operated hither to.

In effecting this change-over, no new appointments or retrenchments made but, the Cluster Managers reverted to their substantial positions and a Director appointed to the Regional Office amounts the existing Executives on merit.

TEA CULTIVATION

The reduction in the hectareage in comparison to last season was as a result of Hatale SP being handed over to the LRC in November 2002.

The yield per Ha. Has declined in comparison to last season by about 10 kilos per Ha. The reasons attributed to same.

TEA PRODUCTION AND SALE

The total of 4,270,168 kilos made tea – inclusive of Bought Crop was produced during the year under review in comparison to 4,331,598 Kgs. Last year, which shortfall is minimal – accounting to 1.4%. The average cost of production for the year 2002 at Rs.122.36 as against Rs.116.49 last year is mainly due to the worker's wage increase and general inflation of inputs/materials.

Considering the increase of labour wages over last year, the percentage of which is around 20% and the inflation of imputes/materials, the increase of Rs.5.87 on the COP, the corporation has done well to control expenditure judiciously.

The average selling price for the finished product (Made Tea) was Rs.106.90 for the year, compared to Ts.102.32 last year. In comparison to the NSA of the RPCs and the elevational average, the corporation cannot be complacent with an NSA of Rs.106.90. However, the main cause for this was that the finished product being not up to the standards on account of the fact that some of the required items of machinery were not purchased due to financial constraints.

CAPITAL EXPENDITURE/REPLANTING

No capital expenditure was undertaken other than the most essential/urgent items of machinery. Work on the replanting, which were undertaken during the first quarter of the year, has to be restricted there after, only resorting to care and maintenance.

1.3. **Scope of Audit**

Audit opinion, comments and findings in this report are based on a review of the financial statements presented to audit and substantive tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me. The audit was carried out in accordance with Sri Lank Auditing Standards, methods and practices to obtain reasonable assurance as to whether the financial statements are free of material misstatements. The audit included examination of evidence supporting the amounts and disclosures in financial statements and assessment of accounting principles and significant estimates and judgments made in the preparation of financial statements, and evaluation of their overall presentation and determining whether accounting policies adopted were appropriate, consistently applied and adequately disclosed. Sub-sections (3) and (4) of Section 13 of the Finance Act, No.38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

2. **Accounts**

2.1. **Audit Opinion**

Except for the effects of the adjustments arising from the matters referred to in paragraph 2.3. of this report, I am of opinion that the financial statements have been satisfactorily prepared to present fairly in all material respects, the financial position of the Corporation as at 31st December 2002 and the results of its operations for the year then ended in accordance with the generally accepted accounting principles and the stated accounting policies.

2.2. **Financial Results.**

According to the accounts presented, the working of the Corporation for the year ended 31st December 2002 had resulted in a net loss of Rs.62.6 million as compared with the net loss of Rs.93.9 million in the preceding year.

2.3. **Comments on Accounts**

2.3.1. **Accounting Deficiencies**

Following accounting deficiencies were observed.

- (a). A Vehicle Weighing Bridge valued at Rs.1,042,200 was being shown under capital work in progress since 1996 instead of showing under fixed assets.

2.3.4. Lack of Evidence for Audit

13 items in the accounts totaling Rs.632,918,950 could not be satisfactorily vouched or accepted in audit in the absence of evidence such as Register of Fixed Assets, Investment Certificates, Verification Reports, Confirmations, Age Analysis and relevant Schedules.

2.3.5. Non-compliance with Laws, Rules, Regulations and Management Decisions.

Provisions in the following Laws, Rules, Regulations, etc. had not been properly complied with.

- (a). Sections 13(5)(b), 13(5)(d), 13(8), 14(1), 14(3) and 16(2) of the Finance Act No. 38 of 1971.
- (b). Requirements and instructions specified in the Financial Regulation Nos. 70, 71, 110, 387, 757, 785, 1645, 1646, 1647(b) and 1647(e).
- (c). Treasury Circular No.842 of 19 December 1978.
- (d). Sri Lanka Accounting Standards Nos. 5, 9, 16 and 32.
- (e). According to the Employee's Provident Fund Act No.15 of 1958, EPF contributions should be remitted before the 15 of the month following the relevant month. However Corporation had not complied with that requirement for estate workers. According to the estates accounts the total contribution due for the period from June 2001 to December 2002 amounted to Rs.80,656,351.
- (f). Corporation had not taken action to remit the ETF contributions in respect of estate workers in terms the provisions of the Employees Trust Fund Act No.46 of 1980. An example is as follows.

Estate	Period	Contributions Payables as per The estates Accounts. Rs.
-----	-----	-----
Rangalla	June 2001-Dec.2002	600,030
Galphelle	Over 01 year	468,097
Hare Park	- do -	434,594

2.3.6. Transaction not Supported by Adequate Authority

The following observations are made.

- (a). A sum of Rs.197,840 had been paid in respect of mobile phone charges of the Corporation during the year under review. However the approval in terms of Public Administration Circular No.2/99 of 26 February 1999 and Public Finance Circular No.PF/PE/14 of 28 February 2001 had not been obtained for the allocation of mobile phones to officers and members of the Corporation.
- (b). Sums of Rs.181,709, Rs.194,347, Rs.81,119 and Rs.3,478 had been paid to the officers of the Corporation as overtime, fuel, vehicle repair charges and transport charges respectively during the period in which they were served in the Ministry of Plantations Industries and action had not been taken to recover the expenditure from the above Ministry.
- (c). According to the information furnished for audit the Corporation had recruited several persons to subordinate officer grades and minor employee grades during the year under review contrary to the instructions conveyed by letter No.14 dated 03 February 2002 of the Secretary to the Treasury that no recruitment should be made during the year.
- (d). A Working Director of the Janatha Estates Development Board had been paid Rs.52,932 as acting allowance for acting in the post of Working Director of the Sri Lanka State Plantations Corporation during the year under review without approval of the Line Ministry.
- (e). A sum of Rs.21,610 as a monthly salary and Rs.1,200 and 10 percent of the consolidated salary per month had been paid to the Director-Welfare of the Corporation and a sum of Rs.4,540 as a monthly salary and same allowances had been paid monthly to him as Private Assistant to the Minister by the Ministry of Plantations Industries. However approval had not been taken to release the officer from the Corporation.

3. Financial and Operating Review

3.1. Financial Results.

According to the accounts presented working of the Corporation for the year under review had resulted in a deficit of Rs.62.6 million as compared with the deficit of Rs.9.9 million in the preceding year. As a result the deficit had decreased by Rs.31.3 million.

SCHEDULES TO BALANCE SHEET
YEAR 2002 - SLSPC

As at 31.12.2001 Rs.	Description	Sheet No	
	CAPITAL WORK-IN-PROGRESS	2	
1,042,200	Capital W.I.P. - H/O		
2,378,076	Capital W.I.P. - Plantations		
12,255,935	Capital W.I.P. - Leased Assets		
15,676,211			
	INVESTMENTS	3	
15,404,568	B.C.C. Lanka Trading (Pvt) Ltd.		
75,000	International Tea Blender's		
15,479,568			
	DEFERRED ASSETS	4	
23,500	Crop Diversification		
1,102,942	Fuel Wood		
376,169	Herbal Planting		
525,197	New Cretch		
173,949	Timber Cultivation		
2,702,405	Nursery Stock		
4,904,162			
	DEFERRED LIABILITIES	5	
356,780	Provision for Retiring Gratuity		
181,872,253	Pallekalle Estate in H/O Book - Bal. B/F		496,081,904
(8,836,609)	Provision made at Other Plantations		(203,502,144)
-	Less: Gratuity paid and Pabable during the year		(36,351,518)
	Gratuity Suspense A/C		
173,392,424			
	CURRENT ACCOUNT BALANCES	6	
787,067,543	Current Account Balance - H.O (Net)		
38,000	S.W.P. II - Account - R.O		
(23,128,656)	Inter Plantations Account (cr)		
	Regional Office Current Account (cr)		
(9,656,354)	Regional Office Current Account (cr)		
(159,591,400)	SLSPC Current Account (cr)		
594,729,133			
	INPUT STOCK	7	
6,972,240	Consumeable A/C - Plantations		
3,494,738	Consumable A/C - H.O.		
10,466,978			
	DEBTORS, DEPOSITS & PREPAYMENTS	8	

145,692,194	Debtors - Plantatins	139,319,248
125,478,458	Debtors - H/O (Net of credit balances)	126,060,117
271,170,652		

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	Less:		
(125,947,393)	Provision for bad debts		(125,947,393)
(118,009)	Head Office		(118,009)
(1,705,448)	Pallekalle Estate		(1,705,448)
	Other Plantations		
143,399,802			
1,462,654	Advances - H.O		1,637,886
7,675,921	Advances - H.O - Plantations		8,214,667
1,694,318	Deposits - H/O		1,709,318
57,655	Deposits - Plantations		33,655
177,016	Prepayment - Plantation		
154,467,366			
	CHEQUES IN TRANSIT CAHS AT BANK & HAND	9	
(270)	Cheques in transit - Pallekalle Estate		(270)
4,493,515	Cheques in transit - Other Plantation		3,644,533
1,310,972	Cash at Bank - Plantation		1,217,373
46,420	Cash at Bank - Staff Medical Fund		157,680
25,000	Cash at Bank - Pan Asia Bank		25,000
(570,073)	Cash at Bank - Head Office (Net)		(151,730)
86,279	Cash at Bank - Plantations		96,999
19,211	Cash at Bank - Pallekalle Estate		19,211
37,947	Cash at Bank - Head Office		37,947
5,449,001			
	CREDITORS & ACCRUALS	10	
8,045,201	Sundry Creditors (Net) - H/O		29,685,144
388,570,119	Sundry Creditors (Net) - Plantations		367,340,622
720,922	Accrued Expenditure - H.O		888,729
1,998,260	Accrued Expenditure - Plantations		2,120,433
399,334,502			
	STATUOORY & OTHER PROVISIONS	11	
5,138,121	Provision - Special Tax - b/f - H.O		
5,184,999	Provision - Internal Insurance - H.O		
6,949	Provision - Internal Insurance - Pallekalle Estate		
12,139,368	Provision - Internal Insurance - Other Plantations b/f		12,845,692
706,724	Provision for the year - Other Plantations b/f		627,710
6,681,964	Attendance Bonus Balance b/f - Plantations		5,104,100
2,806,444	Add: Provision for the year		1,554,515

8,602	Under Provision	990
		6,659,605
	Less:	
(243,721)	Over Provision	-
(4,149,161)	Payment during the year	(5,105,090)

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5,104,101	Total Provision for Attendance Bonus		
35,000	Provision for Audit fess - R.O		
28,314,862			
	DEPOSITS & SECURITIES	12	
11,400	Refundable Security Deposits		36,400
90,502	Refundable Tender Deposits (Net)		(9,498)
101,902	Total Deposits		
(34,733)	Less Indian Repatriates		
67,169			
	GOVERNMENT CONTRIBUTION	13	
395,987,977	Balance b/f		
	CAPITAL RESERVES	14	
138,551,688	Balance b/f		
	REVENUE RESERVES	15	
4,037,959	General Reserve - Balance b/f		
(127,020)	Funds Transferd for subversion activities b/f		
(1,950,027,855)	Profit & Loss A/C Balance b/f		
(1,946,116,916)			
	FORIGN AID & LOCAL GRANTS	16	
11,794	Grants from sarodaya - Balance b/f		
1,467,389,535	Grants from MPI - Balance b/f		
23,450,000	Grants from Mahaweli Develop Authoriy - Balance b/f		
78,286,220	Grants from Tea Board - Balance b/f		
25,750	Welfare Fund - Balance b/f		
231,310	Women Beuro of Sri Lanka - Balance b/f		
1,569,394,609	Total		

As at 31.12.2002
1,042,200
2,809,612
22,003,070
25,854,882
15,404,568
75,000
15,479,568
23,500
1,111,816
428,012
525,197
173,949
2,688,612
4,951,086
356,780
256,228,242
256,585,022
787,067,543
38,000
(23,816,150)
(1,331,314)
(9,656,354)
(14,360,392)
737,941,333
5,428,590
3,472,999
8,901,589

265,379,365

(127,770,850)
137,608,515
9,852,553
1,742,973
199,716
149,403,757
3,644,263
1,248,323
154,157
5,046,743
397,025,766
3,009,162
400,034,928
5,138,121
5,184,999
6,949
13,473,402



1,554,515
35,000
25,392,986
26,902
(34,733)
(7,831)
395,987,977
138,551,688
4,037,959
(127,020)
(2,100,188,954)
(2,096,278,015)
11,794
1,467,389,535
23,450,000
78,286,220
25,750
231,310
1,569,394,609

SRI LANKA STATE PLANTATIONS CORPORATION
(ESTABLISHED UNDER ESTATE PLANTATIONS CORPORATION ACT .NO.04 OF 1958
BALANCE SHEET AS AT 31ST DECEMBER 2002

31.12.2001		She	31.12.2002
475,414,808	Fixed Assets W.D.V.	1	469,954,704
15,676,212	Capital Work -in Progress	2	25,854,882
15,479,568	Investment	3	15,479,568
4,904,162	Deferred Assets	4	4,951,086
<u>(178,089,833)</u>	Deferred Liabilities	5	<u>(256,585,022)</u>
333,387,916			259,655,218
594,729,133	Current A/C Balance	6	737,941,333
(12,968,395)	J.E.D.B. Current A/C		(12,903,187)
<u>(610,658,791)</u>	S.L.S.P.C. Regional A/C		<u>(739,211,179)</u>
304,486,864			245,482,185
CURRENT ASSETS			
10,466,978	Input Stock	7	8,901,589
95,802,820	Out Put Stock		89,403,478
154,467,366	Debtors,Deposits & Pre payment	8	149,403,757
<u>(24,837,018)</u>	Regional Corporaton A/C 5210251423		<u>(44,895,120)</u>
9,964,170	Short Term Investment		-
5,449,001	Cheque in Transits,Cash at Bank & Cash in hand	9	5,046,743
<u>251,313,317</u>	Total Current Assets		<u>207,860,447</u>
CURRENT LIABILITIES			
349,334,502	Creditors & Accurals	10	400,034,928
28,314,862	Statutory & Other Provision	11	25,392,986
67,169	Deposit &Security	12	(7,831)
20,266,290	Bank O.D		20,266,290
<u>397,982,823</u>	Total Current Liabilities		<u>445,686,373</u>
<u>(146,669,506)</u>	Total Current Assets & Total Current Liabilities		<u>(237,825,926)</u>
<u>157,817,358</u>			<u>7,656,259</u>
FINANCED BY			
AUTHORISEHD CAPITAL			
8,000,000	As certified by sec.07 (1) Act No.of 1958		8,000,000
	Increased Under Sec. 07.(2)Act.No.04 of 1958		
<u>3,889,000,000</u>	Cabinet Resolution Past On 08 th August 1991		<u>3,889,000,000</u>
<u>3,897,000,000</u>			<u>3,897,000,000</u>
CAPITAL			
395,987,977	Government Contribution	13	395,987,977
138,551,688	Capital Reserve	14	138,551,688
<u>(1,946,116,916)</u>	Revenue Reserve	15	<u>(2,096,278,015)</u>
1,569,394,609	Foreing Aid &Local Grants	16	1,569,394,609
<u>157,817,358</u>			<u>7,656,259</u>

.....
DARSHANA JAYANETTI
CHAIRMAN
SLSPC/JEDB

.....
P.L.LOKUGE
CHIEF ACCOUNTANT
SLSPC/JEDB

**SRI LANKA STATE PLANTATIONS CORPORATION
HECTARAGE STATEMENT 2002**

NAME OF ESTATE	TEA					TOTAL	CARDAMOM	CLOVES	CINNAMOM	COFFE	PEPER	OTHER	FOOD	PADDY	HERBAL	UNDER	DIVERSIFY	THATCH	TIMBER &	TOTAL	REST	TOTAL
	MATURE			IMMATURE																		
	SEEDLING	V.P	DIVERSIFY	V.P	NURSERY																	
ALLAKOLLA	330.81	100.45	-	14.00	1.00	446.26	68.60	-	-	-	-	-	-	-	-	-	-	-	55.38	570.24	249.62	819.86
COTTAGANGA	419.70	31.92	-	10.00	0.40	462.02	53.69	-	-	-	-	-	-	-	-	24.14	2.00	-	-	541.85	517.46	1059.31
GALPHELE	121.34	149.38	6.48	22.97	2.21	302.38	-	6.46	-	-	-	-	-	-	-	-	10.00	54.21	373.05	232.61	605.66	
GOOMERA	240.30	111.00	-	3.73	2.37	357.40	74.80	-	-	-	55.00	-	-	0.40	-	-	-	-	44.90	532.50	185.87	718.37
GAMMADUWA	222.00	48.90	-	-	1.20	272.10	245.00	-	-	-	-	-	-	-	-	-	-	-	89.50	606.60	1783.40	2390.00
HATALE	48.90	78.32	-	12.80	0.20	140.22	-	-	-	-	-	-	1.93	-	-	-	-	-	20.50	162.65	403.86	566.51
HAGALLA	206.40	77.78	-	4.00	0.42	288.60	-	-	-	-	-	-	-	-	-	-	1.00	85.12	374.72	88.53	463.25	
HAREPARK	363.00	-	-	-	1.50	364.50	261.50	-	-	-	-	-	-	-	-	5.00	-	-	-	631.00	345.75	976.75
HUNNASGIRIYA	193.35	32.78	-	2.00	0.60	228.73	41.40	-	7.96	1.96	-	-	-	-	-	22.45	3.00	-	-	305.50	434.22	739.72
KALLEBOKKA	454.00	280.74	-	27.00	1.21	762.95	147.81	-	-	-	-	-	-	0.50	-	-	15.17	342.46	1268.89	101.47	1370.36	
MIDLANDS	176.67	113.91	-	-	1.34	291.92	240.79	25.00	-	1.00	3.64	3.00	-	22.16	-	-	3.00	191.48	781.99	439.32	1221.31	
NICHOLOYA	83.50	49.57	-	-	1.22	134.29	48.32	-	-	6.07	-	-	-	-	-	-	0.25	18.00	206.93	125.48	332.41	
RANGALA	243.30	76.44	-	13.00	2.00	334.74	7.50	-	-	-	-	-	-	0.50	-	145.02	2.50	6.50	496.76	133.84	630.60	
WAITALAWA	501.39	43.63	-	10.00	0.50	555.52	136.67	-	-	-	-	-	7.08	-	-	-	13.00	131.88	844.15	606.94	1451.09	
TOTAL	3604.66	1194.82	6.48	119.50	16.17	4941.63	1326.08	31.46	7.96	9.03	3.64	58.00	-	31.17	1.40	-	196.61	49.92	1039.93	7696.83	5648.37	13345.20

NOTES TO THE FINANCIAL STATEMENT AS AT 31ST DECEMBER 2002

1.General Accounting Policies:

- 1.1.The Financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principle &the accounting standards laid down by Institute of Chartered Accountants of Sri Lanka. No adjustments have been made for inflationary factors affecting these accounts.
- 1.2.The materiality of events occurring after the balance sheet date had been considered & appropriate adjustments wherever necessary have been made in the accounts.
- 1.3 Where appropriate Comparative figures in respect of previous years have been re- classified or amended for realistic comparison to confirm to current presentation.

2. Consolidation:

- 2.1. The consolidated Financial statements of the Corporation comprise the activities of the Central Organization and the 14 plantations managed by the corporation.
- 2.2. The Central Organization and the remaining 14 plantations of Matale Region have a common financial year, which ends on 31st December each year.
- 2.3. Profit & Loss & Assets and Liabilities of the remaining 14 plantations of Matale Region and the Central Organization have been consolidated in the usual manner.
- 2.4. Financial results of the Regional Corporation (Matale) established under the State Agriculture Corporation Act No.2 of 1972 have not been incorporated in the consolidated financial statements since it is a separate legal entity .
- 2.5. Consequent to handing over Plantations to New Regional Plantation Companies in 1992, two liquidators were appointed to wind -up the activities of five Regional Boards & Assets/ Liabilities of Plantations under privatization . However no reports (Realization Accounts etc) from the liquidators were made available. As a result these amounts are shown under current accounts.
- 2.6. During the year under review two small plantations have been amalgamated with other two plantations and there by the total number of Plantations have been reduced to 14 from 16 plantations.

3. Depreciation

3.1 Depreciation has not been charged in the year of purchase no depreciation has been provide for on Land and immature plantations. On recommendation made by the management consultant and considering the useful life period of the assets , the depreciation rates have been increased since 1985 as follows.

Building	5.0 %
Machinery	12.5%
Vehicle	25.0%
Equipment	12.5%
Furniture &Fittings	12.5%

3.2 Investment

Investment held with the international Tea Blenders and Exporters Ltd are valued at Historical cost

3.3 Contingent Loss

Legal action has been taken to recover 51.0 million worth of tea lost during 1983 Disturbances .This amount is shown under debtors and has been fully Provided for Bad and doubtful debts.

3.4 Legal fees paid during the year is Rs.250127/=

3.5 Taxation

Corporation is Liable for Income Tax under the Inland revenue Act No .28 of 1979. However , in view of the carried forward taxable loss for the year of assessment 2001/2002 , no provision for income tax has been made in the accounts.

4 . Profit & Loss Account

- 4.1 The corporation turnover represents mainly produce sold through the auctions ,at Colombo.
- 4.2. All expenditure incurred in running the Corporation and maintaining the capital assets in a state of efficiency have been charged to revenue . Provision has been made for bad and doubtful debts for all known liabilities and for depreciation of fixed assets.
- 4.3. Movement of reserves has been shown in the schedule of account.

SRI LANKA STATE PLANTATIONS CORPORATION
ESTABLISHED UNDER STATE PLANTATIONS CORPORATION ACT .NO 4 OF1958
WORKING PROFIT LOSS ACCOUNT FO THE YEAR ENDED 31ST DECEMBER 2002

31.12.2001	She	31.12.2002
432,006,247 Net Proceed	1	467,207,720
<u>(502,410,118) Less- Estate Expenditure</u>	2	<u>(525,601,052)</u>
(70,403,871)		(58,393,333)
23,686,572 Central Board Expenses	3	21,297,063
17,356,365 Regional Corporation Expenses		17,167,142
10,725,952 Finance Charges		149,071
<u>(51,768,889)</u>		<u>(38,613,277)</u>
(122,172,761)		(97,006,609)
<u>28,267,214 Add-Other Income</u>	4	<u>34,420,782</u>
(93,905,546)		(62,585,828)
- Less-Income Tax		-
<u>(93,905,546) Profit/Loss After Income Tax</u>		<u>(62,585,828)</u>

APPROPRIATION ACCOUNT

(93,905,546) Profit /Loss After taxation		(62,585,828)
(1,855,868,194) Balance Previous Year		(1,950,027,855)
Add/Less		
(254,114) Adjustments in Respect of Previous Year	5	<u>(87,575,271)</u>
<u>(1,856,122,308)</u>		<u>(2,037,603,126)</u>
<u>(1,950,027,854)</u>		<u>(2,100,188,953)</u>

NETT PROCEED**1****Nett Proceeds from Tea Sales**

	Kgs	Rs
Nett Tea Sale-Colombo Auction	3,598,713.00	383,905,587.99
Tea Sold (consumer Blend)	60,529.00	6,871,928.00
Tea Sold On Estates	102,324.50	9,761,663.78
Un-Sold Tea(At Valuation)	470,496.50	53,947,836.50
Debtors	-	3,228,608.45
Gratis	8,173.00	-
Samples	20,165.00	-
Un Reccancilation Tea Stock	9,767.00	-
Total Nett Proceeds from Tea Sales	4,270,168.00	457,715,624.72

Nett Proceeds from Sundry

	Kgs	Rs
Cardamom	2,823.46	1,784,642.72
Cinerman	276.20	91,457.54
Cloves	-	7,242,214.21
Coffee	1,777.00	81,138.94
Nutmeg	59.65	5,452.77
Pepper	2,054.00	287,188.99
Total Nett Proceeds from Sundry	6,990.31	9,492,095.17

NETT PROCEED**5,105,228.96 467,207,719.89****ESTATE EXPENDITURE****2**

Attendance Bonus	1,554,514.95
Audit Fees	816,083.74
Depreciation	14,085,307.87
Insuarance	627,710.03
Revenue Estates Expenditure	508,100,119.91
Sundry Expenses	417,315.93
	525,601,052.43

CENTRAL BOARD EXPENSES
Administration & Stabishment

3

Advertiesment	297,904.42
Allowances	280,843.82
Attendance Bonus	75,967.00
Bank Chages	3,787.03
C.P.P.S	44,498.50
Commission on CashTranspotation	19,905.83
Compansation	69,946.50
E.P.F.	256,469.09
E.S.P.S.	692,721.79
E.T.F.	209,835.26
Electricity	66,578.07
Entertainment	18,810.50
G S T Expenses	192,198.00
Gratuity S.L.S.P.C. H/O	170,291.96
Insuarance	158,294.35
Interest	321,274.00
Labour Charges	52,560.75
Loading & Unloading	98,635.50
Maintenace Of Office Equipment	11,920.00
Medical Ex- Staff	871,351.15
Medical Non Ex	433,662.66
Medical Non Ex- N.I.C.	16,875.00
Over Time & Other Expences	1,035,515.08
Postage	34,269.50
Rent & Rate	188,032.00
Salaries	10,193,360.46
Security Charges	246,859.00
Stamp	338.00
Stationery	70,132.38
Subcription & Periodical	30,747.15
Sundry Expences	243,985.23
Telephone & Telegraph	282,985.22
Travelling & Subsistence	200,283.71
Water Bill	47,118.80
Welfare	234,039.50
Audit Fees	288,094.95
Buildings	207,037.82
Equipment	124,706.68
Vehical	900,000.00
Legal	250,127.00
Fuel	900,735.63
Maintenance Of Moter Vehicle	804,647.65
Vehical Lease Rent	635,216.20
	<u>21,297,063.14</u>

OTHER INCOME	4	
Management Fees		11,013,903.49
Storage Rent & Charges		220,717.35
Elkaduwa Plantation-Interest		1,775,098.34
Medical Claim -Ex,Staff		584,273.48
Non Refundable tender deposit		14,500.00
Sundry H/O		28,912.50
Trainee Asst Supdt Fees		17,500.00
Sundry Income R/O		14,979,876.43
		<u>34,420,781.59</u>

ADJUSTMENT IN RESPECT OF PREVIOUS YEAR	5	
Adjustment in Respect of Previos year H/O		1,626,252.40
Adjustment in Respect of Previos year R/O		85,949,018.54
		<u>87,575,270.94</u>