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தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



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எனது இல.
My No.

ENR/A/CPC/1/24/01

ඔබේ අංකය
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Your No.

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திகதி
Date

24 September 2025



Actg. Dir. (CF)
f.n.a. pls
JR
26/09/25

The Chairman,
Ceylon Petroleum Corporation

Report of the Auditor General on the Financial Statements and other legal and Regulatory Requirements of the Ceylon Petroleum Corporation and its Subsidiaries for the year ended 31 December 2024 in terms of Section 12 of the National Audit Act No.19 of 2018

* The above mentioned report together with the audited financial statements is sent herewith.

H.M.U.S.A. Wijekoon
Senior Deputy Auditor General
For Auditor General

- Copies to:
1. Secretary , Ministry of Finance, Planning and Economic Development
 2. Secretary , Ministry of Energy





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24 September 2025

Chairman
Ceylon Petroleum Corporation

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Ceylon Petroleum Corporation and its subsidiaries for the year ended 31 December 2024 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 Ceylon Petroleum Corporation ("Corporation") and its subsidiaries ("Group") for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 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 material accounting policy information, 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 and Finance Act No. 38 of 1971. 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 of the Corporation and the Group give a true and fair view of the financial position of the Corporation and the Group as at 31 December 2024, and of their financial performance and their cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.



1.2 Basis for Qualified Opinion

- (a) According to the financial statements of the Corporation for the year under review, the payable and receivable balances with Ceylon Petroleum Storage Terminals Limited (CPSTL) amounted to Rs. 6,754 million and Rs. 187 million respectively. However, as per the financial statements of CPSTL, the corresponding receivable and payable balances were Rs. 8,100 million and Rs. 180 million respectively. Accordingly, differences of Rs. 1,346 million and Rs. 7 million were observed between these balances.
- (b) Advance received from 24 customers amounting to Rs. 8.32 million were recorded in the customer ledger account. However, these receipts had remained in the account without being settled or recognized as income of the corporation.
- (c) According to the paragraphs 24 and 55 of LKAS 16, once an asset is available for use in the manner intended by management, it should be transferred from Capital Work in Progress (CWIP) to the appropriate category of Property, Plant and Equipment (PPE), and depreciate accordingly. However, four capital projects, completed at a cost of Rs. 131.7 million had not been capitalized. As a result, the delay in commencing depreciation has led to an overstatement of assets and net profit.
- (d) A pump procured and installed at a cost of Rs. 23.47 million for a new bitumen yard in October 2021 had not been capitalized. Further, the asset had remained without being used for bitumen production activities since 2014 up to the date of this report. However, an impairment test had not carried out as per paragraph 09 of LKAS 36 to assess any impairment and make necessary adjustments accordingly.
- (e) A sum of Rs.33.34 million received as a penalty for delayed delivery of cargo shipment had been accounted in the payable account instead of accounting in other income. Therefore, other income was understated and payable was overstated by the same amount.
- (f) The corporation has adopted the cost model for subsequent measurement of investment property, in accordance with LKAS 40 – Investment Property. However, the fair value disclosure for the investment property is based on valuations conducted in 2012 and 2016. Therefore, the fair values disclosure was not present realistic information to the users of the financial statements.
- (g) As per the information available with the Corporation, the assets of the refinery are outdated in technology which indicate that the carrying amount may not be recoverable. However, no impairment review had been done and make necessary adjustments accordingly.

- (h) According to the paragraph B86(C) of the SLFRS 10, intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group should be eliminated in full. However, the company has failed to identify, reconcile, and eliminate intercompany balances, which consists payable balance of Rs 7 million and receivable balance of Rs.1,346 million.
- (i) According to the paragraph 36 of the LKAS 16, if an item of Property, Plant and Equipment is revalued, the entire class of Property, Plant and Equipment to which that asset belongs should be revalued. However, 18 land lots with an extent of 2,220.88 perches, together with 10 land lots for which the extent was not made available to audit recorded at a cost of Rs.126.4 million, had not been revalued.
- (j) An amount of Rs. 2,411 million, representing income tax payable, was not presented as a separate line item under current liabilities in the face of Statement of Financial Position, as required by the paragraph 54 of LKAS 1.
- (k) Interest amounting to Rs. 54.07 million had been charged from LIOC through three (03) debit notes issued in the year 2005. However, the relevant accounting records and supporting documents were not provided for audit. This lack of supporting documentation raises concerns regarding the completeness and reliability of historical financial reporting related to these transactions. Furthermore, according to Board Minute No. 07/1240 dated 16 June 2020, the Corporation's Board of Directors resolved to reverse the aforementioned debit notes and proceed with payment of the related amount to LIOC. This decision appears that, it have been taken without conducting a formal inquiry into the absence of adequate records or holding the responsible parties for the failure to properly document and retain evidence for supporting the receivables.
- (l) A sum of Rs. 6.17 million had been recorded as a payable for the year 2024, citing that the amount relates to transport services rendered by hired fuel bowzers in 2022. However, no supporting documentation such as invoices, delivery notes, service confirmations, or contractual records was made available to substantiate that the transport services were indeed received in 2022. In the absence of adequate evidence, it was not able to confirm the validity, accuracy, and period relevance of the expense.
- (m) CPSTL submitted claims amounting to Rs. 89.12 million in the year 2023, stating that the amount had been paid by them to hired fuel bowzers for transport services rendered in 2022 on behalf of the corporation. Based on this claim, the corporation recorded the amount as a payable in its ledger in 2024. However, no supporting documents such as service delivery records, transport logs, payment vouchers, or confirmation of receipt of services were provided to verify that the claimed services were actually received by the corporation.

- (n) A total of Rs. 143.52 million in direct bank remittances, received between the periods of 2019 to 2024 across 17 bank accounts of the Corporation, had been continuously carried forward in the bank reconciliation without being cleared.
- (o) As at 31 December 2024, the Corporation's payable balance to Sri Lanka Customs was Rs. 35,094.30 million. Out of this, a balance of Rs. 14,651.19 million pertains to the period from 2010 to 2022. However, details of the related shipments, final bill values, applicable tax rates, total duty and tax payable, amounts paid, and accrued amounts were not made available to the audit. Further, as per the confirmation received from Sri Lanka Customs, a sum of Rs. 36,834.24 million was confirmed as due from the Treasury on behalf of the Corporation. This results in an unreconciled difference of Rs. 1,739.94 million between the Corporation's records and the Customs confirmation.
- (p) As at 31 December 2024, the Corporation has recorded a balance of Rs. 0.58 million as payable to the Attorney General's Department. However, as per the balance confirmation received from the Attorney General's Department, a sum of Rs. 12.30 million is reported as receivable from the Corporation, resulting in an unreconciled difference of Rs. 11.72 million. Upon further examination of the respective general ledgers of both entities, it was noted that the Attorney General's Department's ledger reflects same receivables from the Corporation dating back from 2005 to 2022. In contrast, the Corporation's records only recognize payables related to the years 2023 and 2024.
- (q) During the review, an unreconciled difference amounting to Rs. 261.32 million was noted between the receivable balances recorded in the Corporation's financial statements and the corresponding payable balances confirmed by 16 dealers, which represent 4 percent of the total receivables from dealers. Further, a difference of Rs. 422.97 million arose on dispute was identified between the receivable balances recorded in the Corporation's financial statements and the corresponding payable balances confirmed by two government customers.
- (r) An unqualified audit opinion was issued on the financial statement of the subsidiary Company of Trinco Petroleum Terminal (Pvt) Ltd, by me. The audit opinion on the financial statements of the Ceylon Petroleum Storage Terminals Limited (CPSTL), the other subsidiary, for the year under review was qualified by me. The significant matters which will cause to a disagreement with the corresponding balances/ transactions of the Corporation and the Group are given below.
 - (i) The cost of the fully depreciated assets was Rs.10,477 million which comprises 26,267 items of Property Plant & Equipment are being continuously used by the Company without reviewing their residual value and useful life according to the paragraph 51 of the LKAS 16 - Property Plant and Equipment and those assets were not presented in the financial statements in accordance with paragraph 79(b) of the Standard. Further, the Company had not revalued its assets except land and buildings since the inception of the Company in 2003. Therefore, the fair value

of the non-current assets except lands and buildings were not reflected in the financial statements for the year under review.

- (ii) According to the paragraph 36 of the LKAS 16 - Property Plant and Equipment stated that "if an item of property, plant, and equipment is revalued, the entire class of property, plant, and equipment to which that asset belongs shall be revalued". However, the company has failed to revalue the 81 buildings out of 371 number of buildings owned by the company of which cost amounting to Rs.246.99 million or 13 percent of the total cost of the buildings. Further, it was unable to verify 147 revalued buildings in the valuation schedule with the fixed assets register.
- (iii) According to the financial statements of the Company for the year 2024 amount receivable from The Lanka Indian Oil Company (LIOC) was Rs. 1,164 million. However, balance confirmed by LIOC was Rs. 356 million. Accordingly, a difference of Rs.808 million was observed between two balances and the differences arisen from non-reporting of bulk transport charges by the LIOC amounting Rs. 637 million which had not been mutually agreed with the LIOC. Therefore, recoverability of this income is uncertain. Further, long outstanding receivable balance amounting to Rs. 2.50 million had remained without being settled over 8 years.
- (iv) The company uses 09 railway reserves on long term rental basis for maintaining storage facilities in regional basis and rent payments had been made up to the year 2013 as agreed. The outstanding rent payable as per the letter dated 12 September 2024 of the General Manager - Railway Department as of 31 December 2024 is Rs. 111.11 million. The amount shown as rent payable in the financial statements by the company was Rs. 99.88 million and the under-provision of rent payable in the financial statements as at 31 December 2024 was Rs. 11.23 million . Further, these lease agreements had been expired in the year 2013, and the Department of Railways had submitted lease agreements by obtaining rental value from the Department of Valuation. However, the company had not signed the agreement due to disagreements with the rental value.
- (v) According to paragraph 6.7 of the Operations Manual for State-Owned Enterprises, fixed assets shall be physically verified on an annual basis. However, the company had not physically verified fixed assets of Rs. 18,598 million after the restructuring of the company in the year 2003.

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.

Emphasis of Matter

I draw attention to Note No. 26 of the financial statements of the Corporation with regard to five pending cases in the district court and five pending cases (appeals) in the Supreme Court against the application of Circular 1038 dated 10 March 2022. Further, there are two pending cases in the Court of Appeal against CPC. The amount receivable to CPC from dealers as at 31 December 2024, if the above-mentioned cases are determined in favour of CPC, is Rs. 37,604 million.

1.3 Other information included in the Group's 2024 Annual Report.

The other information comprises the information included in the 2024 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 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 Responsibilities 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 determines 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

1.5 Auditor's Responsibilities 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 internal control of the Corporation and the Group.
- 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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion

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 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 Corporation as per the requirement of 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), (h), (i), and (q) described in the basis for Qualified Opinion section of my report mas 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 Corporation Board has any direct or indirect interest in any contract entered into by the Corporation which are out of the normal course 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 Corporation has not complied with any applicable written law, general and special directions issued by the governing body of the Corporation as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018, except for;

Reference to law/ direction	Non Compliance
(a) National Audit Act No. 19 of 2018	
(i) Section 16(2)	Although the Annual Performance Report is required to be submitted to the Auditor General together with the Annual Financial Statements as per Section 16(2) of the Act, the Corporation had not submitted the draft annual report for the year 2024 to the audit at the time of review.
(ii) Section 38 (2)	Although the Accounting Officer of an entity is required to conduct periodic reviews to monitor the effectiveness of the internal control system and ensure that such reviews are documented in writing and made available to the Auditor General, it was observed that the corporation had not complied with this requirement.
(b) Guidelines on Corporate Governance for SOE issued by the Public Enterprises Circular No. PED 01/2021 dated 16 November 2021	
(i) Guideline 2.2.5 (b)	<p>The Board of Directors of the parent SOE should take responsibility for reviewing the affairs of its subsidiary companies within the broad regulatory and legal framework. As such, the Board of the parent SOE should;</p> <p>(i.) Regularly review the performance of subsidiary companies at Board meetings.</p> <p>(ii.) Be aware of all material risks and other issues that may ultimately affect the parent SOE arising from the subsidiary.</p> <p>(iii.) Closely monitor intercompany</p>

transactions among subsidiary companies. However, above requirements had not been fulfilled.

(ii) Guideline 3.2

As per the applicable statutory requirements, entities incorporated under statutes other than the Companies Act are mandated to conduct an Annual Performance Review Meeting (APRM) each year to present the Annual Report (AR) and to facilitate discussion on the entity's performance with key stakeholders. However, it was observed that the corporation had not conduct the APRM for the year 2023.

(iii) Guideline 4.3

According to the guidelines on corporate governance, the Ceylon Petroleum Corporation (CPC) has been identified as a State-Owned Enterprise (SOE) that is required to establish a Risk Committee. However, the Corporation had not established a Risk Committee up to date of this report. The absence of a Risk Committee may weaken the Corporation's ability to proactively identify, assess, and mitigate significant risks. This could adversely impact operational continuity, financial stability, and overall governance effectiveness.

(c) Operational Manual for State Owned Enterprises issued by the Public Enterprises Circular No. PED 01/2021 dated 16 November 2021

(i) Guideline 2.3 and Supplementary III

The CPC had not prepared manuals for all major activities of the corporation properly and had not obtained approval from department of public enterprises.

(ii) Guideline 3.4 ix

Covering up duties of a vacant post should be limited to a period not exceeding one (1) year. Nevertheless, 124 officers had been assumed for cover-up duties of the vacant posts, including 63 Grade A posts. Out of that, 57 officers and 08 officers had been assumed for cover-up duties of the vacant posts for more than 01 year to 03 years respectively.

- 2.2.3 to state that the Corporation 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 except for;

According to the Board Decision No. 38/1140 dated 29 October 2013, the Board had approved to charge a Monthly Utility Fee (MUF) from all Corporation Owned Dealer Operated (CODO) Filling Stations and Treasury Owned Dealer Operated (TODO) Filling Stations with effect from 01 January 2014. However, decision had not been fully implemented and MUF had been charged only from 11 dealers out of over 220 dealers due to Corporation had failed to enter into amended agreement approved by the Board decision No. 11/1179 dated 16 February 2016. Accordingly, unrecovered MUF had been increased to Rs. 7,228 million as at the end of the year 2024. Even though the Auditor General have been continuously reported in this regards since the year 2015, no appropriate and prompt action had been taken by the Corporation to recover the MUF up to date. Currently, there are six court cases related to the Monthly Utility Fee (MUF), all of which are pending decisions.

- 2.2.4 to state that the resources of the Corporation 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) The Corporation acquired 10 acres of land at Halgaha Kumbura, Wanathamulla in 1983 at a cost of Rs. 10.6 million, for the purposes of implementing an LP Gas Project and developing a playground. However, the land has not been utilized for its intended purposes for over four decades and the property is currently occupied by unauthorized squatters, which has prevented the Corporation from exercising effective control over the asset. As a result of this prolonged non-utilization and encroachment, the Corporation has proposed to transfer the land to the Urban Development Authority (UDA). However, no formal transfer had been completed as of the date of audit and land was recorded as an asset in the Corporation's books, no disclosure has been made in the financial statements regarding its current status, the proposed handover to the UDA, or the existence of squatters occupying the land.
- (b) According to the correspondence made available, the Corporation had taken action to acquire 21.18 perches of Mahahena Land by spending Rs. 0.63 million.

However, this land had been utilized by the previous owners even after the handover by Divisional Secretariat, Kolonnawa in 2012 and 2014. So, The Corporation had made repeated requests from 2012 to 2023 to the Divisional Secretariat, Kolonnawa to take action to clear and hand over the land. Nevertheless, as of the date of audit, the land had not been formally handed over to the Corporation.

- (c) The following observations were made regarding the Supplying, installation and commissioning and testing of containerized Mobile LPG filling plant with 08 Nos. filling machines;
 - (i) In 2008, the Corporation initiated plans to enter the Liquefied Petroleum Gas (LPG) business. However, this initiative was undertaken by incurring approximately Rs. 37 million without conducting a proper feasibility study. Of this, Rs. 25 million had spent specifically on the supply, installation, commissioning, and testing of a containerized Mobile LPG Filling Plant equipped with eight filling machines and the required safety features. Although there was a legal case No. 397/2007, filed by a private LPG Company against the Corporation in regarding the sale of refinery-produced LPG, the Procurement Committee had proceeded with the procurement of Mobile LPG Filling Plant on 02 October 2008, without obtaining legal clearance or seeking the opinion of the Corporation's Legal Division regarding its continued involvement in the LPG business. As a result, the LPG filling plant has remained idle since its importation and has neither contributed to the Corporation's operations nor served any strategic or national interest.
 - (ii) An internal investigation was conducted in 2015, followed by another investigation at the Ministry level in 2020, in response to the prolonged non-utilization of the machine. Both investigations confirmed that no proper feasibility study had been conducted prior to initiating the project. However, it was noted that no individual or group was held accountable in the findings of these reports. Furthermore, the Corporation had not implemented the recommendations outlined in the investigation reports as of the date of this audit. These issues raise serious concerns regarding lapses in project planning, financial prudence, and accountability, which have resulted in the unproductive expenditure of public funds and a continued failure to take corrective action, even after a significant period of time.

2.5 Other Matters

- (a) As per the debtors' age analysis as at 31 December 2024, the aggregate credit balances of Rs. 53.82 million had remained over one month to three years without being settled. Further, according to the debtor's age analysis, Rs. 1,120.63 million of debtors was outstanding over one month to 12 months, while Rs. 5,393.17 million of debtors had remained outstanding for over one year, including Rs. 148.91 million receivable over five years without being recovered.

- (b) In 2018, a fuel supplier claimed a demurrage charge of USD 50,400 from the Corporation in respect of the delay in unloading the fuel shipment ref: BK/17/2018, and the Corporation accounted for it amounting to USD 40,320 (equivalent to Rs. 11.98 million) accordingly. Further, in 2021, the above amount was unilaterally recognized as a receivable from LIOC, on the basis that the delay had occurred due to prolonged discharging operations by LIOC's vessel at that time. However, although over two years has been passed, the Corporation had not yet recovered this amount.
- (c) One of the fuel suppliers has retained amounts totalling USD 3.36 million and USD 3.62 million as potential demurrage charges related to nine (09) shipments and shipments referenced BK/01 to BK/135, which took place in 2022. These amounts were expected to be either recovered by the Corporation or appropriately settled against amounts payable to that supplier. However, as of the date of this report, the Corporation has failed to recover the above receivables or reach a settlement with that supplier regarding the retained amounts.
- (d) In September 2022, the Corporation invoiced Rs. 3.72 million worth of kerosene under four invoices to the District Secretariat of Mannar. Subsequently, two invoices amounting to Rs. 1.86 million were cancelled without proper review or approval, while the kerosene stocks related to the remaining two invoices were released. However, although over two years have passed since the sale of this fuel, the related amount had not yet been received and no balance confirmation has been obtained from the District Secretariat confirming that the said amount is payable to the Corporation. Moreover, according to the Corporation's credit policy, sales of fuel on a credit basis should not be made to "one-time customers." Contrary to this policy, the Corporation had released the above kerosene stocks on credit to that District Secretariat.
- (e) Unidentified balances relating to stores & spares, finished goods, chemicals, and other items aggregating to Rs. 611.42 million had been recorded under twenty (20) number of general ledger liability accounts categorized as "Clearing Accounts" had remained from 2010 to 2024, without being cleared.
- (f) Balance confirmations had been called from 177 private customers, categorized as trade receivables. The aggregate balance of the trade receivable was Rs. 5,438.51 million. However, only 8 customers having Rs 281.74 million had been confirmed their balances. Further, out of the requested balance confirmations, supporting documents such as invoices, credit notes, customer orders etc. in respect of balances of totalling Rs. 129.50 million were not available for audit and such balances had remained outstanding for over three years. These issues raise concerns regarding the accuracy, validity, and recoverability of a significant portion of trade receivables, as well as the adequacy of controls over receivable monitoring.

- (g) Debit balances aggregating Rs. 1,243.44 million in respect of customs transactions had been recorded under six (06) separate ledger accounts in the Corporation's General Ledger. These balances had remained outstanding for over ten (10) years without being recovered. However, according to the financial statement of Sri Lanka Customs, there was not corresponding payable balance.
- (h) A special audit report on evaluation of existing petroleum storage capacity utilized in the country and appropriateness and productivity of the fuel transport pipeline system, including railway and bowser transport system currently in operation in the country, was tabled in Parliament in the year 2020. However, the recommendations of the report had not been implemented.
- (i) As per the audit examination carried out pertaining to the hedging transactions taken place in respect of procurement of oil during the period of 2007 to 2009, the total loss incurred to the country on those transactions had been Rs. 14,028 million. Moreover, the Commercial Bank had filed a case at the Commercial High Court, Colombo against the Corporation by claiming USD 8,648,300.
- (j) The Trincomalee Tank Farm, with 100 tanks had been built in 1930 and acquired by Sri Lanka in 1964. Although several initiatives had been undertaken to develop and utilize the Tank Farm, those initiatives had not materialized into effective operational outcomes up to the year 2021. In 2021, the Corporation and Lanka IOC (LIOC) established a joint venture company—Trinco Petroleum Terminal (Pvt) Ltd—under an agreement aimed at developing the Trincomalee Oil Tank Complex. However, the joint venture had failed to commence its business operations within the scheduled timeline outlined in its strategic plan. This delay was primarily attributed to the unavailability of secure internal or external funding sources necessary to finance the development budget. Despite the lack of operational activity, the company has continued to incur approximately Rs. 32.04 million annually for running costs, representing an ongoing financial burden without corresponding revenue or strategic progress.
- (k) Currently, the country spends approximately USD 4,233 million on importing crude oil and petroleum products, which accounts for about 25.2 percent of Sri Lanka's total import expenditure. Of this amount, USD 1,137.50 million is spent on crude oil imports and USD 3,095.50 million on refined petroleum products. In fulfilling the domestic demand for refined petroleum products, the Sapugaskanda refinery meets around 25 percent, while 75 percent meets through imports. The following observations are made regarding the proposals submitted for the modernization and expansion of the Sapugaskanda oil refinery;
 - (i) According to the National Energy Policy, it was required to expand the Sapugaskanda Refinery and build a second refinery to enhance energy security, no implementation had occurred as of the date of this report. A total expenditure of Rs. 1,684.53 million had been incurred on land acquisition, including Rs. 171.39 million for a feasibility study conducted in 2021. However, no physical progress

toward the refinery's modernization or expansion was evident. Furthermore, lands acquired for the expansion project remain idle and unutilized, with no economically productive activity being undertaken by the Corporation on those sites.

- (ii) According to the information submitted to the audit, a total of 196 plots of land, with an extent of 59 acres, were planned to be acquired for the Sapugaskanda New Refinery Project. However, the CPC had acquired only 181 plots, while the remaining plots are still in the process of acquisition.
- (l) As per the credit sales policy of corporation one-time customers to be conducted strictly on a cash basis. However, contrary to that, the Corporation had made sales totalling Rs. 9.55 million to 13 customers recorded under the Ledger Account No. 900013, "ONE TIME CUSTOMER. Out of this receivables, Rs. 2.35 million had remained outstanding for 0 -1 month, and Rs. 7.20 million had remained outstanding for 2-3 years without being recovered.
- (m) It was agreed with a private foreign company to apply the Bill of Lading (B/L) quantity for invoicing purposes for two shipments by deviating from the invoicing terms stipulated in the respective tender documents. Despite this deviation, the Corporation subsequently raised two debit notes amounting to Rs. 787.45 million for claims without taking the concurrence from the supplier, citing outturn losses in accordance with Clause 2.9.2.10 of the tender. However, the supplier has rejected these claims. Subsequently, as per the Board decision, an impairment provision was made for the above receivables considering the supplier's rejection. Further, the Board also instructed the Internal Audit division to carry out an investigation to ensure transparency and credibility regarding this incident. Nevertheless, as of the date of this report, the Corporation has failed to complete the internal investigation.
- (n) Despite the absence of binding terms and conditions in the relevant tender documents or award letters to recover the loss suffering by Refinery Division from the non-performance and delayed delivery of shipment orders by the supplier, the Corporation had issued two debit notes and recorded Rs. 6,971.70 million as other income in the ledger accounts in 2023 contrary to the prudence concept of accounting. Furthermore, the Board of Directors, at its meeting held on 23 January 2024, decided to create a provision for impairment for the said receivables without conducting any internal inquiry to determine whether negligence, procedural lapses, or intentional misconduct contributed to the loss.
- (o) As reiterated in previous audit reports, the Corporation continues to use the outdated SAP ECC 6.0 system, bought by CPSTL and implemented in 2010 without upgrades. Further, a forensic audit of the Sales and Distribution Process in the SAP system and an internal control review were conducted by a private audit firm, commissioned by the CPSTL, at a cost of Rs.8.60 million. The audit report was issued to the CPSTL on 27 February 2024. However, despite the significant findings in relation to the system highlighted in the forensic audit report, neither the Corporation nor the CPSTL had taken any remedial action on these findings as of the date of this report.

- (p) In 2023–2024, the Ministry, CPC, and CPSTL signed long-term contracts with Sinopec, RM Parks Inc., and United Petroleum to strengthen Sri Lanka's petroleum supply chain. Under these agreements, 450 DODO fuel stations were to be transferred—150 to each company. Following observations were made on the handover of CPC's assets to these firms.
- (i) According to section 5(b) (III) of the above agreement with those companies, the dealers should have handed over the Corporation's assets or paid their market value to the Corporation before the specified handover date for each fuel station, in accordance with the relevant Dealership Termination Agreement. However, the Corporation had not taken action to recover the value or taking over the 357 items of corporation's assets from above three companies.
 - (ii) The Corporation entered into an equipment lease agreement only with M/S SINOPEC Fuel Oil (Pvt) Limited on May 21, 2024, effective for the period from September 2023 to June 30, 2024, and it had not been renewed yet. However, no such agreements were entered into with the other two companies, and they were allowed to use the Corporation's assets without any fee since 2024. Furthermore, the basis for determining the monthly lease rentals for the above company was not available for audit. As a result, the reasonableness and accuracy of the rental charges could not be reliably verified.
 - (iii) The Corporation had recognized a market value of Rs. 38.50 million for 28 oil storage tanks handed over to M/S RM Parks Inc., and Rs. 13.90 million for 10 oil storage tanks handed over to M/S United Petroleum (Pvt) Limited. However, other assets transferred to both companies were not valued. Furthermore, the audit could not access to reliable information to verify the reasonableness and accuracy of the stated market values.
 - (iv) If the Corporation applied the same equipment lease agreement terms of the M/S SINOPEC to RM Parks Inc. and M/S United Petroleum (Pvt) Limited, it could have earned Rs. 46.06 million from its assets. The failure to do so resulted in a loss of potential income.
 - (v) The Corporation had receivables of Rs. 64.32 million due from 215 dealers transferred to RM Parks Inc. and Sinopec. However, these outstanding balances were not recovered before the transfer, and no termination agreements with recovery terms were executed, as required by paragraph 05(b) (ii) of the above agreement.
- (r) 264 activities and 31 projects with a total estimated cost of Rs. 58,005.60 million were planned in the annual action plan for the year 2024. However, the progress of 53 activities, amounting to Rs. 178 million under six functional areas, was not submitted for

audit. Although four activities amounting to Rs. 12.6 million had been undertaken by the Engineering and Premises Division outside the scope of the approved Action Plan, the Action Plan had not been amended to reflect these additional activities. Furthermore, although the Corporation held 13 Board meetings during the year, there was no evidence that the Board had evaluated the progress of activities and projects against the approved Action Plan for 2024 as required by section 2.3 of the guidelines on corporate governance state own enterprises.


G.H.D. Dharmapala
Auditor General (Actg.)



CEYPETCO
ENERGIZING THE FUTURE



FINANCIAL STATEMENTS 2024

CEYLON PETROLEUM CORPORATION

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER	Note	CPC	Group		
		2024	2023	2024	2023
		Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn
Revenue	2	923,441.58	1,263,602.85	929,197.15	1,261,783.07
Cost of Sales		(847,721.02)	(1,101,488.23)	(855,206.62)	(1,105,709.24)
Gross Profit/(Loss)		75,720.56	162,114.62	73,990.53	156,073.83
Other Operating income	3	1,235.87	10,774.52	2,237.20	11,706.91
Selling & Distribution Expenses		(45,072.71)	(54,011.66)	(34,005.96)	(44,665.65)
Administrative Expenses		(15,270.47)	(29,005.98)	(20,953.79)	(34,122.79)
Operating Profit/ (Loss)	4	16,613.25	89,871.49	21,267.98	88,992.30
Exchange Rate Variation	4.2	13,857.90	20,340.30	13,857.90	20,340.30
Finance Income	5	3,634.82	17,588.92	3,969.94	17,898.96
Finance Expenses	6	(1,175.13)	(7,454.35)	(1,201.97)	(7,484.87)
Profit /(Loss) before tax		32,930.84	120,346.36	37,893.85	119,746.69
Income tax Expense	7		(36.00)	(1,616.83)	315.11
Profit/(Loss) for the year		32,930.84	120,310.36	36,277.02	120,061.80
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to Profit or Loss:					
Re-measurement gain/(loss) on Retirement Benefit plan	18	(192.28)	(107.16)	(22.82)	(686.58)
Revaluation Gain from Land & Building				24,097.25	
Tax on Other Comprehensive Income				(7,280.01)	173.82
Other comprehensive income / (expense) for the year		(192.28)	(107.16)	16,794.42	(512.76)
Total comprehensive Income/(expense) for the year, net of tax		32,738.55	120,203.20	53,071.44	119,549.04
Total Comprehensive Income attributable to :					
Owners of the entity		32,738.55	120,203.20	46,299.33	119,694.94
Non-Controlling interests				6,772.11	(145.90)
		32,738.55	120,203.20	53,071.44	119,549.04

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

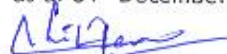
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER	Note	CPC		Group	
		2024	2023 Restated	2024	2023 Restated
		Rs.Mn.	Rs.Mn.	Rs.Mn.	Rs.Mn.
ASSETS					
Non - Current Assets					
Property, Plant & Equipment	8	45,837.40	45,684.02	86,405.28	61,635.53
Investment Property	8.3	46.60	48.51	46.60	48.51
Intangible Assets	8.4	-	0.20	103.77	9.53
Right-of-use-Assets	9.2	110.88	97.00	320.32	310.89
Investment in Subsidiary	10	5,142.80	5,102.00	-	-
Non-Current Financial Assets	11	0.54	13.04	0.54	13.04
Trade & Other Receivables	12	6,446.26	4,964.73	7,925.89	6,298.30
		57,584.48	55,909.50	94,802.40	68,315.80
Current Assets					
Inventories	14	104,391.89	166,802.60	105,259.62	167,685.66
Trade & Other Receivables	12	17,704.36	25,454.54	24,013.18	31,536.01
Short term Investments		190.69	169.84	1,338.86	1,169.84
Cash and Cash Equivalents	15	55,186.13	43,337.62	59,611.58	44,540.43
		177,473.07	235,764.60	190,223.24	244,931.94
Total Assets		235,057.54	291,674.10	285,025.64	313,247.74
EQUITY AND LIABILITIES					
Capital and Reserves					
Contributed Capital	16	912,580.51	912,580.51	912,580.51	912,580.51
Capital Reserve	17.1	4,992.69	4,992.69	4,992.69	4,992.69
Financial Instrument fair value		(38.00)	(38.00)	(38.00)	(38.00)
Revaluation Reserve	17.2	28,049.11	28,049.11	28,049.11	28,049.11
Retained Earnings		(876,234.71)	(908,973.26)	(850,066.33)	(896,365.66)
Non Controlling Interest		-	-	15,694.69	8,883.38
Total Equity		69,349.61	36,611.05	111,212.67	58,102.03
Non - Current Liabilities					
Retirement Benefits Obligation	18	2,046.22	1,734.71	3,953.20	3,653.61
Deferred Tax	19.1	3,111.96	3,111.96	12,167.60	4,678.03
Loans & Borrowings	20	7,822.28	9,271.53	7,822.28	9,271.53
Lease liabilities	9.3	121.60	107.10	355.50	341.05
		13,102.06	14,225.30	24,298.58	17,944.22
Current Liabilities					
Trade and Other Payables	21	151,199.36	180,408.45	148,107.81	176,772.17
Lease liabilities	9.3	5.14	2.54	5.19	2.59
Current portion of Loans & Borrowings	20.1	1,401.37	1,406.85	1,401.37	1,406.85
Short term Borrowings	22	-	59,019.90	-	59,019.90
		152,605.87	240,837.74	149,514.37	237,201.51
Total Equity and Liabilities		235,057.54	291,674.10	285,025.64	313,247.74

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

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

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



M C D Perera

ACTG. DY. GENERAL MANAGER (FINANCE)

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Approved and signed for and on behalf of the Board by,


D J A S De S Rajakaruna
CHAIRMAN


Dr. N K M C Neththikumara
MANAGING DIRECTOR


P C Hewa Thondilege
DIRECTOR

30th June 2025, Colombo

STATEMENT OF CHANGES IN EQUITY

CPC	Contributed Capital	Revaluation Reserves	Capital Reserves	Financial Instrument fair value	Retained Earnings	Total Equity
	Rs.Mn.	Rs.Mn.	Rs.Mn.	Rs.Mn.	Rs.Mn.	Rs.Mn.
As at 1 Jan 2023	912,580.51	28,049.11	4,992.69	(38.00)	(1,032,316.25)	(86,731.94)
Prior period Adjustments	-	-	-	-	3,139.79	3,139.79
Restated balance as at 1 Jan 2023	912,580.51	28,049.11	4,992.69	(38.00)	(1,029,176.46)	(83,592.15)
Profit/(Loss) for the year	-	-	-	-	120,310.36	120,310.36
Other Comprehensive Income	-	-	-	-	(107.16)	(107.16)
Adjustments	-	-	-	-	-	-
As at 31 Dec 2023	912,580.51	28,049.11	4,992.69	(38.00)	(908,973.26)	36,611.05
Profit/(Loss) for the year	-	-	-	-	32,930.84	32,930.84
Other Comprehensive Income	-	-	-	-	(192.28)	(192.28)
As at 31 Dec 2024	912,580.51	28,049.11	4,992.69	(38.00)	(876,234.71)	69,349.61

Group	Contributed Capital	Revaluation Reserves	Capital Reserves	Financial Instrument fair value	Retained Earnings	Shareholders Fund	Non Controlling Interest	Total Equity
	Rs.Mn.	Rs.Mn.	Rs.Mn.	Rs.Mn.	Rs.Mn.	Rs.Mn.	Rs.Mn.	Rs.Mn.
As at 1 Jan 2023	912,580.51	28,049.11	4,992.69	(38.00)	(1,019,187.58)	(73,603.27)	9,106.69	(64,496.58)
Prior period Adjustments	-	-	-	-	3,139.79	3,139.79	-	3,139.79
Restated balance as at 1 Jan 2023	912,580.51	28,049.11	4,992.69	(38.00)	(1,016,047.79)	(70,463.48)	9,106.69	(61,356.79)
Investment on TPTL	-	-	-	-	-	-	49.00	49.00
Profit/(Loss) for the year	-	-	-	-	120,072.50	120,072.50	(10.71)	120,061.79
Other Comprehensive Income for the year	-	-	-	-	(377.56)	(377.56)	(135.20)	(512.75)
Adjustment	-	-	-	-	(12.82)	(12.82)	(6.41)	(19.23)
Dividend Paid	-	-	-	-	-	-	(120.00)	(120.00)
As at 31 Dec 2023	912,580.51	28,049.11	4,992.69	(38.00)	(896,365.66)	49,218.65	8,883.38	58,102.03
Investment on TPTL	-	-	-	-	-	-	39.20	39.20
Profit/(Loss) for the year	-	-	-	-	35,167.15	35,167.15	1,109.87	36,277.02
Other Comprehensive Income for the year	-	-	-	-	11,132.19	11,132.19	5,662.24	16,794.43
Adjustment	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-
As at 31 Dec 2024	912,580.51	28,049.11	4,992.69	(38.00)	(850,066.33)	95,517.98	15,694.69	111,212.67

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

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

STATEMENT OF CASH FLOWS

For the year ended 31 December	CPC		Group	
	2024	2023	2024	2023
	Rs.Mn.	Rs.Mn.	Rs.Mn.	Rs.Mn.
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax	32,930.84	120,346.36	37,893.85	119,746.69
Adjustment for :				
Depreciation	2,435.35	2,634.63	3,150.48	3,465.41
Provision for Quoted equity	12.50		12.50	
Amortisation	440.51	531.92	440.51	559.49
Amortisation of right-of-use-assets	8.38	4.68	16.76	9.14
Unrealized exchange variation	(6,343.37)	(12,021.01)	(6,343.37)	(12,021.01)
Dividend Income	-	(240.00)	-	(240.00)
Interest Income	(3,634.82)	(17,588.92)	(3,969.93)	(17,898.96)
Allowance for impairment	-	18,137.08	535.94	18,134.88
Interest Expenses	1,158.51	7,439.95	1,158.51	7,439.95
Provision for Retirement Obligation	319.95	352.13	658.21	652.64
(Profit)/Loss on Sale of Property, Plant & Equipment	(2.38)	(7.45)	(29.35)	(7.45)
Lease Interest	16.63	14.40	43.47	44.93
Loss on Revaluation of assets			83.86	
Amortization of special levy	1,000.00	1,000.00	1,000.00	1,000.00
Operating Profit/(Loss) before Working Capital changes	28,342.10	120,603.77	34,651.44	120,885.71
Changes in Working Capital				
(Increase)/ Decrease in Inventories	62,410.71	(17,499.27)	62,423.22	(17,525.95)
(Increase)/ Decrease in Trade and Other Receivable	4,513.92	228,216.21	2,660.00	228,899.47
Increase/ (Decrease) In Trade and Other Payables	(24,028.27)	(56,004.72)	(23,774.31)	(56,616.82)
Operating Profit/(Loss) after Working Capital changes	71,238.46	275,315.99	75,960.35	275,642.41
Interest Paid	(1,158.51)	(6,896.51)	(1,158.51)	(6,896.51)
Retiring Gratuity Paid	(200.72)	(226.66)	(381.45)	(471.55)
Income Tax	-	-	(145.97)	(19.23)
Net Cash Generated from/(used in) Operating activities	69,879.23	268,192.82	74,274.42	268,255.12
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sale of Property, Plant & Equipment	2.38	7.45	29.35	7.45
Acquisition of Property, Plant & Equipment	(1,199.63)	(853.97)	(2,540.87)	(1,056.89)
Dividends Received		204.00	-	204.00
Acquisition of Intangible Assets			(98.36)	
Investments	(40.80)	(51.00)	39.20	49.00
Interest Received	3,594.38	17,467.89	3,929.49	17,777.93
Investment in Fixed Deposits/Funds	(20.86)	(87.00)	(169.03)	(1,087.00)
Net Cash Flows from /(Used in) Investing Activities	2,335.47	16,687.37	1,189.78	15,894.49
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid				(120.00)
New loans obtained	-	450,053.03	-	450,053.03
Repayment of Loans	(60,344.43)	(708,705.51)	(60,344.43)	(708,705.51)
Repayment for lease	(21.78)	(19.19)	(48.66)	(70.07)
Net Cash Flows From/(Used in) Financing Activities	(60,366.21)	(258,671.67)	(60,393.09)	(258,842.55)
Net Increase/(Decrease) in Cash & Cash Equivalents	11,848.51	26,208.53	15,071.15	25,307.05
Cash & Cash Equivalents at the Beginning of the Year	43,337.62	17,129.09	44,540.43	19,233.38
Cash & Cash Equivalents at the End of the Year	55,186.13	43,337.62	59,611.58	44,540.43

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

NOTES TO THE FINANCIAL STATEMENTS

1.1 CORPORATE INFORMATION

General

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

Principal activities and nature of operations

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

Parent entity and the ultimate controlling party

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

Date of authorization for issue

The Financial Statements of Ceylon Petroleum Corporation and its Group for the year ended 31 December 2024 were authorized for issue in accordance with a Resolution of the Board of Directors on 30th June 2025.

Statement of compliance

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

1.2 BASIS OF PREPARATION

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

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

Presentation & functional currency

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

Materiality and aggregation

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

Basis of consolidation

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

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

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

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

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

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

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

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

Non-controlling interests

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

1.3 ACCOUNTING POLICIES

Changes in Accounting Policies

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

Comparative Information

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

Going Concern

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

Summary of material Accounting Judgments, Estimates and Assumptions

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

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

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

1.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES

1.4.1 Revenue recognition

Revenue is recognized to the extent that the performance obligation is satisfied, when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products and the revenue and associated costs incurred or to be incurred can be measured reliably, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and net of sales taxes. Goods and services deliverable under contracts with customers are identified as separate performance obligations ('obligations'). Where individual goods and services do not meet the criteria to be identified as separate obligations they are aggregated with other goods and/or services in the agreement until a separate obligation is identified.

The transaction price is allocated between the identified obligations according to the relative selling prices of the obligations. The standalone selling price of each obligation deliverable in the contract is determined according to the prices that the Group would achieve by selling the same goods and or services included in the obligation to a similar customer on a standalone basis. The Corporation estimates the standalone selling prices as per the defined statutory and other requirements or cost-plus reasonable margin approach. The Corporation considered the discounts/commissions provided in the Contract to determine the standalone price and these discounts are recognized in the Selling & Distribution Expenses.

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

Sale of goods

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

Revenue from sales of goods is recognized when the goods are dispatched, or in the case of delivering the goods to the customer, legal ownership is transferred only upon delivery of goods to the customer. In all such case, the revenue is recognized by the Group when the goods are dispatched or delivered and accepted by the dealers/customers and no effective control over the goods sold.

Contract assets

A contract asset is the right to consideration in exchange for goods and services transferred to the customer. If the Corporation performs the contract by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized.

Contract liabilities

A contract liability is the obligation of the Corporation to transfer goods or services to a customer for which the Corporation has received consideration from the customer. If a customer pays consideration before the transfers of goods or services to the customer, a contract liability is recognized with the payment is made. The Corporation recognizes the contract liabilities as revenue when the Corporation completes the performance obligations under the contract. Contract liabilities are disclosed under the Trade & Other Payables.

Interest income & expenses

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

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

Dividends

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

Rental income

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

Monthly fees on the corporation own filling stations are recognized based on the discount earned by the respective dealers.

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

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

Gains or Losses arising from investment securities

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

Other Income

Other income is recognized on an accrual basis

1.4.2 Expenditure recognition

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

Taxation

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

(i) Current Tax

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

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

(ii) Deferred Taxation

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

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

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

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

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

(iii) Sales Tax

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

Borrowing Costs

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

1.4.3 Foreign Currency Transactions and Balances

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

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

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

1.4.4 Current versus Non-Current Classification

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

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

Or

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

All other assets are classified as non-current assets

A liability is current when it is:

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

Or

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

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

1.4.5 Fair value measurement

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

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

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

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

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

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

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

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

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

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

1.4.6 Property, Plant & Equipment

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

Measurement

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

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

Cost Model

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

Revaluation Model

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

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

Subsequent Costs

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

Restoration Costs

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

De-recognition

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

Depreciation

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

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

The estimated useful life of assets is as follows:

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

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

Capital Work in Progress

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

Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

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

1.4.7 Investment Properties

Basis of Recognition

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

Measurement

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

Depreciation

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

De-recognition

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

1.4.8 Intangible assets

Basis of recognition

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

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

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

Amortization

Group provides Amortization on straight-line basis over the periods appropriate to the estimated useful lives of from 3 to 5 years from the date available to use. Amortization ceases on the date that the asset is derecognized.

1.4.9 Investment in Subsidiary

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

1.4.10 Inventories

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

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

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

1.4.11 Cash and Cash Equivalents

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

1.4.12 Provisions & Liabilities

Provisions

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

and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Defined Benefit Obligations - Gratuity

The liability recognized in the Statement of Financial Position in respect of gratuity is the present value of the obligation at the end of the reporting period using the projected unit credit method. The present value of the defined benefit obligation depends on number of factors that are determined on an actuarial basis using number of assumptions. These assumptions used in determining the cost for gratuity include the discount rate, expected staff turnover and salary increment rate. Any change in these assumptions will impact the carrying amount of gratuity obligation.

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

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

This is not an externally funded defined benefit plan.

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

Defined

Plans – Employees' Provident Fund & Employees' Trust Fund

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

1.4.13 Capital Reserve

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

1.4.14 Financial Instruments

i) Financial assets

Initial recognition and measurement

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

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

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

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

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

The Group classifies its financial instruments in the following categories:

a. Financial assets at amortised cost

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

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

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

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

b. Financial assets designated at fair value through OCI

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

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

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

Derecognition

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

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that

case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Expected credit losses (ECL)s are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade and other receivables, evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors.

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

ii) Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

Loans & borrowings and trade and other payables at Amortised Cost

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Income Statement.

Derecognition

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

iii) Offsetting of financial instruments

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

Determination of fair value

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

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

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

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

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

1.4.15 Accounting for leases

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

a. Right-of-use assets

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

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

b. Lease liabilities

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

1.4.16 Contingent liabilities, litigation & commitments

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

1.5 ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

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

Contract assets (Trade receivables) amounting to Rs. 9,968.20 Mn has been disclosed under Trade & Other Receivables and Contract liability of Rs. 5,924 million has been included in the Trade & Other Payables.

3. OTHER OPERATING INCOME	CPC		Group	
	2024 Rs. Mn	2023 Rs. Mn	2024 Rs. Mn	2023 Rs. Mn
Income on Investment Property	430.84	1,152.63	430.84	1,152.63
Staff Loan Interest	209.77	261.40	943.83	1,097.52
Rental Income	24.59	29.08	32.93	32.85
Profit/(loss) on disposal of PPE	2.38	7.45	29.35	7.45
Profit on Sale of Filling Station equipment	41.19	21.91	41.19	21.91
Dividend Income	-	240.00	-	-
Sundry Income	527.10	9,062.04	759.07	9,394.54
	1,235.87	10,774.52	2,237.20	11,706.91

4. OPERATING PROFIT	CPC		Group	
	2024 Rs. Mn	2023 Rs. Mn	2024 Rs. Mn	2023 Rs. Mn
4.1 Operating Profit stated after charging the following expenses				
Directors' emoluments	9.71	9.70	21.41	18.18
Auditors' remuneration -Annualy (without under/over provision)	8.00	7.00	9.82	9.32
Auditors' remuneration (Forensic Audit)	33.20	-	33.20	-
Depreciation	552.63	599.96	1,267.77	1,430.74
Advertising Expenses	31.27	21.45	31.27	21.45
Legal charge & Other Professional fee	283.17	153.15	283.17	153.15
Disallowed VAT	275.27	2,139.81	275.27	2,139.81
Special Fee to General Treasury	11,000.00	6,000.00	11,000.00	6,000.00
Bad debt write-off (Note 12.1)	-	5,097.72	-	5,097.72
Provision against other receivables (Note 12)	-	18,137.09	-	18,137.09

4.2 EXCHANGE RATE VARIATION	CPC		Group	
	2024 Rs. Mn	2023 Rs. Mn	2024 Rs. Mn	2023 Rs. Mn
Exchange gain	13,870.91	41,764.52	13,870.91	41,764.52
Exchange loss	(13.01)	(21,424.22)	(13.01)	(21,424.22)
Net exchange rate gain/(loss)	13,857.90	20,340.30	13,857.90	20,340.30

5. FINANCE INCOME	CPC		Group	
	2024 Rs. Mn	2023 Rs. Mn	2024 Rs. Mn	2023 Rs. Mn
Interest Income on Treasury Bills, Fixed Deposits and Call Deposits	1,617.72	1,660.30	1,952.83	1,970.34
Interest Income on Credit invoice & Overdue trade debts	68.70	4.88	68.70	4.88
Interest Income on CEB/IPP/Aviation debtors	1.68	14,564.30	1.68	14,564.30
Interest Income on R.F.C. A/C & Others	1,946.72	1,359.44	1,946.72	1,359.44
	3,634.82	17,588.92	3,969.94	17,898.96

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

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

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

Accounting profit/(loss) before tax	32,930.84	120,346.36	37,893.85	119,746.69
Add: Disallowable expenses	4,643.62	24,991.54	7,589.34	26,912.40
Less: Allowable expenses & exempt income	(14,456.19)	(15,040.98)	(16,558.76)	(16,567.93)
Adjusted trade profit	23,118.27	130,296.92	28,924.42	130,091.15
Less: Utilisation of tax losses	(23,118.27)	(130,296.92)	(23,118.27)	(130,296.92)
Add: Tax losses for the year	-	-	(5,806.16)	205.77
Taxable income	-	-	-	-
Income tax charged at				
Current year	-	-	1,407.27	-
Concessionary rates	-	-	-	-
Under/(over) provision of previous years	-	-	-	-
WHT on Dividend	-	36.00	-	36.00
Deferred tax charge to income statement	-	-	209.56	(351.11)
Origination and reversal of temporary differences - OCI	-	-	7,280.01	(173.82)
Income tax expense	-	36.00	8,896.84	(488.93)

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

8. PROPERTY, PLANT & EQUIPMENT(CPC)	Land & Building Rs.Mn	Vested Property Rs.Mn	Plant, Mach & Equip. Rs.Mn	SPM Facility Rs.Mn	Motor Vehicles Rs. Mn	Furn/Fittings, Off. Equip & Other Assets Rs. Mn	Capital Work in Progress Rs. Mn	CPC Total Rs. Mn
8.1. Cost								
Bal as at 01/01/2024	16,711.66	1.02	30,133.39	2,835.84	1,371.99	2,490.24	14,233.39	67,777.52
Additions	47.43	-	388.18	-	124.90	73.10	1,953.02	2,586.62
Disposals	-	-	(2.45)	-	(1.07)	(1.21)	-	(4.72)
Bal as at 31/12/2024	16,759.09	1.02	30,486.32	2,835.84	1,528.62	2,562.13	16,186.41	70,359.42
8.2 Depreciation								
Bal as at 01/01/2024	1,591.50	0.43	15,417.27	1,784.05	1,198.03	2,102.21	-	22,093.50
Charge for the Year	152.77	0.02	2,194.95	46.02	4.39	35.10	-	2,433.24
Disposals	-	-	(2.45)	-	(1.07)	(1.21)	-	(4.72)
Bal as at 31/12/2024	1,744.27	0.44	17,576.98	1,830.08	1,234.15	2,136.11	-	24,522.02
NBV as at 31.12.2024	15,014.83	0.58	12,909.35	1,005.76	294.47	426.02	16,186.41	45,837.40
Cost as at 31.12.2023	16,711.66	1.02	30,133.39	2,835.84	1,371.99	2,490.24	14,233.39	67,777.52
Acc.Dep as at 31.12.2023	1,591.50	0.43	15,417.27	1,784.05	1,198.03	2,102.21	-	22,093.50
NBV as at 31.12.2023	15,120.16	0.59	14,716.12	1,051.79	173.95	388.02	14,233.39	45,684.02

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

8. PROPERTY, PLANT & EQUIPMENT(GROUP)	Land & Building Rs.Mn	Vested Property Rs.Mn	Plant, Mach & Equip. Rs.Mn	SPM Facility Rs.Mn	Motor Vehicles Rs.Mn	Furn/Fittings, Off. Equip & Other Assets Rs.Mn	Capital Work in Progress Rs.Mn	GROUP Total Rs.Mn
8.1. Cost								
Bal as at 01/01/2024	23,520.58	1.02	48,182.76	6,542.42	3,242.35	5,300.22	14,892.50	101,681.84
Additions	50.48	-	405.40	18.09	125.37	103.35	3,225.19	3,927.87
Transfers	9.03	-	319.78	397.79	32.80	169.56	(928.96)	-
Re-valuation	24,013.40	-	-	-	-	-	-	24,013.40
Disposals	-	-	(17.94)	-	(17.76)	(62.06)	(23.14)	(120.90)
Bal as at 31/12/2024	47,593.48	1.02	48,890.00	6,958.30	3,382.75	5,511.08	17,165.59	129,502.21
8.2 Depreciation								
Bal as at 01/01/2024	2,485.14	0.43	24,841.25	5,076.47	3,064.55	4,578.47	-	40,046.30
Charge for the Year	218.98	0.02	2,674.20	128.08	8.24	118.86	-	3,148.38
Disposals	-	-	(17.94)	-	(17.76)	(62.06)	-	(97.76)
Bal as at 31/12/2024	2,704.12	0.44	27,497.51	5,204.55	3,055.03	4,635.28	-	43,096.93
NBV as at 31.12.2024	44,889.36	0.57	21,392.49	1,753.75	327.72	875.80	17,165.59	86,405.28
Cost as at 31.12.2023	23,520.58	1.02	48,182.76	6,542.42	3,242.35	5,300.22	14,892.50	101,681.84
Acc.Dep as at 31.12.2023	2,485.14	0.43	24,841.25	5,076.47	3,064.55	4,578.47	-	40,046.31
NBV as at 31.12.2023	21,035.44	0.59	23,341.51	1,465.95	177.79	721.75	14,892.50	61,635.53

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

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

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

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

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

8.4 Intangible Assets	CPC		Group		Total Rs.Mn
	ERP System Rs.Mn	ERP System Rs.Mn	SAP Ucnese Rs.Mn	Automation System Rs.Mn	
Cost /Carrying value					
At the beginning of the year	0.68	562.05	9.38	37.79	609.23
Additions/Transfers	-	98.36	-	-	98.36
At the end of the year	0.68	660.42	9.38	37.79	707.59
Amortisation					
At the beginning of the year	0.48	552.53	9.38	37.79	599.71
Charge for the Year	0.20	4.12	-	-	4.12
At the end of the year	0.68	556.65	9.38	37.79	603.83
Carrying value					
As at 31.12.2024	0.00	103.77	-	-	103.77
As at 31.12.2023	0.20	9.53	-	-	9.53

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

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

8.5 Capitalisation of Borrowing Cost

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

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

9 RIGHT-OF-USE-ASSETS

9.1. Lease Assets

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

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

9.3 Lease Liability	CPC		Group	
	2024	2023	2024	2023
	Rs.Mn	Rs.Mn	Rs.Mn	Rs.Mn
Cost				
Bal as at 01/01	109.64	114.42	343.64	356.27
Additions	22.26	-	22.26	-
Adjustments/interest	16.63	14.40	43.46	44.93
Payments	(21.78)	(19.19)	(48.66)	(57.56)
Bal as at 31/12	126.74	109.64	360.70	343.64
Current liabilities	5.14	2.54	5.19	2.59
Non-current liabilities	121.60	107.10	355.50	341.05
Total	126.74	109.64	360.70	343.64

9.4 Maturity Analysis of Lease Liability	CPC		Group	
	2024	2023	2024	2023
	Rs.Mn	Rs.Mn	Rs.Mn	Rs.Mn
Not later than one year	5.14	2.54	5.19	2.59
Later than one year and not later than five years	19.42	8.85	19.80	9.18
Later than five years	102.18	98.25	335.71	331.87
Total	126.74	109.64	360.70	343.64

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

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

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

10.1 The summarized financial information of the Subsidiary company

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

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

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

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

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

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

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

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

12 . TRADE & OTHER RECEIVABLES	CPC			
	2024		2023	
	Current Rs.Mn	Non-Current Rs.Mn	Current Rs.Mn	Non-Current Rs.Mn
Trade Receivables	9,920.45	-	17,617.51	-
Income tax Receivable	2,413.18		2,324.65	
Receivables- Inland Revenue & Custom Dept.	1,686.54	-	1,565.73	-
Other Receivables	2,013.84	0.61	3,297.14	0.61
Deposits & Prepayments	297.01	1,850.73	583.64	574.49
Advance	1,310.90	-	9.35	-
Loans & Advances to Employees	62.44	4,594.93	56.52	4,389.64
TOTAL	17,704.36	6,446.26	25,454.54	4,964.73

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

	CPC	
	2024 Rs.Mn	2023 Rs.Mn
Less than 30 days	3,465.36	4,675.76
30 - 90 days	248.97	4,025.05
91 - 180 days	4.58	1,327.10
181 - 365 days	856.10	3,604.01
More than 365 days	5,393.19	4,039.99
Total	9,968.20	17,671.92
Provision for impairment	(47.75)	(54.40)
	9,920.45	17,617.51

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

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

Other receivables

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

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

	2024		Group	
	Current Rs.Mn	Non-Current Rs.Mn	Current Rs.Mn	Non-Current Rs.Mn
Trade Receivables	13,639.24	-	19,767.60	-
Income tax Receivable	2,413.18	-	2,324.65	-
Receivables- Inland Revenue & Custom Dept.	1,686.54	-	1,846.29	-
Other Receivables	3,393.92	0.61	3,633.55	0.61
Deposits & Prepayments	1,506.96	1,850.73	2,285.27	574.49
Advance	1,310.90	-	9.35	-
Loans & Advances to Employees	62.44	6,074.55	1,669.30	5,723.20
	24,013.18	7,925.89	31,536.01	6,298.30

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

	CPC		Group	
	2024 Rs.Mn	2023 Rs.Mn	2024 Rs.Mn	2023 Rs.Mn
Sri Lankan Rupees	9,897.80	17,567.72	13,616.60	19,717.82
United States Dollars	22.64	49.79	22.64	49.79
	9,920.45	17,617.51	13,639.24	19,767.60

13 FINANCIAL INSTRUMENTS				
Financial Assets by category	CPC		Group	
	2024 Rs.Mn	2023 Rs.Mn	2024 Rs.Mn	2023 Rs.Mn
Financial assets at amortized cost				
Trade and other receivables	22,464.09	28,853.54	30,252.53	35,988.02
Investments in treasury bonds	-	-	-	-
Placements with banks	-	-	-	-
Cash in hand and at bank	55,186.13	43,337.62	59,611.58	44,540.43
Financial assets at fair value through OCI				
Unquoted Equity Investments	0.54	0.54	0.54	0.54
Quoted Equity Investments	-	12.50	-	12.50
TOTAL	77,650.75	72,204.20	89,864.65	80,541.49

	2024	CPC 2023	Group 2024	2023
Financial Liabilities by category	Rs.Mn	Rs.Mn	Rs.Mn	Rs.Mn
Financial Liabilities at amortized cost				
Borrowings	9,223.66	69,698.28	9,223.66	69,698.28
Trade and other payables	113,704.14	129,991.89	109,631.86	126,355.61
TOTAL	122,927.80	199,690.17	118,855.51	196,053.89

13.1. Fair value of Financial Instruments

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

As at 31 December		Carrying Amount		Fair value	
		2024 Rs. Mn	2023 Restated Rs. Mn	2024 Rs. Mn	2023 Restated Rs. Mn
Financial assets					
Non Current Financial assets					
Quoted equity investments	13.2.1	-	12.50	-	12.50
Unquoted equity investments	13.2.2	0.54	0.54	0.54	0.54
Investment in Treasury Bonds	13.2.1	-	-	-	-
Trade & Other receivables	13.2.4	40,674.22	47,070.33	22,464.09	28,853.54
Cash and cash equivalents	13.2.4	55,186.13	43,337.62	55,186.13	43,337.62
Total		95,860.89	90,420.98	77,650.76	72,204.20
Financial liabilities					
Loans & borrowings	13.1.3	9,223.66	10,678.38	9,223.66	10,678.38
Trade & other payables	13.1.4	113,704.14	129,991.89	113,704.14	129,991.89
Short term borrowings	13.1.4	-	59,019.90	-	59,019.90
		122,927.80	199,690.17	122,927.81	199,690.17

13.2.Determination of fair value

Valuation Model

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

- 13.2.1 Fair value of investments in quoted equity and treasury bonds are based on price quoted in the market at the reporting date excluding transaction cost.
- 13.2.2 Fair value of unquoted equity investments carried at cost are assumed to equal its fair value considering the materiality of the investment.
- 13.2.3 Investment in deposits and loans & borrowings are evaluated by the Group based on parameters such as interest rates, creditworthiness of the bank, and the risk characteristics of the instrument. As at 31 December 2023, the carrying amounts of deposits, loans & borrowings are not materially different from their fair values.
- 13.2.4 Cash and cash equivalents, trade & other receivables, trade & other payables and short term borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments.

13.3 Fair value hierarchy

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

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

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

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

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

As at 31 December

	CPC 2024			
	Rs. Mn Level 1	Rs. Mn Level 2	Rs. Mn Level 3	Rs. Mn Total
Financial assets at fair value through OCI				
Quoted equity investments	-	-	-	-
Unquoted equity investments	-	-	0.54	0.54
	-	-	0.54	0.54

14. INVENTORIES	CPC		Group	
	2024	2023	2024	2023
	Rs.Mn	Rs.Mn	Rs.Mn	Rs.Mn
Crude Oil	41,407.03	41,371.82	41,407.03	41,371.82
Other Raw material	4,069.52	2,228.33	4,069.52	2,228.33
Finished Products	50,806.25	117,054.49	50,817.62	117,069.80
Intermediate Product	3,914.53	2,089.57	3,914.53	2,089.57
Other Materials & Supplies	4,555.80	4,419.61	5,433.63	5,306.03
Less: Provision for Slow Moving Items	(361.23)	(361.23)	(382.71)	(379.90)
	104,391.89	166,802.60	105,259.62	167,685.66

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

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

15. CASH AND CASH EQUIVALENTS	CPC		Group	
	2024	2023	2024	2023
	Rs.Mn	Rs.Mn	Rs.Mn	Rs.Mn
Components of Cash and Cash Equivalents				
Cash at Bank and in hand	55,186.13	43,337.62	59,611.58	44,540.43

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

	CPC		Group	
	2024	2023	2024	2023
	Rs.Mn	Rs.Mn	Rs.Mn	Rs.Mn
Cash and cash equivalents	55,186.13	43,337.62	59,611.58	44,540.43
	55,186.13	43,337.62	59,611.58	44,540.43

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

No authorized capital has been fixed by the Parliament.

17.RESERVES

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

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

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

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

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

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

The principal actuarial assumptions used were as follows :

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

18.1 Sensitivity of actuarial assumptions used

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

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

19. DEFERRED TAX-CPC

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

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

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

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

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

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

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

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

20.LOANS & BORROWINGS	CPC		Group	
	2024 Rs.Mn	2023 Rs.Mn	2024 Rs.Mn	2023 Rs.Mn
Peoples Bank-BIA Project	1,376.67	1,777.87	1,376.67	1,777.87
Self Financing Facility(CNCEC-14) -BIA Project	6,445.61	7,493.66	6,445.61	7,493.66
	7,822.28	9,271.53	7,822.28	9,271.53

20.1. CURRENT PORTION OF LOANS & BORROWINGS

Peoples Bank-BIA Project	229.45	253.98	229.45	253.98
Self Financing Facility(CNCEC-14) -BIA Project	1,171.93	1,152.87	1,171.93	1,152.87
	1,401.37	1,406.85	1,401.37	1,406.85

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

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

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

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

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

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

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

21. TRADE & OTHER PAYABLES	CPC		Group	
	2024 Rs.Mn	2023 Restated Rs.Mn	2024 Rs.Mn	2023 Restated Rs.Mn
Foreign Bills Payable	62,759.61	76,245.30	62,759.61	76,245.30
Other Creditors				
- Income tax payable	2,410.99	2,380.99	2,410.99	2,380.99
- Amount due to Inland Revenue & Custom Dept.	35,084.23	48,035.57	36,064.97	48,035.57
- Accrued Expenses	38,655.98	39,305.09	33,302.91	34,814.67
- Other payables	12,288.56	14,441.51	13,569.34	15,295.64
- Amount due to Related Parties				
	151,199.36	180,408.45	148,107.81	176,772.17

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

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

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

22. SHORT TERM BORROWINGS	CPC		Group	
	2024 Rs.Mn	2023 Rs.Mn	2024 Rs.Mn	2023 Rs.Mn
Bank & Other loans				
- Wholly Repayable within one year	-	59,019.90	-	59,019.90
- Bank Overdrafts	-	-	-	-
	-	59,019.90	-	59,019.90

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

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

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

24. OPERATING SEGMENTS	Transport Rs.Mn	Power Generation Rs.Mn	Aviation Rs.Mn	Industries Rs.Mn	Storage & Transportation Rs.Mn	Others Rs.Mn	Eliminations/ Adjustments Rs.Mn	Total Rs.Mn
Revenue								
External Customers	649,089.18	112,148.89	120,057.25	19,495.67	7,816.98	20,588.17	-	929,197.15
Inter Segment					13,143.31		(13,143.31)	-
Total Revenue	649,089.18	112,148.89	120,057.25	19,495.67	20,960.29	20,588.17	(13,143.31)	929,197.15
Results								
Operating Profit/(Loss)	17,363.91	(950.74)	3,299.14	1,047.89	-	507.79	-	21,267.98
Exchange Rate Variation	-	-	-	-	-	13,857.90	-	13,857.90
Net Finance Cost	-	-	-	-	-	2,767.97	-	2,767.97
Profit/(Loss) before tax	17,363.91	(950.74)	3,299.14	1,047.89	-	17,133.66	-	37,893.85
Income tax Expense					(1,616.83)		-	(1,616.83)
Profit/(Loss) for the year	17,363.91	(950.74)	3,299.14	1,047.89	(1,616.83)	17,133.66	-	36,277.02

25. RESTATEMENT OF FINANCIAL STATEMENTS

1. The payables amounting to Rs. 3,139.79 Mn. of NBT to Inland Revenue Department was write-off and adjusted to year 2023.
2. The balances have been re-classified under cash and cash equivalent and short term borrowings.
3. Income tax payables and receivables have been disclosed separately

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

25.1 Statement of Financial Position

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

31 December 2023	CPC Impact of Adjustments			Group Impact of Adjustments		
	As previously reported	Adjustments	As restated	As previously reported	Adjustments	As restated
	Rs.Mn.	Rs.Mn.	Rs.Mn.	Rs.Mn.	Rs.Mn.	Rs.Mn.
Trade & Other Receivables	23,129.89		23,129.89	29,211.36		29,211.36
Income tax Receivable		2,324.65	2,324.65		2,324.65	2,324.65
Cash and Cash Equivalents	65,424.42	(22,086.81)	43,337.62	66,627.24	(22,086.81)	44,540.43
Other Assets	222,881.93		222,881.93	237,171.30		237,171.30
Total Assets	311,436.25	(19,762.16)	291,674.10	333,009.90	(19,762.16)	313,247.74
Trade and Other Payables	178,083.81	(56.35)	178,027.46	177,587.31	(56.35)	177,530.96
Income tax payable		2,380.99	2,380.99		2,380.99	2,380.99
Short term Borrowings	81,106.71	(22,086.81)	59,019.90	81,106.71	(22,086.81)	59,019.90
Others	15,634.68	-	15,634.68	19,353.65	-	19,353.65
Total Liabilities	274,825.20	(19,762.17)	255,063.04	278,047.67	(19,762.17)	258,285.50
Retained earnings	912,580.51		912,580.51	(899,505.45)	-	(899,505.45)
Non Controlling Interest	-	-	-	8,883.38		8,883.38
Capital & Other reserves	(875,969.46)	-	(875,969.46)	945,584.31	-	945,584.31
Total Equity	36,611.05	-	36,611.05	54,962.23	-	54,962.23
Total Equity & Liabilities	311,436.25		291,674.10	333,009.90		313,247.74

26. CONTINGENT LIABILITIES, COMMITMENTS & LITIGATIONS

CONTINGENT LIABILITIES

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

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

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

Interest Claim for the LC Bills.

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

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

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

Demurrages

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

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

COMMITMENTS

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

Commitments to the Banks

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

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

Pending Litigations at the reporting date

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

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

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

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

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

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

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

27. EVENTS AFTER THE REPORTING DATE

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

28. FINANCIAL RISK MANAGEMENT

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

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

(a) Market risk

(i) Foreign exchange risk

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

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

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

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

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

(ii) Interest rate risk

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

(b) Credit risk

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

	CPC	
	2024 Rs.Mn	2023 Rs.Mn
Less than 30 days	3,465.36	4,675.76
30 - 90 days	248.97	4,025.05
91 - 180 days	4.58	1,327.10
181 - 365 days	856.10	3,604.01
More than 365 days	5,393.19	4,039.99
Total	9,968.20	17,671.92
Provision for impairment	(47.75)	(54.40)
	9,920.45	17,617.51

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

(c) Liquidity risk

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

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

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

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

(d) Price Risk

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

29. DIRECTORS' INTEREST IN CONTRACTS & RELATED PARTY TRANSACTIONS

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

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

Compensation of Key Management Personnel

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

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

Following transactions were carried out with related parties

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

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

Terms and conditions of transactions with related parties

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

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

30. CAPITAL MANAGEMENT

Primary objective of capital management is to maintain an optimum capital structure and maintain going concern status while safeguarding key stakeholders' interests. The Corporation and its Group was able earn Rs. 53,071 Mn. profit during the year. Accordingly, CPC believe that the Corporation has ability to continue as going concern basis.