

CHILAW PLANTATIONS LTD

*Financial Statements
For the year ended
31st December, 2024*

Unaudited Financial Statements 2024

CHILAW PLANTATIONS LTD
STATEMENT OF COMPREHENSIVE INCOME

For the Year ended 31st December,	Notes	2024	2023
		Rs.	Rs.
Revenue	19	961,593,165	885,350,241
Cost of Sales	20	(722,205,190)	(657,567,338)
Gross Profit		239,387,975	227,782,903
Gain/(loss) on fair value of Biological Assets	7.3	47,618,767	10,145,544
Other Operating Income and Gains	21	72,094,993	94,014,156
Administration and General expenses	22	(179,497,864)	(205,069,246)
Profit from Operations		179,603,872	126,873,356
Finance Income	23	118,297,996	237,386,004
Finance Expenses	23.1	(78,695,020)	(61,652,953)
Profit Before Tax		219,206,847	302,606,407
Tax Expense (Provisions)/Reversal	24	(357,581,903)	(70,868,847)
Profit for the Year		(138,375,056)	231,737,560
Other comprehensive Income			
Defined benefit plan actuarial gains/(losses)	16	(13,490,348)	(21,265,292)
Deferred tax adjustment on asset revaluation		(6,230,688)	(923,148)
Total Comprehensive Income for the year, Net of Tax		(158,096,092)	209,549,120
Basic Earning Per Share	25.1.2	(6.92)	11.59

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 06 to 43 form an integral part of these Financial Statements.

Chilaw
March 7, 2025

CHILAW PLANTATIONS LTD
STATEMENT OF FINANCIAL POSITION

As at 31st December,	Notes	2024 Rs.	2023 Rs.
ASSETS			
Non Current Assets			
Leasehold Right to Bare Land of JEDB Estates	04	101,054,986	105,374,496
Leasehold Property Plant & Equipment of JEDB Estates (Other than Right-to-Use-Land and Leased bearer biological assets)	05	769,468	769,468
Leased Bearer Biological Assets of JEDB Estates	05.1	24,652,692	27,162,119
Improvements to Leasehold property	6	1,123,389,973	1,073,815,205
Biological Assets -Livestock	7.1	27,356,775	25,544,815
Consumable Biological Assets	7.2	179,127,287	139,297,920
Freehold Property Plant & Equipment	08	193,357,895	201,427,046
Other finance assets	11.1	18,220,532	17,550,384
		<u>1,667,929,607</u>	<u>1,590,941,452</u>
Current Assets			
Produce on bearer biological assets	9.1	33,852,934	25,993,440
Inventories	9.2	76,577,005	148,934,886
Assets Held for Sale	9.3	16,004	16,004
Trade and Other Receivables	10	91,453,072	139,052,094
Income Tax Receivable		737,324	
Financial facility to State Enterprises	11		
Other finance assets	11.1	8,045,509	7,300,268
Other Current Assets		1,321,706	1,316,343
Short Term Investment	12	1,094,477,282	1,090,243,489
Cash in Hand and at Bank		12,501,332	43,794,899
		<u>1,318,982,168</u>	<u>1,456,651,425</u>
Total Assets		<u>2,986,911,775</u>	<u>3,047,592,877</u>
EQUITY & LIABILITIES			
Capital and Reserves			
Stated Capital	13	200,000,010	200,000,010
Retained Earnings		1,623,093,272	1,844,717,949
Revaluation Reserves (Timber revaluation & Vehicle revaluation)		368,412,899	334,884,314
Total Equity		<u>2,191,506,181</u>	<u>2,379,602,273</u>
Non Current Liabilities & Deferred Income			
Deferred Tax Liability	14	329,623,171	93,175
Deferred Grants and Subsidies	15	11,967,009	10,088,526
Retirement Benefit Obligations	16	112,425,621	92,025,543
Liability to Make Lease Payment for the JEDB Estates	17	154,178,498	157,243,235
		<u>608,194,299</u>	<u>259,450,479</u>

Current Liabilities

Trade and Other Payables	18	184,146,558	360,835,121
Income tax Payable		-	44,768,673
Liability to Make Lease Payment for the JEDB Estates	17	3,064,737	2,936,331
		<u>187,211,295</u>	<u>408,540,125</u>
Total Equity and Liabilities		<u>2,986,911,775</u>	<u>3,047,592,877</u>

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 06 to 43 form an integral part of these Financial Statements.

Certification

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

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

AGM Finance

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

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

.....
Chandana Disanayake

(Chairman/CEO)

Chilaw

March 7, 2025

.....
Mrs. Aruni S. Ranasinghe

(Director)

Unaudited Financial Statements 2024

CHILAW PLANTATIONS LTD
STATEMENT OF CHANGES IN EQUITY
For the Year ended 31st December, 2024

Description	Stated Capital Rs.	Timber Reserve Rs.	Revaluation Reserve Rs.	Accumulated Profit Rs.	Total Rs.
Balance as at 1 January 2023	200,000,010	223,499,152	97,961,638	1,833,592,353	2,355,053,153
Dividend for year 2022				(125,000,000)	(125,000,000)
Interim Dividend for year 2023				(60,000,000)	(60,000,000)
Profit for the Year				231,737,560	231,737,560
Other Comprehensive Income	-		-	(22,188,440)	(22,188,440)
Transferred to Timber Reserve (7.2)	-	14,346,672		(14,346,672)	-
Deferred tax adjustment transfer to Motor vehicle Revaluation reserve			(923,148)	923,148	
Balance as at 31st December 2023	200,000,010	237,845,824	97,038,490	1,844,717,949	2,379,602,273
Final Dividend for year 2023				(30,000,000)	(30,000,000)
Profit for the Year	-			(138,375,056)	(138,375,056)
Other Comprehensive Income				(19,721,036)	(19,721,036)
Transferred to Timber Reserve (7.2)		39,759,273		(39,759,273)	-
Deferred tax adjustment transfer to Motor vehicle Revaluation reserve			(6,230,688)	6,230,688	-
Total Comprehensive Income	200,000,010	277,605,098	90,807,802	1,623,093,272	2,191,506,181
Balance as at 31st December 2024	200,000,010	277,605,098	90,807,802	1,623,093,272	2,191,506,181

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 06 to 43 form an integral part of these Financial Statements.

Chilaw
March 7, 2025

CHILAW PLANTATIONS LTD
STATEMENT OF CASH FLOW

For the Year ended 31st December,	<u>2024</u>	<u>2023</u>
	Rs.	Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Tax	219,206,847	302,606,407
Adjustments for;		
- Depreciation/Amortization	70,390,555	64,398,037
- Amortization of Grants	(604,017)	(554,766)
- Finance Expenses	78,695,020	61,652,953
- Finance Income	(118,297,996)	(237,386,004)
- Provision For Defined Benefit Plan Costs	20,062,472	17,718,645
- Profit on Disposal of Property, Plant and Equipment	-	(18,280)
- Gain/(loss) on fair value of Biological Assets	(47,618,767)	(10,145,544)
- Profit on disposal of Timber Trees	853,095	(13,120,109)
- Profit on disposal of Coconut Trees	(22,934,948)	(23,143,644)
- Provision For Incentive/Bonus to the Staff and Workers	42,849,206	42,495,327
- De-recognition /Impairment allowance for capital assets	-	3,657,714.76
- WIP Transfer out & Other Adjustment	6,200,946	298,023
	<u>248,802,413</u>	<u>208,458,759</u>
Changes in:		
- Inventories	72,357,882	46,353,395
- Dairy Livestock	(1,811,960)	234,285
- Trade and other Receivables	7,943,257	(1,711,944)
- Other Current Assets	(5,362)	(89,885)
- Trade and other Payables	(11,346,066)	7,751,553
Cash generated from operating activities	<u>315,940,163</u>	<u>260,996,163</u>
- Interest paid on government lease	(72,200,322)	(48,773,567)
- Defined Benefit Plan Costs paid	(13,152,742)	(16,766,357)
- Finance costs Paid	(47,551)	(50,728)
- Finance Income Received	135,347,584	216,189,231
- Income Tax Paid	(74,150,333)	(34,602,322)
-Incentive Payment to the Staff and Workers	(55,044,533)	(93,000,000)
- Cash received from sales of valuable trees	10,684,417	27,837,885
Net Cash from Operating Activities	<u>247,376,684</u>	<u>311,830,306</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
- Additions of Property, Plant & Equipment	(32,005,943)	(45,509,472)
- Field Development Expenditure	(79,454,711)	(69,376,432)
- Cash received from sales of coconut trees	22,934,948	23,143,644
- Staff loan Granted	(12,873,000)	(9,381,800)
- Staff loan recovered	11,457,611	8,500,922
- Short Term Investment	(62,318,886)	(15,144,708)
- Cash received from Disposal of Property, Plant and Equipment	111,031	53,291
Net Cash used in Investing Activities	<u>(152,148,949)</u>	<u>(107,714,556)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
- Dividends Paid	(185,000,000)	(130,000,000)
- Arrears/prepayment Installment and capital settlement of	(2,088,896)	(9,099,533)
-Grant received for capital expenditure	2,482,500	867,481
Net Cash Flows used in Financing Activities	<u>(184,606,396)</u>	<u>(138,232,052)</u>
Net Increase / (Decrease) in Cash & Cash Equivalents	<u>(89,378,661)</u>	<u>65,883,699</u>
A. Cash & Cash Equivalents at the Beginning of the Year	<u>602,479,421</u>	<u>536,595,722</u>
B. Cash & Cash Equivalents at the End of the Year	<u>513,100,760</u>	<u>602,479,421</u>
NOTE A		
Cash & Cash Equivalents at the beginning of the Year		
Short term Investments	558,684,521	469,246,687
Cash in Hand and at Bank	43,794,899	67,349,035
	<u>602,479,421</u>	<u>536,595,722</u>
NOTE B		
Cash & Cash Equivalents at the end of the Year		
Short term Investments	500,599,427	558,684,521
Cash in Hand and at Bank	12,501,332	43,794,899
	<u>513,100,760</u>	<u>602,479,421</u>

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 06 to 43 form an integral part of these Financial Statements.

Chilaw

March 7, 2025

1 CORPORATE INFORMATION

1.1 Reporting Entity

1.1.1 Domicile and Legal Form

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

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

1.1.2 Principal Activities and Nature of Operations

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

1.1.3 Parent enterprise and Ultimate parent Enterprise

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

1.2 Date of Authorization for Issue

The Financial Statements of Chilaw Plantations Ltd. for the year ended December 31, 2024 was authorized for issue in accordance with a resolution of the Board of Directors on 7th March 2025.

Unaudited Financial Statements 2024

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of Measurement

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

2.3 Functional and Presentation Currency

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

2.4 Use of Estimates and Judgments

The preparation of the financial statements in conformity with SLFRS/LKAS requires Management to make judgments, estimates and assumptions that influence the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual experience and results may differ from these judgments and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period and any future periods affected.

2.5 Going Concern

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

2.6 Comparative Information

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

Reconciliation of Revenue and cost of sales for the year ended 31stDecember 2023

	2023 Revenue	2023 Cost of Sales
In2023 as previously reported	899,693,759	671,910,856
Add- Coconut sales commission adjustment (previously debited to Revenue)	13,321,145	13,321,145
Divisional Sales/ Purchase	(27,664,664)	(27,664,664)
Adjusted Revenue / Cost of Sales for year 2023	885,350,241	657,567,338

2.7 Events occurring after the Reporting date

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Assets and Bases of their Valuation

Assets classified as current assets in the Statement of Financial Position are cash and those which are expected to realize in cash, during the normal operating cycle of the Company's business, or within one year from the reporting date, whichever is shorter. Assets other than current assets are those, which the Company intends to hold beyond a period of one year from the reporting date.

3.1.1 Property, Plant & Equipment

3.1.1.1 Recognition and Measurement

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

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

(a) Owned Assets

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

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

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

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

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

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

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

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

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

Net book value of the above revalued assets as at 31st December 2024 are shown under the note no. 8 to the financial statements.

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

Details of motor vehicles measured at cost less accumulated depreciation.

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

(b) Leased Assets

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

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

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

3.1.1.2 Subsequent Cost

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

3.1.1.3 De-recognition

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

3.1.1.4 Depreciation and Amortization

(a) Depreciation

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

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

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

(b) Amortization

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

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

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

3.1.2 Biological Asset

3.1.2.1 Immature and Mature Plantations

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

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

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

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

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

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

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

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

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

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

C) Consumable Biological Assets

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

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

The main variables in DCF model concerns.

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

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

- Age to harvest 5 or below years 10%
- Age to harvest 6 -15 years 11%
- Age to harvest 15 years or above 12%

3.1.2.2 Dairy Live Stock

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

3.1.3 Non-Current Assets Held for Sale

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

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

3.1.4 Inventories

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

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

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

3.1.4.1 Harvestable Agricultural Produce Growing on Bearer Biological Assets

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

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

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

3.1.5 Financial Instruments

3.1.5.1 Recognition and initial measurement

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

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

3.1.5.2 Classification and subsequent measurement

3.1.5.2.1 Financial assets

i) Policy applicable from 1st January 2018

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

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

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

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

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

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

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

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

a) Business model assessment:

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

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

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

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

b) Subsequent measurement and gains and losses:

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

3.1.5.2.2 Financial liabilities

i) Classification, subsequent measurement and gains and losses

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

3.1.5.3 De recognition

3.1.5.3.1 Financial assets

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

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

3.1.5.3.2 Financial liabilities

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

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

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

3.1.5.4 Offsetting

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

3.1.5.5 Impairment - Financial Assets

Non-derivative financial assets

3.1.5.5.1 Financial instruments and contract assets

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

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

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

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

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

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

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

3.1.5.5.2 Measurement of ECLs

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

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

3.1.5.5.3 Credit-impaired financial assets

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

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

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

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

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

3.1.5.5.5 Write-off

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

3.2.1. Financial Risk Management Objectives and Policies

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

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

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

3.2.1.1. Credit Risk

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

3.2.1.2. Liquidity Risk

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

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

3.2.2. Employees' Benefits

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

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

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

(b) Defined Benefit Plan

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

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

3.3. Deferred Income

Grants and Subsidies

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

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

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

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

3.4. Income and Expenses

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

3.4.1. Revenue Recognition

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

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

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

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

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

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

3.4.2. Expenses

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

3.5. Income Tax

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

(a) Current Tax

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

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

(b) Deferred Tax

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

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

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

3.7 Segment Reporting

Segmental information is provided for the different business segments of the Company. Business segmentation has been determined based on the Geographical area of Plantations are situated. The activities of the segments are described in the Note 27 to the Financial Statements and Geographical area of Plantations are as follows,

Group I Estates

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

Group II Estates

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

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

For the Year ended 31st December, 2024

04. LEASEHOLD RIGHT TO BARE LAND OF JEDB ESTATES

		2024	2023
		Rs.	Rs.
Leasehold Right to bare land of JEDB Estate	04.1	54,857,770	57,540,567
Leasehold Right to bare land of JEDB Pallai Estates	04.2	46,197,216	47,833,929
		<u>101,054,986</u>	<u>105,374,496</u>

04.1 LEASEHOLD RIGHT TO BARE LAND OF JEDB ESTATES

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

These assets are taken into the Balance Sheet as at 11th June 1992 and amortized by equal amounts over a 53 year period and the unexpired period of the lease as at the Reporting date is 20.5 years.

	Gross Carrying Value		
	as at	Addition/	as at
	31.12.2024	(Disposal)	31.12.2023
	Rs.	Rs.	Rs.
Leasehold Right to Bare land	142,188,257	-	142,188,257

	Amortization			
	as at	Disposal	for the	as at
	31.12.2024	for the year	Year	01.01.2024
	Rs.	Rs.	Rs.	Rs.
Leasehold Right to Bare land	87,330,487	-	2,682,797	84,647,690

	Net Carrying Value	
	as at	as at
	31.12.2024	31.12.2023
	Rs.	Rs.
Leasehold Right to Bare land	<u>54,857,770</u>	<u>57,540,567</u>

04.2 LEASEHOLD RIGHT TO BARE LAND OF JEDB PALLAI ESTATES

a) Lease have been executed for Pallai Estate for a period of 30 years. The leasehold right to the land on Pallai Estate has been taken in to the books of the Company on 9th February 2023
These assets are taken into the Balance Sheet as at 9th February 2023 and amortized by equal amount over a period of 30 years of lease period.

(b) Lease have been executed for Muhamalai Ayanankal estate, Visuwalingam Thottam estate and Kasipallaikani estate for a period of 30 years. The leasehold right to the land on all these estates have been taken in to the books of the Company on 26th April 2023, subsequent to the signing of the indenture of lease agreements.

These assets are taken in to the Balance Sheet as at 26th April 2023 and amortized by equal amounts over a 30 year lease period and the remaining period of the lease as at the reporting date is 28 years and 4 month.

However, when transferring the said assets, book value of the same were not available to be taken in to the accounts .Therefore value of these bare land of pallai estates, Muhamalai Ayanankal estate, Visuwalingam Thottam estate and Kasipallaikani estate have been assessed based on total lease rental and estimated Future discount rate of 12.5%.

	Gross Carrying Value	
	2024	2023
	Rs.	Rs.
At the beginning of the year	49,101,423	-
Addition		49,101,423
At the end of the year	<u>49,101,423</u>	<u>49,101,423</u>

	Amortization		
	as at	for the	as at
	31.12.2024	Year	01.01.2024
	Rs.	Rs.	Rs.
Leasehold Right to Bare land	<u>2,904,207</u>	<u>1,636,713</u>	<u>1,267,494</u>

	Carrying Value	
	as at	as at
	31.12.2024	31.12.2023
	Rs.	Rs.
Leasehold Right to Bare land	<u>46,197,216</u>	<u>47,833,929</u>

CHILAW PLANTATIONS LTD

NOTES TO THE DRAFT FINANCIAL STATEMENTS

For the Year ended 31st December, 2024

05. IMMOVABLE LEASED ASSETS OF JEDB ESTATES

(OTHER THAN RIGHT-TO-USE LAND AND LEASED BEARER BIOLOGICAL ASSETS)

In terms of the ruling of the UITF of Institute of Chartered Accountants of Sri Lanka prevailed at the time of privatization of plantation estates, all immovable Assets in the JEDB/SLSPC estates under finance leases have been taken into the books of the Company retroactive with effect from 22nd June 1992. For this purpose the Board decided at its meeting on March 08, 1995 that these assets would be taken at their book values as they appear in the books of the JEDB/SLSPC, on the day immediately preceding the date of formation of the Company. These assets are taken into the 11th June 1992 Balance Sheet and the amortization of immovable estate assets up to 31st December 2024 are as follows.

At Valuation	Improvements	Other	Buildings	Machinery	Water Supply	2023
	to Land					Vested
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Capitalized Value	841,193	1,002,944	25,356,498	530	4,026,236	31,227,401
Amortization						
As at 1 January	71,725	1,002,944	25,356,498	530	4,026,236	30,457,933
Amortization for the Year	-	-	-	-	-	-
As at 31 December	71,725	1,002,944	25,356,498	530	4,026,236	30,457,933
Carrying Amount	769,468	-	-	-	-	769,468

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

For the Year ended 31st December, 2024

05.1. LEASED BEARER BIOLOGICAL ASSETS OF JEDB ESTATES

	2024	2023
	Rs.	Rs.
5.1.1 Leased Bearer Biological Assets of JEDB Estates	7,163,374	9,051,201
05.1.2 Leased Bearer Biological Assets OF JEDB PALLAI Estate	17,489,318	18,110,918
	<u>24,652,692</u>	<u>27,162,119</u>

05.1.1 LEASED BEARER BIOLOGICAL ASSETS OF JEDB ESTATES

<u>Revaluation</u>	2024	2023
	Rs.	Rs.
Mature Plantation	77,848,235	78,277,446
Disposal Adjustment	(529,596)	(429,211)
	<u>77,318,640</u>	<u>77,848,235</u>
As at 01 January	68,797,035	67,338,419
Amortization for the Year	1,887,827	1,887,827
Disposal Adjustment	(529,596)	(429,211)
As at 31 December	<u>70,155,266</u>	<u>68,797,035</u>
Carrying Amount	<u>7,163,374</u>	<u>9,051,201</u>

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

05.1.2. LEASED BEARER BIOLOGICAL ASSETS OF JEDB PALLAI ESTATES

The value of leased bearer biological assets (Mature plantations) at Pallai estate have been taken into the books of the Company on 9th February 2023 after signing of the lease agreement by the Company with JEDB and amortized by equal amounts over a 30 year lease period.

However, when transferring the said assets, book value of the same were not available to be taken in to accounts. Therefore value of this Biological asset of pallai estates has been assessed based on total lease rental and estimated Future discount rate of 12.5%.

<u>Pallai coconut land value</u>	2024	2023
	Rs.	Rs.
At the beginning of the year	18,666,656	-
Addition		18,666,656
At the end of the year	<u>18,666,656</u>	<u>18,666,656</u>
As at 01 January	555,738	-
Amortization for the Year	621,600	555,738
As at 31 December	<u>1,177,338</u>	<u>555,738</u>
Carrying Amount	<u>17,489,318</u>	<u>18,110,918</u>

06 IMPROVEMENTS TO LEASEHOLD PROPERTY (Bearer Biological Assets)

Cost	Immature Plantation	Mature Plantation			2024	2023
		Coconut	Cashew	Other		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At the beginning of the - Year	240,610,201	863,469,849	100,026,612	7,968,053	1,212,074,715	1,156,816,784
Additions	80,605,403		-		80,605,403	59,035,164
Transferred from Immature		99,217,316	-	5,871,082	105,088,397	55,790,869
Transferred to Mature	(105,088,397)	-	-	-	(105,088,397)	(55,790,869)
Impairment/Disposal	-	-	-	-	-	(3,777,233)
At the end of the Year	216,127,206	962,687,164	100,026,612	13,839,135	1,292,680,118	1,212,074,715
Depreciation						
At the beginning of the - Year		93,376,269	52,518,538	2,423,187	148,317,995	127,991,586
Charge for the Year		17,344,940	4,001,064	691,957	22,037,961	20,577,053
Impairment/Disposal of assets		-	-	-	-	(250,644)
At the end of the Year		110,721,209	56,519,602	3,115,144	170,355,956	148,317,995
Net Value	216,127,206	851,965,955	43,507,010	10,723,991	1,122,324,162	1,063,756,720
Capital Work-in-progress						
As at 1 January					10,058,485	-
Additions during the Year					1,065,811	10,058,485
Capitalized during the year & Transfer out					10,058,485	-
As at 31 December					1,065,811	10,058,485
Carrying amount					1,123,389,973	1,073,815,205

Note :

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

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

Specific borrowings have not been obtained to finance the planting expenditure. Hence, borrowing costs were not capitalized during the year under Immature Plantations (2024 - Nil)

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

For the Year ended 31st December, 2024

07.1 BIOLOGICAL ASSETS - LIVESTOCK

	2024 Rs.	2023 Rs.
07.1.1	12,151,415	10,221,915
07.1.2	15,205,360	15,322,900
	27,356,775	25,544,815

Dairy Livestock
Other Livestock

07.1.1 DAIRY LIVESTOCK

	Immature Cows (Calves / Heifers)		Mature Cows (Milking and Dry cows)	
	Rs.	2024 Rs.	Rs.	2023 Rs.
As at 1 st January	1,280,220	10,221,915	8,941,695	9,507,450
Additions during the Year	587,576	587,576	166,000	166,000
Gain/(Loss) on fair value for the Year	(362,248)	(90,589)	271,659	800,699
Value increase/decrease on physical changes	(303,268)	117,714	117,714	170,311
Transfer in/(out) other estates		2,393,179	2,696,448	1,228,865
Death/Sales		(1,078,380)	(1,078,380)	(1,651,410)
As at 31 st December	1,202,280	12,151,415	10,949,135	10,221,915

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

07.1.2 Other Livestock (Bearer Biological Assets)

	Buffalos		Cart Bull		Stud Bulls		Sheep/Goat		Neat Cattle	
	Rs.	2024 Rs.	Rs.	2024 Rs.	Rs.	2024 Rs.	Rs.	2024 Rs.	Rs.	2023 Rs.
As at 1 st January	7,380,450	2,697,300	357,750	15,322,900	230,400	16,271,650	4,657,000	700,025	545,325	87,042
Additions during the Year	283,725		-	416,300		(337,706)	-	(1,632,670)	(1,228,865)	87,042
Value increase/decrease on physical changes	(337,706)					(1,230,980)	(1,110,515)	(1,632,670)	(2,431,495)	(1,228,865)
Transfer Out	(1,632,670)				(90,000)	(90,000)	-	(1,632,670)	(2,431,495)	(1,228,865)
Death/Sales	(1,110,515)				3,600	3,600	2,391,580	3,584,306	1,828,890	1,828,890
Gain/Loss on fair Value for the year	1,150,476	75,650	(37,000)	3,600	3,600	3,584,306	144,000	15,205,360	15,322,900	15,322,900
	5,733,760	2,772,950	320,750	15,205,360	144,000	15,322,900	6,233,900	15,205,360	15,322,900	15,322,900

7.2 Consumable Biological Assets- Timber Plantations

	2024. Rs			2023. Rs		
	Immature	Mature	Total	Immature	Mature	Total
Balance as at 1 st January	1,044,264	138,253,656	139,297,920	761,480	137,552,345	138,313,825
Increase due to development/ Investment	81,441		81,441	282,784		282,784
Gain / (Loss) Arising from Changes in fair value less cost to sell		39,759,273	39,759,273		14,346,672	14,346,672
Decrease due to harvest		(11,347)	(11,347)		(13,645,361)	(13,645,361)
Balance as at 31st December	1,125,705	178,001,582	179,127,287	1,044,264	138,253,656	139,297,920

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

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

Key assumption used in Valuation

1. Based on the price list of the state timber corporation of timber logs
2. The Prices adopted are net of expenditure.
3. Discount rate - Age to harvest 5 or below years 10%
Age to harvest 6 -15 years 11%
Age to harvest 15 years or above 12%
4. Time period of maturity estimated at 30 years

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

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

Regulatory and environmental risks

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

Supply and demand risk

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

Climate and other risks

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

7.3 Change in Fair Value of Biological Assets

	2024 Rs.	2023 Rs.
Changes in fair value of consumable biological assets (Note 7.2)	39,759,273	14,346,672
Changes in fair value of Produce on bearer biological Assets (Note 9.1)	7,859,494	(4,201,128)
	47,618,767	10,145,544

CHILAW PLANTATIONS LTD

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31st December, 2024

08 FREEHOLD PROPERTY PLANT & EQUIPMENTS

Cost/ Valuation	Buildings	Plant & Machinery	Motor Vehicles	Equipment	Furniture & Fittings	Fencing	Water Supply	2024	2023
	Rs..	Rs..	Rs..	Rs..	Rs..	Rs..	Rs..	Rs..	Rs..
As at 1 January	55,145,795	8,902,837	125,251,921	77,701,023	14,735,877	42,929,559	75,405,316	400,072,329	352,345,830
Additions	2,993,732	-	778,500	12,030,394	1,014,527	8,683,022	8,232,833	33,733,008	47,860,099
Transfers/Disposal	-	-	-	(200,300)	-	-	-	(200,300)	(93,600)
Transf. to held for sale	-	-	-	-	-	-	-	-	(40,000)
Transferred due to revaluation	-	-	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-	-
As at 31 December	58,139,528	8,902,837	126,030,421	89,531,117	15,750,404	51,612,581	83,638,148	433,605,037	400,072,329
Depreciation									
As at 1 January	16,230,012	5,649,011	70,127,653	55,880,922	10,746,392	32,354,325	9,242,665	200,230,980	162,850,424
Charge for the Year	1,411,124	560,469	24,576,736	4,692,797	676,869	5,664,853	3,940,809	41,523,657	37,425,245
Transfers/Disposal	-	-	-	(89,269)	-	-	-	(89,269)	(20,689)
Transferred due to revaluation	-	-	-	-	-	-	-	-	-
Transf. to held for sale	-	-	-	-	-	-	-	-	(24,000)
As at 31 December	17,641,136	6,209,480	94,704,389	60,484,450	11,423,261	38,019,178	13,183,474	241,665,367	200,230,980
Net Value	40,498,392	2,693,357	31,326,032	29,046,667	4,327,144	13,593,403	70,454,675	191,939,669	199,841,349
Capital Work-in-progress									
As at 1 January	-	-	-	-	-	-	-	1,585,697	4,234,346
Additions during the Year	-	-	-	-	-	-	-	1,277,161	1,262,982
Capitalized during the year & Transfer out	-	-	-	-	-	-	-	1,444,632	3,911,631
As at 31 December	-	-	-	-	-	-	-	1,418,226	1,585,697
Carrying amount								193,357,895	201,427,046

Note :

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

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

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

For the Year ended 31 December, 2024

09. PRODUCE ON BEARER BIOLOGICAL ASSETS AND INVENTORIES**09.1 PRODUCE ON BEARER BIOLOGICAL ASSETS**

	2024	2023
	Rs.	Rs.
At the beginning of the year/ as previously reported	25,993,440	30,194,568
Change in fair value less cost to sell	7,859,494	(4,201,128)
At the end of the year	33,852,934	25,993,440

09.2 INVENTORIES

	2024	2023
	Rs.	Rs.
Input Materials	7,219,206	17,786,147
Growing Crop - Nurseries	4,511,288	59,792,042
Harvested Crop	40,853,549	46,964,375
Consumables and Spares	23,992,962	24,392,322
	76,577,005	148,934,886

9.3 ASSETS HELD FOR SALE

	2024	2023
	Rs.	Rs.
Gross Carrying Value	440,450	440,450
Less; Accumulated Depreciation	424,446	424,446
Carrying Value	16,004	16,004

9.3.1 Carrying Value of Assets Held for Sale

Description	Vehicle No.	Cost	Depreciation	Carrying Value
Hand Tractor	NW SC 1610	104,000	103,999	1
Hand Tractor and trailer	NW SC 1611	145,500	145,498	2
Motor Cycle	NW GB 7012	150,950	150,949	1
Hand Tractor	NW SC 1609	40,000	24,000	16,000
		440,450	424,446	16,004

10. TRADE AND OTHER RECEIVABLES

	2024	2023
	Rs.	Rs.
Produce Debtors	37,359,333	40,529,623
Staff Debtors	6,045,331	3,179,173
Other Debtors	49,416,315	96,342,840
Wair-Coir Project	13,325,233	13,325,233
	106,146,212	153,376,870
Impairment allowances for Wair-Coir Project	(13,325,233)	(13,325,233)
Impairment allowances for Bad Debts	(1,367,907)	(568,587)
Provision for coconut rejection	-	(430,956)
	91,453,072	139,052,094

11. FINANCIAL FACILITY TO STATE ENTERPRISES	Amount	2024	2023
	Granted		
	Rs.	Rs.	Rs.
Loan Receivables			
Elkaduwa Plantations Ltd	20,000,000	23,519,452	23,519,452
Sri Lanka Rubber Manufacturing & Export Corporation Ltd	10,000,000	10,000,000	10,000,000
Sri Lanka State Plantations Corporation	20,000,000	23,610,959	23,610,959
Ministry of State Resources & Enterprise Development	15,000,000	15,000,000	15,000,000
Janatha Estate Development Board	40,000,000	47,627,397	47,627,397
	<u>105,000,000</u>	<u>119,757,808</u>	<u>119,757,808</u>
Less:			
Impairment Loss	(105,000,000)	(119,757,808)	(119,757,808)
	<u>-</u>	<u>-</u>	<u>-</u>

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

Considering the fact that the company was unable to recover the interest income due from above state organizations, from the year 2010 to 2012, the board of directors of chilaw plantations ltd decided not to recognize the unrecoverable interest income to the accounts of chilaw plantation limited from the year 2013. Subsequently the Board of Directors of Chilaw Plantations Limited resolved to make a full provision for impairment of financial assets for the year ended 2014. However, if interest income from 2013 to 2024 is taken in to the accounts, total loan receivable balance would be Rs. 196,557,808 as details given below

Elkaduwa Plantations Ltd	42,719,452
Sri Lanka Rubber Manufacturing & Export Corporation Ltd	10,000,000
Sri Lanka State Plantations Corporation	42,810,959
Ministry of state Resources & Enterprise Development	15,000,000
Janatha Estate Development Board	86,027,397
	<u>196,557,808</u>

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

For the Year ended 31 December, 2024

11.1 OTHER FINANCIAL ASSETS

	Loan Given to Employees Rs.	Pre-Paid staff Benefit Rs.	Total Rs.
Balance as at 01/01/2023	18,295,743	5,674,031	23,969,774
Loan Granted During the Year 2023	6,856,281	2,525,519	9,381,800
Loan Recovered During the year 2023	(5,440,388)	(3,060,534)	(8,500,922)
Balance as at 31/12/2023	19,711,636	5,139,016	24,850,652
Loan Granted During the year 2024	10,125,450	2,747,550	12,873,000
Loan Recovered During the year 2024	(8,889,611)	(2,568,000)	(11,457,611)
Balance as at 31/12/2024	20,947,475	5,318,566	26,266,041
Non- Current Balance as at 31/12/2023	14,766,454	2,783,930	17,550,384
Current Balance as at 31/12/2023	4,945,182	2,355,086	7,300,268
Balance as at 31/12/2023	19,711,636	5,139,016	24,850,652
Non- Current Balance as at 31/12/2024	15,794,193	2,426,338	18,220,532
Current Balance as at 31/12/2024	5,838,763	2,206,746	8,045,509
Balance as at 31/12/2024	21,632,957	4,633,084	26,266,041

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

	Market rate	Concessionary rate
2019	12.50%	5%
2020	9.25%	5%
2021	10.25%	4% (w.e.f 1/9/2021)
2022	27.25%	4%
2023	18%	4%
2024	14.5%	4%

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

For the Year ended 31st December, 2024

	2024	2023
	Rs.	Rs.
12. SHORT TERM INVESTMENTS		
Fixed Deposit - BOC (Over three months)	593,877,855	456,311,445
Fixed Deposit- Peoples Bank (Over three months)	-	75,247,523
Total short term investment over Three months	593,877,855	531,558,968
Fixed Deposit - BOC (Below three months)	247,883,620	361,252,977
Treasury Bills and REPO (Below three months)	252,715,807	197,431,544
Total short term investment Below Three months	500,599,427	558,684,521
Grand Total	1,094,477,282	1,090,243,489

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

The above fixed deposits with Bank of Ceylon represent ,Plan assets in respect of gratuity liability amounting to Rs. 112,425,621 /=

13. STATED CAPITAL

Ordinary shares including one golden Shares held by the Treasury which have Special rights	20,000,001	20,000,001
Value of Issued and Fully Paid Shares		
Ordinary shares including one golden Shares held by the Treasury which have Special rights	200,000,010	200,000,010

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

14. DEFERRED TAX LIABILITY/ASSETS

	2024	2023
	Rs.	Rs.
At the beginning of the Year	93,175	314,474
Charged / (reversal) during the year	323,299,308	(1,144,447)
Deferred Tax adjustment on assets revaluation	6,230,688	923,148
At the end of the Year	329,623,171	93,175

	Temporary Difference	Tax Effect	
	Rs.	2024	2023
		Rs.	Rs.
-Property, Plant and Equipment	(103,538,504)	(31,061,551)	(2,456,839)
-Mature and Immature Plantation	(1,122,324,162)	(336,697,249)	
		-	
-Impairment allowances for Bad Debts	14,693,140	4,407,942	318,372
-Retirement Benefit Obligation	112,425,621	33,727,686	2,045,292
Deferred Tax Assets / (Liability)	(1,098,743,905)	(329,623,171)	(93,175)
Applicable Tax Rate for all temporary differences.		30%	30%

Provision had been made only for agro processing for deferred tax on applicable tax rate up to 31st December 2023 under the liability method in respect of temporary difference arising from carrying amounts of assets and liabilities for financial reporting purposes. As per the policy decision taken by the government, profits from the agro farming is exempt from the income tax commencing from April 1,2019 for the period of five years of assessment, i.e. up to March 31, 2024. Due to the above reason deferred tax provision for agro farming has not been made up to 31st December 2023. With implementation of new tax law deferred tax liability of Rs 336,697,249 was recognized to the financial statement of the year 2024 for mature and immature plantations. As a result, the financial statement record a loss of Rs. 138,375,056 after tax. The effective tax rate used to calculate deferred tax liability for all temporary difference as at 31/12/2024 is 30%.

15. DIFERRED GRANTS AND SUBSIDIES

	2024 Received from PHDT	Rs. Received from CRI	2024 Rs.	2023 Rs.
At the beginning of the Year	5,707,859	4,380,667	10,088,526	9,775,811
Grant Received		2,482,500	2,482,500	867,481
Less : Amortization for the Year	(261,958)	(342,059)	(604,017)	(471,326)
Transfer out				(83,440)
At the end of the Year	<u>5,445,901.45</u>	<u>6,521,107.45</u>	<u>11,967,009</u>	<u>10,088,526</u>

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

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

ii) During the year 2021,2022,2023 and 2024 grant were received from Coconut Research Institute for installation of irrigation system in kinyama seed garden and other capital work .

The amount is spent capitalized under relevant classification of Property, Plant and Equipment.

Corresponding grant component is reflected under Deferred Grants and Subsidies and amortized over the useful life span of the asset.

16. RETIREMENT BENEFIT OBLIGATIONS

	2024 Rs.	2023 Rs.
At the beginning of the year	92,025,543	69,807,963
Interest Cost	11,503,193	12,565,433
Current Services Cost	8,559,279	5,153,212
Gratuity Payments for the Year	(13,152,742)	(16,766,357)
Actuarial (Gain) / Loss	13,490,348	21,265,292
At the end of the Year	<u>112,425,621</u>	<u>92,025,543</u>

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

According to the actuarial valuation report issued by the actuarial value as at 31 December 2024 the actuarial present value of promised retirement benefits amounted to Rs.112,425,621. If the company had provided for gratuity on the basis of 14 days wages and half months salary for each completed year of service, the liability would have been Rs. 122,687,412.84. Hence, there is a contingent liability of Rs. 10,261,792.04 which would crystallise only if the company ceases to be a going concern.

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

(i) Rate of Discount	10% p.a.	(ii) Rate of Salary Increase	
(iii) Retirement Age		Monthly paid Staff	9% p.a.
Monthly paid Staff	60 years	Daily Paid Staff	9% p.a.
Daily Paid Staff	60 years		
(iv) Daily Wage Rate	Rs. 840/-	(v) Staff turnover rate	4%

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31st December, 2024

17. LIABILITY TO MAKE LEASE PAYMENT FOR THE JEDB ESTATES

	2024			2023
	Repayable within 1 year Rs	Repayable after 1 year Rs.	Total Rs.	Rs.
	17.1 Liability to Make Lease Payment to the Treasury for the JEDB Estates	2,919,777	86,778,701.97	89,698,479
17.2 Liability to Make Lease Payment for the JEDB PLLAI Estates	144,960	67,399,796	67,544,756	67,673,609
Net Finance Lease liability-2024	3,064,737	154,178,498	157,243,235	160,179,566
Net Finance Lease liability-2023	2,936,331	157,243,235	160,179,566	

17.1 LIABILITY TO MAKE LEASE PAYMENT TO THE TREASURY FOR THE JEDB ESTATES

	Repayable within 1 Year Rs.	Repayable after one Year		Sub Total Rs.	Total Rs.
		Repayable within two to five Years Rs.	Repayable after five Years Rs.		
	Gross Finance Lease Liability	6,508,000	26,032,000		
Less : Future Finance Charges	(3,588,223)	(13,137,325)	(26,606,625)	(39,743,950)	(43,332,173)
Net Finance Lease liability-2024	2,919,777	12,894,675	73,884,027	86,778,702	89,698,479
Net Finance Lease liability-2023	2,807,478	12,398,726	77,299,753	89,698,479	92,505,957

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

The contingent rental during the current year charged to the Income Statement amounted to Rs. 68,499,800/- which is based on GDP deflator of 17% (2023 - Rs. 51,921,889/- 48%)

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

Gross Liability	=	2,521,195,030
Finance Charges	=	(1,515,825,140)
Net Liability	=	1,005,369,890

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31st December, 2024

17.2 LIABILITY TO MAKE LEASE PAYMENT FOR THE JEDB PALLAI/KILINOCCHI ESTATES

	Repayable within 1 Year Rs.	Repayable after one Year		Sub Total Rs.	Total Rs.
		Repayable within two to five Years Rs.	Repayable after five Years Rs.		
Gross Finance Lease Liability	4,008,000	16,032,000	174,159,143	190,191,143	194,199,143
Less : Future Finance Charges	(3,863,040)	(15,246,859)	(107,544,489)	(122,791,347)	(126,654,387)
Net Finance Lease liability-2024	144,960	785,141	66,614,654	67,399,796	67,544,756
Net Finance Lease liability-2023	128,853	697,904	66,846,852	67,544,756	67,673,609

a). Lease has been executed for Pallai estate for a period of 30 years commencing from 9th February 2023. Lease shall be paid for the coconut cultivated extent which is 92 Acres in extent at the rate of Rs.12,000/= per acre per annum. For the remaining bare land of 208 acres in extent, the annual lease rental is Rs 6,000 per acre. This lease rentals will be increased by 50% from 11th to 15th year and 20% annual rent increment will be applied every 05 years from 16th to 30th year thereafter

b). Lease have been executed for Muhamalai Ayanankal estate, Visuwalingam Thottam estate and Kasipallaikani estate for a period of 30 years commencing from 26th April 2023. Lease shall be paid for the bare land in extent of 276 Acres at the rate of Rs 6,000/= per acre per annum with 50% annual rent increment from 11th to 15th year and 20% annual rent increment every 05 years from 16th to 30th year thereafter as per the indenture of lease.

18. TRADE AND OTHER PAYABLES

	2024 Rs.	2023 Rs.
Trade Creditors	481,893	513,849
Others (Fertilizer, Contractors etc.)	93,822,384	121,104,543
Holiday Pay	3,502,794	3,707,985
Accrued Expenditure	14,364,446	15,118,306
Audit Fee	1,868,384	1,827,584
Incentive payable to Employee	30,300,000	29,539,000
Dividend /Lease rental Payable to Treasury	34,742,436	189,023,854
Vat Payable	5,064,221	
	184,146,558	360,835,121

	2024 Rs.	2023 Rs.
19. REVENUE		
Coconut (Note 19.1)	868,920,605	770,001,885
Cashew	41,663,037	64,046,312
Livestock project (Note 19.2)	23,340,301	18,723,646
Dragon Fruit	643,021	625,290
Seedlings & Nursery	4,766,515	18,486,585
Pepper	154,500	150,000
Cinnamon	2,113,733	1,607,854
Rambuttan	2,290,050	2,150,000
Coconut Oil	9,309,216	17,060,679
Cashew processing	10,306,710	14,076,910
Mango	4,399,275	75,150
Others	4,512,205	6,010,593
Gross Revenue	972,419,166	913,014,904
Less:- Divisional Revenue	(10,826,001)	(27,664,664)
Revenue from out side	961,593,165	885,350,241
19.1 Coconut Income		
Green Nuts	855,993,049	743,952,717
Copra	12,927,555	26,049,168
	868,920,605	770,001,885
Production (Nuts)	10,359,584	11,728,576
Net Sales Average (per 1000 nuts)	82,962	64,206
19.2 Income from livestock		
Income from Dairy livestock project	14,432,571	14,460,712
Other livestock	4,873,496	1,375,993
Gain/loss on fair value	4,034,234	2,886,942
	23,340,301	18,723,646
20 Cost Of Sale		
Coconut and Copra	609,716,021	557,752,979
Cashew	17,469,590	47,215,549
Livestock project	17,427,699	14,885,605
Dragon Fruit	158,095	118,384
Seedlings & Nursery	59,742,169	26,292,957
Pepper	421,045	418,530
Cinnamon	1,142,623	1,590,753
Rambuttan	258,093	172,681
Coconut Oil	10,550,475	17,031,990
Cashew processing	9,686,077	13,278,070
Mango	2,173,770	135,991
Others	4,285,533	6,338,511
	733,031,191	685,232,001
Less:- Divisional Purchase	(10,826,001)	(27,664,664)
Cost of Sales	722,205,190	657,567,338

	2024 Rs.	2023 Rs.
21. OTHER INCOME AND GAINS		
Amortization of Grant	604,017	471,326
Gain /(Loss) on Timber sale	(853,095)	13,120,109
Coconut Palms	22,934,948	23,143,644
Coconut Husks & Shells	4,414,478	2,635,562
Penalty on delay payment and removal of coconut	2,443,403	2,247,097
Paddy	3,502,149	3,232,860
Fire wood	1,282,492	1,424,985
Desilting Tank/Leveling of land (sale of Mud soil and sand)	9,492,605	23,541,414
Income from Land subleased for cultivation	8,270,178	8,162,203
Income from coconut treacle project	3,900,164	2,103,079
Pallay/Kilinochchi estate other income and gain	(1,859,639)	711,879
Others	17,963,294	13,219,998
	72,094,993	94,014,156
22. ADMINISTRATION & GENERAL EXPENSES (Details P 42 - P 43)		
Personal Direct expenses	53,403,912	50,942,229
Personal Indirect expenses	24,342,097	25,429,135
Office expenses	56,665,059	79,407,285
Other expenses	45,086,796	45,632,882
Value of Imbulgaswadiya area estate handed over to JEDB (Note 22.1)	-	3,657,715
	179,497,864	205,069,246
22.1 The land leasing programme is implemented by leasing out minimum 5 acres of land for outside parties for cultivation of short-term crop for a maximum period of five years on a minimum rental of Rs.1,000/- per acre per month after entering into an agreement.		
22.2 PROFIT BEFORE TAX IS STATED AFTER CHARGING		
Depreciation		
- Leasehold Right to bare land	4,319,510	3,952,174
- Freehold Property, Plant and Equipments	41,523,657	37,425,245
- Biological Assets	24,547,388	23,020,618
Directors Remuneration	2,648,400	3,883,397
Auditors Remuneration	2,529,478	3,790,241
Defined Benefit Plan Costs	20,062,472	17,718,645
Defined Contributions Plan Costs - EPF & ETF	35,991,663	33,539,065
Salaries & Wages	294,152,428	263,588,007
Employees' Bonus	12,549,206	12,956,327
Employees' Incentive payment	30,300,000	29,539,000
	468,624,201	429,412,719
23. FINANCE INCOME		
Interest on Fixed Deposits	86,867,559	176,182,585
Interest on Treasury bill/REPO	26,349,089	56,162,323
Interest income on Savings Account	1,509,846	1,274,315
Interest on Loan given to Staff	1,003,501	1,035,413
Unwinding of Pre-paid Staff Benefits	2,568,000	2,731,367
	118,297,996	237,386,004
23.1 FINANCE COST		
Land & Buildings (JEDB) Variable Lease Rental to PMD(MPI) Treasury	68,499,800	51,921,889
Lands & Buildings (JEDB) Lease Rental Interests to PMD(MPI) Treasury	3,700,522	3,808,502
Lease interest payment on JEDB Pallai/ Kilinochchi Estates	3,879,147	3,140,467
Interest Expense and Bank Charges	47,551	50,728
Amortization of Staff Cost	2,568,000	2,731,367
	78,695,020	61,652,953
Net Finance Income/(Expenses)	39,602,975	175,733,051

24. INCOME TAX EXPENSE

The major components of income tax expenses for the year ended 31 December 2024 are as follows.

Current Tax Expenses	2024	2023
	Rs.	Rs.
Current Income Tax (Note 24.2)	34,282,595	72,013,294
Deferred taxation Provision /(Reversal) (Note 14)	323,299,308	(1,144,447)
Income tax expense reported in the Income statement	357,581,903	70,868,847

24.1 In terms of item (u) (i) of the Third schedule to the Inland Revenue Act, No. 24 of 2017, gains and profits from the agro farming is exempt from the income tax commencing from April 1,2019 for the period of five years of assessment, i.e. up to March 31, 2024. In terms of item (1) (d) of paragraph 4 of the First schedule to the Inland Revenue Act, No. 24 of 2017 (As amended by Act, No. 45 of 2022) , the gains and profits from the agro farming is taxable at the rate of 30%, with effect from April 01, 2024

24.2 Reconciliation Between Tax Expenses and the Product of Accounting Profit

	2024	2023
	Rs.	Rs.
Accounting Profit before tax	219,206,847	302,606,407
Income not subject to tax	(170,555,013)	(250,908,095)
	48,651,834	51,698,312
Aggregate disallowable items	207,591,451	154,342,702
Aggregate allowable items	(259,573,434)	(163,983,136)
Adjusted Business profit / (Loss)	(3,330,149)	42,057,878
Assessable Charge or (Balancing Allowance) on depreciable assets	45,271	39,391
During the year grant received	(737,802)	867,481
Less- Gain from unprocessed exempt income	(4,022,680)	(37,575,072)
Brought forward Tax loss utilized		
Other income liable for Taxation	118,297,995	234,654,636
	114,275,315	240,044,314
Statutory Tax rate 30%	34,282,595	72,013,294
Current Income Tax Expenses	34,282,595	72,013,294

CHILAW PLANTATIONS LTD

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31st December, 2024

25.1 EARNINGS PER SHARE

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

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

Amounts used as the Numerator :	2024	2023
Net profit applicable to ordinary share holders for basic earnings per share	Rs. (138,375,056)	Rs. 231,737,560
	<u>(138,375,056)</u>	<u>231,737,560</u>
Amounts used as the Denominator :	Number	Number
Weighted average number of ordinary shares in issue applicable to basis earnings per share	20,000,001	20,000,001
	<u>20,000,001</u>	<u>20,000,001</u>
Basic Earning per share	(6.92)	11.59

25.2. EVENTS AFTER THE REPORTING PERIOD

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

26. RELATED PARTY DISCLOSURES

Details of significant Related Party Disclosures are as follows.

26.1 Transactions with the key management personnel of the company.

LKAS 24 'Related party Disclosures', Key Management personnel are those having authority and responsibility for planing, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including Executive and Non- Executive Directors) as key management personnel of the Company have been classified as Key Management Personnel

	2024	2023
Salaries and other Employment Benefits	Rs. 2,648,400	Rs. 3,883,397
	<u>2,648,400</u>	<u>3,883,397</u>

26.2. Related Party Transactions

There are no related party transaction during the year.

CHILAW PLANTATIONS LTD

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31st December, 2024

27 Segment Information

Geographical Segment Results	Group 01		Group 02		Unallocated		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue	522,387,409	468,936,432	439,205,756	416,413,809	-	-	961,593,165	885,350,241
Revenue Expenditure	(386,674,196)	(361,577,582)	(283,493,547)	(249,375,630)	-	-	(670,167,743)	(610,953,211)
Depreciation	(27,763,933)	(24,572,557)	(24,273,515)	(22,041,569)	-	-	(52,037,447)	(46,614,126)
Segment Results	107,949,281	82,786,293	131,438,694	144,996,610	-	-	239,387,975	227,782,903
Gain/(loss) on fair value of Biological Assets							47,618,767	10,145,544
Other Income and Gain							72,094,993	94,014,156
Unallocated Expenses							(179,497,864)	(205,069,246)
Finance Cost							(78,695,020)	(61,652,953)
Finance Income							118,297,996	237,386,004
Profit before Income Tax							219,206,847	302,606,407
Income Tax Expenses							(357,581,903)	(70,868,847)
Net Profit for the Year							(138,375,056)	231,737,560
As at 31st December								
Segment Assets								
Non Current Assets	807,423,245	782,985,095	827,429,714	764,562,150	33,076,648	43,394,207	1,667,929,607	1,590,941,452
Current Assets	114,541,872	150,781,418	53,210,322	83,651,672	1,151,229,974	1,222,218,335	1,318,982,168	1,456,651,425
Total Assets	921,965,117	933,766,513	880,640,036	848,213,822	1,184,306,622	1,265,612,542	2,986,911,775	3,047,592,877
Segment Liabilities								
Non Current Liabilities	54,291,853	45,931,226	49,516,390	44,685,933	504,386,056	168,833,320	608,194,299	259,450,479
Current Liabilities	40,946,975	45,540,412	33,761,084	41,420,189	112,503,236	321,579,524	187,211,295	408,540,125
Total Liabilities	95,238,828	91,471,638	83,277,474	86,106,122	616,889,292	490,412,844	795,405,594	667,990,604

28. COMMITMENTS AND CONTINGENCIES

28.1 Capital Commitments

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

28.2 Contingent Liabilities

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

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

ii) **Legal case filed**

No.	Case No.	Description	Present Situation
1	DMR/03137/15 District Court - Aluthkade	CPL is Claiming Rs. 2,963,522.15 the cost for Coconuts from Bee Pee & David Pvt. Ltd.	-
2	28/2051/14 - Labour Tribunal Chilaw HCALT4/23	Mr. W.M.P Weerasekara - a former Asst. Supdt. Claiming re employment File appealed to High Court	Matter is Pending
3	28/2052/14 - Labour Tribunal Chilaw HCALT5/23	Mr. B.M.S.S Balasooriya a former Asst. Supdt. Claiming re employment File appealed to High Court	Matter is Pending
4	A 3536 - Industrial Court - Colombo	S.C George and 8 Others ex - Employees Claiming arrears on Salary Revision	Offer received. Payment as per the offer is pending.
5	IR/22/17/2013 Labour Department - Narahenpita	Mrs. K.D.N Rajapaksha Claining Payment arrears for Rs. 1,250/-	As per the our observation the complainer is not willing for the claim.
6	IR/COM/04/2023/116	Mr. M.M Merly a Manager Estate Claiming Salary Increment	Matter is Pending
7	350/RE Marawila	Kahatawilla B - Land Case	Matter is Pending
8	SC/HCCA/LA/462/2019	Division Secretariat, Katana Divisional Secretariat, Demanhandiya	Matter is Pending
9	3746	Imbulgaswadiya Land Matter- Requesting compensation for land acquired by katana divisional secretariat	Matter is Pending
10	3835 - Special	Imbulgaswadiya Land Matter- Requesting compensation for land acquired by katana divisional secretariat	Matter is Pending
11	1224 L	There are 2 Cases on Same Number - Land & Surveyor - Case lodged by the surveyor - Nithalawa estate	Matter is Pending
12	5971 / M	Maravila lake II - Vialating the agreement in desilting Ruwaneliya Tank	Matter is Pending
13	1023 / L	Case pertaining to maravila II tank in Ruwaneliya estate	Matter is Pending

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

For the Year ended 31st December 2024

	Notes	2024 Rs.	2023 Rs.
REVENUE	(i)	961,593,165	885,350,241
COST OF SALES	(ii)	(722,205,190)	(657,567,338)
GROSS PROFIT		239,387,975	227,782,903
GAIN/(LOSS) ON FAIR VALUE OF BIOLOGICAL ASSETS		47,618,767	10,145,544
OTHER INCOME	(iii)	72,094,993	94,014,156
ADMINISTRATIVE EXPENSES	(iv)	(134,411,067)	(155,778,650)
OTHE EXPENSES	(v)	(45,086,796)	(49,290,597)
FINANCE COST	(vi)	(78,695,020)	(61,652,953)
FINANCE INCOME		118,297,996	237,386,004
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION		219,206,847	302,606,407

Unaudited Financial Statements 2024

CHILAW PLANTATIONS LTD
NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31st December,	2024	2023
	Rs.	Rs.
(i) REVENUE		
Coconut	868,920,605	770,001,885
Cashew	41,663,037	64,046,312
Livestock project	23,340,301	18,723,646
Dragon Fruit	643,021	625,290
Seedlings & Nursery	4,766,515	18,486,585
Pepper	154,500	150,000
Cinnamon	2,113,733	1,607,854
Rambuttan	2,290,050	2,150,000
Coconut Oil	9,309,216	17,060,679
Cashew processing	10,306,710	14,076,910
Mango	4,399,275	75,150
Others	4,512,205	6,010,593
	972,419,166	913,014,904
Less:- Divisional Revenue	(10,826,001)	(27,664,664)
Revenue from out side	961,593,165	885,350,241
(ii) COST OF SALE		
Coconut and Copra		
General Charges	354,065,128	321,538,720
Field Work & Cultivation	112,774,198	112,358,446
Harvesting	95,698,847	87,810,424
Manufacture	5,778,581	7,739,593
Transport	1,140,588	160,610
Other Expenses	14,217,414	6,062,346
Cost Of Production	583,674,756	535,670,140
Opening Stock Adjustment	42,663,545	51,425,240
Closing Stock Adjustment	(31,923,559)	(42,663,545)
	594,414,741	544,431,835
Coconut sales commission	15,301,280	13,321,145
Cost of Sales Coconut	609,716,021	557,752,979
Cashew	17,469,590	47,215,549
Livestock project	17,427,699	14,885,605
Dragon Fruit	158,095	118,384
Seedlings & Nursery	59,742,169	26,292,957
Pepper	421,045	418,530
Cinnamon	1,142,623	1,590,753
Rambuttan	258,093	172,681
Coconut Oil	10,550,475	17,031,990
Cashew processing	9,686,077	13,278,070
Mango	2,173,770	135,991
Others	4,285,533	6,338,511
	733,031,191	685,232,001
Less:- Divisional Purchase	(10,826,001)	(27,664,664)
Cost of sales	722,205,190	657,567,338
(iii) OTHER INCOME		
Amortization of Grant	604,017	471,326
Gain /(Loss) on Timber sale	(853,095)	13,120,109
Coconut Palms	22,934,948	23,143,644
Coconut Husks & Shells	4,414,478	2,635,562
Penalty on delay payment and removal of coconut	2,443,403	2,247,097
Paddy	3,502,149	3,232,860
Fire wood	1,282,492	1,424,985
Desalting Tank (sale of Mud soil)	9,492,605	23,541,414
Income on Land provided for cultivation	8,270,178	8,162,203
Coconut treacle projec income	3,900,164	2,103,079
Pallay/Kilinochchi estate other income and gain	(1,859,639)	711,879
Other	17,963,294	13,219,998
	72,094,993	94,014,156

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31st December 2024

(iv) ADMINISTRATIVE EXPENSES

	Year Ended 2024	Year Ended 2023
	Rs	Rs
PERSONAL DIRECT EXPENDITURE		
Chairman /CEO and Executive Staff Salaries/Allowances	22,508,280	21,341,708
Clerical & Other Staff Salaries & Allowances	26,644,315	25,413,999
Attendance Incentives	44,100	50,550
Retiring Gratuity	1,500,203	1,392,408
Over Time	2,163,191	2,182,650
Travelling & Subsistence	305,670	386,720
Payment for Unutilized Annual Leave for Retired Officers	238,154	174,194
	53,403,912	50,942,229
PERSONAL INDIRECT EXPENDITURE		
Staff Welfare	4,726,491	4,850,606
Staff Uniform	317,099	315,070
Sports expenses	200,000	161,301
Non Executive Medical Scheme	1,793,820	1,756,246
Chairman/CEO and Executives Staff Bungalow Expenses	15,603,080	16,989,866
Staff Quarters Maintenance	110,831	79,175
Canteen Expenses	1,057,790	818,175
Employee transport	102,580	157,206
Transport Allowance for MM category employees	430,405	301,491
	24,342,097	25,429,135
OFFICE EXPENDITURE		
Electricity	1,250,034	1,320,845
Postage & Telegram	266,400	287,673
Telephone	1,035,209	1,019,703
Rates Assessment Tax and water	276,655	247,696
Building Upkeep	745,669	684,498
Equipment Upkeep	480,346	593,793
Computers Expenses	234,721	275,006
Furniture & Fitting Upkeep A/C	36,925	-
Conference Expenses	264,000	407,907
Printing & Stationery	2,288,224	2,498,621
Book, Periodicals and News Papers	65,955	66,645
Supervisory Field Vehicles-Fuel Costs	12,224,983	12,623,765
Supervisory Field Vehicles - Other Costs (Repairs & Maintenance)	8,825,712	9,661,847
Legal Expenses (Labour Tribunal, Lands)	984,880	3,546,867
Professional & Technical Consultancy Fees	2,177,606	3,300,693
Audit Fees	1,763,686	3,036,049
Insurance (Field Vehicles, Buildings, Medical)	2,469,294	2,575,531
Official meeting, Progress Reviews, Workshops, Exp	1,020,173	1,180,012
Paper Advertisement (Papers - Procurements, Tenders, Recruitments)	298,528	38,009
Sundry Expenses	186,055	115,191
Junior Executive Development Program (NIPM, Workshops)	1,154,987	1,219,224
Business Promotion & CSR (Estate Temple, Kovil, Church, Schools)	3,363,806	18,691,483
Subscription	36,766	11,000
	41,450,615	63,402,060

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31st December 2024

(iv) ADMINISTRATIVE EXPENSES

	Year Ended 2024 Rs	Year Ended 2023 Rs
OFFICE EXPENDITURE (Contd...)		
Depreciation	12,462,588	12,186,942
Other Board Meeting Expenses (Fees, Refreshments)	2,751,856	3,818,282
	<u>15,214,444</u>	<u>16,005,225</u>
Total office Expenditure	56,665,059	79,407,285
Grand Total	134,411,067	155,778,650

(v) OTHER EXPENSES

Annual Bonus	12,549,206	12,956,327
Previous year and other Adjustments	1,599,890	2,557,055
Staff & Labour Performance Incentives	30,300,000	29,539,000
Estate labour welfare Activities	637,700	580,500
	<u>45,086,796</u>	<u>45,632,882</u>
Value of Imbulgaswadiya area estate handed over to JEDB (Note 22.1)	-	3,657,715
	<u>45,086,796</u>	<u>49,290,597</u>

(vi) FINANCE COSTS

Lands & Buildings (JEDB) Lease Rental Interests to PMD(MPI) Treasury	3,700,522	3,808,502
Land & Buildings (JEDB) Variable Lease Rental to PMD(MPI) Treasury	68,499,800	51,921,889
Lease interest payment on JEDB Pallai/ Kilinochchi Estates	3,879,147	3,140,467
Amortization of Staff Cost	2,568,000	2,731,367
Interest Expenses and Bank Charges	47,551	50,728
	<u>78,695,020</u>	<u>61,652,953</u>