Janatha Estate Development Board - 2024

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1. Financial Statement

1.1 Qualified Opinion

The audit of the financial statements of the Janatha Estate Development Board for the year ended 31 December 2024 comprising the statement of the financial position as at 31 December 2024 and statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and notes to the financial statements, including material accounting policy information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with the provisions of the National Audit No.19 of 2018, State Agricultural Corporations Act No.11of 1972 and the Finance Act No 38 of 1971. My comments and observations, which I consider should be reported to Parliament, appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of Board as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

My opinion is qualified on the matters described in paragraph 1.5 of this report.

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

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

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

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

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine, as far as possible and as far as necessary, the following.

- Whether the organization, systems, procedures, books, records, and other documents have been properly and adequately designed from the point of view of the presentation to enable a continuous evaluation of the activities of the Board, and whether such systems, procedures, books, records, and other documents are in effective operation,

- Whether the Board has complied with applicable written law, or other general or special directions issued by the governing body of the Board,

- Whether the Board has performed according to its powers, functions and duties, and

- Whether the resources of the Board had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observations on the preparation of Financial Statements

1.5.1 Non-compliance with Sri Lanka Accounting Standards

	Non Compliance with the reference to particular Standard	Management Comment	Recommendation
(a).	The value of 11,893.55 hectares of land belonging to the Board had not been evaluated and accounted for under property, plant and equipment in terms of paragraph 15 of Sri Lanka Accounting Standard 16, and action had not been taken to identify, verify and account for 2,172.09 hectares of land on site.	When leasing lands at present, the assessment is obtained only for the annual lease rent since it costs a lot to get the valuation. Steps will be taken by the institution to recover the expense for the same from the lessor.	Assets should be revalued in accordance with accounting standards.
(b).	In terms of the paragraph 51 of Sri Lanka Accounting Standards 16, even though the residual value and useful life of Property, Plant and Equipment shall be reviewed at least at each financial year-end and, if explanations differ from previous estimates, the changes shall be accounted for as a change in an accounting estimate in accordance with Sri Lanka Accounting standard 08, no measures had been taken accordingly regarding the cost of property, plant and equipment which is still in use with a fully depreciated value of Rs. 378,088,511 by the end of the year under review.	A committee had been appointed to obtain a revaluation of the residual and useful life of these assets, and it had been referred to the procurement division for the selection of the Valuation Officers for said committee. An adequate period of time is required for the same, and Subsequent to the occurrence of that process, the action will be taken in to take relevant valuation amounts in the accounts.	Assets should be revalued in accordance with accounting standards.

(c).	Although the cadre of the board was 1783, the accrual method had not been used to calculate the service benefit obligation in accordance with paragraph 57 of Sri Lanka Accounting Standard 19.	The calculation of gratuity had been made in accordance with the Payment of Gratuity Act No.12 of 1983 by the Janatha Estate Development Board previously. It is also mentioned that the action is taken in relation to outstanding gratuity payment by the Department of Labour as per this Act.	Action should be taken to calculate the employee benefits as per the accounting standard.
(d).	123,925.91 hectares of land provided on a lease basis had not been valued at fair value and accounted for under investment property in terms of paragraph 07 of Sri Lanka Accounting Standards 40.	Information regarding the lands provided to regional estate companies has been disclosed in the notes to the financial statements for the year 2024. The value of the lands owned by the Janatha Estate Development Board, which had been leased to the other party, has not been assessed and once the valuation values are obtained, steps will be taken to include them in the accounts.	Lands and buildings leased in terms of the accounting standards should be accounted for under investment property.
(e).	Although biological assets should be measured in terms of paragraphs 12 and 30 of Sri Lanka Accounting Standard 41, consumable biological assets of Rs. 21,938,031 had been carried forward at a constant value. Furthermore, although biological assets worth Rs. 29,225,917 had been sold and taken to income during the year under review, the relevant cost had not been removed from the assets.	The timber valuation reports for the years 2022, 2023 and 2024 had been obtained by the Forest Resources Division, and information about the timber values and tree sizes provided by the Forest Resources Division had been informed to the relevant estates. Practical issues have arisen within the institution regarding the implementation of this. Therefore, steps will be taken to record accurate values in the books in due course.	Assets should be valued and accounted for in terms of the standard, and the costs related to assets sold should be removed from the assets.
(f).	Depreciation had not been calculated and accounted for in respect of Bearer Plants amounting to Rs. 8,281,946 which had been included under other mature crops since the year 1996 in terms of paragraphs 30 and 55 of Sri Lanka Accounting Standard 41.	The physical existence of the assets will be confirmed from the relevant estate, and appropriate further action will be taken.	The existence of assets should be confirmed and depreciated in terms of the standard.

1.5.2 Accounting Deficiencies

	Audit Issue	Management Comment	Recommendation
(a).	Minor export crops worth Rs.3,350,076 that are physically existent from previous years, other immature biological assets worth Rs.5,041,141 in Ginisiriya plantations and 08 estates had been further disclosed under work in progress.	Steps have been taken to obtain confirmation from the Estate Superintendent regarding the physical existence of these minor export crops, and steps will be taken to write them off or take relevant action after obtaining that confirmation.	The physical existence of assets should be confirmed, and necessary adjustments should be made in the financial statements.
(b).	The Hanthana Estate playground, the warehouse office on Daly Road and the buildings belonging to the consumer goods sectors, which were accounted for Rs. 571,318 as non-current assets for over 20 years, had been included in the financial statements without valuation.	The institution does not have sufficient funds to re-evaluate fixed assets, in a situation where even statutory payments have not been made from 2002 to 30 June 2023 due to the ongoing working capital difficulties of the institution. Therefore, the old values of these fixed assets remain in the books as they were and steps have been taken to value these buildings and include them in the financial statements in due course.	Assets should be valued and accounted for.
(c).	The Board had failed to verify the existence of the property, plant and equipment and biological assets of the Montecristo Estate worth Rs. 32,168,955, the fixed assets of the Onugaloya Estate with a cumulative value of Rs. 10,260,406 and the property, plant and equipment of the Harangala and Tiespan Estate as they had not been inspected after the acquisition. Therefore, no steps had been taken to depreciate these assets.	Since there are no documents relating to the assets of the Montecristo Estate, these assets have not been depreciated, and so far, it has been difficult to verify the existence of these assets. Furthermore, due to the submergence of the Onugaloya Estate due to the Mahaweli Project, the related fixed assets also have no physical existence. Measures have now been taken by the Janatha Estate Development Board to lease the Harangala Estate along with its factory, and detailed information related to properties and buildings have not been found.	Depreciation should be carried out after confirming the physical existence of assets.

(d).	The expenses incurred for the “Planters’ Bungalow” at the Nagasthenna Estate and the net loss of Rs. 1,468,199 generated during the year under review by renting out the building had been recorded as sundry debtors’ balances without any adjustments to the profit and loss account.	This had been corrected on 31 December 2025.	Adjustments to the accounts should be made according to accounting principles.
(e).	Even though the "Estate Development Project" implemented by the Ministry of Plantation Industries had been completed in the year 2010, an amount of Rs. 4,136,733 spent by the Board for the purchase of roofing sheets in relation to that project had been carried forward as other receivables in the Board's financial statements for more than 14 years. The entity from which this balance should be reimbursed had not been identified and no provision had been made in the financial statements regarding the uncertainty of collection.	These projects had been completed in 2010, and since the institution is not currently operational, there is no possibility of recovering the amount. In 2026, measures will be taken to remove these old balances from the accounts upon approval by the Board of Directors.	Necessary steps should be taken to recover the balances due, and provisions should be made for doubtful debts.
(f).	The tea factory and land, located in an area of 01 acre and 1.3 perches belonging to the Hanthana Estate, had been leased to the Sri Lanka Tea Board for a period of 30 years from 01 January 2001. During the 23 years since its inception, the lease rent of Rs. 46,314,100 due in terms of the agreement had not been collected, and no steps had been taken to account for that lease rent receivable.	Arrangements will be made to collect relevant information from the Lands Division and to account for it due course.	The leases due to the Board in accordance with the agreements should be collected and accounted for.
(g).	Even though an amount of Rs. 29,599,058 spent during the period 2003-2014 for immature rubber cultivation included in the Board's host biological assets should be switched to mature rubber cultivation after 7 years and more	An amount of Rs. 13,230,467 had been transferred from this immature rubber cultivation to mature cultivation in the year 2025, and the amount that does not physically exist is Rs. 1,043,256.	Steps should be taken to transfer the seedlings to mature crops during the maturity period and to remove the physically absent

	than 10 years had passed by the year under review, no steps had been taken to transfer the crop to mature cultivation and amortize it.		crops from the accounts in a proper manner.
(h).	Tea stocks and tea plants stock worth Rs. 2,761,476 pertaining to 11 estates had been included in the stock, although they are not physically available.	Appropriate action will be taken after receiving internal audit confirmation that these tea stocks and tea plant stocks are not available.	Stocks that do not have a physical presence should be removed from the accounts.
(i).	Although the cost of other biological assets in the Board's financial statements is Rs.17,925,652, the accumulated depreciation value at the end of the year under review was Rs.18,520,206 and the net book value of the asset remained at a negative balance of Rs.594,554 due to the depreciation in excess of cost.	Since these balances date back to before 1996, there is no written evidence to confirm them.	Action should be taken to correct depreciation exceeding asset cost.
(j).	An office and a sales outlet had been operating by the Chilaw Plantation Company in a building owned by the Board since 2019 without any payment or agreement, and although it had been identified that an amount of Rs. 13,659,354 is receivable as lease rent calculated according to the government assessment from 2019 to 2024, no steps had been taken to account for that amount.	No agreement has yet been reached regarding the offices and sales outlet that the Chilaw Plantation Company operated on the ground floor from 2019 to 2023. Since a written notification to the Accounting Division regarding this had been sent to the relevant institution by the Deputy Chairman on 25 November 2025 and copied to the Accounting Division, steps had been taken to record this on 05 December 2025.	Lease agreements should be entered into with all parties using the Board's properties, and accordingly steps should be taken to collect the lease payments on time.
(k)	Non-current assets had been overstated by that amount in the financial statements due to the advance payment of Rs. 1,614,000 made to the customer on 28 September 2022 to purchase a fuel tank for installation at the Lulkandura Estate being recorded as work in progress in the Board, and arrangements had not been made to purchase and install the fuel tank as at 01 January 2026.	This fuel tank had been delivered to the Kumarawatte Estate on 07 January 2026, and therefore, this has been recorded under the ongoing work at the Lulkandura Estate and the amount of Rs. 1,614,000 has been transferred to the Kumarawatte Estate and informed to be credited to the accounts in the year 2026.	The fuel tank should be installed and accounted for as an asset.

1.5.3 Unreconciled Control Accounts or Reports

Item	As per financial statements Rs	As per the corresponding Record Rs.	Difference Rs.	Management Comment	Recommendation
Balance of loan and interest receivable by the Board from the Sri Lanka State Plantations Corporation	97,709,342	117,039,582	19,330,240	Although the balance of the loan receivable from the Sri Lanka State Plantation Corporation to the Estate Development Board had been analyzed to be Rs. 119,318,456 and a copy of the ledger accounts had been sent to the Board, verification cannot be done with the corporation's information due to insufficient information. Also, although the balance of the loan receivable from the Plantation Corporation was Rs. 119,318,496, the balance had become Rs. 117,039,582 due to the offset of Rs. 2,278,914 payable to the Plantation Corporation.	Steps should be taken to identify the correct balance by comparing the balances with the State Plantation Corporation.

1.5.4 Suspense Account

Item	Amount Rs.	Period in suspense	Management Comment	Recommendation
No measures had been taken to identify and settle the transactions relating to the old suspense account balance, which includes trade and other payables, as at the end of the year under review.	1,863,756	28 years	The balance of the Suspense Account of Rs. 1,863,756 at the Head Office is the balance prior to the year 1996, and since no information has been found regarding this	Transactions related to suspense accounts should be identified accurately and corrected.

		matter, it has not been possible to write it off from the books.

1.5.5 Inappropriate Valuation or Estimation

Audit Issue	Management Comment	Recommendation
There were no deeds and plans of the lands to confirm the legal ownership of the lands, buildings and estates of the head office, other balances, and the balance of the water supply project, which were included in the property, plant and equipment balance of the Board, total in Rs. 1,570,107,697. The fair values of land and buildings had not been reflected in the accounts as the values had not been revalued after 2008.	Detailed information held by the institution regarding the amount of Rs. 1,489,375,963 included in the Rs. 1,543,300,120 of lands and buildings belonging to the head office mentioned as lands and buildings of the head office have been provided in response to the draft Auditor General's Report 2020. Since the assessed values of the head offices and the buildings of the estates have not yet been obtained, it has not been possible to obtain the square footage, engineering plans, and valuation reports of these buildings. The balance of Rs. 39,770,818 within this value is a continuing balance in the books.	Sufficient evidence should be provided to establish the ownership and existence of land, buildings and other properties and the assets should be revalued.

1.5.6 Going Concern of Organization

Audit Issue	Management Comment	Recommendation
The Board's net assets and working capital had negative values of Rs.1,343,526,831 and Rs. 2,212,614,116, respectively as at 31 December 2024 due to the continuous losses and because the property, plant and equipment of the Board are not at current valuation, and the statutory payments due on that date were Rs. 2,223,880,147. Sufficient investments had not been made to settle these obligations and the outstanding bank loan balance was Rs.126,487,116. Accordingly,	The Board has been unable to properly revalue the lands, buildings and other assets owned by the Board and take them into the books due to the institution's ongoing working capital shortage. It should be noted that it is not possible to pay the statutory allowances mentioned here for the same reason. Also, these outstanding statutory allowances have been paid from the money received from the General Treasury from time to time, year	The Board should be reorganized in terms of the decisions of the Board of Directors to properly revalue the lands, buildings and other assets held by the Board and to record those values in the books and to formulate strategies to overcome the institution's ongoing working capital shortages.

although a material uncertainty about the Board's going concern status is observed in the financial statements in accordance with paragraph 25 of Sri Lanka Accounting Standards No. 01, the reorganization decided by the Board of Directors in Note 2.4 of the Financial Statements had also not been carried out until 19 March 2026.	after year. Although it had been informed that the reorganization activities outlined in Note 2.4 to the Financial Statements 2024 would be carried out with the change of each political authority, such incident has not happened so far.

1.5.7 Documentary Evidence not made available for Audit

	Item Available	Amount Rs.	Evidence not Provided	Management Comment	Recommendation
(a)	Old debtor balance of the consumer section, balance in the control account relating to assets and liabilities of the Monte Cristo Estate, receivable withholding tax and value added tax, adjustment balance included in the trade receivables balance.	95,031,236	Balance confirmations, debtor period analysis, physical verification reports, detailed schedules and actions taken to recover balances receivable	These values are being carried forward in the financial statements from previous years, and the necessary information for each period will be sought and the balances will be corrected.	Steps should be taken to verify balances and recover outstanding balances and to take appropriate and necessary action for unaccounted balances.
(b)	Balance of other biological assets transferred	38,912,523	Physical verification reports, tree census reports and reports related to valuation	The balance of Rs. 17,925,652 within this value is a balance that exists from before 1996, and steps will be taken to remove it from the books with the approval of the Board of Directors in due course. Rs. 7,859,380 is not physically available, and action will be taken to transfer it to mature rubber plantations worth Rs.13,127,491.	The existence and value of assets should be identified accurately and accounted for accurately.

(c)	State Trading Corporation, Balance payable to private institution, Balance payable for Mahaweli Housing Projects, Deposits against leasehold asset, Taxes payable, Value Added Tax, Nation Building Tax, Economic Service Charges, Taxes payable as earned and Staff Salaries and Wages balance payable, Bank Loan, Other Deposits, Other Creditor Balance	526,532,378	The year that the grant had been received, the purpose and use for which it was given, and the party providing it, reports of work done, certified bills, source of funding and the policy for accounting for it, and approvals received.	These balances will be written off from the books in due course, with the approval of the Board of Directors, as per Circular 01/2021. The taxpayers' accounts have also shown a deficit due to errors. This account will be monitored in due course.	Unverifiable balances should be removed from the accounts in accordance with the relevant circulars and any errors in accounts payable should be corrected and presented in the accounts at the correct value.
(d)	Old General Reserve Balance, Plantation Development Project, unchanged	295,796,203	The year that grant was received, the purpose and use for which it was given, and the party providing it, reports of work done, certified bills, source of funding and the policy for accounting for it, and approvals received.	Since these balances are balances prevailing from before 2016, the institution does not have information regarding those balances.	Steps should be taken to verify old balances and remove balances that cannot be verified from the accounts in accordance with the relevant circulars.

1.6 Accounts Receivable and Payable

1.6.1 Receivables

Audit Issue	Management Comment	Recommendation
According to the Trade and Other Debtors Period Analysis Report of Rs. 96,908,449 submitted as at 31 December 2024 relating to the Board's estates, it had been observed that the outstanding balances between 4-5 years and over 5 years are Rs. 9,233,006 and Rs. 53,749,223 respectively and the balance receivable	It may be indicated that errors in existing lease agreements, failure to issue monthly/annual invoices systematically to the lessee as well as to the accounting department, failure to inform the accounting department in writing about changes in lease agreements through the relevant department, and not	The institutions that owe outstanding balances should be identified and provisions should be made for balances of suspense accounts.

between 3-6 years amounting to Rs. 59,346,049 in relation to the trade receivable balance of Rs. 496,460,528 at the head office and the outstanding balance amounting to Rs. 68,945,867 over 6 years and the amount of loans in the consumer sector that have been outstanding for over 5 years is Rs. 11,026,230 and no appropriate action had been taken by the board to recover these balances.	providing copies of lease agreements are the reasons for incorrect balances in these accounts receivable. Since it has been certified that the loan balance amounting to Rs. 5,904,575 related to the year 2018 will not be received from the Sri Lanka Army, the value has been removed from the books on 31 December 2024.

1.6.2 Payables

Audit Issue	Management Comment	Recommendation
According to the creditor period analysis related to the Board's estates and amounting to Rs. 116,370,690 submitted as at 31 December 2024, there were an amount of Rs. 13,055,692 of the creditor's balance between years 04-05 and a creditor balance of Rs. 73,408,101 over 05 years, and the balances of Rs. 9,703,150 between years 01-03 within the Board's trade creditor balance of Rs. 106,220,009 of the head office of the board, a creditor balance of Rs. 10,852,582 between 03-06 years, and a balance of Rs. 73,745,425 over 6 years. The balance amounting to Rs. 15,437,483 is relevant to the Plantation Human Development Trust, which is included in this balance, and there were rates and taxes were amounting to Rs. 62,198,341, and steps had not been taken by the Board to settle that balance.	The necessary corrections will be made to ascertain whether the creditor balances in the estates actually exist and payments will be made according to the financial position of the institution. Payment to these creditors has been delayed due to the severe working capital deficit of the institution, and arrangements have been made to pay this balance as funds are available now.	Action should be taken to verify and settle the Creditor balances.

1.7 Non-compliance with laws, Rules, Regulations, and Management Decisions, etc.

	Reference to laws, Rules, Regulations, etc.	Non-compliance	Management Comment	Recommendation
(a)	Treasury Circular No. 842 dated 19 December 1978	A fixed assets register regarding the balance of property, plant and equipment held by the head office and estates of the Board that was properly prepared by including relevant	A separate fixed asset register is maintained by the institution for accounting purposes for the estates and the head office since 1996 and 2008 respectively, and a formal fixed asset register	A fixed asset register should be maintained.

		information had not been maintained by the Board so that the type of asset, purchase price, date, vehicle disposals, annual purchases, disposals, transfers, and each asset could be identified separately.	has not been maintained. Necessary steps will be taken to maintain a fixed asset register in an accurate manner in the future.	
(b)	Sub-section 16 (1) of the Employees' Trust Fund Act, No. 46 of 1980	Contributions of Rs.34,002,171 due to the Employees' Trust Fund had not been paid since the year 2011, and there was a surplus balance of Rs. 8,306,083 due to the Trust Fund at the end of the year under review as per the financial statements.	It had been unable to continue paying EPF/ETF since around 2002 due to the severe working capital shortage in the institution, and Funds had been provided by the Ministry of Finance for the payment of these arrears of statutory funds in certain years. Accordingly, payments have been made using that amount. Furthermore, arrangements have been made for lump sum payment of all EPF and ETF dues.	Statutory payments should be made on the due date in terms of the Act.
(c)	Sub-section 5 (1) of Part II of the Payment of Gratuities Act, No. 12 of 1983	Although gratuity payments should be made within 30 days from the date of retirement or death of an employee, there was a gratuity balance of Rs.811,037,849 and a surcharge balance of Rs.279,858,224 at the end of the year under review.	It was unable to pay Employee gratuities of the institute properly due to the ongoing working capital financial difficulties of the institution. Arrangements have been made for a lump sum payment of all gratuities.	Gratuities should be paid on time in terms of the Act.
(d)	Section 15 of the Employees' Provident Fund Amendment Act, No. 15 of 1998	There was an amount of Rs.834,301,079 payable as provident fund and a due balance of Rs. 163,518,427 to the Estate Staff Provident Society (ESPS) and the Ceylon Planters Provident Society (CPPS), and there was a surcharge of Rs.90,272,881 payable on the	It has been unable to continue paying EPF/ETF since around year 2002 due to the severe working capital shortage in the institution. The current statutory payments will be paid gradually from the institution's funds since July 2023.	Statutory payments should be made on the due date as per the Act.

		above funds at the end of the year under review as per the financial statements.		
(e)	Section 93 of the Inland Revenue Act, No. 24 of 2017	The income tax return for the assessment year 2023/2024 had not been submitted by 01 January 2026.	There has been a delay in sending the income reports to the Income Tax Department due to the delay in submitting the institution's financial statements. This is due to the requirement to submit audited financial statements to the Income Tax Department.	Income tax returns for the assessment year should be submitted and tax should be paid according to the Act.
(f)	Paragraph 6.9 of the Operations Manual introduced by Public Enterprises Circular No. 01/2021 dated 16 November 2021	A balance of Rs. 5,904,575 due from the Army, out of the total outstanding debt balance of Rs.16,590,553 in the consumer sector which was overdue for 5 years, had been written off from the financial statements without taking the relevant steps, including the approval of the Board of Directors.	Since it has been confirmed that the balance of Rs. 5,904,575 out of the debt balance of Rs. 6,645,190 for the year 2018, in this consumer sector, will not be received from the Sri Lanka Army, the value had been written off from the books on 31 December 2024.	The debt balance should be written off by following the relevant procedure as per the circular.

2. Financial Review

2.1 Financial Results

The operational result for the year under review was a loss of Rs. 229,233,137, as compared with the corresponding loss of Rs. 147,859,712 in the preceding year. Accordingly, a deterioration of Rs. 81,373,425 in the financial result was observed. The main reason for this increase in loss was the overall rise in sales expenses related to the tea, rubber, and other crop plantations of the Board by Rs. 320,113,670, and the increase in administrative and staff costs by a total of Rs. 35,442,170 was also mainly due to this.

2.2 Trend analysis of major income and expenditure items

Income from the sale of tea leaves increased by 6.5 per cent in 2024 compared to 2023, while income from rubber plantations increased by 42 per cent in 2024 compared to 2023. Similarly, the cost of tea leaves and the production of rubber increased by 22 per cent and 24.5 per cent, respectively, in 2024 compared to 2023.

2.3 Ratio Analysis

- The current ratio was 0.37:1 and 0.35:1 in the year under review and the preceding year.
- The quick asset ratio was 0.33:1 and 0.31:1 in the year under review and the preceding year.
- The gross loss ratio for the year under review was 13.5 per cent while the gross loss ratio for the preceding year was 3 percent.
- The net loss ratio for the year under review was 16 per cent while the net loss ratio in the preceding year was 11.6 per cent.

The aforementioned analysis of the above ratios for the years 2023 and 2024 indicated that the Board was unable to cover its current liabilities from existing current assets and there is a debt capital exceeding the institution's share capital. Accordingly the auditors further observed the financial difficulties and the risk of going concern of the institution during the audit.

3. Operational Review

3.1 Management Inefficiencies

	Audit Issue	Management Comment	Recommendation
(a)	The Board had failed to effectively fulfill the objectives and tasks established in relation to the fields of agriculture, production, estate management, business, finance and operations, which were the objectives for which the Board was established according to the State Agriculture Act No. 11 of 1972. Furthermore, formal plans had not been prepared to maximize the productivity of the agricultural and estate lands assigned to the Board according to the objectives of the Board, and no steps had been taken to maintain the tea and rubber estates profitably with proper management.	Accepted.	Plans should be made to maximize the productivity of the estate lands assigned to the Board and tea and rubber estates should be maintained with proper management.
(b)	Although 13 years have passed since the theft of Rs. 1,539,546 and Rs. 1,256,046 respectively from the Nagasthenna and Kandal Oya estates, the current status of the assigned case had not been investigated, and no steps had been taken to identify the responsible individuals and recover the losses.	This case is still pending in the Kandy High Court. Arrangements have been made to recall on 11 December 2025. It is not possible to recover the loss since the lawsuit is still ongoing, and further legal action will be taken accordingly.	Action should be taken to recover damages in accordance with the judgments of the cases filed.

(c)	An agreement had been entered into in 2019 to lease 92.84 hectares of land assigned to the Board, and the lands had been leased to 19 lessees for a period of 30 years for agricultural purposes as per the agreement, and the aforementioned lease agreements had been cancelled on 13 July 2021. Lands had been leased to 13 lessees without the approval of the Board of Directors and without signing a new agreement for re-leasing. Although the possession of 28.29 hectares of land had been handed over to 07 lessees, a monthly lease value of less than Rs. 1000 per acre had been charged without obtaining valuation reports and levying the lease. Furthermore, a lease amount of Rs. 2,691,292 had not been collected from 10 lessees out of the lease rental value of Rs. 4,836,251 that was due from the date of lease as per the terms of the lease agreement as at 31 December 2024.	An investigation into this project had been conducted by the Audit Division of the Ministry in 2019 regarding the release of these lands and submitted a report. This project had been terminated by the Board of Directors on 13 June 2021 based on that report. However, the Chief Executive Officer will take steps to provide land plots for which a lease agreement has been signed under the above project and which can be occupied without any problem. Furthermore, lessors have been informed to collect lease amounts and recover lease arrears based on valuation reports.	Land should be leased after the cancellation of the initial lease agreements and entering into new lease agreements based on the decision of the Board of Directors, and steps should be taken to recover lease revenue, and arrears of lease amounts through new valuations.

3.2 Operational Inefficiencies

Audit Issue	Management Comment	Recommendation
1,068.24 hectares belonging to 37 estates out of the 1,785.10 hectares of land assigned to the Board through agreements had not been leased out to generate income or used for productive purposes.	Although the lands to be leased and owned by the Board are planned to be leased under the Special Project Scheme in the year 2019, the project had been halted due to management changes. Measures had been taken to provide 07 lands on lease basis as per the applications received through calling for Expression of Interest from investors on 06.02.2022 to select the lease out the lands. These lands had also been scheduled to be leased out under the underutilized land disposal project implemented by the Ministry. Later, it had been decided to lease lands less than 20 hectares through the board. Later, by letter dated 29.01.2025,	Steps should be taken to generate income from the assigned lands or to utilize them for productive purposes.

	it was decided to dispose of these lands under the projects implemented by the Ministry.	

3.3 Procurement Management

Audit Issue	Management Comment	Recommendation
Rs. 1,082,820 had been spent by the end of the year 2024 by purchasing equipment for repairing only the engine and the injector pump of the vehicle by identifying 11 components of jeep number 32 Sri 4264 that need to be repaired by calling quotations without preparing an estimate, without preparing a total cost estimate, and obtaining approval for the same in terms of 4.3.1 (b) of the Procurement Guidelines. Also, the components disposed after the engine repair had not been returned to the stores, and the repaired jeep had been delivered to the head office on 17 February 2025, and it had been idle for more than a year by 27 March 2026.	Technical reports had been obtained from engineers of the Sri Lanka Transport Board by carrying out 03 repairs for this vehicle on 04 September 2023, 08 June 2024 and 19 July 2024. The worn parts of this jeep have been repaired and handed over to the head office for painting by now.	An estimate for the repair should be prepared, and the repair should be carried out. The delivery of the removed components to the stores should be confirmed in writing.