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விவசாய அமைச்சு  
Ministry of Agriculture



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இலங்கை ஹதபிம அதிகாரசபை  
HADABIMA AUTHORITY OF SRI LANKA



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வருடாந்த அறிக்கை  
ANNUAL REPORT

2015





# HADBIMA AUTHORITY OF SRI LANKA

## ANNUAL REPORT 2015

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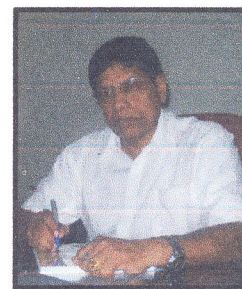
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## **The Message from the Chairman.**



The main aim of establishing National Agricultural Diversification and Settlement Authority (NADSA) under Agricultural Corporations Act No. 11 Of 1972 was to provide solutions for national agricultural issues resulting from soil erosion taking place in the central hills and the environmentally sensitive water- fed regions .

As a result of a special environmental feasibility study done by the then government , the task of this authority as Sri Lanka Haritha Danaw Bim Sanwardhana Madyama Adikariya or Sri Lanka Hadabima Authority from the year 1991 was further extended . During the initial times the World Bank and World Food and Agriculture Organization provided financial assistance to this institution. All these assistance were given for the conservation of land systems by obtaining community assistance to minimize soil erosion in their respective land units. No financial allocations were received from the International Financial Organization from the year 2000 and since then development programmes were implemented according to the development plan of the Authority on financial assistance from the treasury . Accordingly , for the implementation of these development programmes in the target year 2015, Rs. Mn. 67.95 was given to the authority by the treasury . Making use of this amount the aim was to conserve 5750 hectares of land which had become infertile due to soil erosion and depletion with the participation of 12500 farmer families covering 40 divisional secretariats in Kandy, Mathale, Nuwaraeliya, Kegalle, Rathnapura, Kaluthara, and Badulla districts .

To reach these targets identified activities and sub activities were implemented in development regions. In the establishment of soil conservation structures which is the main development activity, the progress achieved was 3113.2 hectares .Vacancies in the field staff, unexpected delays in identifying the land units requiring conservation and development and adverse environmental factors existed resulted in a substantial decrease of the progress. These development programmes were implemented at a cost of Rs. Mn.37.79 in the year 2015. I am happy that this progress was achieved with the maximum community participation of 12500 farmer families and I extend my thanks to the Minister of Agriculture Hon. Duminda Dissanayake, The secretary and all officers, executive director and all officers of Sri Lanka Hadabima Authority.

Nandasena Herath  
Chairman  
Sri Lanka Hadabima Authority

## **The Message from the Executive Director.**



The environment and the nature has become a topic of discussion in many forums today, due to the fact that the human society has been badly affected by the effects of the unbalanced nature. The modern human society is directly responsible for making the nature unbalanced. This situation results from the improper conduct shown in the process of consuming natural resources and from the failure to follow sustainable management of natural resources, which in the long run provide causes for the conditions like floods, earth slips, drought, cyclones, climatic changes, El Nino, La Nino conditions causing extremely grave social and economic losses.

Sri Lanka Hadabima Authority, which can be identified as an institution having direct contribution for the sustainable management of the natural environmental resources of Sri Lanka has contributed to the management of natural resources minimizing soil erosion in the central hills and surrounding regions for nearly three decades and this institution, initiated in the year 1978 has passed different stages of transition and by now it covers and operates within 40 Divisional Secretariat divisions in 07 districts. The development targets of the year is determined by the annual financial allocations received by the Authority from the treasury.

Accordingly, in the year 2015 the target was to carry out soil conservation activities in 5750 hectares with community participation. For this purpose the allocation received from the treasury was Rs. Mn. 67.95 and with the utilization of this allocation the Authority was able to establish soil conservation structures in 3113.2 hectares during the target year. Other simultaneous development programmes have shown progress, as well. Other than these development programmes, the agricultural produce sales promotion programme implemented by Sri Lanka Hadabima Authority has relieved both the farmers and the urban consumers through direct purchase of the agricultural produce of the farmers and selling them at reasonable prices to the urban consumers.

The contribution given by the Minister of Agriculture, the Secretary to the Ministry of Agriculture for the implementation of the development plan of Sri Lanka Hadabima Authority established under the Ministry of Agriculture, which directly works for the conservation of the environment and management of natural resources and the assistance extended by the Chairman giving leadership to Sri Lanka Hadabima Authority for the success of the development programmes and the support of the staff of Sri Lanka Hadabima Authority must be appreciated with due respect.

J.C. Ranepura  
Executive Director.

## **Our Vision**

A country enriched with a rich harvest from fertile earth and a fertile earth from a fertile soil.

## **Our Mission**

To contribute to increase the national agricultural production by confirming to national food security while fertilizing the land for a rich yield through soil conservation minimizing soil erosion.

## **Introduction.**

National Agricultural Diversification and Settlement Authority (NADSA) established in the year 1978, under Agricultural Corporations Act No. 11 of 1972 was assigned with the following powers.

1. Agricultural Diversification and management of catchment regions.
2. Environmental management and water conservation for the maximum productivity of land systems assigned to the institution.
3. Involvement in the preparation and sale of agricultural produce.
4. Supply and maintenance of plant equipment for Agricultural Diversification and settlement development.

Development work of the Authority with the employment of the powers assigned were started in the year 1978 and at the initial phase the conservation work was started in the highly sensitive environmental zones in the water fed regions near Mahaweli river and near Maoya river in the Kegalle district. It was targeted to conserve 5000 acres of lands owned by the Land reforms Commission which had become marginal due to soil erosion. The World Food Organization provided assistance for the development and conservation work of these lands.

Unbalanced environment in the region due to the lands being replaced with plantation crops after the forest being destroyed during the colonial era has become a national environmental problem. This condition was further affected by the fact that main water fed areas belonging to 103 main rivers reaching the sea from different directions were located there.

Accordingly, the targeted 5000 acres of land was transformed to productive production units with the participation of the community living there. At the end of the project period an environmental feasibility study was carried out on the project and the recommendation of the study was that the aims of the project were met and extending the project regions was a national requirement.

Hence, the official name of the NADSA was changed to Sri Lanka Haritha Dhanaw Bim Sanwar Dhana Madhyama Adhikaariya or Sri Lanka Hadabima Authority, from the year 1990 and Monaragala, Badulla, Nuwaraeliya, Rathnapura, Mathale, were named as project regions in addition to Kegalle and Kandy. Assistance from the World Food Organization was obtained for this project. With the end of the Assistance from the World Food Organization, the institution was taken over by the treasury with the intention of continuing the work carried out by the institution.

Accordingly, for the targeted development year 2015, in addition to the capital of Rs. Mn. 35.625 supplied by the treasury, as recurrent expenditure Rs. Mn. 58.732 has been provided. Utilizing the above financial allocations, 3000 hectares in 40 Divisional Secretariat divisions in Kandy, Mathale, Nuwaraeliya, Kegalle, Rathnapura and Badulla districts were the conservation work targeted to be completed.

The aim of this performance report is to depict the progress of the development projects implemented targeting the achievement of the aims and objectives of the Authority.





## PARTICULARS IF THE ADMINISTRATION

## **Details on Administration.**

### **01. Board of Directors-**

1. Mr. Nandasena Herath – Chairman - Chairman of the board of Directors.
2. Mr. G. Ajith Pushpa Kumara – Vice Chairman - Member of the board of Directors.
3. Mr. Ranjan Dharmawardhan – Ministry Representative - Member of the board of Directors.
4. Mrs. Shanthini Kongahage –Member of the board of Directors.
5. Mr. D.M. Sirisena Dissanayake – Member of the board of Directors.
6. Mr. D.N.D. Nugawela – Member of the board of Directors.
7. Mr. H.M.P. Hitisekara – Treasury Representative - Member of the board of Directors.
8. Dr. Mr. H.M.S. Heenkenda – Ministry Representative - Member of the board of Directors.

The chairman, Vice chairman, Ministry Representative and other Members of the board of Directors were appointed by Hon. Minister of Agriculture in February 2015.

Mr. H.M.P. Hitisekara , rhe District Secretary , Kandy as the Treasury Representative was appointed as a Member of the board of Directors.in May 2015.

Mr. Ranjan Dharmawardhan , the Ministry Representative informed the 407<sup>th</sup> meeting of the board of Directors held on 29.05.2015. that he resigns from the board of directors because he does not continue to work in the Ministry of Agriculture.

Dr. Mr. H.M.S. Heenkenda , Additional Secretary ( Agri. Technology ) has been appointed from August 2015 as the Ministry Representative to the board of Directors.

## **02. Staff Details.**

1. In the year 2015, Mr. Nandasena Herath served as the Chairman and from 10.02.2015. Mr. G. Ajith Pushpa Kumara served as the Vice Chairman of the Authority.
2. In the year 2015, Mr. J.C. Ranepura, an officer of the Sri Lanka Administrative Service served as the Executive Director of the Authority.
3. For the vacancy existed in the Authority for the post of Deputy Director ( Administration) Mrs. A.M.C.K. Athapaththu who served as the Divisional Secretary, Galewela was recruited on secondment as Deputy Director ( Administration) from 01.04.2015.
4. For the post of Deputy Director/ Assistant Director ( Finance ) Mr. Wasantha Bandara Thilakarathna was recruited on permanent basis from 02.03.2015.
5. For the post of Internal Audit Officer Mrs. A. V. Hemalatha was appointed from 02.03.2015.
6. In the year 2015, Mr. D.M.A.B. Dasanayake as Assistant Director ( Development ), B.T.S.W. Kumara as Assistant Director ( Projects and Planning) and Mr. Indunil K. Weligamage as Assistant Director ( Sales ) served in the Authority.

## **03. Physical resources owned by the Authority**

### **Buildings.**

1. The land of 46 perches on which the office of the Authority is situated,
2. The land of 08 acres on which the Pallekele farm is situated,
3. The land of 05 acres on which the Kothmale farm is situated and,
4. The land of 40 perches on which a quarters is situated are owned by the Authority.
5. The Authority also possesses the land of 80 perches and on which the buildings of the Gannoruwa Horticulture Farm.

### **Vehicles**

By the year 2015, the Authority was in possession of 11 cabs, 01 car, 01 Pajero, 01 big lorry and 01 small lorry 2 motor cycles and 21 motor cycles given to field officers. 03 tractors for the farms and 12 tractors ( wheels) have been given to the Army camps. Sales project owns 01 big lorry and 01 Bolero lorry and altogether there are 55 vehicles.

**The dates on which the Board Meetings were held in the year 2015.**

Serial No	Board of Directors	The dates on which the Board Meetings were held the participants.									
		27/02/2015	26/03/2015	24/04/2015	20/05/2015	29/06/2015	27/07/2015	24/08/2015	06/11/2015	24/11/2015	29/12/2015
1.	Mr. Nandasena Herath – Chairman Sri Lanka Hadabima Authority	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2.	Mr. G. Ajith Pushpa Kumara – Vice Chairman - Sri Lanka Hadabima Authority	✓	✓	0	✓	✓	0	0	✓	✓	✓
3.	Mr. Ranjan Dharmawardhan – Ministry Representative - Member of the board of Directors.	✓	✓	✓	✓	-	-	-	-	-	-
4.	Mrs. Shanthini Kongahage –Member of the board of Directors.	✓	✓	✓	0	✓	0	0	✓	✓	✓
5.	Mr. D.M. Sirisena Dissanayake – Member of the board of Directors.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
6.	Mr. D.N.D. Nugawela – Member of the board of Directors.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
7.	Mr. H.M.P. Hitisekara – Treasury Representative - Member of the board of Directors.	-	-	-	-	0	✓	✓	0	✓	✓
8.	Dr. Mr. H.M.S. Heenkenda – Ministry Representative - Member of the board of Directors.	-	-	-	-	-	-	-	✓	0	0

Participated ✓

Absent 0

Not Appointed -

## Sri Lanka Hadabima Authority

Staff Details as at 31.12.2015.

Serial No.	Designation	Approved Cadre	No. Recruited	Vacancies as at 31.12.2015	Approved No. for Recruitment in the year 2016
1.	Executive Director	1	1	-	-
2.	Assistant Director / Deputy Director (Administration)	1	1	-	-
3.	Assistant Director / Deputy Director (Development)	1	1	-	-
4.	Assistant Director / Deputy Director (Finance)	1	1	-	-
5.	Assistant Director / Deputy Director (Sales)	1	1	-	-
6.	Assistant Director / Deputy Director (Project and Planning)	1	1	-	-
7.	Administrative Officer	1	1	-	-
8.	Finance Officer	1	-	1	-
9.	Sales Officer	1	1	-	-
10.	Agriculture Development Officer	2	-	2	-
11.	Internal Audit Officer	1	1	-	-
12.	Zonal Officer	12	8	-	4
13.	Technical Officer	1	-	-	1
14.	Management Assistant (Technical)	35	17	8	10
15.	Management Assistant (Non-Technical)	19	16	1	2
16.	Cashier	1	1	-	-
17.	Machine Operator	2	1	-	1
18.	Audio Visual Assistant	1	1	-	-
19.	Driver	14	12	2	-
20.	Karyala Karya Sahayaka	4	4	-	-
21.	Cleaner ( Vehicles)	3	2	-	1
22.	Technical Assistant	2	-	-	2
23.	Watcher	4	4	-	-
24.	Labourer	2	1	1	-
	Total	112	76	15	21





# DEVELOPMENT PROGRAMME

## IMPLEMENTED DEVELOPMENT PROGRAMME 2015.

### **01. Empowering Farmers.**

All development programmes of the Authority are implemented through the development method of community participation. This is essential for the empowerment of the community. For this purpose, following programmes have been implemented.

#### **i. Basic Conservation Planning.**

This programme can be identified as an informal discussion with the farmer community of the village for the working out of the Conservation Plan needed for the village after identifying a target village for the development programme of Sri Lanka Hadabima Authority. In this discussion, respective conservation plan and the time frame for the project activities are worked out employing the strategy of the community participation development approach and knowledge on the physical and human resources of the village and environmental factors like climate and topography, as well. This will be more productive in the practical implementation because the necessity will arise and it is a development plan prepared for the community by the community.

Activity	Unit	Target		Progress		Percentage
		Financial Rs. Mn.	Physical	Financial Rs. Mn.	Physical	
Basic Conservation Planning.	Programmes	0.425	85	0.386	80	91 %
	Farmers		12500		9800	78 %





## ii. Community Leadership Development Programme.

This programme was implemented with the intention of obtaining the leadership of the community for the implementation of the land conservation and development plan of Sri Lanka Hadabima Authority, at village level and under this programme the group with the most prominent leadership potential is identified through the Basic Conservation Planning Field Programme and action will be taken to provide them with a formal residential training on leadership development and later they will be entered to the society to act as a support group working on voluntary basis for the unit managers who implement the development programmes of the Authority, at village level.

Activity	Unit	Target		Progress		Percentage
		Financial Rs. Mn.	Physical	Financial Rs. Mn.	Physical	
Community Leadership Development Programme.	Programmes	0.100	10	0.0979	09	97 %
	Farmers		400		453	113 %



## ii. Technical Training Programme on Soil Conservation for the Farmer Community.

These training programmes are implemented at field level to take modern technical know-how of the Soil conservation field for the farmer community identified for the soil conservation programme of the Sri Lanka Hadabima Authority. Here, action is taken to initiate a theoretical and practical training on soil conservation work.

Activity	Unit	Target		Progress		Percentage
		Financial Rs. Mn.	Physical	Financial Rs. Mn.	Physical	
Technical Training Programme on Soil Conservation for the Farmer Community.	Programmes	0.425	85	0.319	83	98 %
	Farmers		12500		7940	64 %



**Technical Training Programme on Soil Conservation for the Farmer Community.**

## 02. Soil Conservation and Water-shed Management

### i. Establishment of Soil Conservation Demonstrations.

This programme is implemented in the extension areas as a strategy to create awareness among the farmer community on Soil Conservation activities. Under this programme, establishment of the methods of scientific and technical soil conservation demonstration was done , identifying common places observable to the farmer community. For the establishment of this demonstration, application of land utilization planning was also used.

Activity	Unit	Target		Progress		Percentage
		Financial Rs. Mn.	Physical	Financial Rs. Mn.	Physical	
Establishment of Soil Conservation Demonstrations.	Demonstrations.	2.10	42	1.152	25	60 %



Before the Establishment of Soil Conservation Demonstrations.



After the Establishment of Soil Conservation Demonstrations.

## ii. “Sobhaa Sisu Nena Pawura” School based Environmental Conservation Programme.

This project is implemented with the objective of developing positive attitudes in the students with regard to environmental conservation by way of developing knowledge attitudes and skills on soil conservation, environmental conservation and management of natural resources and educating the students and their parents. For this purpose, awareness programmes for the students were carried out and soil conservation demonstration in the school has been established.

Activity	Unit	Target		Progress		Percentage
		Financial Rs. Mn.	Physical	Financial Rs. Mn.	Physical	
School based Environmental Conservation Programme.	Programmes	1.5	60	0.813	23	92 %
	Students		7500		4782	64 %



At a lecture on Soil Conservation.



After the Construction of Soil Conservation Demonstration

## iii. Water Sources and Streamlets Conservation Programme.

In the year 2015, Conservation Programmes for environmentally sensitive Water Sources and Streamlets identified in divisional secretariat level in which the Hadabima development programmes are implemented in the Central Hills and surrounding areas have been implemented. The aim of this programme was to Conserve Water Sources and Streamlets facing destruction due to human actions and these conservation activities were carried out preparing structures necessary and taking action to develop the required plant population.

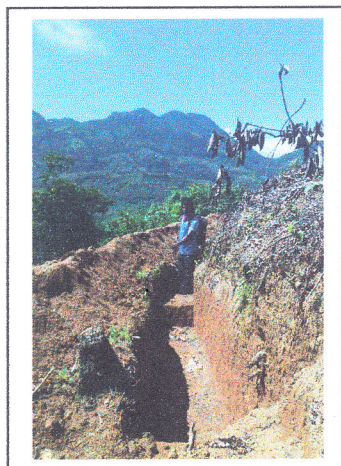
Activity	Unit	Target		Progress		Percentage
		Financial Rs. Mn.	Physical	Financial Rs. Mn.	Physical	
Conservation of Water Sources and Streamlets	Streamlets	2.5	25	1.724	23	92 %



#### iv. Soil Conservation Structures Establishment Programme.

This conservation programme which is identified as the main role of Sri Lanka Hadabima Authority and the no. of Hectares of land identified for conservation is dependent upon the amount of annual financial allocations received by Sri Lanka Hadabima Authority. In the year 2015, the no. of Hectares of land identified for conservation is 5750. In these lands, the farmer community is directed to apply regular soil conservation strategies with the intention of minimizing instances of soil erosion and as an incentive the farmers who have successfully completed soil conservation work have been awarded Rs. 10,000/- per Hectare as conservation allowances.

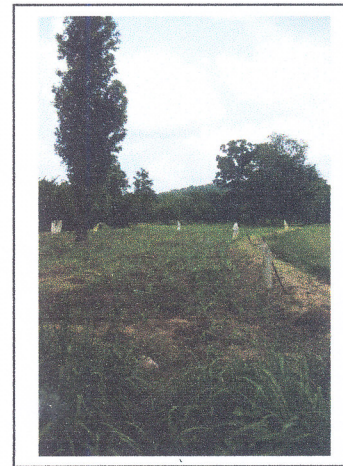
Activity	Unit	Target		Progress		Percentage
		Financial Rs. Mn.	Physical	Financial Rs. Mn.	Physical	
Soil Conservation Structures Establishment Programme.	Hectares	57.10	5750	17.27	3113.2	54 %



Lock and spill drains



Terraces



Earth bunds

### 03. Planning and Progress Review

#### i. Progress Review Meetings.

With the participation of all field managers, 10 progress review meetings were held monthly, presided over by Hon. Chairman of Sri Lanka Hadabima Authority, Mr. Nandasena Herath on the activities of the Overall development programme of Sri Lanka Hadabima Authority.

Activity	Progress		Target		Percentage
	Financial Rs. Mn.	Physical	Financial Rs. Mn.	Physical	
Progress Review Meetings.	0.150	12	0.128	10	75%

### 04' Institutional Human and Physical resources Development

#### i. Human resources Development

In the year 2015 Training Programmes were organized to develop knowledge and skills of the staff of Sri Lanka Hadabima Authority and field staff and these training programmes were organized as subject related training programmes for the field managers and function associated training programmes for the Staff members.

Activity	Progress		Target		Percentage
	Financial Rs. Mn.	Physical	Financial Rs. Mn.	Physical	
Training Workshops	0.700	06	0.604	06	86 %

#### ii. Institutional Development.

Necessary action was taken during the year 2015 for the development of physical infrastructure of the head office of Sri Lanka Hadabima Authority.

Activity	Target Financial Rs. Mn.	Progress Financial Rs. Mn.	Percentage
Development of Physical resources Development	0.850	1.190	140 %

## 05. Media and Publicity Programme

Electronic and Media programmes to create national level awareness of the development programmes have been implemented by Sri Lanka Hadabima Authority during this year and the performance of the said programmes were as follows.

Activity	Financial Target Rs. Mn.	Financial Progress Rs. Mn.
Media and Publicity Programme	1.5	0.202

## 06. Programme for the Sales Promotion of Agricultural Produce.

The Authority has been observing the problem faced by the farmers of green villages engaging in crop cultivation after completion of the soil conservation work by Sri Lanka Hadabima Authority, of selling their agricultural produce at a fair price without interference of the intermediate sellers. To minimize this situation, in the year 2000, Sri Lanka Hadbima Authority has implemented a five faceted objectives namely agricultural produce sales promotion programme to give high price to rural agricultural produce, supply the urban consumer with agricultural produce at a reasonable price, take action to minimize post-harvest loss, to popularize traditional food consumption and to find solutions for rural unemployment. This project, passing different developmental stages is at a very advanced level today and the details of the achievements of this programme during the year 2015, are as follows.

Reason	Rs.
Purchasing Agricultural Produce	100,444,986.57
Sale of Agricultural Produce	121,908,528.80
Number of Farmer Associations Established	13
The amount in the Hadabima Farmer Trust Fund	521,243.76



## **07. Planning and progress review.**

- **Development planning**

Every year a workshop for the preparation of the development plan for the forthcoming year of Sri Lanka Hadabima Authority is organized and workshops for the preparation of the development plan for the year 2016 was successfully held in last December with the participation of respective scientists , district and divisional secretaries and respective heads of institutions of the field.



# SALES PROJECT



## **Sales Promotion Project - 2015**

### **Consumer Service**

Simultaneous to development programmes of Sri Lanka Hadabima Authority, produce of farmer organizations are brought in safety packs minimizing post-harvest loss before buying the agriculture produce a quality check is done to assure freshness and quality. These agricultural products are sold at a reasonable price and through the introduction of traditional food, popularization take effect as well. After sale, remaining vegetables are used for making compost manure at Hadabima farms and issued for animal food at university farms to enable the waste to be productive for the economy. Assuring the basic objectives of the sales project all actions are done with the responsibility expected from a government institute with a friendly consumer service.

### **Objectives of the sales promotion project**

01. Encouraging the farm community to increase the production of toxic free agricultural produce.
02. Providing a high price for the farmer for rural agricultural produce.
03. Provide the urban consumer with high quality agricultural produce and taking action to popularize traditional food produce.
04. Taking action to minimize post- harvest loss.
05. Providing employment opportunities for rural youth.

### **Present Objectives**

Taking action to meet consumer needs by way of an island wide net of sales centers for the creation of a healthy nation based on the concept of the minister of agriculture for the achievement of the aim of making the country self- sufficient in food so as to accomplish basic objectives.

Sri Lanka Hadabima Authority  
Sales Promotion Project  
Registered Private Suppliers - Year 2015

Based on materials supplied

Serial No.	Type	No.
01.	Vegetable Supply	44
02.	Plant Supply	22
03.	Packing Materials (bottles, packets)	59
Total no. of suppliers		125

# EMPLOYMENT AND SERVICE SAFETY

Approved cadre - 35

Direct employment as per the sales promotion project from 2015 up to now is 32. Additionally, there is a massive indirect labour contribution. For the service safety of the direct employees, employee welfare is developed as follows.

## Employee Welfare

### **01. Allocation of collection funds**

- Emergency stock fund of Hadabima sales staff - 2,015,767.16
- Welfare services of the sales staff - 404,868.18

### **02. grant of employee loans**

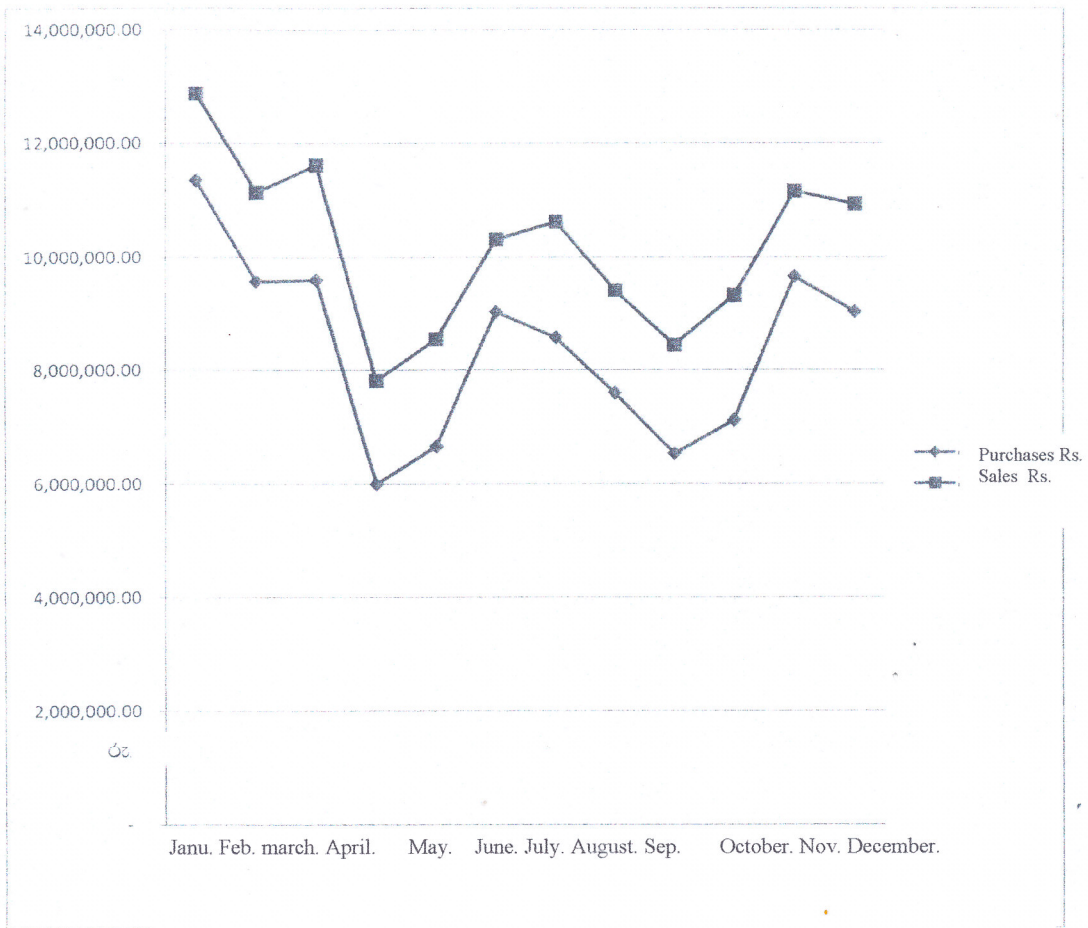
- Distress loan - 75,000.00
- Instant loan - 7,500.00
- 3 Months salary - 3 (basic salary)

## Progress from 01.01.2015 to 30.12.2015

Serial No.	Month	Purchases Rs.	Sales Rs.
1	January	11,355,679.88	12,877,167.22
2	February	9,575,502.42	11,147,193.80
3	March	9,602,156.40	11,617,090.41
4	April	5,998,597.20	7,815,427.42
5	May	6,670,028.20	8,544,125.69
6	June	9,029,360.65	10,321,152.59
7	July	8,573,991.25	10,626,678.63
8	August	7,599,955.41	9,414,601.32
9	September	6,539,092.31	8,440,220.65
10	October	7,123,831.29	9,325,542.62
11	November	9,657,958.20	11,162,773.48
12	December	9,032,974.06	10,941,238.39
<b>Total</b>		<b>100,759,127.27</b>	<b>122,233,212.22</b>

**Progress from 01.01.2015 to 30.12.2015.**

Progress from 01.01.2015 to 30.12.2015



**Sri Lanka Hadabima Authority**

**Sales Promotion Project**

**Registered Haritha Udana Farmer Organizations - Year 2015**

Serial No.	Name of the Farmer Organization	No. of Farmers	Purchasing Value
1.	Wattegedara Haritha Udana Farmer Organization, Wattegedara, Galathara.	87	1,941,382.50
2.	Raththota Haritha Udana Farmer Organization, Kayikawala, Mathale .	17	3,148,395.00
3.	Himbutugollewa Haritha Udana Farmer Organization, Himbutugollewa, Upuldeniya.	20	3,066,351.65
4.	Bulugahapitiya Haritha Udana Farmer Organization, Bulugahapitiya, Nuwaraeliya .	23	3,635,696.25
5.	Rotawewa Haritha Udana Farmer Organization, Galewela, Mathale.	50	2,054,986.00
6.	Rajjammana Haritha Udana Farmer Organization, Madawalaulphatha, Mathale.	21	936,028.50
7.	Mallawapitiya Haritha Udana Farmer Organization , Mawathagama, Kurunegala.	14	284,065.25
8.	Thabuththegama Haritha Udana Farmer Organization, Sudarshanagama, Hurigaswewa.	18	732,380.00
9.	Bogamuwa Haritha Udana Farmer Organization, Bogamuwa, Rikillagaskada.	115	2,999,582.95
10.	Yatawatta Haritha Udana Farmer Organization, Yatawatta, Mathale.	25	980,005.74
11.	Magoda Haritha Udana Farmer Organization, Magoda, Nuwaraeliya.	22	3,098,935.00

**Sales Promotion Programme of Sri Lanka Hdbabima Authority.**

**Progress from the year 2008 to the Year 2015.**

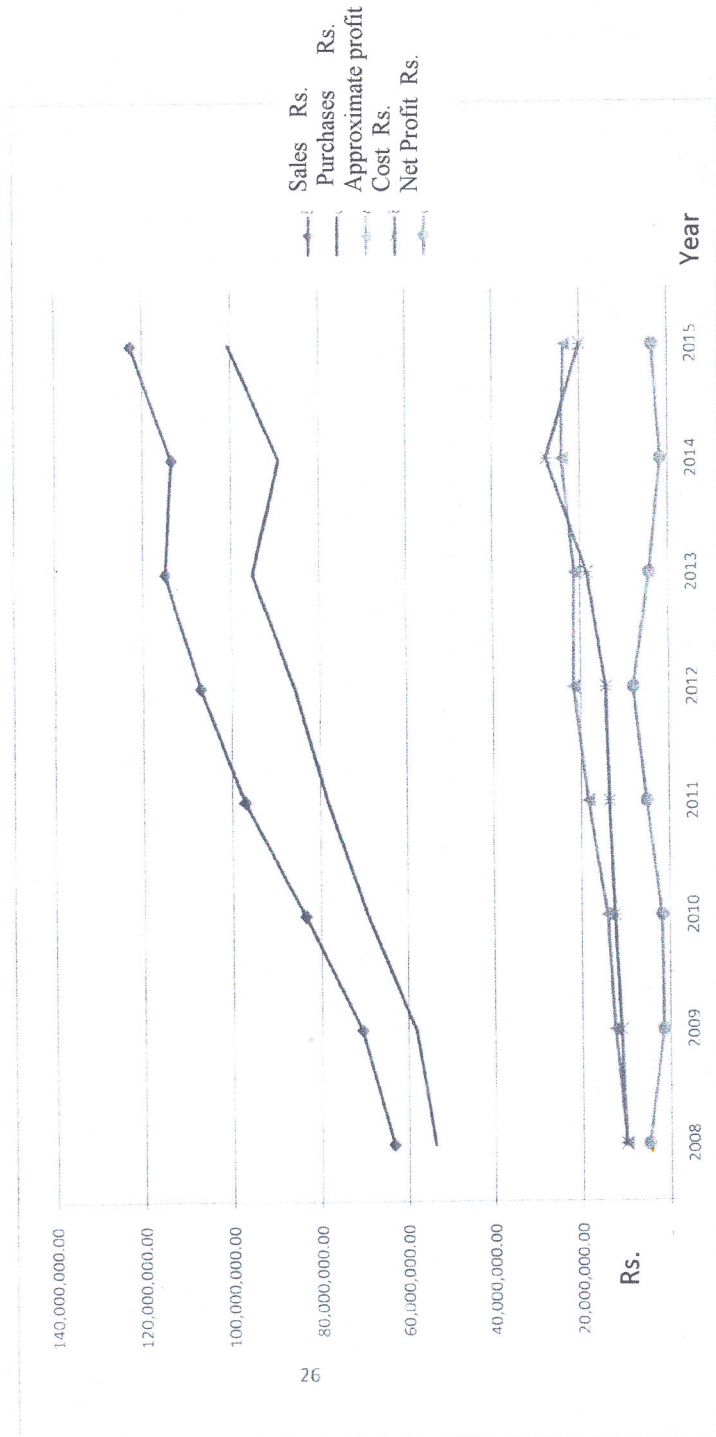
	2008	2009	2010	2011	2012	2013	2014	2015	Total
Sales Rs.	63,416,558.06	70,622,665.94	83,415,551.96	96,996,133.59	107,095,443.68	114,893,408.11	113,500,930.94	122,613,763.29	772,554,455.47
Purchases Rs.	53,810,289.99	58,158,971.64	69,167,508.44	78,181,732.99	85,691,731.78	95,139,121.96	89,161,804.58	100,494,409.17	629,805,570.55
Approximate Profit	10,041,173.87	12,580,209.98	14,151,150.08	18,286,846.96	21,682,690.25	21,307,054.35	24,096,107.32	23,590,325.45	145,735,558.26
Cost	10,048,684.85	11,121,577.18	12,487,941.28	13,562,209.56	14,296,392.46	18,437,705.92	27,657,824.84	20,009,217.34	127,621,553.43
Net Profit	4,873,631.00	1,518,032.80	1,792,711.80	5,106,858.41	8,100,955.18	4,249,826.99	1,662,788.48	3,555,804.22	30,860,608.88

# Sales Promotion Programme of Sri Lanka Hadabima Authority.

## Progress from the Year 2008 to the Year 2015

Sales Promotion Programme of Sri Lanka Hadabima Authority.

### Progress from the Year 2008 to the Year 2015





Sri Lanka Hadabima Authority

Sales Promotion Project

Public and Other Institutions - Year 2015

<b>Serial No.</b>	<b>Name of the Institution</b>
1.	Department of Agriculture, Peradeniya.
2.	Protected Agriculture Association.
3.	Army Camp, 11 <sup>th</sup> Regiment Headquarters, Pallekele.
4.	Superintendent, Prisons, Department of Prisons, Kundasale.
5.	Officer In Charge, Hadabima farm, Pallekale.
6.	Officer In Charge, Hadabima farm, Kothmale.
7.	Officer In Charge, Army Camp, Vavuniya.
8.	Manager, Piduruthalagala farm, Department of Agriculture, Nuwaraeliya.



## ACCOUNT REPORTS

**HADABIMA AUTHORITY OF SRI LANKA**  
**STATEMENT OF FINANCIAL POSITION AS AT 31.12.2015**

2014			Notes	2015			
Head Office	Marketing Section	Hadabima Authority		Head Office	Marketing Section	Hadabima Authority	
			<b>ASSETS</b>				
			<b>Non Current Assets</b>				
45,560,966.51	9,746,811.22	55,307,777.73	Property Plant and Equipment	Note 01	62,703,779.56	8,609,974.84	71,313,754.40
45,560,966.51	9,746,811.22	55,307,777.73	Total Non Current Assets		62,703,779.56	8,609,974.84	71,313,754.40
			<b>Current Assets</b>				
9,720,516.64	1,971,066.67	11,691,583.31	Inventory/ Stocks	Note 02	7,752,318.25	1,529,034.35	9,281,352.60
13,398,231.85	3,545,275.60	16,943,507.45	Trade and Other Receivable	Note 03	16,729,541.48	10,078,390.57	26,807,932.05
7,000.00	-	7,000.00	Pre payments	Note 04	7,000.00	-	7,000.00
2,000,000.00	13,707,471.54	15,707,471.54	Fixed Deposits	Note 05	8,000,000.00	3,333,787.20	11,333,787.20
152,965.75	21,385.61	174,351.36	Security Deposits	Note 06	162,784.49	24,756.65	187,541.14
-	232,432.29	232,432.29	Savings Accounts		-	1,296,358.90	1,296,358.90
10,876,959.03	(1,971,006.80)	8,905,952.23	Bank accounts	Note 07	6,722,370.69	5,340,947.63	12,063,318.32
36,155,673.27	17,506,624.91	53,662,298.18	Total Current Assets		39,374,014.91	21,603,275.30	60,977,290.21
<b>81,716,639.78</b>	<b>27,253,436.13</b>	<b>108,970,075.91</b>	<b>TOTAL ASSETS</b>		<b>102,077,794.47</b>	<b>30,213,250.14</b>	<b>132,291,044.61</b>
			<b>LIABILITIES</b>				
			<b>Current Liabilities</b>				
5,277,171.11	947,373.55	6,224,544.66	Trade & Other Payables	Note 08	8,989,927.79	1,901,398.69	10,891,326.48
794,418.91	2,538,761.35	3,333,180.26	Accrued Expenses	Note 09	3,094,270.27	1,308,552.18	4,402,822.45
152,965.75	21,385.61	174,351.36	Security Deposits		162,784.49	24,756.65	187,541.14
6,224,555.77	3,507,520.51	9,732,076.28	Total Current Liabilities		12,246,982.55	3,234,707.52	15,481,690.07
			<b>Non Current Liabilities</b>				
16,736,977.98	714,249.50	17,451,227.48	Provision for Gratuity	Note 10	15,463,119.98	974,614.00	16,437,733.98
1,159,334.91	-	1,159,334.91	Vehicle Loan		938,608.97	-	938,608.97
17,896,312.89	714,249.50	18,610,562.39	Total Non Current Liabilities		16,401,728.95	974,614.00	17,376,342.95
24,120,868.66	4,221,770.01	28,342,638.67	<b>TOTAL LIABILITIES</b>		28,648,711.50	4,209,321.52	32,858,033.02
<b>57,595,771.12</b>	<b>23,031,666.12</b>	<b>80,627,437.24</b>	<b>TOTAL NET ASSETS</b>		<b>73,429,082.97</b>	<b>26,003,928.62</b>	<b>99,433,011.59</b>
			<b>NET ASSETS / EQUITY</b>				
26,823,630.20	-	26,823,630.20	Government Grant Account		43,915,403.58	-	43,915,403.58
992,091.51	-	992,091.51	Reserve Account		992,091.51	-	992,091.51
1,087,229.82	-	1,087,229.82	Capital Reserve		1,087,229.82	-	1,087,229.82
2,091.97	-	2,091.97	GTZ Grant		2,091.97	-	2,091.97
19,334,720.59	-	19,334,720.59	Revaluation Account		19,334,720.59	-	19,334,720.59
9,356,007.03	23,031,666.12	32,387,673.15	Surplus Deficit		8,097,545.50	26,003,928.62	34,101,474.12
<b>57,595,771.12</b>	<b>23,031,666.12</b>	<b>80,627,437.24</b>	<b>TOTAL NET ASSETS / EQUITY</b>		<b>73,429,082.97</b>	<b>26,003,928.62</b>	<b>99,433,011.59</b>

The Accounting Policies on page 02 and Notes on pages 15 to 40 form an integral part of these Financial Statements. The board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf,

A.M.W.B.Thilakarathna  
Assistant Director (Finance)

K.S.Premachandra  
Executive Director

Nandasena herath  
Chairman

Prepared By:.....

Checked By:.....

## NOTES TO THE ACCOUNTS

The financial statements of Hadabima authority of Sri Lanka have been prepared in accordance with Sri Lanka Public Sector Accounting Standards (SLPSAS) issued by the Public Sector Accounting Standards Committee of The Institute of Chartered Accountants of Sri Lanka.

Financial Year of the Hadabima Authority is the calendar year which ends on 31st December.

Hadabima authority of Sri Lanka is mainly granted by the Treasury and also marketing promotion project and two farms (Kothmale & Pallakelle) funds generate by themselves.

01. Depreciation is calculated by straight line method at following rates on the cost or revaluation of all Vehicales, furniture & fitting, office equipment & Building.

Vehicles	-25% per annum
Office Equipment	-10% per annum
Buildings	- 2.5% per annum
Furniture & fittings	-7.5% per annum
Agriculture Implements	-10% per annum
Motor Cycle	- 20% per annum

Depreciation not provided for the purchases during the year, but depreciation is provided in the year of disposal and also full Year. Amortization has been provided for Motor Cycle in the year of purchase & Amortize provided in the year of disposal.

02. Provision for doubtful debts - Gampola Housing Loan.

03. Statement of Financial Position, Statement Of Financial Performance, Statement Of Change in Net Assets/Equity & Cash Flow Statement are compiling with SLPSAS 01.

04. Statement Of Cash Flow is compiling with SLPSAS 02.

05. As per circular No 150 income gained from disposal of obsolete vehicles are remitted to the treasury.

06. Up to year 2012 we use the capital method depreciation and our now depreciation policy change as recurrent method from year 2013.

It is revealed that a fraud in marketing project in 2014 & 2015 financial years and amount of fraud hasn't been assessed yet. Legal proceedings for the fraud are on-going before the courts.

**HADABIMA AUTHORITY OF SRI LANKA**  
**FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31.12.2015**

2014				Schedule	2015		
Head Office	Marketing Section	Hadabima Authority	Income		0.00	Marketing Section	Hadabima Authority
47,000,000.00	-	47,000,000.00	Treasury Fund - ( Recurrent )	01	57,360,830.16	-	57,360,830.16
57,117,163.00	-	57,117,163.00	Treasury Fund - (Capital )		35,625,000.00	-	35,625,000.00
12,012,344.71	-	12,012,344.71	Ministry Funds-Special			-	0.00
3,028,917.05	3,561,717.52	6,590,634.57	Other Income	02	3,706,537.66	1,378,295.20	5,084,832.86
8,318,842.62	-	8,318,842.62	Depreciation		8,517,773.35	-	8,517,773.35
-	24,096,107.32	24,096,107.32	Gross profit	03		24,004,839.29	24,004,839.29
127,477,267.38	27,657,824.84	155,135,092.22			105,210,141.17	25,383,134.49	130,593,275.66
			<b>Less :- Expenditure</b>				
37,839,552.56	8,418,490.18	46,258,042.74	01. Personal Emoluments		44,782,741.85	9,456,499.63	54,239,241.48
1,834,750.13	399,318.06	2,234,068.19	02. Travelling & Subsistence		1,691,261.09	290,592.76	1,981,853.85
3,098,110.20	2,764,936.57	5,849,700.27	03. Suppliers / Transportation	04	4,335,663.59	1,398,168.24	5,733,831.83
6,043,837.54	3,696,763.10	11,799,150.67	04. Maintenance Expenditure		6,459,677.21	4,472,457.04	10,932,134.25
868,637.82	6,347,576.69	5,171,010.98	05. Other		871,971.22	1,585,309.77	2,457,280.99
8,318,842.62	1,238,276.48	9,557,119.10	06. Depreciation		8,517,773.35	1,634,399.49	10,152,172.84
53,076,215.60	-	53,076,215.60	07. Development Expenditure	05	40,627,092.12	-	40,627,092.12
12,012,344.71	-	12,012,344.71	08. Special Project Expenditure			-	0.00
393,838.00	-	393,838.00	10. Amortization		355,544.00	-	355,544.00
	3,129,675.28	3,129,675.28	11. Wastage			3,316,016.53	3,316,016.53
123,486,129.18	25,995,036.36	149,481,165.54	<b>Total Operating Expenses</b>		107,641,724.43	22,153,443.46	129,795,167.89
			<b>Surplus / ( Deficit ) From Operating Activities</b>		(2,431,583.26)	3,229,691.03	798,107.77
3,991,138.20	1,662,788.48	5,653,926.68	Balance B / F as at 01.01.2015		10,529,128.76	22,774,237.59	33,303,366.35
5,364,868.83	21,368,877.64	26,733,746.47					
<b>9,356,007.03</b>	<b>23,031,666.12</b>	<b>32,387,673.15</b>	<b>Net Surplus / ( Deficit ) for the Period</b>		<b>8,097,545.50</b>	<b>26,003,928.62</b>	<b>34,101,474.12</b>

PROPERTY PLANT & EQUIPMENT

HEAD OFFICE

NOTE - 01

COST

Accounts Code	Description	Cost	Additions	Disposal		Cost
		As At 2015.01.01	Purchase	Sales of Assets	Adjustment	As At 2015.12.31
2105	<b>Buildings</b>	14,652,522.91	670,614.00	0.00	0.00	<b>15,323,136.91</b>
2104	Motor Vehicles	27,532,900.00	25,854,660.00	0.00	0.00	53,387,560.00
	Motor Cycle (loan)	1,969,190.00	0.00	177,310.00	14,160.00	1,777,720.00
	<b>Sub Total</b>	<b>29,502,090.00</b>	<b>25,854,660.00</b>	<b>177,310.00</b>	<b>14,160.00</b>	<b>55,165,280.00</b>
2101	Office Equipment	8,721,537.19	457,863.20	384,731.25	0.00	8,794,669.14
2101	Furniture & Fittings	2,235,767.20	85,043.53	17,867.42	0.00	2,302,943.31
2103	Agriculture Implements	6,336,602.50	0.00	0.00	0.00	6,336,602.50
	<b>TOTAL</b>	<b>61,448,519.80</b>	<b>27,068,180.73</b>	<b>579,908.67</b>	<b>14,160.00</b>	<b>87,922,631.86</b>

DEPRICIATIONS

Code	Description	Balance as at 2015.01.01	Depreciation For the Year	Depreciation/ Amortization Provision for Disposal	Adjustment Disposal	Total Provision for Depreciation
2105	<b>Buildings</b>	1,011,066.69	366,313.05	0.00		1,377,379.74
2104	Motor Vehicles	8,569,909.00	6,517,500.00	0.00		15,087,409.00
	Motor Cycle (loan)	983,350.00	355,544.00	88,886.00	2,832.00	1,247,176.00
2101	Office Equipment	3,492,624.23	834,060.58	38,473.12		4,288,211.69
2101	Furniture & Fittings	679,174.37	166,239.47	1,339.22		844,074.62
2103	Agriculture Implements	1,740,941.00	633,660.25			2,374,601.25
	<b>TOTAL</b>	<b>16,477,065.29</b>	<b>8,873,317.35</b>	<b>128,698.34</b>	<b>2,832.00</b>	<b>25,218,852.30</b>

WRITTEN DOWN VALUE

Accounts Code	Description	Written Down Value As At 2015.12.31
2105	<b>Land &amp; Buildings</b>	13,945,757.17
2104	Motor Vehicles	38,300,151.00
	Motor Cycle (loan)	530,544.00
2101	Office Equipment	4,506,457.45
2101	Furniture & Fittings	1,458,868.69
2103	Agriculture Implements	3,962,001.25
	<b>TOTAL</b>	<b>62,703,779.56</b>

PROPERTY PLANT & EQUIPMENT

COST

Accounts Code	Description	Cost As At 2015.01.01	Aditions	Disposal	Cost As At 2015.12.31
			Purchase	Sales	
2105	Land & Buildings	3,794,900.79	0.00	0.00	3,794,900.79
2104	Motor Vehicles	4,216,800.00	0.00	0.00	4,216,800.00
2101	Office Equipment	3,541,376.24	121,636.00	0.00	3,663,012.24
2101	Furniture & Fittings	1,749,204.60	375,927.11	0.00	2,125,131.71
					0.00
	<b>TOTAL</b>	<b>13,302,281.63</b>	<b>497,563.11</b>	<b>0.00</b>	<b>13,799,844.74</b>

DEPRICIATIONS

Code	Description	Balance as at 2015.01.01	Depreciation For the Year	Depreciation Provision for Disposal	Total Provision for Depreciation
2105	Land & Buildings	70,306.42	94,872.52	0.00	165,178.94
2104	Motor Vehicles	3,162,600.00	1,054,199.00	0.00	4,216,799.00
2101	Office Equipment	262,404.87	354,137.62	0.00	616,542.49
2101	Furniture & Fittings	60,159.12	131,190.35	0.00	191,349.47
					0.00
	<b>TOTAL</b>	<b>3,555,470.41</b>	<b>1,634,399.49</b>	<b>0.00</b>	<b>5,189,869.90</b>

WRITTEN DOWN VALUE-MAEKETING SECTION

Accounts Code	Description	Written Down Value As At 2015.12.31
2105	Land & Buildings	3,629,721.85
2104	Motor Vehicles	1.00
2101	Office Equipment	3,046,469.75
2101	Furniture & Fittings	1,933,782.24
	Head Office	
	Ampara	0.00
	<b>TOTAL</b>	<b>8,609,974.84</b>

TRADE AND OTHER RECEIVABLES

Previous Year Amount	Acc Code	Description	Amount 2015	Age analysis		NOTE-03
				01 year	Over 01 Year	
		<b><u>Staff Loans</u></b>				
6,853.75		Over Payments of salaries	6,853.75		6,853.75	I
13,500.91		Gampola Housing loan	13,500.91		13,500.91	II
1,500.00		Special Advance	1,900.00	1,900.00		III
8,971,480.12		Distress Loan	13,126,063.79		13,126,063.79	IV
703,512.59		2012 vehicle debtors	488,238.57		488,238.57	V
606,667.08		2013 Vehicle debtors	385,115.33		385,115.33	VI
84,336.95		Festival Advance	23,336.95	23,336.95		VII
9,885.12		Motor Bicycle Insurance		0.00		
		Staff Debtors Adjustment	50,998.25	50,998.25		
		Overpayment of Salaries & Forring Charges	55,554.70	55,554.70		
(13,500.91)		Provision for Doubtful Debtor	(13,500.91)		(13,500.91)	
<b>10,384,235.61</b>		<b>Sub Total</b>	<b>14,138,061.34</b>	<b>131,789.90</b>	<b>14,006,271.44</b>	
		<b><u>Other Debtors</u></b>				
2,094,280.65		Land reform commission	2,094,280.65		2,094,280.65	VIII
307,808.22		Receivable FD Interest	339,229.75		339,229.75	IX
		Receivable Interest on loan	12,750.00		12,750.00	
40,000.00		Pallekale Montessori	40,000.00		40,000.00	
1,437.50		Jathika Govisathiya				
569,000.00		Contract Advance		0.00		
1,469.87		Fuel advance	1,469.87		1,469.87	
		Receivable Pallekale Farm Income	86,449.87	86,449.87		
		Receivable Kothmale Farm Income	17,300.00	17,300.00		
<b>3,013,996.24</b>		<b>Sub Total</b>	<b>2,591,480.14</b>	<b>103,749.87</b>	<b>2,487,730.27</b>	
<b>13,398,231.85</b>		<b>Total</b>	<b>16,729,541.48</b>	<b>235,539.77</b>	<b>16,494,001.71</b>	



PREPAYMENTS

Previous Year Amount	Acc Code	Description	Amount 2015	Age analysis	
				01 year	Over 01 Year
1,000.00		Security Deposit-Water Board	1,000.00		1,000.00
6,000.00		Deposit-Electricity Board	6,000.00		6,000.00
<b>7,000.00</b>		<b>Total</b>	<b>7,000.00</b>	-	<b>7,000.00</b>

FIXED DEPOSITS

Previous Year Amount	Acc Code	Description	Amount 2015
1,000,000.00		057-60-01-00010198-9	1,000,000.00
1,000,000.00		057-60-01-00010199-8	1,000,000.00
-		057-60-01-00014482-6	6,000,000.00
<b>2,000,000.00</b>		<b>Total</b>	<b>8,000,000.00</b>

**MARKETING SECTION**

Note - 06

**SECURITY DEPOSITS**

	Name	Amount (Rs)	Interest As at 01/01/2015 Rs.	Interest As at 31/12/2015 Rs.	Total Amount (Rs)
1	S. Kaluthantirige	5,000.00	1,600.86	268.87	6,869.73
2	A.Senavirathne	5,000.00	1,600.86	268.87	6,869.73
3	Chamila Sampath Kumara	5,000.00	1,600.86	268.87	6,869.73
4	H.M.K.Yatawara	1,500.00	83.03	64.43	1,647.46
5	L.K.C.K.Kanchana	1,000.00			1,000.00
6	G.Nilanthi	1,500.00			1,500.00
<b>Total</b>		<b>19,000.00</b>	<b>4,885.61</b>	<b>871.04</b>	<b>24,756.65</b>

Note - 07

**SAVINGS ACCOUNT**

1	Head Office	057-1-001-4-1338201	4,134,412.11
2	Ampara Sale Centre	015-1-001-2-1338028	1,206,535.52
<b>TOTAL</b>			<b>5,340,947.63</b>

TRADE & OTHER PAYABLES

Previous Year Amount	Acc Code	Description	Amount 2015	Age analysis	
				01 year	Over 01 Year
5,000.00		Kandy Security service	5,000.00		5,000.00
8,785.85		Staff Debtor Adjustments		-	
600,000.02		Pallekale Farm Loan	600,000.02		600,000.02
768,320.50		Retention	118,137.50	118,137.50	
55,500.00		Refundable Deposits	42,500.00		42,500.00
1,657,457.65		Soil Conservation Deposits	51,891.99		51,891.99
27,862.80		Insurance		-	
2,064.90		Sundry Advance	2,064.90	2,064.90	
1,978,600.84		Marketing Section Loan	7,595,333.38		7,595,333.38
		Marketing Section (Fault)	575,000.00	575,000.00	
<b>5,277,171.11</b>		<b>Total</b>	<b>8,989,927.79</b>	<b>695,202.40</b>	<b>8,294,725.39</b>

ACCRUED EXPENSES

Account Code	Description	Amount
1404	Telecommunication	45,619.89
1404-b	Electricity	15,703.45
1404-c	Water	6,276.11
PL 102	Animal Foods	1,400,425.00
KO 502	Animal Foods	39,500.00
PL 113	Telecommunication	2,732.11
PL 112	Electricity	5,063.94
KO 516	Telecommunication	412.77
2201-E-ii	Physical Resources Development	56,347.00
	Vehicle (Marketing Section)	550,000.00
	Audit Fees - 2013	322,190.00
	2014	300,000.00
	2015	350,000.00
	<b>TOTAL</b>	<b>3,094,270.27</b>

HEAD OFFICE  
SHEDULE:-01

HADABIMA AUTHORITY OF SRI LANKA  
Treasury & Ministry Funds - 31-12-2015

<u>Treasury Funds</u>		(Rs.)
	Recurrent	58,731,996.00
LESS	Refund Amount	1,371,165.84
		<hr/> <b>57,360,830.16</b> <hr/>
	Capital	35,625,000.00
	<b>TOTAL</b>	<hr/> <b>35,625,000.00</b> <hr/>

OTHER INCOME

Acc Code	Description	Amount 2015
3001	Rent	1,851,500.00
3007	Loan Interest	516,826.28
3004	Surcharge	2,400.00
3009	Miscellaneous Income	745,230.17
3012	Farm Produce Sale	(1,545,510.38)
3003	Supply Registration Fees	23,000.00
	Surcharge of cattle	28,427.00
	Recovery of office vehicle	10,200.00
	Sadaniwasa Income	1,000.00
	Sales of Fixed assest (Motor Cycle)	52,961.88
	Sales of Fixed assest	(331,151.33)
	Development Expenditure From Revenue Account (057100131338046)	2,351,654.04
	<b>Total</b>	<b>3,706,537.66</b>

MARKETING SECTION  
SHEDULE-02

OTHER INCOME

Distriction	Amount
Registration Fees	47,000.00
Miscellaneuos Income	92,556.08
Surcharge	3,375.00
Intrest Income	1,235,364.12
<b>Total</b>	<b>1,378,295.20</b>



# AUDITOR GENERAL REPORT



විගණකාධිපති දෙපාර්තමේන්තුව  
கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்  
**AUDITOR GENERAL'S DEPARTMENT**



මගේ අංකය  
எனது இல.  
My No.

CLP-2/KD/H/HA/1/15/  
2016/17

මගේ අංකය  
உமது இல.  
Your No.

දිනය  
திகதி  
Date

21 February 2017

The Chairman,

Hadabima Authority of Sri Lanka

**Report of the Auditor General on the Financial Statements of the Hadabima Authority of Sri Lanka ( Sri Lanka Haritha Danaw Bim Sanwardhana Adhikariya) for the year ended 31 December 2015 in terms of Section 14(2)(c) of the Finance Act, No. 38 of 1971.**

The audit of financial statements of the Hadabima Authority of Sri Lanka ( Sri Lanka Haritha Danaw Bim Sanwardhana Adhikariya) comprising the statement of financial position as at 31 December 2015 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory 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 Section 13(1) of the Finance Act, No. 38 of 1971 and Section 23 of the State Agricultural Corporations Act, No.11 of 1972. My comments and observations which I consider should be published with the Annual Report of the Authority in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7) (a) of the Finance Act was furnished to the Chairman of the Authority on 18 August 2016.

**1.2 Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.



### 1.3 Auditor's Responsibility

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My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000 - 1810). Those Standards require that I comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### 1.4 Basic for Opinion

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My opinion is qualified based on the matters described in paragraph 2.2 of the report.

## 2. Financial Statements

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### 2.1 Qualified Opinion

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In my opinion, except for the effects of the matters described paragraph 2.2 of this report the financial statements give a true and fair view of the financial position of the Hadabima Authority of Sri Lanka as at 31 December 2015 and its financial



performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

## **2.2 Comments on Financial Statements**

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### **2.2.1 Sri Lanka Public Sector Accounting Standards**

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#### **(a) Sri Lanka Public Sector Accounting Standard 01**

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The interest of Rs. 21,550 paid by the Authority for the Farmers' Trust Fund had been shown as a set off against the interest income in the Statement of Financial Performance instead of being shown as expenditure.

#### **(b) Sri Lanka Public Sector Accounting Standard 07**

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In view of the failure to review the effective life of non – current assets annually, the fixed assets costing Rs. 5,531,800 which were fully depreciated had been used further. As such action had not been taken for the revision of the estimated error in terms of the Sri Lanka Public Sector Accounting Standard 03.

### **2.2.2 Accounting Policies**

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The accounting policy on accounting for income from the Government had not been disclosed in the financial statements and the capital grants amounting to Rs. 35,625,000 received from in Treasury in the year under review had been included in the Statement of Financial Performance.

### **2.2.3 Accounting Deficiencies**

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The accrued expenditure on the Employees' Provident Fund as at 31 December of the year under review had been understated by a sum of Rs.59,241.

#### **2.2.4 Unreconciled Control Accounts**

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Differences amounting to Rs. 7,334,298, Rs.738,245 and Rs.187,448 in the values of purchases, sales and waste respectively were observed between the Monthly Summary Registers maintained by the marketing stalls and the financial statements.

#### **2.2.5 Unexplained Differences**

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Even though the Employees' Provident Fund expenditure of the Marketing Division of the Authority amounted to Rs. 849,817 that had been shown as Rs. 855,916 in the financial statements.

#### **2.2.6 Suspense Accounts**

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The unidentified balance of Rs. 50,998 of the " Staff Loan Adjustment " Account existing from in the year 2014 shown under the Trade and other Recoverable Balances in the Statement of Financial Position as at 31 December of the year under review had not been settled.

#### **2.3 Accounts Receivable and Payable**

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The following observations are made.

- (a) Twenty five balances receivable totalling Rs. 179,125 relating to periods ranging from 01 year to 05 years as at 31 December of the year under review had not been recovered.
- (b) The loan and interest totalling Rs. 244,034 recoverable from three officers who had served in the Authority had not been recovered even by 31 December of the year under review.
- (c) Twenty one balances payable totalling Rs. 190,767 relating to periods ranging from 01 year to 10 years as at 31 December of the year under review had not been settled.

- (d) Employee's Security deposit amounting to Rs. 13,874 payable to a Storekeeper whose services were terminated 21 years ago had not been settled.

## 2.4 Non-compliance with Laws, Rules, Regulations and Management Decisions

Instances of non-compliance with laws, rules, regulations are given below.

### Reference to Laws, Rules, and Regulations

### Non-compliance

#### Financial Regulations of the Democratic Socialist Republic of Sri Lanka

- |     |   |   |
|-----|---|---|
| (a) | Financial Regulations 139(4), 264 and 267       | Acknowledgement on vouchers or receipts had not been obtained for the overtime, salaries, imprests, distress, loans, advances and other payments totalling Rs.1,684,786 paid in 32 instances.   |
| (b) | Financial Regulations 139(7), 262(2) and 262(3) | The "paid" seal had not been stamped on the vouchers and the supporting documents relating to payments totalling Rs. 597,892 made in 16 instances.  |
| (c) | Financial Regulations 272(3)                    | Even though the payment vouchers should be forwarded to the Auditor General monthly, not later than six weeks from the end of the month to which they relate, 08 payment voucher for payments totalling Rs. 172,545 relating to the year 2015 had not been forwarded to Audit even by 30 August 2016. |
| (d) | Financial Regulations 396(d)                    | According to the Bank Reconciliation Statement prepared for December of the year under review, action in terms of the Financial   |

Regulation had not been taken on 12 cheques totalling Rs. 115,563 issued but not presented for payment and lapsed for more than 06 months.

- (e) Financial Regulations 571 Action in terms of the Financial Regulation had not been taken on 10 deposits totalling Rs. 160,637 and remaining without being realized for over 02 years as at 31 July 2016.
- (f) Financial Regulations 770 and the Public Finance Circular No. 438 of 13 November 2009. A small tractor costing Rs. 147,900 had not been deposited of.

### 3. Financial Review

#### 3.1 Financial Results

According to the Financial Statements presented, the financial results of the Authority for the year under review amounted to a surplus of Rs. 798,108 as compared with the corresponding surplus of Rs. 5,653,927 for the preceding year, thus indicating a deterioration of Rs. 4,855,819 in the financial result for the year under review as compared with the preceding year. Even though the Treasury Grant (Recurrent) for the year under review had increased by a sum of Rs. 10,360,830, the decrease of Capital Grants by a sum of Rs.21,492,163 and the increase of the employees remuneration by a sum of Rs. 7,981,198 had been the main reasons for the deterioration of the financial result.

An analysis of the financial results for the year under review and 04 preceding years indicated that the surplus of Rs. 6,419,554 of the year 2011 had been converted to a deficit of Rs. 32,601,898 in the year 2012 and converted to surpluses in the years 2013 to 2015. Nevertheless, in consideration of employees emoluments and depreciation the contribution of Rs. 35,556,330 in the year 2011 had increased with different fluctuations to Rs. 63,733,824 in the year 2015.

### 3.2 Legal Action-Instituted Against /by the Institution

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Six officers had filed 02 cases in the Courts against the Authority for the termination of their services and praying for their employment and the Authority had filed a case in Courts against a former employee for the recovery of a sum of Rs. 502,582 in connection with the misuse of the resources of the Authority.

## 4. Operating Review

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### 4.1 Performance

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- (a) Implementation of all steps deemed necessary for planning and implementing of the agricultural diversification, development of settlements, fully integrated water divergence management and co-ordination and implementation of those plans by the Corporation or through the Government or Non-Governmental Agencies in the areas the Minister may determine from time to time.
- (b) The management of all lands vested in or transferred to the Corporation with the objective of ensuring the optimum productivity, safeguarding the environment conservation of land and water resources and the development of settlements.
- (c) Processing and marketing of agricultural products.
- (d) Establishment of plant, equipment and machinery for agricultural diversification and development of settlement and maintenance and operation thereof.

It was observed that the optimum productivity of the lands vested in the institution under the above objectives had not been achieved. In view of this reason, the farms at Kotmale and Pallekelle had incurred losses of Rs. 219,381 and Rs. 1,326,128 respectively during the year under review.

#### 4.2 Management Activities

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The following observations are made.

- (a) Even though a decision had been taken for the disposal of two motor cycles and a tractor which had been taken off from running, it had not been done even by August 2016.
- (b) The ownership of a lorry costing Rs. 900,000 included in the financial statements for the year under review had not been transferred to the Authority.

#### 4.3 Assets not Vested Formally

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Even though the Authority had utilized 2 lands and 2 buildings over periods ranging from 05 years to 13 years, those had not been formally vested in the Authority even by 30 June 2016. A sum of Rs. 2,655,149 had been spent on construction works done on 02 lands not vested.

#### 4.4 Irregular Transactions

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A penalty of Rs. 18,387 had been paid for the delayed remittance of contributions to the Employees' Trust Fund.

#### 4.5 Identified Losses

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Sum totalling Rs. 1,739,764 comprising Rs. 944,997 had been paid in the preceding year and Rs. 794,767 had been paid in the year under review without purchasing goods and according to the information furnished to Audit, a further sum of Rs. 1,164,764 remained recoverable from the parties responsible in that connection.

#### 4.6 Staff Administration

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The approved staff for 11 categories of employees of the Hadabima Authority as at 31 December of the year under review had been 93 and the actual staff had been 57 and as such 36 vacancies existed.



## 5. Accountability and Good Governance

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### 5.1 Internal Audit

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The Authority could not conduct an adequate internal audit as an adequate staff had not been recruited for the in Internal Audit Division.

### 5.2 Budgetary Control

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Significant variances ranging from 29 per cent to 45 per cent were observed between the budgeted expenditure and the actual expenditure for the year 2015, thus indicating that the budget had not been made use of as an effective instrument of management control.

### 5.3 Tabling of Annual Report

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The Annual Reports for the years 2012,2013 and 2014 had not been tabled in Parliament even by 31 August 2016.

### 5.4 Unresolved Audit Paragraphs

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Even though the Committee on Public Enterprises had, at the meeting held in the year 2010, paid attention to the sum of Rs. 2,094,280 receivable from the Land Reform Commission from periods beyond the year 2010 and shown in the Statement of Financial Position under the other balances receivable and directed that action should be taken for the settlement. Nevertheless, it had not been settled even by 31 December of the year under review.

## 6. Systems and Control

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Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Authority from time to time. Special attention is needed in respect of the following areas of control.



**Areas of Systems and Controls**

**Observation**

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(a) Accounting

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Non – approval of Journal Entries by the Accountant.

(b) Marketing Decision

Existence of deficiencies in the activities such as takeover of Agri goods to the store and issue of stocks, stock verification, adjustment of waste of stocks and assignment of duties of the Marketing Division.

**Sgd./ H.M. GAMINI WIJESINGHE**  
**Auditor General**

H.M. Gamini Wijesinghe

Auditor General