

Sri Lanka Land Reclamation & Development Corporation

Annual Report & Accounts for the Year 2017

Ministry of Megapolis & Western Development

VISION

To be the leader in creating and managing flood free eco friendly environment and pollution free water bodies.

MISSION

Providing engineering and management services for;

- Flood management works in drainage improvement & management, drainage consultancy works and low land management
- Achieving self-sustainability through infrastructure development, reclamation works and deriving maximum economic benefit from existing assets and new avenues of businesses

by excellence in performance through a highly motivated workforce.

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Chairman's Message

It gives me great pleasure to present the annual report and audited accounts of Sri Lanka Land Reclamation & Development Corporation for the financial year 2017. I would also like to take this opportunity to welcome Mr. Aruna Gunawardena, the newly appointed vice chairman to the team of SLLRDC. This is indeed a happy occasion as I have the pleasure of announcing an exceptionally successful year for SLLRDC. The Corporation has been resilient in the face of adverse external conditions and improved in many aspects, under the guidance and strategic leadership given by Hon. Minister Patali Champika Ranawaka. I believe that the Corporation's operations during the year under review was well aligned with the vision of the Ministry of Megapolis and Western Development to achieve "Sustainable urban life, ensuring economic and spiritual wellbeing of the people and gracious living in harmony with nature". I am pleased to note that the financial year 2017 has been one of the best years in the history of the Corporation, and I congratulate the senior management team of SLLRDC for a job well done.

We closed the year, with a total turnover of Rs. 7,184 Mn and a profit after tax Rs. 1,058.76 Mn and the total assets increased to Rs. 14,600 Mn. This financial growth is largely due to far-sighted management and solid financial discipline. During the year, the Corporation faced significant challenges that had to be carefully managed to achieve current progress.

The largest revenue contribution was recorded from sale of offshore sea sand with a total turnover of Rs.1,441 Mn and a sales volume of 237,046 cubes. A remarkable value addition was done to the offshore sea sand sales process by setting up a washing and sieving plant at Maturajawela which enables to offer offshore sea sand to the market which is equivalent to the properties of river sand, yet at a much lower rate which can give a competitive advantage over river sand.

The Weras Ganga Storm Water Drainage and Environment Improvement Project which was commenced in year 2013 in order to create a flood resilient environment in the respective basin, mainly in Nugegoda, Raththanapitiya and Boralesgamuwa areas with added environmental related services such as water front recreational activities, restoration of Attidiya Bird Sanctuary, prevention of water born disease, protection of Bellanwila Marsh, etc. The Financial progress of this project for the year 2017 is Rs. 837 Mn.

The Corporation carried out canal maintenance in and around Colombo region and environment improvement in many parts of the country to fulfill the responsibilities of the Act, at a total cost of Rs 2,132 Mn under grant by the General Treasury.

A major drainage consultancy project for Central expressway was completed in the year of review successfully, adding value to the recognition of the Corporation as a leading consultant in Engineering services. A major contribution was made by SLLRDC for "Pibidemu Polonnaruwa" and "Sukhitha Purawara" projects in terms of consultancy services and implementation.

The project on formulation of Wetland Management Strategy for Kalu Oya, Mudun Ela and Aththanagalu Oya Basin was launched in order to study on ecology, water quality, hydrology, soil, sediments, Socio-economic characteristics and ecosystem services of respective wetlands and propose measures for its long term sustainability. Inland water transportation project was initiated in order to ease the traffic congestion in the city area under Western Region Megapolis Planning Project. Commencement of the construction of Northlock pumping station was a notable achievement by the Corporation which is carried out under Metro Colombo Urban Development Project, in order to enhance flood resilience in the commercial capital of the country. The ongoing

Supply & Installation of Real Time Integrated Flood Management (RTC) System is a another noteworthy major intervention which shall enable to real time monitor and forecast potential flooding conditions, and to manage with the control structures such as gates, pumping stations to minimize flood damages.

I would like to conclude by thanking the Board and the management for their valuable guidance and contribution during the year. I also thank our employees and various government and non government stake holders, as the current

performance would not have been possible without their commitment. As always, I am grateful to our customers and I look forward to serve their needs better in the upcoming financial year.

Roshan Gunawardena

Chairman

June 22nd 2018

General Manager's Message

With the formation of the new government, Sri Lanka Land Reclamation & Development Corporation (SLLRDC) was brought under one of the newly formed ministries, Ministry of Megapolis & Western Development under the leadership of its minister Hon. Patali Champika Ranawaka.

With the proposed changes in the urban community, environment and urban infrastructure developments under the new Ministry of Megapolis & Western Development, focusing our objectives are more imperative. Over the next few years' sustainable development to the Urban Infrastructure, Public Safety, Community Planning and Leisure for the Urban Community will form that focus, while still keeping an eye to the environment and its considerations in everything SLLRDC does.

Total turnover of the Corporation during the year 2017 was Rs. 7,184 Mn (including Treasury Grant received for Canal Maintenance & Special Flood Mitigation work of Rs. 2,132 Mn & Treasury Grant received for Weras Ganga project Rs. 837 Mn) Income generated from the sale of lands, Reclamation & Dredging projects, Construction projects and sale of off shore sea sand and Income from Fertilizer Project contributed to the overall turnover.

Weras Ganga basin development project initiated at a cost of Rs. 14,227 Mn in order to prevent the flooding of many areas including Dehiwala, Mt. Lavinia, Bellanwila and Rathmalana has shown a remarkable progress. Even though the recent floods has damaged most part of the Kelani river basin area, none of the areas under Weras Ganga basin development project were affected, and this clearly shows the Corporation is doing the right thing under its purview. The project is yet to be completed and once it is completed, it will be a "role model" project in the field of flood control.

In the area of flood controls, Corporation will require to undertake new projects to mitigate the flooding in the Kelani river basin areas such as Kolonnawa, Meethotamulla urban areas. Unauthorized structures which will block the natural water flows which resulted in disastrous floods in the recent past will be removed and no unauthorized structures will be allowed in the future.

In all key areas of operations the Corporation has improved its overall productivity, efficiency and profitability thus achieving the objectives of the Corporation in the year under review.

Corporation has significantly contributed for Sri Lanka's economy as a strategic partner for the sustainable infrastructure development and eco-friendly environments using engineering excellence and resources in accordance within the ethical frame work of the Corporation.

Finally I would like to take this opportunity to express my sincere gratitude to the Hon. Minister, Deputy Minister, Secretary and other officials of the Ministry of Megapolis & Western Development, Chairman, Board members of SLLRDC, members of the senior management team and the staff of SLLRDC, the officials of the other organizations under the purview of the Ministry of Megapolis & Western Development, our suppliers, contractors and all the other stakeholders who helped us in numerous ways to make the year under review a success.

Eng. K Rajapakse

Actg. General Manager

June 28th 2018

Corporate Information

Legal Status

Sri Lanka Land Reclamation and Development Corporation formerly known as the Colombo District (Low Lying Areas) Reclamation and Development Board, was incorporated by Act of Parliament No.15 of 1968. By amendment Act No.27 of 1976 the objects of the Corporation were widened. Amendment Act No.52 of 1982 changed the name of the Board to Sri Lanka Land Reclamation and Development Corporation and widened its area of authority to cover the entire country. The Act was further amended by Act No.35 of 2006 empowering the Corporation to take legal action against unauthorized filling and pollution of water bodies.

Head Office

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Welikada
Rajagiriya.
Tel. No. 2867369
E-mail : mail@slrldc.lk
Website : www.landreclamation.lk

Regional Offices

- *Colombo North*
Regional Engineer Office
Avisawella Road
Orugodawaththa
Wellampitiya
Tel. No. 2532600
- *Colombo East*
Regional Engineer Office
No. 28/10A Kirimandala Mawatha
Nawala
Rajagiriya
Tel. No. 2863205
- *Colombo South*
Regional Engineer Office
No 19 Stafford Road
Colombo 06
Tel. No. 2589862
- *Muthurajawela*
Regional Engineer Office
No. 123 Kerawalapitiya
Handala
Wattala
Tel No. 3193130

Subsidiaries

- Land Reclamation & Development Company Limited (REDECO)
No. 28/10A, Kirimandala Mawatha
Nawala
Rajagiriya
Tel. No. 2876608
E-mail : lrdcltd1@gmail.com
- L.R.D.C Services (Pvt) Ltd
No. 28/10, Kirimandala Mawatha
Nawala
Rajagiriya
Tel. No. 2861948
E-mail : info@lrdcservices.com

Auditors

Auditor General
National Audit Office
306/72, Polduwa Road
Battaramulla.

Bankers

Bank of Ceylon
People's Bank

Legal Advisor

Attorney General
Attorney General's Department
Hulftsdorp,
Colombo 12.

Board of Directors

Name	Position	Appointed to the Board
Mr. W M A S Iddawela	Chairman Sri Lanka Land Reclamation & Development Corporation	28.10.2015
Mr. Roshan Gunawardena	Working Director Sri Lanka Land Reclamation & Development Corporation	30.10.2015
Ms. J C Weligamage (Treasury Representative)	Treasury Representative Additional Director General Department of Public Finance General Treasury	02.04.2015
Dr. Jagath Munasinghe (Ex-Officio Member)	Director Director General National Physical Planning Department	30.03.2016
Mr. S S L Weerasinghe (Ex-Officio Member)	Director Director General Department of Irrigation 230, Bauddhaloka Mawatha Colombo 07	03.05.2016
Mr. S C Diddeniya	Director No.15, Gomes Park Colombo 05	28.10.2015
Mr. Sanath Lanka Ranaweera	Director 74/14, Suwisuddharama Road Wellawatta	02.12.2015
Mr. D. Sajjana de Silva	Director Actg. Director General Geological Survey & Mines Bureau	17.01.2017
Mr. M. Thuraisingham	Director Director General Department of Irrigation	01.03.2017
Mr. S. Mohanrajah	Director Director General Department of Irrigation	02.11.2017

Directors Retired during the year 2017

Name	Position	Date of Retirement
Mr. S S L Weerasinghe (Ex-Officio Member)	Director Director General Department of Irrigation 230, Bauddhaloka Mawatha Colombo 07	28.02.2017
Mr. M. Thuraisingham	Director Director General Department of Irrigation	02.11.2017

Senior Management Team

01. Eng. M. A. S. M. K. Senadheera - General Manager
02. Eng. K. Rajapakse - Additional General Manager (Implementation)
03. Eng. W. R. C. Fernando - Additional General Manager (Planning & Design)
04. Mr. T. B. Chandrasekara - Deputy General Manager (Human Resources Development)
05. Mr. J. A. P. K. Jayasinghe - Deputy General Manager (Finance)
06. Eng. C. B. Amarasinghe - Deputy General Manager (Research & Design)
07. Dr. N. S. Wijerathna - Deputy General Manager (Wetland Management)
08. Eng. R. M. N. D. Rathnayaka - Deputy General Manager (Special Projects)
09. Eng. S. P. Muthumala - Deputy General Manager (Drainage & Reclamation)
10. Eng. Y. P. C. De Silva - Deputy General Manager (Construction)
11. Mr. S. D. Dharmarathna - Deputy General Manager (Supplies & Stores)
12. Mr. A. G. Sumanarathne - Deputy General Manager (Plant & Equipment)
13. Eng. W. H. Keerthirathna - Deputy General Manager (Planning & Business Development)
14. Mrs. H. K. K. W. Ekanayake - Chief Legal Officer
15. Mr. A. L. A. S. K. Ambeygoda - Head of Internal Audit
16. Eng. P. M. P. Wijerathna - Assistant General Manager (R&D)
17. Eng. S. N. Gamage - Assistant General Manager (R&D)
18. Mr. O. V. W. R. Gunathilaka - Assistant General Manager (Planning & Business Development)
19. Mrs. A. B. N. Sahabandu - Assistant General Manager (Finance)
20. Mr. Hemantha Kamalasinghe - Assistant General Manager (Lands & Marketing)
21. Mrs. A. S. S. M. Weerakkody - Assistant General Manager (Supplies & Stores)
22. Eng. K. M. N. K. Ranasinghe - Assistant General Manager (Construction)
23. Eng. S. R. M. Prasad - Assistant General Manager (Plant & Equipment)
24. Eng. M. M. M. Moufer - Assistant General Manager (Special Projects)
25. Eng. S. M. P. D. Siriwardhana - Acting Assistant General Manager (Drainage & Reclamation)
26. Eng. N. P. S. De Silva - Assistant General Manager (Research & Designs)
27. Ms. N. A. A. S. V. Nissanka - Assistant General Manager (Civil)
28. Mr. K. M. S. B. Athapaththu - Assistant General Manager (Architectural)
29. Ms. P. D. Pindeniya - Acting Assistant General Manager (Waste Management)

Operational Review

Drainage and Reclamation Division

1. SRI LANKA LAND RECLAMATION & DEVELOPMENT CORPORATION - PUBLIC INSTITUTION - RS. 1000 Mn

1.1 Maintenance of Canals, Lakes and Walkways

Maintenance of main canal network in and around Colombo is one of the functions of Sri Lanka Land Reclamation & Development Corporation. For this purpose funds are provided by the General Treasury.

1.1.1 Maintenance of major canals, minor canals, secondary canals in and around Colombo city

The Main canal system in Colombo basin is a natural drainage system. The outfalls of the system are opened to the sea at Dehiwala, Wellawatta and one small outfall diverted through Mutwal tunnel. In addition, there are two outfalls to the Kelani River at Nagalagam Street and in Ambatale. Surrounding storm water is also discharge through the Beira Lake into the sea through its outfall.



The main canal system of Colombo city consisting of 41 km length which was maintained by the Irrigation Department was handed over to the Corporation in 1979 and rehabilitated under the Greater Colombo Flood Control & Environmental Improvement Project. Diyawanna Oya was converted to a lake in 1980 and the Corporation is the responsible organization for maintenance of these water bodies.



In the year 2001 the maintenance of identified minor canals within the Colombo city were also entrusted to the Corporation. Presently the length of the secondary canals is 43 km. The improvement of the main and secondary drain network for prevention of local floods is been done with the involvement of the Colombo Municipal Council and other relevant stake holder agencies to prevent localised flooding. Under existing bank protection gabion walls also rehabilitated.



For operational purposes, SLLR&DC is maintaining 03 Regional offices which are located at Orugodawatta (Colombo North), Nawala Kirimandala Mawatha (Colombo East) & Kirulapone (Colombo South). The maintenance work in the canals involve surface cleaning, canal bank maintenance, canal dredging work, transporting of dredged materials, canal bank protection using gabion boxes, jungle cleaning, cleaning of catch pits & cleaning of side drains, etc.. In addition to manual cleaning, Corporation deploys heavy mechanical equipment such as dredgers, excavators, back-hoe loaders, tractors and trucks to dredge and clean the canal embankments and its surrounding areas.

Total cost of work done for 2017 is Rs.240.73 million

1.1.1. a Colombo North



Beira Lake



Sebastian East Lake



Uththarananda Mawatha

1.1.1. b Colombo East



1.1.1. c Colombo South



1.1.2 Maintenance of Hamilton Canal

The maintenance work of the Hamilton Canal including bank protection Gabion work (length of 14.3 km) from Kelani Ganga end to Negombo lagoon & Negombo lagoon to Maha Oya end (length of 7.7km) is been carried out by SLLR&DC. Corporation attends to regular canals & canal banks maintenance work where necessary.

The total cost of maintenance work done for the year 2017 is Rs. 41.03 million.



1.1.3 Maintenance of Lakes / ponds surrounding Parliament and its related catchment

SLLR&DC implemented several drainage proposals as a solution to unprecedented floods in November 2010 where, even the Parliament was inundated. This project has been implemented to protect inundation of the Parliament and the surrounding area.

During the past 3-4 years, Sri Lanka Land Reclamation and Development Corporation has initiated several urgent short term measures to mitigate floods in and around Parliament area by creating lakes/ponds to increase the water retention capacity and controlling haphazard filling

of low lying lands by converting to agriculture lands such as at Kimbulawela etc.

Main purpose of this project is to maintain the Diyawanna Oya (Parliament Lake) and its surrounding landscape area to mitigate floods and conservation of wetlands by improving the environment for Green City concept.

Other benefits of this project are;

- Prevent un-authorized encroachments
- Solid Waste Management
- Improve the water quality of the water bodies.

Residents within the Parliament Upper Catchment & surroundings have been benefited specifically and the entire Colombo area in general has been benefitted by flood protection.

The total cost of maintenance work done for the year 2017 is Rs. 33.03 million.

1.1.3. a Waters Edge



1.1.4 Maintenance of walkways & parking areas including solar light system

Under the Metro Colombo Urban Development Project plans were mooted to develop the commercial capital and its suburbs into a model green, clean people friendly city.

Therefore within a short period of time, a number of projects have been completed under the special flood mitigation projects to achieve the above concept successfully such as Diyatha Uyana Park and Lake, Nawala Wetland Park, Development of Japan Sri Lanka Friendship Road, Rampalawatta Lake and Kimbulawela area are some of them. These projects have been completed by Sri Lanka Land Reclamation and Development Corporation with the assistance of Sri Lanka Armed forces and the maintenance of these parks have been carried out by SLLR&DC

To protect the created retention ponds, the eco-friendly turfed secondary embankment designs have been introduced to the water retention areas such as Japan Friendship Road, Waters Edge, Kimbulawela and Chandrika Kumarathunga Mawatha. Also Walkways have been introduced to prevailing illegal land encroachments only by adding 4 inch sandy loam layer and curbs. Following extra benefits can be gained because of the walkway.

- Prevent soil erosion of the main road in flood seasons.
- Turfing area create a greenery view environment from surrounding with minimum usage of material (Rubble, sand)
- Develop urban landscaping (tree planting along the bank)
- Creating locations for social activities (Family gathering locations for all level of the public)
- Improve health of the people
- Tourism based ventures will create new employment opportunities

Total cost of work done for 2017 is Rs.44.44 million.

1.1.4. a Diyatha Uyana



1.1.4. b Kimbulawela

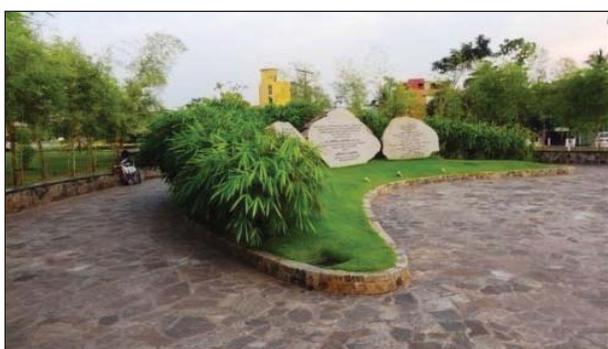


Japan Friendship Road Foot path



Kimbulawala Foot path

1.1.4. c Colombo East



Pagoda Wetland Park

1.2 Maintenance of Lakes & water bodies, walk path and urban landscaping works in Bellanwila area

Bellanwila area is one of the most important areas having natural wetlands with rapid development, adjacent to the southern part of the Colombo city. This area is frequently inundated during the rainy season due to increasing intensity and climate changes and adhoc developments.

The Weras Ganga Storm Water Development Project was implemented with long term flood mitigation such as creating 37 Acres area of lake & canal system with the agriculture lands which helps to increase the value of social & cultural background of this area.

Weras Ganga Basin plays an important role as a center for economic and social activity and provision of housing for the people of Colombo Metropolitan Region. Certain areas of this basin are centers of industrial and commercial activities and other sections have been characterized mainly as residential areas, and the potentials for residential development is high due to urban sprawl from

Colombo and migration from the internal parts of the Island. The area surrounding Weras Ganga provides a waterfront environment and is a popular area for recreational activities as well as residential development. The implementation of this project not only promotes sustainable development activities but also retains a green environment and promotes tourism.

Under this project following development works have been carried out at Bellanwila.

- Lake (Temporary water retention tank): 37 Acres
- Drainage improvement structures (canals, bridges, culverts etc)
- Walk way and asphalted cycle track: 2.84 km (Solar Powered illuminated)
- Stalls at Pillewa and alongside Dehiwala Maharagama Road (for free trading)



With the completion of the project flooding of the Bellanwila has been greatly reduced. The newly developed infrastructure facilities have attracted new business and investments. Tourism based ventures has created new employment opportunities. Economic upliftment of the people has increased the living standards of the whole society. In addition local flora and fauna are also protected. Improved recreational facilities have allowed families and others to spend quality time away from the hustle and bustle of the city.

Walkway & Bicycle track

The park consists of walking paths and is a perfect setting for a walk in the evenings for the young and the old alike and those who want to relax in the serene environment. The area affiliated which is located along the main road between the Bellanwila Raja Maha Viharaya and the Pillewa Viharaya, was

in the past a marshy and unclean site and with an unbearable stench emanating from it.

The entire area has been fully developed as an environment friendly location. The marshy land has been developed with the construction of a pleasant reservoir as a solution to the frequent flood situation experienced in the area. Jogging footpaths have been constructed in the area.

There are also lanes to ride bicycles and engage in physical exercises adding a novel experience to the people. The new development program has led to endowing to the future generation this area which is also a paradise of many birds.

The annual maintenance work of this buildable area is very important for sustainability of the created green city by SLLRDC.

The total cost of maintenance works done for the year 2017 is Rs. 29.99 million.



1.3 Development, improvement and urban landscaping to existing secondary canals (The canals are not being maintained by any institution)

Most secondary canals which do not come under the preview of any organization were not being

improved by any organization. Every organization back out from this work as they have no responsibilities. This has resulted in many minor flooding problems due to unavailability of canal capacity and links of the canals to the system. In order to prevent this problem it is necessary to improve these secondary canals and link canals. Therefore these secondary canals are also maintained by SLLR&DC.

Also improvement of the existing secondary canals results in a flood free environment.

The objectives of this project include,

- Prevent an inconvenience to the public due to the localized flooding in the area
- Create better connection of the entire canal system
- Keep entire environment clean and beautiful

Main activities in this project are as follows,

- Prevent encroachments in to the canals and there reservations
- Provide access roads where necessary for maintenance work
- Control of solid waste disposal, discharge of sewerage
- Under this canals in CMC area, Peliyagoda area and some important secondary canals in Kotte Municipal area are maintained. Canals in outside Colombo area which are identified as more sensitive for flooding are also maintained.

The total cost of maintenance work done for the year 2017 is Rs. 55.59 million.



Solid waste disposed to the canal system

1.4 Drainage improvement & urban landscaping projects Outside Colombo District

Waskaduwa area is in the west part of the country in Kaluthara district, Western province. Waskaduwa is an attractive area with large amount of variety of industries. This area plays an important role as a main branch of economic and social hub for the country. Coastal area of Waskaduwa is one of centers of industrial and commercial activities especially tourism and other sections have been used for habitation of civilians.

Considering above facts, it is proposed to improve the existing storm water drainage system for mitigate the flood in Waskaduwa area. Along with this proposed project, there has been a proposal to improve existing canal systems, existing culverts and also construct reinforced concrete drains, box culverts, RC Flumes and channels. This project is a Design & Build project under SLLRDC.

The project proposes to improve and rehabilitate four canal systems. In K1 Canal System there are 280m long existing canal and 500m long reinforced concrete drain to be improve and construct. In proposed K2 canal system, there are 2 culverts, a RC Flume, Channel and 3140m reinforced concrete drain to be improved and construct. K3 canal system consist of 165m long Managala Ela, 2 culverts, 1 RC Flume and 3275 m long reinforced concrete drain to be improve, rehabilitate and construct. In last canal system there are 107m long existing canal, 2 culverts, 1 RC Flume and 1114 m long reinforced concrete drains.

Main objectives of this project are,

- Improve existing drainage system to facilitate free flow of the canals
- Creating a green and flood free environment to the public
- Control of solid waste & sewerage discharging in to the canals
- Improve health of the people living in this area.
- Increase commercial value of the properties of the area

1.4.1. Drainage Improvement in Waskaduwa Managala Ela



Further, SLLR&DC carried out the following projects under drainage improvement and urban lanscaping in order to mitigate the flood risk in identified areas.

- Proposed Storm water drainage system for Katubedda
- Canal Improvement works in Minuwangoda area

The total cost of work done for the year 2017 is Rs. 104.61 million

1.5 Flood mitigation projects within the Western Province

1.5.1 Implementation & development of Madinnagoda area

Madinnagoda area is in the East of Colombo District. It belongs to the Kotte Municipal Council. It consists of a large variety of landscapes adjacent to Diyawanna Lake. Also a large number of civilians are living in Madinnagoda area.



The Government has decided to implement a flood mitigation project and to develop Madinnagoda area. In the proposed project area Madinnagoda peripheral Canal is the main canal which is situated at west side of the Madinnagoda area. SLLR&DC attended the site cleaning, surface cleaning, canal bank maintenance, dredging, disposal of dredged material to temporary site, disposal of dredged material to permanent sites and canal inspection works. Also Bypass road at Madinnagoda has been partially completed.

In this project SLL&DC cleaned the peripheral canal to create a pleasant environment to the public, as social responsibility

The objectives of the project are as follows,

- Prevent an inconvenience to the public due to the flooding in the area.
- Keep the area clean & beautiful.
- Creating a hygienic environment in urban area for people's healthy life.

1.5.2 Protection and demarcation of water retention areas & urban landscaping in order to prevent further encroachments, illegal activities by providing boundary stones, fencing, tree planting and formation of peripheral canals etc. in Colombo Metropolitan Region

Marshy lands were acquired by SLLR&DC to be kept as flood retention areas to protect Greater Colombo Area (GCA) from flooding. SLLR&DC attended to protect and demarcate water retention areas to prevent further encroachments and illegal activities by fencing, tree planting and formation of peripheral canals.

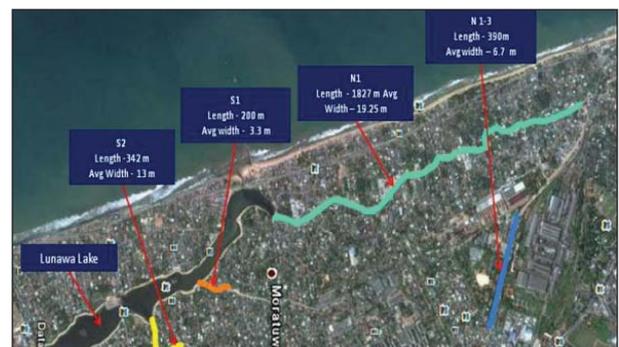


The total cost of work done for the year 2017 is Rs. 85.82 million

1.6 Dredging, rehabilitation and maintenance of N1, N1 - iii, S1 and S2 Canals in Lunawa Canal network and urban landscaping of Lunawa Lake and its surroundings

Lunawa Lake is in the south of the Colombo District covering 6.15 km from the Dehiwala-Mount Lavinia Municipal Council area in the North and Moratuwa Municipal Council area in the South. The government in July 2000 launched the Lunawa Environment Improvement and Community Development Project with international funding, when the lagoon was heading for disaster.

In the proposed project area, the Lunawa Ela is the main canal, which runs through the low-lying area extending from North to South and flows into the Lunawa Lake. The basin is composed of many minor basins which drains storm water directly into the lake in the Western and Southern parts of the lake. The Lunawa Lake is connected to the sea under the railway bridge located to the south of the Angulana Railway Station.



Lunawa Area

Lunawa Lagoon and canal network was developed under Lunawa Environment Improvement & Community Development Project and SLLR&DC is maintaining a part of the main canal system by dredging carrying out rehabilitation work in and around the Lagoon area and part of the Main Canal System, in order to create a pleasant environment to the public, as social responsibility.

The total cost of works done for the year 2017 is Rs. 15.47 million.



N 1 Canal



N 1 - iii Canal

1.7 Drainage & environmental improvement works in Parliament Upper Catchment of Battaramulla and its surrounding area

Main purpose of the project is flood mitigation of parliament premises and its surroundings and conservation of wetland in upper catchment by improving the environment for Green City concept. The total cost of work done for the year 2017 is Rs. 30.00 million.

Main objectives of the project are

- Create flood free, eco-friendly Green Environment by increasing retention capacity and urban Landscaping
- Prevent encroachments

- Solid Waste Management
- Improve the water quality
- Drainage Improvements
- Urban Landscaping



1.8 Dredging and Rehabilitation works to Beira Lake inlets & Outlets around the whole area of the lake

Annually SLLR&DC attends to the dredging works in Beira Lake inlets and outlets connected to this Lake as they are being heavily silted. It has badly affected the maintenance work and various leisure activities in the lake and the canal system.

The total cost of work done for the year 2017 is Rs. 21.82 million.



Beira Lake (West)

1.9 Improvement of Existing pumping station at Peliyagoda



Installation of Sheet Piles for Pump House at Peliyagoda



Construction of Left Bank of Gabion Structure (120m) & Construction of Concrete Drain (450mmx450mm) for Pump House Canal Bank Improvement Works at Peliyagoda



The total cost of work done for the year 2017 is Rs. 49.99 million.

1.10 Kalu Oya Basin Maintenance of Canals

Maintenance of Kalu Oya Basin & Canals



Drainage Improvement at Ragama



Development of the canal adjoining the Welisara Navy Camp (stage I)



The total cost of work done for the year 2017 is Rs. 50.01 million

2. GREATER COLOMBO FLOOD PROTECTION AND ENVIRONMENT DEVELOPMENT PROJECTS - RS. 200Mn

2.1. Dredging and rehabilitation of Attidiya Lake I, II, III and its surrounding in order to maintain the retention capacity of the lake and development of urban landscaping to create pleasant environment

Dehiwala-Mt. Lavinia Municipal Council area, is the second largest local government area in the Greater Colombo area, is a principal residential area as well as an outstanding industrial area. Especially both Kawdana and Attidiya basins have serious problems in civil life and economic activities due to damages of houses and stoppage of transportation caused by flooding in rainy seasons. Moreover, people's health and comfortable residential conditions are jeopardized by epidemics and bad smells. The main purpose of the annual maintenance is reduction of incidences of flooding

in the area concerned, which has been achieved successfully.

The total cost of works done for the year 2017 is Rs. 5 million

2.2 Maintenance of canals within Kolonnawa Divisional Secretariat area

This is a residential area having high commercial value being in close proximity to the Colombo city. Due to the high demand for land in urban areas more people are coming towards the suburbs. Therefore implementing drainage improvements and urban landscaping work will be beneficial to the people living in and around these areas.

Hence under annual maintenance work, SLLR&DC developed and improved the Canal system in and around Kittampahuwa, Kolonnawa, Meethotamulla, Mulleriyawa and Angoda area. The estimated cost for this work for the year 2017 was Rs.30 million.

The total cost of work done for the year 2017 is Rs. 36.55 million

Main objectives of this project are,

- Improve existing drainage system to facilitate free flow of the canals
- Creating a green and flood free environment to the public
- Control of solid waste & sewerage discharging in to the canals
- Improve health of the people living in this area, especially Dengue.
- Prevent illegal land filling
- Prevent encroachments in canal reservation and water retention areas
- Increase commercial value of the properties of the area
- Conservation of existing water bodies and wetlands

2.3 Canal Bank protection work

It is proposed to protect the banks of major canals in Colombo North region (Sri Wickrama Canal Package 01-04) and Colombo East region (Heen Ela) as a continuation from 2016 and newly implemented project of Hamilton Canal Improvement (Near Wallawaththa Area) and Construction of Right Bank of Gabion Structure (144m length) at Peliyagoda has been attended during 2017 in order to avoid scouring & collapsing

of canal banks and also to demarcate the canal banks properly to maintain the maximum possible width. Provisions of flow guidance walls have streamline the flow & enhance the conveyance capacity. During construction of the bank protection (gabion walls, Sheet piles), provision has been kept to the existing storm water drainage inlets and also new connections with affiliated catch pits & small side drains wherever necessary to collect water and directly discharge into the canal to avoid local flooding.

Accordingly the total cost of work done for the year 2017 is Rs. 153.15 million

2.3.1 Sri Wickrama Canal Package 01-04



2.3.2 Heen Ela Package 07



2.3.3 Hamilton Canal Improvement Project (Near Wallawaththa Area)



2.3.4 Construction of Right Bank of Gabion Structure (144m length) Canal Bank at Peliyagoda



3. IMPLEMENTATION OF PRIORITY PROJECTS UNDER MINISTRY ALLOCATION- Rs. 2500Mn

3.1 Improvement in Kolonnawa area

The Geological profile of the Kolonnawa area is highly vulnerable to the flood risk. Further the canal system in and around Kittampahuwa, Kolonnawa, Meethotamulla, and Angoda areas have been silted and covered by heavy growth of several surface weeds. Further in this area some part of the canal bank is damaged due to several illegal work done by the public and the natural erosion of the canal banks. Therefore several activities have been carried out such as drainage improvements, canal bank protection, surface cleaning of canals, landscaping work etc. in these areas in order to minimize the flood risk and it will be beneficial to improve the living standards of the people living in the said areas.

The total cost of work done for the year 2017 is Rs. 40.44 million.

Under improvement of Kolonnawa area following projects were carried out in year 2017.

- Drainage Design for storm water canal of National Children Education Foundation at Angoda
- Short term solution for flood problem at Meethotamulla Dumping Site
- Construction of Proposed Retaining wall & Box Culvert at David Ranasinghe Mawatha – Buthgamuwa

3.2 Canal bank and Maintenance road Improvement

During the period of 1992 to 1998 the canal system in and around Colombo was developed with the canal bank improvement works. and at present some part of the canal banks are damaged due to several illegal activities done by the public and the natural erosion of the canal Banks.

Accordingly the total cost of work done for the year 2017 is Rs. 31.05 million.

Under canal bank and maintenance road improvements the following projects were carried out in year 2017.

- Proposed Canal Bank protection work Gabion Structure & Road Construction work along the Mahawatta Canal
- HeenEla Package 08 and Gabion work along Torrington Canal and Drain adjacent to Heen Ela at Kirimandala Mawatha

3.3 Development of Mullariyawa Lake & surrounding

Under this project, actions have been taken to improve the drainage and landscaping work in and around the tank in order to reduce the local flood threat.

The total cost of work done for the year 2017 is Rs. 37.09 million.



3.4 Dredging of Polgahawewa Tank at Ragama- Stage 2

Scope of this project includes improving the drainage and landscaping work in and around the tank.

The total cost of work done for the year 2017 is Rs. 39.67 million.



3.5 Proposed Jogging path at Kadawatha - Stage 2

Under the above allocation the Corporation carried out construction of Retaining wall of 105m length, Hume Pipe Culvert and RCC u drain for 168m length. Also the regular maintenance work have been attended such as mainataining of foot path, children play area and the solar lights etc.



Accordingly the total cost of work done for the year 2017 is Rs. 29.92 million.

Client Projects

1. “Sukitha Purawara” Regional Town Development Projects

City of Colombo and its suburbs is the core of the Western Region Megapolis Plan. Today, the metropolis hosts the busiest and most important port in South Asia. It is widely considered to be the cleanest, most welcoming and most livable among its major peers in the region. The Ministry of Megapolis & Western Development has initiated some of special project under Megapolis Master plan such as shifting of Manning Market to Peliyagoda area and “Sukitha Purawara” Regional Town Development Program. By

understanding the commercial land value of the existing Manning Market and to reduce traffic in and around Colombo area, the Urban Development Authority and Ministry of Megapolis and Western Development have initiated the project to shift the Manning Market to Peliyagoda area.

● Shifting of Manning Market to Peliyagoda Area

Client : Ministry of Megapolis & Western Development

Starting Date	: 2016.02.01
Completion Date	: 2016.05.01
Completion Date	: 2017.12.25
Revised Estimated Cost	: Rs.239.34 Mn
Work Done in Year 2017 (Extra work)	: Rs.4.54 Mn



● Design and Construction of Drainage Improvement and Play Ground at Enderamulla - Stage II

Starting Date	: 2017.03.23
Extension of time	: 2017.12.30
Estimated Cost	: Rs. 33.03 Mn
Work Done in Year 2017	: Rs. 32.71 Mn

● Proposed Development project at KawanthissaWewa in Embilipitiya - Stage II

Starting Date	: 2017.08.17
Extension of time	: 2017.12.31
Estimated Cost	: Rs. 24.82Mn
Work Done in Year 2017	: Rs. 20.75 Mn



● **Construction of Over flow Bus park, Access road at Multimodal Transport Center Makumbura**

Starting Date : 2017.06.30
 Extension of time : 2017.12.31
 Estimated Cost : Rs. 87.72 Mn
 Work Done in Year 2017 : Rs. 23.96 Mn



2. Conservation of Canal near the St Anne's Church Wattala

Client : Divisional Secretariat, Gampaha/ Disaster Management Center

Starting Date : 2017.02.09
 Extension of time : 2017.08.31
 Estimated Cost : Rs.16.19 Mn
 Work Done in Year 2017 : Rs. 14.96 Mn



3. Dredging of Thalangama Tank

Client : World Bank

Starting Date : 2016.09.01
 Extension of time : 2017.07.31
 Estimated Cost : Rs.117.47 Mn
 Work Done in Year 2017 : Rs. 98.38 Mn

● **Loading Wel - Atha Roots**



● **Tank Dredging**



4. Rehabilitation of Attanagaluoya canal Bank of Botanical Garden at Gampaha Stage II

Client : Department of National Botanic Gardens

Starting Date : 2017.03.20
 Extension of time : 2017.12.31
 Estimated Cost : Rs. 5.43 Mn
 Work Done in Year 2017 : Rs. 5.08 Mn



5. Canal Cleaning and Dredging Work at Wattala, Kandhana, Ja-Ela area

Client : Divisional Secretariat, Gampaha / Disaster Management Center

Starting Date : 2017.05.31
Completed Date : 2017.10.31
Estimated Cost : Rs. 8.99 Mn
Work Done in Year 2017 : Rs. 8.67 Mn



Oliyamulla Canal at Wattala



Galagahadoowa Canal, Wattala



Elapitiwala Canal, Wattala

6. Design and Construction of Gabion wall at Thona Lagoon in Sainthamaruthu - Stage I - Phase II

Client : Ministry of City Planning & Water Supply

Starting Date : 2017.08.15
Extension of Time : 2017.12.31
Estimated Cost : Rs. 35.33Mn
Work Done in Year 2017 : Rs. 35.08 Mn



7. Development of Polgahawewa Tank including Jogging track - Stage III

Client : Divisional Secretariat, Gampaha / Disaster Management Center

Starting Date : 2017.07.15
Completed Date : 2017.12.05
Estimated Cost : Rs. 5.22 Mn
Work Done in Year 2017 : Rs. 5.19Mn

8. Land Development Works for Proposed Riverside Park at Matara - Stage I

Client : Ministry of Megapolis & Western Development

Starting Date : 2017.06.25
Extension of time : 2017.12.31
Estimated Cost : Rs. 99.32Mn
Work Done in Year 2017 : Rs. 98.31 Mn



9. Cleaning of Drain and Culverts around Parliament Ground

Client : Urban Development Authority

Starting Date	: 2017.08.08
Completed Date	: 2017.08.31
Estimated Cost	: Rs. 0.43Mn
Work Done in Year 2017	: Rs. 0.27 Mn



10. Construction of RCC drain - Makumbura Package 2

Client : Ministry of Megapolis & Western Development

Starting Date	: 2017.05.31
Completed Date	: 2017.11.30
Estimated Cost	: Rs. 24.42 Mn
Work Done in Year 2017	: Rs. 17.86 Mn



11. Design & Construction Storm water Drainage system at Imaduwa - Stage II

Client : Ministry of Megapolis & Western Development

Starting Date	: 2017.11.10
Extension of Time	: 2017.12.31
Estimated Cost	: Rs. 19.09Mn
Work Done in Year 2017	: Rs. 2.16 Mn



12. Drainage Improvement Work at Multimodal Center at Makumbura- Package I

Client : Ministry of Megapolis & Western Development

Starting Date	: 2017.11.10
Extension of Time	: 2017.12.31
Estimated Cost	: Rs. 9.50 Mn
Work Done in Year 2017	: Rs. 2.35 Mn

13. Land Improvement of Garbage Dumping Site at Peliyagoda

Client : Urban Development Authority

Starting Date	: 2017.11.22
Extension of Time	: 2017.12.31
Estimated Cost	: Rs. 36.31Mn
Work Done in Year 2017	: Rs. 4.38Mn

14. Surface Cleaning & Dredging of Canals in Minuwangoda Town area

Client : Divisional Secretariat, Gampaha / Disaster Management Center

Starting Date	: 2017.12.01
Completed Date	: 2017.12.31
Estimated Cost	: Rs. 12.42Mn
Work Done in Year 2017	: Rs. 0.7Mn

15. Boundary Canal Dredging of Wild Life Rehabilitation Center at Attidiya

Client : Department of Wild Life Conservations

Starting Date	: 2017.12.01
Completed Date	: 2017.12.31
Estimated Cost	: Rs. 3.15Mn
Work Done in Year 2017	: Rs. 3.15Mn



Own Projects

1. Development of 400m Strip at Muturajawela

Starting Date : 2016.01.01
 Completed Date : On Going
 Estimated Cost : Rs. 308.00 Mn
 Work Done in Year 2017 : Rs. 109.78 Mn



2. Development of 2 Nos of 10 Acres Lands at Muturajawela

Starting Date : 2016.06.01
 Completed Date : On Going
 Estimated Cost : Rs. 549.00 Mn
 Work Done in Year 2017 : Rs. 129.37Mn



3. Proposed Cricket Playground at Kirimandala Mawatha - Stage II

Estimated Cost : Rs 56.85 Mn
 Work Done in Year 2017 : Rs. 13.55 Mn



4. Cleaning & Dredging of Tank at Ragama

Starting Date : 2017.03.31
 Completed Date : 2018.08.30
 Estimated Cost : Rs 24.7 Mn
 Work Done in Year 2017 : Rs. 28.7 Mn

5. Development of land (11 acres) by using off shore sand at Muturajawela

Starting Date : 2017.04.03
 Completed Date : On Going
 Estimated Cost : Rs 10.49 Mn
 Work Done in Year 2017 : Rs. 8.32 Mn



6. Development of land (15 acres) at Muturajawela

Completed Date : 2017.03.31
 Estimated Cost : Rs 77.08Mn
 Work Done in Year 2017 : Rs. 64.83 Mn

7. Development of land (9 acres) by using off shore sand at Mutturajawela

Starting Date : 2017.07.05
 Completed Date : On going
 Estimated Cost : Rs 8.82Mn
 Work Done in Year 2017 : Rs. 0.4 Mn



8. Construction of Proposed Waste Park at Muthurajawela

Starting Date : 2017.05.15
 Completed Date : On going
 Estimated Cost : Rs 749.29Mn
 Work Done in Year 2017 : Rs. 605.99 Mn



9. Land Preparation Works in Muthurajawela under Clinical Waste Management Project

Starting Date : 2017.09.21
 Completed Date : On going
 Estimated Cost : Rs 295.86Mn
 Work Done in Year 2017 : Rs. 106.08 Mn



10. Construction of Gabion Retaining wall at Ragama under Town development Project at Ragama

Completed Date : On going
 Estimated Cost : Rs 12.66Mn
 Work Done in Year 2017 : Rs. 9.54 Mn

11. Proposed Temporary Toilet Block for Sea sand sales unit

Starting Date : 2017.11.22
 Completed Date : On going
 Estimated Cost : Rs 0.74Mn
 Work Done in Year 2017 : Rs. 0.51 Mn

12. Formation of Bund around 400m Strip at Mutturajawela

Starting Date : 2017.08.15
 Completed Date : On going
 Estimated Cost : Rs 30.1Mn
 Work Done in Year 2017 : Rs. 14.2 Mn



13. Cleaning & Dredging of Lake at Ragama - Stage II

Starting Date : 2017.09.01
 Completed Date : 2017.12.31
 Estimated Cost : Rs 17.53Mn
 Work Done in Year 2017 : Rs. 8.52 Mn

Off-shore Sand Pumping and Selling Project

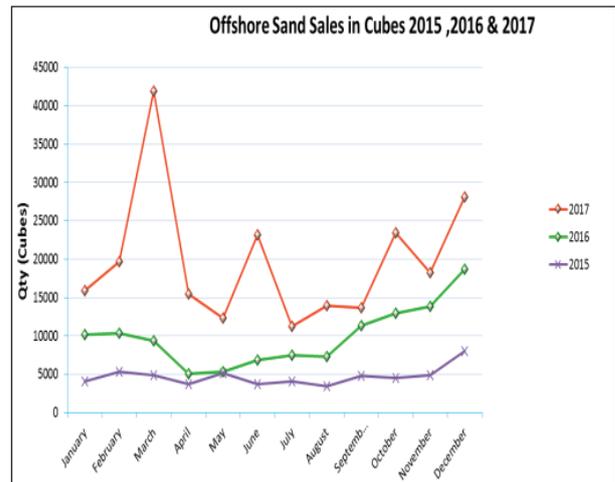
Off Shore Sand Sales

The highest revenue contribution to the Corporation derives from sale of off shore sea sand. In 2017 the Corporation was able to achieve remarkable sales volume compared to previous years which is 237,406.36 cubes and in terms of revenue it is Rs. 1,441,237,438.16.

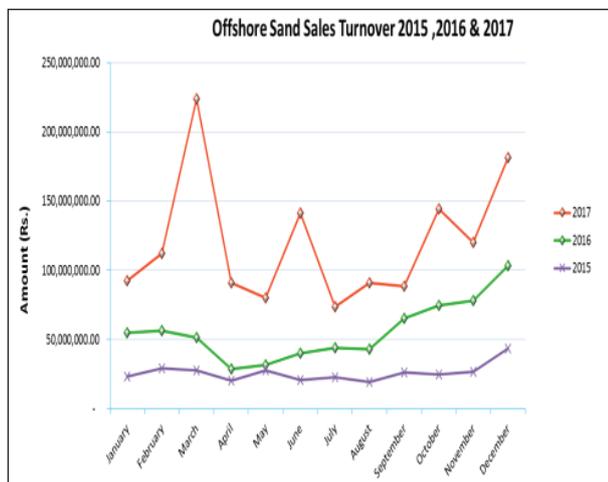
Further, the Corporation was able to setup a new washing and sieving sand plant at Muthurajawela, in order to cater the market requirement as well as to compete with river sand. This facilitated to meet the demand of small and medium contractors where they could buy quality sand which can directly compare with normal river sand with a highly competitive price.

The following graphs depict the sales pattern in last consecutive three years.

Graph - 02 Off Shore Sand Sales Qty in Cubes



Graph 01 - Off Shore Sand Sales in LKR



Weras Ganga Storm Water Drainage and Improvement Project

1. Introduction

The rapid urbanization of Colombo and the suburbs has contributed to unplanned land filling which leads to flooding during rainy season, this problem keeps aggravating annually. SLLRDC with the assistance of JICA team prepared a comprehensive Master Drainage Plan for Colombo Metropolitan Region. In this study of drainage design more studies on the feasibility study revealed that Weras Ganga basin, a sub catchment of the Bolgoda needs high priority for flood mitigation. Hence the above project was launched in 2011.

Development of Weras Ganga Storm Water Drainage & Environment Improvement Project consists of Nugegoda-Rattanapitiya Basin, Boralesgamuwa North and South Basins, MahaEla Basin, Bolgoda Basin and dredging of Weras Ganga. Implementing agency of the project is SLLRDC under the purview of the line Ministry.

Total project estimated cost is Rs. 14,227Mn and funded by Sri Lanka Government through a loan from National Savings Bank (NSB) with Treasury guarantee. Special compensation package was prepared to cater all affected parties. Cabinet approval was also obtained for implementation as well as for compensation of the project.

Other than flood mitigation, water front recreational activities, restoration of Attidiya Bird Sanctuary and other implied benefits such as prevention of water born disease are also expected. Protection of Bellanwila Marsh & creating water front activities at Bellanwila marsh is completed.

Feasibility study shows that the land values of the vicinity will also enhance at the completion of the entire project. The cumulative value of work done up to the end of December 2017 is Rs. 4,174 Million.

The funds received up to now can be tabulated as follows,

Treasury Guarantee		Disbursed by NSB
Amount Rs. Mn.	Date	Amount Rs. Mn.
2000	29 th September 2014	1600
		200
1500	15 th July 2015	750
3500	31 st December 2017	2797.78

The project activities are continuing and the public is getting the benefit from the completed sections of the project.

2. Objectives

Main objective of this project is flood mitigation. Following activities are being carried out under this project;

- Widening of existing canal network
- Bank protection of Canal Banks
- Preserve flood retention area and creating lakes
- Improvement of existing culvert and bridges
- Construction of new structure
- Enhancing re-cultivation of abandoned paddy fields
- Water front recreational activities and restoration of Attidiya Bird Sanctuary.

3. Current Status

Competitive biddings for construction work were done to choose suitable contractors since year 2013.

Initially, improvement of Nugegoda-Rattanapitiya canal which is 3056m in length commenced in year 2013 and is in progress. 95% from that length is completed at the end of December 2017. This includes canal dredging, Gabion construction work for canal bank improvements, sheet pile for canal bank improvements including construction of lateral drainage structures and asphalts road construction.

Design of crossing structures such as culverts and bridges of Nugegoda-Raththanapitiya Canal is completed and construction was already commenced in 2014. At the end of December 2017 total progress is about 90%.

Improvement of Delkanda Ela which is 2635m in length commenced in end of year 2014 & work is in progress 50% from that length is completed at the end of December 2017. This includes pre-cast concrete canal construction, pre-cast pre-stressed beam construction & Gabion construction work for canal bank improvements including construction of lateral drainage structures & asphalts road construction.

4. Physical Progress of Canal Development with photographs

4.1 -100% completion of Gabion canal bank improvement and Asphalt O&M Road along Nugegoda-Rattanapitiya canal (Downstream of Raththanapitiya Bridge)



4.2 -100% completion of Gabion canal bank improvement and Asphalt O&M Road along Nugegoda-Rattanapitiya canal (Canal in between Raththanapitiya Bridge & Flexport Bridge)



4.3- 100% completion of Gabion canal bank improvement and Asphalt O&M Road along Nugegoda-Rattanapitiya canal. (Canal in between Abagahawatta Bridge & Sooriyamal Mawatha Bridge)



4.4 -90% completion of Gabion canal bank improvement and Asphalt O&M Road along Nugegoda-Rattanapitiya canal. (Canal downstream of Pepiliyana Bridge)



4.5- 100% completion of Pepiliyana Bridge along Nugegoda-Rattanapitiya canal



4.6- 100% completion of Gabion canal bank improvement and Gravel O&M Road along Nugegoda-Rattanaipitiya canal. (Canal in between Field Avenue culvert & Pepiliyana Bridge)



4.9- 90% Completion of Concrete canal improvement & Asphalt O & M Road up to Sunethradevi Road



4.7- 100% completion of Gabion canal bank improvement and Asphalt O&M Road along Nugegoda-Rattanaipitiya canal (Downstream of Field Avenue culvert)



4.10 -100% completion of Gabion canal bank improvement and Asphalt O&M Road along Delkanda Canal (Upstream & downstream of Pengiriwatta Road)



4.8- 100% completion of Gabion canal bank improvement and Asphalt O&M Road along Nugegoda-Rattanaipitiya canal. (Upstream of Field Avenue culvert)



4.11 - 95% completion of pre-cast concrete canal bank improvement along Delkanda Canal. (Upstream of Fingara Junction)



4.12 - 55% completion of pre-cast & in-situ concrete canal bank improvement along Delkanda Canal. (Canal in between High Level Junction & Wallawaththa Road)



4.13- 50% completion of permanent steel sheet pile canal bank improvement along delkanda canal (Canal in between wallawaththa Road to Wela Road)



4.14 -100% Completion of Abagahawatta Bridge



4.15 -100% Completion of Sooriyamal Mawatha Bridge



4.16- 100% completion of Flexport Bridge



4.17 - 80% Completion of Manel Mawatha Wewa and 4m span culvert with culvert Approaches



4.18 - 90% Completion of Rubberwatta Culvert



4.19 - 75% Completion of Gabion canal bank improvement and Asphalt O&M Road along Maha Ela



4.20 - 55% completion of Disable Park at Boralessgamuwa



4.21 - Enhancing re-cultivation of abandoned paddy fields at Papiliyana



4.22 - 100% Completed pond Werahera at Boralessgamuwa Area



4.23 - Currently 70% completed lake improvement at Suriyamal Mawatha area (Nugegoda-Raththanapitiya basin) is in progress



4.24 - Currently 70% completed lake improvement at Rubberwaththa area



4.25 - 100% Gabion Canal improvement at Boralessgamuwa area



Research and Designs Division

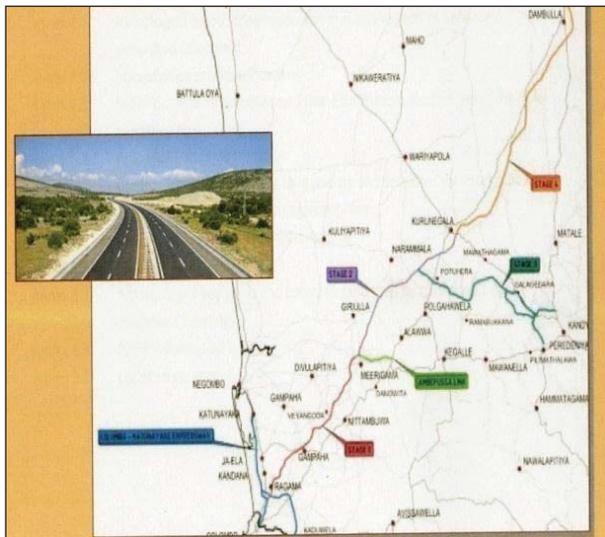
Consultancy Services

The Corporation undertakes consultancy work on Storm Water Drainage designs and preparation of Storm Water Drainage master plans, Architectural Designs & Structural Designs for buildings and bridges for the public and private sector institutions.

Engineering Materials Testing Laboratory

The Engineering Materials Testing Laboratory of the Corporation undertakes Geo-technical investigations, Testing of Water Quality, Soil, Concrete Cubes and Cement Blocks for both the public and private sector Organizations. The value of work done for the year 2017 is Rs. 20.13 Mn.

Hydrology study at proposed Central Expressway Project



The Corporation carried out Hydrological & Hydraulic Study for the proposed Central Expressway Project.

The Proposed Expressway Project begins at Kadawatha, running via Kurunegala Town and ends at Dambulla. The Total length of the road is about 185 Km.

The total consultancy fee for the study is Rs. 62.5 Mn. Work commenced in October 2015. Value of

work done for the year 2017 is Rs.1.43 Mn and cumulative value of work done is Rs.62.04 Mn.

Hydrology study for pilot road of Central Expressway Section I (Kadawatha to Mirigama)

The Corporation undertook the consultancy services for pilot road of central expressway. The section I is the stretch of highway from Kadawatha to Mirigama, having a total length of 37.0 Km.

The total consultancy fee for the project is Rs. 4.0 Mn. Work commenced in March 2017. Value of work done for the year 2017 is Rs.3.29 Mn. It is expected to be completed in March 2018.

Hydrology study for pilot road of Central Expressway Section II (Mirigama to Kurunagala)

The Corporation undertook the consultancy services for pilot road of central expressway. The section II is the stretch of highway from Mirigama to Kurunagala having a total length of 39.0 Km.

The total consultancy fee for the project is Rs. 4.5 Mn. Work commenced in October 2017. Value of work done for year 2017 is Rs. 1.2 Mn and scheduled to be completed in March 2018.

Outer Circular Highway (OCH stage II) Kerawalapitiya to Kadawatha

The Corporation has successfully completed the Hydrology study for OCH – Stage II. The value of work done for the year 2017 is Rs. 1.0 Mn.

Extension of Southern Expressway Project from Matara to Hambanthota

The Corporation has completed the review of Hydrology studies for ESEP for Stage I, III & IV. Value of work done for the year 2017 is Rs. 5.14 Mn. It is expected to be completed in February 2018.

Makubura - Homagama Intersection of Southern Highway

The Corporation acts as the consultant of this project for a consultancy fee of Rs. 5.0 Mn. Value of work done for the year 2017 is Rs. 1.93 Mn.

Hydrology Study on Proposed Bypass Road at Hikkaduwa

RDA has planned to construct a bypass road at Hikkaduwa town in order to avoid traffic congestion in the town area. The proposed bypass road is 5 Km in length and it lies through number of lowland areas where flooding issues are to be considered seriously. Hence SLLR&DC has undertaken to carryout Master drainage study for same thus flood level can be identified and cross drainage structures can be provided for the road. Total consultancy fee for study is Rs.3.0 Mn. Value of work done for the year 2017 is Rs. 0.20 Mn. It is expected to be completed in June 2018.

Proposed Storm Water Drainage Plan for Kaduruwela Town Development project

Upon request of Urban Development Authority SLLR&DC has under taken to prepare Master Storm Water Drainage Plan for proposed Kaduruwela Town Development Project. The proposed project will enhance the capacity of exiting drainage network thus reducing the vulnerability of the flooding in the area. The revised amount (consultancy fee) for the study is Rs. 12.0 Mn and Value of work done for the year 2017 is Rs. 9.8 Mn. It is expected to be completed in February 2018.

Miscellaneous work

Drainage Design for all the Treasury funded work handled by the Drainage & Reclamation Division has been prepared by the Research & Design Division.

The Research & Designs division was entrusted with the preparation of, Architectural & Structural Design of the following projects.

1. Pibidemu Polonnaruwa (Hospital Buildings)
2. Sukitha Purawara

Consultancy fee for the work is 3% of the total project cost.

TREASURY GRANT PROJECTS

Water levels and Discharge Measurements for Colombo, Kalu Oya & Werasingha Basin

Water levels and discharge measurements are taken at above basins to prepare a data base. This data is being used in present drainage studies and can be used for a Storm Water Drainage Improvement Project when it is implemented. Treasury allocation for the year 2017 is Rs. 15.0 Mn.

Preparation of Master Drainage Plans (Outside Area)

Data Collection, Survey Work & Master Drainage Plans have been prepared for Colombo & Outside area to mitigate floods. Treasury allocation for the year 2017 is Rs.15 Mn. Six Nos. of Master Drainage proposals have been completed. Another twelve proposals are in progress. List of above 18 projects is mentioned below.

1. Storm water drainage system for Maha & Kuda Waskaduwa area Kaluthara.
2. Master Drainage Proposal for Diyatha Uyana.
3. "City Sewerage Master Plan" for Koswatta. (JICA)
4. Review of Master Drainage Plan for Battaramulla.
5. Proposed Canal Embankments improvement works at David Ranasingha place at Buthgamuwa.
6. Balance Gabion works design along lake drive road at Kirimandala Mawatha. (Lake drive development project & Bridge)
7. Proposed Canal improvement works along St. Sebastian Canal. (New Adikarana Mawatha)
8. Drainage Improvement work at Kelanimulla junction.
9. Proposed urban drainage developmet project at Narahenpita, Kirimandala Mawatha area.
10. Drainage improvement at Walasmulla area.
11. Preparation of drainage plan for Darga town - Beruwala.
12. Review the drainage study of Polduwa Road & Subuthipura.

13. Canal bank protection at Minuwangoda town area.
14. Rehabilitation of Sethsiripaya canal at Battaramulla – Balance work.
15. Development of the canal adjoining the Welisara Navy Camp.
16. Drainage improvement work at Edirisinghe Mw. Colombo 14.
17. Improvement of Drainage system – Sri Dalada Maligawa.
18. Drainage plan for improvement of marsh area at Nelumpedesa, Kalapaluwawa.

Weras Ganga Storm Water Drainage Improvement Project (Phase II – Moratuwa Ratmalana Sub basin)

The Morotuwa – Ratmalana sub basin is located in the Western part of the Werasganga Basin. The extent of sub basin is 8.1 Km. The Central area between Kandawala and Telawala is occupied by densely populated residential areas and industrial compounds. Drainage condition in the lowland is unsatisfactory because of the absence of drainage system and topographic constraints. Moratuwa - Ratmalana sub basins require channel improvement of the main stream and major tributaries to cope with runoff increase due to urbanization and mitigation of the flood damage in the basins.

Hydrology and Hydraulic Data & Survey Data collection processes were launched in year 2016, and it has been almost completed. Treasury allocation for the year 2017 is Rs. 10M. 39% of Hydrology & Hydraulic study is completed and 15% of preparation of feasibility study Report is completed in year 2017.

Preliminary study in Attanagalu Oya & Ja - Ela basins

The main causes for flooding in Attanagalu oya basin have been identified as overflow from main streams (Attanagalu oya, Uruwal oya, Dandugam oya and Ja – Ela), Natural drainage difficulty in lowland surrounding Muthurajawela Marsh & lack of capacity of storm water drainage system.

SLLR&DC has taken steps to carry out preliminary studies and surveying is in progress. Treasury allocation for the year 2017 is Rs. 5 Mn.

Preparation of drawings for surveying work is 85% completed.

Detail Drainage study in Peliyagoda Mudun – Ela sub basin

Work done for year 2017 is Rs. 10 Mn. 90% of surveying work completed. Hydrology & Hydraulic study is in progress.

Wetland Management Division

Wetland Management Division emphasized the sustainable way of development in the country which not only addresses current environmental challenges but also ensures a secure society well into the future. Understanding the changing drivers such as population growth, economic activities and consumption pattern, Wetland Management division has prepared strategies and categorized them as short term, medium term and long term plans. Most of projects are carried out annually. The projects implemented and carried out in year 2017 under the financial support of General Treasury are as follows;

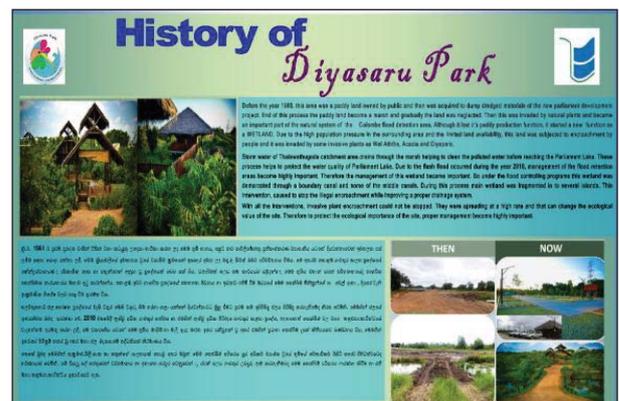
Study of Eco System and Bio Diversity of the Wetlands



Diyasaru Park at Thalawathugoda is one of the best places in Colombo to study regarding wetland biodiversity. The park is already popularized amongst various groups especially school children, university students, wildlife photographers and other naturalist. Therefore, Diyasaru Park is a landmark as a knowledge dissemination center on wetland biodiversity. In order to enlighten this ideology, signage panels were established in the park premises in year 2017. The signage includes the information on Diyasaru Park, facts on wetland animals and plants, importance of urban wetlands, threats for the urban wetlands etc. All signage have been designed in all three languages with pictorial illustrations. The purpose of this initiation was to provide novel ideas for the visitors especially school children to self-studying on wetland ecosystems.

In addition in order to give a unique experience for the visitors, we initiated to construct seven animal models at the park. The objective of this

construction is to provide opportunity for visitors to study about some unique animals in the park but rarely visible because of their distinctive habits. Rs.1.9Mn worth of work was done in year 2017.



Maintenance of Bio Diversity Study Park at Thalawathugoda (Diyasaru Park)

In the aspect of flood mitigation, awareness about the Wetlands in urban settings to conduct wetland researches, and for economical utilization of wetlands such as tourism opportunities in the urban wetland a pilot project at Thalawathugoda was initiated in year 2014. This was named as Diyasaru Park in the latter part of 2017 and is one of the best places in Colombo to study regarding wetland biodiversity and in recreational activities. The park is already popularized amongst various groups especially school children, university students as well as other amusements such as outdoor get to-gathers, bird watching, photo shooting etc. The Corporation earned Rs 1 Mn from the park during year 2017 from above activities.



The park is being maintained properly by doing removal of invasive plants, monitoring of plant nursery, canal maintenance, tree planting etc annually and Rs 12 Mn is being spent for this activity.

Canal Network Mapping and Installation of Water Level Gauges in Canal Network within in Western Province

The frequency of localized flooding has been increased during last decade due to rapid changing of land usage with urban expansion to cope with population increase, local and national developments and also due to the effect of climate change cause by global warming. This is mainly because of losing the capacity of natural flood retention, conveyance and out falls of storm water drainage basin due to unplanned developments. In this context mapping of existing canal network and regular collection of water levels and flood water discharge in the canal network are paramount importance. Therefore our Corporation has commenced the mapping of canal network and establishing water level gauges with in the western province initially and will expand to other provinces in the near future. Compilations of maps available at SLLRDC were done in year 2017 and collecting of available drawings in other institutions are being done. Rs 9.88Mn worth of work was done in year 2017.

Conducting Workshop Awareness Programmes for Wetland Conservation and Lowland Development

It is realized that one of the main reasons for unauthorized filling of low lying lands of the country is happening due to lack of awareness about the impact of inappropriate landfilling such as flash floods. SLLRDC has declared areas in Western, Southern, Central, Sabaragamuwa and Uva provinces in a view of regularizing the developments to create and manage flood free

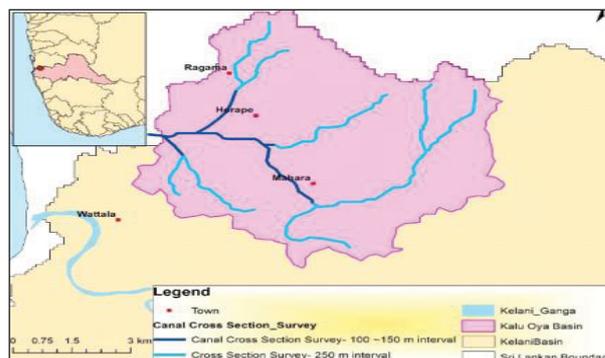
habitat and eco- friendly environment. To achieve that target it is needed to increase the public awareness about the importance of the wetlands and remaining wetlands need to be utilized sustainably to protect it from the encroachments. Keeping this objective in mind Wetland management division has conducted awareness programmes among the government officers attached to the Divisional Secretariat office within the Southern and Western provinces initially and thereby increase the number of applicants who are seeking approvals for the development of low lying lands.

Boundary Reopening and Protection of Low Lands in Declared Areas



Most wetlands within the Greater Colombo area have been encroached by unauthorized land filling and constructions. Therefore prior to conserving wetlands, the original boundaries of said lands have to be reopened and demarcated. This activity commenced in year 2013 and is scheduled to complete in year 2018. Almost all the surveying works except Heen Ela marsh were completed in year 2017. The survey plans prepared by SLLRDC was forwarded to the Survey Department for necessary approvals. The value of work done during year 2017 is Rs. 10 Million.

Feasibility Study of Kalu Oya Storm Water Drainage and Environment Improvement Project



The Kalu Oya basin, which is in Gampaha District, has been identified as a priority area for future urban development. Urbanization within the Kalu Oya basin has already begun to gain momentum with recent developments of Colombo-Katunayake expressway, Outer Circular Highway (OCH), Rehabilitation of Negombo-Colombo Road (A3), Central Fish Market Complex and other urbanizing activities which have contributed to increase the land value and attract more investors for income generating ventures. However, it was also noted that unauthorized constructions, invasion of water retention areas by unauthorized filling and the blockage of canals and drains by dumping solid waste caused immeasurable damage to the people during floods. It has been observed that such impacts are on increasing trend.



Being a small coastal basin in Western Province, certain parts of the basin are very low-lying, with ground surface not much above sea level. Hence flooding occurs not only from local runoff after heavy storm rainfall in the basin, but also from high tide levels, storm surge and backwater from floods in the Kelani River. The flooding problems are periodic which; adversely hamper the future development activities in this area. Hence, preparation of a storm water management plan and implementation of key storm water management measures are essential prerequisites for well-planned future urban development.

In the above context, a Feasibility Study on Storm Water Drainage and Environment Improvement Project for Kalu Oya Basin was commenced in December 2016, supervised by the Wetland Management Division of Sri Lanka Land Reclamation and Development Corporation (SLLRDC) and SMEC International Pvt. Ltd., was selected as the consultant for the feasibility study.

The main objectives of the Storm Water Drainage and Environment Improvement Project for Kalu Oya Basin were,

- To decrease the flood damage in the Kalu Oya basin, through the improvement of the storm water drainage system
- To raise the standard of living of the residents by creating a flood reduced environment



Study was inaugurated with the participation of key members of SLLRDC and the Consultant team. In order to achieve the project objectives, 10 tasks were identified and set as milestones of the study. As the first task, several key past studies and proposals were reviewed to gather available data related to the study area and its inundation situations. This task was considered as an important milestone as it will create a clear picture about the condition of the study area and direct the project to a better planning methodology of proposed feasible measures.

Field investigation and data collection was conducted to obtain relevant topographical data, land use maps, rainfall data, water levels and cross section details of the canals and tidal data, etc. Assistance of several government institutions such as Survey Department, Department of Irrigation, Sri Lanka Ports Authority, etc were obtained in getting the required data. Field collection of socio-economic data using household questionnaires, focus group discussions and key informant interviews were also completed.



All above data were used as inputs for hydraulic model analysis and for purposes of socio-economic and environmental assessments of proposing measures.



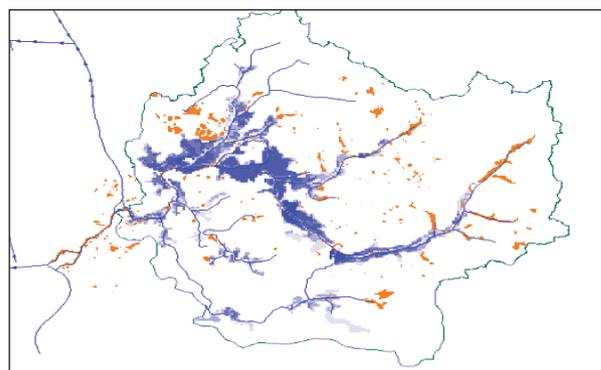
The hydrologic and hydraulic simulations of the project were carried out with the SOBEK modelling framework which consists of a large number of modules that can be used in different configurations. SOBEK-RR, 1D-FLOW and 2D-FLOW modules were used in this feasibility study.

In order to strengthen the capacity of SLLRDC engineers, a training programme on “Hydrological and Hydrodynamic Modelling in SOBEK” was conducted in two phases where over 15 engineers of SLLRDC obtained hands on experience in SOBEK modelling.

Model was set up to simulate the historical flood events and compared with the latest flood event of May 2016. Recorded water levels taken during flood survey were compared with the simulated water levels and the outcome was encouraging as they were matching closely.



The baseline condition of the model was set up to represent the 2030 land use and simulations were carried out for different return periods to identify the inundation areas in the catchment. A large range of conceivable measures like retarding basins in the upper catchment, the removal of the hydraulic bottlenecks in the main channel network, channel improvement of the lower channel branches towards the outfall at Kelani river, channel improvement of the Old Dutch canal from Kalu Oya junction towards Muthurajawela marsh, diversion channel from the lower Kalu Oya wetlands and Old Dutch canal to divert flood water to Muthurajawela marsh and the construction of a pump station and flood gate at outfall to Kelani river were investigated and simulated to observe the effect on the flood water levels in the catchment. In order to find the appropriate mitigation options for the Kalu Oya basin, above individual mitigation options were combined and simulated to predict the cumulative effects of mitigation options for reducing the flood levels.



Rapid environmental screening was carried out in the areas to be improved during the modeling exercise in order to understand the present environmental conditions and existing issues related to wetland management and flood control.



Preliminary design of facilities and cost benefit analyses are progressing to identify the most cost-effective options and they are to be evaluated in conjunction with the social and environmental considerations. These results will be presented along with the draft final report in January 2018.

Initial engineering estimate of this study was Rs. 80 Million and the contract was awarded for Rs. 57 Mn without taxes. At the end of year 2017, total work done was Rs. 37 Mn.

PREPARATION OF WETLAND MANAGEMENT STRATEGIES (WMS) FOR WESTERN PROVINCE

WMS for Kalu Oya, Mudun Ela Basins and Aththanagalu Oya Basin

Wetlands are fundamental to the wellbeing of the people in Western Province. All of the wetlands, even the most degraded ones provide a range of benefits which contribute to human wellbeing. As essential natural infrastructure within the urban context, wetlands can provide solutions to a multitude of urban issues mainly flood.



Despite all the benefits that wetlands provide, wetlands continue to be completely lost or progressively degraded due to human interventions. The benefits of wetlands are often unseen and their values become apparent only

when they are lost and the unforeseen costs of replacing these free-of-charge services become evident. Therefore, it would be important to consider the conservation and sustainable management of urban wetland areas as integral part of ongoing development activities in the city so that both activities can be carried out simultaneously and complement one another.

With the objective of wise use of wetlands, a Wetland Management Strategy (WMS) for Colombo Metropolitan Region was developed in 2015 and it continues to develop WMS for entire Western Province. Accordingly, development of Wetland Management Strategies for Kalu Oya and Mudun Ela basins and Aththanagalu Oya Basins were implemented in 2017.

The preparation of WMS for Kalu Oya and Mudun Ela basins is being conducted by a team of Consultants with the assistance of the staff of Wetland Management Division (WMD) while the preparation of WMS for Aththanagalu Oya basin is being conducted by the staff of WMD.



Project Activities included, but not limited to; (1) Studies on ecology, water quality, hydrology, soil, sediments, Socio-economic characteristics and ecosystem services of wetlands; (2) Economic valuation of wetlands; (3) Mapping of wetlands and zonation; (4) Develop Wetland Management Strategy; and (5) Training, capacity building and institutional strengthening.

The outputs of the Studies will be technical reports on Ecology, Water Quality, Hydrology, Soil, Sediments, Socio-Economic Characteristics and Ecosystem Services of Wetlands in selected river basins. This project will provide a sustainable and long term management strategy for all wetlands in Kalu Oya and Mudun Ela basins and Aththanagalu Oya basin within Western Province.



Rs.39.89 Mn. worth of work have been done under this project in year 2017.

Inland Water Transportation Project

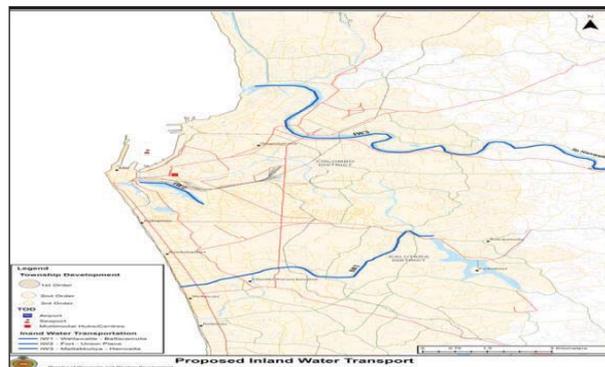
Colombo attracts more than one million daily commuters by more than 160,000 vehicles from its suburbs. The average speed of vehicles at peak hours have dropped down below 10kmph, and the environment pollution generate is unbearable. Inland water transportation is a low cost, fuel efficient, environment friendly, less capital needed, flexible, pleasant and a safer transportation mode compared to other transport modes, and therefore it is one of the solutions to mitigate the existing and expected traffic within the city. Hence Western Region Megapolis Planning Project has identified three water transport lines.

- Wellawatta- Battaramulla Line (IW1)
- Fort- Union Place Line (across Beira Lake) (IW2)
- Mattakkuliya- Hanwella Line (along Kelani River) (IW3)

The main objective of this project is to use inland waterways for commuter transportation to reduce the traffic congestion at main transport corridors during the peak time, while generating revenue for a self-sustainable canal network.

Battaramulla-Wellawatte line (IW1) goes along Kotte Canal, Kirulapone Canal and Wellawatte Canal. It consists of nine boat stations along 10.6 km route which intersects six main roads including Marine Drive, Galle Road, Highlevel Road, Baseline Road, Nawala Road and Sri Jayawardenapura Mawatha out of which three of them are main seven corridors. Beire Lake from Fort to Union Place (IW2) will save lot of time for passengers who have to use bus service to connect these points especially during peak time. This line has a total length of 2km and four stations are proposed.

The proposed boats are unsinkable, comfortable and air conditioned to attract passengers by providing a more convenient transport system. In the boat stations, facility centers will be established to provide smooth services to the passengers. A common travel cards for all transport modes, navy rescue point, and connectivity to the Real Time Control System will bring the passengers a novel, safe and enjoyable travel experience. Furthermore, recreational activities will be introduced into both lines, especially for Fort- Union Place Line (Beira Lake).



Granting Approval for Land Clearance Works

Impermissible development and filling of low lying lands are the main reason for localized flooding as well as flash flood situations in the country. Therefore the development of low lying land with efficient and effective drainage system is very much vital compared to the damages occurred to the economy of the country due to urbanize flooding.

Wetland management division is carrying out this task by doing comprehensive hydrological and hydrodynamic study for every matter of client's request made for the development of low lying lands. These comprehensive drainage proposals are presented to the planning committee established under the SLLRDC Act. The Corporation has earned Rs. 32.5 Mn from consultation of accurate drainage network and providing necessary drainage plans in year 2017.

Special Projects Division

Special Projects division undertakes the projects to carryout designs, to prepare drawings, Cost estimates, bidding documents and to manage/supervise the implementation, mostly hydrological/hydraulic works. The works undertaken in year 2017 could be categorized as follows;

- Foreign funded projects
 1. Metro Colombo Urban Development Project (*World Bank funded*)
- Treasury funded projects
 2. Detailed Drainage Designs of Madiwela South Diversion Project

1. Metro Colombo Urban Development Project

Flooding in and around the Colombo City has been occurring for many years and causes considerable economic disruption and social hardship to a large segment of the population.

MCUDP aims to improve the flood control, infrastructure and drainage management system of the Colombo water basin as well as enhance the competence of central and local governmental authorities to deliver and manage infrastructure and services in the Colombo Metropolitan area.

There are two main components of MCUDP;

Component 1: Flood and Drainage Management.

Component 2: Institutional Strengthening for Sustainable Metropolitan & Local Infrastructure and Service Provision and Implementation Support.

The main component, which is implemented under Sri Lanka Land Reclamation and Development Corporation (SLLRDC), is Flood and Drainage Management. This will support rehabilitation and improvement of priority flood and drainage management infrastructure identified as critical to improve the drainage network in the Colombo metropolitan region. This will mainly focus on improving the outfall capacities of the existing drainage network, introduction of new diversion channels and storm water pumping stations.

The project is generally managed by the Project Management Unit of the Ministry of Megapolis and Western Development.

The list of works carried out under MCUDP by SLLRDC is listed below.

No.	Sub-project No.	Sub-project
Completed		
I	W/01	Dehiwala Canal
II	W/02	Main Drain & Mutwal Tunnel
III	W/03/A	St. Sebastian South Canal
IV		Dredging of Thalangama Tank
V	W/07/A	Wellawatte Canal
Ongoing		
VI	W/05	Improvements to MED - I
VII	W/11	Improvements to MED - II
VIII	W/19	Improvements to MED - III
IX	W/09	St. Sebastian North Canal
X	W/12	Design and building of St-Sebastian North lock Gates & Pumping Station
XI	W/16/B	Kolonnawa Canal Diversion – Scheme II
Near Awarding Stage		
XII	W/14	New Mutwal & Torrington tunnel
XIII	W/24	Ambathale Pumping Station
Tendering Stage		
XIV	W/13	Construction of St. Sebastian South Pumping Station
XV	W/18	Supply & Installation of Real Time Integrated Flood Management (RTC) System
Finalizing / Detailed Design Stage		
XVI	W/16/A	Kolonnawa Canal Diversion – Scheme I
XVII	W/16/C	Kolonnawa Canal Diversion – Scheme III
XVIII	W/16/D	Kolonnawa Canal Diversion – Scheme IV
XVIX	W/20	Design and installation of flushing gates for water quality improvement

Progress as at 31st December 2017 – Project Implementation

I. Completion of Construction of Canal Bank Protection Works of Dehiwala Canal

Contract No. : MCUDP/SLLRDC/W/01
Contractor : Squire Mech Engineering (Pvt) Ltd
Contract Value : Rs. 193,846,838.92
Date of Commencement : 20.05.2013
Date of Completion : 27.02.2015



II. Completion of Construction of Aluth Mawatha Culvert, Mutwal Box Drain, Mutwal Tunnel, Manholes, Bank Improvements at Mutwal Sea Outfall & Canal Bank Protection Works of Main Drain

Contract No. : MCUDP/SLLRDC/W/02
Contractor : Edward & Christie
Contract Value : Rs. 409,971,109.35
Date of Commencement : 27.11.2012
Date of Completion : 21.12.2014



III. Completion of Construction of Canal Bank Protection Works of St. Sebastian South Canal

St. Sebastian South Canal in Northern area of Colombo Drainage basin draining out the storm water from the highly urbanized catchment area of

2.4km². The St. Sebastian South Canal starts at the South Lock Gate near Maradana Technical College and it runs through highly built up areas towards the North East direction by crossing Sri Sangaraja Mawatha at Maligawatta and then Dr. Britto Babapulle Place at Grandpass. After that it ends at the confluence of Dematagoda canal where the St. Sebastian North Canal takes off.

Project Objectives

- Widen the canal at identified stretches to remove bottlenecks.
- Define the canal banks firmly and thereby;
- Streamline the canal and increase the conveyance capacity.
- Prevent erosion of embankments
- Establish the canal bed level to -1.0 m MSL (as designed)

Contract No. : MCUDP/SLLRDC/W/03A
Contractor : Access Engineering PLC
Contract Value : Rs. 259,750,715.74
Date of Commencement : 27.10.2014
Project Duration : 18 months
Financial Progress : Rs. 218,881,314.62
Physical Progress : 100%
Date of Project Completion : 20th July 2016



IV. Completion of Dredging of Thalangama Tank

Thalangama tank which is a medium scale tank with a 20 ac of area located at the upstream of the Madiwela East diversion catchment currently serve as a dual purpose tank for both aspects of irrigation and flood mitigation. The tank earlier was purely for irrigation and it was modified for flood mitigation in late 90's under "Greater Colombo flood mitigation project – phase I".

Thalangama tank consists of two spillways at different elevations enabling to spill out water towards Parliament Lake as well as towards the direction of Kelani River. The flood mitigation requires Thalangama tank to spill towards Kelani River although it may spill towards Parliament Lake at extreme flood situations. Further modifications are being designed to ensure the prevention of the tank towards Parliament Lake at extreme flood conditions. Additionally, the Thalangama tank belongs to an area with rich bio - diversity and therefore this area has been designated as a special protected zone under Central Environmental Authority.

Objective

Increase the tank capacity from 32 Ac.ft to 50 Ac.ft in order to achieve irrigation demand.

The project is implemented under force account and the project cost is Rs. 117 Mn.



V. Completion of Conveyance Improvements to Wellawatta canal at Galle Road Bridge

Wellawatta Canal is one of the main canals in Colombo canal network and contains one main sea out fall. The stretch from Galle Road Bridge to Marine Drive Bridge (400m in length) have not been rehabilitated under Greater Colombo Flood

Control and Environmental Improvement Project Phase I and both banks of this canal stretch is highly developed in the last two decades. The narrowest cross section of the canal is at Galle Road Bridge that does cause to retard the conveyance capacity of the canal. In addition to this, the tidal variations of the sea outfall also control the conveyance capacity of the canal.

The objective of this Sub-Project is to enhance the canal conveyance capacity by providing proper transition through Galle Road Bridge.

Contract No.	: MCUDP/SLLRDC/W/07A
Contractor	: Edward & Christie
Original Contract Value	: Rs. 71,003,108.00
Date of Commencement	: 21.07.2016
Project Duration	: 07 months
Intended Date of Completion	: 22.02.2017
EOT Granted	: 27.11.2017
Revised Contract Value	: Rs. 128,801,722.70
Financial Progress	: Rs. 103,512,443.90

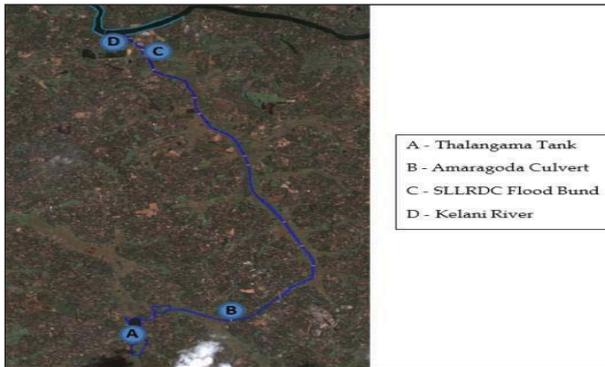


● **Improvements to Madiwela East Diversion**

Madiwala East Diversion Scheme was built to divert the storm water of an area of 8 km² around the parliament lake to the Kelani River and thereby reduce the flood burden within the Colombo area. This diversion scheme consists of two upper lakes namely Thalangama Lake, Averihene Lake and a diversion canal starting from Averihene tank up to Kelani River. The approximate length of the diversion canal is 7.5 km and runs through agricultural, residential and downstream low-lying areas on its way to Kelani River.

The overall improvements are divided into three implementation packages as follows, since they lie at several locations along the canal:

- a. AB: Improvements to Madiwela East Diversion Scheme – Stage I
- b. BC: Improvements to Madiwela East Diversion Scheme – Stage II
- c. CD: Improvements to Madiwela East Diversion Scheme – Stage III
- d. Dredging of Thalangama Tank



VI. Improvements to Madiwela East Diversion Stage I

Contract No. : MCUDP/SLLRDC/W/05
 Contractor : SD&CC
 Contract Value : Rs. 228,665,371.06
 Date of Commencement : 10.10.2016
 Project Duration : 12 months
 Intended Date of Completion : 10.10.2017
 EOT Granted : 03.11.2017
 Financial Progress : Rs. 87,792,358.61

Work is in progress



VII. Commencement of Improvements to Madiwela East Diversion Stage II

Contract No. : MCUDP/SLLRDC/W/11
 Contractor : Gamini Construction
 Contract Value : Rs. 106,798,220.87
 Date of Commencement : 16.12.2016
 Project Duration : 12 months
 EOT Granted : 10.02.2018
 Financial Progress : Rs. 32,328,058.01

Work is in progress



VIII. Commencement of Improvements to Madiwela East Diversion Stage III

Contract No. : MCUDP/SLLRDC/W/19
 Contractor : Edward & Christie, Komuthy JV
 Contract value : Rs. 344,577,482.70
 Project Duration : 12 months
 Financial Progress : Rs. 93,694,507.58

Project Area



Work is in progress



IX. St. Sebastian North Canal

St. Sebastian North Canal in Northern area of Colombo Drainage basin draining out the storm water from the highly urbanized catchment area of 1.5km². It starts at the confluence of Dematagoda

canal and the St. Sebastian South Canal and it runs through highly built up areas towards the North East direction upto Kelani River. It is the main outlet discharge of storm water in Northern Colombo canal network and the length of the St. Sebastian North Canal is 1.9km and its average width is 15m. St. Sebastian North canal banks from Ingurukade Bridge to Kelani outfall are not protected. Thus the canal has to be streamlined, a maximum possible width to be maintained and banks to be protected to convey the runoff to be matched with the pumping specification.

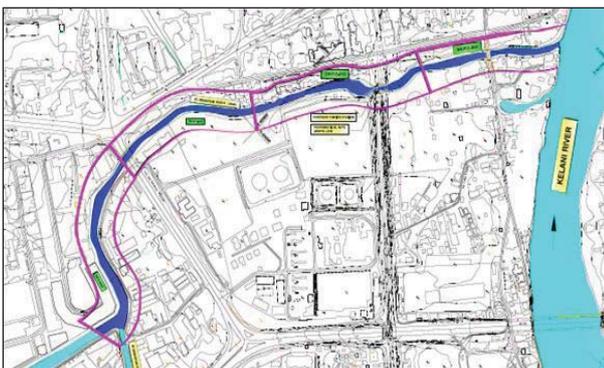
Objectives:

Define the canal banks firmly and thereby;

- Stream line the canal and increase the conveyance capacity
- Prevent erosion of embankments
- Prevent encroachments of canal banks and facilitate maintenance of canal

Contract No.	: MCUDP/SLLRDC/W/09
Contractor	: RR Construction (Pvt)Ltd
Contract value	: Rs. 322,500,102.88
Project Duration	: 15 months
Financial Progress	: Rs. 107,231,545.23

Project Area



Work is in progress



X. North Lock Pumping Station.

North lock gate of the St. Sebastian canal is one of the major outfalls of Colombo canal system. However, the existing opening at this location is about 5m for drainage of 17-20m wide St. Sebastian North canal. The location of the North lock is a very critical point of the Colombo canal network, as this is the location at which the flood gates will be closed to prevent the flooding of Colombo River from high discharge from Kelani River. Since the existing North Lock gate is not adequate and a new vertical gate with a combined width of 15 m will be implemented to augment the gravity flow North Lock (motorized). Being a river outfall, North lock cannot function at high Kelani situations. Since flooding in Colombo and high discharge in Kelani River is becoming more common, it is necessary to make sure the availability of the North Lock during high Kelani too. In order to achieve this, a pumping station with a capacity of 30m³/s will be implemented adjoining new gravity gate.

Objectives : Achieve the possibility of draining out storm water through St. Sebastian North Canal in the event of high Kelani water levels, which is not possible at present

Estimated Project Cost: Rs. 1,900 Mn



XI. New Mutwal & Torrington tunnel

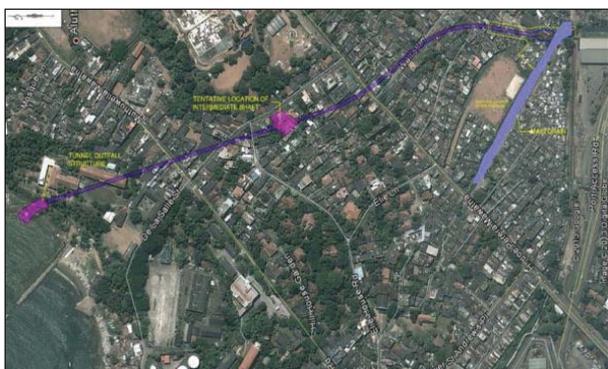
Proposed New Mutwal Tunnel (NMT) and Torrington Tunnel (TT) are to be incorporated into the canal system to drain the storm water away into the sea. Proposed TT network forms part of the macro drainage system that integrates with the micro drainage system within the catchment areas 547 ha. Construction of NMT has proposed to start from main drain that locates in Redbana Watta area.

It will fall to sea from Modara beach adjacent to the Modara fishery harbor. Construction TT (main tunnel) has proposed to start from Stanmore crescent. It run along Bauddhaloka Mawatha and falls to sea from Bambalapitiya beach. As formulated through hydraulic modelling both tunnels are of 3.0m internal diameter and TT is 1,100m long (approximate) and NMT is 155m long (approximate).

Objectives: Drain out storm water carried by the Tunnel effectively into sea.

Estimated Project Cost: Rs. 4,680 Mn

New Mutwal Tunnel



Torrington Tunnel



XII. St. Sebastian South Pumping Station

The drainage area of St. Sebastian Canal (North and South) is approximately 20km² and the land area is mostly low-lying, with elevations varying between -2.0 to + 6.0 mMSL. At present there are gravity outlets to drain water from the land side when Kelani River water level is lower than the water level in the canal.

When the water level in Kelani River is high, the gates of the outlets are closed to prevent river water entering the land side. Consequently, there is no way to drain inland water from the land side towards Kelani River, as gravity drainage is not possible. Therefore, it is proposed to construct two pumping stations near the existing North Lock Gate at St. Sebastian North Canal and near Maradana Bridge at St. Sebastian South Canal, in order to have a pumping discharge during times of high rainfall in Colombo Water Basin and high water level in Kelani River.

The proposed location for the St. Sebastian south Lock Pumping Station is upstream of existing lock gates which is located between the Olcott Mawatha Bridge and Mardana Bridge in the Sri Lanka Port Authority premises, on the St. Sebastian South Canal. The canal stretch included in the package runs from about 80m upstream of Maradana Road Bridge up to Olcott Mawatha Bridge, and the approximate length of this stretch is 240 Mts.

Estimated Project Cost : Rs.. 1,400 Mn



XIII. Kolonnawa Canal Diversion (Stage I, II, III & IV)

Kolonnawa Canal Diversion is another diversion, under which is proposed to connect Kolonnawa Canal to Kittampahuwa Canal through Harvard Flood Bund at Gothatuwa. This is expected to discharge excess flood water of Colombo catchment during periods of low water levels in Kelani River. Accordingly, Kolonnawa Canal Diversion could help to divert part of the water in Colombo drainage basin to Kelani River, via Kolonnawa basin. The proposed diversion is expected to minimize the flood burden of Parliament Lake by releasing excess water to Kelani River, through the adjacent

Kolonnawa catchment. It is expected that the whole Greater Colombo basin will benefit by this intervention, as a major portion of flood water could be diverted to Kelani River, during a flood event. At the same time, it is proposed to enhance the conveyance capacity of existing Kittampahuwa Main Canal, minimizing the issue of flooding in the Kolonnawa basin itself. Therefore, this will be beneficial to both Kolonnawa and Colombo basins, during floods under low Kelani conditions.

Objectives : To maintain the water level of Parliament Lake below the level of 1.85m MSL during high intense rainfall, under the low Kelani condition.

Estimated Project Cost : Rs. 2,800 Mn



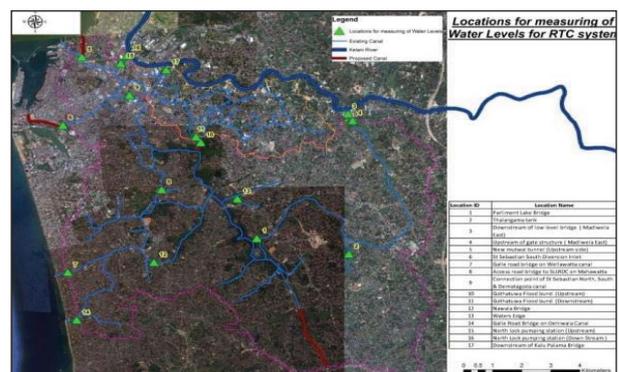
XIV. Supply & Installation of Real Time Integrated Flood Management (RTC) System

The objective of a Real Time Control System is to monitor the weather conditions in the catchment and the flow conditions of rivers/canals in the system, in order to anticipate on potential flooding conditions, and to manage the existing control structures (gates/pumping stations) to minimize potential flooding damages. Potential components of an RTC system for Colombo could be:

- Rainfall data collection system, using existing weather forecasting systems (e.g. rainfall radar, local or international)
- Potential additional rainfall monitoring stations;
- Water level monitoring gauges in canals/rivers/ponds;
- River/canal flow meters;
- Communication links;

- Flow forecasting system (existing rainfall-runoff modules);
- Decision support system using all inputs to calculate the best operation of gates and pumps;
- Main control station/system, including software and hardware (viz. SCADA) to integrate the functions of the various components and to steer the operational management

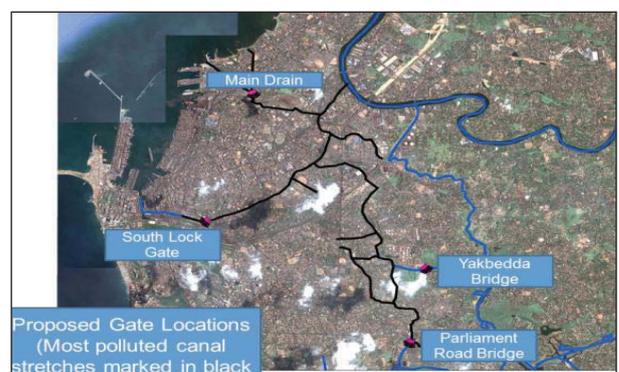
Estimated Project Cost: Rs.200 Mn



XV. Design and installation of flushing gates for water quality improvement

Most of the canals in the northern section of Colombo Canal system are polluted, mainly during the dry season; hence, it requires a cleaning process during the dry season. The flushing should be carried out by closing the all gates and pumping water from Kelani River to the canal system at North Lock gate to a height of +1.2mMSL. Once the canals are filled the water will be released by opening the gates.

Estimated Project Cost: Rs 500 Mn



2. Madiwela South Diversion Project

The option of Madiwela South diversion has been previously decided in terms of a trans-basin diversion. However, that diversion does have some shortcomings as follows.

- a. High construction cost and difficulty up on a suitable construction methodology of the diversion through the basin ridge at Pannipitiya
- b. Possible adverse hydrological impacts to Kalu Ela of Weras Ganga basin
- c. Adverse social and environmental issues.

Due to above constraints, an alternative solution of a storage pond system was brought forward to do an optional study for both the options and thereby finalize the suitable solution in consultation with decision makers. Therefore, a hydrological model study for this optional study was conducted. The

flood modeling works were done mainly focusing the option of storage pond system and economic comparison was done for both the options.

In addition to that Survey works and some of the geo technical works were done for both possible options which may be useful for the preliminary hydraulic, geotechnical and structural works due to be done in 2018.



Construction Division

Client Projects

01. Land Development Project for Proposed Bus Depot at Kegalle Phase I & Phase II

Client – Urban Development Authority

The above project was awarded under the Town Development Programme by Urban Development Authority. Total cost of the project phase I and II is Rs. 178 Mn which includes Land Filling (5 Acres), Drainage improvement work around 280m including three nos of box culverts.

Phase I of the project was commenced on 20th September 2014 .Due to financial issues; the project was temporarily suspended from January 2015 to August 2015.

Phase I of the project was recommenced on 25th August 2015 and completed in October and works on Phase II of the project has commenced in August 2016.

Value of work done during the year 2017 was Rs. 55.80 Million and cumulative value of work done was Rs.164.30 Million.



02. Land Development Work of Kaduruwela Town Development Project-Phase I

Client – Urban Development Authority

The above project was awarded under the Town Development Programme by Urban Development Authority. Total cost of the project is Rs. 448.28 Mn which includes land filling (8.7 Acres) and Drainage Improvement work (around 1000 m).

The project commenced in November 2016 and is scheduled to be completed in February 2018.

Value of work done during the year 2017 was Rs. 201.40 Million and cumulative value of the work done was Rs. 227.82 Million.



03. Proposed Town Development Work at Homagama –Phase III (Construction of Proposed Steel Bus Stand at Homagama)

Client – Ministry of Megapolis & Western Development

The above project is awarded under the Sukithapurawara Regional Town development Programme by Ministry of Megapolis & Western Development.

Total estimated cost of the project is Rs. 61Mn which includes construction of proposed steel bus stand at Homagama.

Phase – III project commenced in June 2017 and was completed by end of the December 2017. Value of work done during the year 2017Rs. 37.64 Million and cumulative value of work done was Rs. 37.64 Million.

04. Proposed Shopping Complex at Kalutara- II

Client – Ministry of Megapolis & Western Development

This project is awarded under the Sukithapurawara Regional Town development Programme by Ministry of Megapolis & Western Development. Total estimated cost of the project is Rs. 92.38 Mn which consists of finishing work for two storied

Commercial Building including services works and Landscaping work.

The project of Phase II commenced in June 2017 and is scheduled to be completed in 2018.

Value of work done during the year 2017 was Rs. 34.0 Million and cumulative work done during 2017 is Rs.97.0 Million.



05. Construction of Padukka Play Ground Development

Client – Ministry of Megapolis & Western Development

The above project is awarded under the Sukithapurawara Regional Town development Programme by Ministry of Megapolis & Western Development. Total estimated cost of the project is Rs. 21Mn which includes land improvement work.

The project commenced in June 2017 and is to be completed by February 2018.

Value of work done during the year 2017 was Rs.6.24 Million and cumulative value of work done was Rs. 6.24 Million.

POLONNARUWA PROJECTS

06. Rajarata Navodaya” - Presidential Programme

“Pibidemu Polonnaruwa” District Development Projects

Under the above programme, we have been awarded fifteen projects to enhance the living stand in people in Polonnaruwa. The total cost of all the projects are Rs.1,255 Mn.

1. Proposed Consultant Quarters for Welikanda Divisional Hospital
2. Proposed Dental unit for District Hospital Hingurakgoda

3. Proposed MO Quarters for Hathareskotuwa Hospital
4. Proposed Medical Officers Quarters for 10 Doctors for District Hospital Hingurakgoda
5. Proposed Mortuary Building for Bakamuna Divisional Hospital
6. Proposed PHM & Other staff Twin Quarters for Hathareskotuwa Hospital
7. Proposed Primary Health Care Unit for Hathareskotuwa Hospital
8. Proposed Medical Officers Quarters for 30 Doctors for Madirigiriya District Hospital – Stage I & II
9. Proposed Maternal & Child Health unit for Welikanda Divisional Hospital
10. Proposed OPD, Clinic & Admin building for Welikanda Divisional Hospital
11. Balance work and Renovation work in Ayurvedic Hospital Building in Manampitiya
12. Construction of Sanitary Facilities at Attanakadawala Hospital Word
13. Balance work at Clinical Centre at Phitiwewa
14. Construction Completion of OPD, ETU, Clinic & Administration Building for Provincial Hospital Manampitiya-Stage II
15. Land and Drain Improvement Work for Proposed Tri Basha School, Kaduruwela

The projects were commenced in August 2016 and out of fifteen projects nine projects had been completed in the year 2017.

Value of work done during the year 2017 was Rs. 351.06Million and cumulative work done Rs. 506.99 Million.

The nine projects completed during the year 2017 are

1. Proposed Dental unit for District Hospital Hingurakgoda
2. Proposed MO Quarters for Hathareskotuwa Hospital
3. Proposed PHM & Other staff Twin Quarters for Hathareskotuwa Hospital
4. Proposed Mortuary Building for Bakamuna Divisional Hospital
5. Proposed Consultant Quarters for Welikanda Divisional Hospital
6. Land and Drain Improvement Work for Proposed Tri Basha School, Kaduruwela
7. Balance work and Renovation work in Ayurvedic Hospital Building in Manampitiya
8. Balance work at Clinical Centre at Phitiwewa

9. Construction of Sanitary Facilities at Attanakadawala Hospital Word



Consultant Quarters for Welikanda



Dental Unit Hingurakgoda



MO Quarters and PHM & Other Twin Quarters for Hathareshkotuwa



*Balance work at Clinical Centre at Phitiwewa
Balance work in Manampitiya*



Mortuary Building for Bakamuna



Sanitary facilities at Atthankadawala



MO quarters Hingurakgoda



OPD and clinic Welikanda



OPD, Clinic and Admin Building –Manampitiya



MO Quarters at Madirigiriya

TREASURY GRANT PROJECTS

07. Proposed Box Culvert along Sarana Mawatha Canal within SLLRDC Head Office at Rajagiriya

The above project is carried out under the Treasury allocation received from the General Treasury. The project consists of construction of 5.6x5.6x3.3 m height box culvert and construction of concrete drain at a cost of Rs. 50.31Mn.

The project commenced in January 2015 and the project was temporarily suspended from April 2015 to August 2015 due to financial issues.

The project recommenced in September 2015.

Value of work done during the 2017 was Rs. 15.53 Million and cumulative value of work done was Rs.57.09 Million



08. Driven of permanent Steel Sheet piles along Sarana Mawatha Canal

Along with the Sarana Mawatha improvement carried out permanent sheet piles installation was also carried out .Total estimated cost of the project Rs. 79.05 Million.

The project commenced in August 2017 and is scheduled to be completed in April 2018.

The work done during the year 2017 was Rs.40.22Million and cumulative work done was Rs. 40.22 Million.



09. Construction of proposed Waste Park at Muthurajawela – Stage I

The above project commenced in June 2017 and is scheduled to be completed in 2018. The estimated Cost of the project Rs.165.53 Million.

The work done during the year 2017 was Rs. 110.26 Million and cumulative work done was Rs. 110.26 Million.



OWN FUNDED PROJECTS

10. Renovation work at SLLRDC Main Building

Renovation works at Main Building commenced in September 2014. Renovation works of Block A at Wetland division and Drainage and Reclamation division was completed in 2014 and Special Project division, Quantity Surveying Unit, Renovation work of VIP wash room had been completed in year 2015. Research & Design division, Weras Ganga division, First floor lobby area and Entrance road under head office premises had been completed in year 2016.

During the year 2017 renovations in working director office, Planning and Business Development

Division, Human Resource Development Division, Navy office had been completed and construction division work is in progress.

Value of work done during the year 2017 was Rs. 44.35 Million and cumulative value of work done was Rs.86.92 Million.



11. Proposed Circuit bungalow and service block at Anuradhapura

The above project mainly consist with construction of circuit bungalow and service block and estimated cost for the project Rs. 33.90 Million.

The project commenced in July 2017 and is scheduled to be in March 2018

The work done during 2017 Rs. 9.3 Million and cumulative work done was Rs. 9.3million for the year 2017.



Plant & Equipment Division

Plant & Equipment Division of the Corporation is responsible for owning, operation and maintenance of all plant & machinery belonging to the Corporation.

The other areas of work carried out by this division includes,

- Allocation of plant & equipment for the projects undertaken by the Corporation.
- Hiring of plant & equipment to outside clients.
- Undertaking dredging projects/heavy fabrications to outside clients.

In the year 2017, Plant & Equipment Division of SLLRDC contributed in completing a number of dredging and heavy fabrication works.

CLIENT PROJECTS



Kawantissa Wewa (Before)



Kawantissa Wewa (After)

MAJOR OPERATION AND MAINTENANCE WORK

1. Repairs of CT 19

CT 19 Dozer has been lying at the workshop since 2014 and a decision had been taken to dispose this machine in 2014. After careful evaluation, a decision was taken to repair, and the repair was completed on 1st January 2017.



Machine Mobilisation after Repair

2. Tractor re furbishing project

There are 49 tractors belong to the SLLR &DC, which are currently attending the operation in the various parts of the country. Most of the tractors are very old and poor running conditions. As per the instructions given by DGM (P&E) tractor refurbishing project have been initiated. Project is being carried out in the workshop premises, under the guidance of engineers of P&E division.



3. Vibrating Roller-01 refurbishment project

Vibrating Roller (VR-01), was recommended to be disposed as scrap iron. P&E maintenance team initiated the VR-01 refurbishment project under guidance of senior engineers of the division. Project was highly success and roller refurbishment completed with the modification of the system.



4. Kerawalapitiya Steel Hut Fabrication

Fabrication of steel hut for the Kerawalapitiya compost production plant is the one of the major projects carried out by the Plant and Equipment division of SLLRDC.



UPGRADING OF P&E DIVISION WORKSHOP

Technical Library

Establishing a technical library has become a major requirement in the division more than ever.

Advantages expected by establishing the technical library

- Establish and encourage in house training
- Establishing a preliminary base for IESL accredited training in the field of Mechanical Engineering for the purpose of obtaining the charter and there by attract potential candidates to P&E Division
- Attitude change in the subject of training continuous technical training.
- Gain sophisticated machinery knowledge
- Knowledge to be gained shared and passed to everyone
- Establish continuous learning/knowledge gathering mechanism
- Provide a comprehensive knowledge base for the trained and newly recruits to the division

Library contains number of varieties of books relevant to motor mechanic, hydraulic mechanics, workshop management, auto electrical and other sources of information to upgrade the knowledge about the modern technology.



Lands & Marketing Division

Under new Megapolis Plan of the Government, Ministry of Megapolis & Western Development has declared new City Development projects, such as Logistics City, Aero City, Techno City etc. Muthurajawela area has been declared as a part of the Logistic City. In support of same, the Corporation initiated many Logistics Development Projects in Muthurajawela area. With the Kerawalapitiya Outer Circular Highway project, demand for lands in this area for Logistics related projects were drastically increased.

Also with new dimensions of development in the recent past, the scope of the Corporation has changed towards more development oriented and preservation of environment. More attention towards flood control, Conservation of Wet lands, beautification of canal banks and creation of walkways along canal banks by removing unauthorized constructions are under way.

In order to support the above works, Lands and Marketing Division involves in declaration of wet lands in the Country by stages. Also gazetting of Canal Reservation areas has been done in consultation with other respective divisions.

Under the declaration works Western, Southern, Uva Central and Sabaragamuwa Provinces have already been completed. Declaration of Eastern, North, North Central and North West Provinces are now under way. With the delegation of authority for provincial levels it is necessary to obtain clearances from many provincial level authorities and state institutions in the Central Government, therefore the process is time consuming.

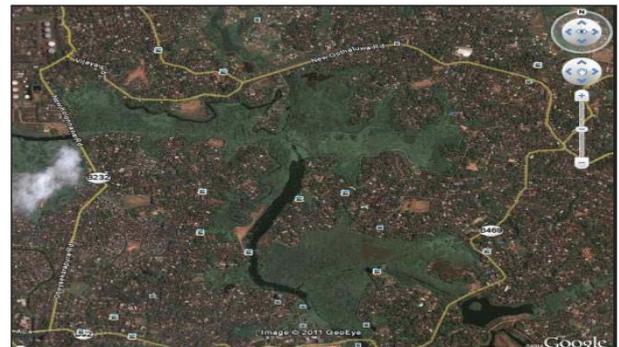
Declaration of Canal Reservation

The Corporation also maintains marshy lands acquired for GCFC & EI Project for water retention purposes. With the assistance of other divisions such as Legal and Security etc, these lands are managed by the Lands and Marketing Division. Representation in legal cases, regular inspections etc are to

be attended regularly in order to avoid unauthorized developments in retention lands.



Ragama Canal Development

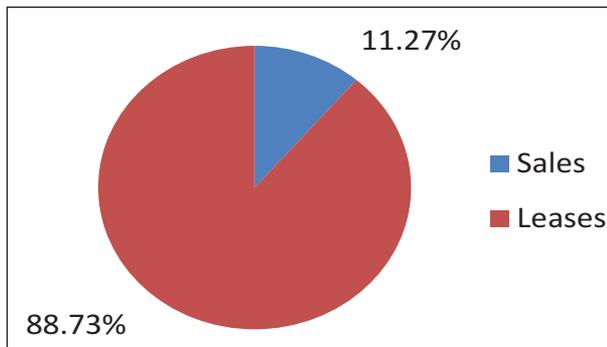


Kolonnawa Retention

The above projects are carried out with funds from the General Treasury and donor agencies. Therefore the Corporation needs to generate its own funds for other development works. In order to support these works, Lands and Marketing Division also focuses on generating income through land sales and leases.

Like in other scare resources, lands also have now become scare. Lands with free of encumbrances are now very limited. Acquisition of lands for own development projects are very limited even though a considerable demand is available. Even with many limitations, the Lands and Marketing division was able to achieve a revenue of approximately Rs. 417 million during the year 2017. The revenue is usually received from various sources such as,

- Long term leasing to BOI and other projects
- Direct sales to Government Institutions
- Annual leases
- Sales for housing and from miscellaneous sources.



The anticipated revenue for the year 2018 would be approximately Rs. 604 million. The current development projects are in Mutturajawela, Ragama, MudunEla, and in Kelaniya, Wedamulla areas.



Mutturajawela Sand Filled Area



Ragama Land

Most of the lands in Mutturajawela Industrial Zone has been disposed for many industries and nationally important projects. Petroleum Tank Farm, Litro Gas, CEB power plant are some of the important projects located within this zone. Approximately 25 Acres were allocated to Hemas

Logistics (Pvt)Ltd, East West Clearing, Pyramid Lanka (Pvt) Ltd and Dart Global Lanka (Pvt)Ltd for Logistics related activities and a competitive price was obtained through bidding process.

Also in support of Government's efforts in Housing Development, the Corporation also wishes to develop a land at Wedamulla, Kelaniya for condominium development and proposals have already been invited in this regard.



MudunEla Land



Wedamulla Land

For the families who were settled under resettlement programmes and make them regularize, Issuing deeds to the relocated families at Mutturajawela, Wedamulla, Pokuna Road, Dehiwala, etc are in progress.

The Corporation further initiated acquisition of lands in Ragama and Wattala areas for canal development and protection of wetlands in Mutturajawela area from encroachments.

Lands and Marketing Division as one of the main functional arms of the Corporation, will further support to achieve the Corporate objectives by meeting its own divisional objectives.

Supplies Division

The Supplies Division is in the process of transforming from a Cost Center to a Profit Center through team work, effective planning, and delegation of authority, cost efficiency etc. The Supplies Division of SLLR&DC has contributed immensely towards the achievement of the Corporation’s objectives for the year 2017.

Table: 1.1 Comparisons of Major Activities

Item	2016 (Year)	2017 (Year)
Purchase Requisitions	2869	3190
Sealed Tenders	630	776
Shopping Tenders	79	241
Procurement Committee Papers	1469	1446

Organization depends on their suppliers and success is dependent on having a strong and sustainable supply chain. The following improvements were done to the procurement process (supply chain process) in 2017.



Figure: 1.1 Real Time Data Base

- Establishment of the real time data base is one such activity and it comprises of a comprehensive detail about purchase requests, purchase orders, tenders etc., while it also generates the required documents. This system contributed to reduce the lead time and

enhance the productivity of the procurement process.



Figure: 1.2 Integrated Real Time Information Traffic Light System

- Establishment of integrated real time information traffic light system to measure the cement stock. It helps to identify the demand pattern and to maintain a buffer stock of cement at Central Stores.
- On time procurement committee minutes generation was introduced to increase efficiency of the process.
- Divisional progress meetings were useful to integrate the process and minimize the existing bottle necks.

Apart from the main task, the division has introduced many value added services and activities to the Corporation.





Figure: 1.3 supplier symposium 2017

- Organized a symposium for the 1st time with the participation of all Service Providers under the theme of, "Towards building long term customer supplier mutually beneficially sustainable relationship".
- Organized a work shop for Technical Evaluation Committee members.
- Organized a meeting with gravel and other related suppliers.
- Represented the cross functional teams.

Legal Division

The Legal Division functions under powers conferred on the Sri Lanka Land Reclamation and Development Corporation (SLLR&DC) by the Act No. 15 of 1968 and subsequent amendments.

Legal aspects of:

1. Draft Legal documents in relation to Land Development, Resettlement, Community Consultation and providing legal assistance to people living in Low Income Settlement areas.
2. Safe Guard the Corporation against the litigations in Court by the Corporation and against the Corporation.
3. Advise on all matters pertaining to day to day issues of the Corporation.
4. The Corporation is empowered to take legal action against all unauthorized fillings, violation of conditions given on drainage design, unauthorized occupants in the canal reservation and people who are polluting the canals, within the areas declared under the SLLR&DC Act and the amendment Act No. 35 of 2006.
5. Prepare and attest all M.O.U, Sales Agreement, Contract / Consultancy Agreements, Long Term Lease, Annual Leases, Short-Term Leases, Transfer Deeds, related Legal Documents and Foreign Employment Bonds (No-pay/with pay), Car Loan Agreement, Power of Attorney and ownership of land titles for land clearance certificates.
6. The subsequent Act with amendments has been found to be inadequate; therefore it has become imperative to amend the present Act with the advice of the Attorney General's Department. The proposals for amendments have been approved by the Cabinet. In Accordance with the Cabinet approval, the draft bill of the SLLR&DC Act has been prepared by the Legal Draftsman Department and at present with the Attorney Generals Department for observations.

Human Resources Development Division

Recruitment & Selection

Recruitment is the process of fascinating, screening and selecting potential and qualified candidates based on objectives criteria for a particular job positions available as per the approved scheme of the Corporation. Accordingly, for the year 2017 total number of Recruitments been made is One Hundred & Fifty Seven (157 Employees) and among them Forty One (41) have been given industrial as practical training facilities.

ISO Quality Management System and Health & Safety

As a leading Engineering Organization, Corporation has considered about the quality and obligation to provide a safe working environment for employees with the Occupational Health & Safety. The available ISO 9001:2008 certification is valid only up to 05th April 2017. Before renewing the certification for the next three years commencing from 05th April 2017, arrangements have been made to transformation into ISO 9001:2015 new version of a the Quality Management System.

Further as per the observations submitted by the Institution of Engineers Sri Lanka (IESL), Corporation has establish the Safety, Health and Environmental Policy (SHE Policy), in line with the organization context and the compliance obligations implemented ISO 14001 Environmental Management Systems and OHSAS 18001 Occupational Health and Safety Management certifications prior to the IESL evaluation.

Accordingly, awareness sessions were conducted for the key staff at the Head Office Construction Division to preparation for risks, related to Significant Environmental Aspects and Hazard Identification and Risk Assessment (HIRA) with Operational controls and emergency preparedness response for monitoring and evaluation methods, including legal compliance, incident investigations, handling of non-conformances, corrective and preventive actions and performance reviews.

Sri Lanka Standard Institution, Department of Labour, Central Environmental Authority has participated and conducted the Stage I Audit and we are in the process of receiving the Certification for the Corporation.

Promotion

In terms of a career, a promotion refers to the advancement of an employee's rank or position in a hierarchical structure. A promotion is a term that is used in different contexts, the most popular being a job promotion. A job promotion is usually handed to an employee who has displayed exceptional performance or has developed the appropriate skills and knowledge necessary to take on the higher job responsibility. In the latter case, the employee may have been with the Corporation for a required amount of time to be eligible for the promotion. Accordingly Sixteen (16) numbers of employees have been promoted during the year 2017.

Training and Development

In order to maintain a competitive advantage among the employees, it is required to invest in the training and development for the Corporation's employees. Human Resources Development (HRD) Division focuses on both Local & Foreign training programmes for our employees for their current jobs and developing skills for their future roles and responsibilities.

Further, performance management has been implemented already and 58 Nos of Local Training Programmes were conducted and around 750 employees were benefited from the same amounting to Rs. 5,891,000/- and 19 Nos of Foreign Training Programmes were conducted and 48 employees have been benefited and total expenditure occurred is Rs. 3,345,750/-. Total spend for the Training & Development in the year 2017 is Rs. 9.2 million.

Further, Financial Assistance for Higher studies have been granted for Four (04) Technical Executive and Two (02) Non-Technical Executives at SLLR&DC amounting to Rs. 1,173,370/-.

Performance Evaluation

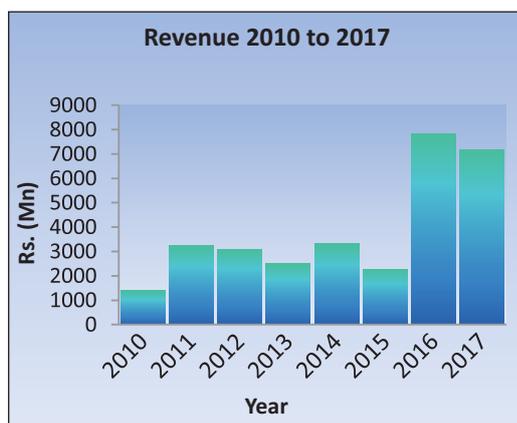
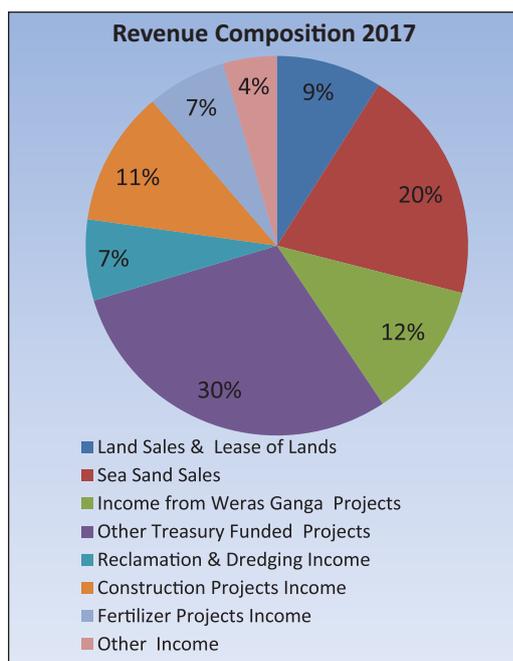
The employee motivation and Rewarding with monetary and non-monetary rewards has been identified as a positive results generator in SLLRDC. Continuing the practice started in 2016, in 2017 performance of 1,423 (Executive Officers-258, Non-Executive-1,165) employees were evaluated based on their work conducted in year 2016. These evaluations covered self-evaluation, immediate supervisor's evaluation, divisional head's evaluation and finally the evaluation of the independent committee.

Accordingly, the evaluation committee has selected Twenty Eight (28) employees from the PL01 to MM1-1 categories identified as per the Approved Scheme of Recruitment of the SLLRDC under twenty four (24) employee categories. Two (02) employees were selected from: Engineering Assistant/Senior Engineering Assistant, Technical Officer/Technical Assistant/Work Supervisor/Minor Supervisor, Heavy Equipment Operator and Canal Labour Categories considering the large number of employees fall under these above categories.

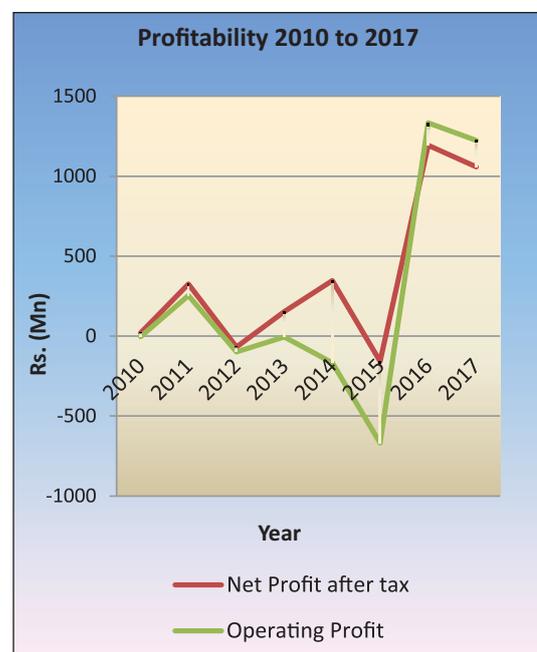
Financial Review

Financial Performance

Though it is relatively lower compared to the results of 2016, in the year 2017 too, the Corporation achieved the Rupees Seven Billion Revenue milestone for the second consecutive time. This is a remarkable achievement when it is compared with the SLLRDC's annual Revenues of previous years which were less than Rupees Four Billion. The main contributors to this achievement are the revenues from Treasury Funded Projects, Sale of Sea Sand, Weras Ganga Project, Client Projects, Sale of Lands and Compost Production facility at Kerawalapitiya.



It is noteworthy the achievement of Rupees One Billion Net Profit figure for the second consecutive time in the Corporation's history. The main contributors to this result are the contribution from sale of Sea Sand and contribution from sale of Lands. Finance Income of Rupees 380 million from investing excess funds also significantly contributed for the achievement of Rupees One Billion Net Profit figure.



Compared to year 2016, Administrative Expenses and Depreciation have increased by 17% and 175% respectively. The main reason for rising of Administrative Expenses is the increased Personnel Cost including the Gratuity Provision based on actuarial valuation, writing off of the Land Development at Gunasekara Mawatha (Ragama), and Exchange Lost of Rs. 13 Mn due to depreciation of Sri Lankan Rupee. The normal Depreciation charge for the year 2016 was reduced by Rs. 78 million, as a result of reversing the over depreciated amounts in periods prior to 31.12.2015 by re-estimating the future useful lives of Motor Vehicles and Plant and Machinery. Further significant investments made on Capital Assets during 2016

Financial Review (Contd.,)

and 2017 has also affected for the increased Depreciation in year 2017. This year too, the Promotional Expenses shows a positive amount as a result of reversing the over provision for bad and doubtful debts provided in previous years.

Financial Position

The Total Assets of the Corporation has grown upto Rs.14,619 million by the end of 2017. This is more than 10% growth compared to the previous year figure of Rs.13,100 million.

The net worth of the Corporation stood at Rs.4,608 million as at 31st December 2017.

Group Performance

Both Subsidiary Companies of SLLRDC have reported profits for the year under review. Land Reclamation and Development Company Ltd has reported a Net Profit of Rs. 10.2 million whilst LRDC Service (Private) Ltd is reporting a Net Profit of Rs. 11.6 million. The Total Assets of the Group has passed Rupees Fifteen Billion land mark as at 31st December 2017.

Report of the Directors

The Directors are pleased to submit their report and the accounts of the Corporation for the year ended 31 December 2017.

Principal Activities

The principal activities of the Corporation have been described in the Operations Review (Page 8 to 61) and Note 1 to the Financial Statements in page 124.

Operational review of the year

The Operations review provides a detailed review of activities of the Corporation during the year.

Turnover

The Turnover of the Corporation during the year was Rs.7,184 million (2016: Rs. 7,811 million)

Profit

During the year under review the Corporation made a profit of Rs.1,059 million compared to the profit of Rs.1,194 million in 2016.

State of Affairs

The State of Affairs of the Corporation is as indicated in the Statement of Financial Position. (Page 116)

Property, Plant and Equipment

Movements in property, plant and equipment during the year is shown in the Note 9 to the Accounts.

Taxation

Provision for income tax is made based on the profit for the year as adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and subsequent amendments thereto.

Directors' Interests in Contracts

Directors do not have direct or indirect interest in the contracts or proposed contracts with the Corporation, other than disclosed in Note 22 to the financial statements.

Board Meeting

The Board gathers at least once in every month. During the year 2017, 15 Board meetings were held. Number of Board Meetings attended by each Director is as follows.

Name of the Director	Date of Appointment	Meetings Eligible to Attend	Number of Meetings Attended
Mr. W M A S Iddawela	28.10.2015	15	15
Mr. Roshan Gunawardena	30.10.2015	15	14
Ms. J C Weligamage	02.04.2015	15	14
Dr. Jagath Munasinghe	30.03.2016	15	14
Mr. S S L Weerasinghe	03.05.2016	01	01
Mr. S C Diddeniya	28.10.2015	15	14
Mr. S. L. Ranaweera	02.12.2015	15	12
Mr. D Sajjana De Silva	17.01.2017	15	13
Mr. M. Thuraisingham	01.03.2017	10	09
Mr. S Mohanrajah	02.11.2017	04	04

Going Concern

The Directors are of the view that the Corporation has the ability to continue as a going concern.

Statutory Payments

The Directors, to the best of their knowledge and belief, are satisfied that statutory payments in relation to the Government and the employees have been made up to date.

Employees

As at 31st December 2017 the Corporation was providing employment to 1448 persons. (2016: 1432)

Post Balance Sheet Events

All material events occurring after the date of Statement of Financial Position have been

Report of the Directors (Contd.,)

considered and where necessary adjustments have been made in the accounts.

Extraordinary Items

Transactions of exceptional/extraordinary nature, which require separate disclosure, have been reported in the notes to the Financial Statements.

By order of the Board



HKKW Ekanayake

Board Secretary

July 12, 2018

Auditors

The Auditor General's Department will audit the accounts of the Corporation for the year 2017.



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தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No. }

HUD/C/SLRDC/1/17/18

ඔබේ අංකය
உமது இல.
Your No. }

දිනය
திகதி
Date }

11 December 2018

The Chairman

Sri Lanka Land Reclamation and Development Corporation

Report of the Auditor General on the Consolidated Financial Statements of the Sri Lanka Land Reclamation and Development Corporation and its Subsidiary for the year ended 31 December 2017 in terms of Section 14(2)(c) of the Finance Act, No.38 of 1971

The audit of consolidated financial statements of the Sri Lanka Land Reclamation and Development Corporation and its subsidiary for the year ended 31 December 2017 comprising the consolidated statement of financial position as at 31 December 2017 and the Consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statements for the year 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 Section 13(1) of the Finance Act, No.38 of 1971 and Section 17(1) of the Land Reclamation and Development Board Act, No.15 of 1968 as amended by the Sri Lanka Land Reclamation and Development Corporation (Amendment) Act, No.35 of 2006. My comments and observations which I consider should be published with the Annual Report of the Corporation in terms of Section 14(2)(c) of the Finance Act, appear in this report.

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 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.

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව. - இல. 306/72, பொல்தூவ வீதி, பத்தரமுல்லை, இலங்கை. - No. 306/72, Polduwa Road, Battaramulla, Sri Lanka



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1.3 Auditors' Responsibility

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 1000-1800). Those Standards require that I comply with 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 judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation'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 Corporation'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 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 and 2.3 of this report.



2. Financial Statements

2.1 Qualified Opinion – Group

In my opinion, except for the effects of the matters described in paragraphs 2.2 and 2.3 of this report, the financial statements give a true and fair view of the financial position of the Sri Lanka Reclamation and Development Corporation and its Subsidiary as at 31 December 2017 and its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Qualified Opinion – Corporation

In my opinion, except for the effects of the matters described in paragraph 2.3 of this report, the financial statements give a true and fair view of the financial position of the Sri Lanka Reclamation and Development Corporation as at 31 December 2017 and its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

2.2 Comments on Financial Statements – (Group)

The financial statements of the Corporation for the year under review had been amalgamated with the audited financial statements of the Land Reclamation and Development Company (Pvt) Limited and the LRDC Services (Pvt) Limited, the subsidiaries thereof. The ownership of the corporation in respect of the subsidiaries represented 80 per cent.

Based on the following observations, the audit opinion on financial statements of the Land Reclamation and Development (Pvt) Company for the year ended 31 December 2017 had been qualified.

- (a) A cement brick manufacturing machine and the cement bricks preparation plates had been purchased by the institute for Rs.4,508,000 and Rs.2,695,000 respectively under the finance lease on 15 July 2015 and they had not been utilized up to end of the year under review. Further, impairment loss of the machine had not been identified in terms of section 27.5 of the Sri Lanka Accounting standard for small and medium term enterprises.



- (b) The buildings valued at Rs.4,216,275 and used by the Company had been accounted for as the work-in-progress instead of being accounted in accordance with section 17.4 of the Sri Lanka Accounting standard for the small and medium term enterprises. As a result, the value of the building had been understated.
- (c) According to the financial statements, audit evidence relating to 5 items valued at Rs.18,102,359 had not been furnished.
- (d) Due to non-reconciliation balances, a difference of Rs.32,712,441 was observed between 6 balances shown in the financial statements and corresponding schedules thereof.

2.3 Comments on Financial Statements - Corporation

2.3.1 Sri Lanka Accounting Standards

Non – compliance with the following Sri Lanka Accounting Standards were observed in audit.

(a) Sri Lanka Accounting standard 01

- (i) Assets included in the financial statements should be stated on the fair value. Nevertheless, the fair value of Property, Plant and Equipment costing Rs.2,071.41 million had not been assessed and shown in the financial statements by the Corporation.
- (ii) Even though a loan amounting to Rs.25 million which had been given to the Land Reclamation and Development Company by Corporation during the year under review on the basis of recover the loan by 53 installments, receivable to the corporation in short term and long term had not been shown separately in the financial statements as current assets and non-current assets.



(b) Sri Lanka Accounting Standard 07

Even though the unrealized profits and losses on changes in foreign currency exchange rates should be shown under the adjustments in the cash flow statement, the loss on foreign currency exchange rates amounting to Rs.14 million for the year under review had not been so indicated.

(c) Sri Lanka Accounting Standard 11

Despite being disclosed in the financial statements that the income, cost, and profit of the ongoing contracts of the Corporation, would be identified on the stage of completion method, the contract income, cost and the profit had not been identified in terms of the Standard. As the cost incurred on the certified works had not been identified in a manner adjustable with the relevant income and expenditure, the income could not be identified on a constant basis. As such, the profits amounting to Rs.58,366,302 identified from 48 construction contracts had been understated.

(d) Sri Lanka Accounting Standard 16

Due to non-reviewing of the useful life of the non-current assets in terms of paragraph 51 of the standard, fully depreciated assets costing Rs.762.34 million were still in used. Thus, action had not been taken to rectify that estimate error in terms of the Sri Lanka Accounting Standard 08.

(e) Sri Lanka Accounting standard 38

The computer software belonging to the Corporation had not been separately identified in terms of Paragraph 118 of the Standard, and no adequate disclosures had been made in the financial statements in that connection.

(f) Sri Lanka Accounting Standard 39

The financial assets of the Corporation had not been classified in terms of the standard.



(g) Sri Lanka Accounting Standard 40

- (i) The fair value of two investment properties cost of Rs.101.35 million that included in the financial statements had not been computed and disclosed in the financial statements. Without obtaining a valuation from the Government Valuer and instead, based on the valuation given by the Government Valuer to the adjoining lands, the fair value of the land, extent of 88 acres and cost of Rs.1,259.74 million, had been shown in the financial statements as Rs.5,634.52 million.
- Furthermore, the lands released by the corporation to external parties on lease basis, had not been shown in the financial statements as investment properties and the information relating to the value of those lands had also not been explained to audit.
- (ii) Three lands had been leased by the corporation on long term lease basis for Rs.360,000 as at end of the year under review had not accounted under the investment properties.
- (iii) The value of the land extent of about 2 roods and 20 perches and building therein, located at the Orugodawaththa Project office, had not been shown in the financial statements.

2.3.2. Accounting Deficiencies

The following observations are made.

- (a) Even though the Diyatha Uyana Restaurant owned by the corporation had been transferred to the Waters Edge Company for Rs.88.42 million during the year under review, that receivable value had not been shown in the financial statements as receivable balance as at end of the year under review.
- (b) The depreciation related to the Head Office buildings amounting to Rs.1.40 million for the preceding year had been adjusted to the profit for the year under review and as a result profit for the year under review had been understated by that amount.



- (c) The non-capital expenditure amounting to Rs.206,573 that included in the cost for to construction of the Vesak Stage at the Diyatha Uyana premises in the year under review had been capitalized under the relevant assets. As a result, the value of the properly, plant and equipment had been overstated by that amount.
- (d) The over provisions for the doubtful debts amounting to Rs.134,036,755 had been deducted from the selling expenditure instead of being shown in the financial statements as an income of the year under review.
- (e) The value of an Excavator machine and 2 Boats which had been used since the year 2012 had not been estimated and shown in the financial statements.
- (f) Four Tractor Taylors belonging to the Corporation had been modernised as Browsers in the year 2010. However, the value of those Browsers had not been estimated and accounted even up to end of the year under review.
- (g) Action had not been taken to make adjustments in the financial statements with regard to the shortage of 84 cubes of sand valued at Rs.596,344 at the Mudun Ela Sea Sand selling centre, as pointed out by the Internal Audit reports as at end of the year under review. As a result, the profit for the year had been overstated by that amount.
- (h) The gratuity payable amounting to Rs.2,232,000 to the retired employees, but not gratuity paid, as at end of the year under review had not been shown under the current liabilities by deducting from the provision for gratuity account. As a result the current liabilities had been under computed by that amount.
- (i) According to the financial statements the gratuity provision for the year under review amounted to Rs.61,292,000. However, in computing of the income tax, that had been adjusted as Rs.62,647,663. As a result, taxable statutory income and the payable income tax had been overstated by Rs.1,355,663 and Rs.379,586 respectively.
- (j) Even though according to the computations made by audit, the Economic service charges amounted to Rs.4,857,423, that amount had not been accounted.
- (k) Even though the consultancy cost amounting to Rs.1,064,340 had been accounted relating to the constructed building at Suriyawewa on behalf of an another institute, the related income thereto had not been accounted.



2.3.3 Contingent Liabilities

The Corporation had entered into an agreement to obtain 4 million cubic meters of sea sand and in order to pay the advances and progress bills of the supplier, the Corporation had obtained a letter of credit facility amounting to US\$ 19.42 million. However, that had not been disclosed in the financial statements.

2.3.4 Unexplained Differences

The following observations are made.

- (a) A difference of Rs.2,231,317 was observed between the balance shown in the financial statements relating to the long term employee benefits and related schedules. As well, according to the balances shown in the financial statements relating to 2 accounting items amounted to Rs.96,519,905. Nevertheless, according to the confirmation of balances for those items had been amounted to Rs.63,912,369.
- (b) According to the Register of sand stock of the corporation, sea sand sales of the year was 237,046 cubic meters. Whereas, according to the Sand Sales Register that value was 235,383 cubic meters. Thus, a difference of 1663 cubic meters was observed.

2.3.5 Lack of Evidence for Audit

The following observations are made.

- (a) The tax reconciliation statements relating to the Value Added Tax payable amounting to Rs.9,230,850 had not been furnished to audit.
- (b) Out of the debtors balances amounting to Rs.6,052.15 million and creditor balances amounting to Rs.1,772.85 million as at end of the year under review and the values of confirmations called by audit amounted to Rs.660.98 million and Rs.250.63 million respectively. Of those debtor and creditor balances, the values of the confirmed balances amounted to Rs.123.13 million and Rs.34.84 million respectively. Thus non-confirm debtor balances amounted to Rs.537.85 million and creditor balances amounted to Rs.215.79 million.



2.4 Accounts Receivable and Payable

The following observations are made.

- (a) A sum of Rs.868,698,232 to be receivable to the Corporation from the service rendering projects as at end of the year under review. Out of that receivable balance, less than 1 year was Rs.629,011,353 one year to 5 years was Rs.208,745,944 and over 5 years was Rs.30,940,932 had remained in unrecovered.
- (b) Actions had not been taken either to fill the sand mining pits in the land owned by the Ceylon Electricity Board in Muthurajawella since the period of 5 years or to make the payment for estimated value of the sand amounting to Rs.171 million up to end of the year under review.
- (c) Due to failure in taking actions to settle a sum of Euro 575,000 that remain payable by the corporation to a foreign company since the year 2011, and unfavourable fluctuations in foreign exchange rates that occurred during the relevant period, the sum payable had increased up to Rs.104.93 million as at 31 December of the year under review and foreign exchange loss of Rs.14.15 million had also been sustained.
- (d) The contract creditors balance as at end of the year under review amounted to Rs.385.76 million and out of that a sum of Rs.18.36 million had remained unsettled for period of 2 to 5 years.
- (e) Actions had not been taken to deduct the mobilization advances balance amounting to Rs.495.97 million, when making payment to the relevant bills and out of that the balance for over 2 years amounted to Rs.172,755,613. As well, the balance of the mobilization advances given to the sub- contractors amounted to Rs.94,121,853 and out of that amount, a sum of Rs.32,913,574 had remained as unsettles for over one year.
- (f) The value of the unsettled tender deposits amounted to Rs.26.70 million.



- (g) The corporation had failed to recover the rent amounting to Rs.7,650,907 up to end of the year under review from the Land Reclamation and Development Company for lands and building given to that company on rental basis for the period from the years 2003 to 2012.
- (h) The compensations to be payable for the lands acquired, extent of 274.5 acres, amounted to Rs.62.25 million and out of that amount, a sum of Rs.19.74 million had remained unsettled for a period 2 to 5 years and another sum of Rs.25.56 million had remained unsettled for over 5 years. As well, the interest to be payable on the unpaid compensations amounted to Rs.106.90 million and the Corporation had not taken actions to settle sums of Rs.17.67 million and Rs.71.25 million for 2 to 5 years and over 5 years respectively, out of that payables.
- (i) The loans given to the vacated and dismissed employees from the service amounted Rs.137,890 and out of that, outstanding balance for over 5 years amounted to Rs.127,890. The corporation had not instituted legal actions in order to recover the loans.
- (j) A sum of Rs.47.36 million had been shown in the financial statements as receivable for the construction of the Medamulana D.A.Rajapaksa Memorial Centre. However, according to balance confirmed by that institute, it had been informed that no outstanding balance to be paid to the Corporation.
- (k) Action had not been taken to settle the mobilization advance amounting to Rs.68 million received by the Corporation in the year 2014 for the construction a service centre in Hambantota, up to 30 September 2018 and the project had been abandoned at the end of the year under review.
- (l) Three construction works that had been commenced in the year 2015 by the Corporation had been suspended by the Urban Development Authority. However, the Corporation had not taken actions to recover the demobilization cost amounting to Rs.27.29 million from the Authority up to end of the year under review.



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- (m) The Corporation had rented a cafeteria situated at Kibulawala to a Company and the corporation had failed to recover the rent receivable thereon since the preceding year amounting to Rs.24.58 million up to end of the year under review.

2.5 Non – Compliances with Laws, Rules, Regulations and Management Decisions

The following non – complacence were observed.

Reference to Laws, Rules Regulations etc.	Non – Compliance
<p>(a) Land Reclamation and Development Corporation Act, No.15 of 1968 (i) Section 2 (b) 1</p>	<p>The Corporation had been entrusted to determine the low-laying marshy, barren or muddy lands located at Provincial level through the Island thereby publishing such information through the gazette notification to enable the control and supervision of illegal land reclamation. Nevertheless, the number of Provinces gazette in such a manner by end of the year under review, had been only 05.</p>
<p>(ii) Section 8 (a)</p>	<p>Lands taken over for reclamation and development in terms of Section 02 of the Act, should be develop to facilitate the construction of building and industrial, commercial and agricultural activities. Nevertheless, only 419 acres out of the lands in Muthurajawella and Mudun Ela, 800 acres in extent taken over by the Corporation in the year 1995, had been developed representing a value as low as 52 per cent.</p>



- (b) Section 11 (b) of Finance Act No.38 of 1971 Without obtaining concurrence of the Ministry of Finance, a sum of Rs.3,123.12 million had been invested in fixed and short term deposits on the approval of the Board of Directors.
- (c) Section 8 (a) of the Urban Development Authority (Amendment) Act, No.04 of 1982 The Corporation had constructed the new Head Office Building Complex without obtaining the approval from the relevant Local Authority. As such, a liability of about Rs.12.04 million had arisen for obtaining the approval in ensuring years.
- (d) Sections 113 and 173 (2) of Inland Revenue Act No. 10 of 2006 According to the self-assessment basis, the income tax should be paid quarterly. However, the corporation had paid a sum of Rs.71,046,835 only for the fourth quarter on self-assessment basis for the assessment year under review. The income tax payable for the year under review amounted to Rs.327,091,000.
- (e) Public Finance Circular No.03/2015 dated 14 July 2015
- (i) Amended Financial Regulation 371 (2)(b)
- The ad-hoc sub imprest amounting to Rs.11,676,147 had been paid exceeding the limits of Rs.100,000 in 55 instances. Further, prior approval of the General Treasury had not been obtained to make the payments exceeding the finance limit.
 - Even though ad-hoc sub imprest should be paid only the specified activities, the ad-hoc sub-imprest amounting to Rs.6,802,260 had been paid in 36 instances for the general activities of the corporation such as construction contract and works.



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- (ii) Amended Financial Regulation 371 (5) Actions had not been taken to settle 09 imprests amounting to Rs.967,500, up to 31 December of the year under review, out of the ad-hoc sub-imprest given in the year under review. Further, after being completed the intended works, the sub-imprest should be settled within 10 days. However, according to the audit test check conducted relating to 19 instances, for the settlement of sub imprest amounting to Rs.791,800 had been taken from 29 to 221 days period.
- (f) Financial Regulation of the Democratic Socialist Republic of Sri Lanka
- (i) Amended Financial Regulation 103 Actions had not been taken in accordance with this regulation with regard to 11 Tractors Taylors costing of Rs.399,677, which had been damaged since the year 2010 and Dagger Machine, costing Rs.7,651,700, which had been damaged in the year 2012. Those assets were included to the Assets Register of the Corporation up to end of the year under review.
- (ii) Financial Regulation 139 Due to the issuing of cheques without being checked the cash book balance by the Corporation, the bank overdraft balance as at end of the year under review amounted to Rs.31.79 million.
- (iii) Financial Regulation 237 The final payment should be made after paying the advance and subsequent to the receiving of goods to the stores. However, contrary to this requirement, a sum of Rs.57.28 million had been paid to the supplier, before receiving 2 water pumps to the stores, purchased during the year under review.



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| (iv) Financial Regulations 423 and 431(3) | A Investment Register had not been maintained for the miscellaneous bonds, deposits and investments. |
| (v) Financial Regulation 571 | Actions had not been taken by the Corporation to settle the retention money amounting to Rs.14.23 million related to 50 completed contracts and remained over 3 years without being settled. |
| (g) Paragraph 6.1 of Chapter VIII of the Establishment Code of the Democratic Socialist Republic of Sri Lanka | Contrary to Financial Regulation, a sum of Rs.240,805 had been paid for 23 employees for 1,750 hours of the months of September, October and November of the year under review, based on the targeted over times, without considering actual hours worked. |
| (h) Extra Ordinary Gazette No.794/23 dated 26 November 1993 | A royalty of Rs.135.45 million should have been paid in respect of 4,478,679 cubic meters of sea sand extracted by the Corporation. However, the royalty paid by the end of the year under review amounted to only Rs.103.65 million. |
| (i) Guideline for transferring of Government lands No.SEI/A/4/34 dated 12 July 1995 | <p>(i) Contrary to the Circular instructions, the valuation made by the Chief Valuer had not been evaluated by a special committee again, when leasing the lands.</p> <p>(ii) In addition, although a land had been given to a private company by the Corporation on sale agreement in the year 2007 for constructing of a housing scheme, it had not been started by that company even up to end of the year under review. Nevertheless, action had not been taken to repossess the land to the Corporation.</p> |



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- (j) Section of 9.7 of the Public Enterprises Circular No.PED/12 dated 02 June 2003 Without obtaining the Approval of the Treasury, incentive totaling Rs.40.95 million had been paid to the staff in the year under review only on the approval of the Board of Directors.
- (k) Public Enterprises Circular No.PED1/2015 dated 25 May 2015 Exceeding the stipulated fuel limit of the Circular and without obtaining the required approvals, 24,560 fuel litres valued at Rs.2,656,637 had been given to 21 officers of the Corporation during the year under review.
- (l) Decision of the Cabinet of Ministers No.අමප/13/0781/503/065 dated 08 July 2013 Before the payment of 80 per cent of advance for the affected persons' building and other structures due to the Warasgaga Storm Water Drainage and Environment Improvement Project, it should be entered into the agreements. However, without being entered into the agreements, an advance of Rs.76.72 million had been paid up to end of the year under review.

2.6 Transactions not support by Appropriate Authority

The following observations are made.

- (a) A sum of Rs.2,132.20 million had been received from the Treasury during the year under review as capital grants and out of that, a sum of Rs.547 million or 25 per cent had been obtained for overhead expenditure of the Corporation without obtaining the formal approval thereto. Further, without obtaining the Treasury approval a service charge amounting to Rs.28 million had been charged.
- (b) Even though a Floating Water Sprinkler machine and 2 mobile water sprinkler machines valued at Rs.83,025,000 had been purchased by the Corporation during the year under review using the Treasury grants, a feasibility study relating to the requirement of the machines and location of utilization had not been carried out and the Treasury approval had not been obtained for the



- procurement. Further, without being utilized the machines, they had been kept at the store premises in unsecured manner as at end of the year under review.
- (c) Out of total cost incurred for the Werasgaga Storm Drainage and Environment Improvement Project during the year under review, a sum of Rs.84.90 million or 17 per cent had been recovered as the management fee of the project, without obtaining the Treasury approval. The management fee so recovered since the year 2014 amounted to Rs.313.14 million. In addition, a sum of Rs.111.35 million had been obtained from the project fund as staff salaries of the project.
- (d) A sum of Rs.11.20 million had been incurred by the Corporation during the year under review without regular approval for the development activities carried out at a land belonging to the Urban Development Authority for the Vesak festival of the United Nations. However, that amount receivable from Urban Development Authority, the reimbursement of that value had been rejected by that Authority.

3 Financial Review

3.1 Financial Results

According to the financial statements, the profit after tax of the Group and the Corporation during the year under review had been Rs.1,080.54 million and Rs.1,058.76 million respectively as against the profit for the preceding year amounting to Rs.1,221.28 million and Rs.1,193.99 million respectively. Thus, as compared with the preceding year, the financial result of the Group and the Corporation for the year under review had indicated a deterioration of Rs.140.74 million and Rs.135.23 million respectively. Increase of administration and development expenditures by Rs.133.22 million and Rs.108.52 million of the Corporation had mainly attributed to the said deterioration.

The analysis of the financial results of the year under review and 04 preceding years revealed that the profits of Rs.103.89 million and Rs.346.69 million had been earned in the years 2013 and 2014 respectively despite the financial deficit of Rs.157.89 million in the year 2015. Again in the year 2016 financial result had been a profit of Rs.1,193.99 million and that had become a profit of Rs.1,058.76 million in



the year under review. However, considering the employees remuneration, Government taxes and depreciation on non-current assets, the contribution of the Corporation had continuously improved positively since the year 2013, and reached to Rs.1,681.06 million during the year under review.

3.2 Analytical Review

The following observations are made.

- (a) Even though as compared with the preceding year, the gross profit ratio of the Corporation had increased by 11 per cent, the profit earn from the main activities of the Corporation had decreased by 0.5 per cent. Further, compared with the preceding year, the other operational income had increased by 100 per cent. But, due to the increase of other operational expenditure including the administration expenses by 30 per cent, the net profit ratio of the Corporation was at 14 per cent.
- (b) As compared with the preceding year, the debtor turnover ratio and debt collection period were at low level and it was further observed that this situation was a weakness of the debt management.

4. Operating Review

4.1 Performance

According to the Sri Lanka Land Reclamation and Development Corporation Act, No.35 of 2006, the main objectives and functions of the Corporation includes; reclamation and development of lands published to that effect, and making those lands suitable for building and industrial, commercial or agricultural activities; administration and management of the custody of the said lands; making the custody of those lands under the condition of being reclaimed and developed; facilitation of the construction and consultancy assignments in the field of engineering; holding the custody of canals, and improvement, maintenance and administration thereof; prevention of channels from being polluted. The following observations are made in connection with the progress in achieving the said objectives.



4.1.1 Planning

A Corporate Plan had been prepared by the Corporation for 03 years period from 2017 – 2021 and the following observations are made in this regard.

- (a) The following stipulated activities in the Corporation Act, had not been included to the Corporate Plan.
 - (i) Publicizing of the marshy lands, muddy and barren lands situated in the Island wide through the Gazette after being identified, in order to control the unauthorized land reclamations and conduct the supervision.
 - (ii) Identification of the embankment area of a canal as the reservation lands and publish in the Gazette such lands in order to avoid the temporary and other constructions.
- (b) The Corporation had not taken adequate actions to achieve the identified strategies through the Corporate Plan and the performance had not been evaluated as per the key performance indicators.
- (c) Even though the projects valued at Rs.6,036 million had been included to the Corporate Plan, the management had not been specifically identified those projects.
- (d) The particulars of the own projects which should be implemented from the year 2018 and construction projects, included in the corporate plan, had not been identified.
- (e) A sum of Rs.658.17 million representing 10 per cent of the total project cost had been allocated in the Corporate Plan for the projects of which should be identified in the year under review.
- (f) Even though the activities indicated in the Corporate Plan had been identified under Section 8 and 9 of the Corporation Act, the activities related to the other Sections had not been indicated.



4.1.2 Activity and Review

The following observations are made.

- (a) According to the Cabinet decision made in the year 1996, an extent of about 1,000 acres of marshy lands, situated in western boundary of the Parliamentary building complex, had been vested to the Sri Lanka Land Reclamation and Development Corporation under the Greater Colombo Flood controlling and environment improvement project as the specialized institution for the implementation of conservation and controlling measures, in order to protect them as water retention area. The sole responsibility for removal of unauthorized settlers and reclamations is vested with the Corporation. However, about 62 acres had been acquired by the unauthorized settlers and another 79 acres also had been divested by the Corporation. As such, the Corporation had failed to achieve the expected objectives determined by the Cabinet of Ministers, from the Corporation. Comparable to loss of the above areas, the Corporation had not taken actions to increase out full capacity of storm water and as the result, it had directly affected to increase the floods. Although the Corporation had started to reestablished the boundary lines of the lands occupied by an authorized settlers in the year 2013, those activities had not been completed even up to end of the year under review and the physical progress achieved was 50 per cent.
- (b) Although 1321 unauthorized constructions and reclamation of lands had been identified by the Corporation within the water retention areas belonging to 05 Divisional Secretariats Divisions by the end of the year under review, no substantial measures had been taken to remove those constructions identified.
- (c) Even though it had been planned to construct 2 housing schemes by the Planning and Development Division of the Corporation during the year under review under the new business proposal, the plans relating to the housing schemes had not been prepared even up to end of the year under review.
- (d) Out of the 84 contracts received by the Corporation during the year under review, 70 per cent of contracts had been completed through the sub – contractors. As a result, one of the objectives of the Corporation. i.e. “being a



competitive organization in the field of construction by taking over of building engineering and construction works,” had not been achieved.

- (e) The allocation amounting to Rs.800 million had been provided in the year under review for the Construction Project of the Oliyamulla Water Pump House and the financial progress of the project as at end of the year under review amounted to Rs.799.97 million. The following observations are made in this regard.
- (i) A sum of Rs.615 million had not been paid by the project during the year under review for the land acquisition and providing of new houses to dispossessed house holders. However, that amount had been considered as paid amount in the financial progress.
 - (ii) The assessment rate numbers, name and addresses of the some of the recipients of compensations had not been indicated in the Registers prepared relating to the families which had been proposed to remove due to the Project and some of the addresses had been indicated in twice. Due those reasons the accuracy of the registers was questionable in audit.
 - (iii) Even though the Corporation had identified 201 dispossess houses due to the project at the first stage, the corporation had requested to allocate 205 houses from the Urban Development Authority and that was a contentious issue in audit. Furthermore, the approval of the Treasury had also not been obtained either payment of compensations to the acquired lands or providing of new houses for dispossessed houses.
 - (iv) The Corporation had expected to obtained a sum of Rs.112,264,131 or 17 per cent of the total project cost as overhead expenditure of the Corporation and that had not been included to the Project’s expenditure estimate.
- (f) Even though the Corporation had planned entirely complete 31 projects valued at Rs.1,484.81 million during the year under review, the physical progress of those projects as at end of the year under review were at low level of 9 per cent to 75 per cent.



- (g) The Corporation had planned to implement 07 projects valued at Rs.776.42 million during the year under review. However, without being implemented those projects, a sum for Rs.903.54 million had been incurred to implement another 26 projects of which were not included to the Action Plan.
- (h) According to the Action Plan for the year under review, the identified projects for the implementation were 46. However, the Corporation had implemented 81 projects costing Rs.2,104 million as at end of the year under review and the way of allocation of funds for 40 excessive projects had not been explained to audit.

4.2 Management Activities

The following observations are made.

- (a) A sale agreement had been entered into between the Corporation and a Developer in the year 2007 for the construction of a luxury housing scheme at a land in extent of about 5 acres located on 9th lane in Pitakotte, and the Construction was scheduled to be completed by the year 2010. An advance of Rs.489 million had been obtained from the Developer for developing this land. Although activities relating to the development not been commenced even up to the end of the year under review, actions had not been taken to cancel the agreement. As a result, the Corporation had deprived of the opportunity for handing over the land again to a suitable Developer.
- (b) No legal action whatsoever had been taken by the Corporation in terms of the conditions of the agreement to recover the outstanding installments and interest totaling Rs.22.34 million that remained receivable from the occupants of the Sudu Neluma housing scheme by the end of the year under review. Provisions for bad debts amounting to Rs.21.88 million had also been made thereof.
- (c) Five plots of land, vested to the Corporation and located at Kiththampahuwa canal reservation area had been leased on annual rent basis. The rent agreements had not been entered into with lessees since the year 2012 and outstanding rent income as at end of the year under review amounted to Rs.630,000.



- (d) Although the income collected from the Katharagama and Nuwaraeliya Circuit Bungalows amounted to Rs.3.25 million, the expenditure incurred thereon amounted to Rs.7.46 million. Thus a loss of Rs.4.21 million had been sustained by the Corporation. Failure of the management to identify a suitable charging system comparable to the expenditure, was caused for this situation.
- (e) A Jeep that had been legally transferred to the Corporation by the Metro Colombo Urban Development Project in the year 2014 had been taken over again by that project. However, action had not been taken to repossess the Jeep to the Corporation.
- (f) Even though 02 Motor vehicles which had been given under the Lunawa Project in the year 2012 for the use of the Corporation's activities, they had been utilized for the activities of the Ministry of Water Supply. Nevertheless, actions had not been taken to repossess those motor vehicles to the Corporation.
- (g) Due to inadequacies in the Provisions of the Act, a Cabinet memorandum had been furnished to the Cabinet of Ministers in the year 2012 in order to make necessary correction by amending the Act. However, actions had not been taken to make amendment to the Act up to end of the year under review. Furthermore, due to such kind of weaknesses in the Act, adequate steps had not been taken against the complaints received on unauthorized filling of lands.
- (h) When appraising the project proposal that prepared to obtain a bank loan amounting to Rs.4,000 million, to procurement of 4 million cubic meters of sea sand, the demand for the sea sand had been forecasted by adding a percentage to the current selling quantities of the sea sand.

Accordingly, it was observed that if the Corporation would fail to achieve the expected sales targets, it would difficult to pay the loan installments and interest thereon. For example, according to the project appraisal report, it had been forecasted to earn a sum of Rs.1,993.59 million by selling of 257,238 Cubic meters of washed and sieved sea sand during the year 2018. However, only 33,435 Cubic meters of sea sand had been sold up to 31 August 2018. Further, as compared to the net assets of the Corporation, the loan so obtained had been become high value of 87 per cent and as a result, that situation had been badly affected to the liquidity assets of the Corporation.



- (i) Even though the income from the disposing of garbage from the Kerawalapitiya garbage site as at end of the year under review amounted to Rs.466,431,038, the Corporation had failed to recover a sum of Rs.355,098,116 or 76 per cent out of that income.
- (j) Without being obtained a Government valuation report, a land of 180 perchs in extent belonging to the Corporation, situated in Dehiwala Aththidiya, had been rented to a Private Company on 28 December of the year under review based on the valuation obtained for renting out of a joining land to the said land, in the preceding year.
- (k) The annual rented value obtained from the Government Valuer for the land of 31.91 perchs in extent belonging to the Corporation situated in the Kirimandala Mawatha, Colombo 05, amounted to Rs.2,610,000. However, the Board of Directors had decided to reduce that Government value up to Rs.326,250 and to charge that value from the lessee. As well, even though that land had been used by the lessee since 01 January of the year under review, a legal agreement had not been entered with the Corporation up to September 2018.
- (l) In conducting of the auction by the Corporation in the year under review to dispose the damage goods, the Auctioneer had valued 4 items for Rs.1,460,000 and the bid value furnished by the bidders for those items amounted Rs.2,831,677. However, actions had not been taken to purchase the items by the bidders. The Corporation had decided to charge 1 per cent of refundable deposit from the estimated value of the goods, without being identified the nature of goods up for auction and value of each item, and that was attributed to said situation.
- (m) The actual time taken for repairing of 20 motor vehicles from the Service Division of the Corporation was ranging from 3 hours to 10 hours. But, more than 2 months had been taken to handed over the motor vehicles and that was questionable issue in audit. Further, even though the time worked by 25 employees of the Service Division during the month of September of the year under review was 5,343 hours including 1,302 over time hours, the actual time worked was 1,240 hours. Thus, the idle time during that period was 4,103 hours. Hence, it was observed that the Management functions of the service and



maintenance Division of the Corporation had not been carried out efficiently and effectively.

- (n) Even though the main source of income of the Corporation was selling of sea sand for land reclamations and constructions, the Corporation had not been followed a proper stock management procedure for management of stock levels. As a result, it was failed to identify the stock levels as at end of the year under review, prior to reaching the replacement levels. Hence, immediate actions had to be taken to select a contractor to extract the sea sand by calling tenders and 03 months had been given to handover the bids from 30 May 2017 to 30 August 2017. Four bidders had furnished the bids and the second bidder had been selected on the ground of lack of adequate time to further evaluate the qualifications of the lowest bidder, due to diminishing of the sand stocks. Due to removing of the lowest bidder, a loss of US\$ 800,000 had been incurred by the Corporation.

Furthermore, as it can not be used the sea sand for construction works immediately after being extracted, the Corporation had taken actions to sell the sand after being washed. Although 185,552 Cubic meters of sea sand had been extracted up to August 2018, only 45,973 Cubic meters had been sold after being washed. It was questionable in audit that the profitability and practical aspect of that process.

- (o) Due to non-application of proper mechanism to evaluate the physical performance of the Projects, the management of the Corporation had failed to furnish the physical progress of the Projects implemented by the Corporation as at end of the year under review and only the financial progress had been furnished to audit. Further, way of management of the Projects by the Corporation considering only the financial progress without being understand the physical progress was a questionable matter in audit. On such a ground, the physical progress of most of the projects implemented by the Corporation was at a lower level.
- (p) Four stalls belonged to the Corporation situated at Bellanwilla had been closed since May of the year under review without being taken actions to rent out. The rent in arrears for those stalls up to end of the year under review amounted to



Rs.717,623. The Corporation had not entered into formal agreements with the lessees and as a result, that amount could not be able to recovered.

- (q) Even though number of working hours of 95 heavy vehicles for the year under review belonging to the Machinery and Equipment Division of the Corporation were 162,000 hours, the actual worked hours were 116,328 hours. Thus, it was observed that 45,672 hours were idle. Further, due to ineffective utilization of the idle time of the machineries, the generated income by the Corporation during the year under review from renting of machineries was at lower level of Rs.13,996,352.
- (r) Ten inventory items in the Diyatha Uyana cafeteria had been removed by the Waters Edge Ltd, without being informed in properly to the Corporation and action had not been taken by the Management of the Corporation to repossess those goods up to end of the year under review.
- (s) The lands which had been vested by the Greater Colombo Flood Controlling and Environment Improvement Project, 378 hectares in extent had not been leased out on short terms basis by the Corporation in term of the Cabinet decision No.96/1760/111/125 dated 15 August 1996. As a result, the Corporation had lost the rent income that could have been collected for over 20 years.
- (t) Even though the Corporation had called quotations to rent out the Diyatha Uyana cafeteria, action had not been taken to rent out it during the year under review. As a result, a sum of Rs.12.12 million had been deprived of to the Corporation.
- (u) When hiring the machines and equipment to the external parties, the fees should be charged based on the minimum of 4 hours per day. However, due to not charging of the fees accordingly in 07 instances for hired equipment by the Corporation, a sum of Rs.205,400 had been deprived of to the Corporation.
- (v) As a new business opportunity the corporation had planned to sell washed and sieved sea sand after being extracted and to implement a project for the construction of 400 houses for middle income families. However, a market survey had not been conducted in order to understand the success of the Projects.



4.3 Operating Activities

The following observations are made.

- (a) Deviating from its incorporated primary objectives of the Corporation, actions had been taken to earn the income from implementing Projects from Treasury financing, selling of sea sand and selling of lands belonging to Corporation and leasing of land on long term basis during the preceding years. The total income generated from such sources were raining from 50 per cent to 81 per cent, during the preceding 5 years period.

On that situation, publishing of low laying lands after being identified, as a social responsibility, had been limited to 5 provinces and the changes taken place in the land utilization patterns, due to the development activities that had been carried out at the national and regional levels had affected to the natural storm water canals and to cause bad effects on environment. However, the activities such as preparation of plans to mitigate such effects and to minimize and controlling of floods caused due to the storm water had been carried out at minimum level. Further, the Corporation had not made adequate attention to collect the required data for such planning activities such as water levels of the canals, water flowing capacities, pattern of raining etc. The annual Treasury Provisions had been obtained for the collection of such data. Furthermore, the Corporation had failed to maintain the water gauges and raining meters which had been established in the city Colombo and the suburbs, given by the JICA Project in the year 2003.

- (b) Out of 100 equipment and items that had been identified to dispose in the preceding year, 19 items had been kept in the stores without being disposed.
- (c) The Corporation had purchased 10,600 Gabion structure Boxes valued at Rs.64.72 million during the year under review, using the Treasury grants. Since the constructions of Gabion walls had been carried out through the sub-contractors, the reason for purchasing of significant amount of gabion wall boxes had not been explained to audit. Further, 8,074 gabion structure boxes had not been used as at end of the year under review and that amount was represented 76 per cent of the total purchased quantity.



- (d) As actions had not been taken to pay compensation in a timely manner in respect of the lands taken over by the Corporation during the period from 1981 to 2005, the compensation payable for such lands amounted to Rs.62.25 million as at 31 December of the year under review and interest payable thereon amounted to Rs.106.90 million indicating 172 per cent of the compensation payable. This situation had directly been attributed to the failure in Coordinating with the Divisional Secretariats thereby expending the payment of compensation so as to minimize the interest. Furthermore, as a period of 12 to 36 years had lapsed in taking over lands, it was further observed that those lands had been encroached.
- (e) The unauthorized settlers belonging to 464 families had settled in the Water reservation lands, 40 acres in extent and supervising and controlling activities are vested to the Corporation as at end of the year under review. Due to the activities of those settlers, water of the reservation areas had been polluted and getting it filled. In order to demarcate the boundary lines, boundary line poles had not been placed and the boundary lines that had been already placed had not been properly protected and maintained. As a result, the above situation was created.
- (f) Even though 515 applications had been submitted by the various parties to the Corporation for getting the approval for the land reclamation and development activities during the year under review and the preceding year, 307 applications had been furnished to the Technical Evaluation Committee and out of that only 41 applications had been approved.
- (g) A cricket ground, 2 hectares in extent, had been constructed by the Corporation incurring a sum of Rs.161.23 million in the Nawala – Heen Ela area which had been acquired by the Corporation under the Greater Colombo flood control and environment improvement project as a Water reservation area. However, the Cricket ground had not been used even up to end of the year under review.



4.4 Transactions of Contentious Nature

The following observations are made.

- (a) The sum of Rs.31.31 million due to the Corporation on the construction of a monument together with a commemorative museum in the year 2014 pertaining to a former politician of the Hambantota District contrary to the objectives of the Corporation should have been collected through the shows performed by popular artists. Nevertheless, funds had not been raised in that manner even up to the end of the year under review. In addition, an advances amounting to Rs.25 million had been paid by the Corporation to the Sri Lanka Navy for obtaining construction materials and those advances had not been settled even up to the end of the year under review.
- (b) Without being certified the work done reports and without obtaining the measurements of sub-contractors, a sum of Rs.29.18 million had been paid during the year under review based on the request made by the sub- contractors of the Warasgaga storm water drain project.
- (c) The following observations are made with regard to handing over of the Diyatha Uyana Railway cafeteria and the Pub hall of the Corporation to the Waters Edge Company during the year under review.
 - (i) Even though it had been agreed with the Company on 17 January 2017 to recover the development cost of Rs.125.44 million that had been incurred to development of the cafeteria and pub hall, that development cost had been subsequently amended as Rs.88.42 million by deducting Rs.37.02 million received from the Treasury and that was questionable in audit.
 - (ii) Even though the Company had agreed to pay that payable amount of Rs.88.42 million to the Corporation by 5 installments within 5 years, the Corporation had not taken actions to recover the down payment of Rs.20 million and the first installment receivable on 15 July 2018 amounting to Rs.20.41 million totaling Rs.40.41 million even up to 31 August 2018.
 - (iii) The agreement relating to the above transfer or related documents had not been furnished to audit.



- (d) A provision for doubtful debts amounting to Rs.72,475,016 had been made on the receivables from the Local Government Authorities amounting to Rs.102,382,458, releasing to the disposing of garbage to the garbage yard at Kerawalapitiya during the year under review. However, reasons for the Provision had not been explained to audit. The provision for doubtful debts had been made on the total receivable amounting to Rs.730,540 as at end of the year under review Government and Non-Government Organizations relating to the hiring of machineries.
- (e) Even though the Corporation had entered into a contract valued at US\$ 19,975,000 with a Foreign Company for extracting of 4 million cubic meters of sea sand, a formal agreement had not been signed and instead of that only a Memorandum of understanding (MOU) had been signed. According to Section 4 of the MOU, the mobilization advances can be paid after being signed a formal contract. However, contrary to that, a sum of US\$ 994,000 had been paid to the contractor as an advance on 15 September 2018 without being signed an agreement. Furthermore, although one million cubic meters of sea sand, should be supplied by the contractor from 20 January 2018 to 15 October 2018 period, only 525,114 cubic meters of sea sand had been supplied up to 15 September 2018 and that represent 52 per cent of the agreed quantity.

4.5 **Apparent Irregularities**

A sum of Rs.1,568,248 payable for the services obtained by the Corporation from a Hotel Company by the end of the year under review, had not been shown in the financial statements as a payable expenditure. Information on the services obtained had not been made available to audit.

4.6 **Utilization of Funds**

The provisions amounting to Rs.56.50 million received for the Ragama Kalu Oya and the Hambanthota Maurapura Projects had not been utilized for the relevant projects at the end of the year under review.



4.7 **Idle and under utilized Assets**

The following observations are made.

- (a) One hundred vegetable trays purchased for Rs.2.58 million, for the use of the Diyatha Uyana Premises in the year 2014 had remained decaying in the premises of the main stores without being made use of.
- (b) Eight thousand seventy four gabion structure boxes valued at Rs.50.97 million, and an Excavator Machine valued at Rs.24.05 million, 04 boats had been kept in idle without being used as at end of the year under review.
- (c) The value of the slow moving stocks of the Corporation as at end of the year under review amounted to Rs.267.32 million and out of that the value of the stocks older than 4 years amounted to Rs.48.49 million. Apart from that the goods and equipment belonging to 8 categories valued at Rs.10.30 million had been kept in central stores without moving.

4.8 **Uneconomic Transactions**

The lands belonging to the Corporation situated at Kelaniya Mudun Ela, 5 acres 03 roods 9.77 perchs in extent, had been sold to the university of Kelaniya for Rs.415,075,892 in the year under review. Nevertheless, the selling price of the lands had been determined based on estimated value of the year 2012, without being obtained the current value estimation.

4.9 **Identified Losses**

The Following observations are made.

- (a) Even though the agreed lowest price by the Corporation for purchase of cube of gravel in the year under review for Three Language School project amounted to Rs.1,675, the Corporation had purchase them for Rs.2,075 per cube. As a result, the Corporation had sustained a loss of Rs.4 million.
- (b) An accumulated loss of Rs.2.5 million had been sustained by the Corporation as at end of the year under review due to charging of lower rent than the estimated rent by the Department of valuation, when renting out the building, owned by the Corporation situated at the Kirimandala Mawatha, to the Land Reclamation



and Development Company since the year 2003. Further, the Corporation had not assessed the rent after the year 2005.

4.10 Implementing of Projects in the lands/ properties that had not been formally acquired

The following observations are made.

- (a) The Corporation had incurred a sum of Rs.17,439,977, from the year 1997 to the year 2000 for the Muthurajawela Gunasekara Mawatha Development Project before acquiring the land for the project and due to the non- acquiring of the land for the project, the project had been suspended. Further, the expenditure so incurred had been shown as a loss of the year under review.
- (b) The Corporation had incurred a sum of Rs.111 million up to end of the year under review to the construction of a by access road at Madinnagoda. However, due to the oppose made to acquisition of land after being implemented the project by the Corporation, the construction works had been abandoned. Thus, it was observed that the expenditure incurred for the project had been become fruitless expenditure.

4.11 Resources of the Corporation Released to other Public Institutions

Four officers of the staff of the Corporation had been released to other Public institutions in the year under review contrary to the provision set forth in paragraph 8.3.9 of the Public Enterprises Circular No.PED/12 dated 02 June 2003, and a sum of Rs.1.82 million had been incurred by the Corporation on their salaries and allowances. Furthermore, a motor vehicle belonging to the Corporation had also been released to the Line Ministry and a sum of Rs.697,631 had been incurred as maintenance cost of the Motor Vehicle. However, that amount had not been reimbursed.



4.12 Staff Administration

The following observations are made.

- (a) The approved cadre of the Corporation as at 31 December 2017 had been 1,873 whereas the actual cadre as at that date had been 1448. Thus, 462 vacancies had been existed in each post, and an excess cadre of 37 had also been existed. Among the above vacancies, the vacancy in the Chief Executive officer of the Corporation, the Director General Post, had also been existed and action had not been taken to fill that vacancy up to September 2018. This situation was attributed to the performance of the Corporation.
- (b) On the basis of reimbursement of salaries as at end of the year under review from the Land Reclamation and Development Company and the LRDC Service Company 109 and 800 employees had been respectively recruited by the Corporation and the salaries paid to those employees as at end of the year under review amounted to Rs.173.64 million. However, the provisions for that expenditure had not been provided through the annual budget. Further, action had not been taken by the Corporation to revise the cadre including those employees. Furthermore, in addition to the above staff, 137 employees had been obtained from the Civil Security Services Department by paying Rs.750 per day, to walk at the sites of the Corporation.

4.13 Utilization of vehicles

The following observations are made.

- (a) Sixty one motor vehicles had been made use of each Divisions of the Corporation as at end of the year under review, without having the supervision of the Head of Transport Division and some motor vehicles had not been adequately run. Meanwhile, a sum of Rs.10.76 million had been paid in the year under review, for 36 rental motor vehicles that had been used by the Corporation.
- (b) According to the assets verifications conducted by the Corporation for the year under review, a Tractor Taylor that included in the Assets Register had not been physically verified and a Water browser that had not been included to the Assets



Register had been physically identified. A formal investigation in that regard had not been conducted by the Corporation even up to August 2018.

- (c) Nine Tipper Trucks and 08 double cabs had been repaired by the service Division of the Corporation during the year under review and sums of Rs.4,525,312 and Rs.2,946,604 had been incurred respectively thereon. Due to the repairing of those motor vehicles again and again in every month of the year, the quality of the repairing work carried out by the service Division was questionable in audit.

4.14 Market Share

The Corporation quoted for 3 construction contracts valued at Rs.610 million existed in the market during the year under review and out of that only one contract valued at Rs.31 million had been obtained. Accordingly, The Corporation had not paid its attention to obtain complete contracts from the open market and only the contract performed by the Treasury Provisions had been carried out. As a result, the market share that could have been obtained to the Corporation had been lost.

5. Sustainable Development

5.1 Achievement of Sustainable Development Goals

Every Government entity should take action in accordance with the letter No.NP/SD/SDG/7 of 14 August 2017 issued by the Secretary to the Ministry of National Policies and Economics Affairs and the “2030 Agenda” of the United Nations on Sustainable Development. Nevertheless, as the Corporation not aware about how to act in respect of the functions coming under the scope of the Corporation relating to the year under review Sustainable Development Goals, targeted and manner how to reach those targets and the indicators to measure the targets had not been identified.



6. Accountability and Good Governance

6.1 Submission of Financial Statements

According to Paragraph 6.5.1 of the Public Enterprises Circular No.PED/12 dated 02 June 2003, the draft financial statements should be furnished to audit within 60 days after closing of the financial year. However, the financial statements of the Corporation had been furnished on 17 July 2018 to audit after delay of 4 ½ months.

6.2 Internal Audit

The Internal Audit should be used as an important procedure by the management for providing guidance in the areas where rectification should be done. However, proper attention had not been paid for empowering the Internal Audit staff along with the expansion of the role of the Corporation as a contractor and of large scale constructions, land sales and leasing, sale of sand, sale of housing schemes after being constructed for the achievement of effective results. Furthermore, programmes for evaluating the performance of the Corporation had not been included in the Internal Audit Programmes.

6.3 Procurement and Contract Process

6.3.1 Procurements

The following observations are made.

- (a) A main procurement plan had not been prepared including procurement activities relating to the preceding 3 years (2017-2020) in terms of Section 4.2 of the Government Procurement Guideline. Further, a detailed procurement plan for the year under review had not been prepared and each of the individual procurement activities, estimated values of the activities, the procurement committees that should be appointed based in the value of the activity, and suitable procurement time table had not been included to the prepared plan. Furthermore, the procurement plan had been prepared only for the Procurements on Government grants and the procurements relating to the Projects of the Corporation and service projects had not been included to the plan.



- (b) The price difference between the lowest bid price and the second lowest bid price, when made the procurement of gabion structure boxes for Rs.64.72 million during the year under review, amounted to Rs.172,250. But, the guarantee period given by the bidders for the goods was ranging from 1 year to 10 years. Nevertheless, without being considered the guarantee periods, the lowest bidder had been selected.
- (c) Without being called the open competitive biddings according to section 2.14.1 of the Government Procurement Guideline and supplementary 33, the building materials valued at Rs.34.40 million had been purchased in the year under review for the Kaduruwella site, calling quotations only from two regional suppliers as mobile tendering.
- (d) Without being estimated the required quantity of gravels for the year under review at the beginning of the Projects, the required gravels for the construction sites of the Corporation had been purchased throughout the year, in various quantities and at various prices under 26 contracts incurring Rs.415.81 million during the year under review. This situation had been observed as a weakness of the contract management and the expected objectives by the Government from the Procurement Process that possibility to select a contractor with the qualities of economy, timeliness and quality had been limited. Further, in order to minimize the possible losses that could be sustained by the Corporation due to the poor performance and violation of the contract agreements by the contractors, the performance bounds should be obtained in terms of section 5.4.8 and 5.4.10 of the Government Procurement Guideline. However, actions had not been taken by the Corporation to obtain a performance bond for the contract of supplying of gravels.
- (e) Contrary to Section 1.2.1 (c) of the Government Procurement Guideline the Corporation had hired the Tipper Trucks based on the prices quoted in the preceding year, without being called quotation for the year under review.
- (f) The Corporation had called quotations for hiring of motor vehicles for the year under review and the suppliers and hiring prices had been fixed at the beginning of the year. However, when renewing the hiring agreements, fresh quotations had not been called and motor vehicles had been hired for the previously quoted



prices. A sum of Rs.10.76 million had been incurred thereof during the year under review.

- (g) Contrary to Section 8.9.1 of the Government Procurement Guideline, 04 contracts valued at Rs.37.97 million had been awarded to the Contractors, without being entered into written agreements.
- (h) Even though the Corporation had established a supply Division to carry out every procurement activities of the Corporation, 8 contracts valued at Rs.124.59 million relating to the Warasgaga storm Water Drain and Environment Improvement Project, had been awarded without informing to the supply Division.
- (i) Even though a sum of Rs.1,995,075 had been recovered by the Corporation from the performance bonds of 05 unsuccessful sub constructions, those contractors had not been black listed in terms of section 8.11.6 (a) of the Government Procurement Guideline.
- (j) In terms of Section 5.4.8 (a) of the Government Procurement Guideline, a performance bond, not less than 5 per cent of the contract value, should be obtained from the contractors. Without being done so, some portion from the interim certificates had been deducted for the performance bonds and the value of deductions made so as at end of the year under review amounted to Rs.39,265,196. Further, out of that value, unsettled balance ranging from 1 to 5 years as at end of the year under review amounted to Rs.13,491,070 and the balance for over 5 years amounted to Rs.487,313.

6.3.2 Deficiencies in Contract Administration

The following observations are made.

- (a) Although a period of more than three years had lapsed by the end of the year under review to complete the construction of Diyatha Uyana, the financial progress of the Project had been Rs.52.97 million indicating 43 per cent of the estimated value.



- (b) The value of the work complete in respect of the Contract for the construction of 792 houses in Kollonnawa and Salamulla (Building B and C) amounted to Rs.653.02 million, but certified value of the Urban Development Authority amounted to Rs.355.69 million, and remaining value of the work completed amounting to Rs.297.33 million had not been certified even after lapse of more than three years.
- (c) The Physical progress of 04 contracts valued at Rs.340 million that should have been completed by the year under review, had remained as low as 1-24 per cent.
- (d) Due to the conducting of the development activities of the Bolgoda Cannel banks without being done a pre study and a without having a plan, the cannel banks had been collapsed and as a result, a sum of Rs.9,001,423 had to be incurred to reconstruction of the cannel banks during the year under review.
- (e) Following the Cabinet Decision No.13/1144/503/087, dated 30 August 2013, a loan amounting to Rs.14,227 million had been approved to be granted to the Corporation through the National Savings Bank under the guarantee of the Treasury for launching and implementing the project to drain the storm water of Warasgaga and develop the environment. Accordingly, the Corporation had entered into a loan agreement with the National Saving Bank on 14 July 2014 being agreed the loan would be repaid within a period of 14 ½ years. The main objectives of the Project include, controlling the floods accruing during the rainy seasons in the area such as Nugegoda, Raththanapitiya, Boralasgamuwa, Piliyandala, and Werahera, Widening the existing system of canals, protecting the banks of canals, construction of reservoirs by protecting the flood refection areas, and construction of new culverts and bridges. Further, according to the Cabinet Decision No.අමප/17/2561/724/112 dated 07 December 2017, it had been proposed to cancel the loan agreement on Rs.14,227 million and to sign a new loan agreement for the loan amount already obtained amounting to Rs.2,550 million and to make provision that required for the payment of loan installments and the interest and to provide the expenditure that required to continue the project.



The following observations are made in this connection.

- (i) The Project had been planned to implement on 04 October 2013 and scheduled to be completed 24 October 2018, within 5 years. As a period of over 4 years had been spent on the project by end of the year under review, a progress of 80 per cent should have been indicated considering the duration for the completion of the Project. Nevertheless, it was confirmed through the documents had available to audit that the actual physical progress as at that date was around 43 per cent. However, the Management had not introduced a new methodology making it possible for the project to be completed on time by preventing the unusual delays of the project. Further, due to reduce of the estimated cost of the project by 23 per cent, up to Rs.11,050 million, it could not be able to reach to the intended scope of the project.
- (ii) Sixty contract works which should be completed within a short period of time, 3 to 6 months as at end of the year under review, had been given to sub-contractors as packages and mobilization advances amounting to Rs.162,474,128 had been given to them as at 31 December of the year under review. The balance of unsettled advances, including the balances that remained outstanding for over one year, amounted to Rs.135,765,060. As such it was observed that the advances granted to the contractors by utilizing loans for the projects, had been remained in hand of the contractors an unusual period of time.
- (iii) According to the Cabinet Decision No.අමප/17/2561/724/112 dated 07 December 2017, the Corporation should entered into a new agreement with the National Savings Bank relating the loan of Rs.2,550 million obtained for the Warasgaga Project up to end of the year under review. Nevertheless, new agreement had not been signed up to 31 August 2018. As well, according to the above Cabinet Decision, as the required funds for the Project would be provided by the Annual Budget, about 10 years has to be taken to complete the project. However, the project had not taken actions to prepare a Corporate Plan or an action plan according to the amended time frame.



Further, the residents lived nearby the canals, banks, in the zones of which project works under the projects had been implemented, had been temporarily removed. Hence, it was further observed in audit that if the project unable to complete the project within the expected time period, the Corporation had to be faced to the various social issues.

- (iv) The works of 4 sub-contracts awarded in preceding years at a value of Rs.108.61 million had been suspended as at end of the year under review. The expenditure incurred by the project thereon amounted to Rs.35.56 million.
- (v) Even though the construction works relating to 14 sub-contracts that commenced under the project valued at Rs.416.66 million should be completed as at end of the year under review, the physical progress of those projects was as low as 5 per cent to 50 per cent. Out of those sub-contracts, 10 contracts were delayed for over one year. However, the project had not either extended the contract period or charged the liquidated damages from the contractors. Further, the project had not taken actions to extend the validity period of the performance bonds submitted by the sub - contractors
- (vi) None of the works had not been commenced by 4 sub-contracts as at end of the year under review, awarded by the project for Rs.126.2 million, though the works should be completed as at end of the year under review. The mobilization advance amounting Rs.24 million had been paid by the project for those contracts.
- (vii) The physical progress of 16 sub-contracts that awarded by the project at the value of Rs.406.53 million had been stated as 100 per cent. However, the financial progress of those projects, as compared with contract values, was ranging from 20 per cent to 80 per cent.
- (viii) Any land had not been acquired under the provisions of the Land Acquisition Act, though the land acquisition process had been continued for over 05 years and lands extent of 267.67 hectares had only been gazetted under the Land Acquisition Act. Due to that reason, the Corporation had to continue the payments of rentals to some families



those who were lost their houses. Further, the works relating to 6 contracts valued at Rs.197.69 million could not be able started as per the work scheduled.

- (f) The value of the invoices furnished to the clients relating to 29 projects, completed and the works are progress as at end of the year under review amounted to Rs.2,277,562,146. Out of those invoices, the value of works done amounting to Rs.1,656,214,858 had been certified by the clients. Not submitting of invoices by the Corporation within the due time period, chances made to primary plans, deficiencies in constructions were mainly attributed for that situation.
- (g) The reasons for submitting of invoices relating to 12 construction projects conducted by the Corporation during the year under review exceeding the value certified by the construction consultants, by Rs.163,381,834 had not been explained to audit.
- (h) One Hundred and nineteen construction contracts had been taken over by the Water Drainage and Reclamation Division of the Corporation during the year under review. Despite the availability of adequate physical and human resources, 84 contracts or 71 per cent of the total contracts, out of the above contracts, had been performed through the sub-contractors.

Due to the above reason, a significant contract profit which could have been obtained to the Corporation had been obtained by the Sub Contractors.

- (i) Three contracts valued at Rs.63.03 million related to the development of the Hatharas Kotuwa Regional Hospital, under the Gaining Plonnaruwa District Development Project, had been obtained by the Corporation and those contracts had been awarded to sub-contractors. The price variances of 23 per cent to 34 per cent were observed between the estimated Bills of Quantities (BOQ) submitted to the client by the Corporation and the BOQs submitted by the sub-contractors. The rate analysis relating to the variances had not been done by the Corporation.
- (j) Due to the preparation of the Engineer estimates without conducting proper study, the price variances ranging from 30 per cent to 45 per cent had been existed between the contract awarded prices and the Engineer estimates relating



to 5 contracts valued at Rs.306 million. Further, the Corporation had not taken action to evaluate the BOQ rates that caused to submit lower prices by the contractors.

- (k) Without conducting primary feasibility study and preparation of Engineering plans, the Wellawaththa bridge had been renovated by the Corporation and as a result, the Wellawaththa Sri Sugatha Viharaya and affiliated child care house thereto had been sunk.

6.3.3 Delayed Projects

Sixteen contracts valued at Rs.1,767.94 million that should be completed as at end of the year under review had not been completed and the delayed period was ranging from 06 months to 18 months.

6.4 Budgetary Control

Significant variances ranging from 20 per cent to 850 per cent were observed between the estimated and actual income and expenditure for the year under review, thus observing that the budget had not been made use of as an effective instrument of management control.

6.5 Tabling of Annual Reports

According to Section 6.5.3 of the Public Enterprises Circular No.PED/12 dated 02 June 2003, the Annual Report of the Corporation should be tabled in the Parliament within 150 days after closing of the financial year. However, the annual reports for the years 2015 and 2016 had not been tabled in the Parliament even up to 31 August 2018.

6.6 Unresolved Audit Paragraphs

The following matters pointed out in the previous audit reports had remained unresolved even up to end of the year under review.

- (a) Payment of professional allowances continuously to the staff without obtaining the approval from the relevant responsible parties.
- (b) Continuous reimbursement of the interest recovered from the officers on their vehicle loans.



- (c) Directives were issued by the COPE at its meeting held on 30 November 2012 that legal action to be taken against a party who constructed a Kovil with the assistance of the Divisional Secretariat on a land of 3.5 acres in extent developed by the Corporation at a cost of Rs.30.2 million. However, no action whatsoever had been taken by the Corporation in order to carry out the said directives.
- (d) Failure to compute the allowances and other remuneration required by the relevant Acts and Circulars when computing the contributions to be remitted to the Employees' Product Fund and the Employees' Trust Fund.
- (e) Werasgaga storm water drain and environment development project.

The following observation are made in this connection.

- (i) The project had been implemented without preparing an Action Plan by including the time frame indicating how the project would be completed within the duration of the project, and Work Schedule in respect of the system of canals, bridges, culverts, maintenance routes, and water retention areas etc.
- (ii) The project had failed to identify the possibility of the floods to occur in the future, the minimum and maximum severity thereof, and the likely risks to be caused.
- (iii) The progress reports to be prepared monthly and annually in respect of the zones and the packages identified during the implementation of the project, had not been prepared.
- (iv) The construction of gabion structures in the Zones 1,2, and 3 of the project had been overestimated to the value of Rs.281,461,659. As such, mobilization advances had been overpaid to the contractors.
- (v) Only the granite of size 4 x 6 inches (100 x 150 mm) should be used in the construction of gabion structures as per the standards. It was revealed during the physical inspection carried out thereon that granite of the said size had been used only for less than 25 per cent of the construction. It was observed that the rest of the area of more than 75 per cent had been constructed with granite of the size 12 x 16 (200 x 400 mm) in breach of



the British Standard, BS 8002, 1984 according to which, the maximum size of the granite to be used in the gabion boxes should be 200 mm. In this backdrop, the application of the larger granite in the gabion boxes could damage them, and those walls had not been built in accordance with the Standards.

- (vi) The works relating to the development of canals stretching over 2,889 meters in the Zone No.1 had been packaged into 34 sub projects and awarded the contracts. The reasons for dividing the contract in terms of 54m, 68m, 100m, and 110m had not been explained to audit. Under this circumstance, an extensive cost had been incurred on publishing newspaper advertisements in 3 languages for the development of the canal stretching over 2,889m. Furthermore the action had been taken to estimate and pay preliminaries over Rs.1 million for activities such as construction of toilets for sanitation, construction of offices, and allocation of technical officers in respect of each of those sub contracts.
- (vii) Under the Raththanapitiya Katuela Development Programme, it had been planned to demolish and remove a bridge, located on the way to a business place in Raththanapitiya old Kesbewa road, and subsequent to the development of canal it had scheduled to be reconstructed. However, a sum of Rs.1.84 million had been paid to the above business owner for that bridge.
- (viii) Although the Cabinet of Ministers had decided to obtain observations from the Ministry of Land and Land Developments, a sum of Rs.31.07 million had been paid without obtaining said observations.
- (ix) Without obtaining the recommendations from the Committee on Confirmation of Ownership of the properties, a sum of Rs.3 million had been paid to 12 co-families as compensations during the year under review.
- (x) A sum of Rs.35.52 million had been paid for the constructions and structures that had been removed due to security reasons, without having a Cabinet Decision and without obtaining a compensation report from the Government Valuer.



- (f) The Divisional Secretariat of Ja-Ela had informed the Corporation that to take immediate actions regarding the unauthorized filling of a land of about 4 acres in extent situated in Ekala Madama Junction adjoining to the Valukarama Temple. However, immediate actions had not been taken by the Corporation and instead examination had been conducted after 10 days and due to summon of the unauthorized land filler to the examination and within that period complete the filling of land.

Even though a legal action had been taken by the Corporation regarding the unauthorized filling after lapse of 2 months in terms of the legal authority given by the Act, due to failure of the Corporation to prove the casing effects to strom water flows and to the flooding patterns the court had rejected the case.

- (g) According to a Cabinet Decision, a land extent of 3.05 perchs had been leased to a person for 99 years in the year 1993. Subsequently, that land had been leased to another person in the year 2005 by cancelling the first lease agreement for remaining 84 years and for the first rental value, without being made a revaluation. After that, the second lease holder had also been sub leased the land in the year 2010. The Corporation had taken action to enter into the sub lease agreement base on the decision made by the Board of Directors and cancelling first lease agreement signed as per the Cabinet decision and without having the provisions to do so in the first lease agreement.
- (h) Without conducting the procurement by the Committee appointed by the Secretary to the Line Ministry according to Section 2.7.5 of the Government Procurement Guideline steel piles valued at Rs.73.71 million had been purchased in the preceding year, by an another Committee.
- (i) Over stating of income of the Corporation for the preceding year by Rs.3,332.94 million due to stating of receivables from the Treasury for the expenditure incurred on Warasgaga Project, instead of being stated as differed income.



6.7 Fulfillment of the Social Responsibility

The following observations are made.

- (a) Even though the Corporation had gazetted the low, marshy, barren or swamp lands situated in 5 provinces in Sri Lanka, a mechanism had not been introduced to identify the unauthorized reclamations and unauthorized settlements and officers had not also been attached to investigate this situation. Hence, it could not be accepted in audit that the corporation would directly face to various social and environmental issues.
- (b) Even though the land acquisition activities of the Warasgaga storm water drain and environment development project had been delayed for over 05 years, the progress of land acquisition process was at very low level. As a result, the residents in the affected houses had been suffered from hopeless situation. It was further observed that some homes located in the canal banks had been sunk due to the development works carrying out in the canals. Acquisition of lands without having a proper plan and a study and vibration generated due to use of old machineries for the canal development activities had been directly attributed to create this situation. As well, the scheduled canal development works carried out in the said affected places had been suspended and the Corporation had failed to solve the said problems.
- (c) Out of the lands acquired by the Government under the Greater Colombo canals and Drain Systems Rehabilitation Project, extent of 990 acres and supervision and controlling activities coming under the Corporation, various unauthorized settlers had settled in 62 acres. Of that, some of lands plots had been transferred to various parties under transfer deeds by the Municipal Councils. Not registration of the acquired lands under the Project in the Land Registration Office was directly attributed for that situation. Without being carried out a technical evaluation to assess the effect for the water reservation areas owing to divesting, 79 acres of those lands had been divested up to end of the year under review.



7. Systems and Controls

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

<u>Areas of Systems and Controls</u>	<u>Observations</u>
(a) Stock Controls	<p>(i) A Store keeper and the Security officers had not been employed at some of sites of the Corporation and stock Registers and the registers to be maintained by the Security officers had not been maintained at those sites.</p> <p>(ii) Due to not recording of receiving and issuing of goods of the stores belonging to the Corporation, the stock value that had been existed at a particular time could not be able to identify and monthly reports relating to the stock balances at the sub- stores had not been furnished to the main stores. Also, a monthly report relating to stock balances at the main stores had not been furnished to the Head Office.</p> <p>Due to that reasons, the Corporation had failed to maintain a effective stock management system.</p>
(b) Contract Administration	<p>(i) Failure to implement the planned projects, poor progress in the contracts, failure of certain constructions to comply with Standards.</p> <p>(ii) Many contracts taken over by the Corporation had been performed through the sub - contractors and significant variances</p>



were existed between the estimated prices of the Corporation and the prices furnished by the sub - contractors.

- (iii) The huge differences were observed between the cost estimates prepared by the Corporation and actual costs of the contracts.
 - (iv) Not awarding of contracts according to the Government Procurement Guideline and not taking of action to obtain performance bonds from the contractors.
- (c) Procurement Process
- (i) Procurements had been made based on the previously, decided bids without calling for competitive bids.
 - (ii) Without knowing the supply Division of the Corporation, the procurement activities had been conducted by the various divisions of the Corporation.
 - (iii) Selling and leasing of certain lands without assessing the present value of the lands.
 - (iv) Release of full payment to some suppliers before receiving the goods to the stores.
- (d) Financial Management
- (i) Failure to settle the advances immediately after completing the relevant work.
 - (ii) Failure to settle the loan installments and interest in a timely manner in terms of loan agreements.
 - (iii) Investment of loan funds deviating from the objectives of obtaining of loans.



- (iv) Incurring of expenditure for unapproved programmes in the budget and action plan.
- (v) Failure to recover rent according to the agreements.
- (vi) Utilization of Government grants, received for various programs, contrary to objectives of the grants.
- (vii) Delaying remittance of Nation Building Taxes to the Department of Inland Revenue.
- (e) Accounting
 - (i) Instances were existing in not following of Accounting Standards.
 - (ii) As the assets and liabilities had not been accurately identified, and accounted in the statement of financial position, the value thereof had either been over calculated or under calculated.
 - (iii) Not including of supporting documents to the Journal Entities.
- (f) Security activities in the Services Division

In order to record the spair parts, used for the repairing of motor vehicles, brought in to the premises and taken out from the premises, register had been maintained by the Security Division. However, in some instances, old spair parts of some servicing motor vehicles that had been taken out from the Service Division to purchase the spair parts and servicing them had not been handed over.
- (g) Management of working papers in the Service Centre
 - (i) No procedure to identify the completed and uncompleted works at a particular time, out of the works received to the service centre of the Corporation.



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NATIONAL AUDIT OFFICE

- (ii) Even though it had been prepared a separate working paper for identified works when start the services of the vehicles, which had not been updated with the main working paper. As a result, the particulars relating to the total services performed could not be identified through the main working paper.

H.M.Gamini Wijesinghe
Auditor General

STATEMENT OF COMPREHENSIVE INCOME

		GROUP		CORPORATION	
		2017	2016	2017	2016
For the Year ended 31 st December			(Restated)		(Restated)
		Rs 000	Rs 000	Rs 000	Rs 000
	Note				
Revenue	1	8,847,735	9,409,243	7,184,570	7,810,893
Direct Cost	2	(6,461,453)	(7,077,290)	(4,966,414)	(5,602,784)
Gross Profit		2,386,282	2,331,953	2,218,156	2,208,109
Other Operating Income	3	121,766	63,226	100,176	50,138
Gross Profit with Other Income		2,508,048	2,395,179	2,318,332	2,258,247
Administrative Expenses		(1,064,798)	(867,154)	(917,959)	(784,738)
Depreciation		(235,172)	(89,400)	(226,703)	(82,423)
Promotional Expenses		119,130	21,556	120,258	11,732
Other Operating Expenses		(72,032)	(78,188)	(70,434)	(69,905)
Profit from Operations	4	1,255,176	1,381,993	1,223,494	1,332,913
Finance Cost	5	(399,690)	(351,386)	(397,705)	(347,608)
Finance Income	6	392,726	150,610	380,499	146,840
Amortization of Deferred Income	7	179,561	344,600	179,561	344,600
Profit before Taxation		1,427,773	1,525,817	1,385,849	1,476,745
Taxation	8	(347,236)	(304,437)	(327,091)	(282,755)
Profit for the year		1,080,537	1,221,380	1,058,758	1,193,990
Profit Attributable to:					
Equity Holders of the Parent		1,076,181	1,215,902	1,058,758	1,193,990
Non Controlling Interest		4,356	5,478	-	-
Other Comprehensive Income					
Actuarial Gain/(Loss) on Defined Benefit Plans	18	(22,617)	4,569	(22,617)	4,569
Surplus on Revaluation of PPE		28,126	-	-	-
Total Other Comprehensive Income for the year		5,509	4,569	(22,617)	4,569
Total Comprehensive Income for the year		1,086,046	1,225,949	1,036,141	1,198,559
Total Comprehensive Income attributable to :					
Equity Holders of the Parent		1,076,065	1,220,471	1,036,141	1,198,559
Non Controlling Interest		9,981	5,478	-	-

The Accounting Policies and Notes on pages 119 to 136 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31 st December		GROUP		CORPORATION	
		2017	2016 (Restated)	2017	2016 (Restated)
Note	Rs.000	Rs.000	Rs.000	Rs.000	
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	9	2,136,968	1,557,230	2,071,406	1,530,415
Investment Properties	10	1,361,098	1,526,533	1,361,098	1,526,533
Investment in Subsidiary Companies	11	-	-	2,000	2,000
Deferred Tax Assets		77,496	185,010	50,688	159,183
		3,575,562	3,268,773	3,485,192	3,218,131
Current Assets					
Inventories	12	1,450,798	2,045,492	1,374,193	1,975,518
Trade & Other Receivables	13	6,676,986	4,987,534	6,052,156	4,448,633
Amount due from Related Parties	14	-	-	87,646	37,525
Cash & Cash Equivalents	15	3,829,504	3,614,291	3,619,648	3,420,206
		11,957,288	10,647,317	11,133,643	9,881,882
Total Assets		15,532,850	13,916,090	14,618,835	13,100,013
EQUITY & LIABILITIES					
Capital & Reserves					
Contributed Capital		1,000	1,000	1,000	1,000
Asset Replacement Reserve		1,471	1,471	-	-
Asset Revaluation Reserve		22,501	-	-	-
Capital Reserve		13,461	13,461	13,461	13,461
Retained Earnings		4,809,881	3,756,317	4,593,356	3,557,215
Non Controlling Interest		60,624	50,643	-	-
Total Capital & Reserves		4,908,938	3,822,892	4,607,817	3,571,676
Non-Current Liabilities					
Medical Fund		44,631	36,585	44,631	36,585
Compensation Payable on Lands Acquired		214,366	190,385	214,365	190,385
Deferred Taxation		196,285	209,167	195,001	209,167
Deferred Income	16	832,735	796,095	832,735	796,095
Interest Bearing Loans & Borrowings	17	14,599	1,026,075	-	1,019,392
Retirement Benefits Obligation	18	381,848	343,518	263,916	235,163
		1,684,464	2,601,825	1,550,648	2,486,787
Current Liabilities					
Interest Bearing Loans & Borrowings	17	2,810,319	1,784,775	2,802,020	1,778,376
Trade & Other Payables	19	2,328,714	1,736,215	1,772,848	1,387,136
Amount due to Related Parties	20	-	-	121,764	35,947
Taxation		349,237	225,700	333,268	213,408
Provision for Land Filling		351,126	351,126	351,127	351,126
Dividend Payable		1,222	4,555	-	-
Advances Received	21	3,047,549	3,344,598	3,047,549	3,261,856
Bank Overdrafts	15	51,281	44,404	31,794	13,701
		8,939,448	7,491,373	8,460,370	7,041,550
Total Liabilities		10,623,912	10,093,198	10,011,018	9,528,337
Total Equity & Liabilities		15,532,850	13,916,090	14,618,835	13,100,013

The Accounting Policies and Notes on pages 119 to 136 form an integral part of these Financial Statements.

The Financial Statements have been prepared and presented in compliance with Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka.



JAPK Jayasinghe
Deputy General Manager (Finance)



Eng. K. Rajapakse
Actg. General Manager

The Board of Directors is responsible for the preparation & presentation of these Financial Statements. Signed for and on behalf of the Board by:



Roshan Gunawardena
Chairman
12th July 2018



SC Diddeniya
Director

STATEMENT OF CHANGES IN EQUITY**GROUP**

Description	Contributed	Capital	Assets	Assets	Retained	Non	Total
	Capital	Reserve	Replacement	Revaluation	Earnings	Controlling	
	Rs'000	Rs'000	Reserve	Reserve	Rs'000	Interest	Rs.000
			Rs'000	Rs'000		Rs'000	
Balance as at 01.01.2016	1,000	13,461	1,184	-	2,532,502	46,877	2,595,024
Over Provision of Related Party Payable in previous years	-	-	287	-	3,344	(1,712)	1,919
Profit for the year 2016	-	-	-	-	1,215,902	5,478	1,221,380
Actuarial Gain on Defined Benefit Plan	-	-	-	-	4,569	-	4,569
Balance as at 31.12.2016 (Restated)	1,000	13,461	1,471	-	3,756,317	50,643	3,822,892
Profit for the year 2017	-	-	-	-	1,076,181	4,356	1,080,537
Actuarial Loss on Defined Benefit Plans	-	-	-	-	(22,617)	-	(22,617)
Surplus on Revaluation of PPE	-	-	-	22,501	-	5,625	28,126
Balance as at 31.12.2017	1,000	13,461	1,471	22,501	4,809,881	60,624	4,908,938

CORPORATION

Description	Contributed	Capital	Retained	Total
	Capital	Reserve	Earning	
	Rs.000	Rs.000	Rs.000	Rs.000
Balance as at 01.01.2016	1,000	13,461	2,358,656	2,373,117
Profit for the year 2016	-	-	1,193,990	1,193,990
Actuarial Gain on Defined Benefit Plans	-	-	4,569	4,569
Balance as at 31.12.2016 (Restated)	1,000	13,461	3,557,215	3,571,676
Profit for the year 2017	-	-	1,058,758	1,058,758
Actuarial Loss on Defined Benefit Plans	-	-	(22,617)	(22,617)
Balance as at 31.12.2017	1,000	13,461	4,593,356	4,607,817

The Accounting Policies and Notes on 119 to 136 form an integral part of these Financial Statements.

CASHFLOW STATEMENT

For the Year ended 31 st December	GROUP		CORPORATION	
	2017	2016	2017	2016
	Rs.000	(Restated) Rs.000	Rs.000	(Restated) Rs.000
Cash Flows from Operating Activities				
Net Profit/(Loss) before Taxation	1,427,773	1,525,817	1,385,849	1,476,745
Adjustments for :				
Unclaimed value on Crown Lands	-	(13,413)	-	(13,413)
Reversal of Depreciation Policy Changes	-	(78,579)	-	(78,579)
	1,427,773	1,433,825	1,385,849	1,384,753
Adjustments				
Depreciation	81,229	75,447	69,733	68,470
Provision for Doubtful Debts	18,893	(15,867)	(132,300)	(15,867)
Bad Debts Written Off	-	11,105	-	-
Finance Costs	398,842	348,550	395,430	346,761
Finance Income	(392,726)	(143,611)	(356,989)	(139,841)
Profit on sale of Property Plant & Equipment	(171)	(2,124)	(171)	(2,124)
Provision for Slow Moving Inventories	(187)	17,308	(187)	17,309
Provision for Compensation for Sold Lands	848	890	848	890
Amortization of Leased Land	(122)	(24)	(122)	(24)
Provision for Defined Benefit Obligations	61,511	78,105	38,675	33,522
Operating Profit before Working Capital Changes	1,595,890	1,803,604	1,400,766	1,693,849
Changes in Working Capital				
(Increase)/Decrease in Inventories	494,048	2,644,660	499,865	2,429,024
(Increase)/Decrease in Work Completed Projects	(176,537)	61	(176,537)	61
(Increase)/Decrease in Deposits & Prepayments	(98,084)	(26,834)	(98,084)	(20,794)
(Increase)/Decrease in Mobilization Advance Paid	113,468	(278,968)	113,468	(228,090)
(Increase)/Decrease in Trade & Other Receivables	(1,420,900)	(4,242,747)	(1,225,134)	(3,701,303)
(Increase)/Decrease in Amounts due from Related Parties	-	-	(50,121)	(3,798)
Increase/(Decrease) in Amount due to Related party	-	-	85,629	17,667
Increase/(Decrease) in Trade & Other Payables	285,963	2,526,522	173,954	2,115,950
Cash Generated from Operations	793,848	2,426,298	723,806	2,302,566
Income Tax Paid	(127,863)	(27,891)	(111,973)	(2,541)
Gratuity Paid	(45,800)	(37,823)	(32,541)	(27,880)
Net Cash flows from Operating Activities	620,185	2,360,584	579,292	2,272,145
Cash Flows from Investing Activities				
Acquisition of Property, Plant & Equipment	(282,406)	(132,674)	(277,192)	(126,897)
Interest Income Received	265,835	130,438	265,835	130,439
Proceeds from Sale of Property, Plant & Equipment	113	2,326	113	2,355
Net Cash used in Investing Activities	(16,458)	90	(11,244)	5,897
Cash Flows from Financing Activities				
Interest and Compensation Paid	(1,206)	(23,131)	(1,206)	(23,131)
Lease Rental Paid	(394,185)	(285,886)	(385,493)	(278,247)
Net Cash used in Financing Activities	(395,391)	(309,017)	(386,699)	(301,378)
Net Increase/(Decrease) in Cash and Equivalents	208,336	2,051,657	181,349	1,976,664
Cash and Cash Equivalents at the beginning of the Year	3,569,887	1,518,230	3,406,505	1,429,841
Cash and Cash Equivalents at the End of the Year (Note 15)	3,778,223	3,569,887	3,587,854	3,406,505

The Accounting Policies and Notes on 119 to 136 form an integral part of these Financial Statements.

SIGNIFICANT ACCOUNTING POLICIES

1. CORPORATE INFORMATION

1.1 Reporting Entity

Sri Lanka Land Reclamation and Development Corporation is a Public Corporation domiciled in Sri Lanka. The Corporation was incorporated on September 22, 1968 by Act No.15 of 1968.

The registered office and the principal place of business of the Corporation is situated at No. 03 Sri Jayawardenepura Mawatha, Welikada, Rajagiriya.

1.2 Consolidated Financial Statements

The consolidated financial statements of Sri Lanka Land Reclamation and Development Corporation and for the year ended 31st December 2017 comprise the Corporation and its two subsidiaries (together referred to as the "Group"). The financial statements of all entities in the group have a common financial year which ends on 31st December. Sri Lanka Land Reclamation and Development Corporation do not have any identifiable parent of its own. The Corporation is the ultimate parent of the Group.

1.3 Principal Activities and Nature of Operations

During the year principal activities of the Corporation and its subsidiaries were as follows.

Name of the Entity	Nature of Business
Sri Lanka Land Reclamation and Development Corporation	Drainage improvements, land developments, urban landscaping, management of wetlands, mining and sale of offshore sand, waste management, civil constructions and providing related engineering services
Land Reclamation and Development Company Ltd	Manufacturing of cement blocks and pre cast items, civil constructions
LRDC Services (Private) Ltd	Providing security services and manpower supply

Both subsidiaries of the Corporation have been incorporated in Sri Lanka under the Companies Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 General Accounting Policies

2.1.1 Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

2.1.2 Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets that have been measured at fair value through profit or loss.

2.1.3 Presentation and Functional Currency

The consolidated financial statements are presented in Sri Lanka Rupees which is the functional and presentation currency of the Group.

2.1.4 Statement of Compliance

The statement of financial position, statement of comprehensive income, statement of changes in equity and cash flow, together with accounting policies and notes ("financial statements") of the Corporation and the Group as at 31st December, 2017 and for the year then ended have been prepared in compliance with Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka.

SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

2.1.5 Going Concern

The Directors have made an assessment of the Corporation and its subsidiaries' ability to continue as going concerns and do not intend either to liquidate or curtail the operations.

2.1.6 Comparative Information

The accounting policies have been consistently applied by the Corporation and the Group with those of previous year in accordance with the Sri Lanka Accounting Standards – LKAS 01 on “Presentation of Financial Statements”. Comparative information is re-classified wherever necessary to conform to the current presentation.

2.1.7 Materiality Aggregation and Offsetting

Assets and liabilities, income and expenses are not offset unless it is required or permitted by an Accounting Standards

Each material class of items is presented separately in the financial statements. Items of the similar nature or functions are presented in aggregate unless they are material.

2.1.8 Significant Accounting Judgments, Estimates and Assumptions

The preparation of Group's financial statements requires management to make judgments, estimates and assumptions that would affect the reported amounts of revenue, expenses, assets and liabilities and the disclosures. Any material adjustments causing to the carrying amounts of assets and liabilities due to these judgments, estimates and assumptions are considered in the next financial year

2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Corporation and its subsidiaries as at 31st December, 2017. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continues to be consolidated until the date when such control ceases.

a) Subsidiaries

Subsidiaries are all entities over which the Group has the power directly to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Group controls another entity. Subsidiaries are fully consolidated from the date which the control is transferred to the Group. They are de-consolidated from the date that control ceases.

Name of the Entity	Effective Holding
Land Reclamation and Development Company Ltd (REDECO)	80%
LRDC Services (Private) Ltd	80%

Total profits and losses of the Corporation and of its subsidiaries are included in consolidated statement of comprehensive income. All assets and liabilities of the Corporation and of its subsidiaries are included in the consolidated statement of financial position.

b) Non controlling interest

The interest the outside shareholders in net assets of the Group and proportion of the profit after taxation applicable to outside shareholders are stated separately in the consolidated statement of financial position and the consolidated statement of comprehensive income under the heading “Non Controlling Interest”

SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

c) Transaction eliminated on Consolidation

All intra group balances, income and expenses and unrealized gains and losses and dividends resulting from intra group transactions are eliminated in full.

2.3 Assets and Bases of their Valuation

2.3.1 Property, Plant & Equipment

Property, Plant and Equipment are stated at cost of purchase or construction, less accumulated depreciation. Cost of purchase or construction includes any attributable cost of bringing the assets to its intended working condition or use.

Depreciation

Depreciation is provided to write off the cost of Property Plant and Equipment on a straight-line basis over their estimated useful lives as disclosed below.

Leasehold Land	Over the Lease period
Buildings-Permanent	Over 20 years
Buildings-Semi Permanent	Over 10 years
Structures on Possession owned Lands	Over 10 years
Furniture & Fittings	Over 10 years
Office Equipment	Over 8 years
Light Passenger Vehicles	Over 5 years
Plant & Machinery and Equipment	
- Earth Moving and Dredging Equipment	Over 10 years
- Material Handling Equipment	Over 10 years
- Other Plant & Machineries	Over 4 years
Communication Equipment	Over 4 years
Bicycles and Small Workshop Equipment	Over 2 years
Convertainers	Over 10 years

No depreciation is provided to write off the cost of the freehold lands.

The depreciation of an asset begins when it is available for use and ceases on the date when the asset is derecognized.

2.3.2 Investment Properties

Investment property is a property held to earn rental income but not held for sale in the ordinary course of business or using it for the production or supply of goods or services or for administration purposes. Investment properties are stated at the acquisition cost and subsequent development costs.

2.3.3 Inventories

Inventories are valued at the lower of cost and estimated net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

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

General Stocks	- At purchase cost on FIFO basis
Sea Sand Stock	- At the dredging cost plus percentage for wastage

2.3.4 Work-in-Progress

Work-in-progress relates to long term construction projects in progress at the date of the Statement of Financial Position and is valued at direct cost comprising of material, labour and direct overheads attributable to the projects.

2.3.5 Trade and Other Receivables

Trade receivables are recognized at the amounts they are estimated to realize net of provisions for impairment. Other receivables and dues from related parties are recognized at fair value less provision for impairment. Provision is made in the accounts for bad and doubtful debts by considering their level of recoverability.

SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

2.3.6 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purpose of Cash Flow Statement cash and cash equivalents consist of cash in hand and deposits at Banks including REPO and Treasury Bills and net of Bank Overdrafts.

2.3.7 Government Grants

Government grant received in the form of long term assets, has been recognized as a Deferred Income and annually recognized as an income over the useful life of the asset based on the capital approach.

Government grants (except long term assets) received during the year relating to operating activities have been recognized in full in the Statement of Comprehensive Income. The related costs are charged to the statement of Comprehensive Income in the same period.

Conditions and other contingencies attaching to the government grants will be considered and disclosed.

2.4 Liabilities and Provisions

2.4.1 Liabilities

Liabilities classified under current liabilities in the statement of financial position are expected to fall due within one year from the statement of financial position date. Items classified as non-current liabilities are those expected to fall due at a point of time after one year from the reporting date.

2.4.2 Retirement Benefit Obligations

2.4.2.1 Defined Benefits Plans- Gratuity

The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of defined benefit obligation as calculated annually by

independent actuaries using Project Unit Credit (PUC) method as recommended by LKAS 19-“Employees Benefit”. Actuarial gains & losses for defined benefit plans are recognized in full in the period in which they occur in other comprehensive income.

However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for gratuity payment to an employee arises only after the completion of five years of continued service.

2.4.2.2 Defined Contribution Plans

Employees are eligible for Employees’ Provident Fund Contributions and Employees’ Trust Fund Contributions in line with respective statutes and regulations.

(a) Employees Provident Fund

The Corporation contributes 12% and employees contribute 10% to the Employees’ Provident Fund.

(b) Employees Trust Fund

The Corporation contributes 3% on behalf of the employees to the Employees’ Trust Fund.

2.4.3 Taxation

a) Income Tax

Provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No.10 of 2006 and subsequent amendments thereto.

b) Deferred Tax

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

Deferred tax is measured at the tax rates that are expected to apply in the year when the

SIGNIFICANT ACCOUNTING POLICIES (Contd.,)

asset is realized or the liability is settled based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

2.5 Statement of Comprehensive Income

2.5.1 Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue and associated cost incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

a) Sale of Goods

Revenue from the sale of goods is recognized when the significant risks and of ownership of the goods have passed to the buyer, usually on delivery of the goods.

b) Rendering of Services

Revenue from rendering of services is recognized by reference to the stage of completion.

c) Income from Land Sales

When lands are sold by Tender or by other mode, the sale value is taken to revenue generally when the transfer deed has been executed or else if all payments have been received and there is no likelihood of the sale not being executed by transfer deed.

d) Construction Contracts

Construction revenue include the initial amount agreed in the contract plus any variations in contract work, claims and

incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognized in the statement of comprehensive income in proportion to the stage of completion of the contract.

Stage of completion is determined by reference to the contract costs incurred up to the reporting date. Contract costs are usually recognized in the accounting periods in which the work to which they relate is performed.

e) Interest Income

Interest Income is recognized on an accrual basis.

f) Dividend Income

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

g) Other Income

Other Income is recognized on an accrual basis.

2.6 Extraordinary Items

All relevant details have been disclosed in notes to the accounts.

2.7 Events Occurring After the Statement of Financial Position Date

All material events occurring after the statement of financial position date have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

	GROUP		CORPORATION	
	2017 Rs.000	2016 (Restated) Rs.000	2017 Rs.000	2016 (Restated) Rs.000
1 Revenue				
Land Sales	492,136	55,112	492,136	55,112
Reclamation & Dredging Income	492,863	536,486	495,610	536,486
Construction Projects Income	1,013,408	757,423	826,433	430,888
Sea Sand Sales	1,442,968	672,097	1,441,238	672,097
Lease of Lands	150,594	134,993	150,594	134,993
Consultancy Services	25,092	66,473	25,092	66,473
Land Clearance Income	31,340	17,767	31,340	17,767
Income from Income Generating Projects	108,622	95,694	108,622	95,694
Fertilizer Projects Income	481,801	332	481,801	332
Plant & Equipment Division	459,545	471,421	459,545	471,421
Advertisement Board Income	7,148	6,988	7,148	6,988
Rent Income	27,896	31,351	28,141	31,351
Service Center Income	23,794	19,831	23,794	19,831
Sale of Blocks & Hume Pips	59,061	59,107	-	-
Income from Security Services	1,533,955	1,212,707	-	-
Miscellaneous Projects Income	50,100	4,641	50,100	4,640
	6,400,323	4,142,423	4,621,594	2,544,073
Income from Treasury Funded Projects	2,016,641	2,296,812	2,132,205	2,296,812
Income from Weras Ganga Projects	837,102	3,332,941	837,102	3,332,941
	9,254,066	9,772,176	7,590,901	8,173,826
Internal Hire Charges for Workshop Machineries	(406,331)	(362,933)	(406,331)	(362,933)
	8,847,735	9,409,243	7,184,570	7,810,893
2 Cost of Sales				
Cost of Land Sold	136,615	598	136,615	598
Cost of Reclamation & Dredging Projects	377,337	351,508	380,084	360,378
Cost of Construction Projects	818,961	715,219	653,829	363,568
Cost of Sea Sand Sold	807,348	464,932	807,524	466,590
Cost of Income Generating Projects	52,641	11,338	52,641	37,686
Cost of Plant and Equipment Division	512,980	452,791	512,980	452,791
Cost of Fertilizer Projects	251,719	139	251,719	139
Cost of Service Centers	27,375	28,212	27,375	28,212
Cost of Providing Security & Cleaning Services	1,529,915	1,174,706	-	-
Cost of Miscellaneous Projects	3,756	15,025	3,756	15,149
	4,518,647	3,214,468	2,826,523	1,725,111
Cost Incurred on Treasury Funded Projects	1,907,466	1,239,575	2,104,551	1,254,426
Cost Incurred on Weras Ganga Project	441,671	2,986,180	441,671	2,986,180
	6,867,784	7,440,223	5,372,745	5,965,717
Internal Hire Charges for Workshop Machineries	(406,331)	(362,933)	(406,331)	(362,933)
	6,461,453	7,077,290	4,966,414	5,602,784
3 Other Operating Income				
Profit on Sale of PPE	171	3,791	171	3,791
Exchange Gain	4,676	86	4,676	86
Hiring of Offshore Sand Borrow site	43,855	-	43,855	-
Miscellaneous Income	73,064	59,349	51,474	46,261
	121,766	63,226	100,176	50,138

NOTES TO THE FINANCIAL STATEMENTS (Contd.,)

	GROUP		CORPORATION	
	2017 Rs.000	2016 (Restated) Rs.000	2017 Rs.000	2016 (Restated) Rs.000
4 Profit/(Loss) from Operations				
<i>Is stated after charging all expenses including,</i>				
Directors' Emoluments	1,960	3,507	1,150	740
Auditors' Remuneration	534	993	531	434
Defined Contribution Plan Cost - EPF & ETF	182,038	160,344	156,238	138,461
Defined Benefit Plan Cost-Retirement Gratuity	61,511	78,105	38,675	33,522
Exchange Loss	14,151	290	14,151	290
Provision for Bad & Doubtful Debtors	18,893	(15,868)	18,206	(15,868)
Depreciation on Property Plant & Equipment	235,172	89,400	226,703	82,423
5 Finance Costs				
Interest on Banks Loans	395,430	346,761	395,430	346,761
Interest on Compensation Payable for Land	2,275	847	2,275	847
Overdraft Interest	282	1,517	-	-
Finance Charges on Leases	1,703	2,261	-	-
	399,690	351,386	397,705	347,608
6 Finance Income				
Interest Income on REPO Investments	69,059	78,074	68,963	74,348
Investment Income on Fixed Deposits	302,537	65,537	288,026	65,493
Staff Loan Interest	8,219	6,999	7,830	6,999
Interest on Related Party Loan	-	-	2,769	-
Penal Interest on Lease Rentals	12,911	-	12,911	-
	392,726	150,610	380,499	146,840
7 Amortization of Deferred Income				
Amortization of Assets under MCUDP	132,919	106,042	132,919	106,042
Amortization of Assets under Lunawa Project	24,739	1,639	24,739	1,639
Amortization of GOSL GCFC&EI Project	-	220,243	-	220,243
Amortization of Assets under Kimbulawala Project	1,576	1,559	1,576	1,559
Amortization of Assets under Weras Ganga Project	14,983	13,434	14,983	13,434
Amortization of Treasury Grant Projects	3,894	1,634	3,894	1,634
Amortization of Dredging International	90	49	90	49
Amortization of Motor Vehicle - Ministry	506	-	506	-
Amortization of Kerawalapitiya Waste Park	854	-	854	-
	179,561	344,600	179,561	344,600
8 Provision for Taxation				
Provision for Income Tax	252,908	245,547	232,763	223,865
Deferred Tax Provision/ (Reversal)	94,328	58,890	94,328	58,890
	347,236	304,437	327,091	282,755
8.1 Income Tax				
Profit/Loss before Taxation	1,427,773	1,525,817	1,385,849	1,476,745
Add: Disallowable Expenses	355,886	331,536	316,794	271,083
	1,783,659	1,857,353	1,702,643	1,747,828
Less: Allowable Expenses	(825,111)	(848,756)	(804,224)	(864,257)
Trade Profit/(Loss)	958,548	1,008,597	898,419	883,571
Interest Income	380,498	137,176	380,498	137,176
Loss set off	(435,804)	(268,819)	(447,619)	(221,228)
Taxable Income/(Loss)	903,242	876,954	831,298	799,519
Effective Tax Rate	28%	28%	28%	28%
Income Tax Provision	252,908	245,547	232,763	223,865

NOTES TO THE FINANCIAL STATEMENTS (Contd.,)
9 A Property, Plant & Equipment (Group)

Description of Assets	Cost/Valuation			Depreciations			Net Book Value	
	Balance As at 01.01.2017	Revaluation Adjustment	Additions During the Year	Disposals During the Year	Balance As at 31.12.2017	Charge for the year	On Disposals	Balance As at 31.12.2017
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
At Cost								
Freehold Lands	6,003	-	-	-	6,003	-	-	6,003
Leasehold Lands	1,208	-	8,803	-	10,011	-	-	910
Structures on Possession on	15,640	-	22,967	-	38,607	-	-	9,321
Building on Free Hold Land	474,822	-	196,087	(395)	670,514	-	(395)	158,827
Plant & Machinery	1,719,717	-	171,258	(114)	1,890,861	-	(113)	339,764
Motor Vehicles	380,084	(32,227)	76,164	(20,269)	403,752	(32,227)	(2,145)	693,917
Furniture & Fittings	42,624	-	14,848	(151)	57,321	-	(151)	104,110
Office Equipment	28,962	-	3,269	(24)	32,207	-	(24)	25,005
Computer Accessories	54,491	-	13,439	-	67,930	-	-	8,474
Drawing & Survey Instruments	5,800	-	6,841	-	12,641	-	-	18,842
Soil Lab Equipment	28,081	-	34,401	-	62,482	-	-	377
Workshop Equipment	42,383	-	1,027	-	43,410	-	-	2,044
Welfare Equipment	2,957	-	1,697	-	4,654	-	-	1,030
Convertainers	38,780	-	27,072	-	65,852	-	-	667
Bicycles	904	-	732	-	1,636	-	-	28,051
Boats & Engines	25,397	-	4,470	-	29,867	-	-	324
Gym Equipment	15,080	-	1,908	-	16,988	-	-	10,490
Palats	3,565	-	-	-	3,565	-	-	11,915
Software	1,738	-	233	-	1,971	-	-	1
Electronic Equipment	1,127	-	510	-	1,637	-	-	933
Safety Equipment	2,874	-	-	-	2,874	-	-	353
Kitchen Equipment	22,123	-	-	-	22,123	-	-	-
At Valuation								
Motor Vehicles	-	28,126	-	-	28,126	-	-	-
Tools at Valuation	2,914,360	(4,101)	585,726	(20,953)	3,475,032	(32,227)	(2,828)	1,278,138
Capital Work in Progress	-	-	-	-	-	-	-	46,513
								232,579
								1,557,230
								2,136,968

NOTES TO THE FINANCIAL STATEMENTS (Contd.,)

9A.1 The fair value of Motor Vehicles of Subsidiaries was determined by means of a revaluation during the financial year 2017 by Mr. AMDD Alahakoon, an independent valuer in reference to market based evidence. The results of such revaluation were incorporated in these Financial Statements from its effective date which is 31.12.2017. The surplus arising from the revaluation net of deferred taxes was transferred to a revaluation reserve.

9B Property, Plant & Equipment (Corporation)

Description of Assets	Cost of Valuation				Depreciations			Net Book Value	
	Balance As at 01.01.2017	Additions During the Year	Disposals During the Year	Balance As at 31.12.2017	Balance As at 01.01.2017	Change for the year	On Disposals	Balance As at 31.12.2017	As at 31.12.2016
	Rs. 000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Freehold Lands	6,003	-	-	6,003	-	-	-	-	6,003
Leasehold Lands	1,208	8,803	-	10,011	298	121	-	419	910
Structures on Possession on Owned Lands	15,640	22,967	-	38,607	6,319	2,686	-	9,005	9,321
Building on Free Hold Land	459,998	195,547	(395)	655,150	130,422	23,366	(395)	153,393	329,576
Plant & Machinery	1,709,061	171,258	(114)	1,880,205	1,018,420	147,126	(113)	1,165,433	690,641
Motor Vehicles	342,075	40,705	(234)	382,546	243,881	41,852	(234)	285,499	98,194
Furniture & Fittings	38,640	14,243	-	52,883	15,687	4,187	-	19,874	22,953
Office Equipment	18,971	1,266	(24)	20,213	12,622	1,786	(24)	14,384	6,349
Computer Accessories	50,586	11,221	-	61,807	33,714	8,020	-	41,734	16,872
Drawing & Survey Instruments	5,800	6,841	-	12,641	5,423	398	-	5,821	377
Soil Lab Equipment	28,081	34,401	-	62,482	26,037	4,348	-	30,385	2,044
Workshop Equipment	42,383	1,027	-	43,410	41,353	934	-	42,287	1,030
Welfare Equipment	2,957	1,697	-	4,654	2,290	599	-	2,889	667
Convertainers	38,780	27,072	-	65,852	10,729	4,544	-	15,273	28,051
Bicycles	904	732	-	1,636	580	455	-	1,035	324
Boats & Engines	25,397	4,470	-	29,867	14,908	5,232	-	20,140	10,489
Gym Equipment	15,080	1,908	-	16,988	3,165	1,559	-	4,724	11,915
Kitchen Equipment	22,123	-	-	22,123	6,516	5,530	-	12,046	15,607
Safety Equipment	2,874	-	-	2,874	2,874	-	-	2,874	-
Total	2,826,561	544,158	(767)	3,369,952	1,575,238	252,743	(766)	1,827,215	1,251,323
Tools at Valuation									46,513
Capital Work in Progress									232,579
Total									1,530,415
									2,071,406

NOTES TO THE FINANCIAL STATEMENTS (Contd.,)**10. Investment Properties**

	CORPORATION	
	2017	2016
	Rs.000	(Restated) Rs.000
Balance at the beginning of the year	1,526,533	745,573
Transfers from/(to) Inventories	(165,435)	780,960
Balance at the end of the year	1,361,098	1,526,533

10.1 The Corporation applies the cost model of Accounting for Investment Properties.

10.2 Details of the Investment Properties held by the Corporation as at 31/12/2017 are as follows.

Property	Extent			Cost Rs. 000	Estimated Fair Value Rs. 000
Land at Muthurajawela	57A	0R	0P	946,036	2,280,000
Land at Wedamulla	9A	2R	2.14P	113,919	579,556
Land at Ambalangoda	13A	3R	150.6P	22,640	293,825
Land at Kirimandala Mawatha	6A	2R	27P	164,004	2,134,000
Land at Attidiya	2A	1R	33.57P	890	206,907
Land at Narahenpita Model Farm	1A	0R	12P	8,407	129,426
Land at Mudun Ela	140A	1R	38.1P	37,141	-
Land at 9 th Lane – Kotte	0A	0R	16P	3,849	10,803
Land at Ragama	51A	1R	33P	64,212	-
Total				1,361,098	

Above estimated fair values have been determined by reference to the Chief Valuer's Valuation of the Lands in the area. Valuations are not available for lands at Mudun Ela and Ragama.

NOTES TO THE FINANCIAL STATEMENTS (Contd.,)

	GROUP		CORPORATION	
	2017 Rs.000	2016 (Restated) Rs.000	2017 Rs.000	2016 (Restated) Rs.000
11 Investments in Subsidiaries				
Land Reclamation & Development Co. Ltd	-	-	2,000	2,000
*This represents 80% of the issued share capital of REDECO Company Ltd				
12 Inventories				
General Stock	286,600	231,401	267,518	217,075
Sea Sand Stock	434,384	1,113,502	434,384	1,113,502
Work-in-Progress-Development of Lands for Sale	728,439	706,643	728,439	707,454
Work-in-Progress-Client Projects	77,049	69,807	19,526	13,348
	1,526,472	2,121,353	1,449,867	2,051,379
Provision for Slow Moving Stock	(75,674)	(75,861)	(75,674)	(75,861)
	1,450,798	2,045,492	1,374,193	1,975,518
13 Trade & Other Receivables				
Trade Debtors	1,397,805	1,297,109	868,698	866,952
Due from Customers for Contract Works	299,019	-	299,019	-
Receivable from Treasury for Treasury Funded Projects	1,544,288	670,534	1,544,288	670,534
Receivable from Treasury for Weras Ganga Project	2,967,848	2,644,016	2,967,848	2,644,016
Mobilization Advance Paid to Contractor	256,595	410,561	256,595	370,064
Staff Debtors	208,513	160,571	199,952	154,973
Rentals Receivable from Sudunelumpura Housing Scheme	22,349	20,562	22,349	20,562
Other Debtors	271,952	159,607	152,654	60,654
Deposits , Pre payments and Advances	143,675	47,583	126,273	28,190
	7,112,044	5,410,543	6,437,676	4,815,945
Provision for Bad & Doubtful Debts	(435,058)	(423,009)	(385,520)	(367,312)
	6,676,986	4,987,534	6,052,156	4,448,633
14 Amounts Due from Related Parties				
Land Reclamation & Development Company Ltd	-	-	62,288	35,083
Temporary Loan to REDECO	-	-	25,276	-
LRDC Services (Pvt) Ltd	-	-	82	2,442
	-	-	87,646	37,525
15 Cash & Cash Equivalents				
Fixed & Call Deposits	2,926,710	1,279,540	2,796,595	1,161,873
REPO Investments	326,528	2,171,952	326,528	2,171,952
Cash at Bank -Rupee Converted Amount	308,100	2,250	308,100	2,250
Cash in Hand	9,552	1,972	1,468	992
Cash at Bank	245,961	158,577	186,957	83,139
Cash in Transits	12,653	-	-	-
	3,829,504	3,614,291	3,619,648	3,420,206
Bank Overdrafts	(51,281)	(44,404)	(31,794)	(13,701)
Cash & Cash Equivalents for Cash Flow Statement	3,778,223	3,569,887	3,587,854	3,406,505
16 Deferred Income				
Deferred Income (GCFC&EIP)	6,905	9,285	6,905	9,285
Deferred Income (LEI&EIP)	81,683	106,422	81,683	106,422
Deferred Income (World Bank)	650,351	616,223	650,351	616,223
Deferred Income - Motor Vehicles (Ministry)	-	506	-	506
Deferred Income - Dredging International	-	356	-	356
Deferred Income - Treasury Grant	28,561	12,400	28,561	12,400
Deferred Income Treasury Grant - Kimbulawala	10,214	11,790	10,214	11,790
Deferred Income Weras Ganga Project	29,780	39,113	29,780	39,113
Deferred Income Kerawalapitiya waste park	25,241	-	25,241	-
	832,735	796,095	832,735	796,095

16.1 Deferred Income represents the fair value of assets received free of charge for carrying out Special Projects

NOTES TO THE FINANCIAL STATEMENTS (Contd.,)**17 Interest Bearing Loans & Borrowings****17A GROUP**

	2017 Amount Repayable Within 1 year Rs.000	2017 Amount Repayable After 1 year Rs.000	2017 Total Rs.000	2016 Amount Repayable Within 1 year Rs.000	2016 Amount Repayable After 1 Rs.000	2016 Total Rs.000
Finance Leases (17A.1)	8,299	14,599	22,898	6,399	6,683	13,082
Bank Loans (17A.2)	2,802,020	-	2,802,020	1,778,376	1,019,392	2,797,768
	2,810,319	14,599	2,824,918	1,784,775	1,026,075	2,810,850

17A.1 Finance Leases

	As at 31.12.2016 Rs.000	New Leases Rs.000	Repayment Rs.000	As at 31.12.2017 Rs.000	Current As at 31.12.2017 Rs.000	Non - Current As at 31.12.2017 Rs.000
Gross Liability	14,924	22,575	9,025	28,474	10,481	17,990
Finance Charges allocated to future periods	(1,842)	(5,768)	(2,034)	(5,576)	(2,182)	(3,391)
Net Liability	13,082	16,807	6,991	22,898	8,299	14,599

17A.2 Bank Loans

	As at 31.12.2016 Rs.000	Loans Obtained Rs.000	Interest Capitalized Rs.000	Repayments Rs.000	As at 31.12.2017 Rs.000
Term Loan from (NSB)	2,797,768	-	4,252	-	2,802,020
	2,797,768	-	4,252	-	2,802,020

17B CORPORATION

	2017 Amount Repayable Within 1 year Rs.000	2017 Amount Repayable After 1 year Rs.000	2017 Total Rs.000	2016 Amount Repayable Within 1 year Rs.000	2016 Amount Repayable After 1 year Rs.000	2016 Total Rs.000
Bank Loans (17B.1)	2,802,020	-	2,802,020	1,778,376	1,019,392	2,797,768
	2,802,020	-	2,802,020	1,778,376	1,019,392	2,797,768

17B.1 Bank Loans

	As at 31.12.2016 Rs.000	Loans Obtained Rs.000	Interest Capitalized Rs.000	Repayments Rs.000	As at 31.12.2017 Rs.000
Term Loan from NSB (17B.1.1)	2,797,768	-	4,252	-	2,802,020
	2,797,768	-	4,252	-	2,802,020

17B.1.1 The Corporation obtained a term loan facility of Rs. 14,227 million from the National Savings Bank (NSB) for funding the Weras Ganga Storm Water Drainage and Environment Improvement Project. The amount utilized from the facility as at 31st December 2017 is Rs. 2,802 million. This amount is secured by a Rs. 3,500 million Treasury Guarantee issued by the General Treasury. As per the Agreement with the Bank, the loan is repayable in Rs. 593 million bi-annual installments commencing from 23.10.2016. The interest rate applicable is 6 months AWPLR plus 2.5%. However, since the Corporation does not intend to borrow any more from this facility, negotiations are in progress with the Bank to re-schedule the loan obtained.

NOTES TO THE FINANCIAL STATEMENTS (Contd.,)

	GROUP		CORPORATION	
	2017 Rs.000	2016 (Restated) Rs.000	2017 Rs.000	2016 (Restated) Rs.000
18 Retirement Benefit Obligation				
At the beginning of the year	343,518	307,805	235,163	234,089
Provision made during the year	84,128	73,536	61,292	28,953
Payment made for during the year	(45,798)	(37,823)	(32,539)	(27,879)
At the end of the year	381,848	343,518	263,916	235,163
18.1 Provision made during the year				
Current Service Cost	36,344	56,236	13,507	11,653
Interest Cost	25,167	21,869	25,168	21,869
	61,511	78,105	38,675	33,522
Net Actuarial (Gain)/ Loss	22,617	(4,569)	22,617	(4,569)
Total provision made during the year	84,128	73,536	61,292	28,953

18.2 Assumption used for Actuarial Valuation of Gratuity Provision**i. Mortality**

Is based on the service: A67/70 Mortality Table issued by the Institute of Actuaries, London. The rates given in this table represent the probabilities of 'death' occurring with one year of any given age.

ii. Staff Turnover

The staff turnover rates used in this valuation are based on the staff turnover statistics of the Corporation.

iii. Retirement Age:

60 years as specified by Corporation. The employees who aged over the specified retirement age have been assumed to retire on their respective next birthdays.

iv. Rate of Discount

Actuarial valuers use a long term rate of discount of 10.50% per annum.

v. Salary Increases

Valuers use basic salary, salary scale revision and Cost of Living Allowance revision with the next increment due dates. Basic Salary: 0.00% per annum. Salary Scale Revision: 20.00% per annum once in three years with next revision due in 2020 and 25.00% increase with once in 6 years due to promotions in employee grade. COLA: 10.00% per annum with next increment due in 2018.

18.3 Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employee benefit liability measurement.

The sensitivity of the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the employment benefit obligation for the year.

NOTES TO THE FINANCIAL STATEMENTS (Contd.,)

Increase/ (Decrease) in Discount Rate	Increase/ (Decrease) in Salary Escalation Rate	Effect on Employee Benefit Obligation CORPORATION	
		2017 Rs. 000	2016 Rs. 000
1%	*	247,432	216,223
-1%	*	277,862	242,995
*	1%	268,463	235,083
*	-1%	255,754	223,255

The retirement benefit obligation of Sri Lanka Land Reclamation and Development Corporation is based on the Actuarial Valuations carried out by Messers. Actuarial and Management Consultant (Pvt) Ltd. The Corporation adopted the Project Unit Credit method to determine the present value of retirement benefit obligation as recommended by LKAS 19.

	GROUP		CORPORATION	
	2017 Rs.000	2016 (Restated) Rs.000	2017 Rs.000	2016 (Restated) Rs.000
19 Trade & Other Payable				
Trade Creditors	104,907	173,178	96,830	143,426
Contract Creditors	579,794	653,493	579,612	591,813
Interest Payable on Long Term Loans	75,216	69,532	75,216	69,532
Sundry Creditors including Accrued Expenses	1,481,877	647,227	934,688	411,429
Sundry Deposits & Security Deposits	86,920	104,157	86,502	82,308
Due to Customer on Contract Works	-	88,628	-	88,628
	2,328,714	1,736,215	1,772,848	1,387,136
20 Amounts Due to Related Parties				
Land Reclamation & Development Company Ltd	-	-	38,011	23,501
LRDC Services (Pvt) Ltd	-	-	83,753	12,446
	-	-	121,764	35,947
21 Advance Received				
Advance Received for Lease Lands	1,669,111	1,542,629	1,669,111	1,542,630
Advances against Sale of Lands	493,623	966,763	493,623	966,763
Other Advances Received	884,815	835,206	884,815	752,463
	3,047,549	3,344,598	3,047,549	3,261,856

22 . Related Party Transactions/Directors' Interest in Contracts

22.1 Land Reclamation and Development Company Ltd (REDECO) is a subsidiary company of the Corporation. Mr. WMAS Iddawela, the Chairman of the Corporation is also the Chairman of REDECO. Mr. Roshan Gunawardena, the Working Director of the Corporation and Mrs. MASMK Senadheera, the General Manager of the Corporation are also Directors of REDECO.

During the year 2017, the Corporation had following transactions with REDECO.

- Purchase of Cement Blocks and Concrete products for a value of Rs. 16,023,617/- (2016 - Rs. 7,594,129/-)

NOTES TO THE FINANCIAL STATEMENTS (Contd.,)

- Carrying out of the Construction Projects for Rs. 81,263,007/- (2016-Rs. 28,019,137/-)
- Renting of the office building and two blocks of land at Kirimandala Mawatha. The lease rental received for the year 2017 is Rs. 600,000/- (2016-Rs. 600,000/-)
- Granting of Rs. 25,000,000/- temporary loan at an interest rate of 13% per annum. Interest received for the year 2017 - Rs. 2,769,178/- (2016: Rs. Nil)
- The Corporation hires employees of REDECO and for that the Corporation has reimbursed following amounts to REDECO during the year.
 - Payroll Cost Rs. 54,799,280/- (2016: Rs. 32,327,369/-)
 - Management Fee Rs. 1,599,077/- (2016: Rs.887,700/-)

22.2 LRDC Services (Pvt) Ltd is a subsidiary company of the Corporation. Mr. WMAS Iddawela, the Chairman of the Corporation is also the Chairman of LRDC Services (Pvt) Ltd. Mr. Roshan Gunawardena, the Working Director of the Corporation and Mrs. MASMK Senadheera, the General Manager of the Corporation are also Directors of LRDC Services (Pvt) Ltd. During the year 2017, the Corporation had following transactions with LRDC Services (Pvt) Ltd.

- Obtained Security Services for a value of Rs. 44,692,348.79 (2016: Rs. 45,669,728/-)
- Obtained Manpower Services value of Rs. 125,471,862/- (2016: Rs. Nil)
- Received Rent of Rs. 600,000.00 for occupying the Corporation owned property (2016: Rs. 600,000/-)

22.3 Transactions with Key Management Personnel

The key management personnel of the Corporation are the members of its Board of Directors, the General Manager and the two Additional General Managers. Transactions with Key Management Personnel are as follows.

	CORPORATION	
	2017	2016
	Rs.000	(Restated) Rs.000
Short Term Employee Benefits Paid	9,513	8,723
Sitting Fees Paid	1,150	740

23. Assets Pledged

This Corporation has an arrangement with Bank of Ceylon to obtain bank guarantees and Letter of Credit upto of Rs.250 million. Fixed Deposits owned by the Corporation amounting to Rs. 200 million has been pledged as security against this facility.

24. Events after the Balance Sheet date

The Corporation obtained a term loan facility of Rs. 4,000 million from the Bank of Ceylon in February 2018 to finance the project for mining & pumping of 4,000,000 m³ off shore sand for reclamation and stock piling purpose. The applicable interest rate is AWPLR plus 1.25% per annum. The following assets have been pledged as security for this loan.

- I.Primary Mortgage over lot no. 5,6,7 & 8 of Plan No. 4336/SLLRDC/1 (value of the Mortgage is Rs. 2,000 million)
- II. Fixed deposits held by the Corporation amounting to Rs. 1,000 million
- III. Sea sand stock at Muthurajawela (Mortgage value Rs.1,000 million)

NOTES TO THE FINANCIAL STATEMENTS (Contd.,)

25. Contingent Liabilities

There were Nine (9) Legal cases pending against the Corporation as at 31/12/2017 claiming damages and compensation. The details are as follows.

- a) A former General Manager of the Corporation has filed a case claiming back wages amounting to Rs. 1,409,425/-.
- b) Three (3) cases have been filed against the Corporation claiming damages for accidents. The total claim amount is Rs. 16,000,000/-. One of these cases which claim a damage loss of Rs. 1,000,000/- was dismissed by the Courts on 05/04/2018.
- c) Five (5) legal cases are pending against the Corporation claiming compensation for acquisition of lands. The total claim amount is Rs. 365,400,000/-.

Further, the amounts mentioned above are the amounts claimed by the Plaintiff and the actual claim, if any, will be decided by the Courts.

26. Correction of Prior Period Errors

The Corporation financial statements could not recognize Rs.670,534,000/- receivable from the General Treasury for the year ended 31st December 2016, in respect of the carrying out of Treasury Funded Projects of 2016. This error is now identified and corrected in these financial statements by restating the following line items of the previous year financial statements

Financial Statement Line Item	GROUP		CORPORATION	
	As Reported Previously	Restated Amount	As Reported Previously	Restated Amount
	2016	2016	2016	2016
	Rs'000	Rs'000	Rs'000	Rs'000
Revenue (Note 1)	8,738,709	9,409,243	7,140,359	7,810,893
Trade and Other Receivables (Note 13)	4,317,000	4,987,534	3,778,099	4,448,633
Income Tax (Note 8)	136,720	245,547	115,038	223,865
Deferred Tax (Note 8)	(6,822)	58,890	(6,822)	58,890
Taxation Payable (Financial Position)	127,331	225,700	115,039	213,408
Deferred Tax Assets (Financial Position)	250,722	185,010	224,895	159,183
Retained Earnings	3,260,322	3,756,317	3,061,220	3,557,215

NOTES TO THE FINANCIAL STATEMENTS (Contd.,)**27. Comparative Information**

The presentation and classification of following items reported in the previous year (2016) are amended to ensure comparability with the current year presentation.

	GROUP Rs. 000	CORPORATION Rs. 000
Statement of Comprehensive Income		
a) Revenue		
Amount as reported previously in 2016 Annual Report	8,703,691	7,105,341
Rent Income transferred from Other Operating Income	31,351	31,351
Advertisement Board Income transferred from Other Operating Income	6,987	6,987
Sudunelumpura Housing Income transferred to Other operating Income	(3,320)	(3,320)
Current Preparation of the Comparative figure	8,738,709	7,140,359
Correction of Prior Period Errors	670,534	670,534
Restated Amount	9,409,243	7,810,893
b) Other Operating Income		
Amount as reported previously in 2016 Annual Report	183,823	170,735
Reversal of Depreciation due to change of useful life transferred to Depreciation	(78,579)	(78,579)
Rent Income transferred to Revenue	(31,351)	(31,351)
Advertisement Board Income transferred to Revenue	(6,988)	(6,988)
Sudunelumpura housing project Income transferred from Revenue	3,320	3,320
Staff loan interest transferred to Finance Income	(6,999)	(6,999)
Current Preparation of the Comparative figure	63,226	50,138
c) Finance Income		
Amount as reported previously in 2016 Annual Report	143,611	139,841
Staff loan Interest transferred from Other operating income	6,999	6,999
Current Preparation of the Comparative figure	150,610	146,840
d) Depreciation Expenses		
Amount as reported previously in 2016 Annual Report	167,979	161,002
Reversal of Depreciation due to change of useful life transferred to Depreciation	(78,579)	(78,579)
Current Preparation of the Comparative figure	89,400	82,423
e) Administrative Expenses		
Amount as reported previously in 2016 Annual Report	836,503	754,087
Expenses Transferred from Other Operating Expenses	26,082	26,082
Actuarial Gain on Defined Benefit Plans transferred to Other Comprehensive	4,569	4,569
Current Preparation of the Comparative figure	867,154	784,738
f) Other Operating Expenses		
Amount as reported previously in 2016 Annual Report	104,270	95,988
Expenses Transferred from Other Operating Expenses	(26,082)	(26,083)
Current Preparation of the Comparative figure	78,188	69,905
Statement of Financial Position		
g) Property, Plant & Equipment		
Amount as reported previously in 2016 Annual Report	1,315,330	1,288,515
Capital Work in progress Transferred from Inventories	241,900	241,900
Current Preparation of the Comparative figure	1,557,230	1,530,415

NOTES TO THE FINANCIAL STATEMENTS (Contd.,)

	GROUP Rs. 000	CORPORATION Rs. 000
h) Investment Properties		
Amount as reported previously in 2016 Annual Report	745,573	745,573
Work Completed projects transferred from Inventories	320,699	320,699
Work Completed Projects transferred from Other Non Current Assets	460,261	460,261
Current Preparation of the Comparative figure	1,526,533	1,526,533
i) Inventories		
Amount as reported previously in 2016 Annual Report	2,054,368	1,983,583
Capital Work in Progress transferred to PPE	(562,599)	(562,598)
Work Completed -Other Lands transferred from Other Non Current Assets	256,249	256,249
Cost of Lands Acquired transferred from Other Non Current Assets	297,474	298,284
Current Preparation of the Comparative figure	2,045,492	1,975,518
j) Trade & Other Receivable		
Amount as reported previously in 2016 Annual Report	4,322,000	3,783,909
Fund Transfer A/C transferred to Cash & Cash Equivalent	(5,000)	(5,000)
Other Expenses related to Land sales transferred to Inventories	-	(810)
Current Preparation of the Comparative figure	4,317,000	3,778,099
Correction of Prior Period Errors	670,534	670,534
Restated Amount	4,987,534	4,448,633
k) Cash & Cash Equivalent		
Amount as reported previously in 2016 Annual Report	3,046,624	2,970,207
Fund Transfer A/C transferred from Trade & Other Receivable	5,000	5,000
Investment for Deferred Liabilities transferred from other Non Current Assets	562,667	445,000
Current Preparation of the Comparative figure	3,614,291	3,420,207
l) Advance Received		
Amount as reported previously in 2016 Annual Report	1,542,629	1,542,629
Advance against sale of Lands transferred from Trade & Other payables	966,763	966,763
Other Advances Received transferred from Trade & Other Payables	835,206	752,464
Current Preparation of the Comparative figure	3,344,598	3,261,856
m) Deferred Income		
Amount as reported previously in 2016 Annual Report	865,627	865,627
Interest Payable on Long Term Loans transferred to Trade & Other Payable	(69,532)	(69,532)
Current Preparation of the Comparative figure	796,095	796,095
n) Trade & Other Payable		
Amount as reported previously in 2016 Annual Report	3,874,000	3,424,542
Medical Fund separately shown in statement of Financial Position	(36,587)	(36,587)
Advance against sale of Lands transferred to Trade & Other Payables	(966,763)	(966,763)
Other Advances Received transferred to Trade & Other Payables	(835,205)	(752,463)
Provision for Land Filling separately shown in Statement of Financial Position	(351,126)	(351,126)
Interest Payable on Long Term Loans transferred from Deferred Income	69,533	69,533
Dividend Payable separately shown in Statement of Financial Position	(4,555)	-
Finance Leases transferred to Interest Bearing Loans & Borrowings	(13,082)	-
Current Preparation of the Comparative figure	1,736,215	1,387,136
o) Other Non Current Assets		
Amount as reported previously in 2016 Annual Report	1,013,984	1,013,984
Work Completed Projects Transferred to Investment Properties	(460,261)	(460,261)
Work Completed Other Lands Transferred to Inventories	(256,249)	(256,249)
Cost of Lands Aquired to Transferred to Other to Inventories	(297,474)	(297,474)
Current Preparation of the Comparative figure	-	-

FINANCIAL HIGHLIGHTS OF THE CORPORATION

	2017	2016	2015	2014	2013	2012
	Rs.Mn	Rs. Mn	Rs.Mn	Rs.Mn	Rs.Mn	Rs.Mn
Profit & Loss						
Revenue from Treasury Funded Projects	2,969	5,629	1,306	1,620	1,025	926
Revenue from Other Projects and Sources	4,215	2,181	969	1,628	1,217	1,957
Total Revenue	7,184	7,810	2,275	3,248	2,242	2,883
Direct Cost	(4,966)	(5,602)	(1,723)	(2,809)	(1,950)	(2,551)
Gross Profit	2,218	2,208	552	439	292	332
Other Operating Income	100	50	61	48	114	29
Overheads	(1,492)	(1,272)	(1,281)	(661)	(425)	(547)
Operating Profit/(Loss)	826	986	(668)	(174)	(19)	(186)
Net Financial Income	560	491	514	613	197	219
Profit before Taxation	1,386	1,477	(154)	432	178	33
Taxation	(328)	(283)	(3)	(85)	(26)	(101)
Profit /(Loss) for the year	1,058	1,194	(157)	347	152	(68)

Financial Position

Total Assets	14,619	13,100	9,181	8,393	6,328	5,662
Capital & Reserves	4,608	3,572	2,373	2,544	2,154	2,002
Non-Current Liabilities	1,551	2,486	3,882	1,217	1,149	1,268
Current Liabilities	8,460	7,041	3,425	4,632	3,025	2,392

Cash Flow

Net Cash Flow From Operating Activities	579	2,272	444	231	(303)	(2,260)
Net Cash Flow From Investment Activities	(11)	5	(245)	(98)	797	(53)
Net Cash Flow From Financing Activities	(386)	(301)	(10)	(2)	(28)	(10)
Increase /(Decrease) in Cash & Cash Equivalents	181	1,976	189	130	465	(2,325)

Other Information

Number of Employees	1448	1432	1411	1477	1315	1150
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