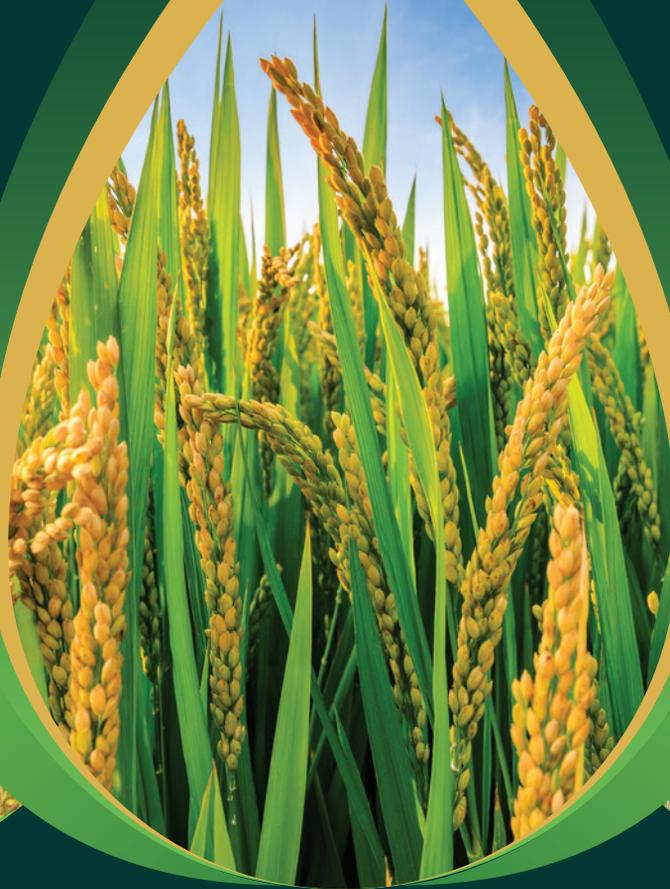




வீ ஈலேலி லுலவலு

நெல் சந்தைப்பத்தல் சபைச
PADDY MARKETING BOARD



லார்கல வல்கால
ஆண்டறல்கக
ANNUAL REPORT

2017



வீ அலேவி ஁னீவலய
நெல் சந்தைப்படுத்தல் சபை
PADDY MARKETING BOARD

வாரீக வாரீகாவ
ஆண்டறிககை

ANNUAL REPORT
2017

The Report submitted to the Honourable Minister of Agriculture relation to the implementation and performance of powers, responsibilities, roles, policies and programmes of the Paddy Marketing Board for the year ended 31 December 2017, under the Section 31(1) of the Paddy Marketing Board Act No. 14 of 1971.



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Vision

To function as the leading state middleman in purchasing, storing, processing and marketing of Paddy and Rice

Mission

Successful accomplishment of the process of purchasing, storing, processing and marketing of paddy and rice through a Staff perfected with knowledge and competency for satisfying both the parties, the producer and the consumer

2. The Board of Directors and the Senior Management in the Year 2017

2.1 The Board of Directors of the Paddy Marketing Board was comprised of the following members in the Year 2017.

1. Mr. M.B. Dissanayake - Chairman, Paddy Marketing Board.
(77th Board of Directors – 02.02.2017
85th Board of Directors – Up to 28.12.2017)
2. Mr. D. Jeewanadan - Commissioner of Co-operative Development,
Department of Co-operative Development.
(77th Board of Directors – 02.02.2017
78th Board of Directors – Up to 01.03.2017)
3. Mr. S.L. Nazeer - Commissioner of Co-operative Development,
Department of Co-operative Development.
(79th Board of Directors – 05.04.2017
85th Board of Directors – Up to 28.12.2017)
4. Mrs. Geetha Wimalaweera - Additional Director General, Department of
National Budget
(77th Board of Directors – 02.02.2017
84th Board of Directors – Up to 08.11.2017)
5. Mr. B.K.R. Balasooriya - Chief Financial Officer, Department of Treasury
Operations.
(85th Board of Directors – With effect from
28.12.2017)
6. Mrs. J. Krishnamoorthi - Commissioner of Food, Food Commissioner's
Department.
(77th Board of Directors – From 02.02.2017
85th Board of Directors – Up to 28.12.2017)
7. Mr. M.A. Sunil Weerasinghe - Commissioner General of Agrarian Development,
Department of Agrarian Services
(77th Board of Directors – 02.02.2017
78th Board of Directors – Up to 05.04.2017)

- 8.** Mr. D.V. Bandulasena - Commissioner General of Agrarian Development,
Department of Agrarian Services
(79th Board of Directors – 03.05.2017
85th Board of Directors – Up to 28.12.2017)
- 9.** Mr. D.M.S.B. Wijekoon - Member of the Board of Directors
(77th Board of Directors – 02.02.2017
85th Board of Directors – Up to 28.12.2017)

Nine (09) meetings of the Board of Directors were conducted during the year 2017 and Mrs. Ruwanthika Gunawardene, Legal Officer functioned as the Secretary to the Board of Directors up to February 2017 and Mrs. K.N. Dilhani functioned as the Secretary to the Board of Directors from September 2017.

2.2 Senior Management of the Paddy Marketing Board in the Year 2017



Mr. S. M. Saman Palitha Bandara
Deputy General Manager (Operations)
(2017.01.01 -2017.12.31)



Mr. J.P.M.M.K. Jayaweera
Deputy General Manager (Finance)
(With effect from 17.05.2017)



Mr. C.K. Udakumbura
Deputy General Manager (Administration)
(With effect from 26.05.2017)



Mrs. A. M. Jayasinghe
Accountant
(01.01.2017- 31.12.2017)



Mr. A.M.U.N. Atapattu
Internal Auditor
(01.01.2017- 31.12.2017)



Mrs. R.M. Ruwanthika Gunawardene
Legal Officer
(From 01.01.2017 to 20.02.2017)



Mrs. K.N. Dilhani
Legal Officer
(With effect from 25.09.2017)



Mr. R.M.A. Rathnayake
Regional Manager, Ampara
(From 01.01.2017 to 31.12.2017)



Mr. Nimal Ekanayake
Regional Manager, Polonnaruwa
(From 01.01.2017 to 27.12.2017)



Mr. W.R.A. Shantha Kumara
Regional Manager, Anuradhapura
(From 01.01.2017 to 31.12.2017)
Acting Regional Manager, Northern
(From 10.03.2017 to 31.12.2017)



Mr. Suranga Senanayake
Regional Manager, Southern
(From 01.01.2017 to 31.12.2017)
Acting Regional Manager, North Western
(From 01.01.2017 to 07.02.2017)



Mr. W.M.N.R. Weerasekara
Regional Manager, Eastern
(01.01.2017 – 31.12.2017)

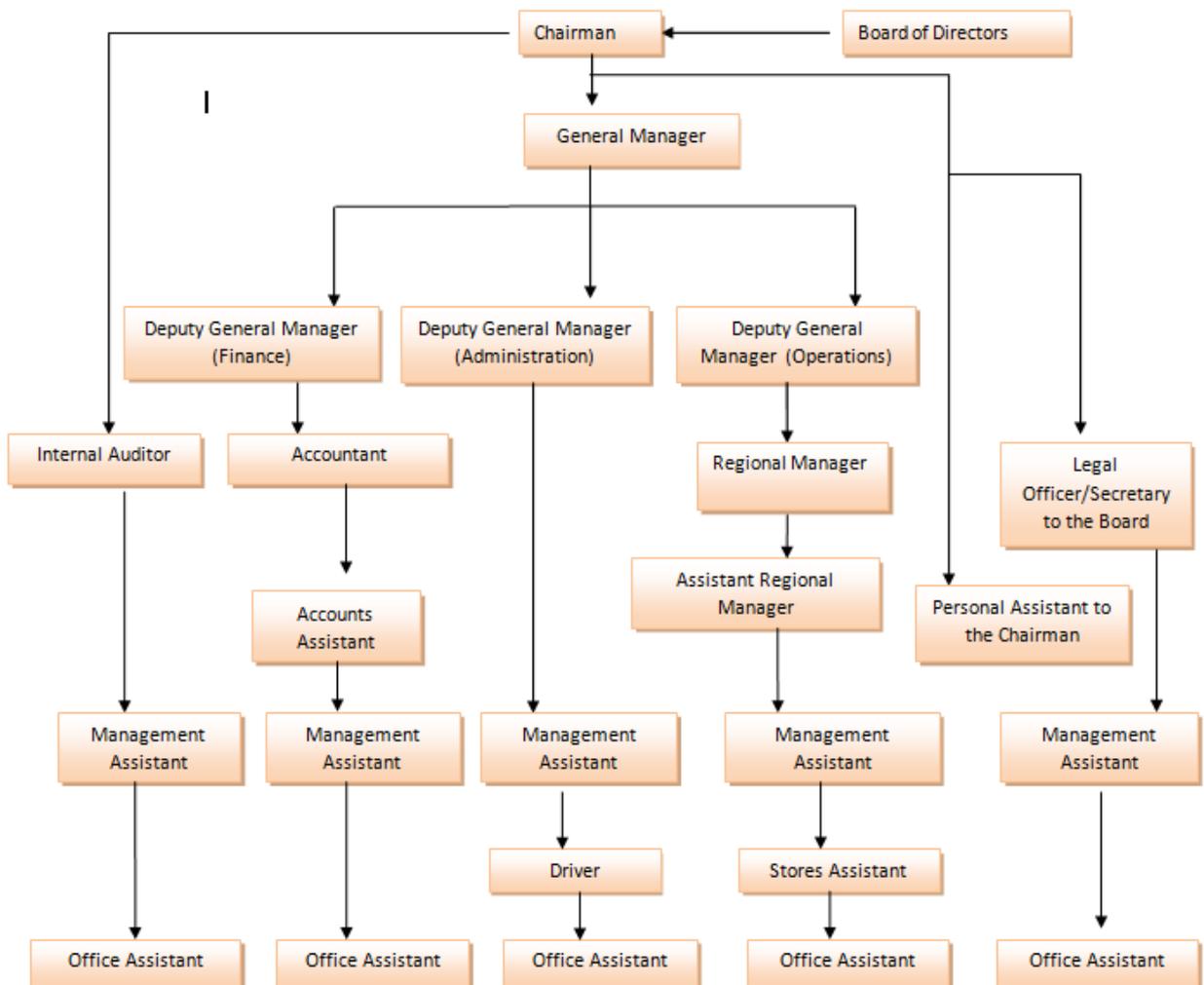


Mr. Nimal Tennakoon
Acting Regional Manager, North Western
(With effect from 07.02.2017)



Mr. N.G.C.K. Nissanka
Regional Manager, Northern
(From 01.01.2017 to 10.03.2017)

2. Organizational Structure of the Year 2017



4. Review of the Chairman

The major role of the Paddy Marketing Board established under the Paddy Marketing Board Act No. 14 of 1971 is mentioned below.

- (a) to carry on the business of purchasing, selling, supplying and distributing paddy and rice;
- (b) to carry on the business of milling, hulling and processing of paddy and rice;
- (c) to carry on any such other business as may be incidental or conducive to the attainment of the objects referred to in paragraphs (a) and (b); and
- (d) to do all other things which in the opinion of the Board are necessary to facilitate the proper carrying on of its business.

The Paddy Marketing Board, re-established in compliance with a decision taken by the Cabinet on 15th July 2007 resumed its active contribution towards purchasing, storing and marketing of paddy.

The annual production of paddy in the year 2017 was 2,450,605 metric tons and the Paddy Marketing Board did not purchase paddy in the year 2017.

The Paddy Marketing Board did not purchase paddy during this year due to the decrease in the paddy yield in this season and purchasing of paddy by the private sector at a higher price on the intervention of the Government was a great relief for farmers. Likely, the Paddy Marketing Board was capable of maintaining a buffer stock of paddy and to maintain a stable price for rice in the open market and of contributing to supply grain stocks to the customer at a justifiable price through the intermediation in the process of purchasing and marketing of paddy this year. Seventy-three (73) renovation activities of warehouses and other buildings were done in Zones and an amount of Rs. 32.41 million was incurred on renovation activities in the year 2017.

The amount of loan obtained from the General Treasury, Bank of Ceylon, Peoples' Bank and National Savings Bank from the years 2008 to 2017 was Rs. 36,955.45 million and the amount of loan repaid by the year 2017 was Rs. 18,986.94 million. The outstanding balance of loan that should be recovered by 31.12.2017 was Rs. 17,968.5 million.

Further, it was possible to render a yeoman service to the farmers as well as to the consumers this year by re-obtaining the warehouses of the Paddy Marketing Board which are considered as a resource of the Government and possessed by other institutions.

The stocks of paddy purchased by the Paddy Marketing Board during the last 05 years are as follows.

Season	Quantity of Paddy Purchased (MT)					
	2012	2013	2014	2015	2016	2017
Maha	115,786	138,650	4,576	148,369	131,981	-
Yala	10,476	94,376	-	175,266	25,447	-
Total	126,262	233,026	4,576	323,635	157,428	-



Obstacles and Challenges

The lack of facilities available at the Paddy Marketing Board for the farmers to dry and transport their paddy on the provisions made by the General Treasury, sale of paddy stocks of the farmers to the millers at low prices with the objective of emptying their warehouses, maintenance of certain warehouses below the proper standard, dearth of skilled officers etc.

can be indicated as obstacles and challenges faced by the Paddy Marketing Board during this year.

At present, the Paddy Marketing Board has taken steps to obtain the views of the Farmer Organizations and the millers through discussing with such organizations and the millers in the preparation of future plans. In addition, major future plans that the Paddy Marketing Board intends to accomplish can be introduced as mentioned below.

1. Recruitment of new officers

Structural changes are being gradually carried out after the re-establishment of the Paddy Marketing Board in the year 2008. Accordingly, fundamental activities have been carried out to establish an Administrative Division and to create a Posts of Systems Administrator and 07 Posts of Accountant to cover 07 Zones. Further, necessary arrangements were initiated in this year to prepare proposals on restructuring activities as appropriate by identifying the structural changes that should be carried out fundamentally. Likely, fundamental activities, which are necessary for the establishment of the Head office in a suitable office premises have been initiated.

Moreover, attention was focused in this year to introduce and implement office systems and systematic management systems.

2. Construction of Regional Offices and Warehouse Offices

Warehouses are being modified up to the appropriate condition for storing paddy stocks by giving prominence to the regional requirement as limited provisions are allocated by the General Treasury for the modification of the existing warehouses of the Paddy Marketing Board and to construct new warehouses. Likely, plans are being made to construct new Paddy warehouses in places where farmers can conveniently sell their paddy.

3. Storing paddy stocks by adopting Scientific Methods

It is expected to gradually adopt the system of stacking for all the warehouses in the future as the system of stacking has been adopted as a paddy stock pilot project in order to minimize damages that occur to paddy stocks in storing paddy according to scientific methods and to conduct activities pertaining to annual verification of stocks since approximately 3% of stock damage may occur in storing paddy stocks. Thereby, it is scheduled to minimize the overall stock damage through the adoption of scientific methods.

4. Management of Stocks

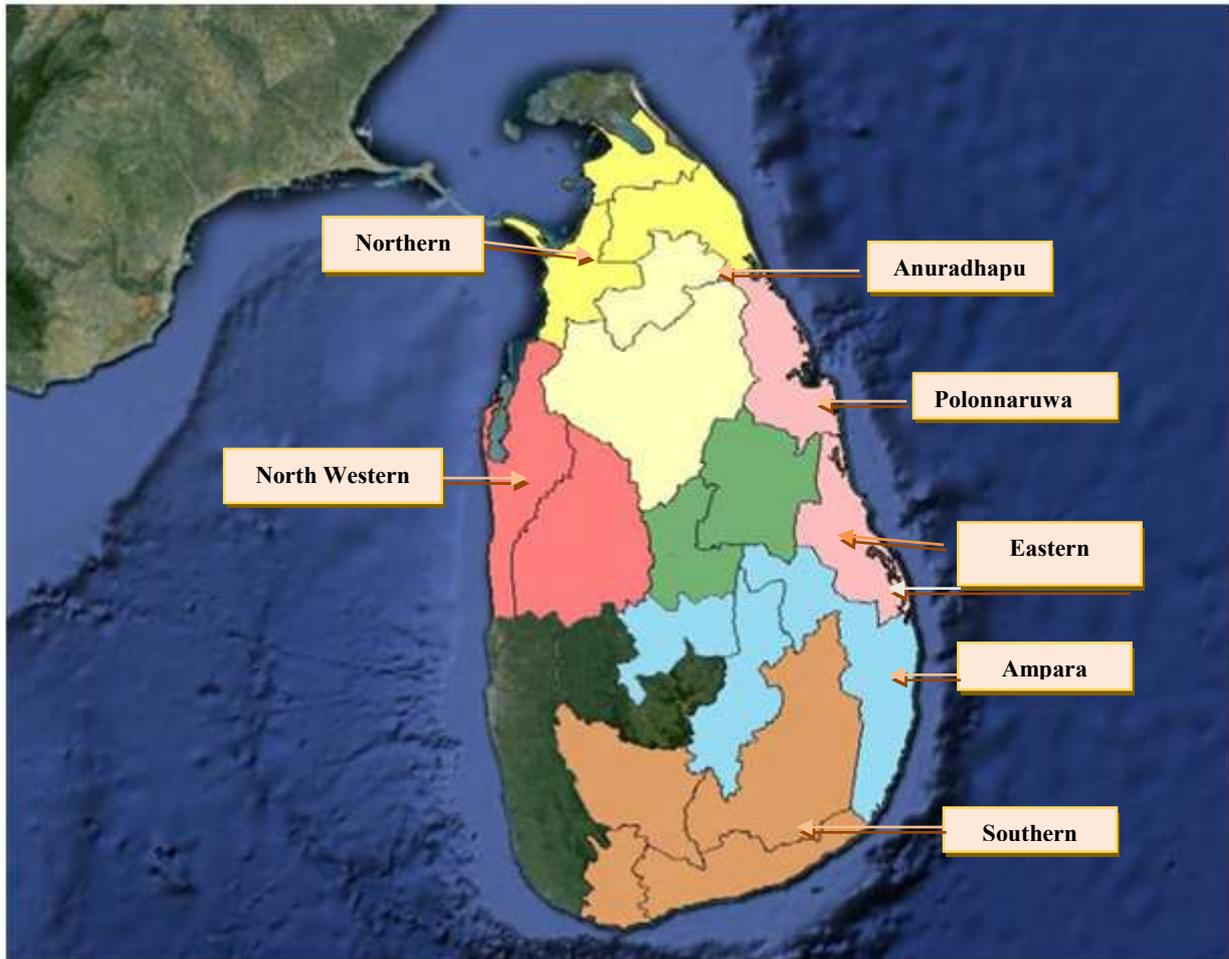
The Paddy Marketing Board does not merely operate as a commercial establishment with the intention of maximizing its profit and it operates by giving priority to the objectives of protecting the paddy farmers by maintaining a higher fixed price for their paddy, ensuring food safety and establishing a concessionary price for the consumers. However, the attention

of the Board has been drawn on the modification and regularization of the warehouses by maintaining an updated data system by networking all the details on the paddy stocks through the computer system and introduction of a methodology of issuing the future paddy stocks according to a planned business schedule and thereby allowing the Government to minimize cost.

Chairman

Paddy Marketing Board

5. Distribution of Regional Offices of the Paddy Marketing Board



5.1 Addresses of Regional Offices

- | | |
|---|---|
| <p>01. Regional Manager,
Paddy Marketing Board,
Northern Zonal Office,
Karandapokku Junction,
Kilinochchi.</p> | <p>05. Regional Manager,
Paddy Marketing Board,
Eastern Zonal Office,
District Secretariat Premises,
Trincomalee.</p> |
| <p>02. Regional Manager,
Paddy Marketing Board,
Polonnaruwa Zonal Office,
Kaduruwela,
Polonnaruwa.</p> | <p>06. Regional Manager,
Paddy Marketing Board,
Ampara Zonal Office,
Inginiyagala Road,
Ampara.</p> |
| <p>03. Regional Manager,
Paddy Marketing Board,
Anuradhapura Zonal
Office,
Town Hall Place,
Anuradhapura.</p> | <p>07. Regional Manager,
Paddy Marketing Board,
Southern Zonal Office,
Dehigahalanda,
South.</p> |
| <p>04. Regional Manager,
Paddy Marketing Board,
North-Western Regional Office,
Millegoda,
Nikaweratiya.</p> | |

6. Introduction of Regions belonging to the Paddy Marketing Board

6.1 Anuradhapura Region



Anuradhapura Regional Office

Anuradhapura District and Dambulla Divisional Secretary's Division, which belong to the Matale District are under the purview of Anuradhapura Region. Twenty-three (23) Divisional Secretary's Divisions and 45 Agrarian Service Areas are under the purview of this District. The Anuradhapura region is fed by about 15 tanks with large capacities of water such as Kalawewa, Nuwarawewa, Nachchaduwa, Rajanganaya, Tissawewa, Wahalkada, Padaviya, Huruluwewa, Abhayawewa, Mahakanadarawa, Mahavilachchiya, Angamuwewa, Thuruvila, Manankattiya and Kandalama.

Description of the Extent of Land Cultivated in the year 2017

District	Season	Extent of Paddy Lands under Cultivation (Hectares)
Anuradhapura	Maha of 2016/17	19,507
	Yala of 2017	8,176
Matale	Maha of 2016/17	4,071
	Yala of 2017	2,283

Warehouses used by the Anuradhapura Region of the Paddy Marketing Board in the year 2017

Serial Number	Warehouse	Ownership
District – Anuradhapura		
1	Thalawa 01	Paddy Marketing Board
2	Thalawa 02	Paddy Marketing Board
3	Thalawa 03	Paddy Marketing Board
4	Rajanganaya	Paddy Marketing Board
5	Thambuttegama	Paddy Marketing Board
6	Katiyawa	Paddy Marketing Board
7	Senapura 01	Paddy Marketing Board
8	Senapura 02	Paddy Marketing Board
9	Horowpothana Army	Paddy Marketing Board
10	Horowpothana Army	Paddy Marketing Board
11	Kekirawa 02	Paddy Marketing Board
12	Kekirawa 03	Paddy Marketing Board
13	Nochchiyagama 01	Paddy Marketing Board
14	Nochchiyagama 02	Paddy Marketing Board
15	Rambewa	Paddy Marketing Board
16	Negama 01	Paddy Marketing Board
17	Negama 02	Paddy Marketing Board
18	Pemaduwa	Paddy Marketing Board
19	Galenbindunuwewa 01	Paddy Marketing Board
20	Galenbindunuwewa 02	Paddy Marketing Board
21	Kahatagasdigiliya	Paddy Marketing Board
22	Yakalla	Paddy Marketing Board
23	Helabawa	Paddy Marketing Board
24	Kalawewa	Paddy Marketing Board

25	Bulnewa 01	Paddy Marketing Board
26	Bulnewa 02	Paddy Marketing Board
27	Bulnewa 03	Paddy Marketing Board
28	Bulnewa Official Quarters Complex	Paddy Marketing Board
29	Shrawasthipura 01	Paddy Marketing Board
30	Senanayaka 02	Paddy Marketing Board
31	Senanayaka 03	Paddy Marketing Board
32	Senanayaka 05	Paddy Marketing Board
33	Senanayaka 06	Paddy Marketing Board
34	Senanayaka 07	Paddy Marketing Board
35	Senanayaka 08	Paddy Marketing Board
36	Padavi Parakramapura 01	Paddy Marketing Board
37	Padavi Parakramapura 02	Paddy Marketing Board
38	Padavi Parakramapura 03	Paddy Marketing Board
39	Padavi Parakramapura 04	Paddy Marketing Board
40	Padaviya	Paddy Marketing Board
41	Wahalkadatent	Paddy Marketing Board
42	Madawachchiya 01	Paddy Marketing Board
43	Madawachchiya 02	Paddy Marketing Board
44	Madawachchiya 03	Paddy Marketing Board
45	Madawachchiya 04	Paddy Marketing Board
46	Kebithigollewa	Paddy Marketing Board
47	Puliyankulama	Paddy Marketing Board
48	Kekirawa Rice Mill	Paddy Marketing Board
49	Senanayaka Circuit Bungalow	Paddy Marketing Board
50	Senanayaka Official Quarters 01	Paddy Marketing Board
51	Senanayaka Official Quarters 02	Paddy Marketing Board
52	Senanayaka Official Quarters 03	Paddy Marketing Board

53	Senanayaka Official Quarters 04	Paddy Marketing Board
54	Senanayaka Official Quarters 05	Paddy Marketing Board
55	Pahalaragaswewa 27 Warehouse	Paddy Marketing Board
District – Matale		
56	Pelwehera 01	Paddy Marketing Board
57	Pelwehera 02	Paddy Marketing Board
58	Kandalama 1	Paddy Marketing Board
59	Kandalama 2	Paddy Marketing Board

Warehouses owned by other institutions and used by the Paddy Marketing Board

Serial Number	Warehouse	Ownership
District – Anuradhapura		
1	Kekirawa 01	Food Commissioner's Department
2	Galkiriyagama 01	Mahaweli
3	Galkiriyagama 02	Mahaweli
4	Galkiriyagama 03	Mahaweli
5	Adagala 01	Mahaweli
6	Adagala 02	Mahaweli
7	Pahala Halmillewa	Mahaweli
8	Senanayaka 01	Food Commissioner's Department
9	D 04 Wahalkada	Agrarian Organizations
10	D 02 Wahalkada	Divisional Secretary
11	Galadivulwewa 01	Mahaweli Authority
12	Galadivulwewa 02	Mahaweli Authority
13	Ottappuwa 01	Mahaweli Authority
14	Ottappuwa 02	Mahaweli Authority
15	Ottappuwa 03	Mahaweli Authority

16	Ottappuwa 04	Mahaweli Authority
17	Ottappuwa 05	Mahaweli Authority
18	Oyamaduwa 01	District Secretary
19	Oyamaduwa 02	District Secretary

6.2 North Western Region



North Western Regional Office

The North Western Region of the Paddy Marketing Board carries out its operations by covering 04 Districts namely, Kurunegala, Puttalam, Matale and Gampaha. The North Western Region had opened 13 Paddy Purchasing Centers comprised of 06 Paddy Purchasing Centres in the Kurunegala District, 04 Paddy Purchasing Centres in the Puttalam District, 01 Paddy Purchasing Center in the Matale District and 02 Paddy Purchasing Centres in the Gampaha District for conducting paddy purchasing activities in the year 2017.

Description of the Extent of Land Cultivated in the Year 2017

District	Season	Extent of Paddy Lands under Cultivation (Hectares)
Kurunegala	Maha of 2016/17	46,857.8
	Yala of 2017	16,598
Puttalam	Maha of 2016/17	11,536
	Yala of 2017	2,463
Matale	Maha of 2016/17	9,240.4
	Yala of 2017	5,392.8
Gampaha	Maha of 2016/17	7,932
	Yala of 2017	2,728

**Warehouses used by the North Western Region of the
Paddy Marketing Board in the year 2017**

Serial Number	Warehouse	Ownership
District – Kurunegala		
1	Nikaweratiya 2	Paddy Marketing Board
2	Nikaweratiya 3	Paddy Marketing Board
3	Nikaweratiya 5	Paddy Marketing Board
4	Mahawa 1	Paddy Marketing Board
5	Mahawa 2	Paddy Marketing Board
6	Mahawa 3	Paddy Marketing Board
7	Mahawa 4	Paddy Marketing Board
8	Galgamuwa	Paddy Marketing Board
9	Warawewa 1	Paddy Marketing Board
10	Warawewa 2	Paddy Marketing Board
11	Maeliya 1	Paddy Marketing Board
12	Maeliya 2	Paddy Marketing Board
13	Maeliya 3	Paddy Marketing Board
District – Puttalam		
14	Anamaduwa 1	Paddy Marketing Board
15	Anamaduwa 2	Paddy Marketing Board
16	Thabbowa 1	Paddy Marketing Board
17	Thabbowa 2	Paddy Marketing Board
18	Rajakadaluwa	Paddy Marketing Board
District – Gampaha		
19	Maradaghamula	Paddy Marketing Board

District – Matale		
20	Galewela	Paddy Marketing Board

Warehouses owned by other Institutions and used by the North Western Zone of the Paddy Marketing Board

Serial Number	Warehouse	Ownership
District – Kurunegala		
1	Mahawa Food	Food Commissioner's Department
2	Kiyannam	Divisional Secretary, Galgamuwa
3	Gattuwana	Sathosa
4	Meegalewa 1	Mahaweli Authority
5	Meegalewa 2	Mahaweli Authority
6	Meegalewa 3	Mahaweli Authority
District – Puttalam		
7	Ipologama	Divisional Secretary, Karuwalagaswewa
District – Gampaha		
8	Walpita 1	Board of Investments
9	Walpita 2	Board of Investments

6.3 Northern Region



Northern Regional Office

The Northern Region of the paddy Marketing Board is comprised of the 5 Districts namely, Jaffna, Kilinochchi, Vavuniya, Mullaitivu and Mannar and Divisional Secretariats and Agrarian Service Centres related to the Districts are as follows.

District	Number of Divisional Secretariats	Number of Agrarian Service Centres
Kilinochchi	04	08
Mullaitivu	06	10
Vavuniya	04	08
Mannar	05	12
Jaffna	15	15

The Northern Region is a very dry climate region. The paddy cultivation of this Region is majorly done using the Northeast Monsoon rains and minor portion of the paddy cultivation is done using Southwest Monsoon rains.

Most of the cultivation activities in the Region are carried out in the Maha Season and cultivation activities are limited in the Yala Season due to the lack of water. Farming activities are carried out in the Maha Season in all five Districts of this Region. However, most of the times farming activities are not carried out in the Jaffna District and more or fewer farming activities are carried out in Yala Season in the other 04 Districts.

The laying of the foundation stone for the construction of the new Oddusudan warehouse in the Mullaitivu District in 2017 was an important event conducted in the year. The construction of bridge scales at the warehouse premises of the Kilinochchi Economic Centre in the Kilinochchi District was another important event carried out this year.



Irrigation schemes or irrigation methods that are being utilized for the cultivation activities in the Northern Region can be identified according to each District as mentioned below.

District	Irrigation Scheme or Method of Irrigation
Kilinochchi	rain water and the water of the Iranamadu tank are used.
Vavuniya	Rain water is used mainly and cultivation activities are carried out from the water obtained from small tanks in the areas.
Mannar	Cultivation activities are mainly carried out using the water of the Yodha Tank and rain water and water from cultivation wells are used in certain areas for irrigation activities.
Mullaitivu	Rain water and water from Muttiyankattu Wewa, Kumulamurippu Wewa, Thannimurippu Wewa etc. and water from small tanks in the area are used for cultivation activities
Jaffna	Rain water is mainly used for cultivation activities.

Description of the Extent of Land Cultivated in the Year 2017

istrict	Season	Extent of Paddy Fields under Paddy Cultivation (Hectares)
Vavuniya	Maha of 2016/17	3,420,8
	Yala of 2017	392
Mannar	Maha of 2016/17	6,914.24
	Yala of 2017	656
Mullaitivu	Maha of 2016/17	16,089.5
	Yala of 2017	448
Kilinochchi	Maha of 2016/17	25,934
	Yala of 2017	800
Jaffna	Maha of 2016/17	846.38
	Yala of 2017	-

Warehouses used by the Northern Region of the Paddy Marketing Board in the year 2017

Serial Number	Warehouse	Ownership
District – Kilinochchi		
1	Kilinochchi Economic Centre	Paddy Marketing Board
2	Kilinochchi Town	Paddy Marketing Board
3	Ramanathapuram	Paddy Marketing Board
District – Vavuniya		
4	Nedunkerni	Paddy Marketing Board
5	Weppamkulam	Paddy Marketing Board
6	Mamaduwa	Paddy Marketing Board
7	Welipola	Paddy Marketing Board
8	Park Road	Paddy Marketing Board
District – Mullaitivu		
9	Kunukkai	Paddy Marketing Board
10	Mulliyawalai	Paddy Marketing Board
11	Mankulam	Paddy Marketing Board
District – Mannar		
12	Alkadiweli	Paddy Marketing Board

**Warehouses owned by Other Institutions and used by the Northern Region
of the Paddy Marketing Board**

Serial Number	Warehouse	Ownership
District – Kilinochchi		
1	Paranthan	Agrarian Services Centre
2	Puliyapokkane	Agrarian Services Centre
3	Kandaweli	Agrarian Services Centre
4	Mulangawel	Agrarian Services Centre
5	Poonariyn	Agrarian Services Centre
6	Periya Paranthan	Agrarian Services Centre
7	Karachchi	Multi-purpose Cooperative Society Ltd.
8	Wannerikulam	Multi-purpose Cooperative Society Ltd.
9	Arumugam	Multi-purpose Cooperative Society Ltd.
10	Wattakachchi	Multi-purpose Cooperative Society Ltd.
11	Akkarayan	Multi-purpose Cooperative Society Ltd.
District – Vavuniya		
12	Settikulam	Agrarian Services Centre
13	Omanthei	Multi-purpose Cooperative Society Ltd.
14	Kanagarayankulam	Multi-purpose Cooperative Society Ltd.
15	Eachchankulam	Multi-purpose Cooperative Society Ltd.
16	Pavakkulam	Multi-purpose Cooperative Society Ltd.
District – Mullaithivu		
17	Tanni-iruttu	Divisional Secretary
18	Oddusuddan 01	Agrarian Services Centre
19	Pudikudiriippu	Agrarian Services Centre
20	Udayarkattu	Agrarian Services Centre

21	Murippu	Agrarian Services Centre
22	Kokilai	Agrarian Services Centre
23	Kalwelan	Multi-purpose Cooperative Society Ltd.
24	Oddusuddan 02	Multi-purpose Cooperative Society Ltd.
25	Aladi	Multi-purpose Cooperative Society Ltd.
26	Kumulamune	Agrarian Services Centre
27	Mallavi	Japillayar Rice Mill
District – Mannar		
28	Alankulam	Multi-purpose Cooperative Society Ltd.
29	Ombadankattu	Multi-purpose Cooperative Society Ltd.
30	Suriyakattu	Multi-purpose Cooperative Society Ltd.
31	Kanthankulam	Assistant Commissioner, Department of Agriculture
32	Nanattan	Assistant Commissioner, Department of Agriculture
District – Jaffna		
33	Chavakachcheri	Agrarian Services Centre
34	Puttur	Agrarian Services Centre
35	Uduwil	Agrarian Services Centre
36	Point Pedro	Divisional Secretary

6.4 Ampara Region



Ampara Regional office

Ampara Region is consisted of 03 Districts namely, Ampara, Kandy and Badulla. Ampara District which is irrigated through Senanayake Samudraya has become the area of producing the highest overall quantity of paddy in Sri Lanka.

Thirty-Seven (37) Agrarian Service Divisions are covered under Ampara, Kandy and Badulla Districts by the Ampara Region. Even though the Ampara Region buys more quantity of paddy in comparison to the quantity of paddy in the other Regions, the demand for paddy in the market of the Ampara Region is less compared with the demand for paddy in the other Regions and there are no large-scale millers. As a result, Stocks of paddy have to be stored in warehouses for comparatively a longer period of time and therefore, the PMB had to face various difficulties in issuing paddy stocks.

Particulars regarding the extent of land under cultivation in the year 2017

District	Season	Extent of Paddy Fields under Paddy Cultivation (Hectares)
Ampara	Maha of 2016/17	77,000
	Yala of 2017	42,640.9
Badulla	Maha of 2016/17	29,704.75
	Yala of 2017	6,234.73
Kandy	Maha of 2016/17	4,493.38
	Yala of 2017	4,427.55

Warehouses used by the Ampara Region of the Paddy Marketing Board in the Year 2017

Serial Number	Warehouse	Ownership
District – Ampara		
1	Thambatta	Paddy Marketing Board
2	Akkaraipattu 01	Paddy Marketing Board
3	Pottuvil 01	Paddy Marketing Board
4	Pottuvil 02	Paddy Marketing Board
5	Pottuvil 03	Paddy Marketing Board
6	Nindavur 01	Paddy Marketing Board
7	Sammanthurai 01	Paddy Marketing Board
8	Sammanthurai 02	Paddy Marketing Board
9	Nindavur 02	Paddy Marketing Board
10	Nellikele	Paddy Marketing Board
11	Damana 01	Paddy Marketing Board
12	Damana 02	Paddy Marketing Board
13	Inginiyagala	Paddy Marketing Board
14	Ampara 01	Paddy Marketing Board
15	Ampara 02	Paddy Marketing Board
16	Palam Kandawura 01	Paddy Marketing Board
17	Palam Kandawura 02	Paddy Marketing Board
18	Komariya 01	Paddy Marketing Board
19	Komariya 02	Paddy Marketing Board
20	Sandunpura	Paddy Marketing Board
21	Gonagolle	Paddy Marketing Board
22	Weeragoda 01	Paddy Marketing Board
23	Weeragoda 02	Paddy Marketing Board
24	Kohobana 01	Paddy Marketing Board

25	Kohobana 02	Paddy Marketing Board
26	Addalaichenai	Paddy Marketing Board
27	Mahaoya 01	Paddy Marketing Board
28	Mahaoya 02	Paddy Marketing Board
29	Kumarigama	Paddy Marketing Board
30	Bakki ella 01	Paddy Marketing Board
31	Bakki ella 02	Paddy Marketing Board
District – Kandy		
32	Morayaya 01	Paddy Marketing Board
33	Morayaya 02	Paddy Marketing Board
34	Pallewatte 01	Paddy Marketing Board
35	Pallewatte 02	Paddy Marketing Board
36	Pallewatte 03	Paddy Marketing Board
37	Pallewatte 04	Paddy Marketing Board
38	Pallewatte 05	Paddy Marketing Board
39	Pallewatte 06	Paddy Marketing Board
40	Kolongoda	Paddy Marketing Board
41	Hasalaka	Paddy Marketing Board
District – Badulla		
42	Karametiya 01	Paddy Marketing Board
43	Karametiya 02	Paddy Marketing Board
44	Madayaya	Paddy Marketing Board
45	Mahiyanganaya 01	Paddy Marketing Board
46	Mahiyanganaya 02	Paddy Marketing Board
47	Giradurukotte 01	Paddy Marketing Board
48	Giradurukotte 02	Paddy Marketing Board

**Warehouses owned by other Institutions and used by the
North Western Region of the Paddy Marketing Board**

Serial Number	Warehouse	Ownership
District – Ampara		
1	Lahugala 01	District Secretariat
2	Sagama	District Secretariat
3	Malwatte	District Secretariat
4	Koknahara	District Secretariat
5	Manthottama	District Secretariat
6	Akkaraipattu Fertilizer	District Secretariat
7	Deegavapiya	District Secretariat
8	Eragama	District Secretariat
9	Polwatte	District Secretariat
10	Paragahakele	District Secretariat
11	Navindaveli	District Secretariat
12	Rajagalathenne	District Secretariat
13	Panama	District Secretariat
14	Gurupura	Food Commissioner's Department
15	Brown Junction	Food Commissioner's Department
16	Lahugala 02	Agrarian Services
17	Walagampura	Societies and Organizations
18	Wijayapura	Mahaweli

6.5 Southern Region



Southern Regional Office

Southern Regional Office of the Paddy Marketing Board is located in Dehilanda area close to Ambalantota City in the Hambantota District and the four Districts namely, Hambantota, Monaragala, Rathnapura and Matara are controlled by this Region. Paddy cultivation is carried out successfully using water in five major rivers including Walawe Ganga, Kiridi Oya as well as using tank water and rain water. It covers 73 Agrarian Service Centres in 46 Divisional Secretary's Divisions in the provision of services to more than 150,000 farmers. The Region maintains a storage capacity of 45,900 metric tons in 40 warehouses for the provision of service to the farmers. For this purpose, there are 11 Assistant Regional Managers, 06 Development Officers and 03 female Management Assistants led by the Regional Manager in the Southern Region. There are two circuit bungalows owned by the Southern Zone in the Moneragala and Ratnapura Districts and the Regional Office is located at Dehigahalanda near Ambalantota town.

Particulars regarding the extent of land under cultivation in the year 2017

District	Season	Extent of Paddy fields under Paddy cultivation (Hectares)
Hambantota	Maha of 2016/17	23,478
	Yala of 2017	25,856.55
Monaragala	Maha of 2016/17	19,533
	Yala of 2017	10,063
Ratnapura	Maha of 2016/17	6,321
	Yala of 2017	5,465.4
Matara	Maha of 2016/17	13,096
	Yala of 2017	12,187.97

**Warehouses used by the Southern Region of the
Paddy Marketing Board in the Year 2017**

Serial Number	Warehouse	Ownership
District – Monaragala		
1	Muthukandiya 1	Paddy Marketing Board
2	Muthukandiya 2	Paddy Marketing Board
3	Athimale 1	Paddy Marketing Board
4	Athimale 2	Paddy Marketing Board
5	Wellawaya	Paddy Marketing Board
6	Aluthwewa	Paddy Marketing Board
7	Madegama	Paddy Marketing Board
8	Dodamwatte 01	Paddy Marketing Board
9	Dodamwatte 02	Paddy Marketing Board
District – Rathnapura		
10	Kuttigala 01	Paddy Marketing Board
11	Kuttigala 02	Paddy Marketing Board
12	Kuttigala 03	Paddy Marketing Board
13	Moraketiya 01	Paddy Marketing Board
14	Moraketiya 02	Paddy Marketing Board
15	Ambilipitiya	Paddy Marketing Board
District – Hambantota		
16	Kachchigalara 01	Paddy Marketing Board
17	Kachchigalara 02	Paddy Marketing Board
18	Kachchigalara 03	Paddy Marketing Board
19	Sooriyawewa	Paddy Marketing Board
20	Yodha kandiya	Paddy Marketing Board

21	Pallemalala 1	Paddy Marketing Board
22	Pallemalala 2	Paddy Marketing Board
23	Weeraketiya	Paddy Marketing Board
24	Dehigahalanda 01	Paddy Marketing Board
25	Dehigahalanda 02	Paddy Marketing Board
26	Dehigahalanda 03	Paddy Marketing Board
27	Weerawila 01	Paddy Marketing Board
28	Weerawila 02	Paddy Marketing Board
29	Ambalantota 01	Paddy Marketing Board
District – Matara		
30	Maddawatte	Paddy Marketing Board

**Warehouses owned by other Institutions and used by
the Southern Region of the Paddy Marketing Board**

Serial Number	Warehouse	Ownership
District – Monaragala		
1	Hulandawa	Food Commissioner's Department
2	Medagama Iwala	Divisional Secretary's Division
District – Rathnapura		
3	Kalthota	Vocational Training Authority
4	Paper Factory	Paper Factory
District – Hambantota		
5	Pannegamuwa	Sathosa
6	Kahadawa	Food Commissioner's Department
7	Hambantota	Food Commissioner's Department

8	Ambalantota 02	Department of Police
District – Matara		
9	Maddawatte	Food Commissioner’s Department
10	Matara Sathosa	Sathosa

6.6 Polonnaruwa Region



Polonnaruwa Regional Office

It is one of the two Districts belonging to the area formerly known as Rajarata or to the North Central Province at present and it covers an area of 3,466.38 sq km with a very rich historical background. This is a District, where the Sinhalese, Tamil and Muslim communities, whose major livelihood is paddy cultivation live in brotherhood with a very fertile land area due to the existence of an irrigation system enriched with several tanks which get water from Mahaweli river, the main river of Sri Lanka.

Polonnaruwa District is located between 7.4 - 8.2 North Latitude and 80.4-81.2 East Longitude. It also receives an average annual rainfall of 119.8 mm and average annual temperature is 33.5 degrees Celsius. Polonnaruwa District can be identified as an area belonging to the dry zone as it has a dry climate for most of the year and it is bound by Anuradhapura District to the North, Trincomalee and Batticaloa Districts to the East, Ampara District to the South and Matale District to the West.

The Mahaweli B, C, G, and D zones included in the Accelerated Mahaweli Scheme are also located in the Polonnaruwa District and beautiful lakes such as Parakrama Samudraya, Minneriya, Giritale, Kaudulla and several sanctuaries such as Maduru Oya and Minneriya and Kaudulla are located in the Polonnaruwa District.

Twenty-Seven (27) officers comprised of Assistant Regional Managers, Development Officers, Management Assistants, and Stores Assistants are serving under the Regional Manager of the Polonnaruwa Regional Office of the Paddy Marketing Board. The Regional office is situated in Kanduruwela town and warehouses are established by covering Wilgamuwa Divisional Secretary's Division of Matale District and all the Divisional Secretary's Divisions in Polonnaruwa District. Accordingly, there are 37 warehouses owned by the Paddy Marketing Board to purchase paddy. In addition to that, warehouses of the Mahaweli Authority and the private sector are utilized for purchasing paddy. There are 12 Agrarian Service Divisions in the Polonnaruwa District and 02 Agrarian Service Divisions namely, Hettipola and Handungamuwa of Matale District are being controlled by Polonnaruwa Region. The extent of land under paddy cultivation out of the agricultural lands in the Region is about 80,000

hectares. It is expected to obtain a yield of 320,000 Metric Tons per one Season from this Region.

**Particulars regarding the extent of land under
cultivation in the year 2017**

District	Season	Extent of Paddy fields under Paddy cultivation (Hectares)
Polonnaruwa	Maha of 2016/17	49,621
	Yala of 2017	40,882
Matale	Maha of 2016/17	5,108
	Yala of 2017	2,651

Warehouses used by the Polonnaruwa Region of the Paddy Marketing Board in the Year 2017

Serial Number	Warehouse	Ownership
District – Polonnaruwa		
1	Weerapura	Paddy Marketing Board
2	Thalpotha 1	Paddy Marketing Board
3	Thalpotha 2	Paddy Marketing Board
4	Pansalgodalla	Paddy Marketing Board
5	Abhayapura	Paddy Marketing Board
6	Kaduruwela 1	Paddy Marketing Board
7	Kaduruwela 4	Paddy Marketing Board
8	Manampitiya 1	Paddy Marketing Board
9	Manampitiya 2	Paddy Marketing Board
10	Aralaganwila 9 Mile Post	Paddy Marketing Board
11	Wijayabapura	Paddy Marketing Board
12	ZD 01	Paddy Marketing Board
13	Medirigiriya	Paddy Marketing Board
14	Kusumpokuna	Paddy Marketing Board
15	Abagaswewa	Paddy Marketing Board
16	Wijayapura	Paddy Marketing Board
17	Bakamuna	Paddy Marketing Board
18	Madudamana	Paddy Marketing Board
19	Diyabeduma	Paddy Marketing Board
20	Hingurakgoda 01	Paddy Marketing Board
21	Hingurakgoda 06 (Mal Farm 06)	Paddy Marketing Board

22	Hingurakgoda 07 (Mal Farm 07)	Paddy Marketing Board
23	Jayanthipura 01	Paddy Marketing Board
24	Jayanthipura 02	Paddy Marketing Board
25	Welikanda 01	Paddy Marketing Board
26	Welikanda 03	Paddy Marketing Board
27	Welikanda 04	Paddy Marketing Board
District – Matale		
28	Handungamuwa	Paddy Marketing Board
29	Hettipola 01	Paddy Marketing Board
30	Hettipola 02	Paddy Marketing Board
31	Hettipola 03	Paddy Marketing Board

**Warehouses owned by other Institutions and used by the
Polonnaruwa Region of the Paddy Marketing Board**

Serial Number	Warehouse	Ownership
District – Polonnaruwa		
1	Sathosa	Cooperative Wholesale Establishment
2	Kaduruwela Food 01	Food Commissioner's Department
3	Onegama Cooperative	Palugasdamana Cooperative
4	Abhayapura Cooperative	Pulasthigama Cooperative
5	Dora deka	Hingurakgoda Cooperative
6	Abagaswewa Cooperative	Medirigiriya Cooperative

6.7 Eastern Region



Eastern Regional Office

Eastern Regional Office of the Paddy Marketing Board was established within the premises of Trincomalee District Secretariat on 10th of June 2011. This Region covers the two Districts namely, Batticaloa and Trincomalee.

Trincomalee District is comprised of 11 Divisional Secretary's Divisions and 230 Grama Niladhari's Divisions and there are approximately 42,760 farmers. Likely, there are 22 Agrarian Service Centres and the land extent under cultivation is about 43,060 hectares. There are 24 warehouses in the capacity of 250 Metric tons to 1,500 Metric tons owned by the Paddy Marketing Board.

Batticaloa District is comprised of 14 Divisional Secretary's Divisions, 345 Grama Niladhari's Divisions and 16 Agrarian Service Centres. The land extent under cultivation in this Region is 67,000 hectares. There are approximately 44,560 farmers in the entire Region. All the warehouses owned by the Paddy Marketing Board within the District had been destroyed and the warehouses with the capacity of 450 Metric tons owned by the District Secretariat cover the purchases of Paddy by the Paddy Marketing Board. Commencement of the construction activities of the new Regional Office of the Eastern Region at the land of Kantale Warehouse was among the important events that took place in the year 2017.

Particulars regarding the extent of land under cultivation in the year 2017

District	Season	Extent of Paddy fields under Paddy cultivation (Hectares)
Trincomalee	Maha of 2016/17	47,028
	Yala of 2017	24,720.50
Batticaloa	Maha of 2016/17	40,325
	Yala of 2017	21,856.20

**Warehouses used by the Eastern Region of the
Paddy Marketing Board in the Year 2017**

Serial Number	Warehouse	Ownership
District – Trincomalee		
1	Gomarankadawala	Paddy Marketing Board
2	Medawachchiya	Paddy Marketing Board
3	Kantale 01	Paddy Marketing Board
4	Kantale 02	Paddy Marketing Board
5	Kantale 03	Paddy Marketing Board
6	Kantale 04	Paddy Marketing Board
7	Kallaru 01	Paddy Marketing Board
8	Kallaru 02	Paddy Marketing Board
9	Pankulama	Paddy Marketing Board
10	Swarnajayanthipura	Paddy Marketing Board
11	Kiliwettiya	Paddy Marketing Board
12	Surangal	Paddy Marketing Board
13	Thambalagamuwa	Paddy Marketing Board
14	Love Lane 01	Paddy Marketing Board
15	Love Lane 02	Paddy Marketing Board
16	Love Lane 03	Paddy Marketing Board
17	Love Lane 04	Paddy Marketing Board
18	Love Lane 05	Paddy Marketing Board
19	Love Lane 06	Paddy Marketing Board
20	Love Lane 07	Paddy Marketing Board
21	Love Lane 08	Paddy Marketing Board

22	Padavi Sri Pura	Paddy Marketing Board
District – Batticaloa		
23	Valaichchenai	Paddy Marketing Board

**Warehouses owned by other Institutions and used by
the Eastern Region of the Paddy Marketing Board**

Serial Number	Warehouse	Ownership
District – Trincomalee		
1	Nochchikulama	Farmer Organizations
2	Mahadivulwewa	Farmer Organizations
District – Batticaloa		
3	Mullamane	District Secretary
4	Manalpiddi	District Secretary
5	Karadiyanaru	District Secretary
6	Thumpankerni	District Secretary
7	Pulipanchikal	District Secretary
8	Kajuwatte	District Secretary
9	Arasadithivu	District Secretary
10	Porathivu	Cooperative

07. National Programme on Purchasing Paddy

The land extent under paddy cultivation during the Maha Season in the year 2016/17 was 542,695 hectares. This extent of land is 67 percent of the targeted land area. Drought prevailed throughout the season severely affected the paddy land extent of 146,994 hectares. Due to this situation, the expected paddy production in this Maha season had decreased by 47 percent when compared with the paddy production prevailed in the Maha seasons of the last three years.

The area under paddy cultivation during the Yala season of 2017 was 266,027 hectares. This extent is 67 percent out of the targeted area. the area under paddy cultivation during this Yala season had decreased by 33 percent when compared with the average land area under paddy cultivation during the Yala seasons in the last three years. The expected paddy production in the Yala season is 1.02 million metric tons.

The price of rice grains in the open market was increased due to the high demand for paddy. Paddy prices were relatively high in the open market during the Maha Season of 2016/17 and Yala Season of 2017 and farmers had not motivated to supply paddy to the warehouses of the Paddy Marketing Board during these seasons.

7.1 The Status of the Paddy Stocks owned by the Paddy Marketing Board as at 31.12.2017

Particulars	Keeri Samba (Kg)	Samba (Kg)	Nadu (Kg)	Total (Kg)
Opening Stock as at 01.01.2017	5,150,335	63,270,563	181,152,361	249,573,259
Purchases				
- Maha Season of 2016/17	-	-	-	-
- Yala Season of 2017	-	-	-	-
Total	5,150,335	63,270,563	181,152,361	249,573,259
Issues				
Sale of Paddy for cash	4,053,170	16,702,680	39,882,932	60,638,782
Issuance of Paddy to Co-operative Wholesale Establishment	917,424	24,058,583	74,451,386	99,427,393
Provision for World Food Programme	-	-	2,529,996	2,529,996
Closing Stock as at 31.12.2017	179,741	22,509,300	64,288,047	86,977,088

7.2 Details of the sale of Paddy Stocks by the Paddy Marketing Board

Year	Sale for Cash (Metric Tons)	Quantity of Paddy issued to the Cooperative Wholesale Establishment (Metric Tons)	Exports (Metric Tons)	Provision for the World Food Programme (Metric Tons)
2013	107,011.0	143,479.0	-	4,860.0
2014	6,144.0	37,632.0	2,531.0	5,497.0
2015	13,670.92	-	-	-
2016	258,172.20	25,903.39	-	5,232.25
2017	60,638.78	99,427.39	-	2,530.0



08. Financial Highlights (2011 - 2017)

Rs. Million

Particulars	2011	2012	2013	2014	2015	2016	2017
Revenue	3,500.20	3,617.88	7,878.87	1,554.51	697.18	9,161.35	7,424.98
Purchasing- Stocks of Paddy	2,278.20	3,636.89	7,755.26	148.66	14,794.58	6,188.17	-
Gross Profit/ (Loss)	249.64	(1,440.93)	(121.98)	(237.02)	(799.15)	4,518.26)	684.94
Administrative, Financial and other expenditure	367.85	630.64	1,674.62	983.562	1,106.79	1,504.09	1,334.67
Net Profit/ (Loss)	264.13	(1,996.23)	(1,036.23)	(1,126.93)	(1,773.17)	(5,894.29)	(462.11)
Receipt of Provisions for the Purchase of Paddy							
General Treasury	700.00	100.00	250.00	-	6,943.00	-	-
Bank of Ceylon	410.40	914.80	1,150.00	-	5,128.00	4,100.00	-
People's Bank	106.30	311.80	1,296.00	-	3,178.00	2,698.20	-
National Savings Bank	-	725.90	584.20	-	-	-	-
Regional Development Bank	-	250.00	398.90	-	-	-	-
Debtors							
Co-operative Wholesale Establishment	341.39	1,587.08	1,404.92	462.59	462.59	462.69	2,867.19
Food Commissioner's Department	611.99	470.95	440.55	425.95	425.95	425.95	425.95
Lanka Sathosa	90.41	49.94	79.93	77.53	77.53	77.53	77.53
Creditors							

General Treasury	1,900.00	2,000.00	2,250.00	2,250.00	8,489.10	7,067.90	6,434.55
Bank of Ceylon	2,185.20	3,100.00	4,115.89	3,129.78	8,257.78	9,580.88	8,589.02
People's Bank	1,354.45	1,553.74	2,651.99	2,314.94	5,492.94	5,013.14	2,944.52
National Savings Bank	47.80	725.95	1,142.96	1,000.00	1,000.00	-	-
Regional Development Bank	-	241.99	416.13	-	-	-	-
General Treasury Provisions							
For Capital expenditure	182.90	112.00	80.00	175.00	155.00	150.00	150.00
For Recurrent expenditure	25.00	35.35	40.00	66.50	67.50	88.00	96.00
Usage of Capital Expenditure							
For new constructions	126.70	85.50	48.00	63.00	-	54.41	54.57
For renovation of stores	52.30	25.10	27.00	105.00	92.00	45.81	35.36
For the purchase of fixed assets	3.90	1.40	5.00	7.00	63.00	49.78	60.07

09. Details on the Pledge Loans and Interests obtained by the Paddy Marketing Board for the Purchase of Paddy - 2008 to 2017

Year	Bank	Opening Loan Balance (Rs. Million)	Loan obtained during the relevant Year (Rs. Million)	Amount settled out of the Loan (Rs. Million)	Loan Balance at the end of the Year (Rs. Million)	Interest relevant to the Year (Rs. Million)
2008	General Treasury	-	200.0	-	200.0	-
	Bank of Ceylon	-	-	-	-	-
	Peoples' Bank	-	-	-	-	-
	National Savings Bank	-	-	-	-	-
	Regional Development Bank	-	-	-	-	-
Total		-	200.0	-	200.0	-
2009	General Treasury	200.0	1,060.0	950.0	310.0	-
	Bank of Ceylon	-	-	-	-	-
	Peoples' Bank	-	-	-	-	-
	National Savings Bank	-	-	-	-	-
	Regional Development Bank	-	-	-	-	-
Total		200.0	1,060.0	950.0	310.0	-
2010	General Treasury	310.0	1,300.0	310.0	1,300.0	-
	Bank of Ceylon	-	2,250.0	-	2,250.0	46.1
	Peoples' Bank	-	1,500.0	3.0	1,497.0	29.2
	National Savings Bank	-	1,000.0	732.2	267.8	5.3
	Regional Development Bank	-	400.0	19.6	380.4	7.4
Total		310.0	6,450.0	1,064.8	5,695.2	88.0

2011	General Treasury	1,300.0	700.0	100.0	1,900.0	-
	Bank of Ceylon	2,250.0	410.4	475.3	2,185.1	186.5
	Peoples' Bank	1,497.0	106.3	248.8	1,354.4	120.8
	National Savings Bank	267.8	-	220.0	47.8	-
	Regional Development Bank	380.4	-	380.4	-	0.1
Total		5,695.2	1,216.7	1,424.5	5,487.4	307.3
2012	General Treasury	1,900.0	100.0	-	2,000.0	-
	Bank of Ceylon	2,185.1	914.8	-	3,099.9	234.1
	Peoples' Bank	1,354.4	311.8	112.5	1,553.7	135.8
	National Savings Bank	47.8	725.9	47.8	725.9	92.8
	Regional Development Bank	-	250.0	8.0	242.0	48.5
Total		5,487.4	2,302.5	168.3	7,621.6	511.2
2013	General Treasury	2,000.0	250.0	-	2,250.0	-
	Bank of Ceylon	3,099.9	1,150.0	134.1	4,115.8	434.4
	Peoples' Bank	1,553.7	1,296.0	265.4	2,584.3	255.7
	National Savings Bank	725.9	584.2	167.0	1,143.0	169.7
	Regional Development Bank	242.0	398.9	224.8	416.1	53.0
Total		7,621.6	3,679.1	791.3	10,509.3	912.8
2014	General Treasury	2,250.0	-	-	2,250.0	-
	Bank of Ceylon	4,115.8	-	986.1	3,129.7	378.5
	Peoples' Bank	2,584.3	-	337.1	2,247.2	274.1
	National Savings Bank	1,143.0	-	143.0	1,000.0	148.8
	Regional Development Bank	416.1	-	416.1	0.0	20.9
Total		10,509.3	-	1,882.3	8,626.9	822.3

2015	General Treasury	2,250.0	6,943.0	703.6	8,489.4	-
	Bank of Ceylon	3,129.7	5,128.0	-	8,257.7	447.2
	Peoples' Bank	2,247.2	3,178.0	-	5,425.2	358.7
	National Savings Bank	1,000.0	-	-	1,000.0	145.6
Total		8,627.0	15,249.0	703.6	23,172.4	951.5
2016	General Treasury	8,489.4	-	1,421.2	7,068.2	-
	Bank of Ceylon	8,257.7	4,100.0	2,776.9	9,580.8	666.6
	Peoples' Bank	5,425.2	2,698.2	3,178.0	4,945.4	631.6
	National Savings Bank	1,000.0	-	1,000.0	0.0	33.9
Total		23,172.4	6,798.2	8,376.1	21,594.5	1,332.0
2017	General Treasury	7,068.2	0	633.3	6,435.0	0
	Bank of Ceylon	9,580.8	0	991.8	8,589.0	923.5
	Peoples' Bank	4,945.4	0	2,001.0	2,944.5	218.0
Total		21,594.5	0	3,626.1	17,968.5	1,141.5

10. Guaranteed Price for Paddy from 2001-2017

Year	Season	Price per Kilogram (Rs.)		
		Keeri Samba	Samba	Nadu
2001	Maha of 2000/01	13.50	13.50	12.50
	Yala of 2001	13.50	13.50	12.50
2002	Maha of 2001/02	14.50	14.50	13.50
	Yala of 2002	14.50	14.50	13.50
2003	Maha of 2002/03	14.50	14.50	13.50
	Yala of 2003	14.50	14.50	13.50
2004	Maha of 2003/04	15.50	15.50	14.50
	Yala of 2004	15.50	15.50	14.50
2005	Maha of 2004/05	16.50	16.50	15.50
	Yala of 2005	16.50	16.50	15.50
2006	Maha of 2005/06	16.50	16.50	15.50
	Yala of 2006	16.50	16.50	15.50
2007	Maha of 2006/07	17.50	17.50	16.50
	Yala of 2007	17.50	17.50	16.50
2008	Maha of 2007/08	22.00	22.00	20.00
	Yala of 2008	30.00	30.00	28.00
2009	Maha of 2008/09	30.00	30.00	28.00
	Yala of 2009	30.00	30.00	28.00
2010	Maha of 2009/10	30.00	30.00	28.00
	Yala of 2010	30.00	30.00	28.00
2011	Maha of 2010/11	30.00	30.00	28.00
	Yala of 2011	30.00	30.00	28.00

2012	Maha of 2011/12	30.00	30.00	28.00
	Yala of 2012	30.00	30.00	28.00
2013	2012/13	35.00	35.00	32.00
	Yala of 2013	35.00	35.00	32.00
2014	Maha of 2013/14	35.00	35.00	32.00
	Yala of 2014	35.00	35.00	32.00
2015	Maha of 2014/15	50.00	50.00	45.00
	Yala of 2015	50.00	50.00	45.00
2016	Maha of 2015/16	50.00	41.00	38.00
	Yala of 2016	50.00	41.00	38.00
2017	Maha of 2016/17	41.00	41.00	38.00
	Yala of 2017	41.00	41.00	38.00

11. Particulars regarding new constructions carried out by the Paddy Marketing Board in the year 2017

Serial No.	District	No. of Warehouses	Provisions allocated in the Year 2017 (Rs. Million)	Amount Paid in the Year 2017 (Rs. Million)
Construction of New Warehouses and Buildings				
01	Construction of a New Warehouse – Oddusudan, Mullaithivu	01	28.90	4.02
02	Construction of the New Regional Office - Eastern Region	01	13.00	2.20
Construction of an Office Room, Security Hut and a Lavatory for Warehouses				
01	Ampara Region	06	8.43	1.54
02	Polonnaruwa Region	07	10.64	3.67
03	North Region	05	7.65	1.44
04	Anuradhapura Region	07	10.38	2.67
05	North –Western Region	05	7.52	1.61
07	Eastern Region	05	7.50	2.51
Total			94.02	19.66

11.1 Particulars regarding renovations carried out by the Paddy Marketing Board in the year 2017

Serial No.	District	No. of Warehouses	Provisions allocated in the Year 2017 (Rs. Million)	Amount Paid in the Year 2017 (Rs. Million)
01	Ampara Region	16	43.26	5.53
02	Polonnaruwa Region	14	21.49	9.48
03	North Region	05	16.94	3.09
04	Anuradhapura Region	15	22.53	5.59
05	North –Western Region	11	16.82	2.91
06	Eastern Region	07	4.68	1.08
07	Southern Region	05	21.28	4.73
Total		73	147.00	32.41

12. Role of the Board of Directors of the Paddy Marketing Board in the year 2017

The Powers of the Board of Directors of the Paddy Marketing Board is clearly stipulated in Section 13 of the Paddy Marketing Board Act. No.14 of 1971.

The Board of Directors have been vested with broad spectrum of powers under this Section, such as the right to acquire, take on lease or hire, mortgage, sell or otherwise dispose of any movable or immovable property, purchase, mill, hull, market or distribute paddy and grain, carrying out incidental matters as may necessary for the business affairs of the Board, fix a guaranteed price for paddy, formulation and implementation of laws, rules and regulations relevant to the administrative functions of the Board, take action to maintain warehouses and to sell paddy, conduct researches relating to processing of paddy and grain, enter into agreements with the other parties of the Paddy Marketing Board.

12.1 Summary of Minutes of the Meetings of the Board of Directors in the Year 2017.

1. Sale of paddy stocks owned by the Paddy Marketing Board November / December 2016
2. Regarding the employees who have been reported as not having obtained the required qualifications for bearing posts in the Paddy Marketing Board.
3. Preparation of final accounts of Paddy Marketing Board for the years 2015 and 2016.
4. Budget Estimate - 2017.
5. Donating rice to the World Food Programme.
6. Preliminary Investigation Report regarding the Regional Manager, Mr. A.G. Nimal Ekanayake.
7. Presenting the preliminary investigation report regarding Mr. N.G.C.K. Nissanka, Regional Manager, Northern Region and Miss. H.M.L.R. Wijetilleke, Assistant Regional Manager who has been interdicted currently.
8. Submission of Procurement Plan and revised Action Plan
9. Submission of financial statements of the Paddy Marketing Board for the year ended on 31 December 2014.
10. Taking action on inventory reductions / deficiencies revealed as per the stock verification carried out in the year 2014.
11. Internal Audit Plan - 2017.
12. Presentation of the Corporate Plan to be implemented from 2017 to 2020.
13. Appointing a suitable person for the Post of Deputy General Manager (Finance).
14. Appointing a suitable person for the Post of Deputy General Manager (Administration).
15. Obtaining a building on rent for the Location of the Head Office of the Paddy Marketing Board

16. Conducting a training workshop for the officers of the Paddy Marketing Board.
17. Providing stocks of paddy to the CWE
18. Presentation regarding the programme of providing rice to the CWE under the quota system.
19. Proposal to provide health insurance for the employees of the Paddy Marketing Board.
20. Disposal of condemned paddy stocks.
21. Obtain a computer software and related hardware for processing salaries of employees.
22. Transferring the remaining stocks of paddy owned by the Paddy Marketing Board to the CWE.
23. Appointing a suitable person for the Post of “Legal Officer / Secretary to the Board of Directors”
24. Filling the vacancies in the Post of Regional Manager.
25. Submission of the procedure for black listing.
26. Conducting a training programme regarding warehouse management for the officers of the Paddy Marketing Board.
27. Conducting research on stock damages.
28. Starting a fixed deposit.
29. Obtaining office facilities for the Paddy Marketing Board
30. Implementation of Computer Operating System of Paddy Marketing Board.
31. Submission of facts regarding the sale of stock of condemned paddy.
32. Vacancy Filling - 2018 Year
33. Submission of financial statements of the Paddy Marketing Board for the year ended on 31 December 2015.
34. Deduction of soybean stock and paddy stock purchased in 2010 and 2011 from accounts.
35. Submitting the procedure to be followed in case of any shortcoming / shortage of goods including paddy stocks in the paddy warehouses / paddy storages of the Paddy Marketing Board.
36. Presentation of Procurement Plan and revised Action Plan prepared for the year 2018.

13. Report of the Internal Auditor regarding the Operation in the Year 2017

1. Establishment of the Internal Audit Division

The necessity of establishing an Internal Audit Division for the Paddy Marketing Board had been pointed out by the Directive No. 06 of the Committee on Public Enterprises held on 05.12.2012 and by the Reports of the Auditor General from time to time. Subsequently, an Internal Auditor was appointed and the Internal Audit Division was newly established on 01.07.2014. One Management Assistant and one Development Officer and another two Management Assistants had been attached to the Internal Audit Division in the years 2014, 2015 and 2016 respectively. Accordingly, the total number of employees in the Internal Audit Division in the year 2017 was five (05).

2. Establishment of the Audit and Management Committee and the Implementation of the Audit Plan.

In accordance with the Public Enterprises Circular No. PED 55 of 14.12.2010, Internal and Management Committee was established and the Audit Plan was formulated for the period of one year from 01.01.2017 to 31.12.2017. The Audit Plan had been implemented subsequent to obtaining the approval of the Board of Directors and the Auditor General. Four (04) Audit and Management Committee meetings were held during the relevant period. The number of Audit queries referred to the Management of the Paddy Marketing Board during the relevant period was 37.

3. Observations and the Recommendations of the Internal Auditor

The Internal Auditor has pointed out to the Chairman, Board of Directors and the Management from time to time with Audit Reports and Audit Queries with his / her observations and recommendations that special attention have to be focused on the following fields out of the identified fields.

The summary of the observations and recommendations for which the attention of the Chairman, Board of Directors and the Management was focused through the internal Audit queries and Audit Reports is mentioned below.

3.1 Operational Activities

- I. Expedient operation of the proposed computer stock controlling system, which is inoperative and introduction of internal Controlling system in relation to purchasing, storing and issuing of paddy.
- II. Purchasing and storing Paddy.

The issues identified in relation to purchasing and storing paddy are as follows.

- Taking action to recover losses occurred to stocks of paddy that were destroyed due to storing in cocoon stores purchased from Sri Lanka State Trading (General) Corporation (STC) as temporary stores and for destroyed cocoon stores.
- Failure to take steps to minimize damages to paddy stocks through improving the condition of warehouses.
- Introduction of a methodology for maintaining highly accurate paddy stock records due to problems on the accuracy of reports in relation to paddy stocks sent to the Head Office by Regional Offices.
- Paddy Marketing Board had to accept paddy stocks of farmers with the polysac bags brought by farmers due to the inability of supplying high standard polysac bags at the proper time to the warehouses to stack paddy stocks. Thereby, paddy stock damages are increased. (The durability of polysac bags brought by farmers was less as most probably the Polysac bags had been used earlier) and the PMB had to pay money also for the polysac bags brought by farmers.
- Twelve thousand (12,000) ground racks had been purchased from a supplier by paying a sum of Rs. 81 million during the year 2016 for storing paddy stocks in warehouses. There were the following defects in the relevant ground racks.
 - Changes in the shape of the ground racks as timber logs had not been welded.
 - Should have used raw timber.
 - when the wood dries, the nails come out as iron nails have been used.
 - Even though chemical treatments have been applied to prevent damages from insects, the relevant ground racks were damaged by termites.

iii. Attendance of employees and obtaining leave

The requirement of issuing formal circular instructions pertaining to reporting for duty and obtaining leave by the field officers as the internal control on reporting for duty and obtaining leave by the field officers was weak.

iv. Control of Vehicles

- Proper conduct of the ownership, use and maintenance of vehicles used by the Paddy Marketing Board.
- Maintaining updated running charts.
- Taking action to obtain the insurance policy and the annual revenue license for the vehicle on the due date.

v. Taking expedite procedures to recover money that are to be paid to the Paddy Marketing Board from millers under the various Programmes implemented and mentioned below.

- Programme of handing over of grains to the Food Commissioner's Department.
- Issuance of Paddy stocks to the C.W.E.
- Programme of providing grains to the World Food Organization.
- Programme of exporting grain.
- Issuance of paddy stocks on credit basis.
- Project of converting paddy stocks purchased in the Maha Season of 2014/15 and Yala Season of 2015 in to grains by private paddy mills.

vi. Issuing of paddy stocks to Sathosa Institution

Letters of Comfort have been issued as per the directives issued by the Cabinet Sub-Committee on Cost of Living, the General Treasury and the Line Ministry.

- Although the Paddy Marketing Board had to pay the loan interest to the banks until the money was received for the issued paddy, a method had been devised to obtain the relevant interest amount to the Paddy Marketing Board.
- Although the Paddy Marketing Board and the Sathosa had entered into an agreement regarding this process, the Paddy Marketing Board had not received the dues as the Agreement had been non-formal.
- Action has not yet been taken to extend the relevant period even though the validity period of the Letters of Comfort issued by the General Treasury in relation to that purpose had been elapsed.
- Even though Sathosa continued to default payments that should be paid to the Paddy Marketing Board and action had not been taken in that regard.
- Not making arrangements to take a policy decision on getting the burden of expenditure (interest of loan) of this project, implemented by Sathosa, by the Paddy Marketing Board.

vii. Submission of a proposal to minimize losses within the process of purchasing and issuance of paddy.

Taking action to reimburse the financial loss, incurred by the Paddy Marketing Board through the Programmes (World Food Programme, Rice Exports and Issuance of Paddy stocks to Sathosa) implemented with the directives of the Cabinet Approved Sub-Committee on Cost of Living, the General Treasury and the Line Ministry, from the General Treasury or from the related parties.

viii. Administration of Warehouses

- Establishment of a formal internal control methodology in relation to the warehouse administration and due issuance of instructions on the administration of warehouses to the officers in charge of warehouses (As a Warehouse Administration Manual)
- Obtaining the new technical equipment and guidance (Technical Knowledge) required to measure the administration of warehouses and agricultural standards from the Government institutions which function in relation to the relevant standards.
- Development of a definite scientific foundation / standard for the loss of weight in stocks which occur as a result of drying paddy stocks naturally inside warehouses.
- Establishment of required methodologies to immediately identify fraudulent activities, omissions and under measurements on paddy stocks stored in warehouses and to take necessary action and taking immediate measures on matters identified in the verification of stocks carried out in the year 2017.
- Taking action to acquire the legal ownership of the warehouses, lands and properties currently occupied by the Paddy Marketing Board, to the Paddy Marketing Board itself.

ix. Although Rs. 34.45 million had been paid to the State Engineering Corporation for the warehouses of 2,000 metric tons and 1,000 metric tons, vested to the paddy Marketing Board in the year 2016 and located in Maradagahamula, action has not yet been taken to transfer the relevant land to the Paddy Marketing Board.

x. Making arrangements to transfer or to lease in various ways the warehouses, lands and properties owned by the Paddy Marketing Board that are being used by external parties.

xi. Designing of future plans (Corporate Plan) of the Paddy Marketing Board for the accomplishment of the Objects stipulated in the Paddy Marketing Board Act No. 14 of 1971.

xii. The requirement of carrying out the operations of the Paddy Marketing Board in compliance with the Establishments Code, Financial Regulations, General Treasury Circulars and the other Circulars.

Xiii. Issuance of Paddy stocks for animal feed for the manufacture of rice flour

As the paddy harvest of Maha Season of the year 2015/16 had been supplied to the market, the Paddy Marketing Board had to purchase paddy in order to maintain the stable market prices for paddy and the warehouses of the Paddy Marketing Board were already filled with paddy stocks. Cabinet approval was granted on 02 March 2016 to issue stocks of paddy

purchased in Maha Season of the year 2014/15 and Yala Season of the year 2015 at the rate of Rs. 24.00 per kilo for the manufacture of animal feed and the manufacture of rice flour.

Issuance of Paddy stocks for animal feed

Accordingly, 88,615,319 kilograms of paddy had been issued to 09 companies that produce animal feed at the rate of Rs. 24.00 per one kilogram and the loss incurred from that was Rs. 1,861 million (Solely the loss of selling at a price lower than the purchased price without adjusting operating expenditure). The Internal audit had pointed out through audit queries and audit reports that special attention should be focused on the following matters in the implementation of this process.

- The requirement of reimbursing the loss incurred by issuing paddy stocks for animal feed on the approval of the Cabinet of Ministers and non-formulation of a methodology for covering the interest of the bank loans that should be paid on that loss.
- Even though paddy stocks obtained by Animal Feed Manufacturers for the manufacture of animal feed had been handed over to paddy mills located throughout the country to dehusk, this task was difficult to regulate and to supervise due to the non-availability of a methodology to check whether animal feed is manufactured truly using these paddy stocks or rice is manufactured for the consumption of human beings. Even though information on the paddy stocks provided to each mill and the quantity of rice returned to the Animal Feed Manufacturers by each mill and the percentages of paddy returned and the stocks available at the Animal Feed Manufacturers should be reported to the Paddy Marketing Board, this responsibility had been continuously neglected by the Manufacturers and the related functions had not been supervised and regulated in terms of the Agreements entered in to by the Animal Feed Manufacturers with the Paddy Marketing Board.
- Destruction of paddy stocks in warehouses, which were older than the paddy stocks of Maha Season of 2014/15 and Yala Season of 2015 which had been issued as animal feed.
- Even though it had been decided to issue paddy stocks at a lower price for animal feed with the objective of controlling the price for paddy at the market and with the objective of emptying the warehouses of the Paddy Marketing Board, further issuance of paddy stocks continuously as animal feed after emptying the warehouses more than the required level and even after the prices of paddy had become stable after getting the paddy yield.

Issuance of Paddy Stocks for Rice Flour

In terms of the decision of the Cabinet of Ministers on 02.03.2016, 2,800,935 kilograms of Nadu Paddy had been issued to 02 Companies at the rate of Rs. 24.00 and

the financial loss incurred from the activity was about Rs. 58.9 million (Solely the loss of selling at a price lower than the purchased price without adjusting the operating expenditure). It was problematic whether the objective of selling paddy stocks at a lower price such as Rs. 24.00 could be accomplished as it was not possible to confirm whether the relevant paddy stocks were used to manufacture rice flour since a check on the output of manufacturing rice flour out of the paddy stocks received by the relevant companies could not be done in terms of the Agreements entered in to with the Paddy Marketing Board within this process.

- The requirement of reimbursing the loss incurred by issuing paddy stocks for manufacturing rice flour on the approval of the Cabinet of Ministers and non-formulation of a methodology for covering the interest of the bank loan that should be paid on the loss.
- Supervision had not been done continuously to confirm whether rice flour had actually been manufactured using the paddy stocks issued under this basis or the paddy stocks had been used to manufacture rice grains.

Xiv . Human Resources (Employees) Management

The Requirement of settling the following issues in relation to the employees recruited to the service from time to time since the inception of the Paddy Marketing Board in the year 2008.

- Conducting Efficiency Bar Examinations for the Employees.
- Expediting the confirmation of employees in the service.
- Expediting the granting of salary increments to employees, which had not been paid to them for years.
- Expediting the salary conversions in accordance with the Circular No. 2/2016.
- Reviewing the Staffs to accomplish the objectives stipulated in the Corporate Plan.

3.2 Financial and Accounting Activities

I. Expediting the preparation of Annual Accounts

Requirement of taking action to submit Financial Statements in terms of Public Enterprises Circular No. PED 12 and the requirement of such Financial Statements to be in compliance with the Sri Lanka Accounting Standards and the Financial Regulations.

II. To prepare and maintain the bank reconciliations in an updated manner

Adopting the following processes in relation to the payments that cannot be identified in the Bank accounts used for the payment of money to farmers in the purchase of paddy, which is the major factor that hinders the submission of the Annual Accounts on the due date.

- Introducing the Internet Banking.

- Adopting the methodology of Fund Transfer to an account that is being maintained at the relevant bank in favour of the farmers, instead of paying money directly to farmers.
 - Deciding the maximum amount that can be debited to the Bank Account used for purchasing paddy through one transaction at the same time for preventing debiting the amount paid from the bank account to more than one farmer as a bulk amount to the Bank account.
 - Establishment of a methodology to prevent the payment of money to farmers for purchasing paddy in another Zone from an account assigned to pay money to farmers in the purchase of paddy for each Zone.
- iii. Conducting Annual Verifications of goods for the stocks of paddy.
- iv. Expediting the settlement of balances of the Accounts that were not settled.
- v. Conducting the annual verification of goods and updating the fixed assets registers.
- vi. Adopting a methodology for immediate settlement of advances issued to the employees of the Paddy Marketing Board and to the other parties.
- vii. Selling of Paddy stocks
- The attention should be focused on the following matters in selling stocks of paddy.
- Deciding a rational selling price
 - Deciding to sell paddy at the most appropriate opportunity. (Whenever the market price is higher and in occasions when paddy is not harvested.)
 - Fixing a rational price in issuing paddy/ grains to external institutions of the Government.
- viii. Liabilities of the Paddy Marketing Board
- Formulation and implementation of a long-term plan to settle long-term liabilities and loans to the General Treasury and to the state banks through the minimization of losses incurred by selling stocks of paddy that are purchased by the Paddy Marketing Board at a price less than the purchased price of such paddy stocks. Thereby, making arrangements to minimize unnecessary interest expenses that are currently being incurred.

- Establishment of long-term objectives required for the development of the contribution provided to farmers by the Paddy Marketing Board through a long-term plan and maintenance of the institution in a way that the Paddy Marketing Board is no more a burden on expenditure side to the Government (to maintain at least at a level of not incurring losses) and functioning accordingly to accomplish the objectives.
- ix. The requirement of charging / settling a non- operating debtor balance existing continuously in accounts from the relevant institutions (Co-operative Wholesale Establishment, Line Ministry, Food Commissioner’s Department, Lanka Sathosa and Hambantota and Ampara District Secretariats etc.).
- X. Contractual / Construction Administration
- Requirement of conforming to the Procurement Guidelines and Manuals of the Government.
 - Need to recruit a permanent officer with technical knowledge to the Paddy Marketing Board for supervising the construction work.

4. Positive facts regarding the recommendations made by the Internal Auditor

The Management has taken the following action by focusing attention of the Management on the following matters out of the matters pointed out.

- I. Conducting a system audit on the existing stock control system and submitting an analysis of the cost and results of the relevant software had been referred to an analysis.
- II. Introduction of a system to confirm the duties of the field officers.
- III. Should have resorted to legal action for the recovery of dues to the Paddy Marketing Board under various programmes that had been implemented.
- IV. Establishment of the Inquiry Committee on Paddy Stock Shortage by issuing circular instructions to deal with the shortage and shortcomings of paddy stocks stored in the warehouses.
- V. Action had been taken to compute and to pay the increments of employees, which had not been paid for many years.
- VI. Obtaining the Cabinet Approval for getting Engineering Services required for Construction activities from the Central Engineering Consultancy Bureau.

14. Progress in Achieving Sustainable Development Goals

In issuing paddy production to the Market, paddy stocks are purchased by the Paddy Marketing Board from the farmers at a guaranteed price. Thereby, it is expected to improve the standard of living of our farmers by eradicating the poverty.

Consumers face severe difficulties owing to the increase in prices of rice and paddy in the open market during several months in the year. Therefore, the Paddy Marketing Board makes arrangements to issue paddy stocks to the market during the relevant periods to provide the consumer with an opportunity to purchase rice grains at a fair and reasonable price.

In addition to that, the Paddy Marketing Board anticipates to ensure the food safety within the country by maintaining a buffer stock of paddy.

Annual Accounts - 2017

Paddy Marketing Board

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	2017 Rs.	2016 Rs.
ASSETS			
Non Current Assets			
Property Plant & Equipment	3	917,462,940	753,194,687
Capital Work-in-Progress	4	78,891,620	86,024,585
Investments	5	448,941,944	413,875,469
		<u>1,445,296,504</u>	<u>1,253,094,741</u>
Current Assets			
Inventories	6	3,090,731,472	9,747,685,680
Trade and Other Receivables	7	4,227,507,094	2,064,813,346
Cash and Cash Equivalents	8	229,848,894	342,678,254
		<u>7,548,087,460</u>	<u>12,155,177,280</u>
Total Assets		<u>8,993,383,964</u>	<u>13,408,272,021</u>
EQUITY AND LIABILITIES			
Capital Contributed by the Treasury	9	631,484,518	631,484,518
Reserve Surplus/ (Deficit)		(13,180,175,058)	(12,692,062,340)
Total Equity		<u>(12,548,690,540)</u>	<u>(12,060,577,822)</u>
Non Current Liabilities			
Interest Bearing Loans & Borrowings	10	11,533,541,354	14,594,014,227
Provision for Defined Benefit Plans	11	17,765,901	6,274,662
Deferred Income	12	814,109,507	672,000,000
		<u>12,365,416,762</u>	<u>15,272,288,890</u>
Current Liabilities			
Trade & Other Payables	13	9,107,113,171	10,127,450,500
Interest Bearing Loans & Borrowings	10	69,544,572	69,110,454
		<u>9,176,657,742</u>	<u>10,196,560,953</u>
Total Equity and Liabilities		<u>8,993,383,964</u>	<u>13,408,272,021</u>

These Financial Statements are in compliance with the requirements of the Finance Act No. 38 of 1971.

.....
Deputy General Manager (Finance)

.....
Accountant

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

.....
Chairman

.....
Director

The accounting policies and notes on pages 5 to 24 form an integral part of the Financial Statements.

Paddy Marketing Board

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	Note	2017 Rs.	2016 Rs.
Revenue	14	7,424,976,814	9,123,924,729
Cost of Sales		(6,740,033,282)	(13,682,327,116)
Gross Profit		<u>684,943,531</u>	<u>(4,558,402,388)</u>
Other Income	15	187,621,713	165,452,505
Administrative Expenses		(186,970,856)	(157,910,688)
Selling & Distribution Expenses		(1,402,122)	(1,324,408)
Other Expenses		-	(212,000)
Finance Expenses	16	(1,146,297,587)	(1,341,928,877)
Profit/(Loss) Before Tax		<u>(462,105,320)</u>	<u>(5,894,325,856)</u>
Income Tax (Expense) / Reversal		-	-
Profit / (Loss) for the Period		<u>(462,105,320)</u>	<u>(5,894,325,856)</u>
Other Comprehensive Income			
Actuarial Gain (Loss)		-	40,398
Total Comprehensive Income		<u><u>(462,105,320)</u></u>	<u><u>(5,894,285,458)</u></u>

The accounting policies and notes on pages 5 to 24 form an integral part of the Financial Statements.

Paddy Marketing Board

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

	Contributed Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 January 2016	631,484,518	(6,797,776,882)	(6,166,292,364)
Prior Year Adjustments	-	-	-
Profit/(Loss) for the period	-	(5,894,285,458)	(5,894,285,458)
Balance as at 31 December 2016	<u>631,484,518</u>	<u>(12,692,062,340)</u>	<u>(12,060,577,822)</u>
Balance as at 01 January 2017	631,484,518	(12,692,062,340)	(12,060,577,822)
Prior Year Adjustments	-	(26,007,397)	(26,007,397)
Profit/(Loss) for the period	-	(462,105,320)	(462,105,320)
Balance as at 31 December 2017	<u><u>631,484,518</u></u>	<u><u>(13,180,175,058)</u></u>	<u><u>(12,548,690,540)</u></u>

The accounting policies and notes on pages 5 to 24 form an integral part of the Financial Statements.

Paddy Marketing Board

CASH FLOW STATEMENT

Year ended 31 December 2017

	2017 Rs.	2016 Rs.
Cash Flows From / (Used in) Operating Activities		
Profit/(Loss) Before Tax	(462,105,320)	(5,894,325,856)
Adjustments for		
Finance Cost	1,146,297,587	1,341,928,877
Depreciation	49,450,628	31,892,123
Interest Provided on Gratuity Balance		565,316
Provision for Gratuity	12,144,932	833,951
Interest income of Fixed Deposit	(45,293,343)	(33,886,068)
Prior Year Adjustment	(26,007,397)	-
Operating Profit before Working Capital Changes	<u>674,487,086</u>	<u>(4,552,991,656)</u>
(Increase)/Decrease in Work In Progress	7,132,965	(69,292,017)
(Increase)/Decrease in Inventories	6,656,954,208	6,758,356,950
(Increase)/Decrease in Trade and Other Receivables	(2,162,693,748)	51,845,474
Increase/(Decrease) in Trade and Other Payables	<u>(1,020,337,329)</u>	<u>(501,522,928)</u>
Cash Generated from Operations	4,155,543,182	1,686,395,823
Finance Cost Paid	(1,146,297,587)	(1,341,928,877)
Income Tax Paid	-	-
Gratuity Paid	(653,693)	-
Net Cash From/(Used in) Operating Activities	<u>3,008,591,901</u>	<u>344,466,945</u>
Cash Flows From / (Used in) Investing Activities		
Acquisition of Property, Plant & Equipment	(213,718,880)	(94,719,538)
Investment in Fixed Deposits	(35,066,475)	(28,744,106)
Interest income of Fixed Deposits	45,293,343	33,886,068
Net Cash Flows From/(Used in) Investing Activities	<u>(203,492,012)</u>	<u>(89,577,575)</u>
Cash Flows From/(Used in) Financing Activities		
Issue of Shares	-	-
Proceeds from Interest Bearing Loans & Borrowings	-	6,798,200,000
Repayments of Interest Bearing Loans & Borrowings	(3,060,472,874)	(6,954,905,644)
Receipt of Government Grant	142,109,507	150,000,000
Net Cash Flows From/(Used in) Financing Activities	<u>(2,918,363,366)</u>	<u>(6,705,644)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(113,263,477)	248,183,726
Cash and Cash Equivalents at the Beginning of the year	<u>273,567,800</u>	<u>25,384,074</u>
Cash and Cash Equivalents at the End of the year	<u>160,304,323</u>	<u>273,567,800</u>

The accounting policies and notes on pages 5 to 24 form an integral part of the Financial Statements.

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

1. CORPORATE INFORMATION

Paddy Marketing Board (**PMB**) is a statutory board established under the provisions of the Paddy Marketing Board Act No. 14 of 1971, and domiciled in Sri Lanka. The registered office and the principal place of Business are located at No.330, Union Place, Colombo 02.

Paddy Marketing Board was under liquidation during the period 2000 to 2007, and was reactivated by the then Minister of Agriculture Development and Agrarian Services, Hon. Maithripala Sirisena with effect from 1st December 2007.

1.1 Date of Authorization for Issue

The Financial Statements for the year ended 31 December 2017 were authorized for issue in accordance with a resolution by the board of directors on 2019.02.21

1.2. Responsibility for the Financial Statements

Board of Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka for such internal control as the management determine is necessary

To enable the preparation of financial statements that are free from material misstatements whether due fraud or error.

1.3. Principal Activities & Nature of Operations

The primary business of **PMB** is purchase of paddy during harvesting season and selling of paddy.

1.4 Basis of Preparation

(a) Statement of Compliance

The financial statements comprise the statement of financial position, statement of comprehensive income, statement of changes in equity, cash flow statement and notes to the financial statements. These statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka.

(b) Basis of measurement

The financial statements have been prepared on historical cost basis except where appropriate disclosures are made with regard to fair value under relevant notes.

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

(c) Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period for all amounts reported in the financial statements in order to enhance the understanding of the financial statements of the current period and to improve the inter-period comparability.

(d) Financial and presentation currency

These financial statements prepared in Sri Lanka Rupees which is the functional and presentation currency of the **PMB**.

All financial information presented in Sri Lankan Rupees has been rounded to the nearest rupee, unless stated otherwise.

(e) Use of Estimates and Judgments

These preparation and presentation of financial statements in conformity with SLFRS/LKAS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and estimates. Actual results may differ from these estimates and judgments used.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimate is revised if the revision affects only that period or in the period of the revision and future periods, if the revision affects both current and future periods.

Information about significant areas of estimates, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements as included in the notes to the financial statements.

2. ASSETS AND BASIS OF THEIR VALUATION**2.1 Property, Plant and Equipment****(a) Cost**

Property, Plant & Equipment is stated at cost, excluding the cost of day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met.

(b) Restoration Costs

Expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance, is recognized as an expense when incurred.

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

(c) Depreciation

The provision for depreciation is calculated by using a straight line method on the cost or valuation of all property, plant and equipment, in order to write off such amounts over the following estimated useful lives as follows.

Category of Assets	Rate per annum
Building	2.5%
Computer & Accessories	20%
Furniture & Fixtures	20%
Office Equipment	20%
Other Equipment	20%
Scales	20%
Moisture Meters	20%
Motor Vehicles	20%
Cocoon Stores	20%

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.2 Inventories

Inventories are valued at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value 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.

2.3 Financial assets**(a) Initial Recognition**

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or as available-for-sale financial assets

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

(b) Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

PMB does not designate any financial asset as **fair value through profit or loss**.

Loans & Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the income statement. The losses arising from impairment are recognized in the income statement in finance costs.

PMB has classified trade and other receivables, fixed deposits, cash & cash equivalents as loans & receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the **PMB** has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the income statement. The losses arising from impairment are recognized in the income statement in finance costs.

PMB did not have any held-to-maturity investments during the period ended 31 December 2015.

Available-for-sale financial investments

PMB has 20,000 ordinary shares of the Associate Newspaper (Ceylon) Ltd. Recognized to financial asset as **Held for Sale**.

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

(c) Impairment of financial assets

The **PMB** assesses at each reporting date whether there is any objective evidence that a financial asset or **PMB** of financial assets is impaired. A financial asset or a **PMB** of financial assets is deemed to be impaired if and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the **PMB** of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a **PMB** of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the **PMB** first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the **PMB** determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a **PMB** of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the **PMB**. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account.

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

(d) Cash and Cash Equivalents

Cash and cash equivalents are cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.4 Financial liabilities**(a) Initial recognition and measurement**

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss or as loans and borrowings, as appropriate. The **PMB** determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

PMB's financial liabilities include trade and other payables and loans and borrowings.

(b) Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the **PMB** that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the income statement.

PMB has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

(c) Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the income statement. The **PMB** has classified interest bearing loans and borrowings and other borrowings as loans and borrowings.

(d) Financial guarantee contracts

Financial guarantee contracts issued by the **PMB** are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognized less cumulative amortization.

Derecognition

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

Offsetting of financial instruments

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

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

2.5 Provisions

Provisions are recognized when the **PMB** has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the **PMB** expects some or all of a provision reimbursed, the reimbursement is recognized as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense

The provision for drriage of paddy is calculated at the rate of 3% for the closing paddy stock.

2.6 Government Grants

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

When the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual installments.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant.

2.7 Retirement Benefit Plan**2.7.1 Defined Benefit Plan – Gratuity**

Terminal Benefits have been provided for all Employees who have completed 01 year of services, at the rate of one half of the basic salary, for the last month of the financial year, or each year of completed service. The provision has not been externally funded nor has been actuarially valued

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

2.7.2 Defined Contribution Plan

All employees of the Company are members of the Employees' Provident Fund and Employees' Trust Fund, to which the employees contribute 12% and 3% for all employees for Employees' Trust Fund based on such employees consolidated salary. (Consolidated salary made from Basic Salary and the other allowances)

2.8 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the **PMB** and the revenue and associated costs 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.

2.9 Sale of Goods

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

2.10 Interest Income

Interest income is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the income statement.

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2017

3. PROPERTY, PLANT & EQUIPMENT**3.1 Cost**

	Balance as at 01.01.2017	Additions	Disposals	Adjustments	Balance as at 31.12.2017
	Rs.	Rs.	Rs.	Rs.	Rs.
Land & Building	690,814,100	136,552,982	-	(6,775)	827,360,306
Computer & Accessories	11,896,614	8,524,089	-	-	20,420,703
Cocoon Stores	39,330,000	-	-	-	39,330,000
Furniture & Fittings	15,749,967	192,650	-	64,478	16,007,094
Office Equipments	3,512,114	-	-	(205,002)	3,307,112
Other Equipments	1,070,153	125,865	-	140,524	1,336,541
Moisture Meters	12,527,600	-	-	-	12,527,600
Motor Vehicles	3,322,135	-	-	(221,135)	3,101,000
Pallets	52,301,546	62,962,694	-	-	115,264,240
Scales	5,828,173	-	-	-	5,828,173
Weigh Bridge	-	6,146,750	-	-	6,146,750
	<u>836,352,401</u>	<u>214,505,029</u>	<u>-</u>	<u>(227,910)</u>	<u>1,050,629,520</u>

3.2 Depreciation

	Balance as at 01.01.2017	Charge for the year	Disposals	Adjustments	Balance as at 31.12.2017
	Rs.	Rs.	Rs.	Rs.	Rs.
Building	51,734,600	17,894,410	-	(71)	69,628,939
Computer & Accessories	4,362,769	2,245,058	-	246,305	6,854,133
Cocoon Stores	7,866,000	7,866,000	-	-	15,732,000
Furniture & Fittings	6,520,972	2,565,322	-	113,559	9,199,853
Office Equipments	1,869,097	535,680	-	(166,041)	2,238,737
Other Equipments	513,286	220,855	-	140,524	874,665
Moisture Meters	6,379,842	1,763,050	-	1,363	8,144,254
Motor Vehicles	2,878,400	-	-	222,600	3,101,000
Pallets	-	14,716,833	-	-	14,716,833
Scales	1,032,747	1,139,529	-	-	2,172,276
Weigh Bridge	-	503,892	-	-	503,892
	<u>83,157,714</u>	<u>49,450,628</u>	<u>-</u>	<u>558,239</u>	<u>133,166,580</u>

3.3 Net Book Value

	Balance as at 31.12.2017	Balance as at 31.12.2016
	Rs.	Rs.
Land & Building	757,731,367	639,079,500
Computer & Accessories	13,566,571	7,533,845
Cocoon Stores	23,598,000	31,464,000
Furniture & Fittings	6,807,241	9,228,994
Office Equipments	1,068,375	1,643,016
Other Equipments	461,877	556,867
Moisture Meters	4,383,346	6,147,758
Motor Vehicles	-	443,735
Pallets	100,547,407	52,301,546
Scales	3,655,897	4,795,426
Weigh Bridge	5,642,858	-
	<u>917,462,940</u>	<u>753,194,687</u>

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2017

	*	
	2017	2016
	Rs.	Rs.
4. WORK IN PROCESS		
Opening Balance	86,024,585	16,732,567
Transferec to Land & Building Account	(35,012,214)	(30,831,960)
Advance Given for the Period	52,452,910	100,123,977
	<u>78,891,620</u>	<u>86,024,585</u>
5. INVESTMENTS		
	2017	2016
	Rs.	Rs.
Fixed Deposit - Bank of Ceylon	448,814,944	413,875,469
Associated Newspapers	127,000	-
	<u>448,941,944</u>	<u>413,875,469</u>
6. INVENTORIES		
	2017	2016
	Rs.	Rs.
Paddy Stock- Nadu	2,245,453,947	6,871,105,361
- Samba	835,392,139	2,563,783,131
- Keeri Samba	8,987,050	257,516,750
Goods in Transit	-	54,385,222
Consumable Items	898,337	895,217
	<u>3,090,731,472</u>	<u>9,747,685,680</u>
7. TRADE AND OTHER RECEIVABLES		
	2017	2016
	Rs.	Rs.
Trade Debtors (7.1)	4,151,314,979	2,013,370,698
Less - Provision for Impairment	-	-
	<u>4,151,314,979</u>	<u>2,013,370,698</u>
Sundry Debtors		
Loans and Advances (7.2)	63,723,310	33,371,122
Other Receivables (7.3)	11,917,805	17,520,526
Securities and Deposits (7.4)	551,000	551,000
	<u>4,227,507,094</u>	<u>2,064,813,346</u>
7.1 Trade Debtors		
	2017	2016
	Rs.	Rs.
CWE	2,867,190,052	462,689,308
Ministry for Paddy Sales	32,688,410	332,688,410
Food Department	425,951,745	425,951,745
Lanka Sathosa	77,526,708	77,526,708
Ministry of Rice Export	264,154,465	264,154,465
Cashew Co-operation	3,500,000	-
North - Sea	1,000,000	-
Palmyraha Development Authority	700,000	-
S.L. Air Force	-	4,307,000
Receivable from Food Department	10,591,838	10,591,838
Receivable from Millers	68,704,726	21,803,499
Receivable from Ampara D/S - WFP	2,458,086	2,458,086
Receivable from Ham. D/S - WFP	18,351,743	18,351,743
Rice millers for Export	211,870,394	211,370,394
Rice Millers (for paddy sales of Credit Basis)	44,399,804	45,049,804
Rice Millers (CWE & WF - 2016)	8,502,516	21,449,051
Purchase Control Account	49,743,530	49,743,530
Unidentified Paddy Purchases	63,980,963	65,235,117
	<u>4,151,314,979</u>	<u>2,013,370,698</u>

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2017

7.2 Loans and Advances

Advances	2017 Rs.	2016 Rs.
Ampara Region	1,075,716	480,183
Anuradhapura Region	169,018	685,960
B.T.S. Fernando	10,333	14,343
B.S. Wathuregama	20,000	20,000
Chief Valuer	120,680	87,100
Chairman - PMB	26,000	-
Commi. Agraraian - Kurunegala	274,271	274,271
Commissioner of Co-Operative	9,000,000	9,000,000
District Secretary Trincomalee for building rent	110,000	-
D.Sathkumara	24,000	4,000
District Secretary Giribawa	-	42,204
Eastern Region	65,986	422,085
G. Agent- Ampara	200,000	200,000
G.I.N. Fernando	13,500	-
G.L.T.D. Kulathunga	20,000	31,942
G.L. Duminguhewa	41,000	41,000
H. Jayalath	10,000	-
Internal Auditor - PMB	-	10,000
K.T.H.P.M. Peiris	65,000	-
Lanka Sathosa Limited	1,000,000	1,000,000
Legal Officer - PMB	-	110,000
L.M.U.N. Kabral	-	6,000
M.A.N. Perera	378,708	481,643
M.M.M.A. Kumarasiri	3,990	-
Mr Peries (Government Audit)	20,000	20,000
North Westen Region	754,596	1,136,006
North Region	484,870	1,317,370
P.A.V. Dammika	-	6,000
Polonnaruwa Region	1,194,455	4,639,725
Paddy purchase operational ex - polonnaruwa	-	3,306,940
Paddy purchase operational ex - Anuradhapura	-	218
Paddy purchase operational ex - Eastern	-	39,557
R.M. Malinda Nuwan	114,274	84,000
Road Development Authority	797,161	797,161
S. State Trading Corporation	3,000,000	3,000,000
State Engineering Corporation - Maradagahamula store	34,451,514	-
South Region	1,168,018	-
District Secretary for Stores Maintenance	143,961	-
District Secretary for Stores Premises Cleaning	746,757	-
T.P.G.N. Sampath	-	26,440
T.A.M. Darshani	72,580	-
W.R.S. Ranasinghe	20,000	10,000
Weightech (pvt) Ltd	2,242,500	-
Petty cash - Trinco	21,515	58,097
- Polonnaruwa	26,005	30,000
- Anuradhapura	29,765	30,001
- Head office	2,000	1,456
- North West	29,723	30,000
- North	30,000	30,000
Festival Advance	195,450	194,950
Loans		
Bike Loan	346,362	1,273,507
Distress Loan	5,203,602	4,428,962
	<u>63,723,310</u>	<u>33,371,122</u>

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2017

7.3 Other Receivables	2017	2016
	Rs.	Rs.
CWE Constructions & Engineering (pvt)	-	1,949,677
Develo. Officer's & others salary Reimbursement A/C	2,258,252	4,442,055
Accrued Rent Income	3,568,400	-
Receivable form R/M - North Region	-	180
Receivable from PMB Staff - Stock Shortages	890,080	-
Receivable form District Secretary for construction	143,948	-
WHT Receivables	-	6,071,292
E.T.F. Surchages	-	30,315
Receivable from - BOC	3,282,807	3,298,677
- People's Bank	1,691,330	1,691,330
Debtor - G.M.A. Manike	-	37,000
Salary control & abetments	82,987	-
	<u>11,917,805</u>	<u>17,520,526</u>
	<u>11,917,805</u>	<u>17,520,526</u>
7.4 Securities and Deposits	2017	2016
	Rs.	Rs.
Housing Security Deposit	20,000	20,000
Security Deposits	531,000	531,000
	<u>551,000</u>	<u>551,000</u>
	<u>551,000</u>	<u>551,000</u>
8. CASH AND CASH EQUIVALENTS	2017	2016
	Rs.	Rs.
Favourable Cash & Short Term Deposits		
Cash and Bank Balances	229,848,894	342,678,254
	<u>229,848,894</u>	<u>342,678,254</u>
	<u>229,848,894</u>	<u>342,678,254</u>

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2017

9. CAPITAL AND RESERVE**Contributed Capital**

	2017	2016
	Rs.	Rs.
Capital Contributed by the Treasury	631,484,518	631,484,518
	<u>631,484,518</u>	<u>631,484,518</u>

10 INTEREST BEARING LOANS AND BORROWINGS

	2017				2016	
	Rs.	Rs.	Rs.		Rs.	Total
	Non- Current	Current	Total	Non- Current	Current	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bank Loans (10.1)	-	11,533,541,354	11,533,541,354	-	14,594,014,227	14,594,014,227
Bank Overdraft	-	69,544,572	69,544,572	-	69,110,454	69,110,454
	<u>-</u>	<u>11,603,085,925</u>	<u>11,603,085,925</u>	<u>-</u>	<u>14,663,124,681</u>	<u>14,663,124,681</u>

10.1 Bank Loans

	As at 01.01.2017	Loans Obtained	Repayments	As at 31.12.2017
	Rs.	Rs.	Rs.	Rs.
Bank of Ceylon	9,580,875,449	-	991,853,057	8,589,022,392
People's Bank	5,013,138,778	-	2,068,619,816	2,944,518,962
	<u>14,594,014,227</u>	<u>-</u>	<u>3,060,472,874</u>	<u>11,533,541,354</u>

11. DEFINED BENEFIT LIABILITY

	2017	2016
	Rs.	Rs.
Balance at the beginning of the year	6,274,662	4,915,793
Provision for the year	3,750,900	833,951
Interest for the year	-	565,316
Actuarial Loss	-	(40,398)
Prior year adjustments	8,394,032	-
Payment Made during the year	(653,693)	-
Balance at the end of year	<u>17,765,901</u>	<u>6,274,662</u>

Previously PMB has provisioned for Gratuity based on projected unit credit method on assuming that PMB has a plan asset for the obligation. but PMB doesn't have such an asset, therefore this year the calculation has been reversed as per using only the obligation and the payment were done by using internal funds of PMB.

12 DEFERRED INCOME

	2017	2016
	Rs.	Rs.
Balance at the beginning of the year	672,000,000	522,000,000
Government Grant for Capital Expenditure During the Year	142,109,507	150,000,000
Charge to Income Statement	-	-
Balance at the end of year	<u>814,109,507</u>	<u>672,000,000</u>

This represents the government Grant offered for the company for improvements, constructions of stores & computerisation.

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2017

13. TRADE AND OTHER PAYABLES	2017	2016
	Rs.	Rs.
Trade Payables (13.1)	248,161,339	248,161,339
Sundry Creditors (13.2)	6,807,451,258	7,438,722,481
Other Payables (13.3)	1,438,303,646	1,484,266,160
Accrued Expenses (13.4)	613,196,929	956,300,520
	<u>9,107,113,171</u>	<u>10,127,450,500</u>
13.1 Trade Payables	2017	2016
	Rs.	Rs.
Lanka Sathosa Loan	200,000,000	200,000,000
Rice millers for Export	4,858,937	4,858,937
Rice Millers (CWE & WF - 2016)	3,302,402	3,302,402
Payable to GA - Ampara	10,000,000	10,000,000
- Trincomalee	30,000,000	30,000,000
	<u>248,161,339</u>	<u>248,161,339</u>
13.2 Sundry Creditors	2017	2016
	Rs.	Rs.
Payable to Treasury	6,434,554,538	7,067,901,996
Payable to Ministry of Food Security	92,000,000	92,000,000
Payable to Ministry of Rural Economy	241,790,000	241,790,000
Sundry Creditors	39,106,720	37,030,486
	<u>6,807,451,258</u>	<u>7,438,722,481</u>
13.3 Other Payables	2017	2016
	Rs.	Rs.
Provisions (13.3.1)	1,292,896,018	1,445,926,947
Refundable Deposits (13.3.2)	4,990,475	6,423,551
Advance cash deposit for paddy sales	12,187,487	-
CWE Constructions & Engineering (pvt)	8,025,272	-
E.P.F. Payable A/C	1,445,204	1,403,252
E.T.F. Payable A/C	217,032	210,774
Bank Errors	308,885	308,885
Payable to Mr. S.G. Jemis	-	116
Payable to C.T.C. Rice Mill	-	1,338,089
Payable to CWE	1,202,897	1,202,897
Payable to Gihasan International	-	13,107,097
Payable to Impact Image (pvt) Ltd	34,437,690	-
Payable to W.O. Thilakarathna	1,113	-
Payable to Dimbulagala District Se.	-	172,182
Payable to Inland Revenue	21,300	16,175
Payable to PMB A/C 70639454 for error corection	-	9,600,000
Payable to PMB South Region	-	66,869
Payable to G.A for constructions	68,226,432	-
Paddy Purchase Unknown	2,741,353	2,840,942
Retention payable	11,122,645	1,005,384
Loan Interest payable PB 1021	468,252	468,252
Unclaim Salaries	11,591	38,031
Salary Control	-	136,717
	<u>1,438,303,646</u>	<u>1,484,266,160</u>
13.4 Accrued Expenses		
Accrued Audit Fees	963,234	713,234
Accrued Expenses	17,083,617	15,147,457
Accrued Loan Interest	595,150,078	940,439,829
	<u>613,196,929</u>	<u>956,300,520</u>

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2017

13.3.1 Provisions	2017	2016
	Rs.	Rs.
Provision for Driage	1,292,896,018	1,217,775,674
Provision for Turnover Tax	-	19,355,269
Provision for paddy & polysacks bag sales refund	-	208,761,177
Salary Abetments	-	34,827
	<u>1,292,896,018</u>	<u>1,445,926,947</u>
13.3.2 Refundable Deposits	2017	2016
	Rs.	Rs.
M.M. Refundable Deposits	372,925	372,925
Deposits - Refundable Rent & other Deposit	490,000	492,076
Refundable Tender Deposit	4,118,550	5,558,550
Security Deposit - PMB Staff	9,000	-
	<u>4,990,475</u>	<u>6,423,551</u>
14. REVENUE	2017	2016
	Rs.	Rs.
Revenue	7,424,976,814	9,123,924,729
Total	<u>7,424,976,814</u>	<u>9,123,924,729</u>
15. OTHER INCOME	2017	2016
	Rs.	Rs.
Distress Loan Interest	190,103	166,331
Divident Income	33,694	-
Fixed Deposit Interest Income	45,293,343	33,886,068
Interest Income - Savings	425,855	410,285
Non Refundable Tender Income	178,500	409,000
Miscellaneous Income	31,548	1,430,990
Paddy Mill's Registration Income	893,196	18,000
Penalty Income	-	4,128
Polysack bag sale	36,969,296	37,428,856
Rent Income	6,021,100	3,136,268
Registration Income for paddy issue	-	127,500
Suplier Registration Income	412,875	439,078
Stock shortages Recovery Income	1,172,204	-
Treasury Grants	96,000,000	87,996,000
	<u>187,621,713</u>	<u>165,452,505</u>
16. FINANCE EXPENSES	2017	2016
	Rs.	Rs.
Bank Charges	24,325	3,103,074
Loan Interest -BOC	923,590,600	666,611,652
Loan Interest -NSB	-	33,867,459
Loan Interest -PB	218,027,379	631,587,571
OD Charges	125,749	6,759,122
With Holding Tax	4,529,534	-
	<u>1,146,297,587</u>	<u>1,341,928,877</u>

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2017

17. CASH AND SHORT TERM DEPOSITS IN THE CASH FLOW STATEMENT

Components of Cash and Short Term Deposits	2017 Rs.	2016 Rs.
17.1 Favourable Cash & Short Term Deposits		
Cash and Bank Balances	229,848,894	342,678,254
	<hr/>	<hr/>
	229,848,894	342,678,254
17.2 Unfavourable Cash & Short Term Deposits		
Bank Overdraft	(69,544,572)	(69,110,454)
	<hr/>	<hr/>
Total Cash and Short Term Deposits For the Purpose of Cash Flow Statement	<u>160,304,323</u>	<u>273,567,800</u>

18. ASSETS PLEDGED

No assets have been pledged as security for liabilities.

19. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the financial statements.

Paddy Marketing Board

 DETAILED STATEMENT OF COMPREHENSIVE INCOME
 Year Ended 31 December 2017

		Year Ended 31.12.2017 Rs.	Year Ended 31.12.2016 Rs.
Revenue	I	7,424,976,814	9,123,924,729
Cost of Sales	II	(6,740,033,282)	(13,682,327,116)
Gross Profit		<hr/> 684,943,531	<hr/> (4,558,402,388)
Add: Other Income	III	187,621,713	165,452,505
Less : Expenses			
Administrative Expenses	IV	(186,970,856)	(157,910,688)
Selling & Distribution Expenses	V	(1,402,122)	(1,324,408)
Finance & Other Expenses	VI	(1,146,297,587)	(1,342,140,877)
		<hr/> (462,105,320)	<hr/> (5,894,325,856)

Paddy Marketing Board

DETAILED STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31 December 2017

STATEMENT I	2017	2016
Revenue	Rs.	Rs.
Sales - Paddy	7,309,376,814	8,804,668,279
Rice Sale	-	319,256,450
Rice Sale - World Food Programme	115,600,000	-
	<u>7,424,976,814</u>	<u>9,123,924,729</u>
STATEMENT II	2017	2016
Cost of Sales	Rs.	Rs.
Cost of Sales-Paddy	6,584,997,456	12,946,759,117
Direct Overhead	134,527,100	731,790,322
Direct Overhead on for Paddy Issuing	3,007,916	3,777,678
Direct Overhead on for Rice Sale	17,500,811	-
	<u>6,740,033,282</u>	<u>13,682,327,116</u>
Cost of Sales		
Opening Stock	9,692,405,242	16,450,997,581
Paddy Purchases	-	6,188,166,778
Stock shortages	(17,574,650)	-
(-) Closing Stock	<u>(3,089,833,136)</u>	<u>(9,692,405,242)</u>
	6,584,997,456	12,946,759,117
Direct Overhead		
Direct Overhead		
Advertising Expenses	45,080	1,311,455
Milling charges	-	53,999,400
Consumable Items- Stores	-	1,772,130
Driage 3%	92,694,994	290,772,157
Refreshment expenses	-	2,635
Fuel Charges	-	35,000
Labour Cost	1,087,000	13,468,986
Nattami Charges	2,026,000	66,200,386
Other Expenses	325,461	576,745
Paddy Stock Maintenance Expenses	78,160	2,461,586
Paddy Stock Verification Expenses	644,293	-
Paddy pur. Investigation charges	-	5,536,254
Paddy Insuarance	315,651	5,427,820
Paddy Inter Transport	1,307,261	39,650,731
Polysacks Bag Expenses	-	188,901,326
Printing & Stationery	507,423	3,129,360
Repairs and Maintenance	-	48,720
Scales Repair charges	221,843	781,738
Security Charges - Stores	18,911,050	19,714,900
Store Rent Expenses	7,220,122	7,017,250
Stores Maintanance Expences	2,235,272	4,619,588
Stores Premisses Cleaning	1,811,300	-
VPN connection charges - stock control sys.	1,824,210	537,537
Transport Charges	71,480	18,451,255
Testing Fees - Rice	-	58,797
Vehicle Hire Charges	2,996,000	2,716,400
Wages	204,500	4,574,565
Weighting Charges	-	23,600
	<u>134,527,100</u>	<u>731,790,322</u>
Direct Overhead on Paddy Issuing		
Advertising	188,004	186,208
Consumable Items	-	1,550
Labour charges	1,084,990	2,303,820
Nattami charges	464,080	1,233,730
Other Expenses	20,622	44,891
Printing & Stationery	-	3,479
Paddy Issuing Investigation charges	691,500	-
Paddy issue expenses	558,720	-
Transport Charges	-	4,000
	<u>3,007,916</u>	<u>3,777,678</u>
Direct Overhead on Rice Sale		
Paddy Milling & Transport charges	17,500,811	-
	<u>17,500,811</u>	<u>-</u>

Paddy Marketing Board

DETAILED STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31 December 2017

STATEMENT III

	2017 Rs.	2016 Rs.
Other Income		
Distress Loan Interest	190,103	166,331
Divident Income	33,694	-
Fixed Deposit Interest Income	45,293,343	33,886,068
Interest Income - Savings	425,855	410,285
Non Refundable Tender Income	178,500	409,000
Miscellaneous Income	31,548	1,430,990
Paddy Mill's Registration Income	893,196	18,000
Penalty Income	-	4,128
Polysack bag sales Income	36,969,296	37,428,856
Rent Income	6,021,100	3,136,268
Registration Income for paddy issue	-	127,500
Suplier Registration Income	412,875	439,078
Stock Shortages Recovery Income	1,172,204	-
Treasury Grants	96,000,000	87,996,000
	<u>187,621,713</u>	<u>165,452,505</u>

STATEMENT IV

	2017 Rs.	2016 Rs.
Administrative Expenses		
Audit Fees	1,537,661	250,000
Audit & Mana. Comitee Member Fees	136,000	161,500
Accomadation charges	79,540	492,894
Assesment expenses	-	6,320
Chairman Allowance	960,000	960,000
Compensation expenses	-	1,054,734
Consultancy & other fees - P. purchasing Reconciliation	1,560,025	-
Consumable Items	267,617	292,032
Cost of Living	18,008,380	18,073,401
Depreciation	49,450,627	31,892,123
Director Fees	416,500	382,500
Disiplinary Inquiry fees	1,018,365	600,400
Electricity Expenses	1,789,598	1,801,896
EPF Expenses	11,842,147	8,227,638
ETF Expenses	2,960,537	2,056,915
Fuel Charges	3,153,282	2,967,734
Gratuity Expenses	3,750,900	3,206,946
Interest on Gratuity	-	565,316
Investigation charges	105,500	-
Janitorial Expenses	1,770,398	1,620,713
Labour Charges	665,990	282,460
Legal Expenses	5,000	633,250
Medical Report Charges	11,000	4,500
News Papers	120,615	106,960
Other Allowances	21,600,891	31,147,323
Other Expenses	651,609	177,057
Over time	793,092	820,004
Pension Fund Expenses	27,730	2,229
Postal Expenses	217,841	203,603
Printing & Stationary	1,992,426	1,596,672

Professional fees	1,490,000	58,900
Property loan expenses	19,659	-
Refreshment Charges	540,731	816,438
Repair & Maintenance	1,322,716	1,315,811
Rent, Assessment & Taxes	2,403,955	131,973
Salaries	47,843,908	37,674,098
Security Charges	1,369,633	1,552,050
Staff training & related expenses	681,340	402,937
Staff Welfare Expenses	429,211	292,831
Stamp duty	150	-
Technical Report charges	176,800	-
Telephone Expenses	1,665,221	1,455,197
Translate Fees	92,140	55,297
Transport Charges	157,033	268,839
Testing Fees	-	34,524
Trainee Allowance	73,500	-
Valuation Charges	145,105	474,054
Vehicle and Other Ass. Revenue Licence	28,651	44,970
Vehicle Insurance	688,212	709,296
Vehicle Maintenance	2,409,813	2,351,970
Water Expenses	539,808	684,383
	<u>186,970,856</u>	<u>157,910,688</u>

Paddy Marketing Board

DETAILED STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31 December 2017

STATEMENT V

	2017	2016
	Rs.	Rs.
Selling & Distribution Expenses		
Advertisement & Publicity	1,238,453	1,095,862
Travelling	92,709	82,013
Subsistence & Nightout Allowance	70,960	146,533
	<u>1,402,122</u>	<u>1,324,408</u>

STATEMENT VI

	2017	2016
	Rs.	Rs.
Finance & Other Expenses		
Bank Charges	24,325	3,103,074
Loan Interest -BOC	923,590,600	666,611,652
Loan Interest -NSB	-	33,867,459
Loan Interest -PB	218,027,379	631,587,571
OD Charges	125,749	6,759,122
With Holding Tax	4,529,534	-
New Website creating expenses	-	212,000
	<u>1,146,297,586.85</u>	<u>1,342,140,877</u>

Additional Notes

Indicating the balance of work-in-progress account related to Note No. 04 of the Financial Statements in the year 2017 was Rs. 78,891,620 and indicating opening balance as Rs. 86,024,585 are correct. However, the presenting error occurred in submitting its analysis should be corrected as mentioned below.

	2017
Opening Balance	86,024,584.62
Less: Transferred to Lands and Buildings Account	(45,615,616.55)
Added: Advances provided for the period	55,317,342.75
Adjustments	<u>(16,834,691.36)</u>
	<u>78,891,619.46</u>

Auditor General's Report – 2017



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தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

TCM/D/PMB /1 /17

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

10 October 2019

Chairman
Paddy Marketing Board



Report of the Auditor General on the Financial Statements of Paddy Marketing Board 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 financial statements of the Paddy Marketing Board for the year ended 31 December 2017 comprising the statement of financial position as at 31 December 2017 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13 (1) of the Finance Act, No. 38 of 1971 and Section 30 of the Paddy Marketing Board No. 14 of 1971. My comments and observations which I consider should be published with the Annual Report of the Board in terms of Section 14(2)(c) of the Finance Act appear in this report. The Transaction Report of the Board for the year 2017 was issued on 28 November 2018 to the Chairman of the Board.

A detailed report in terms of Section 13(7)(a) of the Finance Act was sent to the Chairman of the Board on 15 August 2019.

1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair preparation of these financial statements in accordance with Sri Lanka Accounting Standards and for such internal

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+94 11 2 88 70 28 - 34

இல. 306/72, பால்லா வீதி, பத்தராமுல்லை, கொழும்பு.



+94 11 2 88 72 23

No. 306/72, Poldura Road, Battaramulla, Sri Lanka.



ag@auditorgeneral.gov.lk



www.nansl.gov.lk



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control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit conducted in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000-1810).

1.4 Basis for Disclaimer of Opinion

As a result of the matters described in paragraph 2.2 of this report, I am unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded items, and the elements making up the statement of financial position, statement of comprehensive income, statement of changes in equity, and cash flow statement.

2. Financial Statements

2.1 Disclaimer Opinion

Because of the significance of the matters described in paragraph 2.2 of this report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

2.2 Comments on Financial Statements

2.2.1 Going Concern of the Board

The following observations are made.



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- (a) As a result of the stock of paddy purchased by the Board was sold for a price less than market price and the cost, arrangements had been made to obtain loan facilities from the General Treasury and the State Banks annually to make funds for the purchase of paddy in the next season and to recover the loss occurred from the sale. Out of the loans and advances obtained from 03 Government Banks for the purchase of paddy and operational expenses of paddy from the year 2009 to 2014, the cumulative payable was Rs. 17,968.1 million and the cumulative interest payable was Rs. 595.15 million as at 31 December 2017. As a result, it could not be ruled out that without government or other financial support to the Board's continued existence does not affect the existing risk for persistence.
- (b) When considering the value of net assets for the year under review and the previous three years the minus value of Rs. 4,396,891,908 in the year 2014 had been increased up to a minus value of Rs. 12,548,690,540 in the year under review and the net current assets as at 31 December in the year under review was a minus value of Rs. 1,628,570,282. It was observed that it could adversely affect the continued existence of the Board.

2.2.2 Accounting Standards

The following observations are made.

(a) Sri Lanka Accounting Standard 07

- i. Although the gratuity provision for the year under review was Rs. 3,750,900, it had been stated as Rs. 12,144,932 under the operational activities adjustment in the cash flow statement.
- ii. A sum of Rs. 26,007,397 adjusted against the profit of the preceding year had been adjusted against the profit of the year under review in the operational activities in the cash flow statement.

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- iii. The savings interest of the year under review amounted to Rs.425,855 had not been stated in the investment activities.
- iv. The Pallets amounted to Rs. 62,962,694 had been purchased during the year under review and a sum of Rs. 28,525,004 had been paid for that. Although this value should be included under the acquisitions of property, plant and equipment in the investment activities of the cash flow statement, that value had been shown as Rs.62,962,694 including in the balance payable amounted to Rs.34,437,690 .
- v. A sum of Rs.68,226,432 for renovation of stores and a sum of Rs.11,122,645 for retentions which had been stated as payable balances to an external institution in the statement of financial position as at 31 December had been shown as cash outflows in under investment activities in the cash flow statement.

(b) Sri Lanka Accounting Standard 16

- i. Although the depreciation rate used or useful lifetime in respect of property, plant and equipment should be disclosed in the financial statements as per Paragraph 73 of this Standard, to the financial statements, The depreciation of the bridge scales and pallets specified under the property, plant and equipment had not been disclosed.
- ii. Because the effective life time of non-current assets was not reviewed annually in accordance with Paragraph 51 of this standard, even though 04 asset items cost at Rs.5,343,708 had been fully depreciated by the year 2016, it was continued to be used. No action was taken to revise the estimated error occurred accordingly as per the Sri Lanka Accounting Standards 08.



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(c) Sri Lanka Accounting Standard 20

- i. Identify the Government Grants receive, to purchase long-term assets, constructions or to acquires in other manner as deferred income and recognized on a systematic basis throughout the useful period of the asset's profit or loss in terms of Paragraphs 24 and 26 of this Standard. Accordingly, the depreciation for the assets of the year under review amounted to Rs.5,657,842 had not been adjusted to the statement of financial performance as deferred income.
- ii. Even though the accounting policy used for Government Grants was disclosed in the financial statements, arrangements had not been made in terms of Paragraph 39 of this Standard.

2.2.3 Accounting Deficiencies

The following observations are made.

- (a) The stock in transit remained for several years amounted to Rs. 54,385,222 had been adjusted to the receivable from the mill owners in the year under review without identification or obtaining proper approval.
- (b) Nine journal entries which had been used to correct previous year transactions for whilst preparation of financial statements amounted to Rs. 5,936,251,166 had been debited and credited to the cash book. Detailed explanations for these notes were not submitted to the audit.
- (c) Although the advance payment made during the period under Note 04 relating to the work in progress account in the financial statement was Rs. 63,620,731 it had been stated as Rs. 52,452,810 in the Note.



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- (d) Without carrying out physical verification of paddy stock by the Board for the value of the remaining stock as at December 31 of the year under review, the book balance of Rs. 3,089,833,136 had been shown in the financial statement as at the end of the year. Accordingly, the existence and value of this stock could not be ascertained.

2.2.4 Unexplained Differences

- (a) There was a difference of Rs. 41,153 between the balance of the bank confirmation letters received from the two current bank accounts and the balance of the bank reconciliations.
- (b) There were differences existed as at 01 January 2017 amounted to Rs. 138,674,163 and Rs. 210,670 as at 31 December 2017 according to the People's Bank's overdraft balance in the financial statement presented, the ledger and confirmation of bank balance.
- (c) Even though a sum of Rs.445,851,745 receivable under from the Department of Food Commissioner had been shown under debtors in the financial statement submitted, it had been informed that there was no such balance to be paid to the Board as per the balance confirmations issued by the Food Commissioner on 09 July 2019.

2.2.5 Accounts Receivable and Payable

The following observations are made.

- (a) Within the debtor balance amounted to Rs. 4,151,314,979 as at 31 December 2017, there were the balances of Rs.560,191,839 for more than 5 years, a sum of Rs.1,357,210,051 in between 3 to 5 years, a sum of Rs. 29,312,345 in between 1 to 3 years and a sum of Rs. 2,204,600,744 for less than 1 year.



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(b) Within the creditor balance amounted to Rs. 7,055,612,598 as at 31 December 2017, there were the balances of Rs. 4,858,937 for more than 4 years, a sum of Rs. 276,951,461 in between 3 to 4 years, a sum of Rs. 6,771,725,965 in between 1 to 3 years and a sum of Rs. 2,076,235 for less than 1 year. There was a balance payable to the Treasury amounted to Rs. 6,434,554,538 within these balances and actions had not been taken to settle those balances even by 20 June 2019 .

2.2.6 Lack of Evidence for Audit

As the evidences shown against the following Items of Accounts had not been made available, those could not be satisfactorily vouched in audit.

Item of Account	Value	Evidences not Made Available
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	Rs.	
(a) Unidentified Purchase of Paddy	63,980,963	} Detailed Information, Confirmations
(b) Purchase Control Account	49,743,530	
(c) Sale of Rice Millers on Credit	44,399,804	
(d) Driage Cost	92,694,994	Approval on determining the applicable ratio
(e) Cooperative Wholesale Establishment	2,867,190,052	} Confirmation documents
(f) Lanka Sathosa	77,526,708	

3. Financial Review

3.1 Financial Results

According to Financial Statements presented, the operational loss of the Board for the year under review was Rs.462,105,320 and the corresponding loss of the preceding year was Rs.5,894,285,458 thus the decrease in the loss in the year under review was Rs.5,432,180,138. Even though the income had decreased by a sum of Rs.1,698,947,915 as compared to the preceding year, the decrease in cost of sales and financial expenses by Rs.6,942,293,834 and Rs.195,631,290 respectively had mainly attributed to the decrease of the above loss.

In analyzing of the financial results for the year under review and 04 preceding years, the loss had increased continuously from the year 2013 to the year 2016 and decreased by a sum of Rs.5,432,180,138 in the year 2017 as compared to the year 2016. However, in the re-adjustment of the employees' remuneration and the depreciation for the non-current assets to the financial result, the minus contribution amounted to Rs.5,824,719,237 of the Board in the year 2016 had decreased to a minus contribution amounted to Rs.364,810,785 or by 94 per cent by the year 2017 .

4. Operating Review

4.1 Management Inefficiencies

- (a) Only the details in relation to the year under review had been included in the Register of Fixed Assets prepared by the Board and the information such as the cost of each fixed assets, the date of acquired, additions made during the each years and the annual depreciation rate had not been consisted in that.



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- (b) Twenty three Laptop Computers and 21 MS Office Software Packages purchased for the Computerized Stock Control System amounted to Rs.2,139,500 had been retained in the stores in idle for more than 2 1/2 years.

W.P.C. Wickramaratne
Auditor General