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Annual Report-2015

VISION

To identify and implement programs aimed at restoring the dignity of the farming community and the under privilegrd to ensure their economic indipendance with gaining self reliance as the key motive.

MISSION

To implement programs that call for active participatory involvement and skills development of beneficiaries in the fields of agriculture, livestock development and other fields to make for economic independence and to wean them away from the culture of dependence.



Members of the board for year 2014

Name	Position	Representation Form
Mrs. Kumudunee Gunasekara	Chairman	Sri Lankan National Freedom from Hunger Campaign Board
Mr. B. Hettiarachchi	Vice Chairman	Sri Lankan National Freedom from Hunger Campaign Board
Mr. S. Suraweere	Senior Asst. Secretary (Admin)	Ministry of Irrigation & Water Resource Management
Mr. K. Ranasinghe	Senior Asst. Secretary (Admin)	Ministry of Public Administration and Home Affairs
Mrs. D. N. Hettiarachchi	Senior Asst. Secretary (Admin)	Ministry of Agriculture
Mrs. R. Edirisinghe	Director (Planning)	Ministry of Plantation Industries
Mr. W. H. G. Kosala	Asst. Director	Department of Management Services
Mr. G. G. Bandula	Member of the Board	Chandanee, Kinvigune, Madamulana
Mr. Saman Abeysinghe	Member of the Board	Shakti, Near the Hgh Court, Gadola, Kotapola
Mr. Rashmi Jayasinghe	Member of the Board	10, Mahawela Road, Dikwella



Board Meetings Held on 2014

355	Board Meeting	2014.01.30
356	Board Meeting	2014.03.06
357	Board Meeting	2014.04.25
358	Board Meeting	2014.05.19
359	Board Meeting	2014.07.18
360	Board Meeting	2014.09.25
361	Board Meeting	2014.11.27
362	Board Meeting	2014.12.22
Total number of days of Boar	rd Meeting	08



Review by the Chairperson

I am fortunate to present an investigative performance report for 2013 Annual Report after actively serving for 4 years as the Chairperson in the National Food Promotion Board.

Keeping with the Mahinda Chinthana - Vision for future and the objectives of the Act of the Board, the Board has carried out following projects to help the daily activities of farming community, urban & rural population of the islandin the year 2014. In this matter the guidance given by the Hon. Minister of Agriculture Mr. Mahinda YapaAbeywardhana according to the concepts of His Excellency the President Mr. Mahinda Rajapaksha also should be mentioned.

- Local Food Promotion Program which includes practical workshops and programs.
- 2. Production and promotion of Suwaposha nutrition pack.
- 3. Promotion of rice flour and Thosay mixture in the plantation sector.
- 4. Promotion of production of local traditional rice and consumption.
- 5. Un-poisonous our food Suwandal Slow Food.
- 6. PoshanaMalla Program for underweight pregnant mothers.
- 7. Farmer Product Selling Centers
- 8. Buttala, Thanamalwila and Ambalantota farm development project.

Other than above projects, previous projects were developed and updated to the needs of present society. Specially the Farmer Product Selling Centers at Dehiwela and Narahenpita help farmers to find new market and obtain a fair price for their products. Further they help the urban consumers to purchase fresh and high quality products at fair prices.

The Plant Nurseries at Narahenpita & Dehiwela allows urban people to purchase crops and fruit plants and to get higher productivity from a lower space. Other than that extension services are also provided.

Un-poisonous local rice flour, Thosay flour, Special Rice Flour, Mawposha and Suwaposha are produced in the factories located at Kalankuttiya&Gannoruwa and marketed. By this action we were able to increase the nutrition status of Sri Lankans.

By introducing local traditional paddy to farmers the production was increased and the private sector also came in because it is a profitable industry. Further it has a good market and can sell a kilogram per Rs. 80 to 90.

During 2014 the Board has participated for several national exhibitions. Specially for the "DayataKirula" at Kuliyapitiya, Kurunagala, "GoviSthiya" at Wariyapola, "Health Care Exhibition", "Pro Food Pro Pack International Exhibition", "Common Wealth National Leaders Exhibition" and "Shilpa" exhibitions held at Bandaranayaka Conference Hall.

To motivate the staff and to improve their performance, training programs, New Year Festival, Pirith Chanting and religion programs were conducted. Promotions were also given.

Further, According to the 25/2014 circular 52 employees of the board have been absorbed as permanent employees.

KumuduniGunasekera Chairperson, Sri Lanka National Freedom from Hunger Campaign Board



Information of the Board

Name of the Board National Food Promotion Board (pre Sri Lanka National Freedom from Hunger Campaign Board)

Legal Framework and Location

A statutory Board under the purview of the Ministry of Agriculture constituted by an Act of Parliament in 1973. Cabinet Approval was given to change the name as National Food Promotion Board in 2009. The Head Office is situated at No. 45, KirimandalaMawatha, Colombo 5.

Main Activities & Objectives

An organization which mainly serves economically disadvantage people. The objectives are,

- To secure the aid of nongovernmental agencies, both foreign and local, for social and economic development in accordance with the programme of development formulated by the Government.
- To assist institutions and other bodies in carrying out schemes of public utility, social welfare an economic development.
- To aid promote and coordinate specific projects directed towards agricultural and industrial development
- To estimate non-governmental agencies in the implementation of projects for increasing agricultural and industrial production
- To collaborate with the International Freedom from Hunger Campaign and other similar institutions, associations or societies abroad.

Line Ministry

Ministry of Agriculture

Office

No. 45, KirimandalaMawatha, Colombo 5

Telephone: 0112506907

Fax: 0112506907

e mail: ffhc.srilanka@gmail.com

Auditors

Department of Government Audit

Bankers

Bank of Ceylon - Borella Peoples Bank - Dehiwela

Strategies

- Integrating development initiatives towards a common goal
- Creating opportunities for the rural people to participate in economic growth and socio cultural development
- Empowering the rural people to participate fully in the development process
- Transforming traditional rural communities into self-reliance with achievement oriented values as well as capabilities for self-propelled sustainable development.
- Promotion of local food production and usage
- Promotion of post-harvest technological methods to the grass root level



Overall Perfomance-2014

12 Projects were conducted by the Sri Lanka National Freedom From Hunger CCampaig Board during the year 2014. A summery of those projects are given below.

1. The Project of Introducing Suwaposha Nutritional Food

The Manufacturing Factory of Suwaposha cereal food mixture is located ai Gannoruwa Food Research unit.157466 -200 gr Packets of Suwaposha Have been Manufactured during this year and the expenditure incurred was Rs. 7.16 Million while the income earned was Rs.8.49 Million.

2. The Project for introducing Mawposha Nutritional food to under -weight Pregnant Mothers

The Manufacturing factory of Mawposha Cereal food item is situated as Gannoruwa Food Research Unit. 78,733 packets of Mawposha 1kg Packets have been manufactured during this year and the expenditure incurred was Rs. 15.34 Million while the income earned was Rs. 19.2 Million.

3. Promotion of Rice Consumption in Plantation Sector

A Special Rice Flour mixture and a special Thosai Flour Mixture Have been manufactured by our institution through this project. These products are manufactured in the Kalankuttiya Factory and 157,466 Packets of Special Rice Flour and Special Thosai Flour have been produced and the expenditure incurred was Rs.12.8 Million while the income earned was Rs. 14.37 Million.

4. Introduction of Sisuposha Cereal Food Project

This is a novel Project scheduled to be implemented for uplifting the nutritional status of the school children of North Central Province.

5. Development Buttala Farm (10 Acres)

Cultivating activities in the farm have been performed in small scale spending money of the institution during the first six months of the year 2014. Cultivating activitied have been commenced according to an action plan as funds have been provided by the Ministry from the month of august. An amount of Rs. 0.4739 has been incurred for deepening and renovation the Agricultural wells owned by the Farm.

An Electic Fence for elephants has been constructed around the farm and an amount of Rs.1.0173 Million Has been incurred on the fence and Rs.0.1870 Million Has benn incurred for the repair and the maintenance of the farming equipment.

An ammount of Rs. 0.0356 Million Has been Incurred for the cultivation of Maize in an extent of 3.5 acres. It is expected to get the harvest at the beginning of the Month of April 2015.

A cost of Rs.0.0578 Million Has been spent for the vegetablescultivation and Rs. 0.01654 Has been earned as the income in the first round. Harvests from the cultivation can be obtained for several other rounds.



6. Development of Thanamalvila farm (16 Acres)

Cultivating Activities in the farm have been perfomed in small scale spending money of the Institution during the first six months of the year 2014. Cultivating activities have been commenced according to an action plan as funds have been provided by the Ministry from the month of August. Even though 8 acres can be utilized for the paddy cultivation , only an area of 4.5 acres has been cultivated this time due to the inadequacy of water obtained from the tank . Suwadal paddy has been cultivated and a cost of Rs.0.14 Million has been spent.

100 Short type of Drumstick has been planted in the farm.

Maize has been planted in an area of acre and the seeds have been obtained from the CIC institution. Cost is Rs. 0.005 Million. Harvesting will be done in the 1st of March 2015. Pumpkin and Cowpea has been cultivated in an area of 0.25 acres each. Cost was Rs. 0.002 Mn. Brinjal Plants have been Cultivated in a nursury. In addition 100 mango plants have been grown in the farm.

The tractor BG 5040 has been fully repaired and Rs.0.2209 Million has been spent on the repair.

7. Farmers Week

Food and beverages were provided to the special guest including the Ministers and a Sale Centre was conducted for the marketing of the products of our institution. An amount of Rs. 0.8 Million has been received from the Ministry and the expenditure was Rs.1.036 Million.

8. Deyata Kirula 2014-Kuliyapitiya

Model programmes have been conducted and an amount of Rs.0.1 has been incurred as the total Expenditure.

9. Plant Nursury - Narahenpita

All the plants for the development of the gardens, Fertilizer, Equipment required by the Urbanites of Narahenpita have been supplied to them at this place. The expenditure incurred this year was Rs.6.102 Million while income was Rs. 6.128 Million.

10. Farmer Products Salling Centre - Dehiwala

18 persons have been employed here and the gross income was Rs.45.114. The expenditure was Rs.42.87 Million.

11. Healthy Food restaurant - Narahenpita

The Expenditure was Rs.18.09 Million and the income was Rs.16.40 Million. Local food items are marketed here and Rice flour products are prepared as the Breakfast.

12. Local Food Promotion Programme (District and Regional Programmes)

The series of the programmes were conducted by covering 05 districts of the Island. Minimizing the malnutrition and the use of Artificial food items through publicizing the local food items throughout the country by these series of Programmes, Encouraging the local Agriculture, making household women aware of the healthiness and the quality of the local food, Making people understanding about the background required to get rid of non - infectious Diseases, Orientation of ladies for gardening and directing ladies for self - employments by providing basic requirements required by women are amoung the major objectives accomplished by the programmes.



Distribution of Suwaposha and Rice flour packets amoung the participants, Practical preparation of local food and beverages, preparation of a manual inclo=uding menus, transportation, provision of food, beverages and lodging facilities for the organizers, conducting lectures by visiting lectures by visiting lecturers and payments for assistants are also be included in the activities of the Programmes. The total expenditure incurred in the Year 2014 was Rs.5.23 Million and the Number of beneficiaries is 20,750. The series of these Programmes have been conducted in the Districts of Mathara, Hambantota, Killinochchi, pollonnaruwa and Colombo as 34 District Programmes and 105 Regional Programmes.

13. Treasury Provisions

	Budgetary	Grants Received	Actual	Over
	Provisions 2014	(Rs.MN)	Expenditure	Expenditure
	(Rs.Mn)		(Rs.Mn)	(Rs.Mn)
Recurrent	15.00	16.50	19.10	2.60
Capital	5.00	5.00	5.23	0.23
Total	20.00	21.50	24.33	2.83



Annual Accounts - 2014



SRI LANKA NATIONAL FREEDOM FROM HUNGER CAMPAIGN BOARD

The Statement of Financial Position and the Statement of Financial Performance have been prepared in conformity with Generally Accepted Accounting Principles ,**Sri Lanka Public Sector Accounting Standards** and applied consistently on a historical Cost Basis.Further going concept is used.

Accounting Policies:

1 Depreciation

New Purchases done are shown as purchased value (Cost) Value) Past Purchases (Other Assets) Are shown As revalue cost(Fair value)

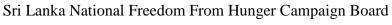
Depreciation was done by revalue Assets useful life time. Further Despreciation was done under following despreciation percentages using past value of date before the revalued date.

Despreciation is caculated from the date which was purchased & revalued to the date of Disposal.

Depreciation Rates

Land & Buildings	5 %
Motor Vehicles	20 %
Furniture & Fittings	10 %
Plant & Machinery	20 %
Photographic Cinema Equipment	10 %
Agriculture Equipment	20 %
Garden Equipment	10 %
Other Equipment & Other Investment	20 %
Office Equipment	10 %
Survey Equipment	20 %
Other Investment	20 %
Minor Equipment & Survey Equipment	20 %
TemporaryBuilding	5 %
Computer & Software	20%

- 2 Receivables are stated at net of provisions for bad and doubtful receivables.
- 3 Provisions have been made for all known liabilities
- 4 Provision for Gratuity is calculated based on the number of years gratuity entitled to each employee.
- 5 Excess of income over expenditure is arrived after making provisions for all known liabilities.
- Inventories are valued at the lower 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. The cost incurred in





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bringing inventories to its present location and condition are accounted using the following cost formulae:-

a) Raw Materials -At actual cost on First-in First-out basis

b) Work-in-progress -At the cost of Direct Materials.

c) Finished Goods -At actual cost on Direct Material, Direct

Labour and Variable Overheads

d) Consumables -At actual cost

Government Grants Presented as a credit in the Income Statement separately and expenditure items also have been disclosed separately.



SRI LANKA NATIONAL FREEDOM FROM HUNGER CAMPAIGN BOARD

FFHC Board carried out following development projects during the year 2013

Project	Funded By	Project Location
ThanamalwilaFarm Development	Self Funded & Ministry of Agriculture	Thanamalwila
Buttala Farm Development	Self Funded & Ministry of Agriculture	Buttala
Promotion of Local Food Usage	Ministry of Agriculture	In several District
Plant Nursery Project, Head Office	Self-Funded	Narahenpita
AmbalanthotaFarm Development	Self Funded	Ambalanthota
Promotion of Rice Consumption in Plantation Sector	Self Funded	Kalankuttiya
Suwaposha Nutrient Pack	Self Funded	Gannoruwa
Mawposha Pack	Self Funded	Gannoruwa
Promotion of Organic Fertilizer Application	Self Funded	Buttala
Farmers Product Selling Center- Dehiwala	Self Funded	Dehiwala
Suwandal Slow food Restaurant	Self Funded	Narahenpita

1 The Following Bank Current Accounts had been operated during the year under the FFHC Board

194125 - Treasury Grants

Funds allocated from Ministry of Agriculture,

Buttala farm Development, Thanamalvila Farm Development,

Ambalanthota Farm, Suwaposha Project, Mawposha Project, Promotion of

Rice Consumption in Plantation Sector, Plant Nursery, MarketingCenter-

Dehiwala, Healthy food Restaurant- Narahenpita, Compost Project

- Income of Farmers Product Selling Center- Dehiwala

2 Separate ledgers have been maintained for each project and Board Account



SRI LANKA NATIONAL FREEDOM FROM HANGER CAMPAIGN BOARD

STATEMENT OF FINANCIAL POSITION AS AT 31st DECEMBER 2014

Description	Note	2014	2013
		Rs:	Rs:
ASSETS			
NON CURRENT ASSETS			
PROPERTY, PLANT & EQUIPMENT	1	343,497,339.56	17,652,871.01
Land	1	307,200,000.00	
Buildings		13,039,577.17	4,759,997.85
Motor Vehicles		8,707,000.00	2,381,167.56
Plant and Machinery Furniture and Fittings		3,371,800.00 1,328,520.00	4,429,459.21 747,777.27
Office Equipments		2,016,165.50	1,376,385.55
Agricultural Equipments		639,500.00	29,520.45
Garden Equipments		2 420 250 00	61,102.91
Other Equipments Photographic and Cinema Equipments		2,439,350.00 3,540.00	583,811.50 26,310.00
Computer Equipments		1,292,160.00	2,077,363.68
Temporary Buildings		2,239,986.89	1,129,224.26
Other Investment		120.740.00	50,750.77
Survey Equipment		130,740.00	-
INTANGIBLE ASSETS			
Software		1,089,000.00	-
WORKS IN PROGRESS		_	300,000.00
			•
Primary expenses for new Building		-	300,000.00
FINANCIAL ASSETS		1,028,801.48	527,034.99
Deposits	2	948,190.98	409,934.08
Loans	3	80,610.50	117,100.91
CURRENT ASSETS		11,293,963.97	7,629,726.43
Inventory	4	9,609,552.48	4,475,149.96
Debtors	5	999,476.77	1,288,973.30
Advances	6	33,400.00	798,215.52
Receivables	7 8	581,768.31	67,282.50
Cash in Hand & Bank	8	69,766.41	1,000,105.15
TOTAL ASSETS		355,820,105.01	26,109,632.43
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES		343,255,663.66	13,244,656.36
Fund Balance		370,001,390.22	45,850,207.48
Accumulated Fund		(26,745,726.56)	(32,605,551.12)
NON CURRENT LIABILITIES		5,426,693.20	4,676,583.60
Retirement Benefit Obligation	9	2,926,693.20	2,176,583.60
Middle term Loan		2,500,000.00	2,500,000.00
CURRENT LIABILITIES		7,137,748.15	8,188,392.46
Short Term Loan		375,000.03	479,166.68
Creditors Retention Money	10	256,669.35	5,000.00
Farmers Loan fund	10	-	10,000.00
Accrued Expenses	11	6,506,078.77	7,694,225.78





TOTAL EQUITY AND LIABILITIES

355,820,105.01

26,109,632.42

SRI LANKA NATIONAL FREEDOM FROM HANGER CAMPAIGN BOARD STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31st DECEMBER 2014

Description	Note	2014 Rs	2013 Rs
REVENUE		50,048,316.74	33,598,140.69
Treasury /Ministry Grants	20,21	25,516,568.00	16,166,164.94
Other Operating income	12	23,968,173.48	16,210,261.08
Interest on Savings A/c		122,366.70	2,600.48
Proceeds from Disposal of Assets		68,383.56	
Other Income		372,825.00	1,219,114.19
EXPENDITURE		48,126,802.63	38,675,597.26
Personal Emoluments	13	20,237,177.46	18,316,913.27
Traveling Expenses	14	79,955.00	308,104.50
Supplies and Requisites	15	1,669,799.53	2,143,240.98
Repairs and Maintenance of Fixed Assets	16	6,463,475.08	2,214,496.69
Transformation, Communication, Utility and Other Services	17	19,676,395.56	15,692,841.82
EXPENDITURE OVER INCOME / SURPLUS (DEFICIT)		1,921,514.11	(5,077,456.57)





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SRI LANKA NATIONAL FREEDOM FROM HANGER CAMPAIGN BOARD CASH FLOW STATEMENT FOR THE YEAR ENDED 31st DECEMBER 2014

	Note	2014 Rs.		2013 Rs.
Cash Flows From / (Used in) Operating Activities				
Net loss before Income Tax Expense		1,921,514.11		(5,077,456.57)
Adjustments for				
Depreciation	1	4,322,664.08		3,933,160.16
Interest Income from Investing Activities	_	(538,256.90)		(2,600.48)
Provision for Retirement Benefit Obligation	9	750,109.60		458,290.70
Operating Profit before Working Capital Changes	-	6,456,030.89		(688,606.19)
(Increase)/ Decrease in inventory	3	(5,134,402.52)		4,135,059.38
(Increase)/ Decrease in Trade and Other Receivables		576,316.65		6,212,565.13
Increase in Trade and Other Payables	11-14	(946,477.66)		(4,453,376.06)
Cash Generated from Operations	_	(5,504,563.53)		5,894,248.45
Net Cash From Operating Activities		951,467.36	#	5,205,642.26
Cash Flows from / (Used in) Investing Activities				
Acquisition of Property, Plant & Equipment	1,2	(7,325,206.63)		(3,114,539.50)
Revaluation of Property, Plant & Equipment		(328,671,316.14)		-
Disposal/Transfer of Property, Plant & Equipment		6,129,390.12		-
Interest Income from Investing Activities		-		2,600.48
Net Cash Flows from/(Used in) Investing Activities		(329,867,132.65)		(3,111,939.02)
Net Cash Flows from/(Used in) Financing Activities				
Fund Received		30,516,568.00		18,976,164.94
Grant		(25,516,568.00)		(16,166,164.94)
Prrior Period Adjustment		(5,581,822.95)		(3,495,770.88)
Revaluation Surplus/Deficits		328,671,316.14		-
Loan received Loan repayment		(104,166.65)		(2,041,666.84)
Loan repayment		327,985,326.54		(2,727,437.72)
Net Increase/(Decrease) in Cash and Cash Equivalents		(930,338.74)		(633,734.37)
Cash and Cash Equivalents at the beginning of the year	_	1,000,105.15		1,633,839.52
Cash and Cash Equivalents at the end of the year	=	69,766.41	#	1,000,105.15
Note - A				
Bank Balance		918,739.46		1,319,615.48
Petty Cash Imprest		80,214.96		313,073.31
Cash In Hand	_	1,150.73		1,150.73
	=	1,000,105.15	_ =	1,633,839.52



SRI LANKA NATIONAL FREEDOM FROM HANGER CAMPAIGN BOARD STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 31st DECEMBER 2014

	Fund Balance Rs.	Accumulated Fund Rs.	Total Rs.
Balance as at 01.01.2014	45,850,207.48	(32,605,551.12)	13,244,656.36
Fund Received	30,516,568.00		30,516,568.00
Grants	(25,516,568.00)		(25,516,568.00)
Prior period Adjustment	(9,520,133.40)	3,938,310.45	(5,581,822.95)
Revaluation Surplus/Deficits	328,671,316.14		328,671,316.14
Net surplus/(Deficit) for the year		1,921,514.11	1,921,514.11
	370,001,390.22	(26,745,726.56)	343,255,663.66



Note 1 Non Current Assests

Asset Category	Land & Building	Motor Vehicles	Plant and Machinery	Office Equipment s	Furniture and Fittings	Agricultur al Equipment s	Garden Equipme nts	Other Equipment s	Photogra phic and Cinema Equipme nts	Tempora ry Buildings	Minor Equipm ent	Survey Equipme nt	Compute r & Software	Other Investme nt	Total
Balance as at 01/01/2014	4,759,997.84	2,381,167.56	4,452,666.31	1,353,178.45	747,777.28	29,520.45	61,102.91	583,811.49	26,310.00	1,129,224.26	-		2,077,363.68	50,750.76	17,652,870.99
Addition	2,219,358.00	-	1,732,999.00	1,367,066.50	93,620.00	-	-			1,579,163.13			633,000.00		7,625,206.63
Disposal/Tra nsfer (Fix Assest)	(6,450,456.46)	37,605.00	(6,248,734.09)	(1,385,290.87)	1,019,172.71	215,634.85	(223,209.85)	3,800,905.39	(400,833.92)	(894,706.70)	(78,804.00)	266,705.01	455,653.20	(178,153.80)	(10,064,513.53)
Disposal/Tra nsfer (Accumulate d			2.004.04						400.000.00						
Depriciation) Depreciation	1,690,458.61 (279,780.82)	(37,605.00)	3,804,216.94	913,299.46	(698,093.51)	(176,009.25)	(13,673.20)	(2,246,826.21)	400,833.92 (22,770.00)	524,953.14	78,804.00	(219,638.22)	(402,453.65)	127,403.04	3,935,123.41
Revaluation (Net)	318,300,000.00	7,211,672.44	1,460,555.19	136,619.08	295,112.94	580,720.95	(13,073.20)	427,090.85	(22,770.00)	8,910.78		83,673.21	166,960.70		328,671,316.14
Balance as at 31/12/2014	320,239,577.17	8,707,000,00	3.371.800.00	2,016,165.50	1,328,520.00	639,500.00	0.00	2,439,350.00	3,540,00	2.239,986.89		130.740.00	2,381,160.00	-	343,497,339.56
Sum of Revaluation Surplus	311,158,330.70	-, -,	7, 7	, , , , , , , , ,	<i>y y</i>	,		,,	.,	,,			,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		311,158,330.70
Sum of Revaluation Dificits	-	(2,224,494.81)	(5,911,725.26)	(3,836,765.63)	(1,757,428.93)	(2,092,608.37)	-	(3,577,833.80)	(14,160.00)	(67,463.24)	-	(279,815.01)	(1,428,831.20	-	(21,191,126.25)
Gross Carrying Amount	320,519,357.99	8,707,000.00	3,371,800.00	2,016,165.50	1,328,520.00	639,500.00	-	2,439,350.00	3,540.00	2,239,986.89		130,740.00	2,381,160.00	-	343,777,120.38
Accumulated Depreciation	(279,780.82)			-	-		-								(279,780.82)
Net carrying Amount	320,239,577.17	8,707,000.00	3,371,800.00	2,016,165.50	1,328,520.00	639,500.00	-	2,439,350.00	3,540.00	2,239,986.89	-	130,740.00	2,381,160.00	-	343,497,339.56



Note 12: Trade, Profit & loss Account

12.1 Sales Centre – Dehiwala

Trade, Profit & Loss Account for the Year Ended 31.12.2014

Items	2014	2013
	Rs.	Rs.
Sales income	47,285,238.21	54,795,215.59
Less: Cost of Sales		
Opening Stock	1,620,879.72	1,382,949.40
Purchases	38,830,172.31	45,232,653.06
Transport	60,780.00	50,110.00
Stock Damage	-	(4,035.00)
Closing Stock	(1,832,983.42)	(1,240,388.97)
	38,678,848.61	45,421,288.49
Gross Profit	8,606,389.60	9,373,927.10
Overhead Cost	6,121,579.19	6,937,906.74
Net Profit	2,484,810.41	2,436,020.36

12.2 Sales Outlets Plant Nursary Head Office Trade, Profit & Loss Account for the Year Ended 31.12.2014

Items	2014	2013
	Rs.	Rs.
Sales Income (Plant & Fertilizer)	6,378,381.02	4,737,775.45
Less: Cost of sales		
Opening Stock	403,350.00	719,006.98
Purchases	4,411,191.00	4,155,646.00
Stock Damage		(3,932.00)
Closing Stock	(456,182.00)	(403,350.00)
	4,358,359.00	4,467,370.98
Gross Profit	2,020,022.02	270,404.47
Overhead Cost	1,708,337.83	914,573.76
Net profit	311,684.19	(644,169.29)



12.3 Promotion Of Rice Project -Kalankuttiya

Production, Trade Account for the Year Ended 31.12.2014

Production, I rade Account for the Year Ended 31.17	2014	2013
Items	Rs.	Rs.
Opening Stock	750,058.10	2,722,142.40
Purchases	11,307,072.72	6,877,327.80
Stock Damage	(59,612.60)	
Clossing stock-Material	(3,352,991.90)	(750,058.10)
Cost Of Raw Material	8,644,526.32	8,849,412.10
Direct Wages	1,383,456.67	2,573,031.36
Transport	20,231.42	
Openning stock-Work in Prograss	-	186,314.70
Clossing stock-Work in Prograss	-	-
Production cost	10,048,214.41	11,608,758.16
Sales Income	14,300,287.00	13,249,247.25
Less: Cost of sales		
Opening Stock	11,204.00	196,989.20
Production cost	10,048,214.41	11,608,758.16
	10,059,418.41	11,805,747.36
Closing Stock	(67,400.00)	(11,204.00)
	9,992,018.41	11,794,543.36
Gross Profit	4,308,268.59	1,454,703.89
Overhead cost	180,347.14	1,407,874.98
Net profit	4,127,921.45	46,828.91



12.4 Suwaposha

Production, Trade Account for the Year Ended 31.12.2014

	2014	2013
Items	Rs.	Rs.
Opening Stock	458,574.00	344,235.75
Purchases	6,513,780.35	3,121,551.00
Clossing stock-Material	(999,592.55)	(458,574.00)
Cost Of Raw Material	5,972,761.80	3,007,212.75
Direct wages	358,378.45	295,887.50
Transport	22,100.00	-
Openning stock-Work in Prograss	-	-
Clossing stock-Work in Prograss	-	-
Production cost	6,353,240.25	3,303,100.25
Sales Income	8,493,152.50	5,412,925.00
Less: Cost of sales		
Opening Stock	10,000.00	565,920.00
Production cost	6,353,240.25	3,303,100.25
	6,363,240.25	3,869,020.25
Closing Stock	(155,950.00)	(10,000.00)
	6,207,290.25	3,859,020.25
Gross Profit/(loss)	2,285,862.25	1,553,904.75
Overhead Cost	295,328.89	844,678.55
Net Profit	1,990,533.36	709,226.20

12.5 Healthy Food Resturant

Trade, Profit & Loss Account for the Year Ended 31.12.2014

Items	2014 Rs.
Sales Income	16,395,350.08
Less: Cost of sales	
Opening Stock	-
Purchases	14,308,582.42
Wages	2,793,551.79
Transport	_



Closing Stock	(212,587.15)
	16,889,547.06
Gross Profit	(494,196.98)
Overhead Cost	1,008,816.88
Net Profit	(1,503,013.86)

12.6 Mawuposha
Production,Trade Account for the Year Ended 31.12.2014

	2014	2013
Items	Rs.	Rs.
Opening Stock	576,998.00	444,209.02
Purchases	9,439,396.43	8,158,053.00
Direct wages	3,966,875.34	1,529,221.95
Transport	752,393.00	432,359.00
Clossing stock-Material	(1,681,715.46)	(576,998.00)
	13,053,947.31	9,986,844.97
Openning stock-Work in Prograss	-	-
Clossing stock-Work in Prograss	-	-
Production cost	13,053,947.31	9,986,844.97
Sales Income	19,201,680.00	13,130,423.00
Less: Cost of sales		
Opening Stock	14,220.00	566,720.00
Production cost	13,053,947.31	9,986,844.97
	13,068,167.31	10,553,564.97
Closing Stock	(671,040.00)	(14,220.00)
	12,397,127.31	10,539,344.97
Gross Profit/(loss)	6,804,552.69	2,591,078.03
Overhead Cost	1,323,082.08	2,167,776.77
Net Profit	5,481,470.61	423,301.26



12.7 Buttala Compost

Profit & Loss Account for the Year Ended 31.12.2014

	Items	2014
		Rs.
C	Dening Stock	-
C	Cultivation & Maintenance	217,924.69
1	Direct wages	-
Tı	ransport	-
	Clossing stock-Material	(136,460.00)
		81,464.69
(Openning stock-Work in Prograss	-
(Clossing stock-Work in Prograss	-
	Production cost	81,464.69
Sales In	come	476,090.00
Overhe	ead Cost	280,381.43
Net Pro	fit	156,893.88
Trade,	Gross Profit & Loss Account	
Sales ce	ntre - Dehiwala	8,606,389.60
Sales O	utlets Plant Nursery	2,020,022.02
Rice Pro	oject - Kalankuttiya	4,308,268.59
Suwapo	sha	2,285,862.25
Healthy	Food Restaurant - Narahenpita	(494,196.98)
Mawpos	sha	6,804,552.69
Buttala	Compost	437,275.31
Total		23,968,173.48

²⁰ Trasury Grants.

Discription	Budgetary	Actual 2013	Recived Treasury	Saving Deposit
	Provision		Grants	
Recurrent	26,948,745.33	19,111,074.35	16,500,000.00	7,837,670.98
Capital	5,000,000.00	5,233,724.34	5,000,000.00	(233,724.34)
			21 500 000 00	

21,500,000.00

¹⁸ Direct Development Expenditure is shown under grants.

¹⁹ All expenditure for Head office Administration is charged to treasury Grants.



21. Ministry Grants for projects have been used for recurrent and capital expenditure and allocate as follows.

Discription	Capital	Recurrent	Total
Project	-	3,256,164.94 3,256,164.94	
			3,256,164.94

22. There is a pending Court case against us in the colombo district court hearing the file case No: DMR 02401-B asking for Rs.3,209,728.53. This is for the construction of the Fence at Ambalanthota Farm.



Audit Report - 2014





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கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம் AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය හෙනු මූමා. My No. මබේ අංකය உழது இல. Your No.

දිතය නිසනි Date

19 October 2015

The Chairman,

Sri Lanka National Freedom from Hunger Campaign Board

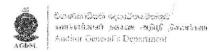
Report of the Auditor General on the Financial Statements of the Sri Lanka National Freedom from Hunger Campaign Board for the year ended 31 December 2014 in terms of Section14(2)(c) of the Finance Act, No. 38 of 1971

The audit of financial statements of the Sri Lanka National Freedom from Hunger Campaign Board for the year ended 31 December 2014, comprising the statement of financial position as at 31 December 2014 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of Provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act No. 38 of 1971 and Section 14 of the Sri Lanka National Freedom from Hunger Campaign Board Act, No. 15 of 1973. 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. A detailed Report in terms of Section 13(7) (a) of the Finance Act, will be furnished to the Chairman of the Board on due course.

1.2 Management's Responsibility for Financial Statements.

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





1.3 Auditor's Responsibility

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

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

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

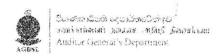
2. Financial Statements

officials in this amount not not an are an are the total bursted up that had not under an execution was an execution

2.1 Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Sri Lanka National Freedom from Hunger Campaign Board, as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.





2.2	Comments	Off	Financial	Statements
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2.2.1 Accounting Policies

According to the information made available. Government Capital Grants amounting to Rs.41,330,074 had been received by the Board and it had not been disclosed by a separate account. The records on the assets acquired by utilizing these grants had not been maintained. Although those assets had been depreciated, an accounting policy on the amortization had not been introduced.

2.2.2 Accounting Standards

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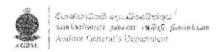
According to the Sri Lanka Public Sector Accounting Standard 03, instead of taking action to make the corrections of prior period errors and of retrospective adjustments made to apply changes in the financial position of the preceding year, debit and credit entries amounting to Rs.9.520,133 and Rs.3.938,310 had been adjusted to the Government grants and accumulated Fund respectively.

2.2.3 Accounting Deficiencies

The following observations are made.

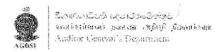
- (a) Action had not been taken to value and bring into account the value of the land 0.2022 hectares in extent situated at Narahaenpita which the ownership had been vested to the Board in the year 1999.
- (b) Even though the revaluation surplus amounting to Rs.328,671,316 arisen due to the revaluation of assets in the year under review should be shown separately in the statement of changes in equity, it had been added to the balance of the Fund and shown.





2.3	Ac	counts Receivable and Payable			
	Th.	e following observations are made.			
	(a)	 (a) The Board had failed even as at the end of the year under review to recover the trade debtors balance amounting to Rs.691,212 which had been remained since the year 2011 as implementation of various Projects by the Board. (b) Action had not been taken to recover a balance of Rs.34,233 older than 05 years recoverable from the Line Ministry. 			
	(b)				
	(c)		the sum of Rs.80,328 even as at 20 August flour which had been supplied to an outside under the Rice Project.		
2.4	Non-	Compliance with the Laws, Rules, Regulation	ons and Management Decisions		
	The foot aud	ollowing non-compliances with laws, Rules,	Regulations were observed during the course		
		eference to Laws, Rules, Regulations etc.	Non - compliance		
	(a)				
		Financial Regulations 110	A Register of Losses and Damage had not been maintained and updated.		
		Financial Regulations 756	Even though there were 15 vehicles belonging to the Board as at 31		
			December 2014, a survey on vehicles		
			had not been carried out in terms of		
			Financial Regulations.		





Financial Regulations 772

Action in terms of the Financial Regulations had not been taken in respect of the stock damages amounting to Rs.59.612 occurred in the year under review.

(b) Paragraph (d) and (g) of Chapter 02 of Treasury Circular No.842 of 19 December 1978

Reconciliation of the Ledger Accounts with the Control Account had not been carried out by maintaining a Control Account in the Main leger for the fixed assets.

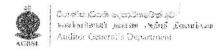
(c) Treasury Circular No.IAI/2002/02 of 28 November 2002.

A Register of Fixed Assets had not been maintained in respect of the computers and software.

3.	Financial Review
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3.1	Financial Result

According to the financial statements presented, the financial result of the Board for the year ended 31 December 2014 had been a surplus of Rs.1,921,514 as against the deficir of Rs.5,077,456 for the preceding year. As compared with the preceding year, the financial results for the year under review indicated an improvement of Rs.6,998,970. Even though personal emoluments and other expenditure had increased by Rs.10,152,795 increase of Government Grants and other income by Rs.17,108,316 had mainly attributed to the improvement.



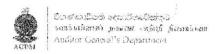


4.	Oper	ating Review

4.1	Perf	ormance
	n a net par est per es	THE RESIDENCE MADE AND ADMINISTRATION OF THE PROPERTY OF THE P
	The	following observations are made.
	(a)	Six projects implemented from the self-fund of the Board had earned a net profit of Rs.14,553,313 while one projects had been incurred a net loss of Rs.1,503,014.
	(b)	A net loss of Rs.1,503,014 had been incurred during the period up to December 2014 from the Healthy Food Restaurant opened in April in the year under review and the reason for this net loss had been 73 per cent out of the total expenditure was incurred as salaries and wages.
4.2	No.	ragement Inefficiencies
		following observations are made.
	(a)	Even though the loan of Rs. 3,500,000 obtained from the Farmer's Trust Fund in 03 instances from the year 2010 to 2012 should have been settled in full during the year 2013, only a sum of Rs. 625,000 of the loan had been repaid by the end of the year under teview.
	(b)	Audit fees amounting to Rs.751,514 in relation to the period from 2000 to 2013 had not been settled even as at 15 August 2015.
	(c)	The Board had failed to obtain aid from the foreign and local agencies for the

social and economic development in accordance with the development programme of the Government according to the Sri Lanka Hunger Campaign Board Act and for liaison with the International Freedom from Hunger Campaigns and other similar foreign institutions and associations, or societies



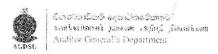


Pers	onnel Management
The	following observations are made.
(a)	Even though authority had been given to the Chair Person for the recruitment of suitable employees who fulfilled the qualifications in the recruitment scheme, at the meeting held on 27 November 2014, contrary to the recruitment scheme, 2 Management Assistants had been recruited by the former Chair person.
(b)	Even though, permanent appointments should be granted only for the employees who had completed a satisfactory service period of 180 days continuously in their positions who had been recruited on temporary ,casual(Daily payment),substitute ,contract or relief basis in terms of Public Administration Circular No.25/2014 dated 27 November 2014 ,permanent appointments had been granted for 07 contract employees on 18 November 2014 who had not completed 180 days continuously.
(c)	Even though the approved cadre of the Board was 28, the actual cadre of the Board had exceeded by 50 employees due to the confirmation of 50 employees in terms of the above Circular.
Ассе	ountability and Good Governance
Actio	on Plan
The	foilowing observations are made.
(a)	Even though a provision of Rs.2.46 million had been made in the year under review for the renovation of the building at Ambalanthota farm, construction of a cultivation well and the cultivation of green grams in 08 acres according to the Action Plan in the year under review, those activities had not been carried out.
b)	Even though it had been planned in the year under review to carry out irrigation activities by spending Rs,600,900 at the Tanamalwila farm and construction of an

been carried out.

electric fence for elephants by spending Rs.1,454,600 ,those activities had not





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5.2	Budgetar	er & control
2 160	DROEGIGI	v world out

The following observations are made.

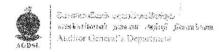
- (a) As significant variances ranging from 2.3per cent to 232 per cent were observed as compared the budgeted expenditure with actual expenditure, the budget had not been made use of as an effective instrument of management control.
- (b) Action had not been taken to review the Budget with the Action Plan and the actual performance on a timely basis and for taking action on variances.

5.3	Unsettled	Audit	Paragraphs

The following observations are made.

- (a) Action had not been taken even during the year under review for the recovery of the loans amounting to Rs. 80,610 granted to 19 farmers in the year 2003 for obtaining water supply machines for the farming lands.
- (b) A contract valued at Rs. 2.548,050 had been awarded illegally to an external party in 2012 without the approval of the Board of Directors for the construction of a fence and a gate on a land with no legal ownership to the Board. As the payment had not been made to the contractor though the work had been completed, the contractor had sent a letter of demand claiming a compensation of Rs. 3,209,728 through a firm of Legal Consultants against the Board on 31 December 2013. This case had not been resolved even up to 28 August 2015.
- (c) Even though the former Deputy Chairman had obtained Suwa Posha and Maw Posha packets on credit basis valued at Rs. 64,500 in the year 2011, these amounts had not been settled even by the end of the year under review.
- (d) Even though the sundry loans and advances amounting to Rs. 42,080 obtained by 09 officers had been outstanding for a period of 10 years, the Board had failed to recover the money.
- (e) The Board had not taken action to settle the amount of Rs.3,300,000 payable to the Paddy Marketing Board since the year 2011.





- (f) The Amended Act of the Board had not been presented to Parliament even as at 28 August 2015 as directed by the Committee on Public Enterprises at the meeting held on 01 October 2012.
- (g) Action in terms of Financial Regulation 104(4) had not been taken in respect of the cash theft amounting to Rs.77,352 occurred at Narahenpita trade stail in the year 2012. Further, action had not been taken to hand over a written assignment to the 03 Karyala Karya Sahayaka who act as the Shroff of this trade stall and take securities from them.

6. Systems and Controls

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

Area of Control	Observations Briefly
(a) Financial Control	Material variances revealed between the budgeted expenditure and the actual expenditure and action not taken to settle the loans.
(b) Personnel Administration	Staff had been recruited contrary to the provisions of Circulars
(c) Project Management	Projects not implemented as planned and projects incurred losses.
(d) Assets Control	Action not taken to value and account the lands belonging to the Board.
(e) Contract Administration	Contracts had been awarded for the constructions in the lands not belonging to the Board.

W.P.C Wickramaratne,

Acting Auditor General





Annual Report 2014