Land Reform Commission

Ministry of Tourism and Land

Annual Report 2023

No.:475
Kaduwel Road,
Battaramulla

Telephone: 011-2144795
Fax: 011-2878052
Email: chairman@lrc.gov.lk
Web:www.lrc.gov.lk

Chairman's Massage

The Land Reform Commission, which has a history of more than five decades, was established by the Land Reform Act No. 1 of 1972 by the late Hector Kobakaduwa, then Minister of Agriculture and Land, with the aim of transferring the right to the rightful heirs of the land in his official capacity as the beginning of the development of a program to use this great land as a common national resource.

Even after the colonial era, when the people of Sri Lanka were exchanging millions of acres of land for land rights through legal bonds such as mud land laws, the need to change the land policy, and the social pressure that the world economic recession after World War II had on Sri Lanka aggravated, these solutions could be considered progressive for the time when our country was faced with very serious labor issues, which caused hunger on one side and lack of welfare on the other, and the lack of land on the other side.

The Land Reform Commission has been functioning till now with the ambition to achieve Sri Lanka's development goals in a very effective manner through the Land Reform Act by limiting private land ownership as the beginning of the process of eliminating the imbalanced private ownership of land and making this land a common national resource.

With these aims and objectives in mind, the institute has been striving for national development by providing the main contribution to the country's agricultural economy and manufacturing economy in order to achieve the objectives of the Act.

It should also be recalled that the country has done a great service to the country by giving citizens who do not have a right to their native land the legal right to land, and by creating Raki Raksha to fulfill direct and indirect democratic aspirations.

In accordance with the provisions of the Land Reform Commission Act and the policy decisions taken by the Government in a timely manner, the primary responsibilities of the Commission shall be the release of the statutory obligations of the Land Reform Commissioners and the payment of compensation to them, the assignment of land for elective allocations and the collection of the revenue of the Commission, the protection of the land and the training and welfare of the staff. The Land Reform Commission shall be implemented annually to provide lasting solutions to the problems and needs of the period.

Panduka Keerthinanda
Attorney – at - Law
Chairman | Land Reform Commision

Index

1. Summary of implementing corporate profile

1.1 Introduction

The Land Reforms Commission, established by the Land Reform Act of No. 01 of 1972 amended by the Land Reform (amendments) Act of No. 39 of 1975, the Land Reform (amendments) Act of No 14 of 1981, the Land Reform (Special Provisions) Act of No: 39 of 1981, the Land Reform (Special Provisions) Act of No: 14 of 1986 and the Land Reform (Special Provisions) (amendments) Act No: 18 of 1986, claims a history of exceeding an half century.

The role of the Commission, over a period over 50 years, has been operated by the provisions received by Land Reform Act as well as on policy decisions taken by the government from time to time. The prime roles of the Commission are giving legal bindings of the lands assigned declarants as well as payment of compensation to them, deploying acquired lands useful investments, collection of receivable revenue of the Commission and protection of lands.

Also, by outmatching the current Sri Lankan economic route, under the arrangement of distributing large number of land portions according to the government goals and policies, by targeting the achieving of said tasks, it is aimed to operate the affairs of the Commission.

Actions had been taken to identify specially the following priorities during year 2023.

i. Identifying none-identified lands owned by the Commission.

ii. Recovery of the lands assigned for unproductive investments.

iii. Preparing a prompt arrangement to distribute the distributable lands owned by the Commission under "SamataHimi Bimal" programme as well as giving a new appearance to the regularizing programme of residents for the lands distributed up to now and implementation of land deeds distribution programme as a national duty.

iv. Income increasing programmes.

a) Collecting lease money properly from the lands given to Agricultural and Industrial projects.

b) Obtaining compensation in respect of lands acquired by the government

c) Obtaining income in respect of lands alienated to public institutions

d) Preparation of proper program for the purpose of collecting lease rent in respect of lands alienated to persons on lease but the lease rent has not so far been collected.

e)Collecting revenue from mineral resources related economic projects

With a view to make the staff aware on these tasks and call suggestions and comments of officers, it was commenced to appoint committees consisting of officers of the institution for each such task and to conduct workshops. Also, training programs have also been conducted to train the staff of the institution.

By considering it is a very appropriate measure to operate and implement promptly the role of Land Reform Commission related to government policies, discussions have often been held and follow up actions have also been taken with the implementation of such decision. Further, with regards to the various issues of the public, they were called, and direct discussions were held through the appointed committees and prompt decisions were taken.

In addition, under the direction of Hon. Minister, actions are being taken to provide lands for the investments identified as productive on the recommendations of advisory committee consisting of experts.

Further, under the direction, instructions, and guidance of Hon. Minister of land and Secretary to Ministry, actions have been taken to give the contribution not only for the progress of the institute but also for the economic and social development of the country by utilizing the lands acquired from the Land Reform Commission.

1.2 Vision, Mission, and objectives

1.2.1 Vision

Being the leading institution for conducting the lands and physical resources vested under Lands Reform Act for the prosperity of people and the country.

1.2.2 Mission

Making active contribution for the national development by way of implementing land reform process, improving productivity of lands in excess of ceiling, ensuring and controlling the ownership of physical resources, giving effect to the maximum limit of ceiling on timely requirement, paying compensations systematically and investing in productive economic fields and maintaining a reserve of lands which can be utilized for the benefit of future generations.

1.2.3 Objectives

i. Ensuring that no person possess and keep an agricultural land extent in excess of the ceiling.

And

ii. Acquiring the agricultural lands in excess of the ceiling belongs to any person and using them by a method for increasing the productions of that lands and the number of employments generated from those lands.

1.3 Acts on function, establishment of institutions, composition of the Commission and legal powers and functions

1.3.1 Role

1. Legalising the maximum amount of land a person can hold under the provisions of the Land Reform Act.
2. Identify as much land as possible and take it to the Commission.
3. Exemption from liability under the provisions of the Act.
4. Compensation to publishers for land seized by the Commission.
5. To restore land that has been seized but is exempt from the act.

6. Updating the land registry and connecting with the field to collect land information.
7. To contribute to the economic development of the country.
8. The contribution of land to the social development of the country.
9. Implementation of revenue-raising projects.
10. Strong enforcement of the corporate organization.
11. To have a trained and efficient staff.
12. Providing the necessary physical resources and facilities to enhance corporate excellence.

1.3.2 Institution establishment.

Established under the Land Reform Commission Act No. 01 of 1972

1.3.3 Composition of the Commission

The composition of Land Reform Commission established under the section 45 of the Land Reform Act No 01 of 1972 is as follows.

i. Appointed by Hon. Minister in charge of the subject	-	Chairman
ii. members – Appointed by Hon. Minister in charge of the subject	-	05
iii. ex officio members	-	03

The decision and approval taken by the board of the Commission are applied in the implementation of the functions of the commission. Accordingly, approval of the Board of the Commission is obtained for each task. From 1972 up to 31.12.2022 the 783 board meetings of the Commission have been conducted.

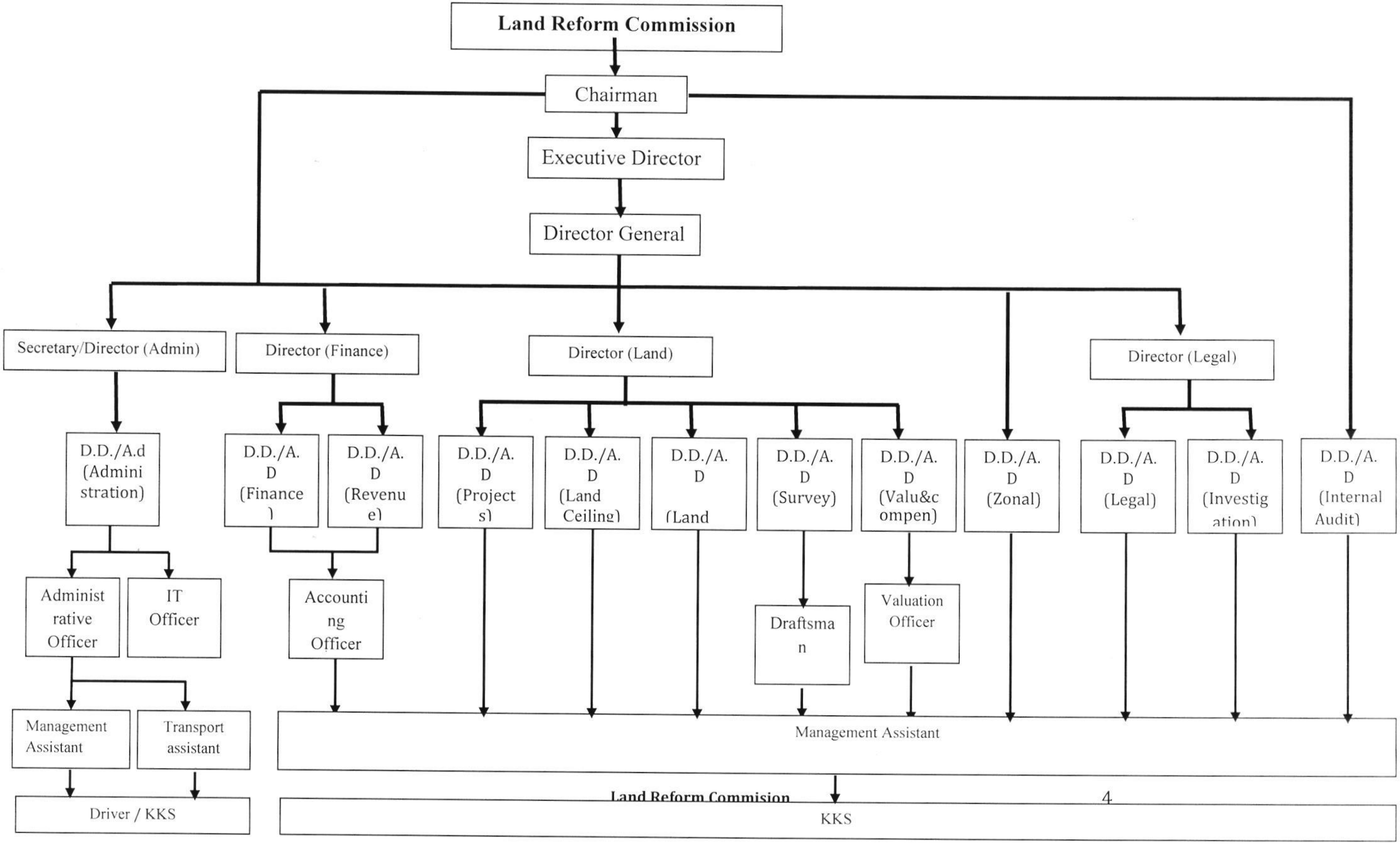
1.3.4 Acts on Legal Authority and Role

i. Land Reform Act No. 01 of 1972
ii. Land Reform (Amendment) Act No. 39 of 1975
iii. Land Reform (Amendment) Act No. 14 of 1981
iv. Land Reform (Special Provisions) Act No. 39 of 1981
v. Land Reform (Special Provisions) Act No. 14 of 1986
vi. Land Reform (Special Provisions) (Amendment) Act No. 18 of 1986

According to the Act Nos. indicated (1) and (2) above, 1,809,495 acres 3 roods and 3.74 perches of lands have been vested in the Land Reform Commission from Local Declarants, Sterling Companies and Rupee Companies. In respect of the Acts indicated in (1) and (2) above,

i. Amendments have been made by Acts No. iii and vi above.
ii. Provisions have been made by Acts indicated in iv, v and vi above.

1.4 Organization plan



1.5 Divisional and District land Reforms authorities

1.5.1 Main Divisions

i. Management and Human Resources Development Division
ii. Land Division
iii. Finance Division
iv. Legal Division

1.5.2 District land Reforms authorities

Land Reform Commission consists of 20 district offices located over the island. This district land Reforms authorities 'offices make the following activities.

- District offices administration and supervision affairs.
- Participation to the discussions and seminars held in the Ministry and Head Office.
- Participation to the mobile services held in the district for Land Reform Commission.
- Conducting all otters selections tests.
- Providing lands to the institutes and private institutes for the requirement of the government.
- Preparing and updating the district lands registers and related works.
- Updating of district land register, disposed land register and unauthorized register.
- Preparation monthly physical and financial progress reports and presentation to Head Office.
- Discussing with the head office regarding the audit queries and letters related to the district and acting according to the given instructions.
- Appearing before the Court for the land's cases related to the district.
- Forwarding the relevant information regarding the requests received under Right to Information Act to information officer of the head office in due period.
- Organizing deeds giving ceremonies held at district level.
- Actions related to return the lands that was acquired but disposed by the Act.
- Coordination of lands giving for the government development projects and follow up works.
- Making necessary coordinating works to acquire the lands that were not acquired formally.
- Showing suitable land portions for distribution to make surveys and assistant to the Surveyors.

Districts situated District land Reforms authorities' offices and the address are as follows.

Table 1 : Details of District Land Reform Authorities			
Serial No:	**Province**	**District offices**	**Address**
1	Western province	Colombo	Central Pharmacy building, Padukka
		Kalutara	No: 184/A, Temple Road, Kalutara North
		Gampaha	Rural Development Projects Building, Kachcheri, Gampaha
2	Southern province	Galle	No; 27, Richmond Kanda Road, Kaluwella, Galle
		Matara	No: 17/A, Dharmarathne Road, Uyanwatta, Matara
		Tangalle	Court Road, Tangalle
3	Uwa province	Monaragala	Janasavi Building, Kachcheri Junction, Monaragala
		Badulla	No: 181,Keppetipola Road, Badulla
4	Eastern province	Ampara	Kachcheri, Ampara
		Batticaloa	Kachcheri, Batticaloa
5	North province	Jaffna	Kachcheri, Jaffna
6	North central province	Anuradhapura	No: 388/17, Wewa Road, 1stStep, New Town, Anuradhapura
7	Sabaragamuwa province	Ratnapura	Farm Garden Watta, New Town, Ratnapura
		Embilipitiya	12B, Wholesale Store Road, New town, Embilipitiya
		Kegalle	Kachcheri, Kegalle
8	North-Western province	Puttalam	Pambala, Kakapalliya, Madampe
		Kurunegala	No: 16, North WewaRoad, Kurunegala
9	Central province	Nuwara Eliya	I.R.D.P Building, Udupussellawa road, Nuwaraeliya
		Kandy	4th Floor, New District Secretariat, Kandy
		Matale	Kachcheri, Matale

2. Progress and outlook

2.1 Management and Human Resources Development Division

2.1.1 Corporate Affairs

The performance of the corporate affairs of the Land Reforms Commission in this year has been indicated in the table 3.1 compared with the year 2023.

Table 2 : Information on the corporate affairs in the year 2023

Serial No:	Description	Previous year (2022)			Current year (2023)		
		Number of requests	Approved number	Balance	Number of requests	Approved number	Balance
1.	Recruitment to the service	-	-	-	-	-	-
2.	Conducting examinations	-	-	-	-	-	-
3.	Conducting interviews	-	-	-	-	02	-
4.	Service confirmations	-	-	-	-	-	-
5.	Promotions	-	-	-	-	01 *	-
6.	Paying salary increments	-	304	-	-	290	-
7.	Service extensions	-	75	-	70	70	-
8.	Preparing the scheme of recruitments	01	-	01	01	-	01
9.	Vacations of post	-	8	-	-	23	-
10.	Interdictions	-	01	-	-	01	-
11.	Reinstate of the service	-	-	-	-	01	-
12.	Disciplinary inquiries	-	02	-	-	03	-
13.	Approving foreign leave	-	07	-	-	04	-
14.	Trainings	-	04	-	18	08	10
15.	Cabinet Memorandums	-	03	-	-	03	-
16.	Initiation of security	-	-	-	-	-	-
17.	Release of security	-	-	-	04	-	-
18.	Approving loans						
	I. Property	-	-	-	-	-	-
	II. Vehicles	-	-	-	-	-	-
	III. Others	129	128	-	695	695	-

*Promotions were granted based on a court decision regarding a reprieve.

2.2 Land Division

2.2.1 Land Alienation Division

Table 3 shows the performance of the land alienation division from 01.01.2023 to 31.12.2023.

Table 3 : Performance of the land alienation division in the year 2023			
Serial No:	**Projects**	**Annual target**	**Number of completed**
1.	Selling of lands on the requirement of facilitation housing purposes and livelihood. Issuance of deeds and the provision of Shasanabhiwandanacertificates. Mobile service for resolving land disputes	15000 21	935 06

2.2.2 Projects Division

Table 4 shows the performance of the projects division from 01.01.2022 to 31.12.2023.

Table 4 : Performance of the Projects division in the year 2023			
Serial No:	**Projects**	**Annual target**	**Number of completed**
1.	Allocating land for short-term crop cultivation to improve food security	50	28
2.	Allocating land for economic projects related to mineral resources.	02	01
3.	Allocating land for agricultural activities. - Granting life interests - Issuing lease deeds	} 50	38 14
4.	Allocating land for Ministry of Industry projects.	10	10
5.	Allocating land for non-agricultural activities.	70	11

❖ All external transfers have been halted by the letter dated 25.05.2023 issued by the Presidential Secretariat, in accordance with Cabinet Decision No. CAPA/22/1769/640/012 dated 14.11.2022.

2.2.3 Land Ceiling Division

Table 5 shows the performance of the Land ceiling division from 01.01.2023 to 31.12.2023.

Table 5 : Performance of the Land ceiling division in the year 2023			
Serial No:	**Description**	**Target (Acres)**	**Number of completed (Acres)**
1.	Providing lands for statutory determination under the section 19	07	04
2.	Providing lands under the section 14	01	01
3.	Under the section 22: • Allocating land as family transfers. • Allocating land under minority (age-related) provisions.	06	09 01
4.	Release of land of the non-declaration persons	02	06

2.2.4 Public Institutions Division

Table 6 shows the performance of the Land ceiling division from 01.01.2023 to 31.12.2023.

Table 6: Performance of the Public Sector in the year 2023			
Serial No:	**Description**	**Target (Acres)**	**Number of completed (Acres)**
1.	Providing through sale to provincial government institutions.	08	40
2.	Providing through sale to state corporations and statutory boards.	34	676

❖ The above acreage refers to the acreage relevant for reporting calls, measurement orders, submissions to the commission, assessment calls, notification of assessments, approval by the Minister, and submission to the deed section.

2.3 Legal Division

Table 7 shows the information on legal actions guided by the Land Reform Commission from 01.01.2023 to 31.12.2023.

Table 7 : Data on the legal actions in the year 2023						
Serial No:	**Description**	**Cases pending as at31.12.2022**	**Cases concluded/ settled during the year 2023**	**No. of cases filed during the year 2023**		**Cases pending as at 31.12.2023**
				Filled by L.R.C	Agianst to L.R.C	
1.	Supreme Court	43	04	08	10	57
2.	Appeal Court	73	10	00	18	81
3.	High Court	36	03	00	12	45
4.	District Court	695	23	00	93	767
5.	Magistrate Court	108	02	14	00	120
6.	Labor Tribunal	02	01	00	00	01
7.	Human Rights Commission	13	06	00	15	22
8.	Civil Appeal Court	29	16	03	14	30
	Total	**999**	**63**	25	**162**	**1123**

2.4 Internal Audit Division

2.4.1 Power to Audit

Power to audit has been vested by sub section 01-03, Section 02 of Part II of the Financial Code of the Land Reform Commission prepared as per Land Reform Act No. 1 of 1972 and Finance Act No 38 of 1971.

2.4.2 Duties fulfilled during the year.

Table 8 : Duties fulfilled during the year 2023		
Serial No:	Description	
1.	Office Auditing	06
2.	Issuing internal audit inquiries according to the audit plan.	35
4.	Conducting organizational audits and management committee meetings.	04
5.	Preparing necessary reports and providing information for meetings of the board of directors concerning public enterprises.	
6.	Carrying out relevant activities to provide necessary information for the 2023 departmental audit and management committee meetings.	
7.	Auditing vouchers related to grant bonus allowances and reconciling them with unpaid leave.	
8.	Verifying salaries related to all new appointments.	

3. All financial Performance for the year ended on 31st day of December 2023

3.1 Introduction to Accounting Policies

3.1.1 Corporate Information

Land Reform Commission (LRC) was established under Land Reform Act of No. 01 of 1972.

To take over agricultural land owned by any person in excess of the ceiling and to utilize such land in a manner which will result in an increase in its productivity and in the employment generated from such land.Subsequently, the above act has been amended several times as no.39 of 1975, no.14 of 1981, no.39 of 1981, no. 14 of 1986, and 18 of 1986 according to periodical and statutory requirements.

As per the Public Enterprises Circular No.PED/3/02015 dated 17th June 2015, LRC is categorized under "C" sub-category of State Own Enterprises.

Principal Activities and Nature of Operation of the LRC

The Principal Activities of the Commission is therelease of statutory obligations of landowners and payment of compensation to them, utilization of lands which have been vested in productive investments and collection of revenue of the Commission, protection of lands, training of the staff and welfare.

The number of employees of the Commission at the end of the year 2023 was**496.**

Date of authorization for issue

The LRC's financial statements for the year 2023 were certified by the commission on 26thFebruary 2024.

Going Concern Basis

The LRC's Financial Statements have been prepared on going concern basis.

Financial Period

The financial period of the Commission represents a twelve-month period from 01st January 2023 to 31st December 2023.

Basis of preparation of financial statements

Statement of compliance

The financial statements of the LRC have been prepared in accordance with Sri Lanka Public Sector Accounting Standards (SLPSAS) 1 to 20 issued by the Public Sector Accounting Standards Committee of the Institute of Chartered Accountants of Sri Lanka. The LRC financial statements are comprised of the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and note to the financial statements in according to SLPSAS -1.

The principal accounting policies which are applied in the preparation of financial statements are set out below. These policies have been consistently applied to all periods presented in the financial statements unless otherwise stated.

Basis of measurement

The financial statements have been prepared on an accrual basis and under the historical cost basis, except where appropriate disclosure is made with regard to fair value under relevant notes.

Comparative information

Comparative information including quantitative, narrative, and descriptive information is disclosed in respect of the previous period in order to enhance the understanding of the financial statements of the current period and immediate pass period to improve comparability, where necessary, comparative figures have been rearranged to conform to the current year's presentation.

Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

Functional and presentation currency

The financial statements are presented in Sri Lankan Rupees, which is the commission's functional and presentation currency, in the primary economic environment in which the commission operates.

3.1.2 Summary of Significant Accounting Policies

Property, Plant and Equipment

Property, plant and equipment of the Commission presented in the financial statements according to SLPSAS -07. The Land Reform commission revalued all the fixed assets except land vested to the LRC under Land Reform Act of No. 01 of 1972 as of 01st January, 2019 by the Valuation Department of Sri Lanka. These financial statements property, plant and equipment value are stated in revalued basis prior to purchased 2019 and purchased assets during the year 2019 and after year 2019 to present stated in purchased cost basis. The surplus or deficit of the fixed assets revaluation process stated as revalue reserve in the Statement in financial position. Property, plant, and equipment have been categorized four categories in schedule no. 03 according to instruction and guild line given by the Comptroller General office in the General Treasury of Sri Lanka.

Disclosing Intangible Assets

According to the SLPSAS -20 all the intangible assets belongs to the Commission has been disclosed under intangible assets and those intangible assets amortized on straight line basis with the Commission existing intangible assets policies. The Commission existing intangible assets value discloser later part in schedule no. 03

Basis of recognition and measurement

Property, plant, and equipment are recognized, if those are probable of future economic benefits associated with the asset flow to the Commission and the value of asset that can be measured reliably. Repair and maintenance costs are recognized in the statement of comprehensive income as incurred. The carrying value of property, plant, and equipment are reviewed for impairment when events or changes in circumstances indicate that carrying value is not recoverable.

Depreciation

The Commission property, plant, and equipment depreciation policy has been changedfrom reducing balance method to Straight line method from the year 2018 onward and subsequent to revaluation process of the property, plant, and equipment in the commission. According to the new depreciation policy, acquired assets and revalue assets are depreciating until one rupee value from the total acquired cost at the date of purchased or revalued amount of the asset. The remaining value of the assets allocated simultaneously by using useful lifetime of the asset.

The estimated depreciation and amortization rates of the property, plant, and equipment and intangible assets of the commission are categorized and disclosed below, according to Comptroller General's office issued assets management circular No. 1/2017 dated on 28th June 2017.

Asset category	Rate of Depreciation/ Amortization	Asset category	Rate of Depreciation/ Amortization
Building		**Vehicles**	
Office Building	5%	Motor Vehicles	10%
Circuit Bungalows	5%	Bicycles & Motor Bicycles	20%
Furniture & Office Equipment		**Plant & Machinery**	
Furniture	10%	Media Equipment	20%
Computer & IT Equipment	20%	Construction Equipment	20%
Computer Software	20%	Freezers	20%
Communication Equipment	20%	Electrical Equipment	20%
Office Equipment	20%	Land Cleaning Equipment	20%
Household Equipment	20%		

De-recognition

An item of property, plant, and equipment was derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from de-recognition of the asset is calculated as the difference between the net disposal proceeds and the carrying amount and included in the Statement of Comprehensive Income in the year of the asset was derecognized.

Investment Assets - Process of Identification and Revaluation the Commission Vested Land

Land vested to the commission under Land Reform Act of No. 01 of 1972 is shown in the statement of financial position as investment property under SLPSAS -13. This is because vested land was used for income generating process of the commission through the long-term lease basis.

The process of identification and revaluation the commission vested land still continuing task. Already identified vested land to the LRC has been started its revaluation process at the beginning of the year 2023. To complete these two tasks, it may take several years due to its complexity of the identification and revaluation process. Until end of the year 2023 revalue land figures given by the Valuation Department of Sri Lanka disclose in schedule no. 04

Inventories

Inventories of the Commission are recorded in the statement of financial position according to SLPSAS -09 issued and valued on First in First Out (FIFO) method. At the end of year inventories are stated at the latest purchase cost/price of the inventories. The inventories of the commission include various forms of application stationeries, and consumables.

Financial Assets – Initial Recognition and Measurement

Financial assets within the scope of the Sri Lanka Accounting Standard 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments. The Commission recognizes loans and receivables and deposits on the date that they are originated.

The financial assets of the commission include receivables, loans and advances to staff, Held-to-Maturity Financial Assets, and cash and cash equivalent. Loans and receivables are recognized on the date that they are originated. Loans and receivables are stated at their cost.Loans and receivables comprise trade receivables, employee loans and advances, deposits, and other receivables.

Large-Scale Long-Term Debtors Receivable to the Commission.

As indicated under the financial position note number 05, long term debtors are shown as Rs 2,135,278,456.34, out of which Rs 2,068,913,696.98for large scale long term debtors receivable from Janatha Estate Development Board (JEDB) and State Plantation Corporation (SPC) from the year 1986 onward. There is no difference on the amount shown in the financial statements from 1995 onwards for the same.

Specially, large-scale long-term debtors' receivable to the commission comprise with government related six organization/ institutes since more than twenty years ago. Those large-scale long terms debtor's receivable to the Commission is showing as follows:

Se. No.	Name of the Organization/ Institute	Receivable Starting Year	Receivable Amount (Rs.)
1	Janatha Estates Development Board/ Sri Lanka State Plantations Corporation	1986/89/95	2,068,913,696.98
2	Hadabima authority of Sri Lanka	1989	54,911,756.38

3	Election Division Co-operate Societies	1995	5,073,663.00
4	Ministry of Land	2003	3,252,654.00
5	Multiple Services Co-operate Societies	1980	3,126,685.98
Total Value			**2,135,278,456.34**

Even though the Commission has made several efforts to recover the above receivable amount from related organizations/ institutes those efforts were not succeed. Specially, JEDB and SLSPC recovery effort failed due to the reason that the financial statements of JEDB and SLSPC don't reflect as any liabilities payable to the Commission. Hence, a meeting was held under the Chairmanship of Secretary, Ministry of Tourism and Lands with the participation of relevant stakeholders specially the Secretary Ministry of Plantation industries,representatives of the General Treasury to resolve this matter considering the fact of payment within the entities of government.

As a result of these discussion and correspondence documents shared between related parties and authorities Department of Public Enterprise (PED) issued a letter dated on 07th March 2023 to the Commission was giving instructions act according to the section 6.9 Operational Manual for State Owned Enterprises issued by the PED. Same procedure has been confirmed by the members of cabinet decision issued on 17th July 2023. According to those two-guidance commission has been appointed five members committee to get the recommendation to shoutout existing issue according to the section 6.9 in Operational Manual for State Owned Enterprises issued by the PED . Representing related receivable organizations and institutes portfolio assigned ministries high level officials. This appointed committee members already gathered two wise to discussed and find out related evidence on 29th August and 07th November 2023. Afore said committee members discussion and finding related evidence still going on until give committee recommendation to the Commission.

Held-to-maturity financial assets (HTM)

Reserve for compensation payment and interest receivable from the term deposits, treasury bills and REPO invested in government bank for short period were classified underHeld-to-maturity financial assets(HTM) investments.

Cash and cash equivalents

The Commission cash in hand consisted of three checking accounts and those checking accounts interconnected three fund management accounts and two saving accounts available bank balances with an integral part of the commission's cash management were included as a component of cash and cash equivalents for the purpose of the statement of cash flows.Cash and cash equivalents comprise cash in hand, cash at bank, deposits at bank.

Written off long term debt receivable.

The commission decision given for commission paper no. 11593 on 762 commission session which was held on 08th November 2021, according to section 2.2.1 on public finance circular no. 01/2020 and financial regulation no. 105, the commission has given approval to written off less than Rs. 500,000 long term debt receivables to the commission.

Aggregate income receivable

The commission recorded receivable aggregate income for the year 2023 based on available written documents of the aggregate leaseholders' files maintenance by the commission and quarterly aggregate collection amount given by the Geological Survey and Mining Bureau (GSMB) . GSMB aggregate income collection based waseach and every aggregate license holder taken out number of aggregate cubes quantities from the commission own aggregate lands base on fire powder issued by explosive controller.

Liabilities and Provisions

A liability was classified as current when it is expected to be settled in the normal operating cycle; held primarily for the purpose of day today operating, due to be settled within twelve months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The commission classified all other liabilities as non-current.

Cooperate Income Tax (CIT) Liabilities of the Commission

The Inland Revenue Department of Sri Lanka (IRDSL) has been issued a notice to the Commission dated on 17th October 2023 saying that the commission is liable to pay the Cooperate Income tax (CIT) to IRDSL with effect from tax year 2018. Because the commission has been registered to Value Added Tax (VAT) on 14th June 2017 and VAT collection officially started with effect from 01st July 2017. On the Other hand, the Commission name does not exist on the list of CIT relief organizations / institutions name list issued by the IRDSL. Subsequently, the Commission made an official request to IRDSL on 24th November 2023 and 08th February 2024 requesting permission to pay the Commission periodical CIT base on the Commission financial period (from 01st January to 31st December) rather than considering IRDSL tax year. That IRDSL decision is still pending, and the commission is waiting for the decision and make the CIT payable provision to the current year and previous five years as need based on CIT draft calculation.

Court Compensation Payable to Esufalie Company Limited

Esufalie Company Limited filed six court cases against the Land Reform Commission (LRC) was saying that LRC illegally acquired Esufalie Company Limited tea cultivated land violating LRC act clauses and provision provided by the Commission act. Court judgement issued on 23rd February 2001 from that date toto 31st December 2023 the total payablecompensation amount is Rs. 708,522,878.89 for those six cases. Esufalie company limited finally agreed to accept as Rs. 500,000,000.00 worth Sri Lankan Rupees for their six court cases compensation. To pay the Rs. 500,000,000.00 for the Esufalie Company Limited and get the cabinet approval has forwarded a cabinet paper to cabinet during the month of January 2024. But as of now cabinet decision not takenpertaining to above settlement. In due cause if cabinet take a decision to settle above amount as it is the commission need to be paid Rs. 500,000,000.00 worth Sri Lankan Rupees to Esufalie Company Limited.

Contingent liabilities

The Commission hasestimated with some of past and present legal actions against commission obligation in future, the commission might have to pay that estimated contingent liability in note no. 22, Rs. 164,000,000.00 value to outsiders. But lawsuit loss occurrence probability less than 50% hence did not adjust to financial statements values and only disclosed as a note to the financial statements.

Contingent assets

The Commission hasestimated with some past and present legal actions taken by the commission against outsiders, in future the commission might receive Rs. 43,398,475.00value contingency assets in note no. 22 from outsiders. But lawsuit gain occurrence probability less than 50% hence did not adjust to financial statements values and only disclosed as a note to the financial statements.

Provisions

A provision is recognized in the statement of financial position, when the commission has a legal or statutory obligation as a result of a past eventas it is probable that an outflow of assets will be required to settle the obligation and the obligation can be measured reliably.

Compensation suspends payables.

Compensation suspends stage one payables.

Vested lands for the commission under the land reform act no.1 in 1972 and later that act amended in several times base on commission periodical and statutory requirements. The commission had to pay compensation to those who declared their individual, families, and organization and corporation own lands. Above vested land stage one compensation payment for individual person, families and organization started in year 1974 onward, as of now commission has paid Rs. 1,389,337,130.67 value out of Rs. 1,495,000,000.00. These compensations suspend stage one payment payable status remain active condition at present. Refer note no. 23 for stage one compensation payment summary.

Compensation suspends stage two payables.

Under compensation suspends stage two focus to pay rupee companies and sterling pounds companies vested lands for the commission. Compensation stage two payment process started by the commission from 1985 to 2004. During that period commission has paid Rs. 1,140,040,507.05 value out of Rs. 1,250,000,000.00 Last payment was made in the year 2004. This stage two compensation payments remain inactive condition at present. Refer note no. 24 for stage two compensation payment su

Employee Defined benefits plan.

Method of valuation and actuarial assumptions

To calculate post-employment benefits (gratuity) of the commission, professional consultancy service has taken from Actuarial & Management Consultants (Pvt.) Limited. The service provider valuation has been carried out using Projected Unit Credit Method stated in the SLPSAS -19. The actuarial assumptions adopted for valuation have been discussed in detail their actuarial report section 2

Accounting disclosures and recommendation

Following disclosures are shown in 2023 financial statements of the commission.

Present value of obligation as of 31 December 2023 is Rs. 148,284,942.46

Net liability recognized in the statement of financial position as of 31 December 2023 is Rs.148,284,942.46

Amount recognized in the statement of comprehensive income is Rs. 9,597,720.22

Present value of defined benefit obligation (PVDBO) as of 31 December 2023 is Rs. 148,284,942.46

Present value of defined benefit obligation (PVDBO) as of 31 December 2022 is Rs. 147,661,957.25

Defined Contribution Plans- Employees 'Provident Fund and Employees' Trust Fund

Employees are eligible for Employees 'Provident Fund Contributions and Employees' Trust Fund Contributions, in line with respective statutes and regulations. These are recognized as an expense in the statement of comprehensive income as incurred. The commission contributes 15% and 3% of basic with cost-of-living allowance of the employees to "Employees Provident Fund and Employees" Trust Fund respectively.

Taxation

Income tax

The surplus and income of the commission isliable for income tax under Section 126 of the Inland Revenue Act No. 24 of 2017.

Other taxes

VAT (value added tax) SSCL (social security contribution levy) paid in respect of lease land rent and other service charges received by the commission. WHT (withholding tax) will collected by the commission as a tax agent when the commission is paying WHT deductible expenses periodically.

Deferred taxation

Provision has not been made for deferred tax, on surplus and income of the commission under section 126 of the Inland Revenue Act No. 24 of 2017. Hence the Commission has been made a request of permission from IRDSL to pay CIT base on the commission financial year (01st January to 31st December)

Government Contribution, Treasury Grants and Direct Remittance to Treasury

Initially, Sri Lankan treasury was provided LKR 15,000,000/- as a government contribution to LRC establishment stage and later general treasury has granted LKR 1,949,075,000/- to bear the land Reform Commission operational activities. Except for the above two treasury contributions LRCis run by utilizing the commission itself generated fund without taking government fund. During the year 2021 Commission subsequently made LKR. 350,000,000 and LKR. 750,000,000 as direct remittance to the general treasury on 16th July and 29th December 2021. Also, during the year 2023 commission has paid to general treasury LKR 250,000,000.00 and LKR. 100,000,000.00 on 19th September and 27th December 2023.

Allocation of reserve from statement of comprehensive income

Annual income generated from land sale, paddy land sale and land acquisition 40% value transferred to existing reserve for the purpose of payment of compensation to original land declarants of commission which need to be paid wasted lands for the commission. Also, this reserve may be utilized to pay court compensation payment, which given by the court judgement against the commission.

3.2 Statement of Financial Position

Table 9 : Statement of financial position as at 31.12.2023			
Description	**Notes**	**31.12.2023**	**31.12.2022**
Assets			
None- current assets			
Property, plant, and equipment	3	65,406,396.29	81,458,947.52
Intangible assets			
Computer software	3	1,625,231.74	3,668,351.52
Total None- current assets		**67,031,628.03**	**85,127,299.04**
Investment Assets			
Lands alienated under the Act No: 01 of 1972	4	905,285,000.00	676,169,345.33
Current assets			
Stock -stationeries	5	8,670,147.59	6,966,185.00
Trade and other receivables	6	4,002,737,774.08	3,561,131,052.00
Interest receivables	7	140,948,662.16	126,962,698.21
Deposits and advances	8	86,586,139.86	81,149,121.88
Short term bank deposit and treasury bills	9	1,602,304,988.34	1,569,384,481.68
Cash and cash equivalents	10	51,166,244.51	23,473,047.96
Total current assets		**5,892,413,956.54**	**5,369,066,586.73**
Total liabilities		**6,864,730,584.57**	**6,130,363,231.10**
Liabilities			
Cumulative funds and reserves			
Reserves	11	2,214,606,103.30	2,000,490,415.85
Fixed Asset revaluation Reserve		286,401,967.55	57,286,312.88
Fixed Asset (Donations reserve)		324,881.06	693,650.99
Cumulative excess		2,116,741,864.69	2,613,924,614.87
Total cumulative funds and reserves		**4,618,074,816.60**	**4,672,394,994.59**
Funds and grants			
Government contributions and treasury grants	12	514,075,000.00	864,075,000.00
Total funds and grants		**514,075,000.00**	**864,075,000.00**
None-current liabilities			
Reservations for gratitude	13	148,284,942.46	147,661,957.24

Compensation suspense Account-Phase I	25	105,662,869.33	105,785,969.33
Compensation suspense Account-phase II	26	109,959,492.95	109,959,492.95
Total none-current liabilities		**363,907,304.74**	**363,407,419.52**
Current liabilities			
Trade and other payables	14	717,806,610.83	223,943,668.49
Value added tax payable to Income Tax Department		4,082,487.23	5,540,838.34
Social security contributions payable to the Income Tax Department		729,457.76	962,553.58
Withholding tax payable to Income Tax Department		234,935.00	38,756.58
Tax payable when earned to the Income Tax Department		26,717,76	
Income tax payable to the Income Tax Department	15	645,793,254.65	
Total mobile liability		**1,368,673,463.23**	**230,485,816.99**
Total liability		**1,732,580,767.97**	**593,893,236.51**
Total funds and liabilities		**6,864,730,584.57**	**6,130,363,231.10**

It is hereby certified that the financial statements mentioned from 12 to 17 of above pages has been prepared and presented according to the Sri Lanka Public Accounting standards. Further, these standards has been issued by the Public Sector Accounting Standards Committee of the Sri Lanka Institute for Charted Accountants.

3.3 Statement of Income

Table 10 : Statement of comprehensive Income for the year ended as at 31.12.2023			
Description	**Notes**	**31.12.2023**	**31.12.2022**
Income	16	835,065,640.29	945,566,320.17
Other operating income	17	81,501,055.78	(8,425,084.79)
Administrative expenses	18	(523,559,520.51)	(514,059,653.81)
Supplies and necessary expenses	19	(38,073,617.73)	(34,837,588.08)
Other operating expenses	20	(47,900,917.06)	(40,874,049.37)
Operational redundancy		**307,032,640.77**	**347,370,034.12**
Financial income	21	347,553,411.36	171,803,407.04
Financial expenses	22	(18,535,308.07)	(973,481.28)
Surplus before tax		**636,050,744.06**	**518,199,959.88**
Corporate Income Tax	15	(197,395,710.57)	
Surplus after tax		**438,655,033.49**	**518,199,959.88**
Total comprehensive income as on 01.01.2023		2,613,924,614.87	2,090,449,092.07
40% reserve on land acquisition, sale of land, sale of paddy land		(214,115,687.45)	(261,117,660.84)
Adjustments for previous year	23	(721,722,096.22)	266,393,223.76
Total comprehensive income after tax for the year ending 31.12.2023		**2,116,741,864.69**	**2,613,924,614.87**

3.4 Statement of Cash Flow

Table 11: Statement of Cash Flows for the Financial Year Ending 31.12.2023.

Description	Notes	31.12.2023	31.12.2022
Cash flow from operating activities			
Excess from operational activities		636,050,744.06	518,199,959.88
Adjustments			
Depreciations	18	19,412,014.91	19,365,996.95
Provisions for gratitude	18.1	9,597,720.22	6,698,941.24
Investment income	21	(347,553,411.36)	(171,803,407.04)
Financial income	16	(2,930,914.72)	(2,505,283.66)
Financial expenses	22	18,535,308.07	973,481.28
Disposal of fixed assets	17	116,861.71	193,942.09
Collecting for misplaced fixed assets	23	(273,324,552.14)	266,388,973.76
Operation profit before the changes in working capital		**59,903,770.75**	**637,512,604.50**
Changes in working capital			
Decrease/increase of trade and other payables		493,476,911.58	76,546,341.82
Stock decreases or increases		(1,703,962.59)	(3,469,434.70)
Decrease or increase in trade and other receivables		(441,606,722.08)	(581,647,801.59)
Decrease or increase in deposits and advances		(5,437,017.98)	7,264,500.59
Cash flow generated from operation activities		**104,632,979.68**	**136,206,210.62**
Payment of gratitude		(10,057,255.00)	(6,705,213.58)
Payment of compensations		(123,100.00)	(169,057.18)
Net Cash flow generated from operation activities		**94,452,624.68**	**129,331,939.86**
Cash flow generated from investment activities			
Purchase of property, plant and equipment	3	(2,073,182.54)	(2,756,676.50)
Investments in Fixed Deposits and Treasury Bills		(723,495,068.02)	(730,649,107.50)
Closing of Fixed Deposits and Treasury Bills		660,574,561.36	346,017,763.93
Investment income		333,567,447.41	73,644,396.19
Proceeds from auctions and disposal of assets		271,207.00	76,970.00
Financial income received		2,930,914.72	2,505,283.66

Net Cash flow generated from investment activities		**271,775,879.93**	**(311,161,370.22)**
Net Cash flow generated from financial activities			
Remittance to Treasury	12	(350,000,000.00)	-
Financial cost	22	(18,535,308.07)	(973,481.28)
Net Cash flow generated from financial activities		**(368,535,308.07)**	**(973,481.28)**
Net change in cash and cash equivalents		(2,306,803.46)	(182,802,911.64)
Cash and cash equivalents at the beginning of the year		83,473,047.97	266,275,959.61
Cash and cash equivalents at the end of the year		**81,166,244.51**	**83,473,047.97**

3.5 Statement of the changes in equity

Table 12 Statement of the changes in equity as at 31.12.2023					
Description	**Government contribution Rs.**	**Treasury grants Rs.**	**Capital reserves Rs.**	**Cumulated excess Rs.**	**Total Rs.**
Opening balance as at 01.01.2022	**15,000,000.00**	**849,075,000.00**	**1,797,691,735.09**	**2,248,995,381.77**	**4,910,762,116.86**
Profit before tax for the year				518,199,959.88	518,199,959.88
Remittance to Treasury					
A reserve endowment			261,117,660.84		261,117,660.84
Adjustments for previous year				266,393,223.76	266,393,223.76
Balance as at 31.12.2022	**15,000,000.00**	**849,075,000.00**	**2,058,809,395.93**	**3,033,588,565.41**	**5,956,472,961.34**
Opening Balance as on 01.01.2023	15,000,000.00	849,075,000.00	2,058,809,395.93	3,033,588,565.41	5,956,472,961.34
Profit after tax for the year				438,655,033.49	438,655,033.49
Remittance to Treasury		(350,000,000.00)			(350,000,000.00)
Reserve contribution			214,115,687.45		214,115,687.45
Fixed Assets Audit and Endowment Reserves			228,746,884.74		228,746,884.74
Adjustments for previous year				(721,722,096.22)	(721,722,096.22)
Balance as at 31.12.2023	**15,000,000.00**	**499,075,000.00**	**2,501,671,968.12**	**2,750,521,502.68**	**5,766,268,470.80**

3.5 None-financial assets reporting performance.

Information on acquisition and dispose physical assets to the Commission in the year 2023 has been indicated in the table13.

Table13 : Statement of the changes in equityas at 31.12.2022					
Assets Code	**Code description**	**Balance as per the reports of board of survey as at 31.12.2023**	**Balance as per the statement of financial position as at 31.12.2023**	**Due for accounting in the future**	**Reporting the progress %**
1.	Buildings and structures	26,749,400.00	26,749,400.00	-	-
2.	Machinery	55,862,787.81	55,862,787.81	-	-
3.	land	-	905,285,000.00	-	-
4.	Intangible assets	10,215,604.88	10,215,604.88	-	-
5.	Biological assets	-	-	-	-
6.	work in progress	-	-	-	-
7.	Leased assets	-	-	-	-

4. Report of the Auditor General

A. Auditor General's Report on the Financial Statements of the Land Reforms Commission for the year ended 31.12.2023 (Annexture 01).

5. Performance Indicators

5.1 Performance Indicators of the Organization (Based on the Operational Plan).

Table 14: Performance Indicator as of 31.12.2023

No.	Specific Indicators	The progress of achievements made upto now		
		100-90%	**75-89%**	50-74%
1.	Allocation of land for short-term crop cultivation to enhance food security.	56%	-	-
2.	**Allocation of Land for Agricultural Activities:** - Granting of tenure - Issuance of lease documents	104%	-	-
3.	Ministry of Industry to provide land for projects.	100%	-	-
4.	Granting land for projects related to mineral resources.	-	-	50%
5.	The office audit.	-	-	50%
6.	Issue internal audit requests in accordance with the audit plan.			
7.	Corporate audit and management committee meetings	100%		

6. Performance in meeting the Sustainable Development Goals

6.1 The relevant Sustainable Development Goals identified

Table 15: Statement of changes in mass as of 31.12.2023.

No.	Targets/ objectives	Target	Success Indicators	Progress of Achieving Success upto now		
				0-49%	50-74%	75-100%
1.	Poverty in all its forms, exclusion in all its forms. - Granting land for housing purposes.	15000	934	6.22%	-	-
2.	End hunger, achieve food security and high nutrition, and promote sustainable agriculture. - to provide land for agriculture. (License size) Provision of land for the cultivation of short-term crops to enhance food security (License size).	50 50	52 28		56%	104%
3.	To promote sustainable, inclusive and inclusive economic growth and full and decent employment and decent careers for all. - Running training programs.	10	08			80%
4.	Building resilient infrastructure, promoting an inclusive and sustainable industrialisation, and encouraging innovation. Ministry of Industry to provide land for projects	10	10			100%

7. Human Resources Profiles

7.1 Cadre Management

Table 16: Composition of the staff			
	Approved number of Employees	**Existing number of Employees**	**Vacancies/(Exces s)**
Senior	39	35	04
Tertiary	03	02	01
Secondary	289	361	(72)
Primary	61	69	08

7.2 Human Resources Development

Table 17: Training Programmes

Name of the Programme	Number of trained employees	Period of the programme	Total investment (Rs.)		Nature of the programme (Local/Foreign)	Output
			Local	Foreign		
Office Systems	130	01day	388,010	-	Local	To be able to learn the office methodology.
Office Systems	150	01day			Local	To be able to learn the office methodology.
Training Programme for Drivers	14	01day	2,700		Local	To be able to learn about road signs, rules.
For office assistants	27	01day	24,910		Local	How they work in the office, what their duties are
Procument Ralated	01	01day	7,000		Local	To be able to master how procurement works and what are the relevant circulars.
Responsibilities of Administraion Officer	01	02days	7,500		Local	To be able to gain knowledge of how an organization is administered, the responsibilities and duties of an administrative officer.
The store management and purchasing	01	01day	9,500		Local	Understanding how to store documents in the organization, how to purchase documents, and how to manage the inventory.
Photography	01	03Months	44,000		Local	Acquiring a good knowledge of photography

8. Compliance Report

Table 18 : Compliance Report				
No:	**Related requirement**	**State of compliance (Complied/not complied)**	**If it complies, brief explanation for it**	**Correct decisions actions proposed to avoid the non-compliance in the future**
1.	**Following financial statements/accounts has been presented on due date**			
1.1	Annual financial statements	Complied		
2.	**Maintaining books and registers (M.R.445)**			
2.1	Updating and maintaining the fixed assets register in terms of public Administration circular 267/2018	Complied		
2.2.	Updating and Maintaining Personal emoluments register / Personal emoluments cards	Complied		
2.3	Updating and maintaining the register of Audit queries	Complied		
2.4	Updating and Maintaining Register of Internal Audit reports	Complied		
2.5	Updating and Maintaining Register for cheques and money orders	Complied		
2.6	Updating and Maintaining inventory register	Complied		
2.7	Updating and maintaining the fixed assets register in terms	Complied		

	of public Administration circular 267/2018			
2.8	Updating and Maintaining Personal emoluments register / Personal emoluments cards	Complied		
03	**Delegation of functions for financial control (F.R.135)**			
3.1	The financial authority has been delegated within the institute	Complied		
3.2	The delegation of financial authority has been communicated within the institute	Complied		
3.3	The authority has been delegated in such manner so as to pass each transaction through two or more officers	Complied		
3.4	The controls have been adhered to by the accountants in terms of state Account Circular 171/2004 date 11.05.2014 in using the government payroll software package	Complied		
4.	**Preparation of Annual Plans**			
4.1	The annual action plan has been prepared	Complied		
4.2	The annual procurement plan has been prepared	Complied		
4.3	The annual internal audit plan has been prepared	Complied		
4.4	The annual estimate has been prepared and submitted to the National Budget Department (PED) on due date	Complied		

4.5	The annual cash flow statement has been submitted on time	Complied		
5.	**Audit Queries**			
5.1	All the audit queries have been replied within the specified date by the auditor General	Complied		
6	**Internal audit**			
6.1	The internal audit plan has been prepared at the beginning of the year after consulting the Auditor General in terms of financial Regulation 134(2) DMA/1-2019	Complied		
6.2	The replies have been provided within a period of one month for all internal audit reports	Not complied		It is sent for the attention of the corporate audit and management committee.
6.3	Copies of all the internal audit has been submitted to the Management Audit Department in terms of sub-section 40(4) of the National Audit ActNo.19 of 2018	Complied		
6.4	All the copies of internal audit reports have been submitted to the Auditor General in term of F.TR. 134(3)	Complied		
7.	**Audit and Management Committee**			
7.1	Minimum 04 meetings of the Audit and Management committee has been held during the year as per the DMA Circular 1-2019	Complied		
8.	**Asset Management**			

8.1	According to Section 07 of the Asset Management Circular No. 01/2017, information regarding the acquisition and disposal of assets has been submitted to the Office of the Comptroller General.	Complied		
8.2	According to Section 13 of the above-mentioned circular, the implementation of the provisions of the circular has been carried out, and a suitable liaison officer has been appointed for coordination, with information regarding this officer reported to the Office of the Comptroller General.	Complied		
8.3	According to the State Financial Circular No. 05/2016, inventory inspections have been conducted, and the relevant reports have been submitted to the Chief Accountant by the due date.	Complied		
8.4	Any excesses, shortages, and other recommendations identified in the annual inventory inspection have been addressed within the time specified in the circular.	Complied		
8.5	The disposal of obsolete goods has been carried out in accordance with Financial Regulation 772.	Complied		
9	**Vehicle Management**			

9.1	Prepare daily running records and monthly summary reports for the idle vehicles and submit them to the Chief Accountant by the due date.	Complied		
9.2	The vehicle has been withdrawn from use for a period of less than 6 months.	not complied.		While carrying out repairs on a vehicle according to the procurement procedure, the mechanical engineer has recommended that it is not suitable for repair and that it should be removed through a formal auction process. Accordingly, necessary actions are being taken.
9.3	Maintaining vehicle logbooks and keeping them updated.	Complied		
9.4	Actions have been taken regarding every vehicle accident in accordance with financial regulations 103, 104, 109, and 110..	Complied		
9.5	In accordance with the directives mentioned in Public Administration Circular No. 2016/30 dated 29.12.2016, a re-evaluation of fuel consumption in vehicles is to be conducted.	Complied		
9.6	After the expiration of the grace period, full ownership of the taxable vehicle logbooks has been transferred.	Complied		
10	**Bank Accounts Management**			

10.1	Bank reconciliation statements have been prepared and certified by the due date and submitted for auditing.	Complied		
10.2	Dormant bank accounts carried forward from the reviewed year or from previous years have been clarified.	Complied		
10.3	Actions have been taken in accordance with financial regulations regarding balances revealed in the bank reconciliation statements, and those balances have been clarified within a month.	Complied		
11	**Public officers' advances account**			
11.1	Compliance with limits.	Complied		
11.2	A temporal analysis of the deficit loan balance has been conducted.	Complied		
11.3	The outstanding deficit loan balance that has existed for more than a year has been clarified.	Complied		
12	**Revenue Account**			
12.1	Deficit revenue reports have been submitted to the Auditor General in accordance with Financial Regulation 176.	Complied		
13	**Human Resources Management**			
13.1	Maintaining the staff within the approved staff limit	not complied		A cabinet decision and a commission decision have been made regarding this, and a cabinet paper has been resubmitted for the inclusion of the approved staff.

13.2	Duties lists have been provided in writing to all members of the staff.	Complied		
13.3	All reports have been submitted to the Management Services Department in accordance with MSD Circular No. 04/2017 dated 20.09.2017.	Complied		
14	**Providing information to the public**			
14.1	In accordance with the Right to Information Act and regulations, appointing an information officer and maintaining an updated record for providing information	Complied		
14.2	Information about the organization has been provided through its website, and facilities have been established for the public to express their appreciation or inquiries about the organization, either through the website or alternative channels.	Complied		
14.3	Reports have been submitted twice a year or once a year, as per Sections 08 and 10 of the Right to Information Act.	Complied		
15	**Preparing the human resource plan**			
15.1	A human resource plan has been prepared based on the format in Annex 02 of the State Administration Circular No. 02/2018 dated 24.01.2018.	Complied		

15.2	It has been confirmed within the above-mentioned human resource plan that each staff member will have at least 12 hours of training opportunities per year.	Complied		
15.3	Annual performance agreements have been signed for all staff based on the format shown in Annex 01 of the above-mentioned circular.	Complied		
15.4	In accordance with the above circular, a senior officer has been appointed with the responsibility of preparing a human resource development plan as per Section 6.5, developing capacity development programs, and implementing skills development programs.	Complied		

ARI/E/LRC/FA/01/2023/20 30th September 2024

Chairman

Land Reform Commission

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Land Reforms Commission for the year ended 31 December 2023 in terms of Section 12 of the National Audit Act No. 19 of 2018.

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1. Financial statements

1.1 Disclaimer of Opinion

The audit of the financial statements of Land Reforms Commission for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 provisions of the National Audit Act No. 19 of 2018, Land Reforms Act No: 1 of 1972 and the Finance Act No. 38 of 1971. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

I do not express an opinion on the accompanying financial statements of the Commission. Because of the significance of the matters discussed in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

1.2 Basis for Disclaimer of Opinion

(a) In terms of the section 141 (a) of the Sri Lanka Public Sector Accounting Standard 19, the accounting policy of the firm for identifying the actuarial gains and losses had not been revealed in the financial statements.

(b) Even though the capital reserve balance of the statement of changes in equity was Rs. 2,501,671,968and retained earning balance was Rs. 2,750,521,503, it was mentioned as Rs. 2,501,332,952 and Rs. 2,116,741,865 in the statement of financial position. Accordingly, it was observed a total deference of Rs. 633,779,638 as Rs. 339,952 and Rs. 633,779,638.

(c) Even though Rs. 214,115,687, the value of 40% from land selling, paddy land selling and land acquisition income has been credited to the capital reserve account, that value had not been deducted from retained gains.

(d) Even though the total land extent including 4833 hectares of leased land is 156,838 hectares according to the land register, only 2,144 hectares (29 plots of 868 acres and 6.9 perches) were assessed in the financial statements as of 31st day of December 2023, and Rs. 905,285,000 had been disclosed as its value by the financial statements. It was 1.37 percent as a percentage. Thus, the fair value of the land was not reflected in the accounts and the audit could not ascertain the correctness and overall value of the land.

(e) In terms of the Land Reform Act, the balance of Rs. 215,622,362 of the compensation that should be paid for 1,010 land files acquired from estate companies and persons (Stage - I and II) had been credited to a suspense account and, there were no details on it and, it was observed that it could be over or under allocation.

(f) The values of the lands on which the district office buildings of Monaragala, Ratnapura, Puttalam and Galle are located and the land on which the Lidula bungalow building is located had not been stated in the property, plant and equipment in the statement of financial position.

(g) Even though an amount of Rs. 4,742,500 has been received to the Commission on 08th day of April 2021 as compensation for the land acquired for official residence of the Divisional Secretary, Deltota, that value had not been stated in the financial statements as a receivable income.

(h) Even though an amount of Rs. 18,786,000 has been paid to the Commission on 11th day of October 2023 by the Divisional Secretary, Deltota as compensation for the acquisition of 8,974 hectares from the Little Weliwatta Land, that value had also been accounted asa receivable balance in the year under review.

(i) Out of the due compensation interest amounting to Rs. 2,214,397 for the acquisition of the land of 01 acres 03 roods of Lot No: 13 in Zone 02 of Cadastral Map No. 620142 in Weligepola Divisional Secretary's Division owned by the Commission, the received compensation interest in the year 2023 is Rs. 702,999. Although ithas been accounted for, further compensation interest amounting to Rs.1,511,398 has not been recognized in the financial statements.

(j) Although a compensation amounting to Rs. 18,900,000 for the acquisition of the land of 0.4121 hectares in Lot No: 02 in plan No: F.P.N.3362 of the land called Mulgalkele Watta in Walapane Divisional Secretary's Division has been identified as due compensation in the financial statements in the year 2023, the additional compensation of Rs. 15,557,500 had not been identified as revenue and debtors.

(k) Although the compensation amounting to Rs.4,954,000 for the acquisition of the land of 0.3582 hectares of the land called Kumara Watta in Monaragala Divisional Secretary's Division for the Divisional Surveys Office has been received on 01st November 2021 and accounted in the same year, due to none removing of that balance from the debtors, the debtors has been overstated by that value in the year under review.

(l) A service charges revenue of Rs. 5,374,478 on due total estimate as at 01st January 2023 had not been recognized as income of the respective years and was accounted as an income of the year under review. As a result, the profit of the current year was overestimated by that value

(m) According to the granite tax ledger, only Rs.10,458,366 has been identified as annual lease rent income related to 20 lessees out of 75 lessees on an accrual basis as of December 31 of the year under review. But the accrued annual lease income related to the remaining 55 lessees has not been calculated and accounted for in the financial statements.

(n) Although the Commission had received an amount of Rs. 7,863,205 from the receivable land sale proceeds, it had not been deducted from the receivables land sale proceeds.

(o)An annual assessment of Rs.960,000 related to the land called Serapis Estate in Kurunegala district given to the Coconut Cultivation Board on lease basis by the

Commission had been recognized as Rs.760,000 in the financial statements. As a result, the lease rent income and debtors of the year under review had been shown less by Rs.200,000.

(p) Although it has identified Rs.354,658,614 as the outstanding lease income to be collected for the lands of 1,539 acres 02roods and 38.81 perches given to the Coconut Cultivation Board on lease basis by the Commission, it had not been identified the lease amount that should be collected in relations to the balance land extent of 1,588 acres and 11 perches and disclosed in the financial statements

(q) Although the total amount of the balances due in relations to the Ministry of land, Janatha Estate Development Board, Sri Lanka Plantation Corporation is Rs. 2,072,166,351, those institutes has informed that there is no due balance to the Commission. As a result, actions had not been taken to settle those balances. As it was not confirmed Rs. 777,136,104 for 36 receivable lease balances and Rs. 6,305,291 related to 15 balances of trade and other receivables by the confirmation letters, the correctness was not confirmed by the audit.

(r) No allocation was made for Rs. 2,126,952,139 that expired 30 years and Rs. 381,076,216 that expired 10 years due from 03 government institutions included in the balance of trade and other receivables totaling Rs. 4,002,737,774 and the collection was in uncertain condition.

(s) Although Rs.31,688,608 had been identified as due user fees for leasing to the Coconut Cultivation Board, it was not identified in the financial statements as a receivable balance.

(t) Although an arrears amount of Rs.5,250,480 related to the 04 acres land with quartz stone on the land called Thalpitiya Watta situated in the Kandaketiya Divisional Secretary's Division of Badulla District had not been collected, it had been removed from the financial statements of the year under review.

As described above, I was unable to confirm or verify by the quantitative items alternative methods included in the statement of financial position, statement of comprehensive income, statement of equity changes and the statement of cash flow. Due to this, I was unable to determine whether any adjustment is needed regarding the reported or unreported values in the statement of financial position, statement of comprehensive income, statement of equity changes and the statement of cash flow.

1.3 Other information included in the Annual Report of the Commission – 2023.

The other information means the information included in the 2023 Annual Report of the Commission, which I obtained prior to the date of this audit report, but not contained in the Financial Statements and my audit report thereon. Management is responsible for this other information.

My opinion on financial statements does not cover the other information and I do not express any assurance or opinion about them.

My responsibility in connection with my audit of financial statements is to study the above identified other information and evaluate whether the other information is substantially mismatched with the financial statements, or my knowledge gained in auditing or another manner.

On other information obtained by me before the date of this audit report and based on the tasks performed by me, if I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

1.4 Responsibilities of Management and those Charged with Governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

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

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

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

My responsibility is to conduct an audit of the Commission's financial statements in accordance with Sri Lanka Auditing Standards and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

2. Report on Other Legal and Regulatory Requirements

2.1 National Audit Act, No. 19 of 2018 include specific provisions for following requirements.

2.1.1 According to the requirement of the section 12 (a) of the National Audit Act, No. 19 of 2018, I have not obtained all the information and explanation that considered necessary for the purpose of audit I was unable to decide whether the Commission has maintained the proper accounts reports.

2.1.2 The financial statements of the Commission are consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018 except for the matter sated in 1.2 (e), (f),(z) for the part of basis for disclaimer of opinion in this report.

2.2 Based on the procedures performed and evidence obtained which limited to matters that are material, nothing has come to my attention.

2.2.1 To state that any member of the governing body of the Commission has any direct or indirect interest in any contract entered into by the Commission which is out of the normal course of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.

2.2.2 To state that the Commission has not complied with any applicable written law, general and special directions issued by the governing body of the Commission as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018 except for.

	Reference to the laws, rules/orders	Observation
(a)	Section 44 (i) of the Land Reform Act No: 1 of 1972	(i). Based on the establishment of a provident fund for those employed by the commission and the provision of welfare and recreational sports facilities and housing and dormitories and other facilities, 20 perches had been given at the value of Rs.1,000 per one perch for an employee with 5 years of continuous service in the commission. Accordingly, from the year 2009 to the year under review, 49 acres and 35.64 perches of land had been given to 396 officers. (ii).The commission had given a gold pound as a memento on retirement and resignation to an employee with more than 10 years of service. Accordingly, in the year under review, an expenditure of Rs. 5,060,000 was incurred for giving gold pounds to 20 employees, but the treasury approval was not submitted for the audit.
(b)	Sections 10 and 16 of the Employees' Provident Fund Act No. 15 of 1958.	An amount of Rs. 367,625 to be paid to the employees' provident fund or the employees' trust fund of the employees who were recruited to the organic fertilizer project started by the commission in the year 2021 was not credited to that funds and shown as a balance to be paid in the financial statement – 2023 of the commission.
(c)	Section 11 of the Finance Act No. 38 of 1971.	Subject to the approval of the Minister of Finance, although the excess money in the institution can be invested in repurchases, investments, treasury bills, fixed deposits or any other investment, no such approval had not been taken for the investments of Rs.2,540,580,496 made in the year 2023.

(d)	1645 (a) of the Financial Regulations Code of the Democratic Socialist Republic of Sri Lanka.	The vehicle log books of 12 vehicles owned by the commission were not properly updated and maintained
(e)	Paragraph 1.1 of Chapter V, of the Establishment Code of the Democratic Socialist Republic of Sri Lanka	While serving in the post of Project Director of the Commission from 23rd October 2020 to 31st March 2022, contrary to the Establishment Code, and joining with service for the post of Deputy General Manager (Administration) of Maga Neguma Road Construction Machinery Company under the probation period from 01st January 2021, he has obtained salary and allowances from both 02 organizations during the same period. Accordingly, the commission had paid Rs. 2,038,979 as salary and allowances without considering the attendance and given service of the officer and that amount had not been recovered as on 31st December of the year under review.
(f)	Cabinet Decision No. 22/Miscellaneous (063) and dated 22nd November2022 and the letter bearing No: PS/PSB/AS-02/LAND/2023 and dated 25th May 2023 of Senior Assistant Secretary to the President.	Although the President had ordered to temporally suspend of all activities related to disposal of land with immediate effect, 714 acres, 5 roods and 8.57 perches had been disposed of after 25th May 2023 beyond the terms of that letter.

2.2.3 To state that the Commission has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018.

2.2.4 To state that the resources of the Commission had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018.

Although the Committee on Public Enterprises held in 2022 had informed to take legal actions to recover the sum of Rs. 17,000,000 paid to a private company in the year 2002 for the creation, development and operation of a fully integrated computer system for the commission, actions had not been taken to act accordingly by the end of the year,

2.3 **Other matters**

(a) Under various debtors in the financial statements, an amount of Rs. 2,311,017 due from persons who leased 08 plots of land located in Kalutara and Gampaha districts have been in arrears for more than 24 years, but the actions had not been taken to collect the relevant lease money.

(b) The total balances of Rs. 11,202,992 maintained from a period of more than 10 years in the land selling advances balance of Rs. 11,322,992 held on 31st December of the year under review and advances money of Rs. 11,215,850 obtained from 269 persons included in land lease advances account balance totaling Rs.14,080,850had been retained for a period more than 18 years but the commission had not taken actions to sell, lease the relevant lands legally or re-settle the advances.

(c) Pursuant to section (e) of the Commission's Administration Circular No. 2021/01 dated 15 March 2021, all new unauthorized persons should be evicted after 01January 2015 and as per Cabinet Decision No. 22/Miscellaneous (063) dated 22 November 2022, although it was informed that the disposal of land should be stopped, contrary to that, the land of 02 acres and 7.22 perches of Lot No. 01 of Mutuwana Watta situated in Haldummulla Divisional Secretary's Division in Badulla District had been sold and conveyed to unauthorized residents for an undeveloped assessed value of Rs.920,000.

(d) In terms of the section 2 of the Controlling Public Expenditure Circular No. 03/2022 dated 26thApril 2022 of Treasury Secretary, although it had been informed that the rent out of buildings should be stopped, Rs. 49,571,072 had been paid as rent for maintaining the head office and 07 district offices of the commission on a rental basis in relation to the years 2022 and 2023. Also, it was further observed that although it has been almost 50 years since the commission was established, the management has failed to set up offices in the buildings belonging to the commission.

(e) The Commission has not taken steps to maintain the Galle District Office of the Commission in the building with the land of 31.5 perches of Kurudugaha Hethepma, Galle and it had been maintained in a building of 9.79 perches in the suburbs of Galle by obtaining monthly rent of Rs. 65,000. As a result, it was observed that Rs.4,870,000 which was the building rent incurred from the year 2018 to 31 December2023 was a useless expense.

(f) The number of lessees related to outstanding land lease value of Rs. 1,180,434,743 as at 31 December 2023 is 401 and out of which only 116 lessees were given lease agreements and lands had been given on lease without entering into legal agreements to 285 lessees related to the arrears lease amount of Rs. 904,486,633. During the year under review, the amount recovered from arrears lease was 13 percent and the amount recovered from income during the year under review was 30 percent. Accordingly, it was not possible to go to legal action to recover the arrears lease as a result of giving leases without legal agreements.

(g) Although the Temples owe Estate land owned by a private company was acquired on 09 July 1974 under the Land Reforms Act, According to the decree of the case filed by that company, the possession of 439 acres, 02 roods and 03 perches land had been handed over to the Company again on 23 November 1993. It was not fulfilled the order given in connection with the case filed by the Company regarding loss of income and loss of interest for the period 1974 to 1993.Due to non-payment of Rs. 100 million to be paid in the year 2001 in the said period, it was agreed to pay Rs. 500 million due to the addition of annual interest to that amount. Accordingly, it was observed that Rs. 400 million had to be paid more in excess.

(h) Although an integrated accounting software system of the Commission was purchased from a private company on 22 May 2019 for Rs. 8,500,000, it was not possible to obtain information about the land lease amount due from that information system by 31 December of the year under review.

(i) At the time of surveying and legalizing the lands of the Commission, the amount paid to the surveyors in the years 2019, 2020 and 2021 was Rs. 33,229,487 under the reimbursement from the allotters and out of which, only Rs. 7,616,274 had been reimbursed as at 31 December of the year under review and the balance due further on that date is Rs.25,613,213.

(j) The amount of 02 acres, 01 rood and 05 perches with tea factory of Tilton Estate, Nawalapitiya belonging to the Commission had been given on lease to a private company from 30 August 1997 at an annual lease rent of Rs.270,000 on a thirty-year lease basis. In the year 2008, although a private party has acquired the land with the brand name of the above company, the Commission had allowed it to be used informally without giving any approval or agreement or without collecting any charge in this regard and the lease amount due from a period of 26 years up to 31 December 2023 had been accounted for as Rs.18,403,926.

(k) Although 08 acres of the land called Lechchami B Watta situated in Akmeemana Divisional Secretary's Division, Galle had been given on lease basis for a period of 30 years and the possession of the land had been unilaterally acquired to the Commission in the year 2021, the Commission has not taken steps to recover the outstanding amount of Rs.6,998,800 as on 31 December of the year under review.

(l) Although a Venerable There has been illegally enjoying an approximately 5 acres of an undivided 14 acres 1 rood and 9.9 perches of the land in the Grama Niladhari Division No: 615 B -Mahena North in the Divisional Secretary's Division of Horana in Kalutara district owned by the Land Reform Commission, and another private owner has been enjoying an extent of 66 perches, the legal actions had not been taken to evict the unauthorized persons in terms of Section 16 of the Land Reforms Act No. 01 of 1972.

(m) Although land extent of 01rood and 9.79perches of Jakotuwa Watta situated in Wellampitiya area in Kolonnawa of Colombo District had been assigned to an individual at an annual rent of Rs.1,590,000, and it has been assessed at Rs.26,500,000 based on the market value of the land, it had been informed that as the lease rent was too high, it could not be paid and no lease amount has been collected so far.

(n) In the year 2011, 70 acres of the land called Ragedara Watta situated in Ibbagamuwa Divisional Secretary's Division had been given on lease to a private company for a period of 05 years based on the government's assessed value for graphite mining. The amount paid for this graphite land up to31 December 2023 is Rs. 8,110,356 and it had been accounted for as advances received on account of non-receipt of Government valuation. Even though 12 years have passed by the date of this audit report, the commission has so far failed to assess, calculate and collect leases and reach a lease agreement between the two parties.

(o) 25 acres of Ambalanwatta land in Kandy district had been given on lease to a private company for a silica project in the year 2011and no any lease amount was collected in the years 2012-2015 and 2017-2019. As of 31.12.2023, actions had not been taken to obtain estimate reports from the Government Valuation Department or obtain reports from the Geological Survey and Mines Bureau and determine the amount of lease to be charged in a fair manner.

(p) The Granite situated in 12 acres 02 roods and 4.48 perches of Lot No. 01 in Galimbure Watta in Divulapitiya Divisional Secretary's Division had been given on lease in July 2011. The relevant Lessee had not paid lease duly for 12 years and due to the failure of the commission to take measures related to the non-payment, an income that could have been earned had been lost.

(q) The total number of pending cases is 1,123 and an amount of Rs.34,657,989 has been incurred as legal expenses by 31 December 2023.

(r) The income earned compared to the expenditure of the organic fertilizer project, which was started at a cost of rupees 350 million in the year 2021 was rupees 22 million and as a result, this project had been terminated in the year 2022 as a failed project. The details about places installed more than rupees 31 million rupees of machinery and office equipment purchased for this project and the details of the types and values of those assets were not submitted to the audit. By the decision of the Cabinet bearing No: අමප/23/383/615/017dated 28th day of March 2023, the Secretary of the Ministry of Tourism and Lands has appointed a three-member special investigation committee to carry out an independent full investigation into the factors that led to the failure of this project, how its money was used and the parties who contributed to it. Although it had been informed by the letter No. 9/2/6/17 dated 29 April 2023 of the Secretary of the Ministry of Tourism and Lands to submit that report within 02 weeks, it had not been submitted until June 2024.

(s) By the Cabinet decision No. අමප/18/1126/829/002 dated 27 June 2018, the approval had been given to recruit 214 officers for a period of one year and although it had been mentioned that the service of those officers can be extended for a period of 3 years according to the performance, after the completion of the relevant 3 years, permanent appointments had been given for 138 management assistants, 10 drivers and 16 office assistants without the approval of the Management Services Department. Apart from this, the approval of the Management Services Department had not been taken for 56 management assistant posts and 08 primary posts recruited by the commission papers.

W.P.C. Wickramaratne
Auditor General