Annual Report 2018

Sri Lanka National Freedom From Hunger Campaign Board

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2018
Annual Report

Sri Lanka National Freedom from Hunger Campaign Board

Our Vision

Generation of the economic independence and self confidence through
the implementation of the Programmes for re-establishment of the
Dignity of the farmers and less privileged persons.

Our Mission

Implementing participatory development Programmes to develop competencies in agriculture, livestock and the other fields in order to
establish the economic independence of the beneficiaries and to
alleviate the dependency culture of the beneficiaries on others.

Board of Directors in the Year 2018

(From 29.01.2018 to 21.03.2018)

Name	Designation	Place of work
Mr Dhammika Peiris	Chairman	Sri Lanka National Freedom from Hunger Campaign Board (National Food Promotion Board)
Mr K.A.Bandara	Vice Chairman	Sri Lanka National Freedom from Hunger Campaign Board(National Food Promotion Board)
Mr K.Maheson	Additional Secretary (Development)	Ministry of National Policies and Economic Affairs
Mr H.P.J. Dharmasena	Director General	Department of Manpower and Employment
Mr P.S.S. Wijerathne	Senior Assistant Secretary	Ministry of Agriculture
Mr W.A.D.D.M.Priyantha	Chief Internal Auditor	Ministry of Plantation Industries
Mr. Wijayasiri Wickremasinghe	Member of the Board of Directors	No. 409/3 C, Mahaiyawawatte, Kalapuwawa, Mulleriyawa Town
Mr H.R.Krishan Nilanga	Member of the Board of Directors	No. 898/A4, diyathera, Pahalawela Road, Pelawatte.
Mr. P.W. Dharamasiri Welikala	Member of the Board of Directors	No. 95, Bandaranayaike Mawatha, Mihindupura, Anuradhapura
Mr. A.T.M. Ekanayake	Member of the Board of Directors	No. 121, Yasasiripura, Anuradhapura

Board of Directors in the Year 2018

(From 08.08.2018 to 17.12.2018)

Name	Designation	Place of work
Attorney at Law (Mr) Buddhika Iddamalgoda	Chairman	Sri Lanka National Freedom from Hunger Campaign Board (National Food Promotion Board)
Mr C.H.Kumarasinghe	Vice Chairman	Sri Lanka National Freedom from Hunger Campaign Board(National Food Promotion Board)
Mr K.Maheson	Additional Secretary (Development)	Ministry of National Policies and Economic Affairs
Mrs Champika Dharmasena	Director (Development)	Ministry of Agriculture
Mr W.A.D.D.M.Priyantha	Chief Internal Auditor	Ministry of Plantation Industries
Mr Chaminda Pathirana	Member of the Board of Directors	LakeAge Holiday Inn, Sadungama Road, Tissamaharamaya
Mr Arosha Rodrigo	Member of the Board of Directors	No.65, Apartment6/2, Capital Residence, Darmapala Mawatha, Colombo -07.
Mr. R.M.A.Chandradasa	Member of the Board of Directors	No. 11/4P, Prestipcoourts, Sumanasara Mawatha, Welegoda, Matara

Dates of Conducting the Meetings of the Board of Directors in the Year 2018

- 385 th Meeting of the Board of Directors - 29.01.2018
- 386 th Meeting of the Board of Directors - 16.02.2018
- 387 th Meeting of the Board of Directors - 21.03.2018
- 388 th Meeting of the Board of Directors - 08.08.2018
- 389 th Meeting of the Board of Directors - 07.09.2018
- 390 th Meeting of the Board of Directors - 12.10.2018
- 391 st Meeting of the Board of Directors - 28.11.2018
- 392 nd Meeting of the Board of Directors - 17.12.2018

Number of Days of conducting the Meetings of the Board of Directors during the year 2018 was 08.

Chairman's Review

It's our pleasure to have participated for Sri Lanka's new Agro Food Industry ensuring food safety and national wellbeing through multi-partial approach with the aim of acheiving Sustainable Development Goals. Further, Sri Lanka is concerned on ever green Economic Policy thereby it is expected to create an eco-friendly atmosphere along with the change of Economic and Social conditions.

Consumption pattern of Sri Lanka changes rapidly, hence many lives are lost every year due to higher rates of non-communicable diseases including diabetics, various cancers and blood cholesterol levels during past few decades. In particular, 75% of deaths occur due to non-communicable diseases. All these diseases are linked with our food habits. Therefore, changinging from traditional food pattern to unhealthy werstern foods can be identified as a huge public conflict within the country.

After the Wertern invasion, the ancient indigenous knowledge on our food habits, health and long life and related experience had diminished gradually. Even after the Independence, Sri Lankan governments preferred to proceed with the colonial economic structure. For an example, urbanization has positively affected wheat consumption and unfavourably on rice consumption. Fast increase was observed for western food demand in big cities during the last decades in Sri Lanka in parallel to development of super markets. And these appeared to spread towards small towns as well.

To minimize the effects of unhealthy western food patterns, Ministry of Agriculture has come to a historical milestone by reintroducing traditional and local foods to the citizens. Sri Lankan traditional foods, local grain types, roots, yams, leaves, fruits and vegetables are proven to associate with many health benefits.

However, it is not easy task to change people's minds to move from unhealthy western foods especially wheat flour culture to local food habits. Hence, according to a concept of Hon.Minister Mahinda Amaraweera, having introduced various projects and activities for traditional and local food development & promotion, the concept of 'we grow – we eat' has been strengthened. For example, as a step to prevent from non-communicable diseases, we hope to promote traditional food rituals among Sri Lankans with various food exhibitions and food festivals. Value added food production with the intervention of technological innovation the partnership of the Private & Public Partnership has become a new achievement of our Board, and it is expected to provide maximum nutritional benefits to the consumers by developing agro food industry.

Therefore, I sincerely hope that through expediting various activities, we can fulfill our duties towards the wellbeing of our country in the near future.

Mr Buddhika Iddamalgoda,
Attorney at Law

Sri Lanka National Freedom from Hunger Campaign Board (National Food Promotion Board)

Information on the Board

Name of the Board:

National Food Promotion Board (Sri Lanka Freedom from Hunger Campaign Board)

Location and Legal Entity:
This has been incorporated by the Sri Lanka Freedom from Hunger Act No. 15 of 1973. The approval of the Cabinet of Ministers was granted to change the name as National Food Promotion Board in 2009.

Fundamental Activities and Objectives:
An entity that serve the people who have undergone economic inequality to a great degree. The Objectives are:

- Obtaining donations from foreign and local representatives for the social and economic development in compliance with the developmental programme prepared by the Government.
- Assisting in the institutions and the other Boards in the implementation of the social and economic developmental schemes.
- Providing aids to specified schemes that are focused on the agricultural and technical development and development and coordination of such schemes.
- Making the Non-governmental representatives interested in the implementation of proposals in the increase in the agricultural and technical production.
- Establishments of cooperation with the International Freedom from Hunger Campaigns and the other similar foreign Institutions, Associations and Societies.

Line Mnistry:

Ministry of Agriculture

Office:
No. 45, Kirimandala Mawatha,
Colombo 5.
Telephone : 0112506895/0112505684
Fax : 0112506907
E-mail Address: ffhc.srilanka@gmail.com
Web site : www.nfpb.lk

Auditors:
Auditor General's Department
Internal Audit Division - Ministry of Agriculture

Bankers:
Bank of Ceylon – Borella
People's Bank – Dehiwela

Strategies:
- Integration of the developmental bases in order to direct them towards the achievement of a collective objective.
- Providing opportunities for the rural people to collaborate in the economic and social development.
- Empowering the rural community to participate in the developmental process.
- Changing towards the values that can be achieved with the establishment of self confidence of the traditional rural people in order to generate self propelled sustainable development.
- Use of local food items and promotion of the production
- Extending the technology of minimizing the post harvest loss up to the ground level.

Overall Performance - 2018

The Development Division of Sri Lanka National Freedom from Hunger Campaign Board has conducted 10 projects in this year and the summarized details of these Projects are given below.

Main objectives of these Projects are; providing indigenous foods that are free from poisonous substances, value added foods and local agro inputs at concessionary price to consumers thereby uplifting economic status of local farmers directly and indirectly, and empowering the small and medium scale manufacturers by encouraging their products.

1. Plant Sales Centre - Narahenpita

Narahenpita Plant Nursery can be cited as a project that was commenced in view of providing sapling varieties at concessionary rates including all varieties of vegetables that are required for the home gardening especially for the urban population; so that rural communities as well as the urbanists can grow plants that are able to grow in their home gardens thereby inducing them to consume foods that are "free from poisonous substances", which is the objective of our organization. Medicinal plants, flower plants, fruit plants (specially less consume fruits), fruit & vegetable seeds, fertilizer for vegetables and flowers, organic fertilizers, insect repellents and agricultural equipment can also be purchased from this place, and the instructions pertaining to crop cultivation can be obtained from this place for free of charge.

In this year, the operating expenditure for this project was Rs. 9.335 million and earned a sum of Rs. 11.708 million as the operating income. Similarly, the net profit for the year was 2.311 million. According to data, it is obvious that this project has achieved a progress in this year when comparing with previous year.

Plant Nursery and Sales outlet

2. Plant Sales Centre – Dehiwala

Dehiwala Sales Centre also performed similar functions that of performed by Narahenpita Sales Centre.

In this year, a sum of Rs. 6.288 million has been earned as the operating income and a sum of Rs. 5.565 million has been incurred as an operating expenditure. A sum of. 0.710 million was obtained as a net profit.

3. Sales Outlet for Agricultural Products & foods - Dehiwala

This Project was initiated with the objective of publicizing foods that are free of poisonous substances, such as farmers' produce, value added food items prepared by local food entrepreneurs as well as traditional rice varieties (viz: Suwendal, Kaluheenati, Pachchaperumal rice varieties), *Mawposha, Suwaposha* (nutritious food), *Thosai* flour mix and special rice flour mix, and the project is going on.

In addition, steps have been taken to provide breakfast & lunch, nutritious & quality food items at reasonable price among general public through the canteen affiliated to this sales outlet.

The operating expenditure of the project in this year was Rs. 41.649 million. The operating income was Rs. 41.024 million.

4. Developments of Buttala & Thanamalwila Farms

Buttala Farm (Manufacturing of fertilizer)

Farm Development Project in the ares of Buttala and Thanamalwila has been going on since 1986. A Project for producing compost fertilizers initiated at the Buttala Farm in 2017 may be cited as a pilot project. Manufacturing of fertilizers such as compost fertilizer, coir pith and pot mixture has been carrying out in this farm successfully. Types of fertilizers produced so are provided to the public at reasonable price through salesoutlets belongs to our organization.

In 2018, the operating income of this Project was Rs.2.571 million and the operating expenditure was Rs.2.527 million. A sum of Rs. 0.176 million has been gained as a net profit in this year.

Thanamalwila Farm

Thanamalwila farm has been maintained as a model farm and also engaged in producing organic fertilizer with the participation of *sagini* families in the area. In 2018, the operating expenditure of Thanamalwila farm Project was Rs. 0.475 million and the operating income was Rs. 0.116 million.

5. *Suwaposha* Nutritional Food, Rice Flour, *Thosai* Flour and *Mawposha* Projects, Rice Flour and *Thosai* Flour

Rice Flour Project can be cited as a project that has been initiated with the objective of publicizing the use of rice flour among the general public. This project is being implemented at the Gannoruwa factory in Peradeniya, that belongs to the organization. T*hosai* flour Project is also implemented in parallel to this project. For this in 2018, the operating income of this project was Rs. 0.553 million and the operating expenditure was Rs. 0.848 million.

Suwaposha and *Mawposha* Projects

This Project was initiated with the purpose of providing of nutritious pack to low-weighted pregnant women. Later, these have been changed under the names as *Suwaposha* and *Mawposha* and they are sold at reasonable price through salesoutlets belongs to our organization and franchised sales centres. For this in 2018, the operating income of this project was Rs. 1.156 million and the operating expenditure was Rs. 2.53 million.

6. Producing of Juice using less consumed fruits

This Project was commenced with the objectives of publicizing the consumption of less consumed fruits among people and of introducing value added products. Here, veralu, custard apple (Anoda) and mango are utilized basically as fruits and these fruit drinks are manufactured in the Food Research Unit located at Gannoruwa. In the year 2018, the operating income of this project was Rs. 0.361 million and the operating expenditure was Rs. 0.712 million.

Processing of fruit drink

Fruit drink bottle processed

7. Project for Purchasing Traditional Paddy

The Project for producing traditional rice was initiated with the objective of achieving Sustainable Development Goals such as healthy life and nutritious food for all. The consumption of this rice is important for preventing people from Non Communicable Diseases which are spreading all over the Island. By consuming this rice leads building up healthy people and empowering domestic farmers. This paddy is purchased from the farmers who cultivate traditional paddy in Anuradhapura district, and is converted as rice at the Kalankuttiya factory. And this rice is sold through Dehiwala, Narahenpity salesoutlets and private sector. The operating expenditure of this Project was Rs.1.677 million and the income was Rs.0.636 million.

8. Project for manufacturing value added soya related food items

The objectives of this Project are to supply nutritious soya related value added food items to the community especially to children, youth and adults who are suffering from Non-Communicable Diseases including high blood pressure and diabetics by providing soya bean related foods that contain protein, lipid, minerals and vitamins. This artificial food was provided by removing its unpleasant taste and smell scientifically. For this purpose, a provision of Rs.0.670 million was granted from the Ministry of Agriculture.

It is expected to expand these products island wide under Public and Private Partnership.

Processing of soya related biscuits

9. Importation of Maize

As there is high demand from the customers, maize is necessary as a main component of poultry feeds for the production of chicken and eggs in Sri Lanka. However, when considering prevailing situation, 200,000 M.T. of maize is produced in Sri Lanka and there is a vacuum for importation in order to produce animal feeds. Such vacuum is approximately 50% of annual demand.

At present, the importation of maize is done through private companies and since there is a monopoly among few importers, prices of poultry feeds have gone up. As a result, customers faced very difficult situation. In order to regulate this situation, the permission was granted import 50,000 M.T. of maize for the animal feeds under the guidance of Hon. Ministry of Agriculture. For this purpose, 37,000 M.T. of maize was imported and Rs.1929.82 million was earned as income and net profit was Rs.41.07 million.

10. Project for purchasing local soya beans

This Project was initiated with the objective of encouraging maize farmers in Anuradhapura district and Monaragala district as an additional crop promotion programme.
We were able to purchase maize harvest from farmers at the right time at certain price and to create a market for their harvest.
The operating expenditure of this Project was Rs.2.635 million and the income was Rs.2.410 million.

11. Provisions from the Treasury

	Budgetary Provisions 2018 (Rs. Mn.)	Grants Received (Rs. Mn.)	Actual Expenditure (Rs. Mn.)	Additional Expenditure (Rs. Mn.)
Recurrent	80.236	46.400	63.686	33.836
Capital	8.000	8.000	4.545	3.455
Total	88.236	54.400	68.231	37.291

12. Other Provisions

	Amount (Rs. Mn.)
Recurrent	6,960,496.67
Capital	-
Total	6,960,496.67

(Ministry of Agriculture, Department of Agriculture and World Food Programme)

Annual Accounts Report - 2018

Sri Lanka National Freedom from Hunger Campaign Board

The Statements of Financial Position and the Financial Performance have been prepared in accordance with the Generally Accepted Accounting Principles on the basis of Historic Cost Basis and Going Concern in compliance with the Sri Lanka Public Sector Accounting Standards.

Accounting Policies:

- Depreciation has been computed from the date of purchased and all Assets are depreciated over the useful life of assets.
- Balances receivable have been accounted for the net amount receivable after allocated for Bad and Doubtful Debt.
- Allocations have been made for all identified liabilities.
- Allocations for gratuities have been calculated based on the years of each employee who are entitled to gratuities.
- Income that has exceeded the expenditure has been computed after making allocations for all the known liabilities.
- Stocks are computed at the least value of cost and net realized value and the cost for the following stocks are computed under the following methods.
    - Raw materials – Raw materials are stated at the actual cost using First In First Out method.
    - Unfinished Stocks – Direct raw materials are stated at cost.
    - Finished Stocks – Direct raw Materials, variable Overhead Cost and Direct Salaries are stated at actual cost.
    - Consumables – Consumables are stated at actual cost.
- The Provisions received from the Government are forwarded separately as an income in the income Statement and expenditure items have been submitted separately.

Sri Lanka National Freedom from Hunger Campaign Board

1. The following Projects were implemented by the Sri Lanka National Freedom from Hunger Campaign Board during the year 2018.

Project	Funded by	Location of the Project
Development of the Farm – Thanamalwila	Self funds	Thanamalwila
Development of the Farm – Buttala	Self funds	Buttala
Traditional Rice Project	Self funds	Kalankuttiya
Plant Nursery – Dehiwala	Self funds	Dehiwala
Plant Nursery - Narahenpita	Self funds	Narahenpita
Soya related by product Project	Ministry of Agriculture	Gannoruwa
Project for renovating minor irrigation	Farmer s' Trust Fund	Hambantota
Rice Fortification Project	World Food Programme	Kalankuttiya
Fruit Drinks Project	Self funds	Gannoruwa
Project for purchasing local maize	Farmer s' Trust Fund	Buttala & Galenbidunuwewa
Importation of maize	Self funds	Head office
Rice Flour Project	Self funds	Kalankuttiya
Soya Project	Self funds	Upuldeniya
Suwaposha Nutritious Project	Self funds	Gannoruwa
Mawposha Nutritious Project	Self funds	Gannoruwa
Project of Organic Fertilizer	Self funds	Buttala
Agricultural Products outlet – Dehiwala	Self funds	Dehiwala
Food Festival - 2018	Self funds, Ministry of Agriculture	Green Path - Colombo

2. The following current Accounts were being maintained in this year too under the Sri Lanka National Freedom from Hunger Campaign Board**.**

- 194125 - Provisions received from the General Treasury

  Provisions received from the Ministry of Agriculture, World Food Programme & Department of Agriculture

  Buttala Farm Development, Thanamalwila Farm Development, *Suwaposha* Project, *Mawposha* Project, Project for promoting the consumption of rice flour in the Plantation Sector, Plant Nursery, Dehiwala Sales outlet, Compost Project, Maize Project, Traditional Rice Project, Fruit Drinks Project, Rice Fortification Project

  337100196138295 - Income from the Salesoutlet - Dehiwala

  80681636 - Project for renovating minor irrigation

3**. Separate ledgers are being maintained for each Project.**

Sri Lanka National Freedom from Hunger Campaign Board
Statement on Financial Position as at 31 December 2018

Particulars	Note	2018 Rs.	2017 Rs.
Assets			
Non Current Assets			
Property Plant and Inputs	1	**344,138,329.70**	**339,966,422.68**
Lands		307,200,000.00	307,200,000.00
Buildings		17,312,402.62	15,505,012.13
Motor Vehicles		6,910,136.99	3,376,116.44
Machinery and Machines		4,585,213.84	5,829,684.51
Furniture and Fittings		1,337,168.62	1,095,382.81
Office Equipment		1,621971.38	1,388,060.88
Agricultural Equipment		321,741.92	1,44,000.00
Gardening Equipment		188,793.47	251,704.03
Other Equipment		919,155.04	1,346,999.33
Computer Accessories		1,214,319.22	1,012,612.21
Temporary Buildings		1,791,989.53	1,903,988.87
Measuring Equipment		127,637.07	184,761.47
Intangible assets			
Software		607,800.00	728,100.00
Financial Assets		**136,536,633.46**	**93,969,576.67**
Saving Deposits		659,760.99	196,000.16
Fixed Deposits		124,138,311.19	93,553,075.19
Distress loans		11,738,561.28	220,501.32
Current Assets		**213,841,986.50**	**47,118,804.59**
Deposits		519,361.50	111,816.50
Stocks		4,353,851.68	15,225,417.73
Debtors		974,162.77	716,862.77
Pre-paid		-	1,445,668.16
Cash Receivable		156,190,229.16	16,082,465.12
Cash in Hand and Cash in Bank		51,804,426.39	13,536,574.31
Total Assets		**694,516,949.66**	**481,054,803.94**
Equities and Liabilities			
Capital and Reserves		**432,038,321.71**	**377,315,712.04**
Balance in Funds		390,703,946.72	377,703,946.72
Consolidated Fund		41,334,374.99	(388,234,68)
Non Current Liabilities		**6,609,807.00**	**6,898,935.50**
Retirement Gratuity Liabilities		6,609,807.00	5,198,935.50
Mid-term Loans		-	1,700,000.00
Current Liabilities		**255,868,820.95**	**96,840,156.40**

Retention Fund		530,142.68	395,852.40
Refundable Deposits		94,879,249.45	83,248,149.90
Accrued Expenditure		160,459,428.82	13,196,154.10
Total Equities and Liabilities		**694,516,949.66**	**481,054,803.94**

Sri Lanka National Freedom from Hunger Campaign Board
Statement on Financial Performance for the year ended 31 December 2018

Particulars	Note	2018 Rs.	2017 Rs.
Income		**118,368,503.17**	**100,221,233.87**
Provisions from General Treasury/ Ministry	**05,06**	53,360,496.67	44,532,882.42
Other Operating Income	**02**	53,189,348.17	49,578,684.51
Interest from Savings Accounts		8,703,630.83	4,902,736.94
Proceeds obtained from the Disposal of Assets		-	
Remitting proceeds obtained from selling the assets to the General Treasury		-	
Other Income		3,115,027.50	1,206,930.00
Expenditure		**76,428,459.26**	**62,748,852.41**
Personal Emoluments		40,038,956.82	37,404,501.50
Travelling Expenses		541,709.20	697,189.09
Supplies and requisites		3,786,562.89	2,340,711.10
Repair and Maintenance of Fixed Assets		4,402,944.59	7,602,947.76
Transfer, Communication, Utilities and the other Services		27,658,285.76	14,703,502.96
Income over the Expenditure/ Surplus (Deficit)		**41,940,043.91**	**37,472,381.46**

Sri Lanka National Freedom from Hunger Campaign Board
Cash Flow Statement for the Year ended 31 December 2018

	Note	2018 Rs.	2017 Rs.
Cash flows (used)/received from Operational Activities			
Net Profit/Loss before income taxes		41,940,043.91	37,472,381.46
Adjustments			
Depreciations	1	5,882,808.65	4,800,502.63
Depreciation on Vehicle disposals/transfers		(100,00.00)	-
Disposals/Transfers of Property, Plant and Equipment			
Write off farmers' loans		-	-
Interest Income earned from Investment Activities		(8,611,574.83)	4,902,736.94
Deposits			90,000.00
Prior Periods Adjustments		(217,434.24)	3,268,553.20
Allocations for Retirement Gratuity			
Allocations for Retirement Benefits		1,410,871.50	1,323,650.68
Operational Profit before Working Capital Changes		**40,304,714.99**	**51,857,824.91**
(Increases)/ decreases in Stocks		10,871,566.05	1,036,873.46
Gratuity Payment			
(Increases)/decreases in Trade and Other Receivables		(139,326,895.88)	(6,699,383.11)
Increases/decreases in Trade and Other Payables		159,028,664.55	77,850,083.61
Cash generated from Operations		30,573,334.72	72,187,573.96
Net Cash flows received from Operational Activities		**70,878,049.71**	**124,045,398.87**
Cash flows received/ (used) from Investment Activities			
Acquisition of Property, Plant and Equipment	1	(5,054,715.67)	(7,371,176.13)
Disposals/Transfers of Property, Plant and Equipment		100,000.00	-
Net Cash flows received/ (used) from Investment Activities		8,611,574.83	(4,902,736.94)
Increases/decreases in Saving Deposits		(463,760.83)	610,118.68
Increases/decreases in Fixed Deposits		(47,140,717.93)	(397,303,075.19)
Increases/decreases in Fixed Deposits		16,555,481.93	303,750,000.00
Remitting proceeds obtained from selling of vehicle to the General Treasury		-	-

Net Cash flows received/ (used) from Investment Activities		**(27,392,137.67)**	**(105,216,869.58)**
Cash flows received/ (used) from Financial Activities			
Receipts of Funds		54,400,000.00	47,440,932.42
Donations		(46,400,000.00)	(44,532,882.42)
Payment of Distress loans		(12,262,480.00)	(248,064.00)
Repayment of Distress loans		744,420.04	27,562.68
Repayment of loans		(11,700,00.00)	(13,200,000.00)
Receipts of loans		10,000,000.00	5,000,000.00
		(5,218,059.96)	**(5,512,451.32)**
Net Increase/ (Decrease) in Cash and Cash Equivalents		38,267,852.08	13,316,077.97
Cash and Cash Equivalents at the beginning of the Year		13,536,574.31	220,496.34
Cash and Cash Equivalents at the end of the Year		51,804,426.39	13,536□574.31
Note - A			
Bank Balance		51,804,426.39	220,496.34
Petty Cash		-	-
Cash in Hand		-	-
		51,804,426.39	**220,496.34**

Sri Lanka National Freedom from Hunger Campaign Board
Statement on Change in Equities for the Year ended 31 December 2018

	Revaluation Fund Rs.	Balance in Fund Rs.	Consolidated Fund Rs.	Total Rs.
Balance as at 01.01.2018	328,671,316.14	49,032,630.58	(388,234.68)	377,315,712.04
Funds Received		54,000,000.00		54,000,000.00
Donations		(46,400,000.00)		(46,400,000.00)
Prior Periods Adjustments		-	(217,434.24)	(217,434.24)
Under Allocations	5,000,000.00	-	-	5,000,000.00
Net Surplus/ (Deficit) for the Year			41,940,043.91	41,940,043.91
	333,671,316.14	**57,032,630.58**	**41,334,374.99**	**432,038,321.71**

Note - 01
Non Current Assets

Type of Assets	Lands and Buildings	Motor Vehicles	Machinery and Equipment	Office Equipment	Furniture and fittings	Agri equipment	Gardening Equipment	Other Equipment	Photographic and Cinema Equipment	Temporary Buildings	Measuring Equipment	Computers and Accessories	Software	Total
Balance as at 01.01.2018	322,705,012.13	3,376,116.44	5,829,684.51	1,388,060.88	1,095,382.81	144,000.00	251,704.03	1,346,999.33	-	1,903,988.87	184,761.47	1,012,612.21	728,100.00	339,966,422.68
Additions	2,773,729.74	5,000,000.00	200,583.00	682,470.95	514,052.00	263,000.00	23,979.98	-	-	-		596,900.00	-	10,054,715.67
Disposals/Transfers (Fixed Assets)	-	-	(100,000.00)	-	-	-	-	-	-	-	-	-	-	(100,000.00)
Disposals/Transfers (Values already Depreciated)	-	-	100,000.00	-	-	-	-	-	-	-	-	-	-	100,000.00
depreciations for Year	(966,339.25)	(1,465,979.45)	(1,445,053.67)	(448,560.45)	(272,266.19)	(85,258.08)	(86,890.54)	(427,844.29)	-	(111,999.34)	(57,124.40)	(395,192.99)	(120,300.00)	(5,882,808.65)
Net Revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Value as at 31.12.2018	**324,512,402.62**	**6,910,136.99**	**4,585,213.84**	**1,621,971.38**	**1,337,168.62**	**321,741.92**	**188,793.47**	**919,155.04**	-	**1,791,989.53**	**127,637.07**	**1,214,319.22**	**607,800.00**	**344,138,329.70**
Total of the Revaluation Surplus	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total of the Revaluation Deficit	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Gross Carrying Value	328,230,573.05	12,302,500.00	7,810,393.00	3,300,092.73	2,581,957.98	902,500.00	421,969.98	2,740,400.00	3,540.00	2,239,986.89	279,412.00	2,902,860.00	1,089,000.00	364,805,185.63
Accumulated Depreciations	(3,718,170.43)	(5,392,363.01)	(3,225,179.16)	(1,678,121.35)	(1,244,789.36)	(580,758.08)	(233,176.51)	(1,821,244.96)	(3,540.00)	(447,997.36)	(151,774.93)	(1,688,540.78)	(481,200.00)	(20,666,855.93)
Net Carrying Value	**324,512,402.62**	**6,910,136.99**	**4,585,213.84**	**1,621,971.38**	**1,337,168.62**	**321,741.92**	**188,793.47**	**919,155.04**	**-**	**1,791,989.53**	**127,637.07**	**1,214,319.22**	**607,800.00**	**344,138,329.70**

Note 02

Trading, and Profit & Loss Accounts

2.1

Plant Sales outlet - Narahenpita
Trading, and Profit & Loss Account for the Year Ended 31.12.2018

Item	2018	2017
Trade Income	**11,708,988.55**	**10,707,540.40**
Less: Cost of Sales		
Opening Stock	1,037,884.50	717,087.84
Purchases	7,832,613.85	7,577,655.59
Loss of Stocks	-	-
Closing Stock	(976,511.34)	(1,037,884.50)
	7,893,987.01	7,256,858.93
Gross Profit/Loss	**3,815,001.54**	**3,450,681.47**
Overhead Cost	1,503,137.04	1,913,891.19
Net Profit/Loss	**2,311,864.50**	**1,536,790.28**

2.2

Dehiwala Sales Outlet
Trading, and Profit & Loss Account for the Year Ended 31.12.2018

Item	2018 Rs.	2017 Rs.
Trade Income	33,909,502.02	35,142,766.23
Less: Cost of Sales		
Opening Stock	1,925,528.72	1,768,921.58
Purchases	29,059,394.70	30,448,180.84
Transport	-	-
Closing Stock	(1,787,477.83)	(1,925,528.72)
	29,197,445.59	30,291,573.70
Gross Profit/Loss	**4,712,074.43**	**4,851,192.53**
Overhead Cost	(5,779,637.17)	(6,520,792.54)
Net Profit/Loss	**(1,067,562.74)**	**(1,669,600.01)**

2.3

Restaurant - Dehiwala
Trading, and Profit & Loss Account for the Year Ended 31.12.2018

Item	2018 Rs.	2017 Rs.
Trade Income	**7,114,808.65**	**5,913,736.63**
Less: Cost of Sales		
Opening Stock	48,541.00	39,498.30
Purchases	5,533,973.60	4,998,735.19
Transport	-	-
Closing Stock	(23,101.78)	(48,541.36)
	5,559,413.18	4,989,692.13
Gross Profit/Loss	**1,555,395.47**	**924,044.50**
Overhead Cost	(1,276,842.00)	(725,741.20)
Net Profit/Loss	**278,553.47**	**198,303.30**

2.4

Plant Sales Outlet - Dehiwala
Trading, and Profit & Loss Account for the Year Ended 31.12.2018

Item	2018 Rs.	2017 Rs.
Trade Income (Saplings & fertilizers)	**6,288,143.00**	**5,828,989.49**
Less: Cost of Sales		
Opening Stock	634,626.65	956,813.78
Purchases	4,574,456.25	3,830,118.64
Loss of Stocks	-	-
Closing Stock	(623,027.61)	(634,626.65)
	4,586,055.29	4,152,305.77
Gross Profit/Loss	**1,702,087.71**	**1,676,683.72**
Overhead Cost	(991,542.18)	(1,063,950.10)
Net Profit/Loss	**710,545.53**	**612,733.62**

2.5

Project for promoting Rice Flour

Trading, and Profit & Loss Account for the Year Ended 31.12.2018

Item	2018 Rs.	2017 Rs.
Opening Stock	-	18,525.00
Purchases	391,310.00	187,875.00
Loss of Stocks	-	-
Closing Stock - Raw Materials	-	-
Cost on Raw Materials	391,310.00	206,400.00
Opening Stock - Work in Progress	-	124,440.00
Loss of Stocks	-	-
Closing Stock - Work in Progress	-	-
Production cost	391,310.00	330,840.00
Sales Income	**553,644.00**	**364,770.00**
Less: Cost of Sales		
Opening Stock	71,167.84	70,229.80
Production cost	391,310.00	330,840.00
	462,477.84	401,069.80
Loss of Stocks	(32,396.21)	-
Closing Stock	(31,610.45)	(71,167.84)
	398,471.18	329,901.96
Gross Profit/Loss	**155,172.82**	**34,868.04**
Overhead Cost	(450,160.10)	(455,380.20)
Net Profit/Loss	**(294,987.28)**	**(420,512.16)**

2.6

Suwaposha

Trading, and Profit & Loss Account for the Year Ended 31.12.2018

Item	2018 Rs.	2017 Rs.
Opening Stock	90,250.00	130,000.00
Purchases	22,300.00	97,225.00
Loss of Stocks	-	-
Closing Stock - Raw Materials	(30,000.00)	(90,250.00)
Cost on Raw Materials	82,550.00	136,975.00
Opening Stock-Work in Progress	-	-
Closing Stock- Work in Progress	-	-
Production cost	82,550.00	136,975.00
Sales Income	**80,205.00**	**190,610.00**
Less: Cost of Sales		
Opening Stock	31,535.00	233.25
Production cost	82,550.00	136,975.00
	114,085.40	137,208.25
Loss of Stocks	(186.60)	-
Closing Stock	(419.85)	(31,535.40)
	113,478.95	105,672.85
Gross Profit/Loss	**(33,273.95)**	**84,937.15**
Overhead Cost	(442,933.10)	(440,335.70)
Net Profit/Loss	**(476,207.05)**	**(355,398.55)**

2.7 Mawposha

Trading, and Profit & Loss Account for the Year Ended 31.12.2018

Item	2018 Rs.	2017 Rs.
Opening Stock	842,150.00	271,555.00
Purchases	180,105.00	1,832,714.50
Direct Salaries	-	-
Transport	-	-
Loss of Stocks	-	-
Closing Stock - Raw Materials	(9,115.00)	(842,150.00)
	1,016,840.00	1,262,119.50
Opening Stock - Work in Progress	-	-
Closing Stock - Work in Progress	-	-
Production cost	1,016,840.00	1,262,119.50
Trade Income	**1,076,108.00**	**922,260.00**
Less: Cost of Sales		
Opening Stock	56,266.06	68,394.08
Production cost	1,016,840.00	1,262,119.50
	1,073,106.06	1,330,513.58
Loss of Stocks	(2,982.30)	-
Closing Stock	(795.28)	(56,266.06)
	1,069,328.48	1,274,247.52
Gross Profit/Loss	**6,779.52**	**(351,987.52)**
Overhead Cost	(905,502.70)	(1,039,062.89)
Net Profit/Loss	**(898,723.18)**	**(1,391,050.41)**

2.8

Compost Project - Buttala
Trading, and Profit & Loss Account for the Year Ended 31.12.2018

Item	2018 Rs.	2017 Rs.
Opening Stock	356,342.20	234,349.80
Purchases	2,125,170.80	1,536,260.68
Direct Salaries	-	-
Transport	-	-
Closing Stock - Raw Materials	(489,215.50)	(356,342.20)
	1,992,297.50	1,414,268.28
Opening Stock - Work in Progress	-	-
Closing Stock - Work in Progress	-	-
Production cost	1,992,297.50	1,414,268.28
Trade Income	**2,571,350.00**	**1,612,750.00**
Less: Cost of Sales		
Opening Stock	-	-
Production cost	1,992,297.50	1,414,268.28
Closing Stock	-	-
	1,992,297.50	**1,414,268.28**
Gross Profit/Loss	**579,052.50**	**198,481.72**
Overhead Cost	(402,128.80)	(256,247.00)
Net Profit/Loss	**176,923.70**	**(57,765.28)**

2.9 **Traditional Rice Project**

Trading, and Profit & Loss Account for the Year Ended 31.12.2018

item	2018(Rs.)	2017(Rs.)
Opening Stock	-	854,895.00
Purchases	465,537.80	424,843.55
Transport	-	-
Grinding Cost	-	-
Direct Salaries	-	-
Loss of Stocks	(13,750.00)	-
Closing Stock	(150,216.87)	-
	301,570.87	1,279,738.55
Opening Stock - Work in Progress	-	1,013,841.00
Loss of Stocks	-	-
Closing Stock - Work in Progress	-	-
Production cost	301,570.87	2,293,579.55
Trade Income	**636,149.00**	**1,936,915.00**
Less: Cost of Sales		
Opening Stock	-	1,097,800.00
Production cost	301,570.87	2,293,579.55
	301,570.87	3,391,379.55
Loss of Stocks	(2,380.00)	-
Closing Stock	(5,400.00)	-
	293,790.87	3,391,379.55
Gross Profit/Loss	**342,358.13**	**(1,454,464.55)**
Overhead Cost	(1,212,327.26)	(1,531,660.91)
Net Profit/Loss	**(869,969.13)**	**(2,986,125.46)**

2.10

Buttala Farm

Trading, and Profit & Loss Account for the Year Ended 31.12.2018

Item	2018 Rs.	2017 Rs.
Opening Stock	-	-
Purchases		
Closing Stock - Raw Materials	-	-
	-	-
Opening Stock - Work in Progress	-	-
Closing Stock - Work in Progress	-	-
Production cost	-	-
Trade Income	**35,340.00**	**9,201.00**
Less: Cost of Sales		
Opening Stock	-	-
Production cost	-	-
Closing Stock	-	-
	-	**-**
Gross Profit/Loss	**35,340.00**	**9,201.00**
Overhead Cost	664,389.50	525,407.80
Net Profit/Loss	**(629,049.50)**	**(516,206.80)**

2.11

Thanamalwila Farm

Trading, and Profit & Loss Account for the Year Ended 31.12.2018

Item	2018 Rs.	2017 Rs.
Farm Income	**116,000.00**	**155,000.00**
Less: Cost of Sales		
Opening Stock		
Production Cost	-	-
Closing Stock	-	-
	-	**-**
Gross Profit/Loss	**116,000.00**	**155,000.00**
Overhead Cost	(475,686.60)	(483,239.76)
Net Profit/Loss	**(359,686.60)**	**(328,239.76)**

2.12 **Soya Project**

Trading, and Profit & Loss Account for the Year Ended 31.12.2018

Item	2018 Rs.	2017 Rs.
Trade Income	**8,444,880.00**	**75,404,780.00**
Less: Cost of Sales		
Opening Stock	10,130,705.00	8,631,729.50
Purchases		72,656,438.72
Packaging		116,301.00
Stock Processing fees	406,497.50	439,757.50
Fumigation expense		109,983.75
Loss of Stocks		-
Closing Stock	(174,705.00)	(10,130,705.00)
	10,362,497.50	**71,823,505.47**
Gross Profit/Loss	**(1,917,617.50)**	**3,581,274.53**
Overhead Cost	610,069.66	(1,284,839.70)
Net Profit/Loss	**(2,527,687.16)**	**2,296,434.83**

2.13

Project for Purchasing Local Maize

Trading, and Profit & Loss Account for the Year Ended 31.12.2018

Item	2018 Rs.	2017 Rs.
Trade Income	**2,410,610.00**	**13,860.00**
Less: Cost of Sales		
Opening Stock	-	56,551.00
Purchases	2,211,961.00	-
Packaging	66,771.98	-
Fumigation expense	18,000.00	-
Loss of Stocks	-	-
Closing Stock	-	-
	2,296,732.98	**56,551.00**
Gross Profit/Loss	113,877.02	(42,691.00)
Overhead Cost	338,276.50	-
Net Profit/Loss	(224,399.48)	(42,691.00)

2.14

BFN Project
Trading, and Profit & Loss Account for the Year Ended 31.12.2018

Item	2018 Rs.	2017 Rs.
Trade Income	**361,967.00**	**106,500.00**
Less: Cost of Sales		
Opening Stock	420.00	-
Purchases	173,265.48	54,480.00
Packaging	12,183.74	-
Loss of Stocks	-	-
Closing Stock	(560.00)	(420.00)
	185,309.22	**54,060.00**
Gross Profit/Loss	**176,657.78**	**52,440.00**
Overhead Cost	526,132.10	180,272.55
Net Profit/Loss	**(349,474.32)**	**(127,832.55)**

2.15

Maize (Importing) Project

Trading, and Profit & Loss Account for the Year Ended 31.12.2018

Item	2018 Rs.	2017 Rs.
Trade Income	**1,929,827,773.90**	**1,754,284,010.64**
Less: Cost of Sales		
Opening Stock		-
Purchases	1,887,997,331.20	1,718,240,745.73
Transport		-
Packaging		61,027.27
Loss of Stocks		-
Closing Stock		-
	1,887,997,331.20	**1,718,301,773.00**
Gross Profit/Loss	**41,830,442.70**	**35,982,237.64**
Overhead Cost	754,871.35	895,090.74
Net Profit/Loss	**41,075,571.35**	**35,087,146.90**

Trading, and Profit/Loss Account

Project	2018		2017	
	Gross Profit/(Loss)	Net Profit/(Loss)	Gross Profit/(Loss)	Net Profit/(Loss)
	Rs.	Rs.	Rs.	Rs.
Sales outlet - Dehiwela	4,712,074.43	(1,067,562.74)	4,851,192.53	(1,669,600.01)
Restaurant - Dehiwela	1,555,395.47	278,553.47	924,044.50	198,303.30
Plant Sales outlet - Narahenpity	3,815,001.54	2,311,864.50	3,450,681.47	1,536,790.28
Plant Sales outlet - Dehiwela	1,702,087.71	710,545.53	1,676,683.72	612,733.62
Rice Flour Project - Kalankutiya	155,172.82	(294,987.28)	34,868.04	(420,512.16)
Suwaposha Project	(33,273.95)	(476,207.05)	84,937.15	(355,398.55)
Mawposha Project	6,779.52	(898,723.18)	(351,987.52)	(1,391,050.41)
Buttala Compost	579,052.50	176,923.70	198,481.72	(57,765.28)
Traditional Rice Project	342,358.13	(869,969.13)	(1,454,464.55)	(2,986,125.46)
Buttala Farm	35,340.00	(629,049.50)	9,201.00	(516,206.80)
Thanamalwila Farm	116,000.00	(359,686.60)	155,000.00	(328,239.76)
Soya Project	(1,917,617.50)	(2,527,687.16)	3,581,274.53	2,296,434.83
Local Maize Purchasing Project	113,877.02	(224,399.48)	(42,691.00)	(42,691.00)

BFN Project	176,657.78	(349,474.32)	52,440.00	(127,832.55)
Maize (Importing) Project	41,830,442.70	(41,075,571.35)	35,982,237.64	35,087,146.90
Healthy Food Restaurant			(671,946.62)	(894,109.41)
Zoological Restaurant			1,098,731.90	(159,344.60)
Total	**53,189,348.17**	**36,855,712.11**	**49,578,684.51**	**30,782,532.94**

03. Direct Developmental Expenditure was shown under Donations.

04 All the expenditure incurred for the administration of Head Office was shown under the Treasury Funds.

05 Treasury Funds

Description	**Budgetary Allocations**	**Actual Expenditure 2018**	**Provisions obtained from the Treasury in 2018**	**Excess/ Deficit**
Recurrent	80,236,200.00	63,686,036.80	46,400,000.00	33,836,200.00
Capital	8,000,000.00	4,545,052.94	8,000,000.00	-
			54,400,000.00	

06 The Funds received from the Ministry of Agriculture for the Projects, were utilized as recurrent and capital Expenditure as given below.

Description	**Capital**	**Recurrent**	**Total**
Projects	-	6,960,496.67	6,960,496.67
			6,960,496.67

Treasury Provision (Recurrent)	46,400,000.00
Ministry Provision	6,864,536.67
Health Ministry Provision	95,960.00
	53,360,496.67

07. The decision of the Case No. DMR 02401-13 filed at the Colombo District Court on the amount of Rs. 3,209,728.53 payable for the fence constructed at the Ambalantota Farm is still pending.

08. Expenditures incurred for the years 2017 & 2018 have been deducted as depicted below from the amount of Rs. 81,269,260.00 received from the Small Tank Development Project.

Refundable Deposits	Rs. 81,269,260.00
Expenditure incurred in the year 2017	Rs.(1,445,668.16)
Expenditure incurred in the year 2018	Rs.(1,924,927.39)
	Rs. 77,898,664.45

09. Accounts for the Dehiwala Plant Salesoutlet, Dehiwala Salesoutlet and Dehiwala Restaurant were shown separately .

10. A preliminary inquiry is being conducted under the Ministry of Agriculture with regard to a considerable amount of soya misplaced that had been purchased under the local soya project.

11. Lime dehydration machine that belongs to the Sri Lanka National Freedom from Hunger Campaign Board was handed over to Mr B.Wanigasekara. It was written off from accounts in this year.

12. When maize had been purchased from local maize farmers and kept at government stores at Upuldeniya, the store keeper sold 5,525 kg of maize without the approval of the Sri Lanka National Freedom from Hunger Campaign Board. The money for such stocks was due from the stores.

13. The vehicle bearing No. WP-PD 4490 previously owned by the National Budget Department, has been transferred to the Sri Lanka National Freedom from Hunger Campaign Board in 2018. The estimated value of this vehicle was shown in the Final Accounts for the year 2018.

Report of the Auditor General - 2018

Auditor General's Department

My No: AGL/D/HCB/01/18/16 Date: 15 May 2019

The Chairman,
Sri Lanka National Freedom from Hunger Campaign Board.

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Sri Lanka National Freedom from Hunger Campaign Board for the year ended 31 *December 2018* in terms of Section 12 of the National Audit Act, No. 19 of 2018.

The above Report is herewith attached.

Sgd/ W.P.C.Wickramaratne
Auditor General

Copies :-
01. Secretary – Ministry of Agriculture, Rural Economic Affairs, Livestock Development, Irrigation, Fisheries & Aquatic Resources Development.

02. Secretary – Ministry of Finance & Mass Media

Auditor General's Department

My No: AGL/D/HCB/01/18/16 Date: 15 May 2019

The Chairman,
Sri Lanka National Freedom from Hunger Campaign Board.

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Sri Lanka National Freedom from Hunger Campaign Board for the year ended 31 December 2018 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

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1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Sri Lanka National Freedom from Hunger Campaign Board for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of financial performance, statement of changes in equity and cash flow statement 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 and 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.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying 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 2018, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion.

An interest of Rs.2,005,156 receivable for the Fixed Deposits had not been entered in the accounts within the year under year.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 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 Board'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 Board or to cease operations, or has no realistic alternative but to do so.

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

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Board 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 Board.

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

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

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

- Except for the effect of the matters described in the Basis for Qualified Opinion paragraph, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Board as per the requirement of section 12 (a) of the National Audit Act, No. 19 of 2018.

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

- 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.

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

- to state that any member of the governing body of the Board has any direct or indirect interest in any contract entered into by the Board which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018;

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

Reference to law/ direction ---------------------------------	***Description*** …………….
State Finance Circular No.3/2015 and dated 14 July 2015 & Financial Regulations 371(2)(b)	A sum of Rs.500,000 had been given to a director in order to purchase maize without prior approval of the Treasury as per the provisions of the circular. Advance money obtained for the said purpose, had been re-settled after 21 days without utilizing the particular function.

- to state that the Board has not performed according to its functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018 except for the following obsvervation;
  - Approval of the Treasury and Ministry of Agriculture had not been obtained for removing sands from tanks and selling to the expressways which were not come under the scope of functions and duties specified in the Sri Lanka National Freedom from Hunger Campaign Board Act, No.15 of 1973.

- to state that the resources of Board 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 except for the following obsvervations;
  (a) An additional cost of Rs.5,238,750 had been incurred because of purchasing soya bean at higher price than that of approved price, from the organization other than farmers' organizations through the Soya Bean Project implemented from 2016 to 2018 with the objective of safeguarding local soya bean cultivators.

  (b) 34,750 kilo gram of soya bean valued at Rs.3,821,400 had been rejected by the Triposha Company for not compliance with the prescribed specifications; and out of rejected stocks, 5,500 kilo gram were used by the Board for the production of mawposha and the balance 29,240 kilo gram were sold for animal feeds. It was obsverved that utilization of rejected stocks by the Triposha Company for producing mawposha was deviating from the adoptable production standard anf thereby violating health rules.

Sgd/W.P.C. Wickramaratne
Auditor General