

Annual Report 2021

National Livestock Development Board

Content

Minister's Message

PAGE 4



Chairman's Message

PAGE 5



Vision & Mission

PAGES 6-7



Introduction

PAGE 8-9



Management Staff

PAGES 10-14

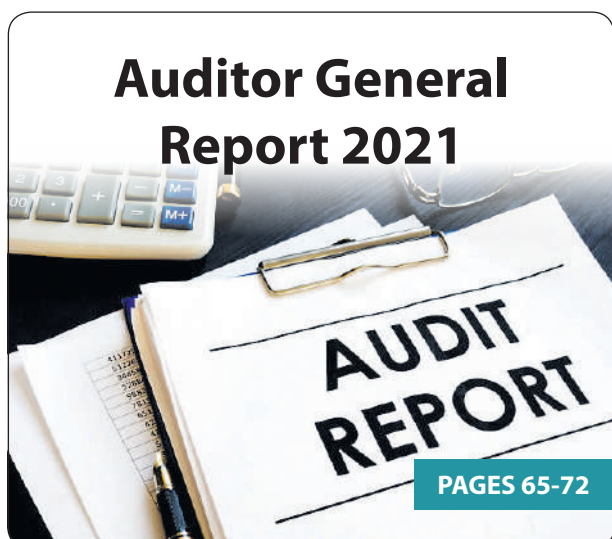
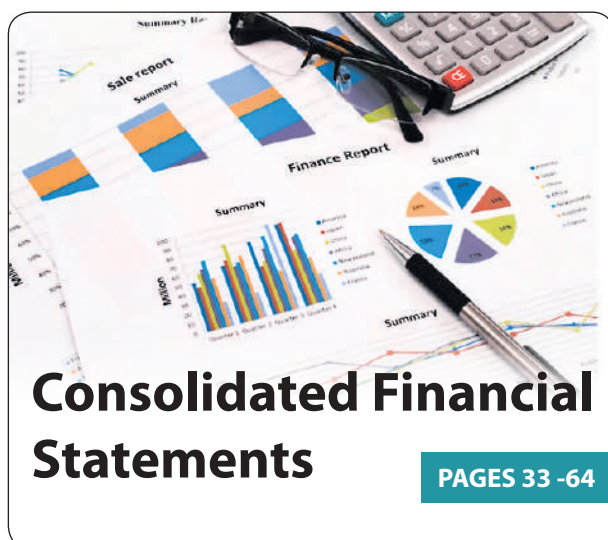


Board of Directors Report 2021

PAGES 15 -16



Content



Minister's Message



It is with great pride that I present the 2021 Annual Report of the National Livestock Development Board (NLDB). This year has been a testament to the resilience, innovation, and hard work of our nation's livestock sector. Despite ongoing challenges from the global pandemic and other economic pressures, the NLDB has demonstrated outstanding commitment to enhancing the development and sustainability of the livestock industry.

In 2021, the NLDB continued to advance its strategic objectives, focusing on improving the productivity, quality, and marketability of our livestock products. Through targeted initiatives in breeding, animal health, and nutrition, the Board has made significant strides in increasing production efficiency and promoting sustainable practices. Our efforts to modernize infrastructure and adopt new technologies have further strengthened the sector, positioning it as a key contributor to national food security and rural livelihoods.

Additionally, the expansion of

training and capacity-building programs has empowered farmers with the skills and knowledge required to adopt best practices, ensuring a more resilient and competitive industry.

The government remains steadfast in its support of the NLDB's mission and will continue to invest in policies and programs that drive growth and resilience in the livestock sector. Together, we are on a path to achieving a vibrant and sustainable future for our nation's livestock industry, one that will benefit all our citizens.

Mahinda Amaraweera

Minister of Agriculture and Plantation Industries



Chairman's Message



I am pleased to present the annual report for the year 2021 of the National Livestock Development Board, the only government agency in Sri Lanka dedicated to maintaining livestock, agriculture and dairy products at optimum levels through modern technological and innovative methods.

We are proud to announce that the National Livestock Development Board is the pioneer institution that has introduced new breeding technologies with high efficiency and modern knowledge to promote and develop the livestock industry in Sri Lanka in the last five decades. Our institution, which contributes greatly to the national economy by maintaining operations without burdening the exchequer, has continuously evolved to meet the ever-changing needs of Sri Lanka's agricultural sector.

Over the past period, NLDB has made significant progress in improving its dairy operations. In order to meet the food requirement of the growing livestock population, we have worked to increase the milk production of farms by producing high quality grass in our farms as much as possible.

Marking a period of significant modernization and expansion, we have

been able to initiate and successfully implement many new projects with high returns and it is gratifying that plans to introduce more new value-added products to the market in the future are at the implementation stage.

I offer my heartfelt thanks to the Honorable Minister of Agriculture and Plantation Industries, the State Minister of Livestock, the Deputy Chairman, the Board of Directors who have always supported me, and all the officers and staff who work wholeheartedly for the betterment of the institute.

As we have talented, intelligent, highly educated and trained staff who can face any challenge fearlessly, we are happy to announce that we are ready to work with more dedication than in the past, taking the industries forward towards a developed country.

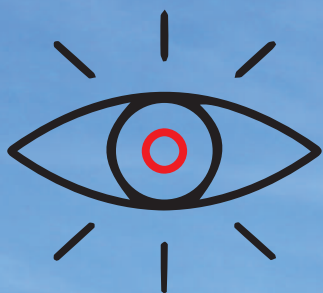
Prof. H.W. Cyril

Chairman

National Livestock Development Board



Vision



**To be the pioneer of
sustainable farm animal
production.**

Mission



Contributing to the national need for self-sufficiency in animal products.



Introduction

The year 2021 was a challenging one for the National Livestock Development Board (NLDB). Like many sectors, the livestock industry faced significant hurdles as the country grappled with the aftermath of its worst-ever economic downturn, compounded by the effects of the COVID-19 lockdowns from the previous two years. These crises not only affected the national economy but also hindered the Board's ability to meet its annual targets. However, despite the numerous internal and external challenges beyond its control, the NLDB managed to efficiently and effectively oversee its farms and resources.

Throughout the year, the Board continued its commitment to serving the livestock and poultry needs of the country's farmers. While many private poultry breeders ceased operations due to financial losses, the NLDB made a strategic decision to continue supplying chicks to farmers, even though some of its breeder projects experienced losses during certain parts of the year. Long-term projects, including cattle, buffalo, and other livestock operations, were maintained at sustainable levels to cope with the financial realities. Impressively, by the end of the year, the Board achieved a profit of Rs.158 million, which reflects the

success of its resource management.

This annual report provides a summary of the financial and operational progress for the year. It includes the Board of Directors' perspectives, audited annual accounts from the Auditor General's Department, and the Auditor General's statement confirming that the financial reports present a true and fair view – an achievement for the Board.

To support local farmers, the Board distributed 430 young female calves, 2,572,642 broiler chicks, and 641,562 layer chicks, contributing to the improvement of farmers' livelihoods. Despite restrictions on gatherings, 24 training programs

were held, providing 285 farmers with hands-on experience and practical knowledge. In addition, the Board managed breeder farms to produce essential breeding materials and supplied 9,774,164 liters of cow's milk and 587,194 liters of buffalo's milk. Approximately 50% of this milk was converted into value-added products and distributed to consumers as quality dairy products. Furthermore, the NLDB produced 17,018,801 coconuts from its coconut estates, which were operated as integrated crop-livestock farms.

During 2021, the Board maintained a diverse range of livestock and poultry species across its 32 farms for the benefit of the country. The NLDB also took steps to maximize the utilization of suitable lands for livestock and agriculture purposes, despite limited financial resources. Overall, the Board successfully managed and developed its assets for the long-term betterment of the NLDB and the livestock sector.

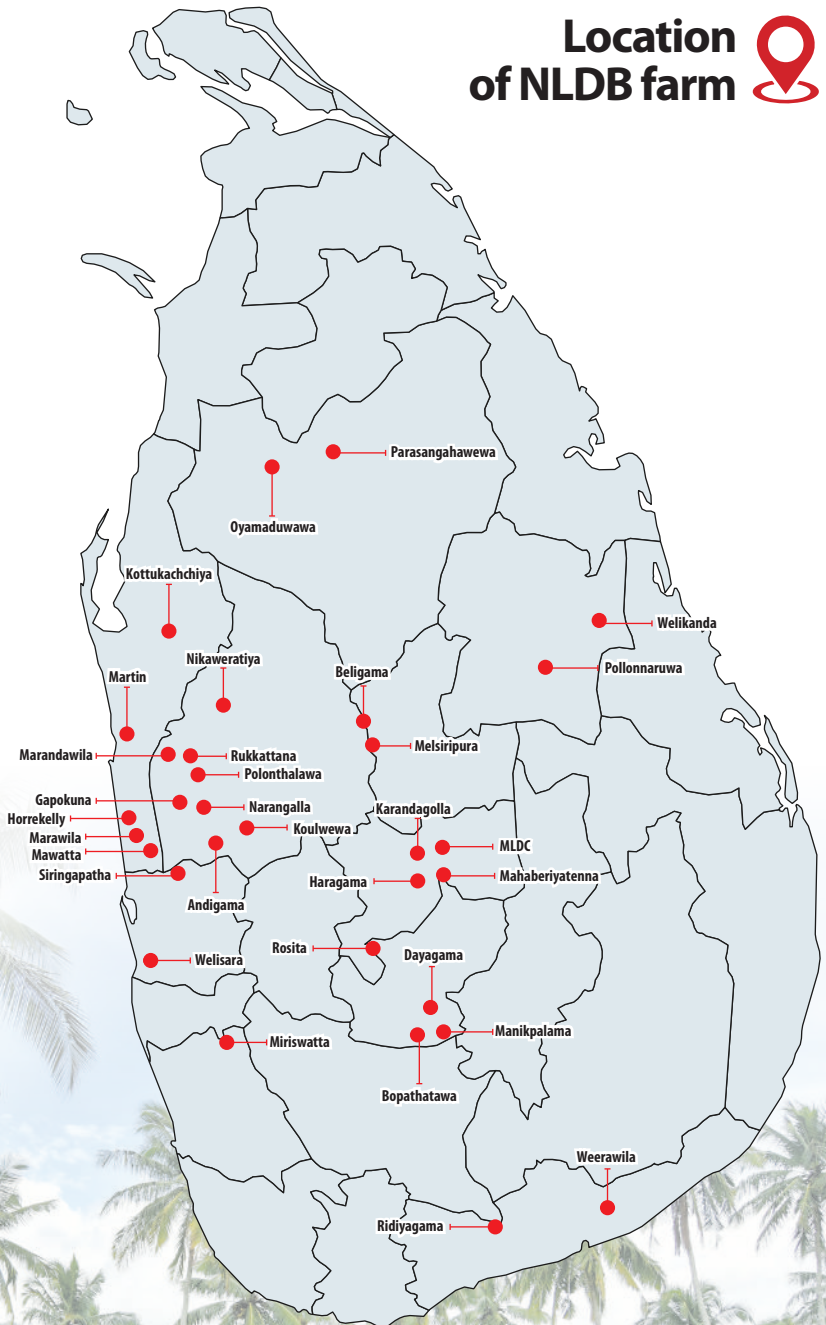


Geographical Presence

With a strategic presence across diverse regions, the NLDB operates **32 farms**, including a training center and a milk distribution and processing center. These establishments are distributed throughout the **Upcountry, Mid country, Coconut Triangle, and Dry Zone regions**, enabling a comprehensive and well-rounded approach to achieving our mission.

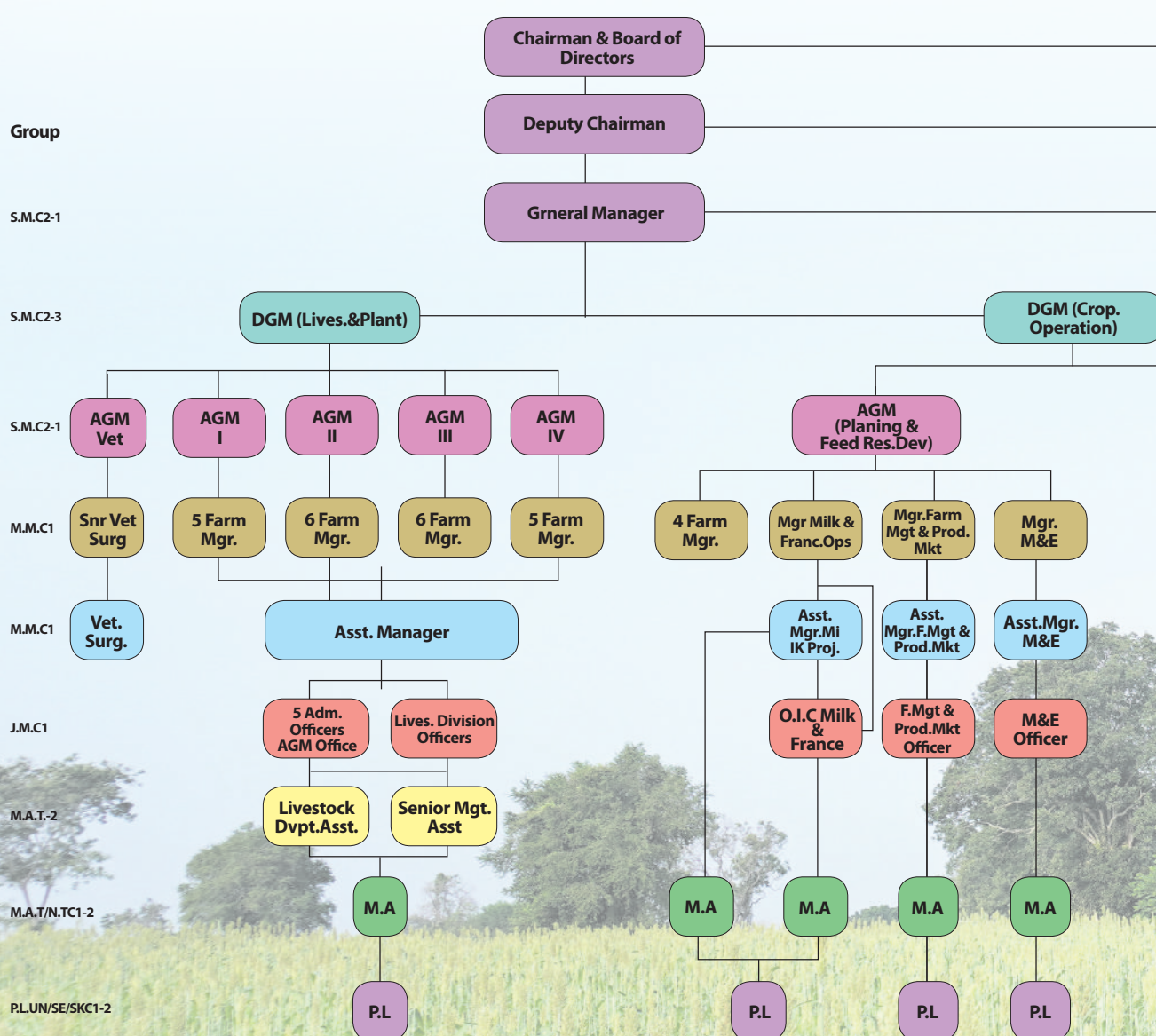


Location of NLDB farm

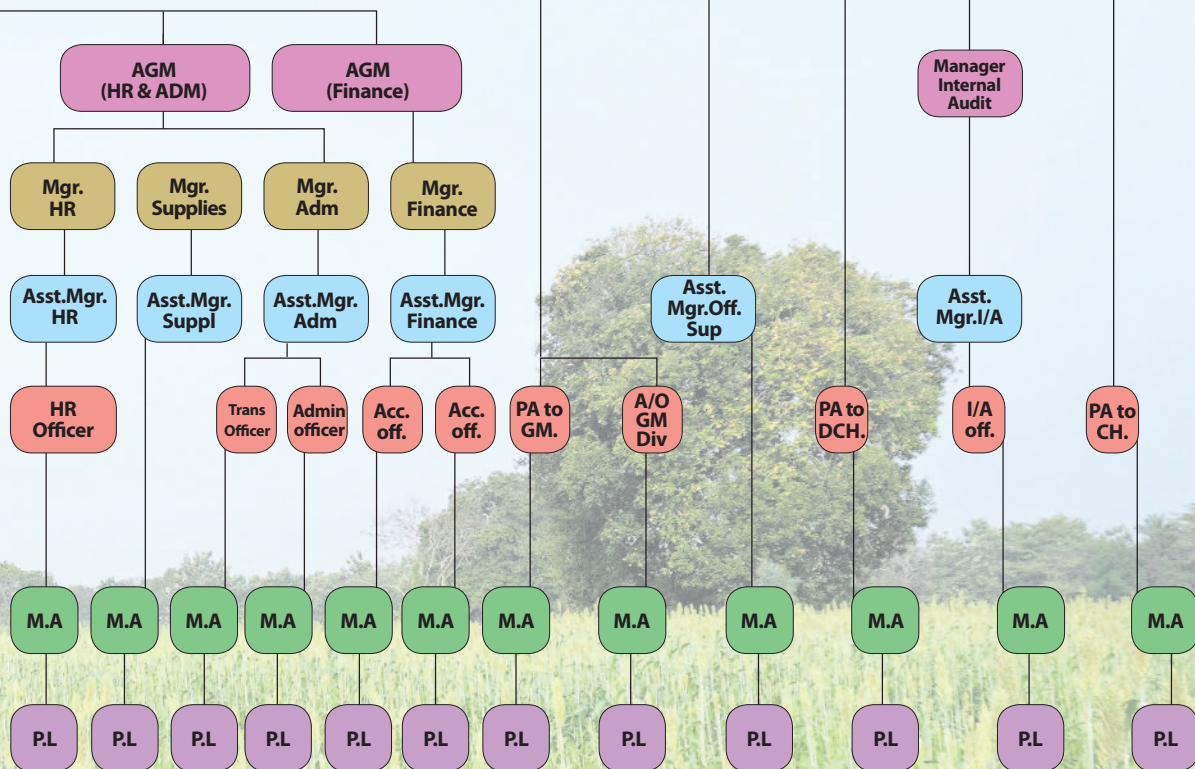


Management Staff

NATIONAL LIVESTOCK DEVELOPMENT BOARD - ORGANIZATIONAL STRUCTURE



Management Staff



Management Staff

General Manager	Deputy General Manager (DGM)/ Assistant General Managers (AGM)	Managers of Head Office / Farms	Head office Divisions / Farms
Mr. A.M.P.A. Adikari		Managers	
	Mr. M.D. Karunathilaka	Mrs H.P.S. Gunarathne Menike	Marketing
	(DGM - P & FRD)	Mr.M.R. Ruwan Thilakasiri	Finance
		Asst. Managers (HOD)	
		Mrs. M.K.K. Roshini	Monitoring & Evaluation
		Mrs. N.S. Wanigathunga	Supplies
		Mrs. N.W.A.N.U. Weerasinghe	Finance
	Mrs. S.A.S.Thewarapperuma	Mr. Kapila Amarasena	
	(AGM - HR & Admin)	Mr. Nalinda Pushpakumara	Audit
		Farm Managers	
		MR N.G. Nimalsiri	Andigama
		Mr. T. Vidanapathirana	Melsiripura
		Mr. H.W.N. Nandakumara	Welikanda
	Mr. D.B.W. Dharmarathne (DGM) (L & PD)	Mr. D.I.S.K. Dewameththa	Rosita
		Mr. J. Mahindarathna	Martin
		Mr. K.A.T.C. Kulawanse	Beligama
		Mr. K.B.D.S.K.K.B. Ralapanawa	Marandawila
	Mr. H.W.S. Premarathne (AGM - Bopaththalawa)	Mr. A.K.K. Olagedara	Koulwewa
		Mr. W.P.N.Wanasingha	Menikpalama
		Acting Farm Managers	
		Mr. B.D.N.P.K. Bandara	Karandagolla
	Mr. M.J. Wijerathna (AGM - Horrakelley)	Mr. R.M.U.A. Rathnayake	Rukkaththana
		Mr. K.G.D. Gunathilaka	Mahaberiyathena
		Mr. W.G.R.I. Wijethilaka	Dayagama
		Mr. J.M.M.D. Jayasundara	Bopaththalawa
		Mr. H.W.M Somarathna	Galpokuna
	Mr. R.W.M.K.D.N. Amunugama (AGM - Ridiyagama)	Mr. A.M.K.G. Adhikari	Nikaweratiya
		Asst. Farm Managers /(OIC)	
		Mr. D.D. Randika Padmalal	Polonnaruwa
		Mr. N.M.S.N. Bandara	Miriswatta
		Mr. H.M.D. Hasaranga	Marawila
	Dr. K.G.J.S. Disnaka (AGM - Veterinary & Region)	Mr. B.Thiruchchenthuran	MLDC
		Mr. N.A.T.U. Dias	Weerawila
		Mr. T.M.P.A.K Thilakarathna	Narangalla
		Mr. D.M.G.B. Bandara	Haragama
	Mr.P.A.J.S. Pathirana (AGM – MLE)	Mr. K. Liyanarachchi	Polonthalawa
		Mr. A.P. DE Silva	Kottukachchiya
		Mr. R.C Karunasena	Oyamaduwa
		Mr. R.S.C Jayasiri	Parasanhawewa
		Mr. G.D.N. Anjana	Welisara

Management Staff

The Board had five veterinary surgeons for the veterinary care of animals

Name of Veterinary Surgeons	Farms
Dr. W.A.S.M. Premarathne	Horakelley
	Andigama
	Galpokuna
	Koulwewa
	Narangalla
	Rukattana
	Polonthalawa
	Marandawila
	Martin
	Marawila
Dr. (Mrs) R. A. A. S. K. Renapana	Ridiyagama
	Weerawila
Dr. K.S. Madusanka	Beligama
	Kottukachchiya
	Oyamaduwa
	Parasangswewa
	Polonnaruwa
	Welikanda
	Melsiripura
	Nikaweratiya
Dr. Kathiresan Thananjayan	Menikpalama
	Bopaththalawa
	Dayagama

Table 02: Allocation of veterinary surgeons for NLDB farms in 2021





Board of Directors Report 2021

The National Livestock Development Board (NLDB) is pleased to present the Annual Report for the year 2021. This report outlines the Board's activities, accomplishments, and the challenges encountered over the year.

MISSION AND CORE ACTIVITIES

The NLDB's primary mission remains the development and breeding of livestock, ensuring that high-quality breeding animals are made available to farmers at affordable prices.

- **Livestock Breeding:** The NLDB operates 31 farms, specializing in breeding cattle, buffalo, swine, goats, sheep, poultry, and other non-traditional livestock and poultry species.
- **Coconut Plantations:** The NLDB manages over 4,100 hectares of coconut plantations integrated with livestock operations, forming a vital part of national coconut production. These coconuts are processed into copra and coconut oil.

COVID-19 IMPACT

The global COVID-19 pandemic significantly impacted the NLDB's operations. Economic instability, supply chain disruptions, and

restrictions on import/export activities affected both agricultural production and marketing. Despite these challenges, the NLDB remained steadfast in its mission, thanks to the dedication and resilience of its staff.

INVESTMENT IN ASSET DEVELOPMENT

To ensure long-term sustainability and operational efficiency, the NLDB strategically invested in various properties and projects during 2021. These investments were aimed at enhancing infrastructure, optimizing resources, and advancing the Board's mission. Below is a breakdown of investments in asset development across different farms:

Farm	Investment and Asset Development	Value (Rs.)
Polonnaruwa	Silage Baling Project	198,364,637
Melsiripura	Renovation of sale center	4,240,962
	Construction of new watcher house	934,873
Mahaberiyathenna	Renovation of super market	4,095,895
	Construction of new cool room	10,404,547
	Repair of piggery shed	1,057,381
Ridiyagama	Installation of pivot system & water pump	20,399,777
	Construction of new wash room	1,569,670
Narangalla	Renovation of Milk processing unit	1,599,830
Karandagolla	Repair of Hatchery	1,118,000
Marawila	Construction of new labour house	1,293,214
Total Investment		245,078,786

Table 03: Investment in asset development in 2021

These investments reflect the NLDB's commitment to infrastructure development, technological advancement, and operational improvement, ensuring

the Board is better equipped to serve Sri Lanka's agricultural sector and promote sustained growth in the livestock industry.



Board of Directors Report 2021

PRODUCTION ACHIEVEMENTS IN 2021

The NLDB accomplished significant production targets across various sectors, including milk, dairy products, day-old chicks, coconuts, and other agricultural products.

Activity	Unit	Target 2021	Achievement 2021	Percentage Achieved
Milk Production				
Cattle	Liters	15,217,696	9,774,164	64%
Buffalo	Liters	823,251	587,194	71%
Goat	Liters	17,885	13,946	78%
Day-Old Chick Production				
Broiler	Nos	3,241,363	2,572,642	79%
Layer	Nos	833,945	641,562	77%
Egg Production	Nos.	3,268,613	3,001,049	92%
Issuing Breeding Materials				
Heifers	Nos	1,170	430	37%
Bull Calves	Nos	2,485	1,430	58%
Goats	Nos	210	194	92%
Sheep	Nos	1,300	1,401	108%
Swine	Nos	5,622	2,980	53%
Value-Added Products				
Yoghurt	(80ml cups)	914,200	621,007	68%
UHT Milk	(1L packets)	448,520	386,100	86%
Value-Added Products				
Curd	(1L cups)	809,630	431,443	53%
Milk Toffee	(250g packets)	475,274	228,007	48%
Agricultural Products				
Coconut	Nos	20,614,166	17,018,801	83%

Table 04: Production Achievements in 2021

KEY ACHIEVEMENTS (2021)

- Achieved 64% of the target for cow milk production and 71% for buffalo milk production.
- Issued 1,430 breeding bull calves and 430 breeding heifers.
- Supplied 2,572,642 broiler chicks and 641,562 layer chicks.
- Launched a silage baling project at the Polonnaruwa farm.
- Opened an NLDB outlet at the Narahenpita Economic Center.

BOARD OF DIRECTORS (2021)

Year	Period	Name of Board Members	Position
2021	January to December	Prof. Manjula P. Sumith Magamage	Chairman
		Mr. A.P. Sumanasiri	Deputy Chairman
		Mr. Raja Obeysekera	Board Member
		Mr. Asiri Iddamalgoda	Board Member
		Mr. Ranjith Wickmathilaka	Board Member
		Mr. Keerthi Gunawardana	Board Member
		Mrs. Y.P. Sumanawathi	Board Member (Treasury Representative)

Table 05: Board of Directors in 2021

DIRECTORS' INTEREST IN CONTRACTS

The Directors confirm that they were not directly or indirectly involved in any contracts with the Board during the reporting period.

CORPORATE GOVERNANCE

The Board ensured adherence to good corporate governance practices, aligning its performance with the organization's objectives and stakeholder expectations.

STATUTORY PAYMENTS

The Directors confirm that all statutory payments, including contributions to the Government, Employees' Provident Fund (EPF), and Employees' Trust Fund (ETF), were made correctly and on time.

COMPLIANCE

The Board confirms that the NLDB did not engage in any activities that contravened laws or regulations in Sri Lanka or any other jurisdiction.

CONTINUITY

The Board is confident in the NLDB's ability to sustain its operations, in line with the concept of a going concern, while preparing the organization's accounts.

APPOINTMENT OF AUDITORS

The NLDB's accounts for the year 2021 were audited by the Auditor General's Department, which provided an independent assessment of the Board's financial statements.

On behalf of the Board of Directors,
Prof. Manjula P. Sumith Magamage
Chairman, National Livestock Development Board

Audit Committee Report 2021

INTRODUCTION

The Audit Committee comprises three non-executive directors appointed from the Board of Directors, as stipulated in Section 7.41 of the Guidelines for Good Governance for State Enterprises. An official representing the Treasury or another auditing expert serves as the Chairperson of the Audit Committee. The following members of the Board of Directors were nominated to the Audit Committee:

1. Mr. Ranjith Wickramthilake (Committee Chairman)
2. Mr. Asiri Iddamalgodha (Member)
3. Mrs. Y.P. Sumanawathi (Member)

An official from the Auditor General's Department and the Internal Auditor of the relevant Ministry participate in the Audit Committee meetings as observers. Meeting invitations are sent out by the Internal Auditor of the Board.

To enhance the effectiveness of the Audit Committee, meetings will be convened with input from the Heads of Sections of the Board, including the General Manager, to define agendas and adapt existing procedures as needed.

Main Tasks and Responsibilities of the Audit Committee

1. Review the tasks and responsibilities of the Internal Audit Unit.
2. Assess and review the control systems of financial and non-financial activities, providing recommendations for improvement.
3. Review audit-related matters outlined in the audit reports from the National Audit Office and the Internal Audit.
4. Ensure that reports comply with Sri Lankan accounting standards.
5. Confirm that financial and non-financial activities adhere to existing regulations and circulars.
6. Report relevant findings while providing guidance to minimize costs, eliminate waste, and enhance performance.
7. Present actionable steps and instructions to prevent recurrence of issues identified in the reports of the Auditor General's Department and the Internal Audit Department.

Performance of the Audit Committee in 2021

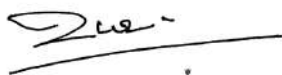
The Audit Committee convened the following meetings during the year:

1. 92nd Audit and Management Committee - 09th April 2021
2. 93rd Audit and Management Committee - 06th December 2021

During these meetings, the Audit Committee evaluated the progress of the Internal Audit Division and key findings highlighted in the audit reports. The committee focused on rectifying past practices to improve management operations, thereby increasing the efficiency and productivity of the institution.

The Audit Committee provided guidance to address mistakes and align operations with Board circulars and government regulations. Additionally, the committee made necessary recommendations to the Board of Directors regarding matters raised during the internal audits and by the Auditor General's Department.

We believe that the Audit Committee effectively supported internal management in aligning management practices, minimizing deficiencies, and ensuring compliance with the corporate plan and government regulations. We extend our sincere appreciation to the Chairman and Board of Directors, the General Manager, Heads of Division, staff, and the Internal Auditor for their support in organizing committee meetings and implementing the recommendations made for the improvement of the institute.



Ranjith Wickramthilake

Chairman of the Audit Committee

Operational Performances

4.0 OPERATIONAL PERFORMANCES

This table summarized the geographical location of farms, land extent, main livestock projects and other operations.

No.	Province	District	Location	Farm	Total extent (Ha.)	Main Livestock Projects	Other Operations
1	Central	Nuwareliya	Bopaththalawa	Menikpalama	576.5	Cattle	Vegetable Cultivation
2			Bopaththalawa	Bopaththalawa	462.5	Cattle	Vegetable Cultivation
3			Dayagama	Dayagama	219.85	Cattle	Vegetable Cultivation
4			Kotagala	Rosita	40.08	Cattle, goat, swine & rabbit	Vegetable Cultivation
5		Kandy	Digana	Mahaberiyaathenna	148.99	Cattle, commercial broiler, & swine	Coconut & Pepper Cultivation
6			Gurudeniya	Haragama	91.1	Commercial poultry & Quail	Coconut Cultivation
7			Kundasale	Karandagolla	20.24	Broiler Breeder	
8			Digana	MLDC	29.15		Training
9		Mathale	Beligamuwa	Beligama	265.18	Cattle	Coconut & Rubber
10	North western	Kurunagala	Dambadeniya	Andigama	457.49	Cattle, Sheep,	Coconut & Rubber
11			Udubaddawa	Galpokuna	285.83	Cattle & Country fowl	Coconut Cultivation
12			Narammala	Koulwewa	409.51	Cattle & Goat	Coconut & Rubber
13			Kithalawa	Narangalla	210.11	Cattle	Coconut Cultivation
14			Bingiriya	Rukkaththana	207.69	Cattle & Sheep	Coconut Cultivation
15			Nikaweratiya	Polonthalawa	286.23	Cattle	Coconut & Paddy Cultivation
16			Bingiriya	Marandawila	840.09	Cattle & buffalo	Coconut Cultivation
17			Melsiripura	Melsiripura	552.64	Cattle, buffalo, commercial layer	Coconut Cultivation
18			Nikaweratiya	Nikaweratiya	592.3	Cattle & Buffalo	



Operational Performances



No.	Province	District	Location	Farm	Total extent (Ha.)	Main Livestock Projects	Other Operations
19		Puttalam	Kudawewa	Horrakelly	403.2	Swine, Sheep, Duck	Coconut Cultivation
20			Bangadeniya	Martin	202.83	Swine	Coconut Cultivation
			Wennappuwa	Mawatta	140.89	Broiler breeder, sheep , commercial layer	Cultivation
21			Marawila	Marawila	6.5	Layer breeder	Coconut Cultivation
22			Anamaduwa	Kottukachchiya	327.94	Goat & Sheep	
23	North Central	Anuradhapura	Oyamaduwa	Oyamaduwa	871.25	Cattle & sheep	
			Parasangahawewa	Parasangahawewa	632.79	Cattle	
		Polonnaruwa	Kaduruwela	Polonnaruwa	1083.2	Buffalo	
			Welikanda	Welikanda	188.25	Cattle	
		Southern	Hambanthota	Ridiyagama	1128.75	Cattle	Coconut Cultivation
			Weerawila	Weerawila	199.6	Buffalo & commercial layer	
		Western	Kaluthara	Horana	16.19	Broiler breeder	Coconut Cultivation
			Gampaha	Badalgama	661.53	Cattle, Turkey	Coconut Cultivation
			Colombo	Ragama	4.05	Milk processing unit	
			Total		11,562.85		

Operational Performances

FIELD OPERATIONS – BASED ON LIVESTOCK ACTIVITIES

Cattle projects

The below table summarizes the herd strengths, comparison of main outputs during the reporting year and previous year with respect to cattle projects.

No.	Farm	Number of cattle	Milk production			Production of calves		
			2020	2021	variance	2020	2021	variance
1	Menikpalama	731	1,395,705	1,226,559	(169,146)	356	306	(50)
2	Bopaththalawa	515	1,169,795	1,116,391	(53,404)	246	198	(48)
3	Dayagama	585	1,273,282	1,249,687	(23,595)	212	264	52
4	Ridiyagama	3174	6,827,458	4,864,983	(1,962,475)	1405	1254	(151)
5	Rosita	86	114,366	93,968	(20,398)	43	38	(5)
6	Mahaberiyathenna	79	77,663	74,113	(3,550)	31	29	(2)
7	Andigama	483	238,241	220,883	(17,358)	240	243	3
8	Siringapatha	261	80,354	75,457	(4,897)	103	107	4
9	Beligama	181	32,412	39,805	7,393	84	79	(5)
10	Galpokuna	311	97,567	96,392	(1,175)	126	117	(9)
11	Koulwewa	415	209,477	253,422	43,945	156	161	5
12	Narangalla	168	79,668	71,938	(7,730)	48	55	7
13	Rukkaththana	410	115,240	100,714	(14,526)	148	158	10
14	Marandawila	312	69,639	81,832	12,193	60	92	32
15	Melsiripura	149	130,657	104,702	(25,955)	57	42	(15)
16	Nikaweratiya	231	64,646	54,467	(10,179)	74	67	(7)
17	Oyamaduwa	279	51,714	70,080	18,366	63	75	12
18	Parasangahawewa	113			0	28	22	(6)
19	Polonthalawa	199			0	69	70	1
20	Welikanda	445			0	129	54	(75)
	Total	9,127	12,027,884	9,795,393	(2,232,491)	3,678	3,431	(247)

Table 07: Performance of cattle project

During the period of COVID-19 outbreak in the country, there was a serious effect to the animal feed production. Further due to the ban of chemical fertilizer and seed importation, the domestic production of maize and other agriculture products were gone drastically down



Operational Performances

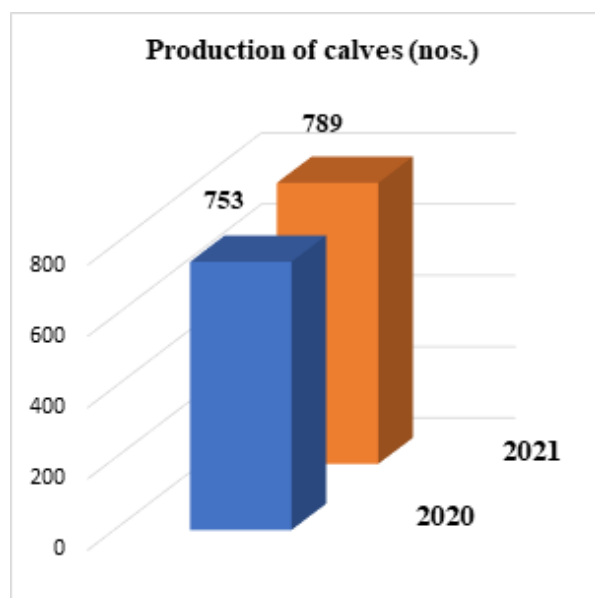
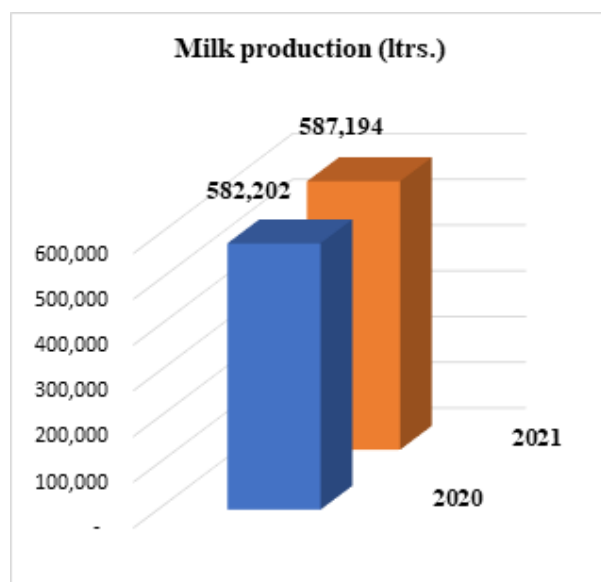


BUFFALO PROJECTS

The below table summarizes the herd strength and main outputs comparison between the reporting year and previous year.

No.	Farm	Number of cattle	Milk production			Production of calves		
			2020	2021	variance	2020	2021	variance
1	Marandawila	453	149,975	173,749	23,774	113	130	17
2	Nikaweratiya	230	52,175	59,250	7,075	68	33	(35)
3	Polonnaruwa	1173	217,842	199,652	(18,190)	366	399	33
4	Melsiripura	483	124,380	115,982	(8,398)	141	194	53
5	Weerawila	155	37,830	38,561	731	65	33	(32)
	Total	2494	582,202	587,194	4992	753	789	36

Table 08: Performance of buffalo project



Operational Performances

5.0 POULTRY PROJECTS

The Board managed poultry breeder farms to produce day old chicks for the farmers in the country to produce meat and eggs. The Board contributes about 15% of the national requirement of layer chicks and about 5% of the broiler chicks. The summary of flock strengths maintained and a comparison of the output during the reporting year and previous year are given in the below table.

BROILER BREEDER HATCHERIES

No.	Farm	Number of parent birds at end 2021	Chick production and issues		
			2020	2021	variance
1	Miriswatta	10,517	964,737	1,238,739	274,002
2	Karandagolla	8,216	1,280,755	1,333,903	53,148
Total		18,733	2,245,492	2,572,642	327,150

Table 09: Performance of broiler breeder project

LAYER BREEDER HATCHERIES

No.	Farm	Number of parent birds at end 2021	Chick production and issues		
			2020	2021	variance
1	Marawila	5,302	761,459	641,562	(119,898)

Table 10: Performance of layer breeder project



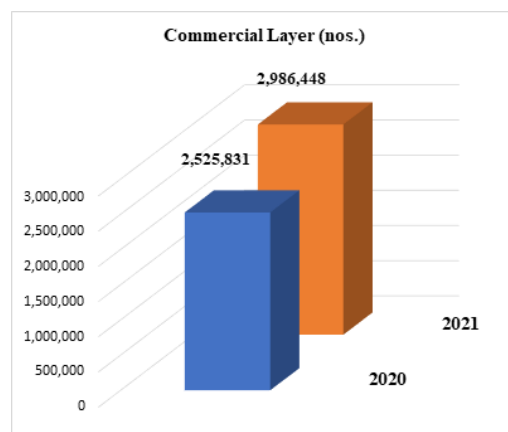
Operational Performances

COMMERCIAL LAYER FARMS

In addition to breeder operation the NLDB produces eggs and broiler meat for the consumers in the country in order to supply through the network of sales outlets of the NLDB. A summary of output and comparison with previous year are given in the table.

No.	Farm	Number of parent birds at end 2021	Egg production and sale		
			2020	2021	variance
1	Haragama	9,588	1,832,339	2,267,910	435,571
2	Melsiripura	4,423	560,498	571,388	10,890
3	Weerawila	1079	132,994	147,150	14,156
	Total	15,090	2,525,831	2,986,448	460,617

Table 11: Performance of commercial layer project



NON-TRADITIONAL POULTRY

As a national institute to supply all types of animal species the Board has taken a policy decision that the Board should maintain all types of poultry species in our farms. There are several other non-traditional types of poultry namely Quail, Turkey, Village Chicken... etc reared by farmers in the country therefore the Board also maintained them to supply chicks and eggs. The below table summarized the flock size and comparison between 2020 and 2019 of them.

QUAIL PROJECT

Farm	Number of parent birds at end 2021	Egg production and sale		
		2020	2021	variance
Haragama	11350	102,747	81,282	(21,465)

Table 12: Performance of quail project

VILLAGE CHICKEN

Farm	Number of parent birds at end 2021	Egg production and sale		
		2020	2021	variance
Galpokuna	450	140,875	83,931	(56,944)

Table 13: Performance of village chicken project

SWINE PROJECTS

The swine industry is considered as an underdeveloped industry which needs lots of inputs to improve. The Board has taken steps to maintain a nucleus farm and multiplier farms in order to supply piglets to the farmers to start piggeries to produce pork. The Horakelly farm maintains pure breeds and operates as nucleus farm whereas Mahaberiyaathenna farm and Martin farms are considered as multiplier farms. The below table summarizes the herd strength and output comparison between 2021 and 2020.

Farm	Number of pigs (Avg)	Piglet production			Piglet sale		
		2020	2021	variance	2020	2021	variance
Mahaberiyaathenna	93	781	895	114	676	805	129
Martin	148	1679	1349	(330)	912	902	(10)
Horakelly	120	1073	1534	461	775	1273	498
Rosita	6	61	47	(14)	8	0	(8)
Total	382	3594	3825	231	2371	2980	609

Table 14: Performance of swine project

Operational Performances

SHEEP PROJECTS

Sheep is not very popular in Sri Lanka although there is a very high potential to develop as an industry. Sheep is reared for meat purpose mainly and NLDB maintains sheep herd in five farms. Majority of them are originated from India in the past. The Board had imported Australian genetic material (semen) to upgrade the herds. A summary of herd size, and output comparison is given in below table.

Farm	Number of sheep (Avg)	Kids production			Kids sale		
		2020	2021	variance	2020	2021	variance
Horakelly	2919	1011	749	(262)	151	598	447
Rukkattana	414	128	78	(50)	40	40	0
Kottukachchiya	1668	622	519	(103)	496	380	(116)
Oyamaduwa	1286	487	579	92	173	371	198
Haragama	44	0	0	0	66	0	(66)
Rosita	3	0	0	0	30	0	(30)
Andigama	114	0	38	38	0	12	12
Total	6448	2248	1963	(285)	956	1401	445

Table 15: Performance of sheep project

GOAT PROJECTS

The below table provides a summary of goat herd size and output comparison during the year 2021 and 2020.

Farm	Number of goats (Avg)	Kids production			Kids sale		
		2020	2021	variance	2020	2021	variance
Rosita	86	55	45	(10)	11	17	6
Koulwewa	329	111	166	55	6	66	60
Kottukachchiya	442	202	108	(94)	77	100	23
Polonthalawa	35	14	18	4	5	9	4
Haragama	4	0	4	4	0	2	2
Total	896	382	341	(41)	99	194	95

Table 16: Performance of goat project

5.7 RABBIT PROJECTS

Farm	Number of rabbits (Avg)	Kids production			Kids sale		
		2020	2021	variance	2020	2021	variance
Rosita	86	229	246	17	107	73	(34)

Table 17: Performance of rabbit project

Operational Performances

DAIRY PROCESSING

Value addition of milk and supplying quality dairy products to the consumers of the country is one of main objectives of the Board under cattle projects. There are main dairy items namely yoghurt, curd, milk toffee, ice cream and drinking yoghurt produced in NLDB farms. The yoghurt, ice cream and drinking yoghurt production were increased during the year as given below, compared to the previous year.

A farm wise summary of production is given in the table.

Location	Item	Production		
		2020	2021	variance
Siringapatha	Yoghurt	15,652	10,378	-5,274
Narangalla		2,640	32,007	29,367
Koulwewa		56,340	33,042	-23,298
Nikaweratiya		50,092	52,627	2,535
Rosita		12,574	11,967	-607
Weerawila		46,475	54,345	7,870
Melsiripura		83,784	119,419	35,635
Mahaberiathenna		112,165	307,222	195,057
Total		379,722	621,007	241,285
Koulwewa	Curd	33,319	31,107	-2,212
Narangalla		1,402	14,546	13,144
Siringapatha		4,197	2,645	-1,552
Weerawila		24,315	17,333	-6,982
Polonnaruwa		163,393	150,029	-13,364
Martin		28,488	18,396	-10,092
Marandawila		1,144	46,473	45,329
Melsiripura		89,607	76,927	-12,680
Nikaweratiya		45,973	51,553	5,580
Mahaberiathenna		849	2,950	2,101
Rosita		1,390	1,664	274
Welisara		18,233	11,686	-6,547
Haragama		8,949	6,134	-2,815
Total		421,259	431,443	10,184
Mahaberiathenna	Milk toffee	26,418	47,651	21,233
Oyamduwa		20,254	8,838	-11,416
Galpokuna		47,758	53,107	5,349
Rosita		8,803	8,108	-695
Nikaweratiya		30,665	34,563	3,898
Koulwewa		11,360	12,256	896
Melsiripura		27,932	24,371	-3,561
Beligama		31,337	28,994	-2,343
Narangalla		1,152	10,119	8,967
Total		205,679	228,007	22,328
Welisra	Drinking yoghurt	74,157	100,494	26,337
	Ice cream	8,468	14,191	5,723

Table 18: comparison of milk based value added production in 2020 & 2021



Operational Performances

TRAINING PROGRAMS

NLDB identified that it is having vital role in disseminating the knowledge, experience and expertise to the farming community and students in this country in order to develop the industry. All the NLDB farms are considered as breeding grounds for all the new Livestock entrepreneurs and employees. The NLDB is the only government organization which can provide hands on training in large scale. There are two dedicated training centers developed for providing theoretical knowledge and all other livestock farms provide practical exposure for trainees. The below table summarizes the number of training programme conducted and trained, by NLDB.

Farm	Number of training programs	Number of trainees (Farmers, students...attended)	
		2020	2021
MLDC	24	435	285

Table 20: comparison of training programme in 2020 & 2021

In addition to the above trainees the NLDB has given opportunity to get practical industrial training to nearly 1000 students coming from different universities, colleges and other training institutes considering that it is a national role of the NLDB.



Progress of Projects Implemented in 2021

PASTURE DEVELOPMENT:

The board has decided to cultivate 2475 acres of grass and legumes in the year 2021 to meet the roughage requirement of the dairy cows and till now 1325 acres of them have been cultivated.



Sorghum crop in Ridiyagama farm



Pasture in Ridiyagama farm

The modernized outlet at Malsiripura farm was inaugurated by Honorable State Minister of Livestock, Farm Promotion and Dairy and Egg Related Industries Mr. D.B Herath.



Progress of Projects Implemented in 2021

SILAGE BAILING PROJECT:

Under the 2021 budget allocation, a project was started to plant 500 acres of nutritious grass, maize and sorghum in the Polonnaruwa farm owned by the board and produce silage bales. Under this project, 160 acres were planned to be cultivated under irrigation.

The baled silage will be used for animal feed in the board's large-scale dairy farms and the rest will be sold to local dairy farmers.

By now all procurement processes have been completed and the following tenders have been awarded.

- Jungle clearance of 383 acres
- Purchase of required machines
- Establishing an irrigation system
- Installation of electric fence
- Repair of buildings

246 acres have been fully cleared and prepared for cultivation and 100 acres of land has been prepared.



Equipments namely silage balers, seeding machines, disc plough has been purchased.



Progress of Projects Implemented in 2021

LEASING OF LAND IN DRY ZONE FARMS TO OUTSIDE PARTIES

1586 acres belonging to the farms of Oyamaduwa, Parasangaswewa and Weerawila have been given to the private sector on a short term lease basis through a formal tender procedure. This was implemented for the purpose of utilizing underutilized lands of the board to support the livestock industry.

- 886 acres of Oyamaduwa farm has been cleared and 508 acres of land has been prepared and ready to grow maize in the season.
- 500 acres of jungle bushes have been cleared in Parasangaswewa farm and land has been prepared for the cultivation of maize in the high season.
- About 200 acres of the weerawila farm has been cleared and land is being prepared for the cultivation of maize in the rainy season.



Maize crop in Parasangaswewa farm



Maize crop in Weerawila farm

Progress of Projects Implemented in 2021

PRODUCING OF ORGANIC FERTILIZERS

According to the government's vision of the prosperity of the country, the National Livestock Development Board has started producing organic fertilizer (compost) in all farms and by the end of 2021, approximately 2,400mt. of compost has been produced.



Producing compost in farms.

OPENING OF NEW OUTLETS:

Inauguration of NLDB outlet at Narahenpita Economic Center by His Excellency the President.



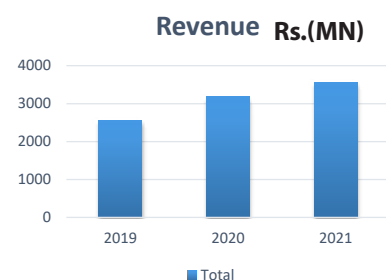
Financial Performance Highlights - 2021

FINANCIAL HIGHLIGHTS

	2017 (Rs. Mn)	2018 (Rs. Mn)	2019 (Rs. Mn)	2020 (Rs. Mn)	2021 (Rs. Mn)
Revenue	2,799	2,708	2,607	3,232	3650
Operating profit	(139)	(452)	(270)	5.5	166
Profit/(loss) before tax	(413)	1,609	(302)	(9)	158
Total Asset	6,457	6,060	5,822	5689	
PPE	2,999	2,846	2,652	2,538	
Equity	(499)	(2,062)	4,273	4,223	4461
Net Cash flow from operating activities	137	53	(268)	(21)	253
Net Cash flow from investing activities	(191)	(102)	269	51	(216)
Net Cash flow from financing activities	47	(36)	(58)	(48)	51
Revenue growth	(1%)	(3%)	(4%)	24%	12%
Current Ratio	0.22 : 1	0.15 : 1	0.62 : 1	0.76 : 1	0.99:1
Quick ratio	0.15:1	0.10:1	0.36:1	0.28:1	0.55:1

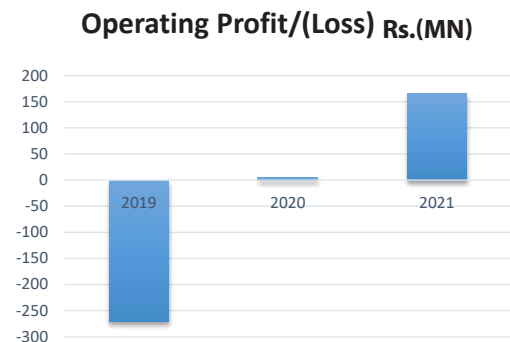
REVENUE

The NLDB generated a consolidated Revenue of Rs.3, 661 million during the Period under review, with a year on year growth of 12%.



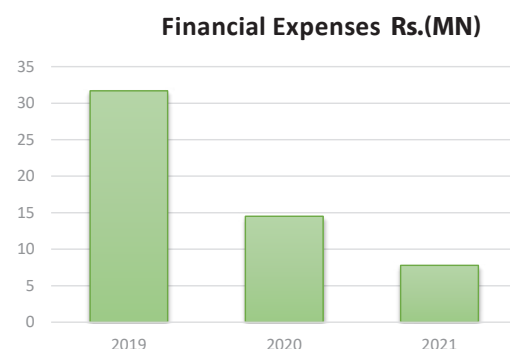
OPERATING PROFIT/ (LOSS)

The NLDB's performance strengthened during the year, reflecting on operating profit growth of 2924% to record of Rs.166.3 million over Rs.5.5 million reported last year.



FINANCIAL EXPENSES

Financial expenses for financial year 2021 was Rs.16.4 million, a decline of 37.4% year against Rs.26.2 million reported last year. Key reason for the decline were; decrease of interest on overdraft and bank loans. And also reduction of the leasing interest.



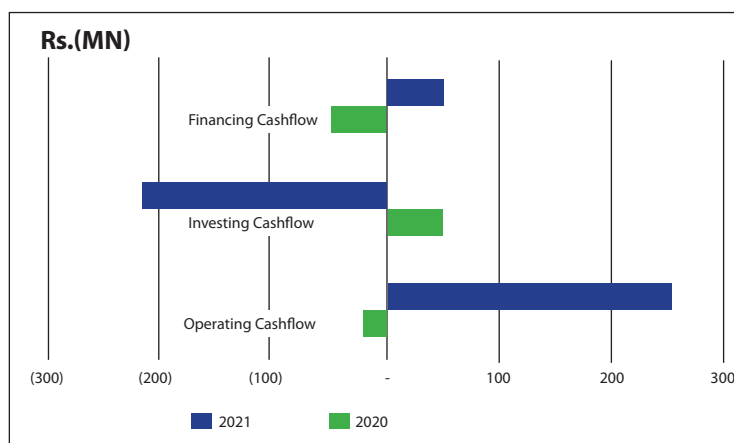
Financial Performance Highlights - 2021

CASH FLOW ANALYSIS

The NLDB's net cash inflow from operating activities from Rs. (21.0) million in financial year 2020 to Rs.253 million during the year. The significant increase was as a result of the strong growth of Rs.166 million increase seen in profit before tax.

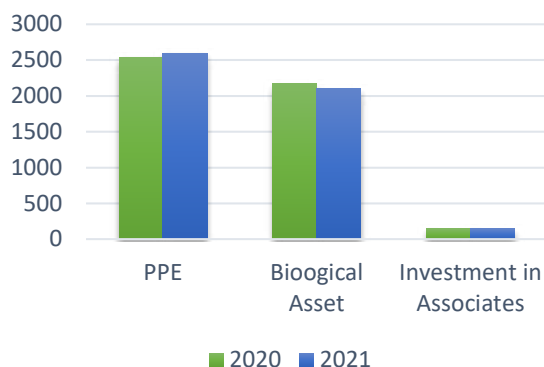
In the financial year 2020, net cash flow from investing activities was Rs. 50 million, while it increased Rs. (216) million in this year. This increase was further investing in non-current assets to increase production.

Net cash inflow from in financial activities was Rs.51.3 million compared to the net cash flow of Rs.(48.4) million in the previous year.



FINANCIAL POSITION

NON-CURRENT ASSET Rs.(MN)



CURRENT ASSET Rs.(MN)



The total assets as on 31.12.2020 amounting is Rs.5830 million shows a significant increase compared is Rs.5689 million as on 31.12.2021. This increase is mainly due to increase in investing Biological assets and property, plant and equipment.



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED

31st DECEMBER 2021

NATIONAL LIVESTOCK DEVELOPMENT BOARD AND ITS SUBSIDIARY

Contents

STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

STATEMENT OF FINANCIAL POSITION

STATEMENT OF CHANGES IN EQUITY - GROUP

STATEMENT OF CHANGES IN EQUITY - NLDB

STATEMENT OF CASH FLOWS

1. Corporate Information

1.1 Reporting Entity

1.2 Principal Activities and Nature of Operations

2. Basis of Preparation

2.1 Statement of Compliance

2.2 Approval of Financial Statements

2.3 Basis of Measurement

2.4 Functional and Presentation Currency

2.5 Use of Judgments and Estimations

2.6 Current Versus Non-Current Classification

2.7 Offsetting

3. Significant Accounting Policies

3.1 Basis of Consolidation

3.2 Foreign Currency Transactions

3.3 Statement of Financial Position

3.3.1 Property, Plant and Equipment

3.3.2 Inventories

3.3.3 Biological Assets

3.3.4 Impairment of Non-Financial Assets

3.3.5 Financial Instruments

3.3.5.1 Non-derivative Financial Assets

3.3.5.2 Impairment of Financial Assets

3.3.6 Cash and Cash Equivalents

3.3.7 Grants

3.3.8 Liabilities and Provisions

3.3.9 Employee Benefits

3.3.10 Lease and Investment Properties

3.3.10.1 Leasehold Property

3.3.10.2 Investment Properties

3.3.11 Equity

3.4 Statement of Profit and Loss and Other
Comprehensive Income

3.4.1 Revenue Recognition

3.4.2 Other Operating Income

3.4.3 Changes in the Fair Value of Biological Assets

3.4.4 Government Grants

3.4.5 Borrowing Cost

3.4.6 Finance Expense

3.4.7 Income Tax Expense

3.5 Subsequent Events

3.6 Segment Reporting

3.7 Related Party Transactions

3.8 Comparative Information

3.9 Statement of Cash Flows

3.10 Exemption Applied

3.11 Capital Commitment and Contingent Liability

4. New Standards Issued But Not Effective as at Reporting
Date

5. Restatement of Financial Statement

6. NOTES TO THE FINANCIAL STATEMENTS

Statement of profit or loss and other comprehensive income

Year Ended 31st December	Notes	Group		NLDB	
		2021 Rs.	2020 Re-stated Rs.	2021 Rs.	2020 Re-stated Rs.
Revenue	1	3,715,250,658	3,289,802,220	3,650,721,461	3,232,294,773
Change in Fair Value of Biological Assets	2	10,414,934	69,279,763	10,414,934	69,279,763
Total Revenue		3,725,665,592	3,359,081,982	3,661,136,395	3,301,574,536
Cost of Sales	3	(2,488,324,293)	(2,307,323,925)	(2,451,786,106)	(2,257,966,895)
Gross Profit		1,237,341,299	1,051,758,057	1,209,350,290	1,043,607,641
Other Income	4	50,371,911	39,930,743	48,915,942	38,706,114
Government Grants	5	971,792	647,617	971,792	647,617
Distribution Expenses	6.1	(19,478,624)	(26,087,649)	(19,236,839)	(25,774,722)
Administrative Expenses	6.2	(1,076,035,347)	(1,055,052,000)	(1,056,208,328)	(1,035,173,003)
Other Expenses	6.3	(17,412,610)	(16,498,884)	(17,412,610)	(16,498,884)
Profit/(Loss) from Operations		175,758,421	(5,302,116)	166,380,247	5,514,763
Net Finance Cost	7	(7,901,752)	(15,237,671)	(7,892,092)	(14,599,297)
Share of profit/(loss) of associates		5,576,323	(1,719,171)	-	-
Profit/(Loss) before Taxation		173,432,992	(22,258,957)	158,488,155	(9,084,534)
Tax Expense	8	(12,000)	(46,000)	(12,000)	(46,000)
Profit/(Loss) for the year		173,420,992	(22,304,958)	158,476,155	(9,130,535)
Other Comprehensive Income/(Expense)					
Items that will not be reclassified to profit or loss:					
Remeasurement of Retirement Benefit Obligation		25,341,911	(41,199,492)	24,555,754	(41,199,492)
Deferred Tax on Remeasurement of Retirement Benefit Obligation		-	-	-	-
Changes in other comprehensive income of associates		-	(752,604)	-	-
Other Comprehensive Income/(Expense) for the Year, Net of Tax		25,341,911	(41,952,096)	24,555,754	(41,199,492)
Total Comprehensive Income/(Expense) for the Year		198,762,904	(64,257,053)	183,031,909	(50,330,027)

The Note annexed form an internal part of these Financial statements.
Figures in brackets indicate deductions.

Consolidated statement of financial position

As at 31st December	Notes	Group		NLDB	
		2021 Rs.	2020 Re-stated Rs.	2021 Rs.	2020 Re-stated Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	9	2,671,933,512	2,615,507,006	2,596,436,381	2,538,048,007
Work-In-Progress	9	11,975,993	3,639,096	11,975,993	3,639,096
Leasehold Property	10	6,186,864	6,275,248	-	-
Investments in Subsidiaries	12.1	-	-	149,123,327	149,123,327
Investments in Associates	12.2	-	-	600,000	600,000
Biological Assets - Plantations	11.1	974,979,878	905,276,321	972,531,330	902,827,773
Biological Assets - Livestock Capital	11.2	1,135,001,453	1,278,497,845	1,133,014,613	1,274,400,365
		4,800,077,699	4,809,195,515	4,863,681,644	4,868,638,568
Current Assets					
Inventories	13	459,490,804	309,164,346	435,548,982	301,129,497
Biological Assets - Livestock Trading	11.3	113,209,699	91,219,265	113,209,699	91,219,266
Trade and Other Receivables	14	157,581,448	206,318,345	155,512,855	204,249,750
Advances, Deposits and Prepayments	15	17,813,693	9,633,924	17,414,943	9,135,174
Other Current Assets	16	90,832,341	79,018,461	86,599,931	74,695,719
Short Term Investment	17	131,129,421	129,212,585	131,129,421	129,212,585
Cash & Cash Equivalents	18	31,919,906	17,327,524	27,424,389	11,121,607
		1,001,977,311	841,894,449	966,840,220	820,763,598
Total Assets		5,802,055,012	5,651,089,968	5,830,521,865	5,689,402,165
EQUITY AND LIABILITIES					
Equity					
Stated Capital		6,801,995,542	6,801,995,542	6,801,995,542	6,801,995,542
Retained Earnings		(2,687,801,418)	(2,886,680,297)	(2,742,971,212)	(2,925,272,871)
Capital Reserve		210,052,697	153,902,557	210,052,697	153,902,557
Revenue Reserve		44,529,422	44,529,422	44,529,422	44,529,422
Revaluation Reserve		110,731,360	110,731,360	110,731,360	110,731,360
Revolving Fund		37,500,000	37,500,000	37,500,000	37,500,000
		4,517,007,603	4,261,978,584	4,461,837,809	4,223,386,010
Non-controlling Interests		-	-	-	-
Total Equity		4,517,007,603	4,261,978,584	4,461,837,809	4,223,386,010
Non - Current Liabilities					
Interest Bearing Loans and Borrowings	19.1	147,110,658	120,615,057	145,985,658	120,090,057
Investments in Associates	12.2	1,919,298	7,495,621	-	-
Retirement Benefit Liability	20	229,738,730	239,869,847	222,641,680	233,756,409
Deferred Revenue on Leased Assets	21	27,809,858	28,721,979	27,809,858	28,721,979
		406,578,543	396,702,504	396,437,195	382,568,445
Current Liabilities					
Trade and Other Payables	22	874,121,219	842,818,833	967,899,206	935,875,410
Income Tax Payable	23	-	2,017,752	-	-
Short Term Borrowings	19.2	(107,877,701)	(68,268,161)	(107,877,701)	(68,268,161)
Payable on Loans within 12 months	19.3	55,425,391	87,049,442	55,425,391	87,049,442
Bank Overdraft	18.2	56,799,963	128,791,022	56,799,963	128,791,022
		878,468,872	992,408,887	972,246,858	1,083,447,712
Total Equity and Liabilities		5,802,055,012	5,651,089,968	5,830,521,865	5,689,402,166

The Note annexed form an internal part of these Financial statements.



Consolidated statement of financial position

I hereby certify that the Financial Statements have been prepared in compliance with the requirements of Finance Act No.38 of 1971

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


Assistant General Manager-Finance

M.R.R. Thilakasiri
Assistant General Manager (Finance)
National Livestock Development Board
No.40, Nawala Road, Narahenpita,
Colombo 05.


Chairman
National Livestock Development Board
Financial Statements 2021

Professor H.W. Cyril
Chairman
National Livestock Development Board
No.40, Nawala Road, Narahenpita,
Colombo 05.


Deputy Chairman

M K Kamal Sisira Rathna
Deputy Chairman
National Livestock Development Board
No.40, Nawala Road, Narahenpita
Colombo 05.

National Livestock Development Board
Financial Statements 2021



Consolidated statement of changes in equity

Group	Attributable to Equity Holders of the Parent						Non Controlling Interest Rs.	Total Rs.
	Stated Capital Rs.	Retained Earnings Rs.	Capital Reserve Rs.	Revenue Reserve Rs.	Revaluation Reserve Rs.	Revolving Fund Rs.		
Balance as at 01 January 2020	6,801,995,542	2,822,414,573	153,066,672	44,529,422	110,731,360	37,500,000	-	4,325,408,423
Prior Period Adjustment		(8,669)						(8,669)
Wellard Loan -Adjustment	-	-						-
Profit for the Year	-	(22,304,958)	-	-	-	-	-	(22,304,958)
Other Comprehensive Income	-	(41,952,096)	-	-	-	-	-	(41,952,096)
Grant Received	-	-	1,483,502	-	-	-	-	1,483,502
Grant Amotization	-		(647,617)					(647,617)
Dividends	-	-	-	-	-	-	-	-
Restaed Balance as at 31 December 2020	6,801,995,542	(2,886,680,297)	153,902,557	44,529,422	110,731,360	37,500,000	-	4,261,978,584
Balance as at 01 January 2021	6,801,995,542	(2,886,680,297)	53,902,557	44,529,422	110,731,360	37,500,000	-	4261,978,584
Profit for the Year	-	173,420,992	-	-	-	-	-	173,420,992
Prior Period Adjustment		115,975						115,975
Total Transactions with Owners								
Other Comprehensive Income	-	25,341,911	-	-	-	-	-	25,341,911
Grant Received	-	-	57,121,932	-	-	-	-	57,121,932
Grant Amotization	-		(971,792)					(971,792)
Dividends	-	-	-	-	-	-	-	-
Balance as at 31 December 2021	6,801,995,542	(2,687,801,418)	210,052,697	44,529,422	110,731,360	37,500,000	-	4,517,007,603

Consolidated statement of cash flows

Year Ended 31st December	Group		NLDB	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	173,432,992	(22,258,957)	158,488,155	(9,084,534)
Adjustments for:				
Prior Period Adjustment	4,691,441	22,829,47	730,250.00	15,749
Depreciation of property, plant and equipment	233,663,853	230,827,861	231,637,893	228,213,957
Economic Service Charge Writeoff	(12,307,535)	(12,188,900)	(12,307,535)	(12,188,900)
Amortization of Leasehold Property	88,384	88,384	-	-
(Appreciation)/Depreciation On Livestock	(10,414,934)	(69,279,763)	(10,414,934)	(69,279,763)
Interest on Gratuity	18,700,513	17,495,450	18,700,513	17,495,450
Provision for gratuity	17,689,923	14,768,192	16,437,098	13,821,370
Deferred Lease Income	(912,121)	(912,122)	(912,121)	(912,122)
Interest Expense	16,414,192	26,160,064	16,414,192	26,160,064
Interest on Deposits	(6,914,685)	(9,959,292)	(6,914,685)	(9,959,292)
Provision for bad and doubtful debts	3,438,300	11,618,853	3,438,300	11,618,853
Expenditure for Plantation	4,276,185	16,425,766	4,276,185	16,425,766
Share of profit of associates	(5,576,323)	1,719,171	-	-
Capital Grant Amotization	(971,792)	(647,617)	(971,792)	(647,617)
Changes working Capital				
(Increase)/Decrease in Inventories	(150,327,458)	15,210,892	(134,419,486)	6,406,543
(Increase)/Decrease in Livestock Trading	(21,990,432)	(53,656,861)	(21,990,432)	(53,656,861)
(Increase)/Decrease in Trade and Other Receivables	60,366,147	(18,592,490)	60,175,815	(21,618,949)
(Increase)/Decrease in Advance, Deposit & Pre-Payment	(8,279,768)	735,867	(8,279,768)	735,867
(Increase)/Decrease in Other Current Assets	(11,904,212)	(20,801,404)	(11,904,212)	(20,801,404)
(Increase)/Decrease in Short Term Investment	(1,916,835)	(2,555,886)	(1,916,835)	(2,555,886)
Increase/(Decrease) in Trade & Other Payables	16,983,287	(70,902,870)	17,704,695	(69,941,243)
Increase/(Decrease) in Short term Borrowings	(39,609,540)	(36,257,961)	(39,609,540)	(36,257,961)
Increase / (Decrease) LANLIB Tax Liabilities	-	-	-	-
Cash generated from operations	278,619,581	17,059,207	278,361,755	13,989,087
Tax Paid	(2,029,752)	(46,000)	(12,000)	(46,000)
Gratuity Paid	(9,107,210)	(9,155,531)	(8,837,996)	(8,879,046)
Interest Paid	(16,414,192)	(26,160,064)	(16,414,192)	(26,160,064)
Net cash flow from operating activities	251,068,427	(18,302,388)	253,097,567	(21,096,023)
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES				
Changes in Livestock Capital	151,583,518	182,080,674	151,800,686	183,111,248
Purchase of Non-Current assets	(298,427,256)	(84,126,387)	(298,363,164)	(84,126,387)
Investment in Plantation	(73,979,742)	(56,913,261)	(73,979,742)	(56,913,261)
Interest on FD	4,345,000	8,436,454	4,345,000	8,436,454
Fixed Deposit	-	28,971,453	-	-
Net cash flow from / (used in) investing activities	(216,478,480)	78,448,933	(216,197,221)	50,508,054
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES				
Bank Loan Obtained	99,600,000	43,771,812	99,000,000	66,375,402
Settlement of Loan and Lease	(104,728,450)	(116,273,237)	(104,728,450)	(116,273,237)
Capital Grant Received	57,121,932	1,483,502	57,121,932	1,483,502
Net cash flow from / (used in) financing activities	51,993,482	(71,017,923)	51,393,482	(48,414,333)
Net Increase/(Decrease) In cash and cash equivalent	86,583,439	1,301,780	88,293,841	(6,829,141)
Cash And Cash Equivalents At The Beginning	(111,463,496)	(112,765,277)	(117,669,415)	(110,840,272)
Cash And Cash Equivalents At The End	(24,880,057)	(111,463,496)	(29,375,574)	(117,669,415)

The Note annexed form an internal part of these Consolidated Financial statements.

Consolidation of financial statements

1. CORPORATE INFORMATION

1.1 Reporting Entity

The National Livestock Development Board (“NLDB”) was established in 1973 under the State Agricultural Corporation Act. No.11 of 1972 and field operations were commenced in 1974. NLDB comes under the purview of the State Ministry of Livestock, Farm Promotion and Dairy and Egg Related Industries. NLDB presently manages 30 livestock and crop intergraded farms with a training center. The registered office of the Board is located at No.40, Nawala Road, Narahenpita, Colombo 5.

The Consolidated Financial Statements of the National Livestock Development Board as at and for the year ended 31st December 2021 comprise the financial information of NLDB and its subsidiary (together referred to as the “Group” and individually as “Group entities”).

1.2 Principal Activities and Nature of Operations

The principal activity of NLDB (parent) is the maintenance of Livestock Breeding Farms with a Livestock/Crop integrated farming system with the objective of contributing to the Livestock Development activities in the Country.

The principle activities of the Sri Lanka Poultry Development Company (Pvt) Ltd (subsidiary) are agriculture and livestock.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Consolidated Financial Statements of the Group and Separate Financial Statements of NLDB, have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs), laid down by the Institute of Chartered Accountants of Sri Lanka (“CA Sri Lanka”).

These Financial Statements include the following components:

- Statement of Profit or Loss and Other Comprehensive Income providing information on the Financial Performance of NLDB and the Group for the year.
- Statement of Financial Position providing the information on the Financial Position of NLDB and the Group as at the year end.
- Statement of Changes in Equity depicting all changes in shareholders’ funds during the year, the Group and NLDB

- Statement of Cash Flows providing the information to the users, on the ability of NLDB and the Group to generate cash and cash equivalents and utilization of those cash flows.

- Notes to the Financial Statements comprising Accounting Policies and other explanatory information.

2.2 Basis of Measurement

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

No adjustments have been made for inflationary factors affecting the Financial Statements.

2.3 Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entities operate (‘the functional currency’). The Financial Statements are presented in Sri Lankan Rupees, which is the entities’ functional and presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2.4 Use of Judgments and Estimations

In preparing these Consolidated and Separate Financial Statements, the management has made judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

GOING CONCERN

The Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future.

Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Group’s ability to continue as a going concern. Therefore, the Financial Statements of the Group continue to be prepared on a going concern basis.

Consolidation of financial statements

2.5 Current versus Non-Current Classification

The Group presents assets and liabilities in the Statement of Financial Position based on Current / Non-Current classification. An asset is Current when it is expected to be realized or intended to be sold or consumed in the normal operating cycle and held primarily for the purpose of trading or expected to be realized within twelve months after the reporting period or is Cash or Cash Equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as Non- Current Assets.

A liability is Current when it is expected to be settled in the normal operating cycle and is held primarily for the purpose of trading and is 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 date. All other liabilities are classified as Non-Current Liabilities.

2.6 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Income Statement, unless required or permitted by Sri Lanka Accounting Standards and as specifically disclosed in the Significant Accounting Policies of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

NLDB and the Group have consistently applied the following accounting policies to all periods presented in these Consolidated Financial Statements unless otherwise indicated.

3.1 Basis of Consolidation

3.1.1 Business Combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed

as incurred, except if related to the issue of debt or equity securities.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognized amount of any non – controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

3.1.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date when control ceases.

In the entity’s Financial Statements, investments in subsidiaries are carried at cost less impairment if any, in net recoverable value.

3.1.3 Non-Controlling Interests

Non-Controlling Interests (‘NCI’) are measured at their proportionate share of the acquiree’s identifiable net assets at the acquisition date. Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3.1.4 Loss of Control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in the profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Subsequently, any retained interest is accounted for as an equity accounted investee or as an available for sale financial asset depending on the level of influence retained.

Consolidation of financial statements

3.1.5 Associates

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating activities. Significant influence is presumed to exist when the Group holds between twenty and fifty percent of the voting power of another entity.

Associates are accounted for using the equity method (equity accounted investees) and are initially recognized at cost. The Group's investment in associate includes goodwill identified on acquisition, net of any accumulated impairment losses.

The Consolidated Financial Statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Acquisitions of additional stakes of equity accounted investees, until the control is established, are accounted as goodwill within the equity accounted investment if consideration paid is more than the net asset acquired or taken into to profit or loss as gain on bargain purchase if the net asset acquired is more than the consideration paid.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

3.1.6 Reporting Date

The parent and the subsidiary have the same financial year end which ends on 31st December other than the associate whose financial year ends on 31st March.

The difference among the reporting dates of the above companies and that of the parent does not exceed three months.

3.1.7 Transactions eliminated on Consolidation

Intra-group balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intra-group transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full.

3.2 Foreign Currency Transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

3.3 Statement of Financial Position

3.3.1 Property, Plant and Equipment

a. Recognition

Property, plant and equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used during more than one period. Property, Plant and Equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Group and the cost of the asset can be reliably measured.

b. Measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. This also includes costs of dismantling and removing the items and restoring the site on which they are located. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property plant and equipment.

c. Subsequent Cost

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in the profit or loss.

d. De-recognition

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

e. Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight line method over their estimated useful lives, and is generally recognized in profit or loss. This most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Consolidation of financial statements

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized. Leased assets are depreciated over the shorter of the lease term or the useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. The depreciate rates of the property, plant and equipment for current and comparative periods are as follows.

Class of Assets	Rate of depreciation
Building including poultry sheds	5%-10%
Plant and Machinery	10%-15%
Estate Equipment	5%
Tools and Equipment	20%-25%
Furniture, Fittings and Fixtures	10%
Office Equipment	10%-20%
Structures including livestock sheds	5%
Motor vehicles	10%-25%

f. Restoration Costs

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

g. Capital Work-In-Progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings, major plant and machinery, awaiting capitalization.

Some of the freehold land's title changes are still in the process. Since these transactions are consider to be major investments this have been disclosed under Property Plant and Equipment. And 35 acres of the NLDB Siringapatha farm was handed over to MILCO on a Cabinet directive, but the value of the land or any financial benefits that would derive not been finalized. Therefore, no accounting entries have been recorded in the financial statements during the accounting period under review.

3.3.2 Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

The cost of inventories is based on the weighted average cost basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

As on 31st December 2021 balance of unreconciled inventories amount in Rs. 25,690,247.this amount had been balance as on 31st December 2019.

Biological assets are measured at the end of the year at their fair values less costs to sell. Any resultant gain or loss arising on initial recognition and from changes in fair value less costs to sell is charged to the profit or loss for the period in which the gain or loss arises.

The Group's biological assets are stated at a valuation. This is based on a method and formula developed by the Group with the assistance of the expert in the field of biology which is expected to result in the near-market fair value for biological assets and the summary of the reconciliation statement of carrying amounts of dairy livestock is also given in Note 11.

a. Coconut Projects

The expenses incurred for new planting and under planting of the coconut projects were capitalized considering the time lag of seven years between the planting and commercial harvesting. The write off is carried out over 35 years after the commercial harvesting is commenced. As a policy decision NLDB continued to provide 3% deduction for spoilage of coconut from the closing stock which is reflected in the accounts.

b. Pasture Development

Pasture development expenses if capitalized considering the time lag of five months between the time of planting and harvesting is being amortized over period of four years.

c. Mature Plantations

Cost of establishing plantation and expenditure incurred up to the maturity stage being capitalized from the current financial period less cost of amortization for the period.

Measurement of Biological Assets

Group's biological assets are measured on the following criteria.

a. Animals other than poultry

Animals other than poultry is valued at a standard rate circulated by the Board based on the following factors.

1. Live weight
2. Lactation No.
3. Milk Production
4. Pregnancy
5. Genetic value

Consolidation of financial statements

Sheep, Goats, Pigs and Rabbits are valued at standards rates based on the Live Weight, Genetic Value and Pregnancy. All culled animals are valued at standard rates based on weights. The cattle stock of SLPDC is valued at market price of live weight less an adjustment for dress weight.

b. Breeder and Commercial Layer Poultry

Breeder and commercial layer batches of NLDB which have commenced the laying are valued at cost incurred up to the laying point less cost of amortization for the period and the layer batches that are growing are valued at actual cost incurred up to date. SLPDC values the commercial layer at cost less depreciation. This cost includes initial cost of day of old birds, feed vaccines and the drug costs for the first six months (26 weeks).

c. Breeder eggs (Hatching eggs)

Breeder eggs are valued at cost using the following formula by NLDB.

The total cost divided by number of hatch able eggs produced during the year. This total cost includes the cost of feeds, direct wages and production overheads including depreciation charges.

d. Commercial Layer Eggs

Commercial layer eggs are valued at realized price.

e. Broiler and Layer Immature Stocks –

Measured at cost

f. Broiler in Cold Room –

Measured at realized price

g. Coconut and Agriculture products -

Measured at realized price

h. Charcoal – At 50% of the realized price

i. Other Stock

All other stocks are valued at the lower cost or net realizable value whichever is less

As a Board policy decision, 10 % provision is made on the biological value of cattle, buffalo, goats, pigs and sheep annually.

3.3.3 Financial Instruments

3.3.3.1 Non-derivative Financial Assets

The Group recognizes a financial asset in its Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. The Group initially recognizes loans and receivables and deposits issued on the date when they are originated.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over transferred asset.

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The Group has the following non derivative financial assets: Loans and receivables and Held to Maturity investments

a. Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables, amounts due from related companies and cash and cash equivalents.

However, NLDB continues to record and present employee loans at contracted amounts, until a consensus is reached with all stakeholders of the public sector for accounting such items at fair value.

As NLDB's Policy, bad debt provisions are made as follows:

Over 05 years	100%
3-5 Years	50%
1-3 years	20%
During the Year	2%
Legal	20%

b. Held-to-maturity Financial Assets

Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs if the transaction costs are significant. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Investments in fixed deposits have been classified under as held-to-maturity investments.

Consolidation of financial statements

3.3.4 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at banks and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows. Investments with short maturities, i.e. three months or less from the date of acquisition are also treated as cash equivalents.

3.3.5 Grants

3.3.5.1 Accounting for Grants

Grants that compensate the Group for expenses incurred are recognized as revenue in the statement of comprehensive income in the same period in which the expenses are recognized. Grants that compensate the Group for the cost of an asset are recognized in the statement of comprehensive income on a systematic basis over the useful life of the related assets.

3.3.6 Liabilities and Provisions

Liabilities classified as current liabilities in the statement of financial position are those which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

All known liabilities have been accounted for in preparing these financial statements. Provisions and liabilities are recognized when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.3.7 Employee Benefits

a. Defined Contribution Plans

A defined contribution plan is a post – employment plan under which an entity pays a fixed contribution into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognized as an expense in the statement of comprehensive income as and when they are due.

b. Employees' Provident Fund

The Group entities and employees contribute 12% and 10% respectively on the basic salary and cost of living allowance of each employee to the Employee Provident Fund.

c. Employees' Trust Fund

The Group entities contributes 3% on the basic salary and cost of living allowance of each employee to the Employee's Trust Fund.

3.3.8 Lease and Investment Properties

3.3.8.1 Leasehold Property

The cost of improvements to or on leasehold property is capitalized, disclosed as leasehold improvements, and depreciated over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is shorter. NLDB has acquired movable assets on a financial lease from the Bank of Ceylon and all such movable assets are leased over a period of five years. NLDB has also leased out some of its immoveable property to third parties on 30 and 99 years lease periods for the following;

1. Brandix Imitate Co Ltd. - (31 per. lease for 30 years)
2. Rajawella Land - (517 acr. lease for 99 years)

NLDB received in advance a lease rental for which land was given on a 99 year lease to the subsidiary company (SLPDC). This balance was shown under differed lease revenue and the outstanding amount was transferred to the investment of subsidiary account as this payment was taken into consideration when shares were valued.

3.3.8.2 Investment Properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property.

After the initial recognition, the Group measures all of their investment properties in accordance with the requirements of LKAS 16 on property, plant and equipment other than those that meet the criteria to be classified as held for sale.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from the use and no future economic benefit is expected from its disposal. Any gains and losses on the retirement or disposal of an investment property are recognized in the income statement in the year of disposal.

Consolidation of financial statements

3.3.9 Equity

NLDB has continued to build up the Capital Reserve and Revenue reserve mainly to strengthen its equity provision and to maintain a healthy ratio so that financial borrowings could be obtained from lending institution

3.4 Statement of Profit and Loss and Other Comprehensive Income

3.4.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and that it can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sale taxes.

The following specific criteria are used for the purpose of recognition of revenue.

3.4.1.1 Sale of Goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. Revenue is recognized at the invoice value net of brokerage, sale expenses and other levies related to revenue.

Sale of Farm Products

Sales are recognized when the risks and rewards of ownership have been transferred to the buyer.

3.4.1.2 Dividend Income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

3.4.1.3 Rent Income

Rental Income is recognized in profit and loss as it accrues.

3.4.1.4 Interest Income

Interest income is recognized as it accrues in the profit or loss using the effective interest method.

3.4.2 Other Operating Income

Gains and losses on the disposal of property, plant and equipment are determined by comparing the net

sales proceeds with the carrying amount. These are included in profit and loss.

3.4.3 Changes in the Fair Value of Biological Assets

The gain or loss arising from changes in fair value of biological assets is dealt in the Statement of Profit or Loss.

3.4.4 Government Grants

Government grants related to development activities which can be treated in the nature of revenue and deferred revenue are accounted under the income approach, due to the fact that NLDB is compelled to issue livestock and breeding materials to the local farmers at the concessionary rates as the main objective of the entity

3.4.5 Borrowing Cost

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that takes a substantial period of time to get ready for its intended use or sale is capitalized as part of that asset.

Borrowing costs that are not capitalized are recognized as expenses in the period which they are incurred and charged to the Statement of Profit or Loss.

The amounts of the borrowing costs which are eligible for capitalization are determined in accordance with the in LKAS 23 – 'Borrowing Costs'.

3.4.6 Finance Expense

Finance cost comprises interest expenses on borrowings and interest on overdraft.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

3.4.7 Income Tax Expense

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity, or in Other Comprehensive Income.

a. Current Tax Expense

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

Consolidation of financial statements

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or subsequently enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

No provision for income tax has been provided during the financial year as the taxable income as per the tax computation is nil for NLDB.

b. Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and

Liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset only if certain criteria are met.

As at the balance sheet date there is no differed tax liability recognized. This is due to accumulated tax losses, NLDB does not recognize deferred tax assets.

3.5 Subsequent Events

All material post reporting events have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the Financial Statements.

No circumstances have arisen since the reporting date which requires material adjustment or disclosure

in the financial statements.

3.6 Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (Business Segment) or in providing products or services within a particular economic environment (Geographical Segment), which is subject to risks and rewards that are different from those of other segments.

NLDB Financial Statements are prepared with a decentralized accounting system where each farm is considered as an operating segment. As such each and every operating segment is taken into account when preparing the Statement of Profit and Loss and Other Comprehensive Income and Statement of Financial Position.

3.7 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is being charged.

None of the Directors of NLDB had interests in contracts and or proposed contracts with the Board as at the reporting date.

The Deputy Chairman of the NLDB had been covering up the duties of General Manager of its subsidiary Sri Lanka Poultry Development Company Ltd. and he was paid & allowance of Rs.30, 000 per month & the total amount paid for the financial year ended 31st December 2021 amounted to Rs.360,000.

The total emoluments paid to the Directors of the NLDB for the year ended 31.12.2021 amounted to Rs. 1,692,500 Further the Chairman and the Deputy Chairman are provided with an official vehicle each and mobile phones.

The following non- executive Directors are paid for attending Board Meetings. Further members of the Audit and Management Committee are paid a fee and transport allowance for attending the Committee meetings

Name	Designation	Appointed Date
Prof.Manjula Priyantha Sumith Magamage	Chairman	22nd Dec. 2019
Mr.Arukattu Patabadige Sumanasiri	Deputy Chairman	16th January,2020
Ms.Yapa Puwakdandawage	Director	16th Jan. 2020
Mr.Aasiri Manmohan Iddamalgoda	Director	Jan. 2019
Mr.Hettiarachchige Ranjith Kumara Wickramatileka	Director	Jan. 2019
Mr.Rajpal Kumar Obeysekara	Director	Jan. 2019
Mr.B.P.K.Gunawardena	Director	Jan. 2019

Consolidation of financial statements

3.8 Comparative Information

The Group's accounting policies have been consistently applied and are consistent with those of the previous year's figures and phrases which have been re-arranged wherever necessary to conform to the current presentation.

3.9 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the 'Indirect Method' of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard - LKAS 7 'Statement of Cash Flows.' Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Interest paid is classified as operating cash flow and interest received is classified as investing cash flow.

3.10 Exemption Applied

SLFRS 1 First Time Adoption of Sri Lanka Financial Reporting standards and statement of Recommended Practices allows for certain exemptions from the retrospective application of certain SLFRS.

NLDB has applied the following exemptions Fair Value or Revaluation as Deemed Cost

As per the COPE directive, motor vehicles of NLDB have been revalued and the fair value is presented in accounts. The valuation was carried out by the government valuer who is considered to be a professional valuer.

Freehold property, plant, and equipment are carried in the statement of financial position prepared in accordance with the LKASs, using the cost model. NLDB has elected to use the fair value as deemed cost.

3.11 Capital Commitment and Contingent Liability

Contingent Liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured. Capital commitments and contingent liabilities of the Group are disclosed in the respective notes to the financial statements. Although court cases against NLDB have been filed due to various reasons, no provisions could be made or liabilities identified as the cases are still at the initial stage.

There are no material contingent liabilities as at the reporting date, which require adjustments to or disclosures in the Financial Statements.

The Attorney General who is appearing on behalf of the NLDB is of the opinion that the outcome of

or the potential liability of any of the cases cannot be assessed at this stage. Therefore, no provision is required in the accounts.

4. NEW STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE

A number of new standards and amendments to standards which have been issued but not yet effective as at the reporting date have not been applied in preparing these Financial Statements. Accordingly, the following Accounting Standards have not been applied in preparing these financial Statements and the Company plans to apply these standards on the respective effective dates.

SLFRS 9 – “Financial Instruments” – effective for annual periods beginning on or after 01st January 2018 SLFRS 9, issued in 2014 which replaces the existing guidance in LKAS 39 – “Financial Instruments: Recognition and Measurement” is effective for annual reporting periods beginning on or after 01 January 2018.

The final version of SLFRS 9 – Financial Instruments that replaces LKAS 39 – Financial Instruments: Recognition and Measurement and all previous version of SLFRS 9. SLFRS 9 brings together all three aspects of accounting for the financial instrument i.e. Classification and Measurement, Impairment and Hedge Accounting.

The Group and NLDB are in the process of identifying the impact of these standards on its Financial Statements. The impact of the implementation of the standard is not yet finalized.

SLFRS 15 - ‘Revenue from Contracts with Customers’ – effective for annual periods beginning on or after 01st January 2018.

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. Entities will apply a five-step model to determine when to recognize revenue and at what amount. The model specifies that revenue is recognized when or as an entity transfers control of goods and services to a customer at the amount to which the entity expects to be entitled.

SLFRS 15 replaces existing revenue recognition guidance, including LKAS 18 on 'Revenue' and LKAS 11 on 'Construction Contracts' and IFRIC 13 on "Customer Loyalty Programs", IFRIC 15 "Agreements for the Construction of Real Estate",

Consolidation of financial statements

IFRIC 18 on “Transfers of Assets from Customers” and SIC 31 “Revenue- Barter Transactions involving Advertising Services”

The Group and NLDB are in the process of identifying the impact of these standards on its Financial Statements. The impact of the implementation of the standard is not yet finalized.

SLFRS 16 - ‘Leases’- effective for annual periods beginning on or after 01st January 2019.

SLFRS 16 eliminates the current dual accounting model for lessees which distinguishes between On-Balance sheet finance leases and Off-Balance Sheet operating leases. Instead there will be a single On-Balance Sheet accounting model that is similar to current finance lease accounting.

The Group and NLDB are in the process of

identifying the impact of these standards on its Financial Statements. The impact of the implementation of the standard is not yet finalized.

5. RESTATEMENT OF FINANCIAL STATEMENT

Notes 5.1 shows the details of adjustments made to arrive at the restated values as at 31.12.2020 in the Statement of Financial Position.

Notes 5.2 shows the details of adjustments made to arrive at the restated values as at 31.12.2020 in the Profit & Loss and Other Comprehensive Income Statement

5.1 Restated values in Statement of Financial Position

	As at 31.12.2020 Rs.
Trade & Other Receivables as per Audited Financial Statement	203,964,073
Surcharge for lost of chicks Marawila Farm-P.A.J.S.Pathirana 2017	285,675
Trade & Other Receivables as per Financial Statement (Restated)	204,249,750
Other Current Assets as per Audited Financial Statement	74,997,144
Lanka Hospital Investment Charged to Profit & Loss Statement	(301,425)
Other Current Assets as per Financial Statement (Restated)	74,695,719
Retained Earnings as per Audited Financial Statement	(2,925,257,123)
Surcharge for lost of chicks Marawila Farm-P.A.J.S.Pathirana 2017	285,675
Lanka Hospital Investment Charged to Profit & Loss	(301,425)
Retained Earnings as per Financial Statement (Restated)	(2,925,272,871)

5.2 Restated values in Statement of Comprehensive Income Statement

Other Income as per Audited Financial Statement	50,266,879
Interest on staff Loans	(1,601,473)
Interest on Fixed Deposits	(9,959,292)
Other Income as per Financial Statement (Restated)	38,706,114
**Finance Income Separated from Other Income.	
Finance Cost as per Audited Financial Statement	26,160,064
Interest on staff Loans	(1,601,473)
Interest on Fixed Deposits	(9,959,292)
Net Finance Cost as per Audited Financial Statement	14,599,299

**Net Finance cost (Finance cost-Finance Income) represented in Financial Statement.

Consolidation of financial statements

Year Ended 31st December 2021	Group		NLDB	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
1 REVENUE				
Sales - Major Project	3,344,783,714	2,991,684,616	3,282,584,695	2,936,449,165
Sales - Miscellaneous Project				
-Milk Project	198,461,702	165,776,225	198,461,702	165,776,225
-Franchise	1,042,498	1,279,452	1,042,498	1,279,452
-Delite	79,247,685	41,100,119	79,247,685	41,100,119
-Sales Center	79,810,897	77,209,630	77,480,720	74,937,634
-HO-Milk shop	11,904,162	12,752,179	11,904,162	12,752,179
	3,715,250,658	3,289,802,220	3,650,721,461	3,232,294,773
2 FAIR VALUE OF BIOLOGICAL ASSETS				
Gains arising from changes in fair value less costs to sell of dairy livestock	10,414,934	69,279,763	10,414,934	69,279,763
	10,414,934	69,279,763	10,414,934	69,279,763
3 COST OF SALES				
Cost of Sales - Major Project	(2,188,468,552)	(2,077,783,560)	(2,154,128,808)	(2,030,422,519)
Cost of Sales - Miscellaneous Project				
-Milk Project	(153,966,128)	(115,153,257)	(153,966,128)	(115,153,257)
-Franchise	(827,802)	(869,862)	(827,802)	(869,862)
-Delite	(60,279,395)	(30,849,465)	(60,279,395)	(30,849,465)
-Sales Center	(73,269,614)	(70,711,777)	(71,071,170)	(68,715,788)
-HO-Milk shop	(11,512,802)	(11,956,004)	(11,512,802)	(11,956,004)
	(2,488,324,293)	(2,307,323,925)	(2,451,786,106)	(2,257,966,895)
4 OTHER INCOME				
Income on Investment Property	19,363,821	1,363,821	19,363,821	1,363,821
Income on Mini Projects	6,872,395	6,980,334	6,872,395	6,980,334
Other Income	24,135,694	31,586,588	22,679,726	30,361,959
	50,371,911	39,930,743	48,915,942	38,706,114
5 GOVERNMENT GRANTS				
Swine Project	971,792.16	647,617	971,792	647,617
Mobile & National Food Programme	-	-	-	-
Ridiyagama Project	-	-	-	-
Bio Gas Unit	-	-	-	-
	971,792	647,617	971,792	647,617
6 OPERATING EXPENSES				
6.1 Distribution Expense				
Advertisement expense	(39,405)	(53,725)	-	-
Brokerage Expenses	(2,090,798)	(2,256,972)	(2,090,798)	(2,256,972)
Bad Debtor under Provision	(3,438,300)	(11,618,853)	(3,438,300)	(11,618,853)
Milk Project	(8,280,022)	(8,411,944)	(8,280,022)	(8,411,944)
Franchise Project	(4,205,287)	(2,844,145)	(4,205,287)	(2,844,145)
Sales Center	(1,048,894)	(489,073)	(1,048,894)	(489,073)
HO-Milk shop	(173,536)	(153,735)	(173,536)	(153,735)
Other distribution expense	(202,380)	(259,202)	-	-
	(19,478,624)	(26,087,649)	(19,236,839)	(25,774,722)

Notes to the financial statements

Year Ended 31st December	Group		NLDB	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
6.2 Administration Expenses				
Administration & General of Farms	(859,609,332)	(823,680,309)	(839,782,313)	(803,801,311)
Head Office	(126,396,428)	(129,020,375)	(126,396,428)	(129,020,375)
Interest On Gratuity	(18,700,513)	(17,495,450)	(18,700,513)	(17,495,450)
Milk Project	(37,643,683)	(55,724,420)	(37,643,683)	(55,724,420)
Franchise Project	(9,000)	(9,000)	(9,000)	(9,000)
Sales Centers	(7,613,660)	(6,946,102)	(7,613,660)	(6,946,102)
ESC Writeoff	(12,307,535)	(12,188,900)	(12,307,535)	(12,188,900)
Delite Project	(11,840,005)	(7,085,492)	(11,840,005)	(7,085,492)
HO-Milk shop	(1,915,191)	(2,901,953)	(1,915,191)	(2,901,953)
	(1,076,035,347)	(1,055,052,000)	(1,056,208,328)	(1,035,173,003)
6.3 Other Expense				
Expenditure on Mini Projects of Farm	(3,329,625)	(4,073,024)	(3,329,625)	(4,073,024)
Other Expenses of farms	(14,082,985)	(12,425,860)	(14,082,985)	(12,425,860)
Milk Project	-	-	-	-
	(17,412,610)	(16,498,884)	(17,412,610)	(16,498,884)
7 NET FINANCE COST				
Finance Cost				
Interest on Overdraft	(5,496,734)	(9,012,777)	(5,496,734)	(8,795,536)
Leasing Interest	(88,985)	(561,800)	(88,985)	(561,800)
Interest on Bank Loans	(10,458,988)	(18,513,192)	(10,458,988)	(16,400,343)
Exchange loss	-	-	-	-
Finance Charges	(379,145)	(424,866)	(369,485)	(402,384)
	(16,423,852)	(28,512,634)	(16,414,192)	(26,160,063)
Finance Income				
Interest on staff Loans	1,607,415	1,601,473	1,607,415	1,601,473
Interest on Fixed Deposits	6,914,685	11,673,490	6,914,685	9,959,292
	8,522,100	13,274,964	8,522,100	11,560,766
Net Finance Cost	(7,901,752)	(15,237,671)	(7,892,092)	(14,599,297)
8 INCOME TAX				
The major components of tax expense:				
8.1 Current Income Tax				
Current Income Tax Charge				
8.2 Semi Luxury Tax				
Semi Luxury Tax Charge	12,000	46,000	12,000	46,000
8.3 Deferred Tax				
Deferred Taxation Charge/(Reversal)	-	-	-	-
8.4 Economic Service Charge				
Tax Expense Reported in the Statement of Profit or Loss	12,000	46,000	12,000	46,000
Share of profit/(loss) of associates -27.0716%				
9.1 Profit/(loss) after Taxation of associate	20,598,370	(6,350,442)		
Share of loss of associate	5,576,323	(1,719,171)	-	-
9.2 Changes in other comprehensive income of associates	-	(752,604)		-
	5,576,323	(2,471,775)	-	-

Notes to the financial statements

9 PROPERTY, PLANT AND EQUIPMENT

9.1 Property, plant and equipment - group

	Freehold										Capital Work in Progress Rs.	Total Rs.
	Freehold								Leasehold			
	Land Rs.	Buildings Rs.	Plant & Machinery Rs.	Estate Equipment Rs.	Office Equipment Rs.	Other Equipment Rs.	Furniture & Fittings Rs.	Motor Vehicles Rs.	Motor Vehicles Rs.			
At Cost or Valuation												
Balance as at 01st January 2020	368,053,324	1,846,150,641	681,492,034	939,956,151	44,433,454	4,197,600	25,475,346	278,469,719	83,092,749	34,080,006	4,305,401,023	
Additions	-	53,399,061	33,523,019	6,753,219	1,407,704	-	410,969	19,073,312	-	3,639,096	118,206,379	
Disposals	-	-	-	-	-	-	-	-	-	-	-	
Work In Progress	-	-	-	-	-	-	-	49,372,858	(49,372,858)	(34,080,006)	(34,080,006)	
Balance as at 31 December 2020	368,053,324	1,899,549,701	715,015,052	946,709,370	45,841,158	4,197,600	25,886,316	346,915,889	33,719,891	3,639,096	4,389,527,396	
Accumulated Depreciation												
Balance as at 01st January 2020	-	(680,344,383)	(328,534,684)	(237,980,635)	(40,778,911)	(3,713,021)	(20,634,281)	(187,685,478)	(39,882,048)	-	(1,539,553,440)	
Depreciation	-	(83,379,702)	(64,738,532)	(45,245,883)	(1,968,574)	(144,719)	(1,471,375)	(30,507,086)	(3,371,989)	-	(230,827,861)	
Disposals	-	-	-	-	-	-	-	-	-	-	-	
Adjustments	-	-	-	-	-	-	-	(28,063,462)	28,063,462	-	-	
Balance as at 31 December 2020	-	(763,724,085)	(393,273,216)	(283,226,517)	(42,747,485)	(3,857,740)	(22,105,656)	(246,256,026)	(15,190,575)	-	(1,770,381,300)	
As at 01 January 2020	368,053,324	1,165,806,258	352,957,350	701,975,516	3,654,543	484,579	4,841,065	90,784,241	43,210,701	34,080,006	2,765,847,583	
As at 31 December 2020	368,053,324	1,135,825,616	321,741,837	663,482,853	3,093,672	339,860	3,780,659	100,659,863	18,529,316	3,639,096	2,619,146,095	

During the year 2020, the Group acquired Property, Plant and Equipment to the aggregate value of Rs.118,206,379 (2019 - Rs.71,637,919/-).

Notes to the financial statements

	Freehold									Leasehold	Capital Work in Progress Rs.	Total Rs.
	Land Rs.	Buildings Rs.	Plant & Machinery Rs.	Estate Equipment Rs.	Office Equipment Rs.	Other Equipment Rs.	Furniture & Fittings Rs.	Motor Vehicles Rs.	Motor Vehicles Rs.			
At Cost or Valuation												
Balance as at 01st January 2021	368,053,324	1,899,549,701	715,015,052	946,709,370	45,841,158	4,197,600	25,886,316	346,915,889	33,719,891	3,639,096	4,389,527,397	
Additions	-	40,858,789	219,146,738	19,868,933	3,593,071	-	1,899,324	4,723,505	-	11,975,993	302,066,351	
Disposals	-	-	-	-	-	-	-	-	-	-	-	
Work In Progress	-	-	-	-	-	-	-	-	-	(3,639,096)	(3,639,096)	
Balance as at 31 December 2021	368,053,324	1,940,408,490	934,161,790	966,578,303	49,434,229	4,197,600	27,785,640	351,639,394	33,719,891	11,975,992	4,687,954,652	
Accumulated Depreciation												
Balance as at 01st January 2021	-	(763,724,085)	(393,273,216)	(283,226,517)	(42,747,485)	(3,857,739)	(22,105,656)	(246,256,026)	(15,190,575)	-	(1,770,381,299)	
Depreciation	-	(82,865,216)	(66,773,396)	(45,576,960)	(2,088,377)	(144,719)	(1,458,237)	(31,384,959)	(3,371,989)	-	(233,663,853)	
Disposals	-	-	-	-	-	-	-	-	-	-	-	
Adjustments	-	-	-	-	-	-	-	-	-	-	-	
Balance as at 31 December 2021	-	(846,589,300)	(460,046,611)	(328,803,477)	(44,835,863)	(4,002,458)	(23,563,893)	(277,640,985)	(18,562,564)	-	(2,004,045,152)	
As at 01 January 2021	368,053,324	1,135,825,616	321,741,837	663,482,853	3,093,672	339,861	3,780,660	100,659,863	18,529,316	3,639,096	2,619,146,098	
As at 31 December 2021	368,053,324	1,093,819,189	474,115,179	637,774,826	4,598,366	195,142	4,221,747	73,998,409	15,157,327	11,975,992	2,683,909,504	

* - During the year 2021, the Group acquired Property, Plant and Equipment to the aggregate value of Rs.302,066,351 (2020- Rs.118,206,379 /-).

Notes to the financial statements

9.2 Property, plant and equipment - NLDB

	Freehold								Leasehold	Capital Work in Progress Rs.	Total
	Land Rs.	Buildings Rs.	Plant & Machinery Rs.	Estate Equipment Rs.	Office Equipment	Furniture & Fittings Rs.	Structures Rs.	Motor Vehicles Rs.			
At Cost or Valuation											
Balance as at 01st January 2020	331,053,324	278,522,025	652,648,388	939,956,151	39,457,067	18,856,456	1,501,323,690	257,842,329	83,092,749	29,005,031	4,131,757,209
Additions	-	20,436,360	33,523,019	6,753,219	1,407,704	410,969	32,962,701	19,073,312	-	3,639,096	118,206,380
Disposals	-	-	-	-	-	-	-	-	-	(29,005,031)	(29,005,031)
Adjustments								49,372,858	(49,372,858)		-
Balance as at 31 December 2020	331,053,324	298,958,385	686,171,406	946,709,370	40,864,771	19,267,426	1,534,286,391	326,288,499	33,719,891	3,639,096	4,220,958,558
Accumulated Depreciation											
Balance as at 01st January 2020	-	(133,422,969)	(301,479,230)	(237,980,635)	(35,927,176)	(14,085,585)	(520,631,993)	(167,647,868)	(39,882,048)	-	(1,451,057,503)
Depreciation	-	(13,276,420)	(64,096,126)	(45,245,883)	(1,952,694)	(1,459,818)	(68,893,720)	(29,917,306)	(3,371,989)	-	(228,213,957)
Disposals	-	-	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	(28,063,462)	28,063,462	-	-
Balance as at 31 December 2020	-	(146,699,389)	(365,575,356)	(283,226,517)	(37,879,870)	(15,545,403)	(589,525,713)	(225,628,636)	(15,190,575)	-	(1,679,271,460)
As at 01 January 2020	331,053,324	145,099,056	351,169,158	701,975,516	3,529,891	4,770,871	980,691,697	90,194,461	43,210,701	29,005,031	2,680,699,706
As at 31 December 2020	331,053,324	152,258,997	320,596,050	663,482,853	2,984,900	3,722,023	944,760,678	100,659,863	18,529,316	3,639,096	2,541,687,098

* - During the year 2020 the NLDB acquired Property, Plant and Equipment to the aggregate value of Rs.118,206,380 (2019 - Rs.71,637,919).

Notes to the financial statements

	Freehold								Leasehold		Capital Work in Progress Rs.	Total
	Land Rs.	Buildings Rs.	Plant & Machinery Rs.	Estate Equipment Rs.	Office Equipment	Furniture & Fittings Rs.	Structures Rs.	Motor Vehicles Rs.	Motor Vehicles Rs.			
At Cost or Valuation												
Balance as at 01st January 2021	331,053,324	298,958,385	686,171,406	946,709,370	40,864,771	19,267,426	1,534,286,391	326,288,499	33,719,891	3,639,096	4,220,958,559	
Additions	-	40,686,514	219,146,738	19,868,933	3,539,779	1,888,524	172,275	4,723,505	-	11,975,993	302,002,260	
Disposals	-	-	-	-	-	-	-	-	-	(3,639,096)	(3,639,096)	
Balance as at 31 December 2021	331,053,324	339,644,898	905,318,144	966,578,303	44,404,550	21,155,950	1,534,458,666	331,012,004	33,719,891	11,975,993	4,519,321,723	
Accumulated Depreciation												
Balance as at 01st January 2021	-	(146,699,389)	(365,575,356)	(283,226,517)	(37,879,870)	(15,545,403)	(589,525,713)	(225,628,636)	(15,190,575)	-	(1,679,271,460)	
Depreciation	-	(11,470,225)	(66,130,991)	(45,576,960)	(2,069,268)	(1,448,073)	(70,185,427)	(31,384,959)	(3,371,989)	-	(231,637,893)	
Disposals	-	-	-	-	-	-	-	-	-	-	-	
Adjustments	-	-	-	-	-	-	-	-	-	-	-	
Balance as at 31 December 2021	-	(158,169,614)	(431,706,347)	(328,803,477)	(39,949,139)	(16,993,477)	(659,711,140)	(257,013,595)	(18,562,564)	-	(1,910,909,353)	
As at 01 January 2021	331,053,324	152,258,996	320,596,050	663,482,853	2,984,900	3,722,023	944,760,678	100,659,863	18,529,316	3,639,096	2,541,687,099	
As at 31 December 2021	331,053,324	181,475,285	473,611,797	637,774,826	4,455,411	4,162,473	874,747,526	73,998,409	15,157,327	11,975,993	2,608,412,374	

* - During the year 2021, the NLDB acquired Property, Plant and Equipment to the aggregate value of Rs.302,002,260 (2020 - Rs.118,206,380).

Notes to the financial statements

10 LEASEHOLD PROPERTY

As at 31st December	Group		NLDB	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Balance as at 1st January	6,275,248	6,363,632	-	-
Amortization for the Year	(88,384)	(88,384)	-	-
Balance as at 31st December	6,186,864	6,275,248	-	-

The Sri Lanka Poultry Development Company (Private) Limited obtained the freehold right to a land situated in Bandirippuwa, Lunuwila for 99 years from National Livestock Development Board by the agreement dated 01st October

11 BIOLOGICAL ASSETS

11.1 Plantations

Group	Balance as at 01.01.2020	Expenditure incurred during the year	Amount Charged to PL	Balance as at 31.12.2020
Coconut under planting new planting	809,302,979	53,781,372	(4,276,185)	858,808,166
Pasture establishment expenditure	20,661,098	-	(12,149,581)	8,511,517
Cashew planting expenditure	1,847,488	-	-	1,847,488
Rubber planting expenditure	30,403,142	3,114,130	-	33,517,272
Other planting expenditure	2,574,119	17,758	-	2,591,877
	864,788,826	56,913,261	(16,425,766)	905,276,321

Group	Balance as at 01.01.2021	Expenditure incurred during the year	Amount Charged to PL	Balance as at 31.12.2021
Coconut under planting new planting	858,808,166	70,672,028	(4,276,185)	925,204,009
Pasture establishment expenditure	8,511,517	345,770	-	8,857,286
Cashew planting expenditure	1,847,488	44,772	-	1,892,260
Rubber planting expenditure	33,517,272	2,917,173	-	36,434,445
Other planting expenditure	2,591,877	-	-	2,591,877
	905,276,321	73,979,742	(4,276,185)	974,979,878

NLDB	Balance as at 01.01.2020	Expenditure incurred during the year	Amount Charged to PL	Balance as at 31.12.2020
Coconut under planting new planting	807,067,195	53,781,372	(4,276,185)	856,572,383
Pasture establishment expenditure	20,661,098	-	(12,149,581)	8,511,517
Cashew planting expenditure	1,847,488	-	-	1,847,488
Rubber planting expenditure	30,403,142	3,114,130	-	33,517,273
Other planting expenditure	2,361,355	17,758	-	2,379,113
	862,340,279	56,913,261	(16,425,766)	902,827,773

Notes to the financial statements

NLDB	Balance as at 01.01.2020	Expenditure incurred during the year	Amount Charged to PL	Balance as at 31.12.2020
Coconut under planting new planting	856,572,383	70,672,028	(4,276,185)	922,968,226
Pasture establishment expenditure	8,511,517	345,770	-	8,857,286
Cashew planting expenditure	1,847,488	44,772	-	1,892,260
Rubber planting expenditure	33,517,273	2,917,173	-	36,434,446
Other planting expenditure	2,379,113	-	-	2,379,113
	902,827,773	73,979,742	(4,276,185)	972,531,330

11.2 Livestock - Capital	Group		NLDB	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
-Cattle/Buffalo	435,419,607	443,050,630	435,419,607	441,791,040
-Goats	13,659,850	13,689,600	13,659,850	13,689,600
-Pigs	33,069,310	15,602,155	33,069,310	15,602,155
-Sheep	79,103,385	83,381,575	76,895,785	80,543,685
-Rabbits	33,990	205,779	33,990	205,779
-Ducks	-	-	-	-
-Layers	-	400,674	-	400,674
-Broiler	-	-	-	-
-Others	120,000	220,000	120,000	220,000
-Imported Cattle	699,693,251	863,478,509	699,693,251	863,478,509
10% Deduction	(126,097,939)	(141,531,077)	(125,877,179)	(141,531,077)
	1,135,001,453	1,278,497,845	1,133,014,613	1,274,400,365
11.3 Livestock - Trading				
-Cattle/Buffalo	-	3,072,902	-	3,072,902
-Goats	-	-	-	-
-Pigs	3,856,020	9,686,950	3,856,020	9,686,950
-Quills	131,015	912,089	131,015	912,089
-Ducks	427	427	427	427
-Turkey	-	-	-	-
-Layers	32,487,841	23,521,638	32,487,841	23,521,638
-Broiler	77,119,997	-	77,119,997	-
-Others	-	128,048	-	128,048
10% Deduction	(385,602)	(1,275,985)	(385,602)	(1,275,985)
	113,209,699	91,219,265	113,209,699	91,219,266
11.4 Movement of Biological Asset -Livestock				
Balance as at 01st January	1,994,825,422	1,580,308,898	1,508,426,693	1,576,901,225
Additions	263,703,517	401,111,090	261,495,917	400,421,283
Disposal	(413,618,027)	(468,895,815)	(413,618,027)	(468,895,815)
Unrealized Profit	(126,483,541)	(142,807,062)	(126,262,781)	(142,807,062)
Balance as at 31st December	1,718,427,370	1,369,717,111	1,230,041,801	1,365,619,631

Notes to the financial statements

12 INVESTMENTS IN SUBSIDIARY AND ASSOCIATE

As at 31st December 2021		NLDB	
		2021 Rs.	2020 Rs.
12.1 INVESTMENT IN SUBSIDIARIES	Shareholding %		
Sri Lanka Poultry Development Company (Pvt) Ltd	100%	149,123,327	149,123,327
		149,123,327	149,123,327

The Board has invested Rs. 15,995,170.61 in non - quoted investments in Sri Lanka Libya Agricultural & Livestock Development Co Ltd which was a 51% equity state. The equity stake 49% of Libyan Foreign Investments Company of Libya has been transferred to National Livestock Development Board (NLDB) on 07 May 2014 for a consideration of 140mn. Thereafter the NLDB's holding in the company is 100%. The name of the Company has also been changed as Sri Lanka Poultry Development Company with effect from 03 July 2014. This investment has been accounted for under the cost method of accounting.

As at 31st December 2021	Group		NLDB	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
12.2 INVESTMENT IN ASSOCIATES				
Mahaweli Livestock Enterprises Limited	(1,919,298)	(7,495,621)	600,000	600,000
	(1,919,298)	(7,495,621)	600,000	600,000

NLDB invested a sum of Rs. 600,000/- for 600,000 shares in Mahaweli Livestock Enterprises Limited on 12th August 2016 with the intention of acquiring equity shares in it. This investment falls between 20% - 50% (27% interest) and therefore treated as an investment in associate. This investment is initially recorded at cost. Therefore, this investment is treated under cost method of accounting, as at 31st December 2018. It is the view of the top management that this entity although is an investor in Mahaweli Livestock Enterprise (pvt) Ltd it has no "significant influence" in the said investee. Therefore it is the opinion of the entity that this investment is not an "Investment in Associate" in terms of SLFRS 27 on Consolidation of Financial Statements.

The Financial year of the Associate ends on 31st March every year as against that of this reporting entity which ends on 31st December each year. Due to this incompatibility, the financial results of the Associate has been considered in the following manner:-

13 INVENTORIES

As at 31st December	Group		NLDB	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Coconut Copra	260,889,096	113,689,205	260,889,096	113,689,205
Sundry Produce Stock	27,468,243	37,607,133	27,468,243	37,607,133
Grower Expenditure - Breeder	16,202,980	4,651,075	-	-
Grower Expenditure - Layer	-	-	-	-
Feed stock	1,370,214	357,520	-	-
Other General Stocks At Farms & Ho	127,870,023	127,169,166	121,501,396	124,142,911
Unrealized Stock -Milk Project	25,690,247	25,690,247	25,690,247	25,690,247
	459,490,804	309,164,347	435,548,982	301,129,497

Notes to the financial statements

14 TRADE AND OTHER RECEIVABLES

As at 31st December 2021	Group		NLDB	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Trade & Other Debtors	190,726,864	218,207,711	190,577,020	218,057,867
Less: Provision For Bad & Doubtful Debtors	(85,520,426)	(82,082,126)	(85,520,426)	(82,082,126)
Staff Debtors	25,654,682	30,318,962	25,654,683	30,318,961
Economic Service Charges	13,434,424	25,741,960	13,434,424	25,741,960
inland Revenue Dept.	2,257,460	3,015,767	2,257,460	3,015,767
VAT Receivable	11,028,443	11,116,071	9,109,693	9,197,321
	157,581,448	206,318,345	155,512,855	204,249,750

15 ADVANCES, DEPOSITS & PREPAYMENTS

As at 31st December 2021	Group		NLDB	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Deposit	2,298,541	2,086,098	1,899,791	1,587,348
Pre-Payments	15,515,152	7,547,826	15,515,152	7,547,826
	17,813,693	9,633,924	17,414,943	9,135,174

16 OTHER CURRENT ASSETS

As at 31st December 2021	Group		NLDB	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Receivables from NLDB	3,434,928	3,308,760	-	-
Mahaweli Receivables	4,784,415	4,784,415	4,784,415	4,784,415
Other Receivable	78,394,343	67,769,968	77,596,861	66,755,986
	90,832,341	79,018,461	86,599,931	74,695,719

17 SHORT TERM INVESTMENT

As at 31st December 2021	Group		NLDB	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Fixed Deposits at Bank Of Ceylon	629,874	598,455	629,874	598,455
Fixed Deposits at Peoples Bank	130,499,547	128,614,130	130,499,547	128,614,130
	131,129,421	129,212,585	131,129,421	129,212,585

Notes to the financial statements

18 CASH AND CASH EQUIVALENT

As at 31st December 2021	Group		NLDB	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
18.1 Favourable Balances				
Bank Balances	27,089,773	13,489,357	22,833,448	7,456,779
Savings Account	296,397	116,397	126,397	6,397
Cash In Hand	7,917,415	4,786,207	7,848,817	4,723,092
Stamp In Hand	87,553	82,833	86,958	82,608
Cash-In-Transit	(3,471,232)	(1,147,269)	(3,471,232)	(1,147,269)
	31,919,906	17,327,524	27,424,389	11,121,607
18.2 Unfavourable Balances				
Bank Overdraft	56,799,963	128,791,022	56,799,963	128,791,022
	56,799,963	128,791,022	56,799,963	128,791,022

19 INTEREST BEARING LOANS & BORROWINGS

As at 31st December 2021	Group		NLDB	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
19.1 Long Term Loans				
Farmers Trust Fund	60,412,700	65,212,700	60,412,700	65,212,700
Peoples bank	85,572,958	54,877,357	85,572,958	54,877,357
NLDB	1,125,000	525,000	-	-
	147,110,658	120,615,057	145,985,658	120,090,057
19.2 Short Term Borrowings				
People's Bank				
Farms Current Accounts	(107,877,701)	(68,268,161)	(107,877,701)	(68,268,161)
	(107,877,701)	(68,268,161)	(107,877,701)	(68,268,161)
19.3 Payables on Loans within next 12 months				
Peoples bank loan 100Mn	-	18,333,332	-	18,333,332
Peoples bank New loan 100Mn	10,000,000	20,000,000	10,000,000	20,000,000
Peoples bank loan 28.5Mn	5,700,000	-	5,700,000	5,700,000
Peoples Bank Other	39,639,560	45,229,371	39,639,560	39,529,371
Leasing payable	85,831	3,486,739	85,831	3,486,739
	55,425,391	87,049,442	55,425,391	87,049,442

Notes to the financial statements

20 RETIREMENT BENEFIT OBLIGATION

As at 31st December 2021	Group		NLDB	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
20 RETIREMENT BENEFIT OBLIGATION				
Balance as at 01 January	239,869,847	174,954,499	233,756,409	174,954,499
Gratuity payable	(12,858,589)	(4,835,356)	(12,858,589)	(4,835,356)
Interest Cost for the period	18,476,080	19,264,471	16,437,098	13,821,370
Current Service Cost for the period	18,700,513	17,495,450	18,700,513	17,495,450
Actuarial (Gain)/Loss on PV-DBO	(25,341,911)	40,923,007	(24,555,754)	41,199,492
Gratuity paid/payable for those who left during the period	(9,107,210)	(7,932,224)	(8,837,996)	(8,879,046)
Balance as at 31 December	229,738,730	239,869,847	222,641,680	233,756,409

LKAS 19 requires the use of actuarial techniques to make a reliable estimate of the amount of retirement benefit that employees have earned in return for their service in the current periods and discount that benefit using the Projected Unit Credit Method in order to determine the present value of the retirement benefit obligation and the current service cost. This requires an entity to determine how much benefit is attributable to the current periods and to make estimates about demographic variables and financial variables that will influence the cost of the benefit. The following key assumptions were made in arriving at the above figure.

The key assumptions used by Messrs Actuarial & Management Consultants (Pvt) Ltd. include the following.

- (i) Mortality : A 1967/70 Mortality Table
- (ii) Disability : 10% of Mortality
- (iii) Normal Retirement Age : 60 years (The employee who are aged over the specified retirement age have been assumed to retire on their respective next birthday)
- (iv) Rate of Discount : 11.50% p.a.
- (v) Salary Escalation Rates : Gross Salary : 5.50% p.a.
; Increment are due in January every year

Allowances : N/A

- (vi) Retiring Gratuity Formula : Half month's Salary for each completed year of service for those with at least 5 years service.

Notes to the financial statements

21 DEFERRED REVENUE ON LEASED ASSET

As at 31st December 2021	Group		NLDB	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Lease From Brandix Co.Ltd.	9,666,676	10,473,747	9,666,676	10,473,747
Lease From Rajawella Holding	18,143,182	18,248,232	18,143,182	18,248,232
	27,809,858	28,721,979	27,809,858	28,721,979

22 TRADE AND OTHER PAYABLES

As at 31st December 2021	Group		NLDB	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Trade & Other Creditors	555,570,465	574,096,205	555,570,465	556,628,833
Staff Creditors	35,697,126	36,286,053	35,697,133	36,286,056
Accrued Charges	49,126,883	27,848,613	28,837,234	24,304,930
Provisions	100,120,412	100,120,412	100,120,412	100,120,412
Gratuity Payable	13,879,528	5,856,295	13,879,528	5,856,295
Deposits	34,958,725	39,917,164	34,958,725	39,917,164
E.P.F Payable	11,984,227	13,767,336	11,984,227	13,767,336
E.T.F Payable	2,139,154	1,950,495	2,139,154	1,950,495
Vat Payable	7,508,934	8,677,535	7,508,934	8,677,535
Other Tax Payable	25,932,371	25,932,371	-	-
Insurance Claim Payable	3,002,662	2,165,021	3,002,662	2,165,021
Advance of Milk	29,999,400	2,000,000	29,999,400	2,000,000
Payable to LFICO	4,201,333	4,201,333	4,201,333	4,201,333
Advance of SLPDC	-	-	140,000,000	140,000,000
	874,121,219	842,818,833	967,899,206	935,875,410

23 INCOME TAX RECEIVABLE / PAYABLE

As at 31st December 2021	Group		NLDB	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Balance as at 01st January	2,017,752	-	-	-
Income Tax for the period	-	2,017,752	-	-
Payments made during the Year	(2,017,752)	-	-	-
Withholding Tax	-	-	-	-
Balance as at 31 December	(0.00)	2,017,752	-	-

Disclosures of intercompany transactions

No	Nature of Transaction	Name of the Entity	2021 Rs.	2020 Rs.
01	Investment in subsidiary	NLDB	149,123,327	149,123,327

The Board has invested Rs. 15,995,170.61 in non - quoted investments in Sri Lanka Libya Agricultural & Livestock Development Co Ltd which was a 51% equity state. The equity stake 49% of Libyan Foreign Investments Company of Libya has been transferred to National Livestock Development Board (NLDB) on 07 May 2014 for a consideration of Rs. 140Mn. Thereafter the NLDB's holding in the company is 100%. The name of the Company has also been changed as Sri Lanka Poultry Development Company with effect from 03 July 2014. This investment has been accounted for under the cost method of accounting.

02	Advance paid to NLDB	SLPDC	140,000,000	140,000,000
----	----------------------	-------	-------------	-------------

This represent the advance paid to the NLDB. This money could be set off against future profits generated by SLPD. Subsequent adjustment will be made in the NLDB Books of accounts to set off the advance received, based on dividends

03 Receivable and Payable

Receivable from NLDB	SLPDC	3,431,328	3,308,760
Receivable from SLPDC	NLDB	4,218,655	3,155,318



Auditor General Report 2021

My No.: FLS/C/NLDB/01/21/24/03

19th November 2024

Chairman
National Livestock Development Board

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the National Livestock Development Board for the year ended 31 December 2021 in terms of Section 12 of the National Audit Act No. 19 of 2018

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the *National Livestock Development Board* for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of comprehensive income, 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 to be read in conjunction with provisions of the National Audit Act, No.19 of 2018 and the Finance Act No. 38 of 1979. The report of the Auditor General in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in Parliament in due course.

National Livestock Development Board

Qualified Opinion

In my opinion, except for the effects of the matters described in basis for qualified Opinion section (1.2.1) of this report, the financial statements of the Board give a true and fair view of the financial position as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting standards.

Group

Qualified Opinion

I am expressing a qualified opinion on the financial statements of the Group. Except for the impact of the matters described in section (1.2) of the basis for the qualified opinion, in my opinion, the Group's financial statements present fairly, in all material respects, the financial position as at December 31, 2021, and its financial performance and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards.

With regard to the financial statements presented for the Sri Lanka Poultry Development Company (Pvt.) Ltd. which is within the Group, for the year ended December 31, 2021, I have issued a qualified opinion based on the matters mentioned in 1.2.2.

1.2 Basis for the qualified opinion on the Group's financial statements.

1.2.1 National Livestock Development Board

- (a) As at December 31, 2021, the Board had total assets of Rs. 5,830,521,809.50, total liabilities of Rs. 1,308,084,050, and a balance of Rs. 4,401,837,809 in equity. When submitting the financial statements for the audit, the financial statements, ledger accounts, schedules, and trial balances of each farm were submitted separately. However, the consolidated trial balance was not submitted.

Auditor General Report 2021

- (b) During the reconciliation of the Board's administrative company balances with the Group's balances, a difference of Rs. 35,273,661 existed in the total of the following items: biological assets, trade and other receivables, other current assets, trade and other payables, and balances due within 12 months.
- (c) As per paragraph 32 of Sri Lanka Accounting Standard (LKAS) 01, assets, liabilities, income, and expense balances should not be offset and presented in the financial statements, except in circumstances permitted by the standard. The following observations are made in this regard:
- i. As per paragraph 32 of Sri Lanka Accounting Standard (LKAS) 01, assets, liabilities, income, and expense balances should not be offset and presented in the financial statements, except in circumstances permitted by the standard. The following observations are made in this regard:
 - ii. From the total trade and other payables of Rs. 9,253,394, which was owed to various parties by 3 farms and the head office, a sum of Rs. [amount not specified] was deducted and shown in the Board's financial statements.
- (d) According to paragraphs 15 and 16 of Sri Lanka Accounting Standard (LKAS) 12, the Board should have recognized and adjusted deferred tax assets or liabilities in the financial statements for the year under review, taking into account temporary differences that are deductible or taxable in future periods. However, this was not done.
- (e) According to paragraphs 50 and 51 of Sri Lanka Accounting Standard (LKAS) 16, the useful life of assets in use should be reviewed annually, and any change in the estimated useful life should be accounted for as a change in estimate. However, although the Board was using fully depreciated fixed assets with a total value of Rs. 270,276,535, it had neither reviewed nor disclosed their remaining useful life.
- (f) According to paragraph 17 of Sri Lanka Accounting Standard (LKAS) 24, the total value of short-term benefit payments made to key management personnel should be separately disclosed. However, the Board has not separately disclosed the total value accordingly. Furthermore, as per paragraph 26(a) of the standard, when a government institution has control, joint control, or significant influence over other entities, disclosures should be made regarding this relationship. However, this has not been done in the case of the Board's controlled entity, Chicken Development Private Limited, and the Board's related party, Mahaweli Livestock Business Company.
- (g) According to paragraph 5(a) of Sri Lanka Accounting Standard (LKAS) 41, the teak and mahogany plantations owned by the Board, valued at Rs. 2,379,113 as at the end of the year under review, should have been classified as consumable biological assets. However, they were shown under the heading of bearer biological assets (Plantation).
- (h) As at December 31, 2021, the Board possessed coconut plantations valued at Rs. 922,968,226, cashew plantations valued at Rs. 1,892,260, and rubber plantations valued at Rs. 36,434,446. These plantations were not identified and presented separately as mature and immature, as required by paragraph 45 of Sri Lanka Accounting Standard (LKAS) 41. Furthermore, depreciation adjustments related to the cashew and rubber plantations were not made in accordance with LKAS 16.
- (i) According to paragraph 5.5.15 of Sri Lanka Accounting Standard (SLFRS) 9, the trade receivables balance of Rs. 190,577,020 should have been measured using the expected credit loss (ECL) method for subsequent impairment recognition. Due to the non-application of this method, trade and other receivables may be overstated or understated in the year under review.
- (j) Under "Other Current Assets," a deferred expense balance of Rs. 10,500,783, dating back to before 2013, was shown. However, no supporting evidence was presented for the audit regarding this balance, and therefore its accuracy could not be confirmed.
- (k) While the cost of the Mahaweli Dairy Project should only include direct expenses incurred specifically for that project, it also included general expenses and other expenses related to packaged milk and ice cream produced

Auditor General Report 2021

by the dairy project, amounting to Rs. 2,010,402 and Rs. 2,074,990 respectively. As a result, the gross profit was understated by Rs. 4,685,392.

- (l) According to note 9.2 of the financial statements, the opening balance of property, plant, and equipment (excluding work in progress) was Rs. 4,102,752,178. However, the fixed asset register shows a balance of Rs. 4,145,492,252, resulting in a difference of Rs. 42,740,074.
- (m) According to the financial statements as at December 31, 2021, the building depreciation for the year under review was Rs. 11,470,225. However, according to the fixed asset register, this amount was Rs. 11,218,821, resulting in a difference of Rs. 251,404.
- (n) In the cash flow statement, under “Adjustments for Working Capital Changes” in the operating activities section, the change in trade and other receivables is shown as Rs. 32,991,006.00. However, it should be Rs. [amount not specified]. The change in trade and other payables is shown as Rs. 17,704,695, but it should be Rs. 24,000,503.
- (o) In the Board’s financial statements, when presenting the value of biological assets (animals), a 10% reduction, amounting to Rs. 126,262,781, was made from the year-end value of the animals to account for the probability of non-recoverability. However, as the animals were valued at fair value at the end of the year after considering all factors, this additional 10% reduction resulted in the animals’ value being understated.
- (p) The inventory report showed a closing stock of 3,590 broiler chickens. However, no value was assigned to these chickens, and they were not disclosed in either the Board’s financial statements or the farm’s financial statements. Assuming an average weight of 1 kg per chicken, and using the Board’s valuation circular rate of Rs. 215 per kg, approximately Rs. 771,850 worth of broiler chicken stock was not disclosed.
- (q) A physical verification revealed a shortage of 145 cows out of the 453 that should have been present at the end of the year. The Board’s financial statements and the farm’s financial statements showed a value of Rs. 17,916,830 for 453 cows. This represents a difference of approximately Rs. 5,734,908. Furthermore, a shortage of 183 cows existed in the prior year, but the institution took no action regarding the Rs. 6,283,120 value associated with these missing cows.
- (r) A year-end cattle stock balance of Rs. 4,315,866 should have been included under biological assets in the Board’s financial statements. Instead, this stock was included in the Board’s general inventory.
- (s) The milk cow valuations at Manikpalama (776 cows) and Bopattalawa (207 cows) farms were calculated using average daily milk production figures of 13.2 liters and 11 liters respectively, resulting in valuations of Rs. 93,518,322 and Rs. 16,047,590 respectively. Using average milk production instead of actual milk production is incorrect, and likely resulted in an overstatement or understatement of the animals’ value in the financial statements.
- (t) Rs. 8,190,602 was included as general inventory for the Mahaberiyaenna farm under the Board’s “Other General Inventory.” However, the farm’s inventory report shows a balance of Rs. 9,027,155, resulting in a difference of Rs. 836,553.
- (u) The Board’s financial statements showed a loan balance of Rs. 60,412,700 received from the Farmers’ Trust Fund. However, the confirmation letter from the Ministry of Agriculture showed a balance of Rs. 60,812,700. This represents a difference of Rs. 400,000. This difference has not been investigated or resolved.
- (v) In the board’s financial statements, a loan balance of Rs. 60,412,700 obtained from the Farmers’ Trust Fund was shown. However, according to the reconciliation letter from the Ministry of Agriculture regarding this balance, the amount shown was Rs. 60,812,700. Therefore, while a difference of Rs. 400,000 exists in this balance, action has not been taken to investigate and resolve this discrepancy.
- (w) During the review of the financial statements, related schedules, and farm financial statements for the year under review, the following discrepancies were noted.

Auditor General Report 2021

Description	Balance as per schedules and farm financial statements (Rs.)	Balance as per financial statements (Rs.)	Difference (Rs.)
Provision for doubtful debts/ Allowance for bad debts.	93,976,043	85,520,426	8,455,617
Value of economic service fees.	13,545,806	13,434,424	111,382
Unrealized profit from the balance of capitalized biological assets.	16,312,662	125,877,179	109,564,517
Net balance of capitalized biological assets.	1,242,691,775	1,133,014,613	109,677,162
Unrealized profit from the balance of trading biological assets.	285,852	385,602	99,750
Net balance of trading biological assets.	113,409,199	113,209,699	199,500,
Welisara project income.	173,611,577	198,461,702	24,850,125
Total income of 5 main project income types.	250,657,714	248,103,151	3,342,723
Galpokuna farm -			
Coconut and copra income.	51,667,132	47,569,365	4,097,767
Cattle project income.	16,930,284	9,267,324	7,662,960
Poultry project income.	5,495,725	5,392,656	104,069
Total of farm current account balances.	(142,892,637)	(107,877,637)	35,014,936
Other receipts from 4 farms.	26,742,134	24,468,005	2,274,129

(x) During the review of the financial statements for the reviewed year, along with the corresponding goods inspection reports, the following discrepancies were observed.

Description	Balance according to the goods inspection report. (Rs.)	Balance as per financial statements (Rs.)	Difference (Rs.)
The average stock at Welisara farm	3,956,062	801,996	3,154,066
The average stock at Welisara dairy project	4,774,394	8,038,361	3,263,967
The average stock at the head office	2,217,638	1,054,448	1,163,190

(y) The scope of the audit was limited due to the non-submission of detailed schedules and bank balance confirmation letters for 12 items, totaling Rs. 927,278,481, which were included in the financial statements for the reviewed year.

Auditor General Report 2021

1.2.2 Sri Lanka Poultry Development Company (Pvt.) Ltd.

Basis for a qualified opinion

According to the board's financial statements, the amount receivable from Sri Lanka Poultry Development Private Company was Rs. 4,218,655. However, according to the financial statements of that company, the amount was Rs. 1,983,595, resulting in a difference of Rs. 2,235,066.

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 Other Information included in the Annual Report 2021 of the Board

The Information, included in the Annual Report - 2021 of the Board anticipated to be provided to me after the date of this audit report, but not including in the financial statements and in my audit report in relation to that is called as the other information. Management is responsible for the other information.

My opinion on financial statements does not cover any other information and I do not express any kind of assurance or opinion on it.

In relation to my audit on the financial statements, it is my responsibility to read the other information identified above and to consider in reading so whether other information is quantitatively inconsistent with the financial statements according to my knowledge obtained during the audit or otherwise.

If I conclude that there are material misstatements when I read the Annual Report 2021 of the Board, those facts should be communicated to the controlling parties for correction. If there are any further misstatements not corrected, they will be included in the report that will be tabled by me in Parliament in due course in terms of Article 154 (6) of the Constitution.

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 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 intend 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.

1.5 Auditor's Responsibility on 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

Auditor General Report 2021

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

2.1 Specific provisions are included in the following requirements of the National Audit Act, No. 19 of 2018.

2.1.1 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 Institution as per the requirement of Section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 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.

Auditor General Report 2021

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.

2.2 Based on the procedures performed and evidence obtained were 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 Institution has any direct or indirect interest in any contract entered into by the Institution 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.

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

Reference to Laws, Rules and Direction	Observation
Section 6.5.1 of the State Enterprise Circular number PED/12 dated June 02, 2003.	Although the financial statements and draft annual report should have been submitted to the Auditor General within 60 days of the end of the financial year, the financial statements for the year 2021 were submitted on July 05, 2024.
2.2.3 to state that the Institution 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 Institution 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.	

2.3 Other Observations

- The board owned 02 animal feed production machines with a cost of Rs. 1,979,984 at two farms, and another feed production machine that was repaired in 2016 with a capital expenditure of Rs. 3,853,490 at another farm, and 04 machines at two other farms with unspecified values, all of which remained idle as of the reviewed year.
- Upon examining the goods inspection reports, it was observed that there were shortages of 260 goods items across 07 divisions within the board. However, the board had not taken any action regarding this.
- A 517-perch land located in Mahaberiyaenna was leased to a private company for 99 years at a cost of Rs. 24,418,300, and a 31-perch land located in Welisara was leased to a private garment company for 30 years at a cost of Rs. 31,600,800. Agreements had been entered into for these leases. According to Section 2 of the State Agricultural Act No. 11 of 1972 and the amendment made by Gazette No. 157 dated February 14, 1975, the functions to be performed by the board were specified. However, these lands were leased for activities unrelated to those functions.

The header section features a teal background. On the left side, there is a faint, semi-transparent image of several chickens in a nest. The text 'Auditor General Report 2021' is written in a large, white, sans-serif font on the right side of the teal background.

Auditor General Report 2021

- (d) According to the financial statements, out of the total balance of employee and other receivables amounting to Rs. 206,147,457, Rs. 78,434,501 represented balances exceeding 05 years, which remained uncollected until the end of the reviewed year.
- (e) As of December 31, 2021, the total receivable balance included money misappropriation and biological asset shortages from the manager of the Welikanda Farm, amounting to Rs. 619,484 and Rs. 10,287,510 respectively. As this manager is deceased, there is no possibility of recovering the money. However, no action had been taken regarding this.
- (f) According to the financial statements, no action had been taken to recover Rs. 2,257,400 due from the Inland Revenue Department and Rs. 9,109,693 due as Value Added Tax receivables as of the end of the reviewed year.
- (g) Within the board's financial statements, in the trade and other payables balance, there was a balance of Rs. 184,943,042 that had been outstanding for more than a year and had not been resolved.

W.P.C. Wickramaratne

Auditor General