Land Reform Commission

Ministry of Agriculture, Livestock, Land and Irrigation

Annual Report 2024

No.:475
Kaduwel Road,
Battaramulla

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

Chairman's Message

The Land Reform Commission, established by the Land Reform Act No. 01 of 1972, has made a significant contribution to the development of the country for over 50 years by implementing the provisions of the Act and the policy decisions taken by governments from time to time.

The Land Reform Commission can be described as a leading institution responsible for the proper management of land and physical resources vested in it under the aforementioned Act, utilizing them for the betterment of the people and the motherland.

Accordingly, the primary functions of the Commission are to implement the land reform process, release the statutory liabilities of the owners of the lands vested in the Land Reform Commission and finalize the compensation process, improve the productivity of the lands vested in the Commission, manage the ownership of land and physical resources and ensure their security, and maintain a land bank that may be required for the use of productive economic sectors.

We are carrying out a great task to uplift the living standards of the people who have been engaged in agricultural activities and residing on the lands owned by the Commission for a long time without any ownership of the land, by granting them ownership of a piece of land. Furthermore, it should be mentioned here that we provide a great support to the government's tax revenue by providing the lands owned by the Commission on a lease basis for agricultural activities and various investments that contribute to the country's development, and we also make an active contribution to the production process for the country.

I also wish to state that in the coming year, we expect to continue the above-mentioned tasks and, in addition to utilizing the lands and assets of the Commission for productive investments in line with the new government's policies, we also hope to work on increasing the income of the Commission, protecting the existing land resources, and providing the necessary training and welfare for the staff for that purpose.

R. K. Nihal

Chairman | Land Reform Commission

Contents

1. Summary of the implementation of the Corporate Profile

1.1 Introduction

The Land Reform Commission, established by the Land Reform Act No. 01 of 1972, as amended by the Land Reform (Amendment) Act No. 39 of 1975, the Land Reform (Amendment) Act No. 14 of 1981, the Land Reform (Special Provisions) Act No. 39 of 1981, the Land Reform (Special Provisions) Act No. 14 of 1986, and the Land Reform (Special Provisions) (Amendment) Act No. 18 of 1986, has a history spanning over half a century.

For 50 years, the role of the Commission has been guided by the provisions of the Land Reform Act as well as by policy decisions made by the government from time to time. The primary functions of the Land Reform Commission are to fulfill the legal obligations to declarants who have vested their lands, pay them compensation, utilize the vested lands for productive investments, collect the income due to the Commission, and protect the lands.

Furthermore, the Commission's activities are aimed at contributing to the success of Sri Lanka's current economic path and achieving the government's objectives and policies, particularly through the program of distributing a larger number of land plots to the public.

The following priorities have been specifically identified for the year 2024:

i. Reconciliation of land records by mapping, surveying, and valuing the lands owned by the Commission.
ii. Re-acquisition of lands allocated for non-productive investments.
iii. Under the "A Plot of Land for All" (SiyaluHimikam) program, formulating an expedited plan to distribute the Commission's available lands and, as a national task, revitalizing the program to regularize the occupancy of previously distributed lands by issuing land deeds.
iv. Income enhancement programs:

   a) Proper collection of lease payments from lands leased for agricultural and industrial projects.
   b) Obtaining compensation for lands acquired by the government.
   c) Generating income from lands vested in public institutions.
   d) Formulating a systematic program to collect lease payments that have so far been unrecoverable from lands vested in individuals on a lease basis.
   e) Collecting revenue from economic projects related to mineral resources.

To inform the staff about this role of the institution and to gather their ideas and suggestions, committees have been appointed for each function, comprising all officers of the institution, and workshops have been initiated. Staff training programs have also been conducted.

Discussions are ongoing to guide and expedite the role of the Land Reform Commission in accordance with the Land Reform Act and government policies, to make necessary decisions, and to follow up on their implementation. Moreover, direct discussions have been held with the public regarding their various issues through appointed committees, leading to prompt decisions.

In addition, on the advice of the Honorable Minister, action is being taken based on the recommendations of advisory committees with expert knowledge to identify and allocate land for productive investments.

Furthermore, under the direction, advice, and guidance of the Honorable Minister of Lands and the Secretary to the Ministry, the Land Reform Commission has made a significant contribution to the progress of the institution as well as the economic and social development of the country through the utilization of vested land resources.

1.2 Vision, Mission, and Objectives

1.2.1 Vision

To become the leading institution in managing the land and physical resources vested under the Land Reform Act for the prosperity of the people and the nation.

1.2.2 Mission

To actively contribute to national development by implementing the land reform process, enhancing the productivity of lands exceeding the ceiling for the benefit of the nation, securing and managing the ownership of physical assets, enforcing the land ceiling in a timely manner, paying due compensation, investing in economic activities, and maintaining a land bank that can be used for the benefit of future generations.

1.2.3 Objectives

i. To ensure that no person holds agricultural land in excess of the ceiling.

and

ii. To vest agricultural lands held by any person in excess of the ceiling and to utilize them in a manner that results in increased production and employment opportunities from those lands.

1.3 Role, Establishment, Composition of the Commission, and Acts Regarding Legal Power and Functions

1.3.1 Functions

1. To legalize the maximum extent of land that can be held by an individual in accordance with the provisions of the Land Reform Act.
2. To identify and vest in the Commission lands that exceed the ceiling.
3. To release legal liabilities in accordance with the provisions of the Act.
4. To pay compensation to declarants for the lands vested in the Commission.
5. To take action to return vested lands that are exempt under the Act.

6. To update the land ledger and consolidate land information by engaging with the field.
7. To contribute to the economic development of the country.
8. To contribute land to the social development of the country.
9. To implement revenue-generating projects.
10. To operate the institutional organization effectively.
11. To create a trained and efficient staff.
12. To provide the necessary physical resources and facilities to improve institutional productivity.

1.3.2 Establishment

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

1.3.3 Composition of the Commission

According to Section 45 of the Land Reform Act No. 01 of 1972, the composition of the established Land Reform Commission is as follows:

i.	Appointed by the Honorable Minister in charge of the subject	-	Chairman
ii.	Members appointed by the Honorable Minister in charge of the subject	-	05
iii.	Ex-officio members	-	03

The functions of the Commission are implemented based on the decisions taken by this Board of Directors of the Commission and with the approval of the Minister in charge of the subject. Decisions of the Board of Directors of the Commission are obtained for each function. From the year 1972 to 31.12.2024, 812 meetings of the Board of Directors of the Commission have been held.

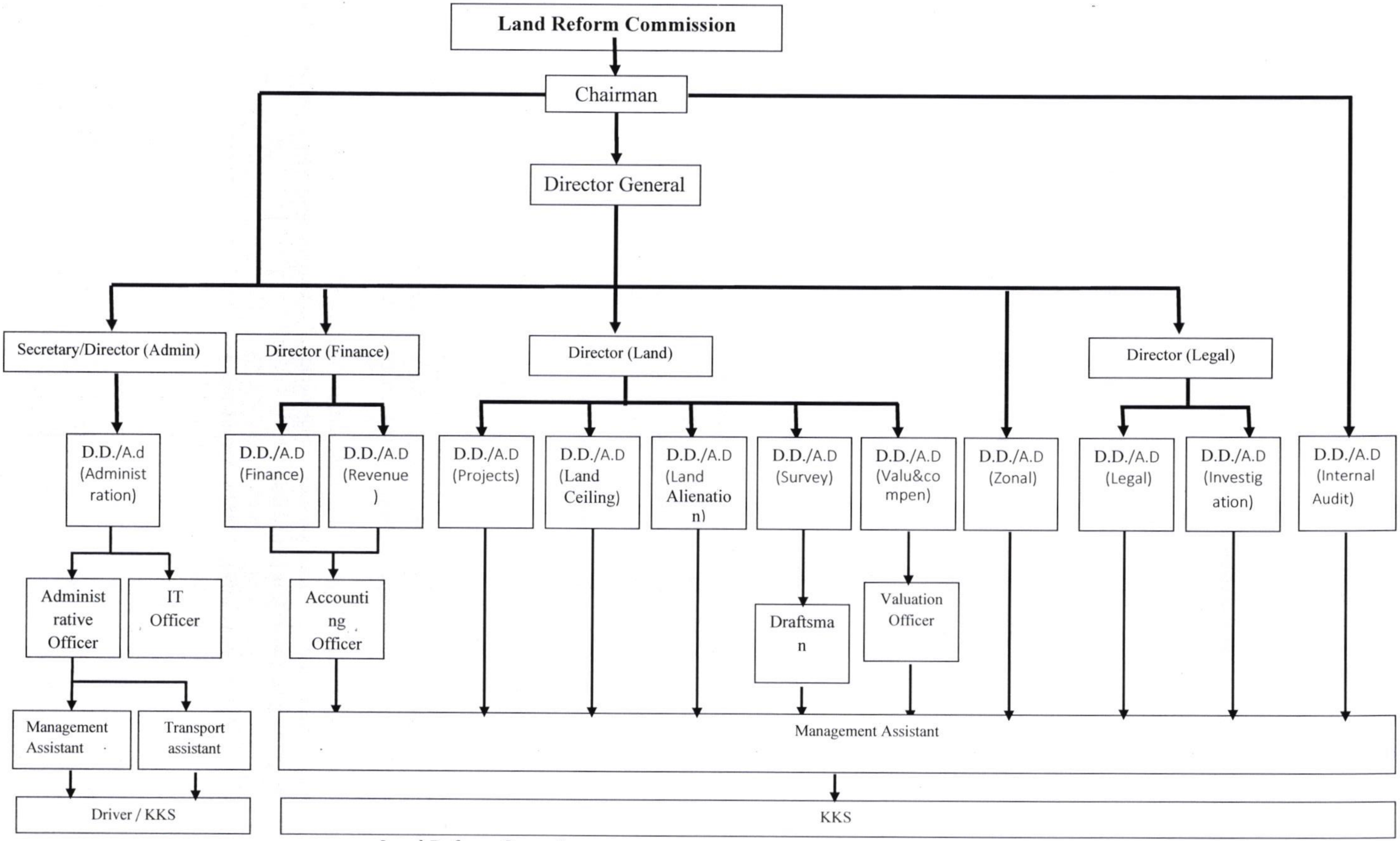
1.3.4 Acts Regarding Legal Power and Functions

i. Land Reform Act No. 01 of 19721
ii. Land Reform (Amendment) Act No. 39 of 19752
iii. Land Reform (Amendment) Act No. 14 of 19813
iv. Land Reform (Special Provisions) Act No. 39 of 19814
v. Land Reform (Special Provisions) Act No. 14 of 19865
vi. Land Reform (Special Provisions) (Amendment) Act No. 18 of 19866

According to Acts (i) and (ii), 1,809,495 acres, 3 roods, and 3.74 perches of land have been vested in the Land Reform Commission from local declarants, sterling companies, and rupee companies. Regarding the above Acts (i) and (ii),

i. Amendments are provided by Acts iii and vi.
ii. Provisions are made by Acts iv, v, and vi.

1.4 Organization Plan



1.5 Divisional and District land Reforms authorities

1.5.1 Main Divisions

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

1.5.2 District land Reforms authorities

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

- District offices administration and supervision affairs.
- Participation to the discussions and seminars held in the Ministry and Head Office.
- Participation to the mobile services held in the district for Land Reform Commission.
- Conducting all otters selections tests.
- Providing lands to the institutes and private institutes for the requirement of the government.
- Preparing and updating the district lands registers and related works.
- Updating of district land register, disposed land register and unauthorized register.
- Coordination and follow-up activities related to providing land for government development projects.
- Carrying out necessary coordination activities to acquire lands that have not been formally acquired.
- Identifying suitable land parcels for distribution, pointing them out for surveying, and assisting surveyors.
- Pointing out boundaries to allottees and performing the preliminary work for preparing deeds.
- Preparing and updating District Land Registers and related official duties.
- Updating the district's Land Register, Disposed Lands Register, and Encroachment Register.
- Preparing monthly physical and financial progress reports and submitting them to the Head Office.
- Acting upon the instructions given after discussing audit inquiries and correspondence related to the district with the Head Office.
- Appearing in court for land cases related to the district.
- Submitting the relevant information to the Information Officer at the Head Office within the stipulated time regarding requests received under the Right to Information Act.

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

Table 1 :Details of District Land Reform Authorities

Serial No:	Province	District offices	Address
1	Western province	Colombo	Central Pharmacy building, Padukka
		Kalutara	No: 184/A, Temple Road, Kalutara North
		Gampaha	Office No.22, 6th Floor, LaksiyaneMandiraya, Gampaha.
2	Southern province	Galle	No; 27, Richmond Kanda Road, Kaluwella, Galle
		Matara	No: 17/A, Dharmarathne Road, Uyanwatta, Matara
		Tangalle	Court Road, Tangalle
3	Uwa province	Monaragala	Janasavi Building, Kachcheri Junction, Monaragala
		Badulla	No: 181,Keppetipola Road, Badulla
4	Eastern province	Ampara	AG Office, Ampara
		Batticaloa	AG Office, Batticaloa
5	North province	Jaffna	AG Office, Jaffna
6	North central province	Anuradhapura	No: 388/33, 1stStage, Harischandra Mawatha, Anuradhapura
7	Sabaragamuwa province	Ratnapura	Farm Garden Watta, New Town, Ratnapura
		Embilipitiya	No.796, 2nd Mile Post, Middeniya Road, New Town, Embilipitiya.
		Kegalle	AG Office, Kegalle
8	North-Western province	Puttalam	Pambala, Kakapalliya, Madampe
		Kurunegala	No: 16, North WewaRoad, Kurunegala
9	Central province	Nuwara Eliya	I.R.D.P Building, Udupussellawa road, Nuwaraeliya
		Kandy	4th Floor, New District Secretariat, Kandy
		Matale	Divisional Secretariat, Dharmapala Mawatha, Matale.

2. Progrress and Outlook

2.1 Management and Human Resources Development Division

2.1.1 Corporate Affairs

The performance of the corporate affairs of the Land Reforms Commission in this year has been indicated in the table 02compared with the year 2024.

Table 2 : Information on the Corporate Affairs in the year 2024

Serial No:	Description	Previous year (2023)			Current year (2024)		
		No. of requests	Approved number	Balance	No. of requests	Approved number	Balance
1.	Recruitment to the service	-	02	-	-	-	-
2.	Conducting examinations	-	-	-	-	-	-
3.	Service Confirmations	-	-	-	-	-	-
4.	Promotions	-	01	-	-	03	-
5.	Salary Increment Payments	-	290	-	-	265	-
6.	Service Extensions	70	70	-	62	62	-
7.	Preparation of Recruitment Procedures	01	-	01	01	-	01
8.	Retirements from Service	-	23	-	-	10	-
9.	Resignations and Abandonment of Service	-	-	-	15	15	-
10.	Interdictions	-	01	-	-	01	-
11.	Reinstate of the service	-	01	-	-	01	-
12.	Disciplinary inquiries	-	03	-	-	04	-
13.	Approving foreign leave	-	04	-	-	06	-
14.	Trainings	18	08	10	18	07	11
15.	Cabinet Memorandums	-	03	-	-	07	-
16.	Approving loans I. Property II. Vehicles I. Others	 - - 695	 - - 695	 - - -	 - - 254	 - - 254	 - - -

2.2 Land Division

2.2.1 Land Alienation Division

Table 3 shows the performance of the land alienation division from 01.01.2024 to 31.12.2024.

Table 3 : Performance of the Land Alienation Division in the year 2024			
Serial No:	**Projects**	**Annual target**	**Number of completed**
1.	Sale of land for housing purposes and to meet livelihood needs. Granting of deeds and issuance of 'Shasanabhivandana' (deeds for religious welfare) deeds.	6000	4505

2.2.2 Projects Division

Table 04 shows the performance of the projects division from 01.01.2024 to 31.12.2024

Table 4 : Performance of the Projects Division in the year 2024			
Serial No:	**Projects**	**Annual target**	**Number of completed**
1.	Providing land for pharmaceutical projects. (Acres)	100	10
2.	Providing land for agricultural activities. (Acres)	1500	88
3.	Providing land for Ministry of Industries projects. (Acres)	50	09

❖ All disposals have been stopped by Cabinet Decision No. CP/22/1769/640/012 dated 2022.11.14 and the Presidential Secretary's letter No. PS/PSB/AS-02/LAND/2023 dated 2023.05.25.

2.2.3 Land ceiling division

Table 5 shows the performance of the Land ceiling division from 01.01.2024 to 31.12.2024.

Table 5 :Performance of the Land Ceiling division in the year 2024			
Serial No:	**Description**	**Target**	**Number of completed**
1.	Providing lands for statutory determination under the section 19	08	07
2.	Providing lands under the section 14	16	25
3.	Providing lands under the section 22 - Granting of land as intra-family transfers. - Granting of land to minors.	08	01
4.	Release of land of the non-declaration persons	08	01

- I would like to inform you that the progress mentioned above is based on the values in the deeds and gazettes provided. It is also stated for your kind information that the process is slow because the Land Commission does not have sufficient land to reduce the number of individuals.

2.2.4 State Institutions Division

Table 06 shows the performance of the State Institutions division from 2024.01.01 to 2024.12.31.

Table 06:Performance of The State Institutions Division			
Serial No:	**Description**	**Target (Acres)**	**Number of completed (Acres)**
1.	Granting by selling to local government authorities.	80	105
2.	Granting by selling to statutory boards.	3374	158

- The acreage mentioned above refers to the acreage associated with calling for reports, survey orders, submissions to the Commission, calling for valuations, informing valuations, obtaining the Minister's approval, and referring to the deeds section.

2.3 Legal Division

Table 7 shows the information on legal actions guided by the Land Reform Commission from 01.01.2024to 31.12.2024.

Table 7 : Data on the Legal Actions in the year 2024						
Seria l No:	**Description**	**Cases pending as at 2023.12.31**	**Cases concluded/ settled during the year 2024**	**The number of cases filed in 2024**		**Cases pending as at 2022.12.31**
				Filed by the L.R.C.	**Against the L.R.C.**	
1.	Supreme Court	57	05	03	08	63
2.	Appeal Court	81	15	00	20	86
3.	High Court	45	04	00	04	45
4.	District Court	767	27	00	95	835
5.	Magistrate Court	120	17	24	00	127
6.	Labor Tribunal	01	01	00	02	02
7.	Human Rights Commission	22	00	00	06	28
8.	Civil Appeal Court	30	08	00	24	46
	Total	**1123**	**77**	**27**	**159**	**1232**

2.4 Internal Audit Division

2.4.1 Power to Audit

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

2.4.2 Duties fulfilled during the year.

Table8 :Duties fulfilled during the year 2024		
Serial No:	**Description**	
1.	Office Audit	04
2.	Issuing internal audit queries according to the audit plan.	29
4.	Institutional Audit and Management Committee meetings.	02
5.	Preparing necessary reports and providing information for Committee on Public Enterprises (COPE) meetings.	
6.	Carrying out activities related to providing necessary information for the 2024 Ministerial Audit and Management Committee meeting.	
7.	Auditing bonus payment vouchers and reconciling them with no-pay leave.	
8.	Verifying salaries for all new appointments.	

3. All financial performance for the year ended on 31st day of December 2024

3.1 Introduction to Accounting Policies

3.1.1 Corporate Information

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

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

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

Principal Activities and Nature of Operation of the LRC

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

The number of employees of the Commission at the end of the year 2024 was 472.

Date of authorization for issue

The LRC's financial statements for the year 2024 were certified by the commission on 20th February 2024.

Going Concern Basis

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

Financial Period

The financial period of the Commission represents a twelve-month period from 01st January 2024 to 31st December 2024.

Basis of preparation of financial statements

Statement of compliance

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

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

Basis of measurement

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

Comparative information

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

Materiality and aggregation

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

Functional and presentation currency

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

3.1.2 Summary of Significant Accounting Policies

Property, Plant and Equipment

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

Disclosing Intangible Assets

According to the SLPSAS -20, all the intangible assets belonging to the Commission have been disclosed under intangible assets, and those intangible assets are amortized on a straight-line basis with the Commission's existing intangible assets policies. The Commission existing intangible assets value discloser later schedule no. 03

Basis of recognition and measurement

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

Depreciation

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

The estimated depreciation and amortization rates of the property, plant, and equipment, and intangible assets of the commission are categorized and disclosed below, according to the Comptroller General's office-issued assets management circularNo.1/2017 dated on 28th June 2017.

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

De-recognition

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

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

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

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

Inventories

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

Financial Assets – Initial Recognition and Measurement

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

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

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

As indicated under the financial position note number 05, long-term debtors are shown as Rs 2,135,923,858.60 out of which Rs 2,068,913,696.98 for large scale long term debtors' receivable from Janatha Estate Development Board (JEDB) and State Plantation Corporation (SPC) from the year 1986 onward. There is no difference in the amount shown in the financial statements from 1995 onwards for the same.

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

Se. No.	Name of the Organization/Institute	Receivable Starting Year	Receivable Amount (Rs.)
1	Janatha Estates Development Board/ Sri Lanka State Plantations Corporation	1986/89/95	2,068,913,696.98
2	Hadabima authority of Sri Lanka	1989	54,911,756.38
3	Election Division Co-operate Societies	1995	5,073,663.00
4	Ministry of Land	2003	3,252,654.00
5	Multiple Services Co-operate Societies	1980	2,772,088.24
Total Value			**2,134,923,858.60**

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

As a result of these discussions and correspondence documents shared between related parties and authorities Department of Public Enterprise (PED) issued a letter dated 07th March 2023 to the Commission giving instructions act according to the section 6.9 Operational Manual for State Owned Enterprises issued by the PED. Same procedure has been confirmed by the members of the cabinet decision issued on 17th July 2023. According to those two-guidance commission has appointed a five-member committee to get the recommendation to shout out existing issues according to section 6.9 in Operational Manual for State Owned Enterprises issued by the PED. Representing related receivable organizations and institutes portfolio-assigned ministries level officials. This appointed committee members already gathered four times to discuss and find out related evidence on 29th August and 07th November 2023, and 09th April, 30th May 2024.

Meantime, the members of the commission gathered for 811 commission meeting on 28th August 2024 and discussed in details above matter and finally they have issued a board resolution "since pass period the commission and related organizations and institutions have been taken various effort and steps to find out the sustainable solutionfor the aforesaid matter, specially, since 2016 onward the commission has expedited the process to resolve the above issue with relevant parties, ministries, organizations and institutions but the commission could not find the final sustainable solution. Hence, the members of thw commission give the final conclusion as vested land to the land reform commission. Also, all the receivable related to the vested land should be remained in the assounts records and books of accounts of the commission as it is. Also, amount of receivable indicating as huge amount LKR 2,068,913,696.98 in the commission books of account vannot be written off against Janatha Estate Development Board (JEDB) and State Plantation Cooperation (SPC) those receivable amount should be remained in the books of acconts of the commission as it is further".

Held-to-maturity financial assets (HTM)

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

Cash and cash equivalents

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

Written off long-term debt receivable.

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

Aggregate income receivable

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

Liabilities and Provisions

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

Cooperate Income Tax (CIT) Liabilities of the Commission

The Inland Revenue Department of Sri Lanka (IRDSL) has been issued a notice to the Commission dated on 17^{th} October 2023 saying that the commission is liable to pay the Cooperate Income tax (CIT) to IRDSL with effect from tax year 2018. Because the commission was registered to Value Added Tax (VAT) on 14^{th} June 2017 and VAT collection officially started with effect from 01^{st} July 2017. On the Other hand, the Commission name does not exist on the list of CIT relief organizations / institutions name list issued by the IRDSL. Subsequently, the Commission made an official request to

IRDSL on 24th November 2023 and 08th February 2024 requesting permission to pay the Commission periodical CIT base on the Commission financial period (from 01st January to 31st December) rather than considering IRDSL tax year. That IRDSL decision is still pending, and the commission is waiting for the decision. Also, commission paid last two years 2023 and 2022 CIT payable based on audited financial statements as Rs. 197,395,710.57 and Rs. 134,748,888.05 respectively.

Further, commission was arranged to pay CIT estimated value based on current year commission approved budgeted estimates starting on last quarter of year 2024. The CIT payable provision to the current year and pass four years for 2018, 2019, 2020 and 2021 was made the provision as based on CIT draft calculation.

Court Compensation Payable to Esufalie Company Limited

Esufalie Company Limited filed six court cases against the Land Reform Commission (LRC) was saying that LRC illegally acquired Esufalie Company Limited tea cultivated land violating LRC act clauses and provision provided by the Commission act. Court judgement issued on 23rd February 2001 from that date to 31st December 2023 the total payable compensation amount is Rs. 708,522,878.89 for those six cases. Esufalie company limited finally agreed to accept as Rs. 500,000,000.00 worth Sri Lankan Rupees for their six court cases compensation. The commission paid Rs. 500,000,000.00 on 30th April 2024 as finally agreed compensation. To the Esufalie Coompany Limited according to the cabinet decision received reference AMP/24/0177/615/002 on 27th February 2024 and other relevant approval and recommendation received from Attorney General reference letter E/79/2024 on 13th March 2024.

Contingent liabilities

Usally, the Commission estimated past and present legal actions taken by the commission obligation in future, As at 31st December 2024 the commission has not been identified any contingent liability in note no. 22, to pay for outsiders. But if any circumstances any contingent liabilities will occur for the commission, lawsuit loss occurrence probability less than 50% hence did not adjust to financial statements values and only disclosed as a note to the financial statements.

Contingent assets

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

Provisions

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

Compensation suspends payables.

Compensation suspends stage one payables.

Vested lands for the commission under the land reform act no.1 in 1972 and later that act amended in several times base on commission periodical and statutory requirements. The commission had to pay compensation to those who declared their individual, families, and organization and corporation own lands. Above vested land stage one compensation payment for individual person, families and organization started in year 1974 onward, as of now commission has paid Rs. 1,389,337,130.67 value out of Rs. 1,389,471,104.67 value out of Rs. 1,495,000,000.00. These compensations suspend stage one payment payble status remain active condition at present. Refer note no. 23 for stage one compensation payment summary.

Compensation suspends stage two payables.

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

Employee Defined benefits plan.

Method of valuation and actuarial assumptions

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

Accounting disclosures and recommendation

Following disclosures are shown in 2023 financial statements of the commission.
Present value of obligation as of 31 December 2024 was Rs. 182,039,443.00

Net liability recognized in the statement of financial position as of 31 December 2024 is Rs.182,039,443.00

The amount recognized in the statement of comprehensive income is Rs. 41,189,475.00

The Present value of defined benefit obligation (PVDBO) as of 31 December 2024 is Rs. 182,039,443.00

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

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

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

Taxation

Income tax

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

Other taxes

VAT 18% (value added tax) SSCL 2.5% (social security contribution levy) paid in respect of lease land rent and other service charges received by the commission. WHT (withholding tax) will collected by the commission as a tax agent when the commission is paying WHT deductible expenses periodically.

Deferred taxation

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

Government Contribution, Treasury Grants and Direct Remittance to Treasury

Initially, Sri Lankan treasury was provided LKR 15,000,000/-as a government contribution to LRC establishment stage and later general treasury has granted LKR 1,949,075,000/- to bear the land Reform Commission operational activities. Except for the above two treasury contributions LRC is run by utilizing the commission itself generated fund without taking government fund. During the year 2021 Commission subsequently made LKR. 350,000,000 and LKR. 750,000,000 as direct remittance to the general treasury on 16th July and 29th December 2021. During the year 2023 the commission has paid to general treasury LKR 250,000,000.00 and LKR. 100,000,000.00 on 19th September and 27th December 2023. Also for the year 2024 the commission has paid to the general treasury LKR. 15,000,000.00 on 15th May 2024.

Allocation of reserve from statement of comprehensive income

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

3.2 Statement of Financial Position

Table9 :Statement of Financial Position 31.12.2024			
Description	**Notes**	**31.12.2024**	**31.12.2023**
Assets			
Non-Current Assets			
Property, Plant, and Equipment	3	546,036,130.90	65,406,396.29
Intangible Assets			
Computer Software	3	390,314.53	1,625,231.74
Total Non-Current Assets		**546,426,445.43**	**67,031,628.03**
Investment Assets			
Lands Vested under Act No. 01 of 1972	4	905,285,000.00	905,285,000.00
Current Assets			
Inventories - Stationery	5	8,944,152.70	8,670,147.59
Trade and Other Receivables	6	3,592,435,539.96	4,002,737,774.08
Interest Receivable	7	13,367,331.11	140,948,662.16
Deposits and Advances	8	91,893,037.62	86,586,139.86
Short-term Bank Deposits and Treasury Bills	9	1,206,462,224.47	1,602,304,988.34
Cash and Cash Equivalents	10	32,275,066.34	51,166,244.51
Total Current Assets		**4,945,377,352.20**	**5,892,413,956.54**
Total Assets		**6,397,088,797.63**	**6,864,730,584.57**
Liabilities			
Accumulated Funds and Reserves			
Reserves	11	2,473,991,941.76	2,214,606,103.30
Fixed Asset Revaluation Reserve		521,976,967.55	286,401,967.55
Fixed Asset Donation Reserve		117,161.95	324,881.06
Accumulated Excess		1,939,361,823.99	2,116,741,864.69
Total Accumulated Funds and Reserves		**4,935,447,895.25**	**4,618,074,816.60**
Funds and Capital			
Government Contribution and Treasury Capital	12	499,075,000.00	514,075,000.00
Total Funds and Capital		**499,075,000.00**	**514,075,000.00**
Non-Current Liabilities			

Provision for Gratuity	13	182,432,367.64	148,284,942.46
Compensation Undisbursed Account - Phase I	25	105,528,895.33	105,662,869.33
Compensation Undisbursed Account - Phase II	26	109,959,492.95	109,959,492.95
Total Non-Current Liabilities		**397,920,755.92**	**363,907,304.74**
Current Liabilities			
Trade and Other Payables	14	198,896,657.44	717,806,610.83
Value Added Tax (VAT) Payable to the Department of Inland Revenue		4,903,368.32	4,082,487.23
Social Security Contribution Payable to the Department of Inland Revenue		732,393.53	729,457.76
Withholding Tax Payable to the Department of Inland Revenue		55,347.00	234,935.00
Pay As You Earn (PAYE) Tax Payable to the Department of Inland Revenue		3,587.66	26,717,76
Income Tax Payable to the Department of Inland Revenue	15	360,053,792.51	645,793,254.65
Total Current Liabilities		**564,645,146.46**	**1,368,673,463.23**
Total Liabilities		**962,565,902.38**	**1,732,580,767.97**
Total Funds and Liabilities		**6,397,088,797.63**	**6,864,730,584.57**

I certify that the financial statements presented on pages 12 to 17 above have been prepared and presented in accordance with Sri Lanka Public Sector Accounting Standards. These standards are issued by the Public Sector Accounting Standards Committee of the Institute of Chartered Accountants of Sri Lanka.

3.3 Statement of Comprehensive Income

Table 10: Statement of Comprehensive Income for the year Ended 2024.12.31			
Description	**Notes**	**31.12.2024**	**31.12.2023**
Income	16	689,241,625.03	835,065,640.29
Other Operating Income	17	103,237,441.08	81,501,055.78
Administrative Expenses	18	(584,917,933.16)	(523,559,520.51)
Supply and Service Expenses	19	(29,508,882.30)	(38,073,617.73)
Other Operating Expenses	20	(48,826,244.05)	(47,900,917.06)
Operating Excess		**129,226,006.60**	**307,032,640.77**
Finance Income	21	154,733,708.12	347,553,411.36
Finance Costs	22	(698,932.64)	(18,535,308.07)
Excess Before Tax		**283,260,782.08**	**636,050,744.06**
Corporate Income Tax	15	(86,794,901.70)	(197,395,710.57)
Excess After Tax		**196,465,880.38**	**438,655,033.49**
Total Comprehensive Income as at 2023.01.01		2,116,741,864.69	2,613,924,614.87
40% Reserve from Land Acquisitions, Land Sales, Paddy Land Sales		(259,385,838.46)	(214,115,687.45)
Adjustments for Prior Year	23	(114,460,082.62)	(721,722,096.22)
Total Comprehensive Income After Tax for the Year Ended 2023.12.31		**1,939,361,823.99**	**2,116,741,864.69**

3.4 Statement of Cash Flow

Table 11 : Statement of Cash flow for the year ended 31.12.2024			
Description	**Notes**	**31.12.2024**	**31.12.2023**
Cash Flow from Operating Activities		283,260,782.08	636,050,744.06
Excess from Operating Activities			
Adjustments:			
Depreciation	18	20,993,598.74	19,412,014.91
Provision for Gratuity	18.1	41,390,444.18	9,597,720.22
Investment Income	21	-	(347,553,411.36)
Finance Income	16	(154,733,708.12)	(2,930,914.72)
Finance Costs	22	698,932.64	18,535,308.07
Gain/Loss on Disposal of Fixed Assets	17	(68,410.54)	116,861.71
Adjustments for Prior Year	23	(129,548,106.17)	(273,324,552.14)
Operating Profit before Working Capital Changes		**61,993,532.81**	**59,903,770.75**
Working Capital Changes:			
Decrease or Increase in Trade and Other Payables		(516,806,484.63)	493,476,911.58
Decrease or Increase in Inventory		(274,005.11)	(1,703,962.59)
Decrease or Increase in Trade and Other Receivables		410,302,234.12	(441,606,722.08)
Decrease or Increase in Deposits and Advances		(5,306,897.76)	(5,437,017.98)
Cash Flow Generated from Operating Activities		**(50,091,620.57)**	**104,632,979.68**
Gratuity Paid		(8,725,389.00)	(10,057,255.00)
Compensation Paid		(133,974.00)	(123,100.00)
Corporate Tax Paid		(357,446,340.29)	
Net Cash Flow from Operating Activities		**(416,397,323.86)**	**94,452,624.68**
Cash Flow from Investing Activities			
Purchase of Property, Plant, and Equipment	3	(265,035,734.71)	(2,073,182.54)
Investment in Fixed Deposits and Treasury Bills		(526,026,088.20)	(723,495,068.02)
Closure of Fixed Deposits and Treasury Bills		999,868,852.07	660,574,561.36
Investment Income		279,538,191.06	333,567,447.41
Cash from Auctions and Disposal of Assets		83,010.00	271,207.00
Financial Income Received		-	2,930,914.72

Net Cash Flow from Investing Activities		**488,428,230.22**	**271,775,879.93**
<u>Net Cash Flow from Financing Activities</u>			
Remittance to Treasury	12	(15,000,000.00)	(350,000,000.00)
Finance Costs	22	(698,932.64)	(18,535,308.07)
Cash Inflows from Financing Activities		2,776,848.11	-
Cash Flow from Financing Activities		**(12,922,084.53)**	**(368,535,308.07)**
Net Change in Cash and Cash Equivalents		59,108,821.83	(2,306,803.46)
Cash and Cash Equivalents at Beginning of Year		81,166,244.51	83,473,047.97
Cash and Cash Equivalents at End of Year		**140,275,066.34**	**81,166,244.51**

3.5 Statement of the changes in equity

Table 12 Statement of the changes in equity as at 31.12.2024

Description	Government contribution Rs.	Treasury grants Rs.	Capital reserves Rs.	Cumulated excess Rs.	Total Rs.
Opening balance as at 01.01.2023	**15,000,000.00**	**849,075,000.00**	**2,058,470,379.72**	**2,613,924,614.87**	**5,536,469,994.59**
Profit Before Tax for the Year	-	-	-	438,655,033.49	438,655,033.49
Remittance to Treasury	-	(350,000,000.00)	-	-	(350,000,000.00)
Reserve Contribution	-	-	214,115,687.45	(214,115,687.45)	-
Fixed Asset Revaluation and Donation Reserve	-	-	228,746,884.74	-	228,746,884.74
Adjustments for Prior Year	-	-	-	(721,722,096.22)	(721,722,096.22)
Balance as at 2023.12.31	**15,000,000.00**	**499,075,000.00**	**2,501,332,951.91**	**2,116,741,864.69**	**5,132,149,816.60**
Opening Balance as at 2024.01.01	**15,000,000.00**	**499,075,000.00**	**2,501,332,951.91**	**2,116,741,864.69**	**5,132,149,816.60**
Profit After Tax for the Year	-	-	-	196,465,880.38	196,465,880.38
Remittance to Treasury	-	(15,000,000.00)	-	-	(15,000,000.00)
Reserve Contribution	-	-	259,385,838.46	(259,385,838.46)	-
Fixed Asset Revaluation and Donation Reserve	-	-	235,367,280.89	-	235,367,280.89
Adjustments for Prior Year	-	-	-	(114,460,082.62)	(114,460,082.62)
Balance as at 2024.12.31	**15,000,000.00**	**484,075,000.00**	**2,996,086,071.26**	**1,939,361,824.00**	**5,434,522,895.25**

3.6 Non-financial assets reporting performance.

Information on acquisition and dispose physical assets to the Commission in the year 2024 has been indicated in the table13.

Table 13 :Statement of the changes in equity as at 31.12.2024

Assets Code	Code description	Balance as per the reports of board of survey as at 31.12.2024	Balance as per the statement of financial position as at 31.12.2024	Due for accounting in the future	Reporting the progress %
1.	Land	-	403,897,706.29	-	100%
2.	Buildings	-	97,948,778.99	-	385%
3.	Vehicles	-	22,526,224.83	-	20%
4.	Furniture and Office Equipment	-	18,925,091.85	-	23%
5.	Plant and Machinery	-	2,738,328.94	-	57%
6.	Computer Software	-	390,314.53	-	-

4. Auditor General's Report

A. Auditor General's Report on the Financial Statements of the Land Reform Commission for the year ended December 31, 2024 (Appendix 01).

5. Performance Indicators

5.1 Institutional Performance Indicators (Based on the Action Plan)

Table 14: Performance Indicators as at 2024.12.31				
Serial No.	Special Indicators	Progress in Achieving Achievements to Date		
		100-90%	75-89%	50-74%
1.	Issuing deeds to individuals who have paid but not yet received their deeds.	-	75%	-
2.	Granting land by selling to local government authorities.	131%	-	-
3.	Issuing internal audit queries according to the audit plan.	-	-	73%
4.	Institutional Audit and Management Committee meetings.	-	-	50%

6. Performance in Achieving Sustainable Development Goals

6.1 Identified Relevant Sustainable Development Goals

Table 15: Statement of Changes in Equity as at 2024.12.31						
Serial No.	Goal/Objectives	**Target**	**Achievement Indicators**	**Progress in Achieving Achievements to Date**		
				0-49%	**50-74%**	**75-100%**
1.	Eradicate poverty in all its forms everywhere. • Granting land deeds for housing purposes	6000	4505	-	-	75%
2.	End hunger, achieve food security and improved nutrition, and promote sustainable agriculture. • Granting land for agricultural activities (in acres). • Granting land for medicinal projects (in acres).	1500 100	88 100	6% 10%	- -	- -
3.	Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all. • Conducting training programs. -	24	07	29%	-	-
4.	Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation. • Granting land for Ministry of Industry projects.	50	09	18%	-	-

7. Human Resources Profile

7.1 Human Resources Management

Table 16: Staff Composition

	Approved Cadre	Existing Cadre	Vacancies / (Excess)
Senior	39	40	01
Tertiary	03	02	(01)
Secondary	289	365	76
Primary	61	64	03

7.2 Human Resources Development

Table17:Training Programmes

Name of the Programme	Number of trained employees	Period of the programme	Total investment (Rs.)		Nature of the programme (Local/Foreign)	Output
			Local	Local		
Job Description of the Land Reform Commission	60	01 day	118,950	-	Local	Understanding the operational procedures of the Commission and the proper documentation and maintenance of those procedures, and consequently, learning how to prepare job descriptions.
Role and Responsibilities of the Leave Clerk	01	02 days	13,000	-	Local	Understanding the process of obtaining leave in accordance with the institutional code.
AAT Sri Lanka	01	01 day	45,000	-	Local	Gaining knowledge about the existing tax systems in Sri Lanka and how they are calculated.
Daily training workshop on fundamental accounting concepts and accounting standards impacting the preparation of final accounts in state institutions.	06	02 days	78,000	-	Local	Acquiring knowledge of fundamental accounting concepts and standards.
Regarding the role and responsibilities of the Shroff/Cashier position.	02	01 day	14,000	-	Local	Gaining knowledge about the responsibilities of a Shroff officer.
Drug prevention workshop.	80	02 days	280,622	-	Local	Becoming aware of drug prevention.
Preliminary Investigation Workshop	04	01 day	20,000	-	Local	Gaining knowledge about how to conduct preliminary investigations.

8. Compliance Report

Table18:Compliance Report				
No:	**Related requirement**	**State of compliance (Complied/not complied)**	**If it complies, brief explanation for it**	**Correct decisions actions proposed to avoid the non-compliance in the future**
1.	**Following financial statements/accounts has been presented on due date**			
1.1	Annual financial statements	Complied		
2.	**Maintaining books and registers (M.R.445)**			
2.1	Updating and maintaining the fixed assets register in terms of public Administration circular 267/2018	Complied		
2.2.	Updating and Maintaining Personal emoluments register / Personal emoluments cards	Complied		
2.3	Updating and maintaining the register of Audit queries	Complied		
2.4	Updating and Maintaining Register of Internal Audit reports	Complied		
2.5	Updating and Maintaining Register for cheques and money orders	Complied		
2.6	Updating and Maintaining inventory register	Complied		
2.7	Updating and Maintaining Stock Register	Complied		
2.8	Updating and Maintaining Liability Register	Complied		

03	**Delegation of functions for financial control (F.R.135)**			
3.1	The financial authority has been delegated within the institute	Complied		
3.2	The delegation of financial authority has been communicated within the institute	Complied		
3.3	The authority has been delegated in such manner so as to pass each transaction through two or more officers	Complied		
3.4	The controls have been adhered to by the accountants in terms of state Account Circular 171/2004 date 11.05.2014 in using the government payroll software package	Complied		
4.	**Preparation of Annual Plans**			
4.1	The annual action plan has been prepared	Complied		
4.2	The annual procurement plan has been prepared	Complied		
4.3	The annual internal audit plan has been prepared	Complied		
4.4	The annual estimate has been prepared and submitted to the National Budget Department (PED) on due date	Complied		
4.5	The annual cash flow statement has been submitted on time	Complied		
5.	**Audit Queries**			
5.1	All the audit queries have been replied within the specified date by the auditor General	Complied		

6	**Internal audit**			
6.1	The internal audit plan has been prepared at the beginning of the year after consulting the Auditor General in terms of financial Regulation 134(2) DMA/1-2019	Complied		
6.2	The replies have been provided within a period of one month for all internal audit reports	Complied		
6.3	Copies of all the internal audit has been submitted to the Management Audit Department in terms of sub-section 40(4) of the National Audit ActNo.19 of 2018	Complied		
6.4	All the copies of internal audit reports have been submitted to the Auditor General in term of F.TR. 134(3)	Complied		
7.	**Audit and Management Committee**			
7.1	Minimum 04 meetings of the Audit and Management committee has been held during the year as per the DMA Circular 1-2019	Not complied		Due to the election held in 2024 and the resignation of the former Board of Directors of the Commission, it was not possible to hold committee meetings in the last two quarters.
8.	**Asset Management**			
8.1	The information about purchases of assets and disposals was submitted to the Comptroller General's office in terms of paragraph 07 of the Asset Management Circular No.01/2017	Complied		

8.2	A suitable liaisons officer was appointed to coordinate the implementation of the provisions of the circular and the details of the nominated officer was sent to the Comptroller General's office in terms of paragraph 13 of the aforesaid circular	Complied		
8.3	The board of survey was conducted, and the relevant reports submitted to the Auditor General on due date in terms of Public Finance Circular No. 05/2016.	Complied		
8.4	The excesses and deficits that were disclosed through the board of survey and other relating recommendations, were carried out during the period specified in the circular	Complied		
8.5	The disposal of condemn articles had been carried out in terms of FR 772	Complied		
9	**Motor Vehicle Management**			
9.1	The daily running charts and monthly summaries of the pool vehicles had been prepared and submitted to the auditors General on due date	Complied		
9.2	The condemned vehicles had been disposed of within a period of less than 6 months after condemning	Not complied.		One vehicle was in the process of being repaired according to procurement procedures. However, based on the recommendation of the mechanical engineer, it

				was advised that repairing it is not suitable, and it should be disposed of through a formal auction. After identifying that the vehicle should be condemned by a Special Survey Board as per Financial Regulation 770(4), a valuation committee has been appointed to obtain the current appraisal of the vehicle, and the relevant further actions are being taken.
9.3	The vehicle logbooks had been maintained and updated them.	Complied		
9.4	The action has been taken in terms of F.R. 103,104,109 and 110 with regard to every vehicle accident	Complied		
9.5	The fuel consumption of vehicles has been re-tested in terms of in terms of the provisions of paragraph 3.1 of the Public Administration Circular No.30/2016 of 29.12.2016.	Complied		
9.6	The absolute ownership of the leased vehicle logbooks has been transferred after the lease term	Complied		
10	**Bank Accounts Management**			
10.1	The bank reconciliation statement had been prepared, got certified and made ready for audit by the due date.	Complied		
10.2	The dormant accounts that had existed in the year under review or since previous year settled	Complied		

10.3	The action had been taken in terms of Financial Regulations regarding balances that had been disclosed through bank reconciliation statements and for which adjustments had to be made, and those balances been settled within one month	Complied		
11	**Public officers' advances account**			
11.1	The limit has been complied with	Complied		
11.2	Time analysis has been made on arrears loan balances	Complied		
11.3	The loan balances in arrears for over one year had been settled	Complied		
12	**Revenue Account**			
12.1	Returns of arrears of revenue has been forward to the Auditor General in terms of FR 176.	Complied		
13	**Human Resource Management**			
13.1	The staff had been maintained within the approved cadre	Not complied		Regarding this, a Cabinet decision (No. CP/24/0689/615/013 dated 2024.06.13) has been received, and a Commission decision has also been made. Accordingly, arrangements are underway to conduct an interview to integrate the staff into the approved cadre.
13.2	All members of staff have been issued a duty list in writing	Complied		

13.3	All reports have been submitted to Management Servi8ses Department in terms of MSD circular No.04/2017 dated 20.09.2017	Complied		
14	**Provision of information to the public.**			
14.1	In terms of the Right to Information Act, an Information officer has been appointed and information giving register has been maintained and updated	Complied		
14.2	Information about the institution to the public have been provided by website or alternative measures and it has been facilitated to appreciate /allegation to public against the public authority by the website or alternative measures	Complied		
14.3	Reports have been submitted twice a year or once a year as per section 08 and 10 of the Right to Information Act.	Complied		
15	**Preparation of the Human Resource Plan**			
15.1	A human resource plan has been prepared in terms of the format in Annexure 02 of Public Administration Circular No.02/2018 dated 24.01.2018	Complied		
15.2	A minimum training opportunity of not less than 12 hours per year for each member of the staff has been ensured in the aforesaid Human Resource Plan	Complied		

15.3	Annual Performance Agreements have been signed for the entire staff based on the format in Annexure 01 of the aforesaid Circular.	Complied		
15.4	Having appointed a senior officer with the responsibility of preparing of human resource development Plan, development of capacity development Programs, implementation of sills development programs as per paragraph 6.5 of the above Circular.	Complied		
16	**Responding to Audit Paragraphs.**			
16.1	Rectification of deficiencies pointed out in audit paragraphs issued by the Auditor General for past years.		A significant number of deficiencies pointed out in the audit paragraphs have been rectified, and work is underway to correct the remaining ones.	

My No. ARI/G/LRC/FA/01/2024/260 Date 30 June 2025

Chairman

Land Reform Commission

Auditor General's Report on the Financial Statements for the year ended 31 December 2024 and Other Legal and Regulatory Requirements of the Land Reform Commission in terms of Section 12 of the National Audit Act, No. 19 of 2018.

---

1. Financial Statements

1.1 Disclaimer Opinion

The financial statements for the year ended 31 December 2024, comprising the statement of financial position as at 31 December 2024, and the statement of financial performance, statement of changes in equity, and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, were audited under my direction in pursuance of provisions of the Finance Act No. 38 of 1971 and the Land Reform Act No. 1 of 1972, the National Audit Act No. 19 of 2018 read in conjunction with Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. My report will be tabled in Parliament in due course in terms of Article 154(6) of the Constitution.

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

1.2 Basis for Disclaimer of Opinion

(a) Contrary to Paragraph 40 of Sri Lanka Public Sector Accounting Standard No. 07, which requires the entire class of assets to be revalued when an asset is revalued, only the remaining buildings were revalued without revaluing the building located in Karandeniya and the Lindula tourist bungalow.

(b) Buildings with a pre-revaluation value of Rs. 14,804,400 were revalued to Rs. 17,900,000. Although the total revalued amount was accounted for, the failure to remove the previous value of Rs. 14,800,400 from the accounts resulted in the cost of buildings being overstated by that previous value. Furthermore, the amount to be credited to the revaluation surplus for the revalued buildings should have been Rs. 7,161,122, but Rs. 17,900,000 was credited, causing the revaluation surplus to be overstated by Rs. 10,738,876. Moreover, the disclosures required under Paragraph 90 of Sri Lanka Public Sector Accounting Standard No. 07 for a class of property, plant, and equipment stated at revalued amounts had not been made.

(c) The annual depreciation of buildings was overstated by Rs. 2,703,876, resulting in the profit for the year under review being understated and the accumulated depreciation being overstated by that amount.

(d) The quantity of land identified in the land register as remaining with the Commission after disposing of lands acquired since its establishment in 1972 was 279,208 hectares (including 4,833 hectares of leased land). However, the financial statements as at 31 December 2024 disclosed a value of Rs. 905,285,000 for only 2,144 hectares that had been assessed.

(e) Sales revenue was overstated by Rs. 1,460,000, as an advance received for land sales during the year under review was included in sales revenue.

(f) Lease rental income for the years 2022 and 2023 amounting to Rs. 660,000, received for the lease of Muhamalai Thottam lands, was accounted for as lease rental income for the year under review, thus overstating the lease rental income for the year by that amount.

(g) The accuracy of the balances related to quarry leases, land leases, and trade and other receivables and payables shown in the financial statements could not be confirmed in the audit due to the absence of formal agreements, the existence of long-outstanding unrecovered balances, failure to settle payable balances, and the non-receipt of confirmations for 54 receivable balances worth Rs. 466,314,236 and 17 payable balances worth Rs. 7,105,291.

(h) The compensation payable as at 31 December 2024 for lands vested from plantation companies and individuals under the Land Reform Act No. 01 of 1972 amounted to Rs. 215,488,388. However, the accuracy of this balance could not be confirmed as acceptable evidence regarding compensation payments for the two schedules presented (Phase I and II) was not submitted for audit.

(i) Five state institutions had notified that they had no outstanding balances payable to the Commission, despite receivable balances totaling Rs. 2,134,923,858, which have been outstanding for over 20 and 30 years. The Commission did not possess documents to substantiate that these balances were recoverable, making their collection uncertain. As no provision had been made, the accuracy of the said balance could not be confirmed.

(j) The trade and other receivables in the financial statements for the year under review amounted to Rs. 3,600,705,896, which included balances outstanding for over 5 years, over 10 years, and over 20 years amounting to Rs. 307,034,880, Rs. 161,394,692, and Rs. 2,346,279,038, respectively. No provision had been made to date for these long-outstanding balances of Rs. 2,814,708,610, for which recovery is uncertain, except for a provision of Rs. 8,270,355 made in the year 1988.

(k) The Commission had failed to identify and account for usage fees amounting to Rs. 31,688,608 receivable for 812 acres, 2 roods, and 22 perches of land leased to the Coconut Cultivation Board.

1.3 Other Information Included in the Commission's 2024 Annual Report

As described above, I was unable to confirm or verify through alternative methods the quantitative items included in the statement of financial position, statement of comprehensive income, statement of changes in equity, and statement of cash flows. Consequently, I was unable to determine whether any adjustments were necessary in respect of recorded or unrecorded values or transactions of the items that make up the statement of financial position, statement of comprehensive income, statement of changes in equity, and statement of cash flows.

Other information consists of the information included in the Commission's 2024 Annual Report, which I obtained prior to the date of this audit report, but does not include the financial statements and my audit report thereon. Management is responsible for the other information. My opinion on the financial statements does not cover the other information and I do not express any form of assurance or opinion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information that I obtained prior to the date of this audit report, I conclude that there is a material misstatement of this other information, I am required to report that fac1t. I have nothing to report in this regard.

1.4 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Commission's financial reporting process. As per Section 16 (1) of the National Audit Act, No. 19 of 2018, the Commission is required to maintain proper books and records of 2its income and expenditure, assets, and liabilities, to enable the preparation of the annual and periodic financial statements of the Commission.

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

My responsibility is to issue an auditor's report on the Commission's financial statements based on an audit conducted in accordance with Sri Lanka Auditing Standards. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

2. Report on Other Legal and Regulatory Requirements

2.1 The National Audit Act, No. 19 of 2018 includes special provisions regarding the following requirements.

2.1.1 As required by Section 12(a) of the National Audit Act, No. 19 of 2018, I have not obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit, and I was unable to determine whether proper accounting records have been kept by the Commission.

2.1.2 As required by Section 6(1)(d)(iii) of the National Audit Act, No. 19 of 2018, the financial statements of the Commission are consistent with the preceding year.

2.1.3 As required by Section 6(1)(d)(iv) of the National Audit Act, No. 19 of 2018, except for the observations in paragraphs 1.2 (f), (l), and (j) in the Basis for Disclaimer of Opinion section of this report, the recommendations made by me in the preceding year have been included in the presented financial statements.

2.2 Based on the procedures followed and evidence obtained, and limited to material matters, nothing has come to my attention to state the following.

2.2.1 As required by Section 12(d) of the National Audit Act, No. 19 of 2018, that any member of the governing body of the Commission has any direct or indirect interest in any contract entered into by the Commission, which is outside the normal course of business.

2.2.2 As required by Section 12(e) of the National Audit Act, No. 19 of 2018, that any action has been taken that is inconsistent with any applicable written law or any other general or special direction issued by the governing body of the Commission, with the exception of the following observations.

Reference to Law/Rule/Direction	Non-compliance
(a) Section 44(o) of the Land Reform Act, No. 1 of 1972	Contrary to the section, which mandates the establishment of a provident fund for persons employed by the Commission and the provision of welfare, recreational facilities, housing, dormitories, and other accommodations, the Commission has been providing 20 perches of land at a value of Rs. 1,000 per perch to employees with 5 years of continuous service. According to information presented to the audit, from 2009 to the year under review, 395 officers had been granted 49 acres and 35.64 perches of land. An advance of Rs. 1,200,000 was also collected from 120 employees at a rate of Rs. 10,000 each with the intention of providing land in the future.
(b) Chapter V, Section 1.1 of the Establishments Code of the Democratic Socialist Republic of Sri Lanka	Although an officer holding a post in the public service must be released from that post to accept another post in the public service, an officer, while serving as the Project Director of the Land Reform Commission from 23 October 2020 to 31 March 2022, had joined the Maga Neguma Road Construction Machinery Company as the Deputy General Manager (Administration) on a permanent basis subject to a one-year probationary

	period from 01 January 2021 and had drawn salaries and allowances from both institutions during the same period. Accordingly, it was observed that the Commission had paid a sum of Rs. 2,038,979 as salaries and allowances from October 2020 to March 2022 without considering the attendance and service provided by the said officer, and this amount had not been recovered as of 31 December of the year under review.

2.2.3 As required by Section 12(f) of the National Audit Act, No. 19 of 2018, that any action has been taken which is inconsistent with the powers, functions, and duties of the Commission.

2.2.4 As required by Section 12(g) of the National Audit Act, No. 19 of 2018, that the resources of the Commission had not been procured and used economically, efficiently, and effectively within the timeframes and in compliance with applicable laws and regulations.

2.3 **Other Matters**

a) Although Rs. 2,311,017 due from individuals who leased 08 land lots in the Kalutara and Gampaha districts, shown under miscellaneous debtors in the financial statements, had been in arrears for over 25 years, no action had been taken to recover the said lease amounts.

b) The land sales advance balance as at 31 December of the year under review was Rs. 11,322,992, which included a balance of Rs. 11,202,992 that has been outstanding for over 12 years. Action has not yet been taken to identify and settle the lands corresponding to this sales advance balance.

c) The land lease rental advance account balance as at 31 December of the year under review was Rs. 14,080,850. This includes advance payments totaling Rs. 11,215,850 from 269 individuals that have been held for over 19 years. The Commission has neither legally leased the respective lands nor refunded the advances.

d) It was observed that the balance of Rs. 6,582,904 for legal document stamp fee advances, included under trade and other payables in the Commission's financial statements, has remained unsettled for more than 3 years.

e) The 'A land for all' ('Siyumata Himi Bimak') deed distribution ceremony was held on 30 March 2024 at the Bogambara Stadium in Kandy, in conjunction with the 'Urumaya' deed distribution ceremony. Approximately 2,700 deeds were distributed, and an expenditure of Rs. 10,106,158 was incurred for this event.

f) No action had been taken regarding the recommendations given by the Committee on Public Enterprises (COPE) on 26 April 2023. These recommendations included: identifying the lands and boundaries of lands belonging to the Commission; submitting a report with details of all lands disposed of to date; completing the issuance of deeds under the state policy of regularizing unauthorized occupants within 06 months; submitting progress on the removal of old debtor balances; launching special fast-tracked projects using necessary technological facilities to scan and preserve files; preparing a formal methodology to accurately identify income from lands; preparing a methodology for measuring the quantity of quarried rock; identifying responsible officers for irregularities such as the lack of lease agreements and preparation of lease ledgers and taking disciplinary action and follow-up; and conducting an investigation into the organic fertilizer project and taking further action.

g) For the purpose of paying compensation for vested lands, a reserve was created and maintained by annually setting aside 40 percent from the income from land disposals, land sales, and paddy land sales without formal approval. The value of this reserve as at 31 December of the year under review was Rs. 2,474 million. However, a sum of nearly Rs. 2,535 million had been spent from time to time for purposes other than the one for which the reserve was created.

h) The Cabinet decision dated 27 June 2018, No. CP/18/1126/829/002, granted approval to recruit 214 officers for a period of one year to achieve the objectives of transferring agricultural lands, transferring lands for investment, and transferring lands for statutory determinations. It stated that the service of these officers could be extended for a period of 3 years based on their performance. Accordingly, although approval was granted to recruit an approved staff of 11 Senior Management, 09 Middle Management, 21 Junior Management, 153 Management Assistants, 10 Office Assistants, and 10 Drivers, contrary to this, 12 extra Management Assistants and 08 extra Office Assistants were recruited. Furthermore, without achieving the intended objectives and after the completion of the said 3 years, permanent appointments were given to 138 Management Assistants, 10 Drivers, and 16 Office Assistants without the approval of the Department of Management Services.

i) Sixteen officers recruited under the Cabinet decision dated 27 June 2018 were given permanent appointments without the approval of the Department of Management Services, despite the intended objectives of the recruitment not being met. They were also granted 20 perches of land each at a value of Rs. 1,000 per perch. Furthermore, one of them had left the service of the Commission in February 2025.

j) Although 34 Management Assistant positions and 04 Primary grade positions were filled (on a contract basis) as per the Land Reform Commission paper No. 11384 dated 26 March 2021, approval from the Department of Management Services had not been obtained.

G.H.D.Dharmapala
Auditor General (Acting)