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நெல் சந்தைப்படுத்தல் சபை

PADDY MARKETING BOARD

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ஆண்டறிக்கை

ANNUAL REPORT

2019

The report presented to the Hon. Minister of Agriculture in terms of clause 31(1) of the Paddy Marketing Board Act No. 14 of 1971 in relation to the use of the Boards powers and performance in respect of its responsibilities, functions, policies and programs during the year ending on 31st December 2019.

Contents

Vision

To function as the principal agent of the Government for the purchase storage, processing and marketing of paddy and rice.

Mission

To successfully perform the processes of paddy purchasing, storing, processing and marketing in a manner that satisfies the producer and the consumer through a staff, knowledgeable and competent.

Functions

Purchasing paddy
Marketing paddy
Supplying paddy
Pounding paddy
Winnowing paddy
Processing rice
Marketing rice
Determining a guaranteed price for paddy

02. Board of Directors and Senior Management 2019

2.1 In 2019 the Board of Directors of the Paddy Marketing Board consisted of the following members.

1.	Mr. Kasthuri Anuradhanayake (96 Board of Directors from 21.03.2019 to 08.11.2019 104 Board of Directors)	Chairman Paddy Marketing Board
2.	Mr. D.M.S.B. Wijekoone (96 Board of Directors from 21.02.2019 to 08.11.2019 104 Board of Directors)	Deputy Chairman Paddy Marketing Board
3.	Mr. B.K.R. Balasuriya (96 Board of Directors from 21.02.2019 to 08.11.2019 104 Board of Directors)	Director Department of Treasury Operations
4.	Mrs. J. Krishnamurthi (96 Board of Directors from 21.02.2019 to 08.11.2019 104 Board of Directors)	Food Commissioner Department of the Food Commissioner
5.	Mr. S.L. Naseer (96 Board of Directors from 21.02.2019 to 13.06.2019 101 Board of Directors)	Commissioner of Co-operate Development Department of Co-operative Development
6.	Mr. Suwinda S. Singappuli (102 Board of Directors from 09.07.2019 to 08.11.2019 104 Board of Directors)	Commissioner of Co-operate Development Department of Co-operative Development
7.	Mr. W.M.M.B. Weerasekara (96 Board of Directors from 21.02.2019 to 08.11.2019 104 Board of Directors)	Commissioner General Agrarian Services Development Department of Agrarian Services

During 2019 the Board of Directors held 09 meetings. Law officer Mrs. K. Nisansala Dilhani functioned as Secretary to the Board of Directors.

2.2 Senior Management of the Paddy Marketing Board 2019

Mr. S.M. Saman Palitha Bandara
Deputy General Manager (Operations)

Mr. J.P.M.M.K. Jayaweera
Deputy General Manager (Finance)

Mr. C.K. Udakumbura
Deputy General Manager (Administration)

Mrs. A.M. Jayasinghe
Accountant

Mr. A.M.U.N. Atapattu
Internal Auditor

Mrs. K.N. Dilshani
Law Officer

Mr. R.M.A. Ratnayake
Regional Manager, Polonnaruwa (up to 18.04.2019)

Mr. A.G.N. Ekanayake
Regional Manager, Ampara (up to 19.12.2019)
Acting Regional Manager, Polonnaruwa (from 17.10.2019 to 02.12.2019)
Regional Manager, Polonnaruwa (from 02.12.2019)

Mr. W.R.A. Shantha Kumara
Regional Manager, Ampara (from 20.12.2019)
Regional Manager, North

Mr. N. Suranga Senanayake
Regional Manager, South (from 01.01.2019 to 29.04.2012)

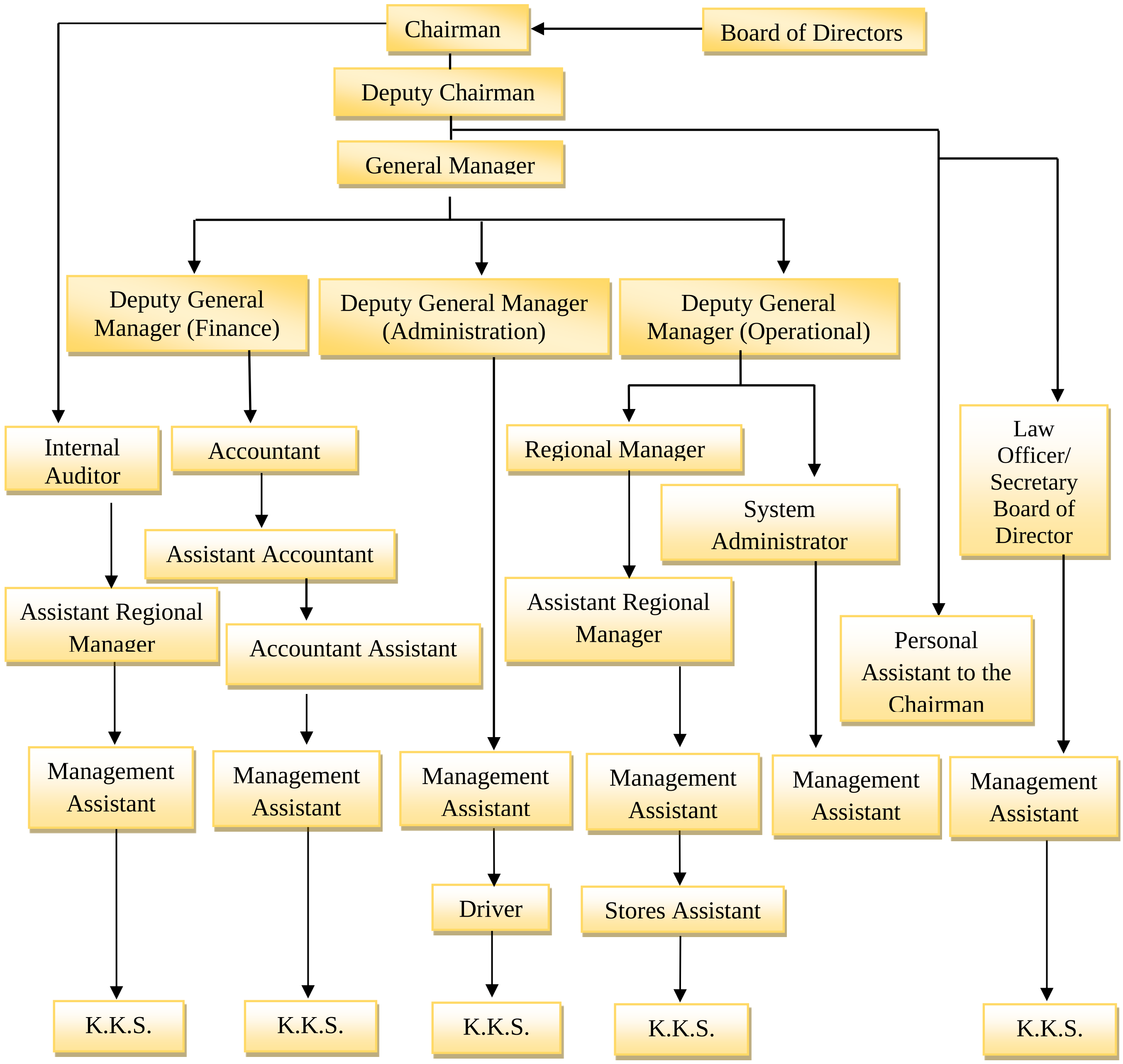
Mr. P.K.H.R. Weranga
Acting Regional Manager, South (from 30.04.2019 to 20.12.2019)
Acting Regional Manager, North Western (from 24.12.2019)

Mr. T.L. Bandula
Acting Regional Manager, South (from 21.12.2019)
Acting Regional Manager, Eastern (from 24.06.2019)

Mr. W.M.N.R. Weerasekara
Regional Manager, Eastern
(up to 20.06.2019)

Mr. T.M.N. Tennakoone
Regional Manager, Anuradhapura
Acting Regional Manager, North Western
(from 30.04.2019 to 23.12.2019)

03. The organization structure of the Paddy Marketing Board – 2019



3.1 Details of the Staff from 31.12.2019

Seri. No.	Post	Class/ Grade	Salary Code	Approved Cadre	Present Staff	Vacancies
01	General Manager	Grade II	HM 2-1-2016	01	-	01
02	Deputy General Manager (Operational)	Grade II	HM 1-1-2016	01	01	-
03	Deputy General Manager (Finance)	Grade II	HM 1-1-2016	01	01	-
04	Deputy General Manager (Administration)	Grade II	HM 1-1-2016	01	01	-
05	Law Officer	Grade II	MM 1-1-2016	01	01	-
06	Internal Auditor	Grade II	MM 1-1-2016	01	01	-
07	Accountant	Grade II	MM 1-1-2016	01	01	-
08	Regional Manager	Grade II	MM 1-1-2016	07	07	-
09	Assistant Accountant	Grade II	JM 1-1-2016	07	07	-
10	System Administrator	Grade II	JM 1-1-2016	01	01	-
11	Assistant Regional Manager	Grade III	MA 3-2016	120	90	30
12	Personal Assistant to the Chairman	Grade III	MA 2 -2016	01	01	-
13	Accountant Assistant	Grade III	MA 2 -2016	02	02	-
14	Management Assistant	Grade III	MA 1-1-2016	64	61	03
15	Stores Assistant		PL 3- 2016			
16	Driver	Grade III	PL 3- 2016	08	07	01
17	K.K.S.	Grade III	PL 1- 2016	13	13	-
Total				230	226	04

Development Officers – 25*

* Development officers have been assigned by the Ministry of Agriculture, Rural Economic Affairs, Livestock Development, Irrigation and Water Resources Development.

04. Review by the Chairman

The main objectives of the Paddy Marketing Board established under the Paddy Marketing Board Act No. 14 of 1971 are as follows.

1 Maintaining an enterprise for the purchase, marketing, supply and distribution of paddy and rice.
2 Maintaining an enterprise for the pounding winnowing and processing of paddy and rice.
3 Maintaining some other business activities incidental or helpful for the accomplishment of the objectives set out in (1) and (2) above.
4 Accomplishment of all activities required for the proper continuation of business affairs as intended by the Board.

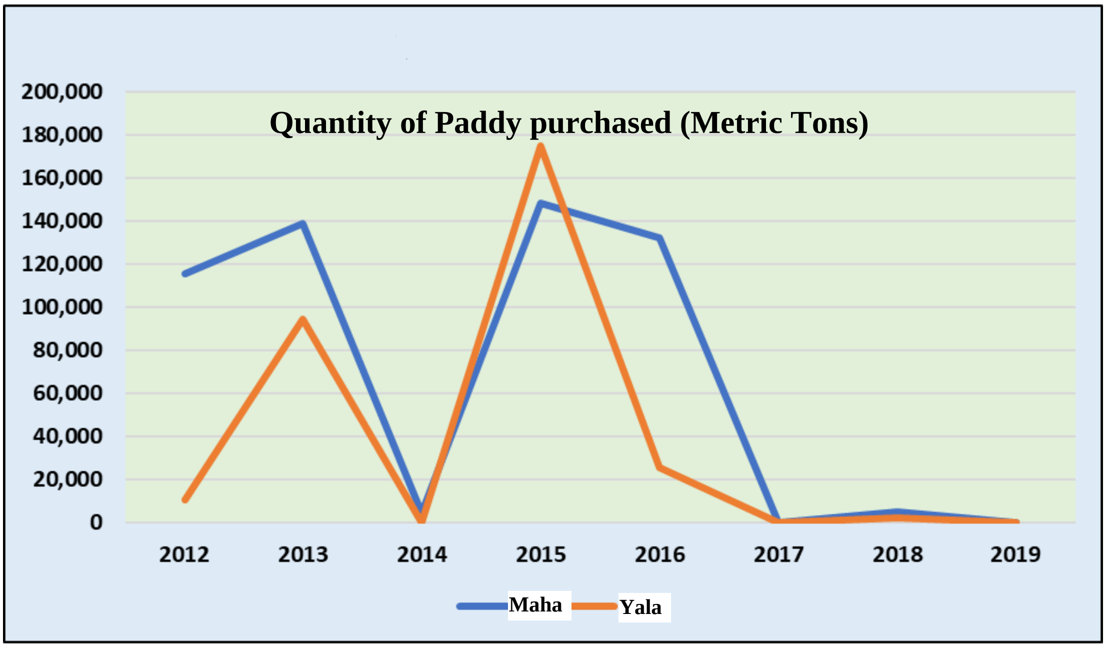
The Paddy Marketing Board which was reestablished in terms of a decision of the Cabinet taken on 15th July 2007, again commenced active involvement in the tasks of buying storing and marketing of paddy,

While His Excellency the President and the Cabinet of Ministers gave instructions for the expeditious implementation of paddy purchasing activities in respect of the Maha season 2018/2019 in 2019 in accordance with the paddy purchasing policy of the government, the program was carried out the direction of the District Secretaries with the close supervision of the Paddy Marketing Board. The responsibility of maintaining records relating to receiving stocks and storage in the process of paddy purchasing has been entrusted to officers of the Paddy Marketing Board. The District Secretaries had decided to buy a kilogram of Samba and Keeri Samba that conform to a proper standard at a guaranteed price of Rs. 41 and a Kilogram of Nadu rice at Rs. 38. The relevant stores had a sufficient capacity to store the quantity of rice received from the 2018/2019 Maha season harvest. Some excess capacity remained in the stores. This was made available in case more paddy was bought. There was no paddy purchase by the Paddy Marketing Board from the Yala season of 2019. The fact that paddy carried a higher price in the private market and a decline in the harvest contributed to this situation.

From 2009 up to 2019 credit amounting to Rs. million 37,005.5 had been obtained for paddy purchasing from the General Treasury, Bank of Ceylon, People Banks and the National Savings Bank. The amount repaid by 2019 amounted to Rs. million 19,100.9. By 31.12.2019 a sum of Rs. million 17,904.6 remained to be repaid from the total borrowings.

The quantities of Paddy purchased during the immediately preceding 8 years are as follows.

Season	**Quantity of Paddy purchased (metric tons)**							
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Maha	115,786	138,650	4,576	148,369	131,981	-	4,605	-
Yala	10,476	94,376	-	175,266	25,447	-	2,082	-
Total	**126,262**	**233,026**	**4,576**	**323,635**	**157,428**	**-**	**6,687**	**-**



Obstacles and challenges

The fact that farmers did not have facilities to dry and transport paddy, the need to sell paddy stocks at lower price to mill owners to clear the stores, some stores not having proper standards a shortage of trained officers can be mentioned as obstacles and challenges that the Paddy Marketing Board had to face during this year. However it has to be mentioned that even with the very difficult period following the Easter day terrorist attacks, the Paddy Marketing Board acted with a great commitment for the welfare of the entire farming community of Sri Lanka. At a time where even the cultivation of paddy suffered a setback, in this national crisis, it is surely commendable that the Paddy Marketing Board faced this challenge with great responsibility.

In formulating future plans the Paddy Marketing Board has already taken steps in consultation with representation of farmer's organization and mill owners. Further in implementing plans to active its objectives the Paddy Marketing Board has taken the following steps in 2019.

1. Recruitment of new officers.

After the re-establishment of the Paddy Marketing Board, structural challenges are being made in a systematic manner. Accordingly, as a first step an administration section was established a systems administrators post and seven posts of Assistant Accountants to cover the seven areas were created and, with the approval of the Board of Directors, suitable officers have been appointed to these positions. In addition, the basic structural changes that should be made were identified and action was taken to take the necessary steps to formulate specific proposals for the restructuring during this year. At the same time attention was paid during this year to identify and implement office systems and systematic administration mechanisms.

2. Construction of Regional Offices and stores offices.

The Treasury provides limited contributions for the modernization of the stores of the Paddy Marketing Board. Hence it was necessary to prioritize taking into account the regional requirements. The storehouses are being renovated to make them suitable to store paddy. Also it is planned to construct paddy storehouses to help farmers to sell their paddy. Within the zones 9 storehouses and other buildings are being constructed. In 2019 for these an expenditure of Rs. 13.2 million has been incurred.

3. Construction of threshing floors.

An important activity carried out in 2018 was the construction of threshing floors in response to a pressing demand by the farmers to get their paddy dried, Under the program of establishing threshing floors in store house premises of the Paddy Marketing Board with space in all the zones, construction work has commenced for 4 threshing floors in Pallemalala, Weerawila, Kachchigalara and Kuttigala. In 2019 this work was continued further. In this way, if farmers who bring paddy to the storehouses find that their paddy is not dried well enough, without additional difficulties they can get the paddy dried in the stores premises themselves, and then to sell their paddy.

4. Stocking paddy on a scientific basis.

In stocking paddy a loss of 3% is reported. This loss can be minimized by using scientific methods of storing. As a pilot project steps have been taken to brand stocks so that the verification activities of stocks will be facilitated. It is hoped to adopt this method in all the storehouses so that loss of stocks will be minimized.

5. Commencement of the PMB Branded Rice Programme.

With the objective of protecting the farmer as expected by the Government the Branded Rice Programme was implemented from the beginning of 2019 in an efficient manner. In this way when paddy prices go up, as at present there are no rice mills under the PMB, it is expected to get private mills to convert paddy to rice and to issue this rice as 'PMB rice' to wholesalers, super markets and the cooperative and CWE network of shops. This program which was started with the approval of the Cabinet commenced in the southern and Ampara zones. Under this program a training work shop on rice processing was held in the post-harvest technology institute at Anuradhapura.

In the course of this, after selecting mill owners agreements were entered upon with them and after securing bonds, issuing paddy stocks to the mill owners and the purchasing of polysac bags for stocking paddy were carried out. At the same time a committee to determine prices at which paddy stocks will be issued was proposed.

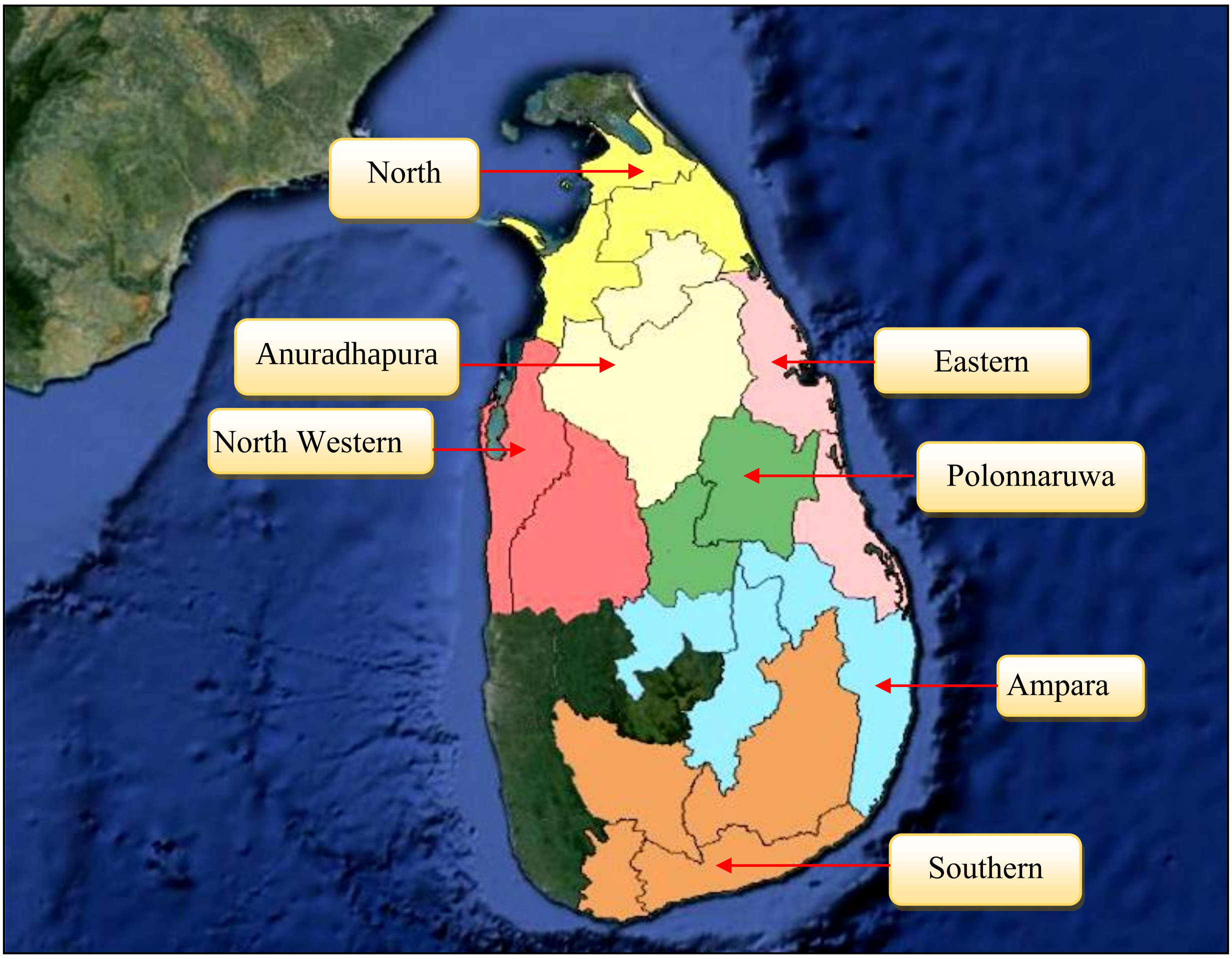
Under this program 45,800 kilograms of rice was issued to the National Food Promotion Board. However, it has to be mentioned that in this process, due to certain shortcomings and weaknesses and the absence of a proper management the PMB had to suffer a considerable loss. The absence of proper feasibility studies and a market study also influenced this situation. Taking all these into consideration in 2019 itself this project was suspended.

Stock Management

The activities of the PMB are not conducted with the objective of project maximization as a pure commercial enterprise. If has as its priorities maintaining a high price for paddy for the protection of paddy farmers and ensuring food security while maintaining a concessionary price in the interests of the consumer. However, the attention of the Board is directed towards issuing paddy stocks according to a well thought out business plan so that the costs incurred by the government will be minimized. To achieve this goal stores will be modernized, storage systematized, all information pertaining to paddy stocks updated and fed into the internet and a data base maintained.

Chairman
Paddy Marketing Board

5. The distribution of the Regional Offices of PMB



5.1 Addresses of the Regional Offices of the PMB

01. Regional Manager
    Paddy Marketing Board
    North Zonal Office
    Karadapokku junction
    Kilinochchi

02. Regional Manager
    Paddy Marketing Board
    Polonnaruwa Zonal Office
    Kaduruwela
    Polonnaruwa

03. Regional Manager
    Paddy Marketing Board
    Anuradhapura Zonal Office
    Purahala Place
    2nd Cross Road
    Anuradhapura

04. Regional Manager
    Paddy Marketing Board
    North Western Zonal Office
    Millagoda
    Nikaweratiya

05. Regional Manager
    Paddy Marketing Board
    Eastern Zonal Office
    District Secretariat Premises
    Trincomalee

06. Regional Manager
    Paddy Marketing Board
    Ampara Zonal Office
    Inginiyagala Road
    Ampara

07. Regional Manager
    Paddy Marketing Board
    Southern Zonal Office
    Dehigahalanda
    Ambalantota

06. Zones coming under the PMB and the extent of paddy land cultivated in the districts falling within these zones.

6.1 Zones coming under the PMB

6.1.1 Anuradhapura Zone

Office of the Anuradhapura Zone

The 23 Divisional Secretariat Division of the Anuradhapura District, Divisional Secretariats of the Matale District belong to the Anuradhapura Zone. 45 Agrarian Service Centers come under this zone. About 15 tanks with a high-water capacity including Kalawewa, Nuwarawewa, Naachaduwa, Rajanganaya, Tissawewa, Wahalkada, Padaviya, Huruluwewa, Abhayawewa, Mahakanadarawa, Mahawilachchiya, Angamuwewa, Turuwila, Manankattiya and Kandalama feed the Anuradhapura zone. In this zone some 133,984 hectares are used for paddy cultivation. A circuit bungalow is functioning in this zone centered in the Historical Anurdhapura sacred city.

- **Details of the ownership of the paddy stores used by the Anuradhapura zone 2019**

No	Stores	Ownership			Stores owned by the PMB but used by other institutions	Store capacity (Metric tons)
		PMB	Mahaweli	Other institutions		
01	Thalawa 1	PMB	-	-	-	800
02	Thalawa 2	PMB	-	-	-	800
03	Thalawa 3	PMB	-	-	-	800
04	Rajanganaya	PMB	-	-	-	1000
05	Thabuththegama	PMB	-	-	-	1500
06	Katiyawa	PMB	-	-	-	2000
07	Senapura 1	PMB	-	-	-	1000
08	Senapura 2	PMB	-	-	-	1000
09	Horowpathana 1	PMB	-	-	-	2000
10	Horowpathana Army	PMB	-	-	-	2000
11	Kekirawa 2	PMB	-	-	-	1000
12	Kekirawa 3	PMB	-	-	-	1000
13	Nochchiyagama 1	PMB	-	-	-	1000

14	Nochchiyagama 2	PMB	-	-	-	1000
15	Rambewa	PMB	-	-	-	1000
16	Negama 1	PMB	-	-	-	1000
17	Pemaduwa	PMB	-	-	-	1000
18	Galenbindunuwewa 1	PMB	-	-	-	1000
19	Kahatagasdigiliya	PMB	-	-	-	1000
20	Yakalla	PMB	-	-	-	1000
21	Helabewa	PMB	-	-	-	1500
22	Kalawewa	PMB	-	-	-	1500
23	Bulnewa 1	PMB	-	-	-	1000
24	Bulnewa 2	PMB	-	-	-	1000
25	Bulnewa 3	PMB	-	-	-	2000
26	Shawasthipura	PMB	-	-	-	1000
27	Senanayaka 1	PMB	-	-	-	1000
28	Senanayaka 2	PMB	-	-	-	2000
29	Senanayaka 3	PMB	-	-	-	500
30	Senanayaka 4	PMB	-	-	-	1000
31	Senanayaka 5	PMB	-	-	-	1000
32	Senanayaka 6	PMB	-	-	-	1000
33	Padawiya	PMB	-	-	-	1000
34	Wahalkada D 2	PMB	-	-	-	200
35	Wahalkada Tent	PMB	-	-	-	400
36	Medawachchiya 1	PMB	-	-	-	2000
37	Kebithigollewa	PMB	-	-	-	1000
38	Padavi Parakramapura 1	PMB	-	-	-	1000
39	Padavi Parakramapura 2	PMB	-	-	-	1000
40	Padavi Parakramapura 3	PMB	-	-	-	1000
41	Padavi Parakramapura 4	PMB	-	-	-	1000
42	Pelwehera 1	PMB	-	-	-	1000
43	Pelwehera 2	PMB	-	-	-	1000
44	Kandalama 1	PMB	-	-	-	1000
45	Kandalama 2	PMB	-	-	-	800
46	Oththappuwa 1	-	Mahaweli	-	-	200
47	Oththappuwa 2	-	Mahaweli	-	-	200
48	Oththappuwa 3	-	Mahaweli	-	-	200
49	Oththappuwa 4	-	Mahaweli	-	-	200
50	Oththappuwa 5	-	Mahaweli	-	-	200
51	Galadivulwewa 1	-	Mahaweli	-	-	200
52	Galadivulwewa 2	-	Mahaweli	-	-	200
53	Galkiriyagama 1	-	Mahaweli	-	-	100
54	Galkiriyagama 2	-	Mahaweli	-	-	100
55	Galkiriyagama 3	-	Mahaweli	-	-	100

56	Galkiriyagama 4	-	Mahaweli	-	-	100
57	Andagala 1	-	Mahaweli	-	-	200
58	Andagala 2	-	Mahaweli	-	-	200
59	Pahalahalmillewa 1	-	Mahaweli	-	-	100
60	Pahalahalmillewa 2	-	Mahaweli	-	-	100
61	Pahalahalmillewa 3	-	Mahaweli	-	-	100
62	Pahalahalmillewa 4	-	Mahaweli	-	-	1000
63	Kekirawa 1	-	-	Department of Food	-	2000
64	Wahalkada D 4	-	-	Farmer Association	-	200
65	Horowpothana 2	PMB	-	-	Lak Pohara Company	2000
66	Kekirawa rice mill	PMB	-	-	Keanam Institution Tax	1000
67	Negama 2	PMB	-	-	Commercial Fertilizer Co.	1000
68	Galenbindunuwewa 2	PMB	-	-	Commercial Fertilizer Co.	1000
69	Medawachchiya 2	PMB	-	-	Department of Railway	1000
70	Medawachchiya 3	PMB	-	-	Department of Railway	1000
71	Medawachchiya 4	PMB	-	-	Lak Pohara Company	1000
72	Pahala Maralahawewa	PMB	-	-	Lak Pohara Company	1500
73	Puliyankulama	PMB	-	-	Rent basis	300
Total						65300

6.1.2 North Western Zone

Office of the North Western Zone

The North Western Province zone of the PMB conducts its activities covering the four Districts of Kurunegala, Puttalama, Matale and Gampaha. In 2019 within the North Western Province Zone paddy purchasing activities were carried out at 13 paddy purchasing centers distributed as follows – 7 in the Kurunegala District, 4 in the Puttalam District, one reach in the Matale and Gampaha Districts.

- **Details of the ownership of the paddy stores used by the North Western Zone 2019**

No	Store	Ownership	Store capacity of stores of PMB (Metric tons)	Capacity of stores used by PMB which belong to other institutions (Metric tons)	Capacity if stores of PMB used by other institutions (Metric tons)
1	Nikaweratiya 02	PMB	1000	-	-
2	Nikaweratiya 03	PMB	1000	-	-
3	Nikaweratiya 05	PMB	1000	-	-
4	Nikaweratiya 06	PMB	300	-	-
5	Ma-Eliya 01	PMB	1000	-	-
6	Ma-Eliya 02	PMB	1000	-	-
7	Ma-Eliya 03	PMB	1000	-	-
8	Mahawa 01	PMB	2000	-	-
9	Mahawa 02	PMB	1000	-	-
10	Mahawa 03	PMB	1000	-	-
11	Mahawa 04	PMB	300	-	-
12	Warawewa 01	PMB	1200	-	-
13	Warawewa 02	PMB	800	-	-
14	Galgamuwa	PMB	1000	-	-
15	Thabbowa 01	PMB	1000	-	-
16	Thabbowa 02	PMB	1000	-	-
17	Anamaduwa 01	PMB	1000	-	-
18	Anamaduwa 02	PMB	1000	-	-
19	Rajakadaluwa	PMB	1000	-	-
20	Galewela 01	PMB	1000	-	-
21	Galewela 02	PMB	1000	-	-
22	Maradagahamula 01	PMB	15000	-	-
23	Maradagahamula 02	PMB	2000	-	-
24	Mahawa (Food)	Department of Food	-	1000	-
25	Gettuwana	CWE	-	1000	-
26	Migelewa 01, 02, 03	Mahaweli	-	450	-
27	Puttalam 01	District Secretariat Office	-	2000	-
28	Ippologama	Divisional Secretariat Office Karuwalagaswewa	-	400	-
29	Nikaweratiya 01	Commercial Fertilizer Co.	-	-	1000
30	Galgamuwa 02	Garment Institution	-	-	1000
31	Batalagoda	Nippon Institution	-	-	1000
32	Anamaduwa 03	Lak Pohora Co.	-	-	1000
Total			37600	4850	4000

6.1.3 Northern Zone

Office of the Northern Zone

While the Northern Zone Office of the PMB is located in Kilinochchi, it is meant to serve the Jaffna, Vavuniya, Kilinochchi, Mulativu and Manner Districts. With the achievement of the aims and objectives of the PMB in mind and also to fulfill the objective of assuring a high price to paddy farmers 6 Regional Managers, 4 Development Officers, a Stores Assistant, a Management Assistant and a K.K.S were appointed to strengthen paddy purchasing activities of the province and to help in the achievements of the objectives of the government.

- **Other special programs carried out in 2019**

A trade stall was designed on behalf of the Paddy Marketing Board for the trade exhibition "Enterprise Sri Lanka" in 2019.

- **Details of the ownership of the paddy stores used by the Northern Zone 2019**

No	Store	Ownership	Capacity of the Store (Metric tons)
1	Kilinochchi Economic Centre	PMB	1000
2	Ramanadapuram 1	PMB	1500
3	Kilinochchi Town	PMB	750
4	Weppamkulam	PMB	3000
5	Mamaduwa	PMB	1000
6	Park Road 1-2	PMB	2000
7	Welipola – 319	PMB	2000
8	Nedunkerni	PMB	1000
9	Mulliyaweli – 1	PMB	1000
10	Widyapuram	PMB	1200
11	Thunukkai 1-2	PMB	400
12	Mankulam 1-2	PMB	400
13	Alkadaweli	PMB	3000
14	Murungan	PMB	2000

15	Ocior	Agrarian Service Centre	200
16	Pannankandi	ASC	600
17	Kandaweli	ASC	1000
18	Mulankawil	ASC	500
19	Puliyampokkane	ASC	400
20	Agrarian Service Store	ASC	150
21	Kumulamunai - 1	ASC	200
22	Kumulamunai - 2	ASC	150
23	Udayarkattu	ASC	200
24	Karadikuli	ASC	100
25	Nanattan	ASC	500
26	Chawakachcheri	ASC	400
27	Puttur	ASC	600
28	Uduwil	ASC	400
29	Kalmadu	ASC	100
30	Ramanadapuram 2	Farmer Association	600
31	Kompawil	FA	250
32	Pudukudiirippu	FA	150
33	Murippu	FA	150
34	Food store (Vavuniya)	DSO	500
35	Mulliyaweli – 2	DSO	800
36	Thannirittu	DSO	800
37	Sampath Nuwara	DSO	250
38	Sampath Nuwara - Mahaweli	Maweli Authority	150
39	Kokuwil 01	Private	700
Total			30100

6.1.4 Ampara Zone

Office of Ampara Zone

The Ampara Zone in the Eastern Province of Sri Lanka is common to Sinhala, Tamil and Muslim communities whose livelihood is agriculture in the main. It consists of the Ampara, Badulla and Kandy Districts. In the Badulla and Kandy Districts paddy cultivation is on a small scale. Subsidiary crops coconut, rubber and vegetables predominate. The Ampara

District which accounts for nearly 1/3 of the countries paddy production has emerged as the main agricultural District. The Ampara Zonal Office carries out activities to purchase the bulk of the paddy production here at the government guaranteed price and to store these paddy stocks to ensure food security.

To realize these objectives a staff consisting of the Regional Manager and 22 officers work with great commitment. A minimum staff by providing a high level of service is engaged in paddy purchasing in three Districts.

- **Details of the ownership of the paddy stores used by the Ampara Zone – 2019**

No	Store	Ownership	Store capacity of stores of PMB (Metric tons)	Capacity of stores used by PMB which belong to other institutions (Metric tons)
1	Addalachchena	PMB	1040	-
2	Mahaoya 1	PMB	1040	-
3	Thambatta	PMB	1700	-
4	Kohombana 2	PMB	1040	-
5	Nindaur 1	PMB	1040	-
6	Samanthurai 1	PMB	1040	-
7	Samanthurai 2	PMB	1040	-
8	Ampara 2	PMB	1040	-
9	Palam Kandaura 1	PMB	1040	-
10	Gonagolla	PMB	1040	-
11	Komariya 1	PMB	1040	-
12	Komariya 2	PMB	1040	
13	Nellikele	PMB	1800	-
14	Pothuwil 2	PMB	1040	-
15	Weeragoda 2	PMB	1040	-
16	Weeragoda 1	PMB	1040	-
17	Pothuwil 1	PMB	1040	-
18	Akkaraipattu 1	PMB	2000	-
19	Nindaur 2	PMB	1040	-
20	Damana 1	PMB	1040	-
21	Damana 2	PMB	1040	-
22	Ampara 1	PMB	1040	-
23	Kohombana 1	PMB	1040	-
24	Kumarigama	PMB	1000	-
25	Mahaoya 2	PMB	1040	-
26	Akkarapattu (Pohora) 2	PMB	1500	-
27	Palam Kandaura 2	PMB	1040	-
28	Inginiyagala	PMB	600	-
29	Kolongoda	PMB	1040	-
30	Morayaya 2	PMB	1040	-

31	Morayaya 1	PMB	1000	-
32	Hasalaka	PMB	600	-
33	Pallewatta 1	PMB	1000	-
34	Pallewatta 2	PMB	1000	-
35	Pallewatta 3	PMB	1000	-
36	Pallewatta 4	PMB	1000	-
37	Pallewatta 5	PMB	500	-
38	Pallewatta 6	PMB	500	-
39	Mahiyangana 1	PMB	1040	-
40	Karametiya	PMB	1000	-
41	Medayaya	PMB	100	-
42	Mahiyangana 2	PMB	1040	-
43	Girandurukotte 1	Mahaweli	-	1000
44	Girandurukotte 2	Mahaweli	-	1000
45	Polwatta	DSO	-	1500
46	Paragahakele	DSO	-	1000
47	Koknahara	DSO	-	1000
48	Akkarapattu 2	DSO	-	1500
49	Nawindaweli	DSO	-	2000
50	Sandunpura	Mahaweli	-	1200
51	Walagampura	Farmer Organiztion	-	500
52	Hulannuge	DSO	-	1000
53	Eragama	DSO	-	1000
54	Manthottama	DSO	-	1200
55	Brown Junction	Department of Food	-	1045
56	Sagama	DSO	-	1000
57	Malwatta	DSO	-	2000
58	Panama	DSO	-	1500
59	Deegawapi	DSO	-	2000
60	Galkanda	Farmer organization	-	100
61	Rajagalathenna	DSO	-	1500
62	Lahugala 2	Agrarian Services	-	1000
63	Mahanagapura 1	Divisional SO	-	350
64	Mahanagapura 2	Divisional SO	-	100
65	Pahalalanda	Irrigation	-	400
66	Gurupura	Department of Food	-	2500
67	Paragaswewa	Mahaweli	-	100
68	Kudagala	Mahaweli	-	150
69	Mawanawela	Mahaweli	-	150
70	Paranagama	Mahaweli	-	150
71	Diyawiddagama	Mahaweli	-	150
72	Bakmeedeniya	Mahaweli	-	150
73	Hungamalagama	Mahaweli	-	150
74	Medagama	Mahaweli	-	150
75	Muwapetigewela	Mahaweli	-	150
76	Dolakanda	Mahaweli	-	150
77	Rideeela	Mahaweli	-	150
78	Thuwaragala	Mahaweli	-	150
79	Chandanagama	Mahaweli	-	150

80	Namalgama	Mahaweli	-	150
81	Bihirisorowwa	Mahaweli	-	150
82	Kadirapura	Mahaweli	-	150
Total			43340	29745

6.1.5 Southern Zone

Office of the Southern Zone

The Southern Zone of the Paddy Marketing Board covers a very wide area consisting of the Districts of Hambantota, Moneragala, Ratnapura and Matara coming under three Provinces. Farming activities are done very successfully with water from five main rivers including the Walawe Ganga and Kiridi Oya, tank and rain water. The Zonal Office provides services to over 115,000 farmers covering 46 Divisional Secretariat areas and 73 Agrarian Services centers. For this work, the southern zone has along with the Regional Manager, an Assistant Accountant, 10 Assistant Regional Managers, 06 Development Officers and 04 female Management Assistants.

In the Moneragala and Ratnapura Districts there are two circuit bungalows that belong to the Southern Zone. The main objective to which the zone is committed is ensuring a good price for the harvest of the paddy farmers of the zone and to provide the consumers high qualities rive at a low price with the cooperation of small and medium scale rice millers.

- **Other special programs carried out in the Southern Zone in 2019**
  1. Launching a tree plantation program to mark the world Environment Day

- **Details of the ownership of the paddy stores used by the Southern Zone – 2019**

No	Store	Ownership	Store capacity of stores of PMB (Metric tons)	Capacity of stores used by PMB which belong to other institutions (Metric tons)	Capacity if stores of PMB used by other institutions (Metric tons)
1	Mutukandiya 01	PMB	1000	-	-
2	Mutukandiya 02	PMB	500	-	-

3	Ethimale 01	PMB	1000	-	-
4	Wellawaya	PMB	1500	-	-
5	Aluthwewa	PMB	1500	-	-
6	Medagama	PMB	1000	-	-
7	Dodamwatta 1	PMB	1000	-	-
8	Dodamwatta 2	PMB	1000	-	-
9	Kaltota	PMB	1000	-	-
10	Kuttigala 1	PMB	1000	-	-
11	Kuttigala 2	PMB	1000	-	-
12	Kuttigala 3	PMB	1000	-	-
13	Moraketiya 1	PMB	1000	-	-
14	Moraketiya 2	PMB	750	-	-
15	Embilipitiya	PMB	500	-	-
16	Kachchigalara 1, 2, 3	PMB	3500	-	-
17	Sooriyawewa	PMB	1000	-	-
18	Yodakandiya	PMB	1500	-	-
19	Pallemalala 1	PMB	1000	-	-
20	Pallemalala 2	PMB	700	-	-
21	Weeraketiya	PMB	1000	-	-
22	Dehigahalanda 1	PMB	1000	-	-
23	Dehigahalanda 2	PMB	1000	-	-
24	Dehigahalanda 3	PMB	1000	-	-
25	Weerawila 1	PMB	1000	-	-
26	Weerawila 2	PMB	1000	-	-
27	Ambalantota 1	PMB	750	-	-
28	Seenimunna	PMB	1500	-	-
29	Kahadawa	Dept. of Food	-	800	-
30	Hambantota	Dept. of Food	-	3000	-
31	Meddawatta	Dept. of Food	-	1000	-
32	Matara CWE	CWE	-	1000	
33	Hulandawa	Dept. of Food	-	3000	-
34	Padalangala	Dept. of Agriculture	-	500	-
35	Ambalantota 2	Police	-	1000	-
36	Sooriyaara	Commercial Fertilizer Co.	-	-	1000
37	Buttala	Commercial Fertilizer Co.	-	-	1000
38	Weerawila 03	Lanka Pohora Co.	-	-	1000
39	Dehigahalanda 04	Lak Pohora Co.	-	-	1000
40	Koggala	Lanka Pohora Co.	-	-	1000
Total			30700	10300	5000

6.1.6 Polonnaruwa Zone

Polonnaruwa Zone Office

The Polonnaruwa era heir to the pinnacle of the agricultural economy continues unshaken today too thanks to the agricultural economy founded on the irrigation civilization. The Parakrama Samudra fed by the Aban Ganga flowing down from the Matale hills and its tributaries, the Minneriya, Kawdulla, Maduru Oya Pimburaththawa and Giritale tanks are the life blood of the Polonnaruwa Districts. At the same time under the accelerated Mahaweli program the Welikanda, Dimbulagala and Elahera areas and under the Morgahakanda project farmlands in the Medirigiriya Bisopura project have been developed. At the present time there is an economic resurgence in this area based on the Moragahakanda reservoir located at the Elahera end of the Polonnaruwa region.

The Polonnaruwa District has a population of 406,000 made up of Sin halese, Tamils and Muslims. Located between latitude 7.4 – 8.2 and longitude 80.4 – 81.2 the district has a diverse geology with some low elevation mountain ranges such as Dimbulagala, Sigiriya and Toppigala. With a yearlong availability of water from the ancient irrigation systems, the area has an annual rainfall of 1775-2100 mm. The Polonnaruwa zone, which has for over 50 years made a major contribution to the efforts of the PMB to ensure a fair price for the farmers paddy harvest incorporates the Polonnaruwa District and the Wilgamuwa Divisional Secretariat area of the Matale District.

- **The Divisional Secretariats and Agrarian Services Centers in the Polonnaruwa Zone**

District	Divisional Secretariat	Agrarian Services Division
Polonnaruwa	Lankapura	Lankapura
	Thamankaduwa	Sewagama
		New Town
	Hingurakgoda	Giritale
		Hingurakgoda
		Gal Amuna
	Medirigiriya	Medirigiriya
		Ambagaswewa
	Elahera	Bakamuna
	Welikanda	Welikanda
	Dimbulagala	Dimbulagala
		Aralaganwila
		Siripura
Matale	Wilgamuwa	Wilgamuwa
		Hettipola

- **Details of the ownership of the paddy stores used by the Polonnaruwa Zone – 2019**

No	Store	Ownership	Store capacity of stores of PMB (Metric tons)	Capacity of stores used by PMB which belong to other institutions (Metric tons)
1	Hettipola 03	PMB	1000	-
2	Handungamuwa	PMB	1000	-
3	Wijayapura	PMB	1040	-
4	Pansalgodella	PMB	2000	-
5	Medirigiriya	PMB	1300	-
6	Jayanthipura 02	PMB	1000	-
7	Hingurakgoda 01	PMB	1500	-
8	Thalpotha 02	PMB	1000	-
9	Ambagaswewa	PMB	1000	-
10	Madudamana	PMB	1000	-
11	Kusumpokuna	PMB	1500	-
12	ZD 01	PMB	1000	-
13	Weerapura	PMB	1500	-
14	Manampitiya 02	PMB	1000	-
15	Bakamuna	PMB	1000	-
16	Kaduruwela 04	PMB	3000	-
17	09th Pillar	PMB	1000	-
18	Diyabeduma	PMB	1000	-
19	Abhayapura Cooperative	Co-operative Society	-	1500
20	Siripura	Mahaweli	-	100
21	Weheragala	Mahaweli	-	100
Total			22840	1700

6.1.7 Eastern Zone

Office of the Eastern Zone

The Eastern zone can claim ownership to several large tanks and anicuts built from the time of the ancient kings to protect the farming community and their livelihood. In the Trincomalee District coming under this zone pride of place is taken by the Kantale tank, built during the time of King Agbo the second the life blood of the Kantale people. It has a capacity of 6000 acre feet. Further the Vendasanpura tank, the Mawilaru anicut and the Yanoya reservoir built in recent times are assets that are close to the heart of the people of the area.

On 10th June 2011 the Eastern Zone Office of the PMB was opened in the premises of the Trincomalee District Secretariat. Although by that time the brutal terrorism that prevailed in the Eastern Province had been crushed, large store houses of the PMB had been destroyed leaving only the skeletal remains of those structures exhibiting to the world the brutality of terrorism. However the then Regional Manager Mr. W.M.R. Weerasekara and the group of officers there in service, disregarding these obstacles in the pursuit of their objective, giving great strength to the farming community, performed their duties to the optimum and constructed 12 stores in the Trincomalee District & 06 stores in the Batticaloa District to function as purchasing centers for the paddy of the farmers in these areas.

This zone covers the two District of Batticaloa and Trincomalee. Trincomalee District has 11 Divisional Secretariat, 230 Grama Niladari divisions and 22 Agrarian Services Centers. In this District about 44,003 farmers are engaged in farming. In the Batticaloa District there are 16 Agrarian Service Centers with about 23,377 farmers engaged in farming. In early 2019 the construction of the new zonal office building commenced and continued till the end of the year.

- **Details of the ownership of the paddy stores used by the Eastern Zone – 2019**

No	Store	Ownership	Store capacity owned by the PMB (Metric tons)	Capacity of stores used by the PMB owned by other Institutions
1	Love lane 04	PMB	500	-
2	Love lane 05	PMB	500	-
3	Love lane 01	PMB	2000	-
4	Love lane 02	PMB	2000	-
5	Love lane 06	PMB	500	-
6	Love lane 07	PMB	500	-
7	Love lane 08	PMB	550	-
8	Love lane 03	PMB	500	-
9	Surangal	PMB	450	-
10	Kiliwetti	PMB	500	-
11	Kantale 01	PMB	800	-
12	Kantale 02	PMB	1000	-
13	Kantale 03	PMB	800	-
14	Kantale 04	PMB	1000	-
15	Gomarankadawala	PMB	1000	-
16	Kallaru 01	PMB	1000	-
17	Kallaru 02	PMB	1000	-
18	Swarna Jayanthipura	PMB	500	-
19	Pankulama	PMB	500	-
20	Thambalagamuwa 01	PMB	1000	-
21	Thambalagamuwa 02	PMB	1000	-
22	Thambalagamuwa 03	PMB	500	-
23	Manalpitiya	GA	-	500
24	Thumpankarni	GA	-	500
25	Mullamane	GA	-	500
26	Pulipunchikal	GA	-	500
27	Karadiyanaru	GA	-	500
28	Kajuwatta	GA	-	500
29	Kalliyankadu	GA	-	1000
30	CWE	CWE	-	400
31	Arasadithivu	Cooperative	-	300
32	Kalawanchikudi	Cooperative	-	275
33	Porathivu	Cooperative	-	300
34	Surangal Farmer Organization	FO	-	250
35	Medawachchiya	FO	-	200
Total			18100	5725

6.2 Details of paddy lands cultivated in Districts coming under the Zones of the PMB

No	District	Rough Estimate of Paddy lands cultivated (Hectares)	
		2018/19 Maha	2019 Yala
1	Gampaha	10344	5500
2	Kandy	11112	5858
3	Matale	19115	4621
4	Matara	12950	11306
5	Hambantota	34164	32702
6	Jaffna	10588	0
7	Manner	19267	925
8	Vavuniya	19207	2364
9	Mullativu	16617	5294
10	Kilinochchi	26765	9581
11	Batticaloa	67214	27444
12	Ampara	79982	56055
13	Trincomalee	38587	18375
14	Kurunegala	80370	39148
15	Puttalam	20681	8460
16	Anuradhapura	109813	33412
17	Polonnaruwa	65970	61624
18	Badulla	25670	11270
19	Moneragala	36044	14146
20	Ratnapura	11175	7349
Total		715635	355434

07. Progress of Paddy Purchasing

7.1 Progress of Paddy Purchasing under the supervision of District Secretaries 2018/19 (under Districts)

District		Nadu (Kg)	Samba (Kg)	Keeri Samba (Kg)	Total	
					Quantity (Kg)	Value (Rs.)
1	Polonnaruwa	100,950	1,388,450	-	1,489,400	60,762,550
2	Ampara	8,746,250	2,801,050	-	11,547,300	447,200,550
3	Matale	41,750	169,300	-	211,050	8,527,800
4	Kurunegala	212,650	821,500	-	1,034,150	41,762,200
5	Puttalam	200,600	447,250	-	647,850	25,960,050
6	Gampaha	3,950	38,300	-	42,250	1,720,400
7	Kandy	-	41,350	-	41,350	1,695,350
8	Badulla	5,000	41,350	-	46,350	1,885,350
9	Anuradhapura	1,004,290	6,183,710	-	7,188,000	291,695,130
10	Hambantota	8,574,350	3,650	750	8,578,750	326,005,700
11	Moneragala	991,750	115,700	-	1,107,450	42,430,200
12	Ratnapura	566,700	7,150	-	573,850	21,827,750
13	Matara	195,300	1,100	-	196,400	7,466,500
14	Kilinochchi	2,628,400	556,750	-	3,185,150	122,705,950
15	Mullativu	2,886,600	637,300	400	3,524,300	135,836,500
16	Vavuniya	2,634,150	548,000	-	3,182,150	122,565,700
17	Jaffna	928,600	1,900	-	930,500	35,364,700
18	Manner	28,050	793,550	-	821,600	33,601,450
19	Batticaloa	1,312,700	998,650	-	2,311,350	90,827,250
20	Trincomalee	459,200	1,152,900	-	1,612,100	64,718,500
Total		**31,521,240**	**16,748,910**	**1,150**	**48,271,300**	**1,884,559,580**

7.2 Position of Paddy stocks with PMB (Up to 31.12.2019)

Position of Paddy stocks with PMB (Up to 31.12.2019)				
Details	**Keeri Samba (Kg)**	**Samba (Kg)**	**Nadu (Kg)**	**Total (Kg)**
Starting stock (Up to 01.01.2019)	**36,884.50**	**205,750.10**	**6,950,277.50**	**7,192,912.10**
Purchasing				
- 2018/19 Maha season	-	-	-	-
- 2019 Yala season	-	-	-	-
Total	36,884.50	205,750.10	6,950,277.50	7,192,912.10
Issues				
Cash sales	-	692.00	4,595,743.00	4,596,435.00
Finished stock (on 31.12.2019)	**36,884.50**	**205,058.10**	**2,354,534.50**	**2,596,477.10**
Physical closing stock (on 31.12.2019)	**36,884.50**	**205,058.10**	**2,354,534.50**	**2,596,477.10**

08. Responsibility of the Board of Directors of the PMB 2019

Clause 13 of Act No. 14 of 1971 has clearly stated the powers of the Board of Directors

To acquire ownership or possession of property by renting or leasing, to dispose property by mortgaging, sale or in any other manner; purchase of paddy and rice, pounding, winnowing tasks incidental to the business activities of the Board, fixing a guaranteed price for rice; formulate and enforce rules and regulations relevant to the administration functions of the Board , to take steps necessary to maintain storehouses and for sale to paddy, to conduct research to the processing of paddy and rice; to enter into agreements with other parties – wide powers such as these have been given to the Board under this clause.

8.1 At the meeting of the Board of Directors in 2019 decisions were taken with regard to the following matters.

- **96th meeting of the Board of Directors 21.02.2019**

Discussions were also held in connection with the Board paper 95.05.

96.01 Financial Statements of the PMB for the year ending 31 December 2017.
96.02 Special Audit Report on the performance of the PMB.
96.03 Granting financial powers for the purchase of paddy of 2018/19 Maha and 2019 Yala seasons and for other transactions.
96.04 Adjustments made in the annual accounts for 2017.
96.5 Updating of accounts details relevant to the issue of paddy stocks under different projects from 2010 to 2016.
96.6 Purchase of Maha season paddy harvests 2018/19.
96.7 Internal Audit plan 2019.
96.8 In relation to the disposal of balance paddy and spoilt paddy stocks from stores.
96.9 Appointment of a private secretary to the Chairman.
96.10 Providing foreign leave for a foreign educational tour (Vietnam tour) Ms. A.M. Jayasinghe, Accountant, PMB.
96.11 Granting foreign leave for a private foreign tour (Singapore tour) Ms. K. Nisansala Dilhani, law officer, PMB
96.12 The settlement of Ampara District court cases 4821/M, 4824/M, 4825/M.
96.13 Obtaining a jeep on a monthly rental for the official duties of the Chairman.
96.14 Getting services of a driver on a personal basis to the Chairman for his official duties.
96.15 Getting a deposit for polysac bags.
96.16 Removal of Sylo towers from the premises where Brandex Apparel Solution Company is located.

➢ **97th meeting of the Board of Directors – 11.04.2019**

Discussions were also held on Board papers 96.01, 96.04, 96.09, 96.13, 96.15

97.1 Conferring the financial authority of the PMB for 2019.
97.2 Regarding the budget estimates of the PMB.
97.3 Regarding changes to the operation plan 2019.
97.4 Regarding the amounts due to be paid for borrowings to banks by the PMB.
97.5 Settling bills due to be paid for capital project 2017.
97.6 Regarding non-payment of money obtained as advance payment in 2012.
97.7 Carrying out minor repairs to stores with a view of the purchase of paddy from the 2018/19 Maha season by the PMB.
97.8 Regarding the fixing of solar panels on the roofs of PMB stores.
97.9 Making the circuit bungalows of the PMB income generating centers.
97.10 Regarding the PMB circuit bungalow in Anuradhapura.
97.11 Balances of the current Account of the PMB as at 05.04.2019.
97.12 Carrying out survey work on the premises of the Senanayake circuit bungalow in Anuradhapura with a view to affecting a conveyance on rent to a third party.
97.13 Verification of paddy stocks
97.14 Taking action on stock reduction/short – comings revealed in the stock verification carried out in 2014.
97.15 Telephone allowance to Assistant Regional Managers.
97.16 Payment of motor vehicle and fuel allowances of Regional Managers.
97.17 The current position of recommendation made by the committee on Public Enterprises
97.18 Establishing a new web-site and a linked stock control system for the PMB.
97.19 The preliminary investigation being carried out on the reduction of paddy stocks to the value of Rs. 5,577,995.00 from the Karametiya store of the Ampara Zone.
97.20 On the installation of a CCTV camera system at the PMB main office.
97.21 Uniforms and tailoring charges for drivers and junior staff.
97.22 Repair and condemnation of vehicles.
97.23 Providing accommodation on a rent basis to the Chairman who is engaged on a full time basis.
97.24 Taking action in problems that have arisen in handing over stores to Stores Assistants.
97.25 In connection with the purchase of Polysac bags for 2018 Yala and 2018/19 Maha seasons.
97.26 In connection with the Kundasala stores complex located at Warapitiya which belong to the PMB.
97.27 Bringing the PMB into disrepute by insulting and defaming senior executive officers of the main office of the PMB – Management Assistant Wasantha Abeykoone.
97.28 Regarding the payments to farmers representations 2014/15 – Ampara Zone, Ruhunugama Bedumela Farmers Organization.
97.29 Regarding the participation of an office in the 2019 Chinese grain trade conference.
97.30 Filling of vacancies existing in the PMB.

- **98th meeting of the Board of Directors 25.04.2019**

Discussion have been held on Board papers 97.17 and 97.25

98.1 Regarding all recruitments of staff 2018.
98.2 Implement of infrastructure facilities of the PMB.
98.3 Authorizing the signing of cheques of the Southern and Polonnaruwa Zone.

- **99th meeting of the Board of Directors 03.05.2019**

Discussions have been held and decisions taken on Board papers 98.02 and 98.03.

- **100th meeting of the Board of Directors 08.05.2019**

100.1 Getting officers to attend to Bank adjustments in respect bank payments for unidentified debtor balances as at 31.12.2018 of the PMB and Bank deposits.
100.2 Conducting of a forensic audit by the Government Audit Department.
100.3 Removal of Sylo towers in the premises of the Brandex Apparal Solution Company.
100.4 Bringing the PMB into disrepute by insulting and defaming senior executive officers of the main office of the PMB – Management Assistant Wasantha Abeykoone.
100.5 Obtaining personal foreign leave – Mr. J.P.M.M.K. Jayaweera.
100.6 Payments to farmer representation 2014/15- Ampara Zone – Ruhunugama Bedumela Farmers Organization.
100.7 Regarding the Kundasale stores complex located at Warapitiya which belong to the PMB.
100.8 Following training sessions for the proper and systematic conduct of procurement activities.
100.9 Misplacement of a Board paper.
100.10 Getting the assistance of officers who conduct preliminary investigation and who conduct the prosecution.
100.11 The internal corruption, frauds and misdeeds of the PMB.

- **101st meeting of the Board of Directors 13.06.2019**

Discussion had been held and decisions taken on Board of Directors papers 97.11, 97.13, 97.14, 97.15, 97.18, 97.20, 97.29 and 97.30

101.1 Making relevant recommendations to settle the payments and advances of the PMB.
101.2 To disconnect temporarily the VPN connection now used by the PMB.
101.3 Relating to the deregulation of duty and misdeeds of the Manager Eastern Region.
101.4 Shortcomings in the project to convert PMB paddy into rice and marketing.
101.5 To obtain the service of the preliminary investigation officers and prosecuting officers.
101.6 Re-organization of the staff and functions of the PMB.

101.7 Requesting nominations for the China Grain Trade Conference 2019 organized by WFP China center of Excellence and to visit the Rice Research Institute Philippines as an observer.

- **102nd meeting of the Board of Directors – 09.07.2019**

Discussions have been held and decisions taken Board papers 101.14 and 101.16.

102.1 Audit Report on the purchase of Polysac bags.
102.2 Settlement in case No 4942/M in the District Court, Ampara.
102.3 Regarding the appeal of Mr. K.A.V.U.S. Perera for re-instatement in service.
102.4 Regarding the vehicles parked in a garage at Rajagiriya.
102.5 Forwarding the decisions of a proper disciplinary inquiry on interdicted Assistant Regional Manager Ms. H.M.L.R. Wijetilake.
102.6 Reports of the Audit and Management Committees.
102.7 Relating to the settlement of the Bank advance facility obtained by the PMB.
102.8 The expenditure report of the PMB dated June 2019.
102.9 Bank reconciliation statement of the PMB.
102.10 The recurrent and capital expenditures of the PMB in 2019.
102.11 Financial and physical progress of projects for which capital allocations were made for 2019.
102.12 Reorganization of the staff and functions of the PMB.
102.13 Approval of the Board of Directors for extra fuel - Chairman.
102.14 Approval of the Board of Directors for extra fuel - Deputy Chairman.
102.15 Recruitment for posts.
102.16 Recruitment for posts.
102.17 Payment of acting salary/special extra incentive payment - P.K.H.R. Weranga.
102.18 Payment of acting salary and a special extra incentive payment to officers acting in the post of Deputy General Manager (Operations) and Regional Manager.
102.19 Committee on Public Enterprises.
102.20 Computerized stock control system.
102.21 Conducting a system Requirement specification.
102.22 Obtaining recurrent expenses for 2019.
102.23 Authorizing cashing of cheques and financial transactions in the Eastern Zone of the PMB.
102.24 Obtaining valuation reports for circuit bungalows and Senanayake stores of the PMB.

- **103rd meeting of the Board of Directors 03.09.2019**

103.1 Presenting to the Board of Directors Financial Statements of the PMB for the year ending on 31st December 2018.
103.2 Preparation of Financial Statements for the year ending 31.12.2018.
103.3 Preparation of Financial Statements for the year ending 31.12.2018.
103.4 Preparation of Financial Statements for the year ending 31.12.2018.
103.5 Examination of Bank reconciliations of the PMB.

103.6 Regarding the settlement of Bank draft facilities obtained by the PMB.
103.7 Regarding the re-taking of the Fixed Deposit Certificate kept as security, after the Bank draft facilities taken the PMB is settled.
103.8 Report on the recurrent and capital expenditure incurred by the PMB in 2019.
103.9 Report on the expenses incurred by the PMB in July 2019.
103.10 Regarding the obtaining of a new stock control system related to a web site, for the PMB.
103.11 Recruitment for posts – K.K.S.
103.12 Obtaining security service for the Meethotamulla stores complex.
103.13 Personal Foreign leave.
103.14 Difficulties that have arisen in relation to the Management and Operational functions.
103.15 Settlement of Malisha Rice Mill.
103.16 Paddy purchasing for Yala season 2019.
103.17 Amending the operational and procurement plan for 2019.
103.18 Preparation of Financial Statement for year ending 31.12.2018.
103.19 Taking disciplinary action against officers involved in fraudulent activities as revealed in investigations relating to the loss of stocks amounting to Rs. 5,577,995.00 at Karamatiya stores in the Ampara Zone.
103.20 Making payments for the emergency requirements of the government
103.21 Regarding the post of personal Assistant to the Chairman
103.22 Interim Report on preliminary investigations carried out on the Irregularities that have taken place in the PMB
103.23 Regarding the negligent performance of duties-Ms.A.A.R.Dilrukshi
103.24 Regarding the acquisition of the Shrawasthipura stores premises which belong to the PMB
103.25 Entering proper accounts regarding the deficiencies and shortages in paddy stocks
103.26 Regarding the acquisition of PMB stores located in land belonging to the Sri Lanka Mahaweli Authority
103.27 Settling old unsettled accounts and some files of the PMB and to get certain matters that remain unsettled settled by a Competent outside party.

- **104th meeting of the Board of Directors 08.11.2019**

Discussions have been held on Board papers 103.12, 103.19 and 103.20 decisions were taken.

104.1 Forwarding the decision of the Disciplinary Inquiry on Assistant Store keeper M.A.R.Kamalanath Meewela, under interdiction.
104.2 Forwarding the decision of the Disciplinary Inquiry on Assistant Regional Manager Mr. R.A.M.R.Nalinkumara, under Interdiction.
104.3 Making Distress loans available to employees of the PMB
104.4 Exhibition of banners about paddy purchases.
104.5 Report of the Management Audit On the investigation of paddy stores of the Polonnaruwa District
104.6 Purchasing 3 weigh bridge scales
104.7 Personal foreign leave

104.8 Not reporting for duty

104.9 Obtaining on a daily rental on a short-term temporary basis an official vehicle for the Assistant Chairman

104.10 Obtaining on a daily rental on a short-term temporary basis an official vehicle for the Chairman

104.11 Reinstatement service

104.12 Regarding Salary increments-Mr. Sujeewa Upavith-KKS

104.13 Creating a culture of farming free of toxins and wholesome nutritious food.

104.14 Official foreign leave

104.15 About the purchase of “Kokum” stores

104.16 In connection with Mr. R.M.A.Ratnayake who served as a regional manager of the PMB, at present on compulsory leave with pay

104.17 The approval of the Board of Directors with regard to the issue of paddy stocks bought by District Secretaries during the Maha 2018/19 cultivation season.

09. Report on corporate good governance

The PMB bases its conduct on the principles of honesty, equity, transparency and responsibility. These principles of governance form the bed rock in building a strong bond among all its partners. Activities of the PMB are conducted in conformity with ethical standards to the benefit of the public. The regulations of the Board are designed not only to ensure conformity and firmness but also to enhance the values that the institution is committed to, through its policies processes and actions.

- **Board of Directors**
  The Board of Directors bears the responsibility for the functioning of the PMB. It is the center of the institutions administrative process. The Board of Directors shoulders the responsibility of the PMB.

- **Responsibility**
  The board of Directors formulates the main policies and strategic objectives of the PMB and directs their implementation.

- **Composition**
  In 2019 the Board of Directors was made up to the Chairman, Deputy Chairman and Six Directors.

- **Board Meetings**
  It has been planned to conduct meetings of the Board of Directors when necessary. At these meetings the Board reviews the strategic orientation of the PMB, the annual budget, the progress of all activities, the recurrent and capital expenses and programs. Ahead of each meeting, the Board Members are given the relevant reports and documents. During 2019, nine Board meetings have been held.

- **Audit Committee**
  The Audit Committee consists of apart from the Chairman and Deputy Chairman four Directors.

  Mr. B.K.R. Balasuriya a Director – Representative of the General Treasury, functioned as Chairman of the Committee. The Audit Superintendent of the National Audit Office and the Chief Internal Auditor of the line Ministry participated in the committee meeting as observers. The Chairman of the Audit Committee, Three Directors, Deputy General Manager (Operations), Deputy General Manager (Finance), Deputy General Manager (Administration), the Accountant and the Systems Manager participated in the committee meetings.

- **Conformity with legal requirements**
  The Board of Directors makes every effort to ensure that the PMB conforms to rules and regulations applicable to state business institutions.

  The Board confirms that the Financial Statements of the PMB have been prepared in accordance with the standards of Sri Lankan Accounting Standards.

10. Special Financial Features (2011 – 2019)

Rs. m.

Description	2011	2012	2013	2014	2015	2016	2017	2018	2019
Income	3,500.20	3,617.88	7,878.87	1,554.51	697.18	9,161.35	7,424.98	31.02	178.77
Purchasing – Paddy stocks	2,278.20	3,636.89	7,755.26	148.66	14,794.58	6,188.17	-	254.12	-
Gross profit / (Loss)	249.64	-1,440.93	-121.98	-237.02	-799.15	-4,518.26	684.94	23.08	-18.195
Administration, Financial and other expenses	367.85	630.64	1,674.62	983.562	1,106.79	1,504.09	1,334.67	1,477.50	1,084.37
Net profit / (loss)	264.13	-1,996.23	-1,036.23	-1,126.93	-1,773.17	-5,894.29	-462.11	-1,185.1	-741.66
Provisions received for Paddy purchase									
General Treasury	700.00	100.00	250.00	-	6,943.00	-	-	250.0	-
Bank of Ceylon	410.40	914.80	1,150.00	-	5,128.00	4,100.00	-	-	-
Peoples Bank	106.30	311.80	1,296.00	-	3,178.00	2,698.20	-	-	-
National Savings Bank	-	725.90	584.20	-	-	-	-	-	-
Regional Development Bank	-	250.00	398.90	-	-	-	-	-	-
Debtors									
CWE	341.39	1,587.08	1,404.92	462.59	462.59	462.69	2,867.19	1,467.19	1,392.19
Food Department	611.99	470.95	440.55	425.95	425.95	425.95	425.95	425.95	426.95
Lanka CWE	90.41	49.94	79.93	77.53	77.53	77.53	77.53	77.53	77.53
Creditors									
General Treasury	1,900.00	2,000.00	2,250.00	2,250.00	8,489.10	7,067.90	6,434.55	6,684.55	6,684.55
Bank of Ceylon	2,185.20	3,100.00	4,115.89	3,129.78	8,257.78	9,580.88	8,589.02	8,572.95	8,572.95
Peoples Bank	1,354.45	1,553.74	2,651.99	2,314.94	5,492.94	5,013.14	2,944.52	2,846.71	2,846.71
National Savings Bank	47.80	725.95	1,142.96	1,000.00	1,000.00	-	-	-	-
Regional Development Bank	-	241.99	416.13	-	-	-	-	-	-
Treasury Grants									
For Capital Expenses	182.90	112.00	80.00	175.00	155.00	150.00	150.00	177.5	70.0
For Recurrent expenses	25.00	35.35	40.00	66.50	67.50	88.00	96.00	131.75	132.25
Capital Expenditure									
For new construction	126.70	85.50	48.00	63.00	-	54.41	54.57	31.05	32.05
To repair stores	52.30	25.10	27.00	105.00	92.00	45.81	35.36	58.67	59.67
To purchase Fixed Assets	3.90	1.40	5.00	7.00	63.00	49.78	60.07	67.16	68.16

11. Details of credit obtained on interest payments for the purchase of paddy by the PMB – 2009 to 2019

Year	Bank	Starting credit balance (Rs. m.)	Credit obtained during relevant year	Amount settlement (Rs. m.)	Credit balance end of year (Rs. m.)	Interest due (Rs. m.)
2009	General Treasury	200.0	1,060.0	950.0	310.0	-
	Bank of Ceylon	-	-	-	-	-
	Peoples Bank	-	-	-	-	-
	National Savings Bank	-	-	-	-	-
	Regional Development Bank	-	-	-	-	-
Total		**200.0**	**1,060.0**	**950.0**	**310.0**	**-**
2010	General Treasury	310.0	1,300.0	310.0	1,300.0	-
	Bank of Ceylon	-	2,250.0	-	2,250.0	46.1
	Peoples Bank	-	1,500.0	3.0	1,497.0	29.2
	National Savings Bank	-	1,000.0	732.2	267.8	5.3
	Regional Development Bank	-	400.0	19.6	380.4	7.4
Total		**310.0**	**6,450.0**	**1,064.8**	**5,695.2**	**88.0**
2011	General Treasury	1,300.0	700.0	100.0	1,900.0	-
	Bank of Ceylon	2,250.0	410.4	475.3	2,185.1	186.5
	Peoples Bank	1,497.0	106.3	248.8	1,354.4	120.8
	National Savings Bank	267.8	-	220.0	47.8	-
	Regional Development Bank	380.4	-	380.4	-	0.1
Total		**5,695.2**	**1,216.7**	**1,424.5**	**5,487.4**	**307.3**
2012	General Treasury	1,900.0	100.0	-	2,000.0	-
	Bank of Ceylon	2,185.1	914.8	-	3,099.9	234.1
	Peoples Bank	1,354.4	311.8	112.5	1,553.7	135.8
	National Savings Bank	47.8	725.9	47.8	725.9	92.8
	Regional Development Bank	-	250.0	8.0	242.0	48.5
Total		**5,487.4**	**2,302.5**	**168.3**	**7,621.6**	**511.2**

2013	General Treasury	2,000.0	250.0	-	2,250.0	-
	Bank of Ceylon	3,099.9	1,150.0	134.1	4,115.8	434.4
	Peoples Bank	1,553.7	1,296.0	265.4	2,584.3	255.7
	National Savings Bank	725.9	584.2	167.0	1,143.0	169.7
	Regional Development Bank	242.0	398.9	224.8	416.1	53.0
Total		**7,621.6**	**3,679.1**	**791.3**	**10,509.3**	**912.8**
2014	General Treasury	2,250.0	-	-	2,250.0	-
	Bank of Ceylon	4,115.8	-	986.1	3,129.7	378.5
	Peoples Bank	2,584.3	-	337.1	2,247.2	274.1
	National Savings Bank	1,143.0	-	143.0	1,000.0	148.8
	Regional Development Bank	416.1	-	416.1	0.0	20.9
Total		**10,509.3**	**-**	**1,882.3**	**8,626.9**	**822.3**
2015	General Treasury	2,250.0	6,943.0	703.6	8,489.4	-
	Bank of Ceylon	3,129.7	5,128.0	-	8,257.7	447.2
	Peoples Bank	2,247.2	3,178.0	-	5,425.2	358.7
	National Savings Bank	1,000.0	-	-	1,000.0	145.6
Total		**8,627.0**	**15,249.0**	**703.6**	**23,172.4**	**951.5**
2016	General Treasury	8,489.4	-	1,421.2	7,068.2	-
	Bank of Ceylon	8,257.7	4,100.0	2,776.9	9,580.8	666.6
	Peoples Bank	5,425.2	2,698.2	3,178.0	4,945.4	631.6
	National Savings Bank	1,000.0	-	1,000.0	0.0	33.9
Total		**23,172.4**	**6,798.2**	**8,376.1**	**21,594.5**	**1,332.0**
2017	General Treasury	7,068.2	-	633.3	6,435.0	-
	Bank of Ceylon	9,580.8	-	991.8	8,589.0	923.5
	Peoples Bank	4,945.4	-	2,001.0	2,944.5	218.0
Total		**21,594.5**	**-**	**3,626.1**	**17,968.5**	**1,141.5**
2018	General Treasury	6,434.9	250.0	-	6,684.9	-
	Bank of Ceylon	8,589.0	-	16.1	8,572.9	890.0
	Peoples Bank	2,944.5	-	97.8	2,846.7	328.0
Total		**17,968.4**	**250.0**	**113.9**	**18,104.4**	**1,218.1**
2019	General Treasury	6,684.9	-	-	6,684.9	-
	Bank of Ceylon	8,572.9	-	-	8,572.9	539.6
	Peoples Bank	2,846.7	-	-	2,846.7	283.9
Total		**18,104.4**	**-**	**-**	**18,104.5**	**823.5**

12. Guaranteed Price for Paddy (2001 – 2019)

Year	Season	Price per Kg. (Rs.)		
		Keeri Samba	Samba	Nadu
2001	2000/01 Maha	13.50	13.50	12.50
	2001 Yala	13.50	13.50	12.50
2002	2001/02 Maha	14.50	14.50	13.50
	2002 Yala	14.50	14.50	13.50
2003	2002/03 Maha	14.50	14.50	13.50
	2003 Yala	14.50	14.50	13.50
2004	2003/04 Maha	15.50	15.50	14.50
	2004 Yala	15.50	15.50	14.50
2005	2004/05 Maha	16.50	16.50	15.50
	2005 Yala	16.50	16.50	15.50
2006	2005/06 Maha	16.50	16.'50	15.50
	2006 Yala	16.50	16.50	15.50
2007	2006/07 Maha	17.50	17.50	16.50
	2007 Yala	17.50	17.50	16.50
2008	2007/08 Maha	22.00	22.00	20.00
	2008 Yala	30.00	30.00	28.00
2009	2008/09 Maha	30.00	30.00	28.00
	2009 Yala	30.00	30.00	28.00
2010	2009/10 Maha	30.00	30.00	28.00
	2010 Yala	30.00	30.00	28.00
2011	2010/11 Maha	30.00	30.00	28.00
	2011 Yala	30.00	30.00	28.00
2012	2011/12 Maha	30.00	30.00	28.00
	2012 Yala	30.00	30.00	28.00
2013	2012/13 Maha	35.00	35.00	32.00
	2013 Yala	35.00	35.00	32.00
2014	2013/14 Maha	35.00	35.00	32.00
	2014 Yala	35.00	35.00	32.00
2015	2014/15 Maha	50.00	50.00	45.00
	2015 Yala	50.00	50.00	45.00
2016	2015/16 Maha	50.00	41.00	38.00
	2016 Yala	50.00	41.00	38.00
2017	2016/17 Maha	41.00	41.00	38.00
	2017 Yala	41.00	41.00	38.00
2018	2017/18 Maha	41.00	41.00	38.00
	2018 Yala	41.00	41.00	38.00
2019	2018/19 Maha	41.00	41.00	38.00
	2019 Yala	41.00	41.00	38.00

13. Details of New Constructions of PMB – 2019

Even though a sum of Rs. 200 million was approved in the budget for the PMB in 2019 for capital expenses, as this money was not made available during that year, projects were only implemented from capital commitments and credits from 2018.

No	Zone	No of stores and buildings	Allocation for 2018 (Rs. million)	Amount paid in 2019 (Rs. million)
Establishing 4 threshing floors for stores				
01	Pallemalala Store	01	4.9	2.5
02	Weerawila Store	01	4.8	4.0
03	Kachchigalara Store	01	4.5	1.7
04	Kuttigala Store	01	4.7	4.1
Construction of office room for stores – Southern Region				
05	Medagama Store	01	2.9	1.4
06	Dodamwatta Store	01	2.8	2.0
Total		**06**	**24.6**	**15.7**

External appearance of threshing floors constructed in the Southern Zone.

Pallemalala Threshing floor

Weerawila Threshing floor

Kachchigalara Threshing floor

Kuttigala Threshing floor

13.1 Details about repairs effected in PMB stores and other buildings in 2019

No	Zone	No of Store	Allocation of provision 2018 (Rs. ml.)	Amount paid is 2019 (Rs. million)
Repair of stores				
01	Ampara Zone	02	4.7	3.0
02	Polonnaruwa Zone	01	5.8	4.1
03	Northern Zone	01	3.3	0.9
04	Southern Zone	01	0.3	0.1
Total		**05**	**14.1**	**8.1**
Repairs of other Buildings				
01	**Repair of Circuit bungalows**			
	➢ Ampara	01	0.9	0.6
	➢ Southern	01	3.4	1.6
	➢ Anuradhapura	01	2.2	0.8
02	**Repair of Regional offices**			
	➢ Anuradhapura	01	4.4	2.1
Total		**04**	**10.9**	**5.1**

14. The report of the Internal Auditor on the operations of 2019

01. Background to the presentation of the Report

The basic responsibility of an internal audit division is to consistently evaluate the quantitative and qualitative aspects of the internal operations and the financial and administrative systems. The resulting information should be presented to the management along with proposed solutions to problems not earlier identified. The legal framework for this task is to be found in the following sources:

I. Financial Regulation No 133 of the Financial Regulations of the Sri Lanka Democratic Socialist Republic.
II. Sub-clauses 40 and 41 of the National Audit Act No: 19 of 2018.
III. Management Audit Circular providing the guidelines for internal audits, issued by the Management Audit Department, No. DMA/01-2019 dated 12.01.2019 along with related circulars issued by the said department.

Accordingly, the findings of the internal audit division along with the solutions suggested were forwarded to the Chairman and the Board of Directors with copies to the Auditor General. The progress of the measures taken by the management of the institution towards the solution of problems identified has been examined from time to time and matters in regard to which no solutions were found, have been brought to the attention of the audit and management committee meetings.

The internal auditor prepares these annual reports according to the legal provisions referred to above covering the progress made in implementing the recommendation made by committee and in relation to the matters discussed at those meetings.

02. Establishment of the Internal Audit Division

The need to establish an internal audit division has been indicated by order No 6 of the committee on Public Enterprises dated 05.12.2012 and also by the reports of the Auditor General subsequently an internal auditor was recruited and the Internal Audit Division was established on 01.07.2014.

Officers have been assigned to the internal audit division as follows: A Management Assistant in 2014, a Development Officer in 2015, two Management Assistants in 2016, and four Management Assistants in 2018. Accordingly by 2019 the Internal Audit Division had a staff of six.

I.	Mr. A.M.U.N. Atapattu	– Internal Auditor
II.	Mr. A.M.L.B. Abekoon	– Development Officer
III.	Ms. M.A.S. Anuradhika De Silva	– Assistant Regional Manager
IV.	Mr. Pasan Malinda Peiris	– Management Assistant
V.	Mr. H.M. Dinuka Mihiran	– Management Assistant
VI.	Mr. E.S. Wickramasinghe	– Management Assistant

03. The establishment of the Audit and Management office and the implementation of the Audit Plan.

Audit and Management Committee were established in terms of the National Audit Act and state Enterprises circular No PED 55 of 4.12.2010. An audit plan was prepared for the one year period from 01.01.2019 to 31.12.2019.

The approval of the Board of Directors and the Auditor General was obtained and the plan was implemented. During the relevant period 3 meetings of the Management and Audit Committees were held.

I.	First meeting	- 04.04.2019
II.	Second meeting	- 03.07.2019
III.	Third meeting	- 03.10.2019

Even though it was planned to have the fourth meeting of the Audit and Management Committee in December 2019, it could not be held because Board of Directors members were not appointed in terms of the PMB Act and a Treasury Representative had not been appointed.

During the relevant 57 Audit queries were forwarded to the Management. Also 33 Audit and investigation report had been forwarded. The progress in answering Audit queries is given in annex 01.

At the same time during the year the National Audit office had raised 11 audit queries. The progress in answering the audit queries of the Auditor General is given in Annex 02.

04. Observation and recommendation of the Internal Auditor

The Internal Auditor, through his observation and recommendation, has, from time to time, drawn the attention of the Management, the Chairman and the Board of Directors that from the identified fields the following fields need special attention.

The following is a summary of the observations and recommendations to which attention had been drawn by the queries of the Internal Audit and by audit reports.

4.1 Operational Activities

I. Computerized stock control system.

Urgent activation of the non-functional proposed computerized stock control system. Introduction of an internal control system for paddy purchases, storage and issue of paddy.

II. Paddy purchase and storage

Following are the problems identified in respect of purchase and storage of paddy.

- Action not being taken to recover damages for loss of paddy due to storage in cocoon warehouses obtained as temporary store houses from the State Trading Corporation and for warehouses destroyed through this storage.
- Action not taken to minimize stock loss by improving the condition of the warehouses.
- As problems arose in relation to the accuracy of reports on paddy stocks sent to the head office from Regional Offices, the need arose to have a methodology to maintain proper records.
- Purchasing activities in respect of the purchase of 2 million polysacs for use for the 2018 Yala season and the 2018/19 Maha season done without following the proper procurement procedures.
- As small quantities of paddy that remained in warehouses for year had got spoilt the newly store paddy can be badly affected. Hence the warehouse should be fully cleaned before new paddy comes in. Hence a method of removing this stagnating paddy before deterioration needs to be formulated.

III. Attendance of staff and taking leave.

Internal control relating the reporting to work of field officers and their taking leave is weak. Hence there is a need to issue proper instruction by circulars.

IV. Management of Circuit Bungalows

The need to operate the circuit bungalows of the PMB at Hasalaka, Moneragala, Anuradhapura, Ampara and Ratnapura in a way that they do not involve the PMB in extra expenses and in a way to cover costs has been pointed out by the internal audit by working out a proper program.

V. Management of Vehicles

- Even though it had been instructed to resolve issues pertaining to the ownership of the vehicles used by all the government institutions before 30.06.2018 as per Asset Management Circular 02/2017 of the Deputy Secretary to the Treasury bearing No. MF/CG/02/(Cir) dated 21.12.2017, action has not yet been taken to transfer to the Paddy Marketing Board, the vehicles, which are not absolutely owned by the Paddy Marketing Board.
- The need to use and maintain properly the vehicles used by the PMB
- The need to maintain running charts updated.
- To take action to obtain by the due dates the insurance certificate and revenue licenses for the vehicles.

VI. To take quick action to recover money due as at 31.12.2019 from mill owners and different institutions under various programs implemented.

➢	Program to issue rice to the Food Department	Rs. M.	425.95
		Rs. M.	10.59
➢	Issue of paddy stocks to the C.W.E.	Rs. M.	1,392.19
➢	Issue of rice to world food program	Rs. M.	8.02
➢	Rice export program	Rs. M.	264.15
		Rs. M.	208.31
➢	Issuing paddy stocks on credit	Rs. M.	44.40
➢	Due from C.W.E.	Rs. M.	77.52
➢	Due from mill owners	Rs. M.	65.50

VII. Issuing paddy stocks to the C.W.E. – 2016/2017

Paddy stocks have been issued to the CWE on the basis of Letters of Comfort as per the directives issued by the Cabinet Sub Committee on Cost of Living, the General Treasury and the Line Ministry.

- Even though the PMB had to pay interest to the Bank until money was received for paddy issued, there was no method for the PMB to recover this interest.
- Even though there was an agreement between the PMB and the CWE, as the agreement was defective the money due to the PMB could not be recovered.
- No action was taken even though CWE continued to avoid making the payments due.
- Action has not yet been taken to extend the relevant period even though the validity period of the Letters of Comfort issued by the General Treasury in that regard had been expired.
- No action has been taken to take a policy decision about the PMB having to bear the interest cost of this project implemented by the CWE.

VIII. Presenting a set of proposals to keep the losses at a minimum in the process of buying and issuing paddy.

Need to reimburse the financial loss, incurred to the Paddy Marketing Board through the Programmes (World Food Programme, Rice Exports and Issuance of Paddy stocks to Sathosa) implemented with the directives of the Cabinet Approved Sub-Committee on Cost of Living, the General Treasury and the Line Ministry, from the General Treasury or from the related parties.

IX. PMB Branded rice program

The paddy that was purchased during the Yala season 2018 was converted to rice and marketed in 2019. Internal Audit had made observation/recommendations on this program.

- The program of buying paddy of the 2018 Yala season was included in the relevant Cabinet paper and Cabinet approval had been obtained. But there approval through the observations of the Ministry of Finance.
- There was no agreement will mill owners to whom paddy was issued no bank guarantee had been taken to cover the paddy stocks issued.
- Bags had been bought to pack rice without a technical and procurement committee approval. 102,574 paddy bags valued at Rs. 1,646,531.78 remained unused.
- For this programe there has been no feasibility and market study. The institution locked a practical knowledge; there no suitable warehouse and transport facilities. As a result the program failed and was given up halfway.
- A stock of rice sold to reject on grounds of bad quality. As a result a loss of Rs. 159,859.80 was suffered.

X. Warehouse administration.

- The need to establish a proper internal control system for administration of stores; need to provide instructions in this regard to officers in charge of stores – as a stores control hand book.
- To take an annual physical stock taking covering all stores. The true physical stock ascertained this way to be entered in the final accounts.
- To get from state institutions working on standards, modern technical instruments and guidance with regard to stores control and agricultural standards.
- To find a sound scientific basis/norm to ascertain weight loss from stocks getting dried under storage.
- Establishment of required methodologies to immediately identify fraudulent activities, shortcomings and under measurements of paddy stocks stored in warehouses and to take necessary action and taking immediate action on matters identified in the verification of stocks carried out in the year 2018.
- To take action to get legal ownership of stores, land and properly now used by the PMB.

XI. In 2016 PMB had required from the state Engineering corporates stores located in Maradagahamula with a capacity of metric tons 2000 and 15,000. Even though a sum of Rs. 34.45 million had been paid to the corporation, no action has been taken yet to get the ownership of the land conveyed to the PMB. Further the properties are under – utilized.

XII. To take necessary action to get transferred to the PMB stores, land and property which belong to the PMB but are used by outside parties or to rent them in a proper way?

Also, in particular to ensure that under-utilized properties used by the PMB should be put to useful economic activity.

XIII. To prepare future plans to enable the PMB to achieve the objectives in the PMB Act No 14 of 1971.

XIV. The need to ensure that the operations of the PMB conform to the, Administrative Regulations, Financial Regulations and circular instructions of the General Treasury and other applicable circulars.

XV. Human Resource Management as applied to staff.

From the time the PMB started in the year 2008 staff was recruited from time to time. It is necessary to solve the following problems in relation to there without delay.

- Conducting efficiency bar examinations without delay.
- To attend to making staff permanent without delay.
- Payment of salary increment overdue for a number of years urgently.
- To review cadre requirements to ensure that the objectives of the overall plan one achieved.

4.2 Financial and Accountancy matters.

The final accounts of the year under review should be prepared, the approval of the Board of Directors obtained and forwarded for audit. As about a year has passed after 2019 ended, the chance of effecting corrections at that time itself having examined accounting defects and instances of non-conformity with Sri Lankan accounting standards have now escaped internal audit.

Further, a major problem encountered by the internal audit is that because there was a delay in bringing up to date ledger accounts, the ability to present observations/recommendations after examine accounts with current transactions as limited. The non-revealing of transactions with parties linked to the long term conduct of the institution, non-conformity mills rules and regulations, not adhering to Sri Lankan accounting standards, accounting short comings, lack of evidence, unidentified changes – due to all these reasons the Auditor General has expressed his opinion on the financial statements of the PMB for 2019 with reservations. As such, it has become necessary for the management of the PMB to pay special attention to rectify these problems.

I. Expediting the preparation of annual Accounts

Although the financial statements for a financial year should be submitted for audit within 60 days after the closure of the financial year according to Public Enterprises Circular No. PED 12 of 02.06.2003, the final accounts for the year 2019 have been prepared and approved by the Board on 31.12.2020.

Requirement to take action to present financial statements in terms of Public Enterprise Circular No. PED 12 of 02.06.2003 and the need for such financial statements to comply with Sri Lanka Accounting Standards and Financial Regulations.

II. Bank adjustments should be brought up to date

There were about 66,005 unidentified transactions within 21 accounts used to purchase paddy in the years 2015 and 2016, where the value of Rs. 4,933.28 million had to be settled by 23.07.2020 and activities of preparing bank reconciliation statements related to the aforesaid accounts had been carried out only on 31.12.2015 and 31.12.2016 due to those transactions.

Adopting the following activities in relation to payments that were difficult to identify and made from bank accounts used to pay money to farmers at the time of purchasing paddy, which is the main factor hindering the submission of annual accounts on the due date.

- Resorting to Internal Banking.
- Instead of making payments directly to farmers, to transfer funds to an account maintained in the bank in the farmers name.
- To prevent the money paid to more than one farmer being debited as one entry in the form of a bulk amount, to determine the maximum amount that can be debited to one account used to purchase paddy once in one transaction.
- To establish a methodology to prevent money being paid to farmers in a different zone from an account earmarked to make payments for paddy purchases from one particular zone.

III. Verification of Paddy Stocks

Year 2014

In respect of the stock shortages identified in the stock verification conducted in 2014, a sum of Rs. 13,074,157 had to be charged from 54 officers responsible. Although two out of these had been dismissed from service the sum of Rs. 4,242,954 chargeable from them had not been recovered.

Year 2018

The stock shortage identified in the stock verification of 2018 was 16,068,715 Kg. Action has not been taken up to now to recover the sum due from the officers responsible.

IV. Accounting aspect of stock verification

In the stock verification carried out in 2018 in respect of paddy purchased from 2008 to 2018, a stock shortage of about 85,933 metric tons was identified, with a value of Rs. million 3,047.10 on the instructions of the Board of Directors this amount has been debited to the trade debtors – uncertain (stock changes) Account. (As at 31.12.2019 this balance stood at Rs. million 3,031.25)

It is observed that the net asset figure can be an over estimation because the true stock loss in the relevant estimation, natural weight loss taking place in paddy stocks, the, the setting apart of sums for legal matters relating to stock frauds have not been identified.

V. Quick action to be taken to settle unsettled balances in the Accounts

Unidentified payments in the accounts

Among the payments made to farmers for paddy purchases in Maha 2014/15, 2015 Yala, 2015/16 Maha, 2016 Yala and earlier seasons, the following payments due to the inability to confirm were shown in the final accounts as unidentified (unidentified paddy purchases).

	Rs. million
Amount due from Bank of Ceylon	3.28
Amount due from Peoples Bank	1.69
Unidentified paddy purchases	70.81
Paddy purchases suspense account	18.57
Paddy purchases control account	49.74

To clear the above transactions and to prepare final accounts, to guide the PMB staff on these, a pensioner who functioned as Director General state accounts was recruited on the payment of a monthly allowance of Rs. 200,000 for a 6 month period in 2017, with Cabinet approval. In addition to help the involved staff, an incentive payment was given to officers of the Board of Directors was drawn to the settlement of unidentified balances. However, it is observed that as the recommendations of the retired officer were not implemented, it has not been possible to finish this task in a proper manner.

Among the payments made for paddy purchases, a part is shown as unidentified payments. The ability to take any action on these does not exist anymore.

Internal audit has drawn the attention of the management, from time to time, through observations and recommendations on the need to introduce a methodology to make payments to farmers without delay, by reporting in a systematic way the payments made for paddy purchases.

VI. Absence of evidence to confirm debtor balances

In order to confirm whether the above debtor balances actually remain to be recovered there are no updated files. Therefore, it is not possible to confirm the relevant balances.

	Rs. million
➢ Rice exports - Ministry	264.15
➢ Paddy sales - Ministry	32.68
➢ To be recovered from mill owners	65.50
➢ District Secretary Ampara (WFP)	2.45
➢ District Secretary Hambantota (WFP)	8.35
➢ Paddy millers (Export)	208.31
➢ Purchases control Account	49.74
➢ Unidentified paddy purchases	70.81
➢ Suspense Account (paddy purchases)	18.57

VII. Conducting the annual board of survey and the updating of Fixed Asset registers

Even though after board of surveys in terms of State Finance Circular No 05/2016 dated 31.03.2016 future action had to be taken, while board of survey work had started in 2018 and 2019 they were not completed according to the above circulars. Special attention should be paid to this and action taken.

The need to have a proper methodology to confirm that the register of Fixed assets and the inventory register maintained in the Head Office and in Regional Offices are brought up to date with regard to the fixed assets and inventory items purchased as the circumstances require by the Head office and Regional offices.

VIII. Maintaining records and updating them in respect of assets and property.

Although the internal audit had pointed out from time to time the need to update the Register of Fixed Assets (Non-Current Assets) to be maintained in terms of FR 502 and the need to conduct a verification of goods annually in terms of FR 507, activities of updating the relevant documents had not been properly completed.

By Financial Regulation 454 records should be kept in respect of goods and consumable used by the institution; according to Financial Regulation 751-753 these records should be updated. It is observed that there are delays in keeping records and updating them.

IX. Adopting an expeditious methodology of settling advances as there are delays in settling advances issued to the employees of the Paddy Marketing Board and other parties.

X. Sale of Paddy Stocks

Attention should be given to the following in selling paddy stocks;

- Determining a realistic sale price.
- It should be decided to sell at the proper time. (When market prices are rising and where no paddy harvests are being made)
- Sales of paddy/rice to other state institutions should be based on realistic prices.

XI. The Financial Position and credits of the PMB.

The Financial Statements show that by enforcing a controlled price through an entry into the open market the institution has been made to incurs an operational loss. As at 31.12.2019 the loss sustained by the institution is about Rs. million 884.78. By the end of 2019, net assets had increased to Rs. million 14,179.93. Further, as the financial deficit was covered by loans taken from state banks, for this reason as at 31.12.2019 the overall debt of the institution was Rs. million 11,419.66. Thus it is further observed that the institution incurs a heavy financial loss continuously.

This situation will have an impact on the continuation of the institution. As such without delay a proper stock control system and in internal control system should be strengthened; the credit control system should be operated on a proper strategic plan. The management should take steps to strengthen the internal administration by taking the following measures.

- By reducing the loss incurred by selling paddy purchased by the PMB at a price lower than the buying price; by preparing and implementing a long-term plan to settle the long-standing debts to the state banks and the General Treasury; to thereby reduce the present unnecessary interest payments.
- Through such a long-term plan to enhance the contribution made by the PMB for the benefit of farmers; to maintain the institution in a manner that it not be a burden to the government – at a minimum, at a level where no losses are made; to set the necessary long-term goals and to act in a manner to achieve them.

XII. The need to take action to charge / settle inaction debtor balances in the accounts of the Co-operative Wholesale Establishments, Line Ministry, Food Department, Lanka Sathosa, Hambantota and Ampara District Secretariats, different paddy mill owners.

XIII. Management of contracts / construction

- The need to conform to the Procurement Guidelines.
- The need to recruit to the PMB on a permanent basis an officer with technical knowledge for the supervision of construction activities.

XIV. Progress in the implementation of COPE orders.

The need to pay attention to the expeditious implementation of the recommendations issued at the Committee on Public Enterprises, which was last convened on 07.05.2019.

i. Delay in presenting annual reports to Parliament.
ii. Computerized stock control system.
iii. Storage of Paddy stocks.
iv. Issuing paddy stocks for animal feed.
v. Post of General Manager
vi. Unidentified deposits.
vii. Bridge weighing scales.
viii. Providing store houses
ix. Maradagahamula stores.

05. Positive matters pertaining to the recommendations of the Internal Audit

Among the matters raised the attention of the management was paid to the following and by now the actions given below were taken.

i. Conducting a system audit of the existing stock control system and the costand outcome of the relevant software had been referred to an analysis.
ii. Introduced a methodology to ensure the duties of field officers.
iii. Resorted to legal action to recover dues to the Paddy Marketing Board under various programmes that were implemented.
iv. Establishment of Paddy Stock Shortage Inquiry Committees by issuing circular instructions to deal with the reduction and shortage of paddy stocks stored in the warehouses.

v. Taken action to calculate and pay salary increments of the employees, which had not been paid for a number of years.
vi. Taken action to update the personal files of the employees, which were not completed properly and were maintained informally.
vii. Obtaining the Cabinet Approval for obtaining Engineering Services required for the construction activities from the Central Engineering Consultancy Bureau (CECB).

Annexure - 01

No	Date	Audit Query No	Heading	Date of Getting Replies
01	2019.01.14	PMB/IA/GEN/ 052-16/12	Purchase of 03 weigh Bridges	2020.01.07
02	2019.02.05	PMB/IA/GEN/ 063-18/04	Inspection of the allocation, use and maintenance of circuit bungalows	2019.09.17
03	2019.02.05	PMB/IA/INQ/0 24-15/23	Inspection of fuel usage in vehicles	2020.09.15
04	2019.02.08	PMB/IA/INQ/0 24-15/24	Repair of the hood cloth of lorry No. LH-4602	2019.04.04
05	2019.02.11	PMB/IA/GEN/ 024-15/25	Vehicle control – jeep No. 65-6389	2019.02.25
06	2019.02.12	PMB/IA/GEN/ 024-15/26	Putting up state logos for state vehicles	2019.02.25
07	2019.02.12	PMB/IA/GEN/ 029-15/37	unsettled advances 2016, 2017 and 2018	2019.04.04
08	2019.02.22	PMB/IA/GEN/ 076-19/01	Putting printed forms / book binding in order	2019.03.09
09	2019.02.22	PMB/IA/GEN/ 076-19/02	Putting printed forms / book binding in order	2019.06.03
10	2019.02.22	PMB/IA/GEN/ 76-19/03	Systemating the method of reporting daily paddy purchases	2019.07.01
11	2019.02.25	PMB/IA/GEN/ 076-19/04	Possession of paddy stocks purchased in Maha 2018/19	2019.02.27
12	2019.03.12	PMB/IA/GEN/ 073-19/17	Examination of personal files	2019.03.29
13	2019.03.19	PMB/IA/GEN/ 062-19/17	Efficiency Bar Examinations	2019.03.29
14	2019.03.25	PMB/IA/GEN/ 066-18/06	Examination of the rice production process proposed to be implemented by the PMB	2019.06.25
15	2019.03.15	PMB/IA/GEN/ 076-19/15	Regarding the conditions given in the letter of Appointment	2019.03.29
16	2019.04.01	PMB/IA/GEN/ 076-19/09	Maintaining by entry books in the offices, stores and other units of the PMB	2020.02.23

17	2019.04.08	PMB/IA/GEN/ 076-19/20	Register for the issue of Polysac Bags	2019.07.08
18	2019.05.10	PMB/IA/GEN/ 024-15/35	Regarding repair of vehicles	2019.09.18
19	2019.05.27	PMB/IA/INQ/0 18-15/19	Employee arrivals and departures in the Eastern Zone	2019.07.09
20	2019.05.28	PMB/IA/GEN/ 21-15/17	Contract variables	2019.06.12
21	2019.05.31	PMB/IA/GEN/ 076-19/26	Obtaining duty and holiday leave by Regional Managers	
22	2019.06.10	PMB/IA/GEN/ 052-16/18	Payments of farmers for polysacs – Maha season 2017/18	2019.12.24
23	2019.06.19	PMB/IA/GEN/ 029-15/39	Examination of petty cash payments	2019.06.27
24	2019.06.25	PMB/IA/GEN/ 057-17/11	Stores owned by PMB used by the Lanka Fertilizer Co. Ltd.	2019.10.28
25	2019.06.25	PMB/IA/GEN/ 057-17/12	The Kurunegala Regional office of the PMB used by the Royal Institutional School	2019.07.17
26	2019.06.26	PMB/IA/GEN/ 57-17/14	The Panduwasnuwara store used by the New Universe Corporate Hilodeen (Private) Company	2020.07.22
27	2019.06.26	PMB/IA/GEN/ 029-15/41	Examination of the Cash Book – Account No. 3270933	2019.07.01
28	2019.06.27	PMB/IA/GEN/ 29-17/15	Gampola Mariyawatte Redd Bana store used by the State Timber Corporation	2019.07.02
29	2019.07.01	PMB/IA/GEN/ 024-15/38	Examination of vehicle running charts	2020.09.23
30	2019.07.01	PMB/IA/GEN/ 024-15/39	Examination of the daily running chart of vehicle No. 18-5390	2020.09.15
31	2019.07.02	PMB/IA/GEN/ 057-17/18	The Batalegoda stores situated in Ibbagamuwa being used by Nipon Plastic Ltd. (Private)	2020.01.03
32	2019.07.02	PMB/IA/GEN/ 029-15/42	Examination of payment vouchers No. 3270933	2019.07.04
33	2019.07.04	PMB/IA/GEN/ 029-15/44	Unsettled Advances - 2019	2019.09.30
34	2019.07.04	PMB/IA/GEN/ 038-16/16	Converting process to rice of the 2014/15 Maha and 2015 Yala paddy stocks purchased by private mill owners - 2016	2019.12.24
35	2019.07.08	PMB/IA/GEN/ 057-17/19	The Kundasale stores used by Plenty Food (Private) Co.	2020.01.07
36	2019.07.12	PMB/IA/GEN/	Responding to letters received	2019.07.17

		057-17/09		
37	2019.07.18	PMB/IA/GEN/ 057-17/20	The Kurunegala Regional Office of the PMB used by the Royal Institution School	2019.10.28
38	2019.07.22	PMB/IA/GEN/ 024-15/41	Examination of Overtime payment to Drivers	2020.09.23
39	2019.07.30	PMB/IA/GEN/ 076-19/44	5,500 Kg of paddy stored in the Polwatte stores of the Ampara Zone	2019.12.04
40	2019.07.31	PMB/IA/GEN/ 053-17/10	Maintaining files	
41	2019.07.31	PMB/IA/GEN/ 024-15/42	Examination of combined payments of Drivers	2020.09.15
42	2019.07.31	PMB/IA/GEN/ 040-16/48	Annual Board of Survey	2019.09.12
43	2019.08.02	PMB/IA/GEN/ 057-17/22	Stores of the PMB being used by Colombo Commercial Company Ltd.	2019.11.15
44	2019.08.02	PMB/IA/GEN/ 047-16/13	Handing over of paddy stocks purchased by PMB to the CWE in keeping with the decision of the Cabinet sub-committee on cost of living	2019.12.24
45	2019.08.05	PMB/IA/GEN/ 024-15/43	Regarding Jeeps HH-6041 and 65-6389	2020.09.23
46	2019.08.08	PMB/IA/GEN/ 057-17/23	The Anuradhapura Puliyankulama stores used by S and S Agencies (Private)	2019.10.28
47	2019.08.08	PMB/IA/GEN/ 024-15/46	Regarding lorry No. LH–4602	
48	2019.09.02	PMB/IA/GEN/ 040-16/51	Accounting for paddy stock shortages and losses	2020.06.18
49	2019.09.04	PMB/IA/GEN/ 029-15/70	Unsettled advances 2019, 2017 and 2018	2020.07.24
50	2019.09.12	PMB/IA/GEN/ 029-15/32	Regularizing the purchasing, storing, distribution of inventory consumables	2019.12.24
51	2019.09.24	PMB/IA/GEN/ 029-15/77	Unsettled advances – 2019	2020.07.24
52	2019.10.07	PMB/IA/GEN/ 12/26	The paddy stock export process 2012	2020.07.21
53	2019.11.19	PMB/IA/GEN/ 076-19/84	Stores where small quantities of paddy and stored and the payment of wages to security	2020.07.07
54	2019.11.29	PMB/IA/GEN/ 12/27	The export process of paddy stocks carried out in 2012	2020.07.21
55	2019.12.04	PMB/IA/GEN/ 12/28	Rice export process carries out in 2012 – Lankatilake rice mill	2020.07.22
56	2019.12.04	PMB/IA/GEN/	The rice export process carried out in 2012	2020.07.25

		12/29		
57	2019.12.10	PMB/IA/GEN/ 029-15/90	Unsettled advances (2016, 2017, 2018, 2019)	2020.07.24

Annexure - 02

Serial No	Reference No.	Heading	Date of Replying
01	TCM/D/PMB/2018/AQ/10	Charging rent for stores	2019.05.28
02	TCM/D/PMB/2018/AQ/12	Repairs of Jeep No. 65-6389	2019.04.29
03	TCM/D/PMB/2018/AQ/13	Purchase of weigh bridges	2019.05.08
04	TCM/D/PMB/2018/AQ/14	Obtaining on monthly rent a rent for Chairman official duties	
05	TCM/D/PMB/2018/AQ/15	Supplying paddy stocks to private mill owners on credit	2019.07.22
06	TCM/D/PMB/2018/AQ/16	Audit of Financial Statements 2017	2019.07.26
07	TCM/D/PMB/2018/1/17	The opinion of the Auditor General on Financial Statements of the PMB for the year ending on 31.12.2017 in terms of section 14(2)(C) of the Finance Act No. 38 of 1971	2019.08.01
08	TCM/D/PMB/1/17	The report of the Auditor General on the Financial Statements of the PMB for the year ending on 31 December 2017 in terms of section 13(17)(A) of the Finance Act. No. 38 of 1971	2019.11.14
09	TCM/D/PMB/2018/AQ/17	Finance examination in respect of the money due to be received from paddy mill owners for paddy issued for export	2020.02.28
10	TCH/D/PMB/1/18	The report of the Auditor General on the Financial Statements of the PMB for the year ending on 31 December 2016 in terms of section 14(2)(C) of the Finance Act. No. 38 of 1971	2020.01.03
11	TCM/D/PMB/2018/AG/17	Implementing cabinet decisions	

Final Accounts – 2019

Paddy Marketing Board

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 Rs.	2018 Rs.
ASSETS			
Non Current Assets			
Property Plant & Equipment	3	1,020,586,891	996,780,367
Capital Work-in-Progress	4	9,188,254	34,789,928
Investments	5	539,274,083	498,291,881
		1,569,049,227	1,529,862,176
Current Assets			
Inventories	6	103,705,323	279,652,991
Trade and Other Receivables	7	5,862,933,525	5,907,867,152
Cash and Cash Equivalents	8	534,632,538	680,843,080
		6,501,271,386	6,868,363,223
Total Assets		**8,070,320,614**	**8,398,225,399**
EQUITY AND LIABILITIES			
Capital Contrubuted by the Treasury	9	631,484,518	631,484,518
Reserve Surplus/ (Deficit)		(14,811,413,863)	(13,898,138,127)
Total Equity		(14,179,929,345)	(13,266,653,609)
Non Current Liabilities			
Interest Bearing Loans & Borrowings	10	11,419,664,165	11,419,664,165
Provision for Defined Benefit Plans	11	22,050,511	20,801,539
Deferred Income	12	758,993,839	832,113,082
		12,200,708,515	12,272,578,785
Current Liabilities			
Trade & Other Payables	13	9,980,091,724	9,122,450,574
Interest Bearing Loans & Borrowings	10	69,449,720	269,849,649
		10,049,541,444	9,392,300,223
Total Equity and Liabilities		**8,070,320,614**	**8,398,225,399**

These Financial Statements are in compliance with the requirements of the Finance Act No. 38 of 1971.

J. P. M. M. K. Jayaweera
Deputy General Manager (Finance)
Paddy Marketing Board
6th Floor, Housing Secretariat Building
Sir Chittampalam A Gardiner Mw.
Colombo 02, Sri Lanka.

Deputy General Manager (Finance) .... Accountant

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

Chairman .... Director

The accounting policies and notes on pages 5 to 24 form an integral part of the Financial Statements.

02/12/2020
Colombo

Jatal D. Mannapperuma, Ph. D.
Chairman
Paddy Marketing Board
6th Floor, Housing Secretariat Building
Sir Chittampalam A Gardiner Mw.
Colombo 02

J. Krishnamoorthy
Food Commissioner
Food Commissioner's Department
Union Place
Colombo 02.

Paddy Marketing Board

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019	2018
ASSETS		**Rs.**	**Rs.**
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……………………………….. …………………………..

Deputy General Manager (Finance) Accountant

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

……….………………………… ……….…………………………

Chairman Director

The accounting policies and notes on pages 5 to 24 form an integral part of the Financial Statements.

…........2020
Colombo

Paddy Marketing Board

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2019

	Note	2019 Rs.	2018 Rs.
Revenue	14	178,766,574	31,020,886
Cost of Sales		(196,961,926)	(7,942,497)
Gross Profit		(18,195,352)	23,078,389
Other Income	15	217,784,911	212,998,004
Administrative Expenses		(239,316,846)	(233,547,335)
Selling & Distribution Expenses		(937,759)	(1,235,349)
Finance Expenses	16	(843,508,476)	(1,231,355,118)
Other Expenses		(608,996)	(11,366,042)
Profit/(Loss) Before Tax		(884,782,517)	(1,241,427,452)
Income Tax (Expense) / Reversal		-	-
Profit / (Loss) for the Period		(884,782,517)	(1,241,427,452)
Other Comprehensive Income			
Differed Income		143,119,242	56,325,729
Total Comprehensive Income		(741,663,275)	(1,185,101,723)

The accounting policies and notes on pages 5 to 24 form an integral part of the Financial Statements.

Paddy Marketing Board

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

	Contributed Capital Rs.	**Retained Earnings Rs.**	**Total Rs.**
Balance as at 01 January 2018	631,484,518	(13,180,175,058)	(12,548,690,540)
Prior Year Adjustments	-	467,138,654	467,138,654
Profit/(Loss) for the period	-	(1,185,101,723)	(1,185,101,723)
Balance as at 31 December 2018	631,484,518	(13,898,138,127)	(13,266,653,609)
Balance as at 01 January 2019	631,484,518	(13,898,138,127)	(13,266,653,609)
Prior Year Adjustments	-	(171,612,461)	(171,612,461)
Profit/(Loss) for the period	-	(741,663,275)	(741,663,275)
Balance as at 31 December 2019	631,484,518	(14,811,413,863)	(14,179,929,345)

The accounting policies and notes on pages 5 to 24 form an integral part of the Financial Statements.

Paddy Marketing Board

CASH FLOW STATEMENT

Year ended 31 December 2019

	2019 Rs.	2018 Rs.
Cash Flows From / (Used in) Operating Activities		
Profit/(Loss) Before Tax	(884,782,517)	(1,241,427,452)
Adjustments for		
Finance Cost	843,508,476	1,231,355,118
Depreciation	74,204,650	62,621,557
Provision for Gratuity	1,417,956	3,210,427
Interest income of Fixed Deposit	(50,407,058)	(48,690,201)
Interest income of Savings	(15,763,560)	(10,618,483)
Prior Year Adjustment for Differed Income	-	(103,170,697)
Prior Year Adjustment	(171,612,461)	467,138,654
Prior Year Adjustment for Fixed assets	8,242,381	-
Work In Progress Transfered to Land & Buildings	32,928,577	107,436,923
Operating Profit before Working Capital Changes	(162,263,556)	467,855,846
(Increase)/Decrease in Inventories	175,947,668	2,811,078,481
(Increase)/Decrease in Trade and Other Receivables	44,933,627	(1,680,360,058)
Increase/(Decrease) in Trade and Other Payables	857,641,150	15,337,403
Cash Generated from Operations	916,258,889	1,613,911,672
Finance Cost Paid	(843,508,476)	(1,231,355,118)
Income Tax Paid	-	-
Gratuity Paid	(168,984)	(174,789)
Net Cash From/(Used in) Operating Activities	72,581,429	382,381,765
Cash Flows From / (Used in) Investing Activities		
Acquisition of Property, Plant & Equipment	(106,253,556)	(141,938,984)
Investment in Fixed Deposits	(40,982,202)	(49,349,936)
Interest income of Fixed Deposits	50,407,058	48,690,201
Interest income of Savings	15,763,560	10,618,483
Advance Given to Work In Progress	(7,326,903)	(63,335,231)
Net Cash Flows From/(Used in) Investing Activities	(88,392,042)	(195,315,468)
Cash Flows From/(Used in) Financing Activities		
Issue of Shares	-	-
Proceeds from Interest Bearing Loans & Borrowings	-	-
Repayments of Interest Bearing Loans & Borrowings	-	(113,877,189)
Receipt of Government Grant	70,000,000	177,500,000
Net Cash Flows From/(Used in) Financing Activities	70,000,000	63,622,811
Net Increase/(Decrease) in Cash and Cash Equivalents	54,189,387	250,689,108
Cash and Cash Equivalents at the Beginning of the year	410,993,431	160,304,323
Cash and Cash Equivalents at the End of the year	**465,182,818**	**410,993,431**

The accounting policies and notes on pages 5 to 24 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2019

1. CORPORATE INFORMATION

Paddy Marketing Board (**PMB**)is a statutory board established under the provisions of the Paddy Marketing Board Act No. 14 of 1971, and domiciled in Sri Lanka. The registered office and the principal place of Business are located at 6th Floor, Housing Secretarial Building, Sir Chiththapalam A Gadiner Mawatha, Colombo 02.

Paddy Marketing Board was under liquidation during the period 2000 to 2007, and was reactivated by the then Minister of Agriculture Development and Agrarian Services, Hon. Maithripala Sirisena with effect from 1stDecember 2007.

1.1 Date of Authorization for Issue

The Financial Statements for the year ended 31 December 2019 were authorized for issue in accordance with a resolution by the board of directors on 02.12.2020.

1.2 Responsibility for the Financial Statements

Board of Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka for such internal control as the management determine is necessary

To enable the preparation of financial statements that are free from material misstatements whether due fraud or error.

1.3 Principal Activities & Nature of Operations

The primary business of **PMB** is purchase of paddy during harvesting season and selling of paddy.

1.4 Basis of Preparation

(a) Statement of Compliance

The financial statements comprise the statement of financial position, statement of comprehensive income, statement of changes in equity, cash flow statement and notes to the financial statements. These statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka.

(b) Basis of measurement

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2019

(c) Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period for all amounts reported in the financial statements in order to enhance the understanding of the financial statements of the current period and to improve the inter-period comparability.

(d) Financial and presentation currency

These financial statements prepared in Sri Lanka Rupees which is the functional and presentation currency of the **PMB**.

All financial information presented in Sri Lankan Rupees has been rounded to the nearest rupee, unless stated otherwise.

(a) Use of Estimates and Judgments

These preparation and presentation of financial statements in conformity with SLFRS/LKAS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and estimates. Actual results may differ from these estimates and judgments used.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimate is revised if the revision affects only that period or in the period of the revision and future periods, if the revision affects both current and future periods.

Information about significant areas of estimates, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements as included in the notes to the financial statements.

2. ASSETS AND BASIS OF THEIR VALUATION

2.1. Property, Plant and Equipment

a) Cost

Property, Plant & Equipment is stated at cost, excluding the cost of day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met.

b) Restoration Costs

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

c) Depreciation

The provision for depreciation is calculated by using a straight-line method on the cost or valuation of all property, plant and equipment, in order to write off such amounts over the following estimated useful lives from the date of acquire as follows.

Category of Assets	Rate per annum
Building	2.5%
Computer & Accessories	20%
Furniture & Fixtures	20%
Office Equipment	20%
Other Equipment	20%
Scales	20%
Moisture Meters	20%
Motor Vehicles	20%
Cocoon Stores	20%
Pallets	20%
Weight Bridge	20%
Stock Control System	20%

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

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.2. Inventories

Inventories are valued at the lower of cost and net realizable value, after making due allowances for obsolete and slow-moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

2.3.Financial assets

(a) Initial Recognition

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or as available-for-sale financial assets

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

(b) Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

PMB does not designate any financial asset as **fair value through profit or loss.**

Loans & Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the income statement. The losses arising from impairment are recognized in the income statement in finance costs.

PMB has classified trade and other receivables, fixed deposits, cash & cash equivalents as loans &receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the **PMB** has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the income statement. The losses arising from impairment are recognized in the income statement in finance costs.

PMB did not have any held-to-maturity investments during the period ended 31 December 2015.

Available-for-sale financial investments

PMB has 20,000 ordinary shares of the Associate Newspaper (Ceylon) Ltd. Recognized to financial asset as **Held for Sale**.

(c) Impairment of financial assets

The **PMB** assesses at each reporting date whether there is any objective evidence that a financial asset or **PMB** of financial assets is impaired. A financial asset or a **PMB** of financial assets is deemed to be impaired if and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred ‘loss event’) and that loss event has an impact on the estimated future cash flows of the financial asset or the **PMB** of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a **PMB** of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the **PMB** first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the **PMB** determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a **PMB** of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset’s original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the **PMB**.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

(d) Cash and Cash Equivalents

Cash and cash equivalents are cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.4. Financial liabilities

(a) Initial recognition and measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss or as loans and borrowings, as appropriate. The **PMB** determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

PMB's financial liabilities include trade and other payables and loans and borrowings.

(b) Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the **PMB** that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the income statement.

PMB has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

(c) Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the income statement. The **PMB** has classified interest bearing loans and borrowings and other borrowings as loans and borrowings.

(d) Financial guarantee contracts

Financial guarantee contracts issued by the **PMB** are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognized less cumulative amortization.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal 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.

2.5. Provisions

Provisions are recognized when the **PMB** has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the **PMB** expects some or all of a provision reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense

The provision for driage of paddy is calculated at the rate of 3% for the closing paddy stock.

2.6. Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual installments.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant.

2.7. Retirement Benefit Plan

2.7.1. Defined Benefit Plan – Gratuity

Terminal Benefits have been provided for all Employees who have completed 01 year of services, at the rate of one half of the basic salary, for the last month of the financial year, or each year of completed service. The provision has not been externally funded nor has been actuarially valued.

2.7.2. Defined Contribution Plan

All employees of the Company are members of the Employees' Provident Fund and Employees' Trust Fund, to which the employees contribute 12% and 3% for all employees for Employees' Trust Fund based on such employees consolidated salary. (Consolidated salary made from Basic Salary and the other allowances)

2.8. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the **PMB** and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes.

2.9. Sale of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

2.10. Interest Income

Interest income is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the income statement.

Paddy Marketing Board
NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 2019

3. PROPERTY, PLANT & EQUIPMENT

3.1 Cost

	Balance as at 01.01.2019 Rs.	Additions Rs.	Disposals Rs.	Adjustments Rs.	Balance as at 31.12.2019 Rs.
Land & Building	934,797,229	100,901,194	-	(3,705,253)	1,031,993,171
Computer & Accessories	23,064,252	112,203	-	-	23,176,455
Cocoon Stores	39,330,000	-	-	-	39,330,000
Furniture & Fittings	19,227,040	3,358,274	-	-	22,585,314
Office Equipments	6,394,487	275,810	-	-	6,670,297
Other Equipments	2,491,992	1,606,075	-	-	4,098,067
Moisture Meters	12,527,600	-	-	-	12,527,600
Motor Vehicles	3,101,000	-	-	-	3,101,000
Pallets	131,669,980	-	-	-	131,669,980
Scales	5,828,173	-	-	-	5,828,173
Weigh Bridge	9,136,750	-	-	-	9,136,750
Stock Control System	5,000,000	-	-	-	5,000,000
	1,192,568,504	106,253,556	-	(3,705,253)	1,295,116,807

3.2 Depreciation

	Balance as at 01.01.2019 Rs.	Charge for the year Rs.	Disposals Rs.	Adjustments Rs.	Balance as at 31.12.2019 Rs.
Building	91,938,184	25,629,759	-	(85,408)	117,482,535
Computer & Accessories	10,505,511	3,916,634	-	-	14,422,145
Cocoon Stores	23,598,000	7,866,000	-	-	31,464,000
Furniture & Fittings	11,857,323	3,479,266	-	-	15,336,589
Office Equipments	3,014,326	956,303	-	-	3,970,629
Other Equipments	1,191,761	508,952	-	-	1,700,713
Moisture Meters	9,767,975	1,564,600	-	-	11,332,575
Motor Vehicles	3,101,000	-	-	-	3,101,000
Pallets	35,338,251	26,333,996	-	4,622,536	66,294,783
Scales	3,294,066	1,121,790	-	-	4,415,856
Weigh Bridge	2,181,742	1,827,350	-	-	4,009,092
Stock Control System	-	1,000,000	-	-	1,000,000
	195,788,137	74,204,650	-	4,537,128	274,529,916

3.3 Net Book Value

	Balance as at 31.12.2019 Rs.	Balance as at 31.12.2018 Rs.
Land & Building	914,510,636	842,859,045
Computer & Accessories	8,754,311	12,558,742
Cocoon Stores	7,866,000	15,732,000
Furniture & Fittings	7,248,725	7,369,718
Office Equipments	2,699,668	3,380,161
Other Equipments	2,397,354	1,300,231
Moisture Meters	1,195,025	2,759,625
Motor Vehicles	-	-
Pallets	65,375,197	96,331,729
Scales	1,412,317	2,534,107
Weigh Bridge	5,127,658	6,955,008
Stock Control System	4,000,000	5,000,000
	1,020,586,891	**996,780,367**

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2019

4.	WORK IN PROCESS	2019 Rs.	2018 Rs.
	Opening Balance	34,789,928	78,891,620
	Transferec to Land & Building Account	(32,928,577)	(107,436,923)
	Advance Given for the Period	7,326,903	63,335,231
		9,188,254	34,789,928

5.	INVESTMENTS	2019 Rs.	2018 Rs.
	Fixed Deposit - Bank of Ceylon	539,147,083	498,164,881
	Associated Newspapers	127,000	127,000
		539,274,083	498,291,881

6.	INVENTORIES	2019 Rs.	2018 Rs.
	Goods in Transit (Paddy Issue for Rice Milling)	2,234,953	2,234,953
	Paddy Stock- Nadu	89,472,311	264,110,545
	- Samba	8,407,382	8,435,754
	- Keeri Samba	1,512,265	1,512,265
	Rice Stock ;	810,100	2,316,944
	Consumable Items	1,268,312	1,042,530
		103,705,323	279,652,991

7.	TRADE AND OTHER RECEIVABLES	2019 Rs.	2018 Rs.
	Trade Debtors (7.1)	5,725,747,110	5,823,864,901
	Less - Provision for Impairment	-	-
		5,725,747,110	5,823,864,901
	Sundry Debtors		
	Loans and Advances (7.2)	67,967,478	67,095,407
	Other Receivables (7.3)	68,667,937	16,355,844
	Securities and Deposits (7.4)	551,000	551,000
		5,862,933,525	5,907,867,152

7.1	Trade Debtors	2019 Rs.	2018 Rs.
	CWE	1,392,190,102	1,467,190,102
	Ministry for Paddy Sales	32,688,410	32,688,410
	Food Department	425,951,745	425,951,745
	Lanka Sathosa	77,526,708	77,526,708
	Ministry of Rice Export	264,154,465	264,154,465
	Cashew Co-operation	3,500,000	3,500,000
	North - Sea	1,000,000	1,000,000
	Palmyraha Development Authority	700,000	700,000
	Receivable from Food Department	10,591,838	10,591,838
	Receivable from Millers	65,501,226	66,395,726
	Receivable from Ampara D/S - WFP	2,458,086	2,458,086
	Receivable from Ham. D/S - WFP	18,351,743	18,351,743
	Rice millers for Export	208,313,337	211,447,915
	Rice Millers (for paddy sales of Credit Basis)	44,399,804	44,399,804
	Rice Millers (CWE & WF - 2016)	8,027,716	8,502,516
	Purchase Control Account	49,743,530	49,743,530
	Unidentified Paddy Purchases	70,818,163	63,980,963
	Suspens - Paddy Purchases	18,574,188	28,174,188
	Suspens - P. Stock variance (7.1.1)	3,031,256,050	3,047,107,163
		5,725,747,110	5,823,864,901

7.1.1 The stock variance of Rs. 3,031,256,050.40 for 85,933,454.4 kg has been identified during the 2018 stock verification with respect to stocks purchesed since 2008 to 2018 and the stock variance of Rs. 3,031,256,050.40 has been debited to suspens account as per the instuction given by the Board of Directors until identify the reasons for stock variance.

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2019

7.2 Loans and Advances

Advances	**2019** **Rs.**	**2018** **Rs.**
A.G.N.D. Alkegama	25,000	-
Ampara Region	320,217	1,059,387
Anuradhapura Region	-	308,040
A.K. Jeewantha kumara	26,500	12,000
B.M. Sajith Kumara	40,000	55,738
Ben Vision Printers & Publicaters	78,000	78,000
B.T.S. Fernando	333	10,353
B.S. Wathuregama	20,000	20,000
Chief Valuer	104,580	110,180
Chairman - PMB	10,000	10,000
Commissioner of Co-Operative	9,000,000	9,000,000
DGM (Operation) - PMB	22,205	43,400
District Secretary Trincomalee for building rent	88,000	44,000
District Secretary Hingurakgoda	47,418	-
Eastern Region	-	441,000
EMC Labs	4,500	4,500
Eksath Farmer Organization	19,000	-
Gunawardana (pvt) Ltd	5,750	-
G. Agent- Ampara	200,000	200,000
G.L.T.D. Kulathunga	-	39,934
G.L. Duminguhewa	31,000	41,000
I. Darmarathna	-	30,000
Kalupahana Hardware	-	47,600
K.D. Palitha	11,625	-
Lanka Sathosa Limited	1,000,000	1,000,000
Legal Officer	7,000	-
M.A.N. Perera	134,899	134,899
Mr Peries (Government Audit)	20,000	20,000
M.A.S. Anuradhika	-	5,000
M.G.D.B. Maldeniya	-	10,000
M.I.B.S. Karunathilaka	77,713	-
M.K.V. Niroshan	25,000	-
Madara Advertising	164,500	164,500
Magallegama Farmer Organization	14,915	-
Muthu Printers	50,000	50,000
NERD	200,766	50,000
New Trinco Stationers (Pvt) Lt	14,168	-
North Westen Region	58,779	60,449
North Region	401,404	91,925
P.M.P.N. Pathiraja	44,400	40,000
P.W.R.T.K. Perera	-	85,000
Polonnaruwa Region	48,110	74,110
Prasanna Morters	25	50,000
Paddy purchase operational ex - Ampara	373,555	373,651
Paddy purchase operational ex - South	17,349	17,349
Paddy purchase operational ex - North West	37,500	37,500
Paddy purchase operational ex - Eastern	-	125,000
Paddy purchase operational ex - Polonnaruwa	2,354	-
R.A.N.L. Ranawaka		57,800
R.M. Malinda Nuwan	33,234	33,234
R. Jayasinghe	20,000	-
R.S. Dissanayaka Alumin	120,000	-
Road Development Authority	797,161	797,161
S. State Trading Corporation	234,000	234,000
S. Dinashan	15,000	15,000
S. Dissanayaka	12,270	12,270
S. Thanusha	25,000	-
S.M.D.D. Sathkumara	4,000	34,000
System Administrator - PMB		25,000
Sri Lanka Foundation	360,000	-
State Engineering Corporation - Maradagahamula store	34,451,514	34,451,514
South Region	1,166,676	1,055,543
T.L. Bandula		9,000
T.A.M. Darshani		78,263
W. Subasinghe		10,000
W.D. Perera		10,000

W.D.J. Peiris	193,000	-
Y. G. L. Nayanajith	40,000	-
Petty cash - Trinco	51,031	51,515
- Polonnaruwa	31,356	2,278
- Ampara	30,000	-
- Ampara C.B.	5,000	-
- Anuradhapura	30,000	210
- Head office	49,956	-
- North West	29,735	776
- North	59,222	30,000
- Hasalaka C.B.	20,000	10,000
- South	29,873	-
Festival Advance	260,450	210,450
Loans		
Bike Loan	346,362	346,362
Distress Loan	16,806,075	15,676,515
	67,967,478	67,095,407

7.3 Other Receivables

	2019 Rs.	2018 Rs.
Develo. Officer's & others salary Reimbursement A/C	14,449,020	3,310,631
Accrued Rent Income	7,015,700	1,176,000
Receivable from PMB Staff - Stock Shortages	7,073,343	6,615,555
Receivable form District Secretary for construction	24,991	163,019
Receivable from - BOC	3,282,807	3,282,807
- People's Bank	1,691,330	1,691,330
Receivable from CCTV Camera Charges	16,440	-
Receivable from D.P.A.S. Dassanayaka	9,825	9,825
Receivable from B.M.S. Kumara	15,600	15,600
Receivable from L.N. Lamahewa	25	25
Receivable from M.S.N.M. Senarathna	8,041	8,041
Salary control & abetments	83,012	83,012
Receivable from GA - Batticalo	3,441,309	-
Receivable from GA - Mathara	144,779	-
Receivable from GA - Rathnapura	750,814	-
Receivable from GA - Trincomalee	2,296,865	-
Receivable from GA - Anuradhapura	9,908,521	-
Receivable from GA - Kandy	476,730	-
Receivable from GA - Ampara	14,744,522	-
Receivable from GA - Hambanthota	711,058	-
Receivable from GA - Kurunegala	6,500	-
Receivable from GA - Polonnaruwa	2,331,207	-
Receivable from GA - Puttlam	185,500	-
	68,667,937	16,355,844

7.4 Securities and Deposits

	2019 Rs.	2018 Rs.
Housing Security Deposit	20,000	20,000
Security Deposits	531,000	531,000
	551,000	551,000

8. CASH AND CASH EQUIVALENTS

	2019 Rs.	2018 Rs.
Favourable Cash & Short Term Deposits		
Cash and Bank Balances	534,632,538	680,843,080
	534,632,538	680,843,080

Paddy Marketing Board
NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 2019

9. CAPITAL AND RESERVE

Contributed Capital	**2019 Rs.**	**2018 Rs.**
Capital Contributed by the Treasury	631,484,518	631,484,518
	631,484,518	631,484,518

10 INTEREST BEARING LOANS AND BORROWINGS

	2019			**2018**		
	Rs.	**Rs.**	**Rs.**		**Rs.**	
	Non- Current Rs.	**Current Rs.**	**Total Rs.**	**Non- Current Rs.**	**Current Rs.**	**Total Rs.**
Bank Loans (10.1)	-	11,419,664,165	**11,419,664,165**	-	11,419,664,165	11,419,664,165
Bank Overdraft	-	69,449,720	**69,449,720**	-	269,849,649	269,849,649
	-	11,489,113,884	**11,489,113,884**	-	11,689,513,814	11,689,513,814

10.1 Bank Loans	**As at 01.01.2019 Rs.**	**Loans Obtained Rs.**	**Repayments Rs.**	**As at 31.12.2019 Rs.**
Bank of Ceylon	8,572,952,043	-	-	**8,572,952,043**
People's Bank	2,846,712,122	-	-	**2,846,712,122**
	11,419,664,165	-	-	**11,419,664,165**

11. DEFINED BENEFIT LIABILITY

	2019 Rs.	**2018 Rs.**
Balance at the beginning of the year	20,801,539	17,765,901
Provision for the year	1,417,956	3,210,427
Interest for the year	-	-
Actuarial Loss	-	-
Prior year adjustments	-	-
Payment Made during the year	(168,984)	(174,789)
Balance at the end of year	22,050,511	20,801,539

Previosly PMB has provisioned for Gratuity based on projected unit credit method on assuming that PMB has a plan asset for the obligation. but PMB doesn't have such an asset, therefore this year the calculation has been reversed as per using only the obligation and the payment were done by using internal funds of PMB.

12 DEFERRED INCOME

	2019 Rs.	**2018 Rs.**
Balance at the beginning of the year	832,113,082	814,109,507
Government Grant for Capital Expenditure During the Year	70,000,000	177,500,000
Charge to Income Statement - Current year	(143,119,242)	(56,325,729)
Charge to Retain Earnings (2012 - 2017)	-	(103,170,697)
Balance at the end of year	758,993,839	832,113,082

This represnts the government Grant offered for the company for improvements, contructions of stores & computerisation.

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2019

13. TRADE AND OTHER PAYABLES

	2019 Rs.	2018 Rs.
Trade Payables (13.1)	248,016,056	248,016,056
Sundry Creditors (13.2)	6,731,496,738	6,723,689,338
Other Payables (13.3)	1,333,815,589	1,309,743,470
Accrued Expenses (13.4)	1,666,763,341	841,001,711
	9,980,091,724	9,122,450,574

13.1 Trade Payables

	2019 Rs.	2018 Rs.
Lanka Sathosa Loan	200,000,000	200,000,000
Rice millers for Export	4,713,654	4,713,654
Rice Millers (CWE & WF - 2016)	3,302,402	3,302,402
Payable to GA - Ampara	10,000,000	10,000,000
- Trincomalee	30,000,000	30,000,000
	248,016,056	248,016,056

13.2 Sundry Creditors

	2019 Rs.	2018 Rs.
Payable to Treasury	6,684,554,538	6,684,554,538
Payable to Ministry of Food Security	-	-
Payable to Ministry of Rural Economy	-	-
Sundry Creditors	46,942,200	39,134,800
	6,731,496,738	6,723,689,338

13.3 Other Payables

	2019 Rs.	2018 Rs.
Provisions (13.3.1)	1,217,126,761	1,217,126,761
Refundable Deposits (13.3.2)	2,673,285	8,243,475
Advance cash deposit for paddy sales	10,582,449	10,582,449
CWE Constructions & Engineering (pvt)	8,025,272	8,025,272
E.P.F. Payable A/C	1,493,524	1,692,743
E.T.F. Payable A/C	225,665	255,547
Bank Errors	308,885	308,885
Payable to CWE	1,202,897	1,202,897
Payable to Impact Image (pvt) Ltd	-	5,395,090
Payable to Imaal Builders	2,076,455	-
Payable to W.O. Thilakarathna	1,113	1,113
Payable to Inland Revenue	40,419	36,387
Payable to Madurapperuma Construciton	1,993,740	-
Payable to Magma Farm House	9,045	-
Payable to G.A for constructions	17,641,550	40,429,668
Payable to G.A	19,500	-
Payable to D.S. Nikewaratiya	-	68,177
Security deposit payable - PMB staff	542,624	542,624
Security charges payable	1,368,000	-
Payable to Sasiri Polysacks (Pvt) Ltd	41,353,750	-
Payable to SL State Trading Co.	839,082	-
Retention payable	15,555,649	15,352,537
Loan Interest payable PB 1021	468,252	468,252
Unclaim Salaries	11,591	11,591
Payable to D.P.S. Dayarathna	25	-
Payable to Paddy Purchases Oper.Ex; - Anu	530	-
Payable to Anuradhapura Region	4,770	-
Payable for Oparation Cost 2018/19 Maha - North	625,750	-
Payable for OP Cost 2018/19 Maha - Anuradhapura	613,000	-
Payable for OP Cost 2018/19 Maha - North West	7,500	-
Payable for OP Cost 2018/19 Maha - South	269,620	-
Payable for OP Cost 2018/19 Maha - Ampara	885,000	-
Payable for OP Cost 2018/19 Maha - Eastern	338,384	-
Payable for OP Cost 2018/19 Maha - Polonnaruwa	65,620	-
Payable to Eastern Region	67,000	-

Payable to GA - Gampaha	39,640	-
Payable to GA - Monaragala	101,258	-
Payable to GA - Jaffna	735,741	-
Payable to GA - Kilinochchi	1,855,498	-
Payable to GA - Mannar	404,434	-
Payable to GA - Matale	23,387	-
Payable to GA - Mullaitivu	1,992,750	-
Payable to GA - Vavuniya	2,086,273	-
Payable to GA- Badulla	139,902	-
	1,333,815,589	1,309,743,470

13.3.1 Provisions	2019	2018
	Rs.	Rs.
Provision for Driage	1,217,126,761	1,217,126,761
	1,217,126,761	1,217,126,761

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2019

13.3.2	**Refundable Deposits**	**2019 Rs.**	**2018 Rs.**
	M.M. Refundable Deposits	372,925	372,925
	Deposits - Refundable Rent & other Deposit	550,000	1,943,000
	Refundable Tender Deposit	1,618,550	5,918,550
	Security Deposit - PMB Staff	131,810	9,000
		2,673,285	8,243,475

13.4	**Accrued Expenses**	**2019 Rs.**	**2018 Rs.**
	Accrued Audit Fees	1,313,234	1,313,234
	Accrued Expenses	19,787,422	17,552,990
	Accrued Loan Interest	1,645,662,685	822,135,487
		1,666,763,341	841,001,711

14.	**REVENUE**	**2019 Rs.**	**2018 Rs.**
	Revenue	178,766,574	31,020,886
	Total	178,766,574	31,020,886

15.	**OTHER INCOME**	**2019 Rs.**	**2018 Rs.**
	Distress Loan Interest	675,947	442,437
	Divident Income	39,697	20,000
	Fixed Deposit Interest Income	50,407,058	48,690,201
	Insurance Claim Received	3,415	-
	Interest Income - Savings	15,763,560	10,618,483
	Non Refundable Tender Income	2,000	204,500
	Miscellaneous Income	165,564	1,026,028
	Paddy Mill's Registration Income	150,000	412,000
	Polysack bag sale	5,750,844	951,575
	Rent Income	12,576,825	7,742,510
	Suplier Registration Income	-	415,000
	Stock shortages Recovery Income	-	10,424,310
	Sample Rice Sale Income	-	300,960
	Treasury Grants	132,250,000	131,750,000
		217,784,911	212,998,004

16.	**FINANCE EXPENSES**	**2019 Rs.**	**2018 Rs.**
	Bank Charges	43,590	60,279
	Loan Interest -BOC	539,629,909	890,044,701
	Loan Interest -PB	283,897,289	328,048,622
	OD Charges	16,629,157	9,596,599
	With Holding Tax	3,308,531	3,604,917
		843,508,476	1,231,355,118

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2019

17. CASH AND SHORT TERM DEPOSITS IN THE CASH FLOW STATEMENT

Components of Cash and Short Term Deposits	2019 Rs.	2018 Rs.
17.1 Favourable Cash & Short Term Deposits		
Cash balance - 3270933	12,177,113	15,468,682
Cash balance - 6662403	404,778,397	377,702,910
Cash balance - 70639454	45,000	144,192,950
Cash balance - 71615439	1,170,252	-
Cash balance - 71642573	206,467	102,798
Cash balance - 72115531	42,743	468,570
Cash balance - 7723940	114,712,338	139,481,419
Cash balance - 7767985	165,815	522,124
Cash balance - 7768144	193,784	548,992
Cash balance - 7768187	206,310	700,115
Cash balance - 7768246	47,606	361,477
Cash balance - 7768265	346,223	741,572
Cash Balance - 78970619	27,000	27,000
Cash Balance - 79611502	25,000	25,000
Cash Balance - 82409377 - Hambantota	25,000	36,980
Cash Balance - 82409389 - Monaragala	25,050	25,050
Cash Balance - 82409423 - Ratnapura	24,787	23,787
Cash balance - PB 014-1-001-8-0002717	12,754	12,754
Cash Balance-82350784 -Trincomalee	25,000	25,000
Cash Balance-82352892 -Batticaloa	25,000	25,000
Cash Balance-82353736 -Ampara	25,900	25,900
Cash Balance-82353765 -Vavniya	25,000	25,000
Cash Balance-82353840 -Mannar	25,000	25,000
Cash Balance-82409169 -Badulla	25,000	25,000
Cash Balance-82409259 -Kandy	25,000	25,000
Cash Balance-82409273 -Kurunegala	25,000	25,000
Cash Balance-82409294 -Puttalam	25,000	25,000
Cash Balance-82409335 -Polonnaruwa	25,000	25,000
Cash Balance-82409348 -Matale	25,000	25,000
Cash Balance-82409362 -Anuradhapura	25,000	25,000
Cash Balance-82409441 -Matara	25,000	25,000
Cash Balance-82409455 -Kilinochchi	25,000	25,000
Cash Balance-82409470 -Jaffna	25,000	25,000
Cash Balance-82409623 -Mulathiv	25,000	25,000
Cash and Bank Balances	534,632,538	680,843,080
17.2 Unfavourable Cash & Short Term Deposits		
Cash balance - 71615439	-	200,399,929
Cash balance - PB 014-1-002-7-0002717	69,449,720	69,449,720
Bank Overdraft	(69,449,720)	(269,849,649)
Total Cash and Short Term Deposits For the Purpose of Cash Flow Statement	465,182,818	410,993,431

18. ASSETS PLEDGED

No assets have been pledged as security for liabilities.

19. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the financial statements.

Paddy Marketing Board

DETAILED STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31 December 2019

		Year Ended 31.12.2019 Rs.	Year Ended 31.12.2018 Rs.
Revenue	I	178,766,574	31,020,886
Cost of Sales	II	(196,961,926)	(7,942,497)
Gross Profit		(18,195,352)	23,078,389
Add: Other Income	III	217,784,911	212,998,004
Less : Expenses			
Administrative Expenses	IV	(239,316,846)	(233,547,335)
Selling & Distribution Expenses	V	(937,759)	(1,235,349)
Finance Expenses	VI	(843,508,476)	(1,231,355,118)
Other Expenses	VII	(608,996)	(11,366,042)
		(884,782,517)	(1,241,427,452)

Paddy Marketing Board

DETAILED STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31 December 2019

STATEMENT I	**2019**	**2018**
Revenue	**Rs.**	**Rs.**
Sales - Paddy	174,691,344	22,463,171
Paddy Sale (Muddy)	-	4,068,728
Rice Sale - World Food Programme	-	-
PMB Rice Programme - 2018	4,075,230	4,488,987
	178,766,574	31,020,886
STATEMENT II	**2019**	**2018**
Cost of Sales	**Rs.**	**Rs.**
Cost of Sales-Paddy	176,173,451	(52,979,448)
Overhead	18,430,030	59,442,747
Direct Overhead on for Paddy Issuing	176,579	1,479,198
Direct Overhead on for Rice Sale	2,181,866	-
	196,961,926	7,942,497
Cost of Sales - Paddy		
S	276,375,508	3,089,833,136
Paddy Purchases	-	254,122,400
P. Stock Variance(Shortage) - 2008 to 2018	-	(3,047,107,163)
Stock shortages	-	(75,769,257)
(-) Closing Stock	(100,202,058)	(274,058,564)
	176,173,451	(52,979,448)
Overhead		
Direct Overhead		
Labour Cost	28,080	985,840
Nattami Charges	41,360	1,292,104
Polysacks Bag Expenses	14,198,586	40,772,515
	14,268,026	43,050,459
Indirect Overhead		
Advertising Expenses	45,900	1,478,399
Consumable Items- Stores	-	26,615
Fuel charges - Paddy Purchases	30,000	-
Other Expenses	164,670	194,812
Paddy Stock Maintenance Expenses	-	312,194
Paddy pur. Investigation charges	-	133,000
Paddy Purchases - Commision & Transport	84,284	-
Paddy Inter Transport	232,932	229,020
Paddy Operation Cost	23,800	-
Printing & Stationery	1,063,750	1,846,591
Security Charges - Stores	1,545,500	7,170,250
Stores Maintanance Expences	334,572	927,276
Stores Premisses Cleaning	517,700	3,660,412
Transport Charges	43,896	33,200
Wages	75,000	210,860
Waste paddy Transport charges	-	169,660
	4,162,004	16,392,288
	18,430,030	59,442,747
Direct Overhead on Paddy Issuing		
Advertising		-
Consumable Items		3,895
Labour charges	160,520	783,480
Nattami charges	14,124	679,480
Other Expenses	1,935	3,543
Polysacks Bag Expenses	-	8,800
	176,579	1,479,198
Direct Overhead on Rice Sale		
Paddy Milling & Transport charges		-
Advertising	136,620	-
Rice Processing Expenses	201,053	-
Transport Charges	40,000	-
Polysack Bags Expenses	1,804,193	-
	2,181,866	-

* These Items have been disclosed under administration expenses as per presentation guidelines of Financial Reporting Frame Work.

Paddy Marketing Board

DETAILED STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31 December 2019

STATEMENT III	2019 Rs.	2018 Rs.
Other Income		
Distress Loan Interest	675,947	442,437
Divident Income	39,697	20,000
Fixed Deposit Interest Income	50,407,058	48,690,201
Interest Income - Savings	15,763,560	10,618,483
Insurance Claim Received	3,415	-
Non Refundable Tender Income	2,000	204,500
Miscellaneous Income	165,564	1,026,028
Paddy Mill's Registration Income	150,000	412,000
Polysack bag sales Income	5,750,844	951,575
Rent Income	12,576,825	7,742,510
Suplier Registration Income	-	415,000
Stock Shortages Recovery Income	-	10,424,310
Sample Rice Sale Income	-	300,960
Treasury Grants	132,250,000	131,750,000
	217,784,911	212,998,004

STATEMENT IV	2019 Rs.	2018 Rs.
Administrative Expenses		
Audit Fees	1,980,727	717,425
Audit & Mana. Comitee Member Fees	178,500	153,000
Accomadation charges	52,900	165,828
Allowance for system Administrator	-	560,000
Board of Servay Expenses	431,135	596,012
Chairman Allowance	786,667	1,220,000
Consultancy fees	20,000	-
Consumable Items	729,169	495,860
Cost of Living	18,939,635	17,716,140
Deputy Chairman's Allowance	639,167	-
Depreciation	74,204,650	62,621,557
Director Fees	331,500	331,500
Disiplinary Inquiry fees	847,640	791,980
Electricity Expenses	2,968,060	2,626,307
EPF Expenses	11,434,327	10,578,366
ETF Expenses	2,858,582	2,645,143
Eastimate Preperation Charges	22,237	-
Fuel Charges	1,423,441	3,589,161
Gratuity Expenses	1,417,956	3,210,427
Investigation charges	443,500	290,590
Insentive Allowances	-	491,000
Janitorial Expenses	1,893,167	2,027,321
Labour Charges	536,600	1,139,099
Legal Expenses	215,000	234,000
Medical Report Charges	5,500	2,000
M. Meters & Scales Repair	-	51,675
News Papers	113,710	124,595
Other Allowances	6,013,509	12,010,512
Other Expenses	135,791	184,911
Other Staff Uniform Allowance	48,000	-
Over time	1,365,171	1,025,128
Paddy Stock Verification Expenses	-	2,132,797

Pension Fund Expenses	15,461	76,194
Postal Expenses	250,326	194,592
Printing & Stationary	3,130,219	2,915,702
Professional fees	9,780	87,370
Property loan expenses	7,269	45,541
Refreshment Charges	466,212	759,987
Repair & Maintenance	1,955,940	2,978,375
Rent, Assessment & Taxes	19,234,450	16,708,262
Salaries	72,830,547	61,484,893
Scales Repari Charges	41,385	1,068,179
Security Charges	1,480,550	1,457,600
Staff training & related expenses	1,261,475	2,604,227
Staff Welfare Expenses	427,463	454,168
Stamp duty	1,125	450
Store Rent Expenses	-	543,953
Technical Report charges	-	-
Telephone Expenses	978,270	1,402,012
Translate Fees	185,041	91,632
Transport Charges	313,901	585,653
Testing Fees	-	243,275
Trainee Allowance	-	173,500
Valuation Charges	47,100	276,287
Vehicle and Other Ass. Revenue Licence	43,165	52,460
Vehicle Insurance	425,427	310,644
Vehicle Hire Charges	1,614,586	5,583,322
Vehicle Maintenance	2,499,763	2,255,186
VPN connection charges - stock control sys.	1,302,906	2,430,848
VPN - System Audit Expenses	45,000	-
Water Expenses	713,245	677,500
Weigh Bridge Service Charges	-	353,190
	239,316,846	233,547,335

Paddy Marketing Board

DETAILED STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31 December 2019

STATEMENT V	**2019**	**2018**
	Rs.	**Rs.**
Selling & Distribution Expenses		
Advertisement & Publicity	123,338	681,910
Exibition Expenses	356,035	-
Travelling	103,917	181,439
Subsistence & Nightout Allowance	354,469	372,000
	937,759	1,235,349

STATEMENT VI	**2019**	**2018**
	Rs.	**Rs.**
Finance Expenses		
Bank Charges	43,590	60,279
Loan Interest -BOC	539,629,909	890,044,701
Loan Interest -PB	283,897,289	328,048,622
OD Charges	16,629,157	9,596,599
With Holding Tax	3,308,531	3,604,917
	843,508,476	1,231,355,118

STATEMENT VII	**2019**	**2018**
	Rs.	**Rs.**
Other Expenses		
Agent commission & Transport - 2015/16 Maha	568,872	7,750,220
Charity & Donations	30,000	-
Computerized Network System		3,591,046
E.T.F. Surcharges	10,124	-
Gamperaliya Programme		24,776
	608,996	11,366,042

Auditor General's Report – 2019

National Audit Office

My No - TCM/D/PMB/1/18
21st October 2021

Chairman,
Paddy Marketing Board.

<u>The report of the Auditor General in terms of section 12 of the National Audit Act No. 19 of 2018 on the Financial Statements of the Paddy Marketing Board for the year ending on 31.12.2019.</u>

1. Financial Statements

1.1 Opinion disclaimer

The Financial Statement of the Paddy Marketing Board for 31st December 2019 and Comprehensive Income Statement for the year ending 31st December, Statement of Change of Ownership and Cash Flow Statement for the year ending with that date, notes related to Financial Statements and the Financial Statements for the year ending 31st December 2019 with a summary of important accounting policies were audited under my direction as per the provision of the National Audit Act No. 19 of 2018 and the Finance Act No. 38 of 1971 to be read in conjunction with Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. Pursuant to Article 154 (6) of the Constitution, my report shall be tabled in Parliament in due course.
I do not express an opinion on the Financial Statements of the Board. due to the importance of the matters discussed that formed the basis for the disclaimer of the opinion. I have not been able to obtain adequate and suitable audit evidence to form an audit opinion on these Financial Statement.

1.2 Basis for the disclaimer of the opinion

(a) No 16 of the Sri Lanka accounting standards

According to paragraph 51 of Sri Lanka Accounting Standard 16, a review has to be done after reducing the value and useful life of an asset. If the expected values differ from estimates made previously those differences in terms of Sri Lanka Accounting Standard 8 accounting policies changes and errors in the accounting estimates should be entered as a change in the accounting estimates. However, in respect of assets of Rs. 7,097,050 that had been completed depreciated by 31.12.2019 but continued to be used, action had not been taken as required above.

(b) Accounting Standards No. 20

During the year under review in respect of assets purchased from the capital provisions of the state, there was a depreciation amounting to Rs. 74,204,650 while this was still there, a sum of Rs. 143,119,242 had been accounted as deferred income. As a result, the income for the year had an over estimate of Rs. 68,914,592 in the income expenditure account.

(c) Accounting shortcomings

(i) According to the cash flow ledger account, in the year under review acquiring land and buildings the payment in cash was Rs. 384,902. However under investment activities in the cash flow statement it is shown as Rs. 100,901,194 which is an excess of Rs. 100,516,292.

(ii) In the year under review to acquire furniture and implements payments in cash are given as Rs. 2,801,938, In the statement of money flows it is stated as Rs. 3,358,274.

(iii) Even though cash payments to acquire other implements are Rs. 1,490,787, in the statement of cash flows it is given as Rs. 1,606,075 – an excess of Rs. 115,288.

(iv) In the work in progress account cash payment are Rs. 4,414,833. In the cash flows statement it is given as Rs. 7,326,903 – which is a figure higher by Rs. 2,912,070.

(v) The balance in the suspense account which has been continuing for a long time Rs. 3,049,830,238 and stock value of Rs. 2,234,953 have not been entered in the accounts 2018.

(d) Unconfirmed debtor balances

(i) Although it is stated in the statement of financial position that a sum of Rs. 700,000 is receivable from the Palmyra Development Authority, a sum of Rs. 10,519,838 is receivable from the Food Commission Department and a sum of Rs. 77,526,708 is receivable from the Lanka Cooperative Wholesale Establishment, as these institutions have started in writing that there are no payments due from them, there is an uncertainty about receiving this sum of Rs. 88,818,546.

(ii) Even though according to the balance verifications the amount due from the Cooperative Wholesale Establishment is Rs. 1,070,666,192, the financial position statement gives the amount due as Rs. 1,392,190,102, a figure Rs. 321,523,910 in excess.

(e) Lack of evidence for Audit

As evidence shown against the account items given below was not forwarded, it was not possible to confirm their correctness or existence in the audit.

Account/Item subject	Value (Rs.)	Evidence not forwarded
Debtor balances		
Ministry Paddy sales	32,688,410	Balance confirmation
Ministry rice exports	264,154,465	
North-sea	1,000,000	
Receivable from millers	65,501,226	Detailed schedules
Receivable Ampara D/S WFP	2,458,086	
Receivable Hambantota D/S WFP	18,351,743	
Rice Millers exports	208,313,337	
Rice Millers (paddy sales on credit)	44,399,804	
Rice Millers (CWE and WF – 2016	8,027,716	
Purchased control Account	49,743,530	
Unidentified paddy purchases	70,818,163	
Suspense Account (paddy purchases)	18,574,188	
Land and Buildings Ledger		
Land and buildings	2,203,388	Detailed documents related to removals
Land buildings Adjustment	3,705,253	Detailed schedules
Advances; Transfer to the Land Buildings Account	17,448,220	Work completion certificate
Transfer to the Land Building Account money paid to GA	10,731,138	Work completion certificate; Detailed of Fixed Assets
Crediting Land Buildings Account	384,902	Detailed relating to Fixed Assets
Transferring from work in progress Account to Land Building Account	24,258,992	Details about Fixed Assets; Engineers certificate about work completion
Removal from Land Building Account as GA construction	1,341,833	Details of removals
Register of Fixed Assets		
Consumable items	1,268,312	Detailed stock records
Starting balance of Fixed Assets	1,192,568,504	Fixed assets register where well identified Fixed Assets are recorded
Purchase of Fixed Assets during the year	106,253,556	

Depreciation during the year	74,204,650	Detailed Schedule
Bank Balance		
Overdraft Bank Account 014-1-002-7-0002717	69,449,719	Bank statements

1.2.1 Continued existence of the institution

Following observation is made

(a) Due to the sale of paddy stocks purchased for a price lower than the market price and the cost, money required to buy paddy for the next season and to cover the loss had to be from the General Treasury and through borrowing from the state banks. From 2009 to 2014 for paddy purchases and operations the out of the borrowings and advances from 3 state banks by 31st December 2019 a cumulative payment of Rs. million 18,104 was due and in addition a cumulative interest of Rs. million 1,646 had to be paid.

(b) When the net value of assets for the year 2016 under review and the three preceding years are considered, the minus value of Rs. million 12,060,577,822 had increased to a minus value of Rs. million 14,179,929,345. As at 31st December of the year under review the net current assets should a negative figure of Rs. 3,548,270,058. This has had an adverse effect on the unbroken continuation of the institution. It is observed that without financial support of the state the institution lacks the financial strength to discharge these liabilities.

As explained above it has not been possible for me to cross check and verify by alternative ways the quantitative items included in the financial status statement, the detailed income statement, the cash flows statement. As a result, it has not been possible for me decide whether it is necessary to make any adjustment with regard to recorded or not recorded values or transactions about assigned values or items in the Financial Position Statement, detailed income statement, statement of ownership changes and the state of cash flows.

1.3 The responsibility of the Management and controlling parties with regard to Financial Statements

It is the responsibility of the management to decide upon the internal controls necessary to enable financial statements to be prepared, free from incorrect quantitation statements that can result from fraud or errors, in accordance with Sri Lanka Accounting Standards.

When preparing Financial Statements, it is the responsibility of the Management to decide on the ability of the institution to continue in existence as a going concern unless the management decides on the dissolution of the Board or to stop operations in the absence of any other alternative, it is the responsibility of the management to keep accounts on the basis of the continuity of the Board and to reveal facts relevant to this situation.

The administration has the responsibility to supervise the financial reporting process of the Board.

So as to be able to prepare the annual and finally Financial Statements in keeping with sub section 16 (1) of the National Audit Act No. 19 of 2018 the Board should maintain books and records regarding its income expenditure Assets and liabilities.

1.4 The Responsibility of the Auditor in the auditing of Financial Statements

It is my responsibility to issue the Auditors report on the Financial Statements of the Board based on the audit conducted in keeping with Sri Lanka Audit Standards. However, I have not been able to obtain sufficient and suitable evidence to express an audit opinion on these financial statements: some matters lead to a disclaimer of opinion.

2. Report on other legal and regulatory requirements

2.1 Special provisions are included on the following requirements referred to in the National Audit Act No 19 of 2018.

2.1.1 As I have not obtained all particulars and clarifications necessary for audit according to the requirements of section 12 (a) of the National Audit Act No. 19 of 2018, I have not been able to decide whether proper accounting records have been maintained by the Board.

2.1.2 According to the requirement referred to in section 6 (1) (c) (iii) of the National Audit Act. No 19 of 2018, the Financial Statements of the Board tally with the previous year.

2.1.3 According to the requirement of section 6 (i) (c) (iv) of the National Audit Act, apart from the observations 1-2(a), (c)(i),(ii) and (e), the recommendation I have made the previous year are included in the Financial Statements.

2.2 Limiting to the quantitation facts and on the process followed and evidence obtained, nothing has come to my attention sufficient to make the following statements.

2.2.1 In terms of the requirement referred to in section 12 (c) of the National Audit Act No. 19 of 2018, whether any member of the Board had any relationship outside normal business conditions directing or in any other manner relating any agreement connected with the Board.

2.2.2 In terms of the requirement of section 12(e) of the National Audit Act No. 19 of 2018, whether apart from the observations below, anyone has acted contrary to any general or special procedures stipulated by the administration body of the Board.

	Direction – Rules and Regulation	Observations
(a)	Procurement Guidelines 2006 Para 2.1.4.1	Even though in terms of this para procurement exceeding Rs. 100 million should be handled by the Ministry Procurement Committee, the procurement for the purchase of Polysac bags for Rs. 102.9 million was handled by the Department Procurement Committee.
(b)	State Enterprises circular No PED/12 dated 02 June 2003	Annual reports in respect of 2016, 2017, 2018 and 2019 were not tabled in Parliament even by the date of the audit.

2.2.3 In terms of the requirement of section 12(g) of the National Audit Act No. 19 of 2018 things have been done in disregard of the power and functions of the Board.

2.2.4 In terms of requirements of section 12(h) of the National Audit Act, apart from the observation below, the assets of the Board have not been used prudently, in an efficient and production Manager within time limit after procurement according to relevant rules and regulations.

In performing procurement activities for the purchase of 2,000,000 polysac bags to store paddy purchased in 2018 Yala season, no attention was paid to 860,776 polysac bags that had remained in the stores. 1,482,606 out of the 2,000,000 bags purchased after spending Rs. 102,900,000 remained in stores unused even by the end of the year under review. A sum of Rs. 42,016,643 remained to be paid to the relevant institution.

3. Audit Observations

(a) In the stock verification conducted by the Board in 2014 a shortage of 4,132,994 Kilograms of paddy came to light 3,597,203 Kilograms were set off as due to natural loss. Thereafter a loss of Rs. 13,074,157 had to be recovered from 54 officers held responsible while the Board had recovered Rs. 6,106,113 from this balance, by the audit date that is 25th January 2021, a sum of Rs. 6,968,078 remained to be recovered from 17 officers. From these 2 officers were interdicted and the Board has so far failed to recover from them a shortage of Rs. 4,245,954.

(b) In the stock verification held in 2018 a shortage of 16,068,715 Kilograms of paddy was found and 125 officers were identified as responsible. By the date of the audit – even after the lapse of a period of nearly 2 ½ years, the Board had not taken steps to recover the shortage.

(c) 11,210 Kilograms of rice sold to the Food Promotion Board on 30.05.2019 was rejected for not reaching the stipulated standards. This paddy stock had been at the stores of the Board in Maradagahamula Food Commissioner had provided the Board a report on this rice on 07.05.2019. In this report it was stated that this rice was not fit for human consumption. As such the cost of this paddy stock, Rs. 837,450 became a loss.

(d) For the Rice project the Board implemented during the year under review, Polysac bags were purchased. As the project ceased to function 102,376 bags valued at Rs. 1,401,735 were found to have deteriorated beyond use. To print the price and the expiry date on these bags. 02 barcode machines and other necessary materials have been bought for Rs. 93,063. These machines too had gone beyond use.

(e) In the debtor balance of Rs. 2,675,916,872 as at 31st December 2019, Rs. 1,917,478,534 had remained for over 05 years; 28,837,545 had remained for between 01 and 05 years, Rs. 729,600,799 had remained for between 1 and 5 years.

(f) Within the creditor balance in 31st December 2019 of Rs. 7,091,809,148 Rs. 6,717,087,405 had remained for over 4 years Rs. 6,581,534 for between 3 and 4 years; Rs. 368,140,210 for 1 to 3 years Rs. 71,092,220 for less than 1 year within this balance Rs. 6,684,554,538 is payable to the Treasury and no action has been taken up to know to settle this amount

W.P.C. Wickremaratna
Auditor General.