



வீ அலேவி ஁னீவலய
நெல் சந்தைப்படுத்தல் சபை
PADDY MARKETING BOARD

வாரீக வாரீகாவ
ஆண்டறிககை

**ANNUAL REPORT
2018**

The Report submitted to the Honourable Minister of Agriculture, Irrigation to the implementation and performance of powers, responsibilities, roles, policies and programmes of the Paddy Marketing Board for the year ended 31 December 2018, under the Section 31(1) of the Paddy Marketing Board Act No. 14 of 1971.



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Vision

To function as the leading state middleman in purchasing, storing, processing and marketing of Paddy and Rice

Mission

Successful accomplishment of the process of purchasing, storing, processing and marketing of paddy and rice through a Staff perfected with knowledge and competency for satisfying both the parties, the producer and the consumer

2. The Board of Directors and the Senior Management in the Year 2018

2.1 The Board of Directors of the Paddy Marketing Board was comprised of the following members in the Year 2018.

1. Mr. M.B. Dissanayake
(From 86th Board of Directors – 22.02.2018 up to 88th Board of Directors – 30.05.2018) - Chairman, Paddy Marketing Board.
2. Mr. Upali Mohotti
(From 89th Board of Directors – 29.06.2018) - Chairman, Paddy Marketing Board.
3. Mr. M.S.M. Yusuf
(From 89th Board of Directors – 29.06.2018) - Vice Chairman, Paddy Marketing Board.
4. Mr. S.L. Nazeer
(From 86th Board of Directors – 22.02.2018) - Commissioner of Co-operative Development, Department of Co-operative Development.
5. Mr. B.K.R. Balasooriya
(From 86th Board of Directors – 22.02.2018) - Director, Department of Treasury Operations.
6. Mrs. J. Krishnamoorthi
(From 86th Board of Directors – 22.02.2018) - Commissioner of Food, Food Commissioner's Department.
7. Mr. D.M.S.B. Wijekoon
(From 86th Board of Directors – 22.02.2018 up to 88th Board of Directors – 30.05.2018) - Member of the Board of Directors
8. Mr. H.L. Thisera
(From 86th Board of Directors – 22.02.2018 up to 87th Board of Directors – 28.03.2018) - Advisor to the Minister
9. Mr. D.V. Bandulasena
(Only up to 86th Board of Directors – 22.02.2018) - Commissioner General of Agrarian Development, Department of Agrarian Services
10. Mr. W.M. M.B. Weerasekara
(From 87th Board of Directors – 28.03.2018) - Commissioner General of Agrarian Development, Department of Agrarian Services
11. Mr. Noel Palliyaguru (Attorney-at-Law)
(From 92nd Board of Directors – 02.11.2018) - Member of the Board of Directors

Ten (10) meetings of the Board of Directors were conducted during the year 2018 and Mrs. K. Nisansala Dilhani, Legal Officer functioned as the Secretary to the Board of Directors during the year 2018 too.

2.2 Senior Management of the Paddy Marketing Board in the Year 2018



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. Dilhani
Legal Officer



Mr. R.M.A. Rathnayake
Regional Manager, Polonnaruwa



Mr. Nimal Ekanayake
Regional Manager, Ampara



Mr. W.R.A. Shantha Kumara
Regional Manager, Northern



Mr. Suranga Senanayake
Regional Manager, Southern

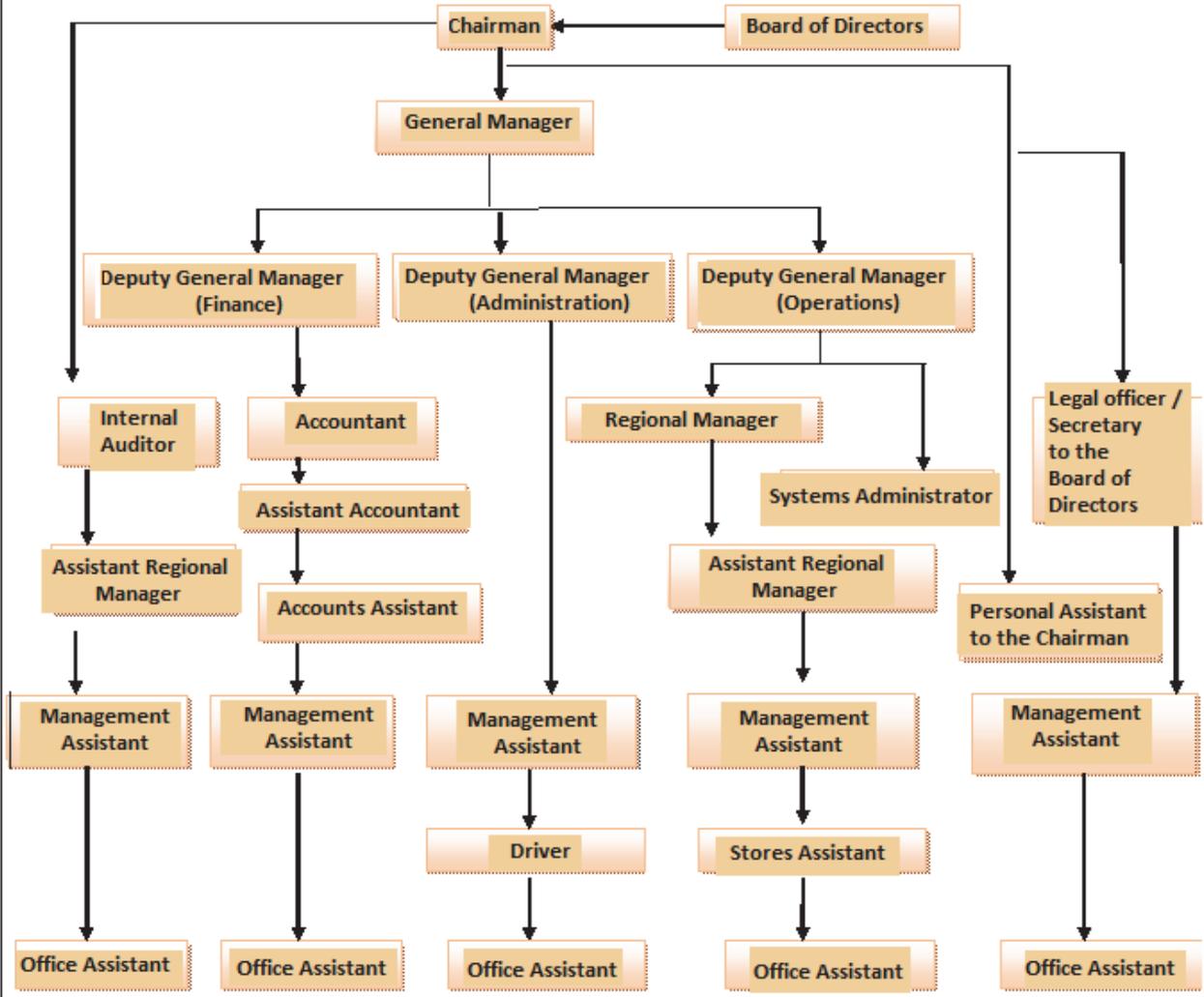


Mr. W.M.N.R. Weerasekara
Regional Manager, Eastern



Mr. T.M. Nimal Tennakoon
Acting Regional Manager, Anuradhapura
(From 10.01.2018 up to 01.08.2018)
Regional Manager, Anuradhapura
(From 01.08.2018 up to 31.12.2018)

3. Organizational Chart in the Year 2018



3.1 Details of the Staff as at 31.12.2018

Serial Number	Designation	Class / Grade	Salary Code	Approved Cadre	Actual Staff	Vacancies
Senior Level						
01	General Manager	Grade II	HM 2-2016	01	-	01
02	Deputy General Manager (Operations)	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	-
Tertiary Level						
05	Legal 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	Systems Administrator	Grade II	JM 1-1-2016	01	01	-
Secondary level						
11	Assistant Regional Manager	Grade III	MA 3-2016	120	119	01
12	Personal Assistant to Chairman	Grade III	MA 2-1-2016	01	01	-
13	Accounts Assistant .	Grade III	MA 2-1-2016	02	02	-
14	Management Assistant	Grade III	MA 1-1-2016	64	49	-
15	Stores Assistant		PL 3- 2016		15	-
Primary Level						
16	Driver	Grade III	PL 3- 2016	08	08	-
17	Office Assistant	Grade III	PL 1- 2016	13	13	-
Total				230	228	02

4. Review of the Chairman

The major role of the Paddy Marketing Board established under the Paddy Marketing Board Act No. 14 of 1971 is mentioned below.

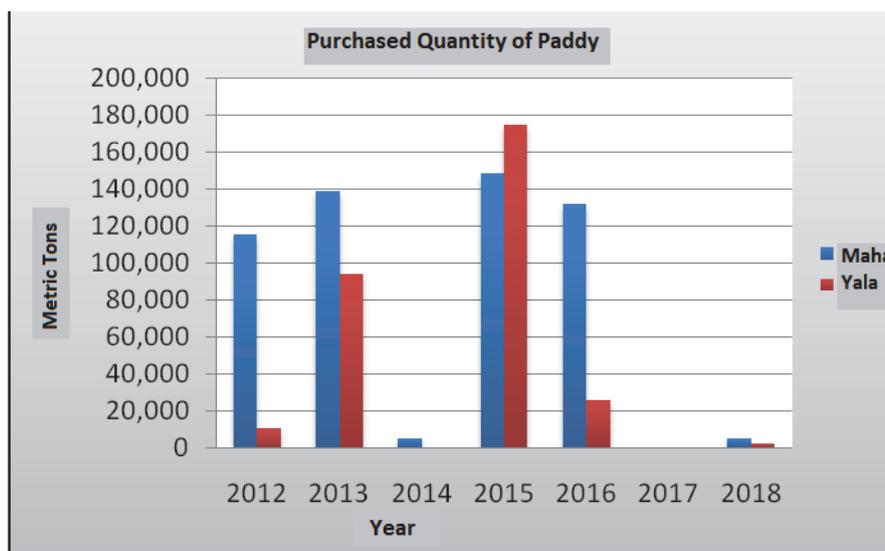
- (1) to carry on the business of purchasing, selling, supplying and distributing paddy and rice;
- (2) to carry on the business of milling, hulling and processing of paddy and rice;
- (3) to carry on any such other business as may be incidental or conducive to the attainment of the objects referred to in paragraphs (a) and (b); and
- (4) to do all other things which in the opinion of the Board are necessary to facilitate the proper carrying on of its business.

The Paddy Marketing Board, re-established in compliance with a decision taken by the Cabinet on 15th July 2007 resumed its active contribution towards purchasing, storing and marketing of paddy. According to the guaranteed price for the year 2018, the Paddy Marketing Board purchased one kilo of Samba and Kiri Samba prepared according to the proper standards at the price of Rs. 41.00 and one kilo of Nadu at the price of Rs.38.00. Although the Paddy Marketing Board received less paddy, it was possible to offer a better price to the farmers for their products. The annual paddy production in Sri Lanka in the year 2018 was about 3,929,831 MT and the Paddy Marketing Board purchased 6,687 MT of paddy in the year 2018.

Loans obtained from the General Treasury, Bank of Ceylon, People's Bank and National Savings Bank for the purchase of paddy from the year 2008 to the year 2018 amounted to Rs. 37,205.5 million and the amount of loan paid by the year 2018 was Rs. 19,100.9 million. The outstanding balance of loan that should be recovered as at 31.12.2018 was Rs. 18,104.7 million.

The stocks of paddy purchased by the Paddy Marketing Board during the last 05 years are as follows.

Season	Quantity of Paddy Purchased (MT)						
	2012	2013	2014	2015	2016	2017	2018
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 lack of facilities available at the Paddy Marketing Board for the farmers to dry and transport their paddy, selling of paddy stocks of the farmers to the millers at low prices with the objective of emptying their warehouses, maintenance of certain warehouses below the proper standards, dearth of skilled officers etc. can be indicated as obstacles and challenges faced by the Paddy Marketing Board during this year.

At present, the Paddy Marketing Board has taken steps to obtain the views of the Farmer Organizations and the millers through discussing with such organizations and the millers in the preparation of future plans. In addition, major future plans that the Paddy Marketing Board intends to accomplish can be introduced as mentioned below.

1. Recruitment of New Officers

Structural changes are being gradually introduced after the re-establishment of the Paddy Marketing Board in the year 2008. Accordingly, fundamental activities have been carried out to establish an Administrative Division and to create a Post of Systems Administrator and 07 Posts of Assistant Accountant to cover 07 Zones and recruitments have been made for those Posts with the approval of the Board of Directors. Further, necessary arrangements were initiated in this year to prepare proposals on restructuring activities as appropriate by identifying the structural changes that should be carried out fundamentally.

Moreover, attention was focused in this year to introduce and implement office systems and systematic management systems.

2. Construction of Regional Offices and Warehouse Offices

Warehouses are being modified up to the appropriate condition for storing paddy stocks by giving prominence to the regional requirement as limited provisions are allocated by the General Treasury for the modification of the existing warehouses of the Paddy Marketing Board and to construct new warehouses. Likely, plans are being designed to construct new Paddy warehouses in places where farmers can conveniently sell their paddy. Twenty three (23) renovations of warehouses and other buildings are being carried out in the regions and the amount spent on them in the year 2018 is Rs. 14.5 million.

3. Construction of Threshing Floors

Another important event that took place this year was the construction of Threshing Floors, which were a firm demand of the farmers. The first phase of the programme of constructing Threshing Floors covering all zones within the selected warehouse areas of the Paddy Marketing Board has been to construct 04 Threshing Floors in the Southern Zone connected to the warehouses at Pallemalala, Weerawila, Kachchigalara and Kuttigala. This will enable the farmers, who come to the Paddy Marketing Board to sell their stocks of paddy, to dry the stocks of paddy within the storage premises, in case the farmers confront a problem due to their insufficiently dried paddy stocks and thereby, the farmers will be able to sell their stocks of paddy without any difficulty.

4. Storing Paddy Stocks by Adopting Scientific Methods

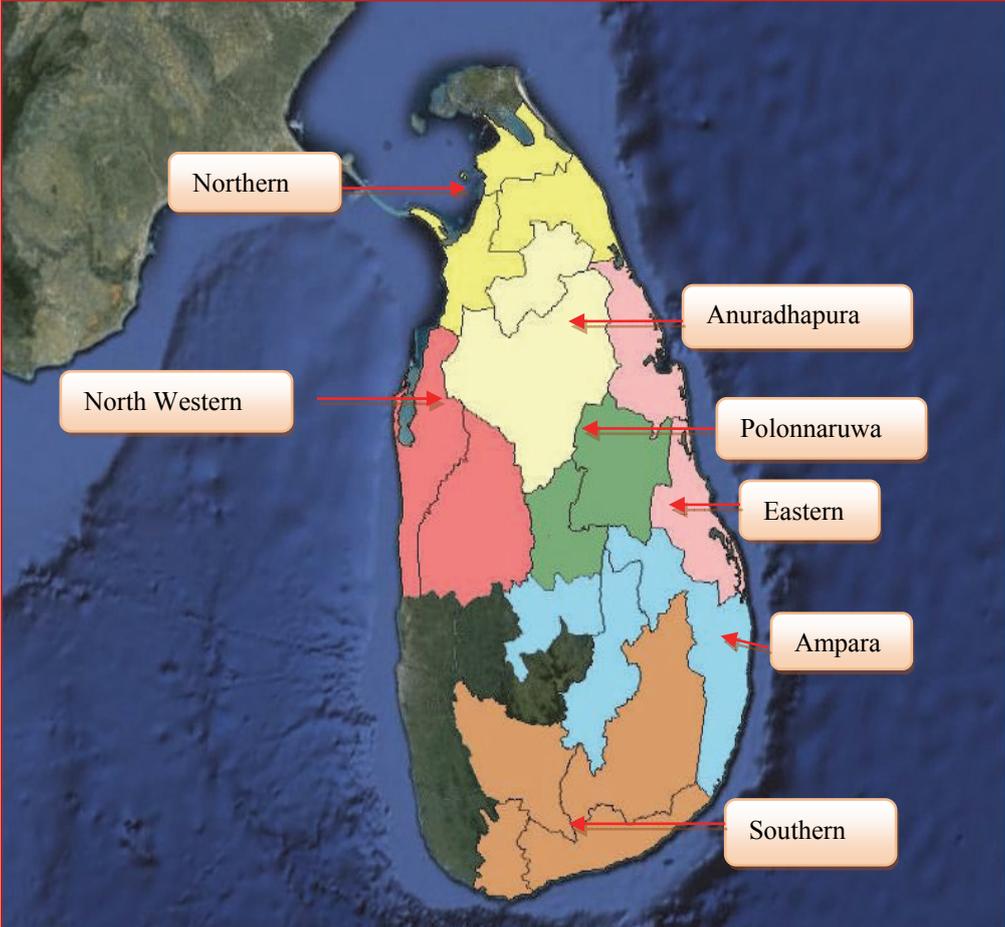
It is expected to gradually adopt the system of stacking for all the warehouses in the future as the system of stacking has been adopted as a paddy stock pilot project in order to minimize damages that occur to paddy stocks by storing paddy according to scientific methods and to conduct activities pertaining to annual verification of stocks since approximately 3% of stock damage may occur in storing paddy stocks. Thereby, it is scheduled to minimize the overall stock damage through the adoption of scientific methods.

Management of Stocks

The Paddy Marketing Board does not merely operate as a commercial establishment with the intention of maximizing its profit and it operates by giving priority to the objectives of protecting the paddy farmers by maintaining a higher fixed price for their paddy, ensuring food safety and establishing a concessionary price for the consumers. However, the attention of the Board has been drawn on the modification of the warehouses and formalization of warehousing and maintaining an updated data system through computer networking of all the details of paddy stocks and introduction of a methodology of issuing paddy stocks in the future according to a well planned business schedule and thereby allowing the Government to incur a minimum cost.

Chairman
Paddy Marketing Board

5. Distribution of Regional Offices of the Paddy Marketing Board



5.1 Addresses of Regional Offices

- | | |
|---|---|
| 01. Regional Manager,
Paddy Marketing Board,
Northern Zonal Office,
Karandapokku Junction,
Kilinochchi. | 05 Regional Manager,
· Paddy Marketing Board,
Eastern Zonal Office,
District Secretariat Premises,
Trincomalee. |
| 02. Regional Manager,
Paddy Marketing Board,
Polonnaruwa Zonal Office,
Kaduruwela,
Polonnaruwa. | 06 Regional Manager,
· Paddy Marketing Board,
Ampara Zonal Office,
Inginiyagala Road,
Ampara. |
| 03. Regional Manager,
Paddy Marketing Board,
Anuradhapura Zonal Office,
Town Hall Place,
2 nd Lane,
Anuradhapura. | 07 Regional Manager,
· Paddy Marketing Board,
Southern Zonal Office,
Dehigahalanda South. |
| 04. Regional Manager,
Paddy Marketing Board,
North Western Zonal Office,
Millagoda,
Nikaweratiya. | |

6. Introduction of Regions belonging to the Paddy Marketing Board

6.1 Anuradhapura Region



Anuradhapura Regional Office

Anuradhapura District and Dambulla Divisional Secretary's Division, which belong to the Matale District are under the purview of Anuradhapura Region and Twenty-three (23) Divisional Secretary's Divisions and 45 Agrarian Service Areas are under the purview of this region. The Anuradhapura region is fed by about 15 tanks with large capacities of water such as Kalawewa, Nuwarawewa, Nachchaduwa, Rajanganaya, Tissawewa, Wahalkada, Padaviya, Huruluwewa, Abhayawewa, Mahakanadarawa, Mahavilachchiya, Angamuwewa, Thuruvila, Manankattiya and Kandalama. Approximately 133,984 hectares of paddy lands in this region are used for paddy cultivation.

In addition, a circuit bungalow is being maintained by centering the historic Anuradhapura Sacred city.

Other special events that took place in the year 2018

1. Conducting a training workshop for the officers of the Paddy Marketing Board at the National Institute of Post Harvest Technology.
2. Conducting the Sinhala / Hindu New Year Festival (Bakmaha Ulela) of the Paddy Marketing Board in the year 2018.
3. Renovation of Anuradhapura Circuit Bungalow and Regional Office.

Description of the Extent of Land under Cultivation in the year 2018

District	Season	Extent of Paddy Lands under Cultivation (Hectares)
Anuradhapura	Maha of 2017/18	117,872
	Yala of 2018	50,040
Matale	Maha of 2017/18	39,452
	Yala of 2018	19,058
Total		226,422

Details of the Ownership of the Warehouses used by the Anuradhapura Region of the Paddy Marketing Board - Year 2018					
Serial Number	Warehouses	Ownership	Storage Capacity Owned by the Paddy Marketing Board (Metric Tons)	Storage Capacity Owned by the Other Institutions and Used by the Paddy Marketing Board (Metric Tons)	Storage Capacity Owned by the the Paddy Marketing Board and Used by the Other Institutions (Metric Tons)
1	Thalawa 01	P.M.B.	800	-	-
2	Thalawa 02	P.M.B.	800	-	-
3	Thalawa 03	P.M.B.	800	-	-
4	Rajanganaya	P.M.B.	1,000	-	-
5	Thambuttegama	P.M.B.	1,500	-	-
6	Katiyawa	P.M.B.	1,000	-	-
7	Senapura 01	P.M.B.	1,000	-	-
8	Senapura 02	P.M.B.	1,000	-	-
9	Horowpothana Army	P.M.B.	2,000	-	-
10	Horowpothana 1	P.M.B.	2,000	-	-
11	Kekirawa 02	P.M.B.	1,000	-	-
12	Kekirawa 03	P.M.B.	1,000	-	-
13	Nochchiyagama 01	P.M.B.	1,000	-	-
14	Nochchiyagama 02	P.M.B.	1,000	-	-
15	Rambewa	P.M.B.	1,000	-	-
16	Negama 01	P.M.B.	1,000	-	-
17	Pemaduwa	P.M.B.	1,000	-	-
18	Galenbindunuwewa 01	P.M.B.	1,000	-	-
19	Kahatagasdigiliya	P.M.B.	1,000	-	-
20	Yakalla	P.M.B.	1,000	-	-
21	Helabawa	P.M.B.	1,500	-	-
22	Kalawewa	P.M.B.	1,000	-	-
23	Bulnewa 01	P.M.B.	1,000	-	-
24	Bulnewa 02	P.M.B.	1,000	-	-
25	Bulnewa 03	P.M.B.	2,000	-	-
26	Shrawasthipura	P.M.B.	1,000	-	-
27	Senanayaka 01	P.M.B.	400	-	-
28	Senanayaka 02	P.M.B.	2,500	-	-

Serial Number	Warehouses	Ownership	Storage Capacity Owned by the Paddy Marketing Board (Metric Tons)	Storage Capacity Owned by the Other Institutions and Used by the Paddy Marketing Board (Metric Tons)	Storage Capacity Owned by the Paddy Marketing Board and Used by the Other Institutions (Metric Tons)
29	Senanayaka 03	P.M.B.	500	-	-
30	Senanayaka 04	P.M.B.	800	-	-
31	Senanayaka 05	P.M.B.	1,250	-	-
32	Padaviya	P.M.B.	1,000	-	-
33	Wahalkada tent	P.M.B.	400	-	-
34	Madawachchiya 01	P.M.B.	2,000	-	-
35	Kebithigollewa	P.M.B.	1,200	-	-
36	Padavi Parakramapura 01	P.M.B.	1,000	-	-
37	Padavi Parakramapura 02	P.M.B.	1,000	-	-
38	Padavi Parakramapura 03	P.M.B.	1,000	-	-
39	Padavi Parakramapura 04	P.M.B.	1,000	-	-
40	Pelwehera 01	P.M.B.	1,000	-	-
41	Pelwehera 02	P.M.B.	1,000	-	-
42	Kandalama 1	P.M.B.	1,000	-	-
43	Kandalama 2	P.M.B.	775	-	-
44	Kekirawa 01	Food Commissioner's Department	-	2,000	-
45	Galkiriyagama 01	Mahaweli	-	100	-
46	Galkiriyagama 02	Mahaweli	-	100	-
47	Galkiriyagama 03	Mahaweli	-	100	-
48	Galkiriyagama 04	Mahaweli	-	100	-
49	Mediyawa	Mahaweli	-	200	-
50	Adagala 01	Mahaweli	-	200	-
51	Adagala 02	Mahaweli	-	200	-
52	Pahala Halmillewa 1	Mahaweli	-	100	-
53	Pahala Halmillewa 2	Mahaweli	-	100	-
54	Pahala Halmillewa 3	Mahaweli	-	100	-
55	Pahala Halmillewa 4	Mahaweli	-	1,000	-
56	Ottappuwa 01	Mahaweli	-	200	-
57	Ottappuwa 02	Mahaweli	-	200	-

Serial Number	Warehouses	Ownership	Storage Capacity Owned by the Paddy Marketing Board (Metric Tons)	Storage Capacity Owned by the Other Institutions and Used by the Paddy Marketing Board (Metric Tons)	Storage Capacity Owned by the the Paddy Marketing Board and Used by the Other Institutions (Metric Tons)
58	Ottappuwa 03	Mahaweli	-	200	-
59	Ottappuwa 04	Mahaweli	-	200	-
60	Ottappuwa 05	Mahaweli	-	200	-
61	Galadivulwewa 01	Mahaweli	-	200	-
62	Galadivulwewa 02	Mahaweli	-	200	-
63	Wahalkada D2	Divisional Secretary	-	200	-
64	Wahalkada D4	Agrarian Organizations	-	200	-
65	Oyamaduwa 01	District Secretary	-	8,000	-
66	Oyamaduwa 02	District Secretary	-	8,000	-
67	Horowpothana 02	P.M.B.	-	-	2,000
68	Kekirawa Rice Mill	P.M.B.	-	-	1,000
69	Negama 02	P.M.B.	-	-	1,000
70	Madawachchiya 02	P.M.B.	-	-	1,000
71	Madawachchiya 03	P.M.B.	-	-	2,000
72	Madawachchiya 04	P.M.B.	-	-	1,000
73	Pahala Maragahawewa	P.M.B.	-	-	1,500
74	Puliyankulama Paddy Warehouse	P.M.B.	-	-	300
75	Galenbindunuwewa 02	P.M.B.	-	-	1,000

6.2 North Western Region



North Western Regional Office

The North Western Region of the Paddy Marketing Board carries out its operations by covering 04 Districts namely, Kurunegala, Puttalam, Matale and Gampaha. The North Western Region had opened 15 Paddy Purchasing Centres comprised of 07 Paddy Purchasing Centres in the Kurunegala District, 05 Paddy Purchasing Centres in the Puttalam District, 01 Paddy Purchasing Centre in the Matale District and 02 Paddy Purchasing Centres in the Gampaha District for conducting paddy purchasing activities in the year 2018.

Description of the Extent of Land Cultivated in the Year 2018

District	Season	Extent of Paddy Lands under Cultivation (Hectares)
Kurunegala	Maha of 2017/18	46,857.8
	Yala of 2018	16,598
Puttalam	Maha of 2017/18	11,536
	Yala of 2018	2,463
Matale	Maha of 2017/18	9,240.4
	Yala of 2018	5,392.8
Gampaha	Maha of 2017/18	7,932
	Yala of 2018	2,728
Total		60,748

**Details on the ownership of the Warehouses used by the North Western Region of the
Paddy Marketing Board - Year 2018**

Serial Number	Warehouses	Ownership	Storage Capacity Owned by the Paddy Marketing Board (Metric Tons)	Storage Capacity Owned by the Other Institutions and Used by the Paddy Marketing Board (Metric Tons)
1	Nikaweratiya 01	Paddy Marketing Board	500	-
2	Nikaweratiya 02	Paddy Marketing Board	1,000	-
3	Nikaweratiya 03	Paddy Marketing Board	1,500	-
4	Nikaweratiya 04	Paddy Marketing Board	1,000	-
5	Nikaweratiya 05	Paddy Marketing Board	300	-
6	Mahawa 1	Paddy Marketing Board	2,000	-
7	Mahawa 2	Paddy Marketing Board	1,000	-
8	Mahawa 3	Paddy Marketing Board	1,000	-
9	Mahawa 4	Paddy Marketing Board	300	-
10	Warawewa 1	Paddy Marketing Board	1,200	-
11	Warawewa 2	Paddy Marketing Board	800	-
12	Galgamuwa	Paddy Marketing Board	1,000	-
13	Thabbowa 1	Paddy Marketing Board	1,000	-
14	Thabbowa 2	Paddy Marketing Board	1,000	-
15	Anamaduwa 1	Paddy Marketing Board	1,000	-
16	Anamaduwa 2	Paddy Marketing Board	1,000	-
17	Rajakadalawa	Paddy Marketing Board	1,000	-
18	Galewela 01	Paddy Marketing Board	1,000	-
19	Galewela 02	Paddy Marketing Board	1,000	-
20	Maradagahamula 01	Paddy Marketing Board	15,000	-
21	Maradagahamula 02	Paddy Marketing Board	2,000	-
22	Maeliya 1	Paddy Marketing Board	1,000	-
23	Maeliya 2	Paddy Marketing Board	1,000	-
24	Maeliya 3	Paddy Marketing Board	1,000	-
25	Mahawa Food	Food Commissioner's Department	-	1,000
26	Puttalam 01	District Secretary	-	2,000
27	Ipologama	Divisional Secretary	-	400
28	Meegalewa 1	Mahaweli Authority	-	150
29	Meegalewa 2	Mahaweli Authority	-	150
30	Meegalewa 3	Mahaweli Authority	-	150
31	Walpita 1	Board of Investments	-	1,500
32	Walpita 2	Board of Investments	-	1,500
33	Gattuwana	Co-operative Wholesale Establishment	-	1,000

6.3 Northern Region



Northern Regional Office

The Northern Region of the paddy Marketing Board is comprised of the 5 Districts namely, Jaffna, Kilinochchi, Vavuniya, Mullaithivu and Mannar and Divisional Secretariats and Agrarian Service Centres related to those Districts are as follows.

District	Number of Divisional Secretariats	Number of Agrarian Service Centres
Kilinochchi	04	08
Mullaithivu	06	10
Vavuniya	04	08
Mannar	05	12
Jaffna	15	15

The Northern Region is a very dry climatic region. The paddy cultivation of this Region is majorly done using the North-east Monsoon rains and a minor portion of the paddy cultivation is done using South-west Monsoon rains.

Most of the cultivation activities in the Region are carried out in the Maha Season and cultivation activities are limited in the Yala Season due to the lack of water. Farming activities are carried out in the Maha Season in all five Districts of this Region. However, most of the times, farming activities are not carried out in the Jaffna District in Yala Season and more or fewer farming activities are carried out in the other 04 Districts in Yala Season.

Irrigation schemes or irrigation methods that are being utilized for the cultivation activities in the Northern Region can be identified according to each District as mentioned below.

District	Irrigation Scheme or Method of Irrigation
Kilinochchi	rain water and the water of the Iranamadu tank are used.
Vavuniya	Rain water is mainly used and cultivation activities are carried out from the water obtained from small tanks in the areas.
Mannar	Cultivation activities are mainly carried out using the water of the Yodha Tank and rain water and water from cultivation wells are used in certain areas for irrigation activities.
Mullaitivu	Rain water and water from Muttiyankattu Wewa, Kumulamurippu Wewa, Thannimurippu Wewa etc. and water from small tanks in the area are used for cultivation activities
Jaffna	Rain water is mainly used for cultivation activities.

Particulars regarding the extent of land under cultivation in the year 2018

District	Season	Extent of Paddy Fields under Paddy Cultivation (Hectares)
Vavuniya	Maha of 2017/18	17,348.8
	Yala of 2018	481.3
Mannar	Maha of 2017/18	16,800
	Yala of 2018	504
Mullaitivu	Maha of 2017/18	17,655.7
	Yala of 2018	1,790
Kilinochchi	Maha of 2017/18	26,906.4
	Yala of 2018	787.5
Jaffna	Maha of 2017/18	9,907.3
	Yala of 2018	-
Total		92,181.0

Details of the Ownership of Warehouses used by the Northern Region of the Paddy Marketing Board in the year 2018

Serial Number	Warehouse	Ownership	Storage Capacity owned by the Paddy Marketing Board (Metric Tons)	Storage Capacity owned by the other Institutions and used by the Paddy Marketing Board (Metric Tons)	Storage Capacity owned by the Paddy Marketing Board and used by the other Institutions (Metric Tons)
1	Kilinochchi Town	Paddy Marketing Board	250	-	-
2	Kilinochchi Town	Paddy Marketing Board	250	-	-
3	Kilinochchi Town	Paddy Marketing Board	250	-	-
4	Ramanathapuram	Paddy Marketing Board	2,000	-	-
5	Kilinochchi Economic Centre	Paddy Marketing Board	1,000	-	-
6	Mamaduwa	Paddy Marketing Board	1,000	-	-
7	Welipola	Paddy Marketing Board	2,000	-	-
8	Thunukkai 1	Paddy Marketing Board	200	-	-
9	Thunukkai 2	Paddy Marketing Board	200	-	-
10	Mulliyawalai 1	Paddy Marketing Board		-	1,000
11	Mulliyawalai 2	Paddy Marketing Board	1,000	-	-
12	Alkadiweli 1	Paddy Marketing Board	1,000	-	-
13	Alkadiweli 2	Paddy Marketing Board	1,000	-	-
14	Alkadiweli 3	Paddy Marketing Board	1,000	-	-
15	Nedunkerni	Paddy Marketing Board	1,000	-	-
16	Vidayapuram	Paddy Marketing Board	1,200	-	-
17	Weppamkulum 1	Paddy Marketing Board	350	-	-
18	Weppamkulum 2	Paddy Marketing Board	825	-	-
19	Weppamkulum 3	Paddy Marketing Board	825	-	-
20	Weppamkulum 4	Paddy Marketing Board	850	-	-
21	Weppamkulum 5	Paddy Marketing Board	150	-	-
22	Park Road 1	Paddy Marketing Board	1,000	-	-
23	Park Road 2	Paddy Marketing Board	1,000	-	-
24	Mankulam	Paddy Marketing Board	200	-	-
25	Tanniruttu	Divisional Secretariat	-	800	-
26	Sampathnuwara	Divisional Secretariat	-	250	-
27	Kandaweli	Agrarian Organization	-	1,000	-
28	Murippu	Agrarian Organization	-	300	-
29	Puthukudiyiruppu	Agrarian Organization	-	250	-
30	Osiyar	Agrarian Organization	-	200	-
31	Udayarkattu	Agrarian Organization	-	200	-
32	Nanattan	Agrarian Organization	-	700	-
33	Mulangawel	Agrarian Organization	-	400	-
34	Chavakachcheri	Agrarian Organization	-	100	-
35	Puthur 1	Agrarian Organization	-	400	-
36	Puthur 2	Agrarian Organization	-	200	-
37	Uduwil	Agrarian Organization	-	400	-
38	Puliyampokkanai	Agrarian Organization	-	300	-
39	Sampathnuwara 1	Mahaweli	-	150	-

6.4 Ampara Region



Ampara Regional office

Ampara Region is consisted of 03 Districts namely, Ampara, Kandy and Badulla. Ampara District which is irrigated through Senanayake Samudraya has become the area of producing the highest overall quantity of paddy in Sri Lanka.

Thirty-Seven (37) Agrarian Service Divisions are covered under Ampara, Kandy and Badulla Districts by the Ampara Region. Even though the Ampara Region buys more quantity of paddy compared with the quantity of paddy in the other Regions, the demand for paddy in the market of the Ampara Region is less compared with the demand for paddy in the other Regions as there are no large-scale millers. As a result, Stocks of paddy have to be stored in warehouses comparatively for a longer period of time and therefore, the PMB had to face various difficulties in issuing paddy stocks.

Particulars regarding the extent of land under cultivation in the year 2018

District	Season	Extent of Paddy Fields under Paddy Cultivation (Hectares)
Ampara	Maha of 2017/18	79,316
	Yala of 2018	43,554
Badulla	Maha of 2017/18	9,500
	Yala of 2018	12,437
Kandy	Maha of 2017/18	11,271
	Yala of 2018	4,050
Total		160,128

Details of the Ownership of Warehouses used by the Ampara Region of the Paddy Marketing Board in the year 2018

Serial Number	Warehouse	Ownership	Storage Capacity owned by the Paddy Marketing Board (Metric Tons)	Warehouses owned by the Paddy Marketing Board and used by other Institutions (Metric Tons)
1	Addalaichena	P.M.B.	1,045	-
2	Nellikele	P.M.B.	1,800	-
3	Thambatte	P.M.B.	2,500	-
4	Pottuvil 1	P.M.B.	1,040	-
5	Pottuvil 2	P.M.B.	1,040	-
6	Mahaoya 1	P.M.B.	1,500	-
7	Mahaoya 2	P.M.B.	1,500	-
8	Ampara 1	P.M.B.	1,040	-
9	Ampara 2	P.M.B.	1,040	-
10	Komariya 1	P.M.B.	1,040	-
11	Komariya 2	P.M.B.	1,040	-
12	Sammanthurai 01	P.M.B.	1,040	-
13	Sammanthurai 02	P.M.B.	1,040	-
14	Gonagolle	P.M.B.	1,040	-
15	Nindavur 1	P.M.B.	800	-
16	Nindavur 2	P.M.B.	1,500	-
17	Akkaraipattu 1	P.M.B.	2,000	-
18	Palam Kandawura 1	P.M.B.	1,045	-
19	Palam Kandawura 2	P.M.B.	1,045	-
20	Kohobana 1	P.M.B.	1,050	-
21	Kohobana 2	P.M.B.	1,050	-
22	Sandunpura	P.M.B.	2,000	-
23	Weeragoda 01	P.M.B.	1,040	-

Serial Number	Warehouse	Ownership	Storage Capacity owned by the Paddy Marketing Board (Metric Tons)	Storage Capacity Owned by the Other Institutions and Used by the Paddy Marketing Board (Metric Tons)
24	Weeragoda 02	P.M.B.	1,040	-
25	Morayaya 1	P.M.B.	1,040	-
26	Morayaya 2	P.M.B.	1,040	-
27	Pallewatte 01	P.M.B.	1,000	-
28	Pallewatte 02	P.M.B.	1,000	-
29	Pallewatte 03	P.M.B.	1,000	-
30	Pallewatte 04	P.M.B.	1,600	-
31	Pallewatte 05	P.M.B.	1,000	-
32	Pallewatte 06	P.M.B.	800	-
33	Kolongoda	P.M.B.	1,040	-
34	Mahiyanganaya 01	P.M.B.	1,000	-
35	Mahiyanganaya 02	P.M.B.	1,000	-
36	Karametiya 1	P.M.B.	1,040	-
37	Karametiya 2	P.M.B.	1,040	-
38	Madayaya	P.M.B.	1,040	-
39	Giradurukotte 01	Mahaweli	-	1,500
40	Giradurukotte 02	Mahaweli	-	1,500
41	Hasalaka	P.M.B.	600	-
42	Kumarigama	P.M.B.	1,000	-
43	ZD - 02	P.M.B.	1,000	-
44	ZD - 04	P.M.B.	2,000	-
45	Inginiyagala	P.M.B.	600	-
46	Damana 1	P.M.B.	1,000	-

Serial Number	Warehouse	Ownership	Storage Capacity owned by the Paddy Marketing Board (Metric Tons)	Storage Capacity Owned by the Other Institutions and Used by the Paddy Marketing Board (Metric Tons)
47	Damana 2	P.M.B.	1,000	-
48	Galkanda	District Secretariat	-	450
49	Pahalalanda	District Secretariat	-	450
50	Deegawapiya	District Secretariat	-	2,000
51	Panama	District Secretariat	-	1,500
52	Paragahakele	District Secretariat	-	1,000
53	Polwatte	District Secretariat	-	1,500
54	Malwatte	District Secretariat	-	2,000
55	Akkaraipattu 2	District Secretariat	-	1,500
56	Nawindaweli	District Secretariat	-	1,500
57	Koknahara	District Secretariat	-	1,000
58	Sagama	District Secretariat	-	1,000
59	Eragama	District Secretariat	-	1,000
60	Brown Junction	District Secretariat	-	1,400
61	Hulannuge	District Secretariat	-	1,000
62	Mathottama	District Secretariat	-	1,500
63	Rajagalathenna	District Secretariat	-	1,000
64	Gurupura	Food Commissioner's Department	-	2,500
65	Lahugala 2	Farmer Services	-	1,000
66	Walagampura 1	Farmer Organization	-	500
67	Lihiniyagama	Mahaweli	-	150
68	Wijepura	Mahaweli	-	150
69	Muwapawela	Mahaweli	-	150

6.5 Southern Region



Southern Regional Office

Southern Regional Office of the Paddy Marketing Board is located in Dehilanda area close to Ambalantota City in the Hambantota District and operations of this region are carried out by covering the four Districts namely, Hambantota, Monaragala, Rathnapura and Matara.

In the provision of services to more than 115,000 farmers dispersed throughout the Southern Region, which is fed with five major rivers including Walawe Ganga, Kiridi Oya as well as many small scale and large scale tanks, the region covers 46 Divisional Secretary's Divisions and 73 Agrarian Service Centres. The Southern Region maintains 31 warehouses owned by the paddy Marketing Board and the storage capacity is about 31,400 metric tons. Eleven (11) Assistant Regional Managers, 06 Development Officers and 03 female Management Assistants are serving in the Southern Region under the guidance of the Regional Manager.

There are two circuit bungalows in the Moneragala and Ratnapura Districts owned by the Southern Zone and the Regional Office is located at Dehigahalanda near Ambalantota town.

4. Other special events that took place in 2018

1. Designing of an exhibition stall for the Southern Region for the Moneragala V 2020 Enterprise Sri Lanka Exhibition (Gamperaliya). (From 29.08.2018 to 31.08.2018)
2. Conducting the exhibition stall for the Agricultural Innovation Exhibition and Farmers' Rewarding Festival held at the Bandaranaike Memorial International Conference Hall from 11.12.2018 to 16.12.2018.
3. Setting up an exhibition stall for the food promotion programme and winning that competition.

**Particulars regarding the extent of land under
cultivation in the year 2018**

District	Season	Extent of Paddy fields under Paddy cultivation (Hectares)
Hambantota	Maha of 2017/18	34,457
	Yala of 2018	32,105
Monaragala	Maha of 2017/18	29,629
	Yala of 2018	11,863
Ratnapura	Maha of 2017/18	11,358
	Yala of 2018	8,822
Matara	Maha of 2017/18	14,500
	Yala of 2018	1,905
Total		144,639

Details of the Ownership of Warehouses used by the Southern Region of the Paddy Marketing Board in the year 2018

Serial Number	Warehouses	Ownership	Storage Capacity Owned by the Paddy Marketing Board (Metric Tons)	Storage Capacity Owned by the Other Institutions and Used by the Paddy Marketing Board (Metric Tons)
1	Muthukandiya 1	P.M.B.	1,000	-
2	Muthukandiya 2	P.M.B.	500	-
3	Athimale 1	P.M.B.	1,000	-
4	Athimale 2	P.M.B.	300	-
5	Wellawaya	P.M.B.	1,500	-
6	Madegama	P.M.B.	1,000	-
7	Dodamwatte 01	P.M.B.	1,000	-
8	Dodamwatte 02	P.M.B.	1,000	-
9	Aluthwewa	P.M.B.	1,500	-
10	Kalthota	P.M.B.	1,000	-
11	Kuttigala 01	P.M.B.	1,000	-
12	Kuttigala 02	P.M.B.	1,000	-
13	Kuttigala 03	P.M.B.	1,000	-
14	Moraketiya 01	P.M.B.	1,000	-
15	Moraketiya 02	P.M.B.	750	-
16	Ambilipitiya	P.M.B.	500	-
17	Kachchigalara 01	P.M.B.	1,000	-
18	Kachchigalara 02	P.M.B.	1,000	-
19	Kachchigalara 03	P.M.B.	1,000	-
20	Kachchigalara 04	P.M.B.	500	-
21	Sooriyawewa	P.M.B.	1,000	-
22	Yodha kandiya	P.M.B.	1,500	-
23	Pallemalala 1	P.M.B.	1,000	-
24	Pallemalala 2	P.M.B.	600	-
25	Weeraketiya	P.M.B.	1,000	-

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Serial Number	Warehouses	Ownership	Storage Capacity Owned by the Paddy Marketing Board (Metric Tons)	Storage Capacity Owned by the Other Institutions and Used by the Paddy Marketing Board (Metric Tons)
26	Dehigahalanda 01	P.M.B.	1,000	-
27	Dehigahalanda 02	P.M.B.	1,000	-
28	Dehigahalanda 03	P.M.B.	1,000	-
29	Weerawila 01	P.M.B.	1,000	-
30	Weerawila 02	P.M.B.	1,000	-
31	Ambalantota 01	P.M.B.	750	-
32	Seenimunna	P.M.B.	1,500	-
33	Maddawatte	P.M.B.	2,000	-
34	Hulandawa	Food Commissioner's Department	-	3,000
35	Kahadawa	Food Commissioner's Department	-	800
36	Hambantota	Food Commissioner's Department	-	3,000
37	Ambalantota 02	Sri Lanka Police	-	1,000

6.6 Polonnaruwa Region



Polonnaruwa Regional Office

It is one of the two Districts belonging to the area formerly known as Rajarata or to the North Central Province at present and it covers an area of 3,466.38 sq km with a very rich historical background. This is a District, where the Sinhalese, Tamil and Muslim communities, whose major livelihood is paddy cultivation live in brotherhood with a very fertile land area due to the existence of an irrigation system enriched with several tanks which get water from Mahaweli river, the main river of Sri Lanka.

Polonnaruwa District is located between 7.4 - 8.2 North Latitude and 80.4-81.2 East Longitude. It also receives an average annual rainfall of 119.8 mm and average annual temperature is 33.5 degrees Celsius. Polonnaruwa District can be identified as an area belonging to the dry zone as it has a dry climate for most of the year and it is bound by Anuradhapura District to the North, Trincomalee and Batticaloa Districts to the East, Ampara District to the South and Matale District to the West.

The Mahaweli B, C, G, and D zones included in the Accelerated Mahaweli Scheme are also located in the Polonnaruwa District and beautiful lakes such as Parakrama Samudraya, Minneriya, Giritale, Kaudulla and several sanctuaries such as Maduru Oya and Minneriya and Kaudulla are located in the Polonnaruwa District.

Twenty-Nine (29) officers comprised of Assistant Regional Managers, Development Officers, Management Assistants, and Stores Assistants are serving under the Regional Manager of the Polonnaruwa Regional Office of the Paddy Marketing Board. The Regional office is situated in Kaduruwela town and warehouses are established by covering Wilgamuwa Divisional Secretary's Division of Matale District and all the Divisional Secretary's Divisions in Polonnaruwa District. Accordingly, there are 37 warehouses owned by the Paddy Marketing Board to purchase paddy. In addition to that, warehouses of the Mahaweli Authority and the private sector are utilized for purchasing paddy. The Paddy Marketing Board established under the name of Agricultural Product Marketing Authority in the year 2006 purchased the highest percentage of paddy in the island by the Polonnaruwa Zone from the farming community. There are 12 Agrarian Service Divisions in the Polonnaruwa District and 02 Agrarian Service Divisions namely, Hettipola and Handungamuwa of Matale District are being controlled by Polonnaruwa Region. The extent of land under paddy cultivation out of the agricultural lands in the Region is about 80,000 hectares. It is expected to obtain a yield of 320,000 Metric Tons per one Season from this Region.

**Particulars regarding the extent of land under
cultivation in the year 2018**

District	Season	Extent of Paddy fields under Paddy cultivation (Hectares)
Polonnaruwa	Maha of 2017/18	65,129.47
	Yala of 2018	66,773.14
Matale	Maha of 2017/18	17,600
	Yala of 2018	11,860
Total		161,362.61

Details of the Ownership of Warehouses used by the Polonnaruwa Region of the Paddy Marketing Board in the year 2018

Serial Number	Warehouses	Ownership	Storage Capacity Owned by the Paddy Marketing Board (Metric Tons)	Storage Capacity Owned by the Other Institutions and Used by the Paddy Marketing Board (Metric Tons)
1	Kaduruwela 01	P.M.B.	1,000	-
2	Kaduruwela 02	P.M.B.	1,000	-
3	Kaduruwela 03	P.M.B.	1,000	-
4	Kaduruwela 04	P.M.B.	3,000	-
5	Jayanthipura 01	P.M.B.	1,000	-
6	Jayanthipura 02	P.M.B.	1,000	-
7	Thalpotha 1	P.M.B.	1,000	-
8	Thalpotha 2	P.M.B.	1,000	-
9	Abhayapura	P.M.B.	1,000	-
10	Pansalgodalla	P.M.B.	2,000	-
11	Weerapura	P.M.B.	1,500	-
12	Wijayapura	P.M.B.	1,040	-
13	Medirigiriya	P.M.B.	1,300	-
14	Kusumpokuna	P.M.B.	1,500	-
15	Abagaswewa	P.M.B.	1,000	-
16	Hingurakgoda 01	P.M.B.	1,500	-
17	Hingurakgoda Mal Farm 06	P.M.B.	1,000	-
18	Madudamana	P.M.B.	1,000	-
19	Bakamuna	P.M.B.	1,000	-
20	09 Post	P.M.B.	1,000	-
21	ZD 01	P.M.B.	1,000	-
22	ZD 02	P.M.B.	750	-
23	ZD 03	P.M.B.	1,500	-
24	Wijayabapura	P.M.B.	1,000	-
25	Manampitiya 1	P.M.B.	1,000	-
26	Manampitiya 2	P.M.B.	1,000	-
27	Welikanda 01	P.M.B.	1,300	-
28	Siripura	P.M.B.	150	-
29	Weheragala	P.M.B.	100	-
30	Diyabeduma	P.M.B.	1,000	-
31	Hettipola 01	P.M.B.	1,000	-
32	Hettipola 02	P.M.B.	1,000	-
33	Hettipola 03	P.M.B.	1,000	-
34	Handungamuwa	P.M.B.	1,000	-
35	Abhayapura Cooperative	Co-operative	-	2,000

6.7 Eastern Region



Eastern Regional Office

Eastern Regional Office of the Paddy Marketing Board was established within the premises of Trincomalee District Secretariat on 10th of June 2011. This Region covers the two Districts namely, Batticaloa and Trincomalee.

Trincomalee District is comprised of 11 Divisional Secretary's Divisions and 230 Grama Niladhari's Divisions and 22 Agrarian Service Centres and approximately 44,003 farmers are cultivating an extent of 97,796.25 hectares. Likely, there are 16 Agrarian Service Centres in the Batticaloa District and 23,377 farmers are cultivating an extent of 25,858 hectares.

Particulars regarding the extent of land under cultivation in the year 2018

District	Season	Extent of Paddy fields under Paddy cultivation (Hectares)
Trincomalee	Maha of 2017/18	41,493.3
	Yala of 2018	16,340.1
Batticaloa	Maha of 2017/18	70,000.0
	Yala of 2018	20,000.2
Total		147,833.6

Warehouses of the Eastern Region used by the Paddy Marketing Board

S/N	Warehouses	Ownership	Storage Capacity Owned by the Paddy Marketing Board (Metric Tons)	Storage Capacity Owned by the Other Institutions and Used by the Paddy Marketing Board (Metric Tons)
1	Swarnajayanthipura	P.M.B.	500	-
2	Kantale 01	P.M.B.	800	-
3	Kantale 02	P.M.B.	1,000	-
4	Kantale 03	P.M.B.	800	-
5	Kantale 04	P.M.B.	1,000	-
6	Kallaru 01	P.M.B.	1,000	-
7	Kallaru 02	P.M.B.	1,000	-
8	Kiliwetti	P.M.B.	500	-
9	Medawachchiya	P.M.B.	200	-
10	Gomarankadawala	P.M.B.	1,000	-
11	Surangal PMB	P.M.B.	450	-
12	Thambalagamuwa 01	P.M.B.	500	-
13	Thambalagamuwa 02	P.M.B.	1,000	-
14	Thambalagamuwa 03	P.M.B.	1,000	-
15	Lavilane 01	P.M.B.	2,000	-
16	Lavilane 02	P.M.B.	2,000	-
17	Lavilane 03	P.M.B.	500	-
18	Lavilane 04	P.M.B.	500	-
19	Lavilane 05	P.M.B.	500	-
20	Lavilane 06	P.M.B.	500	-
21	Lavilane 07	P.M.B.	550	-
22	Lavilane 08	P.M.B.	550	-
23	Padavi Sripura	P.M.B.	730	-
24	Surangal FO	Farmers' Organizations	-	250
25	Kaluwanchikudy 01	Cooperative	-	200
26	Kaluwanchikudy 02	Cooperative	-	75
27	Porathivu	Cooperative	-	300
28	Arasadithivu 01	Cooperative	-	200
29	Arasadithivu 02	Cooperative	-	100
30	Manalpeddi	Divisional Secretariat	-	500
31	Kadjuwatte	Divisional Secretariat	-	500
32	Karadiyanaru	Divisional Secretariat	-	500
33	Thumpankerni	Divisional Secretariat	-	500
34	Pankulam	P.M.B.	500	-
35	Pulipanchakal 01	Divisional Secretariat	-	500
36	Pulipanchakal 02	Divisional Secretariat	-	400
37	Cooperative Wholesale Establishment	Cooperative Wholesale Establishment	-	400

7.1 Progress in Purchasing Paddy

Progress in Purchasing Paddy in the Maha Season of 2017/18 (Districtwise)

District	Nadu (Kg)	Samba (Kg)	Keeri Samba (Kg)	Total	
				Quantity (Kg)	Value (Rs.)
1	Polonnaruwa	-	-	-	-
2	Ampara	32,250	-	32,250	1,225,500.00
3	Matale	-	-	-	-
4	Kurunegala	-	-	-	-
5	Puttalam	-	-	-	-
6	Kandy	-	-	-	-
7	Badulla	-	-	-	-
8	Anuradhapura	-	-	-	-
9	Hambantota	3,353,985	-	3,353,985	127,451,430.00
10	Monaragala	720,350	-	720,350	27,373,300.00
11	Ratnapura	389,850	-	389,850	14,814,300.00
12	Matara	-	-	-	-
13	Kilinochchi	-	-	-	-
14	Mullaitivu	-	-	-	-
15	Vavuniya	-	-	-	-
16	Jaffna	-	-	-	-
17	Mannar	-	-	-	-
18	Batticaloa	108,600	-	108,600	4,126,800.00
19	Trincomalee	-	-	-	-
Grand Total	4,605,035	-	-	4,605,035	174,991,330.00

Progress in Purchasing Paddy in the Yala Season of 2018 (Districtwise)

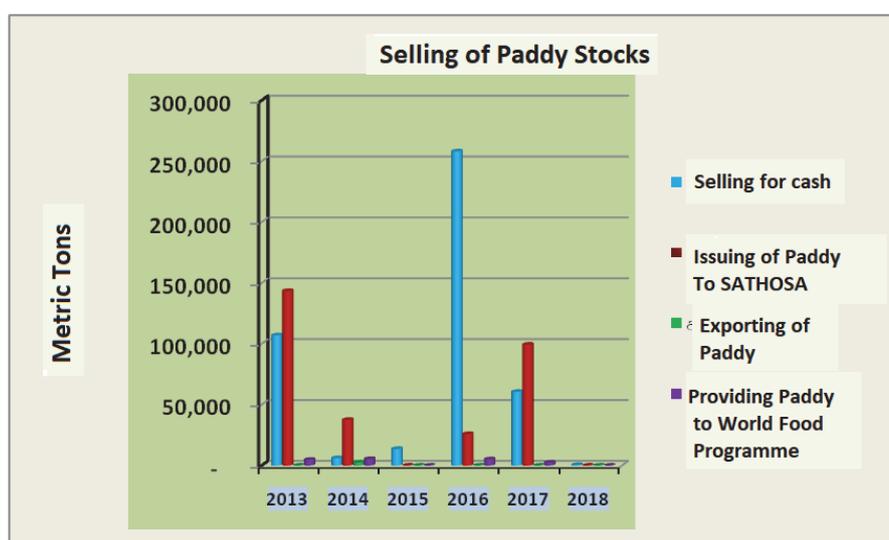
District	Nadu (Kg)	Samba (Kg)	Keeri Samba (Kg)	Total	
				Quantity (Kg)	Quantity (Kg)
1 Polonnaruwa	-	-	-	-	-
2 Ampara	827,250	4,450	-	831,700	31,617,950.00
3 Matale	-	-	-	-	-
4 Kurunegala	-	-	-	-	-
5 Puttalam	-	-	-	-	-
6 Kandy	-	-	-	-	-
7 Badulla	-	-	-	-	-
8 Anuradhapura	-	-	-	-	-
9 Hambantota	916,290	700	-	916,990	34,847,720.00
10 Monaragala	28,000	-	-	28,000	1,064,000.00
11 Ratnapura	29,450	-	-	29,450	1,119,100.00
12 Matara	22,500	-	-	22,500	855,000.00
13 Kilinochchi	-	-	-	-	-
14 Mullaitivu	22,550	-	-	22,550	856,900.00
15 Vavuniya	-	-	-	-	-
16 Jaffna	-	-	-	-	-
17 Mannar	-	-	-	-	-
18 Batticaloa	230,800	-	-	230,800	8,770,400.00
19 Trincomalee	-	-	-	-	-
Grand Total	2,076,840	5,150	-	2,081,990	79,131,070.00

7.2 The Status of Paddy Stocks Owned by the Paddy Marketing Board as at 31.12.2018

Particulars	Keeri Samba (Kg)	Samba (Kg)	Nadu (Kg)	Total (Kg)
Opening Stock as at 01.01.2018	717,955.0	21,971,086.0	64,288,047.0	86,977,088.0
Purchases				
- Maha Season of 2017/18	-	-	4,605,035	4,605,035
- Yala Season 2018	-	5,150	2,076,840	2,081,990
Total	717,955.0	21,976,236.0	70,969,922.0	93,664,113.0
Issues				
Sale of Paddy for Cash	376,180.0	58,743.0	102,823.5	537,746.5
Closing Stock as at 31.12.2018	341,775.0	21,917,493.0	70,867,098.5	93,126,366.5
Stock Deficiency	304,890.5	21,711,742.9	63,916,821.0	85,933,454.4
Physical Closing Stock - as at 31.12.2018	36,884.5	205,750.1	6,950,277.5	7,192,912.1

7.3 Information of the Sale of Paddy Stocks by the Paddy Marketing Board

Year	Sale for Cash (Metric Tons)	Quantity of Paddy issued to the Cooperative Wholesale Establishment (Metric Tons)	Exports (Metric Tons)	Provision for the World Food Programme (Metric Tons)
2013	107,011.0	143,479.0	-	4,860.0
2014	6,144.0	37,632.0	2,531.0	5,497.0
2015	13,670.92	-	-	-
2016	258,172.20	25,903.39	-	5,232.25
2017	60,638.78	99,427.39	-	2,530.0
2018	537.7	-	-	-



08. Financial Highlights (2011 - 2018)

Rs. Million

Particulars	2011	2012	2013	2014	2015	2016	2017	2018
Revenue	3,500.20	3,617.88	7,878.87	1,554.51	697.18	9,161.35	7,424.98	31.02
Purchases - Stocks of Paddy	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
Administrative, Financial and other expenditure	367.85	630.64	1,674.62	983.562	1,106.79	1,504.09	1,334.67	1,477.50
Net Profit/ (Loss)	264.13	(1,996.23)	(1,036.23)	(1,126.93)	(1,773.17)	(5,894.29)	(462.11)	(1,185.10)
Receipt of Provisions for the Purchase of Paddy								
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	-	-
People's 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								
Co-operative Wholesale Establishment	341.39	1,587.08	1,404.92	462.59	462.59	462.69	2,867.19	1,467.19
Food Commissioner's Department	611.99	470.95	440.55	425.95	425.95	425.95	425.95	425.95
Lanka Sathosa	90.41	49.94	79.93	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	7,067.90	6,684.55
Bank of Ceylon	2,185.20	3,100.00	4,115.89	3,129.78	8,257.78	9,580.88	9,580.88	8,572.95
People's Bank	1,354.45	1,553.74	2,651.99	2,314.94	5,492.94	5,013.14	5,013.14	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	-	-	-	-	-

Particulars	2011	2012	2013	2014	2015	2016	2017	2018
General Treasury Provisions								
For Capital expenditure	182.90	112.00	80.00	175.00	155.00	150.00	150.00	131.75
For Recurrent expenditure	25.00	35.35	40.00	66.50	67.50	88.00	88.00	177.5
Utilization of Capital Expenditure								
For new constructions	126.70	85.50	48.00	63.00	-	54.41	54.41	31.05
For renovation of Warehouses	52.30	25.10	27.00	105.00	92.00	45.81	45.81	58.67
For the purchase of fixed assets	3.90	1.40	5.00	7.00	63.00	49.78	49.78	67.16

09. Details on the Pledge Loans and Interests obtained by the Paddy Marketing Board for the Purchase of Paddy - 2008 to 2018

Year	Bank	Opening Loan Balance (Rs. Million)	Loan obtained during the relevant Year (Rs. Million)	Amount settled out of the Loan (Rs. Million)	Loan Balance at the end of the Year (Rs. Million)	Interest related to the Year (Rs. Million)
2008	General Treasury	-	200.0	-	200.0	-
	Bank of Ceylon	-	-	-	-	-
	Peoples' Bank	-	-	-	-	-
	National Savings Bank	-	-	-	-	-
	Regional Development Bank	-	-	-	-	-
Total		-	200.0	-	200.0	-
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

Year	Bank	Opening Loan Balance (Rs. Million)	Loan obtained during the relevant Year (Rs. Million)	Amount settled out of the Loan (Rs. Million)	Loan Balance at the end of the Year (Rs. Million)	Interest related to the Year (Rs. Million)
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	0	633.3	6,435.0	0
	Bank of Ceylon	9,580.8	0	991.8	8,589.0	923.5
	Peoples' Bank	4,945.4	0	2,001.0	2,944.5	218.0
Total		21,594.5	0	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

10. Guaranteed Price for Paddy from 2001-2018

Year	Season	Price per Kilogram (Rs.)		
		Keeri Samba	Samba	Nadu
2001	Maha of 2000/01	13.50	13.50	12.50
	Yala of 2001	13.50	13.50	12.50
2002	Maha of 2001/02	14.50	14.50	13.50
	Yala of 2002	14.50	14.50	13.50
2003	Maha of 2002/03	14.50	14.50	13.50
	Yala of 2003	14.50	14.50	13.50
2004	Maha of 2003/04	15.50	15.50	14.50
	Yala of 2004	15.50	15.50	14.50
2005	Maha of 2004/05	16.50	16.50	15.50
	Yala of 2005	16.50	16.50	15.50
2006	Maha of 2005/06	16.50	16.50	15.50
	Yala of 2006	16.50	16.50	15.50
2007	Maha of 2006/07	17.50	17.50	16.50
	Yala of 2007	17.50	17.50	16.50
2008	Maha of 2007/08	22.00	22.00	20.00
	Yala of 2008	30.00	30.00	28.00
2009	Maha of 2008/09	30.00	30.00	28.00
	Yala of 2009	30.00	30.00	28.00
2010	Maha of 2009/10	30.00	30.00	28.00
	Yala of 2010	30.00	30.00	28.00
2011	Maha of 2010/11	30.00	30.00	28'00
	Yala of 2011	30.00	30.00	28.00
2012	Maha of 2011/12	30.00	30.00	28.00
	Yala of 2012	30.00	30.00	28.00
2013	Maha of 2012/13	35.00	35.00	32.00
	Yala of 2013	35.00	35.00	32.00
2014	Maha of 2013/14	35.00	35.00	32.00
	Yala of 2014	35.00	35.00	32.00
2015	Maha of 2014/15	50.00	50.00	45.00
	Yala of 2015	50.00	50.00	45.00
2016	Maha of 2015/16	50.00	41.00	38.00
	Yala of 2016	50.00	41.00	38.00
2017	Maha of 2016/17	41.00	41.00	38.00
	Yala of 2017	41.00	41.00	38.00
2018	Maha of 2017/18	41.00	41.00	38.00
	Yala of 2018	41.00	41.00	38.00

11. Particulars regarding new constructions carried out by the Paddy Marketing Board in the year 2018

Serial No.	Region	No. of Warehouses	Provisions allocated in the Year 2018 (Rs. Million)	Amount Paid in the Year 2018 (Rs. Million)
<i>Construction of Threshing Floors for Warehouses – Southern Region</i>				
01	Pallemalala Warehouse	01	4.9	-
02	Weerawila Warehouse	01	4.8	-
03	Kachchigalara Warehouse	01	4.5	-
04	Kuttigala Warehouse	01	4.7	-
<i>Construction of Office room for the warehouse</i>				
01	Southern Region	02	5.7	2.0
Total		06	24.6	2.0

External Appearance of the Threshing Floors constructed in the Southern Region

Weerawila Threshing Floor



Kuttigala Threshing Floor



Kachchigalara Threshing Floor



Pallemalala Threshing Floor



11.1 Particulars regarding renovations carried out by the Paddy Marketing Board in the year 2018

Serial No.	Region	No. of Warehouses	Provisions allocated in the Year 2018 (Rs. Million)	Amount Paid in the Year 2018 (Rs. Million)
01	Ampara Region	03	5.5	0.9
02	Polonnaruwa Region	01	5.8	1.1
03	North Region	02	4.7	0.9
04	North –Western Region	01	2.0	1.8
05	Southern Region	08	3.9	2.8
Total		15	21.9	7.5
Renovation of the other Buildings				
01	Renovation of the Circuit Bungalow			
	1. Ampara	02	1.0	1.0
	2. Southern	01	3.4	1.1
	3. Anuradhapura	01	2.2	1.0
02	Renovation of Regional Office			
	1. North Western	01	1.5	1.2
	2. Anuradhapura	01	4.4	1.3
	3. Eastern	01	4.0	0.7
03	Renovation of Office Room, Security Hut			
	1. North Western	01	0.9	0.7
Total		08	17.4	7.0

12. Role of the Board of Directors of the Paddy Marketing Board in the year 2018

The Powers of the Board of Directors of the Paddy Marketing Board is clearly stipulated in Section 13 of the Paddy Marketing Board Act. No.14 of 1971.

The Board of Directors have been vested with broad spectrum of powers under this Section, such as the right to acquire, take on lease or hire, mortgage, sell or otherwise dispose of any movable or immovable property, purchase, mill, hull, market or distribute paddy and grain, carrying out incidental matters as may be necessary for the business affairs of the Board, fix a guaranteed price for paddy, formulation and implementation of laws, rules and regulations relevant to the administrative functions of the Board, take action to maintain warehouses and to sell paddy, conduct researches relating to processing of paddy and grain, enter into agreements with the other parties of the Paddy Marketing Board.

13. Decisions pertaining to the following matters were taken at the meetings of the Board of Directors in the Year 2018

1. Marketing of stocks of paddy at the prices of the relevant district.
2. Preparation of Internal Audit Plan for the year 2018
3. Taking action on stock reductions / deficiencies revealed as per the verification of stocks carried out in the year 2014.
4. Sale / disposal of condemned paddy stocks.
5. Recovery of security deposits of Assistant Regional Managers, Regional Managers, Development Officers and Warehouse Assistants, who are in charge of warehouses of the Paddy Marketing Board, from their monthly salaries.
6. Approval of the Financial Statements of the Paddy Marketing Board for the year ended 31 December 2016.
7. Approval of the payment of Employees Provident Fund and Employees Trust Fund using electronic method.
8. Delegation of Functions of the Authority under FR 135 for the year 2018.
9. Delegation of financial powers to make payments and to carry out other transactions in the purchase of paddy during the Maha Season of 2017/18 and Yala Season of 2018.
10. Obtaining the monitoring facility for Internet Banking for Accounts of the Paddy Marketing Board.
11. Approval of the Revised Corporate Plan and Revised Procurement Plan of the Paddy Marketing Board for the year 2018.
12. Establishment of a price committee for the sale of paddy.
13. Obtaining the assistance of the Director (Engineering) of the Ministry of Agriculture for the construction and renovation of warehouses expected to be carried out through the capital provision for the year 2018.
14. Approval of the recruitment of officers for filling the vacancies related to the Posts of Systems Administrator (JM – 1-1), Assistant Accountant (JM – 1-1), Regional Manager (MM – 1-1), Assistant Regional Manager (MA-3), Management Assistant (MA – 1-1).
15. Revision of the guaranteed price scheduled for the Yala season of 2018.
16. Approval of the revised Action Plan and Procurement Plan for the year 2018.
17. Studying the current progress of the Capital Projects of the Paddy Marketing Board for the year 2018.
18. Taking necessary decisions regarding the payment of dues to the Paddy Marketing Board by the owners of mills, who had not returned rice after providing paddy stocks to them on the basis of export programme and handing over of grains to the CWE and the Food Commissioner's Department.
19. Approval of the Programme of converting paddy stocks in to grains carried out by the Paddy Marketing Board.
20. Issuing the necessary recommendations for obtaining licenses to use the operating system and application software of computers owned by the Paddy Marketing Board.
21. Approval of Action Plan and Procurement Plan of the Paddy Marketing Board for the year 2019.

14. Report of the Internal Auditor regarding the Operation in the Year 2018

01. Background of Submitting the Report

The primary role of the Internal Audit Division is to continuously evaluate the quantitative and qualitiveness of the internal operations, financial and control system, report information to the administration and propose solutions to unrecognized problems - the legal framework for which is provided by the following sources -

- i. FR 133 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka.
- ii. Sub-sections 40 and 41 of the National Audit Act, No. 19 of 2018.
- iii. Management Audit Circular No. DMA/01-2019 dated 12.01.2019 for the Internal Audit Guideline issued by the Department of Management Audit and Circulars issued by that Department related thereto.

Accordingly, the findings of the Internal Audit Division and the solutions to the relevant issues were forwarded to the Chairman and the Board of Directors along with copies to the Auditor General and the progress of the action taken by the Management of the institution on such identified issues and proposed solutions was examined from time to time. Information on issues, for which solutions had not been given so far was reported at the meetings of the Audit and Management Committee.

These reports are annually prepared on the matters discussed at those meetings and the progress of the implementation of the recommendations made by the Committee by the Internal Auditor in accordance with the aforesaid legal provisions.

02. Establishment of the Internal Audit Division

The necessity of establishing an Internal Audit Division for the Paddy Marketing Board had been pointed out by the Directive No. 06 of the Committee on Public Enterprises held on 05.12.2012 and by the Reports of the Auditor General from time to time. Subsequently, an Internal Auditor was appointed on 01.07.2014 and the Internal Audit Division was newly established.

One Management Assistant and one Development Officer and another two Management Assistants had been attached to the Internal Audit Division in the years 2014, 2015 and 2016 respectively. In the year 2018 too, two Management Assistants had been attached to the Internal Audit Division. Accordingly, the total number of employees in the Internal Audit Division in the year 2018 was seven (07).

I.	Mr. A.M.U.N. Atapattu	-	Internal Auditor
II.	Mr. A.M.L.B. Abeykoon	-	Development Officer
III.	Miss. M.A.S. Anuradhika de Silva	-	Assistant Regional Manager
IV.	Mr. Pasan Malinda Peiris	-	Management Assistant
V.	Mrs. Chathuranga Maduminee Kodikarage	-	Management Assistant
VI.	Mr. H.M. Dinuka Mihiran	-	Management Assistant
VII	Mr. E.S. Wickremasinghe	-	Management Assistant

03. Establishment of the Audit and Management Committee and the Implementation of the Audit Plan

Audit and Management Committee was established in terms of the National Audit Act and in accordance with the Public Enterprises Circular No. PED 55 dated 14.12.2010. The Audit Plan was formulated for the period of one year from 01.01.2018 to 31.12.2018 and the approval of the Board of Directors and the Auditor General was obtained for the Audit Plan and subsequently the Plan was implemented. Four (04) Audit and Management Committee meetings were held during the relevant period.

The number of Audit queries referred to the Management of the Paddy Marketing Board during the relevant period was 31. The progress in replying to the internal audit queries is given in Annexure 01. Likely, the National Audit Office had issued 19 audit queries during the year and the progress in replying to the audit queries of the Auditor General is given in Annexure 02.

4. Observations and the Recommendations of the Internal Auditor

The Internal Auditor had pointed out to the Chairman, Board of Directors and the Management that special attention had to be focused on the following fields out of the identified fields using Audit Reports and Audit Queries with his / her observations and recommendations from time to time.

The summary of the observations and recommendations for which the attention of the Chairman, Board of Directors and the Management had been focused through the internal Audit queries and Audit Reports is mentioned below.

4.1 Operational Activities

I. Computerized Inventory Control System

Expedient implementation of the proposed computerized Inventory Control System which is inactive at present and introduction of an internal control system for purchasing, storage and issue of paddy.

II. Purchase and Storage of Paddy

Issues identified in relation to the purchase and storage of paddy are as follows.

- Action had been taken to recover the losses occurred due to the damage of paddy stocks when they had been stored in cocoon stores, purchased from Sri Lanka State Trading (General) Corporation as temporary warehouses and losses occurred due to the damages to those cocoon stores.
- Failure to minimize damage to paddy stocks by improving the condition of warehouses.
- Need to introduce a methodology for maintaining highly accurate records on paddy stocks as there were problems regarding the accuracy in paddy stock records that were sent to the Head Office by Regional Offices.
- Purchasing of 200,000 Polysac bags to be used in the Yala Season of 2018 and Maha Season of 2018/19 had been carried out extraneous to the Procurement Guidelines.
- Not conducting a proper study on the stock level at the time of purchasing Polysack bags in the year 2018 and the quantity of bags expected to be purchased.

Further, when there were about 1,677,477 polysack bags in the warehouses, a sum of Rs. 2,663,520 had been paid for 88,784 polysack bags of farmers who had handed over paddy to the warehouses of the Southern Region. Accordingly, the amount paid to the farmers without proper inspection at the instance the company had sufficient stocks of polysack bags is an idle expense.

paddy stocks, which have been existing in warehouses in minor quantities for a number of years without disposal are subjected to damages and as a result, there may have an impact on the quality of newly purchased paddy stocks, which are stored with such minor quantities of paddy. Therefore, starting the purchase of paddy newly after completely emptying the warehouses, which are to be used for storing newly purchased paddy and the need to design a definite methodology to dispose small stocks of paddy stored in warehouses before they are damaged.

III. Attendance of employees and obtaining leave

The requirement of issuing formal circular instructions pertaining to reporting for duty and obtaining leave by the field officers as the internal control on reporting for duty and obtaining leave by the field officers was weak.

IV. Control of the Circuit bungalows

The Requirement of designing and maintaining a formal arrangement including the recommendations of the internal audit for the administration of the bungalows that are currently owned by the Paddy Marketing Board located in Hasalaka, Moneragala, Anuradhapura and Ampara and to maintain the relevant circuit bungalows without incurring an additional cost to the Institution and to cover the cost.

V. Control 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.
- Although the two vehicles bearing Numbers of HH-6041 and 65 - 6389 were parked in a private parking in the year 2017 due to an urgent need, action has not yet been taken to release the relevant vehicles from that place and bring the two vehicles to a premises owned by the Paddy Marketing Board.
- Need of properly conducting the ownership, usage and maintenance of vehicles used by the Paddy Marketing Board.
- Need of maintaining updated running charts.
- Taking action to obtain the vehicle insurance policy certificate and annual revenue license on the due date.

VI. Taking prompt action to recover the dues by 31.12.2018 from the paddy mill owners and various institutions under various programmes implemented as mentioned

- | | |
|---|--------------------------------|
| ➤ Programme of handing over of Rice to the Food Commissioner's Department | Rs. 425.95 Mn.
Rs. 10.59 Mn |
| ➤ Issuing paddy stocks to Co-operative Wholesale Establishment | Rs. 1,467.19 Mn |
| ➤ Programme of providing Rice to the World Food Organization | Rs. 8.50 Mn |
| ➤ Rice Export Program | Rs. 264.15 Mn
Rs. 211.44 Mn |
| ➤ Issuing of paddy stocks on credit basis | Rs. 44.40 Mn |
| ➤ From Lanka Sathosa | Rs. 77.52 Mn |
| ➤ From paddy mill owners | Rs. 66.39 Mn |

VII. Issuing Stocks of Paddy to Sathosa - 2016/2017

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

- Although the Paddy Marketing Board had to pay the loan interest to the banks until the money was received for the issued paddy, a method had not been prepared to obtain the relevant interest amount to the Paddy Marketing Board.

- Although the Paddy Marketing Board and the Sathosa had entered into an agreement regarding this process, the Paddy Marketing Board had not received the dues as the Agreement was not formal.
- Sathosa had continued to default the payment of dues to the Paddy Marketing Board and action had not been taken in this regard.
- 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.
- Not making arrangements to take a policy decision on incurring the burden of expenditure (interest of loan) of this project, implemented by Sathosa, by the Paddy Marketing Board.

VIII. Submission of a set of proposals to minimize losses within the process of purchasing and issuance of 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. Administration of Warehouses

- Need of establishing a formal internal control methodology in relation to the warehouse administration and due issuance of instructions on the administration of warehouses to the officers in charge of warehouses (As a Warehouse Administration Manual)
- Perform an Annual Physical Verification of Stocks by covering all warehouses and include the actual physical stock calculated therein in the final accounts.
- Obtaining new technical equipment and guidance (technical knowledge) required for the administration of warehouses and measurement of agricultural standards from government institutions dealing with relevant standards.
- Establishment of a definite scientific basis / standard for reduction of stock weight due to the natural drying of paddy stocks during 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 2017.

- Taking action to acquire to the Paddy Marketing Board itself the legal ownership of the warehouses, lands and properties currently enjoyed by the Paddy Marketing Board.
- X. Although Rs. 34.45 million had been paid to the State Engineering Corporation for the warehouses of 2,000 metric tons and 1,000 metric tons, vested to the paddy Marketing Board in the year 2016 and located in Maradaghamula, action has not yet been taken to transfer the relevant land to the Paddy Marketing Board.
- XI. Making arrangements to transfer or to formally lease the warehouses, lands and properties owned by the Paddy Marketing Board that are being used by external parties.
- XII. Designing of future plans (Corporate Plan) of the Paddy Marketing Board for the accomplishment of the Objects stipulated in the Paddy Marketing Board Act No. 14 of 1971.
- XIII. To pay immediate attention to the warehouses, paddy mills and lands where the relevant properties are located, used by the Paddy Marketing Board and which are specifically in underutilized level at present and to direct the relevant properties for a useful economic activity.
- XIV. The requirement of carrying out the operations of the Paddy Marketing Board in compliance with the Establishments Code, Financial Regulations, General Treasury Circulars and the other Circulars.

XV. Human Resources (Employees) Management

- In the year 2018, 58 officers were recruited for 07 Posts in 11 occasions and several recruitments were made excluding the Scheme of Recruitment and some recruitments were made by superceding the approval of the Board of Directors.
- The need to expeditiously settling the following issues related to the employees who have been recruited from time to time since the inception of the Paddy Marketing Board in the year 2008.
 - Conducting employee efficiency bar examinations.
 - Accelerating the process of confirmation of employees in the service.
 - Expeditious provision of salary increments which had not been paid for many years.
 - Reviewing the staff (hierarchy) in order to achieve the objectives of the Corporate Plan.

4.2 Finance and Accounting

Opinion on the Financial statements of the Paddy Marketing Board for the year 2018 had been declared as a disclaimer by the Auditor General on the main grounds of going concern basis of the institution, non-disclosure of transactions with the related parties, non-compliance with laws and regulations, non-compliance with Sri Lanka accounting standards, accounting deficiencies, lack of evidence and unidentified changes. Hence it is required to pay special attention to rectify these problems by the Management of the Paddy Marketing Board and the Governing Board.

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 2018 have been prepared and approved by the Board on 03.09.2019.

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. To prepare and maintain the bank reconciliation statements in an updated manner

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.

- I. Introducing the Internet Banking.
- II. Adopting the methodology of Fund Transfer to an account that is being maintained at the relevant bank in favour of the farmers, instead of paying money directly to farmers.
- III. Deciding the maximum amount that can be debited to the Bank Account used for purchasing paddy through one transaction at the same time for preventing debiting the amount paid from the bank account to more than one farmer as a bulk amount to the Bank account.
- IV. Establishment of a methodology to prevent the payment of money to farmers for purchasing paddy in another Zone from an account assigned to pay money to farmers in the purchase of paddy for each Zone.

III. Accounting of the Verification of Paddy Stocks

The value of the stock deficit of 85,933 metric tons identified during the stock verification carried out in 2018 with regard to paddy stocks purchased during the period from 2008 to 2018 amounted to Rs. 3,047.10 million and the amount had been debited to “Trade Debtors – Contingency Stock Changes” Account on the instructions of the Board of Directors.

It is observed that the amount of net assets for the year 2018 and up to then has been overestimated due to non-identification of actual stock losses within the relevant value, natural weight losses in paddy stocks, provisions for legal action related to stock frauds etc. in the relevant value.

IV. Expeditious settlement of unsettled balances in accounts Unidentified Payments existing in Accounts

The following payments, out of the payments made to the farmers for the purchase of paddy in Maha of 2014/15 Maha, Yala of 2015, Maha of 2015/16, Yala of 2016 and in earlier seasons, had been represented as unidentified payments (unidentified paddy purchases) in the final accounts as the following payments could not be verified.

	Rs. Million
Amount receivable from the Bank of Ceylon -	3.28
Amount receivable from the People’s Bank -	1.69
Unidentified Paddy Purchases -	63.97
Contingency Account on Paddy Purchases -	28.17
Control Account on Paddy Purchase -	49.74

A retired officer, who had held the Post of Director General of Public Accounts had been employed in the service on the basis of paying an allowance of Rs. 200,000 per month for a period of 6 months with the approval of the Cabinet of Ministers for giving the required guidance to the staff of the Paddy Marketing Board to settle the aforementioned transactions and to prepare future final accounts. In addition, the Board of Directors had paid attention to the settlement of these unidentified balances by paying an incentive to the officers of the Accounts Division for assisting the relevant work. However, it is observed that the task could not be finalized properly due to non-implementation of the recommendations given by the relevant retired officer.

A portion of the payments made for the purchase of paddy included in the final accounts as mentioned above are represented as unidentified payments and the ability to deal in that connection has been lost.

The internal audit has submitted its observations and recommendations from time to time that the management should focus on introducing a new methodology for making payments to the farmer expeditiously by properly reporting the payments made at the time of purchasing paddy.

V. Conducting Annual Verification of Goods and updating Fixed Asset Registers

- Even though the relevant action should be taken subsequent to conducting activities on the Annual Verification of Goods in accordance with the Public Finance Circular No. 05/2016 of 31.03.2016, the relevant work has not been completed in accordance with the above circulars although the Annual Verification of Goods had commenced in the years 2017 and 2018. Therefore, special attention should be paid in that regard.
- The need to establish a formal methodology to ensure that fixed assets and inventory items timely purchased by the Head Office and Regional Offices specifically are updated in the Fixed Asset Register and Inventory maintained at the relevant Regional Offices and Head Office.

VI. Maintaining and updating records regarding assets and properties

- 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.
- Records should be maintained in relation to the goods and consumables used by the institution in terms of FR 454, and it is observed that there is a delay in maintaining and updating the records even though the relevant records have to be updated in terms of FR 751-773.

VII. 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.

VIII. Selling of paddy stocks

Paying attention to the following matters when selling paddy stocks.

- Determining a rational selling price.
- Deciding to sell at the right time. (In instances where high market prices are prevailing and in instances where harvesting of paddy is not done.)
- Establishing a rational price as the base in issuing paddy / rice to external government Institutions.

IX. Financial Position and Liabilities of the Paddy Marketing Board

It is indicated by the financial statements that the implementation of control prices through open market intervention has led the Paddy Marketing Board to continue to report an operating loss. The loss of the Board as at 31.12.2018 was about Rs. 1,241.42 million and the overall negative net assets at the end of the year 2018 had increased up to Rs. 13,266.65 million. Moreover, financial deficit had been settled through the loans obtained from State Banks. Therefore, the total amount of loans stood at Rs. 11,419.66 million by 31.12.2018. Accordingly, it is further observed that the Paddy Marketing Board is continuously incurring severe financial losses.

This situation will affect the going concern of the Paddy Marketing Board. Therefore, the Management of the institution should take steps to strengthen the internal control mechanisms by implementing the loan management system on a proper strategic plan by expeditiously strengthening the systematic inventory control system and internal control systems. For achieving that:

- Development and implementation of a long-term plan for the repayment of long-term obligations and loans payable to the General Treasury and State Banks by minimizing the losses incurred by selling stocks of paddy purchased by the Paddy Marketing Board at a price lower than the purchase price and thereby, taking necessary steps to minimize unnecessary interest expenses, which are being currently paid.
- To establish long-term objectives required to increase the contribution of the Paddy Marketing Board to the farmers through such a long-term plan and to conduct the institution in a manner that it is not a burden of expenditure to the Government (to maintain at least at the break even point).

X. The need to recover / settle persistent non-performing loan balances in the accounts from the relevant institutions (Co-operative Wholesale Establishments, Line Ministry, Food Commissioner's Department, Lanka Sathosa, Hambantota and Ampara District Secretariat and various paddy mill owners etc.)

XI. Contractual / Construction Administration

- The need to comply with the Procurement Guidelines.
- The need to recruit a permanent officer with technical knowledge to the Paddy Marketing Board to supervise the construction work.

XII. The Progress in the implementation of the Directives of the Committee on Public Enterprises (COPE)

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 inventory control system.
- III. Storage of paddy stocks
- IV. Issuing of paddy stocks for animal feed
- V. Post of General Manager
- VI. Unidentified deposits
- VII. Bridge scales.
- VIII. Provision of Warehouses
- IX. Maradaghamula warehouse

5. Positive Facts regarding the Recommendations issued by the Internal Audit

The Management has paid attention to the following matters and has already taken the following action.

- I. Conducting a system audit of the existing stock control system and the cost and 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).

Serial Number	Date	Audit Query Number	Heading	Date of Getting Replies
01	2018.01.11	PMB/IA/GEN/030-15/12	Account No. 7767985 (2016) (Ampara Zone)	2018.01.19
02	2018.01.23	PMB/IA/GEN/030-15/14	Releasing of advances to Regions for operating expenses of purchasing paddy.	2018.02.08
03	2018.01.25	PMB/IA/INQ/032-18/01	Officers recruited on contract basis.	2018.02.09
04	2018.01.25	PMB/IA/INQ/032-18/02	Officers recruited on contract basis.	2018.03.28
05	2018.01.25	PMB/IA/GEN/029-15/29	Releasing of advances to Regional Managers.	2018.02.09
06	2018.01.25	PMB/IA/GEN/060-18/01	Good Quality paddy stocks and condemned paddy stocks, which are left in small quantities in warehouses.	2018.03.15
07	2018.01.25	PMB/IA/GEN/060-18/02	Obtaining a Bond from the Officers in Charge of the Warehouses.	2018.03.15
08	2018.01.29	PMB/IA/GEN/028-16/17	Checking personal files.	2018.02.20
09	2018.02.19	PMB/IA/GEN/52-16/05	Acceptance of pallers and their standard.	2018.03.22
10	2018.02.19	PMB/IA/GEN/57-17/03	Unauthorized use of the land where the Karametiya Warehouse is located.	2018.03.15
11	2018.02.19	PMB/IA/GEN/021-15/11	Renovation of Karametiya No. 01 and 02 warehouses.	2018.03.22
12	2018.12.28	PMB/IA/GEN/060-18/04	Formalization of the reporting process of daily paddy purchases.	2018.03.15
13	2018.03.05	PMB/IA/GEN/060-18/05	Regularizing the distribution of printed forms / books.	2018.03.16
14	2018.03.05	PMB/IA/GEN/030-15/15	Registration of paddy mills.	2018.03.15
15	2018.03.15	PMB/IA/GEN/029-15/31	Regularization of the reporting process of the purchase of Inventory Items (Current Assets) Consumer Goods and Stationery.	2018.04.04
16	2018.03.22	PMB/IA/GEN/038-16/15	Process of converting stocks of paddy purchased during Maha Season of 2014/15 and Yala Season of 2015 into rice by private paddy mill owners - 2016.	2018.04.12
17	2018.04.18	PMB/IA/GEN/052-16/06	Standard of (Pallers)	2018.04.26
18	2018.04.26	PMB/IA/GEN/040-16/22	Formalization of the purchase, distribution and reporting of non-current assets (fixed assets).	2018.05.15

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Serial Number	Date	Audit Query Number	Heading	Date of Getting Replies
19	2018.05.31	PMB/IA/GEN/024-15/11	Checking the ownership, usage and maintenance of vehicles used by the Paddy Marketing Board.	2018.08.02
20	2018.07.26	PMB/IA/GEN/65-18/01	Distribution of Polysack Bags.	2018.08.01
21	2018.08.02	PMB/IA/GEN/024-15/14	Concerning the lorry bearing number LH - 4602.	2018.08.19
22	2018.08.27	PMB/IA/GEN/062-18/11	Resignations of the employees and dues to be settled to the Paddy Marketing Board.	2018.12.01
23	2018.08.28	PMB/IA/GEN/024-15/15	Checking the ownership, usage and maintenance of vehicles used by the Paddy Marketing Board.	2018.08.19
24	2018.08.29	PMB/IA/GEN/065-18/02	Maintaining paddy stock records (Paddy stocks are not separately recorded as Samba and Keeri Samba and as red and white paddy stocks)	2018.10.16
25	2018.08.29	PMB/IA/GEN/024-15/16	Checking the ownership, usage and maintenance of vehicles used by the Paddy Marketing Board.	2018.10.29
26	2018.09.11	PMB/IA/GEN/57-17/13	Kekirawa Rice Mill Complex	2019.01.11
27	2018.09.14	PMB/IA/GEN/021-15/13	Construction of the Office of the Eastern Region.	2018.11.27
28	2018.10.01	PMB/IA/GEN/21-15/14	Renovation of Ratnapura Circuit Bungalow.	2018.10.31
29	2018.10.03	PMB/IA/GEN/40-16/31	Purchase of cocoon stores and storage of paddy stocks.	2019.03.25
30	2018.10.31	PMB/IA/GEN/063-18/03	Checking the reservation, use and maintenance of circuit bungalows.	2019.01.29
31	2018.12.17	PMB/IA/GEN/052-16/11	Purchasing Polysack bags for the Maha Season of 2018/19.	2019.01.29

Serial Number	Reference Number	Heading	Date of Replying
01	TCM/D/PMB/2018/AQ/01	Checking of Advance Settlement - Years 2016 and 2017	2018.03.18
02	එන්සීසී/එල්/පීඑම්බී/02/2017/බී02	Special Audit on grain Complexes of the Paddy Marketing Board in Anuradhapura District.	2018.06.18
03	TCM/D/PMB/2018/AQ/02	Audit on Financial Statements - 2015.	2018.05.25
04	TCM/D/PMB/AQ/2018/03	Selling of Kandy Regional Office Building of the Paddy Marketing Board.	2018.05.15
05	TCM/D/PMB/2018/AQ/04	Checking of Bank Reconciliation - 2015.	2018.05.25
06	TCM/D/PMB /01/15	Report of the Auditor General in terms of Section 14 (2) (c) of the Finance Act No. 38 of 1971 on the Financial Statements of the Paddy Marketing Board for the year ended 31 December 2015.	2018.06.06
07	TCM/D/PMB/2018/AQ/05	Checking of Bank Reconciliation - 2016.	2018.08.06
08	TCM/D/PMB/2018/AQ/06	Checking of Advance Settlement	2018.08.01
09	SNP/L/PMB/2018/01	Audit Inspection - Repair of Meddawatta Paddy Warehouse.	2018.08.13
10	TCM/D/PMB/1/16	Report of the Auditor General in terms of Section 14 (2) (c) of the Finance Act No. 38 of 1971 on the Financial Statements of the Paddy Marketing Board for the year ended 31 December 2016.	2018.09.12
11	TCM/D/PMB/1/16	Report of the Auditor General in terms of Section 13 (7) (j) of the Finance Act No. 38 of 1971 on the Financial Statements of the Paddy Marketing Board for the year ended 31 December 2016.	2018.11.19
12	TCM/D/PMB/1/15	Report of the Auditor General in terms of Section 13 (7) (j) of the Finance Act No. 38 of 1971 on the Financial Statements of the Paddy Marketing Board for the year ended 31 December 2016.	2018.09.28
13	SNP/L/PMB/2018/01	Audit Inspection - Renovation of Meddawatta Paddy Warehouse.	2019.04.05
14	TCM/D/PMB/SR/2018	Performance of the Paddy Marketing Board.	2018.10.10
15	TCM/D/PMB/1/17	Report of the Auditor General on Transactions of the Paddy Marketing Board for the Year ended 31 December 2017.	2018.10.31
16	TCM/D/PMB/AQ/2018/08	Purchasing of Pallers - 2017.	2018.11.01
17	NCP/AP/A/PMO/AC/2017/24/AQ-01	Paddy Marketing Board - Paddy Stock Verification at Anuradhapura.	2019.01.29
18	TCM/D/PMB/AQ/2018/07	Renovation of Buildings - 2016.	2018.08.27
19	TCM/D/PMB/AQ/2018/09	Inspection of Meethotamulla Warehouse Complex.	2019.01.22

14. Progress in achieving the Sustainable Development Goals

When the paddy production is released to the market, the Paddy Marketing Board buys the paddy from the paddy farmers at a guaranteed price. By adopting this procedure, we hope to improve the living standards of the farming community by alleviating poverty.

Consumers are facing severe difficulties due to the increase in prices of rice and paddy at the open market during few months of the year. Therefore, the Paddy Marketing Board releases stocks of paddy to the market during the relevant periods with the intention of giving the consumer the opportunity to purchase rice at a reasonable price.

In addition, it is expected to ensure food security in the country by maintaining a buffer stock.

Final Accounts - 2018

Paddy Marketing Board

STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	2018 Rs.	2017 Rs.
ASSETS			
Non Current Assets			
Property Plant & Equipment	3	996,780,367	917,462,940
Capital Work-in-Progress	4	34,789,928	78,891,620
Investments	5	498,291,881	448,941,944
		<u>1,529,862,176</u>	<u>1,445,296,504</u>
Current Assets			
Inventories	6	279,652,991	3,090,731,472
Trade and Other Receivables	7	5,907,867,152	4,227,507,094
Cash and Cash Equivalents	8	680,843,080	229,848,894
		<u>6,868,363,223</u>	<u>7,548,087,460</u>
Total Assets		<u>8,398,225,399</u>	<u>8,993,383,964</u>
EQUITY AND LIABILITIES			
Capital Contributed by the Treasury	9	631,484,518	631,484,518
Reserve Surplus/ (Deficit)		(13,898,138,127)	(13,180,175,058)
Total Equity		(13,266,653,609)	(12,548,690,540)
Non Current Liabilities			
Interest Bearing Loans & Borrowings	10	11,419,664,165	11,533,541,354
Provision for Defined Benefit Plans	11	20,801,539	17,765,901
Deferred Income	12	832,113,082	814,109,507
		<u>12,272,578,785</u>	<u>12,365,416,762</u>
Current Liabilities			
Trade & Other Payables	13	9,122,450,574	9,107,113,171
Interest Bearing Loans & Borrowings	10	269,849,649	69,544,572
		<u>9,392,300,223</u>	<u>9,176,657,742</u>
Total Equity and Liabilities		<u>8,398,225,399</u>	<u>8,993,383,964</u>

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


J. P. M. K. Jayaweera
 Deputy General Manager (Finance)
 Paddy Marketing Board
 8th Floor, Housing Secretariat Building
 Sir Chittampalam A Gardiner Mw.
 Colombo 02, Sri Lanka.


Accountant
 Paddy Marketing Board
 8th Floor, Housing Secretariat Building
 Sir Chittampalam A Gardiner Mw.
 Colombo 02, Sri Lanka.

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


Kasthuri Anuradhanayaka
 (Attorney-at-Law)
 Chairman
 Paddy Marketing Board
 8th Floor, Housing Secretariat Building
 Sir Chittampalam A Gardiner Mw.
 Colombo 02


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

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

03.09.2019
 Colombo

Paddy Marketing Board

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	Note	2018 Rs.	2017 Rs.
Revenue	14	31,020,886	7,424,976,814
Cost of Sales		(7,942,497)	(6,740,033,282)
Gross Profit		23,078,389	684,943,531
Other Income	15	212,998,004	187,621,713
Administrative Expenses		(233,547,335)	(186,970,856)
Selling & Distribution Expenses		(1,235,349)	(1,402,122)
Finance Expenses	16	(1,231,355,118)	(1,146,297,587)
Other Expenses		(11,366,042)	-
Profit/(Loss) Before Tax		(1,241,427,452)	(462,105,320)
Income Tax (Expense) / Reversal		-	-
Profit / (Loss) for the Period		(1,241,427,452)	(462,105,320)
Other Comprehensive Income			
Differed Income		56,325,729	-
Total Comprehensive Income		(1,185,101,723)	(462,105,320)

The accounting policies and notes on pages 67 to 89 form an integral part of the Financial Statements.

Paddy Marketing Board

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

	Contributed Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 January 2017	631,484,518	(12,692,062,340)	(12,060,577,822)
Prior Year Adjustments	-	(26,007,397)	(26,007,397)
Profit/(Loss) for the period	-	(462,105,320)	(462,105,320)
Balance as at 31 December 2017	<u>631,484,518</u>	<u>(13,180,175,058)</u>	<u>(12,548,690,540)</u>
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	<u>631,484,518</u>	<u>(13,898,138,127)</u>	<u>(13,266,653,609)</u>

The accounting policies and notes on pages 67 to 89 form an integral part of the Financial Statements.

Paddy Marketing Board

CASH FLOW STATEMENT

Year ended 31 December 2018

	2018 Rs.	2017 Rs.
Cash Flows From / (Used in) Operating Activities		
Profit/(Loss) Before Tax	(1,241,427,452)	(462,105,320)
Adjustments for		
Finance Cost	1,231,355,118	1,146,297,587
Depreciation	62,621,557	49,450,628
Provision for Gratuity	3,210,427	3,750,900
Interest income of Fixed Deposit	(48,690,201)	(45,293,343)
Interest income of Savings	(10,618,483)	
Prior Year Adjustment for Differed Income	(103,170,697)	
Prior Year Adjustment	467,138,654	(17,613,366)
Operating Profit before Working Capital Changes	<u>360,418,923</u>	<u>674,487,086</u>
(Increase)/Decrease in Work In Progress	44,101,692	7,132,965
(Increase)/Decrease in Inventories	2,811,078,481	6,656,954,208
(Increase)/Decrease in Trade and Other Receivables	(1,680,360,058)	(2,162,693,748)
Increase/(Decrease) in Trade and Other Payables	<u>15,337,403</u>	<u>(1,020,337,329)</u>
Cash Generated from Operations	1,550,576,441	4,155,543,182
Finance Cost Paid	(1,231,355,118)	(1,146,297,587)
Income Tax Paid	-	-
Gratuity Paid	<u>(174,789)</u>	<u>(653,693)</u>
Net Cash From/(Used in) Operating Activities	<u>319,046,534</u>	<u>3,008,591,901</u>
Cash Flows From / (Used in) Investing Activities		
Acquisition of Property, Plant & Equipment	(141,938,984)	(213,718,880)
Investment in Fixed Deposits	(49,349,936)	(35,066,475)
Interest income of Fixed Deposits	48,690,201	45,293,343
Interest income of Savings	10,618,483	
Net Cash Flows From/(Used in) Investing Activities	<u>(131,980,237)</u>	<u>(203,492,012)</u>
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)	(3,060,472,874)
Receipt of Government Grant	177,500,000	142,109,507
Net Cash Flows From/(Used in) Financing Activities	<u>63,622,811</u>	<u>(2,918,363,366)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	250,689,108	(113,263,477)
Cash and Cash Equivalents at the Beginning of the year	<u>160,304,323</u>	<u>273,567,800</u>
Cash and Cash Equivalents at the End of the year	<u>410,993,431</u>	<u>160,304,323</u>

The accounting policies and notes on pages 67 to 89 form an integral part of the Financial Statements.

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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 No.330, Union Place, 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 1st December 2007.

1.1 Date of Authorization for Issue

The Financial Statements for the year ended 31 December 2018 were authorized for issue in accordance with a resolution by the board of directors on 2019.09.03

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.

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

(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.

(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.

(e) 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.

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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 straightline 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%

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.

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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.

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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 31st 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.

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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 in significant 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.

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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.

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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 favourable 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 2018

3. PROPERTY, PLANT & EQUIPMENT

3.1 Cost

	Balance as at 01.01.2018	Additions	Disposals	Adjustments	Balance as at 31.12.2018
	Rs.	Rs.	Rs.	Rs.	Rs.
Land & Building	827,360,306	108,016,412	-	(579,489)	934,797,229
Computer & Accessories	20,420,703	2,643,549	-	-	23,064,252
Cocoon Stores	39,330,000	-	-	-	39,330,000
Furniture & Fittings	16,007,094	3,219,946	-	-	19,227,040
Office Equipments	3,307,112	3,087,374	-	-	6,394,487
Other Equipments	1,336,541	1,155,451	-	-	2,491,992
Moisture Meters	12,527,600	-	-	-	12,527,600
Motor Vehicles	3,101,000	-	-	-	3,101,000
Pallets	115,264,240	16,405,740	-	-	131,669,980
Scales	5,828,173	-	-	-	5,828,173
Weigh Bridge	6,146,750	2,990,000	-	-	9,136,750
Stock Control System	-	5,000,000	-	-	5,000,000
	<u>1,050,629,520</u>	<u>142,518,473</u>	<u>-</u>	<u>(579,489)</u>	<u>1,192,568,504</u>

3.2 Depreciation

	Balance as at 01.01.2018	Charge for the year	Disposals	Adjustments	Balance as at 31.12.2018
	Rs.	Rs.	Rs.	Rs.	Rs.
Building	69,628,939	22,309,245	-	-	91,938,184
Computer & Accessories	6,854,133	3,651,378	-	-	10,505,511
Cocoon Stores	15,732,000	7,866,000	-	-	23,598,000
Furniture & Fittings	9,199,853	2,657,470	-	-	11,857,323
Office Equipments	2,238,737	775,589	-	-	3,014,326
Other Equipments	874,665	317,096	-	-	1,191,761
Moisture Meters	8,144,254	1,623,721	-	-	9,767,975
Motor Vehicles	3,101,000	-	-	-	3,101,000
Pallets	14,716,833	20,621,418	-	-	35,338,251
Scales	2,172,276	1,121,790	-	-	3,294,066
Weigh Bridge	503,892	1,677,850	-	-	2,181,742
	<u>133,166,580</u>	<u>62,621,557</u>	<u>-</u>	<u>-</u>	<u>195,788,137</u>

	Balance as at 31.12.2018	Balance as at 31.12.2017
	Rs.	Rs.
Land & Building	842,859,045	757,731,367
Computer & Accessories	12,558,742	13,566,571
Cocoon Stores	15,732,000	23,598,000
Furniture & Fittings	7,369,718	6,807,241
Office Equipments	3,380,161	1,068,375
Other Equipments	1,300,231	461,877
Moisture Meters	2,759,625	4,383,346
Motor Vehicles	-	-
Pallets	96,331,729	100,547,407
Scales	2,534,107	3,655,897
Weigh Bridge	6,955,008	5,642,858
Stock Control System	5,000,000	-
	<u>996,780,367</u>	<u>917,462,940</u>

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4. WORK IN PROCESS	2018	2017
	Rs.	Rs.
Opening Balance	78,891,620	86,024,585
Transferred to Land & Building Account	(107,436,923)	(35,012,214)
Advance Given for the Period	63,335,231	52,452,910
	<u>34,789,928</u>	<u>78,891,620</u>
5. INVESTMENTS	2018	2017
	Rs.	Rs.
Fixed Deposit - Bank of Ceylon	498,164,881	448,814,944
Associated Newspapers	127,000	127,000
	<u>498,291,881</u>	<u>448,941,944</u>
6. INVENTORIES	2018	2017
	Rs.	Rs.
Goods in Transit (Paddy Issue for Rice Milling)	2,234,953.42	-
Paddy Stock- Nadu	264,110,545	2,245,453,947
- Samba	8,435,754	835,392,139
- Keeri Samba	1,512,265	8,987,050
Rice Stock	2,316,944	-
Consumable Items	1,042,530	898,337
	<u>279,652,991</u>	<u>3,090,731,472</u>
7. TRADE AND OTHER RECEIVABLES	2018	2017
	Rs.	Rs.
Trade Debtors (7.1)	5,823,864,901	4,151,314,979
Less - Provision for Impairment	-	-
	<u>5,823,864,901</u>	<u>4,151,314,979</u>
Sundry Debtors		
Loans and Advances (7.2)	67,095,407	63,723,310
Other Receivables (7.3)	16,355,844	11,917,805
Securities and Deposits (7.4)	551,000	551,000
	<u>5,907,867,152</u>	<u>4,227,507,094</u>
7.1 Trade Debtors	2018	2017
	Rs.	Rs.
CWE	1,467,190,102	2,867,190,052
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	66,395,726	68,704,726
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	211,447,915	211,870,394
Rice Millers (for paddy sales of Credit Basis)	44,399,804	44,399,804
Rice Millers (CWE & WF - 2016)	8,502,516	8,502,516
Purchase Control Account	49,743,530	49,743,530
Unidentified Paddy Purchases	63,980,963	63,980,963
Suspens - Paddy Purchases	28,174,188	-
Suspens - P. Stock variance (7.1.1)	3,047,107,163	-
	<u>5,823,864,901</u>	<u>4,151,314,979</u>

7.1.1 The stock variance of Rs. 3,047,107,162.90 for 85,933,454.4 kg has been identified during the 2018 stock verification with respect to stocks purchased since 2008 to 2018 and the stock variance of Rs. 3,047,107,162.90 has been debited to suspens account as per the instruction 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 2018

7.2 Loans and Advances

Advances

	2018 Rs.	2017 Rs.
Ampara Region	1,059,387	1,075,716
Anuradhapura Region	308,040	169,018
A.K. Jewantha Kumara	12,000	-
B.M. Sajith Kumara	55,738	-
Ben Vision Printers & Publicaters	78,000	-
B.T.S. Fernando	10,353	10,333
B.S. Wathuregama	20,000	20,000
Chief Valuer	110,180	120,680
Chairman - PMB	10,000	26,000
Commi. Agrarian - Kurunegala	-	274,271
Commissioner of Co-Operative	9,000,000	9,000,000
DGM (Operation) - PMB	43,400	-
District Secretary Trincomalee for building rent	44,000	110,000
D.Sathkumara	-	24,000
Eastern Region	441,000	65,986
EMC Labs	4,500	-
G. Agent- Ampara	200,000	200,000
G.I.N. Fernando	-	13,500
G.L.T.D. Kula thunga	39,934	20,000
G.L. Duminghe wa	41,000	41,000
H. Jayalath	-	10,000
I. Darmarathna	30,000	-
Kalupahana Hardware	47,600	-
K.T.H.P.M. Peiris	-	65,000
Lanka Sathosa Limite d	1,000,000	1,000,000
M.A.N. Perera	134,899	378,708
M.M.M.A. Kumarasiri	-	3,990
Mr Peries (Government Audit)	20,000	20,000
M.A.S. Anuradhika	5,000	-
M.G.D.B. Madeniya	10,000	-
Madara Advertising	164,500	-
Muthu Printers	50,000	-
NERD	50,000	-
North Western Region	60,449	754,596
North Region	91,925	484,870
P.M.P.N. Pathiraja	40,000	-
P.W.R.T.K. Perera	85,000	-
Polonnaruwa Region	74,110	1,194,455
Prasanna Morters	50,000	-
Paddy purchase operationalex - Ampara	373,651	-
Paddy purchase operationalex - South	17,349	-
Paddy purchase operationalex - North West	37,500	-
Paddy purchase operationalex - Eastern	125,000	-
R.A.N.L. Rana waka	57,800	-
R.M. Malinda Nuwan	33,234	114,274
Road Development Authority	797,161	797,161
S. State Trading Corporation	234,000	3,000,000
S. Dinashan	15,000	-
S. Dissanayaka	12,270	-
S.M.D.D. Sathkumara	34,000	-
System Administrator - PMB	25,000	-
State Engineering Corporation - Maradaghamula store	34,451,514	34,451,514
South Region	1,055,543	1,168,018
T.L. Bandula	9,000	-
District Secretary for Stores Maintenance	-	143,961
District Secretary for Stores Premises Cleaning	-	746,757
T.A.M. Darshani	78,263	72,580

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

W.R.S. Ranasinghe	-	20,000
W. Subasinghe	10,000	-
W.D. Perera	10,000	-
Weightech (pvt) Ltd	-	2,242,500
Petty cash - Trinco	51,515	21,515
- Polonnaruwa	2,278	26,005
- Anuradhapura	210	29,765
- Head office	-	2,000
- North West	776	29,723
- North	30,000	30,000
- Hasalaka C.B.	10,000	-
Festival Advance	210,450	195,450
Loans		
Bike Loan	346,362	346,362
Distress Loan	15,676,515	5,203,602
	67,095,407	63,723,310

7.3 Other Receivables

	2018	2017
	Rs.	Rs.
Develo. Officer's & others salary Reimbursement A/C	3,310,631	2,258,252
Accrued Rent Income	1,176,000	3,568,400
Receivable from PMB Staff - Stock Shortages	6,615,555	890,080
Receivable from District Secretary for construction	163,019	143,948
Receivable from - BOC	3,282,807	3,282,807
- People's Bank	1,691,330	1,691,330
Receivable from D.P.A.S. Dassanayaka	9,825	-
Receivable from B.M.S. Kumara	15,600	-
Receivable from L.N. Lamaheewa	25	-
Receivable from M.S.N.M. Senarathna	8,041	-
Salary control & abetments	83,012	82,987
	16,355,844	11,917,805

7.4 Securities and Deposits

	2018	2017
	Rs.	Rs.
Housing Security Deposit	20,000	20,000
Security Deposits	531,000	531,000
	551,000	551,000

8. CASH AND CASH EQUIVALENTS

	2018	2017
	Rs.	Rs.
Favourable Cash & Short Term Deposits		
Cash and Bank Balances	680,843,080	229,848,894
	680,843,080	229,848,894

Paddy Marketing Board
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended 31 December 2018

9. CAPITAL AND RESERVE

Contributed Capital

	2018	2017
	Rs.	Rs.
Capital Contributed by the Treasury	631,484,518	631,484,518
	<u>631,484,518</u>	<u>631,484,518</u>

10 INTEREST BEARING LOANS AND BORROWINGS

	2018			2017		
	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	-	11,533,541,354	11,533,541,354
Bank Overdraft	-	269,849,649	269,849,649	-	69,544,572	69,544,572
	<u>-</u>	<u>11,689,513,814</u>	<u>11,689,513,814</u>	<u>-</u>	<u>11,603,085,925</u>	<u>11,603,085,925</u>

10.1 Bank Loans

	As at 01.01.2018 Rs.	Loans Obtained Rs.	Re payments Rs.	As at 31.12.2018 Rs.
Bank of Ceylon	8,589,022,392	-	16,070,349	8,572,952,043
People's Bank	2,944,518,962	-	97,806,840	2,846,712,122
	<u>11,533,541,354</u>	<u>-</u>	<u>113,877,189</u>	<u>11,419,664,165</u>

11. DEFINED BENEFIT LIABILITY

	2018	2017
	Rs.	Rs.
Balance at the beginning of the year	17,765,901	6,274,662
Provision for the year	3,210,427	3,750,900
Interest for the year	-	-
Actuarial Loss	-	-
Prior year adjustments	-	8,394,032
Payment Made during the year	(174,789)	(653,693)
Balance at the end of year	<u>20,801,539</u>	<u>17,765,901</u>

Previously 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 payments were done by using internal funds of PMB.

12 DEFERRED INCOME

	2018	2017
	Rs.	Rs.
Balance at the beginning of the year	814,109,507	672,000,000
Government Grant for Capital Expenditure During the Year	177,500,000	142,109,507
Charge to Income Statement - Current year	(56,325,729)	-
Charge to Retain Earnings (2012 - 2017)	(103,170,697)	-
Balance at the end of year	<u>832,113,082</u>	<u>814,109,507</u>

This represents the government Grant offered for the company for improvements, constructions of stores & computerisation.

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2018

13. TRADE AND OTHER PAYABLES	2018	2017
	Rs.	Rs.
Trade Payables (13.1)	248,016,056	248,161,339
Sundry Creditors (13.2)	6,723,689,338	6,807,451,258
Other Payables (13.3)	1,309,743,470	1,438,303,646
Accrued Expenses (13.4)	841,001,711	613,196,929
	<u>9,122,450,574</u>	<u>9,107,113,171</u>
13.1 Trade Payables	2018	2017
	Rs.	Rs.
Lanka Sathosa Loan	200,000,000	200,000,000
Rice millers for Export	4,713,654	4,858,937
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
	<u>248,016,056</u>	<u>248,161,339</u>
13.2 Sundry Creditors	2018	2017
	Rs.	Rs.
Payable to Treasury	6,684,554,538	6,434,554,538
Payable to Ministry of Food Security	-	92,000,000
Payable to Ministry of Rural Economy	-	241,790,000
Sundry Creditors	39,134,800	39,106,720
	<u>6,723,689,338</u>	<u>6,807,451,258</u>
13.3 Other Payables	2018	2017
	Rs.	Rs.
Provisions (13.3.1)	1,217,126,761	1,292,896,018
Refundable Deposits (13.3.2)	8,243,475	4,990,475
Advance cash deposit for paddy sales	10,582,449	12,187,487
CWE Constructions & Engineering (pvt)	8,025,272	8,025,272
E.P.F. Payable A/C	1,692,743	1,445,204
E.T.F. Payable A/C	255,547	217,032
Bank Errors	308,885	308,885
Payable to CWE	1,202,897	1,202,897
Payable to Impact Image (pvt) Ltd	5,395,090	34,437,690
Payable to W.O. Thilakarathna	1,113	1,113
Payable to Inland Revenue	36,387	21,300
Payable to G.A for constructions	40,429,668	68,226,432
Payable to D.S. Nikewaratiya	68,177	-
Security deposit payable - PMB staff	542,624	-
Paddy Purchase Unknown	-	2,741,353
Retention payable	15,352,537	11,122,645
Loan Interest payable PB 1021	468,252	468,252
Unclaim Salaries	11,591	11,591
	<u>1,309,743,470</u>	<u>1,438,303,646</u>
13.3.1 Provisions	2018	2017
	Rs.	Rs.
Provision for Driage	1,217,126,761	1,292,896,018
	<u>1,217,126,761</u>	<u>1,292,896,018</u>

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2018

13.3.2 Re fundable Deposits	2018	2017
	Rs.	Rs.
M.M. Refundable Deposits	372,925	372,925
Deposits - Refundable Rent & other Deposit	1,943,000	490,000
Refundable Tender Deposit	5,918,550	4,118,550
Security Deposit - PMB Staff	9,000	9,000
	<u>8,243,475</u>	<u>4,990,475</u>
13.4 Accrued Expenses	2018	2017
	Rs.	Rs.
Accrued Audit Fees	1,313,234	963,234
Accrued Expenses	17,552,990	17,083,617
Accrued Loan Interest	822,135,487	595,150,078
	<u>841,001,711</u>	<u>613,196,929</u>
14. REVENUE	2018	2017
	Rs.	Rs.
Revenue	31,020,886	7,424,976,814
Total	<u>31,020,886</u>	<u>7,424,976,814</u>
15. OTHER INCOME	2018	2017
	Rs.	Rs.
Distress Loan Interest	442,437	190,103
Divident Income	20,000	33,694
Fixed Deposit Interest Income	48,690,201	45,293,343
Interest Income - Savings	10,618,483	425,855
Non Refundable Tender Income	204,500	178,500
Miscellaneous Income	1,026,028	31,548
Paddy Mills Registration Income	412,000	893,196
Polysack bag sale	951,575	36,969,296
Rent Income	7,742,510	6,021,100
Suplier Registration Income	415,000	412,875
Stock shortages Recovery Income	10,424,310	1,172,204
Sample Rice Sale Income	300,960	-
Treasury Grants	131,750,000	96,000,000
	<u>212,998,004</u>	<u>187,621,713</u>
16. FINANCE EXPENSES	2018	2017
	Rs.	Rs.
Bank Charges	60,279	24,325
Loan Interest -BOC	890,044,701	923,590,600
Loan Interest -PB	328,048,622	218,027,379
OD Charges	9,596,599	125,749
With Holding Tax	3,604,917	4,529,534
	<u>1,231,355,118</u>	<u>1,146,297,587</u>

Paddy Marketing Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2018

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

Components of Cash and Short Term Deposits	2018 Rs.	2017 Rs.
17.1 Favourable Cash & Short Term Deposits		
Cash and Bank Balances	680,843,080	229,848,894
	<u>680,843,080</u>	<u>229,848,894</u>
17.2 Unfavourable Cash & Short Term Deposits		
Bank Overdraft	<u>(269,849,649)</u>	<u>(69,544,572)</u>
Total Cash and Short Term Deposits For the Purpose of Cash Flow Statement	<u><u>410,993,431</u></u>	<u><u>160,304,323</u></u>

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 2018

		Year Ended 31.12.2018 Rs.	Year Ended 31.12.2017 Rs.
Revenue	I	31,020,886	7,424,976,814
Cost of Sales	II	(7,942,497)	(6,740,033,282)
Gross Profit		23,078,389	684,943,531
Add: Other Income	III	212,998,004	187,621,713
Less : Expenses			
Administrative Expenses	IV	(233,547,335)	(186,970,856)
Selling & Distribution Expenses	V	(1,235,349)	(1,402,122)
Finance Costs			
Finance & Other Expenses	VI	(1,231,355,118)	(1,146,296,587)
		(1,230,061,410)	(462,104,320)

Paddy Marketing Board

DETAILED STATEMENT OF COMPREHENSIVE INCOME
Year Ended 31 December 2018

STATEMENT I	2018	2017
Revenue	Rs.	Rs.
Sales - Paddy	22,463,171	7,309,376,814
Paddy Sale (Muddy)	4,068,728	-
Rice Sale - World Food Programme	-	115,600,000
PMB Rice Programme - 2018	4,488,987	-
	<u>31,020,886</u>	<u>7,424,976,814</u>
STATEMENT II	2018	2017
Cost of Sales	Rs.	Rs.
Cost of Sales-Paddy	(52,979,448)	6,584,997,456
Overhead	59,442,747	134,527,100
Direct Overhead on for Paddy Issuing	1,479,198	3,007,916
Direct Overhead on for Rice Sale	-	17,500,811
	<u>7,942,497</u>	<u>6,740,033,282</u>
Cost of Sales		
Opening Stock	3,089,833,136	9,692,405,242
Paddy Purchases	254,122,400	-
P. Stock Variance(Shortage) - 2008 to 2018	(3,047,107,163)	-
Stock shortages	(75,769,257)	(17,574,650)
(-) Closing Stock	<u>(274,058,564)</u>	<u>(3,089,833,136)</u>
	(52,979,448)	6,584,997,456
Overhead		
Direct Overhead		
Drriage 3%	-	92,694,994
Labour Cost	985,840	1,087,000
Nattami Charges	1,292,104	2,026,000
Polysacks Bag Expenses	40,772,515	-
M.Meters & Scales Repair	-	-
Paddy Stock Verification Expenses	-	644,293
Scales Repair charges	-	221,843
Store Rent Expenses	-	7,220,122
VPN connection charges - stock control sys.	-	1,824,210
Vehicle Hire Charges	-	2,996,000
Weigh Bridge Service Charges	-	-
	<u>43,050,459</u>	<u>108,714,462</u>
Indirect Overhead		
Advertising Expenses	1,478,399	45,080
Consumable Items- Stores	26,615	-
Other Expenses	194,812	325,461
Paddy Stock Maintenance Expenses	312,194	78,160
Paddy pur. Investigation charges	133,000	-
Paddy Insurance	-	315,651
Paddy Inter Transport	229,020	1,307,261
Printing & Stationery	1,846,591	507,423
Security Charges - Stores	7,170,250	18,911,050
Stores Maintenance Expenses	927,276	2,235,272
Stores Premises Cleaning	3,660,412	1,811,300
Transport Charges	33,200	71,480
Wages	210,860	204,500
Waste paddy Transport charges	169,660	-
	<u>16,392,288</u>	<u>25,812,638</u>
	<u>59,442,747</u>	<u>134,527,100</u>

Annual Report 2018**Direct Overhead on Paddy Issuing**

Advertising	-	188,004
Consumable Items	3,895	-
Labour charges	783,480	1,084,990
Nattami charges	679,480	464,080
Other Expenses	3,543	20,622
Paddy Issuing Investigation charges	-	691,500
Paddy issue expenses	-	558,720
Polysacks Bag Expenses	8,800	-
	<u>1,479,198</u>	<u>3,007,916</u>

Direct Overhead on Rice Sale

Paddy Milling & Transport charges	-	17,500,811
	<u>-</u>	<u>17,500,811</u>

* 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 2018

STATEMENT III

	2018	2017
	Rs.	Rs.
Other Income		
Distress Loan Interest	442,437	190,103
Divident Income	20,000	33,694
Fixed Deposit Interest Income	48,690,201	45,293,343
Interest Income - Savings	10,618,483	425,855
Non Refundable Tender Income	204,500	178,500
Miscellaneous Income	1,026,028	31,548
Paddy Mill's Registration Income	412,000	893,196
Polysack bag sales Income	951,575	36,969,296
Rent Income	7,742,510	6,021,100
Supplier Registration Income	415,000	412,875
Stock Shortages Recovery Income	10,424,310	1,172,204
Sample Rice Sale Income	300,960	-
Treasury Grants	131,750,000	96,000,000
	<u>212,998,004</u>	<u>187,621,713</u>

STATEMENT IV

	2018	2017
	Rs.	Rs.
Administrative Expenses		
Audit Fees	717,425	1,537,661
Audit & Mana. Comitee Member Fees	153,000	136,000
Accomadation charges	165,828	79,540
Allowance for system Administrator	560,000	-
Board of Servay Expenses	596,012	-
Chairman Allowance	1,220,000	960,000
Consultancy & other fees - P. purchasing Reconciliation	-	1,560,025
Consumable Items	495,860	267,617
Cost of Living	17,716,140	18,008,380
Depreciation	62,621,557	49,450,627
Director Fees	331,500	416,500
Disiplinary Inquiry fees	791,980	1,018,365
Electricity Expenses	2,626,307	1,789,598
EPF Expenses	10,578,366	11,842,147
ETF Expenses	2,645,143	2,960,537
Fuel Charges	3,589,161	3,153,282
Gratuity Expenses	3,210,427	3,750,900
Investigation charges	290,590	105,500
Inse ntive Allowances	491,000	-
Janitorial Expenses	2,027,321	1,770,398
Labour Charges	1,139,099	665,990
Legal Expenses	234,000	5,000
Medical Report Charges	2,000	11,000
M. Meters & Scales Repair	51,675	-
News Papers	124,595	120,615
Other Allowances	12,010,512	21,600,891
Other Expenses	184,911	65,1609
Over time	1,025,128	793,092
Paddy Stock Verification Expenses	2,132,797	-

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Pension Fund Expenses	76,194	27,730
Postal Expenses	194,592	217,841
Printing & Stationary	2,915,702	1,992,426
Professional fees	87,370	1,490,000
Property loan expenses	45,541	19,659
Refreshment Charges	759,987	540,731
Repair & Maintenance	2,978,375	1,322,716
Rent, Assessment & Taxes	16,708,262	2,403,955
Salaries	61,484,893	47,843,908
Scales Repari Charges	1,068,179	-
Security Charges	1,457,600	1,369,633
Staff training & related expenses	2,604,227	681,340
Staff Welfare Expenses	454,168	429,211
Stamp duty	450	150
Store Rent Expenses	543,953	-
Technical Report charges	-	176,800
Telephone Expenses	1,402,012	1,665,221
Translate Fees	91,632	92,140
Transport Charges	585,653	157,033
Testing Fees	243,275	-
Trainee Allowance	173,500	73,500
Valuation Charges	276,287	145,105
Vehicle and Other Ass. Revenue Licence	52,460	28,651
Vehicle Insurance	310,644	688,212
Vehicle Hire Charges	5,583,322	-
Vehicle Maintenance	2,255,186	2,409,813
VPN connection charges - stock control sys.	2,430,848	-
Water Expenses	677,500	539,808
Weigh Bridge Service Charges	353,190	-
	<u>233,547,335</u>	<u>186,970,856</u>

Paddy Marketing Board

DETAILED STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31 December 2018

STATEMENT V	2018	2017
	Rs.	Rs.
Selling & Distribution Expenses		
Advertisement & Publicity	681,910	1,238,453
Travelling	181,439	92,709
Subsistence & Nightout Allowance	372,000	70,960
	<u>1,235,349</u>	<u>1,402,122</u>

STATEMENT VI	2018	2017
	Rs.	Rs.
Finance Expenses		
Bank Charges	60,279	23,325
Loan Interest -BOC	890,044,701	923,590,600
Loan Interest -PB	328,048,622	218,027,379
OD Charges	9,596,599	125,749
With Holding Tax	3,604,917	4,529,534
	<u>1,231,355,118</u>	<u>1,146,296,587</u>

STATEMENT VII	2018	2017
	Rs.	Rs.
Other Expenses		
Agent commission & Transport - 2015/16 Maha	7,750,220	-
Computerized Network System	3,591,046	-
Gamperaliya Programme	24,776	-
	<u>11,366,042</u>	<u>-</u>

Additional Notes

Indicating the balance of work-in-progress account 2018 related to Note No. 04 of the Financial Statements in the year 2017 was Rs. 78,891,620 and indicating opening balance as Rs. 86,024,585 are correct. However, the error in presenting occurred in the submission of its analysis should be corrected as mentioned below.

	2017
Opening Balance	86,024,584.62
Less: Transferred to Lands and Buildings Account	(45,615,616.55)
Added: Advances given for the period	55,317,342.75
Adjustments	<u>(16,834,691.36)</u>
	<u><u>78,891,619.46</u></u>

Auditor General's Report - 2018

National Audit Office

My No.: TCM/D/PMB/1/18
03 February 2020

Chairman,
Paddy Marketing Board.

Report of the Auditor General in terms of Section 12 of the National Audit Act No. 19 of 2018 on the Financial Statements and other legal and regulatory requirements of the Paddy Marketing Board for the last year ending 31st December 2018

1. Financial Statements

1.1. Disclaimer of Opinion

The Financial Statement of the Paddy Marketing Board for 31st December 2018 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 2018 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 comment on the Board's financial statements. I was unable to obtain sufficient and relevant audit evidence to provide a basis for an audit opinion on these financial statements due to the importance of the points discussed in the Basis for Disclaimer of Opinion.

1.2. The Basis for Disclaimer of Opinion

- (A) The Board had paid a cash payment of Rs.11,010,650 for the purchase of pallets but in the investment activities of Rs.5,395,090 of the Cash Flow Statement including the balance payable, was stated as Rs.16,405,740 in the year under review for the purchase of pallets.
- (B) Rs. 63,335,231 for the work being carried out in the year under review had been paid but it was stated in the Cash Flow Statements as Rs. 44,101,692 of cash flows.
- (C) The cost due to non-annual review of effective life expectancy for non-current assets as per paragraph 51 of Sri Lanka Accounting Standards 16 is Rs. 4,654,646 for the lorry which was completely depreciated by 2014, but still in use. Accordingly, no action had been taken to rectify the estimated error in accordance with Sri Lanka Accounting Standards 08.

- (D) During the inventory verification carried out by the Board in the year 2018, the stock deficit of Rs.3, 047,107,163 was shown to be in line with the Comprehensive Income Statement, but the loss was less than that due to the fact that it was recorded under Trade Debtors in the Financial Statement.
- (E) Rs.353,190 of the bridge scales service charges were to be accounted for as direct general work expenses but were accounted under administrative expenses.
- (F) The balance of a current account of a bank maintained by the Board is Rs.153,792,930, but according to the bank statement the balance was Rs.45,000 and there was a difference of Rs. 157,747,950.
- (G) Other receipts in the Statement of Financial Status were Rs.6,615,555 to be received from the stock custodians and the value of the schedule submitted to the audit for the stock deficit was Rs.5,903,501 out of which a difference of Rs. 712,054 was observed.
- (H) As at 31st December 2018, the receivables of the amount of Rs.425,951,745 and Rs.10, 591,838 from the Food Commissioners Department and the balance receivable of Rs. 700,000 from the Palmyra Cultivation Board were stated under the balance of trade debtors and according to the balance confirmations received regarding them, the institutions had confirmed in writing that there were no such debtors.
- (I) As at 31st December 2018, the balance amount of Rs.1,467,190,102 receivable from Lanka Sathosa Ltd. was confirmed according to the balance confirmations of that institution as Rs.1,070,666,192 and accordingly there was a difference of Rs. 396,523,910.
- (J) The outstanding balance due to the Lanka Sathosa Ltd as at 31st December 2018 is Rs.1,202,897 and according to the balance confirmation of the institution was Rs.85,711,719 and accordingly there was a difference of Rs. 84,508,822.

Lack of evidence for audit

- (K) The following accounting subjects could not be satisfactorily monitored during the audit due to non-submission of the following evidence.

<u>Subject of Accounting</u>	<u>Value Rs.</u>	<u>Evidence not submitted</u>
i. Unidentified purchases of paddy	63,980,963	Detailed information Balance
ii. Purchase control account	49,743,530	
iii. Rice Millers Sales under loans	44,399,804	
iv. Balance receivables from confirmation the Bank of Ceylon	3,282,807	
v. Balance receivables from the People's Bank	1,691,330	
vi. Lanka Sathosa Ltd.	77,526,708	Balance Confirmation
vii. Receivables from the District Secretariat, Ampara	2,458,086	
viii. Receivables from the District Secretariat, Hambantota	18,351,743	
ix. Receivables from the Ministry	296,842,875	

- (L) As at 31st December 2018, the amount of Rs.6,684,554,538 stated under various creditors which was a balance due to the Treasury, was requested in writing to be confirmed according to the Treasury Books, but those balance confirmation documents were not submitted to the audit.

1.3 Responsibilities of the management and controlling parties on financial statements

It is the responsibility of the management to prepare these financial statements in accordance with the Sri Lanka Accounting Standards and to submit them in a fair manner and to determine the internal controls required to enable the preparation of financial statements without quantitative misrepresentations due to fraud or error.

In preparing the financial statements, it is the responsibility of the management to determine the board's ability to maintain continuity, and to maintain accountability on a continuing basis and to disclose matters relating to the board's continuity, unless the management intends to liquidate the Board or discontinue operations.

The responsibility for the Board's financial reporting process is held by the governing parties.

In accordance with Section 16 (1) of the National Audit Act No. 19 of 2018, the Board shall maintain proper books and records on its own income, expenditure, assets and liabilities so as to be able to prepare its annual and current financial statements.

1.4 Responsibility of the Auditor in relation to the auditing of Financial Statements

It is my responsibility to issue the Auditor's report on the Board's Financial Statements based on the audit conducted in accordance with Sri Lanka Audit Standards. However, I have not been able to obtain sufficient and relevant audit evidence to provide a basis for an audit opinion on these Financial Statements due to the facts described in the Basis for Disclaimer of Opinion.

2. Report on other legal and regulatory requirements

The National Audit Act No. 19 of 2018 contains special provisions regarding the following requirements.

- In accordance with the requirements of Section 12 (a) of the National Audit Act No. 19 of 2018, I have not been able to obtain all the information and clarification required for the audit and I could not determine that the Board has been maintained proper financial reporting as shown by my investigation.
- That the Financial Statements of the Board correspond to the previous year as per the requirement mentioned in Section 6 (1) (d) (III) of the National Audit Act No. 19 of 2018.
- In accordance with the requirement mentioned in Section 6 (i) (d) (iv) of the National Audit Act No. 19 of 2018, except for the observations in this report 1.2 (c), (g) and 3 (a), (b), (d), the recommendations made by me last year were included in the Financial Statements submitted.

In restricting the action taken and the evidence obtained and quantitative facts, none of the following statements came to my notice.

- Acting in accordance with the requirement of Section 12 (e) of the National Audit Act No. 19 of 2018 in compliance with any applicable written law or other general or special directives issued by the Board of Directors of the Board except the following observations.

Refer to Laws, Rules and Regulations or Directives issued by the Governing Board

Details

- (a) National Budget Circular No. 1/2016 (i) dated 19th September 2016

The maximum monthly rent for taxis for official duties of the Chairman is Rs.200,000, but for a period of 6 months in the year under review, the maximum monthly rent exceeding Rs.848,800 had been paid, without an approval.

- (b) Public Enterprise Circular No. PED 1/2015 dated 25th May 2015
- In a special case where the monthly fuel allowance for the official vehicle of the Chairman is not sufficient, the approval of the Secretary of the relevant line ministry should be obtained with the recommendation of the Board of Directors, but without such approval Rs.482,285 had been paid.
- (c) Government Business Circular No. PED / 12 2016 dated 02nd June 2003
- The Annual Reports for the years of 2017 and 2018 had not been tabled in the Parliament by the date of the audit.
- That the resources of the Board have not been procured and utilized in a timely manner, economically, efficiently and effectively as per the requirement mentioned in Section 12 (d) of the National Audit Act No. 19 of 2018.

3. Other audit observations

- (a) As at 31st December 2018, in debtor balance of Rs. 2,748,583,551, the amounts of Rs.1,526,262,593, over 5 years, Rs.409,217,648 between 3 years and 5 years, Rs.813,103,310 between 1 year and 3 years were left over. The Board had not taken adequate action to recover these balances.
- (b) As at 31st December 2018, in creditor balance of Rs. 6,971,705,394, there were balances of an amount of Rs.281,665,114 over 5 years, Rs.6,434,633,563 between 3 and 4 years, Rs. 5,378,637 between 1 year and 3 years and Rs.250,028,080 less than 1 year. Out of these balances, a balance of Rs. 6,684,554,538 was due to the Treasury and those balances had not been settled till November 30, 2019.
- (c) The stocks of paddy purchased by the Board for the Rice Export Program which was implemented in the year 2012 were issued to the private paddy mill owners subject to the conditions of returning the rice to the Board. Rs. 143,735,794 was due from six mill owners who did not hand over the rice as per the conditions and although a complaint was lodged with the CID on November 21, 2014 to recover Rs. 143,735,794, the Board had failed to recover the amount by the audit date. Although it was entered into agreements in 2017 and 2018 to recover Rs. 2,545,126 in installments from another 4 mill owners, the due amount of money was not collected as agreed. Due to the deficiencies in the agreements and documents, the amount of Rs. 45,485,788 could not be recovered from 25 mill owners due to the inability of prosecuting against the mill owners and no action had been taken to recover Rs. 16,181,975 from 06 mill owners.
- (d) Approval was granted by the Additional Secretary, Ministry of Co-operatives and Internal Trade in a letter no. CTT / 5/6/1/1 dated 22 August 2011 to issue paddy to the private paddy mill owners on a loan basis. Although it is stated that payment should be made within 60 days from the date of issuance of paddy stocks as per Article 2.1 of the Agreement on the Issuance of Paddy to Paddy Mill Owners, more than 09 years have elapsed since the issuance of paddy stocks of 2,900,000 kg and Rs. 69,955,341 were to be collected. By the audit date of November 15, 2019, the Board had failed to recover the money.

- (e) In the year 2017, the Board had constructed 03 bridge scales in Kilinochchi, Nikaweratiya and Ampara areas at a cost of Rs. 8,970,000. By November 15, 2019, more than two years had passed since the construction of the bridge scales, these bridges had not been used for weighing. Although it was stated that the initial environmental and social impacts should be considered in terms of Chapter 2, 2.3.1 (a) of the Procurement Guidelines Code, the bridge scales built inside the Kilinochchi Economic Center had not been implemented due to the non-functioning of the Economic Center and because of the bridge was not usable for lorries to travel on the access road to the scale constructed in Ampara, it was unable to utilize.
- (f) Warehouses owned by the Board were handed over to Lanka Fertilizer Company Limited and 05 warehouses were handed over to the Colombo Commercial Fertilizer Company Limited without any lease agreement between the two parties and no rent had been collected from those companies as at the date of audit. Another 07 warehouses were leased out to private companies and the relevant lease terms expired in 2007, 2009, 2010 and 2011 but no new lease agreements were reached. However, those institutions were still using the storage premises and by November 15, 2019, the arrears rent due from those institutions were Rs. 3,749,288.
- (g) As at 31st December of the year under review, the Board owes a balance of Rs. 11,419,664,165 and the interest was Rs. 1,227,689,922 and the bank overdraft was Rs. 269,849,649 for two leading State Banks. As at 31 December of the year under review, the Board had Rs. 377,702,910 savings balance, totaling Rs. 283,674,369 of two current accounts and no action had been taken to repay the loans obtained from those State Banks out of those balances.
- (h) According to the Financial Statements submitted by the Board in 2018, the Board's cumulative loss as at 31 December 2018 was Rs. 1,185.1 million. The Board's minus net assets for the year 2018 increased by Rs. 717.96 million to Rs. 13,266.65 million compared to 2017. Accordingly, the institution could not continue without the financial support of the Treasury.
- (i) Cabinet Memorandum submitted by the Minister of Agriculture, Livestock Development, Irrigation and Fisheries and Aquatic Resources Development on 05 July 2019 regarding the submission of the Annual Report of the Board for the year 2015 and the Accounts to the Parliament No. MF / PE / CM / 2019/145, although it was stated that a systematic stock control system should be established expeditiously as per the directions given by the Minister of Finance dated August 05, 2019, the work of the stock control system started by the Board in 2013 has not been completed yet. By November 15, 2019, Rs. 18,328,337 and the VPN (Vertical Private Network) charges for the same in 2016, 2017 and 2018 together amounted to Rs. 4,792,595 had also been spent. On August 20, 2019, the Board entered into an agreement with the Sri Lanka Foundation to re-establish a computerized stock control system, with an advance of Rs. 360,000 had been paid. Accordingly, the expenditure of Rs. 23,120,932 from 2013 to 2018 was observed to be a passive expenditure.
- (j) The stock deficit identified during the paddy stock verification in 2018 was 85,933,454 kg and its value was Rs.3,047,107,163. Except for the minimum amount of stock that could be allowed, the stock holders involved in the remaining shortfalls had not been identified and action had not been taken to recover the relevant values from them.

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Auditor General

