

People, Profit

& Planet

ANNUAL REPORT - 2019



**URBAN
DEVELOPMENT
AUTHORITY**




**MINISTRY OF URBAN
DEVELOPMENT, WATER SUPPLY &
HOUSING FACILITIES**

ANNUAL REPORT - 2019


URBAN DEVELOPMENT AUTHORITY








 +94112875916
+94112875920

 +94112873637

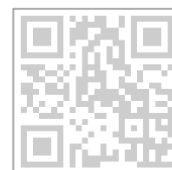
 09, 07 & 06 Floors,
"Sethsiripaya" Battaramulla

 Auditor General
306/72, Polduwa road, Battaramulla

 Bank of Ceylon
No.01,
Bank of Ceylon Square, Colombo 1

 Secretary, Board of Management
Director General,
Urban Development Authority

 dg@uda.lk
www.uda.gov.lk



Contents

Introduction	01 - 02
1.1 Introduction to the Report	01
1.2 Chairman's Review	02
About Us	05 - 34
2.1 Mile stones of UDA	05
2.2 Vision Mission Work Spectrum	06
2.3 Duties & Functions Overview	07 - 09
2.4 UDA Declared Areas	10
2.5 Board of Management Key Personnel	11 - 16
2.6 Institutional Tree Management Structure	17
2.7 Triple Bottom line approach of UDA	18 - 21
2.8 Divisions of UDA	22 - 31
2.9 Subsidiary & Associate Companies	32- 34
Highlights of the Year	41 - 137
3.1 Provincial Office Performances	41-71
3.2 Other Divisions in Head Office Performance	75 - 82
3.3 Planning Projects Enforcement Consultancy Highlights	85 - 133
3.4 Social Works & Other Achievements	137
Financial Information and Corporate Governance	141- 192
4.1 Financial performance for the year 2019	141- 142
4.2 Financial statement 2019	143-186
4.3 Ten-year Summery Report (statement of financial position, comprehensive income statement and cash flow statements)	187- 190
4.4 Corporate Governance	191-192
Audit Committee Report and Financial Statements	196-218
5.1 Role of the Audit Committee	196
5.2 Members of the Audit Committee	196
5.3 Attendance of members for the 2019 Audit Committee Meeting	196
5.4 Functions of the Audit Committee for the Year 2019	197
5.5 Report of the Auditor General on the Financial Statements of Urban Development Authority & its Subsidiaries	198-218
Chairman's Comments on the Auditor General's Report	221-272

01



02



03



04



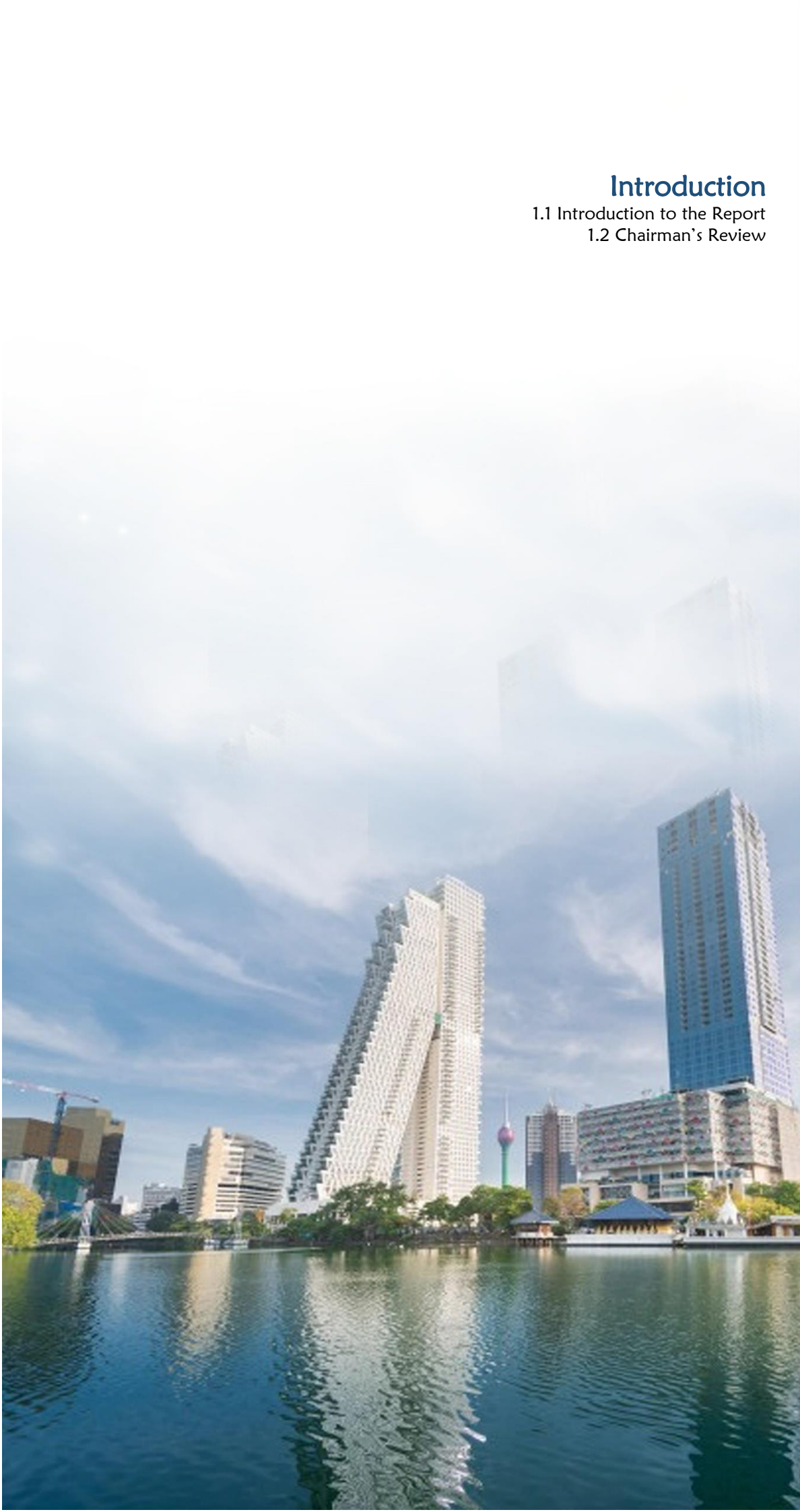
05



06



-----This page intentionally left blank-----



Introduction

- 1.1 Introduction to the Report
- 1.2 Chairman's Review

01



02



03



04



05



06



-----This page intentionally left blank-----

1.1 Introduction to the Report

As a country which is going toward sustainable development, Urban Development Authority (UDA) act as one of the main institutional body that guide to achieve the Economic and Social Development of the Nation. Steps taken to achieve the sustainable development has represented here as the overall performance of the Urban Development Authority which will provide a broader understanding about the Authority performance for the working year 2019. Furthermore, the report represents the overall contribution made by the divisions in the Head office, Provincial offices and District offices of Urban Development Authority toward achieving the national development with its strategic interventions by formulating and implementing development plans, development projects, housings and other project performances.

The report also contains the Vision and Mission of the Authority, the Board of Management of the UDA which guided toward correct direction through important decisions, the qualified and well experienced staff members of the authority which made the authority significant throughout 2019 with the Chairman's review for the respective year.

The benefits and services for the public brought through Integrated planning which combines Physical, Economic, Social and Environmental forces in urban areas are also exemplified in the report briefly.

The report has also emphasized the significant national and regional development projects of the country which have been carried out by the divisions of the head office and provincial offices of the Urban Development Authority. Apart from that the development projects which have undertaken locally by provincial and district offices as well as special projects with the social welfare activities undertaken by each provincial office, district office or division is also noted in the report.

Furthermore, the Assets and portfolios of the Authority has also represented in the report under a special section which elaborate the properties of the authority including lands and other buildup assets owned by the Urban Development Authority.

The importance of Corporate Governance component and the UDA approach to triple bottom-line concept also highlighted to elaborate the border multifaceted role of the UDA under the Social, Economic and Environmental Developments to the country.

Financial statement including overall income and expenditure of the authority, one of the main components of the annual report has also indicated precisely in a comprehensive manner.

Lastly, the Auditor General's report regarding the authority has included for the annual report with the briefly stated chairman's comments regarding the Auditor General Report.

As a summary the report contains the performances of the Urban Development Authority regarding the year 2019 which guided to achieve planned, sustained and adored urbanism toward the sustainable development of the country.

1.2 Chairman's Statement

The Urban Development Authority plays a significant role in the country's betterment in economically and socially through sustainable, secure, and friendly urbanization. A well-managed urban environment contributes directly and indirectly to all economic activities and contributes to the development of all economic sectors.

The year 2019 was an exceptional year for the Urban Development Authority. As a planning agency, the Urban Development Authority was awarded as Planner of the Year at the World Property and Investment show. Also, 29 development plans were prepared and published in the gazette during the year. In addition to that preparation of planning and development regulations under section 21 of UDA Act No.41 of 1978 was initiated.

We are proud to say that we have been able to build more than 4,740 housing units for shanty dwellers in the city of Colombo to uplift the living standards of urban low-income earners. Multi-Model Transport Center at Makumbura, Kottawa, which includes flyover, bus park, access road, drainage improvement, and Beira Lake linear park development, are some of the key projects handled by UDA in 2019. Also, projects worth 4,914 million LKR have been implemented for the year 2019, which are directly and indirectly contributes to the country's development several times larger than their costs.

As an institution, the Urban Development Authority has earned a profit of 1,089 Million LKR for the year 2019, and it remarks a considerable growth compared to the previous years.

I request that the Annual Report be forwarded to all relevant divisions of the Urban Development Authority and its relevant institutions to understand their functions and follow up on their role in 2019.

I would like to highlight that all the tasks and achievements mentioned in this report result from the commitment made by the entire staff, not just the role of one person or a few. I would also like to take this opportunity to express my heartfelt thanks to all the staff who contributed.

Chairman

Urban Development Authority.



About Us

- 2.1 Milestones of UDA
- 2.2 Vision | Mission | Work Spectrum
- 2.3 Duties & Functions | Overview
- 2.4 UDA Declared Areas
- 2.5 Board of Management | Key Personnel
- 2.6 Institutional Tree | Management Structure
- 2.7 Divisions of UDA
- 2.8 Subsidiary & Associate Companies

01



02



03



04



05



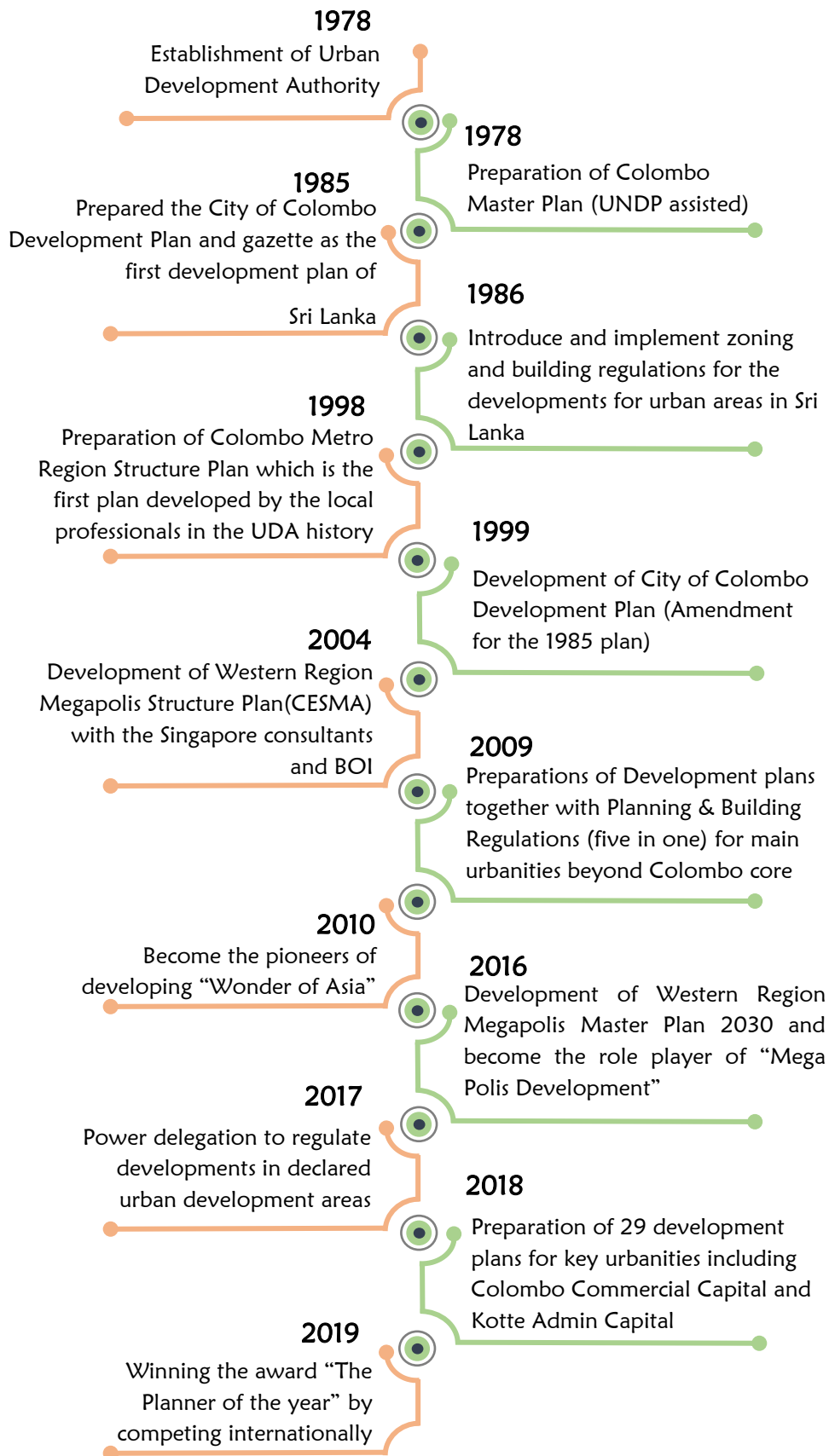
06



-----This page intentionally left blank-----

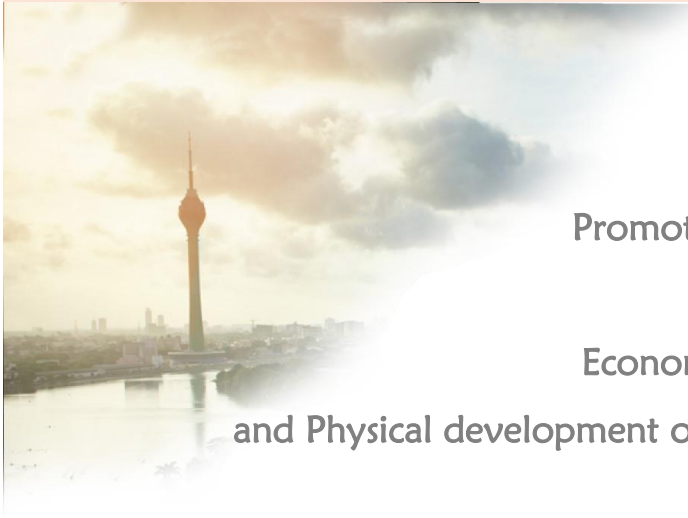


2.1 Milestones of UDA



2.2 VISION

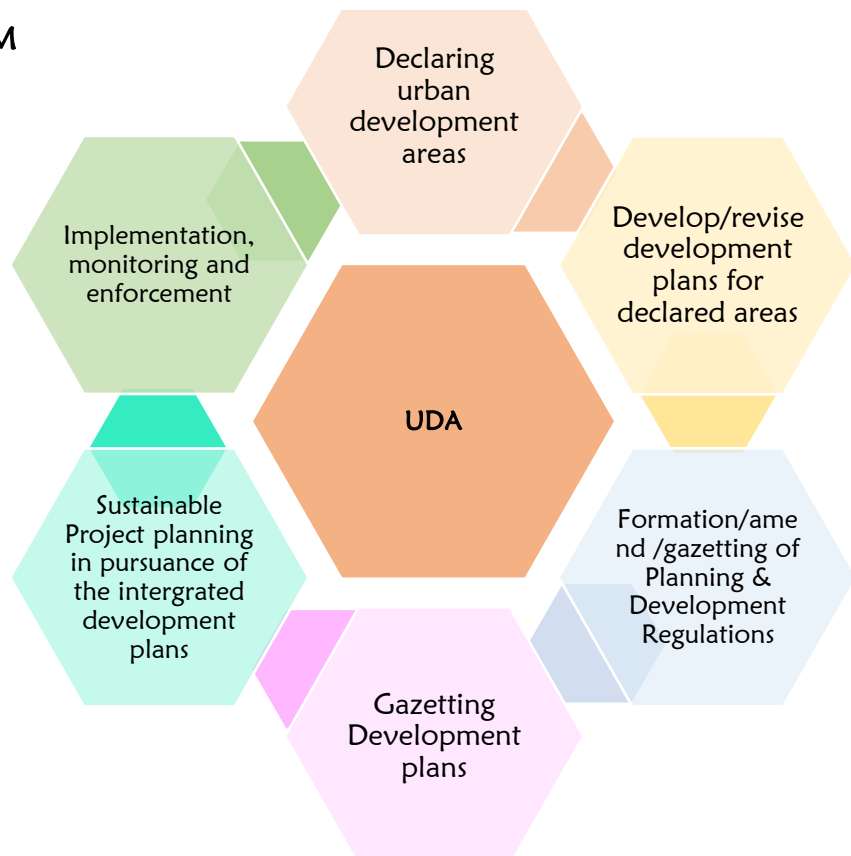
Towards a Planned Sustained and Adored Urbanization



MISSION

Promote Integrated Planning and Implementation for the Economic, Social, Environmental and Physical development of the declared urban areas

WORK SPECTRUM



2.3 Duties | Functions | Overview

The Urban Development Authority, a statutory body established on 06th of September 1978 under the Act No. 41 of 1978 of the National State Assembly, is vested with the power to promote integrated Planning and implementation of economic, social, environment and physical development of the areas declared by the Minister in charge of the subject pertaining to the Urban Development Authority.

In accordance with the Act, the Authority operates within a broader scope, performing the following duties and functions.

- ❖ Carrying out integrated planning and physical development within declared development areas, and coordinating and implementing related programmes of development, activities and services.
- ❖ Completing the abandoned development projects.
- ❖ Formulating and implementing capital investment promotion programmes.
- ❖ Formulating and implementing an urban land use policy.
- ❖ Developing environmental standards and prepare schemes for environmental improvements.
- ❖ Carrying out building, engineering and consultancy operations in connection with the development of urban areas.
- ❖ Planning and executing projects in pursuance of the development plans.
- ❖ Undertaking completion of the approved development projects in default.
- ❖ Acquiring and disposing Immovable or movable property for the urban development of the country.
- ❖ Preparing, implementing Housing improvement projects and removing the underserved settlements and development of the land which undertake said settlements in declared urban areas.
- ❖ Preparing, coordinating, implementing and monitoring development planning proposals and projects for the government institutions and government representing agencies.
- ❖ Providing technical planning service for the need of other government institutions.



Overview

Urban Development Authority has undertaken many development projects and programmes as the leading agency of national urban development while safeguarding the sustainable development goals. Among these projects, housing programmes, commercial development projects, community livelihood development projects, recreational projects, environmental conservation projects in national level and local level can be identified.

UDA has taken another step toward to uplift the quality of life of the low-income communities in Colombo in the year of 2019 by vesting more than 2000 housing units. Under the given theme 380 units of Lakviru Sewana housing complex in Maligawatta, 266 units of Siyapath Sewana in Dematagoda, 1076 housing units from Helamuthu complex and 576 housing units from Ranmuthu Housing complex in Henamulla are vested to have pleasant livelihood in Colombo city.

Sri Lanka's public transport, reaching new heights to be on par with international standards, its first-ever Multi-Modal Transport Centre at Makumbura is developed under the supervision of the authority and opened to public in the year of 2019.

Development of bus stands, railway stations and public/ weekly fair projects under the "Sukhitha Purawara Development Programme" are undertaken and opened for the public to have economic and social benefits while providing comfort and convenience for its uses. Further, Urban Development Authority has undertaken some special projects such as the Rakwana orphanage construction for Tamil children to facilitate a special group of the society.

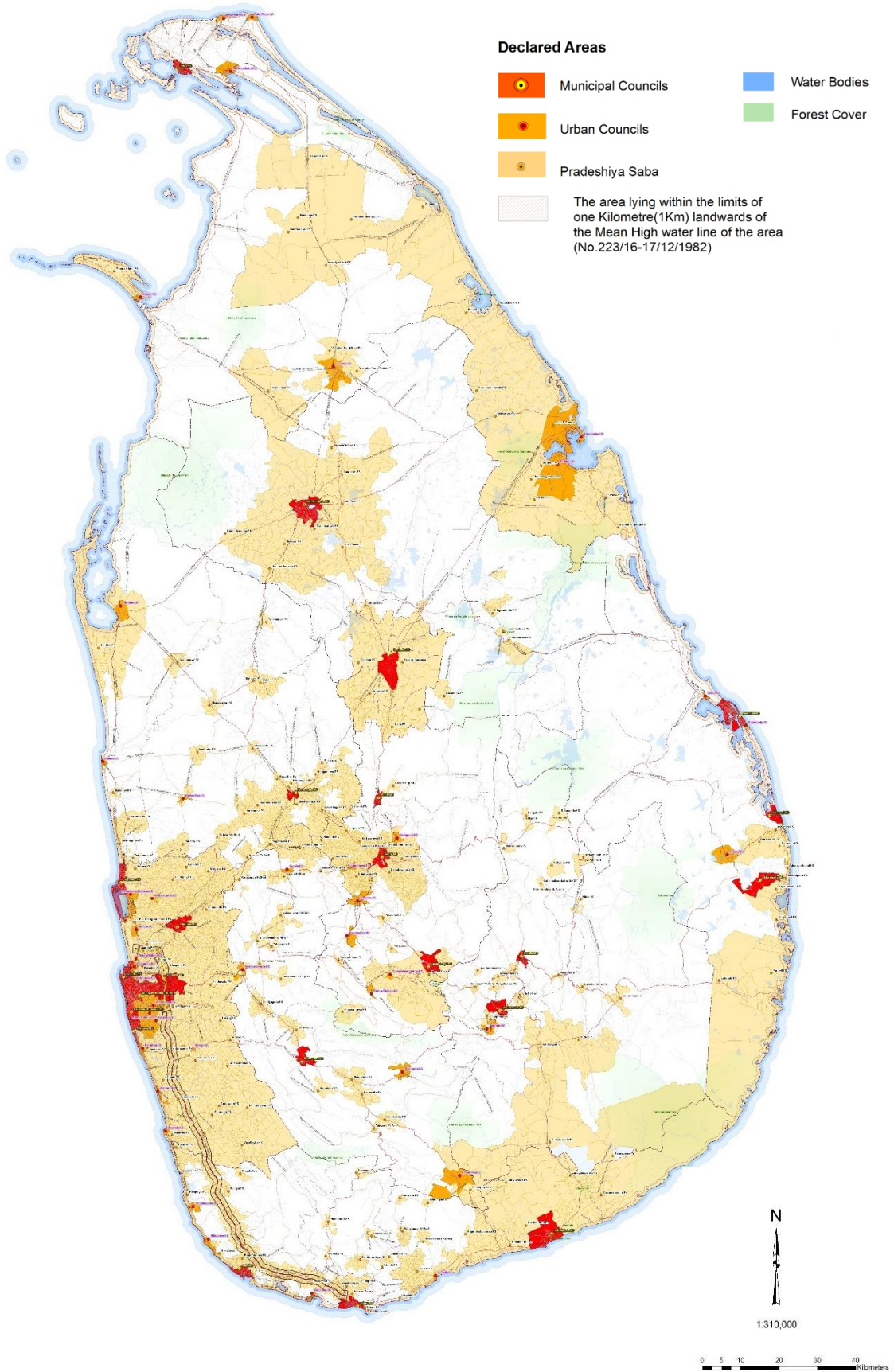
Besides, Commercial Complex and Market Development Projects as well as Multifunctional Building Complex Development projects in areas such as Merigama, Dompe, Walasmulla, Minuwangoda, Walimada, Bibila, and Monaragala are constructed and opened for the public in the given year.

In 2019, Urban Development Authority has taken action toward conserving the natural environment of urban areas while using the same to create active and passive recreational spaces for the city dwellers through projects such as River Side Inn in Matara, Gregory Lake and surrounding development in Nuwara Eliya, Kawanthissa Wewa and surrounding development in Embilipitiya, urban park development in Homagama, island wide Haritha Uyana projects together with playground development projects.

In order to evaluate the performance of the employee of the authority Key Performance Indicator (KPI) measures were taken into account in the given year and offered number of job promotions for the employees in the authority to motivate the employees.

Furthermore, annual welfare activities of the authority which are happening with the intention of increasing the productivity and the job satisfaction of the employees were provided in the given year as well. The annual welfare activities such as loan facilities, festival advances, bonus and medical allowances as well as leasing facilities to buy a bus for the authority and construction of a daycare center in the premises were provided for the employees of the authority in 2019.

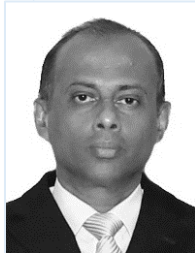
2.4 UDA Declared Areas





2.5 Board of Management

Dr. Jagath Munasinghe - Chairman
Chairman UDA
Director General, National Physical Planning Department
*PhD National -University of Singapore,
Msc. (Tow. & Cont.Pl) - UOM,
Msc. (Archi) – UOM, Bsc. (Built Environment) - UOM, AIASL, MITPSL*



Mr. S.S.P. Rathnayake - Secretary
Director General UDA

BSc.Eng (Hons), CEng, MIE(SL), PG Diploma(H&T)



Mr. Chandana Ranasinghe
Working Director UDA

Member
*MBA - University of Jayawardenapura
Bsc. Eng - University of Moratuwa*



Mr. Madhawa Waidyaratna
Additional Secretary, Ministry of Megapolis & Western Development

Member
*MBA, MSc. - (IT), M.A.
Bsc. (Chemistry) Special*



Mr. P. Sanath Panawennage
Director General - Arthur C. Clarke Center,
Member
Msc. - University of Jayawardenapura , MBA. - University of Jayawardenapura, Ceng., MIET



Mr. A.G.M.M. Wimalasuriya
Director - Department of Meteorology, Senior Lecturer – University of Moratuwa
Member
BSc. (Hon), Dip. in Meteorology & Climatology



Mr. L.S Palansooriya
Chairman - National Housing Development Authority
Member
BA - University of Peradeniya , Small and Medium Scale Industrial H. Dip - University of Philippines, Public Relation Training Dip-IBM



Mr. Vidya Dilruk Amarapala
Consultant - Energy, Investment Promotion, Project Management and Implementation
Member
MBA, Member of AMT, Member of IEEE



Mr. H.T.K. Pathmasiri
Secretary - Ministry of Provincial Council and Local Government

Member
*MPAd - University of SJ
BA. - University of Peradeniya*



Mr. A.T.L.P. Samarasinghe
Additional Secretary- Ministry of Transport and Civil Aviation
Member

Member of Institute of Engineering and Technology - UK, Chartered Engineer, MBA in Electronic Governance UOM, Bachelor in Management - OUSL, IET - UK



Mrs. B.B.I.A. Perera
Assistant Director (Planning) -
Ministry of Power and Energy
Member

*Msc. Agriculture (Sp in food
Sc. &Tech)-University of
Peradeniya, BSc.
Agriculture(Sp) - University of
Peradeniya.*



Mr. H. Hewage
Additional Secretary -
(Administration and Finance)
Ministry of Education
Member

*BSc. (Public Ad.) Special, M.A.
(Economics), Member of AAT
(SL),
Licentiate Certificate of the
ICASL*



Mr. W.D.A. Sunil Perera
Financial Advisor - Sri Lanka
Land Reclamation and
Development Corporation
Member

*Post Graduate Diploma in
Business and Financial
Administration, Bsc. (Mgt) Sp.
University of Sri
Jayawardenapura, Fellow of
ICASL, Fellow of CIMA, Fellow of*



Mr. H.H. Kasthuriarachchi
Additional Director General -
Department of Public
Enterprises
Member

*B.Com (Special) Hons, LLB,
MAAT*



Eng .W.B. Palugaswewa
Additional Secretary - Urban
development
Member

*BSc. (Civil Engineering), CEng,
MIE (SL), MSc. (Ground water
Hydrology)*



Mrs E.A.R. Renuka
Additional Secretary – Land
Ministry
Member

*B.Sc (Special) Degree (botany),
Msc. (Sociology)*



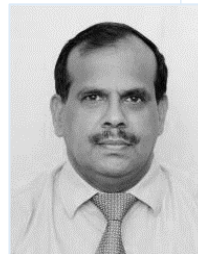
Mr. K.D. Chithrapala
Additional Secretary - Ministry
of Industry & Commerce.
Member

*B.Com (Special) Hons, Master
of Commerce, PG Diploma in
local Government Finance,
Chartered public finance
accountant,*



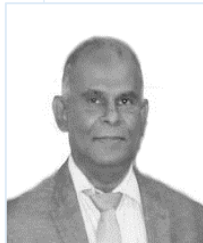
Mr. S. Maheshwaran
Director Projects – Ministry of
Transport & Civil Aviation
Member

*BSc. Engineering, MIE (SL), PG
Diploma in Construction Project
Management, Dip in Public
Procurement & Construction
management, Class I officer in
SL Engineering Service.*



Mr. D. Chamath de Silva
Chairman – Waters Edge
Member

*BSc. Engineering (Electrical &
Electronic)*



Mr. W.H. Karunarathna
Secretary – Ministry of Lands
Member

*B.Com (Special) Hons, LLB,
MAAT*



**Mr. K. Pradeepa
Yogachandra**
Assistant Secretary – Ministry of
Health & Indigenous Medicine.
Member

*B.Sc Hons Attorney at Law,
Master of International Studies*



Key Personnel

No	Designation	Name
1	Chairman	Dr. Jagath Nandana Munasinghe (Until 11.12.2019)
		Chartered Architect Harshan de silva
2	Director General	Mr. S.S.P. Rathnayaka (Until 18.11.2019)
		Mr. N.P.K. Ranaweera
3	Additional Director General	Mr. K.A.D. Chandradasa (Until 11.03.2019)
		Mr. D.M.B. Ranathunga
4	Deputy Director General (Finance)	Mrs. W.V. Chaya Thilini
5	Deputy Director General (Projects)	Mr. M.C. Vithanarachchi
6	Deputy Director General (Planning)	Mr. D.M.B. Ranathunga (Until 03.06.2019)
		Mr. M.P. Ranathunga
7	Deputy Director General (Consultancy) Contract	Ms. Champika de silva
8	Director (Enforcement)	Mr. M.P. Ranathunga (Until 23.06.2019)
	Acting Director (Enforcement)	Mr. M.H.V. Rathnakumar (Until 08.09.2019)
	Director (CMR)	Mr. H.J.C. Ranaweera (Until 09.12.2019)
	Director (CMR)	Mr. M.M.L.P. Wijayarathne
9	Director (Land Development and Management)	Mr. K.L.W. Perera (Until 29.10.2019)
	Acting Director (Land Dev and Mgt)	Mrs. S.N. Dissanayaka (Until 23.12.2019)
		Mr. H.A. Dayananda
10	Director (GIS)	Ms. J.P.S. Somasekera
11	Director (Development Planning)	Mr. M.M.L.P. Wijerathna (Until 03.03.2019)
		Mr. H.J.C. Ranaweera
	Director (Strategic Planning)	Mrs. R.L.P.P. Nawarathne (Until 18.12.2019)
		Mrs. A.T.P. de Alwis
12	Acting Director (HRM & M)	Mrs. K.M.P.G.D.K. Kekulandara
13	Director (Middle Income Housing Project)	Mr. E.A.C. Priyashantha
14	Director (Urban Regeneration Project)	Brigadier S.A.R. Samarasinghe
15	Director (Engineering Services)	Mr. L.A.D.J. Sisira Kumara

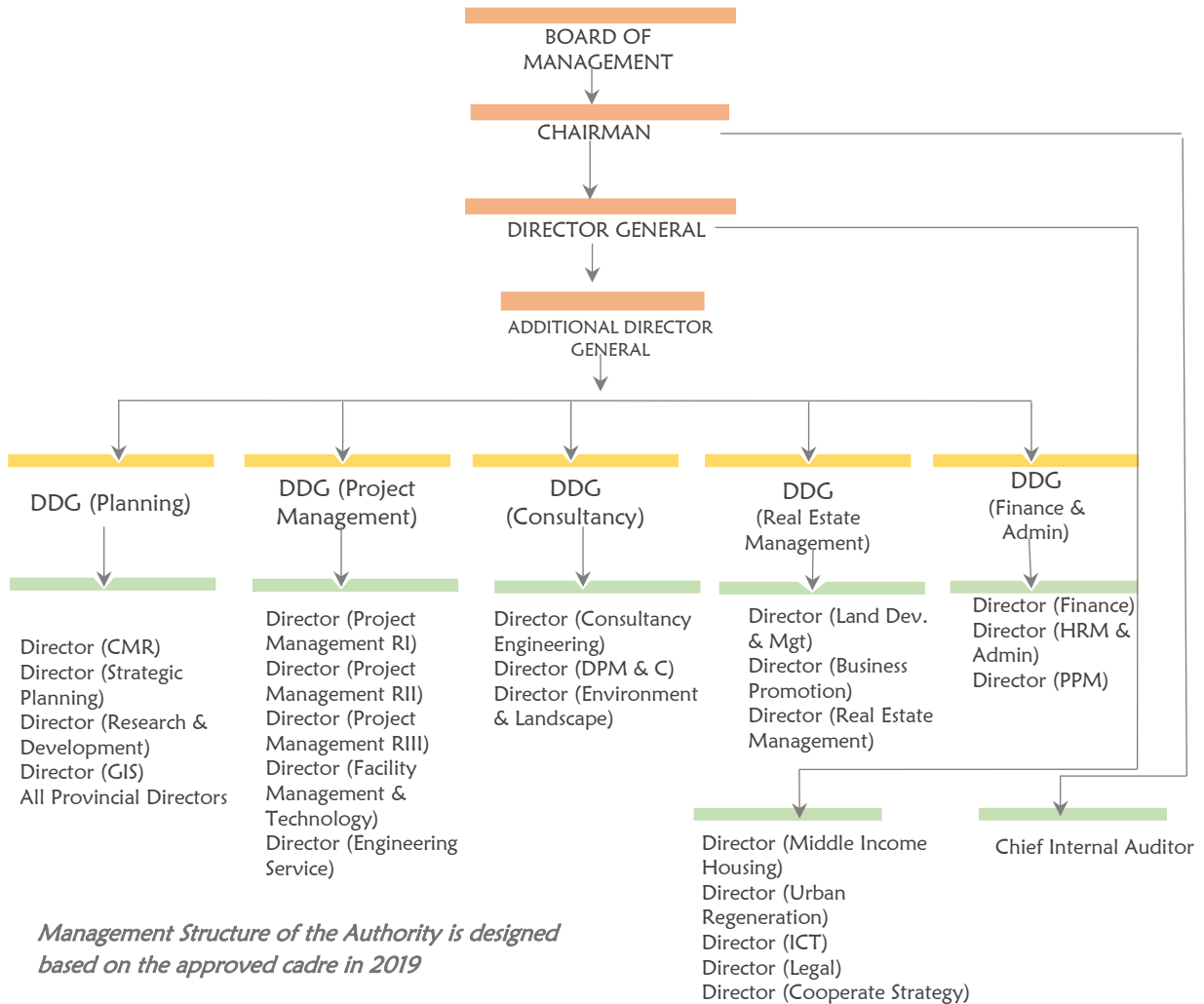
16	Acting Director (PPM)	Mr. R.D. N. Ranasinghe(Until 18.12.2019)
	Director (PPM)	Mr. K.H.M.W.K. Aberathne
17	Director (Environment and Landscaping)	Mrs. C.K. Kalupahana
18	Director (Designs, Project Management and Consultation)	Mr. L.N.N.A. Samarasinghe
19	Director (Legal)	Mrs. T. Liyanarachchi
20	Director (Finance)	Mr. H.R.S.C. Gunathilaka
21	Director (North Western Province)	Mr. W.J. Senevirathna(Until 28.02.2019)
		Mr.N.A.S.N.Nissanka(Until 18.12.2019)
		Mr. E.M.S.B. Ekanayaka
22	Director (Sabaragamuwa Province)	Mr. D.M.S.M. Dissanayake
23	Director (Southern Province)	Mr. K.H.M.W.K. Aberathna(Until 19.12.2019)
		Mr. H.J.C. Ranaweera
24	Director (Uva Province)	Mr. H.M.A.R. Medawala(Until 18.12.2019)
		Mr. D.M.S.M. Disanayake
25	Director (Development Planning – Northern and Eastern Provinces)	Mr. Y.A.G.K. Gunathilaka
26	Director (North Central Province)	Mr. L.J. Liyanage
27	Director (Eastern Province)	Mr. E.M.S.B. Ekanayake (Until 07.03.2019)
		Mr. M.M.L.P. Wijerathna (Until 15.12.2019)
		Mr. L.J. Liyanage
28	Director (Western Province)	Mr. H.J.C. Ranaweera(Until 05.03.2019)
		Mr.Y.A.G.K.Gunathilaka
29	Director (Central Province)	Mr. N.A.S.N. Nissanka(Until 07.03.2019)
		Mr.K.M.S.B. Ekanayaka(Until 18.12.2019)
		Mr. N.A.S.N. Nissanka
30	Director (Northern Province)	Mr. N.P.K.Ranaweera
31	Head (Business Promotion)	Mr. R.M. Dhananjaya Siriwardena
32	Chief Internal Auditor	Mrs. N.P. Dissanayake
33	Director (Project Management)	Mr. G.N. Premawardana
34	Director(Consultancy -Architect)	Mr. G.N. Premawardana
35	Deputy Director (Planning) / Unit Head (Enforcement Audit and Monitoring Unit)	Mrs. A.T.P. Alwis (Until 03.09.2019)

	Deputy Director (Planning) / Unit Head (Enforcement Audit and Monitoring Unit)	Mr. M.H.V. Rathnerkumar
36	Director (Research & Development)	Mrs. A.T.P. Alwis (Until 16.12.2019) Mrs. R.L.P.P. Nawarathne
37	Unit Head (Planning- Information Systems)	M.M. Anura Prasanna (Until 03.09.2019)
38	Director (Real estate Development)	Mr M.M. Anura Prasanna
39	Dep. Dir./ Head of the Unit (Consultant – North Central Province)	Mrs. B.L.K. Indika Balasooriya(Until 12.06.2019)
40	Director (Project Mgt-Northern Region)	Mrs. B.L.K. Indika Balasooriya
41	Dep. Dir. (Planning)/ Unit Head (Issuing Building Applications)	Mrs. W.A. Rupa Ranjani
42	Dep. Dir./ Head of the Unit (Consultant – Southern Province)	Mrs. Lawanya Weeraooriya(Until 12.06.2019)
43	Director (Project Mgt-Southern Region)	Mrs. Lawanya Weeraooriya
44	Dep. Dir./ Head of the Unit (Consultant – Western Province)	Mrs. W.T. Thilakarathna(Until 12.06.2019)
45	Director (Project Mgt-Western Region)	Mrs. W.T. Thilakarathna
46	Director (Facility Mgt)	Mr. H.G. Sarathchandra
47	Director (Progress Monitoring)	Mr. P.D.K.Pathirana
48	Director (Architecture)	Mr. S.P.K. Kapugamaarachchi



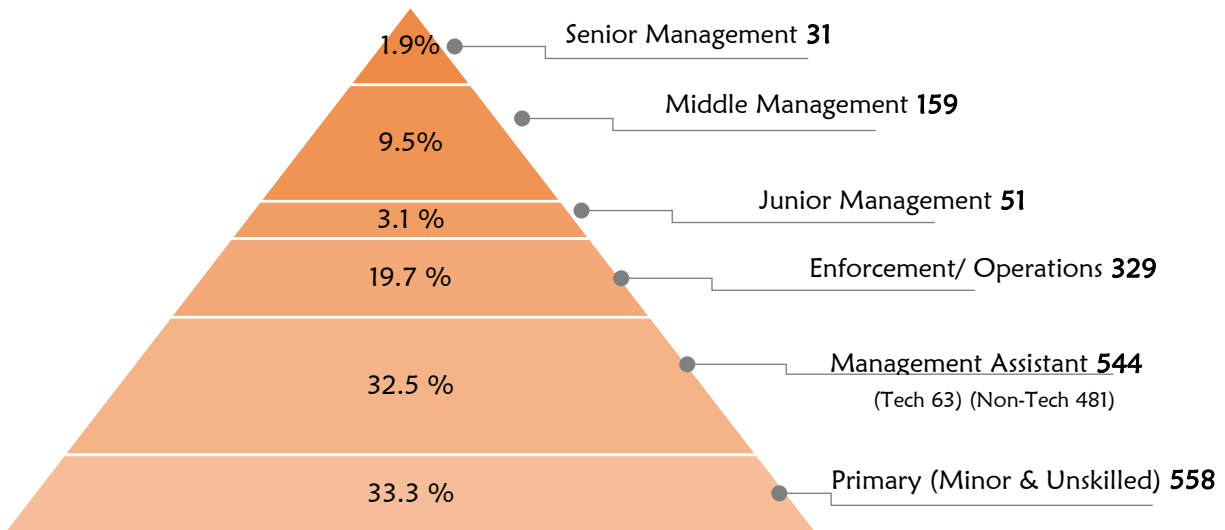
2.6 Institutional Tree I Management Structure

Management Structure of the Authority



- *Management Structure of the Authority is designed based on the approved cadre in 2019*

Human Resource Structure



- Human Resource Structure is based on the permanent cadre positions

Triple Bottom Line Approach of UDA

It is paramount important to state that the overall contribution done by UDA in all development activities are catering to all citizens of the nation. UDA is discharging its duties to the Nation without any distinctions when compared with the other State-Owned Enterprises in Sri Lanka due to its wide scope given by the Act. Due to this wide scope, UDA is catering to all the Sustainable Development Goals in different levels.

The Triple Bottom Line (TBL) is an accounting framework with three parts: social, environmental, and financial. Some organizations have adopted the TBL framework to evaluate their performance in a broader perspective to create greater business value.

As per the TBL concept it clearly explains, each and every year, UDA has catered to all three areas of this concept namely, People, Profit, and the planet. UDA was established by an Act of Parliament bearing No.41 of 1978 with a view to promote integrated planning and implementation of Economic Social, Physical and Environment Development of the areas declared by the Minister in-charge. As the Law itself explains the objectives predominantly address all the needed areas in achieving sustainable development for the nation. UDA in their Corporate Plans and Yearly Action plans has implemented and is dedicated to the other stakeholders in achieving the set targets. It is



correct to state that all the relevant Sustainable Development Goals (SDGs) have been directly or indirectly catered to, by UDA in analyzing the overall activities carried out in the recent past.

Accordingly, in line with its mandate and the Government Policy Documents adopted from time to time, the Authority has addressed the TBL principles by contributing to the areas of People, Plant and Profit in a substantial manner to uplift the socio - economic, well-being of the citizen while outstanding as a sustainable public enterprise which equipped with needed human, financial & physical resource base.

The said three areas in TBL have been adequately addressed in the year 2019 as well. The areas accomplished in this regard for the year 2019 are elaborated and analyzed separately taking into account contribution of each division and office of UDA for the area of planning, projects and enforcement. In addition to that the annual report consists of the “Year highlights” along with the Project completed during the year including city beautification, city Development Plan and planning works completed, real estate works etc. Further, the housing programs with the aim of catering to the poor segment of society and also other housing projects such as Middle Income Housing Projects to cater urban housing need of society. In the year 2019 special attention paid to implement environment friendly projects to minimize CO2 emissions to the environment.

UDA as a Leading Statutory and Commercial Body in the public sector, has contributed immensely by completing abounded development projects on behalf of the government and has applied the TBL concept to all of its performances to fairly serving to the People (Public) and not harming to the Planet (Environment) by achieving substantial profits to the Authority.

The three areas of accomplishment during the year 2019 is summarized in below.

(a) People

As per the key task of the UDA, prepared and Gazetted 29 Development plans for declared urban development areas including both Commercial and Administrative capital of the country. These plans equally considered social, economic, physical and environmental sectors in each area.

In line with the Town Development Programmes, social and infrastructure facilities have been developed in all such areas over the Country including by providing Bus stops, Play Grounds, Public Parks, Walk Ways, marketplace development and Administrative Complexes and thereby uplifting the living standard of the citizens. With the intention to uplift the lifestyle of underserved settlements in the city of Colombo and its suburban areas, the Urban Regeneration Programme has been launched by the UDA in year 2011 on behalf of the Government.

- There are 10 provincial offices, 12 District Offices, 2 Sub Offices to carry out all planning, enforcement and project planning activities within the declared areas and involve in the preparation and implementation of the Development Plans, Guide Plans and all activities incidental thereto in order to provide an efficient service to its customers.
- Engage with the customers through many formal and informal platforms in order to meet their requirements at a satisfactory level within stipulated time frames in urban development areas.

- Customer feedback including complaints/grievances are always welcomed through formal and informal channels and tracked, analyzed and attend to overcome the same on an ongoing basis.
- UDA is determined to achieve the identified intentions and make reasonable decisions while taking steps to rectify any deviations from planned outcomes which affects the public as well as the environment.
- Updated principles, policies and procedures and responsible officers in significant sectors are clearly addressed and displayed on the website which will be easily referenced and build trust and good image among the general public.
- Completing the abandoned development projects which is benefited to both the authority and the general public
- Providing a variety of job opportunities through small, medium and large projects. Not only professional experts but also other job categories including small scale including self-employments are benefited
- As compliance with rules and guidelines are well evaluated through internal audit controls, public confidence in UDA activities will be enhanced.

The following projects show the contribution made by UDA in the People component during the year 2019.

1. Naula Urban Square and Community Hall
2. Development of Bus Stand Piliyandala
3. Development of Kotte Raja Maha Viharaya
4. 768 Housing Units at Maligawatta, 615 Housing Units at Colombage Mw etc.

(b) Planet

Target to uplift the peoples living standards by preparing development plans needed for the country. Eg. Completed 29 plans including Colombo City Development Plan 2019-2030 with the theme Aquarina- “The City in Water” & Capital City Development Plan 2019-2030 with the Theme “Diadem Sovereign Sri Lanka”.

- Implement small-scale projects to skyscraper projects within the limited resources to protect, maintain and enhance the beautification of the environment while fulfilling the infrastructure and leisure requirements of the public.
- Implementation of green building concept
- Maintain areas such as Parliament Ground, Beria Lake etc... to provide greenish environment.
- Tree Plantation programmes through landscape activities throughout the year. Eg. Beria Lake, Nuwara Eliya etc.
- Involved to control and make solutions to manmade hazards. Eg. Meethotamulla Dump Site Redevelopment Project.
- Obtaining relevant clearances/ certificates from other relevant statutory bodies before implementing projects in order to confirm that the projects are not harmful to society or the environment.

The following projects show the contribution made by UDA in Planet component during the year 2019.

1. Boralesgamuwa Wewa Surrounding area Development
2. Landscape Improvement at Japan Friendship Road, Battaramulla
3. Kalido Beach Park

(c) Profit

As per the Objectives of the Act, UDA earns reasonable profit to sustain in order to meet its expenses as a public enterprise without being a burden to the General Treasury. Rent, Lease rental, Investment and Other income (Approvals of Building Plans, Sub division Plan, granting of Preliminary Planning Clearance, Change of use, etc.) are the major income sources of the Authority. The profit is computed after considering all of its involvement to meet the assigned task for the year.

- Declare, undeclared urban areas under the UDA Act and develop the same through prospective investors in order to enhance revenue avenues of the Authority.
- Several Training programs, Brainstorming sessions, etc. are conducted to compete with other public enterprises in the industry and meet the budgeted profits for the year with the concept of SCI (Statement of Corporate Intent).
- Preparation of Business models for UDA properties and development projects to maximize the profit of the Authority.
- Develop proposals for UDA owned lands and link the potential projects with the 3rd parties through appropriate investment modules (PPP modules)

- Through the subsidiaries and leisure projects, both the UDA and the public are benefited while maximizing profit for those entities.

The Income Statement shows the substantial profit earned during the year as a responsible public enterprise.

	Rs.Mn
<u>Income</u>	
Rent & Lease	2,581
Investment Income	1,918
Other Income	536
Total Income	5,035
<u>Less:</u>	
Total Expenditure	(3,975)
Profit for the Year	1060

2.7 Divisions of UDA

The division under the Chairman

Internal Audit Division

The Internal Audit Division is responsible for independent and objective reviews and assessments of the Urban Development Authority's activities, operations, financial systems, and governance processes. The audit department delivers findings from its periodic reviews to top management and the audit committee of the Board of Directors. Main functions of the Internal Audit Division include determining compliance with policies and procedures, assessing the quality of internal controls, evaluating the quality of risk management and evaluating compliance with rules and guidelines.

Divisions under the Director General

Middle Income Housing Division

The main role of the housing division is to carry out middle-income housing projects. This division performs duties such as formulation of appropriate middle-income housing projects, implementation and management of such projects. These projects are carried out for the commercial purpose.

Urban Regeneration Project Division (URP)

The responsibility of this division is to implement urban regeneration programmes for the purpose of building new homes for urban underserved settlement dwellers and releasing underutilized lands in urban centers for development purposes. The URP division also facilitates relocation programmes and manage the relocation housing projects from the inception to post-implementation stages.

Information Technology System Division (ITS)

Further, this Division including the operation and maintenance of hardware and software, networking and management systems also handles the management of Information Technology Systems. Further, this division is responsible for the management of the official website of UDA and other social media platforms.

Legal Division

The Legal Division of Urban Development Authority provides legal advice and guidance to the institution, and engages in prosecuting and defending cases in courts and litigation management. Further, contributes to legal document drafting and execution whilst ensuring the maximum protection of the legal rights of the institution as well as the proper discharge of the legal obligations of the institution.

Corporate Strategy Division

A corporate strategy division surveys those responsible for organizational operations to gather information on challenges and objectives. It consolidates individual strategic aims into an overall approach and invites feedback from the divisions concerned.

This division is in charge of coordinating the UDA corporate plan. They instruct each divisional heads to prepare the portion of the plan that is responsible for forecast, compile the information submitted by the divisional heads and then compose and edit the final strategic plan.

In addition to that, stabilized the Progress Monitoring method of KPI System through the Corporate plan.

Divisions under DDG (Planning)

All planning and enforcement activities are directly monitored and guided by the Deputy Director General (Planning) of the Urban Development Authority. There are 04 divisions and Provincial Offices operating under the supervision of DDG (Planning).

Colombo Metro Region Division

The Colombo Metro Region (CMR) Division was previously known as the Enforcement Division. It was established by its new name in 2019 and it is the main division responsible for the management of the development in the selected local authority areas of the Colombo Metro Region. CMR Division carries out planning, enforcement and project activities related to these specific areas.

Strategic Planning Division

The role of the Strategic Planning Division is to coordinate the development plan preparation process in order to ensure their consistency with the common guidelines and standards adopted by the Authority with regard to preparation of development plans. Strategic Planning Division hosts continuous progress meetings to monitor the process of development plans prepared by the relevant provincial offices. Further, the Strategic Planning Division also organizes relevant workshops at necessary stages of planning process to facilitate the development plan preparation works. Strategic Planning Division also participates and facilitates for stakeholder meetings carried out by relevant provincial offices during different stages of plan making process.

In addition, the Strategic Planning Division facilitates the publication of the prepared development plans through gazette notifications. The Strategic Planning Division is also responsible for coordination of the works related to declaration of 'urban development areas' as per the provisions of UDA Act No. 41 of 1978. It is also the main division responsible for hosting the Main Planning Committee of UDA.

Research & Development Division (R & D)

The role of Research & Development Division is to explore innovative tools and technologies to enhance planning, enforcement and project activities of UDA. R&D Division especially focuses on introducing modern planning theories, tools,

models and technologies through researches and testing their applicability in real cases within planning exercises. The aim is to upgrade the planning process and the quality of development plans prepared by the UDA.

Further, R&D Division facilitates improvements in enforcement mechanisms with required research evidence and innovative technology-based developments. The R&D Division also undertakes the planning, design and formulation of projects for selected cases in collaboration with the relevant divisions of UDA.

In addition, R&D Division is responsible for organizing capacity development and training programs for the professional staff of UDA. Also, it is the role of the R&D Division to initiate collaborations with academics, professionals, interested groups and local and international organizations.

Geographical Information Systems Division (GIS)

The division which has specialized in Geographical Information Systems is one of the main planning support divisions in UDA.

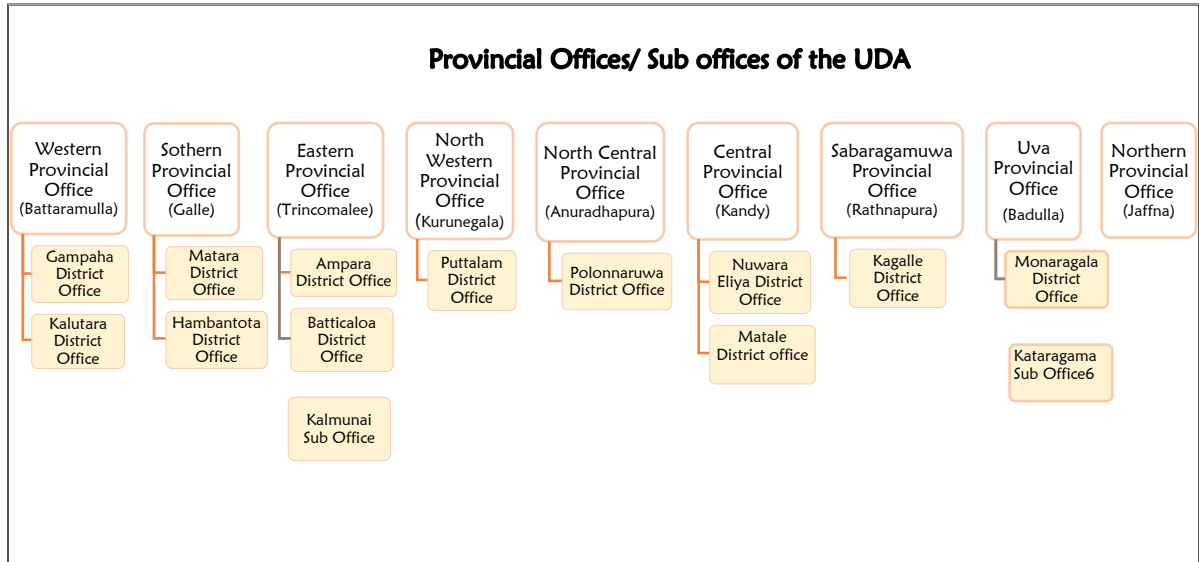
One of its main roles is to carry out the collection, preparation, processing and dissemination of data required for planning works within UDA. Especially, they manage the Geo Spatial Database of the UDA and assist relevant provincial offices with required technical assistance. In addition, the GIS Division facilitates the plotting of large size maps. The Printing Unit of UDA which handles bulk printing also operates under this division.

Provincial Offices

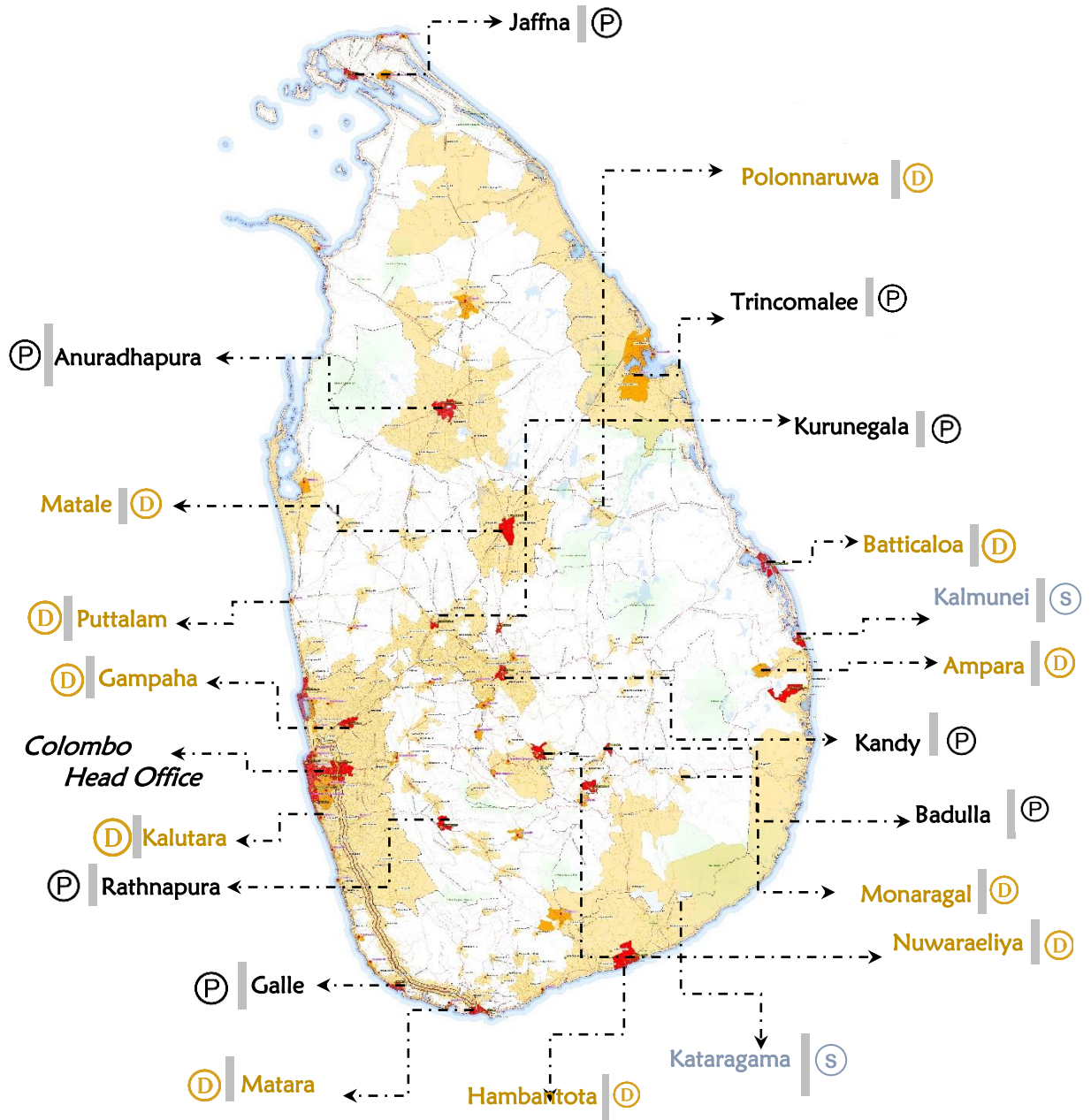
The provincial offices of UDA are established in all nine provinces of Sri Lanka. Each provincial office is led by the relevant provincial director and accordingly there are nine provincial directors within UDA. In addition, there are 12 District Offices established under some of the provincial offices for easy operation of the provincial duties.

The Provincial Offices are responsible for overall development activities within the declared urban development areas within their provinces. These Provincial Offices carryout all planning, enforcement and project activities within these declared areas.

Further, a few sub-offices have been established for special projects and planning purposes and operated under the respective Provincial Directors.



We are in Action



- (P)** Provincial Office
- (D)** District Office
- (S)** Sub Office

Divisions under Deputy Director General (Project Management)

Project Management Division

There are three divisions under DDG Project Management (PM) namely, Project Management Western Region (RI), Project Management Southern Region (RII) and project Management Northern Region Divisions (RIII). In addition to that, Progress Monitoring and Procurement Units functioned under the DDG (Project Management).

Projects identified by Development plans prepared in island wide and funded by the Treasury are carried out by above three divisions under the DDG (PM). In addition to that, most of projects identified under UDA own funds and client funded projects, are also undertaken by the three divisions under DDG(PM). Project throughout the country has been assigned to those three divisions as follows,

Western Region Project Management Division (RI)

This division undertakes all projects comes under treasury fund allocations in Western Province. In addition to that, UDA own funded projects and some selected consultancy projects are also carried out by this division in the western province.

Southern Region Project Management Division (RII)

This division undertakes all projects comes under treasury fund allocations in Southern, Eastern, Sabaragamuwa and Uva provinces. In addition to that, UDA own funded projects and some selected local authority consultancy projects are also carried out by this division in above 4 provinces.

Northern Region Project Management Division (RIII)

This division undertakes all projects comes under treasury fund allocations in Northern, North Western, Central and North Central provinces. In addition to that, UDA own funded projects and some selected local authority consultancy projects are also carried out by this division in above 4 provinces.

Engineering Services Division

This division is responsible for attending to the engineering service requirements, repairs and maintenance of the UDA premises and Sethsiripaya Stage I Building. Maintenance and service requirements in drinking water, electricity, air conditioning and fire protection. Apart from that the civil and structural engineering services were carried out for the small and medium scale development projects by the division. Maintenance works related to housing projects, district and sub offices, market complexes, landscape areas and parks are also being carried out by the division.

Divisions under Deputy Director General (Consultancy)

Project Consultancy Engineering Division

There are two separated divisions are functioning under the Project Consultancy Engineering Division as follows. The role of the Consultancy Division of UDA is to provide project consultancy services internally for UDA projects and externally for projects implemented by other government institutions.

Engineering Consultancy Division

This is the division responsible for Code based Structural Designs, detail drawings, Reviews, Capacity Assessments, Site Inspections, document approvals, and Engineer's Estimates of Pre Tenders, Cost Advise, Post Contract Variation checking, approvals for projects implemented internally by UDA and externally by other government Institution.

Design Project Management & Consultancy (DPM & C)

Mainly engaged in architectural consultancy projects, identified as special projects undertaken by the UDA. These projects are implemented throughout the island and are mainly of national importance and that require special expertise knowledge in coordination with other professional expertise such as Engineering Consultants, Structural & MEP

Environment and Landscape Division

This is the division responsible for design, planning, implementation and management of environment and landscape development projects implemented by UDA. In addition, this division also provides consultancy services related to environment and landscape planning related projects implemented by external

parties. In addition, implementation of green building concept in the planning and building regulation is also done by the environment and landscape division.

Divisions under Deputy Director General (Real Estate & Land Management)

Land Development & Management Division

The role of the Land Development & Management division is to perform the acquisition, vesting & purchasing of the identified lands located within the declared areas as the urban development, proposed development projects and alienation of the same lands for the identified projects and also provide relocation facilities to the affected parties due to development projects, managing the land bank of the UDA.

Business Promotion Division

Preparation of Business models for Urban Development Authority properties and development projects to maximize the profit of the Authority.

Real Estate & Assets Management Division

The role of Real Estate and Assets Management Division is to develop proposals for UDA owned lands and link the potential projects with third parties through appropriate investment models.

Divisions under Deputy Director General (Finance & Admin)

Finance Division

The division is responsible for the efficiency and effective management of the finances of the Authority. In order to fulfill the above-mentioned task, the Finance division undertakes many functions such as the Preparation and presentation of annual/monthly accounts of the authority, preparation and revision of UDA annual budget, financial planning for new projects/ventures, project evaluation, arrangement of external funding sources and effective management of the investment portfolios.

Human Resource Management and Administration Division

The division is responsible for new recruiting, training, promotions and all other human resource management activities to realize the vision of the authority. Furthermore, performing general administration and managing transportation facilities of the authority while admiring the efficiency of the employees and maintaining the discipline of the human resources of the authority is also done by the division.

Property Portfolio Management Division (PPM)

Property Portfolio Management Division is responsible for maintaining high standard of quality, productivity and customer services in a both reliable and transparent ways. It provides high value quality service to the UDA tenants, occupants, vendors' and lessees in an excellent manner, unique cases and hospitality while coordinating activities of revenue collection to realize life cycle value from all assets of UDA.

2.8 Our Subsidiary Companies

Urban Investment & Development Company Private Limited (UNIDEP)



The company was established in August 2006 as a fully owned subsidiary of the Urban Development Authority. The objective of the establishment of the company is to develop, build and operate any kind of development project in the urban areas which are directly undertaken by the Authority. At present UNIDEP operate with 11 staff members with being responsible for the operation and management of the Sethsiripaya Stage II building and the surrounding which is facilitating several Ministries, Government Departments and organizations.

The building consists of 13 floors (Ground floor +12 floors) and has an area of approximately 368,084 Sq.ft. UNIDEP is established as a fully owned subsidiary of the Urban Development Authority while pursuing operations as a separate independent entity managed by the Independent Board of Directors and assigned dedicated staff appointed for the management of the property in an economical, efficient and effective manner.

Waters Edge Private Limited (Waters Edge Hotel)

The Waters Edge Limited was incorporated in February 2009 as a fully owned subsidiary of the Authority to manage and develop the property vested in the UDA consequent to the judgment of the Supreme Court. At present, Waters Edge has a hotel and a Restaurant and several other facilities for leisure and recreation. It is not in the process of expanding its activities by itself and in collaboration with public and private enterprises.

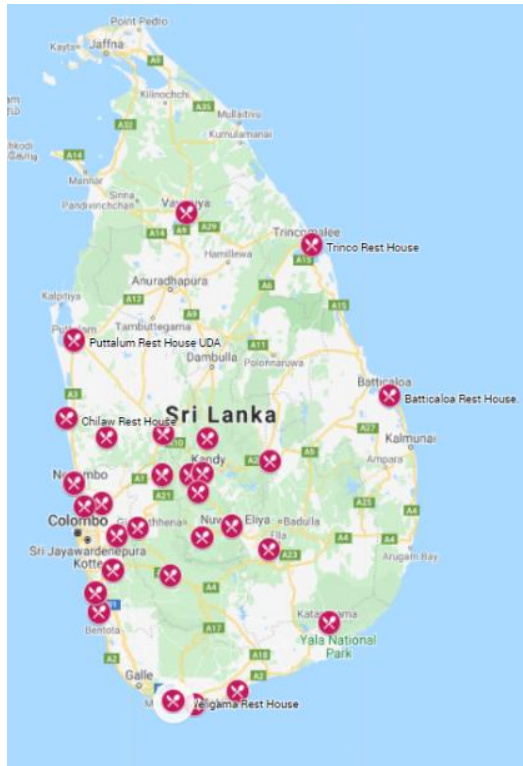
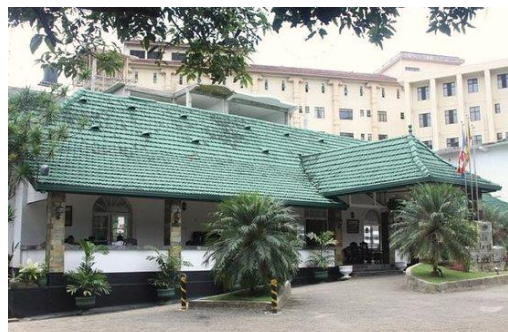


Lanka Rest House Limited

Lanka Rest Houses Limited was established in June 2006 under the name of UDA Rest Houses Limited and the existing name was given through a management board decision on November 2010. The main objective of the company is to provide safe, comfortable, and respected rest and accommodation, especially for government servants on duty as well as on holidays at an affordable price.



In fulfilling the said objective, the Lanka Rest House company administers 31 Rest Houses placed in strategic locations island wide. Among the said Rest Houses, 29 of the Rest Houses are managed by third parties who have been selected by tendering. The balance 02 of the Rest Houses; Mahiyangana and Weligama Rest Houses are managed directly by the company.



Our Associate Companies

Ocean View Development Co Pvt Ltd



The Tower Building at Bambalapitiya, a brainchild of the late president His Excellency Ranasinghe Premadasa was subsequently registered as a private company under the Companies Act No. 17 of 1982 (Registration No. PV 17667) pursuant to the cabinet decision dated 17.02.1994 in response to Cabinet Paper No. 94/340/006. Later, the company was reregistered under the Companies Act No. 7 of 2007. The shares of the company are jointly owned by the National Housing Development Authority and Urban Development Authority. Urban Development Authority's share composition is 43.39% of the company.

Onally Holdings PLC



On'ally Holdings PLC

On'ally Holdings PLC engages in property development/real estate business primarily in Sri Lanka. The company involves in the rental of investment property consisting of commercial units. The company was founded in 1982 and is based in Colombo, Sri Lanka. Urban Development Authority's share composition is 47.617% of the company.

Highlights of the Year

01



02



03



04



05



-----This page intentionally left blank-----

Urban Development Authority

YEAR AT A GLANCE 2019

1,670 +



Employees

15,000 +



Enforcement activity

36 Nos

Local Training

17 Nos

Foreign Training
Programmes

Issued

6,850 +

Development Permits

Issued

6,250 +

PPC

Issued

520 +

CoC

4,740+

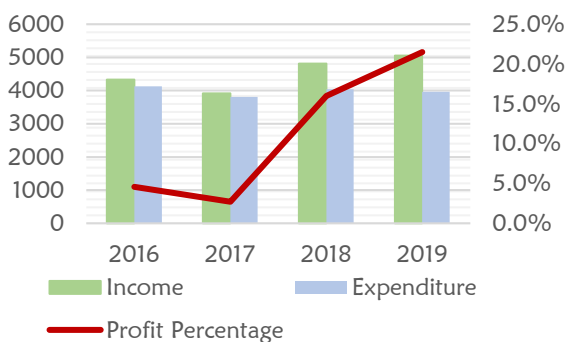
Urban
Regeneration
Housing
Units

29

Development Plans
Gazette

4,937 Mn

Worth Projects-2019



Source: Finance Division of UDA

Total Income (R)

5051 Mn

Profit (P)

1086 Mn

Total Cost (C)

3965 Mn

-----This page intentionally left blank-----

Highlights of the Year

3.1. Provincial Office Performance Highlights

3.2 Head office divisions Highlights

3.2.1 Planning Highlights

3.2.2 Project Highlights

3.2.3 Consultancy Highlights

3.2.4 Enforcement Highlights

3.2.5 Social Works & Other Achievements

01



02



03



04



05



06



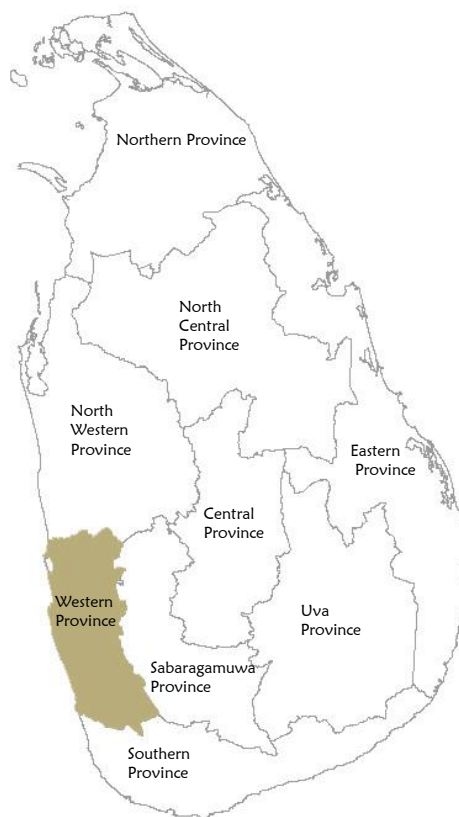
-----This page intentionally left blank-----

3.1 Provincial Office Performance Highlights - 2019

Western Province offices

- Western Province Division & CMR/Enforcement Division
 - Gampaha District Office
 - Kalutara District Office

“Main development promotional and regulating body at the commercial heart of Sri Lanka’s economy. Consist of three offices in three districts. In Colombo district two divisions named; Western Province Division and Enforcement/CMR Division act as the main two regulating bodies while Gampaha district office and Kaluthara district office act as the other district offices of Western Province. Further, Western Province Division in Head office is the provincial office of Western Province”

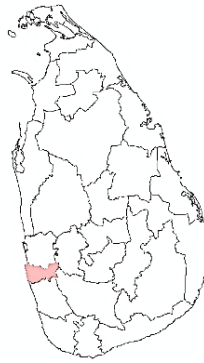




2019 Highlights

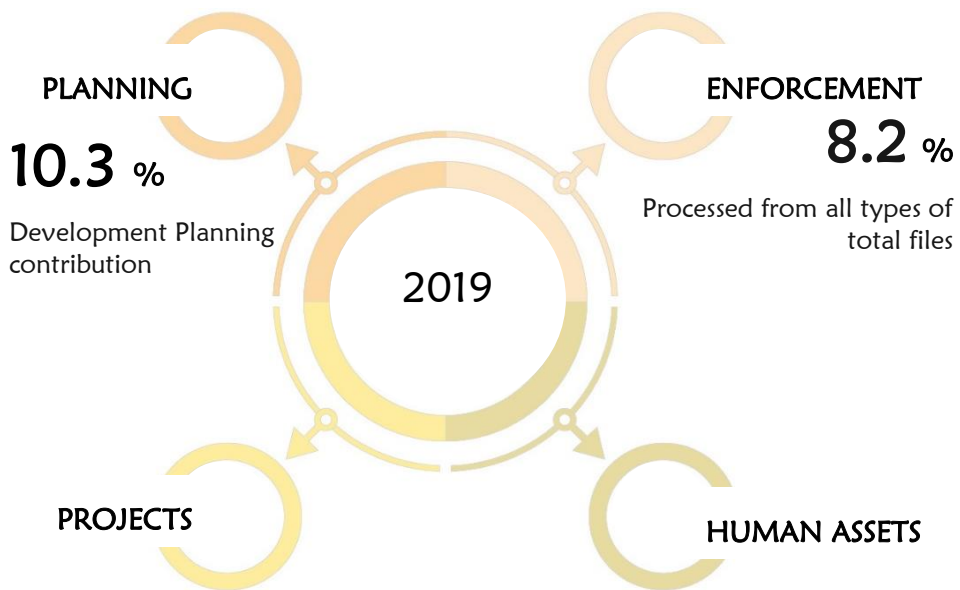
Colombo
Western Province
Division

9th floor,
Sethsiripaya,
Battaramulla
+94 11 2863101



Key Functions

- Spatial Planning
- Enforcement Activities
- Project Planning & Implementation
- Human Resource Management



Rs. 74.5 Million Worth projects started in 2019

No of projects completed: **12**

Management	Total
Senior	1
Middle	17
Junior	2
MA Tech	1
MA Non Tech	11
Primary	15



2019 Highlights

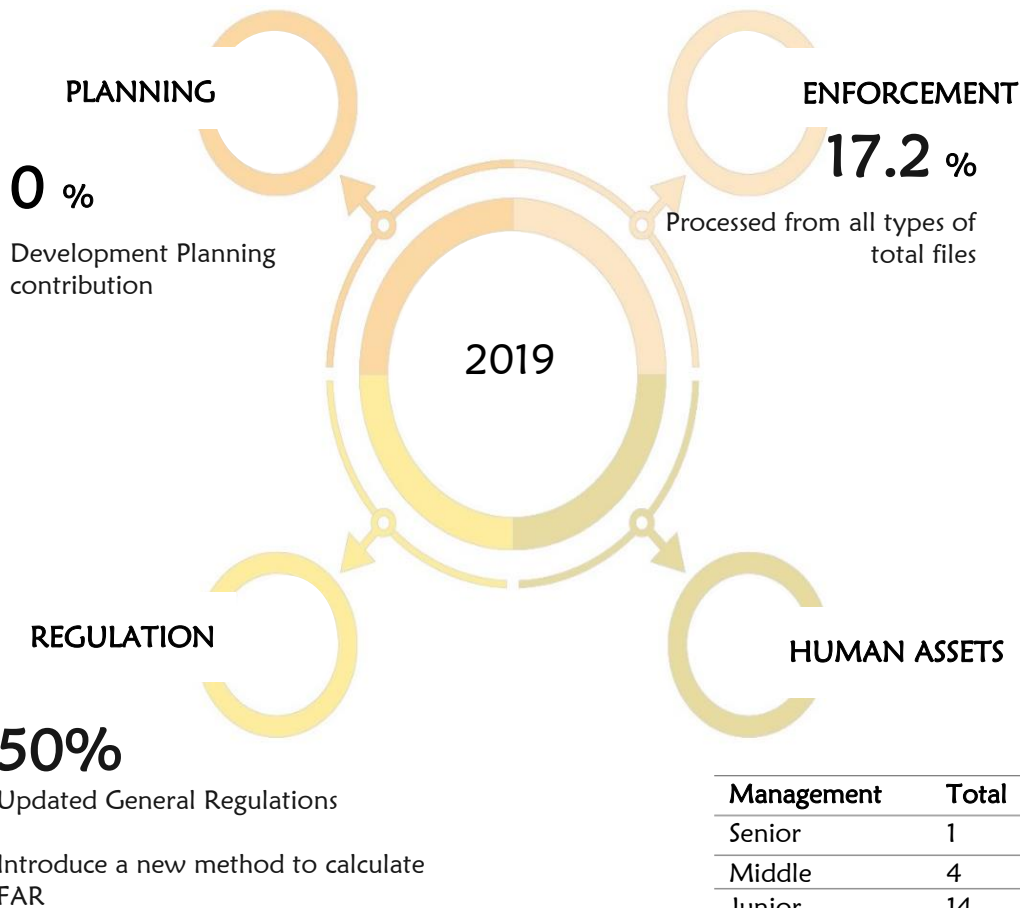
Colombo
Enforcement
Division
CMR

9th floor,
Sethsiripaya,
Battaramulla
+94 11 2872616



Key Functions

- Enforcement Activities
- Regulation Preparation
- Sub Planning Committee
- Traffic Impact Assessment
- Environmental Impact Assessment



Management	Total
Senior	1
Middle	4
Junior	14
MA Tech	1
MA Non Tech	16
Primary	20



2019 Highlights

Gampaha

Western Province
No 6,
Marybiso Mw,
Gampaha.
+94 33 2221934



Key Functions

Spatial Planning
Enforcement Activities
Project Planning & Implementation



Management	Total
Senior	1
Middle	11
Junior	8
MA Tech	4
MA Non Tech	7
Primary	7



2019 Highlights

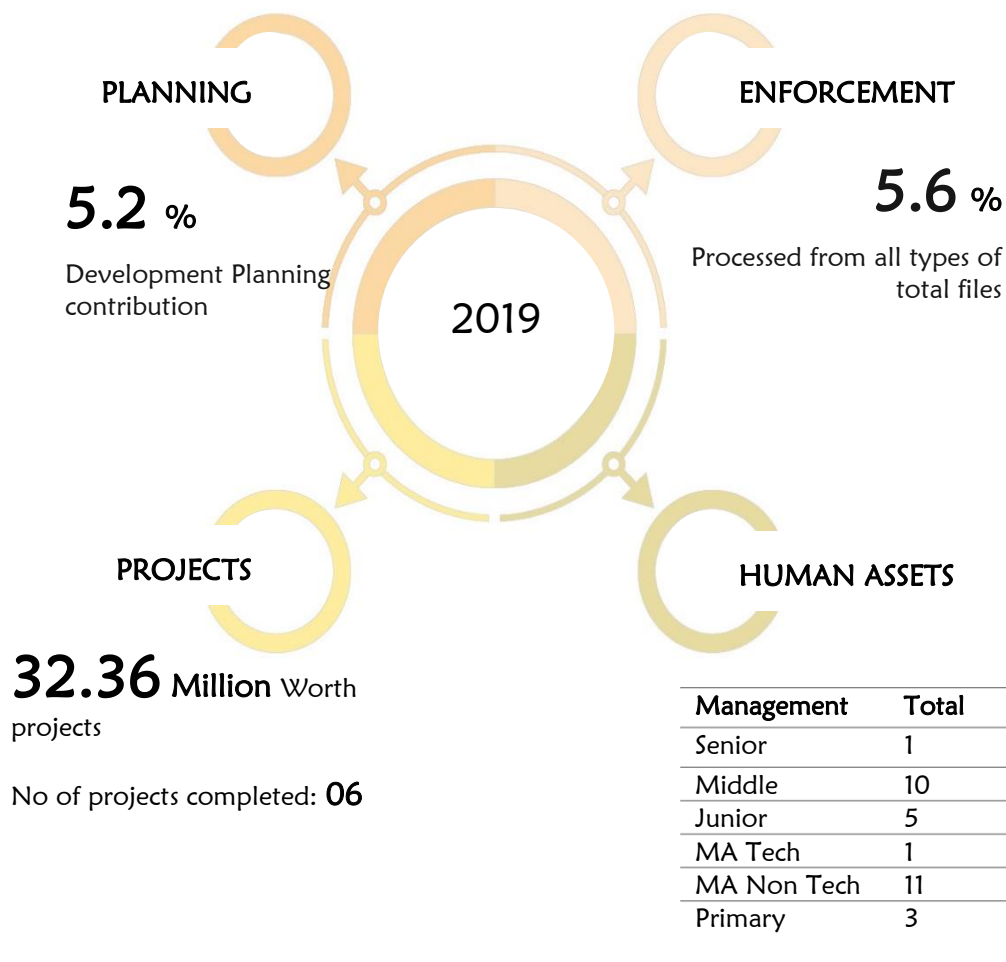
Kalutara District Office

Western Province
326/2,
Galle Road,
Kalutara South.
+94 34 2223595



Key Functions

Spatial Planning
Enforcement Activities
Project Planning & Implementation

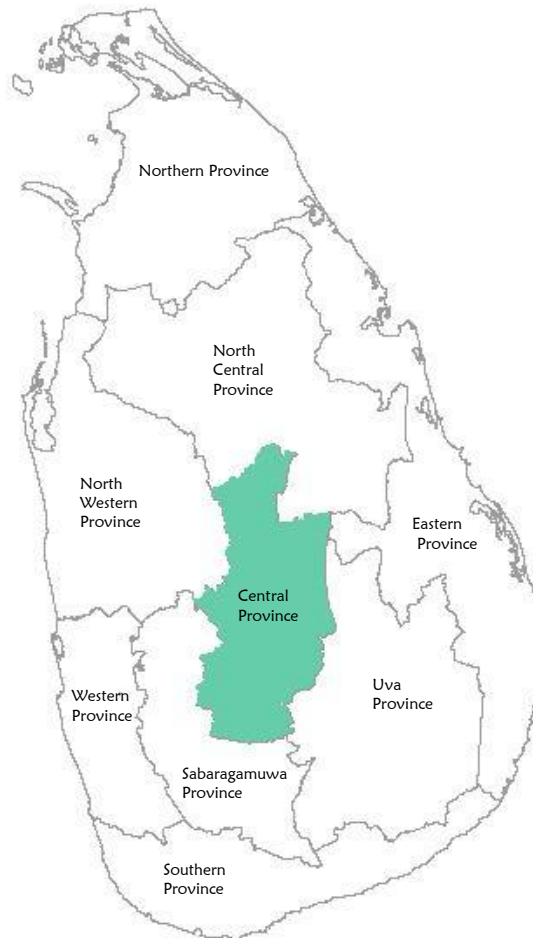


Central Province

Central Province offices

- Kandy Provincial Office
- Nuwara Eliya District Office
 - Matale District Office

“The Main development promotional and regulating body in the central highland is known as the Central Provincial office of Urban Development Authority. There are three offices in the central province and Kandy is the main office which acts as the provincial office of central province. Other than that, Nuwara Eliya district office and Matale district office are also located as the districts offices in the Central Province”



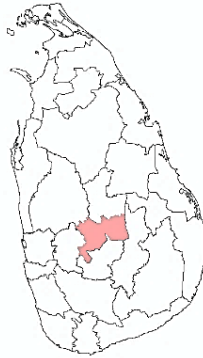


2019 Highlights

Kandy Provincial Office

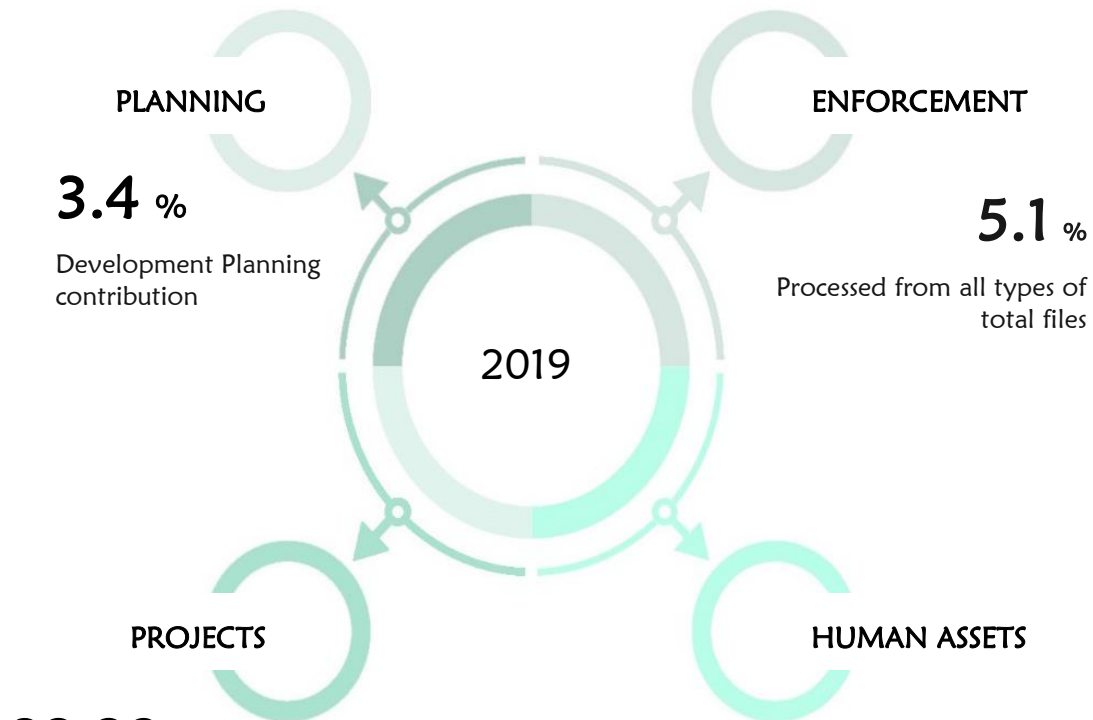
Central Province

No 18,
Keppetipola Mw,
Kandy.
+94 81 2223898



Key Functions

- Spatial Planning
- Enforcement Activities
- Project Planning & Implementation
- Land Management
- Legal Activities
- Human Resource Management



32.29 Million Worth projects started

No of projects started: **04**

No of projects completed: **17**

(13 projects started at year 2018)

Management	Total
Senior	1
Middle	21
Junior	4
MA Tech	9
MA Non-Tech	21
Primary	5



2019 Highlights

Nuwara Eliya District Office

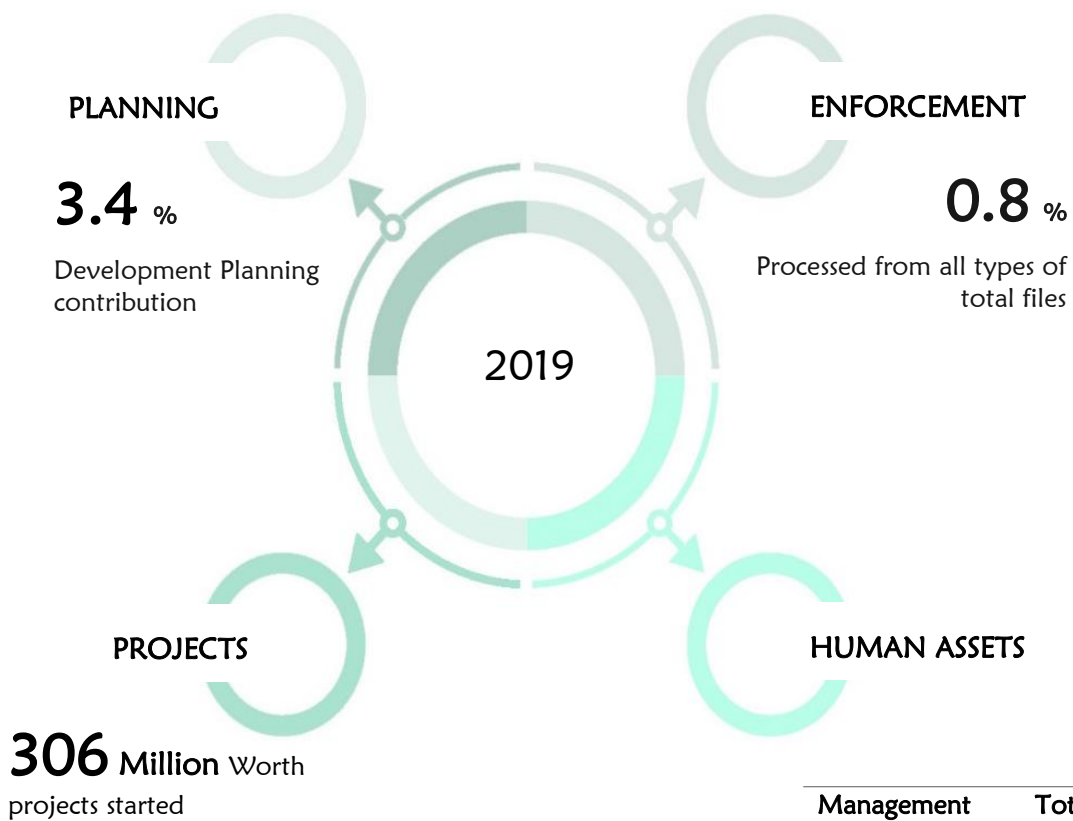
Central Province

2nd Floor,
Queen Elizabeth Plaza,
Nuwara Eliya.
+94 52 2223664



Key Functions

- Spatial Planning
- Enforcement Activities
- Project Planning & Implementation
- Land Management
- Human Resource Management



Management	Total
Senior	1
Middle	3
Junior	2
MA Tech	1
MA Non-Tech	12
Primary	8

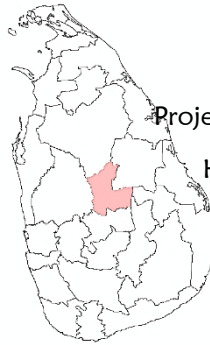


2019 Highlights

Matale District Office

Central Province

3rd floor,
Administrative Complex,
Gamudawa,
Dambulla
+94 66 2283422



Key Functions

- Spatial Planning
- Enforcement Activities
- Project Planning & Implementation
- Human Resource Management

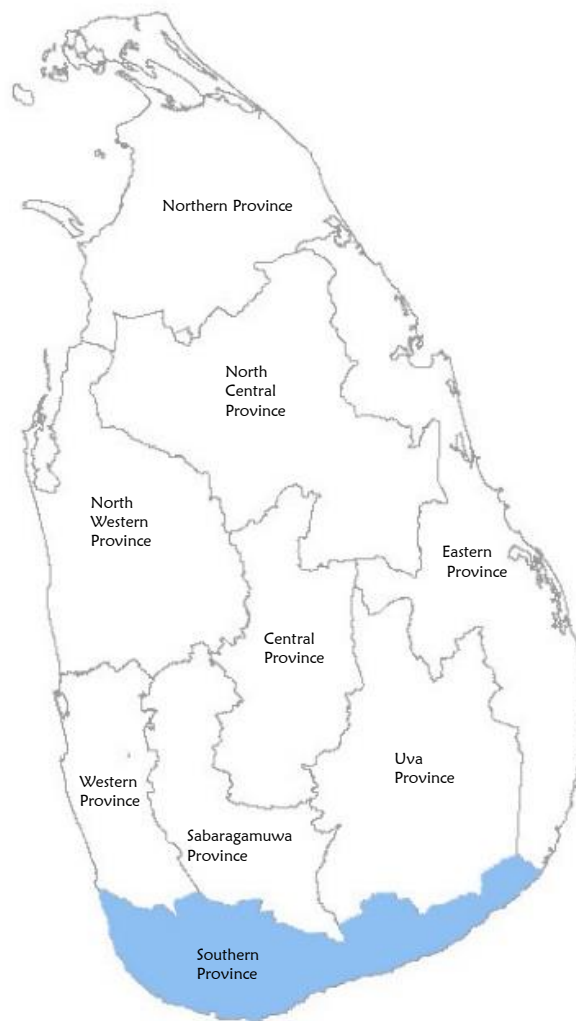


Southern Province

Southern Provincial offices

- Galle Provincial Office
- Matara District Office
- Hambantota District Office

“Main development promotional and Regulating body in down south of Sri Lanka. The Southern Provincial office is located at Galle where other two district offices are located at Matara and Hambantota”





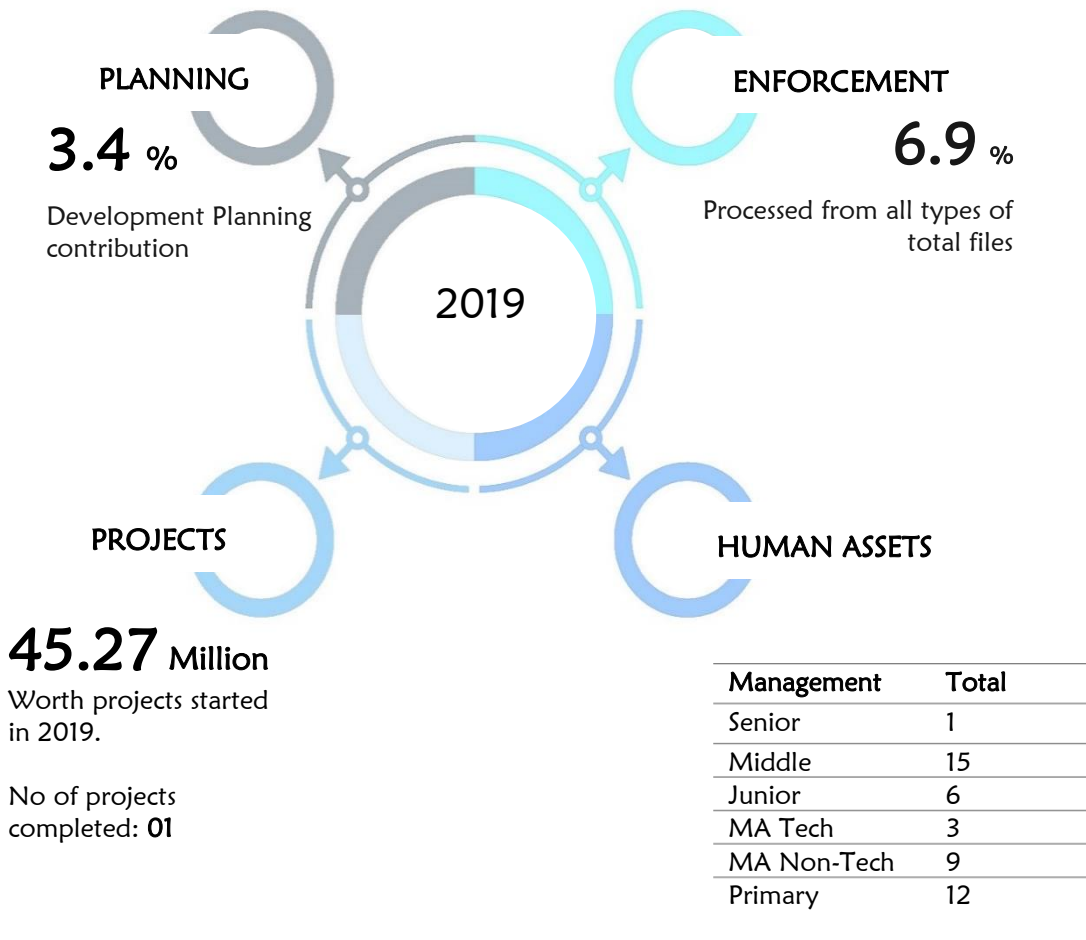
2019 Highlights
Galle
Southern
Provincial Office

48/3,
 Havlock Road,
 Galle.
 +94 91 2247305



Key Functions

- Spatial Planning
- Enforcement Activities
- Project Planning & Implementation
- Legal Activities





2019 Highlights

Matara District Office

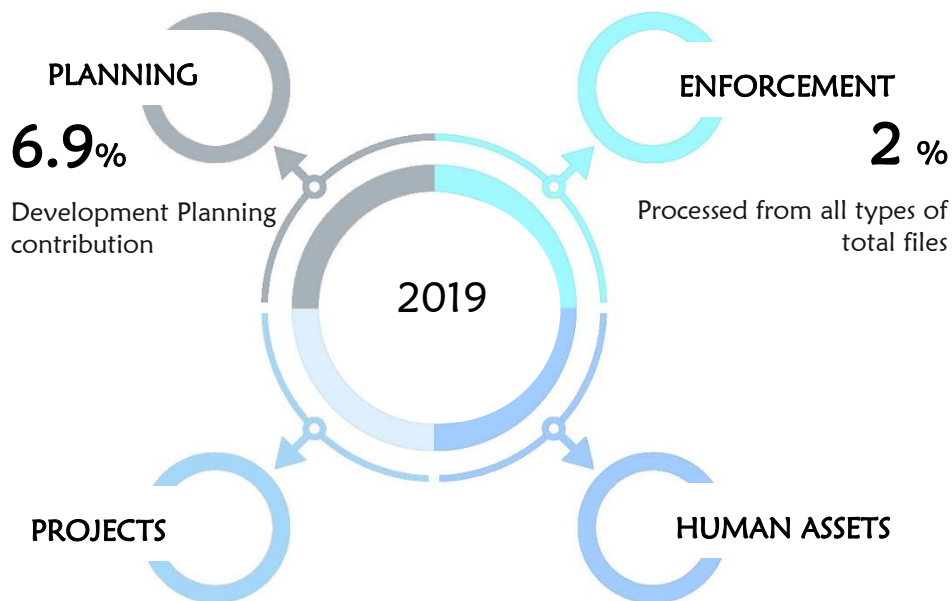
Southern Province

No 71/1,
H.G.P.M Building,
Kotuwegoda,
Matara.
+94 41 2230413



Key Functions

- Spatial Planning
- Enforcement Activities
- Project Planning & Implementation
- Legal Activities



674 Million Worth projects started.

No of projects completed: **5**

Management	Total
Senior	1
Middle	19
Junior	3
MA Tech	4
MA Non Tech	13
Primary	10



2019 Highlights

Hambantota District Office

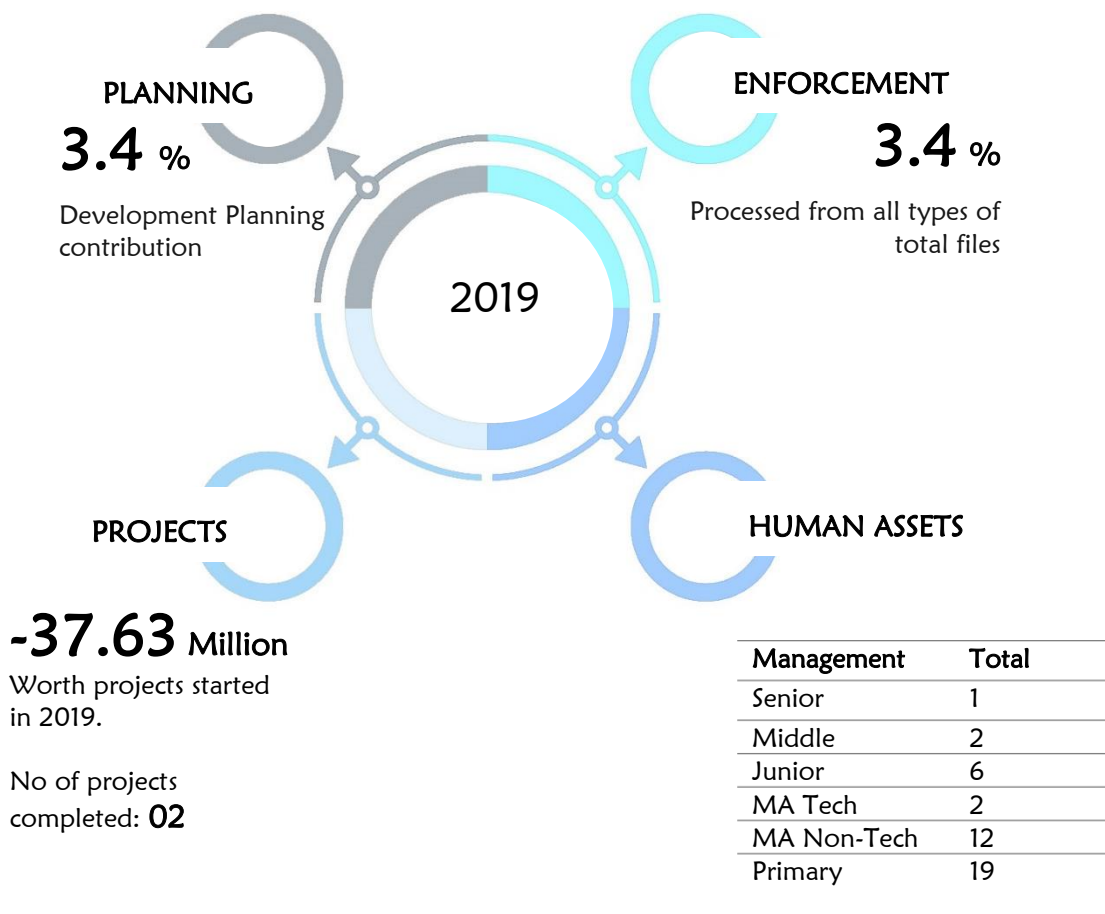
Southern Province

Administrative Complex.
Hambantota
+94 47 2256069



Key Functions

- Spatial Planning
- Enforcement Activities
- Project Planning & Implementation
- Legal Activities



North Central Province

North Central Provincial offices

- Anuradhapura Provincial Office
- Polonnaruwa District Office

“Main development promotional and regulating body at ancient capital of Sri Lanka. The main office is located at Anuradhapura and the other sub office of the North Central Province is located at Polonnaruwa.”

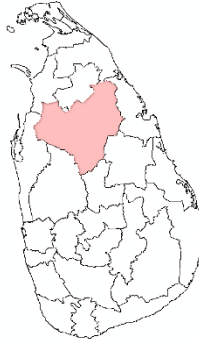




2019 Highlights

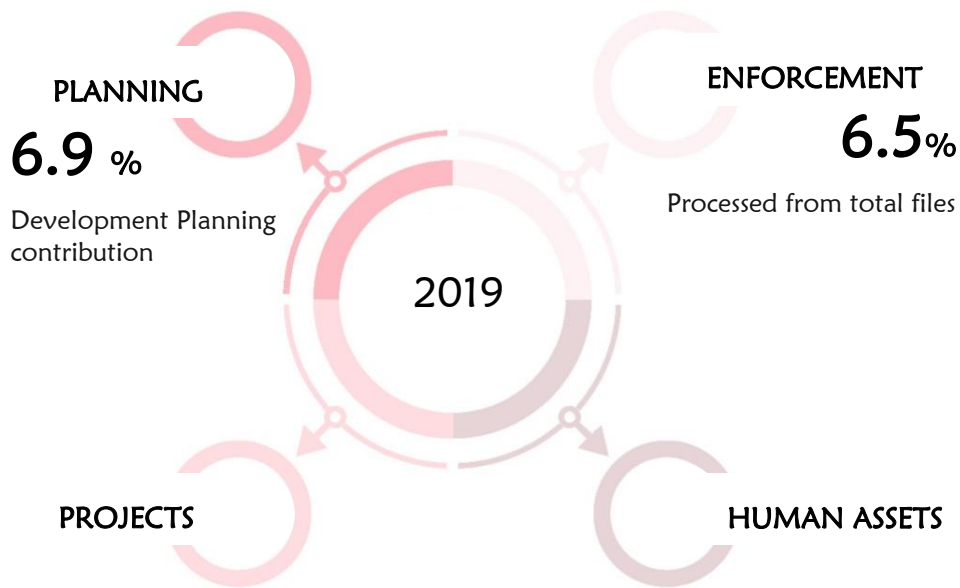
**Anuradhapura
North Central
Provincial Office**

No.527/107,
7th Lane, New Town,
Anuradhapura.
+94 25 3249788



Key Functions

- Spatial Planning
- Enforcement Activities
- Project Planning & Implementation



90.27 Million

Worth projects started in 2019.

No of projects completed: **02**

Management	Total
Senior	1
Middle	6
Junior	2
MA Tech	3
MA Non Tech	15
Primary	5



2019 Highlights

Polonnaruwa

District Office

North Central
Province

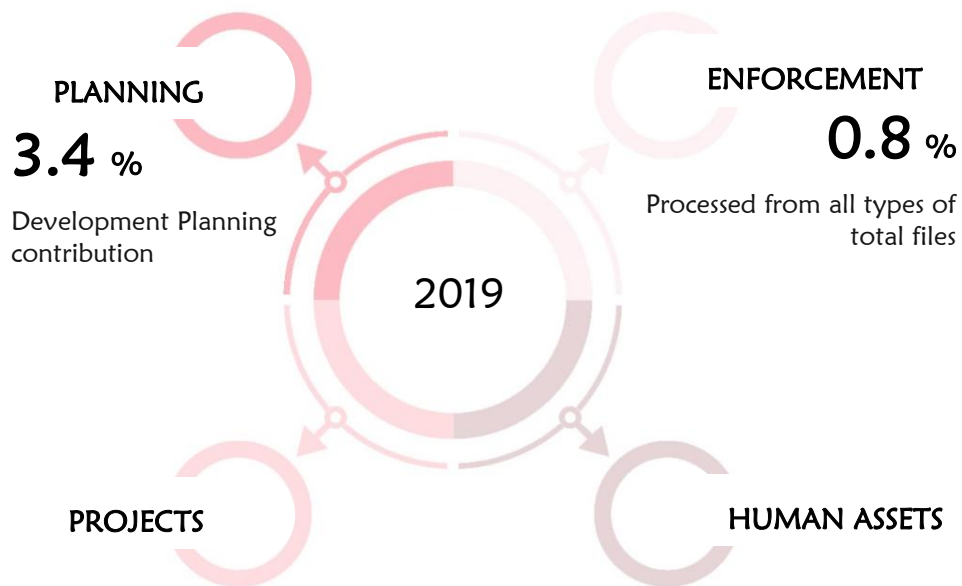
02nd Floor,
New Tourist
Information Center,
Polonnaruwa.

+94 27 2226126



Key Functions

- Spatial Planning
- Enforcement Activities
- Project Planning & Implementation



50 Million Worth projects started in 2019.

No of projects completed: **03**

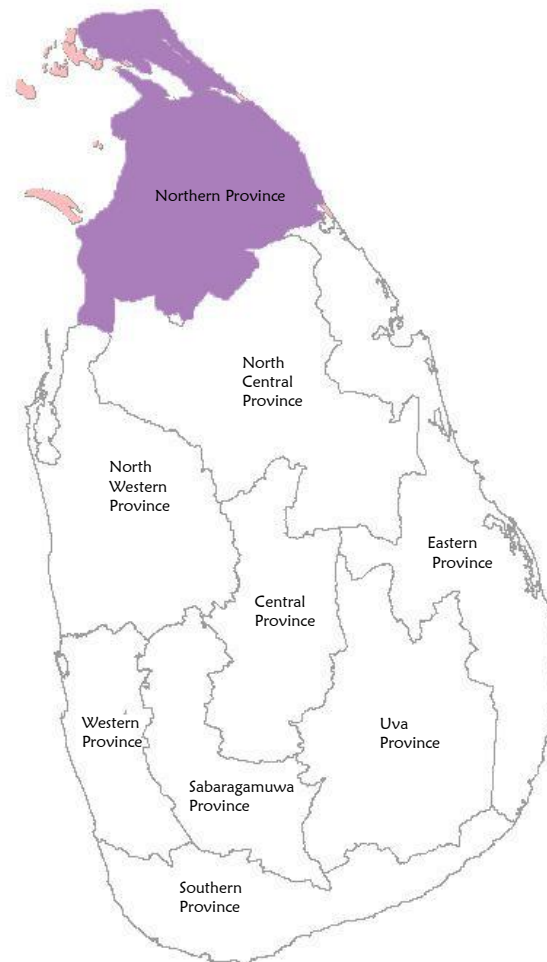
Management	Total
Senior	
Middle	2
Junior	2
MA Tech	4
MA Non Tech	9
Primary	1

Northern Province

Northern Province offices

Jaffna Provincial Office

“Main development promotional and regulating body in Northern Region of Sri Lanka. The Northern Provincial Office of Urban Development Authority handles Jaffna, Kilinochchi, Mulaitivu, Vavuniya and Mannar Districts through one main provincial office which is located at Jaffna”





2019 Highlights

Jaffna

Northern Province

No: 134,
Station Road,
Jaffna.

+94 21 2219519



Key Functions

Spatial Planning

Enforcement Activities

Project Planning & Implementation



0 Million Worth projects started in 2019.

No of projects completed: **-03**

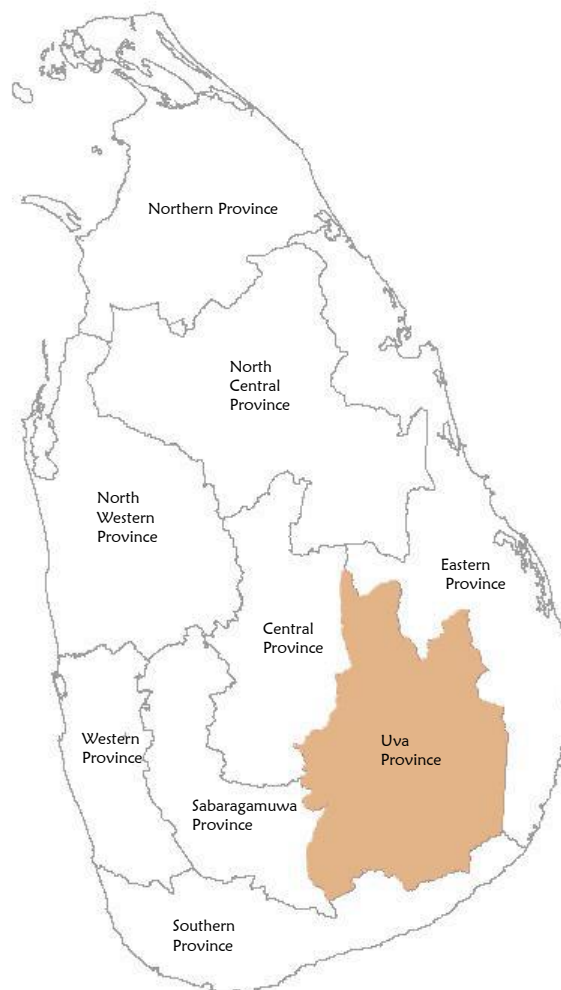
Management	Total
Senior	1
Middle	14
Junior	2
MA Tech	3
MA Non Tech	4
Primary	14

Uva Province

UVA Province offices

- Badulla- Uva Provincial Office
- Monaragala District Office

“Main development promotional and regulating body in UVA Wellassa. The main office of the authority in the Uva Province is located in Badulla and the other sub office is located in Monaragala.”



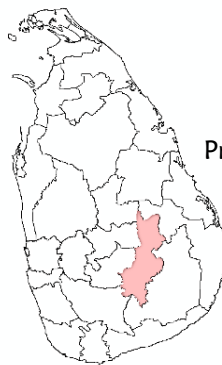


2019 Highlights

Badulla

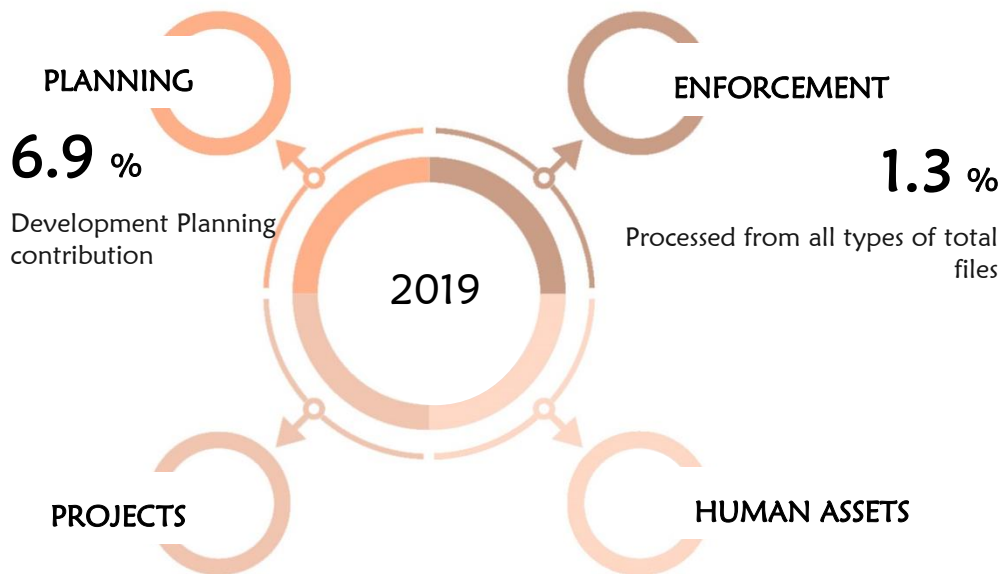
Uva Province
No. 199/24,
Keppetipola Mawatha,
Badulla.

+94 55 2223721



Key Functions

Spatial Planning
Enforcement Activities
Project Planning & Implementation



0 Million Worth projects started in 2019.

No of projects completed:
02

Management	Total
Senior	1
Middle	5
Junior	3
MA Tech	3
MA Non Tech	7
Primary	8



2019 Highlights

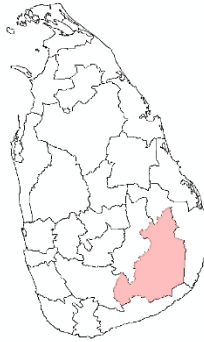
Monaragala District Office

Katharagama Sub Office

Uva Province

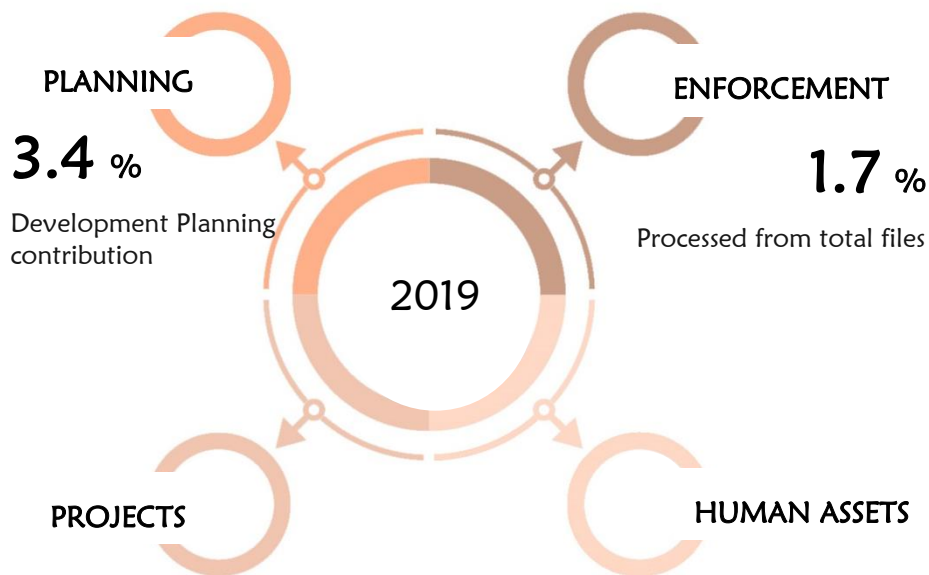
Tissa Road,
Monaragala.
+94 55 2055830

'Sethsiripaya',
Kandasrindugama,
Katharagama.
+94 47 2235343



Key Functions

- Spatial Planning
- Enforcement Activities
- Project Planning & Implementation



74.84 Million Worth projects started.

No of projects completed: **06**

Management	Total
Senior	0
Middle	3
Junior	0
MA Tech	2
MA Non-Tech	14
Primary	12

Sabaragamuwa Province

Sabaragamuwa Province offices

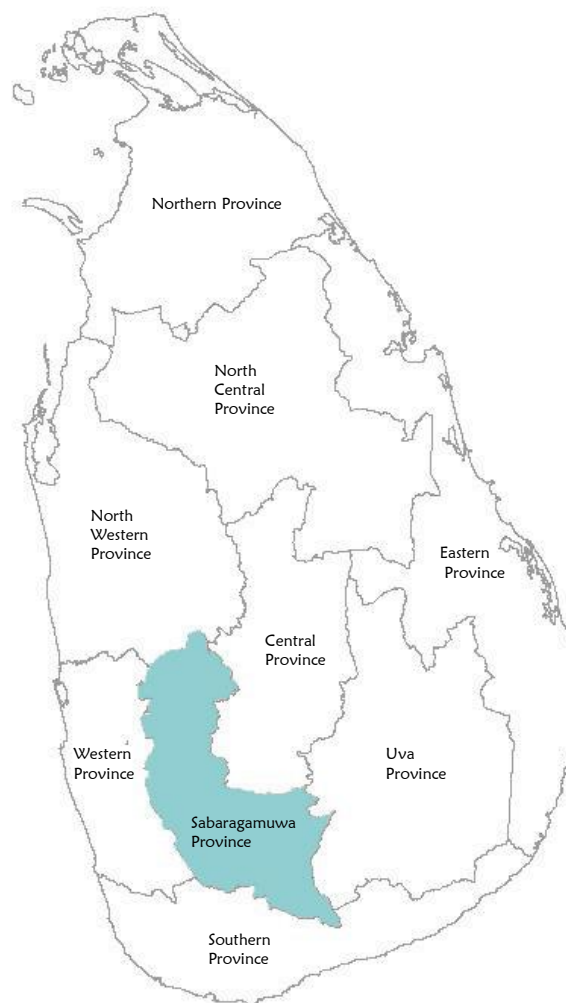
Rathnapura- Sabaragamuwa Provincial Office

Kegalle District Office

“Main development promotional and regulating body in Sabaragamuwa.

There are two Urban Development Authority suboffices located in the Sabaragamuwa Province. The provincial office is located at Rathnapura while

the district office is located at Kegalle”





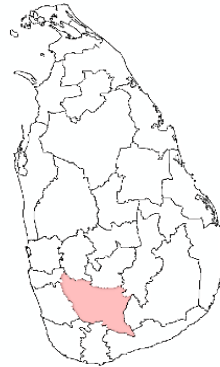
2019 Highlights

Rathnapura Provincial Office

Sabaragamuwa Province

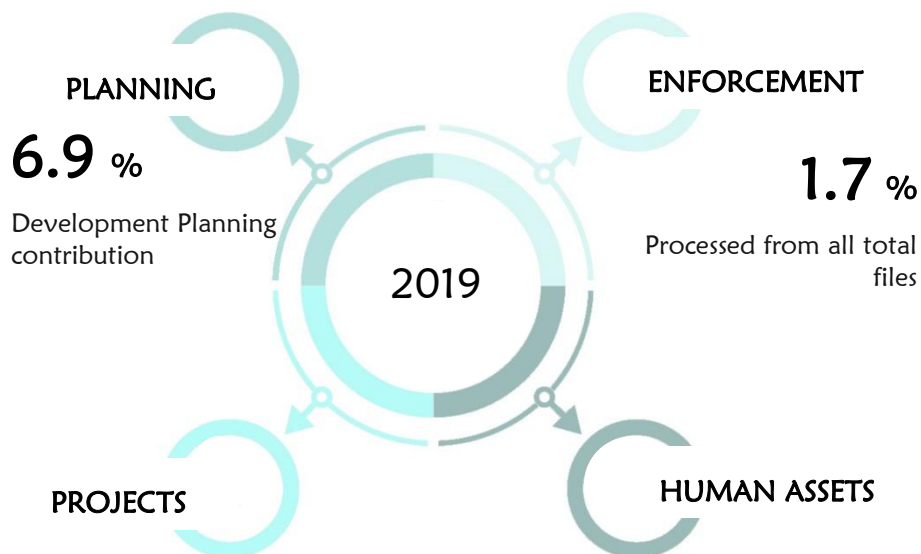
No. 427,
New Town,
Rathnapura

+94 45 2222086



Key Functions

- Spatial Planning
- Enforcement Activities
- Project Planning & Implementation



37.32 Million Worth projects started.

No of projects completed: **07**

Management	Total
Senior	1
Middle	1
Junior	7
MA Tech	3
MA Non Tech	10
Primary	12



2019 Highlights

Kegalle District Office

Sabaragamuwa Province

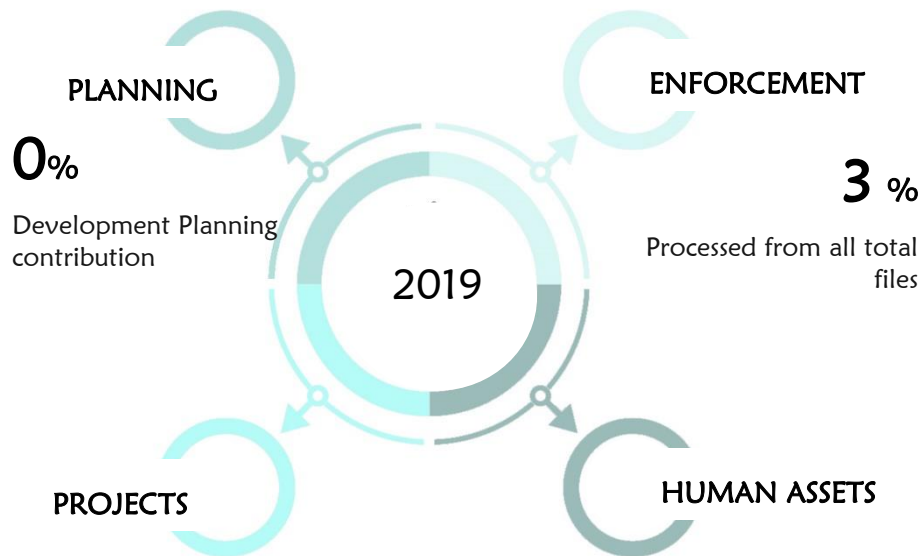
No10/9C,
Rathambalawatta,
Kegalle.

+94 35 2231935



Key Functions

- Spatial Planning
- Enforcement Activities
- Project Planning & Implementation



12.21 Million Worth projects started.

No of projects completed: **02**

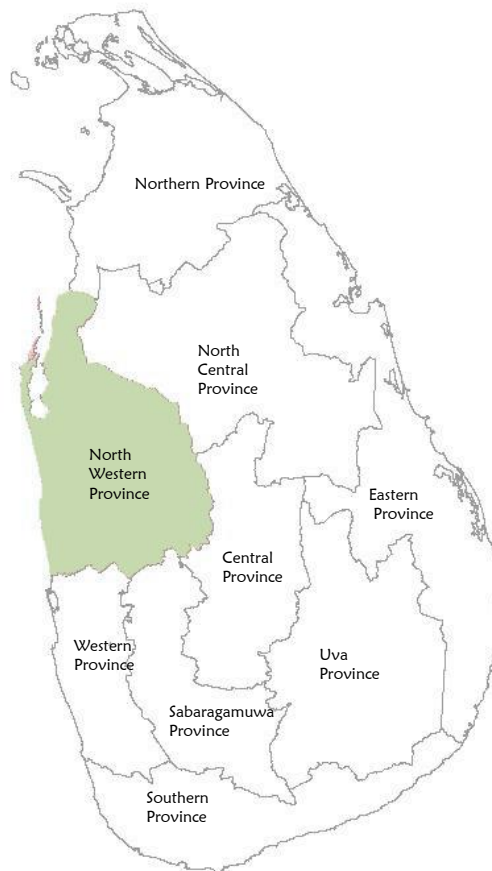
Management	Total
Senior	
Middle	3
Junior	5
MA Tech	2
MA Non Tech	6
Primary	8

North Western Province

North Western Province offices

- Kurunegala- North Western Provincial Office
 - Puttalam District Office

“Main development promotional and regulating body of Urban Development Authority is located in Kurunegala as the North Western Provincial Office. The other office in the province is located in Chillaw which is also known as Puttalam District Office”





2019 Highlights

Kurunegala Provincial Office

North Western Province

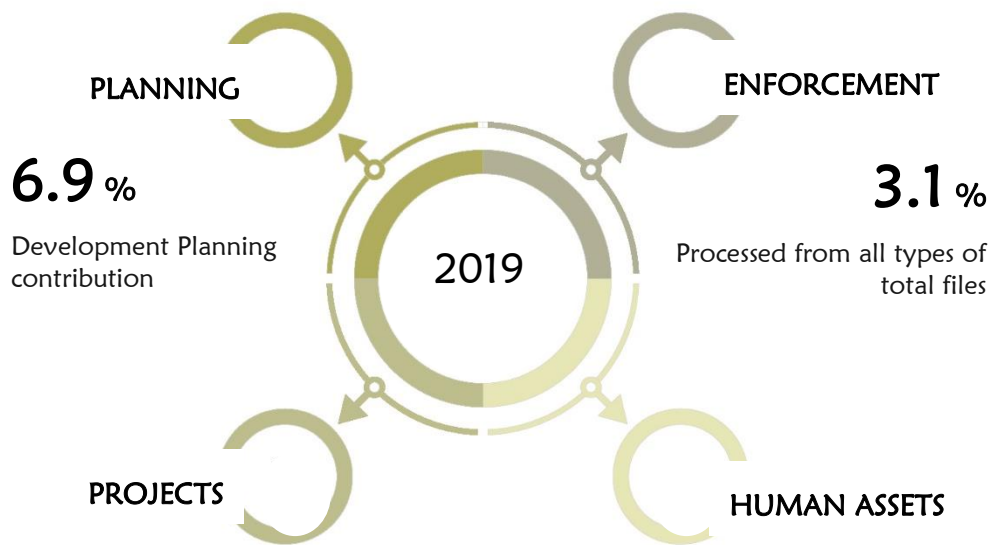
No 310D,
Meegamuwa Road,
Kurunegala

+94 37 2223815



Key Functions

- Spatial Planning
- Enforcement Activities
- Project Planning & Implementation



191.3 Million Worth projects started.

No of projects completed:
03

Management	Total
Senior	1
Middle	15
Junior	7
MA Tech	5
MA Non Tech	12
Primary	11



2019 Highlights

Puttalam District Office

North Western Province

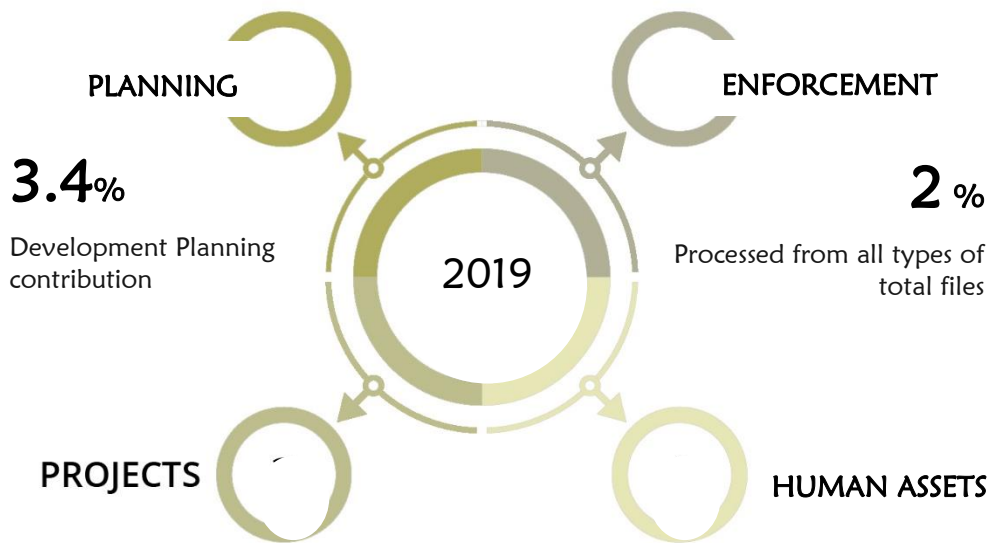
No 90/71,
T M De Silva
Mawatha, Colombo
Road, Chilaw

+94 32 2221173



Key Functions

- Spatial Planning
- Enforcement Activities
- Project Planning & Implementation



12.1 Million Worth projects started.

No of projects completed: **2**

Management	Total
Senior	1
Middle	1
Junior	2
MA Tech	4
MA Non Tech	3
Primary	4

Eastern Province

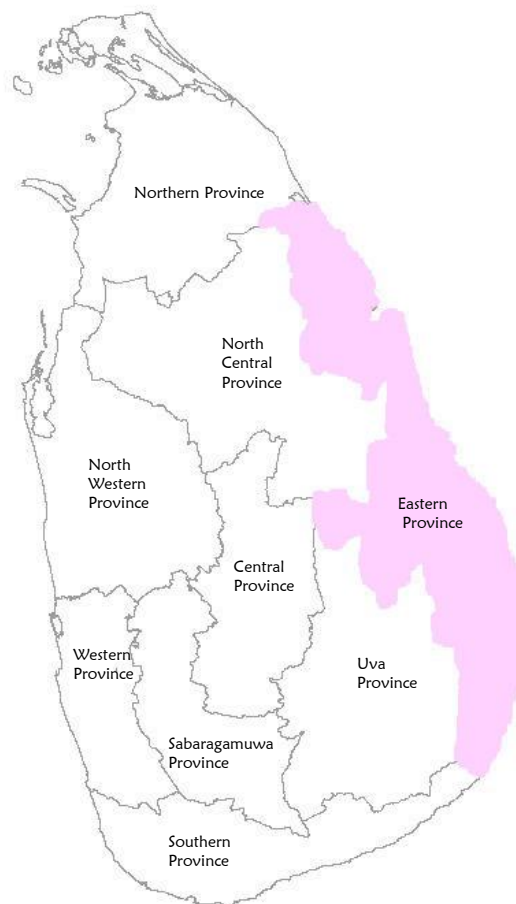
Eastern Province offices

Trincomalee- Eastern Provincial Office

Batticaloa District Office

Ampara District Office

“The Main development promotional and regulating body in Eastern Region of the Country consists of three main offices. The Eastern Provincial office is located at Trincomalee while the two district offices are located at Batticaloa and Ampara. Furthermore, a sub office is located in Kalmune which is performing adjoining the Ampara District Office”





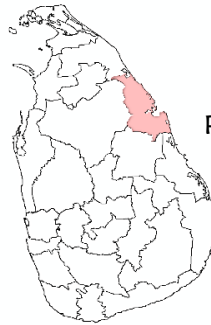
2019 Highlights

Trincomalee

Eastern Province

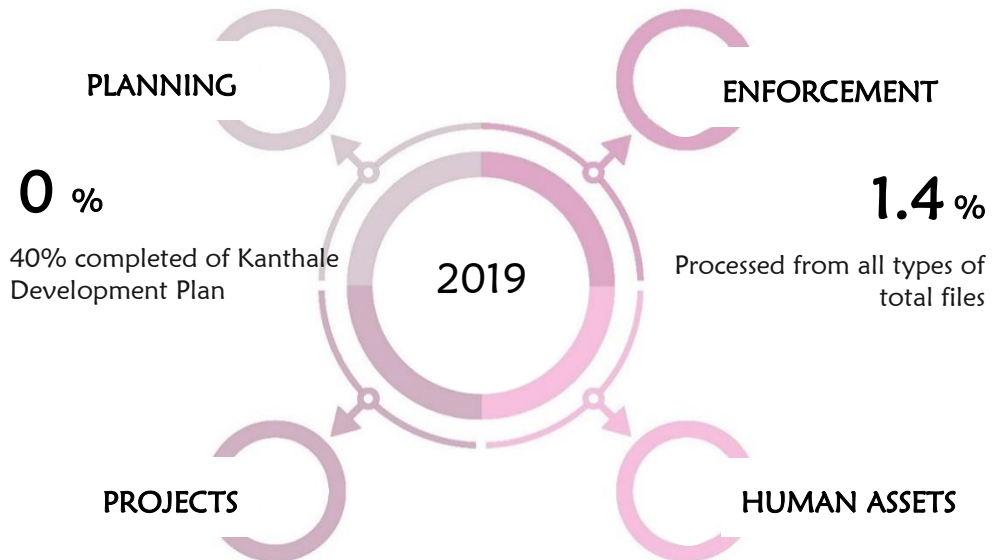
No.56,
Station road,
Trincomalee.

+94 26 2222656



Key Functions

- Spatial Planning
- Enforcement Activities
- Project Planning & Implementation



0 Million Worth projects started.

No of projects completed:
01

Management	Total
Senior	1
Middle	5
Junior	1
MA Tech	1
MA Non Tech	5
Primary	4



2019 Highlights

Batticaloa District Office

Eastern Province

No-15,
Pioneer Road,
Batticaloa.

+94 65 2227673

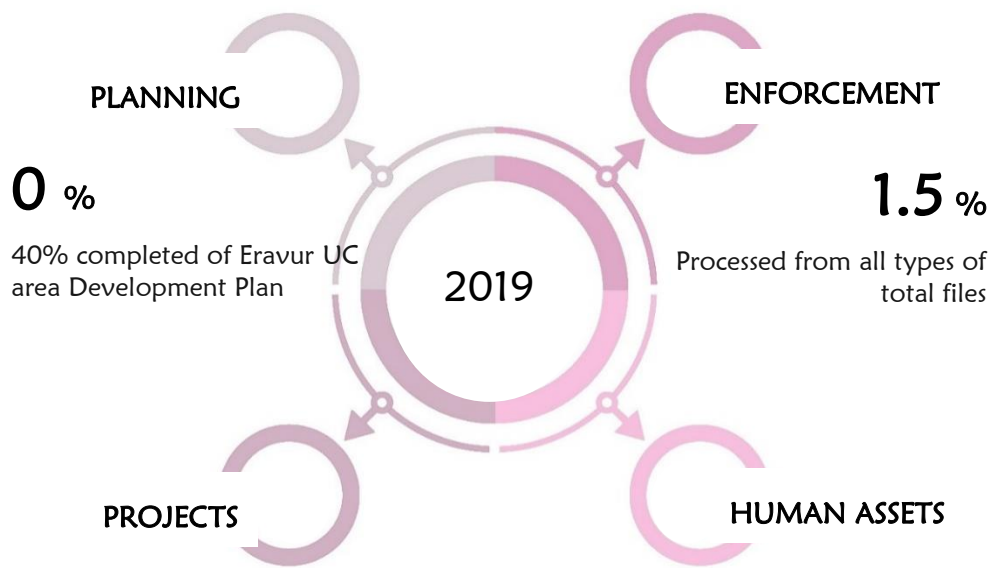


Key Functions

Spatial Planning

Enforcement Activities

Project Planning & Implementation



~ Million Worth projects started.

No of projects completed:
01

Management	Total
Senior	
Middle	5
Junior	
MA Tech	1
MA Non Tech	3
Primary	4

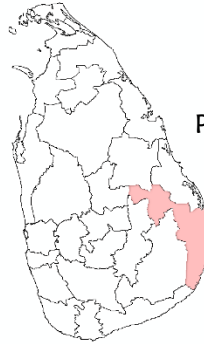


2019 Highlights

Ampara District Office
Kalmunai Sub Office
 Eastern Province

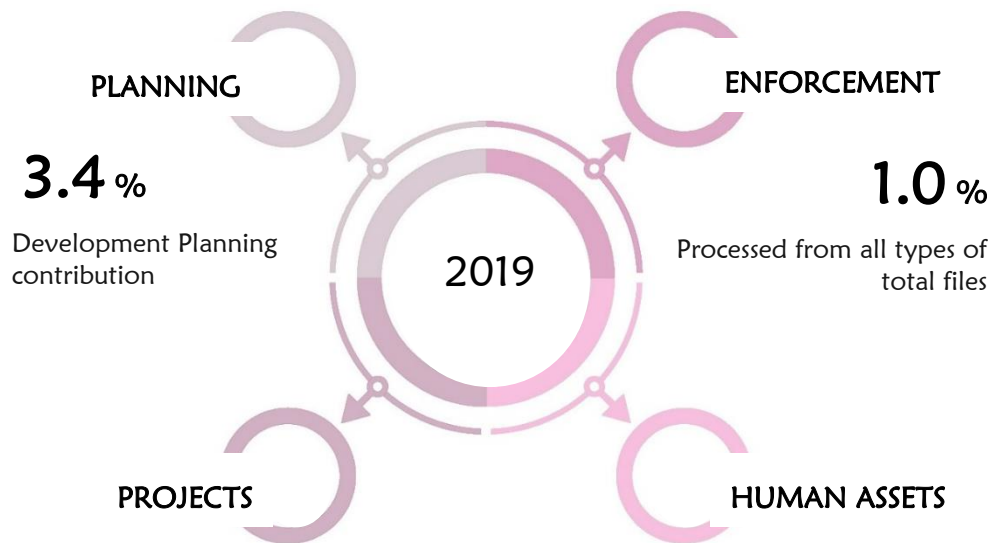
No-110,
 Sri Dharmarathana Mw,
 Ampara.
 +94 63 2222411

Municipal Council
 Premises,
 Kalmunai.
 +94 67 2224250



Key Functions

- Spatial Planning
- Enforcement Activities
- Project Planning & Implementation



~ Million Worth projects started.

No of projects completed: **01**

Management	Total
Senior	-
Middle	5
Junior	5
MA Tech	2
MA Non Tech	13
Primary	10

-----This page intentionally left blank-----



Highlights of the Year

- 3.1. Provincial Office Performance Highlights
- 3.2 Head office divisions Highlights**
 - 3.2.1 Planning Highlights
 - 3.2.2 Project Highlights
 - 3.2.3 Consultancy Highlights
 - 3.2.4 Enforcement Highlights
 - 3.2.5 Social Works & Other Achievements

01



02



03



04



05



06



-----This page intentionally left blank-----

3.2 Highlights of the other divisions of the Head office - 2019

Land Development & Management
Property Portfolio Management &
Recoveries
Strategic Planning
Geographic Information System
Environment & Landscape
Research & Development
Legal
Middle Income Housing/ Urban
Regeneration
HRM & Development
Engineering Service
Internal Audit
Finance Division

Land Development & Management Division

Premia Received on Lands Leased Out - 1.068 Mn	Temporary Rental (Due - 7 Mn) - 58 Mn	Sales Proceeds of Lands Disposed Due - 128 Mn														
Monthly Rental on Build up Premises - 29 Mn	Other Income - 48 Mn	<table border="1"> <thead> <tr> <th>Management level</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Senior</td> <td>1</td> </tr> <tr> <td>Middle</td> <td>13</td> </tr> <tr> <td>Junior</td> <td>4</td> </tr> <tr> <td>MA Tech</td> <td>5</td> </tr> <tr> <td>MA Non Tech</td> <td>1</td> </tr> <tr> <td>Primary</td> <td>1</td> </tr> </tbody> </table>	Management level	Total	Senior	1	Middle	13	Junior	4	MA Tech	5	MA Non Tech	1	Primary	1
Management level	Total															
Senior	1															
Middle	13															
Junior	4															
MA Tech	5															
MA Non Tech	1															
Primary	1															

Property Portfolio Management & Recoveries

Monthly Rent (Due – 542 Mn) - 505 Mn	Fee for Use (Due - 7 Mn) - 5 Mn	Service charge (Due – 123 Mn) - 121 Mn														
Lease Rent (Due – 35 Mn) - 33 Mn	Differed Lease (Due – 374 Mn) - 374 Mn	Interest (Due – 0.7 Mn) - 127 Mn														
Ground Rent (Due – 1 Mn) 79 Mn	<table border="1"> <thead> <tr> <th>Management level</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Senior</td> <td>1</td> </tr> <tr> <td>Middle</td> <td>5</td> </tr> <tr> <td>Junior</td> <td>5</td> </tr> <tr> <td>MA Tech</td> <td>2</td> </tr> <tr> <td>MA Non Tech</td> <td>12</td> </tr> <tr> <td>Primary</td> <td>7</td> </tr> </tbody> </table>	Management level	Total	Senior	1	Middle	5	Junior	5	MA Tech	2	MA Non Tech	12	Primary	7	
Management level	Total															
Senior	1															
Middle	5															
Junior	5															
MA Tech	2															
MA Non Tech	12															
Primary	7															

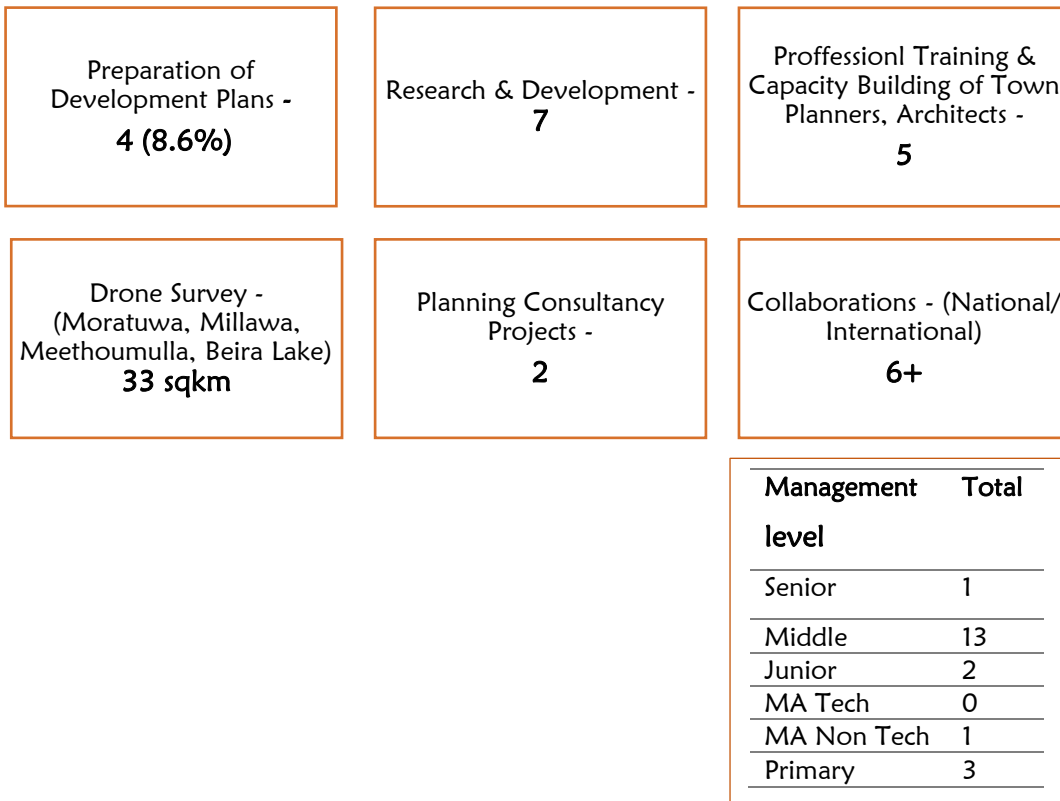
Strategic Planning Division

Declaration of Urban Development areas - 2	Conducting Training Programmes - 3	Gazetting of Development Plans - 29														
Conducting main Plan Committee - 24		<table border="1"> <thead> <tr> <th>Management level</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Senior</td> <td>1</td> </tr> <tr> <td>Middle</td> <td>13</td> </tr> <tr> <td>Junior</td> <td>4</td> </tr> <tr> <td>MA Tech</td> <td>5</td> </tr> <tr> <td>MA Non Tech</td> <td>1</td> </tr> <tr> <td>Primary</td> <td>1</td> </tr> </tbody> </table>	Management level	Total	Senior	1	Middle	13	Junior	4	MA Tech	5	MA Non Tech	1	Primary	1
Management level	Total															
Senior	1															
Middle	13															
Junior	4															
MA Tech	5															
MA Non Tech	1															
Primary	1															

Geographic Information System Division

Rearranging & updating of required spatial data for plans - 29	Preparation of maps using spatial data - 700	Collecting & purchasing of Spatial Data - 37																
Income generation through GIS services - 1.8 Mn		<table border="1"> <thead> <tr> <th>Management level</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Senior</td> <td>1</td> </tr> <tr> <td>Middle</td> <td>11</td> </tr> <tr> <td>Junior</td> <td>14</td> </tr> <tr> <td>MA Tech</td> <td>2</td> </tr> <tr> <td>MA Non Tech</td> <td>3</td> </tr> <tr> <td>Tech</td> <td></td> </tr> <tr> <td>Primary</td> <td>15</td> </tr> </tbody> </table>	Management level	Total	Senior	1	Middle	11	Junior	14	MA Tech	2	MA Non Tech	3	Tech		Primary	15
Management level	Total																	
Senior	1																	
Middle	11																	
Junior	14																	
MA Tech	2																	
MA Non Tech	3																	
Tech																		
Primary	15																	

Research & Development Division



Environment & Landscape Division

Contributing to eco-friendly city planning aimed at sustainable development and becoming a leader in urban landscaping through the landscape design created by it.

Conservation Plans, Landscape Plans, Public Outdoor Recreation Space Plans (PORS) - **28**

Management level	Total
Senior	2
Middle	5
Junior	13
MA Tech	6
MA Non Tech	4
Primary	4

Legal Division

Handling legal matters

Drafting and preparing legal documents / policies / regulations

Advising management in corporate affairs

Provide legal advice on project facilitation

<p style="text-align: center;">Court Cases 64 Supreme court - 10 Court of Appeal - 10 High Court - 4 Court of Civil appeal - 1 District Court - 6 magistrate court - 33</p>
--

<p>Agreements - 375</p>

Management level	Total
Senior	1
Middle	14
Junior	2
MA Tech	
MA Non Tech	16
Primary	3

Internal Audit Division

<p>Audit Reports 44</p>

<p>Investigations 12</p>

<p>Special Assignments 66</p>
--

Management level	Total
Senior	2
Middle	4
Junior	5
MA Tech	
MA Non Tech	1
Primary	3

Housing Division

- Urban Regeneration Project (URP)
- Middle Income Housing Project

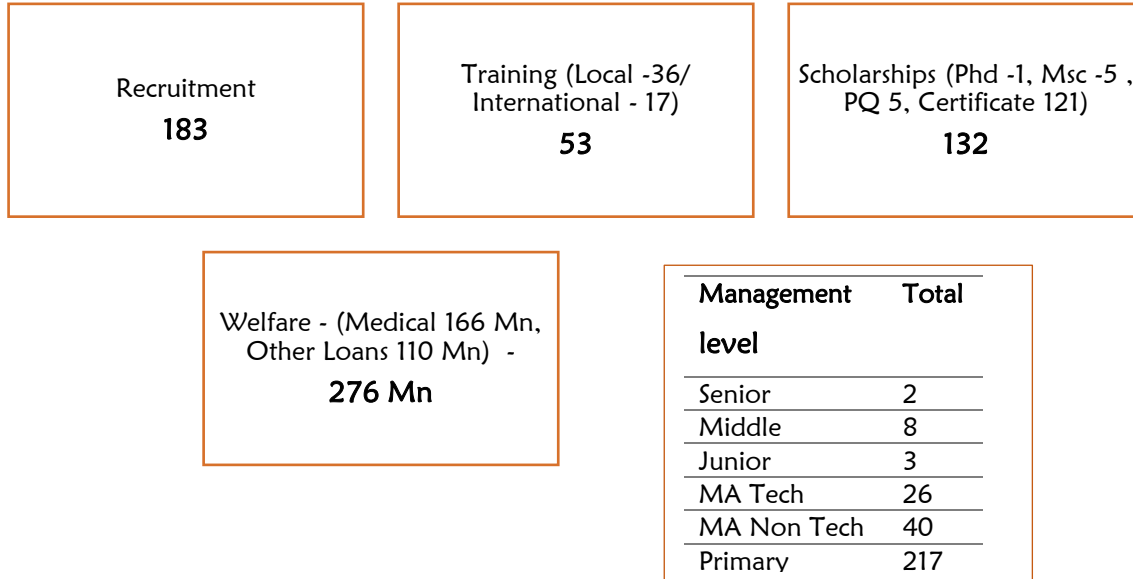
“To eliminate slums, shanties and other dilapidated housing from the city of Colombo by relocating dwellers in modern houses and liberated lands to be utilized for commercial and mix development.”

Housing Project	Location	Housing Units	Date of Commenced	Date of Opening	No. of Units
Lakshiru Sewana	Maligawatta	576	Aug 2011	28.06.2017 12.02.2019	192 384
Siyapath Sewana	Dematagoda	703	July 2014	10.05.2018 22.01.2019	437 266
Sathhiru Sevana	Henamulla	672	Sep 2014	20.02.2019	672
Sanhinda Sevana	Kolonnawa	120	Aug 2011	12.04.2019	120
Mihijaya Sevana	Henamulla	1,647	July 2014	03.09.2019.	1,647
Helamuthu Sevana	Henamulla	1,076	Oct 2014	13.09.2019.	1,076
Ranmithu Uyana	Henamulla	576	Sep 2014	13.09.2019	576
Total units in 2019					4,741

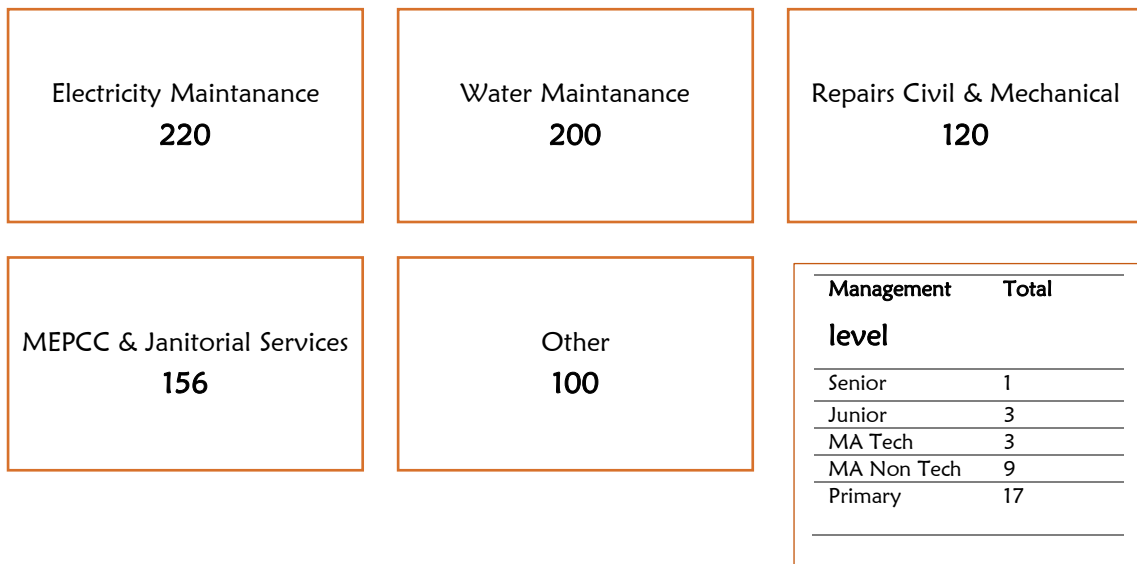


Management level	Total		Total
Senior	4	MA Tech	29
Middle	21	MA Non-Tech	46
Junior	21	Primary	34

Human Resource Management & Development



Engineering Service Division



Finance Division

Finance Division of the UDA has been enhanced the scope of the financial activities as well as tend to be focused new financial era.

- Preparation of Strategic Cooperate Intent (SCI) which is an emerging tool used as a policy instrument to boost overall performance of State Owned Enterprises (SOEs) focusing on enhancement of the operational, financial and quality of service delivery within an agreed period in line with the macroeconomic policy framework. It is submitted to the General Treasury and obtained acceptance.
- A team has been appointed with the participation of Finance, Audit, Land and PPM divisional staff to check around 250 Nos. of files in order to clear Rs.698 Mn minus balances that appeared in the Differed Lease Rent account from 1979 to 2016 to addressed to the Audit observation made by the National Audit Office and completed the task.
- Completion of back log of preparation of Bank Reconciliation in the MIS System with the new system transition.
- Initiate a new unit within the Finance Division as Provincial Reporting and Subsidiaries unit for monitoring UDA Sub Offices and Subsidiaries in an effective manner.
- Assist in the preparation of Steering Goal 4 of the Strategic Plan 2018-2022 of the UDA
- Make foundation to the Modified Cost Center Mechanism and carryout awareness sessions while cooperating with Head Office Divisions and the Sub offices.
- Submission of Financial Statements and other statutory reports to the respective institutions on due dates.

No of Payment vouchers process during the year - No
15,746

Interest Income on Excess Funds Utilization
1,917 Mn

Project Disbursement (Treasury Funds)
720 Mn

Project Disbursement (UDA Funds)
URP Projects – **4,167 Mn**
Compensation – **507 Mn**
Middle Income Housing Projects – **1,131 Mn**
Other Projects – **2,696 Mn**

Management level	Total
Senior	2
Middle	7
Junior	6
MA Tech	20
MA Non Tech	27
Primary	11



Highlights of the Year

- 3.1 Provincial Office Performance Highlights
- 3.2 Head office divisions Highlights
 - 3.2.1 Planning Highlights**
 - 3.2.2 Project Highlights
 - 3.2.3 Consultancy Highlights
 - 3.2.4 Enforcement Highlights
 - 3.2.5 Social Works & Other Achievements

01



02



03



04



05



06



-----This page intentionally left blank-----

3.2.1 Planning Highlights - 2019

- Winning the award “**The Planner of the year**” at the World Property and Investment Show
- Gazeted 29 Development Plans

	Name of the Development Plan	Province	Covered Area	Gazette Date in 2019	Gazette No
1	Hambantota MC Plan	Southern Province	Hambantota MC	6-Aug	2135/30
2	Hakmana PS Plan		Hakmana PS Area (Part)	6-Aug	2135/22
3	Weligama UC Plan		Weligama UC	6-Aug	2135/24
4	Greater Galle Development Plan		Galle MC Area, Akmeemana PS Area (Part), Bope Poddala PS Area Part), Habaraduwa PS Area Part)	28-Jun	2148/ 50
5	Rathnapura Development Plan	Sabaragamuwa Province	Rathnapura MC Area (Part)	28-Jun	2129/95
6	Embilipitiya PS Plan		Embilipitiya PS Area (Part), Embilipitiya UC Area	28-Jun	2148/54
7	Anuradhapura Urban Area Development Plan	North Central Province	Anuradhapura MC Area, Nuwaragam Palatha Central PS Area (Part), Nuwaragam Palatha East PS Area (Part)	28-Jun	2148/53
8	Mihinthale PS Plan		Mihinthale PS Area (Part)	6-Sep	2139/66
9	Polonnaruwa development Plan		Polonnaruwa MC Area Polonnaruwa PS Area (Part)	28-Jun	2148/51
10	Kurunegala MC Plan	North Western Province	Kurunegala MC Area Kurunegala PS Area	28-Jun	2148/56
11	Maho PS Plan		Maho PS Area (Part)	28-Jun	2148/57
12	Kalpitiya PS Plan		Kalpitiya PS Area	28-Jun	2129/96
13	Ninthavur PS Plan	Eastern Province	Ninthavur PS Area	6-Sep	2139/65
14	Kandy MC Plan	Central Province	Kandy MC Area	28-Jun	2148/52
15	Nuwara Eliya MC Plan		Nuwara-Eliya MC Area, Nuwara-Eliya PS Area (Part)	6-Aug	2135/27
16	Badulla MC Plan	Uva Province	Badulla MC Area	6-Sep	2139/67
17	Ella PS Plan		Ella PS Area (Part)	6-Sep	2139/68
18	Kataragama PS Plan		Kataragama PS Area	6-Sep	2139/64
19	Mannar Plan	Jaffna Province	Mannar UC Area Mannar PS Area	28-Jun	2129/96
20	Homagama PS Plan	Western Province	Homagama PS Area	6-Aug	2135/25

	Name of the Development Plan	Province	Covered Area	Gazette Date in 2019	Gazette No
21	Seethawaka PS plan		Seethawaka PS Area	6-Aug	2135/28
22	Capital City Development Plan		Sri Jayawardhanapura Kotte MC, Maharagama UC, Kaduwela MC, Kotikawatta Mulleriyawa PS Area	28-Jun	2148/55
23	Colombo Commercial city DP		Kolonnawa UC Wattala- Mabola UC Peliyagoda UC Borelasgamuwa UC Colombo MC Dehiwala – Mt. Lavinia MC Wattala PS Area (part) Kelaniya PS Area (part)	28-Jun	2148/55
24	Moratuwa MC Plan		Moratuwa MC Area	28-Jun	2129/94
25	Negombo MC Plan		Negombo MC Area	6 -Aug	2135/23
26	Biyagama PS Plan		Biyagama PS Area	6 -Aug	2135/26
27	Kelaniya PS Plan		Kelaniya PS Area	6 -Aug	2135/29
28	Kalutara Development Plan		Kalutara PS Area, Kalutara UC Area	28 -Jun	2129/94
29	Beruwala Development Plan		Beruwala UC Area, Beruwala PS Area	28 -Jun	2129/94

-----This page intentionally left blank-----

Highlights of the Year

3.1 Provincial Office Performance Highlights

3.2 Head office divisions Highlights

3.2.1 Planning Highlights

3.2.2 Project Highlights

3.2.3 Consultancy Highlights

3.2.4 Enforcement Highlights

3.2.5 Social Works & Other Achievements

01



02



03



04



05



06



-----This page intentionally left blank-----

3.2.2 Projects Highlights - 2019

The projects implemented by the Urban Development Authority in 2019 were carried out by the two divisions functioning under the Deputy Director General (Projects) and the Deputy Director General (Consultancy). The Project Management Division, Project Consultancy Services Division, Engineering Services Division and Environment and Landscaping Division have contributed to the implementation of these projects under the above two divisions.

Project Management Division - Western Region (R1)

Treasury Funded Projects

1. Construction of overflow Bus Park, access road, drainage improvement and linear park at Multi Modal Transport Centre at Makumbura(MMTC)

The Makumbura Interchange Township is strategically located within Maharagama UC area, along High Level Road 300 meters to the west of Kottawa Interchange on the OCH, Since there is no proper township within reasonable distance to cater to Kottawa Interchange, the Makumbura Interchange Township is one of the important action projects that have been identified in the Maharagama Urban Development plan which was Gazetted in the year 2008.

Considering the above, UDA has identified about 21 acres of land for the above project and out of that, about 1.6 ha. of land was allocated to the Multi Modal Centre (MMC) and related activities, roads and drains etc. The JICA provided funds for the project through the 3K Township Development project.

To facilitate the above project, an overflow Bus Park, access road, drainage improvement and linear park constructed for people.

- Location – Makumbura
- Cost – Rs. 105 Mn
- Fund Source – Treasury
- Project partners/Parties - SLLDC
- Start Date – 01.07.2017
- End Date – 30.03.2019



2. Design and construction of multi storied car park at Maharagama town

Location – Maharagama

Cost – Rs. 68.9 Million

Fund Source – Treasury (Sukitha Purawara)

Project partners/Parties - CECB

Start Date – 30.04.2018

End Date – 31.03.2019

Description - The building consisting G+ 4 floors. All floors parking requirement of Maharagama town center



3. Construction of Pedestrian Walkway towards Piliyandala bus stand

Location – Piliyandala

Cost – Rs. 21.0 Million

Fund Source – Treasury (Sukitha Purawara)

Project partners/Parties – Sameera Construction (Contractor)

Start Date – 26.07.2018

End Date – 26.01.2019

Description - Upgraded the existing underutilized canal system through a walkway and this walkway will be used to get easy access from the Town center to the bus stand.



4. Fort Pedestrian walkway development project (Lake House at Utharananda Mawatha)

Location – Fort

Cost – Rs.14 Mn

Fund Source – Treasury

Project partners/Parties – Mode Engineering

Start Date – 09.07.2019

End Date – 18.03.2020

Description - Facilitating pedestrians for an easy walkway connecting D.R Wijewardhana Mawatha and Olcott Mawatha



5. Urban park at Homagama

Location – Homagama

Cost – Rs.18 Million

Fund Source – Treasury

Project partners/Parties – CTB (Homagama)

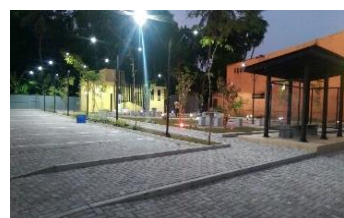
SMS Holdings (Contractor)

Start Date - 02.02.2018

End Date – 31.01.2019

Description -

This green area comprises with car parking facilities, toilet facilities and with a resting space



6. Moratuwa town development (Weerapuran Appu Park)

Location – Moratuwa

Cost – Rs. 112 Million

Fund Source – Treasury (Sukitha Purawara)

Project partners/Parties – Moratuwa Municipal Council,

Singha Ruwan Construction (Contractor)

Start Date – 14.01.2019

End Date – 13.03.2020

Description – Provide urban park for public with children's play area with car park & other public facilities to uplift their life.



7. Multipurpose building at Boralesgamuwa – Phase I (Piling Work)

Location – Boralesgamuwa

Cost – Rs. 69 Million

Fund Source – Treasury

Project partners/Parties – Sierra Piling (Contractor)

Start Date – 22.10.2019

End Date – 09.01.2021

Description -

Handing over a G+4 multi-purpose building to Boralesgamuwa UC with public facilities.



8. Development of Kotte Rajamaha Viharaya premises

Location – Kotte

Cost – Rs. 22 Million

Fund Source – UDA Funds

Project partners/Parties – SMS Holdings (Contractor)

Start Date – 22.07.2019

End Date – 31.01.2020

Description - Upgrading facilities for pilgrims and provide essential infrastructure facilities to the temple



9. Proposed access road and walkway development around Diyatha area

Location – Kotte

Cost – Rs. 80 Million

Fund Source – Treasury (Sukitha Purawara)

Project partners/Parties – Sameera Construction

Start Date – 31.03.2018

End Date – 31.03.2019

Description - To provide an access road by utilizing underutilized lands along either side of “Diyawanna Oya”, To provide direct Access to “Railway restaurant”/”Diyatha Station” from Buthgamuwa side, To upgrade infrastructure for the lands proposed for “Theme Park” by calling RFPS by UDA.



10. Design and construction of commercial space between railway station and bus stand at Kaluthara – stage III

Location – Palathota

Cost – Rs. 18 Mn

Fund Source – Treasury (Sukitha Purawara)

Project partners/Parties - SLLDC

Start Date – 30.11.2017

End Date – 14.06.2019

Description – Construction of quarters at Palathota to relocate existing quarters of the postal department



Project Management and Implementation Highlights

2019

Project Management and Implementation
Western province

11. Design and construction of multipurpose hall at Egal Oya - Bulathsinghala – stage III

Location – Bulathsinghala

Cost – Rs. 58 Million

Fund Source – Treasury (Sukitha Purawara)

Project partners/Parties - CECB

Start Date – 30.04.2018

End Date – 31.01.2019

Description -

This will be used as an economic center in the area as it provides spaces for the public fair with improved infrastructure facilities.



12. Design and construction of proposed bus stand at Horana

Location – Horana

Cost – Rs. 242 Million

Fund Source – Treasury (Sukitha Purawara)

Project partners/Parties - SLLDC

Start Date – 01.01.2017

End Date – 31.12.2019

Description -

This will act as the central transportation center to the town with improved infrastructure facilities and catering to the demand for commercial shops.

Shops – 69

Parking Bays - 9



13. Development of Pola area at Horana - phase II

Location – Horana

Cost – Rs. 104 Million

Fund Source – Treasury

Project partners/Parties – Weerasooriya Builders

Start Date – 04.09.2018

End Date – 22.01.2020

Description – Catering to the commercial demand of the town, this provides a large number of shops within the premises & improved infrastructure facilities. 56 permanent shops, 64 Pola Stalls and 112 pavement shops are to be built.



14. Proposed Haritha Udyanaya multifunctional building at Kollonnawa

Cost – Rs. 16 Mn (with VAT)

Fund Source – Treasury

Project partners/Parties – RCDC Construction (Pvt) Ltd (Contractor)

Start Date – 17.01.2019

End Date – 04.08.2019

Description - Provide a multi-functional hall, a fitness room, a reading room and a landscaped area with walking paths and a children's play area to upgrade the community activities and recreational facilities.



15. Design and construction of commercial development between railway station and bus stand at Kaluthara – stage II

Location – Kalutara

Cost – Rs. 288 Million

Fund Source – Treasury (Sukitha Purawara)

Project partners/Parties - SLLDC

Start Date – 01.01.2017

End Date – 31.01.2019

Description -

Enhancing the connectivity between two transportation modes of bus and train, cater to the demand for the commercial shops and public gathering places.



16. Padukka playground development - phase II

Location – Padukka

Cost – Rs. 22 Million

Fund Source – UDA Funds

Project partners/Parties – SMS Holdings (Contractor)

Start Date – 22.07.2019

End Date – 31.01.2020

Description - Upgrading Sports and recreational facilities for the public in the area.

In addition to that this space will provide an open space to Padukka town center and enhance the beauty of the town



17. Design and construction of proposed building at Mahara Commercial Complex - Phase IV

Location – Mahara

Cost – Rs. 59 Mn

Fund Source – Treasury

Project Partners/Parties - CECB

Start Date – 04.01.2019

End Date – 30.09.2019

Description - Provide a commercial space to the city dwellers and fulfill office space requirement for government sector offices including an Auditorium, Restaurant and parking.



18. Renovation of existing railway station at Enderamulla - Phase I

Location – Enderamulla

Cost – Rs. 38 Mn

Fund Source – Treasury (Sukitha Purawara)

Project partners/Parties - SLLDC

Start Date – 06.12. 2017

End Date – 31.03.2019

Description – Upgrading the existing railway station with required infrastructure facilities for the safety of railway passengers.



19. Commercial building at Meerigama, Gampaha - stage II

Location – Meerigama

Cost – Rs. 95 Million (Phase 01 & 02)

Fund Source – Treasury

Project partners/Parties - CESL

Start Date – 01.06.2017

End Date – 25.03.2019

Description - Provide a commercial space to the city dwellers by removing haphazard shops in the town center. This project will reorganized the commercial activities within the town center together with other facilities such as parking and pedestrian movement.



20. Development of Pola at Dompe

Location – Dompe - Kirindiwela

Cost – Rs. 65 Mn (Phase I), Rs. 68 Mn (Phase II)

Fund Source – Treasury

Project partners/Parties – SEC, Dompe Pradeshiya Sabha

Start Date – 01.01.2017

End Date – 31.12.2019

Description - Provide convenient spaces for the shops as an Economic Centre with the improved infrastructure.



21. Proposed Haritha Udyanaya multifunctional building at Moratuwa

Location – Moratuwa

Cost – Rs. 14.5 Mn (with VAT)

Fund Source – Treasury

Project partners/Parties – Seleena Construction)

Start Date – 19.08.2019

End Date – 23.10.2020

Description - Provide a multi-functional hall, a fitness room, a reading room and a landscaped area with walking paths and a children's play area to upgrade the community activities and recreational facilities.



22. Proposed Haritha Udyanaya multifunctional building at Kirindiwela

Location – Kirindiwela

Cost – Rs. 17.86Mn (with VAT)

Fund Source – Treasury

Project partners/Parties - CESL

Start Date – 2019.02.27

End Date – 2019.06.27

Description - Provide a multi-functional hall, a fitness room, a reading room and a landscaped area with walking paths and a children's play area to upgrade the community activities and recreational facilities.



23. Design and construction of proposed market complex at Bandaragama - Stage III

Location – Bandaragama

Cost – Rs. 103 Million

Fund Source – Treasury

Project partners/Parties - SEC

Start Date – 04.02.2018

End Date – 30.04.2019.

Description - Provide more convenient public market space in the city center for general public.



24. Public market at Kalutara - Stage II

Location – Kalutara

Cost – Rs. 186 Million

Fund Source – Treasury (Sukitha Purawara)

Project partners/Parties - CECB

Start Date – 01.01.2019

End Date – 31.03.2019

Description - Provide more convenient Public Market Space in the city center for general public.



25. Design and construction at Meerigama public square between railway station and bus stand - stage II

Location – Meerigama

Cost – Rs. 30 Million

Fund Source – Treasury

Project partners/Parties - PRDA

Start Date – 03.06.2017

End Date – 25.03.2019

Description - Provide parking facilities to the people who use the town area for their services such as pola, bus stand and commercial spaces.



26. Proposed Haritha Udyanaya multifunctional building at Ingiriya

Location – Ingiriya

Cost – Rs. 17.86Mn (with VAT)

Fund Source – Treasury

Project partners/Parties – JN Construction (Pvt) Ltd

Start Date – 08.01.2019

End Date – 03.08.2019



Description - Provide a multi-functional hall, a fitness room, a reading room and a landscaped area with walking paths and a children's play area to upgrade the community activities and recreational facilities.

Project Management and Implementation Highlights

2019

Project Management and Implementation
Southern Province

27. Akuressa town development (bus stand)

Location- Akuressa

Cost - Rs. 90.0 Mn.

Fund Source - Public Institutions (Rs. 750Mn)

Project Partners/Parties - SF Constructions

Start Date - 01.01.2018

End Date - 15.06.2019

At the Project site removing of solid waste and develop 700P land for the proposed bus stand and commercial development

- Canal improvement with 200m length
- Box drain improvement with 192m length



28. Construction of Children Park at Urubokka

Location - Urubokka

Cost - Rs.19.40 Mn.

Fund Source - Public Institutions (Rs. 750Mn)

Project Partners/Parties - SF Construction

Start Date - 30.04.2018

End Date - 31.07.2019

A bare land near town center in Urubokka will be developed as a Children's Park consisting of

- Boundary fence
- Fully equipped toilet system including water, electricity
- Restaurant with all facilities.



29. Baddegama town development (bus stand development)

Start Date - 19.04.2018

End Date - 31.12.2019

Cost - Rs. 45.27 Mn.

Fund Source - Nine Provinces (Rs. 2,350Mn)

Project Partners/Parties: Steps Construction (Pvt.) Limited

Location – Baddegama

This project will facilitate for a more convenient bus stand including other facilities for people in the area. In addition, some commercial spaces have been added to generate an income to the LA and can be undertaken the maintenance of the public spaces with the revenue generated by these commercial spaces.



30. Lunugamwehera bus stand

Location – Lunugamwehera

Start Date - 30.05.2018

End Date - 30.04.2019

Cost - Rs.12.50 Mn.

Fund Source - "Sukithapurawara" Township

Development Programme (Rs. 2,000Mn - Budget Proposal)

Project Partners/Parties - Contractor - SD & CC

Local Authority - Lunugamwehera Pradeshiya Sabha

The bus stand building which is comprised of five numbers of bus bays and other infrastructure facilities are supposed to serve the administrative area of the town.



31. Proposed Walasmulla Pola

Location – Weerakatiya PS

Start Date - 01.01.2018

End Date - 30.04.2019

Cost - Rs.30.0 Mn.

Fund Source - "Sukithapurawara" Township

Development Programme (Rs. 2,000Mn - Budget Proposal)

Project Partners/Parties - SL Army

Land Ownership – Weeraketiya Pradeshiya Sabha

Description -

This will be used as an economic center in the area as it provides convenient spaces for the Pola at Walasmulla with improved infrastructure facilities



32. Multipurpose building at Lunugamwehera

Location - Lunugamwehera

Start Date - 30.06.2019

End Date - 30.12.2019

Cost - Rs.37.63 Mn

Fund Source - "Sukithapurawara" Township

Development Programme (Rs. 2,000Mn - Budget Proposal)

Project Partners/Parties - Contractor - CECB

Local Authority - Lunugamwehera Pradeshiya Sabha

Description – Provide spaces for public indoor activities with about 750 seating capacity hall and other required facilities.



33. Construction of Nilwala River Side Park at Matara - Bazaar

Development

Location- Matara Town Center

Start Date - 01.01.2018

End Date - 31.12.2019

Cost - Rs.116.3 Mn

Fund Source - Espace Nilwala Project (Rs. 1,000Mn)

Project Partners/Parties - Gamini Constructions,

Location – Matara

Description – Public open space for recreational activities



34. Construction of Nilwala River Side Park at Matara - Entrance court and children's park

Location - Matara

Start Date - 01.01.2018

End Date - 31.12.2019

Cost - Rs.57.54 Mn

Fund Source - Espace Nilwala Project (Rs. 1,000Mn)

Project Partners/Parties - Ranweli Constructions,

Description – Public open space for recreational activities



35. Construction of Nilwala River Side Park at Matara - Infrastructure developments (internal roads, parking, public convenience)

Start Date - 01.01.2018

End Date - 31.12.2019

Cost -Rs.196.47 Mn.

Fund Source - Espace Nilwala Project (Rs. 1,000Mn)

Project Partners/Parties - Central Engineering Services (Pvt) Ltd.

Location - Matara

Description – provide infrastructure requirements for the public space which is constructed along the Nilwala river bank.



Project Management and Implementation Highlights

2019

Project Management and Implementation
Eastern Province

36. Batticaloa private bus stand development

Location - Batticaloa

Cost - Rs. 65.08 Mn.

Fund Source - Nine Provinces (Rs. 2,350Mn)

Project Partners/Parties - Mc Batticaloa /Focus Marketing & Engineering
Company (Pvt) Ltd. Design Project implemented UDA Project
Management Engineering Consultant

Start Date - 03.11.2018

End Date - 11.09.2019

Description – A new Bus stand building constructed to facilitate commuters in the town area.



37. Seruwawila car park development

Start Date - 19.07.2018

End Date - 31.03.2019

Cost - Rs. 30.19 Mn

Fund Source - (Thuru Wadula) - Rs. 1,000Mn

Project Partners/Parties - Sunil Jayarathna

Client - Seruwawila Temple

Location - Seruwawila

Description - Seruwawila Raja Maha viharaya is a famous & World heritage religious place, which is, located in the Eastern province. Devotees from local & foreign visit this temple every year. Since there is no enough open space, it is necessary to arrange the proper parking space, resting places with ancillary facilities including other infrastructure facilities for those who come from outside. Especially devotees are facing many problems due to lack of parking facilities & other infrastructure facilities during Poya days.



Project Management and Implementation Highlights

2019

Project Management and Implementation
North Central Province

38. Construction of Dhanashalawa at Mirisawetiya – Phase – 01

Location - Anuradhapura

Cost - Rs. 26.44 Mn + Taxes

Start Date - 2019

Mirisawetiya Vihara needs to extend it's the "Dana Shalawa" where most Buddhist activities are conducted. The project consists of the construction of Dhanashalawa as phase 01 of this development



39. Balance work of Shrine Room at Lankaramaya Temple

Location - Anuradhapura

Cost - Rs. 23 Mn + Taxes

Start Date - 2019

Construction of half – way completed roof of the Shrine room and finishing works of the floor, walls and ceiling was completed by this project.



40. Construction of Multi – functional Building at Lankapura

Location - Polonnaruwa

Cost - Rs. 11.45 Mn + Taxes

Start Date - Jan. 2019

End Date - July 2019

This project was implemented at Lankapura, Polonnaruwa under the Haritha Udyana programme. Two storied multifunctional building consists of a Reading area, a Fitness Area in ground floor and Open Hall in Upper Floor.



41. Renovation of Vihara Mandiraya at Isurumuniya Temple

Location - Anuradhapura

Cost - Rs. 25.2 Mn + Taxes

Fund Source - Treasury

Start Date - 2019

Removal of the existing dilapidated roof in the Shrine Room and construction of a new roof, floor finishes and construction of new Verandah with “Hewisi Mandapa” was the scope of the project.



42. Proposed Facility Building at Sri Maha Bodhi premises

Location - Anuradhapura

Cost - Rs. 16.3 Mn + Taxes

Fund Source - Treasury

Start Date - 2019

The Facility building was an urgent need for Eastern Car Park of the Jaya Sri Maha Bodhiya. This project will also provide sanitary facilities to the Pilgrims who visit the Sacred City of Anuradhapura.



43. Town Improvement Project at Welikanda–Phase I

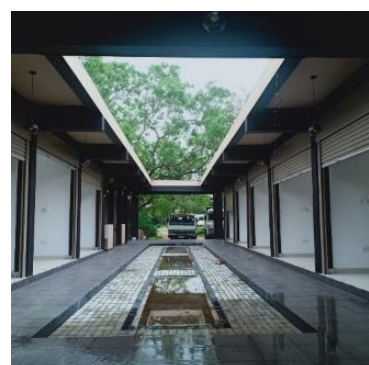
Location - Welikanda

Cost - Rs. 20.0 Mn + VAT

Fund Source - Treasury

Start Date - 2019

Construction and completion of the Ground Floor of a two-storied Commercial building with ancillary facilities were implemented as phase 1 of the Project. This project comprises 10 shops with ancillary facilities.



Project Management and Implementation Highlights

2019

Project Management and Implementation
Central Province

44. Bogamabara Prison Precinct Re-Development Phase I – Stage I / II

Location – Bogamabara, Kandy

Cost – Rs 198.24 Mn.

Fund Source – Treasury

Start Date – 01.04.2018

End Date – 30.08.2019



Renovation of historical prison building for Commercial & Public Activities

45. Construction of Infrastructure Facilities for Sri Daladha Maligawa

Location – Sri Daladha Maligawa Premises, Kandy

Cost – Rs 83.62 Mn.

Fund Source – Treasury

Start Date – 19.09.2018

End Date – 31.12.2019

Providing of necessary Infrastructure

Facilities for Sri Daladha

.....



46. Construction of Infrastructure Facilities of Hatton Railway Station Stage III

Location – Hatton -Town

Cost – Rs 67.0Mn.

Fund Source – Treasury

Start Date – 26.10.2018

End Date – 05.08.2019



Description – To reorganize the town center by utilizing railway lands and to provide basic

47. Construction of Bus Stand at Ankumbura

Location – Ankumbura

Cost – Rs 30.34Mn

Fund Source – Treasury

Start Date – 17.05.2018

End Date – 04.06.2019



Description – A new Bus stand building constructed to facilitate commuters in the town area.

48. Refurbishment of NPPD Building at Sri Daladha Maligawa Premises

Location – Daladha Maligawa Premises

Cost – Rs 4.46 Mn

Fund Source – Treasury

Start Date – 25.09.2018

End Date – 20.06.2019

Description - Renovation of the existing old building by introducing new activities



49. Bus stand Development at Matale

Location –Matale MC

Cost – Rs 85 Mn.

Fund Source – Treasury

Start Date – 31.07.2018

End Date – 15.12.2019

Description - A new Bus stand building constructed to facilitate to the general public



50. Construction of Bus stand at Ginigathena

Location – Ambagamuwa PS

Cost – Rs 80 Mn.

Fund Source – Treasury

Start Date – 30.07.2018

End Date – 15.11.2019

Description - A new Bus stand building constructed to facilitate to the general public



51. Conservation of Dodamwala Natha Devalaya

Location – Yatinuwara PS

Cost – Rs 17.20 Mn.

Fund Source – Treasury

Start Date – 24.08.2018

End Date – 06.04.2019



Description - Renovation of existing old building by including new facilities for pilgrims

52. Construction of Building for Sankashilaramaya Bikku

Location – Yatinuwara PS

Cost – Rs 35.4 Mn.

Fund Source – Treasury

Start Date – 16.10.2018

End Date – 14.07.2019

Description -



Provide facilities for Dana Salawa on the ground floor and Dharmashlawa on the first floor

53. Nuwara Eliya Gregory Lake development

Location – Nuwara Eliya MC

Cost – Rs 100 Mn.

Fund Source – Treasury

Start Date – 01.03.2018

End Date – 31.07.2019



Description - Better walking facilities for commuters and city dwellers. Improving entertainment facilities.

54. Balance work of Arthur's Seat viewing deck

Location – Kandy MC

Cost – Rs 2 Mn.

Fund Source – Treasury

Start Date – 01.03.2018

End Date – 31.07.2019

Description - Enhance the city beautification and provide recreational facilities for general public



55. Construction of Roof in Community Education Center

Location – Kundasale PS

Cost – Rs 6.78 Mn.

Fund Source – Treasury

Start Date – 17.07.2019

End Date – 28.11.2019

Description – Renovation of the roof of the existing building



56. Construction of Roof for Sanagawasa building

Location – Kundasale PS

Cost – Rs 11.77 Mn.

Fund Source – Treasury

Start Date – 17.07.2019

End Date – 30.11.2019

Description – Renovation of the roof of the existing building



57. Construction of Balance work for Proposed Multi-Purpose Hall Ground floor at Thelembuwahinna

Location – Kundasale PS

Cost – Rs 11.53 Mn.

Fund Source – Treasury

Start Date – 15.08.2019

End Date – 15.12.2019

Description – Completion of the remaining work on the ground floor of the Thelembuwahinna Proposed Multipurpose Hall



Project Management and Implementation Highlights

2019

Project Management and Implementation
Uva Province

58. Weekly Fair at Welimada

Start Date – 04.06.2018

End Date – 31.08.2019

Cost – Rs.77.0 Mn.

Fund Source – Nine Provinces (Rs. 2,350Mn)

CESL – Contractor

Location – Welimada Town

Description – The objective of this project is to make a suitable place for the farmers to sell their goods and a place for customers to buy fresh fruits, Vegetables, Yams, Spices and agricultural products from farmers.



59. Bibila Pola development

Start Date – 02.08.2018

End Date – 30.04.2019

Cost – Rs. 49.10 Mn.

Fund Source – Nine Provinces (Rs. 2,350Mn)

Project Partners/Parties – Kumarasiri Civil Contractor

Location – Bibila

Description – The objective of this project is to make a suitable place for the farmers to sell their goods and a place for customers to buy fresh fruits, Vegetables, Yams, Spices and agricultural products from farmers.



60. Wellawaya town development (pola)

Start Date – 11.03.2019

End Date – 31.12.2019

Cost – Rs.74.84 Mn.

Fund Source – Nine Provinces (Rs. 2,350Mn)

Project Partners/Parties – CESL

Location – Wellawaya

Description – The objective of this project is to make a suitable place for the farmers to sell their goods and a place for customers to buy fresh fruits, Vegetables, Yams, Spices and agricultural products from farmers.



61. Monaragala town development (public market)

Start Date – 09.07.2018

End Date – 30.04.2019

Cost – Rs.58.59 Mn.

Fund Source – Nine Provinces (Rs. 2,350Mn)

Project Partners/Parties – CESL

Location – Monaragala



Description – The objective of this project is to make a suitable place for the farmers to sell their goods and a place for customers to buy fresh fruits, Vegetables, Yams, Spices and agricultural products from farmers.

62. Vedasitikanda entrance development

Start Date – 30.06.2018

End Date – 30.12.2019

Cost – Rs.8.7 Mn.

Fund Source – "Sukithapurawara"
(Rs. 2,000Mn - Budget Proposal)

Project Partners/Parties – Kumara Construction

Location – Katharagama



Description –Vedasitikanda is a highly functioning sacred place in Kataragama. Currently pilgrims are parking their vehicles at the entrance & walk 1800 m to reach the Vedasitikanda temple. Therefore the existing situation is not comfortable for both pilgrims & shop owners to improve their livelihood.

63. Kataragama entrance square development Phase III Stage I

Start Date – 12.06.2018

End Date – 22.11.2019

Cost – Rs.55.0 Mn.

Fund Source – Public Institutions

Project Partners/Parties – Kumara Enterprises



Description – Kataragama is one of the most important sacred cities in the country. However, the existing facilities for parking, sanitation drainage & infrastructure are not up to the standard level. Existing facilities are also developed in an ad-hoc manner. The project will provide a planned urban development to the city with a Vehicle Park, shops, public open spaces with landscaping, sanitary facilities and other basic infrastructure facilities.

64. Proposed Haritha Udyanaya multifunctional building at Monaragala

Start Date – 19.10.2018

End Date – 30.12.2019

Cost – Rs.29.97 Mn.

Fund Source – Haritha Uyana

Project Partners/Parties – CESL

Location – Monaragala



Description – Under the Ministry of Mega Polis & Western Development has been Identified, a Landscape Development Project with a two Storied Multifunctional Building. (GF – A reading Room with a Fitness Room, UF- An open Meeting Hall) and a Children’s Play area.

65. Proposed Haritha Udyanaya Multifunctional Building at Wellawaya

Start Date – 19.10.2018

End Date – 30.12.2019

Cost – Rs.29.99 Mn.

Fund Source – Haritha Uyana

Project Partners/Parties – CESL

Location – Wellawaya



Description – Under the Ministry of Mega Polis & Western Development has been Identified, a Landscape Development Project with a two Storied Multifunctional Building (GF – A reading Room with a Fitness Room, UF- An open Meeting Hall) and a Children’s Play area.

Project Management and Implementation Highlights

2019

Project Management and Implementation
Sabaragamuwa Province

66. Eheliyagoda playground development

Location – Eheliyagoda

Start Date – 23.04.2018

End Date – 31.03.2019

Cost – Rs.76.95 Mn.

Fund Source – Nine Provinces (Rs. 2,350Mn)

Project Partners/Parties – SF Constructions

Description – Under the Eheliyagoda town Centre development programme, UDA has acquired 45 Acres of land for the development. This includes a playground, a commercial development, and housing etc. Under the phase I, 01 Acre of landfilling, canal improvement & turfing were done.



67. Thalduwa public fair development

Location – Thalduwa

Start Date – 01.08.2018

End Date – 27.01.2019

Cost – Rs.45.07 Mn.

Fund Source – Nine Provinces (Rs. 2,350Mn)

Project Partners/Parties – Weerasuriya Builders

Description – The Project has been initiated to full fill the requirement of pola stalls & parking space for the town area. Filling of the land, and drainage improvement of the canal proceeded to develop the land for pola as phase I of the project.



68. Tamil children Detention Home at Rakwana - phase II

Location – Rakwana

Start Date – 02.07.2019

End Date – 09.10.2019

Cost – Rs.5.67 Mn.

Fund Source – "Sukithapurawara"

Project Partners/Parties – Singha Development

Sri Bodhiraja Foundation

Description – Tamil Children Detention Home at Rakwana gives hospitality to 16 children and has the capacity to accommodate nearly 40 children. This Detention Home acts as an orphanage and creates a positive living environment for abandoned and neglected children. So they feel a comfortable living atmosphere.



69. Construction of underground cable system for Sabaragamuwa Maha Saman Dewalaya at Rathnapura

Location- Rathnapura

Start Date – 10.02.2019

End Date – 09.10.2019

Cost – Rs.26.0 Mn.

Fund Source – "Sukithapurawara" Township Development



Description – Maha Saman Perahara consists of fireball dancers, whip crackers, lamp carriers and a large number of elephants. So there is a risk of electric wire shortage during perahera time or near elephant huts. Therefore, it has proposed to provide an underground cabling system in the Devala building.

70. Kegalle bus depot relocation project - phase III (stage III)

Location – Kegalle

Start Date – 30.03.2018

End Date – 30.12.2019

Cost – Rs.100.0 Mn

Fund Source – Public Institutions (Rs. 750Mn)

Project Partners/Parties – SDS Construction



Description – Under the first stage of the project land development was commenced in the year 2014. Balance is to be completed in phase II and building construction in phase III. This project is expected to address traffic congestion in the city center and UDA plan to develop the city center's land.

71. Madampe fish market balance work Phase III

Location – Madampe Godakawela

Start Date – 07.08.2019

End Date – 07.11.2019

Cost – Rs. 5.65 Mn.

Fund Source – Public Institutions (Rs. 750Mn)

Project Partners/Parties – Isuru Construction



Description – Fish vendors do not have any proper selling place. As well as the customers do not have a proper place to buy fish. This Project was initiated to fulfill the above needs. Godakawela PS is continuing and maintaining the town cleaning and City beautification

72. Urban park at Kawanthissa Wewa at Embilipitiya - stage III

Location – Embilipitiya

Start Date – 02.05.2018

End Date – 31.03.2019

Cost – Rs.88.65 Mn

Fund Source – Thuru Wadula Rs. 1,000Mn

Project Partners/Parties – CECB



Description – Kawantissa wewa urban Park development project has been identified as an action project under the Town center Development programme. It includes dredging of Kawantissa Wewa & canal, Land improvement works, development of walking paths, tree planting, and supply & installation of Gym items.

73. Urban park at Kawanthissa Wewa at Embilipitiya - stage IV

Location – Embilipitiya

Start Date – 31.10.2018

End Date – 15.08.2019

Cost – Rs.30.02 Mn.

Fund Source – (Thuru Wadula) - Rs. 1,000Mn

Project Partners/Parties – CECB



Description – Stage IV of the project includes, construction of a toilet block, 5 Nos of small shops (Kios) & canal bank improvement, Land improvement works, development of walking paths, tree planting, supply & installation of Gym items.

74. Proposed Haritha Udyanaya Multifunctional Building at Ruwanwella

Location – Ruwanwella, Anguruwella

Start Date – 01.01.2019

End Date – 30.08.2019

Cost – Rs.12.21 Mn

Fund Source – (Thuru Wadula) - Rs. 1,000Mn

Project Partners/Parties – Asiri Building Constructions



Description – Under the Ministry of Mega Polis & Western Development, a Landscape Development Project with a two storied Multifunctional Building has been identified (GF – A reading Room with a Fitness Room, UF- An open Meeting Hall) and a Children's Play area.

Project Management and Implementation Highlights

2019

Project Management and Implementation
North Western Province

75. Hettipola Public Fair Development

Location – Hettipola Town

Start Date – April 2018

End Date – July 2019

Cost – Rs.155 Mn

Fund Source – Treasury Funds

Project Partners/Parties – Hettipola PS

Description – A well planned Pola area was developed with adequate parking facilities. The Street vendors of the area are also shifted to the pola in order to reduce the congestion of the pola and surrounding.



76. Landscaping project at Kurunegala Lake- Phase II

Location– Kurunegala Lake surrounding

Cost – 195 Mn

Fund Source – Treasury

Project partners/Parties – Kurunegala Municipal Council

Start Date – March 2016

End Date – February 2019

Description– The lake surrounding area is developed by getting the help of residents of the area by providing facilities such as jogging tracks and exhibition centers with the recreational infrastructure to attract local and foreign tourists.



77. Multipurpose Building Complex and Mahawa Weekly Fair Development

Location– Mahawa Town Center

Cost – 103 Mn

Fund Source – Treasury

Project partners/Parties – Mahawa Pradeshiya Sabha

Start Date – April 2018

End Date – August 2019

Description– The development has taken place to address the traffic issue and lack of parking facilities in the Mahawa Town Center. This project will provide easy access, a pleasant market experience for its customers and economic growth for the vendors due to upgrading the customer's expectations.



78. Multipurpose Building Complex and Anamaduwa Weekly Fair Development

Location– Anamaduwa Town Center

Cost – 130 Mn

Fund Source – Treasury

Project partners/Parties – Anamaduwa Pradeshiya Sabha

Start Date – March 2018

End Date – February 2019

Description– The development has taken place to address the traffic issue and lack of parking facilities in the Anamaduwa Town Center. This project will provide easy access, a pleasant market experience for its customers and economic growth of the vendors due to upgrading the customer's expectations.



79. Haritha Udyanaya Multifunctional Building at Kuliypitiya

Location– Subhuthipura, Kuliypitiya

Cost – 12.1 Mn

Fund Source – Ministry of Finance

Project partners/Parties – Kuliypitiya Urban Council

Start Date – February 2019

End Date – December 2019

Description– The project has provided a multi-functional hall, a fitness room, a reading room and a landscaped area with walking paths and a children's play area to upgrade community activities and recreational facilities.



80. Haritha Udyanaya Multifunctional Building at Mawathagama

Location– Mawathagama

Cost – 12.1 Mn

Fund Source – Ministry of Finance

Project partners – Mawathagama Divisional secretariat

Start Date – February 2019

End Date – December 2019

Description– The project has provided a multi-functional hall, a fitness room, a reading room and a landscaped area with walking paths and a children's play area to upgrade community activities and recreational facilities.



81. Haritha Udyanaya Multifunctional Building at Pannala

Location– Badabadda Watta, Pannala

Cost – 12.1 Mn

Fund Source – Ministry of Finance

Project partners/Parties – Pannala Divisional secretariat

Start Date – June 2019

End Date – December 2019

Description– The project has provided a multi-functional hall, a fitness room, a reading room and a landscaped area with walking paths and a children's play area to upgrade community activities and recreational facilities.



82. Haritha Udyanaya Multifunctional Building at Puttalam

Location– Nindeniya, Puttalam

Cost – 12.1 Mn

Fund Source – Ministry of Finance

Project partners/Parties – Puttalam Urban Council

Start Date – January 2019

End Date – October 2019

Description– The project has provided a multi-functional hall, a fitness room, a reading room and a landscaped area with walking paths and a children's play area to upgrade community activities and recreational facilities.



Project Management and Implementation Highlights

2019

Project Management and Implementation
Northern Province

83. Development of Bus Stand at Mullaithivu

Project location – 100m away from Mullaithivu Junction

Total Cost of the Project – 26 Mn

Funding Source – Treasury

Client /Stakeholders – Maritimepattu Pradeshiya Sabha

Project Commencement Date – 11.10.2017

Project Completion Date – August 2019

Description – To create regional and national linkages by extending of present transportation flow to the surrounding area



84. Development of Facilitation center at Mullaithivu

Project location – 100m away from Mullaithivu junction

Total Cost of the Project – 60 Mn

Funding Source – Treasury

Client /Stakeholders – Maritimepattu Pradeshiya Sabha

Project Commencement Date – 11.10.2017

Project Completion Date – August 2019

Description – To provide attractive business environment within the core area.



85. Muneeswaran Road Pedestrian Path at Jaffna

Project location – Jaffna Town

Total Cost of the Project – 33 Mn

Funding Source – Treasury

Client /Stakeholders – Jaffna Municipal Council

Project Commencement Date – 24.08.2018

Project Completion Date – 24.11.2019

Description – Create a better walkable facility for commuters and city dwellers, Connect CTB and Private Bus stand through the Muneeswaran Road, create a safe environment friendly pedestrian way with a green environment, and reduce the conflict between pedestrians and other vehicles.



-----This page intentionally left blank-----

Highlights of the Year

- 3.1 Provincial Office Performance Highlights
- 3.2 Head office divisions Highlights
 - 3.2.1 Planning Highlights
 - 3.2.2 Project Highlights
 - 3.2.3 Consultancy Highlights**
 - 3.2.4 Enforcement Highlights
 - 3.2.5 Social Works & Other Achievements

01



02



03



04



05



06



-----This page intentionally left blank-----

3.2.3 Consultancy Highlights 2019

The Design, Project Management & Consultancy Division has been established under Dy. Director General (Consultancy) and is mainly engaged in architectural consultancy projects, identified as special projects undertaken by the UDA. These projects are implemented throughout the island and are mainly of national importance and that require special expertise knowledge in coordination with other professional experts such as Engineering Consultants, Structural & MEP.

Under the Director (DPM&C) who is a chartered Architect by profession, there are 03 Dy. Directors who are also professionally qualified Chartered Architects.

Apart from the above, there are 05 Architects out of which 03 are Chartered Architects.

The supportive staff consists of one Senior Technical Officer, a trainee Quantity Surveyor, one Clerk, Secretary, Office Assistant and two drivers attached to the division.

DESIGN, PROJECT MANAGEMENT & CONSULTANCY DIVISION

Highlights 2019

PROPOSED HIGH-RISE OFFICE COMPLEX IN SETHSIRIPAYA PREMISES (SETHSIRIPAYA STAGE-III)

Location: Battaramulla (Sethsiripaya Premises)

Cost: Piling work - 924.5Million (with VAT)

Fund Source: UDA

Project partners/ Parties: CECB

Start Date: 12.02.2018

End Date: 15.01.2019 (Not yet completed and being progress)

Description: Considering the ever increasing demand for office space, UDA has initiated action to implement the Sethsiripaya Stage-III project to provide necessary office space solution in a cost effective manner for the government and Semi-Government Institutions with all necessary amenities.



BORALESGAMUWA WEWA SURROUNDING AREA DEVELOPMENT STAGE 1 & 2

Location: Boralessgamuwa Lake edge

Cost: Rs Mn. 68.4, 66.3

Fund Source: Treasury

Start Date: 24.01.2019

End Date: 02.07. 2019



Description: To provide a linear park including a jogging track around the lake to uplift the mental and physical health of the general public while improving drainage facilities and controlling unauthorized constructions around the lake.



CONSTRUCTION OF PROPOSED BUS STAND AT NAWINNA

Location: Nawinna

Cost: Rs.89.19 Mn

Fund Source: Treasury

Start Date: 20.04.2018

End Date: 04.11.2019

Description: To provide a Bus Stand to Nawinna town center with 12 Nos. of bus bays



CONSTRUCTION OF PROPOSED BUS STAND AT KOTTAWA

Location: Kottawa

Cost: Rs.61.06 Mn

Fund Source: Treasury

Start Date: 03.09.2018

End Date: 18.11.2020

Description: To provide a Bus Stand to Kottawa town center with 05 Nos. of bus bays



-----This page intentionally left blank-----



Highlights of the Year

- 3.1 Provincial Office Performance Highlights
- 3.2 Head office divisions Highlights
 - 3.2.1 Planning Highlights
 - 3.2.2 Project Highlights
 - 3.2.3 Consultancy Highlights
 - 3.2.4 Enforcement Highlights**
 - 3.2.5 Social Works & Other Achievements

01



02



03



04



05

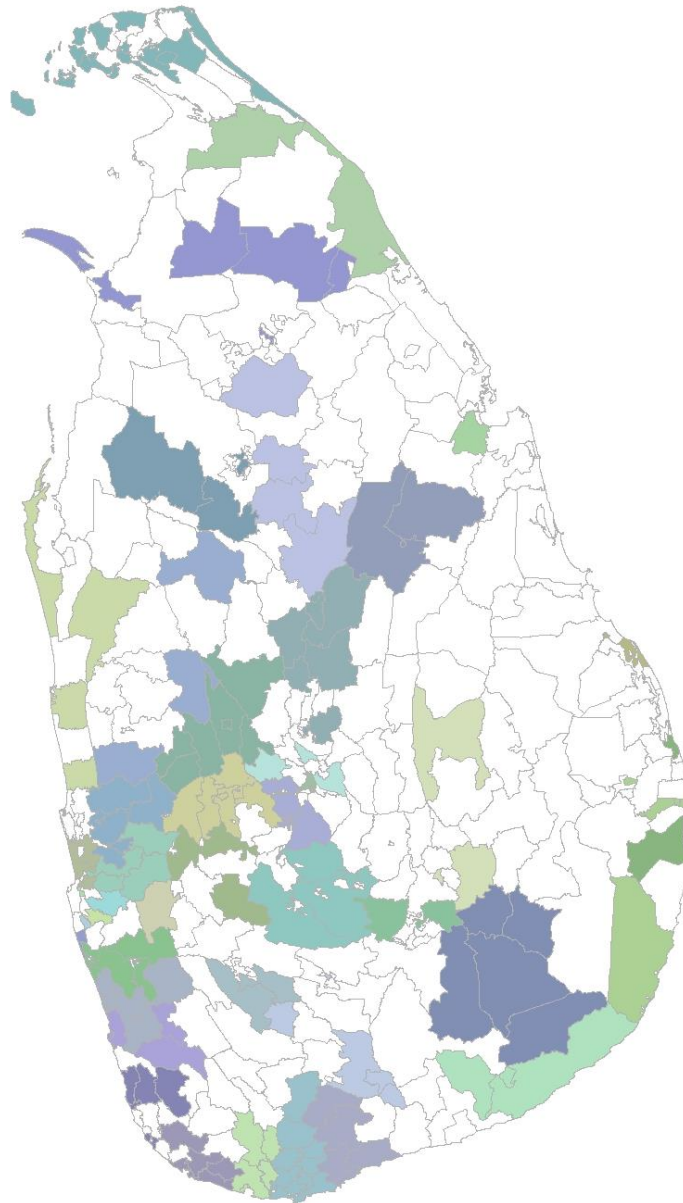


06



-----This page intentionally left blank-----

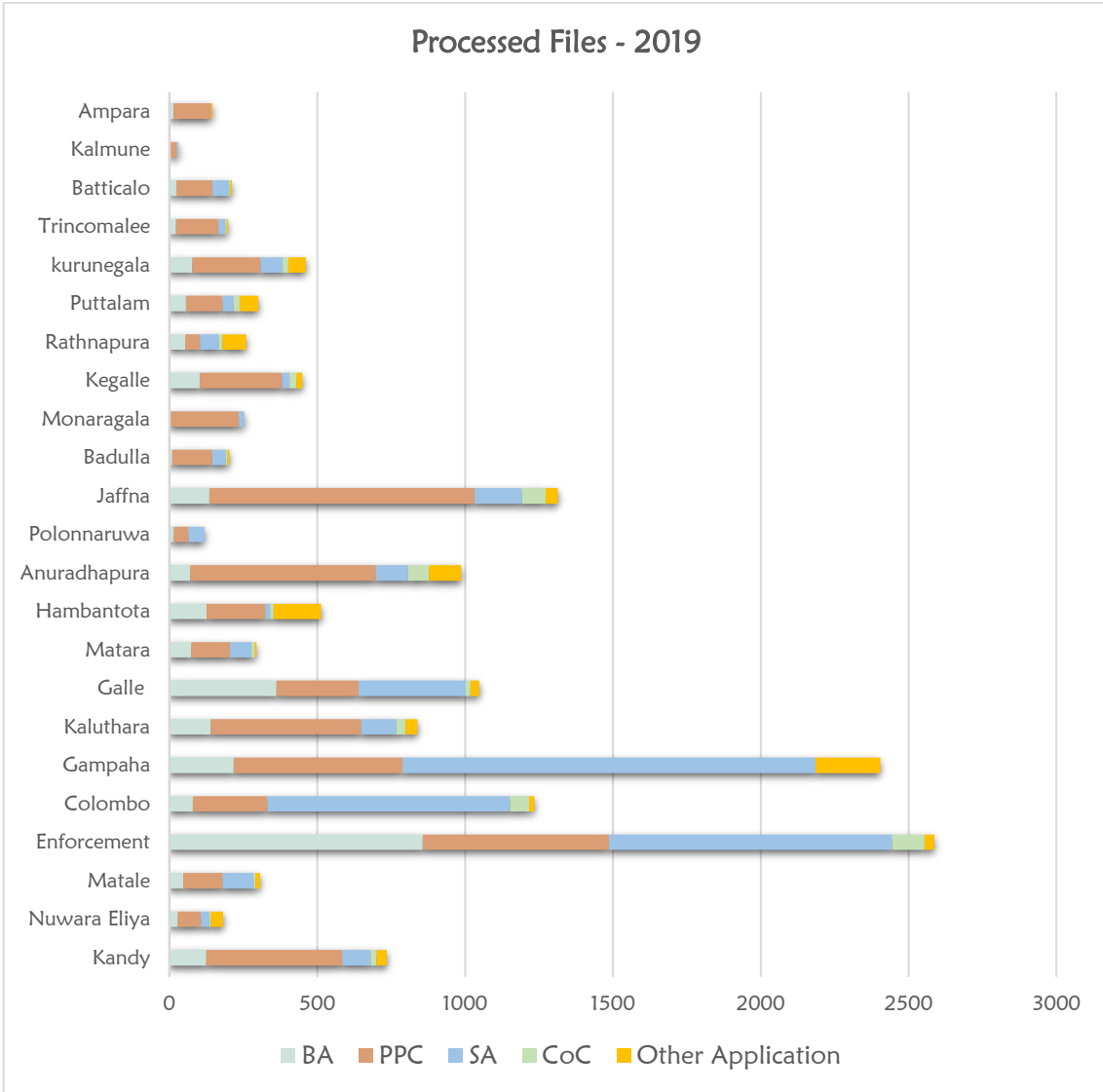
3.2.4 Enforcement Highlights 2019 (All kind of approval process)



Legend

Cluster	Bandarawela	Kaduwela	Kuliyapitiya	Negombo & Gampaha	Rathnapura 02
	Batticaloa	Kalmunei	Kurunegala	Nuwara Eliya	Seethawaka
	Beruwala	Kalutara	Mahara	Pallekele	Tangalle
	Ambalangoda	Boralesgamuwa	Kandy	Maharagama	Panadura
	Ampara	Galle	Kegalle 01	Matale	Peradeniya
	Anuradhapura East	Hambantota	Kegalle 02	Matara	Polonnaruwa
	Anuradhapura West	Ja Ela	Killinochchi Mullathiv	Monaragala	Puttalam
	Badulla	Jaffna	Kolonnawa	Moratuwa	Rathnapura 01
					Trincomalee
					Vavuniya Mannar
					Weligama

Sub Office	Total	Building Application	Preliminary Planning Clearance	Sub Division Application	Certificate of Conformity	Other Application	Percentage
Kandy	775	129	463	115	28	39	5.1%
Nuwara Eliya	123	26	61	27	4	3	0.8%
Matale	307	47	133	105	6	16	2.0%
Enforcement	2587	857	630	958	109	33	17.2%
Colombo	1235	79	252	821	65	18	8.2%
Gampaha	2404	218	570	1398	-	218	15.9%
Kaluthara	839	139	510	119	31	40	5.6%
Galle	1048	362	277	363	16	30	6.9%
Matara	295	74	131	73	11	6	2.0%
Hambantota	513	126	198	17	12	160	3.4%
Anuradhapura	987	71	628	108	71	109	6.5%
Polonnaruwa	118	15	49	54	-	-	0.8%
Jaffna	1314	135	897	160	80	42	8.7%
Badulla	203	10	138	48	5	7	1.3%
Monaragala	253	8	205	18	-	15	1.7%
Kegalle	450	102	279	25	23	21	3.0%
Rathnapura	260	54	50	63	13	80	1.7%
Puttalam	301	56	124	38	19	64	2.0%
kurunegala	461	77	231	75	19	59	3.1%
Trincomalee	213	37	144	22	5	5	1.4%
Batticalo	220	24	131	57	3	5	1.4%
Kalmune	32	3	22	6	1	0	0.2%
Ampara	146	14	128	0	1	3	1.0%



-----This page intentionally left blank-----

Highlights of the Year

- 3.1 Provincial Office Performance Highlights
- 3.2 Head office divisions Highlights
 - 3.2.1 Planning Highlights
 - 3.2.2 Project Highlights
 - 3.2.3 Consultancy Highlights
 - 3.2.4 Enforcement Highlights
 - 3.2.5 Social Works & Other Achievements***

01



02



03



04



05



06



-----This page intentionally left blank-----

3.2.5 Social Works & Other Achievements 2019

Tree Planting Programme- Matara District Office



Blood Donation Camp on 28th November 2019 by Matale District Office



National Services Athletic Sports meet - 400m,800m (2nd place) Mr. N.D.C. Weerawardana



Annual Dansela Programme organized by Welfare Society of UDA-NCP office held on Esela Full Moon Poya day at Anuradhapura .



Medical camp 31.10.2019 by Polonnaruwa District office



-----This page intentionally left blank-----

Financial Performance and corporate Governance

4.1 Financial performance for the year 2019

4.2 Financial statement 2019

4.3 Ten-year Summery Report (statement of financial position, comprehensive income statement and cash flow statements)

4.4 Corporate Governance

01



02



03



04



05



06



-----This page intentionally left blank-----

4.1 Financial performance for the year 2019

- **Management of profitability**

The Authority, as a government institution, engaging in corporate and social development projects, has recorded a net profit growth of 40.30% in the year under reviewing relation to the previous year. The low-income housing project can be considered as one of the prominent social projects carried out by the Authority.

- **Receipt of dividends**

Dividend income earned by the Authority in the year under review for investments made in the affiliated companies, subsidiaries, and other companies as a percentage of investment is as follows.

Name of the Company	Invested amount(Rs.Mn.)	Shareholding %	Dividend received (Rs.Mn.)	Investment benefit%
On'ally Holdings PLC	40	47%	24	60%
Ceylon Electricity (Pvt) Ltd.	9	0.8%	8	89%

Performance of the subsidiary companies and associate companies in 2019.

Subsidiary companies

Description	Urban Investment and Development Company (Pvt.) Ltd. (Rs. Mn.)	Lanka Rest House Ltd. (Rs. Mn.)	Waters Edge pvt. Ltd. (Rs. Mn.)
Income	682	31	928
Expenditure	(364)	(22)	(794)
Profit/ (loss)	318	9	134

Associate companies

Description	On'ally Holdings PLC (Rs. Mn.) 2020.03.31	Ocean View Development Company (Rs. Mn.)
Income	313	149
Expenditure	(137)	(143)
Profit/ (loss)	176	6

Other Investments

Description	Lanka Electricity company (Pvt) Ltd. (Rs. Mn)	Colombo Lands and Development Company Limited (Rs. Mn.)
Income	37,809	720
Expenditure	(35,972)	(356)
Profit/ (loss)	1,837	364

Capital Assets Management

In the year under review, non-current assets are 84% as a percentage of the total assets.

Debt Management

Commercial debtors of the Authority work out at 9% as a percentage of the current assets in the year under review. This debtor balance includes some long-standing balances receivable from several government institutions as well, and 100% uncertain debts have been allocated in respect of the total of those debtor balances in compliance with Sri Lanka Accounting Standards.

The Authority has made proper arrangements for the due recovery of the balances receivable from other commercial debtors. The main income source of the Urban Development Authority is the rent income from letting the lands and buildings belong to the Authority on long-term and short-term basis for various investment ventures. In addition, considerable income has been earned from miscellaneous professional services provided by the Authority. Further, Payments related to the projects implemented by the Authority and payment of salaries and other statutory payments for the entire staff are made with the funds generated by the Authority.

Accordingly, the financial status analysis on the financial statements of the year 2019 are indicated below:

4.2. Financial statement 2019

URBAN DEVELOPMENT AUTHORITY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2019

	Note	Group		Authority	
		2019	2018	2019	2018
		Rs.	Restated Rs.	Rs.	Restated Rs.
Revenue	2	4,561,896,132	4,632,158,661	2,581,600,819	2,711,294,186
Direct Cost		(435,138,688)	(413,165,496)		
Gross Profit		4,126,757,444	4,218,993,165	2,581,600,819	2,711,294,186
Investment Income	3	1,919,252,584	1,981,800,053	1,917,648,276	1,973,152,443
Other Income	4	573,214,520	234,854,895	536,485,216	112,473,520
Government Grants		15,717,001	15,717,001	15,717,001	15,717,001
Administration Expenses	5	(4,564,922,534)	(4,550,392,742)	(3,736,053,913)	(3,654,283,051)
Selling and Distribution Expenses		(56,738,253)	(62,752,214)	-	-
Other Expenses	6	(119,870,124)	(196,695,109)	(106,894,745)	(182,379,017)
Results from Operating Activities		1,893,410,638	1,641,525,049	1,208,502,653	975,975,080
Finance Cost	7	(222,069,465)	(277,738,252)	(878,256)	(28,543,426)
Share of profit of equity accounted investees		(23,084,592)	160,800,185	-	-
Profit Before Income Tax		1,648,256,580	1,524,586,982	1,207,624,397	947,431,654
Income Tax Expense	8	(146,575,041)	(206,051,472)	(121,242,863)	(178,231,666)
Profit/(Loss) for the Year		1,501,681,539	1,318,535,510	1,086,381,534	769,199,989
Other comprehensive income					
Actuarial gain/(Loss)		(24,144,192)	(13,930,650)	(25,925,217)	(13,930,650)
Deferred tax impact on remeasurement of post employment benefit obligation		(249,344)	-	-	-
Other comprehensive income for the year		(24,393,536)	(13,930,650)	(25,925,217)	(13,930,650)
Total comprehensive income for the year		1,477,288,003	1,304,604,860	1,060,456,317	755,269,339



URBAN DEVELOPMENT AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2019

Group

Authority

ASSETS	Notes	31/12/2019	31/12/2018	31/12/2019	31/12/2018
		Rs	Rs	Rs	Rs
NON CURRENT ASSETS					
Property, Plant and Equipment	9	5,320,273,192	5,104,224,489	2,912,452,758	2,096,607,591
Intangible Assets		6,782,452	-	-	-
Investment Property	10	98,640,318,074	93,789,710,553	96,706,779,657	91,781,147,666
Investments in Subsidiaries	11	-	-	545,000,080	781,017,080
Investments in Associates	12	917,720,147	964,454,735	132,000,000	132,000,000
Other Investments	13	45,812,341	45,812,341	45,809,841	45,809,841
Receivable from UNIDEP	14	-	-	2,341,145,064	2,713,263,836
Receivable from Waters Edge	15	-	-	4,349,552,293	-
Loan given to local authorities-UDSP		25,804,122	7,075,902	25,804,122	7,075,902
Completed URPC houses	16	37,082,465,842	29,196,101,463	37,082,465,842	29,196,101,463
Capital work in progress		22,256,775,705	28,979,199,437	21,934,612,903	28,817,400,987
TOTAL NON CURRENT ASSETS		164,295,951,874	158,086,578,920	166,075,622,560	155,570,424,368
CURRENT ASSETS					
Inventories		40,123,499	44,046,699	13,764,438	13,511,392
Trade Receivables and Other Receivables	17	3,032,729,942	2,606,290,900	2,651,741,531	2,417,743,810
Staff Debtors	17. b	229,865,191	228,184,722	227,432,584	228,184,722
Prepaid Staff Cost		54,310,535	59,018,115	54,310,535	59,018,115
Deposits, prepayments & advances	18	5,754,793,964	13,948,486,378	5,735,144,241	13,909,235,755
Fixed Deposits	19	20,503,087,077	14,291,081,988	20,214,127,309	13,953,904,186
Investment In Repos	20	1,751,050,353	2,325,435,288	1,715,000,000	2,294,384,935
Cash & cash equivalents	21	76,897,135	85,766,473	28,789,974	40,957,867
TOTAL CURRENT ASSETS		31,442,857,695	33,588,310,563	30,640,310,612	32,916,940,782
TOTAL ASSETS		195,738,809,569	191,674,889,483	196,715,933,172	188,487,365,151
EQUITY & LIABILITIES					
EQUITY					
Stated Capital	22	100,000,000	100,000,000	100,000,000	100,000,000
		100,000,000	100,000,000	100,000,000	100,000,000
Capital reserves	23	-	8,462,785	-	8,462,785
Retained Earnings	24	79,085,028,761	78,407,267,085	75,636,837,782	75,380,978,700
TOTAL EQUITY		79,185,028,761	78,515,729,870	75,736,837,782	75,489,441,485
LIABILITIES					
NON CURRENT LIABILITIES					
Interest bearing Borrowings	25	9,782,806,551	10,046,806,551	9,782,806,551	10,046,806,551
Net Government contribution	26	922,649,889	938,366,890	922,649,889	938,366,890
Government Assistance for URPC Projects	27	20,664,181,880	13,095,631,587	20,664,181,880	13,095,631,587
UDSP Loan	28	-	92,873,842	-	92,873,842
Deferred Lease Rent	29	38,912,380,329	38,483,338,756	43,499,440,189	38,751,288,756
Accrued Compensation on lands		14,818,445,514	12,783,762,185	14,818,445,514	12,783,762,185
Key Money Received On Project Developments		130,075,395	129,867,641	130,075,395	129,867,641
Defined Benefit Obligation - Gratuity	30	367,757,425	322,071,836	328,256,724	287,431,149
Payable to Contractor- (URP & C)	31	1,358,016,849	1,555,905,835	1,358,016,849	1,555,905,835
TOTAL NON CURRENT LIABILITIES		86,956,313,830	77,448,625,122	91,503,872,989	77,681,934,435
CURRENT LIABILITIES					
Interest bearing Borrowings	25.1	264,000,000	264,000,000	264,000,000	264,000,000
Expense & other creditors	32	17,438,220,954	21,938,583,674	17,560,294,595	21,801,894,229
Deferred Taxation	33	143,583,360	335,839,547	60,120,654	277,438,589
Deposits & advances	34	11,701,912,631	13,061,152,447	11,589,439,095	12,971,026,028
Bank overdraft	35	49,750,033	110,958,824	1,368,058	1,630,384
TOTAL CURRENT LIABILITIES		29,597,466,978	35,710,534,492	29,475,222,402	35,315,989,230
TOTAL EQUITY & LIABILITIES		195,738,809,569	191,674,889,483	196,715,933,172	188,487,365,151

The Accounting policies and Notes on pages 07 to 45 form an integral part of these Financial Statements. I hereby, Certify that these Financial Statements give a true and fair view of the Authority's state of affairs as at 31.12.2019 and its surplus for the year then ended.

W.V.Chaya Thilini
Deputy Director General (Finance)

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf.

Mr. Harshan De Silva

Chairman

Date

Ms. K.V.C. Dilrukshi

Board Member

Date 15/06/2021



STATEMENT OF CHANGES IN EQUITY
AS AT 31ST DECEMBER 2019
Statement Of Changes In Equity for the Authority

	Stated		Capital		Revenue		Retained		Total	
	Rs.	Rs.	Reserve	Rs.	Reserve	Rs.	Surplus	Rs.	Rs.	
Balance as at 1st January 2018	100,000,000	8,462,785		55,000,000	74,701,349,221			74,864,812,006		
Grants written Back to Income										
Prior year Adjustment-Arrears payment for EPF/ETF										
Prior year Adjustment- Profit on land sale										
Prior Year Adjustments (Recognition of other income earned on disposal of lands										
) Government Grant received for URPCC Project										
Expenditure Over Income For Period										
Reversal of the Revenue Reserves										
Prior Year Adjustments (Reconciliation of the Differed Lease Rent Account & Investment Property Account)										
Total Other Comprehensive income										
Balance as at 31st December 2018	100,000,000	8,462,785			75,380,978,701			75,489,441,484		
Balance as at 01st January 2019	100,000,000	8,462,785			75,380,978,701			75,489,441,484		
Grants written Back to Income										
Expenditure Over Income For Period										
Reversal of Capital Reserve										
Prior Year Adjustments										
Prior Year Adjustments (Note 01)										
Prior Year Adjustments (Note 02)										
Prior Year Adjustments (Recognition of Actuarial Loss)										
Total Other Comprehensive income										
Balance as at 31st December 2019	100,000,000	8,462,785			75,636,837,782			75,736,837,779		

Note 01

UDA has entered in to an agreement with Waters Edge Ltd to lease out the land on which the Waters Edge Ltd is established, for a period of 99 years. Earlier this Land has been recognized as a Investment Property and fair value gain was recognized in to the retained surplus at the transition of SLAS to SLFRS. Also the Waters Edge premises has transferred to the Company and the value has recognized as Investment and vice Versa. Due to the above Lease agreement earlier recognition as the investment Property and also investment in the Company has been derecognized.

Note 02

1413 Housing Units which have been constructed under URPCC Projects have been disposed and handed over to some projects, Ministries and Government Institutions. Out of same disposal of 192 no. of houses were accounted in the year 2018 and balance has been adjusted in the year under review. Total sale Consideration of 1221 houses amounted to Rs. 3,683,000,000 and Cost of the same was Rs.4,382,278,343. Accordingly, the loss was Rs.443,078,239.



Statement Of Changes In Equity for the Group

	Stated Capital Rs.	Capital Reserve Rs.	Revenue Reserve Rs.	Retained Surplus Rs.	Total Rs.
Balance as at 1st January 2018	100,000,000	8,462,785	55,000,000	77,178,302,090	77,341,764,875
Grants written Back to Income					-
Reversal of the Revenue Reserves			(55,000,000)	55,000,000	-
Prior Year Adjustments (Reconciliation of the Differed Lease Rent Account & Investment Property Account)				(130,639,863)	(130,639,863)
Expenditure Over Income For The year				1,318,535,510	1,318,535,510
Total Other Comprehensive income				(13,930,650)	(13,930,650)
Balance as at 31st December 2018	100,000,000	8,462,785	-	78,407,267,087	78,515,729,871
Balance as at 01st January 2019	100,000,000	8,462,785	-	78,407,267,087	78,515,729,871
Prior Year Adjustments (Adjustment for under stated Deferred Tax of UNIDEP)					-
Grants written Back to Income					-
Reversal of Capital Reserve		(8,462,785)		8,462,785	-
Prior Year Adjustments				62,440,198	62,440,198
Prior Year Adjustments (Note 01)				(430,654,666)	(430,654,666)
Prior Year Adjustments (Note 02)				(443,078,239)	(443,078,239)
Prior Year Adjustments (Recognition of Over accounted profit of Lanka Rest House Ltd.)				(1,683,290)	(1,683,290)
Prior Year Adjustments (Recognition of unaccounted benefit obligation - Gratuity & over accounted Income tax expenses of Waters Edge Ltd.)				6,754,198	6,754,198
Prior Year Adjustments (Recognition of Actuarial Loss)				(1,767,313)	(1,767,313)
Expenditure Over Income For The year				1,501,681,539	1,501,681,539
Total Other Comprehensive income				(24,393,536)	(24,393,536)
Balance as at 31st December 2019	100,000,000	-	-	79,085,028,761	79,185,028,761

Note 01

UDA has entered in to an agreement with Waters Edge Ltd to lease out the land on which the Waters Edge Ltd is established, for a period of 99 years. Earlier this Land has been recognized as a Investment Property and fair value gain was recognized in to the retained surplus at the transition of SLAS to SLFRS. Also the Waters Edge premises has transferred to the Company and the value has recognized as Investment and vice Versa. Due to the above Lease agreement earlier recognition as the investment Property and also investment in the Company has been derecognized.

Note 02

1413 Housing Units in various Housing Projects constructed under URFPCC Projects have been disposed and handed over to some projects Ministries and Institutions. Out of same 192 no. of houses were accounted in the year 2018 and rest has been adjusted in the year under review. Total sale Consideration of 1221 houses amounted to Rs. 3,683,000,000 and Cost of same was Rs. 4,382,278,343.



URBAN DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOW - AUTHORITY
For the year Year ended 31st Decemebr 2019

	31/12/2019 Rs.	31/12/2018 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit/(loss) before Income Tax	1,207,624,397	947,431,659
Add: Provision for bad debts	12,851,352	11,288,852
Depreciation	397,255,633	394,571,683
Provision for gratuity	49,956,651	40,261,739
Prepaid Staff cost	25,135,868	26,737,310
	485,199,504	472,859,583
Less: Rent	1,692,823,901	1,420,291,243
Lease Rent	1,147,775,152	922,486,428
Written Back portion of Govt Grants	618,419,146	779,860,784
Dividend	15,717,001	15,717,001
profit/(Loss) on Disposl of Land	31,440,618	29,562,540
profit/(Loss) on Disposl of Fixed Assets	-	(30,729,424)
profit/(Loss) on Disposl of URPC Houses	19,986,172	-
profit/(Loss) on Middle Income Houses	-	46,841,693
Interest	459,989,308	-
	1,886,207,657	1,943,589,903
OPERATING SURPLUS/(DEFICIT) BEFORE WORKING CAPITAL CHANGES	4,179,535,054	3,707,328,925
WORKING CAPITAL CHANGES	(2,486,711,154)	(2,287,037,682)
Increase / (decrease) in trade & other creditors	(3,091,082,216)	5,438,076,056
(Increase) / decrees in Loan given to local authorities-UDSP	(18,728,220)	-
Increase / (decrees) in UDSP Loan	(92,873,842)	-
(Increase) / decrease in debtors	(158,796,713)	(662,497,653)
(Increase) / decrease in Staff Debtors	5,459,718	(11,377,727)
(Increase) / decrease in inventories, deposits	8,173,838,467	(9,594,820,294)
Increase / (decrease) in Advances & Deposits	327,988,067	3,007,308,276
Increase / (decrease) in Payable on Contract-(URP & C)	(197,888,986)	(252,156,653)
	4,947,916,275	(2,075,467,995)
CASH GENERATED/(USED) FROM/TO OPERATIONS		
Rent Received in Cash	1,097,603,128	846,861,385
Income Tax/ESC/WHT paid	(398,765,287)	(299,771,147)
Premia on Land leased out	5,315,595,172	2,691,782,319
Premia Received on Land leased out from Waters Edge	(4,349,552,293)	-
Gratuity paid	(35,290,630)	(25,860,069)
	1,629,590,091	3,213,012,488
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend Received	31,440,618	29,830,517
Interest Received	1,874,166,859	1,896,339,932
Purchase of Fixed Assets	(99,491,134)	(144,110,873)
Key Money Received / (Recovered)	207,754	2,051,020
Recovery/(payment) to Lands & Buildings	(4,945,392,520)	(1,207,545,535)
Recovery/(payment) to Capital working progress	(2,335,113,375)	1,245,544,106
payment made for Completed URPC houses	(1,500,331,501)	(9,869,236,926)
Compensation paid on land Acquisition	(853,596,804)	(1,641,028,352)
Recovery/(payment) to subsidiary company	372,118,773	217,312,856
(Investment) / Maturity - Fixed Deposit	(6,260,223,123)	6,610,684,484
Short term Investments- REPOs	579,384,935	(1,009,981,779)
Sale proceeds from sale Land	-	7,181,444
Sale proceeds from sale of Fixed Assets	19,986,172	-
Sale proceeds from sale of URP House	-	713,000,000
Sale proceeds from sale of Middle Income Houses	1,709,575,000	-
Net cash provided / (used) by investing activities	(11,407,268,345)	(3,149,959,106)
CASH FLOWS FROM FINANCING ACTIVITIES		
NSB loan Repaid	(264,000,000)	(264,000,000)
Bank laon received PB	-	1,750,000,000
Short term Bank Loan Repayment - BOC	-	(1,750,000,000)
Government Grant Received for URPC Project	7,568,550,293	4,595,631,587
Net cash provided/(used) by financing activities	7,304,550,293	4,331,631,587
NET DECREASE IN CASH & CASH EQUIVALENTS	(11,922,841)	32,179,291
CASH & BANK BALANCE AT BEGINNING OF THE YEAR	B 38,473,280	6,293,990
CASH & BANK BALANCE AT END OF THE PERIOD	A 26,550,438	38,473,280
CASH & BANK BALANCE AT END OF THE YEAR	A	A
Bank Over Draft	(1,368,058)	(1,630,384)
Bank balance (Favorable)	27,203,077	30,814,059
Petty cash & Cash in Hand	715,419	289,604
	26,550,438	38,473,280



URBAN DEVELOPMENT AUTHORITY
CONSOLIDATED CASH FLOW STATEMENT - GROUP
For the year Year ended 31st Decemr 2019

	31/12/2019 Rs.	31/12/2018 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss before Income Tax	1,648,256,580	1,524,586,982
Add: Provision for bad debts	16,448,481	12,821,974
Depreciation	570,334,153	571,092,693
Provision for gratuity	57,859,822	46,900,976
Prepaid Staff cost	25,135,868	26,737,310
	669,778,324	657,552,952
	2,318,034,904	2,182,139,934
Less : Rent	1,565,340,912	1,346,077,088
Lease Rent	618,419,146	779,860,784
Written Back portion of Govt Grants	15,717,001	15,717,001
Dividend	7,790,622	4,479,210
Share of Investment in Associates	(23,084,592)	160,800,185
Profit/(Loss) on Disposla of Land	-	(30,729,424)
Profit/(Loss) on Disposla of Fixed Assets	19,986,172	-
profit/(Loss) on Disposla of URP House	-	46,841,693
profit/(Loss) on Middle Income Houses	459,989,308	-
Interest	1,911,461,962	4,300,367,380
	4,575,620,532	1,977,320,843
Operating surplus/(deficit) before working capital Changes	(2,257,585,628)	(2,118,227,446)
working capital changes		
Increase / (decrees) in trade & other creditors	(3,112,525,512)	5,354,316,172
(Increase) / decrees in debtors	(355,653,028)	(567,741,580)
(Increase) / decrees in Loan given to local authorities-UDSP	(18,728,220)	-
Increase / (decrees) in UDSP Loan	(92,873,842)	-
(Increase) / decrees in Staff Debtors debtors	3,027,111	(11,377,727)
(Increase) / decrees in inventories, deposits	8,197,615,614	(9,563,642,588)
Increase / (decrees) in Advances & Deposits	350,335,184	2,931,069,988
Increase / (decrease) in Payable on bank Guarantee	(197,888,986)	(252,156,654)
	4,773,308,321	(2,109,532,388)
Cash generated/(used) from/to operations		
Rent Received in Cash	1,555,343,092	1,181,344,346
Income Tax/WHT/ESC paid	(404,909,785)	(309,044,974)
Premia on Land leased out	966,042,880	2,691,782,319
Gratuity paid	(34,349,700)	(28,515,219)
	2,082,126,487	3,535,566,472
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend Received	7,458,845	4,147,433
Interest Received	1,893,956,400	1,958,614,168
Purchase/ Disposal of Fixed Assets	(148,115,744)	(294,836,068)
Key Money Received/(Recovered)	207,753	2,051,020
Recovery/(payment) to intengible Assets	(6,782,452)	-
Recovery/(payment) to Lands & Buildings	(4,839,048,731)	(1,461,288,477)
Recovery/(payment) to Capital working progress	(2,495,477,727)	1,283,513,804
payment made for Completed URPC houses	(1,500,331,501)	(9,869,236,926)
Compensation paid on land Acquisition	(853,596,804)	(1,641,028,352)
(Investment) / Maturity - Fixed Deposit	(6,212,005,089)	6,568,125,424
Short term Investments- REPOs	574,367,661	(905,366,890)
Sale proceeds from sale of Land	-	7,181,444
Sale proceeds from sale of Fixed Assets	19,986,172	-
Sale proceeds from sale of Fixed Assets	-	713,000,000
Sale proceeds from sale of Middle Income Houses	1,709,575,000	-
Net cash provided /(used) by investing activities	(11,849,806,216)	(3,635,123,419)
CASH FLOWS FROM FINANCING ACTIVITIES		
NSB loan Repaid	(264,000,000)	(264,000,000)
Bank laon received PB	-	1,750,000,000
Short term Bank Loan Repayment - BOC	-	(1,750,000,000)
Government Grant Received for URPC Project	7,568,550,293	4,595,631,587
Net cash provided/(used) by financing activities	7,304,550,293	4,331,631,587
NET INCREASE IN CASH & CASH EQUIVALENTS	52,593,257	4,314,806
CASH & BANK BALANCE AT BEGINNING OF THE YEAR	B (26,317,634)	B (30,632,439)
CASH & BANK BALANCE AT END OF THE YEAR	A 26,275,623	A (26,317,634)
CASH & BANK BALANCE AT END OF THE YEAR	A	A
Bank Over Draft	(49,750,033)	(110,958,824)
Bank balance (Favorable)	71,665,907	77,089,960
Petty cash & Cash in Hand	4,359,750	7,551,230
	26,275,623	(26,317,634)



URBAN DEVELOPMENT AUTHORITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year ended 31st December, 2019

1. CORPORATE AND GROUP INFORMATION

1.1. CORPORATE INFORMATION

1.1.1. Reporting Entity

Urban Development Authority is a body corporate, duly established on 6th September 1978 under the Urban Development Authority Law No.41 of 1978 enacted by the National State Assembly. The Head Office of the Authority is located at 06th Floor, Sethsiripaya, and Battaramulla.

1.1.2. Consolidated Financial Statements

The consolidated financial statements for the year ended 31st December, 2019 comprise “the Authority” referring to the Urban Development Authority as the parent company and “the Group” referring to the companies that have been consolidated therein.

1.1.3. Approval and the Responsibility of Financial Statements

The Board of Directors is responsible for the preparation and the presentation of the financial statements as per the provisions of the Companies Act, No. 07 of 2007 and the Sri Lanka Financial Reporting Standards (SLFRSs) & (LKASs). Thus, the consolidated financial statements were authorized for issue by the Board of Directors on 22nd April 2021.

1.1.4. Principal Activities and Nature of Operation

The Urban Development Authority (UDA) is a multi-disciplinary organization engaged in urban planning and sustainable urban development in Sri Lanka.

1.1.5. Statement of Compliance

The statement of comprehensive income, statement of financial position, statement of changes in equity for the Authority and the Group, and the statement of cash flows for the Authority and the Group, together with the notes to the consolidated financial statements which referring as “the financial statements” have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the Companies Act No. 7 of 2007.



URBAN DEVELOPMENT AUTHORITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year ended 31st December, 2019

1.2. GROUP INFORMATION

1.2.1. Subsidiaries and Associates

03 Nos. Of fully owned subsidiary companies namely, Waters Edge Limited, Lanka Rest Houses Limited and the Urban Investment & Development Company (Pvt) Ltd are under the control of the Urban Development Authority

Further, the Urban Development authority is having significant influence over the Ocean View Development Co. (Pvt) Ltd. and On'ally Holdings PLC and they are the associate companies of the Urban Development Authority. There were no significant changes in the nature of the principal activities of the Authority and the Group during the financial year under review.

1.2.2. Nature of Operation of the Subsidiaries and Associates

Company Name	Capacity	Objective and Main Activities
Waters Edge Limited	Fully owned subsidiary 100%	The Waters Edge Limited was incorporated in 2009 as a Limited Liability Company and the nature of its business is managing and the operational activities of restaurant and banquet facilities
Lanka Rest Houses Limited	Fully owned subsidiary 100%	The Lanka Rest Houses Limited was incorporated to manage, operate and control rest houses, circuit bungalows, parks and other recreational facilities.
Urban Investment and Development Company (Pvt) Limited	Fully owned subsidiary 100%	The Urban Investment and Development Company (Pvt) Limited is to develop, build and operate any kind of development project in any area. The investment property of the company is Sethsiripaya Stage II building.
Ocean View Development Co.(Pvt) Ltd.	Associate 43.39%	The Ocean View Development Co. (Pvt) Ltd. Is to achieve pre-eminence in the property development sector by providing quality individual homes. The principal activities of the company are, renting of shops and apartments and property development for sale.
On'ally Holdings PLC	Associate 44.80%	The On'ally Holdings PLC is engaged in property development and real estate business. The company operates through renting of investment property segment. The investment property of the Company is the Unity Plaza Building which is situated in Colombo 04.

The relevant details of the investments in subsidiaries and associate companies are disclosed in the notes of 10 and 11.



URBAN DEVELOPMENT AUTHORITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year ended 31st December, 2019

1.3. BASIS OF PREPARATION AND OTHER SIGNIFICANT ACCOUNTING POLICIES

1.3.1 Basis of Measurement

The Financial Statements of the Company have been prepared on an accrual basis and under the historical cost basis except for the following material items included in the Statement of Financial Position;

- Liability for defined benefit obligations is recognised at the present value of the defined benefit obligation, plus unrecognised actuarial gains, less unrecognised past service cost and unrecognised actuarial losses.

1.3.2 Functional and presentation currency

These consolidated financial statements are presented in Sri Lankan Rupee's, which is the Authority's functional currency. All financial information presented in Sri Lankan Rupee's except otherwise clearly stated.

1.3.3 Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with SLFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

The Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that financial year or in the period of the revision and future periods if the revision affects both current and future financial years.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

Critical accounting estimate/ judgment	Note No	Page No
classification of investment property	09	32



URBAN DEVELOPMENT AUTHORITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year ended 31st December, 2019

Information about assumptions and estimates uncertainties that have a significant risk of resulting in a material adjustment in the financial statements are included in the table below:

Critical accounting estimate/judgment	Note No	Page No
Investment Property	09	32
Property, plant and equipment	08	30
Employee Benefits	30	39

1.4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

1.4.1. Basis of Consolidation

(a) Business Combination

Business combinations are accounted for using the acquisition method as at the acquisition date - i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group also takes into consideration potential voting rights that are currently exercisable

The Group measures goodwill at the acquisition date as:

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

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships such amounts are generally recognised in profit or loss. Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.



URBAN DEVELOPMENT AUTHORITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year ended 31st December, 2019

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. The Financial Statements of Subsidiaries are included in the consolidated Financial Statements from the date that control commences, until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(b) Investments in associates (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Investments in associates are accounted for using the equity method (equity-accounted investees) and are recognized initially at cost. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the

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

(c) Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealized income and expenses arising from intra Group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

1.4.2. Foreign Currency Transactions

All foreign exchange transactions are converted to functional currency, at the rates of exchange prevailing at the time the transactions are affected. Monetary assets and liabilities denominated in foreign currency are retranslated to functional currency equivalents at the spot exchange rate prevailing at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference.



URBAN DEVELOPMENT AUTHORITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year ended 31st December, 2019

1.4.3. Financial assets and financial liabilities

(a) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

The Group has the following non-derivative financial assets: loans and receivables and available-for-sale financial assets.

(i). Loans and receivables

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

Loans and receivable comprise cash and cash equivalents, Staff debtors and trade and other receivables, including related party receivables.

(ii). Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call and REPOs with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.



URBAN DEVELOPMENT AUTHORITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year ended 31st December, 2019

(i). Compensation Policy (Continued)

1. Capital Component: The valuation figure decided by the relevant Authority for the specific land extent will be recognized as Capital payment.
2. Interest Component: The interest payable amount to the owner of the land for the period starting from the section 7 recognized date to the payment date.

Accordingly, the compensation payable to the owners of the acquired total land extent as at the balance sheet date will be recognized in the financial statements as compensation Payable in the Statement of Financial Position under two categories.

- (a). 20% of the total compensation payable amount as current asset assuming that complete compensation payable amount in the fourth coming year will be around 20% of the total value.
- (b). 80% of the total compensation value under Noncurrent Liabilities as Accrued Compensation on lands considering that 80% will become due after another one year's time.

This current liability portion of the compensation will be paid after considering the overall cash flow of the UDA for that particular year using proceeds from land sales and interest received from long term investments. The past two years compensation payments made from UDA funding mechanisms are as follows,

Year	Compensation Paid Amount in (Rs.)
2017	908,000,000
2018	1,663,000,000
2019	507,332,975

1.4.4. Impairment

1.4.4.1 Non-derivative Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables at a specific asset level. All individually significant receivables are as assessed for specific impairment.



URBAN DEVELOPMENT AUTHORITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year ended 31st December, 2019

1.4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.4.4 Impairment (Continued)

1.4.4.1 Non-derivative Financial assets

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reserved through profit or loss. Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

The carrying amounts of the Group's non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest Group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Groups of assets (the "cash generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (Group of units) on a pro rata basis.



URBAN DEVELOPMENT AUTHORITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year ended 31st December, 2019

1.4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.4.4 Impairment (Continued)

1.4.4.1 Non-derivative Financial assets

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.4.5 Property, Plant and Equipment

i. Recognition and Measurement

Property, Plant and Equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the assets can be reliably measured.

Property, Plant and Equipment are stated at cost/revaluation less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment comprise its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labor, and any other costs directly attributable to bringing the Asset to the working condition for its intended use. When parts of an item of property, plant and equipment have different useful lives, they are accounted for separate items (major component) of property, plant and equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

ii. Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured and reclassified as investment property. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.



URBAN DEVELOPMENT AUTHORITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year ended 31st December, 2019

iii. Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day to day servicing of property, plant and equipment are recognized in profit or loss as incurred.

iv. De-recognition

The carrying amount of an item of property, plant and equipment is de-recognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on de-recognition are recognized within other income in profit or loss.

v. Depreciation

Depreciation is recognized in profit or loss on the straight-line basis over the estimated useful lives of each part of item of Property, Plant and Equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Depreciation of an asset begins when it is available for use whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal Group that is classified as held for sale) and the date that the asset is derecognized. Depreciation is not charged on Freehold Land and Capital Work in Progress.

The estimated useful lives are as follows:

Asset Category	Useful Lives
Buildings	Over a period of 50 years
Motor Vehicles	Over a period of 5 years
Furniture & Fittings	Over a period of 10 years
Office Equipment	Over a period of 5 years
Accounting system and other software	Over a period of 5 years
Books and manuals	Over a period of 4 years
Plant and Equipment	Over a period of 5 years



URBAN DEVELOPMENT AUTHORITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year ended 31st December, 2019

1.4.6 Investment Property

1.4.6.1. Recognition and Measurement

Investment property is property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

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

1.4.6.2. Subsequent Measurement

Subsequent to initial recognition, the investment properties are stated at deemed cost less accumulated depreciation and accumulated Impairment loss. UDA used a straight-line method to deprecate its Investment property except Land over the period of 50 years.

1.4.6.3. De recognition

Investment properties are derecognized when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognized in the Statement of profit or loss in the year of retirement or disposal.

1.4.6.4. Present Practice

Authority measured Deemed cost of Land and building of Investment property at fair value at the date of transition of SLFRS (Deemed cost as at 31 December 2011) which were carried in the statement of financial position prepared in accordance with previous SLAS on the basis of acquisition cost.

According to the SLFRS 16 Authority should classified its land provided for 99 lease as finance lease and derecognized the carrying value of the land and recognized any profit or loss to P&L. However, since practically the actual ownership of the land leased out for 99 years does not transfer to the lessee at the end of the lease term and considering to maintain required land information as a government organization in the books of accounts, Authority has recorded all the land leased out for 99 years lease term at their historical cost while the other lands revalued and considered it as deemed cost at the transition of SLFRS. This was the practice from last SFRS transition which took place in 2012 year onwards .



URBAN DEVELOPMENT AUTHORITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year ended 31st December, 2019

1.4.6 Investment Property (Continued)

1.4.6.5. Transfer to or from Investment Property

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property or inventory (WIP), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property or inventory (WIP), the Authority accounts for such property in accordance with the Accounting policy stated under property, plant and equipment up to the date of change in use.

1.4.6.6. Consolidated Financial Statement

Where Group of companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant & equipment in the consolidated financial statements, and accounted using Group accounting policy for property, plant & equipment.

1.4.6.7. Revenue from Investment Property

Lands and buildings are being rented out to an external party by the UDA for 99, 50 or 30 years lease term basis and the property is held to earn lease / rental income or for capital appreciation. Accordingly, these land and buildings have been classified as investment property in the Statement of Financial Position of the UDA in accordance with Sri Lanka Accounting Standard - LKAS 40 - 'Investment Property' and the lease premium received upfront is recognized over lease period on straight line basis.

1.4.7. Leases

The determination of whether an arrangement is a lease or it contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

- Operating Leases - Company as a lessor

Leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. The Company as a lessor as well as the Company has a portfolio of land and building all over the country which has been used to earn rental and capital appreciation. Contingent rents are recognized as revenue in the period in which they are earned, if any.



URBAN DEVELOPMENT AUTHORITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year ended 31st December, 2019

1.4.8. Completed URPCC Houses

All capital cost incurred for the construction and infrastructure development has been capitalised separately to the relevant project.

During the construction period all above cost has been recorded under the WIP in the balance sheet. On the completion of construction all cost which have been capitalised as at date has been transferred to completed URPCC houses accounts.

All recurrent expenditure of the project execution such as staff salaries, transportation, etc and maintenance expenditure of the housing projects have been charged to profit and loss yearly.

1.4.9. Capital Work in Progress

Capital expenses incurred during the year which are not completed as at the reporting date are shown as Capital Work-in-Progress, whilst the capital assets which have been completed during the year and available to use have been transferred to Property, Plant and Equipment, Completed URPCC Houses or Investment Property where appropriate.

1.4.10. Borrowing cost

Borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying assets have been capitalized as part of the cost of the asset in accordance with Sri Lanka Accounting Standards 23 (LKAS 23) "Borrowing Cost". Capitalization of borrowing cost ceases when substantially all activities necessary to prepare the qualifying assets for its intended use are completed.

1.4.11. Inventories

Inventories are valued at lower of cost and net realizable value. Cost is determined on the first in first out cost basis and includes expenses incurred in acquiring the inventories and bringing them to their existing location and condition.

1.4.12. Employee benefits

(a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which contributions are made into a separate fund and the entity will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plan are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.



URBAN DEVELOPMENT AUTHORITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year ended 31st December, 2019

(b) Defined Contribution Plans - Employees Provident Fund and Employees Trust Fund

All employees who are eligible for Employees Provident Fund contribution and Employees Trust Fund contribution are covered by relevant contribution funds in line with respective statutes and regulations. The Group contributes 15 % and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

(c) Defined Benefit Plan - Gratuity

A Defined Benefit Plan is a post-employment benefit plan other than a Defined Contribution Plan as defined in the Sri Lanka Accounting Standard - LKAS 19 on 'Employee Benefits'. The Company is liable to pay retirement benefits under the Payment of Gratuity Act, No.12 of 1983. Provision has been made in the Financial Statements for retirement gratuity as Employee benefit liability from the first year of service for all

(d) Defined Benefit Plan - Gratuity (Continued)

employees. Gratuity plan defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as years of service and compensation. The liability recognised in respect of employee benefit liability in the Statement of Financial Position is the present value of the defined benefit obligation at the reporting date together with adjustments for unrecognized past service costs. The employee benefit liability is calculated annually by independent actuaries using the 'projected unit credit method' as required by the Sri Lanka Accounting Standard - LKAS 19 on 'Employee Benefits'.

The present value of the defined benefit plan is determined by discounting the estimated future cash outflows using interest rates of long-term Government Bonds or high-quality Corporate Bonds. Actuarial gains or losses are recognised in Other Comprehensive Income in the period in which they arise. The current service cost and interest cost are recognised as an expense in the Income Statement.

1.4.12. Provisions

Provisions are recognised if, as a result of a past event the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefit will be required to settle the obligation. Provisions and liabilities are recognised in the balance sheet. Provisions are determined by discounting expected future cash flows at a pre-tax rate that reflects current market Assessment of the time value of money and the risk specific to the liability. Unwinding of discount is recognized as finance cost.



URBAN DEVELOPMENT AUTHORITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year ended 31st December, 2019

1.4.13. Statement of Comprehensive Income

1.4.13.1. Revenue

(a) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(b) Fees for Service rendered

All fees for services rendered except for fee for electricity, water charges, and Management Client projects are accounted on cash basis.

(c) Key Money

Key money received by the Authority for lease or rented properties have been identified as income for the year in which the key money is received. However, key money received for development projects Undertaken by the Authority on behalf of clients or government, have been shown under liabilities since such key money has to be set off against the project development cost.

1.4.13.2. Interest Income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as available for sale, interest income or expense is recorded 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 or liability. Interest income is included in finance income in the income statement.

1.4.13.3. Dividend Income

Dividend income is accounted when the shareholders' right to receive payment is established.

1.4.13.4. Other Income

Profits or losses from disposal of property, plant and equipment recognized having deducted from proceeds on disposal, the carrying value of the assets and the related expenses.

Foreign currency gains and losses are reported on a net basis.



URBAN DEVELOPMENT AUTHORITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year ended 31st December, 2019

1.4.13.5. Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant and are then recognised in profit or loss as other income amounts Rs. 15,717,001 on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognized.

Revenue from Disposal of houses under URPCC and Middle Income Category

As per the direction of Government of Sri Lanka, Urban Regeneration project in the city of Colombo was initiated by the Authority as a national project to provide better shelters for underserved community in the city of Colombo and a housing programme for Middle income category was initiated by the Authority with a target to provide a housing unit for an affordable price.

As per the SLFRS 15, the five-step model should be applied to recognize the revenue from the above project.

- Step 01 - Identify the contract(s) with the customer
- Step 02 - Identify the performance obligations in the contract.
- Step 03 - Determine the transaction price
- Step 04 - Allocate the transaction price
- Step 05 - Recognise revenue when a performance obligation is satisfied

The Authority recognize profit or loss when (or as) the entity satisfies a performance obligation by transferring the promised asset to a customer. An asset is transferred when (or as) the customer obtains control of that asset. According to the SLFRS 15, a performance obligation may be satisfied at a point in time or over time. This is determined at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. If an entity does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time. Accordingly, the UDA recognise revenue from above housing programme at the point in time.



URBAN DEVELOPMENT AUTHORITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year ended 31st December, 2019

1.4.13.6. Expenditure Recognition

(a) Other Expenses

All expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year.

1.4.13.7. Taxation

(a) Current Taxes

Current Income tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The provision for income tax is based on the elements of income and expenditures reported in the Financial Statements and computed with in accordance with the provisions of the Inland Revenue Act.

The relevant details are disclosed in the respective notes to the Financial Statements.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.



URBAN DEVELOPMENT AUTHORITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year ended 31st December, 2019

1.5. OTHER GENERAL ACCOUNTING POLICIES

(a) Related Party Transactions

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

The relevant details are disclosed in the Note 33 to the Financial Statements.

1.6. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment

The fair value of Land and Buildings is based on the market approach using quoted market prices for similar items when available.

(ii) Investment property

The groups internal independent valuation team having appropriate recognized professional qualifications and recent experience in the location and category of property being valued, valued the Group's investment property portfolio as at 1st January 2011. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably in the absence of current prices in an active market, the valuations are prepared by considering the estimated rental value of the property. A market yield is applied to the estimated rental value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents. Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.



URBAN DEVELOPMENT AUTHORITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year ended 31st December, 2019

(ii). Investment property (Continued)

Investment property under construction is valued by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete construction, financing costs and a reasonable profit margin.

1.7. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Events after the reporting period are those events favorable and unfavorable that occurs between the end of the reporting period and the date when the Financial Statements are authorized for issue.

The nature of the events occurring after the reporting period is considered and appropriate adjustments to or disclosures are made in the Financial Statements, where necessary.



MAN DEVELOPMENT AUTHORITY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER 2019

Sub Note	Group		Authority	
	31st December 2019	31st December 2018	31st December 2019	31st December 2018
	Rs.	Rs.	Rs.	Rs.
REVENUE				
Rent	2,183,760,058	2,392,164,114	1,766,194,297	1,966,536,679
Fee from Other Main Activities	1,040,984,295	957,995,162	815,406,522	744,757,507
Food & Beverages Revenue	1,337,151,779	1,281,999,385	-	-
	<u>4,561,896,132</u>	<u>4,632,158,661</u>	<u>2,581,600,819</u>	<u>2,711,294,186</u>
INVESTMENT INCOME				
Interest Income	1,911,461,962	1,977,320,843	1,886,207,657	1,943,589,903
Dividend Received	7,790,622	4,479,210	31,440,618	29,562,540
	<u>1,919,252,584</u>	<u>1,981,800,053</u>	<u>1,917,648,276</u>	<u>1,973,152,443</u>
OTHER INCOME				
Miscellaneous Income	93,239,039	218,742,626	56,509,735	96,361,256
Profit/(Loss) from sale of land & buildings	-	(30,729,424)	-	(30,729,424)
Profit / (Loss) from sale of vehicle /Furniture	19,986,172	-	19,986,172	-
Profit / (Loss) from Middle Income Houses Sale	459,989,308	-	459,989,308	-
Profit / (Loss) from URPCC Houses Sale	-	46,841,693	-	46,841,693
	<u>573,214,520</u>	<u>234,854,895</u>	<u>536,485,216</u>	<u>112,473,520</u>
ADMINISTRATION EXPENDITURE				
Salaries & Wages	1,911,482,189	1,756,577,454	1,680,683,077	1,436,373,008
Contribution to EPF/ETF , Gratuity etc	291,965,613	266,323,354	252,224,322	233,966,786
Prepaid Staff Cost	25,135,868	26,737,310	25,135,868	26,737,310
Bonus & Incentives	112,105,822	124,891,837	69,957,634	68,556,325
Unutilized leave	63,814,703	60,373,728	63,814,703	60,061,589
Welfare payment	27,568,945	21,010,452	27,546,579	14,122,137
Traveling	34,825,432	36,686,267	33,471,552	15,431,212
Office Supplies Requisites	137,724,264	163,783,202	127,027,734	128,525,970
Repairs and Maintenance	393,298,196	417,103,128	353,992,812	368,968,348
Electricity Charges	183,364,957	280,802,448	188,487,645	212,991,930
Telephone Charges	13,149,023	19,662,036	12,727,765	14,251,605
Charges for Water	12,324,549	24,612,104	9,275,745	13,260,695
Health & Sanitation Services	259,722,023	113,435,482	129,571,089	108,274,468
Rental & Hire Charges	89,461,126	87,534,501	88,510,416	67,599,127
Transport , Advertising , Security & Others	357,844,715	422,302,687	216,588,788	375,252,043
Depreciation	570,334,153	571,092,693	397,255,633	394,571,683
Audit Fees	3,058,120	4,948,460	1,200,000	4,733,649
Rates & Taxes	12,218,363	76,510,715	5,983,735	74,547,564
Insurance Premium	12,195,776	9,361,354	9,464,862	5,654,677
Subscription & Membership Fees	575,815	571,780	575,815	571,780
Losses & Write Off	16,448,481	12,821,974	12,851,352	11,288,852
Others	29,676,903	25,991,434	26,352,815	16,773,355
Litigation	3,353,975	1,768,937	3,353,975	1,768,937
Directors Emoluments	3,273,526	8,242,920	-	-
Laundry Charges	-	17,246,485	-	-
	<u>4,564,922,534</u>	<u>4,550,392,742</u>	<u>3,736,053,913</u>	<u>3,654,283,051</u>
FINANCIAL COST				
Intest.Pymt.to Local Bank Loan	209,942,553	251,209,948	-	13,205,548
Interest on Bank over Draft	2,773	350,147	2,773	1,098
Bank Charges	922,422	1,137,994	883,335	938,753
Interest on lease cancellation	(7,852)	14,398,027	(7,852)	14,398,027
Credit Card Discount & Other	11,209,569	10,642,136	-	-
	<u>222,069,465</u>	<u>277,738,252</u>	<u>878,256</u>	<u>28,543,426</u>
OTHER EXPENSE				
Grants, Contributions/Others	7,250,000	975,155	7,185,000	-
Nation Building Tax	63,555,986	67,310,494	50,645,607	53,969,558
Project Operating Cost - Refer Note 36	49,064,138	128,409,459	49,064,138	128,409,459
	<u>119,870,124</u>	<u>196,695,108</u>	<u>106,894,745</u>	<u>182,379,017</u>
TAXATION				
Taxation on Profit for the year	367,483,319	378,651,248	338,560,798	347,262,389
Deferred Taxation	(220,908,278)	(172,599,776)	(217,317,935)	(169,030,723)
	<u>146,575,041</u>	<u>206,051,472</u>	<u>121,242,863</u>	<u>178,231,666</u>



URBAN DEVELOPMENT AUTHORITY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER 2019

	Group		Authority	
	31st December	31st December	31st December	31st December
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
3.1 Interest Income				
3.1.1 on Term Deposits	1,786,741,431	1,843,902,270	1,762,853,320	1,814,453,105
3.1.2 on Re-Purchase Order	86,554,984	92,831,484	84,618,790	88,549,709
3.1.3 on Savings Accounts	631	4,534	631	4,534
3.1.4 on Staff Loans	37,129,156	38,413,467	37,129,156	38,413,467
3.1.5 on Lease Rent	294,901	1,125,180	864,901	1,125,180
3.1.6 on UDSP Loan	740,860	1,043,908	740,860	1,043,908
	<u>1,911,461,962</u>	<u>1,977,320,843</u>	<u>1,886,207,657</u>	<u>1,943,589,903</u>
3.2 Dividend Received				
3.2.1 Onally Holdings Ltd.	-	-	23,649,996	25,083,329
3.2.2 Lanka Electricity Company (Private) Ltd	7,773,347	4,731,603	7,773,347	4,731,603
3.2.4 State Institution Temporary Surplus Trust Fund	17,275	(252,392)	17,275	(252,392)
	<u>7,790,622</u>	<u>4,479,210</u>	<u>31,440,618</u>	<u>29,562,540</u>
4.1 Miscellaneous Income				
4.1.1 Non-Refundable Tender Deposits	18,752,327	7,591,925	15,485,327	7,591,925
4.1.2 Penalty-Delayed Payments	2,935,281	(588,293)	2,935,281	(588,293)
4.1.3 Demolition Fee	329,000	144,359	329,000	144,359
4.1.4 Sundries	21,174,331	70,884,778	17,811,762	68,392,516
4.1.5 Other Misl revenue	865,638	805,301	865,402	805,301
4.1.6 Sale of Publication	264,885	660,111	264,885	660,111
4.1.7 Sundry Income from staff	37,635	38,050	37,635	38,050
4.1.8 Sale of Rubber	18,686,877	19,188,442	18,686,877	19,188,442
4.1.9 Sales of Agro harvest at Millewa Waththa	87,565	72,345	87,565	72,345
4.1.10 Processing Fees for Issuing Green Certificate	6,000	56,500	6,000	56,500
4.1.11 Membership Fee Income	2,035,872	44,916,884	-	-
4.1.12 Hall hire Charges & Other Charges	28,063,627	74,972,224	-	-
	<u>93,239,039</u>	<u>218,742,626</u>	<u>56,509,735</u>	<u>96,361,256</u>
4.2 Profit from sale of land & buildings				
Sale proceeds on Lands	-	7,181,444	-	7,181,444
Less : Cost of Land Sold	-	37,910,868	-	37,910,868
Profit on sale of Land & building	-	(30,729,424)	-	(30,729,424)
Profit realted to Current year	-	(30,729,424)	-	(30,729,424)
	-	(30,729,424)	-	(30,729,424)
4.3 Profit from sale of Fixed Assets				
Sale proceeds on Disposal of Fixed Assets	19,986,172	-	19,986,172	-
Less : Cost of Fixed Assets sold	(19,265,571)	-	(19,265,571)	-
	720,601	-	720,601	-
Add : Accumulated Depreciation on Fixed Assets sold	19,265,571	-	19,265,571	-
Profit on sale of Fixed Assets	<u>19,986,172</u>	<u>-</u>	<u>19,986,172</u>	<u>-</u>
4.4 Profit from sale of Middle Income Houses				
Sale proceeds on Middle Income Houses	1,709,575,000	-	1,709,575,000	-
Less : Cost of Building Sold	(1,249,585,692)	-	(1,249,585,692)	-
Profit / (Loss) realted current year	<u>459,989,308</u>	<u>-</u>	<u>459,989,308</u>	<u>-</u>
	<u>459,989,308</u>	<u>-</u>	<u>459,989,308</u>	<u>-</u>
4.5 Profit from sale of URPC house				
Sale proceeds on URP House Sale	3,683,000,000	713,000,000	3,683,000,000	713,000,000
Less : Cost of building Sold	(4,126,078,239)	(666,158,307)	(4,126,078,239)	(666,158,307)
Profit / (Loss) realted to Prior year	(443,078,239)	-	(443,078,239)	-
Profit realted to Current year	-	46,841,693	-	46,841,693
	<u>(443,078,239)</u>	<u>46,841,693</u>	<u>(443,078,239)</u>	<u>46,841,693</u>

As per the direction of Government of Sri Lanka, a housing programme for Middle income category was initiated by UDA with a target to provide a housing unit for an affordable price. The project was initiated in 2015 as the key project as Government Servant's Housing scheme at Borella. Subsequently the housing project started at Angoda under URPC was converted to the middle income category housing project.

This housing programme is funded by UDA and key money collected through presale of housing units of same projects. All capital cost incurred for the construction and infrastructure development had been capitalised separately to the project. The housing project at Angoda has been declared open in the year 2019.

432 nos. houses Out of 500 no. of houses were disposed in the year 2019 and total sale Consideration of same houses amounted to Rs. 1,709,575,000 and Capital Cost of same was Rs.1,249,585,692.

1413 Housing Units in various Housing Projects constructed under URPC Projects have been disposed and handed over to some projects Ministries and Government Institutions. For their relocation programme as at 31/12/2018 out of same 192 no. of houses were accounted in the year 2018 and the balace housing has been adjusted as prior year adjustment in the year under review. Total sale Consideration of 1221 houses amounted to Rs. 3,683,000,000 and Capital Cost of same was Rs.4,126,078,239.



9. Property, Plant & Equipment for the Authority

	Land	Building	Plant & Machinery	Furniture & Fittings	Motor vehicles	Systems & Software	Bicycles	Office Equipments	Library books	Total (Rs.)
Cost as at 01/01/2018	90,883,000	1,673,241,283	420,168,754	394,664,610	86,785,312	-	250,252	529,461,270	1,589,636	3,197,044,117
Depreciation 01/01/2018	-	232,891,929	259,875,382	146,365,207	84,503,802	-	222,271	337,254,327	1,574,739	1,062,687,657
WDV as at 01/01/2018	90,883,000	1,440,349,354	160,293,372	248,299,403	2,281,510	-	27,981	192,206,943	14,897	2,134,356,460

Cost	Land	Building	Plant & Machinery	Furniture & Fittings	Motor vehicles	Systems & Software	Bicycles	Office Equipments	Library books	Total (Rs.)
Balance as at 01/01/2018	90,883,000	1,673,241,283	420,168,754	394,664,610	86,785,312	-	250,252	529,461,270	1,589,636	3,197,044,117
Additions	-	25,962,973	9,537,741	45,344,215	-	5,158,424	219,500	57,878,019	10,000	144,110,873
Adjustments	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Balance as at 31/12/2018	90,883,000	1,699,204,256	429,706,495	440,008,825	86,785,312	5,158,424	469,752	587,339,289	1,599,636	3,341,154,990

Depreciation	Land	Building	Plant & Machinery	Furniture & Fittings	Motor vehicles	Systems & Software	Bicycles	Office Equipments	Library books	Total (Rs.)
Balance as at 01/01/2018	-	232,891,929	259,875,382	146,365,207	84,503,802	-	222,271	337,254,327	1,574,739	1,062,687,657
Charges	-	33,470,322	55,018,946	33,748,167	-	160,974	20,557	59,434,628	6,149	181,859,743
Disposals	-	-	-	-	-	-	-	-	-	-
Balance as at 31/12/2018	-	266,362,251	314,894,328	180,113,374	84,503,802	160,974	242,828	396,688,955	1,580,888	1,244,547,400

WDV as at 31/12/2018	90,883,000	1,432,842,006	114,812,167	259,895,451	2,281,510	4,997,450	226,924	190,520,334	18,748	2,096,607,591
----------------------	------------	---------------	-------------	-------------	-----------	-----------	---------	-------------	--------	---------------

Cost	Land	Building	Plant & Machinery	Furniture & Fittings	Motor vehicles	Systems & Software	Bicycles	Office Equipments	Library books	Total (Rs.)
Balance as at 01/01/2019	90,883,000	1,699,204,256	429,706,495	440,008,825	86,785,312	5,158,424	469,752	587,339,289	1,599,636	3,341,154,990
Additions	-	-	3,915,270	43,891,966	219,500	6,359,188	-	45,105,210	-	99,491,134
Adjustments	-	901,840,885	(1,449,135)	(9,013,031)	219,500	(1,506,610)	(219,100)	9,245,308	-	900,624,427
Disposals	-	-	-	(1,244,256)	(14,613,308)	-	-	(3,408,007)	-	(19,265,571)
Balance as at 31/12/2019	90,883,000	2,601,045,141	432,172,630	473,643,504	72,611,004	11,517,612	250,652	638,281,800	1,599,636	4,322,004,980

Depreciation	Land	Building	Plant & Machinery	Furniture & Fittings	Motor vehicles	Systems & Software	Bicycles	Office Equipments	Library books	Total (Rs.)
Balance as at 01/01/2019	-	266,362,251	314,894,328	180,113,374	84,503,802	160,974	242,828	396,688,955	1,580,888	1,244,547,400
Charges	-	33,486,078	47,554,859	38,089,706	84,142,000	1,506,610	5,880	63,537,370	5,749	184,270,394
Adjustments	-	-	-	7,317	-	-	(7,317)	-	-	-
Disposal	-	-	-	(1,244,256)	(14,613,308)	-	-	(3,408,007)	-	(19,265,571)
Balance as at 31/12/2019	-	299,848,329	362,449,187	216,958,824	69,981,953	1,667,584	241,391	456,818,318	1,586,637	1,409,552,223
WDV as at 31/12/2019	90,883,000	2,301,196,813	69,723,443	256,684,680	2,629,051	9,850,028	9,261	181,463,482	12,999	2,912,452,758

Note-

(a). Building include the owner occupied part of the Sethsiripaya Administration Complex Stage - I.



9 a Property, Plant & Equipment for the Group

	Land	Building	Plant & Machinery	Furniture & fittings	Motor vehicles	Systems & Software	Bicycles	Office equipments	Library books	Total (Rs.)
Cost as at 01/01/2018	118,007,331	4,481,610,729	439,901,063	518,086,100	143,747,688	-	250,252	890,001,732	1,589,636	6,593,194,531
Depreciation 01/01/2018	-	654,549,787	268,842,395	194,100,163	133,561,577	-	222,270	498,863,118	1,574,739	1,751,714,050
WDV as at 01/01/2018	118,007,331	3,827,060,942	171,058,668	323,985,937	10,186,111	-	27,982	391,138,614	14,897	4,841,480,481

	Land	Building	Plant & Machinery	Furniture & fittings	Motor vehicles	Systems & Software	Bicycles	Office equipments	Library books	Total (Rs.)
Balance as at 01/01/2018	118,007,331	4,481,610,729	439,901,063	518,086,100	143,747,688	-	250,252	890,001,732	1,589,636	6,593,194,531
Additions	-	253,742,941	21,401,351	60,662,222	10,820,564	5,158,424	219,500	201,722,431	10,000	553,737,434
Disposals	-	-	-	-	-	-	-	-	-	-
Balance as at 31/12/2018	118,007,331	4,735,353,670	461,302,414	578,748,323	154,568,252	5,158,424	469,752	1,091,724,163	1,599,636	7,146,931,965

	Land	Building	Plant & Machinery	Furniture & fittings	Motor vehicles	Systems & Software	Bicycles	Office equipments	Library books	Total (Rs.)
Balance as at 01/01/2018	-	654,549,787	268,842,395	194,100,163	133,561,577	160,974	222,270	498,863,118	1,574,739	1,751,714,050
Charges	-	61,068,243	58,789,463	47,048,949	4,103,154	-	20,557	119,795,937	6,149	290,993,426
Written back on disposal	-	-	-	-	-	-	-	-	-	-
Balance as at 31/12/2018	-	715,618,030	327,631,858	241,149,112	137,664,731	160,974	242,827	618,659,055	1,580,888	2,042,707,476

Balance as at 31/12/2018	118,007,331	4,019,735,641	133,670,556	337,599,210	16,903,521	4,997,450	226,925	473,065,107	18,748	5,104,224,489
--------------------------	-------------	---------------	-------------	-------------	------------	-----------	---------	-------------	--------	---------------

	Land	Building	Plant & Machinery	Furniture & fittings	Motor vehicles	Systems & Software	Bicycles	Office equipments	Library books	Total (Rs.)
Cost as at 01/01/2019	118,007,331	4,735,353,670	461,302,414	578,748,323	154,568,252	5,158,424	469,752	1,091,724,163	1,599,636	7,146,931,965
Depreciation 01/01/2019	-	715,618,030	327,631,858	241,149,112	137,664,731	160,974	242,827	618,659,055	1,580,888	2,042,707,476
WDV as at 01/01/2019	118,007,331	4,019,735,640	133,670,556	337,599,211	16,903,521	4,997,450	226,925	473,065,108	18,748	5,104,224,489

	Land	Building	Plant & Machinery	Furniture & fittings	Motor vehicles	Systems & Software	Bicycles	Office equipments	Library books	Total (Rs.)
Balance as at 01/01/2019	118,007,331	4,735,353,670	461,302,414	578,748,323	154,568,252	5,158,424	469,752	1,091,724,163	1,599,636	7,146,931,965
Additions	-	78,954,391	19,218,508	56,811,322	2,842,609	6,609,188	-	69,243,305	-	233,679,323
Adjustments	-	261,619,486	(1,449,135)	(9,013,031)	219,500	-	(219,100)	9,245,308	-	260,403,028
Disposals	-	-	-	(1,244,256)	(14,613,308)	-	-	(3,408,007)	-	(19,265,571)
Balance as at 31/12/2019	118,007,331	5,075,927,547	479,071,787	625,302,358	143,017,053	11,767,612	250,652	1,166,804,769	1,599,636	7,621,748,745

	Land	Building	Plant & Machinery	Furniture & fittings	Motor vehicles	Systems & Software	Bicycles	Office equipments	Library books	Total (Rs.)
Balance as at 01/01/2019	-	715,618,030	327,631,858	241,149,112	137,664,731	160,974	242,827	618,659,055	1,580,888	2,042,707,476
Charges	-	53,073,162	51,489,667	52,459,351	3,457,992	1,506,610	5,880	116,035,238	5,749	278,033,649
Written back on disposal	-	-	-	(1,244,256)	(14,613,308)	-	-	(3,408,007)	-	(19,265,571)
Balance as at 31/12/2019	-	768,691,192	379,121,525	292,364,207	126,509,415	1,667,584	248,707	731,286,286	1,586,637	2,301,475,554

Balance as at 31/12/2019	118,007,331	4,307,236,356	99,950,262	332,938,151	16,507,638	10,100,028	1,945	435,518,483	12,999	5,320,273,192
--------------------------	-------------	---------------	------------	-------------	------------	------------	-------	-------------	--------	---------------



URBAN DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2019

10. INVESTMENT PROPERTY - AUTHORITY

At fair value							
	Balance as at	Additions	Transferred To PPE	Transferred From WIP	Written back	Adjustments	Balance as at
	01/01/2018	During the year			on Disposals	During the year	31/12/2018
Land	81,778,531,467	705,507,448		115,751,962	(37,910,868)	-	82,561,880,008
Buildings	10,524,053,778	109,796,868	(25,962,973)	-	-	-	10,607,887,673
Total	92,302,585,244	815,304,316	(25,962,973)	115,751,962	(37,910,868)	-	93,169,767,681
Depreciation							
	Balance as at	Charges	Write Back for	Written back	Adjustments	Balance as at	
	01/01/2018	for the year	Revalued Property	on Disposals	During the year	31/12/2018	
Land	-	-	-	-	-	-	-
Buildings	1,175,908,074	-	212,711,940	-	-	-	1,388,620,014
Total	1,175,908,074	-	212,711,940	-	-	-	1,388,620,014
WDV	91,126,677,170						91,781,147,666
At fair value							
	Balance as at	Additions	Transferred To PPE	Transferred From WIP	Written back	Adjustments	Balance as at
	01/01/2019	During the year			on Disposals	During the year	31/12/2019
Land	82,561,880,008	1,384,309,883		4,651,034,965	-	(194,637,666)	88,402,587,190
Buildings	10,607,887,673	14,452,752		185,298,180	-	(901,840,885)	9,905,797,720
Total	93,169,767,681	1,398,762,635	-	4,836,333,145	-	(1,096,478,551)	98,308,384,910
Depreciation							
	Balance as at	Charges	Write Back for	Written back	Adjustments	Balance as at	
	01/01/2019	for the year	Revalued Property	on Disposals	During the year	31/12/2019	
Land	-	-	-	-	-	-	-
Buildings	1,388,620,014	-	212,985,239	-	-	-	1,601,605,253
Total	1,388,620,014	-	212,985,239	-	-	-	1,601,605,253
WDV	91,781,147,666						96,706,779,657

Note -

Asset Valuation Report 2019

As per LKAS 40- 'Investment Property' the Board of Directors have adopted the cost model for accounting of Investment Property at the SLAS transition to SLFRS/LKAS as at 1st January 2012. Accordingly, the 2012 valuation has been taken including lease properties as per professional advice obtained.

According to the section 79 C under the disclosure of LKAS 40 regarding the Investment Property in the Financial Statements to be done. Accordingly, the UDA's Asset valuation was valued by Mr.G.W.G.Abeygunawardena, Chartered and incorporated valuer having needed experience in the location and category of the Investment Property being valued using his expert knowledge using the base information submitted by the Land Division. As at 31st December 2019, the Asset valuation was Rs.602,256,788,261 excluding lease out properties and the categorisation of the same are as follows,

Built-up Properties	Rs.239,733,903,317
Housing Projects	Rs.51,382,200,000
Owned Properties	Rs.311,140,684,944
Total Value of the Properties	Rs.602,256,788,261

Income Earned from Investment property

Total rent income earned by the UDA from the Investment Property during the year was Rs.1,766,194,297

Expenses incurred on Investment Property

Total repair and maintenance expenses incurred on the investment property was Rs.353,992,812

Leasing arrangements

Some investment property is leased to tenants under long term operating leases and built up premises are rented out with rentals payable monthly.

99 year lease

The UDA has leased out some properties of it's to the tenants as 99 year lease and same properties have been recorded as historical cost under the investment property of Financial statements.



URBAN DEVELOPMENT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 AS AT 31ST DECEMBER 2019

10. INVESTMENT PROPERTY - AUTHORITY

INVESTMENT PROPERTY - GROUP

	Balance as at 01/01/2018	Additions During the year	Transferred To PPE	Transferred From WIP From	Written back on Disposals	Adjustments During the year	Balance as at 31/12/2018
Land	79,905,216,467	705,507,448		115,751,962	(37,910,868)	-	80,688,565,008
Buildings	14,890,768,394	109,796,868	(25,962,973)	-			14,974,602,289
Total	94,795,984,861	815,304,316	(25,962,973)	115,751,962	-37,910,868	-	95,663,167,297

Depreciation

	Balance as at 01/01/2018	Charges for the year	Write Back for Revalued Property	Written back on Disposals	Adjustments During the year	Balance as at 31/12/2018
Land	-	-	-	-	-	-
Buildings	1,585,720,335	-	287,736,409	-	-	1,873,456,744
Total	1,585,720,335	-	287,736,409	-	-	1,873,456,744
WDV	93,210,264,526					93,789,710,553

	Balance as at 01/01/2019	Additions During the year	Transferred To PPE	Transferred From WIP	Written back on Disposals	Adjustments During the year	Balance as at 31/12/2019
Land	80,688,565,008	1,384,309,883		4,651,034,965	-	(194,637,666)	86,529,272,190
Buildings	14,974,602,289	14,452,752		185,298,180		(901,840,885)	14,272,512,336
Total	95,663,167,297	1,398,762,635		4,836,333,145	-	(1,096,478,551)	100,801,784,526

Depreciation

	Balance as at 01/01/2019	Charges for the year	Write Back for Revalued Property	Written back on Disposals	Adjustments During the year	Balance as at 31/12/2019
Land	-	-	-	-	-	-
Buildings	1,873,456,744	-	288,009,708	-	-	2,161,466,452
Total	1,873,456,744	-	288,009,708	-	-	2,161,466,452
WDV	93,789,710,553					98,640,318,074



URBAN DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2019

	Group		Authority	
	31/12/2019 Rs.	31/12/2018 Rs.	31/12/2019 Rs.	31/12/2018 Rs.
11 INVESTMENT IN SUBSIDIARIES				
Urban Investment & Development Co.(Pvt) Ltd			345,000,000	345,000,000
Waters Edge Ltd			10	10
Temporary share Allotment by Waters Edge Ltd			200,000,000	436,017,000
UDA Rest House Company Ltd			70	70
Peliyagoda Ware House Complex Co. Ltd.			499,999,930	499,999,930
Less : Provision for Falling of value of Investment			(499,999,930)	(499,999,930)
			545,000,080	781,017,080
Provision for Falling of value of Investment				
Peliyagoda Warehouse Complex Company Ltd had recorded a significant losses repeatedly and those losses have exceeded the above investment. Accordingly, due to the falling value of the investment provision has been made to record the recoverability of UDA investment.				
Liquidation process of The Peliyagoda Warehouse Complex Ltd				
As per the Gazette notification No. 1772 of 17th August 2012 Company had to be winded up and Peliyagoda land be handed over to the Ports Authority. However, said development has not been commenced as anticipated and the Ports Authority has informed that said land is not required. However, Liquidation process have not yet been completed up to the year 2019.				
However, in the year 2017 BOM of UDA has given its approval to Finalize the Liquidation process by transferring the Assets & Liabilities to the UDA. Accordingly, Financial Statements for the years 2012 to 2016 has been finalised and Audited by Auditors. the Financial Statement for the year 2017 would be handed over to the Auditor General by the Liquidator . Relevant adjustment for the liquidation would be made in the Financial Statements once we receive Liquidation Accounts from the liquidator.				
12 INVESTMENT IN ASSOCIATES COMPANIES				
12.1 Ocean View Development Co.(Pvt) Ltd	330,183,565	283,596,952	92,000,000	92,000,000
Share of Results after Tax	2,627,477	46,586,613	-	-
Less:				
Dividend Received	-	-	-	-
	332,811,042	330,183,565	92,000,000	92,000,000
12.2 Onally Holdings Plc.	634,271,170	545,140,927	40,000,000	40,000,000
Share of Results after Tax	(25,712,070)	114,213,572	-	-
Less:				
Dividend Received	(23,649,996)	(25,083,329)	-	-
	584,909,104	634,271,170	40,000,000	40,000,000
	917,720,147	964,454,735	132,000,000	132,000,000
13 OTHER INVESTMENTS				
13.1 Lanka Electricity Company (pvt) Ltd	9,000,000	9,000,000	9,000,000	9,000,000
13.2 Housing Development Finance Corp.	500,000	500,000	500,000	500,000
13.3 Colombo Lands & Development Co. Ltd.	36,309,841	36,309,841	36,309,841	36,309,841
13.4 Lanka Hospital Pvt Ltd	2,500	2,500		
	45,812,341	45,812,341	45,809,841	45,809,841
14 RECEIVABLES FROM UNIDEP				
14.1 Urban Investment & Development Company (Pvt) Ltd			2,341,145,064	2,713,263,836
			2,341,145,064	2,713,263,836
15 RECEIVABLES FROM WATERS EDGE				
Lease - 99 Year	-	-	4,275,046,737	-
Lease Lot 3 - 80 Mn	-	-	80,000,000	-
Total Lease value as at 31/12/2019	-	-	4,355,046,737	-
Receivable within one year	-	-	5,494,444	-
Receivable after one year	-	-	4,349,552,293	-
	-	-	4,355,046,737	-

The UDA entered into a lease agreement with Waters Edge ltd for the lease of 2 land plots which extent 23A:1R:9.05P and 1A:3R:34.02P for a period of 99 years and 20 years on lease basis amounting to Rs.4,275,046,737 and Rs.80,000,000 respectively. The Authority had recognized the said lease component in the books of accounts this Authority based on its recovery period. Accordingly, the amount receivable within the year for the lease hold land had been recognized under the category of current asset and remaining balance had been recognized under the category of non-current asset.



16 Completed URPC houses

Mihidusenpura	1,501,305,803	1,346,623,776	1,501,305,803	1,346,623,776
Sirisara Uyana & Methsara Uyana	3,526,470,985	3,708,067,471	3,526,470,985	3,708,067,471
Laksada Sevana	651,966,744	2,297,774,447	651,966,744	2,297,774,447
Randiya Uyana	2,944,665,253	3,072,594,010	2,944,665,253	3,072,594,010
Sirisada Sewana	1,098,792,813	1,080,918,658	1,098,792,813	1,080,918,658
Sirimuthu Uyana	1,563,817,842	1,587,844,969	1,563,817,842	1,587,844,969
Muwadora Sewana	2,545,352,556	2,495,168,708	2,545,352,556	2,495,168,708
Puradora Sewana	58,714,187	55,352,519	58,714,187	55,352,519
Lakmuthusewana	397,994,618	386,006,065	397,994,618	386,006,065
Siyasetha Sewana	782,895,689	770,871,837	782,895,689	770,871,837
Methsanda Sewana	2,280,284,268	2,914,693,832	2,280,284,268	2,914,693,832
Laksetha Sewana	2,032,389,941	1,741,042,986	2,032,389,941	1,741,042,986
Siyapath Sevana	2,758,230,314	2,552,661,668	2,758,230,314	2,552,661,668
Low Cost housing Scheem Wellawaththa	25,079,442	25,079,443	25,079,442	25,079,443
Aluthmawatha Housing Scheem 672	2,226,633,168	2,125,387,740	2,226,633,168	2,125,387,740
Aluthmawatha Housing Scheem 576	1,820,923,943	1,554,916,300	1,820,923,943	1,554,916,300
Jayamaga Sewana	82,440,957	79,009,789	82,440,957	79,009,789
Jayamaga Sewana	75,702,149	72,340,481	75,702,149	72,340,481
Henamulla Housing Scheem 1650	6,209,382,277	-	6,209,382,277	-
Henamulla Housing Scheem Stage II 1080	4,302,728,840	-	4,302,728,840	-
	36,885,771,798	27,866,354,698	36,885,771,798	27,866,354,698
Lake Creast Residence	196,694,043	1,329,746,765	196,694,043	1,329,746,765
	196,694,043	1,329,746,765	196,694,043	1,329,746,765
Total	37,082,465,841	29,196,101,463	37,082,465,841	29,196,101,463

As per the direction of Government of Sri Lanka, Urban Regeneration program was initiated by UDA as a national project to provide better shelters for underserved community in the city of Colombo. This account represents the cost incurred for completed housing projects under the said program and projects are to be handed over to the underserved community upon recovery of a nominal value within the agreed period of time.

All Capital cost incurred for the construction and infrastructure development has been capitalised separately to the relevant project. During the construction period all above cost has been recorded under the WIP in the balance sheet. On the completion of construction all cost which have been capitalised as at date has been transferred to Completed URPC houses accounts.

The project cost would be recovered from said nominal value to be collected and proceeds of lease of lands which are liberated by execution of relocation of underserved settlements in the city of Colombo. Therefore until the said proceedings be measured, the cost incurred for this projects has been identified under the category of Stock in Trade.



URBAN DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2019

17 Debtors	Group		Authority	
	31/12/2019 Rs.	31/12/2018 Rs.	31/12/2019 Rs.	31/12/2018 Rs.
Rent Debtors	1,616,993,573	1,505,225,398	1,358,927,421	1,242,921,920
Lease Debtors	123,733,237	166,382,822	129,843,281	166,382,822
Rest House Debtors	114,654,560	114,134,177	114,654,560	114,134,177
Development Expenditure	1,157,628,842	815,795,890	1,157,628,842	815,795,890
Interest Receivable	5,461,891	21,555,418	2,136,798	19,700,590
Consultancy Fees	11,106,268	11,303,347	11,106,268	11,303,347
VAT Receivable	84,897,065	84,046,249	-	-
Other Debtors	152,573,477	126,216,426	77,086,354	277,905,636
UDSP	682,818,728	687,991,845	682,818,728	687,991,845
	3,949,867,640	3,532,651,573	3,534,202,250	3,336,136,228
Less: Provision for bad debt (Refer Note 40)	(917,137,698)	(926,360,672)	(882,460,719)	(918,392,418)
Total Debtors	3,032,729,942	2,606,290,900	2,651,741,531	2,417,743,810

17 DEBTORS

17.1 Debtors

RENT DEBTORS

17.1.1 Monthly Rental			627,793,457	547,137,252
- 17.1.2 V.A.T. Receivable From Monthly Rentals			96,069,530	89,636,073
17.1.3 V.A.T. Receivable From Key Money			17,999,157	15,808,526
17.1.4 20% Of Frozen Arrears			30,939,752	28,767,043
17.1.5 Rent Arrears Frozen			11,699,527	19,832,366
17.1.6 Fee For Electricity			84,735,018	67,201,879
17.1.7 Fee For Use & Occupation			40,704,111	42,698,820
17.1.8 Penalty On Delayed Monthly Rent & Fee For U			52,292,216	72,541,427
17.1.9 Key Money receivable			202,613,303	197,053,904
17.1.10 Penalty On Key Money			86,809	116,809
- 17.1.11 Arrears Of Government Tax (Rent)			15,960,636	15,639,003
17.1.16 Electricity Deposits receivable			111,146,864	97,472,591
17.1.17 Water Charge deposit receivable			66,887,040	49,016,228

LEASE DEBTORS

- 17.1.18 V.A.T. Receivable From Premia And Lease Rer			24,711,250	62,090,915
17.1.19 Annual lease rent			34,811,827	26,288,730
- 17.1.20 Ground Rent			(8,370,678)	(7,654,619)
17.1.21 Interest on Lease Premia			547,471	(103,751)
17.1.22 Penalty on Delayed Lease Rent & Premia			7,237,097	11,944,819
17.1.23 Premia on Land Leased out			38,329,978	47,120,604
- 17.1.24 Arrears of Govt. Tax -Lease Rent			20,234,264	20,236,514
17.1.25 Service charges on lease properties			12,342,072	6,459,608

REST HOUSE DEBTORS

17.1.26 Rest House Penalty			76,144,382	76,143,827
17.1.27 VAT Receivable from Rest Houses			2,749,834	2,749,834
- 17.1.28 VAT Receivable from Circuit Bungalows			156,656	156,656
17.1.29 Rest House Rent Receivable			17,624,108	17,105,781
- 17.1.30 Room Charges from Circuit Bungalows			375,670	375,670
- 17.1.31 Frozen Rest House Penalty			13,983,784	13,983,784
- 17.1.32 Rest House Service Charge Receivable			1,559,188	1,557,688
17.1.33 Rest House Other Debtors			1,653,212	1,653,212
- 17.1.34 Food & Bev. Receivable from Circuit Bungalows			129,349	129,349
- 17.1.35 Hire of Furniture			125,000	125,000
- 17.1.36 Room Charges from Rest Houses			153,376	153,376

DEVELOPMENT EXPENDITURE

17.2.1 My. of Sports & Youth Affairs			83,601,563	84,615,679
- 17.2.2 Bills Receivable NHDA			40,860,754	39,838,029
17.2.3 My. Of Urban Development Cons. & Pub Utilities			25,007,130	25,007,130
- 17.2.4 Receivables from Treasury			6,664,835	614,615,391
- 17.2.5 Colombo Municipal Council			4,447,302	4,447,302
- 17.2.6 Other MISCL Debtors			46,526,545	47,272,359
17.2.6 Receivable on URPC Houses sale			249,000,000	-
17.2.7 Receivable on Middle Income Houses sale			701,520,713	-

INTEREST RECEIVABLE

- 17.2.8 Interest Receivable from Repo's			1,748,988	19,312,780
17.2.9 Interest Receivable from other Sources			387,810	387,810

CONSULTANCY FEES

- 17.2.10 Consultancy Fees SRCC & Treasury Fund			472,000	472,000
- 17.2.11 Management Fee Receivable On Client's Project			10,634,268	10,831,347

OTHER DEBTORS

- 17.2.12 Current A/C Ocean View			-	10,085,613
17.2.13 Rest House Company LTD A/C			61,686,503	62,254,542
17.2.14 Waters Edge Limited Current A/C			-	190,000,000
- 17.2.16 Dividend Receivable			15,000,000	15,000,000
- 17.2.17 Ministry of Education			5,406	5,406
- 17.2.18 UDSP Receivables Personnel Emoluments			16,479	16,479
- 17.2.19 Cheque Rtn/Dishrd Control A/C			72,721	94,525
- 17.2.20 Cheques Return Charges Receivable			326,424	313,171
- 17.2.21 vat retained on UDA income			(21,179)	135,901

ULG's (UDSP) Loan Installment & Interest Receivable

17.2.22 ULG's (UDSP) Loan Installment Receivable			287,182,602	296,173,219
17.2.23 ULG's (UDSP) Loan Interest Receivable			395,636,126	391,818,625
			3,534,202,250	3,336,136,228
			(882,460,719)	(918,392,418)
17.2.23 Provision for Bad Debts			2,651,741,531	2,417,743,810

ULG's (UDSP) Loan Installment & Interest Receivable

According to the ADB Loan No.1204 SR (SF) Sub Loan Agreement dated 10th January 1993, Government of Sri Lanka has granted a Loan facility to UDA namely Urban Development Sector Project for the financing infrastructure development in the country and has disbursed funds among Local Authorities in order to facilitate the said objective. Accordingly, UDA has been collected the loan with interest from Local Authorities and has remitted the same to the Treasury.

However, the treasury has taken action to recover the total outstanding balance from UDA against the treasury funds allocated for UDA projects for the year 2018.

Due to defaulting the settlements by some Local Authorities, legal action has been taken by the Authority to recover the same balances. However, few local authorities has fully settled their balances.

STAFF DEBTORS

- 17.2.24 Staff Loans			227,432,584	228,205,079
- 17.2.25 Staff Receivable			-	(20,357)
			227,432,584	228,184,722



URBAN DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2019

	Group		Authority	
	31/12/2019 Rs.	31/12/2018 Rs.	31/12/2019 Rs.	31/12/2018 Rs.
18 DEPOSITS, PRE-PAYMENTS & ADVANCES				
18.1 Advances to Contractors	5,519,993,815.60	13,751,994,079	5,519,896,321	13,736,779,520
18.2 Deposits with Suppliers	7,029,043	8,599,043	7,029,043	8,599,043
18.3 Deposits for Services	14,476,905.02	18,657,621	13,986,905	12,810,791
18.4 Sundry Advances	36,743,942.79	43,491,284	36,079,768	43,437,962
18.5 Deposit for Electricity	9,429,295.91	8,816,796	5,679,296	5,066,796
18.6 Security Deposits - Electricity	9,277,763.29	8,847,014	9,277,763	8,847,014
18.7 Receivable form Contractors(UDSP)	3,430,738	3,485,138	3,430,738	3,485,138
18.8 Pre Payments	19,117,441.28	15,853,804	4,469,388	1,467,892
18.9 Compensation Deposits	37,360,780.67	35,564,974	37,360,781	35,564,974
18.10 Advance Given to Staff	3,811,988	2,746,625	3,811,988	2,746,625
18.16 Advance Payments for Valuation Reports	90,430,000	50,430,000	90,430,000	50,430,000
18.17 Deposit on Office Rent	3,692,250	-	3,692,250	-
	5,754,793,964	13,948,486,378	5,735,144,241	13,909,235,755
19 FIXED DEPOSITS (Authority)				
Amount Invested				
Bank of Ceylon			13,105,489,794	8,604,710,328
Peoples Bank			3,031,407,450	2,650,000,000
NDB			3,252,437,962	2,312,403,144
			19,389,335,206	13,567,113,472
Interest Receivable (after incorporating effective interest rate adjustment)			824,792,103	386,790,714
Fixed Deposite as at 31st Demenber			20,214,127,309	13,953,904,185
Interest earn on Fixed Deposit as per EIR			1,762,853,320	1,814,453,105
20 REPO INVESTMENT(Authority)				
Bank of Ceylon			1,715,000,000	2,191,000,000
NDB			-	103,384,935
			1,715,000,000	2,294,384,935
REPO investments are not been measured at amortized cost since the investment period of the such investments are below 03 months				
21 CASH & CASH EQUIVALENTS				
21.1 Short Term Investments:				
- S.I.T.S.T.Fund	871,478	854,204	871,478	854,204
21.2 CASH & BANK BALANCES				
COLLECTION ACCOUNTS				
21.2.1 BOC - Mahiyangana Branch	325,560	325,560	325,560	325,560
21.2.2 BOC - Battaramulla Branch	321,638	321,638	321,638	321,638
21.2.3 BOC - Kataragama Branch	350,074	-	350,074	-
21.2.4 BOC - Central Super Market Branch	4,160,815	5,234,727	4,160,815	5,234,727
21.2.5 BOC- NuwaraEliya	21,248	7,803,100	21,248	7,803,100
CURRENT ACCOUNTS				
21.2.6 BOC- Corporate Branch	6,610,883	6,069,261	6,610,883	6,069,261
21.2.7 BOC - Kandy Branch	828,834	119,794	828,834	119,794
21.2.8 BOC - Hambntota priority Project	88,951	88,951	88,951	88,951
21.2.9 BOC -Galle Bazaar Branch	500,000	500,000	500,000	500,000
21.2.10 BOC - Badulla Branch	1,434,866	467,442	1,434,866	467,442
21.2.11 BOC - Supergrade Branch Kurunegala	527,027	1,283,125	527,027	1,283,125
21.2.12 BOC - Jaffna Branch	20,802	20,802	20,802	20,802
21.2.13 BOC - Anuradapura New Town Branch	10,000	10,000	10,000	10,000
21.2.14 BOC - Supergrade Branch Rathnapura	1,500	1,500	1,500	1,500
21.2.15 BOC - Debenture Account	277,837	277,837	277,837	277,837
21.2.16 Peoples Bank Current Account	3,026,709	74,437	3,026,709	74,437
21.2.17 BOC - Debenture Interest Accounts	1,871,242	1,871,242	1,871,242	1,871,242
21.2.18 BOC - Corparate Branch (Beddagana Project)	3,197,539	6,287,635	3,197,539	6,287,635
21.2.19 BOC - Community Development Project	140,590	-	140,590	-
21.2.20 BOC - Kandy Branch	3,107,142	-	3,107,142	-
21.2.21 BOC - Weeramawatha Housing Poject	260,000	313,400	260,000	313,400
21.2.22 BOC current A/C - Angoda Housing Project	104,000	1,280,400	104,000	1,280,400
21.2.23 NDB - Current Account	-	7,448,007	-	7,448,007
21.2.24 Bank Account - PWCC Ltd	1,758,935	1,758,935	-	-
21.2.25 Bank Account - Waters Edge	37,949,297	25,846,863	-	-
21.2.26 Bank Account - UDA Rest House Ltd	-	5,071,094	-	-
21.2.27 Bank Account - UNIDEP Ltd	4,754,598	4,870,088	-	-
SAVINGS ACCOUNTS				
21.2.25 BOC- Foreign Currency Saving Account	15,822	15,200	15,822	15,200
	71,665,907	77,089,960	27,203,077	39,814,059
21.3 Petty Cash Imprests	804,536	672,833	715,419	289,604
21.4 Cash in hand	3,555,214	6,878,397	-	-
	76,897,135	85,495,394	28,789,974	40,957,867



URBAN DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2019

	Group		Authority	
	31/12/2019 RS	31/12/2018 RS	31/12/2019 RS	31/12/2018 RS
22 Capital:				
22.1 General Treasury Rs. 20,000,000 (In the year 1979)				
22.2 General Treasury Rs. 80,000,000 (In the year 1980)				
	100,000,000	100,000,000	100,000,000	100,000,000
23 Capital Reserves:				
23.1 Demolition of Structures	1,028,303	1,028,303	1,028,303	1,028,303
23.2 Equity & Central Bank rev.-UDSP	7,434,482	7,434,482	7,434,482	7,434,482
	8,462,785	8,462,785	8,462,785	8,462,785
Derecognised of Capital Reserve	(8,462,785)	-	(8,462,785)	-
	-	8,462,785	-	8,462,785

There is no specific reason to keep the above capital reserve in the books of accounts in long term. Therefore, same capital reserve was transferred to the retained earning.

24 Accumulated Surplus / (Deficit)

Excess of Income over Expenditure -	1,501,681,539	1,318,535,510	1,086,381,534	769,199,994
Derecognised of Capital Reserve	8,462,785		8,462,785	
Prior Year Adjustments (Reconciliation of Deferred Lease Account & Correction of Opening difference of UDA FD Interest Receivable A/C)	62,440,198		62,440,198	
Prior Year Adjustments (Recognition of Reduction of Investment & Investment Property of Waters Edge)	(430,654,666)		(430,654,666)	
Prior Year Adjustments (Recognition of URPCC Housing Disposal Loss)	(443,078,239)		(443,078,239)	
Prior Year Adjustments - Reconciliation of Deffered lease Rent Account		(130,639,863)		(130,639,863)
Prior Year Adjustments (Recognition of unaccounted benefit obligation - Gratuity & over accounted Income tax expenses of Waters Edge Ltd.)	6,754,198			
Prior Year Adjustments (Recognition of Over accounted profit of Lanka Rest House Ltd.)	(1,683,290)			
Prior Year Adjustments (Recognition of Actuarial Loss)	(1,767,313)		(1,767,313)	
Actuarial Loss (Benefited obligations)	(24,144,192)	(13,930,650)	(25,925,217)	(13,930,650)
Deferred tax impact on remeasurement of post employment benefit obligations	(249,344)	55,000,000		55,000,000
Balance B/F from Previous Year	78,407,267,085	77,178,302,088	75,380,978,701	74,701,349,221
Accumulated Profit	79,085,028,761	78,407,267,085	75,636,837,783	75,380,978,701

25 Interest bearings Borrowings

	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Loan Balance C/F	10,310,806,551	10,574,806,551	10,310,806,551	10,574,806,551
Add: Loan taken during the year	-	1,750,000,000	-	1,750,000,000
Less: Loan repayment during the year	(264,000,000)	(2,014,000,000)	(264,000,000)	(2,014,000,000)
Balance as at 31st December 2019	10,046,806,551	10,310,806,551	10,046,806,551	10,310,806,551
Payable within one year	264,000,000	264,000,000	264,000,000	264,000,000
Payable after one year	9,782,806,551	10,046,806,551	9,782,806,551	10,046,806,551
	10,046,806,551	10,310,806,551	10,046,806,551	10,310,806,551

25.1 NSB

	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Loan Balance C/F	1,556,000,000	1,820,000,000	1,556,000,000	1,820,000,000
Less: Loan repayment during the year	(264,000,000)	(264,000,000)	(264,000,000)	(264,000,000)
Balance as at 31st December 2019	1,292,000,000	1,556,000,000	1,292,000,000	1,556,000,000
Payable within one year	264,000,000	240,000,000	264,000,000	240,000,000
Payable after one year	1,028,000,000	1,295,702,000	1,028,000,000	1,316,000,000
	1,292,000,000	1,556,000,000	1,292,000,000	1,556,000,000

UDA has obtained a total credit facility of Rs. 2,770 Mn from the NSB for construction of Sethsripaya Stage ii Building and the project implemented through Urban Investment and Development Company (Pvt) ltd a fully owned subsidiary of UDA .Repayment of the loan and the due interest is guaranteed by General Treasury.

25.2 Peoples Bank / BOC

	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Loan Balance C/F	8,754,806,551	8,754,806,551	8,754,806,551	8,754,806,551
Add: Loan taken during the year	-	1,750,000,000	-	1,750,000,000
Less: Loan repayment during the year	-	(1,750,000,000)	-	(1,750,000,000)
Balance as at 31st December 2019	8,754,806,551	8,754,806,551	8,754,806,551	8,754,806,551
Payable after one year	8,754,806,551	8,754,806,551	8,754,806,551	8,754,806,551
	8,754,806,551	8,754,806,551	8,754,806,551	8,754,806,551

UDA has provided a total credit facility of Rs. 11,510 Mn from the Peoples Bank to meet the funding requirements of the Urban Regeneration Project on the approval of cabinet of ministers (cabinet decision No 17/2760/706/130-1 dated 05/12/2017). out of the above loan facility a sum of Rs. 8,754.6 Mn have been utilized during the year 2018. Repayment of the loan and the due interest is guaranteed by General Treasury. The loan repayment period is 15 years including a grace period of 03 years

26 Net Government Capital Contribution:

26.1 For Sethsripaya Administrative Complex	679,584,894	686,666,895	679,584,894	686,666,895
26.2 For Colombo Central Super Market	199,211,995	206,551,995	199,211,995	206,551,995
26.3 For Sellakataragama Shops	59,570,000	60,865,000	59,570,000	60,865,000
	938,366,889	954,083,890	938,366,889	954,083,890
Less : Grants written Back to Income	(15,717,000)	(15,717,000)	(15,717,000)	(15,717,000)
Balance as at 31/12/2019	922,649,889	938,366,890	922,649,889	938,366,890



URBAN DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2019

	Group		Authority	
	31/12/2019 Rs.	31/12/2018 Rs.	31/12/2019 Rs.	31/12/2018 Rs.
27 Government Assistance for URPC Projects				
Balance B/F	13,095,631,587	8,500,000,000	13,095,631,587	8,500,000,000
Add: Grant Received in the year	7,568,550,293	4,595,631,587	7,568,550,293	4,595,631,587
Balance C/F	20,664,181,880	13,095,631,587	20,664,181,880	13,095,631,587

As per direction of Government of Sri Lanka, Urban Regeneration programme was initiated by UDA as a national project to provide better shelters for underserved community in the city of Colombo. The Project was initiated in 2011 by issuing Debenture to the value of Rs.10 Bn and with the expectation to utilise land disposal proceeds from lands which will be liberated through the above relocations. However, due to the delay in liberating of lands and disposal of lands funds was received from treasury since 2017 for construction of houses under URPC.

Until set off the construction cost which are related to the URPC houses programme against the above fund received, it has been recorded as a long term liability in the Financial Statements.

28 UDSP Loan

Government of Sri Lanka (UDSP)

Balance B/F GOSL Loan - Non current liabilities	92,873,842	108,062,728	92,873,842	108,062,728
Less:				
Short term liability - Current Portion	92,873,842	15,188,886	92,873,842	15,188,886
Balance C/F GOSL Loan - Non current liabilities	-	92,873,842	-	92,873,842

(Refer Note - 32.2.27)

29 Deferred Lease

Balance B/F	38,483,338,756	36,275,819,385	38,751,288,756	36,550,669,386
Add: Premia received in the Year	951,759,007	2,880,549,056	5,306,805,744	2,880,549,056
Less: Revenue written back to the P&L	(522,717,434)	(673,029,686)	(558,654,311)	(679,929,686)
Balance C/F	38,912,380,329	38,483,338,756	43,499,440,189	38,751,288,756

30 Defined Benefit Obligation - Gratuity

Provision as at 01st January 2019	322,071,836	287,118,025	287,431,149	257,905,973
Benefit paid during the year	(34,446,755)	(24,365,015)	(33,184,623)	(23,154,413)
Benefit Payable within the year	(2,998,525)	(1,465,550)	(2,998,525)	(1,465,550)
Amount paid for Arrears	(207,738)	(47,250)	(207,738)	(47,250)
Amount recognized as prior year adjustment	1,767,313		1,767,313	-
	286,186,131	261,240,210	252,807,576	233,238,760
Current Service Cost & interest Cost	57,427,102	46,900,976	49,523,931	40,261,739
(Gain) / loss arising from changes in the assumptions	24,144,192	13,930,650	25,925,217	13,930,650
Balance as at 31st December 2019 (Note 30.1)	367,757,425	322,071,836	328,256,724	287,431,149

Note 30.1 Break down for Gratuity payable (Authority)

Balance as per actuarial valuation as at 31st December		325,198,398	284,165,086
Arrears Payable as at 31 st December		3,058,326	3,266,063
Balance as at 31st December 2019		328,256,724	287,431,149

Actuarial Assumption

Discount Rate	10%	11.5%	10%	11.5%
Salary Increase	1.45% - 10%	1.45% - 10%	1.45% - 10%	1.45% - 10%
Retirement Age	60 Years	60 Years	60 Years	60 Years

	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	Rs.	Rs.	Rs.	Rs.
31 Payable to contractor (URP & C)				
31.1 IVRCL Lanka Pvt Ltd	1,358,016,849	1,555,905,835	1,358,016,849	1,555,905,835
	1,358,016,849	1,555,905,835	1,358,016,849	1,555,905,835

M/S IVRCL Lanka Ltd was awarded a contract to construct 4100 low cost housing units at Maliga watta, Kolonnawa and Aluthmawatha under the Urban Regeneration Project in the City of Colombo and this contract entails assurance of bank guarantee from the UDA to the value of USD 89.175 million and this was facilitated through the Bank of Ceylon backed by the General Treasury guarantee and bank deposit made by UDA.

An addendum to the contract agreement was signed between the UDA and IVRCL on 17th March 2015 giving the permission to IVRCL to recommence the construction of 1464 housing units at Maligawatte and Kolonnawa at the total contract value of USD 20 million. Therefore, a fresh bank guarantee to the value of USD 20 million has been issued on 18/09/2015 in favour of the IVRCL for the tenor of the new contract period.



**URBAN DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2019**

	Group		Authority	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
32 Expense & Other Creditors				
32 creditors				
Expense creditors	721,863,164	797,894,715	479,996,253	555,755,564
Rent Deposits	6,420,814	6,420,814	-	-
Development Expenditure	15,613,049,203	19,444,199,229	16,011,918,049	19,635,385,562
Taxes Payable	124,828,748	217,582,788	113,347,183	182,622,591
UDSP	1,535,870	721,425,371	1,535,870	721,425,371
Other Creditors	970,523,155	751,060,758	953,497,240	706,705,142
	17,438,220,954	21,938,583,674	17,560,294,595	21,801,894,229

Creditors schedules for the Authority

32.1 Expense creditors				
32.1.1 Audit Fees			5,800,000	7,768,000
32.1.2 Electricity			21,590,951	26,968,127
32.1.3 Maintenance			-	76,689
32.1.4 Other Expenses			273,143,565	340,996,245
32.1.5 Supplies			22,777,463	20,651,487
32.1.6 Telephone			1,795,292	2,865,706
32.1.7 Gratuity 15% Retention			330,981	-
32.1.8 Accrued Bonus, Medical Etc			122,867,017	126,753,442
32.1.9 Unpaid Salaries			93,608	94,006
32.1.10 E.P.F. Payable			24,200,216	20,739,804
32.1.11 E.T.F. Payable			2,898,635	2,473,821
32.1.12 Transport Charges Payable			1,500,000	4,902,680
32.1.13 Gratuity Payable within the year			2,998,525	1,465,550
32.2 Other Creditors				
Development Expenditure				
32.2.1 Accrued Compensation on Lands with Interest				
32.2.2 Bills Payable to Contractors			3,117,559,885	3,195,940,546
32.2.3 Retention Money			9,889,897,097	13,823,032,473
32.2.4 SEC Current Account			2,532,591,309	2,357,239,016
32.2.5 Hamabantota Priority Project Current A/C			25,136,182	25,136,182
32.2.6 PWCC Current Account			40,865,025	40,865,025
32.2.7 Current A/C Ocean View			193,172,320	193,172,320
32.2.8 Waters Edge Limited Current A/C			5,013,718	-
			207,682,513	-
UDSP				
32.2.8 Bills Payable-UDSP & Others				
32.2.9 ULG's (UDSP) Loan Inst. & Int Payable			1,535,870	1,531,902
			-	719,893,469
Taxes Payable				
32.2.10 GST Control Account			13,960,532	13,959,542
32.2.11 VAT Control Account			(21,014,260)	(19,324,873)
32.2.12 NSL payable			51,147,670	51,147,670
32.2.13 PAYEE Tax payable			907,021	401,159
32.2.14 VAT Payable in Advance			292,846	465,350
32.2.15 Construction Industry Guarantee Levy			271,723	271,723
32.2.16 Income Tax Payable			62,869,844	123,074,333
32.2.17 NBT payable			-	5,706,464
32.2.18 Economic Service Charges payable			2,238,049	3,806,829
32.2.19 With Holding Tax Payable			2,673,698	3,114,333
Other Creditors				
32.2.20 Stamp Duty on Deeds			2,865,787	4,081,241
32.2.21 Fee for water Services			2,274,075	2,274,075
32.2.22 Unpaid Cheque			-	235,485
32.2.23 Rent received in Advance			310,938,085	102,225,963
32.2.24 Others			8,787,756	1,167,512
32.2.25 Rest House 80% Food & Beverages payable			31,630	31,630
32.2.26 Interest Payable on Short Term Bank Loan			628,599,907	596,689,237
			17,560,294,595	21,801,894,229
32.2.27 ULG's (UDSP) Loan Installment & Interest Payable				
Int. Payable- ULG Loan- UDSP (Treasury)			-	378,607,879
Payable to GOSL - Year 2002			-	341,285,590
			-	719,893,469

According to the ADB Loan No.1204 SR (SF) Sub Loan Agreement dated 10th January 1993, Government of Sri Lanka has granted a Loan facility to UDA namely Urban Development Sector Project for the financing infrastructure development in the country and has disbursed funds among Local Authorities in order to facilitate the said objective. Accordingly, UDA has been collected the loan with interest from Local Authorities and has remitted the same to the Treasury.

Due to defaulting the settlements by Local Authorities the total outstanding balance payable to the Treasury as at 30/09/2019 was Rs. 632.7 Mn. Subsequently, the Treasury has taken action to recover the total outstanding balance plus interest against the Treasury funds allocated for UDA projects for the year 2018. As a result, There's no further payable balance to the General Treasury by UDA as at 31/12/2019 on UDSP Loan.

However, UDA has to collect the loan disbursed among Local Authorities and balance to be collected are shown under Note No.17.2.22

	Group		Authority	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
33 Deferred Tax Liability				
Opening Balance	335,839,547	494,525,768	277,438,589	446,469,312
Charges/(Written back) for the period	(192,256,187)	(158,686,221)	(217,317,935)	(169,030,723)
Closing Balance - Deferred Tax Liability	143,583,360	335,839,547	60,120,654	277,438,589



**URBAN DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2019**

	Group		Authority	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
			Rs.	Rs.
34 Deposits & Advances				
34.1 Tender Deposits	18,544,609.62	13,827,006	18,444,610	13,717,006
34.2 Security Deposits	96,350,858	89,361,899	95,640,858	89,191,899
34.3 Rest House Rent Refundable	16,513,011	16,513,011	16,513,011	16,513,011
34.4 Clients Deposits	286,448,228	1,600,946,236	286,257,671	1,600,946,236
34.5 Sundry Deposits	112,101,862	90,590,273	5,416,883	5,531,854
34.6 Rent Deposits	40,695,135	39,485,935	40,695,135	39,485,935
34.7 Refundable Processing Fee	4,284,975	3,517,950	4,284,975	3,517,950
34.8 Deposits - Visumpaya	4,358,112	4,358,112	4,358,112	4,358,112
34.9 Deposits for Proposed Projects	379,492	379,492	379,492	379,492
34.10 EIA Deposits Received	24,437,144	19,178,685	24,437,144	19,178,685
34.11 Land Sale Proceeds Received in Advance	2,042,896,932	1,952,923,448	2,038,108,932	1,948,135,448
34.12 Maintenance Deposit - URPCCC	7,255,110	7,255,110	7,255,110	7,255,110
34.13 Service Charge Deposit - URPCCC	5,510,639	5,510,639	5,510,639	5,510,639
34.15 Deposit for Housing Scheme - URPCCC	780,579,112	615,487,071	780,579,112	615,487,071
34.17 Management Fund - Housing Scheme - URPCCC	375,350,253	265,708,203	375,350,253	265,708,203
34.20 Advance Received For Middle Income Housing Project	5,810,288,665	4,702,027,052	5,810,288,665	4,702,027,052
34.27 Advance received for Disposal of URPCCC Houses	2,019,102,542	3,593,477,000	2,019,102,542	3,593,477,000
34.28 Funds received for Community Development Project	1,744,082	6,885,721.44	1,744,082	6,885,721
34.29 Deposit for Notarial Charges	226,500	244,000.00	226,500	244,000
34.30 Deposit received for Compensation Payments	54,845,368	33,475,603.22	54,845,368	33,475,603
	11,701,912,631	13,061,152,447	11,589,439,095	12,971,026,028
34.4 Clients Deposits				
Clients Deposits Received			4,822,351,665	4,737,238,364
Clients' project Expenditure incurred			4,536,093,994	3,136,292,128
Balance as at 31/12/2019			286,257,671	1,600,946,236
34.12 Maintenance Deposit - URPCCC				
It has been received Rs.50,000/- from treasury as maintenance deposits for URPCCC housing projects and it has been recorded under current liability as maintenance deposits. The balance of same account is Rs.7 Mn as at 31/12/2019.				
34.15 Deposit for Housing Scheme - URPCCC				
Also, the monthly amount received from underserved community has been recorded under the current liability as Deposit for housing scheme. The account balance is Rs.780 Mn as at 31/12/2019.				
34.17 Management Fund - Housing Scheme - URPCCC				
The underserved Community have paid Rs.50,000/- as initial payment to the UDA, Subsequently this amount has been settled by the Government through the budget allocation. It has been accounted under the current liability as Management fund - housing scheme URPCCC. The balance of same account is Rs.375 Mn as at 31/12/2019.				
34.20 Advance Received For Middle Income Housing Project				
As per direction of Government of Sri Lanka, a housing programme for middle income category was initiated by UDA with a target to provide a housing unit for an affordable price. This housing programme is funded by UDA and key money collected through presale of housing units of each projects. Presale proceeds collected by UDA has been accounted as Advance received. The balance of same account is Rs.5.81 Bn as at 31/12/2019.				
34.21 Advance received for Disposal of URPCCC Houses				
Some Government organization has requested houses from various project of URPCCC for their relocation programme and has paid or agreed to pay a price decided by the UDA. The advance received for purchasing of houses from same organizations has been accounted under the current liability as advance received for disposal of URPCCC houses. The account balance is Rs.2 Bn as at 31/12/2019.				
35 Bank Overdraft				
CURRENT ACCOUNT				
35.1 BOC - Hambantota Branch	1,040,981.98	1,040,982	1,040,982	1,040,982
35.2 BOC - Kandy Branch	-	271,079	-	271,079
35.3 NDB - Current Account	320,148	-	320,148	-
35.4 BOC - Community Development Project	-	87,021	-	87,021
35.5 Bank Account - Waters Edge	45,910,040	109,328,440	-	-
35.6 Bank Account - UDA Rest House Ltd	2,471,935	-	-	-
COLLECTION ACCOUNTS				
35.6 BOC - Kataragama Branch	-	223,014	-	223,014
35.7 BOC - Matara Branch	-	8,287	-	8,287
35.8 BOC - Anuradhapura Branch	6,928	-	6,928	-
	49,750,033	110,958,824	1,368,058	1,630,384



**URBAN DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2019**

36 RELATED PARTY TRANSACTIONS

Personnel emoluments of the key Management paid for the year 2019 is Rs.4,156,500 which includes salaries and sitting allowance paid.

The Authority has entered in to contracts in the normal course of business with the following companies

Name of the Company	Nature of Transaction	2019 Rs.	2018 Rs.
(1). Urban Investment & Development Company (Pvt) Ltd	Recovery of the Project Implementation expenditure	(372,118,772)	(217,312,856)
(2). UDA Rest Houses Ltd	Payment of Salaries and wages	3,179,928	6,768,690
(3). Onally Holdings PLC	Financial Management fee received Dividend received	1,772,950 23,649,996	1,530,600 25,083,329
(5). Waters Edge Ltd	Lease Out of Land-		
	99 year Lease	4,275,046,737	-
	20 Year Lease	80,000,000	-

(1). Urban Investment & Development Company (pvt) Ltd. - (UNIDEP)

UDA has obtained a total credit facility of Rs.2,770 Mn from the NSB for construction of Sethsiripaya Stage II building. Repayment of the said loan is being done by UDA based on the recovery of same loan from the UNIDEP. The amount of Rs.372,072,369/- is represented the recovery of the project implementation expenditure and other expenditure which were incurred on behalf of the Company.

(5). Waters Edge Ltd

The UDA entered into a lease agreement with Waters Edge ltd for the lease of 2 land plots covering up 23A:1R:9.05P and 1A:3R:34.02P for a period of 99 years and 20 years lease basis amounting to Rs.4,275,046,737 and Rs.80,000,000 respectively.

There were no related party transactions other than disclosed in Note 35 to these financial statements.

37 Magam Ruhunupura International Conventional Center (MRICC)

The asset value of Magam Ruhunupura International Conventional Center is in the process of taking over to UDA Assets base. However, since the administrative function is carrying out by UDA, the expenses of Rs. 26.1mn has been recorded in the UDA Financial Statements under Administrative Expenditure and UDA has received income amounting to Rs.5.6 mn from the functions held in the premises. This income has been shown under Miscellaneous income. (Note 3.3)

38 Meethotamulla Project

Cost incurred for the year 2019 on Meethotamulla Redevelopment Project amounts to Rs. 266.3Mn and Rs.13.11 Mn out of above cost has been shown under Administrative Expenditure. Further, Capital nature expenditure incurred on said project amounts to Rs.252.76 Mn has been shown under Work in Progress Account and rest shown under Property Plant and Equipment.

39 Other Expenses- Project Operation Cost

Capital nature expenditure incurred after the completion of the projects which cannot be classified as UDA projects are normally charged to the Income & Expenditure Account. However acquisition of MillewaWatta, in extent of 735 acres is in progress and proposed development activities not yet started. But This property has generated the income by selling Latex and Agro harvest which amounted to Rs.18.3Mn is shown under other income and expenditure incurred on same project which amounted to the sum of Rs.23.61Mn has been included under Project Operation cost.

40 UDA lands shown under Investment Property, Work in Progress, and Properties

Lands and Buildings are classified under four main categories in the Financial Statements and Project Code assigned for each project is used as the key field for this classification. This project Code is being assigned at the acquisition stage of the land. Even though combination of projects are implemented in one acquisition, classification on Financial Statements can be made under one category without disbursing project cost in 4 categories. In order to address this issue, Project Reconciliation Program to be implemented with the coordination of the relevant divisions and to be completed by the end of the year 2020 with proper projects classification.



**URBAN DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2019**

41 Provision for impairments

Impairment should be based on the Authority's objective evidence of the asset which is generally a loss event. The impairment on debtors of Rent, Lease, Rest House and Others has been computed following manner. financial assets is done as follows ;

Rent & Lease Debtors

Full impairment (100%) for Terminated debtors	123,462,748
Full impairment (100%) for age over one year debtors	154,301,049
Impairment of 77% for age between 11-12 months debtors	4,273,438
Impairment of 55% for age between 9-10 months debtors	18,009,449
Impairment of 45% for age between 7-8 months debtors	15,470,743
Impairment of 35% for age between 5-6 months debtors	18,696,116
Impairment of 21% for age between 3-4 months debtors	27,842,417
Impairment of 6% for age equal or less than 2 months debtors	20,078,026
100% Provision for penalty	<u>178,336,460</u>
	560,470,446
 Provision in 2019	
100% impairment on Rest House Debtors	114,065,409
Impairment on Development Expenditure Debtors & other Debtors	256,707,195
Adjustment	<u>(48,783,050)</u>
Total Impairment on debtors as at 31/12/2019	<u>882,460,000</u>

42 Disposal of the Land at Pitipana Mahenwatta

A Land at Pitipana Mahenwatta has been allocated to the University Grant Commission and UGC has agreed to pay Rs.2,701 Mn in four annual installements commencing from 2019. However, Rs.675 Mn which was receivable from UGC has not been shown in the Financial Statements.

However, the estimated Compensation payable on Mahenwatta land has been shown in the Financial Statements of 2019.

43 Contingent Liabilities & Others

Project	Construction of 1464 Housing Units at Maligawatte & Kolonnawa
Contractor	IVRCL Lanka (Pvt) Ltd
Construction Period approved as at 31.12.2019	14.03.2020
Bank Guarantee issued	Issued by Bank of Ceylon, Corporate Branch in favour of "IVRCL lanka (Pvt) Ltd" on behalf of UDA
Bank Guarantee value as at 31.12.2019	USD 4,252,036.00
Bank Guarantee Validity period (Contingency Liability Period)	14th March 2020
This contract is a Dollar contract. Payments are made in USD. Payment method is 100% financed by the contractor. This Projects is consist of 8 Towers and four Towers each in two locations namely Malaigawatte and Kolonnawa. Construction is completed on Tower wise and thereby payments are settled on Tower wise. Contingency Liability of UDA (Bank Guarantee value) has been reduced Accordingly. Initial bank Guarantee issued was USD 6,900,000.00 and it has been reduced in 20.03.2019 to USD 4,252,036.00	



URBAN DEVELOPMENT AUTHORITY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER 2019

44 SUMMARY OF THE PROFIT & LOSS STATEMENT OF THE SUBSIDIARY COMPANIES

	Waters Edge Ltd	Urban Investment & Development Company (Pvt) Ltd	Lanka Rest Houses Ltd.
	Rs	Rs	Rs
Revenue	1,312,520,425	672,526,558	27,898,354
Direct Cost	(431,996,847)	-	(3,141,841)
Gross Profit	880,523,578	672,526,558	24,756,513
Other Income	47,953,082	10,193,231	6,035,764
Administration Expenses	(583,851,014)	(133,917,911)	(20,585,300)
Selling and Distribution Expenses	(56,738,253)	-	-
Other Expenses	(125,897,553)	(14,750,984)	-
Results from Operating Activities	161,989,840	534,050,894	10,206,977
Finance Cost	(1,577,153)	(213,924,586)	-
Share of profit of equity accounted investees			
Profit Before Income tax	160,412,687	320,126,308	10,206,977
Income tax expense	(26,788,794)	3,047,644	(1,591,028)
Profit/(Loss) for the Year	133,623,893	323,173,952	8,615,949



URBAN DEVELOPMENT AUTHORITY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER 2019

45 SUMMARY OF THE PROFIT & LOSS STATEMENT OF THE ASSOCIATES COMPANIES

	Note	Ocean View Development Co.(Pvt)ltd Rs	Onally Holdings Plc. Rs
Revenue	2	1,254,504,766	180,137,952
Direct Cost		(348,227,788)	-
Gross Profit	3	906,276,978	180,137,952
Other Income		106,622,564	70,387,138
Fair Value gain on Investment Property			129,175,899
Administration Expenses	4	(760,245,956)	(64,254,573)
Selling and Distribution Expenses		(55,775,660)	-
Other Expenses	6	(28,173,097)	-
Results from Operating Activities		168,704,829	315,446,416
Finance Cost	5	(15,296,656)	-
Profit Before Income tax		153,408,173	315,446,416
Income tax expense	7	(21,477,144)	(373,383,263)
Profit/(Loss) for the Year		131,931,029	(57,936,847)
Other comprehensive income			
Gain/(loss) on remeasurements of post employment benefit obligation			46,550
Gain/(loss) on revaluation of building			4,440,000
Tax on other Comprehensive income			(1,256,234)
Total other comprehensive income/ (loss) for the year			3,230,316
Total Comprehensive income / (loss) for the year			(54,706,531)



4.3 Ten-year Summery Report (statement of financial position, comprehensive income statement and cash flow statements)

The summary financial position of the Authority for the period from 2010 to 2019 is as follows.

Classification	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
	Rs.(Mn)									
Assets										
Non-current assets	166,075	155,570	144,921	131,956	125,197	116,905	99,410	95,659	9,437	7,699
Current assets	30,640	32,229	27,328	12,355	9,578	17,031	15,771	16,068	14,829	12,209
Total assets	196,715	187,799	172,249	144,311	134,775	133,936	115,181	111,727	24,267	19,908
equity and reserves										
capital	100	100	100	100	100	100	100	100	100	100
Net government contribution	922	938	954	970	986	1,001	1,015	1,030	1,044	1,059
reserves	75,636	88,485	83,265	74,767	74,930	75,140	73,851	77,763	(1,167)	(1,329)
Non-current liabilities	90,582	63,648	61,699	33,253	31,094	30,955	32,975	27,555	20,845	17,219
Current liabilities	29,475	34,628	26,231	35,221	27,665	26,740	7,239	5,278	3,444	2,859
Total equity and liabilities	196,715	187,799	172,249	144,311	134,775	133,936	115,181	111,727	24,267	19,908

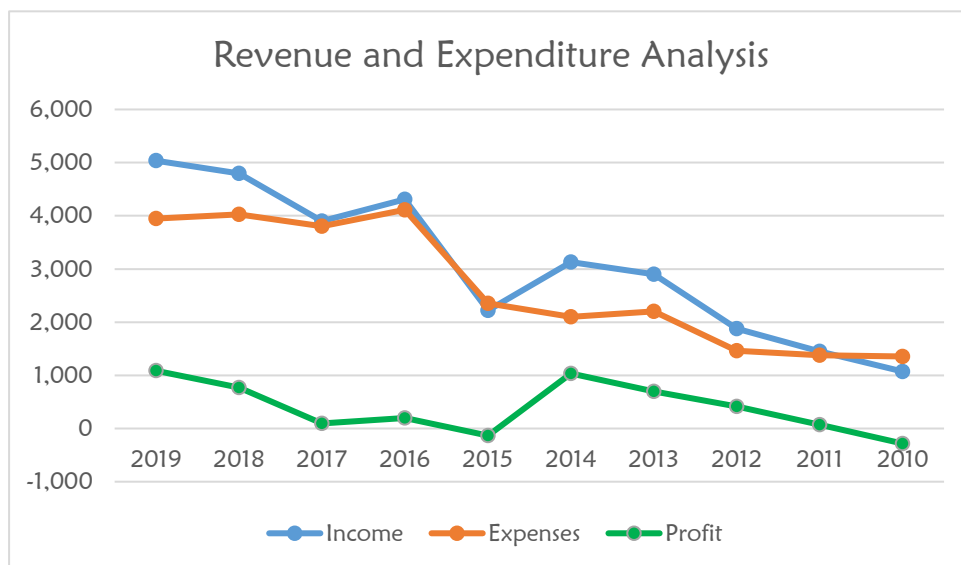
Summary of the comprehensive income and expenditure statement

The summary comprehensive income and expenditure statement of the Authority for the period from 2010 to 2019 is as follows

Classification	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
	Rs. (Mn)									
Income	2,582	2,457	2,227	1,749	1,757	2,352	1,350	1,055	816	845
Other operating income	2,454	2,339	1,673	2,562	464	779	1,550	822	633	227
Total income	5,036	4,796	3,900	4,311	2,221	3,131	2,900	1,877	1,449	1,073
Corporate and administrative expenses	(3,736)	(3,654)	(2,814)	(2,415)	(2,082)	(1,903)	(1,935)	(1,423)	(1,201)	(1,327)
Other operating income	(107)	(182)	(70)	(353)	(75)	(492)	(36)	(23)	(18)	(22)
Financial cost	(1)	(29)	(812)	(1,426)	(263)	(1)	(1)	(1)	(2)	(5)
Operating profit (loss) after financial cost	1192	931	204	117	(199)	735	928	430	228	(281)
Non-operating income	16	16	16	16	16	14	14	14	14	14
Profit/(loss) before tax	1,207	947	220	133	(183)	749	942	444	242	(275)
Expenditure on tax/deferred tax income	(121)	(178)	(122)	65	51	284	(247)	(31)	(174)	(6)

Net Profit/(loss) after tax	1,086	769	98	198	(132)	1,033	695	413	69	(282)
Actuarial profit / (loss)	(26)	(14)	7	22	(8)	(3)	(52)	(1)	-	-
Total comprehensive income for the year	1,060	755	105	220	(141)	1,030	643	412	69	(282)

Revenue and Expenditure Analysis of the Authority for the last 10 years



Summary of Cash Flow statements

The summary cash flow statement of the Authority from 2010 to 2019 is as follows:

Classification	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
	Rs. (Mn)									
Net profit/(loss) before tax	1,208	947	220	133	(183)	749	942	444	242	(275)
Adjustments	(3,695)	3,234	(2,423)	(1,621)	(1,212)	(2,121)	(1,634)	(953)	(732)	(237)
Operating loss before working capital	(2,487)	(2,287)	(2,203)	(1,488)	(1,395)	(1,372)	(692)	(509)	(490)	(513)
Working capital changes	4,948	(2,075)	5,361	5,410	4,523	(1,484)	1,119	1,345	(1,385)	443
Cash flow from operations	1,630	(1,150)	21,052	5,908	4,677	1,434	5,345	6,089	1,474	434
Cash flow from investments	(11,407)	(3,150)	(24,461)	(6,764)	(15,428)	(4,493)	(5,945)	(14,270)	(4,137)	8,286
Cash flow from financial activities	7,035	4,332	4,638	(240)	10,682	3,522	(75)	452	914	905
Net increase in cash and cash equivalents	(12)	32	1,229	(1,096)	(69)	463	(675)	(7,729)	(1,749)	9,625
cash and cash equivalents at the beginning of the year	38	6	(1,223)	(127)	(57)	(520)	155	7,884	9,633	8
cash and cash equivalents at the end of the year	26	38	6	(1,223)	(127)	(57)	(520)	155	7,884	9,633

4.4 Corporate Governance

In performing the development functions falling within its subject scope, the Urban Development Authority operates with the prime objective of bringing about an optimal development in the social and economic environment. The Authority is liable to carry out its duties in close collaboration with the board of management, the higher management and the other staff, maintaining transparency and accountability.

The main purpose of these measures is to achieve the objectives of the Authority in keeping with public requirements while adhering to transparency and accuracy. The Handbook of Guidelines on Good Governance is referred to in need of guidance for the better fulfillment of such objectives.

Being a public enterprise, it is the urban development Authority's duty to operate towards ensuring higher economic development and welfare of the public. Accordingly, internal and external operations of the Authority are carried out in a systematic and well-disciplined manner. The practice of these principles, in addition to all governing rules and regulations of the authority, has been of substantial support for preserving the integrity of the Authority.

Rules, regulations, circulars and directives set out in the Guidelines on Good Governance compiled by the Department of Public Enterprises are essential to creating a better public service. The practices introduced through the Guidelines on Good Governance are vital for a better financial discipline to shape up. The main objectives of this compilation of guidelines are bringing the operations of public institutions into a framework of high standards, simplifying the applicable methods of operation and improving the quality of such methods. These guidelines provide guidance on how the objectives and goals of the Urban Development Authority can be achieved in its capacity as an entity of public enterprise.

Board of Management

In accordance with the Urban Development Authority Act, the Chairman and the Board of Management of the Authority are appointed by the minister in charge of the subject of urban development. As per the Act, the Chairman of the Authority should be the chairman of the board of management too. The duties and functions of the members of the board of management are:

- Evaluating the performance and effectiveness of the policies and strategies and the monitoring process.
- Approving the corporate plan, action plan and the annual budget.
- Approving the annual reports, interim financial reports and annual financial reports.
- Ensuring the compliance with laws, regulations and basic good governance principles
- Overseeing the performance and interrelations of the Authority.
- Making decisions on expenditure capital investments.
- Appoint members to the boards of directors of the subsidiaries.

Secretary to the Board of management is the Director General of the Authority and his/her duties towards the board of management is as follows:

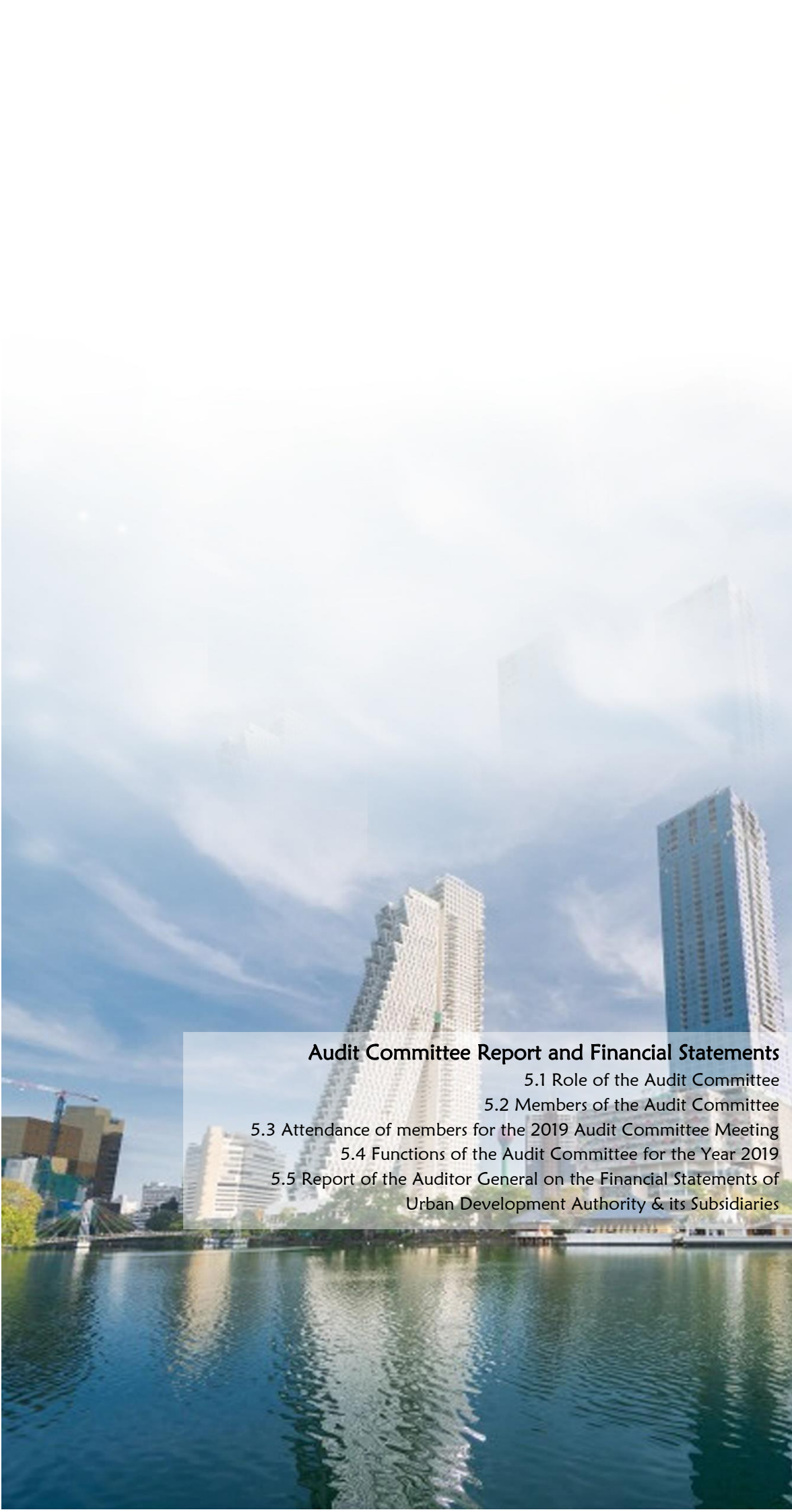
- Calling the meetings of the board of management, keeping the minutes of the said meetings, and registering the management papers in the relevant manner.
- Carrying out follow-up actions on the decisions made by the board of management
- Providing the information required by the board of management

The Board of Management has held 21 meetings in 2019.

The following reports and documents are submitted on monthly basis to the board of management for supervision of performance and so that the board can verify whether the senior management and the staff have discharged the duties assigned to them in an effectively and transparently.

- Financial and physical performance reports
- Operation statements
- Monthly cash flow statements
- Liquidity and debt level
- Statutory payments
- Project Management and Assets Management

Financial statements are submitted to the board of management on monthly and annual basis for supervision of the financial state of the Authority. Further, monthly accounts reports are submitted to the Monthly Progress Review Meeting of the Ministry as well.



Audit Committee Report and Financial Statements
5.1 Role of the Audit Committee
5.2 Members of the Audit Committee
5.3 Attendance of members for the 2019 Audit Committee Meeting
5.4 Functions of the Audit Committee for the Year 2019
5.5 Report of the Auditor General on the Financial Statements of Urban Development Authority & its Subsidiaries

01



02



03



04



05



06



-----This page intentionally left blank-----

5.1 Role of the Audit Committee

The main role of the Audit Committee is to assist the Board of Management in ensuring the proper implementation of financial reporting, risk management, and compliance with regulations and ethics. The committee also assists the Auditor General Department in carrying out the audit work. During the year 2019, 04 number of Audit Committee Meetings have been held and the committee meeting minutes and recommendations have been submitted to the Board of Management.

5.2 Members of the Audit Committee

No	Name	Designation
01	Mr. W D A Sunil Perera	Chairman
02	Mr. S S P Rathnayaka	Secretary
03	Mr. H Hemal Kasthuriarachchi	Member
04	Mr. K D Chithrapala	Member
05	Mr. P Sanath Panawennage	Member
06	Ms. B B I A Perera	Member

The Superintendent of Government Audit, Chief Internal Auditor of the Ministry, Deputy Director General (Finance), and Chief Internal Auditor of UDA attend the Audit Committee Meetings. The Heads of other divisions attend the meetings of the Audit Committee based on the necessity.

5.3 Attendance of members for the 2019 Audit Committee Meeting

No.	Members	2019.03.12 01/2019	2019.05.28 02/2019	2019.07.09 03/2019	2019.10.22 04/2019
01	Mr. W D A Sunil Perera – Chairman	√	√	√	√
02	Mr. S S P Rathnayaka - Secretary	√	√	√	√
03	Mr. H Hemal Kasthuriarachchi – Member	√	√	√	-
04	Mr. P Sanath P Panawennage – Member	-	-	√	√
05	Mr. K D Chithrapala – Member	√	√	-	√
06	Ms. B B I A Perera - Member	√	√	√	√

5.4 Functions of the Audit Committee for the Year 2019

1. Review internal control systems and monitoring of financial reporting process.
2. Review the Internal Audit Reports related to the major operations of the Authority and making recommendations to the Heads of Divisions to overcome the reported management weaknesses.
3. Review the process of maintaining information on land and property of the Authority in a computerized database, and provide recommendations on the accounting and valuation process.
4. Review the progress of the implementation of the Annual Internal Audit Program.
5. Provide recommendations to carry out Internal Audit activities of the Subsidiary Companies owned by the Authority
6. Review the process of preparation of the revised cadre and recruitment procedure of the Authority.
7. Review the progress of the preparation of annual reports.
8. Provide guidelines for the preparation of financial manuals for the Authority.
9. Review the progress of monthly rent collection and making recommendations to improve the file maintenance process and the rent collection efficiency.
10. Provide recommendations for improvements in the accounting and management weaknesses highlighted in the Auditor General's report for the year 2017.
11. Review the progress of answering Government Audit Queries relevant to the year and discussed the observations submitted by the Authority.

W D A Sunil Perera
Chairman - Audit Committee

5.5 Report of the Auditor General on the Financial Statements of Urban Development Authority & its Subsidiaries and other Legal & Regulatory Requirements for the year ended 31 December 2019 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statements

2. Disclaimer of Opinion

The audit of the financial statements of the Urban Development Authority (“The Authority”) and its Subsidiaries (“The Group”) for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and the statement of comprehensive income, statement of changes in equity and cash flow statement and notes to financial statements for the year then ended including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No. 19 of 2018 and Finance Act, No. 38 of 1971. My report will be tabled in Parliament in due course in terms of Article 154(6) of the Constitution.

I do not express an opinion on the financial statements of the Authority and the Group. I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion due to significance of the matters described in paragraph, Basis for Disclaimer of Opinion, of this report.

1.2 Basis for Disclaimer of Opinion

1.2.1 The Group

a) The combined financial statements of the Group should have been prepared in terms of Sections 86 (a), (b) & (c) of the Sri Lanka Financial Reporting Standard 10. The following observations are made in accordance with work sheets presented to the Audit for examining the financial statements of the Group.

(i.) As for the examination on reconciliation statement provided to identify as to how the balances shown in the financial statements of the Group for the year under review had been derived out of the balances pertaining to the parent Company and the other Companies, no evidence whatsoever had been provided for the

Audit in order to verify the accuracy of 02 credit balances amounting to Rs. 29,374,815 mentioned therein.

- (ii.) Losses and write-offs totaling Rs. 3,087,684 relating to institutional expenses of the Urban Investment and Development Company Ltd along with a balance of Rs. 6,488,108 payable by the Lanka Rest Houses Limited, had not been brought to accounts of the Group.
- (iii.) The net book values of office equipment, and buildings & machinery belonging to the Waters Edge Company, amounted to Rs. 187,931,668 and Rs. 1,364,986,698 respectively whereas those values had been adjusted as Rs. 254,079,535 and Rs. 1,377,628,615 respectively in the financial statements of the Group. Accordingly, differences of Rs. 117,627,127 and Rs. 12,647,929 were observed respectively in the financial statements of the Group indicating a total difference of Rs. 130,269,056.

1.2.2 Urban Development Authority (The Parent Company)

a) Sri Lanka Accounting Standard 01 – Presentation of Financial Statements

- (i.) Capital reserves of the Authority shown in the statement of changes in equity up to the year 2018, had been added to the retained profit in the year under review after being eliminated therefrom. The Audit had not been provided with any evidence whatsoever to verify the said adjustment whilst the nature of reserves and the objectives of maintaining them had not been disclosed in the financial statements of the year 2019.
 - (ii.) Revenue and expenditure should not be set off against each other unless otherwise required by a financial reporting standard in accordance with Paragraph 32 of the Standard. Nevertheless, a sum of Rs. 1,925,000 being the expenditure incurred on consultancy services, had been deducted from the consultancy fees of Rs. 87,073,989 that had been received subject to realization, thereby showing a sum of Rs. 85,148,989 in the financial statements as the revenue through consultancy fees.
- b) It was observed that selling price had been decided after having entered into contract agreements at the time of constructing houses by the Authority in order to be sold to state institutions. According to Paragraph 35 of Sri Lanka Financial Reporting Standard 15, revenue should have been accounted for under cost method or work certified basis. Nevertheless, the Authority had not recognized revenue as per those methods. It was observed that the total loss of Rs. 443,078,239 sustained due to the sale of houses to state institutions as at 31 December of the

year under review had been adjusted only to the preceding year, thus presenting the financial statements. Furthermore, this quantitative error had not been retrospectively adjusted in terms of Sri Lanka Accounting Standard 08.

- c) Transfer of assets upon monthly payments of Rs. 3000 for 30 years when houses are provided for low income families, should have been considered as financial lease in accordance with Paragraph 63 (a) of the Sri Lanka Financial Reporting Standard 16. However, it was observed that the present value of those receipts had not been adjusted to the present value of expenses.
- d) The profit of Rs. 9,193,389,320, recognized after adjusting the expenditure of Rs. 16,645,217,848 incurred on 5083 houses vested in the low income families, to the value of Rs. 18,384,905,016 being the total of Government grants amounting to Rs. 24,098,920,000 received in respect of those houses and the present value of Rs. 1,739,687,168 computed at the discount rate of 12 per cent as at 31 December 2019 on the receipts from the said low income families totaling Rs. 16,645,217,848, should have been shown in the statement of comprehensive income as per the prudence concept of accounting in terms of Paragraph 30 of Accounting Standard 20 for Government grants. Nevertheless, the installments of Rs. 780,579,112 received from the low income families, had been shown in the advance account for Government grants, thus observing that the sum of Rs. 37,082,465,842, being the difference between the cost incurred on houses the constructions of which had been completed or still in progress up to then, and the cost on houses vested in Government institutions, had been shown under fixed assets (without being depreciated) in the financial statements.
- e) Sri Lanka Accounting Standard 16 – Property, Plant and Equipment
 - I. The useful life of fixed assets, still in use despite being fully depreciated, should have been revalued as per the Standard and the estimated error should have been corrected in terms of Sri Lanka Accounting Standard 08 thereby adjusting the estimated useful life of assets in the financial statements. Nevertheless, it was not done so on assets costing Rs. 606,801,388 which seemed still in use as per the schedule of depreciation presented albeit fully depreciated.
 - II. Whether an independent valuer had been involved in the revaluation process in terms of Paragraph 77 of the Standard, and the effective date of revaluation, should have been disclosed in the financial statements. However, it had not been done so.
 - III. In order for the objectives of disclosure mentioned in Paragraph 89 of the Standard to be complete, the nature of activities of the lessor as per Paragraph 92 (a) of the Standard,

and the management strategies to be followed by the lessor in terms of Section (b) of that Standard relating to risks involving whatever rights retained in respect of the relevant asset, should have been disclosed. However, it had not been done so.

- IV. According to Paragraph 81 of the Standard, the lesser should identify lease payment from the operating lease income on straight line basis or other systematic basis. As for assets of the Authority being given on long term lease, a consistent methodology should have been in effect whereby the relevant lease rents would be credited to the annual revenue of the Authority throughout the entire period of lease. Nevertheless, miscellaneous periods for settling lease rents relating to each project such as quarterly, annually, after a relief period and total value paid at once, had been mentioned in the financial statements of the Authority. As such, it was observed that revenue for the year had not been brought to accounts accurately.
- f) Deferred lease rents amounting to Rs. 43,499,430,189 mentioned in the statement of financial position, had not been sufficiently disclosed in the financial statements.
- g) Sri Lanka Accounting Standard 40 – Properties of investment.
- I. Six projects valued at Rs. 35,810,126 relating to beautification of townships which had not generated revenue, 23 projects valued at Rs. 14,360,770,313 mentioned as townships development programs, and the circuit bungalow of the Authority valued at Rs. 18,103,817 which had not been a property of investment, were brought to accounts under investment properties contrary to the Standard.
- II. With the exceptions noted in paragraphs 30, 32A and 34 of the Standard, an entity shall choose as its accounting policy either the fair value model in paragraphs 33–55 or the cost model in paragraph 56 and shall apply that policy to all of its investment property. Thus, the said model should apply to all the investment properties, except for an instance wherein the fair value cannot be determined reliably in terms of Paragraph 53. However, as per the sample tests conducted, the Authority had disregarded as to whether the investment properties had been considered under fair value model or the cost model; and, even when the cost model had been applied for the investment properties, it had been necessitated in terms of Paragraph 79 (E) of the Sri Lanka Accounting Standard 40 that the fair value be disclosed, but it had not been so done by the Authority. Observations made thereon included that some of the properties had been shown to the value of the cost whilst other properties had been shown to

the revalued amount whereas the total of two values had been shown in certain instances.

- III. In case of properties proposed to be invested in the future, such properties should be brought to accounts as investment properties in terms of the Standard. According to the letter of the Land Development and Management Director of the Authority dated 11 March 2021, thirty-seven acres out of 1,167 acres belonging to Parliament had been demarcated for development projects of the Urban Development Authority. Nevertheless, those lands had not been brought to accounts under investment properties after being separately identified and assessed, nor had a detailed schedule providing information to separately identify those lands, been maintained.
- h) No ledger accounts had been made available in order to examine 117 accounts for development expenses valued at Rs. 164,567,351,800 mentioned in the trial balance presented as at 31 December 2019. Those balances could not be crosschecked with the financial statements as well.
 - i) Nineteen debit balance accounts valued at Rs. 131,891,461 continued to exist since 1984 and shown in the trial balance as at 31 December 2019 under prior year adjustments, and 03 credit balance accounts valued at Rs. 74,389,771,544, along with a credit value of Rs. 993,270,282 mentioned therein under the code "RETSUP", had not been shown in the financial statement. Furthermore, neither a schedule nor evidence had been made available to the Audit in order to verify those account balances, and the reasons for failure in showing them in the financial statement, had not also been presented to the Audit.
 - j) A sum of Rs. 42,456,567 had been debited to the cash book as unidentified cash through 89 journal entries in the year under review.
 - k) Having made payments totaling Rs. 1.125 million to an officer who had retired as a Director of the Authority on 19 March 2021, the lands and buildings of the Authority had been valued at Rs. 598,326,141,944 to be effective as at 31 December 2019 based on an estimate made in the year 2021. Nevertheless, a sum of Rs. 137,181,325,312 had been shown as the value of lands and buildings in the financial statements presented as at 31 December of the year under review.
 - l) The work in progress account valued at Rs. 21,948,469,065, comprised 03 projects implemented for other institutions to the value of Rs. 112,929,689. Hence, the value of work in progress had been overstated by that amount. As an allocation of Rs. 13,856,162 had been made on work in progress and a negative balance of Rs. 1,654,800 had been adjusted thereto, the total value had been understated by Rs. 15,510,962.
 - m) The key money of the floating market amounting to Rs. 4,228,436 credited to the revenue in excess during the preceding years and shown under revenue in the financial

- statements of the Authority for the year 2019, had been brought to accounts after being deducted from the revenue of the year under review relating to that project, rather than being corrected with respect to the preceding years. As such, the accumulated profit had been overstated and the profit of the year under review had been understated.
- n) As depreciation had been erroneously adjusted on assets the depreciable period of which had elapsed 2-15 years ago, a written-down value of Rs. 37,820,871 had been shown in the financial statements as at 31 December 2019. Accordingly, the written-down value of Property, Plant and Equipment had been overstated by that amount in the financial statements as at 31 December 2019.
 - o) Depreciation on fixed assets for the year under review had been understated by Rs. 7,188,215.
 - p) An outstanding lease rent of Rs. 13,964,707 for the year 2019 relating to the 22 quarters constructed adjacent to the Siribopura Administrative Complex in Hambanthota and not belonging to the Authority, had been brought to accounts under lease rents on the development of bus station, Hambanthota.
 - q) Bank fees, cheque book fees, and funds transfers valued at Rs. 10,214,264 had not been credited to the cash book in the year under review. As such, the expenses had been understated by that amount.
 - r) There existed a credit balance of Rs. 1,040,982 as per the financial statements and a credit balance of 400,000 as per the ledger relating to one of the 07 accounts that had remained dormant since 2017. As such, a difference of Rs. 640,982 was observed between the ledger and the financial statements relating to that bank account.
 - s) As a debit value of Rs. 21,019,626 relating to 05 projects had been settled against the deferred balance of lease rent liabilities, the deferred lease rent liability account had been understated by that amount.
 - t) The balances receivable and payable with respect to projects implemented for other Government institutions, had been settled against each other rather than being separately shown project wise. As such, the funds received on projects implemented for other Government institutions had been understated by Rs. 4,632,974,727 under current liabilities whilst the expenses incurred on projects implemented for other Government institutions had been understated by Rs. 3,746,878,450 under current assets.
 - u) A sum of Rs. 679,584,894 had been shown under Sethsiripaya Administrative Complex in the Government grants, and the amortization of Rs. 7,147,904 that should have been brought to accounts in respect of Rs. 357,395,200 therefrom, had not been written off in the revenue statement. As such, the profit of the year under review had been understated by that amount.

- v) The land in extent of 1,167 acres 3 roods and 86.9 perches where the Parliament complex is located, had been shown under investment properties valued at Rs. 3,975,027,731 in the financial statements as at 31 December 2019. However, according to the letter and the schedule furnished to the Audit by the Land Division of the Authority, area of the said land had been stated as 214 acres 01 rood and 16.8 perches and the value thereof was Rs. 5,881,638,725. As such, it was observed that the value of investment properties had been understated by Rs. 1,906,610,994 in the financial statements.
- w) Two motor vehicles, a Land Cruiser, a motorcycle, and a Mitsubishi Pajero jeep purchased by the Peliyagoda Warehouse Limited at a value of Rs. 11,312,145, had been vested in the Urban Development Authority in the years 2010 and 2012, but those assets had not been accounted for in the financial statements of the Urban Development Authority after being valued. Furthermore, despite being stated that other assets (furniture and office equipment) had also been provided for the Authority, those items had not so far been brought to accounts of the Authority or the Group.
- x) According to the schedules presented in respect of 13 account balances totaling Rs. 9,239,140,805 comprising receivable & payable balances and deposits as per the financial statements, a difference of Rs. 3,455,570,097 was observed between the balances.
- y) As for the transactions performed by the Authority with Government institutions, Government Corporations, and Companies, a difference of Rs. 616,919,316 was observed when comparing the confirmations received from relevant institutions with the balance of Rs. 426,919,316 payable by 08 institutions relating to a total of Rs. 641,471,664 and the balance of Rs. 190,000,000 receivable from one institution.
- z) Due to failure in properly identifying the debtors' and creditors' balances and transferring them to the Company when the rest houses of the Authority had been brought to the administration of Rest Houses Limited in the year 2011, a sum of Rs. 114,652,504 had been shown in the financial statements of the Authority as at 31 December 2019 as the debtor balance of the Rest House after settling the credit balances of Rs. 1,053,794,027 against the sum of Rs. 1,168,487,738.
- aa) The payable balance of Rs. 28,621,555 had been settled against the management consultancy fees of Rs. 39,255,824 receivable for providing consultancy services for projects of the Government institutions by the Authority, thus showing a sum of Rs. 10,634,268 as being receivable. That balance included an unidentified receivable balance of Rs. 19,589,853 older than 35 years and an unidentified payable balance of Rs. 18,879,289.
- bb) Detailed schedules relating to 08 account balances valued at Rs. 9,112,177,812 had not been furnished to the audit together with the financial statements.
- cc) A schedule and a register of assets comprising information such as, value of properties

under each project code as at the date of purchase or acquisition, date of acquisition, improvements made thereafter, write-offs and the dates thereof, bases on which properties had been given on lease under each project code, number of years, and the dates, had not been furnished. Hence, the possibility of verifying that all the lands and properties taken over for development purposes at the beginning or within the year had been brought to accounts under investment properties, and the possibility of specifically identifying the necessity of revaluing the assets the lease period of which had expired and such properties had been shown to the fair value thereof, had been hindered. As such, the accuracy of Rs. 96,706,779,657 being the value of investment properties shown in the financial statements, could not be verified.

- dd) A sum of Rs. 1,613,133,333 out of the value of Sethsiripaya building pertaining to the investment properties of the land of Parliament, had been transferred under the Property, Plant and Equipment during the year under review. Evidence required to verify the accuracy of the value so transferred, had not been made available to the Audit.
- ee) The Audit had not been provided with information required to examine the receivable consultancy and management fees valued at Rs. 10,634,268 shown in the financial statements.
- ff) Debtors'/ receivable balances valued at Rs. 1,153,102,808 remained outstanding over a period of 3-4 years, and evidence required to verify those balances had not been presented. Recovery of such balances remained doubtful.

1.2.2 The opinion in the audit report of the Lanka Rest Houses Limited, a subsidiary of the Authority, had been disclaimed whereas the audit opinion on the Waters Edge Limited and Urban Investment and Development Company, had been qualified. The matters attributable to the opinions mentioned above, are given below.

a) Lanka Rest Houses Limited

- - i. Although a sum of Rs. 10,289,128 had been shown in the financial statements as the value of Property, Plant and Equipment by the end of the year under review, only the value of assets purchased after the year 2011 had been included therein. The assets owned by the Company prior to the year 2011, had not been shown in the financial statements. Despite being acknowledged by the management of the Company that the ownership of assets existed before the year 2011 belonged to the Company and other assets including rest houses existed, no action had been taken to revalue and account for such assets. Furthermore, due to failure of the Company to maintain a Register of Fixed Assets in a complete and up-to-date manner in respect of the Property, Plant and Equipment valued at Rs. 10,289,128 shown in the financial statements as at 31 December 2019, the

accuracy of fixed assets stated in the financial statements, could not be verified in audit.

- II. A sum of Rs. 3,194,655 payables in respect of renovations made to the rest house in Mahiyangana in the year under review, had not been brought to accounts as a payable expenditure of the year under review.
- III. The balance of the current account being maintained by the Company with the parent Company amounted to Rs. 57,637,911, and the balance of the current account relating to the Company as per the account of the Urban Development Authority amounted to Rs. 61,686,503 thus observing a difference of Rs. 4,054,592 between the accounts as at 31 December of the year under review. Nevertheless, action had not been taken to identify the differences between those accounts and adjust the relevant balances.
- IV. The statement of financial position of the Lanka Rest Houses Limited should have been presented showing assets and liabilities in the order of liquidity as at 31 December 2019 in terms of Paragraph 60 performance Sri Lanka Accounting Standard 01. However, it had not been done so.
- V. According to Paragraph 81 of the Sri Lanka Financial Reporting Standard 16, the revenue collected from a lessee should be recognized under straight line method or on other formal basis. Nevertheless, a non-refundable amount of Rs. 2,787,000 recovered on 10 July 2019 with respect to 03 rest houses given on lease for 10 years, had not been recognized on a formal basis but that sum had been recognized as a revenue of the year under review. As such, profit of the year under review had been overstated in the financial statements.
- VI. As the interest receivable on fixed deposits as at 31 December 2019 had been understated by Rs. 745,519 in the financial statements, profit of the year under review had been understated by that amount.
- VII. As the lease rent receivable from rest houses had been overstated by Rs. 1,499,047 in the financial statements of the year under review, profit of the year and the trade debtors had been overstated by that amount.
- VIII. The Value Added Tax of Rs. 3,668,269 payables to the local authorities after being levied on revenue generated by rest houses of the local authorities administered by the Company, had not been shown in the financial statements.
- IX. Contrary to provisions of the Sri Lanka Accounting Standard 07, fixed deposits valued at Rs. 39,498,342 the realization period of which had exceeded one year, had been shown under cash and cash equivalents in the cash flow statement. Furthermore, the value of properties and plants purchased in the year, had been adjusted in the cash flow statement after deducting the depreciation, rather than

adjusting the cost thereof in the cash flow statement. Hence, net cash outflow under the investment activities had been understated by Rs. 631,899.

- X. A sum of Rs. 4,152,161 had been written off from the books as doubtful debts in the year under review, but schedules relating to the computation of those doubtful debts had not been furnished to the Audit.
 - XI. Details and schedules on the computation of income tax for the year under review, had not been furnished to the Audit.
 - XII. Letters of confirmation of balances relating to the trade and other creditors valued at Rs. 21,125,835 and Rs. 7,154,819 respectively, had not been received. Existence of those creditors' balances could not be verified in audit.
- b) Waters Edge Limited.
- I. Assets still in use despite being fully depreciated, should be disclosed in the financial statements in terms of Sri Lanka Accounting Standard 16, and useful life of such assets should be revalued and adjusted in the financial statements in accordance with Sri Lanka Accounting Standard 08. Nevertheless, it had not been done so with respect to assets valued at Rs. 105.8 million still in use despite being fully depreciated.
 - II. During the year under review and the preceding years, the Company had obtained on lease a land in extent of 23 acres, 01 roods and 9.05 perches on a 99 year lease agreement at a value of Rs. 4,275,046,738 whilst another land in extent of 01 acres 03 roods and 34.02 perches had been obtained from the Urban Development Authority on a 20 year lease agreement at a value of Rs. 80,000,000. Nevertheless, rights to enjoy the lands on lease, and the liabilities relating to the lease agreement had not been disclosed in the financial statements in terms of Paragraphs 24 and 26 of the Sri Lanka Financial Reporting Standard 16.
 - III. Transactions worth Rs. 642,533 between the Line Ministry and the connected parties, had not been disclosed in the financial statements in terms of provisions of Sri Lanka Accounting Standard 24.
 - IV. The estimated useful life of vehicle parks and roads had been amended Billion the Company from 05 years to 25 years in the financial statements of the year under review in accordance with Sri Lanka Accounting Standard 08, but approval of the Board of Directors had not been obtained in that connection. According to the Standard, the effect on the financial statements following the change in accounting estimate, should have been disclosed in the year under review, but it had not been done so.

- V. Orchid plants had been purchased by the Company in the year 2019 incurring a sum of Rs. 14.7 million and planted at the premises of the Company with commercial objectives. Nevertheless, those scientific assets had not been disclosed in the financial statements in terms of Sri Lanka Accounting Standard 41.
- VI. The railway cafeteria constructed by the Sri Lanka Land Reclamation and Development Corporation incurring a sum of Rs. 125,442,300, had been handed over to the Company for being used since 28 February 2018. A sum of Rs. 130,881,116 including the interest on delay, had been requested from the Company up to the end of the year under review. Nevertheless, the Company had not made provision for that liability in the financial statements of the year under review, but only disclosures had been made in that connection under Note No. 13(b) of the financial statements. Accordingly, profit of the year under review and the profits retained at the end of the year under review had approximately been overstated by Rs. 26,429,883 and Rs. 22,024,486 respectively whilst the other creditor's balance had been understated by Rs. 136,881,116.
- VII. The Waters Edge hotel had been acquired by the Urban Development Authority from Asia Pacific Golf Courses Ltd in the year 2009 together with its current assets including office equipment and kitchen appliances worth Rs. 262,284,393. Nevertheless, action had not been taken by the Waters Edge Company Limited to inventorize, assess and account for the assets so taken over.
- VIII. The Company had entered into a development agreement with a private company of foreign origin on 21 December 2017 for the construction of a children's park within a period of 06 months. According to Section 4.1 of the development agreement, a monthly rent of Rs. 600,000 should be paid by the developer to the Company during the management period as per Section 5.1.1 of the agreement. Nevertheless, no amount whatsoever had been paid up to the end of the year under review, and the sum of Rs.
- IX. 108.8 million receivables to the Company from the developer by the end of the year under review, had not been shown in the financial statements of the Company.
- X. Construction of an 18 storied building with a hotel comprising 182 rooms, 185 housing units and other general amenities at an estimated value of Rs. 8,177 million had been commenced at the land where the Waters Edge Company Limited had been located, in the year 2014. The works thereof had been temporarily suspended from January 2015, and as the construction works had not been resumed, the relevant contractor had filed a case at the commercial high court in Colombo demanding an unpaid bill value of Rs. 179,937,010 for works

done and the legal interest thereon along with legal expenses amounting to Rs. 180,600,000. However, no disclosures had been made in the combined financial statements in that connection.

XI. A sum of Rs. 16,868,794 had been shown in the financial statements as loan balances receivable to the Company from 04 Government institutions over a period of 02-06 years by the end of the year under review. Nevertheless, as per the financial statements of those Government institutions, such a loan balance had not been mentioned as being payable to the Company.

c) Urban Investment and Development Company

(i) The cost of Property, Plant and Equipment shown in the financial statements by the end of the year under review, amounted to Rs. 49,657,265. Nevertheless, a Register of Fixed Assets had not been maintained, nor had those assets been verified by the Company as well. As such, value and accuracy of the existence of those assets could not be confirmed in audit.

(ii) A difference of Rs. 7,225,918 was observed between the detailed schedule and the debtors' ledger. Nevertheless, no reconciliation whatsoever had been made in order to identify the difference.

As a result of the matters described above, I have not been able to confirm or verify the quantitative items included in the statement of financial position, statement of comprehensive income, statement of changes in equity, and cash flow statement by alternative means. As a result, I am unable to determine whether any adjustments might have found necessary in respect of recorded or unrecorded values or transactions in the values or items that make up the statement of financial position, statement of comprehensive income, statement of changes in equity, and cash flow statement.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the

Group or to cease operations, or has no realistic alternative but to do so.

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

As per Sub-section 16(1) of the National Audit Act, No. 19 of 2018, the Authority is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Authority and the Group.

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

It is my responsibility to issue the Auditor's report on the financial statements of the Authority and the Group based on the audit conducted in accordance with Sri Lanka Auditing Standards. Nevertheless, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements due to significance of the matters described in paragraph, Basis for Disclaimer of Opinion.

2. Report on other Legal and Regulatory Requirements

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

2.1.1 I have not been able to obtain all the information and explanations required for audit in terms of provisions in Section 12 (a) of the National Audit Act, No. 19 of 2018. I was not able to decide as to whether the Authority had maintained reports of accounting properly.

2.1.2 Financial statements of the Authority are consistent with the preceding year as per the requirements in Section 6(i) (d) (iv) of the National Audit Act, No. 19 of 2018.

2.1.3 Except for the observations in Paragraphs 1.2 (a) - (ff) under the section, Basis for Disclaimer of Opinion in my report, the recommendations made by me in the preceding year, had been included in the financial statements presented in accordance with the requirement in Section 6 (i) (d)(iv) of the National Audit Act, No. 19 of 2018.

2.2 Considering the limitations on procedures followed, evidence collected and matters of significance, I have not been able to notice anything sufficient to make the following statements.

2.2.1 Whether any member of the governing body of the Authority has any direct or indirect interest in any contract entered into by the Authority as per the requirement in Section 12 (d) of the National Audit Act, No. 19 of 2018.

2.2.2 Whether the Authority has or has not complied with any applicable written law or other general or special directions issued by the governing body of the Authority except for the following observations as per the requirement in Section 12 (f) of the National Audit Act, No. 19

of 2018.

Reference to the Laws, Rules, Directive	Audit Observation
-----	-----
(a) Section (i) of Paragraph 08 in Part II of the Urban Development Authority Law, No. 41 of 1978.	The Authority should have made and implemented an urban land use policy, but it had not been so done even by the end of the year under review.
(b) Treasury Circulars.	
(i) Treasury Circular, No. 842 dated 19 December 1978.	A Register of Fixed Assets had not been maintained as per Form General 287 with respect to all the fixed assets in use under ownership and custody of the Authority in accordance with the Circular.
(ii) Treasury Circular, No. IA/2002/02 dated 28 November 2011.	Including information such as, purchase, custody, maintenance, repairs and disposal of computers, a Register of Fixed Assets had not been maintained on computers and software.
(c) Paragraph 5(2) of the Public Finance Circular, No. 01/2014 dated 11 February 2014.	An Action Plan had not been prepared and presented by including activities scheduled in the Corporate Plan for the period 2019-2021 to be executed in the year under review.
(i) Section 8.2.3	Approval of the Cabinet had not been obtained on the companies such as, Urban Investment and Development Company (PVT) Ltd, Urban Investment and Development Company (PVT) Ltd, Orchard Urban Housing Development Company Ltd, and Waters Edge Hotel Development Company Ltd, that had been established by the Authority as subsidiary companies on 21 November 2014.
(ii) Section 8.3.9	Assets belonging to the public enterprises should not be released to the Line Ministry or other Government institutions though, it was stated that camera equipment purchased by the Authority incurring a sum of Rs. 2,313,550, had been provided for the media unit of the Ministry in the year 2018. It was also stated that the said

- assets had thereafter been given to the media unit of the Prime Minister on 2020.06.29.
- (iii) Section 9.4 Officers of the public enterprises should not be released to the Ministry or other institutions without being approved by the Cabinet, but 82 officers of the Urban Investment and Development Company (PVT) Ltd, a subsidiary company of the Authority, had been attached to the Authority by paying a sum totaling Rs. 40,946,517 in the year under review.
- (d) Paragraph 07 of schedule V of the Gazette Extraordinary No. 597/8 of the Democratic Socialist Republic of Sri Lanka dated 17 April 2009. According to a survey conducted by the Authority several years ago near the municipality and canals in the division of Colombo municipal area, 1,868 unauthorized constructions and modifications had been identified. However, action had not been taken either to regulate or demolish such constructions by levying fees for covering approval and changes of use, if such constructions could be regulated as per provisions of the relevant Gazette.
- (e) Section 3.4 of the Circular No. SP/RD/02/10 of the Presidential Secretariat, dated 03 February 2010. A considerable number of lands provided by the Authority for urban development, had been given on long term lease to private institutions rather than being used for the intended purpose. More valuable lands had been provided for constructing luxurious flats, and after several years, such lands had been returned to the initial owners (alienation).
- (f) Financial Regulation 113 (3) of the Democratic Socialist Republic of Sri Lanka. Action had been taken to write off debtors' balances totaling Rs. 32,068,113 relating to the preceding years through 04 journal entries without being approved by the Ministry of Finance. It was observed that at least approval of the Board of Directors had not been obtained on a sum of Rs. 17,872,956 out of that balance.

2.2.3. Whether the Authority had performed according to its powers, functions and duties in accordance with the requirement in Section 12 (g) of the National Audit Act, No. 19 of 2018.

2.2.4. Whether the resources of the Authority had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws except for the following observations in accordance with the requirement in Section 12 (h) of the National Audit Act, No. 19 of 2018.

- a) The Authority had not prepared a main Procurement Plan envisioning procurement activities for the 03 ensuing years (2019 – 2021) and a detailed Procurement Plan for the year under review in terms of Guideline 4.2 of the Government Procurement Guidelines.
- b) Instances were observed in which the Authority had failed to follow the following Procurement Guidelines during the Procurement process.
 - Appointment letters of the members of the Technical Evaluation Committee, had not been maintained in files.
 - Contracts had been awarded without completing the key functions such as, settlement of land, and preparing specific plans. Advances were paid on contracts for which lands had not been settled.
 - Performance securities had been obtained contrary to Procurement Guidelines.
 - Failure to extend the validity period of bonds on time.
 - As for the evaluation of bids, detailed documents on the comparisons between each item had not been included in the report of the technical evaluation; instead, evaluations had been made with respect to the total price only.
 - Much emphasis had been put on other factors rather than the price in evaluation process. As such, bids with low values had been rejected at a considerable percentage than the engineering estimate.
 - Notes to the methods of evaluation and decisions had not been included in the report of the technical evaluation.
 - The report of evaluation proposed that the procurement be awarded at a value higher than that of the engineering estimate. An agreement had been entered into with no explanations given on the engineering estimate, and the excess price.
 - Lands had been given on long term lease without publicly calling for quotations.
- c) A sum of Rs. 3,875,995 had been paid to a consultancy firm seeking their service for installation of an Enterprise Resource Planning system (ERP) at an estimated value of Rs. 190 million. Nevertheless, installation of the ERP system had been suspended.
- d) A sum of Rs. 8,300,000 had been paid for installation of the management accounting system being used at present whilst a sum of Rs. 2,160,000 had also been paid for a period of 02 years on maintenance and other services up to 22 July 2022. Nevertheless, it was observed that reports such as, statement of comprehensive income and statement of financial position as at 31 December 2019, debtors/creditors age analyses, reconciliation statements on debtors/creditors, computation of annual depreciation, VAT

schedules (including sub-offices), register of investment properties, register of fixed deposits for a given period, schedule of the dishonored cheques, and bank reconciliations, could not be retrieved from the accounting system.

- e) For a variation in the contract value up to 10 per cent of the initial cost, the Procurement Committee may decide to proceed with the procurement with assistance of the Technical Evaluation Committee; as for a variation over 10 per cent, approval of the head of the institution is required in terms of Guideline 8.13.4 of the Procurement Guidelines. Nevertheless, a sum of Rs. 4,170,000 equivalent to 60 per cent of the approved value, had been paid on additional works of the accounting system under approval of the management.
- f) According to the agreement entered into for installation of the management accounting system, maintenance services would be provided for free within the first year after the installation, and it was mentioned at the time of presenting the bid document that 10 per cent of the total cost be paid thereon from the second year. The certificate for completion of works had been issued by the Authority on 28 July 2021, and maintenance and other services should have been provided free of charge until 28 July 2022, but contrary to the agreement, the Authority had entered into two service agreements with the relevant institution according to which an annual fee of Rs. 1,080,000 would be paid for providing maintenance and other services during the period from 23 July 2020 to 22 July 2022. As such, a sum of Rs. 2,160,000 had been paid in excess by the Authority during that period.

2.3 Other Audit Observations

- a) The Authority has been indirectly approving the sub-leases and construction of stalls by the lessee contrary to the terms and conditions presented when quotations were called for the Charmers Granaries Land to be given on lease, thus giving rise to legal issues relating to the long-term lease of the land. As conditions in the lease agreement were later revised once the land had been given on lease, the Authority had lost the possibility of obtaining higher lease rents.
- b) Without calling for quotations, physical rights to the land on D.R. Wijewardana Mawatha, Fort owned by the Authority had been transferred to a private institution in the year 2007 prior to obtaining Cabinet approval, and the land had been given on lease for 50 years on 16 February 2017 to another company belonging to the owner of the initial company. As the land had been given on lease at a value, Rs. 330 million less than the Government assessment, without being properly approved by the Board of Directors of the Authority, the Authority had lost a long term revenue thus sustaining a loss of Rs. 330 million. No action whatsoever has so far been taken on the party responsible for that loss, nor has any development activity been executed.

- c) An expenditure of Rs. 77,488,987 had been incurred on the construction of rest house in Jaffna during the latter part of 2013. The project was abandoned halfway, and so were the constructions thereof with the sum spent thereon becoming uneconomic.
- d) In the wake of garbage dump collapse in Meethotamulla in the year 2017, it had been planned to construct an urban park under the Meethotamulla Regeneration Project. The contract for trial compacting the garbage dump from 30 meters to 12 meters using a blanket layer and installation of greenhouse gas emission units, , had been awarded to a private institution on 09 June 2020 at the value of Rs. 269.5 million. The Authority had paid a sum of Rs. 432,946,468 on that project. Although the certificate of handover had also been issued after completing the works on 25 November 2020, a park had not been constructed as planned. Furthermore, the location of compacted garbage exists at present without proper management and supervision. It was observed in the physical inspection conducted on 23 December 2021 that the systems used to prevent waste water from flowing into canals & entering into ground water and collect gas through the gas emission center, had been abandoned after being engulfed by encroaching wilderness.
- e) Capital expenses amounting to Rs. 3,830,874,596 from Government funds along with a sum of Rs. 851,200,000 (US \$ 6.4 million) through foreign loans had been incurred during the period 2008-2013 for the construction of Magam Ruhunupura International Conference Hall under the Hambanthota Development Project. In addition to that, a sum of Rs. 75,889,769 had been spent as revenue expenses on the maintenance of Conference Hall only for the period of 2017-2019. Nevertheless, only a sum of Rs. 15,896,360 had been earned as revenue during the period of 2017-2019.
- f) Under 21 subprojects of the Urban Regeneration Project, 13,580 houses had been built for low income families incurring a sum of Rs. 48,090 million, and handed over during the period of 2013-2021. However, due to failure in obtaining certificates of the Condominium Management Authority for 12,875 houses therefrom, the relevant households were not allowed for maintenance of those houses. As such, the Authority had to incur an extensive cost for the maintenance thereof.
- g) The construction of flats for families settled at the land belonging to Slave Island redevelopment program should have been completed by the year 2015 though, the project had delayed due to inefficiency of the contractor who had been held responsible for constructions by the land developer. Hence, the Authority made a payment of Rs. 63,694,000 comprising an additional consultancy fee of Rs. 5,496,000 paid to the consultancy firm for construction works and monthly rentals totaling Rs. 61,198,000 paid until flats were provided for the said families during the year 2017. However, that sum was not reimbursed from the land developer.
- h) The households of Ovel View housing complex and the Lake Crest housing complex in

Angoda comprising 608 housing units had made sums of Rs. 4,756.32 million and Rs. 816.3 million respectively to the Urban Development Authority, but legal rights to houses had not been transferred to them even up to the date of audit. Certificates of the Condominium Management Authority has not thus far been obtained for those houses as well.

- i) Three land plots in extent of 03 acres 02 roods and 03 perches located on Sri Jayawardanapura Mawatha, Rajagiriya under Assessment Nos. 294/800 and 953/1, had been acquired by the Authority on 09 October 2013 in order to implement an urban development project including financial and administrative institutions. Two land plots, so acquired, had again been alienated to the initial owners on 02 February 2015 and 18 November 2016 whereas the other plot in extent of 01 roods and 12 perches, had not been made use of for any development activity even up to the date of audit. Nevertheless, a sum of Rs. 213,217,963 had been shown under work in progress as expenses incurred on that project. Furthermore, it was observed that the said land had been acquired without identifying the necessity of takeover in the year 2013.
- j) A large number of lands acquired by the Authority for urban development had been used for activities other than the intended purpose, and alienated after several years. Some of the examples are given below.
 - I. The estate of 1000 acres in Millewa.
 - II. The land in extent of 125 acres on Olcott Mawatha, Fort.
 - III. The land in Dadalla, Galle.
 - IV. The land in extent of 03 acres, 02 roods and 03 perches on Sri Jayawardanapura Mawatha, Rajagiriya.
- k) Provision had been obtained from the Ministry to prepare development plans (project for preparing 44 development plans) for areas declared as locations for development in the island, a key function of the Authority. although a physical progress of 50 per cent had been acquired in the year 2018, but there existed no evidence in the performance report that the project was in progress during the year 2019.
- l) Debentures worth Rs. 10 Billion to be released after 05 years had been issued by the Authority in October 2010 with a view to funding the national programme for constructing 68,000 houses for shanty dwellers in Colombo. A credit facility of Rs. 11 Billion had been obtained from Bank of Ceylon in the year 2015 for the issue of those debentures and a sum of Rs. 8.5 Billion had also been obtained thereon from the Treasury in the year 2017. However, even after 05 years from the issue of debentures, the intended purpose thereof, being the development of 142 acres of land pertaining to shanty dwellers in Colombo and prepare a business plan, could not be fulfilled, and only 12,657 of the 68,000 housing

units proposed had been constructed thereby vesting only 8,407 housing units in the public as at 31 December 2019.

- m) Sums of Rs. 92 million and Rs. 120 million had been spent by the Authority and the National Housing Development Authority respectively by the end of the year 1993 in order to construct flats and trade stalls at a land owned by the Authority in extent of 01 acres and 23.1 perches on the Railway Road, Bambalapitiya. A joint venture between the Urban Development Authority and National Housing Development Authority had been established under the name of Ocean View Development Pvt Limited in order to manage those properties. The Authority had provided this land for the Ocean View Development Pvt Limited under a 99-year lease agreement at a nominal value of Rs. 100 per annum. Although the said Company had generated revenue through the buildings given on lease, no dividend whatsoever had been given to the Authority during the period from 1993 up to the end of the year 2019. Hence, considering the funds spent by the Authority, no benefit whatsoever had been received in return; instead the said Company itself had enjoyed the benefits.
- n) Fifteen projects worth Rs. 1,306,655 had been implemented in the year 2017, and abandoned by the date of the audit but shown under work in progress.
- o) With a view to promoting the projects by using consultancy fee income to be received with respect to a project implemented under the Line Ministry, the Authority had incurred a sum of Rs. 4,052,134 for publishing 13 newspaper advertisements in the year 2019.
- p) Two land plots in extent of over 03 acres located in Maradana and Rajagiriya had been provided for 02 private institutions in the year 2014 to be developed under a 99 year lease agreement. But, that land has not been used for development works thus far.
- q) A Scheme for promotions based on performance had not been introduced to the Authority in terms of Paragraph 9.3.1 of the guidelines for good governance of public enterprises (PED -12), Management Services Circular, No. 30 dated 22 September 2006, and Public Administration Circular, No. 06/2006 dated 25 April 2006. With a view to implementing that Scheme once the posts were placed under a new salary structure, a Scheme of Recruitment and Promotions had not been prepared, and recommendations of the Department of Public Enterprises & approval of the National Salaries and Cadre Commission had not been sought thereon as well.
- r) Approval of the Department of Management Services had been sought to promote officers of the Authority to the vacant posts. As cadre of the Authority had not been restructured, the Department of Management Services had informed that, once the Scheme of Recruitment was approved, officers of the Authority should be promoted only under provisions of that Scheme. Having disregarded that, 10 officers had been promoted to the post of Director under approval of the Board of Management.

- s) Officers who use personal vehicles as their official vehicles by receiving allowances are not entitled to the drivers of the Authority in terms of Public Administration Circular, No. 14/2008 and 26 June 2008 and Public Enterprises Circular, No. PED 1/2015, dated 25 May 2015. Nevertheless, drivers of the Authority had been attached to 20 officers with sums of Rs. 3,679,290 and Rs. 8,261,590 paid to them only as overtime in the preceding year and the year under review respectively.
- t) Formal disciplinary inquiries had been conducted by issuing charge sheets to 02 officers relating to misconduct and they were found responsible for some of the charges which fell under gross misconduct as per Volume II of the Establishments Code. However, considering that they were close to 60 years of age, the two officers were forced to accept compulsory retirement in the year 2017 rather than being interdicted. The two persons found guilty in a formal disciplinary inquiry, however, were reinstated later in the years 2019/ 2020 without following a formal procedure.
- u) Recruitments to 64 posts not in the approved cadre of the Authority, had been made through a subsidiary company of the Authority without calling for applications through public notices. Salaries and allowances totaling Rs. 43,520,826 and Rs. 46,345,540 had been paid to them in the years 2018 and 2019 Respectively. Furthermore, 08 officers had been released on secondment basis to the Urban Investment and Development Company on the basis of reimbursing salaries.
- v) Despite being stated in No. 116 of the Public Enterprises Circular of the Secretary to the Ministry of Finance and Planning dated 24 January 1997 and Paragraph 9.4 of the Public Enterprises Circular, No. PED/12, dated 02 June 2003, officers of the public enterprises should not be released to the Ministry or other Government institutions. Nevertheless, 19 officers of the Authority had been released to other Government institutions under the basis of reimbursing salaries.
- w) Officers receiving monthly remunerations are not entitled to allowances for their participation in the meetings of the Board of Management in terms of Paragraph 2.5 of the Circular No. PED/58 of the Department of Public Enterprises dated 29 April 2011. Nevertheless, the former Chairman, Director General, and Working Director had obtained a sum of Rs. 3,202,750 relating to the period from March 2015 to October 2020 contrary to the Circular. Although the payment of allowances had been suspended after being pointed out by the Audit, the payments already made had not been recovered.

W. P. C. Wickramaratne,

Auditor General

-----This page intentionally left blank-----



01



02



03



04



05



06



Chairman's Comments on the Auditor General's Report

-----This page intentionally left blank-----

6.1 Chairman's Comments on the Auditor General's Report

6.1.1 Comments on the Financial Statements – The Group

(a)

I. Observation

It is not agreed with the above statement.

The value of 02 credit balances shown in the reconciliation statement is not Rs. 29,374,815 but Rs. 29,314,686. The adjustments made with respect to the following inter-company transactions performed between the Authority and the subsidiary companies, had been shown under those credit balances.

A value of Rs. 29,036,877.12 had been adjusted on the lease rent income of the year under review in respect of the 99 year and 20-year lease agreements entered into between the Authority and the Authority in the year 2019. The file maintained by the Authority in that connection, had been made available to the Government Audit Section on 2021.12.06.

Furthermore, the balance of Rs. 277,809 shown in the audit query was the dividend income given to the Urban Investment and Development Company by the On'ally Company Limited in the year under review, and when accounts of the said Company had been audited, the supporting documents in that connection had also been provided for the Audit.,

II. Observation

Composition of the sum of Rs. 6,488,108 payables by the Lanka Rest Houses Limited is as follows.

Description	Amount (Rs.)
Value Added Tax	73,630.46
Salary Payable	88,613.00
Service Charge Payable	1,787,713.29
Refundable Tender Deposits	2,585,685.18
Rent Deposits	388,482.41
NBT Payable to Local Authority	3,200.00
Accrued Expenses	685,259.35
Audit Fees Payable	310,992.00
Dividend Payable	439,735.11
EPF Payable	111,306.78
ETF Payable	13,490.00
Total	6,488,108.52

According to the above Table, the sum of Rs. 6,688,108, being the balance payable by the Lanka Rest Houses Limited mentioned in the audit query, should be corrected as Rs. 6,488,108, and action has been taken to show the correct balance under Expense Creditors category of the Expense & Other Creditors in Note 32 of the consolidated accounts.

In preparing the combined financial statements, a sum of Rs. 3,087,684 relating to the financial statements of the Urban Investment and Development Company, had been shown as an expenditure under the Head of Expenditure – Losses and Omissions in the year 2019. It is informed that corrective measures will be taken thereon when preparing the combined financial statements for the year 2020.

Accordingly, the fact on the Lanka Rest Houses Limited mentioned in the audit query relating to the preparation of combined financial statements, is not agreed upon; and, it is informed that the fact mentioned with respect to the Urban Investment and Development Company, is agreed upon.

III. Observation

It is not agreed with the above statement.

As for the computation of balance of the office equipment under Property, Plant and Equipment in the consolidated accounts of the year 2019, the balance of the office equipment mentioned in the financial statements of the Waters Edge Limited, had been brought to the accounts as follows.

	Item	Total of the Constituents Considered by the Government Audit Section as Office Equipment of the Waters Edge Limited (Rs.)	Total of the Constituents Considered as Office Equipment of the Waters Edge Limited When the Urban Development Authority Prepared the Consolidated Accounts (Rs.)
1.	Office Equipment	45,711,202	45,711,202
2.	Kitchen Equipment and Utensils	215,744,811	215,744,811
3.	Other Equipment	110,250,649	110,250,649
4.	Cattery and Cookery & Glassware		83,293,054
5.	Elevator		3,256,219
6.	Car Park		46,757,824
7.	Landscaping at Grand Lawn		13,984,802
	Total Cost	371,706,662	518,998,561
	<u>Less – Depreciation</u>		

	Total Depreciation	187,941,668	264,919,026
	Net Book Value	183,764,994	254,079,535

Accordingly, the items mentioned in 04, 05, 06 and 07 above under office equipment in preparing the combined financial statements, had not been included in the value shown in the audit query, thus giving rise to the said difference.

Furthermore, as the sum of Rs. 14,763,141 being the value of orchid plant machines when preparing the combined financial statements had not been included in the value shown in the audit query, and the sum of Rs. 2,121,212 being the balance of buildings, had been understated, a difference of Rs. 12,641,929 had been shown under the buildings, machines and equipment.

Nevertheless, it is informed that there existed no difference between the accounts and the total of all the assets pertaining to the Waters Edge Limited that had been considered by the Authority in preparing the combined financial statements.

6.1.2 Urban Development Authority (Parent Company)

a. Sri Lanka Accounting Standard 01 - Presentation of Financial Statements

I. Observation

The Urban Development Sector Project implemented during 1993-1999 under the Urban Development Authority from financial assistance of the Asian Development Bank had been handed over to the Urban Development Authority in the year 1999 after completion. Accordingly, the assets and liabilities as at that date had been transferred to the Urban Development Authority whilst the sum of Rs. 7,433,382 being the capital reserves of the project as at that date, had been shown in the accounts as reserves of the Authority. Furthermore, the Authority had maintained the reserve for demolition of structures since the year 1999, and the balance thereof amounted to Rs. 1,028,303 as at 2018.12.31.

As had previously been pointed out in that connection through the audit queries, there existed no requirement to maintain those reserves, and as maintaining such reserves had not complied with the Accounting Standards, action had been taken in the year 2019 to show the sum of Rs. 8,462,785 mentioned under those two reserves, under the retained surplus.

II. Observation

As for the Authority providing consultancy services for the projects, MEP consultancy services had been outsourced to external institutions by the Authority with respect to certain projects due to lack of employees of the Authority. As such, the total fee earned was not a revenue of the Authority, and once the consultancy fees were received in full by the Authority, the consultancy fees were paid to the relevant Companies through the same account, thus those values were

debited to that account. Moreover, consultancy services of the officers of Jaffna Urban Council had been obtained with respect to the development activities carried out in Jaffna, and hence, payments had been made to them by using the funds received in that manner.

Accordingly, the total amount received in that manner, was not considered a revenue of the Authority, and the amounts paid to other institutions in respect of consultancy services obtained externally, were included therein. As such, accounting for those amounts after deducting the payments made to those external parties, did not pave way for the revenue of the year under review to be understated. Nevertheless, when

accounting for consultancy fees received from such projects in due course, it is kindly informed that action will be taken for the fees to be brought to accounts in the following manner.

Cash Book	Debit
Consultancy Fees Revenue Account	Credit
Consultancy Fees Payable	Credit
Consultancy Fees Payable When Paying the Consultancy Fees	Debit
Cash Book	Credit

(b) Observation

The project to provide flats for the low-income families had been implemented by the Authority not for earning profits but for the sole purpose of uplifting the livelihood of shanty dwellers in Colombo thus implementing the Government policy in that connection; so that the lands with commercial value that had been underutilized in Colombo, would be released for economically favorable investments.

Accordingly, the households who had been affected due to natural disasters and certain development projects implemented by the Government, were provided with houses through the said housing project. E.g. households who had been displaced due to garbage dump disaster in Meethotamulla, and persons who had lost their houses following the Kelaniweli railway expansion project.

When houses were provided for those institutions, the selling prices had been decided based on the estimated cost of those housing projects.

Accordingly, the Government institutions had fulfilled the 05 prerequisites to purchase those houses in accordance with Sri Lanka Financial Reporting Standard 15; and, the total loss of Rs. 443 million relating to the disposal of houses during the year under review, had been accounted for as prior year adjustments. As for the purchase of houses, the physical and legal rights to the houses had been transferred to the household during the year under review, but receipt of funds and entering

into agreements between the two parties had taken place in the preceding years. As such, action had been taken to account for the profit/loss relating to the disposal of houses as prior year adjustments.

(c) Observation

This project had been implemented as required by the Government in view of social responsibility, and the project had not been implemented by the Authority with a view to earning profits. As such, the value of the land had not been taken into consideration when computing the profit/loss of the project. Furthermore, a certain amount of provision had been made by the Government in respect of cost on constructions.

Furthermore, action had been taken to recover a nominal fee of Rs. 3,000 per month for 30 years from the households of each housing unit. The revenue earned through the two methods mentioned above along with the revenue through the lands provided for commercial activities after being disposed of, will be used to cover the cost of the project.

Although those houses had been occupied by people, they had not been provided with rights to the houses thus far. As such, disposal of those houses could not be accounted for as financial lease in accordance with Standard 16.

Accordingly, contents of the said query can't not be agreed upon.

(d) Observation

This project had been implemented as required by the Government in view of social responsibility, and the project had not been implemented by the Authority with a view to earning profits. As such, the value of the land had not been taken into consideration when computing the profit/loss of the project. Furthermore, a certain amount of provision had been made by the Government in respect of cost on constructions.

Furthermore, action had been taken to recover a nominal fee of Rs. 3,000 per month for 30 years from the households of each housing unit. The revenue earned through the two methods mentioned above along with the revenue through the lands provided for commercial activities after being disposed of, will be used to cover the cost of the project.

Although those houses had been occupied by people, they had not been provided with rights to the houses thus far. As such, disposal of those houses could not be accounted for as financial lease in accordance with Standard 16.

Accordingly, contents of the said query can't not be agreed upon.

(e) Sri Lanka Accounting Standard 16- Property, Plant and Equipment

(i) Observation

Considering the facts as mentioned in the query that revaluing the fully depreciated assets should be done by parties with expertise thereon and a considerable period of time would be spent in that connection, it is informed that action will be taken to revalue the relevant assets and the necessary adjustments would be made in the accounts of the year 2021.

(ii) Observation

Action would be taken to make the disclosures at the time of adjusting the values to the assets in the 2021, the year when the assets were revalued.

(iii) Observation

The assessment report on the invested properties of the Authority is being prepared by the Lands Section in accordance with recommendations of the Government Audit Section. Furthermore, the lease agreement entered into with the lessee, clearly indicates the nature of activities, the conditions relevant to the lessee, and the powers vested in the Authority. As such, once the said assessment report is prepared, that report along with information on the relevant agreements will be forwarded to the Assets Management and Recovery Division of the Authority thereby making necessary updates in the accounting system relating to the invested properties and lease agreements.

As the Authority had given a large number of properties (approximately 5000) on lease under miscellaneous lease periods, it was not practical to mention each property in the statement of accounts. As such, restrictions were imposed in that connection such as, nature of general activities relating to the disposal of lands viz. maintaining technical & infrastructure facilities and multi-storied complexes, measures taken to mitigate risks e.g. necessity to obtain prior approval of the Authority for entering into sub-lease agreements and the property should be utilized only for the intended purpose. Hence, action will be taken to disclose such matters in the statement of accounts. Moreover, action will be taken to hold discussions with the system supplier to provide such information for the Government Audit Section after the deferred lease rent ledger being updated by the Assets Management and Recovery Division.

Accordingly, it is informed that action will be taken to update the accounting system and make disclosures in the financial statements based on the assessment report on the invested properties of the Authority.

(iv) Observation

According to the provisions of the Act by which the Authority had been established, lands had been released on long term lease by the Authority since its inception for implementing

miscellaneous development projects. Accordingly, lands had been released in the past under different bases relating to period of lease and methodology for recovering the lease rents.

Nevertheless, the same methodology had been followed in every instance thus allocating lands based on the assessment of the Government Valuer.

Consistency is ensured during the period of lease in crediting the lease rents to the revenue of the Authority once the assets of the Authority are given on lease. However, due to errors in the deferred lease rent account, instances can be observed in which the revenue had not been brought to accounts consistently.

Such accounting errors, pointed out in the queries have already been corrected (the Letter, No. 37/03/06 dated 2022.03.14 is annexed herewith)- Annexure 01. As for the lease rents not being credited to the annual revenue consistently due to such accounting errors in the deferred lease rent account, necessary action is being taken to correct the said account.

(f) Observation

A schedule relating to the deferred lease rent account has already been furnished to the Audit, and that reports contains information such as, name of the project, name of the customer, and value & period of lease. Furthermore, a large number of properties had been given on long term lease by the Authority, hence, separate disclosures should be made in that connection. As such, action will be taken to make disclosures in the final accounts of the year 2020 based on information relating to revaluations done by the Authority recently.

(g) Sri Lanka Accounting Standard 40 – Invested Properties

(i) Observation

Ser. No.	Project Code	Project Name	Amount (Rs.)	Remarks
01	5210500	Landscape Improvement at Sethsiripaya Stage I.	15,812,531.94	Action will be taken to eliminate the sum incurred on the construction of access road for pedestrians to enter Sethsiripaya and improvement of landscape from the invested properties and show in the financial statements of the year 2022 as prior years adjustments of the profit and loss account.
02	3001200	Proposed Town Beautification Programme at	4,995,475.10	This amount indicates the cost incurred on Town Beautification Programme at Miniwangoda implemented by the Authority under the urban

		Miniwangoda.		development programs, and this sum will be adjusted to the profit and loss account in the financial statements of the year 2022.
03	3190900	Urban Wetland Park at Nugegoda.	97,992,095.94	Revenue is generated through photography and sale of tickets at the Urban Wetland Park at Nugegoda. As such, it is informed that the cost thereon being shown in invested properties under a revenue-generating property, is correct.
04	3410700	Landscaping of Urban Park & Construction of Pola I.	795,000.00	Action will be taken to eliminate the cost incurred on Landscaping of Urban Park and Construction of Pola – I from the invested properties and show in the financial statements of the year 2022 as prior years adjustments of the profit and loss account.
05	6970100	Construction of Children Park Embilipitiya.	7,677,825.75	When the Embilipitiya Pola was developed under town beautification, the children's park nearby was obstructed. As such, considering that constructing the children's park was a social responsibility, the Urban Development Authority constructed the children's park with a view to receiving funds from the Treasury. Action will be taken to eliminate the cost incurred thereon from the invested properties and show in the financial statements of the year 2022 as prior years adjustments of the profit and loss account.
06	9970100	Hanwella Riverside Park.	539,781.60	This cost had been incurred on the construction of Riverside Park in Hanwella. Prior to the year 2007, rest houses had been managed by the Urban Development Authority, and later, such affairs were entrusted to the Lanka Rest House company. Assets and liabilities are being transferred to that company at present, and action will be taken to transfer that cost to the company during that process.
07	9192300	Landscape Improvement at Jayasekeraramaya Temple.	5,989,512.18	This amount had been adjusted to the clients' deposits on 31.12.2020 through Journal No. J30736.

Moreover, observations relating to the new assessment value being adjusted to the account statements by providing a sub-project number including information such as initial plan number, plot number and address of all the properties owned by the Authority, were presented previously.

Serial No.	Project Code	Project Name	Value Rs.	No. of Land Plots	UDA/Client
1.	3210200	Battaramulla Town Development	32,237,500.00	01	UDA
2.	3220300	Homagama Town Development Project	320,072,873.31	02	UDA
3.	3270200	Kottawa Town Development	974,365,645.34	01	Client
4.	3520100	Dambulla Town Development	70,517,797.79	02	UDA
5.	3520200	Dambulla Town Development – Stage-I	425,875,525.83	10	UDA
6.	3550600	Small Town Development Imaduwa	14,087,486.16	-	UDA
7.	5020200	Re-development Project Slave Island	1,584,334,036.26	-	UDA
8.	5330200	Peliyagoda Development Stage -I	6,839,201,620.98	74	UDA
9.	5330300	Peliyagoda Development Stage -II	144,367,827.39	01	UDA
10.	5940200	Development of Kataragama	1,056,355,617.07	06	Client
11.	5950100	Rathnapura Town Development	780,007,707.88	04	Client
12.	5990100	Warakapola Integrated Town Development Fee for Use 41 Lease Premium 04	189,555,453.43	01	Client
13.	8812100	Development of Maho Town	12,454,500.00	01	Client
14.	2940100	Kataragama Development	467,892,600.00	01	Client
15.	9720100	Proposed Mankulam Town Development	1,132,680.00	-	UDA
16.		Bolgoda Lake Development Project	130,678,534.02	-	Client
17.	3870200	Kaduruwela Town Expectation Project	376,279,416.31	-	Client
18.		Balangoda Town Development	21,236,093.40	-	Client
19.	3820200	Dankotuwa Town Development	1,969,924.46	-	Client
20.	3240600	New Township Development Project	242,790,911.84	-	Client
21.	3240700	Kottawa Town Center Development	7,413,005.50	-	Client
22.	3960100	Balangoda Town Development	21,236,093.40	-	Client
23.	5390200	Modarawila Development	646,617,463.18	-	UDA

It is informed that action will be taken to show the projects implemented for other institutions and the projects recognized as invested properties, under the correct classification in the statement of accounts for the year 2022 as per the above Table.

As revenue through lease rent is generated from circuit bungalows, the relevant assets have been shown as Rs. 18,103,817/- under invested properties. Nevertheless, that value will be correctly shown under Property, Plant and Equipment in the financial statements of the year 2022.

(ii) Observation

The lands and buildings owned by the Authority had been included in the invested properties of the Authority, and those properties had been given on long term lease to external parties for periods of 30, 50, and 99 years for miscellaneous development activities. Furthermore, when the Authority had complied with the Accounting Standards in the year 2012 with respect to those lands and buildings, heavy costs had to be incurred with longer periods spent; and, as such, revaluation had been done through an internal assessment committee after having discussions with the Government Audit Section. After revaluing the invested properties of the Authority, the values as at 2011.01.01 had been brought to accounts with the assistance of a firm of qualified chartered accountants. Action had been taken during that process to show the other properties in the accounts based on the reports of assessment except for the properties given on 99 year lease. It was informed that the lands given on 99 year lease be eliminated from books by considering them as a disposal of assets.

Considering that those lands had belonged to the Government and in case that such lands had been fully eliminated from accounts, there won't be any possibility of retrieving information in that connection, the invested properties given on 99 year lease had been brought to accounts under historical method following approval of the Board of Management of the Authority.

Nevertheless, following the discussion held on 2021.12.15 between the Auditor General and the officials of the Authority, instructions were given that the invested properties of the Authority given on 99 year lease, be brought to accounts as an outright sale.

However, in order to obtain expert opinion relating to accounting for those revalued amounts and amendments to be made in the policies, the procurement process is in progress to select a qualified institution.

(iii) Observation

You had been informed through the Letter, No. 10/1/Audit dated 2021.04.01 that the extent of lands allocated for development projects of the Urban Development Authority had been shown as 374 acres by mistake, and that extent should be corrected as 37 acres along with the manner in which those lands had been allocated for each project (a copy is annexed). Value of those lands mentioned in Annexure 03 will be properly accounted for in the year 2021.

(h) Observation

It is not fully agreed with the above statement. As for miscellaneous projects being implemented island wide by our institution, transactions are recorded using different Account Codes along with Project Codes allocated for each project.

The breakdown of the sum of Rs. 164,567,346,305.79, being the total of all the account balances relating to development expenses in the trial balance as at 2019.12.31 pointed out in the audit query, was as follows.

	Rs.
Total of the 115 accounts for development expenses	159,724,489,761.79
(Although 117 account numbers had been mentioned in the audit query, it should be corrected as 115)	
(Account No. 2101-2699)	
Total of the 05 schedules (opening balances brought forward in the year 2001 through the old accounting system) (Account No. 2995- 2999)	4,842,856,544.00
Grand Total	164,567,346,305.79

Since inception of the Authority, the trial balance had been prepared with account numbers illustrating the nature of relevant expenses. As such, all the expenses incurred under each classification would be easily identified viz. expenses relating to acquisition, constructions, and employee salaries. Hence, expenses relating to a certain project would be retrieved using the relevant Project Code. Accordingly, action had been taken to show the revenue expenditure incurred on projects, in the profit and loss account whilst the capital expenses being shown under the relevant classification.

The total of the account balances relating to the aforesaid development expenses is maintained in the schedule for development expenses under the old and new accounting systems of the Authority in terms of work in progress, invested properties, Property and Plant, clients' projects, and completed housing projects. Accordingly, the total of the balances of said 115 accounts and the 05 schedules shown in the trial balance as at 2019.12.31, had correctly been mentioned by us in the financial statements of the year 2019 under the relevant classification; and, the correct schedule in that connection, had also been provided for the Government Audit Section.

(i) Observation

The sum of Rs. 993,270,282 shown in the trial balance as RETSUP, indicated the balance of surpluses retained as at 2016.01.01; that is, the total of profits and losses reported since inception of the Authority.

Accordingly, as mentioned in 1.2.2.4 (*) above, action had been taken to adjust the balance of that account to the accounts of the year 2020 through the Journal No. J31703 in order to be transferred to the Retained Surplus Account.

(j) Observation

Journal entries had been used to account for certain transactions in the following manner out of the receipts and payments of funds in the cash book pointed out in your query: recording the receipt of funds relating to the matured fixed deposits and accounting for the planning approval fees that should directly be paid by the clients to the Authority. In approving plans for transferring funds between the accounts of the Authority, the relevant applications are processed through an online system, and hence, such fees are directly deposited by the clients in the bank.

A certain period of time is spent for the bank receipts relating to those deposits to be received by the Authority, and until then, such revenue is brought to account through journal entries under unidentified revenue as pointed out in the audit query.

Once identified after being compared with the bank account details of the relevant period, such revenue is eliminated from the temporary account and brought to the correct revenue account so identified.

Contrary to have been pointed out in the query, it is not possible for any officer of the Authority to misappropriate the funds.

(k) Observation

When the Authority complied to the new Sri Lanka Accounting Standards in the year 2012 (SLFRS & LKAS) as pointed out in 1.2.2.1 (a) (i) above, it was decided to follow the basis of “Deemed Cost” of the invested properties out of the options under Sri Lanka Financial Reporting Standard 01. Accordingly, the lands and properties belonging to the Authority as at that date were revalued (except for the properties given on 99 year lease), and those values were deemed as the cost and adjusted to the accounts.

Considering the facts such as, the amount of properties owned by the Authority, the cost incurred thereon, recommendation of the firm of chartered accountants that provided consultancy services in that time, and approval of the Board of Management, the said basis of accounting was followed by the Authority. Nevertheless, those matters were taken into consideration at the discussion held with the Secretary to our Ministry and the Auditor General, and action was taken to appoint an independent assessor thereby assessing the value of all the lands and buildings owned by the Authority in the year 2021. Accordingly, based on the report given by him, the total value of the assessment report amounting to Rs. 598,326,141,944, was disclosed only as a summary in the accounts of the year 2019 under 03 main classifications.

As such, the Authority has complied with the Sri Lanka Accounting Standards by following the “Deemed Cost” basis for accounting with respect to the invested properties.

(l) Observation

Project Code	Project Name	Value Rs.	Observation
6131000	Sugathadasa Indoor Stadium	2,851,204	The Sugathadasa Indoor Stadium had been constructed by the Urban Development Authority on behalf of the Ministry of Sports. Those expenses will be set off in the accounting year of 2020 against the deposits of miscellaneous parties relating to the Project Code 6131000. Action has been taken for that project to be brought under clients’ projects from the work-in projects by 2020/12/31.
3220200	Kotikawatta Town Center Development	109,919,235	The Project Code of 3220200 mentioned under KotikawattaTown Center Development, should be corrected as 3230200. The Urban Development Authority is acquiring lands with respect to the Project Code 3230200. Rights to the relevant land have been handed over to the Urban Development Authority. No clients’ deposits have so far been received in that connection (6605). Hence, that project cannot be brought under clients' projects from the work-in projects. Until completion, the project had been shown under work-in category. As soon as the completion of the project, action will be taken for that project to be brought under relevant category.
3350300	Acquisition Of Land at Delgoda for Township Development	159,250	The Project Code of 3350300 mentioned under Acquisition of Land at Delgoda for Township Development, should be corrected as 3350500. Action is being taken for the relevant land to be taken over by the Urban Development Authority. The project had been implemented using funds of the Urban Development Authority. As such, it is not possible for that project to be brought under clients' projects from the work-in projects. Until completion, the project should be mentioned under the category of work-in projects, and as soon as the completion of the project, action will be taken for that project to be brought under relevant category.

	Total	112,929,689	
--	-------	-------------	--

(m) Observation

As the impress receivable from clients of the floating market up to 2018 had been overstated in the accounting system, those overstated balances had erroneously been written off against the revenue of the year under review.

Nevertheless, it is informed that action will be taken to avoid such accounting errors in due course.

(n) Observation

It is agreed with this statement. The schedule for depreciation on Property, Plant and Equipment being maintained at present comprises the opening balances of the year 2001. The same schedule is updated up to this day by the Authority to make allocations for depreciation (The costs of machines, furniture, and motor vehicles mentioned in that schedule amounted to Rs. 9,575,577, Rs. 2,559,834, and Rs. 21,609,276 thus totalling to Rs. 33,744,687 which had been brought forward since 2001. As such, that value of Rs. 33,744,687 should be brought to accounts as allocation on depreciation and will be shown in the financial statements of the year 2020 as prior year adjustments considering that the said depreciation was related to the preceding years)

Furthermore, when depreciation was computed on furniture, motor vehicles and instruments, the depreciation had mistakenly been understated by Rs. 1,340,370, Rs. 2,289,402, and Rs. 446,412 respectively in the accounts during the relevant years as mentioned in the query. However, the value of depreciation totaling Rs. 37,820,871 belonged to the preceding years; hence, it is informed that the said value will be shown in the financial statements of the year 2020 as prior year adjustments.

(o) Observation

Accordingly, action will be taken to make adjustments in the accounts as prior year adjustments whilst the under allocations mentioned in the query, in the final accounts of the year 2020.

(p) Observation

Revenue of the official residences adjacent to the administrative complex of Hambanthota, is thus far accounted for under the Hambanthota Bus Halt Development Project (Project Code 9590200).

Nevertheless, action was being taken in the year 2019 in order for the rights to those housing units to be acquired by the Authority. At present, the ownership thereof has been acquired by the Urban Development Authority.

(q) Observation

When switching over to the new accounting system, a certain period of time had been spent in view of improvements made to the new system, and a delay also occurred during 2018 and 2019 in the preparation of bank reconciliation statements with the introduction of online system to request approval for plans. Due to this reason, bank charges, cheque book fees, and transfer of funds totaling Rs. 10,214,264 as at 2019.12.31 had not been credited to the cash book of the year under review. However, adjustments had later been made thereto.

(r) Observation

The following bank accounts had remained dormant during the 05 preceding years, and action will be taken to close those accounts once approved by the Board of Management of the Urban Development Authority.

Name of the Bank Account		Observation
	Revenue Collection Account	
01	Bank of Ceylon - Mahiyangana Branch	Until the Rest House in Mahiyangana was entrusted to the Lanka Rest Houses Limited, a fully affiliated institution incorporated to manage and maintain rest houses, this account had been used by the management of the Authority to collect the revenue thereof. Action will be taken to close the bank account after reconciling this ledger account in coordination with the Lanka Rest Houses Limited.
	Current Account	
02	Bank of Ceylon - Priority Project, Hambanthota	This account had been used by the Authority to account for petty cash through the main bank account with respect to the Priority Project, Hambanthota. However, that process had been stopped in the year 2010, and the account had been maintained by the project with funds allocated by the Treasury.
		Accordingly, they had prepared bank reconciliation statements until 2016.06.30.

03	Bank of Ceylon – Jaffna Branch	This current account had been opened in the year 2013 to make project payments under the small and medium township development programme. It was observed that no transaction whatsoever had been performed under the Current Account No. 73485688 being maintained at the Jaffna branch of Bank of Ceylon. The balance as at 2021.12.31 amounted to Rs. 20,801.80. As the said programme has already been concluded, action will be taken to close the current account thereby transferring the balance to the current account of the Head Office of the Authority.
04	Bank of Ceylon – Super Grade Branch, Ratnapura	The Current Account No. 0073516300 maintained at the said bank had been shown as being dormant. As this account is not being used by the Authority, action will be taken to close the account and transfer the balance thereof amounting to Rs. 1,500 to the current account of the Head Office of the Authority.
05	Bank of Ceylon – Debenture Account	Those two bank accounts had mainly been opened for banking activities of the debentures worth Rs. 10 Billion issued in the year 2010 and completed in the year 2015.
06	Bank of Ceylon – Debenture Interest Account	Later, the Authority intended to issue debentures again to the value of Rs. 25 Billion in order to fund the middle income housing projects, and those two accounts were continued to be used for the new issue of debentures. Nevertheless, considering the facts such as, present situation of the country, process of issuing debentures, and the two accounts remaining dormant at present, action will be taken to close the two current accounts after being approved by the Board of Management.
07	Bank of Ceylon - Hambanthota Branch (RestHouse)	This account had been opened in the year 1999 to collect the lease rents of trade stalls given on lease by the Urban Development Authority in Hambanthota. This account had later been used to deposit the daily income of Hambanthota Rest House. Nevertheless, the Rest House had been brought under purview of the Hambanthota Municipal Council in the year 2014, and necessary action will be taken in the year 2020 to transfer the balance of the account amounting to Rs. 201,368.32 to the account of the Authority maintained at the Bank of Ceylon under the No. 1534 Furthermore, after reconciling the balances of accounts in coordination with the Lanka Rest Houses Limited and the sub office of the Authority in Hambanthota, action will be taken to close this bank account.

(s) Observation

5290200 – Modarawila Development Project – 45,920,000.00

A land in extent of 10 acres had been given on 99 year lease to the Modarawila Development Project under Project Code 5390200 on 1994.01.12. As the development works had not been done properly, it was decided at the Board of Management meeting held on 2000.11.30 that the lease agreement be cancelled and the sum of Rs. 29 million paid to the Authority by the company, be refunded as follows. (Annexure 04).

Sum paid to the Authority by the company	B19298, 1994.01.11	-10,000,000.00
	B24651, 1994.06.16	<u>-19,000,000.00</u>
		29,000,000.00
Deducted – Sum refunded to the company	001302-2003.02.04	<u>(7,000,000.00)</u>
	005106-2003.07.17	
		22,000,000.00
Deducted – Sum retained by the Authority as lease rent		<u>(6,080,000.00)</u>
Final payment made to the company through Voucher No 011699 on 2017.11.24		<u>15,920,000.00</u>

The final payment mentioned above (Annexure 05) had correctly been brought to the account of the client under his Code, and due to that payment not being updated in the deferred lease rent register, it was shown as a debit balance.

8211000 – Jayawardhanagama Housing Scheme -23,989.00

In order to take corrective measures on the negative balance relating to the lease rent existed in the deferred lease rent register since 2016 without a code of the client, name or a file number (Annexure 06), a positive value had been shown under 17 CSM as code number of the client in the year 2019.

Once the client code is identified after further perusal of files, corrections will be made through journal entries with respect to the actual client.

(t) Observation

The sum of Rs. 4,632,974,727 indicates the balance of clients' deposits received by the Authority as at 2019/12/31 with respect to 268 projects implemented for the Government or other public institutions mentioned in the Annexure. Expenses incurred on certain projects had been set off against that sum as at 2019/12/31, and mentioned above was the balance that further remained under miscellaneous Project Codes in that account. Action had been taken to write off sums of Rs. 533,616,605.63 million and Rs. 726,825,629.78 million from that amount as capital expenses against the clients' deposits as at 2020.12.31 and 2021.12.31 respectively. Some of those receipts had been shown under the main project as covering the project cost and the consultancy service fees, but expenses that had been incurred were shown under each sub-project.

Moreover, the sum of Rs. 4,404,885,268 mentioned in the query indicates the total of expenses incurred on projects implemented under work in progress and some of the sub-projects. However, action had been taken to write off the funds, received in respect of projects implemented for other Government institutions, only against the expenses incurred on relevant projects. At present, the reconciliation process relating to those two accounts, is in progress, and some of the deposits under that account, had been brought to accounts about 30 years ago. The source documents with details in that connection could not be found. Accordingly, once the relevant approvals are given, action will be taken to eliminate those balances continued to exist over extensive periods in the account.

(u) Observation

†

Those funds had been received in the years 1981, 1984 and 1991 in respect of Sethsiripaya Stage I building and Colombo Central Super Market Complex. The funds received for Sethsiripaya Stage I building had been accounted under 6161, 6164 whilst the funds for Colombo Central Super Market Complex had been accounted under 6161. Accordingly, the adjustment relating to the funds received for the Sethsiripaya Stage I had been done under the account number 6161 only, and hence, the value shown under account number 6164 had not been changed. However, in case that it is necessary to further make an adjustment on the accounts, corrective measures will be taken on the accounts after the accounting year 2020 by examining the relevant files.

(v) Observation

As the new assessment report for the year 2019 was being prepared at the time of preparing this report, the assessment value of relevant lands could not be shown accurately. As such, the value taken into consideration as at the date of disposing lands, was shown in the relevant report. The value assessed for the year 2012 was shown in the financial statements, and once the invested

properties are accounted for in accordance with the new assessment in the year 2021, the accurate value of those lands will be shown in the accounts.

(w) Observation

Before the liquidation process of the Company had been commenced, those vehicles had been handed over to the Urban Development Authority during the period 2010 – 2012. Nevertheless, the said vehicles had been shown in the accounts as assets of the PWCC Company until the liquidation had been commenced. Furthermore, the other office equipment was not eliminated from the accounts of the Company. Accordingly, the relevant assets will be adjusted to the accounts once the liquidation account is presented by the liquidator.

(x)

(y) Observation

Item	Balance as per Final Account (Rs.)	Balance as per Schedule (Rs.)	Difference (Rs.)	Observation										
Deferred	618,419,146	3,806,205,396	3,187,786,250	Breakdown of the Lease Rent Account of										
Lease Rent Liability				<p>the Profit and Loss Account in the financial statements of the year 2019 is given below.</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Value (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Annual Lease Rent (4402)</td> <td>44,129,799</td> </tr> <tr> <td>Nation Building Tax on Annual Lease Rent (4427)</td> <td>15,635,036</td> </tr> <tr> <td>Deferred Lease Rent (4411) (Relevant to the Year)</td> <td>558,654,311</td> </tr> <tr> <td>Total</td> <td>618,419,146</td> </tr> </tbody> </table> <p>Accordingly, action had been taken to correctly show in the financial statements the sum of Rs. 618,419,146 recognized as the total of balances considered as the revenue of the year out of the deferred lease rent</p>	Item	Value (Rs.)	Annual Lease Rent (4402)	44,129,799	Nation Building Tax on Annual Lease Rent (4427)	15,635,036	Deferred Lease Rent (4411) (Relevant to the Year)	558,654,311	Total	618,419,146
Item	Value (Rs.)													
Annual Lease Rent (4402)	44,129,799													
Nation Building Tax on Annual Lease Rent (4427)	15,635,036													
Deferred Lease Rent (4411) (Relevant to the Year)	558,654,311													
Total	618,419,146													

				<p>account, annual lease rent, and NBT on annual lease rent with respect to the year under review. It is further informed that the schedules thereon had been furnished to the Government Audit Section.</p> <p>Only a sum of Rs. 558,654,311 out of Rs. 3,806,205,396 shown as write-offs in the register of deferred lease rent, had been written off against the revenue of the year. The debit entries on the balance of Rs. 3,247,551,085 were made as corrective measures done for reconciliations on that account, and considering that as a constituent of the revenue of the year, was not correct.</p>
Lease Rent Debtors	1,358,927,421	1,389,574,117	30,646,696	<p>There existed a difference as at 2019.12.31 between the final accounts and schedules of the lease rent debtors account. Having looked into accounting errors relating to</p>
				<p>that difference, corrections were made as at 2020.12.31. As such, the lease rent debtors balance reconciled with the schedule of the financial statements as at 2020.12.31.</p>
	78,719,000	135,310,000	56,591,000	<p>The Government Audit Section had been provided with the schedule relating to the management fees and consultancy service fee revenue totaling Rs. 78,715,877 shown in the financial statements.</p> <p>The breakdown of the difference of Rs. 57.9 million between the sum of Rs. 77.4 million shown in the accounts and the consultancy service fee revenue of Rs. 135.31 million receivable in respect of 31 projects mentioned in the audit query as had been provided by the Project Division,</p>

				<p>is as follows.</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Value (Rs. million)</th> </tr> </thead> <tbody> <tr> <td>Consultancy fees receivable for constructions of the Manning Market building.</td> <td>27.39</td> </tr> <tr> <td>The sum to be accounted for the year 2020 out of the fees receivable for constructing the Jaffna Town Hall.</td> <td>23.28</td> </tr> <tr> <td>Sum receivable from other projects.</td> <td>7.23</td> </tr> </tbody> </table> <p>Of the consultancy fee amounting to Rs. 35.89 million receivables for the year 2019 by the Urban Development Authority relating to the construction of Manning Market building, only a sum of Rs. 8.5 million had been settled. Although the Line Ministry had been requested that</p>	Item	Value (Rs. million)	Consultancy fees receivable for constructions of the Manning Market building.	27.39	The sum to be accounted for the year 2020 out of the fees receivable for constructing the Jaffna Town Hall.	23.28	Sum receivable from other projects.	7.23
Item	Value (Rs. million)											
Consultancy fees receivable for constructions of the Manning Market building.	27.39											
The sum to be accounted for the year 2020 out of the fees receivable for constructing the Jaffna Town Hall.	23.28											
Sum receivable from other projects.	7.23											
				<p>the balance of Rs. 27.39 million be settled, it had not been given thus far. As Cabinet approval was needed in that connection, that sum was not brought to accounts as consultancy fee of that year. Nevertheless, it is kindly informed that the said sum will be accounted for once Cabinet approval is received.</p> <p>As for the consultancy fee receivable for construction of the Town Hall in Jaffna, a sum of Rs. 38 million had been shown as being relevant to the year 2019. Those consultancy fees shall be brought to accounts based on the progress of the project as at 2019/12/31. This contract had been awarded on 2019.10.10; hence, a sum of Rs. 15.67 million out of the said</p>								

				<p>consultancy fee had been brought to accounts as consultancy fee of the year under review whilst the balance of Rs. 23.28 million had been shown in the deposit account of the clients in order to be accounted for as management fees of the year 2020.</p> <p>Furthermore, the unaccounted management fees receivable in respect of other projects will be adjusted in the accounts of the year 2020.</p>										
Cancelled Cheques Control Account	72,721	31,438,017	31,365,296	<p>Given below are the constituents of the Cancelled Cheques Control Account shown in the financial statements of the year under review.</p> <table border="1"> <thead> <tr> <th>Account No.</th> <th>Balance as at 2019/12/31</th> </tr> </thead> <tbody> <tr> <td>7671/6671</td> <td>31,438,017</td> </tr> <tr> <td>7672/6672</td> <td>6,270</td> </tr> <tr> <td>7579/6579</td> <td>(31,371,566)</td> </tr> <tr> <td>Net Value</td> <td>72,721</td> </tr> </tbody> </table>	Account No.	Balance as at 2019/12/31	7671/6671	31,438,017	7672/6672	6,270	7579/6579	(31,371,566)	Net Value	72,721
Account No.	Balance as at 2019/12/31													
7671/6671	31,438,017													
7672/6672	6,270													
7579/6579	(31,371,566)													
Net Value	72,721													
				<p>Accordingly, it seems that the values of Rs. 6,270 and Rs. (31,371,566) shown in the schedules with respect to the account numbers, 7672/6672 and 7579/6579 respectively that we had provided for the Government Audit Section, were not taken for consideration. As such, contrary to the query, it is informed that there existed no difference between the balances of final accounts and the balances of schedules.</p>										
Loan Installments Receivable (UDSP)	287,182,602	298,012,069	10,829,467	<p>Reconciliation process on this account is in progress, and action will be taken to make the adjustments in the accounts for 2020/2021.</p>										

Advance to Employees 6708-6707	3,811,988	2,647,428	1,164,560	The following schedules on the balance of employee advances shown in the financial statements of the year under review, had been made available to the Government Audit Section.		
				Account No	Item	Value(Rs.)
				6706	Salary Advances	662,000
				6707	Fuel Advances	1,164,074
				6705	Travel Advances	482,069
				6708	Other Advances	1,483,754
				Total		3,791,897
				As such, contrary to the query, the difference between the schedules and financial statements relating to the employee advance account as at 2019/12/31 was not Rs. 1,164,560, but the correct value was Rs. 20,091. It is informed that this difference was the		
				opening balance difference of the Account No. 675 (travel advances). Nevertheless, it is observed that the balances of Account Nos. 6705 and 6706 had not been taken into consideration when computing the balance of the employee advance account.		
Loan Interest Receivable (USDP)	395,636,126	394,791,166	844,960	This account is being reconciled, the necessary adjustments will be made in the accounts for 2020/2021.		
Clients' Deposits	4,737,238,364	4,737,268,204	29,840	This account is being reconciled, the necessary adjustments will be made in the accounts for 2020/2021.		

Withholding Tax Payable	2,673,698	2,611,969	61,729	<p>The sum of Rs. 71,500 being the value of cheque cancelled through the journal entry J28471, had been credited to the account relating to the withholding tax payable without a client's code.</p> <p>Nevertheless, this value had been shown in the trial balance of the year under review, but not taken for consideration in preparing the schedule for withholding tax due to lack of a client's code. Thus, it is informed that the said difference had arisen.</p>
Tender Deposits	18,444,610	18,554,609	109,999	<p>This difference was that of the one existed in the opening balances of this account as at 2017.01.01. With the assistance of system analyst, action will be taken to correct this balance in the clients 'schedule.</p>
Accrued Bonus, Medical Assistance	122,867,017	78,341,177	44,525,840	<p>As for this account, no difference exists between the schedules of the computer and the trial balance.</p> <p>Nevertheless, the Government Audit Section was provided with the salary schedule that had been prepared using only the information on actual values of accrued salaries maintained at the finance division.</p> <p>Accordingly, action had been taken to adjust the accrued salaries that had been overstated in the accounts, as at 2020/12/31 through the Journal Entry J30745.</p>
Deposits on Electricity	111,146,864	107,251,574	3,895,290	<p>A difference existed between the balances of the schedules and final accounts. That difference is being identified at present, and corrective measures will be taken on the final account as at 2021.12.31.</p>

Monthly Lease Rent Revenue Receivable and Lease Rent Receivable	96,666,320	96,069,530	596,772	The balances of the final account for receivable monthly lease rent revenue, and schedules, had been corrected as at 2020.12.31. The balance of receivable lease rent will be corrected in the final account as at 2021.12.31.
Fines not yet Received on Monthly Lease Rents and Usage Charges	52,292,216	141,353,736	89,065,558	A difference exists between the balances of schedules and final accounts relating to the monthly lease rents and fines on usage charges. Those differences will be corrected in the final accounts as at 2021.12.31.

(z) Observation

	Name of the institution	Receivable / Payable Balance as per Financial Statements		Difference (RS)	Observation									
		Urban Development Authority (Rs)	Relevant Institution(Rs)											
01	Payable to the Sri Lanka Land Reclamation & Development Corporation	200,087,187	None	200,087,187	<p>The breakdown of the sum of Rs. 200,087,187 remained payable to the Sri Lanka Land Reclamation & Development Corporation as at 2018.12.31, is given below.</p> <table border="1"> <thead> <tr> <th>Project Code</th> <th>Name of the Project</th> <th>Value Rs.</th> </tr> </thead> <tbody> <tr> <td>3240600</td> <td>New Township Development Project</td> <td>117,864,228.22</td> </tr> <tr> <td>5332000</td> <td>Peliyagoda Development Stage-I</td> <td>2,903,040.00</td> </tr> </tbody> </table>	Project Code	Name of the Project	Value Rs.	3240600	New Township Development Project	117,864,228.22	5332000	Peliyagoda Development Stage-I	2,903,040.00
Project Code	Name of the Project	Value Rs.												
3240600	New Township Development Project	117,864,228.22												
5332000	Peliyagoda Development Stage-I	2,903,040.00												

					61802 00	216- Housing Unit at Kolonnawa	79,319,919.0 2
					Total		200,087,187. 24
					<p>Accordingly, the Authority had taken action to settle the sums of Rs. 117,864,228.22 and Rs. 79,319,919.02 payables with respect to the Project Codes 3240600 and 6180200 respectively, at the end of the year under review. Only the sum of Rs. 2,903,040.00 under the Project Code 5330200 remains to be settled further. Accordingly, it is informed that, contrary to your query, the sum payable to the SLRDS by the end of the accounting year of 2019 is not Rs. 200,087,187, but Rs. 2,903,040.00.</p>		
02	Receivable from Waters Edge Ltd	190,000,000	None	190,000,000	Action had been taken for the settlement of this difference.		
03	Payable to the Ministry of Sports and Youth Affairs	84,615,679	None	84,615,679	Approval of the Board of Management had been obtained to write off this value from the books. Necessary adjustments were made in the financial statements of the year 2020.		
04	Payable to the Rest Houses Private Limited	62,254,542	57,631,910	4,622,632	Reconciliation is done on the current accounts of the holding company and the subsidiary company. Having looked into the difference, action will be taken to make adjustments in the financial statements of the year 2020.		
05	National Housing Development Authority	39,838,029	47,600,285	7,762,256	Reconciliation is done on the current accounts of the Urban Development Authority and National Housing Development Authority, and the relevant adjustments will be made in the financial statements of the year 2020.		

06	Payable to State Engineering Corporation	25,136,182	116,100,000	90,963,818	As the balance of Rs. 25,136,182 cannot be recovered, approval of the Board of Management had been obtained to write off from the books. The relevant adjustment had been made in the financial statements of the year 2020.
07	Payable to the Ministry of Urban Development and Public Utilities	25,007,130	None	25,007,130	As this balance cannot be recovered, approval of the Board of Management had been obtained to write off from the books. The relevant adjustment had been made in the financial statements of the year 2020.
08	Payable to the Ocean View Private Limited Company	10,085,613	672,301	9,413,312	Reconciliation is done on the current accounts of the Urban Development Authority and Ocean View Private Limited Company, and the relevant adjustments will be made in the financial statements of the year 2020.
09	Payable to the Colombo Municipal Council	4,447,302	None	4,447,302	As this balance cannot be recovered, approval of the Board of Management had been obtained to write off from the books. The relevant adjustment had been made in the financial statements of the year 2020.
		<u>641,471,664</u>	<u>222,004,496</u>	<u>616,919,316</u>	

(aa) Observation

This value indicates the total sum receivable to the Authority from the rest house debtors. The debit entries therein show the accounting for invoices relating to those debtors and the notes to the accounts for correcting errors.

Moreover, credit entries show the receipts of funds and the notes for correcting errors. Accordingly, the value obtained by balancing those debit and credit balances, had been shown correctly in the accounts. Nevertheless, a Committee has been appointed to compare the balances in those accounts, and action will be taken in due course to make the necessary adjustments based on their recommendations.

(bb) Observation

The receivable negative balances shown as being unidentified and miscellaneous under the receivable management and consultancy fees, comprised many of the balances relating to

transactions older than 35 years pertaining to the period of 1983 and 1984. Source documents relating to clients of those balances could not be found. However, reconciliation process is in progress at present to correct the balances mentioned in those accounts. In case of any balances that should be written off after the reconciliation process, action will be taken before 2022.06.30 to do so under approval of the Board of Management.

(cc) Observation

The schedule relating to the invested properties worth Rs. 96,706,779,657.05 included in that value, had been provided for the Audit on 2021.06.30. Furthermore, action had been taken to provide the Government Audit Section with the schedules relating to the other debtor, creditor and inter-company current account balances from time to time.

(dd) Observation

The process of reconciling the lands and properties valued at Rs. 96,706,779,657 shown in the financial statements of the year 2019 with that of the new assessment report of the year 2020, is in progress. The new assessment report prepared for the year 2020 contains information such as, lease agreement number of all the lands and properties given on long term, monthly, and annual lease, period of lease agreement, date of lease and remaining period of lease, details on acquisition of those properties, and assessment value under each project as at 31 December 2020.

Furthermore, a Committee comprising members from the Land Section and Finance Section is involved to show those assets in the accounts under the relevant sub projects. It is informed that, once that process is over, the new assessment value of those lands and properties relating to the sum of Rs. 96,706,779,657, will be adjusted to the financial statements and the reports in that connection will be furnished to the Audit.

It is kindly informed that all the information necessary to correctly account for the properties given on lease by the Authority such as, basis of lease agreement viz. 99 year, 50 year, 30 year, long term, monthly or annual, and time remaining for the lease period to expire, has been included in the new assessment report of the year 2020.

(ee) Observation

The building cost of Rs. 1,613,133,333 pertaining to the floor numbers 06 and 07 where the administration of the Head Office of the Urban Development Authority had been done, was brought under the Account No. 2118 relating to the Property, Plant and Equipment of the Parliament Complex Project (P/C 9190100) through the Journal No. J 22548 in the year 2012. However, the value of Rs. 1,613,133,333, being the value of the said Property, Plant and Equipment of the Authority in the year 2019, had been brought under the Account No. 2118 relating to the Property, Plant and Equipment of the Parliament Complex Project Code 1210400 through the Journal No 22548.

(ff) Observation

The Government Audit Section had been provided on 2022.05.02 with the schedule relating to the sum of Rs. 10,634,268 being the consultancy services and management fees receivable under Note No. 17.2.11 of the financial statements of the year 2019. As the relevant schedule is being updated at present, the balances identified in that process will be corrected in the accounts.

(gg) Observation

The Recovery Officers had been instructed that, when collecting monthly lease rents, the frozen arrears equivalent to 20 per cent be also recovered. Accordingly, action is being taken to recover the outstanding balances along with lease rents.

Furthermore, action is taken to recover the Nation Building Tax (NBT) receivable from the active clients whilst being expected to recover the NBT receivable from idle clients through legal action.

The clients are continuously informed to settle the outstanding key monies and Value Added Tax thereon along with Nation Building Tax (NBT). Action is being taken at present to recover the due balances through payment plans.

Nevertheless, it is expected to take legal action to recover the dues from the clients who further defaults on the payments.

Action is being taken even at present for recovery of the due balances, and such activities are mentioned below.

- 1) Informing them continuously through letters.
- 2) Presenting payment plans in favour of outstanding balances of the clients.
- 3) Recovery of outstanding balances through sealing of properties.
- 4) Recovery through legal action by sending letters of demand.
- 5) Elimination of outstanding balances that cannot be recovered by any means, from the books under relevant approvals.

1.2.3

(a) Lanka Rest Houses Limited

i. Observation

Action will be taken to inform the Lanka Rest Houses Limited to make the necessary adjustments and present the accounts thereby showing this correctly under the accounts of the Group of the Urban Development Authority.

ii. Observation

Action has been taken to inform the Lanka Rest Houses Limited to make the necessary adjustments and present the accounts.

iii. Observation

Reconciling the current accounts of the holding company and the subsidiary company is being done. Reasons for this difference will be looked into, and the necessary adjustments will be done in the financial statements of the year 2020.

iv. Observation

Action had been taken to inform the Lanka Rest Houses Limited to make the relevant corrections.

v. Observation

The subsidiary company had been informed that the adjustments to the accounts and disclosures be properly done in compliance with the Sri Lanka Accounting Standards.

vi. Observation

The subsidiary company had been informed that the adjustments to the accounts and disclosures be properly done in compliance with the Sri Lanka Accounting Standards.

vii. Observation

The subsidiary company had been informed that the adjustments to the accounts and disclosures be properly done in compliance with the Sri Lanka Accounting Standards.

viii. Observation

The subsidiary company had been informed that the adjustments to the accounts and disclosures be properly done in compliance with the Sri Lanka Accounting Standards.

ix. Observation

The subsidiary company had been informed that the adjustments to the accounts and disclosures be properly done in compliance with the Sri Lanka Accounting Standards.

x. Observation

The subsidiary company had been informed that the adjustments to the accounts and disclosures be properly done in compliance with the Sri Lanka Accounting Standards.

xi. Observation

The subsidiary company had been informed that the adjustments to the accounts and disclosures be properly done in compliance with the Sri Lanka Accounting Standards.

xii. Observation

The subsidiary company had been informed that the adjustments to the accounts and disclosures be properly done in compliance with the Sri Lanka Accounting Standards.

(b) Waters Edge Company Limited

i. Observation

The subsidiary company had been informed that the adjustments to the accounts and disclosures be properly done in compliance with the Sri Lanka Accounting Standards.

ii. Observation

The subsidiary company had been informed that the adjustments to the accounts and disclosures be properly done in compliance with the Sri Lanka Accounting Standards.

iii. Observation

The subsidiary company had been informed that the adjustments to the accounts and disclosures be properly done in compliance with the Sri Lanka Accounting Standards.

iv. Observation

The subsidiary company had been informed that the adjustments to the accounts and disclosures be properly done in compliance with the Sri Lanka Accounting Standards.

v. Observation

The subsidiary company had been informed that the adjustments to the accounts and disclosures be properly done in compliance with the Sri Lanka Accounting Standards.

vi. Observation

As the operations of the railway cafeteria constructed by the Land Reclamation and Development Corporation incurring a sum of Rs. 125,442,300, had been entrusted to the Waters Edge Company Limited on 28 February 2018, allocations had not been made in the financial statements in respect of late payments and interest thereon totaling Rs. 130,881,116 payable to the SLRDCC. The balances shown in those audited financial statements, had been used in preparing the consolidated accounts.

Nevertheless, the subsidiary company had been instructed that the adjustments to the accounts and disclosures be properly done in compliance with the Sri Lanka Accounting Standards. Once the corrective measures are taken on the accounts of the subsidiary company, action will be taken to disclose in this connection in the consolidated accounts of the year 2020.

vii. Observation

The compensation ordered by the court to pay as the total value (including constructions) that had been computed when the Waters Edge Limited had been taken over by the Authority, amounted to Rs. 406 million. That value had been brought to accounts as an invested asset.

The subsidiary company was instructed that the Waters Edge Company Limited be informed in that connection and action be taken to inventorize, assess and account for the said equipment and other assets. Following our instructions, this process was initiated by the Waters Edge Company Limited in the year 2018 and completed by the year 2021. Accordingly, action will be taken to make the relevant adjustments in the financial statements of the year 2021.

viii. Observation

The subsidiary company had been informed that the adjustments to the accounts and disclosures be properly done in compliance with the Sri Lanka Accounting Standards.

ix. Observation

The Case No. CHC/CIVIL/MR/565/17 had been filed by the Sanken Constructions Private Limited against the Authority in this regard claiming a sum of Rs. 180,600,000.

The Urban Development Authority had entrusted the complainant to plan and construct the Waters Edge Hotel Company. In addition, contracts had been awarded to construct a research related model house, a hotel room, and a sales office.

With the change of the Government in the year 2015, projects had been suspended until a new analysis was carried out. As the implementation of projects had not restored, the complainant demanded the Urban Development Authority to pay the sum of Rs. 179,937,010.92 incurred on the constructions. As no payment had been made, the case had been filed.

The complainant had been informed by the court on 2020.05.20 that the Waters Edge Company Limited be also named as a party in this case. As the complainant has not done so thus far, the case has been set aside.

x. Observation

The subsidiary company had been informed that the adjustments to the accounts and disclosures be properly done in compliance with the Sri Lanka Accounting Standards.

(c) Urban Investment and Development Company

i. Observation

The subsidiary company had been instructed that the relevant corrections be made.

[

ii. Observation

The subsidiary company had been instructed that the relevant corrections be made

02. Report on Other Legal and Regulatory Requirements

2.2.2 Whether the Authority has or has not complied with any applicable written law or other general or special directions issued by the Governing Body of the Authority except for the following observations as per the requirement in Section 12 (f) of the National Audit Act, No. 19 of 2018.

Reference to Laws, Rules/Directive	Observation
(a)	<p>Observation</p> <p>Preparation of development plans for the urban areas declared in accordance with the Urban Development Authority Law, No. 41 of 1978, and presenting those plans to the Minister for approval of the Government, were the key functions. The pattern of land utilization in the relevant local authority is included in the said development plans and published in the Gazette as well. Accordingly, the Urban Development Authority had declared a total of 272 urban development areas comprising 24 Municipal Councils, 41 Urban Councils, and 207 Pradeshiya Sabhas. During the period 1978 -2017, 40 development plans had been prepared thus covering 56 local authorities.</p> <p>Twenty-six development plans with respect to 38 local authorities (12 Municipal Councils, 04 Urban Councils, and 22 Pradeshiya Sabhas) have already been prepared relating to the period from 2017 up to 2022.05.04.</p> <p>Fifty-seven development plans are being prepared for the year 2020 in respect of 95 local authorities comprising 08 Municipal Councils, 24 Urban Councils and 63 Pradeshiya Sabhas. It is expected to complete this process before 2022.12.31 and publish in the Gazette.</p> <p>Furthermore, development and planning regulations had been published by the Urban Development Authority through the Gazette Extraordinary No. 2235/54 dated 2021.07.08, and those regulations are relevant to all of the urban development areas. The said directives replaced the Gazette Extraordinary Nos. 392/9 dated 1986.03.10, 821/19 dated 1994.06.01, 935/6 dated 1996.08.06, 1068/13 dated 1999.02.24, 1459/20 dated 2006.08.23, 1538/24 dated 2008.02.27, 1555/32 dated 2008.06.27, 1597/8 dated 2009.04.17, 1603/53 dated 2009.05.30, and 1701/13 dated 2011.04.12</p>
(b)	Treasury Circulars.
(i) Treasury Circular, No. 842 dated 19 December 1978.	<p>Observation</p> <p>Except for the lands and buildings of the Authority, a register of assets is maintained for other fixed assets.</p>

		<p>Furthermore, the company that developed the software was informed that the fixed asset module of the software be updated in accordance with Form General 287 of the Treasury Circular, No. 842 dated 19 December 1978 whilst facilitating that module in accordance with Form General 44 of the Financial Regulation 454.</p> <p>Many of the information not shown in the register of assets relating to the lands and buildings, are included in the new land assessment report. The process of recognizing the properties and lands, mentioned in that report, under each categories of sub-projects thereby adjusting the revalued amounts to the financial statements of the year 2022, is being done by a committee comprising officers of the Land Development & Management Division and Finance Division. The information not presented in the new land assessment report, such as, Grama Niladhari divisions of those buildings, year of construction, number of floors being used / not being used, and details on the lands given on lease, would be provided through the land management information system of the Urban Development Authority being computerized by the property development division of the Authority. All the files maintained by the Authority relating to lands are digitalized in the said land management information system. Adjusting the revalued amounts of the lands and buildings under sub-project codes relating to those lands, will pave way for disclosure of all the information on the lands and buildings under the fixed assets.</p>
	(ii) Treasury Circular, No. IAI/2002/02 Dated 28 November 2011.	<p>Observation</p> <p>Comprehensive information on the computers and software of the Urban Development Authority is maintained in the Financial Management Information System (FMIS). Improving the software according to the Treasury Circular, No. IAI/2002/02 dated 28 November 2011, will be done through the company that developed the software.</p>
(c)	Paragraph 5(2) of the Public Finance Circular, No. 01/2014 dated 11 February 2014.	<p>Observation</p> <p>The Action Plan has been prepared in accordance with the Corporate Plan (2022-2025).</p>
(d)	Circular of the Department of Public Enterprises.	
	(i) Section 8.2.3	<p>Observation</p> <p>The subsidiary companies had been established in accordance with the decisions of the Board of Management in compliance with development</p>

		objectives of the Urban Development Authority and the then development criteria. Due to changes in the political authority later, obtaining the relevant Cabinet approvals had been suspended. However, action will be taken to reach a final decision on the functionality of the said subsidiary companies after holding discussions with the new Board of Management.
	(ii) Section 8.3.9	<p>Observation</p> <p>The said camera equipment worth Rs. 2,313,550.00 owned by the Authority had been issued for use by the media unit under the custody of an employee of the audio visual unit of the Authority. Although that employee had been temporarily attached to the Prime Minister's Office, he was released from that Office in order to report to the Authority with effect from 2022.05.17.</p>
	(iii) Section 9.4	<p>Observation</p> <p>According to the service agreement entered into between the Urban Investment and Development Company, a subsidiary company of the Authority and the Urban Development Authority in accordance with approval of the Board of Management on 2017.02.28 (Board Paper No. 72/2017), those officers had been recruited and attached for service of the Authority in order to prepare development plans with respect to 44 areas declared for development by the Authority.</p>
(e)	Paragraph 07 of Schedule V of the Gazette Extraordinary No. 597/8 of the Democratic Socialist Republic of Sri Lanka dated 17 April 2009.	<p>Observation</p> <p>A number of 68,000 shanty dwellers in housing units built by encroaching on reserved canals, reserved areas for roads and railway tracks, and reserved areas for fuel pipelines, had been identified in the surveys conducted by the Authority in the division of the Colombo Municipal Council. They live on encroached lands with a poor livelihood, but those people cannot be removed through legal action due to their incapability of having their own homes owing to lack of income. As such, the urban generative project had been implemented by the Urban Development Authority in order to resettle those families living in reserved areas. Accordingly, 9958 families had been resettled in flats constructed under Government involvement as of 2021.12.31 thus removing the illegal constructions in the reserved lands. It has been planned that the rest of the encroachers (low income families) will be resettled on priority basis thereby removing the illegal constructions.</p> <p>A consultancy committee had been appointed through the Gazette No.</p>

		2105/19 dated 2019.01.09 to take action on illegal constructions and modifications in accordance with powers vested in the Minister in charge of the subject. Action had been taken by that committee on 35 constructions in the year 2019, and the committee had not been functional in the years 2020 and 2021. Action is being taken to appoint a revised consultancy committee by in the year 2022.
(f)	Paragraph 3.4 of Circular No. SP/RD/2/10 of the Presidential Secretariat dated 03 February 2010.	<p>Observation</p> <p>It was the key objective of establishing the Urban Development Authority to prepare consolidated plans in view of economic, social and physical development in the areas of urban development. In order to ensure a development process integrated with residential, commercial, industrial and recreational affairs, privately-owned or Government lands are being acquired in accordance with the powers vested in the Urban Development Authority.</p> <p>The lands so taken over, are given on long term lease to private or Government institutions after being assessed by the Chief Valuer through tender procedure in compliance with the land disposal policy followed by the Authority. All the approvals (approval of the Board of Management, Cabinet approval, etc.) required in that connection are obtained.</p> <p>Furthermore, the acquired lands are utilized solely for the intended development purpose, and in case of any deviations, the objective of acquiring the land is revised appropriately thus disposing the land.</p>
(g)	Financial Regulation 113 (3) of the Democratic Socialist Republic of Sri Lanka.	<p>Observation</p> <p>Action has already been taken to account for the write-offs done without being approved by the Ministry of Finance and the Board of Directors as mentioned in the audit query. The system of internal control has been strengthened in order to avoid such inefficiencies in due course.</p>

(a) Observation

The main Procurement Plan had been prepared for the year 2019 in accordance with the Government Procurement Guidelines, and approval of the Line Ministry had also been given thereon.

(b) Observation

As for the requests for purchases made to the Procurement Division, what is initially done is the appointment of Technical Evaluation Committee and the bid opening committee thereby obtaining approval of the Director General. The relevant letters are maintained in files, and it is kindly informed that further action will be taken to avoid inefficiencies in that connection.

- Observation

It is kindly informed that necessary action has been taken to correct such inefficiencies.

- Observation

Corrective measures have been taken on the inefficiencies in obtaining performance bonds.

- Observation

It is kindly informed that those activities will be executed on time.

- Observation

It is informed that action will be taken in due course to include the detailed schedules on price adjustments in the technical evaluation reports by informing the Technical Evaluation Committee.

- Observation

The evaluation process is done by the Technical Evaluation Committee, and the reports thereof are approved by the Tender Board. As such, the decision of refusing the bids the values of which are considerably less than the engineering estimate, is taken by the Tender Board.

- Observation

Action will be taken in due course to inform the Technical Evaluation Committee that notes on the methodology of evaluation and decisions be included in the report of the Technical Evaluation Committee.

- Observation

The contracts would be awarded less than 10 per cent of the value of engineering estimate. The contracts are awarded under approval of the Procurement Committee.

- Observation

Action is being taken at present to dispose the lands on long term lease through public quotations.

(d) Observation

Following the political changes in the year 2015, the Technical Evaluation Committee had recommended the Urban Development Authority that operations of the ERP system be suspended. As a computerized accounting system was of critical importance to maintain the accounting process of the Authority, action had been taken to purchase a new one. As such, the ERP system had not been installed.

(e) Observation

Item/Activity	Report Generation
Statement of Financial Position and Statement of Comprehensive Income as at 2019.12.31	Preparation of the statement of comprehensive income has been completed by 95 per cent and action is taken to complete the remaining 5 per cent. The statement of financial position has been completed up to 85 per cent, and time to be taken for completion of the rest was extended due to Covid-19 pandemic. It is informed that the rest of the statement of financial position will be completed expeditiously.
Debtors/Creditors Age Analysis Debtors/Creditors Reconciliation	Age analyses relating to the lease rent debtors can be retrieved at present. It is informed that action is taken with the system supplier to enable the system in the year 2022 to generate the age analyses of other debtors and creditors and reconciliation reports on debtors and creditors.
Computation of Annual Depreciation	Each of the assets under Property, Plant and Equipment had been provided with account numbers for allocation on depreciation since the year 2020. Action will be taken to prepare the register of computation in that connection by discussing with the system suppliers.
Register of Invested Properties	Based on information provided by the Authority at the time of installing the system, it is possible to retrieve a register of invested properties from the system. However, due to the limited nature of information in the register as had been pointed out by you, the Land Division of the Authority is updating the Land Register based on the assessment report on lands and buildings for the year 2019. Once this process is complete, action will be taken expeditiously with the assistance of the system supplier to retrieve the register of invested properties from the accounting system by using the data so updated.
VAT Schedules	VAT Schedules can be retrieved through the new accounting system.
Register of Fixed Assets for a Given Period	Action will be taken promptly to improve the system by discussing with the company that supplied the system in order to retrieve the relevant report.
Schedule of Dishonored Cheques	A schedule on dishonored cheques can be obtained through the accounting system, and the schedule so obtained contain all the information on cheques being dishonored (cheque number, client code, and date), but the reason for dishonoring the cheque is not included therein. It is informed that such inefficiencies in that connection will be

	eliminated through the system supplier.
Bank Reconciliation	The bank reconciliation statement relating to the main bank account of the Authority maintained at Bank of Ceylon under the Account No. 1534, can be obtained through the accounting system.

(e) Observation

The Wang Vs system had been used to store data on all the financial transactions of the Finance Division, Supply Division, and Asset Management Division of the Authority since the year 1987. That system had been maintained by DMS institution.

Later on, the necessity for a new accounting system arose due to reasons such as, increased capacity of the financial transactions of the Authority, capacity of the existing system could not be enhanced, scarcity of accessories used in the system in the wake of advances in technology, and inefficiencies in the system. Accordingly, the accounting requirements of the Finance Division, Supply Division and Asset Management Division were identified, and the Procurement Division of the Authority took action to call for quotations from institutions involved in selling accounting information systems.

However, at the time of installing the accounting system, the new features identified by the Authority were integrated by the supplier. During that process, the bid document along with the specifications identified with respect to the quotations called initially, were presented. Those specifications contained items basically required by the accounting system.

Accordingly, it is informed that all the items mentioned in the query as “New Features” were not the ones shown in the specification used to call for the initial bid. With the capacity of transactions being increased whilst the accounting system was in use, the supplier was requested to embed many other functionalities that had not been mentioned in the initial bid document, into the system. Some of the functionalities so embedded into the system, are as follows.

- Generating reports in miscellaneous ways for analysing the transactions.
- Facilitating the correction of accounting errors on transactions. i.e. Voucher approval edit / Journal entry approval edit.
- Generating the payment vouchers through the accounting system itself. i.e. Vehicle hiring payment voucher creation / Membership fee voucher creation.
- The process of reimbursing the payment vouchers by the sub-offices is done by the accounting system.

Furthermore, the 45 items named as “Upgrade” were embedded for increased efficiency under approval of the top level management by the supplier whilst the system was functioning after being pointed out and proposed by the officers related to those items during the discussions held with the supplier of the system and officers of the Finance Division and Asset Management Division. The upgrade of those items facilitated the easy execution of activities by the officers as expected by the Authority thus ensuring accuracy thereby minimizing the inefficiencies identified in the old system.

Once the said additional functionalities were provided by the system supplier, the Authority was requested for an additional payment of Rs. 5,000,000. A Technical Evaluation Committee was appointed in that connection and the matters such as, time spent by them additionally in that regard, amount of work items, percentage of works completed, and cost incurred by the supplier on additional works of each division, were taken into consideration. Thus, a sum of Rs. 4,839,188.17 was paid under approval of the Board of Management of the Authority.

(f) Observation

Due to delay in preparing and handing over the accounting programme within the specified duration, the Authority had reminded them frequently that the said process be expedited. Accordingly, following a recommendation made at a discussion held with the then Executive Director of the Authority, the said programme had been handed over to the Authority on 2018.05.16. Once the period of maintenance had expired after one year since then, it is kindly informed that a maintenance agreement had been entered into with that company in the year 2020.

2.3 Other Audit Observations

(a) Observation

The highest bid value received for quotations called under the base value of Rs. 3,400,000 for maintaining the vehicle park at the Charmers Granaries Land, Fort in the year 2018, amounted to Rs. 5,014,600. However, the bidder had not showed willingness to proceed with that value. As such, the fourth bidder, Capital World Centre Limited, had agreed to accept the tender under the highest bid value. Governed by the conditions mentioned in the letter dated 2018.11.28, that institution had been entrusted to maintain the vehicle park at the said land.

Maintaining temporary food stalls, locations for washing vehicles and providing recreational activities had been authorized through the letter dated 2018.12.05, and that authorization had been revoked through the letter dated 2019.02.13. As such, action had been taken to remove the temporarily built stalls.

Nevertheless, the authority given to that institution for maintaining the vehicle park under a lease agreement had been revoked by the Authority through the letter dated 2019.07.03. Quotations

were then called again and the vehicle park at Charmers Granaries Land has been given to another tenderer under a monthly lease rent of Rs. 4,955,500 (excluding taxes) for a period of 02 years.

(b) Observation

As for this transaction;

- ❖ The value of assessment made by Government Valuer amounted to Rs. 2,785,000,000.00 (in the year 2011-for 99 years).
- ❖ Amount paid by the lessee – Rs. 577,000,000.00
- ❖ Acquisition of lands / payment of compensation as well as paying lease rents had been delayed until the year 2016.
- ❖ Accordingly, the 99 year lease value assessed by the Government Valuer had been recovered, and that sum amounted to Rs. 3,620,000,000.00
- ❖ Although the lessee had been informed that the lease value for the year 2016 be paid rather than that of the year 2011, he had made an appeal that an interest amount on the sum of Rs. 577 million already paid by him, be deducted. Accordingly, the interest so deducted, amounted to Rs. 330,249,000.00

Except for the sum of Rs. 577 million paid previously out of the value of total lease rent and the interest that had been deducted, the balance amount had been paid by the lessee. However, instructions had been given by the Secretary to the Ministry that the said amount be recovered as no formal approval had been obtained for the deduction of interest.

Corrective Measures Taken, and Current Progress

However, the lessee had not agreed thereon, but prior approval of the Authority had been sought with respect to extending the land development license. This matter was brought to the notice of the Board of Management of the Authority, and approval was granted to extend the validity period of the development license as well as the period of development until the year 2025 subject to the following conditions.

- 1) The sum of Rs. 330,249,000.00 (Rs. 356,668,920.00 inclusive of Government taxes) payable to the Authority by the lessee be settled to the Authority with immediate effect.
- 2) Action will be taken to extend the period of development until 2025.01.31 only when the said Condition (1) is satisfied.

The said decision of the Board of Management was informed to the lessee (March 2022). Responding to that letter on 22 April 2022, an appeal was made that the decision be reconsidered. Necessary action will be taken through the Board of Management after seeking legal advice in that connection.

(c) Observation

Funding the projects had been stopped by the new management appointed under the new Government which had come into power within the first month of the year 2015, and the works thereof had been suspended until the year 2020.

Attention was specially drawn by the present management in that connection thereby obtaining approval of the Department of Coastal Conservation. With financial assistance of the private sector, action has been taken to proceed as a PPP model.

(d) Observation

- 1) With technical & scientific assistance and supervision of the National Building Research Organization (NBRO), the Urban Development Authority had completed Stage I of laying pipeline system for stabilizing the garbage dump and collecting the waste water (Leachate), establishing 08 of 31 gas wells proposed to emit the poisonous gasses generated internally, and covering 5 per cent of the garbage dump with a layer of soil as a pilot project. A cost of Rs. 455 million had been incurred thereon by the Authority.
- 2) A number of 138 families who had settled illegally at the “101 Watta” located near the site of the project, had been provided with houses worth Rs. 700 million from the multi-storied housing project implemented in Kolonnawa by the Urban Development Authority.
- 3) In order to continue the project under a public private partnership (PPP Model), the procurement process has already been commenced. Thus, it was intended to dispose lands under long term lease agreements to implement development projects through investors with financial capabilities and experience in similar projects. Accordingly, it was planned to complete constructions of the urban park before the end of the year 2022. However, due to delays in the acquisition of lands, an investor could not be selected as planned.
- 4) Plans were underway for construction of a playground and a community hall, improvement of drainage and road networks, constructing walking tracks and other general amenities in Kolonnawa under this project.
- 5) The possibility of implementing the investment project proposed by the Board of Investment to develop the entire area as a logistic centre with general amenities as mentioned above by fully recycling the garbage dump, is being studied.

(e) Observation

Sums of Rs. 3,830,874,596 and US \$ 6.4 million through Government funds and foreign loans had respectively been incurred during 2008-2013 for construction of the Magam Ruhunupura International Conference Hall under the Hambanthota Development Project with consultancy services provided by the Urban Development Authority. A sum of Rs. 75,889,769.97 had been

spent during 2017-2019 for maintaining that centre whereas a revenue of Rs. 15,896,360 had been earned during the same period.

It was proposed to hand over the project to a relevant institution upon completion in the year 2013, and the Urban Development Authority is entrusted with the maintenance works until the handover takes place.

(f) Observation

It was the key objective of establishing the Urban Development Authority to prepare consolidated plans in view of economic, social, physical and environmental development in the areas declared for development, and develop such areas physically. Accordingly, with the objective of developing the urban areas in Colombo in a well-planned manner, the urban regenerative project had been implemented by the Authority in order to provide multi-storied housing facilities for the groups with low facilities. The main objective of this project was to provide complete houses for people in settlements with poor facilities representing 50 per cent of the population in Colombo.

Housing projects were expedited and houses were provided by replacing the identified settlements.

Many of the lands used for housing projects had not belonged to the Authority, and acquiring such lands to the Authority was a lengthy process. Housing complexes were built during that process thus expediting the resettlement works. In the same period, action was taken to obtain condominium certificates, and the following procedure should be followed to obtain such certificates.

- Approving the plan of the land.
- Approving the building plan.
- Obtaining the certificate of conformity after construction of the building.
- Preparation of the plan for the condominium.
- Furnishing all the documents along with the plan of the condominium to the Condominium Management Authority.
- Making any amendments if necessary and furnishing the documents again upon their instructions.

Delays occurred when taking action to obtain the certificates of conformity from the relevant divisions and institutions. Furthermore, one or several buildings out of the ones proposed under certain housing projects had been completed, but delays occurred in obtaining the certificates of conformity as construction of other buildings had not been completed.

Moreover, 22 housing projects have been implemented and vested in the public. Of those projects, certificate of the Condominium Management Authority has been obtained for “Mihindusenpura” housing project in Dematagoda. The Condominium Management Authority has been requested

for their certificate in respect of 06 more housing projects whilst the necessary approvals are sought and relevant documents are being prepared with respect to other housing projects as well. A detailed report in that connection is given in the following Table.

Current Progress	No. of Housing Projects	Name of the Project	Other Information
Housing projects for which approval has been obtained.	01	Mihindusenpura	Preliminary procurement activities are in progress to select a law firm for preparing deeds for the owners of the houses.
Projects for which applications have been furnished to obtain approval.	06	Randiya Uyana Helamuthu Sevana Sirisara Uyana Methsara Uyana Sirimuthu Uyana Mihijaya Sevana	As for 05 of those projects, the Condominium Management Authority has pointed out deficiencies and amendments. Field inspections are to be conducted by the Condominium Management Authority for the other housing project.
Projects for which necessary documents are being prepared to obtain approval	07	Laksetha Sevana Siyapath Sevana Ranmithu Sevana Sathhiru Sevana Siyasetha Sevana Methsanda Sevana Lakmuthu Sevana	Forwarded for obtaining approval on the amendments in the building plan.
Housing projects the field inspections of which are being conducted.	03	Muwadora Uyana Laksanda Sevana Sirisanda Sevana	Forwarded to ensure that the requirements have been met before being sent to the Condominium Management Authority.
Housing projects for which condominium plans should be prepared.	05	Puradora Sevana Jayamaha Sevana Lakhiru Sevana Sanhinda Sevana Kolomthota Uyana Sasrasavi Uyana	Bids have been called for preparing plans

The final objective after obtaining the condominium certificates should be the establishment of management corporations as per the law of condominiums. However, the legal rights should be vested in at least 50 per cent of the dwellers through a deed. It is the methodology being followed at present that a nominal value is set for one housing unit, and that value should be recovered in equal monthly instalments over a period of 30 years from the households thereby transferring the rights through a deed to the owner. However, the project assisting the urban regeneration project (URP) is taking follow up action on the policy for providing houses under the urban regenerative project (URP). Once their proposals are presented, implementation of such proposals will be taken into consideration. Although approval is obtained on the plan of the condominium as per the current status quo, the Urban Development Authority cannot be freed from the responsibility for the management of housing projects.

(g) Observation

Part 07 of the memorandum of understanding entered into by the Urban Development Authority on 15 March 2012 with the Tata Housing Development Pvt Ltd and S.G. 18 Reality Private Ltd stated that the Tata Housing Development Pvt Ltd and S.G. 18 Reality Private Ltd should pay the lease rents relating to the temporary residence for a period of 02 years or pay compensation until completion of constructions, whichever lasts finally, payment of temporary lease rents and payment of all the expenses relating to evictions should be reimbursed within a period of one month since all the evictions were done; and, all the expenses mentioned above should not exceed US \$ 03 million. Having been stated by Tata Housing Development Pvt Ltd that the sum of US \$ 03 million (Rs. 472 million) mentioned in the memorandum of understanding had been paid in full, paying lease rents for the remaining period had been refused. Hence, reimbursement of the consultancy fees incurred additionally by the Urban Development Authority and the temporary lease rents from the developer company, remained problematic.

(h) Observation

Obtaining the certificate after being approved by the Condominium Management Board prior to granting the deeds of declaration for the condominiums in respect of the Oval View Housing Project, was delayed due to Corona pandemic. Furthermore, before the deeds of transfer are granted to the households by resolving the deficiencies in the condominium plan, the deed of declaration for the condominium should be registered at the land registry.

Furthermore, verifying the information of all the households is a complex process, hence time consuming. All the activities relating to the registration of deeds of declaration for the condominiums have been completed, and those deeds are to be registered at the land registry. Thereafter, the registration of the relevant deed of transfer is done at the land registry.

(i) Observation

According to the Government policy for developing Sri Jayawardhanapura Kotte as administrative capital, attention had been brought on the optimal utilization of underutilized lands located in that area under the ownership of public and private sector. As such, the unused lands with assessment numbers 294, 300, and 953/1 on Sri Jayawardhanapura Mawatha, Rajagiriya had been identified by the Urban Development Authority in the year 2013 as being suitable for constructing a financial and administrative complex providing services for the general public.

Accordingly, the 03 land plots mentioned below had been acquired by the Urban Development Authority on 2013.10.09 in terms of Sub-section 38 (a) of the Land Acquisition Act.

Serial No.	Assessment No.	Extent of Land			Initial Owner
		Acres	Rood	Perch	
01	294	0	1	2	Mr. G. D. Kularathna
02	300	2	1	29	Electro Plastic Industries
03	953/1	0	1	12	Lanka Electricity Private Limited Company

Responding to a request made to the then Minister in charge of urban development by the initial owners that the largest land plot shown under serial number 02 above, be divested, that land had been divested to the initial owners on 2015.07.02 following a decision taken by the Board of Management as per instructions of the Minister.

The land adjacent thereto under the assessment number 953/1 owned by the Lanka Electricity Private Limited Company, had also been divested following a decision taken by the Board of Management in response to a request made by that Company.

Nevertheless, the plots of land mentioned under serial numbers 02 and 03 of the Paragraph 02 above that had been divested in the year 2015, had again been acquired by the Urban Development Authority on 2021.02.17 in terms of Sub-section 38 (a) of the Land Acquisition Act to achieve the development goals in accordance with the policy of the present Government.

In order for the Urban Development Authority to acquire lands pertaining to the Government or private sector in view of being used for the development projects proposed for Colombo, the Cabinet Paper, No. 20/1607/306/035 dated 2020.10.12 had been presented to the Cabinet by the Ministry of Urban Development and Housing, and approval had been given thereon on 2020.10.19. Under serial number 42 of that Cabinet approval (Annexure 20), approval being given on the acquisition of lands, had been mentioned. Accordingly, the entire land in extent of 03 acres consisting of the plot for which compensation and interest totalling Rs. 213 million had been paid for acquisition and the 02 plots acquired on 2021.02.17, will be developed by the Urban Development Authority in due course.

(j) Observation

Lands are acquired for urban development in accordance with powers vested in the Authority. The lands so acquired are disposed to be used solely for the intended purpose of being developed. In case of any deviations, the objective of acquiring the land is revised appropriately subject to the relevant approvals thus disposing the land for development activities.

Although lands are acquired, there are instances in which such lands are divested following objections of the land owners.

(i) Thousand acre land in Millewa

The objective of acquisition was industrial development though, that objective was revised to be “urban development activities” in a timely manner under approval of the Cabinet. As such, the Millewa Watta land was used for urban development activities.

(ii) Alienation of the land in extent of 125 perches on Olcott Road, Fort owned by the Swadeshiya Printers after being acquired: - The application to acquire the land in extent of 03 roods and 7.28 perches on Olcott Road, Colombo owned by Swadeshiya Printers and Company Ltd and indicated in the Surveyor General’s Advance Tracing No. CO/COL/2014/471 dated 2014.08.06, for urban development activities, had been forwarded to this Ministry on 2013.11.05 by the Authority.

Later, the notice relating to the acquisition of the said land by the Government, had been published on 2014.06.27 as per Section 02 of the Land Acquisition Act. Furthermore, the fact that the said land was required to implement an urban development project, was published in the Gazette Extraordinary No. 1853/46 on 2014.03.14 in terms of Section 02 of the Urban Development Projects (Special Provisions) Act No. 2 of 1980.

However, following the objection raised by the Swadeshiya Printers against the acquisition of the land, and considering the development project to be implemented by that institution at the land, approval was given by the Board of Management of the Authority on 2016.07.07 that the land be released from being acquired in terms of Section 50 of the Land Acquisition Act.

Hence, the land was not acquired by the Authority although notices had been published that the land would be acquired by the Government. Furthermore, it is also informed that divesting of lands is relevant only for the land acquired by the Government.

(iii) Land in Dadalla , Galle

Action had been taken to acquire the land in Dadalla, Galle under provision from the Treasury for construction of an international cricket stadium. However, it had been decided at a meeting held with the Honorable President that the international cricket stadium be maintained at the same location and a sports complex be established at the land in Dadalla.

Accordingly, the land had been acquired under the objective of constructing an international cricket stadium though, a sports complex had been constructed at the land proposed to have been vested in the Department of Sports Development. Hence, the objective of acquisition should have been corrected as “construction of a sports complex”. Action will be taken in due course to obtain Cabinet approval thereon.

(iv) The land in extent of 03 acres 02 roods and 03 perches on Sri Jayawardanapura Road, Rajagiriya.

After acquisition of the land with the assessment number 294 on Sri Jayawardanapura Road, Rajagiriya owned by the Electro Plastic Industries in terms of Sub-section 38 (a) of the Land Acquisition Act in the year 2013, the enjoyment thereof had been taken over through a verdict returned by a Magistrate’s Court. While the land acquisition process was in progress, the initial owners filed a case at the supreme court against the said acquisition. Considering the possibility that this land would be provided for the Government of Saudi Arabia in order to construct their embassy, a request was made to the then Minister in charge of urban development by the initial owners that the land be divested to the initial owners. In response to that request, instructions were given by the Minister that the land be divested in order to be used for the proposed activity. Accordingly, approval of the Board of Management of the Authority was given to divest the land to the initial owners in order to be sold the land to the Government of Saudi Arabia. Following the agreement entered into in that connection, a settlement was reached with respect to the cases filed at the supreme court. Thus, the Urban Development Authority took action to divest the land to the initial owners in the year 2015 in terms of Section 39 (a) of the Act.

Cabinet approval had been received by the end of the year 2020 for the Cabinet Paper presented to the Cabinet by the Ministry of Urban Development and Housing to take over the lands owned by public or Government sector remaining underutilized in Colombo and suburbs in view of implementing development projects. The bare land of the Electro Plastic Industries in Rajagiriya which had been divested in the year 2015, was also selected in that connection. This land had not been used for any development activity during the period 2015-2020, nor had the land been provided for constructing the embassy of Saudi Arabia contrary to the agreement entered into with the Urban Development Authority at the time of being divested.

As such, following a decision of the Board of Management of the Urban Development Authority, action had been taken by the Authority during the first half of the year 2021 to re-acquire the alienated land in terms of Sub-section 38 (a) of the Land Acquisition Act in order to be used for a mixed development project.

(k) Observation

Details relating to the performance of the year 2019 had been made available to the Audit.

(l) Observation

At present, 24 housing projects comprising 14,607 housing units (22 projects under the Urban Regeneration Project, and the Metro Homes and Lakeside housing projects.) have been implemented at a land in extent of 23.4036 hectares under the national programme to provide 50,000 permanent houses for shanty dwellers in Colombo. According to the Table given below, it is evident that lands released under the Urban Regenerative Project had been used for construction of 5577 houses therefrom.

Name of the Land	Extent of Land Used for Housing Projects (Hectares)	No. of Housing Units
Mayura Place, Wellawatta.	0.1973	120
133, 157, 155 Watta, Ferguson Road.	1.4168	872
Aramaya Place.	1.1213	712
Apple Watta.	0.6538	479
Edirisinghe Watta.	0.7856	546
54 Watta.	0.9368	720
66 Watta.	0.515	432
Land of the CGR, Maligawatta.	1.1627	768
Kalinga Mawatha.	0.7923	528
31 Watta.	0.2555	34
581 Watta and Upali Land.	0.5504	366
Total	8.3875	5577

In addition to that, the Urban Development Authority has commenced construction of 7334 housing units to be provided for shanty dwellers of Colombo.

Moreover, the Urban Development Authority has directly contributed in releasing lands for development activities of the Government by providing 4294 housing units as at 2021.12.31 for miscellaneous projects of the Government out of 14,607 houses vested in the public.

Approval of the Cabinet has been obtained to issue debentures in respect of housing projects proposed to be constructed at affordable prices. However, the issue of debentures did not take place.

(m) Observation

It is informed that publishing dividends for investment of shares, is done based on the profits earned by those companies during the year and other matters. Nevertheless, sums of Rs. 1,214,003 and

Rs. 444,075 had been given to the Authority as dividends in the years 2014 and 2020 respectively. Furthermore, officers of the Authority representing the Board of Management of this Company, had queried several times in that connection at the meetings of the Board of Management of the said Company. Nevertheless, the management of the Authority will take into consideration the institutions not receiving dividends thereby taking necessary action in due course.

(n) Observation

Action will be taken to write off the sum from the books after obtaining necessary approvals on those projects.

(o) Observation

Approval had been received to grant 6 per cent of the consultancy fees to the Authority in respect of consultancy services provided for implementation of programs under the “Sukhitha Purawara” project implemented under the Line Ministry for urban development. As such, following approval of the then Director General, the expenses incurred in vesting those projects in the public, had been set off against those fees by the Urban Development Authority.

(p) Observation

(q) Observation

A Scheme of Recruitment and Promotion for the Authority has been prepared based on performance and approval of the Board of Management and Line Ministry has also been obtained thereon. As such, the Scheme has been forwarded to the Department of Management Services for approval.

(r) Observation

In accordance with the decision taken by the Board of Management of the Authority on 2019.06.25, ten officers had been promoted to the post of Director to meet the service requirements for implementation of the strategic plan of the Authority relating to the period 2018-2022.

(12/2019, Approval of the Board of Management, Paper No. 270/2019)

(s) Observation

Advertisements had been published on the website of the Authority and in Silumina newspaper calling for quotations in order to obtain vehicles on lease to be used by the officers of the Authority to whom official vehicles had not been assigned (copies of the quotations are annexed), Annexure 30. Once vehicles are obtained on lease, the private vehicles will be released.

(t) Observation

Appeals had been made that those two officers be reinstated. It was decided to conduct an independent inquiry on the appeal in order to revise the disciplinary orders. Following instructions received from the Line Ministry that suitable action be taken, a Committee was appointed to examine in a transparent manner as to whether the disciplinary inquiries had been conducted properly thus reconsidering the contents of the report of inquiry. Recommendations made by the Committee was presented for approval of the Board of Management of the Authority on 2020.04.23 and 2020.05.27 (Staff Paper, No. 73/2020, 100/2020). Accordingly, the 02 officers were acquitted of the accusations.

(u) Observation

Following approval of the Board of Management of the Authority, advertisements had been published on the website of the Authority on 2019.08.08 calling for applications for the posts of designer and enforcement planner. The interested applicants sat for a written examination conducted by the University of Moratuwa, and interviews were conducted on 2019.09.09 and 2019.09.17 thereby selecting the officers for those posts.

(v) Observation

Action has been taken to call all the officers released from the Authority, for service of the Authority with immediate effect.

(w) Observation

It is informed that further action will be taken for recovery of those allowances.

Nimesh Herath
Chairman
Urban Development Authority

URBAN DEVELOPMENT AUTHORITY

6th, 7th & 9th Floors
Sethsiripaya stage 01
Battaramulla
Sri Lanka

+94 112 873 637
<https://www.uda.gov.lk>
info@uda.gov.lk