

Annual Report 2019



National Food Promotion Board

Former SriLanka National Freedom from Hunger Campaign Board

No: 45, Kirimandala Mawatha,
Colombo 05, SriLanka.

Tel: 94 - 011 250 68 95 / 23 69 996

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Web Site: www.nfpb.lk

vision

Creation of the economic independence and self -confidence through the
Implementation of the Programmes for re-establishment of the Dignity of the
farmers and less privileged persons.

Mission

Implementation of participatory development Programmes to develop
competencies in agriculture, livestock and the other fields in order to establish the
economic independence and to alleviate the dependency culture of the
beneficiaries.

Board of Directors as at 31st December 2019

Dr. S.L.A.Daniel

Chairman

National Food Promotion Board

Mr. Chanaka Aravinda Abeysirigunawardena

Vice Chairman

National Food Promotion Board

Mr. K.Maheesan

Additional Secretary (Development)

Ministry of National Policies and Economic Affairs

Mr. A.M. Asanga Dayaratna

Additional Secretary (Administration)

Ministry of National Policies and Economic Affairs

Mr. A.H.A.Wimalaweera

Additional Secretary (Administration)

Ministry of National Policies and Economic Affairs

Mr. D.R.B.N.B.Karunathilaka

Senior Assistant Secretary

Ministry of Internal and Home Affairs and Provincial Councils and Local Government

Mrs. Champika Dharmasena

Director (Development)

Ministry of Agriculture

Mr. W.A.D.D.M.Priyantha

Chief Internal Auditor

Ministry of Plantation

Dr. Keerthi B. Kotagama

Member of the Board of Directors

Mrs. V.G.K.Abeygunawardena

Member of the Board of Directors

Mr. Ananda Ratnaweera

Member of the Board of Directors

Dates of Conducting Meetings of the Board of Directors

, 393 rd Meeting of the Board of Directors	- 26.02.2019
, 394 th Meeting of the Board of Directors	- 28.03.2019
, 395 th Meeting of the Board of Directors	- 17.05.2019
, 396 th Meeting of the Board of Directors	- 28.06.2019
, 397 th Meeting of the Board of Directors	- 30.07.2019
, 398 th Meeting of the Board of Directors	- 29.08.2019
, 399 th Meeting of the Board of Directors	- 27.09.2019
, 400 th Meeting of the Board of Directors	- 08.11.2019
, 401 st Meeting of the Board of Directors	- 22.11.2019

09 Meetings have been conducted in the year 2019.

Attendance for the Meetings of the Board of Directors

393 - Meeting of the Board of Directors

1. Dr. S.L.A.Daniel - Chairman - National Food Promotion Board
2. Mr. Chanaka Aravinda Abeysirigunawardena - Vice Chairman - National Food Promotion Board
3. Mr.K.Mahesan - Additional Secretary (Development) - Ministry of National Policies and Economic Affairs
4. Mrs. Champika Dharmasena - Director (Development) - Ministry of Agriculture.
5. Mr. W.A.D.D.M.Priyantha - Chief Internal Auditor - Ministry of Plantation
6. Dr. Keerthi B. Kotagama - Member of the Board of Directors
7. Mrs. V.G.K.Abeygunawardena - Member of the Board of Directors

394 - 395 Meetings of the Board of Directors

1. Dr. S.L.A.Daniel - Chairman - National Food Promotion Board
2. Mr. Chanaka Aravinda Abeysirigunawardena - Vice Chairman - National Food Promotion Board
3. Mr.K.Mahesan - Additional Secretary (Development) - Ministry of National Policies and Economic Affairs
4. Mrs. Champika Dharmasena - Director (Development) - Ministry of Agriculture
5. Mr. W.A.D.D.M.Priyantha - Chief Internal Auditor - Ministry of Plantation
6. Dr. Keerthi B. Kotagama - Member of the Board of Directors
7. Mrs. V.G.K.Abeygunawardena - Member of the Board of Directors
8. Mr. Ananda Ratnaweera - Member of the Board of Directors

396 - 397 Meetings of the Board of Directors

1. Dr.S.L.A.Daniel - Chairman - National Food Promotion Board
2. Mr.Chanaka Aravinda Abeysirigunawardena - Vice Chairman - National Food Promotion Board
3. Mr.K.Mahesan - Additional Secretary (Development) - Ministry of National Policies and Economic Affairs
4. Mr. A.M. Asanga Dayaratna Additional Secretary (Administration) - Ministry of National Policies and Economic Affairs
5. Mr. A.H.A.Wimalaweera Additional Secretary (Administration) Ministry of National Policies and Economic Affairs
6. Mrs. Champika Dharmasena - Director (Development) - Ministry of Agriculture
7. Mr. W.A.D.D.M.Priyantha - Chief Internal Auditor - Ministry of Plantation
8. Dr. Keerthi B. Kotagama - Member of the Board of Directors
9. Mrs. V.G.K.Abeygunawardena - Member of the Board of Directors
10. Mr. Ananda Ratnaweera - Member of the Board of Directors

397 - 398 Meetings of the Board of Directors

1. Dr.S.L.A. Daniel - Chairman - National Food Promotion Board
2. Mr.Chanaka Aravinda Abeysirigunawardena - Vice Chairman - National Food Promotion Board
3. Mr.K.Mahesan - Additional Secretary (Development) - Ministry of National Policies and Economic Affairs
4. Mr. A.M. Asanga Dayaratna - Additional Secretary (Administration) - Ministry of National Policies and Economic Affairs
5. Mr. A.H.A.Wimalaweera - Additional Secretary (Administration) - Ministry of National Policies and Economic Affairs
6. Mr. D.R.B.N.B.Karunathilaka - Senior Assistant Secretary - Ministry of Internal and Home Affairs and Provincial Councils and Local Government
7. Mrs. Champika Dharmasena - Director (Development) - Ministry of Agriculture
8. Mr. W.A.D.D.M.Priyantha - Chief Internal Auditor - Ministry of Plantation
9. Dr. Keerthi B. Kotagama - Member of the Board of Directors
10. Mrs. V.G.K.Abeygunawardena - Member of the Board of Directors
11. Mr. Ananda Ratnaweera - Member of the Board of Directors

399 - Meeting of the Board of Directors

1. Dr. S.L.A. Daniel - Chairman - National Food Promotion Board
2. Mr.Chanaka Aravinda Abeysirigunawardena - Vice Chairman - National Food Promotion Board
3. Mr.K.Mahesan - Additional Secretary (Development) - Ministry of National Policies and Economic Affairs
4. Mr. A.M. Asanga Dayaratna - Additional Secretary (Administration) - Ministry of National Policies and Economic Affairs
5. Mr. A.H.A.Wimalaweera - Additional Secretary (Administration) - Ministry of National Policies and Economic Affairs
6. Mr. D.R.B.N.B.Karunathilaka - Senior Assistant Secretary - Ministry of Internal and Home Affairs and Provincial Councils and Local Government
7. Mrs. Champika Dharmasena - Director (Development) - Ministry of Agriculture
8. Mr. W.A.D.D.M.Priyantha - Chief Internal Auditor - Ministry of Plantation
9. Mr.W.H.Duminda Priyadarshana - Member of the Board of Directors
10. Mrs. V.G.K.Abeygunawardena - Member of the Board of Directors
11. Mr. Ananda Ratnaweera - Member of the Board of Directors

400 - 401 Meetings of the Board of Directors

1. Dr.S.L.A.Daniel – Chairman – National Food Promotion Board
2. Mr.K.Mahesan - Additional Secretary (Development) - Ministry of National Policies and Economic Affairs
3. Mr. A.M. Asanga Dayaratna - Additional Secretary (Administration) - Ministry of National Policies and Economic Affairs
4. Mr. A.H.A.Wimalaweera - Additional Secretary (Administration) - Ministry of National Policies and Economic Affairs
5. Mr. D.R.B.N.B.Karunathilaka - Senior Assistant Secretary - Ministry of Internal and Home Affairs and Provincial Councils and Local Government
6. Mrs. Champika Dharmasena - Director (Development) - Ministry of Agriculture
7. Mr.W.H.Duminda Priyadarshana - Member of the Board of Directors
8. Mrs. V.G.K.Abeygunawardena - Member of the Board of Directors
9. Mr. Ananda Ratnaweera - Member of the Board of Directors

Review of the Chairman

The main objective of establishment of the Sri Lanka National Freedom from hunger Campaign Board in the first part of the 1970 's was to obtain aids to our country from the foreign donors and regulate such functions. The major roles of the Board were development of infrastructure facilities in the agricultural sector, establishment of new farming settlements through proper management of such financial aids and providing assistance to such farming community until the stabilization of their livelihoods.

The production of rice in the country was increased gradually in line with the development which have been taking place in the agricultural sector for several years and also with the commencement of using modern agricultural equipment for farming by the first part of the decade of 2000. Since our country was achieving the self-sufficiency in rice production, flow of foreign aids for agricultural development activities which were carried out by the Sri Lanka National Hunger Campaign Board, was terminated spontaneously.

Since the cut-off in foreign financial aids to the Board and other government institutions were established to carry out the agricultural development activities, in 2004 the Board was entrusted other functions such as promotion of indigenous foods and better food consumption patterns among people and implementation of strategies for the promotion of traditional rice varieties. Since then, Board has no funds for the development activities and it had only recurrent expenditure allocated by the Treasury. Therefore, Board had to generate self-funds for the development activities.

We were able to commence several development projects to produce healthy foods and promote the consumption of such foods among people and implement the programmes of improving the nutrition levels of the school children with the support of the Board of Directors and the members of the staff of the Board who were committed to perform their role during the year 2019 amidst various obstacles and I am glad that we were able to expand further such functions during that year.

Another significant step taken by the Board was to import approximately 50,000 metric tons of maize for the production of animal feed in collaboration with the private sector during this period. We were able to protect the farmers cultivated maize and also the animal feed producer through providing imported maize for the animal feed industry under our supervision. The Board has taken action to grant Rs.25 million to the Department of Agriculture in order to encourage and strengthen the small -scale farmers for providing maize seeds at concessionary price keeping a step beyond the supply management. That was the first occasion of providing profits which were gained from the progress of animal feed industry to the Department of Agriculture and I am glad to express that it was an innovative strategy implemented by us.

Further, the Board of Directors and I are proud of the launching of rice fortification project as a joint and pilot project for strengthening the school food programme during our ruling period. We were able to implement this special programme with the support of the Technical Staff of the Head Office and the untiring effort made by the staff of the Grain Processing Unit of

Kalankuttiya in collaboration with the World Food Programme. Rice fortified by us was used for the school food programme and thereby we were able to contribute as a proud partner for this valuable nutritional programme and also Board was able to earn a reasonable profit through the production of fortified rice to meet the annual requirement.

As stated above, after flow of funds were terminated the Board was dissolved in the year 2002 and it was re-established in 2004. As a result of the prompt re-establishment of the Board several administrative issues were arisen and the Board could not solve such issues with the commencement of its functions again in 2004. Therefore we made extra effort to settle few of such administrative issues during the period under review. Conducting Efficiency Bar examinations for all the employees of the staff, providing remedies for the issues of appointments of certain members of the staff and preparation of a procedure manual were given priority among them and I express my gratitude to Mr. Ananda Ratnaweera and Mr. Asanga Dayaratna, members of the Board of Directors on the compilation of the procedure manual free of charge for the use of administrative staff to solve the administrative issues.

As a result of the team spirit which had been created among the members of every level of the staff, we were able to obtain those achievements and I express my sincere thanks to those who supported for that task. I greatly appreciated the guidance provided and cooperation extended by the Hon. P. Harison, Minister of Agriculture, Mr. K.D.S. Ruwanchandra, Secretary to the Ministry of Agriculture and all the officers of that Ministry including Mrs. S. Weerakoon, Adviser to the Hon. Minister of Agriculture with my heartfelt gratitude.

If all the members of the Board of Directors and the staff had not extended their fullest support with great enthusiasm, I would not be able to manage and direct the functions of the Board for the achievement of its vision and objectives. Therefore, I express my thanks again to the staff for their earnest commitment and I believe that, these functions would be performed by them continuously. I wish for the Board to achieve a great victory.

Dr. S.L.A. Daniel

Sri Lanka National Freedom from Hunger Campaign Board

Information of the Board:

Name: National Food Promotion Board

Former- Sri Lanka National Freedom from Hunger Campaign Board

Location and Legal Entity:

This has been established under Sri Lanka National Freedom from Hunger Act No.15 of 1973. The approval of the Cabinet of Ministers was granted to change the name as National Food Promotion Board in 2009.

Fundamental Activities and Objectives:

An entity that serves the people who have undergone economic inequality to a great degree. The objectives are,

- , Obtaining assistance from foreign and local representatives for the social and economic development programme prepared by the Government.
- , Assisting to other institutions and Boards in the implementation of social and economic development schemes benefitted to public.
- , Providing assistance to specific schemes which are directed on the agricultural and technical development and improvement and coordination of such schemes.
- , Enthusing the non-governmental representatives to implement the proposals made for the increase of agricultural and technical production.
- , Extending cooperation with the international Freedom from Hunger Campaign and other similar foreign institutions, Associations and societies.

Line Ministry: Ministry of Agriculture

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E mail : ffhc.srilanka@gmail.com

Website : www.nfpb.lk

Auditors: Auditor General's Department

Internal Audit Division: Ministry of Agriculture

Bankers: Bank of Ceylon – Borella

People's Bank - Dehiwela

Strategies:

- , Integrating the development goals in order to direct to a collective objective.
- , Providing opportunity to rural community to extend their cooperation in the economic and social development.
- , Empowering the rural community enabling to participate in the development process.
- , Changing towards the values that can be achieved with the establishment of self-confidence among traditional village community in order to generate self-propelled sustainable development.
- , Promoting consumption and production of indigenous foods.
- , Introducing technology of minimizing the post -harvest losses up to grass-roots level.

Overall Performance:

15 projects have been implemented by the Development Division of the Sri Lanka National Freedom from Hunger Campaign Board in the year 2019 and a brief report of such projects are given below.

The main objective of implementing of these projects is to provide poison-free indigenous foods, value added foods and local agro-inputs to the consumers at concessionary prices and thereby uplifting economic status of local farmers in directly and indirectly and empowering the small and medium scale manufacturers through encouraging their products.

1. Plant Sales Centre – Narahenpita

Narahenpita plant sales center is a project initiated to provide various types of saplings including vegetables at concessionary prices to the urban community for their home gardening with a view to popularizing the poison-free foods which is the objective of our institution and motivating them to grow necessary things in their own home gardens as rural community. Saplings of herbals, flowers and fruits (specially under consumed fruits) and the seeds of fruits and vegetables and the fertilizers for vegetables and flowers, organic fertilizers, insect repellents and agricultural equipment can also be purchased at this center. In addition, instructions related to the crop cultivations can be obtained free of charge from this center.

The Operating cost of this project was Rs.8.26 million and a sum of Rs.8.97. million has been earned as operating revenue in this year. The net profit of the year was Rs.0.79 million. According to the above numerical data this project has been achieved a progress than previous year.

2. Plant Sales center – Dehiwela

All functions, performed by the sales center in Narahenpita, are also carried out by the sales center in Dehiwela. A sum of Rs.6.30 million has been earned as operating revenue and operating cost was Rs.5.77 million in this year. Accordingly, the net profit was Rs.0.53 million.

3. Farmers' products and foods outlet -Dehiwela

This project has been initiated and implemented for the purpose of popularizing the poison-free foods such as food items produced by farmers, value added food products of local entrepreneurs, traditional rice varieties (suwendel, kaluheeneti, pachchaperumal), Mawposha, suwaposha (nutritious foods), Thosai flour mixture and special rice flour mixture produced by this Institution.

In addition, arrangements have been made to provide breakfast, lunch, and nutritious food items at concessionary prices from the food outlet operating affiliated to this sales center.

The Operational cost of this project was Rs.39.56 million and the operating revenue was Rs.39.20 million in this year.

4. Development of Farms at Buttala and Thanamalwila

Farm at Buttala (production of Organic fertilizers)

Farm Development Project initiated in the year 1986 in Buttala and Thanamalwila has been operating up to now. Production of compost which was commenced in 2017 at Buttala farm can be known as a pilot project. Producing of fertilizers such as compost, coir dust and potting mixtures has been carrying out successfully in this farm. Such fertilizers are provided to the public at a reasonable price through the outlets owned by our Institution.

The operating revenue of this project was Rs.2.94 million and the operating cost was Rs.2.85 million in the year 2019. Accordingly, a sum of Rs. 0.09 million has been earned as net profit.

Farm at Thanamalwila

Farm at Thanamalwila has been maintaining as a model farm with the participation of families suffering from hunger in that area and producing of compost is also carried out in this farm. The operating cost of Thanamalwila farm was Rs.0.47 million and the operating revenue was Rs.0.05 million in the year 2019.

5. Project of producing suwaposha, rice flour, Thosai flour, and mawposha

Rice flour and Thosai flour

Producing of rice flour can be introduced as a project initiated with the intention of popularizing the consumption of rice flour among the general public. Production activities under this project are carried out in the factory located in Gannoruwa, Peradeniya owned by this institution. Thosai flour is also produced in this factory. The operating revenue of this project was Rs.0.43 million and the operating cost was Rs.0.93 million in the year 2019.

Suwaposha and Mawposha

This project was commenced to provide nutritional package to underweight pregnant women and later, this package is sold under the names of suwaposha and mawposha at a reasonable price through the sales centers owned by our institution and affiliated institutions. The operating cost of this project was Rs.0.93 million in this year.

6. Producing fruit drinks by using under consumed fruits

This project was initiated with a view to popularizing the consumption of under consumed fruits among people and introducing value added products. Fruits such as Sri Lankan olives (weralu), custard apple (Anoda) and wild mangoes are basically used under this project and these fruit drinks are manufactured in Food Research Unit in Gannoruwa. The operating revenue of this project was Rs.0.15 million and the operating cost was Rs.0.75 million in the year 2019.

7. Traditional Paddy Purchasing Project

The project of producing traditional rice was commenced to achieve the sustainable development goals such as healthy life and foods for all. Consumption of these rice varieties is important to prevent from non-communicable diseases which are increasing in Sri Lanka and also to create a healthy nation and empower the local farmers. Paddy is purchased at a reasonable price from the farmers who cultivate traditional paddy in the district of Anuradhapura and they are converted into rice at the factory located in Kalankuttiya and sold at the sales centers of Dehiwela, Narahenpita and also through the private sector. The operating cost of this project was Rs.5.00 million and the revenue was Rs.2.43 million.

8. Project of producing value-added foods made from soya

The main objective of this project is to introduce to the society the value-added food items made from soya beans, which are healthful to youngsters, youth and old persons who are suffering from non-communicable diseases such as high blood pressure and diabetes and contained nutritional values of protein, lipid minerals and vitamins. The unpleasant taste and smell contained in the soya are removed scientifically and processed foods made of soya are provided to the consumers. Allocation of a sum of Rs.1.17 million has been granted by the Ministry of Agriculture for this purpose.

It is expected to expand these products island wide under the Public and Private Partnership.

9. Import of Maize

Since maize is used as a main feeding item for poultry farming there is high demand for it from the producers of chicken and eggs in Sri Lanka. However, 200,000 M.T. of maize is produced in Sri Lanka and it satisfies only 50% of the annual requirement.

Presently, since import of maize is carried out by private companies, they maintain a monopoly and it leads to increase the prices of poultry feeds creating the severe difficulties to the poultry farmers. In order to regulate this situation, permission was granted to import 50,000 M.T of maize for animal feeds under the guidance of the Hon. Minister of Agriculture. Accordingly, maize was imported with the support of the private sector and a sum of Rs.2,613.73 million of revenue was earned by importing of 49,301 M.T. and net profit was Rs.51.57 million.

10. Allocations from the Treasury

	Budgetary Allocations 2019 (Rs. Mn)	Grants Received (Rs. Mn)	Actual Expenditure (Rs. Mn)	Additional Expenditure (Rs. Mn)
Recurrent	78.058	47.629	47.719	0.09
Capital	8.000	4.834	4.834	00
Total	86.058	52.463	52.553	0.09

11. Other Allocations

Ministry of Agriculture and World Food Programme

	Amount (Rs. Mn)
Recurrent	26.682
Capital	0.317
Total	26.999

Report on Annual Accounts -2019

Sri Lanka National Freedom from Hunger Campaign Board

The statements of Financial Position and Financial Performance have been prepared in compliance with the generally accepted Accounting Policies and in accordance with the Accounting Standards of Sri Lanka Public Sector based on historical cost and continuous existence.

Accounting Policies:

- Calculations of depreciation are made from the date of purchasing of assets and all the assets are depreciated their useful life time.
- Allocations have been made for Bad and Doubtful debts which are the receivable balances.
- Allocations have been made for all identified liabilities.
- Allocations for gratuities have been calculated on the basis of service period of each employee entitled to gratuity.
- Income which was exceeded the expenditure has been calculated after making allocations for all known liabilities.
- Stocks are calculated on the basis of less value out of the values of cost and net realized value. Cost for the following stocks is calculated under the following methods.
 - Ã Raw materials - calculated at the actual cost using first in first out method
 - Ã Unfinished stocks - calculated at the direct raw material cost
 - Ã Finished stocks - Direct raw materials, variable overhead cost and direct salaries are calculated at the actual cost
 - Ã Consumables – calculated at the actual cost
- Allocations received from the government have been shown as a revenue in the revenue statement and expenditure items have also been presented separately.

Following projects have been implemented by the Sri Lanka National Freedom from Hunger Campaign Board in the year 2019.

Project	Funded by	Location of the project
Development of the farm	Self- funds	Thanamalwila
Development of the farm	Self- funds	Buttala
Production of Traditional rice	Self-funds	Kalankuttiya
Plant Nursery	Self-funds	Dehiwela
Plant Nursery	Self-funds	Narahepita
Soya related by-products	Department of Agriculture	Gannoruwa
Rice fortification	World Food Programme	Kalankuttiya
Production of fruit drinks	Self-funds	Gannoruwa
Import of maize	Self-funds	Main Office
Production of rice flour	Self-funds	Kalankuttiya
Production of Suwaposha	Self-funds	Gannoruwa
Production of Mawposha	Self-funds	Gannoruwa
Production of organic fertilizers	Self-funds	Buttala
Farmers' products sale center	Self-funds	Dehiwela
Restaurant - Dehiwela	Self-funds	Dehiwela

Following Current Accounts have been maintained under the Sri Lanka National Freedom from Hunger Campaign Board in this year.

194125	-	Allocations received from the Treasury Allocations received from the Ministry of Agriculture, World Food Programme and Department of Agriculture Development of farm in Buttala, Development of farm in Thanamalwila, Project of Suwaposha, Project of Mawposha, Promoting of usage of rice flour in the Estate Sector, Plant Nurseries, Sales center in Dehiwela, Compost project, maize project, producing Traditional rice, Fruit drinks project, rice fortification project.
337100196138295	-	Revenue of Dehiwela sales center
80681636	-	Project for renovating minor irrigation

Separate ledgers are being maintained for each project.

Staff of the Sri Lanka National Freedom from Hunger Campaign Board

The staff of the Sri Lanka National Freedom from Hunger Campaign Board as at 31st December 2019 was as follows.

Chairman

Mr. (Dr) S.L.A.Daniel- BVSc, M.Sc. (Agric Dev) M.A.(Econ)

Vice Chairman

Mr. Chanaka Aravinda Abeysirigunawardhena - B.B.A., M.B.A. CIMDip (UK)

Senior Managers

Mr. (Dr.) Rohan Karawita - B.Sc. , M.Sc. , Ph.D.(Marine BTch) - Director
 Mr.G.G.D.S. Priyankara - B.Sc. PGDip, Dip (Mkt & Mgt)- Assistant Director (Development)
 Mr.Manoj Gunawardhena - B.Sc.(Agric.) M.Sc. - Assistant Director (Development)
 Mrs.Shyama Gunawardhena - MLRHRM, M.B.M., BLE - Assistant Director (Admin)
 Mrs.Mala Ambepitiya - BA. Licentiate, HNDA 2nd - Assistant Director (Finance)

Managers

Mrs.H.M.C.K. Nawarathna	B.Sc. (Business Admin)	Financial Officer
Mr.Ishan Abeysinghe	B.Sc. (Agric.)	Project Officer
Mrs.Vindya Rathnayaka	B.Sc. (Agric.)	Project Officer
Mrs..Kamshalani	B.Sc. (Agric.)	Project Officer
Mrs. Dilani Gnanarathna	B.Sc. (Agric.)	Project Officer

Management Assistants (Technical)

Mr. Chiranjeeva Karunarathna
 Mr.Charitha Janaka
 Mr.Tharindu Kasun Welihinda

Management Assistants (Non-Technical)

Mrs.Chandra Abeysinghe	Miss.Thilini Katulanda
Mr.J.N.K.Jayalath	Mr.Thushira Abeygunawardhena
Mrs.Chathuri Senanayaka	Mr.Budhika Sanjeewa
Mr.Duminda Sampath	

Drivers

Mr.Ranjith Warakaulla
 Mr.Lal Gamini Rupasinghe
 Mr.Ajith Wijekumara
 Mr.Nishantha Abeyrathna
 Mr.E.M.Harsha Kumara
 Mr.T.P.Rohana

Labourers

Mr.Udaya Kumara
 Mr.Lakshitha Panagoda
 Mr.Tharanga Sandakelum
 Mr Gayantha Sammika
 Mr.S.Lilan
 Mr.Dilan Kodithuwakku
 Mrs.Nadeeka Shyamali
 Mr.Lakmal Saman Kumara
 Mr.Malintha Madhushan
 Mr.Lankathilaka Rathnayaka
 Mrs.E.L.P.Priyanthi Yamuna
 Mr.Sudesh Kiriwadeniya
 Mr.L.Dinesh Chathuranga
 Mr.D.S.Sameera
 Mr.P.Wijedasa
 Mr.W.H.Chinthaka Krishan

Cook

Mr.T.S.D.Wickremasinghe

Karyala Karya Sahayaka

Mr.Upendra Rajapaksha
 Mr.Upali Dissanayaka
 Mrs.Nilmini kumari

Mr.Amith Sampath Manage
 Mr.suminda Priyalal
 Mr.Nalin Rangana Jasinghe
 Mr.Gayan Kamalajith
 Mr.N.A.Upali
 Mr.Amila Prasad Ariyapala
 Mr.H.G.Upul
 Mr.I.G.Prabath Chathuranga
 Mr.Sudath Chandana
 Mr.S.K.M.Kumarasinghe
 Mr.Sampath Sisira Kumara
 Mr.A.M.Gnanasiri
 Mr.Suranga Sanjeewa Karunathilaka
 Mr.Mahinda Samaranayaka
 Mrs.Kanthi Kulasiri

Statement of the Financial Position

of the Sri Lanka National Freedom from Hunger Campaign Board as at 31st December 2019

Description		Note	2019 Rs.	2018 Rs.
Assets B				
	Non-Current Assets			
	Property, Plant and inputs	I	342,583,552.38	344,138,329.70
	Lands		307,200,000.00	307,200,000.00
	Buildings		20,410,899.48	17,312,402.62
	Motor vehicles		4,449,636.99	6,910,136.99
	Machinery and Equipment		3,147,506.60	4,585,213.84
	Furniture and fittings		1,166,831.34	1,337,168.62
	Office Equipment		1,445,693.49	1,621,971.38
	Agricultural Equipment		197,141.92	321,741.92
	Gardening Equipment		636,675.44	188,793.47
	Other Equipment		523,233.57	919,155.04
	Computer Accessories		1,008,442.43	1,214,319.22
	Temporary Buildings		1,679,990.19	1,791,989.53
	Measuring Equipment		230,000.93	127,637.07
	Software		487,500.00	607,800.00
	Financial Assets		163,290,601.05	136,536,633.46
	Saving Deposit		1,840,395.60	659,760.99
	Fixed Deposit		151,850,121.38	124,138,311.19
	Distress and Ten- Month Loan		9,600,084.07	11,738,561.28
	Current Assets		423,427,456.27	213,841,986.50
	Deposits		419,316.50	519,361.50
	Stocks		7,055,538.43	4,353,851.68
	Debtors		686,862.77	974,162.77
	Cash receivable		78,659,557.94	156,190,229.16
	Cash in hand and Bank money		336,606,180.63	51,804,426.39

	Total Assets		929,301,609.70	694,516,949.66
	Equities and Liabilities			
	Capital and Reserve		476,205,524.27	432,038,321.71
	Balance of Funds		384,618,995.55	390,703,946.72
	Consolidated fund		91,586,528.72	41,334,374.99
	Non- Current Equities		8,411,608.65	6,609,807.00
	Retirement Gratuity allocations		8,411,608.65	6,609,807.00
	Current Liabilities		444,684,476.78	255,868,820.95
	Retained Fund		480,640.86	530,142.68
	Refundable Deposits		200,368,772.40	94,879,249.45
	Accrued Expenditure		243,835,063.52	160,459,428.82
	Total Equities and Liabilities		929,301,609.70	694,516,949.66

Statement of the Financial Performance

of the Sri Lanka National Freedom from Hunger Campaign Board as at 31st December 2019

Description	Note	2019 Rs.	2018 Rs.
Revenue		156,766,155.22	118,368,503.17
Provisions of Treasury/Ministry		74,312,916.72	53,360,496.67
Other Operational Revenue		63,814,916.36	53,189,348.17
Interest from Savings Accounts		16,761,520.76	8,703,630.83
Other Revenue		1,876,801.38	3,115,027.50
Expenditure		86,356,474.36	76,428,459.26
Personal Emoluments		39,634,244.35	40,038,956.82
Travelling Expenses		331,383.37	541,709.20
Supplies and Requisites		3,150,778.48	3,786,562.89
Repairing and Maintaining of Fixed Assets		3,878,532.94	4,402,944.59
Transfers, Communication, utility and other services		39,361,535.22	27,658,285.76
Revenue/ surplus (deficit) exceeded expenditure		70,409,680.86	41,940,043.91

Statement of Cash Flows

of the Sri Lanka National Freedom from Hunger Campaign Board for the year ended 31st December 2019

Description	Note	2019 Rs.	2018 Rs.
Cash flows received from Operations (using)			
Net profit / loss before income tax		70,409,680.86	41,940,043.91
Adjustments			
Depreciations		7,745,246.47	5,882,808.65
Depreciation on vehicle disposals / transfers		-	(100,00.00)
Amortization		(3,223,951.46)	-
Interest earned through investments		(16,761,520.76)	(8,611,574.83)
Deposits			
Adjustments of previous period		(3,169,847.31)	(217,434.24)
Allocations for retirement benefits		1,801,801.65	1,410,871.50
Operational profit before working capital changes		<u>56,801,409.45</u>	<u>40,304,714.99</u>
Stock (increases / decreases)		(2,701,686.75)	10,871,566.05
Trade and other receipts (increases / decreases)		77,917,971.22	(139,326,895.88)
Trade and increases / decreases of other payments		188,815,655.83	159,028,664.55
Cash generated from Operations		<u>264,031,940.30</u>	<u>30,573,334.72</u>
Net Cash from Operating activities		320,833,349.75	70,878,049.71
Acquisition of property, plant and equipment		(6,190,469.16)	(5,054,715.67)
Removing/ Transfers of property, plant and equipment		-	100,000.00
Net cash flow from investing activities (used)		16,308,676.39	8,611,574.83
Increases / decreases of Savings deposits		(1,180,634.61)	(463,760.83)
Increases / decreases of Fixed deposits		450,000,000.00	(47,140,717.93)
Increases / decreases of Fixed deposits		(477,711,810.19)	16,555,481.93
Net cash from Investing activities (used)		<u>(18,774,237.57)</u>	<u>(27,392,137.67)</u>

Receipts of funds		79,464,237.19	54,400,000.00
Aid		(74,312,916.72)	(46,400,000.00)
Payment of Distress loans		(430,000.00)	(12,262,480.00)
Repayment of Distress loans		2,568,477.21	744,420.04
Funds for promotion of maize cultivation		(25,000,000.00)	-
Interest income earned from financial activities		452,844.38	-
Repayment of borrowings		-	(11,700,00.00)
Loans received		-	10,000,000.00
		(17,257,357.94)	(5,218,059.96)
Net increases (decreases) of cash and cash equivalents		284,801,754.24	38,267,852.08
Cash and cash equivalents at the beginning of the year		<u>51,804,426.39</u>	<u>13,536,574.31</u>
Cash and cash equivalents at the end of the year		<u>336,606,180.63</u>	<u>51,804,426.39</u>
Note – A			
Bank balance		<u>336,606,180.63</u>	<u>51,804,426.39</u>
		<u>336,606,180.63</u>	<u>51,804,426.39</u>

Statement of Change of Equities

of the Sri Lanka National Freedom from Hunger Campaign Board for the year ended 31st
December 2019

	Revaluation Fund Rs.	Balance of Fund Rs.	Consolidated Fund Rs.	Total Rs.
Balance as at 01.01.2019	333,671,316.14	57,032,630.58	41,334,374.99	432,038,321.71
Funds Received		79,464,237.19		79,464,237.19
Financial Aids		(74,312,916.72)		(74,312,916.72)
Adjustments in previous periods		(8,012,320.18)	4,842,472.87)	(3,169,847.31)
Funds for promotion of maize cultivation			(25,000,000.00)	25,000,000.00)
Amortization	-	(3,223,951.46)	-	(3,223,951.46)
Revaluation Surplus/ (deficit)	(5,000,000.00)	5,000,000.00	-	-
Net Surplus / (deficit)			70,409,680.86	70,409,680.86
	<u>328,671,316.14</u>	<u>55,947,679.41</u>	<u>91,586,528.72</u>	<u>476,205,524.27</u>

Statement of Comparison of Budget and Actual amount

of the Sri Lanka National Freedom from Hunger Campaign Board for the year ended 31st
December 2019

	Actual 2019 Rs.	Original Budget Rs.	Revised Budget Rs.	Difference between Original and Actual Budgets Rs.
<u>Revenue and Receipts</u>				
Provisions from Treasury/ Ministry - Capital	5,151,320.47	8,000,000.00		2,848,679.53
Provisions from Treasury/ Ministry - Capital	74,312,916.72	118,393,000.00		44,080,083.28
Revenue	2,674,371,925.09	119,559,600.00		(2,554,812,325.09)
Savings Fixed deposits and other Interest income	16,761,520.76	15,000,000.00		(1,761,520.76)
Other Revenue	1,876,801.38	720,000.00		(1,156,801.38)
<u>Expenditure</u>				
Personal Emoluments	39,634,244.35	45,812,200.00		6,177,955.65
Travel Expenses	331,383.37	4,240,000.00		3,908,616.63
Supplies and Requisites	2,616,409,473.96	153,148,200.00	-	(2,463,261,273.96)
Repairing and maintaining of fixed assets	3,878,532.94	13,073,500.00		9,194,967.06
Transfers, communication, utilities and other services	39,361,535.22	36,904,500.00		(2,457,035.22)
Capital Expenditure	6,190,469.16	8,000,000.00		1,809,530.84

Note 01

Non- Current Assets

Asset category	Land and buildings	Motor vehicles	Machinery & equipment	Office equipment	Furniture and fittings	Agricultural equipment	Gardening equipment	Other equipment	Photography equipment	Temporary buildings	Measuring equipment	Computer accessories	Software	Total
Balance as at 01.01.2019	324,512,402.62	6,910,136.99	4,585,213.84	1,621,971.38	1,337,168.62	321,741.92	188,793.47	919,155.04	-	1,791,989.53	127,637.07	1,214,319.22	607,800.00	344,138,329.70
Additions	4,619,479.98	-	33,000.00	441,002.50	201,419.40	-	544,465.75	42,450.00	-	-	164,225.03	144,426.50	-	6,190,469.16
Disposals/ Transfers (Fixed assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals/ transfers (depreciated cumulative values)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	(1,520,983.11)	(2,460,500.00)	(1,470,707.24)	(617,280.39)	(371,756.68)	(124,600.00)	(96,583.78)	(483,371.47)	-	(111,999.34)	(61,861.17)	(350,303.29)	(120,300.00)	(7,745,246.47)
Net Revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net value as at 31.12.2019	327,610,899.49	4,449,636.99	3,147,506.60	1,445,693.49	1,166,831.34	197,141.92	636,675.44	523,233.57	-	1,679,990.19	230,000.93	1,008,442.43	487,500.00	342,583,552.38
Total surplus of revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total deficit of revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross retained value	332,850,053.03	12,302,500.00	7,843,393.00	3,741,095.23	2,783,377.38	902,500.00	966,435.73	2,782,850.00	3,540.00	2,239,986.89	443,637.03	3,047,286.50	1,089,000.00	370,995,654.78
Cumulative depreciations	(5,239,153.54)	(7,852,863.01)	(4,695,886.40)	(2,295,401.74)	(1,616,546.04)	(705,358.08)	(329,760.29)	(2,259,616.43)	(3,540.00)	(559,996.70)	(213,636.10)	(2,038,844.07)	(601,500.00)	(28,412,102.40)
Net retained value	327,610,899.49	4,449,636.99	3,147,506.60	1,445,693.49	1,166,831.34	197,141.92	636,675.44	523,233.57	-	1,679,990.19	230,000.93	1,008,442.43	487,500.00	342,583,552.38

Note 02
Trading and Profit Loss Accounts

Plant Sales Centre – Narahenpita

Trading and profit Loss Account for the year ended 31.12.2019.

Item	2019	2018
Trade Income	8,976,860.50	11,708,988.55
Less: Cost of Sales		
Opening Stock	976,511.34	1,037,884.55
Purchases	6,583,954.93	7,832,613.85
Closing Stock	(1,063,313.01)	(976,511.34)
	6,497,153.26	7,893,987.01
Gross Profit / Loss	2,479,707.24	3,815,001.54
Overhead Cost	1,681,726.41	1,503,137.04
Net Profit / Loss	797,980.83	2,311,864.50

Sales outlet – Dehiwela

Trading and profit Loss Account for the year ended 31.12.2019.

Item	2019	2018
Trade Income	32,625,456.30	33,909,520.02
Less: Cost of Sales		
Opening Stock	1,787,477.83	1,925,528.72
Purchases	28,031,829.23	29,059,394.70
Closing Stock	(1,860,236.12)	(1,787,477.83)
	27,959,070.94	29,197,445.59
Gross Profit / Loss	4,666,385.36	4,712,074.43
Overhead Cost	(4,888,791.16)	(5,779,637.17)
Net Profit / Loss	(222,405.80)	(1,067,562.74)

Restaurant – Dehiwela

Trading and profit Loss Account for the year ended 31.12.2019

Item	2019	2018
Trade Income	6,588,748.07	7,114,808.65
<u>Less:</u> Cost of Sales		
Opening Stock	23,101.78	48,541.36
Purchases	5,100,903.13	5,533,973.60
Closing Stock	(71,772.48)	(23,101.78)
	5,052,232.43	5,559,413.18
Gross Profit / Loss	1,536,515.64	1,555,395.47
Overhead Cost	(1,540,890.30)	(1,276,842.00)
Net Profit / Loss	(4,374.66)	278,553.47

Plant Sales Centre – Dehiwela

Trading and profit Loss Account for the year ended 31.12.2019

Item	2019	2018
Trade Income (plants and fertilizer)	6,302,736.00	6,288,143.00
<u>Less:</u> Cost of Sales		
Opening Stock	623,027.61	634,626.65
Purchases	4,351,415.88	4,574,456.25
Closing Stock	(579,784.89)	623,027.61)
	4,394,658.60	4,586,055.29
Gross Profit / Loss	1,908,077.40	1,702,087.71
Overhead Cost	(1,382,285.00)	(991,542.18)
Net Profit / Loss	525,792.40	710,545.53

Rice Flour Promotion Project

Trading and Profit Loss Account for the year ended 31.12.2019

Item	2019	2018
Purchases	434,087.50	391,310.00
Cost of Raw Materials	434,087.50	391,310.00
Production Cost	434,087.50	391,310.00
Sales Income	427,594.37	553,644.00
<u>Less:</u> Cost of Sales		
Opening Stock	64,006.66	71,167.84
Production Expenditure	434,087.50	391,310.00
B	498,094.16	462,477.84
Loss of Stocks	(72,894.44)	(32,396.21)
Closing Stock	(34,243.42)	(31,610.45)
	390,956.30	398,471.18
Gross Profit / Loss	36,638.07	155,172.82
Overhead Cost	(502,798.00)	(450,160.10)
Net Profit / Loss	(466,159.93)	(294,987.28)

Suwaposha Project

Trading and Profit Loss Account for the year ended 31.12.2019

Item	2019	2018
Opening Stock	30,000.00	90,250.00
Purchases	-	22,300.00
Closing Stock - Raw Materials	-	(30,000.00)
Cost of Raw Materials	30,000.00	82,550.00
Production Cost	30,000.00	82,550.00
Sales Income	0	80,205.00
Less: Cost of Sales		
Opening Stock	606.45	31,535.40
Production Expenditure	30,000.00	82,550.00
	30,606.45	114,085.40
Loss of Stocks	-	(186.60)
Closing Stock	-	(419.85)
	30,606.45	113,478.95
Gross Profit / Loss	(30,606.45)	(33,273.95)
Overhead Cost	(464,730.00)	(442,933.10)
Net Profit / Loss	(495,336.45)	(476,207.05)

Mawposha Project

Trading and Profit Loss Account for the year ended 31.12.2019

Item	2019	2018
Opening Stock	9,115.00	842,150.00
Purchases	-	180,105.00
Packing		3,700.00
Closing Stock - Raw Materials	-	(9,115.00)
	9,115.00	1,016,840.00
Production Cost	9,115.00	1,016,840.00
Trade Income	-	1,076,108.00
Less: Cost of Sales		
Opening Stock	3,777.58	56,266.06
Production Expenditure	9,115.00	1,016,840.00
	12,892.58	1,073,106.06
Loss of Stocks	-	(2,982.30)
Closing Stock	-	(795.28)
	12,892.58	1,069,328.48
Gross Profit / Loss	(12,892.58)	6,779.52
Overhead Cost	(472,480.00)	(905,502.70)
Net Profit / Loss	(485,372.58)	(898,723.18)

Compost Project - Buttala

Trading and Profit Loss Account for the year ended 31.12.2019

Item	2019	2018
Opening Stock	489,215.50	356,342.20
Purchases	<u>2,542,382.50</u>	<u>2,125,170.80</u>
Closing Stock- Raw Materials	(559,436.15)	(489,215.50)
	2,472,161.85	1,992,297.50
Production Expenditure	2,472,161.85	1,992,297.50
Trade Income	2,940,050.00	2,571,350.00
Less: Cost of Sales		
Production Expenditure	2,472,161.85	1,992,297.50
	2,472,161.85	1,992,297.50
Gross Profit / Loss	467,888.15	579,052.50
Overhead Cost	(375,675.20)	(402,128.80)
Net Profit / Loss	92,212.95	176,923.70

Traditional Rice Project

Trading and Profit Loss Account for the year ended 31.12.2019

Item	2019	2018
Opening Stock	163,966.93	-
Purchases	4,286,448.50	465,537.80
Loss of Stocks	-	(13,750.00)
Closing Stock	(2,440,095.62)	(150,216.87)
	2,010,319.81	301,570.87
Production Expenditure	2,010,319.81	301,570.87
Trade Income	2,426,497.90	636,149.00
Less: Cost of Sales		
Opening Stock	7,7780.00	-
Production Expenditure	2,010,319.81	301,570.87
	2,018,099.81	301,570.87
Loss of Stocks	-	(2,380.00)
Closing Stock	(357,202.30)	(5,400.00)
	1,660,897.51	293,790.87
Gross Profit / Loss	765,600.39	342,358.13
Overhead Cost	(716,112.80)	(1,212,327.26)
Net Profit / Loss	49,487.59	(869,969.13)

Buttala Farm

Trading and Profit Loss Account for the year ended 31.12.2019

Item	2019	2018
Purchases	5,050.00	
Trade Income	17,422.00	35,340.00
Gross Profit / Loss	12,372.00	35,340.00
Overhead Cost	519,909.92	664,389.50
Net Profit / Loss	(507,537.92)	(629,049.50)

Thanamalwila Farm

Trading and Profit Loss Account for the year ended 31.12.2019

Item	2019	2018
Income of the farm	50,000.00	116,000.00
Gross Profit / Loss	50,000.00	116,000.00
Overhead Cost	(478,959.96)	(475,686.60)
Net Profit / Loss	(428,959.96)	(359,686.60)

Soya Project

Trading and Profit Loss Account for the year ended 31.12.2019

Item	2019	2018
Trade Income	137,925.00	8,444,880.00
Less: Cost of Sales		
Opening Stock	174,705.00	10,130,705.00
Stock preparation charges	-	406,497.50
Closing Stock	-	(174,705.00)
	174,705.00	10,362,497.50
Gross Profit / Loss	(36,780.00)	(1,917,617.50)
Overhead Cost	-	610,069.66
Net Profit / Loss	(36,780.00)	(2,527,687.16)

BFN Project

Trading and Profit Loss Account for the year ended 31.12.2019

Item	2019	2018
Trade Income	147,534.00	361,967.00
Less: Cost of Sales		
Opening Stock	560.00	420.00
Purchases	150,529.00	173,265.48
Packaging	-	12,183.74
Closing Stock	(16,560.00)	(560.00)
	134,529.00	185,309.22
Gross Profit / Loss	13,005.00	176,657.78
Overhead Cost	603,265.72	526,132.10
Net Profit / Loss	(590,260.72)	(349,474.32)

Maize (import) Project

Trading and Profit Loss Account for the year ended 31.12.2019

Item	2019	2018
Trade Income	2,613,731,100.95	1,929,827,773.90
Less: Cost of Sales		
Opening Stock		
Purchases	2,561,772,094.81	1,887,997,331.20
	2,561,772,094.81	1,887,997,331.20
Gross Profit / Loss	51,959,006.14	41,830,442.70
Overhead Cost	380,059.71	754,871.35
Net Profit / Loss	51,578,946.43	41,075,571.35

Trading and Profit/ Loss Accounts

Project	2019		2018	
	Gross Profit /(Loss)	Gross Profit / (Loss)	Gross Profit / (Loss)	
Sales Outlet - Dehiwela	4,666,385.36	(222,405.80)	4,712,074.43	(1,067,562.74)
Restaurant - Dehiwela	1,536,515.64	(4,374.66)	1,555,395.47	278,553.47
Plant Sales Centre - Narahenpita	2,479,707.24	797,980.83	3,815,001.54	2,311,864.50
Plant Sales Centre - Dehiwela	1,908,007.40	525,792.40	1,702,087.71	710,545.53
Rice Flour Project - Kalankuttiya	36,638.07	(466,159.93)	155,172.82	(294,987.28)
Suwaposha Project	(30,606.45)	(495,336.45)	(33,273.95)	(476,207.05)
Mawposha Project	(12,892.58)	(485,372.58)	6,779.52	(898,723.18)
Compost Project - Buttala	467,888.15	92,212.95	579,052.50	176,923.70
Traditional Rice Project	765,600.39	49,487.59	342,358.13	(869,969.13)
Farm – at Buttala	12,372.00	(507,537.92)	35,340.00	(629,049.50)
Farm – at Thanamalwila	50,000.00	(428,959.96)	116,000.00	(359,686.60)
Soya Project	(36,780.00)	(36,780.00)	(1,917,617.50)	(2,527,687.16)
Purchasing of domestic Maize	-	-	113,877.02	(224,399.48)
Fruit juice Project	13,005.00	(590,260.72)	176,657.78	(349,474.32)
Maize (Import) Project	51,959,006.14	51,578,946.43	41,830,442.70	41,075,571.35
Total	63,814,916.36	49,807,232.18	53,189,348.17	36,855,712.11

3. Direct Development Expenditure has been mentioned under donations.

4. All the expenditure incurred for the administrative activities of the Head Office has been mentioned under the Treasury Funds.

5. Treasury Funds

Description	Budgetary Allocations	Actual Expenditure - 2019	Provisions from Treasury - 2019	Balance / Deficit
Recurrent	78,058,700.00	47,719,012.93	47,629,934.00	30,428,766.00
Capital	8,000,000.00	4,834,656.47	4,834,656.47	3,165,343.53
			52,464,590.47	

6. The Funds received from the Ministry of Agriculture and the World Food Programme were utilized as recurrent and capital expenditure as given below.

Description	Capital	Recurrent	Total
Rice Fortification Project	278,080.00	25,529,739.66	25,807,819.66
Organic Fertilizer Project	38,584.00	1,132,673.06	1,171,257.06
Paddy Sowing Feast	-	20,570.00	20,570.00
Total	-	-	26,999,646.72

Allocations from Treasury and Ministry (Recurrent and Capital)		Rs 79,464,237.19
Capital		Rs. 5,151,320.47
Recurrent		Rs.74,312,916.72

7. The decision of the Case No. DMR 02401-13 filed at the Colombo District Court on the amount of Rs.3,209,728.53 payable for the fence constructed at the Ambalanthota Farm is still pending.

8. A sum of Rs.3370595.55 which was spent in the years 2017 and 2018 out of Rs.81,134,631.80 received from the Small Tank Development Project has been deducted from the deposits as follows.

Refundable Deposit	Rs.81,269,260.00
Expenditure incurred in the year 2017	Rs (1,445,668.16)
Expenditure incurred in the year 2018	Rs. (1,924,927.39)
Total	Rs. 77,898,664.45

9. Accounts related to the Plant sales center, sales outlet and restaurant of Dehiwela have been presented separately.

10.A preliminary inquiry is being conducted by the Ministry of Agriculture regarding a misplacing of a certain quantity of soya which had been purchased under Local Soya Project.

Report of the Auditor General – 2019

National Audit Office

My No: AGL/D/HCB/01/19/19

Date: 13th July 2020

The Chairman

Sri Lanka National Freedom from Hunger Campaign Board

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Sri Lanka Freedom from Hunger Campaign Board for the year ended 31st December 2019 in terms of the Section 12 of the National Audit Act No.19 of 2018.

Aforesaid report is attached herewith.

W.P.C.Wickremaratne

Auditor General

Copies:

1. Secretary, Ministry of Mahaweli, Agriculture, Irrigation and Rural Development
2. Secretary, Ministry of Finance, Economic and Policy Development

National Audit Office

My No: AGL/D/HCB/01/19/19

Date: 13th July 2020

The Chairman

Sri Lanka National Freedom from Hunger Campaign Board

Report of the Auditor General on the Financial Statements of the Sri Lanka Freedom from Hunger Campaign Board for the year ended 31st December 2019 in terms of the Section 12 of the National Audit Act No.19 of 2018.

1. Financial Statements

1.1. Opinion

The audit of the financial statements of the National Freedom from Hunger Campaign Board for the year ended 31st December 2019 comprising the statement of financial position as at 31 December 2019 and statement of financial performance, statement of changes in equity, and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in Parliament in due course.

In my opinion, except for the effects of the matters described under Basis for Qualified Opinion of my report, the accompanying financial statements give a true and fair view of the financial position of the National Freedom from Hunger Campaign Board as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

- a) In accordance with Sri Lanka Public Sector Accounting Standards No. 03, although the financial statements issued after the detection of errors in the sufficient prior period, it is necessary to restore the comparatively comparable values and disclose the nature of the errors and how they were adjusted in the financial statements, errors of Rs.8,012,320 had been corrected and restored in the financial statements during the year under review but had not been disclosed in the financial statements.
- b) The Board had made amortization adjustments for the assets purchased through Treasury Grants from 31 December of the year under review including the period from 2015 to 2018. However, understating of the amortization adjustments made for the period from 2015 to 2018 amounting to Rs.5,043,761 and understating of the amortization for the year 2019 amounting to Rs.798,157 had been shown in the financial statements.
- c) The liability of rates payable to the Colombo municipal Council for the Head Office building in Narahenpita from 2004 to 2019 amounted to Rs.2,384,989 had not been adjusted in the accounts and stated in the financial statements.
- d) The interest income of Rs.331,907 received from a fixed deposit in respect of the year 2018 had been shown as an investment income of the year under review and the investment income receivable amounted to Rs.774,855 relating to the year under review had been understated in the financial statements.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibilities of Management and those charged with Governance on the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

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

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

1.4 Auditor's Responsibility on the audit of financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- , Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- , Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- , Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- , Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the parties involved in the governance regarding the significant audit findings, main internal control deficiencies and related matters that I identify during my audit.

2 **Report on Other legal and regulatory Requirements**

Special provisions are included in relation to the following requirements and the National Audit Act No. 19 of 2018.

- Except for the effect of the matters described in the paragraph under Basis for Qualified Opinion, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Board as per the requirement of section 12 (a) of the National Audit Act No.19 of 2018.
- The financial statements of the Board are consistent with the preceding year as per the requirement of Section 6 (1) (d) (iii) of the National Audit Act No. 19 of 2018.
- The financial statements presented are included all the recommendations made by me in the previous year as per the requirement of Section 6 (1) (d) (iv) of the National Audit Act No.19 of 2018.

Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention so as to make following statements.

- , To state that any member of the governing body of the Board has any direct or indirect interest in any contract entered into by the Board which are out of the normal cause of business as per the requirement of Section 12 (d) of the National Audit Act No.19 of 2018.
- , To state that the Board has not complied with any applicable written law, general and special directions issued by the governing body of the Board as per the requirement of Section 12 (f) of the National Audit Act No.19 of 2018 except for the following observations.

<u>Reference to Laws/ Regulations</u>	<u>Description</u>
(a) Financial Regulation No.104 of the Democratic Socialist Republic of Sri Lanka	No action had been taken to investigate relating to loss of a mobile phone worth of Rs.48,990 at the Narahenpita Head Office, Fraud of Rs.77,362 at the Narahenpita Nursery in 2012 and misplacement of 37,223 kg of soyabeans worth of Rs.4,094,596 in the Upuldeniya warehouse in Anuradhapura in 2018.
(b) Section 13.1.2 of the Chapter II of the Establishments Code of the Democratic Socialist Republic of Sri Lanka	Although a qualified officer in every way had to be appointed to the relevant post as per the Scheme of recruitment for an acting appointment, an unqualified Project Assistant Grade III was appointed as an Acting Director 02 May 2011 and an acting allowance of Rs.96,150 had been paid for 15 months.
(c) Procurement Guidelines of the Government i. Section 5.4.10	Although a Performance Security not less than 10% of the agreed value of supply should be obtained from a supplier of goods, only a security value of Rs. 5 million had been obtained from a private company which had imported maize valued Rs. 1,506 million instead of the security which had to be obtained not less than Rs.150.6 million. The contracts had been awarded to another two private companies which had signed agreements at Rs.618.7 million and Rs.500.6 million without obtaining any security for the same purpose. However, performance Securities of Rs 5 million each had been reduced in contrary to the provisions of the Procurement Guidelines in making the payments to those suppliers.
ii. Revised Section 2.14.1	Although the approval should be obtained from the Procurement Committee appointed by the Cabinet of Ministers for the procurement process of import of maize valued Rs.2,690 million, it had been approved by the Procurement Committee appointed by the Board. One of the Members among three Committee Members had not signed that procurement decision.

- , To state that the Board has not performed non-compliance with its powers, functions and duties as per the requirement of Section 12 (g) of the National Audit Act No. 19 of 2018 except the following observation.

In 2017 and 2018, the soil of the tanks was removed and sold to the expressways, which was not the purpose stated in the Sri Lanka Freedom from Hunger Campaign Board Act No.15 of 1973. A sum of Rs.3,370,595 had spent for the removal of soil and revenue of Rs.81,134,631 was earned from the sale of soil to the expressways. Although, it was stated that the tanks should be developed to the proper standard under the engineering guidance of the Department of the Agrarian Development after obtaining funds from the relevant farmers' organizations for the soil provided by the tank project and using that money along with the government allocations, instead of that Rs.77,764,036 was kept in a fixed deposit account.

- , To state that the resources of the Board had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of Section 12 (h) of the National Audit Act No.19 of 2018.

3 Other Audit Observations

- (a) A sum of Rs.145 million had been allocated for 11 projects through the revised Action Plan in 2019 and 45% out of it had been utilized. Three projects out of these 11 projects have been implemented by the Board so far. They were the soya related food production project which has been researched and identified as an innovation, production project of fruit juice by using underutilized fruits and project of producing suwaposha, Mawposha and Dosai flour which were the special products of the Board. The Board had decided to manufacture, distribute and promote them in agreements with the private business companies without taking action to make profits by using its own resources, production capacity and market opportunities in the production of such products. Although Rs.3.95 million had been allocated through the Action Plan for processing of 75 metric tons of dry dung and coir at the Thanamalwila farm, such productions had not been carried out
- (b) Although it had been planned to produce 300,000 kg of compost fertilizer and potting mixture in Buttala farm as per the Action Plan, only 129,115 kg (43%) of compost and 119,000 kg (40%) of potting mixture had been produced. The net profit of the fertilizer Project had been declined by 48% as compared to the previous year.

- (c) Although the arrangements had been made to produce 25,000 bottles of fruit drinks in the production project of fruit drinks using underutilized fruits in the year 2019, only 12% out of that target had been produced and although Rs. 2.8 million had been spent for soya related food production project during last three consecutive years, the final product had not been presented to the consumers by the Board.
- (d) Since the Board had not taken action to check standards in the import of maize, 13,000 metric tons of maize which was imported non-compliance with the prescribed specifications by an importer, had been distributed among the animal food manufactures. No evaluation had been carried out on the impact to the animal foods in this regard.
- (e) According to the information provided by the Board, although the quantity of maize imported during the year under review had been stated as 49,554 metric tons due to the insufficient of domestic production, the actual quantity of maize imported was 37,186 metric tons as per the information obtained from the Customs regarding these imports. Accordingly, it was observed that the difference of 12,368 metric tons had been replenished from the maize stock which had been purchased from the local farmers at low prices and stored. It could not be ruled out at the audit the suspicion on making an unjust profit around Rs.55 million even at the lowest prices by hiding the maize stocks by importers. However, although the Cabinet of Ministers had entrusted the power to the Board to intervene these matters, the Board had not taken any action in this regard.

W.P.C.Wickremarathna
Auditor General

Expression of Thanks

Sri Lanka National Freedom from Hunger Campaign Board expresses its gratitude to all the members of the staff for cooperation and untiring contribution extended in the implementation of its accelerated action plan. If they had not extended their continuous support and commitment, we would not have achieved the task, which was performed by this year. We also express our gratitude to the Chairman, Vice Chairman, and the Board of Directors for valuable contribution made constantly.

Further, Sri Lanka National Freedom from Hunger Campaign Board expresses its sincere thanks to the Hon. Minister of Agriculture, the Secretary, Additional Secretaries, Chief Accountant, Project Director including other members of the staff of the Ministry and also to the staff of the Audit Division who have given tremendous support for the purpose of successfully completion of the Action Plan of the year 2019.

We also express our heartfelt gratitude for the cooperation extended us by the State Institutions, World Food Programme and other Private Institutions and organizations.