

ANNUAL REPORT 2020



URBAN DEVELOPMENT AUTHORITY



**Ministry of Urban Development,
Cost Conservation Waste Disposal & Community
Cleanliness**



Annual Report 2020

Urban Development Authority



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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



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1.1 Introduction to the Report

As a country which is focused on sustainable development, Urban Development Authority (UDA) acts as one of the main institutions that guide to achieve the Physical, Social and Economic Development of the Nation. Steps made to promote sustainable development have been depicted here as the overall performance of the Urban Development Authority, providing a deeper view of the Authority's performance for the fiscal year 2020.

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, housing, 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 2020 with the Chairman's review for the respective year.

The report briefly exemplifies the advantages and services offered to the public by Integrated planning, which integrates Physical, Economic, Social, and Environmental elements in urban areas.

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 been undertaken locally by provincial and district offices as well as special projects 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.

Financial statements 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 been 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 2020 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 contributes significantly to the physical economic social and environmental development of the country through sustainable, secure, and friendly urbanization. A well-managed urban environment benefits all economic activities and contributes to the development of all economic sectors, both directly and indirectly.

Because of the Covid epidemic, the year 2020 will be more difficult than previous years. On March 13, 2020, the entire country shut down for three months and then gradually reopened with several limitations. Despite these hurdles, the whole UDA team has agreed to work from home. But as a team we have been able to complete impressive national important projects such as relocation of manning market project, Urban Agriculture project at Madiwela and other urban recreational projects as Urban forest park at Colombo and pedestrian facility center at Colombo build more than 3900 housing units for shanty dwellers in the city of Colombo to uplift the living standards of urban low-income earners sing units for shanty dwellers in the city of Colombo to uplift the living standards of urban low-income earners which are directly and indirectly contributes to the country's development several times larger than their costs- Also, continued preparation of 29 development plans 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 and continued in this year.

I want to emphasize that, especially in this pandemic crisis, not only one individual or a small number of people played a role in the duties and accomplishments listed in this report. At this time, I also want to sincerely thank all the staff members who contributed.

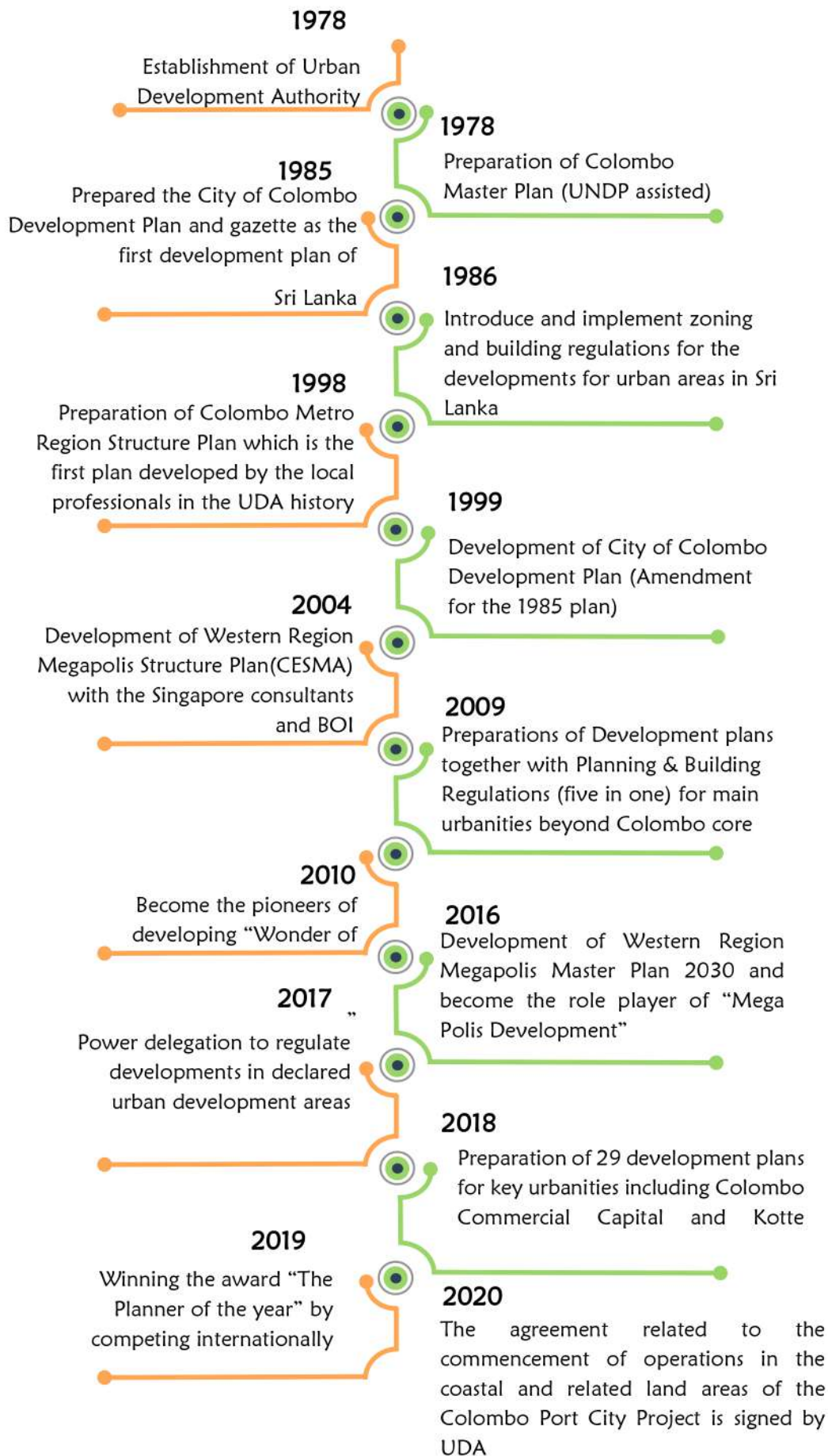
Chairman

Urban Development Authority

2 Year 2020 UDA

- 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 the UDA
- 2.8. Subsidiary & Associate Companies

2.1 Milestones of UDA



2.2 VISION / MISSION WORKS SPECTRUM

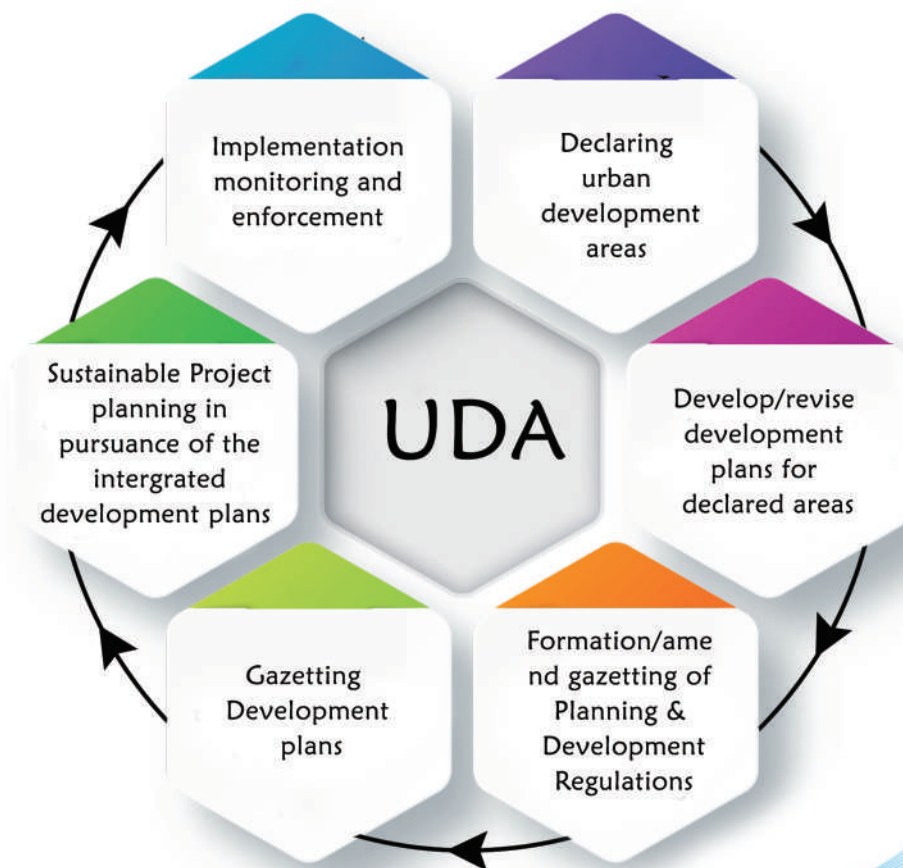
VISION

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

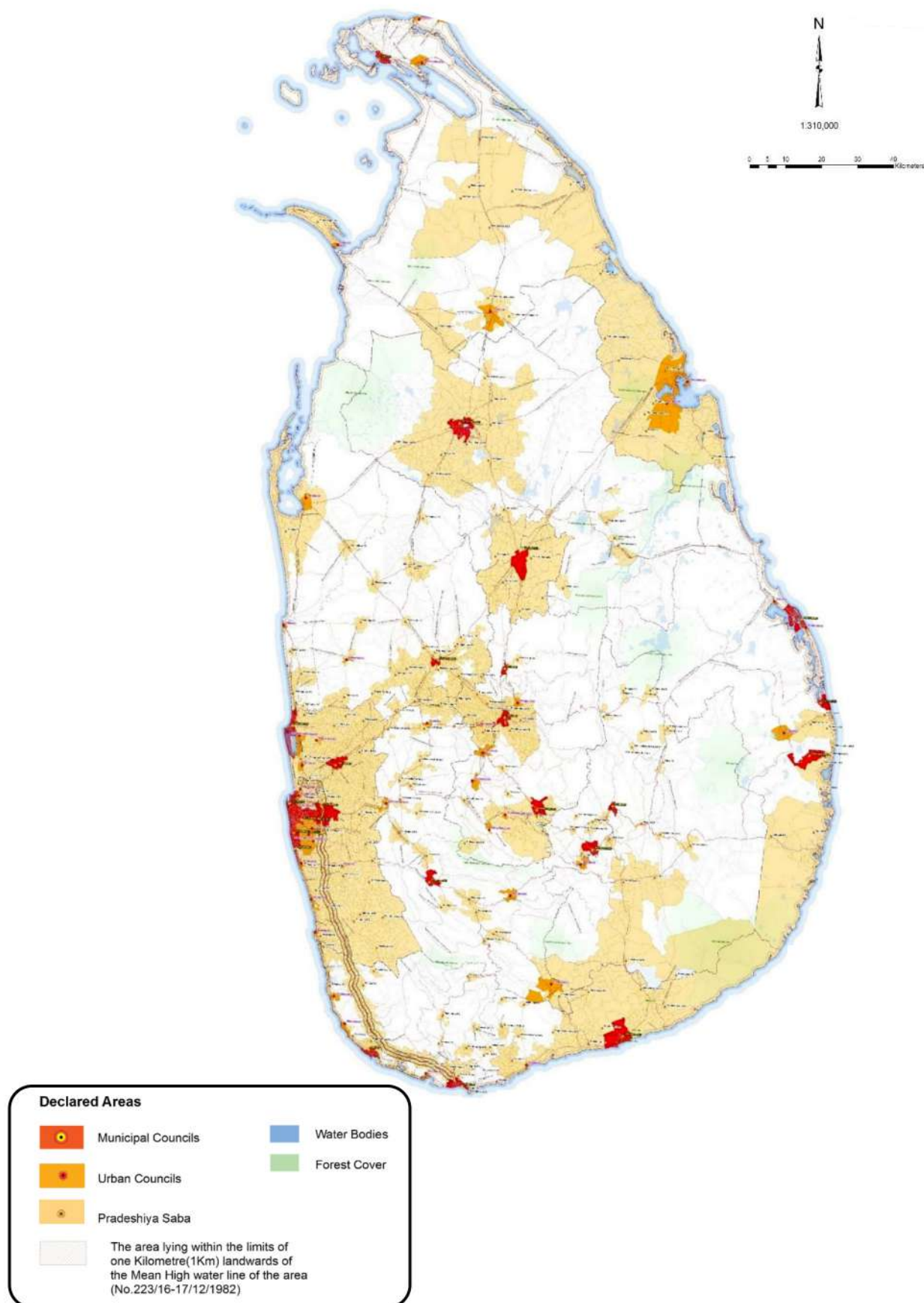
The Covid pandemic will make 2020 more challenging than prior years. On March 13, 2020, the entire nation went under lockdown for three months before slowly reopening with some restrictions. The entire UDA team has committed conduct duties from home to overcome these obstacles.

But in this circumstance, The Urban Development Authority has undertaken many development projects and programmes for the urban areas as the pioneer of the 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 even with this critical situation.

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. Further loan facilities, festival advances, bonus and medical allowances were provided for the employees of the authority in 2020.

2.4 UDA Declared Areas - 2020



2.5 Board of Management

Arch. L A P Harshan De Silva -
Chairman
Chairman UDA
 BSc. (B.E), MSc. (Architecture)



Mr. N.P.K. Ranaweera -
Secretary
Director General, UDA
 BSc (Emv), MSc (T&CP)
 ,MITPSL
 University of Moratuwa

Mr. P S P Abeywardena
Addl. Secretary, State Ministry of
Provincial Council and Local
Government
Member



BA (Arts), MA (Sociology), P.G.
 Diploma Education, National
 Diploma in Teaching



Ms. K V C Dilrukshi
Director
Dept. of public Enterprise,
Member

Fellow member of the Institute of
 Chartered Accountants of SL
 MBA (IUJ) Japan, MBS (UOC)
 BSc. Accountancy & Financial
 Management (Special)

Mr. R A A K Ranawaka
Secretary, Ministry of Lands
Member



B.Com (SP) Hons., PGD Mgt, LICA,
 MBA



Ms. K V Indrani Mallika
Addl. Secretary, Ministry of
Power & Energy
Member

BSc in BIO Science, Msc in
 Development & Planning

Mr. A H M U Aruna
Bandara
Director General, Ministry of
Industries
Member



B.A. (Econ), MSc (Econ)



Major. Gen. (Retd.) Dr. S H
Munasinghe
Secretary, Ministry of Health

Member
 MBBS, MD (Radiology), FSLCR

Mr. L H Thilakaratne
Addl. Secretary, Ministry of
Transport
Member



Master of Social Work (MSW) –
 2010 (NIS), PG Diploma in
 Counselling, PG Diploma in
 Economic Development
 B.A. (Hons) Economic – University
 of Colombo



Mr. G W G Abegunawardene
Director General, NPPD
Member

BSc. – EMV (Special)
 MSc – Urban Land appraisal (UK)

**Mrs. J M Bhadranie
Jayawardhana**

Member
SLAS (Special Grade)



Mr. Renuka D Perera

Member

Mr. K G Wijesiri

*Addl. Secretary, Ministry of
Education*

Member



Mr. W M S Wijesinghe

Member

Associate member of Institute of
Bankers

**Mr. Madhawa
Waidyarathna**
*Addl. Secretary, Ministry of
Urban Development &
Housing*

Member

BSc. (Chemistry Special) – 2nd
Class Upper division, MBA,
MSc (IT). MA



Mr. G K Pathirana

Attorney at Law

Member

BA – Attorney at Law

Mr. Saakya Ukwatta
*Managing Director,
MK Energy – McCullum Group)*

Member

BSc (Physical Science)
MSc (Renewable Energy
Sustainable Development)
Diploma in Hospitality
Management



**Mr. V I Roshan
Dayarathne**
Member

BSc. (Engineering), UOM
MBA, PMI - Project Management
Institute

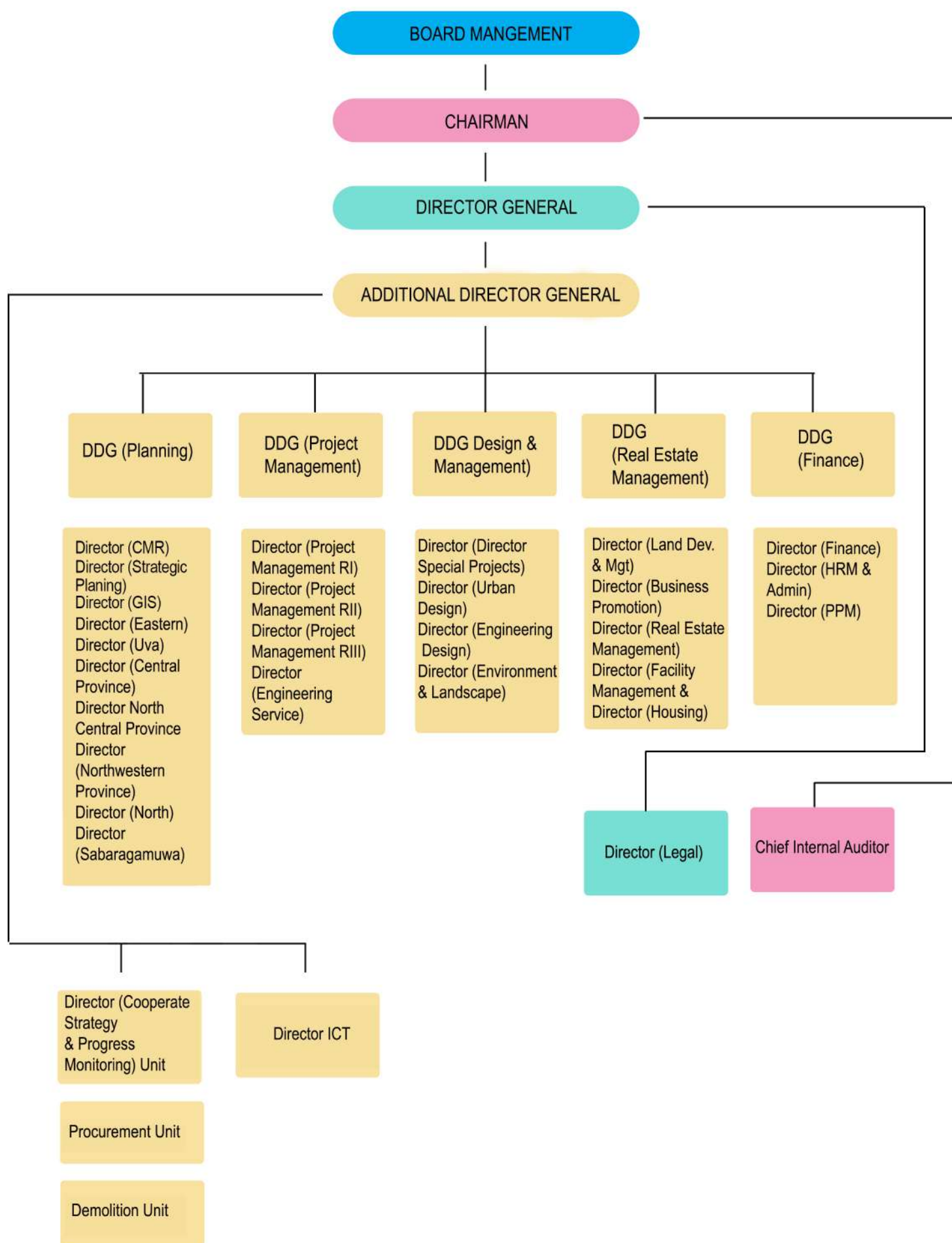
Key Personnel

	Designation	Name
1	Chairman	Mr. Harshan de Silva
2	Director General	Mr. N.P.K. Ranaweera
3	Additional Director General	Mr. D.M.B. Ranathunga
4	Deputy Director General (Finance)	Mrs. W.V. Chaya Thilini
5	Deputy Director General (Projects)	Mr. M.C. Withanarachchi
6	Deputy Director General (Planning) Zone I	Mr. M.P. Ranathunga
7	Deputy Director General (Consultancy) Contract	Ms. Champika de Silva
8	Director (CMR)	Mr. M.M.L.P. Wijayarathne
9	Director (Land Development and Management)	Mr. H.A. Dayananda
10	Director (GIS)	Ms. J.P.S. Somasekera
11	Director (Strategic Planning)	Mrs. R.L.P.P. Nawarathne 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
17	Director (PPM)	Mr. K.H.M.W.K. Aberathne
18	Director (Environment and Landscaping)	Mrs. C.K. Kalupahana
19	Director (Designs, Project Management and Consultation)	Mr. L.N.N.A. Samarasinghe
20	Director (Legal)	Mrs. T. Liyanarachchi
21	Director (Finance)	Mr. H.R.S.C. Gunathilaka
22	Director (North Western Province)	Mr. W.J. Senevirathna Mr. N.A.S.N. Nissanka Mr. E.M.S.B. Ekanayaka
23	Director (Sabaragamuwa Province)	Mr. D.M.S.M. Dissanayake
24	Director (Southern Province)	Mr. K.H.M.W.K. Aberathna Mr. H.J.C. Ranaweera
25	Director (Uva Province)	Mr. H.M.A.R. Medawala Mr. D.M.S.M. Dissanayake

26	Director (Development Planning – Northern and Eastern Provinces)	Mr. Y.A.G.K. Gunathilaka
27	Director (North Central Province)	Mr. L.J. Liyanage
28	Director (Eastern Province)	Mr. E.M.S.B. Ekanayake Mr. M.M.L.P. Wijerathna Mr. L.J. Liyanage
29	Director (Western Province)	Mr. H.J.C. Ranaweera Mr. N.A.S.N. Nissanka Mr.Y.A.G.K.Gunathilaka
30	Director (Central Province)	Mr. N.A.S.N. Nissanka Mr.K.M.S.B. Ekanayaka Mr. N.A.S.N. Nissanka
31	Director (Northern Province)	Mr.Prasad Ranaweera
32	Head (Business Promotion)	Mr. R.M. Dhananjaya Siriwardena
33	Chief Internal Auditor	Mrs. N.P. Dissanayake
34	Director (Project Management)	Mr. G.N. Premawardana
35	Director(Consultancy -Architect)	Mr. G.N. Premawardana
36	Deputy Director (Planning) / Unit Head (Enforcement Audit and Monitoring Unit)	Mrs. A.T.P. Alwis Mrs. M.H.V.Rathna kumar
37	Unit Head (Planning- Information Systems)	Mr M.M. Anura Prasanna
38	Director (Real Estate Development)	Mr M.M. Anura Prasanna
39	DY. Dir./ Head of the Unit (Consultant – North Central Province) Director (Project Mgt-NorthernRegion)	Mrs. B.L.K. Indika Balasooriya
40	DY. Dir. (Planning)/ Unit Head (Issuing Building Applications)	Mrs. W.A. Rupa Ranjani
41	DY. Dir./ Head of the Unit (Consultant – Southern Province) Director(Project Mgt-Southern Region)	Mrs. Lawanya Weeraooriya

42	Dep. Dir./ Head of the Unit (Consultant – Western Province) Director(Project Mgt-WesternRegion)	Mrs. W.T. Thilakarathna
43	Director(Facility Mgt.,)	Mr. H.G. Sarathchandra
44	Director(Progress Monitoring)	Mr.P.D.K.Pathirana
45	Director (Architecture)	Mr. S.P.K. Kapugamaarachchi

2.6 Institutional Tree I Management Structure



2.7 Divisions of the UDA

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

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.

Divisions under the Additional Director General

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.

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.

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 with required technical assistance. In addition, the GIS Division facilitates the plotting of large size maps. The Printing Unit of UDA handles bulk printing also operates under this division.

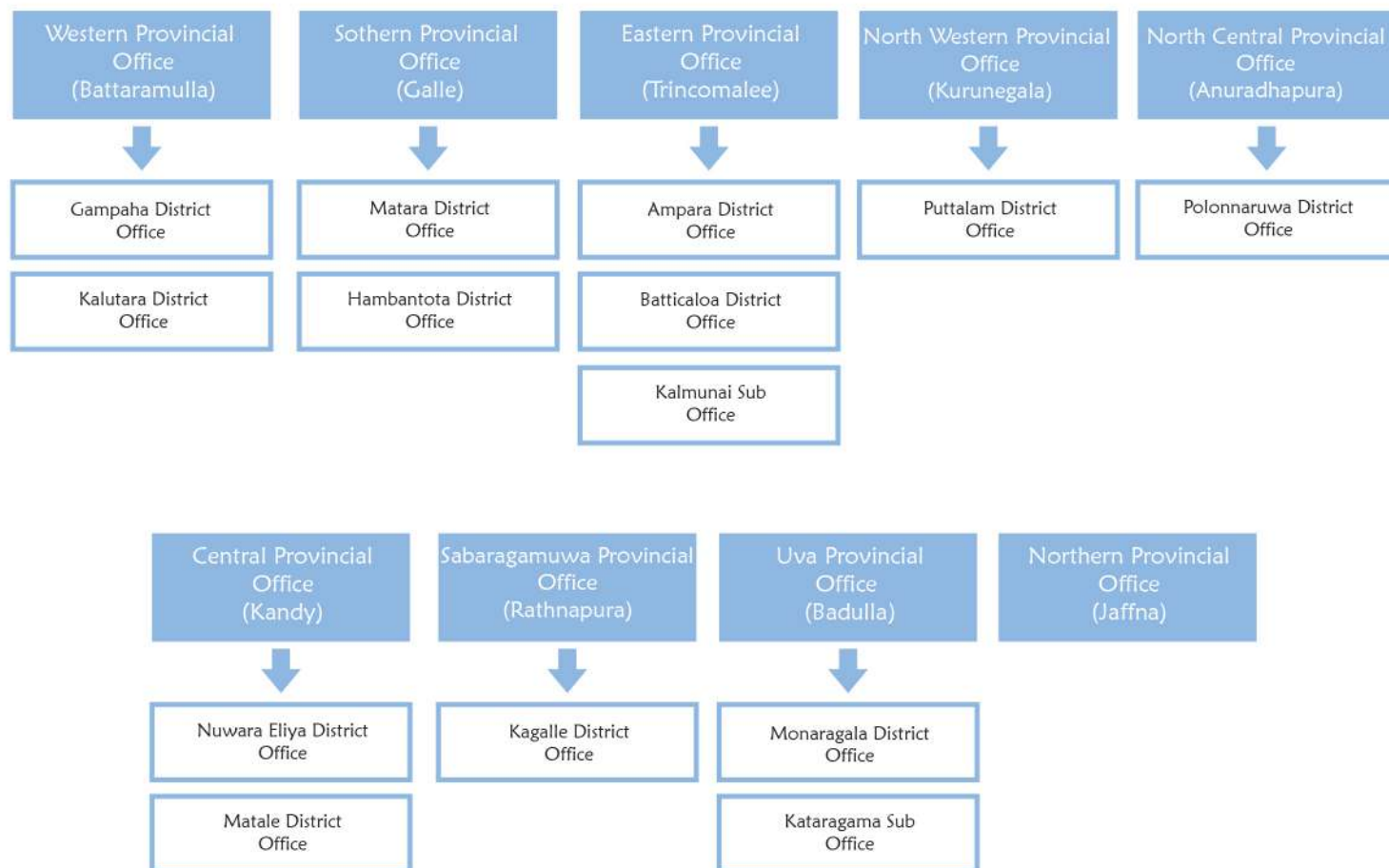
Provincial Offices

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.

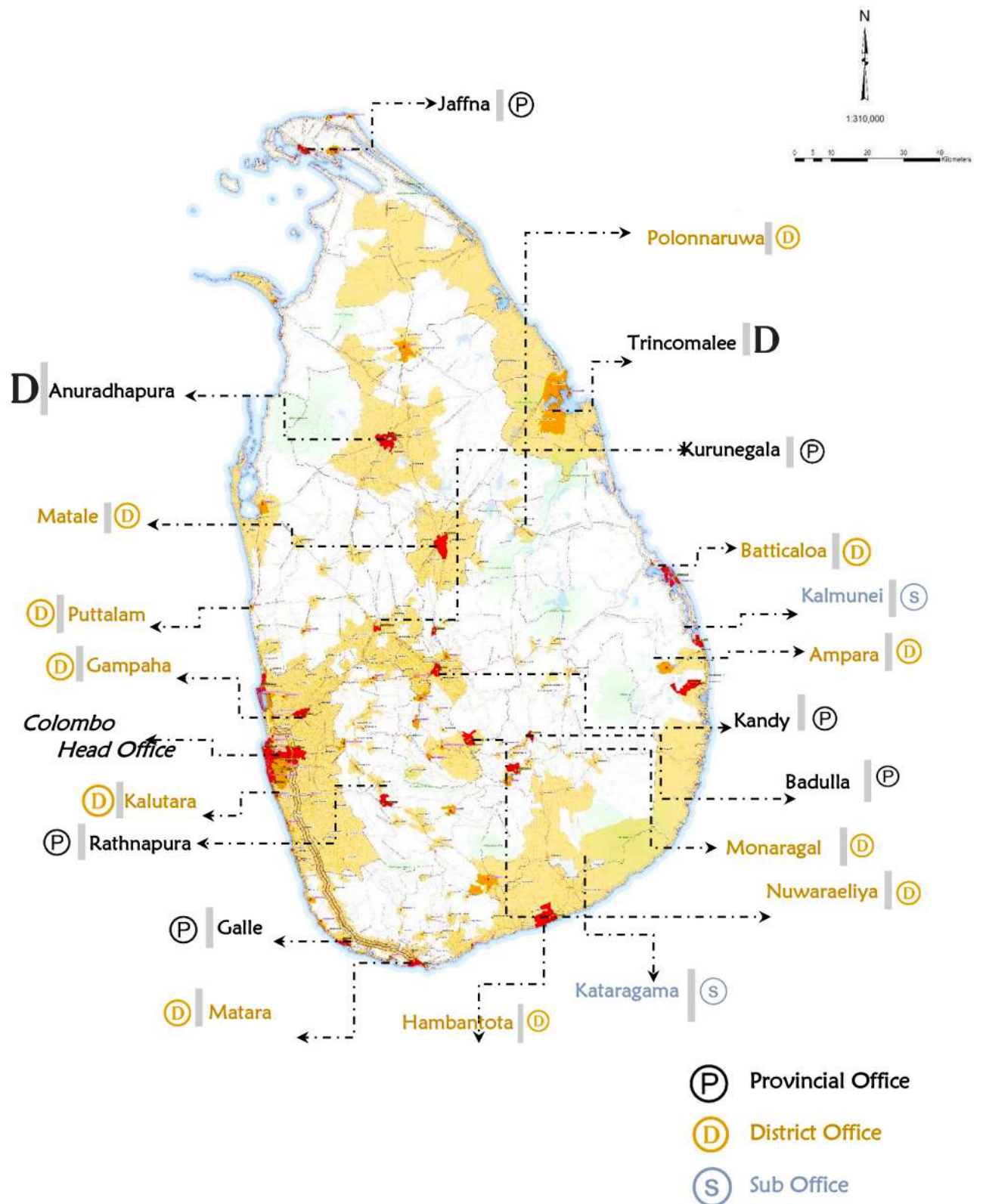
The Provincial Offices are responsible for overall development activities within the declared urban development areas within their provinces. These Provincial Offices carryout all planning, enforcement and project activities within these declared areas.

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

Provincial Offices/ Sub offices of the UDA



We are in Action



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,

Project Management (Western Region) Division

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.

Project Management (Southern Region) Division

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.

Project Management (Northern Region) Division

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.

Procurement unit

All the departmental procurement done by the procurement unit

Progress Monitoring Unit

This section primarily monitors the progress of UDA-led projects. This unit works with the other divisions to develop action plans. Monthly and quarterly progress reports are sent to the line ministry and the presidential office.

Divisions under Deputy Director General (Design and Management)

Engineering Design 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 implementation internally by UDA and externally by other government Institution.

Design Project Management & Consultancy Division (DPM & C)

Mainly engaged in architectural consultancy projects, identified as special projects undertaken by the UDA. These projects are implement 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 undertaken by the UDA. In addition, this division also provides consultancy services related to environment and landscape planning related projects identified for implementation 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.

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.

Middle Income Housing Division

The main role of the housing division is to carryout 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.

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 way. 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 Subsidiary & Associate Companies

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 managed by the Independent Board of Directors. 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.

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.

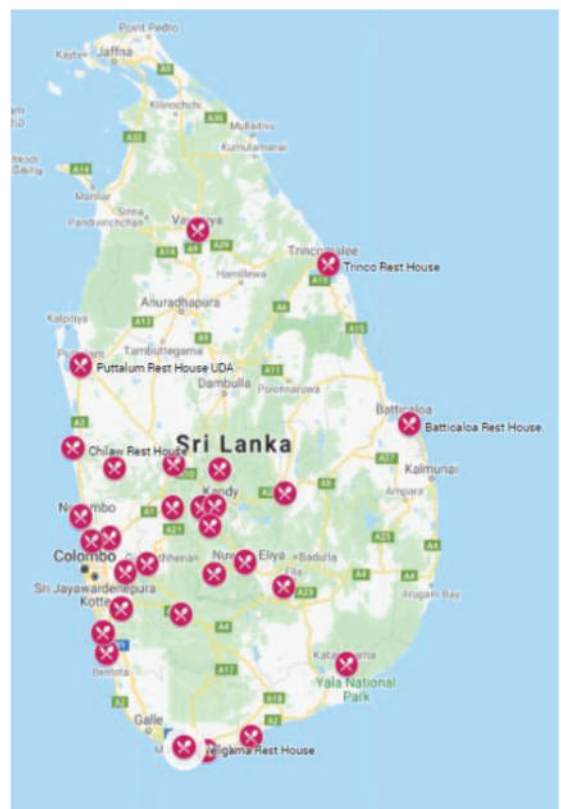


Lanka Rest House Limited



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 administer 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 Waligama 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 (RegistrationNo.PV17667)

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.

On'ally 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 45% of the company.

Highlights of the year



Urban Development Authority Year At a Glance 2020



Highlights of the Year

3.1. Provincial Office Performance Highlights

3.2.. Head office divisions Highlights

3.3. Planning Highlights

3.4. Project Highlights

3.5. Enforcement Highlights

3.6.Social Works & Other Achievements

3.1 Provincial Office Performance Highlights - 2020

Western Province offices

- Western Province Division & Colombo Metro Region (CMR)
- 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 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”



2020 Highlights

Colombo

Western Province

Division

9th floor,
Sethsiripaya,
Battaramulla
+94 11 2863101



- Spatial Planning
- Enforcement Activities
- Project Planning & Implementation
- Environmental Impact Assessment

PLANNING

100%

Development Planning contribution

ENFORCEMENT

24.65%

Processed from all types of total files



HUMAN ASSETS

PROJECTS

1,012.98 Million Worth projects initiated

Management	Total
Senior	01
Middle	18
Junior	0
MA Tech	02
MA Non Tech	07
Primary	03
Trainee	06

2020 Highlights

Colombo CMR Division

9th floor,
Sethsiripaya,
Battaramulla
+94 11 2872616



Key Functions

- Spatial Planning
- Enforcement Activities
- Project Planning & Implementation
- Traffic Impact Assessment
- Environmental Impact Assessment

PLANNING

100%

Development Planning
contribution

ENFORCEMENT

24.65%

Processed from all types of
total files



HUMAN ASSETS

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

PROJECTS

Rs. 844.76 Million
Worth Projects Started

No of projects completed: **5**

2020 Highlights

Gampaha

Western

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



Key Functions

Spatial Planning

Enforcement Activities

Project Planning & Implementation

PLANNING

100 %

Development Planning
contribution

ENFORCEMENT

11.20%

Processed from all types of
total files

PROJECTS

HUMAN ASSETS



Management	Total
Senior	3
Middle	13
Junior	2
MA Tech	4
MA Non Tech	11
Primary	3

Rs. 168.65 Million

Worth projects started

No of projects completed: **0**

2020 Highlights

Kalutara District Office

Western Province

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



Key Functions

Spatial Planning
Enforcement Activities
Project Planning &
Implementation

PLANNING

100%

Development planning
contribution



ENFORCEMENT

5.57 %

Processed from all types
of total files

HUMAN ASSETS

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

PROJECTS

Rs. 62.34 Million

Worth projects

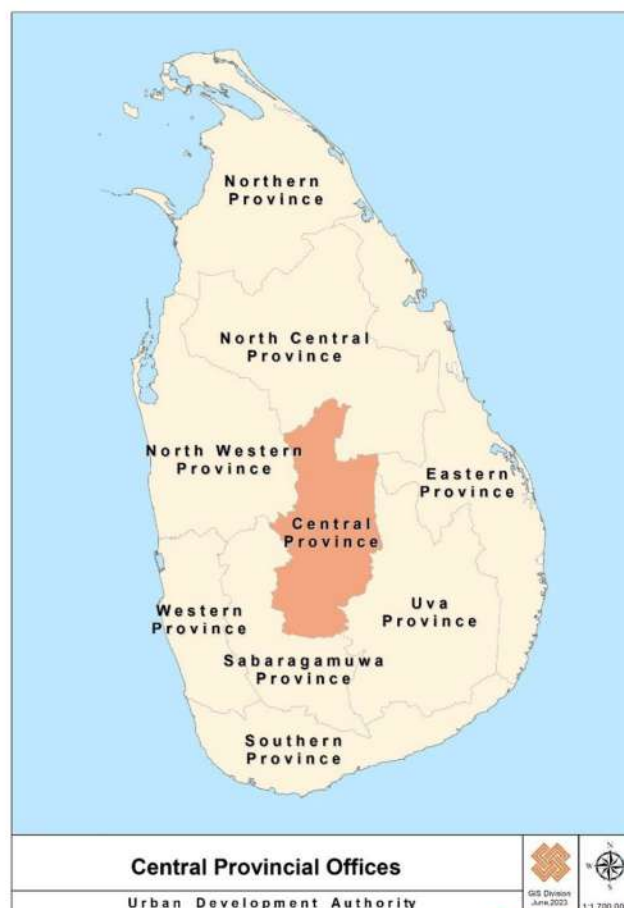
No of projects completed: **2**

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”



2020 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

PLANNING

100 %

Development Planning
contribution

ENFORCEMENT

6.58%

Processed from all types of
total files



HUMAN ASSETS

Management		Total
Senior		2
Middle		20
Junior		4
MA Tech		9
MA Non-Tech		21
Primary		5

PROJECTS

32.29 Million Worth
projects started

2020 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

PLANNING

100 %

Development Planning
contribution

ENFORCEMENT

0.72 %

Processed from all types of
total files



HUMAN ASSETS

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

PROJECTS

112 Million Worth
projects started

2020 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

PLANNING

100 %

Development Planning
contribution



ENFORCEMENT

1.88 %

Processed from total files
of the authority

HUMAN ASSETS

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

PROJECTS

32 Million Worth
projects started

No of projects
completed: **02**

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”



2020 Highlights

Galle

Southern Provincial Office

149,
Abdul Wahab
Mawatha,
Pettigalawattha
Galle.
+94 91 2247305



Key Functions

Spatial Planning
Enforcement Activities
Project Planning &
Implementation
Legal Activities

PLANNING

100%

Development Planning
contribution

ENFORCEMENT

9.07 %

Processed from all types of total
files



HUMAN ASSETS

PROJECTS

Management	Total
Senior	1
Middle	18
Junior	4
MA Tech	3
MA Non-Tech	10
Primary	11

2020 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

PLANNING

100%

Development Planning
contribution

ENFORCEMENT

2.19 %

Processed from all types of total
files



HUMAN ASSETS

Management	Total
Senior	-
Middle	19
Junior	5
MA Tech	3
MA Non Tech	09
Primary	14

PROJECTS

236

 Million Worth
projects started.

2020 Highlights

Hambantota District Office

Southern Province

Administrative
Complex.

Hambantota
+94 47 2256069



Key Functions

Spatial Planning
Enforcement Activities
Project Planning &
Implementation
Legal Activities

PLANNING

100%

Development Planning
contribution



ENFORCEMENT

2.28 %

Processed from all types of
total files

HUMAN ASSETS

Management	Total
Senior	-
Middle	13
Junior	1
MA Tech	2
MA Non-Tech	13
Primary	11

PROJECTS

296 Million

Worth projects started.

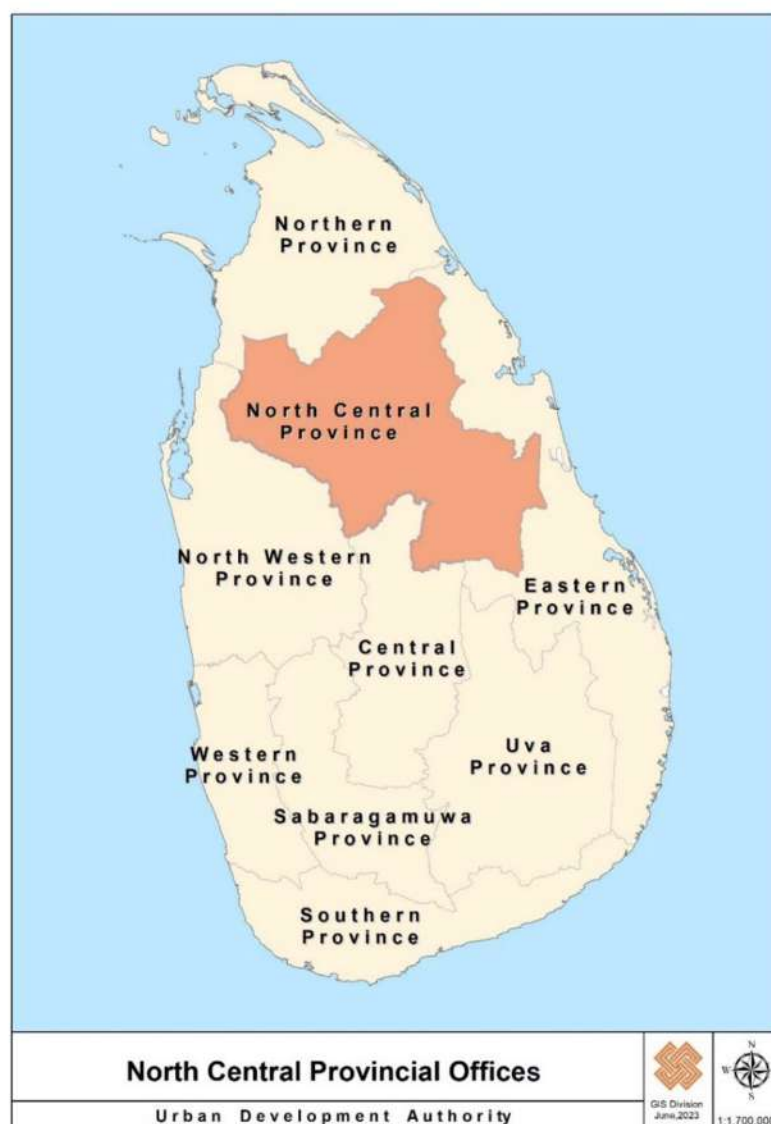
No of projects
completed: **04**

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.”



2020 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

PLANNING

100 %

Development Planning
contribution

ENFORCEMENT

5.31%

Processed from total files

HUMAN ASSETS

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

PROJECTS

90.27 Million

Worth projects started in



2020 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

PLANNING

100 %

Development Planning
contribution

ENFORCEMENT

0.56 %

Processed from all types
of total files



HUMAN ASSETS

PROJECTS

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”



2020 Highlights

Northern Province

No: 134,
Station Road,
Jaffna.

+94 21 2219519



Key Functions

Spatial Planning
Enforcement Activities
Project Planning & Implementation

PLANNING

100 %

Development Planning contribution



ENFORCEMENT

9.08 %

Processed from all types of total files

HUMAN ASSETS

Management	Total
Senior	1
Middle	13
Junior	1
MA Tech	3
MA Non Tech	2
Primary	7

PROJECTS

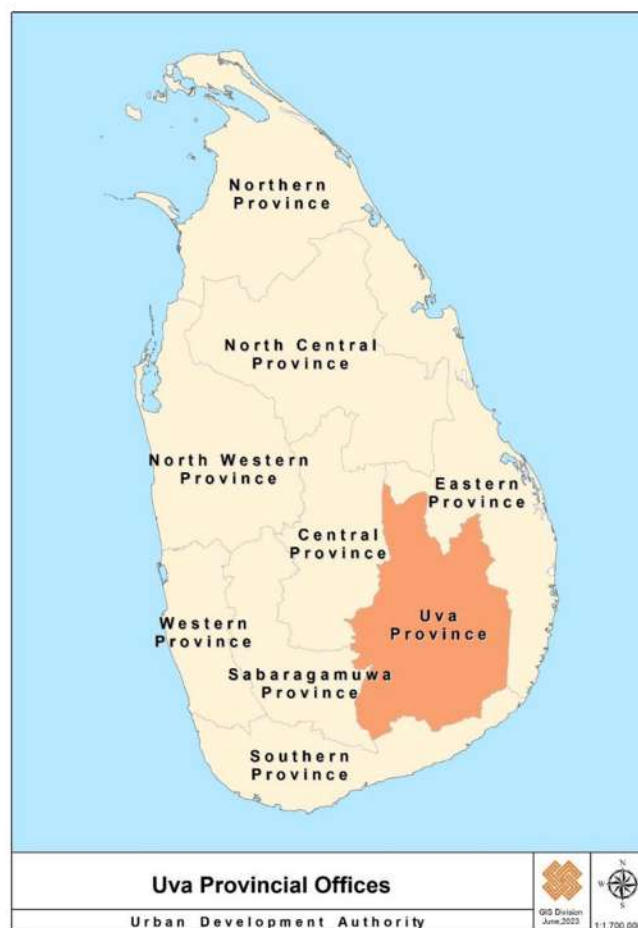
48.5 Million Worth projects started in 2020

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

PLANNING

100 %

Development Planning
contribution

ENFORCEMENT

2.20 %

Processed from all types
of total files



HUMAN ASSETS

Management	Total
Senior	2
Middle	10
Junior	3
MA Tech	1
MA Non Tech	4
Primary	10

PROJECTS

0 Million Worth
projects started in
2020.

No of projects
completed: **02**

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

PLANNING



ENFORCEMENT

2.19 %

Processed from total files

HUMAN ASSETS

Management	Total
Senior	0
Middle	3
Junior	0
MA Tech	2
MA Non-Tech	1
Primary	14

PROJECTS

74.84 Million

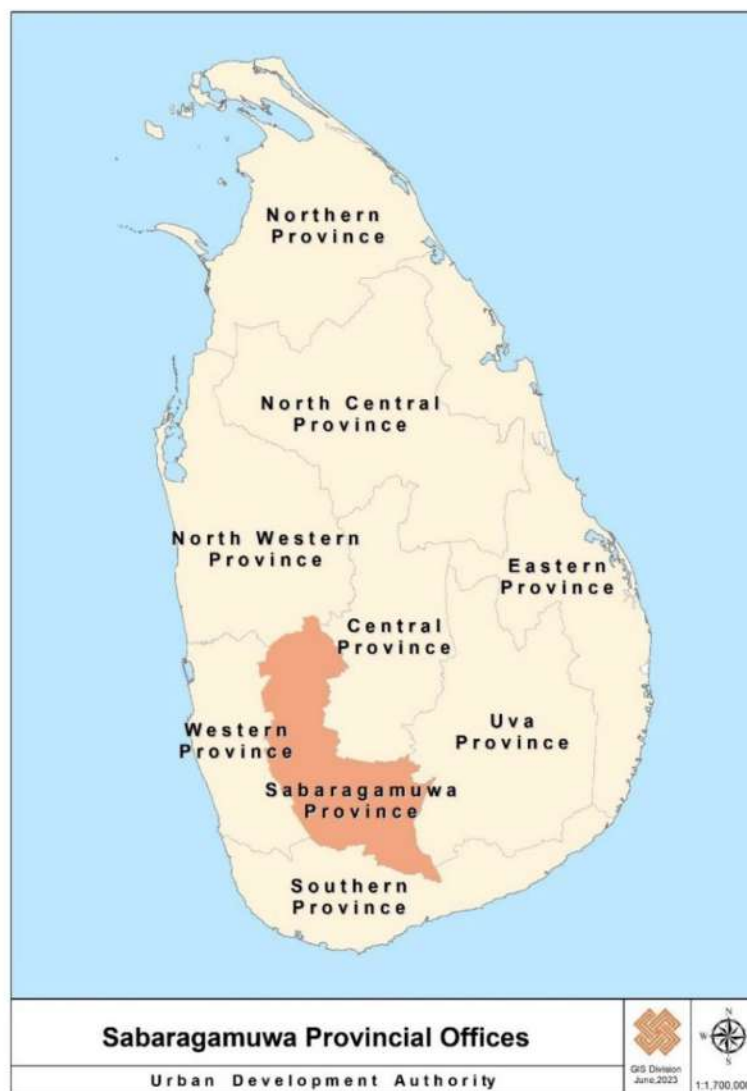
Worth projects
started.

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”



2020 Highlights

Rathnapura Provincial Office

Sabaragamuwa
Province

No. 427,
New Town,
Rathnapura

+94 45 2222086



Key Functions

Spatial Planning
Enforcement Activities
Project Planning &
Implementation

PLANNING

100%

Development Planning
contribution

ENFORCEMENT

1.39%

Processed from all total
154 files



HUMAN ASSETS

PROJECTS

Management	Total - 37
Senior	01
Middle	04
Junior	08
MA Tech	03
MA Non Tech	15
Primary	06

2020 Highlights

Kegalle District Office

Sabaragamuwa
Province

No10/9C,
Rathambalawatta,
Kegalle.

+94 35 2231935



Key Functions

Spatial Planning
Enforcement Activities
Project Planning &
Implementation

PLANNING

100 %

Development Planning
contribution

ENFORCEMENT

2.40 %

Processed from all total files



HUMAN ASSETS

Management	Total
Senior	01
Middle	-
Junior	07
MA Tech	02
MA Non Tech	06
Primary	03

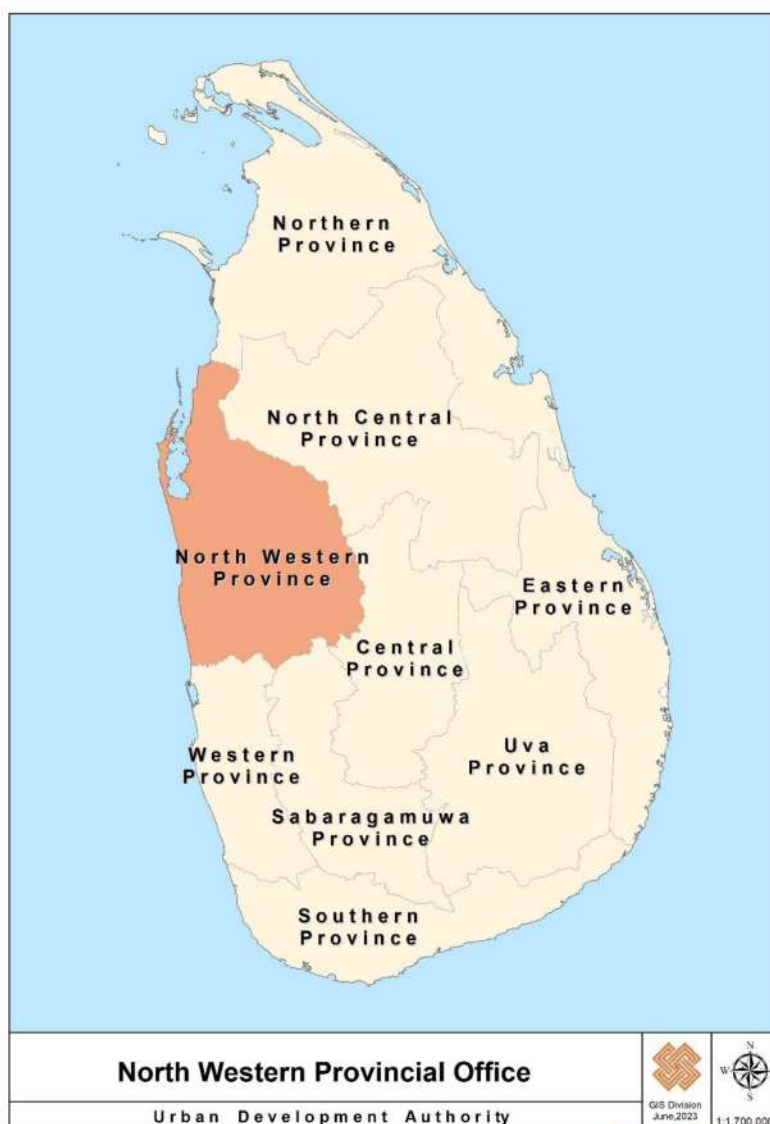
PROJECTS

500 Million Worth projects started
in 2020.

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”



2020 Highlights

Kurunegala Provincial Office

North Western
Province

No 310D,
Meegamuwa Road,
Kurunegala

+94 37 2223815



Key Functions

Spatial Planning
Enforcement Activities
Project Planning &
Implementation

PLANNING

100 %

Development Planning
contribution

ENFORCEMENT

3.09 %

Processed from all types
of total files



HUMAN ASSETS

PROJECTS

167.41 Million

Worth projects started in
2020.

Management	Total
Senior	01
Middle	04
Junior	01
MA Tech	15
MA Non Tech	20
Primary	04

Total 45

2020 Highlights

Puttalam District Office

North Western Province

No 90/71,
D M De Silva
Mawatha, Colombo
Road, Chilaw
+94 32 2221173



Key Functions

Spatial Planning
Enforcement Activities
Project Planning & Implementation

PLANNING

100%

Development Planning contribution

ENFORCEMENT

1.96 %

Processed from all types of total files



HUMAN ASSETS

Projects

20 Million Worth projects

No of projects started: **04**

No of projects completed: **17** (13 projects started at year 2018)

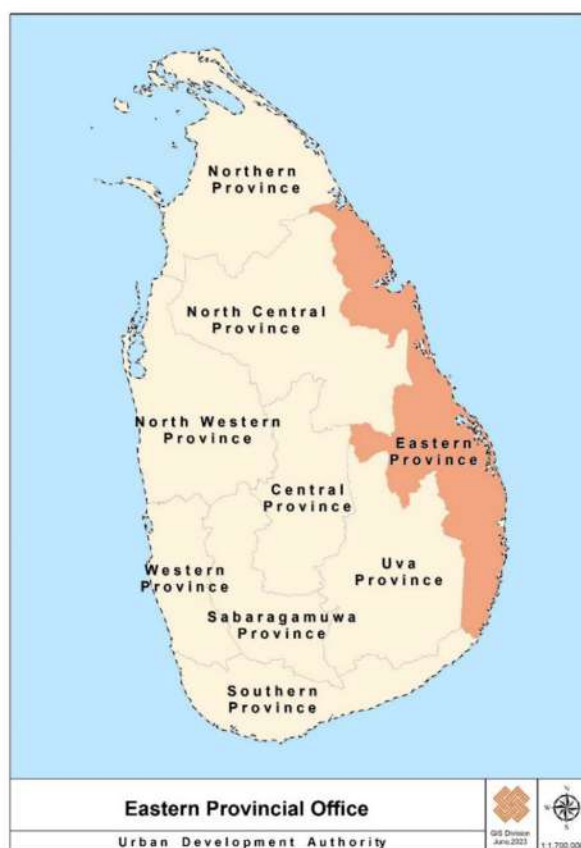
Management	No.
Senior	01
Middle	01
Junior	01
MA Tech	-
MA Non Tech	04
Primary	04
Total	11

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”



2020 Highlights

Trincomalee

Eastern Province

No.56,

Station road,

Trincomalee.

+94 26 2222656



Key Functions

Spatial Planning

Enforcement Activities

Project Planning & Implementation

PLANNING



ENFORCEMENT

2.95 %

Processed from all types
of total files - 256

ASSESTS

PROJECTS

HUMAN ASSETS

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

Rs. 60.27 Million
Worth projects started.

2020 Highlights

Batticaloa District Office

No-15,
Pioneer Road,
Batticaloa.

+94 65 2227673



Key Functions

Spatial Planning
Enforcement Activities
Project Planning &
Implementation

PLANNING



ENFORCEMENT

1.28 %

Processed from all types of
total files - 127

HUMAN ASSETS

PROJECTS

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

2020 Highlights

Ampara District Office and 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

PLANNING



ENFORCEMENT

3.44 %

Processed from all types of
total files

HUMAN ASSETS

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

PROJECTS

Highlights of the Year

3.1 Provincial Office Performance Highlights

3.2. Head Office Division Highlights

3.3 Planning Highlights

3.4. Project Highlights

3.5 Enforcement Highlights

3.6 Social Works & Other Achievements



3.2 Highlights of the other divisions of the Head office - 2020

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

Land Development & Management Division

Premia Received on Lands Leased Out - 1817 Mn	Temporary Rental (Due - 7 Mn) - 50.1	Sales Proceeds of Lands 17.8 Mn														
Monthly Rental on Build up Premises - 13 Mn	Other Income - 4 Mn	<table><tr><td>Management</td><td>Total</td></tr><tr><td>Senior</td><td>1</td></tr><tr><td>Middle</td><td>28</td></tr><tr><td>Junior</td><td>07</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>45</td></tr></table>	Management	Total	Senior	1	Middle	28	Junior	07	MA Tech	5	MA Non Tech	1	Primary	45
Management	Total															
Senior	1															
Middle	28															
Junior	07															
MA Tech	5															
MA Non Tech	1															
Primary	45															

Strategic Planning Division

Declaration of Urban Development areas -
2

Conducting Training Programmes -
3

Processing of Development Plans -
29

Conducting main Planning Committee -
24

Management Staff	Total
Senior	1
Middle	13
Junior	4
MA Tech	5
MA Non Tech	1
Primary	1

Property Portfolio Management & Recoveries

Monthly Rent (Due – 814 Mn) -
724 Mn

Fee for Use (Due - 10 Mn) -
6 Mn

Service charge (Due – 173 Mn) -
162 Mn

Monthly Rent (Due – 814 Mn) -
724 Mn

Differed Lease (Due – 557 Mn) - **557 Mn**

Interest (Due – 2.9 Mn) -
3 Mn

Ground Rent
(Due – 0.7 Mn)
1 Mn

Management Staff	Total
Senior	1
Middle	5
Junior	5
MA Tech	2
MA Non	12
Tech	
Primary	7

Geographic Information System Division

Rearranging & updating of required spatial data for plans -
45

Preparation of Geo Data bases for Development Plan
17

Collecting & purchasing of Spatial Data -
37

Income generation through GIS services -
1.14 Mn

Management		Total
Senior	1	
Middle	10	
Junior	14	
MA Tech	2	
MA Non Tech	2	
Primary	15	

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 Staff	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

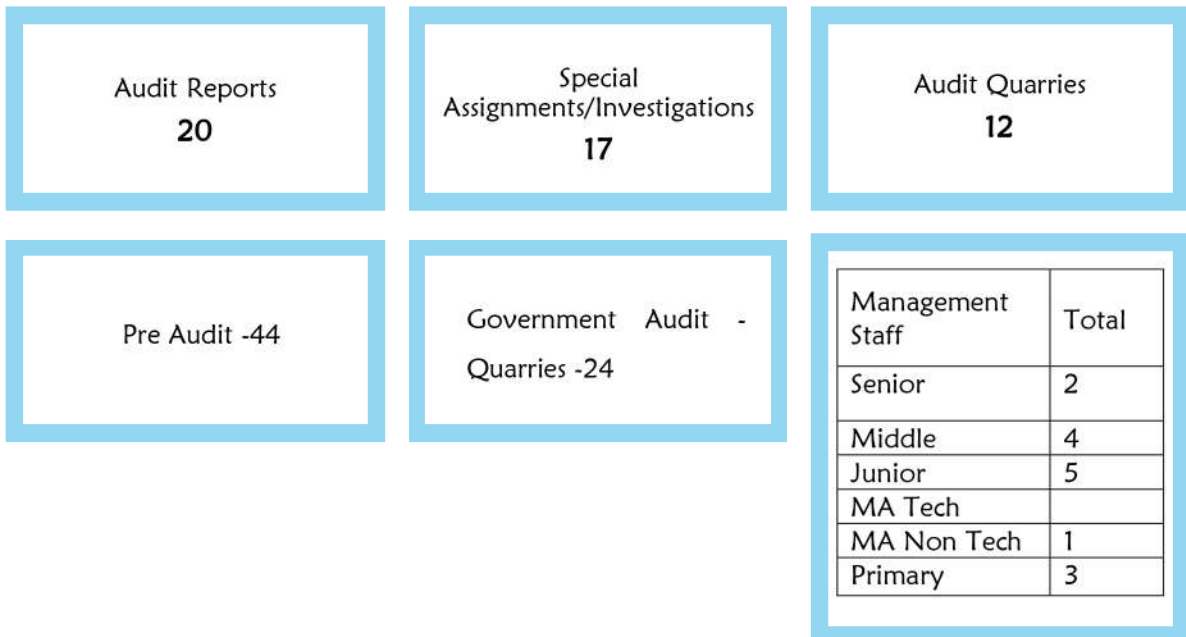
Provide legal advice on project facilitation

Court Cases 64
Supreme court - 10
Court of Appeal - 10
High Court - 4
Court of Civil appeal - 1
District Court - 6
magistrate court - 33

Agreements - **375**

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

Internal Audit Division



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	Date of Started Date of Opening	No. of Units
Construction of Housing Units at Maligawatta	Maligawatta	Started Date: 04.02.2017 End Date: 08.06.2020	192
Construction of Housing Units at Kolonnawa	Kolonnawa	Started Date: 04.07.2016 End Date: 06.05.2020	120
Oval View Residencies – Pelangasthuduwa, Borella.	Borella	Started Date: 10.11.2014 End Date: 10.10.2020	608
Elite Residencies, Borella	Kolonnawa	Started Date: 2020.10.01 End Date: 2023.10.01	400
Design and Construction of 1000 Housing Units at Stadiumgama(AIIB)	Colombo 14	Started Date:4.05. 2020 End Date :16.10.2023	1000
Design & Construction for Completion of Balance work 624 Housing Units at Colombage Mawatha (AIIB)	Colombage Mawatha Nawala	Started Date:01.06.2020 End Date:16.05.2023	624
Design & Construction of 300 housing units at Obesekarapura (AIIB)	Rajagiriya	Started Date:04.05.2020 End Date :21.10.2022	300
Design & Construction of 700 Housing Units at Applewatta (AIIB)	Colombo10	Started Date 27.10.2020 End Date :17.10.2023	700
		Total	3944

Human Resource Management & Development

Welfare - (Medical 31.55 Mn, Other Loans 57.27 Mn) -
88.82 Mn

Recruitment
11

Management Staff	Total
Senior	2
Middle	8
Junior	3
MA Tech	26
MA Non Tech	40
Primary	217

Engineering Service Division

Sethsiripya Stage 1
Annual Income-378.8
Maintanance Cost 115Mn

Management Staff	Total
Senior	1
Junior	3
MA Tech	3
MA Non Tech	9
Primary	17

IT Division

The purpose of establishing the department: To properly maintain the information technology related infrastructure of the Urban Development Authority. The responsibility and task of the department: To provide and manage the information technology related facilities of the Urban Development Authority.

Building application approval software
Attendance recording software
Human Resource Information System
Urban Development Authority Web page

Facility Management Division

"Excellence of managing properties" while Providing on time operational services and protecting the premises as its original condition

No of Properties Handling – 10
Annual Income (2020) – 188Mn

Management Staff	Total
Senior	1
MM	6
JM	1
MA Non Tech	10
Primary	11

Real Estate Division



Key Functions

Proposed Real Estate DevelopmentS

Projects for Investors - Identification of different type of business model for real estate developments

Proposed Real Estate Investment Funding Proposals – Request for Proposals(RFP)
Expression of Interest (EOI)

Built-Up Property for Operate and Management BaseTransfer ownership of Residential real estate to the private sector

Preparation of Web Base Land & Property Information System

Handling Investor Date Base and other services

Projects 2020

Union Place Car Park

Gold Centre Car Park

Bogamabara Car Park

Sethsiripaya Car Park

Madiwela Bird Park Project

Arcade Independece square Mall

Metro Homes Housing project

Colombo floating market

Nuwara Eliya Coffee Centre

Nuwara Eliya Facility Center

Baladaksha Mawatha food courts

Dematagoda Land

Kalawilawatta Land at Beruwala

Perahara Mawatha Land Colombo 03

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.
- 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 - 13061

Interest Income on Excess
Funds Utilization
1725 Mn

Project Disbursement
(Treasury Funds)
546 Mn

Project Disbursement
(UDA Funds)
URP Projects – **2620 Mn**
Compensation – **609Mn**

Management	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

3.3 Planing Highlights

3.4 Project Highlights

3.5 Enforcement Highlights

3.6. Social Works & Other Achievements



3.3 Planning Highlights - 2020

- Preparation 29 Development Plans

Development Plan	Covered Areas
------------------	---------------

01	Capital City Development Plan	Sri Jayawardhanapura Kotte MC Kaduwela MC Maharagama UC Kotikawatta-Mulleriyawa UC
02	Colombo Commercial City Development Plan	Colombo MC Dehiwala – Mt Laviniya MC Kolonnawa UC Borelasgamuwa UC Peliyagoda UC Wattala- Mabola UC Wattala PS (part) Kelaniya PS (part)
03	Moratuwa Development Plan	Moratuwa MC
04	Kalutara Development Plan	Kalutara UC, Kaluthra PS
05	Beruwala Development Plan	BeruwalaUC, Beruwala PS
06	Greater Galle Development Plan	Galle MC, Akmeemana PS (Part), Bope Poddala PS (Part) Habaraduwa PS (Part)
07	Rathnapura Development Plan	Ratnapura MC
08	Embilipitiya Development Plan	Embilipitiya UC, Embilipitiya PS (Part)
09	Anuradhapura Development Plan	Anuradhapura MC Nuwaragam Palatha Central PS (Part), Nuwaragam Palatha East PS(Part)
10	Polonnaruwa Development Plan	Polonnaruwa MC Polonnaruwa PS (Part)

11	Kurunegala Development Plan	Kurunagala MC Kurunagala PS
12	Maho Development Plan	Maho PS (Part)
13	Kalpitiya Development Plan	Kalpitiya PS
14	Mannar Development Plan	Mannar UC, Mannar PS
15	Kandy Development Plan	Kandy MC
16	Hakmana Development Plan	Hakmana PS (Part)
17	Negombo Development Plan	Negambo MC
18	Weligama Development Plan	Weligama UC
19	Homagama Development Plan	Homagama PS
20	Biyagama Development Plan	Biyagama PS
21	Nuwaraeliya Development Plan	Nuwara Eliya MC, Nuwara Eliya PS (part)
22	Seethawaka Development plan	Seethawaka PS
23	Kelaniya Development Plan	Kelaniya PS
24	Hambanthota Development Plan	Hambanthota MC
25	Kataragama Development Plan	Kataragama PS
26	Nintavur Development Plan	Nindavur PS
27	Mihinthala Development Plan	Mihinthala PS (Part)
28	Badulla Development Plan	Badulla MC
29	Ella Development Plan	Ella PS(Part)

Highlights of the Year

3.1. Provincial Office Performance Highlights

3.2 Head office divisions Highlights

3.3 Planning Highlights

3.4 Project Highlights

3.5 Enforcement Highlights

3.6. Social Works & Other Achievements

3.4. Projects Highlights - 2020

The projects implemented by the Urban Development Authority in 2020 were carried out by the two divisions functioning under the Deputy Director General (Projects) and the Deputy Director General (Consultancy). The Project Management Division, Design Project Management & Consultancy, Engineering Services Division and Environment and Landscaping Division have contributed to the implementation of these projects under the above two divisions.

1. Urban Agriculture and Environment Improvement Project Madiwela

The urban agricultural and environmental development project implemented by the Urban Development Authority is a project that was started at the time of the spread of the first phase of Covid-19, and the completion of this project while the programs to combat the second phase of Covid-19 are being implemented is the most achieved in the history of the projects of the Urban Development Authority. The construction work of this project was carried out by the Sri Lanka Land Development Corporation with the intervention of the Urban Development Authority. This is a large-scale project that will be started and fully completed during the pandemic period that the country is facing. This is another excellent environmental project built by the Urban Development Authority. Benefits of the project are as follow. Bringing nutritious food to local communities has many direct health benefits, including reducing the risk of harmful conditions like heart disease, obesity, diabetes, and more. This will provide an opportunity for exercise, recreation, relaxation and a deeper connection to agriculture with economic, social and environmental benefits.

- Location – Madiwela
- Cost – Rs. 482.3Mn
- Fund Source – Treasury
- Project partners/Parties - SLLDC
- Start Date – 08th of June 2020
- End Date – 10th of December 2020



2. Western by pass road development project

Location – Homagama

Cost – 400 Mn (2020)

Fund Source – Treasury

Project partners/Parties – Megapolis Ministry

Start Date – 2020

Description – This road provide easy access to both Mahaenawatta Tech city project area, proposed new Homagama town center development and avoid the traffic congestion along high-level road.

3. Internal road development projects in Katuwana Industrial Zone

Location – Katuwana Industrial Zone

Cost – 130.68 Mn

Fund Source – Treasury

Project partners/Parties – UDA

Start Date – May 2020

End Date – May 2020

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. Manning Market Relocation Project at Peliyagoda

Location – Peliyagoda

Cost – Rs.6.9Bn

Fund Source – Treasury

Project partners/Parties – Maga Engineering

Start Date – 03/01/2018

End Date – 16/11/2020



Manning Market is a predominant economic center in Sri Lanka provides marketing facilities for producers in the rural areas.

Yet thousands of heavy vehicles come to Manning Market daily in the middle of the busy capital city. At the present three-and-a-half acre location handles around 200 trucks daily bringing in produce to the market in addition to about 1,000 vehicles that arrive daily to make purchases and around 60,000 customers, laborers and employers.

Outcomes

1. The project aims to Ease the traffic congestion within the city center access road to the city.
2. Release underutilized land within the hub of city center for Mega Scale development project.
3. Provide modern market place for traders as well as customers including all basic facilities such as ample parking, banks, restaurants, accommodation, extensive shop spaces

5. Pedestrian Facility Center Baladaksha Mawatha

Location – Colombo 1

Cost – Rs.60Mn

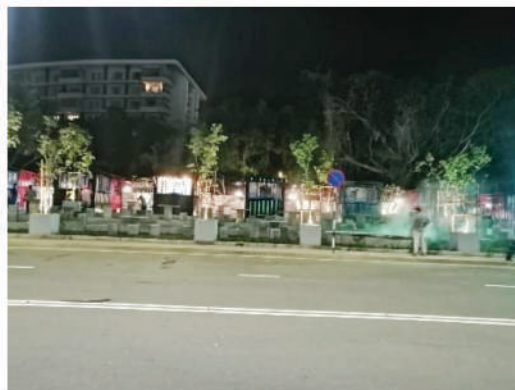
Fund Source – Treasury

Project partners/Parties – SLLR&DC

Start Date - 08.06.2020

End Date – 19.11.2020

Description -



This project will be a supportive project for Beira lake intervention area development plan & Pedestrian web Colombo and a project which was funded by treasury in order to encourage the pedestrian movement across the city Centre. UDA has already completed a pedestrian path from D. R. Wijewardena Mawatha to Olcott Mawatha as Stage I of the project. And Stage II of the project is to continue the pedestrian path from Olcott Mawatha to Main Street along the boundary of Ports Authority warehouse and Beira canal has been completed. As a continuation of the main project Stage III has completed to provide a pedestrian path along the St. Sebastian canal under the vision of Urban Green Corridor and Public Corridor.



6. Supply & Installation of Sewerage & Waste Water Treatment Plant of Horana Bus Stand

Location – Horana

Cost – 8Mn

Fund Source – Treasury

Project partners/Parties –

Start Date – 2020.12.16

End Date – 2021.03.16



7. Narahenpita Multi-Storied Car Park Project

Location -Narahenpita

Cost – 126 Mn

Fund Source – Treasury

Start Date – 30/11/2020

End Date – 29/05/2021



8. Piliyandala Bus stand Treatment Plant

Location – Piliyandala

Cost – Rs. 80 Mn

Fund Source – Treasury

Start Date – 29/07/2020

End Date – 31/12/2021



9. Telecom Car Park Multi-Storied Car Park Project at Fort

Location – Fort

Cost – Rs. 80 Mn

Fund Source – Treasury

Start Date – 16/10/2020

End Date – 04/09/2021



10. Boralesgamuwa Lake Surrounding Area Development, Stage 3

Location – Fort

Cost – Rs Mn. 77.3

Source – Treasury

Start Date – 30.07 .2019

End Date – 31.01.2020



11. Urban Forest Park Colombo

Location – Colombo

Source – Treasury

End Date – 30.12.2020



2020

Project Management and Implementation Highlights

Project Management and Implementation

Western province

12. Refurbishment of 80 Club Building

Location – Colombo

Cost – Rs.411 Million

Fund Source – Treasury

Project partners/Parties - CECB

Start Date – 20/11/2020

End Date – 21/10/2021



13. Parliament Refurbishment Work

Location – Sri Jayawardanapura Kotte

Cost – 103.4 Mn

Fund Source – Treasury

Start Date – 29/07/2020

End Date – 31/12/2021



2020

Treasury Funded Projects

Treasury Funded Projects

Southern Province

14. Multipurpose Building at Lunugamwehera

Location – Lunugamwehera

Cost – 81Mn

Fund Source – Treasury

End Date – 05.02.2020



15. Walasmulla Pola - Stage II

Location – Weeraketiya

Cost – Rs. 35Mn

Fund Source – Treasury

Start Date -2019

End Date – 2020



Project Management and Implementation Highlights

2020

16. Balance work of Kotuwegoda weekly fair Building in Matara

Location- Kotuwegoda

Cost - Rs. . **24.39Mn.**

Fund Source – UDA owned Fund

Start Date – 25.4.2019.

End Date – 22.10.2020



The land at Kotuwegoda Public Fair and Sathi Pola was vested to the Urban Development Authority by the Matara Municipal Council on 26.04.2001 for development. Accordingly, the existing weekly fair was in improper manner in temporary buildings, Therefore, the project was implemented by the Urban Development Authority on the need to develop the weekly market.



Treasury Funded Projects

2020

Uva Province

17. Loonuwatte weekly fair and collecting center

Start Date – 2020.12.24.

End Date -2021.06.24

Cost – Rs.78.0 Mn.

Fund Source – Treasury

Location – Uva Paranagama



Description – The project was initiated cater to the Uva Paranagama DSD area and it will improve local economy and livelihood of local community. Total area of the weekly fair is approximately 9400 Sq.ft. and project consist following components, collecting center and

- Storage area,
- Sanitary facilities
- Landscaping area.

18. Katharagama Entrance Square Development Project

Start Date – 2020

Cost – Rs.90.0 Mn.

Fund Source – Treasury

Location – Katharagama

Description –

The project was initiated to facilitate pilgrims & venders.



Project Management and Implementation Highlights

2020

Project Management and Implementation
Sabaragamuwa Province

Treasury Funded Projects

Eastern Province

19.. Embilipitiya Urban Council Building

Location – Embilipitiya

Start Date – 03.06.2020

End Date – 31.12.2020

Cost – Rs.50.5 Mn.

Description – This is regarding to construction of Urban Council Building (Stage 1)
Under this project design, supervision & consultancy was done by this authority.
The objective of the project is provide Administration Building for Urban Council.



Treasury Funded Projects

20. Kegalle Bus Depot Relocation Project

Location – Embilipitiya

Cost – Rs.50.5 Mn.



Description –

This a master scale project initiated on 2017, the project is continuing in 2020. Under this project design, supervision & consultancy was done by this authority. The objective of Obtain the maximum utility from the prime land located within the city centre and also release the land for proposed Kegalle Central Bus Stand.

21. Proposed pola at Gomarankadawala

Location - Gomarankadawela

Cost - Rs. 55.8 Mn

Fund Source - Treasury

Start Date - 2020.12.17

End Date - 2021.06.30



Description – Proposed Pola at Gomarankadawela is constructed for mainly for Objective i- To provide convenience places for buying and selling activities.

Objective ii to provide adequate parking facilities for the users.

Objective iii to improve the physical environment of the town.

Treasury Funded Projects

2020

Treasury Funded Projects
North Central Province

22. Proposed Parking

& Landscaping project at Semasinghe Mw

Location - Anuradhapura

Cost - Rs. 11.98Mn

End Date – 30.03.2020

The particular project creates pleasant environment and develop attractive business environment



23.. Construction of pathway at Thuparamaya (Swarna Wana Mawatha

Location - Anuradhapura Sacred Area

Cost - Rs. 23.52Mn

Start Date -14. Dec 2020

End Date – 31.08.2021

Pathway Construction and landscape works created quality and a pleasant environment to the sacred area.



24. Construction of pathway at Sihilel Maga (phase I)

Location - Anuradhapura Sacred Area

Cost - Rs. 33.20Mn

Start Date -14. Dec 2020

End Date – 31.08.2021

Landscaping & provide easy access to local & foreign pilgrims.



25. Proposed parking Area & Flower Stalls Development near Samadhi Statue (stage 11)

Location - Anuradhapura Sacred Area

Cost - Rs. 40.55Mn

Start Date -20. Dec 2020

End Date – 10.04.2021

Construction of proper flower stalls.



26. Construction of Dhana Shalawa at Mirisawetiya – Phase – II

Location – Anuradhapura

Project cost – Rs. 20.78 Mn + Taxes

Fund source – Treasury

Client – Chief Incumbent of Mirisawetiya Temple

Start date – 21.12.2020

Completion Date – 20.4. 2021

Description –

Mirisawetiya Viharaya needs a Dana Shalawa for Buddhist activities. Phase 1 of the project is completed and phase II of the project consist of construction of upper floor to provide accommodation for Buddhist Monks.



27. Redevelopment of pathway along Samadhi Buddha statue - Stage I

- Location – Abayagiriya Archeological reserve at Anuradhapura.
- Project cost – 37.49Mn
- Fund source – Treasury
- Client – Archeological Department
- Start date – 2020.12.11
- Completion Date – 2021.05.10



Description – Either side of the existing pathway to the Samadhi statue is encroached by the haphazard development of temporary structures of the local vendors and that has been created. Chaotic appearance to the surrounding environment.

There for this project was designed with the objectives of conserve the Archeological monument of Samadhi Buddha statue and the Abayagiriya preserve. Control the haphazard development of unauthorized stall along the path way. Create a calming ambience in the surrounding landscape and attract the local & foreign tourists to admire the national heritage.

28. Construction of Dhana Shalawa at Mirisawetiya – Phase – 01

- Location – Anuradhapura
- Project cost – Rs. 26.44 Mn + Taxes
- Fund source – Treasury
- Client – Chief Incumbent of Mirisawetiya Temple
- Start date – 17th July, 2019
- Completion Date – 13th January, 2020



Description – Mirisawetiya Viharaya needs to construct the Dana Shalawa where most Buddhist activities are conduct. The project consists of construction of Ground Floor as the phase 01 of the development.

29. Town Improvement Project at Welikanda – Phase I

- Location – Welikanda
- Project cost – Rs. 20.0 Mn
- Fund source – Treasury
- Client – Welikanda Pradeshiya Sabha
- Start date – 22.10. 2019
- Completion Date – 22.03. 2020

Description –

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



30. Proposed facility Building at Sri Maha Bodhi premises

- Location – Sacred City – Anuradhapura
- Project cost – Rs. 15.3 Mn + VAT
- Fund source – Treasury
- Client – Chief Incumbent, Sri Maha Bodhiya
- Start date – 17 .7.2019
- Completion Date – 18-01.2020



Description –

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

31. Proposed Pola at Gomarankadawala

- Location – Gomarankadawala
- Project cost – Rs. 55.80 Mn + VAT
- Fund source – Treasury
- Client – Pradeshiya Sabha, Gomarankadawala
- Start date – 17th December, 2020
- Completion Date – 20th April, 2021



Description –

Gomarankadawala Town is one of the Small Urban Service Centers which serves to large Agricultural base rural area in the District.

The Weekly Fair facilitates the important economic activities of the town to provide opportunities to farmers sell their agricultural productions. The project consists of 134 Stalls, Sanitary Facilities, Washing areas, Small Food outlet and parking area.

32. Renovation of Thuparamaya Sangawasa Building at Anuradhapura

Location – Sacred City – Anuradhapura
Project cost – Rs. 16.8 Mn + VAT
Fund source – Treasury
Start date – 15-08. 2019
Completion Date – 03 .01.2020



Description –

The Awasageya which existed earlier in Thuparamaya is about 80 years old. Therefore, the Chief Incumbent requested UDA to renovate it. The renovated Awasageya consists of 05 Bed Rooms, Dhanashalawa, Verandahs, 02 Pantries and 03 Bathrooms.

33. Renovation of Vihara Mandiraya at Isurumuniya Temple

- Location – Sacred City – Anuradhapura
- Project cost – Rs. 25.2 Mn + VAT
- Fund source – Treasury
- Client – Chief Incumbent, Isurumuniya
- Start date – 17th July, 2019
- Completion Date – 17th September, 2020

Description –

Renovation of existing roof, construction of new verandah and “Hewisi Mandapa”, floor finishes, installing lighting System for Shrine room, Verandah was the scope of the project. Measures were taken to match this work with the immediate context and to preserve the historic value of the place.

34. Construction of Railway Station Hatton

Location –Hatton Town.
Cost – Rs 85 Mn.
Stake holders -Railway Station Hatton.
Fund Source – Treasury
Start Date – 3.01.2019
End Date – 05.09.2020
Description - Infrastructure Facilities for



Treasury Funded Projects

2020

Central Province

35. Construction of Bus Stand at Haloluwa-Kandy 1/11

Location – Haloluwa -Kandy

Cost – Rs.43.87 Mn

Fund Source – Treasury

Start Date – 20.07.2018

End Date – 20.04.2020



Construction of Bus Stand, Commercial Building, Parking Area & Construction of Drainage.

36. Construction of Bus Stand at Hasalaka - 1

Location – Hasalaka -Kandy

Cost – Rs. 31.73 Mn

Fund Source – Treasury

Start Date – 24.12.2018

End Date – 15.03.2020



- Construction of, Commercial Building
& Drainage.

37. Filling Station for Yatinuwara Deport.

Location – Yatinuwara -Kandy.

Cost – - Rs. 23.33 Mn

Fund Source – Treasury

Start Date – 23.07.2019



38. Haritha Udyana Multi functional Building at Ukuwela.

Location – Ukuwela Town.

Cost – Rs. 25.97 Mn

Start Date – 09.01.2019

39. Construction of Facility Centre at Nuwara –Eliya

Location – Nuwara –Eliya

Cost – - Rs. 49.70 Mn.

Fund Source – Treasury

Start Date 20.07.2018

End Date – 24.09.2020



40. Construction of Community Centre & Children's Park at Janaudanagama ,Naula.

Location – Naula Town

Cost – - Rs. 31.81 Mn

Fund Source – Treasury

Start Date 18.09.2019

End Date – 26.07.2020



41. Balance work of Side retaining wall & Passengers shelter of proposed Pussellawa Bus Stand

Location – Pussellawa Town.

Cost – Rs. 12.0 Mn

Fund Source – Treasury

Start Date – 25.12.2019

End Date – 15.07.2020



42. Proposed Addition to the existing Conference Hall at Hurikaduwa, Manikhinna.

Location – Manikhinna

Cost – Rs 7 Mn.

Fund Source – Treasury

Start Date – 22.10.2019

End Date – 15.04.2020



43. Haritha Udyana Multi functional Building at Matale.

Location – Matale Town.

Cost – Rs. 13.9 Mn

Fund Source – Treasury

Start Date – 09.01.2019

End Date – 21.01.2020



44. Haritha Udyana Multi-functional Building at Nuwara -Eliya

Location – Nuwara Eliya

Cost – Rs 14 Mn.

Fund Source – Treasury

Start Date – 09.01.2019

End Date – 31.01.2020



45. Proposed New Multipurpose Building for Mihindu Darmapetaya, Aluthwaththa, Digana.

Location – Digana

Cost – Rs 7.81 Mn.

Fund Source – Treasury

Start Date – 21.10.2019

End Date – 01.03.2020



**46. Balance work to the Upper Floor ,Sri
Darmawardanarama Viharaya,Mahadoraliyadoda,
Medamahanuwara Location – Digana**

Cost – Rs 7.59 Mn.

Fund Source – Treasury

Start Date – 22.10.2019

End Date – 31.08.2020



Project Management and Implementation Highlights

2020

Project Management and Implementation

Central Province

47. Construction of Coffee Centre at Nuwara Eliya.

Start Date – 05.10.2018

End Date – 31.01.2020

Cost Rs. 25.97 Mn

Fund Source – UDA Funded

Location – Nuwara Eliya



Project Management and Implementation Highlights

2020

Project Management and Implementation
Northern Province

48. Development of Bus Stand at Mannar

Project location - Mannar Town (At Esplanade Road)

Total Cost of the Project - 130 Mn

Funding Source - Treasury

Client /Stakeholders - Mannar UC

Project Commencement Date - 20.06.2018

Project Completion Date - 31.03.2020



Description – With the proposed bus stand, private and CTB busses were facilitated in two wings of the same building. Upper floor catered with shops, food courts and other ancillary facilities. Providing ample spaces for bus parking, convenient spaces for passengers and, city beautification with maximum utilization of land were the main objectives of the project.

49. Balance work of Kilinochchi Bus Stand – Stage I

- Location – Kilinochchi
- Project cost – Rs. 16,365,867.18 + VAT
- Fund source – Treasury
- Client – Northern Provincial Council
- Start date – 17th December, 2020
- Completion Date – 26th May, 2021

Description –

Project is still under construction. Project consists of 07 Bus bays, Waiting Areas, Cafeterias, NTB Office, Driver's Conductor's RestRooms, Sanitary facilities.



Highlights of the Year

3.1. Provincial Office Performance Highlights

3.2 Head office divisions Highlights

3.3 Planning Highlights

3.4 Project Highlights

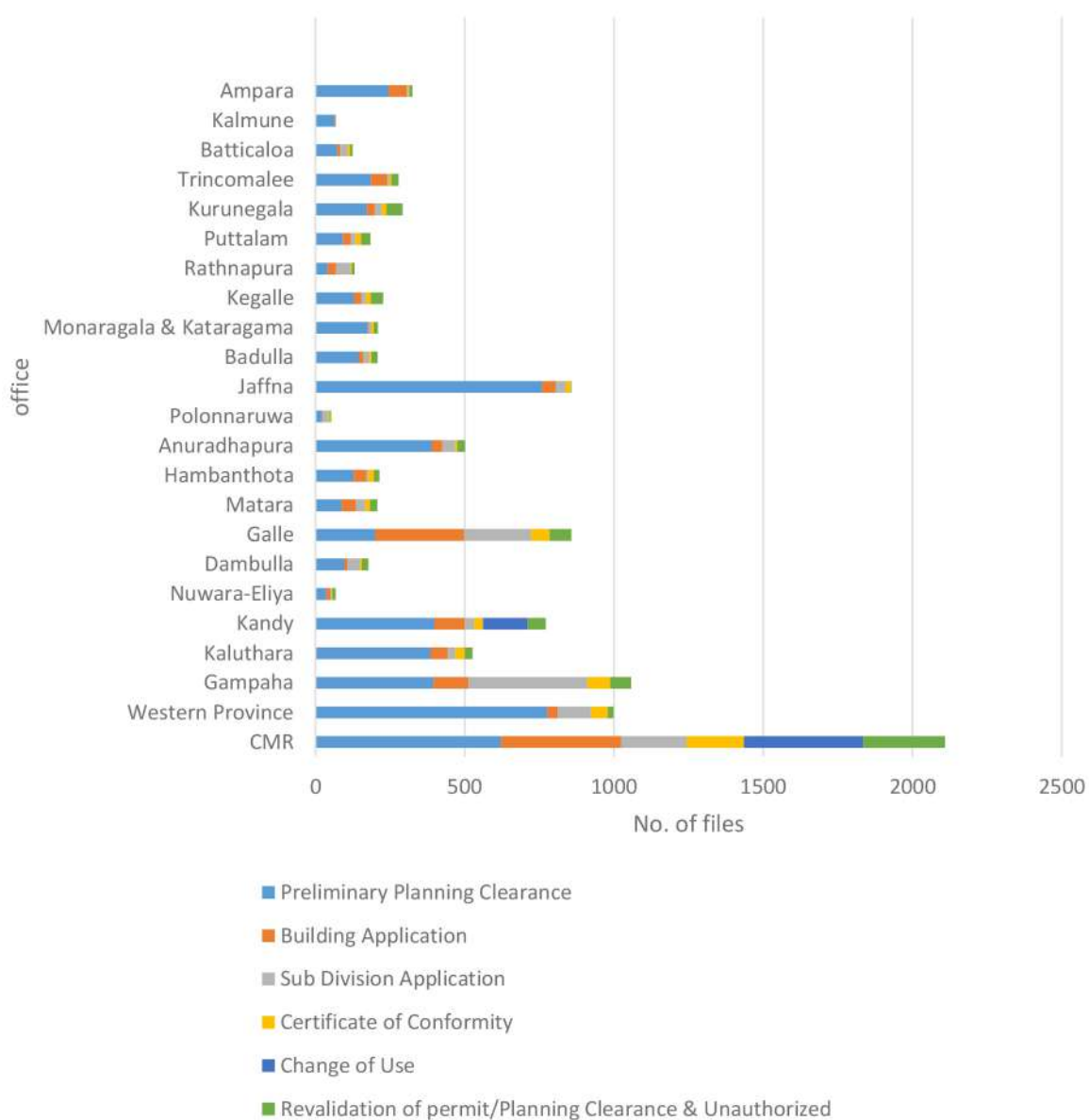
3.5 Enforcement Highlights

3.6. Social Works & Other Achievements

Office	Total	Clearances	Approvals/ permits			Other Application		Percentage
		Preliminary Planning Clearance	Building Application	Sub Division Application	Certificate of Conformity	Change of Use	Revalidation of permit/Planning Clearance & Unauthorized	
CMR	2109	621	404	218	192	400	274	20.17%
Western Province	999	777	34	113	55	-	20	9.5%
Gampaha	1058	395	118	398	77	-	70	10.12%
Kaluthara	526	386	58	24	32	-	26	5.03%
Kandy	772	398	102	32	29	150	61	7.38%
Nuwara-Eliya	68	37	14	03	03	-	11	0.65%
Dambulla	178	97	10	42	06	-	23	1.70%
Galle	858	200	297	226	61	1	73	8.28%
Matara	207	88	47	32	16	-	24	1.98%
Hambanthota	215	128	43	07	18	-	19	2.05%
Anuradhapura	502	390	35	44	07	-	26	4.80%
Polonnaruwa	53	22	02	19	05	-	05	0.50%
Jaffna	858	759	46	34	16	-	03	8.20%
Badulla	208	146	15	20	07	-	20	1.2%
Monaragala & Kataragama	209	175	04	09	08	-	13	2%
Kegalle	227	129	25	15	17	-	41	2.17%
Rathnapura	131	41	28	49	04	-	09	1.25%
Puttalam	185	92	27	15	19	-	32	1.76%

Kurunegala	292	172	27	24	15	-	54	2.79%
Trincomalee	279	187	54	08	06	-	24	2.66%
Batticaloa	125	73	11	23	09	-	09	1.19%
Kalmune	69	65	03	01	-	-	-	0.66%
Ampara	325	245	60	06	04	-	10	3.10%

Enforcement Activities



3.6. Social Works & Othe Achievements

2020

- Donation of employee's daily salary for covid fund
- Donation goods for cancer ward at General Hospital Badulla



4. Financial Performance

4.1. Financial performance for the year 2020

4.2. Financial Statement 2020

4.3. Comprehensive income and expenditure statement
and Summary of Cash Flow statements

4.4 Corporate Governance

4.1 Financial performance for the year 2020

▪ Management of profitability

The Authority, as a government institution, engaging in corporate and social development project, has recorded a net profit growth of 19.9 % 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 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%	17.9	45%
Ceylon Electricity (Pvt.,) Ltd.,	9	0.8%	5.9	66%

Performance of the subsidiary companies and associate companies in 2020

Subsidiary companies

Description	Urban Investment and Development company (pvt.,) Ltd.,(Rs.Mn.)	Lanka Rest House Ltd., (Rs.Mn.,)	Waters Edge pvt., (Rs.Mn.,)
Income	664	24	1,187
Expenditure	(316)	(20)	(1,113)
Profit/(loss)	348	4	74

Associate Companies

Description	On'ally Holdings plc (Rs.Mn.) 2020.	Ocean View Development Company (Rs.Mn.)
Income	313	402
Expenditure	(139)	(105)
Profit/(loss)	174	297

Other Investment

Description	Lanka Electricity company (Pvt.,) Ltd., (Rs.,Mn.,)	Colombo Land and Development Company Limited (Rs.Mn.)
Income	32,617	274
Expenditure	(30,826)	(204)
Profit/(loss)	1,791	70

Capital Assets Management

In the year under review, non-current assets are 83% 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 balance receivable from several government institutions as well, and 100% uncertain debit 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 main income from letting the lands and building 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, Payment related to the project 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 2020 are indicated below

4.2. Financial Statement 2020

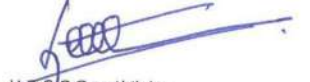
URBAN DEVELOPMENT AUTHORITY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2020

	Note	Group		Authority	
		2020	2019	2020	2019
		Ra.	Ra.	Ra.	Ra.
Revenue	2	3,829,228,714	4,561,896,132	2,337,004,958	2,581,600,819
Direct Cost		(324,471,555)	(435,138,688)		
Gron Profit		3,504,757,159	4,126,757,444	2,337,004,958	2,581,600,819
Investment Income	3	1,807,237,697	1,919,252,584	1,796,133,792	1,917,648,276
Other Income	4	1,274,953,579	573,214,520	1,257,665,235	536,485,216
Government Grants		15,717,001	15,717,001	15,717,001	15,717,001
Administration Expenses	5	(4,236,732,283)	(4,561,834,850)	(3,510,654,072)	(3,736,053,913)
Selling and Distribution Expenses		(30,714,573)	(56,738,253)		
Other Expenses	7	(16,652,825)	(119,870,124)	(16,652,825)	(106,894,745)
Results From Operating Activities		2,318,565,755	1,896,498,322	1,879,214,089	1,208,502,653
Finance Cost	6	(158,316,285)	(222,069,465)	(6,242,295)	(878,256)
Net Finance Cost		(158,316,285)	(222,069,465)	(6,242,295)	(878,256)
Share of profit or equity accounted Investees		211,657,348	(23,084,592)		
Profit Before Income Tax		2,371,906,818	1,651,344,264	1,872,971,794	1,207,624,397
Income Tax Expense	8	(597,135,300)	(146,575,041)	(569,578,640)	(121,242,863)
Profit/(Loss) for the Year		1,774,771,518	1,504,769,223	1,303,393,154	1,086,381,534
Other Comprehensive Income					
Actuarial gain/(Loss)		(23,371,599)	(24,144,192)	(26,054,545)	(25,925,217)
Deferred tax impact on remeasurement of post employment benefit obligation		(375,612)	(249,344)		
Other comprehensive Income (or the year		(23,747,211)	(24,393,536)	(26,054,545)	(25,925,217)
Total comprehensive income for the year		1,751,024,307	1,480,375,687	1,277,338,609	1,060,456,317

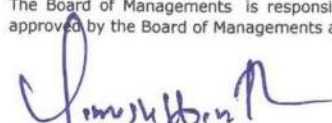
URBAN DEVELOPMENT AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2020

		Group		Authority	
		31/12/2020	31/12/2019	31/12/2020	31/12/2019
ASSETS	Notes	Rs	Rs	Rs	Rs
NON CURRENT ASSETS					
Property, Plant and Equipment	9	5,629,429,267	5,320,273,192	3,000,410,898	2,912,452,758
Intangible Assets		3,442,933	6,782,452	-	-
Investment Property	10	94,789,644,666	98,640,318,074	92,931,130,718	96,706,779,657
Investments in Subsidiaries	11	-	-	545,000,080	545,000,080
Investments in Associates	12	1,117,647,302	917,720,147	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	-	-	1,903,019,451	2,341,145,064
Receivable from Waters Edge	15	-	-	4,162,072,533	4,349,552,293
Loan given to local authorities-UDSP		11,826,728	25,804,122	11,826,728	25,804,122
Completed URPC houses	16	38,226,707,761	37,082,465,842	38,226,707,761	37,082,465,842
Capital work in progress		22,469,007,370	22,256,775,705	22,319,582,224	21,934,612,903
TOTAL NON CURRENT ASSETS		162,293,518,367	164,295,951,874	163,277,560,234	166,075,622,559
CURRENT ASSETS					
Inventories		46,564,133	40,123,499	19,434,469	13,764,438
Trade Receivables and Other Receivables	17	3,255,372,418	3,032,729,942	2,836,591,766	2,672,755,791
Staff Debtors	17. b	230,689,234	229,865,191	228,655,976	227,432,584
Prepaid Staff Cost		34,643,085	54,310,535	34,643,085	54,310,535
Deposits, prepayments & advances	18	2,820,855,236	5,754,793,964	2,800,863,750	5,735,144,241
Fixed Deposits	19	24,797,038,485	20,503,087,077	24,488,533,656	20,214,127,309
Investment In Repos	20	2,183,050,353	1,751,050,353	2,164,000,000	1,715,000,000
Cash & cash equivalents	21	73,850,877	76,897,135	26,843,524	28,789,974
TOTAL CURRENT ASSETS		33,442,063,820	31,442,857,695	32,599,566,227	30,661,324,872
TOTAL ASSETS		195,735,582,187	195,738,809,569	195,877,126,461	196,736,947,431
EQUITY & LIABILITIES					
EQUITY					
Stated Capital	22	100,000,000	100,000,000	100,000,000	100,000,000
Retained Earnings	23	80,837,327,684	79,085,028,761	76,912,363,324	75,636,837,782
TOTAL EQUITY		80,937,327,684	79,185,028,761	77,012,363,324	75,736,837,782
LIABILITIES					
NON CURRENT LIABILITIES					
Interest bearing Borrowings	24	8,789,239,339	9,782,806,551	8,789,239,339	9,782,806,551
Payable to Leasing - BOC	25	237,783,240	-	237,783,240	-
Net Government contribution	26	906,932,888	922,649,889	906,932,888	922,649,889
Government Assistance for URPC Projects	27	25,917,661,665	20,664,181,880	25,917,661,665	20,664,181,880
Deferred Lease Rent	28	40,036,971,723	38,912,380,329	44,569,949,293	43,499,440,189
Accrued Compensation on lands		11,831,833,682	14,818,445,514	11,831,833,682	14,818,445,514
Key Money Received On Project Developments		135,425,395	130,075,395	135,425,395	130,075,395
Defined Benefit Obligation - Gratuity	29	407,312,343	367,757,425	361,767,093	328,256,724
Payable to Contractor - (URP & C)	30	2,074,412,666	1,358,016,849	2,074,412,666	1,358,016,849
TOTAL NON CURRENT LIABILITIES		90,337,572,938	86,956,313,830	94,825,005,261	91,503,872,989
CURRENT LIABILITIES					
Interest bearing Borrowings	24.1	1,043,567,212	264,000,000	993,567,212	264,000,000
Short Term Payable to Leasing - BOC	25.1	63,408,864	-	63,408,864	-
Expense & other creditors	31	14,522,515,903	17,438,220,954	14,378,194,432	17,581,308,855
Deferred Taxation	32	451,745,954	143,583,360	351,058,641	60,120,654
Deposits & advances	33	8,303,430,400	11,701,912,631	8,189,026,646	11,589,439,095
Bank overdraft	34	76,013,232	49,750,033	64,502,082	1,368,058
TOTAL CURRENT LIABILITIES		24,460,681,565	29,597,466,978	24,039,757,877	29,496,236,661
TOTAL EQUITY & LIABILITIES		195,735,582,187	195,738,809,569	195,877,126,461	196,736,947,431

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 31.12.2020 and its surplus for the year then ended.


H.R.S.C. Gunathilake
Deputy Director General (Finance)

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


Mr. Nimesh Herath
Chairman
Date 23/12/2022


Mr. K. Ravindra Pathmapriya
Board Member
Date 23/12/2022



URBAN DEVELOPMENT AUTHORITY
STATEMENT OF CHANGES IN EQUITY
AS AT 31ST DECEMBER 2020

Statement Of Changes In Equity for the Authority

	Stated Capital Rs.	Capital Reserve Rs.	Retained Surplus Rs.	Total Rs.
Balance as at 1st January 2019	100,000,000	8,462,785	75,380,978,701	75,489,441,484
Expenditure Over Income For Period			1,086,381,534	1,086,381,534
Reversal of the Capital Reserves		(8,462,785)	8,462,785	-
Prior Year Adjustments			62,440,198	62,440,198
Prior Year Adjustments			(430,654,666)	(430,654,666)
Prior Year Adjustments			(443,078,239)	(443,078,239)
Prior Year Adjustments (Recognition of Actuarial Loss)			(1,767,313)	(1,767,313)
Total Other Comprehensive income			(25,925,217)	(25,925,217)
Balance as at 31st December 2019	100,000,000	-	75,636,837,782	75,736,837,779
Balance as at 01st January 2020	100,000,000	-	75,636,837,782	75,736,837,779
Grants written Back to Income				-
Expenditure Over Income For Period			1,303,393,154	1,303,393,154
Reversal of Capital Reserve				-
Prior Year Adjustments			11,865,572	11,865,572
Prior Year Adjustments (Note - 01)			(13,678,640)	(13,678,640)
Prior Year Adjustments (Recognition of Actuarial Loss)			(26,054,545)	(26,054,545)
Balance as at 31st December 2020	100,000,000	-	76,912,363,324	77,012,363,324

Note 01

05 nos. Disposed houses in the year 2019, the customers have made requested to refunded the money in the year 2020. Accordingly, accounting impact regarding the over accounted receivable and over accounted disposal cost has been adjusted through prior year account.

Statement Of Changes In Equity for the Group

	Stated Capital	Capital Reserve	Retained Surplus	Total
	Rs.	Rs.	Rs.	Rs.
Balance as at 1st January 2019	100,000,000	8,462,785	78,407,267,087	78,515,729,871
Reversal of Capital Reserve			8,462,785	
Prior Year Adjustments		(8,462,785)	62,440,198	62,440,198
Prior Year Adjustments			(430,654,666)	(430,654,666)
Prior Year Adjustments			(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 WE 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			1,504,769,223	1,504,769,223
Total Other Comprehensive income			(24,393,536)	(24,393,536)
Balance as at 31st December 2019	100,000,000	-	79,088,116,447	79,188,116,445
Balance as at 01st January 2020	100,000,000	-	79,088,116,447	79,188,116,445
Reversal of Capital Reserve			-	-
Prior Year Adjustments			11,865,572	11,865,572
Prior Year Adjustments (Note 02)			(13,678,640)	(13,678,640)
Expenditure Over Income For The year			1,774,771,518	1,774,771,518
Total Other Comprehensive income			(23,747,211)	(23,747,211)
Balance as at 31st December 2020	100,000,000	-	80,837,327,684	80,937,327,684

Note 01

05 nos. Disposed houses in the year 2019, the customers have made requested to refunded the money in the year 2020. Accordingly, accounting impact regarding the over accounted receivable and over accounted disposal cost has been adjusted through prior year account.

URBAN DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOW - AUTHORITY
For the year Year ended 31st Decemebr 2020

CASH FLOWS FROM OPERATING ACTIVITIES

	31/12/2020 Rs.	31/12/2019 Rs.
Net Profit/(loss) before Income Tax	1,872,971,794	1,207,624,397
Add: Provision for bad debts	17,180,043	12,851,352
Depreciation	400,564,888	397,255,633
Provision for gratuity	53,380,554	49,956,651
Prepaid Staff cost	31,247,534	25,135,868
	502,373,019	485,199,504
	2,375,344,813	1,692,823,901
Less: Rent	1,154,237,832	1,147,775,152
Lease Rent	580,369,285	618,419,146
Written Back portion of Govt Grants	15,717,001	15,717,001
Dividend	23,834,559	31,440,618
profit/(Loss) on Disposal of Fixed Assets	21,282,454	19,986,172
profit/(Loss) on Disposal of URPC Houses	110,312,983	-
profit/(Loss) on Middle Income Houses	1,073,750,142	459,989,308
Interest	1,772,299,233	1,886,207,657
	4,751,803,488	4,179,535,054
	(2,376,458,675)	(2,486,711,153)
OPERATING SURPLUS/(DEFICIT) BEFORE WORKING CAPITAL CHANGES		
WORKING CAPITAL CHANGES		
Increase / (decrease) in trade & other creditors	(3,253,314,205)	(3,091,082,216)
Increase / (decrease) in Loan given to Local Authorities -UDSP	13,977,395	(18,728,220)
Increase / (decrease) in UDSP Loan		(92,873,842)
(Increase) / decrease in debtors	(71,428,758)	(158,796,713)
(Increase) / decrease in Staff Debtors	18,444,058	5,459,718
(Increase) / decrease in inventories, deposits	2,928,610,460	8,173,838,467
Increase / (decrease) in Advances & Deposits	3,175,988,930	327,988,067
Increase / (decrease) in Payable on Contract-(URP & C)	716,395,817	(197,888,986)
Increase / (decrease) in Payable on leasing-(BOC)	301,192,104	
	3,829,865,802	4,947,916,275
CASH GENERATED/(USED) FROM/TO OPERATIONS		
Rent Received in Cash	1,040,578,178	1,097,603,128
Income Tax/ESC/WHT paid	(260,344,726)	(398,765,287)
Premia on Land leased out	1,490,478,623	5,315,595,172
Premia Received on Land leased out from Waters Edge	187,479,760	(4,349,552,293)
Gratuity paid	(47,489,127)	(35,290,630)
	2,410,702,707	1,629,590,090
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend Received	17,939,705	31,440,618
Interest Received	1,772,067,163	1,874,166,859
Purchase of Fixed Assets	(331,668,496)	(99,491,134)
Key Money Received / (Recovered)	5,350,000	207,754
Recovery/(payment) to Lands & Buildings	(920,144,030)	(4,945,392,520)
Recovery/(payment) to Capital working progress	(4,465,549,240)	(2,335,113,375)
payment made for Completed URPC Houses	(6,699,792,586)	(1,500,331,501)
Compensation paid on land Acquisition	(609,293,749)	(853,596,804)
Recovery/(payment) to subsidiary company	438,125,613	372,118,773
(Investment) / Maturity - Fixed Deposit	(4,274,406,347)	(6,260,223,123)
Short term Investments- REPOs	(449,000,000)	579,384,935
Sale proceeds from sale of Fixed Assets	21,282,454	19,986,172
Sale proceeds from sale of URP House	719,000,000	-
Sale proceeds from sale of Middle Income Houses	5,857,401,379	1,709,575,000
Net cash provided / (used) by investing activities	(8,918,688,133)	(11,407,268,346)
CASH FLOWS FROM FINANCING ACTIVITIES		
NSB loan Repaid	(264,000,000)	(264,000,000)
Bank loan received PB	-	-
Short term Bank Loan Repayment - BOC	-	-
Short term Bank Loan Received- PB	-	-
Short term Bank Loan Repayment- PB	-	-
Debtenture Interest reimbursement from Treasury	-	-
Government Grant Received for URPC Project	5,253,479,785	7,568,550,293
Net cash provided/(used) by financing activities	4,989,479,785	7,304,550,293
NET DECREASE IN CASH & CASH EQUIVALENTS	(65,098,515)	(11,922,842)
CASH & BANK BALANCE AT BEGINNING OF THE YEAR	B 26,550,438	38,473,280
CASH & BANK BALANCE AT END OF THE PERIOD	A (38,548,077)	26,550,438
CASH & BANK BALANCE AT END OF THE YEAR	A	A
Bank Over Draft	(64,502,082)	(1,368,058)
Bank balance (Favorable)	25,245,851	27,203,077
Petty cash & Cash in Hand	708,154	715,419
Investment In Repos	(38,548,077)	26,550,438

URBAN DEVELOPMENT AUTHORITY
CONSOLIDATED CASH FLOW STATEMENT - GROUP
For the year Year ended 31st Decemehr 2020

	31/12/2020 Rs.	31/12/2019 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss before Income Tax	2,371,906,818	1,648,256,580
Add: Provision for bad debts	17,984,443	16,448,481
Depreciation	573,459,162	570,334,153
Provision for gratuity	60,700,553	57,859,822
Prepaid Staff cost	31,247,534	25,135,868
	683,391,692	669,778,324
Less: Rent	3,055,298,510	2,318,034,904
Lease Rent	1,814,828,975	1,565,340,912
Written Back portion of Govt Grants	526,286,995	618,419,146
Dividend	15,717,001	15,717,001
Share of Investment in Associates	5,917,895	7,790,622
Profit/(Loss) on Disposla of Fixed Assets	211,657,348	(23,084,592)
profit/(Loss) on Disposla of URP House	21,282,454	19,986,172
profit/(Loss) on Middle Income Houses	110,312,983	-
Interest	1,073,750,142	459,989,308
	1,801,319,802	4,575,620,532
Operating surplus/(deficit) before working capital Changes	5,581,073,594	1,911,461,962
working capital changes	(2,525,775,084)	(2,257,585,628)
Increase / (decrees) in trade & other creditors	(3,225,930,912)	(3,112,525,512)
(Increase) / decrees in debtors	17,888,390	(355,653,028)
(Increase) / decrees in Loan given to local authorities-UDSP	13,977,395	(18,728,220)
Increase / (decrees) in UDSP Loan	-	(92,873,842)
(Increase) / decrees in Staff Debtors debtors	18,843,407	3,027,111
(Increase) / decrees in Inventories, deposits	2,927,498,094	8,197,615,614
Increase / (decrees) in Advances & Deposits	3,177,919,148	350,335,184
Increase / (decrease) in Payable on bank Guarantee	716,395,817	(197,888,986)
Increase / (decrease) in Payable on leasing-(BOC)	301,192,104	-
	3,947,783,443	4,773,308,322
Cash generated/(used) from/to operations		
Rent Received in Cash	1,695,004,144	1,555,343,092
Income Tax/WHT/ESC paid	(278,830,468)	(404,909,785)
Premia on Land leased out	1,465,966,592	966,042,880
Gratuity paid	(48,764,577)	(34,349,700)
Net cash provided by operating activities	2,833,375,691	2,082,126,487
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend Received	5,586,118	7,458,845
Interest Received	1,801,260,607	1,893,956,400
Purchase/ Disposal of Fixed Assets	(645,951,427)	(148,115,744)
Key Money Received/(Recovered)	5,350,000	207,753
Recovery/(payment) to intangible Assets	(3,339,519)	(6,782,452)
Recovery/(payment) to Lands & Buildings	(920,144,030)	(4,839,048,731)
Recovery/(payment) to Capital working progress	(4,292,811,584)	(2,495,477,727)
payment made for Completed URPCC houses	(6,699,792,586)	(1,500,331,501)
Compensation paid on land Acquisition	(609,293,749)	(853,596,804)
(Investment) / Maturity - Fixed Deposit	(4,293,951,408)	(6,212,005,089)
Short term Investments- REPOs	(432,000,000)	574,367,661
Sale proceeds from sale of Fixed Assets	21,282,454	19,986,172.00
Sale proceeds from sale of Fixed Assets	719,000,000	-
Sale proceeds from sale of Middle Income Houses	6,020,613,791	1,709,575,000
Net cash provided / (used) by investing activities	(9,324,191,332)	(11,849,806,215)
CASH FLOWS FROM FINANCING ACTIVITIES		
NSB loan Repaid	(264,000,000)	(264,000,000)
Short term Bank Loan	50,000,000	-
Government Grant Received for URPCC Project	5,253,479,785	7,568,550,293
Net cash provided/(used) by financing activities	5,039,479,785	7,304,550,293
NET INCREASE IN CASH & CASH EQUIVALENTS	(29,327,497)	52,593,259
CASH & BANK BALANCE AT BEGINNING OF THE YEAR	B 26,275,623	B (26,317,634)
CASH & BANK BALANCE AT END OF THE YEAR	A (3,051,874)	A 26,275,623
CASH & BANK BALANCE AT END OF THE YEAR	A	A
Bank Over Draft	(76,013,232)	(49,750,033)
Bank balance (Favorable)	72,203,204	71,665,907
Petty cash & Cash in Hand	758,154	4,359,750
	(3,051,874)	26,275,623

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, 2020 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 08.12.2022

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.

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.

1.2.1 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.

1.3 BASIS OF PREPARATION AND OTHER SIGNIFICANT ACCOUNTING POLICIES

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

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 recognized at the present value of the defined benefit obligation, plus unrecognized actuarial gains, less unrecognized past service cost and unrecognized 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.

1.4 SIGNIFICANT ACCOUNTING POLICIES

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	10	32

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	10	32
Property, plant and equipment	09	30
Employee Benefits	29	39

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.

(b) 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.

(c) 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.

(d) 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.

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.

(iii) Held to maturity Financial Investments

Held to Maturity financial investments are non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Company has the intention and ability to hold to maturity. After initial measurement, held to maturity financial investments are subsequently measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or

premium on acquisition and fees that are an integral part of the EIR. The amortisation is included in 'Interest Income' in the Income Statement. The losses arising from impairment of such investments are recognised in the Income Statement in 'Impairment charges for other financial assets'.

(b) Non-derivative financial liabilities

The Group initially recognises debt securities issued on the date that they are originated. All

other financial liabilities are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contracted obligations are discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities in to the other financial liabilities category.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. After initial recognition, such financial liabilities including finance lease liabilities are subsequently measured at amortised cost using the EIR method.

All other short term liabilities which are neither trading liabilities nor liabilities designated as at fair value through profit or loss are classified as 'Trade and other payables'. Trade and other payables are initially recognised at fair value which is the transacted amount on an arm's length basis. Amortised cost method is not applied as the basis for subsequent measurement since these liabilities are payable on demand.

The details of the Company's financial liabilities at amortised cost are disclosed in Notes 24 on page 29

Other financial liabilities comprise: loans and borrowings, trade and other payables.

(i) Compensation Policy

UDA has acquired lands throughout the Island for various development purpose based on Government directions and policy decisions. As per the section 45 of the Land Acquisition Act, the legality of paying the compensation for those acquired lands starts from the date on which the land recognized under Section 7 of the Land Acquisition Act.

The compensation component includes capital component as well as interest component which computation recognized in the following manner.

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) compensation payable amount as current Liability as per the complete compensation payable amount in the fourth coming year will be Accounted .
- (b) Rest of compensation payable value has been accounted 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 three years' compensation payments made from UDA funding mechanisms are as follows,

Year	Compensation Paid Amount in (Rs.)
2018	1,663,000,000
2019	507,332,975
2020	609,293,749

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 assessed for specific impairment.

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.

1.4.4.2 Non-financial assets

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.

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.

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

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 depreciate 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 SLFRS transition which took place in 2012 year onwards.

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.

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 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.

(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 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

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 Oient 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.

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

1.4.13.6 Revenue from Disposal of houses under URPCC and Middle Income Category (Continued)

- 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.

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 recognized 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 recognized 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.

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.

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.

	Sub Note	Group		Authority	
		31st December	31st December	31st December	31st December
		2020 Ra.	2019 Rs.	2020 Rs.	2019 Ra.
2. REVENUE					
Rent	2.1	2,341,115,970	2,183,760,058	1,734,607,117	1,766,194,297
Fee from Other Main Activities	2.2	603,238,645	1,040,984,295	602,397,842	815,406,522
Food & Beverages Revenue		884,874,100	1,337,151,779		
		<u>3,829,228,714</u>	<u>4,561,896,132</u>	<u>2,337,004,958</u>	<u>2,581,600,819</u>
3. INVESTMENT INCOME					
Interest Income	3.1	1,801,319,802	1,911,461,962	1,772,299,233	1,886,207,657
Dividend Received	3.2	5,917,895	7,790,622	23,834,559	31,440,618
		<u>1,807,237,697</u>	<u>1,919,252,584</u>	<u>1,796,133,792</u>	<u>1,917,648,276</u>
4. OTHER INCOME					
Miscellaneous Income	4.1	69,608,000	93,239,039	52,319,656	56,509,735
Profit / (Loss) from sale of vehicle / Furniture	4.3	21,282,454	19,986,172	21,282,454	19,986,172
Profit / (Loss) from Middle Income Houses Sale	4.4	1,073,750,142	459,989,308	1,073,750,142	459,989,308
Profit / (Loss) from URPCC Houses Sale	4.5	110,312,983		110,312,983	
		<u>1,274,953,579</u>	<u>573,214,520</u>	<u>1,257,665,235</u>	<u>536,485,216</u>
5. ADMINISTRATIVE EXPENDITURE					
Salaries & Wages		1,870,046,125	1,911,482,189	1,663,317,110	1,680,683,077
Contribution to EPF/ETF, Gratuity etc		305,888,646	291,965,613	266,910,817	252,224,322
Prepaid Staff Cost		31,247,534	25,135,868	31,247,534	25,135,868
Bonus & Incentives		48,022,737	112,105,822	23,947,688	69,957,634
Unutilized leave		77,168,427	63,814,703	78,905,166	63,814,703
Welfare payment		24,143,480	27,568,945	24,143,480	27,546,579
Traveling		16,585,022	34,825,432	16,394,671	33,471,552
Office Supplies Requisites		117,194,650	137,724,264	110,944,118	127,027,734
Repairs and Maintenance		384,919,296	393,298,196	328,023,808	353,992,812
Electricity Charges		217,90,649	183,364,957	205,246,922	188,487,645
Telephone Charges		11,02,230	13,149,023	10,709,074	12,727,765
Charges for Water		7,751,999	12,324,549	5,604,556	9,275,745
Health & Sanitation Services		210,1208,125	259,722,023	125,356,100	129,571,089
Rental & Hire Charges		70,627,173	89,461,126	69,706,573	88,510,416
Transport , Advertising , Security & Others		211,090,838	357,844,715	109,748,188	216,588,788
Depreciation		573,459,162	570,334,153	400,564,888	397,255,633
Audit Fees		7,049,210	3,058,120	1,200,000	1,200,000
Rates & Taxes		9,459,386	12,218,363	5,173,255	5,983,735
Insurance Premium		13,322,779	12,195,776	10,073,669	9,464,862
Subscription & Membership Fees		500,762	575,818	500,762	575,815
Losses & Write Off		17,984,443	13,360,797	17,180,043	12,851,352
Others		7,515,355	29,676,903	5,746,200	26,352,815
Litigation		9,450	3,353,975	9,450	3,353,975
Directors Emoluments		1,656,805	3,273,526		
		<u>4,236,732,283</u>	<u>4,561,834,850</u>	<u>3,510,654,072</u>	<u>3,736,053,913</u>
6. FINANCIAL COST					
Intest.Pymt.to Local Bank Loan		148,891,015.04	209,942,553	5,612,080	
Interest on Bank over Draft		11,214	2,773	11,214	2,773
Bank Charges		644,176	922,422	619,001	883,335
Interest on lease cancellation			(7,852)		(7,852)
Credit Card Discount & Other		8,769,880	11,209,569		
		<u>158,316,285</u>	<u>222,069,465</u>	<u>6,242,295</u>	<u>878,256</u>
7. OTHER INCOME/EXPENSE					
Grants, Contributions/Others		629,413	7,250,000	629,413	7,185,000
Nation Building Tax			63,555,986		50,645,607
Project Operating Cost - Refer Note 36		16,023,413	49,064,138	16,023,413	49,064,138
		<u>16,652,825</u>	<u>119,870,124</u>	<u>16,652,825</u>	<u>106,894,745</u>
8. TAXATION					
Taxation on Profit for the year		300,368,270	367,483,319	278,640,653	338,560,798
Deferred Taxation		296,767,030	(220,908,278)	290,937,987	(217,317,935)
		<u>597,135,300</u>	<u>146,575,041</u>	<u>569,578,640</u>	<u>121,242,863</u>

URBAN DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2020

		Group		Authority	
		31st December	31st December	31st December	31st December
		2020	2019	2020	2019
		Rs.	Rs.	Rs.	Rs.
2.1	Rent				
2.1.1	Monthly Rent	1,249,597,323	1,222,700,468	812,743,521	770,004,270
2.1.2	Lease Rents	526,286,995	582,482,268	580,369,285	618,419,146
2.1.3	Ground Rent	1,759,782	2,180,706	1,759,782	2,180,706
2.1.4	Fee for Use & Occupation of Premises	10,075,358	11,666,688	10,075,358	11,666,688
2.1.5	Key money Received	69,325,440	80,675,875	69,325,440	80,675,875
2.1.6	Temporary Rentals	88,305,729	114,370,966	82,540,685	113,564,526
2.1.7	Fee for Electricity	395,765,344	169,683,086	177,793,047	169,683,086
		<u>2,341,115,970</u>	<u>2,183,760,058</u>	<u>1,734,607,117</u>	<u>1,766,194,297</u>
2.2	Fee from Other Main Activities				
2.2.1	Planning Approval & Building Approval Charges	281,419,481	376,882,011	281,419,481	376,882,011
2.2.2	Legal Services	11,425,511	20,821,344	11,425,511	20,821,344
2.2.3	Processing Fees for Issuing C.O. C	25,001,573	33,245,677	25,001,573	33,245,677
2.2.4	Car Parking Fees	45,289,003	53,884,506	45,289,003	53,884,506
2.2.5	Transfer Fee For Legal Matters	2,447,010	69,895,396	2,447,010	69,895,396
2.2.6	Race Course Booking charges	9,079,617	21,138,509	9,079,617	21,138,509
2.2.7	MRICC Hall Booking Charges	675,000	5,643,919	675,000	5,643,919
2.2.8	Fee from Beddagana Wetland Park	5,733,409	7,095,657	5,733,409	7,095,657
2.2.9	Unauthorised Construction Fees	6,688,492	13,013,810	6,688,492	13,013,810
2.2.11	Maintenance Services	109,740	219,927,134	109,740	96,774
2.2.12	Financial Management Services	1,375,000	1,517,850	1,375,000	1,517,850
2.2.13	Mgt Fees and Consultancy charges on projects	63,161,890	84,463,290	62,321,087	78,715,877
2.2.14	Processing Fees for Issuing Green Certificate	41,663,341	6,000	41,663,341	6,000
2.2.15	Change of Use of Buildings fee for Renewal	67,831,218	111,107,707	67,831,218	111,107,707
2.2.16	Service Charge on leases	9,069,950	8,213,100	9,069,950	8,213,100
2.2.17	Fee for Architectural Services	30,419,623	11,739,101	30,419,623	11,739,101
2.2.18	Fee for computer services	1,848,786	2,395,285	1,848,786	2,395,285
		<u>603,238,645</u>	<u>1,040,984,295</u>	<u>602,397,842</u>	<u>815,406,522</u>

URBAN DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2020

	Group		Authority	
	31st December	31st December	31st December	31st December
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
3.1 Interest Income				
3.1.1 on Term Deposits	1,681,049,664	1,786,741,431	1,653,303,481	1,762,853,320
3.1.2 on Re-Purchase Order	73,773,559	86,554,984	71,929,173	84,618,790
3.1.3 on Savings Accounts	658	631	658	631
3.1.4 on Staff Loans	40,937,669	37,129,156	40,937,669	37,129,156
3.1.5 on Lease Rent	2,964,401	294,901	3,534,401	864,901
3.1.6 on UDSP Loan	2,593,851	740,860	2,593,851	740,860
	1,801,319,802	1,911,461,962	1,772,299,233	1,886,207,657
3.2 Dividend Received				
3.2.1 Onally Holdings Ltd.	-	-	17,916,664	23,649,996
3.2.2 Lanka Electricity Company (Private) Ltd	5,894,854	7,773,347	5,894,854	7,773,347
3.2.4 State Institution Temporary Surplus Trust Fund	23,041	17,275	23,041	17,275
	5,917,895	7,790,622	23,834,559	31,440,618
4.1 Miscellaneous Income				
4.1.1 Non-Refundable Tender Deposits	4,374,380	18,752,327	4,374,380	15,485,327
4.1.2 Penalty-Delayed Payments	37,988,950	2,935,281	37,988,950	2,935,281
4.1.3 Demolition Fee	100,000	329,000	100,000	329,000
4.1.4 Sundries	(32,982,330)	21,174,331	(35,466,373)	17,811,762
4.1.5 Other Misl revenue	138,083	865,638	136,971	865,402
4.1.6 Sale of Publication	142,954	264,885	142,954	264,885
4.1.7 Sundry Income from staff	19,000	37,635	19,000	37,635
4.1.8 Sale of Rubber	18,497,556	18,686,877	18,497,556	18,686,877
4.1.9 Sales of Agro harvest at Millewa Waththa	-	87,565	-	87,565
4.1.11 Membership Fee Income	1,126,099	2,035,872	-	-
4.1.12 Hall hire Charges & Other Charges	13,677,090	28,063,627	-	-
4.1.13 Cancellation of Bid Bond	1,000,000	-	1,000,000	-
4.1.14 Amounts written back to the P/L on longstanding Cr	25,526,218	-	25,526,218	-
	69,608,000	93,239,039	52,319,656	56,509,735
4.3 Profit from sale of Fixed Assets/ Other Condem Items				
Sale proceeds on Disposal of Fixed Assets/ Condem Item:	21,282,454	19,986,172	21,282,454	19,986,172
Less : Cost of Fixed Assets sold	(12,393,878)	(19,265,571)	(12,393,878)	(19,265,571)
	8,888,576	720,601	8,888,576	720,601
Add : Accumulated Depreciation on Fixed Assets sold	12,393,878	19,265,571	12,393,878	19,265,571
Profit on sale of Fixed Assets/ Condemn Items	21,282,454	19,986,172	21,282,454	19,986,172
4.4 Profit from sale of Middle Income Houses				
Sale proceeds on Middle Income Houses	6,020,613,791	1,709,575,000.00	6,020,613,791	1,709,575,000
Less : Cost of Building Sold	(4,946,863,650)	(1,249,585,691.71)	(4,946,863,650)	(1,249,585,692)
Profit / (Loss) realted to Prior year	-	-	-	-
Profit / (Loss) realted current year	1,073,750,142	459,989,308.29	1,073,750,142	459,989,308
	1,073,750,142	459,989,308.29	1,073,750,142	459,989,308
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 URPPC 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.				
608 nos.of houses at Ovel View Residencies at borella which was middle income houses has been disposed in the under review. The sale consideration of 608 nos. houses was Rs.5,936,743,750 and cost was Rs.4,731,240,306				
4.5 Profit from sale of URPC house				
Sale proceeds on URP House Sale	719,000,000	3,683,000,000	719,000,000	3,683,000,000
Less : Cost of building Sold	(608,687,017)	(4,126,078,239)	(608,687,017)	(4,126,078,239)
Profit / (Loss) realted to Prior year	-	(443,078,239)	-	(443,078,239)
Profit realted to Current year (Refer Note no.40)	110,312,983	-	110,312,983	-
	110,312,983	(443,078,239)	110,312,983	(443,078,239)

URBAN DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2020

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 01/01/2019	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
Depreciation 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
WDV as at 01/01/2019	90,883,000	1,432,842,005	114,812,167	259,895,451	2,281,510	4,997,450	226,924	190,650,334	18,748	2,096,607,590

	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	(1,449,139)	(9,013,031)	219,500	-	(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

	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	1,506,610	5,880	63,537,370	5,749	184,270,394
Adjustments	-	-	-	(1,244,256)	7,317	-	(7,317)	(3,408,007)	-	(19,265,571)
Disposals	-	-	-	-	(14,613,308)	-	-	-	-	-
Balance as at 31/12/2019	-	299,848,329	362,449,187	216,958,824	69,981,983	1,667,584	241,391	456,818,318	1,586,637	1,409,552,223

WDV as at 31/12/2019	90,883,000	2,301,196,812	69,723,443	256,684,680	2,629,051	9,850,028	9,261	181,463,482	12,999	2,912,452,758
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	Land	Building	Plant & Machinery	Furniture & Fittings	Motor vehicles	Systems & Software	Bicycles	Office Equipments	Library books	Total (Rs.)
Balance as at 01/01/2020	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
Additions	-	-	829,664	13,338,841	263,677,960	11,695,000	-	42,122,031	5,000	331,668,496
Adjustments	-	-	-	(1,590,091)	-	-	-	-	-	(1,590,091)
Disposals	-	-	-	(1,236,490)	-	-	(4,100)	(11,150,288)	(3,000)	(12,393,878)
Balance as at 31/12/2020	90,883,000	2,601,045,141	433,002,294	484,185,764	336,288,964	23,212,612	246,552	669,253,543	1,601,636	4,639,689,507

	Land	Building	Plant & Machinery	Furniture & Fittings	Motor vehicles	Systems & Software	Bicycles	Office Equipments	Library books	Total (Rs.)
Balance as at 01/01/2020	-	299,848,329	362,449,187	216,958,824	69,981,983	1,667,584	241,391	456,818,318	1,586,637	1,409,552,223
Charges	-	50,184,512	33,961,535	41,655,844	13,098,865	4,419,939	5,880	59,640,282	5,063	202,971,919
Adjustments	-	-	9,576,283	5,234,875	2,281,510	-	-	22,055,678	-	39,148,346
Disposals	-	-	-	(1,236,490)	-	-	(4,100)	(11,150,288)	(3,000)	(12,393,878)
Balance as at 31/12/2020	-	350,032,841	405,987,005	262,613,052	85,362,328	6,087,523	243,171	527,363,990	1,588,700	1,639,278,609

WDV as at 31/12/2020	90,883,000	2,251,012,300	27,015,289	221,542,712	250,926,636	17,125,089	3,381	141,889,553	12,937	3,000,410,898
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Note-

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

Is a Property, Plant & Equipment for the Group140

10. INVESTMENT PROPERTY - AUTHORITY

At fair value							
	Balance as at	Additions	Transferred To PPE	Transferred From WIP	Written back	Adjustments	Balance as at
	01/01/2019	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		(901,840,885.00)	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	91,781,147,667						96,706,779,657
At fair value							
	Balance as at	Additions	Transferred To PPE	Transferred From WIP	Written back	Adjustments	Balance as at
	01/01/2020	During the year			on Disposals	During the year	31/12/2020
Land	88,402,587,190	854,835,813		-	-	(4,498,200,000)	84,759,223,003
Buildings	9,905,797,720	65,308,217		-	-	-	9,971,105,937
Total	98,308,384,910	920,144,030	-	-	-	(4,498,200,000)	94,730,328,940
Depreciation							
	Balance as at		Charges	Write Back for	Written back	Adjustments	Balance as at
	01/01/2020		for the year	Revalued Property	on Disposals	During the year	31/12/2020
Land	-	-	-	-	-	-	-
Buildings	1,601,605,253	-	197,592,969				1,799,198,222
Total	1,601,605,253	-	197,592,969	-	-	-	1,799,198,222
WDV	96,706,779,656						92,931,130,718

Note:

Compensation payable amounting to Rs.4,498,200,000/- on Beira Lake Restoration Project has been reversed due to the Treasury has agreed to pay Compensation on the same land and transfer the ownership of same to the Telecommunications Regulatory Commission.

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.O.W.O.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 categorization 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

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.

99year 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.

10. INVESTMENT PROPERTY - AUTHORITY

INVESTMENT PROPERTY - GROUP

	Balance as at 01/01/2019	Additions During the year	Transferred To PPE	Transferred From WIP From	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
	Balance as at 01/01/2020	Additions During the year	Transferred To PPE	Transferred From WIP	Written back on Disposals	Adjustments During the year	Balance as at 31/12/2020
Land	86,529,272,190	854,835,813	-	-	-	(4,498,200,000)	82,885,908,003
Buildings	14,272,512,336	65,308,217	-	-	-	-	14,337,820,553
Total	100,801,784,526	920,144,030	-	-	-	(4,498,200,000)	97,223,728,556
Depreciation							
	Balance as at 01/01/2020		Charges for the year	Write Back for Revalued Property	Written back on Disposals	Adjustments During the year	Balance as at 31/12/2020
Land	-	-	-	-	-	-	-
Buildings	2,161,466,452	-	272,617,438	-	-	-	2,434,083,890
Total	2,161,466,452	-	272,617,438	-	-	-	2,434,083,890
WDV	98,640,318,074						94,789,644,666

URBAN DEVELOPMENT AUTHORITY NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2020

11

	Share %	Group 31/12/2020 Rs.	Group 31/12/2019 Rs.	Authority 31/12/2020 Rs.	Authority 31/12/2019 Rs.
Urban Investment & Development Co.(Pvt) Ltd	100%			345,000,000	345,000,000
Waters Edge Ltd	100%			10	10
Temporary share Allotment by Waters Edge Ltd				200,000,000	200,000,000
UDA Rest House Company Ltd	100%			70	70
Peliyagoda Ware House Complex Co. Ltd.	100%			499,999,930	499,999,930
Less : Provision for Falling of value of Investment				(499,999,930)	-499,999,930
				545,000,080	545,000,080

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 Pellyagoda Warehouse Complex Ltd

As per the Gazette notification No. I 772 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 finaised 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	Share %				
Ocean View Development Co.(Pvt) Ltd		332,811,042	330,183,565	92,000,000	92,000,000
Share of Results after Tax	43%	129,009,228	2,627,477	-	-
Less:					
Dividend Received		-	-	-	-
		<u>461,820,270</u>	<u>332,811,042</u>	<u>92,000,000</u>	<u>92,000,000</u>
Onally Holdings Plc.		590,381,082	634,271,170	40,000,000	40,000,000
Share of Results after Tax - UDA	47%	82,648,120	(25,712,070)	-	-
Share of Results after Tax - UNIDEP	0.526%	924,956	-	-	-
Less:					
Dividend Received -UDA		(17,916,664)	(23,649,996)	-	-
Dividend Received -UNIDEP		(210,461)	-	-	-
		<u>655,827,032</u>	<u>584,909,104</u>	<u>40,000,000</u>	<u>40,000,000</u>
		<u>1,117,647,302</u>	<u>917,720,146</u>	<u>132,000,000</u>	<u>132,000,000</u>
13					
Lanka Electricity Company (pvt) Ltd		9,000,000	9,000,000	9,000,000	9,000,000
Housing Development Finance Corp.		500,000	500,000	500,000	500,000
Colombo Lands & Development Co. Ltd.		36,309,841	36,309,841	36,309,841	36,309,841
Lanka Hospital Pvt Ltd		2,500	2,500	-	-
		<u>45,812,341</u>	<u>45,812,341</u>	<u>45,809,841</u>	<u>45,809,841</u>
14					
Urban Investment & Development Company (Pvt) Ltd		-	-	1,903,019,451	2,341,145,064
		<u>-</u>	<u>-</u>	<u>1,903,019,451</u>	<u>2,341,145,064</u>
15					
Balance as at 01/01/2020		-	-	4,355,046,737	-
Lease - 99 Year		-	-	-	4,275,046,737
Lease Lot 3 - 80 Mn		-	-	-	80,000,000
Less-					
Cash received in the year		-	-	(192,974,204)	-
Total Lease value as at 31/12/2020		<u>-</u>	<u>-</u>	<u>4,162,072,533</u>	<u>4,355,046,737</u>
Receivable within one year		-	-	5,494,444	5,494,444
Receivable after one year		-	-	4,156,578,089	4,349,552,293
		<u>-</u>	<u>-</u>	<u>4,162,072,533</u>	<u>4,355,046,737</u>

The UDA entered into a lease agreement with Waters Edge Ltd for the lease of 2 land plots which extent 23A: IR: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					
	Mihidusenpura	1,501,305,804	1,501,305,803	1,501,305,804	1,501,305,803
	Sirisara Uyana & Methsara Uyana	3,542,724,337	3,526,470,985	3,542,724,337	3,526,470,985
	Laksada Sevana	822,601,541	651,966,744	822,601,541	651,966,744
	Randiya Uyana	2,945,350,253	2,944,665,253	2,945,350,253	2,944,665,253
	Sirisada Sewana	1,098,792,813	1,098,792,813	1,098,792,813	1,098,792,813
	Sirimuthu Uyana	1,565,203,830	1,563,817,842	1,565,203,830	1,563,817,842
	Muwadora Sewana	2,516,128,549	2,545,352,556	2,516,128,549	2,545,352,556
	Puradora Sewana	58,786,687	58,714,187	58,786,687	58,714,187
	Lakmuthusewana	397,994,619	397,994,618	397,994,619	397,994,618
	Siyasetha Sewana	782,895,690	782,895,689	782,895,690	782,895,689
	Methsanda Sewana	2,396,763,951	2,280,284,268	2,396,763,951	2,280,284,268
	Laksetha Sewana	2,074,527,816	2,032,389,941	2,074,527,816	2,032,389,941
	Siyapath Sevana	2,882,960,320	2,758,230,314	2,882,960,320	2,758,230,314
	Low Cost housing Scheem Wellawaththa	25,079,443	25,079,442	25,079,443	25,079,442
	Aluthmawatha Housing Scheem 672	2,296,247,548	2,226,633,168	2,296,247,548	2,226,633,168
	Aluthmawatha Housing Scheem 576	1,884,078,711	1,820,923,943	1,884,078,711	1,820,923,943
	Jayamaga Sewana	82,440,957	82,440,957	82,440,957	82,440,957
	Jayamaga Sewana	75,702,149	75,702,149	75,702,149	75,702,149
	Henamulla Housing Scheem 1650	6,668,939,583	6,209,382,277	6,668,939,583	6,209,382,277
	Henamulla Housing Scheem Stage II 1080	4,396,822,616	4,302,728,840	4,396,822,616	4,302,728,840
		38,015,347,227	36,885,771,789	38,015,347,218	36,885,771,789
	Lake Crest Residence	211,360,543	196,694,043	211,360,543	196,694,043
		211,360,543	196,694,043	211,360,543	196,694,043
	Total	38,226,707,770	37,082,465,841	38,226,707,761	37,082,465,841

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 capitalized 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 capitalized as at date has been transferred to Completed URPPC 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 2020

	Group		Authority	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	Ru.	Ru.	Ru.	Ru.
17 Debtors				
Rent Debtors	1,855,201,921	1,616,993,573	1,585,487,986	1,358,927,421
Lease Debtors	188,331,985	123,733,237	194,442,029.45	129,843,281
Rest House Debtors	115,194,560	114,654,560	115,194,560	114,654,560
Development Expenditure	837,407,955	1,157,628,842	837,407,955	1,157,628,842
Interest Receivable	4,517,082	5,461,891	1,627,365	2,136,798
Consultancy Fees	10,384,268	11,106,268	10,384,268	11,106,268
VAT Receivable	85,409,990	84,897,065	-	-
Other Debtors	330,473,938	152,573,477	232,392,519	98,100,614
UDSP	693,096,979	682,818,728	693,096,979	682,818,728
	4,120,018,679	3,949,867,640	3,670,033,662	3,555,216,510
Less: Provision for bad debt	(864,646,261)	(917,137,698)	(833,441,896)	(882,460,719)
Total Debtors	3,255,372,418	3,032,729,942	2,836,591,766	2,672,755,791
17 DEBTORS				
17.1 Debtors				
RENT DEBTORS				
17.1.1 Monthly Rental			713,729,554	627,793,457
17.1.2 V.A.T. Receivable From Monthly Rentals			97,036,259	96,069,530
17.1.3 V.A.T. Receivable From Key Money			18,985,952	17,999,157
17.1.4 20% Of Frozen Arrears			30,571,912	30,939,752
17.1.5 Rent Arrears Frozen			11,377,743	11,699,527
17.1.6 Fee For Electricity			95,958,510	84,735,018
17.1.7 Fee For Use & Occupation			51,244,518	40,704,111
17.1.8 Penalty On Delayed Monthly Rent & Fee For Use			72,309,207	52,292,216
17.1.9 Key Money receivable			212,622,532	202,613,303
17.1.10 Penalty On Key Money			118,196	86,809
17.1.11 Arrears Of Government Tax (Rent)			15,815,636	15,960,636
17.1.12 Electricity Deposits receivable			140,014,362	111,146,864
17.1.13 Water Charge deposit receivable			125,703,605	66,887,040
LEASE DEBTORS				
17.1.14 V.A.T. Receivable From Premia And Lease Rent			-38,983,162	24,711,250
17.1.15 Annual lease rent			16,803,333	34,811,827
17.1.16 Ground Rent			(8,761,509)	(8,370,678)
17.1.17 Interest on Lease Premia			448,229	547,471
17.1.18 Penalty on Delayed Lease Rent & Premia			10,903,952	7,237,097
17.1.19 Premia on Land Leased out			176,059,484	38,329,978
17.1.20 Arrears of Govt. Tax -Lease Rent			20,232,462	20,234,264
17.1.21 Service charges on lease properties			17,739,241	12,342,072
REST HOUSE DEBTORS				
17.1.22 Rest House Penalty			76,144,382	76,144,382
17.1.23 VAT Receivable from Rest Houses			2,749,834	2,749,834
17.1.24 VAT Receivable from Circuit Bungalows			156,656	156,656
17.1.25 Rest House Rent Receivable			17,624,108	17,624,108
17.1.26 Room Charges from Circuit Bungalows			375,670	375,670
17.1.27 Frozen Rest House Penalty			13,983,784	13,983,784
17.1.28 Rest House Service Charge Receivable			2,099,188	1,559,188
17.1.29 Rest House Other Debtors			1,653,212	1,653,212
17.1.30 Food & Bev. Receivable from Circuit Bungalows			129,349	129,349
17.1.31 Hire of Furniture			125,000	125,000
17.1.32 Room Charges from Rest Houses			153,376	153,376
DEVELOPMENT EXPENDITURE				
17.2.1 My. of Sports & Youth Affairs			49,751,156	83,601,563
17.2.2 Bills Receivable NHDA			41,829,079	40,860,754
17.2.3 My. Of Urban Development Cons. & Pub Utilities			-	25,007,130
17.2.4 Receivables from Treasury			5,470,343	6,664,835
17.2.5 Colombo Municipal Council			-	4,447,302
17.2.6 Other MISCL Debtors			47,669,722	46,526,545
17.2.7 Receivable on URPC Houses sale			249,000,000	249,000,000
17.2.8 Receivable on Middle Income Houses sale			443,687,654	701,520,713
INTEREST RECEIVABLE				
17.2.9 Interest Receivable from Repo's			1,239,555	1,748,988
17.2.10 Interest Receivable from other Sources			387,810	387,810
CONSULTANCY FEES				
17.2.11 Consultancy Fees SRCC & Treasury Fund			-	472,000
17.2.12 Management Fee Receivable On Client's Project			10,384,268	10,634,268
OTHER DEBTORS				
17.2.13 Rest House Company LTD A/C			65,705,956	61,686,503
17.2.14 Waters Edge Limited Current A/C			5,363,814	-
17.2.15 Dividend Receivable			20,894,854	15,000,000
17.2.16 Ministry of Education			-	5,406
17.2.17 UDSP Receivables Personnel Emoluments			16,479	16,479
17.2.18 Cheque Rtn/Dishard Control A/C			72,724	72,721
17.2.19 Cheques Return Charges Receivable			343,093	326,424
17.2.20 Interest Suspens A/C on Fin.Lease			56,412,240	-
17.2.21 vat retained on UDA income			(19,940)	-21,179
17.2.22 VAT Control Account			83,603,300	21,014,260
ULG's (UDSP) Loan Installment & Interest Receivable				
17.2.23 ULG's (UDSP) Loan Installment Receivable			296,208,810	287,182,602
17.2.24 ULG's (UDSP) Loan Interest Receivable			396,888,169	395,636,126
			3,670,033,662	3,555,216,510
			(833,441,896)	(882,460,719)
17.2.25 Provision for Bad Debts			2,836,591,766	2,672,755,791
17.2.23/24 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.				
17.b STAFF DEBTORS				
17.2.26 Staff Loans			228,720,082	227,432,584
17.2.27 Staff Receivable			(64,107)	-
			228,655,976	227,432,584

URBAN DEVELOPMENT AUTHORITY
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		Group		Authority	
		31/12/2020	31/12/2019	31/12/2020	31/12/2019
		Rs.	Rs.	Rs.	Rs.
18 DEPOSITS, PRE-PAYMENTS & ADVANCES					
18.1	Advances to Contractors	2,661,247,454	5,519,993,816	2,661,149,959	5,519,896,321
18.2	Deposits with Suppliers	6,489,043	7,029,043	6,489,043	7,029,043
18.3	Deposits for Services	14,536,766	14,476,905	14,046,766	13,986,905
18.4	Sundry Advances	28,200,565	36,743,943	27,333,117	36,079,768
18.5	Deposit for Electricity	10,250,796	9,429,296	6,500,796	5,679,296
18.6	Security Deposits - Electricity	9,212,276	9,277,763	9,212,276	9,277,763
18.7	Receivable from Contractors(UDSP)	-	3,430,738	-	3,430,738
18.8	Pre Payments	17,430,759.98	19,117,441	2,644,217	4,469,388
18.9	Compensation Deposits	38,213,780.67	37,360,781	38,213,781	37,360,781
18.10	Advance Given to Staff	4,292,185.62	3,811,988	4,292,186	3,811,988
18.11	Advance Payments for Valuation Reports	27,472,610	90,430,000	27,472,610	90,430,000
18.12	Advance Special-2	3,509,000	3,692,250	3,509,000	3,692,250
		2,820,855,236	5,754,793,964	2,800,863,750	5,735,144,241
19 FIXED DEPOSITS (Authority)					
Amount Invested					
	Bank of Ceylon			17,379,896,141	13,105,489,794
	Peoples Bank			3,031,407,450	3,031,407,450
	NDB			3,252,437,962	3,252,437,962
				23,663,741,553	19,389,335,206
Interest Receivable (after incorporating effective interest rate adjustment)				824,792,103	824,792,103
Fixed Deposit as at 31st December				24,488,533,656	20,214,127,309
Interest earn on Fixed Deposit as per EIR				1,653,303,481	1,762,853,320
20 REPO INVESTMENT(Authority)					
	Bank of Ceylon			2,164,000,000	1,715,000,000
				2,164,000,000	1,715,000,000
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	889,520	871,478	889,520	871,478
		889,520	871,478	889,520	871,478
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	371,467	350,074	371,467	350,074
21.2.4	BOC - Central Super Market Branch	5,696,416	4,160,815	5,696,416	4,160,815
21.2.5	BOC- NuwaraEliya	-	21,248	-	21,248
	CURRENT ACCOUNTS				
21.2.6	BOC- Corporate Branch	-	6,610,883	-	6,610,883
21.2.7	BOC - Kandy Branch	4,794,465	828,834	4,794,465	828,834
21.2.8	BOC - Hambantota priority Project	88,951	88,951	88,951	88,951
21.2.9	BOC -Galle Bazaar Branch	1,765,824	500,000	1,765,824	500,000
21.2.10	BOC - Badulla Branch	1,441,154	1,434,866	1,441,154	1,434,866
21.2.11	BOC - Supergrade Branch Kurunegala	943,054	527,027	943,054	527,027
21.2.12	BOC - Jaffna Branch	20,802	20,802	20,802	20,802
21.2.13	BOC - Anuradapura New Town Branch	500,000	10,000	500,000	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	-	3,026,709
21.2.17	BOC - Debenture Interest Accounts	1,871,242	1,871,242	1,871,242	1,871,242
21.2.18	BOC - Corporate Branch (Beddagana Project)	3,401,906	3,197,539	3,401,906	3,197,539
21.2.19	BOC - Community Development Project	116,590	140,590	116,590	140,590
21.2.20	BOC - Kandy Branch	-	3,107,142	-	3,107,141.99
21.2.21	BOC - Weeramawatha Housing Project	-	260,000	-	260,000
21.2.22	BOC current A/C - Angoda Housing Project	3,290,965	104,000	3,290,965	104,000
21.2.23	Bank Account - PWCC Ltd	1,758,935	1,758,935	-	-
21.2.24	Bank Account - Waters Edge	36,532,882	37,949,297	-	-
21.2.25	Bank Account - UDA Rest House Ltd	7,881,427	-	-	-
21.2.26	Bank Account - UNIDEP Ltd	784,109	4,754,598	-	-
	SAVINGS ACCOUNTS				
21.2.27	BOC- Foreign Currency Saving Account	16,479	15,822	16,479	15,822
		72,203,204	71,665,907	25,245,851	27,203,077
21.3	Petty Cash Imprests	758,153.87	804,536	708,154	715,419
21.4	Cash in hand	-	3,555,214	-	-
		73,850,877	76,897,135	26,843,524	28,789,974

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NOTES TO THE FINANCIAL STATEMENTS
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	Group		Authority	
	31/12/2020 RS	31/12/2019 RS	31/12/2020 RS	31/12/2019 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 Accumulated Surplus / (Deficit)				
Excess of Income over Expenditure -	1,774,771,518	1,504,769,223	1,303,393,154	1,086,381,534
Derecognised of Capital Reserve	-	8,462,785	-	8,462,785
Prior Year Adjustments - made using a/c 9999	11,865,572	62,440,198	11,865,572	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 URPC Housing Disposal Loss)	-	(443,078,239)	-	(443,078,239)
Prior Year Adjustments (Recognition of unaccounted benefit obligation - Gratuity & over accounted Income tax expenses of WE 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 Middle Income Housing Disposal profit related to Angoda Housing Project)	(13,678,640)		(13,678,640)	
Prior Year Adjustments (Recognition of Actuarial Loss)	-	(1,767,313)	-	(1,767,313)
Actuarial Loss (Benefited obligations)	(23,371,599)	(24,144,192)	(26,054,545)	(25,925,217)
Deferred tax impact on remeasurement of post employment benefit obligations	(375,612)	(249,344)	-	-
Balance B/F from Previous Year	79,088,116,445	78,407,267,085	75,636,837,783	75,380,978,701
Accumulated Profit	80,837,327,684	79,088,116,445	76,912,363,324	75,636,837,783
24 Interest bearings Borrowings				
Loan Balance C/F	10,046,806,551	10,310,806,551	10,046,806,551	10,310,806,551
Add: Loan taken during the year	50,000,000	-	-	-
Less: Loan repayment during the year	(264,000,000)	(264,000,000)	(264,000,000)	(264,000,000)
Balance as at 31st December 2020	9,832,806,551	10,046,806,551	9,782,806,551	10,046,806,551
Payable within one year	1,043,567,212	264,000,000	993,567,212	264,000,000
Payable after one year	8,789,239,339	9,782,806,551	8,789,239,339	9,782,806,551
	9,832,806,551	10,046,806,551	9,782,806,551	10,046,806,551
24.1 NSB				
Loan Balance C/F	1,292,000,000	1,556,000,000	1,292,000,000	1,556,000,000
Less: Loan repayment during the year	(264,000,000)	(264,000,000)	(264,000,000)	(264,000,000)
Balance as at 31st December 2020	1,028,000,000	1,292,000,000	1,028,000,000	1,292,000,000
Payable within one year	264,000,000	264,000,000	264,000,000	264,000,000
Payable after one year	764,000,000	1,028,000,000	764,000,000	1,028,000,000
	1,028,000,000	1,292,000,000	1,028,000,000	1,292,000,000
UDA has obtained a total credit facility of Rs. 2,770 Mn from the NSB for construction of Sethsiripaya 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.				
24.2 Peoples Bank / BOC				
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	-	-	-	-
Less: Loan repayment during the year	-	-	-	-
Balance as at 31st December 2020	8,754,806,551	8,754,806,551	8,754,806,551	8,754,806,551
Payable within one year	729,567,212	-	729,567,212	-
Payable after one year	8,025,239,339	8,754,806,551	8,025,239,339	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				
25 Payable to Leasing - BOC				
Lease taken during the year	317,044,320	-	317,044,320	-
Less : Lease repayment during the year	(15,852,216)	-	(15,852,216)	-
Balance as at 31st December 2020	301,192,104	-	301,192,104	-
25.1 Payable within one year	63,408,864	-	63,408,864	-
Payable after one year	237,783,240	-	237,783,240	-
	301,192,104	-	301,192,104	-
28 Nos. Double Cabs has been taken by the UDA under the Financial leasing method from the Bank of Ceylon to pay in 60 equal monthly installements with the approval of department of Public Enterprises (dated 18.09.2019) in the under review.				
26 Net Government Capital Contribution:				
26.1 For Sethsiripaya Administrative Complex	672,502,893	679,584,894	672,502,893	679,584,894
26.2 For Colombo Central Super Market	191,871,995	199,211,995	191,871,995	199,211,995
26.3 For Sellakataragama Shops	58,275,000	59,570,000	58,275,000	59,570,000
	922,649,888	938,366,889	922,649,888	938,366,889
Less : Grants written Back to Income	(15,717,000)	(15,717,000)	(15,717,000)	(15,717,000)
Balance as at 31/12/2020	906,932,888	922,649,889	906,932,888	922,649,889

URBAN DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
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	Group		Authority	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	Ru.	Ru.	Ru.	Ru.
27 Government Assistance for URPPC Projects				
Balance B/F	20,664,181,880	13,095,631,587	20,664,181,880	13,095,631,587
Add: Grant Received in the year	5,253,479,785	7,568,550,293	5,253,479,785	7,568,550,293
Balance as at 31st December 2020	25,917,661,665	20,664,181,880	25,917,661,665	20,664,181,880

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 liberatig of lands and disposal of lands funds was received from treasury since 2017 for construction of houses under URPPC.

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

28 Deferred Lease				
Balance B/F	38,912,380,329	38,483,338,756	43,499,440,189	38,751,288,756
Add : Premia received in the Year	1,628,208,129	951,759,007	1,628,208,129	5,306,805,744
Less : Revenue written back to the	(503,616,736)	(522,717,434)	(557,699,026)	(558,654,311)
Balance as at 31st December 2020	40,036,971,723	38,912,380,329	44,569,949,293	43,499,440,189

Lease Period	Number of Lease Property	New Leases & error corrections	Amount Recognized as income	Lease Consideration as at 31/12/2020
Year	Nos.	Ru.	Ru.	Ru.
1-10	9	7,305,963.08	14,430,828.66	12,207,092.42
30	80	382,505,812.15	25,879,399.25	900,595,144.14
31-49	2	76,285.71	102,857.16	1,276,285.69
50	342	(116,795,809.90)	187,918,196.49	9,934,518,170.81
51-84	5	65,259.55	17,052.24	1,159,326.12
99	751	6,275,221,164.13	329,325,969.07	33,126,964,817.64
	211	(50,860,634.60)	24,722.85	593,228,454.20
		6,497,518,040.12	557,699,025.72	44,569,949,291.02

29 Defined Benefit Obligation - Gratuity

Provision as at 01st January 2019	367,757,425	322,071,836	328,256,724	287,431,149
Benefit paid during the year	(45,883,400)	(34,446,755)	(44,607,950)	(33,184,623)
Benefit Payable within the year	(1,434,128)	(2,998,525)	(1,434,128)	(2,998,525)
Amount paid for Arrears	(31,500)	(207,738)	(31,500)	(207,738)
Amount recognized as prior year adjustn	-	1,767,313	-	1,767,313
	320,408,397	286,186,131	282,183,146	252,807,576
Current Service Cost & interest Cost	63,532,347	57,427,102	53,529,402	49,523,931
(Gain) / loss arising from changes in the Balance as at 31st December 2020 (No	23,371,599	24,144,192	26,054,545	25,925,217
	407,312,343	367,757,425	361,767,093	328,256,724

Note 29.1 - Break down for Gratuity payable (Authority)

Balance as per actuarial valuation as at 31st December			358,740,267	325,198,398
Arrears Payable as at 31 st December			3,026,826	3,058,326
Balance as at 31st December 2020			361,767,093	328,256,724
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
	Ru	Ru	Ru	Ru

	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	Ru.	Ru.	Ru.	Ru.
30 Payable to contractor (URP & C)				
30.1 IVRCL lanka Pvt ltd	2,074,412,666	1,358,016,849	2,074,412,666	1,358,016,849
	2,074,412,666	1,358,016,849	2,074,412,666	1,358,016,849

M/S IVRCL Lanka Ltd was awarded a contract to construct 4100 low cost housing: units at Maligawatta, Kolonnawa and Aluthmawatha under the Urban. Regeneration Project in the City of Colombo and this contract entails assurance of bank guarantee from the UOA to the value of US\$ 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 1 464 housing units at Maligawatte and Kolonnawa at the total contract value of US\$ 20 million. Therefore, a fresh bank guarantee to the value of USD 20 million has been issued on 18/09/2015 in favor of the IVRCL for the tenor of the new contract period.

URBAN DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
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	Group		Authority	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
31 Expense & Other Creditors				
31 creditors				
Expense creditors	835,204,382	721,863,164	539,364,243	479,996,253
Rent Deposits	6,420,814	6,420,814	-	-
Development Expenditure	12,740,040,636	15,613,049,203	12,931,284,766	16,011,918,049
Taxes Payable	166,741,099	124,828,748	147,620,164	134,361,382
UDSP	1,145,834	1,535,870	1,145,834	1,535,870
Other Creditors	772,963,137	970,523,155	758,779,424	953,497,240
	14,522,515,903	17,438,220,984	14,378,194,432	17,581,308,855

Creditors schedules for the Authority

31.1 Expense creditors				
31.1.1 Audit Fees			5,020,000	5,800,000
31.1.2 Electricity			32,069,097	21,590,951
31.1.3 Water			17,144,104	-
31.1.4 Maintenance			12,117	-
31.1.5 Other Expenses			272,738,862	273,143,565
31.1.6 Supplies			22,194,212	22,777,463
31.1.7 Telephone			1,038,272	1,795,292
31.1.8 Gratuity 15% Retention			100,006	330,981
31.1.9 Accrued Bonus, Medical Etc			160,835,256	122,867,017
31.1.10 Unpaid Salaries			121,578	93,608
31.1.11 E.P.F. Payable			25,254,478	24,200,216
31.1.12 E.T.F. Payable			1,498,760	2,898,635
31.1.13 Transport Charges Payable			-96,619	1,500,000
31.1.14 Gratuity Payable within the year			1,434,128	2,998,525
31.2 Other Creditors				
Development Expenditure				
31.2.1 Accrued Compensation on Lands with Interest			3,149,463,740	3,117,559,885
31.2.2 Bills Payable to Contractors			7,702,370,826	9,889,897,097
31.2.4 Retention Money			1,881,264,163	2,532,591,309
31.2.5 SEC Current Account			-	25,136,182
31.2.6 Hamabantota Priority Project Current A/C			-	40,865,025
31.2.7 PWCC Current Account			193,172,320	193,172,320
31.2.8 Current A/C Ocean View			5,013,718	5,013,718
31.2.9 Waters Edge Limited Current A/C			-	207,682,513
UDSP				
31.2.10 Bills Payable-UDSP & Others			1,145,834	1,535,870
Taxes Payable				
31.2.11 GST Control Account			13,963,532	13,960,532
31.2.12 NSL payable			51,147,670	51,147,670
31.2.13 PAYEE Tax payable			448,795	907,021
31.2.15 VAT Payable in Advance			292,846	292,846
31.2.16 Construction Industry Guarantee Levy			271,723	271,723
31.2.17 Income Tax Payable			81,165,770	62,869,844
31.2.18 Economic Service Charges payable			-	2,238,049
31.2.19 With Holding Tax Payable			329,767	2,673,698
Other Creditors				
31.2.20 Stamp Duty on Deeds			4,260,945	2,865,787
31.2.21 Fee for water Services			2,274,075	2,274,075
31.2.22 Unpaid Cheque			-9,434	-
31.2.23 Rent received in Advance			225,003,592	310,938,085
31.2.24 Others			8,787,756	8,787,756
31.2.25 Rest House 80% Food & Beverages payable			31,630	31,630
31.2.26 Interest Payable on Short Term Bank Loan			518,430,861	628,599,907
			14,378,194,432	17,581,308,855

	Group		Authority	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
32 Deferred Tax Liability				
Opening Balance	143,583,360	335,839,547	60,120,654	277,438,589
Charges/(Written back) for the previous year	-	28,652,091	-	-
Charges/(Written back) for the period	308,162,594	(220,908,278)	290,937,987	(217,317,935)
Closing Balance - Deferred Tax Liability	451,745,954	143,583,360	351,058,641	60,120,654

URBAN DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2020

	Group		Authority	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	Rs.	Rs.	Rs.	Rs.
33 Deposits & Advances				
33.1 Tender Deposits	28,098,860	18,544,610	27,998,860	18,444,610
33.2 Security Deposits	180,734,796	96,350,858	180,034,796	95,640,858
33.3 Rest House Rent Refundable	12,031,538	16,513,011	12,031,538	16,513,011
33.4 Clients Deposits	381,727,894	286,448,228	381,507,010	286,257,671
33.5 Sundry Deposits	114,768,003	112,101,862	6,173,133	5,416,883
33.6 Rent Deposits	40,185,135	40,695,135	40,185,135	40,695,135
33.7 Refundable Processing Fee	4,740,513	4,284,975	4,740,513	4,284,975
33.8 Deposits - Visumpaya	4,358,112	4,358,112	4,358,112	4,358,112
33.9 Deposits for Proposed Projects	379,492	379,492	379,492	379,492
33.10 EIA Deposits Received	27,338,544	24,437,144	27,338,544	24,437,144
33.11 Land Sale Proceeds Received in Advance	2,315,266,221	2,042,896,932	2,310,478,221	2,038,108,932
33.12 Maintenance Deposit - URPCC	7,255,110	7,255,110	7,255,110	7,255,110
33.13 Service Charge Deposit - URPCC	5,514,439	5,510,639	5,514,439	5,510,639
33.14 Deposit for Housing Scheme - URPCC	885,426,557	780,579,112	885,426,557	780,579,112
33.15 Management Fund - Housing Scheme - URPCC	378,771,845	375,350,253	378,771,845	375,350,253
33.16 Advance Received For Middle Income Housing Project	954,069,443	5,810,288,665	954,069,443	5,810,288,665
33.17 Advance received for Disposal of URPCC Houses	2,904,495,415	2,019,102,542	2,904,495,415	2,019,102,542
33.18 Funds received for Community Development Project	1,744,336	1,744,082	1,744,336	1,744,082
33.19 Deposit for Notarial Charges	123,000	226,500	123,000	226,500
33.20 Deposit received for Compensation Payments	56,401,148	54,845,368	56,401,148	54,845,368
	8,303,430,400	11,701,912,631	8,189,026,646	11,589,439,095
33.4 Clients Deposits				
Clients Deposits Received			4,679,653,740	4,822,351,665
Clients' project Expenditure incurred			4,298,146,730	4,536,093,994
Balance as at 31/12/2020			381,507,010	286,257,671
33.12 Maintenance Deposit - URPCC				
It has been received Rs.50,000/- from treasury as maintenance deposits for URPCC housing projects and it has been recorded under current liability as maintenance deposits. The balance of same account is Rs.7 Mn as at 31/12/2020.				
33.14 Deposit for Housing Scheme - URPCC				
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.885 Mn as at 31/12/2020.				
33.15 Management Fund - Housing Scheme - URPCC				
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 URPCC. The balance of same account is Rs.379 Mn as at 31/12/2020.				
33.16 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.954 Mn as at 31/12/2020.				
33.17 Advance received for Disposal of URPCC Houses				
Some Government organization has requested houses from various project of URPCC 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 URPCC houses. The account balance is Rs.3 Bn as at 31/12/2020.				
34 Bank Overdraft				
CURRENT ACCOUNT				
34.1 BOC - Corporate Branch	51,477,938	-	51,477,938	-
34.2 BOC - Hambantota Branch	1,243,100	1,040,982	1,243,100	1,040,982
34.3 Peoples Bank Current Account	5,832,428	-	5,832,428	-
34.5 BOC - Kandy Branch	275,059	-	275,059	-
34.6 NDB - Current Account	25,431	320,148	25,431	320,148
34.6 BOC - Weeramawatha Housing Project	5,527,715	-	5,527,715	-
34.7 Bank Account - Waters Edge	11,511,150	45,910,040	-	-
34.8 Bank Account - UDA Rest House Ltd	-	2,471,935	-	-
COLLECTION ACCOUNTS				
34.9 BOC - Anuradhapura Branch	50,921	6,928	50,921	6,928
34.10 BOC - NuwaraEliya	69,489	-	69,489	-
	76,013,232	49,750,033	64,502,082	1,368,058

URBAN DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
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35 RELATED PARTY TRANSACTIONS

Personnel emoluments of the key Management paid for the year 2020 is Rs.3,902,340 which includes salaries 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	2020 Rs.	2019 Rs.
(1). Urban Investment & Development Company (	Recovery of the Project Implementation expenditure	(438,125,614)	(372,118,772)
(2). UDA Rest Houses Ltd	Payment of Salaries and wages	3,284,778	3,179,928
(3). Onally Holdings PLC	Financial Management fee received	1,375,000	1,772,950
	Dividend received - UDA	17,916,664	23,649,996
	Dividend received - UNIDEP	210,461	
(5). Waters Edge Ltd	Lease Out of Land-		
	99 year Lease	-	4,275,046,737
	20 Year Lease	-	80,000,000
	Lease Rental earned for the year		
	99 year Lease	43,182,290	-
	20 Year Lease	3,999,999	-
	Lease Interest income	570,000	-
	VAT on Receivable on lease	45,600	-

(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.438,125,614/- 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.

36. Magam Ruhunupura International Conventional Center (MRJCC)

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. 23.5 mn has been recorded in the UDA Financial Statements under Administrative Expenditure and UDA has received income amounting to Rs.0.67 mn from the functions held in the premises. This income has been shown under Miscellaneous income. (Note 3.3)

37. Meethotamulla Project

Cost incurred for the year 2020 on Meethotamulla Redevelopment Project amounts to Rs. 82.96 Mn and Rs.2.58 Mn out of above cost has been shown under Administrative Expenditure. Further, Capital nature expenditure incurred on said project amounts to Rs.80.37 Mn has been shown under Work in Progress Account and rest shown under Property Plant and Equipment.

40. 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	118,003,320
Full impairment (100%) for age over one year debtors	145,083,748
Impairment of for age between 11-12 months debtors	21,354,077
Impairment for age between 9-10 months debtors	24,199,109
Impairment for age between 7-8 months debtors	25,752,701
Impairment for age between 5-6 months debtors	23,196,911
Impairment for age between 3-4 months debtors	10,657,201
Impairment for age equal or less than 2 months debtors	19,763,250
Less than 2 months no impairment	
100% Provision for penalty	<u>186,209,435</u>
	574,219,752
Adjustment	(48,783,050)
Provision in 2020	
100% impairment on Rest House Debtors	114,065,409
Impairment on Development Expenditure Debtors & other Debtors	256,707,195
Write off during the year 2020	<u>(62,768,128)</u>
Total Impairment on debtors as at 31/12/2020	<u>833,441,178</u>

During the year 2022 the BOM of UDA has granted its approval of on its meeting no.77 /2022 to write off the long outstanding debtors which are receivable for the Government Organization amounting to Rs.62,768,128.37. Accordingly, Rs.62,768,128.37 has been written off in this Statements.

41. 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 installments 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.

42. Contingent Liabilities & Others

UDA has entered into the Contract Agreement with Sanken Construction (pvt) Ltd. To construct a hotel consists of 182 nos. Rooms with ancillary facilities on behalf of the Waters Edge in the year 2019. However, subsequently, said construction works have been suspended and construction works have not been started yet.

Based on that contractor M/S Sanken Construction Company Ltd. has filed a case at the Commercial High Court against UDA to request a Rs.180,600,000/- as a Compensation for the cost that they have incurred for the construction works. Accordingly, in the year 2020 the court has informed the petitioner to include the Waters Edge Ltd. as a defendant and from that date Sanken Construction (Pvt) Ltd. has not made an action to do the same as instructed by the Commercial High Court up to the 28/11/2022. Hence, no provision has been made in the Consolidated Financial Statements in the year 2020.

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	863,696,262	654,826,099	21,177,838
Direct Cost	(322,511,666)		(1,959,889)
Gross Profit	541,184,596	654,826,099	19,217,949
Other Income	37,708,510	9,300,351	4,841,974
Administration Expenses	(484,389,291)	(151,749,762)	(18,922,101)
Selling and Distribution Expenses	(30,714,573)		
Other Expenses	(124,678,049)	(2,289,378)	
Results from Operating Activities	(60,888,807)	510,087,310	5,137,822
Finance Cost	(1,773,636)	(147,145,348)	(12,540)
Profit Before Income tax	(62,662,443)	362,941,962	5,125,282
Income tax expense	(11,019,952)	(15,179,770)	(1,356,938)
Profit/(Loss) for the Year	(73,682,394)	347,762,192	3,768,343

SUMMARY OF THE PROFIT & LOSS STATEMENT OF THE ASSOCIATES COMPANIES

	Ocean View Development Co.(Pvt)ltd Rs	Onally Holdings Plc. Rs
Revenue	118,173,214	201,223,526
Direct Cost	(6,257,945)	
Gross Profit	111,915,269	201,223,526
Other Income	290,342,086	71,390,779
Fair Value gain on Investment Property		40,370,618
Administration Expenses	(92,253,379)	(71,091,040)
Selling and Distribution Expenses		
Results from Operating Activities	310,003,976	241,893,883
Finance Cost	(3,827,317)	
Profit Before Income tax	306,176,659	241,893,883
Income tax expense	(8,824,914)	(67,633,334)
Profit/(Loss) for the Year	297,351,745	174,260,549
Other comprehensive income		
Gain/(loss) on remeasurements of post employment benefit obligation	(171,427)	(356,509)
Gain/(loss) on revaluation of building	2,800,000	2,560,000
Tax on other Comprehensive income	-	(616,977)
Differed tax relating to remeasurement of retirement benefit obligation	41,142	-
Total other comprehensive income/ (loss) for the year - net of tax	2,669,715	1,586,514
Total Comprehensive income / (loss) for the year	300,021,461	175,847,063

4.3.10 Years Summery Reports (Statement of financial position, comprehensive income statement and cash flow statements)

The Summary Financial position of the Authority for the period from 2011 to 2020 is as follows,

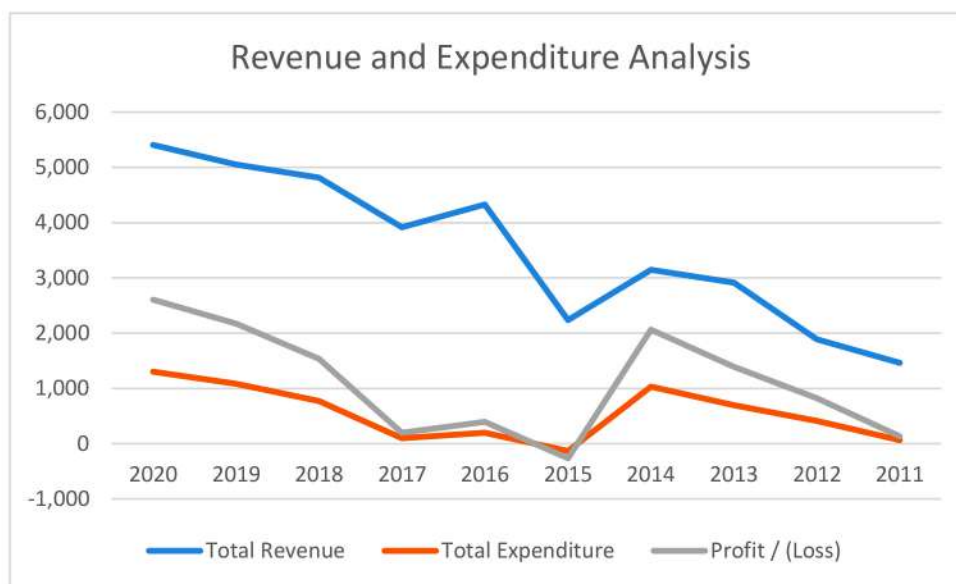
Classification	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Rs. (Mn.)										
Assets										
Non Current assets	163,277	166,075	155,570	144,921	131,956	125,197	116,905	99,410	95,659	9,437
Current assets	32,600	30,640	32,229	27,328	12,355	9,578	17,031	15,771	16,068	14,829
Total Assets	195,877	196,715	187,799	172,249	144,311	134,775	133,936	115,181	111,727	24,267
Equity and reserves										
Capital	100	100	100	100	100	100	100	100	100	100
Net government contribution	907	922	938	954	970	986	1,001	1,015	1,030	1,044
Reserves	76,912	75,636	88,485	83,265	74,767	74,930	75,140	73,851	77,763	(1,167)
Non-Current liabilities	93,919	95,582	63,648	61,699	33,253	31,094	30,955	32,975	27,555	20,845
Current liabilities	24,040	29,475	34,628	26,231	35,221	27,665	26,740	7,239	5,278	3,444
Total equity and liabilities	195,877	196,715	187,799	172,249	144,311	134,775	133,936	115,181	111,727	24,267

Summary of the Comprehensive income and expenditure statement

The summery comprehensive income and expenditure statement of the Authority for the period from 2011 to 2020 is as follows.

Classification	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Rs. (Mn.)										
Income	2,337	2,582	2,457	2,227	1,749	1,757	2,352	1,350	1,055	816
Other operating income	3,053	2,454	2,339	1,673	2,562	464	779	1,550	822	633
Total Income	5,390	5,036	4,796	3,900	4,311	2,221	3,131	2,900	1,877	1,449
Corporate and administrative expenses	(3,510)	(3,736)	(3,654)	(2,814)	(2,415)	(2,082)	(1,903)	(1,935)	(1,423)	(1,201)
Other operating income	(17)	(107)	(182)	(70)	(353)	(75)	(492)	(36)	(23)	(18)
Financial Cost	(6)	(1)	(29)	(812)	(1,426)	(263)	(1)	(1)	(1)	(2)
Operating profit (loss) after financial cost	1,857	1192	931	204	117	(199)	755	928	430	228
Non-operating income	16	16	16	16	16	16	14	14	14	14
Profit/(loss) before tax	1,873	1,207	947	220	133	(183)	749	942	444	242
Expenditure on tax/deferred income	(570)	(121)	(178)	(122)	65	(51)	(284)	(247)	(31)	(174)
Net profit/(loss) after tax	1,303	1,086	769	98	198	(132)	(1,033)	695	413	69
Actuarial profit/(loss)	(26)	(26)	(14)	7	22	(8)	(3)	(52)	(1)	-
Total comprehensive income for the year	1,277	1,060	755	105	220	(141)	1,030	643	412	69

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



Summary of cash flow statements

The summery cash flow statement of the Authority from 2010 to 2020 is as follows:

Classification	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Rs.(Mn.)										
Net profit / (loss) before tax	1,873	1,208	947	220	133	(183)	749	942	444	242
Adjustments	(4,249)	(3,695)	3,234	(2,423)	(1,621)	(1,212)	(2,121)	(1,634)	(953)	(732)
Operating loss before working capital	(2,376)	(2,487)	(2,287)	(2,203)	(1,488)	(1,395)	(1,372)	(692)	(509)	(490)
Working capital changes	3,830	4,948	(2,075)	5,361	5,410	4,523	(1,484)	1,119	1,345	(1,385)

Cash flow from operation	2,410	1,630	(1,150)	21,052	5,908	4,677	1,434	5,345	6,089	1,474
Cash flow from investments	(8,918)	(11,407)	(3,150)	(24,461)	(6,764)	(15,428)	(4,493)	(5,945)	(14,270)	(4,137)
Cash flow from financial activities	4,989	7,035	4,332	4,638	(240)	10,682	3,522	(75)	452	914
Net increase in cash and cash equivalents	(65)	(12)	32	1,229	(1,096)	(69)	463	(675)	(7,729)	(1,749)
Cash and cash equivalents at the beginning of the year	27	38	6	(1,223)	(127)	(57)	(520)	(155)	7,884	9,633
Cash and cash equivalents at the end of the year	(38)	26	38	6	(1,223)	(127)	(57)	(520)	155	7,884

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 report
- Ensuring the compliance with laws, regulations and basic good governance principle
- Overseeing the performance and Interrelations of the Authority Making decisions on expenditure capital Investments.
- Appoint members to the boards of direction of the subsidiaries.

Audit Committee Report & financial Statements

5.1 Role of the Audit committee.

5.2. Members of the Audit committee .

5.3. Attendance of members for the 2020

Audit committee meeting

5.4. Function of the Audit committee for the Year 2020

5.5. Report of the Auditor General on the financial statement
of urban Development Authority and its subsidiaries



5.1 Audit Committee Report

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 2020, 05 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	Ms. K.V.C.Dilrukshi	Chairman
02	Mr. G.K.Pathirana	Secretary
03	Mr. Saakya Ukwatta	Member
04	Mr. W.M.S.Wijesinghe	Member

5.3 Attendance of members for the 2020 Audit Committee Meeting

The Superintendent of Government Audit and the Chief Internal Auditor of the Ministry attended the AC upon invitation. Deputy Director General (Finance) and Chief Internal Auditor of the UDA attended the AC meetings on regular basis and the Heads of other divisions attended the meetings of the AC based on the necessity.

No.	Members	26.02.2020 01/2020	19.08.2020 02/2020	06.10.2020 03/2020	24.11.2020 04/2020	22.12.2020 05/2020
01	Ms. K.V.C.Dilrukshi Chairman, Audit Committee	√	√	√	√	√
02	Mr. G.K.Pathirana - Member, Audit Committee	√	√	√	√	√
03	Mr. Saakya Ukwatta - Member, Audit Committee	√	√	√	√	√
04	Mr. W.M.S.Wijesinghe - Member, Audit Committee		absent	√	√	√

Role of the Audit Committee

- AC is appointed by the Board of Directors and it is a Board Sub Committee, responsible to the Board. The AC is responsible to report its recommendations to the Board of Directors in order to facilitate taking corrective measures and implementing its oversight responsibility for the achievement of the institutional objectives. In fulfilling this, the committee's key responsibilities area.

Financial Reporting and Regulatory Compliance

- Systematic oversight over the Authority's Financial Reporting to ensure that the financial statements are prepared, presented and the information is adequately disclosed in accordance with the statutory requirements.
- Review the duly compliance with the establishment Act and the other relevant Acts including Finance Act.

Internal Control

- Review and assess the adequacy and effectiveness of the internal controls and identify the areas which require special attention.

Internal Audit

- Review and evaluate the independence, effectiveness and competency of the Internal Audit functions, their resource requirements and make recommendations for improvement.
- Ensure the coordination between Internal Audit Division and the External Auditors.
- Ensure the Internal Audit function is carried out based on risk assessment of the functions of the Authority by reviewing and approving the Risk Based Internal Audit Plan.

External Audit

- Make appropriate communications with the external auditor on audit findings and make recommendations to the Board of Directors to rectify the issues.

Risk Management

- Ensure that the Authority assesses the key risks applicable and recommend risk management strategies to the Board of Directors.

5.4.Functionsof theAuditCommitteefortheYear2020

1. Reviewed the internal control systems and monitoring of financial reporting process.
2. Reviewed the internal audit reports related to the major operations of the Authority and made recommendations to overcome the reported management weaknesses.
3. Reviewed the process of maintaining information on land and property of the Authority in a computerized database and provided recommendations on the accounting and valuation process.
4. Reviewed the progress of the implementation of the Annual Internal Audit Plan.
5. Provided recommendations to carry out Internal Audit activities of the subsidiary companies of the Authority.
6. Reviewed the progress of the preparation of annual reports.
7. Provided guidelines for the preparation of financial manuals for the Authority.
8. Reviewed the progress of monthly rent collection and provided recommendations to improve the rent collection efficiency and record maintenance process.
9. Reviewed the action plan progress on improvements in the accounting and management weaknesses highlighted in the Auditor General's report 2017.
10. Reviewed the proposed compensation policy for UDA and provided recommendations.
11. Reviewed the risk and weaknesses in existing accounting system and provided recommendations for improvement.
12. Reviewed the progress of answering Government Audit Queries relevant to the year and discussed the observations submitted by the Authority.



K.V.C.Dilrukshi

Chairman, Audit Committee

Audit Committee Report & financial Statements

5.1 Role of the Audit committee.

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5.5. Report of the Auditor General on the financial statement
of urban Development Authority and its subsidiaries

5.5 Report of the auditor general on the financial statement of Urban Development Authority and its subsidiaries

HUD/B/UDA/01/2020/01

December 2023

The Chairman,

Urban Development Authority.

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 2020 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

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1. Financial Statements

1.1 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 2020 comprising the statement of financial position as at 31 December 2020 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) As financial statements of the **Peliyagoda Warehouse Company Ltd**, had not been made available to the Audit since 2017, the accuracy of assets worth Rs. 267.88 million and liabilities worth Rs. 25.74 million pertaining to the said Company that had been taken into consideration in preparing the combined financial statements as at 31 December of the year under review, could not be verified in the audit conducted on the combined financial statements.
- b) As only the Urban Development Authority and Waters Edge Company Limited out of the 05 business entities under purview of the Group had made adjustments on gratuity as at 31 December of the year under review in terms of Sri Lanka Accounting Standard 19, it was observed that allocations for gratuity relating to the Group had not been done in accordance with Sri Lanka Accounting Standard 19.
- c) In preparing the combined financial statements, the financial statements of the Waters Edge Recreations Company Limited of which 100 per cent of the shares had been owned by the Waters Edge Company Limited and 100 per cent of the administrative powers were indirectly within the scope of the Authority, had not been amalgamated with the Group as at 31 December 2020.

1.2.2 Urban Development Authority

Non-compliance with Sri Lanka Accounting Standards

(a) Sri Lanka Accounting Standard 01 – Presentation of financial statements

- (i) Fair value of assets should be shown in the financial statements as required by the conceptual framework described in the Standard relating to the preparation and presentation of financial statements. Nevertheless, some of the investment properties of the Authority (properties acquired, housing

projects and properties owned by the Authority) had been assessed by the Authority in the year 2021 as Rs. 602,256 million to be effective from 31 December 2019, but adjustments on that assessment value had not been made in the financial statements presented for the year under review; instead, the assessment had been disclosed only through a note to the accounts. The carrying amount of the investment properties of the Authority shown in the statement of financial position, amounted to Rs. 96,706 million at 31 December 2020, thus observing a difference of Rs. 505,550 million between that value and the value of investment properties assessed as at 31 December 2019. As such, it was observed that the fair value of assets had not been shown in the financial statements.

- (ii) According to Paragraph 28 of the Standard, the total value of liability for deferred rent should be recognized at the time of preparing the financial statements on accrual basis although payments are made in installments or at once by the lessees. Nevertheless, it was observed in audit that the said liability had been recognized on cash basis with respect to the leased properties valued at Rs. 10,439.68 million as at 31 December 2020.

- (b) **Sri Lanka Financial Reporting Standard 15** – The revenue or expenditure resulted in from client projects had not been recognized based on revenue through contracts with clients. Rather, the total of Rs. 4,298.15 million being the expenditure on those projects had been deducted from the deposit amount of Rs. 4,679.65 million received from the clients as at the end of the year under review, thereby recognizing a balance as at the end of the year under review. Furthermore, clients' projects nearing completion, had not been recognized as works in progress, and contrary to the Standard, a methodology had not been followed to recognize the profits or losses incurred.

- (c) **Sri Lanka Accounting Standard 16 – Property, Plant and Equipment** : at the end of each year of finance, every institution should review the scarp value and useful life of its assets in terms of Paragraph 51 of the Standard; and , in case of the expected values deferring from the previous estimates, corrective measures should be taken on the

estimated error in terms of Sri Lanka Accounting Standard 08. Nevertheless, action had not been taken by the Authority to review the scrapp value and useful life of assets of which the written off value amounted to Rs. 2,909.53 million as at the end of the year under review. Moreover, assets worth Rs. 729.20 million owned by the Authority, had been depreciated in full, and although such assets were still in use, no suitable measures had been taken to correct the estimated error relating to those assets.

(d) Sri Lanka Accounting Standard 17 – Leases

- (i) Contrary to the Standard and Accounting Policy No. 1.4.6.7 of the Authority relating to lease income, the statement of financial position prepared by the Authority as at 31 December of the year under review, indicated 311 properties the lease period of which had not been identified; and the consideration of lease thereof, totaled Rs. 840.93 million with no lease income whatsoever relating thereto been recognized. According to the information also furnished to the Audit by the Authority, the financial statements indicated 304 leased properties valued at Rs. 6,433.13 million of which commencement date of the lease period had not been mentioned, and a lease rent income of Rs. 2,048.95 million had also been recognized thereon for the year under review.
- (ii) The Accounting Policy No. 1.4.13.2 of the Authority stated that interest on investments would be reported using effective interest rate (EIR), but it had not been so done.
- (iii) As for the purchase of 28 Cabs by the Authority through financial lease contrary to provisions of the Standard, current liabilities and non-current liabilities had been overstated by sums of Rs. 11.88 million and Rs. 44.53 million respectively as the balance of Rs. 56.41 million in the suspense interest account had not been deducted from the loan balance existed as at that date.

(e) Sri Lanka Accounting Standard 20–Amortization on Government grants valued at Rs. 357.39 million received by the Authority from the Treasury as at 31 December of the

year under review had not been computed in terms of Paragraph 12 relating to Government grants, and no information whatsoever as to the purpose of those grants, had been made available to the Audit.

(f) Sri Lanka Accounting Standard 36 – Impairment of Assets

- (i) In case of decline in the value of assets, a test for impairment should be conducted on the relevant balances as per Paragraph 12 of the Standard. However, the value of Rs. 350.58 million relating to 11 projects abandoned halfway, had been continuously brought forward under work in progress account since the year 2018. Impairment tests had not been done in such a manner.
- (ii) Furthermore, values of impairment relating to investment properties had not been recognized in terms of Paragraph 09 of the Standard. Comparison of schedules on investment properties presented by the Authority as at 31 December 2019 and 31 December 2020, indicated that the value of 49 properties had increased by Rs. 1,319.85 million, but only a sum of Rs. 920.02 million had been shown as addition of the year in the statement of financial position of the year under review relating to those properties, thus observing a difference of Rs. 399.83 million. Furthermore, the value of 12 investment properties had decreased by Rs. 4,651.72 million as against the preceding year though, no adjustments had been made in the financial statements relating to that decline, and reasons for those variations had not been made available to the Audit.

- (g) Sri Lanka Accounting Standard 38 – Intangible Assets** – According to Paragraph 21 of the Standard, the intangible assets should be identified separately. Nevertheless, systems & software valued at Rs. 23.21 million owned by the Authority, had been shown under Property, Plant and Equipment in the financial statements. Accordingly, cost of the Property, Plant and Equipment had been overstated by that amount whilst the intangible assets had been understated.

- (h) Sri Lanka Accounting Standard 40 – Investment Properties.**

- (i) According to Paragraph 16 of the Standard, an investment property shall be recognized as an asset when the future economic benefits will flow to the entity with possible investment opportunities. Nevertheless, a sum of Rs. 508.86 million spent by the Authority on 13 projects implemented for development and beautification of townships without generating any revenue, Property and Plant of the Authority with a written-off value of Rs. 43.19 million as at 31 December 2020, and 03 projects valued at Rs. 849.27 million implemented on behalf of other institutions, had been accounted for under investment properties. Furthermore, in case of properties proposed to be used for investments in the future, such properties should be brought to accounts as investment properties in terms of Paragraph 07 of the Standard. However, 37 acres of the land belonging to Parliament in extent of 1,167 acres had been allocated for development projects of the Urban Development Authority though, those land plots had not been assessed and brought to accounts under investment properties.
- (ii) The fair value format given in Paragraphs 33-35 of Exceptions under Paragraphs 30, 32 (a) and 34 of the Standard, or cost format given in Paragraph 56 should be selected by an institution as their accounting policy. Except for an instance in which the fair value can not be measured accurately, the policy so selected, should be followed in accounting for all the investment properties in terms of Paragraph 53 of the Standard. Nevertheless, it was observed in the audit test check that certain investment properties had been shown to the cost, and other properties had been shown to the revalued amount whilst a total of the two values had sometimes been shown in the financial statements by the Authority.

Accounting Deficiencies

- (i) Three debit balances valued at Rs. 628.51 million and 04 credit balances valued at Rs. 628.49 million included in the trial balance prepared by the Authority as at 31 December of the year under review, had not been taken into consideration in preparing the financial statements of the year under review.

- (j) Expenses totalling Rs. 162,280.56 million incurred on 1303 projects implemented from time to time by the Authority since the inception of the Authority in the year 1979 up to 31 December of the year under review, had been shown as development expenses in the general ledger under 115 capital expenditure accounts. In the preparation of financial statements thereafter, those balances had been classified under 05 items of assets viz. work in progress, investment properties, lands and buildings, clients' projects, and completed houses, thereby preparing reports. Due to this reason, it was observed that a proper and accurate procedure had not been followed in showing assets in the ledger. As such, it was further observed that the accounting system used by the Authority, could not be used directly in preparing the financial statements.
- (k) As the carrying amount of all the assets included in the trial balance prepared as per the ledger of the Authority as at 31 December of the year under review, was not equal to the total of liabilities and equity as at that date, the difference of Rs. 2,147 million was shown in the trial balance under retained surplus account. However, that account was not shown in the general ledger of the Authority. Furthermore, the balance of the retained surplus account related to the period 2016-2019, whereas the balance of Rs. 73,478.73 million in the trial balance related up to the year 2015; hence, the total of those balances should have been equal to the cumulative profit as at 01 January 2020 shown in the statement of changes in equity given under statement of financial position as at 01 January 2020. Nevertheless, a difference of Rs. 10.26 million was observed between the two balances.
- (l) The sum of Rs. 2,098.2 million relating to 02 lands given on 99 year lease by the Authority in the years 2021 and 2022, had been considered as receipts of the years 2019 and 2020. Thus, that value had been recognized as deferred lease liability on cash basis in the financial statements of the year under review. As 11 leased properties valued at Rs. 7.15 million the lease period of which had expired, were also shown in the financial statements of the Authority, the deferred lease liability, was overstated by Rs. 2105.35 million as at 31 December of the year under review.
- (m) No information whatsoever was made available to the Audit on the value of Rs. 6,497.52 million shown as "new lease rent and correction of errors" under the value

of deferred lease in the statement of financial position as at 31 December of the year under review.

- (n) The Authority did not put in place a formal mechanism to recognize as to whether the monies deposited in the bank accounts of the Authority by clients, were receipts or settlements. As such, a balance of Rs. 13.45 million in 03 bank accounts and the sum of Rs. 67 million shown in the bank reconciliation statement prepared for December 2020 in respect of the Account No. 1534 of the Bank of Ceylon, had been shown as cheques not realized despite being deposited though, it was observed that those balances would have been unidentified deposits or revenue.
- (o) As identified in an audit test check, there existed 25 items of assets received by the Authority as donations from miscellaneous sources as at 31 December of the year under review. However, the value of those assets had not been assessed and shown in the financial statements.
- (p) The sum of Rs. 2,126.44 million being the value of projects that had been delivered to the clients by the Authority after completion, had still been shown under work in progress even by 31 December 2020. As such, the balance in the work in progress account had been overstated by that amount. As for 08 projects with a balance of Rs. 103.98 million as at 31 December of the year under review, only the location of the projects had been shown in the schedule of the work in progress without indicating any other information whatsoever.
- (q) A sum of Rs. 200 million had been shown as the value invested in the Waters Edge Company- a subsidiary of the Authority, in the financial statements presented by the Authority as at 31 December 2020. Nevertheless, no shares had been issued by the said Company with respect to that value.
- (r) The Lanka Rest Houses Limited, a subsidiary company of the Authority, had been assigned with the operations of rest houses owned by the Authority. Although the Company owned 31 rest houses as at 31 December 2020, they had not been brought to accounts as investment properties of the Authority. According to an assessment report of the Authority in the year 2020, two rest houses had been assessed to the value of Rs. 2,004 million, but the relevant values had not been accounted for; as such, the investment properties had been understated.

- (s) A sum of Rs. 11,831.83 million had been shown as compensation payable on lands under non-current liabilities in the statement of financial position presented as at 31 December 2020. However, as per information presented to the Audit by the Authority as at 31 December 2020, a sum of Rs. 8,894.27 million still remained as compensation and interest; and hence, total liabilities of the Authority as at 31 December of the year under review had also been understated by that amount.
- (t) When the 04 balances totalling Rs. 366.55 million shown in the schedule of compensation payable furnished to the Audit as at 31 December 2019 had been brought forward, such balances had been eliminated from the schedule of compensation payable that had been presented as at 31 December 2020.

1.2.3 Audit Observations and Significant Observations on Subsidiary Companies of the Authority

The Lanka Rest Houses Limited and Urban Investment and Development Company Ltd, the subsidiaries fully-owned by the Authority, disclaimed the audit opinion in terms of the report of the Auditor General as per Section 12 of the National Audit Act, No. 19 of 2018 relating to the financial statements for the year ended as at 31 December 2020 and other legal and regulatory requirements; and according to the said report of the Waters Edge Company, the audit opinion was qualified. Some of the observations mainly attributed thereto, but not corrected even up to the date of this report, are as follows.

(i.) Lanka Rest Houses Limited

- a) According to Paragraph 06 of the Sri Lanka Accounting Standard 01, the entities of physical existence being used in the supply of goods and services, kept to be given on lease, and being used for administrative purposes, are called Property, Plant and Equipment. Lands and buildings being used for earning lease rent income and /or capital earnings, are known as investment

properties in accordance with Paragraph 05 of the Sri Lanka Accounting Standard 40. Administration of the rest houses brought under purview of the Urban Development Authority, had been vested in the Company in the year 2010. As of 31 December 2020, there existed 31 such rest houses, and the management of 23 of them had been assigned to the private sector whereas 07 rest house remained non-functional. Nevertheless, the Company had not recognized the basis for using those properties, nor had included or disclosed in the financial statements.

- b) Unless otherwise allowed through an accounting standard, assets and liabilities should not be settled against each other in terms of Paragraph 32 of the Sri Lanka Accounting Standard 01. According to the information made available, the agreed management fee income for the year under review should have been Rs. 45.47 million, but that income had been shown as Rs. 17.8 million in the statement of financial performance; hence, it was observed that fees equivalent to 65 per cent of that income payable to the local authorities relating to the utilization of lands of rest houses, had been deducted from the said income. However, no detailed schedule whatsoever had been furnished to the Audit in order to specifically recognize that expenditure. It was observed due to this reason that income and expenditure shown in the financial statements had approximately been understated by Rs. 28.80 million.
- c) The carrying amount of Property, Plant and Equipment had been shown as Rs. 13.34 million in the statement of financial position of the Company by the end of the year under review. However, only the fixed assets purchased by the Company after the year 2012 had been included in the Register of Fixed Assets furnished to the Audit. As such, measures had not been taken to identify the fixed assets existed at the rest houses prior to 2012 and account for such assets.

(ii.) Urban Investment and Development Company Ltd

- (a) The fixed assets still in use despite being fully depreciated, should be disclosed in the financial statements in terms of Sri Lanka Accounting Standard (LKAS) 16, and the

useful life of such assets should be revalued and adjusted in the financial statements as per Sri Lanka Accounting Standard 08. Nevertheless, it had not been so done with respect to assets worth Rs. 22.1 million still in use despite being fully depreciated.

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) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 Except for the observations in Paragraphs 1.2 (a), (c), (e), (h), (j), (k) 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 Laws, Rules/ Directives	Observation
(a) Treasury Circulars. 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.
(b) Public Enterprises Circular, No. PED/12, dated 02 June 2003. Paragraphs 10.2.4 (a), (b)	The performance of liquidating the Peliyagoda Warehouse Company Ltd , fully owned by the Authority, should be supervised by the relevant Line Ministry, and the performance of the process should be reported tri-monthly to the Department of Public Enterprises of the Treasury. Furthermore, the maximum time to be spent on liquidation should be 06 months, and in case of failure to liquidate within such time, action should be taken to obtain approval of the Cabinet for an extension for the liquidation. However, the Company had not complied with those requirements, and the liquidation process commenced on 01 July 2012, had not been completed even up to the date of this report.

- (c) Paragraph 270 (b) of the Companies Act No. 07 of 2007. Despite being stated that companies the business activities of which are suspended for a period of one year, shall be wound up with payments settled by the Court, the Companies established as subsidiaries by the Authority on 21 November 2014 namely, **Urban Investment and Property Sales Company Ltd, Urban Development and Hotel Development Company, Orchard Urban Housing Development Company, and Waters Edge Hotel Development Company**, are no more functioning at present. However, no action has been taken to wind them up by settling the debt.
- (d) National Procurement Guidelines 2006.
- (i) Guideline s 4.2.1 (a), (b) and (e), and 4.2.2 (a). A main Procurement Plan for a period of at least 03 years to be continuously updated over a period not more than 06 months, and a Procurement Timetable describing the procurement activities, had not been prepared by the Authority.
- (ii) Guideline 8.10.1 and 8.11.4 (a) (i). Information on contracts awarded by the Authority had not been published on the website of the Authority or any suitable media. A database on the contractors who had defaulted on contracts, was not maintained.
- (e) Circular No. PED 03/2015 of the Department of Public Enterprises. Officers receiving monthly remuneration are not entitled for allowances when participating in the meetings of the Board of Management. However, contrary to the

Circular, the former Chairman, Director General and Working Directors had obtained a sum totaling Rs. 3.20 million as allowances relating to the period from March 2015 to October 2020. Although such payments had been suspended with effect from December 2020, no action had been taken for the recovery of allowances already paid.

- 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 except for the following observations.

Powers, Functions and Duties	Observation
Section (k) of Paragraph 08 in Part II of the Urban Development Authority Act, No. 41 of 1978	The policy on the use of urban lands to be implemented by the relevant local authority, should be prepared by the Urban Development Authority, but it had not been so done even by the end of the year under review.
Section 8 (a) in Part II of the Urban Development Authority (Amendment) Act No. 04 of 1982.	Of the 273 urban development areas published by the Authority thus far, development plans had not been prepared for 188 development areas even up to the date of this report.

- 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) When low income households had been resettled in housing schemes constructed under the Urban Regeneration Project, lands in 18 of their earlier settlements

(estates) had been released. However, rights to lands in extent of 11.23 hectares relating to 06 of those estates, have not been taken over by the Authority thus far. Furthermore, of the lands pertaining to 22 housing schemes constructed under the Urban Regeneration Project by the end of the year 2020, the lands where 09 of those housing schemes had been constructed, have not been acquired by the Authority thus far. As such, rights to those houses could not be transferred to the beneficiaries and certificate of the Condominium Management Authority could not be obtained for those housing schemes.

- (b) There existed 7,655 premises as of 31 December of the year under review given on lease for commercial affairs on monthly rent, and 3,053 lessees therefrom had become inactive representing 47 per cent. By the end of the year under review, the outstanding lease rent receivable from those lessees, totaled Rs. 255.79 million. Furthermore, the balance of outstanding lease rents receivable from 4,602 active lessees, amounted to Rs. 718.25 million by the end of the year under review. Accordingly, it was hence observed that a Value Added Tax totaling Rs. 90.66 million recoverable to the Government as at 31 December 2020, had also been lost. Failure in drawing attention adequately to recover the lease rents in accordance with the agreements, had mainly attributed thereto.
- (c) With a view to disposing of waste, action had been taken to take over a land in extent of 6.451 acres in Rajagiriya, Kolonnawa published as an urban development zone. A certificate of vesting had been issued to the Authority on 24 April 2008 in terms of Section 44 of the Land Acquisition (Amendment) Act, No. 28 of 1964. Nevertheless, legal rights to the land had not been acquired by the Authority even up to the date of audit On 28 November 2022 in terms of Section 6(1) of the **Crown Land Ordinance**. As this land had been eliminated from the assets of the Authority in the assessment of lands done on 31 December 2012, the expenditure of Rs. 4.46 million incurred on the development of lands had been written off against the profit of the year 2012. As for the disposal of waste, a feasibility study had not been conducted, nor had an environmental certificate been obtained from the Central Environmental Authority in order to use the land located near petroleum storage complex in Kolonnawa requiring social security.

However, it was observed that this land remained idle thus far without being used for any purpose.

- (d) Only 14,542 housing units had been constructed out of 68,000 housing units proposed to be constructed under the Urban Regeneration Project implemented by the Authority in the year 2013; and, only 12,325 houses therefrom had been occupied as at 31 December 2020. A number of 1,946 housing units had been allocated for miscellaneous projects of the Government whilst 271 units remained idle. Due to failure in transferring rights of the houses to the occupants, management activities of the houses could not be done by establishing **management bodies**. Hence, for the year 2020 alone, the Authority had incurred an expenditure of Rs. 230.93 million on electricity, security charges, water, cleaning and maintenance works of those houses. Due to defaulting on electricity bills, a fine of Rs. 1.2 million had also been paid by the Authority for the year 2020.
- (e) The Authority had commenced in the year 2017 the construction of 05 storied building complex for administrative and commercial purposes in Mahara at the contract value of Rs. 269.12 million as a stage of the “*Sukhitha Purawara*” township development project implemented by the then Ministry of Megapolis and Western Development, and the construction had been completed in the year 2019. Nevertheless, the building had not been formally handed over to the relevant parties. Furthermore, 04 offices had been established on the ground floor and the first floor though, the rest of the building had not been used for any commercial activity or office space as planned and remained idle even up to 31 October 2022.
- (f) In order to construct a financial and administrative building complex rendering services to the general public, the Authority had acquired 03 plots of land in extent of 04 acres and 43 perches located on Sri JayawardanapuraMawatha, Rajagiriya on 09 October 2013. However, 02 land plots in extent of 02 acres 03 roods and 01 perch, so acquired, had again been alienated to the initial owners in the years 2015 and 2016 whereas compensation totalling Rs. 213.22 million had been paid as at 31 December 2021 in respect of the rest of the land in extent of 01 rood and 02 perches. However, that plot of land had not been used for the intended purpose or any other development activity even by June 2023.

- (g) The construction of flats for families settled at the land pertaining to Slave Island Redevelopment Project should have been completed by the year 2015 though, the project had delayed due to inefficiency of the contractor responsible for constructions. Hence, the Authority made a payment of Rs. 66.69 million comprising an additional consultancy fee of Rs. 5.49 million paid to the consultancy firm for construction works and monthly rentals totaling Rs. 61.20 million paid until flats were provided for the said families. However, that sum was not reimbursed from the land developer even by July 2023.
- (h) The land of 56.5 perches owned by the Urban Development Authority located at Mayura Place, Colombo 05 had been given on lease to a private institution for a period of 06 months from June – November 2016 at the assessed lease rent of Rs. 650,000. Without conducting Committee meetings, giving no fair reasons whatsoever, without following any standard assessment procedure, and without entering into any formal agreement, the Chairman of the internal Assessment Committee and the Deputy Director (Lands) at that time, had deducted the monthly lease rent to Rs. 200,000 equivalent to 70 per cent of the assessed value thus allowing the land for use. Furthermore, action had been taken to give that land on lease for a period of 3 ½ years up to 31 December 2020 by exceeding the 06 month period and without being approved by the Board of Directors. As the assessed lease rent had not been recovered from the lessee during the period of using the land, the loss sustained by the Authority amounted to Rs. 18.90 million; and considering the VAT and NBT payable on the lease rent, the total loss was observed to be over Rs. 20 million. The loss, so occurred, had **not** been recovered from the responsible parties by 31 September 2023.

2.3 Other Information

- a) The households of Ovel View housing complex comprising 608 housing units the constructions of which had been completed in September of the year under review and the Lake Crest housing complex in Angoda comprising 500 housing units the constructions of which had been completed in the year 2018, had paid sums of Rs. 4,756.32 million and Rs. 816.3 million respectively to the Urban Development

Authority, but legal rights to the houses had not been transferred to them even up to July 2023.

- b) The Peliyagoda Market Complex constructed in the year 2016 using Treasury grants amounting to Rs. 6.99 billion used to shift the Pettah market complex (Manning Market), had been completed by the Authority by September of the year under review. However, even by 31 October 2022, the 1,395 stalls in the market complex had not been provided for the traders.
- c) The Authority had not received any dividend whatsoever from the dates of inception of the Urban Development and Investment (Pvt) Ltd established by the Authority in the year 2006 under an investment of Rs. 345 million and the Lanka Rest Houses Limited established in the year 2010. Furthermore, the Authority had not received any dividend for the year under review also from the Waters Edge Company, for which a sum of Rs. 236.81 million had been invested.
- d) The Cabinet Memorandum No. MUD/H/2020/CP/37 dated 12 October 2020 had been approved by the Cabinet on 27 October 2020 in order for the Authority to take over Government and private lands for urban development projects proposed to be implemented in main townships in the country. Approval of the Cabinet had been received that, out of the 45 lands annexed to the said Memorandum, 03 lands with buildings in extent of 1.8274 hectares where Otters Aquatic Club and 80 Club had been maintained, be acquired by the Authority and declared open to the public after being developed. Nevertheless, the said clubs had not been declared open to the public by the Authority even up to June 2023. Furthermore, a sum of Rs. 453.88 million had been spent by the Authority in the year 2021 on renovation works of the 80 Club.
- e) As for the construction of Magam Ruhunupura International Convention Centre under Hambanthota Development Project, the main auditorium thereof had been

constructed by Korea International Cooperation Agency (KOICA) spending a sum of US \$ 6.4 million (Rs. 851.2 million) whilst the other constructions of the Center had been made by incurring Government funds totalling Rs. 3,830.87 million. In addition to that, the Authority had spent a sum of Rs. 93.38 million as revenue expenditure for maintaining the Center during 2017-2020 whereas only a sum of Rs. 20.64 million had been earned as revenue during the same period. As such, it was observed that the said project was not cost effective.

- f) A lease rent of Rs. 13.18 million remained due as at 01 February 2023 from 07 vehicle parks given on lease to external parties by the Urban Development Authority.
- g) The contract for construction of the housing scheme consisting 500 houses on Weera Mawatha, Pannipitiya, had been awarded on 15 June 2017 to a contractor selected by a procurement committee appointed by the Cabinet. Although the project should have been completed by 31 December 2019, an extension had been given until 29 September 2022 under approval of the Chairman of the Authority as the project could not be completed by the said date. Of the 500 housing units, 101 houses had been provided for the Ministry of Defense and the Navy whereas 202 houses had been sold through presale process, and the other 197 houses remained under construction without being presold. The Authority had received a sum of Rs. 3,188.63 million comprising a sum of Rs. 1,011.79 million paid by the Ministry of Defense and Navy and a sum of Rs. 2,176.84 million relating to the houses sold under presale process. Nevertheless, the houses had not been handed over to the beneficiaries after being completed even by July 2023.
- h) Following the Cabinet Decision No. 22/0970/502/019 dated 16 July 2022, a number of 101 housing units from the housing project comprising 500 units on Weera Mawatha, Pannipitiya, had been provided on a lease period of one year for the Members of Parliament under the basis that the annual lease rent of Rs. 69.45 million would be paid to the Authority by the Government. However, even by July 2023, the lease rent thereon had not been received by the Authority, and as no payments had been made to the Authority relating to maintenance charges payable by the

households along with charges on electricity, water and gas, a sum of Rs. 9.88 million remained receivable by the Authority as at 31 July 2023.

- i) A total of Rs. 952.75 million comprising lease rents totalling Rs. 798.56 million and water bills valued at Rs. 154.19 million remained due as at 31 January 2023 with respect to 11,900 housing units given to low-income families under the Urban Regeneration Project.
- j) The Authority had taken action to acquire lands in extent of 16 acres 03 roods and 0.57 perches where houses, cultivations, and businesses had been maintained, in order to construct the stadium of Aloysius College, international cricket stadium of Galle and a sports complex under the Galle City Development Plan in the year 2006. The Treasury had been requested for a sum of Rs. 400 million in order to pay compensation for those lands, and a sum of Rs. 281.57 million had been paid as compensation and interest as at 13 July 2021. Nevertheless, a considerable area of the land, so acquired, remained idle even by 30 September 2023.
- k) The land of 02 acres 02 roods and 21.4 perches facing D. R. Wijewardana Mawatha, Colombo Fort belonging to the Authority, remained idle without being used for any development purpose even by June 2023.
- l) A certain project with the contract value of Rs. 20 million under the project for development of the western bank of Beira lake comprising 05 stages at an estimated value of Rs. 400 million scheduled to be commenced in January 2018 and completed by 31 December 2019, had been taken over by the Authority without completing its works.
- m) A number of 108 officers had been recruited through a subsidiary company of the Authority to the post of assistant designer, a post not included in the approved cadre of the Authority,, and assigned to the duties of the Authority. A sum totalling Rs. 99.21 million had been paid to those officers as salaries and allowances by the end of the year 2021.
- n) In order to construct an urban park under the Meethotamulla Regeneration Project, a private institution had been awarded with the contract valued at Rs. 269.5 million on 9 June 2020 for applying a blanket layer to stabilize the garbage dump that had collapsed in the year 2017 and install a greenhouse gas emission unit. The Authority had spent a sum of Rs. 432.95 million on this project by 25 October 2023, but a park

had not been constructed as planned, and it was observed in the physical inspection carried out on 23 December 2021 that the stabilized garbage dump had been encroached by wilderness and left unused. Furthermore, the works of the systems to be used to prevent the waste water from flowing into canals and mixing with ground water and collecting gas through the gas emission center, had not been completed. It was also observed that failure in completing the land acquisition process had become a problem for completing the remaining works of the project through a public-private partnership as expected by the Authority.

- o) Board of Directors of the Authority had decided that warehouse buildings costing Rs. 376.44 million owned by the **Peliyagoda Warehouse Company Ltd** be taken over by the Authority with effect from 31 August 2017. However, no action had been taken by the Authority even up to the date of this report to acquire those lands and report them as assets of the Authority. Nevertheless, a lease rent income of Rs. 45.85 million had been earned by the Authority by giving this warehouse complex on lease during the period from August 2017 to 31 December 2020.
- p) In examining the schedule relating to deposits of the clients made available to the Audit by the Authority, it was found questionable in audit that a sum of Rs. 6,042.68 million had been incurred by the Authority as capital expenses in excess of deposits of the clients in 04 instances up to 31 December 2020.
- q) It was an essential responsibility of the Authority to construct vehicle parks for vehicles of the people visiting Colombo and suburban areas for miscellaneous purposes whilst improving such facilities from time to time thus assisting to control traffic in Colombo and suburban areas. However, it was observed that the Authority had not drawn their attention adequately. Five of the 15 projects for construction of vehicle parks in the capital, had not been implemented as per agreements.
- r) According to the schedule relating to the payment of compensation made available to the Audit, owners of the lands in extent of 66 acres 02 roods and 25.5 perches acquired by the Authority, could not be specifically identified. Sums of Rs. 2,040.72 million and Rs. 493.83 million had been allocated in that connection as compensation and interest respectively; and, balances continued to exist since the year 1984 had also been included therein. As owners could not be identified, the Authority had incurred an additional cost on interest.

- s) In order to implement a mixed development project, the land at Transworks Square in Colombo Fort had been given on lease in the year 2012 at the value of Rs. 4,999.7 million for a period of 05 years to a foreign company established locally. An agreement had again been entered into on 04 July 2018 as development activities had not been commenced as agreed. However, the project had not been completed even though 05 years had elapsed by July 2023, and only the structure for 60 floors of the 81 storied building planned under first stage of the project, had been constructed. Owing to this delay, the sum of Rs. 1,290.04 million, being the difference between the value of previous lease rent and the market value as at 04 July 2018 – the date of entering into the agreement again, had not been recovered even up to the date of this report.
- t) Without calling for public quotations, the land of the Authority facing D.R. Wijewardana Mawatha, Colombo Fort, in extent of 02 acres 02 roods and 21.4 perches, had been provided for Rank Entertainment Holdings Private Limited in the year 2007 for a mixed development project sans an agreement and Cabinet approval. Approval of the Cabinet had been given thereon after two years on 12 August 2009, and on 18 February 2010, enjoyment of this land had been given to the said Company under a long term lease for 30 years through an agreement at the lease rent assessed to the value of Rs. 1,300 million. According to the legal policy of the Authority, enjoyment of the land should not have been given until lease rents are settled in full. Nevertheless, it was observed that enjoyment of the land had been given despite the lease rents not paid. However, only a sum of Rs. 557 million had been paid by the Company as lease rents in 07 instances during the period from August 2009 to 25 September 2013. But, no development activity whatsoever had been carried out by the Company in accordance with the agreement signed by the Company in the year 2010 whereas income had been earned since 2007 by using the land as a vehicle park. An agreement had been signed thereafter on 25 March 2013, but contrary to that agreement, the relevant payments had not been made to the Authority. Nevertheless, following the approval given by the Board of Directors on 16 February 2017, an agreement had been entered into with another Company owned by the owner of initial company to give the land on lease for 50 years again at the value of Rs. 3,352 million based on the value of chief valuer amounting to Rs. 3,620 million dated 12

August 2016. Following the request that an interest be paid to them on the sum of Rs. 557 million paid on the land relating to the period 2007-2017 during which income had been earned by using the land as a vehicle park, the Authority had agreed with the investor to deduct a sum of Rs. 330 million from the value of the chief valuer without proper approval of the Board of Directors. As such, no action whatsoever had been taken thus far against the party responsible for the loss so sustained by the Authority. It was also observed that no development activity whatsoever had been carried out on the land even up to 30 July 2023.

W. P. C. Wickramaratne

Auditor General .



Chairman's Comments on the Auditor General's Report

Annual Report 2020 - Urban Development Authority

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

CHAIRMAN'S COMMENTS ON THE AUDITOR GENERAL'S REPORTS

1.2.1

(අ) Observation

It has been decided to liquidate the Peliyagoda Warehouse Complex Company according to a request made by the Ports Authority to take over the land located at the Peliyagoda, including the space whereon the warehouse complex of the Peliyagoda Warehouse Complex Company is located, for the proposed Colombo Port Development Project.

Accordingly, in 2014, the approval of the board of management of the Urban Development Authority has been obtained to maintain its operations subject to liquidation of the same for covering the operation costs of the company. However, until the year 2017, due to the failure of the Ports Authority to take relevant measures in that regard, it was not possible to liquidate the company.

Later in the year 2017, the Ports Authority informed that they will not implement the proposed port development project, and that they no longer need the land in Peliyagoda including the related land. Therefore, Approval has been given by the board of management of the Urban Development Authority that, with effect from 31.08.2017, the operations and assets of the PWCC Company should be handed over to the Authority and the liquidation should be completed. Accordingly, the relevant go down complex administration and other assets held by the company have been handed over to the Urban Development Authority.

From 2012 to 2016, the accounts of Peliyagoda Warehouse Complex Company have been submitted for audit. According to the accounts reports given by the said company to the Urban Development Authority as at 31.12.2017, the information related to assets worth of Rs.267.88 million and liabilities of worth

of Rs.25.74 million has been presented, and the said information has been submitted to the Government Audit Division to verify its accuracy.

However, the company's financial statements after 2017 have not been submitted for audit as the liquidator has not provided the company's liquidation accounts so far. In this respect, relevant letters and reminders have been sent to the liquidator from time to time. Accordingly, arrangements will be made to notify the liquidator to complete the liquidation of these companies in the year 2023, and if not, to refer the matter to the Legal Division to take legal action in this regard.

(අ) **Observation**

In relation to the year under review, the Urban Development Authority and Water's Edge Company have made adjustments for gratuities as per Sri Lanka Accounting Standard No. 19. However, the two other subsidiary companies belonging to the group, Urban Investment and Development Company and Lanka Rest House Limited, have not made the necessary adjustments for gratuities as per Sri Lanka Accounting Standard No. 19 for the year under review, so they have not been taken into account in preparing the consolidated accounts. However, the parent company has given necessary instructions to the respective subsidiary companies in this regard. Accordingly, the two subsidiary companies will make the necessary adjustments in the final accounts from the year 2023 onwards.

(ඈ) **Observation**

Above statement is agreed with. The Water's Edge Company has not taken into consideration the Water's Edge Recreation Company established on November 12, 2020 in preparing the final accounts of the year 2020 and the Authority has prepared the consolidated financial statements of the year under review based on the accounts thus prepared.

The parent company has given the necessary instructions to the subsidiary company in this regard and Water's Edge Company has prepared the accounts related to the group using the financial statements of Water's Edge Recreation Company in preparing the final accounts for the year 2021. Accordingly, the

Authority has used the accounts related to the group of Waters Edge Company in preparing the consolidated accounts for the year 2021.

1.2.2

(අ)

(i) Observation

The relevant disclosures in this regard have been made in the consolidated accounts of the year 2021 and recording the new values related to valuation in account will be carried out in the accounting of the year 2022.

(ii) Observation

In reconciliation of the relevant lease accounts, the lease accounts related to these properties will also be revised and corrected in the year 2024.

(ආ) Observation

The money received for the respective client's project implemented by the Urban Development Authority is credited under the client deposit account (6605) and the capital expenditure related to the project is debited under the relevant account number.

Furthermore, the Authority implements projects for social welfare on behalf of the government or government agencies. Funds received for such projects are accounted as client deposits under account number (6605). In this way, a certain percentage (eg 1%, 6%, etc.) of the total project cost for consultancy services provided by the officials of this Authority for the projects carried out on behalf of the government institutions has been separately accounted as consultancy services income.

Also, the funds received for the said projects (client deposit) are set off against the value of the capital expenditure of the project and the Urban Development Authority does not follow a method of separately identifying the profit or loss arising from the projects of the respective clients.

ॐ) Observation

Agreed with.

Action will be taken in the year 2023 to complete the revaluation of the vehicles that are among the fixed assets of the authority, and currently in use but have fully been depreciated. It is also expected to start the process of revaluation of other fixed assets in groups. Accordingly, relevant updates are expected to be carried out.

(ॐ)

(i) Observation

Reconciliation of leased properties in the deferred lease account is currently being carried out by the Asset Management and Recovery Division, and it is being precisely identified which are the properties of which lease commencement dates have not been identified and of which leasehold period have not been identified.

The following accounts have been specifically identified as those that need to be reconciled in the currently identified deferred account but are included in the account to be deferred, and I present the same below for your information

1. 1004 accounts in which the leased property has not been properly deferred but should be deferred have been identified so far. It will be accounted through journal entries in the first quarter of 2024 and the lease deferred account will be updated.
2. A total of 148 properties have been identified that have been entered into the lease deferred account and divested for cash and action will be taken to remove from the lease deferred account.
3. Accounts in which the property has been given on lease basis but the accounts of which lease accounts have been terminated are also still in the deferred account. This property should be removed from the lease account.
4. There are 19 accounts under Miscellaneous (MISCL), which need to be studied before further preparation of accounts, and such accounts are expected to be completed in the second quarter of 2024.

5. 288 leased properties are properties acquired on a monthly rental basis, and it is expected to correct the account codes and prepare the relevant monthly rental accounts in the second quarter of 2024.
6. The entire deferred lease property 421 accounts should be studied, and sufficient information has not yet been found to reconcile them. Therefore, as soon as the information is collected, the accounts will be reconciled or the accounts without information will be written off after obtaining proper approval.

(ii) **Observation**

In the year under review, the interest on investment was not reported using the effective interest rate (EIR) and in the year 2021, arrangements will be made to report it using the effective interest rate.

(iii) **Observation**

The lease value payable related to the 28 vehicles acquired by the authority on lease basis is shown under current and non-current liabilities and the related contingent interest account of Rs. 56.41 million is shown under current assets. However, the corresponding accounting note has been corrected from the year 2021.

(ඉ) **Observation**

In the years 1981, 1984 and 1991, this authority received funds from the General Treasury for the construction of the Setshiripaya Phase 1 building and the Central Colombo Market Complex I and the development projects that were in operation at that time, and during that period, these funds were recorded under account numbers 6161, 6164 and 6162.

Subsequently as per the recommendations given by the Sri Lanka Accounting and Auditing Standards Review Board that these government grants should be

amortized annually according to accounting standards, the money received for the Sethsiiripaya Phase 1 building and the Central Colombo Market Complex has been recorded, according to the old accounts, under the accounts 6161, 6162 respectively, whereas, only state grants have been amortized based on the life of the asset.

Accordingly, due to difficulty in finding information regarding the assets constructed in relation to the grant mentioned under account number 6164, we would like to inform that grants worth Rs.357.39 million had not so been amortized.

Since these transactions have taken place in the years 1981, 1984 and 1991 (since they have taken place within a period of approximately 30 to 40 years), I inform that this authority does not have the relevant basic documents to submit to the audit.

(3)

(i) observation

Project Noi	Name of the Project	Balance in work-in- progress register (Rs.)	Observation
31804000	Meethotamulla Dumpsite redevelopment project	333,601,953	Based on the instructions given by the then Ministry due to the Meethotamulla Garbage Dump-related environmental problems, this project has been implemented on the funds of the Urban Development Authority to minimize the impact on the public through the structural stabilization of the garbage dump
3560500	Kotuwegoda Market Area development	16,069,302	The land having an extent of 0.89504 hectares shown by lot numbers E, F and G in the survey plan dated 26th December 2000 prepared by surveying by Mr. L.R. Jayasundara, the licensed surveyor for the site of the Kotuwegoda market Complex, has been transferred to the Urban Development Authority by the Gazette Extraordinary No.1207/36 dated 26.10.2001 as per Section 15 of the Urban Development Authority Act.

			Also, recording of transactions related to the subject property has been made under project number 95906. However, it is observed that there is a discrepancy in the project number mentioned in the audit attachment and I wish to inform that arrangements will be made to look into this matter.
	Other projects 9	906,654	This project cost includes initial expenses incurred in land acquisition. Accordingly, the current progress related to these land acquisitions will be obtained from the Land Division and if the relevant projects are no longer implemented, the approval of the Board of management will be obtained and arrangements will be made to write off them from the books and make the relevant adjustments in the financial statements of the year 2022.

(ii) Observation

This statement cannot be agreed with. According to the financial statements, the total value of the invested property as on 31/12/2019 and the total value of the invested property as on 31/12/2020 are as follows.

Year	Cost (Rs.)
2020/12/31	94,730,328,940
2019/12/31	98,308,384,910
Net difference between 2019 and 2020	(3,578,055,970)
Adjustments (01 Notes)	4,498,200,000
Net increase after adjustment is removed	920,144,030

Note No. 01 - As disclosed in Note No. 10 in the financial statements, in the year under review, the amount of compensation to be paid for the Beira Lake restoration project included in the year 2014 under investment property is Rs. 4,498,200,000/- , and due to the transfer of ownership of the project by the Government back to the Telecommunication Regulatory Commission in the year 2020, the amount shown in accounts as payable was removed.

When the compensation value amounting to Rs. 4,498,200,000 to be paid for the Beira lake restoration project is deducted from the net difference between 2019 and 2020 amounting to the value of Rs. (3,578,055,970), the net increase relating to the year is Rs. 920,144,030. This net increase consists of increases of Rs.1137.85 million related to 47 projects included in the investment property during the year under review and decreases of Rs.217.7 million related to 11 projects (by the correction of errors through journals). In preparing the financial statements, we have shown the net increase of Rs.920.14 million under Land and Buildings separately.

Please be informed that although this will not result in any change in the overall value of the invested property, arrangements will be made from the year 2021 to show the increases and decreases separately.

(c) Observation

This statement is agreed with. The cost of systems and software owned by the authority is shown under property, plant and equipment in the set of financial statements. However, arrangements have been made to show the cost of systems and software under intangible assets from the year 2021 as pointed out by the audits.

However, we would like to further inform that the property, plant and equipment indicates an over-statement due to the cost of systems and software being shown under the property, plant and equipment in the set of financial statements, and however, an over-statement has not occurred in the total assets of the authority.

(c9)

(i) Observation

508.86 508.86 million rupees spent on 13 projects for city development and beautification

At present, the investment properties owned by the authority have been identified and a valuation report has been prepared and necessary measures are being taken to adjust the values in the accounts. In this process, efforts are being made to correct the project names and to introduce sub-project numbers so that the properties can be clearly identified. Accordingly, if an asset has not been generated for the Authority in relation to these 13

projects, those values will be written off from the books of accounts in the year 2023 after obtaining the necessary approvals.

Property, plant and equipment owned by the authority with a written off value of Rs. 43.19 million

The written-off value of Rs. 43.19 million mentioned above represents the cost related to the tourist bungalows belonging to this authority, and since these tourist bungalows are provided to external parties in addition to the staff of the authority, these assets have been shown under invested property.

However, as shown by the audit, arrangements will be made to show these projects in the accounts from the year 2021 under the classification of property, plant and equipment of the authority in showing them in the financial statements.

5 projects carried out on behalf of other organizations had also been shown in accounts as investment

properties.

Out of the list of projects concerned, only for the projects bearing project numbers 3820200 – Dankotuwa Town Center Development and 3870200 – Kaduruwela Town Expansion Project, relevant client deposits had been received through Jetwing Hotel (Pvt) Ltd and the Ministry of Urban Development and Housing respectively. Since no client deposit has been received for the other 03 projects, it is not possible to remove those projects from the list of investment property.

Therefore, only the above-mentioned 02 projects will be removed from the Investment Property list of the Development Expenditure Schedule and action will be taken to show them under the Client Project List in the year 2021.

According to the letter dated 11.03.2021, out of the 1167 acre-land belonging to the Parliament, 37 acres had been allocated for the use of the Urban Development Authority.

Those lands have been identified in the 2020 investment property valuation, and on the recommendations given by the external audit company chosen by the authority, relevant adjustments will be made in the 2021 accounts. Accordingly, information about the concerned lands is given in (Annexure 01)

(ii) Observation

The invested property owned by the authority includes the land and buildings belonging to the authority. Accordingly, the property has been leased to external parties for various development works on long term lease basis such as 30, 50 and 99 years etc. Also, due to high costs and longtime taken by the authority in adapting these lands and buildings to the new accounting standards in the year 2012, an audit was conducted by an internal assessment committee in consultation with the Government Audit Division at that time. The investment properties held by the Authority have been revalued and the values as on 01/01/2011 have been recorded in the accounting books with the accounting support of a qualified chartered accountancy firm. It was informed that apart from the property owned by the authority, given on the basis of 99-year lease, other properties have been taken into accounts based on valuation reports. Land given on the basis of 99-year lease should be considered as the assets disposed of and should be removed from the books.

The investment property leased for 99 years was recorded in accounts for under the historical cost because these lands are government-owned lands, and if they are completely removed from the books of account, there is no possibility of obtaining any details in this regard, and for the said reason, arrangements have been made to show them in the books of account as per the historical cost of such investment property with the approval of the board of management of the authority.

However, arrangements have been made to obtain the service of an external audit firm with the approval of the Board of management to obtain the consultancy service for recording in accounts the new assessment report obtained by the authority in the year 2021 and disclosures to be made in relation to it, due to the repeated pointing out by the Government Audit Division that the investment properties (land and buildings) owned by the authority should be recorded in accounts at their current market value.

Also, according to the instructions given by the Department of Public Enterprises, action is being taken to obtain necessary instruction further from the Sri Lanka Institute of Chartered Accountants and the Sri Lanka Accounting and Auditing Standards Survey Board regarding taking the market value of the assets into the accounts. Accordingly, arrangements will be made to make the accounting adjustments and disclosures to be made in the financial statements in the financial statements of the year 2022 based on the recommendations given by the said institutions in this regard.

(د) Observation

Account Code No	Name of the Account	Credit/(Debit) balance(Rs.)	Net value(Rs.)	The number of the note indicated in the set of financial statements
4122 6620 4172 7620	Debenture Loans Debenture Loan P/ble-Curr-year Repayment of Debenutire Loan Debenture Loan paid-curr-Year	(539,983,980)	19,798	These 04 account numbers have been introduced by the authority for keeping debenture accounts issued in the year 2010. I would like to kindly inform you that due to the transactions that took place in the year 2010, action will be taken to look into the current balance of Rs. 19,978/- related to this account and the changes required to be made to accounts will be made in the accounts of 2021.
4102	Car park fund	20,000	20,000	This value has been included in the Retention Profit Account and the transfer of this value to that account will be done in the accounts of the year 2021.

(د) Observation

I do not fully agree with the above statement and our institution records transactions under a separate project number (Project Code) and using separate expenditure head (Account Code) for the various projects being implemented by our institution around the country.

As mentioned in the audit query, the total sum of Rs. 162,280,560,957.73 related to all the account numbers related to the development expenses in the balance check is composed is as follows.

Total of 115 of Development Expenditure Accounts **157,437,704,413.73 (Account numbers 2101-2699)**

Total of 5 Schedules **4,842,856,544.00 (Account number 2995 -2999)**

(Opening balances carried forward in the year 2001 by old system of accounts)

Aggregate 162,280,560,957.73

Since the beginning of the Authority, the account numbers have been given in preparing the trial balance so as to depict the nature of the relevant expenses. Accordingly, we have been able to clearly identify the expenses incurred under each classification. That is, expenses related to acquisition, expenses related to construction, employee salaries, etc. Accordingly, it is possible to retrieve the expenses related to a particular project by entering the project number. Accordingly, action has been taken to show the expenses incurred on behalf of the projects in the profit and loss account and the capital expenditure under capital expenditure as per the appropriate classification.

In the old accounting system and the new accounting system of the authority, the sum of the accounts related to the aforementioned development expenses are categorized in the development expenditure schedule as work in progress, investment property, property plant, client projects and completed housing projects. Accordingly, in the trail balance, the sum of the balances in the above 115 account number and 5 schedules as on 31.12.2020 Page 9 of 31 has been correctly shown in the 2020 financial statements under the relevant classifications and we have also provided the correct schedules to the government audit department.

However, as requested again by the Government Audit Division, action had been taken to provide the balances of 115 Development Account numbers and 5 Schedules mentioned in the trail balance in relation to the project numbers contained in the 5 classifications mentioned above. Preparation of documents related to preparation of the balances of the respective accounts related to the development accounts mentioned in the trail balance in relation to the project numbers had not been done previously through old accounting system and the new accounting system and therefore, although it is not possible to provide the documents prepared in the said way in providing the financial statements to the Government Audit Division, action has been taken to provide them later (with a soft copy). Further, regarding these matters, all the details have been provided as requested by you and the relevant officers of the Finance Division have come to the Government Audit Division and given the relevant explanations (by checking the related schedules and balances from the computer system and providing reconciliations with the balances of the related account numbers).

However, the audit has pointed out that separate account numbers should be provided for each project for the development expenditure mentioned under Schedule 05 above. I would like to point out that if account numbers are given for each project, the expenses incurred for those projects are not accounted for according to their nature of expenses, i.e. expenses related to acquisition (account number 2102), expenses related to construction (account number 2203) etc. and for that reason, there arise problematic situations in this accounting system to present the cost of the relevant project analytically. Also, since the beginning of the authority to provide information to the government's audit department and various institutions, this accounting method has been followed by the then audit. Also, the Authority has followed this accounting method since its inception to provide information to the government's audit department and various institutions with the knowledge of the audit.

However, in this regard, I would like to kindly inform that arrangements will be made to appoint a committee to make the necessary changes to be made in the system and by obtaining further consultations from the Government Audit Division, and action will be taken to revise the balance sheet and present the accounts of 2022.

(a) Observation

The amount of Rs. 2,147 million indicated in the trial balance as RETSUP represents the total sum of profits and losses that the authority had recorded in each year from 2016 to 2019. It is composed as follows

Year	Profit/ (Loss) Rs.(Million)
2016	219,781,082
2017	112,339,650
2018	755,269,339
2019	1060,456,317
Aggregate	2,147,841,663

The opening balance of the retained earnings account in the statement of changes of equity as on 01/01/2020m, is Rs. 75,636,837,782 which is composed as follows in the trial balance.

A/C No	Name of the Account	Balance as at 01.01.2020(Rs.)
RETSUP		2,147,841,663
9999	Retained Earnings	993,270,282
	Capital Reserve	8,462,785
8123-8144 & 8151	Prior Year Adjustment	72,487,277,577
4102	Car Park Fund	20,000,000
Aggregate as per the accounts of the trial balance		75,636,832,307

Opening balance of the retention account of the statement of changes of equity	75,636,837,782
Difference	5474

Accordingly, arrangements have been made to transfer the balances of the above-mentioned respective accounts to account number 9999 (retention account) in the year 2021, and I wish to inform that reasons for the above mentioned difference of Rs. 5,474 will be further looked into and necessary corrections will be made.

(B) Observation

02 02 plots of land worth 2098.2 million given on 99-year lease basis

Project No.	Name of project	Starting date of the lease	Lease value as at 31.12.2020	Observation
8191900	Welikada Land at National app	2021.07.30	2,012,400,000	The money for the land related to this lease transaction was received on 07.11.2019 and 07.02.2020 respectively, and the start date of the computerized agreement related to this lease transaction is mentioned as 30.07.2021. Due to the investor's unwillingness to acquire the property from the date of transfer of its physical possession due to a problem related to the boundary of the land, 30.07.2021 has been

				considered as the starting date of the lease period. However, the income of the deferred lease account has been recorded in accounts in the computer system since July 2022 and the relevant corrections have been made in November 2023 through the journal J34075 record
8087800	Acqu. Land at Madinnagoda from 70818	2021.09.24	85,800,000	An amount of Rs. 343,200,000.00 has been received as lease for the land related to this transaction on 30.11.2019 and 31.07.2021 respectively, and only that amount has been updated in the deferred lease register. And Page 11 of 31 according to the agreement related to this transaction, the lease start date is 2021.09.24. However, due to the fact that the sum of money that should move to the income from the lease account has not been recorded in accounts till now, therefore, the necessary corrections have been made by recording in accounts the said amount in November, 2023 by the account J 34075.

I would like to inform you that the accounting deficiencies related to leases with a value of 7.15 million rupees that have exceeded the lease period have already been identified and the corrective measures in that regard has already been started.

(ක)

Observation

I wish to inform that under the Deferred Tax Value of the Statement of Financial Position as at 31st December 2020, it has been shown as follows:

New Lease Value -	Rs. 294,837,326.96
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Correction of compensation / by journal notes -Deferred Lease Account

Account value	Debit value	Rs. 319,180,647.81
	Credit value Rs.	235,896,066.59

(6) **Observation**

The main reason for this unidentified balance is that it takes a considerable time for the authority to receive the details of the fees deposited by customers for submitting applications directly to the bank and the fees paid directly for booking houses. However, currently, through the Information Technology Division, the authority is making changes to the online systems used by the authority so that such transactions can be identified.

Furthermore, the officials engaged in these tasks and the relevant provincial offices have been informed and some letters have been sent with instructions to be followed regarding such payments in the year 2023. Further, they are constantly being contacted and prompt action is being taken to identify such deposits.

Those deposits have been made deposited but were shown as unrealized cheques due to the difficulties faced by the Authority in obtaining the details of the direct deposit transactions and the dates of deposits made by customers for the purpose of getting plans approved from the Authority, during the period of lockdown of the country and working from home owing to the COVID epidemic situation in the country in 2020.

However, the relevant information has been forwarded to the sub-offices and their deposit information has been collected and most of the corrections to be made in the account system have been made and the information related to such existing deposits is still being collected.

(7) **Observation**

For the year 2023, the work of accounting the value of the assets received as donations is being carried out in the year 2023 itself. In the year 2022, the value of the assets received as donations from various institutions to the authority in the previous years will be identified and recorded in accounts.

(8) **Observation**

Project No	Project	Value (Rs.)	Answer
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5100500	Con. Of Housing Units Railway Land at Maligawatta	2,126,445,013	This figure will be shown in the accounts under the category of housing projects completed in the year 2022.
3520101	Penelaboda Housing project under Naula Town Development.	966,650	The construction of the middle income housing project has been delayed because the budet allocation was not approved. This figure is shown in the books as abandonment of the project was not recommended until 2021. The Central Provincial Office informed that this project is expected to be included in the action plan of 2024 and accordingly, it is correct to show this value in the books.

S.N.	Project No	Name of the Project	Current states of the project	Proposed correction of accounts
1	3180100 10/3/317	Kolonnawa	The Kolonnawa Cultural Center project has been implemented in the government industries land transferred to this authority under section 6 (1) of the Government Land Ordinance, and the subject land is shown as project number 3180101 and 6180100 on the computer. In this land, the housing complex project of 03 acres has	Action will be taken to obtain the relevant approvals and to make necessary adjustments to remove them from accounts.

			been disposed of to the Bank of Ceylon and Cargill's Food city.	
2	3240100	Maharagama	A file related to this project number could not be found	Action will be taken to obtain the relevant approvals and make necessary adjustments.
3	3270100 10/2/1587	Mattegoda Acquisition of the land called Siyambalagahawatta	The subject land has been acquired on behalf of the Maharagama Municipal Council, and the compensation has not been completed. Although compensation Page 13 of 31 allocations should be received from the Maharagama Municipal Council, such allocations have not been received so far.	As acquisitions have not been completed, it is correct to show in the work-in progress book.
4	3160100	Dehiwala Mt.Laviniya	The interim order has been issued under Section 38 (a) of the Act in relation to the subject acquisition, and the compensation assessment under Section 17 has not been issued so far.	
5	8142800	Land at Perguson road	1. This has been constructed under the URPCC Housing Program of Thotalaga Modara Uyana Housing Project. 2. In the remaining part, construction of 750 housing units has been started under AIIB project.	
6	8273600	Land at attidiya road	The subject plot of land is having been divested.	Action will be taken to obtain the relevant approvals and to make necessary adjustments to

				remove them from accounts.
7	8460200	Janasaviya Kendraya-Kundasale	Under Section 6 (1) of the Government Land Ordinance, the land has been transferred to the Urban Development authority by a special grant.	The transfer to investment property will be adjusted in the accounts in the year 2022
8	8550100	Parawenigoda watta-Hikkaduwa	Certificate 44 relating to this land has been received and the grant has been requested under section 6 (1)-	The transfer to investment property will be adjusted in the accounts in the year 2022

Action will be taken to correct the names of the above projects according to the information available in the Land Division and arrangements and to submit them with the 2021 accounts.

(ඊ) Observation

In the year 2013, the Urban Development Authority has given an amount of Rs.200 million for the improvements of the Water's Edge Company and has informed the company to issue shares to settle the said amount provided. Since that year, action has been taken to show this proposed share issue as a temporary share issue in the accounts of the Authority as well as in the accounts of Waters Age Company, but the said share issue has not been carried out yet. Therefore, therefore, the share certificate related to that investment could not be submitted to the audit.

However, I wish to further inform action will be taken to make the relevant company aware in this regard and take necessary corrective measures.

(ඈ) Observation

Although there are 31 restaurants managed by Lanka Rest Houses Ltd. Which is subsidiary company of the authority, 29 restaurants are owned by the relevant local authorities and 02 restaurants belonging to the Urban Development Authority have been included in the report of the assessments conducted in the year 2020.

(z) **Observation**

making the expenditure or revenues accrual as required by the the accounting systems that existed in the beginning in the authority, were carried out using 2 accounts, that is, by means of the accounts bearing codes starting with number 7, and the settling of the same was done through accounts that started number with 02 accounts as codes starting with number 6. In the preparation of the final accounts, the net value of both these account numbers has been shown correctly under the respective notes in the financial statements. However, with the introduction of the new computerized accounting system, instructions have been given to the relevant divisions/officers to use only the account code starting with number 6 and carry out making the expenditure or income accrual and settling them.

As pointed out by the audit, we wish to inform you that in the future, action will be taken to use one account number for recording in accounts the making of revenue accrual and the settling of revenue and to transfer to the said account the balances currently existing relating to the other account number.

(e) **Observation**

The reasons for the writing-off of the value of Rs. 366.55 million which is payable in 2020 from the compensation and interest register relating 4 projects are as follows:

Project No.	Reasons for writing off from the compensation register
1. 3240200	As the full compensation due on 31.12.2019 has been paid in full, over allocations in accounts have been adjusted.
2. 5100100	Rs. 57 million has been has been paid in 2020 and over allocations have been adjusted.
3. 9400300	This has been revoked under Section 50 of the Land Acquisition Act
4. 9400300	

Accordingly, the relevant adjustments have been made on 31.12.2020 under Journal No. J 30714

1.2.3 Audit opinions and quantitative observations relating to the subsidiary companies of the Authority

Relating to financial statements and other legal and regulatory requirements for the year ended 31 December 2020 of the subsidiary company, Lanka Rest Houses Company and Urban Investment and Development (Private) Company fully owned by the Authority, the audit opinion had been disclaimed as per the Auditor General's report in terms of Section 12 of the National Audit Act No. 19 of 2018 and relating to the Water's Edge Company, the audit opinion had been qualified as per the same report. Some of the main reasons for this are the following uncorrected observations till the date of this report.

(i)

(අ) Observation

Since these restaurants are not owned by Lanka Rest Houses Ltd., Lanka Rest Houses only performs administrative work of them. Therefore, the property cannot be included in the financial statements as an asset of Lanka Rest Houses.

(ඈ) Observation

In the final accounts of 2020, 65% of the income was to be paid to local authorities, so it was not counted as income of Lanka Rest Houses Ltd. Correcting that mistake, in the final account of the year 2021, 35% as well as 65% of the income related to the year 2021 was included in the annual account as the said institution's income.

(ඈ) Observation

Lanka Rest Houses Ltd. was registered in the year 2010 and before that the rest houses were administered by the Urban Development Authority. The data regarding the fixed assets that existed in the year 2010 when it these rest houses were handed over to Lanka Rest Houses is still being sought.

(ii)

(ඈ) Observation

At present, the Land Cruiser vehicle had to be sent to the Toyota Company due to an emergency maintenance that arose during the evaluation process, and it has been repaired and returned. The vehicle is currently undergoing a test run and the government's valuation process is scheduled to begin again as soon as it is completed.

Also, other fixed assets have been referred to the valuation division of the Land Division of the Urban Development Authority for re-valuation of "assets in good condition and assets to be disposed of"

upon the approval of the Board of Directors and I would like to inform that the said division is engaged in that process at present.

Further, it is due to be adjusted in the final accounts of 2023 as soon as it is completed.

2.2

2.

(අ) (i) **Observation**

Most of the information included in the General 287 format regarding all the fixed assets under the authority's custody and utilized by the authority has already been entered in the system and according to that format, the system provider will be contacted through the Information Technology Division to further update the system in the year 2023.

(ආ) **Observation**

- (j) From 31.07.2012, the date of the start of the liquidation of the company, until 31.08.2017, relevant details have been reported to the board of management of the authority for carrying out the functions related to the same.

The liquidation could not be done within 6 months mainly because the Ports Authority did not take over the said land and did not implement the proposed Colombo Port Improvement Development Program and took a considerable time to report the same, and also, due to the fact that the organizations that had obtained service facilities at the storage complex took a significant time to vacate the place.

A separate Cabinet approval has not been obtained to extend the relevant liquidation period. However, I wish to inform you that as per the instructions given by the Board of Management, the necessary measures will be taken to carry out the relevant liquidation activities expeditiously.

(२६)

Observation

After getting the approval of the Board of management in this regard, action is being taken to prepare special proposals for each company and obtain approval for the same.

(२७)

(i) **Observation**

A master procurement plan has been prepared for the year 2020 and the date of commencement of procurement and the expected time for completion of procurement have been indicated in the same. (Annexure 02)

(ii) **Observation**

The authority has taken action to publish the information about the contracts awarded from 01.01.2023 to 30.06.2023 on the authority's website and since there are no defaulting contractors in the authority, the relevant data sources cannot be obtained. If there arise such contractors in the future, information about them will be posted on the authority's website. (Annexure 02)

(२८)

Observation

Through the board of management approval No. 13/2013 and dated 07.08.2013, approval of the Board of Management has been granted to pay the participation allowance paid to the Chairman, Director General and Executive Directors of the Institute for participating as members of the Board of management. But the payment has not been made since November 2020 after the audit pointed out that the payment concerned is not legal.

Also, it was decided at the meeting of the board of management dated 22.06.2023 that the amount related to recovery of the allowance paid to the above officers for their participation from January 2013 to November 2020 be notified to the said officers. I wish to inform that action will be pursued accordingly.

2.2.3

(අ) **Observation**

A detailed report on this has been submitted to the Ministry on 26.06.2023.

(ඈ) **Observation**

Out of the 276 urban development area announced as at 25.11.2023, 54 development plans have been published through Gazette by 13 July 2023. This includes 85 local government institutions. By 2023.11.30, the number of development plans published by the gazette is 56, and the number of local government bodies related thereto is 88. Also, action is being taken to publish the development plans for another 05 local government bodies through the gazette, by December 2023, and it has been aimed to prepare development plans for 22 local government bodies in the year 2024. It is also proposed to prepare development plans for the remaining urban areas during the period of 2025-2030.

2.2.4

(අ) **Observation**

At present, the titles to the lands related to housing complexes have been transferred to this authority as follows.

I Summary of the housing complexes of which land title has been transferred

1	Mihindusenpura	10	Muwadora Uyana
3	Metsara Uyana	11	Laksetha sevana
4	Sirisara Garden	12	Lakhiru sevana
5	Sirisanda Uyana	13	Harbour view residencies
6	Mihijaya sevana	14	Kolomthota sarasavi uyana
7	Methsanda Sevana	15	Puradora sevana
8	Sirimuthu Uyana	16	Lakmuthu sevana
9	Sanhinda Sevana	17	Jayamaga sevana

II Summary of housing complexes of which the land title has not yet been fully transferred.

1	Ranmithu Sevana
2	Sathhiru Seavana
3	Randiya Sevana
4	Helamuthu Sevana
5	Laksanda Sevana
6	Siyasetha Sevana
7	Siyapath Sevana

(අප) Observation

As on 31.10.2023, the number of inactive tenants was 3370, and the arrears due from them was Rs. 223.78 million, in relation to the balance due from the business premises given on monthly rental basis in the year under review (2020).

The number of active tenants has increased to 4667, and the arrears due from them have also increased to Rs.807.55 million.

Also, as on 31.12.2020, the sum of Rs. 255.79 million, being the amount of rent arrears mentioned as due to be recovered from inactive tenants, has decreased from Rs. 32.1 million to Rs. 223.78 as on 31.10.2023.

Also, due to the increase in the number of customers by the year 2023 compared to the year 2020, there has been an increase in the balance due from the active customers as well.

Therefore, I wish to inform that necessary measures are being pursued by taking legal actions to recover the balances due from the inactive customers, while the balances of the active customers are also being recovered by sending regular reminders, offering concessional payment plans, sealing business premises and filing cases against them by the legal division. I am informed that measures are being taken to take.

(අප) Observation

At the discussion held on 19.03.2018, at the Ministry of Lands and Parliamentary Reforms, which was chaired by the Secretary to that Ministry, regarding the method to be followed by the Urban

Development Authority in disposing of land to external parties for development works, the Urban Development Authority has been instructed to obtain special grants under Section 6 (1) of the Government Land Ordinance to dispose of to a third party the lands of which title has been transferred to the Urban Development Authority by virtue of a certificate of authorization under Section 44 of the Land Acquisition Act. Subsequently, this authority took action to obtain grants, as necessary, following the said methodology.

Accordingly, on the first occasion, special grant was applied for under Section 6 (1) only for lands that had already been identified to be disposed of to third parties for development purposes, and subsequently, action was taken to apply for grants under section 6 (1) in respect of the land for which the payment of compensation and interest had been completed on the priority of disposal of lands.

Accordingly, although the authorization certificate under Section 44 of the Land Acquisition Act for the subject land had been issued on 23.04.2008, the proceedings for obtaining the grant under Section 6 (1) of the Government Land Ordinance Act had started around the end of March 2018, and as compensation and interest have been paid for the subject land, the process of obtaining the grant deed can be completed in the year 2023. A letter dated 04.01.2023 has been made to the Divisional Secretary of Sri Jayewardenepura Kotte by the Director (Land Development and Management) of this authority requesting that their recommendation Page 19 of 31 reports be sent to the Commissioner General of Lands as soon as possible for issuing the special grant under Section 6 (1) of the Government Land Ordinance Act.

During the asset valuation in 2012, it was not possible to include this land by a mistake, and in the revised asset assessment carried out in 2021, it had been stated a swamp and had not been valued. Also, although the final accounts statements of the year 2021 did not include a specific value as a swamp, the values incurred as land acquisition costs and currently, written off against profit in the year 2012 will be adjusted in the final accounts according to the value estimated for the relevant year at a time of developing of that land.

The land, which is about 2.611 hectares as shown in the preliminary plan No. 6436, was acquired by the Urban Development Authority on 03.05.1986 under the Interim Order 38 (a) of the Land Acquisition Act. Direct instructions have been given by the Acting Secretary of the Ministry of Local Government, Housing and Construction by the letter dated 30.01.1984 and the letter dated 09.02.1984 that this land be acquired by the Urban Development Authority. In the letter dated 30.01.1984, it has been mentioned that the Colombo Municipal Council should be allowed to dispose of garbage on the land until the acquisition of this land is implemented.

Later, on 23.05.1985, the Urban Development Authority forwarded the application form to the Ministry of Local Government, Housing and Construction to acquire this land "for a development purpose of the Urban Development Authority". Further, regarding the purpose of obtaining the authorization certificate under Section 44 given to the Urban Development Authority it has also been stated as "may be utilized for the requirements of the Urban Development Authority".

In physical inspection, it is observed that this land is completely a swampy scrubland.

However, after obtaining the grant under section 6 (1) for this swampy land, a feasibility study for implementing a suitable development project will be conducted and after obtaining all relevant approvals including an environmental clearance certificate, it is expected to utilize the land for a permitted development project in accordance with the regional development plan of Sri Jayewardenepura Kotte.

(අ) **Observation**

As per the Cabinet Approval No. CP/10/1830/403/039 dated 05.10.2010, the national program to build 50,000 permanent houses for slum dwellers in Colombo city was started in the year 2010 under the Urban Development Authority as the Urban Revitalization Project.

By 2023, 14542 houses have been built by the Urban Revitalization Project, and 12325 houses have been provided for settlement in 22 projects under the Urban Revitalization Project, including Metro Homes and Lakeside Housing Project. 1946 houses have been allocated for various government projects and currently 271 houses are vacant. Action is being carried on for providing those houses as well. Also, 951 new housing units have been completed under the Urban Revitalization Project, and due to non-availability of funds from the Treasury, action has been initiated for the sale of 450 housing units in the open market under self-financing for continuation of the project. The Cabinet approval has been received for the same, and 06 housing units have been sold so far. Also, the construction of 3602 housing units is underway under the support project to the urban generative project. And under Chinese aid, the construction work of 1996 housing units for low-income earners is due to be started soon.

The existing method is to set a nominal value according to the number of square feet of the house and on payment of the same by the people who are settled in the flats in installments in 30 years, the title of the house is transferred to them by a deed, and in the said practice, condominium management

corporations can only be established, when 50% or more of the residents have received ownership of the same.

However, in order to establish management corporations, the certificate of the Condominium Management Authority must be obtained, and a number of requirements must be fulfilled for that purpose, and among the 22 housing projects that have been built under the Urban Revitalization Project, Mihindusenpura Project in Dematagoda and Borella Sirisara Uyana Housing Project have been certified by the Condominium Management Authority, and the plan for obtaining the approval relating to the rest of the housing projects is shown in Annexure 03 above.

However, management corporations cannot be set up only by obtaining the condominium certificate, and the ownership of the houses must also be given to the tenants at the same time. For the said purpose, a work plan has been presented in the 2024 budget proposals and the plans for the same is being prepared.

Further, the Urban Development Authority has prepared a work schedule for all of these projects, consisting of the activities from obtaining the condominium certificate up to the preparation of declaration deeds.

It is expected that the cost related to various expenses of those projects are covered by the money collected from the residents on a monthly basis. Owing to the situation that prevailed at that time, only a sum of 102,352,692 rupees has been collected in the year 2020, and the total income to be received is 283,357,405 rupees. However, in the year 2021, that income has been increased to Rs. 177 million and in the year 2022, it has been increased to Rs. 240 million, and now a special program has been implemented to recover the outstanding amount.

A fine of Rs. 1,222,339.93 has been paid due to non-payment of electricity bills on time in 2020. The reason for having to pay the said fine amount was the global COVID pandemic situation that prevailed in the country from the month of March, and the resultant problems that affected the payment of bills, namely:

- Ceylon Electricity Board not sending bills to this authority on time and non-reading of the meter

- Due to the epidemic situation in the country, the institutions were forced to close due to the sudden imposition of emergency curfew in the country, which disturbed the payment of bills.
- Although the institution resumed operations after some time, it was not possible to pay the bills regularly on the due date due to the limitation of the staff and the payment of bill being done through several divisions.
- Relatively higher late fees due to increased monthly bulk bills due to residents working from home.
- Due to it being mandatory to settle bills within 14 days, payment of later-received bills became unmanageable within the due period.
- However, due to receiving bills through electronic online system, it has been possible for 7 months to pay bills without late fee. The authority has thereby received an additional benefit (discount). Accordingly, no fine has been paid for late payments at present.

(ඉ) Observation

Necessary measures have been taken to provide the office space on the 3rd floor of the Mahara Administrative and Commercial Complex to the Ceylon Electricity Board, and necessary preliminary action is being taken to obtain the approval of the Board of management and to tender and dispose of the other floors and units of the said building (by obtaining a valuation report from the Chief Valuer), after receiving the approval of the Ceylon Electricity Board.

(ඊ) Observation

The lands with assessment numbers 294, 300 and 953/1 in Sri Jayawardenepura Mawatha, Rajagiriya, which have been in underutilization, was identified by the Urban Development Authority in the year 2013, as a suitable location for the construction of a complex of financial and administrative institutions providing services to the general public, focusing on the need to optimally utilize the underutilized land owned by the public sector and the private sector in that area according to the government policy of developing Sri Jayawardenepura Kotte as the administrative city.

Accordingly, on 09.10.2013, the following 03 plots of land have been acquired by the Urban Development Authority under interim order 38 (a) of the Land Acquisition Act.

Serial No	Assessment No	Extent of Land			First Owner
		Acre	Roods	Perches	
1	294	0	1	2	Mr.G.D. Kularatne
2	300	2	1	29	Electro Plastics Private Ltd.,
3	953/1	0	1	12	Lanka Electriscity(pvt.,) Co. Ltd.,

Following the decision of the Board of management on 07.02.2015, taken as per the request made by the original owners of the land to the Minister in charge of Urban Development in the year 2015, to divest the thus acquired largest piece of the lands indicated under serial No. 2, it has been divested to the original owners on 02.07.2015.

After that, the land adjacent to it with Valuation No. 953/1 claimed by Lanka Electricity (Pvt.) Company Ltd. has also been divested after considering a request made by the said company and following a decision of the board of management.

Accordingly, after disposing of 02 out of 03 acquired land parcels, since no request was made by the original owner to divest the remaining land bearing assessment no. 294, the Ministry has instructed to continue the acquisition process If the original owner does not agree to take over the land.

As the Urban Development Authority is legally bound to pay compensation and interest for a piece of land so acquired, as per the assessment of the chief valuer of the government, and the notification of the Divisional Secretary of Sri Jayawardenepura Kotte, this authority has paid about Rs. 213 million as compensation and interest for this land, and has been completed. This compensation and interest money was paid in installments and the last interest installment was paid on 31.12.2021.

Under Section 44 of the Land Acquisition Act, the certificate of authorization is issued by the Divisional Secretary after payment of all compensation and interest. Accordingly, the certificate of authorization for the land has been given to this authority by the Divisional Secretary of Sri Jayawardenepura Kotte on 23.05.2022.

An application has been made on 16.09.2022 to issue a special grant for this land under Section 6 (1) of the Government Land Ordinance Act, and the necessary arrangements are being made by the Divisional Secretary of Sri Jayawardenepura Kotte. After acquiring the same, the Urban Development Authority will take action to dispose of the land to a third party for a suitable development work.

(C) Observation

On 30th October 2013, a development agreement has been entered into between the Urban Development Authority and the developer Tata Housing Development Company Ltd. for Phase 1 of the Kompannaveediya Redevelopment Project. The scheduled project duration for this project is 36 months.

1. According to Section No. 2.12 of the said agreement (Annexure 15), the developer should bear the construction cost and in addition, a sum of three hundred and ninety-three rupees as rent payments, building removal cost and other expense. (up to a maximum limit of USD 3 million)
2. The developer has already given the aforementioned cost to the Urban Development Authority as per Section No. E of the Addendum of the Development Agreement.
3. Also, the two parties have agreed as per the agreement that this authority will bear the other expenses mentioned in the agreement including the full rent payment for the duration of the agreement.

Accordingly, as per Clause F of the addendum agreement for this development agreement, 62 additional houses will be constructed on the resettlement building for the rent payments to be made for this project, and it was proposed to cover the rent payments to be made further using the profit earned by selling these housing units. For the 62 housing units built on the basis of sale in accordance with sub-section 06-e of the addendum development agreement, a sum of Rs. 471,739,202/- should be paid by the Urban Development Authority to the relevant development agency apart from government approved taxes, Also, 150 days have been given for the construction of those additional housing units

Time extension up to 30 April 2019 has been granted by this authority (Annexure 16) for the resettlement project based on the developer's requests and submissions. Also, the entire period including extension of time (EOT) and additional 150 days in the resettlement project is specified as the project contract period as per section 06 (b) of the Addendum Development Agreement. The said

period is till 30 April 2019. However, the construction of the relevant project has been handed over to this authority in August 2019.

Also, if further construction takes place after that period, the developer must pay the temporary rent payments and the payments to the State Engineering Corporation for the period of delay based on the mutual agreement of this authority and the developer. (Section 6 (6) of the Addendum Agreement.

However, this authority has made an income of 612,800,000.00 rupees from the sale of 58 housing units out of the 62 housing units built in addition to the project. Accordingly, this authority has made a profit of nearly 141 million rupees from the sale of these additional housing units. Thus, the payments to the relevant State Engineering Corporation and the rent paid for temporary residence have been fully covered by the sale of the relevant additional housing units

(ငမ) Observation

The following measures have been taken to recover the alleged loss of Rs. 18,900,000.00 relating the said land from the officials responsible in that regard.

- I. By letter dated 2021.01.29 informing the Bribery or Corruption Investigation Commission and the Criminal Investigation Department to initiate investigations.
- II. Sending a reminder to Bribery or Corruption Investigation Commission and Criminal Investigation Department on 13.07.2022.
- III. Going to the Bribery or Corruption Investigation Commission and giving statements on 20.01.2022.
- IV. Providing files for investigation of the Committee appointed as per the instructions given by the Parliamentary Committee on Public Enterprises.
- V. Forwarding letters to Bribery or Corruption Investigation Commission and Criminal Investigation Department by letters dated 20.07.2022.

I wish to inform you that when the related investigations are completed, action will be taken as per the observation so made.

2.3

(ငန) Observation

The possession of the houses in Oval View Housing Project has been handed over from 21.10.2020. The transfer of the legal ownership of the houses in the housing project started from January 2023, and it was delayed due to the delay in obtaining the documents and the delay in performing the functions of the institutions due to the Covid-19 epidemic that prevailed during that period. Also, since one small piece of land in the project site was not initially identified to be taken over by this authority:

- The reason for the delay was the need for referring it for the approval of the Condominium Authority after taking over the land.
- Condominium Management Authority certificate has been received on 25.11.2021.

Due to the delay in the preparation of transfer deeds owing to the aforementioned reasons, the transfer of legal ownership of the houses was delayed until January 2023.

Accordingly, by November 2023, about 264 transfers have been signed in this project, and there has been a delay in signing the transfer due to the issue related to the remaining house recipients' payment of stamp duty to the Provincial Revenue Department based on the current market value of the property.

(අ) Observation

Providing all traders of the Manning Market, who are registered as lessees of the Colombo Municipal Council with alternative stalls in the new Manning Mall in Peliyagoda at suitable locations according to the nature of the trading activities has by now been completed.

Accordingly, alternative trading stalls have been given to the 167 Manning Market traders who have been reported in this audit paragraph as not having been given alternative trading stalls as of 30.11.2022.

Meanwhile, the appeals that have been submitted applying for stalls/shops at the Manning Mall have been examined by an appeals consideration committee and as per the approval of the board of management held on 08.06.2023 given based on the recommendations made by the said committee for providing the stalls/shops, necessary steps have now been taken to allocate stalls/shops to thus qualified applicants.

(අූ) Observation

We would like to point out that the declaration of dividends for equity investments is decided by the respective companies based on the profit of the year and other matters. The officials of the authority who represent the board of management s of these subsidiary companies have also made inquiries in this regard at several meetings of the board of management s of the said company. However, the management of the Authority will take into consideration the institutions that do not receive dividends and take necessary action in respect of such institutions.

(අූ) Observation

The Board of management of Urban Development Authority, in its meeting held on 08.09.2022, decided to open Otters Aquatic Club and 80 Club to the public as per the Cabinet Decision.

Accordingly, the 80 club has been opened to the public from 23.06.2023 and steps have been taken to carry out operations and management activities, and the chairman and secretary of the 80 club have filed a case bearing No.DSP/ 259/ 2023 at the Colombo District Court against the Urban Development Authority and the Waters Age Recreation Institute against opening of the said club to the public. Accordingly, the Colombo District Court has issued an interim restraining order against the public of the said club.

However, no objection has been raised by that case regarding the invitation of investment proposals, therefore, documents calling for investment proposals from 14.09.2023 to 02.11.2023 issued by this authority for disposing of this property for an investor on a lease basis of 50 years to develop and maintain the property on which this club is located as a boutique hotel project, and invitation of bids concluded on 21.11.2023. The investment proposal documents were obtained by two parties, and none of them submitted bids for the purpose concerned.

Through a newspaper advertisement published on 20.06.2021, tenders were called for the implementation of a mixed development project on a part of the land where the Otters Club is located, but it was unsuccessful. Therefore, this authority has decided to invite investment proposals under 2 phases for the entire land again. Accordingly, under the first phase, investment proposals are being invited for an area of 0.4 hectare out of the whole land, for which the valuation value of the land has been called from the chief government valuer.

A sum of Rs.453.88 million was spent for building materials, machinery, additional structure development works for other consultancy institutions and payment to the related institutions, landscapes and plans, rain water drainage streamlining and other procurement activities for etc. required for the renovation of the said premises.

(ඉ) Observation

The construction work of the Magam Ruhunupura International Conference Hall was built under the Greater Hambantota City Development Plan, and the main auditorium was built as a grant from the South Korean government at a cost of US\$ 6.4 million, and the construction of other parts of the project has been completed at the cost of Rs. 3,830,874/- by the Sri Lankan government.

The Urban Development Authority provided consultancy services for the project, and the project was managed by the Hambantota Priority Project.

On 31.12.2015, the Urban Development Authority took over the center from the main contractors after the completion of the project. It was proposed to be handed over to the relevant institutions after the completion of the project, but due to the non-acceptance of this center by such institutions, the Urban Development Authority has had to maintain the management activities until the relevant handover is carried out. Furthermore, Rs. 75,889,769.97 was spent for running this center from 2017-2019, and Rs. 20,280,093.14 was earned as income for that period. No foreign loan has been taken for this project, only the above mentioned grant has been given.

The port, airport and other major projects proposed and implemented under the Greater Hambantota City Development Plan have not been operational as expected and the opposing policies of different governments on the development of Hambantota have directly affected the running of this center. The income earned from the various events, exhibitions, meetings and shows organized at the center by government and private institutions has a significant gap compared to the annual cost.

In addition, the situation has become more problematic due to the curtailment of festivals due to the corona epidemic situation and economic crisis that prevailed in the year 2020.

In the future, it is expected to operate this center through the Urban Development Authority and the private sector partnership (PPP), and it is also expected to increase the income by implementing short-term management plans with the private sector subject to the relevant approvals as per the current economic situation. Even though the generation of income is affected by whatever severe problematic situation, due to essential maintenance requirements and unavoidable services, the costs to be borne have remained the same and with the expenditure exceeding the income.

(ඊ) Observation

Below is a report related to the arrears due on 31.10.2023 from 07 car parks leased out to external parties by the authority.

The clients under client number 96596 and 75777 have already been deactivated in the computer system and have been referred to the Legal Division for taking necessary legal actions to recover the dues.

Project Code	Cust. Code	Project name	Balance as at 01/02/2023	Amount Paid	Balance as at 31/10/2023	Remarks
8110500	96596 100381	Charmers GranariesNew karuna House Rish	11,031,762.45		24,898,019.68 1,584,962.70	Terminated on 15.06.2023 Court case pending
5120100	75777 100319	M/s. New karuna House Senilka Management Servic	198,375.90		1,291,973.90 (222,061.30)	Terminated on 31.07.2023 Court Case pending
8210900	59487 100381	(Oasis Colors) Jaykay Marketing Services	568,250.00	186,037.50	382,212.50 44,006.66	Terminated
8091800	75907	National Water supply	626,400.00	375,840.00	250,560.00	
8101200	75909	AJITH SRI PERERA ED	0.00	0.00	0.00	
5950100	58098	GUNARATNE H.A.D.H.MR.	337,534.38	337,534.38	0.00	
8211600	97709	E. WEERASINGHE	421,173.50	-	421,173.50	
			13,183,496.23		28,650,847.6 4	

(c) Observation

Pannipitiya, Weera Mawatha Housing project implemented by this authority consists of 500 units and 05 towers namely A, B, C, D and E. The project is being implemented with 101 units each in A, B, C and D housing towers and 96 housing units in E tower. While the construction of housing towers B and D has been completed, the construction of C tower has been completed and is being handed over to the customers. Towers A and E are expected to be completed before the end of this year and to be handed over to the beneficiaries. For the 101 houses in Tower B, houses have been provided to honorable members of Parliament according to the decision of the Cabinet of Ministers, while the settlement is being completed relating to 95 housing units that have been paid for among the 101

houses in Tower D. E Out of the 96 houses in Tower E, 47 units have been reserved by customers. Also, the full amount due to this authority for the houses allocated to the Navy has not been received yet. Also, at the beginning of the project, the entire project was expected to be completed by September 2022, but it was difficult to complete the project due to the collapse of the construction industry owing to the COVID epidemic situation and the economic crisis that arose in the country subsequently. Also, due to the restrictions imposed in the country on imported goods and due to the increase in the cost of goods in the construction industry, the house construction company is facing practical problems, consequently, the project has not been completed by the planned date.

(င) Observation

101 houses in Tower B have been provided on rent basis under Cabinet Approval No. 22/0856/520/003-1 in pursuing the implementation of the decision taken in the Housing Committee meeting chaired by the Honorable Speaker on May 20, 2021 regarding the provision of quarters for Members of Parliament. The annual rent assessment value of those houses has been stated as 72 million rupees by the internal valuation report of the Urban Development Authority. The internal valuation report has been obtained until the government valuation report which has been applied for is received. Also, the board of directors has already been informed about this by the board of management paper bearing No. 15/2022 dated 22.09.2022. Accordingly, the rent value (per annum) made by the government valuer and sent by the Chief Valuer through the undated letter No. CD/WC(I)/RE/3290 of November 2022, is Rs.69.45 million. Accordingly, as per the above Cabinet decision, 101 houses located in Tower B of this housing project have been provided to the Members of Parliament on the basis of receiving the monthly rent from the government to this authority. But due to the fact that the money has not been received by this authority as stipulated, the Urban Development Authority has reminded several times to provide money from the Treasury, but so far there has been no positive response. Requests have been made to the Ministry of Urban Development and Housing to pursue necessary action in this regard. As of October 2023, Rs. 1,766,685.90 has been received from the monthly amount to be received from the house recipients for the management of this building B. Some arrears of Rs. 682,274.61 for water supply, Rs. 1,643,675.81 for electricity fee and Rs. 138,395.71 for gas has been recorded respectively. Further, according to the valuation and calculation of the actual expenditure management activities, there is arrears of Rs. 5,806,067.06, and the Hon. Minister advised in a meeting to inform the management committee about the payment of that amount, and the committee agreed to settle the payment.

A special program has been implemented by the Asset Management Division of this authority to recover rent arrears and arrears payment of water bills from these low-income housing units. This program is ongoing

(ඒ) Observation

The piece of land on which the Galle Dadalla sports complex has been built has been acquired on the provisions of the General Treasury, and a portion of the land has been developed by the Department of Sports Development. The Southern Provincial Office of the Urban Development Authority has informed by the letter dated 16.01.2023 that it is appropriate to develop the remaining portion of the land which remains unused, by the Department of Sports Development t according to the detailed plan prepared by the Galle District Office of the Urban Development Authority.

Thus, since the payment of compensation related to the acquisition of the entire subject land is made on the treasury allocations, and the Southern Provincial Office of the Urban Development Authority has recommended that the Department Sports Development should develop the other plot of land also in addition to the developed land, having obtained the approval of the Board of management of the Urban Development Authority to enable to acquire the entire land of 16 acres, 3 Roods and 0.57 Perches in Dadalla, Galle from the Divisional Secretariat, and transfer the same to the Department of Sports Development, the matter has been referred to the line ministry to inform the Ministry of Lands through the said line ministry.

(ඈ) Observation

A preliminary investigation was conducted in this regard by an internal committee consisting of the Director (Legal), Director (Land Development and Management), Director (Asset Management and Recovery) and its recommendations were submitted to the Board of management held on 07.11.2022. Then, at the board of management meeting held on 17.11.2022, a committee consisting of 05 members has been appointed, and based on the recommendations of the said committee, further actions are due to be carried out.

(ඉ) Observation

Stages IV and V of the Beira Lake Project consisting of 05 stages proposed from 2018 - 2019 (Stage I, II, III completed under the World Bank funds) were implemented on the west bank of the East Beira Lake. The amount of 20 million stated herein was allocated to construct the bank on the

Ministry of Finance side of the West Beira Lake, and since this amount was not sufficient to award the contract, it was not possible to implement the same. Due to the difficulty in allocating further allocations owing to the existing financial problems, the contract was ended and taken over by the Urban Development Authority with mutual understanding.

(ක) Observation

As of now, action has been taken to include these officers who were recruited and employed through the subsidiary company based on the authority's requirement in the urban development authority's cadre plan and to include them in the authority's permanent staff with the approval of the Department of Management Services.

(ඌ) Observation

There was a landslide on 13.04.2017 in the land where the Meethotamulla garbage dump is situated, and the then Ministry of Megapolis and Western Development has given instructions to the Urban Development Authority to use the land for suitable development work to prevent the occurrence of such a disaster again in the future.

Accordingly, an agreement has been entered into with the National Building Research Organization to obtain the necessary consultancy for the development of the land of the garbage dump.

Prior to stabilization, the landfill was 50 meters high, within a 15-acre area, with an incline of 60° - 90° degrees. It has been confirmed by National Building Research Organization (NBRO) that in the section of which work has been completed by 22.11.2022, the height has been leveled to 30 meters, and its incline has been reduced to between 25° - 30° and the garbage heap has been stabilized at 7 levels as per the specifications of the consultants in a manner that is not dangerous to the public. Also, about 30% of the sewage disposal system and about 25% of the harmful gas emission prevention system have been completed. Accordingly, including the work completed by now, consultancy fees, including project administration costs, a sum of Rs. 441.74 million has been spent by the Urban Development Authority for the above project. However, the Urban Development Authority decided not to provide further financial allocation for this project and as an alternative, it was decided to implement this project jointly by the public and private sectors. The authority has already taken the necessary preliminary steps to invite investment proposals to select a private sector investor to complete the remaining parts of the project. However, since the acquisition by the Urban Development Authority as per Section 44 of the Land Acquisition Act relating to 12 acres of the land

identified for the project has not yet been completed, it has not been possible to complete the process of selecting an investor.

(३) Observation

This warehouse complex (go-down) is still shown in the account books of PWCC Company and it has not been possible to transfer the same to the accounts of the Authority until the liquidator presents the liquidation accounts. However, the liquidator has handed over the management of the warehouse complexes to the Urban Development Authority from 31.08.2017, subject to the presentation of the liquidation accounts, and therefore, this rent money has been generated and the amount has been included in the accounts of the Urban Development Authority.

(४) Observation

It is for expenses incurred for 03 urban regenerative projects implemented by the authority for low income earners that a balance of Rs. 6,024.09 million is applicable in the balance of Rs. 6,042.68 million that is stated to have been expended by the authority on 04 occasions exceeding the deposits of the customers. Funds have been provided by the Treasury for the implementation of these projects and are shown under Government Assistant for URPCC Projects in the set of financial statements. Accordingly, to cover the cost of these projects, the Treasury has provided an amount of Rs. 6,645.22 million to the authority by 30/11/2023.

Apart from that, the remaining balance of Rs. 18.59 million is related to the projects implemented in relation to the customer's deposits and reconciliations are being made in connection with the same and related corrections and adjustments will be made in the final accounts of the year 2022.

(५) Observation

A project report has been prepared and forwarded to the Department of National Planning for the necessary approval to obtain treasury funds and no approval for funds has been received so far.

(६) Observation

Interest under the provisions of the Act shall be paid from the date of acquisition of the property under Section 38 of the Land Acquisition Act till the completion of compensation investigations by the Divisional Secretary and identification of compensation beneficiaries.

(७) Observation

The value of lease that can be recovered on disposal of the land owned by the authority on the basis of lease is determined according to the relevant lease period. The investment company has paid to this authority the amount determined as the 99-year lease value valued by the Chief Valuer for the Colombo Fort Transwork square land as stated in this audit enquiry.

The difference between the 99-year lease value and the market value is Rs. 1,250,400,000/- out of which the proportional sum will be recovered at the time of sale and release of the housing units. (Based on the proportion calculated on the basis of the total floor area of the housing units that are disposed of on a sales basis and are constructed under the project against the difference between the market value and the lease value of the land.)

As it is the method implemented in the disposal of land for mixed development activities, the authority does not have the ability to recover the relevant total amount outside of that practice. According to the relevant lease agreement, after the completion of the construction of the development project, at the time of signing the agreement for the housing units, the difference between the lease value of the land and the freehold value will be recovered for the Urban Development Authority

(25) Observation

In relation to this transaction

- ❖ Valuation by the Government valuer (in 2011 for 99 years) Rs. 2,785,000,000.00
- ❖ Amount paid by the lessee Rs.. 577,000,000.00.
- ❖ Land acquisition/ payments of compensation as well as payment of lease amount have delayed till the year 2016.
- ❖ Accordingly, in the year 2016, the 99-year lease value valuation was obtained again from the Government Valuer. It was Rs. 3,620,000,000.00.
- ❖ Although the lessee was informed to pay the lease value of 2016 but not the lease value of 2011, he appealed that an amount of interest be reduced against Rs. 577 million that he had paid, and the interest thus calculated and reduced is Rs. 330,249,000.00

The lessee had paid the balance lease amount after deducting the Rs.577 million that had previously been paid and the reduced amount of interest, but since the proper approvals regarding the reduction of interest had not been obtained, the Secretary to Ministry had given instructions to recover this amount.

Current Status and Corrective Measures Taken

But although the lessee did not agree to the same in the past period, the prior permission of the authority was requested for the requirement of obtaining extension for the development license of

the land. This was reported to the board of management of the authority and approval was given subject to the following conditions for extending the development license as well as the development period up to 2025.

1. The amount of Rs. 330,249,000.00 million due to be paid by the lessee to the Authority (Rs. 356,668,920.00 with government lease amount) shall be paid to the authority immediately.
2. The development period will be extended to 31.01.2025 only after fulfilling the condition (1) above.

The above board of management decision was communicated to the lessee, and by sending a letter in reply for the same, an appeal was made requesting reconsideration of the decision. After obtaining legal advice in this regard, it was referred back to the Board of management, and after a long study, approval was given for canceling the lease subject to the instructions of the Attorney General.

Accordingly, before implementing the relevant measures, the Legal Division had referred the matter to the Attorney General's Department to obtain the recommendations of the Honorable Attorney General regarding the cancellation of this lease.

Nimesh Herath
Chairmen
Urban Development Authority



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