

Annual Report

2021



Agricultural and Agrarian Insurance
Board No. 117, Subadrarama Road,
Gangodawila, Nugegoda

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காசிகாரீக லா லாபீசன ரக்ஷா மஸ்திரா
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AGRICULTURAL AND AGRARIAN INSURANCE BOARD

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117, ஸுபதராம பார, ஂகாடாவி, ஂகாடாவி

117, Subadrarama Rd., Gangodavilla, Nugegoda

மீளே அகல
எமது இலக்கம்
My Ref. No.

4/5/F/I/11

மீளே அகல
உமது இலக்கம்
Your Ref. No.

தீத
திகதி
Date

2022-11-08

Secretary,
Ministry of Agriculture,
No. 80/5,
“Govi Jana Mandiraya”
Rajamalwatta Lane
Battaramulla

Annual Report -2021

I submit herewith the Annual Report of the Agricultural and Agrarian Insurance Board which illustrates as to how the administrative, operational and financial activities of the Board were implemented during the year 2021 which also includes all its activities carried out during the year 2021.

Panduka Weerasinghe
Director General
Agricultural and Agrarian Insurance Board

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Chairman Message

The Agricultural and Agrarian Insurance Board established by the Agricultural Insurance Law, No. 27 of 1973 introducing agricultural insurance to the field of agriculture in Sri Lanka as a formal risk management system further expanded the scope of its functions by the Agricultural and Agrarian Insurance Act, No. 20 of 1999 and has completed four decades of fruitful existence as of now. By the Farmers Pension and Social Security Benefit Scheme Act, No.12 of 1987, a pension scheme was established for agriculturalists. As an institution coming under the purview of the Ministry of Agriculture and as the sole and exclusive public sector institution providing insurance services and is directly involved in the risk management in the agricultural sector, the primary function of the Board is to shoulder the responsibility assigned to the government in indemnifying agriculture and agriculturalists against losses caused by unforeseen circumstances.

It is the responsibility of all divisions of the Head Office to guide the Agricultural and Agrarian Insurance Board towards the attainment of its vision, mission and objectives and for the realization of this goal, 30 district offices of the Board scattered across the 25 districts actively carry out their operations.

With this objective to the fore, the year 2021 can be termed as a year during which priority was accorded for the promotion of agricultural insurance schemes and during this year new insurance schemes were formulated for vegetable, betel and sugarcane cultivations.

Meeting the primary objective of the Farmers' Pension and Social Security Benefit Scheme launched in the year 1987 with the objective of identifying the role of the agriculturalists within the agro-economy and providing them shelter, Rs. 3,656 million had been paid as pension by the end of the year 2021 for 167,526 pensioners guaranteeing a secure life. Further, the Board commenced paying pension for fishermen from April 1996 and by the end of the year 2021, 5,354 fishermen were receiving monthly pensions. As at 31 December 2021, 69,049 subscribers had subscribed to the pension scheme and the total amount paid as pension during the year 2021 was Rs. 78 million.

In addition, the other insurance schemes administered by the Board including the third party insurance scheme posted a year on year growth of 6% which enabled the Board to be self financed covering personal emoluments and allowances and administrative expenditure.

The AAIB earned a net profit of Rs. 1,494.4 million in the year 2021 through agricultural insurance schemes and operational profit recorded during the year was Rs. 1,752 million. Payment of speedy compensation to farmers in distress is the foremost function

of the Board and the compulsory crop insurance indemnity commitment of the Board in the year 2021 for farmers affected by heavy rains and floods in leading agricultural districts of the country was approximately Rs. 1,638 million. The Board was able to generate an income of Rs. 74.2 million through compulsory crop cultivation insurance scheme, Rs. 296.5 million through the third party insurance scheme and Rs. 20.1 million insurance scheme from other insurance schemes in the year 2021.

Most of the planned training programmes had to be deferred due to the Covid pandemic prevailed in the year 2021 and as the situation returned to normal by the end of the year, many officers were made to participate in the postponed training programmes.

Hence the year 2021 can be deemed as a successful year in which a significant growth was achieved in the performance of the Board geared towards fulfilling sustainable development objectives and ensuring sustenance of the local agriculture and the agriculturalist.

Chairman
Agricultural and Agrarian Insurance Board

Agricultural and Agrarian Insurance Board

➤ Vision.....

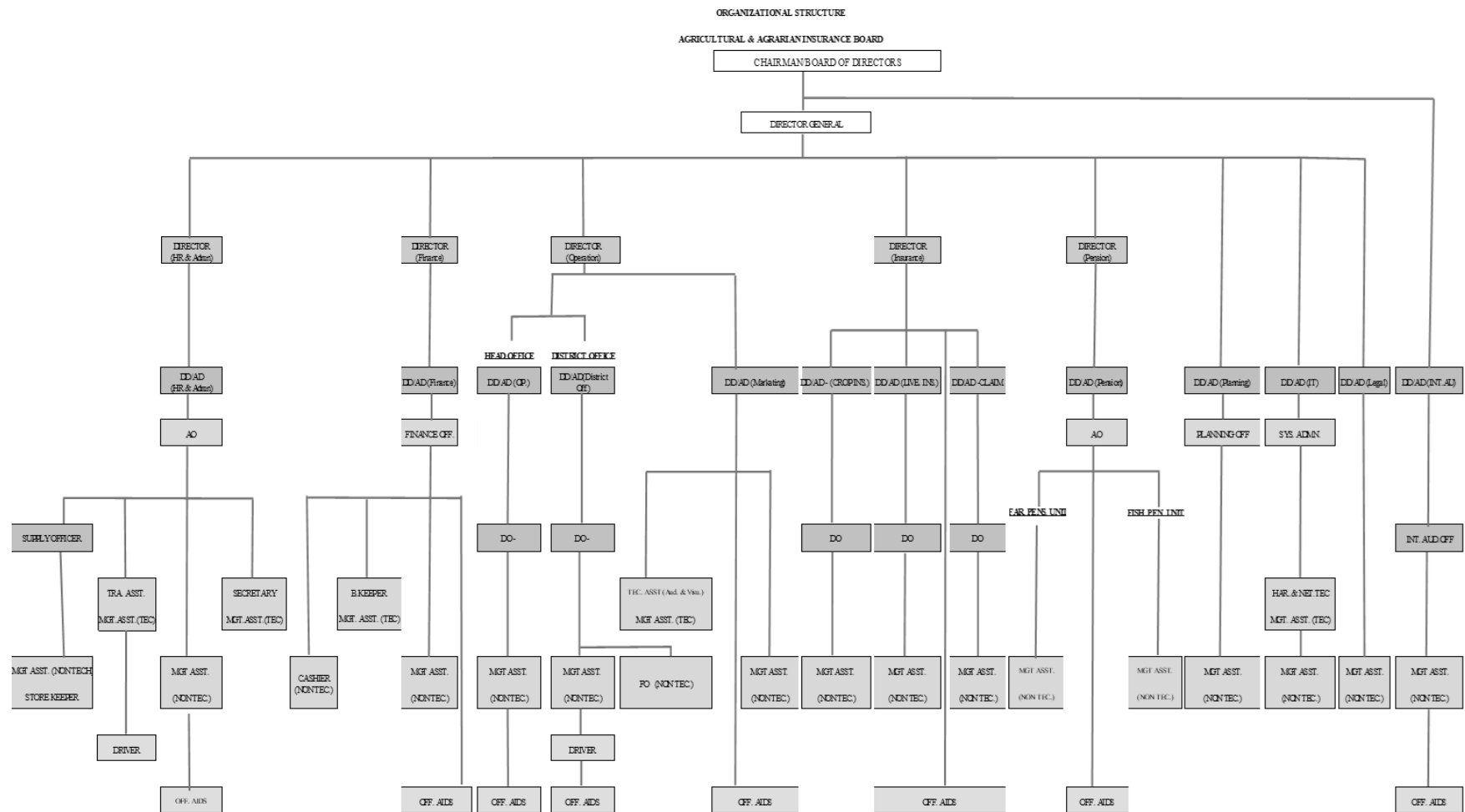
To be the ideal Agricultural Insurance Institute in South Asia by being the foremost protector of local agriculture

➤ Mission.....

To provide an internationally recognized excellent service through collective efforts and coordination with the relevant institutions for the provision of Agricultural Insurance and benefits

Board of Directors -2021

	Name	Post
01	Mr. Premachandra Epa, Attorney at law Chairman Agricultural & Agrarian Insurance Board	Chairman
02	Miss W.H.A. Wimalajeewa Director Department of Public Enterprises	Member
03	Mrs. Nilakshi N. Gunasekara Additional Secretary (Admin & Human resources) Ministry of Agriculture	Member
04	Mr. R.A.D.S. Ranatunga Director General (Technical) Department of Fisheries and Aquatic Resources	Member
05	Dr' C.N.S. Gamage Additional Secretary (Department of Livestock) (State Ministry) State Ministry of Livestock, Farm Promotion and Animal Husbandry and Dairy & Egg Related Industries	Member
06	Mr. G.G. Dhanajauya Nandasiri Assistant Vice Chairman Branch Manager Matara Branch Development Finance Corporation of Bank of Ceylon	Member
07	Dr. W.M. Weerakoon – Up to June 2021 Director General Department of Agriculture From July 2021 Dr. Ajantha De Silva Director General Department of Agriculture	Member
08	Mr. W.M.M. B. Weerasekara – Up to January 2021 Commissioner General Department of Agrarian Development Nr. A.H.M.L. Abeyratne –From February 2021 Commissioner General Department of Agrarian Development	Member
09	Mr. S.M.G. Samarakoon Chairman of National Farmers' Societies Megodawewa, Anuradhapura	Member



Foreword

The Agricultural and Agrarian Insurance Board plays a pivotal role in the national drive being implemented for sustainable development of agriculture.

A key component of this is the involvement as an intermediary for the agriculturalist in the risk management. Aside from undertaking the risks associated with crops of agriculturalists, the Board works towards social security of the agriculturalist by offering insurance cover for their vehicles, implements and stores.

The year 2021 saw the practical implementation of the compulsory insurance scheme introduced in the Yala season of 2018 for 06 major crops cultivated abundantly across the country under the programs for offering incentives and facilities for farmers such as the fertilizer subsidy launched by the government and implemented by the Ministry of Agriculture with the objective of stabilizing and expediting the food production process of the country aimed at sustainable promotion of the agriculturalist and agriculture.

Annual premium income from 2017 to 2021

Insurance Scheme	2017 (Rs Mn.)	2018 (Rs Mn.)	2019 (Rs Mn.)	2020 (Rs Mn.)	2021 (Rs Mn.)
Crop insurance schemes	95.66	128.01	61.11	45.89	74.24
Livestock insurance scheme	13.39	10.59	7.87	5.78	11.07
Stores, agricultural implements and third party insurance scheme	42.11	137.85	220.15	278.94	296.50
Suwasettha and accident insurance scheme	5.31	6.34	9.42	13.78	9.04
Total	156.47	282.79	298.55	344.39	390.85

Annual Net Profit from 2017 to 2021

	2017 (Rs Mn.)	2018 (Rs Mn.)	2019 (Rs Mn.)	2020 (Rs Mn.)	2021 (Rs Mn.)
Total income	5735.1	4,398.5	3,365.1	3,530.40	3,456.90
Operational expenditure	(5654.2)	(3,253.8)	(2,487.0)	(2,129.10)	(1,704.90)
Operational surplus	80.9	1,144.7	878.1	1,401.30	1,752.00
Government grants and other income	130.1	4.0	9.1	8.30	8.16
Total expenditure (including allocations)	168.7	(227.7)	(234.9)	(255.90)	(265.80)
Net annual profit/loss	42.3	921.0	652.3	1,153.70	1,494.36

The third-party vehicle insurance scheme posted an outstanding growth in the year 2021. with the revenue reaching Rs. 296.50 million by the end of the year 2021 as against Rs. 278.94 recorded in the year 2020. This progress was primarily due trust being instilled about the scheme in agriculturalists thanks to the resolution of legal impediments of the third-party insurance scheme and the extensive marketing and promotion campaign conducted at the district level. The income from the scheme served to consolidate the financial stability of the Board.

In the year 2021, the insurance division released compensation for the documents recommended as crop damage for the 2018/19 Maha season, 2019 Yala season, 2019 Maha season, Yala 2020 season and 2021 Maha season. Also, in the year 2021, insurance schemes were prepared for vegetables, betel and sugarcane cultivations.

The project for the introduction of Weather Index Based Insurance scheme with the technical assistance from the International Finance Company (IFC) affiliated to the World Bank was carried out in the districts of Hambantota, Kurunegala, Anuradhapura, Ampara, Gampaha, Kilinochchi and Vavuniya districts in the year 2021.

Under the Farmers' Pension and Social Security Benefit Scheme which is the foremost social security benefit scheme administered by the Agricultural and Agrarian Insurance Board, benefits were provided to 167,626 pensioners by the end of the year 2021.

In addition, monthly pension had been paid 5,354 fishermen by the end of the year 2021 under the Fishermen's Pension and Social Security Scheme administered for the wellbeing of fisheries community.

Upon the decision taken to pay an increased pension than the pension planned to be paid as per the Farmers' Pension and Social Security Benefit Scheme Act, the farmers pension fund became zero by July 2010, and in order to offer a sustainable solution to the financial crisis

of the scheme while ensuring the continuity of same, a restructuring of the scheme was implemented under the guidance of the Ministry of Finance and Planning and payment of pension was resumed as a new pension scheme from the year 2014.

Until officers are recruited to continue the functions of the Board, officers were recruited for on contract basis for several essential posts that remained vacant in the head office and district offices. In addition, 16 Assistant Directors and 16 Development Officers were recruited through formal interviews.

The Agricultural and Agrarian Insurance Board as an institution that plays a central role in the overall economic process of the country offering strength to agriculturalists and the national agricultural production process for minimizing the risks making an invaluable contribution to the national agricultural and livestock process discharged its responsibilities with due diligence in the year 2021 as well.

Operations Division

Operations Division -2021

Agricultural and Agrarian Insurance Board operates with the prime objective of increasing local agro-production and protecting the agriculturist by introducing agricultural insurance to local agricultural field as a means of risk management. Agricultural insurance is a viable solution to economic problems faced by agriculturalists due to damages caused by droughts, floods and wild elephants to their cultivations. As a country with agriculture driven economy, the application of agricultural risk management in a practical manner has contributed to stabilize agriculture based domestic economy. The Board administers a host of diverse and high benefit insurance schemes bringing many benefits to the farmer community such as crop insurance, livestock insurance, Suwasetha and accident insurance, agricultural implements insurance, stores insurance and third-party vehicle insurance.

The Operations Division is the division that plays the most critical role in expanding the services of the Board amongst the farmer community. The preparation of the Corporate Plan, Action Plan and all other institutional plans encapsulating the program of work expected to be implemented by the Board, steering and controlling the district offices across the island for the implementation of plans so prepared and addressing all requirements that arise in implementing such plans are the major functions of the Operations Division.

- ❖ As the sole public sector institution that provides insurance services in the agricultural sector, the Operations Division took the initiative to operate a slew of insurance schemes island-wide in the year 2021 with the objective of fulfilling its responsibility of uplifting the local agriculture and stabilizing the economy of the agriculturalist to the maximum.

1. Crop insurance schemes

- Paddy cultivation insurance scheme
- Maize cultivation insurance scheme
- Big onion cultivation insurance scheme
- Potato cultivation insurance scheme
- Chilly cultivation insurance scheme
- Soy cultivation insurance scheme
- Supplementary crops (green gram, peanuts, black gram) cultivation insurance scheme
- Sugarcane cultivation insurance scheme
- Export crops cultivation insurance scheme (pepper, cinnamon)

- Plantation crops insurance scheme (tea cultivation)
 - Coconut cultivation insurance scheme
 - Floriculture insurance scheme
 - Ginger cultivation insurance scheme
 - Vegetable cultivation insurance scheme
 - Banana cultivation insurance scheme
 - Fruit cultivation insurance scheme
2. Warehouse insurance scheme
 3. Agricultural implements insurance scheme including tractors
 4. Livestock insurance scheme (2)
 - Goat
 - Cattle
 5. Accident insurance scheme
 6. Suwasetha health insurance scheme
 7. Third party vehicle insurance scheme
 8. Social security schemes (2)
 - Farmers' pension scheme
 - Fishermen's pension scheme

As a solution to difficulties faced by the farmer community due to damages caused to cultivations by droughts, floods and wild elephants, farmers had to subscribe to a compulsory insurance scheme with contributions from farmers and the government for the cultivations of paddy, maize, potatoes, big onions, soy and chilli and on a policy, decision taken by the government, an insurance cover subject to a ceiling of Rs. 40,000 per acre was offered to an acre from the Yala season of 2018. This insurance scheme is implemented island-wide from the Yala season of 2018 with the coordination of all the relevant institutions including the Ministry of Agriculture, Agrarian Services Department, Mahaweli Development Authority, state and non-state banks.

Major programs implemented by the Operations Division

- The first program of the island-wide program for raising awareness of officers on the Agricultural Information Management System, new farmers' pension scheme, livestock insurance scheme, third party vehicle insurance scheme was held on 08.11.2021 at the Ruvins Jaya Institution in Polonnaruwa with the participation of officers of the districts

offices of Maho, Anuradhapura, Puttalam, Thambuttegama, Manampitiya and Dehiattakandiya.

- The second program of the island-wide program for raising awareness of officers on the Agricultural Information Management System, new farmers' pension scheme, livestock insurance scheme, third party vehicle insurance scheme was held on 17.11.2021 in Kandy Institute with the participation of officers of the districts offices of Kandy, Nuwaraeliya, Kegalle, Matale, Kurunegala and Maho.
- The third program of the island-wide program for raising awareness of officers on the Agricultural Information Management System, new farmers' pension scheme, livestock insurance scheme, third party vehicle insurance scheme was held on 30.11.2021 at Rain Tree Institute, Tissamaharama with the participation of officers of the districts offices of Kalutara, Galle, Matara, Hambantota, Ratnapura and Embilipitiya.
- The fourth programme of the island-wide programme for raising awareness of officers on the Agricultural Information Management System, new farmers' pension scheme, livestock insurance scheme, third party vehicle insurance scheme was held on 17.12.2021 at Lake Jay Institute, Ampara with the participation of officers of the districts offices of Ampara, Trincomalee, Monaragala, Badulla and Batticaloa.
- Arrangements have been made for the printing of banners, posters and handbills required for the promotion of activities of the third-party vehicle insurance in the districts of Dehiattakandiya, Nuwara Eliya, Manampitiya, Galle, Kandy, Badulla, Embilipitiya, Ratnapura, Polonnaruwa, Monaragala, Matale, Kegalle, Jaffna, Hambantota, Anuradhapura, Tambuttegama.
- The meeting of the third-party insurance agents for promoting the third party vehicle insurance scheme in the Monaragala district was conducted at the Victor Inn Hotel on 26.03.2021.
- After reaping the harvest of the Maha season of 2019/20, the traditional "Aluth Sahal Mangalya" or new rice festival at the Jaya Sri Maha Bodhi premises, Anuradhapura was held on 02 and 03 April, 2021 under the patronage of His Excellency the President Gotabhaya Rajapaksa and the erection of the Pirith Mandapa, provision of public loudspeaker systems and other activities were sponsored by the Board and carried out by the officers of its staff.

- The program for recruiting insurance agents for the promotion of third-party insurance scheme in the Gampaha district and training officers was held at the Gampaha Agrarian Services District Office on 06.07.2021.
- The program for the implementation of the third-party vehicle insurance scheme through Divisional Secretariats was held under the District Secretary of Polonnaruwa with the participation of all Divisional Secretaries.

Insurance Division

Agricultural Insurance Scheme

&

Livestock Insurance Scheme

Insurance Division -2021

The key responsibility of the Insurance Division is to formulate insurance schemes and discharge duties relevant to the release of compensation for liabilities received under insurance schemes with emphasis on crop insurance, livestock insurance and general insurance.

Accordingly, as in the previous years, the task of releasing compensation for crop damage was prioritized.

Also, during the year 2021, insurance schemes were prepared for the cultivation of vegetables, betel and sugarcane.

Apart from that, the implementation of programs in collaboration with other divisions and devising methods as per the instructions received whilst providing answers to audit queries are the other basic functions of the Division.

Also, the Insurance Division works jointly with the other divisions of the institution and provides necessary advice to the district offices to guide insurance activities.

Accordingly, compensation was released as follows for crop damages during the year.

In the year 2021, the insurance division released compensation for the documents recommended as crop damage for the 2018/19 Maha season, 2019 Yala season, 2019 Maha season, Yala 2020 season and 2021 Maha season.

Number of farmers, Acres, Indemnity amount paid for the 19 Maha season during the year 2021			
District/Sub Office	No of Farmers	19-Maha Acres	Indemnity
Ampara	97	178	3,810,750
Badulla	13	7	122,000
Batticaloa	124	428	4,564,300
Hambantota	52	63	1,462,620
Kandy	5	3	36,450
Maho	2	2	25,200
Total	293	680	10,021,320

Number of farmers, Acres, Indemnity amount paid for the 19 Yala season during the year 2021

District/Sub Office	20 Maha	Acres	Indemnity
Ampara	46	88	2,550,600
Anuradhapura	8	21	675,000
Badulla	70	83	1,601,400
Batticaloa	90	185	3,554,400
Gampaha	14	10	336,897
Hambantota	25	29	871,825
Kalutara	1	1	25,000
Kandy	21	18	233,550
Kegalle	308	200	4,762,471
Kurunegala	92	83	2,028,944
Maho	317	325	5,443,055
Matale	2	1	32,400
Matara	257	169	5,560,078
Puttalam	5	10	365,000
Total	1,256	1,223	28,040,620

Number of farmers, Acres, Indemnity amount paid for the 19 Yala season during the year 2021

District/Sub Office	20 Maha		
District	No of Farmers	Acres	Indemnity
Ampara	377	569	7,166,510
Anuradhapura	112	153	2,852,600
Badulla	15	22	280,900
Batticaloa	151	368	3,499,200
Dehiattakandiya	37	48	590,400
Gampaha	4	5	76,500
Hambantota	190	255	3,250,200
Kalutara	2	3	36,800
Kandy	267	191	2,650,268
Kegalle	5	2	22,950
Maho	14	24	296,100
Manampitiya	64	102	1,287,000
Mannar	13	30	402,600
Matale	7	2	39,780
Matara	17	14	373,950
Monaragala	5	22	229,500
Nuwaraeliya	22	16	232,254
Polonnaruwa	45	59	1,112,400
Puttalam	24	49	842,400
Thambuttegama	91	78	1,081,000
Trincomalee	107	168	2,286,990
Total	1,569	2,178	28,610,302

Number of farmers, Acres, Indemnity amount paid for the 20 Yala season during the year 2021

District/Sub Office	20-Yala		
	No of Farmers	Acres	Indemnity
Ampara	532	1,151	21,245,300
Anuradhapura	370	300	7,759,045
Badulla	340	344	8,628,194
Batticaloa	253	597	10,971,000
Colombo	18	15	366,060
Dehiattakandiya	81	74	1,408,050
Galle	2,215	1,980	36,554,675
Gampaha	1,485	1,087	21,309,363
Hambantota	279	464	5,475,049
Kalutara	136	98	1,846,875
Kandy	398	254	5,263,921
Kegalle	1,661	765	12,838,352
Kurunegala	2,891	2,734	54,898,363
Maho	1,009	827	16,292,319
Manampitiya	257	250	6,030,150
Mannar	10	16	373,500
Matale	2,029	1,537	23,907,331
Matara	1,303	836	18,335,049
Monaragala	461	529	11,262,850
Mullaithivu	18	12	203,400
Nuwaraeliya	224	92	939,850
Polonnaruwa	564	878	14,786,188
Puttalam	1,309	1,828	45,104,899
Rathnapura	829	425	5,393,270
Tambuttegama	2,672	1,709	27,758,684
Trincomalee	672	1,399	12,873,400
Vavuniya	17	12	211,200
Total	22,033	20,211	372,036,337

Number of farmers, Acres, Indemnity amount paid for the 21 Maha season during the year 2021

District/Sub Office	21-Maha		
	No of Farmers	Acres	Indemnity (Rs.)
Anuradhapura	5,491	7,782	109,321,879
Badulla	1,240	1,210	19,643,645
Dehiattakandiya	581	581	7,425,674
Galle	48	21	154,337
Gampaha	219	202	3,928,124
Hambantota	311	341	6,535,725
Jaffna	5,391	5,118	72,696,697
Kalutara	115	127	1,762,700
Kandy	117	88	1,792,822
Kegalle	161	73	1,382,475
Kilinochchi	828	1,846	28,238,514
Kurunegala	1,071	911	22,104,603
Maho	1,319	1,085	26,140,828
Manampitiya	1,615	1,511	23,945,955
Mannar	2,475	5,864	83,083,240
Matale	386	333	4,629,182
Matara	206	123	2,518,984
Monaragala	4,694	10,443	119,129,500
Mullaithivu	1,192	1,359	30,803,604
Nuwaraeliya	49	21	381,542
Polonnaruwa	1,638	2,917	51,284,025
Puttalam	699	895	20,366,795
Rathnapura	111	58	725,525
Tambuttegama	622	500	9,677,977
Total	30,579	43,409	647,674,352

	Other Insurance Scheme	No of Farmers	Indemnity (Rs.)
1	Suwasettha	5	9,000.00
2	Personal Accident	2	200,000.00

		No of Animals	Indemnity (Rs.)
1	Livestock Insurance	65	4,043,215.00

The consideration of appeals in respect of the Yala season 2020 and Maha season 2021 is now in progress. Similarly, preliminary activities relating to the payment of compensation for crop damages of the 2021 Yala season have been commenced.

Further, preparatory work is being carried out to draft insurance schemes expected to be administered in the year 2022.

Pension Division

**Farmers' Pension and Social
Security Benefit Scheme**

**Fishermen's Pension and
Social Security Benefit
Scheme**

Farmers' Pension Division

Realizing the prime objective of the Farmer Pension and Social Security Benefit Scheme implemented in 1987 with the aim of assuring financial stability to farmers whilst recognizing the role of the farmer in the agricultural economy in that process, Rs. 3,655,998,925 had been paid as pension for 167,626 farmers by the end of the year 2021.

Upon the decision taken to pay an increased pension than the pension planned to be paid as per the Farmers' Pension and Social Security Benefit Scheme Act, the farmers pension fund became zero by July 2010, and in order to offer a sustainable solution to the financial crisis of the scheme while ensuring the continuity of same, a restructuring of the scheme was implemented under the guidance of the Ministry of Finance and Planning and payment of pension was resumed as a new pension scheme from the year 2014.

However, the implementation of the new scheme was delayed until a solution was found due to the problems that arose in the contribution of farmers to the new scheme and the integration of the farmers of the old scheme into the new scheme, and the necessary arrangements were made to start new recruitments at the beginning of 2022.

Deaths

The amount of benefit paid in the year 2021 as death gratuity to 202 inheritors of contributors who contributed to the Farmers' Pension Scheme and died before receiving pension entitlements is Rs. 4,551,040.

Disabilities

By the end of the year 2021, a sum of Rs. 96,800 had been paid to 119 subscribers who have become disabled after having contributed to the scheme.

Fishermen's Pension Division -2021

The Fishermen's Pension and Social Security Benefit Scheme administered since April 1991 is implemented jointly by the Fisheries and Aquatic Resources Development Department and the Agricultural and Agrarian Insurance Board.

The objects of the Scheme

The objects of the Scheme are:

- to provide social security to fishermen during their old age or disability;
- to provide relief to the dependents of fishermen upon the death of such fishermen;
- to encourage fishermen to continue in their occupation;
- to attract young persons to the fishing industry; and
- to inculcate the habit of saving and to promote thrift among the fishermen.

The payment of fishermen's pensions started from April 1996, and by the end of 2021, 5,354 fishermen receive monthly pensions. In the year 2021, the total amount paid as pension is 77,520,495 rupees. As of December 31, 2021, 69,049 contributors have subscribed to the scheme.

Death gratuity and disability benefits

The amount of benefits paid in the year 2021 as death gratuity and disability benefits to the inheritors of the deceased contributors and 18 contributors who became disabled having contributed to the Fishermen's Pension Scheme was Rs. 202,000.

Fishermen's Pension and Social Security Benefit Scheme

Subscriptions as at 31.12.2021

District Fisheries Extension Division	Subscribers according to the age						Total number of subscribers
	18-29	30-35	36-45	46-50	51-54	55-59	
Kalutara	1213	721	772	197	105	59	3067
Galle	1082	676	840	221	118	95	3032
Mahawewa	3253	1702	2036	613	256	240	8100
Matara	1750	980	1232	346	201	164	4673
Colombo	576	360	478	140	63	38	1655
Tangalle	2514	1389	1629	412	201	169	6314
Puttlam	2167	1156	1222	255	107	61	4968
Negombo	2538	1599	2167	735	419	378	7836
Batticaloa	2248	1390	1630	555	272	266	6361
Trincomalee	654	516	550	129	81	78	2008
Mannar	2066	1227	1343	429	222	257	5544
Kalmunai	1565	1109	1515	479	244	207	5119
Mulativu	88	79	141	50	27	44	429
Kilinochchi	519	340	540	250	185	183	2017
Jaffna	2185	1117	1444	668	402	617	6433
Freshwater reservoirs							
Nuwareliya	29	28	47	7	1	3	115
Polonnaruwa	45	35	27	11	2	1	121
Ratnapura	27	15	9	1	3	-	55
Monaragala	17	14	10	1	-	-	42
Kurunegala	45	24	24	1	-	2	96
Anuradhapura	169	81	84	17	7	5	363
Matale	31	14	23	5	2	3	78
Kandy	13	12	25	5	3	3	61
Kegalle	1	1	2	-	-	-	4
Badulla	59	33	33	3	-	3	131
Vavuniya	59	33	41	15	4	-	152
Batticaloa-Freshwater	84	52	67	27	20	25	275
Grand Total	24997	14703	17931	5572	2945	2901	69049

**Administrative
&
Human Resources
Division**

Administrative and Human Resources Division- 2021

Staff

The staff of the Agricultural and Agrarian Insurance Board was as follows as at 31.12.2021.

Composition of the staff

Service Category	Designation	Approved Cadre	Existing Cadre	Vacancies
Senior Management				
HM	Director General	1	1	-
HM	Director	5	1	4
Management				
MM	Deputy Director / Assistant Director	45	38	7
Junior Management				
JM	Administrative Officer	2	-	2
	Systems Administrator	1	-	1
	Financial Officer	1	-	1
	Planning Officer	1	-	1
Associated Officer				
ASS.O	Development Officer	55	33	22
	Supplies Officer	1	-	1
	Internal Audit Officer	1	-	1
Management Officer (Technical)				
MA - Tech	Transport Assistant	1	1	-
	Secretary	1	1	-
	Book Keeper	4	1	3
	Hardware & Networking Technician	1	1	-
	Technician (Audio/Visual)	1	-	1
Management Assistant (Non-technical)				
MA – Non Tech	Management Assistant	220	132	88
Primary (Technical)				
PL - Skilled	Driver	38	26	12
Primary (Non Technical)				
PL - Non Skilled	Office Assistant	42	30	12
		421	265	156

Until officers are recruited to continue the functions of the Board, officers were recruited for on contract basis for several essential posts that remained vacant in the head office and district offices. In addition, 16 Assistant Directors and 16 Development Officers were recruited through formal interviews.

Contract Basis

MA - NonTech	Management Asst/Field	5
PL - Skilled	Driver	1
PL - Non Skilled	Karyala Sahayaka	2
	Karyala Sahayaka (Sanitary Labourer)	2
	Total	8

Casual Basis

MA - NonTech	Management Assistant	29
PL - Non Skilled	Karyala Sahayaka	9
	Total	38

Recruitment and promotions in the year 2021

Action was taken during the year to recruit 16 officers for vacancies in the posts of Assistant Directors and 16 officers for vacant posts of Development Officers.

Employee Training and Academic Activities

Most of the training programs had to be deferred due to the Corona pandemic that prevailed in the year 2021 and as the country eventually returned to normalcy, it was possible to cause officers to participate in the following training programs.

Name of the Officer	Post	Name of the training program	Name of training institute	Duration
1. Nalin Chaminda Dissanayake	Management Assistant (Stores)	Warehouse management, inventory control, annual board of survey and asset disposal	Skills Development Fund	02 days
2. GH Nuwan Chandraratne	Asst. Director	Government procurement process	Skills Development Fund	02 days
3. D. G. R. K. Kulabardhana	Asst. Director	Bid evaluation	Skills Development Fund	02 days

4. Hashini Chanika Nelson	Management Assistant (Casual)	Role and responsibilities of leave officers	National Institute of Labour Studies	01 day
5. GM Anosha Nadishani	Management Assistant (Casual)	Role and responsibilities of leave officers	National Institute of Labour Studies	01 day
6. SD Manoj Kumar	} Office Aid	Duty training of the Primary Service of the KKS Service	National Institute of Labour Studies	02 days
7. HMJ Hemantha				
8. M. Nimal				
9. Indika Weerasinghe				
10. Upul Shanta				

Employee welfare

The program of supplying morning and evening tea, the medical insurance scheme for the staff of the Board and granting motorcycle loans to entitled officers continued this year too as was done during the previous year.

Procurement and Transport Section

Supplies Division

- Action was taken to outsource the printing of the following documents relating to the insurance schemes administered by the Board in compliance with the government procurement process.
- Under the third-Party Insurance Scheme -Third party applications, Third party receipt books. Third party coverage books, Third party cards
- Under the Crop cultivation insurance scheme - Crop insurance application forms, Damage reporting documents
- Under the Farmers' Pension Scheme - Farmers' pension payment cards, Farmers' pension identity cards
- Under the Fisheries pension scheme - Fishermen's pension payment books, Fishermen's pension identity card
- General receipt books used for financial activities

In addition General 35 forms, leave application forms, livestock insurance applications, Suwasetha applications, Suwasetha policies and documents for transport duties required by the head office and district offices were also printed using the Duplo printing machine.

Procurement process was strictly followed in purchasing technical equipment required for district offices and the head office and items of office equipment (desks, chairs, cupboards) required for the district offices were purchased.

As per requests made by various divisions of the head office, stationary was purchased in accordance with the procurement procedure and supplied to the store. Apart from this, uniforms given to junior employees were purchased in terms of the procurement method this year as well.

Vehicle Pool

There are 29 vehicles belonging to the Head Office and district offices for carrying out duties and functions of the Board. Of these vehicles, 02 are reserved and other vehicles have been deployed for duty related activities of the Head Office and district offices. They are as follows.

S. No	Vehicle Number	Brand	Year of Registration	Lifetime
01	32-1427	Mitsubishi Pajero	1985	37
02	32-4880	Toyota (Land Crusir)	1988	34
03	32-4850	Toyota (Land Crusir)	1988	34
04	32-4852	Toyota (Land Crusir)	1988	34
05	32-4938	Mitsubishi Pajero	1988	34
06	32-4920	Mitsubishi Pajero	1988	34
07	32-5210	Mitsubishi Pajero	1988	34
08	51-2423	Nissan (Cab)	1990	32
09	32-7718	Dihasthu (Jeep) (Rocky)	1990	32
10	32-7719	Dihasthu (Jeep) (Rocky)	1990	32
11	32-8016	Dihasthu (Jeep) (Rocky)	1990	32
12	53-9447	Mitsubishi (L200)	1992	30
13	53-9446	Mitsubishi (L200)	1992	30
14	58-4436	Mitsubishi (L200)	1996	26
15	58-4437	Mitsubishi (L200)	1996	26
16	HH-6105	Bolero (Jeep)	2003	19
17	KD-3476	Toyota (121)	2006	16
18	KF-2280	Mitsubishi Pajero	1992	30
19	QM-4647	Bajaj (Threewheel)	2007	15
20	KH-5041	Chevrolet (Aveo)	2008	14
21	KI-2554	Nissan (Sunny)	2008	14
22	KP-8706	Maruti (800)	2011	11
23	KP-8723	Maruti (800)	2011	11
24	KQ-0253	Maruti (800)	2011	11
25	NC-4104	Toyota (Hiace)	2015	7
26	NC-4096	Toyota (Hiace)	2015	7

27	CAL-6100	Micro(Rexton)	2015	7
28	CAL-6101	Micro(Rexton)	2015	7
29	TVS	Champ	2008	14

Office Buildings

The Head Office of the Board was maintained at No. 117, Subhadrarama Road, Gangodawila, Nugegoda . The Board maintains 30 Regional Offices and of them 06 are housed in buildings owned by the Board. Other offices are maintained in buildings owned by either the government or private parties on monthly rent basis.

Internal Audit Division

Internal Audit Division

For the year 2021, internal audit activities were carried out in accordance with the annual internal audit plan prepared in respect of each division and district office and insurance schemes and social security programs of the Board currently in operation.

Accordingly, during the year 2021, twenty-two (22) internal audits centered on each division of the head office and 30 district offices scattered island-wide had been conducted with the available human resources i.e. the Assistant Director- Internal Audit, Development Officer, Management Assistant (Casual) and a trainee audit officer of the Internal Audit Unit.

Internal audits were planned and implemented in respect of each of the following fields for the evaluation of adequacy, accuracy and functioning of the internal controls implemented for efficient and effective discharge of functions of each division and district offices with the prime objective of managing risks existing for the Agricultural and Agrarian Insurance Board.

Covering the administrative division, the calculation of interest for charging interest and penalties covering control section - Mr. KP Sudath Bandara (Anuradhapura District Office), review of progress receipts and purchase of capital goods - 2020, retirement of employees of Agriculture and Agrarian Insurance Board, payment of medical benefits 2020, motorcycle loan payment inspection- 2021, office rent payment inspection - 2021 and stock balance inspection on 12/31/2021, printing supply service purchase check – 2020 were the audit inquiries carried out during the year.

Inspection of petty cash payments- July 2020, inspection of administrative accounts of district offices – 2020 (14 district offices), inspection of the farmers' pension collection account and inspection investments of the collection account, remittance of contributions to the EPF and ETF – July 2021, inspection of petty cash balance as at 31.12.2021 were the audit inquiries conducted covering the Finance Division.

In respect of the activities of the Insurance Division, the payment of benefits of Suwasetha Health Insurance Scheme, data system audit related to third party vehicle insurance scheme 2020 (District office 8), paddy crop insurance compensation payment audit - Madivianegada Agrarian Services Central (Matara)- Yala season 2020 audits were the audit inquiries conducted. Regarding the activities of the Development Division, audits have been carried out in the fields

of future programs, preparation of fortnightly reports and submission to the head office, and performance inspection (Ratnapura, Monaragala, Kurunegala).

Under the Farmers' Pension and Social Security Scheme, audits have been carried out in the fields of Farmers' Pensions Payment 2021.

Among the 30 district offices, only the Matara district office was inspected due to the epidemic situation.

Under the special audits inquiries ordered by the Chairman, an audit inquiry was conducted on the provision of transport facilities to staff officers. Maintenance of coordinating activities with the Auditor General's Department, the Ministry of Agriculture and the Department of Public Enterprises has been carried out by the Internal Audit Division.

Conducting audit management committee meetings

The Audit Management Committee held 4 committee meetings in respect of the year 2021 (12.02.2021, 22.02.2021, 07.09.2021, 05.11.2021) at which the evaluation of reports of audit inquiries carried out by the Internal Audit Division as per the annual internal audit plan, reviewing of government audit inquiries, reviewing Auditor General's reports relevant to the annual financial statements were carried out. The members of the Audit and Management Committee are as follows.

Members of the Audit and Management Committee dated 12.02.2021

Mrs. W.H.A Wimalajeewa	Chairman of the Committee –Director, Department of Public Finance
Mr. W.M.M.B. Weerasekara	Committee Member – Commissioner General, Department of Agrarian Development
Mr. P.S.K.R. Weerakoon	Committee Member- Additional Secretary, Ministry of Agriculture

Members of the Audit and Management Committee dated 22.02.2021

Mrs. W.H.A Wimalajeewa	Chairman of the Committee –Director, Department of Public Finance
Mr. W.M.M.B. Weerasekara	Committee Member –Commissioner General, Department of Agrarian Development
Mr. P.S.K.R. Weerakoon	Committee Member- Additional Secretary, Ministry of Agriculture

Members of the Audit and Management Committee dated 07.09.2021 & 15.11.2021

Mrs. W.H.A Wimalajeewa	Chairman of the Committee –Director, Department of Public Finance
Mr. W.M.M.B. Weerasekara	Committee Member –Commissioner General, Department of Agrarian Development
Mrs Nilakshi Gunasekara	Committee Member- Additional Secretary, Ministry of Agriculture

Planning Division

Planning Division – 2021

The Planning Division aligning itself with the vision and mission of the AAIB, coordinated with all divisions of the Board in the year 2021 as well and made plans and designed projects and schemes required to achieve objectives and goals, collected data and statistics in chronological order and analyzed same, submitted conclusions and recommendations and conducted research activities.

Coordination amongst divisions, collection of data and information and coordination with external institutions

While maintaining sound relationships with all other divisions of the AAIB throughout the year 2021, the Planning Division was engaged in systematic collection of updated data and statistics relating to primary activities of the Board and having analyzed the data thus collected the monthly, quarterly and yearly progress reports were prepared and submitted to the senior management. Further, in coordination with all institutions involved in the agricultural sector including the Ministry of Agriculture, all reports requested by such institutions in respect of the year 2021 were prepared and submitted to them expeditiously.

The Performance Report of the year 2021 was prepared on the basis of the data and information as to the progress achieved by the Board in the year 2021 and same was forwarded to the line ministry through the heads of institution.

Implementing project and research activities

Under the guidance of the Planning Division, the following projects exploring as to how new technologies associated with agro insurance can be adopted for Sri Lanka while minimizing the identified issues and irregularities in the process of payment of compensation and optimizing the process of damage assessment and payment of compensation was implemented successfully in the year 2021.

Project for the introduction of an index-based insurance scheme

The project for the introduction of a weather index-based insurance scheme with the technical support from the International Finance Company affiliated to the World Bank was implemented in the Hambantota, Kurunegala, Anuradhapura, Ampara, Gampaha, Kilinochchi and Vavuniya districts in the year 2020.

For the Yala season of 2020, indexes were prepared under this method for the Vavuniya, Gampaha and Hambantota districts and relevant computations were carried out. Damages to crops were not reported on account of climatic reasons under this new scheme in the Vavuniya district for the Yala season of 2020 and necessary action was taken to pay compensation using above calculations to farmers in the Hambantota District whose crops sustained damages. The payment of compensation in the Gampaha District which was delayed due to the Covid-19 pandemic situation was carried out in the year 2021.

Having collected the basic data from the Hambantota, Kurunegala, Anuradhapura, Ampara, Gampaha, Kilinochchi and Vavuniya districts with the conclusion of the year 2020 and the commencement of the Maha season of 2020/21, activities pertaining to the formulation of insurance products based on such data were conducted in the year 2021. Accordingly, analyses were also carried out along with the payment of compensation in the year 2021.

Program for developing Agricultural Management Information System (AMIS) and Web/Mobile Application

In partnership with the Index Based Insurance project, the program for developing Agricultural Management Information System (AMIS) and Web/Mobile Application containing agricultural data was successfully implemented in the year 2021 under the patronage of the Ministry of Agriculture.

The Agriculture and Agrarian Insurance Board, with the technical support of the International Finance Corporation, has completed the first phase of web and mobile application development and the mapping of paddy land in Hambantota district has been completed at the track level. Also, the mapping of a portion of paddy lands in Gampaha district and most of potato cultivation lands in Badulla district have been completed and the basic information of more than 800,000 farmers has been entered into this data system. All such data is stored in the data storage space (Lanka Government Cloud).

It has been planned to introduce this application to the field officers in future and implement it at the field level.

The initial phase of the training of officials for this purpose was completed. Officials of the Agricultural and Agrarian Insurance Board and Agricultural Development Officers and Development Officers of the Department of Agrarian Services participated in these training programs. Accordingly, the Agrarian Development Officers and their supporting development

officers were trained in Colombo, Kalutara, Gampaha, Ratnapura, Galle, Matara, Hambantota, Kurunegala districts. Nearly 1800 officers were trained under the training program.

Furthermore, the development of the web/mobile application related to this project was carried out throughout the year 2021 during which work relating to the development of the computer application was carried out.

Formulating plans for the next five years including 2021

Arrangements for drawing up plans for the activities to be carried out in the year 2022 by the AAIB for the attainment of corporate objectives were commenced under the patronage of the Planning Division during the tail end of the year 2021. Accordingly, meetings for discussing the future plans were organized with the involvement of all divisions of the Board and officers of leading agricultural districts. Based on the matters discussed at these meetings, the Annual Action Plan of 2022 and Corporate Plan 2022-2026 were drafted. The drafts were forwarded to the upper management and heads of divisions for amendments, if any. In addition, activities pertaining to the formulation of actions plans for the year 2022 in respect of government funded development program.

Finance Division

Financial Summary

The agricultural Insurance scheme of the Board posted a net profit of Rs 1,494.4 million in the year 2021, and the operational profit made during the year was Rs 1,752 million.

In terms of the budget proposals of 2018, the compulsory insurance scheme for six major crops i.e. paddy, maize, big onions, potatoes, soy and chillies was implemented this year too. It was proposed to offer a cover subject to a ceiling of Rs. 40,000 per acre.

Taking into consideration the severe drought that lasted several cultivation seasons and the impact of changes in climatic and weather patterns, it was decided not to charge the hitherto charged premium from farmers and instead the government paid the premia which amounted to Rs. 1950 million.

Despite the Covid-19 pandemic situation, other insurance schemes have achieved a growth during the year which amounted to year-on-year increase of 06%.

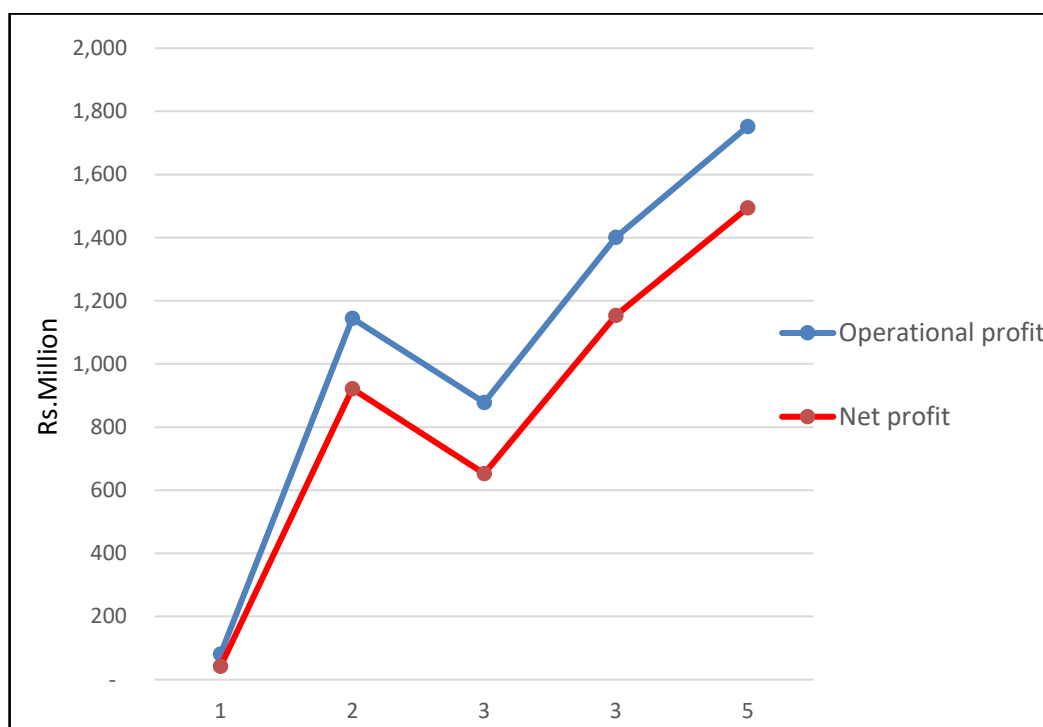
During the year 2021, the compulsory crop insurance indemnity liability of the AAIB was approximately Rs. 1,638 million.

During the year 2021, a net amount of Rs. 3,719 million was paid as pension to 167,626 farmers under the farmers' pension scheme and the amount paid as pension under the Fishermen's Pension Scheme to 5,354 fishermen was Rs 77.5 million.

**Financial Information of the
five preceding years**

Profitability

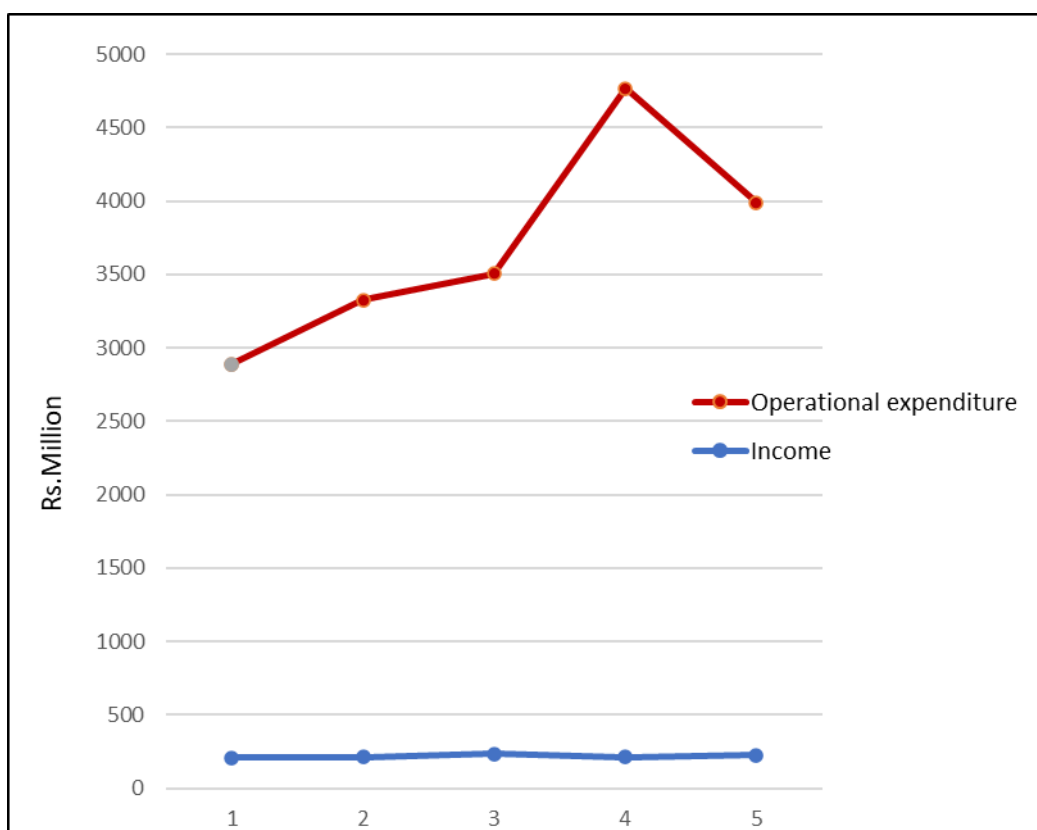
- Agricultural Insurance Scheme



	1 2017	2 2018	3 2019	4 2020	5 2021
Operational profit (Rs Mn)	80.9	1,144.7	878	1,401.3	1,752
Net profit (Rs Mn)	42.3	921	652.3	1,153.7	1,494.4

In the year 2021, a net profit of Rs. 1494.4 million was earned through the Agricultural Insurance Scheme which denotes an incline of 29.53% in comparison to 2020. The key contributory factor for this incline was the increase in insurance revenue compared to the previous year and the decrease in operational expenditure including the payment of compensation. Accordingly, the total insurance income of the Board in the year 2020 was 2,294 million and in the year 2021 it was Rs. 2340.8 million thus signifying an increase of 02%. In addition, the third-party insurance scheme and other insurance schemes administered by the Board recorded impressive gains compared to the previous year. The income generated by the Board from these insurance schemes in the year 2021 was Rs 316.6 million which was a growth of 6% compared to year 2020. Accordingly, the Board was able to achieve the expected progress from all insurance schemes during the year 2021.

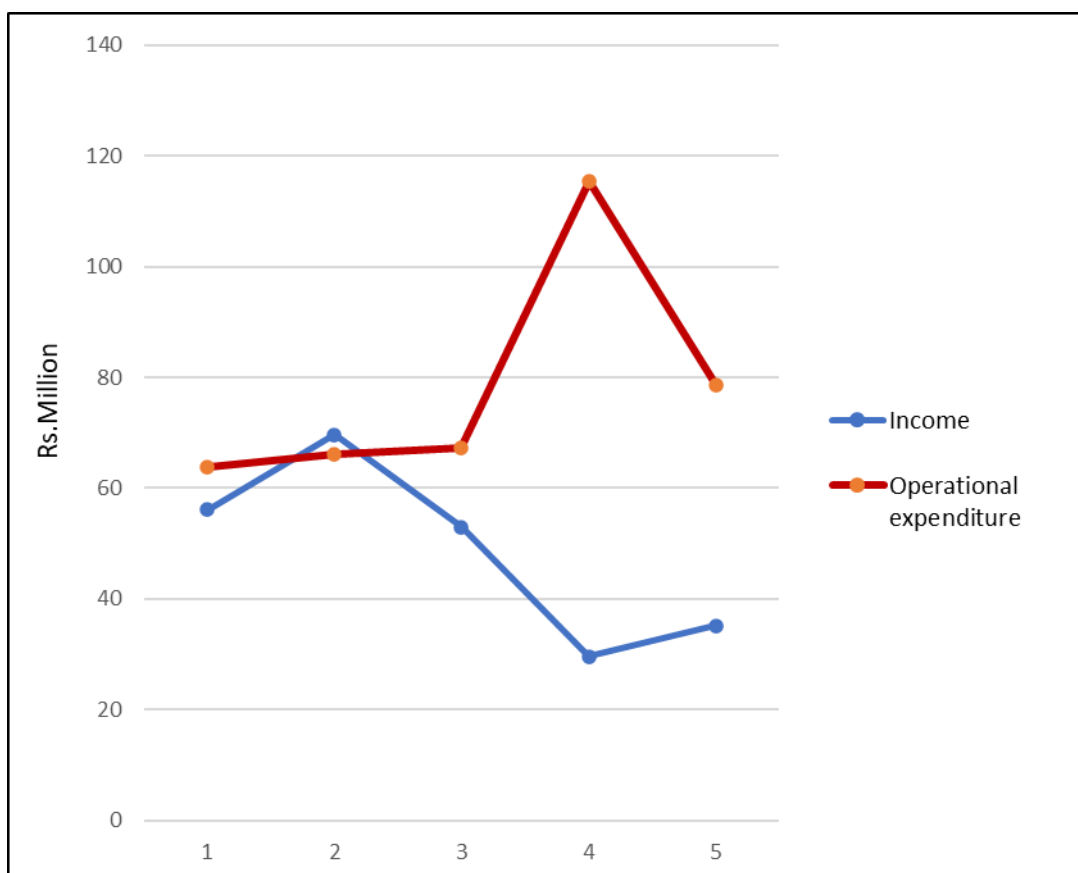
- **Farmers Pension Scheme**



	1 2017	2 2018	3 2019	4 2020	5 2021
Income (Rs Mn)	208.4	211.9	233.4	209.8	224
Operational expenditure (Rs Mn)	2679	3114	3271	4555	3766

Under the new Farmers' Pension Scheme introduced in year 2014, a net pension amounting to Rs. 3,719 million was paid to 167,626 farmers in 2021. The total operational expenditure of the Farmers' Pension Scheme during the year was Rs 3,766 million and as in the previous year, this year too, the Treasury allocated Rs 4,000 million as provisions for the payment of pension.

- Fishermen's Pensions Scheme**



	1 2017	2 2018	3 2019	4 2020	5 2021
Income (Rs Mn)	56.1	69.7	53	29.6	35.2
Operational expenditure (Rs Mn)	63.7	66.1	67.2	115.4	78.7

During the year 2021, the amount paid as pension to fishermen was Rs 77.5 million and the funds available with the Board were used for this purpose.

**Consolidated Financial
Statements for overall
schemes**

**&
Agricultural Insurance
Scheme**

**Financial Statements as at 31
December 2021**

**AGRICULTURAL & AGRARIAN INSURANCE BOARD
CONSOLIDATED FINANCIAL STATEMENT
STATEMENT OF FINANCIAL POSITION**

		AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)				AGRICULTURE INSURANCE SCHEME			
		31.12.2021		31.12.2020		31.12.2021		31.12.2020	
	Notes	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
<u>ASSETS</u>									
<u>Non- Current Assets</u>									
Property, Plant & Equipment	1	52,340,853.15		61,998,896.04		49,701,372.45		58,804,681.11	
		52,340,853.15		61,998,896.04		49,701,372.45		58,804,681.11	
<u>Financial Instruments Held to maturity</u>									
Treasury Bond		1,045,073,943.17		1,050,288,368.03		-		-	
		1,045,073,943.17		1,050,288,368.03		-		-	
<u>Current Assets</u>									
Stocks	2.1	10,444,427.65		8,996,372.28		8,986,803.01		7,552,990.81	
Receivables	2.2	772,083,675.90		264,902,836.80		1,600,691,389.17		1,141,689,592.97	
Receivable Premium	2.3	2,904,272,630.51		1,952,489,137.30		2,902,448,847.51		1,949,677,184.30	
Deposits & Pre Payments	2.4	5,308,286.19		5,308,901.80		5,308,286.19		5,308,901.80	
Advances	2.5	742,918.82		671,900.59		742,918.82		671,900.59	
Financial Instruments Held to Maturity	2.6	4,414,732,250.04		3,315,315,643.82		3,733,511,529.73		2,795,687,099.69	
Cash at Bank	2.7	29,912,263.50		19,295,947.12		14,014,103.40		15,260,940.29	
Total current Assets		8,137,496,452.61		5,566,980,739.71		8,265,703,877.83		5,915,848,610.45	
TOTAL ASSETS		9,234,911,248.93		6,679,268,003.78		8,315,405,250.28		5,974,653,291.56	
<u>EQUITY & LIABILITIES</u>									
<u>Capital & Reserve</u>									
Initial Capital Contributed by the Treasury		50,000,000.00		50,000,000.00		50,000,000.00		50,000,000.00	
A.A.I.B. Accumulated Fund	3	(82,567,418,019.18)		(79,865,444,488.43)		4,588,669,420.07		3,094,309,644.75	
Government Grant - Capital	4	17,915,566.53		3,169,323.27		17,915,566.53		3,169,323.27	
A.A.I.B Reserve Fund	5	301,967,881.11		214,367,760.92		301,967,881.11		214,367,760.92	
Farmer's Death Gratuity Fund	6	1,178,731,261.16		1,108,122,511.83		1,146,766,066.46		1,077,622,157.13	
Staff Medical Insurance Fund		13,572,359.07		8,678,452.29		13,572,359.07		8,678,452.29	
Kethatha Aruna Compulsory Insurance Fund		706,503,600.00		706,503,600.00		706,503,600.00		706,503,600.00	
Revaluation Reserve		60,979,166.66		60,979,166.66		58,129,166.66		58,129,166.66	
Product Promotion and Incentive Fund		24,545,950.47		17,595,272.04		24,545,950.47		17,595,272.04	
Government Grant on Treasury Bond		1,081,488,000.00		1,081,488,000.00		-		-	
		(79,131,714,234.18)		(76,614,540,401.42)		6,908,070,010.37		5,230,375,377.06	
<u>Non - Current Liabilities</u>									
Provision For Gratuity		84,311,918.25		111,426,327.83		30,787,791.93		40,491,283.33	
Pension Liability		82,828,949,558.70		78,417,363,203.69		-		-	
		82,913,261,476.95		78,528,789,531.52		30,787,791.93		40,491,283.33	
<u>Current Liabilities</u>									
Provision For Printing		2,634,747.38		2,715,297.46		1,116,614.60		1,086,047.96	
Pre Premium Receipts	7.1	25,831,363.48		34,653,446.81		24,131,012.48		34,653,446.81	
Other Payables	7.2	4,247,367,978.36		4,130,937,933.60		175,441,794.01		75,508,320.60	
Accrued Expenses	7.3	18,544,529.46		21,693,734.49		16,872,639.41		17,520,354.48	
Provision For Indemnity	7.4	1,158,985,387.48		575,018,461.32		1,158,985,387.48		575,018,461.32	
Total Current Liabilities		5,453,364,006.16		4,765,018,873.68		1,376,547,447.98		703,786,631.17	
TOTAL EQUITY & LIABILITIES		9,234,911,248.93		6,679,268,003.78		8,315,405,250.28		5,974,653,291.56	

These financial statements are in compliance with the requirements of the Sri Lanka Accounting Standards.

S. M. U. G. S. K. Pandukasinghe
Director Finance (Acting)
Agricultural and Agrarian Insurance Board
No: 117, Subadrarama Road,
Gangodawila, Nugegoda.

Panduka Weerasinghe
Director General
Agricultural & Agrarian Insurance Board
No: 117, Subadrarama Road,
Gangodawila, Nugegoda.

Member of Director Board
Agricultural & Agrarian Insurance Board

W.M.M.B. Weerasekara
Chairman
Agricultural & Agrarian Insurance Board
117, Subadrarama Road,
Gangodawila, Nugegoda.

Member of Director Board
Agricultural & Agrarian Insurance Board

R.M.D.K.G. Nimal Gunawardena
Additional Director General (Actg.)
Department of Treasury Operations
General Treasury
Colombo 01.



AGRICULTURAL & AGRARIAN INSURANCE BOARD
CONSOLIDATED FINANCIAL STATEMENT
STATEMENT OF COMPREHENSIVE INCOME

REVENUE	Notes	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)				AGRICULTURE INSURANCE SCHEME			
		31.12.2021		31.12.2020		31.12.2021		31.12.2020	
		Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
Premium and Contribution	8.1	505,227,300.78		443,487,557.81		390,852,447.50		344,395,090.13	
Insurance Premium-Treasury Contribution		1,950,000,000.00		1,950,000,000.00		1,950,000,000.00		1,950,000,000.00	
Grants for Indemnities - NITF Crop Levy		963,444,973.83		1,099,070,812.53		963,444,973.83		1,099,070,812.53	
Interest	8.2	236,492,245.00		232,074,103.85		152,608,628.56		136,947,307.26	
TOTAL REVENUE		3,655,164,519.61		3,724,632,474.19		3,456,906,049.89		3,530,413,209.92	
OPERATING EXPENSES									
Indemnity	9.1	(1,650,202,697.16)		(1,914,086,372.63)		(1,650,202,697.16)		(1,914,086,372.63)	
Claims recoverable from Reinsurer		-		(163,619,151.86)		-		(163,619,151.86)	
Operating Expenses	9.2	(70,062,875.89)		(66,434,489.08)		(54,700,948.89)		(51,371,640.08)	
Pension Payments		(3,794,503,178.00)		(4,614,597,478.00)		-		-	
Refund of Net Contribution & Interest		(15,023,588.00)		(20,326,988.00)		-		-	
Group Insurance Premium		(19,490,194.20)		(20,080,114.20)		-		-	
Disablement Gratuity Payment		(1,122,190.00)		(1,138,804.00)		-		-	
		(5,550,404,723.25)		(6,800,283,397.77)		(1,704,903,646.05)		(2,129,077,164.57)	
OPERATING SURPLUS/(DIFICIT)		(1,895,240,203.64)		(3,075,650,923.58)		1,752,002,403.84		1,401,336,045.35	
Govt. Grant for Pension Payment		3,753,000,000.00		4,499,634,000.00		-		-	
Govt. Grant for Admin Expenses		247,000,000.00		150,000,000.00		-		-	
Other Income	10	11,136,623.60		11,447,653.07		8,160,201.36		8,293,807.37	
		4,011,136,623.60		4,661,081,653.07		8,160,201.36		8,293,807.37	
		2,115,896,419.96		1,585,430,729.49		1,760,162,605.20		1,409,629,852.72	
EXPENSES									
Administrative Expenses	11	(336,085,803.04)		(327,694,187.79)		(184,219,914.26)		(179,606,787.71)	
Finance & Other Expenses	12	(111,957.30)		(257,666.02)		(67,630.00)		(159,410.80)	
TOTAL EXPENSES		(336,197,760.34)		(327,951,853.81)		(184,287,544.26)		(179,766,198.51)	
NET SURPLUS/ (DEFICIT)		1,779,698,659.62		1,257,478,875.68		1,575,875,060.94		1,229,863,654.21	
Provision For A.A.I.B Reserve Fund		(87,600,120.19)		(70,066,802.27)		(87,600,120.19)		(70,066,802.27)	
NET SURPLUS/ (DEFICIT) AFTER PROVISION		1,692,098,539.43		1,187,412,073.41		1,488,274,940.75		1,159,796,851.94	
OTHER COMPREHENSIVE INCOME									
Gratuity Gain/(Loss)		18,693,910.13		(22,212,389.60)		6,084,834.57		(6,113,859.30)	
Increase of Pension Liability		(4,411,586,355.01)		(4,248,924,353.58)		-		-	
		(4,392,892,444.88)		(4,271,136,743.18)		6,084,834.57		(6,113,859.30)	
NET SURPLUS/ (DEFICIT) AFTER OTHER COMPREHENSIVE INCOME		(2,700,793,905.45)		(3,083,724,669.77)		1,494,359,775.32		1,153,682,992.64	

AGRICULTURE & AGRARIAN INSURANCE BOARD
STATEMENT OF CHANGES IN EQUITY
AS AT 31ST DECEMBER 2021

GROUP

Description	Initial Capital Contributed by the Treasury Rs.	Accumulated Surplus/ (Deficit) Rs.	Govt. Grant for Capital Rs.	AAIB Reserve Fund Rs.	Farmer's Death Gratuity Fund Rs.	Staff Medical Insurance Fund Rs.	Kethata Aruna Compulsory Insurance Fund	Revaluation Reserve Rs.	Product Promotion and Incentive Fund Rs.	Government Grant on Treasury Bond Rs.	Total Rs.
Balance as at 01 January 2020	50,000,000	(76,781,627,186)	5,291,886	144,300,959	1,057,736,458	7,049,619	706,503,600	60,979,167	11,755,982.24	1,081,488,000.00	(73,656,521,515)
Prior Year Adjustment		(1,272,258)									(1,272,258)
Addition during the year:	-		2,423,020	70,066,802	20,080,114	2,503,383	-	-	13,946,967.06	-	109,020,287
Interest Income	-				31,763,039	383,593	-	-	-	-	32,146,633
Amortization Gov. Grant	-	-	(4,545,583)	-	-	-	-	-	-	-	(4,545,583)
Benefit paid	-				(1,457,100)	(1,258,143)	-	-	(6,107,677)		(8,822,920)
COVID – 19 Healthcare and Social Security Fund									(2,000,000)		(2,000,000)
Net Surplus /(Deficit)	-	(3,083,724,670)	-	-	-			-	-	-	(3,083,724,670)
Balance as at 31 December 2020	50,000,000	(79,866,624,114)	3,169,323	214,367,761	1,108,122,512	8,678,452	706,503,600	60,979,167	17,595,272	1,081,488,000	(76,615,720,027)
Addition during the year:	-	-	20,000,000	87,600,120	19,490,194	6,381,447		-	14,825,022	-	148,296,784
Interest Income					52,418,185	451,642					52,869,827
Amortization Gov. Grant Farmers Pension	-	-	(5,253,757)	-	-	-		-			(5,253,757)
Benefit paid					(1,299,630)	(1,939,182)			(7,874,344)		(11,113,156)
Net Surplus /(Deficit)	-	(2,700,793,905)	-	-	-	-					(2,700,793,905)
Balance as at 31 December 2021	50,000,000	(82,567,418,019)	17,915,567	301,967,881	1,178,731,261	13,572,359	706,503,600	60,979,167	24,545,950	1,081,488,000	(79,131,714,234)

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STATEMENT OF CHANGES IN EQUITY
AGRICULTURE INSURANCE SCHEME

Description	Initial Capital Contributed by the Treasury Rs.	Accumulated Surplus/ (Deficit) Rs.	Govt. Grant for Capital Rs.	AAIB Reserve Fund Rs.	Farmer's Death Gratuity Fund Rs.	Staff Medical Insurance Fund Rs.	Kethata Aruna Compulsory Insurance Fund	Revaluation Reserve Rs.	Product Promotion and Incentive Fund Rs.	Total Rs.
Balance as at 01 January 2020	50,000,000	1,940,626,652	5,291,886	144,300,959	1,028,673,843	7,049,619	706,503,600	58,129,167	11,755,982.24	3,952,331,708
Addition during the year:	-		2,423,020	70,066,802	18,320,374	2,503,383	-	-	13,946,967.06	107,260,547
Interest Income	-				31,763,039	383,593	-	-	-	32,146,633
Amortization Gov. Grant	-	-	(4,545,583)	-	-	-	-	-	-	(4,545,583)
Transferred cost from motor vehicle	-	-	-	-	-	-	-	-	-	-
Accumulated Depreciation of motor vehicle	-	-	-	-	-	-	-	-	-	-
Transferred revaluation value to motor vehicle	-	-	-	-	-	-	-	-	-	-
Benefit paid	-				(1,135,100)	(1,258,143)	-	-	(6,107,677)	(8,500,920)
COVID – 19 Healthcare and Social Security Fund									(2,000,000)	(2,000,000)
Net Surplus /(Deficit)	-	1,153,682,993	-	-	-			-	-	1,153,682,993
Balance as at 31 December 2020	50,000,000	3,094,309,645	3,169,323	214,367,761	1,077,622,157	8,678,452	706,503,600	58,129,167	17,595,272	5,230,375,377
Addition during the year:	-	-	20,000,000	87,600,120	17,737,354	6,381,447		-	14,825,022	146,543,944
Interest Income					52,418,185	451,642				52,869,827
Amortization Gov. Grant Farmers Pension	-	-	(5,253,757)	-	-	-		-		(5,253,757)
Benefit paid					(1,011,630)	(1,939,182)			(7,874,344)	(10,825,156)
COVID – 19 Healthcare and Social Security Fund									-	-
Net Surplus /(Deficit)	-	1,494,359,775	-	-	-	-				1,494,359,775
Balance as at 31 December 2021	50,000,000	4,588,669,420	17,915,567	301,967,881	1,146,766,066	13,572,359	706,503,600	58,129,167	24,545,950	6,908,070,010

AGRICULTURAL & AGRARIAN INSURANCE BOARD

CASH FLOW STATEMENT

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME			
	31.12.2021		31.12.2020		31.12.2021	
	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
Cash Flows from Operating Activities						
Net Surplus / (Deficit)	(2,700,793,905.45)		(3,083,724,669.77)		1,494,359,775.32	1,153,682,992.64
Adjustment for						
Depreciation	19,445,260.75		18,738,166.75		18,437,621.51	17,799,003.97
Amortization of Government Grant	(5,253,756.74)		(4,545,582.67)		(5,253,756.74)	(4,545,582.67)
Adjustments in respect of Prior year	(1,179,625.30)		(92,633.00)		-	-
Increase of Pension Liability	4,411,586,355.01		4,248,924,353.58		-	-
Provision For A.A.I.B Reserve Fund	87,600,120.19		70,066,802.27		87,600,120.19	70,066,802.27
Gratuity Gain/Loss	(18,693,910.13)		22,212,389.60		(6,084,834.57)	6,113,859.30
	4,493,504,443.78		4,355,303,496.53		94,699,150.39	89,434,082.87
Profit / loss on disposal of Property, Plant & Equip.	-		(52,440.19)		-	(26,850.19)
Provision for Retiring Gratuity	12,233,973.05		9,979,985.50		4,867,170.67	4,143,168.71
Operating Surplus before working capital changes	1,804,944,511.38		1,281,506,372.07		1,593,926,096.38	1,247,233,394.03
(Increase)/ Decrease in Inventories	(1,448,055.37)		(557,588.38)		(1,433,812.20)	(1,641,351.89)
(Increase)/ Decrease in Receivables	(507,180,839.10)		902,969,868.81		(459,001,796.20)	873,014,555.38
(Increase)/ Decrease Receivable Premium	(951,783,493.21)		163,926,623.68		(952,771,663.21)	164,425,613.20
(Increase)/ Decrease in Deposits & Prepayments	615.61		290,250.40		615.61	290,250.40
(Increase)/ Decrease in Advances	(71,018.23)		10,498.10		(71,018.23)	10,498.10
Increase /(Decrease) Provision For Indemnity	583,966,926.16		(1,458,325,164.68)		583,966,926.16	(1,458,325,164.68)
Increase /(Decrease) Provision For Printing	(80,550.08)		197,190.00		30,566.64	114,896.66
Increase /(Decrease) Pre-premium advance	(8,822,083.33)		8,760,440.17		(10,522,434.33)	8,760,440.17
Increase /(Decrease) Other Payables	116,430,044.76		155,828,864.00		99,933,473.41	(1,732,555.00)
Increase /(Decrease) Accrued expenses	(3,149,205.03)		(217,380.06)		(647,715.07)	1,540,687.94
	(772,137,657.82)		(227,116,397.96)		(740,516,857.42)	(413,542,129.72)
Cash Generated from Operations	1,032,806,853.56		1,054,389,974.11		853,409,238.96	833,691,264.31
Retiring Gratuity - Paid	(20,654,472.50)		(16,077,292.50)		(8,485,827.50)	(8,330,267.50)
Net Cash Flows from Operating Activities	1,012,152,381.06		1,038,312,681.61		844,923,411.46	825,360,996.81
Cash Flows from Investing Activities						
Medical Fund	4,893,906.78		1,628,833.55		4,893,906.78	1,628,833.55
Disposal Assets						
Farmer's Death Gratuity Fund	70,608,749.33		50,386,053.64		69,143,909.33	48,948,313.64
Kethata Aruna Compulsory Insurance Fund	-		-		-	-
Staff Incentive & Promotion Fund	6,950,678.43		5,839,289.80		6,950,678.43	5,839,289.80
Investments during the year	(1,099,416,606.22)		(1,134,641,759.76)		(937,824,430.04)	(916,817,339.34)
Purchases of Property, Plant & Equipment	(9,787,217.85)		(4,176,825.40)		(9,334,312.85)	(3,628,122.60)
Proceeds from sale of Property, Plant & Equipment	-		80,375.00		-	54,785.00
Net Cash Flows from Investing Activities	(1,026,750,489.53)		(1,080,884,033.17)		(866,170,248.35)	(863,974,239.95)
Cash Flows from Financing Activities						
Government Grant for Capital expenditure	20,000,000.00		2,423,020.00		20,000,000.00	2,423,020.00
Government Bond	5,214,424.86		4,759,814.53		-	-
Net Cash Flows from Financing Activities	25,214,424.86		7,182,834.53		20,000,000.00	2,423,020.00
Net Increase / (Decrease) in Cash & Cash Equivalents	10,616,316.39		(35,388,517.03)		(1,246,836.89)	(36,190,223.14)
Cash & cash equivalents at the beginning of the year	19,295,947.12		54,684,464.15		15,260,940.29	51,451,163.43
Cash & cash equivalents at the end of the year	29,912,263.51		19,295,947.12		14,014,103.40	15,260,940.29

Agricultural and Agrarian Insurance Board

Significant Accounting Policies

1.General Policies

1.1 Reporting Entity

Agricultural and Agrarian Insurance Board of Sri Lanka (hereafter referred to as the 'Board') was incorporated by Act No.20 of 1999 and is situated at 117, Subadharama Road, Gangodawila, Nugegoda. In the above act, the board has been empowered to implement the scheme authorized by the Farmer's Pension and Social Security Benefits Scheme Act No.12 of 1987 and the Fishermen's Pension and Social Security benefits Scheme Act No.23 of 1990. Separate Financial Statements are prepared for Farmer's Pension and Social Security Benefits Scheme & Fishermen's Pension and Social Security benefits Scheme.

1.2 Principal Activities and Nature of Operations

The board is primarily involved in Agricultural Insurance including agricultural and horticultural crops, medical plants, livestock, fisheries and forestry, agricultural equipment and implements, and the storage and preservation of agricultural & horticultural produce and the products of medicinal plants, fisheries and forest produce. Further, the board is also engaging in providing medical benefits, operating pension and social security schemes, Life insurance covers for Farmers & Fishermen, fertilizer insurance scheme for agriculturists & Third Party insurance for vehicles who owned by the agriculturists. There were no changes in the nature of the principal activities of the board during the financial year under review.

1.3 Basis of Preparation

Statement of Compliance

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

(a) Basis of Measurement

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

(b) Comparative Information

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

When the presentation or classification of items in the financial statements have been amended, comparative amounts have also been reclassified to conform with the current year in order to provide a better presentation.

(c) Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees, which is the functional and presentation currency of the board.

(d) Use of Estimates and Judgments

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

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

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

(e) Going Concern

The management has made an assessment of the board's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2. Assets and the Bases of their Valuation

2.1 Property, Plant and Equipment

(a) Recognition and Measurement

Items of property, plant and equipment are stated at cost or at fair value less accumulated depreciation or impairment losses.

All items of property, plant and equipment are initially recorded at cost less accumulated depreciation or impairment losses. Significant components of an asset are identified and depreciated separately. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. All other repair and maintenance costs are recognized in the income statement as incurred.

Fully depreciated assets with a total historical cost of Rs. 32,781,134.37 have been included in property plant and equipment.

(b) Cost

The cost of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.

Subsequent expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature in order to carry on or increase the earning capacity of the assets has been treated as capital expenditure.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only if it is probable that the future economic benefits embodied within the part will flow to the Board and its cost can be measured reliably.

(c) Revaluation

After recognition as an asset, lands and buildings whose fair value can be measured reliably, have been carried at revalued amount at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are being performed to

ensure that the fair value of a revalued asset does not materially differ from its carrying amount as at the reporting date.

On revaluation of motor vehicle, any increase in the revaluation amount is credited to the revaluation reserve in equity unless it off sets a previous decrease in value of the same asset that was recognized in the Statement of profit or loss. A decrease in value is recognized in the Statement of profit or loss where it exceeds the increase previously recognized in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to retained earnings and is not taken into account in arriving at the gain or loss on disposal.

(d) Depreciation

Depreciation is charged to the statement of comprehensive income on the straight-line method at the following rates per annum in order to write off the cost of such assets over their estimated useful lives.

Building	4%
Motor Vehicle	20%
Furniture & Fitting	10%
Publicity Equipment	10%
Loss Preventive Equipment	10%
Crop Cutting Equipment	10%
Bicycles	20%
Survey Equipment	10%
Weighing Scale	10%
Welfare Equipment	10%
Telephone	20%
Computer	20%
Motor Bicycles	20%

2.2 Intangible Assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard LKAS 38 – Intangible Assets. Accordingly, these assets are stated in the statement of financial position at cost less accumulated amortization and any accumulated impairment loss.

Computer software is amortized over a period of 5 years on the straight-line method

2.3 Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses. The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

2.4 Financial Assets

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Board determines the classification of its financial assets at initial recognition.

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

The Board initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Board becomes a party to the contractual provisions of the instrument.

The Board derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, 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 asset is transferred. Any interest in transferred financial assets that is created or retained by the Board is recognized as a separate asset or liability.

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

The financial assets of the Board include cash and short-term investments and trade and other receivables.

(a) Financial Assets at Fair Value through Profits or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance expense in the statement of comprehensive income.

(b) Loans & Receivables

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

Loans and receivables comprise trade receivables, employee loans, deposits, advances, other receivables and cash and cash equivalents.

(c) Held-to-Maturity Investments (HTM)

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Board has the positive intention and ability to hold them to maturity. After initial measurement, held-to maturity investments are measured at amortized cost using the effective interest rate (EIR) method, less impairment. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in financial costs.

Investments in government securities and in fixed deposits have been classified under HTM investments.

(d) Available-for-Sale Financial Investment

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for sale or are not classified in any of the above categories of financial assets.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognized in other comprehensive income and presented in the fair value reserved in funds and reserves. Interest income on available-for-sale debt securities is calculated using the effective interest rate method (EIR) and is recognized in profit or loss. When an investment is derecognized, the gain or loss accumulated in funds and reserves reclassified to profit or loss.

The board has not designated any financial asset upon initial recognition as available-for sale investment.

2.5 Impairment of Financial Assets

The board assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired and if such impairment has occurred, that amount of impairment is calculated by taking the difference between the assets carrying amount and the present value of estimated future cash flow.

3. Liabilities and Provisions

Liabilities classified as current liabilities on the statement of financial position are those which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

All known liabilities have been accounted for in preparing these financial statements. Provisions and liabilities are recognized when the Board has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.1 Provision for Claims

Liability for outstanding claims are recognized based on the risk factors of crop and insured subject matter. Following table shows the indemnity provision made for the financial year 2021.

Insured Subject	Provision for Indemnity (Rs.)
Kethata Aruna	1,109,178,793.00
Livestock	6,000,000.00
Suwasetha and Agri Equipment	1,000,000.00
Subsidiary Crops	1,500,000.00
Moveable Property	41,306,594.48
	1,158,985,387.48

Provision for third party Insurance indemnity

Third party provision is recognized weighted average rate of 15% from three consecutive year's income. Out of 15% rate proportionated 7%, 5%, 3% for current year income, previous year income and year after previous year respectively.

3.2 Provision for Bad Debts

5% provisions has been made from the total staff loan as the Provision for Doubtful Debts.

3.3 Retirement Benefits

A Provision has been made for retiring gratuities from the completion of the first year of service for all permanent employees in conformity with Sri Lanka Accounting Standard 19 Retirement Benefits costs. However, according to the Payment of Gratuity Act No.12 of 1983 the liability to an employee arises only on completion of five years of continued service. The liability is not externally funded.

3.4 Capital Commitments and Contingent Liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitments and contingent liabilities of the Board are disclosed in the respective notes to the financial statements.

4. Statement of Comprehensive Income

4.1 Revenue

1. The revenue of the board represents the income from insurance premium and interest income from treasury bills, fixed deposit and loans of employees, and other miscellaneous income.
2. All income has been recognized on accrual basis.
3. Insurance Premium have been received from the Government as subsidy on behalf of the farmers.
4. Government Grants received for capital expenditure has been recognized as income on systematic basis.

4.2 Revenue Recognition

- 1 Insurance premium revenue has been recognized based on the time of insured.
2. The above revenue is on accrual basis & matched with related expenditure.
3. Interest income is accrued on time basis.

4.3 Accounting for Government Grants

Grants that compensate the Board for expenses incurred are recognized as revenue in the statement of comprehensive income in the same period in which the expenses are recognized. Grants that compensate the Board for the cost of an asset are recognized in the statement of comprehensive income on a systematic basis over the useful life of the related asset.

4.4 Expenditure

Expenses are recognized in the statement of comprehensive income on the basis of direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the board and in maintaining the capital assets in a state of efficiency has been charged against revenue in arriving at the surplus for the year.

The indirect expenses of the board apportioned on the following rates by the board paper No: 401/4 - 2008.10.15

Expenditure	Rates
Salaries, EPF, ETF, Gratuity	50%
Medical Expenses	50%
Consultancy Fees	60%
Welfare	50%
Uniform	50%
Entertainment	60%
Printing	60%
Legal Fees	40%
Allowances to B/Members	60%
Rent	55%
Telephone	55%
Postage	40%
Electricity	55%
Travelling, Over Time	50%

Water Bill	55%
Daily Pay	50%
Security	75%
Main Office Equipment	75%
Main. Vehicle	57%
Computer Expenses	75%
Fuel Expenses	68%
Stationery	50%
Main. Building	55%
Publicity & Training	80%

4.3 Surplus

The surplus will be computed after making provisions for all the liabilities, bad and doubtful debts and depreciation for property, plant and equipment.

4.4 Reserve Fund

A contingency reserved fund was created year in the 2002 & the policy is to provide 5% from the operational surplus.

4.5 Pre-Premium

Insurance premium receipts for livestock and compulsory insurance have been treated as pre-premium, if received in advance.

5. Statement of Cash Flows

The cash flow statement of the scheme has been presented using the indirect method, in accordance with the LKAS 7.

6. Events After the Reporting Date

Events after the reporting period are those events, favorable and unfavorable, that occur between the reporting date and the date when the Financial Statements are authorized for issue. All material events after the reporting date have been considered and where appropriate, adjustments or disclosures have been made in the respective Notes to the Financial Statements.

7. Related Party Transactions

Famers Pension Scheme and the Fisheries Pension Scheme are considered as related parties of Agricultural Insurance Scheme. The transactions carried out with these related parties are been disclosed based on fair value. Agricultural Insurance Scheme has granted a loan amounting to Rs. 295,230,441.79 to Farmers Pension Scheme.

8. Prior Year Adjustments

No prior year adjustments in reporting period

9. Contingencies

Eight legal cases have been examined and the current status of the cases are disclosed in the following table

Current Status of the Legal Cases of AAIB

	COURT	CASE NO	Plaintiff / Defendant	Cause of Action	Current Situation
1	Court of Appeal Colombo	CA(writ) 269/2019	Ceylinco Insurance VS AAIB	The action has been filed to obtain writ orders against AAIB for issuing 3rd party insurance covers for people who are not agriculturalists within the meaning of Agricultural and Agrarian Insurance Act	Next step for argument
2	Kuliyapitiya District court	6084/M (D)	Mr. W. Somakumara Bandara VS AAIB	Action filed to obtain under 3 rd party insurance	The case is being heard
3	Kuliyapitiya District court	6560/D, 6561/D, 6562/D, 6563/D	Ms. B.M.K. Samanlatha VS AAIB	Damages claim under 3 rd party insurance	The case is being heard
4	Kurunegala District court	142/MD	Ms. S.M.Gnanawathi VS AAIB	Damages claim under 3 rd party insurance	The case is being heard
5	Kurunegala District court	224/MD 225/MD	Ms. W.D.W. Indrani Nishshanka VS AAIB	Damages claim under 3 rd party insurance	The case is being heard

6	Mawanella District court	2556/M	Ms. R.D.Madusha Samaraweera VS AAIB	Damages claim under 3 rd party insurance	The case is being heard
7	Mawanella District court	2436/ D	Ms. T.M.W.Kumuduni Thennakoon VS AAIB	Damages claim under 3 rd party insurance	The case is being heard
8	Kegalle District court	M/10946/20	Mr. W.S.L.C. Sanka Manawapurawa VS AAIB	Damages claim under 3 rd party insurance	The case is being heard
9	Warakapola District court	M/863/20	Ms. K.M. Kelawathi VS AAIB	Damages claim under 3 rd party insurance	The case is being heard
10	Galle District court	M / 11799	Ms. K.M.Nilmini Priyankara VS AAIB	Damages claim under 3 rd party insurance	The case is being heard
11	Balapitiya District court	6547/M	Mr. A. H. Pathmasiri VS AAIB	Damages claim under 3 rd party insurance	The case is being heard
12	Matara District court	M/ 17873	Mr. H.D.R. Lakmal VS AAIB	Damages claim under 3 rd party insurance	The case is being heard

13	Mathugama District court	MR/4671/20	Ms. P. Hemalatha VS AAIB	Damages claim under 3 rd party insurance	The case is being heard
14	Kekirawa District court	2076/M	Mr. M. Karunaratne VS AAIB	Damages claim under 3 rd party insurance	The case is being heard
15	Hingurakgoda District court	241/ D/20	Mr. D.D.S. Ruwan Bandara VS AAIB	Damages claim under 3 rd party insurance	The case is being heard
16	Matara District court	18710/ MR	Mr. C.Pujitha Gunawardane VS AAIB	Damages claim under 3 rd party insurance	The case is being heard
17	Dehiattakandiya District court	M/ 114/20	Ms. R.D.Chandralatha VS AAIB	Damages claim under 3 rd party insurance	The case is being heard
18	Kurunegala District court	269/ MD	Mr. B.G.Gamini Gunarathne VS AAIB	Damages claim under 3 rd party insurance	The case is being heard
19	Balapiyiya District court	7025	Ms. D. Sriyani Thilakarathne VS AAIB	Damages claim under 3 rd party insurance	The case is being heard
20	Monaragala District court	6559/M	Mr. R.M.Ruwan Samanthilaka VS AAIB	Damages claim under 3 rd party insurance	The case is being heard
21	Halawatha District court	6673/M	Mr. K..N.M. Mansoor VS AAIB	Damages claim under 3 rd party insurance	The case is being heard
22	Kalmunai District court	6635/M	Ms. G.F.Fasna VS AAIB	Damages claim under 3 rd party insurance	The case is being heard

23	Walasmulla District court	1663/M	Ms. W.A.Lilawathi VS AAIB	Damages claim under 3 rd party insurance	The case is being heard
24	Anuradhapura District court	326/M	Ms.A.A.Jalil VS AAIB	Damages claim under 3 rd party insurance	The case is being heard
25	Mahawa District court	6336/M 6337/M 6338/M 6339/M	Mr. H.M.N.S.Wipulasena VS AAIB	Damages claim under 3 rd party insurance	The case is being heard
26	Matara District court	18681/MR	Mr. A.L.Nafil VS AAIB	Damages claim under 3 rd party insurance	The case is being heard
27	Monaragala District court	7252/M 7253/M	Mr. H.K.H.Madushan Piyatilaka VS AAIB	Damages claim under 3 rd party insurance	The case is being heard

AGRICULTURAL & AGRARIAN INSURANCE BOARD
NOTES TO THE ACCOUNTS

NOTE 1 - NON CURRENT ASSETS
PROPERTY, PLANT & EQUIPMENT
GROUP

Rs.

ASSETS	Cost/Valuation as at 01.01.2021	Disposal	Cost Addition	Balance as at 31.12.2021	Accum.Dep as at 01.01.2021	Disposal	Dep For the Year	Accum.Dep as at 31.12.2021	W.D.V as at 31.12.2021
Furniture & Fittings	14,516,955.31	-	1,049,337.50	15,566,292.81	10,582,824.72	-	665,329.44	11,248,154.16	4,318,138.65
Office Equipments	14,645,685.08	-	647,371.90	15,293,056.98	11,920,116.05	-	510,971.56	12,431,087.61	2,861,969.37
Motor Vehicle	70,869,310.00	-	-	70,869,310.00	28,314,448.17	-	14,173,862.00	42,488,310.17	28,380,999.83
Welfare Equipments	751,196.25	-	-	751,196.25	554,598.03	-	33,106.62	587,704.65	163,491.60
Computer Equipments	47,741,565.91	-	4,604,910.00	52,346,475.91	38,454,949.36	-	3,703,657.67	42,158,607.03	10,187,868.88
Computer Software	1,475,000.00	-	-	1,475,000.00	1,475,000.00	-	-	1,475,000.00	-
Telephone	1,510,807.50	-	-	1,510,807.50	1,510,807.50	-	-	1,510,807.50	-
Motor Bicycle	146,300.00	-	-	146,300.00	146,300.00	-	-	146,300.00	-
Building	8,079,299.28	-	3,270,543.45	11,349,842.73	4,970,358.76	-	253,323.50	5,223,682.26	6,126,160.47
Air Conditioners	836,217.74	-	215,055.00	1,051,272.74	769,603.74	-	77,118.00	846,721.74	204,551.00
Publicity Equipments	2,422,836.43	-	-	2,422,836.43	2,315,851.12	-	20,706.96	2,336,558.08	86,278.35
Bicycle	146,864.20	-	-	146,864.20	128,284.20	-	7,185.00	135,469.20	11,395.00
Crop Cutting Equipments	60,371.00	-	-	60,371.00	60,371.00	-	-	60,371.00	-
Loss Preventive Equip:	41,280.00	-	-	41,280.00	41,280.00	-	-	41,280.00	-
Survey Equipments	4,099.00	-	-	4,099.00	4,099.00	-	-	4,099.00	-
Weighing Scale	1,036.35	-	-	1,036.35	1,036.35	-	-	1,036.35	-
Norad Equipments	344,423.50	-	-	344,423.50	344,423.50	-	-	344,423.50	-
	163,593,247.54	-	9,787,217.85	173,380,465.40	101,594,351.50	-	19,445,260.75	121,039,612.25	52,340,853.15

Note

Property, plant & equipment includes fully depreciated assets that are still in use having a gross amount of Rs.62,429,663.84 as at 31st December 2021

PROPERTY, PLANT & EQUIPMENT
AGRICULTURE INSURANCE SCHEME

ASSETS	Cost/Valuation as at 01.01.2021	Disposal	Cost Addition	Balance as at 31.12.2021	Accum.Dep as at 01.01.2021	Disposal	Dep For the Year	Accum.Dep as at 31.12.2021	W.D.V as at 31.12.2021
Furniture & Fittings	13,024,898.86	-	1,049,337.50	14,074,236.36	9,483,854.78	-	590,519.84	10,074,374.62	3,999,861.74
Office Equipments	12,745,156.99	-	647,371.90	13,392,528.89	10,226,235.20	-	484,489.28	10,710,724.48	2,681,804.41
Motor Vehicle	68,019,310.00	-	-	68,019,310.00	27,174,448.17	-	13,603,862.00	40,778,310.17	27,240,999.83
Welfare Equipments	717,020.50	-	-	717,020.50	529,529.36	-	32,054.62	561,583.98	155,436.52
Computer Equipments	23,646,713.94	-	4,367,060.00	28,013,773.94	15,168,857.50	-	3,445,480.31	18,614,337.81	9,399,436.13
Computer Software	-	-	-	-	-	-	-	-	-
Telephone	1,510,807.50	-	-	1,510,807.50	1,510,807.50	-	-	1,510,807.50	-
Motor Bicycle	146,300.00	-	-	146,300.00	146,300.00	-	-	146,300.00	-
Building	8,079,299.28	-	3,270,543.45	11,349,842.73	4,970,358.76	-	253,323.50	5,223,682.26	6,126,160.47
Air Conditioners	-	-	-	-	-	-	-	-	-
Publicity Equipments	1,999,999.29	-	-	1,999,999.29	1,893,013.98	-	20,706.96	1,913,720.94	86,278.35
Bicycle	146,864.20	-	-	146,864.20	128,284.20	-	7,185.00	135,469.20	11,395.00
Crop Cutting Equipments	60,371.00	-	-	60,371.00	60,371.00	-	-	60,371.00	-
Loss Preventive Equip:	41,280.00	-	-	41,280.00	41,280.00	-	-	41,280.00	-
Survey Equipments	4,099.00	-	-	4,099.00	4,099.00	-	-	4,099.00	-
Weighing Scale	1,036.35	-	-	1,036.35	1,036.35	-	-	1,036.35	-
Norad Equipments	344,423.50	-	-	344,423.50	344,423.50	-	-	344,423.50	-
	130,487,580.40	-	9,334,312.85	139,821,893.26	71,682,899.30	-	18,437,621.51	90,120,520.81	49,701,372.45

Note

Property, plant & equipment includes fully depreciated assets that are still in use having a gross amount of Rs.32,781,134.37 as at 31st December 2021

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE ACCOUNTS

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)				AGRICULTURE INSURANCE SCHEME			
	31.12.2021		31.12.2020		31.12.2021		31.12.2020	
	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
NOTE 2 - CURRENT ASSETS								
Note 2.1 - Stock								
Printing Materials	9,722,238.14		7,176,254.95		8,337,125.06		5,782,352.48	
Stationary	722,189.51		1,820,117.33		649,677.95		1,770,638.33	
	10,444,427.65		8,996,372.28		8,986,803.01		7,552,990.81	
Note 2.2 - Receivables								
Staff Loans & Advance	33,267,306.29		35,982,348.01		33,267,306.29		35,982,348.01	
Motor cycle loan	1,304,772.61		1,504,605.36		1,304,772.61		1,504,605.36	
Salary Receivables	171,011.38		228,015.38		171,011.38		228,015.38	
Staff Special Loan - 2004	4,800.00		4,800.00		4,800.00		4,800.00	
Sundry Debtors	738,521.95		738,521.95		51,542.75		51,542.75	
Receivables from C. W. E	256,520.00		256,520.00		256,520.00		256,520.00	
Agri Nerve Center-Agriculture Ministry	2,618,608.52		463,375.80		2,618,608.52		463,375.80	
National Insurance Trust Fund -NITF Crop levy	693,000,000.00		200,000,000.00		693,000,000.00		200,000,000.00	
Motor cycle Expenses (Staff) -	2,566.70		2,566.70		2,566.70		2,566.70	
Amount Due From Related Party	2.2.1	-	-		866,002,153.47		904,994,936.37	
Provision for bad debtors		(1,663,365.32)	(1,799,117.40)		(1,663,365.32)		(1,799,117.40)	
Receivables from FAO		5,675,472.77	-		5,675,472.77		-	
Death Gratuity		50,000.00	50,000.00		-		-	
Receivable from Postal Department		36,657,461.00	27,471,201.00		-		-	
		772,083,675.90	264,902,836.80		1,600,691,389.17		1,141,689,592.97	
Note 2.2 - Receivables								
Amount Due From Related Party	2.2.1	-	-		263,396,742.40		246,671,018.20	
Life insurance premium Receivable		-	-		-		104,930,222.61	
Farmers Pension Scheme (Admin)		-	-		55,164,714.52		47,553,691.90	
Fisheries Pension Scheme (Admin)		-	-		1,409,499.70		1,376,591.94	
Farmers Pension Scheme (Capital)		-	-		546,031,196.85		504,463,411.72	
Farmers Pension Advance		-	-		-		-	
		-	-		866,002,153.47		904,994,936.37	
Note 2.3 Receivable Premium								
Subsidiary Crop		784,121.00	-		784,121.00		-	
Livestock		1,757,504.51	58,032.30		1,757,504.51		58,032.30	
Movable Property		72,250.00	-		72,250.00		-	
Suwasetha and Personal		215,820.00	-		215,820.00		-	
Insurance Premium-Treasury Contribution		2,899,619,152.00	1,949,619,152.00		2,899,619,152.00		1,949,619,152.00	
Farmers Contribution for Pension		1,823,783.00	2,811,953.00		-		-	
		2,904,272,630.51	1,952,489,137.30		2,902,448,847.51		1,949,677,184.30	
NOTE 2.4 - Deposits & Pre Payment								
Deposit - (Fuel)		150,000.00	150,000.00		150,000.00		150,000.00	
Deposit - (Transport)		5,000.00	5,000.00		5,000.00		5,000.00	
Insurance		680,614.19	-		680,614.19		-	
Rent		4,472,672.00	5,113,901.80		4,472,672.00		5,113,901.80	
Office Maintanance		-	40,000.00		-		40,000.00	
		5,308,286.19	5,308,901.80		5,308,286.19		5,308,901.80	

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE ACCOUNTS

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)				AGRICULTURE INSURANCE SCHEME			
	31.12.2021		31.12.2020		31.12.2021		31.12.2020	
	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
Note 2.5 - Advances								
Traveling Advance		8,000.00		8,000.00		8,000.00		8,000.00
Fuel Advance		47,445.65		39,570.65		47,445.65		39,570.65
Salary Advance		50,261.41		50,261.41		50,261.41		50,261.41
Miscellaneous Advance		26,035.00		1,035.00		26,035.00		1,035.00
Capital Advance		565,800.00		565,800.00		565,800.00		565,800.00
District Admin.acct		205.63		205.63		205.63		205.63
Livestock Advance		45,171.13		7,027.90		45,171.13		7,027.90
		742,918.82		671,900.59		742,918.82		671,900.59
Note 2.6 - Financial Instruments Held to Maturity								
Treasury Bills		3,592,073,552.49		2,519,713,151.62		2,910,852,832.18		2,000,084,607.49
Fixed Deposit-Peoples Bank		175,585,142.48		164,803,742.48		175,585,142.48		164,803,742.48
Fixed Deposit-Bank Of Ceylon		581,585,068.49		580,171,061.36		581,585,068.49		580,171,061.36
Fixed Deposit-Regional Development Bank		65,488,486.58		50,627,688.36		65,488,486.58		50,627,688.36
		4,414,732,250.04		3,315,315,643.82		3,733,511,529.73		2,795,687,099.69
Note 2.7 - Cash at Bank								
Bank Of Ceylon A/C -164811		578,021.24		383,896.59		578,021.24		383,896.59
Bank Of Ceylon A/C -164667		199,551.47		438,151.17		199,551.47		438,151.17
Bank Of Ceylon A/C -164693		1,218,296.30		974,761.66		1,218,296.30		974,761.66
Bank Of Ceylon A/C -1622		1,370,524.62		1,281,336.70		1,370,524.62		1,281,336.70
Bank Of Ceylon A/C -1616		618,216.52		618,066.52		618,216.52		618,066.52
Bank Of Ceylon A/C -8600879		237,791.30		597,905.85		237,791.30		597,905.85
Bank Of Ceylon A/C -8600818		25,944.93		258,814.16		25,944.93		258,814.16
Bank Of Ceylon A/C -164790		13,501.35		209,188.45		-		-
Bank Of Ceylon A/C -164795		731,681.91		938,855.04		-		-
Bank Of Ceylon A/C -8403704		41,323.50		39,713.50		-		-
Bank Of Ceylon A/C -87144457		200,000.00		-		-		-
Bank Of Ceylon A/C -87649201		369,755.00		-		-		-
Peoples Bank A/C -112352		648,573.42		893,041.53		648,573.42		893,041.53
Peoples Bank A/C -112343		400,664.82		361,897.03		400,664.82		361,897.03
Peoples Bank A/C -100440112349		74,505.69		74,505.69		74,505.69		74,505.69
Peoples Bank A/C -100260112349		53,040.00		53,040.00		53,040.00		53,040.00
Peoples Bank A/C -100350112349		96,452.92		27,452.92		96,452.92		27,452.92
Peoples Bank A/C -100170112349		742,241.77		832,774.14		742,241.77		832,774.14
Peoples Bank A/C -335100190008791		1,623,529.89		2,048,680.88		1,623,529.89		2,048,680.88
Peoples Bank A/C -335100280008791		659,021.68		309,951.23		659,021.68		309,951.23
Peoples Bank A/C -100530112349		82,208.00		426,701.36		82,208.00		426,701.36
Peoples Bank A/C -335100190112349		67,475.81		841,360.00		67,475.81		841,360.00
Peoples Bank A/C -100180112344		336,241.52		427,825.32		-		-
Peoples Bank A/C -100150112345		570,835.96		1,662,697.79		-		-
Peoples Bank A/C -100110112347		12,643,055.36		297,266.26		-		-
Peoples Bank A/C -100130112351		701,116.47		383,822.47		-		-
Peoples Bank A/C -100370008791		157,997.03		-		-		-
Regional Development Bank A/C- 134010103277		5,318,043.02		4,838,602.86		5,318,043.02		4,838,602.86
Collection Account		132,652.00		75,638.00		-		-
		29,912,263.50		19,295,947.12		14,014,103.40		15,260,940.29

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE ACCOUNTS

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)				AGRICULTURE INSURANCE SCHEME			
	31.12.2021		31.12.2020		31.12.2021		31.12.2020	
	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
NOTE 3 - A.A.I.B. ACCUMULATED SURPLUS								
Balance as at 01 January	(79,865,444,488.43)		(76,781,627,185.66)		3,094,309,644.75		1,940,626,652.11	
Prior Year Adjustment	(1,179,625.30)		(92,633.00)		-		-	
Adjusted Balance	(79,866,624,113.73)		(76,781,719,818.66)		3,094,309,644.75		1,940,626,652.11	
Add:								
Surplus(Deficit) for the year	(2,700,793,905.45)		(3,083,724,669.77)		1,494,359,775.32		1,153,682,992.64	
Balance as at 31 December	<u>(82,567,418,019.18)</u>		<u>(79,865,444,488.43)</u>		<u>4,588,669,420.07</u>		<u>3,094,309,644.75</u>	
NOTE 4 - GOVERNMENT GRANT - CAPITAL								
Govt. Grant For Capital								
Balance as at 01 January	3,169,323.27		5,291,885.94		3,169,323.27		5,291,885.94	
Add:								
Grant for the year -Treasury	20,000,000.00		1,000,000.00		20,000,000.00		1,000,000.00	
Grant for the year -AIMS	4 -		1,423,020.00		-		1,423,020.00	
Less:								
Amortizations Gov. Grant	(5,253,756.74)		(4,517,440.00)		(5,253,756.74)		(4,517,440.00)	
Amortizations Gov. Grant-AIMS	-		(28,142.67)		-		(28,142.67)	
Balance as at 31 December	<u>17,915,566.53</u>		<u>3,169,323.27</u>		<u>17,915,566.53</u>		<u>3,169,323.27</u>	
			2,122,562.67					
4.1 Government Grant For Agriculture Management Information System								
Received Funds	-		7,715,616.89		-		7,715,616.89	
Capital Expenditure- Computer Equipment	-		1,423,020.00		-		1,423,020.00	
Expenditure								
Daily Pay	273,912.00		286,416.00		273,912.00		286,416.00	
Computer Rental (Laptop)	-		371,650.00		-		371,650.00	
Meals	212,371.00		755,727.00		212,371.00		755,727.00	
Accommodation	283,360.00		792,939.00		283,360.00		792,939.00	
Awareness	-		414,528.87		-		414,528.87	
Stationary And Consumables	3,888.00		92,873.00		3,888.00		92,873.00	
Fuel & Transport	111,562.00		227,567.00		111,562.00		227,567.00	
Telecommunication	1,270,139.72		1,867,111.42		1,270,139.72		1,867,111.42	
	<u>2,155,232.72</u>		<u>6,231,832.29</u>		<u>2,155,232.72</u>		<u>6,231,832.29</u>	
Receivable From Agri Ministry	<u>2,618,608.52</u>		<u>463,375.80</u>		<u>2,618,608.52</u>		<u>463,375.80</u>	

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE ACCOUNTS

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)				AGRICULTURE INSURANCE SCHEME			
	31.12.2021		31.12.2020		31.12.2021		31.12.2020	
	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
<u>NOTE 5 - A.I.B. RESERVE FUND</u>								
Balance as at 01 January	214,367,760.92		144,300,958.65		214,367,760.92		144,300,958.65	
Add:								
Provision for the year	87,600,120.19		70,066,802.27		87,600,120.19		70,066,802.27	
Balance as at 31 December	<u>301,967,881.11</u>		<u>214,367,760.92</u>		<u>301,967,881.11</u>		<u>214,367,760.92</u>	
<u>NOTE 6 - FARMERS DEATH GRATUITY FUND</u>								
Balance as at 01 January	1,108,122,511.83		1,057,736,458.19		1,077,622,157.13		1,028,673,843.49	
Add :								
Death Gratuity Premium	19,490,194.20		20,080,114.20		17,737,354.20		18,320,374.20	
Interest Income	52,418,185.13		31,763,039.44		52,418,185.13		31,763,039.44	
	<u>71,908,379.33</u>		<u>51,843,153.64</u>		<u>70,155,539.33</u>		<u>50,083,413.64</u>	
Less :								
Death Gratuity Payment	1,299,630.00		1,185,100.00		1,011,630.00		863,100.00	
Disablement Gratuity Payment	-		272,000.00		-		272,000.00	
	<u>1,299,630.00</u>		<u>1,457,100.00</u>		<u>1,011,630.00</u>		<u>1,135,100.00</u>	
Balance as at 31 December	<u>1,178,731,261.16</u>		<u>1,108,122,511.83</u>		<u>1,146,766,066.46</u>		<u>1,077,622,157.13</u>	

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE ACCOUNTS

		AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)				AGRICULTURE INSURANCE SCHEME			
		31.12.2021		31.12.2020		31.12.2021		31.12.2020	
		Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
NOTE 7 - CURRENT LIABILITIES									
Note 7.1 - Pre - Premium Receipts									
Pre - Premium - Livestock		1,128,490.30		1,524,785.19		1,128,490.30		1,524,785.19	
Pre - Premium - Kethata Aruna		23,002,522.18		33,128,661.62		23,002,522.18		33,128,661.62	
Pre - Premium - Pension		1,700,351.00		-		-		-	
		25,831,363.48		34,653,446.81		24,131,012.48		34,653,446.81	
Note 7.2 - Other Payables									
Provision for Employee Allowance		4,279,500.00		4,281,250.00		4,279,500.00		4,281,250.00	
Refundable Tender deposits		426,870.60		426,870.60		426,870.60		426,870.60	
Unclaimed Indemnities		70,800,200.00		70,800,200.00		70,800,200.00		70,800,200.00	
Amount Due to Related Party	7.2.1	-		-		99,935,223.41		-	
Net Contribution & Interest		479,199.00		396,086.00		-		-	
Death & Disable Gratuity		211,000.00		125,000.00		-		-	
Pension Payment		4,156,541,318.00		4,040,516,093.00		-		-	
Bank Of Ceylon		236,721.76		-		-		-	
Pension Commission		14,185,942.00		14,155,933.00		-		-	
Agency Commission		59,927.00		89,201.00		-		-	
Staff Security Deposit		147,300.00		147,300.00		-		-	
		4,247,367,978.36		4,130,937,933.60		175,441,794.01		75,508,320.60	
Amount Due to Related Party	7.2.1	-		-		99,935,223.41		-	
Farmers Pension Scheme (Admin)		-		-		-		-	
Govt. Grant for Capital		-		-		-		-	
Loan for Pension Payment - Fisheries		-		-		-		-	
Loan for Pension Payment - AIB		-		-		-		-	
Group Insurance Premium		-		-		-		-	
		-		-		99,935,223.41		-	
						1,214,066,942.64			
Note 7.3 - Accrued Expenses									
Admin. Expenses	7.3.1	12,607,991.68		17,441,497.55		10,936,101.63		13,268,117.54	
Incentive - Crop Insurance		702,880.43		671,833.13		702,880.43		671,833.13	
Incentive - Movable Property		4,463,881.38		3,428,580.63		4,463,881.38		3,428,580.63	
Personal Accident & Suwasetha		536,325.00		53,518.75		536,325.00		53,518.75	
Operational Expenditure		233,450.97		98,304.43		233,450.97		98,304.43	
		18,544,529.46		21,693,734.49		16,872,639.41		17,520,354.48	
Note 7.4 - Provision For Indemnity									
Livestock		6,000,000.00		6,000,000.00		6,000,000.00		6,000,000.00	
Suwasetha Insurance/ Personal Accidents		1,000,000.00		500,000.00		1,000,000.00		500,000.00	
Movable Property		41,306,594.48		34,668,461.32		41,306,594.48		34,668,461.32	
Subsidiary Crops		1,500,000.00		1,850,000.00		1,500,000.00		1,850,000.00	
Kethata Aruna (Compulsory Crop Insurance)		1,109,178,793.00		532,000,000.00		1,109,178,793.00		532,000,000.00	
		1,158,985,387.48		575,018,461.32		1,158,985,387.48		575,018,461.32	

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE ACCOUNTS

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)				AGRICULTURE INSURANCE SCHEME			
	31.12.2021		31.12.2020		31.12.2021		31.12.2020	
	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
Note 7.3.1 - Accrued Expenses								
Electricity		9,317.07		202,824.27		9,317.07		202,824.27
Security Charges		7,500.00		198,660.00		7,500.00		198,660.00
Rent		2,103,912.00		1,086,734.35		2,103,912.00		1,086,734.35
Maintenance of Motor Vehicles		684,491.00		565,235.00		684,491.00		565,235.00
Traveling & Subsistence		598,166.25		931,918.00		598,166.25		931,918.00
Salaries		3,487,828.01		2,430,572.29		3,487,827.96		2,430,572.28
E.P.F		273,859.80		204,843.17		273,859.80		204,843.17
E.T.F		41,521.52		51,210.79		41,521.52		51,210.79
Publicity		90,160.00		1,250.00		90,160.00		1,250.00
Stationary		339,347.00		162,695.80		339,347.00		162,695.80
Telephone		444,226.17		290,216.07		444,226.17		290,216.07
Water Bill		4,231.62		13,273.85		4,231.62		13,273.85
Audit Fees		2,998,800.00		9,252,420.00		1,814,400.00		6,068,088.00
Fuel		591,288.21		446,279.93		591,288.21		446,279.93
Welfare		5,440.00		-		5,440.00		-
Labour Charges		4,500.00		85,775.00		4,500.00		85,775.00
Payable Computer Expenses		-		11,000.00		-		11,000.00
Transport Expenses		5,450.00		9,305.00		5,450.00		9,305.00
Bank Charges		3,310.00		1,000.00		3,310.00		1,000.00
Payable Main Building		-		4,830.00		-		4,830.00
Payable Printing		165,000.00		165,000.00		165,000.00		165,000.00
Payable Postage		472,738.00		898,010.00		2,248.00		610.00
Sundry Creditors		162,870.03		238,018.03		162,870.03		163,370.03
Payable Office Equipment		47,520.00		4,158.00		47,520.00		4,158.00
Payable Legal fees		58,250.00		81,127.00		41,250.00		64,127.00
Agri Nerve Project		8,265.00		105,141.00		8,265.00		105,141.00
Paya								
		12,607,991.68		17,441,497.55		10,936,101.63		13,268,117.54

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE ACCOUNTS

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)				AGRICULTURE INSURANCE SCHEME			
	31.12.2021		31.12.2020		31.12.2021		31.12.2020	
	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
NOTE 8 - REVENUE								
Note 8.1 - Premium - (Insurance)								
Livestock	11,068,756.17		5,780,196.18		11,068,756.17		5,780,196.18	
Suwasetha Insurance/ Personal Accidents	9,037,557.86		13,779,807.96		9,037,557.86		13,779,807.96	
Subsidiary Crops	6,407,634.00		2,280,055.00		6,407,634.00		2,280,055.00	
Movable Property	296,500,438.85		278,939,341.16		296,500,438.85		278,939,341.16	
Kethata Aruna (Compulsory Crop Insurance)	67,838,060.62		43,615,689.83		67,838,060.62		43,615,689.83	
Farmers Contribution for Pension	14,848,953.28		18,143,467.68		-		-	
Pensioners Contribution for Pension	99,525,900.00		80,949,000.00		-		-	
	505,227,300.78		443,487,557.81		390,852,447.50		344,395,090.13	
Note 8.2- Interest Income								
Interest - Treasury bills (Crops & Other)	235,140,271.40		230,539,385.65		109,688,869.83		111,253,292.09	
- Loans to employees	1,351,973.60		1,534,718.20		1,351,973.60		1,534,718.20	
- Related Party	-		-		41,567,785.13		24,159,296.97	
	236,492,245.00		232,074,103.85		152,608,628.56		136,947,307.26	
NOTE 9 - OPERATIONAL EXPENDITURE								
Note 9.1 - Indemnity - Insurance								
Livestock	3,969,115.00		3,018,947.00		3,969,115.00		3,018,947.00	
Suwasetha Insurance/ Personal Accidents	9,000.00		15,156.00		9,000.00		15,156.00	
Movable Property	7,338,133.16		11,108,856.32		7,338,133.16		11,108,856.32	
Subsidiary Crops	390,118.00		40,200.00		390,118.00		40,200.00	
Kethata Aruna (Compulsory Crop Insurance)	1,638,496,331.00		1,899,903,213.31		1,638,496,331.00		1,899,903,213.31	
	1,650,202,697.16		1,914,086,372.63		1,650,202,697.16		1,914,086,372.63	
Note 9.2 - Other Operational Expenses								
Insurance Incentive	1,291,512.60		1,688,198.99		804,120.60		1,098,805.99	
Movabale Property-Third party Insurance Incentive	36,951,634.55		34,784,568.63		36,951,634.55		34,784,568.63	
Movabale Property-Product Promotion and Incentive	14,825,021.94		13,946,967.06		14,825,021.94		13,946,967.06	
Suwasetha Incentive	233,380.97		227,204.01		233,380.97		227,204.01	
Crop Assessment	634,562.49		645,156.26		634,562.49		645,156.26	
Livestock	1,252,228.34		668,938.13		1,252,228.34		668,938.13	
Commission for Pension Payments	14,874,535.00		14,473,456.00		-		-	
	70,062,875.89		66,434,489.08		54,700,948.89		51,371,640.08	
NOTE 10 - OTHER INCOME								
Disposal Of Fixed Assets	-		52,440.19		-		26,850.19	
Amortization Of Government Grant	5,253,756.74		4,545,582.67		4,833,759.50		4,195,141.97	
Sundry Income	370,209.78		367,984.69		358,234.78		353,259.69	
Bad Debts Over Provision	135,752.08		236,275.52		135,752.08		236,275.52	
Service Fees From Bank	2,832,455.00		3,482,280.00		2,832,455.00		3,482,280.00	
Government Grant	1,500,000.00		1,500,000.00		-		-	
Administration Income	1,044,450.00		1,263,090.00		-		-	
	11,136,623.60		11,447,653.07		8,160,201.36		8,293,807.37	

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE INCOME STATEMENT

	AGRICULTURAL & AGRARIAN				AGRICULTURE INSURANCE			
	INSURANCE BOARD (GROUP)				SCHEME			
	31.12.2021		31.12.2020		31.12.2021		31.12.2020	
	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
NOTE 11 - ADMINISTRATIVE EXPENSES								
Salaries & Wages	174,191,842.26		174,241,274.73		85,620,619.47		85,662,701.47	
Contribution E.P.F.	19,097,471.45		19,057,783.39		9,371,699.52		9,353,939.39	
Contribution E.T.F.	4,744,691.79		4,742,647.73		2,328,086.84		2,327,585.79	
Traveling & Subsistence	8,824,710.94		8,375,017.25		4,410,005.47		4,153,228.62	
Overtime	3,702,063.35		4,793,782.50		1,785,129.67		2,278,135.75	
Daily Pay	192,505.00		446,764.00		91,851.87		215,411.50	
Medical Expenses	4,669,297.22		1,668,760.00		2,334,648.61		834,380.00	
Allowance to Board Members	599,050.00		183,600.00		359,430.00		110,160.00	
Gratuity	12,233,973.05		9,979,985.50		4,867,170.67		4,143,168.71	
Welfare	1,115,193.40		902,891.64		557,596.70		451,445.82	
Allowance to employees	4,308,986.00		4,606,666.00		3,751,250.00		4,081,750.00	
Fuel	11,116,100.61		8,613,480.80		7,558,948.42		5,811,942.18	
Stationery	10,232,644.90		8,007,640.69		4,844,121.23		3,829,444.82	
Entertainment Allowance	505,048.40		286,548.01		303,029.04		168,622.81	
Legal Fees	583,634.00		899,238.00		233,453.60		271,295.20	
Transport	606,798.06		460,425.10		606,798.06		460,425.10	
Printing	9,106,839.11		11,499,152.00		8,191,954.92		10,080,487.04	
Publicity & Training	2,457,073.70		663,706.13		1,965,658.96		530,964.90	
Uniform	355,417.25		3,600.00		177,708.62		1,800.00	
Rent	15,310,717.03		14,635,888.67		8,420,894.37		8,049,738.77	
Telephone	4,033,141.96		3,910,206.67		2,218,228.09		2,150,613.67	
Postage	3,254,334.81		3,676,023.75		795,787.92		749,445.50	
Water	532,158.84		482,852.13		292,687.36		265,568.67	
News paper & Advertisement	309,765.00		841,989.00		309,765.00		841,989.00	
Security	1,855,800.00		1,887,180.00		1,391,850.00		1,415,385.00	
Electricity	2,389,556.07		2,955,441.59		1,314,255.84		1,625,492.87	
Vehicles Rent & Maintenance	16,321,062.17		13,145,795.05		9,303,005.43		7,493,103.18	
Maintenance - Buildings	475,129.37		427,727.75		261,321.15		235,250.26	
Maintenance - Office Equipments	826,918.55		1,185,842.96		602,368.92		789,425.22	
Labour Charges	660,698.00		680,031.00		651,698.00		680,031.00	
Translation Fees	14,035.00		4,890.00		12,695.00		4,890.00	
Computer Expenses	1,059,556.00		381,730.00		541,062.00		165,112.50	
Miscellaneous Expenses	-		500.00		-		500.00	
Depreciation	19,445,260.75		18,738,166.75		18,437,621.51		17,799,003.97	
Bad Debts	-		-		-		-	
Audit Fees	769,329.00		5,306,959.00		307,512.00		2,574,349.00	
Consultation Fees	185,000.00		-		-		-	
	336,085,803.04		327,694,187.79		184,219,914.26		179,606,787.71	
	-		-		-		-	
NOTE 12 - FINANCE CHARGES								
Bank Charges	111,957.30		257,666.02		67,630.00		159,410.80	
	111,957.30		257,666.02		67,630.00		159,410.80	

**Financial Statements
as at 31 December 2021**

**Farmers' Pension and Social
Security Benefit Scheme**

**AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2021**

		<u>31.12.2021</u>		<u>31.12.2020</u>	
<u>ASSETS</u>	<u>Note</u>	Rs.	Cts.	Rs.	Cts.
<u>Non - Current Assets</u>					
Plant, Property & Equipment	1	2,549,498.66		3,086,590.90	
		<u>2,549,498.66</u>		<u>3,086,590.90</u>	
<u>Financial Instruments Held to maturity</u>					
Treasury Bond		1,045,073,943.17		1,050,288,368.03	
		<u>1,045,073,943.17</u>		<u>1,050,288,368.03</u>	
<u>Current Assets</u>					
Stock	2	1,363,923.02		1,347,762.35	
Receivables	3	137,279,663.57		28,158,180.20	
Held to maturity Investment	4	294,223,508.77		186,912,686.82	
Receivable Income	5	1,823,783.00		2,811,953.00	
Cash at Bank	6	15,020,324.84		2,811,325.34	
		<u>449,711,203.20</u>		<u>222,041,907.71</u>	
		.		.	
TOTAL ASSETS		<u><u>1,497,334,645.03</u></u>		<u><u>1,275,416,866.64</u></u>	
<u>EQUITY & LIABILITIES</u>					
<u>Capital & Reserves</u>					
Farmer's Pension Fund	7	(83,052,378,764.86)		(79,283,851,683.35)	
Government Grant on Treasury Bond		1,081,488,000.00		1,081,488,000.00	
Revaluation Reserve		2,850,000.00		2,850,000.00	
Group Insurance Contribution		1,000,000.00		1,000,000.00	
		<u>(81,967,040,764.86)</u>		<u>(78,198,513,683.35)</u>	
<u>Non - Current Liabilities</u>					
Pension Liability		78,184,784,968.00		74,155,908,494.00	
Provision for Staff Gratuity		50,750,242.22		67,904,480.84	
		<u>78,235,535,210.22</u>		<u>74,223,812,974.84</u>	
<u>Current Liabilities</u>					
Govt. Grant for Capital	8	1,409,499.70		1,376,591.94	
Pre Premium Receipt		1,700,351.00			
Current Payables	9	5,223,628,832.00		5,245,094,574.88	
Accrued Expenses	10	2,101,516.97		3,646,408.33	
		<u>5,228,840,199.67</u>		<u>5,250,117,575.15</u>	
		.		.	
TOTAL EQUITY & LIABILITIES		<u><u>1,497,334,645.03</u></u>		<u><u>1,275,416,866.64</u></u>	

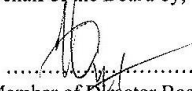
These financial statements are in compliance with the requirements of the Sri Lanka Accounting standards.



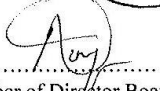

S. M. U. S. R. Subasingha
 Director Finance (Acting)
 Agricultural and Agrarian Insurance Board
 Head of Finance No: 117, Subadrarama Road, Gangodawila, Nugegoda.

Panduka Weerasinghe
 Director General
 Agricultural and Agrarian Insurance Board
 Director General No: 117, Subadrarama Road, Gangodawila, Nugegoda.

The Board of Directors are responsible for the preparation and presentation of these financial statements.
Signed for on behalf of the Board by;


 Member of Director Board
 Agricultural & Agrarian Insurance Board

Hashan Dissanayake
Chairman
Agricultural and Agrarian Insurance Board
 No: 117, Subadrarama Road,
 Gangodawila,
 Nugegoda


 Member of Director Board
 Agricultural & Agrarian Insurance Board

Ms. W.H. Anushka Wimalajayasinghe
 Director of Public Finance
 Department of Public Finance
 General Treasury
 Colombo 01.



AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2021

		31.12.2021	31.12.2020
		Rs. Cts.	Rs. Cts.
<u>REVENUE</u>	<u>Note</u>		
Interest Income		109,828,167.53	110,806,428.13
Farmers Contribution		12,613,346.28	15,527,139.48
Pensioner's Contribution		99,525,900.00	80,949,000.00
Farmers Contribution for Life Insurance Premium		2,088,900.00	2,526,180.00
		224,056,313.81	209,808,747.61
<u>Expenses</u>			
Refund of Contribution		(8,114,914.00)	(11,780,857.00)
Refund of Net Interest		(6,193,472.00)	(7,821,942.00)
Disablement Gratuity Payment		(1,122,190.00)	(1,138,804.00)
Group Insurance Premium		(17,737,354.20)	(18,320,374.20)
Pension Payments & Commission			
- Pension Payments		(3,719,165,280.00)	(4,502,560,108.00)
- Commission Payments		(13,933,640.00)	(13,587,406.00)
Total Expenditure		(3,766,266,850.20)	(4,555,209,491.20)
Operating Surplus/(Deficit)		(3,542,210,536.39)	(4,345,400,743.59)
Government Grant-Recurrent		3,753,000,000.00	4,450,949,000.00
		210,789,463.61	105,548,256.41
<u>INCOME - for Administration</u>			
Farmer's Contribution for Admin. Expenses		1,044,450.00	1,263,090.00
Govt. Grant for Admin Expenses		247,000,000.00	150,000,000.00
Other Income	11	431,972.24	390,535.70
		248,476,422.24	151,653,625.70
<u>Expenses</u>			
Administration & Establishment Expenses	12	(144,689,300.34)	(139,844,725.02)
Financial Expenses	13	(64,558,219.84)	(48,870,651.63)
Commission for Collection Agents		(487,392.00)	(589,393.00)
Total Admin Expenses		(209,734,912.18)	(189,304,769.65)
		38,741,510.06	(37,651,143.95)
Surplus/Deficit for the year		249,530,973.67	67,897,112.46
Other comprehensive income			
Gratuity gains / (losses)		11,998,044.12	(15,396,284.01)
Increase in Pension Liability		(4,028,876,474.00)	(3,903,039,382.00)
		(4,016,878,429.88)	(3,918,435,666.01)
Net Surplus /Deficit of the Comprehensive income		(3,767,347,456.21)	(3,850,538,553.55)
(Transferred to Farmer's Pension Fund)			

AGRICULTURAL & AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2021

Description	Farmer's Pension Fund	Group Insurance Contribution	Revaluation Reserve	Government Grant on Treasury Bond	Total
Balance as at 01 January 2020	(75,433,313,130)	1,000,000	2,850,000	-	(75,429,463,130)
Prior Year Adjustment	(1,179,625)				(1,179,625)
Transferred Government Grant on Treasury Bond				1,081,488,000	1,081,488,000
Adjusted Balance as at 01 January 2020	(75,434,492,755)	1,000,000	2,850,000	1,081,488,000	(74,349,154,755)
Profit/Loss for the year	(3,850,538,554)	-		-	(3,850,538,554)
Balance as at 31 December 2021	(79,285,031,309)	1,000,000	2,850,000	1,081,488,000	(78,199,693,309)
Profit/Loss for the year	(3,767,347,456)	-	-		(3,767,347,456)
Balance as at 31 December 2021	(83,052,378,765)	1,000,000	2,850,000	1,081,488,000	(81,967,040,765)

AGRICULTURE & AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2021

	31.12.2021	31.12.2020
<u>Cash Flows from Operating Activities</u>		
Net Surplus / (Deficit)	(3,767,347,456)	(3,850,538,554)
Adjustment for		
- Depreciation	989,997	920,441
- (Gain) /Loss on sale of Property Plant & Equipment	-	(25,370)
- Adjustments in respect of Prior Year	(1,179,625)	-
-Gain /loss on gratuity	(11,998,044)	15,396,284
	(12,187,672)	16,291,355
Provision for Retiring Gratuity	7,012,451	5,611,656
Amortization for government grant	(419,997)	(350,441)
Pension Liability	4,028,876,474	3,903,039,382
	4,035,468,927	3,908,300,597
Operating Profit before working capital changes	255,933,799	74,053,398
(Increase)/ Decrease in Inventories	(16,161)	1,073,626
(Increase)/ Decrease in Receivables	(109,121,483)	(8,827,158)
(Increase)/ Decrease in Receivable Income	988,170	(498,990)
Increase / (Decrease) Other Payables	(21,465,743)	(41,416,186)
Increase / (Decrease) Pre Premium Receipt	1,700,351	
Increase / (Decrease) Accrued Expenses	(1,544,891)	(1,812,201)
	(129,459,757)	(51,480,909)
Cash Generated from Operations	126,474,042	22,572,489
Retiring Gratuity - Paid	(12,168,645)	(7,747,025)
Net Cash Flows from Operating Activities	114,305,397	14,825,464
<u>Cash Flows from Investing Activities</u>		
Investments during the year	(107,310,822)	(19,025,018)
Proceeds from the disposal of property, plant and Equipment	-	25,370
Purchases of Property, Plant & Equipment	(452,905)	(548,703)
Net Cash Flows from Investing Activities	(107,763,727)	(19,548,351)
<u>Cash Flows from Financing Activities</u>		
Government Grant for Capital Expenditure	452,905	548,703
Government Bond	5,214,425	4,759,815
Net Cash Flows from Financing Activities	5,667,330	5,308,517
Net Increase / (Decrease) in Cash & Cash Equivalents	12,209,000	585,631
Cash & Bank Balance at the Beginning of the year	2,811,325	2,225,694
Cash & Cash equivalents at the End of the year	15,020,325	2,811,325
Cash & Bank Balance at the end of the year		
Cash at Bank - End of the year	15,020,325	2,811,325

Agricultural and Agrarian Insurance Board

Farmer's Pension & Social Security Benefits Scheme

Significant Accounting Policies

1. General Policies

1.1 Reporting Entity

Agricultural and Agrarian Insurance Board of Sri Lanka (hereafter referred to as the 'Board') was incorporated by Act No.20 of 1999 and is situated at 117, Subadharama Road, Gangodawila, Nugegoda and the Farmer's Pension and Social Security Benefits Scheme was established in accordance with the provision of Farmer's Pension and Social Security Benefits Scheme Act No.12 of 1987.

1.2 Principal Activities and Nature of Operations

The principal activity is to operate a pension and social security benefits scheme for farmers.

1.3 Basis of Preparation

(a) Statement Of Compliance

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

(b) Basis of Measurement

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

(c) Comparative Information

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

When the presentation or classification of items in the financial statements have been amended, comparative amounts have also been reclassified to conform with the current year in order to provide a better presentation.

(d) Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees, which is the functional and presentation currency of the board.

(e) Use of Estimates and Judgments

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

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

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

(f) Going Concern

The management has made an assessment of the board's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2. Assets and the Bases of their Valuation

2.1 Property, Plant and Equipment

(a) Recognition and Measurement

Items of property, plant and equipment are stated at cost or at fair value less accumulated depreciation or impairment losses.

All items of property, plant and equipment are initially recorded at cost less accumulated depreciation or impairment losses. Significant components of an asset are identified and depreciated separately. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. All other repair and maintenance costs are recognized in the income statement as incurred.

Fully depreciated assets with a total historical cost of Rs. **29,420,115.17** has been included in property plant and equipment

(b) Cost

The cost of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.

Subsequent expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature in order to carry on or increase the earning capacity of the assets has been treated as capital expenditure.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only if it is probable that the future economic benefits embodied within the part will flow to the Board and its cost can be measured reliably.

(c) Revaluation

After recognition as an asset, lands and buildings whose fair value can be measured reliably, have been carried at revalued amount at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are being performed to ensure that the fair value of a revalued asset does not materially differ from its carrying amount as at the reporting date.

On revaluation of motor vehicle, any increase in the revaluation amount is credited to the revaluation reserve in equity unless it off sets a previous decrease in value of the same asset that was recognized in the statement of profit or loss. A decrease in value is recognized in the Statement of profit or loss where it exceeds the increase previously recognized in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from the

revaluation reserve to retained earnings and is not taken into account in arriving at the gain or loss on disposal

(d) Depreciation

Depreciation is charged to the statement of comprehensive income on the straight line method at the following rates per annum in order to write off the cost of such assets over their estimated useful lives.

Furniture and Fittings	10%
Office Equipment	10%
Welfare Equipment	10%
Publicity Equipment	10%
Computers	20%
Computer Software	20%
Motor Vehicles	20%
Air Condition	20%

(e) Intangible Assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard LKAS 38 – Intangible Assets. Accordingly, these assets are stated in the statement of financial position at cost less accumulated amortization and any accumulated impairment loss.

Computer software is amortized over a period of 5years on the straight line method.

2.2 Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses. The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

2.3 Financial Assets

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Board determines the classification of its financial assets at initial recognition.

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

The Board initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Board becomes a party to the contractual provisions of the instrument.

The Board derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, 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 asset is transferred. Any interest in transferred financial assets that is created or retained by the Board is recognized as a separate asset or liability.

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

The financial assets of the Board include cash and short-term investments and trade and other receivables.

(a) Financial Assets at Fair Value through Profits or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance expense in the statement of comprehensive income.

(b) Loans & Receivables

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

Loans and receivables comprise trade receivables, employee loans, deposits, advances, other receivables and cash and cash equivalents.

(c) Held-to-Maturity Investments (HTM)

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Board has the positive intention and ability to hold them to maturity. After initial measurement, held-to maturity investments are measured at amortized cost using the effective interest rate (EIR) method, less impairment. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in financial costs.

Investments in government securities and in fixed deposits have been classified under HTM investments.

(d) Available-for-Sale Financial Investment

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognized in other comprehensive income and presented in the fair value reserved in funds and reserves. Interest income on available-for-sale debt securities is calculated using the effective interest rate method (EIR) and is recognized in profit or loss.

When an investment is derecognized, the gain or loss accumulated in funds and reserves reclassified to profit or loss.

The board has not designated any financial asset upon initial recognition as available- for sale investment.

2.4 Impairment of Financial Assets

The board assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired and if such impairment has occurred, that amount of impairment is calculated by taking the difference between the assets carrying amount and the present value of estimated future cash flow.

3. Liabilities and Provisions

Liabilities classified as current liabilities on the statement of financial position are those which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

All known liabilities have been accounted for in preparing these financial statements. Provisions and liabilities are recognized when the Board has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.1 Retirement Benefits

A Provision has been made for retiring gratuities from the completion of the first year of service for all permanent employees in conformity with Sri Lanka Accounting Standard 19 Retirement Benefits costs. However, according to the Payment of Gratuity Act No.12 of 1983 the liability to an employee arises only on completion of five years of continued service. The liability is not externally funded.

3.2 Capital Commitments and Contingent Liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitments and contingent liabilities of the Board are disclosed in the respective notes to the financial statements.

3.3 Liability of Farmer's Pension Fund

Liability of farmer's pension scheme has been accounted in the financial statements on present value basis considering the actuarial calculation, which was done in the year of 2007.

4. Statement of Comprehensive Income

4.1 Revenue

- a) The revenue of the scheme represents the income from pension premium, interest income from treasury bills and other miscellaneous income.
- b) All income from premium collection has been recognized on as cash basis.

4.2 Revenue Recognition

- a) Pension premium revenue is recognition for the time of enrollment.
- b) The above revenue is on cash basis and matched with related expenditure.
- c) Interest income is accrued on a time basis.

4.3 Accounting for Government Grants

Grants that compensate the Board for expenses incurred are recognized as revenue in the statement of comprehensive income in the same period in which the expenses are recognized. Grants that compensate the Board for the cost of an asset are recognized in the statement of comprehensive income on a systematic basis over the useful life of the related asset.

4.4 Expenditure

Expenses are recognized in the statement of comprehensive income on the basis of direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the board and in maintaining the capital assets in a state of efficiency has been charged against revenue in arriving at the surplus for the year.

The indirect expenses of the board apportioned on the following rates by the Board Paper No.401/04 - 2008.10.15 The rates are as follows;

Expenditure	Rates
Salaries, EPF, ETF, Gratuity	50%
Medical Expenses	50%
Consultancy Fees	40%
Welfare	50%
Uniform	48%
Entertainment	40%
Printing	40%
Legal fees	60%
Awareness & Training	20%
Allowances to B/M	40%
Rent, Telephone	40%
Postage	55%
Electricity	40%
Traveling, Over Time	50%
Water Charges	40%
Daily Pay	50%
Security	20%
Main. Office Equipment	20%
Main. Vehicle	40%
Main. Computer	25%
Fuel Expenses	30%
Main. Building	40%
Stationery	48%

5. Cash Flow Statement

The cash flow statement of the scheme has been presented using the indirect method, in accordance with the LKAS 7.

6. Events After The Reporting Date

The materiality of events occurring after the reporting date has been considered and appropriate adjustments, wherever necessary, have been made in the accounts.

7. Related Party Transactions

Agricultural Insurance Scheme and the Fisheries Pension Scheme are considered as related parties of Farmers Pension Scheme. The transactions carried out with these related parties are been disclosed based on fair value. Farmers Pension Scheme has taken a loan from Agricultural Insurance Scheme and Fisheries Pension Scheme amounting to Rs. 295,230,441.79 and Rs. 518,000,000 respectively.

8. Contingencies

A court case in connection with the payment of compensation to the farmer's affected by the closing of the Mavilaru Anicut is pending at Magistrate Court Colombo for misappropriating Mavilaru Funds and 3 officers of the board are to be indicated in high court for misappropriating a sum of nearly 7 Mn. Rupees.

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021
NOTE - 01

Description	Cost/Valuation as at 01.01.2021	Disposal	Addition	Total	Accumulated Dep :as at 01.01.2021	Disposal	Depreciation for the year	Total Depreciation	Net book value 31-12-2021
Motor Vehicle	2,850,000.00		-	2,850,000.00	1,140,000.00		570,000.00	1,710,000.00	1,140,000.00
Office Equipment	1,371,879.59		-	1,371,879.59	1,260,743.89		11,690.28	1,272,434.17	99,445.42
Welfare Equipment	32,850.75		-	32,850.75	23,743.67		1,052.00	24,795.67	8,055.08
Furniture & Fittings	1,414,379.53		-	1,414,379.53	1,033,405.52		71,959.60	1,105,365.12	309,014.41
Air Conditioners	836,217.74		215,055.00	1,051,272.74	769,603.74		77,118.00	846,721.74	204,551.00
Computers	23,829,906.97		237,850.00	24,067,756.97	23,021,146.86		258,177.36	23,279,324.22	788,432.75
Publicity Equipment	422,837.14		-	422,837.14	422,837.14		-	422,837.14	-
Computer Software	1,475,000.00		-	1,475,000.00	1,475,000.00		-	1,475,000.00	-
	32,233,071.72	-	452,905.00	32,685,976.72	29,146,480.82	-	989,997.24	30,136,478.06	2,549,498.66

Property, plant & equipment includes fully depreciated assets that are still in use having a gross amount of Rs. 28,952,354.05 as at 31st December 2021

AGRICULTURAL AND AGRARIAN INSURANCE BOARD FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021		
	<u>31.12.2021</u>	<u>31.12.2020</u>
	Rs. Cts.	Rs. Cts.
<u>NOTE 02 - STOCKS</u>		
Printing Materials	1,291,411.46	1,298,283.35
Stationary Stock	72,511.56	49,479.00
	<u>1,363,923.02</u>	<u>1,347,762.35</u>
<u>NOTE 03 - RECEIVABLES</u>		
Receivables from Collection Agents	686,979.20	686,979.20
Receivable from Postal Department	36,657,461.00	27,471,201.00
A.A.I.B. Current A/C	99,935,223.37	
	<u>137,279,663.57</u>	<u>28,158,180.20</u>
<u>NOTE 04 - HELD TO MATURITY INVESTMENT</u>		
Treasury Bills - Peoples Bank	294,223,508.77	186,912,686.82
	<u>294,223,508.77</u>	<u>186,912,686.82</u>
<u>NOTE 05- RECEIVABLE INCOME</u>		
Farmer's Contribution	1,438,538.00	2,238,518.00
Farmer's Contribution for Life Insurance Premium	256,830.00	382,290.00
Farmer's Contribution for Admin. Income	128,415.00	191,145.00
	<u>1,823,783.00</u>	<u>2,811,953.00</u>
<u>NOTE 06 - CASH AT BANK</u>		
A/C No.100150112345 - P/B Union Place	570,835.96	1,662,697.79
A/C No. 100180112344 - P/B Union Place	336,241.52	427,825.32
A/C No. 100130112351 - P/B Union Place	701,116.47	383,822.47
A/C No. 100110112347 - P/B Union Place	12,643,055.36	297,266.26
A/C No. 8403704 - B.O.C Union Place	41,323.50	39,713.50
A/C No. 87144457 - B.O.C Union Place	200,000.00	-
BOC New Account	369,755.00	
A/C No. 100130112351 - P/B Union Place	157,997.03	
	<u>15,020,324.84</u>	<u>2,811,325.34</u>
<u>NOTE - 07- FARMER'S PENSION FUND</u>		
Balance B/F	(79,283,851,683.35)	(75,433,313,129.80)
Prior Year Adjustment	(1,179,625.30)	-
	<u>(79,285,031,308.65)</u>	<u>(75,433,313,129.80)</u>
<u>Add/ (Less)</u>		
Total Revenue over Expenditure	(3,767,347,456.21)	(3,850,538,553.55)
Transfer from FAO Grant	-	-
	<u>(83,052,378,764.86)</u>	<u>(79,283,851,683.35)</u>

AGRICULTURAL AND AGRARIAN INSURANCE BOARD				
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME				
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021				
	<u>31.12.2021</u>		<u>31.12.2020</u>	
	Rs.	Cts.	Rs.	Cts.
<u>NOTE - 8 - GOVT. GRANT FOR CAPITAL EXPENDITURE</u>				
Balance B/F	1,376,591.94		1,178,329.84	
<u>Add / (Less):</u>				
Amortization of Govt. Grant	(419,997.24)		(350,440.70)	
Addition during the year	452,905.00		548,702.80	
Balance C/F	<u>1,409,499.70</u>		<u>1,376,591.94</u>	
<u>NOTE 9 - PAYABLES</u>				
Agency Commission	59,927.00		89,201.00	
Staff Security Deposit	147,300.00		147,300.00	
A.A.I.B. Current A/C	-		104,930,222.62	
Pension Payment	4,151,678,158.00		4,035,687,916.00	
Pension Commission	14,185,942.00		14,155,933.00	
Group Insurance Premium	263,396,742.40		246,671,018.20	
Loan for Pension Payment				
- Fisheries Pension Scheme	248,129,565.75		338,949,572.34	
- AAIB	546,031,196.85		504,463,411.72	
	<u>5,223,628,832.00</u>		<u>5,245,094,574.88</u>	
<u>NOTE 10- ACCRUED EXPENSES</u>				
Provision for Printing Charges	975,826.97		1,026,760.33	
Administration Expenses	-		74,648.00	
Postage	470,490.00		897,400.00	
Provision for Audit fees	655,200.00		1,647,600.00	
	<u>2,101,516.97</u>		<u>3,646,408.33</u>	

AGRICULTURAL AND AGRARIAN INSURANCE BOARD				
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME				
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2021				
	<u>31.12.2021</u>		<u>31.12.2020</u>	
	Rs.	Cts.	Rs.	Cts.
<u>NOTE 11 - OTHER INCOME</u>				
Amortization of Govt. Grant	419,997.24		350,440.70	
Sundry Income	11,975.00		14,725.00	
Disposal Income	-		25,370.00	
	<u>431,972.24</u>		<u>390,535.70</u>	
<u>NOTE 12 - ADMINISTRATION EXPENSES</u>				
Salaries & Wages	85,620,619.48		85,662,701.47	
E.P.F.	9,371,699.53		9,353,939.39	
E.T.F.	2,328,086.85		2,327,585.79	
Traveling & Subsistence	4,414,705.47		4,221,788.63	
Over Time	1,912,409.68		2,508,216.75	
Daily Pay	100,653.13		231,352.50	
Medical Expenses	2,334,648.61		834,380.00	
Gratuity	7,012,450.50		5,611,655.69	
Staff welfare	557,596.70		451,445.82	
Legal Fees	350,180.40		406,942.80	
Staff Uniform	170,600.28		1,728.00	
Allowance to Board Members	239,620.00		73,440.00	
Consultation Fees	185,000.00		-	
Labour Charges	9,000.00		-	
Rent	6,124,286.81		5,854,355.47	
Telephone	1,613,256.77		1,564,082.67	
Postage	2,359,073.40		2,832,897.56	
Security	371,160.00		377,436.00	
Electricity	955,822.43		1,182,176.64	
Water Bill	212,863.54		193,140.85	
Audit Fees	283,068.00		1,171,299.00	
Translation Fees	1,340.00		-	
Fuel	3,334,830.18		2,630,599.14	
Awareness & Training	491,414.74		132,741.23	
Printing	752,896.89		1,326,027.13	
Stationery & Consumables	5,191,058.82		4,025,018.08	
Entertainments	202,019.36		117,925.20	
Main. of Motor Vehicle	6,528,424.87		5,258,318.02	
Main. of Building	190,051.75		171,091.10	
Main. of Office Equipment	184,391.71		343,789.39	
Main. of Computer & Software	296,073.20		58,210.00	
Depreciation	989,997.24		920,440.70	
	<u>144,689,300.34</u>		<u>139,844,725.02</u>	
<u>NOTE 13 - FINANCE & OTHER</u>				
Loan Interest	64,513,992.54		48,772,896.41	
Bank Charges	44,227.30		97,755.22	
	<u>64,558,219.84</u>		<u>48,870,651.63</u>	

**Financial Statements
as at 31 December 2021**

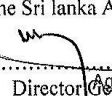
**Fishermen's Pension
and Social Security
Benefit Scheme**

**AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FISHERMEN'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021**

	<i>Note</i>	<u>31.12.2021</u> Rs. Cts.	<u>31.12.2020</u> Rs. Cts.
<u>ASSETS</u>			
<u>Non - Current Assets</u>			
Plant , Property & Equipment	1	89,982.04	107,624.04
		<u>89,982.04</u>	<u>107,624.04</u>
<u>Current Assets</u>			
Stock	2	93,701.62	95,619.12
Receivables	3	248,179,565.75	338,999,572.34
Held to Maturity Investment	4	386,997,211.54	332,715,857.31
Cash at Bank	5	877,835.26	1,223,681.49
		<u>636,148,314.17</u>	<u>673,034,730.26</u>
TOTAL ASSETS		<u><u>636,238,296.21</u></u>	<u><u>673,142,354.30</u></u>
<u>EQUITY & LIABILITIES</u>			
<u>Capital & Reserves</u>			
Fishermen's Pension Accumulated Fund	6	(4,103,708,674.39)	(3,675,902,449.83)
Death Gratuity Fund	7	30,965,194.70	29,500,354.70
		<u>(4,072,743,479.69)</u>	<u>(3,646,402,095.13)</u>
<u>Non - Current Liabilities</u>			
Pension Liability		4,644,164,590.70	4,261,454,709.69
Provision for Staff Gratuity		2,773,884.10	3,030,563.66
		<u>4,646,938,474.80</u>	<u>4,264,485,273.35</u>
<u>Current Liabilities</u>			
Total Payables	8	60,954,795.29	52,902,954.91
Accrued Expenses	9	1,088,505.81	2,156,221.17
		<u>62,043,301.10</u>	<u>55,059,176.08</u>
TOTAL EQUITY & LIABILITIES		<u><u>636,238,296.21</u></u>	<u><u>673,142,354.30</u></u>

These Financial Statements are in compliance with the requirements of the Sri Lanka Accounting standards.


S. M. U. G. S. K. Subasingha
Head Of Finance Director Finance (Acting)
Agricultural and Agrarian Insurance Board
No: 117, Subadrarama Road,
Gangodawila, Nugegoda.


Panduka Weerasinghe
Director General
Agricultural & Agrarian Insurance Board
No: 117, Subadrarama Road,
Gangodawila, Nugegoda.

The Board Of Directors are responsible for the preparation of theses Financial Statements.
Signed for and on behalf of the Board by;


Hashan Dissanayake
Member of Director Board
Agricultural & Agrarian Insurance Board


Ms. W.H. Anushka Wimalajeewa
Member of Director Board
Agricultural & Agrarian Insurance Board

Hashan Dissanayake
Chairman
Agricultural and Agrarian Insurance Board
No: 117, Subadrarama Road,
Gangodawila,
Nugegoda

Ms. W.H. Anushka Wimalajeewa
Director of Public Finance
Department of Public Finance
General Treasury
Colombo 01.

AGRICULTURAL AND AGRARIAN INSURANCE BOARD FISHERMEN'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021				
	<u>Note</u>	<u>31.12.2021</u>	<u>31.12.2020</u>	
		Rs. Cts.	Rs. Cts.	
Interest Income		38,569,441.45	33,093,264.87	
Fishermen's Contribution		146,707.00	90,148.20	
		38,716,148.45	33,183,413.07	
Less:				
Interest Income trf. to Admin Exp.		(3,500,000.00)	(3,500,000.00)	
Total Revenue for Fund		35,216,148.45	29,683,413.07	
Less: EXPENDITURE				
Refund of Net Contribution		(325,852.00)	(349,228.00)	
Refund of Net Interest		(389,350.00)	(374,961.00)	
Group Insurance Premium		(1,752,840.00)	(1,759,740.00)	
Pension Payments & Commission				
- Pension Payments		(75,337,898.00)	(112,037,370.00)	
- Commission for Pension Payments		(940,895.00)	(886,050.00)	
Total Expenditure		(78,746,835.00)	(115,407,349.00)	
Operational Surplus/ Deficit		(43,530,686.55)	(85,723,935.93)	
INCOME - for Administration				
Disposal Of Fixed Assets		-	220.00	
Govt. Grant for Pension Payment		-	48,685,000.00	
Interest Income for Admin. Expenses		3,500,000.00	3,500,000.00	
Govt. Grant for Admin Expenses		1,500,000.00	1,500,000.00	
		5,000,000.00	53,685,220.00	
		(38,530,686.55)	(32,038,715.93)	
Less: Expenses				
Admin: & Establishment Expenses	10	7,176,588.44	8,242,675.06	
Finance Charges	11	100.00	500.00	
Total Admin Expenses		7,176,688.44	8,243,175.06	
Profit/ (loss) for the year		(45,707,374.99)	(40,281,890.99)	
Other Comprehensive Income				
Gratuity gains/ (loss)		611,031.44	(702,246.29)	
Increase of Pension Liability		(382,709,881.01)	(345,884,971.58)	
		(382,098,849.57)	(346,587,217.87)	
Total Comprehensive Income For the year		(427,806,224.56)	(386,869,108.86)	

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FISHERMEN'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Fishermen's Pension	Death Gratuity	Total
	Fund	Fund	
Balance as at 01 January 2020	(3,289,033,340.97)	28,062,614.70	(3,260,970,726.27)
Additions during the year	-	1,759,740.00	1,759,740.00
Benefit paid	-	(322,000.00)	(322,000.00)
Net Surplus/(Deficit)	(386,869,108.86)	-	(386,869,108.86)
Balance as at 31st December 2020	(3,675,902,449.83)	29,500,354.70	(3,646,402,095.13)
Additions during the year	-	1,752,840.00	1,752,840.00
Benefit paid	-	(288,000.00)	(288,000.00)
Net Surplus/(Deficit)	(427,806,224.56)	-	(427,806,224.56)
Balance as at 31st December 2021	(4,103,708,674.39)	30,965,194.70	(4,072,743,479.69)

Agricultural and Agrarian Insurance Board

Fisherman's Pension & Social Security Benefits Scheme

Significant Accounting Policies

For the Year Ended 31st December 2021

1. General Policies

1.1 Reporting Entity

Agricultural and Agrarian Insurance Board of Sri Lanka (hereafter referred to as the 'Board') was incorporated by Act No.20 of 1999 and is situated at 117, Subadharama Road, Gangodawila, Nugegoda. Fishermen's Pension and Social Security benefits Scheme established according to the provision of Fishermen's Pension and Social Security Benefits Scheme Act (No.23 of 1990).

1.2 Principal Activities and Nature of Operations

Operating a pension and social security benefits scheme for fishermen.

1.3 Basis of Preparation

(a) Statement of Compliance

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

(b) Basis of Measurement

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

(c) Comparative Information

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

When the presentation or classification of items in the financial statements have been amended, comparative amounts have also been reclassified to conform with the current year in order to provide a better presentation.

(d) Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees, which is the functional and presentation currency of the board.

(e) Use of Estimates and Judgments

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

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

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

(f) Going Concern

The management has made an assessment of the board's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2. Assets and the Bases of their Valuation

2.1 Property, Plant and Equipment

(a) Recognition and Measurement

Items of property, plant and equipment are stated at cost or at fair value less accumulated depreciation or impairment losses.

All items of property, plant and equipment are initially recorded at cost less accumulated depreciation or impairment losses. Significant components of an asset are identified and depreciated separately. When significant parts of property, plant and equipment are required to

be replaced at intervals, the entity derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. All other repair and maintenance costs are recognized in the income statement as incurred.

Fully depreciated assets with a total historical cost of Rs. 696,175.42 has been included in property plant and equipment.

(c) Cost

The cost of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.

Subsequent expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature in order to carry on or increase the earning capacity of the assets has been treated as capital expenditure.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only if it is probable that the future economic benefits embodied within the part will flow to the Board and its cost can be measured reliably.

(d) Depreciation

Depreciation is charged to the statement of comprehensive income on the straight-line method at the following rates per annum in order to write off the cost of such assets over their estimated useful lives.

Office Equipment	10%
Furniture & Fitting	10%
Welfare Equipment	10%
Computer	20%

b. Intangible Assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard LKAS 38 – Intangible Assets. Accordingly, these assets are stated in the statement of financial position at cost less accumulated amortization and any accumulated impairment loss.

Computer software is amortized over a period of 5 years on the straight-line method

2.3 Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses. The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

2.4 Financial Assets

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Board determines the classification of its financial assets at initial recognition.

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

The Board initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Board becomes a party to the contractual provisions of the instrument.

The Board derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, 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 asset is transferred. Any interest in transferred financial assets that is created or retained by the Board is recognized as a separate asset or liability.

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

The financial assets of the Board include cash and short-term investments and trade and other receivables.

(a) Financial Assets at Fair Value through Profits or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance expense in the statement of comprehensive income.

(b) Loans & Receivables

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

Loans and receivables comprise trade receivables, employee loans, deposits, advances, other receivables and cash and cash equivalents.

(c) Held-to-Maturity Investments (HTM)

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Board has the positive intention and ability to hold them to maturity. After initial measurement, held-to maturity investments are measured at amortized cost using the effective interest rate (EIR) method, less impairment. The EIR amortization is included in finance income in the statement of

comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in financial costs.

Investments in government securities and in fixed deposits have been classified under HTM investments.

(d) Available-for-Sale Financial Investment

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognized in other comprehensive income and presented in the fair value reserved in funds and reserves. Interest income on available-for-sale debt securities is calculated using the effective interest rate method (EIR) and is recognized in profit or loss. When an investment is derecognized, the gain or loss accumulated in funds and reserves reclassified to profit or loss.

The board has not designated any financial asset upon initial recognition as available-for sale investment.

2.4.1 Impairment of Financial Assets

The board assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired and if such impairment has occurred, that amount of impairment is calculated by taking the difference between the assets carrying amount and the present value of estimated future cash flow.

3. Liabilities and Provisions

Liabilities classified as current liabilities on the statement of financial position are those which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

All known liabilities have been accounted for in preparing these financial statements. Provisions and liabilities are recognized when the Board has a legal or constructive

obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.1 Retirement Benefits

A Provision has been made for retiring gratuities from the completion of the first year of service for all permanent employees in conformity with Sri Lanka Accounting Standard 19 Retirement Benefits costs. However, according to the Payment of Gratuity Act No.12 of 1983 the liability to an employee arises only on completion of five years of continued service. The liability is not externally funded.

3.2 Capital Commitments and Contingent Liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitments and contingent liabilities of the Board are disclosed in the respective notes to the financial statements.

3.3 Liability of Fishermen's Pension Fund

Liability of Fishermen's Pension Scheme has been accounted in the financial statement at present value base on the actuarial calculation which was done in the year 2007.

4. Statement of Comprehensive Income

4.1 Revenue

- (a) The revenue of the scheme represents the income from Pension Premium, Interest Income from Treasury Bills and other miscellaneous income.
- (b) All income from collection of premiers has been recognized on as cash basis.

4.2 Revenue Recognition

- (a) Pension premier revenue is recognized at the time of enrollment.

- (b) The above revenue is on cash basis and matched with the related expenditure.
- (c) Interest income is accrued on a time basis.

4.3 Accounting for Government Grants

Grants that compensate the Board for expenses incurred are recognized as revenue in the statement of comprehensive income in the same period in which the expenses are recognized. Grants that compensate the Board for the cost of an asset are recognized in the statement of comprehensive income on a systematic basis over the useful life of the related asset.

4.4 Expenditure

All expenditure incurred in the operation of the fishermen's pension insurance scheme activities and in maintaining the capital assets in state of efficiency has been charged to revenue on an accrual basis in arriving at the surplus or deficit for the year.

The indirect expenses of the board apportioned on the following rates by the Board Paper No.401/04 -2008.10.15. The rates are as follows;

Expenditure	Rates
Rent, Telephone	5%
Postage, Water Charges	5%
Electricity	5%
Head Office Equipment	5%
Main. Building	5%
Main M/V	3%
Fuel	2%
Stationery	2%
Uniform	2%
Security	5%
Computer Expenses	5%

5. Cash Flow Statement

The cash flow statement of the scheme has been presented using the indirect method, in accordance with the LKAS 7.

6. Events After the Reporting Date

The materiality of events occurring after the reporting date has been considered and appropriate adjustments, wherever necessary, have been made in the accounts.

7. Related Party Transactions

Famers Pension Scheme and the Agricultural Insurance Scheme are considered as related parties of Fisheries Pension Scheme. The transactions carried out with these related parties are been disclosed based on fair value. Fisheries Pension Scheme has granted a loan amounting to Rs. 518,000,000 to Farmers Pension Scheme.

8. Contingencies

Receivable Interest

The board has fielded a case in District Court Colombo, against the Bank of Ceylon for the loss of interest on investment on treasury bills in 1996.

The details as follows.

Case No	Amount (Rs)
MR 21843	1,454,670.84
MR 21844	1,172,602.46
MR 21845	2,784,657.55

The District judge has granted the decision according to the pleadings of the plaint & refuse to grant additional relief which was not mention in the pleadings.

Therefore, AAIB has appealed against the district court decision by obtaining a director board decision.

AGRICULTURAL AND AGRARIAN INSURANCE BOARD FISHERMEN'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME <u>NOTES TO THE FINANCIAL STATEMENTS</u> <u>Note - 01</u> PLANT, PROPERTY & EQUIPMENT AS AT 31 DECEMBER 2021									
Asset	Cost/Valuation as at 01.01.2021	Disposal	Cost Addition	Balance as at 31.12.2021	Accumulated Dep.As at 01.01.2021	Disposal	Depreciation for the year	Total Depreciation	Written Down Value as at 31.12.2021
Office Equipment	528,648.50		-	528,648.50	433,136.96		14,792.00	447,928.96	80,719.54
Welfare Equipment	1,325.00		-	1,325.00	1,325.00		-	1,325.00	-
Furniture & Fittings	77,676.92		-	77,676.92	65,564.42		2,850.00	68,414.42	9,262.50
Computers	264,945.00		-	264,945.00	264,945.00		-	264,945.00	-
	872,595.42	-	-	872,595.42	764,971.38	-	17,642.00	782,613.38	89,982.04
Property Plant & Equipment include fully depreciated assets that are still in use having a historical cost amounts to 696,175.42 as at 31st December 2021.									

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FISHERMEN'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31.12.2021

	<u>31.12.2021</u>	<u>31.12.2020</u>
	Rs. Cts.	Rs. Cts.
<u>NOTE 02 - STOCKS</u>		
Printing Materials	93,701.62	95,619.12
	<u>93,701.62</u>	<u>95,619.12</u>

NOTE 03 - RECEIVABLES

Farmers Pension Loan	248,129,565.75	338,949,572.34
Death Gratuity Advance	50,000.00	50,000.00
	<u>248,179,565.75</u>	<u>338,999,572.34</u>

NOTE 04 -
FINANCIAL INSTRUMENTS HELD TO MATURITY

Treasury Bills - Bank Of Ceylon	386,997,211.54	332,715,857.31
	<u>386,997,211.54</u>	<u>332,715,857.31</u>

NOTE 05 - CASH AT BANK

A/C No. 164790 BOC Union Place	13,501.35	209,188.45
A/C No. 164795 BOC Union Place	731,681.91	938,855.04
Collection Accounts	132,652.00	75,638.00
	<u>877,835.26</u>	<u>1,223,681.49</u>

NOTE 06 - FISHERMEN'S PENSION ACCUMULATED FUND

Balance B/F	(3,675,902,449.83)	(3,288,940,707.97)
Prior Year Adjustment	-	(92,633.00)
	<u>(3,675,902,449.83)</u>	<u>(3,289,033,340.97)</u>
Addition during the year		
Total Surplus/(Deficit) for the year	(427,806,224.56)	(386,869,108.86)
	<u>(4,103,708,674.39)</u>	<u>(3,675,902,449.83)</u>

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FISHERMEN'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31.12.2021

	<u>31.12.2021</u>	<u>31.12.2020</u>
	Rs. Cts.	Rs. Cts.
<u>NOTE 7 - DEATH GRATUITY FUND</u>		
Balance B/F	29,500,354.70	28,062,614.70
<u>Add:</u>		
Contribution for the year	1,752,840.00	1,759,740.00
<u>Less:</u>		
Death Gratuity Payments	(288,000.00)	(322,000.00)
	(288,000.00)	(322,000.00)
	1,464,840.00	1,437,740.00
	<u>30,965,194.70</u>	<u>29,500,354.70</u>

NOTE 08 - PAYABLES

Pension Payment	4,863,160.00	4,828,177.00
Agricultural Insurance scheme	55,164,714.53	47,553,691.91
Refundable Contribution	207,450.00	204,027.00
Death Gratuity	211,000.00	125,000.00
Bank of Ceylon	236,721.76	-
Incentivemen	325.00	325.00
Refund interest on Contributions	271,424.00	191,734.00
	<u>60,954,795.29</u>	<u>52,902,954.91</u>

NOTE 9 - ACCRUED EXPENSES

Provision for Printing	542,305.81	602,489.17
Legal Fees	17,000.00	17,000.00
Provision for Audit Fees	529,200.00	1,536,732.00
	<u>1,088,505.81</u>	<u>2,156,221.17</u>

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FISHERMEN'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31.12.2021

	<u>31.12.2021</u>	<u>31.12.2020</u>
	Rs. Cts.	Rs. Cts.
<u>NOTE 10 - ADMINISTRATION EXPENSES</u>		
Salaries & Wages	2,950,603.31	2,915,871.79
Contribution E.P.F.	354,072.40	349,904.61
Contribution E.T.F.	88,518.10	87,476.15
Over Time	4,524.00	7,430.00
Special Allowances	557,736.00	524,916.00
Gratuity	354,351.88	225,161.10
Fuel	222,322.01	170,939.48
Stationery	197,464.85	153,177.79
Printing	161,987.30	92,637.83
Leegal Fees	-	221,000.00
Staff Uniform	7,108.35	72.00
Rent	765,535.85	731,794.43
Telephone	201,657.10	195,510.33
Postage	99,473.49	93,680.69
Water Bill	26,607.94	24,142.61
Security	92,790.00	94,359.00
Electricity	119,477.80	147,772.08
Main. of Motor Vehicle	489,631.87	394,373.85
Main. of Building	23,756.47	21,386.39
Main. of Office Equipment	40,157.92	52,628.35
Computer Expenses	222,420.80	158,407.50
Depreciation	17,642.00	18,722.08
Audit Fees	178,749.00	1,561,311.00
	<u>7,176,588.44</u>	<u>8,242,675.06</u>
<u>NOTE 11 - FINANCE CHARGES</u>		
Bank Charges	100.00	500.00
	<u>100.00</u>	<u>500.00</u>

Reports of the Auditor General

Auditor General's report in terms of Section 12 of the National Audit Act No.19 of 2018 on the financial statements and other legal and regulatory requirements for the year ended 31 March 2021 of Agricultural and Agrarian Insurance Board and its Farmers' Pension and Social Security Benefits Scheme and the Fishermen's Pension and Social Security Benefit Scheme.

1. Financial Statements

1.1 Qualified Opinion

The audit of the consolidated financial statements of Agricultural and Agrarian Insurance Board and its Farmers' Pension and Social Security Benefits Scheme and the Fishermen's Pension and Social Security Benefit Scheme for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in the Agricultural and Agrarian Insurance Act, No 20 of 1999 and 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. In terms of Article 154(6) of the constitution, my report will be tabled in Parliament in due course.

In my opinion, except for the effects of the matters described in the section on the basis for qualified opinion of my report, the accompanying financial statements give a true and fair view of the financial position of the Scheme as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for qualified opinion

1.2.1 Comments on Consolidated Financial Statements

Based on the following facts, I express a qualified opinion on the financial statements presented for the year ended 31 December 2021 of the subsidiaries within the group.

1.2.1.1 Farmers' Pension and Social Security Benefit Scheme

- (a) According to paragraph 59 of Sri Lanka Accounting Standards 37, the liability for the pension of the active contributors and farmer pensioners should be computed based on the actuarial assessment carried out in a timely manner. However, after the year 2007, the pension liability had been computed without carrying out such an actuarial assessment and the liability for the pension as at 31 December 2021 had been Rs.78,184,784,968 Further, adequate investments had not been made for settlement of those commitments.
- (b) Only the revenue amounting to Rs.112,139,246 received from contributors for the year under review had been shown in financial statements on cash basis instead of accounting contributions on accrued basis due to failure in maintaining the register in an updated manner including the date of enrollment into the Scheme and date of entitlement by contributors and value of contribution of active members and the register of contributors with the invalidate certificate of deed.
- (c) During the year 2021, 161 cheques amounting to Rs.1,304,300 written to 161 individuals for net contribution payments, related interest, disability payments and death gratuities were taken into revenue without confirming that the contributors were not entitled.
- (d) The surplus of the year has increased by that amount Rs.107,929 unpaid to the farmers from the previous year's farmer's pensions had been credited to the farmer's pension expense account instead of being debited to the post office account and credited to the farmer's pension account.
- (e) The net assets of the Scheme amounted to a negative balance of Rs.81,967,040,765 as at the end of the year under review and the current liabilities over the current assets had been Rs.4,779,128,996. Accordingly, the contribution of farmers for the years 2020 and 2021 had been Rs.19,316,409 and Rs.15,746,696 respectively whereas the payment of pension had been Rs.4,502,560,108 and Rs.3,719,165,280 respectively. Moreover, sums of Rs.4,450,949,000 and Rs.3,753,000,000 had been received from the Treasury in the years 2020 and 2021 respectively. As such, it appears that the Scheme cannot be maintained without contributions from the Treasury.

1.2.1.2 Fishermen's Pension and Social Security Benefit Scheme

- (a) In terms of paragraph 43 of the Sri Lanka Accounting Standard 07, Investing and financing transactions that do not require the use of cash or cash equivalents shall be excluded from a statement of cash flows. However, the contribution allocated to death gratuity fund amounting to Rs.1,752,840 had been shown incorrectly under investing cash flows.

- (b) In terms of paragraph 51 of Sri Lanka Accounting Standard 16, the useful life of non-current assets had not been reviewed and as a result assets costing Rs.696,175 including furniture and fixtures, office equipment and computers which had been fully depreciated were still in use. Accordingly, no action had been taken to revise the error and account for carrying amount in terms of Sri Lanka Accounting Standard 08.
- (c) The liability for the pension of the active contributors and fishermen contributors and fishermen pensioners as at 31st December 2021 had been Rs.4,644,164,591. In terms of paragraph 59 of Sri Lanka Accounting Standard 37, the liability for the pension of the active contributors and fishermen pensioners should be computed based on the actuarial assessment carried out in a timely manner. However, after the year 2007, the liability for the pension had not been computed based on the actuarial assessment.
- (d) The total salary of three officers who are not performing any direct duty in fishermen's pension division amounting to Rs.1,979,712 had been brought to account as expenditure of the scheme.
- (e) The commission charged Rs.11 in one installment by the District Fishery Project Officers of the Department of Fisheries and Aquatic Resources was not identified and accounted for as an expense of this scheme. The said commission was deducted from the fishermen's pension contribution and accounted for.
- (f) The contribution received from 121 insured fishermen in the year under review was Rs. 117,648 according to the individual balance register but it was stated as Rs. 146,707 in the statement of comprehensive income. Accordingly, an unreconciled difference of Rs. 29,059 was observed.
- (g) The liability for pension of the Scheme as at the end of the year under review had been Rs.4,644,164,591 and it was an increase of 9 per cent than the preceding year. Moreover, the position of net assets of the Accumulated Fund had become a negative value of Rs.4,103,708,674, that is, it had increased by 12 per cent than that of the preceding year. As such, said increase as well had adversely affected the going concern of the Scheme.

1.2.2 Comments on the financial statements of the Board

- (a) In terms of paragraph 51 of Sri Lanka Accounting Standard 16, the useful life of non-current assets had not been reviewed. Property plant and equipment costing Rs.32,781,134 had been fully depreciated but still in use. Accordingly, no action had been taken to revise the error and account for carrying amount in terms of Sri Lanka Accounting Standard 08.

- (b) In terms of paragraph 59 of Sri Lanka Accounting Standard 37, death gratuity for farmer pensioners should be computed based on actuarial assessment. However, liabilities relating to Death Gratuity Fund of farmers amounting to Rs.1,146,766,066 as at 31 December 2021 had not been computed based on actuarial assessment and no provision had been made therefore timely.
- (c) In accordance with the concept of comparability introduced as a qualitative characteristic in the conceptual framework for financial reporting introduced by the Sri Lanka accounting standards, the measurement and presentation of the financial results of similar transactions and other events should be done consistently across an entity and consistently for that entity and for other entities over time. However, government grant received from treasury for administration expenses had shown in the financial statements of the group under two sources of income as government grant of Rs.247,000,000 and other revenue of Rs.1,500,000 under farmers' pension and social security benefit scheme and fishermen's pension and social security benefit scheme respectively.
- (d) The value of the land of 76.6 perches belonging to the Board where 03 official quarters are maintained in Mahiyanganaya, Embilipitiya and Anuradhapura and buildings of official quarters in Embilipitiya had not been assessed and indicated in financial statements.
- (e) The Board had been given financial facilities of Rs. 14,715,617 by the United Nations Food and Agriculture Organization and the Ministry of Mahaweli, Agriculture, Irrigation and Rural development for the development of Agriculture Information System by 31 December 2021 and an expenditure of Rs. 23,009,698 had been incurred by the board up to year 2021. The receipts and payments were not shown in the financial statements as income and expenditure and only the outstanding balance of the expenditure incurred on the project by the financial institutions was shown as a receivable balance in the financial statements.

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

1.3 Other information contained in the Annual Report 2021 of the Board

Other information means information, though included in the Annual Report 2021 of the Board but not included in the financial statements and in my audit report thereon. Those charged with management shall be responsible for other information.

My opinion on the financial statements does not cover other information and I do not provide an assurance of any manner or express an opinion on it.

My responsibility in relation to my audit regarding financial statements is to read other information whenever available (as applicable) and in doing so, consider whether there are material inconsistencies between other information and the financial statements or my knowledge gained at the audit or otherwise.

In reading the annual report 2021 of the Board, if I concluded that there are material misstatements, such matters shall be communicated to those charged with management. If there still are misstatements which have not been corrected, they will be included in the report to be tabled in Parliament by me in due course in terms of Article 154(6) of the Constitution.

1.4 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 Public Sector Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

1.5 Auditor's Responsibility in Auditing Financial Statements

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

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the scheme's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events conditions may cause to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have communicated with those charged with governance regarding the significant audit findings, including any significant deficiencies in internal control that I have identified during the audit.

Report on other legal and regulatory requirements

1.6 Special provisions are included in respect of the following requirements in the National Audit Act No. 19 of 2018.

2.1.1 In terms of the requirements of section 12 (a) of the National Audit Act No. 19 of 2018, except for the effects of the matters described in the section on the 'Basis for the Audit Opinion' of this report, I obtained all information and explanations required for the audit and as far as it appears from my inspection, the scheme had maintained proper financial reports.

- 2.1.2 In terms of the requirement indicated in Section 6(1)(d) (iii) of the National Audit Act No. 19 of 2018, the financial statements of the scheme presented are consistent with the preceding year.
- 2.1.3 In terms of the requirement indicated in Section 6(1)(d) (iv) of the National Audit Act No. 19 of 2018, except for the observations indicated in paragraphs 1.2.1(a) and (b) of this report, the recommendations made by me in the previous year have been included in the submitted financial statements.
- 2.2 On the basis of the procedures followed and evidence obtained and being restricted within the material matters, nothing that warrants the making of the following statements did not come to my attention.
- 2.2.1 In terms of the requirement of section 12 (d) of the National Audit Act No. 19 of 2018, whether any member of the governing body of the Board has any interest, direct or otherwise, outside normal business status in any contract entered into by the scheme.
- 2.2.2 In terms of the requirement of section 12 (f) of the National Audit Act No. 19 of 2018, whether the Board has not complied with any applicable written law, or other general or special directions issued by the governing body of the Board;
- 2.2.3 In terms of the requirement of Section 12(g) of the National Audit Act No. 19 of 2018, whether the Board has not performed according to its powers, functions and duties, except for the following observations.

Powers, functions and duties	Observations
In terms of Section 7(a) of the Agricultural and Agrarian Insurance Act, No. 20 of 1999, establishing and administering a comprehensive insurance scheme for the benefit of agriculturalists which will indemnify them against losses and with a view to providing stability to agriculturalists and to promoting agricultural production.	Indemnity of Rs.70,800,200 in respect of 'Kethata Aruna' insurance scheme administered by the Board had been returned by commercial banks due to the mismatch of indemnity, account numbers, farmers' names and identity card numbers and the Board had failed to take action during the past 5 years to identify the relevant farmers and settle the amount.

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

2.3 Other Matters

- (a) After spending Rs. 219,074,225 of Rs. 267,000,000 received from the Treasury for meeting the Board's capital expenditure and the Farmers Pension and Social Security Benefit Scheme's administrative expenditure during the year under review, the remaining Rs.47,925,775 had been invested in Treasury bills against the proposed objective.
- (b) The value of repayable Tender deposits amounting to Rs.426,871 remained as at 31 December 2018 had not been settled even by the end of the year under review.
- (c) Action had not been taken even in the year under review to recover salary advances, loans, and advances given for various purposes to officers totaling Rs 1,519,371, which were 2 to 38 years old.
- (d) Out of 18 posts in the approved cadre of the Scheme, 156 vacancies existed in 14 posts as at the end of the year under review and it was observed in audit that these vacancies have become a hindrance in the discharge of duties of the Head Office, Districts Offices and field related duties.

W.P.C. Wickremaratne
Auditor General

My No: ARI/C/17/FPS/2021/FA

Date: 03 July 2022

Chairman
Agricultural and Agrarian Insurance Board

Auditor General's report in terms of Section 11(1) of the National Audit Act No.19 of 2018 on the financial statements and other legal and regulatory requirements for the year ended 31 December 2021 of Farmers' Pension and Social Security Benefits Scheme

The above report is sent herewith.

.....
W.P.C. Wickremaratne
Auditor General

Copies : (1) Secretary- Ministry of Agriculture

(2) Secretary- Ministry of Finance, Economic Stabilization and National Policies

Chairman
Agricultural and Agrarian Insurance Board

Auditor General's report in terms of Section 11(1) of the National Audit Act No.19 of 2018 on the financial statements and other legal and regulatory requirements for the year ended 31 December 2021 of Farmers' Pension and Social Security Benefits Scheme

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the of Farmers' Pension and Social Security Benefit Scheme for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of comprehensive income , statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154 (3) 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. In terms of Article 154(6) of the constitution, my report will be tabled in Parliament in due course.

In my opinion, except for the effects of the matters described in the basis for qualified opinion of my report, the accompanying financial statements give a true and fair view of the financial position of the Scheme as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

- (a) In terms of paragraph 59 of the Standard 37, the liability for the pension of the active contributors and farmer pensioners should be computed based on the actuarial assessment carried out in a timely manner. However, after the year 2007, it had been computed without carrying out such an actuarial assessment and the liability for the pension as at 31 December 2021 had been Rs.78,184,784,968. Further, adequate investments had not been made for settlement of those commitments.
- (b) Only the revenue amounting to Rs.112,139,246 received from contributors for the year under review had been shown in financial statements on cash basis instead of accounting contributions on accrued basis due to failure in maintaining the register in an updated manner including the date of enrollment into the Scheme and date

of entitlement by contributors and value of contribution of active members and the register of contributors with the invalidate certificate of deed.

- (c) During the year 2021, 161 cheques amounting to Rs.1,304,300 written to 161 individuals for net contribution payments, related interest, disability payments and death gratuities were taken into revenue without confirming that the contributors were not entitled.
- (d) The surplus of the year has increased by that amount Rs.107,929 unpaid to the farmers from the previous year's farmer's pensions had been credited to the farmer's pension expense account instead of being debited to the post office account and credited to the farmer's pension account.
- (e) The net assets of the Scheme amounted to a negative balance of Rs.81,967,040,765 as at the end of the year under review and the current liabilities over the current assets had been Rs.4,779,128,996. Accordingly, the contribution of farmers for the years 2020 and 2021 had been Rs.19,316,409 and Rs.15,746,696 respectively whereas the payment of pension had been Rs.4,502,560,108 and Rs.3,719,165,280 respectively. Moreover, sums of Rs.4,450,949,000 and Rs.3,753,000,000 had been received from the Treasury in the years 2020 and 2021 respectively. As such, it appears that the Scheme cannot be maintained without contributions from the Treasury.

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

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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Farmer's pension and social security benefit scheme'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 Farmer's pension and social security benefit scheme or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Farmer's pension and social security benefit scheme's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Fund 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 Fund.

1.4 Auditor's responsibility of auditing the financial statements

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

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I will communicate with those charged with governance regarding the significant audit findings, including any significant deficiencies in internal control that I have identified during the audit.

2. Report on other legal and regulatory requirements

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

- In terms of the requirement indicated in Section 6(1)(d) (iii) of the National Audit Act No. 19 of 2018, the financial statements of the scheme presented are consistent with the preceding year.
- In terms of the requirement indicated in Section 6(1)(d) (iv) of the National Audit Act No. 19 of 2018, except for the observations indicated in (a), (b), (d) and (e) of the section on 'Basis for qualified opinion' of this report, the recommendations made by me in the previous year have been included in the submitted financial statements.

3. Operational Review

3.1 Non-compliance with laws, rules and regulations

The following non-compliances were observed during the audit.

Reference to law, rule/regulation	Observations
Farmers Pension And Social Security Benefit Scheme Act, No. 12 of 1987 (i) Section 6(1)	A contributor shall be entitled to a pension on reaching the age of sixty years. However, payments had been made from the date of preparation of pension instead of making payments from the date payable. Even though provision had been made for arrears in pension payable during the said period as well, without making payments to farmers, the arrears in pension totalling Rs.3,835,146,157 had been carried forward continually in financial statements.
(ii) Sections 15 (2) & (3)	Where any contributor has forfeited the benefits on failure to pay the installments, a notice to that effect shall be issued to such contributor for making an appeal. However, on failure to issue the said notice, applications had been submitted by 1,127 persons

	implying that they are entitled to pension received after reaching the age of sixty years.
(iii) Section 27(1)	Though the borrowings of the Farmers' Pension and Social Security Benefits Scheme should be determined with the concurrence of the Minister in charge of the subject and the Minister in charge of the subject of Finance, money had been borrowed from the Fishermen's Pension and Social Security Benefit Scheme without obtaining such concurrence. The balance of the loans so obtained as at 31 December 2021 was respectively Rs. 248,129,566 and Rs. 546,031,197.

3.2 Performance

- (a) In the year under review, the value of pension payments was Rs. 3,719,165,280 of which the unclaimed amount of pension was Rs. 125,633,943. Action had not been taken to rectify the shortcomings that had occurred and credit them to those entitled.
- (b) By the end of the year under review, farmers had submitted 6,478 applications seeking pension and the scheme had failed to provide benefits in respect of 1,580 applications during the year.

3.3 Management Activities

- (a) As of 11 August 2017, Rs. 5,640,925 had been spent on the proposed project to develop the database incorporating bio-data of members of the farmers' pension scheme and enter data having conducted surveys at the district level. Even by May 2022, surveys had not been conducted in 14 districts and due to the database not being updated by including bio-data of farmer subscribers, the expected objective had not been realized.
- (b) Despite funds being given by the Treasury for the payment of pensions to pensioner farmers and to meet administrative expenditure, an insurance fund had been built having deposited an annual premium within the Agricultural and Agrarian Insurance Scheme and insured farmers for the payment of disability benefits and death gratuity to farmers. The value of the said fund as at the end of the year was Rs. 1,146,766,067 and the premium for the year 2021 was Rs. 17m737,354 and payment disability benefits and death gratuity amounted to Rs. 1,011,630. It is observed that it is being continued without undertaking a study on the productivity of maintaining this insurance.
- (c) Out of Rs. 247,000,000 received during the year under review to the bank account of the Agricultural and Agrarian Insurance Scheme from the General Treasury for administrative expenditure of the Farmers' Pension Fund, Rs. 209,734,912 had been incurred on the administrative expenditure of the insurance scheme in the year under review. But the remaining sum of Rs. 37,365,088 had not been utilized for the Farmers' Pension Fund and since the balance in the bank account of the Agricultural Insurance Scheme was Rs. 199,5551 as at 31 December 2021, it was observed that the said money had been utilized for other purposes.

W.P.C. Wickremaratne
Auditor General

My No: ARI/C/18/FIPS/2021/FA

Date: 30th July 2022

Chairman
Agricultural and Agrarian Insurance Board

The summary report of the Auditor General in terms of Section 11(1) of the National Audit Act No.19 of 2018 on the financial statements for the year ended 31 December 2021 of Fishermen's Pension and Social Security Benefit Scheme

The above report is submitted herewith.

W.P.C. Wickremaratne
Auditor General

Copies: (1) Secretary- Ministry of Agriculture

(2) Secretary- Ministry of Finance, Economic Stabilization & National Policies

**Chairman
Agricultural and Agrarian Insurance Board**

The summary report of the Auditor General in terms of Section 11(1) of the National Audit Act No.19 of 2018 on the financial statements for the year ended 31 December 2021 of Fishermen's Pension and Social Security Benefit Scheme

1. Financial statements

1.1 Qualified Opinion

The audit of the financial statements of the of Fishermen's Pension and Social Security Benefit Scheme for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of comprehensive income , statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154 (3) 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. In terms of Article 154(6) of the constitution, my report will be tabled in Parliament in due course.

In my opinion, except for the effects of the matters described in the basis for qualified opinion of my report, the accompanying financial statements give a true and fair view of the financial position of the Scheme as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

1.2.1 Deviation from Sri Lanka Accounting Standards

- (a) In terms of paragraph 43 of the Sri Lanka Accounting Standard 07, Investing and financing transactions that do not require the use of cash or cash equivalents shall be excluded from a statement of cash flows. However, the contribution allocated to death gratuity fund amounting to Rs.1,752,840 had been shown incorrectly under investing cash flows.
- (b) In terms of paragraph 51 of Sri Lanka Accounting Standard 16, the useful life of non-current assets had not been reviewed and as a result assets costing Rs.696,175 including furniture and fixtures, office equipment and computers which had been fully depreciated were still in use. Accordingly, no action had been taken to revise the error and account for carrying amount in terms of Sri Lanka Accounting Standard 08.

- (c) The liability for the pension of the active contributors and fishermen contributors and fishermen pensioners as at 31st December 2021 had been Rs.4,644,164,591. In terms of paragraph 59 of Sri Lanka Accounting Standard 37, the liability for the pension of the active contributors and fishermen pensioners should be computed based on the actuarial assessment carried out in a timely manner. However, after the year 2007, the liability for the pension had not been computed based on the actuarial assessment.
- (d) The total salary of three officers who are not performing any direct duty in fishermen's pension division amounting to Rs.1,979,712 had been brought to account as expenditure of the scheme.
- (e) The commission charged Rs.11 in one installment by the District Fishery Project Officers of the Department of Fisheries and Aquatic Resources was not identified and accounted for as an expense of this scheme. The said commission was deducted from the fishermen's pension contribution and accounted for.
- (f) The contribution received from 121 insured fishermen in the year under review was Rs. 117,648 according to the individual balance register but it was stated as Rs. 146,707 in the statement of comprehensive income. Accordingly, an un-reconciled difference of Rs. 29,059 was observed.
- (g) The liability for pension of the Scheme as at the end of the year under review had been Rs.4,644,164,591 and it was an increase of 9 per cent than the preceding year. Moreover, the position of net assets of the Accumulated Fund had become a negative value of Rs.4,103,708,674, that is, it had increased by 12 per cent than that of the preceding year. As such, said increase as well had adversely affected the going concern of the Scheme.

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

1.4 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

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

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Fund 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 Fund.

1.4 Auditor's responsibility of auditing the financial statements

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

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the scheme's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the scheme to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have communicated with those charged with governance regarding the significant audit findings, including any significant deficiencies in internal control that I have identified during the audit.

2. Report on other legal and regulatory requirements

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

- In terms of the requirement indicated in Section 6(1)(d) (iii) of the National Audit Act No. 19 of 2018, the financial statements of the scheme presented are consistent with the preceding year.
- In terms of the requirement indicated in Section 6(1)(d) (iv) of the National Audit Act No. 19 of 2018, except for the observations indicated in (a), (b), (d) and (e) of the section on 'Basis for qualified opinion' of this report, the recommendations made by me in the previous year have been included in the submitted financial statements.

3. Operating Review

3.1 Non-compliance with laws, rules and regulations

The following non-compliances were observed during the audit.

Reference to law, rule/regulation	Observations
(a) Fishermen's Pension and Social Security Benefit Scheme Act, No. 23 of 1990 (i) Sections 5 and 6	This Scheme has been established with the motive of providing fishermen who are not less than eighteen years of age and not more than fifty-nine years of age as eligible for being provided with an allowance as financial assistance in case of permanent partial disablement or permanent total disablement, preventing engaging in their occupation, a death gratuity in case of death and a periodical pension on reaching 60 years of age. However, no member had been enrolled into the Scheme after the year 2018.
(ii) Section 7	A contributor shall be entitled to a pension on reaching the age of sixty years. However, payments had been made by the Scheme from the date of preparation of pension and arrears in pension had not been paid. As such, action had not been taken to pay arrears in pension amounting to Rs.4,863,160 for which provision was made for, to 178

	fishermen who had applied for pensions relating to the period from January 2009 to December 2021.
(iii) Section 16	Where any contributor has forfeited the benefits under the policy issued to him on the failure to pay ten consecutive premiums, such contributor shall be issued a notice to that effect. However, on failure to issue the said notice, applications had been submitted by 58 persons on the year 2020 and 42 persons in the year 2021 implying that they are entitled to pension received after reaching the age of sixty years.
Section 20	The Advisory Committee which has been established, may exercise powers conferred by Section 22 of the Act for the implementation of the Scheme and should be met therefor. However, the Committee had not met after November 2016 up to now.

3.2 Accounts Receivable and Payable

Loans totaling Rs.518,000,000 has been granted in several instances by the Fishermen's Pension and Social Security Benefit Scheme to the Farmers' Pension and Social Security Benefit Scheme since the year 2010 and the loan amount and interest thereon amounting to Rs. 248,129,566 recoverable by the end of the year 2021 had been carried forward further.

3.3 Management Activities

Though the total contributions received for the scheme was Rs. 146,707 and the investment interest was Rs. 15,623,234 for the year 2021, since the total payment of pensions was Rs. 75,337,898, net premium payment and interest was Rs. 715,202 and the payment disability benefits and death gratuity was Rs. 288,000, the payment of benefits exceeded the contributions by Rs. 60,571,159. The scheme has not implemented any plan to create a viable financial position.

W.P.C. Wickramaratne
Auditor General

Replies to reports of the Auditor General

Auditor General's report in terms of Section 12 of the National Audit Act No.19 of 2018 on the financial statements and other legal and regulatory requirements for the year ended 31 March 2021 of Agricultural and Agrarian Insurance Scheme

1 Financial Statements

1.1 Qualified Opinion

1.2 Basis for the Qualified Opinion

1.2.1 Comments on consolidated financial statements

1.2.1.1 Pension and Social Security Benefit Scheme

- (a) The pension liability has been accounted on the basis of the actuarial assessment done on the liability of the Farmers' Pension Scheme in the year 2007. As this pension scheme is not a self-financing scheme, new subscribers are not recruited to the scheme and a new scheme that can be implemented on self-financing basis has been established. Payments of the old scheme are settled annually using annual budgetary allocations and at the time of conducting the actuarial assessment of the new Farmers' Pension Scheme, action will be taken to obtain the actuarial assessment of the old scheme.
- (b) Ledger accounts are maintained properly for updating information relating to receipt of monies. Monthly updated register on pension can be accessed through the computer system. Moreover, information on contributors who are the active members of the Scheme as well can be checked by the compute system. As there were delays in computerization of defaulted installments, getting information on cancelled and inactive contributors from the system had become failure. As such, necessary action has been taken by State Commercial Banks to implement a special programme to recover defaulted installments and to connect those installments with our system so as to computerize them automatically.
- (c) Cheques are issued for the payment of net premiums, death gratuity disability benefits and of hem cheques that are not encashed and cheques which are not submitted for payments are taken to the revenue upon expiry and such cheques are reissued as per requests made to us through district offices. Cheques that have expired are properly documented and whenever a claim is made by the payee, a cheque is reissued to the payee upon the recommendation of the relevant district office. The Board is constantly reconcile a large number of cheques.
- (d) The unpaid pension money due to the Board has been accounted for in the previous year on the confirmation of the District Accountant of the Postal Department, and in the receipt of money in the year 2021, an unconfirmed amount of Rs.107,929 has been received in the previous year. Accordingly, the account receivable balance has been reduced by that amount. The amount received is credited to the Unpaid Pension Account (Post Office) and the excess is credited to the Farmers Pension Expenditure.
- (e) The farmer pension liability increases annually, and the lack of investment in the scheme and the increase of the benefits of this scheme without increasing the

premiums in several cases due to government policies, this situation has arisen, and every year the government budget allocates money to pay the farmers pension.

1.2.1.2 Fishermen's Pension and Social Security Benefit Scheme

- (a) Since amount allocated to the fishermen's death gratuity fund has not been paid in cash, the allocation will be shown under operational activities from the year 2022.
- (b) Although furniture and fixtures, computer equipment and office equipment are used over a long period of time, such equipment cannot be valued and their useful lifetime cannot be estimated. Most of the equipment are in a state of disposal and equipment like computers cannot be updated. As these items of equipment are in a condition where they cannot be used at full efficiency, action will be taken in future for their disposal.
- (c) The liability has been brought to account based on the actuarial assessment carried out in the year 2007. Action will be taken to carry out the actuarial assessment after action taken to restructure the schemes of the board.
- (d) These officers have been recruited to perform the duties of this scheme and are currently performing other duties. Since the duties of the scheme are indirectly performed by other officers, the salary of these officers has been included in the scheme. After recruited sufficient number of employees, action will be taken to absorb wages of the employees concerned under the scheme.
- (e) Amounts remitted by district fisheries offices are accounted under premiums and action will be taken in future to account commissions as well.
- (f) All cheques received by the board have been recognized as revenue and unreconciled receipts would be reconciled expeditiously.
- (g) This situation has been arisen due to the scheme is not running on a self-financing basis. Accordingly, the annual pension liability will increase and hence the net asset value will also decrease. Due to those reasons, the scheme does not promote new enrolments.

1.2.1 Comments on the financial statements of the Board

- (a) Motor vehicles included in plant, property and equipment have been revalued and accounted and other assets have been accounted on historical cost basis. Assets that can be used as well as assets that cannot be fully used are included in fully depreciated assets. Even if those assets are reused, practically they cannot be re-valued and accounted for and old furniture, computers and hardware and office equipment are included in this. Updates and new device installations cannot be performed on these assets. Action will be taken to dispose assets that are not in usable condition.

- (b) This Fund is being operated obtaining premiums from Farmers' Pension Scheme and gratuity payments made during the year is debited to this Fund. Action will be taken to carry out actuarial assessment annually with the commencement of new Pension Scheme.
- (c) This is an amount that has been granted over a long period of time by the Ministry of Fisheries for the implementation of the Fishermen's Pension Scheme. Since this is not an amount received directly by the General Treasury or the lone Ministry, it has not been account in the said manner. This will be looked into in future and action will be pursued as pointed out by the audit.
- (d) Necessary action has already been initiated subsequent to discussions with the District Deputy/ Assistant Directors in respect of estimating the valuation of the lands on which official quarters are located in Mahiyanganaya, Embilipitiya and Anuradhapura and the Embilipitiya official quarters and measures will be taken finalize such activities and bring into accounts.
- (e) This information system is carried out under the initiative of the Ministry of Agriculture and related expenses are reimbursed through the Ministry of Agriculture. All related transactions have been properly accounted for and also disclosed by the accounting notes.

1.3 Other information contained in the annual report 2021 of the Board

1.4 Responsibilities of management and those charged with governance for the financial statements

1.5 Auditor's responsibility of auditing the financial statements

2 Report on other legal regulatory requirements

Powers, duties and functions

Agrarian service Centers and district offices have been informed to prepare and send amended documents for farmers whose payments have been rejected. Accordingly, even if payment has been made for the amended documents received, the amount of Rs.70,800,200 of farmers who haven't claimed an indemnity has been continuously unclaimed by farmers and as such, the said indemnity has been submitted to the board of Directors for transferring to the Agricultural Insurance Fund and approval has been received for providing those monies to design the Agricultural Data Management System.

2.4 Other matters

- (a) Though money was requested during the year for the capital expenditure of the scheme, money was received only at the end of the year (30.12.2021) and as such procurement activities could not be carried out during that year and the said amount has been included in the government grant reserve and payments will be made in 2022 having carried out the relevant procurement activities. An amount of Rs. 247 million has been provided for operational and administrative expenditure for the Farmers' Pension Scheme. Some of the

expenses during the year are done by the Board's main scheme, the Agricultural Insurance Scheme, then adjustments are made for the Farmers' Pension Scheme's expenses through the current account in which transactions are exchanged between the schemes. Accordingly, the funds have been properly accounted for in the Farmers Pension Scheme through the current account.

- (b) The remaining balance of the repayable tender deposit will be reviewed, and the relevant parties will be informed, and the money will be paid when properly requested by them, in the year 2022.
- (c) After the submission to the Audit and Management Committee, it will be submitted to the Board of Directors for approval to write off long overdue irrecoverable loans older than 10 years, and action will be taken to collect money from other suspended employees. The balance debts will be recovered before paying the employees' gratuities, etc.
- (d) Recruitment of employees commenced in the year 2021 and recruitments for several vacant posts including Assistant Director and Development Officers were made. Though necessary activities for the recruitment of other employees were initiated, the recruitment had to be deferred due to the suspension of new recruitments by the government. In the future, measures will be taken to recruit relevant employees, no sooner the approval is received.

The report of the Auditor General's presented in terms of Section 12 of the National Audit Act No. 19 of 2018 on the financial statements and other legal requirements for the year ended 31 December 2021 of the Farmers' Pension and Social Security Benefit Scheme are submitted herewith.

1. Financial Statements

1.1 Qualified Opinion

1.2 Basis for the qualified opinion

- (a) The pension liability has been accounted on the basis of the actuarial assessment done on the liability of the Farmers' Pension Scheme in the year 2007. As this pension scheme is not a self-financing scheme, new subscribers are not recruited to the scheme and a new scheme that can be implemented on self-financing basis has been established. Payments of the old scheme are settled annually using annual budgetary allocations and at the time of conducting the actuarial assessment of the new Farmers' Pension Scheme, action will be taken to obtain the actuarial assessment of the old scheme.
- (b) Ledger accounts are maintained properly for updating information relating to receipt of monies. Monthly updated register on pension can be accessed through the computer system. Moreover, information on contributors who are the active members of the Scheme as well can be checked by the compute system. As there were delays in computerization of defaulted installments, getting information on cancelled and inactive contributors from the system had become failure. As such, necessary action has been taken by State Commercial Banks to implement a special programme to recover defaulted installments and to connect those installments with our system so as to computerize them automatically.
- (c) Cheques are issued for the payment of net premiums, death gratuity disability benefits and of hem cheques that are not encashed and cheques which are not submitted for payments are taken to the revenue upon expiry and such cheques are reissued as per requests made to us through district offices. Cheques that have expired are properly documented and whenever a claim is made by the payee, a cheque is reissued to the payee upon the recommendation of the relevant district office. The Board is constantly reconcile a large number of cheques.
- (d) The unpaid pension money due to the Board has been accounted for in the previous year on the confirmation of the District Accountant of the Postal Department, and in the receipt of money in the year 2021, an unconfirmed amount of Rs.107,929 has been received in the previous year. Accordingly, the account receivable balance has been reduced by that amount. The amount received is credited to the Unpaid Pension Account (Post Office) and the excess is credited to the Farmers Pension Expenditure.
- (e) The farmer pension liability increases annually, and the lack of investment in the scheme and the increase of the benefits of this scheme without increasing the premiums in several cases due to government policies, this situation has arisen, and every year the government budget allocates money to pay the farmers pension.

1.3 Responsibilities of management and those charged with governance for the Financial Statements

1.4 Auditor's responsibility of auditing the financial statements

2 Report on other legal and regulatory requirements

3 Operations Review

3.1 Non-compliance with laws, rules and regulations

(a) i. Section 6(1)

As more than 20,000 farmers were in the waiting list for receiving pension, necessary measures were taken to include them in the pensions register for the expeditious payment of pensions for those farmers. As such, it was possible to pay pension to a large number of farmers in the waiting list. As listing will be done at the instance of receiving entitlement for pension so as to avoid arrears in future, it is due to obtain provision from the Treasury in the payment of arrears payable in pension regularly.

ii. Sections 15(2) and (3)

In case of contributors defaulting on 05 consecutive installments payable to the Farmers' Pension Scheme, their entitlement to the Scheme will be cancelled, and the farmers are apprised in that connection at the time of their entitlement. This is also clearly stated in the notebook given to them to record the installments and the certificate of deed as well. As for the installments already paid by the farmers whose entitlement has been cancelled, action will be taken to reimburse such monies to them together with the interest when they turn 60 years of age.

iii. Section 27(1)

As funds were not available in the farmers' pension scheme for the payment of pensions of that scheme in the years 2010 and 2011, money was obtained from the agricultural insurance and fishermen's pension schemes on the recommendation of the Ministry of Finance for the payment of pensions. The money so borrowed will be reimbursed gradually.

3.2 Performance

(a) Action is taken to take back if the pension paid not claimed and farmers pensions and the names of deceased pension contributors and those who have failed to reclaim benefits within 06 months are stricken off from the register.

(b) Action will be taken make these payments expeditiously.

3.3 Management Activities

(a) The number of farmers who had submitted information for the programme of updating contributors' information in the Farmers' Pension Scheme had been low. However,

steps have been taken to computerize and update the information received at District level. As response of the farmers for the survey was at a minimum level, the constant conduct of survey was discontinued.

- (b) At the beginning, this insurance scheme was implemented through other insurers for the payment of death gratuity and disability benefits for farmer pension contributors, and at present the Fund is maintained through an annual premium of Rs. 60 through the agricultural insurance scheme of the Board. This fund is necessary for the payment of benefits to the contributor prior to receiving farmers' pension. Funds are given by the General Treasury only for the payment of pensions and for meeting operational and administrative expenses.
- (c) The total amount of Rs. 247 million received for the administrative and operational expenditure of the year 2021 has been accounted for the farmers' pension scheme and has been accounted through the current account that exists between the agricultural insurance scheme and farmers' pension scheme. Some transactions taking place during the year are carried out through the agricultural insurance scheme which is the main scheme of the Board and the expenditure relevant to that scheme is adjusted through the aforesaid current account. Accordingly, all the money received remain within the balances of the farmers' pension scheme.

The report of the Auditor General in terms of Section 11(1) of the National Audit Act No.19 of 2018 on the financial statements for the year ended 31 December 2021 of Fishermen's Pension and Social Security Benefit Scheme

1. Financial Statements

1.1 Qualified Opinion

1.2 Basis for Qualified Opinion

- (a) Since amount allocated to the fishermen's death gratuity fund has not been paid in cash, the allocation will be shown under operational activities from the year 2022.
- (b) Although furniture and fixtures, computer equipment and office equipment are used over a long period of time, such equipment cannot be valued and their useful lifetime cannot be estimated. Most of the equipment are in a state of disposal and equipment like computers cannot be updated. As these items of equipment are in a condition where they cannot be used at full efficiency, action will be taken in future for their disposal.
- (c) The liability has been brought to account based on the actuarial assessment carried out in the year 2007. Action will be taken to carry out the actuarial assessment after action taken to restructure the schemes of the board.
- (d) These officers have been recruited to perform the duties of this scheme and are currently performing other duties. Since the duties of the scheme are indirectly performed by other officers, the salary of these officers has been included in the scheme. After recruited sufficient number of employees, action will be taken to absorb wages of the employees concerned under the scheme.
- (e) Amounts remitted by district fisheries offices are accounted under premiums and action will be taken in future to account commissions as well.
- (f) All cheques received by the board have been recognized as revenue and unreconciled receipts would be reconciled expeditiously.
- (g) This situation has been arisen due to the scheme is not running on a self-financing basis. Accordingly, the annual pension liability will increase and hence the net asset value will also decrease. Due to those reasons, the scheme does not promote new enrolments.

1.3 Responsibilities of management and those charged with governance for the Financial Statements

1.4 Auditor's responsibility of auditing the financial statements

2. Report on other legal and regulatory requirements

3. Operations Review

3.1 Non-compliance with laws, rules and regulations

(a) i. Sections 5 & 6

Since a fishermen's pension scheme with financial viability is expected to be introduced in future, action is expected to be taken promote enrollments to that scheme.

ii. Section 7

This situation has arisen due to the temporary suspension of the payment of pensions in arrears when making payments having inquired into the delays in paying pensions in arrears to fishermen of whom there had been lengthy delays in forwarding applications for farmers' pensions. Since inordinate delays were observed in applying for fishermen's pension in the war affected districts, action will be taken for the payment of pensions after getting the reasons for such delays confirmed through the relevant public officers including the Grama Niladharis and Divisional Secretaries.

iii. Section 16

Recovery of premiums is carried out by District Fishery Extension Officers and the Board takes action to provide required instructions continually in respect of the recovery of premiums having ascertained whether the subscription of the relevant contributor has been cancelled.

However, if a contributor whose subscription had been cancelled had continued to pay contributions, action will be taken to pay him the relevant net premium and the interest upon reaching the 60 years of age.

The Department of Fisheries, the Competent Authority in relation to the Fishermen's Pension Scheme has been notified to take relevant action to prevent the recurrence of issues pointed out in the audit query.

iii Section 20

Necessary measures have been taken in consultation with the Ministry of Fisheries for the restructuring of the Fishermen's Pension Scheme and the commencement of a pension scheme which can be administered on self-financing basis. As of a now, a committee of experts has been appointed to submit proposals to the Cabinet of Ministers as to how the Fishermen's Pension Scheme will be operated in future. As it is planned to commence upcoming enrolments, necessary action will be taken expeditiously to assemble the Advisory Committee.

3.2 Accounts receivable and payable

As decided at the discussion held at the Treasury on the financial crisis in the pension scheme, this money had been given to the Farmer's Pension Scheme on reimbursement basis. As of now, a sum of Rs. 248.2 million is due to be recovered from the Farmers' Pension Scheme and the above balance includes the loan amount and the interest thereon. Action will be taken to recover this amount gradually.

3.3 Management Activities

A situation has arisen where the fishermen's pension scheme cannot be operated on a self-financing basis as a result of increasing the benefits without a corresponding increase in the contributor's premium. Future requirements for funding are expected to be secured through discussions with the General Treasury.