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பிரதேச அபிவிருத்தி அமைச்சு  
Ministry of Regional Development



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இலங்கை ஹதபிம அதிகாரசபை  
**HADABIMA AUTHORITY OF SRI LANKA**



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வருடாந்த அறிக்கை  
**ANNUAL REPORT**

**2016**





# **HADABIMA AUTHORITY OF SRI LANKA**

## **ANNUAL REPORT 2016**

Colombo Office : Ministry of Regional Development  
3<sup>rd</sup> Floor, No. 1090 , SriJayawardhanapura Mawatha, Rajagiriya.

Kandy Office : P.O.Box 09, Gannoruwa ,Peradeniya.

Telephone : 011-3355098 / 0812-388107

Fax : 0812-388132

e-mail : [authority@hadabima@gmail.com](mailto:authority@hadabima@gmail.com)

Web : [www.hadabima.gov.lk](http://www.hadabima.gov.lk)

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## **The Message from the Chairman.**

By now the environmental imbalances of different forms taking place in environmentally sensitive zones of Sri Lanka have become an issue of



national concern. Among these the soil erosion occurring in these areas has been a major factor creating the environment unbalanced. As a result of commercial plantation crops being established in place of fertile forest cover in these areas during the colonial era the balanced eco-system then existed was destroyed. For the minimization of this condition, in the year 1978, National Agricultural Diversification and Settlement Authority (NADSA) under Agricultural Corporations Act No. 11 Of 1972 was founded. Later, in the year 1991, this authority was further extended changing its official name as Sri Lanka Haritha Danaw Bim Sanwardhana Madyama Adikariya ( Sri Lanka Hadabima Authority) .During this period of time, with the perception of the national importance served by this institution, this Authority started to implement its activities with the funds of the treasury which was funded until then by allocations of different international financial institutions.

Sri Lanka Hadabima Authority , passing all these phases of evolution has developed 75000 hectares of land with the community participation of about 125000 farms in the target areas , by now. The environmental, social and economic value of this work is immense and the contribution to the field of agriculture is significant.

The effective turning point in the history of this institution we come across in the year 2016 is the incidence of this institution, which was under the purview of the Ministry of Agriculture for a period of about 30 years, coming under the purview of Ministry of Regional Development following the new development vision of the new government.

With this special development, the activities of this institution has become island-wide development activities taking action to identify strategies of environmental, social and economical value.

In the year 2016, for the performance of development activities Rs. 70 Million has been granted from the treasury and the target was to conserve and develop 3000 hectares of land in 40 Divisional Secretarial Divisions in Kegalle, Rathnapura, Kandy, Mathale, Nuwaraeliya, Kurunegala and Badulla districts.

Accordingly, as per the Clause 40-2 of the Finance Act No. 38 of 1978 the Annual Report of Sri Lanka Hadabima Authority for the year 2016 is forwarded herewith and extend my gratitude on behalf of the Board of Directors of Sri Lanka Hadabima Authority for the friendly cooperation extended by The Minister of Regional development, Secretary to the Ministry of Regional Development and its staff. I would also like to extend my heartfelt gratitude to the Vice Chairman , the Executive Directress and the staff for their devoted work for the successful implementation of this development programme.

Nandasena Herath  
Chairman

**The Message from the Vice Chairman of  
Sri Lanka Hadabima Authority.**



Almost all the countries of the world have focused their attention more than ever on environmental conservation, sustainable development and territorial development. Main causal factor for this development is the threat faced by the human society due to the imbalance of eco-system directly resulting from human action. In concurrence with this, we the Sri Lankans blessed with a great geographical diversification, face the challenge of protecting the human society while protecting the environment.

Sri Lanka Hadabima Authority occupies a special position among the few state institutions attempting at winning this challenge due to its efforts in minimizing soil erosion which is a main cause in the creation of environmental imbalance. During the past 100 years time 30 centimeters of the mass of fertile soil from lands in Sri Lanka is washed away to the sea. Recently National Atomic Energy Authority predicted that there is a danger of 1/3 of the total land of Sri Lanka becoming economical land.

Additionally, the World Environmental Organization explains that desertification takes place in certain regions of Sri Lanka. Meanwhile, the World Health Organization explains that there is the danger of atmospheric warmth getting increased.

All these predictions must guide us to win the challenge of protecting environmental balance. Sri Lanka Hadabima Authority, which has evolved through its phases of evolution after being established in 1978 as the National Agricultural Diversification and Settlement Authority has specially contributed to this cause. The most significant of all evolutionary phases was the inclusion of this institution from the purview of agriculture into the purview of the Ministry of Regional Development in the year 2016. This has opened avenues for the performance of broader social / environmental and human welfare function. The ability to create the background for this in the year 2016 is a special victory for the institution. It is a pleasure to state that we have been able to accomplish high performance in the development activities included in the Action Plan 201 aiming at achieving the above objectives.

Accordingly, I wish to extend my gratitude to the honourable Minister of Regional Development, the secretary to the Ministry of Regional Development and the staff for their guidance and assistance needed for directing the Authority to a new developmental approach and for the implementation of Action Plan 2016.

I must mention with honour the Chairman, the Executive Directress and the staff who worked with dedication to achieve a high performance through the overall development programme of the Authority.

Lalindra Nagahathenna  
Vice Chairman  
Sri Lanka Hadabima Authority.

## **The Message from the Executive Directress.**



Sri Lanka Hadabima Authority, which was under the purview of the Ministry of Agriculture for nearly 40 years, was included into the purview of the Ministry of Regional Development from the year 2016 in coincidence with the vision of the new government. Through this new development, the development approach of Sri Lanka Hadabima Authority has been guided to a novel orientation. Plans are underway to extend the task of the Authority from its present operation area of a number of districts to the whole island. The development programmes of the Authority which were until now centered on conservation of environment and targeted for development of subsistence agriculture are now directed towards promotion of commercial agriculture and agricultural promotion, without causing any disturbance to the identity of the Authority.

Initial background was prepared for these new approaches in this transformation which took place during the first period of time of the year 2016 and the development plan of the year was implemented according to the Action Plan proposed for the year 2016.

Utilizing the amount of Rs. 70 Million received from the treasury, the Authority implemented development programmes based on soil conservation and water-shed management successfully achieving the respective target. The Authority was able to conserve 2741 hectares of land under minimizing soil erosion which is the topmost development task of the Authority. In addition to these development programmes through the sales programme implemented as the special income generation programme of the Authority has been able to purchase agricultural produce to the value of Rs. 79 Million during this target year. This has been an effective endeavour taken to relieve the agricultural products being caught by the middlemen.

I extend my gratitude to the honourable Minister of Regional Development, the secretary to the Ministry of Regional Development and the staff of the Ministry for their guidance and assistance needed for the successful completion of the targeted development programmes in the target development year 2016. I must also mention with honour the Chairman, the Vice Chairman and the staff who assisted me for the practical implementation of this development programme .

K.S.Premachandra  
Executive Directress  
Sri Lanka Hadabima Authority.

## **Our Vision**

A country enriched with a rich harvest from fertile earth and a fertile earth from a fertile soil.

## **Our Mission**

To contribute to increase the national agricultural production by confirming to national food security while fertilizing the land for a rich yield through soil conservation minimizing soil erosion.

## **Introduction.**

This institution was initially established by the Gazette Extra- Ordinary No. 302/12 of 01<sup>st</sup> February 1978, under Agricultural Corporations Act No. 11 of 1972 as National Agricultural Diversification and Settlement Authority (NADSA).

Initially, the objective for the establishment of this institution was to minimize environmental imbalance caused by the soil erosion taking place in the central hills and the surrounding areas due to the lands being degraded with no maintenance after being possessed for plantation economy soon after the end of the colonial era. To accomplish this task, these lands were distributed among formers with required infrastructure facilities for settlement with the intention of obtaining community participation to make these areas , human settlements and the work was started in Kegalle and Kandy districts. This project was started in the year 1978 covering water fed regions of the Mahaweli river and Maoya river.

The official name of the " National Agricultural Diversification and Settlement Authority " was changed to Sri Lanka Haritha Dhanaw Bim Sanwardhana Madhyama Adhikaariya enabling to be named in short as Sri Lanka Hadabima Authority by the Gazette No. 687/15 dated 07.11.1991. From the year 1992 under a cabinet approval the activities were extended for Monaragala, Badulla, Rathnapura, Nuwaraeliya districts in addition to Kegalle and Kandy districts.

The project so implemented received financial assistance from World Bank and from the World Food Organization under the second phase. After the assistance from the World Food Organization was ended, financial assistance was provided by the treasury of the government of Sri Lanka. The development programmes were implemented with the financial assistance so received annually.

This Authority which was under the Ministry of Agriculture from 1978 to 15 March 2016 was gazetted under the Ministry of Regional Development by the gazette notification No. 1958/12 dated 18 March 2016. In the year 2016, for the implementation of development programmes Rs. 58.861 Million has been provided. Utilizing the above financial allocations, respective development work was carried out in Kegalle Kandy, Mathale, Nuwaraeliya, Rathnapura, Kurunegala and Badulla districts covering 40 Divisional Secretariat divisions .

Accordingly, in the year 2016, following development programme have been implemented in the project areas.



## PARTICULARS IF THE ADMINISTRATION

# Sri Lanka Hadabima Authority

## ANNUAL REPORT – 2016

### Details on Administration.

#### **01. Board of Directors - ( From January 2016 to February 2016. )**

- |   |                                       |
|---|---------------------------------------|
| 1. Mr. Nandasena Herath – Chairman                    | - Chairman of the board of Directors. |
| 2. Mr. G. Ajith Pushpa Kumara – Vice Chairman         | - Member of the board of Directors.   |
| 3. Mr. H.M.P. Hitisekara – Treasury Representative    | - Member of the board of Directors.   |
| 4. Mrs. Shanthini Kongahage                           | - Member of the board of Directors.   |
| 5. Mr. D.M. Sirisena Dissanayake                      | - Member of the board of Directors.   |
| 6. Mr. D.N.D. Nugawela                                | - Member of the board of Directors.   |
| 7. Dr. Mr. H.M.S. Heenkenda – Ministry Representative | - Member of the board of Directors.   |

#### **Board of Directors - ( From October 2016 to December 2016. )**

- |  |                                       |
|--|---------------------------------------|
| 1. Mr. Nandasena Herath – Chairman                 | - Chairman of the board of Directors. |
| 2. Mr. Lalindra Nagahathenna – Vice Chairman       | - Member of the board of Directors.   |
| 3. Mr. H.M.P. Hitisekara – Treasury Representative | - Member of the board of Directors.   |
| 4. Mr. P.H. Ananda – Ministry Representative       | - Member of the board of Directors.   |
| 5. Mr. K. Chandima Peiris                          | - Member of the board of Directors.   |
| 6. Mr. Upali Gunawardana                           | - Member of the board of Directors.   |
| 7. Mr. L.G. Gemunu De Silva                        | - Member of the board of Directors.   |

National Agricultural Diversification and Settlement Authority (NADSA) was established as per the Agricultural Corporations Act No. 11 of 1972 by the Gazette Extra- Ordinary No. 302/12 of 01<sup>st</sup> February 1978. The official name of the " National Agricultural Diversification and Settlement Authority " was changed to Sri Lanka Haritha Dhanaw Bim Sanwardhana Madhyama Adhikaariya enabling it to be named in short as Sri Lanka Hadabima Authority by the Gazette No. 687/15 dated 07 November 1991. This Authority was under the Ministry of Agriculture from 1978 to 15 March 2016.

Sri Lanka Haritha Dhanaw Bim Sanwardhana Madhyama Adhikaariya was brought under the Ministry of Regional Development with effect from 16 March 2018 by the gazette notification No. 1958/12 dated 18 March .

### **Meetings of the Board of Directors.**

Meetings of the Board of Directors were held under the Chairman, Vice Chairman and members of the Board of Directors appointed by Hon. Minister of Agriculture from January 2016 to February 2016.

After Sri Lanka Hadabima Authority was brought under the Ministry of Regional Development the Meetings of the Board of Directors were held under the Board of Directors appointed by Hon. Minister of Regional Development from October 2016 to December 2016.

### **02. Staff Details.**

1. In the year 2016, Mr. Nandasena Herath served as the Chairman of the Authority .
2. Mr. G. Ajith Pushpa Kumara served as the Vice Chairman of the Authority from 10.03.2015 to 18.10.2016. and with the change of the ministry he has reported to service in the Ministry of Agriculture.
3. Under the new Ministry of Regional Development Mr. Lalindra Nagahathenna has been appointed as the Vice Chairman from 11.10.2016.
4. Mr. J.C. Ranepura , an officer of the Sri Lanka Administrative Service serving on secondment basis as the Executive Director transferred to the Kandy District Secretariat to serve as the Additional District Secretary (Land) from 24.02.2016.
5. Mrs. A.M.C.K. Athapaththu , an officer of the Sri Lanka Administrative Service serving as the Deputy Director (Administration ) performed the duties of the post of Executive Director which fell vacant. The Deputy Director serving on secondment basis in this Authority was transferred to the Central Provincial Ministry of Industries to the post of Director.
6. For the post of Executive Director which fell vacant in the Authority, Mrs. Kumudini M. Premachandra , an officer of the Sri Lanka Administrative Service who served as the Commissioner in the Central Provincial ministry Probation and Childcare Services was appointed to the posts of Executive Director Acting and Deputy Director (Administration ) from 02.06.2016.

7. In the year 2016, Mr. D.M.A.B. Dasanayake served as Assistant Director ( Development ), Mr. B.T.S.W. Kumara as Assistant Director ( Projects and Planning) and Mr. A.M.Wasantha Bandara Thilakarathna as Assistant Director ( Finance ) in the Authority.
8. Mr. Indunil K. Weligamage served as the Assistant Director of the Sales Project implemented by the Authority from the year 2016.

### **03. Physical resources owned by the Authority**

#### **Buildings.**

1. The land of 46 perches on which the office of the Authority is situated,
2. The land of 08 acres on which the Pallekele farm is situated,
3. The land of 05 acres on which the Kothmale farm is situated and,
4. The land of 40 perches at Sirimavo Bandaranayake Mawatha, Peradeniya the buildings and lands including a quarters.
5. A land to the extent of 80 perches and buildings situated at the Gannoruwa Horticulture Farm.

#### **Vehicles**

By the year 2016, the Authority was in possession of 11 cabs , 01 car, 01 Pajero, 01 big lorry and 01 small lorry , 2 motor cycles owned by the institution and 20 motor cycles given to field officers. 03 tractors for the farms and 03 tractors ( 2 wheels) have been given to the Army camps. Sales project owns 01 big lorry and 01 Bolero lorry and altogether there are 45 vehicles.

**The dates on which the Board Meetings were held in the year 2016.**

Serial No	Board of Directors	The dates on which the Board Meetings were held and the participants	
		22/01/2016	18/02/2016
1	Mr. Nandasena Herath – Chairman - Sri Lanka Hadabima Authority	√	√
2	Mr. G. Ajith Pushpa Kumara – Vice Chairman - Sri Lanka Hadabima Authority	√	0
3	Dr. Mr. H.M.S. Heenkenda – Ministry Representative - Member of the board of Directors.	√	0
4	Mr. H.M.P. Hitisekara – Treasury Representative - Member of the board of Directors.	√	√
5	Mrs. Shanthini Kongahage –Member of the board of Directors.	√	√
6	Mr. D.M. Sirisena Dissanayake – Member of the board of Directors.	√	√
7	Mr. D.N.D. Nugawela – Member of the board of Directors.	√	√

Serial No	Board of Directors	The dates on which the Board Meetings were held and the participants.		
		31/10/2016	25/11/2016	29/12/2016
1	Mr. Nandasena Herath – Chairman - Sri Lanka Hadabima Authority	√	√	√
2	Mr. Lalindra Nagahathenna – Vice Chairman - Sri Lanka Hadabima Authority	√	√	√
3	Mr. H.M.P. Hitisekara – Member of the board of Directors.	√	√	√
4	Mr. P.H. Ananda – Member of the board of Directors.	√	0	√
5	Mr. K. Chandima Peiris – Member of the board of Directors.	√	√	√
6	Mr. L.G. Gemunu De Silva – Member of the board of Directors.	√	√	√
7	Mr. Upali Gunawardana – Member of the board of Directors.	√	0	0

Participated

√

Absent

0

The Hadabima Authority was brought under the Ministry of Regional development in the month of March 2016. With the appointment of a new minister the existing Director Board was dissolved and a new Director Board was appointed from the month of October 2016. Accordingly, with the appointment of the new Director Board meetings were held in 05 occasions from January to February and from October to December.

## Approved Cadre of Sri Lanka Hadabima Authority

Serial No.	Designation	Approved Cadre
1.	Executive Director	1
2.	Assistant Director / Deputy Director (Administration)	1
3.	Assistant Director / Deputy Director (Development)	1
4.	Assistant Director / Deputy Director (Finance)	1
5.	Assistant Director / Deputy Director (Sales)	1
6.	Assistant Director / Deputy Director (Project and Planning)	1
7.	Administrative Officer	1
8.	Finance Officer	1
9.	Sales Officer	1
10.	Agriculture Development Officer	2
11.	Internal Audit Officer	1
12.	Zonal Officer	12
13.	Technical Officer	1
14.	Management Assistant (Technical)	35
15.	Management Assistant(Non-Technical)	19
16.	Cashier	1
17.	Machine Operator	2
18.	Audio Visual Assistant	1
19.	Technical Assistant	2
20.	Driver	14
21.	Karyala Karya Sahayaka	4
22.	Cleaner ( Vehicles)	3
23.	Watcher	4
24.	Labourer	2
25.	Farm Labourers ( Pallekele and Kothmale )	13
	<b>Total</b>	<b>125</b>





# DEVELOPMENT PROGRAMME

**THE PROGRESS OF EACH RESPECTIVE PROJECT RELATED TO DEVELOPMENT  
ACTIVITIES IMPLEMENTED DURING THE YEAR 2016.**

**01. Rural Development Planning.**

**i. Basic Conservation Planning.**

This programme is implemented in field level with farmer community participation of definite villages in target Divisional Secretariats to ensure farmer community participation in development programmes in the year 2016. Main objectives for this programme were to introduce the development programme expected to be implemented in the village and to work out the target time fram and the progress achieved from this programme by the end of the year 2016 is as follows.



- Divisional Secretariat – Deltota. 2016-02-02.

Programme	Unit	Target		Progress		Percentage	
		Physical	Financial Rs. Mn.	Physical	Financial Rs. Mn.	Physical	Financial.
Basic Conservation Planning.	Field Programmes	80	0.400	80	0.393	100 %	98 %
	Number Participated	10000		8610		86.1 %	



- Divisional Secretariat – Deltota. 2016-02-02.

## ii. Community Leadership Development.

Implementation of this programme was done with the objective of developing a support group needed for the field managers overseeing the implementation of the development programmes of Sri Lanka Hadabima Authority. An identified group of rural youth for whom a special training has been given on rural leadership and participatory development is entered into the society as rural community leaders and the progress achieved through this programme in the year 2016 is as follows.



Rural Development Research and Training Centre - Pilimathalawa- 25.04.2016.

Programme	Unit	Target		Target		Percentage	
		Physical	Physical	Physical	Financial	Physical	Financial
Community Leadership Development.	training programmes	10	0.750	10	0.664	100 %	89 %
	No. of Community Leaders	400		400		100 %	



Rural Development Research and Training Centre - Pilimathalawa- 24.04.2016.

## 02. Subject-related Training Programme.

The main objective of this programme is to supply the farmer community with new technology on soil conservation programme expected to be implemented in the target villages. This programme implemented in field level intends to provide the farmer community with theoretical and practical training on soil conservation.

The progress shown below is achieved by this programme in the year 2016.



Mallawapitiya Divisional Secretariat - Katupitiya South Grama Niladhari Division

Programme	Unit	Target		Progress		Percentage	
		Physical	Finacial Rs. Mn.	Physical	Finacial Rs. Mn.	Physical	Finacial
Subject-related Training Programme	Training Programmes	80	0.400	80	0.366	100 %	92 %
	No. Participated	10000		8324		83 %	



Mallawapitiya Divisional Secretariat - Katupitiya South Grama Niladhari

### 03. Soil Conservation and Water-shed Management

#### i. Establishment of Soil Conservation Demonstrations.

Implementation of the subject related technical training programmes at field level not only carry the modern technology to the farmers but also helps in creating practical awareness in the farmers by creating a demonstration joining all such technologies. The target for the year 2016 was to develop a scientific Soil Conservation Demonstration in each Divisional Secretariat division based on the principle above. The progress of this programme is as follows.



Welimada Divisional Secretariat



Yatawaththa Divisional Secretariat

Activity	Unit	Target		Progress		Percentage	
		Physical.	Financial Rs. Mn	Physical.	Financial Rs. Mn	Physical.	Financial
Establishment of Soil Conservation Demonstrations.	Demonstrations	50	2.0	40	1.639	80 %	82 %

District	Divisional Secretariat Division	Serial No.	Name of the Demonstration
Kandy	Deltota	1	Suduwella Grama Niladhari Division
		2	Galaha Agrarian Services Center
	Yatinuwara	3	Edhanduwawa Agrarian Services Center
	Akurana	4	Alawathugoda Agrarian Services Center
	Harispaththuwa	5	Yatiwawala Agrarian Services Center
	Pujapitiya	6	Wewala Agrarian Services Center
	Udu Dumbara	7	Mii Thota Hena Model Village
	Patha Hewaheta	8	Thalathuoya Agrarian Services Center Premises
	Theldeniya	9	Meda Mahanuwara Agrarian Services Center
	Patha Dumbara	10	Widyaa Dharshana Piriwena - Waththegama
		11	Veterinary Surgeon's Office - Waththegama

District	Divisional Secretariat Division	Serial No.	Name of the Demonstration
Mathale	Naula	12	Kongahawela Agrarian Services Center Premises
	Yatawaththa	13	Yatawaththa Agrarian Services Center Premises
	Wilgamuwa	14	Hettipola Agrarian Services Center Premises
	Laggala Pallegama	15	Ilikkumbura Agrarian Services Center Premises
	Amban Ganga Korale	16	Premises of the Divisional Secretariat Office
	Ukuwela	17	Agrarian Services Center Premises
	Mathale	18	Premises of the Divisional Secretariat Office
	Pallepola	19	Pallepola Agrarian Services Center Premises
	Raththota	20	Weragama Agrarian Services Center Premises
Nuwaraeliya	Galewela	21	Wasala Kotte Agrarian Services Center Premises
	Kotmale	22	Maldeniya Agrarian Services Center Premises
	Ambagamuwa	23	Premises of the Divisional Secretariat Office
	Hanguranketha	24	Mandaramnuwara Agrarian Services Center Premises
		25	Premises and Building of Haritha Udana - Bogamuwa.
26	Rikillagaskada Agrarian Services Center Premises		
Kurunegala	Ridigama	27	Dodamgaslanda Agrarian Services Center Premises
	Mallawapitiya	28	Kuru/ Werawella Agrarian Services Center Premises
Kegalle	Kegalle	29	Paragammana Agrarian Services Center Premises
	Aranayaka	30	Premises of the Divisional Secretariat Office
	Dehiowita	31	Premises of the Divisional Secretariat Office
	Yatyanthota	32	Premises of Malwaththa Ayurvedic Hospital
Badulla	Ridimaliyadda	33	Premises of the Divisional Secretariat Office
	Uwaparanagama	34	Premises of the Divisional Secretariat Office
	Welimada	35	Boralanda Police Station
	Meegaha Kiwula	36	Premises of the Divisional Secretariat Office
Rathnapura	Kuruwita	37	Premises of the Divisional Secretariat Office
	Elapatha	38	Agrarian Services Center Premises
	Eheliyagoda	39	Premises of Ra/ Dharmapala Vidyalaya
	Kiri Ella	40	Agrarian Services Center Premises

## ii. “ Sobha Sisu Nena Pawura” School Environmental Programme.

This project is implemented with the objective of giving new knowledge and developing positive attitudes in the students on environmental conservation , management of natural resources and minimizing natural disasters. One School from each identified Divisional Secretariat participates in this programme. Theoretical training programmes on the above subjects are implemented and school premises is developed as a soil conservation and environmental demonstration. Accordingly the progress achieved from this programme in the year 2016 is as follows.

Programme.	Unit	Target		Progress		Percentage	
		Physical.	Financial Rs. Mn.	Physical.	Financial Rs. Mn.	Physical.	Financial Rs. Mn.
“ Sobha Sisu Nena Pawura” School Environmental Programme.	Schools	50	2.0	44	1.883	88 %	94 %
	Students	5000		5350			



Yatawaththa Divisional Secretariat



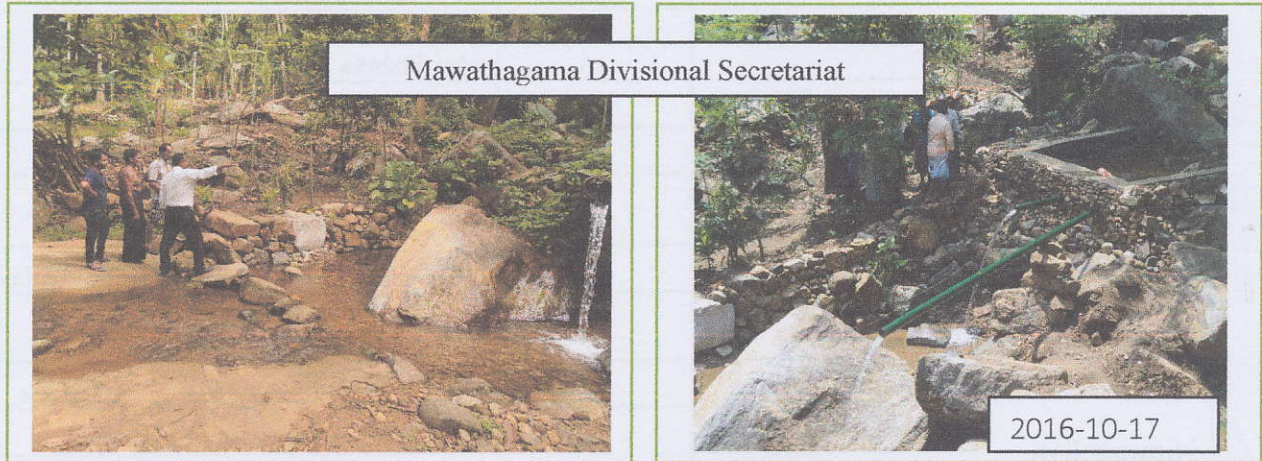
Mawathagama Divisional Secretariat

District	Divisional Secretariat Division	Serial No.	Name of the School
Kandy	Patha Hewaheta	1	K/ Bopitiya Rajasinha N.S.
	Deltota	2	K/ Bopitiya Tamil Vidyalaya
	Theldeniya	3	K/ Udispaththuwa Maha Vidyalaya
	Akurana	4	CP/ Katu/ Dippitiya Secondary School
	Patha Hewaheta	5	CP/ Maha/ Thalathuoya Ka . Vi.
	Pujapitiya	6	CP/ Katu/ Puja/ Kiriwana Ketiya K. V.
	Yatinuwara	7	CP/ Denu/ Kobbekadua V.
	Harispaththuwa	8	CP/ Katu/ Sri Sumanathissa K. V.
	Pathadumbara	9	CP/ Wath/ Waththegama M. V.
	Gangawata Korale	10	K/ Sri Rahula Vidyalaya

District	Divisional Secretariat Division	Serial No.	Name of the School
Mathale	Naula	11	Ma/Na/ Kongahawela Maha Vidyalaya
	Wilgamuwa	12	CP/ Wil /Nuga Golla Maha Vidyalaya
	Laggala Pallegama	13	CP/ Wil / Mahala Kotuwa Maha Vidyalaya
	Raththota	14	Ma / Rath/ Weragama Siri Siwali Maha Vidyalaya
	Amban Ganga Korale	15	CP/ Na/ Mahinda Secondary School
	Ukuwela	16	Ma/ Thenna Maha Vidyalaya
	Mathale	17	Ma/ Aluwihare Maha Vidyalaya
	Pallepola	18	CP/ Ga/ Milwana Maha Vidyalaya
	Yatawaththa	19	Ma / Anagarika Dharmapala Maha Vidyalaya
	Dambulla	20	CP/ Ga / Etha Bendi Wewa K. Vidyalaya
	Galewela	21	CP/ Ga / Thalakiriyagama Maha Vidyalaya
Nuwaraeliya	Kotmale	22	CP/ Kot / Siri Saman Maha. Vidyalaya
	Ambagamuwa	23	CP/ He /Dehigasthenna Vidyalaya
	Walapane	24	CP/ Wa/ Siri Sidhuhath Maha Vidyalaya
Kurunegala	Ridigama	25	Ragala Mantharithenna Maha Vidyalaya
	Mawathagama	26	Wa/ I / Ridi/ Eriyagolla Maha Vidyalaya
	Mallawapitiya	27	Ku/ Meethennawala Maha Vidyalaya
Kegalle	Kegalle	28	Ku / Kosgolla K. Vidyalaya
	Aranayaka	29	Ke / Mabopitiya Maha Vidyalaya
	Dehiowita	30	Ke /Mawa/ Gamthuna Udagama K. Vidyalaya
	Yatyanthota	31	Ke /Dehi/ Ranjan Wijerathna Vidyalaya
	Bulathkohupitiya	32	Ke /Dehi/ Ihala Gammedda K. Vidyalaya
Badulla	Ridimaliyadda	33	Ke /Dehi/ Wegalla K. Vidyalaya.
	Uwaparanagama	34	Ba/ Mahamedagama Maha. Vidyalaya
	Welimada	35	Ba / Karagaha Ulpata Sri Gunananda Vidyalaya
	Meegaha Kiwula	36	Ba / Bogahakumbura Maha. Vidyalaya
Rathnapura	Kuruwita	37	Ba / Balagolla Vidyalaya
	Elapatha	38	Ra / Sudagala Sri Rahula Maha Vidyalaya
	Eheliyagoda	39	Ra /Niwi /Sambuluwana Vidyalaya
	Kiri Ella	40	Ra / Mapota Vidyalaya
Polonnaruwa	Medirigiriya	41	Ra / Ellagawa Vidyalaya
		42	Po / Diwulankadawala Central College
	Dimbulagala	43	Po / Wijayaraja Maha Vidyalaya.
		44	Po / Dimbu / Wilayaya Maha Vidyalaya.

### iii. Water Sources and Streamlets Conservation Programme.

It is a common incidence that water sources and streamlets in environmentally sensitive places are destroyed due to adverse human activities. This has resulted in the drying out of water sources in these areas and it has become extremely difficult even to have access to drinking water. Conservation Programme. The Authority has implemented timely programmes in the year 2016 to conserve identified water sources and streamlets to minimize these conditions. The progress achieved through this programme is as follows.



Mawathagama Divisional Secretariat

Before construction

After construction

Programme	Unit	Target		Progress		Percentage	
		Physical.	Financial Rs. Mn.	Physical	Financial Rs. Mn.	Physical	Financial
Water Sources and Streamlets Conservation Programme.	water sources	40	2.0	32	1.659	80%	83%

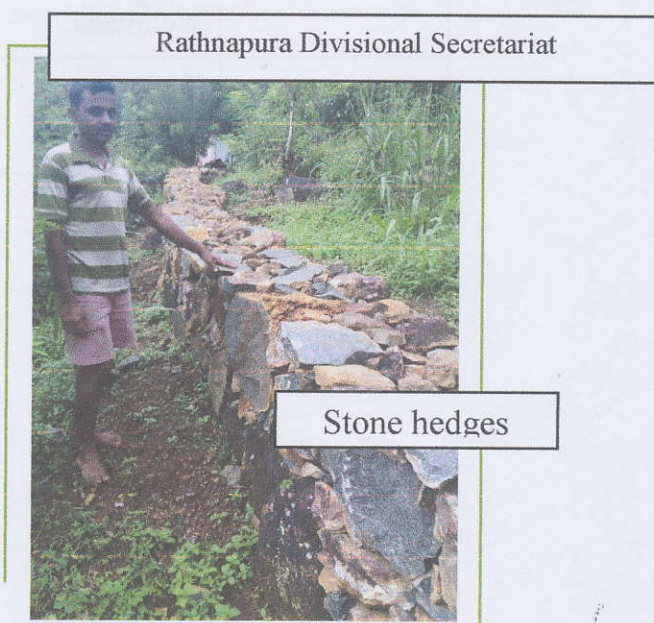
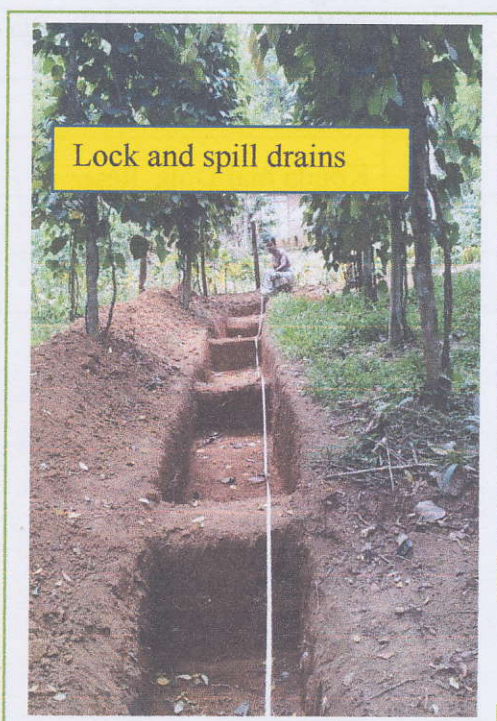
District	Divisional Secretariat Division	Serial No.	Name of the Water Reserve
Kandy	Patha Hewaheta	1	Shriyagama Murapola Reserve
	Akurana.	2	Balakaduwa Water Reserve
		3	Dippitiya Amuna Water Reserve
		4	Watagodathenna Pihilla Reserve
	Pujapitiya	5	Guruwela Anga Reserve
			Yatinuwara Water Reserve
	Yatinuwara	6	Yatinuwara Water Reserve
	Harispaththuwa	7	Bulathgolla Pihilla Water Reserve
Pathadumbara	8	Raas Ella Water Resource	

District	Divisional Secretariat Division	Serial No.	Name of the Water Reserve
Mathale	Naula	9	Galpihilla Ulpatha Water Reserve
	Wilgamuwa	10	Udawela Ulpatha Water Reserve
	Laggala Pallegama	11	Maoya Bubula Water Reserve
	Raththota	12	Dambe Oya Water Reserve
	Amban Ganga Korale	13	Water Reserve near Pussella Navoda School
	Ukuwela	14	Enasalmada Water Reserve
	Mathale	15	Ketawala Water Resource
	Galewela	16	Dewahuwa Water Reserve
Nuwaraeliya	Kotmale	17	Ihala Gorakaoya Water Ulpatha
	Ambagamuwa	18	Dehigasthenna Water Ulpatha Water Reserve
	Hanguranketha	19	Madumana Water Reserve
	Walapane	20	Galkadawela Water Reserve
Kurunegala	Ridigama	21	Nagaspitiya Diya Ulpatha Reserve
	Mawathagama	22	Dunukewaththa Polgahamula Water Reserve
	Mallawapitiya	23	Rokke Waththa Water Reserve
Kegalle	Kegalle	24	Hina Kandura Water Reserve
	Aranayaka	25	Welikada Ela Water Reserve
	Yatinyanthota	26	Maththamagoda Water Reserve
Badulla	Uwaparanagama	27	Magalhena Water Reserve
	Welimada	28	Rahangala Polanga Ulpatha Water Reserve
Rathnapura	Kuruwita	29	Baru Ela Reserve
	Elapatha	30	Konda mal Dola Reserve
	Eheliyagoda	31	Hendola Reserve
	Kiri Ella	32	Ketagodella Reserve

#### iv. Soil Conservation Structures Establishment Programme.

This programme which is identified as one of the main development programmes of Sri Lanka Hadabima Authority has been allocated Rs. Million 60 from the annual budget. Number of Hectares of land identified for soil conservation is 3000 hectares. This amount of land is expected to be conserved employing systematic methods of conservation and the progress achieved through this programme is as follows.

Programme	Unit	Target		Progress		Percentage	
		Physical.	Financial Rs. Mn.	Physical	Financial Rs. Mn.	Physical.	Financial
Soil Conservation Programme.	Hectares	3000	60.0	2745	54.9	91 %	91 %
	No. of farmers	8610		7863		91 %	



## Soil Conservation work at Divisional Secretariat Level

Serial No.	Zone	Serial No.	D. S. Division	Target (Hec.)	Soil Conservation Payment	
					Hec.	රුපි රු.
1	Kandy	1	Deltota	75	55.84	1,116,725.00
		2	Pujapitiya	75	93.72	1,874,450.00
		3	Akurana	75	42.27	845,450.00
		4	Yatinuwara	75	93.09	1,861,700.00
		5	Harispaththuwa	75	47.99	959,800.00
		6	Patha Hewaheta	75	53.82	1,076,350.00
		7	Theldeniya	75	47.95	959,000.00
		8	Ududumbara	75	121.05	2,421,000.00
		9	Pathadumbara	75	73.49	1,469,720.00
2	Mathale	10	Naula	75	51.5	1,030,000.00
		11	Yatawaththa	75	45.76	915,200.00
		12	Wilgamuwa	75	70.5	1,410,000.00
		13	Laggala Pallegama	75	17.2	344,000.00
		14	Ukuwela	75	75.32	1,506,350.00
		15	Mathale	75	56.07	1,121,320.00
		16	Pallepola	75	36.7	734,000.00
		17	Galewela	75	120	2,400,000.00
		18	Dambulla	75	74.8	1,496,000.00
		19	Amban Ganga Korale	75	70.99	1,419,800.00
		20	Raththota	75	50.68	1,013,600.00
3	Nuwaraeliya	21	Kotmale	75	131.99	2,639,800.00
		22	Ambagamuwa	75	52.10	1,042,000.00
		23	Hanguranketha	75	28.30	566,000.00
		24	Walapane	75	45.20	904,000.00
4	Kurunegala	25	Ridigama	75	93.4	1,868,000.00
		26	Mawathagama	75	104.1	2,082,000.00
		27	Mallawapitiya	75	37	740,000.00
5	Kegalle	28	Aranayaka	75	72.2	1,444,000.00
		29	Bulathkohupitiya	75	70.4	1,408,000.00
		30	Dehiowita	75	69.4	1,388,000.00
		31	Kegalle	75	72.3	1,446,000.00
		32	Yatyanthota	75	80.8	1,616,000.00
6	Badulla	33	Uwaparanagama	75	33.7	674,000.00
		34	Welimada	75	45.3	906,000.00
		35	Ridimaliyadda	75	128.8	2,576,000.00
		36	Meegaha Kiwula	75	43.7	874,000.00
7	Rathnapura	37	Kuruwita	75	83.1	1,662,000.00
		38	Elapatha	75	87.8	1,756,000.00
		39	Eheliyagoda	75	76.70	1,534,000.00
		40	Kiri Ella	75	90.4	1,808,000.00
			<b>Total</b>		<b>2745.41</b>	<b>54,908,265.00</b>

#### 04. Planning and Progress Review.

With the participation of all field managers, a progress review meeting on all development programmes is organized monthly. The progress achieved through this programme is as follows.

Programme	Unit	Target		Progress		Percentage	
		Physical.	Financial Rs. Mn.	Physical	Financial Rs. Mn.	Physical	Financial
Progress review	Meetings	12	0.150	13	0.0961	108%	64%

#### 05. Human and Physical resources Development.

In the target development year 2016, the following activities were implemented considering that the human and physical resources development is a timely requirement for effective and efficient accomplishment of target development programmes of Sri Lanka Hadabima Authority.

Programme	Unit	Target		Progress		Percentage	
		Physical.	Financial Rs. Mn.	Physical	Financial Rs. Mn.	Physical	Financial
Human resources development	Training Programmes	10	0.750	05	0.291	50%	39%
Physical resources development			1.845		1.842		

Accordingly Rs. Mn. 63.65 out of Rs. Mn. 70.0 provided by the treasury to Sri Lanka Hadabima Authority has been spent for the development year 2016.



# SALES PROJECT

## **CONSUMER SERVICE.**

In concurrence with the development programmes of Sri Lanka Hadabima Authority, the harvest of the field - born farmer organizations are brought packed in safe packs minimizing post - harvest loss. Prior to the purchase of these agricultural goods a quality and freshness check is done again to assure the purchase of quality agricultural produce. These agricultural goods are sold at reasonable prices and introduction and promotion of traditional food is carried out at the same time. For the productive utilization of waste the left over agricultural goods are given to agricultural farms to make compost manure and to be used as animal food in university farms. All these activities are carried out in a service environment where consumer hospitality is maintained to assure that the responsibility of a public institution is discharged at best wherein the basic objectives of our sales project is accomplished.

### **• Aims of the sales promotion project**

01. To encourage the farmer community to increase toxic free agricultural produce.
02. To enable the farmer to obtain a high price for the rural agricultural produce.
03. To Provide the urban consumer with high quality agricultural produce and to take action to popularize traditional food produce.
04. To take steps to minimize post- harvest loss.
05. To Provide employment opportunities for the rural youth.

### **• Objectives**

To provide an efficient and hospitable service to meet consumer needs by way of an island wide network of sales centers through which the produce of small scale rural farmers are purchased increasing their contribution towards national production meanwhile guiding them towards organic farming utilizing marginal lands which were not agriculturally productive due to soil erosion and degradation.

## Registered Suppliers for the Year 2016

Based on materials supplied

Type	No.
01. Vegetable Supply	123
02. Plant Supply	26
03. Made agricultural goods, bottles, packets and Packed items	107
04. Total no. of suppliers	256

### EMPLOYMENT AND SERVICE SAFETY

Approved cadre - 35

Direct employment as per the sales promotion project by the year 2016 is 29 persons. Additionally, there is a massive indirect labour contribution, as well. For the service safety of the direct employees, employee welfare is developed as follows.

#### Employee Welfare

##### 01. Allocation of collection funds

- Emergency stock fund of Hadabima sales staff - 2,187,562.17
- Welfare services of the sales staff - 469,457.65

##### 02. Grant of employee loans

###### For the Sales Staff of Sri Lanka Hadabima Authority

- Distress loan - 130,000.00
- Instant loan - 75,000.00
- Salary 3 loan - ( Basic salary X 3)
- Recurrent Fund for the grant of loans to the Permanent Staff of the Authority. - Rs. Mn. 100

###### For the Staff of Sri Lanka Hadabima Authority

- Provision of 10 months Distress Loan from the Reserve Fund initiated based on the daily rent allocated from the Sales Promotion Project.
- Provision of a special Loan of Rs. 250,000.00 from the Reserve Fund initiating a circular fund of Rs. 10 Million with the reserves of the Sales Promotion Project.

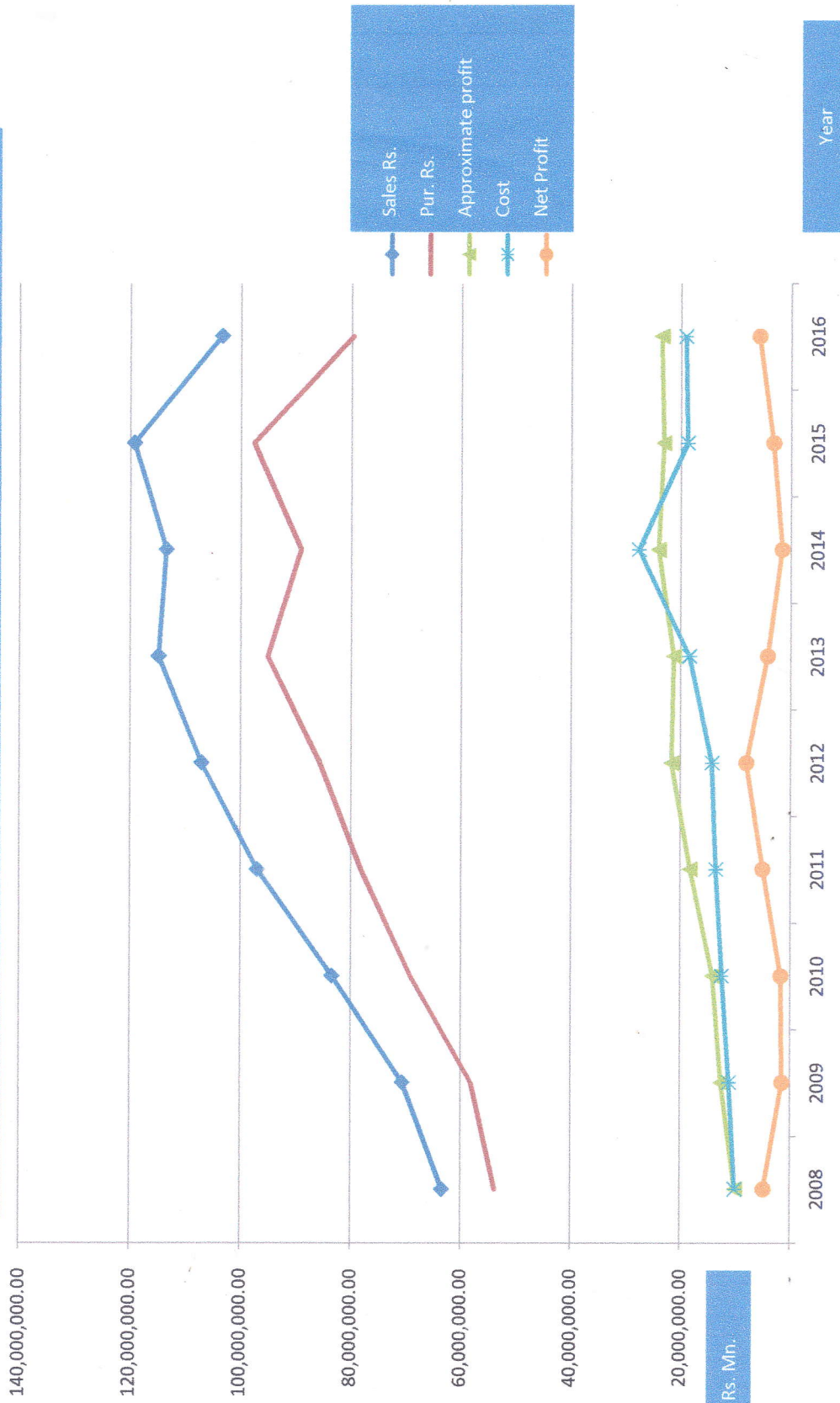
**Sales Promotion Programme of Sri Lanka Hadabima Authority**  
**Progress from the year 2010 to the year 2016.**

<b>Details</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>Total</b>
<b>Sales Rs.</b>	83415551.96	96996133.59	107095443.68	114893408.11	114322537.68	119333201.27	103453770.20	739510046.49
<b>Purchases Rs.</b>	69167508.44	78181732.99	85691731.78	95139121.96	91208522.14	97628339.33	79697961.93	596714908.57
<b>Approximate profit</b>	14151150.08	18266846.96	21682690.25	21307054.35	23069003.74	23190382.29	23562475.13	145249602.80
<b>Cost</b>	12487941.28	13562209.56	14296392.46	18437705.92	25995036.36	18837426.93	19191109.12	122807821.63
<b>Net Profit</b>	1792711.80	5106858.41	8100955.18	4249826.99	1662788.48	3229691.03	5811112.28	29953944.17



## ACCOUNT REPORTS

### Hadabima Authority of Sri Lanka - Sales Promotion Programme - Progress



**Sri Lanka Hadabima Authority - Sales Promotion Programme**  
**Financial Progress of the Last 03 Years.**

<u>Assets</u>	Year		
	2014	2015	2016
<u>Immovable Assets</u>			
Fixed Assets	9,746,811.22	8,609,974.84	9,279,867.00
Total	<b>9,746,811.22</b>	<b>8,609,974.84</b>	<b>9,279,867.00</b>
<u>Movable Assets</u>			
Stock	1,971,066.67	1529034.35	1137371.74
Trade debtors	3545275.60	10078390.57	14885053.57
Fixed Deposits	13707471.54	3333787.20	6840045.36
Security Deposits	21385.61	24756.65	22256.65
Savings Account	232432.29	1296358.90	856519.00
Cash Balance	(1971006.80)	5340947.63	3821790.24
Total	17506624.91	21603275.30	27563036.56
Total Assets	<b><u>27253436.13</u></b>	<b><u>30213250.14</u></b>	<b><u>36842903.56</u></b>
<u>Liabilities</u>			
<u>Movable Liabilities</u>			
Trade debtors	947373.55	1091398.69	3565153.87
Accumulated Payments	2538761.35	1308552.18	999031.93
Security Deposits	21385.61	24756.65	22256.65
Total	<b>3507520.51</b>	<b>3234707.52</b>	<b>4586442.45</b>
<u>Immovable Liabilities</u>			
Allocations for Gratuity	714249.50	974614.00	1363715.00
Sum Total of Immovable Liabilities	<b>714249.50</b>	<b>974614.00</b>	<b>1363715.00</b>
Sum Total of Liabilities	<b>4221770.01</b>	<b>4209321.52</b>	<b>5950157.42</b>
Net Assets	<b>23031666.12</b>	<b>26003928.62</b>	<b>30892746.11</b>

**Sri Lanka Hadabima Authority - Sales Promotion Programme  
Operational Outcome of the Last 03 Years.**

Serial No.	Details	Year		
		2014	2015	2016
1	Sales	114,322,537.68	119,333,201.27	103,453,770.20
2	Purchases	91,208,522.14	97,628,339.33	79,697,951.93
3	Approximate profit	23,069,003.74	23,190,382.29	23,562,475.13
4	Cost - Emoluments	8,418,490.18	9,456,499.63	10,257,769.11
	- Travelling Expenses	399,318.06	290,592.76	79,415.00
	- Expenditure for the supply of Services	2,764,936.57	1,398,168.24	528,032.25
	- Expenditure for maintenance.	3,696,763.10	4,472,457.04	4,811,711.05
	- Other Expenditure	10,715,528.45	3,219,709.26	3,514,181.71
5	Net Profit	1,662,788.48	3,229,691.03	5,811,112.28

**HADABIMA AUTHORITY OF SRI LANKA**  
**STATEMENT OF FINANCIAL POSITION AS AT 31.12.2016**

2015			Notes	2016			
Head Office	Marketing Section	Hadabima Authority		Head Office	Marketing Section	Hadabima Authority	
			<b>ASSETS</b>				
			<b>Non Current Assets</b>				
62,703,779.56	8,609,974.84	71,313,754.40	Property Plant and Equipment	Note 01	47,330,391.15	9,279,867.00	56,610,258.15
62,703,779.56	8,609,974.84	71,313,754.40	Total Non Current Assets		47,330,391.15	9,279,867.00	56,610,258.15
			<b>Current Assets</b>				
7,752,318.25	1,529,034.35	9,281,352.60	Inventory/ Stocks	Note 02	5,650,752.73	1,137,371.74	6,788,124.47
16,729,541.48	10,078,390.57	26,807,932.05	Trade and Other Receivable	Note 03	23,267,143.57	14,885,053.57	38,152,197.14
7,000.00	-	7,000.00	Pre payments	Note 04	7,000.00	-	7,000.00
8,000,000.00	3,333,787.20	11,333,787.20	Fixed Deposits	Note 05	2,000,000.00	6,840,045.36	8,840,045.36
162,784.49	24,756.65	187,541.14	Security Deposits	Note 06	193,430.50	22,256.65	215,687.15
-	1,296,358.90	1,296,358.90	Savings Accounts	Note 06 I	-	856,519.09	856,519.09
6,722,370.69	5,340,947.63	12,063,318.32	Bank accounts	Note 07	6,233,775.03	3,821,790.24	10,055,565.27
39,374,014.91	21,603,275.30	60,977,290.21	Total Current Assets		37,352,101.83	27,563,036.65	64,915,138.48
102,077,794.47	30,213,250.14	132,291,044.61	<b>TOTAL ASSETS</b>		<b>84,682,492.98</b>	<b>36,842,903.65</b>	<b>121,525,396.63</b>
			<b>LIABILITIES</b>				
			<b>Current Liabilities</b>				
8,989,927.79	1,901,398.69	10,891,326.48	Trade & Other Payables	Note 08	11,599,445.08	3,565,153.87	15,164,598.95
3,094,270.27	1,308,552.18	4,402,822.45	Accrued Expenses	Note 09	1,266,547.01	999,031.93	2,265,578.94
162,784.49	24,756.65	187,541.14	Security Deposits		193,430.50	22,256.65	215,687.15
12,246,982.55	3,234,707.52	15,481,690.07	Total Current Liabilities		13,059,422.59	4,586,442.45	17,645,865.04
			<b>Non Current Liabilities</b>				
15,463,119.98	974,614.00	16,437,733.98	Provision for Gratuity	Note 10	16,616,021.00	1,363,715.00	17,979,736.00
938,608.97	-	938,608.97	Vehicle Loan		623,608.97	-	623,608.97
16,401,728.95	974,614.00	17,376,342.95	Total Non Current Liabilities		17,239,629.97	1,363,715.00	18,603,344.97
28,648,711.50	4,209,321.52	32,858,033.02	<b>TOTAL LIABILITIES</b>		<b>30,299,052.56</b>	<b>5,950,157.45</b>	<b>36,249,210.01</b>
73,429,082.97	26,003,928.62	99,433,011.59	<b>TOTAL NET ASSETS</b>		<b>54,383,440.42</b>	<b>30,892,746.20</b>	<b>85,276,186.62</b>
			<b>NET ASSETS / EQUITY</b>				
43,915,403.58	-	43,915,403.58	Government Grant Account		28,513,649.32	-	28,513,649.32
992,091.51	-	992,091.51	Reserve Account		992,091.51	-	992,091.51
1,087,229.82	-	1,087,229.82	Capital Reserve		1,087,229.82	-	1,087,229.82
2,091.97	-	2,091.97	GTZ Grant		2,091.97	-	2,091.97
19,334,720.59	-	19,334,720.59	Revaluation Account		19,334,720.59	-	19,334,720.59
8,097,545.50	26,003,928.62	34,101,474.12	Surplus Deficit		4,453,657.21	30,892,746.20	35,346,403.41
			General Resource		-	-	0.00
73,429,082.97	26,003,928.62	99,433,011.59	<b>TOTAL NET ASSETS / EQUITY</b>		<b>54,383,440.42</b>	<b>30,892,746.20</b>	<b>85,276,186.62</b>

The Accounting Policies on page 02 and Notes on pages 17 to 44 form an integral part of these Financial Statements. The board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf.

.....  
**A.M.W.B. THILAKARATHNE**  
 Assistant Director (Finance)  
 Hadabima Authority of Sri Lanka  
 Gannoruwa Road  
 Peradeniya

.....  
**NANDASENA PERATHI**  
 Chairman  
 Hadabima Authority of Sri Lanka  
 Gannoruwa Road  
 Peradeniya

.....  
**K.S.Premachandra**  
 Executive Director  
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## NOTES TO THE ACCOUNTS

The financial statements of Hadabima authority of Sri Lanka have been prepared in accordance with Sri Lanka Public Sector Accounting Standards (SLPSAS) issued by the Public Sector Accounting Standards Committee of The Institute of Chartered Accountants of Sri Lanka.

Financial Year of the Hadabima Authority is the calendar year which ends on 31st December 2016 .

Hadabima authority of Sri Lanka is mainly granted by the Treasury and also marketing promotion project and two farms (Kothmale & Pallakelle) funds generate by themselves.

01. Depreciation is calculated by straight line method at following rates on the cost or revaluation of all Vehicales, furniture & fitting, office equipment & Building.

Vehicles	-	25% per annum
Office Equipment	-	10% per annum
Buildings	-	2.5% per annum
Furniture & fittings	-	7.5% per annum
Agriculture implements	-	10% per annum
Motor Cycle	-	20% per annum

Depreciation not provided for the purchases during the year, but Depreciation is Provided in the year of Disposal & all so full year . Amortization has been provided for motor Cycle in the year of purchase & Amortize provided in the year of disposal.

02. Provision for doubtful debts - Gampola Housing Loan.

03. Statement of Financial Position, Statement Of Financial Performance, Statement Of Change in Net Assets/Equity & Cash Flow Statement are compiling with SLPSAS 01.

04. Statement Of Cash Flow is compiling with SLPSAS 02.

05. As per circular No 150 income gained from disposal of obsolete vehicles are remitted to the treasury.

06. Up to year 2012 we use the capital method depreciation and our now depreciation policy change as recurrent method from year 2013.

It is revealed that a fraud in marketing project in 2014 & 2015 financial years and amount of fraud hasn't been assessed yet. Legal proceedings for the fraud are on-going before the courts.

**HADABIMA AUTHORITY OF SRI LANKA**  
**FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31.12.2016**

2015			Income	Schedule	2016		
Head Office	Marketing Section	Hadabima Authority			Head Office	Marketing Section	Hadabima Authority
57,360,830.16	-	57,360,830.16	Treasury Fund - ( Recurrent )	01	59,000,250.57	-	59,000,250.57
35,625,000.00	-	35,625,000.00	Treasury Fund - ( Capital )		58,861,749.43	-	58,861,749.43
3,706,537.66	1,378,295.20	5,084,832.86	Other Income	02	2,982,161.19	1,439,806.27	4,421,967.46
8,517,773.35	-	8,517,773.35	Depreciation		14,834,673.26	-	14,834,673.26
0.00	24,004,839.29	24,004,839.29	Gross profit	03	-	23,562,475.13	23,562,475.13
105,210,141.17	25,383,134.49	130,593,275.66			135,678,834.45	25,002,281.40	160,681,115.85
			<b>Less :- Expenditure</b>				
44,782,741.85	9,456,499.63	54,239,241.48	01. Personal Emoluments		46,993,527.67	10,257,769.11	57,251,296.78
1,691,261.09	290,592.76	1,981,853.85	02. Travelling & Subsistence		1,813,251.50	79,415.00	1,892,666.50
4,335,663.59	1,398,168.24	5,733,831.83	03. Suppliers / Transportation	04	4,141,884.60	528,032.25	4,669,916.85
6,459,677.21	4,472,457.04	10,932,134.25	04. Maintenance Expenditure		7,425,392.12	4,811,771.05	12,237,163.17
871,971.22	1,585,309.77	2,457,280.99	05. Other		1,345,078.74	691,820.92	2,036,899.66
8,517,773.35	1,634,399.49	10,152,172.84	06. Depreciation		14,834,673.26	620,558.62	15,455,231.88
40,627,092.12	-	40,627,092.12	07. Development Expenditure	05	63,238,292.85	-	63,238,292.85
355,544.00	-	355,544.00	10. Amortization		338,044.00	-	338,044.00
	3,316,016.53	3,316,016.53	11. Wastage		-	2,201,802.17	2,201,802.17
107,641,724.43	22,153,443.46	129,795,167.89	<b>Total Operating Expenses</b>		140,130,144.74	19,191,169.12	159,321,313.86
(2,431,583.26)	3,229,691.03	798,107.77	<b>Surplus / ( Deficit ) From Operating Activities</b>		(4,451,310.29)	5,811,112.28	1,359,801.99
10,529,128.76	22,774,237.59	33,303,366.35	Balance B / F as at 01.01.2016		8,904,967.50	25,081,633.92	33,986,601.42
<b>8,097,545.50</b>	<b>26,003,928.62</b>	<b>34,101,474.12</b>	<b>Net Surplus / ( Deficit ) for the Period</b>		<b>4,453,657.21</b>	<b>30,892,746.20</b>	<b>35,346,403.41</b>

PROPERTY PLANT & EQUIPMENT

HEAD OFFICE

NOTE - 01

COST

Accounts Code	Description	Cost	Additions	Disposal	Cost
		As At 2016.01.01	Purchase	Sales of Assets	As At 2016.12.31
2105	Buildings	15,323,136.91	53,500.00	0.00	15,376,636.91
	Motor Vehicles	53,387,560.00		0.00	53,387,560.00
2104	Motor Cycle (loan)	1,777,720.00	0.00	87,500.00	1,690,220.00
	Sub Total	55,165,280.00	0.00	87,500.00	55,077,780.00
2101	Office Equipment	8,794,669.14	753,321.50	357,339.25	9,190,651.39
2101	Furniture & Fittings	2,302,943.31	404,797.50	24,316.00	2,683,424.81
2103	Agriculture Implements	6,336,602.50	0.00	1,778,700.00	4,557,902.50
	<b>TOTAL</b>	<b>87,922,631.86</b>	<b>1,211,619.00</b>	<b>2,247,855.25</b>	<b>86,886,395.61</b>

DEPRICIATIONS

Code	Description	Balance as at 2016.01.01	Depreciation/Amortization For the Year	Depreciation/Amortization Provision for Disposal	Total Provision for Depreciation
2105	Buildings	1,377,379.74	383,078.38	0.00	1,760,458.12
	Motor Vehicles	15,087,409.00	12,981,165.00	0.00	28,068,574.00
2104	Motor Cycle (loan)	1,247,176.00	338,044.00	52,500.00	1,532,720.00
2101	Office Equipment	4,288,211.69	843,732.98	68,467.84	5,063,476.83
2101	Furniture & Fittings	844,074.62	170,906.65	3,117.26	1,011,864.01
2103	Agriculture Implements	2,374,601.25	455,790.25	711,480.00	2,118,911.50
	<b>TOTAL</b>	<b>25,218,852.30</b>	<b>15,172,717.26</b>	<b>835,565.10</b>	<b>39,556,004.46</b>

WRITTEN DOWN VALUE

Accounts Code	Description	Written Down Value As At 2016.12.31
2105	Land & Buildings	13,616,178.79
	Motor Vehicles	25,318,986.00
2104	Motor Cycle (loan)	157,500.00
2101	Office Equipment	4,127,174.56
2101	Furniture & Fittings	1,671,560.80
2103	Agriculture Implements	2,438,991.00
	<b>TOTAL</b>	<b>47,330,391.15</b>

PROPERTY PLANT & EQUIPMENT

MARKETING SECTION

NOTE - 01

COST

Accounts Code	Description	Cost As At 2016.01.01	Aditions	Disposal	Cost As At 2016.12.31
			Purchase	Sales	
2105	Land & Buildings	3,794,900.79	506,916.77	0.00	4,301,817.56
2104	Motor Vehicles	4,216,800.00	0.00	0.00	4,216,800.00
2101	Office Equipment	3,663,012.24	428,551.51	43,850.00	4,047,713.75
2101	Furniture & Fittings Head Office	2,120,831.71	376,457.50	0.00	2,497,289.21
	Ampara	4,300.00			4,300.00
	<b>TOTAL</b>	<b>13,799,844.74</b>	<b>1,311,925.78</b>	<b>43,850.00</b>	<b>15,067,920.52</b>

DEPRICIATIONS

Code	Description	Balance as at 2016.01.01	Depreciation For the Year	Depriciation Provision for Disposal	Total Provision for Depreciation
2105	Land & Buildings	165,178.94	94,872.52	0.00	260,051.46
2104	Motor Vehicles	4,216,799.00	0.00	0.00	4,216,799.00
2101	Office Equipment	616,542.49	366,296.22	22,370.00	960,468.71
2101	Furniture & Fittings Head Office	191,349.47	159,062.38	0.00	350,411.85
	Ampara		322.50		322.50
	<b>TOTAL</b>	<b>5,189,869.90</b>	<b>620,553.62</b>	<b>22,370.00</b>	<b>5,788,053.52</b>

WRITTEN DOWN VALUE-MAEKETING SECTION

Accounts Code	Description	Written Down Value As At 2016.12.31
2105	Land & Buildings	4,041,766.10
2104	Motor Vehicles	1.00
2101	Office Equipment	3,087,245.04
2101	Furniture & Fittings Head Office	2,146,877.36
	Ampara	3,977.50
	<b>TOTAL</b>	<b>9,279,867.00</b>

TRADE AND OTHER RECEIVABLES

Previous Year Amount	Acc Code	Description	Amount 2016	Age analysis		NOTE-03
				01 year	Over 01 Year	
		<b>Staff Loans</b>				
6,853.75		Over Payments of salaries	6,853.75		6,853.75	I
13,500.91		Gampola Housing loan	13,500.91		13,500.91	II
1,900.00		Special Advance	15,500.00	14,000.00	1,500.00	III
13,126,063.79		Distress Loan	19,139,990.17	16,298,000.00	2,841,990.17	IV
488,238.57		2012 vehicle debtors	273,157.05		273,157.05	V
385,115.33		2013 Vehicle debtors	223,240.33		223,240.33	VI
23,336.95		Festival Advance	64,836.95	50,000.00	14,836.95	VII
		Outstanding Advance	607,984.95	607,984.95		VIII
50,998.25		Staff Debtors Adjustment	50,998.25		50,998.25	
55,554.70		Over Payments of salaries & Foreign Chargers				
(13,500.91)		Provision for Doubtful Debtor	(13,500.91)		(13,500.91)	
<b>14,138,061.34</b>		<b>Sub Total</b>	<b>20,382,561.45</b>	<b>16,969,984.95</b>	<b>3,412,576.50</b>	
		<b>Other Debtors</b>				
2,094,280.65		Land reform commission	2,094,280.65		2,094,280.65	IX
339,229.75		Receivable FD Interest	471,383.52	471,383.52		X
12,750.00		Receivable Interest on Distress loan	21,749.88	8,999.88	12,750.00	
40,000.00		Pallekale Montessori	40,000.00		40,000.00	
		Exhibition	89,383.62	89,383.62		
1,469.87		Fuel advance	1,469.87		1,469.87	
86,449.87		Receivable Pallekale Farm Income	109,841.08	109,841.08		
17,300.00		Receivable Kothmale Farm Income	56,473.50	56,473.50		
<b>2,591,480.14</b>		<b>Sub Total</b>	<b>2,884,582.12</b>	<b>736,081.60</b>	<b>2,148,500.52</b>	
<b>16,729,541.48</b>		<b>Total</b>	<b>23,267,143.57</b>	<b>17,706,066.55</b>	<b>5,561,077.02</b>	

TRADE AND OTHER RECEIVABLES

Previous Year Amount	Description	Marketing Section	Ampara Sale Centre	Age analysis		NOTE-03
		Amount 2016	Amount 2016	01 year	Over 01 Year	
	<b>Staff Loans</b>					
714,955.05	Staff Loans	2,539,530.81	-	2,539,530.81	-	I
7,595,333.38	Distress Loan	-	-	-	-	
66,250.00	Festival Advance	35,000.00	-	35,000.00	-	II
3,903.98	Receivable Interest	3,903.98	-	-	3,903.98	III
<b>8,380,442.41</b>	<b>Sub Total</b>	<b>2,578,434.79</b>	<b>-</b>	<b>2,574,530.81</b>	<b>3,903.98</b>	
	<b>Other Debtors</b>					
635,246.71	Hadabima Authority	10,389,910.17	-	10,389,910.17	-	
149,716.30	In-service	-	-	-	-	
43,104.65	P.G.I.A	-	-	-	-	
550,000.00	Vehicle loan Hadabima Authority	-	-	-	-	
86,028.00	Ampara Sales Centre	106,818.00	-	106,818.00	-	
	Vegetable Section	273,688.12	-	273,688.12	-	IV
700.00	Juice Section	-	-	-	-	
163,475.00	Plant Section	-	-	-	-	
36,302.50	Advance	129,731.06	-	129,731.06	-	
30,000.00	Imprest	-	-	-	-	
3,375.00	Receivable Surcharge	-	-	-	-	
	pallekale farm	510,000.00	-	510,000.00	-	
	sundry debtors	2,498.93	-	2,498.93	-	
	Cheque in Transit	881,472.50	-	881,472.50	-	
	Receivable Deposit	10,000.00	-	-	10,000.00	
	Security Deposit	-	2,500.00	2,500.00	-	
<b>1,697,948.16</b>	<b>Sub Total</b>	<b>12,304,118.78</b>	<b>2,500.00</b>	<b>12,296,618.78</b>	<b>10,000.00</b>	
<b>10,078,390.57</b>	<b>Total</b>	<b>14,882,553.57</b>	<b>2,500.00</b>	<b>14,871,149.59</b>	<b>13,903.98</b>	

HEAD OFFICE  
NOTE-03-I

OVER PAYMENT OF SALARIES

2015 Amount	Description	2016 Amount
6,853.75	Mr.W.A.M.N.Bandara Ministry of Foreign Affairs Colombo	6,853.75
<b>9,886.77</b>	<b>Total</b>	<b>6,853.75</b>

HEAD OFFICE  
NOTE-03-II

GAMPOLA HOUSING LOAN

2015 Amount	Description	2016 Amount
8,080.83	Mr.K.H.Karunasinghe No.8.Boralumankada,Gampola	8,080.83
5,420.08	Mr.S.A.Sumedha Jayalath No.40.Boralumankada,Gampola	5,420.08
<b>13,500.91</b>	<b>Total</b>	<b>13,500.91</b>

**PREPAYMENTS**

Previous Year Amount	Acc Code	Description	Amount 2016	Age analysis	
				01 year	Over 01 Year
1,000.00		Security Deposit-Water Board	1,000.00		1,000.00
6,000.00		Deposit-Electricity Board	6,000.00		6,000.00
<b>7,000.00</b>		<b>Total</b>	<b>7,000.00</b>	-	<b>7,000.00</b>

**FIXED DEPOSITS**

Previous Year Amount	Acc Code	Description	Amount 2016
1,000,000.00		057-60-01-00010198-9	1,000,000.00
1,000,000.00		057-60-01-00010199-8	1,000,000.00
6,000,000.00		057-60-01-00014482-6	-
<b>8,000,000.00</b>		<b>Total</b>	<b>2,000,000.00</b>

MARKETING SECTION

Note - 06

SECURITY DEPOSITS

	Name	Account Number (Peoples Bank -	Amount (Rs)	Interest As at	Total Amount (Rs)
1	S. Kaluthantirige	057200110001187	5,000.00	1,869.73	6,869.73
2	A.Senavirathne	057200241358179	5,000.00	1,869.73	6,869.73
3	Chamila Sampath Kumara	057200190001188	5,000.00	1,869.73	6,869.73
4	H.M.K.Yatawara	057200241239780	1,500.00	147.46	1,647.46
<b>Total</b>			<b>16,500.00</b>	<b>5,756.65</b>	<b>22,256.65</b>

Note - 06-I

SAVINGS ACCOUNT

1	Peoples Bank	057-200-11-00-14854	469,457.65
2	Regional Development Bank	433-011-111-00-44	382,899.38
3	Regional Development Bank	433-111-000-55	3,662.06
4	Ampara Sale Centre	057-200-121-338-201	500.00
<b>TOTAL</b>			<b>856,519.09</b>

Note - 07

CASH AND CASH EQUIVALENTS

1	Peoples Bank	057-1-001-4-1338201	3,486,254.63
2	Peoples Bank - Ampara	015-1-001-2-1338028	335,535.61
<b>TOTAL</b>			<b>3,821,790.24</b>

TRADE & OTHER PAYABLES

Previous Year Amount	Acc Code	Description	Amount 2016	Age analysis	
				01 year	Over 01 Year
5,000.00		Kandy Security service	5,000.00		5,000.00
600,000.02		Pallekale Farm Loan	550,000.02		550,000.02
118,137.50		Retention	164,395.80	164,395.80	
42,500.00		Refundable Deposits			-
51,891.99		Soil Conservation Deposits			-
		Marketing Section (Auction)	10,210.00	12,320.00	
2,064.90		Sundry Advance	2,064.90	2,064.90	
7,595,333.38		Marketing Section Loan	10,088,623.90	9,400,000.00	688,623.90
575,000.00		Marketing Section (Fault)	575,000.00		575,000.00
		Loan From Marketing Section (Kothmale & Pallekale Farm)	204,150.46	204,150.46	
<b>8,989,927.79</b>		<b>Total</b>	<b>11,599,445.08</b>	<b>9,782,931.16</b>	<b>1,818,623.92</b>

HEAD OFFICE

NOTE -09

ACCRUED EXPENSES

Account Code	Description	Amount
1404	Telecommunication	68,628.73
1401-i	Electricity	20,052.08
1404-ii	Water	7,029.31
1404-G	Legal Expenditure	103,750.00
KO 105	Telecommunication	214.08
KO 104	Electricity	421.25
PL 102	Farm Allowances	3,000.00
PL 103	Telecommunication	4,737.02
PL 104	Electricity	8,445.44
PL 105	Water	269.10
	Audit Fees - 2014	300,000.00
	2015	350,000.00
	2016	400,000.00
<b>TOTAL</b>		<b>1,266,547.01</b>

TRADE & OTHER PAYABLES

Previous Year Amount	Water Sale Centre	Marketing Amount 2016	Ampara sale Centre 2016	Age analisis	
				01 year	Over 01 Year
276,877.10	Ampara sales center	-	7,056.00	7,056.00	-
1,035,653.00					
539,956.00	Purchasing control account	2,245,670.56		2,245,670.56	
3,500.00			-		-
23,000.00	Retention	72,663.00	-	-	72,663.00
22,412.59	Hadabima Authority Staff Loan welfair	-	-	-	-
	Unpaid Salary/OT	821,485.20	1,665.69	823,150.89	-
	Trade Creditors	5,627.27	-	5,627.27	-
	Sale Centre Gannoruwa	290,738.48	-	290,738.48	-
	Sequiry Deposit	-	106,818.00	106,818.00	-
		-	13,429.67	13,429.67	-
<b>1,901,398.69</b>	<b>Total</b>	<b>3,436,184.51</b>	<b>128,969.36</b>	<b>3,492,490.87</b>	<b>72,663.00</b>

ACCRUED EXPENSES

Account Code	Discription	Head Office	Ampara	Total
1404-J	Cleaning Service	24,000.00	-	24,000.00
1401-A	Maintence of Office Equipments	41,975.00	-	41,975.00
1404	Telephone	2,783.42	988.23	3,771.65
1404-C	Water	8,595.69	1,140.08	9,735.77
1404-B	Electricity	18,485.88	1,100.10	19,585.98
1401	Maintence of vehicle	33,800.00	-	33,800.00
1201	Traveling and other allowenses	19,859.00	-	19,859.00
1404-D	Fuel for vehicle	41,695.00	-	41,695.00
1404-A	Postal Charges	-	147.00	147.00
1102	Over time	42,507.04	4,833.60	47,340.64
1101-C	E.T.F	16,284.33	506.70	16,791.03
1101-B	E.P.F	66,414.92	2,026.80	68,441.72
1101	Sallaries	625,767.33	19,390.00	645,157.33
1309-A	Bank Charges	306.01	-	306.01
1309-E	Stuff Welfair	24,375.00	-	24,375.00
1404-D	Vehicle Insurance	2,050.80	-	2,050.80
	<b>TOTAL</b>	<b>968,899.42</b>	<b>30,132.51</b>	<b>999,031.93</b>

HEAD OFFICE  
SHEDULE:-01

HADABIMA AUTHORITY OF SRI LANKA  
Treasury & Ministry Funds - 31-12-2016

<u>Treasury Funds</u>		(Rs.)
	Recurrent	61,190,000.00
LESS	Transfer To Capital Funds	(2,189,749.43)
		<hr/>
		<b>59,000,250.57</b>
		<hr/>
	Capital	56,672,000.00
ADD	Transfer From Recurrent Funds	2,189,749.43
		<hr/>
	<b>TOTAL</b>	<b>58,861,749.43</b>
		<hr/>

OTHER INCOME

Acc Code	Description	Amount 2016
3001	House Rent	7,500.00
	Rent	1,881,000.00
3007	Loan Interest	495,793.68
3004	Surcharge	2,400.00
3009	Miscellaneous Income	222,901.00
3003	Supply Registration Fees	25,500.00
	Surcharge of cattle	12,183.00
	Recovery of office vehicle	8,200.00
	Revolving Fund Interest	60,474.95
	Sevenday FD Interest	266,208.56
<b>Total</b>		<b>2,982,161.19</b>

MARKETING SECTION  
SHEDULE-02

OTHER INCOME

Distription	Amount
Registration Fees	36,400.00
Other Income	491,350.96
Interest Income	899,500.31
Transport Chargers	12,555.00
<b>Total</b>	<b>1,439,806.27</b>



# AUDITOR GENERAL REPORT



**විගණකාධිපති දෙපාර්තමේන්තුව**  
கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்  
**AUDITOR GENERAL'S DEPARTMENT**

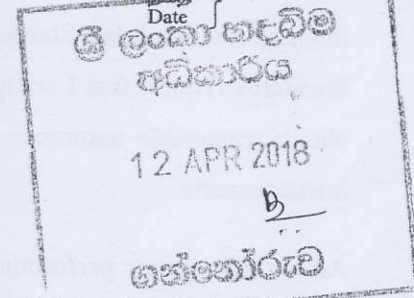


මගේ අංකය }  
எனது இல. }  
My No. }

CLP-L/KD/H/HA/1/  
16/2017/35

ඔබේ අංකය }  
உமது இல. }  
Your No. }

දිනය } 30 September 2017  
திகதி }  
Date }



The Chairman,  
Sri Lanka Hadabima Authority.

Report of the Auditor General on the Financial Statements of the Sri Lanka Hadabima Authority for the year ended 31 December 2016 in terms of Section 14(2) (c) of the Finance Act, No. 38 of 1971

The audit of financial statements of Sri Lanka Hadabima Authority for the year ended 31 December 2016 comprising the statement of financial position as at 31 December 2016 and the statement of financial performance, 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 Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 23 of the Agricultural Corporations Act, No. 11 of 1972. My comments and observations which I consider should be published with the Annual Report of the Authority in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed Report in terms of Section 13(7)(a) of the Finance Act was furnished to the Chairman of the Authority on 17 July 2017.

## 1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal controls as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.





### 1.3 Auditor's Responsibility

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My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000 -1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements 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 Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub-section (3) and (4) of Section 13 of the Finance Act No.38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### 1.4 Basis for Qualified Opinion

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My opinion is qualified based on the matters described in paragraph 2.2 of this report.

## 2. Financial statements

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### 2:1 Qualified Opinion

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In my opinion except for the effects of the matters described in paragraph 2.2 of this report the financial statements give a true and fair view of the financial position of the Sri Lanka Hadabima Authority as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

## 2.2 Comments on Financial Statements

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### 2.2.1 Sri Lanka Public Sector Accounting Standards

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As useful life of the non-current assets had not been reviewed annually as required by Sri Lanka Public Sector Accounting Standard 07, fixed assets costing Rs.5,679,700 were further in use despite being fully depreciated. Accordingly, action had not been taken to revise the error in estimation in terms of Sri Lanka Public Sector Standard 03.

### 2.2.2 Accounting Policies

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The following observations are made.

- (a) In terms Section 69 of Sri Lanka Public Sector Standard 7, depreciation of an asset should be commenced from the beginning of its use, whereas, the Authority had followed a depreciation policy contrary to the above requirement.
- (b) In terms of Sri Lanka Public Sector Standard 09, the Authority had not disclosed the accounting policy adopted including basis of the measurement and the cost formula used in connection with the stock of Rs.6,788,124 in the financial statements.

### 2.2.3 Accounting Deficiencies

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The following observations are made.

- (a) Salaries amounting to Rs.2,999,102 , a sum of Rs.89,973 payable to Employees Provident Fund and a sum of Rs.359,892 payable to the Employees Trust Fund as at 31 December of the year under review had been understated in the accounts.
- (b) Due to errors in the computation, expenditure on gratuity and provision for gratuity amounting to Rs.270,527 of the year under review had been overstated in the accounts.
- (c) Communication Deposit valued at Rs.5,000,000 cancelled on 17 January 2017 had been debited to the cash book by considering the same had been cancelled on 31 December 2016 and as such, investments had been understated by that amount and bank and cash balances had been overstated by that amount in the accounts.



- (d) Interest of Rs.105,548 as at 31 December 2016 relating to the fixed deposit valued at Rs.5,000,000 of the Authority had not been brought to accounts.

**2.2.4 Lack of Evidence for Audit**

Evidence indicated against the following items of accounts had not been made available to audit.

Item	Value	Evidence not made available
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	Rs.	
Buildings	228,550	Documents in support of title and the physical existence
Balance Receivable	287,188	} Balance confirmations
Balance Payable	595,488	

**2.2.5 Unexplained Differences**

A difference of Rs. 398,476 was observed between the accounts and the schedules maintained by the Authority and the Marketing Division in 04 instances.

**2.3 Accounts Receivable and Payable**

The following observations are made.

- (a) Thirty seven balances receivable valued at Rs.219,232 remained unsettled as at 31 December of the year under review and those balances related to the period ranging from 01 years to 07 years.
- (b) Action had not been taken to recover 06 staff loan balances of Rs.115,562 that remained unrecovered from 06 officers for more than a period of one year.
- (c) Staff loan balance of Rs.239,533 due from an officer who had left the service of the Authority had not been recovered either from the relevant officer or the guarantors.

- (d) Four balances valued at Rs.609,727 had remained unsettled as at 31 December of the year under review and those balances related to a period ranging from 01 to 10 years.
- (e) The unidentified balance of Rs.50,998 continued to exist in the Staff Loan Adjustment Account from the year 2014 and shown under the trade and other receivable balances in the statement of financial position as at 31 December of the year under review had not been settled even by August 2017.

**2.4 Non-compliance with Laws, Rules, Regulations and Management Decisions**

The following observations are made.

**Reference to Laws, Rules and Regulations etc.**

**Non-compliance**

- (a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

Financial Regulation 396 (d)

According to the Bank Reconciliation Statements prepared for the month of December of the year under review, action in terms of Financial Regulations had not been taken in respect of 207 cheques valued at Rs.775,500, lapsed for more than 6 months from the date of issue but not presented for payments.

- (b) Public Administration Circular No.9/2009 dated 16 April 2009.

Even though a finger print machine had been in operation in the Institute, without being confirmed the arrival and departure by a printout obtained from the finger print machine, overtime and holiday pays amounting to Rs.1,817,943 had been paid based on the attendance register maintained under the officers.

- (c) Public Finance Circular No.03/2015 dated 14 July 2015 of the Secretary to the Treasury.

- (i) Ad-hoc imprest balance unsettled by 31 December 2016 amounted to Rs.607,984 and action had not been taken to settle it.



- (ii) Advance amounting to Rs.261,120 obtained by the officers of the institute in 30 instances during the year 2016 had been settled after a delay ranging from 14 days to 262 days on completion of the relevant purpose.
- (iii) Out of advances amounting to Rs.365,280 granted to 27 officers, a sum of Rs.226,070 had been settled again without being utilized and it had ranged from 28 per cent to 100 per cent.
- (d) Public Enterprises Circular No.PED/12 dated 02 June 2003. Although the draft annual report should be furnished to the Auditor General within 60 days of the close of year, action had not been taken accordingly.

## 2.5 Transactions not Supported by an Adequate Authority

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The following observations are made.

- (a) According to the Letter No.DMS/IE/14/05/115(VOL 1) dated 22 September 2011 of the Director General of the Department of Management Services, it had been informed to formulate an appropriate methodology for the payment of incentives and submit the same for the approval again. Nevertheless, without being taken action to obtain approval of the Department of Management Services even by 31 March 2017, incentives valued at Rs.619,440 had been paid for the year 2016.
- (b) Management had failed to formulate methodologies and criteria in respect of sums totalling Rs.506,457 comprising Rs. 469,457 credited from the Fund of the institute from September 2011 to 31 December 2016 for the Risk Deposit Fund of the institute established on behalf of the employees of the Marketing Division for incurring expenditure to face risk conditions and a sum of Rs.37,000 due to be further credited and to obtain the approval of the Treasury thereon.

### 3. Financial Review

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#### 3.1 Financial Results

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According to the financial statements presented, the financial results of the Authority for the year under review had been a surplus of Rs.1,359,802 as compared with the corresponding surplus of Rs.798,108 for the preceding year, thus indicating an improvement of Rs.561,694 in the financial result as compared with the preceding year. Increase in the Treasury recurrent receipt by Rs.1,639,421 had mainly attributed to the above improvement in the financial result.

Analysis of the financial results of the year under review and 04 preceding years revealed that the deficit of Rs.32,601,898 in the year 2012 had turned out to a surplus of Rs.23,704,832 in the year 2013. Although a surplus was observed from the year 2014 to the year 2016, a decrease of that surplus was observed as compared with the year 2013. Nevertheless, in readjusting the employees remuneration, depreciation for the non-current assets to the financial result, the contribution of the Authority amounting to Rs.9,746,179 in the year 2012 had become a sum of Rs.72,492,946 with fluctuations.

#### 3.7 Legal action instituted against and by the Authority

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External parties had filed 04 cases against the Authority in Court while the Authority had filed a court case against a former employee in order to recover a sum of Rs.40,178 for misuse of resources of the Authority.

### 4. Operating Review

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#### 4.1 Performance

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The objectives of the Authority according to the Agricultural Corporations Act, No. 11 of 1972 are indicated below.

- (a) Agricultural diversification, settlement development and preparation of plans for fully connected watershed management, coordinating and implementing those plans by the Corporation or Government or Nongovernment agencies in areas determined by the Minister from time to time.
- (b) Management of all the lands alienated or vest in the Corporation, maximum yield, protection of environment, conservation of lands and water resources and settlements development with the objective of establishment.



- (c) Processing and sale of agricultural products.
- (d) Establishment of plant, equipment and machineries for the agricultural diversification and settlement development, their maintenance and operations.
- (e) Implementation of all steps that deemed necessary for the implementation of agricultural diversification in the specific areas referred to in Paragraph (a) above, settlement development and watershed management.

The following observations are made on the achievement of those objectives.

- (i) Activities such as agricultural diversification, settlement development and processing of agricultural production had not been carried out during the year.
- (ii) Although a sum of Rs.57,650,130 had been granted by the Treasury for the development activities, in addition to that amount, the institute had invested a sum of Rs.5,588,163 and soil conservation activities only had been carried out. Attention had not been drawn on the other development activities stated in the Act.
- (iii) Out of the estimated amount of Rs.350,000 for planning and progress reviewing, only the activities amounting to Rs.101,144 or 29 per cent had been done.
- (iv) Although a higher progress is observed in taking into consideration the overall targets and the overall progress, soil conservation activities of 584.64 hectares of lands in 25 Grama Niladharee's Divisions had not been carried out.

#### 4.2 Management Activities

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The following observations are made.

- (a) The objectives for the maintenance of deposit balance of Rs.2,081,413 continued to exist relating to 03 accounts from the year 1978 were not explained to audit.
- (c) Although daily accumulated cash in the stall should be deposited in the bank immediately, amount of cash ranging from Rs.162,425 to Rs.1,111,401 had been retained in hand in 12 instances from 30 December 2016 to 10 January 2017. A limit of cash that should be retained as petty cash imprest to spend as petty cash had not been approved by the Management.

- (d) Although development programmes should be implemented under the labourer contribution of the students and the parents, deviating from that, a sum of Rs.641,209 had been paid for the modals prepared in 40 schools and a sum of Rs.178,910 had been paid relating to 11 soil specimens to external parties.
- (e) Although only a sum of Rs.575,000 out of the sums totalling Rs.1,739,764 overpaid in the years 2014 and 2015 in respect of vegetables not supplied to the stalls had been recovered from the parties responsible, adequate steps had not been taken to recover the balance of Rs.1,164,764.
- (f) The government quarters in which an officer of the Authority was residing was a quarters belonging to another Ministry and it had not been properly taken over.

#### 4.3 **Operating Activities**

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The following observations are made

- (a) The wastage value comparatively to the purchases of the Gannoruwa and Ampara stalls had been Rs.1,899,383 or 2.3 per cent and Rs.302,418 or 17.8 per cent respectively and the wastage value of the Ampara stall stood at extremely high amount as compared with the Gannoruwa stall.
- (b) The Pallekele and Kothmale farms had sustained losses of Rs.1,326,129 and Rs.74,999 in the year 2015 and Rs.219,382 and Rs.153,649 in the year 2016 respectively. Nevertheless, attention had not been drawn to reorganise the farms in to a position of generating profits by preparing a business plan as required by the Paragraph 07 of the Letter No.04/04/07 dated 04 March 2015 of the Secretary to the Ministry of Irrigation and Agriculture.

#### 4.4 **Idle and Underutilized Assets**

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The following observations are made

- (a) Agricultural equipment valued at Rs.716,170 older than 05 years and purchased for various projects had been kept in the stores even by 05 January 2017.
- (b) The total land area of 10 acres in extent of the Pallekele Farm had not been utilized effectively.

- (c) Although goods valued at Rs.124,707 had been purchased for the Weligama stall in November and December,2016, action had not been taken to open the relevant stall even by 30 June 2017 and the above goods remained idle.
- (d) The stalls building at Ingiriya had been partly built by spending a sum of Rs.5,442,792 under the expenditure head of Development in the year 2014, whereas action had not been taken to use it by completing the construction activities even by 31 January 2017.

#### 4.5 Contract and Procurement Process

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The following observations are made.

##### (a) Ingiriya Stall

- (i) Payments valued at Rs.105,100 had been made to the contractor in respect of undone 04 items of works.
- (ii) Without being established the availability of provisions in terms of Guideline 4.1.1 (c) of Chapter 04 of the Procurement Guidelines 2006, construction valued at Rs. 1,223,499 of the lavatory system of the sale centre had been commenced on 07 August 2014 and it had been partly built, whereas construction had been abandoned half way even by June 2017 due to lack of funds.
- (iii) Even though an estimate amounting to Rs.16,570,000 had been prepared for the construction activities of the stall built for the sale of vegetables and agro materials under 09 stages and that estimate had been approved, a plan had not been prepared for procuring further needed funds of Rs.10,570,164.
- (iv) In order to carry out construction activities of the stall under 4 stages, estimates for the value totalling Rs.6,478,698 had been prepared. Out of that, bids had been called only for 03 stages and constructions of the 04 stages had been awarded to the only bidder.

(b) Weligama Stall  
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- (i) Walls of the stall building handed over to the Authority on 18 October 2015 after partly completing by spending Rs. 8,062,196 under the Provincial Development Programme, 2014 and Rs. 2,112,501 by the Hadabima Authority had been cracked in several places and anthills had been formed by termites in some places. Action had not been taken to repair the building and commence the business activities even up to 27 March 2017.
  - (ii) Payments had been made for 03 undone work amounting to Rs. 44,086 stated in the bill.
  - (iii) Even though a sum of Rs. 150,132 had been paid for the powder coated glass doors, only powder coated had been used and glass had not been fixed for the doors.
- (c) A performance guarantee had not been obtained according to the Guidelines 5.4.10 and 8.9.1 (b) of the Procurement Guidelines in respect of purchase of goods valued at Rs. 1,081,657 and relating to cleaning service of Rs. 528,700 in the year 2016 and a written agreement, too, had not been entered into.

**4.6 Commencement of projects in lands/properties not properly vested**  
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In 02 lands belonging to the Ingiriya Divisional Secretariat and Weligama Divisional Secretariat which had not been properly taken over even up to 30 June 2017, two stalls had been constructed by spending Rs. 5,442,792 and Rs. 10,174,698 respectively.

**4.7 Staff Administration**  
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The following observations are made.

- (a) For the post of Technical Assistant approved by the Letter No. DMS/1578 dated 15 June 2015 of the Director General of the Department of Management Services, recruitment had not been made even up to 31 March 2017 and the recruitment of scheme, too, had not been approved.

- (b) Despite the expiry of the period of contract of 04 officers recruited on contract basis, a sum of Rs.2,203,880 had been paid as gross salary for the period from November 2015 to March 2017 without an agreement and granting extension.
- (c) Without obtaining the approval of the Department of Management Services, two officers had been recruited for the posts of Financial Officer and Watcher which had not been included in the approved cadre and a sum of Rs.409,945 had been paid as salaries up to 28 February 2017.
- (d) Deviating from the Financial Regulation 71 (i) (b), six officers had been recruited under the sales project by changing the designation as Bill Collecting Officer and including it to the 21 approved post of Sales Assistant, a sum of Rs.1,756,754 had been paid as salaries within the year 2016.

#### 4.8 Vehicle Utilization

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The following observations are made.

- (a) Although a period of more than one year had elapsed from the grant of approval to vest 10 hand tractors valued at Rs.1,120,000 in the farmers' societies according to the Letter dated 15 July 2015 of the Secretary to the Ministry of Agriculture, action had not been taken to vest those tractors.
- (b) Although a lorry costing Rs.900,000 of which the legal right is held by the Ministry of Agriculture had been shown in the financial statements, action had not been taken to transfer the ownership thereof.

### 5. Accountability and Good Governance

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#### 5.1 Action Plan

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An Action Plan for the Sales Project pertaining to the year under review had not been prepared in terms of Paragraph 5.2 of the Public Finance Circular No.01/2014 dated 17 February 2014.

## 5.2 Procurement Plan

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The following observations are made.

- (i) Although the Procurement Plan should be prepared and approved before the commencement of the relevant year, the Procurement Plan for the year under review had been approved by the Secretary to the Ministry on 31 March 2016 and the revised Procurement Plan had not been approved by the Secretary to the Ministry. Goods valued at Rs.1,832,698 not included in the approved Procurement Plan had been purchased.
- (ii) A Main Procurement Plan for the Authority had not been prepared at least for a period of three years in terms of Guideline 4.2 of the National Procurement Guidelines 2006 and a procurement timetable in terms of the National Procurement Guidelines had not been prepared for the Procurement Plan valued at Rs.41,900,000 prepared for making purchases in respect of the Marketing Project.

## 5.3 Internal Audit

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The approved cadre of the Internal Audit Division of the Sri Lanka Hadabima Authority consisted of only one officer and a plan had been prepared to carry out 33 activities under 09 fields using 3900 man hours in respect of internal audit. Nevertheless, only 14 audit queries had been issued so as to cover 06 activities for the year under review and those had been referred to the Auditor General. Although a sum of Rs.63,238,292 had been spent for the development expenses, one audit query only had been issued in that connection.

## 5.4 Budgetary Control

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The following observations are made.

- (a) A budgeted balance sheet, cash flow statement, Action Plan and budgeted capital expenditure report had not been furnished together with the Budget Estimate as required by Paragraph 5.2.1 of the Public Enterprises Circular No.PED/12 dated 02 June 2003 of the Director General of Department of Public Enterprises.

- (b) In terms of Paragraph 5.2.5 of the above circular, the updated final budget report had not been furnished to the Auditor General 15 days before the commencement of the year and a drafted budget report in terms of Paragraph 5.2.4 had not been furnished to the Board of Directors 03 months before the commencement of the year.
- (c) For the revision of 07 items of expenditure valued at Rs.1,888,500 included in the Budget Estimate of the Hadabima Authority of the year under review, approval had been obtained on 22 January 2017.
- (d) According to the above observations, it was revealed that the budget had not been made use of as an effective instrument of financial control.

#### 5.5 Unresolved Audit Paragraph

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Although in connection with a sum of Rs.2,094,280 recoverable from the Land Reformation Commission since the period prior to the year 2004 and shown under the other receivable balances in the statement of financial position, attention had been paid at the Committee on Public Enterprises held in the year 2010 and directives had been issued to settle it, it had not been settled even by 31 December of the year under review.

#### 6. Systems and Controls

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Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Authority from time to time. Special attention is needed in respect of the following areas of systems and controls.

Area of Systems and Control	Observations
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(a) Accounting	Failure in properly following the accounting policies and standards.
(b) Accounts Receivable and Payable	Failure in taking an appropriate step to settle the loan balances continued to exist over a number of years/ absence of balance confirmations.
(c) Contract Administration	Existence weaknesses in the preparation of estimates.



- (d) Staff Administration Making recruitments to the unapproved posts and failure to take action to fill vacancies.
- (e) Vehicle Control
  - (i) Failure to establish a proper method for the control of vehicles.
  - (ii) Failure to prepare monthly summaries.
- (f) Internal Audit
  - (i) Failure to take action to fill vacancies.
  - (ii) Failure to take action in accordance with the Internal Audit Plan.
- (g) Procurement Process Failure to take action in accordance with the Procurement Guidelines.
- (h) Budgetary Control Non-preparation of the Budget and not using as the instrument of financial control.
- (i) Assets Management Existence of Idle/ Underutilized Assets.

**Sgd./ H.M. GAMINI WIJESINGHE**  
**Auditor General**

H.M. Gamini Wijesinghe

Auditor General