ජාතික පශු සම්පත් සංවර්ධන මණ්ඩලය
தேசிய கால்நடை வள அபிவிருத்தி சபை
National Livestock Development Board

අපි නිරතුරුවම ප්‍රගතිය කරා පියනගමු

நாளுக்கு நாள் முன்னேறத்தை நோக்கி பயணிக்கின்றோம்

WE CONTINUE TO GROW EACH DAY

වාර්ෂික වාර්තාව
வருடாந்த அறிக்கை
Annual Report
2013

WE CONTINUE TO GROW EACH DAY

It is with great esteem that we approach our 42nd year as the leading producer and manufacturer of livestock in Sri Lanka. NLDB manages 30 livestock and crop integrated farms having built a reputation for revamping and preserving the livestock industry with coconut plantations.

A training centre was established to impart knowledge and educate farmers on the theoretical and practical aspects of farming. At NLDB we take growth seriously and continue to incorporate the finest business ethics and maintain stringent standards as an industry leader.

Therefore it with great ambition, unshakable focus and unparalleled positivity, that we continue to grow each day.

NLDB

National Livestock Development Board

වාර්ෂික වාර්තාව
வருடாந்த அறிக்கை
Annual Report 2013

අපි නිරතුරුවම ප්‍රගතිය කරා පියනගමු

நாளுக்கு நாள் முன்னேறத்தை நோக்கி பயணிக்கின்றோம்

WE CONTINUE TO GROW EACH DAY

CONTENTS

WE
TO GROW

CONTINUE

EACH DAY

Vision

To be the best self sustaining organization in Sri Lanka to produce quality breeding material, livestock and agricultural products to enhance the Socio-Economic standards of our people.

Mission

To run a self sustaining chain of Livestock and Crop Integrated Farms in different Agro-Ecological Zones with a satisfied workforce.

To develop Livestock activities within a reasonable time period to issue the requirement of breeding animals continuously to farmers with the objective of making the country self-sufficient in Livestock and Dairy products.

To develop Livestock and Agricultural Products with new technology to increase the output and profitability of the organization.

To cultivate Cash Crops in Selected farms to support the Cash Crop Production programme in the Country.

To achieve optimum productivity levels in the livestock and agricultural sectors.

To obtain maximum productivity from livestock and crop integrated farming systems and follow Eco-Friendly cultivation practices.

Common Goals

To maintain all farm activities at optimum level, infusing surplus funds from coconut - based industries for sustenance.

To introduce new technology, expertise, capital with better management practices to reduce costs and improve productivity to successfully complete in the market.

To explore possibilities to break into new markets with better marketing strategies in order to convert these farming units into protitable business entities with the participation of the private sector.

Main Activities

Breeding and multiplication of livestock.

Issue of quality breeding materials to the farmers at a reasonable price.

Maintain coconut plantations at optimum level to generate maximum profit.

Practise livestock/crop integrated farming system wherever feasible.

Provide training and demonstration facilities to farmers, school children, officials involved in agriculture & livestock small holders.

Establish and maintain sales outlets to supply quality farm products at reasonable prices.

Produce value added products using raw materials produced in farms to get a high profit margin.

Sales of fresh cow milk and popularize consumption among the public.

Hon. Minister's Message

Achieving self - sufficiency in milk production and enhancing livelihood Of livestock farmers are the basic policy objectives of this board.

NLDB's Excellent Contribution boosts Milk Production & Livelihood development

I am indeed very much proud of the growth and the progress of the National Livestock Development Board which is dedicated for the development of the livestock as its main objective.

In keeping with the "Mahinda Chinthana", NLDB has planned and is implementing many appropriate programmes to develop the livestock industry and uplift the living standards of the livestock farmers. Developing animal husbandry, achieving self-sufficiency in milk production and enhancing livelihoods of the farmers are the basic objectives of this Board.

While the Board has achieved significant success in this respect up to date, the NLDB is successfully continuing its programme of providing high quality breeding materials at reasonable rates to farmers.

I would also like to point out that the network created through this helps the farmers solve their urgent and essential needs then and there.

I wish to express my sincere gratitude to the board of directors and the staff of the board both at the head office and regional level who strived hard to make NLDB a profit making government institution.

Arumugan Thondaman - M.P.
Hon. Minister of livestock and Rural Community Development

Hon. Deputy Minister's Message

Making use of the new technological strategies, Board has reaped additional and more successful economic benefits by cultivating crops like coconuts and short term crops in the farms owned by the Board.

I would like to mention with much appreciation that the National Livestock Development Board established in 1973 with the objective of making the country self sufficient in the field of livestock industry is acting with much dedication to reach its aims.

Acting in compliance with the " Mahinda Chinthanaya" of the present government, the National Livestock Development Board launched several programmes to direct the dairy farmers towards the livestock industry thereby improving the economic condition of the famers while reaching the target of making the country self sufficient in milk.

Making use of the new technological strategies, the board has reaped additional and more successful economic benefits by cultivating crops like coconuts and short term crops in the farms owned by the board. Continuing these activities in a more organized way, I believe, board could bring in more productive economic benefits to the country. Further improvement in the welfare programmes for the employees could create a more contented workforce increasing the productivity.

It is my firm belief that the National Livestock Development Board, while reaching the targeted aims of all the projects implemented for the future betterment of the industry, will become the main institution which has the respect and support of the public who makes an active contribution towards livestock industry.

I wish the present chairman, board of directors and entire staff of the National Livestock Development Board every success in their endeavour to achieve the above objectives and aims.

H. R. Mithrapala (M.P.)
Hon. Deputy Minister of Livestock Development and Community Development

Chairman's Statement

We also extended training facilities in livestock farming to the rural and middle income communities to enhance their knowledge in modern methods of Animal husbandry practices and techniques.

It is with sense of a pride and dignity that we present the Annual Report for 2013. After four decades of yeoman service to the Livestock Industry in Sri Lanka, we have a sense of satisfaction for what we have achieved over the years to transform to what the organization is today, having contributed significantly to our Industry in upgrading the rural farming community towards the goals envisaged in our mission.

These goals were achieved by providing high quality breeding material at nominal cost both in livestock and the poultry. We also extended training facilities in livestock farming to the rural and middle income communities to enhance their knowledge in modern methods of animal husbandry practices and techniques. We have also embarked on rapid development programmes and have been successful in modernising our farms, converting many loss making farms to profitable entities. The importation of superior quality poultry and cattle stock has improved the genetical potential of our livestock maintained as nucleus breeding material in strategically located farms in the Island. In recognition of our contribution in the management of Dairy Cattle imported from Australia we were awarded the National Project Management Excellence Award in the Merit category for the year 2013.

We have improved through required renovations and building by programmes, our Organizations infrastructure in most farms by up-grading animal housing in farms, development of circuit bungalows, sales outlets and staff quarters.

My sincere thanks are extended management and staff for their contribution towards our efforts and achievements which would not have been attained if not for their significant contributions. The team spirit amongst the work force at all levels also made our efforts fruitful.

The guidance and support received from our Minister Hon. Arumugan Thondaman, Minister of Livestock & Rural Community Development. Deputy Minister, Hon. H.R. Mithrapala, Secretary and Officials of the Ministry are greatly appreciated. The keen interest and co-operation of the members of the Board of Directors also made our efforts achievable.

I wish to once again thank the staff for their commitment and dedication which, I am sure will continue so that greater heights could be reached in the future.

R M B Ellegala
Chairman

Deputy Chairman’s Statement

Although we are a self-sustainable institution, profitability was not our main concern; we considered to our nation as the utmost priority.

It is with great enthusiasm that we present this Annual Report for 2013. Since assuming duties as the new Board of Directors of the NLDB, we have been able to achieve much development and growth as a Organization in reaching various milestone and goals under the "Mahinda Chinthana" Visionary Programme towards attaining self-sufficiency in milk production.

We have converted the NLDB into a profitable organization and assisted the country in the core activities of dairy and livestock development which has direct impact on our rural economy. Although we are a self-sustainable institution, profitability was not our main concern. We considered the service to our nation with utmost priority.

The effort for the promotion of liquid milk consumption amongst people is showing positive results. We have upgraded our sales outlets in both Colombo and the Outstations, so that we could popularize liquid milk amongst consumers whilst making available our Farm quality products to them.

Having comprehended the values of our staff and work force we have also extended numerous incentives, facilities together with social welfare programmes to motivate our staff towards social responsibilities and productivity. Their co-operation and efforts towards our endeavours have been commendable to which my sincere thanks is hereby extended.

All these achievements were possible due to the dynamic leadership and guidance extended by the Minister for Livestock & Rural Community Development, Hon. Arumugan Thondaman, ably supported by the Deputy Minister Hon. H.R. Mithrapala, the Secretary to the Ministry and Ministry officials.

On a confident note that, I express that we would gain more achievements under the able leadership of our Chairman Lt.Col. Ranjith Ellegala to whom my fullest co-operation and support is extended at all times.

H R Anura Jayasiri
Deputy Chairman

Board of Directors

Left to right

R.M.B. Ellegala (Chairman)
H.R. Anura Jayasiri (Deputy chairman)
Dr. Samson L.A. Daniel,
Ravindra Manoj Gamage

Left to right

R. Ashok Kumar
Dr. Prema kumara de Silva
S. Balachandiran
K.M.K. Siriwardana

Management Team

Left to right

A.C.H. Munaweera
General Manager

D. Upali Jayawardene
DGM (Livestock & Plantation Development)

D. Medagedara
DGM (Corporate Operations)

K.K.R. Kannangara
AGM (Human Resources & Admin)

Left to right

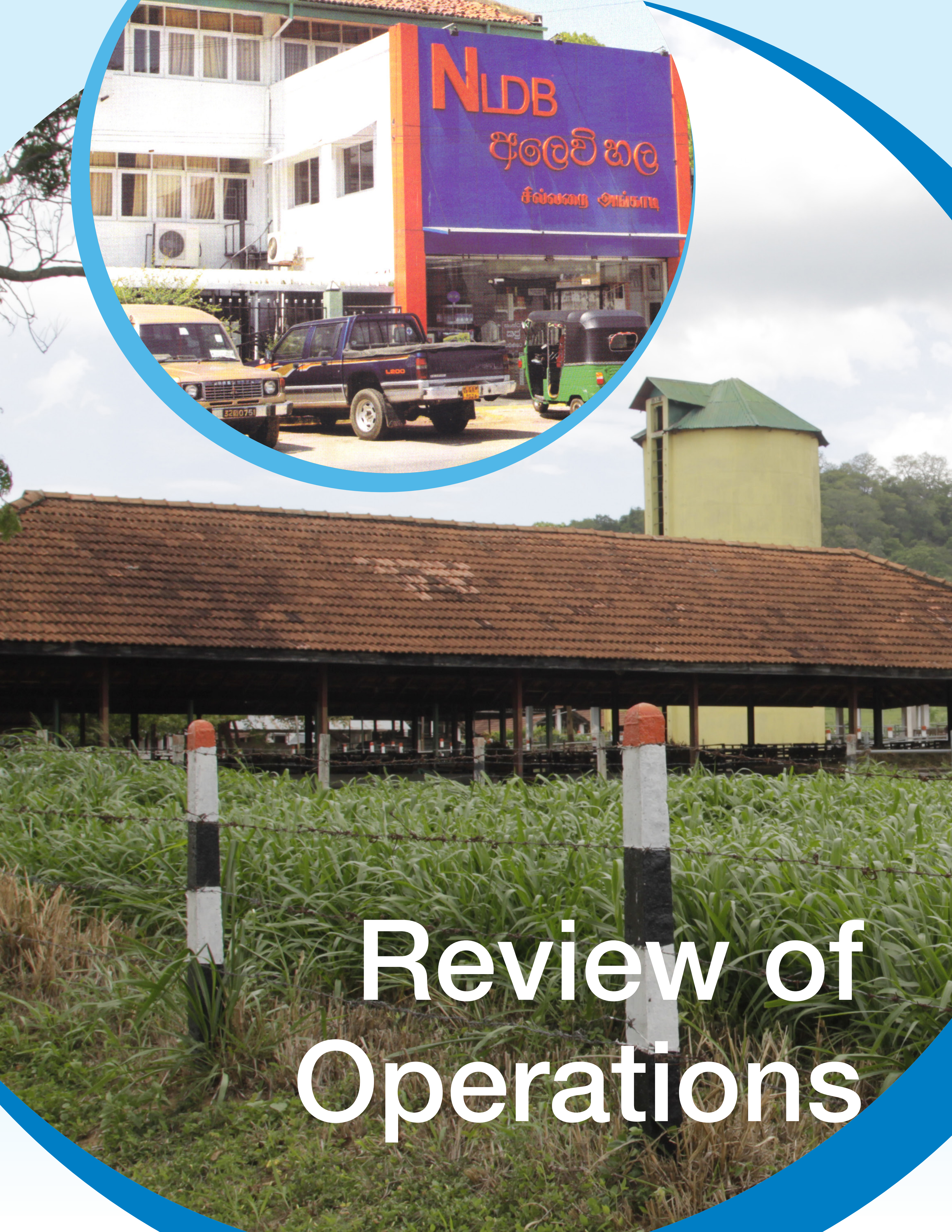
N.P.C. Ekanayake
AGM (Finance)

M.D. Karunathilaka
Manager (M & E)

M. Rajakaruna
Manager (Finance)

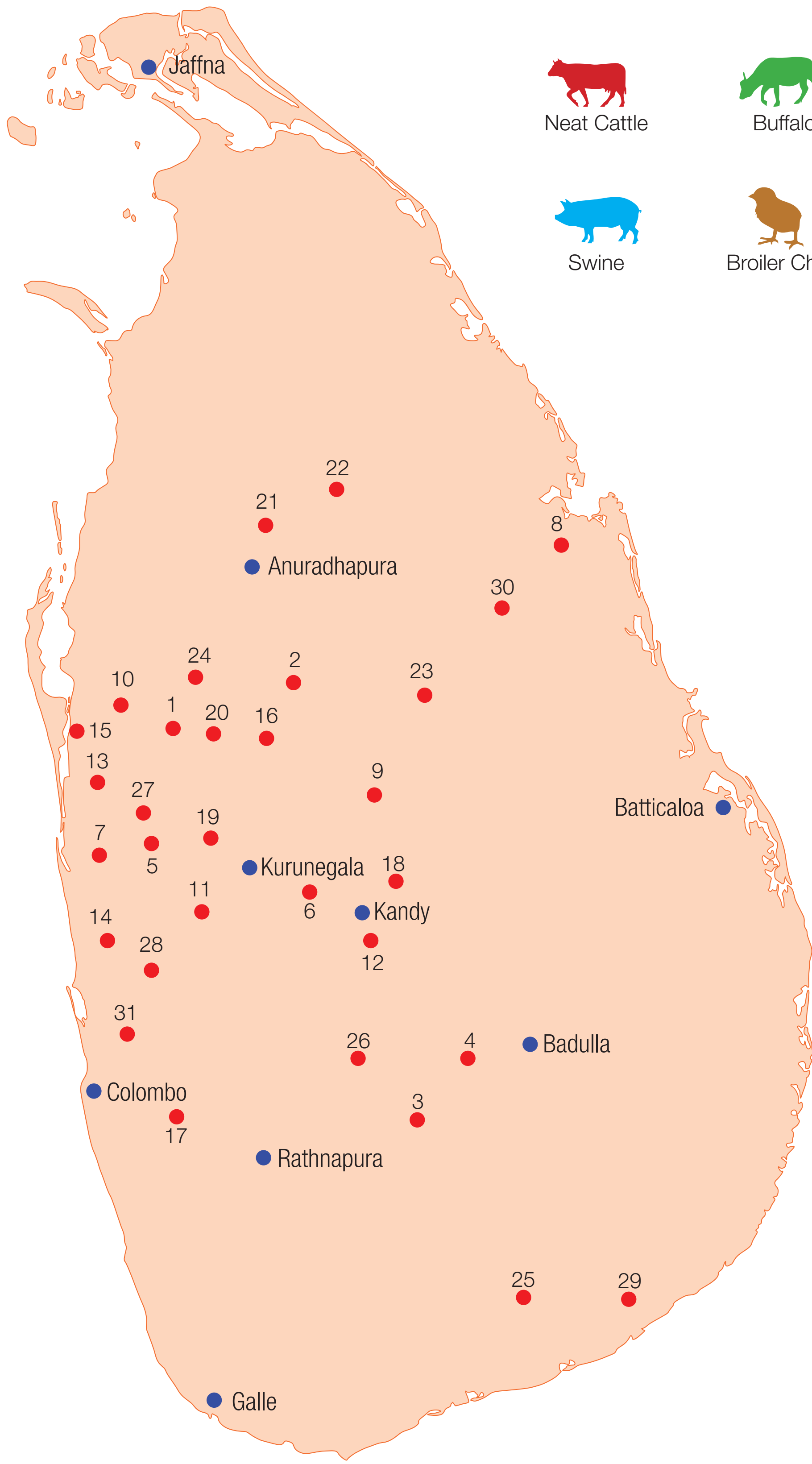
Ms. S.A.S. Thewarapperuma
Administrative Manageress

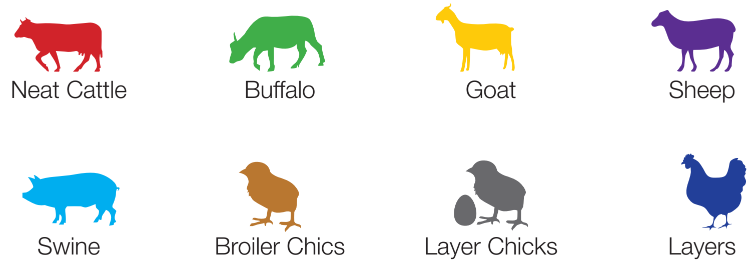

NLDB
නැවුම්ම නැවුම් එළකිරි
தூய்மையான பசும் பால்
Nutritious Gouda cheese
Pure and fresh



Review of Operations

Location of the Farms





1. Andigama
2. Beligama
3. Bopaththalawa
4. Dayagama
5. Galpokuna
6. Haragama
7. Horrakeley
8. Kandekaduwa
9. Karandagolla
10. Kottukachchiya
11. Koulwewa
12. Mahaberiyantenna
13. Marandawila
14. Marawila
15. Martin
16. Melsiripura
17. Miriswatte
18. MLDC
19. Narangalla
20. Nikaweratiya
21. Oyamaduwa
22. Paragaswewa
23. Polonnaruwa
24. Polonthalawa
25. Ridiyagama
26. Rosita
27. Rukkaththana
28. Siringapatha
29. Weerawila
30. Welikanda
31. Welisara

Dairy Development

1. Sri Lanka Dairy Development Project

Sri Lanka imports 70,000 – 75,000 Mt. of milk powder annually spending a colossal sum of Rs.30 billion. To be self-sufficient in milk a further 482 million liters has to be produced annually. It would be an impossible task to achieve this production target with the present production of the National herd. Improving the genetic potential of animals available with the farmers is an urgent necessity, but it is a time consuming process that will take a few decades. Nevertheless, our local farmers own and maintain one or two cow units and improving the productivity of these animals could result in an increase in the national production. To achieve this objective a larger number of quality breeding stock should be issued to the farmers if a progress is to be achieved in dairy development.

At present the contribution of NLDB contribution to the National Production is around 3% which is inadequate to make impact in the Dairy sector and it is imperative that the NLDB has planned to increase the milk production up to make our contribution at 7% against the National requirement while producing more heifers for issuing to the farmers during the next five years for which purpose our farms could be utilized as resource centers to supply improved breeding material to the farmers.

To achieve the above objective the NLDB was successful to import high yielding 2000 pregnant heifers in the breeds of Friesian, Jersey and Jersey x Friesian cross bred to Sri Lanka after two decades under National Dairy Development Programme as per the "Mahinda Chinthana" policy. These animals were imported from Australia and they have been located at Menik Palama, Bopaththalawa and Dayagama farms in upcountry at present.

The calvings of this consignment has already commenced at present and the average yields per milking cow in the above farms have increased up 20 ltrs. per day whereas only 7 ltrs. prior to the importation. The total daily milk production of the Board has increased up to 30,000 ltrs per day at present. Another 2,500 of high yielding cross bred heifers to be arrived in 2014 and they will be located at Ridiyagama farm in down south.

Development of Cattle Sheds at Bopaththalawa and Dayagama farms

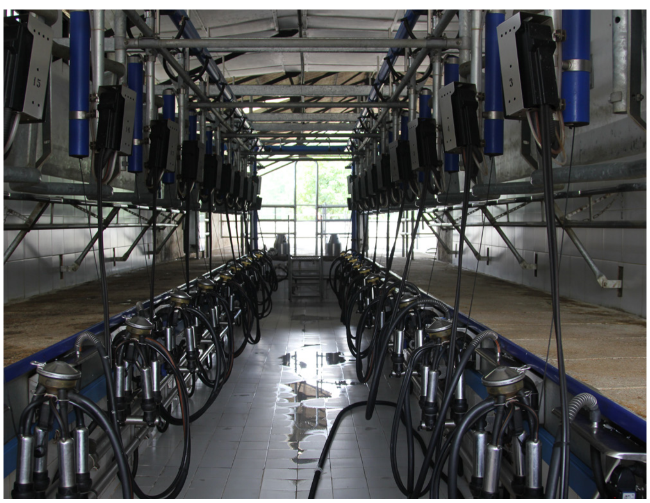
All cattle sheds of Bopaththalawa and Dayagama farms were developed and strengthened with new equipment up to the requirement of new imported cattle. In addition modern dairy machineries also were introduced for those farms to enhance the Management and productivity.

Introduction of New Milking Machines

Machine milking is done twice a day. The machine can milk 48 animals in ten minutes. Milking machines and chilling tanks are cleaned automatically without any human handling and it assures the quality of milk.

The cattle breeds imported to Sri Lanka are high potential animals. A Friesian cow can produce 6,000 litrs per lactation and it is 5,500 and 5,000 for crosses and Jerseys respectively. All the cattle are having transponders (electronic chips) and they are automatically read at the entrance to the milking parlour.

Cows are identified at the milking place and their milk yield, milk floor rate, any changes in milk, and milk composition are individually recorded in to the connected computer. Any cow can be sorted from the computer and separated at the sort gate after milking. The cows to be bred, treated or examined can be sorted automatically by selecting the numbers in the computer. The computer provides an attention list daily including animals in heat, to be examined for pregnancy, to be checked for repeat insemination etc. Individual milk record sheet at each milking session is reported.



All the events (calvings, inseminations, treatments, etc) are entered to the computer daily. It is very easy to follow up the details and can get any report format. With the importation of 1,500 high yielding cattle in January 2013, it is expected a milk production increase further up to 20,000 – 22,000 ltrs. per day. It is planned to bring in another batch of 2,500 in 2014 thereby making a total of 5,000 – 6,000 high yielding genetically improved dairy cattle per year.

Introduction of Total Mixed Ration (TMR) and mixture vegan

Latest methods are used in the activities in the farm. A TMR feeding system using a mixer wagon is in operation. The ingredients used are concentrate Maize silage, grass, brewer's grain, and minerals. The mixer wagon is calibrated and exactly required amount of feed ingredient are mixed in the ration daily. The animals get equal quality equal amount of feed daily which is very essential for maintaining milk production at high level Artificial insemination using imported semen is used for breeding. The health of the cattle is closely monitored by a veterinarian.

2. Pasture Development

The under mentioned varieties of grass and fodder are available in our farms.

1. Brachariabrizantha
2. Brachariarusiansis
3. Kikue
4. CO_3
5. NB21
6. Napier
7. Guneia A
8. Guneia B
9. Mombasa Guinea
10. TD_{58}

1. Meantime 243 Acres of fodder cultivated in Menikpalama, Bopaththalawa and Dayagama farms for 1,500 high yielding cattle arrived in January 2013 under Phase 1-2.

Year	Targeted Extent (Ac.)	Cultivated Extent (Ac.)	Importation of seeds kg.						
			M.Guniea	TD 58	B. Dic	Kikue	w. clover	S. santhus	Total
2009	1220								0
2010		545			1550	220	65	145	1760
2011	1156	1026	1540	159	3955				5654
2012	510	872			1000				1000
2013	560	444							

3. Strengthening of Cattle Breeding

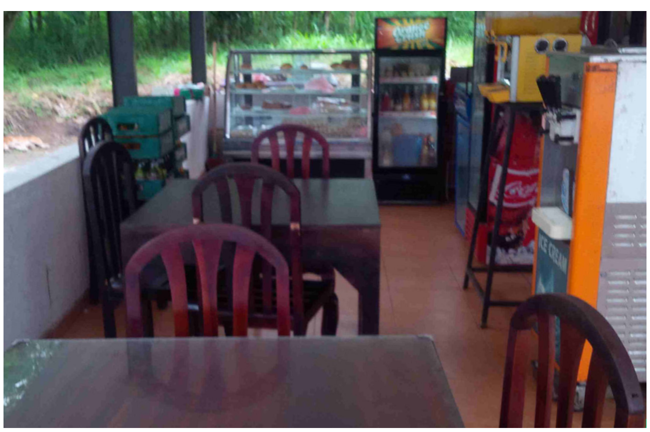
To strengthen the cattle breeding specially in up country farms of NLDB, the Board imported 4,000 doses of conventional bovine semen from Canada in 2013 in the breeds of Frisian and Jersey (Frisian. 1500, Jersey. 2500).These semen were collected from the progeny tested bulls which consistof high potential in both production and reproduction. With the introduction of these semen to the imported animals and the F1 generation the Board expects to produce quality breeding materials in the up country farms mainly to issue to the local selected breeder farmers. By this effort it is expected to produce 35 million ltrs. of milk from the NLDB and the local farmers in 2015.

	2013	2014	2015	2016	2017
Neat cattle					
Frisian	406	412	398	441	490
Jersey	173	177	170	192	208
AFS & JS	565	644	709	796	821
Friesian & JF	14	715	671	619	731
Sahiwal	77	83	85	88	92
Total	1236	2031	2034	2136	2341
Buffalo					
Murrah	145	140	143	151	169
Niliravi	21	20	20	20	22
Total	166	161	163	172	191
Milk Production (million ltrs.)					
Neat Cattle Milk	11.2	26.0	26.9	29.0	32.0
Buffalo Milk	1.0	1.3	1.3	1.3	1.3
Sub Total - 1	12.3	27.3	28.1	30.2	33.3
Expected Milk Production from Issues of Heifers from NLDB to Local Farmers					
Neat cattle	1.3	3.1	6.5	12.7	16.4
Buffalo	0.3	0.6	0.9	1.3	1.3
Sub Total - 2	1.6	3.7	7.4	14.0	17.7
Grand Total	13.9	31.0	35.6	44.3	51.0
Targeted Milk Prod. As per Master Plan ltrs.Mn.				740	740
Overall NLDB contribution				6%	7%

4. Promotion of sales through opening of New Sale Center at Nikaweratiya

A new sale center at Nikaweratiya farm was declared open by Mr. Laksman Hulugalle, Deputy Chairman, NLDB to cater specially quality livestock and processed products to the people of the area under one roof which faced the Nikaweratiya – Kurunagala road having a large parking area. This sale center consists of a convenient area where consumers could sit and have fresh milk and other livestock products under one roof.

By introduction of this sale center to Nikaweratiya farm, the Board expects a daily sale increase of Rs. 100,000/= which assists to increase the profitability of the farm in the future.



5. Promotion of "Delite"Tetra Pack sales

NLDB introduced Delite Tetra pack to the market for the first time in July 2010. The product was marketed through the NLDB stalls, Franchise outlets, NLDB milk outlet at Narahenpita, Sales centre at Narahenpita and the respective Farm Shops. Subsequently Delite was also sold through Keels Super Markets andit was a limited operation.Due to a greater demand for fresh milk in the country, there was potential to expand the distribution network.

A joint venture between NLDB and Maliban distributors was launched in June 2013 to increase the depth of Delite Distribution Island wide. The figures indicated below highlights the success of the distribution programme through Maliban and there is potential for further development.

Sales to NLDB stalls, outlets, Corporate Customers, Franchises and respective Farm shops continue through Milk Division distribution. Before expansion of Delite marketing the average monthly sales through NLDB was only 8000 Delite packs.

Delite Sales

Year	NLDB Sales (thru' own shops) in Liters	Sales Thru'Maliban (Liters)	Total
2011	79,489	-	79,489
2012	91,549	-	91,548
2013 (Jan to June)	47,344	-	47,344
2013 (July to December	33,548	126,900	160,448
2013 Total			207,792

6. Physical Performance of the Past 06 Years

Livestock & Crop Production

	Activity	Unit	2007	2008	2009	2010	2011	2012	2013
6.1	Livestock Population								
	Neat Cattle	Nos.	8,272	8,199	8,621	8,329	8068	7755	7295
	Buffaloes	Nos.	2,114	2,130	2,191	2,409	2534	2403	2080
	TOTAL	Nos.	10,386	10,329	10,812	10,738	10,602	10158	9375
	Goats	Nos.	1,738	1,673	1,656	1,454	945	759	776
	Sheep	Nos.	2,222	2,692	2,956	3,043	3411	3148	4358
	Pigs (breeders)	Nos.	1,306	923	1,514	975	1439		764
	Poultry								
	Broiler Parent Stock	Nos.	26,743	29,904	25,953	33,838	32878	20610	19585
	Layer Parent Stock	Nos.	6,053	5,767	4,998	9,870	7260	2743	6165
	Commercial Layer	Nos.	21,001	15,145	6,180	4,298	7541	10016	7535
	Commercial Broiler	Nos.	14,979	3,336	1,433	1,958	5400	0	0
	Quails		8,349	6,552	46	377	252	0	0
	Rabbits	Nos.	1,117	811	507	0	0	0	0
6.2	Livestock Issues for Breeding								
	Neat Cattle	Nos.	1,153	1,200	1,033	944	1328	1997	2682
	Buffaloes	Nos.	265	174	128	210	185	124	285
	Goats	Nos.	267	281	274	218	503	245	21
	Sheep	Nos.	194	367	312	123	181	563	652
	Pigs	Nos.	1,516	2,294	1,833	3,328	2885	2879	3272
	Rabbits	Nos.	1,403	1,071	746	0	0	0	0
6.3	Chick Production								
	Broiler (millions)	Nos.	2.08	2.3	1.8	1.8	2.3	1.95	1.68
	Layer (millions)	Nos.	0.81	0.9	0.6	1.0	1.1	0.66	0.46
6.4	Milk Production								
	Neat Cattle	Lt.m.	2.9	3.2	3.3	3.2	2.8	3.4	8.6
	Buffaloes	Lt.m.	0.65	0.68	0.64	0.68	0.63	0.68	0.70
	Goat Milk	Ltrs.	22,637	23,077	27,640	13,358	10,753	4716	5296
6.5	Egg Production (m)	Nos.	4.1	3.4	1.9	1.0	2.0	2.53	1.24
	Quail Egg production (m)	Nos.	0.25	0.21	0.05	0.02	0.04	0	0
6.6	Broiler Production (birds)	m.	0.09	0.09	0.01	0.01	0.03	0	0
6.7	Coconut Production								
	Nut Production (nuts)	m.	21.73	20.55	21.48	20.60	19.94	21.39	14.17
	Copra Production	mt.	537.4	278.7	336.71	247.85	227.18	220.92	170.78

7. Data on Livestock & Crop Production

	Activity	Norm	2009	2010	2011	2012	2013
7.1	Livestock Population						
	Neat Cattle	No.	8,621	8,329	8068	7755	7295
	Buffalo	No.	2,191	2,409	2534	2534	2080
	Total		10,812	10,738	10602	10158	9375
	Goats	No.	1,656	1,454	945	759	776
	Sheep	No.	2,956	3,043	3411	3148	4358
	Pigs (Breeders)	No.	1,514	975	1439	1716	764
	Rabbits	No.	507	0	0	0	0
	Poultry						
	Broiler Parent Stock	No.	25,953	33,838	32878	20610	19585
	Layer Parent Stock	No.	4,998	9,870	7260	2743	6165
7.2	Livestock Issues for Breeding						
	Neat Cattle	No.	1,033	944	1328	1997	2682
	Buffalo	No.	128	210	185	124	285
	Goats	No.	274	218	503	245	21
	Sheep	No.	312	123	181	563	652
	Pigs	No.	1,833	3,328	2885	2879	3272
	Rabbits	No.	746	0	0	0	0
	Day Old Chicks						
	Broiler	No. m.	1.8	1.8	2.3	1.95	3.2
	Layer	No. m.	0.6	1.0	1.1	0.66	0.6
7.3	Milk Production						
	Neat Cattle	ltrs. m.	3.3	3.2	2.8	3.4	8.6
	Buffalo	ltrs. m.	0.64	0.68	0.63	0.68	0.70
	Broiler Production	No. of birds m.	0.01	0.01	0.03	0	0
7.4	Coconut Production						
	Nut Production	No. m.	21.5	20.6	19.94	21.39	14.17
	Copra Production	mt.	336.7	247.9	227.18	220.92	170.78

8. Data on Livestock & Crop Performance for the year 2013

Activity	Norm	Qty 2010	Qty 2011	Qty 2012	Qty 2013
Neat Cattle					
Total Herd	No.	8,329	8068	7755	7295
Heifers over 2 years	No.	1,550	1318	965	1070
Heifers 0 – 2 years	No.	2,084	1987	1432	1910
Number of bull calves < 1 year	No.	957	1102	746	439
Total Births	No.	2,613	2380	2646	3410
Total Issues for Breeding	No.	944	1328	1997	2682
Total Culls	No.	932	349	860	738
Total Deaths	No.	631	980	1047	743
Total No. of Cows	No.	3,430	3443	3406	3787
Total No. Of Milking Cows	No.	1,519	1404	1339	2124
% Cows in Milk	%	57	53	51	59
Avg. Prod./ M. Cow/day	Ltrs.	5.8	5.6	7	11.2
Avg. Lactation Length	days	265	274	263	280
Milk Production	Ltrs (m).	3.2	2.8	3.4	8.6
No. of animals Inseminated	No.	3,471	3064	2759	6260
Buffalo					
Total Herd	No.	2,409	2534	2403	2080
Heifers over 2 years	No.	611	527	527	468
Heifers 0 – 2 years	No.	481	489	465	464
Number of bull calves	No.	202	422	443	190
Total Births	No.	642	576	627	601
Total Issues for Breeding	No.	211	185	124	285
Total Culls	No.	219	9	119	125
Total Deaths	No.	207	380	299	304
Total No. of Cows	No.	925	939	959	943
Total No. of Milking Cows	No.	442	394	427	432
% Cows in Milk	%	45	49	43	48
Avg. Prod./ M. Cow/day	Ltrs.	6.0	4	4	3.9
Lactation Length	days	254	281	314	251
Milk Production	Ltrs (m).	0.68	0.63	0.68	0.70
Avg. Age at 1st Calving	Months	52	58	48	50
Avg. Calving Interval	Days	511	432	434	503
No. of animals Inseminated	No.	45	51		0
Poultry					

Activity	Norm	Qty 2010	Qty 2011	Qty 2012	Qty 2013
Broiler Parent Stock					
Total Flock	No.	33,838	32878	20610	19585
Importation/Purchase of Parent stock					
Males	No.	7,609	1889	2380	2487
Females	No.	19,116	12810	15223	16540
Total Egg Production	No.	2,496,626	3574459	2530031	2537320
Total Hatchable Eggs	No.	2,332,740	4284521	2738691	2281182
Hatchability %	%	76	78	81	74
Total Chick Production	No.	1,768,333	2,329,205	1,950,756	1,689,905
Layer Parent Stock					
Total Flock	No.	9,870	7260	2743	6165
Importation of Birds					
Males	No.	1,380	1798	375	750
Females	No.	11,492	14103	3120	6240
Total Egg Production	No.	1,575,334	1915251	1052873	823829
Total Hatchable Eggs	No.	1,417,274	1755556	924012	667149
Hatchability %	%	75	75	70	74
Total Chick Production	No.	956,338	1141007	330850	460486
Commercial Broiler Production					
Total Flock	No.	1,958	5400	0	0
Broiler Production	Birds	7,114	37161	0	0
Commercial Egg Production					
Total Flock	No.	4,298	7541	10016	7535
Total No. of Hens	No.	6,466	7944	6499	6230
Egg Production	Mn	1,042,385	2095328	2530031	1241936
Performance of Pigs (Breeding Stock)					
Total Herd	No.	975	1439	1716	764
Piglings Born	No.	3,228	3571	3466	2776
Avg. Litter Size - On Sows	No.	9	8	8.5	9
Avg. Litter Size - On Gilts	No.	8	8	9	10
No. of Piglings Died	No.	294	313	423	245
Performance of Goats					
Total Herd	No.	1,454	945	759	776
No. of Kids Born	No.	642	374	292	408
Kidding Rate	No.	0.78	0.61	0.64	0.64
No. of Deaths (adults & kids)	No.	191	355	190	235
Issues for Breeding	No.	218	503	245	21

Activity	Norm	Qty 2010	Qty 2011	Qty 2012	Qty 2013
Performance of Sheep					
Total Herd	No.	3,043	3411	615	4358
No. of Kids Born	No.	1,434	1294	1327	1887
Lambing Rate	No.	0.75	0.76	0.86	1.2
No. of Deaths (adults & kids)	No.	188	323	133	195
Issues for Breeding	No.	123	181	563	652
Performance of Farmer Training Programmes					
No. of Courses	No.	108	110	70	73
No. of Participants	No.	3,597	3945	2619	1806
Coconut Production					
Nut Production	No.	20,602,480	19941373	21386572	14179220
Copra Production	M/Tons	247.85	227.18	220.92	170.78

Human Resources Activities for the year 2013

Activities and Training Programmes of National Livestock Development Board – Year 2013

Recruitments:

Assistant Farm Manager	01
Veterinary Surgeons	03
Assistant Manager (H.R.)	01

Granting permanent appointments to 190 Employees who were on casual and contract basis. Permanent appointments were given to 190 employees who had served on casual and contract basis in the board for a long time under the auspices of the Hon. Minister on 19 December, 2013 at the Ministry of disaster management. In addition to these appointments, letters of promotion too were awarded to 10 employees of the Board.

Efficiency Bar Examination -2013

38 officers were awarded the relevant grades based on the results of the Examination.

Training Programmes Conducted

- Training Programme for Managing Multiple Tasks
- Skill development programme for the Reception officers and the Telephone Operators.
- Training Programme for Secretarial Practices
- Swine management and Providing opportunities for practical facilities
- Introduction and implementation of New National skill standards
- Training Programme conducted for the sales assistants.
- Training for University Students – Peradeniya
- In Planting Training Programme for Higher National Diploma in Technology (Agriculture) Students 2013/2014
    - NAITA
    - Technical Collage – Dambulla
    - Hardy Advanced Technological Institutee
- Lecture conducted by Mr.Chandika Kodikkara for the encouragement and development of positive thoughts among the staff of the Head office of the Board

Observation Tour

All the staff of the board were taken to Menikpalam/ Bopaththalawa/Roshita farms on an observation tour on 22nd and 23rd of November, 2013

Dengue Eradication Projects

The officers of the board took part in a dengue eradication programme by cleaning the head office and its premises on several occasions (09.07.2013, 16.07.2013, 26.08.2013 and 01.10.2013) during the year 2013.

Conducting a Dhamma Sermon

On account of Vesak festival, a Daham sermon service was organized from 9.00 a.m. for about one hour .

Conducting a Dansela

On account of Vesak Poya day, an alms giving was held under auspices of the Chairman at the head office premises, distributing bread with seeni sambol and fresh cow milk .

Bodhi pooja

With the co-operation of all the staff of the board, a bodhi pooja was held on account of the wesak day to invoke blessings on everyone.

Wesak Lantern competition

On account of Wesak festival, a competition of wesak lanterns was held among the staff of the Board.

Celebration of Chrismas festival

As in all the previous years, this year too, Christmas festival was celebrated in a very grand manner with the support of all the staff of the board, and it was possible to distribute educational equipment and other prizes to the children of the Gunasekara Children Home at Nawala.


WELLARD
SRF093


FINANCIAL REPORTS

විගණකාධිපති දෙපාර්තමේන්තුව
கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT

මගේ අංකය / எனது இல. / My No. } LP/D/NLDB/1/13/1 ඔබේ අංකය / உமது இல. / Your No. } දිනය / திகதி / Date } 31 December 2014

Chairman,

National Livestock Development Board

Report of the Auditor General on the Financial Statements of the National Livestock Development Board for the year ended 31 December 2013 in terms of Section 14(2)(c) of the Finance Act, No. 38 of 1971

The audit of financial statements of the National Livestock Development Board for the year ended 31 December 2013 comprising the statement of financial position as at 31 December 2013 and the comprehensive income statement, 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 State Agricultural Corporations Act, No. 11 of 1972. My comments and observations which I consider should be published with the Annual Report of the Board 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 will be furnished to the Chairman of the Board in due course.

1.2 Management's Responsibility for Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and for such internal control 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

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 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.

අංක 306/72, පොල්දුව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව, .- இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை, இலங்கை.- No. 306/72, Polduwa Road, Battaramulla, Sri Lanka

+94-11-2887028-34 +94-11-2887223 oaggov@sltnet.lk www.auditorgeneral.gov.lk

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 risk assessments, the auditor considers internal control relevant to the Board'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 Board'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-sections (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

My opinion is qualified based on the matters described in paragraph 2:2 of this report.

2. Financial statements

2.1 Qualified Opinion

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 National Livestock Development Board as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Accounting Deficiencies

The following matters were observed.

(a) The stock shortage amounting to Rs.12,379,621 identified in the preceding year had been brought to account under the trading stocks instead of taking action for reconciliation and settlement.

(b) The over-adjustment of depreciation for the preceding year amounting to Rs.16,481,659 had been shown as a deduction from the Accumulated Fund for the year under review instead of being adjusted with retrospective effect.

2.2.2 Unreconcilied Control Accounts

According to the financial statements as at the end of the year under review, the payments for the year under review on 12 leased motor vehicles totalled Rs.11,940,280 whereas according to the confirmations the payments totaled Rs.12,249,492 and as such a difference of Rs.309,212 was observed. Action had not been taken to identify and settle the difference.

2.3 Accounts Receivable and Payable

The following observations are made.

(a) A sum of Rs.2,092,750 recoverable from the year 2009 from the Kantale Branch of the Bank of Ceylon in connection with the Maize Project and a sum of Rs.207,848 recoverable from the farmers for the supply of seed maize on credit basis to the farmers had not been recovered. Even though legal action had been taken for the recovery of a sum of Rs.11,194,220 receivable from a private institution for the failure to return the maize issued for drying, it had not been able to recover that amount even by 30 September 2014.

(b) Even though the sum of Rs.1,135,000 given to the people of the hill country area as flood relief had been shown in the financial statements as receivable from the Rosita Farm, according to the minutes of the Board of Directors it was observed that the amount was receivable from the Ministry of Livestock and Rural Community Development.

(c) The Board had not taken action for the recovery of the debtors balances older than 04 years amounting to Rs.10,128,117 and Rs.3,016,255 of the Head Office and 17 Farms respectively.

(d) Even though a sum of Rs.6,261,979 receivable by the Head Office and 02 Farms from the Mahaweli Livestock Development Company functioning under the Ministry of Livestock and Rural Community Development had been outstanding for more than 04 years, chicks valued at Rs.3,188,202 had been supplied to that institution on credit basis during the year under review.

(e) The staff debtors balances older than 05 years of 08 Farms that remained without being recovered amounted to Rs.319,517 and the Special and Festival advances older than one year totaled Rs.203,825.

(f) Even though a sum of Rs.53,363 had been shown under the creditors of the Milk Project as a cash shortage, the reason for that or the parties responsible for that had not been identified.

(g) According to the confirmations obtained from the Bank, the short term liabilities, long term liabilities and the assets had been overstated by sums of Rs.29,574, Rs.7,355,663 and Rs.7,385,237 respectively in the accounting of assets required under the leasing system. The reasons for the differences had not been identified.

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

Instances of non-compliances with the following laws, rules, regulations, etc. were observed.

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka.	
Financial Regulation 371(2)	Even though the advances obtained should be settled immediately after the completion of the relevant purpose the advances amounting to Rs.2,398,229 granted to the Officers of the Board and different institutions had not been settled up to 24 December 2014.
(b) Public Enterprises Circular No. PED/58(2) of 15 September 2011.	Rent allowance amounting to Rs.330,000 had been paid from January to November 2013 to the Chairman without the approval of the Treasury.

(c)	Government Procurement Guidelines of 25 January 2006. Guideline 2.14	According to the value of the estimate for the construction of the New Sales Outlet of the Nikaweratiya Farm, the approval of Minor Procurement Committee of the Ministry should be obtained for that. Nevertheless, construction work had been split into parts and the construction had been done on the recommendations of the Regional Minor Procurement Committee.

2.5 Transactions not supported by Adequate Authority

Eight Farms had incurred expenditure on various activities exceeding the estimates amounting to Rs.140,912,713 by a sum of Rs.73,240,622 without obtaining the approval of the Head Office.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operating results of the Board for the year under review amounted to a surplus of Rs.2,096,836 as compared with the corresponding surplus of Rs.26,294,245 for the preceding year thus indicating a deterioration of Rs.24,197,409 in the financial results. The increase of administrative expenditure by a sum of Rs.42,452,480 had been the main reason for the deterioration.

3.2 Legal Action initiated by the Board

The Board had filed two cases in Courts in the years 2011 and 2012 against two institutions claiming compensation amounting to Rs.14,040,395 for defaulting payments in accordance with the agreements. Two external persons had filed two appeals against judgements while 10 employees had filed 10 cases against the termination of employment.

4. Operating Review

4.1 Performance

The following observations are made.

(a) The Head Office had maintained 116 Milk Sale Stalls for the sale of milk under the Milk Distribution Project and the number of stalls in operation by the end of the year under review had been only 50 stalls. Out of those, 16 stalls had reported losses amounting to Rs.1,775,671 while 34 stalls had reported profits amounting to Rs.17,685,720.

(b) Fifteen Farms owned by the Board had incurred net losses amounting to Rs.160,334,263 in the year under review and 12 Farms out of those had been incurring losses from the year 2008. Nevertheless, the Board had failed to convert the Farms to profit making status.

(c) Out of the total of 111 Franchise Stalls of the Board only 17 stalls are in the operating status. The net loss of the Franchise Stalls Project for the year under review amounted to Rs.1,049,282.

4.2 Management Inefficiencies

The following observations are made.

(a) The Board uses 2,887.7 hectares and 9.728.6 hectares belonging to the Land Reform Commission and the Department of Land Commissioner respectively without effecting the legal transfer. Those had been shown as assets of the Board in the financial statements from the year 2011.

(b) The Board had failed to prepare a repayment plan for the repayment of the loan of Rs.1,682,727,542 (US$ 12,944,058) obtained for the Wellard Project. According to the letter No. DE/AUS/06 dated 06 November 2012 of the Additional Director General of the Department of External Resources the repayment of that loan should commence prior to or on 08 March 2013. Nevertheless, no repayment, whatsoever had been made even up to the end of the year under review.

4.3 Idle Assets

Three Bank Current Accounts of the Kantale Maize Project not in operation had been dormant since the year 2010 and the balances as at the end of the year under review amounted to Rs.885,470.

4.4 Identified Losses

Even though the information on the dates of births and deaths of the animals in 30 Farms was called from the Chairman in two instances, the information relating to 25 Farms only had been furnished. One thousand and seventy one heads of cattle and buffaloes of those 25 Farms valued at Rs.12,675,820 had died.

4.5 Transactions of Contentious Nature

The Cabinet of Ministers had taken a decision on 28 June 2007 to hand over 1,000 acres from the sugar cane cultivated lands of the Kantale Sugar Company temporarily to the Board for the cultivation of maize as a Pilot Project, to create a Revolving Fund for that purpose and for the refund of the balance money in the Revolving Fund to the Treasury when a suitable entrepreneur is selected for the cultivation of sugar cane on the land. A sum of Rs.37.5 million for the Revolving Fund had been given to the Board under the Negenahira Navodaya. Even though the land had been handed back to the Company on 01 September 2011 due to the failure of the Project, the sum of Rs.17,549,341 in the Revolving Fund as at that date had been retained with the Board even up to 31 December 2013 without being refunded to the Treasury.

4.6 Deficiencies in Contract Administration

The Sales Outlet of the Nikaweratiya Farm had been constructed at a cost of Rs.9,078,084 and the following deficiencies were observed in that connection.

(a) The decisions of the Procurement Committee relating to the contract had not been furnished to audit and an agreement on the contract had not been signed with the contractor in terms of the Guideline 8.9 of the Procurement Guidelines of 25 January 2006. The payments in this connection had not been certified by an Engineer.

(b) Even though the value of the contract amounted to Rs.6,064,321, the approval of the Board of Directors had not been obtained for additional work amounting to Rs.3,013,763.

(c) Even though a mobilization advance not exceeding 20 per cent of the contracted amount can be paid on an advance guarantee in terms of Guideline 5.4.4, an advance exceeding that amounting to Rs.6,319,900 or 87 per cent had been paid.

4.7 Personnel Administration

The following observations are made.

(a) The approved cadre of the Board had been 602 and the actual cadre had been 486. Vacancies in the Senior and the Secondary Levels Posts relating to the operating activities had been 20 and 52 respectively while 44 posts of the Tertiary Level had also been vacant.

(b) An officer over the age of 60 years who had not fulfilled the qualifications for the post of Assistant Manager (Internal Auditor) in accordance with the Scheme of Recruitment had been deployed as Manager (Internal Auditor) while 02 officers over the age of 60 years had been deployed as consultants of the Board. Even though a sum of Rs.760,750 had been paid to them in the year under review the approval of the Cabinet of Ministers had not been obtained in that connection.

(c) According to the recommendation of the Committee for the Settlement of Problems of the Board appointed by the Board without the approval of the Department of Management Services, a new salary revision had been made with effect from 01 November 2011 for 36 officers.

5. Accountability and Good Governance

5.1 Action Plan

The following observations are made.

(a) Significant variances were observed between the targets of 76 activities of 16 Farms shown in the Annual Action Plan furnished to audit and the related targets shown in the Annual Progress Review Report. As such the annual performance could not be examined with the Action Plan and according to the information examined the performance of 54 activities of 14 Farms had been less than 50 per cent of the targets.

(b) The targets shown in the Progress Review Report in relation to 22 activities of 14 Farms included in the Action Plan furnished to audit had been understated while even those targets had not been achieved in the year under review.

5.2 Procurement Plan

The approval of the Board of Directors had not been obtained for the Procurement Plan prepared for the year 2013 while action in accordance with the plan had not been taken.

5.3 Budgetary Control

The variance between budgeted data and the actual data had ranged between 8 per cent to 561 per cent. Expenditure amounting to Rs.66,394,469 had been incurred from the Head Office and Project for 34 Objects for which provision had not been made in the budget. As such the budget had not been made use of as an effective instrument of control.

5.4 Unsettled Audit Paragraphs

The following observations are made.

(a) Even though 150 acres of the Ridiyagama Farm had been taken over without authority in the year 2001 by 98 persons for cultivation purposes, the Board had failed to evict them from the Farm.

(b) The interest free loan of Rs.50,000,000 obtained from the General Treasury in the year 1992 had not been settled even in the year under review.

6. Systems and Controls

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

(a) Budgetary Control
(b) Fixed Assets
(c) Contract Administration
(d) Debtors and Creditors Control
(e) Operating Management
(f) Financial Management
(g) Personnel Administration

W.P.C. Wickramaratne
Acting Auditor General

Introduction to Financial Statements

As at 31st December 2013

Executive Summary

Sri Lanka adopted International Financial Reporting Standards (IFRS) with effect from January 01, 2012 when the Institute of Chartered Accountants of Sri Lanka issued Sri Lanka Financial Reporting Standards (SLFRS/LKAS). NLDB being a specified enterprise for complying SLFRS/LKAS has adopted same for the year ended 31st December 2013.

Introduction

The National Livestock Development Board (NLDB) was established in 1973 under the State Agricultural Corporation Act No 11 of 1972 and commenced commercial operations in 1974.

It comes under the purview of the Ministry of Livestock and Rural Community Development. Vision of the NLDB is identified "to be the best self-sustaining organization in Sri Lanka to produce quality breeding material, livestock and Agricultural products to enhance the socio-economic standards of our people"

NLDB has farms and property scattered all over the island. Its main activities include

1. Breeding and multiplication of livestock
2. Issue of quality breeding materials to the farmers at a reasonable price
3. Maintain Coconut Plantations at optimum level to generate maximum profit
4. Practice livestock/crop integrated farming system wherever feasible
5. Provide training and demonstration facilities to farmers, schoolchildren, officials involved in agriculture and livestock small holders
6. Establish and maintain sales outlets to supply qualify farm products at reasonable prices
7. Produce value added products using new materials produced in farms to get a high profit margin
8. Sale of fresh cow milk and popularize consumption among the public.

1.1 Responsibility to Present Financial Statements

Section 13 (1) of the Finance Act No 38 of 1971 and Section 25 of the State Agricultural Act No 11 of 1972 require the Board of Directors of NLDB to present Financial Statements annually. Section 6 (1) Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 requires the Board to prepare Financial Statements in compliance with the Sri Lanka Financial Reporting Standards (SLFRS). SLFRS are issued under section 5 of the same Act by the Institute of Chartered Accountants of Sri Lanka. Schedule to the same Act under Section 5 includes "Public Corporation engaged in the sale of goods or provision of services" as a specified business enterprise. Therefore, it has become mandatory to NLDB to prepare Financial Statements in accordance with SLFRS with effect from January 01, 2012.

The objectives of the reforming to IFRS were to:

- Create a high-performance and liquid financial market
- Facilitate the evaluation of companies through greater financial Transparency

Adopting IFRS globally was regarded as essential to ensuring transparency and comparability of financial statements and thereby ensuring an efficient capital market by providing much more detailed information to users, with emphasis on content and not form. IFRS continues to gain momentum worldwide. Since the EU began requiring certain companies in 2005, additional countries have begun to adopt the standards as well. For example, Australia, New Zealand, and Israel have already adopted IFRS. Beginning in 2011, Canada and Japan will also begin enforcement. Additional countries continue to create strategic plans for adoption of the IFRS standards.

1.2 Objectives of This Report

This report outlines activities carried out by NLDB in conversion of their Financial Statements to SLFRS. First the available SLFRS and LKAS are listed. Then it discusses the applicability of each SLFRS or LKAS. Standards which are not applicable to NLDB are listed separately. Next it examines the changes to accounting policies and the financial impact created by the same.

The Financial Statements of NLDB under SLFRS as at December 31, 2013 is prepared by the management of NLDB according to the matters highlighted or discussed in this report.

1.3 Application of SLFRS in the future

NLDB will continue to prepare and present financial statements applying SLFRS/LKAS. There is no need to assess the impact of transactions under previous SLAS or GAAP.

Worldwide trend is to prepare accounts using fair values, even though there is no consensus on the measurement of fair values of many items.

For actuarial valuation of gratuity and related payments, NLDB may continue to use the formula method.

2. Significant Features of SLFRS Conversion

2.1 Biological Assets

What are Biological Assets?

Biological assets are defined under LKAS 41 as living animals or plants. In an agricultural environment, biological assets are produced, sold or transformed into additional biological assets from controlled processes that manage their growth and maturation. In sharp contrast to conventional fixed assets like real estate and machinery, biological assets constantly change through time as dictated by their own growth cycle that includes growth, degeneration, production and procreation. These changes can be varied and difficult to trace as the actual growth cycle of the biological assets may be affected by factors such as weather, natural effect of growth, livability, disease, management of the assents, environnemental conditions, etc.

How are Biological Assets Valued?

Under LKAS 41, it is presumed that the fair value for most biological assets can be determined reliably in normal circumstances. For certain types of biological assets (i.e. animals and fishes), market exists for similar, though not identical, biological assets and prices in these markets can often provide a basis for determining the fair values of these biological assets. In the absence of market prices, other accepted valuation methodologies exist for estimating fair values of biological assets such as sector benchmarks and net present value of expected cash flows. There are instances in which fair value cannot be determined reliably. In such cases, LKAS 41 suggests historical cost should continue to be employed.

Market Approach

If an active market exists for a biological asset, the most reliable measure of the value of the biological asset is the market price as determined in the location in which the asset is intended to be sold or used. Given there are different species and varieties of a biological asset, it is important to identify the species and varieties of the subject biological asset. The market price can vary between different varieties under same species of asset. Valuations for the same biological asset or agricultural produce will vary between different market locations due to disparate market environments and conditions, which may result, from regulatory, transportation, or seasonal differences. , Besides projecting prices for the biological asset, the value also has to determine its quantity as of the valuation date. It is important that the owner of the biological asset has proper records of the subject asset and reasonable control and maintenance procedures in place. Inspections, verification procedures and various sampling analyses are then carried out to ensure the integrity and reliability of those records before the data is used to form the basis for the quantity of the biological assets.

Income Approach

In the absence of an existing market for the biological asset, income approach may be an alternative approach in valuing the biological asset. By adopting the income approach in valuing a biological asset, value depends on the present worth of future economic benefits to be derived from the subject biological asset. This approach warrants a thorough understanding of their special physical and biological attributes in order to arrive at a credible and reasonable result. Since these attributes and external factors are likely to have a major bearing on the expected future economic benefit, assistance and advice from expert consultants on the biological attributes of the asset under review can serve as valuable input when performing the valuation. As an example, below depicts one of the valuation methodologies, referred to as business residual method, to derive the market value of the biological assets.

Under the method, one determines the market value of the operation derived from the biological assets. The value of the land, equipment & machinery, other assets and identifiable intangible assets (such as brand names) are then deducted from the market value of the operation. The resulting residual value can then be allocated as the market value of the biological assets.

Conclusion

While new accounting standards have been introduced to ensure adequate reflection of fair value of a company's biological and other intangible assets, we all must be mindful of the unique issues and challenges in valuing these assets. Experience, expertise and independence are key ingredients needed to ensure reliable results and credible opinions of value.

2.2 Fair Value Measurement of Biological Assets

Fair values of NLDB's biological assets are measured on the following criteria.

(i) Animals other than poultry

E.g. Cattle, Buffaloes etc.

The cattle for breeding is valued at a standard board circular rates based on the following factors.

1. Live weight
2. Lactation No.
3. Milk Production
4. Pregnancy
5. Genetic value

Other Animals

Sheep, Goats, Pigs and Rabbits are valued at standards rates based on the Live Weight, Genetic Value and Pregnancy.

All culled animals are valued at standard rates based on weights.

(ii) Breeder and Commercial Layer Poultry

(a) Laying Batches (after commencement of the laying)

Breeder and commercial layer batches which have commenced the laying are valued at cost incurred up to the laying point less cost of amortization for the period.

(b) The Breeder and Commercial layer growing batches (before commencement of laying)

These batches are valued at actual cost incurred up to date.

(iii) Breeder eggs (Hatching eggs)

Breeder eggs are valued at cost using the following formula.

The total cost divided by number of catchable eggs produced during the month of December.

The total cost in this connection refers to the cost of feed, direct wages and production overheads including depreciation charges.

(iv) Commercial Layer Eggs

Commercial layer eggs are valued at since realized price, at the NLDB farm shop.

(v) Broiler and Layer Immature Stocks - At Cost

(vi) Broiler in Cold Room – At since realized price

(vii) Coconut and Agriculture products - At since realized price

(viii) Charcoal – At 50% of the since realized price

(ix) Other Stock

All other stocks are valued at the lower cost or net realizable value whichever is less.

2.3 Change of Accounting Policy – Depreciation

NLDB's accounting policy for depreciation under GAAP approach was not to make any depreciation provision during the year of acquisition and Make full years' depreciation in the year of disposal.

This policy is incompatible with the SLFRS/LKAS. Therefore, NLDB decided to change the accounting policy for depreciation to commence depreciation from the date on which the asset is used.

The Sri Lanka Dairy Development project which is considered as a major investment with total assets around rupees 1.6 billion, and income generating only in the later part of the year, the Board has depreciated assets from the date the assets were taken for use in the respective farms.

2.4. Employee Benefits – Actuarial Valuation

Employee benefits

a) Defined contribution plans-Provident/Trust fund

A defined contribution plan is a post-employment plan under which an entity pays fixed contributions into a separate entity and will have no further legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognized as an expense in the income statement when incurred. The NLDB contributes 15% and 3% of gross emoluments to employees as Provident Fund and Trust Fund contribution respectively.

b) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated using a gratuity formula method as allowed by Sri Lanka Accounting Standard LKAS 16 - Employee Benefits.

Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 16 on employee benefits. However, under the payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service. The liability is not externally funded nor actuarially valued.

Gratuity calculations for NLDB was carried out using formula method in excel worksheets. Ten worksheets were used with the following key
Assumptions

Continuity	: NLDB is a going concern
Rate of Interest	: 11.5%
Rate of Salary Increase	: 5.5%
Retirement Age	: 55 years
Staff Turnover Rate	: 1.0%

The summary of the calculation is given in the below.

Gratuity Calculation Summary - 2013

	Opening Provision	Charged for the Year	Interest	Payments Made	Gains/ Loss	Closibg Provision
01.	13,560,852.29	842,837.89	1,559,498.01	(196,000.00)	609,715.60	16,376,903.79
02.	10,618,814.83	797,428.39	1,221,163.71	(884,571.28)	(41,219.92)	11,711,615.72
03.	11,844,135.84	917,587.96	1,362,075.62	(895,132.39)	808,073.66	14,036,740.69
04.	12,598,779.69	950,288.31	1,448,859.66	(1,991,034.92)	3,787,480.63	16,794,373.37
05.	11,708,049.99	888,276.26	1,346,425.75	(1,878,682.25)	1,901,205.66	13,965,275.41
06.	8,250,043.80	800,961.78	948,755.04	(462,744.80)	218,283.60	9,755,299.41
07.	11,677,277.94	965,626.88	1,342,886.96	(515,390.75)	2,455,916.68	15,926,317.71
08.	12,221,680.36	796,995.24	1,405,493.24	(1,863,447.62)	381,751.97	12,942,473.19
09.	17,335,518.51	1,056,328.98	1,993,584.63	(1,756,316.47)	(288,522.54)	18,340,593.11
10.	24,017,237.84	1,245,702.09	2,761,982.35	(5,357,873.42)	380,609.11	23,047,657.97
11.	529,281.96	207,562.51	60,867.43	(122,220.00)	1,097,895.61	1,773,387.50
	134,361,673.04	9,469,596.29	15,451,592.40	(15,923,413.90)	11,311,190.04	154,670,637.88

Gratuity Calculation Summary - 2012

	Opening Provision	Charged for the Year	Interest	Payments Made	Gains/ Loss	Closibg Provision
01.		12,315,329.33	737,527.22	1,416,262.87	(908,267.10)	13,560,852.29
02.		9,466,223.02	694,381.54	1,088,615.65	(630,405.37)	10,618,814.83
03.		10,631,104.51	787,390.05	1,222,577.02	(796,935.73)	11,844,135.84
04.		11,305,101.00	809,356.49	1,300,086.61	(815,764.41)	12,598,779.69
05.		11,708,047.92	809,582.65	1,346,425.51	(2,156,006.10)	11,708,049.99
06.		7,348,821.13	678,608.88	845,114,43	(622,500.65)	8,250,043.80
07.		10,448,093.57	775,437.28	1,201,530.76	(747,783.67)	11,677,277.94
08.		10,963,967.66	769,532.91	1,260,856.28	(772,676.49)	12,221,680.36
09.		15,861,706.91	924,566.30	1,824,096.29	(1,274,850.99)	17,335,518.51
10.		22,180,977.36	1,179,813.20	2,550,812.40	(1,894,365.12)	24,017,237.84
11.		401,840.34	109,404.90	46,211.64	(28,174.92)	529,281.96
		122,631,212.74	8,275,601.41	14,102,589.46	(10,647,730.57)	134,361,673.04

Comprehensive Income Statement

For the Year Ended 31 December 2013

		2013 Rs.	2012 Rs.
Revenue			
Sales Revenue	Annexure 1	1,284,795,684	1,255,973,446
Gains arising from changes in fair value less costs to sell of dairy livestock		28,568,727	36,548,255
Total Revenue		1,313,364,412	1,292,521,701
Cost of Sales		(1,178,806,826)	(1,112,230,863)
Gross Profit		134,557,586	180,290,838
Miscellaneous Income	Annexure 2	85,033,393	24,613,907
		219,590,979	204,904,745
Government Grants	Annexure 3	28,293,165	17,606,407
Less : Expenditure			
Distribution Cost	Annexure 4	(3,790,967)	(3,838,749)
Administrative Expenses	Annexure 5	(195,210,505)	(152,758,024)
Other Expenses	Annexure 6	(8,876,522)	(7,015,061)
Finance Cost	Annexure 7	(37,909,314)	(29,478,232)
Profit Before Tax		2,096,836	29,421,086
Less - Tax Expenses		-	(3,126,841)
Net Profit For the Year		2,096,836	26,294,245
Other Comprehensive Income		-	-
Gain On Revaluation Of P roperty, Plant & Equipment		-	-
Exchange Differences On Translating Foreign Operations		-	-
Profit On Conversion To Fair Value Of Financial Assets Held For Resale		-	-
Actuarial Gain (Losses) On Defined Benefit Pension Plans		1,156,094	(2,472,127)
Total Comprehensive Income		3,252,930	23,822,118

Statement of Financial Position

End of the Reporting Period 31st December 2013

	Notes	2013 Rs.	2013 Rs.	2012 Rs.	2012 Rs.
ASSETS					
Non- Current Assets					
Biological Assets		-		-	
Plantations	04	504,614,371		453,017,591	
Livestock Capital	05	990,227,456		525,413,450	
Livestock Cattle/Goats Bank		-		-	
Property, Plant & Equipments	06	1,476,531,473	2,971,373,300	1,257,127,937	2,235,558,978
Investment in subsidiary Co's	07	15,995,171	15,995,171	15,995,171	15,995,171
Current Assets					
Trading & Other Stocks	08	137,485,396		131,708,071	
Livestock Trading	05	3,476,057		7,498,131	
Trading , Other Receivables & Advances	09	239,052,837		222,587,078	
Deposits & Pre-Payments	10	9,216,627		14,590,217	
Other Current Assets	11	34,299,700		30,668,674	
Term & Call Deposits	12	28,892,589		27,165,045	
Cash & Cash Equivalents	13	735,960		12,463,087	
			453,159,167		446,680,303
Total Assets			3,440,527,638		2,698,234,452
EQUITY & LIABILITIES					
Paid-up-Capital		576,587,649		576,587,649	
Other Components of Equity					
Capital Reserve		143,696,928		143,696,928	
Revenue Reserve		44,529,422		40,723,129	
Revolving Fund		37,500,000		37,500,000	
Retained earnings		291,212,949		265,460,001	
			1,093,526,948		1,063,967,707
Non- Current Liabilities					
Interest payable Term Loans	14	1,738,894,590		1,005,039,806	
Interest Free Loans	15	50,000,000		50,000,000	
Gratuity on Retirement	16	154,251,001		134,361,674	
Differed Revenue on Leased Assets	17	42,015,493	1,985,161,083	43,015,998	1,232,417,477
Current Liabilities					
Trade and other Payables	18	343,080,216		314,665,876	
Short-term Borrowings	19	10,408,552		77,128,115	
Payables on Loans within 12 months	20	8,350,838	361,839,606	10,055,276	401,849,267
Total Equity & Liabilities			3,440,527,638		2,698,234,452

I here by certify that the Financial Statements have been prepared in compliance with the requirements of Finance Act no.38 of 1971.

A.G.M. (Finance)

The Directors are responsible for the preparation and presentation of these Financial Statements Signed for and on behalf of the Board.

Chairman

Deputy Chairman

Statement of Changes in Equity

For the Year Ended 31st December 2013

	Capital Rs.	Capital Reserves Rs.	Revenue Reserves Rs.	Revolving Fund Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01st January 2012	576,587,649	145,364,174	21,973,129	37,500,000	241,637,883	1,023,062,835
Grant Received	-	-	25,000,000	-	-	25,000,000
Amortization of Grant	-	(1,667,246)	(6,250,000)	-	-	(7,917,246)
Comprehensive Income	-	-	-	-	26,294,245	26,294,245
Actuarial Gain (Losses)	-	-	3,126,841	-	(2,472,127)	654,714
Balance as at 31st December 2012	576,587,649	143,696,928	43,849,970	37,500,000	265,460,001	1,067,094,548
Balance as at 01st January 2013	576,587,649	143,696,928	43,849,970	37,500,000	265,460,001	1,067,094,548
Grant Received	-	-	-	-	6,250,000	6,250,000
Overstated FD Interest	-	-	-	-	(231,641)	(231,641)
Adjustment For DEPn	-	-	-	-	16,481,659	16,481,659
Revaluation Reserve	-	-	679,452	-	-	679,452
Adjestment For taxtation			3,126,841			3,126,841
Comprehensive Income	-	-	-	-	2,096,836	2,096,836
Actuarial Gain (Losses)	-	-	-	-	1,156,094	1,156,094
Balance as at 31st December 2013	576,587,649	143,696,928	44,529,422	37,500,000	291,212,949	1,093,526,948

Cash Flow Statement

For the Year Ended 31 December 2013

	2013 Rs.	2012 Rs.
Net Profit/(Loss) for the year	2,096,836	29,421,086
	2,096,836	29,421,086
Adjustment for :		
Profit/(Loss) on sale of Property, Plant & Equipment	-	(890,783)
Depreciation Adjustment	(3,650)	
Depreciation	57,660,198	54,138,603
Provision For Gratuity	9,469,596	8,275,601
Provision For Bad Debts	21,154,245	20,704,043
Deferred Lease Income	(1,000,504)	(1,000,504)
Interest	37,909,314	29,478,232
Provision For Bonus	8,000,000	8,000,000
Cash Generated from operations before working capital changes	135,286,035	148,126,279
Increase/(Decrease) in Loans	733,854,784	876,865,439
Increase/(Decrease)Current Liabilities	(40,009,661)	78,775,767
Increase/(Decrease) Trade and other Payables	(1,755,252)	58,141,289
(Increase)/Decrease in Livestock Capital	(464,814,006)	(202,903,456)
(Increase)/Decrease in inventory	(87,828,920)	(87,682,429)
(Increase)/Decrease in Trade and Other Receivables	(16,465,759)	(171,163,251)
Interest Paid	(22,457,722)	(15,375,643)
Gratuities Paid	(15,923,414)	(13,119,857)
Tax Paid	-	(5,760,186)
Net Cash Generated from Operating Activities	219,886,085	665,903,952
Net Cash From Investing Activities		
Purchase of Non-Current assets	(259,906,378)	(691,868,654)
Increase in Other Assets		
Proceeds from Sale of Property, Plant & Equipment	-	890,783
	(259,906,378)	(690,977,872)
Net Cash From Financing Activities		
Government Grant Received	28,293,165	17,082,754
Loans/Leases Taken or (Settled)	-	-
	28,293,165	17,082,754
Net Cash Increase/(Decrease) During the year	(11,727,127)	(7,991,166)
Cash and Cash Equivalents at the Beginning of the Year	12,463,087	20,454,253
Cash and Cash Equivalents at the end of the Year	735,960	12,463,087

Schedules to the Comprehensive Income Statement

	Year Ended 31.12.2013	Year Ended 31.12.2012
Annexure 1		
Revenue		
Sales	1,421,888,338.09	1,464,230,609
Less Inter-Farm Sales	(137,092,653.78)	(208,257,162)
Revenue	1,284,795,684.31	1,255,973,446
Annexure 2		
Other Income		
Income on Lease rent	-	675,500
Interest on staff Loans	2,343,421.92	2,503,617
Interest on Deposits	3,070,280.63	2,474,867
(Loss) Profit on Mini Projects	1,340,844	
Fresh Milk Distribution Unit	9,349,242.82	(2,078,514)
Delite	1,977,475.35	608,423
Other Income	64,129,972.95	17,238,200
Sales Centre HO	2,862,999.27	960,188
Land Compansation-Kandakaduwa	1,300,000.00	
Disposal on Non Current Assets	-	890,783
	85,033,392.94	24,613,907
Annexure 3		
Government Grant		
Dayata Kirula 2012	-	11,356,407
Milk Popularization	-	-
Pasture Development	28,293,165.34	6,250,000
	28,293,165.34	17,606,407
Annexure 4		
Distribution Cost		
Brokerage Expenses	2,720,532.57	3,838,749
Bad Debtors wrrte-off	1,070,434.84	-
	3,790,967.41	3,838,749
Annexure 5		
Administrative Expenses		
Administration & General of Farms	46,183,997.76	37,642,059
Annual Bonus	8,000,000.00	8,000,000
Head Office	141,026,506.91	107,115,966
	195,210,504.67	152,758,024

	Year Ended 31.12.2013	Year Ended 31.12.2012
Annexure 6		
Other Expenses		
Cattle Insurance	5,820,864.00	-
Maize Cultivation	-	-
Dayata Kirula 2013	3,055,658.29	7,015,061
	8,876,522.29	7,015,061
Annexure 7		
Finance Cost		
Interest on Overdraft	6,366,261.60	2,753,475
Leasing Interest	3,898,684.40	1,659,220
Interest on Bank Loans	2,181,506.84	951,677
Bank charges		
Interest on Gratuity Balance	15,451,592.40	14,102,589
Interest for Farmer's Trust Fund	10,011,269.00	10,011,270
	37,909,314.24	29,478,232

Schedules to the Statement of Financial Position

	Coconut Underplanting New planting Rs.	Pasture Establishment Expenditure Rs.	Cashew Planting Expenditure Rs.	Rubber Planting Expenditure Rs.	Total
Note - 04					
Plantations					
Balance Brought Forward 01.01.2013	417,312,659	26,995,392	1,335,382	7,374,158	453,017,591
Expenditure Incurred During 2013	58,243,400	577,203	-	3,518,184	62,338,787
	475,556,059	27,572,596	1,335,382	10,892,342	515,356,378
Less: Amount Charged To Profit & Loss	(4,250,324)	(6,491,684)	-	-	(10,742,007)
Balance As At 31.12.2013	471,305,735	21,080,912	1,335,382	10,892,342	504,614,371
	471,305,735	21,080,912	1,335,382	10,892,342	504,614,371

	2013 Capital	2013 Trading	2013 Total	2012 Rs.
Note - 05				
Livestock Valuation 31/12/2013				
Cattle/Buffalo	529,967,843	2,449,780	532,417,623	254,619,209
Goats	5,099,855	-	5,099,855	3,809,313
Pigs	5,732,840	1,278,648	7,011,488	7,270,682
Sheep	27,062,845	-	27,062,845	16,177,120
Rabbits	-	-	-	-
Poultry	33,180,295	619,160	33,799,455	32,679,112
Fish	-	-		
Quills	-	10,540		
Ducks	1,125	825	1,950	17,065
Turkey	65,617	976	66,593	53,317
Others	235,750	58,775	294,525	241,070
Imported Cattle	460,250,932	460,250,932	207,898,980	
	1,061,597,102	4,408,164	1,066,005,266	522,776,407
25% Deduction	(71,369,646)	(932,107)	(72,301,753)	(70,469,081)
Net Valuation	990,227,456	3,476,057	993,703,513	452,307,326

Note - 06
Property, Plant & Equipment

	As At 01st Jan-13 Rs.	Additions 2013 Rs.	Disposal Rs.	Adjustment Rs.	Work-in -Progress Transfer to Rs.	As At 31st Dec-13 Rs.
Cost						
Land	337,803,776	-	-	679,452	-	338,483,228
Buildings	178,817,075	4,327,220	-	-	13,889,844	197,034,138
Plant & Machinery	93,362,766	27,621,172	-	(11,305,278)	-	109,678,659
Estate Equipment	90,367,326	37,821,247	(1,381)	-	-	128,187,192
Office Equipment	24,003,732	2,143,788	(2,850)	-	-	26,144,670
Furniture & Fittings	14,128,255	1,079,858	(1,610)	-	-	15,206,502
Structures	718,277,814	140,488,160	-	11,305,278	11,208,890	881,280,142
Motor Vehicle	106,533,728	37,209,572	-	(1,245,263)	-	142,498,037
Work-in-Progress	14,638,108	-	-	-	(14,638,108)	-
Leased Assets						
Motor Vehicles	42,335,714	-	-	-	-	42,335,714
As At 31St December 2013	1,620,268,294	250,691,016	(5,842)	(565,811)	10,460,625	1,880,848,282
Depreciation						
Land	-	-	-	-	-	-
Buildings	51,242,846	9,157,215	-	3,611,092	-	64,011,153
Plant &	28,856,777	10,064,622	-	477,694	-	39,399,094
Estate Equipment	39,606,811	11,093,087	(1,381)	(3,824,384)	-	46,874,133
Office Equipment	11,849,443	5,229,504	(2,850)	2,369,792	-	19,445,890
Furniture & Fittings	3,788,001	1,520,811	(1,505)	340,757	-	5,648,064
Structures	162,618,354	12,616,021	-	(14,799,981)	-	160,434,394
Motor Vehicle	56,374,136	7,978,937	-	(4,652,980)	-	59,700,094
Work-in-Progress	-	-	-	-	-	-
Leased Assets						
Motor Vehicles	8,803,988	-	-	-	-	8,803,988
As At 31st December 2013	363,140,357	57,660,198	(5,737)	(16,478,009)	-	404,316,810
Net Book Value As At 31St December 2013	1,257,127,937	193,030,817	(105)	15,912,198	10,460,625	1,476,531,472

Schedules to the Statement of Financial Position

	2013 Rs.	2012 Rs.
Note - 07		
Investments in Subsidiary Co's	15,995,171	15,995,171

The Board has invested Rs. 15,995,170.61 in non - quoted investments in Sri Lanka Libya Agricultural & Livestock Development Co Ltd in 1995. The company holding in subsidiary is 51%. This investment has been accounted for under the cost method of accounting.

No consolidated financial statement can be prepared, due to the fallowing reasons.
1. Business activities of the subsidiary companies is dissimilar for the Business activities of the parent company
2. Accounting period of the subsidiary is different from accounting period of the parent Company.

	2013 Rs.	2012 Rs.
Note - 08 Trading & Other Stock 31.12.2013		
Coconut Copra	61,738,970	49,092,223
Sundry Produce Stock	2,267,268	8,236,160
Other General Stocks At Farms & Ho	73,479,158	74,379,687
	137,485,396	131,708,071

	2013 Rs.	2012 Rs.
Note - 09 Trading, Other Receivables & Advances		
Staff Debtors	34,787,594	33,757,499
Trade & Other Debtors	202,818,207	188,694,620
	237,605,801	222,452,118
Less: Provision For Bad & Doubtful Debtors	(21,154,245)	(20,704,043)
	216,451,556	201,748,075
Economic Service Charges	17,494,747	17,494,747
Inland Revenue Dept.	2,079,371	(595,833)
Vat Claimable	3,027,164	3940090
	239,052,837	222,587,078

	2013 Rs.	2012 Rs.
Note - 10		
Deposit & Pre-Payments		
Deposit	1,170,423	1,338,207
Pre-Payments	8,046,204	13,252,010
	9,216,627	14,590,217

	2013 Rs.	2012 Rs.
Note - 11		
Other Current Assets		
Other Current Assets	34,299,700	30,668,674

The Expenditure Incurred On Incomplete Activities in Farms Such As Nurseries,Paddy Cultivation,

	2013 Rs.	2012 Rs.
Note - 12		
Term & Call Deposits		
Call Deposits at Peoples Bank Narahenpita	28,568,780	23,802,778
Fixed Deposits at Bank of Ceylon	323,809	3,362,267
	28,892,589	27,165,045

	2013 Rs.	2012 Rs.
Note - 13		
Cash & Cash Equivalents		
Bank Balances	9,454,773	7,160,131
Savings Account	6,397	6,397
Cash in Hand	3,732,196	4,004,593
Stamp in Hand	117,775	62,061
Cash-in-Transit	(12,575,181)	1,229,906
	735,960	12,463,087

Schedules to the Statement of Financial Position

	2013 Rs.	2012 Rs.
Note - 14		
Interest Payable Term Loans		
Farmers Trust Fund	98,412,700	100,112,700
Peoples bank loan	45,833,333	-
Freezer Truck	-	-
Dairy cattle loan	1,577,844,216	881,785,607
Leasing Facility		
5 Nos cabs	12,595,448	19,024,511
5 Nos Tractors	10,492,546	13,141,040
2 Nos Cars	6,960,837	9,823,560
Interest Suspense		
5 Nos cabs	(1,389,501)	(3,055,381)
Nos Tractors	(2,805,200)	(4,203,540)
2 Nos Cars	(698,951)	(1,533,415)
Transfer to payable within 12 Months	(8,350,838)	(10,055,276)
	1,738,894,590	1,005,039,806
Balance as at end of the year	1,738,894,590	1,005,039,806

	2013 Rs.	2012 Rs.
Note - 15		
Interest Free Loans		
Treasury Loan	50,000,000	50,000,000
	50,000,000	50,000,000

	2013 Rs.	2012 Rs.
Note - 16		
Gratuity on Retirement		
Balance as at 1 Jan.	134,361,674	122,631,214
Add- Provision during the year	9,049,958	8,275,601
Interest on Opening Balance	15,451,592	14,102,589
Acturial (Gain) Loss	11,311,190	2,472,127
	170,174,415	147,481,531
Less-Payments during the year	(15,923,414)	(13,119,857)
Balance as at 31st Dec.	154,251,001	134,361,674

	2013 Rs.	2012 Rs.
Note - 17		
Deferred Revenue On Leased Assets		
Balance B/F	43,015,998	44,016,502
Transfer To Revenue - Lease From Lan-Lib Co. Ltd.	(88,384)	(88,384)
Transfer To Revenue - Lease From Grandix Co. Ltd.	(666,666)	(666,666)
Transfer To Revenue - Lease From Rajawella Holding	(245,455)	(245,455)
	42,015,493	43,015,998

	2013 Rs.	2012 Rs.
Note - 18		
Payables & Provisions		
Staff Creditors	20,459,493	18,209,903
Trade & Other Creditors	259,014,062	233,936,896
Accrued Charges	19,086,485	21,647,816
Provisions	16,511,489	12,930,614
Deposits	14,901,653	15,151,707
E.P.F Payable	4,928,375	4,828,971
E.T.F Payable	993,556	719,523
	335,895,113	307,425,431
VAT Payable	7,185,103	7,240,445
	343,080,216	314,665,876

	2013 Rs.	2012 Rs.
Note - 19		
Short Term Borrowings		
People's Bank - 100153693183	37,744,755	73,000,137
People's Bank - 100153694880	799,276	-
Peoples Bank 873	2,905,419	2,284,368
People's Bank - 228	-	-
Farm Shop 1001 6369 4865	34,288	361,505
Maize project	-	-
Farms Current Accounts	(31,075,186)	1482103
	10,408,552	77,128,114

Schedules to the Statement of Financial Position

	2013 Rs.	2012 Rs.
Note - 20		
Payables On Loans Within Next 12 Months		
Bank loan payable 2013	-	-
Leasing payable Cars	2,907,216	2,907,216
Leasing payable Cabs	6,475,140	6,475,140
Leasing payable Tractors	2,867,136	2,867,136
Bank loan payable Freezer Truck	-	-
Interest suspense Cars	(834,464)	(395,720)
Interest suspense Tractors	(1,398,340)	(917,136)
Interest suspense Cabs	(1,665,850)	(881,360)
	8,350,838	10,055,276

Applicability of Available SLFRS and LKAS

Currently enforced SLFRS/LKAS standards (Effective 2012).

SLFRS/ LKAS No.	Description	
SLFRS 1	First time adoption of International Financial Reporting Standards	
SLFRS 2	Share-based Payment	N/A
SLFRS 3	Business Combinations	
SLFRS 4	Insurance Contracts	N/A
SLFRS 5	Non-current Assets Held for Sale and Discontinued Operations	N/A
SLFRS 6	Exploration for and Evaluation of Mineral Resources	N/A
SLFRS 7	Financial Instruments: Disclosures	
SLFRS 8	Operating Segments	N/A
LKAS 1	Presentation of Financial Statements	
LKAS 2	Inventories	
LKAS 7	Cash Flows Statements	
LKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	
LKAS 10	Events After the Balance Sheet Date	
LKAS 11	Construction Contracts	N/A
LKAS 12	Income Taxes	
LKAS 16	Property, Plant and Equipment	
LKAS 17	Leases	
LKAS 18	Revenue	
LKAS 19	Employee Benefits	
LKAS 20	Accounting for Government Grants and Disclosure of Government Assistance	
LKAS 21	The Effects of Changes in Foreign Exchange Rates	N/A
LKAS 23	Borrowing Costs	N/A
LKAS 24	Related Party Disclosures	N/A
LKAS 26	Accounting and Reporting by Retirement Benefit Plans	N/A
LKAS 27	Consolidated and Separate Financial Statements	
LKAS 28	Investments in Associates	N/A
LKAS 29	Financial Reporting in Hyperinflationary Economies	N/A
LKAS 31	Interests in Joint Ventures	
LKAS 32	Financial Instruments: Presentation	
LKAS 33	Earnings per Share	N/A
LKAS 34	Interim Financial Reporting	N/A
LKAS 36	Impairment of Assets	
LKAS 37	Provisions, Contingent Liabilities and Contingent Assets	
LKAS 38	Intangible Assets	N/A
LKAS 39	Financial Instruments: Recognition and Measurement	
LKAS 40	Investment Property	N/A
LKAS 41	Agriculture	

Applicability of Available SLFRS and LKAS

Currently enforced SLFRS/LKAS standards (Effective 2012).

Appendix 1 – SLFRS /LKAS Not Applicable to NLDB

SLFRS 2 Share - Based Payment

The objective of this SLFRS is to specify the financial reporting by an entity when it undertakes a share-based payment transaction. In particular, it requires an entity to reflect in its profit or loss and financial position the effects of share-based payment transactions, including expenses associated with transactions in which share options are granted to employees.

An entity shall disclose information that enables users of the financial statements to understand how the fair value of the goods or services received, or the fair value of the equity instruments granted, during the period was determined.

Key Definition: Share-based Payment: A share-based payment is a transaction in which the entity receives or acquires goods or services either as consideration for its equity instruments or by incurring liabilities for amounts based on the price of the entity's shares or other equity instruments of the entity. The accounting requirements for the share-based payment depend on how the transaction will be settled, that is, by the issuance of (a) equity, (b) cash, or (c) equity or cash.

SLFRS 4 Insurance Contracts

The objective of this SLFRS is to specify the financial reporting for insurance contracts by any entity that issues such contracts (described in this SLFRS as an insurer) until the Board completes the second phase of its project on insurance contracts. In particular, this SLFRS requires:

Limited improvements to accounting by insurers for insurance contracts.

Disclosures that identify and explains the amounts in an insurer's financial statements arising from insurance contracts and helps users of those financial statements understand the amount, timing and uncertainty of future cash flows from insurance contracts.

Key Definition: Insurance Contract: An insurance contract is a "contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder."

SLFRS 5 Non-Current Assets Held for Sale and Discontinued Operations

SLFRS 5 Sets Out Requirements For the classification, measurement and presentation of non-current assets held for sale and discontinued operations. In particular, the SLFRS 5 requires:

a) Assets or group of assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets to cease; and

b) Assets or group of assets that meet the criteria to be classified as held for sale or that have already been disposed of to be presented separately on the face of the balance sheet and the results of discontinued operations to be presented separately in the income statement.

Key Definition: Discontinued Operation: A component of an entity that either has been disposed of or is classified as held for sale and:

a) Represents a separate major line of business or geographical area of operations,

b) Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or

c) Is a subsidiary acquired exclusively with a view to resale?

Disposal group: A group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. The group includes goodwill acquired in a business combination if the group is a cash-generating unit to which goodwill has been allocated or if it is an operation within such a cash-generating unit.

SLFRS 6 Exploration for and Evaluation of Mineral Resources

SLFRS 6 allows an entity to continue to use the accounting policies applied immediately before adopting the SLFRS to their assets for exploration and evaluation. This includes continuing to use recognition and measurement practices that are part of those accounting policies.

SLFRS 8 Operating Segments

Listed companies must report information about their entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. This is based on how the company is managed.

LKAS 11 Construction Contracts

LKAS 11 prescribes the treatment of revenue and costs associated with construction contracts. The principles are:

- If the total revenue, past and future costs, and the stage of completion of a contract can be measured or estimated reliably, revenues and costs should be recognized by stage of completion (the "percentage-of-completion method")
- Expected losses should be recognized immediately.
- If the outcome cannot be measured reliably, costs should be expensed, and revenues should be recognized to the extent that costs are recoverable ("cost recovery method")
- Disclosure requirements include (for each major contract or class of contracts):
    - The amount of contract revenue recognized
    - The method for determining that revenue
    - The method for determining stage of completion
    - For contracts in progress, disclose the aggregate costs incurred, the recognized profits or losses, advances received, and retentions of the gross amount due from customers under the contract(s)
    - The gross amount owed to customers under the contract(s)

LKAS 21 The Effects of Changes in Foreign Exchange Rates

LKAS 21 prescribes the treatment of an entity's foreign currency transactions and foreign operations. LKAS 39 prescribes the criteria for selecting the functional currency (not described in this document). Functional currency must be determined for each entity in a group.

Foreign Currency Transactions

Transactions in currencies other than the functional currency should be translated on the date of the transaction. In practice, the exchange rates applied are adjusted periodically, for example, weekly or monthly. Monetary assets and liabilities are translated at the rates existing on the balance sheet date. Fixed Assets only allows multicurrency information when the asset is created and retired.

Investments in Foreign Entities

Transactions in currencies other than the functional currency should be translated on the date of the transaction. Monetary assets and liabilities should be translated at closing rates, and income statement items should be translated at transaction rates (or, in practice, average rates). Differences should be taken directly to equity.

Disclosures:

- Translation differences included in net income
- Analysis of translation differences in equity
- Changes in rates after balance sheet date
- Foreign exchange risk management policies

LKAS 23 Borrowing Costs

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset and, therefore, should be capitalized.

LKAS 24 Related Party Disclosures

LKAS 24 describes the required disclosure of transactions with related parties.

Related parties are those able to control or exercise significant influence. Such relationships include:

- Parent-subsidiary relationships (see LKAS 27: Consolidated Financial Statements)
- Entities under common control
- Associates (see LKAS 28: Investments in Associates)
- Individuals who, through ownership, have significant influence over the enterprise and close members of their families
- Key management personnel

Disclosures include:

- Nature of relationships where control exists, even if there were no transactions between the related parties
- Nature and amount of transactions with related parties, grouped as appropriate

Applicability of Available SLFRS and LKAS

Currently enforced SLFRS/LKAS standards (Effective 2012).

LKAS 26 Accounting and Reporting by Retirement Benefit Plans

LKAS 26 describes the criteria used for measurement and disclosure of retirement benefits plans.

LKAS 28 Investments in Joint Ventures

LKAS 28 prescribes the accounting treatment to be adopted by an investor for investments in associates or joint ventures.

An associate/joint venture is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. If an investor holds, directly or indirectly (e.g. through subsidiaries), 20% or more, but less than 50%, of the voting power of the investee, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case.

LKAS 29 Financial Reporting in Hyperinflationary Economies

LKAS 29 establishes standards for enterprises that report in the currency of a hyperinflationary economy, so that the financial information provided is meaningful.

Hyperinflation is indicated if cumulative inflation over three years is 100 percent or more (among other factors). In such a circumstance, financial statements should be presented in a measuring unit that is current at the balance sheet date. Comparative amounts for prior periods are also restated in the measuring unit at the current balance sheet date.

Any gain or loss on the net monetary position arising from the restatement of amounts in the measuring unit current at the balance sheet date should be included in net income and separately disclosed.

LKAS 31 Interests in Joint Ventures

The objective of LKAS 31 is to prescribe the accounting treatment required for interests in joint ventures, irrespective of the structures or forms under which the joint venture activities take place. For the purposes of the standard, joint ventures are classified as jointly controlled operations, jointly controlled assets, and jointly controlled entities.

Key Definition: Joint venture: A contractual arrangement by which two or more parties (ventures) undertake an economic activity that is subject to joint control.

LKAS 34 Interim Financial Reporting

LKAS 34 prescribes the requirements for the interim reports and requires that the accounting policies to be applied on these financial statements should be the same as the annual financial statements, however, summarized disclosures are required; therefore, interim reporting must also comply with all the SLFRS.

LKAS 38 Intangible Assets

LKAS 38 applies to all intangible assets that are not specifically dealt with in other LKAS. It applies, among other things, to expenditures on:

- Advertising, Training, Start-up, Research and development (R&D) activities

LKAS 38 does not apply to financial assets, insurance contracts, mineral rights, and the exploration for and extraction of minerals and similar non-regenerative resources.

LKAS 38 requires an enterprise to recognize an intangible asset if, and only if, certain criteria are met. The standard also specifies how to measure the carrying amount of intangible assets and requires certain disclosures regarding intangible assets.

An intangible asset should be recognized initially, at cost, in the financial statements, if, and only if:

- The asset meets the definition of an intangible asset. Particularly, there should be an identifiable asset that is controlled and clearly distinguishable from an enterprise's goodwill
- It is probable that the future economic benefits that are attributable to the asset will flow to the enterprise
- The cost of the asset can be measured reliably LKAS 38 includes additional recognition criteria for internally generated intangible assets

It follows from the recognition criteria that all expenditure on research should be recognized as an expense.

The same treatment applies to start-up costs, training costs, and advertising costs. LKAS 38 also specifically prohibits the recognition internally generated goodwill, such as brands, mastheads, publishing titles, customer lists, and items similar in substance. However, some development expenditure may result in the recognition of an intangible asset if the defined criteria are met (for example, some internally developed computer software).

After initial recognition in the financial statements, an intangible asset should be measured according to one of the following two treatments:

- Benchmark treatment: historical cost less any amortization and impairment losses
- Allowed alternative treatment: revalued amount (based on fair value) less any subsequent amortization and impairment losses

An entity shall assess whether the useful life of an intangible asset is finite or indefinite and, if finite, the length of, or number of production or similar units constituting, that useful life. An intangible asset shall be regarded by the entity as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

Finite useful life intangibles are amortized over the defined period. Indefinite useful life intangibles are tested for impairment in accordance with LKAS 36 on an annual basis.

LKAS 40 Investment Property

LKAS 40 covers investment property held by all enterprises and is not limited to enterprises whose main activities involve property investment. Investment property is property (land or a building - or part of a building - or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both. Under LKAS 40, an enterprise must choose either:

- Fair value model: the investment property should be measured at fair value and changes in fair value should be recognized in the income statement
- Cost model (the same as the benchmark treatment in LKAS 16: Property, Plant, and Equipment): the investment property should be measured at depreciated cost (less any accumulated impairment losses). An enterprise that chooses the cost model should disclose the fair value of its investment property an enterprise should apply the model that it chooses to all its investment property.

Standards Applicable to NLDB

SLFRS 1 First Time Adoption of SLFRS

The objective of SLFRS 1 is to set out the procedures that an entity must follow when it first adopts SLFRS in the preparation of financial statements.

The objective of this SLFRS is to ensure that an entity's first SLFRS financial statements, and its interim financial reports for part of the period covered by those financial statements, contain high quality information that:

Is transparent for users and comparable over all periods presented;
Provides a suitable starting point for accounting under International Financial Reporting Standards (SLFRSs); and
Can be generated at a cost that does not exceed the benefits to users.

An entity is required to explain how the transition from the previous standards (ex: GAAP) to SLFRS affected its financial position, financial performance and cash flows by using reconciliations of the opening balances.

SLFRS 3 Business Combinations

The objective of this SLFRS is to improve the relevance, reliability and comparability of the information that a reporting entity provides in its financial statements about a business combination and its effects. To accomplish that, this SLFRS establishes principles and requirements for how the acquirer:

Recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquire;

Recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and
Determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination.

Key Definition: Business Combination: A business combination is a transaction or event in which an acquirer obtains control of one or more businesses. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return directly to investors or other owners, members or participants.

Applicability of Available SLFRS and LKAS

Currently enforced SLFRS/LKAS standards (Effective 2012).

SLFRS 7 Financial Instruments: Disclosures

The SLFRS requires disclosure of:

b) The significance of financial instruments for an entity's financial position and performance

c) b) Qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk.

d) An entity must group its financial instruments into classes of similar instruments and, when disclosures are required, make disclosures by class. The class are following:

a) Financial assets at fair value through profit or loss, showing separately (i) those designated as such upon initial recognition and (ii) those classified as held for trading in accordance with LKAS 39

b) Held-to-maturity investments

c) Loans and receivables

d) Available-for-sale financial assets

e) Financial liabilities at fair value through profit or loss, showing separately (i) those designated as such upon initial recognition and (ii) those classified as held for trading in accordance with LKAS 39 and

f) Financial liabilities measured at amortized cost.

LKAS 1 Presentation Of Financial Statements

The objective of LKAS 1 is to outline the basis for presentation of financial statements. It sets out the overall framework and responsibilities for the presentation of financial statements, the guidelines for their structure, and the minimum requirements for the content of the financial statements.

LKAS 1 prescribes the minimum level of detail required on the face of the balance sheet and the income statement, and also defines the overall considerations for financial statements, such as fair presentation, accrual basis of accounting, consistency of presentation, materiality and aggregation, and comparative information.

LKAS 1 defines four basic financial statement elements and prescribes the minimum structure and content for each:

- A statement of financial position as at the end of the period (separated in current/noncurrent)
- A statement of comprehensive income for the period
- A statement of changes in equity for the period
- A statement of cash flows for the period (LKAS 7)

For statement of comprehensive income an entity shall present all items of income and expense recognized in a period:

(a) In a single statement of comprehensive income, or

(b) In two statements: a statement displaying components of profit or loss (separate income statement) and a second statement beginning with profit or loss and displaying components of other comprehensive income (statement of comprehensive income).

Comprehensive income for a period includes profit or loss for that period plus other income recognized in that period. The components of other comprehensive income include:

- Changes in revaluation surplus (LKAS 16 and LKAS 38).
- Actuarial gains and losses on defined benefit plans recognized in accordance with paragraph 93A of LKAS 19.
- Gains and losses arising from translating the financial statements of a foreign operation (LKAS 21).
- Gains and losses on re-measuring available-for-sale financial assets (LKAS 39).
- The effective portion of gains and losses on hedging instruments in a cash flow hedge (LKAS 39).

LKAS 2 Inventories

The objective of LKAS 2 is to prescribe the accounting treatment for inventories under the historical cost system. It provides guidance on how to determine the cost of inventories and subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories.

Inventories include assets held for sale in the ordinary course of business (finished goods), assets in the production process for sale in the ordinary course of business (work in process), and materials and supplies that are consumed in production (raw materials).

However, LKAS 2 excludes certain inventories from its scope:

- Work in progress arising under construction contracts (see LKAS 11, Construction Contracts)
- Financial instruments (see LKAS 39, Financial Instruments)
- Producers' inventories of agricultural assets, such as livestock, forest products, and mineral ores to the extent that they are measured at net realizable value (whether above or below cost) in accordance with established industry practices

Fundamental Principle of LKAS 2 Inventories is measured at the lower of cost and net realizable value (NRV). Net realizable value is the selling price less the cost to complete the inventory and sell it. Cost includes all costs to bring the inventories to their present condition and location. If specific cost is not determinable, the benchmark treatment is to use either the first in, first out (FIFO) or weighted average cost formulas.

The cost of inventory is recognized as an expense in the period in which the related revenue is recognized. If inventory is written down to net realizable value, the write-down is charged to expense. Any reversal of such a write-down in a later period is credited to income by reducing that periods cost of goods sold.

Required disclosures include:

- Accounting policy
- Carrying amount of inventories by category
- Carrying amount of inventory carried at net realizable value
- Amount of any reversal of a write-down
- Carrying amount of inventory pledged as security for liabilities
- Cost of inventory charged to expense for the period

LKAS 7 Cash Flows Statement

LKAS 7 prescribes how to present information about the historical changes in cash and cash equivalents of an enterprise by means of a cash flow statement. A cash flow statement classifies cash flows during the period according to operating, investing, and financing activities.

The cash flow statement explains changes in cash and cash equivalents during a period. The cash flow statement should classify changes in cash and cash equivalents as operating, investing, and financial activities.

- Cash equivalents are short-term, highly liquid investments subject to insignificant risk of changes in value
- Operating activities: May be presented using either the direct or indirect method. Direct method shows receipts from customers and payments to suppliers, employees, government (taxes), and so on. Indirect method begins with accrual basis net profit or loss and adjusts for non cash items.
- Investing activities: Separately disclose cash receipts and payments that arise from acquisition or sale of property, plant, and equipment; acquisition or sale of equity or debt instruments of other enterprises (including acquisition or sale of subsidiaries); and advances and loans made to, or repayments from, third parties.
- Financing activities: Separately disclose cash receipts and payments that arise from an issue of share or other equity securities; payments made to redeem such securities; proceeds arising from issuing debentures, loans, notes; and repayments of such securities. Cash flows from taxes should be disclosed separately within operating activities, unless they can be specifically identified with one of the other two headings. Investing and financing activities that do not give rise to cash flows (a non-monetary transaction such as acquisition of property by issuing debt) should be excluded from the cash flow statement but disclosed separately.

LKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

LKAS 8 specifies how profit or loss from ordinary activities and extraordinary items must be presented in the income statement. LKAS 8 also specifies how errors and changes in accounting policy and changes in estimates must be accounted for.

Errors are defined as newly discovered omissions or misstatements of prior period financial statements, based on information that was available when the prior financial statements were prepared.

Applicability of Available SLFRS and LKAS

Currently enforced SLFRS/LKAS standards (Effective 2012).

All material errors will be accounted for retrospectively by restating all the prior periods presented and adjusting the opening balance of retained earnings of the earliest prior period presented. Cumulative effect recognition in income will be prohibited.

LKAS 10 Construction Contracts

This is primarily a matter of disclosing the economic effects of events occurring after the balance sheet date.

LKAS 12 Income Tax

The objective of this Standard is to prescribe the accounting treatment for income taxes. The principal issue in accounting for income taxes is how to account for the current and future tax consequences of:
The future recovery (settlement) of the carrying amount of assets (liabilities) that are recognized in an entity's balance sheet; and
Transactions and other events of the current period that are recognized in an entity's financial statements.

Key Definition: Current tax: The amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period.

Deferred tax liabilities: The amount of income taxes payable in future periods in respect of taxable temporary differences.

Deferred tax assets: The amounts of income taxes recoverable in future periods in respect of:
(a) Deductible temporary differences;

(b) The carry forward of unused tax losses; and

(c) The carry forward of unused tax credits.

LKAS 16 Property, Plant and Equipment

LKAS 16 prescribes the treatment of initial recognition and subsequent measurement of property, plant, and equipment. Property, plant, and equipment should be recognized when
(a) it is probable that future benefits will flow from it, and

(b) its cost can be measured reliably.

Initial measurement should be at cost. Subsequently, the benchmark treatment is to use depreciated (amortized) cost but the allowed alternative is to use the revaluation model (similar to fair market value).

Main principles

Depreciation:

- Long-lived assets other than land are depreciated on a systematic basis over their useful lives
- Depreciation base is cost less the estimated residual value
- The depreciation method should reflect the pattern in which the asset's economic benefits are consumed by the enterprise
- If assets are revalued, depreciation is based on the revalued amount
- The useful life, residual value and amortization method should be reviewed on an annual basis and any change should be reflected prospectively
- Significant costs to be incurred at the end of an asset's useful life should either be reflected by reducing the estimated residual value or by charging the amount as an expense over the life of the asset
- Very old NLDB vehicles which had been fully depreciated isnow under revaluation by the Government Valuer as per Board Decision This will be adjusted in the Books of accounts once all Valuation reports are received.
- If the cost model is used, each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately (component approach).
- The following Deprecation Rates had been applied in respect of fixed assets as per last year.

Category of assets	Rate of deprecation
Buildings	05%
Plant & Machinery	10%
Estate Equipment	05%
Office Equipment	20%
Furniture & Fittings	10%
Structures	05%
Motor Vehicles	10%

- As the importation of cattle project work commenced in the year 2012, the cattle and some of the equipment was brought to location at different stages. As a principle policy decision, NLDB decided to depreciate assets based on the actual usage period of such assets. Also an Independence committee was appointed to determine the useful life time of the assets.

Revaluations (allowed alternative)

- Revaluations should be made with sufficient regularity so that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date
- If an item of property, plant, and equipment has been revalued, the entire class to which the asset belongs must be revalued (selective revaluations are not allowed)
- Positive revaluations should be credited to equity (revaluation surplus) unless it is a reversal of previous charge to income
- Decreases in valuation should be charged to income unless reversing a previous credit to equity (revaluation surplus)
- If the revalued asset is sold or otherwise disposed of, any remaining revaluation surplus that is transferred directly to retained earnings (not through the income statement)
- If the revaluation model is used the revaluation surplus included in equity shall be controlled on an item by item basis.

If an asset's recoverable amount falls below its carrying amount, the decline should be recognized and charged to income (unless it reverses a previous credit to equity). Gains or losses on retirement or disposal of an asset should be calculated by reference to the carrying amount. Required disclosures include reconciliation of movements

- Capital commitments
- Items pledged as security
- If assets are revalued, disclose historical cost amounts
- Change in revaluation surplus

LKAS 17 Leases

Two classes of leases are considered:

- A lease is classified as a finance lease if it transfers substantially all the risks and rewards incident to ownership
- All other leases are classified as operating leases

For operating leases, the lease payments should be recognized as an expense in the income statement over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern for the user's benefit.

Financial Leases

Accounting for the lessee:

- The lessee should capitalize a finance lease at the lower end of the fair value and the present value of the minimum lease payments
- Rental payments should be split into (i) a reduction of liability, and (ii) a finance charge designed to reduce in line with the liability
- The lessee should calculate depreciation on leased assets using useful life, unless there is no reasonable certainty of eventual ownership. In the latter case, the shorter of the useful life and the lease term should be used
- The lessee must include disclosure of rental expenses, sublease rentals, and a description of the leasing arrangements
- The lessee should expense the operating lease payments
- Accounting for the lessor:
- For lessors, finance leases should be recorded as receivables and the lease income should be recognized on the basis of a constant periodic rate of return
- Lessors must disclosure information about future minimum rentals and amounts of contingent rentals included in net profit or loss
- Lessors should use the net investment method to allocate finance income, the net cash investment method is no longer permitted

LKAS 18 Revenue

The objective of LKAS 18 is to prescribe the accounting treatment for revenue arising from certain types of transactions and events, such as sales of goods, rendering of services, interests, royalties, and dividends.

Key Definition: Revenue: The gross inflow of economic benefits (cash, receivables, and other assets) arising from the ordinary operating activities of an enterprise (such as sales of goods, sales of services, interest, royalties, and dividends).

Measurement of Revenue

Revenue should be measured at the fair value of the consideration received. An exchange for goods or services of a similar nature and value is not regarded as a transaction that generates revenue. However, exchanges for dissimilar items are regarded as generating revenue.

Applicability of Available SLFRS and LKAS

Currently enforced SLFRS/LKAS standards (Effective 2012).

If the inflow of cash or cash equivalents is deferred, the fair value of the consideration receivable is less than the nominal amount of cash and cash equivalents to be received, and discounting is appropriate. This would occur, for instance, if the seller is providing interest-free credit to the buyer or is charging a below-market rate of interest. Interest must be imputed based on market rates.

LKAS 18 prescribes the following disclosures:

- The accounting policy for recognizing revenue
- The amount of each of the following types of revenue:
  - sale of goods
  - rendering of services
  - interest
  - royalties
  - dividends
- Within each of the above categories, the amount of revenue from exchanges of goods or services

It is important for LKAS 18 compliance that the criteria for revenue recognition for each category of revenue be met.

LKAS 19 Employee Benefits

The objective of LKAS 19 is to prescribe the accounting for and disclosure of employee benefits (all forms of compensation given by an organization in exchange for service rendered by employees). The principle underlying all of the detailed requirements of the standard is that the cost of providing employee benefits should be recognized in the period in which the employee earns the benefit, rather than when it is paid or payable.

LKAS 20 Accounting for Government Grants and Disclosure of Government Assistance

LKAS 20 prescribes the accounting and disclosure of government grants and other forms of government assistance.

Government grants of NLDB has been accounted under LKAS 41- Agriculture

LKAS 27 Consolidated and Separate Financial Statements

LKAS 27 defines the concept of a subsidiary as: a company controlled by another enterprise (the parent). If a parent has one or more subsidiaries, consolidated financial statements are required.

LKAS 27 has the following criteria for the consolidated financial statement:

- All subsidiaries must be included.
- All subsidiaries must be included. There is a limited exception available to some non-public entities
- The difference between reporting dates of consolidated subsidiaries should be no more than three months from the parent company's reporting date, having any significant transactions or adjustment occurred between these dates recorded
- Uniform accounting policies should be followed for the parent and its subsidiaries.
- In the parent's separate financial statements subsidiaries may be shown at cost or at fair value in accordance with IAS 39.

Required disclosures include:

- Name, country, ownership, and voting percentages for each significant subsidiary
- Reasons for not consolidating a subsidiary
- The nature of relationship if parent company does not own more than 50 percent of the voting power of a consolidated subsidiary
- The nature of relationship if the parent company does own more than 50 percent of the voting power of a subsidiary excluded from consolidation
- The effect of acquisitions and disposals of subsidiaries during the period
- LANLIB 49% share holders (I.e. LAFICO) had filed a case in Commercial High courts (Case No. HC(Civil)13/2012Co) seeking a winding up of the Company. As such no adjustments had been taken in to the NLDB Books of accounts in respect of LANLIB operations during the financial year.

In the parent company's separate financial statements the method used to account or subsidiaries must be described.

LKAS 32 Financial Instruments: Presentation

The objective of LKAS 32 is to enhance users' understanding of the significance of on-balance sheet and off-balance sheet financial instruments to an enterprise's financial position, performance, and cash flows.

LKAS 33 Earnings Per Share

LKAS 33 describes the measurement and disclosure of earnings per share and is not supported by any specific enterprise resource planning (ERP) solution.

LKAS 36 Impairment of Assets

LKAS 36 mainly addresses accounting for impairment of goodwill, intangible assets, and property, plant, and equipment. The standard includes requirements for identifying an impaired asset, measuring its recoverable amount, recognizing or reversing any resulting impairment loss, and disclosing information on impairment losses or reversals of impairment losses.

LKAS 36 prescribes how an enterprise should ensure that its assets are not overstated in the financial statements, how an enterprise should assess the amount to be recovered from an asset (the "recoverable amount"), and when an enterprise should account for an impairment loss identified by this assessment.

Main requirement of LKAS 36: An impairment loss should be recognized whenever the recoverable amount of an asset is less than its carrying amount (sometimes called "book value").

Other requirements of LKAS 36 are:

- The recoverable amount of an asset is the higher of its fair value, less cost to sell and its value in use (based on discounted cash flows)
- Fair value s the amount obtainable from the sale of an asset n an arm’s length transaction between knowledgeable willing parties, less the costs of disposal
- The value in use is the amount obtainable from the use of an asset until the end of its useful life and from its subsequent disposal. Value in use is calculated as the present value of estimated future cash flows. The discount rate should be a pretax rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Recording impairment:

- An impairment loss should be recognized as an expense in the income statement for assets carried at cost and treated as a revaluation decrease for assets carried at revalued amount
- An impairment loss should be reversed (and income recognized) when there has been a change in the estimates used to determine an assets recoverable amount since the last impairment loss was recognized, except for goodwill for which impairment reversal is not allowed.
- A reversal of an impairment loss should be recognized as income in the income statement for assets carried at cost and treated as a revaluation increase for assets carried at the revalued amount.

When impairment losses are recognized or reversed, an enterprise should disclose certain information by class of assets and by reportable operating segments. Further disclosure is required if impairment losses that are recognized or reversed are material to the financial statements of the reporting enterprise as a whole.

The recoverable amount of an asset should be estimated whenever there is an indication that the asset may be impaired. LKAS 36 includes a list of indicators of impairment to be considered at each balance sheet date.

Single Asset or Cash-generating Unit If an asset does not generate cash inflows that are largely independent of the cash inflows from other assets, an enterprise should determine the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Principles for recognizing and reversing impairment losses for a cash-generating unit are the same as those for an individual asset. The concept of cash-generating units will often be used in testing assets for impairment because, in many cases, assets work together rather than on an individual basis.

Applicability of Available SLFRS and LKAS

Currently enforced SLFRS/LKAS standards (Effective 2012).

LKAS 37 Provisions, Contingent Liabilities and Contingent Assets

LKAS 37 primarily deals with provisions, the focus being on the recognition of obligations, defined as liabilities as a result of past events. These provisions, for example, refund provisions, asset retirement obligations, contingent liabilities, and so on, cannot be done automatically. Therefore, the accounting systems can only offer indirect support for LKAS 37.

as the cases filed against the Board as at the accounting date are at the initial stage, on provision has been made in the books of accounts.

LKAS 39 Financial Instruments: Recognition and Measurement

LKAS 39 will have a significant impact on listed companies, because it requires these companies to recognize and measure almost all financial instruments at fair value (market price). In most cases, a formal treasury management system is needed. LKAS 39 requires all hedges to be documented and continually evaluated for effectiveness. Under LKAS 39, all financial assets and financial liabilities must be recognized on the balance sheet, including all derivatives instruments. They are initially measured at cost, which is the fair value of consideration paid or received to acquire the financial asset or liability. An enterprise should recognize normal purchases and sales of financial assets in the marketplace either at trade date or settlement date. Certain value changes between trade and settlement dates are recognized for purchases if settlement date accounting is used. Financial assets are classified as follows:

- Loans and receivables: These are loans and receivables originated by an enterprise and not held for trading. The enterprise does not need to demonstrate intent to hold originated loans and receivables to maturity. These assets are carried at amortized cost, this is principal plus accrued interest at effective rate.
- Held-to-maturity investments: Fixed maturity investments, for example, debt securities and mandatorily redeemable preferred shares that an enterprise intends and is able to hold to maturity. The classification depends on management intent and capability. These financial assets are carried at amortized cost.
- Fair value through profit or loss: Financial assets acquired for the purpose of generating a profit from short-term fluctuations in price (trading purpose). Derivative assets are always deemed held for trading unless used as hedging instruments. There is a subcategory within this one which basically allows companies to designate financial instruments to be marked to it fair value if this methodology corrects an accounting mismatch or the company manage its financial assets based on their fair values rather than its historical cost. All these financial assets are recorded at fair value with the change recognized in income.
- Available-for-sale financial assets: All financial assets not in one of the above listed categories. These financial assets are recorded at fair value with the change recorded in a separate component of equity. Under LKAS 39, if an enterprise actually sells a held-to-maturity investment other than in a circumstance that could not be anticipated or in insignificant amounts, all of its other held-to-maturity investments must be reclassified as available-for-sale for the next and the following two financial reporting years. Reclassification of financial assets is not allowed, except for certain circumstances.

Key Definition: Hedging: To designate a derivative or a non-derivative financial instrument (only for hedges of net investments) as an offset in net profit or loss, in whole or in part, to the change in fair value or cash flows of a hedged item. Hedge accounting is permitted under LKAS 39 in certain circumstances, provided that the hedging relationship is clearly defined, measurable, and effective at inception and on an ongoing basis.

Hedge accounting is permitted only if an enterprise designates a specific hedging instrument as a hedge of a fair value or cash flow of a specific hedged item, rather than as a hedge of an overall net balance sheet position or macro hedges. However, the approximate income statement effect of hedge accounting for an overall net position can be achieved, in some cases, by designating part of one of the underlying items as the hedged position. For hedges of forecasted transactions the gain or loss on the hedging instrument will adjust the basis (carrying amount) of the acquired asset or liability.

LKAS 41 Agriculture

LKAS 41 describes how accounting for biological assets should be done. Biological assets are livestock, crops, and so on that is transformed into agricultural products.

The value of Biological assets of the Board was ascertained from a professional valuer where the fair value of such assets has been disclosed in the books of accounts.

ආයතනික තොරතුරු

නම/ තත්ත්වය
ජාතික පශු සම්පත් සංවර්ධන මණ්ඩලය - පශු සම්පත් හා ග්‍රාමීය සංවර්ධන අමාත්‍යංශය යටතේ නීතිගත සංස්ථාවකි.

ආරම්භය
1972 අංක 11 දරණ රාජ්‍ය කෘෂි සංස්ථා පනත යටතේ 1973 දී පිහිටු වනු ලැබීය 1974 පටන් ක්ෂේත්‍ර කාර්යයන් ඇරඹිණ.

අධ්‍යක්ෂ මණ්ඩලය
ආර්.එම්. ඇල්ලේගල (සභාපති)
ඒ.ආර්. අනුර ජයසිරි (නියෝජ්‍ය සභාපති)
වෛද්‍ය සැම්සන් එල්.ඒ. ඩැනියල්
එස්. බාලචන්ද්‍රන්
රවින්ද්‍ර මනෝජ් ගමගේ
ආර්. අශෝක් කුමාර්
ආචාර්ය ප්‍රේම කුමාර ද සිල්වා
කේ.එම්.කේ. සිරිවර්ධන

ප්‍රධාන විධායක නිලධාරී
ඒ.සී.එච්. මුණවීර (සාමාන්‍යාධිකාරී)

ප්‍රධාන කාර්යාලය
අංක 40,
නාවල පාර,
නාරාහේන්පිට,
කොළඹ 05

දුර කථනය
94 11 2501701/2

ෆැක්ස්
94 11 2502695

ඊ මේල්
info@nldb.gov.lk

වෙබ් අඩවිය
http://www.nldb.lk

බැංකු
මහජන බැංකුව

கூட்டுத்தகவல்கள்

பெயர்/அந்தஸ்து
தேசீய கால்நடை வள அபிவிருத்தி சபையானது ஒரு அரச கூட்டத்தாபனம் ஆகும். இது கால்நடை மற்றும் கிராமீய சமூக அபிவிருத்தி அமைச்சின் கீழ் இயங்குகின்றது.

உருவாக்கம்
தேசீய கால்நடை வள அபிவிருத்தி சபை 1973 ஆம் ஆண்டு விவசாய கூட்டுத்தாபனங்கள் சட்டத்தின் கீழ் உருவாக்கப் பட்டது. ஆதன் வெளிக்கள நடவடிக்கைகள் 1974 ஆம் ஆண்டு அரம்பிக்கப் பட்டது.

பணிப்பாளர் சபை
திரு ஆர். ஏம். பி. எல்லேகல (தலைவர்)
திரு. ஏ.ஆர். அனுர ஜயசிரி (பிரதி தலைவர்)
மருத்துவர் சம்சன் எல். ஏ. டானியல்
திரு. எஸ். பாலசந்திரன்
திரு. ரவீன்திர மனோஜ் கமகே
திரு. ஆர். அசோக் குமார்
கலாநிதி பிறேம குமார த சில்வா
கே. எம். கே. சிரிவர்தன

பிரதம நிறைவேற்று உத்தியோகத்தர்
ஏ.வி.எச். முனவீர
பொது முகாமையாளர்

தலைமை அலுவலகம்
இல. 40 நாவல வீதி,
நாறாஹேன்பிட்டி,
கொழும்பு 05.

தோலை பேசி
94 11 2501701/2

பக்ஸ்
94 11 2502695

மின்னஞ்சல்
info@nldb.gov.lk

வங்பியாளர்
மக்கள் வங்கி

Coporate Information

Name/Status
The national Livestock Development Board - a state Corporation under the Ministry of Livestock and Rural Community Development.

Formation
Established in 1973 under the state Agricultural Corporation Act No; 11 of 1972. Commenced field operations in 1974.

Board of Directors
R.M.B. Ellegala (Chairman)
A.R. Anura Jayasiri (Deputy chairman)
Dr. Samson L.A. Daniel
S. Balachandiran
Ravindra Manoj Gamage
R. Ashok Kumar
Dr. Prema kumara de Silva
K.M.K. Siriwardana

Chief Executive Officer
A.C.H, Munaweera (General Manager)

Head Office
No. 40, Nawala Road,
Narahenpita,
Colombo 5.

Telephone
+ 94 11 2501701/2

Fax
+ 94 11 2502695

E- mail
infor@nldb.gov.lk

Web
http//www.nldb.gov

Bankers
Peoples Bank

ජාතික පශු සම්පත් සංවර්ධන මණ්ඩලය
தேசிய கால்நடை வள அபிவிருத்தி சபை
National Livestock Development Board

No. 40, Nawala Road, Narahenpita, Colombo 5.