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நாம் தொடர்ந்தும் தினமும் வளர்ச்சிப் பாதையில்
WE CONTINUE TO GROW EACH DAY



වාර්ෂික වාර්තාව
வருடாந்த அறிக்கை
ANNUAL REPORT

2015

NLDB

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





වාර්ෂික වාර්තාව வருடாந்த அறிக்கை ANNUAL REPORT 2015

WE CONTINUE TO GROW EACH DAY

It is with great esteem that we approach our 43rd 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.





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WE CONTINUE TO

GROW EACH DAY





Vision

To be the best self sustaining organization in Sir 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 differnt 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 compete in the market.
- To explore possibilities to break in to new markets with better marketing strategies in order to convert these farming units into profitable 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.
- Sale of fresh cow milk and popularize consumption among the public



P. HARISON
Minister of Rural Economy

"It is my ambition creating a prosperous nation by developing infrastructure facilities in the rural areas while striving to develop agricultural products in order to uplift the economy of the rural folks."

MINISTER'S MESSAGE

It is my ambition creating a prosperous nation by developing infrastructure facilities in the rural areas while striving to develop agricultural products in order to uplift the economy of the rural folks.

I am also dedicated to enhance rural livelihoods through developing rural infrastructure and to expand livestock population by developing livestock resources in order to ensure the health of the nation. I am also dedicated to assist the Yaha Palanaya government for a sustainable growth by presenting timely suggestions to make our country self sufficient in milk production by empowering dairy farmers. I am also dedicated to maintain price stability through strengthening economic centers and to make the nation self sufficient in rice and to empower paddy farmers by ensuring a better price for paddy.

P. Harrison

Minister of Rural Economy



M. S. S. AMEER ALI
Deputy Minister of Rural Economy

"I firmly believe that the NLDB would soon emerge as the most efficient and profitable state enterprise with the excellent management of its productive workforce through which NLDB runs its livestock farms and grows short term crops and coconut in environmentally friendly way."

DEPUTY MINISTER'S MESSAGE

I assume this opportunity presented to me to express my views on the 2015 Annual Report a great privilege. The task of the National Livestock Development Board of making the nation self sufficient in milk, as the forerunner in the field of livestock is truly a commendable one which they carry out in consistence with the policies of the Yaha Palanaya government and by employing the most modern technologies available in the field

I firmly believe that the NLDB would soon emerge as the most efficient and profitable state enterprise with the excellent management of its productive workforce through which NLDB runs its livestock farms and grows short term crops and coconut in environmentally friendly way.

I am convinced that all the ongoing projects as well as future projects of the NLDB would certainly conquer the dairy markets with its high quality dairy products while adopting itself to the ever changing consumer attitudes and needs with the guidance of the Minister and the leadership of Chairman of the NLDB.

I wish success for the Chairman and the entire staff of the NLDB from the bottom of my heart in all their efforts that they execute for the wellbeing of the nation.

M. S. S. Ameer Ali
Deputy Minister of Rural Economy



PROF. H. W. CYRIL
Chairman

" We have also imported high variety breeding pigs from Canada with the help of the Treasury which have been provided to our farm in Horakele with the aim of proliferating this high breed in Sri Lanka. The Board hopes to import another batch to be given to Martin farm as well. "

CHAIRMAN'S MESSAGE

We proudly present the Annual Report of the year 2015. The task of the National Livestock Development Board is a gigantic one. Among other things, we imported 2500 high yielding Australian cross bred cattle to be installed in our Ridiyagama Livestock Farm, as the second phase of the investment project of the NLDB that was implemented jointly with the Government of Australia.

It is with great pride I mention that the Ridiyagama is a farm that employs most modern technologies relevant to the field while adhering to latest eco-friendly considerations. We have also imported highly nutritional grass seeds and have taken steps to grow succulent grass varieties in livestock farms in the Upcountry as well as in Ridiyagama.

We have also imported high variety breeding pigs from Canada with the help of the Treasury which have been provided to our farm in Horakele with the aim of proliferating this high breed in Sri Lanka. The Board hopes to import another batch to be given to Martin farm as well.

It should be stated here that the demand prevailing in the labor market has directly affected the day to day activities of our farms. As a counter strategy we have planned to increase the utilization of modern dairy machinery in order to enhance the efficiency and the productivity of NLDB farms. This would include the installation of latest automated curd making machines that are designed with utmost health considerations. We hope to commission these machines by the next year and install them in our farm in Polonnaruwa to churn out regular yoghurt, drinking yoghurt along with other cheese products.

In the meantime, the Board has taken steps to grant permanent appointments to 13 employees who have been providing their dedicated service in apprentice capacities for the past few years to the NLDB.

I take this opportunity to commend the combined contribution of the entire NLDB staff and the members of the Board of Directors for their dedication and accomplishments that they achieved with the guidance and direction of the Honorable Minister and the Honorable Deputy Minister and our subject Ministry.

We assure that we, along with our Honorable Minister are totally dedicated to provide highly nutritional and healthy livestock and dairy products to the people of Sri Lanka who always value and cherish national produce.

Prof. H. W. Cyril
Chairman, National Livestock Development Board



CHANNA PRABODHA PALANSURIYA
Deputy Chairman, National Livestock
Development Board

"Furthermore, we have taken steps to install most modern automated machines in our facility in Polonnaruwa, to milk the cows and also to automatically churn out curd, yoghurt, cheese and other dairy products in our quest to provide hygienic, nutritious and safe dairy products to our dedicated consumers. These products will reach the consumers in the near future."

DEPUTY CHAIRMAN'S MESSAGE

It is with pleasure I issue this message on the Annual Report of the National Livestock Development Board for the year 2015.

The new government has launched a number of programs through the NLDB with the goal of making Sri Lanka self sufficient in milk production and also by providing breeding materials to the farming community in order to further develop the field of livestock.

Among these programs, I proudly mention the activity of installing 2500 high yielding cows that have cold weather characteristics, in the Ridiyagama Farm in Ambalantota which is arguably a revolutionary step in the livestock field of Sri Lanka

Furthermore, we have taken steps to install most modern automated machines in our facility in Polonnaruwa, to milk the cows and also to automatically churn out curd, yoghurt, cheese and other dairy products in our quest to provide hygienic, nutritious and safe dairy products to our dedicated consumers. These products will reach the consumers in the near future.

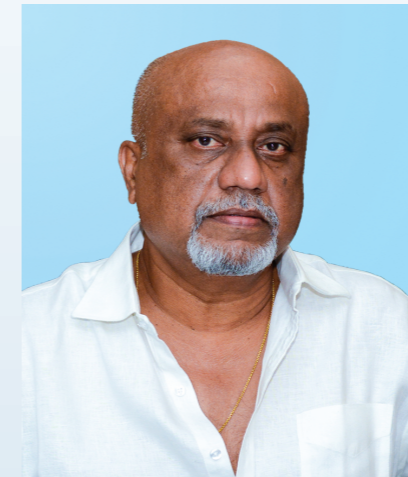
The Sri Lanka - Libya Agricultural Company and the Mahaweli Animal Products Company that were earmarked for dismantling were brought under the management of the NLDB and subsequently have once again become profit generating ventures thanks to the policies of the present government and due to the astute leadership of the Honorable Minister and the guidance of the Board of Directors of the NLDB along with the dedication of the staff. This feat would not have been possible if not for these invaluable combined contributions.

I hope and wish that the NLDB would make further ambitious strides of victories with the impeccable direction of the Chairman of the NLDB.

Channa Prabodha Palansuriya

Deputy Chairman,
National Livestock Development Board

DIRECTORS



Prof. H. W. Cyril
Chairman



Mr. C. Prabodha Palansuriya
Deputy Chairman



Mr. A. G. Nishantha
Board Director



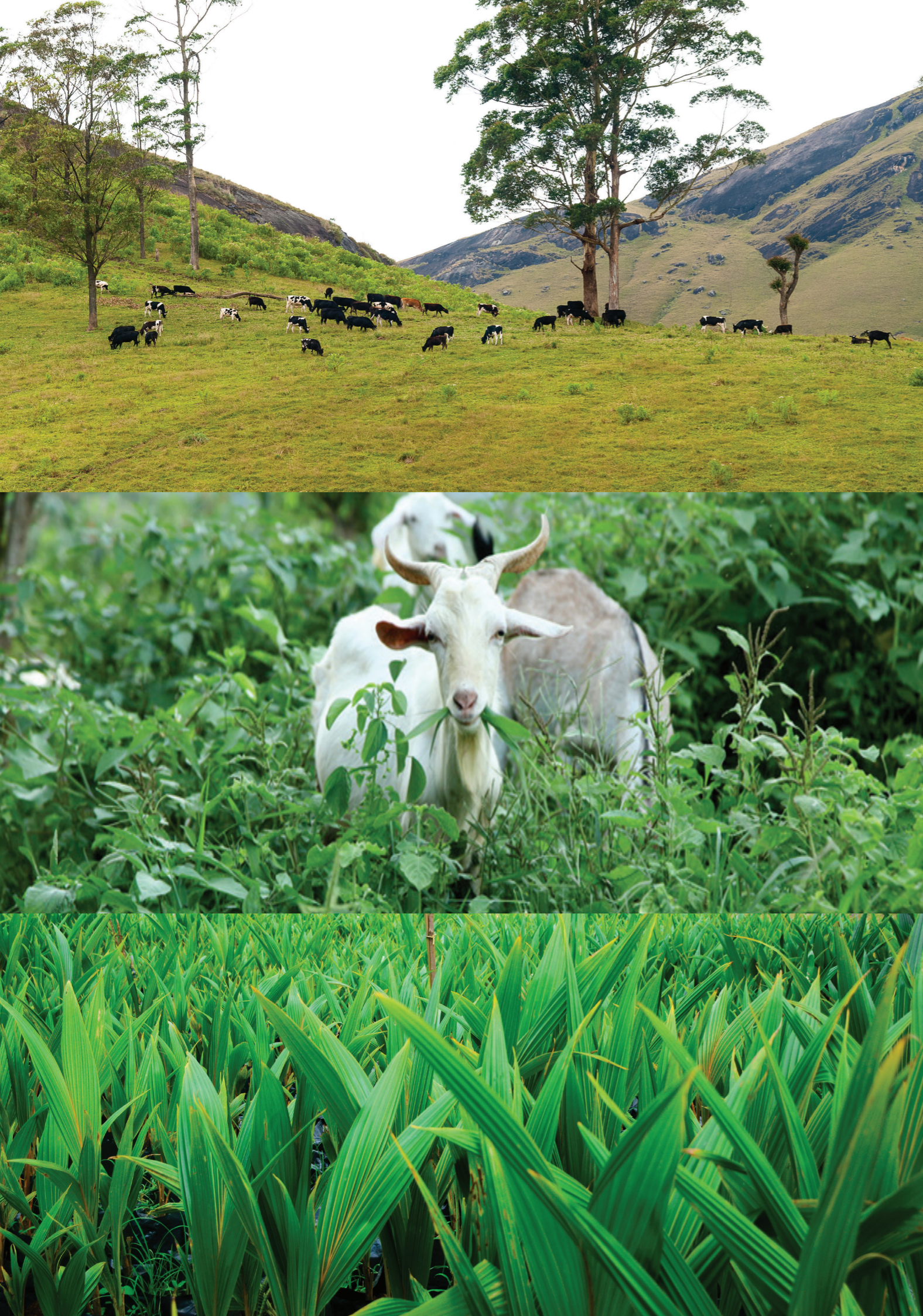
Mr. A. Punchiheva
Board Director



Mr. Sumith Weerasuriya
Board Director



Mr. K. K. Vasanji
Board Director



MANAGEMENT TEAM



Mr. D. U. Jayawardana
General Manager



Mr. N. P. C. Ekanayake
AGM Finance



Mr. M. D. Karunathilaka
AGM Planning & Feed
Resource Development



Mr. I.B.W.L. Gunawardena
AGM - Region I



Mr. K. A. G. Padmasiri
AGM - Region II



Mr. D.B.W. Dharmaratana
AGM - Region III



Mr. A. M. P. A. Adikari
AGM - Region IV



Mr. M. M. Faris
AGM - Region VI



Mr. K. G. J. S. Disnaka
AGM - Vet



Mrs. S. A. S. Thewarapparuma
Administrative Manageress



Mr. G. A. I. Ganapola
AGM - Region V



Mr. S. R. Ruwan Thilakasiri
Manager - Internal Audit

MANAGEMENT TEAM

Location of The Farms



REPORT OF THE AUDIT & MANAGEMENT COMMITTEE

The members of the Audit & Management Committee are appointed from the members of the Board of Directors which comprises with three non-executive directors as directed in the Section 7.4.1 of the Guidelines of the Good Governance for State Enterprises. Also an official representing the Treasury would act as the Chairperson of the Audit & Management Committee.

One official representing the Auditor General Department and the Internal Auditor of the subject Ministry would participate in Audit & Management Committee meetings and the invitations would be sent out by the Internal Auditor of the Board.

Obtaining definitions, suggestions as per the situations for calling Audit & Management Committee meetings along with making changes to the existing procedures would be carried out with participation of the Heads of Sections of the Board including the General Manager.

The main tasks and the responsibilities of the Audit & Management Committee:

1. Reviewing the tasks and responsibilities of the Internal Audit Department.
2. Assessing and reviewing the control systems of financial and non financial activities and providing instructions to further improve them.
3. Reviewing audit related exclusive matters mentioned in the audit reports of the Auditor General's Department and internal audit reports.
4. Reviewing if the reports meet Sri Lankan accounting standards.
5. Reviewing if the financial and non financial activities are consistent with the existing regulations and circulars.
6. Reporting the relevant matters while providing guidance to minimize cost and eliminate waste and increase performance.
7. Presenting steps and instructions to avoid future recurrence of (unacceptable) matters disclosed by the reports of the Auditor General's Department and reports of the Internal Audit Department.

Performance of the Audit & Management Committee in year 2015

The Committee assessed the internal management in a way that would increase the efficiency and productivity of the institution and provided guidance to rectify the mistakes in order to minimize cost and eliminate waste. Moreover, the Committee, while reviewing main matters in the internal and external audit reports, scrutinized certain practices that appeared to be non-productive and upon determining causes for same explicated steps that should be taken to avoid repetitions of them or to minimize them as applicable. Thus the Committee has assisted the management to improve its performance. Additionally, the Committee has provided instructions to the Board of Directors that should be taken for the matters stated in the audit report sent by the Auditor General's Department for the financial year ended with December 31, 2015.

We highly appreciate the support extended to the Audit & Management Committee to hold its meeting and execute its tasks and duties, by the Chairman, Vice Chairman, the members of the Board of Directors and by the General Manager along with the staff.

A. G. Nishantha

Chairman of the Audit & Management Committee



*Major Development Activities
conducted in 2015*

MAJOR DEVELOPMENT ACTIVITIES CONDUCTED IN 2015

1.importation of Dairy cattle

Under the second stage of phase II of Sri Lanka Dairy Development project 2,500 Nos. of European type pregnant heifers, in the breeds of Jersey & J x F crosses were imported to Ridiyagama farm from Australia in July & October 2015.

Under this project Ridiyagama farm was developed as a modern dairy farm and invested approximately USD 21 million by end of 2015. The all imported animals and their off springs are been maintained under a special environment control system. The major farm activities such as milking, reproduction and feeding will be monitored through a special computer package.

The Board expects to produce 36,000 liters of milk per day by this farm with keeping an average yield per milking cow per day at 18 Ltrs in the future.



2. Development of Dairy Production Capacity in Coconut Triangle Farms.

The Board has taken a decision to introduce European type heifers born to imported herds at up country & Ridiyagama farms to coconut triangle farms in order to enhance the Dairy production capacities of existing herds of those farms. By end of 2015, 155 animals have been transferred to coconut triangle farms and they are growing well at the moment. The existing infrastructure facilities also in the coconut triangle farms were developed in order to maintain European breeds in the future.

3. Importation of Bovine semen

In 2015, the Board was able to import 6,000 doses of conventional type bovine semen from Sweden in the breeds of pure Jersey and Frisian for the Artificial insemination purposes of imported cattle and spent approximately Rs. 3.7 Million under this program.

4. Pasture Development

During the year 2015, 2,800 kg of pasture & fodder seeds were imported to the NLDB from Australia specially for the farms maintained under Sri Lanka Dairy Development Project located in the up country and southern province. The Board has spent approximately Rs. 3 Million under this program.

5. Swine Development

The Board was able to import 21 No's of grandparent swine Breeding stock from Canada in 2015 to cater to the high demand of the local swine farmers for piglings. The imported grandparents stock is being maintained at Horakelly farm as a nucleus herd.

Other two pig farms of NLDB namely Welisara and Martin will be maintained as multiplier farms where will be maintained only LW x LR crosses in order to produce three way cross bred animals crossing with Duroc males which will be issued to the commercial farmers in the future.

The Board has spent approximately Rs. 10 Million under this project.

Details of Imported Swine Parent Stock as follows.

Category	Male	Female
Durock	01	11
Large White	-	05
Land Race	-	05
Total	1	21



6. Development of Milk & Meat processing

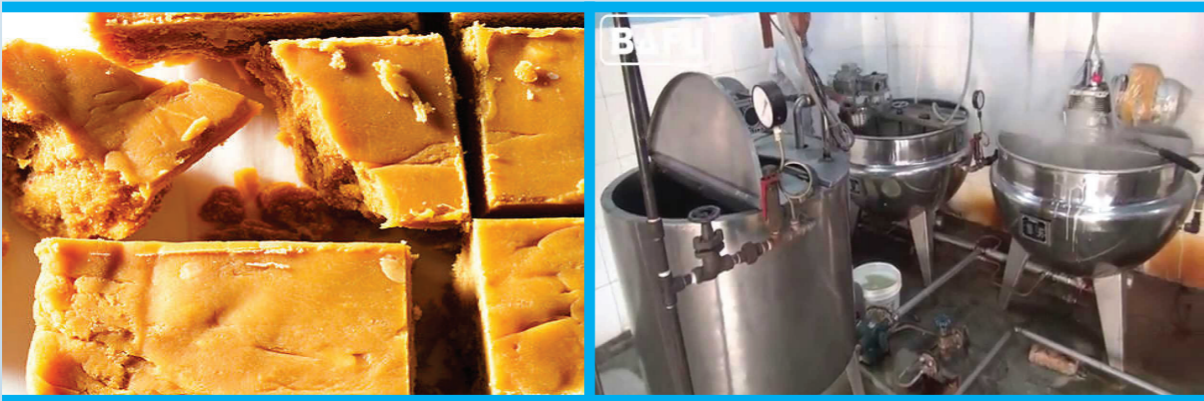
6.1 Introduction of curd processing plant

Board has decided to maintain Polonnaruwa farm as a purely buffalo farm since 2015 by increasing the herd size of buffalo cows up to 1000 Nos in order to convert the entire buffalo milk production in to buffalo curd in the future. For this purpose the Board has called quotations to purchase a curd processing plant with a capacity to process 1,000 ltrs of buffalo milk in to curd /hr. The all construction works of the proposed building of the processing plant had been completed by end of year 2015.



6.2 Introduction of milk toffee processing machine

With the objective of enhancing the quality and the quantity of milk toffee sales in the Board, it was decided to call quotations from the relevant suppliers to purchase a milk toffee processing machine for Galpokuna farm in 2015.



6.3 Introduction Meat processing plant

Board has decided to establish a meat processing plant at Martin farm to introduce processed pork products to the local market through NLDB sales centers at a competitive price. By end of year 2015, the all construction works of the building of the proposed processing plant had been completed and the quotations had been called from the relevant suppliers to purchase the required machinery and equipment.

7. Animal feed production

In 2015 the Board has introduced a new feed mill to Weerawila farm to produce the required quantity of cattle feed for the heifers born to imported cattle at Ridiyagama farm at a minimum cost of production in the future.



8. Introduction of new livestock species

During the year 2015, below mentioned livestock species have been introduced to the NLDB farms to improve the other Livestock production of NLDB in order to cater to the high demand of the people.



Farms	Farms	Animal category
1.	Siringapatha	Turkey
2.	Rosita	Rabbit
3.	Melsiripura	Ducks
4.	Galpokuna	Country Fowl
5.	Rukkattana	Jaffna sheep
6.	Haragama	Japanese Quails

9. Development of Coconut cultivation

The Board has prepared a 5 year plan for coconut under planting program of NLDB in order to implement during the next 5 years and expected to maintain a favorable coconut production of the all coconut plantation of NLDB in the future. Further Board was able to fertilize 93% of the matured coconut plantation of NLDB in 2015 which would effect for a better nut production in the future.



No.	Farm	Progress of the coconut fertilization program - 2015			
		Bearing Palms	%	Young Palms	%
1	Koulwewa	25478	101%	7895	83%
2	Horrekelly	34000	87%	5672	38%
3	Narangalla	6733	111%	6431	116%
4	Galpokuna	18815	107%	3412	31%
5	Rukkattane	14663	98%	14240	98%
6	Andigama	24674	107%	16878	119%
7	Siringapatha	17934	91%	5990	42%
8	Marandawila	23000	100%	8846	35%
9	Melsiripura	12514	100%	10253	63%
10	Beligama	9667	66%	10727	100%
11	Miriswatte	1583	100%	0	0%
12	Mahaberiyanne	2369	59%	0	
13	Haragama	500	100%	400	
14	Polonthalawa	6218	105%	4000	75%
15	Martin	4600	93%	821	30%
16	Ridiyagama	0	0%	0	
17	Karadagolla	300	85%	0	
				0	
	Total	203,048	93%	95,565	66%

Livestock & Crop Performance from the Year 2011- 2015						
Activity	Norm	Qty	Qty	Qty	Qty	Qty
Neat Cattle		2011	2012	2013	2014	2015
Total Herd	No.	8068	7755	7295	7406	10556
Heifers over 2 years	No.	1318	965	1070	831	942
Heifers 0 – 2 years	No.	1987	1432	1910	1547	2856
Number of bull calves < 1 year	No.	1102	746	439	445	476
Total Births	No.	2380	2646	3410	3078	3894
Total Issues for Breeding	No.	1328	1997	2682	2002	1837
Total Culls	No.	349	860	738	337	179
Total Deaths	No.	980	1047	743	707	1155
Total No. of Cows	No.	3443	3406	3787	4196	5057
Total No. of Milking Cows	No.	1404	1339	2124	2410	3154
% Cows in Milk	%	53	51	59	57	57
Avg.Prod./ M. Cow/day	Ltrs.	5.6	7	11.2	11.4	11.0
Avg.Lactation Length	days	274	263	257	257	296
Milk Production	Ltrs (m).	2.8	3.4	8.6	10.0	10.2
Avg. Age at 1st Calving	Months	41	38	47	39	40
Avg. Calving Interval	Days	425	420	431	427	434
No.of animals Inseminated		3064	2759	6260	6844	8442
Buffalo						
Total Herd	No.	2534	2403	2080	2368	2408
Heifers over 2 years	No.	527	527	468	482	622
Heifers 0 – 2 years	No.	489	465	464	516	638
Number of bull calves	No.	422	443	190	253	250
Total Births	No.	576	627	601	743	821
Activity	Norm	Qty	Qty	Qty	Qty	Qty
		2011	2012	2013	2014	2015
Total Issues for Breeding	No.	185	124	285	301	438
Total Culls	No.	9	119	125	110	63
Total Deaths	No.	380	299	304	279	245
Total No. of Cows	No.	939	959	943	982	1109
Total No. of Milking Cows	No.	394	427	432	492	475
% Cows in Milk	%	49	43	48	49	50
Avg.Prod./ M. Cow/day	Ltrs.	4	4	3.9	3.8	3.8
Lactation Length	days	281	314	251	266	248
Milk Production	Ltrs (m).	0.63	0.68	0.70	0.70	0.8
Avg. Age at 1st Calving	Months	58	48	50	52	50
Avg. Calving Interval	Days	432	434	503	416	451
No.of animals Inseminated	No.	51	0	0	0	0
Poultry						
Broiler Parent Stock						
Total Flock	No.	32,878	20,610	19,585	23,422	30,250
Importation/Purchase of Parent stock	No.					
Males	No.	1,889	2,380	2,487	2,613	3,278
Females	No.	12,810	15,223	16,540	18,402	23,188
Total Egg Production	No.	3,574,459	2,530,031	2,537,320	2,532,014	2,737,073
Total Hatchable Eggs	No.	4,284,521	2,738,691	2,281,182	2,340,452	2,537,350

Hatchability %	%	78	81	74	80	85%
Total Chick Production	No.	2,329,205	1,950,756	1,689,905	1,802,732	1,963,689
Activity	Norm	Qty	Qty	Qty	Qty	Qty
		2011	2012	2013	2014	2015
Layer Parent Stock						
Total Flock	No.	7260	2743	6165	5627	5912
Importation of Birds						
Males	No.	1798	375	750	375	375
Females	No.	14103	3120	6240	3120	3120
Total Egg Production	No.	1,915,251	1,052,873	823,829	1,281,707	994,462
Total Hatchable Eggs	No.	1,755,556	924,012	667,149	926,682	745,594
Hatchability %	%	75	70	74	60	64
Total Chick Production	No.	1,141,007	330,850	460,486	569,154	439,811
Commercial Broiler Production						
Total Flock	No.	5400	0	0	0	10,399
Broiler Production	Birds	37161	0	0	1812	15,412
Commercial Egg Production						
Total Flock	No.	7541	10016	7535	5096	6,443
Total No. of Hens	No.	7944	6499	6230	5012	3,900
Egg Production	Mn	2,095,328	2,530,031	1,241,936	1,261,226	1,057,935
Performance of Pigs (Breeding Stock)						
Total Herd	No.	1439	1716	764	727	1090
Piglings Born	No.	3571	3466	2776	3075	3347
Avg. Litter Size - On Sows	No.	8	8.5	9	8	9
Avg. Litter Size - On Gilts	No.	8	9	10	8	7
No. of Piglings Died	No.	313	423	245	170	184
Issues for Breeding	No.	2885	2879	3272	2870	3325
Performance of Goats		Qty	Qty	Qty	Qty	Qty
		2011	2012	2013	2014	2015
Total Herd	No.	945	759	776	762	794
No. of Kids Born	No.	374	292	408	401	309
Kidding Rate	No.	0.61	0.64	0.64	0.74	0.57
No. of Deaths (adults & kids)	No.	355	190	235	131	220
Issues for Breeding	No.	503	245	21	138	97
Performance of Sheep						
Total Herd	No.	3411	615	4358	4890	4626
No. of Kids Born	No.	1294	1327	1887	1827	1378
Lambing Rate	No.	0.76	0.86	1.2	0.8	1.4
No. of Deaths (adults & kids)	No.	323	133	195	434	770
Issues for Breeding	No.	181	563	652	351	845
Performance of Farmer Training Programmes						
No. of Courses	No.	110	70	73	75	49
No. of Participants	No.	3945	2619	1806	2212	1214
Coconut Production						
Nut Production	No.	19,941,373	21,386,572	14,179,220	18,437,956	16,315,574
Copra Production	M/Tons	227.18	220.92	170.78	190.10	128.6



*Report on Financial Statements
as at 31st December 2015*

National Livestock Development Board

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 decided to adopt the same with effect from January 01, 2012. This is the fourth year that NLDB adopted SLFRS/ LKAS in preparing financial statements.

1. 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 Rural Economic Affairs. The 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 31 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 farmsto 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.

The Financial Statements of NLDB under SLFRS as at December 31, 2015 is prepared by the management of NLDB according to the matters highlighted or discussed in this report.

1.3 SLFRS Conversion Process

Financial statements of NLDB up to the year ended December 31, 2015 have been prepared under the Accounting standards in force at the time referred to as generally accepted accounting principles (SLAS/GAAP).

1.4 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.

It is very likely that amendments to SLFRS/ LKAS be introduced depending on the requirements of the local enterprises which were not known at the time of the local enterprises which were not known at the time of adopting international financial reporting standards (IFRS). IFRSs are changed from time to time.

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 assets, environmental 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 historical cost should continue to be employed.

NLDB's biological assets are valued by a professional valuation panel. The fair value is determined at each year end and as a principle policy NLDB values its locally purchased cattle herd commencing from the 1st year on ward. However the imported cattle is valued at the 3rd year onwards as imported cattle fair value could be determined accurately after its 3rd lactation period.

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.

Hence the imported and local cattle were valued taking in to consideration the factors stated above and the policy decisions adopted by the NLDB in this regard.

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.

During the year under consideration NLDB has examined each and every asset its useful life time and has applied appropriate depreciation rates, so that a more realistic market value is disclosed.

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 hatchable 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.

Assets received under Phase II of the dairy development project were used from 2015.11.01 onward and

the project assets were depreciated from that date onwards.

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 12% and 3% of gross emoluments to employees as Provident Fund and Trust Fund contribution respectively.

The Board is discussing terms with the Labor Department to finalize the payment of EPF and ETF arrears due to incorrect calculations and this matter is still under discussion stage. We assume that a contingent liability of approximately Rupees 27.2 million will incur in this regard. However since this matter is still at the discussion level a provision has not been made in the books of accounts.

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 next two pages.

GRATIUIITY CALCULATION SUMMERY -31.12.2014

	Opening Provision	charge for the year	Interest	Payments made	Gain/loss	Clossing Provision
1	15,957,265.64	846,340.56	1,835,085.55	(426,100.34)	(306,868.75)	17,905,722.66
2	11,711,615.72	847,893.67	1,346,835.81	(2,731,149.60)	1,297,368.03	12,472,563.63
3	14,036,740.69	1,003,667.39	1,614,225.18	(1,165,337.60)	(641,913.93)	14,847,381.73
4	16,794,373.37	996,001.03	1,931,352.94	(1,560,944.64)	(1,235,613.18)	16,925,169.52
5	13,965,275.41	942,787.46	1,606,006.67	(2,954,437.78)	684,279.83	14,243,911.58
6	9,755,299.42	824,690.63	1,121,859.43	(2,049,822.00)	388,020.08	10,040,047.56
7	15,926,317.71	931,114.92	1,831,526.54	(1,152,250.96)	(3,215,173.81)	14,321,534.39
8	12,942,473.19	955,542.77	1,488,384.42	(1,542,604.15)	2,819,249.35	16,663,045.58
9	18,340,593.10	1,027,031.09	2,109,168.21	(3,000,843.88)	(2,234,196.57)	16,241,751.95
10	23,047,657.97	1,406,405.29	2,650,480.67	(2,689,948.14)	925,448.87	25,340,044.65
11	1,773,387.52	470,312.01	203,939.56	(1,400,047.55)	3,864,769.82	4,912,361.35
	154,250,999.74	10,251,786.81	17,738,864.97	(20,673,486.64)	2,345,369.74	163,913,534.60

GRATIUIITY CALCULATION SUMMERY -31.12.2015

	Opening Provision	charge for the year	Interest	Payments made	Gain/loss	Clossing Provision
1	17,905,722.66	1,229,563.24	2,059,158.11	(1,596,478.82)	3,087,834.93	22,685,800.11
2	12,472,563.63	985,393.72	1,434,344.82	(756,312.48)	1,992,544.96	16,128,534.65
3	14,847,381.73	996,409.28	1,707,448.90	(1,638,595.00)	595,285.81	16,507,930.71
4	16,925,169.52	1,210,471.58	1,946,394.49	(1,814,669.32)	794,283.30	19,061,649.58
5	14,243,911.58	865,497.08	1,638,049.83	(903,000.00)	(2,823,887.63)	13,020,570.86
6	10,040,047.56	803,489.73	1,154,605.47	(1,065,673.28)	1,771,447.08	12,703,916.56
7	14,321,534.39	947,483.54	1,646,976.45	(1,036,826.00)	(242,183.23)	15,636,985.15
8	16,663,045.58	1,102,894.25	1,916,250.24	(2,951,583.75)	2,266,349.12	18,996,955.43
9	16,241,751.95	1,201,465.22	1,867,801.47	(1,960,899.60)	2,183,987.86	19,534,106.90
10	25,340,044.65	946,335.50	2,914,105.13	(1,157,120.00)	(16,083,853.90)	11,959,511.38
11	4,912,361.35	1,551,541.44	564,921.56	(7,287,645.75)	23,858,497.91	23,599,676.50
	163,913,534.60	11,840,544.56	18,850,056.48	(22,168,804.00)	17,400,306.20	189,835,637.84

NOTES TO THE FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES

1.1 GENERAL POLICIES

1.1.1 Reporting entity

National Livestock Development Board was established in 1973 under the State Agricultural Corporation Act. No.11 of 1972 and field operations were commenced in 1974. The NLDB is presently managing 30 livestock and crop intergraded farms with a training Centre. The registered office of the Board is located at No.40, Nawala Road, Narahenpita, Colombo 5.

1.1.2 Subsidiary and Sub-Subsidiaries

On a cabinet directive the Board acquired 100% of the issued share capital of the Sri Lanka Libya Agricultural & Livestock Development Company Ltd. during the financial year 2014. This company has now been registered as the Sri Lanka Poultry Development Company (private) Limited and the group consolidated statements are submitted separately.

Also on a cabinet decision Mahaweli Livestock Enterprises Limited will be acquired by NLDB once the shares are legally transferred. However this matter is at the initial stage no adjustment has been made in the NLDB books of accounts.

The chairman who is also the chairman of the fully owned subsidiary company of NLDB is paid a monthly allowance as per the Treasury circular and no other payment is made to him in any of the related companies of NLDB.

1.1.3 Date of Authorization for Issue

The Financial statements were authorized for issue by the Board on 29.03.2016.

1.1.4 Principal activities and nature of operations

The core activities of the Board are the maintenance of Livestock Breeding Farms with Livestock/Crop integrated farming system with the objective of contributing to Livestock Development activities in the Country.

1.1.5 Basis of Preparation

(a) Statement of Compliance

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

These financial statements for the year ended 31 December 2012 are the first set of the financial statements that the NLDB has prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) immediately effective from January 01, 2012. This is the third financial year where the accounts have been prepared following SLFRS/LKAS

(b) Basis of measurement

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

(c) Comparative Information

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

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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

(d) Financial and presentation currency

These financial statements prepared in Sri Lanka Rupees which is the functional and presentation currency of the NLDB.

All financial information presented in Sri Lanka Rupees has been rounded to the nearest rupee, unless stated otherwise.

(e) Use of Estimates and Judgments

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

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

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

(f) Disclosure of Operating Segments

NLDB financial statements are prepared following a decentralized accounting system where each farm is considered as an operating segment.

As such each and every operating segment is taken in to account when preparing the final comprehensive Income statement and the financial position of the Board. Therefore all operating segmental accounts are annexed as per details given in Annexures 09 & 10

1.2 ASSETS AND BASIS OF THEIR VALUATION

1.2.1 Biological Assets

Biological assets are measured at each reporting date at fair value less estimated point of sale costs. Any gains arising from subsequent changes in fair value less estimated point-of-sale costs are recognized in the profit or loss for the period in which they arise.

Hence the imported and local cattle were valued taking in to consideration the factors stated above and the policy decisions adopted by the NLDB in this regard.

As policy decision the board charges 25% provision on biological value of local cattle, buffalo, goats, pigs and sheep annually to the comprehensive income statement. However the provision in respect of imported cattle is 10%.

The fair value of standing trees in plantations is estimated as the present value of expected future cash flows discounted using appropriate discount rate. Forests are bearer biological assets that are used for agricultural purpose other than for commercial benefit. These are not properly managed and therefore not values separately.

NLDB's biological assets are stated at a valuation. This is based and a method and formulae developed by NLDB with the assistant of the expert in the field of biology which is expected to result in the near-market fair value for biological assets & summery of the reconciliation statement of carrying amounts of dairy livestock is also given in page 36.

(a) Coconut Projects

The expenses incurred for new planting and under planting on the coconut projects were capitalized considering the time lag of seven years between the planting and commercial harvesting. The write off is carried out over 35 years after the commercial harvesting is commenced. As a policy decision NLDB continued to provide 3% deduction for spoilage of coconut from the closing stock which is reflected in the accounts.

(b) Pasture Development

Pasture development expenses if capitalized considering the time lag of five months between the time of planting and harvesting is being amortized over period of four years.

(c) Mature Plantations

Cost of establishing plantation and expenditure incurred up to the maturity stage beingcapitalized from the current financial period less cost of amortization for the period.

1.2.2 Property, Plant & Equipment

(a) Recognition and Measurement

Item of property, plant, and equipment are stated at cost or at their fair value less accumulated depreciation or impairments losses.

Although negotiations and preliminary work of changes to the title of some of the freehold land to

NLDB has commenced, until such time the title is changed we are compelled to disclose such asset under property plant & equipment as major investments have been carried out in such land.

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

All other repair and maintenance costs are recognized in the income statement as incurred.

Assets were disposed during the year after obtaining necessary approval and the transactions are separately reflected in the financial statements.

(b) Cost

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

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

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

(c) Restoration Costs

Expenditure incurred on repairs or maintenance of property, plant and equipment (mainly in agricultural sector) in order to restore or maintain the future economic benefits expected from originally assessed standard of performance, is recognized as an expense when incurred.

(d) Depreciation

Depreciation is charged to the statement of comprehensive income on the straight line method on the estimated useful life. This excludes freehold land.

(e) Equity

Although negotiations are under way with the Treasury & Ministry representatives to write off or Convert the WELLARD Loan as equity investment by the Treasury, until such time loan Interest Provision has been made in the NLDB books of Accounts. The Board has continued to build up the Capital Reserve & Revenue reserve mainly to strengthen its equity provision and to maintain a healthy Ratio so that financial borrowings could be obtained from lending institutions.

The principal annual rates used are:-

Category of Asset	Rate of Depreciation
Building	5%
Plant & Machinery	10%
Estate Equipment	5%
Furniture & Fittings	10%
Office Equipment	20%
Structures including livestock sheds	5%
Motor vehicles	10%

1.2.3 Inventory

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course business less estimated costs of completion and selling expenses. The cost of inventories is based on weighted average cost. The cost includes expenditure in acquiring the inventories and bringing them to the existing location and condition less impairment of obsolete and slow moving items.

Agricultural produce is stated at lower of cost or net realizable value. Livestock trading is stated at fair value.

1.2.4 Impairment of Assets

The carrying amounts of the assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its recoverable amount. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

1.2.5 Financial Assets

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

NLDB determines the classification of its financial assets at initial recognition.

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

NLDB derecognizes a financial asset when the contractual rights to cash flows from the assets expires, or it transfers the right to receive the contractual cash flows on the financial assets in a transition in which substantially all the risks and rewards of ownership of the financial asset is transferred. Any Interest in the transferred financial assets that is created or retained by NLDB is recognized as a separate assets or liability.

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

The Financial assets of NLDB include cash and short-term investments and trade and other receivables.

(a) Loans and receivable

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

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

However, NLDB continues to record and present employee loans at contracted amounts, until a consensus is agreed with all stakeholders at public sector for accounting such items at fair value.

(b) Held to Maturity Investments (HTM)

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

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

1.2.4.1 Impairment of Financial Assets

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

1.2.6 Cash and Cash equivalents

Cash and cash equivalents comprise cash in hand and deposits at bank.

Bank overdraft, if any, is included as a component of cash and cash equivalents for the purpose of cash flows, which has been prepared using the indirect method.

1.3 LIABILITIES AND PROVISIONS

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

All known liabilities have been accounted for in preparing these financial statements. Provisions and

liabilities are recognized when the NLDB has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

1.3.1 Grants

1.3.1.1 Accounting for Grants

Grants that compensate the NLDB for expenses incurred are recognized as revenue in the statement of comprehensive income in the same period in which the expenses are recognized. Grants that compensate the NLDB for the cost of an asset are recognized in the statement of comprehensive income on a systematic basis over the useful life of the related assets. However no capital grants were received during the accounting period.

1.3.2 Employee Benefits

(a) Provision for retiring gratuity

NLDB has adopted the benefit plan as required under the Payment of Gratuity Act No. 12 of 1983 for all eligible employees. The benefits plan is unfunded. Provision for gratuity is computed by NLDB taking into account the guidance of Sri Lanka Accounting Standard LKAS 19 Employee Benefits.

Defined benefits plans estimate the amount of benefits that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Liability recognized in the statement of financial position in respect of defined benefits plans is the present value of the defined benefit obligation at the reporting date together with adjustments for unrecognized past service cost. The defined obligation is calculated annually by NLDB using the projected unit credit method prescribed in LKAS 19. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of related gratuity liability.

Gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. Past service costs are recognized immediately in the statement of comprehensive income unless the changes to the plan are conditional on the employee remaining in service for a specific period of time (the vesting period). In this case past service costs are amortized on the straight line basis over the vesting period.

All computations have been carried out on the formula method prescribed in LKAS 19 using 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 Ratio	:	1.0%

(b) Defined Contribution Plans

A defined contribution plan is a post – employment plan under which an entity pays fixed Contribution into a separate entity and will have no legal or constructive obligation to pay further amount. Obligations for contributions to defined contribution plans are recognized as an expense in the statement of comprehensive income as and when they are due.

(c) Employees’ Provident Fund

NLDB and employees contribute 12% and 10% respectively on the salary of such Employee to the Employee Provident Fund.

(d) Employees’ Trust Fund

NLDB contributes 3% on the salary of each employee to the Employee’s Trust Fund.

1.3.3 Trade and Other Payables

Trade and other payables are stated at cost.

1.3.4 Taxation

Provision for taxation has been made on the basis of profit for the year as adjusted for taxation purposes in accordance with the Inland Revenue Act No 10 of 2006.

ESC is payable on liable income. NLDB has paid all esc Liabilities. ESC is set off against income tax liability.

NLDB is liable value added tax (VAT) and complied the provision of VAT act. VAT payable and or recoverable amounts are reflected in the statement of Financial Position.

1.3.5 Differed Taxation

As at the date of balance sheet there is no differed tax liability as due to accumulated tax losses.

NLDB does not recognize deferred tax assets.

1.3.6 Foreign Currency Transaction

All foreign exchange transactions are converted to Sri Lanka Rupees, Which is the reporting currency, at the rates of exchange prevailing at the time the transactions were affected.

1.3.7 Capital Commitments and Contingent Liability

Contingent Liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured. Capital commitments and contingent liabilities of the NLDB are disclosed in the respective notes to the financial statements.

1.4 STATEMENT OF COMPREHENSIVE INCOME

1.4.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to NLDB and that it can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sale taxes. The following specific criteria are used for the purpose of recognition of revenue.

a) Sale of Goods

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to buyer, with the board retaining neither continuing managerial involvement to the degree usually associated with ownership, non-effective control over the goods sold.

b) Interest Income

Interest income is recognized on a time proportion basis that takes into account effective yield on the assets.

c) Rental Income

Rental income is recognized on accrual basis.

d) Other Income

Other income is recognized on accrual basis.

Net gains and losses of revenue nature on disposal of property, plant and equipment and other non-current assets have been accounted for in the income statement having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

e) Government Grants

Government grants related to development activities which can be treated in the nature of revenue and deferred revenue are accounted under the income approach, due to the fact that NLDB is compelled to issue livestock and breeding materials to the local farmers at the concessionary rates as main objective of the Board.

1.4.2 Expenditure

Expenses are recognized in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property,

Plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

For the purpose of presentation of Income Statement the directors of the opinion that the function of expenses method presents fairly the elements of the board's performance, and hence such presentation method is adopted.

Certain expenditure incurred in respect of Phase II of the dairy development had to be deferred as expenditure for human resources development, programme and monitoring, technical management and capacity building were deferred for two years of the project. Hence this expenditure will be charged to comprehensive income statement in year 2015 and 2016.

1.5 CASH FLOW STATEMENT

Cash flow statements have been prepared in accordance with LKAS 7.

Interest paid is classified as operating cash flow and interest received is classified as investing cash flow.

1.6 EVENT AFTER REPORTING DATE

The materiality of events occurring after the reporting dates are considered and appropriate adjustment wherever necessary are made in the accounts.

No circumstances have arisen since the reporting date which requires material adjustment or disclosure in financial statements.

1.7 FIRST TIME ADOPTION OF SLFRS

The first set of financial statements that NLDB had prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) for the year ended 31st December 2012 for periods up to and including the year ended 31st December 2014, The NLDB prepared its financial statements in accordance with Sri Lanka Accounting Standards (SLAS) prevailing in force for the that time.

Accordingly, the NLDB has prepared financial statements which comply with SLFRS applicable for periods ending on or after 31 December 2014, together with the comparative data as at and for the year ended 31 December 2013 as described in the accounting policies. In preparing these financial statements, the NLDB's opening statement of financial position was prepared as at 01 January 2011, the NLDB's date of transition to SLFRS. This note explains the principal adjustment made by the NLDB in restating its SLAS's statement of financial Position.

1.7.1 Exemption Applied

SLFRS 1 First Time Adoption of Sri Lanka Financial Reporting standards and statement of Recommended Practices allows first time adopters certain exemptions from the retrospective application of certain SLFRS.

1.7.2 NLDB has applied the following exemptions

1.7.2.1 Fair Value or Revaluation as Deemed Cost

As per the COPE directive motor vehicles have been revalued and the fair value is presented in accounts. The valuation was carried out by the government valuer who is considered to be a professional valuer.

Freehold property, plant, and equipment are carried in the statement of financial position prepared in accordance with the SLAS, using the cost model. The NLDB has elected to use the fair value as deemed cost.

In the process of caring out vehicle valuation by the professional valuer(By the Government valuation Department)

NLDB has decided to revalue its movable properties once in every five years.

1.7.2.2. Significant Accounting Judgment, Estimates, and Assumptions

Standards Issued but not effective up to the date of issuance of the NLDB’s financial statements were not adopted to these Financial Statements. NLDB reasonable expects that these standards and interpretations could have an impact on disclosures, financial position or performance or performance when applied at a future date. The NLDB intends to adopt these standards when they become effective.

1.8 CONTINGENT LIABILITY

No provision is required in the Accounts as the Attorney General who is appearing on behalf of the Board of the opinion that the outcome of or the potential liability of any of these cases cannot be assessed at this stage.

1.9 RELATED PARTY TRASACTIONS

No Directors is interested in contracts and or proposed contracts with the board as at the reporting Date.

The chairman who is also the chairman of the fully owned subsidiary company of NLDB is paid a monthly allowance as per the Treasury circular and no other payment is made to him in any of the relayed companies of NLDB. The following member are paid Board Fees & Audit & Management fees together with a transport allowance for days participated.

Mr.A.G. Nishantha
Mr.A.Punchihewa
Mr.Sumith Weerasuriya
Mr.K.K.Vasanje

2.0. Lease and Investment Properties

NLDB has acquired movable assets on a Financial Lease obtained from the Bank of Ceylon, except for Motor Cycle which has been leased over a period of three years. All other movable assets are leased over a period of five years.

NLDB has also leased out some of its immoveable property to third parties on a 30 years & 99 years basis, details are given below,

- 1. Brandix Imitate Co Ltd. (31 per. lease for 30 years)
- 2. Rajawella Land (517 acr. lease for 99 years)

NLDB received in advance a lease rental for which land was given on a 99 year lease to the subsidiary company (LANLIB). This balance was shown under differed lease revenue and the outstanding amount was transferred to the investment of subsidiary company account as this payment was taken in to consideration when shares were valued.

2.1Presentation of Comparative Figures

The Comparative figures of the Statement of Financial Position& Cash Flow Statement has been Re- Stated due to reason as disclosed under the Note 19.

Property, Plant & Equipment	
Balance as per Audited Financial Statement 2014	1,688,745,546
Adjustment for Revaluation Assets & Depreciation of of Revalue Assets	(20,876,812)
Balance As per Restated Financial Statement 2014	1,667,868,734

Plantations	
Balance as per Audited Financial Statement 2014	571,468,166
Presentation Error of 2014 that included under Current Assets	1,095,725
Balance As per Restated Financial Statement 2014	572,563,891

Other Current Assets	
Balance as per Audited Financial Statement 2014	75,886,743
Presentation Error of 2014 that Should be include under Current Assets	(1,095,725)
Balance As per Restated Financial Statement 2014	74,791,018

Trading , Other Receivables & Advances	
Balance as per Audited Financial Statement 2014	234,056,884
Trade & Other Debtors	(641,900)
Bad & Doubtful Debtors Provision Correction	(21,154,245)
Balance As per Restated Financial Statement 2014	212,260,739

Revaluation Reserve	
Balance as per Audited Financial Statement 2014	-
Presentation Error Revaluation that Included under retained Earnings	110,731,360
Balance As per Restated Financial Statement 2014	110,731,360

Trade and other Payables	
Balance as per Audited Financial Statement 2014	546,470,694
Interest of farmers Trust Fund -2012	10,266,270
Audit Fees for the 2003-2013	3,346,283
Balance As per Restated Financial Statement 2014	560,083,247

Short Terms Borrowings	
Balance as per Audited Financial Statement 2014	65,879,756
Coconut Issued for Welfare 2013	3,974,728
Farm shop Advance Settlement	683,295
Sale Farm shop 2013	466,512
Difference Identified due to Reconciliation 2013 Franchise	(275,066)
E.P.F & E.T.F of Milk Project for the year 2013	(4,617,804)
Balance As per Restated Financial Statement 2014	66,111,421

NATIONAL LIVESTOCK DEVELOPMENT BOARD
COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED
31stDECEMBER 2015

		2015 Re-Stated	2014 Re-Stated
		Rs.	Rs.
Revenue	Annexure 1	2,037,892,572	1,931,460,005
Gains arising from changes in fair value less costs to sell of dairy livestock		171,547,776	47,386,213
Total Revenue		2,209,440,348	1,978,846,217
Cost of Sales	Annexure 2	1,450,258,509	1,258,115,744
Gross Profit		759,181,839	720,730,474
Other Income	Annexure 3	37,635,778	48,386,112
		796,817,617	769,116,586
Add- Govt. Grant	Annexure 4	60,520,877	58,003,530
Distribution Cost	Annexure 5	(14,469,311)	2,745,716
Administrative Expenses	Annexure 6	(696,083,723)	(683,452,715)
Other Expenses	Annexure 7	(19,641,939)	(29,739,428)
		127,143,521	116,673,688
Finance Cost	Annexure 8	(89,151,155)	(56,168,331)
Profit Before Tax		37,992,366	60,505,358
Less - Tax Expenses		(255,558)	(247,386)
Net Profit For the Year		37,736,808	60,257,972
Other Comprehensive Income		-	-
Gains On Revaluation Of Property, Plant & Equip-ment		-	-
Exchange Differences On Translating Foreign Opera-tions		-	-
Profit On Conversion To Fair Value Of Financial As-sets Held For Resale		-	-
Actuarial Gains (Losses) On Defined Benefit Pension Plans		(17,400,306)	(2,345,370)
Total Comprehensive Income		20,336,501	57,912,602

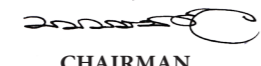
NATIONAL LIVESTOCK DEVELOPMENT BOARD
STATEMENT OF FINANCIAL POSITION END OF THE REPORTING PERIOD
31st DECEMBER 2015

	Notes	2015 Re -Stated		2014 Re -Stated	
		Rs.	Rs.	Rs.	Rs.
ASSETS					
Non- Current Assets					
- Property, Plant & Equipments	04	3,115,541,695		1,667,540,133	
- Working Progress	04	12,005,291		328,601	
- Investment in subsidiary Co's	05	149,123,327	3,276,670,313	149,123,327	1,816,992,061
Biological Assets					
- Plantations	02	652,528,994		572,563,891	
- Livestock Capital	03	2,076,697,227		891,238,885	
- Livestock Cattle/Goats Bank			2,729,226,221		1,463,802,776
Intangible Assets					
Current Assets					
- Trading & Other Stocks	06	203,072,373		180,987,477	
- Livestock Trading	03	56,906,845		3,355,309	
- Trading , Other Receivables & Advances	07	203,674,871		212,260,739	
- Deposits & Pre-Payments	08	6,580,352		9,961,468	
- Other Current Assets	09	70,775,976		74,791,018	
- Term & Call Deposits	10	58,283,687		57,031,766	
- Cash & Cash Equivalents	11	20,530,577		15,275,994	
			619,824,684		553,663,772
TOTAL ASSETS			6,625,721,220		3,834,458,609
EQUITY & LIABILITIES					
- paid - up - Capital		576,587,649		576,587,649	
- Other Components of Equity					
- Capital Reserve		130,696,928		130,696,928	
- Revenue Reserve		44,529,422		44,529,422	
-Revaluation Reserve		110,731,360		110,731,360	
- Revolving Fund		37,500,000		37,500,000	
- Retained earnings		253,993,327		233,656,826	
			1,154,038,686		1,133,702,185
Non- Current Liabilities					
- Interest payable Term Loans	12	3,737,115,164		1,748,214,486	
- Interest Free Loans	13	50,000,000		50,000,000	
- Gratuity on Retirement	14	189,835,638		163,913,535	
-Differed Revenue on Leased Assets	15	33,282,582		34,194,703	
			4,010,233,384		1,996,322,723
Current Liabilities					
- Trade and other Payables	16	655,756,439		561,226,299	
- Short -term Borrowings	17	41,634,540		66,111,421	
- Payables on Loans within 12 months	18	764,058,170		77,095,980	
			1,461,449,149.77		704,433,701
TOTAL EQUITY & LIABILITIES			6,625,721,220		3,834,458,609

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



N. P. C. EKANAYAKE
Assistant General Manager (Finance)
A.G.M.(FINANCE)
National livestock Development Board

National livestock Development Board Financial Statement 2015


CHAIRMAN
Prof. H. W. CYRIL
CHAIRMAN
National Livestock Development Board
No. 40, Nawala Road, Narahenpita,
Colombo - 05.

FOR

DEPUTY CHAIRMAN


G.N. Atulugamage
Director
DEPARTMENT OF NATIONAL BUDGET
General Treasury
Colombo 01.

NATIONAL LIVESTOCK DEVELOPMENT BOARD
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
31st DECEMBER 2015

	CAPITAL	CAPITAL RESERVES	REVENUE RESERVES	REVOLVING FUND	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.
BALANCE AS AT 01ST JANUARY 2014	576,587,649	130,696,928	44,529,422	37,500,000		207,785,318	997,099,317
PRIOR PERIOD ADJUSTMENT						(32,041,095)	(32,041,095)
COMPREHENSIVE INCOME						60,257,973	60,257,973
ACTUARIAL GAINS (LOSSES)						(2,345,370)	(2,345,370)
REVALUATION GAINS					110,731,360		110,731,360
BALANCE AS AT 31ST DECEMBER 2014	576,587,649	130,696,928	44,529,422.00	37,500,000	110,731,360	233,656,826	1,133,702,185
BALANCE AS AT 01ST JANUARY 2015	576,587,649	130,696,928	44,529,422	37,500,000.00	110,731,360	233,656,826	1,133,702,185
COMPREHENSIVE INCOME						37,736,808	37,736,808
ACTUARIAL GAINS (LOSSES)						(17,400,306)	(17,400,306)
REVALUATION GAINS						-	-
BALANCE AS AT 31ST DECEMBER 2015	576,587,649	130,696,928	44,529,422	37,500,000	110,731,360	253,993,327	1,154,038,686

NATIONAL LIVESTOCK DEVELOPMENT BOARD
CASH FLOW STATEMENT FOR THE
YEAR ENDED 31 DECEMBER 2015

	2015 - Re Stated Rs.	2014 -Re Stated Rs.
Net Profit/(Loss) for the year	37,736,808	60,257,973
	37,736,808	60,257,973
Adjustment for :		
(Profit)/Loss on sale of Property, Plant & Equipment	(636,318)	-
(Appreciation)/Depreciation On Livestock	(171,547,776)	(47,386,213)
Depreciation	117,316,132	98,128,761
Provision For Gratuity	11,840,545	10,251,787
Provision For Bad Debts	10,424,941	(6,076,313)
Deferred Lease Income	(912,121)	(948,948)
Interest Expenses	89,151,155	55,619,957
FD Interest Income	(3,931,667)	(3,805,938)
Tax	(255,558)	247,386
Insurance claim	-	(10,744,429)
Expenditure for Plantation	14,934,023	19,533,114
Expenditure on Wellard Project	26,471,197	
Provision For Bonus	13,108,003	12,934,719
Cash Generated from operations before working capital changes	143,699,363	188,011,856
(Increase)/Decrease Trading & Other Stock	(22,084,896)	(43,502,082)
(Increase)/Decrease in Livestock Trading	(53,551,536)	120,748
(Increase)/Decrease in Trade and Other Receivables	(1,716,434)	22,025,801
(Increase)/Decrease in Deposit & Pre-Payment	3,381,116	(744,841)
(Increase)/Decrease in Other Current Assets	30,486,239	(41,587,043)
(Increase)/Decrease in Term & Call Deposit	(1,251,921)	(28,139,177)
Increase/(Decrease) in Trade & Other Payables	23,361,940	150,200,912
Increase/(Decrease) in Short term Borrowings	(24,476,881)	(25,133,049)
Increase/(Decrease) Payables on Loans within 12 months	675,629,197	68,745,143
Tax Paid	255,558	(247,386)
Gratuity Paid	(22,168,804)	(20,673,487)
Interest Paid	(12,240,901)	(12,470,467)
	-	-
Net Cash Generated from operating Activities	739,322,040	256,606,928
Net Cash From Investing Activities		
Purchase of Non-Current assets	(58,348,210)	(173,566,875)
Proceeds from Sale of Property, Plant & Equipment	882,424	-

Investment In Subsidiary Company	-	(140,000,000)
Investment in Plantation	(94,899,126)	(86,386,909)
Investment in Livestock Capital	68,897,017	146,374,784
Interest on FD	3,931,667	3,805,938
	(79,536,228)	(249,773,062)
Net Cash From Financing Activities		
Government Grant Received	-	-
Loans & Lease Taken or (Settled)	(654,531,227)	7,706,167
Trust Fund Interest Equity Statement		
	(654,531,227)	7,706,167
Net Cash Increase/(Decrease) During the year	5,254,582	14,540,034
Cash and Cash Equivalents at the Beginning of the Year	15,275,994	735,960
Cash and Cash Equivalents at the end of the Year	20,530,577	15,275,994

NATIONAL LIVESTOCK DEVELOPMENT BOARD
SCHEDULE TO THE COMPREHENSIVE IN COME STATEMENT FOR
THE YEAR ENDED 31st DECEMBER 2015

ANNEXURE 1	YEAR ENDED 31.12.2015 Re- Stated	YEAR ENDED 31.12.2014 Re- Stated
REVENUE		
Sales - Major Project	1,955,044,680	1,800,235,288
Less Inter-Farm Sales	(156,174,546)	(123,512,407)
Sales - Miscellaneous Project		
Milk Project	167,207,307	167,839,795
Franchise	5,089,299	9,992,626
Delite	6,647,784	25,905,560
Sales Center	60,078,049	50,999,143
Revenue	2,037,892,572	1,931,460,005
ANNEXURE 2		
Cost of Sales		
Cost of Sales - Major Project	1,280,342,507	1,078,716,320
Cost of Sales - Miscellaneous Project		
Milk Project	108,164,471	106,663,021
Franchise	3,885,691	8,445,883
Delite	4,568,805	19,439,100
Sales Center	53,297,034	44,851,420
	1,450,258,509	1,258,115,744
ANNEXURE 3		
OTHER INCOME		
Income on Investment Property	1,928,720	1,669,206
Interest on staff Loans	2,327,403	2,522,631
Interest on Deposits	3,931,667	3,805,938
Income on Mini Projects	7,211,244	8,953,494
Other Income	22,236,745	31,434,842
	37,635,778	48,386,112
ANNEXURE 4		
GOVERNMENT GRANT		
Swine Project	8,724,874	7,541,000
Galpokuna	-	500,000
Ridiyagama Phase 2 & Staff Quarters	49,541,023	49,962,531
Rosita	1,410,000	-
Bio Gass Unit	844,980	-
	60,520,877	58,003,530
ANNEXURE 5		
DISTRIBUTION COST		
Brokerage Expenses	2,903,425	2,901,063
Bad Debtors	10,424,941	(6,076,313)
Milk Project	708,913	57,024
Delite Project	191,373	-
Sales Center	240,660	372,511
	14,469,311	(2,745,716)
ANNEXURE 6		
ADMINISTRATIVE EXPENSES		
Administration & General of Farms	481,118,750	459,104,508
Annual Bonus	13,108,003	12,934,719
Head Office	138,006,340	154,726,685
Milk Project	56,805,902	49,528,357
Delite Project	924,288	1,020,206
Franchise Project	1,050,149	1,946,030
Sales Center	5,070,291	4,192,210
	696,083,723	683,452,715
ANNEXURE 7		
OTHER EXPENSES		
Ridiyagama Project	13,288,250	19,442,151
Dayata Kirula	-	1,285,485
Milk Project	-	-
Expenditure on Mini Projects of Farms	3,868,608	4,360,969
Other Expenses of Farms	2,485,081	4,650,824
	19,641,939	29,739,428
ANNEXURE 8		
FINANCE COST		
Interest on Overdraft	2,165,098	318,233
Leasing Interest	5,279,830	5,278,946
Interest on Bank Loans	3,873,288	6,873,288
Interest on Gratuity Balance	18,850,056	17,738,865
Intrest on Welard Loan	58,060,198	25,410,625
Finance Charges on Milk Project	721,447	426,811
Finance Charges on Delite Project	40,042	-
Finance Charges on Sales Center	161,195	121,563
	89,151,155	56,168,331

NATIONAL LIVESTOCK DEVELOPMENT BOARD
OPERATING SEGMENTS
ANNEXURE 9

COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015	ADIGAMA	BELIGAMA	BOPATH- THALAWA	KARAN- DAGOLLA	DAYAGAMA	GALPOKU- NA
Revenue	70,715,572	47,743,200	135,349,141	121,922,711	189,042,688	50,005,001
Interfarm	(3,056,124)	(2,088,086)	-	(8,156,362)	(944,000)	(633,796)
	67,659,448	45,655,114	135,349,141	113,766,349	188,098,688	49,371,205
Gains arising from changes in fair value less costs to sell of dairy livestock	2,107,919	1,564,005	10,419,473	260,104	21,365,947	2,647,473
Total Revenue	69,767,367	47,219,119	145,768,615	114,026,453	209,464,635	52,018,678
Cost of Sales	32,693,388	20,050,342	109,913,043	50,549,591	159,850,555	22,682,630
Gross Profit	37,073,978	27,168,776	35,855,572	63,476,862	49,614,080	29,336,047
Add- Other Income	2,843,180	-	611,065	4,739	415,560	258,916
Add- Govt. Grant						
Less - Distribution Cost						282,495
Less - Administrative Expenses	19,570,504	10,287,084	29,341,931	13,714,868	28,259,544	16,459,383
Less - Other Expenses	-	-	251,478	-	-	569,401
Less - Finance Cost						
Profit Before Tax	20,346,654	16,881,693	6,873,228	49,766,733	21,770,096	12,283,685
Less - Tax Expenses						
Net Profit For the Year	20,346,654	16,881,693	6,873,228	49,766,733	21,770,096	12,283,685

NATIONAL LIVESTOCK DEVELOPMENT BOARD
OPERATING SEGMENTS
ANNEXURE 9

COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015	HORAKELLY	HARAGAMA	GATABE	KOTTU- KACHCHIYA	KOULWEWA	MAHABERI- YATHENNA
Revenue	102,380,793	32,731,272	-	11,848,106	81,346,428	28,589,749
Interfarm	(2,792,590)	(10,201,534)		(4,815,771)	(8,701,643)	(2,864,701)
	99,588,203	22,529,738	-	7,032,335	72,644,785	25,725,048
Gains arising from changes in fair value less costs to sell of dairy livestock	5,082,018	1,421,756		8,572,949	3,707,130	3,658,628
Total Revenue	104,670,221	23,951,494	-	15,605,284	76,351,915	29,383,676
Cost of Sales	39,772,794	15,679,183		8,592,982	33,046,995	15,110,044
Gross Profit	64,897,427	8,272,311	-	7,012,302	43,304,920	14,273,632
Add- Other Income	-	-		-	-	-
Add- Govt. Grant						
Less - Distribution Cost	727,892				222,757	
Less - Administrative Expenses	17,375,034	7,120,225		6,871,453	19,541,898	12,966,203
Less - Other Expenses	-	-		-	-	-
Less - Finance Cost						
Profit Before Tax	46,794,501	1,152,086	-	140,849	23,540,265	1,307,429
Less - Tax Expenses						
Net Profit For the Year	46,794,501	1,152,086	-	140,849	23,540,265	1,307,429

NATIONAL LIVESTOCK DEVELOPMENT BOARD
OPERATING SEGMENTS
ANNEXURE 9

COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015	MANIKPAL- AMA	MLDC	MELSIRIP- URA	MARTIN	MARAN- DAWILA	NIKAWER- ATTIYA
Revenue	305,677,468	1,470,493	125,904,768	33,145,224	123,206,523	47,426,295
Interfarm	-	(20,700)	(23,070,097)	(6,500,460)	(426,085)	(17,110,861)
	305,677,468	1,449,793	102,834,671	26,644,764	122,780,438	30,315,434
Gains arising from changes in fair value less costs to sell of dairy livestock	53,000,498	182,880	8,211,599	2,201,554	10,812,587	6,577,712
Total Revenue	358,677,967	1,632,673	111,046,270	28,846,318	133,593,025	36,893,146
Cost of Sales	277,601,366	1,258,677	50,027,347	20,255,304	39,143,989	29,197,747
Gross Profit	81,076,601	373,997	61,018,923	8,591,014	94,449,036	7,695,399
Add- Other Income	743,865	5,992,989	3,247,375	-	-	625,750
Add- Govt. Grant						
Less - Distribution Cost			462,926	73,131	915,579	
Less - Administrative Expenses	55,212,104	6,831,549	24,762,036	10,324,598	21,605,543	14,035,169
Less - Other Expenses	-	1,587,624	2,838,495	-	-	758,857
Less - Finance Cost						
Profit Before Tax	26,608,362	(2,052,187)	36,202,842	(1,806,716)	71,927,914	(6,472,876)
Less - Tax Expenses						
Net Profit For the Year	26,608,362	(2,052,187)	36,202,842	(1,806,716)	71,927,914	(6,472,876)

NATIONAL LIVESTOCK DEVELOPMENT BOARD
OPERATING SEGMENTS
ANNEXURE 9

COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015	MIRISWATH- THA	MARAWILA	NARAN- GALLA	OYAMAD- UWA	POLONNA- RUWA	POLON- THALAWA
Revenue	70,318,061	36,953,164	35,117,299	16,190,110	53,510,674	8,411,335
Interfarm	(8,547,644)	(3,318,726)	(6,106,730)	(4,793,820)	(21,009,292)	-
	61,770,417	33,634,438	29,010,569	11,396,291	32,501,382	8,411,335
Gains arising from changes in fair value less costs to sell of dairy livestock	(8,199,044)	(239,323)	1,009,151	574,816	16,132,426	778,212
Total Revenue	53,571,373	33,395,115	30,019,719	11,971,107	48,633,809	9,189,546
Cost of Sales	25,869,574	23,744,524	12,816,566	16,472,636	35,613,502	1,559,370
Gross Profit	27,701,799	9,650,591	17,203,153	(4,501,530)	13,020,307	7,630,176
Add- Other Income	2,201,500	936,740	11,940	-	168,150	419,110
Add- Govt. Grant						
Less - Distribution Cost			146,557			68,141
Less - Administrative Expenses	8,301,506	8,795,397	9,345,878	8,930,985	18,271,437	5,018,772
Less - Other Expenses	-	25,144	-	-	320,041	-
Less - Finance Cost						
Profit Before Tax	21,601,793	1,766,790	7,722,658	(13,432,515)	(5,403,021)	2,962,374
Less - Tax Expenses						
Net Profit For the Year	21,601,793	1,766,790	7,722,658	(13,432,515)	(5,403,021)	2,962,374

NATIONAL LIVESTOCK DEVELOPMENT BOARD
OPERATING SEGMENTS
ANNEXURE 9

COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015	PARASAN- GAHAWE- WA	RIDIYA- GAMA	RUK- KATH- THANA	ROSITA	SIRINGA- PATHA	WEER- AWILA	WELIKAN- DA
Revenue	13,463,383	39,220,655	41,221,751	24,469,987	51,915,314	23,113,157	2,269,860
Interfarm	-	(480,670)	(9,237,220)	(2,724,753)	(3,216,089)	(4,919,433)	-
	13,463,383	38,739,985	31,984,531	21,745,233	48,699,225	18,193,725	2,269,860
Gains arising from changes in fair value less costs to sell of dairy livestock	(976,756)	1,746,255	2,205,259	1,370,387	1,801,614	745,924	6,148,799
Total Revenue	12,486,627	40,486,240	34,189,790	23,115,620	50,500,839	18,939,649	8,418,659
Cost of Sales	14,339,512	134,572,615	8,324,560	18,644,463	15,658,899	14,104,707	3,195,932
Gross Profit	(1,852,885)	(94,086,375)	25,865,230	4,471,157	34,841,940	4,834,942	5,222,727
Add- Other Income	332,199	732,699	-	4,654	-	-	-
Add- Govt. Grant							
Less - Distribution Cost							
Less - Administrative Expenses	4,718,545	34,695,259	13,045,251	9,190,224	16,160,313	6,032,616	3,651,254
Less - Other Expenses	-	2,650	-	-	-	-	-
Less - Finance Cost							
Profit Before Tax	(6,239,231)	(128,051,584)	12,819,979	(4,714,413)	18,681,627	(1,197,675)	1,571,473
Less - Tax Expenses							
Net Profit For the Year	(6,239,231)	(128,051,584)	12,819,979	(4,714,413)	18,681,627	(1,197,675)	1,571,473

NATIONAL LIVESTOCK DEVELOPMENT BOARD
OPERATING SEGMENTS
ANNEXURE 9

COMPREHENSIVE IN-COME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015	WELISARA	HO	MILK	FRAN-CHAISE	DELITE	SC NEW	GRAND TOTAL
Revenue	30,364,498		167,207,307	5,089,299	6,647,784	60,078,049	2,194,067,119
Interfarm	(437,360)						(156,174,546)
	29,927,138	-	167,207,307	5,089,299	6,647,784	60,078,049	2,037,892,573
Gains arising from changes in fair value less costs to sell of dairy livestock	6,655,825						171,547,776
Total Revenue	36,582,963	-	167,207,307	5,089,299	6,647,784	60,078,049	2,209,440,348
							-
Cost of Sales	25,723,486	4,276,185	108,164,471	3,885,691	4,568,805	53,297,034	1,450,258,508
							-
Gross Profit	10,859,477	(4,276,185)	59,042,836	1,203,608	2,078,979	6,781,015	759,181,840
							-
Add- Other Income	-	17,860,374	220,526	3,445		1,000	37,635,778
							-
							-
							-
Add- Govt. Grant		60,520,877					60,520,877
							-
							-
Less - Distribution Cost		10,428,889	708,913	-	191,373	240,660	14,469,312
							-
Less - Administrative Expenses	7,562,683	164,233,846	56,805,902	1,050,149	924,288	5,070,291	696,083,723
							-
Less - Other Expenses	-	13,288,250					19,641,939
							-
							-
Less - Finance Cost		88,228,471	721,447	-	40,042	161,195	89,151,155
							-
							-
							-
Profit Before Tax	3,296,794	(202,074,389)	1,027,100	156,904	923,276	1,309,869	37,992,365
							-
Less - Tax Expenses		255,558					255,558
							-
							-
Net Profit For the Year	3,296,794	(202,329,948)	1,027,100	156,904	923,276	1,309,869	37,736,808
							-

NATIONAL LIVESTOCK DEVELOPMENT BOARD
OPERATING SEGMENTS STATEMENT OF FINANCIAL POSITION
ANNEXURE 10

ASSETS	Note	ADIGAMA	BELIGA-MA	BOPATH-THALAWA	KARAN-DAGOLLA	DAYA-GAMA	GAL-POKUNA
Non- Current Assets							
- Property, Plant & Equipments	4	-	-	-	-	-	-
- Working Progress	4	-	-	2,193,014	-	-	-
- Investment in subsidiary Co's	5						
Biological Assets							
- Plantations							
-Cashew Plantation	2						
- Rubber planting	2						
-Coconut underplanting	2						
- Pasture Establishment	2	312,713		1,507,121		1,291,251	231,404
- Livestock Valuation Capital	3	12,091,816	2,781,439	126,877,926	201,540	201,716,229	11,234,373
Current Assets							
- Trading & Other Stocks							
- Trading & Other Stocks Coconut/Copra	6	8,782,195	3,879,147	-	29,848	-	6,058,020
- Trading & Other Stocks Sundry Produce	6	246,225	71,136	548,691	2,658,405	17,765	3,600
- Trading & Other Stocks Genaral stocks	6	3,759,269	810,898	7,798,663	2,086,062	4,424,880	893,785
- Livestock Valuation Trading	3	-	-	-	17,739,653	1,125	510,179
- Trading , Other Receivables & Advances							
- Staff Debtors	7	-	37,159	125,485	59,489	278,152	30,872
- One Year Loan	7	284,180	252,500	295,000	589,999	80,000	439,999
- Distress Loan	7	385,595	277,961	-	233,893	153,543	261,990
- Special Loan	7	1,500	-	-	1,400	1,100	-
- Festival Advance	7	89,210	325,250	42,500	10,950	52,500	11,000
- Others	7	-	-	-	-	-	-
- Trade & Other Debtors	7	2,682,983	181,470	7,320,733	3,967,523	6,757,245	1,541,586
- Provision For Bad Debtors	7						
- E.S.C.	7						
- Tax Payment	7						
- Vat Claimble	7	-	-	-	169,085	-	-
- Deposits & Pre-Payments							
- Deposits	8	51,374	-	2,100	72,000	-	15,000
- Pre-Payments	8	-	-	174,500	500	61,374	42,063
- Other Current Assets	9	126,603	430,923	-	-	313,393	238,651
- Term & Call Deposits	10						
- Cash & Cash Equivalents							
- Bank Balances	11	57,477	10,729	15,430	929,846	1,535,306	32,178
- Saving Account	11						
- Cash in Hand	11	78,371	71,368	37,230	538,628	4,699	65,088
- Stamp in Hand	11	101	821	715	-	880	2,618
- Cash in Transit Lodgement	11						
- Cash in Transit Remittance	11	-	-	-	-	-	-
TOTAL ASSETS		28,949,613	9,130,801	146,939,107	29,288,821	216,689,443	21,612,407

NATIONAL LIVESTOCK DEVELOPMENT BOARD
OPERATING SEGMENTS STATEMENT OF FINANCIAL POSITION
ANNEXURE 10

EQUITY & LIABILITIES	Note	ADIGAMA	BELIGA- MA	BOPATH- THALAWA	KARAN- DAGOLLA	DAYA- GAMA	GAL- POKUNA
Equity							
- paid - up - Capital							
- Other Components of Equity							
- Capital Reserves							
- Revenue Reserves							
- Revaluation Reserve							
- Revolve Fund							
- Retained earnings							
Non- Current Liabilities							
- Interest payable Term Loans							
- Interest payable Term Loan	12						
- Leasing Facilities From Leacing Co	12						
- Interst Free Loan	13						
- Gratuity on Retirement	14						
-Differed Revenue on Leased Assets	15						
Current Liabilities							
- Trade and other Payables							
- Staff Creditors	16	1,360,297	681,758	1,080,580	286,428	489,919	985,639
- Trade & Other Creditors	16	2,411,593	750,572	12,740,748	221,013	18,498,384	2,234,055
- Accrued Charges	16	399,285	351,098	709,882	143,323	1,602,045	491,218
- Provisions	16						
- Deposit	16	671,322	350,000	98,300	4,647,117	-	452,626
- E.P.F.	16	503,008	271,215	564,320	136,884	469,108	415,213
- E.T.F.	16	68,592	38,910	141,270	27,626	63,983	56,620
- E.S.C.	16						
- Vat	16	-	1,382	616	1,145,322	-	1,588
- Advance of SLPDC	16						
- Short -term Borrowings							
- Interfarm Cr	17	1,412,448	549,679	134,356,170	37,407	1,089,710	214,832
- Interfarm Dr	17	(40,800)	(194,845)	-	-	-	(1,064)
- Account Current	17	22,163,867	6,331,034	(2,752,779)	22,643,700	194,476,294	16,761,681
- Cash Transfer	17						
- Control Account	17						
- Short -term Borrowings	17						
- Payables on Loans within 12 months	18						
TOTAL EQUITY & LIABILITIES		28,949,613	9,130,801	146,939,107	29,288,821	216,689,443	21,612,407

NATIONAL LIVESTOCK DEVELOPMENT BOARD
OPERATING SEGMENTS STATEMENT OF FINANCIAL POSITION
ANNEXURE 10

ASSETS	HORAKE- LLY	HARAGA- MA	GATABE	KOTTU- KACHCHI- YA	KOUL- WEWA	MAHA- BERI- YATHEN- NA	MAN- IKPALA- MA
Non- Current Assets							
- Property, Plant & Equipments	-	-	-	-	-	-	-
- Working Progress	-	-	-	-	-	-	-
- Investment in subsidiary Co's							
Biological Assets							
- Plantations							
-Cashew Plantation							
- Rubber planting							
-Coconut underplanting							
- Pasture Establishment		106,868		86,860	275,066		5,763,778
- Livestock Valuation Capital	28,363,017	4,369,814	-	16,087,343	11,002,912	5,312,389	377,932,895
Current Assets							
- Trading & Other Stocks							
- Trading & Other Stocks Coconut/Copra	14,977,853	469,063	-	-	8,693,478	1,011,602	-
- Trading & Other Stocks Sundry Produce	-	109,642	-	111,546	268,770	21,205	905,590
- Trading & Other Stocks Genaral stocks	3,434,555	1,176,030	3,269	796,529	1,914,740	1,002,647	5,552,331
- Livestock Valuation Trading	37,785	1,471,337	-	-	-	-	-
- Trading , Other Receivables & Advances							
- Staff Debtors	260,125	19,562	-	154,236	-	32,678	436,221
- One Year Loan	442,534	443,104	364,166	157,500	620,834	147,500	59,683
- Distress Loan	597,229	161,020	99,835	243,994	609,963	153,201	64,005
- Special Loan	-	-	-	-	-	-	-
- Festival Advance	175,200	-	10,000	-	37,750	3,400	25,575
- Others	-	-	-	-	-	-	-
- Trade & Other Debtors	1,804,885	279,916	27,816	537,724	2,022,808	701,374	18,406,585
- Provision For Bad Debtors							
- E.S.C.							
- Tax Payment							
- Vat Claimble	-	-	-	-	166,334	4,114	-
- Deposits & Pre-Payments							
- Deposits	61,580	-	-	-	10,000	4,675	404,330
- Pre-Payments	566	1,852,314	-	-	-	390,465	-
- Other Current Assets	3,359,211	16,379	-	18,740	-	565,905	-
- Term & Call Deposits							
- Cash & Cash Equivalents							
- Bank Balances	77,069	292,911	838	6,608	190,347	1,077,591	267,242
- Saving Account							
- Cash in Hand	284,796	73,273	2,342	1,467	102,297	86,905	78,952
- Stamp in Hand	1,823	210	315	765	2,051	439	1,235
- Cash in Transit Lodgement							
- Cash in Transit Remittance	-	-	-	-	-	-	-
TOTAL ASSETS	53,878,228	10,841,441	508,581	18,203,312	25,917,349	10,516,089	409,898,421

NATIONAL LIVESTOCK DEVELOPMENT BOARD
OPERATING SEGMENTS STATEMENT OF FINANCIAL POSITION
ANNEXURE 10

EQUITY & LIABILITIES	HORAKE- LLY	HARAGA- MA	GATABE	KOTTU- KACHCHI- YA	KOUL- WEWA	MAHA- BERI- YATHEN- NA	MAN- IKPALA- MA
Equity							
- paid - up - Capital							
- Other Components of Equity							
- Capital Reserves							
- Revenue Reserves							
- Revaluation Reserve							
- Revolve Fund							
- Retained earnings							
Non- Current Liabilities							
- Interest payable Term Loans							
- Interest payable Term Loan							
- Leasing Facilities From Leacing Co							
- Interst Free Loan							
- Gratuity on Retirement							
-Differed Revenue on Leased Assets							
Current Liabilities							
- Trade and other Payables							
- Staff Creditors	621,205	195,393	8,977	150,932	746,915	436,401	1,005,839
- Trade & Other Creditors	5,440,699	2,386,307	73,769	1,319,448	1,315,944	760,059	17,056,670
- Accrued Charges	504,634	163,491	-	148,716	1,241,139	303,740	642,225
- Provisions							
- Deposit	428,600	44,280	47,000	100,000	230,681	176,560	2,000
- E.P.F.	341,811	154,477	43,496	72,741	370,287	221,231	454,949
- E.T.F.	53,541	15,955	5,931	14,421	52,887	30,168	-
- E.S.C.							
- Vat	-	-	-	1,665	-	15,891	-
- Advance of SLPDC							
- Short -term Borrowings							
- Interfarm Cr	102,730	112,985	651,077	1,799,598	339,068	349,413	523,218
- Interfarm Dr	-	-	-	(705,000)	(197,020)	-	-
- Account Current	46,385,008	7,768,554	(321,668)	15,300,793	21,817,447	8,222,626	390,213,520
- Cash Transfer							
- Control Account							
- Short -term Borrowings							
- Payables on Loans within 12 months							
TOTAL EQUITY & LIABILITIES	53,878,228	10,841,441	508,581	18,203,312	25,917,349	10,516,089	409,898,421

NATIONAL LIVESTOCK DEVELOPMENT BOARD
OPERATING SEGMENTS STATEMENT OF FINANCIAL POSITION
ANNEXURE 10

ASSETS	MLDC	MELSI- RIPURA	MARTIN	MARAN- DAWILA	NIKAW- ERATIYA	MIR- ISWATH- THA	MARAWI- LA
Non- Current Assets							
- Property, Plant & Equipments	-	-	-	-		-	-
- Working Progress	-	-	1,966,078	-		-	-
- Investment in subsidiary Co's							
Biological Assets							
- Plantations							
-Cashew Plantation							
- Rubber planting							
-Coconut underplanting					1,202,638		
- Pasture Estabilishment		17,302	317,519	1,124,084			
- Livestock Valuation Capital	573,949	22,585,484	5,341,388	29,592,435	27,375,583	-	-
Current Assets							
- Trading & Other Stocks							
- Trading & Other Stocks Coconut/Copra	2,200	10,984,653	1,225,610	14,352,047	-	131,139	26,562
- Trading & Other Stocks Sundry Produce	33,700	143,238	12,879	-	-	5,238,392	1,933,854
- Trading & Other Stocks Genaral stocks	247,299	4,858,312	866,064	1,960,180	1,990,709	1,273,786	2,486,784
- Livestock Valuation Trading	-	1,071,746	1,280,093	2,418,333	-	17,363,398	9,422,706
- Trading , Other Receivables & Advances							
- Staff Debtors	2,108	678,043	115,121	90,435	6,620	7,000	113,339
- One Year Loan	100,000	529,405	84,646	610,001	304,944	240,000	160,833
- Distress Loan	66,322	329,235	-	1,047,452	144,977	498,605	154,100
- Special Loan	-	-	-	8,333	-	-	700
- Festival Advance	20,700	1,400	-	49,300	-	-	77,000
- Others	-	-	-	-	-	-	-
- Trade & Other Debtors	644,311	8,942,573	598,047	1,391,511	855,140	1,006,825	382,714
- Provision For Bad Debtors							
- E.S.C.							
- Tax Payment							
- Vat Claimble	-	-	-	-		378,199	219,113
- Deposits & Pre-Payments							
- Deposits	-	108,000	-	20,000	-	12,000	86,450
- Pre-Payments	-	-	-	-	69,298	-	-
- Other Current Assets	-	50,204	155,015	148,385	57,845	-	-
- Term & Call Deposits							
- Cash & Cash Equivalents							
- Bank Balances	383,659	409,147	252,769	251,747	494,037	111,764	205,894
- Saving Account							
- Cash in Hand	55,645	201,111	24,891	-	357,684	631,345	1,101,061
- Stamp in Hand	80	1,295	2,696	3,079	870	643	741
- Cash in Transit Lodgement							
- Cash in Transit Remittance	-	-	-		-	-	-
TOTAL ASSETS	2,129,973	50,911,147	12,242,815	53,067,321	32,860,345	26,893,096	16,371,851

NATIONAL LIVESTOCK DEVELOPMENT BOARD
OPERATING SEGMENTS STATEMENT OF FINANCIAL POSITION
ANNEXURE 10

EQUITY & LIABILITIES	MLDC	MELSI- RIPURA	MARTIN	MARAN- DAWILA	NIKAWER- ATIYA	MIR- ISWATH- THA	MARAWI- LA
Equity							
- paid - up - Capital							
- Other Components of Equity							
- Capital Reserves							
- Revenue Reserves							
- Revaluation Reserve							
- Revolve Fund							
- Retained earnings							
Non- Current Liabilities							
- Interest payable Term Loans							
- Interest payable Term Loan							
- Leasing Facilities From Leacing Co							
- Interst Free Loan							
- Gratuity on Retirement							
-Differed Revenue on Leased Assets							
Current Liabilities							
- Trade and other Payables							
- Staff Creditors	141,451	941,341	217,278	795,312	459,115	271,094	187,164
- Trade & Other Creditors	266,791	3,258,746	907,581	1,038,866	1,987,101	725,659	30,404
- Accrued Charges	62,234	1,381,656	186,823	271,195	196,924	349,414	138,970
- Provisions							
- Deposit	-	399,200	388,450	97,000	34,310	5,250,453	2,800,359
- E.P.F.	72,635	533,848	159,134	504,607	266,640	197,371	130,165
- E.T.F.	9,877	74,048	22,368	68,810	39,344	26,914	17,750
- E.S.C.							
- Vat	7,574	70,482	370	-	4,451	1,194,621	447,005
- Advance of SLPDC							
- Short -term Borrowings							
- Interfarm Cr	273,516	1,193,100	330,626	344,687	228,560	176,058	275,550
- Interfarm Dr	-	-	-	-		-	-
- Account Current	1,295,895	43,058,726	10,030,185	49,946,843	29,643,899	18,701,511	12,344,484
- Cash Transfer							
- Control Account							
- Short -term Borrowings							
- Payables on Loans within 12 months							
TOTAL EQUITY & LIABILITIES	2,129,973	50,911,147	12,242,815	53,067,321	32,860,345	26,893,096	16,371,851

NATIONAL LIVESTOCK DEVELOPMENT BOARD
OPERATING SEGMENTS STATEMENT OF FINANCIAL POSITION
ANNEXURE 10

ASSETS	NARAN- GALLA	OYAMAD- UWA	POLON- NARUWA	POLON- THALAWA	PARASAN- GAHAWE- WA	RIDIYA- GAMA	RUK- KATH- THANA
Non- Current Assets							
- Property, Plant & Equipments	-	-	-	-	-	-	
- Working Progress	-	970,945	832,131	-	-	3,686,832	
- Investment in subsidiary Co's							
Biological Assets							
- Plantations							
-Cashew Plantation							
- Rubber planting							
-Coconut underplanting							
- Pasture Establishment	26,532	440,873	557,006		121,764	2,112,273	278,389
- Livestock Valuation Capital	4,711,826	18,506,981	38,275,533	2,653,284	6,682,987	1,078,634,440	10,684,723
Current Assets							
- Trading & Other Stocks							
- Trading & Other Stocks Coconut/Copra	3,503,220	-	-	2,513,040	-	-	4,865,860
- Trading & Other Stocks Sundry Produce	-	88,461	31,672	-	36,224	-	-
- Trading & Other Stocks Genaral stocks	798,301	1,329,205	2,502,539	377,630	755,870	15,881,299	2,051,040
- Livestock Valuation Trading	-	-	649,194	-	834,595	-	-
- Trading , Other Receivables & Advances							
- Staff Debtors	3,761	66,242	27,442	-	6,691	66,909	263,539
- One Year Loan	357,501	180,000	394,167	141,667	105,000	357,500	349,941
- Distress Loan	193,331	33,750	37,413	121,303	16,030	387,735	271,029
- Special Loan	-	-	83	-	-	-	-
- Festival Advance	-	-	2,500	16,550	4,000	13,300	12,500
- Others	-	-	-	-	-	-	-
- Trade & Other Debtors	176,305	843,708	3,045,779	52,574	323,500	17,254,318	461,551
- Provision For Bad Debtors							
- E.S.C.							
- Tax Payment							
- Vat Claimble	-	-	-	-	-	17,515	-
- Deposits & Pre-Payments							
- Deposits	-	-	-	-	-	1,395,000	6,500
- Pre-Payments	-	796,264	315,251	-	-	558,125	571
- Other Current Assets	-	-	511,575	141,832	-	7,923,550	-
- Term & Call Deposits							
- Cash & Cash Equivalents							
- Bank Balances	87,863	24,549	30,489	-	26,871	53,944	336,330
- Saving Account							
- Cash in Hand	63,599	396,392	17,844	57,670	4,946	93,599	30,328
- Stamp in Hand	920	12	-	36	1,320	3,108	1,021
- Cash in Transit Lodgement							
- Cash in Transit Remittance	-	-	-	-	-	-	-
TOTAL ASSETS	9,923,158	23,677,382	47,230,620	6,075,586	8,919,799	1,128,439,447	19,613,323

NATIONAL LIVESTOCK DEVELOPMENT BOARD
OPERATING SEGMENTS STATEMENT OF FINANCIAL POSITION
ANNEXURE 10

EQUITY & LIABILITIES	NARAN-GALLA	OYAMAD-UWA	POLON-NARUWA	POLON-THALAWA	PARASAN-GAHAWE-WA	RIDIYA-GAMA	RUK-KATH-THANA
Equity							
- paid - up - Capital							
- Other Components of Equity							
- Capital Reserves							
- Revenue Reserves							
- Revaluation Reserve							
- Revolve Fund							
- Retained earnings							
Non- Current Liabilities							
- Interest payable Term Loans							
- Interest payable Term Loan							
- Leasing Facilities From Leacing Co							
- Interst Free Loan							
- Gratuity on Retirement							
-Differed Revenue on Leased Assets							
Current Liabilities							
- Trade and other Payables							
- Staff Creditors	465,404	311,556	669,620	225,694	110,647	1,938,710	825,558
- Trade & Other Creditors	865,444	1,265,638	4,036,518	16,078	1,132,943	29,299,154	711,905
- Accrued Charges	256,676	148,103	1,050,490	87,377	64,465	3,570,958	531,354
- Provisions							
- Deposit	137,000	170,000	40,500	98,000	104,220	120,000	551,400
- E.P.F.	247,515	183,291	-	109,606	59,440	899,425	254,116
- E.T.F.	33,752	24,994	-	14,945	8,105	68,479	34,652
- E.S.C.							
- Vat	-	228	76,152	-	475	2,477	-
- Advance of SLPDC							
- Short -term Borrowings							
- Interfarm Cr	199,467	3,491,122	3,170,997	11,510	192,809	2,788,740	754,214
- Interfarm Dr		-	-	-	(57,000)	-	-
- Account Current	7,717,901	18,082,451	38,186,342	5,358,175	7,303,695	1,089,751,504	15,950,124
- Cash Transfer							
- Control Account							
- Short -term Borrowings				154,202			
- Payables on Loans within 12 months							
TOTAL EQUITY & LIABILITIES	9,923,158	23,677,382	47,230,620	6,075,586	8,919,799	1,128,439,447	19,613,323

NATIONAL LIVESTOCK DEVELOPMENT BOARD
OPERATING SEGMENTS STATEMENT OF FINANCIAL POSITION
ANNEXURE 10

ASSETS	ROSITA	SIRINGA-PATHA	WEER-AWILA	WELIKAN-DA	WELISARA	KAN-THALE
Non- Current Assets						
- Property, Plant & Equipments	-	-	-	-		-
- Working Progress	2,356,291	-	-	-		-
- Investment in subsidiary Co's						
Biological Assets						
- Plantations						
-Cashew Plantation				8,675		
- Rubber planting						
-Coconut underplanting						
- Pasture Estabilishment	78,713		515,485	14,061		
- Livestock Valuation Capital	6,326,134	9,047,370	4,527,774	17,841,195	3,324,953	-
Current Assets						
- Trading & Other Stocks						
- Trading & Other Stocks Coconut/Copra	166,328	8,412,796	-	-	920	-
- Trading & Other Stocks Sundry Produce	-	6,819	1,388	-	-	-
- Trading & Other Stocks Genaral stocks	2,440,819	1,737,696	2,291,564	217,372	1,473,573	-
- Livestock Valuation Trading	-	33,982	-	-	4,072,721	-
- Trading , Other Receivables & Advances						
- Staff Debtors	66,829	179,309	287,189	15,721	11,710	-
- One Year Loan	65,001	425,199	343,332	44,167	160,000	-
- Distress Loan	-	191,410	226,155	2,293	18,970	-
- Special Loan	-	1,050	-	83	-	-
- Festival Advance	103,500	33,501	1,550	4,250	30,500	-
- Others	-	-	-	-	-	-
- Trade & Other Debtors	3,672,255	692,727	1,131,384	4,145	1,201,589	14,247,818
- Provision For Bad Debtors						
- E.S.C.						
- Tax Payment						
- Vat Claimble	-	-	3,722	-		-
- Deposits & Pre-Payments						
- Deposits	-	42,482	-	-	-	-
- Pre-Payments	-	-	-	-	15,024	-
- Other Current Assets	-	411,184	2,159,923	-	-	-
- Term & Call Deposits						
- Cash & Cash Equivalents						
- Bank Balances	187,234	26,265	20,647	189,265	170,825	885,470
- Saving Account						
- Cash in Hand	565	23,566	21,690	63,504	349,500	33
- Stamp in Hand	164	260	735	270	35	-
- Cash in Transit Lodgement						
- Cash in Transit Remittance	-	-	-	-	-	-
TOTAL ASSETS	15,463,832	21,265,615	11,532,538	18,405,001	10,830,319	15,133,322

NATIONAL LIVESTOCK DEVELOPMENT BOARD
OPERATING SEGMENTS STATEMENT OF FINANCIAL POSITION
ANNEXURE 10

EQUITY & LIABILITIES	ROSITA	SIRINGA- PATHA	WEER- AWILA	WELIKAN- DA	WELISARA	KAN- THALE
Equity						
- paid - up - Capital						
- Other Components of Equity						
- Capital Reserves						
- Revenue Reserves						
- Revaluation Reserve						
- Revolve Fund						
- Retained earnings						
						-
Non- Current Liabilities						
- Interest payable Term Loans						
- Interest payable Term Loan						
- Leasing Facilities From Leacing Co						
- Interst Free Loan						
- Gratuity on Retirement						
-Differed Revenue on Leased Assets						
Current Liabilities						
- Trade and other Payables						
- Staff Creditors	158,161	614,938	206,761	96,743	152,100	-
- Trade & Other Creditors	3,904,352	1,820,392	2,096,879	201,817	6,838,806	-
- Accrued Charges	213,116	313,221	130,300	88,367	157,431	-
- Provisions						
- Deposit	15,000	327,000	-	-	188,000	-
- E.P.F.	89,176	362,493	168,215	-	57,812	-
- E.T.F.	14,893	49,421	33,564	-	27,768	-
- E.S.C.						
- Vat	-	-	1,941	-	37,420	-
- Advance of SLPDC						
- Short -term Borrowings						
- Interfarm Cr	1,352,655	132,517	371,329	391,695	1,327,605	-
- Interfarm Dr	-	-	-	-	-	-
- Account Current	9,716,479	17,645,632	8,523,548	17,626,378	2,043,377	15,133,322
- Cash Transfer						
- Control Account						
- Short -term Borrowings						
- Payables on Loans within 12 months						
TOTAL EQUITY & LIABILITIES	15,463,832	21,265,615	11,532,538	18,405,001	10,830,319	15,133,322

NATIONAL LIVESTOCK DEVELOPMENT BOARD
OPERATING SEGMENTS STATEMENT OF FINANCIAL POSITION
ANNEXURE 10

ASSETS	HO	MILK	FRAN- CHAISE	DELITE	SC OLD	MAIZE	SC NEW	GRAND TOTAL
Non- Current Assets								
- Property, Plant & Equipments	3,111,925,929	-	-	-	-	3,615,767	-	3,115,541,696
- Working Progress	-	-	-	-	-	-	-	12,005,291
- Investment in subsidiary Co's	149,123,327	-	-	-	-	-	-	149,123,327
								-
Biological Assets								-
- Plantations								-
-Cashew Plantation	1,335,382	-	-	-	-	-	-	1,344,057
- Rubber planting	18,125,757	-	-	-	-	-	-	18,125,757
-Coconut underplanting	616,677,480	-	-	-	-	-	-	617,880,118
- Pasture Estabilishment	-	-	-	-	-	-	-	15,179,062
- Livestock Valuation Capital	(7,960,500)	-	-	-	-	-	-	2,076,697,227
								-
Current Assets								-
- Trading & Other Stocks								-
- Trading & Other Stocks Coconut/Copra	-	-	-	-	-	-	-	90,085,581
- Trading & Other Stocks Sundry Produce	-	-	-	-	-	-	-	12,489,203
- Trading & Other Stocks Genaral stocks	1,837,437	15,711,473	-	36,265	-	-	3,718,714	100,497,589
- Livestock Valuation Trading	-	-	-	-	-	-	-	56,906,845
- Trading , Other Receivables & Advances								-
- Staff Debtors	509,482	73,284	-	-	-	-	5,000	4,029,750
- One Year Loan	4,551,899	-	-	-	-	-	-	13,682,202
- Distress Loan	6,316,128	-	-	-	-	-	-	13,298,466
- Special Loan	137,006	-	-	-	-	-	-	151,255
- Festival Advance	227,007	-	-	-	-	-	-	1,380,893
- Others								-
- Trade & Other Debtors	60,196,901	8,561,644	61,552	4,168,190	2,770,757	-	3,724,721	182,645,186
- Provision For Bad Debtors	(46,657,118)	-	-	-	-	-	-	(46,657,118)
- E.S.C.	24,605,227	-	-	-	-	-	-	24,605,227
- Tax Payment	2,164,601	-	-	-	-	-	-	2,164,601
- Vat Claimble	7,416,329	-	-	-	-	-	-	8,374,410
- Deposits & Pre-Payments								-
- Deposits	-	-	-	-	-	-	-	2,291,491
- Pre-Payments	12,545	-	-	-	-	-	-	4,288,862
- Other Current Assets	52,785,321	-	-	-	-	-	1,361,336	70,775,976
- Term & Call Deposits	58,283,687	-	-	-	-	-	-	58,283,687
- Cash & Cash Equivalent								-
- Bank Balances	1,896,563	-	1,112,160	600,548	-	-	3,803,220	16,054,832
- Saving Account	6,397	-	-	-	-	-	-	6,397
- Cash in Hand	100,000	-	-	-	-	-	-	5,020,392
- Stamp in Hand	47,369	-	-	-	-	-	-	76,625
- Cash in Transit Lodgement	(32,592,349)	-	-	-	-	-	-	(32,592,349)
- Cash in Transit Remittance	31,964,681	-	-	-	-	-	-	31,964,681
TOTAL ASSETS	4,063,036,486	24,346,400	1,173,712	4,805,003	2,770,757	3,615,767	12,612,990	6,625,721,220

NATIONAL LIVESTOCK DEVELOPMENT BOARD
OPERATING SEGMENTS STATEMENT OF FINANCIAL POSITION
ANNEXURE 10

EQUITY & LIABILITIES	HO	MILK	FRAN- CHAISE	DELITE	SC OLD	MAIZE	SC NEW	GRAND TOTAL
Equity								
- paid - up - Capital								-
- Other Components of Equity	576,587,649							576,587,649
- Capital Reserves								-
- Revenue Reserves	130,696,928	-	-	-	-	-	-	130,696,928
- Revaluation Reserve	44,529,422	-	-	-	-	-	-	44,529,422
- Revolve Fund	110,731,360							110,731,360
- Retained earnings	-	-	-	-	-	37,500,000	-	37,500,000
	250,576,176	1,027,100	156,904	923,276	-	-	1,309,869	253,993,325
Non- Current Liabilities								-
- Interest payable Term Loans								-
- Interest payable Term Loan								-
- Leasing Facilities From Leacing Co	3,711,891,969	-	-	-	-	-	-	3,711,891,969
- Interst Free Loan	25,223,194	-	-	-	-	-	-	25,223,194
- Gratuity on Retirement	50,000,000	-	-	-	-	-	-	50,000,000
-Differed Revenue on Leased Assets	189,835,638	-	-	-	-	-	-	189,835,638
	33,282,582	-	-	-	-	-	-	33,282,582
Current Liabilities								-
- Trade and other Payables								-
- Staff Creditors	1,077,905	-	-	-	-	-	-	17,916,832
- Trade & Other Creditors	174,296,170	5,160,409	-	-	362,610	-	9,531,438	314,964,960
- Accrued Charges	2,539,211	-	-	-	-	-	887	18,439,969
- Provisions	122,718,018	-	-	-	-	-	1,937,063	124,655,081
- Deposit	2,082,182	1,001,667	-	-	-	-	-	21,053,226
- E.P.F.	151,339	-	-	-	-	-	-	8,465,568
- E.T.F.	-	-	-	-	-	-	-	1,139,590
- E.S.C.	-	-	-	-	-	-	-	-
- Vat	6,111,549	-	-	-	-	-	-	9,121,213
- Advance of SLPDC	140,000,000	-	-	-	-	-	-	140,000,000
- Short -term Borrowings								-
- Interfarm Cr	13,886,965	-	-	-	-	-	-	172,432,057
- Interfarm Dr	(171,837,620)	-	-	-	-	-	-	(173,033,349)
- Account Current	(2,151,937,226)	-	-	-	-	(15,133,322)	-	-
- Cash Transfer	37,730,945	-	(12,947,205)	(3,271,778)	-	-	580,374	22,092,336
- Control Account	(42,220,303)	16,377,345	13,964,013	7,153,505	2,408,147	(18,750,913)	(746,641)	(21,814,846)
- Short -term Borrowings	41,024,261	779,879	-	-	-	1	-	41,958,343
- Payables on Loans within 12 months	764,058,170	-	-	-	-	-	-	764,058,170
TOTAL EQUITY & LIABILITIES	4,063,036,486	24,346,400	1,173,712	4,805,003	2,770,757	3,615,767	12,612,990	6,625,721,220

NATIONAL LIVESTOCK DEVELOPMENT BOARD
SEGMENTAL REPORT FOR PROJECTS - YEAR ENDED 31 DECEMBER 2015

2014	MILK PROJECT	DELITE	FRANCHAISE	SALES CENTER
REVENUE	167,839,795	25,905,559	9,992,626	50,999,143
"LESS" - COST OF SALES	(106,663,021)	(19,439,100)	(8,445,883)	(44,851,420)
GROSS PROFIT	61,176,774	6,466,459	1,546,743	6,147,724
"ADD"- OTHER INCOME	149,500	2,200	-	17,585
LESS"				
ADMINISTRATION EXPENDI- TURE	(49,528,357)	(1,020,206)	(1,946,030)	(4,192,210)
SELLING & DISTRIBUTION EX- PENDITURE	(57,024)	-	-	(372,511)
FINANCE CHARGES	(426,811)	-	-	(121,563)
NET PROFIT	11,314,082	5,448,453	(399,287)	1,479,026
2015				
REVENUE	167,207,307	6,647,784	5,089,229	60,078,049
"LESS" - COST OF SALES	(108,164,471)	(4,568,805)	(3,885,691)	(53,297,034)
GROSS PROFIT	59,042,836	2,078,979	1,203,538	6,781,015
"ADD"- OTHER INCOME	220,526	-	3,445	1,000
LESS"				
ADMINISTRATION EXPENDI- TURE	(56,805,902)	(924,288)	(1,050,149)	(5,070,291)
SELLING & DISTRIBUTION EX- PENDITURE	(708,913)	(191,373)	-	(240,660)
FINANCE CHARGES	(721,447)	(40,042)	-	(161,195)
NET PROFIT	1,027,101	923,277	156,834	1,309,869

NATIONAL LIVESTOCK DEVELOPMENT BOARD
NOTE NO-04 PROPERTY PLANT & EQUIPMENT 2015

COST	As at 1st January 2015		Additions 2015		Disposal		Land transfer		Ajustment		Working Progress		As at 31st December 2015	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	338,483,228												338,483,228	
Buildings	221,630,722		2,977,508									3,195,819	227,804,049	
Plant & Machinery	114,556,483		447,343,520									4,088,892	561,900,003	
Estate equipentnt	150,997,539		730,971,989										886,058,420	
Office equipentnt	29,764,316		2,411,959										32,176,275	
Furniture & Fittings	15,963,043		1,230,290		(142,765)								17,050,568	
Structures	944,058,431		370,315,634									4,720,580	1,319,094,644	
Motor vehicle	227,713,439		10,435,542		(508,808)							(328,601)	237,640,174	
Working Progress	328,601												-	
Lease Assets- Motor Vehicle	68,843,925												68,843,925	
As at 31st December 2016	2,112,339,727		1,565,686,442		(651,573)		-		-		11,676,690	-	3,689,051,285	
Depreciation														
Land		-											-	
Buildings	73,557,663		11,100,542										84,658,205	
Plant & Machinery	44,973,868		17,474,887										62,448,755	
Estate equipentnt	52,486,238		11,747,502										64,233,739	
Office equipentnt	21,312,447		3,874,180										25,186,626	
Furniture & Fittings	7,038,903		1,324,820		(77,219)								8,286,505	
Structures	199,752,296		43,637,894										243,390,189	
Motor vehicle	39,759,477		21,391,836		(205,608)								60,945,705	
Lease Assets- Motor Vehicle	5,590,102		6,764,473										12,354,575	
As at 31st December 2016	444,470,993		117,316,132		(282,826)		-		-		-		561,504,299	
Net Bov value	1,667,868,734		1,448,370,310		-		-		-				3,127,546,986	

NATIONAL LIVESTOCK DEVELOPMENT BOARD
SCHEDULES TO THE STATEMENT OF FINANCIAL POSITION 2015

Note - 02						
PLANTATIONS	COCONUT UNDER-PLANTING	PASTURE ESTABLISH-MENT EXPENDI-TURE	CASHEW PLANTING EXPENDI-TURE	RUBBER PLANTING EXPENDI-TURE	OTHER PLANTING EXPENDI-TURE	TOTAL
	RS.	RS.	RS.	RS.	RS.	
BALANCE BROUGHT FORWARD 01.01.2015	538,269,633.34	17,378,421.32	1,335,382	14,484,729	1,095,725	572,563,890.75
EXPENDITURE INCURRED DURING 2015	83,886,668.83	7,359,154.07	8,675	3,641,028	3,600	94,899,125.73
	622,156,302.17	24,737,575.39	1,344,057	18,125,757	1,099,325	667,463,016.48
LESS: AMOUNT CHARGED TO PROFIT & LOSS	(4,276,184.80)	(10,657,837.87)	-	-	-	(14,934,022.67)
BALANCE AS AT 31.12.2015	617,880,117.37	14,079,737.52	1,344,057	18,125,757	1,099,325	652,528,993.81
	617,880,117	14,079,738	1,344,057	18,125,757	1,099,325	652,528,994

Note - 03				
LIVESTOCK VALUATION 31/12/2015	2015 CAPITAL	2015 TRADING	2015 Total	2014 Total
-Cattle/Buffalo	359,346,552	3,393,194	362,739,746	313,195,854
-Goats	7,701,385	-	7,701,385	6,568,390
-Pigs	21,414,336	6,968,335	28,382,671	7,933,665
-Sheep	53,496,900	-	53,496,900	41,001,540
-Rabbits	46,563	8,250	54,813	-
-Poultry	-	-	-	11,159,134
-fish	-	-	-	-
-Quills	-	309,685	309,685	-
-Ducks	-	40,081	40,081	1,857
-Turkey	-	33,982	33,982	47,982
-Layers	-	2,734,155	2,734,155	8,563,814
'-Broiler	-	46,009,545	46,009,545	13,861,561
-Others -	220,000	-	220,000	229,488
-Imported Cattle	1,798,287,351	-	1,798,287,351	611,677,752
	2,240,513,086	59,497,228	2,300,010,314	1,014,241,038
25% & 10% Deduction	163,815,858	2,590,383	(166,406,241)	(119,646,844)
Net Valuation	2,076,697,228	56,906,845	2,133,604,072	894,594,194

Note - 05		
- Investments in Subsidiary Co's	2015 Rs.	2014 Rs.
The Board has invested Rs. 15,995,170.61 in non - quoted investments in Sri Lanka Libya Agricultural & Livestock Development Co Ltdin 1995 & Rs. 140,000,000 in 2014. The company holding in subsidiary is 100% . This investment has been accounted for under the cost method of accounting.	149,123,327	149,123,327

Note - 06		
TRADING & OTHER STOCK 31.12.2015	2015 (RS.)	2014 (RS.)
COCONUT COPRA	90,085,581	93,855,027
SUNDRY PRODUCE STOCK	12,489,203	9,168,427
OTHER GENERAL STOCKS AT FARMS & HO	90,258,199	67,724,635
UNRECONCILED STOCK	10,239,389	10,239,389
	203,072,373	180,987,477

Note - 07		
- TRADING , OTHER RECEIVABLES & ADVANCES	2015 (RS.)	2014 (RS.)
STAFF DEBTORS	32,542,566	36,470,023
TRADE & OTHER DEBTORS	182,645,186	174,807,385
	215,187,752	211,277,407
LESS: PROVISION FOR BAD & DOUBTFUL DEBTORS	(46,657,118)	(36,232,177)
	168,530,634	175,045,230
ECONOMIC SERVICE CHARGES	24,605,227	24,605,227
INLAND REVENUE DEPT.	2,164,601	1,786,902
VAT CLAIMABLE	8,374,410	10,823,380
	203,674,871	212,260,739

Note - 08		
DEPOSIT & PRE-PAYMENTS	2015 (RS.)	2014 (RS.)
DEPOSIT	2,291,491	1,649,278
PRE-PAYMENTS	4,288,862	8,312,191
	6,580,352	9,961,468

Note - 09		
OTHER CURRENT ASSETS	2015 (RS.)	2014 (RS.)
THE EXPENDITURE INCURRED ON INCOMPLETE ACTIVITIES IN FARMS SUCH AS NURSERIES,PADDY CULTIVATION,	70,775,976	74,791,018

Note - 10		
TERM & CALL DEPOSITS	2015 (RS.)	2014 (RS.)
CALL DEPOSITS AT PEOPLES BANK NARAHENPITA	57,906,467	56,677,027
FIXED DEPOSITS AT BANK OF CEYLON	377,221	354,739
	58,283,687	57,031,766

Note - 11		
CASH & CASH EQUIVALENTS	2015 (RS.)	2014 (RS.)
BANK BALANCES	16,054,832	14,385,012
SAVINGS ACCOUNT	6,397	6,397
CASH IN HAND	5,020,392	1,865,767
STAMP IN HAND	76,625	73,037
CASH-IN-TRANSIT	(627,669)	(1,054,219)
	20,530,577	15,275,994

Note - 12		
INTEREST PAYABLE TERM LOANS	2015 (RS.)	2014 (RS.)
Farmers Trust Fund	88,812,700	93,612,700
Peoples bank 70Mn loan	56,000,000	-
Peoples bank 50Mn loan	-	12,500,000
Dairy cattle loan -Phase 1	923,647,365	1,600,799,758
Dairy cattle loan - Phase 11	2,643,431,905	-
Leasing Facility		
5 Nos cabs New	23,289,948	33,223,940
Milk Bouser	1,577,455	2,230,195
Freezer Truck	2,177,755	3,078,895
Honda Motor Bikes	118,688	598,800
5 Nos cabs	-	2,697,975
5 Nos Tractors	1,672,496	4,539,633
2 Nos Cars	-	2,422,680
Interest Suspense		
5 Nos cabs	-	(68,090)
5 Nos Tractors	(87,558)	(553,589)
2 Nos Cars	-	(110,354)
5 Nos cabs New	(2,957,803)	(5,630,260)
Milk Bouser	(237,541)	(455,181)
Freezer Truck	(327,937)	(628,402)
Honda Motor Bikes	(2,308)	(44,213)
Intrest Insuspense within 12 months	-	-
	3,737,115,164	1,748,214,486
BALANCE AS AT END OF THE YEAR	3,737,115,164	1,748,214,486

Note - 13		
INTEREST FREE LOANS	2015 (RS.)	2014 (RS.)
TREASURY LOAN	50,000,000	50,000,000
	50,000,000	50,000,000

NOTE-14		
GRATUITY ON RETIREMENT	2015 Rs.	2014 Rs.
Balance as at 1. Jan.	163,913,534	154,251,000
Add- Provision during the year	11,840,545	10,251,787
Interest on Opening Balance	18,850,056	17,738,865
Acturial (Gain) Loss	17,400,306	2,345,370
	212,004,441	184,587,021
Less-Payments during the year	(22,168,804)	(20,673,487)
Balance as at 31st Dec.	189,835,637	163,913,535

Note - 15		
DEFERRED REVENUE ON LEASED ASSETS	2015 (RS.)	2014 (RS.)
BALANCE B/F	34,194,703	42,015,493
TRANSFER TO REVENUE - LEASE FROM LAN-LIB CO.LTD.	-	(6,908,670)
TRANSFER TO REVENUE - LEASE FROM GRANDIX CO.LTD.	(666,666)	(666,666)
TRANSFER TO REVENUE - LEASE FROM RAJAWELLA HOLDING	(245,455)	(245,455)
	33,282,582	34,194,703

Note - 16		
PAYABLES & PROVISIONS	2015 (RS.)	2014 (RS.)
STAFF CREDITORS	17,916,832	16,067,875
TRADE & OTHER CREDITORS	312,348,946	282,711,011
ACCRUED CHARGES	18,439,969	21,325,991
PROVISIONS	124,655,081	66,451,873
DEPOSITS	21,053,226	14,368,288
E.P.F PAYABLE	8,465,568	6,065,715
E.T.F PAYABLE	1,139,590	775,972
	504,019,212	407,766,725
VAT PAYABLE	9,121,213	12,316,522
Short term Borrowings	-	-
Insurance Claim Payable	2,616,014	1,143,050
Advance of SLPD	140,000,000	140,000,000
	655,756,439	561,226,298

Note - 17		
SHORT TERM BORROWINGS	2015 (RS.)	2014 (RS.)
People's Bank - 100153693183	41,024,261	40,956,423
People'sBank 100153694880	779,879	-
Peoples Bank 873	-	-
People's Bank-228	-	-
Farm Shop 1001 6369 4865	-	-
Maize project	1	1
Farms Current Accounts	(169,601)	25,154,997
	41,634,540	66,111,421

Note - 18		
PAYABLES ON LOANS WITHIN NEXT 12 MONTHS	2015 (RS.)	2014 (RS.)
Peoples bank loan 50Mn	12,500,000	16,666,667
Peoples bank loan 70Mn	14,000,000	-
Dairy cattle loan -Phase 1	710,494,212	42,341,819
Dairy cattle loan - Phase 11	11,332,993	-
Leasing payable Cars	2,401,041	2,907,216
Leasing payable Cabs -Old	2,673,879	6,475,140
Leasing payable Tractors	2,867,136	2,867,136
Leasing payable Freezer Truck	901,140	901,140
Leasing payable Motor Bike	474,751	479,040
Leasing payable Cabs -New	9,637,220	9,724,080
Leasing payable Milk Bouser	652,740	652,740
Interest suspense Motor Bike	(41,905)	(89,325)
Interest suspense New Cabs	(2,672,457)	(3,376,367)
Interest suspense Freezer truck	(294,571)	(370,671)
Interest suspense Milk Bouser	(213,372)	(268,496)
Interest suspense Cars	(110,354)	(378,666)
Interest suspense Tractors	(476,193)	(834,623)
Interest suspense Cabs	(68,090)	(600,850)
	764,058,171	77,095,980

Reconciliation of carrying amounts of dairy livestock 2015

Biological Asset	No.of Animals	Carrying amount as at 1/1/2015	Addition				No.of Animals	Deduction				No.of Animals	Carrying amount at 31.12.2015
			No.of Animals	Births	Purchase	Apprecia- tion		Deaths	No.of Animals	Sales	Deprecia- tion		
Cattle & Buffalo	9076	924,873,606	4271	14,594,888	1,105,073,631	540,821,433	1446	71,257,599	3688	54,719,298	298,359,564	12749	2,161,027,096
Goats	776	6,568,390	235	187,403	439,195	3,019,832	200	706,944	278	1,341,065	465,426	802	7,701,385
Pigs	1068	7,933,665	223	1,317,173	4,195,616	25,571,128	215	697,949	3567	9,936,962	-	1346	28,382,671
Sheep	4929	41,001,540	351	1,943,034	2,352,710	21,986,307	987	4,047,316	1276	9,739,375	-	4682	53,496,900
Rabbit	0	-	44	-	62,663	3,115	6	9,813	3	1,152	-	35	54,813
Quils	0	-	2422	-	415,134	-	462	32,340	951	73,109	-	1009	309,685
Ducks	6	732	301	-	38,910	439	-	-	0	-	-	307	40,081
Turkey	406	162,182	-	-	-	-	-	-	144	66,482	61,717	262	33,983
Layers	3217	1,676,801	8893	-	3,875,432	-	215	18,020	4715	1,821,365	978,693	7180	2,734,155
Broiler	29049	31,804,122	47141	-	33,599,675	24,725,354	2216	432,690	32443	23,845,890	19,841,026	41531	46,009,546
Other	2	220,000	0	-	-	-	0	-	0	-	-	2	220,000
TOTAL	48529	1,014,241,038	63881	18,042,497	1,150,052,966	616,127,608	5747	77,202,670	47065	101,544,698	319,706,426	69905	2,300,010,315

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	
SLFRS 6	Exploration for and Evaluation of Mineral Resources	N/A
SLFRS 7	Financial Instruments: Disclosures	
SLFRS 8	Operating Segments	
SLFRS 13	Fair Value Measurement	
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	
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	
LKAS 41	Agriculture	

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.

SLFRS 7 FINANCIAL INSTRUMENTS: DISCLOSURES

The SLFRS requires disclosure of:

- A. The significance of financial instruments for an entity’s financial position and performance
- 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.

C. An entity must group its financial instruments into classes of similar instruments and, when disclosures are required, make disclosures by class. The classes 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 period's 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.

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.

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.
- The following Deprecation Rates had been applied in respect of fixed assets as per last year.

Category of assets	Rate of deprecation
Buildings	5%
Plant & Machinery	10%
Estate Equipment	5%
Office Equipment	20%
Furniture & Fittings	10%
Structures	5%
Motor Vehicles	10%

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.

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 LKAS 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 is the amount obtainable from the sale of an asset in 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 asset's 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.

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.

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 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 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.

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.

Details of application of the standards explained above is given under notes to the accounts.



2015 Auditor General's Report

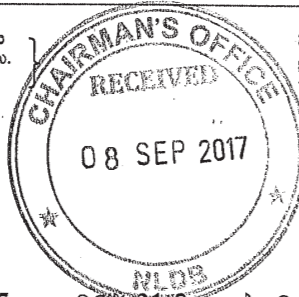


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AUDITOR GENERAL'S DEPARTMENT



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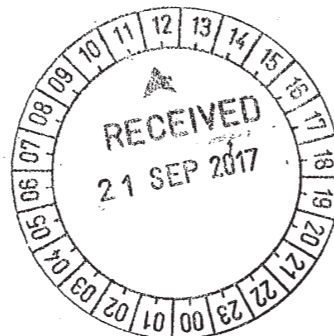
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AUDITOR GENERAL'S DEPARTMENT



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28 July 2017

The Chairman,
National Livestock Development Board

Report of the Auditor General on the Financial Statements of National Livestock Development Board for the year ended 31 December 2015 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 2015 comprising the statement of financial position as at 31 December 2015 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.

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 audit conducted in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000-1810).



1.4 Basis for Disclaimer of Opinion

As a result of the matters described in paragraph 2.2 of this report, I am unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded item, and the elements making up the statement of financial position, statement of comprehensive income, the statement of changes in equity and cash flow statement.

2. Financial statements

2.1 Disclaimer Opinion

Because of the significance of the matters described in paragraph 2.2 of this report, I had not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

2.2 Comments on Financial Statements

2.2.1 Consolidated Financial Statements

In the presentation of the financial statements of the Board, the consolidated financial statements prepared by consolidating the financial statements of the subsidiary of which the total equity is owned by the Board should be presented to audit. Nevertheless, the financial statements prepared only for the Board had been presented to audit.

2.2.2 Sri Lanka Accounting Standards

The instances of non-compliances with following Sri Lanka Accounting Standards were observed in audit.

(a) Sri Lanka Accounting Standard 01

- (i) According to Paragraph 79 (b), the reasons for the maintenance of capital reserves amounting to Rs.130,696,928 and revenue reserves amounting to Rs.44,529,422 and balance of revolving funds amounting to Rs.37,500,000



included in the financial statements of the Board and their nature had not been disclosed.

- (ii) Although the financial statements had been prepared by consolidating financial statements of 31 farms with the financial statements of the Board, those farms accounts had not been prepared in accordance with the Sri Lanka Accounting Standards and those had not been presented with consistency in a manner able to compare with the previous years values.

(b) Sri Lanka Accounting Standard 08

According to Paragraph 42, in restating comparative amounts presented for the period in which the error occurred in the present set of the financial statements for the material prior period errors, the amount of the correction to be carried out for the line items of the financial statements, to the extent practicable, the amount of the correction at the beginning of the period had not been disclosed. Further, according to Paragraph No.40 (b) of the Standard 1, three columns as the current, earliest and immediate comparative period had not been stated in the statement of financial position.

(c) Sri Lanka Accounting Standard 10

The required disclosures on the land with an extent of 35 acres released to the Milcho Institution out of the Siringapatha Farm land of the Board in terms of the Cabinet Decision dated 16 June 2015 and the Board of Directors Decision dated 10 February 2016 had not been made by the financial statements according to Paragraph 22 of the Standard.

(d) Sri Lanka Accounting Standard 12

Action had not been taken by the Board to identify whether deferred income tax assets or liabilities exist and to adjust them in terms of Paragraphs 15 and 24. For example, there were buildings of Rs.278,745 and machinery and equipment Rs.141 million under the differed tax liability.



(e) Sri Lanka Accounting Standard 16

- (i) As the useful life of the non-current assets had not been reviewed annually, 11,502 items of fixed assets costing Rs.163.5 million had remained in further using despite being fully depreciated. Accordingly, action had not been taken to revise the estimated error in accordance with Sri Lanka Accounting Standard 08. Further, the inactive and disused assets had not been disclosed by the financial statements as required by Paragraph 79 of the Standard.
- (ii) The assets, of which the assessed value amounting to Rs.2,228,050 decided to be sold or disposed of by the end of the year under review in terms of Paragraph 73 (e) (ii) had not been disclosed by the financial statements.
- (iii) In the revaluation of a certain group of assets in terms of Paragraph 36, all assets of that group should be revalued. Nevertheless, in the revaluation of motor vehicles by the Board in the year 2014, 226 vehicles costing Rs. 60,960,579 had been left out and as such, the effects to the financial statements resulting from that, could not be revealed in audit.

(f) Sri Lanka Accounting Standard 24

- (i) It had been decided to vest all the resources, assets, equity and the management of the Mahaweli Livestock Development Company with the Board in terms of a Cabinet decision. Nevertheless, no disclosure had been made thereon according to the Paragraphs 19 of the Standard 24 although the Chairman of that company was the Chairman of the Board.
- (ii) Details on the contribution to the allowances of the Chairman and the Board of Directors and the defined contribution plans amounting to Rs.1,141,876 paid to the main Board of Management of the Board during the year under review had not been separately disclosed as required by Paragraph 17 of the Standard.



(g) Sri Lanka Accounting Standard 37

The contingent liabilities existed on eight court cases instituted against the Board had not been disclosed by the financial statements in accordance with Paragraph 86 of the Standard.

(h) Sri Lanka Accounting Standard 40

Although an income of Rs.1,312,121 had been earned by leasing out the lands and buildings of the Board to the external institutions on long term basis during the year under review, those investment properties had not been correctly valued according to the Paragraph 16 of the Standard and shown as a separate investment asset in the financial statements.

(i) Sri Lanka Accounting Standard 41

Action had not been taken to revalue the animals imported at a cost of Rs.1,079,162,786 under the stage II of the Wellard Project under the biological assets and adjust at the fair value in the accounts at the end of the year under review.

(j) Sri Lanka Financial Recording Standard (SLFRS) 13

The basis of the valuation of rubber plantation valued at Rs.18,125,757, cashew plantation valued at Rs.1,344,057 and other plantations valued at Rs.1,099,325, which were the commercial plantations existed under the biological assets of the Board in terms of the financial statements had not been disclosed in the financial statements of the Board in accordance with the Paragraphs 91 of the Sri Lanka Financial Recording Standard (SLFRS) 13.

3 Accounting Deficiencies

The following observations are made.

- (a) The capital grants amounting to Rs.142,650,321 provided by the General Treasury for the Board in respect of purchasing capital assets for the year under review and 4 preceding years had been brought to account as the revenue grants.



- (b) Depreciations and the provisions for depreciations for the year under review had been understated by Rs.2,882,830 due to erroneous computation.
- (c) As action had not been taken in terms of Financial Regulation 760 on the shortage of the closing stock amounting to Rs.10,239,289 of the Milk Project continued to exist from the year 2012 and make necessary adjustments in the financial statements, the profit had been overstated by that amount even in the year under review. The Chairman had stated as the reply that the defect of the accounting system had resulted in the said stock shortage.
- (d) Instead of writing off the cost of Rs.18,661,613 relating to 43 cows died during the year under review out of the imported cows against the profit of the year, only a sum of Rs.1,891,167 had been written off and as such, the profit of the year under review had been overstated by Rs.16,770,446.
- (e) The stock value relating to 06 animal categories of 07 farms included in the livestock stock balance had been overstated by Rs.30,902,013 than the value assessed according to the relevant board of survey reports and as such, the net profit had been overstated by that amount.
- (f) As the stock shortage of 663 items of goods valued at Rs.766,879 of the stall of the Head Office existed by the end of the year under review had been shown under the trade and other stocks without making required adjustments, the profit of the year under review had been overstated by that amount.
- (g) A motor vehicle, the book value of which was Rs.148,172 had been sold at Rs.378,000 during the year under review and as the cost thereof had been transferred to the Disposal Account by understating Rs.214,190, assets and the profit of the disposal had been overstated by that amount.
- (h) The closing stocks included in the financial statements had been understated by Rs.1,711,840 than the balance of the relevant board of survey and the value of the pigs amounting to Rs. 1,406,500 which should be stated under the biological assets had been stated under the trade and other stocks.



- (i) Instead of accounting expenditure of the farms totalling Rs.533,251 under the expenditure of the statement of comprehensive income, it had been stated under the trade and other receivable debtors balance.
- (j) Total income of Rs.8,105,520 earned from the sale of Teak trees stood on 04 farms not recognized as the trade stocks by properly valuing the agricultural cultivations from the preceding years up to the year under review had been accounted under the income of the statement of comprehensive income of the year under review.
- (k) Instead of carrying out transactions among the inter-projects by the control accounts, those had been carried out through the debtors accounts and as such the debtors value had been overstated by Rs.942,862.
- (l) The stall rent income amounting to Rs.44,862 receivable for the year under review had been omitted from the accounts.
- (m) Although the electric fence valued at Rs.3,517,579 of the Maize Project had been put up at the Menicpalama Farm in the year 2011, it had not been included in the accounts of the Farm and that value had been further accounted under the Maize Project without being depreciated.
- (n) Insurance claims amounting to Rs.187,484 received by the Head Office before 6 months in respect of employees and the vehicles of the farms had been shown as the cash in transits in the final account.
- (o) A consolidated trial balance had not been prepared for the Head Office, 31 Farms and 4 Projects.
- (p) Instead of stating the expenditure of Rs.280,000 relating to the construction of pig pen of the Mahaberiyathena Farm Account as the fixed assets, it had been stated under the current assets.



- (q) The value of closing stock of copra amounting to Rs.444,654 obtained for the Andigama Farm from its brethren Farm had been debited to the Accrued Expenditure Account instead of posting in the Stock Account.
- (r) As the biological assets in the final accounts of the Rosita Farm had not been correctly classified as trade and non-current stocks and the unrealized profit had not been correctly computed, the non-current stock had been overstated by Rs.66,641 and the unrealized profit had been understated by that amount in the financial statements of the Board.

2.2.4 Unreconciled Control Accounts

The following observations are made.

(a) Current Accounts

Even though the net value of the inter-current accounts existed in the books of the Head Office in respect of each farm and the net value of the inter-current accounts existed in the books of the farms should be zero, a net debit balance totalling Rs.157,950,654 had been shown in the inter-current accounts of the Head Office while a net credit balance totalling Rs.157,349,362 had been shown in the inter-current accounts of the farms. As necessary adjustments had not been made to make it zero after examining those balances, there was an unreconciled balance of Rs.601,292.

(b) Money Exchange Accounts

It was further established by following observations that the Money Exchange Accounts maintained between the Head Office and each project had not been reconciled and made the necessary adjustments.

- (i) There were debit balances of Rs.1,621,530 and Rs.1,352,800 respectively in the Money Exchange Accounts with the Delite Projects and Milk Project in the Franchise Project Ledger by the end of the year under review and correspondingly, there was a zero value in the Money Exchange Accounts of the ledgers of those projects.



- (ii) In the books of the Head Office, there was an unreconciled balance of Rs.29,285,411 comprising credit balances totalling Rs.38,311,318 of 04 projects and debit balance of Rs.20,614,967 in the Money Exchange Accounts relevant thereto.

(c) Control Account

In the examination of Control Accounts maintained on the non-cash transactions between the Head Office and each project, a debit balance of Rs.42,220,302 in 05 Control Accounts, a credit balance of Rs.24,429,596 in 05 Control Accounts, debit balances totalling Rs.11,775,341 in 02 Project Control Accounts and credit balances totalling Rs.14,749,542 in 05 Control Accounts could be observed. Nevertheless, necessary adjustments had not been made by reconciling those accounts.

(d) Cash Deposit Account and Cash Remittance Accounts

There was a difference of credit balance amounting to Rs. 440,185 between the credit balance totalling Rs.29,788,851 relating to 31 Cash Deposit Accounts and the debit balance totalling Rs.29,348,667 relating to 34 Cash Remittance Account maintained by the Head Office in respect of the farms and it had been shown as the cash in transits in the financial statements by the end of the year under review. The following observations are made in this connection.

- (i) In granting money for the farms by the Head Office, the cash deposit accounts of the books of the Head Office should be zero by the end of the year and if there is cash in transits, there may be a debit balance in that account. Nevertheless, a credit balance of Rs.32,592,349 comprising the debit balances totalling Rs.13,988,777 relating to 13 cash deposit accounts and credit balances totalling Rs.46,581,126 relating to 19 accounts had been shown in the financial statements.
- (ii) In remitting money to the Head Office by the farms, if there is no cash in transits by the end of the year, the Net Cash Remittance Account

should be zero. Nevertheless, a credit balance of Rs.25,707,721 comprising a credit balance totalling Rs.10,380,523 in 12 cash remittance accounts maintained in the name of farms in the books of the Head Office and a debit balance totalling Rs.36,088,244 in 19 accounts had been shown in the financial statements. But, there was a zero balance in the books of the farms.

- (iii) As a credit balance of Rs.2,799,599 which should be posted in the farms remittance accounts of the Head Office had been credited to a general account named Other Remittance, it had been stated under the cash in transits without being reconciled.

2.2.5 Unexplained Differences

The following observations are made.

- (a) According to the land schedule and the register of fixed assets furnished to audit, an unexplained difference of lands, 125.32 hectares in extent was observed.
- (b) In terms of the financial statements, although the lorry running income relating to 08 farms stated under the schedule presented for the other income balance was Rs.5,334,336, according to the financial statements presented for each farm, that income was Rs.7,819,417.
- (c) Although the payable balance of the Valued Added Tax Control Ledger Account of the Head Office furnished to audit was Rs.5,364,163, that balance was Rs.6,111,549 according to the schedule of the Valued Added Tax presented, thus observing a difference of Rs. 747,386.

2.2.6 Lack of Evidence for Audit

The evidence indicated against the following items of accounts was not made available to audit and as such, they could not be satisfactorily vouched or accepted in audit

Item of Account	Value	Evidence not made available
	Rs.	
(a) Lands- 10,241.84 hectares	225,189,438	Deeds of Lease in support of the ownership
(b) Biological Assets- Cultivations		
(i) Coconut under /new cultivation	541,550,090	Schedules in respect of each farm for the total balance
(ii) Cashew Cultivation	1,335,382	
(iii) Rubber Cultivation	14,396,652	
(c) Non-current assets- additions of the year		
(i) Buildings	1,483,072	Files relating to ensure that the procurement process had been followed and the evidence relating to the verification of expenditure.
(ii) Machinery and Equipment	2,462,967	
(iii) Estate Equipment	559,149	
(iv) Office Equipment	1,659,310	
(v) Furniture and fittings	378,742	
(vi) Structures	8,622,341	
(vii) Vehicles	1,686,900	
(d) Work-in-progress	12,005,290	
(e) Debtors		
(i) Mahaweli Livestock Development Company	4,981,912	Written evidence to confirm the receivables and confirmation of balances.
(ii) Line Ministry	10,439,949	
(iii) Balance receivable from the Bank of Ceylon Kanthale Branch existing from the year 2009	2,092,150	

(iv)	Balance receivable from the representatives of the Milk Project	1,141,642	Detailed schedules and confirmation of balances.
(v)	Balance receivables under the Farm Shop (Old)	2,770,757	
(vi)	Trade and Other Debtors Eight Farms Two Projects	4,608,399 132,445	
(f)	Debtors balance of the coconut brokers	18,708,299	Confirmation of balances.
(g)	Down payments paid to the Land Reforms Commission in the year 2007	366,017	Evidence to confirm that the relevant lands were acquired.
(h)	Insurance claim received by the Board.	2,803,498	Detailed Schedules.
		<u>859,374,401</u>	

(i) An inventory had not been maintained on the assets relating to the Milk Project in terms of Financial Regulation 750 and as a result of not updating the register of fixed assets, no information whatsoever could be found for the confirmation of physical existence of the fixed assets existed in 109 stalls closed down.

2.3 Accounts Receivable and Payable

The following observations are made.

(a) The trade and other creditors balance of Rs.312,348,946 existed as at 31 December of the year under review under the Head Office, 31 farms and 2 projects had included the creditors amounting to Rs.139,737,712 older than one year and out of that, a sum of Rs.117,995,249 represented the creditors older than 5 years. It had been 45 per cent of the total creditors.

- (b) The trade and other debtors balance of Rs.182,645,183 existed as at 31 December of the year under review under the Head Office, 31 farms and 5 projects had included the debtors balance of Rs.91,993,920 older than one year and out of that, a sum of Rs.29,028,265 represented the debtors older than 5 years. It had been 16 per cent of the total debtors.
- (c) Even though the loan balance due from the Mahaweli Livestock Development Company by the end of the year under review had been stated as Rs.8,489,772, the relevant company had establish that loan balance due as Rs.1,720,418.
- (d) Without receiving any service or supply and even without entering into a relevant agreement a sum of Rs.2,957,521 had been given as a loan to the Plantation Homes Trust Fund , which is not a Government institution, on 02 November 2011 by stating that the approval of the Secretary to the Ministry was obtained and without being recovered that amount even up to 24 January 2017, it had been stated under the trade and other debtors in the financial statements of the year under review.
- (e) Although the Value Added Tax of Rs.8,208,076 and Rs.8,918,808 respectively payable and receivable as at the end of the year under review had been included in the accounts of the Head Office and the farms, action had not been taken either to settle or recover them.
- (f) Action had not been taken to settle the loan amounting to Rs.102,662,750 obtained by the Board from the Farmers' Trust Fund in the year 2003 over a period of 11 years and as such, the total amount payable together with the total interest of Rs.87,757,178 by the end of the year under review was Rs.181,369,878.
- (g) Loan balances of Rs.26,746,567 older than 12 years and the loan balances of Rs.279,450 older than 5 years payable to a private company in respect of supplying animal foods had not been settled up to the end of the year under review.



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- (h) The Board had not taken action to settle the commission of Rs.386,101 older than one year payable to the managers relating to 9 farms and salaries amounting to Rs.247,304 older than 2 years relating to 17 farms included in the staff creditors balance.
- (i) The insurance claim of Rs.19.253,926 remained receivable from 13 May 2014 relating to 69 imported and deceased milk cows included in the trade and other debtors had not been recovered even up to 07 November 2016.

2.4 Transactions not Supported by an Adequate Authority

A loan balance of Rs.900,451 receivable to the Dayagama Farm from the Milk Project since a period over 2 years and a sum of Rs.1,030,080 due for the sale of milk to the Cargill's Institute in the year 2015 had been written off from the Milk Income Account of the year contrary to the Finance Ministry Circular No.PFD/RED/2015/08 General (1) dated 09 October 2015.

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

Instances of non-compliances with the following laws, rules, regulations and management decisions were observed.

Reference to Laws, Rules and Regulations	Non-compliance
(a) Section (a) of the Public Finance Circular No.03/2015 dated 14 July 2015.	<p>(i) Contrary to the Circular, petty cash imprest had been granted as Rs.100,000 exceeding the limit of Rs.25,000 during the year under review.</p> <p>(ii) Although the sub-imprest should be settled within 10 days from the completion of the relevant purpose in terms of the circular, action had not been taken according to the circular relating to the imprest totalled Rs.797,901 in 40 instances.</p>



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- (b) Paragraph 4.2.6 of the Public Enterprises Circular on the Good Governance No. PED/12 dated 02 June 2003.

3. Financial Review

3.1 Financial Result

According to the financial statements presented, the financial results of the Board for the year under review had been a surplus of Rs.37,736,808 as compared with the surplus of Rs.60,257,972 for the preceding year thus indicating a deterioration of Rs.22,521,164 in the financial result as compared with the preceding year. Even though the gross profit had increased by Rs.38,451,365, increase in the administrative expenditure and financial expenditure by Rs. 12,631,008 and Rs.32,982,824 respectively and decrease in the other income by Rs.10,750,334 had mainly attributed to the above deterioration of the financial result.

Analysis of the financial results of the year under review and 04 preceding years revealed that a profit had been continuously received from the year 2011 to the year 2015. Nevertheless, in readjusting the employees remuneration , depreciation for the non-current assets and income taxes to the financial result, the contribution of the Board amounting to Rs.307,380,090 in the year 2011 had decreased up to Rs.229,911,575 by the end of the year under review.

3.2 Legal Action instituted against or by the Board

The following observations are made.

- (a) The Board had filed two cases in Courts against 2 external parties claiming compensation amounting to Rs.2,093,175 for defaulting payments in terms of sales agreements and obtaining the ownership of a land situated at Maradavila. Further, 4 cases filed in respect of reacquiring the lands unauthorisingly cultivated by external parties and two quarries and 04 cases filed against the Board by 05



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employees against the suspension of service were being tried by the end of the year under review.

(b) Even though the Attorney General's Department had decided to take fiscal action to recover a sum of Rs.11,947,220 recoverable due to failure in paying money for maize provided to a private firm for sale, that amount could not be recovered even by 30 June 2016.

4. Operating Review

4.1 Performance

The functions required to be performed by the Board according to Section 2 of the State Agricultural Corporations Act, No. 11 of 1972 and the Gazette No.151 dated 14 February 1975 are as follows.

- Establishment of the centres for the purchase of animals for meat at reasonable price.
- Establishment of regional slaughterhouses for the supply of carcasses of animals, transportation up to those places and the transport of carcasses sealed for the identification to the licensed traders from the slaughterhouses.
- Process and sale of meat and meat products, issue of sales licences and regularizing those process and ensuring the maximum benefit from the byproducts.
- Preparation of high quality meat cut in to pieces by storing in packets and marking prices for the distribution to the licensed traders for sale.
- Import and supply of breeding animals, medicines, machinery and equipment required for rearing animals.
- Commencement and maintenance of animal farms and other business enterprises which are considered as capable of maintaining effectively in addition to the ordinary businesses of the Board.



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The following matters were observed on the progress of performing of objected functions of the Board in terms of the Action Plan and the Performance Report of the Board relating to the year under review.

- (a) Thirty four activities relating to 17 farms and 05 projects included in the Action Plan had not been totally implemented during the year under review and the progress of 52 activities relating to 21 farms and 07 projects had been at lower level from 2 per cent to 49 per cent.
- (b) No information whatsoever had been included in the Annual Performance Report on 195 activities relating to 30 farms and 10 projects incorporate in the Action Plan.

4.2 Operating Activities

The following observations are made on the Wellard Project implemented by the Board.

- (a) The Board had obtained loans totalling Rs.4,309,906,474 comprising Rs. 1,655,141,576 obtained in the year 2011 under the stage 1 according to the agreement dated 19 August 2010 entered to the with the Wellard Rural Exported Pvt. Company and Rs.2,654,764,898 obtained in the year 2015 under the II stage according to the agreement dated 24 July 2014. Although it had been stated in the financial statements that the interest totalling Rs.52,956,140 up to the year 2015 should be paid to the General Treasury in the settlement of loan, only a sum of Rs.12,000,000 in the year 2014 and Rs.9,000,000 in the year under review had been settled.
- (b) Without conducting a feasibility study, a sum of Rs.2,654,764,898 had been spent for the import of milch cows under the second stage of the Wellard Project during the year under review and guarantee certificates and the quality assurance for the relevant supplies and the services could not be observed in audit.



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(c) As 2,495 cows imported under the above project at a cost of Rs.1,082,807,545 on 13 July and 12 October of the year under review had not been insured, the death of 133 cows with the imported value of Rs.57,720,803 by 30 May 2016 had resulted in a loss to the Government by that amount.

(d) According to the minutes of the inaugural meeting of the Wellard Project dated 20 June 2013, the Civil Engineer had stated that the prices of the constructions carried out in Sri Lanka were high as compared with the standard rates of Sri Lanka, whereas the Board had not paid an adequate attention in that respect. It was further observed by the matters such as incompleteness of the specifications prepared relating to the constructions and the purchases and the substandard level of the quality of those activities. Further, any details and documents had not been furnished to audit for the establishment of payments of Rs.552,833,123 made for the constructions and supplies and the following observations are further made in this connection

(i) According to the project estimate, a sum of Rs.12,251,651 equivalent to USD 90,125.43 had been allocated for the construction of a gravel road of 5 kilometers in length of which the width had not been indicated. The width and the length of the road constructed according to the standard rates had been 3 meters and 4.9 kilometers respectively and the cost for 4410 cubic meters was Rs.1,450,228. Nevertheless, a sum of Rs.12,037,342 had been paid therefor and as such, a sum of Rs.10,587,114 had been overpaid.

(ii) Any information on the repairs of buildings/huts had not been stated in the specification and USD. 1,114,888.89 had been allocated therefor. Fabrication of 600 cattle pens with the use of 1''x 2'' timber (indurable), replacement of new sheets for the damaged asbestos sheets, installation of several electric fans and construction of a concrete bunker only had been done and a sum of Rs.146,161,872 had been paid to that company for that purpose.

(iii) According to the rates charged for the motor vehicles owned by the Board, although the average cost required for the transport of 2500 dairy cattle for a distance of 38 kilometers from the Hambantota Port to Ridiyagama Farm was Rs.570,000, a sum of Rs.35,419,847 equivalent to USD. 260,555 had been



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estimated therefor. Although the amount required to be spent for the transport of 2495 dairy cattle using the motor vehicles of the Board was Rs.568,860, an overpayment had been made thereon as Rs.33,417,187.

(iv) Under this project, USD.100,000 had been allocated for the human resources development and the Board had reimbursed a sum of Rs.13,193,449 equivalent to USD.95,000 to the Wellard Rural Exported (Pvt.) Company as at 31 December 2015. It was observed in audit that the above money had been reimbursed without establishing that expenditure incurred on the trainings and foreign tours given in relation to the said expenditure had been actually borne.

(v) Although USD.31267 had been allocated for 6 agrarian wells according to the specification of the project, only one agrarian well and 2 tube wells had been constructed. Accordingly, the amount payable was USD. 15,633, whereas Rs.4,110,523 equivalent to USD 29,703 had been reimbursed. As such, Rs.1,947,147 equivalent to USD.14,070 had been overpaid.

(e) According to the agreement entered into between the National Livestock Development Board and the Wellard Rural Exported (Pvt.) Company, the imported dairy cows should be the animals with 2 to 6 months pregnancy. Nevertheless, it had been stated that 142 animals out of 2500 imported animals had not been pregnant and out of that 79 animals had not become pregnant up to the date of audit on 30 May 2016, even after a lapse of 06 months from the date of purchase. Accordingly, it was observed that the expenditure of Rs.34,285,289 incurred on that animal had been a fruitless expenditure.

(f) In the process of impregnation of the dairy cows for the second time that had stopped producing milk from 25 days to 190 days after its first pregnancy (The average milking period is 300 days), the number of periods that the normal artificial insemination process should be successful is 1 to 2. Nevertheless, the number of imported cows that had not become pregnant despite being artificially inseminated for 4 to 8 times exceeding the above limit by 03 July 2016 was observed to be 260 cows. This had exceeded 10 per cent of the imported cows. Accordingly, it was observed that a benefit had not received in commensurate with the money spent on those animals.



- (g) By stating that the 2000 dairy cattle imported in the year 2012 with the objective of increasing per capita milk consumption under the first stage had successfully adapted to the local environment, 2500 dairy cattle had been imported under the second stage during the year under review. According to the report of feasibility study conducted relating to the import of dairy cattle, the average volume of milk anticipated from one imported dairy cow had been estimated as 20 liters per day. Nevertheless, the average volume of milk yielded from the cows imported under the first stage in the year 2012 had been 11 liters per day while it was 12 liters per day from the cows imported under the second stage in the year 2015 by December 2016. Accordingly, it was observed that the expected milk production was not taking place from this project.

4.3 Management Activities

The following observations are made.

- (a) The following observations are made on the failure in recovering loan balance of Rs.19,382,257 due from the brokers of the coconut sales as a result of not taking action in terms of the rules issued by the Coconut Development Board in the coconut auctions conducted by the Authority.
- (i) Debtors balance of Rs.19,382,256 receivable for the sale coconut as at 31 December of the year under review had included unidentified balances of Rs.2,690,396 older than 3 years and less than 5 years and legal action had been instituted only for the recovery of Rs.5,821,542. Action had not been taken adequately for the recovery of the balance of Rs.4,719,346 older than 05 years.
- (iii) Legal action had not been taken for the recovery of fine amounting to Rs.4,524,254 computed and accounted according to the Section 24 of the rules referred to above since a period from 04 years to 10 years and the Board had continuously provided coconuts for those brokers.
- (b) As feasibility study had not been conducted before the opening of trade stalls relating to the Milk Project, out of 115 trade stalls commenced in the year 2002, the number of trade stalls remained in operation by the end of the year



under review was 43. Losses amounting to Rs.2,832,709 had been sustained from 21 trade stalls.

- (c) The management had not taken action to vest in the Board the ownership of the land on which the Ridiyagama Farm was maintained from the year 1992.
- (d) The interest free loan amounting to Rs.50,000,000 obtained from the General Treasury in the year 1992 for the Ambewela Farm had not been settled at the time of privatization of the Farm on 03 October 2001 and no future arrangements had been made for the settlement of the loan even up to 31 August 2016.

4.4 Transactions of Contentious Nature

A sum of Rs.37.55 million had been granted to the Board on 28 June 2007 under the re-awakening of the East programme to create a Revolving Fund for a Maize Project, on a land in Kanthale with an extent of 1,000 acres where sugarcane was cultivated. Due to the failure of the Project, the balance of Rs.17,549,342 remained in the Revolving Fund on 11 September 2011 should be refunded to the General Treasury in terms Cabinet Decision dated 20 June 2007. Without doing so, only a sum of Rs. 13,295,637 of that had been deposited in fixed deposits.

4.5 Idle and Underutilized Assets

It was observed at the end of the year that 45 houses of the Board situated in farms and pointed out by audit from the year 2012 had remained idle without being utilized.

4.6 Commencement of Projects on the lands/properties not properly vested

Without being properly vested the ownership of the lands belonging to 24 farms maintained since years 1974 and 1992, the Board had constructed buildings valued at Rs.174,695,645 and structures valued at Rs.667,853,151.



4.7 Staff Administration

Without obtaining the approval of the Cabinet of Ministers in terms of Paragraph (i) and (iv) of the Public Administration Circular No.9/2007 (1) D.dated 24 August 2007 and without following the provisions of the Consultancy Services Procurement Guidelines issued on November 2007, 5 persons including 4 persons older than 60 years of age had been recruited as Consultants on contract basis during the year under review. The Terms of Reference had not been given to the other Consultants except for the Veterinary Consultant from among the Consultants thus recruited. Further, without establishing the performance reports and the attendance registers of the Consultants, a sum of Rs.1,305,665 had been paid as allowances during the year under review.

4.8 Market Contribution

According to the information of the Department of Census and Statistics, the total milk production of the country amounted to 374,443,200 liters during the year under review and out of that the milk production of the National Livestock Development Board was 11,040,015 liters. Accordingly, the contribution of the Board for the milk production was only 3 per cent.

5. Accountability and Good Governance

5.1 Presentation of Financial Statements

Even though the financial statements should have been presented to the Auditor General within 60 days from the close of the year of accounts in terms of Section 6.5.1 of the Public Enterprises Circular No. PED/12 of 02 June 2003, the financial statements for the year under review had been presented to the Auditor General on 06 September 2016.

5.2 Corporate Plan

A Corporate Plan had not been prepared for the year under review in terms of Section 5.1 of the Public Enterprises Circular No. PED 12 of 02 June 2003 and Paragraph 5 of the Public Finance Circular No.01/2014 of 17 February 2014.



5.3 Action Plan

Even though an Action Plan should have been prepared for the entire institution including the commercial activities expected to be performed in the ensuing financial year based on the Corporate Plan in terms of paragraph 5(2) of the Public Finance Circular No.01/2014 of 17 February 2014, the Action Plan for the year under review had been prepared without including the activities of the Head Office of the Board and other 4 projects.

5.4 Procurement and Contract Process

Proper approval had not been obtained by preparing estimates relating to the clearance of jungles and without calling for quotations for the clearance of a land with an extent of 460 acres, the contracts had been awarded at the rates of Rs.2,000 to Rs.16,750 per acre devoid of transparency in 3 instances.

5.5 Unresolved Audit Paragraphs

The following observations are made.

- (a) A sum of Rs.80,604,253 spent in the year 2013 by the Wellard Milk Cow Project operated on foreign bank loans and accounted as capital expenditure under the Menik Palama Farm had been written off against the accumulated income as a revenue expenditure in the year 2014. The reasons for writing off this expenditure as a revenue expenditure and any evidence for the establishment of that expenditure had not been made available to audit even up to 20 December 2016.
- (b) The Board had not taken action to evacuate the unauthorized occupants resided in 70 houses of the farms belonging to the Board.

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.

Area of Systems and Control	Observations
(a) Farms Sales Control	<div><div>(i)</div><div>In issuing milk of the Ridiyagama Farm by bowsers a copy of the issuing order had not been given to the Security Guard in a manner enable to check the same and confirmation had not been made that the copies given to him had been checked.</div></div> <div><div>(ii)</div><div>Issuing orders had been issued without following the Serial No. order and without proper authority.</div></div> <div><div>(iii)</div><div>The number of the seal used in the bowsers had not been indicated in the issuing order.</div></div> <div><div>(iv)</div><div>Money had been obtained by stating the sales of the farm according to the bill prepared by the institution that purchased milk as per the volume of milk received, instead of issuing bills for the sale of milk.</div></div>
(c) Farms Stock Control	<div>Stocks of drugs had been issued without proper written approval.</div>
(d) Farms Accounts Control	<div><div>(i)</div><div>Journal vouchers had not been submitted together with the accounts of the farms.</div></div> <div><div>(ii)</div><div>An identical accounting policy had not been followed for accounting transactions of the farms and preparing financial statements.</div></div> <div><div>(iii)</div><div>Bank reconciliations had not been prepared correctly.</div></div> <div><div>(iv)</div><div>The items of the financial statements of the farms had not been tallied with the balances of the relevant trial balance. (Existence of differences)</div></div>

(e) Projects Sales Control	All the activities such as making orders relating to the milk due to be sold under the Milk Project, preparation of issuing orders, receiving of goods, preparation of bills for delivering out had been carried out by a single officer.
H.M. Gamini Wijesinghe Auditor General	
Sgd./ H.M. GAMINI WIJESINGHE Auditor General	



*Human Resource Activities
for the year - 2015*

The activities of the Human Resources Division in 2015 below:

• New recruitment 2015

Veterinarians, Assistant Manager (Dairy Project), Assistant Manager (Procurement) of the officers have been recruited in 2015 to the posts.

Veterinarian	-	06
Assistant Manager (Dairy Project)	-	01
Assistant Manager (Procurement)	-	01

Cheque roll/ trainees on the basis of work, Management Assistant, Assistant Superintendent Estate, Field / veterinary assistant, driver, sales assistants, office assistants attached as employees / 13 present were permanent

Management Assistant	-	02
Estate Assistant Superintendent	-	03
Field / Veterinary Assistant	-	02
Drivers	-	04
Marketing Assistant	-	01
Office Assistant	-	01

• Efficiency Bar Examination 2015

Conduct Inter Series Efficiency Bar Examinations to provide and promotions for permanent status.

Welfare 2015

1. Establishment of Ethics and Conduct amity Buddha Shrine on 02 April 2015.
2. Conduct an annual get-together at Kiribathgoda Clarion Hotel 2015/12/28.
3. Implementation of dengue prevention programs.
4. Organized a Posen Dansala at the main office premises on 2015/06/03.

	Training/Workshop	Date	Presenter
1	Training Seminar on ‘Government property damage losses	12-Feb-15	5
2	Workshop on “Basic Procurement Procedure“	31-Mar-15	1
3	Training Seminar on “ "State property insurance"	20-May-15	1
4	The Asian Chief Audit Executive Leadership forum 2015	1-Jun-15	2
5	Training Seminar on "Disciplinary Procedure"	10-Jun-15	2
6	Workshop on "Positive Thinking....."	16/17-Jun-15	2
7	Workshop on " To improve productivity	29/30-Jun-15	4
8	Workshop on "Transport Management"	22-Jul-15	1
9	Workshop on "Governance Office Equipment"	14/15-Sep-2015	2
10	Workshop on "Final Statement (Final Accounts)	29-Sep-15	5
11	Tender Procedure , Bid Evaluation & Procurement procedures	20-Oct-15	46 from all farms
12	Office Administration & Filling System	28-Oct-15	53 from all farms
13	Office Administration & Filling System	11-Nov-15	70 from all farms
14	Tender Procedure , Bid Evaluation & Procurement procedures	19-Dec-15	46 from all farms



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தேசிய கால்நடை வள அபிவிருத்தி சபை
National Livestock Development Board



නො: 40, නාවල පාර, නාරාහේන්පිට, කොළඹ 05
இல. 40, நாவல வீதி, நாராஹேன்பிட்டி, கொழும்பு 5,
No: 40, Nawala Road, Narahenpita, Colombo 05