

Sri Lanka Land Reclamation & Development Corporation

**Annual Report &
Accounts for the year
2014**

Ministry of Megapolis and Western Development

VISION

To be the leader in creating and managing flood free eco friendly environment and pollution free water bodies.

MISSION

Providing engineering services in storm water drainage, wetland management and infrastructure development to upgrade the living standard of people through a highly competent and motivated workforce.

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General Manager's Message

The year 2014 was yet another remarkable year for the Sri Lanka Land Reclamation & Development Corporation due to many reasons. Corporation was able to become one of the successful and profitable organisations under the Ministry of Defence and Urban Development. This progress was achieved within the year 2014 was mainly due to the opportunities we could utilise and the commitment and hard work of the management and the staff of SLLRDC.

The total turnover during the year 2014 was Rs.3276 Mn (including Treasury Grant of Rs.1608 Mn) compared with Rs 2503 Mn (including Treasury Grant of Rs.1025 Mn) in the previous year 2013. The net profit before tax in 2014 is Rs.439 Mn compared with the profit of Rs.118 Mn in the year 2013. The net profit after tax in 2014 is Rs 354 Mn compared with the profit of Rs.104 Mn in the year 2013. Gross Profit of the Corporation has increased by 28% in year 2014 compared to the previous year.

Remarkably income from the construction projects achieved its highest performance compared with the previous years, reporting to an amount of Rs.936 Mn a 53% increase compared with the previous year 2013. Construction of multi storied buildings at Salamulla and Mayura Place at Wellawatta for urban regeneration project for City of Colombo, are some of the important construction projects the Corporation completed successfully.

Corporation initiated Weras Ganga basin development project at a cost of Rs. 14,227 Mn in order to prevent the flooding of many areas including Dehiwala, Mt. Lavinia, Bellanwila and Rathmalana. In the area of flood controls this is one of the biggest projects the Corporation has undertaken without the active involvement of any foreign institutions. Corporation has already completed the improvements of the public utilities in the Bellanwila sacred area which is a part of this project.

In the Colombo city beautification programme, Corporation was actively involved in many areas such as canal and road developments. In all key areas of operations the Corporation has improved its overall productivity, efficiency and profitability thus achieving the objectives of the Corporation in the year under review.

Corporation has significantly contributed for Sri Lanka's economy as a strategic partner for the sustainable infrastructure development and eco-friendly environments using engineering excellence and resources in accordance within the ethical frame work of the Corporation.

Finally I would like to take this opportunity to express my sincere gratitude to the Secretary and other officials of the Ministry of Defence and Urban Development, Chairman, Board members of SLLRDC, members of the senior management and the staff of SLLRDC, the officials of the other organisations under the purview of the Ministry of Defence and Urban Development, Sri Lanka Navy, Sri Lanka Army, Civil Defence Force, our suppliers, contractors and all the other stake holders who helped us in numerous ways to make the year under review a success.

M A S M K Senadheera

General Manager

27.02.2015

Corporate Information

Board of Directors

Board of Directors as at 31.12.2014

Mr. L A P Harshan de Silva	Chairman Sri Lanka Land Reclamation & Development Corporation
Mr. Rohan Seneviratne	Director Additional Secretary Ministry of Defence and Urban Development
Mr. Nimal Perera	Chairman Urban Development Authority 'Sethsiripaya' Battaramulla
Eng. (Mrs) Badra Kamaladasa	Ex-officio Director General of Irrigation Department of Irrigation
Mrs. K D R Olga	Treasury Representative Director Dept. of Public Finance General Treasury.
Mr. Dhammika Attygalle	Director Group Director - Upali Group of Companies
Captain H S Balasuriya	Director Deputy Director Naval Civil Engineering (Special Projects) Sri Lanka Navy
Mr. Saman Galappatthi	Director Attorney-at-Law
Mr. V Kurukulasuriya	Director General National Physical Planning Department

Corporate Information (Contd.,)

Legal Status

Sri Lanka Land Reclamation and Development Corporation formerly known as the Colombo District (Low Lying Areas) Reclamation and Development Board, was incorporated by Act of Parliament No.15 of 1968. By amendment Act No.27 of 1976 the objects of the Corporation were widened. Amendment Act No.52 of 1982 changed the name of the Board to Sri Lanka Land Reclamation and Development Corporation and widened its area of authority to cover the entire country. The Act was further amended by Act No.35 of 2006 empowering the Corporation to take legal action against unauthorized filling and pollution of water bodies.

Head Office

No. 3, Sri Jayawardenapura Mawatha
Welikada
Rajagiriya.

Auditors

Auditor General
Auditor General's Department
306/72, Polduwa Road
Battaramulla.

Legal Advisor

Attorney General
Attorney General's Department
Hulftsdorp,
Colombo 12.

Bankers

Bank of Ceylon
People's Bank

Corporate Information (Contd.,)

Senior Management Team

01.	Ms. M. A. S. M. K. Senadheera	- General Manager
02.	Mr. K. Rajapaksha	- Additional General Manager (Technical)
03.	Mr. W. S. Ariyasinghe	- Additional General Manager (Implementation)
04.	Mr. G. S. M. Abeysekara	- Deputy General Manager (Plant & Equipment)
05.	Mr. T. B. Chandrasekara	- Deputy General Manager (Human Resources Development)
06.	Ms. R. I. Silva	- Deputy General Manager (Finance)
07.	Mr. R. C. Fernando	- Deputy General Manager
08.	Mr. C. B. Amarasinghe	- Deputy General Manager (Research & Design)
09.	Ms. P. Hemalatha	- Deputy General Manager (Lands & Marketing)
10.	Mr. S. P. Muthumala	- Deputy General Manager (Drainage & Reclamation)
11.	Mr. Y. P. C. De Silva	- Deputy General Manager (Construction)
12.	Mr. J. A. P. K. Jayasinghe	- Deputy General Manager (Internal Audit)
13.	Ms. A. H. Thushari	- Deputy General Manager (Special Projects)
14.	Mr. N. S. Wijerathna	- Deputy General Manager (Wet Land Management)
15.	Mr. S. D. Dharmarathna	- Deputy General Manager (Supplies)
16.	Ms. G. T. D. J. Amarasinghe	- Chief Legal Officer
17.	Ms. L. C. G. Soysa	- Assistant General Manager (Wet Land Management)
18.	Ms. P. M. P. Wijerathna	- Assistant General Manager (Research & Design)
19.	Mr. K. I. Kahawita	- Assistant General Manager (Special Projects)
20.	Ms. S. N. Gamage	- Assistant General Manager ((Drainage & Reclamation)
21.	Mr. G. Jayawardana	- Assistant General Manager (Mechanical)
22.	Mr. R. M. N. D. Rathnayaka	- Assistant General Manager
23.	Mr. W. H. Keerthirathna	- Assistant General Manager
24.	Mr. O. V. W. R. Gunathilaka	- Assistant General Manager
25.	Ms. A. B. N. Sahabandu	- Assistant General Manager (Finance)
26.	Mr. K. D. Andra	- Assistant General Manager (Lands & Marketing)

OPERATIONAL REVIEW

Drainage and Reclamation Division

TREASURY GRANTS PROJECTS

Special Flood Mitigation Projects

The Government of the Democratic Socialist Republic of Sri Lanka (GOSL) has placed great emphasis on the improvement of the storm water drainage systems in and around the city of Colombo, in order to ensure a better quality of life and economy since this is a densely populated area.

The Greater Colombo area, including Colombo, which is the commercial hub of Sri Lanka and the four surrounding local authority areas have been vulnerable to floods, as most of its area consists of low-lying land.

Major causes of flooding are different from place to place. However always they contain any of the following:

- Non availability of the storm water drainage system
- Under-size of the Storm water drainage system, or malfunction of the system on account of inadequate maintenance on it
- Shallow river bed, narrowed width (in case of the natural stream)
- Low ground elevation

On the directions of the Ministry of Defence and Urban Development, the Sri Lanka Land Reclamation and Development Corporation initiated several medium term measures to mitigate flooding in and around Colombo. Water retention facilities around the Waters' Edge, Rampalawatta, Thalawathugoda and as well as the Greater Colombo area were widened with dredging and drainage improvement. These projects included cleaning of existing canal system, dredging and improving of flood retention areas, creating water retention lakes and controlling haphazard filling of low lying lands etc.

The total treasury allocation for the above work is Rs. 1500 million for year 2014 and total value of work done for the year is Rs.1512.74 million. Our corporation has carried out following drainage improvement projects under the special flood mitigation works.

- 1.0 Drainage Improvements and Landscaping work in and around Bloemendhal, Mattakkuliya, Crow Island area and its surroundings
- 2.0 Drainage Developments, Flood Control & Urban Landscaping Improvements in and around Mudun Ela, Peliyagoda, Oliyamulla, Kelaniya and Kiribathgoda area and its surroundings
- 3.0 Flood Mitigation Works and Improvement of Landscaping works along Kittampahuwa Canal, Kolonnawa, Meethotamulla, Mulleriyawa and Angoda area and its surroundings
- 4.0 Flood Mitigation and Landscaping Works in and around Bolgoda Canal and its surroundings
- 5.0 Flood Control, Environment Improvement, Landscaping Works in Parliament Upper Catchment and its surroundings
- 6.0 Drainage Improvements and Urban Development along Heen Ela marshy area, Pagoda area and its surroundings including Kirulapone - Heen Ela bifurcation

- 7.0 Dredging and Rehabilitation works to Beira Lake canal inlets & outlets around the whole area of the lake
- 8.0 Drainage improvements in and around Maligawatta, Applewatta area and its surroundings
- 9.0 Dredging and Rehabilitation of Lunawa Canal network, Lunawa Lake and its surroundings
- 10.0 Protection and improvements of water retention areas in order to facilitate retention capacity by creating lakes, ponds and dredging of peripheral canals
- 11.0 Flood Mitigation & Storm Water Drainage Projects outside Colombo District

The above project activities are described below.

1. Drainage Improvements and Landscaping Work In and Around Bloemendhal, Mattakkuliya, Crow Island area and its Surroundings

By implementing drainage improvements and landscaping work in these areas, flood damage has been minimized and improved the living standards of the people and up grading of their quality of life. In addition Crow Island area has been developed as a tourist attraction.

Total estimated cost of this project is Rs.125.00 million and the total value of work done for year 2014 is Rs. 125.07 million.

Under the above project we have completed the following works.

- Development of Crow Island Canal
- Dredging of Kimbula Ela
- Development of Main Drain connection canals
- Flood Control, Environment Improvement, Landscaping Works in and around Colombo Northern area



Project Location Map



Crow Island Lake (Before)



Crow Island Lake (After)

2. Drainage Developments, Flood Control & Urban Landscaping Improvements In and Around Mudun Ela, Peliyagoda, Oliyamulla, Kelaniya And Kiribathgoda Area and It's Surroundings

The Mudun Ela, Kelaniya and Peliyagoda area has been inundated during heavy storms for many years. This is mainly due to haphazard development that has taken place over the years, with the rapid development in Colombo and its surrounding area. Being in close proximity to the city of Colombo as well as to the International Air port at Katunayaka, Colombo-Katunayaka Expressway, this zone has a high commercial and industrial value. Therefore by implementing drainage improvements in these areas, some of the lands can be developed with proper drainage system and also minimize flooding.

Total estimated cost for this area is Rs.150.00 million in year 2014 and value of work is Rs.150.12 million.

Under the above project we have completed the following works.

- Clearing of Canals along the Colombo - Katunayake Expressway area and its surrounding
- Clearing of Canals in and around the Peliyagoda area
- Development of Canal at Henamulla
- Dredging of canal at Mudun Ela
- Dredging of Heiyanthuduwa South Lake & Canal
- Maintenance of Wedamulla Lake & Canals
- Dredging of Manelwatta Viharaya Lake
- Formation of periphery canal around Muthurajawela marshy area
- Proposed Jogging Track at Makevita, Ja-Ela
- Drainage improvement & urban landscaping works around Peliyagoda area



Manelwatta Temple – Kelaniya (Before)



Manelwatta Temple – Kelaniya (After)



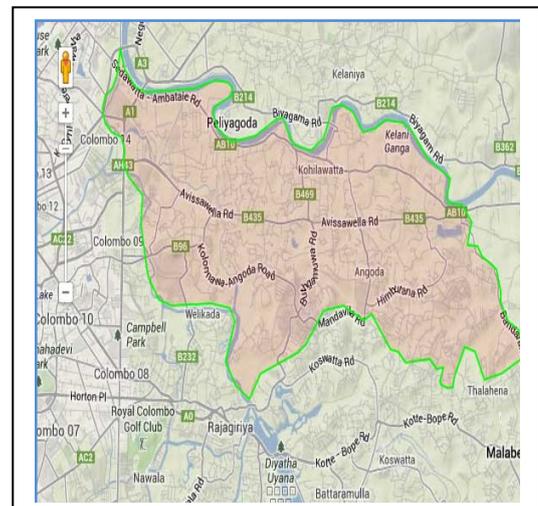
Wedamulla Lake (Before)



Wedamulla Lake (After)

3. Flood Mitigation Works and Improvement Of Landscaping Works Along Kittampahuwa Canal, Kolonnawa, Meethotamulla, Mulleriyawa And Angoda Area and It's Surroundings

This is a continuation of the project for year 2014 and total estimate is Rs 200.0 million. The total value of work done for year 2014 is Rs. 200.23 million. Canal system in and around Kittampahuwa, Kolonnawa, Meethotamulla, Mulleriyawa and Angoda areas have been silted and covered with heavy growth of several surface weeds. Due to this, these areas inundate during rainy season. Therefore by implementing drainage improvements, surface clearing of canals, landscaping work etc. in these areas, flooding has been minimized and it is beneficial to improve the living standards of the people living in the areas.



However, the existing main and secondary canals which do not come under the purview of any organization and thus not being improved by any organization, has resulted in many minor flooding problems due to unavailability of canals capacity and links of the canals to system. In order to relieve of this problem it is necessary to improve these secondary canals and link canals.

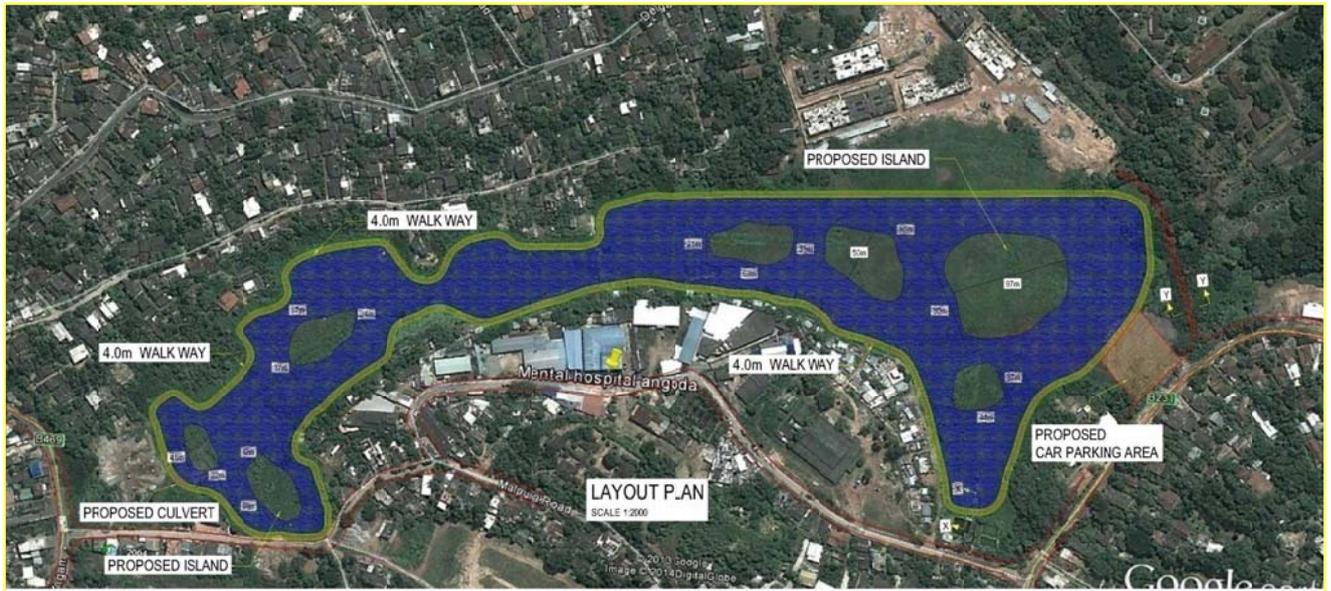
This area has high commercial value and also a residential area being in close proximity to the Colombo city. There is a high demand for land in urban areas with more people coming from the suburbs. Therefore by implementing drainage improvements and urban landscaping work it is beneficial to the people living in and around these areas.

Under the above project we have completed the following works.

- Development of Canal Network in and around Kolonnawa area
- Proposed walk path along the Chandrika Kumaranathunga Mawatha
- Dredging of landscaping work around Angoda lake area
- Proposed Gabion wall, box culvert at Salamulla Housing Project
- Canal protection works at Colombo north area
- Landscaping works in Kittampahuwa area



Proposed walk path along the Chandrika Kumaranathunga Mawatha



Development works at Angoda area

4. Flood Mitigation And Landscaping Works In And Around Bolgoda Canal And Its Surroundings

Bolgoda Canal is one of the major canals in the Colombo Canal System. Main purpose of this project is to minimize the flood effect, prevention of unauthorized activities enhancement of conveyance capacity of canal and protection of retention areas. Improving surrounding area, will facilitate to keep this canal clean.

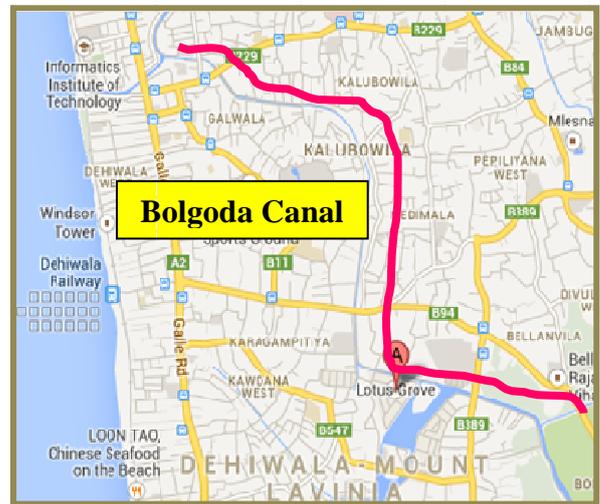
Total estimated cost of this project for the year is Rs.100.00 million and total value of work done is Rs. 100.23 million.

Under the above project we have completed the following works.

- Development of Water Bodies in and around Attidiya area
- Development of Public space & urban landscaping area
- Dredging of canal inside the Air Force Base at Ratmalana
- Proposed bank protection Gabion wall at Buddhist Girl's College, Mount Lavinia
- Canal bank protection Gabion wall along Bolgoda canal



Attidiya area



Attidiya Lake III



Attidiya Lake II

5. Flood Control, Environment Improvement, Landscaping Works In Parliament Upper Catchment And Its Surroundings

Main purpose of the project is to mitigate floods in parliament premises and its surroundings and to conserve the wetlands in upper catchment by improving the environment for Green City concept. The unprecedented floods of 11th November 2010, where even the Parliament was inundated revealed that the retention capacity of the Parliament Upper Catchment is not adequate. This project has been implemented to protect inundation of the surroundings.

Total estimated cost of this project for the year is Rs.150.00 million and total value of work done is Rs. 156.00 million.

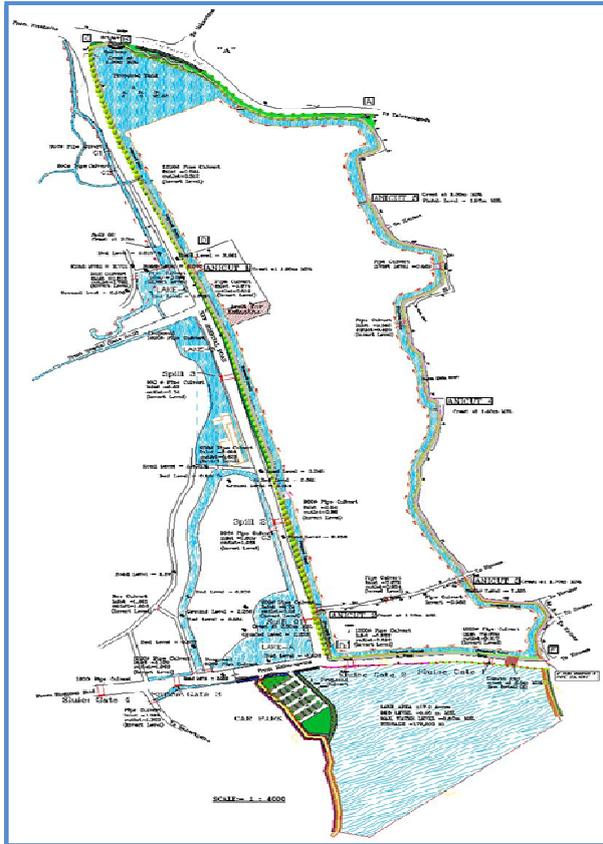
Under the above project we have completed the following works.

- Development of drainage network and landscaping work in and around Kimbulawala
- Restaurant for "Api Wenuwen Api" and Kimbulawala Car Park for the Restaurant
- Play Ground area at Pelawatte
- Foot Path & Landscaping work at Diyatha Uyana, Battaramulla
- Car park along Polduwa road at Battaramulla
- Improvements at Sarana Mawatha Canal - Rajagiriya
- Dredging of Pond at Pelawatta - Akuregoda
- Development of Drainage network and landscaping work in and around Parliament Upper Catchment area
- Development of Water Retention Lake and its surroundings at Water's Edge
- Car Park & Drainage System at Kimbulawala
- Construction of Foot Path inside the land of Diyawanna Lake
- Dredging of Lake & Landscaping work at Rukmalgama Temple



Development Works in Waters Edge Area





Drainage Improvement & Landscaping works in Kimbulawela area



Proposed Lake at Damvijayaloka Viharaya at Rukmalgama



6. Drainage Improvements And Urban Development Along Heen Ela Marshy Area, Pagoda Area And Its Surroundings Including Kirulapone - Heen Ela Bifurcation

These marshy lands were acquired by SLLRDC to be kept as flood retention areas to protect Greater Colombo Area (GCA) from flooding. However, with time there have been encroachments and illegal land fillings and the original extent has reduced. Protecting these marshes from encroachment is becoming a heavy burden on SLLRDC. Therefore it has been proposed to implement this project so that while the main objective of protecting the marsh for flood control is upheld it is also a recreational area for the city dwellers.

Total estimated cost of this project is Rs.50.00 million and value of work done is Rs.50.10 million.

Under the above project we have completed the following works.

- Development of Heen Ela area at Nawala
- Development works in Kirulapone area



Heen Ela Marshy area

7. Dredging And Rehabilitation Works To Beira Lake Canal Inlets & Outlets Around The Whole Area Of The Lake

Several locations of Beira Lake and Inlets & Outlets connected to this Lake have been heavily silted. It has badly affected the maintenance work and various leisure activities in the lake and the canal system. Main purpose of the project is to de-silt and clean & improve water quality and maintenance work of the Beira Lake as well as the Inlets & Outlets connected to the Lake. In addition Canal at Uttarananda Mawatha also to be dredged and cleaned.

Total estimated cost of this project is Rs.100.00 million and value of work done is Rs. 100.11 million.

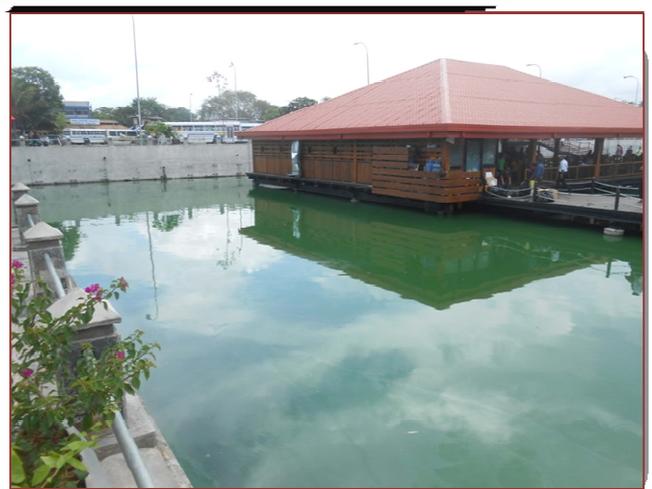
Under the above project we have completed the following works.

- Dredging of 4.1 Acs. of water body area
- Development works in Floating Market at Bastian Mawatha
- Proposed bank protection Gabion wall along Mahawatta, Dematagoda & St. Sebastian canals
- Drainage improvement works around Beira Lake area

Beira Lake



Kelani valley basin (Beira)



Galle Face Lake

8. Drainage Improvements In And Around Maligawatta, Applewatta Area And Its Surroundings

The Land called “Applewatta” functioned as a water retention area up to year 1992. But during last 20 years period it has become an unplanned heavily urbanized area without proper drainage and infrastructure. It is a highly commercial area, which is adjoining the “Kettaramaya International Cricket” Play ground. According to the vision of construction of proposed sky buildings in further development of this land and surrounding area it has benefitted to upgrade the living condition of the people in and around this area.

Minor canal system is not working properly due to silt and deposit of solid waste and it had affected the maintenance of the major canal system. Maligawatta, Applewatta, Kettaramaya and its surrounding areas have been inundated during heavy storms and it leads to damage people and their valuable properties. Flooding is mainly due to blockage of drain system by dumping garbage into the canals and haphazard development that has taken place over the years, with the rapid development in Colombo and its surrounding.

Under the above project we have completed the following work.

- Development of drainage network and landscaping work in and around Applewatta area

Total estimated cost of this project for the year is Rs.10.00 million and value of work done is Rs. 10.07 million. .



Maligawatta Canal

Appelwatta Canal



9. Dredging And Rehabilitation Of Lunawa Canal Network, Lunawa Lake And Its Surroundings

Lunawa Lake is in the south of the Colombo District covering 6.15 km from the Dehiwala-Mount Lavinia Municipal Council area in the North to the Moratuwa Municipal Council area in the South. The government in July 2000 launched the Lunawa Environment Improvement and Community Development Project with international funding, when the lagoon was heading for disaster.



Lunawa Lagoon and canal network was developed under this Project and SLLR&DC is maintaining the part of the main canal system.

Dredging and some of rehabilitation works to be done in and around the Lagoon area and part of the Main Canal System, as well. We have planned to clean the Lagoon and part of the Main Canal System to create a pleasant environment to the public, as a social responsibility.

Project proposal total estimate amounting to Rs 100.0 million was prepared to rehabilitate some parts of the main canal system and Lunawa lagoon and value of work done for year 2014 is Rs. 100.11 million.

Under this proposal SLLRDC dredged the main canals N-1 & N1-iii and maintenance work of the S-1 and S-2 canals and urban landscaping of the Lunawa Lagoon area.



S1 Canal



S2 Canal



N1 Canal



N1-III Canal

10. Protection And Improvements Of Water Retention Areas In Order To Facilitate Retention Capacity By Creating Lakes, Ponds And Dredging Of Peripheral Canals

These marshes have been identified as retention area to protect inundation of Greater Colombo Area. However due to unauthorized land filling the extent of these marshes have reduced. Therefore to protect from encroachment & also to create a recreational area for the public this project is implemented.

The population growth of the Colombo district is rapidly increased day by day. The retention areas are greatly reducing due to construction including illegal structures as well. The increment of intensity of the paved areas are effecting surface run off due to less infiltration that will evenly reduced due to higher ground water table. The lower latitude of Colombo district also directly influenced the flow rate of the storm water paths. The lesser gradient and garbage indirectly influences clogging of water path. The construction of storm water drainage system is somewhat difficult at present in these areas & development projects may take more time & cost rather than the originally designed and budgeted amount due to this unauthorized filling and structures.

Moreover, the retention areas that hold rainwater temporarily have been reduced by land-fillings for development activities and encroachment by the squatters making the city and the residents vulnerable to flooding. This project is implemented in order to protect from flooding & also to create a recreational area for the public.

Expected Qualitative Benefits in this project are as follows:

- To improve residential conditions by preventing frequent floods
- To prevent epidemics caused by floods
- To facilitate economic activities in and around the city by preventing flood damages
- To improve Living conditions by smooth drainage of storm water
- To reduce water stagnancy and presumed to contribute to reduction of water born diseases
- To improve the roads in the project area to better standard resulting smooth flow of traffic



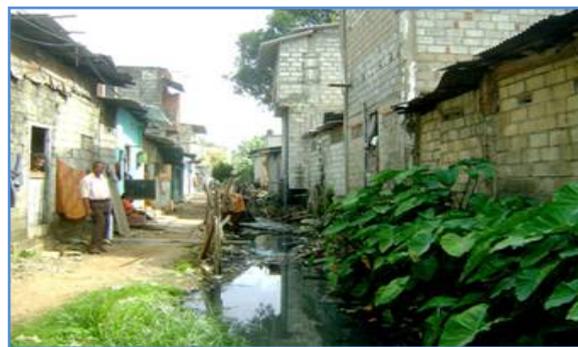
Total estimated cost for the year is Rs 75.0 million and value of work done is Rs. 80.63 million.

Major activities of this project,

- Removing of unauthorized fillings
- Demolishing and removing of unauthorized constructions
- Beautification works in the vicinity of water bodies to enhance recreational activities.
- Protect the existing marsh from further encroachment.
- Control of solid waste disposal, discharge of sewerage to prevent the water pollution
- Maintain required retention capacity and it cause to reduce flooding
- Protect wetlands and there ecosystem.
- Beautification work of surrounding for recreational activities
- Protect retention areas from unauthorized encroachments and fillings



Marshy Areas



Unauthorized Constructions

11. Flood Mitigation & Storm Water Drainage Projects Outside Colombo District

Main purpose of this project is flood mitigation in and around the Town development projects and rehabilitation of lakes such as “Kumbichchankulama Wewa - Anuradhapura”, “Thithawella Wewa - Kurunegala”, “Sooriyawewa – Hambantota, Jarawala, etc.

The objectives of this project are rehabilitation of lakes, desilting and dredging of the illegal filling done by the encroachers, construction of foot path along the lake bund and keeping the environment clean and create a better connection of the canal system related to development etc.

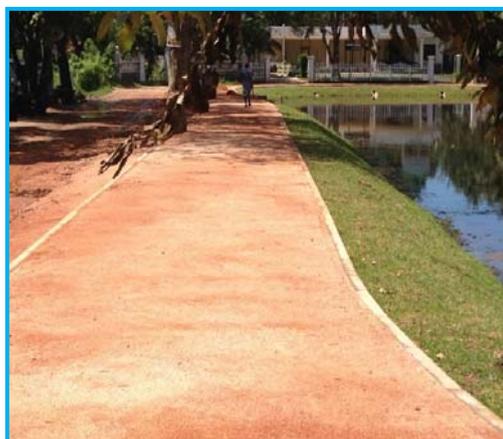
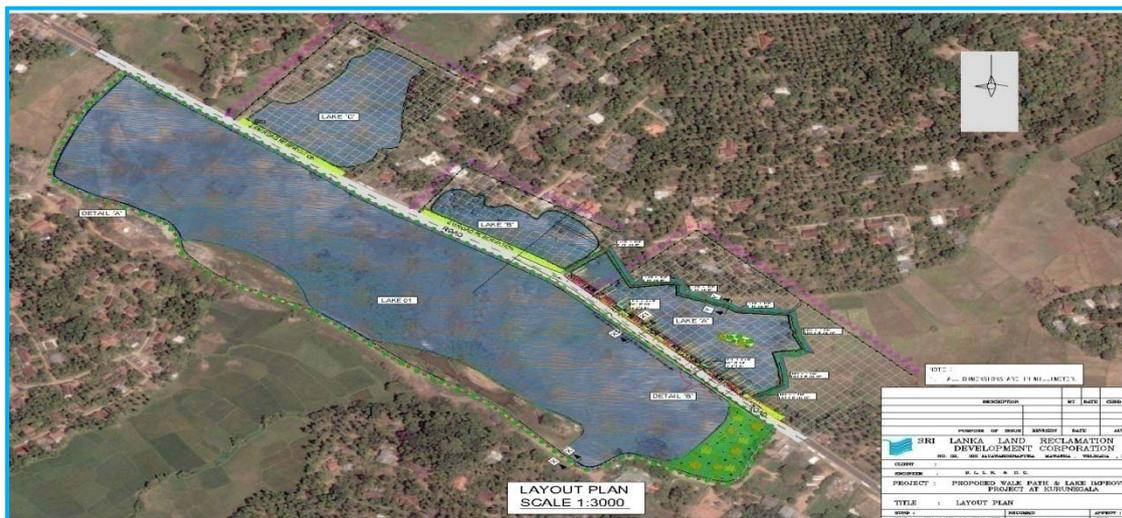
Other benefits of this project include, increase the capacity of lake and protect the surrounding area from further encroachment, beautification work in the vicinity of water bodies to enhance recreational activities, improve the existing canal systems and lakes due to the changes of town development filling and surrounding developments etc.

Total estimated cost of this project for the year is Rs.440.0 million and value of work is Rs. 440.09 million.

Under this proposal we have completed the following projects within year 2014.

- Development of Lake and landscaping work around Kurunegala Town Area
- Development of Kumbichchankulama Tank at Anradhapura
- Re-Development of existing lakes for Kothalawala Defence University at Sooriyawewa, Hambantota
- Construction of Proposed Gabion wall, Hume pipe culvert & Drainage system for Sri Pushparama Viharaya at Deniyaya
- Proposed Storm Water Drainage System - Town Development Project at Imaduwa
- Proposed Development work at Jaarawala area, Hambantota
- Construction of lakes & canals for Drainage system at Street Market, Hambantota
- Development of Proposed Pond at Pope Benedict XVI Cultural Center for Asia at Bolawalana
- Construction of Proposed Foot Bridge across Maa Oya sub canal at Puwakdeniya
- Construction of Proposed Walkway around the Organic paddy field at Kadurugas junction, Navinna - Kurunegala
- Development of Lake at Sri Sumangala Piriven Viharaya, Wariyapola
- Proposed drainage improvement work in Dutch canal at Galle Municipal Council

Development of Lake and landscaping work around Kurunegala Town Area



Development of Kumbichchankulama Tank at Anradhapura



Development of Proposed Pond at Pope Benedict XVI Cultural Center for Asia at Bolawalana

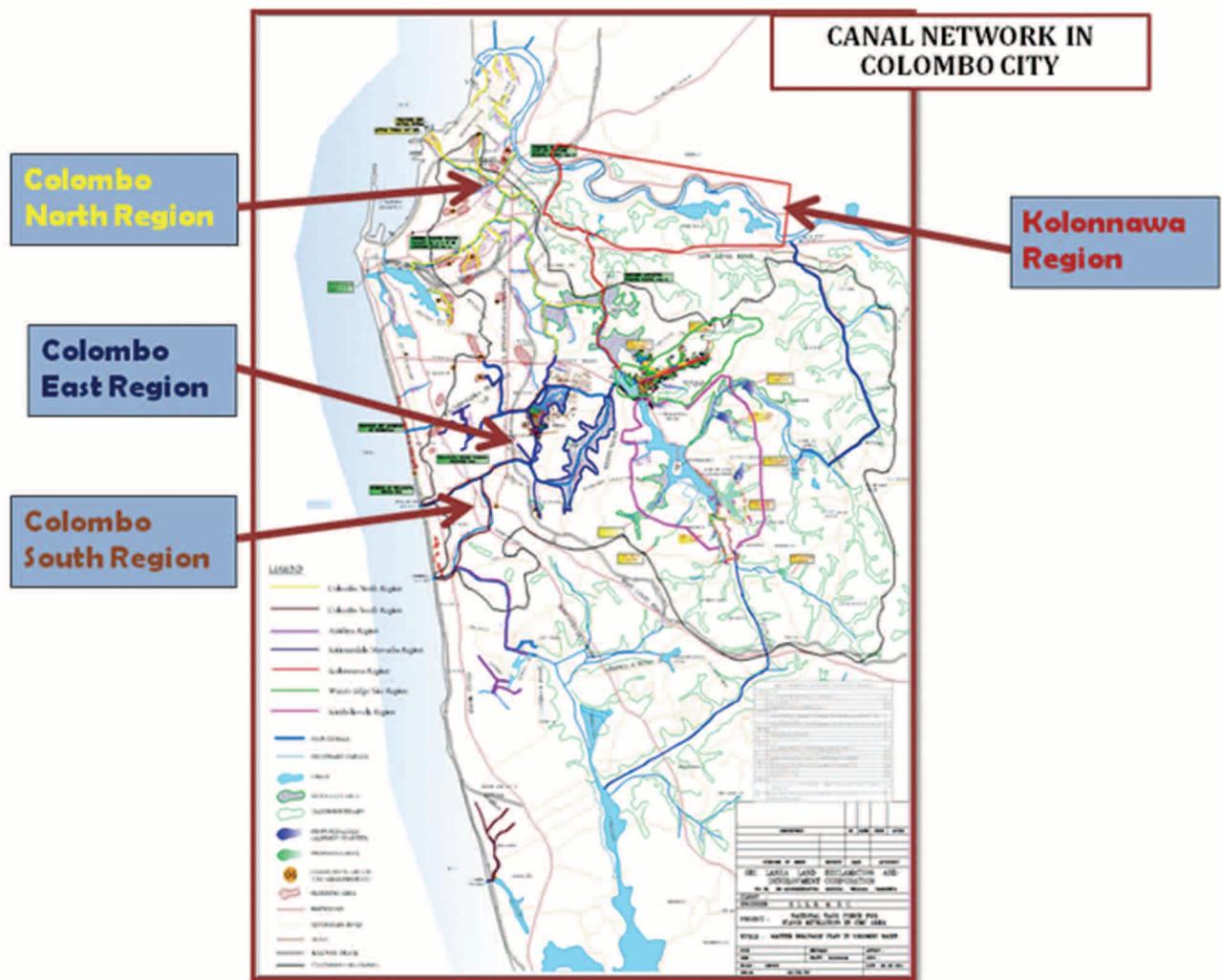


TREASURY GRANTS PROJECTS

Canal Maintenance Works

1. Maintenance Of Main Canals And Minor Canals In And Around Colombo
 - Maintenance of Main and Minor canals under Colombo North (Orugodawatta) Regional Office
 - Maintenance of Main and Minor canals under Colombo South (Kirulapone) Regional Office
 - Maintenance of Main and Minor canals under Colombo East (Kirimandala Mawatha) Regional Office

2. Maintenance of Hamilton Canal at Muthurajawela



The Main canal system in Colombo basin is almost a natural drainage system. The outfalls of the system are connected to the sea at Dehiwala and Wellawatta and one small outfall at Mutwal and two outfalls to the Kelani River at Nagalagam Street and in Ambatale. In addition, storm water is also discharged through the Beira Lake into the sea through its outfall.

Colombo's main roads get inundated even with 30 minutes of downpour causing traffic congestion and interrupting daily economic activities of the metropolitan.

Under the medium term measures to mitigate flood damage and to improve living conditions, the government will improve underdeveloped or old drainage systems in the most flood-affected areas of Greater Colombo.

The improvement of the main and secondary drain network for prevention of local floods will be done with the involvement of the Colombo Municipal Council and other relevant agencies to prevent localised flooding.

Therefore, the major components of the flood and drainage management in the Colombo city will soon be implemented to provide a total solution to the flood situation in Colombo not only making Colombo an attractive city, but a city resilient to floods under the Project.

The main canal system of Colombo city consisting of 45 km. length which was maintained by Irrigation Department was handed over to the Corporation in 1979 and rehabilitated under the Greater Colombo Flood Control & Environment Improvement Project Phase-I. Diyawanna Oya was converted to a lake in 1980 and the Corporation is responsible for maintenance.

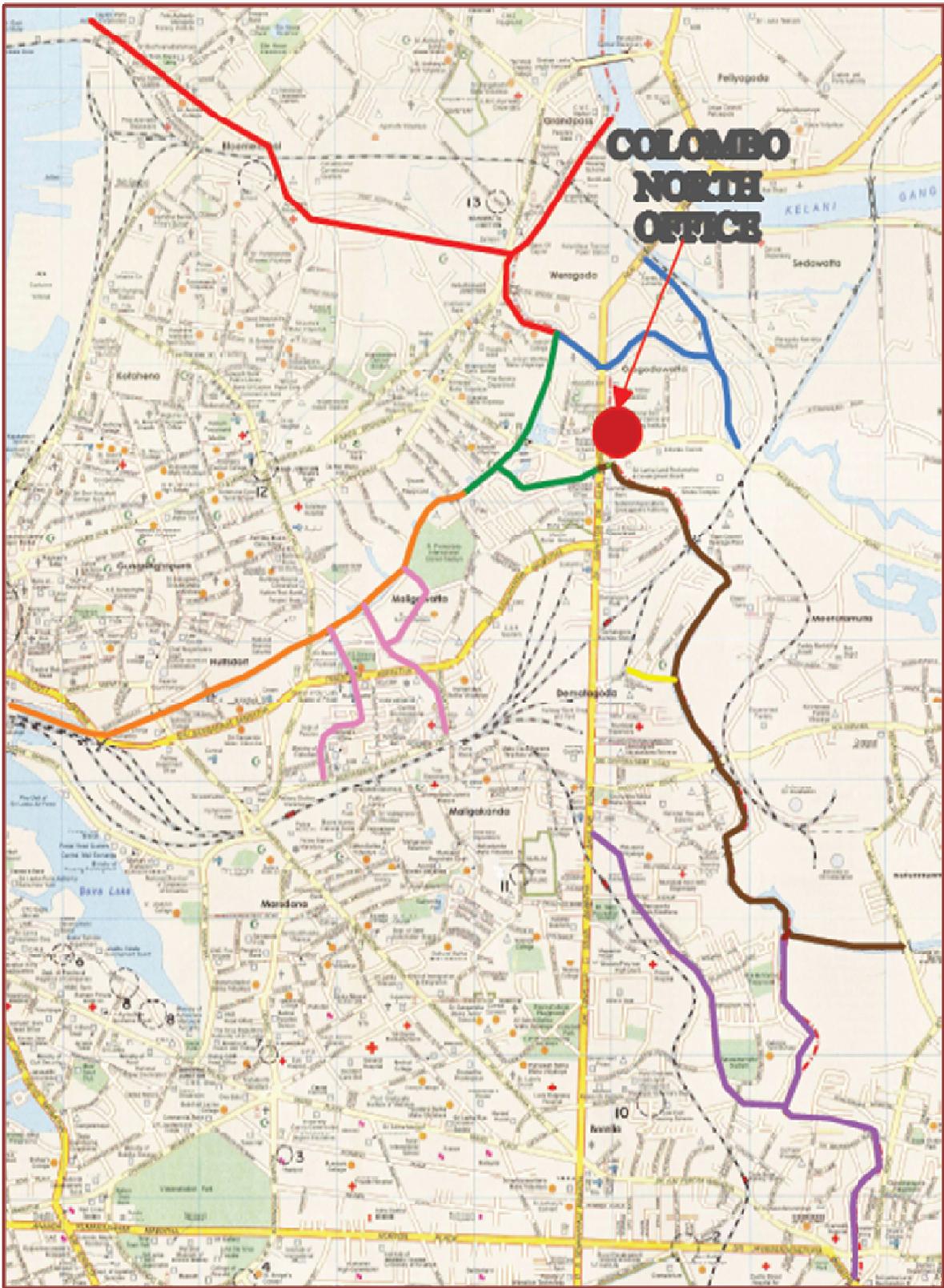
In addition, since year 2001 the Corporation has been entrusted with the maintenance of some minor canals within the Colombo city which is approximately 20 km in length.

The maintenance work of the Hamilton Canal was carried out (for the length of 14.5 km.) from Kelani Ganga upto Negombo lagoon.

The Corporation is maintaining four Regional offices at Orugodawatta (Colombo North), Kirimandala Mawatha (Colombo East), Kirulapone (Colombo South) and Muthurajawela. The maintenance of canals involve surface clearing, canal dredging, canal bank protection using gabion boxes. In addition to manual cleaning, Corporation deploys mechanical equipment such as dredgers, excavators, backhoes, tractors and tippers to dredge and clean the canals and embankments.

The Estimated cost for this project for the year is Rs. 369.20 million and value of work done is Rs. 433.22 million.

- **Maintenance Of Main And Minor Canals Under Colombo North (Orugodawatta) Regional Office**





Main Drain Canal



Dematagoda Canal



Mahawatta Canal



Main Drain Connection Canal

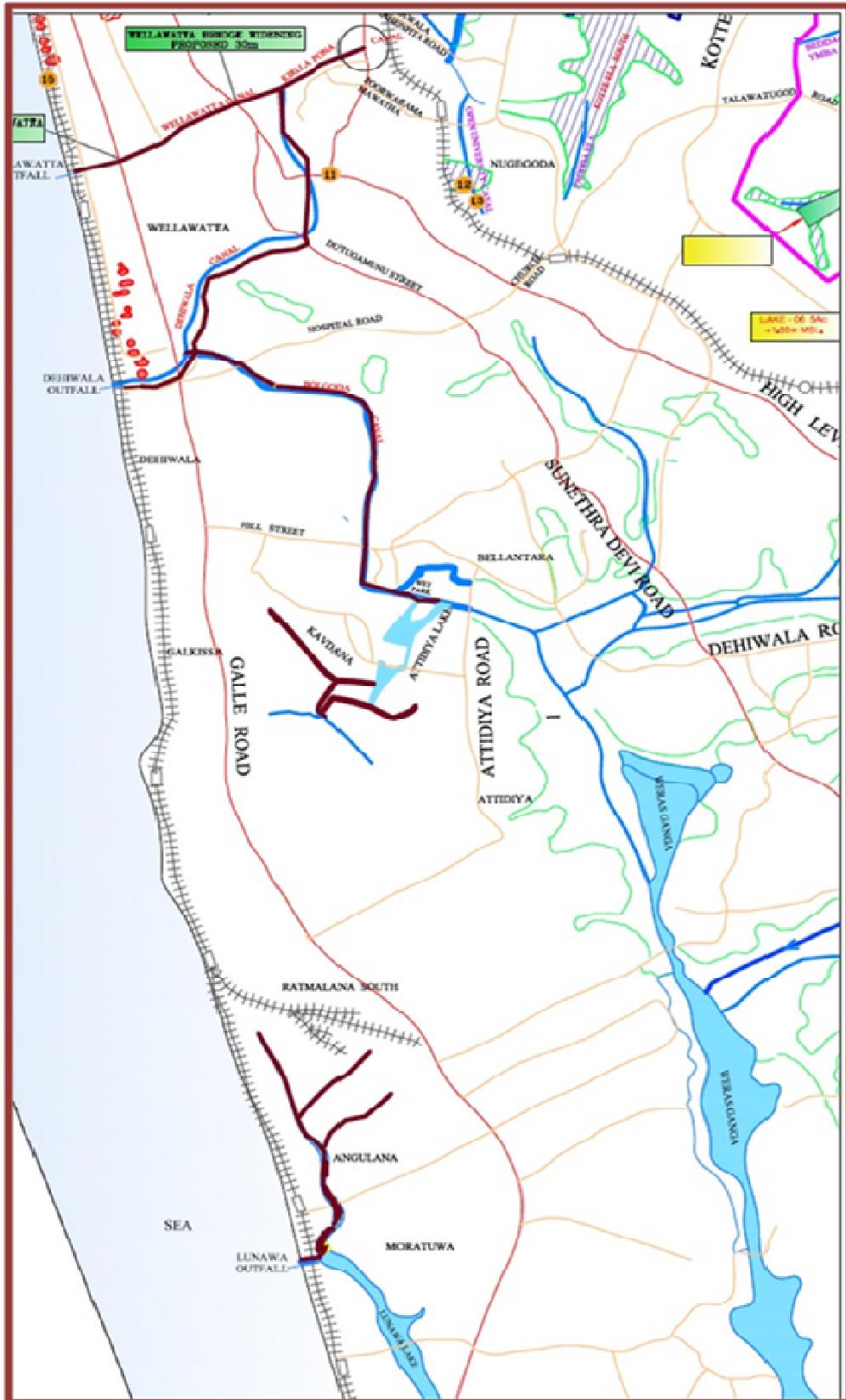


Kolonnawa North Canal



Uttarananda Mawatha Canal

- Maintenance Of Main And Minor Canals Under Colombo South (Kirulapone) Regional Office





Dehiwala Canal



Wellawatte Canal



Bolgoda Canal



Dehiwala Canal (Gabion rectification work)

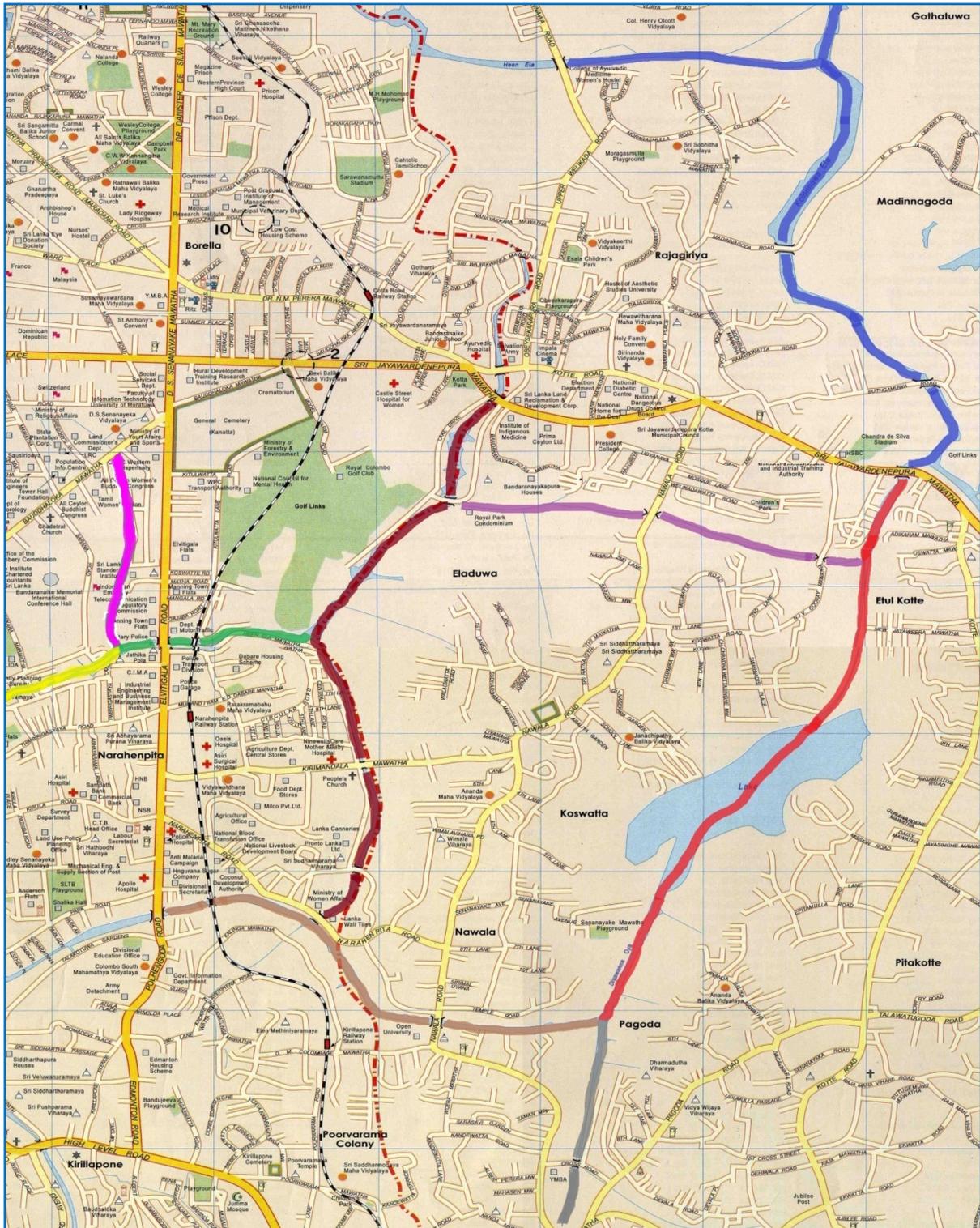


Dehiwala Outfall



Wellawatte Outfall

- Maintenance Of Main And Minor Canals Under Colombo East (Kirimandala Mawatha) Regional Office





Heen Ela



Heen Ela Marsh



Kirulapone Canal



Torrington North Canal



Pagoda Park Peripheral Canal



Gamagewatta Peripheral Canal

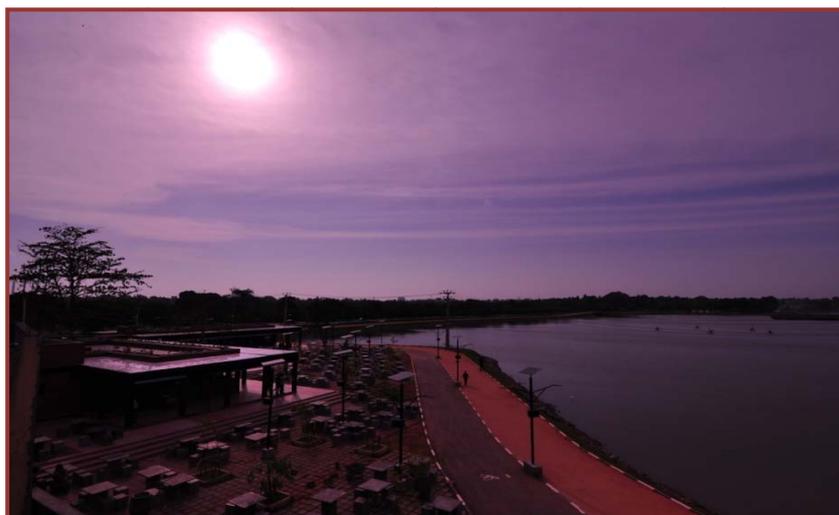
2. Maintenance of Hamilton Canal at Muthurajawela



Weras Ganga Storm Water Drainage And Environment Improvement Project Zone 03 – Bellanwila

This Project was implemented to mitigate the flood problem in and around Bellanwila area.

- Estimated Value : Rs. 686.23 million (Excluding Taxes, Including additional works)
- Date of Commencement : March 2013
- Project Status : Project Completed & Maintenance works On Going
- Cumulative value of work done : Rs. 723.25 million (Excluding Taxes)
- Value of work done during the year 2014 : Rs. 723.25 million (Excluding Taxes)
- Scope of work
 - Cleaning and Dredging of Main Canals
 - Construction of Rubble masonry drains
 - Construction of Culvert, Crossing Structure & Gabion Structures etc.





Client Projects

1. Drainage Improvement At Modarawila Integrated Urban Development Project At Panadura – Stage II

This Project was implemented to mitigate the flood problem at Modarawila area

- Client : District Secretary, Kalutara
- Estimated Value : Rs. 54.60 million (Excluding Taxes with Additional Works)
- Date of Commencement : 23.06.2013
- Project Status : On Going
- Cumulative value of work done : Rs. 32.2 million (Excluding Taxes)
- Value of work done during the year 2014 : Rs. 6.9 million (Excluding Taxes)
- Scope of work
 - Cleaning and Dredging of Main Canals
 - Construction of Rubble masonry drains
 - Construction of Culvert, Crossing Structure & Gabion Structures etc.



2. Construction Of Retaining Wall & Linear Park At Kirama Oya, Tangalle

- Client : Disaster Management Centre
- Estimated Value : Rs. 93.03 million (Excluding Taxes)
- Date of Commencement : May 2014
- Project Status : On Going
- Cumulative value of work done : Rs. 62.9 million (Excluding Taxes)
- Value of work done during the year 2014 : Rs. 62.9 million (Excluding Taxes)
- Scope of work
 - Construction of Gabion retaining wall for canal bank protection
 - Construction of Linear Park along Kirama Oya
 - Construction and laying of Interlocking paving and Kerb Stones in and around Linear Park



3. Proposed Drainage System & Improvement Of Play Ground At Padukka

- Client : Urban Development Authority
- Estimated Value : Rs. 20.65 million (Excluding Taxes)
- Date of Commencement : 04.07. 2014
- Project Status : On Going
- Cumulative value of work done : Rs. 10.9 million (Excluding Taxes)
- Value of work done during the year 2014 : Rs. 10.9 million (Excluding Taxes)
- Scope of work
 - Ground Improvement works with land development, turfing and drainage Improvement works in and around the ground area
 - Canal Improvement works in and around Ground area
 - Construction and Concrete Drains



4. Town Centre Development At Ehaliyagoda Construction Of Proposed Playground

- Client : Urban Development Authority
- Estimated Value : Rs. 173.49 million (Excluding Taxes)
- Date of Commencement : July 2014
- Project Status : On Going
- Cumulative value of work done : Rs. 37.6 million (Excluding Taxes)
- Value of work done during the year 2014 : Rs. 37.6 million (Excluding Taxes)
- Scope of work
 - Land Development work with Imported Gravelly Earth
 - Supplying and laying Turfing
 - Construction of Drain –Canals and Box Culverts
 - Improvement of Earthen Canals
 - Dredging of pond
 - Clearing of downstream canal up to main stream



5. Development Of Land For The Office Of The Public Service Commission At Battaramulla

This project was implemented to develop the land for office of the Public Service Commission at Battaramulla. Scope of this project was Land Development work with Imported Gravelly Earth, Supplying and laying Turfing (Canal Bank) , Construction of Drain -Canals and Box Culverts, Dredging of Canal and construction of Access Road to the development area etc.

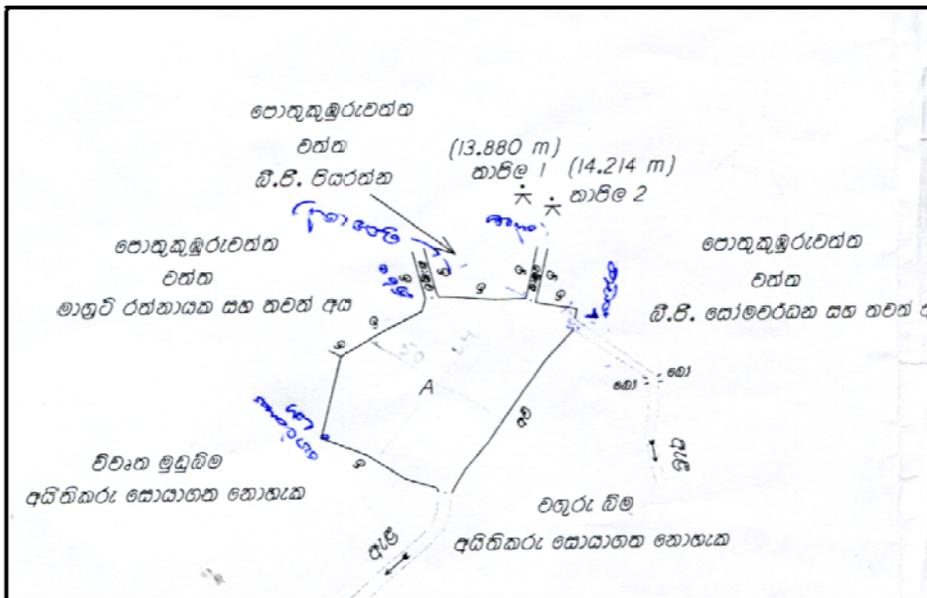
- Client : Public Service Commission
- Estimated Value : Rs. 14.51 million (Excluding Taxes)
- Date of Commencement : 02.05.2014
- Date of Completion : 30.11.2014
- Cumulative value of work done : Rs. 12.82 million (Excluding Taxes)
- Value of work done during the year 2014 : Rs. 12.82 million (Excluding Taxes)



6. Redevelopment Of Existing Canals At Heenpandela, Galle

This project was implemented to develop the canal at Heenpandela, Galle. Scope of this project was to improve the drainage system with dredging of Lake and Excavation of canal etc.

- Client : District Secretariat, Galle
- Estimated Value : Rs. 4.88 million (Excluding Taxes)
- Date of Commencement : 01.01.2014
- Date of Completion : 31.01.2014
- Cumulative value of work done : Rs. 3.94 million (Excluding Taxes)
- Value of work done during the year 2014 : Rs. 3.94 million (Excluding Taxes)



7. Proposed Land Improvement Work For Makumbura New Township Development Project – Stage I

This project was implemented to improve the land in order to construct Multi Model Center at Makumbura under New Township Development Project. The work includes filling of land using imported gravelly earth, Sandy loam, drainage improvement work in and around area etc.

- Client : Urban Development Authority
- Estimated Value : Rs. 74.13 million (Excluding Taxes)
- Date of Commencement : 16.10.2014
- Project Status : On Going
- Cumulative value of work done : Rs. 36.83 million (Excluding Taxes)
- Value of work done during the year 2014 : Rs. 36.83 million (Excluding Taxes)



Own Projects

1. Off-Shore Sand Pumping & Selling Project

Due to the recent growth in the construction industry, the demand for fine aggregates is escalating rapidly. River sand has been the most widely used fine aggregates in Sri Lanka and over-exploitation of river sand to meet the demand has led to various harmful consequences such as increase in the depth of the river bed, lowering of the water table, and salinity intrusion into the rivers. Because of these environmental problems, there is a necessity to restrict river sand mining especially at vulnerable locations. As a remedial measure, the government imposes various restrictions on the extraction of river sand with consequent increases in prices. Not only has this inconvenienced the users directly, but also indirectly impacted on the overall stability of the construction industry owing to continuous increases in construction prices.

A pilot survey revealed that individuals and state sector clients seldom approve the use of off shore sand for concrete let alone reinforced concrete. Further, the initial offshore sand stockpile lying in Muthurajawela is exhausted and fresh offshore stockpiles are being formed, but they require exposure to rain. Therefore, further studies are required looking into the suitability of offshore sand from different perspectives. The potential environmental damage due to offshore sand extraction is far less compared to river sand extraction.

As a result of restrictions, obtaining sand at the required quantities at required times, is a major problem for those engaged in the construction industry. As a solution to this problem our corporation has launched a project to release offshore sand to the market with the reasonable price and as a service for protection of environment and sustainability of construction industry.



2. The Contribution Of Sri Lanka Navy, CSD With Armed Forces

In past years our corporation has worked with the Armed forces such as Sri Lanka Navy and Civil Security Department for the flood mitigation work in order to minimize flood damage in and around Colombo.

Time to time the Armed Forces was involved in our projects under the instructions given by the line Ministry and they have engaged in the following duties under special circumstances.

- Sri Lanka Navy was involved in supervision and provides transport facility in Colombo canals with their Life saving staff.
- Special Events under the Ministry, Sri Lanka Navy was engaged to fulfill the targets specially finishing works and giving assistance to keep these developed urban places properly maintained.
- Civil Security Department (CSD) has engaged their force with us for maintenance of Colombo North Canals since year 2011 under a payment basis monthly, based on actual work completed by them.

Research & Designs Division

Consultancy Services

The Corporation undertakes consultancy work on storm water drainage designs and preparation of Storm Water Drainage master plans, architectural designs & structural designs for buildings and bridges for the public and private sector institutions.

Engineering Materials Testing Laboratory

The Engineering Materials Testing Laboratory of the Corporation undertakes geo-technical investigations, testing of water quality, soil, concrete cubes and cement blocks for both the public and private sector organizations. The value of work done for the year 2014 is Rs. 16.9 million.

Structural Designs & Construction Supervision

The Corporation undertakes structural designs for buildings, housing schemes, bridges, culverts etc. and construction supervision of same.

Low Income Housing Project, Salamulla - Urban Development Authority



In keeping with the Governments venture to eradicate shanties, UDA has launched the above project. This is a turnkey project, to construct apartments with the provision of infrastructure facilities to resettle low income families. It consists of design & build of 12 storeyed buildings, one building (Block A) with 18 apartments and 2 buildings (Blocks B&C) with 33 apartments on each floor. Total of number of apartments is 1008.

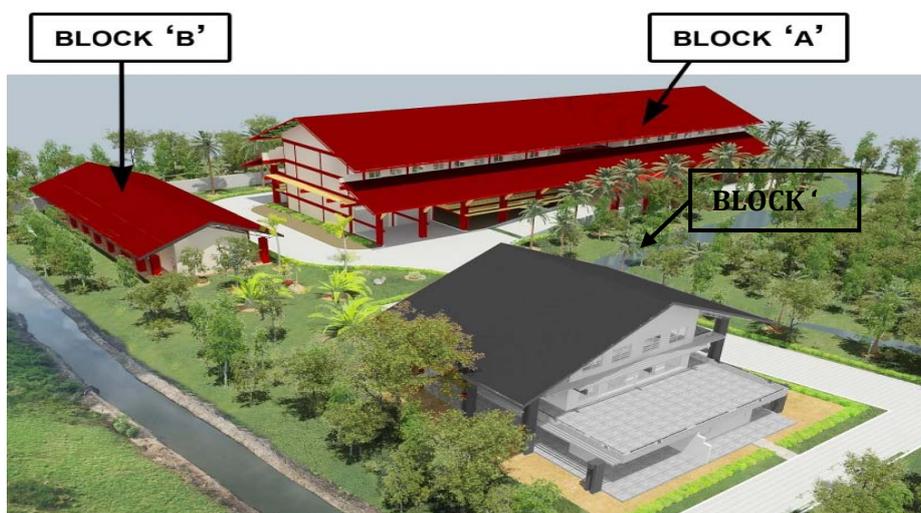
The Architectural Design, Structural designs and construction supervision were carried out during the year. Project was completed in November, 2014.

Construction of New Wing to Head Office Building

The Corporation is to add a new wing to its head office. This Division was entrusted with the preparation of architectural, structural & service drawings and construction supervision. Work commenced in year 2008. The estimated cost for the consultancy work is 7% of the project cost. It is expected to complete this project by May 2015.



National Center for Non Destructive Testing – Atomic Energy Authority



This is a turnkey project which consists of one 4 storeyed building (block A), a single storey testing lab (block B) & one 3 storeyed building (block C). Our consultancy fee is Rs 15m for architectural and structural designs & construction supervision of block A. Construction of Block 'A' has been completed.

- **Building at Hambantota for Telecommunications Regulatory Commission**



The Corporation has been selected as consultant of this building. It is a seven storeyed structure and the total project cost is Rs.2, 379m. The architectural and structural designs have been completed. Construction supervision is going on. The consultancy fee for year 2014 is Rs.53 million.

- **Common Facilities Building at Beliaththa**



This project has been awarded on consortium mode. It is a four storeyed building. The client is Beliaththa Pradeshiya Sabha, but the project will be funded by the Ministry of Local Government. The project cost is Rs.570m. and our consultancy fee for year 2014 is Rs.15 million. The architectural and structural designs are almost complete.

Drainage Designs

Urubokka Town Development Project

The Corporation was awarded the above project for a consultancy fee of Rs.0.3 million. The design has been completed.

Akuressa Town Development Project

The design work has been completed.

Design of proposed Bus Depot at Kegalla

The consultancy fee is Rs.1.08 million and the design has been completed.

Pettah shopping complex (Charmas Building)

Consultancy fee for the above project is Rs.0.1million and structural design has been completed.

Ehaliyoda Town Development Project

The Corporation was awarded the above project for consultancy fee of Rs.0.3 million. The design has been completed. Project supervision is going on.

Storm Water Drainage Design for Kinniya UC Limits – Kinniya UC

The Corporation was awarded the above project for a consultancy fee Rs.1.1 million. The design has been completed. Environmental Management Action Plan is being prepared.

Treasury Grant Projects

Declaration of Wetlands

The Corporation has commenced gazetting declaring the wetlands under the Corporation Act on provincial basis. The Western, Southern and Central provinces has already been gazetted. The Wetlands of Uva, Wayamba, Sabaragamuwa and North Central provinces have been identified and are been prepared for gazetting. In the Northern and Eastern Provinces the local Authority boundaries of relevant wetlands are being identified. The Treasury allocation for year 2014 was Rs.0.5m.

Water Level and Discharge Measurements for Kalu Oya Basin

Water levels and discharge measurements are taken to prepare a data base. This data is being used to present drainage studies and can be used in the event a Storm Water Drainage improvement project is to be implemented.

Water Level and Discharge Measurements for Weras Ganga Basin

Water levels and discharge measurements are taken to prepare a data base to verify the model prepared for Weras Ganga Storm Water Drainage and Environment Improvement Project.

Miscellaneous Drainage Designs

Drainage Designs for all the Treasury funded work at Waters' Edge & Kimbulawala have been prepared by the Division.

Weras Ganga Storm Water Drainage & Environment Improvement Project

The rapid urbanization of Colombo and the suburbs has contributed to unplanned land filling. Recently in massive floods during rainy season, this problem keeps aggravating annually. SLLRDC with the assistance of JICA team prepared a comprehensive Master Drainage Plan for Colombo Metropolitan Region. In this study of drainage design more studies on the feasibility study revealed that Weras Ganga basin, a sub catchment of the Bolgoda needs high priority for flood mitigation. Hence the above project was launched in 2011.

Main objective of this project is flood mitigation. Activities being carried out under this project are;

- Widening of existing canal network,
- Bank protection,
- Preserve flood retention area and creating lakes
- Improvement of existing culvert and bridges
- Construction of new structure.

Entire project has been divided into several phases and phase I includes the improvement of Nugegoda-Rattanapitiya canal, Boralesgamuwa North and South canals, Maha Ela, Bolgoda canal and dredging of Weras Ganga. Implementing agency of the project is SLLRDC under the purview of the line Ministry.

Total project value is Rs. 14,227 thousand million and funded by National Savings Bank with Treasury guarantee. Total land acquisition cost of Rs. 1400 million is also included in total project value. Special compensation package was prepared to cater all affected parties. Cabinet approval was also obtained for implementation as well as for compensation of the project. Geotechnical investigation of project area was completed in year 2012.

Phase I commenced in 2013, after obtaining all required approvals.

Competitive bidding for selected packages were done to choose suitable contractors for constructions in year 2013. Initially, improvement of Nugegoda-Rattanapitiya canal which is 3056m in length commenced in year 2013 and is in progress. 46% from that length is completed at the end of December 2014. This includes canal dredging and gabion canal bank improvements, sheet pile canal bank improvements including construction of lateral drainage structures and asphalts road construction. Design of crossing structures such as culverts and bridges of Nugegoda-Raththanapitiya Canal is completed and construction commenced in 2014.

100% completion of Gabion canal bank improvement and Asphalt O&M Road along Nugegoda-Rattanapitiya canal (Downstream of Raththanapitiya Bridge)



90% completion of Gabion canal bank improvement and Asphalt O&M Road along Nugegoda-Rattanapitiya canal (Canal in between Raththanapitiya Bridge & Flexport Bridge).



Gabion canal bank improvement and Asphalt O&M Road along Nugegoda-Rattanapitiya canal in progress. (Canal in between Abagahawatta Bridge & Sooriyamal Mawatha Bridge)



Other than flood mitigation, water front recreational activities, restoration of Attidiya Bird Sanctuary and other implied benefits such as prevention of water born disease are also expected. Protection of Bellanwila Marsh & creating water front activities at Bellanwila marsh is completed. Feasibility study shows that the land values of the vicinity has also enhanced at the completion of the entire project. The cumulative value of work done up to the end of December 2014 is about Rs. 1500 Million.

Lake improvement at Attidiya Bird Santury area is 100% completed with water front recreational activities such as jogging routes and bicycle tracks.



Currently lake improvement at Suriyamal Mawatha area is in progress.



It is scheduled to complete phase I within three and a half years.

Wetland Management Division

Wetland Management Division of this Corporation was established in the latter part of year 2013 to fulfill the gap of emerging threat toward natural resources with urbanization. In general development strategies often ignore the need to maintain critical eco system services, mainly due to lack of awareness. Hence this division commenced the study of eco system and bio diversity of wetlands via conducting awareness workshops for wetland conservation. In the aspects of biological conservation it has been decided to construct a Biodiversity study park at Thalawathugoda as a pilot project.



This study park consists of research centers, labs, herbarium, butterfly garden, ponds, nature trails, bird watching towers, car park and also the sanitary facilities. Initial estimated cost of the project was Rs. 25 million implemented with treasury funding.

However due to several additions the estimated cost of the project has increased to Rs. 50.0 million. Construction of above activities commenced in year 2014 and is scheduled to be completed by mid 2015.

The value of work done during year 2014 is Rs.34 million. Commemoration of World Wetland Day, World Environment Day & several tree planting programmes were carried out during year. Some important lectures on bio diversity such as reptiles, impact on bio diversity due to Encroachments and developments were also done during the year. School children, university students, university lecturers, corporation staff as well as division staff participated in awareness programmes. They emphasized the importance of such activity in conservation of bio diversity for intergeneration as well as intergeneration sustainable achievements. Grant support from foreign nationals were also received during the year.



Collaborative Projects

Collaborative Projects with University Students

In 2014, Wetland Management Division initiated some collaborative projects with universities in Sri Lanka. As the first step of this, division joined with the "Service Learning Program" of University of Colombo as well as, started a student internship program for the final year Geography Special students in the same university.

Service Learning Program

The Service Learning Program initially commenced in 2012 by the Career Guidance Unit of the university with the intention of giving opportunity for undergraduates to engage in voluntary community service while obtaining academic learning. This was the first time, this Corporation was linked with a university to have such kind of collaborative project. Two groups of students joined with the corporation to carry out two projects related to wetland management. One group was assigned to construct a butterfly garden at Biodiversity Study Park, Thalawathugoda (BDSPT) and the other group was assigned to wetland management project at Kolonnawa marsh. All students are working in the above mentioned projects for 5 months from September, 2014 to January, 2015.

Butterfly Garden at Bio Diversity Study Park, Thalawatugoda (BDSPT)

Nine students are working in this group and, about 100 perches of land extent was selected at the island 1 in BDSPT to construct the butterfly garden. The main objectives of this project is to construct a model butterfly garden to demonstrate visitors about butterfly education, host and nectar plants, and increase butterfly diversity in the study park. The total budget for the project was Rs. 992,000.00. Initially, students carried out a butterfly survey in the park and continued carrying out multiple surveys while constructing the garden.

This garden mainly consists of planting areas which include both host and nectar plants, a butterfly life cycle demonstration area, information panels, resting areas, a plant nursery, a pond with muddy areas and bridges. Most of the plant species planted here are native but there are non invasive exotic plants as well. Before tree planting was done, students used a special soil treatment method to treat the soil by use of organic manure as soil in the park is not very much suitable for non marshy plants.



Students worked daily and engaged in all work with the help of BDSPT staff. About 95% of work has already been completed, whereas, tree planting and constructions are almost completed



Wetland Project at Kolonnawa

This project consists of wetland development and management project in Kolonnawa marsh. The total budget for the project was Rs. 200,000.00. Initially a complete project proposal was submitted to the entire Kolonnawa marsh, but with the time constraint it was decided that only initial stage will be completed during that project period. The initial stage was named as "Wetland Education Center", and the objectives of this stage was to provide a place for wetland studies, attract more visitors and habitat restoration in Kolonnawa marsh. This Education center mainly includes nature trails and open study areas with information panels. The main intention of this education center is to facilitate field studies at Kolonnawa wetland which will be carried out under the Wetland Management Strategy. So far during the project period, the nature trail, the open study area with 50 seating capacity, resting areas with benches, bridges have been already constructed. Pond Apple trees along the canal bank were removed patch wise to restore the habitat and native marshy plants were introduced as substitute species. About 95% of the project work have been already completed, and before end of January 2015 the balance work will be completed.



Open Study Area



Removal of Pond Apple trees



Constructing the nature trail

University Student Internship Program

Wetland Management division also started an internship program for the university students in 2014. Under this program, nineteen undergraduates from Department of Geography, University of Colombo are working in the Division for five months from September 2014 to January 2015 three days per week. Some students are working in the head office and some are working in the Biodiversity Study Park, Thalawathugoda (BDSPT). They are mainly engaged in office work (related to land clearance files and unauthorized land fill files), mapping and field work in the BDSPT.

Another important task carried out during the year by the division was to find a solution for Beira Lake water quality degradation. Several proposals from local and international experts on the subject was received. It has been identified that the cause for the pollution is mainly high density of algae. Dredging, adding an effective micro organism, use of algaecides, aeration were done on a research scale. One of the most important proposals was to construct a floating wetland. Still they are in the experiment stage.

Boundary Reopening and Removal of Unauthorized Structures

The process of reopening of boundaries which commenced in year 2013 continued in year 2014 and is scheduled to be completed in year 2015. Total estimated cost of the project is Rs. 60 million. Value of work done during year 2014 is Rs. 25 million.

Preparation of Wetland Management Strategy

It has been identified that a sustainable management strategy is an essential requirement in bio diversity conservation before going into any conservation project. Therefore it has been decided to prepare a wetland management strategy. But available knowledge in the subject was hardly sufficient. Hence decided to outsource the task. Project was tendered by the Project Management Unit (PMU) of the Metro Colombo Urban Development Project (MCUDP) under the Ministry of Defence and Urban Development. Expression of Interest (EOI) were called initially in year 2014. "SIGNES" was selected followed by a technical and financial evaluation. Total estimated cost of the project is US\$ 229,855.00. Awarding process of the contract is in progress.

Land Clearance Work

Over half of humanity is now living in urban areas enhancing impermissible development without providing proper drainage system. This creates frequent flooding specially in low lying areas. Hence provision of proper drainage system according to engineering hydrology is very important.

Wetland Management division has been carrying out this task by providing drainage proposals and granting approvals for low land development subject to implementation of drainage conditions approved by a planning committee. The division achieved Rs. 6.7 million for year 2014 for land clearance.

Development of paddy lands can be considered with a request letter issued by Commissioner General of Agrarian Development Department giving consensus to open up a file and proceed with the rules and regulations of the Corporation for land development. For development of non paddy lands, files can be opened by the applicant (private property) and planning committee decision to be sent to the respective applicant. Consent and necessary approvals of Urban Development Authority has to be obtained to grant approvals by planning committee.

Special Projects Division

1. Metro Colombo Urban Development Project

Funding Agency : World Bank

The 2010 floods that saw the inundation of Colombo's commercial and administrative hub resulted in high economic losses and demonstrated the need to improve the city's ability to cope with natural disasters. Inadequate capacity of drainage system, lack of maintenance of drainage systems, illegal encroachments on flood retention areas, and industrial pollution, combined with rapidly changing climate patterns resulting in frequent and more intense storms, are all factors that contribute to increase the risk of flooding in the city. Colombo cannot transform into a vital and successful metropolitan region if these problems are not tackled.

Metro Colombo Urban Development Project seeks to reduce flooding in the catchment of the Colombo Water Basin and strengthen the capacity of the four local authorities of Colombo, Dehiwela-Mt. Lavinia, Sri Jayawardenapura-Kotte, and Kollonnawa, to rehabilitate, improve and maintain priority local infrastructure and services through selected key demonstration projects. The project is centrally managed by the Project Management Unit of the Ministry of Defence and Urban Development.

The main component, which is implemented under Sri Lanka Land Reclamation and Development Corporation (SLLRDC), is Flood and Drainage Management. This will support rehabilitation and improvement of priority flood and drainage management infrastructure identified as critical to improve the drainage network in the Colombo metropolitan region. This will mainly focus on improving the outfall capacities of the existing drainage network, introduction of new diversion channels and storm water pumping stations.

The project will also support the development of an Integrated Flood Management System, which is a key to ensure the long-term sustainability of the drainage network by monitoring and managing the retention/wetland areas, operation and maintenance of the drainage systems; monitoring and improving inter-agency coordination.

Progress of Projects under Implementation

● **Construction of Canal Bank Protection Works of Dehiwala Canal.**

Contract No.	: MCUDP/SLLRDC/W/01
Contractor	: Squire Mech Engineering (Pvt) Ltd
Contract Value	: Rs. 193,846,838.92
Date of Commencement	: 20.05.2013
Project Duration	: 12 months
Extension Granted	: 6 weeks

Dehiwala Canal is one of the main storm water drainage canals discharging storm water directly into the sea from the Colombo Basin. Both banks of the canal are protected with gabion walls and steel sheet pile walls up to the Galle Road Bridge from the starting point of the canal. The canal stretch from Galle Road Bridge to Railway Bridge is earthen and unprotected. In addition, it has been observed that, rock outcrops on the canal bed at several locations and lack of proper flow guidance walls upstream of the railway bridge cause hindrance to the conveyance capacity of this storm water drainage outlet canal.

Total canal length is 3.8 km. Width of the canal up to the confluence of Bolgoda canal is about 10 m and thereafter it varies up to 24 m and higher. The span of the Galle Road bridge & the railway bridge is 17 m and 15 m respectively.

Project Objectives

i. Define the canal banks firmly and thereby;

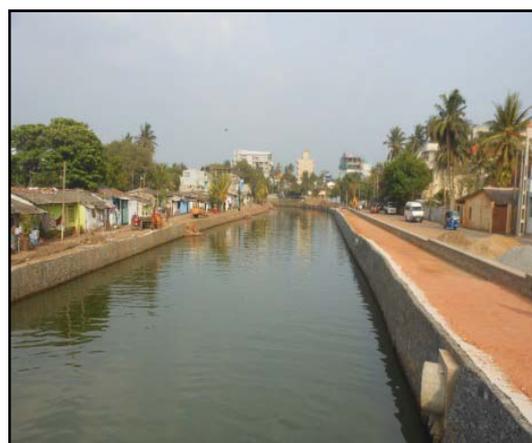
- Streamline the canal and increase the conveyance capacity
- Prevent erosion of embankments
- Prevent encroachments of canal banks and facilitate maintenance by providing minimum 3.5 m wide operational & maintenance roads at either side.

ii. Establish the canal bed level to -1.0 m MSL (as designed) by removing rock outcrops on canal bed.

Financial Progress up to 31st December 2014 : Rs. 128,230,214.30

Physical Progress up to 31st December 2014 : 90%

Intended Date of Project completion : 31st January 2015



- **Construction of Aluth Mawatha Culvert, Mutwal Box Drain, Mutwal Tunnel, Manholes, Bank Improvements at Mutwal Sea Outfall & Canal Bank Protection Works of Main Drain.**

Contract No. : MCUDP/SLLRDC/W/02
 Contractor : Edward & Christie
 Contract Value : Rs. 409,971,109.35
 Date of Commencement : 27.11.2012
 Project Duration : 18 months

The Main Drain was rehabilitated under the Phase I of Greater Colombo Flood Control & Environment Improvement Project in early 1990's. The Main Drain comprises the open canal six numbers of road crossing structures, underground RC box drain, Mutwal Tunnel and the sea outfall. The length of the canal is 1.7 km and the average bottom width is 8 m. The bottom level of the canal is -1.0 m MSL and bank top level is +2.0 m MSL.

Project Objectives

Restoration of maximum conveyance capacity of Mutwal Tunnel outfall by

- Demolition and Reconstruction of Aluth Mawatha Road culvert.
- Stream lining the Mutwal Tunnel outfall area and inlet area.
- Providing gabion walls to the unprotected banks of Main Drain.

Financial Progress up to 31st December 2014 : Rs. 313,798,246.20

Physical Progress: 100%

Date of Project completion : 31st October 2014



• **Construction of Canal Bank Protection Works of St. Sebastian South Canal.**

Contract No. : MCUDP/SLLRDC/W/03A
 Contractor : Access Engineering PLC
 Contract Value : Rs. 259,750,715.74
 Date of Commencement : 27.10.2014
 Project Duration : 18 months

The St. Sebastian South canal was rehabilitated under the Phase 1 of Greater Colombo Flood Control & Environment Improvement Project and it comprises the open canal , seven numbers of crossing structures and South Lock gate with Pumping Station.

The length of the canal is 2.0 km and the bottom width varies from 10m to 22 m higher.

Project Objectives

- Define the canal banks firmly and thereby;
 - Stream line the canal and increase the conveyance capacity.
 - Prevent erosion of embankments
- Establish the canal bed level to -1.0 m MSL (as designed)

Financial Progress up to 31st December 2014 : Rs. 31,790,636.72
 Physical Progress : 1.16%
 Intended Date of Project completion: 18th April 2016



Other Sub Projects to be implemented under MCUDP

- Design and Building of St. Sebastian North Lock Gates and Pumping Station
- Design and Building of New Mutwal Tunnel
- Design and Building of Torrington Tunnel
- Design and building of Kolonnawa Canal Diversion
- Improvements of Madiwela East Diversion Scheme Stage-I
- Improvements to Madiwela East Diversion Scheme: Stage-II
- Construction of St. Sebastian South New Diversion
- Rehabilitation of St. Sebastian North Canal
- Rehabilitation of Wellawatta Canal and conveyance improvements to Galle road bridge
- Rehabilitation of Dematagoda Canal
- Establishment of Integrated Flood Management System
- Drainage System Management Improvements with Boat transportation, Docking Stations, Foot Bridges etc.

Preparation of Conceptual Design Reports, Carryout Detail Designs for proposed interventions, Preparation of Tender Drawings, Preparation of cost Estimates, Preparation of Tender documents, calling for tenders and Project Monitoring are in progress for above mentioned Sub Projects.

2. Drainage Study For Kolonnawa Divisional Secretariat Area

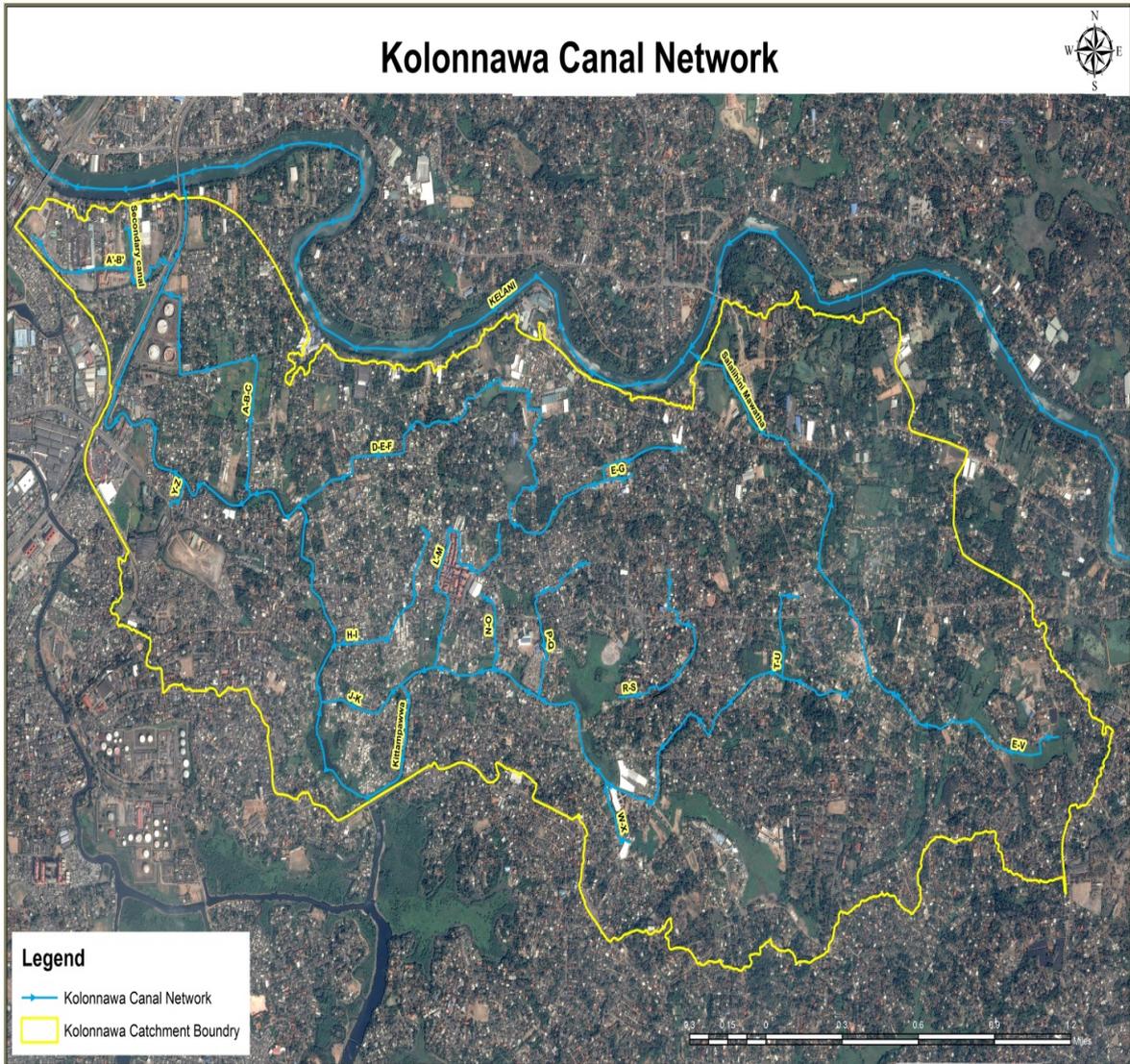
Funding Agency : Government Treasury

Most parts of the Kolonnawa Divisional Secretariat Area constitute of the flood plain of Kelani river. Part of the area is protected by a flood protection bund (known as Harward Bund) which was constructed in 1935 to protect the city of Colombo from flooding of the Kelani River. The area from upstream of the flood bund up to Kelani River (unprotected area) will be considered for the drainage study.

Project Objectives

Conduct a drainage study in the area for a specific return period, to reduce frequent flooding in the catchment of Kolonnawa, and to support local authorities in the Kolonnawa Metropolitan Area to rehabilitate, improve and manage local infrastructures and services.

Estimated total project cost : Rs. 20 million
 Project Duration : 18 months
 Financial Progress for year 2014 : Rs. 11 million
 Physical Progress for year 2014 : 55%



Construction Division

1. Urban Regeneration Project –City of Colombo Construction of 120 Housing Units at Mayura Place, Colombo 06. - *Funded by Urban Development Authority.*

This project was implemented by Urban Development Authority under the Urban Regeneration Project-City of Colombo. The Corporation undertaken the construction work.



SIDE ELEVATION

The project involved construction of 12 storied building accommodating 120 houses at a total cost of Rs. 385 million. Each house consisted of two bed rooms, kitchen, sitting room, Bath room and balcony. Total floor area of the building 84,000 ft².



COMPONENTS OF A HOUSE



EXTERNAL LANDSCAPING WORK



Structural work (Phase I) and finishing work (Phase II) was completed by the end of May 2014.

Value of work done during the year 2014 was Rs. 199 million and cumulative value of work done was Rs. 448 million.

2. Urban Regeneration Project – City of Colombo.
Construction of 1008 Housing Units at Salamulla, Kolonnawa.
Funded by Urban Development Authority.

This project was implemented by Urban Development Authority under the Urban Regeneration Project-City of Colombo and this Corporation was the Design & Build Contractor. It consisted of construction of three buildings, namely blocks A, B and C and all three blocks comprised of twelve stories. Block A consisted of eighteen houses and blocks B and C consisted of thirty three in each floor.

Total project was estimated to Rs.2726.56 million including piling work.



Each house consists of two bed rooms, living room, kitchen, pantry Area, toilet and balcony



ELEMENTS IN A HOUSE



ROOF TOP

The project commenced in April 2011 and Block A and sub structure of Block B & C were completed in December 2014. Cumulative value of work done for Block A was Rs.563.26 million and Block B & C was Rs.394.63 million.

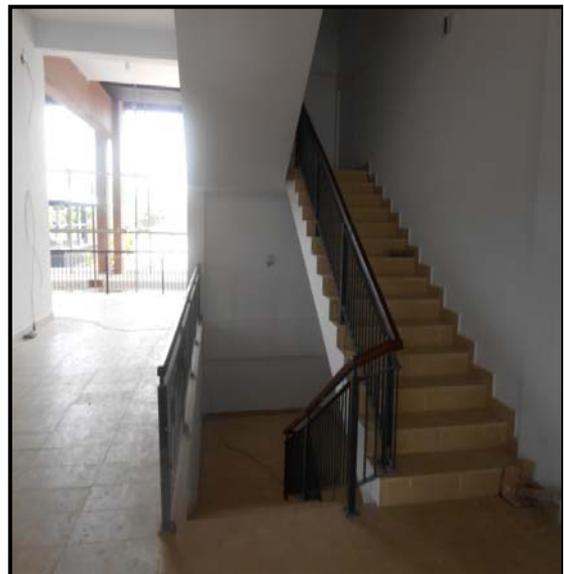


LAYOUT OF B & C

3. Proposed National Center for Non Destructive Testing at Atomic Energy Authority at - Wedamulla, Kelaniya – Block “A” - Funded By Atomic Energy Authority.

The project consisted of construction of three storied building for the National Centre for Non Destructive Testing (NCNDT) for Atomic Energy Authority.

SLLRDC was the Design & Build contractor. Total estimated cost of the project was Rs.309 million. The project commenced in June 2012 and was completed in October 2014.



Value of work done during the year 2014 was Rs.250 million and cumulative value of work done was Rs.416 million.

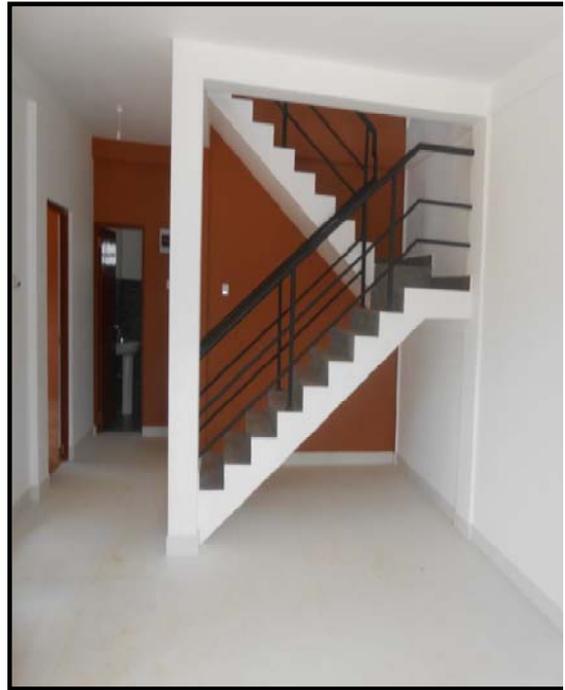
4 Construction of Proposed 2 Storied Houses for Resettlement Housing Project at Hambantota, Sooriyawewa. -Funded By Hambantota Development Fund.

This Project consisted of construction of 15 Houses. Each house consisted of a living room, family room, bed rooms (03 Nos.), garage, roof terrace, kitchen and bath rooms (02 Nos.)



Total estimated amount of the project was Rs.117.69 Million. The project commenced in April 2012 and was completed by April 2014.





Value of work done during the year 2014 was Rs.28 million and cumulative value of work done was Rs.102 million.

**5. Construction of Proposed Canal & Foot Bridge at the Padukka Pola Land
- Funded By Urban Development Authority.**

The above project was awarded to SLLRDC as five contracts. Namely, Construction of Foot Bridge and Canal, Redevelopment of existing Canal System of Padukka Pola Site (Phase I),Phase II ,Phase III and Phase IV which consists of construction of Gabion Retaining walls.

Total estimated cost of the project was Rs.36.82 Million. The project commenced in September 2013 and was completed in April 2014.



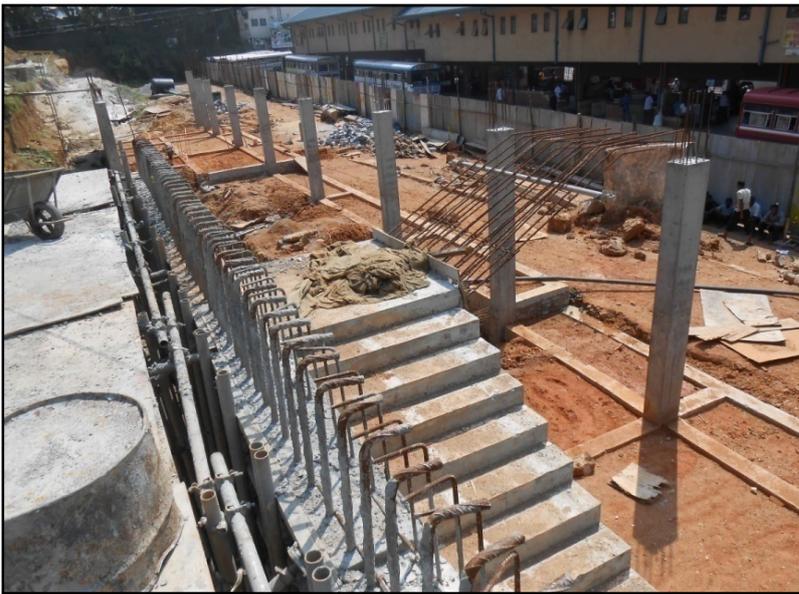
Value of work done during the year 2014 was Rs.11 million and cumulative value of work done was Rs.33 million.

6. Horana Town Development Project – Stage II - Funded By Urban Development Authority.

The above project is implemented under the Town Development Programme at Horana by the Urban Development Authority. Total estimated cost of the project is Rs. 112.48 Million which includes proposed Retaining Walls, Two Storied Building and Bus Queue and related structures etc.

The project commenced in September 2014 and is expected to be completed by September 2015.

Cumulative Work done up to end of December 2014 was 11.9 million.



07. Land Development Project for Proposed Bus Depot at Kegalle.

Funded By Urban Development Authority.

The above project was awarded under the Town Development Programme by Urban Development Authority. Total estimated cost of the project is Rs. 98.88 million which includes Land Filling, construction of proposed retaining walls along the lengths of 130m and 280m, 81.5m length of random rubble masonry Canal ,80m length of side drain, construction of proposed 8.5m length box culvert and 280 m. and 85 m. length parapet walls etc.

The project commenced in August 2014 and is to be completed by February 2015.

Cumulative Work done up to end of December 2014 is 8 million.



08. Proposed Shopping Complex at Kalutara - *Funded by Urban Development Authority*

The above project is implemented under the Town Development Programme at Kalutara by the Urban Development Authority. The scope of the project consists of construction of shopping centre in order to facilitate to general public.

Approximate estimated cost of the project is Rs.344 million. The construction work commenced in December 2014 and is scheduled to be completed by February 2016.

Cumulative Work done up to end of December 2014 is Rs.1.95 million.

**09. Construction of Proposed Urban Facilitating Center at Beliatta.
*Under Ministry of Local Government and Provincial Councils***

The above project is awarded under the Beliaththa Town Development Programme by Ministry of Local Government and Provincial Council. Total estimated cost of the project is Rs.569.25 million which consists of 4 storied Commercial Building including Mechanical, Electrical and Plumbing works.

The project commenced in December 2014 and is expected to be completed by July 2016.

10. Construction of Boundary Wall, Watcher's Hut and fence for Main Stores at Polwatta - *Under National Water Supply & Drainage Board*

The above project was awarded by National Water Supply & Drainage Board. Total estimated cost of the project is Rs. 5.57 million which consisted of boundary wall, retaining wall, construction of watchers hut including random rubble masonry walls, brick walls and finishing works. The project commenced in December 2013 and was completed by April 2014.

Cumulative value of work done during the year 2014 was Rs. 4.8 million.

11. Construction of New Office Building for SLLRDC, Ground Culvert to the South of SLLRDC Head Office and Landscaping works at SLLRDC Office.

The Building consisted of G+4+Roof. This building facilitates vehicle park, 3 Nos. office floors, and auditorium. Total area of this building is 20710 Sq.Ft and estimated value is Rs.110 million. The Research & Design Division was entrusted with the preparation of Structural and service drawings and Construction Division was entrusted with the construction work.

Value of work done during the year 2014 was Rs.68.29 Million and cumulative value of work done is Rs. 161.12 million.

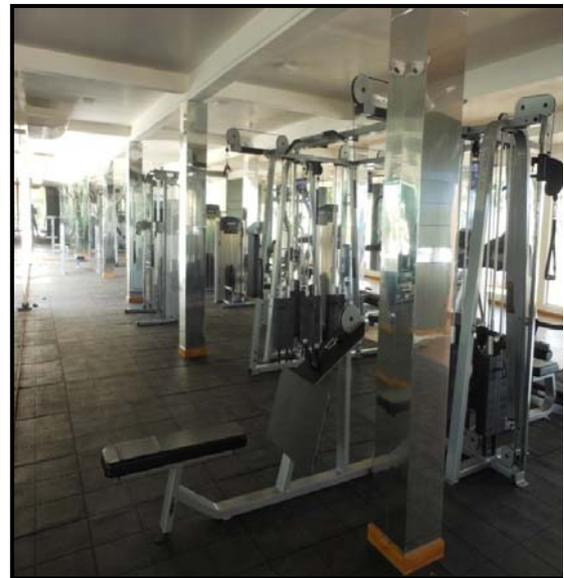
The project is scheduled to be completed by June 2015 and the Stage II of the project is in progress at a cost of Rs.90.0M.



12. Renovation of Proposed Gymnasium at Kimbulawela.

The Building consisted of two floors which include Gymnasium area, Fruit Juice Center, Sick Room, Changing Rooms, Office Area and Saloon. Total estimated cost is Rs.32.08 Million.

The project commenced in February 2014 and was completed by December 2014.



13. Construction of Circuit Bungalow (Stage I) at Anuradhapura.

Total estimated cost of the project is Rs. 40.65 million which consists of 02 Blocks (Type C and Type E) as a two storied building including all necessary civil works, plumbing, Mechanical and Electrical services etc.

The project commenced in August 2014 and scheduled to be completed by December 2015. Cumulative Work done up to end of December 2014 was Rs.4.33 Million.

14. Renovation Works for Office Building at Attitiya

The above project is carried out by SLLRDC. Total estimated cost of the project is Rs. 3.23 M which consists of interior partitions, tiling works, plumbing and drainage system repairing and painting works.



The project commenced in March 2014 and was completed in August 2014. Cumulative work done up to end of December 2014 was Rs.3.99 million.

15. Construction of Stores at Kirimandala Mawatha.

Construction of stores has commenced to provide material storage facility for the Corporation. Total estimated cost of the project is Rs.3.78 million which consists steel roof structured building including all civil works.

The project commenced in February 2014. Cumulative Work done up to end of December 2014 was Rs.2.66 million.



Plant & Equipment Division

Plant & equipment division is responsible for owning, operation and maintenance of all plant & machinery belonging to the corporation.

The other areas of work carried out includes heavy steel fabrication works, undertaking dredging projects for clients, hiring of machinery etc.

In the year of 2014 this division successfully completed many dredging and heavy fabrication works, including the following:

1. Dredging Bellanwila storm water Retention Lake under Werar Ganga Project.
2. Dredging Lake near Delkanda junction under Werar Ganga project.
3. Dredging two lakes at Kothalawala Defence Academy and Hambanthota Sooriyawewa.
4. Dredging Anuradhapura Kubichchamkulam Irrigation lake.
5. Dredging Thithawalla Lake, Kurunegala.

In August 2014 Corporation received a fleet of Heavy material transport vehicles from Metro Colombo Urban Development Project funded by World Bank. This included Dump trucks (3 cubes and 5 cubes), Tractors, Water bowsers and few passenger transport vehicles.

Value of machines received is approximately 250 million. By utilizing these machines Corporation was able to reduce the number of machinery hired from outside suppliers.



Transport equipments purchased under MCUDP



Handing over ceremony at Galle Face

A new workshop building was constructed for the maintenance of new machinery.

Dredging of lake at Bellanwilla marsh was also completed in 2014 under Werar Ganga Storm Water Drainage and Environment improvement project Phase I.



Machines at Weras Gaga project



Dredging the Bellanwila lake.



Tippers waiting in line for turn.



Bolawalana Lake

Plant & Equipment workshop has the facility for heavy steel fabrications and machining work. One of the significant achievements of the division in the year 2014 was to fabricate and supply solar light posts to parks & foot paths designed and built by the Corporation. We also supplied solar power light posts to outside clients and were able to earn revenue.





Steel arch Bridge Floating market



Fixing Solar light posts at Bellanwilla

Lands & Marketing Division

Creating new lands required for industrial, commercial and housing purposes in a flood free environment is one of the main objectives of the Corporation. In achieving Corporate objectives this division has its own objectives to support same.

1. To maximize revenue generation through sales and leases.
2. To vest lands identified for development purposes to meet revenue targets.
3. To minimize unauthorized fillings and developments in the retention lands and outside western province through declarations to minimize flooding.

In order to achieve above objectives the Lands and Marketing division will perform the following

- (i) Acquisition of lands suitable for development purposes.
- (ii) Management of Water retention lands acquired for Greater Colombo Flood Control and Environment Improvement Project as the custodian of such lands.
- (iii) Disposal of lands as per the guidelines on land alienation.
- (iv) Declaration of wet lands as per the amendment Act No. 35 of 2006.
- (v) Relocation and issuing deeds to unauthorized occupants who are affected in such developments.

The mode of disposal would be as follows.

- (i) Long term leases
Lands will be allocated on long term basis i.e. 30 or 50 years specially for BOI approval Projects.
- (ii) Direct Sales
Sale of Lands to government institutions based on their requirements is a major concern in the allocation process.
- (iii) Outright Sales for Housing
Catering the requirements for housing purposes of individuals, sale of housing blocks either by tender or auction is another mode of disposal.
- (iv) Short term leases
Allocation of lands / buildings will be done for short term/ temporary basis depending on the requests.

Above sales / leases will be made with necessary approvals depending on the mode of disposal.

New Land Acquisitions :

In order to support the new development works in Colombo and suburb for increasing water retention capacity, arrangements have been made to acquire several lands in Talangama, Kalapaluwawa and Angoda areas consisting an extent of approximately 25 Acres. In addition. 70 acres of marshy lands are being acquired as a water retention of upper catchment area of the Parliament lake.

Also proposals have been made to acquire approximately 227 Acres in Kolonnawa area for Wet Land Management Project and a 50 km. strip of land at Maturajawela for Canal Development.

Declaration of Wet Lands :

According to the declarations carried out Under Sec. 2 b (1) and 4A (1) of the amended Act, lands & marketing Division attends in Declaration of Wet lands and Canal reservations in the Country.

Declaration of Wet lands in Western, Southern, Uva and Central Provinces have been completed for the moment. Declaration of wet lands in North Western, Sabaragamuwa and North Central Provinces are now under way. Other Provinces will also be declared by stages.

Re location of Unauthorized occupants :

The Lands and Marketing Division has also made arrangements to relocate the unauthorized occupants in marshy areas acquired by the Corporation. Such projects are located in Attidiya, Thalakotuwwatta - Kirulapone, Orugodawatta, Maturajawela - Wattala and Wedamulla - Kelaniya areas. Arrangements have been made to issue transfer deeds to such families with the approval of the Cabinet of Ministers.

Sales and Leases :

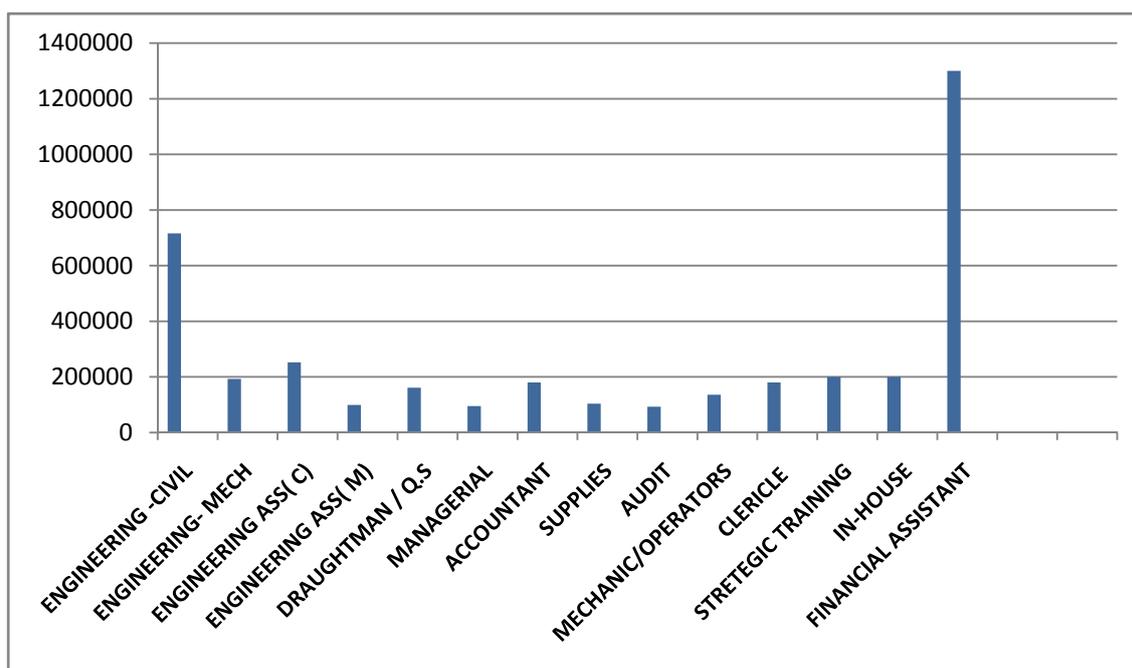
The Corporation has achieved a cash flow of approximately Rs.203 million from sales / leases during the year 2014. Among this Rs. 20 million received from National Water Supply and Drainage Board, Rs. 51 million from Divisional Secretary , Dehiwala for Sri Lanka Air Force land and Rs. 44 million from RDA Sub Contractor.

30% increase of cash inflow from sales and leases compared to the last year. The anticipated revenue from sales and leases for the year 2015 would be Rs.300 million.

Human Resources Development Division

Training & Development

In the year 2014, priority has been given for Training & Development functions, concerning Corporation's activities aimed to enhance the performance of individuals in the corporation. The budget allocation for the year 2014 was Rs.4 million. The training budget allocation based on Job categories for the year 2014 as follows.



In year 2014 new Human Resources information system has been implemented and within the same a separate training & development data base was implemented to compare the planned and actual training processes monthly.

In addition, from year 2014 following programs were added to the Training & Development plan.

- General Training Programmes
- Corporate Social responsibility (CSR)
- Leisure & Outdoor activity

Following Training Programmes had been completed in the year 2014.

SE. NO.	DESCRIPTION	NO. OF PARTICIPANTS
01.	Local Training	113
02.	Foreign Training Session	34
03.	In-House Training	210
04.	Orientation Programme	120

Actual cost incurred for the Local Training programmes in year 2014 was Rs. 2,142,201.00 and the actual cost incurred for the Foreign Training programmes were Rs. 3,679,990.00

Recruitment & Promotions

Department of Management Services has granted approvals for the Scheme of Recruitment (SOR) of the Corporation on 08th November 2013.

Amendments for the approved SOR of the Corporation were been made on 06th December 2013 and 03rd November 2014 for some categories as per the guidelines of Department of Management Services.

The recruitment process of the Corporation refers to the overall process of attracting, selecting and appointing suitable candidates either permanent or contract basis as per the available vacancies in the approved cadre of the Corporation and as per the service requirement available in the Corporation.

Recruitment process conducted internally by Deputy General Manager (Human Resource Development) and other Deputy General Managers' and/or recruitment specialists. Also, as a part of the process a Ministry Representative is participating from the line Ministry.

The summary of the positions recruited within the year 2014 are mentioned below.

	Position	No. Of Applicants Selected	No. of Applicants Recruited	
			Permanent	Contract
1	Civil Engineer Grade II	17	16	1
2	Environmental Scientist	1	1	-
3	Assistant Quantity Surveyor	9	9	-
4	Heavy Equipment Operator	4	4	-
5	Engineering Assistant	20	20	-
6	Environmental officer	1	1	-
7	Social Service Officer	1	1	-
8	Engineer (Earth Resources & Mining)	2	2	-
9	Ecologist	2	2	-
10	Management Accountant	1	1	-

11	Chief Accountant	1	1	-
12	Accountant (Through REDECO)	1	-	01
13	Accounts Assistant	1	1	-
14	Land Assistant (Taken as Management Trainees)	8	8	-
15	Stores Assistant	1	1	-
16	Surveyor	1	-	01
17	Engineer (Planning & Design)	1	-	01
18	Internal Audit Assistant	2	2	-
19	Management Assistant -Technical/ Non-Technical	19	19	-
20	Heavy Vehicle Driver (Lorry/Tipper)	24	24	-
21	Heavy Vehicle Driver (Tractor)	14	13	01
22	Cleaner/Helper	18	08	10
23	Greaser	11	-	11
24	Boat Operator	03	03	-
25	Work Supervisor (Civil)	07	07	-
26	Work Supervisor (Mechanical)	02	02	-
27	Motor Mechanic	02	02	-
28	Draughtsman	14	14	-
29	Heavy Equipment Operator	09	06	03
30	Light Vehicle Driver	13	13	-
31	Attendant	01	01	-
32	Survey Labourer	06	06	-
33	Field Labourer	04	04	-
34	Minor Supervisor	09	09	-
35	Welder	03	03	-
36	Conservancy Labourer	02	-	02
37	Security Guard	01	-	01
38	System Operator	01	01	-
	GRAND TOTAL	237	206	31

Promotion may be an employee's reward for good performance and in the Corporation this has been delayed for a few years until we received approvals for Corporation's SOR from Department of Management Services.

After receiving approval for the SOR, Corporation commenced absorbing and promoting employees for the relevant positions and grades since January 2014.

Performance Management

Performance Management processes carried out to maximize staff engagement, development and performance.

The process of performance management allows clarifying job responsibilities and expectations by enhancing individual productivity and processes to enable staff to be their best for the betterment of the Corporation. This is accomplished through the communication of clear goals and objectives, making sure staff have the training, tools and resources necessary to do their jobs effectively, providing continuous training and feedback, summarizing progress and performance in an annual performance review and supporting staff in their development.

As a result all employees performance are been monitored annually through the introduction of a new performance evaluation system since 2013 with the recommendation of the respective Divisional Heads.

Work Force

Cadre Information as at 31stDecember 2014 is as follows.

Designation	Salary Code	Approved Cadre	Existing Cadre		
			Permanent	Casual	Contract
General Manager	HM 2-2	01	01	-	-
Additional General Manager	HM 2-1	02	01	-	01
Deputy General Manager	HM 1-3	11	11	-	01
Assistant General Manager	HM 1-1	14	10	-	01
Manager Category	MM 1-1	121	92	-	06
Junior Manager Category	JM 1-1	52	44	-	-
Enforcement Officer	MA 5-1	01	-	-	-
Associate Officer Category	MA 3	53	45	-	-
Management Assistant Technical Category	MA 2-2	141	133	-	-

Management Assistant Non - Technical Category	MA 1-2	210	186	-	-
Primary Level Category - Skilled	PL 3	313	331	-	06
Primary Level Category - Semi Skilled	PL 2	103	101	-	-
Primary Level Category - Un Skilled	PL 1	504	479	02	26
GRAND TOTAL		1526	1434	02	41

Supplies Division

The Supplies Division is in the process of transforming from cost centre to a profit centre through team work , effective planning , delegation of authority, Cost reduction etc .

Major activities in year 2014 compared with year 2013 is as follows:

Item	2013 (Nos)	2014 (Nos)
Purchase Requisitions	2808	3446
Sealed Tenders	598	798
Shopping	75	73
Procurement Committee papers	965	2046
Procurement Value	4500 Million	4500 Million

Eventhough the number of Procurements increased by 1081 Nos division maintained procurement cost at same level in 2013& 2014 (4500 m). This was done mainly through effective & efficient Tender procedure ,establishing annual rates for Building Materials ,Ready mix Concrete , Machinery hiring, etc. and adhering to fair Procurement system & expanding the range of suppliers.

New Achievements:

1. Some of Valuable outcomes of Business Development meetings
 - New Central Stores Complex
 - Gymnasium at Kimbulawala
- 2.Transforming Supplies division by improving efficiency effectiveness & productivity

Legal Division

The Legal Division functions under powers conferred on the Sri Lanka Land Reclamation and Development Corporation (SLLR&DC) by the Act No. 15 of 1968 and subsequent amendments.

Legal aspects attended to are:

1. Land Acquisition, Development, Settlement and Involuntary Resettlement.
2. Draft Legal documents in relation to Land Development, Resettlement, Community Consultation and providing legal assistance to people living in Low Income Settlement areas.
3. Safe Guard the Corporation against litigations in Court by the Corporation and against the Corporation.
4. Advise on all matters pertaining to day to day issues of the Corporation.
5. The Corporation is empowered to take legal action against all unauthorized fillings, violation of conditions given on drainage design, unauthorized occupants in the canal reservation and people who are polluting the canals, within the areas declared under the SLLR&DC Act and the amendment Act No. 35 of 2006.
6. Prepare and attest all M.O.U, Sales Agreement, Contract/Consultancy Agreements, Long Term Lease, Annual Leases, Short-Term Leases, Transfer Deeds, related Legal Documents and Foreign Employment Bonds (No-pay/with pay), Car Loan Agreement, Power of Attorney and ownership of land titles for land clearance certificates.
7. The subsequent Act with amendments has been found to be inadequate, therefore it has become imperative to amend the present Act with the advice of the Attorney General's Department. The proposals for amendments have been approved by the Cabinet. In accordance with the Cabinet approval, the draft bill of the SLLR&DC Act has been prepared by the Legal Draftsman's Department.

Report of the Directors

The Directors are pleased to submit their report and the accounts of the Corporation for the year ended 31 December 2014.

Principal Activities

The principal activities of the Corporation have been described in the Operations Review (page 6 to 85) and the Statement of Comprehensive Income. (page 107)

Operational review of the year

The Operations review provides a detailed review of activities of the Corporation during the year.

Turnover

The Turnover of the Corporation during the year was Rs.3,243 million (including treasury grants of Rs.1,608 million) as compared to Rs.2,503 million (including treasury grants of Rs.1,025 million) (restated) in year 2013.

Profit

During the year under review the Corporation made a profit of Rs.432 million before tax compared to a profit of Rs.178 million in 2013 (restated). Profit after tax for 2014 is Rs.347 million compared to a profit of Rs.152 million after tax and levy (restated) in the previous year.

State of Affairs

The State of Affairs of the Corporation is as indicated in the Statement of Financial Position.

Property, Plant and Equipment

The movement of property, plant and equipment during the year is shown in the Note 9 to the Accounts.

Taxation

Income tax

Provision for income tax is made based on the profit for the year as adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and amendments thereto.

Deferred tax

Deferred tax is provided on the liability method and the balance of the deferred taxation account represents;

- i) Income tax applicable to the difference between the written down values for tax purposes of the assets on which depreciation allowances are claimed and the net book value of such assets.
- ii) The income tax applicable to the timing difference arising from the provision for retirement benefit.

Report of the Directors (Contd..)

Directors' Interests in Contracts

Directors do not have direct or indirect interest in the contracts or proposed contracts with the Corporation, other than disclosed in note 19 of the financial statements.

Going Concern

The Directors are of the view that the Corporation has the ability to continue as a going concern.

Statutory Payments

The Directors to the best of their knowledge and belief are satisfied that statutory payments in relation to the Government and the employees have been made up to date.

Employees

As at 31st December 2014 the Corporation was providing employment to 1477 persons.

Post Balance Sheet Events

All material events occurring after the Statement of Financial Position have been considered and where necessary adjustments have been made in the accounts.

Extraordinary Items

Transactions of exceptional/extraordinary nature, which require separate disclosure, have been reported in the notes to the Financial Statements.

Auditors

The Auditor General's Department will audit the accounts of the Corporation for the year 2014.

By order of the Board
For Sri Lanka Land Reclamation and Development Corporation
Secretary

12/05/2015



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கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



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எனது இல. }
My No. }

DE-2/E/SLLRDC/1/14/22

ඔබේ අංකය
உமது இல. }
Your No. }

දිනය
திகதி }
Date }

26 January 2016

The Chairman

Sri Lanka Land Reclamation and Development Corporation

Report of the Auditor General on the Consolidated Financial Statements of the Sri Lanka Land Reclamation and Development Corporation and its Subsidiary for the year ended 31 December 2014 in terms of Section 14 (2) (c) of the Finance Act, No.38 of 1971

The audit of consolidated financial statements of the Sri Lanka Land Reclamation and Development Corporation and its Subsidiary for the year ended 31 December 2014 comprising the statement of financial position as at 31 December 2014 and the statement of comprehensive income, statement of changes in equity and cash flow statements 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 17(1) of the Land Reclamation and Development Board Act, No. 15 of 1968 as amended by the Sri Lanka Land Reclamation and Development Corporation (Amendment) Act, No. 35 of 2006. My comments and observations which I consider should be published with the Annual Report of the Corporation in terms of Section 14(2)(c) of the Finance Act, appear in this report. A detailed report in terms of Section 13 (7)(a) of the Finance Act, will be issued to the Chairman of the Corporation in due course.

1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka 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 Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Sub – sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the Audit.

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

1.4 Basis for Qualified Audit Opinion

My opinion is qualified based on the matters described in paragraphs 2.2 and 2.3 of this report.



2. **Financial Statements**

2.1 **Qualified Opinion - Group**

In my opinion, except for the effects of the matters described in paragraphs 2.2 and 2.3 of this report, the financial statements give a true and fair view of the financial position of the Sri Lanka Land Reclamation and Development Corporation and its Subsidiary as at 31 December 2014 and the financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Qualified Opinion - Corporation

In my opinion, except for the effects of the matters described in paragraph 2.3 of this report, the financial statements give a true and fair view of the financial position of the Sri Lanka Land Reclamation and Development Corporation as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

2.2. **Comments on Financial Statements - Group**

The financial statements of the Corporation for the year under review had been amalgamated with the unaudited financial statements of the Land Reclamation and Development Company (Pvt) Limited which is a Subsidiary of the Corporation. The ownership of the Corporation in respect of the Subsidiary represented 80 per cent of the issued share capital of that Subsidiary.

2.3 **Comments on Financial Statements – Corporation**

2.3.1 **Sri Lanka Accounting Standards**

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



(a) Sri Lanka Accounting Standard 01

- (i) Income and expenditure and assets and liabilities should not be set off against each other except under special circumstances in terms of the Standard. However, contrary to it, non-current assets totalling Rs. 29,218,308 had been set off against non-current liabilities and brought to account and income tax of Rs. 5,123,000 recoverable relevant to the Group which should be shown under current assets had been shown by setting off against current liabilities. Further, exchange adjustment loss of Rs. 6,894,452 had been set off against other operating income.
- (ii) Even though a sum of Rs. 49,344,000 had been shown as provisions for slow moving stocks in showing the values of the preceding year relating to the Corporation, this value had not been shown relevant to the Group.
- (iii) Dividends payable amounting to Rs. 2,070,000 that should be shown in the Statement of Changes in Equity of the group had been shown under trade and other payables.
- (iv) Out of the expenditure incurred for various functions by the Corporation in the year under review, a sum of Rs. 1,632,552 had been capitalized under the Weras Ganga Project and a sum of Rs. 634,233 had been shown as expenses of the Diyatha Uyana premises.
- (v) The balance of Rs. 63,057,537 payable to the contractors as at 31 December 2014 by the Corporation included negative balances of Rs. 1,050,000 and of Rs. 862,545 payable to a Local Authority and a private company respectively.



- (vi) Government grants of Rs.695,327,000 which should be settled in the ensuing year and liabilities of lease advances of Rs. 351,115,058 had not been shown separately under current liabilities in the statement of financial position.
- (vii) The completed projects valued at Rs. 773,276,000 which should be shown under non-current assets had been shown under stock in trade. As such, the current assets had been over computed by that amount.

(b) Sri Lanka Accounting Standard 02

The stock of 2,269,563 cubic metres of sand costing Rs. 1,879,594,400 had been shown at cost in the financial statements as at 31 December 2014 instead of showing the minimum cost by calculating the net realizable value being compared with the cost.

(c) Sri Lanka Accounting Standard 07

- (i) The deferred income adjustment and provision for accumulated depreciation amounting to Rs. 151,525,000 and Rs. 194,093,000 respectively, adjusted to the accumulated profit of the preceding year as a prior year rectification had been adjusted under non-financial items in the cash flow statement.
- (ii) Balances of 04 items shown in the cash flow statement prepared for the year under review had indicated a difference of Rs. 404,245 as compared with the balances of the statement of comprehensive income and the statement of financial position.



(d) Sri Lanka Accounting Standard 08

Adjustments of provisions amounting to Rs. 48,486,882 which should be adjusted to the income statement of the year under review had been adjusted to the statement of changes in equity as prior year adjustments.

(e) Sri Lanka Accounting Standard 11

The identification of income and the percentage of completion of the contract had not been disclosed in respect of Work-in-progress of constructions of Rs. 1,752,564,028 and Rs. 1,887,222,000 relating to the Corporation and the Group respectively.

(f) Sri Lanka Accounting Standard 12

Adequate disclosures in the financial statements had not been made in respect of income tax and deferred tax payments amounting to Rs. 38,231,000 and Rs. 46,967,000 respectively relevant to the Corporation according to sections 80(c), 80(e), 81(c) and 81(h) of the Standard.

(g) Sri Lanka Accounting Standard 16

Even though fixed assets should be depreciated from the date they became suitable for use, according to the Standard, the Corporation had followed the policy of depreciation from the quarter including the date of purchase of the assets by the Corporation. As such, provisions for depreciation had not been made for vehicles valued at Rs. 17,000,000 purchased in December 2014.



(h) Sri Lanka Accounting Standard 19

Payment of employees' benefits amounting to Rs. 242,126,233 and Rs. 255,253,000 relating to the Corporation and the Group respectively had not been disclosed adequately according to the Standard. Moreover, the assumptions based for assessing the actuarial value of the employees' benefits payment fund had not been disclosed in the financial statements.

(i) Sri Lanka Accounting Standard 20

Conditions and contingencies on Government grants amounting to Rs. 695,326,546 received to the Corporation had not been adequately disclosed in the financial statements.

(j) Sri Lanka Accounting Standard 40

- (i) According to the provisions of the Standard, it had not been revealed in respect of the invested property of Rs. 501,354,118 shown in the statement of financial position relevant to the Corporation and the Group.
- (ii) The lands which had been granted to external parties on rental basis by the Corporation had not been shown under invested property in the financial statements of the Corporation and the details of the value of those lands as well had not been made available to audit.

2.3.2 Accounting Deficiencies

The following observations are made.

- (a) Sums of Rs. 36,141,295 and Rs. 36,864,124 out of income and expenditure from excavations respectively in the year under review had been deducted and shown in the financial statements as rectification of errors of the previous year by the Corporation. As such, the income and expenditure from excavations in the year under review had been understated in the financial statements by the above values.



- (b) The market value of sea sand used for projects implemented by the Corporation had not been brought to account as income from sale of sand and net profit from sale of sand amounting to Rs. 5,310,473 had been shown under sales value of sea sand.

2.3.4 Unexplained Differences

The following observations are made.

- (a) Even though, the deferred tax liability for the year under review amounted to Rs. 6,453,851 according to information made available to audit, that value had been shown as an asset of Rs. 13,426,308 in the statement of financial position.
- (b) Even though the income tax payable as at 01 January of the year under review amounted to Rs. 4,651,159 according to the tax return prepared for the preceding year, that balance had been shown in the Income Tax Payable Account as a liability of Rs. 16, 933,452.
- (c) Even though the amount brought to account as at the end of the year under review as cost relevant to the Water's Edge Railway Canteen Project was Rs. 48,086,038, according to information of the Excavations and Reclamation Division of the Corporation, its cost was Rs.52,776,991.

2.4 Accounts Receivable and Payable

The following observations are made.

- (a) Debtors balance of Rs. 562,851,630 existed as at the end of the year under review included a debtors balance of Rs. 35,752,231 outstanding from a period of 2 to 5 years and the outstanding balance over 5 years amounted to Rs. 17,650,119.



- (b) The advances received by the Corporation for the sale of lands as at 31 December of the year under review amounted to Rs.531,415,470 out of which, advances amounting to Rs. 489,066,062 remained without being settled for over a period of 05 years. Moreover, the advances that remained without being settled from a period between 1 and 5 years amounted to Rs. 20,215,565.
- (c) Action had not been taken to settle even by the year under review sums of Rs. 180,271.866 and Rs. 186,995, 861 respectively to refill the removed sand from Muthurajawela land belonging to the Ceylon Electricity Board and for utilizing that land shown under unsettled liabilities since many years.
- (d) A sum of Rs. 84.7 million payable to a foreign company as at 01 January 2014 remained unsettled even by the end of the year under review and this liability had increased up to Rs. 91.6 million by 31 December 2014 due to change in exchange rates.

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

The following non-compliances were observed.

Reference to Laws, Rules Regulations, etc.	Non-compliance
(a) Section 2(b)1 of the Land Reclamations and Development Board Act, No. 15 of 1968	Action had not been taken to determine and declare the low lying marshy, barren or muddy lands in provinces except Western, Southern, Central and Uva Provinces in Sri Lanka.
(b) Section 8(a) of the Urban Development Authority (Amendment) Act, No.04 of 1982	The Corporation had constructed the new Head Office Building Complex without obtaining the approval from the relevant Local Authority. As such, a liability of Rs. 12,041,540 had arisen for obtaining approval in the ensuing years.



- (c) Financial Regulation 395 of the Democratic Socialist Republic of Sri Lanka
- Bank Reconciliation Statements had not been prepared for the two current accounts maintained by the Corporation in a state bank. The balance as at 31 December in the year under review in these bank accounts amounted to Rs. 26,080,588.
- (d) Public Enterprises Circular No. PED/12 of 02 June 2003
- (i) Section 8.3.8
- (i) In addition to the staff of the Corporation, Gift vouchers valued at Rs. 2,293,100 at Rs.43,500 each had been provided to executive officers of the Sri Lanka Army, Navy, Civil Security Forces and Police who assisted in the activities of the Corporation.
- (ii) Moreover, a sum of Rs.40,306,064 had been spent to pay an annual incentive payment of Rs.30,000 each to the staff. Approval had not been obtained from the General Treasury for the above (i) and (ii) instances and approval for a proper procedure in computing the incentives as well had not been obtained from the Treasury.



3. Financial Review

3.1 Financial Results

According to the consolidated financial statements, the pre-tax profit of the Group and the Corporation for the year under review had been Rs. 452.7 million and Rs. 431.8 million respectively and as compared with the corresponding pre-tax profit for the preceding year amounted to Rs. 201.3 million and Rs. 178.6 million respectively. An improvement in the pre-tax profit of the Group and the Corporation had been shown by Rs. 251.4 million and Rs. 253.2 million respectively in the year under review as compared with the preceding year. The increase in the non -operating income of the Group and the Corporation by Rs. 415.7 million and Rs. 415.8 million respectively had mainly attributed to the improvement in the net profit.

3.2 Analytical Financial Review

The following observations are made.

- (a) The administrative expenditure of the Corporation for the year under review had increased up to Rs. 643.9 million representing 50 per cent as compared with the preceding year and the increase of Rs. 15.1 million incurred for activities not directly related to the objectives of the Corporation and the increase of general expenditure up to Rs. 22.5 million representing 40 per cent had directly attributed to the increase in this expenditure.
- (b) The loan capital ratio of the Corporation had increased from 18 per cent to 63 per cent due to obtaining a loan of Rs. 1,200 million from a state bank in the year under review for the Weras Ganga Project. Further, out of that loan, a sum of Rs. 452.7 million had been utilized in short term investments without utilizing for the intended purpose.



4. Operating Review

4.1 Performance

The following observations are made.

- (a) The constructions of the new Head Office Building which commenced constructions in the year 2008 had not been completed even by 31 December of the year under review, that is after a lapse of 07 years and the physical progress of those construction work was 60 per cent. Further, a time frame for the completion of the contract as well had not been prepared.
- (b) A sum of Rs. 378.84 million had been spent for 03 projects implemented prior to the year under review and it had been abandoned in the year under review. It was observed in audit that the money spent for this had become a fruitless expenditure.
- (c) Two projects costing Rs. 54.89 million included in the Action Plan of the year under review had not been implemented. Nevertheless, a sum of Rs. 162.56 million had been spent without a plan for 23 projects not included in the Action Plan.

4.2 Management Inefficiencies

The following observations are made.

- (a) An agreement had been entered into for obtaining a loan of Rs. 14,227 million from a state bank to be settled in 24 half yearly installments of Rs. 592.79 million each due to unavailability of adequate financial provisions in fulfilling the functions of the Corporation. Out of that, a sum of Rs. 1,600 million had been obtained as at the end of the year under review and spent a sum of Rs. 793.7 million for purposes contrary to the objectives of the Corporation. A sum of Rs. 62.11 million of this had been utilized to commence a project named as Weeraketiya Project and construct a monument with a museum in memory of a former politician, a sum of Rs. 594.8 million for the Boralesgamuwa North Nimna Bhoomi Development Project and a sum of



Rs. 21.7 million had been spent for the development of the proposed pond of the Pope Benedict XVI Asian Cultural Centre at Bolawalana.

- (b) The Corporation had to settle compensations with an interest of 7 per cent annually due to failure in taking proper measures to expedite the payment of compensations for lands vested through Divisional Secretariats. The value of compensation and interest payable by the end of the year under review amounted to Rs. 229.46 million.

4.3 Transactions of Contentious Nature

The following observations are made.

- (a) One hundred vegetable trays had been purchased by spending a sum of Rs. 2.58 million for the use at the Diyatha Uyana Food Court without following the Procurement Procedure. The supply of these goods had been delayed for over a period of four months from the due date and they had been lying idle in a store of the Corporation without being used from 12 December of the year under review up to 15 November 2015.
- (b) Dry rations valued at Rs. 12.4 million had been purchased as at 31 December of the year under review for a function irrelevant to the scope of the Corporation that is supplying flood relief for Anuradhapura and Polonnaruwa areas. However, transport and distribution of those rations in the area of Badulla had been problematic in audit.
- (c) Out of the funds received for flood control under the reconstruction of Koombichchankulama tank in Anuradhapura, a sum of Rs. 297.71 million had been spent contrary to that objective and arranged the tank in a manner that sea planes could be operated and a sum of Rs. 94.32 million as well had been spent for beautifying the city around that area.
- (d) The Corporation carries out mining and selling of sea sand and the following matters were observed relating to that procedure.



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සාමාන්‍ය/ව්‍යාපාරික තත්කාර ඇතිවූ නිලධාරියාණන්
Auditor General's Department

- (i) A permit prepared by the Corporation had been provided to the buyers of sand for the transport of sand from the year 2013 contrary to the Mines and Minerals Act, No. 33 of 1992. It was observed that the mineral transport permit fees recoverable had been deprived of to the Government during 02 years, under this circumstance.
- (ii) Even though a royalty should be paid on the amount of all minerals acquired according to the Gazette Extraordinary No. 794/23 of 26 November 1993, action had not been taken to pay the royalty due from 4,478,679 cubic metres of sea sand mined by the Corporation from the year 2008. The Geological Survey and Mines Bureau had requested the Corporation to make a payment of Rs.44.7 million as royalty and delay charges relating to the years 2013 and 2014. The Corporation had made provisions of Rs. 6.9 million as royalty in the financial statements on the amount of sea sand sold during the year under review alone, without considering this situation.
- (iii) According to the aforesaid matters, the provisions of the Mines and Minerals Act, No. 33 of 1992 had been violated. As such, delay charges amounting to Rs. 13 million had to be payable by the Corporation as a result of failure in paying the relevant royalty on the due date.
- (e) The sum of Rs. 104,995,322 shown as work-in-progress under the Weras Ganga Project had included a sum of Rs. 1,623,552 incurred for the year end party of the year under review.
- (f) Eight cheques of the Corporation valued at Rs. 16,376,156 shown as payables in a State Bank Account in December of the year under review had been cancelled in March 2015 without handing over to the payees. The reason for cancelling them had not been revealed as well.



4.4 Resources of the Corporation given to other Institutions

Even though it is not permitted to provide resources owned by the Corporation to the Line Ministry or other Government institutions in terms of sections 8.3.9 of Public Enterprises Circular No. PED/12 of 02 June 2003, contrary to it, 05 persons of the staff of the Corporation had been released to other Government institutions and a sum of Rs. 4 million had been spent by the Corporation as their salaries and allowances.

4.5 Personnel Administration

The following observations are made.

- (a) The approved cadre of the Corporation as at 31 December 2014 had been 1,671 and the actual cadre as at that date had been 1,475 and as such there were vacancies in 196 posts.
- (b) Further, an officer permanently recruited to the post of Deputy General Manager (Civil), which had not been approved, had been released to the Line Ministry and 50 drivers that should be recruited on contract basis had been recruited on permanent basis as well.

4.6 Utilization of Vehicles

The following observations are made.

- (a) A vehicle valued at Rs. 6,150,000 purchased for the use of the Chairman of the Corporation had been released to the Director of the Colombo Suburbs Development Project deviating from that requirement from the day of purchase itself.



(b) Spending a sum of Rs. 2.2 million for non- mechanical repairs in two cab vehicles purchased 10 years before, was a matter of contentious nature.

4.7 Commencement of Projects on Lands not properly vested

Action had been taken to construct a food court in the Diyatha Uyana premises by fixing railway compartments firmly to the ground by the Corporation in the year under review without taking steps to vest the ownership of the land in the Corporation.

4.8 Identified Losses

The loan of Rs. 2.5 million granted to a subsidiary of the Corporation had been written off from the books in the year under review.

4.9 Idle and Underutilized Assets

The balance of non -moving stocks and the balance of slow moving stocks as at 31 December of the year under review amounted to Rs. 867,000 and Rs.124.3 million respectively. Accordingly, the value of the slow moving stock had improved by 94 per cent in the year under review as compared with the preceding year.

4.10 Uneconomic Transactions

An expenditure of Rs.33.78 million had been incurred unnecessarily and without following the proper procurement procedure for the supply of food and musical shows for the opening ceremony of walking road tracks and food court constructed under the Weras Ganga Project by the Corporation.



5. Accountability and Good Governance

5.1 Corporate Plan

Even though identification of low lying marshy, barren or muddy lands located island wide and control of unauthorized reclamation and supervision had been vested with the Corporation by a Gazette Notification , those functions had not been included in the Corporate Plan relevant to the period from 2013 – 2017 and the Action Plan of the Corporation for the year under review.

5.2 Internal Audit

The Internal Audit should be used as an important procedure by the management for providing guidance in the areas where rectification should be done. However, proper attention had not been paid for empowering the Internal Audit Staff along with the expansion of the role of the Corporation as a contractor of large scale constructions for the achievement of effective results.

5.3 Procurement Plan

The progress on activities identified under the Procurement Plan to enable the efficient control and supervision of financial and other resources of the Corporation in terms of National Budget Circular No. 128 of 24 March 2006 had not been prepared for the year under review.

5.4 Budgetary Control

Significant variances were observed between the estimated and the actual income and expenditure, thus indicating that the budget had not been made use of as an effective instrument of management control.



5. Accountability and Good Governance

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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 Corporation from time to time. Special attention is needed in respect of the following areas of control.

- (a) Procurement
- (b) Financing of Project Activities
- (c) Tax Management
- (d) Financial Control
- (e) Accounting

A handwritten signature in black ink, appearing to be 'H.M. Gamini Wijesinghe', written in a cursive style.

H.M. Gamini Wijesinghe

Auditor General

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME**For the reporting period 01.01.2014 to 31.12.2014**

	Note	GROUP		CORPORATION	
		2014 Rs.000	2013 Restated Rs.000	2014 Rs.000	2013 Restated Rs.000
Revenue	1	2,029,029	1,723,800	1,622,780	1,478,028
Cost of Sales	2	(1,588,882)	(1,370,764)	(1,230,822)	(1,166,777)
Gross Profit		440,147	353,036	391,958	311,251
Treasury Grant Received		1,608,821	1,024,999	1,608,821	1,024,999
Other Grants		11,336	-	11,336	-
Cost Incurred		(1,620,157)	(1,024,999)	(1,620,157)	(1,024,999)
		-	-	-	-
Other Operating Income	3	112,572	121,097	109,436	114,513
Administrative Expenses	4	(672,284)	(455,490)	(643,924)	(430,058)
Other Operating Expenses	5	(299,647)	(202,072)	(296,703)	(200,569)
		(971,931)	(657,562)	(940,627)	(630,627)
Overheads transferred to Treasury Grant Projects		271,656	200,396	271,656	200,396
		(700,275)	(457,166)	(668,971)	(430,231)
Profit/(Loss) from Operations		(147,556)	16,967	(167,577)	(4,467)
Finance Cost	6	(14,137)	(14,397)	(13,206)	(13,754)
Non Operating Income	7	614,422	198,726	612,666	196,867
Profit/(Loss) before Taxation		452,729	201,296	431,883	178,646
Provision for Taxation	8	(85,948)	(28,761)	(85,198)	(26,261)
Profit/(Loss) after Taxation for the year		366,781	172,535	346,685	152,385
<i>Profit Attributable to:</i>					
Equity Holders of the Parent		355,778	166,875		
Non Controlling Interest		11,003	5,660		

Figures in brackets indicate deductions.

The Accounting policies on page 112 to 117 and Notes from page 118 to 133 form an integral part of these Financial Statements.

STATEMENT OF CONSOLIDATED FINANCIAL POSITION
AS AT END OF REPORTING PERIOD 31 December

	Note	GROUP		CORPORATION	
		2014 Rs.000	2013 Restated Rs.000	2014 Rs.000	2013 Restated Rs.000
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	9	1,090,786	707,014	1,086,421	704,214
Investment Properties	18	501,354	501,354	501,354	501,354
Investment in Subsidiary Companies	10	-	-	2,000	2,000
Other Investments	11	25,486	18,514	-	-
		<u>1,617,626</u>	<u>1,226,882</u>	<u>1,589,775</u>	<u>1,207,568</u>
Current Assets					
Inventories	12	4,972,174	3,666,823	4,816,008	3,589,282
Trade & Other Receivables	13	1,041,479	707,697	919,261	616,265
Deposits & Prepayments		16,658	13,069	15,698	10,484
Mobilization Advance Paid		-	-	-	-
Related Party Receivables		46,247	41,381	46,247	41,381
Cash & Cash Equivalents	14	1,010,596	882,083	992,748	863,613
Total Current Assets		<u>7,087,154</u>	<u>5,311,053</u>	<u>6,789,962</u>	<u>5,121,025</u>
Total Assets		<u>8,704,780</u>	<u>6,537,935</u>	<u>8,379,737</u>	<u>6,328,593</u>
EQUITY & LIABILITIES					
Capital & Reserves					
Contributed Capital		1,000	1,000	1,000	1,000
Revaluation Reserve		-	-	-	-
Asset replacement reserve		1,472	1,472	-	-
Capital Reserve		13,461	13,461	13,461	13,461
Revenue Reserve		2,545,445	2,147,153	2,529,545	2,140,346
Non Controlling Interest		15,632	4,629	-	-
Total Capital & Reserves		<u>2,577,010</u>	<u>2,167,715</u>	<u>2,544,006</u>	<u>2,154,807</u>
Non-Current Liabilities					
Compensation on Lands		229,465	227,112	229,465	227,112
Other non-current liabilities	15	1,050,692	776,964	1,046,492	772,764
Provision for Gratuity		255,253	222,374	242,126	209,469
Long term borrowings		1,200	1,200	-	-
Deferred Taxation		(15,792)	(75,180)	(13,426)	(60,393)
Total Non-Current Liabilities		<u>1,520,818</u>	<u>1,152,470</u>	<u>1,504,657</u>	<u>1,148,952</u>
Current Liabilities					
GOSL-Liabilities on Special Projects	16	2,102,525	1,146,384	2,102,525	1,146,384
Trade & Other Payables	17	2,449,960	2,042,546	2,200,912	1,872,674
Related Party Payables		34,917	35,571	16,584	26,713
Taxation		(5,123)	(22,131)	11,053	(22,131)
Bank Overdraft	14	24,673	15,380	-	1,194
Total Current Liabilities		<u>4,606,952</u>	<u>3,217,750</u>	<u>4,331,074</u>	<u>3,024,834</u>
Total Equity & Liabilities		<u>8,704,780</u>	<u>6,537,935</u>	<u>8,379,737</u>	<u>6,328,593</u>

Approved and signed for and on behalf of the Board of Directors.

The Accounting policies on page 112 to 117 and Notes from page 118 to 133 form an integral part of these Financial Statements.

Chairman

General Manager

Dy.General Manager (F)

STATEMENT OF CHANGES IN EQUITY
For the reporting period 01.01.2014 to 31.12.2014

Attributable to Equity Holders of Parent

GROUP

	Contributed Capital Rs.000	Capital Reserve Rs.000	Asset Replacement Reserve Rs.000	Revenue Reserve Rs.000	Non Controlling Interest Rs.000	Total Rs.000
Balance as at 01.01.2013	1,000	13,461	1,472	1,979,247	-	1,995,180
<i>Profit/(Loss) for the year</i>	-	-	-	119,980	4,069	124,049
<i>Balance Absorption of Subsidiary Loss</i>				1,031	(1,031)	-
Balance as at 31.12.2013	1,000	13,461	1,472	2,100,258	3,038	2,119,229
<u>Restated 2013</u>						
<i>Balance as at 01.01.2013</i>	1,000	13,461	1,472	1,979,247	-	1,995,180
<i>Profit/(Loss) for the year</i>	-	-	-	166,875	5,660	172,535
<i>Balance Absorption of subsidiary loss</i>				1,031	(1,031)	-
<i>Balance as at 31.12.2013</i>	1,000	13,461	1,472	2,147,153	4,629	2,167,715
Balance as at 01.01.2014	1,000	13,461	1,472	2,147,153	4,629	2,167,715
<i>Profit/(Loss) for the year</i>	-	-	-	355,778	11,003	366,781
<i>Reassessment of Property Plant & Equipment</i>						
<i>Accumulated depreciation Adjustment</i>				194,039		194,039
<i>Differed Income Adjustment</i>				(151,525)		(151,525)
Balance as at 31.12.2014	1,000	13,461	1,472	2,545,445	15,632	2,577,010

Figures in brackets indicate deductions.

The Accounting policies on page 112 to 117 and Notes from page 118 to 133 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY
For the reporting period 01.01.2014 to 31.12.2014

CORPORATION

	Contributed Capital Rs.000	Capital Reserve Rs.000	Revenue Reserve Rs.000	Total Rs.000
Balance as at 01.01.2013- Audited	1,000	13,461	1,987,961	2,002,422
Profit/(Loss) for the year	-	-	103,899	103,899
Balance as at 31.12.2013	1,000	13,461	2,091,860	2,106,321
Balance as at 01.01.2013- Audited	1,000	13,461	1,987,961	2,002,422
Profit/(Loss) for the year	-	-	152,385	152,385
Balance as at 31.12.2013 - Restated	1,000	13,461	2,140,346	2,154,807
Balance as at 01.01.2014 -Restated	1,000	13,461	2,140,346	2,154,807
Profit/(Loss) for the year	-	-	346,685	346,685
Reassessment of life of Property, Plant & Equipment				
-Accumulated depreciation adjustment			194,039	194,039
-Differed Income Adjustment			(151,525)	(151,525)
Balance as at 31.12.2014	1,000	13,461	2,529,545	2,544,006

CONSOLIDATED CASHFLOW STATEMENTFor the Year ended 31st December 2014

	GROUP		CORPORATION	
	2014 Rs.000	2013 Rs.000	2014 Rs.000	2013 Rs.000
Cash Flow from(Used in)Operating Activities				
Net Profit before Taxation & other Adjustments	460,094	140,945	439,248	118,295
Adjustments for				
Provision for Depreciation	92,534	80,745	91,139	79,916
Provision for Doubtful Debtors	7,503	(11,775)	8,218	(11,775)
Bad Debts Written off	1,110	-	(716)	-
Interest Income	(70,383)	(96,436)	(68,627)	(94,579)
Profit on sale of Fixed Assets and Unserviceable Items	(6,320)	(2,440)	(6,320)	(2,440)
Provision for Slow Moving Inventories	3,331	3,686	3,331	3,686
Provision for Compensation for Sold Lands	847	2,369	847	2,369
Amortizing Lease Land	24	24	24	24
Provision for Defined Benefit Plan	48,237	(53,260)	46,662	(57,629)
Reassessment of Property, Plant & Equipment				
- Accumulated Depreciation Adjustment	(194,039)	-	(194,039)	-
- Differed Income Adjustment	151,525	-	151,525	-
Operating Profit before Working Capital changes	494,463	63,858	471,292	37,867
Working Capital Changes				
(Increase)/Decrease in Inventories	88,085	(819,211)	85,253	(650,812)
(Increase)/Decrease in WIP-Development of Own Projects	(125,987)	(73,141)	(125,986)	(73,141)
(Increase)/Decrease in WIP - Development of Client Projects	(1,267,620)	7,489	(1,187,242)	(137,464)
(Increase)/Decrease in Work Completed Projects	42,143	8,778	42,142	8,778
(Increase)/Decrease in Deposits & Pre-Payments	(3,244)	(4,094)	(5,213)	(2,287)
(Increase)/Decrease in Mobilization Advance Paid	(159,053)	51,621	(159,052)	(25,884)
(Increase)/Decrease in Trade & Other Receivables	(182,413)	(107,960)	(151,445)	(53,587)
(Increase)/Decrease in amounts due from Related Party	(4,866)	(8,323)	(4,865)	4,156
Increase/(Decrease) in amounts due to Related Party	(7,673)	(726)	(10,129)	(11,219)
Increase/(Decrease) in Trade & Other Payables	1,374,109	623,090	1,295,861	643,912
Cash Generated from/(used in) Operations	247,944	(258,619)	250,616	(259,681)
Gratuity Paid	(15,328)	(7,258)	(14,004)	(6,507)
Income Tax Paid	(5,002)	(37,827)	(4,680)	(37,658)
Net Cash from/(used in) operating activities	227,614	(303,704)	231,932	(303,846)
Cash Flows from Investing Activities				
Acquisition of Property, Plant & Equipment	(171,650)	(77,267)	(168,690)	(76,627)
Investments in Deferred liabilities	(6,972)	785,615	-	793,045
Interest Income Received	66,684	96,436	63,544	78,598
Proceeds from sale of Fixed Assets and Unserviceable Items	6,401	2,502	6,401	2,502
Net Cash Flows from/(used in) Investing Activities	(105,537)	807,286	(98,745)	797,518
Cash Flows from/(used in) Financial Activities				
Interest and Compensation Paid	(2,858)	(28,252)	(2,858)	(28,251)
Net Cash Flows from/(used in) Financing Activities	(2,858)	(28,252)	(2,858)	(28,251)
Net Increase/(decrease) in Cash & Cash Equivalents	119,219	475,330	130,329	465,421
Cash and Cash Equivalents at beginning of the year	866,704	391,374	862,419	396,999
Cash and Cash Equivalents at end of the year	985,923	866,704	992,748	862,420
Analysis of Cash & Cash Equivalents				
Cash at Bank - Favorable	1,010,596	882,084	992,748	863,614
Bank Overdrafts	(24,673)	(15,380)	-	(1,194)
	985,923	866,704	992,748	862,420

Significant Accounting Policies

1. Basis of Accounting

The Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards SLFRS/LKAS 2011 laid down by the Institute of Chartered Accountants of Sri Lanka. No adjustments have been made for inflationary factors affecting the accounts. Where appropriate, significant accounting policies are explained in the succeeding notes.

The accounting policies have been consistently applied by the Corporation and are consistent with those of the previous year and previous year's figures have been rearranged wherever necessary to conform to the current year's presentation.

Basis of Preparation of Consolidated Financial Statements

The Consolidated Financial Statements of Sri Lanka Land Reclamation & Development Corporation includes its subsidiary Land Reclamation & Development Company (Pvt) Limited.

The accounting policies have been consistently applied by the Corporation and are consistent with those of the previous year and previous year's figures have been rearranged where ever necessary to conform to the current year's presentation.

The accounting policies that have been applied by the Corporation and the Group are consistent with the previous year.

The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions/events in similar circumstances and wherever necessary appropriate adjustments have been made in the Financial Statements.

The Financial Statements are presented in Sri Lanka Rupees. Figures in brackets indicate deductions.

The Corporation & its subsidiary have a common financial year which ends on 31st December.

2. Assets and Basis of their Valuation

2.1 Property, Plant & Equipment

Property, Plant and Equipment are stated at cost of purchase or construction, less accumulated depreciation. Cost of purchase or construction includes any attributable cost of bringing the assets to working condition for its intended use.

Buildings and Plant & Machinery received under GCFC&EI projects are shown as a separate item under Property, plant and equipment.

Significant Accounting Policies (Contd.,)

Assets received from the Lunawa Environment Improvement and Community Development Project and Metro Colombo Urban Development Project and Werasingha Ganga Project have been accounted separately under Property plant and equipment.

Vehicles received (free) from Ministries have been valued and accounted separately.

The total useful life of fully depreciated assets (buildings, plant & machinery, and motor vehicles) where the Corporation is still deriving economic benefits were re-estimated at the year end including the remaining useful life and this was adjusted under depreciation and revenue reserve.

2.2 Depreciation

Depreciation is provided to write off the cost of Fixed Assets on a straight-line basis over their expected useful lives. The annual rates used for this purpose are:

Buildings-Permanent	5%
Buildings-Semi permanent	10%
Furniture and Fittings	10%
Office Equipment	12.5%
Plant and Machinery, Vehicles and Equipment	25%
Communication Equipment	25%
Bicycles, small workshop equipment	50%
Convertainers	10%

No depreciation is provided to write off the cost of the lands.

The depreciation charge on assets purchased during the year is on the following basis:

- (1) If purchased before 31st March - full annual depreciation
- (2) If purchased between 1st April and 30th June - 3/4th of annual depreciation
- (3) If purchased between 1 July and 30 Sep. - 1/2 of annual depreciation
If purchased between 1st October and 31st Dec. - 1/4 of annual depreciation.

No depreciation is charged in the year of disposal.

2.3 Inventories

The general stocks are stated at the lower of cost and estimated net realizable value on FIFO basis. Provision has been made where necessary for obsolete and slow moving stocks.

Stock of sea sand is valued taking into account only the dredging cost including a percentage for wastage.

Significant Accounting Policies (Contd.,)

2.4 Work-in-Progress

Work-in-progress relates to long term projects in progress at the date of the Balance Sheet and is valued at cost comprising of direct expenditure and direct overheads attributable to the projects.

2.5 Work Completed at Cost

These represent cost of work virtually completed as at the Balance Sheet date. Cost of work completed under the Muthurajawela Sand Fill Project has been shown as a separate item due to the high value of this project.

2.6 Trade and Other Receivables

Debtors are stated at the amounts they are estimated to realize. Provision is made in the accounts for bad and doubtful debts which represents amounts over one year.

2.7 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purpose of Cash Flow Statement cash and cash equivalents consist of cash in hand and deposits at Banks including Repo and Treasury Bills and net of Bank Overdrafts.

2.8 Government Grants

Government grant received in the form of long term assets, has been recognized as a differed income and annually recognized as an income over the useful life of the asset. Government grants (except long term assets) received during the year in the form of transfer of resources, relating to operating activities have been recognized in full in the Statement of Comprehensive income. Conditions and other contingencies attaching to the government grants will be considered and disclosed.

3. Liabilities and Provisions

3.1 Defined Benefits Plan

Provision is made in the accounts for terminal benefits payable under the payment of Gratuity Act No. 12 of 1983, and Sri Lanka Accounting Standards for all qualifying employees. The employees qualify for this benefit on completion of 5 years continued service with the Corporation and are entitled from the first year of service. The liability is not externally funded. Provision for gratuity is actuarially valued.

Significant Accounting Policies (Contd.,)

3.1.1 Defined Contribution Plan

(a) Employees Provident Fund

The Corporation contributes 12% and employees contribute 10% to the Employees' Provident Fund. The total amount recognized as an expense for the current year is Rs 58.1 million.

(b) Employees Trust Fund

The Corporation contributes 3% on behalf of the employees to the Employees' Trust Fund. The total amount recognized as an expense for the current year is Rs 14.5 million.

3.2 Audit Fees

Audit fees for 2014 were based on fees for 2013.

3.3 (i) Income tax

Provision for income tax is made on the basis of the profit for the year as adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No.10 of 2006 and amendments thereto.

3.3 (ii) Deferred tax

Deferred tax is provided on the liability method and the balance of the deferred taxation account represents:

- i) Income tax applicable to the difference between the written down values for tax purposes of the assets on which depreciation allowances are claimed and the net book value of such assets.
- ii) The income tax applicable to the timing difference arising from the provision for retirement benefit.

3.4 Overheads

The Corporation carried out significant volume of Treasury granted projects for the year 2014. Therefore, overheads were charged to client projects and treasury grant projects.

Significant Accounting Policies (Contd.,)

4. Income Statement

4.1 Turnover

Turnover represents the Invoice value/certified work rendered during the year including the services rendered on Treasury Grant Projects.

Turnover consists of:

- (1) Sale of own lands developed
- (2) Reclamation work for clients
- (3) Dredging
- (4) Construction
- (5) Lease of Lands
- (6) Sale of Sea Sand
- (7) Land clearance
- (8) Consultancy
- (9) Miscellaneous projects
- (10) Treasury Grant projects

Revenue is generally accounted for on an accrual basis.

4.2 Treatment of Income in Land Sales

When lands are sold by Public Auction, full value of the land sale is taken to revenue, treating any balance payable by the buyer as a debt, unless such balance remains unpaid long after the Balance Sheet date and there exists some doubt as to its settlement.

When lands are sold by Tender or by other mode, the sale value is taken to revenue generally when the transfer deed has been executed or else if all payments have been received and there is no likelihood of the sale not being executed by transfer deed.

4.3 Construction Contracts

Revenue Recognition

When the outcome of the contract can be measured reliably, contract revenue is recognized by reference to stage of completion of the contract activity at the balance sheet date. All work certified have been included in revenue.

Significant Accounting Policies (Contd.,)

Expenditure Recognition

Total cost incurred in respect of each contract during the year, which can be attributed to the work certified, has been included in the cost of sales.

When the outcome of the contract can be measured reliably, contract expense is recognized by reference to stage of completion of the contract activity at the balance sheet date.

5. Extraordinary Items

All relevant details have been disclosed in notes to the accounts.

6. Post balance sheet events

All material events occurring after the balance sheet date have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the Financial Statements.

Notes to the Consolidated Financial Statements

	GROUP		CORPORATION	
	2014 Rs.000	2013 Restated Rs.000	2014 Rs.000	2013 Restated Rs.000
1 Revenue				
Land Sales	93,368	67,139	93,368	67,139
Reclamation	169,346	51,393	169,346	51,393
Miscellaneous Projects	24,515	46,362	24,515	46,362
Dredging	(36,864)	385,656	(36,864)	385,656
Construction	1,270,125	753,268	935,628	611,375
Sea Sand including price escalation	191,608	156,274	191,608	156,274
Lease of Lands	115,323	68,297	115,323	68,297
Consultancy Services	59,580	5,532	59,580	5,532
Land Clearance	6,787	5,251	6,787	5,251
Diyatha Uyana Projects	48,589	37,815	48,589	37,815
Bellanwila Projects	11,650	-	11,650	-
Sudunelumpura Housing Project	3,250	42,934	3,250	42,934
Sale of Blocks & Hume Pips	71,752	103,746	-	-
Tipper Hire	-	133	-	-
	<u>2,029,029</u>	<u>1,723,800</u>	<u>1,622,780</u>	<u>1,478,028</u>
2 Cost of Sales				
Cost of Land Sold	1,165	16,682	1,165	16,682
Cost of Reclamation	142,580	35,888	142,580	35,888
Cost of Miscellaneous Projects	103,843	57,732	103,843	57,732
Cost of Dredging Projects	(36,141)	372,181	(36,141)	372,181
Cost of Construction Projects	1,134,733	547,824	848,617	587,618
Cost of Sea Sand	150,246	86,539	150,246	86,539
Diyatha Uyana Projects	18,711	253,918	18,711	10,137
Cost of Bellanwila Projects	1,801	-	1,801	-
Cost of Blocks & Hume Pipes	71,944	-	-	-
	<u>1,588,882</u>	<u>1,370,764</u>	<u>1,230,822</u>	<u>1,166,777</u>
3 Other Operating Income				
Registration of Suppliers	838	784	838	784
Fines and Surcharges	454	678	454	678
Miscellaneous Income	44,167	117,145	41,031	110,561
Profit on Sale of Fixed Assets and unserviceable items	6,320	2,440	6,320	2,440
Exchange Gain/Loss	(6,894)	50	(6,894)	50
Net Surplus/(Deficit) of the Plant & Equipment Division	67,687	-	67,687	-
	<u>112,572</u>	<u>121,097</u>	<u>109,436</u>	<u>114,513</u>
4 Administrative Expenses				
Director's Fees	1,284	1,251	796	891
Salaries & Wages	435,564	367,742	419,827	356,612
Staff Welfare	13,708	12,906	13,095	12,903
Printing & Stationery	11,016	8,656	10,466	8,133
Telephone & Postage	6,550	4,543	6,234	4,265
Periodicals & Publications	504	905	504	905
Travelling & Subsistence	504	346	496	306
Operating & Maintenance Cost of Motor Vehicles	69,133	53,241	67,201	51,289
Maintenance of Office Equipmt. & Furniture & Fittings	4,260	2,738	4,178	2,628
General Expenses	22,734	5,193	22,537	4,498
Professional Expenses	4,304	2,718	4,114	2,656
Medical Expenses	17,137	15,778	17,137	15,778
Training, Research Study & Development	5,682	4,891	5,682	4,873
Audit Fees	378	370	378	150
Bonus	25,380	22,129	18,708	16,500
Gratuity & Compensation for Employees	48,237	(53,260)	46,662	(57,629)
Workmen's Compensation Land Sold at Attidiya	-	1,614	-	1,614
Registration fees	-	43	-	-
Write off of Loan given to REEL	2,500	-	2,500	-
Write off of Preliminary Expenses incurred on Water Front Co.	78	-	78	-
Provision for Slow Moving Stock	3,331	3,686	3,331	3,686
	<u>672,284</u>	<u>455,490</u>	<u>643,924</u>	<u>430,058</u>

Notes to the Consolidated Financial Statements (Contd.,)

	GROUP		CORPORATION	
	2014 Rs.000	2013 Restated Rs.000	2014 Rs.000	2013 Restated Rs.000
5 Other Operating Expenses				
<i>5.1 Establishment Expenses</i>				
Rent & Rates	3,446	1,239	2,875	636
Building Maintenance	2,953	5,244	2,903	5,236
Electricity & Water	9,404	10,185	8,954	9,794
Insurance	11,392	5,254	11,033	5,108
	<u>27,195</u>	<u>21,922</u>	<u>25,765</u>	<u>20,774</u>
<i>5.2 Depreciation</i>				
Buildings	6,934	3,515	6,934	3,515
Motor Vehicles	22,671	20,326	22,629	20,281
Motor Vehicles - Ministry	1,000	1,000	1,000	1,000
Computer & Accessories	5,036	4,261	5,036	4,261
Office Equipment	1,855	1,608	1,609	1,374
Furniture & Fittings	1,729	1,271	1,707	1,241
Welfare Equipment	343	220	343	220
Survey Instruments	538	545	538	545
Bicycles	17	11	17	11
Covertainer	1,879	-	1,879	-
Assets under Lunawa EI & CDP	4,184	50,896	4,184	50,896
Assets under MCUPD	168,703	50,394	168,703	50,394
Welfare Equipment (Werasa Ganga Project)	2	2	2	2
Welfare Equipment (MCUPD)	6	6	6	6
Office Equipment (MCUPD)	56	52	56	52
Furniture & Fittings (MCUPD)	60	60	60	60
Computer & Accessories (Werasa Ganga Project)	-	57	-	57
Computer & Accessories (MCUPD)	484	484	484	484
Assets Under Kimbulawala Project	336	-	336	-
Assets under Werasa Ganga Funds	1,346	-	1,346	-
	<u>217,179</u>	<u>134,708</u>	<u>216,869</u>	<u>134,399</u>
<i>5.3 Selling Expenses</i>				
Provision for Bad & Doubtful Debtors	10,969	(31,773)	9,859	(31,773)
Bad debts write off	-	-	715	-
Provision for Bad & Doubtful Debtors - Sudunelumpura	(2,356)	19,998	(2,356)	19,998
Publicity & Promotional Expenses	4,345	1,030	3,536	984
Exhibition Expenses	4,460	4,257	4,460	4,257
	<u>17,418</u>	<u>(6,488)</u>	<u>16,214</u>	<u>(6,534)</u>
<i>5.4 Others</i>				
Overheads Charged to Projects	-	(7,004)	-	(7,004)
Metro Colombo Urban Development Project Expenses	37,855	37,283	37,855	37,283
Net Surplus/(Deficit) of the Plant & Equipment Division	-	21,651	-	21,651
	<u>37,855</u>	<u>51,930</u>	<u>37,855</u>	<u>51,930</u>
	<u>299,647</u>	<u>202,072</u>	<u>296,703</u>	<u>200,569</u>
6 Finance Charges				
Bank Charges	465	500	237	307
Interest on compensation on land sold	848	1,263	848	1,263
Stamp Duty	23	23	21	23
Overdraft interest	701	450	-	-
Amortization of Lease Land	24	24	24	24
Construction Levy	4,465	4,227	4,465	4,227
Nation Building Tax	7,611	7,910	7,611	7,910
	<u>14,137</u>	<u>14,397</u>	<u>13,206</u>	<u>13,754</u>

Notes to the Consolidated Financial Statements (Contd.,)

	GROUP		CORPORATION	
	2014 Rs.000	2013 Restated Rs.000	2014 Rs.000	2013 Restated Rs.000
7 Non Operating Income				
7.1 Interest Income				
Treasury Bill Income	-	1,859	-	-
Investment Income	17,801	66,177	17,801	66,177
Repo Interest Income	52,582	28,402	50,826	28,402
	<u>70,383</u>	<u>96,438</u>	<u>68,627</u>	<u>94,579</u>
7.2 Amortisation of Assets				
Amortisation of Lunawa Assets	4,184	50,895	4,184	50,895
Amortisation of Assets under MCUPD	168,703	50,393	168,703	50,393
Amortisation of Assets under Kimbulawala Project	335	-	335	-
Amortisation of Assets under Weras Ganga Project	1,345	-	1,345	-
Amortisation of Motor Vehicle - Ministry	1,000	1,000	1,000	1,000
Amortisation of Assets GOSL - GCFC&EIP	220,243	-	220,243	-
Amortisation of Assets Kirimandala Mawatha	148,229	-	148,229	-
	<u>544,039</u>	<u>102,288</u>	<u>544,039</u>	<u>102,288</u>
	<u>614,422</u>	<u>198,726</u>	<u>612,666</u>	<u>196,867</u>
8 Tax Expenses				
Provision for Income Tax	38,200	20,948	38,201	18,448
Other Adjustment related to Taxation	30	11,865	30	11,865
Deferred Tax	47,718	(4,052)	46,967	(4,052)
	<u>85,948</u>	<u>28,761</u>	<u>85,198</u>	<u>26,261</u>

Notes to the Consolidated Financial Statements (Contd.,)

9 (a) Property, Plant & Equipment as at 31.12.2014

GROUP

	Land & Building Rs.000	Plant & Machinery Rs.000	Motor Vehicles Rs.000	Equipment Rs.000	Pallets Rs.000	Dampalessa Assets Rs.000	Kotagala Assets Rs.000	Total Rs.000
<u>Cost</u>								
Balance Brought Forward	142,822	254,987	123,163	122,604	737	525	1,460	646,298
Additions	115,079	4,150	3,164	31,095				153,488
Disposals		(13,535)	(279)	(908)				(14,722)
Balance Carried Forward	257,901	245,602	126,048	152,791	737	525	1,460	785,064
<u>Depreciation</u>								
Balance Brought Forward	78,690	194,367	78,090	56,013	737	525	1,365	409,787
Reassessment of Life	(27,318)	(13,941)	(1,417)	-	-	-	-	(42,676)
Charge for the year	7,085	35,338	24,256	21,089	-	-	49	87,817
Disposals	-	(13,531)	(279)	(832)	-	-	-	(14,642)
Balance Carried Forward	58,457	202,233	100,650	76,270	737	525	1,414	440,286
Net Book Value (C/F to Note 9(f))	199,444	43,369	25,398	76,521	-	-	46	344,778

Notes to the Consolidated Financial Statements (Contd.,)**9 (b) Property, Plant & Equipment - GCFC & EIP**

	Land & Building Rs.000	Plant & Machinery Rs.000	Motor Vehicles Rs.000	Equipment Rs.000	Total Rs.000
<u>Cost</u>					
Balance Brought Forward	47,605	554,975	38,117	38,210	678,907
Disposals		(57,440)	(770)	-	(58,210)
Balance Carried Forward	47,605	497,535	37,347	38,210	620,697
<u>Depreciation</u>					
Balance Brought Forward	31,180	554,974	38,117	38,209	662,480
Reassessment of Life	-	(61,938)	(6,867)	-	(68,805)
Charge for the year	2,380	-	-	-	2,380
Disposals	-	(57,439)	(770)	-	(58,209)
Balance Carried Forward	33,560	435,597	30,480	38,209	537,846
Net Book Value (C/F to Note 9(f))	14,045	61,938	6,867	1	82,851

9 (c) Property, Plant & Equipment - LEI & CDP

	Land & Building Rs.000	Plant & Machinery Rs.000	Motor Vehicles Rs.000	Equipment Rs.000	Total Rs.000
<u>Cost</u>					
Balance Brought Forward	56,125	218,427	31,228	5,705	311,485
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance Carried Forward	56,125	218,427	31,228	5,705	311,485
<u>Depreciation</u>					
Balance Brought Forward	4,209	218,427	30,124	4,827	257,587
Reassessment of life	-	(77,923)	(4,635)	-	(82,558)
Charge for the year	2,806	-	1,105	273	4,184
Balance Carried Forward	7,015	140,504	26,594	5,100	179,213
Net Book Value	49,110	77,923	4,634	605	132,272

Notes to the Consolidated Financial Statements (Contd.,)

9 (d) Fixed Assets Acquired under M.C.U.D. Project

	Plant & Machinery Rs.000	Motor Vehicles Rs.000	Total Rs.000
<u>Cost</u>			
Balance Brought Forward	410,650	-	410,650
Additions	193,486	69,031	262,517
Balance Carried Forward	604,136	69,031	673,167
<u>Depreciation</u>			
Balance Brought Forward	50,394	-	50,394
Charge for the year	151,060	17,643	168,703
Disposals	-	-	-
Balance Carried Forward	201,454	17,643	219,097
Net Book Value (C/F to Note 9(f))	402,682	51,388	454,070

9 (e) Fixed Assets Acquired Treasury Grant for Kimbulawala Project

	Plant & Machinery Rs.000	Total Rs.000
<u>Cost</u>		
Balance Brought Forward	-	-
Additions	12,887	12,887
Balance Carried Forward	12,887	12,887
<u>Depreciation</u>		
Balance Brought Forward	-	-
Charge for the year	336	336
Balance Carried Forward	336	336
Net Book Value (C/F to Note 9(f))	12,551	12,551

Notes to the Consolidated Financial Statements (Contd.,)

9 (f) Property, Plant & Equipment – Weras Ganga Project

	Land & Building Rs.000	Plant & Machinery Rs.000	Motor Vehicles Rs.000	Equipment Rs.000	Total Rs.000
<u>Cost</u>					
Additions	-	1,518	1,473	10,276	13,267
Balance Carried Forward	-	1,518	1,473	10,276	13,267
<u>Depreciation</u>					
Balance Brought Forward	-				
Charge for the year	-	221	184	941	1,346
Balance Carried Forward	-	221	184	941	1,346
Net Book Value	-	1,297	1,289	9,335	11,921
Add:					
Tools & Valuation					52,343
Note 9 (a)					344,778
Note 9 (b)					82,851
Note 9 (c)					132,272
Note 9 (d)					454,070
Note 9 (e)					12,551
					1,090,786

Notes to the Consolidated Financial Statements (Contd.,)

9 (a) Property, Plant & Equipment

CORPORATION

	Land & Building Rs.000	Plant & Machinery Rs.000	Motor Vehicles Rs.000	Equipment Rs.000	Total Rs.000
<u>Cost</u>					
Balance Brought Forward	140,534	247,134	113,892	116,428	617,988
Additions - 2014	115,000	4,081	1,020	30,427	150,528
Disposals	-	(13,535)	(279)	(908)	(14,722)
Balance Carried Forward	255,534	237,680	114,633	145,947	753,794
<u>Depreciation</u>					
Balance Brought Forward	77,316	186,643	68,998	51,321	384,278
Reassessment of life time	(27,318)	(13,941)	(1,417)	-	(42,676)
Charge for the year	6,957	35,292	23,630	20,542	86,421
Disposals	-	(13,531)	(279)	(832)	(14,642)
	56,955	194,463	90,932	71,031	413,381
Net Book Value (C/F to Note 9 f)	198,579	43,217	23,701	74,916	340,413

9 (b) Property, Plant & Equipment GCFC&EIP

	Land & Building Rs.000	Plant & Machinery Rs.000	Motor Vehicles Rs.000	Equipment Rs.000	Total Rs.000
<u>Cost</u>					
Balance Brought Forward	47,605	554,975	38,117	38,210	678,907
Additions	-	-	-	-	-
Disposals	-	(57,440)	(770)	-	(58,210)
	47,605	497,535	37,347	38,210	620,697
<u>Depreciation</u>					
Balance Brought Forward	31,180	554,974	38,117	38,209	662,480
Reassessment of life time	-	(61,938)	(6,867)	-	(68,805)
Charge for the year	2,380	-	-	-	2,380
Disposals	-	(57,439)	(770)	-	(58,209)
	33,560	435,597	30,480	38,209	537,846
Net Book Value (C/F to Note 9f)	14,045	61,938	6,867	1	82,851

Notes to the Consolidated Financial Statements (Contd.,)**9 (c) Property, Plant & Equipment - LEI&CDP**

	Land & Building Rs.000	Plant & Machinery Rs.000	Motor Vehicles Rs.000	Equipment Rs.000	Total Rs.000
<u>Cost</u>					
Balance Brought Forward	56,125	218,427	31,228	5,705	311,485
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance Carried Forward	56,125	218,427	31,228	5,705	311,485
<u>Depreciation</u>					
Balance Brought Forward	4,209	218,427	30,124	4,827	257,587
Reassessment of life time	-	(77,923)	(4,635)	-	(82,558)
Charge for the year	2,806	-	1,105	273	4,184
Disposals	-	-	-	-	-
Balance Carried Forward	7,015	140,504	26,594	5,100	179,213
Net Book Value (C/F to Note 9 f)	49,110	77,923	4,634	605	132,272

9 (d) Property, Plant & Equipment - MCUDP

	Plant & Machinery Rs.000	Motor Vehicles Rs.000	Equipment Rs.000	Total Rs.000
<u>Cost</u>				
Balance Brought Forward	410,650	-	-	410,650
Additions	193,486	69,031	-	262,517
Balance Carried Forward	604,136	69,031	-	673,167
<u>Depreciation</u>				
Balance Brought Forward	50,394	-	-	50,394
Charge for the year	151,060	17,643	-	168,703
	201,454	17,643		219,097
Net Book Value (C/F to Note 9 f)	402,682	51,388		454,070

Notes to the Consolidated Financial Statements (Contd.,)**9 (e) Property, Plant & Equipment – Treasury Grant – Kimbulawala Project**

Description	Gym Equipments & Others Rs.000	Total Rs.000
Cost		
Additions – 2014	12,887	12,887
Depreciation		
Charges for the year	336	336
Net Book Value (C/F to Note 9 f)	12,551	12,551

9 (f) Property, Plant & Equipment – Weras Ganga Project

Description	Buildings Rs.000	Plant & Machinery Rs.000	Motor Vehicles Rs.000	Equipment Rs.000	Total Rs.000
Cost					
Additions	-	1,518	1,473	10,276	13,267
Depreciation					
Charges for the year		221	184	941	1,346
Net Book Value		1,297	1,289	9,335	11,921
Add					
Tools at valuation					52,343
Note 9 (a)					340,413
Note 9 (b)					82,851
Note 9 (c)					132,272
Note 9 (d)					454,070
Note 9 (e)					12,551
					1,086,421

Notes to the Consolidated Financial Statements (Contd.,)

	GROUP		CORPORATION	
	2014 Rs.000	2013 Restated Rs.000	2014 Rs.000	2013 Restated Rs.000
10 Investments in Subsidiary Companies				
Shares in Land Reclamation & Development Co., Ltd (REDECO). This represents 80% of the issued share capital of REDECO	-	-	2,000	2,000
11 Other Investments				
Real Estate Exchange (Pvt) Ltd., 20,000 shares @ Rs 100/= each. This represent 14% of the issued share capital of REEL	-	2,000	-	2,000
Less: Provision for diminution in value of the investment	-	(2,000)	-	(2,000)
Investment at Deposits and others	25,486	18,514	-	-
	<u>25,486</u>	<u>18,514</u>	<u>-</u>	<u>-</u>
12 Inventories				
Sea Sand Stock	1,879,594	1,975,225	1,879,594	1,975,225
General Stock	171,594	112,557	171,689	162,183
Less: Provision for Slow Moving Inventories	(52,674)	-	(52,674)	(49,344)
Cost of Lands Acquired	291,559	287,353	291,559	287,353
Work-in-progress - Development of own projects	398,924	272,937	398,924	272,937
Work-in-progress - Development of client projects	21,341	21,445	21,341	21,445
Work-in-progress - Weras Ganga Project	1,332,299	144,952	1,332,299	144,952
Raw material and consumables	5,483	7,056	-	-
Contract WIP	134,658	54,260	-	-
Finished goods	16,120	16,507	-	-
Work Completed Projects	773,276	774,531	773,276	774,531
	<u>4,972,174</u>	<u>3,666,823</u>	<u>4,816,008</u>	<u>3,589,282</u>
13 Trade & Other Receivables				
Staff Debtors	141,521	142,036	141,521	142,036
Other Debtors	72,936	101,767	13,657	29,882
Mobilization advance paid to contractors - Weras Ganga	78,009	19,513	78,009	19,513
Mobilization advance paid to Contractors	189,319	42,110	142,667	42,110
Trade Debtors	626,302	458,961	602,552	431,951
Less: provision for bad debtors	(66,692)	(56,833)	(59,229)	(49,370)
Debtors - Sudunelumpura Housing	17,726	20,141	17,726	20,141
Less: provision for bad debtors	(17,642)	(19,998)	(17,642)	(19,998)
	<u>1,041,479</u>	<u>707,697</u>	<u>919,261</u>	<u>616,265</u>
14 Cash & Cash Equivalent				
Fixed & Call Deposits	457,332	626,604	457,332	626,604
Fixed & Call Deposits - Weras Ganga	452,694	200,034	452,694	200,034
Cash in Hand	1,429	18,951	786	481
Cash at Bank - Weras Ganga	26,079	-	26,079	-
Cash at Bank	71,171	34,648	53,966	34,648
Cash at Bank (Rupee converted amount)	1,891	1,846	1,891	1,846
	<u>1,010,596</u>	<u>882,083</u>	<u>992,748</u>	<u>863,613</u>
Bank Overdraft	(24,673)	(15,380)	-	(1,194)
	<u>985,923</u>	<u>866,703</u>	<u>992,748</u>	<u>862,419</u>

Notes to the Consolidated Financial Statements (Contd.,)

	GROUP		CORPORATION	
	2014 Rs.000	2013 Restated Rs.000	2014 Rs.000	2013 Restated Rs.000
15 Other Non Current Liabilities				
Deferred Income (GCFC & EIP)	82,851	16,426	82,851	16,426
Deferred Income (LEI & EIP)	132,271	53,898	132,271	53,898
Deferred Income (MCUDP)	454,070	360,256	454,070	360,256
Deferred Income - Motor Vehicle (Ministry)	1,500	2,500	1,500	2,500
Deferred Income - (Electric Car)	162	-	162	-
Deferred Income - (Kimbulawala Project)	12,552	-	12,552	-
Deferred Income - Weras Ganga Project	11,921	-	11,921	-
World Bank - Re awaking project	4,200	4,200	-	-
Advance Received against Lease Lands	351,165	339,684	351,165	339,684
	<u>1,050,692</u>	<u>776,964</u>	<u>1,046,492</u>	<u>772,764</u>
16 Liabilities on Special Projects				
GOSL - GCFC & EIP	440,486	660,730	440,486	660,730
Funds Received - 21 Houses Sooriyawewa	-	23,615	-	23,615
Ragama Kalu Oya	56,245	56,245	56,245	56,245
GOSL - Hambantota	5,794	5,794	5,794	5,794
GOSL - Weeras Ganga Project	1,600,000	400,000	1,600,000	400,000
	<u>2,102,525</u>	<u>1,146,384</u>	<u>2,102,525</u>	<u>1,146,384</u>
17 Trade & Other Payables				
Contract Creditors	74,463	65,446	63,252	33,525
Contract Creditors - Weras Ganga Project	22,043	-	22,043	-
Tipper Hire Creditors	920	869	920	869
Sundry Creditors	435,386	244,737	398,045	244,734
Accrued Expenses	114,042	119,032	112,954	118,061
Medical Fund	20,509	13,365	20,509	13,365
Sundry Deposits & Security Deposits	45,704	22,592	45,704	22,592
Advances against sale of lands	531,415	517,471	531,415	517,471
Other Advances Received	637,263	505,419	511,192	434,209
Creditors on Sea Sand Project	35,943	35,812	35,943	35,812
Creditors - Rhode Nielsen	91,667	84,768	91,667	84,768
Creditors - Sea sand loan for CEB Land	186,996	186,996	186,996	186,996
Creditors - Sea sand Filling Stock Pile 1 & 2	180,272	180,272	180,272	180,272
Turnover Tax Surcharges	-	261	-	-
Salaries & Wages Payable	27	957	-	-
EPF & ETF Payable	695	3	-	-
PAYE	2	-	-	-
VAT Payable	20,527	20,336	-	-
Other Payables	199	160	-	-
Welfare Society	12	-	-	-
Death Donation Fund	10	-	-	-
Retention Payable	32,487	-	-	-
SNC	-	26,419	-	-
Withholding Tax Payable	1,862	1,862	-	-
Stamp Duty Payable	7	1	-	-
Social Responsibility Levy	(3)	(3)	-	-
ESC Payable	7,234	7,505	-	-
NBT Payable	932	940	-	-
Dividend payable	4,555	2,485	-	-
CIGF Levy	(244)	(194)	-	-
1/3 VAT Payable	5,035	5,035	-	-
	<u>2,449,960</u>	<u>2,042,546</u>	<u>2,200,912</u>	<u>1,872,674</u>

Notes to the Consolidated Financial Statements (Contd.,)

18. INVESTMENT PROPERTIES LANDS ON LEASE (LONG TERM BASIS)

This Corporation has leased out lands on long term basis, as indicated in the schedule to this note. Generally the lease rent for the entire period is paid in advance. Therefore, the lease income for the year is taken by dividing the total lease payment by the number of years of the lease.

Accordingly, income relating to the current year is credited to the Income Statement and the balance is shown as a liability in the Balance Sheet.

The value of lands relating to long term leases amounting to Rs. 501,354,118.73 has been shown as a separate item in the Balance Sheet as lands on lease.

VALUE OF LANDS ON LEASE

Name of Lessee	Location	Extent	Duration	Value of Lands on Lease Rs.
Asia Siyaka Warehousing (Pvt) Ltd	Muthurajawela	6A 1R 28P	50 years	45,540,400.00
Shell Terminal Ltd	Muthurajawela	26A	50 years	184,288,000.00
Japanese School Colombo	Lake Drive	1A 12P	30 years	1,596,100.33
Century Property Ltd	Wedamulla	3A	50 years	40,913,908.80
A B Development	Wedamulla	1A	50 years	13,637,969.60
Paras Industries (Pvt) Ltd	Muthurajawela	3A 2R 2P	50 years	24,896,600.00
Forbes & Walkers Warehousing (Pvt) Ltd	Muthurajawela	4A	50 years	28,352,000.00
Accor Industries	Muthurajawela	4A	50 years	28,352,000.00
John Keels Warehousing	Muthurajawela	6A 0R 30P	50 years	43,857,000.00
Pyramid Lanka	Muthurajawela	6A 0R 2P	50 years	42,616,600.00
Sri Chirag Land (Pvt) Ltd	Muthurajawela	4A 2R 11P	50 years	32,383,300.00
Ceylon Electricity Board	Muthurajawela	176.8P	30 years	7,832,240.00
Tess Agro Ltd	Muthurajawela	1A	30 years	7,088,000.00
				501,354,118.73

Notes to the Consolidated Financial Statements (Contd.,)

19. Related Party Transactions

	Name of the related party	Relationship	Nature of Transaction	Amount
1.	Land Reclamation and Development Company. (Redeco)	Chairman of the corporation is the chairman of this company	<p>Arranged with this company to purchase cement blocks under normal transaction for use in its various projects.</p> <p>Redeco has carried out several construction projects for the Corporation .</p> <p>An office building and 2 blocks of land at Kirimandala Mawatha are given on lease.</p>	<p>During the year, concrete products have been purchased to the Corporation amounting to Rs.12,188,101.91.</p> <p>Cost of projects Carried out for the Corporation is Rs.116,246,258.07.</p> <p>Annual lease rent is Rs. 612,245/=</p>
2.	L.R.D.C. Services(Pvt) Ltd.	Fully owned subsidiary of REDECO Chairman of the corporation is the chairman of this company	Providing security services to the various sites of the Corporation under normal transactions	Security services rendered by LRDC are Rs.16,699,546 Fuel issued by the Corporation to LRDC is Rs.1,338,448 In addition to the above The Corporation owes the LRDC Rs.3.0 mn. This amount represents valuation of the Motor Van transferred to the Corporation.

Notes to the Consolidated Financial Statements (Contd.,)

20 Sea Sand Stock

Dredging International NV of Belgium completed mining and pumping of 3,000,000 meter cubes of sand. The total cost of the project is USD 19,860,000 excluding all taxes. An additional claim for price & fuel escalation for US Dollars 1,411,456.80 too was paid to the Contractor.

Dredging International was awarded a contract in year 2013 to pump and supply an additional quantity of 756,595 meter cubes sand at a price of US Dollars 5,197,539.44 including additional claims (excluding taxes). This contract was completed during the year 2013.

Sea sand stock of 2,269,563 meter cubes amounting to Rs.1,879,594,399 has been recorded in the Financial Statements as at 31.12.2014.

21. Compensation & Interest on Land Acquired.

Amount payable as un-reclaimed value on crown lands (vested by the Corporation under Section 3A) sold/leased was corrected by reducing the total liability to Rs.62,028,112.50.

Further, a provision made for compensation on sold lands amounting to Rs.44,538,761 was adjusted to equity after obtaining Board of Directors approval since there was no liability for this amount.

22. Deferred Income

This Corporation received assets under the Greater Colombo Flood Control and Environment Improvement Project, the Lunawa Environment Improvement and Community Development Project, Weras Ganga Project and the Metro Colombo Urban Development Project. These assets and the corresponding liability have been recorded at fair values. Each year the carrying amounts of these accounts have been reduced by an amount equivalent to the depreciation charge. In accordance with the observations made in the Auditor General's report for year 2006 the liability account (grant) has been categorized as deferred income.

23. Construction Contracts

Contract revenue is recognized by reference to the stage of completion of the contract activities at the Balance Sheet date when the outcome of the construction contract can be measured reliably. All work certified have been included in the revenue.

Notes to the Consolidated Financial Statements (Contd.,)

24. Sudunelumpura Housing Project

Based on the Auditor General's report of 2012, the Corporation has accounted income received and due up to year 2014. The total rental income to be received in the future from tenants of Sudunelumpura Housing Scheme amounts to Rs.56,402,686. According to information available there is no indication regarding the transfer of assets, hence the corresponding project cost and land cost remain in the Balance Sheet.

25. Bank Facility

This Corporation has an arrangement with Bank of Ceylon (BOC), Rajagiriya to obtain bank guarantees and open Letter of Credit upto a value of Rs.125 million. Fixed deposits of Rs.85 million are held as security for the facility of Rs.75 million. Balance Rs. 50 million facility has been granted by the bank without security.

26. Greater Colombo Flood Control & Environment Improvement Project - Rs.660 million

The above amount is shown under liabilities on special projects. Action was taken to amortize this amount over a 3 year period since there has been no claim for this amount.

27. Werasingha Storm Water Drainage & Environment Improvement Project

An agreement was entered into by this Corporation to obtain a term loan facility of Rs.14,227,000,000/- with National Savings Bank of Sri Lanka for the implementation of Werasingha Storm Water Drainage & Environment Improvement Project. The interest rate applicable on this loan is six month AWPLR + 2.5% p.a. as published by the Central Bank of Sri Lanka.

The tenor of this loan is 14 years and 6 months from the date of the first disbursement. A grace period of two years and six months has been granted.

As at 31.12.2014 this Corporation has received Rs.1,600,000,000/- from the above loan against a guarantee from the General Treasury of Rs.2,000,000,000/-.

FINANCIAL HIGHLIGHTS OF THE CORPORATION

The total turnover during the year was Rs 3,243 million compared with Rs 2,503 million in the previous year. The net profit before tax in 2014 is Rs 432 million compared with the profit of Rs 178 million in year 2013. The net profit after tax in 2014 is Rs 347 million compared with the profit of Rs 152 million in 2013.

Profit & Loss						
	2014	2013	2013	2012	2011	2010
	Rs.Mn	Restated Rs.Mn	Audited Rs.Mn	Rs.Mn	Restated Rs.Mn	Rs.Mn
Turnover	1,623	1,478	1,478	2,170	2,700	1,391
Treasury & Other Grants Received	1,620	1,025	1,025	926	530	207
	<u>3,243</u>	<u>2,503</u>	<u>2,503</u>	<u>3,096</u>	<u>3,230</u>	<u>1,598</u>
Cost Incurred	(2,851)	(2,192)	(2,192)	(2,751)	(2,685)	(1,280)
Gross Profit	392	311	311	345	545	318
Other Operating Income	116	114	54	24	56	95
Exchange Gain/(Loss)	(7)	-	-	5	35	(6)
Overheads	(954)	(644)	(444)	(560)	(458)	(486)
Overheads Charged to Treasury grant projects	272	200	-	-	-	-
	<u>(682)</u>	<u>(444)</u>	<u>(444)</u>	<u>(560)</u>	<u>(458)</u>	<u>(486)</u>
Interest Income	69	95	95	153	152	152
Amortization	544	102	102	66	63	63
Profit before Tax & Levy	432	178	118	33	393	135
Balance Sheet						
Total Assets	8,380	6,328	6,369	5,662	7,520	5,136
Capital & Reserves	2,544	2,154	2,106	2,002	2,071	1,718
Non-Current Liabilities	1,505	1,149	1,250	1,268	1,233	1,297
Current Liabilities	4,331	3,025	3,013	2,392	4,216	2,121
Ratio Analysis						
Gross Profit	12%	13%	13%	12%	17%	20%
Net Profit/(loss) from Operating Activities (excluding interest income Amortization & exchange gain)	(6%)	(1%)	(4%)	(7%)	5%	(6%)
Net Profit	14%	8%	5%	1%	13%	9%