Annual Report 2010

National Housing Development Authority

Ministry of Construction, Engineering Services,
Housing and Common Amenities

Contents

A
General

Introduction

The National Housing Development Authority has been established by National Housing Development Authority Act No. 17 of 1979 to carry out housing development activities in Sri Lanka.

These activities are carried out throughout the island by the Authority through its Head Office in Colombo, twenty six (26) District Offices and three (03) city offices.

Our Vision

An adequate house for every family in a habitable environment.

Our Mission

To implement as planned the 'Janasevana – Mahinda Chinthana' Housing Programme with the participation of all stakeholders.

Our Objectives

- Assisting low income families to construct new houses or to improve substandard dwellings by providing loans/assistance.
- Providing houses to middle income earners at affordable prices in partnership with the private sector.
- Implementing programmes for urban modernization and relocation.
- Providing consultancy services on an islandwide basis to low income earners to construct houses.
- Providing consultancy services to outside institutions with regard to activities for development of infrastructure facilities connected with housing.
- Popularizing the low cost housing technology and producing skilled workers by means of the job training.
- Consolidating the right of ownership of the property of the occupants.

CORPORATE INFORMATION

NAME	:	National Housing Development Authority
LEGAL FORM	:	Act No.17 of 1979
YEAR OF INCORPORATION		
REGISTERED OFFICE	:	N.H.D.A Secretariat No.34, Sir Chittampalam A Gardiner Mawatha Colombo 02
TELEPHONE	:	2421606, 2431707, 2430410, 2431722 2421748, 2380874
FAX	:	2434892
E-MAIL	:	nhdageneral@sltnet.lk, nhdadgmf@sltnet.lk nhdafacc@sltnet.lk
WEB	:	www.nhda.lk
AUDITORS	:	Auditor General Dept.of Auditor General, Torrington Square, Colombo 07.
CONSULTANT LAWYERS	:	Attorney General Attorney General's Department, Hulftsdorp, Colombo 12.
BANKERS	:	Bank of Ceylon Corporate Branch, Echelon Square, Colombo 01. People's Bank Head Quarters Branch, No.75, Sir Chittampalam A Gardiner Mawatha, Colombo 02.

MEMBERS OF THE AUTHORITY

The Authority comprises of 7 members appointed by the Minister and one other Member as a representative of the Ministry of the Minister in charge of Finance. The Minister appoint one of the appointed member to the Chairman of the Authority.

BOARD MEMBERS OF THE AUTHORITY UPTO 30.04.2010

NAME & ADDRESS	DESIGNATION	PLACE OF WORK
1.Mr.A I Wickrama D3/3, Manning Town Apartments Elvitigala Road Colombo 08	Chairman	NHDA
2.Mr A W Dayananda 639/3A, Gunawardena Mawatha, Bungalawa Junction, Pitakotte, Kotte	Vice Chairman	NHDA
3.Mr M T M Sadik 64/18, Meerasahib Street, Colombo 12	Working Director	NHDA
4.Mr Ithquan Mahmud 121, Pannipitiya Road Battaramulla	Member	NHDA/ OVDC
5.Mr Sunil Kannangara Kachcheri, Ampara	Member	Government Agent, Ampara
6.Mr D U S Wickramarachchi Dept/ Audit & Management Ministry of Finance General Treaury, Colombo 01	Member	Director Dept/Audit & Management Ministry of Finance
7.Mr Tudor Wijenayake No.12, Thotupala Rd. Thuduwa, Madapatha	Member	General Manager State Engineering Corporation

BOARD MEMBERS OF THE AUTHORITY FROM 01.05.2010

NAME & ADDRESS	DESIGNATION	PLACE OF WORK
1.Mr. S A Jayantha Samaraweera Mawala South Wadduwa	Chairman	NHDA
2.Mr A W Dayananda 639/3A, Gunawardena Mawatha, Bungalawa Junction, Pitakotte, Kotte	Vice Chairman	NHDA
3.Mr Padma Udaya Shantha Gunasekara Dharmodaya Mawatha Pothuwil Road, Monaragala	Working Director	NHDA
4.Mrs Chandanie Wijewardena No.13 A, Janappriya Mawatha, Borupana Road, Ratmalana.	Member	Dept of National Planning General Treasury
5.Dr. Wasantha Bandara No.2/270, Colombo Road Kurunegala	Member	Ministry of Construction, Engineering Services, Housing and Common Amenities
6.Mr Raja Gunarathna No. 150/05, Highlevel Road Maharagama	Member	Lawyer/Visiting Lecturer Open University

CORPORATE MANAGEMENT

Mr L S Palansooriya
General Manager

Mr M B L De Silva
Dy General Manager (Human Resources)
(Upto 2010.12.13)

Mr D N Wijesinghe
Dy General Manager (Human Resources)
(From 14.12.2010)

Mr Gamini Pannilawithana
Dy General Manager (Housing Development)

Mr K W A Dharmasri Kariyawasam
Dy General Manager (Information Publicity)
(From 15.12.2010)

Mrs M S Weerasinghe
Dy General Manager (Engineering Services & Construction)

Mr E A D S Edirisinghe
Dy General Manager (Finance)

Mr W A D Sarath Kumara
Dy General Manager (Property Management & Marketing)

Mr W Danachandra
Asst.Dy General Manager (Corporate Planning)

Mrs A K Pushpa Rohini
Snr Manager (Legal)

Mr P M R Marasinghe
Actg. Internal Auditor

Mrs M B Jayanthi De Silva
Secretary to the Board
(Upto 31.08.2010)

Mr Manuja Karunarathna
Secretary to the Board
(From 29.09.2010)

OUR MAIN ACTIVITIES

In order to achieve our objectives we carryout these activities.

1. **Provide Housing Support Services**
   Conduct feasibility studies on housing
   Create awareness and mobilize Community
   Formation of Community Development Organization
   Prepare house / settlement Plans
   Disseminate information on cost effective construction techniques
   Provide financial assistance where necessary
   Supervise construction to ensure quality / conformity
   Coordinate / facilitate infrastructure

2. **Make Available land plots**
   Identify suitable lands
   Conduct feasibility studies
   Prepare block out plan
   Provide necessary infrastructure
   Identify & select beneficiaries
   Coordinate with lending institutions if needed
   Transfer land plots to the selected beneficiaries

3. **Implement Urban Upliftment Programme**
   Identify suitable location
   Conduct enumeration survey
   Determine affordability levels
   Plan, design and implement the project
   Establish management corporations
   Transfer ownership

4. **Promote Public - Private Partnership Housing**
   Identify suitable lands
   Call for expression of interest
   Discuss with potential developers & invite proposals
   Evaluate proposals & select developer
   Plan and design the project
   Sign Memorandum of Understanding
   Form Joint Venture Company
   Implement, monitor & ensure quality
   Marketing & sale of houses
   Establish Management Corporation

5. **Advisory services on housing**
   Establishment of district housing advisory centres
   Preparation of feasibility reports
   Provision of plans at request
   Preparation of Bill of Quantity / material list/ cost estimates
   Obtaining planning approvals
   Construction Supervision & Quality assurance
   Maintain construction Data Bank

6. **Disseminate cost effective construction Techniques**

Co-ordinate with relevant private & public institutions and gather information, Sample of Materials etc

Awareness of new materials / techniques through advisory centers.

7. **Assign Common areas including infrastructure & services in Housing Schemes to Local Authorities**

Demarcate common area / open spaces

Prepare survey plans

Obtain consent from the Local Authority

Transfer the property by a deed

Inform House owners

8. **Training for Skills Development**

Organize training sessions in consultation with professional institutions and agencies

Arrange on the job training opportunities

Provide basic equipment assistance

Monitor performance

Maintain names in data bank to help gainful employment

Maintain directory of skilled personnel

9. **Maintain data bank on housing stock**

Co-ordinate with GSNN/DSS & collect data

Co-ordinate with the NHDA advisory centers & collect / cross check data

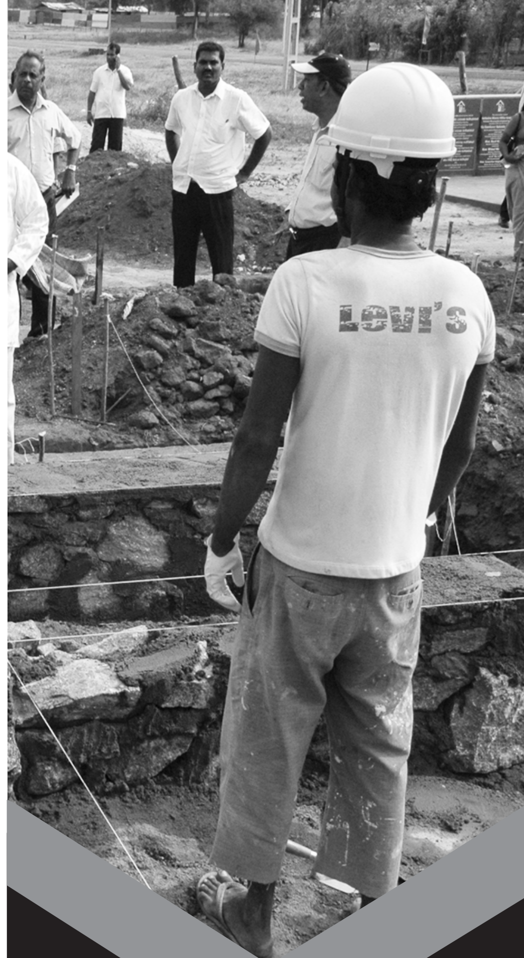
Co-ordinate with Local Authorities & collect /cross check data

Submit data to District Housing Committee for acceptance

Compile accepted data

Submit data to Data bank bi-annually

Use data for future planning



B
Corporate Governance

We have a strong and continuing commitment to the highest standards of corporate governance and make every endeavor to adopt the code of best practices suggested by the Institute of Chartered Accountants of Sri Lanka, Department of Public Enterprise, Ministry of Finance and adhere to the guidelines provided by the line Ministry under which we are categorized.

Meetings of the Board of Directors

Board meets every month. The Board reviews performance against the Budget on a monthly basis to identify variations and takes remedial action by effecting changes to the existing policies. 25 Board meetings were held during the year. This is a procedure adopted appropriately and recorded.

Audit & Management Committee

The Audit & Management Committee consists of four independent non-executive Members of the Board. In the year 2010 the following Board Members served as Members of the Audit and Management Committee.

Members of the Audit and Management Committee upto 30.04.2010

1. **Mr D U S Wickramaarachchi - Chairman (Treasury Representative)**
2. **Mr A W Dayananda - Member**
3. **Mr Sunil Kannangara - Member**
4. **Mr K P Gunadasa - Member**
5. **Mr E K K S Edirisinghe - Member**

Members of the Audit and Management Committee from 01.05.2010

1. **Mrs Chandanie Wijewardena - Chairman (Treasury Representative)**
2. **Mr A W Dayananda - Member**
3. **Mr Raja Gunarathna - Member**
4. **Mr K P Gunadasa - Member**
5. **Mr E K K S Edirisinghe - Member**
6. **Mr Kulasiri Wijesuriya - Member**

The Audit and Management Committee ensures that a sound Accounting and Financial Management System is in place and reviews the Internal Controls and Ensure compliance with Laws and Regulations of the Accounting standards.

In the year 2010 Audit and Management Committee met 3 times and discussed the above matters.

Internal Control

The NHDA has implemented several internal control policies and guidelines in order to safeguard the assets and to optimize the utilization of the assets. Also Senior Management is responsible for formulation and implementation of strategies.

Similarly, the Board of Directors ensures internal control through a well structured monthly reporting system and decisions are made by the Directors to ensure a balance between the current assets and liabilities and have taken steps to appoint committees such as Pricing Committee and Departmental Procurement Committee.

Executive Management

Each Division in Head Office is headed by a Deputy General Manager and a Senior District Manager / District Manager is in charge of each of the 28 District Offices along with 07 sub offices. The DGM and Snr DM/DM report to General Manager and the GM is the Chief Executive Officer required to report to the Chairman and to the Board of Directors.

Risk Management

As the only government organization in Sri Lanka with 26 regional offices spread across the island and offering a full spectrum of housing facilities to it's large number of customers, NHDA encounters a wide range of both financial and non – financial risks which need to be proactively managed in order to safeguard the interests of its various stakeholders.

Risk management at NHDA originates from the Board of Directors. This is a dynamic process and is periodically reviewed in the light of the prevalent economic and business conditions and the needs of the stakeholders. The Board then, in consultation with the Corporate Management of NHDA, establish policies, processes and the structures necessary to ensure that the risks are managed within the defined risk appetite while achieving NHDA's overall business objectives.

The risk management function also works closely with NHDA's Audit Division to identify any weaknesses in the processes and control systems that could expose NHDA to risk. Audit periodically updates Management with an independent opinion on the efficiency and adequacy of the controls in place.

NHDA has identified the following as the major risk areas that it faces.

Liquidity Risk

This is the risk that NHDA will be unable to fulfill its contractual obligations when they are due.

This involves :

- Having funds available to meet financial commitments when they fall due, and
- Ensuring that funds are available to take advantage of opportunities when they arise.

The management of these issues has been entrusted to the Board of Directors and members of Corporate Management whose primary tasks are to act as a guide for planning, compliance with regulatory requirements and ensuring NHDA has sufficient liquidity to meet its contractual obligations and growth aspirations.

The Executive management achieves its principle objectives by:

- Ensuring the adequacy of alternative sources of funding.
- Periodically revising loan, investment and funding strategies.
- Reviewing current pricing levels and performing a competitor price analysis.
- Monitoring liquidity ratios for compliance with statutory guidelines.

Liquidity is managed on a daily basis by the manipulation of grants, funds internally generated and short term investments such as treasury bills, that can be readily converted to cash.

Market Risk

This is the risk of loss that arises from the holding of "price sensitive" assets and liabilities and influences NHDA mainly due to change in interest rates and change in prices of building materials over a period of time.

NHDA is exposed to market risk due to government funding being insufficient to satisfy every individual who requires a house.

The threat of new entrants to the housing market is managed by the members of corporate management to the best of their capacity by providing value for money services to customers as well as by meeting the needs of other key stake holders, who are motivated to contribute towards achieving the corporate objective.

Operational Risk

This is the risk of loss resulting from inadequate or failed internal processes and systems due to internal weakness obstructing operations or making if difficult to face external rival influences.

To maintain and control such risk NHDA maintains a comprehensive system of policies and a control framework designed to provide a sound and well-controlled operational environment throughout the organization.

Specific steps towards effective operational risk management includes:-

- Periodic data collection from all district offices and recording and processing of such data while maintaining security of information.
- Information security policies and awareness programmes.
- Continuous review and improvement of housing programmes.
- Performance on loan recovery programmes.

The primary responsibility for managing operational risk rests with middle management. Finance, Audit and other support functions also play a key role in reviewing and maintaining the integrity of the control environment.

As the NHDA owns a large number of valuable properties and huge sums of money, it can expect to succeed in a competitive environment with the commitment of its staff and continuous review and formulation of appropriate strategies.

Environmental Issues

Construction of Buildings affects eco systems and environment in several ways. This impact of condominium buildings and housing schemes become more apparent. Environmental protection is to emphasize as an integral part of the development process.

NHDA provides a safe and healthy environment for people. At the same time it provides proper infrastructure facilities, such as safe drinking water, adequate access, assurance of uninterrupted power supply, waste & rain water drainage and Sewerage system, arrangement for removal of solid waste.

Regulations governed under the Condominium Management Authority ensures better living environment to the inhabitants of the condominium properties.

C

Reporting of Operational Performance

Housing Development

In order to fulfil the housing requirement of various communities in the Sri Lankan Society and in accordance with the Janasevana National Housing Programme under the Mahinda Chinthana National Policy, various housing programmes had been implemented by the National Housing Development Authority during the year 2010. Action had been taken to implement all island programmes for provision of housing facilities to rural areas where there is bulk of population, to urban areas to Estate community and to the people living in North and East regions with the staff who contribute their service at rural and district office level.

Gamaneguma Programme

The basic objective of this programme was granting the ownership at a stable house to low income families living throught the island and having housing needs. Construction of new houses in rural areas and providing financial contribution at technological assistant for renovation of existing houses are done by NHDA.

During the year 2010, Construction work of 4844 housing units out of which 2932 new houses and 1912 renovated houses had been commenced and the amount invested was Rs. 292 M.

Treasury funds	-	Rs 100 M.
Internal Generation	-	Rs 192 M.

Estate Housing Programme

The main objective of this programme was to grant ownership of a new house with basic facilities to the people living in instead of line rooms where they are currently living. Financial contribution for this programme was provided by the Ministry of Nation Building and Estate Infrastructure Development and Plantation Human Development Trust. This Programme was implemented by NHDA in estate associated 13 districts in the island.

Construction work of 380 housing units which were commenced during the past few years had been completed at the end of the year 2010 with an amount of Rs.44.8 m.

External Funded Housing Programme

This housing programme was implemented with financial contribution from Provincial Council decentralized fund, Voluntary Organization and other Organizations at district level excluding funds received at national level. This programme was successfully implemented in Kandy, Kalutara, Matale, Galle, Matara, Hambantota, Batticaloa, Ampara, Trincomalee, Kurunegala, Anuradhapura and Puttlam Districts during the year 2010. Under this programme 636 housing units had been constructed and the amount spent was Rs 25.296 M.

Fisheries Housing Programme

This programme has been implemented from the year 2009 for construction of houses for fisheries families affected by Tsunami disaster. During the year 2010, action had been taken to complete construction of 350 housing units and to commence construction work of 46 new houses with the financial contribution from Ministry of Fisheries and Aqualic Resources and Technological assistance was provided by the NHDA. Amount spent was Rs. 76 M.

Janasevena Grant Programme

This housing programme was implemented with the objective of assisting in constructing houses for poor families with housing need but unaffordable to pay housing loans.
Under this progamme, maximum amount of Rs.100,000/- was granted per family and, houses were built under the guidance of the Technical officers of NHDA with the financial contribution and labour participation of donators and Voluntary Oraganisations of the area.

Under this programme, during the year 2010

No.of houses built	-	470
Amount invested	-	Rs.26.265 M.

Sevana Ranaviru Housing Grant Programme

The NHDA had implemented this housing programme with the objective of constructing houses for the Ranaviru families of those who had died or disabled and having faced with housing problems.

Under this programme, 116 number of houses had been constructed for Ranaviru families at 5 houses in each district covering whole island. Maximum amount of Rs. 100,000/- was granted for each house and Donators and Voluntary Organisations contributed financially for construction of houses. The amount invested for this programme was Rs 11.600 M.

Janakirula Housing Grant Programme

This was implemented as a special Programme for construction of houses for destitute families for one family from each district in the island. Following the second term of office as President by Hon.Mahinda Rajapaksa.

Under this, action was taken to construct houses covering each Regional Secretariat Division in the Island for families where there were disabled members and for destitute families who had became displaced due to war and natural disasters but having expectation for building houses.

Maximum contribution of Rs.100,000/- was granted for construction of a house and, financial material and labour contribution was provided by various institutions, Voluntary Organisation political leadership and Donators of the respective areas.

No.of houses constructed	-	324
Amount invested	-	Rs 32.400 M.

Ariviyal Nagar Housing Project

With the objective of resettlement of displaced families in North, Ariviyal Nagar Housing Project was implemented in Killinochchi District of the first project.

In a short period of 8 months, houses had been constructed for 50 families who had been displacved due to war.

For this purpose, the NHDA had given a loan of Rs 350,000/- free of interest per house and the houses were built with financial and labour contribution of beneficiaries.

For construction of these house the NHDA provided the financial and Technological assistance while the District Secretariat, Kilinochchi and Asian Committee for Housing Rights (ACHR) in Thailand contributed financially for the provision of Common amenities required for this project.

No.of houses constructed	-	50
Total Project Cost	-	Rs. 26.300 M
For houses	-	Rs.17.500 M.
For common amenities	-	Rs. 8.800 M.

Deyata Kirula Housing Project – Monaragala District

The key objective of this programme was to implement a livehood Development Programme and a housing Development programme low income families in Monaragala District following the Deyata Kirula 2011 Exhibition and Development Programme.

Under the Deyata Kirula Programme Housing land had been given to 1600 beneficiary families in all the Divisional Secretariat Divisions in Monragala District for which Treasury funds of Rs. 50 M, Bank of Ceylon allocation of Rs. 50 M. and Peoples Bank allocation of Rs. 61 M totaling to Rs. 161 M. had been invested.

Also a grant of Rs.20.6 M was invested for construction of houses for 412 poor families.

NATIONAL HOUSING DEVELOPMENT AUTHORITY

HUMAN SETTLEMENT PROGRAMME

Progress as at 31.12.2010

Programme	Annual Target		Achievement			Fund Received from Treasury (Rs.Mln.)
	Physical (No. of Unit)	Financial *(Rs. Mln)*	Work Commenced	Units Completed	Expenditure (Rs. Mln)	
I Planned residential development						
1.1 Construction of 25 Houses per village						
1.1 Gama Neguma Housing - New	1,650	165.00	2662	1468	181.67	91.00
- Upgrading	1,200	60.00	1835	1090	84.93	
- Continuation				279	5.30	
1.2 Kandukara Gemi Nivasa prog. - New	200	20.00	270	209	21.50	9.00
- Upgrading	100	5.00	77	65	3.98	
- Continuation				5	0.15	
2.0 Deyatakirula Housing prog. (Monaragala)			301		6.40	50.00
3.0 Estate Housing programme	800	100.00		380	44.80	
4.0 Direct construction programme - Houses	88	187.60			1.50	
Direct construction programme - Shops	8	6.30	8	8	5.72	
Liability payments (117 watta, 797 watta Maradana)					1.50	
5.0 Sevena grant programme - New	400	40.00	712	267	38.57	79.00
- Continuation				135	6.70	
Sub Total	**4,446**	**583.9**	**5865**	**3906**	**402.72**	**229.00**
Housing programms associated with external funds	**-**	-	636	233	26.28	
Fisheries Housing programme (New &Con.)	**-**	-	46	350	76.00	
Sub Total	-	-	**682**	**583**	**102.3**	-
Total	**4,446**	**583.90**	**6547**	**4489**	**505.00**	**229.00**
II Ensure property rights (Issue of title deeds)	5,000	-		2331		
III Revamping of Condominium Housing Units	1,576	**45.00**			18.30	45.00
IV Condominium maintenance units	**-**	**5.00**			5.00	5.00
v Land Compensation	**-**	**14.00**			14.45	14.00
VI "Nagamu purawara" Programme - Stg. 1-60 & 11- 45	-				57.38	50.00
v11 Rehabilitation of mechineries (NEMU)	-				10.00	10.00
Grand Total	**11,022**	**647.90**	**6547**	**6820**	**610.13**	**353.00**

PROPERTY MANAGEMENT

Property Management Division functioned in 2010 consisting the following Sections.

1. Property Management
2. House Marketing
3. Valuation
4. Land Acquisition & Land sale
5. Survey
6. Pradeepa Hall Management

Performance of each section during the year 2010 is as follows.

All management functions relating to all housing schemes constructed by NHDA were done through coordination of District Offices during the year 2010.

1. Solutions for problems arised in housing schemes were given according to the circulars through coordination of District Offices during the year 2010.
2. In disposing NHDA properties, action had been taken according to the section 8/1 of the NHDA Act to obtain the approval of the subject Minister.
3. The programme of converting the lease basis compartments into ownership basis has been continued further.
4. Charges for the rented out and leased out premises of the Housing Secretariat was recovered.
5. For the problem arised with regard to areas under Colombo district, Colombo City (North) and Colombo City (South) offices solutions were given according to circulars.
6. Policy decisions were taken to solve management problems and for regulation of unauthorized transfers in developed Urban Communities.
7. Accordingly the issue of deeds of ownership to the land beneficiaries in developed Urban Housing Schemes.
8. Policy decisions were given to common problems related to Housing Schemes in Jaffna,Mannar, Vavuniya, Kilinochchi, Batticaloa,Ampara and Trincomalee districts in North and South Provinces.
9. Actions were taken to dispose adjoining land plots
10. Preparation of a detailed report with regard to land belonging to all district offices and Land Reform Commission and accelerating the payment of compensation with coordination of the Land Reform Commission.
11. Taking policy decisions with regard to property Management problems in Kurunegala and Puttlam districts.

House Marketing Section

Action was taken to sell 04 houses out of the houses available in housing schemes constructed in previous years and was able to derive an income of Rs.15,358,450/- as at 31.12.2010 including Housing transfer fees and advance received from National Water Supply and Drainge Board for selling 8 houses at Soysapura Housing Scheme.

Valuation Section

All valuations related to NHDA carried out by this section.

1. Valuation of compensation for the properties acquired under ceiling of housing properties and valuation of 15 files according to current market value.
2. Valuation of balance 16 land plots available in Gothamipura Low Income Housing Scheme.
3. Assignment and leasing the properties, calculating the nominal value and valuation of ownership of necessity of others relevant to 13 Housing Schemes.

Land Section

Functions of the Land Section

1. Acquisition of lands required for implementation of housing objectives of NHDA.
2. Policy Matters
3. 2010 Target Programme Completion of acquisition of lands not yet fully acquired.
4. Achieving the Targets
   Acquiring of 5 lands was completed.
5. Obstacles for non achievement of targets.

There was an amount of Rs.11,027,849.90 payable for compensation and interest for 53 private lands and an amount of Rs 58,061,089.21 for payment of compensation for 46 land owned by Land Reforma Commission and the Treasury allocation received for the year 2010 was Rs.9,760,220.00 . This amount couldn't afford to acquire the lands, making part payments on the requests made by the land owners.

Achievement during the year 2010

No.of Lands acquired (private)	-	05
Extent of Lands	-	12.5790 hect.

Payment of compensation

To Private owners	-	Rs.774,272.72
To land Reform Commission	-	Rs 2,985,948

Survey Section

Functions such as expanding of avenues and all survey activities relating to housing schemes are done by the Survey Section.

In addition, in the year 2010, Survey Section was able to earn a considerable income by way of preparation of normal and condominium plans, issuing of certified photocopiers, recoveries made from housing beneficiaries for solving problems relating to boundaries of lands and showing plans of land.

Activities such as issuing survey orders in connection with Housing schemes on the request of District Managers, responding to letters forwarded by District offices and other sections at Head Office, checking and recommending the payment of bills submitted by authorized surveyors in Housing Schemes where survey was done, registration of surveyors and attending to day today survey problems are carried out

Management of Pradeepa Halls

Income of the year 2010	-	Rs. 13,898,274.00
Expenditure of the year 2010	-	Rs 4,804,698.46

Steps were taken to take over the management activities of the Pradeepa Halls from Condominium Management Authority with effect from January 2009.

Revamping of Condominiums

The walk – up apartments constructed by NHDA since 1978 and other state agencies prior to that, after the independence are generally at a poor state of maintenance due to the high maintenance cost, when compared with the very low rental received from the occupants. Since most of the apartments have not been purchased by the occupants, NHDA is not in a position to form the Management Corporations and hand over the maintenance to the families

Most of the occupants have agreed to purchase the apartments from NHDA, if the essential repairs to the buildings and the services are done. The NHDA initiated action to attend to essential repairs through the programme of Revamping of Condominiums.

Since the work had to be carried out while the families are in occupation of the apartments, the work progressed at a slow phase at the outset.

Repair work commenced in 06 Nos. of housing schemes in 2010, at an expense of Rs. 2.0 M.

Urgent Repair & Maintenance in Housing Schemes

Most of the housing schemes having walk-up apartments which were constructed more than 10 years ago within the fringe urban areas of Colombo City, are serviced through the water supply and sewage disposal network of the NWS& DB and the Colombo Municipality. The pumping of water and the collection of sewage through a system of manholes, pipe lines including pumping up to the NWS&DB mains is still looked after by the NHDA, although the apartments have been either sold or rented to the families. Since there are frequent break-down in the pumping system. Urgent repair and maintenance unit establish in NHDA, directly attend to them during 24 hours of the day. Generally the number of urgent repairs attended to by this unit each month, exceeds 100 and cost amounting Rs. 1.30 M.

Construction of District office Building

Due paying of rentals from a longer period for the NHDA District Office Buildings under the leasing or rental basis specially in war affected areas, the management has to be faced many of the problems when paying the rentals as well as the occupants due insufficient spaces.

Hence, the using of available funds, along with the recoveries it has started to construct new District Office Buildings in Batticaloa, Kilinochchi and Malativu areas. The contract sum amounting Rs. 20.0 M.

Urgent Repairs and Maintenance Work in N.H.D.A. Head Office Building

There are major repair works in the head office building including car park, sheds, toilets, roof slab, instally aluminium door and windows, AL partitions, canteen, welfare office and garbage chutes so on.

During longer period of poor maintenance nearly about 25 years of duration, it was causing many damages and repair works in the head office building itself. Accordingly the cost amounting Rs. 18.0 M.

Urgent Repairs Maintenance in Pradeepa Halls

The updating of existing buildings of Pradeepa Halls are very essential due, they are one of the income generation assets owned by NHDA.

As in, the urgent repairs occurs in VIP room in Maligawatta Pradeepa Hall and in the Modara Pradeepa Hall it cost amounting Rs. 0.50 M.

Counting of Iron Fence in Model House at Maligawatta

To construct an iron fence around the model house at Maligawata it cost amount Rs. 1.30 M.

On Going Housing Scheme

Under Urban Housing Development Project, 117 Elvitigala Mawatha Stage- VI was completed in year 2010 at cost of Rs. 25.0 M.

Organizational Structure of NHDA

The administrative set of the NHDA Head Office consists of Chairman, Vice Chairman, General Manager, Working Director and 09 Dy General Manager Divisions. In addition to this, 25 District Offices, 02 Colombo City Offices and a Sub Office at Kalmune have been established.

2. Approved cadre for the year 2010

Executive Grades	522
Non-executive Grades	1590
Minor Grades	381
	2493

3. Cadre during the year	**01.01.2010**	**31.12.2010**
Executive Grades	307	266
Non-executive Grades	1468	1374
Minor Grades	310	287
Contract employees	(32)	(32)
	2085	1927

4. Recruitment during the year 2010

1. Retired and recruited on contract basis	-	Executive	13
		Non-executive	17
2. Recruited on contract basis directly	-	Executive	-
		Non Executive	09
3. Recruitment on permanent basis	-	Executive	03
		Non Executive	-

5. Promotions

Promotions during the year 2010.

Executive
Non Executive } Not promoted.

6. Retirements

During the year 2010, 155 employees including contract basis employees had terminated their service on retirement. of which 32 belonged to executive grades.

7. Resignations

Executive Grade 07
Non-executive Grades 15

8. Practical Training to students from Technical Colleges

Practical training given was as follows:-

	Recruited in 2010 Completed in 2011	**Recruited during 2010**
Stenographer/Typist/Secretary	09	05
Computer Training	05	19
Electrician	05	03
Accountancy/Accounts Clerk	04	04
Quantity Surveyor	02	02
Engineering	01	03
Information Technology	01	05

9. Employees who died while in service during the year 2010

1. Mr K P Rupasinghe	Clerk, IX
2. Mr V Padmanadan	K K S, X
3. Mr D M T B Dissanayake	Technical Officer
4. Mr W H Dharmasena	K K S, X
5. Mr B V D Jayantha Siripala	Clerk, VII

Performance of the Administration Section during the year 2010 is as follows.

1. In the year 2010, an amount of Rs. 1000/- as bonus and Rs.1000/- as incentive was paid to employees Medical benefit was also paid.
2. Payments of Distress loans, overtime, subsistence, Holiday Payment , Mileage, rental allowance And Quarter allowance were made.

Staff Housing Loans

An allocation of Rs. 110 M was received for staff housing loans for the year 2010, out of which Rs.27 M for Head Office and Rs. 83 M. for District Offices.

02. Out of these allocations, housing loans had been approved as follows:-

Grade	Head Office Rs.	District Offices Rs.	Total Amount Rs.
1 - VI	2,050,200	1,714,400	3,764,600
VII – VII A	900,000	1,943,300	2,843,300
VIII –IX	3,162,200	12,411,200	15,573,400
X	919,600	200,000	1,119,600
	7,032,000	16,268,900	23,300,900

03. Approved allocations, amount spent and the balance are given below:-

	Approved Allocation	Amount paid	Rs. Balance Amount
Head Office	27,000.000	7,032,600	19,968,000
District Offices	83,000.000	16,268,900	66,731.100
	110,000,000	23,300,900	86,699,100

No. of employees benefited at Head Office - 23
No. of employees benefited at District Offices - 42

DISCIPLINARY ACTIVITIES

The objective of the Disciplinary Section is to take disciplinary actions in the instances where it is impossible to maintain regularly a good conduct in operating human resources.

02. Here, the disciplinary code of NHDA, Establishment Code, Office orders and circulars issued from time to time are considers as Circulars

03. In the instances where it has been decided to take disciplinary actions against any employee on the recommendations given in the basic/detailed investigation reports submitted to the Management in connection with indiscipline actions disclosed through formal investigations carried out by Internal Audit Section, Investigation Section, or Security Section with regard to misconducts reported against NHDA employees and also when an employee of NHDA got into police custody, issuing charge sheets, calling explanations, appointing inquiry Boards for formal investigations, arranging and co-ordinating inquiries, submitting recommendations the disciplinary inquiry final reports to the management, issuing disciplinary orders, to take action regarding disciplinary appeals, responding to inquiries made by other parties regarding discipline of NHDA employees, forwarding the approvals to the Institutional payment section for payment of travelling and fees to the members of Inquiry Boards and conducting disciplinary actions workshops for employees are the activities targeted by this section for the year 2010.

In addition to this, all disciplinary actions relevant to the employees of NEMO Unit are attended by this section.
In achieving these targets, following procedures had been adopted.

1. Immediate submission of necessary information to the Management.
2. Taking action to appoint formal Disciplinary Investigation Boards and immediate issues of charge sheets and disciplinary orders.
3. Assisting the inquiry officers to finalize the disciplinary inquiries immediately.

Accordingly, given below is the summary report at achievement of targets in the year 2010.

Serious Misconducts

No.	Misconducts	Executive	Non Executive	Minor
01	Number of disciplinary inquiries commended last year but not completed as at 01.01.2010	02	06	01
02	Number of interdictions as at 01.01.2010	01	03	-
03	Number of persons recommended for inquiries during 2010	18 (NHDA) 29 (NEMO)	-	-
04	Interdictions during the year 2010	02	09	-
05	Number of formal disciplinary inquiries iniciated during the year 2010	02	05	01
06	Number of formal disciplinary inquiries completed during the year 2010	04	10	01
07	Number of disciplinary orders issued freed from charges	-	04	01
08	Dismissals from service during the year 2010	-	-	-
09	Completion of disciplinary matters Without formal disciplinary inquiries	-	-	-
10	Reinstate in service	01	01	-

Minor Misconducts

No.	Misconducts	Executive	Non Executive	Minor
01	Formal disciplinary inquiries as at 01.01.2010	-	-	-
02	Number of persons recommended for taking disciplinary actions	02	01	02
03	Iniciation of formal Disciplinary inquiries	-	-	-
04	Completion of formal Disciplinary Inquiries	-	-	-
05	Completion of disciplinary matters without formal Disciplinary inquiries	-	01	01
06	Issuing disciplinary orders	-	01	01
07	Minor punishment	-	-	-
08	Warnings	-	-	-

SECURITY

Targets reached

Security Section of the NHDA was able to provide protection for the movable and immovable properties and human resources by utilizing full strength and strategies.

02. Although the terrorist activities ended at the latter part of the year 2009. Security Service had to be maintained as earlier.

03. By January 2010 the number of security persons was 164 and, 15 persons went on retirement. North and South district office were not included in this.

04. Security of General Housing Schemes and offices managed by head office was confirmed by deploying security officers and using various security methods. Following are the some placed where security officer s were deployed.

I. Himbutu Uyana Housing Scheme
II. Jaltara Government Servants Housing Scheme
III. Small and Large Pradeepa Hall – Maligawatta.
IV. Padeepa Halls – Modara/ Gunasinghepura
V. 797 Watta Housing Scheme - Maradana
VI. Soysapura Zonal office
VII. Community Centres – Sirimapura / Samagipura
VIII. National Machinery Workshops – Kolonnawa

Action taken to achieve targets and results

01. Conducted instruction classes to educate the security personnel regarding responsibilities and duties of the Security Section.

02. Action was taken to minimize overtime by deploying minimal number of security staff for the service stations considering the financial position of the NHDA and on the decision of the Administrative Authority.

03. Action was taken to decrease the anomaly in manpower by deploying one security officer on his will to cover 24 hours service instead of several officers in Sirimapura and Samagipura Community Centres and housing schemes. (When there is one of several houses) and to minimize overtime hours.

04. To deploy security officers equipped with fire arms for the protection of the Housing Secretarial.

05. The need of high powered to face urgent fir break fire exhaust system was stressed from time to time and requests had been submitted for implementation of that.

06. Deployed Security officers for ejectment of unauthorized occupants on court orders. Organised and operated security activities to avoid entering to houses where vacant possession was undertaken by NHDA.(Himbutu Uyana, Soysapura Housing Scheme were considered as such)

Target Set

01. An amount of Rs 1,710,000/- was estimated from hiring at buses/vans in the transport pool on welfare basis. (including transporting of officers)

02. An amount of Rs 5,100,000 was estimated for repairs to all NHDA vehicles.

03. An Amount of Rs 2,600,000/- was estimated for insurance at all vehicles.

04. The estimated amount for fuel for vehicles in the transport pool was RS 7,013,000/- .

05. An amount of Rs. 500,000/- was estimated for licenses for all NHDA vehicles.

Action taken to achieve targets and results

01. The income earned from hiring of buses / vans from transport pool on welfare basis and transporting officers was Rs 1,261,604. The decrease in income from transporting officers was due to the decrease in number of officers.

02. An amount of Rs,4,609,165 was spent for repairs and maintenance of all NHDA vehicles. There was a decrease than estimated amount.

03. An amount of Rs 2,218,1173.78 was paid s insurance fees, this was less than the estimated amount.

04. An amount of Rs.6,029,027/- was paid for fuel for the vehicles in the Transport Pool.

05. Amount paid for licenses for all NHDA vehicles was Rs. 440,000/-.

TRAINING SECTION

<u>**Target set**</u>	<u>**No.**</u>
1.1 Internal Training Programmes (03)	76
1.2 External Training Course (Local) (17)	21
1.3 Self Intended Training Programme - Courses (15)	29
1.4 Overseas Scholarship Seminars (01)	

2. Training programmes were prepared recognizing the functions which are helpful by training so as to bridge the gap between the objectives expected and objectives achieved. To create active staff through these trainees in the vision of enhancing the productivity through the knowledge thus acquired to face the challenges in the present by following the strategies thereon. Entire Staff (including district offices) was given English / Tamil language training. Study leaves to the minimum of 10 days had been granted to a considerable number of officers including District Offices and Head Office to follow courses according to examination time tables.

LEGAL

As well as the other sections of the NHDA, Legal Division also provide the necessary cooperation to achieve the aims of NHDA. Issuing deeds of ownership for land and houses , giving legal advices on transferring these properties, attending to complains that could be generally affected adversely to the society, handling the human rights case filed against the NHDA by external parties, taking legal action against defaulters of rent and instalments and earn an income to NHDA are the various activities mainly performed by the legal Division.

Issue of deeds

One of the main activities of the Legal Division is issuing deeds to the housing beneficiaries who had paid the full amount of the houses. Deed of ownership is issued for the properties in both condominium and non-condominium Housing Schemes.

No. of deeds issued during 2010- 2331
Target for the year 2010 - 5000

Cases handled by NHDA

Legal Division, on behalf of NHDA, assists in legal matters such as cases filed, by NHDA against the defaulters of rentals, unauthorized constructions and occupants according to the NHDA Act, and handling cases filed against NHDA, giving legal advices preparations of condominium declarations and taking legal actions against the misusers of NHDA properties. The cases are heard at High Court, Appeal court, Supreme Court, District Court and Magistrate Court.
Legal Division contributes for the recoveries through executing ejectment orders, Legal notices and notary fees.

CORPORATE PLANNING AND SUPERVISION

The year 2010 which came with ending of the war that prevailed more than 30 years, was mainly considered for preparation of development programmes with the intention of preparing for a new era. The budget for the year was also submitted in the middle part of the year due to the 2010 election. Accordingly , the NHDA too prepared an amended Action Plan in June 2010.
Accordingly , the targeted programmes and the progress is given below.

	Target		Progress	
	Physical	Financial	Physical	Financial
Gama Neguma Programme	3150	15	4849	297.53
Estate Housing	800	100	380	44.8
Sevana Grant Programme	400	40	712	45.27
	4350	290	5941	387.6

In addition to the above main programmes contributed for the Deyata Kirula special Development Programme, Fisheries Housing Programme and for the development of 1287 houses constructed with external funds.
Under the assistance service, Granting ownership of houses, renovation of apartments and development of low income communities in Colombo City were main activities. Considerable Progress was not seen in housing loans and rural house rent recovery, reviews reports. At the end of the year the number of housing beneficiaries was 357188 and the rent and instalment recoverable rural houses was 20560. Recovery percentage according to the target was 65% in housing loans at 100] in Rural housing.

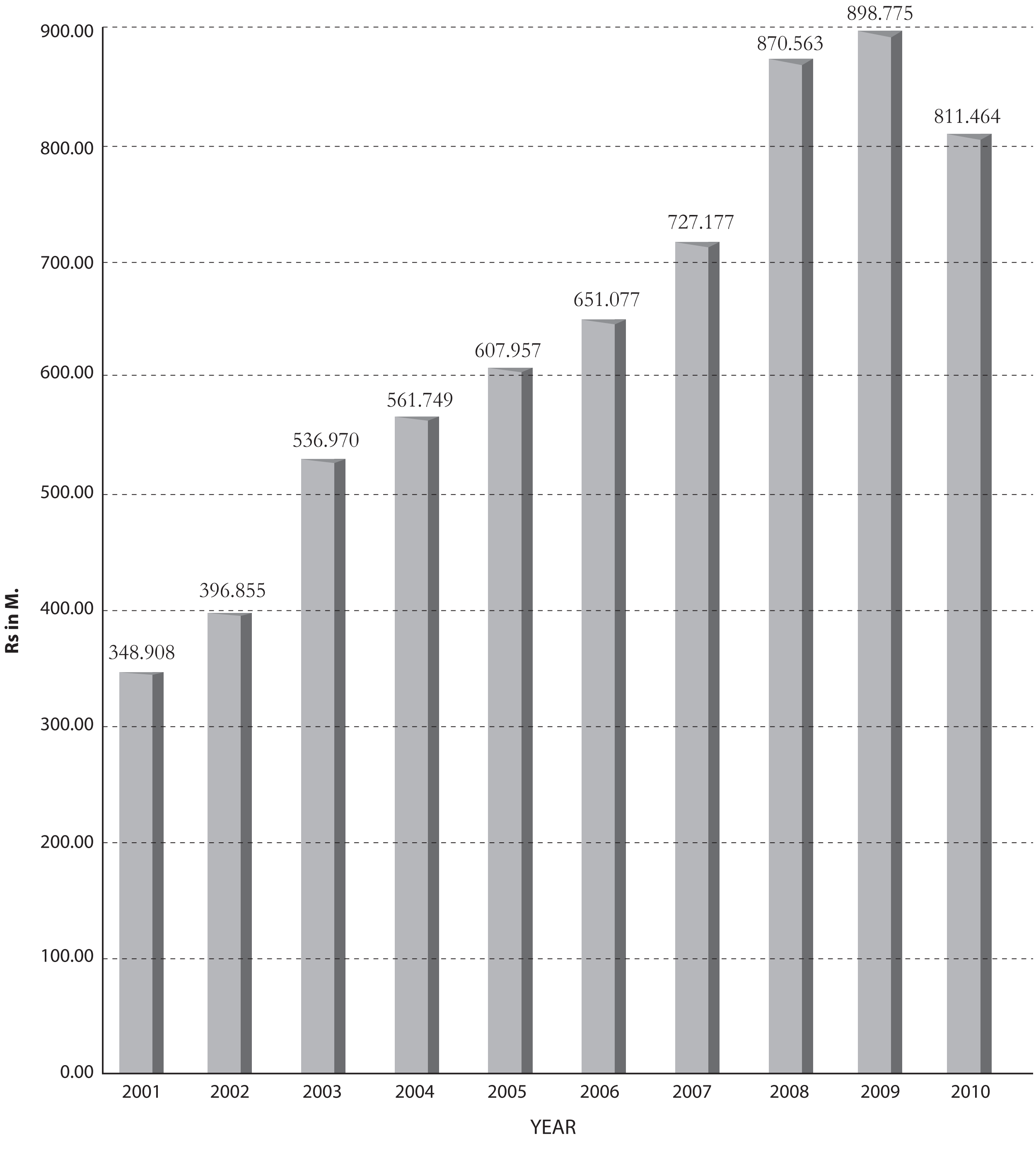
D

Review of Operating Results

RURAL HOUSING LOAN RECOVERY PERFORMANCE - 2010

Rs in M.

Ser. No.	DISTRICT	AMOUNT BUDGET	RECOVERED	%	ARREARS AS AT 31.12.2010
1	ANURADHAPURA	61.542	63.442	103	122.802
2	TRINCOMALEE	17.313	17.494	101	27.334
3	JAFFNA	30.215	26.893	89	27.627
4	RATNAPURA	33.083	23.238	85	49.867
5	KURUNEGALA	78.969	65.486	83	60.291
6	MATALE	32.137	26.578	83	38.250
7	AMPARA	50.980	41.667	82	72.952
8	VAVUNIYA	19.998	16.160	81	33.783
9	KEGALLE	71.454	57.598	81	92.421
10	MANNAR	7.992	6.356	80	11.488
11	PUTTLAM	61.463	46.972	76	71.575
12	POLONNARUWA	30.776	22.814	74	43.754
13	BATTICALOA	42.790	29.609	69	77.679
14	BADULLA	59.498	40.716	68	156.869
15	HAMBANTOTA	47.944	29.215	61	109.055
16	KALUTARA	50.684	30.359	60	120.559
17	NUWARA ELIYA	65.663	38.269	58	142.586
18	GALLE	50.384	27.100	54	140.166
19	MONARAGALA	54.362	27.610	51	193.790
20	MATARA	63.517	31.542	50	231.718
21	KANDY	137.768	66.789	48	299.224
22	COL.CITY (SOUTH)	5.851	2.807	48	34.758
23	GAMPAHA	82.049	36.420	44	281.924
24	COL. DISTRICT	77.368	29.042	38	308.514
25	COL.CITY (NORTH)	6.162	1.957	32	30.884
26	MULATIVU	-	-	-	3.381
27	KILINOCHCHI	-	0.331	-	5.137
	GRAND TOTAL	**1,239.962**	**811.464**	**65**	**2,788.388**


Rs in M.
900.00
800.00
700.00
600.00
500.00
400.00
300.00
200.00
100.00
0.00
348.908
396.855
536.970
561.749
607.957
651.077
727.177
870.563
898.775
811.464
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
YEAR

URBAN HOUSES SHOPS /INSTALMENTS & RENT RECOVERY PERFORMANCE – 2010

Rs'M

Ser No.	DistrictB	Budget	Amount Recovery	%	Arrears as at 31.12.2010
1	Head Office	21.769	19.242	88	6.052
2	Colombo City (north)	29.800	19.159	64	39.419
-	- Maligawatte				
3	Colombo City (south) - Manning Town	35.303	30.334	86	17.704
4	Gampaha	36.500	27.920	76	28.074
5	Kandy	6.950	8.058	116	6.809
6	Matara	4.880	2.055	42	12.816
7	Colombo District	41.789	21.211	51	33.383
8	Kalmunai/ampara - Commercial Building	2.649	1.403	33	1.289
	Total	**179.640**	**129.382**	**72**	**145.546**

Financial Review

		Rs. M
Cash & Bank Balance as at 01.01.2010		61.840
Inflow		
A. Government Grant	293.000	
B. Internal Generation	1149.052	1442.052
		1503.892
Outflow		
A. Development Expenditure	505.000	
B. Recurrent Expenditure	919.787	
C. Loan Repayment & Liability payments	27.776	1452.563
Cash & Bank Balance as at 31.12.2010		**51.329**

INFORMATION & PUBLICITY

In the year 2010 Information & Publicity Division (I &P) has implemented various print and electronic media programmes to fulfil the communication requirements of the house holders who participate the housing programmes of National Housing Development Authority (NHDA).

I & P Division presently operate with the following Units

- Information & Publicity Unit
- Sevana Media Service
- Printing Unit

Information & Publicity Unit (IPU)

In the year 2010 IPU has implemented the following activities;

- Creating an awareness among the public through print and Electronic media on the Housing Development Programmes such as Gamaneguma, Estate Housing and Northern Housing and Disaster housing programme implemented by the NHDA.

- Preparation and implementation of media campaign and coverages on housing projects and official functions of the NHDA.

- To implement the above activities IPU will prepare all leaflets, booklets, brochures, film lets and other media reports.

- To participate all the national level exhibitions including 'Deyata Kirula' 2010.

- Maintaining the NHDA website (www.nhda.lk) with relevant information on housing sector of Sri Lanka.

Sevana Media Service (SMS)

- In the year 2010 SMS has implemented various advertising programmes including Ministry of Construction, Engineering Services, Housing & Common Amenities, NHDA, National Water Supply & Drainage Board, Sri Lanka Land Reclamation & Development Corporation, Institute for Construction. Training & Development, Buildings Department and National Equipment & Machinery Organization.

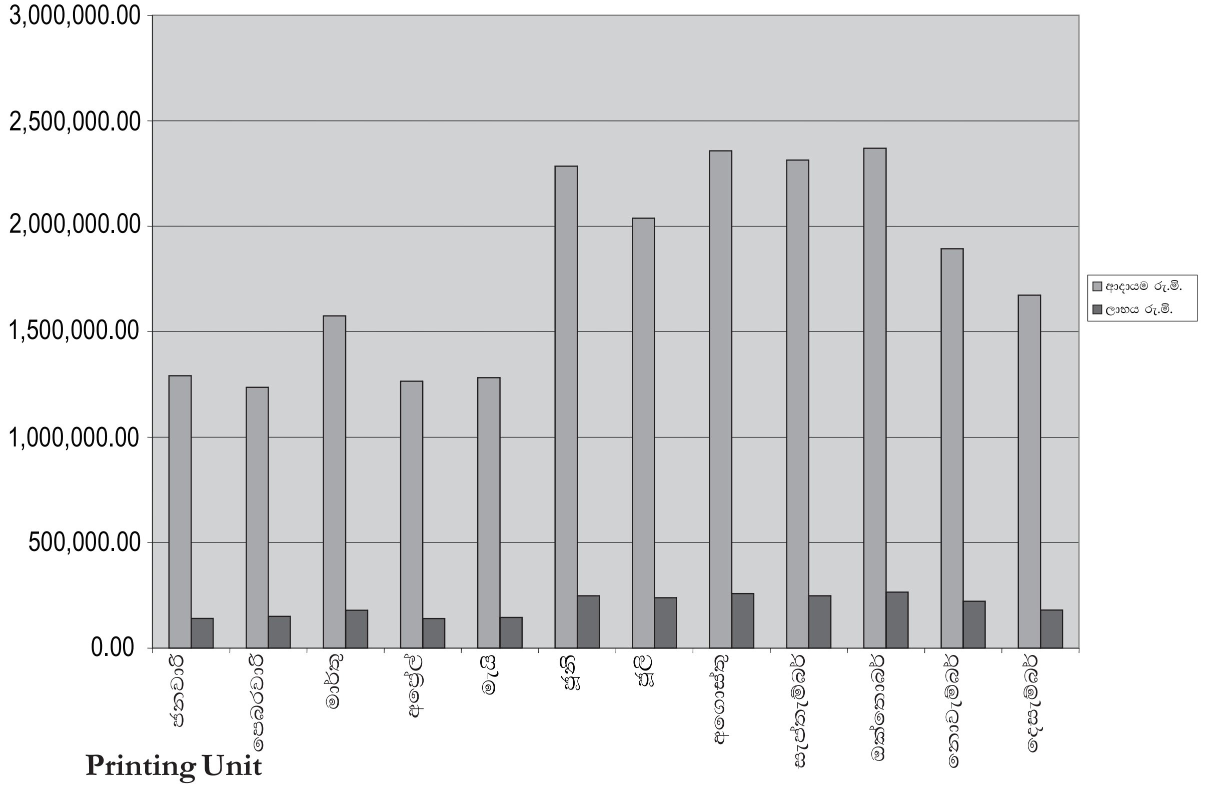
- Year 2010 SMS annual estimated profit is Rs. 3.0 million. Up to December 2009 an income is Rs. 26.67 Million and profit is Rs. 2.99 Million.

- All earnings from the SMS are credited to a separate account operated under the name of "Chairman, NHDA" and these funds are using housing development work of the NHDA.

Newspaper Advertisement
Income & Profit for the period of January – December 2010

MONTH	INCOME	PROFIT
January	851,508.00	93,800.25
February	1,337,510.39	140,877.80
March	2,238,959.92	253,271.23
April	1,255,732.80	149,769.34
May	2,305,705.70	255,541.95
June	1,697,192.30	153,132.54
July	3,282,663.72	376,473.46
August	2,474,365.60	256,818.91
September	3,639,746.64	373,293.65
October	3,178,572.73	361,155.46
November	2,445,409.28	317,490.24
December	1,963,690.80	262,036.59
Total	**26,671,057.88**	**2,993,661.42**

Target Profit for the year 2010 – Rs. 3 Million



Printing Unit

The present Printing Unit has donated by the Japanese Government and it was established in Piyagama Model Village, Balapitiya in the year 1987. In the year 1994 it has been shifted to Maligawatta Housing Scheme, Colombo.

- In the month of June 2002 this Printing Unit has shifted to Head Office of the NHDA and it was established under the Information & Publicity Division.

- Presently this unit has to cover all office printing work of the NHDA. But the present capacity of this Printing Unit is not sufficient to cover the above work.

The National Equipment & Machinery Organisation (NEMO) presently functioning as the Machinery & Equipment Unit of NHDA was established in 1992 as a project under the National Housing Development Authority under the Ministry of Housing & Construction.

The prime intention of setting up this organization was to provide heavy earth moving machinery to the Government & private institutions on reasonable hire rates for infrastructure & other development programs implemented in the Urban & Rural areas of the country. Initially 45 regional depots were set up island wide representing almost all districts and 608 heavy construction machinery were distributed. Five workshops were established at Kolonnawa, Kurunegala, Anuradhapura & Mahiyangana to attend to repairs & maintenance of Machinery. The responsibility of appointing staff for maintaining accounts & administrative activities was entrusted with NHDA & the Board of Directors appointed by the Cabinet of Ministers had to guide & oversee the said functions.

The Organisation earned substantial revenue from 1993 by hiring out machinery & flourished to its highlights in 1997 and 1998. Since then the hiring income had been deteriorating and was experiencing adverse financial difficulties so much so that it could not proceed further by year 2003 by the time the machinery had been in operation for 10 years.

Also most of the machinery had come to the point of workout & depreciation also the income earning only by means of hiring of Machinery precluded the capacity of meeting the repairs & maintenance and recurrent expenditure. As remedial measure the management was compelled to amalgamate several low income depots & close down depots which were not what so ever economically viable to be continued with less income yet excessive expenditure, thus only 21 depots have been functioning since 2003 after amalgamations.

The Depots in each Zone are as follows.

Zone 1 – Kolonnawa

Horana
Kolonnawa
Nagoda
Tangalle
Ratnapura

Zone 111 - Anuradhapura

Dambulla
Trincomalee
Anuradhapura
Thamankaduwa

Zone 11 – Kurunegala

Kundasale
Kurunegala
Nikaweratiya
Kuliyapitiya
Anamaduwa

Zone IV - Mahiyangana

Manmunai North
Ampara
Kalmunai
M'gana

Zone V

Vavuniya

OCEAN VIEW DEVELOPMENT COMPANY (PVT) LTD

INTRODUCTION

Pursuant to the decision of the Cabinet of Ministers N0: 94/340/006 dated 17.02.1994 a joint venture of National Housing Development Authority and Urban Development Authority was formed in Managing the Bambalapitiya Tower Building and for executing property development works.

Accordingly, Ocean View Development Company was founded on 1st January 1996, operating from 25 ½, Tower Building, Station Road, Bambalapitiya.

VISION

"Contributing as a Government – owned company towards the property development sector in Sri Lanka" and as a competitive stake holder.

MISSION

"To be of Assistance to the local property development market by providing Personalized Housing units as well as condominium high rise developments with a government guarantee and total customer satisfaction in becoming the No.1 state owned property development company in the year 2015.

OBJECTIVES

01. Property Development
02. Property Management
03. Constructions and Maintenance
04. Renting out property
05. Land and Property Sales

BOARD OF DIRECTORS

Mr. Jagath Perera	-	**Chairman**
Mr. Jagath Perera	-	**Managing Director**
Mr. Prashantha Dias	-	**Director**
Dr. Achala Upendra Jayathilaka	-	**Director**
Mr. Sirinimal Perera	-	**Director**
Mr. Athula De Silva	-	**Director**
Board Secretary	-	Accounting Systems (Pvt) Ltd.

Staff of the Ocean View Development Company

Executive Staff	No.of Persons
Deputy General Manager	01
Engineer	01
Security & Transport Manager	01
Accountant	01
Legal Officer	01
Assistant Accountant	01
Assistant Manager	01
Trainee Assistant Manager	02
Total	**09**

Clerical Staff	No.of Persons	Maintenance Staff	No.of Persons
Secretary	02	Electrician	03
Accounts Assistant	03	Assistant Electrician	02
Management Assistant	03	Mason	01
Marketing Assistant	01	Mason Assistant	01
Office Coordinator	01	Carpenter	02
Building Maintenance Officer	01	Laborer	01
Technical Officer	01	Plumber	01
Technical Assistant	01	Assistant Plumber	01
Office Assistant	02	Lift Operator	08
		Drivers	03
		Aluminum Welder	01
Total	15	Total	24
		Grand Total	39

Review of the progress made under the new management

- New Management took over the operations by June 2010.
- Staff structure was re-organized, a proper promotion scheme was introduced and all vacant posts were filled.
- Internal management was re-structured, line of duties, job descriptions were initiated.
- In collection of rentals for the apartments at Tower building, National Housing Development Authority valuation prepared with market demands was introduced. The tenant's occupying the premises without agreements were made to do so with Ocean View Development Company (Pvt.) Ltd. Also a methodology was introduced in recovering of long standing arrears in rentals. By December 31, 2010 about 70% arrears has been recovered.
- In collection of rentals for the antennas fixed on the roof top of the Tower Building, a dialog was created between the parties and listing to their grievances, had made to sign agreements with the company also applying the rentals proposed as for the expert committee valuation.
- The ground floor of the podium with an area of 25,000.00 square feet with new face lift given rented out from July 2010.
- All long standing issues referring to the Park Road Housing Scheme were analyzed, and with the application of correct strategies is in the process of issuing with Title Deeds to 15 no. of houses for Block B and C and provision of 31 balance parking and selling of 21 no. of shops and relocating of unauthorized vendors.

- Market oriented selling campaign was launched in Pallekele for selling of balance 18 houses and 08 houses were sold up to now. Advances paid on the balance 10 houses. Negotiations are carrying out with CECB, with regard to selling of partly completed 11 houses. It is expected to complete this scheme by mid 2011.

- **'Dream House Project'** is a conceptual proposal by the Hon. Minister of Construction, Engineering services, Housing and common Amenities, Wimal Weerawansa. A turnkey project in undertaking design and construction, fulfilling the housing and building needs of locals & Sri Lankans living abroad with a government guarantee. A web is in active with access on www.dreamhouse.lk. A Project Office was opened closer to the Ministry premises with the intension of operating projects under direct supervision of the Hon. Minister.

Pallekele Housing Project

Park Road Housing Project

Forward Planning

- It is planned to conduct a promotion campaign on Dream House Project through paper advertisements, TV advertising, leaflet, etc. Also propose to commence construction of 10 houses in the year 2011 & complete at least 5 out of them.
- A low cost housing project to be implemented under the 'Janasewana Kapakaru' project and 10 housing units to be completed during the year 2011.
- The Tower Building to be modified and renovated and the entrance lobby to be developed as a value addition to the premises.
- A project is to be initiated as a mixed-residential development in Colombo and hope to complete preparation works during the year 2011.

NATIONAL HOUSING DEVELOPMENT AUTHORITY AND SUBSIDIARY COMPANY
BALANCE SHEET AS AT 31 ST DECEMBER 2010

		NOTES	2010 NHDA Rs. cts.	2010 CONSOLIDATED Rs. cts.	2009 CONSOLIDATED Rs. cts.
[A]	**ASSETS**				
	NON CURRENT ASSESTS				
	I FIXED ASSETS				
	Land & Building	(02)	649.245.881.95	802.715.995.12	825.516.344.56
	Motor Vehicles	(03)	4,168,306.39	4,402,706.39	13,462,122.97
	Furniture and Fittings	(03)	6,485,494.17	33,289,824.41	9,491,040.87
	Equipment	(03)	133,328,022.74	136,616,686.87	197,357,022.44
			793,227,705.25	977,025,212.79	1,045,826,530.84
	II DEVELOPMENT ASSESTS				
	Lands Acquired		307,660,607.01	307,660,607.01	288,228,418.07
	Housing Loan Programmes	(04-10)	2,558,332,088.60	2,558,332,088.60	2,647,572,658.71
	Loan Programme NHD		1,554,885.05	1,554,885.05	1,554,885.05
	Rent Purchase Housing Schemes - NHDA		308,075,256.37	308,075,256.37	343,346,590.95
	Sale of Houses Instalment Basis		1,437,960,287.11	1,437,960,287.11	1,567,544,374.55
	Sale of Land Instalment Basis		14,018,733.10	14,018,733.10	12,198,676.30
	Rent Purchase Housing Schemes - NHD		2,071,971.10	2,071,971.10	2,043,773.98
	Staff Housing Loan		189,303,798.00	189,303,798.00	193,740,145.12
			4,818,977,626.34	4,818,977,626.34	5,056,229,522.73
	III INVESTMENTS - Long Term	(11- 1)	283,004,111.77	248,765,542.47	242,431,751.44
	CURRENT ASSETS				
	Direct Construction Programme	(12)	111,987,484.04	210,347,933.57	170,737,767.14
	Stock	(13)	114,189,708.26	168,398,767.09	212,999,045.29
	Advances to Contractors		82,893,424.93	82,893,424.93	76,292,927.13
	Interest Receivables	(14)	15,710,832.99	15,710,832.99	12,816,730.71
	Debtors	(15)	3,132,268,763.71	3,172,383,609.31	3,589,764,788.43
	NEMO		53,983,260.00	53,983,260.00	43,546,702.00
	Deposits & Advances	(16)	410,818,938.99	410,818,938.99	401,522,541.80
	Investments -Short Term	(11-11)	420,333,070.59	420,333,070.59	327,221,834.15
	Cash & Bank Balances - NHDA	(17)	51,328,830.66	58,744,439.14	83,891,456.16
	- NEMO		3,201,700.00	3,201,700.00	1,973,480.00
			4,396,716,014.17	4,596,815,976.61	4,920,767,275.81
	TOTAL ASSETS		10,291,925,457.53	10,641,584,358.21	11,265,255,080.82
[B]	**EQUITY & LIABILITIES**				
	Authorised Capital		50,000,000.00	50,000,000.00	50,000,000.00
	Initial Capital		40,000,000.00	40,000,000.00	40,000,000.00
	Capital Reserves - Foreign Grant		131,682,601.02	131,682,601.02	131,682,601.02
	- Domestic Grants	(18)	15,335,242,352.30	15,335,242,352.30	15,406,301,677.04
			15,506,924,953.32	15,506,924,953.32	15,577,984,278.06
	Revaluation Reserve - NEMO		227,558,781.00	227,558,781.00	227,558,781.00
	Add / (Less)-Income/ Expenditure Carried Forward		(11,230,371,406.48)	(11,132,057,507.66)	(10,371,325,056.81)
			4,504,112,327.84	4.602.426.226.66	5,434,218.002.25
	Minority Interest		-	168,061,890.06	164,877,219.00
	NON CURRENT LIABILITIES				
	Gratuity Fund		7,974,268.66	7,974,268.66	4,388,004.86
	Loans	(19)	1,066,558,399.64	1,066,558,399.64	1,086,565,694.15
			5,578,644,996.14	5,845,020,785.02	6,690,048,920.26
	CURRENT LIABILITIES				
	Creditors	(20)	1,345,129,593.15	1,422,086,099.20	1,254,633,037.91
	NEMO		402,564,925.00	402,564,925.00	364,457,630.00
	Current Liabilities for Loans	(21)	1,137,056,328.08	1,137,056,328.08	1,087,526,925.35
	Deposits	(22)	1,377,790,108.39	1,377,790,108.39	1,395,296,825.93
	Provisions	(23)	450,739,506.77	457,066,112.52	473,291,741.37
			4,713,280,461.39	4,796,563,573.19	4,575,206,160.56
	TOTAL EQUITY & LIABILITIES		10,291,925,457.53	10,641,584,358.21	11,265,255,080.82

The Board of Management of the Authority takes the responsibility for the Preparation and presentation of these Financial Statements.

S.A. JAYANTHA SAMARAWEERA	**A.W. DAYANANDA**	**E.A.D.S. EDIRISINGHE**
CHAIRMAN	VICE CHAIRMAN	**DY GENERAL MANAGER (FINANCE)**

NATIONAL HOUSING DEVELOPMENT AUTHORITY AND SUBSIDIARY COMPANY
INCOME & EXPENDITURE ACCOUNT FOR THE 31 ST DECEMBER 2010

		2010		2009	
[A] INCOME	**NOTES**	**Rs. Cts.**	**Rs. Cts.**	**Rs. Cts.**	**Rs. Cts.**
Profit/(Loss) on Sale of Houses		6,669,224.16		3,882,858.85	
Profit/(Loss) on Sale of Land		10,491,012.96		22,622,030.21	
Rent Income	[24]	49,748,528.68		46,179,560.85	
Interest Income	[25]	341,896,239.52		371,115,686.13	
Income From Hiring of Vehicles		1,121,353.87		1,590,076.07	
Income From Hiring of Plant & Machinery		461,875.30		384,339.55	
Fines & Surcharges		8,257,110.10		6,815,028.55	
Profit on Sale of Vehicles		1,332,500.00		3,769,799.00	
Over Provision of Bad and Doubtful debts				55,157,006.27	
Sevana Media Income		2,634,063.50		1,210,430.85	
Indirect Operation Income	[26]	32,979,540.85		25,867,706.41	
Non-Refundable Deposits	[27]	118,450.00		261,379.00	
			455,709,898.94		538,855,901.74
[B] INDIRECT DEVELOPMENT EXPENSES					
Board Expenses		57,000.00		41,000.00	
Personnel Emoluments	[28]	719,879,604.67		742,196,704.17	
Travelling Expenses	[29]	12,917,572.03		15,991,675.76	
Supplies	[30]	33,682,804.11		26,873,315.65	
Maintenance Expenditure	[31]	59,518,941.74		52,664,480.89	
Contractual Services	[32]	37,931,902.94		42,512,324.76	
Finance Expenses	[33]	203,231,497.27		113,055,172.04	
Indirect Operational Expenses	[34]	9,521,640.95		4,347,355.55	
Depreciation on Fixed Assets		45,699,643.90		43,832,704.33	
			1,122,440,607.61		1,041,514,733.15
[C] Excess Income / (Expenditure) for the year [A - B]			**(666,730,708.67)**		**(502,658,831.41)**
[D] Profit / Loss of the NEMO			(98,155,024.00)		(68,251,087.00)
[F] Net Income / (Expenditure) - Brought Forward			(10,465,485,673.81)		(9,894,575,755.40)
[G] Net Income / (Expenditure) - Carried Forward			**(11,230,371,406.48)**		**(10,465,485,673.81)**

NATIONAL EQUIPMENT & MACHINERY ORGANISATION

Profit & Loss Account for the Year Ended 31 December 2010

	Period Ended	
	31-Dec-10	**31-Dec-09**
	Rs	**Rs**
TURNOVER		
Income from Hire of Machinery	91,294,463	117,687,012
Realised Project Income		
	91,294,463	**117,687,012**
OPERATINING EXPENSES		
Work Shops	39,768,910	36,347,268
Depots	105,342,427	101,284,770
Depreciation	29,785,234	33,328,211
Total Operating Cost	**174,896,571**	**170,960,249**
Less : Spares received from JICS		
Intercompany Transaction	(14,956,768)	(11,101,890)
	159,939,803	**159,858,359**
Gross Profit / (Loss)	(68,645,340)	(42,171,347)
Administration Cost	25,297,099	25,308,329
Financial Charges	1,057,110	1,040,933
Other Depreciation	62,745	195,407
Total Indirect Cost	**26,416,954**	**26,544,669**
Net Profit/ (Loss) from Operations	(95,062,293)	(68,716,015)
Other Income	282,554	464,927
Net Profit/ (Loss) for the year prior to extra ordinary items	**(94,779,739)**	**(68,251,088)**
Profit/Loss on Disposal of Assets	(3,375,285)	
Net Profit/ (Loss) for the Year after Extraordinary Items	(98,155,024)	(68,251,088)
Net Profit / (Loss) B/F	(584,082,368)	(515,831,280)
Net Profit / (Loss) for the year C/F	**(682,237,392)**	**(584,082,368)**

ACCOUNTING POLICIES

NOTE [01]

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST DECEMBER 2010.

1 FUNDAMENTAL ACCOUNTING ASSUMPTIONS

1.11 **The Accounts:** The financial Statements has been prepared in conformity with generally. Accepted accounting principles and the accounting standards laid down by the institute of Chartered Accountants of Sri Lanka were applied consistently on a historical cost basis.

1.12 **Post Balance Sheet Events:** All material events occurring after the Balance Sheet date have been considered and where necessary adjustments have been made in the Financial Statements.

1.13 **Going Concern Concept:** The financial Statements have been prepared on the basis of going concern which contemplates that the Authority will be able to realise its assets and discharge the liabilities in the normal course of business.

2 ASSETS AND THEIR BASIS FOR VALUATION:

2.1 Property, Plant and Equipments:

The fixed assets are stated at cost less accumulated depreciation. And These are stated at cost of purchase together with any attributable cost of bringing the assets to the working conditions for its intended use.

2.2.1 DEPRECIATION

2.2.1 Depreciation is provided on fixed assets from the date of purchase up to the date of disposal.

2.2.2 Provision for depreciation is made on cost in the following percentages, (Since depreciation is charged on an annual basis, half yearly accounts are shown excluding depreciation.)

		N.H.D.A	**N.E.M.O**
2.2.2.1	Land & Building	2.5 % on Cost	2.5% on Cost
2.2.2.2	Furniture, fittings & Semi Permanent structures	20 % on Cost	20% on Cost
2.2.2.3	Equipment & Machinery	20 % on Cost	10% on Cost (after revaluation)
2.2.2.4	Motor vehicle Head Office & Other District Offices for vehicles which have been fully depreciated, Rs.1000 has been fixed as residual value	20 % on Cost	20% on Cost

3 STOCK

3.1 The closing stock is based on physical verification and while the valuation is done in FIFO method by NHDA, NEMO is adopting the weighted average method.

3.2 Loss or damage is accounted on the actual cost or replacement value which is higher.

3.3 The value of completed houses have been transferred to stock at historical cost or net realizable value which ever is lowest.

4 LIABILITIES AND PROVISIONS:

4.1 Liabilities classified as Current Liabilities in the Balance Sheet are those which fall due for payment on demand or within one year from the Balance Sheet date.

5 CONTINGENCY LIABILITIES

As per SLAS 10 the following Liabilities are disclosed.

5.1 127 Nos. Court cases are pending against the NHDA and compensation has been estimated as Rs. 147.605 M.

6 INCOME STATEMENTS:

6.1 RENT

Rent derived from rental schemes are treated as recurrent revenue. According to the SLAS 18, these assets are depreciated. Policy decision has been taken to sell rental houses.

6.2 PROVISION OF BAD AND DOUBTFUL DEBTS

The following provisions have been made in the accounts

6.3 Provision is made on a percentage basis relating to the age analysis of the debt.

Age analysis of the debtors			**Percentage**
0	24	Months	10 %
24	36	Months	20 %
36	48	Months	30 %
48	60	Months	50 %
Over	60	Months	100 %

6.4 Provision for bad and doubtful debts are made on the following debtors without considering the age of the loan.

Sale of houses on installment basis	10 %
Staff Housing Loan	10 %
Urban/Rural rent	10 %
Debtors for Land	10%

6.5 INTEREST PAYMENT

Interest payment on delayed land compensation is treated as recurrent revenue expenditure.

6.6 APPORTIONING OF OVERHEADS

Direct overhead expenditure incurred on account of presale, relocation and coastline projects of the Urban Housing Construction Programme is apportioned to the projects from the year 1997 on the basis of the actual expenditure.

6.7 **Revenue Expenditures:** All expenditures incurred in running of the business and in maintaining the capital assets in a state of efficiency has been charged to revenue in arriving at the profit for the year.

6.8 **Capital Expenditure:** Expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature has been treated as capital expenditure.

7 TAXATION

The Tax has been calculated in accordance with the Inland Revenue Act at the Rates specified in the Act.
The Authority is liable to Income Tax on its profit after adjusting for disallowable and Capital allowances.

8 SALE OF HOUSES

For accounting purposes, a house is treated as sold on the date of receiving the money if the house is sold on outright basis. If the house is sold on rental basis, the date of entering into the agreement is treated as the date of sale.

8.1 DETERMINATION OF SALE PRICE OF THE HOUSES AND ACCOUNTING

8.1.1 The sale price of housing unit should be determined to cover at least the cost of the house

8.1.2 When determining the cost of a house, land cost, construction cost, overhead expenditure. Which is a suitable percentage of construction cost and profit which is a sufficient percentage of the above total cost should be considered.

8.1.3 In accordance with the Govt. housing policies or for special reasons, when a houses has to be sold for a lesser value than the cost, action should be taken to recover the loss from the Treasury .

9. SALE OF HOUSES ON RENT PURCHASE BASIS

The value of houses given out on rent purchase basis is reflected in the accounts as development assets and the installments received are adjusted against the value of the development assets.

10. LANDS ACQUIRED FOR HOUSING PURPOSES

10.1.1 At the time of payment of compensation for the lands acquired for housing purposes, value of compensation and initial cost of acquisition are indicated in the accounts. In instances where compensation is not paid, the estimated market value and initial cost are considered and shown in the accounts.

10.1.2 With regard to the lands for which acquisitions are not completed as at the end of the financial year, the cost of acquisition is shown separately from the value of the lands.

10.1.3 The estimated market value of the lands referred to in Paragraph 10.1.1 above is transferred to a Reserve Fund created for land acquisition.

10.2 DETERMINING THE SALE PRICE OF LANDS AND KEEPING ACCOUNTS

10.2.1 Irrespective of the price / compensation paid on the acquisition / purchase of lands, sale price should be determined by considering estimated market value prevailing at the time as cost price of the land.

10.2.2 In instances where the prices are determined on concessionary basis based on decisions of Government policy, the loss to be reimbursed by the Treasury. If the loss cannot be recovered from the Treasury then it should be settled from the Reserve Fund created for land acquisition.

10.3 SALE OF HOUSES / LANDS ON INSTALLMENT BASIS

10.3.1 When the houses / lands are sold on basis of a long term loan, the date of agreement should be considered as the date of sale of land / house and account accordingly.

10.3.2 In the following the procedure given at 10.3.1 above, the amount of value shown in the accounts should be transferred from the Assets Account to sale of houses / lands account.

11 VALUATION OF WORK IN PROGRESS

In any accounting year, the value of bills settled or remaining to be settled at the end of the year in respect of construction project should be treated "as work in progress " As such, except for the value transferred from construction project to the housing Stock Account, the balance value should be treated as work in progress at the end of the accounting year.

12 CAPITAL GRANTS

The capital grant expenditure should be charged to the relevant development activity / project Account and in the case of expenditure on common facilities or infrastructure facilities such amount will be written off by charging the Capital Grant Account and in other instances treated as assets.

13 GENERAL

13.1 Presentation of Grants Related to Assets – NEMO

In accordance with Sri Lanka Accounting Standard 24, the machinery that was received as grant, was set up as deferred income which was recognized as income on a systematic and rational basis over the useful life of the asset

13.2 NATIONAL HOUSING DEPARTMENT

Functions of National Housing Department were transferred to NHDA (commencing from the year 1990), as per a decision of the Cabinet of Ministers, dated 13th September 1989.

13.3 VEHICLES LOST

Following vehicles were lost during the past years in the North & East provinces :

No.of Item	Description	Purchase Price Rs.
08	Motor Cycles	400,000.00
01	Jeep	112,864.26
09		512,864.26

Adjustment could not be done in the accounts due to the non availability of relevant documents.

13.4 NATIONAL EQUIPMENT & MACHINERY ORGANIZATION

In terms of Cabinet decision of 04th December 1991 the National Equipment & Machinery Organization (NEMO) was established as a project under the NHDA. The accounts of the NEMO for the period ended 31st December 2010 have been incorporated in the accounts.

13.5 GROUP ACCOUNTS - OVDC LTD

In accordance with SLAS 26, the accounts of the OVDC Ltd, as at 31 December 2009 have been consolidated with that of the NHDA, as NHDA is the major share holder. The NHDA has not yet received dividend for the shares in OVDC Ltd.

13.6 ASSOCIATE COMPANY – REEL

Rs. 5M has been invested in Real Estate Exchange (Pvt.) Ltd. In the year 1999. The percentage of investment is 35.71%. The NHDA has not yet received dividend for the shares in Real Estate Exchange (Pvt.) Ltd.

13.7 JALTARA HOUSING PROJECT

400 Housing Units were constructed for Government Servants expending a total sum of Rs 1088.67 M, of which Rs 721.8 M was obtained under Korean Loan Aids and Rs368 M was borne by Treasury Funds.

As at 31.12.2009, 395 housing units were completed and handed over to the Housing Development Finance Corporation Bank to recover loan instalments and reimburse to the Treasury and at present the HDFC Bank has been remitting the recoveries made from these houses.

As there is no proper agreement to make adjustments in the NHDA accounts for these transactions, the sale prices of these houses were shown as current assets under the HDFC Bank.

Further, the difference of Rs 215.899 M. between the total cost of the project and the revenue derived from this housing scheme was indicated as current assets until a decision is arrived in this regard.

14. DAMAGES FROM TSUNAMI DISASTER

The damage due to Tsunami disaster has been ascertained as Rs 31.18 M appromixmately as follows.

Loss of Loan Recoveries	-	Rs 11.00 M
Damage to NHDA Properties	-	Rs 20.18 M
		Rs 31.18 M

As the damage was not confirmed as accurate, the above figure of Rs 31.18 M was not reflected in the accounts for the year 2010.

NOTE [02] - LAND & BUILDINGS

Description	COST							DEPRECIATION					Written Down Dalue As At 31.12.2010
	Balance as at 01.01.2010		Additions During the year	Adjustment	Disposals During the year	Balance as at 31.12.2010		Provision as at 01.01.2010	Charges for the year	Accumulated on Disposed items	Adjustment	Balance as at 31.12.2010	
	Land	Building				Land	Building						
Parsons Road		50,434,491.63					50,434,491.63	36,490,391.89	1,260,862.29			37,751,254.18	12,683,237.45
Kandy Secretariat		8,509,312.85					8,509,312.85	6,326,896.24	212,732.82			6,539,629.06	1,969,683.79
Kandy Circuit Bung.		3,031,169.52					3,031,169.52	2,142,929.96	75,779.24			2,218,709.20	812,460.32
Kalmunai Circuit Bungalow		4,554,220.42					4,554,220.42	2,958,118.73	113,855.51			3,071,974.24	1,482,246.18
District Office Polonnaruwa		419,737.99					419,737.99	197,962.03	10,493.45			208,455.48	211,282.51
District Office Monaragala		4,785.00					4,785.00	3,230.15	119.63			3,349.78	1,435.23
Kataragama Circuit Bungalow		221,602.61					221,602.61	129,558.26	5,540.07			135,098.33	86,504.28
Anuradhapura District Office		830,724.80					830,724.80	519,202.87	20,768.12			539,970.99	290,753.81
Gampaha District Office		6,307,579.67					6,307,579.67	770,864.90	157,689.49			928,554.39	5,379,025.28
Kilinochchi District Office		1,381,010.66					1,381,010.66	172,626.33	34,525.27			207,151.60	1,173,859.06
Ratnapura District Office		274,189.92					274,189.92	34,273.74	6,854.75			41,128.49	233,061.43
Ratnapura Sethsisila house		92,785.50					92,785.50	4,639.28	2,319.64			6,958.92	85,826.58
Other Buildings		614,295.90					614,295.90	194,335.21	15,357.40			209,692.61	404,603.29
Buildings Taken Over from Director of Build.		22,743,500.00					22,743,500.00	11,356,949.50	568,587.50			11,925,537.00	10,817,963.00
Matara District Office		7,831,027.23					7,831,027.23	922,355.71	195,775.68			1,118,131.39	6,712,895.84
Land & Building NEMO		22,937,054.00					22,937,054.00	12,001,911.12	573,426.00			12,575,337.12	10,361,716.88
Trincomalee Office		168,773.54					168,773.54	63,290.08	4,219.34			67,509.42	101,264.12
Vavuniya Office		468,060.10					468,060.10	170,111.15	11,701.50			181,812.65	286,247.45
NHD Office Buildings		3,742,246.85					3,742,246.85	1,871,122.55	93,556.17			1,964,678.72	1,777,568.13
Hantana Circut Bunglow	2,520.00	1,109,930.00				2,520.00	1,109,930.00	555,154.21	27,748.25			582,902.46	529,547.54
Ampara District Office		366,148.50					366,148.50	118,998.25	9,153.71			128,151.96	237,996.54
Circuit Bungalow Baswakkulama		240,000.00					240,000.00	66,000.00	6,000.00			72,000.00	168,000.00
Office Blgs Badulla		1,222,000.00					1,222,000.00	336,050.00	30,550.00			366,600.00	855,400.00
Janasavi Centre - kandy		2,465,734.09					2,465,734.09	678,076.97	61,643.35			739,720.32	1,726,013.77
Hambantota D/O		2,040,350.74					2,040,350.74	518,271.02	51,008.77			569,279.79	1,471,070.95
Rental Scheme 5000 Houses Programme		172,612,505.61					172,612,505.61	58,628,069.26	4,315,312.64			62,943,381.90	109,669,123.71
Rental Urban Scheme 100 thousand Prog.	55,317,190.10	837,824,186.87				55,317,190.10	837,824,186.87	462,225,804.15	20,945,604.67			483,171,408.82	409,969,968.15
Rental Schemes NHD		13,861,809.74				-	13,861,809.74	6,844,908.35	346,545.24			7,191,453.60	6,670,356.14
Coastline Rental Houses		61,185,579.02				-	61,185,579.02	17,461,453.52	1,529,639.48			18,991,093.00	42,194,486.02
Recreation center Jaltara H/P		9,465,234.88				-	9,465,234.88	473,261.74	236,630.87			709,892.62	8,755,342.26
Kegalle District Office		-	12,437,889.47			-	12,437,889.47		310,947.25			310,947.25	12,126,942.22
TOTAL	**55,319,710.10**	**1,236,960,047.64**	**12,437,889.47**	**-**	**-**	**55,319,710.10**	**1,249,397,937.11**	**624,236,817.18**	**31,234,948.09**	**-**	**-**	**655,471,765.26**	**649,245,881.95**

NOTE [03] - MOTOR VEHICLES, FITTINGS AND EQUIPMENT

NAME OF THE FIXED ASSET	COST				DEPRECIATION				Written down Value as at 31.12.2010
	Balance as at 01.01.2010	Additions During the year	Disposals/Adjustment During the year	Balance as at 31.12.2010	Provision as at 01.01.2010	Charges for the year	Accumulated on Disposed Items/Adjustment	Balance as at 31.12.2010	
01 MOTOR VEHICLES									
1.1 NHDA	185,815,774.98	104,419.84	519,601.47	185,400,593.35	173,649,639.01	8,620,887.42	515,601.47	181,754,924.96	3,645,668.39
1.2 NEMO	13,292,441.00	-	1,075,504.00	12,216,937.00	12,124,500.00	-	430,201.00	11,694,299.00	522,638.00
TOTAL	199,108,215.98	104,419.84	1,595,105.47	197,617,530.35	185,774,139.01	8,620,887.42	945,802.47	193,449,223.96	4,168,306.39
02 FURNITURE, FITTINGS & SEMI-PERMANENT STRUCTURES									
2.1 NHDA	28,211,990.73	2,351,118.22	18,600.00	30,544,508.95	23,584,515.86	622,149.92	-	24,206,665.78	6,337,843.17
2.2 NEMO	10,531,231.00	58,000.00	-	10,589,231.00	10,378,836.00	62,744.00	-	10,441,580.00	147,651.00
TOTAL	38,743,221.73	2,409,118.22	18,600.00	41,133,739.95	33,963,351.86	684,893.92	-	34,648,245.78	6,485,494.17
03 EQUIPMENT									
3.1 NHDA	94,357,762.67	6,627,160.80	6,236.02	100,978,687.45	82,381,215.23	5,795,084.48	-	88,176,299.71	12,802,387.74
3.2 NEMO	423,834,593.00	-	53,048,042.00	370,786,551.00	242,894,797.00	28,585,336.00	(21,219,217.00)	250,260,916.00	120,525,635.00
TOTAL	**518,192,355.67**	**6,627,160.80**	**53,054,278.02**	**471,765,238.45**	**325,276,012.23**	**34,380,420.48**	**(21,219,217.00)**	**338,437,215.71**	**133,328,022.74**

NOTE [04] - LOANS UNDER ONE MILLION HOUSING PROGRAMME

Rs.

DISTRICTS	TOTAL DISBURSEMENT 01.01.2010	BALANCE AS AT 01.01.2010	ADJUSTMENTS	DUE & REPAYMENT	BALANCE AS AT 31.12.2010
Colombo City (North)	68,398,472.46	-	-	-	-
Colombo City (South)	9,299,410.99	-	-	-	-
Colombo District	95,175,604.29	-	-	-	-
Gampaha	106,663,304.47	-	-	-	-
Kalutara	90,390,550.35	46,852.67	-	40,657.32	6,195.35
Kandy	103,901,237.18	-	-	-	-
Matale	65,779,630.45	-	-	-	-
Nuwara-Eliya	49,737,467.53	-	-	-	-
Galle	84,230,288.68	-	-	-	-
Matara	109,863,684.80	-	-	-	-
Hambantota	75,122,124.73	-	-	-	-
Jaffna	32,954,399.04	-	-	-	-
Mannar	9,795,015.25	-	-	-	-
Mankulam	7,285,389.27	-	-	-	-
Batticaloa	37,495,673.40	-	-	-	-
Ampara	45,589,368.50	-	-	-	-
Trincomalee	27,488,459.00	-	-	-	-
Kurunegala	155,878,639.33	-	-	-	-
Puttalam	135,814,785.91	-	-	-	-
Anuradhapura	74,464,110.15	-	-	-	-
Polonnaruwa	64,709,543.41	-	-	-	-
Badulla	154,727,466.02	-	-	-	-
Monaragala	93,395,875.47	14,637,775.80	-	-	14,637,775.80
Ratnapura	76,358,901.53	-	-	-	-
Kegalle	9,164,107.35	-	-	-	-
Kilinochchi	6,875,956.85	-	-	-	-
Vavuniya	6,747,500.00	-	-	-	-
TOTAL	**1,797,306,966.41**	**14,684,628.47**	**0.00**	**40,657.32**	**14,643,971.15**

NOTE [05] - LOANS UNDER 1.5 MILLION HOUSING PROGRAMME

Rs.

DISTRICTS	TOTAL DISBURSEMENT 01.01.2010	BALANCE AS AT 01.01.2010	ADJUSTMENTS & DISBURSMENT	DUE & REPAYMENT	BALANCE AS AT 31.12.2010
Colombo City (North)	35,026,841.07	-	-	-	-
Colombo City (South)	14,726,829.23	-	-	-	-
Colombo District	25,632,720.35	-	-	-	-
Gampaha	30,666,163.80	-	-	-	-
Kalutara	22,839,394.81	-	-	-	-
Kandy	59,515,113.95	-	-	-	-
Matale	8,579,332.36	-	-	-	-
Nuwara-Eliya	34,752,609.98	-	-	-	-
Galle	37,304,352.95	4,190,268.25	-	4,045,954.51	144,313.74
Matara	99,716,771.53	-	-	-	-
Hambantota	53,545,729.33	-	-	-	-
Jaffna	29,148,681.75	-	-	-	-
Mannar	16,672,374.32	-	-	-	-
Mankulam	1,636,494.00	614,688.15	-	-	614,688.15
Batticaloa	52,464,250.00	-	-	-	-
Ampara	47,869,914.50	-	-	-	-
Trincomalee	32,865,329.78	-	-	-	-
Kurunegala	48,946,250.00	-	-	-	-
Puttalam	33,078,871.03	-	-	-	-
Anuradhapura	15,403,185.75	-	-	-	-
Polonnaruwa	17,459,832.25	-	-	-	-
Badulla	27,864,115.76	-	-	-	-
Monaragala	152,609,562.14	7,165,114.22	-	57,221.33	7,107,892.89
Ratnapura	21,190,512.69	-	-	-	-
Kegalle	40,727,372.25	876,173.02	-	345,474.98	530,698.04
Kilinochchi	3,618,192.70	10,480.45	-	-	10,480.45
Vavuniya	13,064,435.15	-	-	-	-
Kalmuni	8,055,565.16	-	-	-	-
TOTAL	**984,980,798.59**	**12,856,724.09**	**0.00**	**4,448,650.82**	**8,408,073.27**

NOTE [06] - LOANS UNDER NEW HOUSING FINANCE SYSTEM

Rs.

DISTRICTS	TOTAL DISBURSEMENT 01.01.2010	BALANCE AS AT 01.01.2010	ADJUSTMENTS	DUE & REPAYMENT	BALANCE AS AT 31.12.2010
Colombo City (North)	11,007,564.27	336,219.61	-	195,192.61	141,027.00
Colombo City (South)	3,285,537.22	357,959.22	-	-	357,959.22
Colombo District	23,899,549.13	731,577.50	-	585,483.21	146,094.29
Gampaha	152,333,711.35	8,353,562.82	-	3,942,485.44	4,411,077.38
Kalutara	42,031,777.73	2,906,592.22	-	304,691.05	2,601,901.17
Kandy	19,351,236.72	739,058.82	-	739,058.82	-
Matale	12,162,875.24	30,725.90	-	21,903.01	8,822.89
Nuwara-Eliya	13,497,658.02	383,929.65	-	383,929.65	-
Galle	12,636,532.50	889,181.81	-	284,005.61	605,176.20
Matara	11,365,330.48	43,462.56	-	43,462.56	-
Hambantota	13,763,515.75	2,139,556.98	-	2,128,531.02	11,025.96
Jaffna	2,064,946.66	117,795.03	-	9,749.34	108,045.69
Mannar	186,000.40	-	-	-	-
Mankulam	1,725,238.96	77,233.04	-	-	77,233.04
Batticaloa	3,651,404.20	-	-	-	-
Ampara	16,327,070.50	-	-	-	-
Trincomalee	3,606,093.00	812,744.82	-	296,898.57	515,846.25
Kurunegala	38,355,529.34	45,904.07	-	15,105.57	30,798.50
Puttalam	15,741,909.46	-	-	-	-
Anuradhapura	79,074,576.43	-	-	-	-
Polonnaruwa	5,503,036.69	-	-	-	-
Badulla	14,152,734.47	906.66	-	906.66	-
Monaragala	15,733,867.96	1,170,723.01	-	187,181.22	983,541.79
Ratnapura	16,590,658.12	33,479.20	-	33,479.20	-
Kegalle	21,104,202.71	1,577,650.53	-	305,165.44	1,272,485.09
Kilinochchi	1,708,030.33	15,262.65	-	-	15,262.65
Vavuniya	2,175,313.26	-	-	-	-
Kalmune	171,028.42	-	-	-	-
TOTAL	**553,206,929.32**	**20,763,526.10**	**0.00**	**9,477,228.98**	**11,286,297.12**

NOTE [07] - 95 HOUSING LOAN PROGRAMME

Rs.

DISTRICTS	TOTAL DISBURSEMENT 01.01.2010	BALANCE AS AT 01.01.2010	ADJUSTMENTS & DISBURSMENT	DUE & REPAYMENT	BALANCE AS AT 31.12.2010
Colombo City (North)	16,140,911.30	2,346,162.32	-	523,625.68	1,822,536.64
Colombo City (South)	7,339,908.25	3,021,195.87	-	1,058,903.63	1,962,292.24
Colombo District	268,874,899.78	73,761,231.53	16,339,769.84	14,681,682.30	75,419,319.07
Gampaha	285,958,707.74	47,067,498.27	-	15,072,024.59	31,995,473.68
Kalutara	273,377,034.45	96,387,807.25	240,000.00	10,733,678.56	85,894,128.69
Kandy	497,433,049.82	172,631,723.47	-	22,706,998.04	149,924,725.43
Matale	157,796,063.88	68,398,118.52	-	9,550,723.29	58,847,395.23
Nuwara-Eliya	229,078,332.63	87,060,852.44	-	2,637,202.09	84,423,650.35
Galle	174,976,771.84	57,160,773.54	-	13,716,671.75	43,444,101.79
Matara	256,598,667.95	50,738,317.27	-	4,906,546.59	45,831,770.68
Hambantota	149,881,248.30	42,018,360.94	-	9,201,344.00	32,817,016.94
Jaffna	195,052,364.78	67,258,664.50	-	14,896,988.34	52,361,676.16
Mannar	35,874,663.29	10,898,704.68	4,885,000.00	4,903,969.14	10,879,735.54
Mankulam	6,450,688.75	4,825,615.79	655,000.00	15,231.15	5,465,384.64
Batticaloa	146,954,735.56	44,144,592.98	-	12,264,921.88	31,879,671.10
Ampara	96,095,420.84	11,085,967.82	-	3,491,331.53	7,594,636.29
Trincomalee	84,478,107.86	37,630,636.54	-	7,764,896.27	29,865,740.27
Kurunegala	401,665,700.93	83,607,327.67	308,000.00	21,600,724.02	62,314,603.65
Puttalam	229,417,574.22	98,199,407.54	-	15,693,204.67	82,506,202.87
Anuradhapura	202,210,176.39	43,556,493.86	-	12,059,594.40	31,496,899.46
Polonnaruwa	225,249,894.03	27,067,953.82	-	5,665,696.81	21,402,257.01
Badulla	283,938,489.67	194,639,472.64	423,287.75	5,390,745.38	189,672,015.01
Monaragala	146,763,822.72	84,172,425.02	5,000.00	8,643,429.62	75,533,995.40
Ratnapura	162,569,554.38	19,945,704.39	-	8,409,211.16	11,536,493.23
Kegalle	339,128,146.72	89,160,441.88	50,000.00	21,205,870.66	68,004,571.22
Kilinochchi	12,787,684.20	8,792,817.26	4,969,000.00	2,344,287.66	11,417,529.60
Vavuniya	97,386,773.83	38,162,313.45	11,955,000.00	9,589,627.95	40,527,685.50
Kalmune	72,427,699.60	38,107,989.92	-	7,391,793.50	30,716,196.42
TOTAL	**5,055,907,093.71**	**1,601,848,571.18**	**39,830,057.59**	**266,120,924.66**	**1,375,557,704.11**

NOTE [08] - FISHERIES HOUSING LOAN PROGRAMME

Rs.

DISTRICTS	BALANCE AS AT 01.01.2010	ADJUSTMENTS 0.00	DUE & REPAYMENT	BALANCE AS AT 31.12.2010
Colombo City Office	-	-	-	-
Colombo District	9,484.91	-	2,203.83	7,281.08
Matara	172,361.10	-	20,354.97	152,006.13
Hambantota	5,925,040.30	-	5,925,040.30	-
Puttalam	2,917,186.91	-	2,390,117.41	527,069.50
TOTAL	**9,024,073.22**	-	**8,337,716.51**	**686,356.71**

NOTE [09] - LOANS UNDER DIRIPIYASA PROGRAMME

Rs.

DISTRICTS	TOTAL DISBURSEMENT 01.01.2010	BALANCE AS AT 01.01.2010	ADJUSTMENTS & DISBURSMENT	DUE & REPAYMENT	BALANCE AS AT 31.12.2010
Colombo City (North)	8,509,351.03	2,975,136.19	-	423,660.19	2,551,476.00
Colombo City (South)	200,000.00	111,216.50	-	10,609.70	100,606.80
Gampaha	3,845,000.00	1,543,480.60	-	403,674.70	1,139,805.90
Kalutara	185,136.50	99,810.18	-	23,294.00	76,516.18
Kandy	3,442,000.00	1,550,997.90	-	373,063.76	1,177,934.14
Matale	5,287,000.00	1,168,459.25	-	549,745.44	618,713.81
Nuwara-Eliya	2,875,000.00	1,112,819.36	-	209,457.30	903,362.06
Galle	6,154,000.00	483,732.38	4,000,000.00	653,937.39	3,829,794.99
Matara	2,200,000.00	796,056.28	-	188,020.89	608,035.39
Hambantota	5,382,000.00	2,005,370.14	-	480,512.75	1,524,857.39
Jaffna	5,050,000.00	1,269,713.90	-	326,696.35	943,017.55
Mannar	4,350,000.00	499,542.00	-	114,444.72	385,097.28
Mankulam	4,005,500.00	2,109,360.92	-	-	2,109,360.92
Batticaloa	5,030,000.00	1,768,934.49	-	422,010.00	1,346,924.49
Ampara	2,060,000.00	656,899.54	-	130,123.51	526,776.03
Trincomalee	6,283,000.00	2,989,487.70	-	413,562.37	2,575,925.33
Kurunegala	2,390,000.00	368,534.48	-	153,120.00	215,414.48
Puttalam	4,025,000.00	2,260,429.97	-	1,429,311.36	831,118.61
Anuradhapura	8,551,750.00	3,343,547.97	-	768,376.85	2,575,171.12
Polonnaruwa	3,520,000.00	1,204,210.11	-	252,664.70	951,545.41
Badulla	5,915,000.00	2,398,877.01	-	1,271,536.50	1,127,340.51
Monaragala	4,713,000.00	2,202,871.55	-	342,759.00	1,860,112.55
Ratnapura	3,520,000.00	776,737.14	-	148,175.03	628,562.11
Kegalle	8,139,000.00	3,133,275.42	-	690,397.79	2,442,877.63
Kilinochchi	5,221,708.81	2,972,182.00	-	-	2,972,182.00
Vavuniya	2,550,000.00	662,960.00	-	148,605.53	514,354.47
Kalmune	3,444,144.40	1,176,454.70	-	216,389.40	960,065.30
TOTAL	**116,847,590.74**	**41,641,097.68**	**4,000,000.00**	**10,144,149.23**	**35,496,948.45**

NOTE [10] - GAMANAGUMA LOAN PROGRAMME - 2007

Rs.

DISTRICTS	TOTAL DISBURSEMENT 01.01.2010	BALANCE AS AT 01.01.2010	ADJUSTMENTS 0.00	DUE & REPAYMENT	BALANCE AS AT 31.12.2010
Colombo District	53,720,000.00	46,941,860.79	6,030,000.00	6,631,598.33	46,340,262.46
Gampaha	48,298,564.39	53,476,671.46	14,191,381.56	9,298,743.21	58,369,309.81
Kalutara	22,785,000.00	18,537,690.37	18,440,000.00	4,290,055.31	32,687,635.06
Kandy	72,424,075.00	61,622,118.77	16,395,000.00	9,088,837.98	68,928,280.79
Matale	27,566,500.00	30,520,607.44	9,175,000.00	3,366,053.80	36,329,553.64
Nuwara-Eliya	27,250,000.00	26,831,058.41	16,390,000.00	2,334,881.17	40,886,177.24
Galle	25,170,000.00	22,689,526.43	6,435,000.00	3,258,677.62	25,865,848.81
Matara	27,930,000.00	24,670,323.70	20,285,000.00	2,721,703.09	42,233,620.61
Hambantota	38,149,000.00	32,679,133.12	13,880,000.00	5,670,000.00	40,889,133.12
Batticaloa	47,235,000.00	36,679,144.62	12,920,000.00	8,698,693.30	40,900,451.32
Ampara	47,033,000.00	36,650,628.27	4,810,000.00	6,972,443.02	34,488,185.25
Trincomalee	33,880,020.00	27,688,862.56	6,893,500.00	3,786,296.58	30,796,065.98
Kurunegala	114,712,000.00	95,993,874.89	17,915,000.00	16,351,095.89	97,557,779.00
Puttalam	91,959,000.00	79,099,888.26	25,205,000.00	11,718,499.42	92,586,388.84
Anuradhapura	110,506,850.00	107,125,205.50	26,322,500.00	12,752,556.24	120,695,149.26
Polonnaruwa	37,848,000.00	24,756,126.85	12,754,805.00	4,658,599.56	32,852,332.29
Badulla	25,287,250.00	39,857,066.45	8,830,000.00	3,756,178.01	44,930,888.44
Monaragala	48,016,000.00	39,518,964.70	24,443,000.00	4,035,155.34	59,926,809.36
Ratnapura	40,068,180.00	32,003,812.30	7,014,000.00	5,314,691.21	33,703,121.09
Kegalle	70,281,250.00	55,045,913.74	14,696,000.00	9,771,844.05	59,970,069.69
Kalmune	55,045,000.00	42,437,462.99	10,588,000.00	8,511,422.25	44,514,040.74
TOTAL	**1,065,164,689.39**	**946,330,750.22**	**312,000,844.56**	**146,078,856.99**	**1,112,252,737.79**

NOTE [11] INVESTMENTS

LONG TERM	2010 Rs.	Rs.	2009 Rs.	Rs.
Hou. Deve. Fin. Corp. Bank - Shares (Note 11-1)		53,633,334.00		53,633,334.00
Ocean View Development Co. Ltd. - Shares		120,000,000.00		120,000,000.00
- Contribution to Shares		520,369.34		520,369.34
Reel Co. Ltd		5,000,000.00		5,000,000.00
Hou. Deve. Fin. Corp. Bank - Loans (Note 11-2)		102,998,361.32		104,411,615.47
Bank of Ceylon		102,047.11		296,605.63
State Mortgage & Investment Bank		750,000.00		750,000.00
		283,004,111.77		284,611,924.44
SHORT TERM				
Surplus Trust Fund - C/B	71,194,032.38		109,396,929.00	
Treasury Bills - P/B & B/C	337,947,200.00		208,386,745.19	
- HDFC Invest Bonds	11,191,838.21	420,333,070.59	9,438,159.96	327,221,834.15
Fixed Deposits - NEMO		-		
		703,337,182.36		**611,833,758.59**

Note 11 - 1 Investment on Shares (Housing Dev. Fin. Corp.Bank)

	No of Shares	Nominal Value	Cost
Opening Balance	453,000.00	45,300,000.00	53,633,334.00
Bonus	2,765,000.00	276,500,000.00	-
	3,218,000.00	**321,800,000.00**	**53,633,334.00**

Note 11-2 H.D.F.C. BANK LOAN

	Loan Amount	Opening Balance	Due for the Year	Closing Balance
H.D.F.C.Bank	100,000,000.00	100,000,000.00	-	100,000,000.00
Loan No. 5 Sevana A/C	22,600,000.00	4,411,615.47	1,413,254.15	2,998,361.32
Free Trade Zone H/S	13,500,000.00	-	-	-
	136,100,000.00	**104,411,615.47**	**1,413,254.15**	**102,998,361.32**

NOTE [12] DIRECT CONSTRUCTION PROGRAMME

	2010		2009	
	Rs.	Rs.	Rs.	Rs.
Balance as at 01st January 2010				
Working Progress - NHDA - Office Building		13,397,319.43		4,344,723.76
Working Progress - NHDA - Housing Scheme		96,377,708.71		323,799,152.31
		109,775,028.14		328,143,876.07
ADDITION DURING THE YEAR				
PRE-CONSTRUCTION COST				
Settlement of Contractors Bills - NHDA	11,432,259.43	11,432,259.43	36,442,285.25	45,494,381.25
LESS : Value of the Completed Houses - NHDA		9,219,803.53		263,863,228.85
		111,987,484.04		**109,775,028.47**
Balance as at 31 December 2010				
Working Progress - NHDA - Office Building	5,733,818.08		13,397,319.43	
Working Progress - NHDA - Housing Scheme	106,253,665.96		96,377,708.71	
		111,987,484.04		**109,775,028.14**

NOTE [13] STOCK OF BUILDING MATERIALS , STATIONERY & HOUSES FOR SALES

	2010		2009	
	Rs.	Rs.	Rs.	Rs.
Stationery & Office Requisites	2,102,923.21		2,936,130.00	
Electrical Goods & Other Items	258,216.69		259,489.59	
Printing Press Materials	281,363.18		241,072.55	
Stock of tyre tube	194,554.14		823,734.34	
Other - Stock	499,481.45		312,473.92	
	3,336,538.67	3,336,538.67	4,572,900.40	4,572,900.40
Balance Houses	37,450,377.20		40,507,204.52	
Reserve Houses	6,740,128.39	44,190,505.59	14,282,953.37	54,790,157.89
Inventory Items NEMO		66,662,664.00		66,737,537.00
		114,189,708.26		**126,100,595.29**

NOTE [14] INTEREST RECEIVABLE

	2010 Rs.	2009 Rs.
Treasury Bills	3,479,089.71	2,167,577.93
Bank and Others	55,278.66	149,152.78
HDFC Bank	12,176,464.62	10,500,000.00
Central Bank - Surplus Fund	0.00	
	15,710,832.99	**12,816,730.71**

NOTE [15] DEBTORS

	2010 Rs.	Rs.	2009 Rs.	Rs.
Rural & Urban Housing Rental	261,472,845.17		291,778,270.57	
LESS Provision for Bad Debts	26,079,358.26	235,393,486.91	28,794,954.97	262,983,315.60
National Housing Dept.House Rent	13,525,085.79		12,920,786.04	
LESS Provision for Bad Debts	2,632,180.13	10,892,905.66	1,843,896.26	11,076,889.78
Loan Instalments - 1 & 1.5 MHP	945,717,337.05		994,603,283.57	
Loan Instalments Under NHFS	285,175,533.40		298,937,296.70	
Loan Programme	1,290,442,691.76		1,343,060,911.28	
Fisheries Loan Programme	31,528,038.67		35,388,171.24	
Loan Instalments Under Diripiyasa Loan	15,186,055.01		13,498,141.02	
Gamanaguma loan programme	77,176,445.15		51,829,119.01	
Janasevana loan programme	446,553.21		0.00	
Claster loan programme	1,871,615.94			
LESS Provision for Bad Debts	1,951,424,445.38	696,119,824.81	1,860,313,085.91	877,003,836.91
Loan Instalments - NHD	39,753,966.22		37,229,732.48	
LESS Provision for Bad Debts	38,540,116.23	1,213,849.99	35,293,598.44	1,936,134.04
Debtors - Sale of Houses	91,046,639.48		57,078,214.06	
LESS Provision for Bad Debt	8,287,411.53	82,759,227.95	6,878,393.39	50,199,820.67
Festival Advances to Staff		2,246,540.00		2,357,090.00
Distress Loan to Staff		122,967,556.42		99,664,944.91
Salary Loans to Staff (Property)	2,451,158.45		1,996,838.09	
LESS Provision for Bad Debt	249,150.65	2,202,007.80	(200,478.66)	1,796,359.43
Vehicle Loans		81,111.99		107,298.11
Loss of Cash Recoverable		875,071.08		874,515.58
Instalment for Long Term Loan		1,512,088.92		92,710.65
Sale of Land	36,980,883.84		21,157,520.23	-
LESS Provision for Bad Debt	(3,698,088.31)	33,282,795.53	(2,115,752.01)	19,041,768.22
Sevana Media		23,597,686.37		21,289,515.92
Supply of Security Services		5,891,038.47		6,416,233.89
Insurance Claim Receivable		1,688,267.20		177,623.92
Sundry Debtors		1,669,695,942.40		2,000,960,419.33
National Equipment & Machinery Organisation		234,307,533.29		188,977,034.33
Debtors for Hiring of Machinery		401,407.55		-
Tsunami Distress Programme to staff		1,084,911.09		1,084,911.09
Scholarship Training Loan Programme		601,397.20		523,581.22
Lease Rent Receivable		4,092,206.70		4,092,706.70
District Transactions		1,361,906.38		1,892,919.13
		3,132,268,763.71		**3,552,549,629.43**

NOTE [15] SUB SUNDRY DEBTORS

	2010	2009
	Rs	Rs
C.G.R. Maligawatta Project	58,125,000.00	58,125,000.00
Consolidated fund C/B	47,462,688.25	-
BAY - SAT (Darly Road)	712,000,000.00	712,000,000.00
No Pay Recoverable	18,653.21	25,582.63
Tresury Grant Receivable - Jaltara	215,899,298.98	584,437,298.98
Other Receivable	71,555.89	10,253,791.65
U D A	51,843,285.53	51,843,285.53
C H P	21,791,857.29	21,791,857.29
HDFC Jaltara & Manikkawatta Housing Programme	562,483,603.25	562,483,603.25
	1,669,695,942.40	**2,000,960,419.33**

NOTE [16] DEPOSITS & ADVANCES

	2010	2009
	Rs	Rs
Travelling Advances	325,498.47	314,921.25
Salary Advances	88,057.30	73,750.50
Miscellaneous Advances D P	3,512,629.83	4,274,331.06
Miscellaneous	113,050.00	586,210.00
Electricity - Jaltara	2,500.00	2,500.00
Electricity - NHDA	978,930.06	1,005,780.06
Fuel Advances	46,612.92	43,373.43
Rent	165,620.00	842,084.00
Security	1,116,392.62	630,738.50
Common Amenities Board (C.M.A.)	20,984,863.32	20,984,863.32
Advance - Wellfare	1,000,000.00	0.00
NewsPapers	600.00	600.00
Deposits at Rural Bank & Savings Bank	6,150.00	6,150.00
Other Special Advances to Staff	41,042.02	29,592.04
Reimbursable Expenses by Other Institutions	58,365,847.54	57,103,029.83
Services	4,640,663.93	4,246,371.88
Deposits for Water Supply	14,762.50	13,312.50
Advances to Suppliers	783,328.07	314,953.75
Salary Advance to Medical Leave	5,850.00	6,300.00
UDA Recurrent Expenditure	0.00	1,906,039.48
Deposits for Construction of Estate Workers Houses	318,626,540.41	309,137,640.20
	410,818,938.99	**401,522,541.80**

NOTE [17] CASH AND BANK BALANCES

	2010	2009
	Rs	Rs
Colombo City North	457,809.90	457,880.68
Colombo City South	212,815.60	288,788.99
Colombo District	1,233,618.33	359,278.03
Gampaha	1,408,539.21	1,013,954.10
Kalutara	1,335,956.68	333,980.82
Kandy	419,496.47	743,655.25
Matale	270,562.93	725,451.76
Nuwara-Eliya	207,828.43	286,240.09
Galle	510,028.44	570,844.93
Matara	342,275.96	1,857,793.61
Hambantota	642,609.77	565,167.19
Jaffna	230,294.38	268,407.67
Mannar	142,337.40	232,701.20
Mankulam	339,738.61	99,065.76
Kilinochchi	210,784.51	149,071.94
Vavuniya	284,676.28	1,674,215.48
Batticaloa	437,252.47	334,295.47
Ampara	282,764.49	392,851.96
Trincomalee	465,564.33	431,060.08
Kurunegala	1,144,274.83	1,183,339.48
Puttlam	335,163.89	2,702,005.89
Anuradhapura	2,987,396.57	1,017,530.83
Polonnaruwa	277,702.61	468,896.96
Badulla	172,367.07	2,294,782.22
Monaragala	184,817.06	2,383,872.71
Ratnapura	476,412.52	711,258.72
Kegalle	402,204.40	1,582,634.63
Kalmunai	282,597.67	896,559.31
National Savings Bank - NHD	32,383.43	32,383.43
National Savings Bank -Rent Agent Deposit	400,000.00	400,000.00
Soysapura	115,311.58	143,547.91
Cash and Bank Balances H/O	35,083,160.88	37,197,888.06
Petty Cash Balance	83.96	41,000.00
	51,328,830.66	**61,840,405.16**

NOTE [18] RESERVES

GOVT GRANTS	**2010**		**2009**	
	Rs.	**Rs.**	**Rs.**	**Rs.**
Balance as at 01st January 2010	12,712,429,499.91		12,731,279,165.27	
Coast Line Project	44,000,000.00		44,000,000.00	
	12,756,429,499.91		12,775,279,165.27	
For the Year	322,275,875.43		153,925,782.25	
	13,078,705,375.34		12,929,204,947.52	
LESS : Grant - Disbursed	49,651,403.89	13,029,053,971.45	172,775,447.61	12,756,429,499.91
Assets Grant		264,963,453.43		264,963,453.43
Balance as at 01st January 2010				
Grant for Jaltara Project	368,538,000.00		341,000,000.00	
For the Year	(368,538,000.00)		27,538,000.00	
		-		368,538,000.00
OTHER GRANTS				
Balance as Per last Balance Sheet	1,545,304,422.67		1,534,478,277.72	
For the Year	125,782,923.14		244,617,211.32	
	1,671,087,345.81		1,779,095,489.04	
LESS : Grant - Disbursed	100,928,719.42	1,570,158,626.39	233,791,066.37	1,545,304,422.67
Value of Assets Taken Over - Commissioner of NHD		455,806,301.03		455,806,301.03
- Director of Establishment		15,260,000.00		15,260,000.00
		15,335,242,352.30		**15,406,301,677.04**

NOTE [19] LOANS

	2010		**2009**	
	Rs.	**Rs.**	**Rs.**	**Rs.**
Treasury	-		1,100,000.00	
Treasury Loan NHD	1,765,500.00	1,765,500.00	3,152,500.00	4,252,500.00
REPIA		-		10,000,000.00
Ministry of Rehabilitation		130,950,398.90		130,950,398.90
Housing Development Finance Corp.Bank		42,743.99		124,978.94
CHP Bond		15,315,600.00		15,037,700.00
EDCF Loan for Jaltara Project		721,748,118.96		721,748,118.96
Loan From Fisheries Ministry		89,141,173.84		89,141,173.84
UDA - Nupewala Project		23,336,500.00		25,458,000.00
Plantation Housing & Social Welfare Trust		18,460,613.30		18,460,613.30
Loan under Diripiyasa		65,797,750.65		71,392,210.21
		1,066,558,399.64		**1,086,565,694.15**

NOTE [20] CREDITORS

	2010 Rs	2009 Rs
Sundry - (NOTE [20] SUB1)	774,457,139.46	674,042,302.94
Expense Creditors	61,079,025.67	16,996,627.97
Retention Fees - Contrcactors	87,917,119.08	86,232,764.47
Retention Fees - Suppliers	351,177.30	351,177.30
Unpaids	62,920,120.14	59,777,982.15
Land Compensation	234,420,998.56	230,273,160.39
Retention Fees Jaltara Project	97,239.80	97,239.80
Others - cancelled Cheques	59,195.56	-
National Water Supply & Draninage Board	35,249,722.31	35,249,722.31
Creditors for Work done on Contract	28,915,525.58	23,204,927.89
Director of Buildings	46,359,687.44	46,359,687.44
Reel Company	10,937,500.00	10,937,500.00
B.M.C	103,008.25	103,008.25
C.M.A.	2,262,134.00	2,569,574.00
	1,345,129,593.15	**1,186,195,674.91**

NOTE [20] SUB1 SUNDRY CREDITORS

	2010 Rs	2009 Rs
Rent Received in Advance	1,303,492.92	3,024,678.77
Loan Installment Received in Advance	12,472,048.54	9,016,379.56
Sale of Housing Installment Received in Advance -U.H	11,598,495.84	9,046,536.45
Money Received From Other Institutions	68,077,003.82	70,720,713.45
Sale of Land Advance Received	75,887,540.38	17,360,223.19
Stamp fees Received	4,649,435.10	4,771,473.05
Over Recovery Rent Collection	49,895.47	4,516,007.07
Deferred Tax	21,296,348.07	16,237,710.28
Estate Housing Programme - Ministry of Housing	573,815,143.44	530,920,430.40
Sevena Media Creditors	4,163,167.58	4,447,810.07
Moter Cycle Leasing Programme	27,069.04	27,069.04
With Holding Tax	1,117,499.26	3,835,133.09
Instalment payable on loan	-	13,445.73
Creditors for Hiring of Machinery	-	104,692.79
	774,457,139.46	**674,042,302.94**

NOTE [20] SUB2 UNPAIDS CREDITORS

	2010 Rs	2009 Rs
Salaries	584,754.56	746,505.92
Travelling	144,141.60	126,048.00
Overtime	157,089.59	94,611.19
Notary Fees	30,813,605.51	29,770,645.08
Stamp Fees	8,962,470.27	7,550,067.23
Bonus	76,166.00	37,166.00
Accured Expenses	17,286,579.74	11,767,815.21
Accured Expenses for Jaltara Project	2,940,626.86	7,730,437.51
Building Insurance Received	1,954,686.01	1,954,686.01
	62,920,120.14	**59,777,982.15**

NOTE [21] CURRENT LIABILITIES FOR LOANS

	2010 Rs	2009 Rs
Instalment Payable President's Fund Loan	195,000,000.00	195,000,000.00
Interest Payable President's Fund Loan	198,906,164.00	169,656,164.00
Interest Creditors for Loans Public Institution	30,720,000.00	28,800,000.00
Interest Payable Treasury Loan	132,567,320.44	132,362,339.19
Interest Creditors Debentures	1,354,356.33	1,354,356.33
Instalment Payable Treasury Loan	368,452,429.13	367,065,429.13
Interest Payable CHP	7,630,151.68	7,122,180.00
Instalment Payable Other Public Institution	128,000,000.00	118,000,000.00
Interest Payable Diripiyasa Loan	3,320,287.19	3,003,158.49
Instalment Payable On Diripiyasa Loan	2,864,545.12	2,318,150.96
Instalment Payable Nupeweela Loan	19,093,500.00	16,972,000.00
Interest Payable Nupeweela Loan	48,820,074.19	45,829,282.30
Instalment Payable H D F C	-	39,546.17
Interest Payable H D F C	-	4,318.78
CHP Bond Payable	327,500.00	-
	1,137,056,328.08	**1,087,526,925.35**

NOTE [22] DEPOSITS

	2010	2009
	Rs.	Rs.
Advance Received For Construction Projects	13,315,764.41	13,315,764.41
Refundable Deposits	155,050,339.28	150,285,373.49
United Nations High Commissoner For Refugees	749,470.65	749,470.65
Housing Schemes Maintenance	61,802,859.92	61,460,704.26
Deposit For Sale of Houses	135,667,657.33	131,646,019.38
Scholarship programme	478,150.00	478,150.00
Deposit For Sale of Land	1,010,725,866.80	1,037,361,343.74
	1,377,790,108.39	**1,395,296,825.93**

NOTE [22] SUB REFUNDABLE DEPOSITS

	2010	2009
	Rs.	Rs.
Tender Deposit	3,507,050.69	3,635,050.69
Security Deposit	3,351,308.89	2,700,617.02
Sundry Deposit	40,842,153.30	37,787,136.54
Aided Self Help Houses	57,596.70	54,700.00
Model Village	75,935.75	-
Urban Housing Programme	48,062,059.44	47,057,540.97
Commercial Buildings	19,740,281.59	20,652,429.88
Deposit for Development Activities	30,929,510.95	30,934,508.95
25% Deposit On Consaltancy Fees	3,275,745.79	2,387,394.79
Rent Deposit	2,065,238.63	2,064,038.63
Refundable Deposits - 2 1/2% From Suppliers	590,000.00	615,156.47
Rent Purchase House Deposit NHD	5,191.00	3,320.00
Refundable Deposits - NHD CHP	415,827.00	261,040.00
Deposit Under Rent Act.	600,000.00	600,000.00
Deposit Housing Societies NHD	1,147,998.75	1,147,998.75
Rent Agents Deposit UH Collection	384,440.80	384,440.80
	155,050,339.28	**150,285,373.49**

NOTE [23] PROVISIONS

	2010	2009
	Rs.	Rs.
Gratuity	446,898,873.08	465,288,527.49
Audit fees	2,991,459.00	4,022,937.00
Unrealized Profit on Sale of Land	94,816.85	2,457,078.08
Unrealized Profit on Sale of Houses	754,357.84	1,685,873.66
	450,739,506.77	**473,454,416.23**

NOTES ON INCOME & EXPENDITURE ACCOUNTS

NOTE [24] RENT INCOME

	2010 Rs.	2009 Rs.
NHD House Rent	910,238.56	1,421,253.59
Residential Houses	8,566,807.61	8,314,950.83
Public Servants Quarters	1,868,175.48	1,726,466.92
Commercial Building	33,008,292.88	29,885,526.44
Lease Rent	2,704,394.48	3,317,544.78
Circuit Bungalow Rent	2,690,619.67	1,513,818.29
	49,748,528.68	**46,179,560.85**

NOTE [25] INTEREST INCOME

	2010 Rs.	2009 Rs.
Distress Loans	3,792,060.76	4,410,791.63
Vehicle Loans	11,060.01	98,818.17
Interest on Sale of Houses Instalments	26,499,374.70	22,754,635.17
Interest on Sale of Land Instalments	3,026,075.54	2,567,603.37
Interest on Loans to H.D.F.C	14,176,464.62	10,834,141.58
Interest on 1M Housing	3,780.05	4,661.39
Interest on Loan Under 1.5M	62,468.19	517,734.14
Interest on Loan NHFS	2,505,180.73	2,114,485.55
Interest on Treasury Bills	33,603,305.05	32,270,397.25
Interest on Loan Under Diripiyasa	4,800,899.37	5,714,985.80
Interest on Gamanaguma Programme	104,829,106.60	87,821,323.76
Staff Housing Loan	8,613,186.39	8,121,842.96
Interest on Fisheries Houses and Estate Housing	9,844,052.68	145,760.86
Loan Programme	128,232,959.67	181,238,628.90
Other Interest	1,896,265.16	12,499,875.60
	341,896,239.52	**371,115,686.13**

NOTE [26] INDIRECT OPERATION INCOME

	2010 Rs.	2009 Rs.
Sundry Income	402,765.27	356,541.19
Services Charges on Housing Loan	2,747,798.64	3,343,693.56
Housing Transfer Fees	6,755,836.09	8,589,720.82
Administration Charges	1,637,791.93	3,131,884.62
Sale of Documents, Books, Others Etc.	765,875.22	841,540.60
Sale of Unserviceable Items	496,680.20	632,934.19
Hire of Premises	5,691,793.50	8,646,912.50
Gifts & Donations	-	180,541.50
Discount Received	-	143,673.80
Dividend Received from HDFC Bank	14,481,000.00	-
Disposal of Euipment & Mechinery	-	263.63
	32,979,540.85	**25,867,706.41**

NOTE [27] NON REFUNDABLE DEPOSITS

	2010 Rs.	2009 Rs.
Tender Deposits	118,450.00	252,013.00
Nonrefundable Deposits - UH.COM.Buildings	-	9,366.00
	118,450.00	**261,379.00**

NOTE [28] PERSONNEL EMOLUMENTS

	2010 Rs.	2009 Rs.
Salaries and Wages	427,707,472.77	440,584,591.52
Overtime	21,353,529.43	19,926,209.55
Other Allowances	8,166,046.91	11,703,043.93
Cost of Living Allowances	121,154,704.59	102,459,843.96
Incentive Payments	10,847,131.62	12,848,684.26
Bonus	2,098,934.79	2,044,074.13
E P F Contributions	51,052,657.37	52,871,075.87
E T F Contributions	12,659,924.07	13,374,974.27
Compensation	706,975.00	345,593.48
Holiday Payment	867,971.09	858,020.41
Training & Scholarships	695,013.24	204,175.24
Encashment of Vacation Leave	12,187,155.16	14,472,129.34
Reimbursment of Membership Fees	20,491.00	38,784.60
Staff Medical Scheme	7,873,233.50	7,759,319.98
Entertainment	1,598,233.78	549,731.67
Medical Report Charges	15,875.00	97,505.00
Gratuity Provision	40,770,205.35	62,010,946.96
Allowance for Board of Survey	104,050.00	48,000.00
	719,879,604.67	**742,196,704.17**

NOTE [29] TRAVELLING EXPENSES

	2010 Rs.	2009 Rs.
Travelling - Local	12,532,476.27	15,529,061.40
Travelling - Foreign	385,095.76	462,614.36
	12,917,572.03	**15,991,675.76**

NOTE [30] SUPPLIES

	2010 Rs.	2009 Rs.
Stationery & Office Requisites	11,572,467.98	9,821,934.09
Fuel for Motor Vehicles	11,775,580.89	10,224,365.91
Transport & Hiring of Machinery & Equipment Etc.	475,662.10	312,673.00
Health Sanitary & Other Services	918,316.08	857,228.14
Printing Charges	808,498.03	598,796.91
Newspapers & Periodicals	768,792.99	694,611.64
Uniforms	432,830.69	497,359.42
Services-Tea Supply Employees Welfare	3,042,956.61	3,138,339.55
Welfare	33,221.00	73,764.00
Name Boards and Opening Ceremonies	3,854,477.74	654,242.99
	33,682,804.11	**26,873,315.65**

NOTE [31] MAINTENANCE EXPENDITURE

	2010 Rs	2009 Rs
Buildings & Structures	16,711,758.83	10,911,512.70
Plant, Machinery & Office Equipment	6,068,540.90	3,920,188.98
Motor Vehicles	11,803,084.37	10,404,522.08
Furniture	117,376.62	40,018.00
Housing Scheme	21,969,420.68	25,152,274.95
Circuit Bungalow Expenses	2,848,760.34	2,235,964.18
	59,518,941.74	**52,664,480.89**

NOTE [32] CONTRACTUAL SERVICES

	2010 Rs	2009 Rs
Tender Document Fees	33,296.48	45,750.00
Hiring of Motor Vehicles	876,290.00	769,094.72
Telephone	6,312,151.72	5,337,688.24
Electricity & Water	11,221,542.02	12,660,080.91
Rent for Office Buildings	2,127,833.96	2,576,789.04
Rates	5,628,563.37	6,402,745.81
Advertisement	49,233.00	53,754.94
Legal Fees	931,602.82	2,612,311.10
Postage	5,931,267.96	6,675,805.97
Insurance	2,507,463.62	3,489,314.91
Licence Fees	405,158.00	402,682.00
Information & Publicity	1,907,499.99	1,486,307.12
	37,931,902.94	**42,512,324.76**

NOTE [33] FINANCE EXPENSES

	2010 Rs.	2009 Rs.
Audit Fees	1,114,077.29	2,464,799.00
Bank Charges	871,475.68	913,034.94
Stamp Duty	241,909.22	305,176.14
Others	689,796.59	221,519.49
Rebates to Tenants	8,723,845.97	4,684,539.01
President Fund Loan Interest	29,250,000.00	29,250,000.00
Treasury Loan Interest	204,981.25	340,541.25
Commission Paid - Loan Collection	36,878,092.25	47,325,961.80
Commission Paid - Rent Collection	3,044,371.76	4,075,753.26
Discount to Borrowers on Lump Sum re-Payments	39,472.19	274,978.27
Bad & Doubtful Debts	98,840,722.79	-
Fines & Surcharges	27,875.43	-
Interest Payment -Commercial Banks On Diripiyasa Loan	6,251,766.81	6,717,441.53
Interest Payments Other Loans	4,916,287.90	5,175,021.00
Survey Expenses/Valuation	3,722,742.54	899,013.89
Compensation Others	-	56,070.00
NBT	753,870.38	528,345.78
FSL	274,792.40	216,719.33
Economics Service Charges (Tax)	1,371,637.41	5,728,754.83
Debit Tax	851,349.74	1,236,227.63
VAT	4,834,285.29	2,641,274.89
Interest Payment - Land Compensation & Others	-	
Expenses on CHP Board of Review	316,294.38	
Expenses Under CHP	11,850.00	
	203,231,497.27	**113,055,172.04**

NOTE [34] INDIRECT OPERATIONAL EXPENSES

	2010 RS	2009 RS
Mobile Office Expenses	-	20,000.00
District Housing Committee Expenses	987,591.00	1,324,654.00
Post Development Expenditure	-	77,376.00
Expenditure on Exhibition	6,793,965.82	323,373.53
Services	1,199,022.39	1,517,841.93
Removing of Unauthorized Tenants	181,640.00	24,146.00
Infrastructure facil. for 100 Houses Prog. - UHSP	359,421.74	1,059,964.09
	9,521,640.95	**4,347,355.55**

The Chairman,
National Housing Development Authority

Report of the Auditor General on the Consolidated Financial Statements of the National Housing Development Authority for the year ended 31 December 2010 in terms of Section 14 (2) (c) of the Finance Act, No. 38 of 1971

The audit of consolidated financial statements of the National Housing Development Authority for the year ended 31 December 2010 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. My comments and observations which I consider should be published with the annual report of the Authority in terms of Section 14 (2)(c) of the Finance Act appear in this report. The detailed report issued in terms of Section 13(7)(a) of the Finance Act, was forward to the Chairman on 24 June 2011.

1:2 Responsibility of the Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

1:3 Scope of Audit and Basis of Opinion

My responsibility is to express an opinion on these financial statements based on my audit . Audit opinion, comments and findings in this report are based on review of the financial statements presented to audit and substantive tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me. The audit was carried out in accordance with Sri Lanka Auditing Standards to obtain reasonable assurance as to whether the financial statements are free from material misstatements. The audit includes the examination on a test basis of evidence supporting the amounts and disclosures in financial statements and assessment of accounting policies used and significant estimates made by the management in the preparation of financial statements as well as evaluating their overall presentation. I have obtained sufficient information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit. I therefore believe that my audit provides a reasonable basis for my opinion. 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.

2. Financial Statements

2:1 Opinion

So far as appears from my examination and to the best of information and according to the explanations given to me, I am of opinion that the National Housing Development Authority had maintained proper accounting records for the year ended 31 December 2010 and except for the effects on the financial statements of the matters referred to in paragraphs 2:1:1 and 2:2 of this report, the consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Principles , give a true and fair view of the state of affairs of the National Housing Development Authority and its subsidiary company as at 31 December 2010 and the financial results of its operations and cash flows for the year then ended.

2:1:1 **Preparation of Consolidated Financial Statements**

The following observations are made.

(a) The Consolidation Financial Statements had been prepared on the basis of the unaudited financial statements relating to the year ended 31 December 2010 of the Ocean View Development Company Limited which is the Subsidiary Company of the National Housing Development Authority.

(b) In terms of the decision of the Cabinet of Ministers dated 04 December 1991, the National Equipment and Machinery Institution had been established as a Project under the National Housing Development Authority. Accordingly the financial statements of the National Equipment and Machinery Institution for the year ended 31 December 2010 had been consolidated with the financial statements of the National Housing Development Authority.

(c) Out of the total share capital of the Housing Development Finance Corporation Bank of Sri Lanka, 49 per cent is owned by the National Housing Development Authority. Nevertheless, the financial statements of the Bank had not been consolidated with those of the Authority in terms of Sri Lanka Accounting Standard No. 27 as the Authority is unable to exercise an adequate control over the activities of the Bank.

2:2 **Comments on Financial Statements**

2:2:1 **Sri Lanka Accounting Standards**

The following instances of non-compliance with Sri Lanka Accounting Standards were observed.

(a) Even though the post balance sheet date events should be disclosed in the financial statements in terms of Sri Lanka Accounting Standard No. 12, the approved of the Cabinet of Ministers granted under the Cabinet Paper No.11/0089/517/004 dated 26 January 2011 for the transfer of the National Equipment and Machinery Institution established as a Project of the Authority and all the assets and liabilities thereof to the State Engineering Corporation had not been disclosed.

(b) Even though the Authority and the National Equipment and Machinery Institution had made provisions for gratuity amounting to Rs.454.87 million and Rs.72.64 million respectively as at the end of the year under review in terms of Sri Lanka Accounting Standard No. 16, a sum of Rs.7.977 million only had been externally invested to meet the future claims for the payment of gratuities.

2:2:2 **Accounting Policies**

The following observations are made in this connection.

(a) According to Note No. 3 to the accounts, the basis for the computation of the stock of the Authority and the National Equipment and Machinery Institution had been stated as the First In First Out System. Nevertheless the National Equipment and Machinery Institution had computed the stock on the weighted average system thus resulting in a stock variance of Rs.1,221,206.

(b) According to Note No. 10 to the Accounts, in the acquisition of lands without paying compensation and for a housing objective, lands with a market value of Rs.234,420,998 and the preliminary expenditure incurred thereon should have been transferred to a Land Acquisition Reserve Fund. Nevertheless, such Reserve Fund had not been disclosed in the financial statements.

2:2:3 Accounting Deficiencies

The following accounting deficiencies were observed.

(a) According to the records of the Property Division, the value of lands belonging to the Authority with an extent of about 943 hectares had not been assessed and brought to account.

(b) Adequate provision had not been made in the financial statements for the damage caused by the loss of 08 items of the machinery of the National Equipment and Machinery Unit valued at Rs..7,847,054.

(c) The sales value of two houses amounting to Rs.3,265,000 had been taken into account as Rs.2,183,993 and the cost of 01 house had not been taken into consideration in the computation of the sales profit of Himbutana Uyana Houses.

(d) The value of 05 motor cycles and a double cab motor vehicle received under the GTZ Project had not been estimated and brought to account.

(e) A sum of Rs.46.67 million received in connection with 03 completed Projects had been carried forward in the creditors ledger instead of being adjusted against the cost

(f) The cost of sales of lands and houses valued at Rs.0.84 million of the District Office, Gampaha had not been identified and as a result, it had been shown under provisions in the financial statements since the year 2008 without being adjusted to the project.

(g) The insurance indemnity receivable in the year under review had been overstated by a sum of Rs.177,622.

(h) A sum of Rs.10.84 million received from the Urban Development Authority and the National Livestock Development Board for incurring the cost of construction of houses had been shown under the deposits without making necessary adjustments in the accounts despite the elapse of over 05 years.

(I) A sum of Rs.5.15 million received from the General Treasury for the acquisition of lands had been brought to account as deposits received for construction costs.

(j) A sum of Rs.2.67 million spent in the year 2009 for the Galaha Housing Scheme had been debited to the Deposits Account. Nevertheless, such a scheme had not been implemented.

(I) Depreciation had not been provided for in the year under review for the fixed assets valued at Rs.986,769,757 received as grants under aid from Japan to the National Equipment and Machinery Unit.

(j) The value of 08 motor cycles and a Jeep lost by the 02 District Offices of the North and the East amounted to Rs.400,000 and Rs.112,864 respectively and adequate provision had not been made in that connection.

2:2:4 Inappropriate Disclosures

The following observations are made

(a) Even though the expenditure on 03 Housing Schemes, abandoned after part completion due to various reasons, amounting to Rs.47 million had been brought to account as work-in-progress, that account had not been shown in the accounts as receivables from the REAL Company.

(b) The sales value of lands and the value of houses where sales had been completed amounting to Rs.1,010.38 million and Rs.135.66 million respectively had been brought to account as the Land Sales Deposits and Housing Sales Deposits respectively. The Chairman informed that the adjustments would be made in the accounts after the identification of costs.

(c) A sum of Rs.1,106,176 had been shown under the work-in-progress in connection with the expenditure on the construction of buildings for the District Office, Galle. Nevertheless, the construction of that District Office had been abandoned halfway.

(d) The construction costs of completed projects totalling Rs.5.53 million had been shown under the work-in-progress without being transferred to the assets accounts

2:2:5 Accounts Receivable and Payable

The following observations are made.

(a) Concurrence had not been reached with the respective institutions with regard to the accuracy of the debtors balances totalling Rs.54.63 million shown in the accounts. The Ministry of Housing and Common Amenities had informed that debtors balances amounting to Rs.51.8 million could not be reimbursed.

(b) A sum of Rs.1,355,000 remaining from the money received from the Ministry of Nation Building and Estates Infrastructure for the grant of loans under the Estates Housing Programme of the District Office, Kalutara had been retained over a period of 03 years without being paid to the Estate Housing Programme.

(c) The debtors balance as at 31 December 2010 amounted to Rs.1,669,695,942 and the Authority had not taken action to recover debtors balances older than 03 years amounting to Rs.504,222,572.

2:2:6 Lack of Evidence for Audit

The following 02 items of accounts valued at Rs.942.82 million could not be satisfactorily vouched in audit due to the non-submission of documentary evidence relating to them

Item of Accounts	Value Rs Million	Evidence not made Available
National Equipment and Machinery Organization		
(a) Grant Assets	937.44	Schedules
b) Advances	5.38	Age Analysis
Total	942.82	

2:2:7 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following instances of non – compliance were observed

Reference to Laws, Rules, Regulations and Management Decisions.	Non - compliance
(a) Public Administration Circular Public Administration Circular No 9/2007 of 11 May 2007.	In the re-employment of retired Officers, the circular specifies that 50 per cent of the last drawn salary should be paid as an allowance. Nevertheless, a sum of Rs.2,707,028 had been overpaid in the year under review to 43 officers.

(b) Establishments Code

Chapter II Section 13.1(b)

Even though the approval of the appointing authority is required for making appointments for acting in a post, such approval had not been obtained in connection with 43 officers.

(c) Employees' Provident Fund Act, No 15 of 1958 Section 16

The surcharge of Rs 1,578,964 imposed for the delay in the remittance of the contributions payable in respect of the year under review by the National Equipment and Machinery Organization had not been paid up to 31 December 2010.

2:2:8 Transactions not Supported by Authority

Out of the sum of Rs. 45 million received from the General Treasury for repairs and improvements of condominium properties, a sum of Rs. 10.9 million had been spent on the sanitation work and maintenance (operation) of pump houses of housing schemes due to the non-establishment of Management Corporations.

3. Financial and Operating Review

3:1 Financial Review

3:1:1 Financial Results

According to the financial statements, financial results of the affairs of the Authority, the Equipment and Machinery Unit and the Subsidiary for the year under review as compared with the 04 preceding years are given below.

Institutions	2010 Rs.(Million)	2009 Rs.(Million)	2008 Rs.(Million)	2007 Rs.(Million)	2006 Rs.(Million)
Operating Loss of the Authority	(666.73)	(502.66)	(646.74)	(784.75)	(2,054.88)
Operating Loss of Machinery Unit	(98.15)	(68.25)	(94.46)	(109.55)	(173.64)
Profit/(Loss) of the Ocean View Development Company	9.62	12.47	15.7	26.68	(13.48)

3:1:2 Analytical Financial Review

The following observations are made in this connection.

(a) The Authority had continuously incurred huge losses during the past 05 years resulting in the decrease of net assets by 38 per cent. In view of this position it was observed that the going concern of the Authority is facing a risk.

(b) The current ratios of the National Equipment and Machinery Unit remained at 1:3.25 while the quick assets ratio remained at 1:7.04. As such the going concern of this Unit had become problematic.

3:1:3 Transactions of Contentious Nature

The following observations are made.

(a) The Authority had handed over 395 completed houses under the Jalthara Project valued at Rs.562.48 million to the Housing Development Finance Corporation Bank of Sri Lanka without entering into an agreement.

(b) Despite the availability of a Survey Division with 10 officers in the Authority, a sum of Rs.3,723,742 had been paid in the year under review as survey fees to external professionals. The Chairman informed me that the surveys had been done through external parties as an adequate staff was not available to carry out surveys.

(c) Even though a period exceeding 10 years had elapsed after the release of the Toyota Land Crusher Motor Vehicle costing Rs 3,150,000 for the use of the Ministry of Health, action had not been taken for the recovery of the cost incurred thereon or the motor vehicle.

(d) Even though the construction of 60 houses under the Etnawala Special Housing Project had been awarded to the Red Cresent Unit of Saudi Arabia, an agreement had not been entered into. Even though the assessed value of a perch of land amounted to Rs.7,293 action had been taken to offer lands at Rs.5,000 per perch.

(e) The block of land bearing No.51 allocated for the common purposes of the Sea Breeze Housing Scheme, Crow's Island, Mattakkuliya had been sold to be used for a business purpose and it was an act contrary to the objectives of the Authority.

(f) The balances of clients advances, the client creditors and the client debtors relating to the accounts of the Authority did not reconcile with the balances of the accounts of the Condominium Management Authority and the National Equipment and Machinery Unit respectively and as such a difference of Rs.51.77 million was observed. The Authority had not taken steps to identify the differences and make necessary adjustments in the accounts.

3:2 Operating Review

3:2:1 Performance

The following observations are made.

(a) The activities of Direct Construction of Housing Programme had not been done during the year under review and its targeted physical performance and the financial performance had been 88 units and Rs.187.60 million respectively.

(b) The actual performance of the Estates Housing Programme, confirmation of title of properties and repairs to the Condominium Housing Schemes implemented during the year under review had been less than 50 per cent of the targeted

(c) Even though the approval of the Cabinet of Ministers had been granted for the commencement of 09 Housing Projects, only 02 Projects had been commenced even up to the end of the year under review. The Authority had lost an income from 1,050 hosing units as action had not been taken to commence the work on 07 Projects despite the elapse of a period exceeding 03 years.

3:2:2 Projects Control

The following observations are made in this connection.

(a) Even though the construction of 08 houses of the 117 Garden, stage iv of Elvitigala Mawatha on the pre-sale basis should have been completed in the year 2008, the work had not been completed even by the end of the year under review while the buyers had also not been selected for 02 houses.

(b) Even though the approval of the Cabinet of Ministers had been grated under the Cabinet Paper of the year 2005 for the construction of 50 houses for the Pallekele Housing Project, agreement had been entered into for the construction of only 25 houses. Work on 11 houses only had been completed even by the end of the year under review

(c) According to clause 17 of the Project Agreement for the construction of 72 housing units of the Siyane Uyana, the Project work should have been completed in the year 2009 while only 05 houses had been completed by the end of the year under review.

3:2:3 Management Inefficiencies

The following management inefficiencies were observed.

(a) The Committee on Public Enterprises had directed at the meeting held on 31 August 2003 that action in terms of the provisions of the Public Properties Act should be taken for the recovery of the outstanding debtors balances of the National Equipment and Machinery Unit and to take action against the Officers responsible for those arrears. Nevertheless, an outstanding debtors balance of Rs.197.86 million remained even as at the end of the year under review. The Chairman informed me that legal action for the recovery of debts was not taken as the National Equipment and Machinery Institute did not have the legal status during the period of 1992 to 31 January 2010 for taking legal action.

(b) As pointed out in the reports of the Auditor General for the preceding years, an estimated loss of Rs.1,000 million had been incurred due to the failure to follow a good management practice for the joint project implemented with the participation of the private sector for the development of the land of 01 acre 26.5 perches in extent situated at Darley Road. A formal inquiry thereon had not been conducted in the year under review as well. The Chairman informed that the Commission to Investigate Allegations of Bribery and Corruption is conducting an investigation into this land.

(c) The approval for housing plan should be obtained from the respective Local Authorities before the commencement of the construction work on Housing Schemes. Nevertheless, construction work had been done without such approval and as such problems had arisen by the end of the year under review in obtaining the conformity certificates on 3,509 houses of 141 Housing Schemes. As such it had not been possible to establish the Management Corporations and the Authority had to spend a sum of Rs.21.97 million in the year under review as well on the maintenance work of those Housing Schemes.

(d) Out of the properties of the Authority in 08 Provinces, lands of 208.74 hectares in extent with unauthorized constructions had been identified by the end of the year under review. Adequate steps had not been taken to settle the title to those properties.

(e) The balance of the loans granted to 526 families, in Kurunegala District for the purchase of Solar Power Systems, as at 01 January 2010 amounted to Rs.4,248,706 and a sum of Rs.500 only had been recovered in the year 2010. The Authority did not have any definite arrangements for the recovery of those loans.

3:2:4 Operating Inefficiencies

The following observations are made in this connection.

(a) The turnover of 21 Depots and 05 work sites of the National Equipment and Machinery Organization amounted to Rs.106.25 million while the expenditure on operations and maintenance amounted to Rs.145.11 million. Three Depots and 01 Work Site had not earned any income during the year under review.

The Chairman informed that the machinery of the Organization were about 18 years old and their maintenance cost remaining at a very high level had been the reason for the operating and maintenance costs to exceed the turnover.

(b) The extent of lands acquired or awaiting acquisition from the Government and the private sectors for housing purposes had been 4.948 hectares approximately. The Register of Lands in connection with such lands had not been updated even by the end of the year under review. It was observed that most of the lands had been encroached.

(c) The National Housing Development Authority and the National Equipment and Machinery Organization had not taken action to recover or to set off taxes amounting to Rs 14,381,122 and Rs.9,589,970 respectively from the Department of Inland Revenue in the year review.

(d) The National Housing Development Authority and the National Equipment and Machinery Organization had not taken action even by the end of the year under review to pay taxes amounting to Rs.15,028,977 and Rs.41,269,298 respectively to the Department of Inland Revenue.

3:2:5 Housing Loans Control

(a) National Housing Development Authority

According to the accounts as at the end of the year under review the debtors balance and the loan capital amounted to Rs.2,647.52 million and Rs.2,558.32 million respectively as compared with the balances of Rs.2,738.32 million and Rs.2,647.52 million respectively as at the end of the preceding year. The following observations are made in this connection.

(i) The actual recoveries during the year under review amounted to Rs.811.46 million and it represented 65 per cent of the budgeted amount. Similarly the actual recoveries represented a very low of 30.64 per cent of the total debtors.

(ii) The Authority had taken into consideration of 46.83 per cent of he total debtors in determining the budgeted amount of recoveries and that w as observed as a management weakness.

(iii) Even though a cost of Rs.5 had been spent on the recovery of Rs.100 of loans, the debtors older than 03 years represented 88 per cent of the total debtors. The percentage of recovery of those loans in the year under review as compared with the preceding year amounted only to 2 per cent.

(b) National Equipment and Machinery Institution

(i) Adequate steps had not been taken in the year under review as well for the recovery of the outstanding debts amounting to Rs.197.86 million.

(ii) The total service debtors balance amounted to Rs.197.86 million and 76 per cent of that had been older than 05 years while a provision of Rs.171 million had been made as bad and doubtful debts. That represented 86 per cent of the total debtors.

3:2:6 Uneconomic Transactions

The following observations are made.

(a) The loan payable to the President's Fund as at the end of the year under review amounted to Rs.195 million and the total interest payable thereon at 15 per cent per annum amounted to Rs.198 million. The Authority had not taken action to settle this loan on which it pays a high rate of interest.

(b) The construction of the building complex at Orugodawatta had been abandoned after spending a sum of Rs.39.9 million on the project. Action had not been taken even up to the end of the year under review to recover that money.

3:2:7 Supply of Resources of the Authority to other State Institutions

The Authority had spent a sum of Rs.1.28 million in the year under review as the salaries and allowances of 10 employees released to the line Ministry contrary to the provisions of Section 9.4 of the Public Enterprises Circular No. PED/12 of 02 June 2003 while 03 motor vehicles had been released to the line Ministry. Five motor vehicles and 01 motor vehicles had also been released to the State Engineering Corporation and the Ministry of Health and Nutrition respectively.

3:2:8 Idle and Underutilized Assets

The following observations are made.

(a) Four buildings of the District Office, Maligawatta had not been used during periods ranging from 1 ½ to 05 years. One of those building had been dilapidating due to non-use. The Chairman informed that it was due to the housing beneficiaries not responding to the establishment of Management Corporations.

(b) Even though the operations of 01 Work Site and 05 Depots of the National Equipment and Machinery Institutions had been completely stopped in the year under review, a sum of Rs.19,174,272 had been spent on the employees salaries and maintenance expenditure of those work sites and Depots.

3:2:9 Identified Losses

The following observations are made in this connection.

(a) The files relating to 1,468 loans amounting to Rs.5,965,000 granted by the District Office, Jaffna under the Thrift Credit Co-operative Societies Hosing Loan Scheme had been misplaced and as such the Authority had not been able to recover those loans. The Chairman informed that it was due to the civilian community leaving the area due to the war.

(b) Several floors of the building of the National Housing Development Authority had been rented out to the Housing Development Finance Corporation Bank of Sri Lanka and the Authority had been deprived of a cumulative lease rent income amounting to Rs.13.29 million up to the end of the year under review due to the reduction of the original lease rent assessment.

(c) The Authority had spent a sum of Rs.76.07million in the year 2008 for the construction of 100 houses under the Avissawella Manikkawatta Project and 75 of those houses had been given for sale to the Housing Development Finance Corporation Bank of Sri Lanka without entering into an agreement. Action had not been taken even up to the end of the year under review to enter into an agreement. A sum of Rs.41.2 million only had been requested from the Bank in this connection and as such a loss of Rs.20.2 million had been incurred by the Project.

3:2:10 Human Resources Management

According to the Human Resources Plan of the Authority, the approved cadre stood at 2,493 whereas the cadre approved by the Department of Management Services had been only 1,376. Nevertheless, the actual cadre as at the end of the year under review had been 1,990. Thus, the existence of 614 employees exceeding the approved cadre was observed.

3:2:11 Corporate Plan and Action Plan

According to the Public Enterprises Circular No. PED/12 of 02 June 2003 as amended by the Circular No. PED/47 of 18 December 2007, the Authority had prepared a Corporate Plan and an Action Plan for the achievement of its goals, Nevertheless, it had not been updated. A reconciliation of the Corporate Plan and the Action Plan for the year under review revealed differences of 4,774 units and Rs.1,612.10 million between the physical and financial data respectively on the targeted programmes.

3:2:12 Internal Audit

Several areas included in the Audit Programme for the year under review had not been subjected to audit while certain District Offices had not been subjected to audit during several past years.

3:2:13 Budgetary Control

A reconciliation of the actual income and expenditure amounting to Rs.444.23 million and Rs.1,030.08 million according to the financial statements presented by the Authority with the budgeted income and expenditure amounting to Rs.871.84 million and Rs.1`,070.68 million revealed differences amounting to Rs.427.61 million and Rs.40.6 million in the income and expenditure respectively, thus indicating that the budget had not been made use of as an effective instrument of management control.

4. Systems and Controls

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

(a) Grant of Loans
(b) Receipt Books
(c) Stores
(d) Contracts
(e) Advances
(f) Staff
(g) Cash at Bank
(h) Computation of Value Added Tax

H.A.S. Samaraweera
Auditor General