



Annual Report 2011

Southern Development Authority of Sri Lanka

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Southern Development Authority of Sri Lanka

The Annual Report – 2011

The Establishment of the Authority

Southern Development Authority of Sri Lanka is a Government Authority established under the Parliament Act No. 18 of 1996

Vision

“Our vision is to create an economically prosperous Southern Region within an ecologically sustainable and culturally vibrant environment, while offering attractive and challenging opportunities for the youth and opening up the Region as a “Gateway” to the fast growing Asia Pacific Region”.

Mission

“Our mission is to contribute to the accelerated growth of the Region’s Gross Domestic Production (GDP) and assisting in the achievement of a Per Capita Income to targeted levels, within an environment providing challenging opportunities and better quality of life, by scrutinized identification of felt needs and resources in the Region, planning and developing with the co-ordination of line Agencies and the Private Sector.”

Objectives, Powers and Functions of the Southern Development Authority

The Authority and its Duties

The objectives, powers and functions as per the sections 12 and 13 of the Act are given below.

The Objectives of the Authority (As per the Clause 12 of the Act)

- (a) Plan and implement development projects in the designated area to improve productivity, foster economic development and generate income and employment opportunities;
- (b) Carry-out detailed studies of the projects identified in the overall development plan for the designated area on priority basis;
- (c) Request the Ministry of the Minister to seek foreign funding for specific projects or programmes;
- (d) Secure the co-operation of Government Departments, State institutions, Local Authorities, Public Corporations and other persons whether private or public, in carrying out studies referred to in paragraph (b) and implementation of development projects in the designated area; and
- (e) Secure the participation of foreign and local private sector agencies, in carrying out detailed studies referred to in paragraph (b) and implementation of development projects in the designated area.

Powers, Duties and Functions of the Authority (As per the Clause 13 of the Act)

- (a) Secure and obtain technical and financial assistance from local and foreign sources in fulfilling the objectives of the Authority.
- (b) Secure local and foreign collaboration for carrying out studies and implementation of special development projects in the designated area;
- (c) Request Government Ministries, Departments and all other agencies responsible for the implementation of the projects being carried on in the designated area, to co-operate in planning and implementing such projects;
- (d) With the concurrence of the President, request Government Ministries, Departments or other authorities to take-over, maintain and operate any development projects commissioned by the Authority;
- (e) Establish own departments or agencies for the purpose of any work involved in the discharge of its functions;
- (f) Carry out researches relating to the economic and social development of the designated area;
- (g) Prepare an environmental impact assessment report in respect of any development project within the designated area;
- (h) Award in accordance with the tender procedure laid down by the Government from time to time and tender for the procurement of goods and services necessary for the implementation of the development projects;
- (i) Impose or levy a charge for the services rendered by the Authority within the designated area;
- (j) Purchase, acquire, erect, maintain, reconstruct adapt any offices, plants, machinery or other material that may become necessary for the implementation of any development project;
- (k) Implement development projects through any public or private institution or jointly by private and public institution;
- (l) With the concurrence of the Minister in charge of the subject of Finance, to borrow, raise money or secure obligations from sources in Sri Lanka;
- (m) Acquire in any manner and hold, take or give on lease or hire, mortgage, pledge, sell or otherwise dispose of any immovable property; and
- (n) Subject to the provisions of the constitution and any other written law, do all such other acts as may be incidental or conducive to the attainment of the objects of the Authority or the exercise of its powers under this Act.

The Designated Area, Board of Directors, General Administration and Senior Management

The Designated Area

As per the Section No. 3 (1) of the Act, designated area of the Authority consists of the Galle, Matara, Hambantota, and Monaragala Districts and Kolonna and Embilipitiya two Divisional Secretariat Divisions of the Ratnapura district. Accordingly, there are 60 Divisional Secretariat Divisions in such designated area of the Southern Development Authority.

Board of Directors of the Authority

As per the Section No. 04 of the Act, the Authority shall consist of the following 07 members appointed by His Excellency the President

- (a) An officer of the Ministry of the Minister nominated by such Minister,
- (b) An officer of the Ministry of the Minister in charge of the subject of Finance nominated by such Minister and
- (c) Five other members referred to as “appointed members”

Ministry under which the Authority is regulated

Ministry - Ministry of Economic Development

Ministers

Minister of Economic Development - Hon. Basil Rajapaksa

Deputy Minister of Economic Development - Hon. Lakshman Yapa Abeywardena
- Hon. Muttusivalingam

Secretary - Dr. P. B. Jayasundara

Board of Directors, General Administration and Senior Management

Board of Directors

Director Board Meetings – Year 2011

The Board of Directors that consist of as per the Section (04) of the Act of the Southern Development Authority of Sri Lanka usually meets once in every month. Yet, due to some practical reasons, the Board has met only 08 times during the year 2011 and such meetings were chaired by the Chairman of the Authority. Also, the names of the Board members are given below.

- | | | | |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------|---|-----------------------------|
| 01. | Mr. A. P. S. Ranjith Gunasekara - Attorney-at-law
(07-06-2006 to 31-12-2011) | - | Chairman / Director General |
| 02. | Mr. Sunil Sooriya Bandara Dissanayake
(01-09-2007 to 31-12-2011)
Senior Tea Inspector
Tea Small Holdings Development Authority | - | Member |
| 03. | Mr. Lalith U. Gamage - Attorney-at-law
(19-05-2005 to 06-07-2011) | - | Member |
| 04. | Mr. Sarath Amaraweera
(12-05-2010 to 31-12-2011) | - | Member |
| 05. | Mr. Chandana Priyalal Pathirana
(12-05-2010 to 31-12-2011) | - | Member |
| 06. | Mrs. Rizna Anees
(22-07-2010 to 08-04-2011)
Deputy Director - Department of Development Finance
Ministry of Finance | - | Member |
| 07. | Ms. Pushpa Rodrigo
(22-07-2010 to 05-04-2011)
Director General - Rural Economy
Ministry of Economic Development | - | Member |
| 08. | Mr. D. C. Siribaddana
(08-04-2011 to 31-12-2011)
Director – Department of Public Enterprises
General Treasury
Colombo 01 | - | Member |

Management of the Authority

Chairman/Director General	-	Mr. A. P. S. Ranjith Gunasekara
Director (Finance & Admin.)	-	Mr. J. K. Padmasiri
Director (Plan Implementation & Monitoring)	-	Mr. W.G.B. L. Wijayarathne (Up to 29-08-2011)
Actg. Director (Plan Implementation)	-	Mr. P. N. Wijerathne (From 07-09-2011 to 04-01-2012)
Actg. Director (Policy Planning)	-	Mr. P. N. Wijerathne (From 01-06-2010 to 31-12-2011)
Sector Manager (Industries)	-	Mr. Sunil Wannigama
Sector Manager (Planning)	-	Mr. L. M. A. Perera
Sector Manager (Fisheries)	-	Mr. H. K. Ranaweera
Sector Manager (Lands)	-	Mrs. S. D. Kalyani
Sector Manager (Training)	-	Mr. Shriyantha Liyanaarachchi
Sector Manager (Infrastructure)	-	Mr. S. R. Wijesekara
Actg. Sector Manager (Plantation)	-	Mr. C. L. Wegiriya (From 15-10-2010 to 31-12-2011)
Actg. Sector Manager (Agriculture)	-	Mr. W. M. A. Perera (From 15-10-2010 to 31-12-2011)
Internal Auditor	-	Mr. S. C. Wanigathunga

District Administration of the Authority

Galle District	-	District Director	-	Mr. Ranjith De Silva (From 31-08-2010 to 01-05-2011)
				Mr. K. I. Masakorala (From 02-05-2011 to 31-12-2011)
Matara District	-	District Director	-	Mr. Kapila Masakorala (From 01-06-2010 to 01-05-2011)
				Mr. Ranjith De Silva (From 02-05-2011 to 31-12-2011)
Hambantota District	-	District Director	-	Mr. K. Gunathilaka (From 31-08-2010 to 31-12-2011)
Moneragala District	-	District Director	-	Mr. P. M. Kulathunga (From 01-06-2010 to 31-12-2011)

Staff of the Authority

Senior Level	-	03
Tertiary Level	-	90
Secondary Level	-	95
Primary Level	-	78
Total	-	266

Review of the Chairman / Director General

It gives me a great pleasure to make a review regarding the whole activities of the Southern Development Authority of Sri Lanka for 2011, i.e. its 15th year after the establishment of this Authority in 1996. By this review, I expect to explain the activities carried-out by this Authority from its inception to date, progress regarding plan implementation on development activities and other special experience gained during the year 2011 in carrying-out all sorts of activities of the Authority.

Major objectives of setting up of this Authority, as spelled out in the Southern Development Authority of Sri Lanka Act of Parliament No. 18 of 1996, are to upgrade the productivity, enhance economic development, plan and implement development projects in the Southern Region aimed at generating income and employment opportunities for public. In order to achieve these objectives, Southern Development Authority of Sri Lanka has functioned through various approaches in the past.

Accordingly, during the prime years of the Authority, this Authority paid its attention to develop the Southern Region by preparing free feasibility reports on several mega projects under Ruhunupura development concept. The following mega projects were included in that concept. That is construction of International Harbour at Hambantota, Southern Highway, Southern International Air Port, Matara Kataragama Railway Line and Introduction of Model Inter-transport Network for South.

Thereafter, as it was directed by the supervisory Ministries, the Authority paid its attention towards small and medium scale development projects aimed at regional development and carried out the following development activities. One such important activity is attracting local and foreign investors to the down south by providing basic infrastructure facilities needed to set up those industries. Amongst them, successful projects like Loadstar Tyre Factory at Midigama - (1996), Entrepreneur Center at Embilipitiya - (1997), Oliyagodawatte Coal Power Station at, Matara - (1998), Isuru Ceramic Factory at Kumbalgama, Matara - (1999), Ratalankawatte Auto Lanka Tyre Factory at Kamburupitiya - (2001), and Ratalankawatte Dragon Fruit Plantation Project at Kamburupitiya, Matara - (2009) are important. It is our victory that we have been able to give an impetus to the economy of the country and bring foreign currencies into the country through some of these projects.

Also, Southern Development Authority of Sri Lanka has been able to revitalize tea factories which were not functioning for several years and provide an immense support to the tea economy in the Southern Region. All such endeavours include revitalizing of, Panilkanda Tea Factory – (1999), Galagawa Tea Factory at Akuressa, - (2001), Jasminweli Tea Factory at Thawealama - (2001), and Handugala, Tea Factory at Walasmulla – (2009). These factories were started mainly by facilitating local private investors.

In addition to the above development initiatives, Southern Development Authority was also able to implement some programmes during the period of 1998 to 2007, in order to upgrade the rural economy. Having identified needs, economic and social problems of rural communities, Southern Development Authority implemented various development programmes in the fields of industries, plantation, fisheries, agriculture and animal husbandry, lands, training and infrastructure with the aim of providing solutions for dire needs and problems of the public in such areas. Southern Development Authority further supported the rural economy to a greater extent through the implementation of development programmes that aimed at developing under privileged villages.

Furthermore, from the year 2007, this authority was entrusted with the task of implementing *Jathika Saviya-Gama Neguma*” programme which was earmarked as a national policy in the “Mahinda Chinthana Policy Guide Line”. Under such *Jathika Saviya – Gaman Neguma* Programme, this Authority was assigned with developing of 47 remote villages in the Southern Province, reviving the rural economy. That is, 18 villages in Galle district, 12 villages in Matara District, 17 villages in Hambantota District.

In 2008, “*Jathika Saviya Gamaneguma*” development programme was further expanded covering Moneragala district and Divisional Secretary’s divisions of Kolonna and Embilipitiya in Ratnapura district, in addition to the districts of Galle, Matara and Hambantota. Accordingly, this Authority was provided with financial allocations needed to launch development programmes in new 103 villages. Thus, as a whole, this Authority was given the responsibility of developing 150 villages within the Southern Region. (i. e. Galle District – 43, Matara District – 45, Hambantota District – 37, Moneragala District – 25). Such projects were implemented according to Village Development Plan on priority basis. Also, “*Jathika Saviya Gamaneguma*” development programmes were implemented under three major components as; Economic and Livelihood Development, Infrastructure Development, and Spiritual and Social Development. Accordingly, this Authority had spent Rs. 1701 millions for development activities including special projects in the Southern Region from the inception of this Authority in 1996 up to 2009.

In addition, for the purpose of further implementation of Jathika Saviya-Gama Neguma Programme, this Authority was provided with the financial allocation of Rupees 280 million in 2010 by the Treasury. Out of such allocations, this Authority has spent Rs. 201.1 million for the relevant projects. Thus, it is a pleasure to note that the Authority was able to achieve a financial progress of 71.8% as to implementing projects. If the balance allocation too was physically received, the Authority would have achieved 100% financial progress. Further, the physical progress achieved during this year is 80.5%, which is a remarkable achievement. Also, the total estimated economic benefit derived through such implemented projects is around Rs. 300 million.

In addition, as per the instructions given by the Ministry of Economic Development, District Secretaries of Galle, Matara and Hambantota released Rs. 159.8 million to develop the economic infrastructure facilities in such districts, under the Jathika Saviya Gama Neguma – Phase II. Out of such money, by spending Rs. 96.7 million, 215 numbers of economic infrastructure projects were implemented in the relevant villages selected for the purpose. Accordingly, by these special projects, the Authority was able to achieve 69% financial progress and 90% physical progress.

As per the development plan for the year 2011, it was expected to incur Rs. 300.5 millions, under the three main development programmes as, Rs. 215 millions for establishing 15,000 domestic economic units in 150 villages under the Divineguma Development Programme and developing such villages in the areas of agricultural development, domestic industry development and fisheries and livestock development. Further, Rs. 73 million for implementing accrued projects under Jathika Saviya Gama Neguma and also, Rs. 12.5 million for the payment of other expenditure including payment of retention money on the construction of Head Office building.

Accordingly, the Authority was able to achieve 51% financial progress spending Rs. 152.3 millions on the above mentioned projects. Thus, such spending under the three main programmes contained in the development plan is as follows. Rs. 77.4 million for Divineguma National Programme, Rs. 62.6 million for accrued projects under Jathika Saviya-Gama Neguma and Rs. 12.3 for payment of other expenditure including payment of retention money on the construction of Head Office building. Thereby, the Authority was able to achieve 51% physical progress during the year 2011 by completing 529 numbers of projects out of 1,048 projects planned and identified.

A district wise summary of information regarding the progress achieved i.e. Galle, Matara, Hambantota and Moneragala, are shown by the table given below.

Southern Development Authority of Sri Lanka District-wise Progress for the Year 2011

District	Planned Projects	Completed Projects	%	Beneficiaries	Allocation Rs.	Financial Progress Rs.	%
Galle	296	123	42	60,574	79,500	33,468	42
Matara	308	178	58	62,421	87,500	45,338	52
Hambantota	270	164	61	49,252	71,200	41,680	58
Moneragala	174	64	37	28,566	49,300	19,482	39
Head Office					12,500	12,300	98
Total	1,048	529	51	200,813	300,500	152,268	51

Apart from the progress achieved as highlighted by the above table, this Authority was able to add an economic value of around Rs. 280 million to the Gross Domestic Production of the country by implementing such development projects. That is, Rs. 154 million by implementing Divi Neguma Projects and Rs. 126 million by implementing Jathika Saviya-Gama Neguma Projects. Such values are limited only to values that could have been calculated on the physical projects. Also, the values that added by implementing services such as providing houses to 398 needy beneficiaries in Hambantota district during the year 2011 have not been accounted for such value. For this housing project, Authority spent Rs. 44.1 million that was provided by the District Secretary, Hambantota on the instructions of the Ministry of Economic Development.

Furthermore, the Authority gained a very remarkable achievement by providing benefits to more than 200,000 needy beneficiaries in the Southern Region by implementing projects belonging to Divineguma programme, Jathika Saviya Gama Neguma Programme and housing project of Hambantota District. By such means, the Authority was able to uplift the food manufacturing abilities, income levels and nourishing levels of the beneficiaries. As a result, the Authority could make the beneficiary population the active partners of the national economy. Further, the Authority was able to add a value of around Rs. 280 million worth contribution to the country's GDP. Thereby, the Authority was able to achieve its prime objectives that are spelled out under the Paragraph 12 of the Authority's Act, to a greater extent. If this point to be pin pointed out in a more summarized manner, the Authority has spent around Rs. 2,300 million accumulative wise during the period of 1996, the beginning of the Authority, to 2011, the 15th year of its existence, for development activities including some special projects as NORAD and housing projects in the Southern Province.

Further, the Authority was able to add a value in several folds of such spent amount to the country's GDP. Also, this authority was able to uplift economic abilities and living conditions of the beneficiary people, generate income opportunities for the youth and as a result, uplifting overall socio economic conditions of the beneficiary people. By all such positive measures, the Authority was able to contribute considerably to achieve economic and social development of the Southern Region.

In addition to the progress achieved by the plan implementation division of this Authority, the mode of operations during 2011 and the progress achieved by the other main functional divisions, i.e. planning, accounting, administration and audit division are given below, in brief.

The planning division, which is under the purview of the Director (Policy Planning) is located in the Head Office. This function consists of and structured under 8 sectors as, Planning, Fisheries, Industries, Lands, Human Resource and Training, Agriculture, Plantation and Education and Infrastructure. As per the instructions and directives given by the Ministry of Economic Development and also, as per the policy guidelines given by the Board of Directors of this Authority, such eight sectors properly planned development activities under the two main development programmes as, Jathika Saviya Gama Neguma and Divineguma Programme in selected 150 villages in Galle, Matara, Hambantota and Moneragala districts and Kolonna and Embilipitiya Divisional Secretariat Divisions in the Rathnapura district. In such planning process, the ideas and proposals put forwarded by the regional political leadership, the ideas and proposals of the beneficiary folks and their primary requirements too were based and mainly considered. A total of around 20 staff members of the planning division having even engaged in field visits and did their best to the satisfaction of the management, during the year 2011.

Also, the task of carrying out and conducting of accounting and administrative activities of the four district offices as well as the Head Office along with furnishing timely information required by the Board of Directors, Ministry of Economic Development and the Treasury were executed properly by the whole staff of this division under the leadership of the Director (Finance & Administration). This division successfully carried out the activities as; getting Treasury remittances on time, collecting revenues of the Authority and incurring expenditure in a thrift manner, paying for internal and external parties on time and preparing and presenting interim and annual accounts and other reports to the required supervisory bodies. In addition, having administered 266 numbers of total staff of the Authority along with managing all the resources including a fleet of vehicles consisting of 44 vehicles and allocating the same in an optimum manner among different offices and sections enabling to achieve the prime objectives of the Authority, Accounting & Administration Division carried out its activities to the best of satisfaction of the top management.

Apart from that, with a view to develop the managerial capacities of the staff and to enhance the employee motivation the Authority, Administration division provided training to identified sections of the staff incurring expenditure to the value of Rs. 352,865/- out of the stringent allocations provided by the Treasury during the year 2011.

Furthermore, the audit division, consisting of seven members of staff along with the Internal Auditor conducted their audit activities as planned, independently and successfully. They performed both field audits and office audits going in par with the audit plan. Conducting of and special investigations as required by the top management too was carried out by the audit division. Also, the audit division pin pointed out weaknesses in the field activities as well as forwarded suggestions to improve systems and procedures of the Authority, having studied and evaluated the same. All such activities were carried out efficiently with the knowledge and the guidance of the Audit and Management Committee of the Authority. Therefore, internal audit division of this Authority implemented its activities as being an aid to the management.

In addition, to achieving all the above mentioned optimistic victories, this Authority had to face with some challenges and problems plus some managerial weaknesses as well during the year 2011. That is, since the Ministry of Economic Development directed to include the activities of the Divineguma National Programme too considering the very national need of the hour into the original development plan prepared at the beginning of 2011, the approving of such final plan took place only in the mid of 2011. That resulted in delaying implementation of development works at the grassroots level during first two three months in 2011. That was the cause for under performance by some sectors when compared with the original plan. However, all such challenges, problems and weaknesses were regarded as valuable experiences gathered so as to achieve success in future years. Accordingly, we, all the board members including myself and all the staff of the Authority, have very firmly determined to provide a very significant service even going beyond the above mentioned development activities, specially to the Southern Region and in general to the country in the years to come.

A. P. S. Ranjith Gunasekara
Chairman/Director General
Southern Development Authority of Sri Lanka

The Report of the Audit and Management Committee - 2011

A brief report regarding the activities carried out by the Audit and Management Committee of the Southern Development Authority of Sri Lanka during the period of 2011 is given below.

The Functions of the Audit and Management Committee is to,

- Determine the scope of Internal Audit Department
- Assist the Board of Directors in decision making process submitting reports on financial reporting process
- Submit summary of recommendations of the Audit and Management Committee periodically to the Board of Directors for making decisions.
- Review the system of internal control and risk management.
- Monitor the effectiveness of the Internal Audit function
- Review the activities of the staff, compliance with statutory and internal laws and regulations.
- Review findings of internal audit reports from the point of view of accounting, finance, operation and reporting on the same to the Board of Directors periodically.
- Review internal audit reports on matters pertaining to staff discipline, waste of resources and corruption and submitting recommendations to the Board of Directors accordingly.
- Engage in feedback exercise regarding actions taken on internal and external audit reports.
- Review and feedback on implementation of recommendations by Committee on Public Enterprises (COPE)

Composition of the Committee

The Audit and Management Committee comprises of five members as mentioned below.

Mr. D. C. Siribaddana Director - Ministry of Finance and Planning Member of Board of Directors - SDA	-	Chairman of the Committee
Mr. Lalith U. Gamage – Attorney-at-law Member of Board of Directors - SDA	-	Committee Member
Mr. J. K. Padmasiri Director (Finance & Admin) - SDA	-	Committee Member
Mr. Ariyaratna Superintendent of Audit Auditor General's Department - Matara	-	Observer
Mr. S. C. Wanigathunga Internal Auditor - SDA	-	Convener of the Committee

The Audit and Management committee consisted of two Non Executive Directors, namely Mr. D.C Siribaddana (Director – Ministry of Finance & Planning), Chairman of the committee and Mr. Lalith U. Gamage, Member of the Board of Directors.

Since Mr.S.D.Siribaddana was appointed as the new representative from the Ministry of Finance to the Board of Directors with effect from 08-04-2011 and he assumed duties as the new Chairman of the Audit and Management Committee with effect from 19/07/2011.

Meetings

The Audit and Management Committee met five times during the year 2011, (i.e. January, April, July, October and December) Director (Policy Planning) , Director (Plan Implementation) and other relevant officers of the SDA also attended these meetings by the invitation of the Committee from time to time. Accordingly, remedial measures were taken going by the above mentioned functions of the Committee.

Financial Reporting

The Committee, as part of its responsibility to oversee the Authority's accounting and financial reporting process, reviewed and discussed with the management on the Annual Accounting and Financial Statements prior to their issue, including the compliance with the Sri Lanka Accounting Standards regarding the preparation of the same and relevant decisions were taken.

Risks and Controls

During the year, the Committee reviewed the effectiveness of the Authority's systems of accounting and other internal controls and took necessary actions to streamline things where necessary.

Internal Audit

The Audit and Management Committee undertook the task of the annual evaluation of the independence of the Internal Audit Department and the effectiveness of the audit process. In this regard, the Committee reviewed the internal audit reports, audit approach and procedures, including matters relating to the scope and resulting actions on audit reports by the management. The Internal Auditor as the convener, invited the other relevant officers to be present at all Audit Committee deliberations deemed necessary. He presented a summary of the salient findings of all internal audits and investigations carried out by his department periodically to the Committee.

Regulatory Compliance

The Committee reviewed the sufficiency of the procedures established by the management and compliance with the statutory and internal laws and regulations by the management. The Internal Auditor submitted to the Audit Committee on regular basis, a report on the transparency of finance and administrative procedures and transactions and events.

Whistle Blowing

The Audit and Management Committee reviewed matters relating to breach of ethics and causing frauds by employees on incidence of whistle blowing that are raised by inquisitive persons. The Committee also ensured that the procedures initiated to safeguard the independent investigations of such matters are in place and appropriate.

D. C. Siribaddana
(Director - Ministry of Finance and Planning)
Chairman - Audit and Management Committee
Southern Development Authority of Sri Lanka

Progress of Development Projects Implemented in the Year 2011

Southern Development Authority of Sri Lanka has been established under the Sri Lanka Southern Development Authority Act No. 18 of 1996 with the aim of economic, social and cultural development in the Southern Region. Accordingly, the Authority has been fulfilling a gigantic task for the regional development within the whole geographical area covering four districts as, Galle, Matara, Hambantota and Moneragala and two Divisional Secretariat divisions of Kolonna and Embilipitiya in Ratnapura district for the last 15 years since 1996. In such a background, the prime objective of submitting this performance report for the year 2011 is to forward the performance of different development projects implemented in 2011 for the knowledge of various interested parties. This report presents a clear analysis as to how the allocations provided to the Authority by the Treasury were productively utilized in order to achieve objectives of the Authority and aspirations of the people living in the Southern Region.

This report consists of five chapters where the first chapter provides an introduction while the second provides an introduction to the Southern Development Authority of Sri Lanka. Legislative status, geographical areas, objectives, powers, functions and other statutory details of the Authority are presented by such contents. Third chapter shows the past track record of the Authority under which it has been shown different projects implemented by the Authority for the acceleration of the economic development in the Southern Region and their effects under three major phases. Also, the performance on each development project implemented in 2011 by Southern Development Authority of Sri Lanka is indicated in different angles by the fourth chapter. Finally, the fifth chapter presents a description about the whole performance in the year 2011.

For the easy understanding of this report, the second chapter provides information regarding the inception of Southern Development Authority of Sri Lanka, its structure and functions.

2. Introduction to the Southern Development Authority of Sri Lanka

Legislative status as to establishing the Southern Development Authority of Sri Lanka, designated area of the Authority, its objectives and powers and functions are described below.

2.1. Legislative status of Southern Development Authority of Sri Lanka

Southern Development Authority of Sri Lanka which has been established under the Parliament Act No. 18 of 1996 is functioned utilizing the funds provided by the state.

2.2. Geographical Area

As per the section 3(1) of the Act, area of Southern Development Authority of Sri Lanka includes administrative districts of Galle, Matara, Hambantota, Moneragala and divisional secretariats of Kolonna and Embilipitiya in the Ratnapura district. This area includes a land extent of 60 divisional secretariats. The map showing the designated area is given below along with the Logo of the Authority.



2.3. Objects, Powers, Duties and Functions of the Authority.

Objects, Powers, Duties and Functions of Southern Development Authority of Sri Lanka are mentioned in sections 12 and 13 of the Act and quotations of such sections are mentioned below.

2.3.1. Objects of the Authority (As per Section 12 of the Act)

- (a) Plan and implement development projects in the designated area to improve productivity, foster economic development and generate income and employment opportunity;
- (b) Carry-out detailed studies of the projects identified in the overall development plan for the designated area on priority basis;
- (c) Request the Ministry of the Minister to seek foreign funding for specific projects or programmes;
- (d) Secure the co-operation of Government Departments, State institutions, Local Authorities, Public Corporations and other persons whether private or public, in carrying out studies referred to in paragraph (b) and implementation of development projects in the designated area; and
- (e) Secure the participation of foreign and local private sector agencies, in carrying out detailed studies referred to in paragraph (b) and implementation of development projects in the designated area.

2.3.2 Powers, Duties and Functions of the Authority (As per Section 13 of the Act)

- (a) Secure and obtain technical and financial assistance from local and foreign sources in fulfilling the objects of the Authority.
- (b) Secure local and foreign collaboration for carrying out studies and implementation of special development projects in the designated area;
- (c) Request Government Ministries, Departments and all other agencies responsible for the implementation of the projects being carried on in the designated area, to co-operate in planning and implementing such projects;
- (d) With the concurrence of the President, request Government Ministries, Departments or other authorities to take-over, maintain and operate any development projects commissioned by the Authority;
- (e) Establish its own departments or agencies for the purpose of any work involved in the discharge of its functions;
- (f) Carry out researches relating to the economic and social development of the designated area;
- (g) Prepare an environmental impact assessment report in respect of any development project within the designated area;
- (h) Award in accordance with the tender procedure laid down by the Government from time to time tenders for the procurement of goods and services necessary for the implementation of the development projects;
- (i) Impose or levy a charge for the services rendered by the Authority within the designated area;
- (j) Purchase, acquire, erect, maintain, reconstruct or adapt any offices, plants, machinery or other material that may become necessary for the implementation of any development project;
- (k) Implement development projects through any public or private institution or jointly by private and public institution;
- (l) With the concurrence of the Minister in charge of the subject of Finance, to borrow, raise money or secure obligations from sources in Sri Lanka;
- (m) Acquire in any manner whatsoever and hold, take or give on lease or hire, mortgage, pledge, sell or otherwise dispose of any immovable property; and
- (n) Subject to the provisions of the constitution and any other written law, do all such other acts as may be incidental or conducive to the attainment of the objects of the Authority or the exercise of its powers under this Act.

2.4. Corporate Information

Vision, Mission and Values as important parts of corporate information of the Southern Development Authority of Sri Lanka are given below.

2.4.1 Vision

“Our vision is to create an economically prosperous Southern Region within an ecologically sustainable and culturally vibrant environment, while offering attractive and challenging opportunities for the youth and opening up the Region as a “Gateway” to the fast growing Asia Pacific Region”.

2.4.2. Mission

“Our mission is to contribute to the accelerated growth of the Region’s Gross Domestic Production (GDP) and assisting in the achievement of a Per Capita Income to targeted levels, within an environment providing challenging opportunities and better quality of life, by scrutinized identification of felt needs and resources in the Region, planning and developing with the co-ordination of line Agencies and the Private Sector.”

2.4.3. Values

Values of the Authority are,

- Dedication to customers
- Encouraging everybody to contribute and excel.
- Being ethical
- Respecting others
- Listening, thinking, taking challenges and working smarter.

For easy understanding of this performance report of 2011 for those who refer the same and clear comprehension of the past track of the Authority and its gradual expansion, explanation on activities carried out by the Authority from its inception to year 2011 has been presented under the Chapter 3.

3. Development Process for 1996 to 2010

Within the period of 15 years sine the inception of the Southern Development Authority of Sri Lanka, various development activities were carried out in the Southern Region following different approaches. Such activities done by the Authority for the development and renaissance of the Southern Region could be mentioned under the following three-phase of period of time.

3.1 Period from 1996 to 1998

3.2 Period from 1999 to 2006

3.3 Period from 2007 to 2011

Out of the above three periods of time, the first period from 1996 to 1998 could be referred to as the era in which large scale projects were planned with the aim of creating a renaissance in the Southern Region. Details of such activities are as follows.

3.1 Period from 1996 to 1998

During the first period of time of the Authority from 1996 to 1998, under the guidance and instructions given by the then Government, plans on massive development projects were presented in order to make the Southern Region a very productive economic center in Sri Lanka. Accordingly, through the concepts of “Ruhunupura Development” and “Southern Corridor”, and having identified the Southern Region as an area enriched with needy physical and human resources to convert the same to a vibrant economic center, and also having completed pre-feasibility studies on projects suitable for such purposes, plans were prepared accordingly. Projects identified through such plans are being implemented presently by the line-ministries and institutions concerned and thereby, enabling to contribute to the development of the Southern Region in such means is a certain type of victory the Southern Development Authority of Sri Lanka achieved. Plans prepared as mentioned above are as follows.

- Construction of International Harbor of Hambantota
- Construction of Southern Highway
- Proposal relating to Southern Region inter-modal Transport Network
- Improvement to Galle Harbor
- Construction of Southern International Airport
- Construction of Railway line from Matara to Kataragama

In addition to the above basic activities, the period from 1999 to 2006 could be referred to as the second milestone of the journey of Southern Development Authority of Sri Lanka. A summarized description of activities done during this period is given below.

3.2 Period from 1999 to 2006

As described above, after the basic task of Southern Development Authority of Sri Lanka was fulfilled, the development projects were implemented under eight main sectors beginning from 1999. Those sectors are industries, plantation, fisheries, training, agriculture, lands, marketing and services. Under these sectors, a large number of small and medium scale projects aimed at regional development were implemented. Further, several significant efforts were taken to bring domestic and foreign investments to the Southern Region. The Authority provided basic infrastructure facilities needed to set up industries created by such investments. A summarized description of a few major industries out of such industries is given below.

3.2.1. Thermal Power House of Oliyagodawatte, Thihagoda, Matara

This project can be introduced as a project for which basic infrastructure facilities were provided. A block of land to an extent of 50 acres was provided to M/s Ace Power Generation Pvt. Ltd., in order to set up a power generation industry with the mediation of the Southern Development Authority of Sri Lanka. This thermal power house adds electricity capacity ranging from 480 to 576 Mega Vote to the national electricity system.

3.2.2. Loadstar Factory of Midigama - Matara

This is another industrial factory for which basic infrastructure facilities were provided. Thus, this Authority involved in facilitating to provide lands needed to set up this factory, other infrastructure facilities and coordinated other relevant institutions in obtaining permits to implement the factory. Due to the establishment of this factory, about 5700 direct job opportunities have been generated while income of about 2000 rubber tapping farmers in the area too was increased. The very significant factor of this project is that the company's earning of considerable amount of foreign exchange by exporting tyres manufactured in this factory.

3.2.3. Isuru Ceramic Factory of Kumbalgama - Matara

This is a factory that produces ornamental ceramic products using porcelain and its investment is about Rs. 3 m. Also, this is both, local and foreign market oriented manufacturing organization. Daily production is around 500 units while the monthly income of the owner is between Rs. 100,000 - 200,000. This factory has generated 11 direct and 4 indirect job opportunities. The Authority often encourages the entrepreneur of the factory to make a quantity production sufficient to cater to the local and foreign demand.

3.2.4 Entrepreneur Center of Embilipitiya

This entrepreneur center is another successful project for which basic infrastructure facilities were provided by the Authority. This was started with the aim of encouraging private investments. Six abandoned buildings were renovated and other needy facilities were provided for implementing five successful projects. Bakery products, manufacturing of steel furniture and office equipment, advertising through print media, manufacturing of exercise books and computer service related business are the different ventures and enterprises that have been started at this venue. This center has generated around 120 direct and 200 indirect job opportunities. Also, these enterprises make an annual contribution of around Rs. 05 million to the Gross Domestic Production.

3.2.5 Auto Lanka Tyre Factory of Ratalankawatte - Kamburupitiya - Matara

This is yet another project for which basic infrastructure facilities were provided by the Authority. An amount of Rs. 96 million has been invested on this factory which manufactures belts and glue needed to manufacture tyres. (These were earlier imported from India). This Authority provided a block of land with the extent of 05 acres for this project which has generated about 80 job opportunities. This project has been able to save an amount of around Rs. 400 million foreign exchange p.a. The major raw material input of this product is rubber and this project has been able to increase the income of around 2000 small rubber estate owners of the area.

3.2.6 Upliftment of Abandoned Tea Factories

A few tea factories which were not functioning for several years were uplifted and tea plantation of the area was much benefitted by this. This is another victory that the Southern Development Authority acquired. These factories include Galagawa Tea Factory of Matara, Jasminweli Tea Factory of Thawalama - Galle, Handugala Tea Factory of Walasmulla and Panilkanda Tea Factory of Kolonna. We are victorious of the fact that all these projects have been able to earn a considerable amount of foreign exchange to the country.

In addition to providing basic infrastructure facilities for small scale and medium scale development projects, Southern Development Authority contributed to enhance rural economy which was in dependence status through short-term development plans designed for and covering all Divisional Secretary's Divisions during this period of time. Especially, more sustainable development process was implemented providing a greater contribution to both rural agro economy and plantation sector.

A programme to develop remote villages selected from each Divisional Secretariat Division was implemented with a view to facilitate already identified infrastructural facilities and enhance livelihood of the needy village folks who contribute a lot to improve productivity of the Southern Region and who were suffering from poverty immensely. By these means, the villagers who are far from urban areas were able to uplift their economic status and strengthen their economic activities. In addition, programmes were conducted to improve socio, economic and infrastructure facilities in selected villages under a new concept called "Integrated Socio Economic Development Programme" with the aim of achieving prior objective of the Authority.

Later on, Authority was able to enter novel paths of development passing the third milestone of the way of Southern Development Authority of Sri Lanka. Accordingly, descriptions of activities performed during the period from 2007 to 2010 are given below.

3.3. Period from 2007 to 2010

During this period, the Authority got the opportunity to conduct development activities more meaningful manner under a new vision beyond the concept of developing remote villages. Accordingly, the Southern Development Authority was assigned with the responsibility of providing a renaissance to the rural economy under "Jathika Saviya Gama Neguma Development Programme" adhering to the 'Mahinda Chinthana' national policy from the year 2007. Accordingly, "Jathika Saviya Gama Neguma Development Programme" was implemented in all selected villages under three major components namely; economic and livelihood development, infrastructure facilities development, and spiritual and ethical development. Special feature in this programme is that going by the concept of people's participation this was implemented under Village Development Programme (VDP) prepared including ideas and proposals of the public which assure fulfilling of their basic necessities. Accordingly, 47 villages selected from each Divisional Secretary's division in the three districts of Galle, Matara and Hambantota were developed under "Jathika Saviya Gama Neguma Development Programme". They include 18 villages in Galle district, 12 villages in Matara district and 17 villages in Hambantota district.

150 villages in the districts of Galle, Matara, Hambantota, Moneragala were selected in the years 2008 and 2009 including the villages selected in 2007 and large number of projects were implemented in such villages on the priority basis. Accordingly, during the period of three years from 2008 to 2010, total amount spent by the Authority for "Jathika Saviya Gama Neguma Development Programme" is Rs. 694 million. Thereby, the Authority could achieve its prime objectives to a greater extent.

It was expected to give a clear understanding about the development activities carried out by the Southern Development Authority of Sri Lanka from its inception. Fourth chapter will forward a comprehension on activities performed in the year 2011.

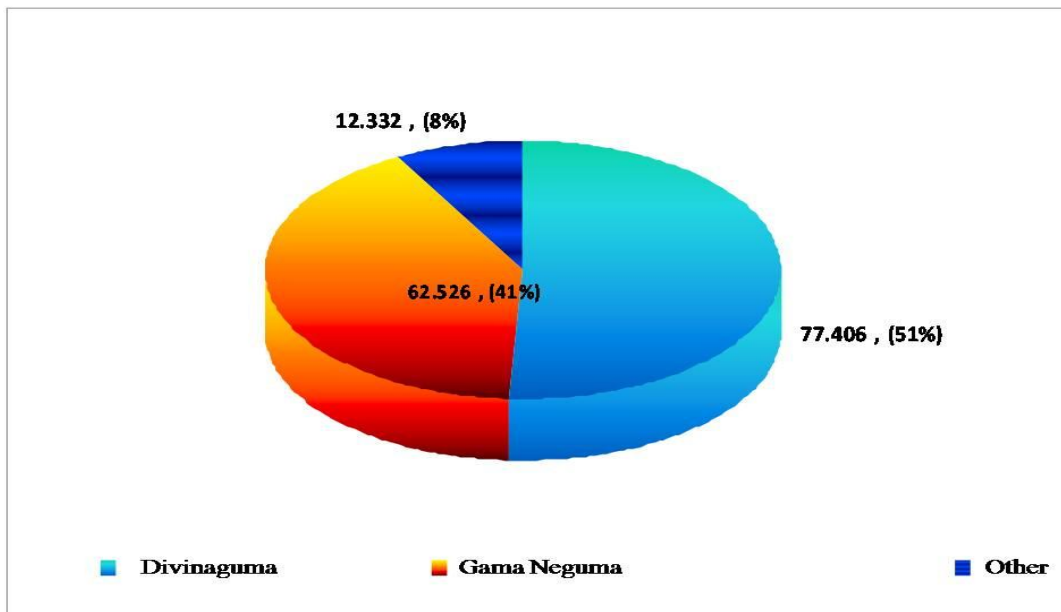
4. Performance of the Year 2011

In 2011, carrying the activities under the concept of “Jathika Saviya Gama Neguma Development Programme” forward and the activities under the Government’s latest development programme “Divineguma” were implemented in 150 selected villages in the designated area of the Southern Development Authority. Thus, the Authority contributed actively in that manner in order to make the concept of the present Government to create a self sufficient and wealthy village a reality by 2016 through livelihood development and social development which is considered the novel vision of the present Government. In this regard, projects in five categories were implemented in the year 2011. These projects are categorized as Divineguma household economic units development projects, infrastructure development projects, Jathika Saviya Gama Neguma low income earners’ housing project, income generation projects and projects coming under five year corporate plan.

Accordingly, for the purpose of achieving the overall development target, in the year 2011, the Treasury allocated a sum of Rs. 300.5 million for incurring expenditure on “Divineguma” activities, “Jathika Saviya Gamaneguma” activities, and to release retention money on the construction of the Head Office building. The plan prepared in this regard at the initial stage included only projects and activities that come under the Jathika Saviya Gamaneguma. But later, as per the instructions given by the Ministry, even projects of Divineguma, the latest national development programme, too were included in it. Thereafter, the Treasury released allocations only in July 2011 once the amended plan as mentioned above was approved by the Ministry of Economic Development. As a result of this delay as to approving the plan and receiving the allocation, the Authority had to face with a big challenge of implementing the development plan of Rs. 300.5 million. That is, to start the development activities in the designated area and completing the same in the year 2011 itself.

Under such a situation, Authority could spend Rs. 152.26 million out of Rs. 300.5 million allocated. As a result, the Authority was able to achieve a financial progress of 51% and a physical progress of 51% and completing 529 projects out of planned 1048 projects by the end of the year. This too a victory the Authority achieved. A graphical illustration depicting such progress is given below.

Southern Development Authority of Sri Lanka Development Programme - 2011 – Financial Progress



Source: Data Base – Southern Development Authority of Sri Lanka

Through these development programmes, Authority could make a contribution of around Rs. 280 million to the Gross Domestic Production of the country in 2011. That is, about Rs. 154 million by projects related to Divineguma household economic units programme and Rs. 126 million by projects related to Jathika Saviya Gamaneguma Programme.

In the year 2011, above mentioned projects of five categories were implemented and details of each projects are given below.

4.1 Divineguma Household Economic Units Development Programme

One of the prime objectives of ‘Mahinda Chinthana’ is to upgrade the livelihood of the rural people. It emphasizes the need of enriching their economy and deviate from the welfare concept. Accordingly, under the one million Divineguma Household Economic Units Programme, Southern Development Authority of Sri Lanka implemented several economic development programmes in the designated area, in 2011, with the aim of upgrading economic status of 15000 households. These development projects were implemented under three components namely; household industries development, agriculture development, fisheries and livestock development. As a result of implementation of all these programmes it is expected that food production in the area would be increased and it may lead to boost the nutrition levels of people. In turn, beneficiary families will have the opportunity to earn an additional income by selling excessive products.

Above mentioned development activities were implemented under 06 categories. They are industries development, plantation development, agriculture and livestock development, human resources and training development, fisheries and livestock development and land productivity development projects.

4.1.1. Development Projects Implemented by Industrial Division

In the year 2011, industry division selected families with various entrepreneur skills among beneficiary families living in selected 150 villages and took necessary measures to develop their enterprises and industries so that their livelihood abilities could be enhanced. Relevant details are given below.

- **Entrepreneurship development and technology exchange programme**

Under this programme, basic awareness workshops on entrepreneur development and technology exchange programmes were conducted for selected beneficiaries selected from 150 villages. Taking into consideration the skills and necessities of beneficiaries participated in these programmes, 422 beneficiaries were provided with equipment needed for their enterprises at a cost of Rs. 2.9 million.

In addition, a cost of Rs. 50,000/= was incurred to provide identity cards for reedy reed industrialists in Palolpitiya village in Matara district as a special Divineguma project and to supply electricity for their service center building. This center has been provided with machines worth about Rs. 200,000/= by the Industrial Development Board.

Approximate monthly income of an entrepreneur who has developed his or her livelihood through above projects is around Rs. 35,000/= while monthly profit amounts to around Rs. 7,000/=.



Anduwa Beneficiaries

- **Food production entrepreneur development programme for rural women**

This programme is implemented with the support of Practical Action organization which is functioning under the sponsorship of SARC fund. For this programme, 350 beneficiaries were selected from the Southern Region, in 2011. Out of such beneficiaries, local technological training on food production was given for 120 persons and overseas training on the same was provided for 48 persons.



Conducting a Technology Training Programme on Domestic Sweet Production – Kataragama

Furthermore, The Authority made 35 entrepreneurs participated to local and foreign marketing exhibitions and fairs. As a result, 05 of them are receiving foreign orders. Approximate monthly income of each beneficiary of the whole programme is about Rs. 50,000/= and monthly profit amounts to around Rs. 10,000/=. In addition, 10 Field Officers of the Southern Development Authority were sent to India for a study tour on the development of women enterprises. Total expenditure of the programme was about Rs. 10 million which was borne by Practical Action Organization under SARC development fund.

- **Programme of providing bank financial facilities for rural industrial enterprises**

Under this programme conducted in association with the Central Bank of Sri Lanka, 28 one day awareness workshops were conducted for industrialists on the allocation provided by Central Bank of Sri Lanka which cost Rs. 140,000/=. Loans valued Rs. 6.84 million have been issued for 06 entrepreneurs who participated in these programmes for improving their industries of different type. The average monthly income of each of these entrepreneurs is about Rs. 50,000/= while monthly profit of each of such entrepreneur amounts to around Rs. 10,000/=.

- **Coir production units development programme in the Southern Region**

Using allocations provided by Oxfam and Ruhunu Economic Development Bureau, 30 coir production units in the Southern Region were selected to be developed under this programme. These units were given technical trainings, field training tours and management development trainings at the centers of Lunuwila and Dunkannawa. Expenditure incurred on those trainings amounted to Rs. 180,000/=. As a result of these trainings, it has been able to increase the production capacity of coir production units and reduce the production cost. This has led to increase monthly income of each unit to Rs. 5000/=. In order to obtain needy financial assistance for the development of these projects, they have been referred to relevant banking institutions.

4.1.2 Development Projects carried out by the Plantation Division

In 2011, following projects and activities were carried out by the Plantation Division directly and with the coordination of various line institutions. Summarized description of such works is mentioned below.

- **Tea plants nursery development programme**

Following activities were carried out under this programme. Tea plants nursery development programme was carried out under “Divineguma” programme by making a considerable contribution to rural tea economy and giving the opportunity for tea planters to get needy tea plants supplied within their villages themselves. Nursery owners were given the knowledge on technology and instructions to produce tea plants with higher productive clones. Further, polythene bags needed to produce tea buds and plants too were provided to needy beneficiaries. That is, 3000 bags for each of the beneficiary.

This programme will lead to increase the income of about 101 beneficiaries and Tea Small Holdings Development Authority provided its active contribution to give the knowledge on technology and planting materials of higher quality. In addition, it is expected to produce 303,000 tea clone plants of high quality through this programme. It is also targeted that by planting these plants and with the beginning of harvesting by 03 years time, the income of tea small holders would be increased by about one million. Further, it is expected to increase their income by about Rs. 16 million.



Tea Plant Nursery - Thalagama, Athureliya

- **New tea plantation programme**

This programme was carried out with the objective of referring small land owners, i.e. those who own 20 perches or less, with low income to tea plantation which is expected to provide a greater contribution to the rural tea economy under Divineguma programme. Accordingly, 130,015 nos. of high quality tea plants were distributed among 415 beneficiaries. In this process, Tea Small Holdings Development Authority provided their support and technical instructions in order to identify nurseries for obtaining suitable plants. Thus, it is expected to earn an annual income of about Rs. 1.5 million in 03 years and to gradually increase the same up to about Rs. 25 million in another 05 years time.

- **Tea plantation rehabilitation**

Tea plantation rehabilitation programme was carried out with the aim of providing a greater contribution to rural tea economy under the programme of ‘Divineguma’. Major objectives of this is to develop small holdings and increase their income. In order to achieve these objectives, needy measures such as eliminating weeds, soil conservation, providing needy shade, cultivation of additional plants where necessary and providing necessary technical knowledge were taken. Plants for cultivation of additional plants where necessary were provided and financial assistance for the same and for clearing of lands and soil conservation too was given and 337 beneficiaries were benefited by this programme. In addition, Tea Small Holding Development Authority involved in giving needy technical instructions, naming nurseries for obtaining suitable plants for plantation and providing suitable plants. Thus, by this programme,

it is expected to increase the harvest of tea leaves up to 300,000 kg and increase the income of beneficiaries by about Rs. 01 million. Also, it is expected that within another 05 years time, such income would be increased up to Rs. 04 million.

- **Cinnamon peeling training and providing equipment**

This programme was implemented with the hope of increasing the income of cinnamon planters while making a greater contribution to rural economy under “Divineguma” programme. New technical knowledge on peeling cinnamon was given to cinnamon planters giving them the opportunity also to earn a higher income by exporting cinnamon products of high quality to both local and foreign markets. The income of about 83 beneficiaries will be increased through this programme and necessary assistance for conducting technical trainings will be given by the Department of Export Agriculture.



Cinnamon Peelers - Hakmana.

- **Providing fertilizer for home garden coconut**

This programme was carried out with the aim of referring the farmers to use chemical fertilizer as a short term remedy to the disease of drying up of coconut leaves and getting rotten of such leaves which was faced by coconut land owners in the southern province. About 300,000 coconut trees are to be removed due to this disease and as a short term remedy for this; fertilizer was provided for cultivators and motivated them to use such fertilizer. In addition, Coconut Development Board provided cultivators with technical knowledge on maintenance of coconut trees, using fertilizer, identifying diseases and treating them. Around 5563 beneficiaries were benefited under this programme and it is further expected to increase the annual coconut production by about 10%. Also, it is expected that the annual income would be around Rs. 12 million and within a year to increase the coconut production by 600,000 numbers within another year.

- **Cinnamon plantation rehabilitation**

With the aim of providing a greater contribution to the rural economy under “Divineguma” programme, this project was carried out. With a view to develop the cinnamon cultivated lands of 64 beneficiaries and to boost their income level, financial aids were provided for eliminating weeds, soil conservation, providing needy shelter, growing additional plants where necessary and giving technical knowledge. In this process, the Department of Export Agriculture provided farmers with necessary technical instructions and named nurseries to obtain suitable plants. By these activities, it is expected to increase annual income of beneficiaries from Rs. 0.5 million to Rs. 2 million in the long-term. Additionally, the country would be able to earn even foreign exchange by presenting this production to the foreign market.

- **Cinnamon new plantation**

With a view to refer low income small land owners i.e. owners having 20 perches or less, towards cinnamon plantation and thereby to make them able to contribute to the rural economy in a significant manner, this programme that comes under “Divineguma” programme was carried out. Accordingly, 16175 cinnamon plants of high quality were distributed among 22 beneficiaries under this programme. Department of Export Agriculture provided farmers with the necessary technical instructions and named nurseries to obtain suitable plants. This would help beneficiaries to earn an annual income of around Rs. 02 million approximately, in 03 years and further, the same is expected to increase gradually up to Rs. 0.6 in a period of 5 years.

- ***Kithul* products development programme**

Under this programme, beneficiaries living in the area where kithul cultivation is popular were given technical knowledge in order to develop their traditional industries. In addition, measures were taken to improve the production capacity and quality. Also, beneficiaries were provided with needy equipment for tapping *Kithul* flowers. 101 beneficiaries were benefited under this programme. The Industrial Development Board provided them with technical training. The production capacity and the production quality are expected to be improved through these activities.

- **Project of pepper cultivation**

Programme of planting inter crops has been introduced in coconut lands with the intention of improving the productivity of coconut lands. Under this programme, 109 cultivators were encouraged to earn an additional income through the cultivation of pepper as an inter crop in selected coconut lands and technical training and pepper plants were given to such beneficiaries. In addition, the Department of Export Agriculture extended their support to the farmers giving necessary technical assistance, distributing guide books and finding suitable plants. Through these measures, it is expected to earn an annual income of about Rs. 0.3 million in three years and the same would be around Rs. 0.5 million after another five years time.

- **Betel leaves cultivation project**

Under this project, cultivation of betel leaves was introduced with the aim of catering to the need of betel leaves in the area of Siyambalanduwa in Moneragala district. Accordingly, 100 cultivators were provided with betel plants in order to give them an opportunity to earn an additional income. Furthermore, the Department of Export Agriculture provided farmers with the technical instructions and helped obtain suitable plants. As a result of these measures, it is expected that their annual income would be around Rs. 0.6 million after 02 years. Also, these measures will ensure fulfilling of daily need of betel leaves of the needy public in the area.

- **King coconut cultivation project**

This programme was carried out with the hope of providing king coconut for the consuming need of the needy people living in villages concerned in Moneragala district. Also, this will give an opportunity for cultivators to earn an additional income. Under this project, 120 beneficiaries were provided with king coconut plants with the assistance of the Coconut Development Board.

4.1.3 Development Projects carried out by Agriculture and Livestock Division

Agricultural Division carried out the following projects and activities including livestock in the year 2011 directly and with the coordination of various line institutions.

- **Setting up of agricultural farms**

Special attention was paid to set up commercial agricultural farms with the aim of increasing the income level of the family which is considered as a specific objective of the 'Divineguma' project. Specially taking into consideration the cultivation of vegetables, fruits and inter crops, vegetable and fruit plants were provided for 462 beneficiaries. Because of this programme, it is expected to increase the income of beneficiaries by around Rs. 49.8 million. In addition, with the intention of increasing the family income, bee-keeping and mushroom cultivation programmes were carried out and 314 beneficiaries were given needy tools and materials.

- **Seeds and plants supply units**

The objective of this project was to produce seeds and plants needed for beneficiaries living in villages where Divineguma programme is in progress. Under this project, 100 units of supplying seeds and plants were set up and 642 beneficiaries were provided with needy materials and they were trained through the district agricultural training centers. As a result, the annual income of beneficiaries is expected to be increased by about Rs. 3.6 million.

- **Setting up of secured domestic / green houses**

Even from this programme, production of fruit plants and flower plants needed for beneficiaries are expected to be supplied. Accordingly, with the aim of setting up of 48 secured domestic/green houses, necessary materials were supplied for 48 fruit plant nurseries. Furthermore, suitable beneficiaries were identified and required trainings were given through the Seed Securing Service and District Agriculture Training Centers. As a result of these measures, the annual income of beneficiaries is expected to be increased by about Rs. 6 million.

4.1.4 Development Projects carried out by Human Resources and Training Division

Following projects and activities were carried out in 2011 by the Human Resources and Training Division directly and with the coordination of various line institutions. Summarized details are given below.

- **Referring trained personnel for job opportunities in the health sector**

Twenty male and female Nursing Assistants who were trained during passed years with the coordination of Co-operative Hospital in Galle were referred to jobs in the health sector of the private sector. This has been advantageous for the private sector to recruit trained personnel while these young trainees have the opportunity to earn a monthly salary.

- **Coordination between training institutions and job agencies for referring trainees for foreign jobs**

This programme was carried out with the hope of giving the opportunity for trained labourers to go for foreign jobs through job agencies, which were approved by the Foreign Service Bureau of Sri Lanka. Accordingly, trainees who were trained in state institutions were referred to foreign job agencies. This has given them the opportunity to go for foreign jobs through which a considerable amount of foreign exchange could be earned for the country. In this process, institutions like Vocational Training Authority, National Youth Services Council, National Apprentice and Technical Training Authority and Technical Colleges were made aware of this concept and about 300 people trained by these institutions were referred to foreign jobs with the coordination of the foreign job agencies.

- **Referring apprentices for training courses in the field of tourist industry**

Under this programme, youths living in the areas such as Koggala and Tangalle were referred to training centers of Vocational Training Authority in order to cater to the need of trained labourers for various job opportunities in the tourism sector which has been focused very much by the present Government. Through these activities, it is expected to support relevant training institutions to collect trainees for their trainings and in turn trained youths to find jobs in the field of tourism sector in the south. Accordingly, 35 apprentices selected from Matara and Hambantota districts were given short-term and long-term trainings in the fields of Chefs, Receptionists, Stewards and Room Boys.

- **Maintenance of Vocational Training Institute of Thalagama - Athureliya**

This project has been maintaining for a period of a few years with the coordination of the Vocational Training Authority of Sri Lanka. About 150 students are trained for a period of one year and these trainees are referred to work places for further training. This training center was constructed in the years 2008 - 2009 based on the plans and suggestions of this Authority and also, financial contribution of Rs. 700,000/= made by this Authority and the balance allocation provided by the Vocational Training Authority of Sri Lanka. Since then, students are referred for courses with the cooperation of our Authority.

Even in this year, necessary measures have been taken to train 150 apprentices and refer them for job opportunities. Since this training center is located in a remote area, youths in that area have been able to get training opportunities. As such, this centre is very important for the needy youths of such area.

- **Designing a comprehensive data base on the progress of “Divineguma” programme**

A comprehensive data base including data and information of Divineguma programme which was implemented by the Authority in 2011 was designed and is being maintained. It has given the opportunity to get a vivid understanding on the progress of this programme when necessary. In this data base, all relevant details regarding beneficiaries of Divineguma programme in the Southern Region are included.

4.1.5 Development Projects carried out by Fisheries and Livestock Division

Following projects and activities were carried out in 2011 by the Fisheries Division directly and with the coordination of various line institutions. Summarized details of them are given below.

As per the investment plan approved for the year 2011, following fishery projects were carried out in the districts of Galle, Matara and Hambantota with the objective of popularizing inland fishery industry. Under this programme, measures such as enhancing the aquaculture in ponds for the consumption and stocking fingerlings at optimum levels for improving fish harvest were taken. Further, the initial attention was paid towards the planning of horticulture with the intention of achieving major objectives of the Divineguma development projects.

- **Popularizing aquaculture in ponds**

A different type of projects was implemented in Galle and Matara districts in 2011 under Divineguma Development programme. A sum of Rs. 40,996.32 was spent for providing covering nets needed for fish ponds belonged to 06 beneficiaries with the aim of popularizing the aquaculture for the consumption in Galle district. In addition, a sum of Rs. 20,126.16 was spent for the same purpose for 04 beneficiaries in Matara district. These measures may increase the per capita monthly income by Rs. 500/= at least.

Ornamental fish project of Yatagama, Akmeemana could be mentioned as a novel project initiated by Southern Development Authority of Sri Lanka. Under this project necessary measures were taken to provide floating cages for 06 new beneficiaries. Incomplete works of this project are to be continued in the years to come. Maximum sum allocated for that is Rs. 54,000/=. It may increase the monthly income of a beneficiary by Rs. 4000/= at least. In the implementation of all these programmes, cooperation of relevant line institutions was obtained.

- **Stocking of fingerlings in reservoirs**

With the intention of enhancing fish production of Ketanwewa, Gonnoruwawewa, Kokanara Wewa and Polgahawewa reservoirs situated in Hambantota district, 59,000 fingerlings were stocked. Sixty families are benefited from this project. In this task, the Southern Development Authority of Sri Lanka spent a sum of Rs. 10,000/= while Southern Provincial Ministry of Fisheries spent Rs. 118,000/= and support of National Aquaculture Development authority was also obtained. It is expected to increase the monthly income of a beneficiary family by Rs. 700/= at least, through the sale of fish.

- **Horticulture planning**

A workshop was conducted on planning of an exemplary home garden, maintenance of horticulture, control of diseases and insecticide and soil conservation for the whole field staff of 117 members including Zone Managers and Project Coordinators of our Authority who are carrying out this programme at village level, focusing the horticulture development which is a primary part of Divineguma development programme. This Authority spent a sum of Rs. 16,900/= for this programme. Non Governmental Organization named International Forum for Protection of Rain Forests spent Rs. 46,000/= and provided resource persons for this purpose.



Successful Homegarden under Divineguma programme – Tissamaharama

- **Project of poultry farming**

Under this programme, 18 entrepreneurs with necessary knowledge and experience who are currently involved in poultry farming was selected in the district of Galle, Matara, Hambantota and Moneragala where each of them was given improved 180 chicks aged one day. After a period of one month, these grown chicks were taken back and distributed among 270 beneficiaries. A sum of Rs. 405.000/=was spent for this and it is expected that the income and nutrition of these beneficiary families would go up.



Poultry Farming Project – Devinuwara

- **Animal breeding project**

Two breeding projects of goat and cattle were started under this project. The prior objective of this project is to enhance the quality of existing animals and distribute their improved calves among beneficiaries living in villages in which Divineguma programme is in progress. Accordingly, 10 beneficiaries engaged in goat breeding were selected and they were given needy materials and equipment. In addition, 24 beneficiaries engaged in cattle breeding were selected and they were provided with needy equipment and materials for carrying out such projects. Beneficiaries who were not qualified enough for selection into the above two animal breeding projects were identified for future references and their farms were developed to the state of commercial farms.

At poultry training school of Kekanadura, training was given to all these beneficiaries and provided them with technical books and handouts too. Materials for building sheds, water and feeding buckets and animals were also provided. The Annual income of beneficiaries is expected to increase by about Rs. 1.76 million.

- **Domestic poultry farming programme**

This programme was carried out with the intention of upgrading the nutrition of the family. Under this programme, 462 beneficiary families were selected and each family were provided with 10 nos. of domestically improved chicks aged one month, 03 roofing sheets for a cage of 25 sq. ft. and 45 sq. ft. of chick cage nets were distributed among 462 beneficiary families. In the process of selecting beneficiaries and training, the Authority obtained the cooperation of the Department of Animal Production and Health, Veterinary Surgeons and Animal Development Officers.

4.1.6 Land Productivity Programme carried out by Land Division

In 2011, Land Division directly carried out following projects and activities. Summarized details of such are given below.

Land productivity programme initiated in the year 2010 could be completed by March 2011. Through this programme, it was expected to upgrade lands and home gardens of beneficiaries to the state of lands of cultivation from which income could be earned through out the year. Under ‘Jathika Saviya Gamaneguma’ programme, the Authority in this manner developed lands of 600 beneficiary families in 150 villages.



Land Productivity Programme – Galle

Under this programme, best farmers were selected in each district and awards and certificates were presented to them in 2011 as a mean of encouraging them for the cultivation. Income of these beneficiary families has been increased by about 10%.

4.2 Infrastructure Development Project of Strengthening Divineguma

Southern development Authority of Sri Lanka carried out an infrastructure development project of strengthening the domestic economic units, which results in strengthening the rural economy in parallel to the implementation of “Divineguma” programme in 2011. Further, a number of projects which were initiated in 2010 under “Jathika Saviya - Gamaneguma” programme and unable to complete were completed within the year 2011. Projects such as development of rural agricultural roads, renovation of rural irrigation systems, renovation of public amenities buildings, development of public markets and playgrounds, implementation of lift irrigation and rural drinking water projects were carried out under this programme.

In addition, having selected 400 low-income and shelter less family units only in the Hambantota district, 373 houses were completely constructed. Through these measures, these 400 family units could be given strength and courage needed to brighten their future.

Photographs of a few selected projects of infrastructure facility development are given below.



Agro road of Thennayaya, Pallegama, Moneragala



Thelulla lake reconstruction



**Construction of Pahatha Arawa Amuna of
Siyambalanduwa**

Financial and physical progress of above projects achieved at each district level could be mentioned as follows.

District Wise Progress of Infrastructure Facilities Development Projects – 2011

District	Project	Physical Progress	No. of Beneficiaries	Expenditure as at 31.12.2011 (Rs. m)	Community Contribution (Rs. m)
Galle	Reconstruction of rural roads	Laying concrete distance of 6.09 km (43 roads)	43957	24.213	11.634
	Reconstruction of canals	08	1066	1.245	0.6
	Public amenities/ Community halls	02	1765	2.394	0.9
Matara	Reconstruction of rural roads	4.7 km (25 roads)	37762	25.861	12.194
	Canals, retention walls, anicuts	1.2 km (15 projects)	6772	1.382	2.653
	Development of bus halts and playgrounds	02	3701	10.415	2.462
Moneragala	Reconstruction of rural roads	Development of distance 22 km (17 roads)	17116	13.784	7.081
	Canals. Retention walls and bridges	canal 3 shoe-bridge 1 retention wall 1	1405	2.91	0.61
	Circuit bungalow	building 1	750	-	0.08
	Minor Irrigation Projects	17	2232	3.844	2.631
Hambantota	Reconstruction of rural roads	Laying concrete of distance of 2.01 km (21 roads)	13630	13.582	5.618
	Canals, box culverts and retention walls	Canals 21 (distance 6.1 km) box culverts and retention walls 05	7130	14.632	6.233
	Development of fair	01	1500	0.739	0.204
	Lift water project	03	140	1.115	0.281
	Lake renovation	04	527	1.522	0.165
	Drinking water project	01	45	0.5	0.1
Total				118.138	53.446

Source : Data Base - Southern Development Authority of Sri Lanka

Under the development of rural agricultural roads in selected villages, access roads, which provide the direct contribution for strengthening the economy of rural people, were developed. In addition, roads, shoe-bridges, abandoned culverts, small bridges and retention walls were developed in order to facilitate rural children, youths and elders to get access to the developing world. This has become helpful to upgrade the quality and quantity as well of rural products and living standard of those people. Under the programme of renovation of rural irrigation systems, reconstruction of water drainage canals, construction of small lakes and implementation of lift water projects were carried out. This has made the opportunity for the successful cultivation of about 1310 paddy acres in future seasons. In addition, these measures have been helpful to cultivate 120 acres of new lands in Hambantota district.

4.3 Jathika Saviya - Gamaneguma Low Income Housing Scheme (Special Projects)

By the housing project implemented in Hambantota district, construction of 398 new houses for low income families selected was initiated. This work on this project was done in several stages with the participation of all members of the families concerned. By the end of the year, constructions on 373 houses were completed by spending a cost of Rs. 44,106,000.00. Constructions on the balance houses are to be completed by March 2012.

These low-income families had to face many difficulties due to non-availability of permanent houses, basic needs like electricity and meaningless expenditure borne for repairing of their temporary houses. With the construction of these new houses, they could acquire many benefits such as mental and physical satisfaction by being owners of a permanent house, upgrading of their economic and social level, having the suitable background for the education of their children etc. Since they could obtain electricity for their houses, they have been able to start new domestic industries and as a result, it can be expected that their household income would go up.

Furthermore, under this housing project, priority was given to families with disabled members who lived without even basic needs. As a result, housing problem of such disabled persons was solved with the implementation of this housing project.



**Residence of S.S. Jayalath of Maha Aluthgamara
Left Bank, Lunugamwehera**

4.4 Income Generation Projects of the Year 2011

Several projects focusing on tea, other industries and entrepreneurs were started, aimed at increasing of production, income generation and generation of job opportunities. These projects include; Jasminweli, Galagawawatte, Panilkanda, Handugala tea factories, Oliyagodawatte electricity power station, tyre filling factory of Ratalankawatte of Kamburupitiya, Isuru ceramic project of Kumbalgama, metal crusher project of Dankoluwatte, Pitabaddara, entrepreneur projects of Embilipitiya and Buttala and dragon fruit project of Ratalankawatte of Kamburupitiya. This Authority earned a sum of Rs. 2,851,292 from these projects during the year 2011. All such projects generated around 1,000 direct job opportunities. In addition, about 12,000 individuals in the Southern Region have been indirectly benefited because of all these projects. In turn, their living standard too has gone up. The Authority provided lands and buildings, which are considered as the major factor of production for the setting up of the above industries.

05. Overall Performance

When we analyze the overall performance of all development projects carried out by the Southern Development Authority of Sri Lanka in 2011, it could be highlighted that priority was given to “Divineguma” domestic economic units development programme and “Jathika Saviya Gamaneguma” programmes which are the major development programmes of the present Government. The treasury allocated a sum of Rs. 300.5 million in 2011 for other expenditure including retention amount related to the construction of Head Office building, continuation of incomplete projects of Jathika Saviya Gamaneguma initiated in the past year and implementation of new projects of Divineguma. A sum of Rs. 152.26 million out of such allocation could be spent in 2011 for-planned activities. (Details are mentioned in the Annexure 1) Accordingly, a financial progress of 51% could be achieved.

In addition, 529 projects out of total number of 1048 projects in the four districts could be totally completed. Therefore, the physical progress of 51% regarding the implementation of projects could be achieved. (Vide Annexure 2, 3, 4 and 5). Further, district wise financial progress is indicated by the graphs in Annexure 6.

As mentioned above, Southern Development Authority of Sri Lanka facilitated “Divineguma” domestic economic units upgrading programme and “Jathika Saviya Gamaneguma” programme making use of allocations provided by the Treasury in 2011. In this process, about 200,000 beneficiary families were given economic strength through the measures taken to develop the infrastructure facilities, livelihood activities and spiritual and morale feelings in people and investment promotions, resulting finally the growth of the economy in the Southern Region.

Furthermore, the Authority was able to make a resurgence upgrading the economic and the social standards of the people in the Southern Region under the concept of “Anduren Eliyata”. It could also be mentioned that in 2011, by implementing the above development projects, this Authority was able to give an economic impact of around Rs. 280 million to the country’s Gross Domestic Production in terms of visible and countable figures of the relevant sectors. Such contribution includes Rs. 154 million worth impact given by the Divineguma domestic economic units programme and Rs. 126 million worth impact given by the Jathika Saviya Gamaneguma programme.

In achieving the above progress, the Authority had to face with various internal and external obstacles and challenges as well. Yet, as a result of the collective efforts taken and due to the group spirit of working style of the staff from the minor to the highest level of superior, the Authority was able to achieve the above mentioned progress having soft tackled those obstacles and challenges.

**Southern Development Authority of Sri Lanka
(Financial Summary as at 31.12.2011)**

Programme		Galle		Matara		Hambantota		Moneragala		Head Office		Total	
		Allocation (Rs.)	Expenditure (Rs.)	Allocation (Rs.)	Expenditure (Rs.)	Allocation (Rs.)	Expenditure (Rs.)	Allocation (Rs.)	Expenditure (Rs.)	Allocation (Rs.)	Expenditure (Rs.)	Allocation (Rs.)	Expenditure (Rs.)
1.'Divineguma' programme													
1.1 New													
1.1.1	Domestic Economic Units Dev. Prog.	21,500,000.00	4,521,793.44	22,500,000.00	4,705,052.63	18,500,000.00	5,545,746.97	12,500,000.00	705,636.00			75,000,000.00	15,478,229.04
1.1.2	Livelihood Dev. Prog. of strengthening Domestic Economic Units Dev. Prog	21,227,000.00	1,490,049.75	10,316,000.00	298,936.86	31,850,561.82	1,590,396.41	16,382,386.00	722,371.93			79,775,947.82	4,101,754.95
1.1.3	Infrastructure Dev. Prog. of strengthening Domestic Economic Units Dev. Prog	16,678,031.13	9,726,654.62	28,398,189.92	16,145,948.96	10,870,314.65	24,499,411.67	4,248,000.00	7,453,823.63			60,194,535.70	57,825,838.88
Sub Total		59,405,031.13	15,738,497.81	61,214,189.92	21,149,938.45	61,220,876.47	31,635,555.05	33,130,386.00	8,881,831.56			214,970,483.52	77,405,822.87

Programme		Galle		Matara		Hambantota		Moneragala		Head Office		Total	
		Allocation (Rs.)	Expenditure (Rs.)	Allocation (Rs.)	Expenditure (Rs.)	Allocation (Rs.)	Expenditure (Rs.)	Allocation (Rs.)	Expenditure (Rs.)	Allocation (Rs.)	Expenditure (Rs.)	Allocation (Rs.)	Expenditure (Rs.)
2.Jathika Saviya Gama Neguma programme													
2.1 Retention													
2.1.1	Economic & Livelihood Dev. Prog.	97,573.35	14,090.87	701,231.58	650,040.78	1,727,587.96	1,723,856.25	49,371.03	49,371.01			2,575,763.92	2,437,358.91
2.1.2	Infrastructure Facilities Dev. Prog.	3,954,053.61	3,601,634.79	2,650,329.23	2,383,296.31	2,030,586.07	2,186,872.95	1,424,090.37	2,192,690.73			10,059,068.28	10,364,494.78
Sub Total		4,051,626.96	3,615,725.66	3,351,560.81	3,033,337.09	3,758,174.03	3,910,729.20	1,473,470.40	2,242,061.74			12,634,832.20	12,801,853.69
2.2 Accrual													
2.2.1	Economic & Livelihood Dev. Prog.	---	---	---	---	174,000.00	156,000.00	---	---			174,000.00	156,000.00
2.2.2	Infrastructure Facilities Dev. Prog.	3,208,121.17	2,653,941.23	--	6,000.00	294,000.00	264,000.00	183,251.91	529,596.03			3,685,373.08	3,453,537.26
Sub Total		3,208,121.17	2,653,941.23	--	6,000.00	468,000.00	420,000.00	183,251.91	529,596.03	--	--	3,859,373.08	3,609,573.26
2.3 Continuation													
2.3.1	Economic & Livelihood Dev. Prog.	57,500.00	40,932.50	8,037,218.02	7,679,156.62	1,114,315.77	1,014,178.85	1,011,724.91	199,123.42			10,220,758.70	8,933,391.39

Programme		Galle		Matara		Hambantota			Moneragala		Head Office		Total	
		Allocation (Rs.)	Expenditure (Rs.)	Allocation (Rs.)	Expenditure (Rs.)	Allocation (Rs.)	Expenditure (Rs.)		Allocation (Rs.)	Expenditure (Rs.)	Allocation (Rs.)	Expenditure (Rs.)	Allocation (Rs.)	Expenditure (Rs.)
2.3.2	Infrastructure Facilities Dev. Prog	12,913,551.24	11,418,913.96	14,943,548.55	13,469,732.67	5,202,599.89	4,661,983.71	13,544,837.69	7,630,306.57			46,604,537.37	37,180,936.91	
Total		12,971,051.24	11,459,846.46	22,980,766.57	21,148,889.29	6,316,915.66	5,676,162.56	14,556,562.60	7,829,429.99	--	--	56,825,296.07	46,114,328.30	
Grand Total		79,635,830.50	33,468,011.16	87,546,517.30	45,338,164.83	71,763,966.16	41,642,446.81	49,343,670.91	19,482,919.32	--	--	288,289,984.87	139,931,542.12	
3. Other														
3.1	Construction of head office building (Retention & Continuation).									6,633,078.44	7,438,051.82	6,633,078.44	7,438,051.82.04	
3.2	Acquisition of capital assets									1,000,000.00	905,164.32	1,000,000.00	905,164.32.95	
3.3	Internal employee training									500,000.00	299,425.00	500,000.00	299,425.00	
3.4	Admin. Expenditure (1.5%)									4,076,936.69	2,178,301.69	4,076,936.69	2,178,301.69	
Total										12,210,015.13	10,820,942.83	12,210,015.13	10,820,942.83.87	
Grand Total		79,635,830.50	33,468,011.16	87,546,517.30	45,338,164.83	71,763,966.16	41,642,446.81	49,343,670.91	19,482,919.32	12,210,015.13	10,820,942.83	300,500,000.00	150,752,484.95	
Retention Tax free - 210												1,511,606.05		1,511,606.05
Expenditure as at 31.12.2011														152,264,091.00

Annexure - 02

Southern Development Authority of Sri Lanka
Development Plan - 2011
Progress Summary as at 31.12.2011

Galle District

Project	No. of Beneficiaries	Financial Allocation (Rs.)	Financial Progress (Rs.)	No. of Projects	Physical Progress (%)					
					i 0 - 10	ii 11 - 25	iii 26 - 50	iv 51 - 75	v 76 - 100	vi Work completed
Domestic Economic Dev. Prog.	4300	21,500,000.00	4,521,793.44	43	0	2	10	24	7	0
Entrepreneur Prog. (Setting up Group Clusters/provide financial facilities)	6463	645,000.00	825,129.33	129	122	0	1	0	0	6
Conducting Technology Dev. Prog.	2151	215,000.00	--	43	43	0	0	0	0	0
Construction of Agro Access Roads	43957	45,675,628.57	23,766,588.38	45	14	0	0	0	4	101
Vocational Training Courses (Hotel/Printing Industry)	3	23,000.00	--	3	3	0	0	0	0	0
Minor Irrigation (canal/bridges/outer bank)	1066	3,612,999.44	1,244,972.75	8	3	0	0	1	1	8
Public Amenities (Community halls and Playgrounds)	1765	3,613,702.49	2,393,674.34	3	0	0	0	0	1	4
Other	340	642,000.00	16,000.00	5	4	0	0	0	0	2
Livelihood Dev. Prog. of strengthening Divineguma	529	3,708,500.00	699,852.92	17	10	0	0	0	7	2
Total	60574	79,635,830.50	33,468,011.16	296	199	1	11	25	20	123

Southern Development Authority of Sri Lanka
Development Plan - 2011
Progress Summary as at 31.12.2011

Matara District

Project	No. of Beneficiaries	Financial Allocation (Rs.)	Financial Progress (Rs.)	No. of Projects	Physical Progress (%)					
					i 0 - 10	ii 11 - 25	iii 26 - 50	iv 51 - 75	v 76 - 100	vi Work completed
Domestic Economic Dev. Prog.	4500	22,500,000.00	4,798,761.13	45	0	0	0	0	45	0
provide financial facilities for rural entrepreneurs / Entre. Dev. Prog.	6750	675,000.00	147,042.00	135	92	0	0	0	4	36
Conducting Technology Dev. Prog.	2251	230,000.00	--	46	45	0	0	0	0	1
Construction of Agro Access Roads	37762	40,595,499.41	27,638,533.66	43	13	1	0	0	0	113
Minor Irrigation (canal/outer banks/lakes)	6772	7,671,157.22	1,381,689.44	22	9	2	0	0	2	15
Public Amenities (Community halls and Playgrounds)	3701	11,851,532.77	10,415,897.41	5	0	0	0	0	0	13
Livelihood Dev. Prog. of strengthening Divineguma	239	3,260,500.00	902,483.33	9	2	8	0	0	1	0
Other	446	800,000.00	53,757.86	3	2	0	0	0	1	0
Total	62421	87,583,689.40	45,338,164.83	308	163	11	0	0	53	178

Southern Development Authority of Sri Lanka
Development Plan - 2011
Progress Summary as at 31.12.2011

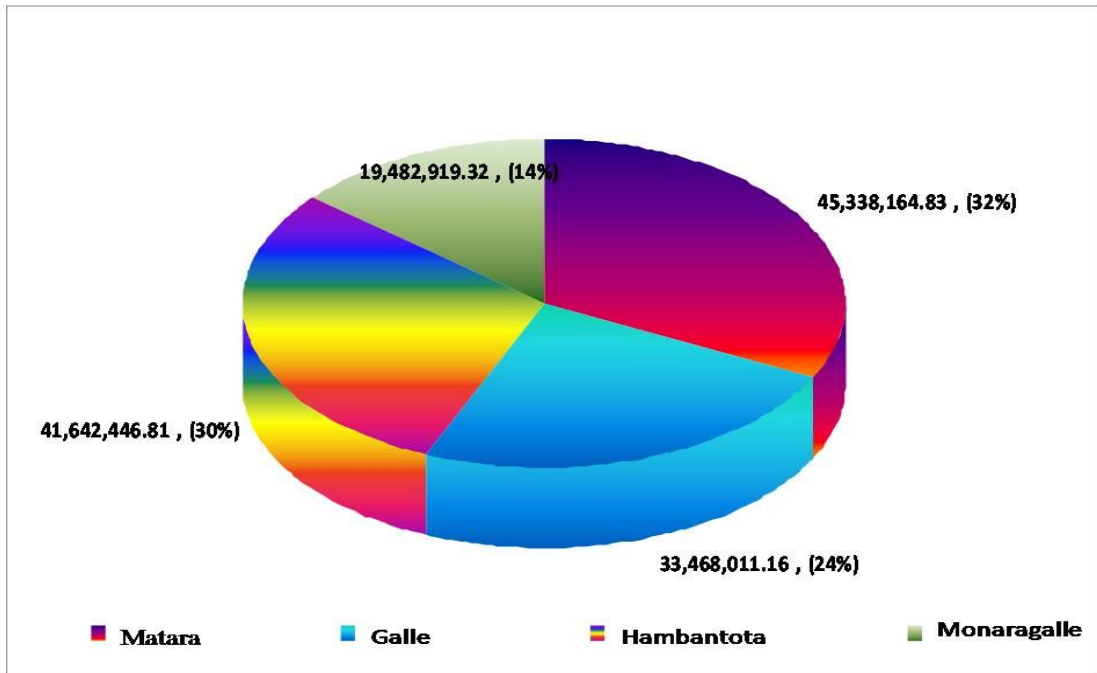
Hambantota District

Project	No. of Beneficiaries	Financial Allocation (Rs.)	Financial Progress (Rs.)	No. of Projects	Physical Progress (%)					
					i 0 - 10	ii 11 - 25	iii 26 - 50	iv 51 - 75	v 76 - 100	vi Work completed
Domestic Economic Units Dev. Prog.	3700	18,500,000.00	5,545,746.97	37	0	37	0	0	0	0
provide financial facilities for rural entrepreneurs / Entre. Dev. Prog.	5363	550,000.00	49,174.48	110	72	3	1	0	34	0
Conducting Technology Dev. Prog.	1851	190,000.00	68,110.03	38	33	2	0	0	3	0
Minor Irrigation (canal/outer banks/lakes)	7130	25,370,197.89	15,089,967.00	36	22	2	8	2	2	25
Construction of Agro Access Roads	13630	16,289,381.50	15,558,176.15	22	8	0	8	1	6	46
Fishery programmes	45	680,000.00	-	3	2	1	0	0	0	0
Lift water projects and water supply projects	875	3,647,047.50	2,429,532.33	6	5	0	1	0	0	6
Electricity supply projects	475	385,480.46	60,136.30	2	0	0	1	0	0	2
Public Amenities (Community halls and Playgrounds)	3925	906,247.11	824,304.59	1	0	0	1	0	0	8
Fixing name boards	11676	592,613.70	544,612.70	0	5	1	0	0	0	72
Livelihood Dev. Prog. of strengthening Divineguma	582	4,657,000.00	1,510,401.90	15	11	0	4	0	0	5
Total	49252	71,767,968.16	41,680,162.45	270	158	46	24	3	45	164

Southern Development Authority of Sri Lanka
Development Plan - 2011
Progress Summary as at 31.12.2011

Moneragala District

Project	No. of Beneficiaries	Financial Allocation (Rs.)	Financial Progress (Rs.)	No. of Projects	Physical Progress (%)					
					i 0 - 10	ii 11 - 25	iii 26 - 50	iv 51 - 75	v 76 - 100	vi Work completed
Domestic Economic Dev. Prog.	2500	12,500,000.00	705,636.00	25	12	9	0	1	2	2
Provide Financial Facilities for Rural Entrepreneurs.	2500	250,000.00	40,967.00	50	37	0	1	0	5	7
Setting up of Small Group Clusters of Entrepreneurs	1250	125,000.00	18,467.00	25	20	0	0	0	2	3
Conducting Technology Dev. Prog.	1250	125,000.00	17,949.00	25	21	0	1	0	1	1
Construction of Agro Access Roads	17116	19,431,329.08	14,077,490.54	17	4	2	0	0	16	37
Minor Irrigation (Lakes/anicutts /bridges/retention walls)	2352	11,500,008.38	3,938,673.68	20	9	3	0	1	6	10
Public Amenities (Playgrounds)	400	35,920.00	--	0	0	0	0	0	0	1
Livelihood Dev. Prog. of Strengthening Divineguma	903	2,876,414.45	683,736.10	10	3	5	0	5	2	2
Other	295	2,500,000.00	--	2	0	2	0	0	0	0
Total	28566	49,343,671.91	19,482,919.32	174	106	21	2	7	34	64



Chairman

Southern Development Authority of Sri Lanka

Report of the Auditor General on the Financial Statements of the Southern Development Authority of Sri Lanka for the year ended 31 December 2011 in terms of Section 14 (2) (c) of the Finance Act, No. 38 of 1971.

The audit of financial statements of the Southern Development Authority of Sri Lanka for the year ended 31 December 2011 comprising the balance sheet as at 31 December 2011 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13 (1) of the Finance Act, No. 38 of 1971 and Section 21(2) of the Southern Development Authority of Sri Lanka Act, No. 18 of 1996. My comments and observations which I consider should be published with the Annual Report of the Authority in terms of Section 14 (2) (c) of the Finance Act appear in this report. A detailed report in terms of Section 13 (7) (a) of the Finance Act was issued to the Chairman of the Authority on 26 April 2012.

1;2 Management's Responsibility for the Financial Statements

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

1:3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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

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

1.4 Basis for Qualified Audit Opinion

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

2. Financial Statements

2:1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Southern Development Authority of Sri Lanka as at 31 December 2011 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

2:2 Comments on Financial Statements

2:2:1 Sri Lanka Accounting Standards

The following non-compliances were observed.

- (a) The value of motor vehicles, machineries and equipment which were fully depreciated but used at present had not been revalued and brought to account in terms of Sri Lanka Accounting Standard No.18.

- (b) Even though the gratuity funds should be invested and the benefits of the investments should be disclosed in the financial statements in terms of Sri Lanka Accounting Standard No.42, it had not been done accordingly. According to the financial statements presented, amount provided for payment of gratuity as at 31 December 2011 was Rs.34,808,657. However, only an account valued at Rs.162,204 had been opened to build up a fund to meet the future liabilities for payment of gratuities of the employees.

2.2.2 Accounting Deficiencies

A sum of Rs.1,731,183 payable to the Land Reclamation and Development Corporation for filling earth of the land relating to the Battaramulla Pelawatta Ruhunu Fair Project and a sum of Rs.1,731,183 payable to the Urban Development Authority for outstanding taxes and Value Added Taxes had not been brought to accounts.

2.2.3 Unexplained Differences

- (a) According to the Development Plan for the year 2011, amount provided for the Livelihood and Infrastructure Development Programme in order to strengthening internal economic unit development programme of the “Divineguma” Programme in the districts of Galle, Matara, Hambantota and Moneragala was Rs.214,970,484. Even though the actual expenditure according to the financial statements for the year under review amounted to Rs.52,921,998, the expenditure according to the progress report amounted to Rs.77,405,823. Therefore, the difference was Rs.24,483,825.

- (b) Even though the actual expenditure according to the financial statements of the special housing project in the district of Hambantota amounted to Rs.58,638,447, the expenditure according to the progress report amounted to Rs.44,106,000. Therefore, the difference was Rs.14,532,447.

- (c) According to the information obtained from the Land Division and the Accounts Division, the value of land lease income amounted to Rs.19,123,777 while the value according to the financial statements amounted to Rs.18,783,254. Therefore, the difference was Rs.340,523.

2.2.4 Accounts Receivable and Payable

The following matters were observed.

- (a) Advances amounting to Rs.2,776,827 brought forward for over several years had not been settled even as at end of the year under review.
- (b) Sector-wise advances amounting to Rs. 2,493,173 given during the period from 1999 to 31 December 2001 had been brought forward during the year under review as well without being settled.
- (c) Action had not been taken to follow-up and settle or to utilize the lands for the intended purposes in respect of a sum of Rs.3,225,000 paid as deposits to the Divisional Secretariats since several years to acquire 05 lands.
- (d) Creditors' balances amounting to Rs. 58,199 shown in the financial statements as payables since several years had not been settled even during the year under review.
- (e) Action had not been taken even up to 31 December 2011 to recover 08 balances of loans and advances amounting to Rs. 1,424,409 given by the Authority several years ago.
- (f) Action had not been taken even up to 28 February 2012 to recover the sum of Rs. 1,326,151 paid to 13 various institutions and individuals for various projects.

2.2.5 Lack of Evidence for Audit

The communication equipment amounting to Rs.2,146,652 could not be satisfactorily vouched in audit due to non-availability of report of the Board of Survey.

2.2.6 Non-compliance with Laws, Rules, Regulations etc.

The following non-compliances with laws, rules, regulations etc. were observed.

Reference to Laws, Rules, Regulations, etc. -----	Non-compliance -----
(a) Financial Regulations of the Republic of Sri Lanka (FR) ----- F.R. 371	The advances should be settled immediately after the completion of the relevant task. However, advances amounting to Rs. 6,585,888 paid from 1999 to end of year 2010 had not been settled even as at 31 December 2011.
(b) Public Administration Circular No. 41/90 dated 10 October 1990	Even though consumption of fuel should be tested for every 06 months, action had not been taken accordingly.
(c) Board Paper No. 11/04/25 relating to decision No.8/24 dated 27 May 2011 of the Southern Development Authority	Fifty one balances valued at Rs.24,053,809 had remained unrecovered for more than 10 years and as such it was decided to write it off from the books by obtaining approval from the Secretary of the Ministry who is the Chief Accounting Officer. However, it had not been done even up to the year under review. The Chief Accounting Officer had not given instruction to collect this amount or to make necessary adjustment by identifying relevant documents.

3. Financial Review

Financial Results

The following observations are made.

- (a) It was observed that the operation of the Authority during the year under review had resulted in a deficit of Rs. 26,406,382 and the corresponding deficit for the preceding year amounted to Rs. 8,672,824.
- (b) The increase of the operating expenditure by Rs.20,878,761 as compared with the preceding year was the main reason for increase of deficit for the year under review.

4. Operating Review

4.1 Performance

A sum of Rs.348,331,160 had been allocated during the year under review for 1448 projects for 04 districts of Galle, Matara, Hambantota and Moneragala under the Divineguma Programme and Jathika Saviya Gamaneguma Programme. Out of this, a sum of Rs.184,075,257 had been spent for completing 902 Projects. A sum of Rs.164,255,903 provided for 546 projects had been saved without incurring expenditure. This savings represented 47.1 per cent. The following matters were observed in this connection.

- (i) Approval of the Board of Directors of the Authority had been obtained on 19 July 2011 in respect of Action Plan for the year under review while Procurement Plan relating to the Divineguma Programme had been presented for the approval of the Ministry only on 27 September 2011.
- (ii) A Development Plan with the targeted expenditure of Rs.300,500,000 had been prepared in the year 2011 considering Divineguma and Jathika Saviya Gamaneguma Programmes of the Ministry of Economic Development as basic functions which are extraneous to the basic functions in the Act of the Authority. A sum of Rs.119,102,000 had been obtained during the year under review for new works and accumulated, continuous works of that programme.
- (iii) Even though it was targeted to spend a sum of Rs.214,970,484 for “Divineguma Programme” relating to internal economic unit, livelihood and infrastructure facilities in 04 districts of Galle, Matara, Hambantota and Moneragala, the actual expenditure according to the progress report amounted to Rs.77,405,822 and it represented 36 per cent of the expenditure.

- (iv) Even though it was shown that action should have been taken by the Sector-wise Manager, Infrastructure Facilities to provide awareness to establish house based tourist resort under the Divineguma Programme and to obtain provision in this regard from the Tourist Development Authority of Sri Lanka in terms of Divineguma instruction in paragraph 04 of the Circular Letter No.SDA/2011/2 dated 06 July 2011 of the Chairman/ Director General, such programmes had not been implemented during the year under review due to not obtaining assistance from the Tourist Development Authority.
- (v) Approval had been obtained by the Letter No.MED/RE/R2/SDA/GEN/2011 dated 24 November 2011 of the Secretary (Development) of the Ministry of Economic Development to transfer a sum of Rs.11,696,742 for the year 2011 from less priority projects included in the original plans for implementing 33 necessary infrastructure and irrigation projects of the Authority in the districts of Galle, Matara, Hambantota and Moneragala. Out of these approved projects, only 11 projects valued at Rs.3,954,027 had been implemented.

4.2 Management Inefficiencies

4.2.1 Battaramulla – Pelawatte Ruhunu Fair Project

The Authority had acquired a land situated at Sunil Mawatha, Pelawatte, Battaramulla from the Urban Development Authority to start a ruhunu product sales centre in the capital city for the purpose of obtaining fair prices for the products such as livestock products, clay products and gneiss goods of the manufacturers of southern region. An agreement for Rs.2,254,230 had been entered into with the Land Reclamation and Development Corporation on 02 November 2006 for development of land and a sum of Rs.4,164,920 had been spent in this regard up to the end of the year under review.

Matters observed in this connection are given below.

- (a) A written title deed had not been provided for a land in extent of 01 acre belonging to Lot No. 01 in the plan No.3/2005 as per letter No.10/8/2291 dated 27 July 2005 of the Deputy Director of the Urban Development Authority. Further, a sum of Rs.204,400 had been paid for entering into a lease agreement with the Urban Development Authority. However, both parties had not signed in the agreement.

- (b) The Land Reclamation and Development Corporation had presented an estimate at the value of Rs.2,443,828 (including Value Added Tax) on 27 February 2007 for construction of iron bridge at the width of 09 meters. Even though a sum of Rs.160,000 had been paid for transporting and safeguarding the bridge, an agreement had not been entered into among both parties and the bridge had not been constructed.
- (c) According to the physical and performance report of this project, the total expenditure amounting to Rs.464,485 spent for repairing 07 lorries of the Authority and settlement of dispute of the farmers in Hambantota included in the expenditure incurred up to the year under review had been omitted in the accounts.
- (d) Even though it was decided at the meeting held at the Presidential Secretariat on 27 February 2007 regarding the Southern Development Authority that to transfer the land in extent of 01 acre on which the proposed market was situated to the Urban Development Authority and to obtain the amount spent by the Authority from the Ministry of Religious Affairs.
- (e) Field inspection carried out on 02 March 2012 revealed that the land which was developed by the Authority had been utilized by an external party whereas the written approval had not been obtained in this regard from Urban Development Authority or Southern Development Authority of Sri Lanka.
- (f) The Ruhunu Fair Project started for the purpose of obtaining fair prices for the products of the manufacturers' of the southern region had remained defunct by 24 February 2012 and as such it was observed that a sum of Rs.4,164,920 spent for development of the land for which the rights had not been properly transferred, had become a fruitless investment.

4.2.2 Iron Ferry of the Nilwala Ganga Project

The following observations are made in this connection.

- (a) The Authority had acquired an iron ferry abandoned by a foreign company (Back Company of France) which has implemented the Nilwala Ganga Project, in terms of powers under Section 12 (c), 13(d), (h), (j), (w) and (s) of the Act.

- (b) This iron ferry had been entrusted to an institution by an agreement dated 31 January 2007 to carry out repair and use it and a court case No. HC/Civil/2001/MR had been filed on 09 June 2011 against the Authority claiming compensation of Rs. 158 million for the loss suffered due to inability to take away the iron ferry.
- (c) The Authority had to pay compensation due to the irregular procedure carried out by the former Director (Policy and Planning) on his discretion using the Act of the Authority for entrusting the iron ferry which is not relevant to the activities of the Authority, to an outside individual by a written agreement subject to the responsibility of the Authority.

4.3 Operating Inefficiencies

4.3.1 Observations relating to the operational activities of each division of the Authority are given below.

Division -----	Observation on Deficiencies -----
Land Division	The Mee Meduma Sunny Side Gneiss Project with an anticipated expenditure of Rs.100,000 had not been implemented due to inability to acquire a suitable land and lack of awareness of the beneficiaries.
Fisheries Division	<p>(i) The project of enhancement of fisheries products and sub products had not been implemented. Projects such as project of making fry into fingerlings in the Divisional Secretariat Division of Kotapola, project of laying fresh water young fish into the Bakmeegaha Reservoir of Rs.20,000 and the project of enhancement of income of the fishing community of Rs.330,000 had not been implemented.</p> <p>(ii) Even though it was targeted to construct ponds for fresh water fish and construct two units of ponds at the value of Rs.380,000 for breeding fish from fry to fingerlings, it had not been completed. A sum of Rs.10,000 had been spent by the Authority for transporting fish fingerlings purchased by the Ministry of Fisheries of the Southern Province.</p> <p>(iii) According to the Procurement Plan, the targeted expenditure of the</p>

Fisheries and Health Division amounted to Rs.1,425,000 whereas according to the progress report of the above procurement plan no expenditure had been incurred.

- Agriculture Division
- (i) According to the Development Plan for the year under review, the targeted expenditure for completing 485 new works and continuous works amounted to Rs.69,650,000 whereas according to the progress report, the actual expenditure for 293 new works and continuous works amounted to Rs.19,981,329. Therefore, it was observed that the financial and physical targets had not been achieved.
 - (ii) The targeted expenditure to establish 150 small scale local suppliers in the districts such as Galle, Matara, Hambantota and Moneragala under the project of establishment of centre for supplying seeds and plants amounted to Rs.1,500,000 whereas only a sum of Rs.697,792 had been spent for 100 beneficiaries in the above mentioned four districts.
 - (iii) A sum of Rs.697,792 had only been spent for 33 centers relating to activities such as providing training for 31 beneficiaries from the targeted expenditure amounting to Rs.1,250,000 to establish 50 poultry centers/ business poultry farm centers, making cages, providing accessories and providing one year old chickens.
 - (iv) Out of the targeted expenditure amounting to Rs.1,250,000 to establish 25 goat breeding centers/ business goat farm centers, only a sum of Rs.120,705 had been spent for 10 centers relating to the activities such as providing training for 10 beneficiaries, erection of sheds etc..
 - (v) Out of the targeted expenditure amounting to Rs.2,000,000 to establish 20 cattle breeding projects/ business cattle farm centers, only a sum of Rs.633,664 had been spent for 20 centers relating to activities such as providing training for 24 beneficiaries, providing materials for erection of sheds etc.

Human Resources Development and Training Division Even though a detailed data system and a compact disk should be prepared by the Human Resources Development and Training Division relating to the progress of the Divineguma Programme, it (CD Disk) had not been prepared up to 05 July 2012.

Industrial Division (a) Pipe Industries

According to the procurement plan for the year under review, it was targeted to spend a sum of Rs.500,000 to provide necessary facilities and services to the pipe industrialists at the Grama Niladhari Divisions of Palolpitiya and Batuwita in the District of Matara relating to pipe industries project of the Industrial Division. However, according to the progress report, the expenditure amounted to Rs.50,758.

(b) Project of Enhancement and Development of Livelihood of the Clay Industrialist, Bibulagoda

Even though it was decided to spend the contribution of the Authority and individual amounting to Rs.335,000 and Rs.321,000 respectively for the industrialists involved in the clay industries at the village of Bibulagoda in the district of Hambantota, the project activities had not been completed.

4.3.2 Investment of Funds of the Authority in an Associate Company

According to Section 13 (e) of the Southern Development Authority of Sri Lanka Act, provision had been made to establish Departments or Agencies by the Authority itself for any activities relating to carrying out functions of the Authority. Accordingly, the Southern Development Finance Limited Liability Company which was a public company on another name, had been registered as public company by changing its business name with effect from 17 November 2009 in terms of Companies Act No.07 of 2007.

The Authority had utilized a sum of Rs 10,000,000 in one million shares of each Rs.10 of the share capital of Rs.60 million of the Ruhunu 2001 Venture Capital Company. In addition to this, a sum of Rs.35,000,000 had been granted for various loan schemes. Similarly, a sum of Rs.6,858,958 had been incurred as salaries and other expenditure of the staff of the public company during the years 1999, 2000 and 2001.

Matters observed in this regard are given below.

- (a) (i) Dividend or interest had not been obtained for the amount invested during the period from the year 1997 to 31 December 2011 due to the losses sustained by the public company.
- (ii) Instances of granting loan by the Venture Capital Company which was existed earlier contrary to the activities specified by the Authority.
- (iii) According to the condition of agreement entered into between the Authority and the Ruhunu 2001 Venture Capital Company, funds granted for loan scheme should be repaid. Accordingly, out of Rs.35,000,000, a sum of Rs.12,000,000 had become a Revolving Fund and after deducting this amount and outstanding amount of Rs.1,927,480, a sum of Rs.21,072,520 had remained recoverable.
- (iv) The interest receivable for investment had not been pointed out in any agreement entered into when granting loan to the Ruhunu 2001 Venture Capital Company by the Authority under the loan scheme.

4.4 Personnel Administration

Particulars of the approved and actual cadre of the Southern Development Authority of Sri Lanka as at 31 December 2011 are given below. Accordingly, there were vacancies for 21 posts.

<u>Category of Post</u>	<u>Approved</u>	<u>Actual</u>
Executive	17	12
Secondary	190	176
Primary	80	78
	-----	-----
	287	266
	=====	=====

4.5 Utilisation of Vehicles

There were 02 petrol motor vehicles, 10 diesel motor vehicles, 19 cab vehicles, 04 Browsers, 07 Lorries and 02 Vans belonging to the vehicle fleet of the Authority during the year under review. Analysis of important data on utilization of vehicles is given below.

<u>Particulars</u>	<u>2011</u>	<u>2010</u>
Fuel expenditure Rs.	5,665,334	5,864,104
Repairs and maintenance expenditure Rs.	7,640,625	3,925,256
Drivers salaries, batta and overtime Rs.	13,720,449	4,653,934
	-----	-----
Total cost Rs.	27,026,408	14,443,294
Total distance of Kilometer performed	565,615	518,560
Quantity of fuel utilized Liters**	70,489	65,720
Distance travelled for a liter of fuel K.m	8.02	7.89
Average expenditure on fuel for a kilometer Rs.	10.01	11.30
Average expenditure on repairs and maintenance for a kilometer Rs.	13.50	7.56
Average expenditure on drivers remuneration for a kilometer Rs.	24.25	8.97
Overall average expenditure for a kilometer Rs.	47.78	27.85

** Additional fuel consumed by the external institutions had also been included in the fuel utilized.

4.6 Resources of the Authority given to other Private and Government Institutions

Vehicles belonging to the Authority had been released to the following persons contrary to Section 8.3.9 of the Public Enterprises Circular No.PED/ 12 dated 02 June 2003.

<u>Vehicle No.</u>	<u>Type of Vehicle</u>	<u>Designation of the person who utilized the vehicle</u>
300 - 0546	Motor Vehicle	Consultant
57 - 5713	Double Cab Vehicle	Public Relation Officer of the Deputy Minister of Economic Development

05. Accountability and Good Governance

5.1 Corporate Plan

The following observations are made.

- (a) The Authority had prepared a Corporate Plan to spend a sum of Rs.2,127.74 million for the period from 2008 to 2012 to carry out its activities under the districts of Galle, Mattara, Hambantota and Moneragala eight divisions in the Divisional Secretariat Divisions of Kolanna and Embilipitiya. In terms of instruction given to the Authority at the meeting held at the Presidential Secretariat on 17 November 2008, the above Corporate Plan had been abandoned and the Jathika Saviya Gamaneguma Programme of the Ministry of Economic Development was being implemented since 2009.
- (b) According to the Divineguma Programme of the Ministry of the Economic Development for the period from 2012 to 2015, it was targeted to prepare and implement the Corporate Plan.
- (c) The following activities included in the objectives of the Institution had not been implemented and no action had been taken during the year under review and the preceding year to prepare the relevant plan.
 - (i) Planning and implementation of Development Plans in the selected areas for the purpose of enhancement of productivity, improvement economic development and creating income and economic opportunity.
 - (ii) Carrying out detailed studies on priority basis in selected areas relating to projects identified from overall development plan.
 - (iii) Making request by the Minister from the Ministry relating to provision of foreign funds for any specific projects or programmes.

5.2 Annual Action Plan

Even though an Action Plan had been prepared for the year 2011, the following deficiencies were observed in this plan.

- (a) All the divisions of the Authority had not been considered when making decisions of the Project. The Action Plan prepared was extraneous to the objectives of the Authority and also the instances of non achievement of targets were observed.
- (b) Even though the officers to whom responsibilities were entrusted, should have been specifically shown when achieving objectives and targets of the Authority in terms of Section 5.1.2 Public Administration Circular No.PED/ 12 dated 02 June 2003, only the responsible Division had been shown in the Action Plan without specifically showing such responsible officers.

5.3 Budgetary Control

It was observed that the budget had not been made use of as an effective instrument of management control on the basis of hundred per cent unfavourable position in the estimated other revenue and not carrying out the expenditure estimated in the development and capital expenditure and incurring very less amount for certain development expenditure than the estimated expenditure.

5.4 Implementation of Decision of the Committee on Public Enterprises

- (a) Decisions and directives taken at the meeting of the Committee on Public Enterprises held on 25 October 2011 in respect of the reports of the Auditor General on the accounts of the Southern Development Authority of Sri Lanka for the years 2007, 2008 and 2009 had been issued to the relevant authorities whereas the correspondence of letters with various institutions and individuals had only been occurred relating to the above decisions up to 15 March 2012.
- (b) (i) It was informed by the letter No.MED/AQ/5/7/2012 dated 15 February 2012 of the Secretary of the Ministry of Economic Development that His Excellency the President has taken decision and the Cabinet of Ministers approved on 25 January 2012 to implement the recommendations on disclosures and directives pointed out in the reports presented to Parliament relating to the Authority and to entrust responsibilities to the officers in order to not occurring again the identified irregularities.

- (ii) Further, it was informed to the Chairman of the Authority to recover if any loss incurred to the Government regarding the identified matters, to take disciplinary action if any irregularity occurred and to submit a report including the procedure followed so far to rectify errors in the names and addresses of the responsible officer/ officers. However, it was observed that particulars had not been properly submitted in the letter dated 17 February 2012 of the Chairman.

6. Systems and Controls

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

- (a) Accounting
- (b) Collection of loan installment and revenue
- (c) Old debtors and creditors balances
- (d) Implementation of projects
- (e) Implementation of recommendation of the Committee on Public Enterprises and the follow up action

H.A.S.Samaraweera
Auditor General

SOUTHERN DEVELOPMENT AUTHORITY OF SRI LANKA

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2011

	Notes	YEAR 2011		YEAR 2010	
		Rs.	Rs.	Rs.	Rs.
ASSETS					
Non-current Assets					
Property, Plant and Equipment (W.D.V.)	1	145,819,537		149,475,797	
Investments (LT)	2	43,097,520		43,913,183	
Other Financial Assets		-	188,917,057	-	193,388,981
Current Assets					
Inventories/Stocks	3	660,385		533,010	
Trade and Other Receivables	4	34,366,341		37,222,492	
Pre-payments	5	979,842		2,021,007	
Cash and Cash Equivalents	6	5,570,258	41,576,826	61,478,247	101,254,757
Total Assets			230,493,883		294,643,737
LIABILITIES					
Current Liabilities					
Payables	7	15,081,083		26,493,104	
Accrued Expenses	8	39,891,644		25,462,192	
Short-Term Borrowings (OD)		-	54,972,727	-	51,955,296
Non-Current Liabilities					
Payables		-		-	
Provision for Gratuity		34,808,657	34,808,657	23,268,505	23,268,505
Total Liabilities			89,781,384		75,223,801
Total Net Assets			140,712,499	-	219,419,936
NET ASSETS/EQUITY					
Accumulated Fund	EC	140,712,499		219,419,396	
Reserves		-	140,712,499	-	219,419,936
Accumulated Loss	EC		-		-
Total Net Assets/Equity			140,712,499		219,419,936

The Financial Statements are to be read in conjunction with the Accounting Policies and Notes, which form an integral part of the Financial Statements of the Authority set out on pages 71 to 100.

The report of the auditors is given on pages 49 to 64. Figures in brackets indicate deductions.

I certify that the Financial Statements of the Authority comply with the requirements of the Finance Act No. 38 of 1971 and the requirements of the Accounting Standards.

.....
Director (Finance & Administration)
Southern Development Authority of Sri Lanka

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Approved and signed on behalf of the Board.

.....
Chairman / Director General
Southern Development Authority of Sri Lanka

Date : 24-02-2012

SOUTHERN DEVELOPMENT AUTHORITY OF SRI LANKA
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31ST DECEMBER 2011

	Notes	2011 Rs.	2010 Rs.
Operating Revenue			
Recurrent Grant		107,600,000	105,632,000
Other Income	9	7,073,581	5,896,379
		114,673,581	111,528,379
Operating Expenses			
Personal Emoluments	10	102,982,593	87,740,681
Travelling	11	2,379,175	2,218,317
Supplies and Consumables used	12	5,348,518	4,429,865
Maintenance	13	12,170,101	9,292,973
Contractual Services	14	3,778,800	3,865,199
Depreciation	01	11,074,248	10,766,528
Other Operating Expenses	15	3,346,529	1,887,641
Total Operating Expenses		141,079,964	120,201,203
Surplus/(Deficit) from Operating Activities for the Period		(26,406,382)	(8,672,824)

The Financial Statements are to be read in conjunction with the Accounting Policies and Notes, which form an integral part of the Financial Statements of the Authority, set out on pages 71 to 100.

The report of the auditors is given on pages 49 to 64. Figures in brackets indicate deductions.

SOUTHERN DEVELOPMENT AUTHORITY OF SRI LANKA
STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31ST DECEMBER 2011

	Accumulated Fund Rs.	Accumulated Deficit or Excess Rs.	Total Rs.
Balance as at 31st December 2011	167,118,881	-	167,118,881
Changes in Accounting Policy	-	-	-
Restated Balance	167,118,881	-	167,118,881
Surplus on Revaluation of Properties	-	-	-
Deficit on Revaluation of	-	-	-
Currency Translation Differences	-	-	-
Net Gains and Losses not Recognized in the Statement of Financial Performance	-	-	-
Surplus/(Deficit) for the Period	-	(26,406,382)	(26,406,382)
Balance as at 31st December 2011	167,118,881	(26,406,382)	(140,712,499)

Accumulated Fund	Schedule		Total
Balance as at 01.01 2011	-	219,419,936	
Add: Work-in-progress as at 01.01.11		17,189,233	
Accumulated Development Cost as at 01.01.11		<u>1,754,939,136</u>	
		1,991,548,305	-
Prior Year Adjustments for Accumulated Fund		<u>(1,726,239)</u>	
		1,989,822,066	
Fund Received for the Year 2011 - For Normal Programmer	-	119,102,000	
- For Special Project		50,000,000	
	-	<u>2,158,924,066</u>	2,158,924,066
Accumulated Development Cost as at 31.12.11	Schedule 20		(1,991,513,537)
Work-in-Progress	Schedule-16		(291,648)
Accumulated Fund as at 31-12-2011			167,118,881

The Financial Statements are to be read in conjunction with the Accounting Policies and Notes, which form an integral part of the Financial Statements of the Authority, set out on pages 71 to 100.

The report of the auditors is given on pages 49 to 64. Figures in brackets indicate deductions.

SOUTHERN DEVELOPMENT AUTHORITY OF SRI LANKA
CONSOLIDATED CASH FLOW STATEMENT
31st DECEMBER 2011

	2011	2010
	Rs.	Rs.
Cash Flows from Operating Activities		
Surplus/(Deficit) from Ordinary Activities	(26,406,382)	(8,672,824)
Non-cash Movements		
Depreciation	11,074,248	10,766,528
Provision for Gratuity	12,362,617	2,418,712
Prior Year Adjustments	17,189,233	8,803,513
- Work-in-Progress		
- Accumulated Fund	(1,726,239)	(548,954)
- Accumulated Development Expenditure	(1,093,516)	(4,480,769)
- Accumulated Depreciation	(49,590)	328,372
Increase/(Decrease) in Payables	3,017,431	(39,193,277)
(Gains)/losses on Sale of Property, Plant, Equipment and Vehicles	-	(230,440)
(Increase)/Decrease in Other Current Assets	913,790	(884,020)
Increase in Investments due to Re-valuation	-	
Increase in Receivables	2,852,152	21,149,136
Extraordinary Items	-	
Net Cash Flows from Operating Activities	18,137,742	(10,544,025)
CASH FLOW FROM INVESTING ACTIVITIES		
Capital Expenditure	(235,480,884)	(242,716,746)
Construction of Head Office Building	(6,483,097)	(23,541,790)
Rehabilitation of Fixed Assets (Land Acqi. Deposit)	(255,126)	(10,869,990)
Rehabilitation of Fixed Assets (Vehicles)	(122,800)	(118,000)
Purchase of Plant and Equipment	(507,375)	(23,275,188)
Proceeds from Investment	815,663	300,000
Proceeds from Sale of Vehicles & Motor Bicycles	-	237,912
Net Cash Flows from Investing Activities	(242,033,618)	(303,740,210)

CASH FLOWS FROM FINANCING ACTIVITIES

Capital Grant for normal projects	119,102,000	233,230,000
Capital Grant for special projects	50,000,000	156,510,033
Work-in-Progress	(291,648)	(17,189,232)
Gratuity Payments	(822,466)	(966,029)
	<u>167,987,887</u>	<u>371,584,772</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(55,907,989)	57,300,537
Cash and Cash Equivalents at the Beginning of the Period	<u>61,478,247</u>	<u>4,177,710</u>
Cash and Cash Equivalents as at the End of the Period (Note 06)	<u>5,570,258</u>	<u>61,478,247</u>

The Financial Statements are to be read in conjunction with the Accounting Policies and Notes, which form an integral part of the Financial Statements of the Authority set out on pages 71 to 100.

The report of the auditors is given on page 49 to 64. Figures in brackets indicate deductions.

ACCOUNTING POLICIES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS - YEAR 2011

01. REPORTING ENTITY

These Financial Statements are of the Southern Development Authority of Sri Lanka which is a Statutory Body incorporated under the Parliament Act No. 18 of 1996. The Head Office of the Authority is located at No. 15, Mathotagama, Walgama - North, Matara.

1.2 CORPORATE INFORMATION

1.2.1. VISION

“Our vision is to create an economically prosperous Southern Region within an ecologically sustainable and culturally vibrant environment, while offering attractive and challenging opportunities for the youth and opening up the Region as a “Gateway” to the fast growing Asia Pacific Region”.

1.2.2 MISSION

“Our mission is to contribute to the accelerated growth of the Region’s Gross Domestic Production (GDP) and assisting in the achievement of a Per Capita Income to targeted levels, within an environment providing challenging opportunities and better quality of life, by scrutinized identification of felt needs and resource in the Region, planning and developing with the co-ordination of line Agencies and the Private Sector.”

1.2.3 DESIGNATED AREA

According to the Section 3 (1) of the Southern Development Authority Act. No. 18 of 1996 and Part I Section I Gazette extraordinary of the Democratic Socialist Republic of Sri Lanka 20th December 2001, the designated area includes Galle, Matara, Hambantota, Moneragala districts and Kollonna and Embilipitiya Divisional Secretariats in the Rathnapura administration district.

1.2.4 STAFF DETAILS

The number of permanent employees at the end of the year 2011 was as follows.

Senior Level	-	03
Tertiary Level	-	90
Secondary Level	-	95
Primary Level	-	<u>78</u>
Total	-	<u>266</u>

02. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements of the Southern Development Authority of Sri Lanka are prepared under the historic cost convention in conformity with the Generally Accepted Accounting Principles and guided by the Sri Lanka Accounting Standards. Historic cost is applied as the measurement basis. Income and expenditure are recorded on accrual basis in the Financial Statements of the period to which they relate. Where appropriate, the income and expenditure items are explained in the notes thereto.

2.2. REPORTING PERIOD

The reporting period of these Financial Statements is the year ended 31st December 2011.

2.3 APPROVAL OF FINAL ACCOUNTS

The Board of Directors of this Authority has approved the Final Accounts on 24-02-2012.

03. ASSETS AND BASES OF THEIR VALUATION

(a) Current Assets

Assets classified as current assets on the Balance Sheet are cash and bank balances and those which are expected to be realized in cash during the normal operating cycle of the Authority's activities or within one year from the reporting date, whichever is shorter.

(b) Property, Plant and Equipment

(i) Recognition and Measurement

Items of property, plant and equipment are measured at cost/valuation less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Lands are valued either at cost or assessed value by the Government valuer whichever is applicable.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within "capital/development income account".

(ii) Subsequent Costs

The cost of replacing part of an item of Property, Plant and Equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Authority and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of day to day servicing of Property, Plant and Equipment are recognized in Income and Expenditure Statement as incurred.

(iii) Depreciation

Depreciation is recognized in the Statement of Financial Performance on a straight-line basis over the estimated useful lives of items of each part of an item of the following assets. No depreciation is provided for in the year of disposal and a full year's depreciation is provided for in the year of purchase of assets. Depreciation on the following assets has been provided for at the following rates, on their costs.

Buildings	5%
Furniture and other Equipment	10%
Electrical Equipment	20%
Motor Vehicles	20%
Communication Outlay	15%
Training Equipment	25%
Name Boards	10%

04. INVENTORIES / STOCKS

Stocks consist of different types of consumables and inventory items. Nevertheless, the majority of such stocks are office stationary items and low valued inventory items.

Such inventories/stocks are stated either at the costs or net realizable value whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories/stocks is based on the FIFO principle and includes expenditure incurred in acquiring the inventories/stocks and bringing them to their existing location and condition.

05. RECEIVABLES

Receivables are stated at the amounts that they are estimated to be realized net of provisions for bad and doubtful receivables.

06. EMPLOYEE BENEFITS

(i) Defined Contribution Plans – Employee Provident Fund and Trust Fund

The Authority contributes 12% and 3% of gross salary to the Employees' Provident Fund and Employees' Trust Fund respectively, in terms of EPF Act No.15 of 1958 as amended and in terms of the ETF Act No.46 of 1980 as amended.

(ii) Employee Benefit Plans - Retirement Gratuity

Provisions have been made for retirement gratuity, which may fall due for payments, i. e. from the first year of service for all employees in conformity with the Sri Lanka Accounting Standard - No. 16. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued services. The liability is not externally funded, nor actuarially valued.

Retirement benefit cost for 265 employees out of 266 total no of employees are entitled for claiming gratuity. At the end of the year 2011, annual provision made in this regard is Rs. 12,362,617.45 bringing the total cumulative provision as at 31/12/2011 to Rs. 34,808,656.95.

07. CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

All tangible commitments and contingent liabilities are considered and where necessary adjustments and /or disclosures are made in the Financial Statements.

Contingencies are possible assets or obligations that arise from past events and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Authority's control.

7.1 Kaduruduwawattha - Galle

This land with an extent of 19 A. 02 R .14.1 P. has been acquired under the Clause 38 (a) of the Land Acquisition Act and the extra-ordinary gazette No. 1044 which has been issued on 29.09.1998. A sum of Rs.10,869,989.60 was paid as compensation to 29 No. of settlers and the balance i.e. interest amount, to be paid as estimated is Rs.6,675,954,00.

08. REVENUE

(i) Revenue Recognition

Income of the Authority mainly consists of Government grants. Grants include with recurrent grant, and long term capital/development grants and they are recognized at cost/fair value as income on cash basis. The related expenses are recognized on an accrual basis.

Other revenue of the recurrent and capital nature is recognized in the Statement of Financial Performance on accrual basis. No revenue is recognized if there are significant uncertainties regarding recovery of the same.

(ii) Rent and Other Income

Rent income on properties given to outside entrepreneurs and investors is recognized on accrual basis and shown in Statement of Financial Performance.

09. OTHER PAYABLES

Other payables are stated in the Financial Statements at the cost.

10. EXPENSES

(i) Expense Recognition

All expenditure incurred in the running of the Authority and maintaining the capital assets in a state of efficiency has been charged to income in arriving at the deficit or excess for the year.

Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the Authority's activities or for the purpose of increasing the earning capacity of the Authority has been treated as capital expenditure.

Costs of repairs and renewals are charged to income in the year in which the expenditure is incurred.

(ii) Recurrent Expenditure

Recurrent Expenditure has been incurred mainly for the following purposes.

- Personal Emoluments
- Traveling Expenses
- Supplies
- Maintenance Expenditure
- Contractual Services
- Other Recurrent Expenses

(iii) Capital / Development Expenditure

Capital expenditure is incurred in the implementation of development projects in the designated area, which shall also include the cost of planning, designing and development of project reports as deemed applicable, in addition to the cost of implementation.

11. CASH FLOW STATEMENT

The Cash Flow Statement of the Authority has been prepared and presented in using "Indirect Method" in accordance with Sri Lanka Accounting Standards - 09: Cash Flow Statement.

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as cash in hand, demand deposits in banks net of outstanding bank overdrafts and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

13. COMPARATIVE INFORMATION

To ensure consistently with the current period and classification method adopted in making a fair presentation of financial information, comparative figures have been re-stated where appropriate.

14. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

15. INTEREST IN JOINT VENTURES

(i) Income from Ruhuna 2001 Multivision Company Ltd.

The Ministry of Media, Tourism and Aviation has granted a license to this Authority to operate and maintain a private television broadcasting station. (Letter Ref. MTA/M/RC/54 dated 24.10.1996) In this regard, the Director General of Telecommunications had allocated 19 MDS telecasting channels/frequencies to this Authority. (Letter Ref. DGT/MDS/1/1996 dated 02.12.1996)

As per an agreement entered into by this Authority with Chalmway Pvt. Ltd., Australia, on 06.06.1997, the franchise gained to run 19 MDS channels/frequencies, (i.e. 6 to Colombo area and 13 to all island) have been transferred to the Chalmway Pvt. Ltd.

As per the conditions of this agreement, both parties have formed Ruhuna 2001 Multivision Company Ltd. to operate and run the business of telecasting Cable TV services. Also, as per the clause No. 11.1 of this agreement, Multivision Company should pay 10% of its total gross subscriber revenue to this Authority by way of Royalty and such payments should be effected quarterly.

Yet, Multivision Company has neither paid any payment to the SDA in this regard, up to 26.04.2005 nor submitted annual accounts up to that date. Subsequently, with the intervention of then Chairman of this Authority, he has managed to get Rs.7, 694,218.24, a part of Royalty payment, on 27.04.2005 by Cheque No -047411 from Multivision Co., Ltd.

Since the practical circumstances involved with regard to this Company has been so complexed, it is extremely difficult to account for the total balance income to be received from Multivision Co., with reasonable certainty. Therefore, it was inevitable only to account for Rs. 7,694,218.24, which we have received by cash for the year 2005.

While steps were taken to recover the royalty value receivable from Ruhuna 2001 Multivision Company (Pvt) Ltd., the Telecommunication Regulatory Commission (TRC) had filed a case at the District Court, Colombo under the case No. 7797/SP, against Ruhuna 2001 Multivision Co. Ltd., on several legal grounds, with a view to withdraw the frequencies allocated to Multivision. Having known of this, this Authority sent several written requests to the Chairman, TRC requesting not to withdraw the channels/frequencies until this Authority's dues are recovered from Multivision.

Yet, at the final proceedings of this case that had taken place on 24.07.2008, the Court has given a judgment ordering to withdraw all frequencies to the TRC from Multivision. Further, according to the judgment, eight frequencies had been handed over to one M/s Sky Television Radio Network (Pvt.) Company Ltd.

Due to this situation, the Authority is not in a position to recover Royalty arrears to be received from Multivision. In the meantime, it has been reported that Multivision Company has not been re-registered under the new Company Act No. 07 of 2007.

As such, legal advice has been sought from the Attorney General to instruct as to how this Authority could recover the royalty arrears and what legal action this Authority could initiate in this regard.

16. INVESTMENTS IN ASSOCIATES

(i) Investments in Ruhuna 2001 Venture Capital Company Ltd; (Southern Development Finance Company Ltd;)

The Ruhuna 2001 Venture Capital Company Ltd. (Presently known as the Southern Development Finance Company Ltd.) was incorporated on 15/12/1996 under the Company Act No. 17 of 1982 and consequently re-registered under the Company Act No. 07 of 2007. The Board of Directors and the management of this company is headed by the Chairman of this Authority. The Authority's contribution for this company as at 31-12-2011 is as follows.

Initial Capital Contribution	-	Rs. 10,000,000.00
Revolving Loan Fund	-	<u>Rs. 33,072,519.77</u>
Total	-	<u>Rs. 43,072,519.77</u>

This Authority has not received any return or benefit on the above investment up to now. As such, this Authority has repeatedly requested from this Company to pay a return on this investment. Yet, the company management has informed that due to the losses experienced by this Company in the past, they were not able to provide such returns. Also, they have informed that since this Company has started to earn profits from the year 2011, they would make arrangements to pay due returns to this Authority in the future.

SOUTHERN DEVELOPMENT AUTHORITY OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2011

Note-1

Fixed Assets

Description	Total Cost as at 01.01.2011	Addition	Disposal	Total Cost as at 31.12.2011
	Rs.			Rs.
Lands (Schedule 01)	18,419,737	255,126	-	18,674,863
Lease Hold Lands	630,488	-	-	630,488
Buildings (Schedule 01)	15,292,876	-	-	15,292,876
Head Office Building	103,950,977	6,483,097	-	110,434,073
Motor Vehicles	67,884,900	122,800	-	68,007,700
Communication Outlay	2,146,652	1,500	-	2,148,152
Furniture & Fittings	12,531,387	17,250	-	12,548,637
Name Boards	2,023,265	-	-	2,023,265
Office Equipment	3,200,770	-	-	3,200,770
Electrical Equipment & Computers	28,047,006	323,000	-	28,370,006
Training Equipment	1,241,500	-	-	1,241,500
Cold Room	1,345,192	-	1,345,192	-
Plant & Machinery (Galagawa Tea)	1,450,000	-	-	1,450,000
Building Partitions	6,892,794	165,625	-	7,058,419
	265,057,543	7,368,397	1,345,192	271,080,748

FIXED ASSETS-HAMBANTOTA INTEGRATEED COSTAL ZONE MANAGMENT PROJECT

Description	Total Cost as at 01.01.2011	Addition	Disposal	Total Cost as at 31.12.2011
	Rs.			Rs.
Motor Vehicles	3,920,293	-	-	3,920,293
Communication Outlay	209,618	-	-	209,618
Furniture & Fittings	190,600	-	-	190,600
Office Equipment	472,732	-	-	472,733
Electrical Equipment	1,801,606	-	-	1,801,606
Total Assets	6,594,849			6,594,849
	271,652,392	7,368,397	1,345,192	277,675,597

SOUTHERN DEVELOPMENT AUTHORITY OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2011

Note-1.1

DEPRECIATION - SOUTHERN DEVELOPMENT AUTHORITY

Description	Balance as at	For the	Disposal/	Balance as at
	01.01.2011	Year	Addition	31.12.2011
	Rs.	Rs.	Rs.	Rs.
Lands	-	-	-	-
Head office new Building	5,197,549	5,521,134		10,718,682
Buildings	7,071,576	764,644	-	7,836,220
Motor Vehicles	67,670,500	127,160		67,797,660
Communication Outlay	2,004,672	33,215	(11,273)	2,026,614
Furniture & Fittings	5,962,140	733,738	-	6,695,878
Name Boards	638,950	173,472	-	812,422
Office Equipment	3,245,841	53,682	(45,071)	3,254,452
Electrical Equipment & Computers	19,071,303	2,961,361	-	22,032,664
Training Equipment	1,241,499	-	-	1,241,499
Cold Room	1,345,191	-	(1,345,191)	-
Plant & Machinery(Galagawa Tea)	1,450,000	-	-	1,450,000
Building Partitions	689,279	705,842	-	1,395,121
	115,588,499	11,074,248.48	(1,401,535)	125,261,212

DEPRECIATION-HAMBANTOTA INTEGRATED COASTAL ZONE MANAGEMENT PROJECT

Description	Balance as at	For the	Disposal	Balance as at
	01.01.2011	Year		31.12.2011
	Rs.	Rs.	Rs.	Rs.
Motor Vehicles	3,920,292	-	-	3,920,292
Communication Outlay	209,618	-	-	209,618
Furniture & Fittings	188,375	-	(2,225)	190,600
Office Equipment	468,005	-	(4,728)	472,733
Electrical Equipment	1,801,806	-	200	1,801,606
	6,588,095	-	(6,753)	6,594,848
Total Depreciation	122,176,594	11,074,248	(1,408,288)	131,856,061
W.D.V.	149,475,798			145,819,537

SOUTHERN DEVELOPMENT AUTHORITY OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2011

Note-2	Sched.	2011	2010
Long Term Investments		Rs.	Rs.
R2001 -GEM Services		25,000	25,000
Southern Development Financial Company (Pvt.) Ltd.	14	43,072,520	43,888,183
Southern Transport Development Board		-	-
Total		43,097,520	43,913,183
Note-3		Rs.	Rs.
Inventories/Stocks			
Stationery Stocks		660,385	533,010
Total		660,385	533,010

Note-4

	Sched.	2010	2009
Trade and Other Receivables		Rs.	Rs.
Advance	4	2,782,277	3,326,277
Advance - Sector	12	3,803,611	2,758,168
Advance - Katharagama Circuit Bungalow		30,000	149,950
Acquisition Deposit A/C	3	3,377,000	3,864,126
Deposit (water Bottle)		1,000	1,000
Deposit Telephone & Water		8,000	8,000
Debtor _ Ministry of Plan Implementation		22,199	22,199
Debtor - E-Commerce Center		1,258,554	1,258,554
Debtor - SANEPPA		26,080	26,080
Debtor - Bakery Suppliers	17	310,277	310,277
Debtor - Maize Cultivation	1	10,883,680	10,883,670
Debtor - Monera Fruit Processing A/C		888,125	888,125
Debtor - Red Onion A/C	2	702,833	702,833
Debtor - Coir Machine	17	24,550	24,550
Debtor - Soya Bean Loan		103,200	103,200
Debtor - Sewing Machine		-	3,013
Debtor - Wellassa Engineering		56,826	56,826
Deposit Labor Case			620,040
Deposit A/C Fisheries		48,000	48,000
Fuel Deposit	5	144,165	179,165
Festival Advance		278,812	280,211
Income Receivable	13	1,400,615	2,358,378
Keselgashena Housing Loan Scheme		256,978	256,978
Peach Tree Accounting Package		-	71,975
Project Loan A/C		150,000	150,000
Rent Advance	7	1,198,000	1,297,000
Rent Deposit	6	29,688	29,688
Receivable A/C	9	1,070,026	1,308,410
Receivable - Galle Urban Commissioner		3,750	3,750
Receivable from Priyankara Construction		-	24,500
Receivable from Gayana de Silva		162,642	-
Receivable from Laksala		-	24,076
Receivable - Bathigama Caterers		55,462	130,462
Security Deposit		31,500	31,500
Staff Loan A/C		5,237,492	5,999,722
Salary Advance (Flood)		-	780
Stamp Imprest - Hambantota		3,000	3,000
Stamp Imprest - Galle		3,000	3,000
Stamp Imprest - Moneragala		2,000	2,000
Stamp Imprest - Matara		3,000	3,000
Stamp Imprest - Head Office		10,000	10,000
Total		34,366,341	37,222,492

Note-5	Sched.	2011	2010
Prepayment		Rs.	Rs.
Pre- payment Vehicle Revenue Licenses		-	1,308,977
Pre- payment Staff Insurance		979,842	689,363
Pre- payment Vehicle Insurance		-	22,667
Pre- payment Service Agreement		-	-
Total		979,842	2,021,007

Note-6
Cash and Bank

Special Project Savings A/C		1,339,217	3,265,827
Closing Cash Balance - Capital		905,359	32,537,507
Recurrent		365,550	523,519
Special Project		2,960,132	25,151,395
Total		5,570,258	61,478,247

Note-7
Payables

Retention	11	10,383,541	19,147,479
Refundable Deposit		-	15,000
Deposit of Southern Masters		-	50,000
Deposit Embilipitiya Entrepreneur Centre		71,429	71,429
Rent Deposit from Lessees	18	207,635	207,635
Payable Election Commissioner		-	495
Rent Deposit from Laugh Lanka Gas		552,891	552,891
NBT Payable		23,949	15,757
Payable to supplier Registration		-	15,336
Payable IDB		131,988	-
Payable Samurdhi Bank Society Ghambheeragoda		-	-
Lease Rent Received in Advance	8	1,074,653	958,981
Withholding Tax Payable		-	1,482,794
VAT Payable		138,751	37,212
Stamp Fee Payable		24,725	4,600
Retention Payable - Special Project	19	2,296,320	3,660,641
Creditor - Agro Products		37,683	37,683
Dasuna Loan Scheme		20,516	20,516
Deposit From Siera Water Works		-	-
25% from Leased Iron Barge		117,001	117,001
Payable - Not Presented Cheques		-	47,654
Suspense T/B		-	-
Total		15,081,083	26,493,104

Note – 9**Other Income**

Income from Moneragala Circuit Bungalow		81,158	107,869
Insurance Claim (Income)		571,923	207,950
Income - Others	10	489,175	165,352
Income Lease Rent	15	5,491,734	5,063,057
Income Private Vehicle Usage		17,200	18,600
Registration of Suppliers		-	56,122
Income -Vehicle Damage		-	-
Interest Income from Saving A/C		73,640	94,776
Income from sale unserviceable item		114,069	23,999
Income from NORAD		-	-
Income from Penalty Charges		-	-
Total		<u>7,073,581</u>	<u>5,896,379</u>

Note-10**2011****2010****Personnel Emoluments****Rs.****Rs.**

Salaries	56,039,738	57,311,325
EPF	8,943,842	6,881,367
ETF	2,238,413	1,720,342
Overtime	1,676,562	1,535,460
Wages	205,050	200,100
Gratuity	12,362,617	2,418,712
Consultancy Fee	300,000	300,000
Cost of Living Allowance	18,419,413	
Special Allowances	<u>2,796,958</u>	-
Total	<u>102,982,593</u>	<u>87,740,681</u>

Note-11**Traveling****Rs.****Rs.**

Foreign	-	-
Local	2,379,175	2,218,317
Total	2,379,175	2,218,317

Note-12**Supplies and Consumable Used****Rs.****Rs.**

Fuel & Lubricant	3,296,681	2,392,790
Fuel Allowance	844,653	907,675
Printing & Stationery	<u>1,207,184</u>	<u>1,129,400</u>
Total	<u>5,348,518</u>	<u>4,429,865</u>

Note-13	2011	2010
Maintenance	Rs.	Rs.
Cleaning Charges	1,041,818	668,277
Computer Maintenance	78,000	107,160
Repairs & Maintenance	1,834,936	819,743
Security Charges	538,096	696,787
Vehicle Insurance	689,363	825,881
Vehicle Repair & Maintenance	7,678,182	5,848,657
Vehicle Revenue License	309,706	326,468
Total	<u>12,170,101</u>	<u>9,292,973</u>

Note-14	2011	2010
Contractual Services	Rs.	Rs.
Electricity	1,954,958	1,248,586
Postage	192,520	170,823
Rent	420,000	1,193,246
Telephone Charges	974,396	1,020,495
Water Charges	236,926	232,049
Stamp Duty	-	-
Total	<u>3,778,800</u>	<u>3,865,199</u>

Note-15	Rs.	Rs.
Other Operating Expenses		
Accommodation & Refreshment	86,430	52,564
Audit Fees	400,000	400,000
Advertising	25,402	60,540
Bank Charges	197,333	396,451
Board Meeting	133,378	44,000
Circuit Bungalow - Maneragala	83,389	222,286
E-mail & Internet	27,857	15,060
Insurance Others(Staff Insurance)	1,504,916	154,560
Legal Expenses	276,619	118,635
Kohilawagura & Samaraweera ground Rec.expences	-	-
Newspapers & Periodicals	46,871	47,620
Publicity	209,107	165,317
Staff Welfare	68,843	83,674
Service Agreement	79,487	40,933
Translation Fees	138,297	46,351
Rates & Taxes	-	-
Disciplinary Inquiries	68,600	39,650
Uniforms	-	-
Total	<u>3,346,529</u>	<u>1,887,641</u>

SCHEDULES TO THE ACCOUNTS

SCHEDULE .01

Lands

**As at 31st
December 2011**

	Rs.
Jasmine Valley Tea Factory land	
Galagawa Tea Factory	1,668,811
Oliyagoda Watta Land	150,000
Ratalanka Watta Land	5,518,063
Dankoluwa Watta Land	268,000
Kaduruwa Watta Land	200,000
	10,869,989
	<hr/>
	18,674,863
	<hr/> <hr/>

**As at 31st
December 2011**

SCHEDULE .02

Buildings

	Rs.
Circuit Bungalow – Moneragala	1,388,703
Entrepreneur Centre Building – Embilipitiya	1,221,473
Jasmine Valley Tea Factory	6,821,443
Galagawa Tea Factory	5,115,382
Industrial Village Building - Buttala	745,875
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	15,292,876
	<hr/> <hr/>

SCHEDULE .03

LAND ACQUISITION DEPOSIT

**As at 31st
December 2011**

	Rs.
Divisional Secretary Nagoda - Aptopwatta.	1,600,000
Divisional Secretary Kolonna- Panilkandawatta Tea Factory	100,000
Divisional Secretary Kotapola - Ensalwatta(Mathugoba)	600,000
Divisional Secretary Kamburupitiya - Ratalankawatta	250,000
Divisional Secretary Tangalle - Hummanaya Land	675,000
Grate Tangalle Hotel	152,000
	<hr/>
Total	3,377,000
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SCHEDULE .04

ANALYSIS OF ADVANCE ACCOUNT

	As at 31st December 2011 Rs.
Brought Forward from Year 1999	851,039
Agriculture	1,750,000
Plantation	28,937
Advance - Recounts Cultivation in Moneragala District	100,000
Advance given to Wellassa Agro Product Consultancy Service (Purchase of Kubota Water Pump)	29,000
Fuel Advance (2002)	10,000
Advance for Palukapitiya Tank Rehabilitation Project	1,450
Advance for Transfer of Vehicle (from RCSL to RMSSL)	4,000
Advance for Fuel & Board Meeting Expenses	7,851
Balance	<u><u>2,782,277</u></u>

SCHEDULE .05

FUEL DEPOSITS

	As at 31st December 2011 Rs.
M.P.C.S.- Elpitiya	4,516
M.P.C.S. - Galle	25,000
Lanka Filling Station - Bibila	5,000
Lanka Filling Station - Muththaiya Rd, Colombo	34,649
M.P.C.S. - Kolonna	5,000
M.P.C.S - Habaraduwa	10,000
M.P.C.S. - Moneragala	10,000
M.P.C.S - Tangalle	<u>50,000</u>
Sub Total	<u><u>144,165</u></u>

SCHEDULE .06**RENT DEPOSIT**

	As at 31st December 2011 Rs.
Food Commissioner Agrarian Service Center - Koggala (Renold Engineering Factory)	17,400
Buttala Industrial Village Land no 362	4,128
Buttala Industrial Village Building no 33	<u>8,160</u>
Total	<u><u>29,688</u></u>

SCHEDULE .07**RENT ADVANCE**

	As at 31st December 2011 Rs.
Chamber of Commerce Hambantota	901,000
Others	<u>297,000</u>
Total	<u><u>1,198,000</u></u>

SCHEDULE .08**LEASE RENT RECEIVED IN ADVANCE**

Galagawa Tea Factory	208,725.00
Panilkanda Tea Factory	30,000.00
Auto Lanka Tyre Industrises -Ratalanka Watha	29,734.10
ACE Power Generation	76,200.00
Jesmine Valley Tea Factory	558,635.99
Coir Machine (H.K.S De Silva)	983.67
Thawasi Bourusu Rent	2,461.00
Dankoluwa waththa	47,578
Gayam Menuka-G02 Building	<u>13,500</u>
Grand Total	<u><u>1,074,653</u></u>

SCHEDULE .09

<u>RECEIVABLE A/C</u>	Rs.
Telephone Charges 2011	1,216
Mobitel (Pvt) Ltd.	1,500
German SAFE Programme	38,480
Receivable from Ms. Samantha Jayasekara	1,024,826
Receivable from Madiha West	<u>4,004</u>
Grand Total	<u><u>1,070,026</u></u>

SCHEDULE .10

<u>OTHER INCOME</u>	
Tender Document Fees	10,500
Sales of use Items	50,482
In come Delay Charges	1,593
Hiring Bouser Rent	42,000
Hiring Lorry Rent	90,449
Salary Deposit	50,334
Sp Project balance	81,175
Penalty Charges – Gayana De Silva	<u>162,642</u>
Grand Total	<u><u>489,175</u></u>

SCHEDULE. 11

<u>Retention Payable</u>	2011
Matara District	Rs.
Year 2009	
Poaddana Community Centre	106,519
Total	106,519
2010	
Side Bunt Poaddana Community Center	37,048
Cultivate To Entrance To Mamunumulla Paddy Land	25,276
Nawalagoda Janasabha Building	99,614
Total	161,937

	Rs.
Makandura Ground Drainage System	159,684
Makandura Ground Bus-Stand	195,918
Makandura Ground Children Park & Bus-Stand	171,776
Makandura Ground Drainage System 11 step	186,636
Makandura Ground Main Gate & Commerce Fence	174,512
Pahala Batadola School road	46,108
Maragusthenna Tea Transport Road	28,349
Pathegama Sharamadana Road	47,663
Hiththetiyya Ground 1 step	79,382
Hiththetiyya Ground 11 step	18,371
Koraketiya Uda Yata Road	48,973
Danheana 1 st lane	48,290
Ihalaheana Road	48,945
Rathnajotii Road	48,175
Prathapasinghe Mawatha	64,871
Denipitiya Bandaranayake Road	48,312
Palolpitiya Bentisheana Road	49,365
Gathara School Lane	48,552
Nawalagoda Okandayaya Canal	23,632
Wiring	3,173
Walabulugahaheana Road	49,547
Sandasirikanda Road	47,325
Culvat Miriswatta Kendamulla Road	46,010
Bunt at Kadawarayaya Canal	7,469
Pitawelgamuwa Oruwankotaheana Road	29,740
Poadduwa Agro Bunt	29,371
Mahapanwila Canal	20,650
Ovitigamuwa Amuna 3	8,413
AniatFlanks Ovitigamuwa South	7,369
Sapugodaheana Road	64,667
Total	1,851,247

Accrued

Nawalagoda Koratuheana Culvert	45,237
Poddana Main Road	83,926
Dampahala Udagala Road	48,016
Danny Hiththetiya Road	23,870
Sirimaduraheana Road	48,763
Internal Road Culvert Katahathara	47,233
Boadarakanda Hijaheana Road	43,681
Hattiyaduwa Road	31,720
Pantharama Internal Road	12,858
Weerathungarama Cross Road	18,771
Water Supply Road	25,143
Kirinda Temple Road	11,099
Midellagahadola Acc 50Road	48,228
Accrued Total	488,546
Matara District Total	2,608,250

Galle District

Year 2009

Flower Stall Yatagala Temple	15,589.00
Govipaiyaya Sorowwa	7,759.44
Total	23,348.44

2010

Karawwa Dhamarama Mawatha	46,029
Poaddiwala East Abeykoon Amuna	9,683
Kajjugusduwa Agro Road	80,482
Total	136,195

2011

Akmeemana Pilana Boagahagoda Road	171,967
Boagahawela Main road	78,688
Boagahagoda Pola Stall 1 step	51,137
Akmeemana Pilana Pola	58,168
Kanaheantota Oruwantota Canal	22,078
Etunnagoda Lakeview Road	49,644
Kabaragala Gunananda Mawatha	71,986
Hipponkanda Road	73,558
Road From Regitar Office To House of Guruge	74,794
Wataraum Road Teaheana	74,285
Kaburegoda Thala Beri Ela	72,880
Road at House of Mr. Sethan	72,040
Deegoda Bokutta Canal	45,579
Dadiwila Road 111 Step	72,308
Karawwa Saranankara Mawatha	73,445
Kalugahajanapada Cross Road	39,654
Naungala Bedimeda Usbim Janapada Mawatha	70,774
Kobeithuduwa Temple Road	61,555
Road From Children Development Centre	77,144
Welandawa Walpola Gedara Welendawa	24,692
Polhunnawa Cross Road 111 Step	68,128
Galgoda Cross Road	18,691
Udahawatta Kurupella Road	33,335
Galagoda Depa Ela	45,071
Thalagusdeniya Canal	33,211
Total	1,534,809

Accrued

Balapuwa Road	74,840
Bathalaheana Canal	28,769
Bathalahean Road	44,311
Nagoda Samurdhi Wella Nindana	74,010
Rapiel Shop Behind Agro Road 1 step	73,444
Rapiel Shop Behind Agro Road 11 step	36,034
Kanda road Kuduwa Junction	37,988
Beri Ela Behind Galegodaheana Community	72,880
Katuthiyambarawa Road	63,345
Pettimadu Road	64,213
Nawinna Naridduwa Road	52,652
Halpankossa Wathrawa Agro Road	68,428
Galahenkanda Puwakgahaheana Agro Road	66,923
Akmeemana Pola Vehicle Park	129,856
Kottaduwa Kamatha Side Bunt	41,558
Yatagama Antharagoda Unawatuna Road	44,445
Thalahitiyawa Road	39,670
Ibbanwala Mulana Ela	39,397
Metiwitiya Kossinhala Road	38,061
Borupanwaguwa Papiliyana Road	43,801
Diyaparduwa Agro Road 11 step	52,318
Accrued Total	1,186,946
Galle District Total	2,881,299

Hambantota District**2011**

Kuda Indi Wew To Katon Wewal 14C/14B	64,501
Panawewa To Galwewa 3-A Part	79,458
Kudaindiwewa To Katonwewa 16 th Step	178,237
Kudaindiwewa To Katonwewa 15 th Step	187,095
Kotonwewa Canal 14 E	190,570
Kotanwewa 14 F	72,115
Kudaindiwewa To Katonwewal 17 th Step	180,633
Palathuduwa Galodaya Road	82,441
Kudaindiwewa To Katonwewa 18 th Step	155,149
Agro Road Kandala School To Nuge	49,394
Cross Road Daha Ammuna 18 Kolaniya	49,170
Buruthakanda Rajapaksha Road	49,166
Kariyamadiththa Godakaduruwela Road	49,182
Agro Road Behind Weniwelara Pola	49,151
Thalunna Kokanara Wewa	38,790
Side Bunt at Bibule to Boaya Paddyland	52,727
Rubberwatta Road	49,104
Mulana Punchiwewa To Wari Ela	49,464
Muththa Canal Sitinamaluwa	35,214
Paluguswewa Wariela	82,118
South & North Canal Geegaha Gangadeniya	44,579
Thalagahawatta Panagamuwa Road	49,189
Thalampoauwa Dikkumbura Entrance Road	48,579
Dehigahaheana 'Thennaheana Weediyapola	49,960
Sharamadana Mawatha	49,077
Agro Road From Gurugodella To Rammala	49,840
Mulana Palukanda Culvert	29,280
Muladiyawala Pola	81,948
Galabediwewa Agro Road	48,073
Amaraweera Mawatha	48,834
Pattiya Mawatha	48,708
Hathamuna Yaya Uda Road	48,950
Pallemulana Agro road	49,158
Katukumbura Wari Ela	49,890
Daha Amuna D9 Canal	32,851
Koragaha Main Road Side Bunt	31,895
Water Tank Ussana Aulth Gum Ara	86,704
Meegahajandura Pawwewa Bunt	33,252
Canal Okewela Amuna	30,181
Miriswelpotha Culvert	29,955
Siyambalaheddewa Canal	17,472
Thalampoaruwa D4 S2 Canal 11 Step	27,948
Paluguswewa Keth Ela	82,873
Boruwewa Canal	29,585
Rajamahavihara Mawatha	46,968
Side Bunt Alliolu Ara Paddy Land	33,336
Alubodawelketiya Wewa 111 Step	8,512
Polgaha Wewa Road	31,438
Thlunna Ussana Water Project	22,091
Total	2,984,806
Accrued 2011	
karagahayaya Road	51,244
Gatamanna Rajamahavihara Mawatha	96,003
Araliya Mawatha	27,120
Rajakoratuwa Keth Canal	81,205
Expand Polgahawewa	47,700
Keselgahayaya Wewa	74,151
Accrued Total	377,423
Hambantota District Total	3,362,299

Moneragala District**2010**

Pahathaarawa Youn Mawatha	46,533
Irrigation Road Ethiliwewa	46,829
Gamunupura Wataraum Road	81,209
Wattegama Udikkapoara Road	44,745
Wellaaya Ethiliwewa Irrigation Road	81,578
Total	300,893

2011

Guruhela Kakune Road	88,524
Kahatagahapitiya Community Centre	49,363
Karapinchalanda Road	147,489
Culvat Behind Galahayaya	9,808
Pahatha Arawa Kadurugoda Road	82,538
Moragahamada Agro Road	49,516
Horagus Ara Road	28,675
Peella From Main Canal To Athuru Canal	30,075
Nugagaha Agro Road	43,977
Agro Road Miriwelagama	78,245
Samurdhi Mawatha To Police Barriya	59,401
Moala Road	31,875
Sewanagala Indikolapelessa Road	45,317
Ratakahamandiya Indilanda Agro Road	42,369
Ayakaolla Canal	63,560
Sinhalayagama Wari Ela	59,886
Agro Road Kanda Road To Peragirigama	41,831
Boawala Amuna	45,320
Canal Weliheana Paddyland	54,817
Nagahaweediya 2 nd Road	83,044
Kapurugus Ara Side bunt	17,102
Total	1,152,731

Accrued 2011

Moneragala Circuit Banglow	78,140
Total Accrued	78,140

Moneragala District Total**1,531,763****Grand Total****10,383,541**

SCHEDULE.12**ADVANCE SECTOR****Year 1999**

Provincial Irrigation Director	83,111
Provincial Irrigation Director-Sabaragamuwa	357,000
Sabaragamuwa Provincial Council	1,008
D/S Akmeemana	2,280

Year 2000

Provincial Irrigation Director-Sabaragamuwa	192,154
Sabaragamuwa Provincial Council	685,636
Road Development Authority	937,185
Solid Construction	23,977
Solid Construction	38,414
Solid Construction	34,746

P/S Siyambalanduwa	112,982
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D/ S Bentara	12,180
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Year 2001

Secretary Land Ministry	12,500
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Year 2011

Central Engineering Consultancy Bureau	511,945
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Water Supply & Drainage Board	483,616
Southern Provincial Road Development Authority	2,800
Southern Provincial Road Development Authority	18,466
Water Supply & Drainage Board	72,545
Water Supply & Drainage Board	138,835

Water Supply & Drainage Board	68,233
Ceylon Electricity Board	14,000

Grand Total	<u><u>3,803,612</u></u>
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SCHEDULE. 13**INCOME RECEIVABLE**

Buttala Monera Fruit Factory	176,319
Ratalanka Watta Land	203,500
Income from Vehicle Rent from Southern Master Co. Ltd.	29,490
Surcharge Receivable from Southern Master Co. Ltd.	17,100
Receivable from Ruhunu Net Company	5,333
Radar Farm	6,250
Isuru Ceramic	97,291
Entrepreneurship Building	172,038
Water Bowser - MAGA	678,000
Sewari Lanka Enterprises	11,100
Coir Machines Rent-Ranasinghe	4,194

Total	<u><u>1,400,615</u></u>
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SCHEDULE. 14

SOUTHERN DEVELOPMENT FINANCIAL COMPANY LTD.

Shares	10,000,000.00
Revolving Loan Fund	33,072,519.77
Total	<u>43,072,519.77</u>

SCHEDULE. 15

INCOME FROM LEASE RENT

Panilkanda Tea Factory		165,000
Jasmine Velly Tea Factory -Ruhuna 2001		558,636
Galagawa Tea Factory -Ruhuna 2001		333,960
Auto Lanka tyre Industries - Ratalankawatha		178,405
Galagawa Tea Factory -Ruhuna 2001 New Rent		139,609
Sewari Lanka (Yoghurt)	25,760	
Delay Charges	<u>5,819</u>	31,579
Ace Power Generation, Thihagoda	647,700	
Delay Charges	7,215	654,915
Dankotuwawatta Land New Rent	168,000	
Delay Charges	73,926	241,926
Juki Machine Rent (P.A Kamalawathi)		1,505
Coir Machine (H.K.S De Silva)		6,728
Isuru Ceramic		54,211
- Gayan Manuka Disanayaka - G01	72,000	
Delay Charges	<u>4,262</u>	76,262
- Sanjewa Peremune – No1		30,000
		5,696
		44,400
		4,070
Delay Charges		
-Sanjewa Peremune – No1		
Delay Charges		
-Nalin Priyantha		30,000
Delay Charges		7,200
Bouser Rent -MAGA		2,694,772
Tawasi Burusu -Rent		7,340
Tamaduwa Building -Rent		38,745
Ratalanka Watha Cinnamon Oil		50,000
Total		<u>5,491,740</u>

SCHEDULE. 16

WORK-IN-PROGRESS

As at 31 December

2011

Rs

Year 2011

Galle District (Ukwatta Bokutta Ela)

291,648

Grand Total

291,648

SCHEDULE. 17

DEBTOR LAW COST BAKERY SUPPLIERS

Safhan Ebrahim

44,250

B. H .Kasim

9,609

A.G.A. Sarath Kumara

6,706

D. D. Rubasinha

39,375

A. K. Wikramasooriya

39,375

A.G.L.A.Jinadasa

38,625

W. A.Piyadasa

5,625

NERD

126,713

Total

310,277

SCHEDULE. 18

RENT DEPOSIT FROM LESSEES

Building Rent from Embilipitiya Entrepreneur Centre

-Gayan Manuka Dissanayaka

40,320

-B.G Anil Kumara

23,520

-Sanjeewa Peramune

26,760

-Sanjeewa Peramune

15,000

-Kumari Waniniarchi

9,000

12,880

Ratalankawatha Land - D.N Lokuliyana

51,660

Thamaduwa Kadigamuwa Rent

28,495

Total

207,635

SCHEDULE .19**RETENTION PAYABLE - SPECIAL PROJECT****Matara**

Madiha Athura Alla	46,222
Hambanthota (SPH) 74	
Panwawa to Gaiwawa 01 Step	195,700
Katanwawa 09 Step	194,047
Katanwawa 10 Step	193,874
Katanwawa 11 Step	195,762
Katanwawa 12 Step	195,762
Katanwawa 13 Step	193,278
Katanwawa 14-4	64,145
Katanwawa 14-D	89,287
Mahapita Palasa wewa 02 Step	183,542
Mahapita Palasa wewa 01 Step	135,556
Mahapita Palasa wewa 03 Step	26,493
Panwawa to Galwawa 3-B	139,658
Panwawa to Galwawa 3-C	192,613
Panwawa to Galwawa 3-D	187,340
	<u>63,042</u>
Total	<u>2,296,321</u>

SCHEDULE .20**ACCUMILATED DEVELOPMENT
EXPENDITURE**

Details	2007	2008	2009	2010	2011
	Rs.	Rs.	Rs.	Rs.	Rs.
Balance B/F	893,776,652	1,049,695,353	1,255,243,180	1,503,985,212	1,754,939,136
Prior Year Adjustments	<u>3,991,381</u>	<u>890,500</u>	<u>6,025,286</u>	<u>4,480,770</u>	<u>1,093,516</u>
Sub Total	897,768,033	1,050,585,854	1,261,268,466	1,508,465,982	1,756,032,652
Social Welfare Development Programme	10,471,168	156,318,742	94,741,694	143,135,686	115,701,846
Economic Development Investment Promotion	14,784,533	38,813,218	26,361,686	10,436,916	5,099,682
Marketing & Service Facilities	146,757	5,283,999	-	-	-
Studies & Technology Transfer Programme	184,960	-	-	-	-
Human Resource Development & Training	<u>555,906</u>	<u>3,806,278</u>	<u>201,000</u>	-	-
Sub Total	26,143,324	204,222,236	121,304,380	153,572,602	120,801,528
New Programmes					
Divi Neguma	-	-	-	-	52,921,998
Jathika Saviya Gama Neguma - 01	106,341,247	-	-	-	-
Jathika Saviya Gama Neguma - 02	10,685,551	-	-	-	-
Jathika Saviya Gama Neguma - 03	641,620	-	-	-	-
Kiralakele Project	3,254,708	-	25,000	-	-
Mawugama Development Project	6,152,809	2,839,031	-	-	-
Seminar & Training	-	466,441	445,162	412,821	316,732
Dayata Kirula Expenses	-	-	-	447,344	106,105
Admin cost Capital	-	-	-	-	-
Admin cost Special Project	-	-	-	2,724,724	2,537,888
	-	-	-	-	598,503
Kohilawagura Capital Expenses	<u>-</u>	169,434	90,000	-	-
Special Project JSNG II Step- Expenses	<u>-</u>	-	122,756,523	90,203,057	58,638,447
- Fuel Expenses	-	-	<u>220,943</u>	-	-
Sub Total	127,075,935	3,474,906	123,537,627	93,787,946	115,119,674
Capital Income & Recoveries **	(1,291,939)	(3,039,816)	(2,125,262)	(887,394)	(440,318)
Sub Total	<u>151,927,320</u>	<u>204,657,327</u>	<u>242,716,746</u>	<u>246,473,154</u>	<u>235,480,884</u>
Grand Total	<u>1,049,695,353</u>	<u>1,255,243,180</u>	<u>1,503,985,212</u>	<u>1,754,939,136</u>	<u>1,991,513,537</u>

**

Income From Fisheries boats & Other Capital	151,510
Daley Charges from Construction	257,408
Income Cashew Sales Stall	8,600
Income Palatuwa Sales Stall	21,300
Income from Constructions	1,500
Total	440,318

FINANCIAL REVIEW

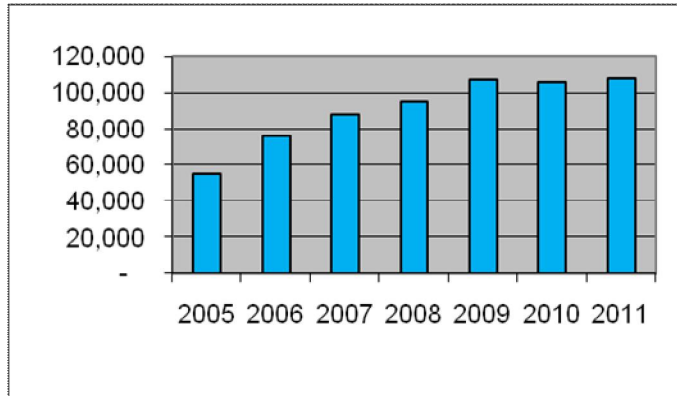
2005 - 2011

Southern Development Authority of Sri Lanka

Financial Performance from 2005 - 2011

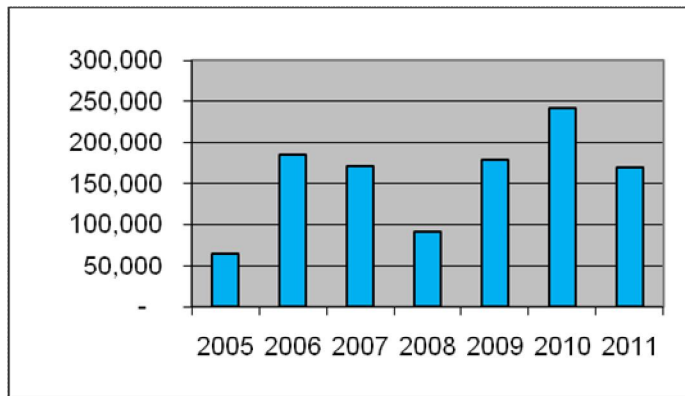
	Description	2005	2006	2007	2008	2009	2010	2011
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
1	Govt. Grant - Recurrent	55,000	76,200	88,109	94,900	106,400	105,632	107,600
	- Capital	65,320	184,000	170,767	91,052	177,800	241,662	169,102
2	Donations/Foreign Aid / Special Project	36,660	10,600	-	-	63,863	-	-
3	Cess Income	-	-	-	-	-	-	-
4	Own Revenue	12,179	3,871	4,518	6,505	6,828	5,896	7,074
5	Total Income (Rec. Grant+Own Revenue)	67,179	80,071	92,627	101,405	113,228	111,528	114,674
6	Total Cost of Employment (With Gratu.Pro)	48,828	72,989	76,227	81,272	86,517	87,741	102,983
7	Other Recurrent Expenditure (With Depre.)	21,470	21,430	20,298	25,972	26,598	32,461	38,097
8	Surplus/(Deficit)	2,503	(14,348)	(3,899)	(5,839)	112	(8,673)	(26,406)
9	Capital Expenditure (Development Assets)	74,791	198,421	159,258	226,473	308,529	304,278	242,849
10	Non Current Assets	63,389	62,807	66,658	85,970	146,697	193,389	188,917
11	Current Assets	80,083	77,524	80,662	80,563	64,219	101,255	41,577
12	Current Liabilities	14,417	18,728	18,195	90,259	91,149	51,955	54,973
13	Accumulated Fund	121,730	106,450	111,299	58,863	97,952	219,420	140,712
14	Number of Employees	283	282	288	283	279	269	266
	Key Performance Indicators							
I	Own Revenue to Total Income (%)	18.13	4.83	4.88	6.41	6.03	5.29	6.17
II	Total Cost of Employment per Employee (Rs) (6÷14)	173	259	265	282	310	326	387
III	Total Recurrent Cost per Employee (6+7 ÷14)	248	335	335	379	405	446	530

**Southern Development Authority of Sri Lanka
Government Grant - Recurrent**



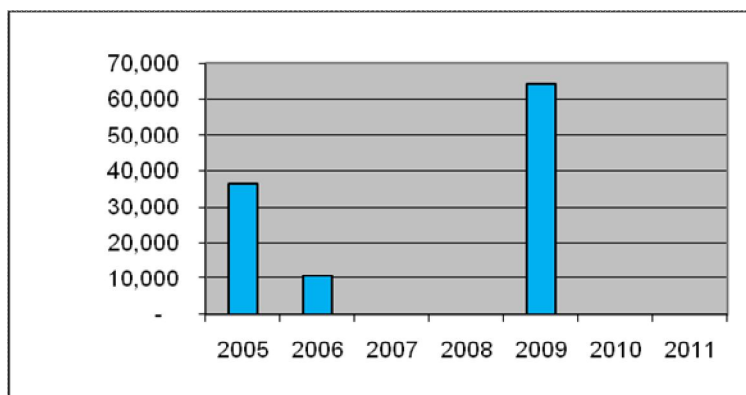
Year	2005	2006	2007	2008	2009	2010	2011
(Rs.'000)	55,000	76,200	88,109	94,900	106,400	105,632	107,600

**Southern Development Authority of Sri Lanka
Government Grant - Capital**



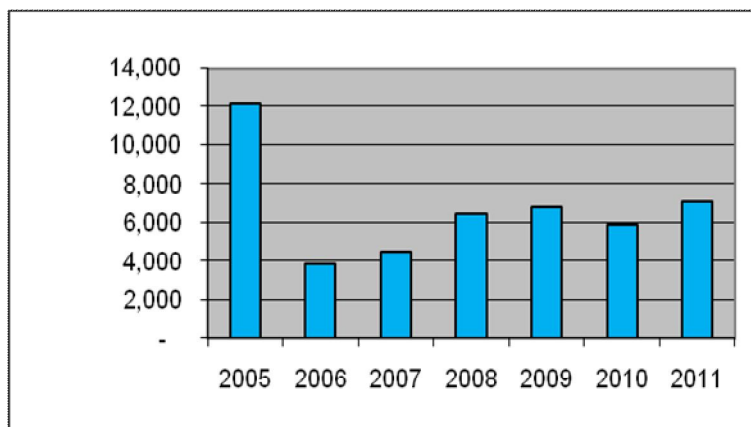
Year	2005	2006	2007	2008	2009	2010	2011
(Rs.'000)	65,320	184,000	170,767	91,052	177,800	241,662	169,102

Southern Development Authority of Sri Lanka Donations / Foreign Aid



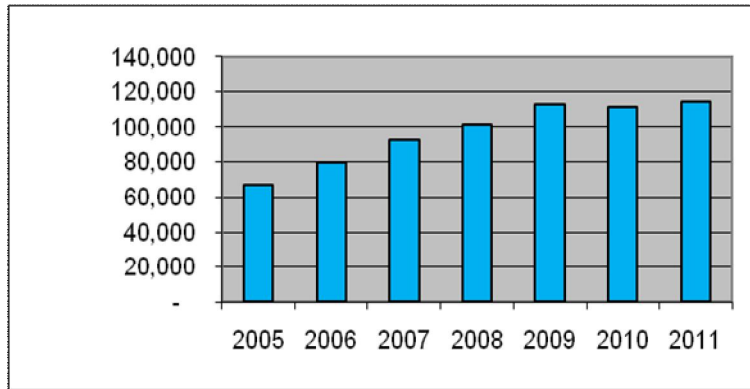
Year	2005	2006	2007	2008	2009	2010	2011
(Rs.'000)	36,600	10,600	-	-	63,863	-	-

Southern Development Authority of Sri Lanka Own Revenue



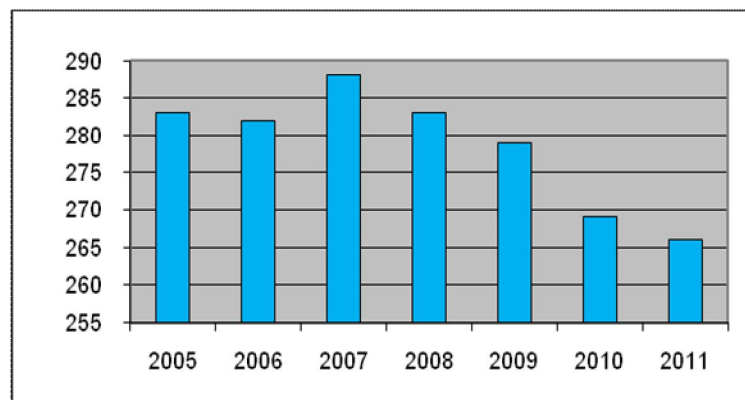
Year	2005	2006	2007	2008	2009	2010	2011
(Rs.'000)	12,179	3,871	4,518	6,505	6,828	5,896	7,074

Southern Development Authority of Sri Lanka Total Income



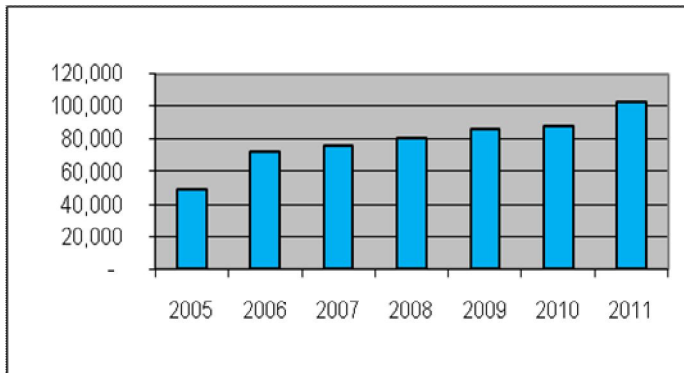
Year	2005	2006	2007	2008	2009	2010	2011
(Rs.'000)	67,179	80,071	92,627	101,405	113,228	111,528	114,674

Southern Development Authority of Sri Lanka Number of Employees



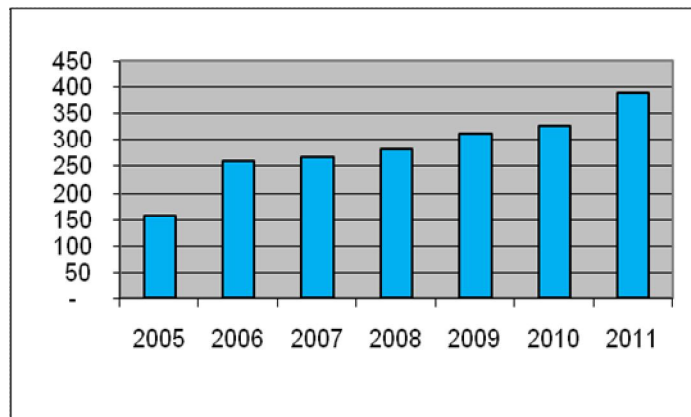
Year	2005	2006	2007	2008	2009	2010	2011
(Nos.)	283	282	288	283	279	269	266

Southern Development Authority of Sri Lanka Total Cost of Employment



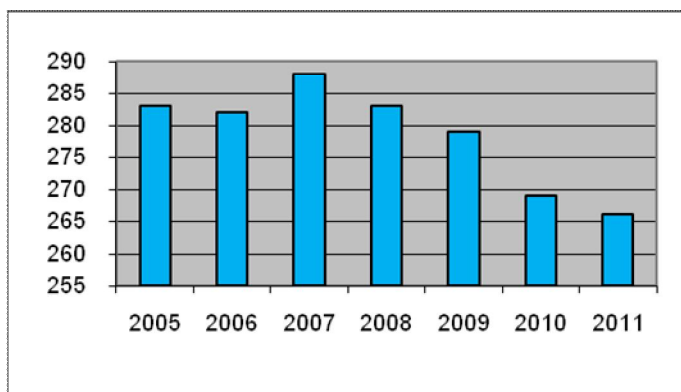
Year	2005	2006	2007	2008	2009	2010	2011
(Rs.'000)	48,828	72,989	76,227	81,272	86,517	87,740	102,983

Southern Development Authority of Sri Lanka Total Cost of Employment Per Employee



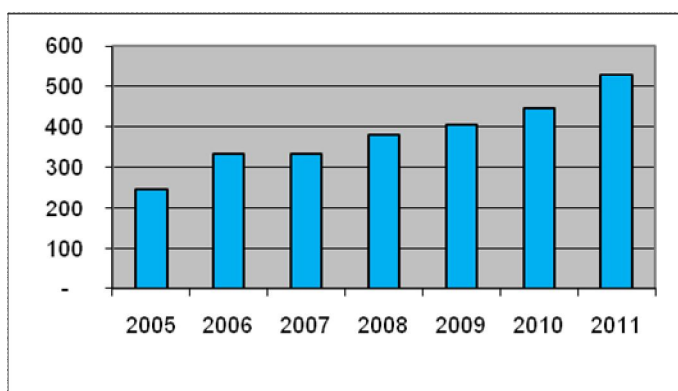
Year	2005	2006	2007	2008	2009	2010	2011
(Rs.'000)	156	259	265	282	310	326	387

Southern Development Authority of Sri Lanka Number of Employees



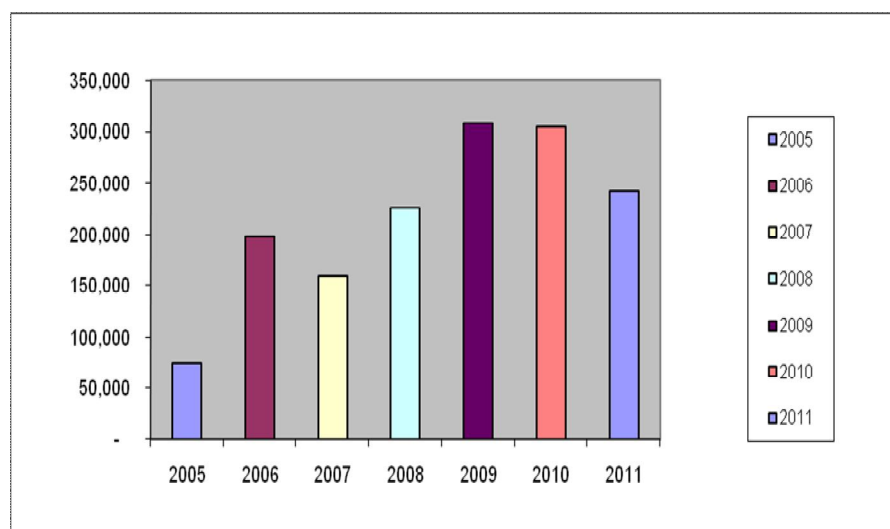
Year	2005	2006	2007	2008	2009	2010	2011
(Nos.)	283	282	288	283	279	269	266

Southern Development Authority of Sri Lanka Total Recurrent Cost Per Employee



Year	2005	2006	2007	2008	2009	2010	2011
(Rs.'000)	248	335	335	379	405	446	530

Southern Development Authority of Sri Lanka Development / Capital Expenditure



Year	2005	2006	2007	2008	2009	2010	2011
(Rs.'000)	74,791	198,421	159,258	226,473	308,529	304,278	242,849

