

# **Annual Report 2022**

**National Livestock Development Board**

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**I am pleased to present the Annual Report of the National Livestock Development Board for the year 2022. Despite the severe economic hardships and uncertain conditions in the post-COVID pandemic situation of 2022, the results achieved by the National Livestock Development Board can be considered satisfactory.**

Our main goal in the year 2022 was to strengthen the livestock sector by ensuring adequate food security for our country. Despite many obstacles, such as the economic slowdown and difficulties in obtaining supplies, it is evident that the NLDB staff, under the strong leadership of the Board of Directors including the Chairmen who served during that period, adapted well to the needs and circumstances. Against all these disadvantages, the NLDB has earned a net profit of Rs. 136.99 million. This is particularly noteworthy in 2022, as operations were managed without receiving funds from the government.

In supplying food to the nation, we have primarily produced the following from our farms across the country:

- **6.43 million liters of fresh milk**
- **0.63 million liters of buffalo milk**
- **Approximately 1.9 million parent chicks**
- **0.4 million chicks for egg production**

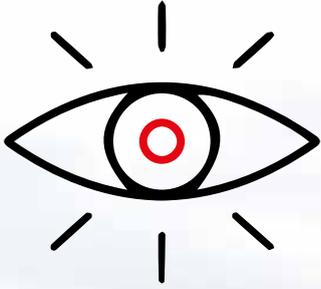
By integrating coconut cultivation with livestock, we have been able to harvest 17.69 million coconuts in 2022.

Although not every target could be met due to some external challenges, the achievements made amidst such diverse difficulties further strengthen our way forward. Finally, I would like to express my sincere gratitude to everyone who contributed to this success. I thank the entire dedicated staff.

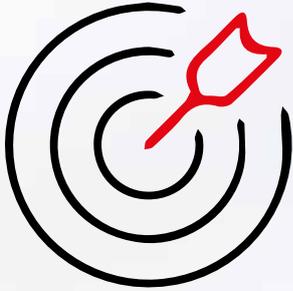
On this strong foundation, we hope to continue our contribution to the national development of Sri Lanka.

**Chairman  
National Livestock Development Board**

# Vision



**To be the pioneer of sustainable farm animal production.**



**Contributing to the national need for self – sufficiency in animal products.**

# Introduction

**T**he National Livestock Development Board (NLDB), established as the pioneering institution in Sri Lanka's livestock sector, plays a vital role in strengthening national food security, enhancing rural livelihoods, and contributing to the broader agricultural economy. Over the past three years, the livestock sector has faced significant challenges due to the global COVID-19 pandemic and Sri Lanka's worst economic downturn in 2021–2022. These events led to disruptions in production, scarcity of inputs, inflationary pressures, and a decline in consumer purchasing power.

Amid these adversities, the NLDB demonstrated remarkable resilience. Under the strategic leadership of the Chairman and the Board of Directors, the organization focused on adapting its business model to ensure financial independence. By optimizing production, expanding market outreach, improving operational efficiencies, and maintaining strict cost controls, the Board successfully

transformed itself into a self-sustaining entity. Notably, the NLDB recorded a net profit of Rs. 136.99 million in 2022, without relying on direct Treasury support.

Despite being identified as a sector highly vulnerable to economic shocks, the livestock industry – with the NLDB at its forefront – achieved significant milestones during the year. Key production achievements include:

- **Cattle Milk Production:** 6,433,079 liters
- **Buffalo Milk Production:** 629,073 liters
- **Layer Chick Production:** 416,139 chicks
- **Broiler Chick Production:** 1,973,614 chicks

These outputs contributed substantially towards stabilizing national food supplies, supporting farmers, and meeting the growing demand for animal protein among Sri Lankan consumers.

The NLDB currently manages a network of 32 facilities, comprising 30 livestock and poultry farms, a training center, and a processing unit. Historically, many of these farms were developed as integrated livestock-coconut plantations, a model that continues to benefit the Board's financial sustainability. In 2022, the total coconut production from NLDB-managed lands reached 17.7 million nuts, providing an additional income stream and enhancing land productivity.

In addition to sustaining its operational activities, the NLDB prioritized strategic capital investments to enhance farm infrastructure, modernize production systems, and improve productivity across its farms. Key investments during the year include:

Project/Farm	Investment (LKR)	Description
Milk Project	14,235,467	Upgrading milking equipment and facilities to boost milk production and quality standards.
Marandawila Farm	6,417,020	Infrastructure and herd development to increase farm output and efficiency.
Mahaberithanna Farm	4,614,705	Renovations and system upgrades to improve animal welfare and farm management.
Andigama Farm	4,614,604	Expansion of poultry production facilities and optimization of farm operations.

These developments reflect the NLDB's commitment to long-term growth, resilience building, and enhanced service delivery to the agriculture sector and rural communities. In summary, 2022 was a defining year for the NLDB, marked by institutional resilience, operational excellence,

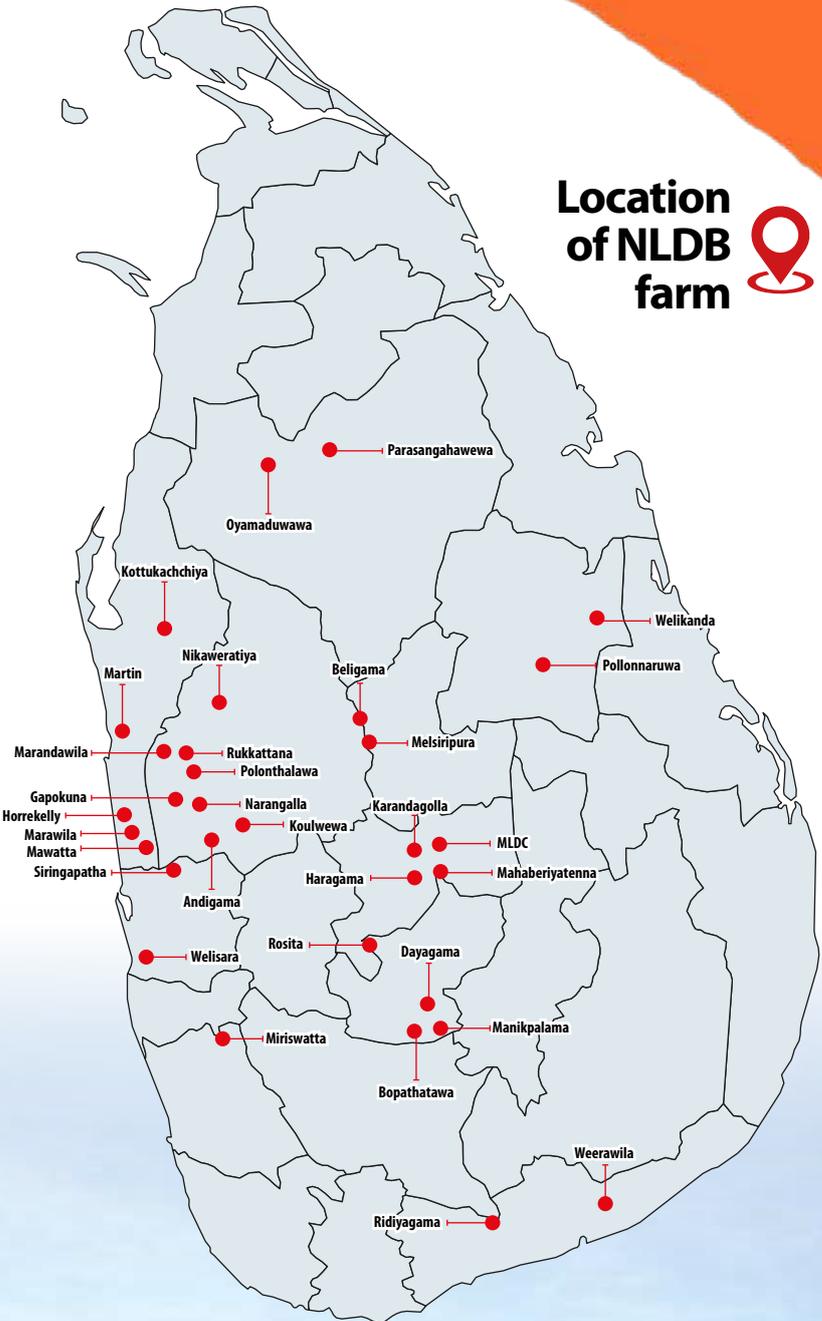
and strategic reinvestment. The Board's efforts contributed meaningfully to the recovery of the livestock sector and positioned it for sustained future growth, aligned with national development objectives.

# Geographical Presence

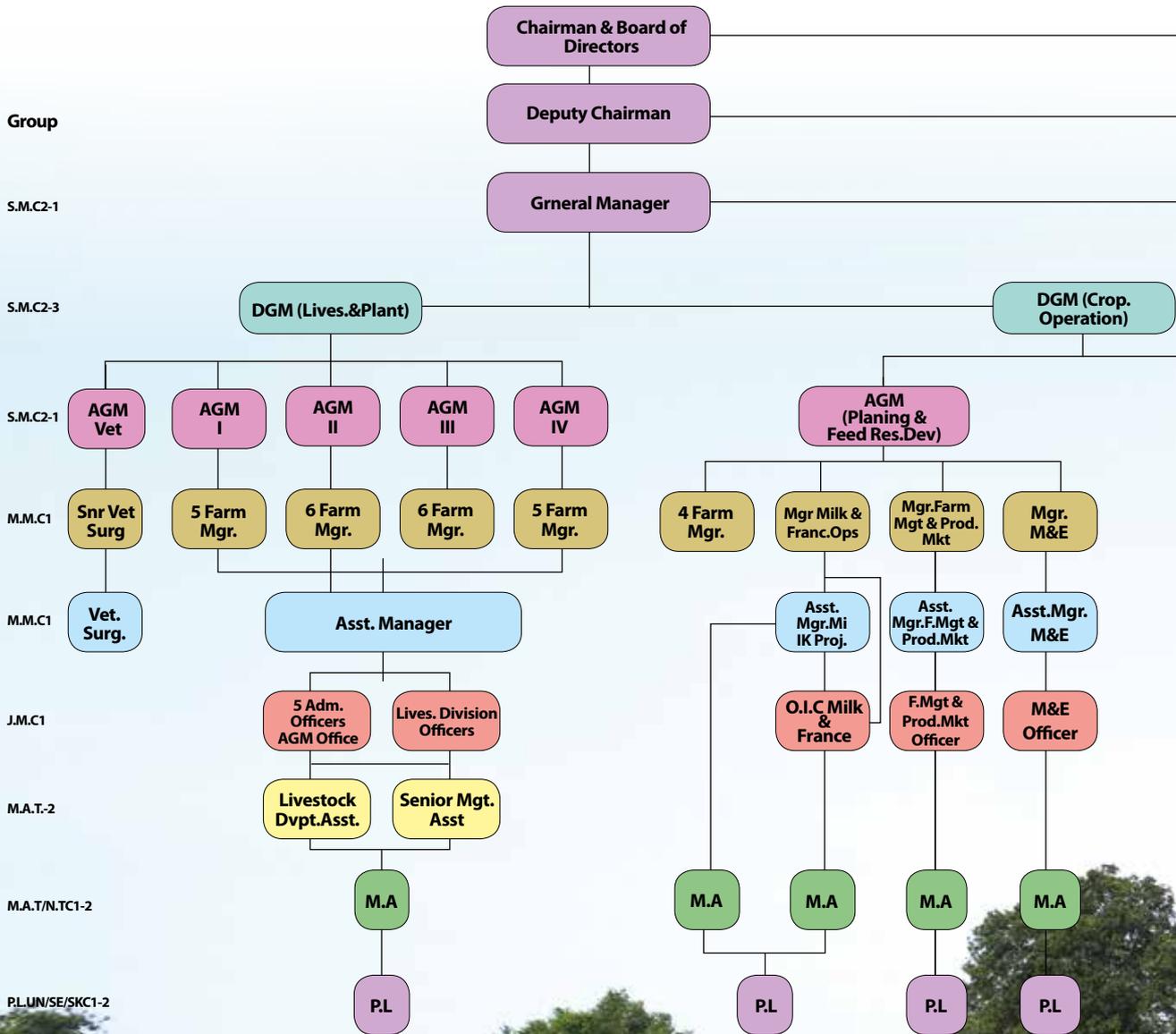
With a strategic presence across diverse regions, the NLDB operates **32 farms**, including a training center and a milk distribution and processing center. These establishments are distributed throughout the **Upcountry, Mid country, Coconut Triangle, and Dry Zone regions**, enabling a comprehensive and well-rounded approach to achieving our mission.



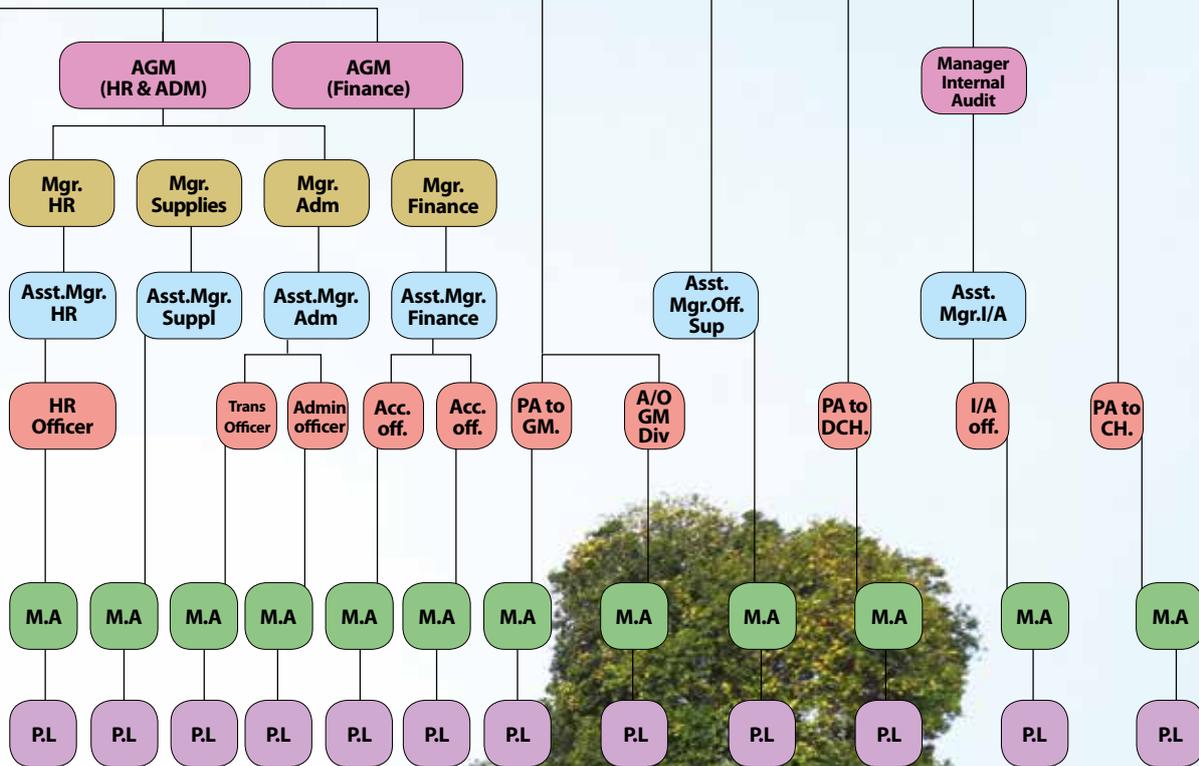
## Location of NLDB farm



## National Livestock Development Board - Organizational Structure



# Management Staff



# Management Staff

General Manager	Deputy General Manager (DGM) Assistant General Manager (AGM)	Head Office Divisions / Farms	Managers of Head Office/ Farms
Mr. A.M.P.A.Adikari	Mr. M.D. Karunathilaka (DGM - Corporate Operation) Mrs.S.A.S.Thewarapperuma (AGM)	Welisara Farm/ Milk Project Head Office  Head Office - HR & Admin	<b>Managers</b> Mrs.H.P.S. Gunarathna Manike - <b>Marketing</b> Mr. M.R. Ruwan Thilakasiri - Finance <b>Asst. Managers (HOD)</b> Mrs.M.K.K. Roshini - Monitoring & <b>Evaluation</b> Mrs. N.S.Wanigathunga - Supplies Mrs. N.W.A.N.U. Weerasinghe - <b>Finance</b> Mr. Kapila Amarasena - Finance Mr. Nalinda Pushpakunara - Audit
	Mr. D.B.W.Dharmarathne (DGM) (L&PD) - Siringapatha Farm	Koulwewa Farm Marandawila Farm Melsiripura Farm Beligama Farm	<b>Farm Managers/ Act.Manager</b> Mr. O.G.A. Karshana Kumara Mr. K.B.D.S.K.K.B. Ralapanawa Mr.T.Vidanapathirana Mr. H.W.N. Nandakumara
	Dr. K.G.J.S. Disnaka (AGM - Veterinary & Regional)	Haragama Farm M.L.D.C Mahaberithanna Farm Karandagolla Farm	<b>Farm Managers/ Act.Manager</b> Mr. D.M.G.W. Bandara Mr. M.D.J.R.Karunathilake Mr. K.G.Dinushka Gunathilaka Mr. B.D.N.P.K.Karunasena
	Mr. H.W.S. Premarathne (AGM -Mawattha)	Siringapatha Farm Martin Farm Kottukachchiya Farm Polonthalawa Farm Mawattha Farm	<b>Farm Managers/ Act.Manager</b> Mr. R.M.U.A.Rathnayake Mr. D.I.S.K. Dewameththa  Mr. T.W.A.P. De Silva Mr. K. Liyanaarchchi Mr. S.N. Bandara
	Mr. M.J.Wijerathna (AGM - Horrakelley)	Marawila Farm Galpokuna Farm Narangalla Farm	<b>Farm Managers/ Act.Manager</b> Mr. J. Mahindarathna Mr. H.W.M.Somarathne Mr. T.M.P.A.K. Thilakarathna
	Mr.P.A.J.S. Pathirana, (AGM - Regional)	Oyamaduwa Farm Parasangawewa farm Polonnaruwa Farm Welikanda Farm	<b>Farm Managers/ Act.Manager</b> Mr. J.A. Gunathilaka Mr. K.G. Amila Prabath Mr.K.A.T.C. Kulawansha Mr. G.M.J.K. Gunathilake
	Mr. E.W.M.K.D.N. Amunugama (AGM - Ridiyagama)	Weerawila Farm Miriswattha Farm	<b>Farm Managers/ Act.Manager</b> Mr.Thimira Udayanga Dias Mr. K.A.P.I. Mauranga
	Mr. W.M.P.N. Wanasingha (AGM - Menikpalama)	Bopathalawa Farm Dayagama Farm Rosita Farm	<b>Farm Managers/ Act.Manager</b> Mr. J.M.M.D. Dinesh Jayasundara Mr. H.G.M.Lakshan Siriwardana Mr. D.M.R.K.Disanayake
	Mr. M.A.N.G. Nimalsiri (AGM - Andigama)	Nikawaratiya Farm Rukkattana Farm	<b>Farm Managers/ Act.Manager</b> Mr. A.M.G.K.B. Adikari Mr. A.G.R.C. Karunasena

The Board had four veterinary surgeons for the veterinary care of animals

Name of Veterinary Surgeons	Farms
Dr. K.S.M. Madushanka	Andigama
	Galpokuna
	Koulwewa
	Marandawila
	Narangalla
	Nikawaratiya
	Rukkattana
Dr. S.T.A. Rathnayaka	Horrakelley
	Kottukachchiya
	Marawila
	Martin
	Mawattha
	Miriswatta
	Polonthalawa
	Siringapatha
Dr. M.Thissabalan	Beligama
	Melsiripura
	Oyamaduwa
	Parasangawewa
	Polonnaruwa
	Welikanda
	MLE
Dr. T.D. Dilekshan	Menikpalama
	Bopaththalawa
	Dayagama
	Haragama
	Karandagolla
	Mahaberiyathanna
	MLDC
	Rosita



## 1. INTRODUCTION

The National Livestock Development Board (NLDB) has played a key role in Sri Lanka's livestock sector, especially during the economic downturn of 2021-2022 and the global COVID-19 pandemic. Despite these challenges, the NLDB continued to operate successfully, achieving financial self-sufficiency and recording a profit of Rs. 136.99 million for 2022. The Board managed to optimize production, sales, and control expenses, ensuring the well-being of farmers and employees while maintaining a strong presence in milk production, poultry, and agricultural sectors.

## 2. PERFORMANCE REVIEW

In 2022, NLDB met several key performance targets despite operational challenges. Milk production from cattle reached 6,433,079 liters (51% of target), while buffalo milk production totaled 629,073 liters (81% of target). Goat milk production is 11,919 liters (75% of target). Broiler chick production achieved 1,973,614 chicks (58% of target), and layer chick production reached 416,139 chicks (47% of target). Additionally, agricultural production included 17.70 million coconuts harvested. These achievements reflect the NLDB's resilience in maintaining productivity and meeting the country's livestock and agricultural needs.

## 3. FINANCIAL SUMMARY

The NLDB recorded a profit of Rs. 136.99 million for the year 2022, demonstrating its financial resilience. Despite external economic pressures, the Board maintained

strong cost controls and revenue generation, contributing significantly to the country's agricultural output. The focus on optimizing operations, from farm production to value-added products, ensured continued profitability and financial stability.

## 4. GOVERNANCE AND COMPLIANCE

### 4.1 Corporate Governance

The Board of Directors has adhered to high standards of corporate governance, ensuring transparency, accountability, and compliance with legal and regulatory requirements. The NLDB confirmed that no director had any direct or indirect interest in contracts with the organization during the reporting period, and all statutory payments were made accurately and promptly. The Board's actions were fully compliant with Sri Lankan laws, and the organization remains a going concern.

### 4.2 Statutory Payments

All statutory payments to the Government, Employees' Provident Fund (EPF), and Employees' Trust Fund (ETF) were made in full compliance with the law.

## 5. BOARD OF DIRECTORS (2022)

Period	Name	Position
January – August 2022	Prof. Manjula P. Sumith Magamage	Chairman
	Mr. A.P. Sumanasiri (up to 31st July 2022)	Deputy Chairman
	Mr. Raja Obeysekera	Board Member
	Mr. Asiri Iddamalgoda	Board Member
	Mr. Ranjith Wickmathilaka (up to February 2022)	Board Member
	Mr. Keerthi Gunawardana	Board Member
	Mrs. Y.P. Sumanawathi (up to February 2022)	Board Member (Treasury Representative)
	Mrs. Malarmathy Gangatharan (from February to December 2022)	Board Member (Treasury Representative)
August – December 2022	Prof. H.W. Cyril	Chairman
	Mr. R.M. Duminda Lakshan	Deputy Chairman
	Mr. A.M. Jayathilake	Board Member
	Mr. E.M. Rathnayake	Board Member
	Mr. M.S. Bishrulhafi	Board Member
	Mr. Buddika Muthukumarana	Board Member

## 6. CERTIFICATION

On behalf of the Board of Directors,

**Dr. B.C.S.Perera**

**Chairman**

National Livestock Development Board

# Report of the audit committee 2022

## INTRODUCTION

The members of the Audit Committee are appointed from the members of the Board of Directors which consists of three non-executive directors as directed in the Section 7.41 of the Guidelines of the Good Governance for State Enterprises. Similarly, an official representing The Treasury or any other expert in the auditing field would act as the Chairperson of the Audit Committee.

Following members of the board of directors were nominated to the Audit Committee by the board directors.

1. **Mr. Ranjith Wickramthilake (Committee Chairman)**
2. **Ms. Malarmathy Gangatharan (Member)**
3. **Mr. Asiri Iddamalgoda (Member)**

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

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

The main tasks and the responsibilities of the Audit Committee:

1. **Reviewing the tasks and responsibilities of the Internal Audit unit.**
2. **Assessing and reviewing the control systems of financial and non-financial activities and providing instructions to further improve them.**
3. **Reviewing audit related exclusive matters mentioned in the audit reports of the Auditor General's Department and in those of the internal audit.**
4. **Reviewing if the reports meet Sri Lankan accounting standards.**

5. **Reviewing if the financial and nonfinancial activities are consistent with the existing regulations and circulars.**
6. **Reporting the relevant matters while providing guidance to minimize cost, eliminate waste and increase performance.**
7. **Presenting steps and instructions to avoid future recurrence of (unacceptable) matters disclosed by the reports of the Auditor General's Department and those of the Internal Audit Department.**

## PERFORMANCE OF THE AUDIT COMMITTEE IN YEAR 2022

Audit committee meetings were held during the year as follows.

### 1. 94th Audit and Management Committee -05th May 2022

The Audit Committee assessed the progress of internal audit division and important findings highlighted by the audit reports. The committee mainly focused on rectifying certain practices which had happened in the past in a way to improve the management practices that would increase the efficiency and productivity of the institution. The Audit Committee provided guidance to rectify the mistakes in future and align with the board's circulars and government regulations.

The committee made necessary recommendation to the board of directors time to time for the matters raised by the internal audit during their investigations and the Auditor General's Department.

We believe that the Audit Committee could support the internal management to line up the management practices to minimize management deficiencies, align with corporate plan, stream line practices in accordance to the government regulations. We highly appreciate the support given by the chairman and board of directors, General Manager and heads of division and staff, and internal auditor for organizing the committee meetings, executing the recommendation made by the committee for the betterment of the institute.



**Ranjith Wickramathilake**  
Chairman of the Audit Committee



## OPERATIONAL PERFORMANCE OF NLDB FARMS - 2022

The National Livestock Development Board (NLDB) operates numerous farms across Sri Lanka, with diverse livestock and agricultural activities aimed at supporting the country's farming sector. The farms are strategically located in various provinces, each with distinct livestock projects and additional agricultural operations.

The table below provides an overview of the farm locations, the main livestock projects undertaken, and other operations carried out on the farms. These operations include the farming of cattle, buffalo, goats, sheep, swine, and poultry, as well as coconut cultivation, vegetable cultivation, and other crop-related activities such as rubber and pepper cultivation.

### FARM OPERATIONS BY LOCATION

No	Province	District	Location	Farm	Total extent	Main Livestock Project	Other Operations
1	Central	Nuwaraeliya	Bopathtalawa	Menikpalama	576.5	C	Vegetable Cultivation
2			Bopathtalawa	Bopathtalawa	462.5	C	Vegetable Cultivation
3			Dayagama	Dayagama	219.85	C	Vegetable Cultivation
4			Kotagala	Rosita	40.08	C G P R	Vegetable Cultivation
5		Kandy	Digana	Mahaberiyathenna	148.99	C CB P	Coconut & Pepper Cultivation
6			Gurudeniya	Haragama	91.1	CL Q	Coconut Cultivation
7			Kundasale	Karandagolla	20.24	BB	
8			Digana	MLDC	29.15		Training
9		Mathale	Beligamuwa	Beligama	265.2	C	Coconut & Rubber
10	North Western	Kurunagala	Dambadeniya	Andigama	457.49	C S	Coconut & Rubber
11			Udubaddawa	Galpokuna	285.83	C CF	Coconut Cultivation
12			Narammala	Koulwewa	409.3	C G	Coconut & Rubber
13			Kithalawa	Narangalla	210.11	C	Coconut Cultivation
14			Bingiriya	Rukkaththana	207.69	C S	Coconut Cultivation
15			Nikawaratiya	Polonthalwa	286.23	C	Coconut & Paddy Cultivation
16			Bingiriya	Marandawila	840.09	C B	Coconut Cultivation
17			Melsiripura	Melsiripura	552.64	C B CL	Coconut Cultivation
18		Nikawaratiya	Nikawaratiya	592.3	C B		
19	Puttalam	Kudawewa	Horrakelly	403.27	P S D	Coconut Cultivation	

# Operational Performance

No	Province	District	Location	Farm	Total extent	Main Livestock Project	Other Operations
20	North Western	Puttalam	Bangadeniya	Martin	202.63	P	Coconut Cultivation
21			Marawila	Marawila	6.5	LB	Coconut Cultivation
22			Anamaduwa	Kottukachchiya	327.94	G S	
23			Bandirippuwa	Mawattha	140.89	BB CL S	Coconut Cultivation
24	North Central	Anuradapura	Elayapatthuwa	Oyamaduwa	870.45	C S	
25			Parasangaswewa	Parasangaswewa	632.79	C	
26		Polonnaruwa	Kaduruwela	Polonnaruwa	1083.2	B	
27			Welikanda	Welikanda	188.25	C	
28	Southern	Hambanthota	Ambalanthota	Ridiyagama	1128.75	C	Coconut Cultivation
29			Weerawila	Weerawila	158.73	B CL	
30	Western	Kaluthara	Horana	Miriswatta	16.2	BB	Coconut Cultivation
31		Gampaha	Badalgama	Siringapatha	661.27	C T	Coconut Cultivation
32		Colombo	Ragama	Welisara	4.1	MP	Milk Processing unit

<b>B</b> Buffalo	<b>P</b> Pig	<b>CB</b> Commercial Broiler	<b>R</b> Rabbit	<b>S</b> Sheep
<b>C</b> Cattel	<b>BB</b> Broiler Breeder	<b>CF</b> Country fowl	<b>MP</b> Milk Processing	<b>T</b> Turkey
<b>G</b> Goat	<b>LB</b> Layer Breeder	<b>D</b> Duck	<b>CL</b> Commercial Layer	<b>Q</b> Quail

The NLDB's operations span across multiple provinces and cover a wide variety of livestock projects, ranging from cattle and buffalo farming to poultry and swine farming. In addition, many of these farms integrate agricultural practices such as coconut cultivation, vegetable cultivation, and rubber cultivation, contributing to a diverse range of outputs.

The total farm area across all locations amounts to 11,520 hectares, which reflects the substantial scale of the NLDB's operations in supporting the livestock and agricultural sectors. The diversity of operations and geographical spread highlight the NLDB's strategic role in contributing to Sri Lanka's national agricultural development.

## CATTLE PROJECT PERFORMANCE

This table presents detailed data on the number of cattle, milk production, and calf production across various farms for the years 2021 and 2022. It includes both the variance between the two years and a summary of the changes in milk and calf production.

No.	Farm	Number of cattle	Milk Production			Production of calves		
			2021	2022	variance	2021	2022	variance
1	Menikpalama	681	1,226,559	895,337	-331,222	306	246	-60
2	Bopaththalawa	477	1,116,391	816,744	-299,647	198	171	-27
3	Dayagama	461	1,249,687	1,014,071	-235,616	264	188	-76
4	Ridiyagama	2903	4,864,983	2,544,739	-2,320,244	1254	1330	76
5	Rosita	58	93,968	55,307	-38,661	38	19	-19
6	Mahaberiyathenna	69	74,113	61,218	-12,895	29	36	7
7	Andigama	505	220,883	201,501	-19,382	243	224	-19
8	Siringapatha	243	75,457	55,500	-19,957	107	87	-20
9	Beligama	184	39,805	36,061	-3,744	79	53	-26
10	Galpokuna	320	96,392	90,357	-6,035	117	124	7
11	Koulwewa	414	253,422	211,373	-42,049	161	145	-16
12	Narangalla	196	71,938	75,041	3,103	55	78	23
13	Rukkaththana	412	100,714	88,805	-11,909	158	143	-15
14	Marandawila	277	81,832	89,320	7,488	92	82	-10
15	Melsiripura	141	104,702	89,932	-14,770	42	55	13
16	Nikaweratiya	203	54,467	51,070	-3,397	67	74	7
17	Oyamaduwa	290	70,080	56,705	-13,375	75	95	20
18	Parasangahawewa *	102				22	11	-11
19	Polonthalawa *	205				70	80	10
20	Welikanda *	440				54	118	64
	<b>Total</b>	<b>8,581</b>	<b>9,795,393</b>	<b>6,433,079</b>	<b>-3,362,312</b>	<b>3,431</b>	<b>3359</b>	<b>-72</b>

\* These farms do not raise animals for milk production.

- **Number of Cattle:** The number of cattle at each farm is listed for both 2021 and 2022, showing a slight change in some farms, with the total cattle count across all farms being 8,581 in 2022.
- **Milk Production:** This column compares the milk production for 2021 and 2022 in liters. A significant decrease in milk production is seen across multiple farms, with a total variance of -3,362,312 liters. For example, Menikpalama farm saw a reduction of 331,222 liters, while Ridiyagama experienced the largest decline of 2,320,244 liters. In contrast, farms like Narangalla and Marandawila showed slight increases in milk production. The main reason for the decline in milk production was the shortage of concentrate feed and maize and the high cost of production.

- **Calf Production:** This column tracks the production of calves in 2021 and 2022. Most farms showed a decrease in the number of calves produced. For instance, Bopaththalawa saw a drop of 27 calves, and Rosita had a decrease of 17 calves. The total number of calves produced decreased by 72 compared to 2021.

### HIGHLIGHTS:

- Menikpalama had the largest reduction in milk production, while Ridiyagama had the largest drop in both milk production and calf production. These two farms are the farms belonging to the two largest cattle projects owned by the board

# Operational Performances

## PERFORMANCE OF BUFFALOE PROJECTS

This table provides a summary of the buffalo projects by comparing the herd strength, milk production, and calf production between 2021 and 2022 across various farms.

No.	Farm	Number of cattle	Milk production			Production of calves		
			2021	2022	variance	2021	2022	variance
1	Marandawila	444	173,749	202,638	28,889	130	140	10
2	Nikaweratiya	177	59,250	49,790	-9,460	33	41	8
3	Polonnaruwa	898	199,652	169,010	-30,642	399	346	-53
4	Melsiripura	503	115,982	163,827	47,845	194	202	8
5	Weerawila	131	38,561	43,808	5,247	33	47	14
6	Siringapatha	204						
	<b>Total</b>	<b>2,357</b>	<b>587,194</b>	<b>629,073</b>	<b>41,879</b>	<b>789</b>	<b>776</b>	<b>-13</b>

### KEY SUMMARY OF THE TABLE:

- **Number of Buffaloes:** The number of buffaloes in each farm for the years 2021 and 2022 is listed. The total number of buffaloes across all farms is 2,357 for both years.
- **Milk Production:** The table shows the milk production in liters for each farm. The total milk production increased by 41,879 liters, from 587,194 liters in 2021 to 629,073 liters in 2022. For example, Marandawila saw an increase of 28,889 liters, and Melsiripura showed a significant increase of 47,845 liters. On the other hand, Polonnaruwa experienced a decrease of 30,642 liters.
- **Calf Production:** The table compares the number of calves produced in each year. The overall number of calves produced slightly decreased by 13, from 789 calves in 2021 to 776 calves in 2022. The farm Polonnaruwa saw the largest decrease of 53 calves, while Weerawila showed the highest increase of 14 calves.

### NOTABLE OBSERVATIONS:

- Marandawila and Melsiripura experienced notable improvements in milk production, with increases of 28,889 liters and 47,845 liters, respectively.
- The total milk production across all farms increased, demonstrating a positive trend for buffalo farming.
- Overall, while milk production in buffalo projects saw a slight increase in 2022, calf production experienced a minor decline. The Marandawila and Melsiripura farms stood out for their improvements in milk production, while Polonnaruwa faced challenges in both milk and calf production.



## POULTRY BREEDER PROJECTS

This section provides an overview of the poultry breeder projects, specifically focusing on the broiler and layer breeder hatcheries. The National Livestock Development Board (NLDB) manages these farms to produce day-old chicks, which are essential for local meat and egg production. The Board contributes significantly to the national supply, with about 15% of layer chicks being produced by these hatcheries. The following table compares the flock strengths and chick production in 2021 and 2022, highlighting the variance.

### BROILER BREEDER HATCHERIES

No.	Farm	Number of parent birds at end 2022	Chick production and issues		
			2021	2022	variance
1	Miriswatta	8,016	1,172,528	914,621	-257,907
2	Karandagolla	8,250	1,333,903	1,058,993	-274,910
	<b>Total</b>	<b>16,266</b>	<b>2,506,631</b>	<b>1,973,614</b>	<b>-532,817</b>

### LAYER BREEDER HATCHERIES

No.	Farm	Number of parent birds at end 2022	Chick production and issues		
			2021	2022	variance
1	Marawila	6,524	641,562	416,139	-225,423

### KEY SUMMARY OF THE TABLE:

#### Broiler Breeder Hatcheries:

- **Miriswatta:** In 2022, the number of parent birds at the end of the year was 8,016, with 914,621 chicks produced, showing a decrease of 257,907 chicks compared to 2021, where production was 1,172,528 chicks.
- **Karandagolla:** The parent bird count remained at 8,250 in 2022. However, chick production dropped from 1,333,903 chicks in 2021 to 1,058,993 chicks in 2022, a decrease of 274,910 chicks.
- **Total:** Across both farms, the total number of chicks produced in 2022 was 1,973,614, which is 532,817 fewer chicks than in 2021, when production reached 2,506,431 chicks.

#### Layer Breeder Hatcheries:

- **Marawila:** The parent bird count was 6,524 at the end of 2022. Chick production decreased significantly from 641,562 chicks in 2021 to 416,139 chicks in 2022, marking a decrease of 225,423 chicks.

#### Notable Observations:

- **Broiler Breeder Hatcheries:** Both farms, Miriswatta and Karandagolla, experienced a decline in chick production in 2022 compared to 2021. The total decrease of 532,817 chicks suggests some operational or market challenges that affected broiler chick production. The reason for this is the decrease in demand and the increase in production costs due to the economic crisis in the country.
- **Layer Breeder Hatcheries:** Marawila saw a negative variance in layer chick production, with a decrease of 225,423 chicks, reflecting a negative market demand. The obstacles to importing parent stock, high production costs, and the increase in egg prices caused this.

The broiler & Layer breeder hatcheries experienced a decline in chick production in 2022, which could be attributed to various operational or external factors.

# Operational Performances

## OTHER LIVESTOCK AND POULTRY PROJECTS

### Commercial Layer Farms

The National Livestock Development Board (NLDB) operates commercial layer farms to produce eggs for the domestic market. The following table provides a summary of the production and sales performance of the farms during 2022 compared to 2021.

No.	Farm	Number of Parent Birds at End 2022	Egg Production and Sale (2021)	Egg Production and Sale (2022)	Variance
1	Haragama	7,324	2,267,910	1,866,183	-401,727
2	Melsiripura	3,521	571,388	690,456	119,068
3	Weerawila	2,130	147,150	255,625	108,475
<b>Total</b>		<b>12,975</b>	<b>2,986,448</b>	<b>2,812,264</b>	<b>-174,184</b>

The performance of the commercial layer farms saw a reduction in egg production in Haragama, while both Melsiripura and Weerawila showed positive growth in

egg production. Overall, there was a slight decline in total egg production when compared to the previous year.

### NON-TRADITIONAL POULTRY PROJECTS

The NLDB also maintains non-traditional poultry species, including quail and village chicken, to diversify its poultry production. Below are summaries of the projects for Quail and Village Chicken, comparing 2021 and 2022.

#### QUAIL PROJECT

Farm	Number of Parent Birds at End 2022	Egg Production and Sale (2021)	Egg Production and Sale (2022)	Variance
Haragama	590	81,282	24,948	-56,334

The quail project at Haragama saw a significant decrease in egg production in 2022 compared to 2021.

This was due to a sharp drop in demand.

#### VILLAGE CHICKEN PROJECT

Farm	Number of Parent Birds at End 2022	Egg Production and Sale (2021)	Egg Production and Sale (2022)	Variance
Galpokuna	795	59,550	126,369	66,819

The village chicken project at Galpokuna experienced an increase in egg production during 2022, reflecting positive growth. The demand for village chickens increased due to increased government support for the rural poultry industry and encouraging people to produce and consume eggs for their nutritional needs

### SWINE PROJECTS

The NLDB operates several swine farms, including nucleus and multiplier farms, to improve the swine industry in Sri Lanka. Below is a summary of the herd strength and production performance during 2021 and 2022.

Farm	Number of sows (Avg)	Piglet Production (2021)	Piglet Production (2022)	Variance	Piglet Sale (2021)	Piglet Sale (2022)	Variance
Mahaberiyathenna	103	895	612	-283	805	617	-188
Martin	127	1,349	1,009	-340	902	1,019	117
Horakelly	88	1,534	1,049	-485	1,273	1,028	-245
Rosita	22	47	57	10	0	99	99
<b>Total</b>	<b>340</b>	<b>3,825</b>	<b>2,727</b>	<b>-1,118</b>	<b>2980</b>	<b>2,763</b>	<b>217</b>

The total production of piglets decreased significantly in 2022 compared to 2021, but there was an increase in the sale of piglets, especially from the Martin farm.

## SHEEP PROJECTS

The sheep project is underdeveloped but holds great potential in Sri Lanka. The following table summarizes the herd size and production of sheep in 2021 and 2022.

Farm	Number of Sheep (Avg)	Kids Production (2021)	Kids Production (2022)	Variance	Kids Sale (2021)	Kids Sale (2022)	Variance
Horakelly	2,218	749	590	-159	598	701	103
Rukkattana	438	78	74	-4	40	35	-5
Kottukachchiya	1,219	519	338	-181	380	400	20
Oyamaduwa	687	579	547	-32	371	653	282
Andigama	473	38	146	108	12	17	5
<b>Total</b>	<b>5,080</b>	<b>1,963</b>	<b>1,689</b>	<b>-484</b>	<b>1,401</b>	<b>1,806</b>	<b>405</b>

The sheep herd showed slight reductions in the production and sale of kids compared to 2021, except at the Rukkattana farm, which experienced a notable increase in sales.

## GOAT PROJECTS

The NLDB manages goat farms to support goat farming in Sri Lanka. Below is a summary of the herd size and the production of kids at various farms in 2021 and 2022.

Farm	Number of Goats (Avg)	Kids Production (2021)	Kids Production (2022)	Variance	Kids Sale (2021)	Kids Sale (2022)	Variance
Rosita	25	45	15	-30	17	3	-14
Koulwewa	331	166	130	-36	66	63	-3
Kottukachchiya	369	108	153	45	100	56	-44
Polonthalawa	53	18	25	7	9	0	-9
Haragama	13	4	2	-2	2	0	-2
<b>Total</b>	<b>791</b>	<b>341</b>	<b>325</b>	<b>-16</b>	<b>194</b>	<b>122</b>	<b>-72</b>

The goat project showed a reduction in the production of kids and their sale, particularly at the farms in Rosita and Koulwewa.

## RABBIT PROJECTS

The NLDB also maintains rabbit farms. Below is the summary of the herd size and output in 2021 and 2022 for the Rabbit Project.

Farm	Number of Rabbits (Avg)	Kids Production (2021)	Kids Production (2022)	Variance	Kids Sale (2021)	Kids Sale (2022)	Variance
Rosita	75	246	27	-219	73	0	-73

The rabbit project saw a sharp decrease in kids production and a complete drop in sales in 2022 compared to 2021.

These summaries provide an overview of the performance of NLDB's various livestock projects, detailing the challenges and successes encountered across different types of animals.

# Operational Performances

## DAIRY PROCESSING

The NLDB focuses on the value addition of milk through the production of various dairy products, including yoghurt, curd, milk toffee, ice cream, and drinking yoghurt. The production of yoghurt, ice cream, and drinking yoghurt showed an increase in 2022 compared to the previous year. Below is a detailed farm-wise summary of the production in 2021 and 2022, as well as the variance.

### YOGHURT PRODUCTION

Location	2021	2022	Variance
Siringapatha	10,378	13,313	2,935
Narangalla	32,007	27,729	-4,278
Koulwewa	33,042	38,030	4,988
Nikaweratiya	52,627	34,769	-17,858
Rosita	11,967	12,135	168
Weerawila	54,345	43,329	-11,016
Melsiripura	119,419	94,193	-25,226
Mahaberiyathenna	307,222	101,755	-205,467
Welisara	-	209,021	209,021
Martin	14,927	16,103	1,176
<b>Total</b>	<b>635,934</b>	<b>590,377</b>	<b>-45,557</b>

Yoghurt production saw a slightly decrease, with the total production dropping by -45,557 units. Some farms, such as Siringapatha and Koulwewa, experienced positive growth, while others like Mahaberiyathenna and Melsiripura saw large decreases.

### CURD PRODUCTION

Location	2021	2022	Variance
Koulwewa	31,107	32,938	1,831
Narangalla	14,546	12,686	-1,860
Siringapatha	2,645	1,987	-658
Weerawila	17,333	21,339	4,006
Polonnaruwa	150,029	104,519	-45,510
Martin	18,396	19,698	1,302
Marandawila	46,473	4,114	-42,359
Melsiripura	76,927	93,509	16,482
Nikaweratiya	51,553	50,965	-588
Mahaberiyathenna	2,950	2,852	-98
Haragama	6,134	3,599	-2,535
Rosita	1,634	712	-922
Oyamaduwa		236	236
welisara	11,686	624	-11,062
<b>Total</b>	<b>431,443</b>	<b>349,778</b>	<b>-81,635</b>

Total curd production dropped significantly by 81,635 units in 2022, with Polonnaruwa (-45,510) and Marandawila (-42,359) contributing the most to the decline. Despite the overall drop, Melsiripura saw a notable increase of 16,482, while Weerawila also experienced a rise of 4,006.

### MILK TOFFEE PRODUCTION

Location	2021	2022	Variance
Mahaberiyathenna	47,651	59,692	12,041
Oyamduwa	8,838	4,217	-4,621
Galpokuna	53,107	20,797	-32,310
Rosita	8,108	13,865	5,757
Nikaweratiya	34,563	40,811	6,248
Koulwewa	12,256	17,280	5,024
Melsiripura	24,371	8,897	-15,474
Beligama	28,994	45,543	16,549
Narangalla	10,119	13,368	3,249
<b>Total</b>	<b>228,007</b>	<b>224,470</b>	<b>-3,537</b>

Milk toffee production slightly declined by 3,537 units overall, with significant losses observed in farms like Galpokuna and Melsiripura.

### DRINKING YOGHURT PRODUCTION

Location	Item	2021	2022	Variance
Welisra	Drinking Yoghurt	100,494	102,537	2,043

Drinking yoghurt production saw a slight increase of 2,043 units in 2022 compared to 2021.

### ICE CREAM PRODUCTION

Location	Item	2021	2022	Variance
Welisra	Ice Cream	14,191	9,715	-4,476

Ice cream production showed a decline of 4,476 units, primarily due to reduced production at Welisra farm.

The dairy processing sector of the NLDB saw mixed results in 2022. While yoghurt, ice cream, and drinking yoghurt production increased, there were significant decreases in other products like milk toffee and curd. The overall milk-based value-added production showed a decrease of 267,495 units in yoghurt, 3,537 units in milk toffee, and 4,476 units in ice cream. The performance of individual farms varied, with some farms showing growth and others experiencing declines in production.

## TRAINING PROGRAMS

The NLDB recognizes its vital role in disseminating knowledge, experience, and expertise to farmers, students, and other stakeholders in the livestock industry. All NLDB farms are considered breeding grounds for new livestock entrepreneurs and employees. The NLDB is the only government organization in the country that provides hands-on training on a large scale.

To support its training efforts, the NLDB has two dedicated training centers for theoretical knowledge and utilizes its farms to provide practical exposure to trainees. In addition to formal training, NLDB has also given industrial training opportunities to nearly 1,000 students from various universities, colleges, and training institutes.

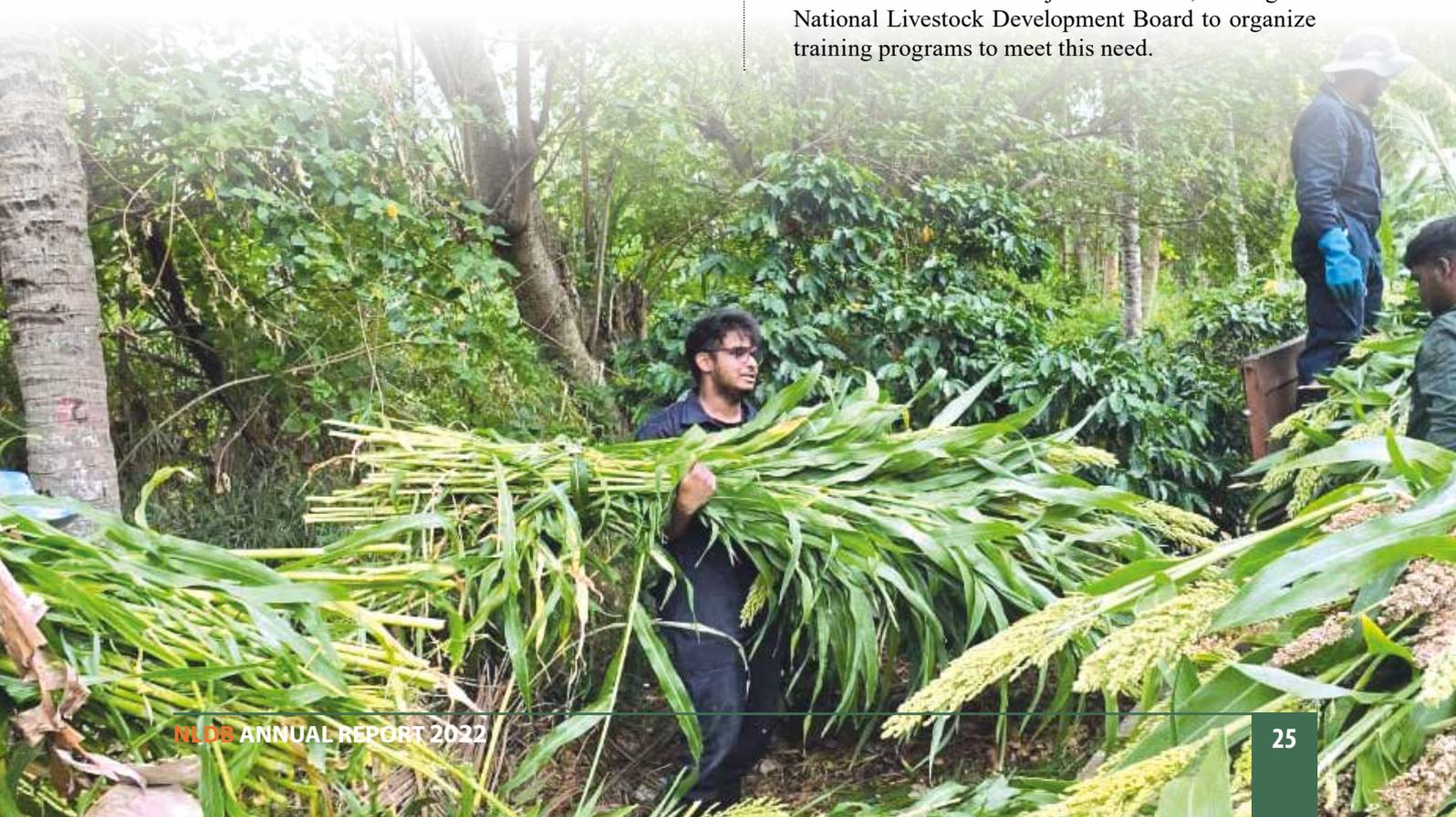
## TRAINING PROGRAMS SUMMARY

Farm	Number of Training Programs	Number of Training Programs	Number of Trainees (Farmers, Students, etc.)	Number of Trainees (Farmers, Students, etc.)
	2021	2022	2021	2022
MLDC	24	49	285	530

In 2022, the number of training programs increased significantly, with 530 trainees compared to 285 in 2021. This increase reflects the NLDB's growing efforts to expand its training capabilities and contribute to the development of the livestock industry in Sri Lanka.

## KEY HIGHLIGHTS

- **Training Centers:** The NLDB operates two dedicated training centers for theoretical knowledge and practical training on its farms.
- **Practical Industrial Training:** In addition to the formal training programs, nearly 1,000 students received practical industrial training in 2021 from different universities, colleges, and other institutions.
- **Increased Training Capacity:** The number of training programs conducted by MLDC in 2022 rose significantly, with a variance of 245 more trainees compared to the previous year.
- This was due to the fact that due to the economic crisis in the country, a large number of younger generation were looking for overseas jobs and there was a huge demand for farm-related jobs in abroad, leading the National Livestock Development Board to organize training programs to meet this need.



## PERFORMANCE REVIEW

The National Livestock Development Board (NLDB) achieved considerable progress across its production and sales targets for the year 2022, despite facing numerous operational challenges. The performance across key activities is summarized below:

Activity	Unit	2022 Target	Achievement	Achievement (%)
<b>Milk Production</b>				
Cattle	Liters	12,544,128	6,433,079	51%
Buffalo	Liters	777,633	629,073	81%
Goat	Liters	11,919	11,919	75%
<b>Day-Old Chick Production</b>				
Broiler	Nos	3,399,661	1,973,614	58%
Layer	Nos	1,758,797	416,139	47%
Egg Production	Nos	-	-	-
<b>Issuing Breeding Materials</b>				
Heifers	Nos	1,261	230	18%
Bull calves	Nos	1,559	1,121	72%
Goats	Nos	355	122	34%
Sheep	Nos	2,355	1,905	81%
Swine	Nos	5,596	2,763	49%
<b>Dairy and Value-Added Products</b>				
Yoghurt (80ml cups)	Cups	1,393,770	590,377	40%
Yoghurt (1L cups)	Cups	5,423	1,530	28%
UHT Milk Packets (1L)	Packets	529,550	263,888	50%
Curd (1L cups)	Cups	744,805	349,778	47%
Milk Toffee (250g packets)	Packets	511,259	224,470	44%
<b>Agricultural Products</b>				
Coconut	Nos	20,843,201	17,685,364	85%

The above table outlines the NLDB's production targets and achievements for 2022 across livestock, dairy, poultry, and agricultural product categories.

- **Milk Production:** Cattle and buffalo milk production achieved 51% and 81% of their respective targets. Notably, goat milk production is by achieving 75%, by the target demonstrating strong performance in small ruminant management.
- **Poultry Production:** Broiler chick production reached 58% of the target, while layer chick production achieved 47%. Although lower than expected, these results reflect the constraints faced in feed availability and market demand fluctuations.
- **Breeding Material Issuance:** The issuance of heifers and goats fell below targets (18% and 34% respectively), mainly due to reduced breeding herd sizes and resource limitations. However, the distribution of bull calves and

sheep achieved 72% and 81% of targets respectively, supporting the genetic improvement efforts in the national livestock herd.

- **Value-Added Dairy Products:** Production of yoghurt, UHT milk, curd, and milk toffee faced setbacks, with achievement levels ranging between 28% and 50% of targets. This shortfall was primarily attributed to raw milk shortages and market access constraints during the post-pandemic recovery phase.
- **Agricultural Products:** Coconut production achieved a strong 85% of the annual target, reflecting the resilience and productivity of the integrated farming systems managed by the NLDB.

Overall, while some activities fell short of planned targets, the achievements recorded under extremely challenging conditions highlight the NLDB's ability to sustain essential production operations and contribute significantly to national food security.

# Progress of Projects Implemented in 2022

## SILAGE BALING PROJECT AT POLONNARUWA FARM

In 2021, under Treasury funds, this project was initiated at the Polonnaruwa farm of the NLDB to cultivate 500 acres of fodder grass, sorghum and maize and mechanically produce them as silage bales.

Under this project, 500 acres are planned to be cultivated completely under irrigation. The board is expected to supply the baled silage as animal feed to the mega dairy farms owned by the board, and the surplus will be distributed to local dairy farmers.

The details of the project implementation and expected output are as follows.

<b>Extent to be Cultivated</b>	-	<b>500 Ac of fodder under irrigation with Rain Guns</b>
<b>Total Estimated Cost</b>	-	<b>Rs. 250 Million</b>
<b>Source of Funds</b>	-	<b>Treasury</b>
<b>Main Fodder Varieties to</b>	-	<b>Pakchong, Fodder be cultivated Sorghum/ Maize</b>
<b>Output per Annum</b>	-	<b>40,000 MT of baled Silage/year</b>



# Progress of Projects Implemented in 2022

## LEASE OUT OF DRY ZONE FARMS TO THE OUTSIDE PARTIES

A total land extent of 2,456 acres belonging to the farms of Oyamaduwa, Parasangahawewa, Weerawila, Nikaweratiya, Marandawila, and Kottukachchiya has been leased out to

the private sector on a short-term period through a formal tender procedure for the cultivation of maize.

Farm	Extent Released (Ac) 2022
Oyamaduwa	826
Parasangawewa	980
Weerawila	150
Nikaweratiya	250
Marandawila	100
Kottukachchiya	150
<b>Total</b>	<b>2,456</b>

## INTRODUCING STORAGE FACILITIES FOR STORAGE OF GRAIN AND ANIMAL FEED INGREDIENTS

New storage facilities have been introduced for the storage of animal feed ingredients for the farms of Oyamaduwa, Polonnaruwa, Weerawila and Ridhiyagama.



# Progress of Projects Implemented in 2022

## PURCHASE OF YOGURT PRODUCTION MACHINE

Welisara Farm, the dairy processing unit belonging to the Board, received a yogurt production machine was purchased in this year to produce yogurt from

the machine at a cost of Rs.3.4 Mn and the production capacity is 1800 yogurt cups per hour. These products have now been introduced to the market.



# Financial and operational performance

The National Livestock development Board had a challenging year this financial year due to the changes in the county's economy. But by adopting management strategies, the board has been able to achieve growth in financial performance.

## TURNOVER

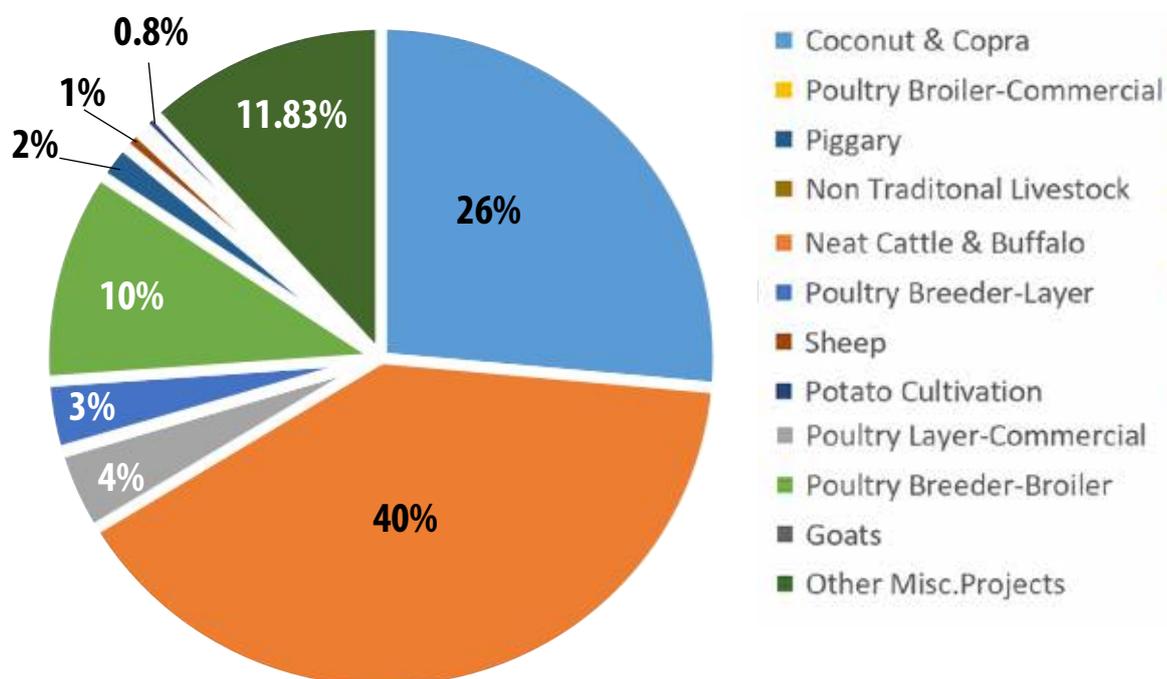
The total turnover for the year 2021 and 2022 was Rs. 3651 million and 4189 million respectively. The main contributing factor to this was the 5% increase in coconut production.

## INCOME COMPOSITION

Milk and milk-related production contribute the most to the income of the National Livestock Development Board, generating Rs.1,674 million in 2022. This accounts for 41% of the total revenue.

Projects	2022	
	Revenue	%
Coconut & Copra	1,106,792,454	26%
Neat Cattle & Buffalo	1,674,183,069	40%
Poultry Layer –Commercial	168,363,324	4%
Poultry Broiler-Commercial	2,956,878	0.07%
Poultry Breeder-Layer	143,138,605	3%
Poultry Breeder-Broiler	434,632,475	10%
Piggery	75,351,248	2%
Sheep	40,009,574	1%
Goats	15,331,968	0.37%
Non Traditional Livestock	614,670	0.01%
Potato Cultivation	32,241,388	0.8%
Other Misc. Projects	495,658,242	11.83%
<b>Value of Sales Transactions</b>	<b>4,189,273,902</b>	<b>100%</b>

## REVENUE 2022

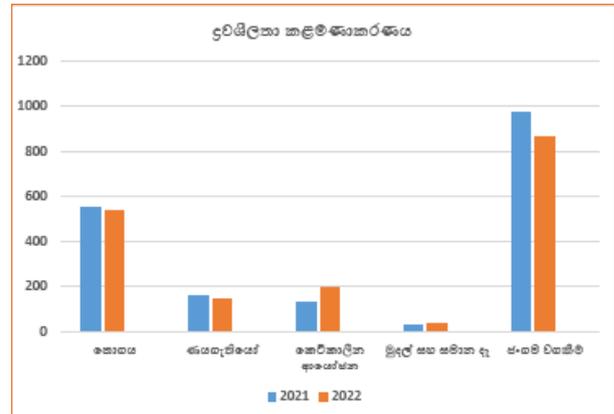
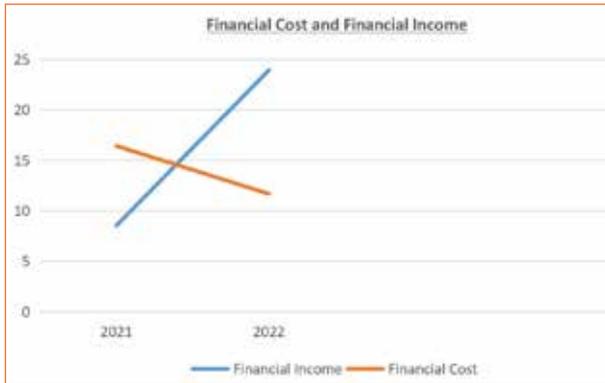


## FINANCIAL COST AND FINANCIAL INCOME

The financial costs for 2021 and 2022 were Rs.16.41 million and Rs.11.67 million, respectively, reflecting a 28% decrease compared to the previous year.

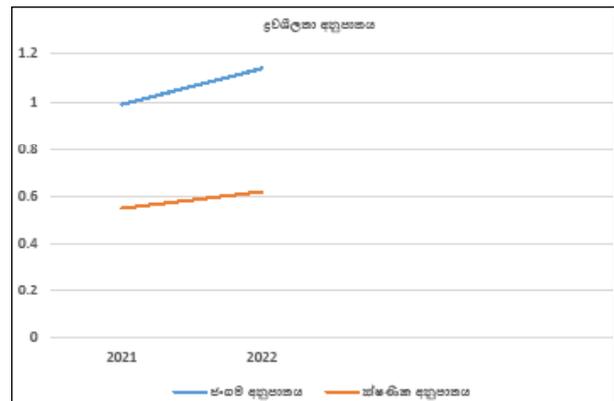
2021 and 2022 have managed to increase the financial income from Rs. 8.52 million to Rs 23.92 million respectively.

The increase in financial income is a growth of 180% compared to last year. As a result of this the board has been able to get an income of Rs. 12.25 million in rather than of the financial cost in the year 2022.



## EFFICIENCY

The Board has been operating efficiently achieving a slight increase in the total assets turnover ratio from 0.63 to 0.71 while increasing the inventory turnover ratio from 6.66 to 7.47 in the 2021 and 2022 financial year respectively.



## LIQUIDITY

The current ratio of the National Livestock Development Board was 0.99 in 2021 and improved to 1.14 in 2022. Similarly, the quick ratio increased from 0.55 in 2021 to 0.62 in 2022.

Liquidity Management	2021 Rs. (Million)	2022 Rs. (Million)
Stock	549	534
Debtors	156	144
Current Investment	131	195
Cash & Cash Equivalents	27	35
Current Liabilities	972	865





# **CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**

**31st DECEMBER 2022**

NATIONAL LIVESTOCK DEVELOPMENT BOARD AND ITS SUBSIDIARY

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# Consolidated statement of profit or loss and other comprehensive income

Year Ended 31st December	Notes	Group		NLDB	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Revenue	1	4,189,273,903	3,715,250,658	4,189,273,903	3,650,721,461
Change in Fair Value of Biological Assets	2	403,094,872	10,414,934	403,094,872	10,414,934
<b>Total Revenue</b>		<b>4,592,368,774</b>	3,725,665,592	<b>4,592,368,774</b>	3,661,136,395
Cost of Sales	3	(3,310,039,325)	(2,488,324,293)	(3,310,039,325)	(2,451,786,106)
<b>Gross Profit</b>		<b>1,282,329,449</b>	1,237,341,299	<b>1,282,329,449</b>	1,209,350,290
Other Income	4	99,881,430	50,371,911	99,881,429	48,915,942
Government Grants	5	-	971,792	-	971,792
Distribution Expenses	6.1	(26,542,477)	(19,478,624)	(26,542,477)	(19,236,839)
Administrative Expenses	6.2	(1,225,249,387)	(1,076,035,347)	(1,223,207,701)	(1,056,208,328)
Other Expenses	6.3	(24,729,950)	(17,412,610)	(24,729,950)	(17,412,610)
<b>Profit/(Loss) from Operations</b>		<b>105,689,065</b>	175,758,421	<b>107,730,751</b>	166,380,247
Net Finance Cost	7	12,246,279	(7,901,752)	12,246,279	(7,892,092)
Share of profit/(loss) of associates		8,046,994	5,576,323	-	-
<b>Profit/(Loss) before Taxation</b>		<b>125,982,338</b>	<b>173,432,992</b>	<b>119,977,030</b>	<b>158,488,155</b>
Tax Expense	8	-	(12,000)	-	(12,000)
<b>Profit/(Loss) for the year</b>		<b>125,982,338</b>	<b>173,420,992</b>	<b>119,977,030</b>	<b>158,476,155</b>
<b>Other Comprehensive Income/ (Expense)</b>					
<b>Items that will not be reclassified to profit or loss:</b>					
Remeasurement of Retirement Benefit Obligation Deferred Tax on Remeasurement of Retirement Benefit		27,225,279	25,341,911	27,225,279	24,555,754
Obligation		-	-	-	-
Changes in other comprehensive income of associates		-	-	-	-
<b>Other Comprehensive Income/ (Expense) for the Year, Net of Tax</b>		<b>27,225,279</b>	<b>25,341,911</b>	<b>27,225,279</b>	<b>24,555,754</b>
<b>Total Comprehensive Income/ (Expense) for the Year</b>		<b>153,207,618</b>	<b>198,762,904</b>	<b>147,202,309</b>	<b>183,031,909</b>

The Note annexed form an internal part of these Financial statements.

Figures in brackets indicate deductions.

# Consolidated statement of financial position

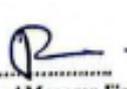
As at 31st December	Notes	Group		NLDB	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, Plant and Equipment	9	2,486,457,373	2,671,933,512	2,412,127,690	2,596,436,381
Work-In-Progress	9	2,646,111	11,975,993	2,646,111	11,975,993
Leasehold Property	10	6,098,480	6,186,864	-	-
Investments in Subsidiaries	12.1	-	-	149,123,327	149,123,327
Investments in Associates	12.2	6,127,696	-	600,000	600,000
Biological Assets - Plantations	11.1	1,063,742,590	974,979,878	1,063,742,592	972,531,330
Biological Assets - Livestock Capital	11.2	1,327,940,598	1,135,001,453	1,327,940,598	1,133,014,613
		4,893,012,847	4,800,077,699	4,956,180,318	4,863,681,644
<b>Current Assets</b>					
Inventories	13	450,379,370	459,490,804	450,379,370	435,548,982
Biological Assets - Livestock Trading	11.3	83,472,206	113,209,699	83,472,206	113,209,699
Trade and Other Receivables	14	146,092,303	157,581,448	144,023,710	155,512,855
Advances, Deposits and Prepayments	15	14,550,248	17,813,693	14,151,498	17,414,943
Other Current Assets	16	103,459,665	90,832,341	67,985,683	86,599,931
Short Term Investment	17	195,276,088	131,129,421	195,276,088	131,129,421
Cash & Cash Equivalents	18	35,119,314	31,919,906	34,745,000	27,424,389
		1,028,349,194	1,001,977,311	990,033,557	966,840,220
<b>Total Assets</b>		<b>5,921,362,044</b>	<b>5,802,055,012</b>	<b>5,946,213,874</b>	<b>5,830,521,865</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Stated Capital		6,801,995,542	6,801,995,542	6,801,995,542	6,801,995,542
Retained Earnings		(2,538,943,502)	(2,687,801,418)	(2,600,118,604)	(2,742,971,212)
Capital Reserve		375,250,360	210,052,697	375,250,360	210,052,697
Revenue Reserve		44,529,422	44,529,422	44,529,422	44,529,422
Revaluation Reserve		110,731,360	110,731,360	110,731,360	110,731,360
Revolving Fund		37,500,000	37,500,000	37,500,000	37,500,000
		4,831,063,182	4,517,007,603	4,769,888,080	4,461,837,809
Non-controlling Interests		-	-	-	-
<b>Total Equity</b>		<b>4,831,063,182</b>	<b>4,517,007,603</b>	<b>4,769,888,080</b>	<b>4,461,837,809</b>
<b>Non - Current Liabilities</b>					
Interest Bearing Loans and Borrowings	19.1	62,886,959	147,110,658	62,886,959	145,985,658
Investments in Associates	12.2	-	1,919,298	-	-
Retirement Benefit Liability	20	228,769,504	229,738,730	221,672,455	222,641,680
Deferred Revenue on Leased Assets	21	26,897,737	27,809,858	26,897,737	27,809,858
		318,554,199	406,578,543	311,457,150	396,437,195

As at 31st December	Notes	Group		NLDB	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Trade and Other Payables	22	777,481,852	874,121,219	871,730,825	967,899,206
Short Term Borrowings	19.2	(90,474,150)	(107,877,701)	(90,474,150)	(107,877,701)
Payable on Loans within 12 months	19.3	32,215,286	55,425,391	31,090,286	55,425,391
Bank Overdraft	18.2	52,521,680	56,799,963	52,521,680	56,799,963
		771,744,669	878,468,872	864,868,640	972,246,858
<b>Total Equity and Liabilities</b>		<b>5,921,362,044</b>	5,802,055,012	<b>5,946,213,874</b>	5,830,521,865

The Note annexed form an internal part of these Financial statements.

I hereby certify that the Financial Statements have been prepared in compliance with the requirements of Finance Act No.38 of 1971

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

 Assistant General Manager-Finance  M.R.R. Thilakasiri Assistant General Manager (Finance) National Livestock Development Board No.40, Nawala Road, Narahenpita, Colombo - 05	 Chairman National Livestock Development Board Financial Statements 2022  Dr. B. C. S. Perera Chairman National Livestock Development Board No.40, Nawala Road, Narahenpita, Colombo 05	 Deputy Chairman  Dr. W. M. D. Saranga Wanninayake Deputy Chairman National Livestock Development Board No.40, Nawala Road, Narahenpita, Colombo 05.
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**National Livestock Development Board  
Financial Statements 2022**



# Consolidated statement of changes in equity

	Stated Capital Rs.	Retained Earnings Rs.	Capital Reserve Rs.	Revenue Reserve Rs.	Revaluation Reserve Rs.	Revolving Fund Rs.	Non Controlling Interest Rs.	Total Rs.
<b>Group</b>								
Balance as at 01 January 2021	6,801,995,542	(2,886,680,297)	153,902,557	44,529,422	110,731,360	37,500,000	-	4,261,978,584
Prior Period Adjustment		115,975						115,975
Profit for the Year	-	173,420,992	-	-	-	-	-	173,420,992
Other Comprehensive Income		25,341,911						25,341,911
Grant Received	-	-	57,121,932	-	-	-	-	57,121,932
Grant Amotization	-	-	(971,792)	-	-	-	-	(971,792)
Dividends	-	-	-	-	-	-	-	-
<b>Balance as at 31 December 2021</b>	<b>6,801,995,542</b>	<b>(2,687,801,419)</b>	<b>210,052,697</b>	<b>44,529,422</b>	<b>110,731,360</b>	<b>37,500,000</b>	<b>-</b>	<b>4,517,007,602</b>
<b>Balance as at 01 January 2022</b>	<b>6,801,995,542</b>	<b>(2,687,801,419)</b>	<b>210,052,697</b>	<b>44,529,422</b>	<b>110,731,360</b>	<b>37,500,000</b>	<b>-</b>	<b>4,517,007,602</b>
Profit for the Year	-	125,982,338	-	-	-	-	-	125,982,338
Grant Amotization		(4,349,701)						(4,349,701)
Total Transactions with Owners Other Comprehensive Income	-	27,225,279	-	-	-	-	-	27,225,279
-								
Grant Received	-	-	165,197,663	-	-	-	-	165,197,663
Dividends		-		-				-
<b>Balance as at 31 December 2022</b>	<b>6,801,995,542</b>	<b>(2,538,943,502)</b>	<b>375,250,360</b>	<b>44,529,422</b>	<b>110,731,360</b>	<b>37,500,000</b>	<b>-</b>	<b>4,831,063,181</b>

## Consolidated statement of changes in equity

	Stated Capital Rs.	Retained Earnings Rs.	Capital Reserve Rs.	Revenue Reserve Rs.	Revaluation Reserve Rs.	Revolving Fund Rs.	Total Rs.
<b>NLDB</b>							
Balance as at 01 January 2021	6,801,995,542	(2,925,272,871)	153,902,557	44,529,422	110,731,360	37,500,000	4,223,386,010
Prior Period Adjustment		(730,250)					(730,250)
Wellard Loan -Adjustment							
Profit for the Year	-	158,476,155	-	-	-	-	158,476,155
POther Comprehensive Income	-	24,555,754	-	-	-	-	24,555,754
Government Grant	-	-	57,121,932	-	-	-	57,121,932
Government Grant Amotization			(971,792)				(971,792)
Dividends	-	-	-	-	-	-	-
<b>Balance as at 31 December 2021</b>	<b>6,801,995,542</b>	<b>(2,742,971,212)</b>	<b>210,052,697</b>	<b>44,529,422</b>	<b>110,731,360</b>	<b>37,500,000</b>	<b>4,461,837,809</b>
Balance as at 01 January 2022	6,801,995,542	(2,742,971,212)	210,052,697	44,529,422	110,731,360	37,500,000	4,461,837,809
Grant Amotization		(4,349,701)					(4,349,701)
Profit for the Year	-	119,977,030	-	-	-	-	119,977,030
Other Comprehensive Income	-	27,225,279	-	-	-	-	27,225,279
Government Grant	-	-	165,197,663	-	-	-	165,197,663
Dividends	-	-	-	-	-	-	-
<b>Balance as at 31 December 2022</b>	<b>6,801,995,542</b>	<b>(2,600,118,604)</b>	<b>375,250,360</b>	<b>44,529,422</b>	<b>110,731,360</b>	<b>37,500,000</b>	<b>4,769,888,080</b>

The Note annexed form an internal part of these Financial statements.  
Figures in brackets indicate deductions.

# Consolidation of financial statements

Year Ended 31st December	Group		NLDB	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	<b>125,982,338</b>	173,432,992	<b>119,977,030</b>	158,488,155
<b>Adjustments for:</b>				
Prior Period Adjustment	<b>(4,349,701)</b>	4,691,440.59	<b>(4,349,701)</b>	730,250
Depreciation of property, plant and equipment	<b>248,592,223</b>	233,663,853	<b>246,638,921</b>	231,637,893
Amortization of Leasehold Property	<b>88,384</b>	88,384	-	-
(Appreciation)/Depreciation On Livestock	<b>(403,094,872)</b>	(10,414,934)	<b>(403,094,872)</b>	(10,414,934)
Interest on Gratuity	<b>25,603,793</b>	18,700,513	<b>25,603,793</b>	18,700,513
Provision for gratuity	<b>17,109,443</b>	17,689,923	<b>15,856,618</b>	16,437,098
Deferred Lease Income	<b>(912,121)</b>	(912,121)	<b>(912,121)</b>	(912,121)
Interest Expense	<b>11,672,548</b>	16,414,192	<b>11,672,548</b>	16,414,192
Interest on Deposits	<b>(22,523,399)</b>	(6,914,685)	<b>(22,523,399)</b>	(6,914,685)
Provision for bad and doubtful debts	<b>3,357,427</b>	3,438,300	<b>3,357,427</b>	3,438,300
Expenditure for Plantation	<b>8,213,732</b>	4,276,185	<b>8,213,732</b>	4,276,185
Share of profit of associates	<b>(8,046,994)</b>	(5,576,323)	-	-
Capital Grant Amotization	-	(971,792)	-	(971,792)
<b>Changes working Capital</b>				
(Increase)/Decrease in Inventories	<b>9,111,435</b>	(150,327,458)	<b>(14,830,388)</b>	(134,419,486)
(Increase)/Decrease in Livestock Trading	<b>29,737,493</b>	(21,990,432)	<b>29,737,493</b>	(21,990,432)
(Increase)/Decrease in Trade and Other Receivables	<b>26,656,554</b>	60,366,147	<b>26,567,135</b>	60,175,815
(Increase)/Decrease in Advance, Deposit & Pre-Payment	<b>3,263,444</b>	(8,279,768)	<b>3,263,444</b>	(8,279,768)
(Increase)/Decrease in Other Current Assets	<b>(12,627,324)</b>	(11,904,212)	<b>18,614,248</b>	(11,904,212)
(Increase)/Decrease in Short Term Investment	<b>(64,146,668)</b>	(1,916,835)	<b>(64,146,668)</b>	(1,916,835)
Increase/(Decrease) in Trade & Other Payables	<b>(74,848,776)</b>	16,983,287	<b>(71,940,694)</b>	17,704,695
Increase/(Decrease) in Short term Borrowings	<b>17,403,550</b>	(39,609,540)	<b>17,403,550</b>	(39,609,540)
Increase / (Decrease) LANLIB Tax Liabilities	-	-	-	-
<b>Cash generated from operations</b>	<b>(63,757,489)</b>	278,619,581	<b>(54,891,903)</b>	278,361,755
Tax Paid		(2,029,752)		(12,000)
Gratuity Paid	<b>(8,936,846)</b>	(9,107,210)	<b>(8,936,846)</b>	(8,837,996)
Interest Paid	<b>(11,672,548)</b>	(16,414,192)	<b>(11,672,548)</b>	(16,414,192)
<b>Net cash flow from operating activities</b>	<b>(84,366,883)</b>	251,068,427	<b>(75,501,297)</b>	253,097,567
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>				
Changes in Livestock Capital	<b>208,168,887</b>	151,583,518	<b>208,168,887</b>	151,800,686
Purchase of Non-Current assets	<b>(53,000,349)</b>	(298,427,256)	<b>(53,000,349)</b>	(298,363,164)
Investment in Plantation	<b>(94,680,607)</b>	(73,979,742)	<b>(99,424,993)</b>	(73,979,742)
Interest on FD	<b>4,087,983</b>	4,345,000	<b>4,087,983</b>	4,345,000
Fixed Deposit	-	-	-	-
<b>Net cash flow from / (used in) investing activities</b>	<b>64,575,913</b>	(216,478,480)	<b>59,831,527</b>	(216,197,221)
<b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>				
Bank Loan Obtained		99,600,000		99,000,000
Settlement of Loan and Lease	<b>(137,929,011)</b>	(104,728,450)	<b>(137,929,011)</b>	(104,728,450)
Capital Grant Received	<b>165,197,663</b>	57,121,932	<b>165,197,663</b>	57,121,932
<b>Net cash flow from / (used in) financing activities</b>	<b>27,268,652</b>	51,993,482	<b>27,268,652</b>	51,393,482
<b>Net Increase/(Decrease) In cash and cash equivalent</b>	<b>7,477,692</b>	86,583,439	<b>11,598,894</b>	88,293,841
<b>Cash And Cash Equivalents At The Beginning</b>	<b>(24,880,057)</b>	(111,463,496)	<b>(29,375,574)</b>	(117,669,415)
<b>Cash And Cash Equivalents At The End</b>	<b>(17,402,366)</b>	(24,880,057)	<b>(17,776,680)</b>	(29,375,574)

The Note annexed form an internal part of these Consolidated Financial statements.

## 1. CORPORATE INFORMATION

### 1.1 Reporting Entity

The National Livestock Development Board (“NLDB”) was established in 1973 under the State Agricultural Corporation Act. No.11 of 1972 and field operations were commenced in 1974. NLDB comes under the purview of the State Ministry of Livestock, Farm Promotion and Dairy and Egg Related Industries. NLDB presently manages 30 livestock and crop intergraded farms with a training center. The registered office of the Board is located at No.40, Nawala Road, Narahenpita, Colombo 5.

The Consolidated Financial Statements of the National Livestock Development Board as at and for the year ended 31st December 2021 comprise the financial information of NLDB and its subsidiary (together referred to as the “Group” and individually as “Group entities”).

### 1.2 Principal Activities and Nature of Operations

The principal activity of NLDB (parent) is the maintenance of Livestock Breeding Farms with a Livestock/Crop integrated farming system with the objective of contributing to the Livestock Development activities in the Country.

The principle activities of the Sri Lanka Poultry Development Company (Pvt) Ltd (subsidiary) are agriculture and livestock.

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

The Consolidated Financial Statements of the Group and Separate Financial Statements of NLDB, have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs), laid down by the Institute of Chartered Accountants of Sri Lanka (‘CA Sri Lanka’).

These Financial Statements include the following components:

- Statement of Profit or Loss and Other Comprehensive Income providing information on the Financial Performance of NLDB and the Group for the year.
- Statement of Financial Position providing the information on the Financial Position of NLDB and the Group as at the year end.
- Statement of Changes in Equity depicting all changes in shareholders’ funds during the year, the Group and NLDB
- Statement of Cash Flows providing the information to the users, on the ability of NLDB and the Group to generate cash and cash equivalents and utilization of those cash flows.

- Notes to the Financial Statements comprising Accounting Policies and other explanatory information.

### 2.2 Basis of Measurement

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

No adjustments have been made for inflationary factors affecting the Financial Statements.

### 2.3 Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entities operate (‘the functional currency’). The Financial Statements are presented in Sri Lankan Rupees, which is the entities’ functional and presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

### 2.4 Use of Judgments and Estimations

In preparing these Consolidated and Separate Financial Statements, the management has made judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

### GOING CONCERN

The Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future.

Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Group’s ability to continue as a going concern. Therefore, the Financial Statements of the Group continue to be prepared on a going concern basis.

# Consolidation of financial statements

## 2.5 Current versus Non-Current Classification

The Group presents assets and liabilities in the Statement of Financial Position based on Current / Non-Current classification. An asset is Current when it is expected to be realized or intended to be sold or consumed in the normal operating cycle and held primarily for the purpose of trading or expected to be realized within twelve months after the reporting period or is Cash or Cash Equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as Non- Current Assets.

A liability is Current when it is expected to be settled in the normal operating cycle and is held primarily for the purpose of trading and is due to be settled within twelve months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. All other liabilities are classified as Non-Current Liabilities.

## 2.6 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Income Statement, unless required or permitted by Sri Lanka Accounting Standards and as specifically disclosed in the Significant Accounting Policies of the Group.

## 3. SIGNIFICANT ACCOUNTING POLICIES

NLDB and the Group have consistently applied the following accounting policies to all periods presented in these Consolidated Financial Statements unless otherwise indicated.

### 3.1 Basis of Consolidation

#### 3.1.1 Business Combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any

gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognized amount of any non – controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

### 3.1.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date when control ceases.

In the entity’s Financial Statements, investments in subsidiaries are carried at cost less impairment if any, in net recoverable value.

#### 3.1.2.1. Successor of Sri Lanka Poultry Development Company (pvt) Ltd known as “Mawatte Farm of the National Livestock Development Board”

In terms of Cabinet Paper No. 20/0890/217/052 dated 12th March 2020 and submitted by the Minister of Mahaweli, Agriculture, Irrigation and /Rural Development, approval was granted by Cabinet to :-

- (a) To liquidate the Sri Lanka Poultry Development Company (pvt) Ltd., of which the National Livestock Development Board was the 100% equity shareholder; In other words the said Company was a fully owned subsidiary of the NLDB.
- (b) To takeover all the assets and liabilities of the said company by the National Livestock Development Company (pvt) Ltd.;
- (c) To absorb all the staff of the said Company by the National Livestock Development Board whilst upholding the rights of such staff;
- (d) To take over the only farm owned by the said

Company named Mawatta Farm and to continue its operations as a going concern of the NLDB.

Further, in keeping with a decision of the Board of Directors taken at its meeting held on 23rd December 2021, the following decisions were carried through:-

- (a) Open a new current account in the name of NLDB – Mawatta Farm to carry out the financial transactions of the farm.
- (b) To use the name of “NLDB -Mawatta Farm” in all its official documents and stationery.
- (c) NLDB had also absorbed the staff of the said Company into its cadre.

However, in the Consolidated Statement of Financial Position as on 31st December, 2022

only the following assets of the said Company acquired on 01.01.2022, at its value at the time of take over have been incorporated:-

Biological Assets Valued at Rs. 4,314,648.00

Immature Plantation – Coconut valued at Rs. 2,235,784.00

Immature Plantation - Cinnamon valued at Rs. 212,765.00

Inventories valued at Rs. 23,941,823.00

The above transactions have been carried through a inter-company current account maintained by the NLDB exclusively for that purpose.

In the Income statement of Sri Lanka Poultry Development Company (pvt) Ltd for the year ended 31st December, 2022, the only expenditure accounted for are the bank charges of its own bank account and the depreciation charges on its tangible assets.

The Board of Directors of Sri Lanka Poultry Development Company (pvt) Ltd., are in the process of appointing a Liquidator to carry through the liquidation of the Company.

### 3.1.3 Non-Controlling Interests

Non-Controlling Interests (‘NCI’) are measured at their proportionate share of the acquiree’s identifiable net assets at the acquisition date. Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

### 3.1.4 Loss of Control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in the profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Subsequently, any retained interest is accounted for

as an equity accounted investee or as an available for sale financial asset depending on the level of influence retained.

### 3.1.5 Associates

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating activities. Significant influence is presumed to exist when the Group holds between twenty and fifty percent of the voting power of another entity.

Associates are accounted for using the equity method (equity accounted investees) and are initially recognized at cost. The Group’s investment in associate includes goodwill identified on acquisition, net of any accumulated impairment losses.

The Consolidated Financial Statements include the Group’s share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Acquisitions of additional stakes of equity accounted investees, until the control is established, are accounted as goodwill within the equity accounted investment if consideration paid is more than the net asset acquired or taken into to profit or loss as gain on bargain purchase if the net asset acquired is more than the consideration paid.

When the Group’s share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

### 3.1.6 Reporting Date

The parent and the subsidiary have the same financial year end which ends on 31st December other than the associate whose financial year ends on 31st March.

The difference among the reporting dates of the above companies and that of the parent does not exceed three months.

### 3.1.7 Transactions eliminated on Consolidation

Intra-group balances and transactions, including

# Consolidation of financial statements

income, expenses and dividends, are eliminated in full. Profits and losses resulting from intra-group transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full.

## 3.2 Foreign Currency Transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

## 3.3 Statement of Financial Position

### 3.3.1 Property, Plant and Equipment

#### a. Recognition

Property, plant and equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used during more than one period. Property, Plant and Equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Group and the cost of the asset can be reliably measured.

#### b. Measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. This also includes costs of dismantling and removing the items and restoring the site on which they are located. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property plant and equipment.

#### c. Subsequent Cost

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in the profit or loss.

#### d. De-recognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognized.

#### e. Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight line method over their estimated useful lives, and is generally recognized in profit or loss. This most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized. Leased assets are depreciated over the shorter of the lease term or the useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. The depreciate rates of the property, plant and equipment for current and comparative periods are as follows.

Class of Assets	Rate of depreciation
Building including poultry sheds	5%-10%
Plant and Machinery	10%-15%
Estate Equipment	5%
Tools and Equipment	20%-25%
Furniture, Fittings and Fixtures	10%
Office Equipment	10%-20%
Structures including livestock sheds	5%
Motor vehicles	10%-25%

## f. Restoration Costs

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

## g. Capital Work-In-Progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings, major plant and machinery, awaiting capitalization.

Some of the freehold land's title changes are still in the process. Since these transactions are considered to be major investments this has been disclosed under Property Plant and Equipment. And 35 acres of the NLDB Siringapatha farm was handed over to MILCO on a Cabinet directive, but the value of the land or any financial benefits that would derive not been finalized. Therefore, no accounting entries have been recorded in the financial statements during the accounting period under review.

## 3.3.2 Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

The cost of inventories is based on the weighted average cost basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

As on 31st December 2022 balance of unreconciled inventories amount in Rs. 25,690,247. This amount had been balance as on 31st December 2019.

Biological assets are measured at the end of the year at their fair values less costs to sell. Any resultant gain or loss arising on initial recognition and from changes in fair value less costs to sell is charged to the profit or loss for the period in which the gain or loss arises.

The Group's biological assets are stated at a valuation. This is based on a method and formula developed by the Group with the assistance of the expert in the field of biology which is expected to result in the near-market fair value for biological assets and the summary of the reconciliation statement of carrying amounts of dairy livestock is also given in Note 11.

### a. Coconut Projects

The expenses incurred for new planting and under planting of the coconut projects were capitalized considering the time lag of seven years between the planting and commercial harvesting. The write off is carried out over 35 years after the commercial harvesting is commenced. As a policy decision NLDB

continued to provide 3% deduction for spoilage of coconut from the closing stock which is reflected in the accounts.

### b. Pasture Development

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

### c. Mature Plantations

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

## MEASUREMENT OF BIOLOGICAL ASSETS

Group's biological assets are measured on the following criteria.

### a. Animals other than poultry

Animals other than poultry is valued at a standard rate circulated by the Board based on the following factors.

#### 1. Live weight

#### 2. Lactation No.

#### 3. Milk Production

#### 4. Pregnancy

#### 5. Genetic value

Sheep, Goats, Pigs and Rabbits are valued at standard rates based on the Live Weight, Genetic Value and Pregnancy. All culled animals are valued at standard rates based on weights. The cattle stock of SLPDC is valued at market price of live weight less an adjustment for dress weight.

### b. Breeder and Commercial Layer Poultry

Breeder and commercial layer batches of NLDB which have commenced the laying are valued at cost incurred up to the laying point less cost of amortization for the period and the layer batches that are growing are valued at actual cost incurred up to date. SLPDC values the commercial layer at cost less depreciation. This cost includes initial cost of day of old birds, feed vaccines and the drug costs for the first six months (26 weeks).

# Consolidation of financial statements

## c. Breeder eggs (Hatching eggs)

Breeder eggs are valued at cost using the following formula by NLDB.

The total cost divided by number of hatch able eggs produced during the year. This total cost includes the cost of feeds, direct wages and production overheads including depreciation charges.

## d. Commercial Layer Eggs

Commercial layer eggs are valued at realized price.

## e. Broiler and Layer Immature Stocks – Measured at cost

## f. Broiler in Cold Room – Measured at realized price

## g. Coconut and Agriculture products - Measured at realized price

## h. Charcoal – At 50% of the realized price

## i. Other Stock

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

As a Board policy decision, 10 % provision is made on the biological value of cattle, buffalo, goats, pigs and sheep annually.

## 3.3.3 Financial Instruments

### 3.3.3.1 Non-derivative Financial Assets

The Group recognizes a financial asset in its Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. The Group initially recognizes loans and receivables and deposits issued on the date when they are originated.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over transferred asset.

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

The Group has the following non derivative financial assets: Loans and receivables and Held to Maturity investments

### a. Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables, amounts due from related companies and cash and cash equivalents.

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

As NLDB's Policy, bad debt provisions are made as follows:

Over 05 years	100%
3-5 Years	50%
1-3 years	20%
During the Year	2%
Legal	20%

### b. Held-to-maturity Financial Assets

Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs if the transaction costs are significant. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Investments in fixed deposits have been classified under as held-to-maturity investments.

### 3.3.4 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at banks and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows. Investments with short maturities, i.e. three months or less from the date of acquisition are also treated as cash equivalents.

### 3.3.5 Grants

#### 3.3.5.1 Accounting for Grants

Grants that compensate the Group for expenses incurred are recognized as revenue in the statement of comprehensive income in the same period in which the expenses are recognized. Grants that compensate the Group for the cost of an asset are recognized in the

statement of comprehensive income on a systematic basis over the useful life of the related assets.

### 3.3.6 Liabilities and Provisions

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

All known liabilities have been accounted for in preparing these financial statements. Provisions and liabilities are recognized when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

### 3.3.7 Employee Benefits

#### a. Defined Contribution Plans

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

#### b. Employees' Provident Fund

The Group entities and employees contribute 12% and 10% respectively on the basic salary and cost of living allowance of each employee to the Employee Provident Fund.

#### c. Employees' Trust Fund

The Group entities contributes 3% on the basic salary and cost of living allowance of each employee to the Employee's Trust Fund.

### 3.3.8 Lease and Investment Properties

#### 3.3.8.1 Leasehold Property

The cost of improvements to or on leasehold property is capitalized, disclosed as leasehold improvements, and depreciated over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is shorter. NLDB has acquired movable assets on a financial lease from the Bank of Ceylon and all such movable assets are leased over a period of five years. NLDB has also leased out some of its immovable property to third parties on 30 and 99 years lease periods for the following;

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

NLDB received in advance a lease rental for which land was given on a 99 year lease to the subsidiary company (SLPDC). This balance was shown under

differed lease revenue and the outstanding amount was transferred to the investment of subsidiary account as this payment was taken into consideration when shares were valued.

#### 3.3.8.2 Investment Properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property.

After the initial recognition, the Group measures all of their investment properties in accordance with the requirements of LKAS 16 on property, plant and equipment other than those that meet the criteria to be classified as held for sale.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from the use and no future economic benefit is expected from its disposal. Any gains and losses on the retirement or disposal of an investment property are recognized in the income statement in the year of disposal.

### 3.3.9 Equity

NLDB has continued to build up the Capital Reserve and Revenue reserve mainly to strengthen its equity provision and to maintain a healthy ratio so that financial borrowings could be obtained from lending institution

### 3.4 Statement of Profit and Loss and Other Comprehensive Income

#### 3.4.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and that it can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sale taxes.

The following specific criteria are used for the purpose of recognition of revenue.

##### 3.4.1.1 Sale of Goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the

# Consolidation of financial statements

consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. Revenue is recognized at the invoice value net of brokerage, sale expenses and other levies related to revenue.

## **Sale of Farm Products**

Sales are recognized when the risks and rewards of ownership have been transferred to the buyer.

### **3.4.1.2 Dividend Income**

Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

### **3.4.1.3 Rent Income**

Rental Income is recognized in profit and loss as it accrues.

### **3.4.1.4 Interest Income**

Interest income is recognized as it accrues in the profit or loss using the effective interest method.

## **3.4.2 Other Operating Income**

Gains and losses on the disposal of property, plant and equipment are determined by comparing the net sales proceeds with the carrying amount. These are included in profit and loss.

## **3.4.3 Changes in the Fair Value of Biological Assets**

The gain or loss arising from changes in fair value of biological assets is dealt in the Statement of Profit or Loss.

## **3.4.4 Government Grants**

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

## **3.4.5 Borrowing Cost**

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that takes a substantial period of time to get ready for its intended use or sale is capitalized as part of that asset.

Borrowing costs that are not capitalized are recognized as expenses in the period which they are incurred and charged to the Statement of Profit or Loss.

The amounts of the borrowing costs which are eligible for capitalization are determined in accordance with the in LKAS 23 – 'Borrowing Costs'.

## **3.4.6 Finance Expense**

Finance cost comprises interest expenses on borrowings and interest on overdraft.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

## **3.4.7 Income Tax Expense**

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity, or in Other Comprehensive Income.

### **a. Current Tax Expense**

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

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or subsequently enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

No provision for income tax has been provided during the financial year as the taxable income as per the tax computation is nil for NLDB.

### **b. Deferred Tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and Liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred tax assets are reassessed

at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset only if certain criteria are met.

As at the balance sheet date there is no differed tax liability recognized. This is due to accumulated tax losses, NLDB does not recognize deferred tax assets.

### 3.5 Subsequent Events

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

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

### 3.6 Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (Business Segment) or in providing products or services within a particular economic environment (Geographical Segment), which is subject to risks and rewards that are different from those of other segments.

NLDB Financial Statements are prepared with a decentralized accounting system where each farm is considered as an operating segment. As such each and every operating segment is taken into account when preparing the Statement of Profit and Loss and Other Comprehensive Income and Statement of Financial Position.

### 3.7 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is being charged.

None of the Directors of NLDB had interests in contracts and or proposed contracts with the Board as at the reporting date.

The total emoluments paid to the Directors of the NLDB for the year ended 31.12.2022 amounted to Rs. 1,776,000 Further the Chairman and the Deputy Chairman are provided with an official vehicle each and mobile phones.

The following non- executive Directors are paid for attending Board Meetings. Further members of the Audit and Management Committee are paid a fee and transport allowance for attending the Committee meetings

Name	Designation	Appointed Date
Prof.Manjula Priyantha Sumith Magamage	Chairman	22.12.2019-2022.08.04
Mr.Arukattu Patabadige Sumanasiri	Deputy Chairman	16.01.2020-2022.08.04
Ms.Yapa Puwakdandawage	Director	16.01.2020-2022.08.04
Mr.Aasiri Manmohan Iddamalgoda	Director	16.01.2020-2022.08.04
Mr.Hettiarachchige Ranjith Kumara Wickramatileka	Director	16.01.2020-2022.08.04
Mr.Rajpal Kumar Obeysekara	Director	16.01.2020-2022.08.04
Mr.B.P.K. Gunawardena	Director	16.01.2020-2022.08.04

Name	Designation	Appointed Date
Prof.H.W.Cyril	Chairman	17.08.2022-2024.09.30
Mr.M.K.Kamal Sisirathna	Deputy Chairman	11.03.2024-2024.09.30
Mr.A.M.Jayathilaka	Director	09.11.2022-2024.09.30
Mr.E.M.Rathnayake	Director	09.11.2022-2024.09.30
Mr.Mohomad Shamil Bishrullhaf	Director	09.11.2022-2024.09.30
Mr.Buddhika Muthukumarana	Director	09.11.2022-2024.09.30
Mrs.M.Gangadaran	Director	04.01.2023-2024.09.30

Name	Designation	Appointed Date
Dr.B.C.S.Perera	Chairman	2024.10.03
Dr.W.M.D.S Wanninayake	Deputy Chairman	2024.10.18
Prof.B.C.Jayawardhana	Director	2024.10.18
Dr.U.E.Pallegama	Director	2024.10.03
Mr.E.M.Rathnasena	Director	2024.12.09
Mr.D.U.Nishantha	Director	2024.12.09
Mrs.N.A.H.K.Wijerathna	Director	2024.11.07

# Consolidation of financial statements

## 1.1 Comparative Information

The Group's accounting policies have been consistently applied and are consistent with those of the previous year's figures and phrases which have been re-arranged wherever necessary to conform to the current presentation.

## 1.2 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the 'Indirect Method' of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard - LKAS 7 'Statement of Cash Flows.' Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

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

## 1.3 Exemption Applied

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

3.10.14.1 NLDB has applied the following exemptions Fair Value or Revaluation as Deemed Cost

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

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

## 1.4 Capital Commitment and Contingent Liability

Contingent Liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured. Capital commitments and contingent liabilities of the Group are disclosed in the respective notes to the financial statements. Although court cases against NLDB have been filed due to various reasons, no provisions could be made or liabilities identified as the cases are still at the initial stage.

There are no material contingent liabilities as at the reporting date, which require adjustments to or disclosures in the Financial Statements.

The Attorney General who is appearing on behalf of the NLDB is of the opinion that the outcome of or the potential liability of any of the cases cannot be assessed at this stage. Therefore, no provision is required in the accounts.

## 1.5 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the 'Indirect Method' of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard - LKAS 7 'Statement of Cash Flows.' Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

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3.10.14.1 NLDB has applied the following exemptions Fair Value or Revaluation as Deemed Cost

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

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

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## 1.8 Statement of Cash Flows

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

## 1.9 Exemption Applied

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3.10.14.1 NLDB has applied the following exemptions Fair Value or Revaluation as Deemed Cost

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

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

## 1.10 Capital Commitment and Contingent Liability

Contingent Liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured. Capital commitments and contingent liabilities of the Group are disclosed in the respective notes to the financial statements. Although court cases against NLDB have been filed due to various reasons, no provisions could be made or liabilities identified as the cases are still at the initial stage.

There are no material contingent liabilities as at the reporting date, which require adjustments to or disclosures in the Financial Statements.

The Attorney General who is appearing on behalf of the NLDB is of the opinion that the outcome of or the potential liability of any of the cases cannot be assessed at this stage. Therefore, no provision is required in the accounts.

## 4. NEW STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE

A number of new standards and amendments to standards which have been issued but not yet effective as at the reporting date have not been applied in preparing these Financial Statements. Accordingly, the following Accounting Standards have not been applied in preparing these financial Statements and the Company plans to apply these standards on the respective effective dates.

SLFRS 9 – “Financial Instruments” – effective for annual periods beginning on or after 01st January 2018  
SLFRS 9, issued in 2014 which replaces the existing guidance in LKAS 39 – “Financial Instruments: Recognition and Measurement” is effective for annual reporting periods beginning on or after 01 January 2018.

The final version of SLFRS 9 – Financial Instruments that replaces LKAS 39 – Financial Instruments: Recognition and Measurement and all previous version of SLFRS 9. SLFRS 9 brings together all three aspects of accounting for the financial instrument i.e. Classification and Measurement, Impairment and Hedge Accounting.

The Group and NLDB are in the process of identifying the impact of these standards on its Financial Statements. The impact of the implementation of the standard is not yet finalized.

SLFRS 15 - ‘Revenue from Contracts with Customers’ – effective for annual periods beginning on or after 01st January 2018.

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. Entities will apply a five-step model to determine when to recognize revenue and at what amount. The model specifies that revenue is recognized when or as an entity transfers control of goods and services to a customer at the amount to which the entity expects to be entitled.

SLFRS 15 replaces existing revenue recognition guidance, including LKAS 18 on 'Revenue' and LKAS 11 on 'Construction Contracts' and IFRIC 13 on “Customer Loyalty Programs”, IFRIC 15 “Agreements for the Construction of Real Estate”, IFRIC 18 on “Transfers of Assets from Customers”

# Consolidation of financial statements

and SIC 31 “Revenue- Barter Transactions involving Advertising Services”

The Group and NLDB are in the process of identifying the impact of these standards on its Financial Statements. The impact of the implementation of the standard is not yet finalized.

SLFRS 16 - ‘Leases’- effective for annual periods beginning on or after 01st January 2019.

SLFRS 16 eliminates the current dual accounting model for lessees which distinguishes between On-Balance sheet finance leases and Off-Balance Sheet operating leases. Instead there will be a single On-Balance Sheet accounting model that is similar to current finance lease accounting.

The Group and NLDB are in the process of identifying the impact of these standards on its Financial Statements. The impact of the implementation of the standard is not yet finalized.



# Notes to the financial statements

Year Ended 31st December	Group		NLDB	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>1 REVENUE</b>				
Sales - Major Project	<b>3,768,515,293</b>	3,344,783,714	<b>3,768,515,293</b>	3,282,584,695
Sales - Miscellaneous Project				
-Milk Project	<b>249,671,975</b>	198,461,702	<b>249,671,975</b>	198,461,702
-Franchise	<b>228,156</b>	1,042,498	<b>228,156</b>	1,042,498
-Delite	<b>74,092,812</b>	79,247,685	<b>74,092,812</b>	79,247,685
-Sales Center	<b>68,301,780</b>	79,810,897	<b>68,301,780</b>	77,480,720
-HO-Milk shop	<b>28,463,887</b>	11,904,162	<b>28,463,887</b>	11,904,162
	<b>4,189,273,903</b>	3,715,250,658	<b>4,189,273,903</b>	3,650,721,461
<b>2 FAIR VALUE OF BIOLOGICAL ASSETS</b>				
Gains arising from changes in fair value less costs to sell of dairy livestock	<b>403,094,872</b>	10,414,934	<b>403,094,872</b>	10,414,934
	<b>403,094,872</b>	10,414,934	<b>403,094,872</b>	10,414,934
<b>3 COST OF SALES</b>				
Cost of Sales - Major Project	<b>(2,971,189,479)</b>	(2,188,468,552)	<b>(2,971,189,479)</b>	(2,154,128,808)
Cost of Sales - Miscellaneous Project				
-Milk Project	<b>(196,070,488)</b>	(153,966,128)	<b>(196,070,488)</b>	(153,966,128)
-Franchise	<b>(136,532)</b>	(827,802)	<b>(136,532)</b>	(827,802)
-Delite	<b>(57,909,066)</b>	(60,279,395)	<b>(57,909,066)</b>	(60,279,395)
-Sales Center	<b>(59,605,882)</b>	(73,269,614)	<b>(59,605,882)</b>	(71,071,170)
-HO-Milk shop	<b>(25,127,879)</b>	(11,512,802)	<b>(25,127,879)</b>	(11,512,802)
	<b>(3,310,039,325)</b>	(2,488,324,293)	<b>(3,310,039,325)</b>	(2,451,786,106)
<b>4 OTHER INCOME</b>				
Income on Investment Property	<b>37,917,411</b>	19,363,821	<b>37,917,411</b>	19,363,821
Income on Mini Projects	<b>18,491,588</b>	6,872,395	<b>18,491,588</b>	6,872,395
Other Income	<b>43,472,430</b>	24,135,694	<b>43,472,430</b>	22,679,726
	<b>99,881,430</b>	50,371,911	<b>99,881,429</b>	48,915,942
<b>5 GOVERNMENT GRANTS</b>				
Swine Project	-	971,792	-	971,792
Mobile & National Food Programme	-	-	-	-
Ridiyagama Project	-	-	-	-
Bio Gas Unit	-	-	-	-
	-	<b>971,792</b>	-	<b>971,792</b>

# Notes to the financial statements

Year Ended 31st December	Group		NLDB	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>6 OPERATING EXPENSES</b>				
<b>6.1 Distribution Expense</b>				
Advertisement expense	-	(39,405)	-	-
Brokerage Expenses	(3,055,435)	(2,090,798)	(3,055,435)	(2,090,798)
Bad Debtor under Provision	(3,357,427)	(3,438,300)	(3,357,427)	(3,438,300)
Milk Project	(12,915,669)	(8,280,022)	(12,915,669)	(8,280,022)
Franchise Project	(5,568,437)	(4,205,287)	(5,568,437)	(4,205,287)
Sales Center	(1,136,117)	(1,048,894)	(1,136,117)	(1,048,894)
HO-Milk shop	(509,392)	(173,536)	(509,392)	(173,536)
Other distribution expense	-	(202,380)	-	-
	(26,542,477)	(19,478,624)	(26,542,477)	(19,236,839)
<b>6.2 Administration Expenses</b>				
Administration & General of Farms	(967,719,800)	(859,609,332)	(965,678,114)	(839,782,313)
Head Office	(147,404,339)	(126,396,428)	(147,404,339)	(126,396,428)
Interest On Gratuity	(25,603,793)	(18,700,513)	(25,603,793)	(18,700,513)
Milk Project	(49,155,076)	(37,643,683)	(49,155,076)	(37,643,683)
Franchise Project	(8,250)	(9,000)	(8,250)	(9,000)
Sales Centers	(7,976,327)	(7,613,660)	(7,976,327)	(7,613,660)
ESC Writeoff	(13,434,424)	(12,307,535)	(13,434,424)	(12,307,535)
Delite Project	(10,471,916)	(11,840,005)	(10,471,916)	(11,840,005)
HO-Milk shop	(3,475,462)	(1,915,191)	(3,475,462)	(1,915,191)
	(1,225,249,387)	(1,076,035,347)	(1,223,207,701)	(1,056,208,328)
<b>6.3 Other Expense</b>				
Expenditure on Mini Projects of Farm	(8,279,112)	(3,329,625)	(8,279,112)	(3,329,625)
Other Expenses of farms	(14,736,595)	(14,082,985)	(14,736,595)	(14,082,985)
Milk Project	(1,714,243)	-	(1,714,243)	-
	(24,729,950)	(17,412,610)	(24,729,950)	(17,412,610)
<b>7 NET FINANCE COST</b>				
<b>Finance Cost</b>				
Interest on Overdraft	(1,036,645)	(5,496,734)	(1,036,645)	(5,496,734)
Leasing Interest	-	(88,985)	-	(88,985)
Interest on Bank Loans	(10,613,013)	(10,458,988)	(10,613,013)	(10,458,988)
Exchange loss	-	-	-	-
Finance Charges	(22,890)	(379,145)	(22,890)	(369,485)
	(11,672,548)	(16,423,852)	(11,672,548)	(16,414,192)
<b>Finance Income</b>				
Interest on staff Loans	1,395,428	1,607,415	1,395,428	1,607,415
Interest on Fixed Deposits	22,523,399	6,914,685	22,523,399	6,914,685
	23,918,827	8,522,100	23,918,827	8,522,100
<b>Net Finance Cost</b>	<b>12,246,279</b>	<b>(7,901,752)</b>	<b>12,246,279</b>	<b>(7,892,092)</b>

# Notes to the financial statements

Year Ended 31st December	Group		NLDB	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>8 INCOME TAX</b>				
<b>The major components of tax expense:</b>				
<b>8.1 Current Income Tax</b>		-	-	
Current Income Tax Charge				
<b>8.2 Semi Luxury Tax</b>				
Semi Luxury Tax Charge	-	12,000	-	12,000
<b>8.3 Deferred Tax</b>				
Deferred Taxation Charge/(Reversal)	-	-	-	-
<b>8.4 Economic Service Charge</b>				
Tax Expense Reported in the Statement of Profit or Loss	-	<b>12,000</b>	-	<b>12,000</b>
<b>9 SHARE OF PROFIT/(LOSS) OF ASSOCIATES -27.0716%</b>				
<b>9.1 Profit/(loss) after Taxation of associate</b>	<b>29,724,777</b>	20,598,370	-	-
Share of loss of associate	<b>8,046,994</b>	5,576,323	-	-
<b>9.2 Changes in other comprehensive income of associates</b>	-	-	-	-
	<b>8,046,994</b>	<b>5,576,323</b>	-	-



# Notes to the financial statements

## 9 PROPERTY, PLANT AND EQUIPMENT 9.1 PROPERTY, PLANT AND EQUIPMENT - Group

	Freehold										Leasehold	Capital Work in Progress	Total
	Land Rs.	Buildings Rs.	Plant & Machinery Rs.	Estate Equipment Rs.	Office Equipment Rs.	Other Equipment Rs.	Furniture & Fittings Rs.	Motor Vehicles Rs.	Motor Vehicles Rs.	Motor Vehicles Rs.			
<b>At Cost or Valuation</b>													
Balance as at 01st January 2021	368,053,324	1,899,549,701	715,015,052	946,709,370	45,841,158	4,197,600	25,886,316	346,915,889	33,719,891	3,639,096	4,389,527,397		
Additions	-	40,858,789	219,146,738	19,868,933	3,593,071	-	1,899,324	4,723,505	-	11,975,993	302,066,351		
Disposals	-	-	-	-	-	-	-	-	-	-	-		
Work In Progress	-	-	-	-	-	-	-	49,372,858	(49,372,858)	(34,080,006)	(34,080,006)		
<b>Balance as at 31 December 2021</b>	<b>368,053,324</b>	<b>1,940,408,490</b>	<b>934,161,790</b>	<b>966,578,303</b>	<b>49,434,229</b>	<b>4,197,600</b>	<b>27,785,640</b>	<b>401,012,252</b>	<b>(15,652,967)</b>	<b>(18,464,918)</b>	<b>4,657,513,742</b>		
<b>Accumulated Depreciation</b>													
Balance as at 01st January 2021	-	(680,344,383)	(328,534,684)	(237,980,635)	(40,778,911)	(3,713,021)	(20,634,281)	(187,685,478)	(39,882,048)	-	(1,539,553,440)		
Depreciation	-	(83,379,702)	(64,738,532)	(45,245,883)	(1,968,574)	(144,719)	(1,471,375)	(30,507,086)	(3,371,989)	-	(230,827,861)		
Disposals	-	-	-	-	-	-	-	-	-	-	-		
Adjustments	-	-	-	-	-	-	-	(28,063,462)	28,063,462	-	-		
<b>Balance as at 31 December 2021</b>	<b>-</b>	<b>(763,724,085)</b>	<b>(393,273,216)</b>	<b>(283,226,517)</b>	<b>(42,747,485)</b>	<b>(3,857,740)</b>	<b>(22,105,656)</b>	<b>(246,256,026)</b>	<b>(15,190,575)</b>	<b>-</b>	<b>(1,770,381,300)</b>		
As at 01 January 2021	368,053,324	1,219,205,318	386,480,369	708,728,735	5,062,247	484,579	5,252,034	159,230,412	(6,162,157)	3,639,096	2,849,973,957		
<b>As at 31 December 2021</b>	<b>368,053,324</b>	<b>1,176,684,405</b>	<b>540,888,575</b>	<b>683,351,786</b>	<b>6,686,743</b>	<b>339,860</b>	<b>5,679,983</b>	<b>154,756,226</b>	<b>(30,843,542)</b>	<b>(18,464,918)</b>	<b>2,887,132,442</b>		
- During the year 2021, the Group acquired Property, Plant and Equipment to the aggregate value of Rs.118,206,379 (2019 - Rs.71,637,919/-).													

# Notes to the financial statements

	Freehold										Leasehold	Capital Work in Progress	Total
	Land Rs.	Buildings Rs.	Plant & Machinery Rs.	Estate Equipment Rs.	Office Equipment Rs.	Other Equipment Rs.	Furniture & Fittings Rs.	Motor Vehicles Rs.	Motor Vehicles Rs.	Motor Vehicles Rs.			
<b>At Cost or Valuation</b>													
Balance as at 01st January 2022	368,053,324	1,940,408,490	934,161,790	966,578,303	49,434,229	4,197,600	27,785,640	351,639,394	33,719,891	11,975,992		4,687,954,652	
Additions	-	24,655,344	6,905,983	6,495,530	4,219,033	1,907,309	6,442,756	12,490,129	-	2,646,111		65,762,194	
Disposals	-	-	-	-	-	-	-	-	-	-		-	
Work In Progress	-	-	-	-	-	-	-	-	-	(11,975,993)		(11,975,993)	
<b>Balance as at 31 December 2022</b>	<b>368,053,324</b>	<b>1,965,063,833</b>	<b>941,067,773</b>	<b>973,073,834</b>	<b>53,653,262</b>	<b>6,104,909</b>	<b>34,228,396</b>	<b>364,129,523</b>	<b>33,719,891</b>	<b>2,646,110</b>		<b>4,741,740,852</b>	
<b>Accumulated Depreciation</b>													
Balance as at 01st January 2022	-	(846,589,300)	(460,046,611)	(328,803,477)	(44,835,863)	(4,002,458)	(23,563,893)	(277,640,985)	(18,562,564)	-		(2,004,045,152)	
Depreciation	-	(14,453,624)	(84,848,141)	(46,565,992)	(1,293,796)	(1,013,688)	(69,769,991)	(30,646,992)	-	-		(248,592,223)	
Disposals	-	-	-	-	-	-	-	-	-	-		-	
Adjustments	-	-	-	-	-	-	-	-	-	-		-	
<b>Balance as at 31 December 2022</b>	<b>-</b>	<b>(861,042,924)</b>	<b>(544,894,752)</b>	<b>(375,369,469)</b>	<b>(46,129,659)</b>	<b>(5,016,146)</b>	<b>(93,333,884)</b>	<b>(308,287,977)</b>	<b>(18,562,564)</b>	<b>-</b>		<b>(2,252,637,376)</b>	
As at 01 January 2022	368,053,324	1,093,819,189	474,115,179	637,774,826	4,598,366	195,142	4,221,747	73,998,409	15,157,327	11,975,992		2,683,909,502	
<b>As at 31 December 2022</b>	<b>368,053,324</b>	<b>1,104,020,910</b>	<b>396,173,021</b>	<b>597,704,365</b>	<b>7,523,603</b>	<b>1,088,763</b>	<b>(59,105,488)</b>	<b>55,841,546</b>	<b>15,157,327</b>	<b>2,646,110</b>		<b>2,489,103,482</b>	

- During the year 2022, the Group acquired Property, Plant and Equipment to the aggregate value of Rs.302,066,351 (2020- Rs.118,206,379 /-).

# Notes to the financial statements

## 9.2 PROPERTY, PLANT AND EQUIPMENT - NLDB

	Freehold										Leasehold		Total
	Land Rs.	Buildings Rs.	Plant & Machinery Rs.	Estate Equipment Rs.	Office Equipment Rs.	Other Equipment Rs.	Furniture & Fittings Rs.	Motor Vehicles Rs.	Motor Vehicles Rs.	Capital Work in Progress			
<b>At Cost or Valuation</b>													
Balance as at 01st January 2021	331,053,324	298,958,385	686,171,406	946,709,370	40,864,771	19,267,426	1,534,286,391	326,288,499	33,719,891	3,639,096			4,220,958,559
Additions	-	40,686,514	219,146,738	19,868,933	3,539,779	1,888,524	172,275	4,723,505	-	11,975,993			302,002,260
Disposals	-	-	-	-	-	-	-	-	-	(3,639,096)			(3,639,096)
Work In Progress	-	-	-	-	-	-	-	-	-	-			-
<b>Balance as at 31 December 2021</b>	<b>331,053,324</b>	<b>339,644,898</b>	<b>905,318,144</b>	<b>966,578,303</b>	<b>44,404,550</b>	<b>21,155,950</b>	<b>1,534,458,666</b>	<b>331,012,004</b>	<b>33,719,891</b>	<b>11,975,993</b>			<b>4,519,321,723</b>
<b>Accumulated Depreciation</b>													
Balance as at 01st January 2021	-	(146,699,389)	(365,575,356)	(283,226,517)	(37,879,870)	(15,545,403)	(589,525,713)	(225,628,636)	(15,190,575)	-			(1,679,271,460)
Depreciation	-	(11,470,225)	(66,130,991)	(45,576,960)	(2,069,268)	(1,448,073)	(70,185,427)	(31,384,959)	(3,371,989)	-			(231,637,893)
Disposals	-	-	-	-	-	-	-	-	-	-			-
Adjustments	-	-	-	-	-	-	-	-	-	-			-
<b>Balance as at 31 December 2021</b>	<b>-</b>	<b>(158,169,614)</b>	<b>(431,706,347)</b>	<b>(328,803,477)</b>	<b>(39,949,139)</b>	<b>(16,993,477)</b>	<b>(659,711,140)</b>	<b>(257,013,595)</b>	<b>(18,562,564)</b>	<b>-</b>			<b>(1,910,909,353)</b>
As at 01 January 2021	331,053,324	152,258,996	320,596,050	663,482,853	2,984,900	3,722,023	944,760,678	100,659,863	18,529,316	3,639,096			2,541,687,099
<b>As at 31 December 2021</b>	<b>331,053,324</b>	<b>181,475,285</b>	<b>473,611,797</b>	<b>637,774,826</b>	<b>4,455,411</b>	<b>4,162,473</b>	<b>874,747,526</b>	<b>73,998,409</b>	<b>15,157,327</b>	<b>11,975,993</b>			<b>2,608,412,374</b>

- During the year 2021, the NLDB acquired Property, Plant and Equipment to the aggregate value of Rs.302,002,260 (2020 - Rs.118,206,380).

# Notes to the financial statements

	Freehold										Leasehold		Total
	Land Rs.	Buildings Rs.	Plant & Machinery Rs.	Estate Equipment Rs.	Office Equipment Rs.	Other Equipment Rs.	Furniture & Fittings Rs.	Motor Vehicles Rs.	Motor Vehicles Rs.	Capital Work in Progress			
<b>At Cost or Valuation</b>													
Balance as at 01st January 2022	331,053,324	339,644,898	905,318,144	966,578,303	44,404,550	21,155,950	1,534,458,666	331,012,004	33,719,891	11,975,993			4,519,321,723
Additions	-	24,655,344	6,807,993	6,495,530	4,219,033	1,846,609	5,815,593	12,490,129	-	2,646,111			64,976,342
Disposals	-	-	-	-	-	-	-	-	-	(11,975,993)			(11,975,993)
Work in Progress	-	-	-	-	-	-	-	-	-	-			-
<b>Balance as at 31 December 2022</b>	<b>331,053,324</b>	<b>364,300,242</b>	<b>912,126,137</b>	<b>973,073,834</b>	<b>48,623,583</b>	<b>23,002,559</b>	<b>1,540,274,258</b>	<b>343,502,133</b>	<b>33,719,891</b>	<b>2,646,111</b>			<b>4,572,322,072</b>
<b>Accumulated Depreciation</b>													
Balance as at 01st January 2022	-	(158,169,614)	(431,706,347)	(328,803,477)	(39,949,139)	(16,993,477)	(659,711,140)	(257,013,595)	(18,562,564)	-			(1,910,909,353)
Depreciation	-	(13,244,061)	(84,312,761)	(46,565,992)	(1,272,587)	(894,846)	(69,701,683)	(30,646,992)	-	-			(246,638,921)
Disposals	-	-	-	-	-	-	-	-	-	-			-
Adjustments	-	-	-	-	-	-	-	-	-	-			-
<b>Balance as at 31 December 2022</b>	<b>-</b>	<b>(171,413,675)</b>	<b>(516,019,108)</b>	<b>(375,369,469)</b>	<b>(41,221,726)</b>	<b>(17,888,322)</b>	<b>(729,412,823)</b>	<b>(287,660,587)</b>	<b>(18,562,564)</b>	<b>-</b>			<b>(2,157,548,274)</b>
As at 01 January 2022	331,053,324	181,475,284	473,611,797	637,774,826	4,455,411	4,162,473	874,747,526	73,998,409	15,157,327	11,975,993			2,608,412,370
<b>As at 31 December 2022</b>	<b>331,053,324</b>	<b>192,886,568</b>	<b>396,107,029</b>	<b>597,704,365</b>	<b>7,401,857</b>	<b>5,114,237</b>	<b>810,861,436</b>	<b>55,841,546</b>	<b>15,157,327</b>	<b>2,646,111</b>			<b>2,414,773,802</b>

- During the year 2022, the NLDB acquired Property, Plant and Equipment to the aggregate value of Rs.302,002,260 (2020 - Rs.118,206,380).

# Notes to the financial statements

As at 31st December	Group		NLDB	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>10 LEASEHOLD PROPERTY</b>				
Balance as at 1st January	6,186,864	6,275,248	-	-
Amortization for the Year	(88,384)	(88,384)	-	-
<b>Balance as at 31st December</b>	<b>6,098,480</b>	<b>6,186,864</b>	-	-

The Sri Lanka Poultry Development Company (Private) Limited obtained the freehold right to a land situated in Bandirippuwa, Lunuwila for 99 years from National Livestock Development Board by the agreement dated 01st October

## 11 BIOLOGICAL ASSETS

### 11.1 Plantations

Group	Balance as at 01.01.2021	Expenditure incurred during the year	Amount Charged to PL	Balance as at 31.12.2021
Coconut under planting new planting	<b>858,808,166</b>	70,672,028	(4,276,185)	<b>925,204,009</b>
Pasture establishment expenditure	<b>8,511,517</b>	345,770	-	<b>8,857,286</b>
Cashew planting expenditure	<b>1,847,488</b>	44,772	-	<b>1,892,260</b>
Rubber planting expenditure	<b>33,517,272</b>	2,917,173	-	<b>36,434,445</b>
Other planting expenditure	<b>2,591,877</b>	-	-	<b>2,591,877</b>
	<b>905,276,321</b>	73,979,742	(4,276,185)	<b>974,979,878</b>
Group	Balance as at 01.01.2021	Expenditure incurred during the year	Amount Charged to PL	Balance as at 31.12.2021
Coconut under planting new planting	<b>925,204,009</b>	95,198,946	(4,276,185)	<b>1,016,126,771</b>
Pasture establishment expenditure	<b>8,857,286</b>	-	(3,937,547)	<b>4,919,739</b>
Cashew planting expenditure	<b>1,892,260</b>	69,571	-	<b>1,961,831</b>
Rubber planting expenditure	<b>36,434,445</b>	1,707,927	-	<b>38,142,372</b>
Other planting expenditure	<b>2,591,877</b>	-	-	<b>2,591,877</b>
	<b>974,979,878</b>	96,976,444	(8,213,732)	<b>1,063,742,590</b>
NLDB	Balance as at 01.01.2021	Expenditure incurred during the year	Amount Charged to PL	Balance as at 31.12.2021
Coconut under planting new planting	<b>856,572,383</b>	70,672,028	(4,276,185)	<b>922,968,226</b>
Pasture establishment expenditure	<b>8,511,517</b>	345,770	-	<b>8,857,286</b>
Cashew planting expenditure	<b>1,847,488</b>	44,772	-	<b>1,892,260</b>
Rubber planting expenditure	<b>33,517,273</b>	2,917,173	-	<b>36,434,446</b>
Other planting expenditure	<b>2,379,113</b>	-	-	<b>2,379,113</b>
	<b>902,827,773</b>	73,979,742	(4,276,185)	<b>972,531,330</b>

# Notes to the financial statements

NLDB	Balance as at 01.01.2021	Expenditure incurred during the year	Amount Charged to PL	Transfer from SLPDC	Balance as at 31.12.2021
Coconut under planting new planting	922,968,226	95,198,946	(4,276,185)	2,235,784	1,016,126,771
Pasture establishment expenditure	8,857,286	-	(3,937,547)		4,919,739
Cashew planting expenditure	1,892,260	69,571	-		1,961,831
Rubber planting expenditure	36,434,446	1,707,927	-		38,142,373
Other planting expenditure		2,379,113	-	212,765	2,591,878
	972,531,330	96,976,444	(8,213,732)	2,448,549	1,063,742,592

As at 31st December	Group		NLDB	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>11.2 Livestock - Capital</b>				
-Cattle/Buffalo	734,805,954	435,419,607	734,805,954	435,419,607
-Goats	22,928,080	13,659,850	22,928,080	13,659,850
-Pigs	34,974,610	33,069,310	34,974,610	33,069,310
-Sheep	134,307,906	79,103,385	134,307,906	76,895,785
-Rabbits	70,783	33,990	70,783	33,990
-Ducks	-	-	-	-
-Layers	-	-	-	-
-Broiler	-	-	-	-
-Others	120,000	120,000	120,000	120,000
-Imported Cattle	546,165,886	699,693,251	546,165,886	699,693,251
10% Deduction	(145,432,621)	(126,097,939)	(145,432,621)	(125,877,179)
	1,327,940,598	1,135,001,453	1,327,940,598	1,133,014,613
<b>11.3 Livestock - Trading</b>				
-Cattle/Buffalo	193,500	3,072,902	193,500	3,072,902
-Goats	-	-	-	-
-Pigs	3,544,100	9,686,950	3,544,100	9,686,950
-Quills	-	912,089	-	912,089
-Ducks	-	427	-	427
-Turkey	-	-	-	-
-Layers	22,875,843	23,521,638	22,875,843	23,521,638
-Broiler	57,078,006	-	57,078,006	-
-Others	154,517	128,048	154,517	128,048
10% Deduction	(373,760)	(1,275,985)	(373,760)	(1,275,985)
	83,472,206	91,219,265	83,472,206	91,219,266
<b>11.2.1 Movement of Biological Asset -Livestock</b>				
Balance as at 01st January	1,226,220,718	1,580,308,898	1,224,233,879	1,576,901,225
Additions	494,091,852	401,111,090	496,078,691	400,421,283
Disposal	(187,073,067)	(468,895,815)	(187,073,067)	(468,895,815)
Unrealized Profit	(145,432,621)	(126,097,939)	(145,432,621)	(125,877,179)
Balance as at 31st December	1,411,412,803	1,386,426,234	1,411,412,803	1,224,233,879

# Notes to the financial statements

## 12 INVESTMENTS IN SUBSIDIARY AND ASSOCIATE

As at 31st December		NLDB	
		2022 Rs	2021 Rs
<b>12.1 INVESTMENT IN SUBSIDIARIES</b>	Shareholding %		
Sri Lanka Poultry Development Company (Pvt) Ltd	100%	149,123,327	149,123,327
		149,123,327	149,123,327

The Board has invested Rs. 15,995,170.61 in non - quoted investments in Sri Lanka Libya Agricultural & Livestock Development Co Ltd which was a 51% equity state. The equity stake 49% of Libyan Foreign Investments Company of Libya has been transferred to National Livestock Development Board (NLDB) on 07 May 2014 for a consideration of 140mn. Thereafter the NLDB's holding in the company is 100%. The name of the Company has also been changed as Sri Lanka Poultry Development Company with effect from 03 July 2014. This investment has been accounted for under the

As at 31st December	Group		NLDB	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>12.2 INVESTMENT IN ASSOCIATES</b>				
Mahaweli Livestock Enterprises Limited	<b>551,373</b>	(7,495,621)	<b>600,000</b>	600,000
	<b>551,373</b>	(7,495,621)	<b>600,000</b>	600,000

NLDB invested a sum of Rs. 600,000/- for 600,000 shares in Mahaweli Livestock Enterprises Limited on 12th August 2016 with the intention of acquiring equity shares in it. This investment falls between 20% - 50% (27% interest) and therefore treated as an investment in associate.

This investment is initially recorded at cost. Therefore, this investment is treated under cost method of accounting, as at 31st December 2018. It is the view of the top management that this entity although is an investor in Mahaweli Livestock Enterprise (pvt) Ltd it has no "significant influence" in the said investee. Therefore it is the opinion of the entity that this investment is not an "Investment in Associate" in terms of SLFRS 27 on Consolidation of Financial Statements.

The Financial year of the Associate ends on 31st March every year as against that of this reporting entity which ends on 31st December each year. Due to this incompatibility, the financial results of the Associate has been considered in the following manner:-

As at 31st December	Group		NLDB	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>13 INVENTORIES</b>				
Coconut Copra	<b>197,591,847</b>	260,889,096	<b>197,591,847</b>	260,889,096
Sundry Produce Stock	<b>29,362,570</b>	27,468,243	<b>29,362,570</b>	27,468,243
Grower Expenditure - Breeder	-	16,202,980	-	-
Grower Expenditure - Layer				
Feed stock	-	1,370,214	-	-
Other General Stocks At Farms & Ho	<b>197,734,706</b>	127,870,023	<b>197,734,706</b>	121,501,396
Unrealized Stock -Milk Project	<b>25,690,247</b>	25,690,247	<b>25,690,247</b>	25,690,247
	<b>450,379,370</b>	459,490,804	<b>450,379,370</b>	435,548,982

# Notes to the financial statements

As at 31st December	Group		NLDB	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>14 TRADE AND OTHER RECEIVABLES</b>				
Trade & Other Debtors	<b>193,485,517</b>	190,726,864	<b>193,335,673</b>	190,577,020
Less: Provision For Bad & Doubtful Debt	<b>(88,877,852)</b>	(85,520,426)	<b>(88,877,852)</b>	(85,520,426)
Staff Debtors	<b>28,288,289</b>	25,654,682	<b>28,288,290</b>	25,654,683
Economic Service Charges	-	13,434,424	-	13,434,424
Inland Revenue Dept.	<b>2,257,460</b>	2,257,460	<b>2,257,460</b>	2,257,460
VAT Receivable	<b>10,938,889</b>	11,028,443	<b>9,020,139</b>	9,109,693
	<b>146,092,303</b>	157,581,448	<b>144,023,710</b>	155,512,855
<b>15 ADVANCES, DEPOSITS &amp; PREPAYMENTS</b>				
Refundable Deposit	-	-	-	-
Deposit	<b>5,888,003</b>	2,298,541	<b>5,489,253</b>	1,899,791
Pre-Payments	<b>8,662,246</b>	15,515,152	<b>8,662,246</b>	15,515,152
	<b>14,550,248</b>	17,813,693	<b>14,151,498</b>	17,414,943
<b>16 OTHER CURRENT ASSETS</b>				
Receivables from SLPDC	<b>4,218,655</b>	4,218,655	<b>4,218,655</b>	4,218,655
Receivables from NLDB	<b>3,345,629</b>	3,434,928	-	-
Mahaweli Receivables	<b>4,784,415</b>	4,784,415	<b>4,784,415</b>	4,784,415
Other Receivable	<b>91,110,966</b>	78,394,343	<b>90,313,604</b>	77,596,861
NLDB Current Account	<b>0</b>	-	<b>(31,330,991)</b>	
	<b>103,459,666</b>	90,832,341	<b>67,985,683</b>	86,599,931
<b>17 SHORT TERM INVESTMENT</b>				
Fixed Deposits at Peoples Bank	<b>194,611,381</b>	130,499,547	<b>194,611,381</b>	130,499,547
Fixed Deposits at Bank Of Ceylon	<b>664,707</b>	629,874	<b>664,707</b>	629,874
	<b>195,276,088</b>	131,129,421	<b>195,276,088</b>	131,129,421
<b>18 CASH AND CASH EQUIVALENT</b>				
<b>18.1 Favourable Balances</b>				
Bank Balances	<b>25,615,203</b>	27,089,773	<b>25,470,887</b>	22,833,448
Savings Account	<b>539,297</b>	296,397	<b>309,297</b>	126,397
Cash In Hand	<b>8,718,950</b>	7,917,415	<b>8,718,950</b>	7,848,817
Stamp In Hand	<b>91,200</b>	87,553	<b>91,200</b>	86,958
Cash-In-Transit	<b>154,665</b>	(3,471,232)	<b>154,665</b>	(3,471,232)
	<b>35,119,314</b>	31,919,906	<b>34,745,000</b>	27,424,389
<b>18.2 Unfavourable Balances</b>				
Bank Overdraft	<b>52,521,680</b>	56,799,963	<b>52,521,680</b>	56,799,963
	<b>52,521,680</b>	56,799,963	<b>52,521,680</b>	56,799,963

# Notes to the financial statements

As at 31st December	Group		NLDB	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>19 INTEREST BEARING LOANS &amp; BORROWINGS</b>				
<b>19.1 Long Term Loans</b>				
Farmers Trust Fund	<b>55,512,700</b>	60,412,700	<b>55,512,700</b>	60,412,700
Peoples bank	<b>7,374,259</b>	85,572,958	<b>7,374,259</b>	85,572,958
	-	1,125,000	-	-
	<b>62,886,959</b>	147,110,658	<b>62,886,959</b>	145,985,658
<b>19.2 Short Term Borrowings</b>				
People`s Bank				
Farms Current Accounts	<b>(90,474,150)</b>	(107,877,701)	<b>(90,474,150)</b>	(107,877,701)
	<b>(90,474,150)</b>	(107,877,701)	<b>(90,474,150)</b>	(107,877,701)
Dairy cattle loan - Phase 11	-	-	-	-
Peoples bank loan 100Mn	-	-	-	-
NLDB Advance	<b>1,125,000</b>	-	-	-
Peoples bank loan 28.5Mn	<b>3,325,000</b>	5,700,000	<b>3,325,000</b>	5,700,000
Peoples Bank Other	<b>27,765,286</b>	39,639,560	<b>27,765,286</b>	39,639,560
Leasing payable	-	85,831	-	85,831
	<b>32,215,286</b>	55,425,391	<b>31,090,286</b>	55,425,391
<b>20 RETIREMENT BENEFIT OBLIGATION</b>				
Balance as at 01 January	<b>229,738,727</b>	174,954,499	<b>222,641,678</b>	233,756,409
Gratuity payable	<b>(6,267,508)</b>	(4,835,356)	<b>(6,267,508)</b>	(12,858,589)
Interest Cost for the period	<b>15,856,618</b>	19,264,471	<b>15,856,618</b>	16,437,098
Current Service Cost for the period	<b>25,603,793</b>	17,495,450	<b>25,603,793</b>	18,700,513
Actuarial (Gain)/Loss on PV-DBO	<b>(27,225,279)</b>	40,923,007	<b>(27,225,279)</b>	(24,555,754)
Gratuity paid/payable for those who left during the period	<b>(8,936,846)</b>	(7,932,224)	<b>(8,936,846)</b>	(8,837,996)
<b>Balance as at 31 December</b>	<b>228,769,504</b>	239,869,846	<b>221,672,455</b>	222,641,680

LKAS 19 requires the use of actuarial techniques to make a reliable estimate of the amount of retirement benefit that

The key assumptions used by Messrs Actuarial & Management Consultants (Pvt) Ltd. Include the Following.

- (i) Mortality : A 1967/70 Mortality Table
- (ii) Disability : 10% of Mortality
- (iii) Normal Retirement Age : 60 years (The employee who are aged over the specified retirement age have been assumed
- (iv) te of Discount : 11.50% p.a.
- (v) Salary Escalation Rates : Gross Salary : 5.50% p.a. ;Increment are due in January every year Allowances :N/A
- (vi) tiring Gratuity Formula : Half month's Salary for each completed year of service for those with at least 5 years

# Notes to the financial statements

As at 31st December	Group		NLDB	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>21 DEFERRED REVENUE ON LEASED ASSET</b>				
Lease From Brandix Co.Ltd.	<b>9,000,009</b>	9,666,676	<b>9,000,009</b>	9,666,676
Lease From Rajawella Holding	<b>17,897,728</b>	18,143,182	<b>17,897,728</b>	18,143,182
	<b>26,897,737</b>	27,809,858	<b>26,897,737</b>	27,809,858
<b>22 TRADE AND OTHER PAYABLES</b>				
Trade & Other Creditors	<b>474,130,337</b>	555,570,465	<b>454,311,675</b>	555,570,465
Staff Creditors	<b>46,636,096</b>	35,697,126	<b>46,636,103</b>	35,697,133
Accrued Charges	<b>20,971,325</b>	49,126,883	<b>20,971,324</b>	28,837,234
Provisions	<b>100,120,412</b>	100,120,412	<b>100,120,412</b>	100,120,412
Gratuity Payable	<b>6,267,508</b>	13,879,528	<b>6,267,508</b>	13,879,528
Deposits	<b>47,831,836</b>	34,958,725	<b>47,831,836</b>	34,958,725
E.P.F Payable	<b>12,815,832</b>	11,984,227	<b>12,815,832</b>	11,984,227
E.T.F Payable	<b>2,140,287</b>	2,139,154	<b>2,140,287</b>	2,139,154
Vat Payable	<b>11,946,896</b>	7,508,934	<b>11,946,896</b>	7,508,934
Other Tax Payable	<b>25,932,371</b>	25,932,371	-	-
Insurance Claim Payable	<b>4,488,220</b>	3,002,662	<b>4,488,220</b>	3,002,662
Advance of Milk	<b>19,999,399</b>	29,999,400	<b>19,999,399</b>	29,999,400
Payable to LFICO	<b>4,201,333</b>	4,201,333	<b>4,201,333</b>	4,201,333
Advance of SLPDC	-	-	<b>140,000,000</b>	140,000,000
	<b>777,481,852</b>	874,121,219	<b>871,730,825</b>	967,899,206
<b>23 INCOME TAX RECEIVABLE / PAYABLE</b>				
Balance as at 01st January	-	2,017,752	-	-
Income Tax for the period	-	-	-	-
Payments made during the Year	-	(2,017,752)	-	-
Withholding Tax	-	-	-	-
Balance as at 31 December	-	(0)	-	-





My No.: FLS/C/NLDB/2022/25/06

27th August 2025

Chairman  
National Livestock Development Board

**Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the National Livestock Development Board for the year ended 31 December 2022 in terms of Section 12 of the National Audit Act No. 19 of 2018**

The above mentioned report and the certified financial statements are enclosed herewith.

G.H.D.Dharmapala  
Auditor General (Acting)

Copies :-  
01. Secretary, Ministry of Agriculture  
02. Secretary, Ministry of Finance, Planning and Economic Development.

## 1. Financial Statements

### 1.1 Qualified Opinion

The basis for my opinion on the audited accounts is described in the basis for opinion section. Except for the effects of the matters described, in my opinion, the financial statements of the Board and the group fairly present the financial position, financial performance and cash flows of the Board and the group as at 31 December 2022, in conformity with the accounting standards of Sri Lanka. The financial statements of the National Livestock Development Board (the Board) and its subsidiary, comprising the Group (the Group), for the year ended December 31, 2022, which include the Statement of Financial Position as at December 31, 2022, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity, and the Statement of Cash Flows for the year then ended, along with the notes to the financial statements and a summary of significant accounting policies, were audited under my direction in accordance with the provisions of the National Audit Act, No. 19 of 2018, and the Finance Act, No. 38 of 1971, read in conjunction with Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. My report will be tabled in Parliament in due course as per Article 154(6) of the Constitution.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements of the Board and the Group give a true and fair view of the financial position as at December 31, 2022, and of its financial performance and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards.

### 1.2 Basis for the qualified opinion on the financial statements.

#### 1.2.1 National Livestock Development Board

- a) According to paragraph 32 of Sri Lanka Accounting Standard (SLAS) 01, assets, liabilities, income, and expenses should not be offset and presented in the financial statements, except where permitted by the standard. However, the Board had set off financial income of Rs. 23,918,827 against financial expenses of Rs. 11,672,548 and had credited a net financial expense of Rs. 12,246,279 to the income and expenditure account.
- b) In accordance with paragraphs 15 and 16 of Sri Lanka Accounting Standard 12, the Board should have taken

into account the temporary taxable differences and recognized deferred tax assets or liabilities for the year under review and adjusted the financial statements accordingly; however, this had not been done.

- c) According to paragraphs 50 and 51 of Sri Lanka Accounting Standard 16, the useful life of assets in use should be reviewed annually, an effective useful life estimated, and accounted for as a change in accounting estimate. However, although the Board was using fully depreciated fixed assets with a total cost of Rs. 428,821,164, the review of their effective useful life and the relevant disclosure had not been made.
- d) In accordance with paragraph 5(a) of Sri Lanka Accounting Standard 41, the teak and mahogany plantations owned by the Board, valued at Rs. 2,379,113 as at the end of the year under review, should have been classified as consumable biological assets but were instead shown under bearer biological assets.
- e) According to paragraph 50 of Sri Lanka Accounting Standard 41, a reconciliation statement of the change in the value of biological assets between the beginning and the end of the year should be presented. Gains or losses arising from changes in fair value, increases due to purchases, and decreases due to the sale or disposal of assets should be presented separately. However, they were not presented separately.
- f) As at 31 December 2022, the Board's coconut cultivation of Rs. 1,016,126,771, cashew cultivation of Rs. 1,961,831, and rubber cultivation of Rs. 38,142,373 had not been separately identified as mature and immature in accordance with paragraph 45 of Sri Lanka Accounting Standard 41. Furthermore, as per Sri Lanka Accounting Standard 16, the relevant depreciation adjustment for the cashew and rubber cultivations had also not been made.
- g) According to paragraph (14) of Sri Lanka Financial Reporting Standard (SLFRS) 07, details of loans obtained by pledging assets as security should be disclosed in the financial statements. However, loans totaling Rs. 162,500,000 obtained in such a manner during the year under review had not been disclosed.
- h) In accordance with paragraph 5.5.15 of Sri Lanka Financial Reporting Standard 09, the Expected Credit Loss (ECL) method should have been used to measure subsequent impairment recognition for the trade debtors balance of Rs. 193,335,673. However, due to the failure to perform this calculation, the accuracy of the trade and other debtors balances for the year under review could not be confirmed in the audit.
- i) The relevant bank passbook or bank balance confirmation for the Board's savings bank account balance of Rs. 885,470 relating to the Kantale Farm

as at 31 December 2022 was not presented for audit.

- j) Although there was a debit balance of Rs. 10,505,472 within the Board's trade creditors balance, a debit balance of Rs. 1,766,891 within the trade and other payables balance, and a credit balance of Rs. 1,188,619 within the trade and other receivables balance, action had not been taken to identify the relevant balances and make the necessary adjustments. As a result, the total trade creditors and trade and other payables balance, and the trade and other receivables balance had been understated by those amounts.
- k) Although the audit had sent balance confirmations for 31 trade and other creditor balances totaling Rs. 33,573,949 at the Head Office, Welisara Milk Project, and the farms, those balance confirmations were not presented for audit.
- l) A balance schedule and an aging analysis were not presented for audit for the trade and other payables balance of Rs. 2,411,823 at the Diyagama Farm and the creditor balance of Rs. 17,087,169 at the Welisara Farm as at 31 December 2022.
- m) Schedules or related evidence for tender deposits from 03 farms, totaling Rs. 8,332,629, which were included within the trade and other payables balance, were not presented for audit.
- n) Although the receivables balance of the Bopaththalawa Farm was Rs. 13,633,311, the balance according to the schedule presented for audit was Rs. 16,966,645. While a difference of Rs. 3,333,334 was observed between the balances, the reasons for this difference were not presented for audit.
- o) External balance confirmations for 19 trade and other debtor balances, totaling Rs. 10,857,281, related to the Welisara Milk Project and the farms were not presented for audit.
- p) According to the goods survey reports for the year under review, a stock deficit of Rs. 530,751 related to 61 stock items at the Mahaberiyaathenna, Miriswatta, Horakelle, and Welisara farms was not accounted for separately but was shown as an adjustment to the cost of sales.
- q) Although the Board's other current assets balance was Rs. 67,985,683, the total of the other current assets balances according to the financial statements presented separately for the Head Office and farms was Rs. 77,582,060. Although a difference of Rs. 9,596,377 was observed between the balances, the reasons for this difference were not presented for audit.
- r) Although the amount receivable from Sri Lanka Poultry Development (Pvt) Ltd. was Rs. 4,218,655 according to the Board's financial statements, the payable balance shown in that company's financial statements was Rs. 1,466,557. Despite a difference of Rs. 2,752,098 between the balances, the reasons for this difference were not presented for audit.
- s) No evidence was presented for audit regarding the deferred expenditure balance of Rs. 16,566,783, which has been shown under other current assets in the financial statements since before the year 2013.
- t) Although the trade biological assets balance within current assets in the Board's statement of financial position was Rs. 83,472,206, the total of the trade biological assets balances according to the financial statements presented separately for the Head Office and farms was Rs. 109,656,480, resulting in a difference of Rs. 26,184,274.
- u) The fixed deposits pledged as security for the bank overdraft balance of Rs. 50,182,762 in the Board's People's Bank current account as at 31 December 2022 had not been disclosed in the Board's financial statements.
- v) As at 31 December 2022, the Board had total assets of Rs. 5,946,213,874, total liabilities of Rs. 1,176,325,794, and an equity balance of Rs. 4,769,888,080. While the financial statements, ledger accounts, schedules, and trial balances for each farm were presented separately for the audit, a consolidated trial balance for the group was not presented.
- w) Although cash outflows for the acquisition of livestock assets and cash inflows from the disposal of livestock assets should have been presented separately under investing activities, the statement of cash flows showed a net change in livestock assets of Rs. 208,168,887.
- x) While the amount invested in cultivation in the Board's statement of cash flows was Rs. 99,424,993, the expenditure incurred for cultivation under Note 11 was Rs. 96,976,444, resulting in a difference of Rs. 2,448,549.
- y) Although the Board's annual gratuity provision was Rs. 15,856,618, an adjustment of Rs. 17,109,443 was made to the profit before tax in the statement of cash flows, resulting in a difference of Rs. 1,252,825.
- z) According to the schedule provided, the employee gratuity payments of Rs. 22,816,374 paid by the Board in 2022 should have been shown under operating activities. However, it was shown as Rs. 8,936,846 under operating activities in the statement of cash flows.

- aa) The cost of writing off Economic Service Charge, amounting to Rs. 13,434,424, had not been added back to the profit before tax in the Board's statement of cash flows.
- bb) When correcting the rental expense of Rs. 1,343,518 spent on an excavator at the Polonnaruwa farm in the previous year, which was capitalized to an asset, it was accounted for as an expense in the year under review without adjusting the previous year's profit.
- cc) It was observed that the "Manager's Bungalow No. 12" at the Welisara farm, capitalized in 2004 with a cost of Rs. 7,166,956 and included in the building balance of the fixed asset register, should have been depreciated for 18 years by the year under review. However, as at 31 December 2022, it had only been depreciated for approximately 11 years. Accordingly, the building balance was overstated by Rs. 2,275,184.
- dd) Due to the depreciation of property, plant, and equipment in excess of their cost in 2021, 05 items of property, plant, and equipment had negative net balances totaling Rs. 2,156,386 as at 31 December 2021. As a result, the annual depreciation for the year under review was understated by Rs. 2,156,386.
- ee) As a Plantation Valuation Report on the fair value of plants valued at Rs. 2,379,113, shown under other cultivations, was not submitted with the farm's financial statements, the value of consumable biological plants at each farm could not be confirmed.
- ff) According to the schedule for consumable biological assets, the opening plant value of Rs. 133,818,590 at the beginning of 2013 was not broken down by individual farms. Therefore, the value of the plants included in that balance could not be confirmed.
- gg) According to the farm financial statements, the grass cultivation balance for 04 of the Board's farms, totaling Rs. 2,203,360, was recognized as Rs. 1,328,079 under other cultivations in the company's financial statements, resulting in a difference of Rs. 875,281.
- hh) Although the depreciation for coconut cultivation and grass cultivation was Rs. 4,276,185 and Rs. 3,937,547 respectively according to the Board's financial statements, the useful life of those plants was not presented for audit. Therefore, the accuracy of the depreciation value for each cultivation could not be confirmed.
- ii) Although it was disclosed in the financial statements that a coconut cultivation starts yielding benefits within 07 years, depreciation for the year under review was not recognized for the coconut cultivation of Rs. 3,484,071 identified as mature plants in 2015. Instead, the same value of Rs. 4,276,185 that was provided in the previous year was provided for the year under review.
- jj) When stating the value of biological assets (livestock) in the Board's financial statements, although they were valued at fair value after considering all factors at the year-end, a further 10 percent, or Rs. 145,432,621, was deducted for the probability of non-realization from the year-end value of those animals.
- kk) In the valuation of 172 dairy cows at the Bopaththalawa farm, their value was calculated as Rs. 16,643,502 by considering the average daily milk production as 10 liters, contrary to the institution's animal valuation methodology. As the use of an average value instead of the actual milk production of the cows is flawed, the value of the animals shown in the financial statements was either overstated or understated.

## 1.2.2 Sri Lanka Poultry Development (Pvt) Ltd.

- a) According to paragraph 25 of Sri Lanka Accounting Standard (SLAS) 01, when presenting financial statements, the management must make an assessment of the company's ability to continue as a going concern. If events or conditions exist that cast doubt on its going concern status, disclosures should be made. However, despite a Cabinet Decision (No. CP/20/0890/217/052) on 10 June 2020 to operate the company as a farm under the National Livestock Development Board and in a context where liquidation activities have commenced, no disclosures regarding this had been made in the financial statements as at 31 December 2022. Furthermore, although the financial statements should have been prepared on a Liquidation Basis, they were presented on a going concern basis.
- b) According to paragraph 17 of Sri Lanka Accounting Standard 10, the date on which the financial statements were approved for issue must be disclosed. However, the company had not disclosed the date on which the financial statements were approved by its Board of Directors.
- c) In accordance with paragraph 51 of Sri Lanka Accounting Standard 16, management should annually review the effective useful life of non-current assets. Due to the failure to make adjustments to the financial statements, although fully depreciated property, plant, and equipment with a cost of Rs. 40,241,059 were still in use, the necessary adjustments for these assets had not been made in accordance with Sri Lanka Accounting Standard 08.
- d) Although the cost of the building located at Barnes Place, Colombo, valued at Rs. 22,500,000, was accounted for under non-current assets, the related

annual depreciation of Rs. 1,125,000 had not been accounted for.

- e) As at 31 December 2022, the trade and other receivables balance was Rs. 6,610,335. According to the debtor aging analysis presented for audit, balances exceeding 5 years amounted to Rs. 5,274,879, and balances exceeding 10 years amounted to Rs. 1,335,456. Although the recovery of balances totaling Rs. 7,945,791 remained uncertain at the end of the year under review, impairment adjustments for these balances had not been made in accordance with paragraph 5.5.15 of Sri Lanka Financial Reporting Standard 09.
- f) As at 31 December 2022, although the financial statements of the National Livestock Development Board showed a receivable balance of Rs. 4,218,655 from Poultry Development (Pvt) Ltd., the payable balance to the Board in the company's financial statements was shown as only Rs. 3,108,595. Although there was a difference of Rs. 1,110,060, this had not been investigated and reconciled.
- g) Although the company's financial statements showed a total receivable balance of Rs. 3,356,129 from the National Livestock Development Board, no corresponding payable amount to the company was shown in the Board's financial statements. However, action had not been taken to reconcile this.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### 1.3 Other Information included in the Annual Report 2022 of the Board

The Information, included in the Annual Report - 2022 of the Board anticipated to be provided to me after the date of this audit report, but not including in the financial statements and in my audit report in relation to that is called as the other information. Management is responsible for the other information.

My opinion on financial statements does not cover any other information and I do not express any kind of assurance or opinion on it.

In relation to my audit on the financial statements, it is my responsibility to read the other information identified above and to consider in reading so whether other information is quantitatively inconsistent with the financial statements according to my knowledge obtained during the audit or otherwise.

If I conclude that there are material misstatements when I read the Annual Report 2022 of the Board, those facts should be communicated to the controlling parties for

correction. If there are any further misstatements not corrected, they will be included in the report that will be tabled by me in Parliament in due course in terms of Article 154 (6) of the Constitution.

### 1.4 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

As per Section 16 (1) of the National Audit Act No. 19 of 2018, the Board is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Board.

### 1.5 Auditor's Responsibility on the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures,

and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## 2. Report on Other Legal and Regulatory Requirements

2.1 Specific provisions are included in the following requirements of the National Audit Act, No. 19 of 2018.

2.1.1 I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Institution as per the requirement of Section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 The financial statements presented is consistent with the preceding year as per the requirement of Section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of Section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

2.2 Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

2.2.1 to state that any member of the governing body of the Institution has any direct or indirect interest in any contract entered into by the Institution which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.

2.2.2 to state that the Institution has not complied with any applicable written law, general and special directions issued by the governing body of the Institution as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018 except for the following observation;

### Reference to Laws, Rules and Direction

(a) Section 6.6 of the Operational Manual and Guideline of the Public Enterprises Circular No. 1/2021, dated 16 November 2021.

(b) Section 5 (1) of the Gratuity Act, No. 12 of 1983.

(c) Section 2 of the State Agricultural Corporations Act, No. 11 of 1972 and the Gazette No. 157 dated February 14, 1975

### Observation

Although the financial statements and the draft annual report should be submitted to the Auditor General within 60 days of the end of the financial year, the financial statements for the year 2022 were submitted on 12 March 2025.

Although gratuity must be paid within 30 days of an employee leaving service, payments of Rs. 1,020,938 and Rs. 5,246,568 were due to 17 employees and 32 employees who left service in 2021 and 2022, respectively.

A 517-perch land in Mahaberiathenna and a 31-perch land in Welisara had been leased by the Board to two private companies for 99 years for a consideration of Rs. 29,418,300 and for 30 years for a consideration of Rs. 31,600,800, respectively, under contractual agreements.

2.2.3 to state that the Institution has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018.

2.2.4 to state that the resources of the Institution had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act No. 19 of 2018.

### 2.3 Other Observations

- a) According to the aging analysis of trade creditor balances, which are included under 'Trade and other payables' in the Board's Statement of Financial Position, balances totaling Rs. 132,942,034 had been outstanding for between 01 to 05 years, and balances totaling Rs. 57,227,417 had been outstanding for more than 05 years.
- b) Out of a total deposit balance of Rs. 30,191,157 related to the Marawila and Miriswatta farms and the Head Office, action had not been taken as of December 31, 2022, to settle deposit balances amounting to Rs. 14,203,784. This amount corresponds to 525 sales advances for chicks and tender deposits received up to the year 2020.
- c) Within the employee loan balance of Rs. 28,288,290 as per the financial statements, balances totaling Rs. 1,541,111 that were outstanding for over 05 years had not been recovered by the end of the year under review.
- d) Out of the total trade and other receivable balance of Rs. 193,335,673 as per the financial statements, balances amounting to Rs. 75,189,109 which were outstanding for over 05 years had not been recovered by the end of the year under review. Furthermore, out of the Head

Office's trade and other receivables outstanding for more than 05 years, a balance of Rs. 47,383,352 had still not been recovered by the end of the year 2024. Although 05 debtor balances totaling Rs. 17,768,743 had been referred for legal action as of December 31, 2022, no amount had been recovered from them even by December 31, 2024.

- e) A total of Rs. 10,906,995, comprising a cash shortage of Rs. 619,485 and a biological asset shortage of Rs. 10,287,510, was receivable from the manager of the Welikanda farm. However, as this individual is now deceased, there is no potential for recovery, and no appropriate action had been taken in this regard.
- f) Action has not yet been taken to recover the loss of Rs. 5,351,366 resulting from the disappearance of 1,726 breeder chickens at the Miriswatta farm on September 7 and 8, 2022. Furthermore, a sales shortage valued at Rs. 751,243 at the Nikaweratiya sales outlet had not been investigated, nor had necessary action been taken.
- g) As per the financial statements, no action had been taken by the end of the year under review regarding the income tax and withholding tax refunds receivable, totaling Rs. 2,257,460, and the Value Added Tax receivable, amounting to Rs. 9,020,139, from the Department of Inland Revenue.

**G.H.D.Dharmapala**  
**Auditor General (Acting)**

