National Livestock Development Board and its subsidiary - 2021

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1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the National Livestock Development Board ("Board")and its subsidiary including group ("Group") for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the profit and loss statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No. 19 of 2018 and provisions of the Finance Act, No 38 of 1979. My comments and observations which I consider should be reported to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the financial statements give a true and fair view of the financial position of the fund as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 1.5 of this report.

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 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 Company'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 Company 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 Company.

1.4 Auditor's Responsibilities for the Audit of 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 Company'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 Company'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 Company 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.

The scope of the audit also extended to examine as far as possible and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Company, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Company has complied with applicable written law, or other general or special directions issued by the governing body of the Company;

- Whether the Company has performed according to its powers, functions and duties; and

- Whether the resources of the Company had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Financial Statements

1.5.1 National Livestock Development Board

1.5.1.1 Non-compliance with Sri Lanka Accounting Standards

	Audit Observation	Comments of the management	Recommendation
(a)	According to paragraph 32 of Sri Lanka Accounting Standard No. 01, assets, liabilities, income and expenses should not be offset in the financial statements except in cases permitted by the standard. The following observations are made in this regard.		
(i)	The net financial expenditure of Rs.7,892,092 was shown on the face of the income and expenditure statement after deducting the financial income of Rs.8,252,100 against the financial expenditure of Rs. 16,414,192.	There has been no deduction of finance income from finance expenses in the financial statements of the Board, and the net amount between finance expenses and finance income has been shown in Note 07 on the face of the income statement, and finance income and finance expenses have been presented separately under that note.	Action should be taken in accordance with paragraph 32 of Sri Lanka Accounting Standards No. 01.

(ii)	The total amount due to various parties at **03** farms and the head office was Rs.9**,**253**,**394**,** which was deducted from the trade and other payables balances and shown in the financial statements of the Board.	It is acknowledged that there is an accounting error, as the expenses incurred by the Welfare Association are included in this. This will be corrected in the 2023 accounts.	Action should be taken in accordance with paragraph 32 of Sri Lanka Accounting Standards No. 01.
(b)	Accordance with paragraphs 15 and 16 of Sri Lanka Accounting Standards 12, the Board was required to identify deferred tax assets or liabilities for the year under review, taking into account temporary taxable differences, and adjust the financial statements, but it had not been done.	Commencing from 2023, the Board will take into account the tax assets that can be temporarily charged, identify deferred tax assets or liabilities, and make relevant adjustments to the financial statements.	Action should be taken in accordance with paragraphs 15 and 16 of Sri Lanka Accounting Standards 12.
(c)	As per paragraphs 50 and 51 of Sri Lanka Accounting Standards 16, the useful lives of assets in use should be reviewed annually and an estimated useful life should be estimated and accounted for as a change in estimates in the accounts but the Board had not reviewed and disclosed the useful lives of fully depreciated fixed assets amounting to Rs. 270,276,535, even though they were being used by the Board.	The revaluation of assets would incur a large cost and due to the current financial difficulties, it was not possible to conduct a revaluation during this financial year. It would like to inform you that the relevant revaluations will be conducted as soon as the financial situation improves.	Action should be taken as per the paragraphs 50 and 51 of Sri Lanka Accounting Standards 16
(d)	As per paragraph 17 of Sri Lanka Accounting Standards 24 requires separate disclosure of the total amounts of short-term benefit payments made to key management personnel, but the Board had not disclosed the total amounts separately. Furthermore, although disclosures should be made in relation to other entities when a government entity has control, joint control or an associated company in accordance with paragraph 26 (a) of the standard, such disclosures had not been made in relation to the Board's subsidiary, Sri Lanka Poultry Development Company Limited, and the Board's associated company, Mahaweli Livestock Enterprises Limited.	The total value of benefits paid to key management parties is disclosed under Note 3.7 Related party transactions in the Board's financial statements and all these payments have been made in accordance with treasury circulars.	In accordance with paragraph 17 of Sri Lanka Accounting Standards 24, the total amounts of short-term benefit payments made to key management personnel should be disclosed separately.

(e)	In accordance with paragraph 5(a) of Sri Lanka Accounting Standard 41, teak and mahogany plantations worth Rs. 2,379,113 owned by the Board as at the end of the year under review were shown as bearer biological assets under plantations, although they should have been classified as consumable biological assets.	Agreed with the audit report. Corrections will make from the year 2023.	Actions should be taken in accordance with paragraph 5(a) of Sri Lanka Accounting Standards 41.
(f)	As at 31 December 2021, the coconut plantation worth Rs. 922,968,226, the cashew plantation worth Rs. 1,892,260 and the rubber plantation worth Rs. 36,434,446 held by the Board had not been identified separately as mature and immature as per paragraph 45 of Sri Lanka Accounting Standards 41 and the relevant depreciation adjustments had not been made for cashew and rubber plantations as per Sri Lanka Accounting Standards 16.	Agreed with the audit report. Corrections will make from the year 2023.	Actions should be taken in accordance with paragraph 45 of Sri Lanka Accounting Standards 41.
(g)	As per paragraph 5.5.15 of Sri Lanka Financial Reporting Standards 09, the trade receivables balance of Rs. 190,577,020 should be measured using the expected credit loss method for subsequent impairment recognition, however, due to failure to do so, trade and other receivables were overstated or understated in the year under review.	Agreed with the audit report. Corrections will make from the year 2023.	Action should be taken in accordance with paragraph 5.5.15 of Sri Lanka Financial Reporting Standards 09.

1.5.1.2 Accounting Deficiencies

	Audit Observation	Comments of the management	Recommendation
(a)	As at 31 December 2021, the Board had total assets of Rs. 5,830,521,865, total liabilities of Rs. 1,368,684,056 and a equity balance of Rs. 4,461,837,809. When submitting the financial statements for audit, the financial statements, ledger accounts,	A consolidated trial balance will be presented from the financial year 2024.	A consolidated trial balance for the group should be presented when presenting financial statements.

	schedules and trial balances of each farm were submitted separately, but a consolidated trial balance had not been submitted for the group.		
(b)	When examining the statement of financial position, there was a difference of Rs. 35,273,661 in the total items of capital biological assets, trade and other debtors, other current assets, trade and other creditors and balances payable within 12 months when reconciling the balances of the Board with the balances of the Board's subsidiary.	It will inform you that there is no difference as stated in the audit report since the balances of the subsidiary company have been taken in preparing the consolidated financial statements.	The balances of the board should be reconciled with the balances of the subsidiary company so that no differences arise in the preparation of consolidated financial statements.
(c)	A deferred expense balance of Rs.16,566,783, which existed prior to 2013, was shown under other current assets, but since no evidence was presented to the audit regarding that balance, its accuracy could not be confirmed.	Since no record could be found of how this balance arose, it has been maintained without being removed from the books. Steps will be taken to write it off from the books in accordance with Financial Regulation 102 of the financial year 2024.	Relevant information regarding account balances should be submitted to the audit.
(d)	Although the Board's Welisara Milk Project's cost of sales should include only direct expenses incurred for it, the gross profit had been understated by Rs. 4,685,392 due to the inclusion of general expenses and other expenses incurred for the milk and ice cream sold in the milk project of Rs. 2,010,402 and Rs. 2,674,990 respectively.	Since the milk extracted from the dairy project and other expenses incurred for the production of the ice cream project are included under this, the gross profit has not been understated by that amount since they have been included under the cost of sales.	The general expenses and other expenses of the dairy project must be accurately accounted for.
(e)	Although the opening balance value of 06 items of property, plant and equipment other than work in progress as per Note 9.2 of the financial statements was Rs. 4,102,752,178, as per the fixed assets register, the value was Rs. 4,145,492,252, resulting in a difference of Rs. 42,740,074.	I hereby inform you that there is no difference of Rs.42,740,074 in the opening balances as per the fixed assets register and note number 9.2 of the financial statements as stated in the audit report.	Differences between the balances in the financial statements and the balances in the schedules should be identified and necessary

			adjustments should be made.
(f)	Although the depreciation value of buildings for the year under review as per the financial statements as of 31 December 2021 was Rs. 11,470,225, as per the fixed assets register, the value was Rs. 11,218,821, resulting in a difference of Rs. 251,404.	According to the fixed assets register, the depreciation value of buildings for the year under review is Rs. 11,470,225 and there is no difference as stated in the audit report.	Differences between the balances in the financial statements and the balances in the schedules should be identified and necessary adjustments should be made.
(g)	In the cash flow statement, under working capital adjustments in operating activities, the change in trade and other receivables was Rs. 32,991,060 but was stated as Rs. 60,175,815 and the change in trade and other payables was Rs. 17,704,695 but was supposed to be Rs. 24,000,563.	Since the interest on fixed deposits for the year has been added back under the adjustments in the preparation of the cash flow statement and the interest received for the year on fixed deposits is actually shown under the cash flows generated by investing activities in the cash flow statement, the interest on fixed deposits receivable under trade and other receivables and the provision for doubtful debts and economic service charges for the year under trade and other receivables have been adjusted under the adjustments in the cash flow statement, that amount has been removed and the difference between trade and other receivables in the cash flow statement has been adjusted. Since adjustments are made separately for the year's gratuity under adjustments when preparing the cash flow statement and the gratuity amount paid is recorded	The cash flow statement should be prepared correctly.

		separately, the difference between trade and other items has been taken by deducting the gratuity amount payable shown under trade and other payables.	
(h)	In the financial statements of the Board, the value of biological assets (animals) was shown with a 10 percent deduction, or Rs.126,262,781,to account for the probability of non-realization of the animals at the end of the year. Since the fair value of these animals at the end of the year is a fair value after considering all factors, the value of the animals was shown below that value due to a 10 percent deduction again.	According to Sri Lanka Accounting Standards No. 41, after animals are valued at fair value at the balance sheet date, there is a possibility that the entire number of animals may not be realized after the accounting period. Accordingly, an estimated unrealized profit provision of 10% has been made on the gross value of biological assets.	The values of biological assets (animals) should be accurately stated.
(i)	According to the Board of survey report of the Mahaberiyatenna farm, the year-end boiler chicken stock was shown to be 3,590 units, but no value was given for its value and no disclosure was made in the financial statements of the Board or the farm regarding those stocks. Assuming that there is at least one kilogram of each animal, the Board's Biological Assets Valuation Circular multiplied by the rate of Rs. 215 per kilogram resulted in a boiler chicken stock of approximately Rs. 771,850 that was not disclosed.	According to the Board's accounting policies, the value of chickens is not valued and the cost has been recognized as a deferred revenue expense. Accordingly, the cost related to the broiler chicken stock at the Mahaberiyatenna farm has been accounted for and only the quantity of chickens has been recorded in the inventory report.	The values of biological assets (animals) should be accurately stated.
(j)	According to the board of survey report of the Welikanda farm, although there should have been 453 cattle at the end of the year, it was observed during the physical inspection that there was a shortage of 145 cattle, and the value of the 453 cattle as capitalized biological asset balances in the financial statements of the Board	The cattle at Welikanda Farm are grazing animals, and once they are sent out of the pasture for food, it is difficult to get them back into the barn during extremely dry seasons. It takes several days to corral these animals, so the ability to verify the entire number of animals	Formal action should be taken regarding the decrease in cattle observed during physical inspection and it should be accurately accounted for.

	and the farm was Rs. 17,916,830. Accordingly, there was a difference of approximately Rs. 5,734,968 in that balance and in the year before the year under review, there was a shortage of 183 cows, but the institution had not taken any action regarding the value of those cows, which was Rs. 6,283,120.	during a board of survey in a short period of time is very limited. Furthermore, it is not possible to write off the value of animals from the books by stating that there are fewer cows without a full investigation.	
(k)	The year-end cattle stock of Ridiyagama Farm was Rs. 4,315,866, although it should have been included under biological assets in the Board's financial statements, that stock had been included in the general stock of the Board.	The value of the semen stock imported by the Ridiyagama farm is Rs. 4,315,886 and it is not a stock of imported cattle. This problem has arisen because the farm mentioned imported cattle instead of semen.	The balance of the cattle stock of Rs. 4,315,866 should be shown in biological assets (animals).
(l)	In the Menikpalama and Bopathtalawa farms, where 776 and 207 dairy cows were counted respectively, the average daily milk production of those animals was considered to be 13.2 liters and 11 liters respectively, and the values were calculated as Rs. 93,518,322 and Rs. 16,047,590 respectively. Since it was incorrect to use such average value instead of the actual milk production of the dairy cow, the value of the animals shown in the financial statement was over or understated.	It is acknowledged that an error has occurred and it has been corrected from the next financial year. The relevant officials have been informed in this regard.	The value of dairy cows should be accurately calculated.
(m)	Although the general stock of Mahaberiyatenna Farm was included as Rs. 8,190,602 under the Board's other general stock, as per the farm's board of survey report, the balance was Rs. 9,027,155, resulting in a difference of Rs. 836,553.	No answer has been given.	The farm's board of survey report should identify any differences in the balances of general stock and make necessary adjustments.

(n)	The financial statements of the Board stated that the balance of the loan obtained from the Farmers' Trust Fund was Rs. 60,412,700, but as per the balance confirmation letter of the Ministry of Agriculture, the balance was stated as Rs. 60,812,700. Therefore, although there was a difference of Rs. 400,000 in this balance, no steps had been taken to investigate and settle that difference.	Cheques given to the Farmers' Trust Fund Board at the end of December 2021 have not been cleared by the end of December 2021. Therefore, this amount has not been deducted from the accounts of the Farmers' Trust Fund Board.	Action should be taken to investigate and resolve any discrepancies in the balance of the loan obtained from the Farmers' Trust Fund and the balance confirmation letter.

1.5.1.3 Unreconciled Control Accounts or Records

Audit Observation	Comments of the Management	Recommendation
During the examination of the financial statements of the year under review, along with the relevant schedules and farm financial statements, a difference of Rs.313,035,860 was observed in respect of 16 accounts.	A provision of Rs. 2,443,537 for bad debts for office debtors, a 100% provision of Rs. 5,821,542 for legal debtors included in the head office's debtors for more than 05 years, the inclusion of the economic service charges of Rs. 111,381 for the October-December quarter of 2019 at the head office sales office in the schedule, non-revenue profits not taken into account, the total of sales made by the milk project to the sister farm not being used for the audit report, the balance of coconut and copra, the balance of cattle project income and the balance of poultry project shown in the financial statements of the Galpokuna farm are different from the main project income sub-head of the board, the Ridiyagama and Galpokuna farms I inform you that the pasture development expenses of Rs. 1,927,368 and Rs. 58,179, which were included under other assets in the preparation of the financial statements, have been included under pasture development expenses (Pasture) in the preparation of the financial statements of the Board, and there is no difference of Rs. 1,125,135 as mentioned in the audit report of the Melsiripura farm. These differences have arisen due to the fact that the stock under the outlets of the Welisara Milk Project is included in the board of survey report of the Welisara Milk Project and the stock in the farm is included in the inventory survey report of the Welisara farm, and the value of the	The values in the schedules should be presented in a manner consistent with the values shown in the financial statements.

relevant stationery from the expense account is not transferred to the office stationery inventory account, etc.

1.5.1.4 Documentary Evidences not made available for Audit

Audit Observation	Comments of the Management	Recommendation
The scope of the audit was limited due to the failure to submit detailed schedules, bank balances and cash balance supporting documents in respect of 12 items amounting to Rs.927,278,481 included in the financial statements of the year under review.	A separate disclosure has been made regarding the unadjusted stock balance of the milk project of Rs. 25,690,247 in the year under review, and since the composition of the UHT stock balance in the head office stock balance is included in the board of survey report, schedules will not be provided. The bank balance related to the Delight project of Welisara Farm in the audit report is Rs. 76,107, which is the bank balance mentioned in the financial reports of Welisara Farm, and the balance related to it is shown in the current account number 119-1001-4-0002113 in the balance confirmation letter provided by the bank. That letter has been submitted to the audit. It is submitting the relevant ledger pages confirming the cash balance of the Head Office, Head Office Milk Sales Shop.	Written evidence required for the audit should be submitted to the audit.

1.5.2. Sri Lanka Poultry Development Company (Pvt) Ltd.

Audit Observation	Comments of the Management	Recommendation
Although the amount receivable from Sri Lanka Poultry Development Company (Pvt) Ltd. according to the Board's financial statements was Rs. 4,218,655, according to the financial statements of that company, the value was Rs. 1,983,595, resulting in a difference of Rs. 2,235,066.	This difference has arisen due to disagreements in the transactions of the two companies, Poultry Development Company (Pvt) Ltd. and Mahaweli Livestock Enterprises Ltd. These companies will be taken over by the National Livestock Development Board as per the decision of the Cabinet, and the errors in these accounts will be corrected there.	The Board should identify and rectify the difference between the value receivable from Sri Lanka Poultry Development (Pvt) Ltd. as per the financial

			statements and the amount as per the financial statements of that company.

1.6 Accounts Receivable and Payable

1.6.1 Accounts Receivable

	Audit Observation	Comments of the Management	Recommendation
(a)	According to the financial statements, out of the total balance of employees and other debtors of Rs.206,147,457, Rs. 78,434,501 balance that were over 05 years old and had not been recovered up to the end of the year under review.	Staff debtors of Rs.247,730.38 and trade and other debtors of Rs.5,361,517.75, which were identified as irrecoverable from these debtors, have been written off from the books, and legal action has already been taken against some of the remaining debtors. Future actions will be taken based on those decisions.	Action should be taken to recover the debtor balances.
(b)	As at 31 December 2021, the cash shortfall and biological asset shortfall due from the manager of the Welikanda farm included in the total debtor balance were Rs.619,484 and Rs.10,287,510 respectively. Although there is no possibility of recovering the money as the manager is no longer alive, action had not been taken in this regard.	A complaint in this regard is being investigated by the Fraud Investigation Division, but as those responsibles have not yet been identified, further action has not been taken. Further action will be taken in accordance with the Fraud Investigation Division's instructions once the relevant work is completed.	Action should be taken to recover the financial deficit and biological asset deficit that should be recovered from the manager.
(c)	Action had not been taken to recover the receivable amount of Rs.2,257,460 and Value Added Tax receivable amount of Rs.9,109,693 from the Inland Revenue Department as per the financial statements, by the end of the year under review.	Further steps are to be taken after discussing this issue with the Inland Revenue Department.	Action should be taken to recover the balance due from the Inland Revenue Department.

1.6.2 Accounts Payable

Audit Observation	Comments of the Management	Recommendation
The Board's financial statements included a balance of Rs. 184,943,042 in trade and other payables that had been outstanding for more than a year and had not been settled.	Rs. 17.2 million which included in trade and other payables over a one year old had been settled up to now.	Action should be taken to settle the outstanding balance.

1.7 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

Reference to Laws, Rules Regulations etc.	Non-compliance	Comments of the Management	Recommendation
Section 6.5.1 of the Public Enterprises Circular No. PED/12 dated 02 June 2003	Although the financial statements and draft annual report should be submitted to the Auditor General within 60 days of the end of the accounting year, the financial statements for the year 2021 were submitted on 5 July 2024.	Although the preparation of the financial statements had been completed within the prescribed period, it was not possible to submit them for audit as the financial statements of several previous years had not been audited.	The financial statements and draft annual report should be submitted to the Auditor General within 60 days of the end of the accounting year.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a profit of Rs.173,420,992 and the corresponding loss in the preceding year amounted to Rs. 22,304,958. Therefore, an improvement amounting to Rs. 195,725,950 of the financial result was observed. This improvement was mainly due to the company's increased revenue and reduced distribution costs.

2.2 Ratio Analysis

The current asset ratio, quick asset ratio and gross profit ratio in the year under review were 1.14:1, 0.617:1 and 33.3 percent respectively, while in the previous year these ratios were 0.848:1, 0.536:1 and 31.9 percent respectively. Accordingly, an increase in these ratios was observed and it was observed that the company was facing a working capital problem as the current asset ratio and quick asset ratio were at a weak level. Furthermore, the increase in the gross profit ratio was mainly due to the increase in the fair value of biological assets.

3 Operational Review

3.1 Operational Inefficiencies

	Audit Observation	Comments of the Management	Recommendation
(a)	The Board found that two farms had 02 food processing machines costing Rs.1,979,984, another farm had a food processing machine that was repaired in 2016 at a capital cost of Rs. 3,853,490, and two other farms had 04 machines whose value was not stated, and those machines were still idle as of the year under review.	The relevant machines are in usable condition, but due to the shortage of raw materials in the country, it was a problem to operate these machines. Therefore, the farm purchased finished materials from external parties, and there has been no decrease in the value of these machines.	Action should be taken to utilize these food production machineries.
(b)	When examining the board survey reports, there were shortages of 260 commodity items in 07 sectors belonging to the Board and the Board had not taken any action in this regard.	Future action will be taken after report regarding this matter to management.	Necessary action should be taken regarding the deficiencies revealed in the Board of Survey report.
(c)	A land measuring 517 perches in Mahaberiyatenna was leased to a private company for a period of 99 years at a price of Rs.24,418,300 and another land measuring 31 perches in Welisara was leased to a private clothing company for a period of 30 years at a price of Rs.31,600,800. Section 2 of the State Agriculture Act No. 11 of 1972 as amended by Gazette No. 157 of 14 February 1975 had specified the functions to be performed by the Board, and these lands were leased for purposes unrelated to those functions.	In accordance with a decision taken at the Cabinet meeting held on 28 October 1992, 517 acres of land from the Mahaberiyatenna farm were released to a private institution on a lease basis from 1996 to upto 99 years. Furthermore, the President had decided to provide 03 acres 0.31 perches (1.2152 hectares) of land from the Welisara farm in Ragama for the purpose of running a fashion demonstration center.	As per Section 2 of the State Agriculture Act No. 11 of 1972 and as amended by Gazette No. 157 of 14th February 1975, when lease out the lands owned by the Board shall be lease for purposes relevant to the functions to be performed by the Board,