Annual Report
2022

Agricultural and Agrarian Insurance Board

No. 117, Subhadrarama Road, Gangodawila, Nugegoda

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Message of the Chairman

In the year 2022, the Agricultural and Agrarian Insurance Board focused on the broad-based implementation of the management of risks of local agriculturalists in line with the powers vested in the Board by the Agricultural and Agrarian Insurance Act, No. 20 of 1999 and making available social security benefits in the evening of the lift of farmers and fishermen in terms of the provisions of the Farmers' Pension and Social Security Benefit Act, No. 12 of 1987 and the Fishermen's Pension and Social Security Benefit Act, No. 23 of 1990 in alignment with its vision, mission and objectives.

Accordingly, having identified the need for making people aware of agricultural insurance, livestock insurance and third-party insurance schemes administered by the Board, the Board expanded its activities during the year 2022 to make it an institution delivering a closer and more effective service to farmers, taking action to conduct various mobile programmes.

It is the responsibility of all divisions of the Head Office to guide the Agricultural and Agrarian Insurance Board towards the attainment of its vision, mission and objectives and for the realization of this goal, 30 district offices of the Board scattered across the 25 districts actively carry out their operations.

The inauguration ceremony for the introduction of a new farmers' pension scheme to which contributions can be made as per the purchasing power of farmers and compatible with prevailing economic situation enabling people engaged in agriculture to lead a hassle-free life in the old age was held on 31.10.2022 at the Hector Kobbekaduwa Agrarian Research Centre under the patronage of Minister of Agriculture, the Hon. Mahinda Amaraweera. As at 31.12.2022, the number of farmers who had contributed to the scheme was 494 and the amount paid them as instalments stood at Rs. 6,741,309.56/-.

According due cognizance to the importance of promoting agricultural insurance schemes, requisite measures have been taken to update the existing crop insurance schemes to be in tune with the emerging market trends.

Under the Farmers’ Pension and Social Security Benefit Scheme launched in the year 1987, Rs. 4,053,350,019 had been paid as pension by the end of the year 2022 for 169,741 pensioners. Further, under the Fishermen's Pension & Social Security Benefit Scheme commenced in April, 1996, Rs. 80,034,415/- had been paid for 5556 fishermen by 31 December 2022 thus contributing for them to lead a happy retired life.

In addition, the other insurance schemes administered by the Board including the third-party insurance scheme posted a year-on-year growth of 10% which enabled the Board to be self-financed covering personal emoluments and allowances and administrative expenditure.

The AAIB earned a net profit of Rs. 2,319 million in the year 2022 through agricultural insurance schemes and operational profit recorded during the year was Rs. 2,663.1 million. Payment of speedy compensation to farmers in distress is the foremost function of the Board and the compulsory crop insurance indemnity commitment of the Board in the year 2022 for farmers affected by heavy rains and floods in leading agricultural districts of the country was approximately Rs. 698.6 million. The Board was able to generate an income of Rs. 55.6 million through compulsory crop cultivation insurance scheme, Rs. 311 million through the third-party insurance scheme and Rs. 23.7 million insurance schemes from other insurance schemes in the year 2022.

The year 2022 an be deemed as year in which the Board realized its objectives amidst numerous obstacles by being more concerned about the needs of farmers and fishermen in the face of prevailing economic inflation with a view to improving their living standard subsequent to the rectification of identified shortcomings.

Chairman
Agricultural and Agrarian Insurance Board

Agricultural and Agrarian Insurance Board

Vision and Mission of the Board

Vision

To be the ideal Agricultural Insurance Institute in South Asia by being the foremost protector of local agriculture

Mission

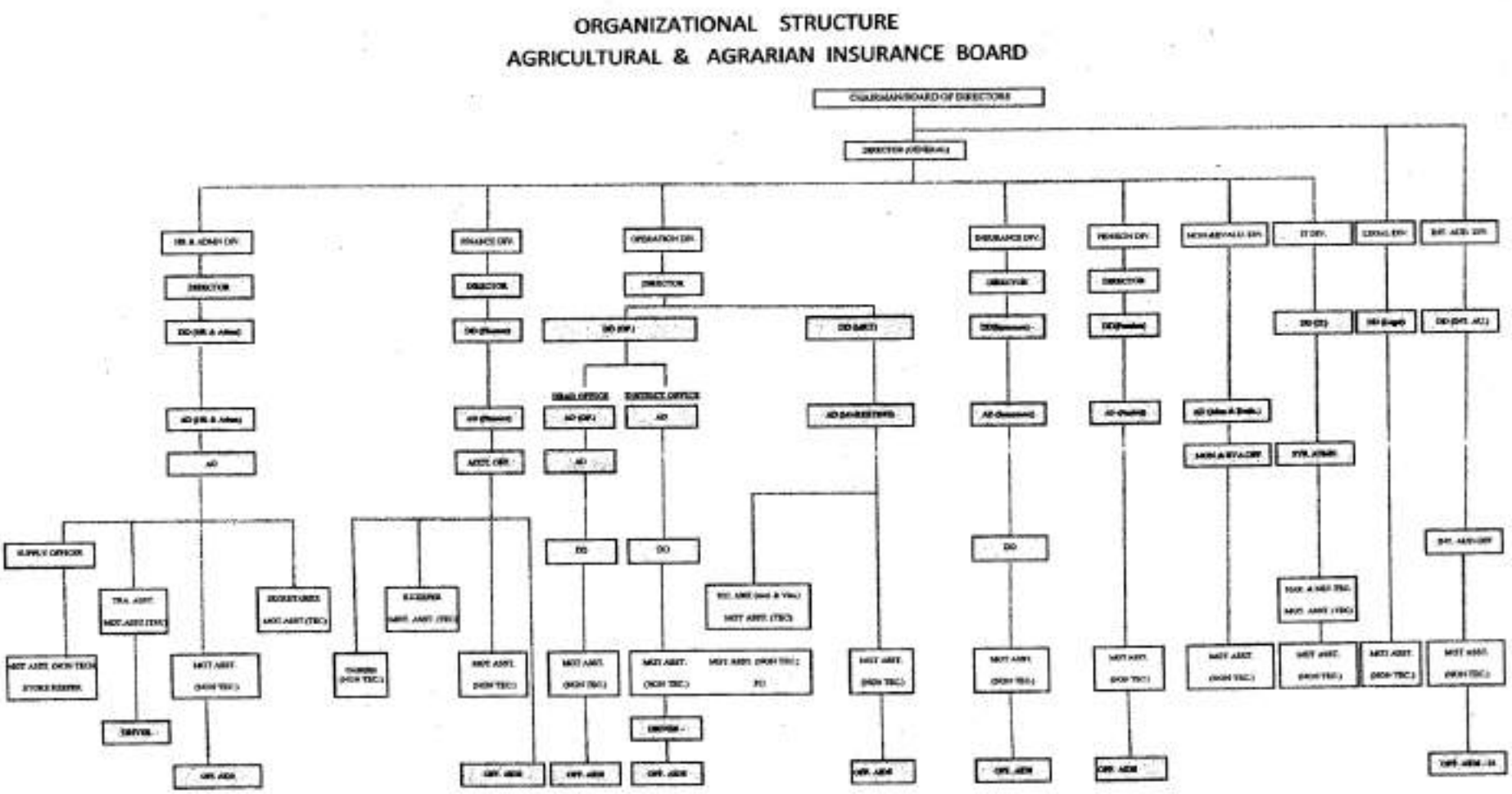
To provide an internationally recognized excellent service through collective efforts and coordination with the relevant institutions for the provision of Agricultural Insurance and benefits

Board of Directors -2022

	Name	Post
01	Mr. Premachandra Epa, Attorney at law Mr. Hashan Dissanayake Dr. W.M.M.B. Weerasekara Chairman Agricultural & Agrarian Insurance Board	Chairman
02	Dr. Ajantha De Silva Director General Department of Agriculture	Member
03	R.M.D.K.G.N.D. Ranatunga Additional Director General Department of Treasury Operations	Member
04	Dr. C.N.S. Gamage Director (Livestock Planning) State Ministry of Livestock. Farm Promotion and Animal Husbandry and Dairy & Egg Related Industries	Member
05	Mr. A.H.M.L. Abyeratne Commissioner General Department of Agrarian Development	Member
06	Mr. R.A.D.S. Samaratunga Director General (Technical) Ministry of Fisheries New Secretariat Maligawatta, Colombo 10	Member
07	Mr. G.G. Dhananjaya Nandasiri Assistant Vice Chairman/ Branch Manager DFCC Bank Matara	Member
08	Mrs. Nilakshi N. Gunasekara Additional Secretary (Admin & Human resources) Ministry of Agriculture	Member
09	Mr. S.M.G. Samarakoon Chairman of National Farmers' Societies 120, Hurulmeegahapitiya,Megodawewa, Anuradhapura	Member

Organizational Structure of the Board

Agricultural and Agrarian Insurance Board



Foreword

The Agricultural and Agrarian Insurance Board plays a pivotal role in the national drive being implemented for sustainable development of agriculture. As an institution coming under the purview of the Ministry of Agriculture and as the sole and exclusive public sector institution providing insurance services and is directly involved in the risk management in the agricultural sector, the primary function of the Board is to shoulder the responsibility assigned to the government in indemnifying agriculture and agriculturalists against losses caused by unforeseen circumstances.

Accordingly, with the aim of optimally discharging the responsibility entrusted to the Agricultural and Agrarian Insurance Board for upgrading local agriculture and stabilizing the economy of agriculturalists, the Board administers a wide range of insurance and social security benefit schemes under the following major categories.

- Social security benefit schemes
- Crop insurance schemes
- Livestock insurance schemes
- General insurance schemes
- Vehicle, implements and stores insurance schemes

In addition to insurance schemes administered under the above categories, the AAIB initiates action to design and administer insurance schemes customized as per the requests made in respect of the requirements of the farming community of Sri Lanka covering agricultural activities relating to the agricultural sector

Annual premium income from 2018 to 2022

Insurance Scheme	**2018 (Rs Mn.)**	**2019 (Rs Mn.)**	**2020 (Rs Mn.)**	**2021 (Rs Mn.)**	**2022 (Rs Mn.)**
Crop insurance schemes	128.01	61.11	45.89	74.24	**55.69**
Livestock insurance scheme	10.59	7.87	5.78	11.07	**5.25**
Stores, agricultural implements and third-party insurance scheme	137.85	220.15	278.94	296.50	**311.04**
Suwasetha and accident insurance scheme	6.34	9.42	13.78	9.04	**18.6**
Total	282.79	298.55	344.39	390.85	**390.5**

Annual Net Profit from 2018 to 2022

(Agricultural & Agrarian Insurance Board –Group)

	2018 (Rs Mn.)	**2019 (Rs Mn.)**	**2020 (Rs Mn.)**	**2021 (Rs Mn.)**	**2022 (Rs Mn.)**
Total income	4,614.3	3,603.9	3,724.6	3655.2	3,719.8
Operational expenditure	(6.434.5)	(5,825.4)	(6,800.2)	(5,550.4)	(4,819.2)
Operational surplus	(1,820.1)	(2,221.4)	(3,075.6)	(1,895.2)	(1099.3)
Government grants and other income	2,238	2,842.5	4,661	4,011.1	4,167.8
Total expenditure (including allocations)	(3,991.4)	(4,499.3)	(4,669.1)	(4,816.7)	(5,187.9)
Net annual profit/loss	(2969)	(3,505.3)	(3,083.7)	(2,700.8)	(2,119.4)

Annual Net Profit from 2018 to 2022 (Agricultural Insurance Scheme)

	2018 (Rs Mn.)	**2019 (Rs Mn.)**	**2020 (Rs Mn.)**	**2021 (Rs Mn.)**	**2022 (Rs Mn.)**
Total income	4,398.5	3,365.1	3,530.40	3,456.90	**3,432.32**
Operational expenditure	(3,253.8)	(2,487.0)	(2,129.10)	(1,704.90)	(**769.1**)
Operational surplus	1,144.7	878.1	1,401.30	1,752.00	**2,663.1**
Government grants and other income	4.0	9.1	8.30	8.16	**6.74**
Total expenditure (including allocations)	(227.7)	(234.9)	(255.90)	(265.80)	**350.9**
Net annual profit/loss	921.0	652.3	1,153.70	1,494.36	**2,319.01**

The year 2022 saw the practical implementation of the compulsory insurance scheme introduced in the Yala season of 2018 for 06 major crops cultivated abundantly across the country under the programmes for offering incentives and facilities for farmers such as the fertilizer subsidy launched by the government and implemented by the Ministry of Agriculture with the objective of stabilizing and expediting the food production process of the country aimed at sustainable promotion of the agriculturalist and agriculture.

The third-party vehicle insurance scheme posted an outstanding growth in the year 2022 with the revenue reaching Rs. 311.04 million by the end of the year 2022 as against Rs. 296.50 million recorded in the year 2021. This progress was primarily due trust being instilled about the scheme in agriculturalists thanks to the resolution of legal impediments of the third-party insurance scheme and the extensive marketing and promotion campaign conducted at the district level. The income from the scheme served to consolidate the financial stability of the Board. Further, preliminary measures were taken this year to modernize the vehicle insurance scheme and enhance the coverage levels granted by attaching a life insurance scheme thereto.

During the year 2022, action was taken by the Insurance Division to release compensation amounting to Rs. 1,578 million to 67,559 farmers for the documents recommended as crop damage for the Maha season of 2020/2021, Yala season of 2021 and Maha season of 2021/2022.

Under the Farmers' Pension and Social Security Benefit Scheme which is the foremost social security benefit scheme administered by the Agricultural and Agrarian Insurance Board, benefits were provided to 169,300 pensioners by the end of the year 2022. Similarly, by launching the new farmers' pension scheme, arrangements were put in place to provide greater relief to the farming community.

In addition, monthly pension had been paid 5,354 fishermen by the end of the year 2021 under the Fishermen's Pension and Social Security Scheme administered for the wellbeing of fisheries community.

The Agricultural and Agrarian Insurance Board as an institution that plays a central role in the overall economic process of the country offering strength to agriculturalists and the national agricultural production process for minimizing the risks making an invaluable contribution to the national agricultural and livestock process discharged its responsibilities with due diligence in the year 2022 as well.

Operations Division

Operations Division -2022

Agricultural and Agrarian Insurance Board operates with the prime objective of increasing local agro-production and protecting the agriculturist by introducing agricultural insurance to local agricultural sector as a means of risk management. Agricultural insurance is a viable solution to economic problems faced by agriculturalists due to damages caused by droughts, floods, wild elephants and natural disasters to their cultivations. As a country with agriculture driven economy, the application of agricultural risk management in a practical manner has contributed to stabilize agriculture based domestic economy. The Board administers a host of diverse and high benefit insurance schemes bringing many benefits to the farmer community such as crop insurance, livestock insurance, Suwasetha and accident insurance, agricultural implements insurance, stores insurance and third-party vehicle insurance.

The Operations Division has been entrusted with the most critical role in expanding the services of the Board amongst the farmer community. The preparation of the Corporate Plan, Action Plan and all other institutional plans encapsulating the programme of work expected to be implemented by the Board, steering and controlling the district offices across the island for the implementation of plans so prepared and addressing all requirements that arise in implementing such plans are the major functions of the Operations Division

- As the sole public sector institution that provides insurance services in the agricultural sector, the Operations Division took the initiative to operate a slew of insurance schemes island-wide in the year 2021 with the objective of fulfilling its responsibility of uplifting the local agriculture and stabilizing the economy of the agriculturalist to the maximum.

1. Crop insurance schemes
    - Paddy cultivation insurance scheme
    - Maize cultivation insurance scheme
    - Big onion cultivation insurance scheme
    - Potato cultivation insurance scheme
    - Chilli cultivation insurance scheme
    - Soy cultivation insurance scheme
    - Supplementary crops (green gram, peanuts, black gram) cultivation insurance scheme
    - Sugarcane cultivation insurance scheme
    - Export crops cultivation insurance scheme (pepper, cinnamon)
    - Plantation crops insurance scheme (tea cultivation)
    - Coconut cultivation insurance scheme
    - Floriculture insurance scheme
    - Ginger cultivation insurance scheme
    - Vegetable cultivation insurance scheme
    - Banana cultivation insurance scheme
    - Fruit cultivation insurance scheme

2. Warehouse insurance scheme
3. Agricultural implements insurance scheme
4. Livestock insurance scheme (2)
    - Goat
    - Cattle

5. Accident insurance scheme
6. Suwasetha health insurance scheme
7. Third party vehicle insurance scheme
8. Social security schemes (2)
    - Farmers' pension scheme
    - Fishermen's pension scheme

As a solution to difficulties faced by the farmer community due to damages caused to cultivations by droughts, floods and wild elephants, farmers had to subscribe to a compulsory insurance scheme with contributions from farmers and the government for the cultivations of paddy, maize, potatoes, big onions, soy and chilli and on a policy, decision taken by the government, an insurance cover subject to a ceiling of Rs. 40,000 per acre was offered to an acre from the Yala season of 2018. This insurance scheme is implemented island-wide from the Yala season of 2018 with the coordination of all the relevant institutions including the Ministry of Agriculture, Agrarian Services Department, Mahaweli Development Authority, state and non-state banks.

Programmes implemented by the Operations Division

- Awareness creation for the District Assistant Directors of Gampaha and Kegalle with the objective of brining all offices of the AAIB under one single model and field supervision.

- Organizing and sponsoring an exhibition stall incorporating all insurance schemes of the Board at the awareness programme for farmers conducted by the Gampaha district office of the Agrarian Development Board with the aim of uplifting local agriculture and the exhibition held on 10 and 11.04.2022 and educating farmer community with the participation of officers.

- Sponsoring and carrying out activities relating to the "Aluth Sahal Mangalya" or new rice festival of 2022 held at the Jaya Sri Maha Bodhi premises, Anuradhapura on 02 and 03 April, 2022 under the patronage of the Hon. President.

- Allocating provisions and printing templates and giving instructions for the printing of banners and handbills for updating marketing promotion activities in the districts of Maho, Kegalle, Ratnapura, Polonnaruwa, Galle, Badulla, Nuwaraeliya, Mullativu and Monaragala.

- Publicity campaign over Sri Lanka Broadcasting Corporation to raise awareness on the insurance schemes of the Board.
- The composing of a theme song highlighting the dignified service rendered by AAIB was done on 18.10.2022.

- Conducting an inauguration ceremony to launch the new farmers' pension scheme approved for the farmer community on 30.10.2022 and granting certificates to farmers contributing to the scheme.

- Conducting a programme in partnership with the Divisional Secretariat on 16.12.2022 and 23.11.2022 to create awareness amongst farmer representatives, public officials and Agricultural Products Research Assistants of the Gampaha district.

Insurance Division

Agricultural Insurance Scheme

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Livestock Insurance Scheme

Insurance Division

The key responsibility of the Insurance Division is to formulate insurance schemes, create awareness on them and discharge duties relevant to the release of compensation for liabilities received under insurance schemes. Accordingly, the duties of the division were carried out as follows with priority being accorded as in the previous years to the task of releasing compensation for crop damages.

Also, during the year 2022, the insurance scheme for 06 mandatory crops was updated. Further, insurance schemes relating to peanut cultivation, spine gourd (Thumba Karawila) cultivation, seed beans cultivation, turmeric cultivation were also updated and a new insurance scheme was formulated for the sugarcane cultivation under cultivation loan.

Apart from that, the implementation of programmes in collaboration with other divisions and devising methods as per the instructions received whilst providing answers to audit queries are the other basic functions of the Division.

Also, the Insurance Division works jointly with the other divisions of the institution and provides necessary advice to the district offices to guide insurance activities.

During the year 2022, action was taken by the Insurance Division to release compensation for the documents recommended as crop damage for the Maha season of 2020/2021, Yala season of 2021 and Maha season of 2021/2022. Accordingly, compensation was released with emphasis being laid on the following cultivation seasons.

Compensation paid in the year 2022 for Maha season of 2018/19			
District	**No. of farmers**	**No. of acres**	**Compensation (Rs.)**
Batticaloa	12	48.75	504,000
Monaragala	141	441.47	7,132,492
	1	1.25	25,000
Total	**154**	**491.47**	**7,661,492**

Compensation paid in the year 2022 for Yala season of 2022			
District	**No. of farmers**	**No. of acres**	**Compensation (Rs.)**
Badulla	2	2	35,700
Total	**2**	**2**	**35,700**

Compensation paid in the year 2022 for the Maha season of 2019/20			
District	**No. of farmers**	**No. of acres**	**Compensation (Rs.)**
Anuradhapura	11	16.75	318,400
Badulla	5	6.50	145,800
Monaragala	34	53.63	960,850
Total	**50**	**77**	**1,425,050**

Compensation paid in the year 2022 for the Yala season of 2022			
District	**No. of farmers**	**No. of acres**	**Compensation (Rs.)**
Gampaha	256	221.56	5,432,818
Kalutara	3	1.38	14,625
Kandy	3	0.80	17,100
Matale	5	3.25	66,600
Matara	31	26.72	876,141
Trincomalee	20	41.00	436,500
Kurunegala	17	12.75	429,300
Maho	8	8.00	216,000
Puttalam	16	28.18	824,625
Manampitiya	1	1.50	13,500
Badulla	3	2.69	64,175
Monaragala	11	15.25	357,100
Ratnapura	2	1.50	32,400
Kegalla	21	10.79	181,623
Total	**397**	**375.37**	**8,962,507**

Compensation paid in the year 2022 for the Maha season of 2021/22			
District	**No. of farmers**	**No. of acres**	**Compensation (Rs.)**
Gampaha	9	17.52	245,724
Kalutara	20	18.75	214,200
Matale	1	0.25	2,700
Matara	4	2.00	27,360
Hambantota	6	9.25	200,700
Jaffna	235	294.20	3,317,469
Mannar	5	16.00	230,400

Vavuniya	3	8.00	201,600
Ampara	3,380	5,672.46	101,572,398
Trincomalee	6,432	10,018.88	171,961,185
Kilinochchi	27	92.50	1,379,700
Kurunegala	2	5.50	36,000
Maho	6	8.75	147,200
Puttalam	1	1.50	54,000
Anuradhapura	299	675.92	7,482,621
Polonnaruwa	14	27.00	464,400
Manampitiya	1	1.00	36,000
Badulla	1,646	2,339.27	30,326,091
Monaragala	156	443.00	5,594,925
Kegalle	2	1.25	31,500
Total	**12,249**	**19,653.00**	**323,526,173**

Compensation paid in the year 2022 for the Yala season of 2021			
District	**No. of farmers**	**No. of acres**	**Compensation (Rs.)**
Colombo	145	153.06	2,256,862
Gampaha	4,078	3,909.39	61,635,605
Kalutara	908	809.43	10,155,462
Kandy	290	158.00	3,512,130
Matale	106	85.61	1,359,998
Nuwara Eliya	1,165	676.95	5,877,191
Galle	388	314.89	4,195,720
Matara	514	376.96	5,987,689
Hambantota	71	57.50	999,450
Mannar	7	7.75	88,200
Vavuniya	6	5.25	119,700
Mullativu	18	16.00	325,800
Batticaloa	8	22.00	792,000
Ampara	229	323.75	7,031,250
Trincomalee	37	55.50	819,900
Kilinochchi	4	4.50	54,000
Kurunegala	1,524	1,587.36	30,519,074
Maho	558	415.16	6,793,650
Puttalam	1,695	2,982.24	56,103,005
Anuradhapura	498	524.57	12,806,375

Thambuttegama	156	109.51	2,432,350
Polonnaruwa	232	436.75	7,377,050
Manampitiya	146	130.27	2,595,150
Dehiattakandiya	43	47.75	940,500
Badulla	539	544.09	12,964,576
Monaragala	214	291.75	5,150,850
Ratnapura	213	142.15	3,623,218
Embilitiya	52	75.50	1,038,660
Kegalle	97	39.74	749,617
Total	**13,941**	**14,303.38**	**248,305,032**

Compensation paid in the year 2022 for the Maha season of 2021/22			
District	**No. of farmers**	**No. of acres**	**Compensation (Rs.)**
Gampaha	531	454.66	6,180,377
Kalutara	229	203.99	2,550,526
Kandy	281	154.88	2,328,827
Matale	398	290.17	4,268,210
Nuwara Eliya	269	140.59	1,750,601
Galle	142	95.98	1,114,965
Matara	170	114.02	2,006,035
Hambantota	251	266.35	4,042,350
Jaffna	5,816	6,587.35	78,484,311
Mannar	2,578	5,555.75	77,284,750
Vavuniya	345	613.31	9,808,914
Mullativu	945	1,193.00	16,992,500
Batticaloa	112	284.25	4,709,700
Ampara	1,025	1,621.39	27,606,901
Trincomalee	508	781.00	14,065,376
Kilinochchi	630	725.15	7,666,155
Kurunegala	2,535	2,159.05	33,389,112
Maho	1,236	1,126.96	20,220,082
Puttalam	2,018	3,443.96	53,387,972
Anuradhapura	2,941	3,634.47	69,863,492
Thambuttegama	589	543.44	13,501,200
Polonnaruwa	1,123	2,521.45	43,061,350
Manampitiya	1,350	1,656.27	32,599,537
Dehiattakandiya	278	330.50	5,713,300

Badulla	1,796	2,262.94	49,434,627
Monaragala	2,367	5,602.08	68,978,439
Ratnapura	363	202.76	2,881,210
Embilitiya	71	62.38	929,361
Kegalle	718	307.36	3,134,227
Total	**31,615**	**42,935**	**657,954,407**

Accordingly, the summary of payment of compensation in the year 2022 under insurance schemes which is a key function of the Insurance Division is given below.

	No. of farmers	No. of acres	Compensation (Rs. Mn)
Total of year 2022	58408	77835	1,257

The consideration of appeals in respect of the Yala season 2021 and Maha season 2021/22 is now in progress. Similarly, preliminary activities relating to the payment of compensation for crop damages of the 2022 Yala season have been commenced.

Further, preparatory work is being carried out to draft insurance schemes expected to be administered in the year 2023.

Similarly, compensation amounting approximately to Rs.13 million under general insurance such as livestock insurance, accident insurance, suwasetha insurance was released in 2022.

Pension Division

Farmers' Pension and Social Security Benefit Scheme

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Fishermen's Pension and Social Security Benefit Scheme

Farmers’ Pension and Social Security Benefit Scheme

Farmers' Pension Division -2022

Realizing the prime objective of the Farmer Pension and Social Security Benefit Scheme implemented in 1987 with the aim of assuring financial stability to farmers whilst recognizing the role of the farmer in the agricultural economy in that process, Rs. 4,053,350,019 had been paid as pension for 169,471 farmers by the end of the year 2022.

Upon the decision taken to pay an increased pension than the pension planned to be paid as per the Farmers’ Pension and Social Security Benefit Scheme Act, the farmers pension fund became zero by July 2010, and in order to offer a sustainable solution to the financial crisis of the scheme while ensuring the continuity of same, a restructuring of the scheme was implemented under the guidance of the Ministry of Finance and Planning and payment of pension was resumed as a new pension scheme from the year 2014.

Subscriptions under the new farmers' pension scheme was resumed in October 2022 under the auspices of the hon. minister Mahinda Amaraweera.

Deaths

The amount of benefit paid in the year 2022 as death gratuity to inheritors of contributors who contributed to the Farmers' Pension Scheme and died before receiving pension entitlements is Rs. 5,087,273.

Disabilities

By the end of the year 2022, a sum of Rs. 1,196,204 had been paid to 114 subscribers who have become disabled after having contributed to the scheme.

Farmers' Pension and Social Security Benefit Scheme
Payment of farmers' pension
January –December 2022

S. No	District Office	No. of Pensioners	Amount paid (Rs.)
1	Ampara	4,280	98,040,217
2	Anuradhapura	8,585	183,131,435
3	Badulla	7,439	172,335,259
4	Batticaloa	1,265	28,290,781
5	Colombo	5,598	146,166,870
6	Galle	14,578	386,071,979
7	Gampaha	11,783	290,925,074
8	Hambantota	9,601	214,232,915
9	Jaffna	2,666	62,459,908
10	Kalutara	9,399	247,927,860
11	Kandy	17,074	418,755,318
12	Kegalle	10,526	247,783,928
13	Kurunegala	20,614	472,811,857
14	Mannar	107	2,008,810
15	Matale	5,339	119,118,209
16	Matara	10,462	260,396,827
17	Monaragala	5,886	132,125,754
18	Mullativu	138	3,641,464
19	Nuwaraeliya	3,329	78,121,455
20	Polonnaruwa	5,614	128,647,479
21	Puttalam	5,770	133,275,571
22	Ratnapura	8,091	191,427,071
23	Trincomalee	970	22,406,020
24	Vavuniya	627	13,247,958
	Total	**169,741**	**4,053,350,019**

Payment of pension relevant to the Kilinochchi District is carried out through the Vavuniya District

Fishermen's Pension and Social Security Benefit Scheme
Fishermen's Pension Division -2022

The Fishermen's Pension and Social Security Benefit Scheme administered since April 1991 is implemented jointly by the Fisheries and Aquatic Resources Development Department and the Agricultural and Agrarian Insurance Board.

The objects of the Scheme

The objects of the Scheme are:

- to provide social security to fishermen during their old age or disability;
- to provide relief to the dependents of fishermen upon the death of such fishermen;
- to encourage fishermen to continue in their occupation;
- to attract young persons to the fishing industry; and
- to inculcate the habit of saving and to promote thrift among the fishermen.

The payment of fishermen's pensions started from April 1996, and by the end of 2022, the number of fishermen receiving pension was 5,556. In the year 2022, the total amount paid as pension is 80,034,415.00 rupees. As of December 31, 2022, 69,049 contributors have subscribed to the scheme.

Death gratuity and disability benefits

The number of benefits paid in the year 2022 as death gratuity entitlement benefits to 23 inheritors of deceased contributors was Rs. 231,000.00.

Fishermen's Pension and Social Security Benefit Scheme
Payment of pension –Year 2022

District Fisheries Extension Division	Payment of pension	
	No. of subscribers	(Jan-Dec) Amount (Rs.)
Kalutara	125	1,795,947.00
Galle	145	2,161,719.00
Mahawewa	453	6,554,779.00
Matara	347	4,985,779.00
Colombo	67	996,095.00
Tangalle	294	4,282,064.00
Puttalam	69	1,004,833.00
Negombo	693	10,011,540.00
Batticaloa	539	8,355,391.00
Trincomalee	131	1,990,414.00

Mannar	536	7,932,374.00
Kalmunai	391	5,668,433.00
Mullaitivu	81	1,206,687.00
Kilinochchi	428	6,040,402.00
Jaffna	1,185	16,070,630.00
Freshwater reservoirs		
Nuwaraeliya	8	107,004.00
Polonnaruwa	2	28,800.00
Ratnapura	5	58,843.00
Monaragala	1	15,804.00
Kurunegala	3	41,400.00
Anuradhapura	4	56,515.00
Matale	5	67,776.00
Kandy	9	124,392.00
Kegalle	-	-
Badulla	7	98,604.00
Vavuniya	2	29,208.00
Batticaloa-Freshwater	26	348,982.00
Total	5,556	80,034,415.00

Fishermen's Pension and Social Security Benefit Scheme

Subscriptions as at 31.12.2022

District Fisheries Extension Division	Subscribers according to the age						2022 Total number of subscribers
	18-29	30-35	36-45	46-50	51-54	55-59	
Kalutara	1213	721	772	197	105	59	3,067
Galle	1082	676	840	221	118	95	3,032
Mahawewa	3253	1702	2036	613	256	240	8,100
Matara	1750	980	1232	346	201	164	4,673
Colombo	576	360	478	140	63	38	1,655
Tangalle	2514	1389	1629	412	201	169	6,314
Puttalam	2167	1156	1222	255	107	61	4,968
Negombo	2538	1599	2167	735	419	378	7,836
Batticaloa	2248	1390	1630	555	272	266	6,361
Trincomalee	654	516	550	129	81	78	2,008

Mannar	2066	1227	1343	429	222	257	5,544
Kalmunai	1565	1109	1515	479	244	207	5,119
Mullaitivu	88	79	141	50	27	44	429
Kilinochchi	519	340	540	250	185	183	2,017
Jaffna	2185	1117	1444	668	402	617	6,433
Freshwater reservoirs							
Nuwaraeliya	29	28	47	7	1	3	115
Polonnaruwa	45	35	27	11	2	1	121
Ratnapura	27	15	9	1	3	-	55
Monaragala	17	14	10	1	-	-	42
Kurunegala	45	24	24	1	-	2	96
Anuradhapura	169	81	84	17	7	5	363
Matale	31	14	23	5	2	3	78
Kandy	13	12	25	5	3	3	61
Kegalle	1	1	2	-	-	-	4
Badulla	59	33	33	3	-	3	131
Vavuniya	59	33	41	15	4	-	152
Batticaloa-Freshwater	84	52	67	27	20	25	275
Grand Total	**24,997**	**14,703**	**17,931**	**5,572**	**2,945**	**2,901**	**69,049**

Internal Audit Division

Internal Audit Division – 2022

For the year 2022, internal audit activities were carried out in accordance with the annual internal audit plan prepared in respect of each division and district office and insurance schemes and social security programmes of the Board currently in operation.

Accordingly, during the year 2022, twenty-two (22) internal audits cantered on each division of the head office and 30 0district offices scattered island-wide had been conducted with the available human resources i.e. the Assistant Director- Internal Audit, Development Officer, Management Assistant and a Karyala Karya Sahayaka of the Internal Audit Unit.

Internal audits were planned and implemented in respect of each of the following fields for the evaluation of adequacy, accuracy and functioning of the internal controls implemented for efficient and effective discharge of functions of each division and district offices with the prime objective of managing risks existing for the Agricultural and Agrarian Insurance Board.

Covering the administrative division, audit inquiries conducted included the inspection of granting motorcycle loans 2020/2021, maintenance, running and use of vehicles of the Board, inspection of fuel consumption, inspection of leave records and physical verification of stocks as at 31.12.2022. Covering the activities of the Legal Division of the Board, inspection of third-party litigation 2021/2022 was carried out.

In respect of the Affairs of the Finance Division audit inquiries were conducted for the inspection of account number 001622-livestock insurance account, inspection of cash book and the preparation of bank reconciliation statements, reviewing the preparation of documents of the process for remitting post premiums of the farmers' pension scheme to the head office and the process of referring such documents to the head office, inspecting investment value of the agricultural insurance scheme and inspection of the balance of petty cash as at 31.12.2022

In respect of the activities of the Insurance Division, inspection of livestock insurance premia income and the payment of compensation 2021, inspection of the basis of calculating compensation in respect of the Yala season 2021 of the Puttalam district, inspection of premium income of the livestock insurance scheme and payment of compensation (2019/2020/2021) and Boralanda government farm, Badulla were the audit inspections conducted. Regarding the activities of the Development Division, audits have been carried out in the fields of future programs, preparation of fortnightly reports and submission to the head office, and performance inspection (Thambuttegama).

Under the Farmers' Pension and Social Security Scheme, audits have been carried out in the fields of Farmers' Pensions and Social Security Benefit Scheme – inspection of the payment death gratuity 2021 and the payment of farmers' pension of the Farmers' Pension and Social Security Scheme through post offices.

Due to the crisis situation that prevailed in the country, out of the 30 district offices, an audit was conducted only at the Embilipitiya district office.

Under the special audits inquiries ordered by the Chairman, a special inquiry was conducted regarding the failure of field officer Ruhunage Vipula to report for duty and not crediting premiums to the bank account, special inquiry conducted into the appointment of Assistant Director Dhanuka Rangana, deploying trainee officers for field duties- Polonnaruwa District Office, inquiry into the leave record of the Director General, inquiry in the arrival, departure, leave taking and obtaining approval for same of the executive officers of the head office, inquiry whether the former Chairman, Mr. Hashan Dissanayake had misused the vehicles of the Board during his period of service and the inquiry into an alleged attempt to pilfer several copper tubes of air-conditioners out of the premises of the institution while cleaning activities were being carried out at the head office on 26.11.2022- Karyala Karya Sahayaka Mr. Indika Weerasinghe were carried out.

Maintenance of coordinating activities with the Auditor General's Department, the Ministry of Agriculture and the Department of Public Enterprises has been carried out by the Internal Audit Division.

Conducting audit management committee meetings

Due to the restive situation that prevailed in the country during the year 2022, the Audit Management Committee held only 3 committee meetings in respect of the year 2022 (26.02.2022, 30.09.2022, 22.12.2022) at which the evaluation of reports of audit inquiries carried out by the Internal Audit Division as per the annual internal audit plan, reviewing of government audit inquiries, reviewing Auditor General's reports relevant to the annual financial statements were carried out. The members of the Audit and Management Committee are as follows.

Members of the Audit and Management Committee dated 26.02.2022

Mrs. W.H.A Wimalajeewa	Chairman of the Committee –Director, Department of Public Finance
Mr. A.M.K.Abeyratne	Committee Member –Commissioner General, Department of Agrarian Development
Mrs. N. Nilakshi Gunasekara	Committee Member- Additional Secretary, Ministry of Agriculture

Members of the Audit and Management Committee dated 30.09.2022 & 22.12.2022

Mr. R.M.D.K.G.N.D. Ranatunga	Chairman of the Committee –Director, Department of Public Finance
Mr. A.M.K.Abeyratne	Committee Member –Commissioner General, Department of Agrarian Development
Mrs. N. Nilakshi Gunasekara	Committee Member- Additional Secretary, Ministry of Agriculture

Administrative and Human Resources Division

Administrative and Human Resources Division

Staff

The staff of the Agricultural and Agrarian Insurance Board was as follows as at 31.12.2022.

Composition of the staff

Service Category	Designation	Approved Cadre	Existing Cadre	Vacancies
Senior Management				
HM	**Director General**	1	1	-
HM	**Director**	5	1	4
Management				
MM	**Deputy Director / Assistant Director**	45	32	13
Junior Management				
JM	**Administrative Officer**	2	-	2
	Systems Administrator	1	-	1
	Financial Officer	1	-	1
	Planning Officer	1	-	1
Associated Officer				
ASS.O	**Development Officer**	55	28	27
	Supplies Officer	1	-	1
	Internal Audit Officer	1	-	1
Management Officer (Technical)				
MA - Tech	**Transport Assistant**	1	1	-
	Secretary	1	1	-
	Book Keeper	4	1	3
	Hardware & Networking Technician	1	1	-
	Technician (Audio/Visual)	1	-	1
Management Assistant (Non-technical)				
MA – non-Tech	**Management Assistant**	220	145	75
Primary (Technical)				
PL - Skilled	**Driver**	38	24	14
Primary (non-technical)				
PL - non-skilled	**Office Assistant**	42	38	4
		421	**273**	**148**

Until officers are recruited for the continuation of the functions of the Board, officers were recruited on contract basis and casual basis for the following essential posts that remained vacant in the head office and district offices.

Contract Basis

MA - NonTech	Management Asst/Field	1
PL - Skilled	Driver	1
PL - Non-Skilled	Karyala Sahayaka (Sanitary Labourer)	1
	Total	**3**

Casual Basis

ASS.O	Development Officer	2
MA - NonTech	Management Assistant	13
	Total	**15**

Analysis as per period of service

Years	No of employees	Percentage
More than 30	19	7%
26 - 30	14	5%
21 - 25	7	3%
16 - 20	42	15%
Less than 15	191	70%
Total	273	100%

Age analysis

Age group	No of employees	Percentage
56 - 60	29	11%
51 - 55	30	11%
46 - 50	46	17%
41 - 45	59	22%
36 - 40	41	15%
31 - 35	27	10%
Less than 30	41	15%
Total	273	100%

Retirement, deaths and vacation of posts during the year 2022

During the year 2022, of the officers in the service of the Board, 17 left the service due to following reasons.

	Designation	Number	Reason for vacating the post
1	Deputy/Assistant Director	03 03	Retirement Resignation
2	Development Officer	03 02	Retirement Resignation
3	Management Assistant	02 01	Retirement Resignation
4	Karyala Sahayaka	01	Retirement
5	Driver	02	Retirement

Recruitment and promotions in the year 2022

Action was taken during the year to recruit 16 officers for vacancies in the posts of Management Assistant and 09 officers for vacant posts of Karyala Karya Sahayaka.

Employee Training and Academic Activities

Officers of the Board participated in the following training programmes during the year 2022.

Name of the Officer	Post	Name of the training programme	Name of training institute	Duration
1. Chaminda Kumara Keerthirathna	Supplies Officer (Acting)	Certificate course on government procurement process	Skills Development Fund	10 days
2. Kalpa Roshan Gunathilake	Transport Officer	Diploma course in motor mechanism	Sri Lanka – German Technical Institute	01 year
3. Nalin Chaminda Janaka Dissanayake	Management Assistant (Stores)	Stores management	Institute of Supply and Materials Management	03 months

Further, a workshop was organized at the National Institute of Labour Studies for all the members of the permanent staff for updating their subject knowledge.

Employee welfare

The medical insurance scheme for the staff of the Board and granting motorcycle loans to entitled officers continued this year too as was done during the previous year.

Procurement and Transport Section

Supplies Davison

In compliance with the government procurement procedure, Action was taken to have the following documents printed relating to the insurance schemes administered by the Board.

Under the third-Party Insurance Scheme

- Third party applications,
- Third party receipt books**.**
- Third party coverage books,
- Third party cards

Under the crop insurance

- Cultivation insurance applications
- Paddy cultivation insurance applications
- Supplementary crop damage applications
- Damage reporting documents
- Damage reporting books

Under the Farmers' Pension Scheme

- Farmers' pension payment books
- Farmers' pension identity cards

Under the Fisheries pension scheme

- Fishermen's pension payment books
- Fishermen's pension identity card

General receipt books used for financial transactions

In addition, General receipts books, General 35 forms, leave application forms, livestock insurance applications, Suwasetha insurance applications, Suwasetha policies and documents for transport duties required by the head office and district offices were also printed using the Duplo printing machine.

Procurement process was strictly followed in purchasing technical equipment required for district offices and the head office and items of office equipment (desks, chairs, cupboards) required for the district offices were purchased.

As per requests made by various divisions of the head office, stationary was purchased in accordance with the procurement procedure and supplied to the store. Apart from this, uniforms given to junior employees were purchased in terms of the procurement method this year as well.

Vehicle Pool

There are 29 vehicles belonging to the Head Office and district offices for carrying out duties and functions of the Board. Of these vehicles, 02 are reserved and other vehicles have been deployed for duty related activities of the Head Office and district offices. They are as follows.

S. No	Vehicle Number	Brand	Year of Registration	Lifespan
01	32-1427	Mitsubishi Pajero	1985	38
02	32-4880	Toyota (Land Cruiser)	1988	35
03	32-4850	Toyota (Land Cruiser)	1988	35

04	32-4852	Toyota (Land Cruiser)	1988	35
05	32-4938	Mitsubishi Pajero	1988	35
06	32-4920	Mitsubishi Pajero	1988	35
07	32-5210	Mitsubishi Pajero	1988	35
08	51-2423	Nissan (Cab)	1990	33
09	32-7718	Dihasthu (Jeep) (Rocky)	1990	33
10	32-7719	Dihasthu (Jeep) (Rocky)	1990	33
11	32-8016	Dihasthu (Jeep) (Rocky)	1990	33
12	53-9447	Mitsubishi (L200)	1992	31
13	53-9446	Mitsubishi (L200)	1992	31
14	58-4436	Mitsubishi (L200)	1996	27
15	58-4437	Mitsubishi (L200)	1996	27
16	HH-6105	Bolero (Jeep)	2003	20
17	KD-3476	Toyota (121)	2006	17
18	KF-2280	Mitsubishi Pajero	Year of registration -2007 Year of manufacture -1992	- 31
19	QM-4647	Bajaj (Three wheel)	2007	16
20	KH-5041	Chevrolet (Aveo)	2008	15
21	KI-2554	Nissan (Sunny)	2008	15
22	KP-8706	Maruti (800)	2011	12
23	KP-8723	Maruti (800)	2011	12
24	KQ-0253	Maruti (800)	2011	12
25	NC-4104	Toyota (Hiace)	2015	8
26	NC-4096	Toyota (Hiace)	2015	8
27	CAL-6100	Micro (Rexton)	2015	8
28	CAL-6101	Micro (Rexton)	2015	8
29	TVS	Champ mopeds - 48cc	2008	15

Office Buildings

The Head Office of the Board was maintained at No. 117, Subhadrarama Road, Gangodawila, Nugegoda. The Board maintains 30 Regional Offices and of them 06 are housed in buildings owned by the Board. Other offices are maintained in buildings owned by either the government or private parties on monthly rent basis.

Planning Division

Planning Division – 2022

The Planning Division aligning itself with the vision and mission of the AAIB, coordinated with all divisions of the Board in the year 2022 as well and made plans and designed projects and schemes required to achieve objectives and goals, collected data and statistics in chronological order and analysed same, submitted conclusions and recommendations and conducted research activities.

Formulating plans for the next five years

- Preparing Working Plan for the years 2022 & 2023

The Action Plan for the year 2022 and the draft of five-year strategic plan was submitted to the 516th board meeting held on 23.02.2023 and as decided therein, further negotiations were conducted having convened the 519th special board meeting on 30.04.2022 as to how the future activities of the Board should be implemented.

Based on the matters discussed, meetings and discussions were held as required on 23.05.2022 and 28.05.2022 with the participation of executive officers and other relevant officers and at the division level, the Working Plan 2022 which includes strategic plan was formulated.

With the arrival of the new Chairman, further discussions were held with the hope of presenting the Working Plan 2022 and strategic plan which had already been finalized by then to the Board of Directors. Accordingly, it was decided that amendments should be made incorporating a new concept. Since it was the last few months of the year 2022, instructions were received to formulate a new Working Plan taking 2023 as the base year on the basis of the 2022 Working Plan & strategic plan which had already been finalized by then. The vision, mission and objectives of the Board were modified as per future aspirations and expectations to be in tune with the formulation of the future plan. Though this normally would have been a time-consuming exercise, the 2023 plan could be prepared basing on the 2022 Working Plan which had been drafted under a new concept and a new structure.

Towards this end, a special two-day workshop was held 0n 19.10.2022 and 20.10.2022 at the Hector Kobbekaduwa Agrarian Research Centre under the aegis of Engineer Prabhath Vithanage, who is an expert on the subject and with the participation of over 50 executive officers, development officers and management assistants.

At the said workshop, having analysed the institutional functions at the divisional level, necessary changes were made to the vision, mission, goals and objectives. Additional meetings on the strategic plan and the Working Plan 2023 so drafted to iron out any remaining issues were held with the executive officers of the head office on 17.11.2022 and 22.11.2022.

Accordingly, the Working Plan drafted for the year 2023 was presented to the 523rd board meeting and approval thereto was obtained and copies were forwarded to the relevant entities such as the Ministry of Agriculture and the Ministry of Finance.

- Drawing up plans for government funded developmental programmes

In relation to the development programs implemented with government allocations, the preparation of operational plans for the year 2023 was carried out under the initiative of the planning division.

The working plan for the year 2023 to have provisions allocated for the mandatory cultivation insurance scheme, pension and social security scheme and capital requirements and the progress of the year 2022 were completed in accord with the relevant structures and referred to the Ministry of Agriculture.

Coordination amongst divisions, collection of data and information and coordination with external institutions

- Coordination amongst divisions, collection of data and information

While maintaining sound relationships with all other divisions of the AAIB throughout the year 2022, the Planning Division was engaged in systematic collection of updated data and statistics and having analysed the data thus collected the monthly, quarterly and yearly progress reports were prepared and submitted to the senior management.

- Coordination with external institutions

Further, in coordination with all institutions involved in the agricultural sector including the Ministry of Finance, Central Bank of Sri Lanka and the Ministry of Agriculture, all reports requested by such institutions in respect of the year 2022 were prepared and submitted to them expeditiously.

- Preparation of performance reports

The Performance Report of the year 2021 was prepared on the basis of the data and information as to the progress achieved by the Board in the year 2021 and same was forwarded to the line ministry trough the heads of institution.

Implementing project and research activities

Activities relating to the introduction of the Agricultural Information Management System (AIMS) develop with the technical contribution of International Finance Company affiliated to the World Bank to the district offices for implementing at the field level were commenced in the year 2023.

- Introduction of Agricultural Management Information System (AMIS) and Web/Mobile Application to district offices

With the commencement of the Maha season 2022/23, activities for the introduction of the Agricultural Information Management System to district offices island-wide centering on the Anuradhapura district were started. The district officers were guided to feed information of farmers who contribute to the scheme with premia and information on farming lands into this system.

Under the above programme, the training activities of the District Director, Development Officers and Field Officers who are in charge of the fields in Anuradhapura District were conducted in Anuradhapura District on 11/12/2022 and 11/13/2022 as a practical training program in the field with the participation of Head Office officials. Further, to support the data entry activities in the data system, an officer with technical knowhow from the head office was made to participate in the field program in Anuradhapura district for a period of one week from 12/11/2022. Two students belonging to Rajarata University with previous training in data system too participated in the above programme with the necessary technical tools.

Concurrently, necessary instructions and guidelines were offered as to the entry of data in to the Agricultural Information Management System and its uses to all district offices of the island. A training program was started thereunder for district directors, development officers, field officers and other officers who are involved in data entry activities in the district offices and its first program was held on 23/12/2022 at the Training Centre of the AAIB. There, a detailed and practical training was given to 24 officials of the district offices of Hambantota, Anuradhapura, Polonnaruwa, Monaragala, Manampitiya and Dehiattakandia on how to handle the Agricultural Information Management System (AIMS), data entry, mapping, photo uploading etc. Also, in 2022, the preparation of the basic plan for holding workshops under 4 training sessions related to the training of officers in other districts was also done.

Thus, the information of insured farmers and cultivated lands in the main agricultural districts including Anuradhapura, Hambantota, Ampara, Monaragala, Manampitiya, Dehiattakandiya, the details related to the supervision of the cultivated lands and the work of entering the photographs into the system were successfully started under the supervision and direction of the Planning Division of the head office. Progress review and field level problem solving related to the above program was carried out daily using remote communication methods (Telephone conversations, ZOOM Meeting, Any Desk). Further, a progress review meeting of the Anuradhapura District Program was held at the Anuradhapura District Office on 24/11/2022 with the participation of officials from the Planning Division of the Head Office.

Simultaneously, preliminary activities for empowering the head office and field officers with technical facilities to streamline and expedite the agricultural insurance process through the

agricultural information management system were initiated. Basic activities for providing tab machines to the officers engaged in field duties thereunder were started.

- Implementing awareness programmes for external institutions

A series of programmes was launched to make external institutions connected with insurance aware of the new process of supervising cultivated lands insured using the Agricultural Information Management System by the AAIB from the Maha season of 2022/23. The preliminary of the first phase thereof was held at the Anurahdapura District Secretariat under the patronage of the Chairman of the AAIB and was attended by 48 including state and private bank officers handling agricultural loan schemes, officers of the AAIB and officers of the Anuradhapura District Secretariat.

- Evaluating the outcome and follow-up of the project for the introduction of an index-based insurance scheme

The interviews relating to the evaluation of outcomes of the project for the introduction of an index-based insurance scheme implemented and concluded with the technical assistance of the International Financial Corporation were held on 05.12.2022 at IFC Institution with the participation of foreign representatives involved in the project and officers of the Planning Division.

Furthermore, an evaluation committee consisting of foreign representatives visited the island to evaluate this project. Accordingly, on 11/15/2022, there was a meeting between the team and the top management of the board, and that evening, a meeting was held at the IFC Institute to inquire about the progress of the project from the board's executive officers and the officials of the Planning Division who were involved in the project.

Furthermore, in relation to the evaluation of the work of this project, the evaluation committee conducted an observation tour in the Gampaha district where the project took place on 16/11/2022 and for that, officers from the head office and Gampaha district office, district officers of the Department of Agrarian Development and farmers were involved.

A training workshop on the formulation of index-based insurance schemes and the pricing of insurance schemes was held online by foreign experts on 21.06.2022, 22.06.2022 and 23.06.2022 for officers if the Planning Division.

At the request of IFC officials, a documentary short film on how this project took place was recorded on 08-06-2022 and 09-09-2022 with the technical support of IFC officials at the premises of the Agriculture and Agricultural Insurance Board and a nearby paddy cultivation field. The officers of the Planning Division contributed by commenting and background shooting.

- Preparing workflow relevant the developing of an ERP system under GIZ project

Ms. Nethmi Uphekha of the Planning Division was appointed as a business analyst in respect of the AIMS and GIZ project and having identified the functions and processes of each division, she began the preparation of workflows accordingly.

Finance Division

Financial Summary

The agricultural Insurance scheme of the Board posted a net profit of Rs 2,319 million in the year 2022, and the operational profit made during the year was Rs 2,663 million.

In terms of the budget proposals of 2018, the compulsory insurance scheme for six major crops i.e. paddy, maize, big onions, potatoes, soy and chillies was implemented this year too. It was proposed to offer a cover subject to a ceiling of Rs. 40,000 per acre.

Taking into consideration the severe drought that lasted several cultivation seasons and the impact of changes in climatic and weather patterns, it was decided not to charge the hitherto charged premium from farmers and instead the government paid the premia which amounted to Rs. 1950 million.

In addition, action was pursued in the year 2022 to increase the compensation offered to an acre up to Rs. 100,000/- subject to a minimum premium of Rs. 6,400/- so as to cover all the damages caused to cultivations by charging an additional insurance premium.

Further, despite the economic downturn in the country, other insurance schemes have achieved a growth during the year which amounted to year-on-year increase of 5.1%.

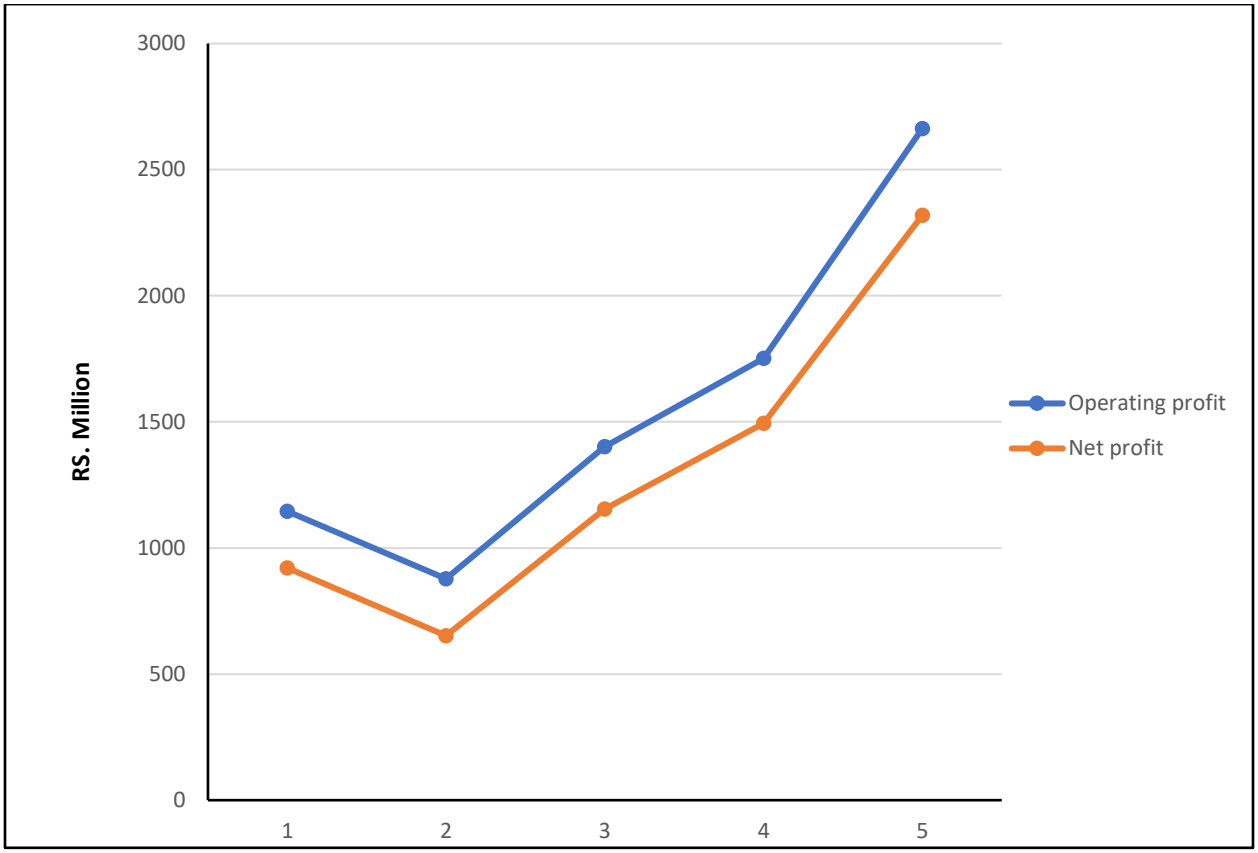
During the year 2022, the compulsory crop insurance indemnity liability of the AAIB was approximately Rs. 698.7 million.

During the year 2022, a net amount of Rs. 3,918 million was paid as pension to 169,741 farmers under the farmers' pension scheme and the amount paid as pension under the Fishermen's Pension Scheme to 5,556 fishermen was Rs 78.3 million.

Financial Information of the five preceding years

Profitability

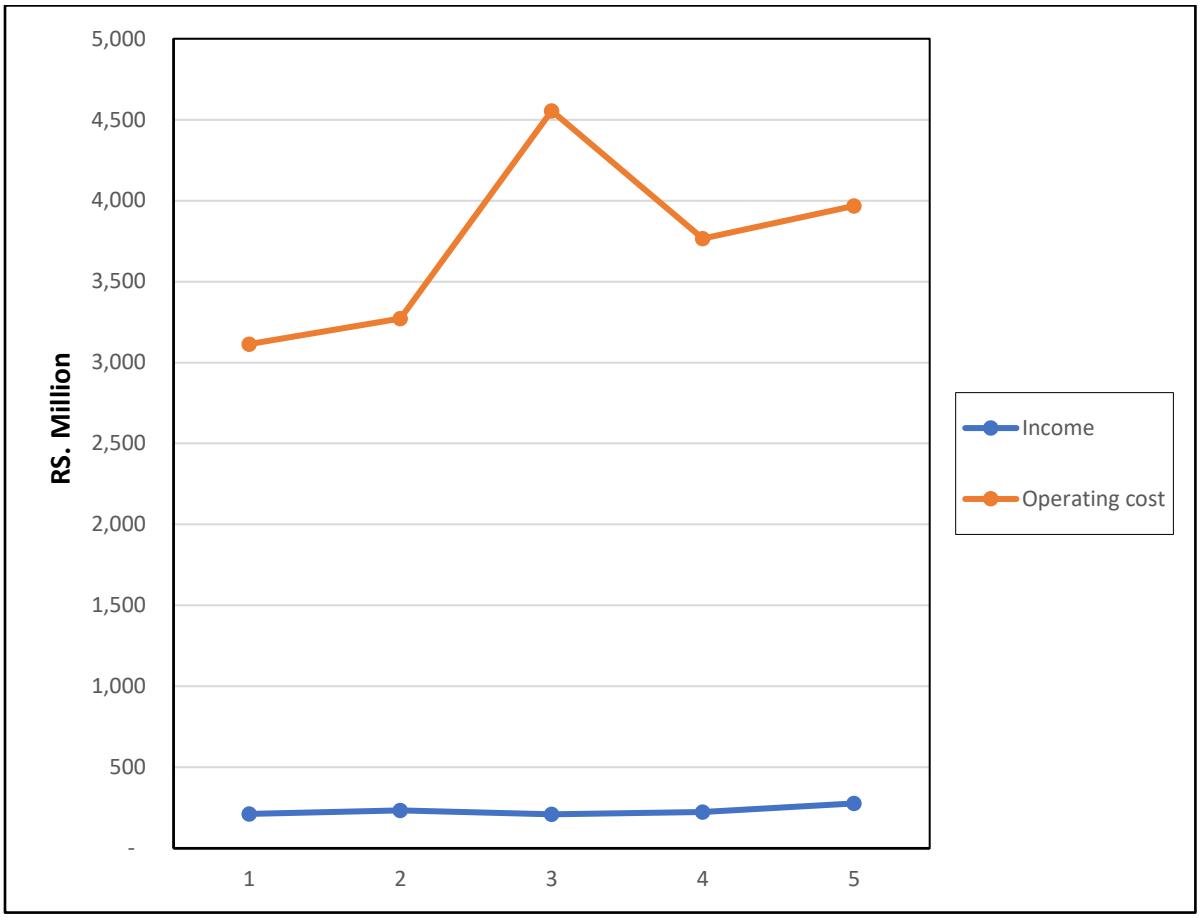
- **Agricultural Insurance Scheme**



	1 2018	2 2019	3 2020	4 2021	5 2022
Operational profit (Rs Mn)	1,144.7	878	1,401.3	1,752	2,663
Net profit (Rs Mn)	921	652.3	1,153.7	1,494.4	2,319

In the year 2022, a net profit of Rs. 2,319 million was earned through the Agricultural Insurance Scheme which denotes am incline of 55.17% in comparison to 2021. The key contributory factor for this incline was the increase in insurance revenue compared to the previous year and the decrease in operational expenditure including the payment of compensation. Accordingly, the total insurance income of the Board in the year 2021 was 152.6 million and in the year 2022 it was Rs. 713.12 million thus signifying an increase of 367% as against the year 2021. In addition, the third-party insurance scheme and other insurance schemes administered by the Board recorded impressive gains compared to the previous year. The income generated by the Board from these insurance schemes in the year 2022 was Rs 311 million which was a growth of 4.9% compared to year 2021.

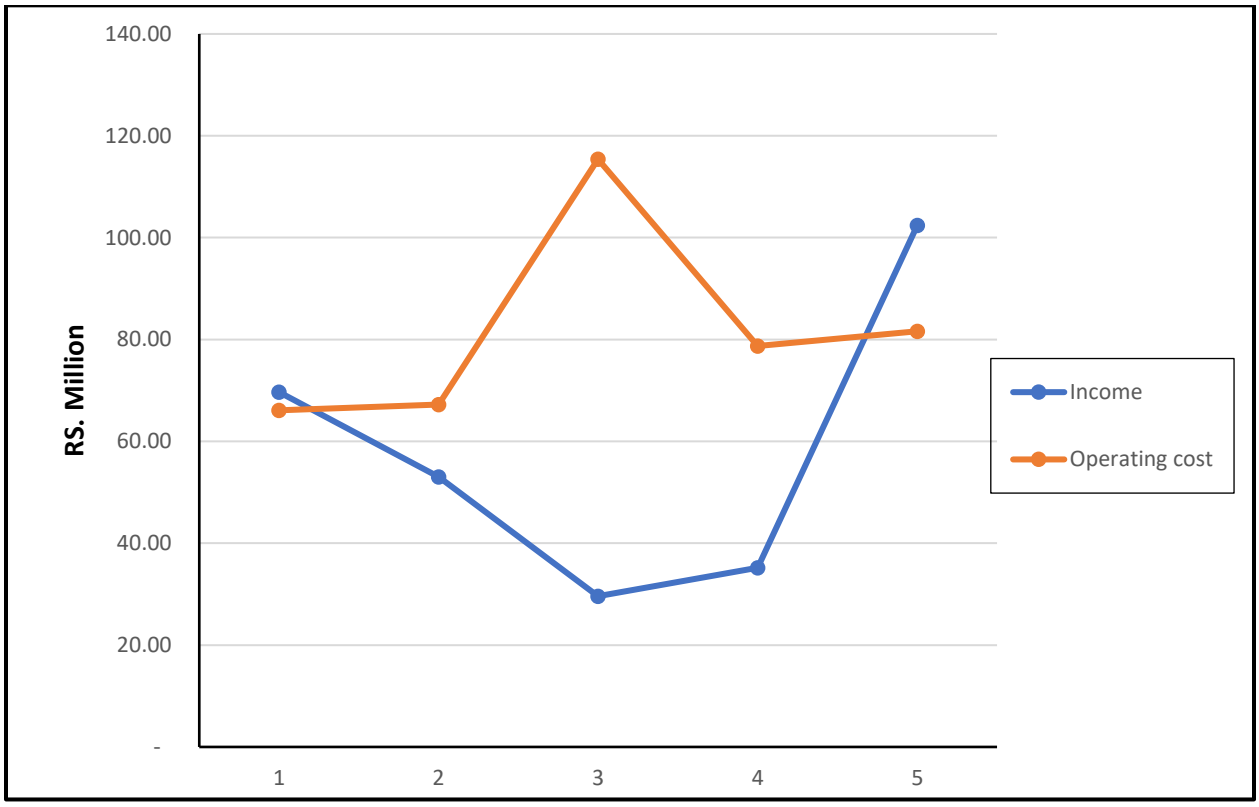
- **Farmers Pension Scheme**



	1 2018	2 2019	3 2020	4 2021	5 2022
Income (Rs Mn)	211.9	233.4	209.8	224	276.9
Operational expenditure (Rs Mn)	3,114	3,271	4,555	3,766	3,967.9

Under the new Farmers' Pension Scheme, a net pension payment amounting to Rs. 3,918 million was made to 169,741 farmers in 2022. The total operational expenditure of the Farmers' Pension Scheme during the year was Rs 3,967.9 million and as in the previous year, this year too, the Treasury allocated Rs 4,158 million as provisions for the payment of pension.

- **Fishermen's Pensions Scheme**



	1 2018	2 2019	3 2020	4 2021	5 2022
Income (Rs Mn)	69.7	53	29.6	35.2	102.4
Operational expenditure (Rs Mn)	66.1	67.2	115.4	78.7	81.6

During the year 2022, the amount paid as pension to fishermen was Rs 78.3 million and the funds available with the Board were used for this purpose.

Consolidated Financial Statements for overall schemes 2022 Financial Statements as at 31 December 2022

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Agricultural Insurance Scheme

AGRICULTURAL & AGRARIAN INSURANCE BOARD
CONSOLIDATED FINANCIAL STATEMENT
STATEMENT OF FINANCIAL POSITION

		AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
	Notes	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.
ASSETS					
Non- Current Assets					
Property, Plant & Equipment	1	58,734,565.10	52,340,853.15	53,958,364.70	49,701,372.45
		58,734,565.10	52,340,853.15	53,958,364.70	49,701,372.45
Financial Instruments Held to maturity					
Treasury Bond		1,562,157,095.25	1,045,073,943.17	522,795,607.14	-
		1,562,157,095.25	1,045,073,943.17	522,795,607.14	-
Current Assets					
Stocks	2.1	35,479,123.85	10,444,427.65	31,718,050.45	8,986,803.01
Receivables	2.2	176,995,438.57	772,083,675.90	959,808,915.80	1,600,691,389.17
Receivable Premium	2.3	4,254,814,019.25	2,904,272,630.51	4,252,903,299.25	2,902,448,847.51
Deposits & Pre Payments	2.4	6,075,138.98	5,308,286.19	6,075,138.98	5,308,286.19
Advances	2.5	668,883.19	742,918.82	668,883.19	742,918.82
Financial Instruments Held to Maturity	2.6	5,170,060,616.87	4,414,732,250.04	4,092,320,982.00	3,733,511,529.73
Cash and Cash Equivalents	2.7	88,918,256.55	29,912,263.50	84,816,800.47	14,014,103.40
Total current Assets		9,733,011,477.26	8,137,496,452.61	9,428,312,070.14	8,265,703,877.83
TOTAL ASSETS		**11,353,903,137.61**	**9,234,911,248.93**	**10,005,066,041.98**	**8,315,405,250.28**
EQUITY & LIABILITIES					
Capital & Reserve					
Initial Capital Contributed by the Treasury		50,000,000.00	50,000,000.00	50,000,000.00	50,000,000.00
A.A.I.B. Accumulated Fund	3	(84,680,098,305.19)	(82,567,418,019.18)	6,907,682,321.95	4,588,669,420.07
Government Grant - Capital	4	12,128,063.62	17,915,566.53	12,128,063.62	17,915,566.53
A.A.I.B Reserve Fund	5	435,124,724.78	301,967,881.11	435,124,724.78	301,967,881.11
Farmer's Death Gratuity Fund	6	1,292,310,846.99	1,178,731,261.16	1,258,775,352.29	1,146,766,066.46
Staff Medical Insurance Fund		18,812,989.19	13,572,359.07	18,812,989.19	13,572,359.07
Kethata Aruna Compulsory Insurance Fund		706,503,600.00	706,503,600.00	706,503,600.00	706,503,600.00
Revaluation Reserve		60,979,166.66	60,979,166.66	58,129,166.66	58,129,166.66
Product Promotion and Incentive Fund		31,660,458.10	24,545,950.47	31,660,458.10	24,545,950.47
Government Grant on Treasury Bond		1,081,488,000.00	1,081,488,000.00	-	-
Capital Grant-GIZ		65,792,099.98	-	65,792,099.98	
		(80,925,298,355.87)	(79,131,714,234.18)	9,544,608,776.57	6,908,070,010.37
Non - Current Liabilities					
Provision For Gratuity		61,124,641.91	84,311,918.25	24,842,727.00	30,787,791.93
Pension Liability		87,503,204,013.80	82,828,949,558.70	-	-
		87,564,328,655.71	82,913,261,476.95	24,842,727.00	30,787,791.93
Current Liabilities					
Provision For Printing		1,742,199.31	2,634,747.38	500,000.00	1,116,614.60
Pre Premium Receipts	7.1	45,942,713.24	25,831,363.48	45,942,713.24	24,131,012.48
Other Payables	7.2	4,353,136,401.60	4,247,367,978.36	77,645,436.60	175,441,794.01
Accrued Expenses	7.3	16,784,421.08	18,544,529.46	14,259,286.03	16,872,639.41
Provision For Indemnity	7.4	297,267,102.54	1,158,985,387.48	297,267,102.54	1,158,985,387.48
Total Current Liabilities		4,714,872,837.77	5,453,364,006.16	435,614,538.41	1,376,547,447.98
TOTAL EQUITY & LIABILITIES		**11,353,903,137.61**	**9,234,911,248.93**	**10,005,066,041.98**	**8,315,405,250.28**

These financial statements are in compliance with the requirements of the Sri Lanka Accounting Standards.

…….. ……..
Head of Finance Director General

The Board of Directors are responsible for the preparation and presentation of these financial statements.
Signed for on behalf of the Board by:

…….. ……..
Member of Director Board Member of Director Board
Agricultural & Agrarian Insurance Board Agricultural & Agrarian Insurance Board

AGRICULTURAL & AGRARIAN INSURANCE BOARD
CONSOLIDATED FINANCIAL STATEMENT
STATEMENT OF COMPREHENSIVE INCOME

		AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
REVENUE	**Notes**	**Rs. Cts.**	**Rs. Cts.**	**Rs. Cts.**	**Rs. Cts.**
Premium and Contribution	8.1	503,235,295.13	505,227,300.78	390,559,060.16	390,852,447.50
Insurance Premium-Treasury Contribution		1,950,000,000.00	1,950,000,000.00	1,950,000,000.00	1,950,000,000.00
Grants for Indemnities - NITF Crop Levy		378,504,691.86	963,444,973.83	378,504,691.86	963,444,973.83
Interest	8.2	888,117,028.85	236,492,245.00	713,257,269.63	152,608,628.56
TOTAL REVENUE		**3,719,857,015.84**	**3,655,164,519.61**	**3,432,321,021.65**	**3,456,906,049.89**
OPERATING EXPENSES					
Indemnity	9.1	(712,325,510.81)	(1,650,202,697.16)	(712,325,510.81)	(1,650,202,697.16)
Operating Expenses	9.2	(72,516,884.47)	(70,062,875.89)	(56,858,637.47)	(54,700,948.89)
Pension Payments		(3,997,234,231.00)	(3,794,503,178.00)	-	-
Refund of Net Contribution & Interest		(17,025,847.42)	(15,023,588.00)	-	-
Group Insurance Premium		(18,946,560.00)	(19,490,194.20)	-	-
Disablement Gratuity Payment		(1,153,362.69)	(1,122,190.00)	-	-
		(4,819,202,396.39)	**(5,550,404,723.25)**	**(769,184,148.28)**	**(1,704,903,646.05)**
OPERATING SURPLUS/(DIFICIT)		**(1,099,345,380.55)**	**(1,895,240,203.64)**	**2,663,136,873.37**	**1,752,002,403.84**
Govt. Grant for Pensiom Payment		3,968,000,000.00	3,753,000,000.00	-	-
Govt. Grant for Admin Expenses		190,000,000.00	247,000,000.00	-	-
Other Income	10	9,820,857.57	11,136,623.60	6,745,479.27	8,160,201.36
		4,167,820,857.57	**4,011,136,623.60**	**6,745,479.27**	**8,160,201.36**
		3,068,475,477.02	**2,115,896,419.96**	**2,669,882,352.64**	**1,760,162,605.20**
EXPENSES					
Administrative Expenses	11	(417,450,416.91)	(336,085,803.04)	(229,100,719.52)	(184,219,914.26)
Finance & Other Expenses	12	(179,615.16)	(111,957.30)	(100,879.17)	(67,630.00)
TOTAL EXPENSES		**(417,630,032.07)**	**(336,197,760.34)**	**(229,201,598.69)**	**(184,287,544.26)**
NET SURPLUS/ (DEFICIT)		**2,650,845,444.95**	**1,779,698,659.62**	**2,440,680,753.95**	**1,575,875,060.94**
Provision For A.A.I.B Reserve Fund		(133,156,843.67)	(87,600,120.19)	(133,156,843.67)	(87,600,120.19)
NET SURPLUS/ (DEFICIT) AFTER PROVISION		**2,517,688,601.28**	**1,692,098,539.43**	**2,307,523,910.28**	**1,488,274,940.75**
OTHER COMPREHENSIVE INCOME					
Gratuity Gain/(Loss)		37,127,258.25	18,693,910.13	11,488,991.60	6,084,834.57
Increase of Pension Liability		(4,674,254,455.10)	(4,411,586,355.01)	-	-
		(4,637,127,196.85)	(4,392,892,444.88)	11,488,991.60	6,084,834.57
NET SURPLUS/ (DEFICIT) AFTER OTHER COMPREHENSIVE INCOME		**(2,119,438,595.57)**	**(2,700,793,905.45)**	**2,319,012,901.88**	**1,494,359,775.32**

AGRICULTURE & AGRARIAN INSURANCE BOARD

STATEMENT OF CHANGES IN EQUITY

GROUP

Description	Initial Capital Contributed by the Treasury Rs.	Accumulated Surplus/ (Deficit) Rs.	Govt. Grant for Capital Rs.	AAIB Reserve Fund Rs.	Farmer's Death Gratuity Fund Rs.	Staff Medical Insurance Rs.	Kethata Aruna Compulsory Insurance Fund	Revaluation Reserve Rs.	Product Promotion and Incentive Fund Rs.	Government Grant on Treasury Bond Rs.	Capital Grant-GIZ Rs.	Total Rs.
Balance as at 01 January 2021	**50,000,000**	**(79,866,624,114)**	**3,169,323**	**214,367,761**	**1,108,122,512**	**8,678,452**	**706,503,600**	**60,979,167**	**17,595,272**	**1,081,488,000**	**-**	**(76,615,720,027)**
Prior Year Adjustment		17,000										17,000
Addition during the year:	-		20,000,000	87,600,120	19,490,194	6,381,447	-	-	14,825,022	-		148,296,784
Interest Income	-				52,418,185	451,642	-	-	-	-		52,869,827
Amortization Gov. Grant	-	-	(5,253,757)	-	-	-	-	-	-	-		(5,253,757)
Benefit paid	-				(1,299,630)	(1,939,182)	-	-	(7,874,344)			(11,113,156)
Net Surplus /(Deficit)	-	(2,700,793,905)	-	-	-			-	-	-		(2,700,793,905)
Balance as at 31 December 2021	**50,000,000**	**(82,567,401,019)**	**17,915,567**	**301,967,881**	**1,178,731,261**	**13,572,359**	**706,503,600**	**60,979,167**	**24,545,950**	**1,081,488,000**	**-**	**(79,131,697,234)**
Addition during the year:	-	6,741,310	-	133,156,844	18,946,560	5,503,200		-	15,552,007	-	65,792,100	245,692,020
Interest Income					95,985,651	1,821,998						97,807,649
Amortization Gov. Grant Farmers Pension	-	-	(5,787,503)	-	-	-		-				(5,787,503)
Benefit paid					(1,352,625)	(2,084,568)			(8,437,499)			(11,874,692)
Net Surplus /(Deficit)	-	(2,119,438,596)	-	-	-	-						(2,119,438,596)
Balance as at 31 December 2022	**50,000,000**	**(84,680,098,305)**	**12,128,064**	**435,124,725**	**1,292,310,847**	**18,812,989**	**706,503,600**	**60,979,167**	**31,660,458**	**1,081,488,000**	**65,792,100**	**(80,925,298,356)**

STATEMENT OF CHANGES IN EQUITY

AGRICULTURE INSURANCE SCHEME

Description	Initial Capital Contributed by the Treasury Rs.	Accumulated Surplus/ (Deficit) Rs.	Govt. Grant for Capital Rs.	AAIB Reserve Fund Rs.	Farmer's Death Gratuity Fund Rs.	Staff Medical Insurance Fund Rs.	Kethata Aruna Compulsory Insurance Fund	Revaluation Reserve Rs.	Product Promotion and Incentive Fund Rs.	Government Grant on Treasury Bond Rs.	Capital Grant-GIZ Rs.	Total Rs.
Balance as at 01 January 2021	**50,000,000**	**3,094,309,645**	**3,169,323**	**214,367,761**	**1,077,622,157**	**8,678,452**	**706,503,600**	**58,129,167**	**17,595,272.04**	**-**	**-**	**5,230,375,377**
Addition during the year:	-		20,000,000	87,600,120	17,737,354	6,381,447	-	-	14,825,021.94	-	-	146,543,944
Interest Income	-				52,418,185	451,642	-	-	-	-	-	52,869,827
Amortization Gov. Grant	-	-	(5,253,757)	-	-	-	-	-	-	-	-	(5,253,757)
Benefit paid	-				(1,011,630)	(1,939,182)	-	-	(7,874,344)	-	-	(10,825,156)
Net Surplus /(Deficit)	-	1,494,359,775	-	-	-			-	-	-	-	1,494,359,775
Balance as at 31 December 2021	**50,000,000**	**4,588,669,420**	**17,915,567**	**301,967,881**	**1,146,766,066**	**13,572,359**	**706,503,600**	**58,129,167**	**24,545,950**	**-**	**-**	**6,908,070,010**
Addition during the year:	-	-	-	133,156,844	17,197,260	5,503,200		-	15,552,007	-	65,792,100	237,201,410
Interest Income					95,985,651	1,821,998				-		97,807,649
Amortization Gov. Grant Farmers Pension	-	-	(5,787,503)	-	-	-		-		-		(5,787,503)
Benefit paid					(1,173,625)	(2,084,568)			(8,437,499)	-	-	(11,695,692)
Net Surplus /(Deficit)	-	2,319,012,902	-	-	-	-				-		2,319,012,902
Balance as at 31 December 2022	**50,000,000**	**6,907,682,322**	**12,128,064**	**435,124,725**	**1,258,775,352**	**18,812,989**	**706,503,600**	**58,129,167**	**31,660,458**	**-**	**65,792,100**	**9,544,608,777**

AGRICULTURAL & AGRARIAN INSURANCE BOARD

CASH FLOW STATEMENT

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
	31.12.2022 Rs. Cts.	31.12.2021 Rs. Cts.	31.12.2022 Rs. Cts.	31.12.2021 Rs. Cts.
Cash Flows from Operating Activities				
Net Surplus / (Deficit)	(2,119,438,595.57)	(2,700,793,905.45)	2,319,012,901.88	1,494,359,775.32
Adjustment for				
Depreciation	20,284,691.45	19,445,260.75	19,098,611.15	18,437,621.51
Amortization of Government Grant	(5,787,502.91)	(5,253,756.74)	(5,787,502.91)	(5,253,756.74)
Adjustments in respect of Prior year	17,000.00	(1,179,625.30)	-	-
Increase of Pension Liability	4,674,254,455.10	4,411,586,355.01	-	-
Provision For A.A.I.B Reserve Fund	133,156,843.67	87,600,120.19	133,156,843.67	87,600,120.19
Death Gratuity Premium	(18,946,560.00)	(19,490,194.20)	(17,197,260.00)	(17,737,354.20)
Gratuity Gain/Loss	(37,127,258.25)	(18,693,910.13)	(11,488,991.60)	(6,084,834.57)
	4,765,851,669.06	**4,474,014,249.58**	**117,781,700.31**	**76,961,796.19**
Provision for Retiring Gratuity	14,280,736.91	12,233,973.05	5,543,926.64	4,867,170.67
Operating Surplus before working capital changes	**2,660,693,810.40**	**1,785,454,317.18**	**2,442,338,528.83**	**1,576,188,742.18**
(Increase)/ Decrease in Inventories	(25,034,696.20)	(1,448,055.37)	(22,731,247.44)	(1,433,812.20)
(Increase)/ Decrease in Receivables	595,088,237.33	(507,180,839.10)	640,882,473.37	(459,001,796.20)
(Increase)/ Decrease Receivable Premium	(1,350,541,388.74)	(951,783,493.21)	(1,350,454,451.74)	(952,771,663.21)
(Increase)/ Decrease in Deposits & Prepayments	(766,852.79)	615.61	(766,852.79)	615.61
(Increase)/ Decrease in Advances	74,035.63	(71,018.23)	74,035.63	(71,018.23)
Increase /(Decrease) Provision For Indemnity	(861,718,284.94)	583,966,926.16	(861,718,284.94)	583,966,926.16
Increase /(Decrease) Provision For Printing	(892,548.07)	(80,550.08)	(616,614.60)	30,566.64
Increase /(Decrease) Pre-premium advance	20,111,349.76	(8,822,083.33)	21,811,700.76	(10,522,434.33)
Increase /(Decrease) Other Payables	105,768,423.24	116,430,044.76	(97,796,357.41)	99,933,473.41
Increase /(Decrease) Accrued expenses	(1,760,108.38)	(3,149,205.03)	(2,613,353.38)	(647,715.07)
	(1,519,671,833.16)	**(772,137,657.82)**	**(1,673,928,952.54)**	**(740,516,857.42)**
Cash Generated from Operations	**1,141,021,977.24**	**1,013,316,659.36**	**768,409,576.29**	**835,671,884.76**
Retiring Gratuity - Paid	(340,755.03)	(20,654,472.50)	-	(8,485,827.50)
Net Cash Flows from Operating Activities	**1,140,681,222.21**	**992,662,186.86**	**768,409,576.29**	**827,186,057.26**
Cash Flows from Investing Activities				
Medical Fund	5,240,630.12	4,893,906.78	5,240,630.12	4,893,906.78
Farmer's Death Gratuity Fund	132,526,145.83	90,098,943.53	129,206,545.83	86,881,263.53
Staff Incentive & Promotion Fund	7,114,507.63	6,950,678.43	7,114,507.63	6,950,678.43
Investments during the year	(1,278,123,973.97)	(1,099,416,606.22)	(881,605,059.41)	(937,824,430.04)
Purchases of Property, Plant & Equipment	(26,678,403.30)	(9,787,217.85)	(23,355,603.30)	(9,334,312.85)
Net Cash Flows from Investing Activities	**(1,159,921,093.69)**	**(1,007,260,295.33)**	**(763,398,979.13)**	**(848,432,894.15)**
Cash Flows from Financing Activities				
Government Grant for Capital expenditure	-	20,000,000.00	-	20,000,000.00
Grant for Capital expenditure	65,792,099.98	-	65,792,099.98	-
New Pension Scheme Fund	6,741,309.56	-	-	-
Government Bond	5,712,455.06	5,214,424.86	-	-
Net Cash Flows from Financing Activities	**78,245,864.60**	**25,214,424.86**	**65,792,099.98**	**20,000,000.00**
Net Increase / (Decrease) in Cash & Cash Equivalents	**59,005,993.12**	**10,616,316.39**	**70,802,697.14**	**(1,246,836.89)**
Cash & cash equivalents at the beginning of the year	**29,912,263.50**	**19,295,947.12**	**14,014,103.40**	**15,260,940.29**
Cash & cash equivalents at the end of the year	**88,918,256.62**	**29,912,263.51**	**84,816,800.54**	**14,014,103.40**

Agricultural and Agrarian Insurance Board
Agriculture Insurance Scheme
Significant Accounting Policies

1. General Policies

1.1 Reporting Entity

Agricultural and Agrarian Insurance Board of Sri Lanka (hereafter referred to as the 'Board') was incorporated by Act No.20 of 1999 and is situated at 117, Subadharama Road, Gangodawila, Nugegoda.

1.2 Principal Activities and Nature of Operations

The board is primarily involved in the Agricultural Insurance including agricultural and horticultural crops, medical plants, livestock, fisheries and forestry, agricultural equipment and implements and the storage and preservation of agricultural & horticultural produce and the products of medicinal plants, fisheries and forest produce. Further the board is also engaging in providing medical benefits, operating social security schemes and fertilizer insurance scheme for agriculturists & Third-Party insurance for vehicle who owned by the agriculturists. There were no changes in the nature of the principal activities of the board during the financial year under review.

1.3 Basis of Preparation

(a) Statement of Compliance

The financial statements comprise the statement of financial position, statement of comprehensive income, statement of changes in funds and reserves, statement of cash flows and notes to the financial statements. These statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka.

(b) Basis of Measurement

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

(c) Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period for all amounts reported in the financial statements in

order to enhance the understanding of the financial statements of the current period and to improve the inter- period comparability.
When the presentation or classification of items in the financial statements have been amended, comparative amounts have also been reclassified to conform with the current year in order to provide a better presentation.

(d) Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees, which is the functional and presentation currency of the board.

(e) Use of Estimates and Judgments

The preparation and presentation of financial statements in conformity with SLFRS/LKAS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and judgments used.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimates, uncertainty and critical judgments in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the notes to the financial statements.

(f) Going Concern

The management has made an assessment of the board's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2. Assets and the Bases of their Valuation

2.1 Property, Plant and Equipment

(a) Recognition and Measurement

Items of property, plant and equipment are stated at cost or at fair value less accumulated depreciation or impairment losses.

All items of property, plant and equipment are initially recorded at cost less accumulated depreciation or impairment losses. Significant components of an asset are identified and depreciated separately. When significant parts of property, plant and equipment are required to

be replaced at intervals, the entity derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. All other repair and maintenance costs are recognized in the income statement as incurred.

Fully depreciated assets with a total historical cost of Rs. 6,480,159.28 has been included in property plant and equipment.

(b) Cost

The cost of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.

Subsequent expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature in order to carry on or increase the earning capacity of the assets has been treated as capital expenditure.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only if it is probable that the future economic benefits embodied within the part will flow to the Board and its cost can be measured reliably.

(c) Revaluation

After recognition as an asset, lands and buildings whose fair value can be measured reliably, have been carried at revalued amount at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are being performed to ensure that the fair value of a revalued asset does not materially differ from it carrying amount as at the reporting date.

On revaluation of motor vehicle, any increase in the revaluation amount is credited to the revaluation reserve in equity unless it off sets a previous decrease in value of the same asset that was recognized in the Statement of profit or loss. A decrease in value is recognized in the Statement of profit or loss where it exceeds the increase previously recognized in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to retained earnings and is not taken into account in arriving at the gain or loss on disposal.

(d) Depreciation

Depreciation is charged to the statement of comprehensive income on the straight-line method at the following rates per annum in order to write off the cost of such assets over their estimated useful lives.

Building	4%
Motor Vehicle	20%
Furniture & Fitting	10%
Publicity Equipment	10%
Loss Preventive Equipment	10%
Crop Cutting Equipment	10%
Bicycles	20%
Survey Equipment	10%
Weighing Scale	10%
Welfare Equipment	10%
Telephone	20%
Computer	20%
Motor Bicycles	20%

2.2 Intangible Assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard LKAS 38 – Intangible Assets. Accordingly, these assets are stated in the statement of financial position at cost less accumulated amortization and any accumulated impairment loss.

Computer software is amortized over a period of 5years on the straight-line method.

2.3 Inventories

Inventories are stated 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 includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

2.4 Financial Assets

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Board determines the classification of its financial assets at initial recognition. All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

The Board initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Board becomes a party to the contractual provisions of the instrument.

The Board derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset is transferred. Any interest in transferred financial assets that is created or retained by the Board is recognized as a separate asset or liability.

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

The financial assets of the Board include cash and short-term investments and trade and other receivables.

(a) Financial Assets at Fair Value through Profits or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance expense in the statement of comprehensive income.

(b) Loans & Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in finance costs.

Loans and receivables comprise trade receivables, employee loans, deposits, advances, other receivables and cash and cash equivalents.

(c) Held-to-Maturity Investments (HTM)

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Board has the positive intention and ability to hold them to maturity. After initial measurement, held-to maturity investments are measured at amortized cost using the effective interest rate (EIR) method, less impairment. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in financial costs.

Investments in government securities and in fixed deposits have been classified under HTM investments.

(d) Available-for-Sale Financial Investment

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognized in other comprehensive income and presented in the fair value reserved in funds and reserves. Interest income on available-for-sale debt securities is calculated using the effective interest rate method (EIR) and is recognized in profit or loss. When an investment is derecognized, the gain or loss accumulated in funds and reserves reclassified to profit or loss.

The board has not designated any financial asset upon initial recognition as available-for sale investment.

2.5 Impairment of Financial Assets

The board assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired and if such impairment has occurred, that amount of impairment is calculated by taking the difference between the assets carrying amount and the present value of estimated future cash flow.

3. Liabilities and Provisions

Liabilities classified as current liabilities on 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 Board 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.

3.1 Provision for Claims

Liability for outstanding claims are recognized based on the risk factors of crop and insured subject matter. Following table shows the indemnity provision made for the financial year 2020.

Insured Subject	Provision for Indemnity (Rs.)
Kethata Aruna	239,273,691.00
Livestock	5,000,000.00
Suwasetha and Agri Equipment	6,000,000.00
Subsidiary Crops	2,020,400.00
Moveable Property	44,973,011.54
	297,267,102.54

Provision for third party Insurance indemnity

Third party provision is recognized weighted average rate of 15% from three consecutive year's income. Out of 15% rate proportionated 7%, 5%, 3% for current year income, previous year income and year after previous year respectively.

3.2 Provision for Bad Debts

5% provisions have been made from the total staff loan as the Provision for Doubtful Debts.

3.3 Retirement Benefits

A Provision has been made for retiring gratuities from the completion of the first year of service for all permanent employees in conformity with Sri Lanka Accounting Standard 19 Retirement Benefits costs. However, according to the Payment of Gratuity Act No.12 of 1983 the liability to an employee arises only on completion of five years of continued service. The liability is not externally funded.

3.4 Capital Commitments and Contingent Liabilities

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 Board are disclosed in the respective notes to the financial statements.

4. Statement of Comprehensive Income

4.1 Revenue

1. The revenue of the board represents the income from insurance premium and interest income from treasury bills and loans of employees, and other miscellaneous income.

2. All income has been recognized on accrual basis.

3. Insurance Premium have been received from the Government as subsidy on behalf of the farmers.

4. Government Grants received for capital expenditure has been recognized as income on systematic basis.

4.2 Revenue Recognition

1. Insurance premium revenue has been recognized based on the time of insured.

2. The above revenue is on accrual basis & matched with related expenditure.

3. Interest income is accrued on time basis.

4.3 Accounting for Government Grants

Grants that compensate the Board 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 Board 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 asset.

4.4 Expenditure

Expenses are recognized in the statement of comprehensive income on the basis of direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the board and in maintaining the capital assets in a state of efficiency has been charged against revenue in arriving at the surplus for the year.

The indirect expenses of the board apportioned on the following rates by the board paper No: 401/4 - 2008.10.15

Expenditure	Rates
Salaries, EPF, ETF, Gratuity	50%
Medical Expenses	50%
Consultancy Fees	60%

Welfare	50%
Uniform	50%
Entertainment	60%
Printing	60%
Legal Fees	40%
Allowances to B/Members	60%
Rent	55%
Telephone	55%
Postage	40%
Electricity	55%
Travelling, Over Time	50%
Water Bill	55%
Daily Pay	50%
Security	75%
Main Office Equipment	75%
Main. Vehicle	57%
Computer Expenses	75%
Fuel Expenses	68%
Stationery	50%
Main. Building	55%
Publicity & Training	80%

4.3 Surplus

The surplus will be computed after making provisions for all the liabilities, bad and doubtful debts and depreciation for property, plant and equipment.

4.4 Reserve Fund

A contingency reserved fund was created year in the 2002 & the policy is to provide 5% from the operational surplus.

4.5 Pre-Premium

Insurance premium receipts for livestock and compulsory insurance have been treated as pre-premium, if received in advance.

5. Statement of Cash Flows

The cash flow statement of the scheme has been presented using the indirect method, in accordance with the LKAS 7.

6. Events After the Reporting Date

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date when the Financial Statements are authorized for issue. All material events after the reporting date have been considered and where appropriate, adjustments or disclosures have been made in the respective Notes to the Financial Statements.

7. Related Party Transactions

Farmers' Pension Scheme and the Fisheries Pension Scheme are considered as related parties of Agricultural Insurance Scheme. The transactions carried out with these related parties are been disclosed based on fair value. Agricultural Insurance Scheme has granted a loan amounting to Rs. 295,230,441.79 to Farmers Pension Scheme.

8. Prior Year Adjustments

No prior year adjustments in reporting period.

9. Re insurance Payment

Though Rs. 312 million should have been received from National Insurance Trust Fund for the Yala season of 2019 as reinsurance coverage, it was not received and they had repaid a premium of Rs. 148,380,848.14 paid for the above season. Thereafter the Board had not obtained any reinsurance coverage.

10. Contingencies

Seven legal cases have been examined and the current status of the cases are disclosed in the following table.

Current situation of legal proceedings involving the Agricultural & Agrarian Insurance Board

	Court	Case No	Petitioner / Defendant	Subject	Current Status
1	Appeal Court	CA (writ) 269/2019 01	Ceylinco Company Vs Board	Regarding the issuance of third party for non-agriculturalist third parties	For the next step
2	Employee compensation tribunal	WC/NF/1149/2019 01	H.M. Seneviratne Banda Vs. Board	Complaint lodged against the Board claiming insurance for a motor accident alleged to have occurred while being on duty.	Case is being heard.
3	Anuradhapura High Court	HC/233 & HC/234 02	Ms. Sandagomi Maheshika Vs Police	Defrauding insurance money and preparing forged documents	Case is being heard.
4	Anuradhapura Magistrate's Court	B/2171/2002 01	Police Vs K.A. Heenbandara	Defrauding farmers' pension premia	Laid by since 2005
5	Anuradhapura Magistrate's Court	B/520/2013 01	Police Vs K.G. Sudath Bandara	Defrauding money receivable to the Board	Case is being heard
6	Colombo High Court	3/8/2 M.A./2006 01	Police Vs Board	Compensation for Mavil Aru cultivations	Case has been referred to the Attorney General's Dept.
7	District Court (Island-wide)	65	Claimant for damages (Complainant) Vs Board	Compensation claims under third party insurance	Case is being heard

AGRICULTURAL & AGRARIAN INSURANCE BOARD
NOTES TO THE ACCOUNTS

NOTE 1 - NON CURRENT ASSETS
PROPERTY, PLANT & EQUIPMENT
GROUP **Rs.**

ASSETS	Cost/Valuation as at 01.01.2022	Disposal	Cost Addition	Balance as at 31.12.2022	Accum.Dep as at 01.01.2022	Disposal	Dep For the Year	Accum.Dep as at 31.12.2022	W.D.V as at 31.12.2022
Furniture & Fittings	15,566,292.81	-	1,198,745.00	16,765,037.81	11,248,154.06	-	727,980.24	11,976,134.30	4,788,903.51
Office Equipments	15,293,056.98	-	3,060,886.00	18,353,942.98	12,431,087.61	-	493,147.51	12,924,235.12	5,429,707.86
Motor Vehicle	70,869,310.00	-	2,732,785.75	73,602,095.75	42,488,310.17	-	14,479,546.54	56,967,856.71	16,634,239.04
Welfare Equipments	751,196.25	-	9,250.00	760,446.25	587,704.65	-	33,606.41	621,311.06	139,135.19
Computer Equipments	52,346,475.91	-	19,513,900.00	71,860,375.91	42,158,607.03	-	4,102,553.23	46,261,160.26	25,599,215.65
Computer Software	1,475,000.00	-	-	1,475,000.00	1,475,000.00	-	-	-	-
Telephone	1,510,807.50	-	-	1,510,807.50	1,510,807.50	-	-	1,510,807.50	-
Motor Bicycle	146,300.00	-	-	146,300.00	146,300.00	-	-	146,300.00	-
Building	11,349,842.73	-	(521,063.45)	10,828,779.28	5,223,682.26	-	354,257.90	5,577,940.16	5,250,839.12
Air Conditioners	1,051,272.74	-	-	1,051,272.74	846,721.74	-	61,181.00	907,902.74	143,370.00
Publicity Equipments	2,422,836.43	-	683,900.00	3,106,736.43	2,336,558.08	-	25,233.62	2,361,791.70	744,944.73
Bicycle	146,864.20	-	-	146,864.20	135,469.20	-	7,185.00	142,654.20	4,210.00
Crop Cutting Equipments	60,371.00	-	-	60,371.00	60,371.00	-	-	60,371.00	-
Loss Preventive Equip:	41,280.00	-	-	41,280.00	41,280.00	-	-	41,280.00	-
Survey Eqipments	4,099.00	-	-	4,099.00	4,099.00	-	-	4,099.00	-
Weighing Scale	1,036.35	-	-	1,036.35	1,036.35	-	-	1,036.35	-
Norad Equipments	344,423.50	-	-	344,423.50	344,423.50	-	-	344,423.50	-
	173,380,465.39	**-**	**26,678,403.30**	**200,058,868.70**	**121,039,612.15**	**-**	**20,284,691.45**	**139,849,303.60**	**58,734,565.10**

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Note

Property, plant & equipment includes fully depreciated assets that are still in use having a gross amount of Rs.63,840,159.28 as at 31st December 2022

PROPERTY, PLANT & EQUIPMENT
AGRICULTURE INSURANCE SCHEME

ASSETS	Cost/Valuation as at 01.01.2022	Disposal	Cost Addition	Balance as at 31.12.2022	Accum.Dep as at 01.01.2022	Disposal	Dep For the Year	Accum.Dep as at 31.12.2022	W.D.V as at 31.12.2022
Furniture & Fittings	14,074,236.36	-	1,198,745.00	15,272,981.36	10,074,374.52	-	653,170.64	10,727,545.16	4,545,436.20
Office Equipments	13,392,528.89	-	3,060,886.00	16,453,414.89	10,710,724.48	-	466,665.23	11,177,389.71	5,276,025.18
Motor Vehicle	68,019,310.00	-	2,732,785.75	70,752,095.75	40,778,310.17	-	13,909,546.54	54,687,856.71	16,064,239.04
Welfare Equipments	717,020.50	-	9,250.00	726,270.50	561,583.98	-	32,554.41	594,138.39	132,132.11
Computer Equipments	28,013,773.94	-	16,191,100.00	44,204,873.94	18,614,337.81	-	3,649,997.81	22,264,335.62	21,940,538.32
Telephone	1,510,807.50	-	-	1,510,807.50	1,510,807.50	-	-	1,510,807.50	-
Motor Bicycle	146,300.00	-	-	146,300.00	146,300.00	-	-	146,300.00	-
Building	11,349,842.73	-	(521,063.45)	10,828,779.28	5,223,682.26	-	354,257.90	5,577,940.16	5,250,839.12
Publicity Equipments	1,999,999.29	-	683,900.00	2,683,899.29	1,913,720.94	-	25,233.62	1,938,954.56	744,944.73
Bicycle	146,864.20	-	-	146,864.20	135,469.20	-	7,185.00	142,654.20	4,210.00
Crop Cutting Equipments	60,371.00	-	-	60,371.00	60,371.00	-	-	60,371.00	-
Loss Preventive Equip:	41,280.00	-	-	41,280.00	41,280.00	-	-	41,280.00	-
Survey Eqipments	4,099.00	-	-	4,099.00	4,099.00	-	-	4,099.00	-
Weighing Scale	1,036.35	-	-	1,036.35	1,036.35	-	-	1,036.35	-
Norad Equipments	344,423.50	-	-	344,423.50	344,423.50	-	-	344,423.50	-
	139,821,893.25	**-**	**23,355,603.30**	**163,177,496.56**	**90,120,520.71**	**-**	**19,098,611.15**	**109,219,131.86**	**53,958,364.70**

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE ACCOUNTS

		AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
		Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.
NOTE 2 - CURRENT ASSETS					
Note 2.1 - Stock					
Printing Materials		29,323,332.11	9,722,238.14	26,387,060.46	8,337,125.06
Stationary		6,155,791.74	722,189.51	5,330,989.99	649,677.95
		35,479,123.85	**10,444,427.65**	**31,718,050.45**	**8,986,803.01**
		-			
Note 2.2 - Receivables					
Staff Loans & Advance		39,953,302.53	33,267,306.29	39,953,302.53	33,267,306.29
Motor cycle loan		738,106.11	1,304,772.61	738,106.11	1,304,772.61
Salary Receivables		171,011.38	171,011.38	171,011.38	171,011.38
Staff Special Loan - 2004		4,800.00	4,800.00	4,800.00	4,800.00
Sundry Debtors		758,961.95	738,521.95	71,982.75	51,542.75
Receivables from C. W. E		256,520.00	256,520.00	256,520.00	256,520.00
Agri Nerve Center-Agriculture Ministry		-	2,618,608.52	-	2,618,608.52
National Insurance Trust Fund -NITF Crop levy		90,000,000.00	693,000,000.00	90,000,000.00	693,000,000.00
Motor cycle Expenses (Staff) -		2,566.70	2,566.70	2,566.70	2,566.70
Amount Due From Related Party	***2.2.1***	-	-	830,608,291.45	866,002,153.47
Provision for bad debtors		(1,997,665.12)	(1,663,365.32)	(1,997,665.12)	(1,663,365.32)
Receivables from FAO		-	5,675,472.77	-	5,675,472.77
Death Gratuity		5,000.00	50,000.00	-	-
Receivable from Postal Department		47,102,835.00	36,657,461.00	-	-
		176,995,438.57	**772,083,675.90**	**959,808,915.80**	**1,600,691,389.17**
Note 2.2.1 Amount Due From Related Party					
Life insurance premium Receivable		-	-	279,420,377.40	263,396,742.40
Farmers Pension Scheme (Admin)		-	-	-	-
Fisheries Pension Scheme (Admin)		-	-	62,893,599.67	55,164,714.52
Farmers Pension Scheme (Capital)		-	-	4,133,861.40	1,409,499.70
Farmers Pension Advance		-	-	484,160,452.98	546,031,196.85
		-	**-**	**830,608,291.45**	**866,002,153.47**
Note 2.3 Receivable Premium					
Subsidiary Crop		1,778,080.25	784,121.00	1,778,080.25	784,121.00
Livestock		572,677.00	1,757,504.51	572,677.00	1,757,504.51
Movable Property		92,250.00	72,250.00	92,250.00	72,250.00
Suwasetha and Personal		841,140.00	215,820.00	841,140.00	215,820.00
Insurance Premium-Treasury Contribution		4,249,619,152.00	2,899,619,152.00	4,249,619,152.00	2,899,619,152.00
Farmers Contribution for Pension		1,910,720.00	1,823,783.00	-	-
		4,254,814,019.25	**2,904,272,630.51**	**4,252,903,299.25**	**2,902,448,847.51**
		-			
NOTE 2.4 - Deposits & Pre Payment					
Deposit - (Fuel)		150,000.00	150,000.00	150,000.00	150,000.00
Deposit - (Transport)		5,000.00	5,000.00	5,000.00	5,000.00
Insurance		707,466.98	680,614.19	707,466.98	680,614.19
Rent		5,212,672.00	4,472,672.00	5,212,672.00	4,472,672.00
		6,075,138.98	**5,308,286.19**	**6,075,138.98**	**5,308,286.19**

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE ACCOUNTS

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.
Note 2.5 - Advances				
Traveling Advance	8,000.00	8,000.00	8,000.00	8,000.00
Fuel Advance	20,119.65	47,445.65	20,119.65	47,445.65
Salary Advance	50,261.41	50,261.41	50,261.41	50,261.41
Miscellaneous Advance	11,035.00	26,035.00	11,035.00	26,035.00
Capital Advance	565,800.00	565,800.00	565,800.00	565,800.00
District Admin.acct	205.63	205.63	205.63	205.63
Livestock Advance	13,461.50	45,171.13	13,461.50	45,171.13
	668,883.19	**742,918.82**	**668,883.19**	**742,918.82**
Note 2.6 - Financial Instruments Held to Maturity				
Treasury Bills	278,520,632.82	3,592,073,552.49	225,625,993.34	2,910,852,832.18
Fixed Deposit-Peoples Bank	3,985,116,592.53	175,585,142.48	3,511,320,495.76	175,585,142.48
Fixed Deposit-Bank Of Ceylon	822,396,282.59	581,585,068.49	271,347,383.97	581,585,068.49
Fixed Deposit-Rigional Development Bank	84,027,108.93	65,488,486.58	84,027,108.93	65,488,486.58
	5,170,060,616.87	**4,414,732,250.04**	**4,092,320,982.00**	**3,733,511,529.73**
	4,891,539,984.05			
	278,520,632.82			
Note 2.7 - Cash at Bank				
Bank Of Ceylon A/C -164811	961,203.69	578,021.24	961,203.69	578,021.24
Bank Of Ceylon A/C -164667	921,068.75	199,551.47	921,068.75	199,551.47
Bank Of Ceylon A/C -164693	1,950,794.69	1,218,296.30	1,950,794.69	1,218,296.30
Bank Of Ceylon A/C -1622	1,685,892.37	1,370,524.62	1,685,892.37	1,370,524.62
Bank Of Ceylon A/C -1616	66,410,916.50	618,216.52	66,410,916.50	618,216.52
Bank Of Ceylon A/C -8600879	2,293,613.17	237,791.30	2,293,613.17	237,791.30
Bank Of Ceylon A/C -8600818	25,944.93	25,944.93	25,944.93	25,944.93
Bank Of Ceylon A/C -164790	118,692.76	13,501.35	-	-
Bank Of Ceylon A/C -164795	513,051.48	731,681.91	-	-
Bank Of Ceylon A/C -8403704	44,373.50	41,323.50	-	-
Bank Of Ceylon A/C -87144457	32,900.00	200,000.00	-	-
Bank Of Ceylon A/C -87649201	282,701.00	369,755.00	-	-
Peoples Bank A/C -112352	890,625.24	648,573.42	890,625.24	648,573.42
Peoples Bank A/C -112343	1,277,095.78	400,664.82	1,277,095.78	400,664.82
Peoples Bank A/C -100440112349	1,228,556.00	74,505.69	-	74,505.69
Peoples Bank A/C -100260112349	53,040.00	53,040.00	53,040.00	53,040.00
Peoples Bank A/C -100350112349	283,459.77	96,452.92	283,459.77	96,452.92
Peoples Bank A/C -100170112349	855,982.67	742,241.77	855,982.67	742,241.77
Peoples Bank A/C -335100190008791	3,205,901.88	1,623,529.89	3,205,901.88	1,623,529.89
Peoples Bank A/C -335100280008791	1,537,683.98	659,021.68	1,537,683.98	659,021.68
Peoples Bank A/C -100530112349	82,208.00	82,208.00	82,208.00	82,208.00
Peoples Bank A/C -335100190112349	474,426.81	67,475.81	474,426.81	67,475.81
Peoples Bank A/C -100180112344	720,210.25	336,241.52	-	-
Peoples Bank A/C -100150112345	481,006.21	570,835.96	-	-
Peoples Bank A/C -100110112347	209,323.84	12,643,055.36	-	-
Peoples Bank A/C -100130112351	334,317.26	701,116.47	-	-
Peoples Bank A/C -100370008791	67,466.78	157,997.03	-	-
Rigional Development Bank A/C- 134010103277	1,471,942.24	5,318,043.02	1,471,942.24	5,318,043.02
Collection Accounts	503,857.00	132,652.00	435,000.00	-
	88,918,256.55	**29,912,263.50**	**84,816,800.47**	**14,014,103.40**

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE ACCOUNTS

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
	31.12.2022 Rs. Cts.	31.12.2021 Rs. Cts.	31.12.2022 Rs. Cts.	31.12.2021 Rs. Cts.
NOTE 3 - A.A.I.B. ACCUMULATED SURPLUS				
Balance as at 01 January	(82,567,418,019.18)	(79,865,444,488.43)	4,588,669,420.07	3,094,309,644.75
Prior Year Adjustment	17,000.00	(1,179,625.30)	-	-
Adjusted Balance	**(82,567,401,019.18)**	**(79,866,624,113.73)**	**4,588,669,420.07**	**3,094,309,644.75**
Add:				
New Pension Scheme	6,741,309.56	-	-	-
Surplus(Deficit) for the year	(2,119,438,595.57)	(2,700,793,905.45)	2,319,012,901.88	1,494,359,775.32
Balance as at 31 December	**(84,680,098,305.19)**	**(82,567,418,019.18)**	**6,907,682,321.95**	**4,588,669,420.07**
NOTE 4 - GOVERNMENT GRANT - CAPITAL				
Govt. Grant For Capital				
Balance as at 01 January	17,915,566.53	3,169,323.27	17,915,566.53	3,169,323.27
Add:				
Grant for the year -Treasury	-	20,000,000.00		20,000,000.00
Less:				
Amortizations Gov. Grant	(5,787,502.91)	(5,253,756.74)	(5,787,502.91)	(5,253,756.74)
Amortizations Gov. Grant-AIMS	-	-	-	-
Balance as at 31 December	**12,128,063.62**	**17,915,566.53**	**12,128,063.62**	**17,915,566.53**

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE ACCOUNTS

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.
NOTE 5 - A.I.B. RESERVE FUND				
Balance as at 01 January	301,967,881.11	214,367,760.92	301,967,881.11	214,367,760.92
Add:				
Provision for the year	133,156,843.67	87,600,120.19	133,156,843.67	87,600,120.19
Balance as at 31 December	**435,124,724.78**	**301,967,881.11**	**435,124,724.78**	**301,967,881.11**
NOTE 6 - FARMERS DEATH GRATUITY FUND				
Balance as at 01 January	1,178,731,261.16	1,108,122,511.83	1,146,766,066.46	1,077,622,157.13
Add :				
Death Gratuity Premium	18,946,560.00	19,490,194.20	17,197,260.00	17,737,354.20
Interest Income	95,985,650.83	52,418,185.13	95,985,650.83	52,418,185.13
	114,932,210.83	71,908,379.33	113,182,910.83	70,155,539.33
Less :				
Death Gratuity Payment	1,352,625.00	1,299,630.00	1,173,625.00	1,011,630.00
	1,352,625.00	1,299,630.00	1,173,625.00	1,011,630.00
Balance as at 31 December	**1,292,310,846.99**	**1,178,731,261.16**	**1,258,775,352.29**	**1,146,766,066.46**

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE ACCOUNTS

		AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
		Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.
NOTE 7 - CURRENT LIABILITIES					
Note 7.1 - Pre - Premium Receipts					
Pre - Premium - Livestock		2,563,778.24	1,128,490.30	2,563,778.24	1,128,490.30
Pre - Premium - Kethata Aruna		43,378,935.00	23,002,522.18	43,378,935.00	23,002,522.18
Pre - Premium -Pension		-	1,700,351.00	-	-
		45,942,713.24	**25,831,363.48**	**45,942,713.24**	**24,131,012.48**
		-			
Note 7.2 - Other Payables					
Provision for Employee Allowance		5,883,334.00	4,279,500.00	5,883,334.00	4,279,500.00
Refundable Tender deposits		426,870.60	426,870.60	426,870.60	426,870.60
Unclaimed Indemnities		70,800,200.00	70,800,200.00	70,800,200.00	70,800,200.00
Amount Due to Related Party	**7.2.1**	-	-	-	99,935,223.41
Net Contribution & Interest		252,833.00	479,199.00	-	-
Death & Disable Gratuity		159,000.00	211,000.00	-	-
Pension Payment		4,260,671,587.00	4,156,541,318.00	-	-
Bank Of Ceylon		-	236,721.76	-	-
Pension Commission		14,200,747.00	14,185,942.00	-	-
Agency Commission		64,498.00	59,927.00	-	-
Staff Security Deposit		142,300.00	147,300.00	-	-
Retension from Piece Rate employees		535,032.00		535,032.00	
		4,353,136,401.60	**4,247,367,978.36**	**77,645,436.60**	**175,441,794.01**
Amount Due to Related Party	**7.2.1**				
Farmers Pension Scheme (Admin)		-	-	-	99,935,223.41
		-	**-**	**-**	**99,935,223.41**
Note 7.3 - Accrued Expenses					
Admin. Expenses	**7.3.1**	11,121,373.15	12,607,991.68	8,596,238.10	10,936,101.63
Incentive - Crop Insurance		671,833.13	702,880.43	671,833.13	702,880.43
Incentive - Movable Property		4,380,809.89	4,463,881.38	4,380,809.89	4,463,881.38
Personal Accident & Suwasetha		511,007.68	536,325.00	511,007.68	536,325.00
Operational Expenditure		99,397.23	233,450.97	99,397.23	233,450.97
		16,784,421.08	**18,544,529.46**	**14,259,286.03**	**16,872,639.41**
Note 7.4 - Provision For Indemnity					
Livestock		5,000,000.00	6,000,000.00	5,000,000.00	6,000,000.00
Suwasetha Insurance/ Personal Accidents		6,000,000.00	1,000,000.00	6,000,000.00	1,000,000.00
Movable Property		44,973,011.54	41,306,594.48	44,973,011.54	41,306,594.48
Subsidiary Crops		2,020,400.00	1,500,000.00	2,020,400.00	1,500,000.00
Kethata Aruna (Compulsory Crop Insurance)		239,273,691.00	1,109,178,793.00	239,273,691.00	1,109,178,793.00
		297,267,102.54	**1,158,985,387.48**	**297,267,102.54**	**1,158,985,387.48**

AGRICULTURAL & AGRARIAN INSURANCE BOARD
AGRICULTURE INSURANCE SCHEME
NOTES TO THE ACCOUNTS

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.
Note 7.3.1 - Accrued Admin Expenses				
Electricity	206,703.27	9,317.07	206,703.27	9,317.07
Security Charges	252,538.46	7,500.00	252,538.46	7,500.00
Rent	9,360.00	2,103,912.00	9,360.00	2,103,912.00
Maintenance of Motor Vehicles	1,185,877.00	684,491.00	1,185,877.00	684,491.00
Traveling & Subsistence	1,751,048.00	598,166.25	1,751,048.00	598,166.25
Salaries	2,204,909.42	3,487,828.01	2,204,909.42	3,487,827.96
E.P.F	55,871.87	273,859.80	55,871.87	273,859.80
E.T.F	13,967.97	41,521.52	13,967.97	41,521.52
Overtime	37,927.00	-	37,927.00	-
Publicity	86,510.00	90,160.00	86,510.00	90,160.00
Stationary	150,254.33	339,347.00	150,254.33	339,347.00
Telephone	469,487.05	444,226.17	469,487.05	444,226.17
Water Bill	11,123.70	4,231.62	11,123.70	4,231.62
Audit Fees	1,520,900.00	2,998,800.00	916,400.00	1,814,400.00
Fuel	487,405.00	591,288.21	487,405.00	591,288.21
Uniform	1,800.00	-	1,800.00	-
Welfare	9,885.00	5,440.00	9,885.00	5,440.00
Labour Charges	71,850.00	4,500.00	71,850.00	4,500.00
Payable Computer Expenses	38,450.00	-	27,000.00	-
Transport Expenses	16,504.00	5,450.00	16,504.00	5,450.00
Bank Charges	-	3,310.00	-	3,310.00
Payable Main Building	123,440.00	-	123,440.00	-
Payable Printing	172,000.00	165,000.00	172,000.00	165,000.00
Payable Postage	1,684,041.00	472,738.00	16,356.00	2,248.00
Sundry Creditors	404,370.03	162,870.03	162,870.03	162,870.03
Payable Office Equipment	19,500.00	47,520.00	19,500.00	47,520.00
Payable Entertainment	5,100.00	-	5,100.00	-
Payable Newspapers	20,800.00	-	20,800.00	-
Payable Legal fees	109,750.00	58,250.00	109,750.00	41,250.00
Agri Nerve Project	-	8,265.00	-	8,265.00
	11,121,373.10	**12,607,991.68**	**8,596,238.10**	**10,936,101.63**

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE INCOME STATEMENT

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.
NOTE 8 - REVENUE				
Note 8.1 - Premium - (Insurance)				
Paddy				
Livestock	5,251,203.29	11,068,756.17	5,251,203.29	11,068,756.17
Suwasetha Insurance/ Personal Accidents	18,553,812.22	9,037,557.86	18,553,812.22	9,037,557.86
Subsidiary Crops	4,719,960.00	6,407,634.00	4,719,960.00	6,407,634.00
Movable Property	311,040,133.91	296,500,438.85	311,040,133.91	296,500,438.85
Kethata Aruna (Compulsory Crop Insurance)	50,993,950.74	67,838,060.62	50,993,950.74	67,838,060.62
Farmers Contribution for Pension	12,574,834.97	14,848,953.28	-	-
Pensioners Contribution for Pension	100,101,400.00	99,525,900.00	-	-
	503,235,295.13	**505,227,300.78**	**390,559,060.16**	**390,852,447.50**
Note 8.2- Interest Income				
Interest - Investment	886,616,571.57	235,140,271.40	642,611,936.46	109,688,869.83
- Loans to employees	1,500,457.28	1,351,973.60	1,500,457.28	1,351,973.60
- Related Party	-	-	69,144,875.89	41,567,785.13
	888,117,028.85	**236,492,245.00**	**713,257,269.63**	**152,608,628.56**
NOTE 9 - OPERATIONAL EXPENDITURE				
Note 9.1 - Indemnity - Insurance				
Livestock	2,199,564.75	3,969,115.00	2,199,564.75	3,969,115.00
Suwasetha Insurance/ Personal Accidents	504,074.00	9,000.00	504,074.00	9,000.00
Movable Property	8,393,017.06	7,338,133.16	8,393,017.06	7,338,133.16
Subsidiary Crops	2,573,108.00	390,118.00	2,573,108.00	390,118.00
Kethata Aruna (Compulsory Crop Insurance)	698,655,747.00	1,638,496,331.00	698,655,747.00	1,638,496,331.00
	712,325,510.81	**1,650,202,697.16**	**712,325,510.81**	**1,650,202,697.16**
Note 9.2 - Other Operational Expenses				
Insurance Incentive	843,148.47	1,291,512.60	361,950.47	804,120.60
Movabale Property-Third party Insurance Incentive	38,863,328.45	36,951,634.55	38,863,328.45	36,951,634.55
Movabale Property-Product Promotion and Incentive	15,552,006.70	14,825,021.94	15,552,006.70	14,825,021.94
Suwasetha Incentive	111,363.37	233,380.97	111,363.37	233,380.97
Crop Assessment	1,306,326.76	634,562.49	1,306,326.76	634,562.49
Livestock	663,661.72	1,252,228.34	663,661.72	1,252,228.34
Commission for Pension Payments	15,177,049.00	14,874,535.00	-	-
	72,516,884.47	**70,062,875.89**	**56,858,637.47**	**54,700,948.89**
NOTE 10 - OTHER INCOME				
Amortization Of Government Grant	5,787,502.91	5,253,756.74	5,189,064.61	4,833,759.50
Sundry Income	675,524.66	370,209.78	660,364.66	358,234.78
Bad Debts Over Provision	-	135,752.08	-	135,752.08
Service Fees From Bank	896,050.00	2,832,455.00	896,050.00	2,832,455.00
Government Grant	1,500,000.00	1,500,000.00	-	-
Administration Income	961,780.00	1,044,450.00	-	-
	9,820,857.57	**11,136,623.60**	**6,745,479.27**	**8,160,201.36**

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE INCOME STATEMENT

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.
NOTE 11 - ADMINISTRATIVE EXPENSES				
Salaries & Wages	198,585,825.57	174,191,842.26	97,616,721.18	85,620,619.47
Contribution E.P.F.	19,147,934.96	19,097,471.45	9,392,852.11	9,371,699.52
Contribution E.T.F.	4,399,669.32	4,744,691.79	2,154,555.82	2,328,086.84
Traveling & Subsistence	13,261,902.66	8,824,710.94	6,544,067.33	4,410,005.47
Overtime	3,407,149.13	3,702,063.35	1,661,911.41	1,785,129.67
Daily Pay	231,901.50	192,505.00	102,783.75	91,851.87
Medical Expenses	3,668,800.00	4,669,297.22	1,834,400.00	2,334,648.61
Allowance to Board Members	596,000.00	599,050.00	357,600.00	359,430.00
Gratuity	14,280,736.91	12,233,973.05	5,543,926.64	4,867,170.67
T.A.C. Allowances	136,000.00	-	-	-
Welfare	1,848,825.04	1,115,193.40	924,412.52	557,596.70
Allowance to employees	6,148,195.00	4,308,986.00	5,650,459.00	3,751,250.00
Fuel	21,429,388.73	11,116,100.61	14,250,412.34	7,558,948.42
Stationery	13,696,800.76	10,232,644.90	6,242,285.38	4,844,121.23
Entertainment Allowance	914,947.20	505,048.40	479,815.32	303,029.04
Legal Fees	2,247,706.20	583,634.00	899,082.48	233,453.60
Transport	958,044.32	606,798.06	540,997.09	606,798.06
Printing	15,775,915.08	9,106,839.11	15,620,764.12	8,191,954.92
Publicity & Training	13,035,835.81	2,457,073.70	5,717,561.43	1,965,658.96
Uniform	510,442.50	355,417.25	255,221.25	177,708.62
Rent	18,748,888.01	15,310,717.03	10,311,888.41	8,420,894.37
Telephone	6,660,519.13	4,033,141.96	3,663,285.52	2,218,228.09
Postage	6,271,644.19	3,254,334.81	1,123,686.88	795,787.92
Water	617,546.40	532,158.84	339,650.52	292,687.36
News paper & Advertisement	776,106.72	309,765.00	776,106.72	309,765.00
Security	2,436,260.72	1,855,800.00	1,827,195.54	1,391,850.00
Electricity	2,709,960.58	2,389,556.07	1,490,478.32	1,314,255.84
Vehicles Rent & Maintenance	18,412,949.70	16,321,062.17	10,495,381.33	9,303,005.43
Maintenance - Buildings	718,273.00	475,129.37	385,562.65	261,321.15
Maintenance - Office Equipments	1,124,244.20	826,918.55	843,183.14	602,368.92
Labour Charges	1,432,654.57	660,698.00	1,295,629.57	651,698.00
Translation Fees	17,880.00	14,035.00	3,660.00	12,695.00
Computer Expenses	1,231,377.75	1,059,556.00	476,270.80	541,062.00
Miscellaneous Expenses	7,000.00	-	7,000.00	-
Depreciation	20,284,691.45	19,445,260.75	19,098,611.15	18,437,621.51
Bad Debts	334,299.80	-	334,299.80	-
Audit Fees	1,384,100.00	769,329.00	839,000.00	307,512.00
Consultation Fees	-	185,000.00	-	-
	417,450,416.91	**336,085,803.04**	**229,100,719.52**	**184,219,914.26**
	-	-		
NOTE 12 - FINANCE CHARGES				
Bank Charges	179,615.16	111,957.30	100,879.17	67,630.00
Interest on loan	-	-	-	-
Debit Tax	-	-		
	179,615.16	**111,957.30**	**100,879.17**	**67,630.00**

Farmers' Pension and Social Security Benefit Scheme Financial Statements as at 31 December 2022

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2022

ASSETS	***Note***	**31.12.2022** Rs. Cts.	**31.12.2021** Rs. Cts.
Non - Current Assets			
Plant, Property & Equipment	1	4,703,860.36	2,549,498.66
		4,703,860.36	**2,549,498.66**
Financial Instruments Held to maturity			
Treasury Bond		1,039,361,488.11	1,045,073,943.17
		1,039,361,488.11	**1,045,073,943.17**
Current Assets			
Stock	2	3,668,854.35	1,363,923.02
Receivables	3	47,789,814.20	137,279,663.57
Held to maturity Investment	4	415,197,735.28	294,223,508.77
Receivable Income	5	1,910,720.00	1,823,783.00
Cash at Bank	6	3,400,854.84	15,020,324.84
		471,967,978.67	**449,711,203.20**
		.	.
TOTAL ASSETS		**1,516,033,327.14**	**1,497,334,645.03**
EQUITY & LIABILITIES			
Capital & Reserves			
Farmer's Pension Fund	7	(87,078,028,306.32)	(83,052,378,764.86)
Government Grant on Treasury Bond		1,081,488,000.00	1,081,488,000.00
Revaluation Reserve		2,850,000.00	2,850,000.00
Group Insurance Contribution		1,000,000.00	1,000,000.00
		(85,992,690,306.32)	**(81,967,040,764.86)**
Non - Current Liabilities			
Pension Liability		82,435,153,268.00	78,184,784,968.00
Provision for Staff Gratuity		33,566,370.66	50,750,242.22
		82,468,719,638.66	**78,235,535,210.22**
Current Liabilities			
Govt. Grant for Capital	8	4,133,861.40	1,409,499.70
Pre Premium Receipt		-	1,700,351.00
Current Payables	9	5,032,921,048.40	5,223,628,832.00
Accrued Expenses	10	2,949,085.00	2,101,516.97
		5,040,003,994.80	**5,228,840,199.67**
		.	.
TOTAL EQUITY & LIABILITIES		**1,516,033,327.14**	**1,497,334,645.03**

These financial statements are in compliance with the requirements of the Sri Lanka Accounting standards.

…….…….. ……
Head of Finance Director General

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

…… ……
Member of Director Board Member of Director Board
Agricultural & Agrarian Insurance Board Agricultural & Agrarian Insurance Board

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2022

		31.12.2022	31.12.2021
		Rs. Cts.	Rs. Cts.
REVENUE	***Note***		
Interest Income		164,386,798.91	109,828,167.53
Farmers Contribution		10,614,880.97	12,613,346.28
Pensioner's Contribution		100,101,400.00	99,525,900.00
Farmers Contribution for Life Insurance Premium		1,843,560.00	2,088,900.00
		276,946,639.88	**224,056,313.81**
Expenses			
Refund of Contribution		(9,324,939.31)	(8,114,914.00)
Refund of Net Interest		(7,176,600.11)	(6,193,472.00)
Disablement Gratuity Payment		(1,153,362.69)	(1,122,190.00)
Group Insurance Premium		(17,197,260.00)	(17,737,354.20)
Pension Payments & Commission			
- Pension Payments		(3,918,881,123.00)	(3,719,165,280.00)
- Commission Payments		(14,191,534.00)	(13,933,640.00)
Total Expenditure		**(3,967,924,819.11)**	**(3,766,266,850.20)**
Operating Surplus/(Deficit)		**(3,690,978,179.23)**	**(3,542,210,536.39)**
Government Grant-Recurrent		3,968,000,000.00	3,753,000,000.00
		277,021,820.77	**210,789,463.61**
INCOME - for Administration			
Farmer's Contribution for Admin. Expenses		961,780.00	1,044,450.00
Govt. Grant for Admin Expenses		190,000,000.00	247,000,000.00
Other Income	11	613,323.30	431,972.24
		191,575,103.30	**248,476,422.24**
Expenses			
Administration & Establishment Expenses	12	(179,768,107.60)	(144,689,300.34)
Financial Expenses	13	(95,484,940.57)	(64,558,219.84)
Commission for Collection Agents		(469,989.00)	(487,392.00)
Total Admin Expenses		**(275,723,037.17)**	**(209,734,912.18)**
		(84,147,933.87)	**38,741,510.06**
Surplus/Deficit for the year		**192,873,886.90**	**249,530,973.67**
Other comprehensive income			
Gratuity gains / (losses)		25,103,562.08	11,998,044.12
Increase in Pension Liability		(4,250,368,300.00)	(4,028,876,474.00)
		(4,225,264,737.92)	**(4,016,878,429.88)**
Net Surplus /Deficit of the Comprehensive income (Transferred to Farmer's Pension Fund)		**(4,032,390,851.02)**	**(3,767,347,456.21)**

AGRICULTURAL & AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2022

Description	Farmer's Pension Fund	Group Insurance Contribution	Revaluation Reserve	Government Grant on Treasury Bond	Total
Balance as at 01 January 2021	**(79,283,851,683)**	**1,000,000**	**2,850,000**	**1,081,488,000**	**(78,198,513,683)**
Prior Year Adjustment	**(1,179,625)**				**(1,179,625)**
Transferred Government Grant on Treasury Bond					-
Adjusted Balance as at 01 January 2021	**(79,285,031,309)**	**1,000,000**	**2,850,000**	**1,081,488,000**	**(78,199,693,309)**
Profit/Loss for the year	(3,767,347,456)	-		-	(3,767,347,456)
Balance as at 31 December 2021	**(83,052,378,765)**	**1,000,000**	**2,850,000**	**1,081,488,000**	**(81,967,040,765)**
Profit/Loss for the year	(4,032,390,851)	-	-		(4,032,390,851)
New Farmers Pension Scheme	6,741,310				6,741,310
Balance as at 31 December 2022	**(87,078,028,306)**	**1,000,000**	**2,850,000**	**1,081,488,000**	**(85,992,690,306)**

AGRICULTURE & AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBERE 2022

	31.12.2022	31.12.2021
Cash Flows from Operating Activities		
Net Surplus / (Deficit)	(4,032,390,851)	(3,767,347,456)
Adjustment for		
- Depreciation	1,168,438	989,997
- Adjustments in respect of Prior Year	-	(1,179,625)
- Government Grant for Capital Expenditure	3,322,800	452,905
-Gain /loss on gratuity	(25,103,562)	(11,998,044)
	(20,612,324)	**(11,734,767)**
Provision for Retiring Gratuity	8,260,446	7,012,451
Amortization for government grant	(598,438)	(419,997)
Pension Liability	4,250,368,300	4,028,876,474
	4,258,030,307	**4,035,468,927**
Operating Profit before working capital changes	**205,027,132**	**256,386,704**
(Increase)/ Decrease in Inventories	(2,304,931)	(16,161)
(Increase)/ Decrease in Receivables	89,489,849	(109,121,483)
(Increase)/ Decrease in Receivable Income	(86,937)	988,170
Increase / (Decrease) Other Payables	(190,707,784)	(21,465,743)
Increase / (Decrease) Pre Premium Receipt	(1,700,351)	1,700,351
Increase / (Decrease) Accrued Expenses	847,568	(1,544,891)
	(104,462,586)	**(129,459,757)**
Cash Generated from Operations	**100,564,547**	**126,926,947**
Retiring Gratuity - Paid	(340,755)	(12,168,645)
Net Cash Flows from Operating Activities	**100,223,792**	**114,758,302**
Cash Flows from Investing Activities		
Investments during the year	(120,974,227)	(107,310,822)
Purchases of Property, Plant & Equipment	(3,322,800)	(452,905)
Net Cash Flows from Investing Activities	**(124,297,027)**	**(107,763,727)**
Cash Flows from Financing Activities		
Government Bond	5,712,455	5,214,425
New Pension Scheme Fund	6,741,310	-
Net Cash Flows from Financing Activities	**12,453,765**	**5,214,425**
Net Increase / (Decrease) in Cash & Cash Equivalents	**(11,619,470)**	**12,209,000**
Cash & Bank Balance at the Beginning of the year	15,020,325	2,811,325
Cash & Cash equivalents at the End of the year	**3,400,855**	**15,020,325**
Cash & Bank Balance at the end of the year		
Cash at Bank - End of the year	**3,400,855**	**15,020,325**

Agricultural and Agrarian Insurance Board
Farmer's Pension & Social Security Benefits Scheme
Significant Accounting Policies

1. General Policies

1.1 Reporting Entity

Agricultural and Agrarian Insurance Board of Sri Lanka (hereafter referred to as the 'Board') was incorporated by Act No.20 of 1999 and is situated at 117, Subadharama Road, Gangodawila, Nugegoda and the Farmer's Pension and Social Security Benefits Scheme was established in accordance with the provision of Farmer's Pension and Social Security Benefits Scheme Act No.12 of 1987.

1.2 Principal Activities and Nature of Operations

The principal activity is to operate a pension and social security benefits scheme for farmers.

1.3 Basis of Preparation

(a) Statement Of Compliance

The financial statements comprise the statement of financial position, statement of comprehensive income, statement of changes in funds and reserves, statement of cash flows and notes to the financial statements. These statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka.

(b) Basis of Measurement

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

(c) Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period for all amounts reported in the financial statements in order to enhance the understanding of the financial statements of the current period and to improve the inter- period comparability.

When the presentation or classification of items in the financial statements have been amended, comparative amounts have also been reclassified to conform with the current year in order to provide a better presentation.

(d) Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees, which is the functional and presentation currency of the board.

(e) Use of Estimates and Judgments

The preparation and presentation of financial statements in conformity with SLFRS/LKAS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and judgments used.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.
Information about significant areas of estimates, uncertainty and critical judgments in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the notes to the financial statements.

(f) Going Concern

The management has made an assessment of the board's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2. Assets and the Bases of their Valuation

2.1 Property, Plant and Equipment

(a) Recognition and Measurement

Items of property, plant and equipment are stated at cost or at fair value less accumulated depreciation or impairment losses.

All items of property, plant and equipment are initially recorded at cost less accumulated depreciation or impairment losses. Significant components of an asset are identified and depreciated separately. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. All other repair and maintenance costs are recognized in the income statement as incurred.

Fully depreciated assets with a total historical cost of Rs. 29,728,153.62 has been included in property plant and equipment

(b) Cost

The cost of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.

Subsequent expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature in order to carry on or increase the earning capacity of the assets has been treated as capital expenditure.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only if it is probable that the future economic benefits embodied within the part will flow to the Board and its cost can be measured reliably.

(c) Revaluation

After recognition as an asset, lands and buildings whose fair value can be measured reliably, have been carried at revalued amount at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are being performed to ensure that the fair value of a revalued asset does not materially differ from it carrying amount as at the reporting date.

On revaluation of motor vehicle, any increase in the revaluation amount is credited to the revaluation reserve in equity unless it off sets a previous decrease in value of the same asset that was recognized in the statement of profit or loss. A decrease in value is recognized in the Statement of profit or loss where it exceeds the increase previously recognized in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to retained earnings and is not taken into account in arriving at the gain or loss on disposal

(d) Depreciation

Depreciation is charged to the statement of comprehensive income on the straight-line method at the following rates per annum in order to write off the cost of such assets over their estimated useful lives

Furniture and Fittings	10%
Office Equipment	10%
Welfare Equipment	10%
Publicity Equipment	10%
Computers	20%
Computer Software	20%
Motor Vehicles	20%
Air Condition	20%

2.2 Intangible Assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably in

accordance with the Sri Lanka Accounting Standard LKAS 38 – Intangible Assets. Accordingly, these assets are stated in the statement of financial position at cost less accumulated amortization and any accumulated impairment loss.

Computer software is amortized over a period of 5 years on the straight-line method.

2.3 Inventories

Inventories are stated 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 includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

2.4 Financial Assets

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.
The Board determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

The Board initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Board becomes a party to the contractual provisions of the instrument.

The Board derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset is transferred. Any interest in transferred financial assets that is created or retained by the Board is recognized as a separate asset or liability.

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

The financial assets of the Board include cash and short-term investments and trade and other receivables.

(a) Financial Assets at Fair Value through Profits or Loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial

assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance expense in the statement of comprehensive income.

(b) Loans & Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in finance costs.

Loans and receivables comprise trade receivables, employee loans, deposits, advances, other receivables and cash and cash equivalents.

(c) Held-to-Maturity Investments (HTM)

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Board has the positive intention and ability to hold them to maturity. After initial measurement, held-to maturity investments are measured at amortized cost using the effective interest rate (EIR) method, less impairment. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in financial costs.

Investments in government securities and in fixed deposits have been classified under HTM investments.

(d)Available-for-Sale Financial Investment

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognized in other comprehensive income and presented in the fair value reserved in funds and reserves. Interest income on available-for-sale debt securities is calculated using the effective interest rate method (EIR) and is recognized in profit or loss. When an investment is derecognized, the gain or loss accumulated in funds and reserves reclassified to profit or loss.

The board has not designated any financial asset upon initial recognition as available-for sale investment.

2.5 Impairment of Financial Assets

The board assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired and if such impairment has occurred, that amount of impairment is calculated by taking the difference between the assets carrying amount and the present value of estimated future cash flow.

3. Liabilities and Provisions

Liabilities classified as current liabilities on 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 Board 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.

3.1 Retirement Benefits

A Provision has been made for retiring gratuities from the completion of the first year of service for all permanent employees in conformity with Sri Lanka Accounting Standard 19 Retirement Benefits costs. However, according to the Payment of Gratuity Act No.12 of 1983 the liability to an employee arises only on completion of five years of continued service. The liability is not externally funded.

3.2 Capital Commitments and Contingent Liabilities

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 Board are disclosed in the respective notes to the financial statements.

3.3 Liability of Farmer's Pension Fund

Liability of farmer's pension scheme has been accounted in the financial statements on present value basis considering the actuarial calculation, which was done in the year of 2007.

4. Statement of Comprehensive Income

4.1 Revenue

a) The revenue of the scheme represents the income from pension premium, interest income from treasury bills and other miscellaneous income.

b) All income from premium collection has been recognized on as cash basis.

4.2 Revenue Recognition

a) Pension premium revenue is recognition for the time of enrollment.
b) The above revenue is on cash basis and matched with related expenditure.
c) Interest income is accrued on a time basis.

4.3 Accounting for Government Grants

Grants that compensate the Board 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 Board 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 asset.

4.4 Expenditure

Expenses are recognized in the statement of comprehensive income on the basis of direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the board and in maintaining the capital assets in a state of efficiency has been charged against revenue in arriving at the surplus for the year.

The indirect expenses of the board apportioned on the following rates by the Board Paper No.401/04. The rates are as follows;

Expenditure	Rates
Salaries, EPF, ETF, Gratuity	50%
Medical Expenses	50%
Consultancy Fees	40%
Welfare	50%
Uniform	48%
Entertainment	40%
Printing	40%
Legal fees	60%
Awareness & Training	20%
Allowances to B/M	40%
Rent, Telephone	40%
Postage	55%

Electricity	40%
Traveling, Over Time	50%
Water Charges	40%
Daily Pay	50%
Security	20%
Main. Office Equipment	20%
Main. Vehicle	40%
Main. Computer	25%
Fuel Expenses	30%
Main. Building	40%
Stationery	48%

5. Cash Flow Statement

The cash flow statement of the scheme has been presented using the indirect method, in accordance with the LKAS 7.

6. Events After the Reporting Date

The materiality of events occurring after the reporting date has been considered and appropriate adjustments, wherever necessary, have been made in the accounts.

7. Related Party Transactions

Agricultural Insurance Scheme and the Fisheries Pension Scheme are considered as related parties of Farmers Pension Scheme. The transactions carried out with these related parties are been disclosed based on fair value. Farmers Pension Scheme has taken a loan from Agricultural Insurance Scheme and Fisheries Pension Scheme amounting to Rs. 295,230,441.79 and Rs. 518,000,000 respectively.

8. Contingencies

A court case in connection with the payment of compensation to the farmer's affected by the closing of the Mavilaru Anicut is pending at Magistrate Court Colombo for misappropriating Mavilaru Funds and 3 officers of the board are to be indicated in high court for misappropriating a sum of nearly 7 Mn. Rupees.

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2022
NOTE - 01

Description	Cost/Valuation as at 01.01.2022	Disposal	Addition	Total	Accumulated Dep :as at 01.01.2022	Disposal	Depreciation for the year	Total Depreciation	Net book value 31-12-2022
Motor Vehicle	2,850,000.00		-	2,850,000.00	1,710,000.00		570,000.00	2,280,000.00	570,000.00
Office Equipment	1,371,879.59		-	1,371,879.59	1,272,434.17		11,690.28	1,284,124.45	87,755.14
Welfare Equipment	32,850.75		-	32,850.75	24,795.67		1,052.00	25,847.67	7,003.08
Furniture & Fittings	1,414,379.53		-	1,414,379.53	1,105,365.12		71,959.60	1,177,324.72	237,054.81
Air Conditioners	1,051,272.74		-	1,051,272.74	846,721.74		61,181.00	907,902.74	143,370.00
Computers	24,067,756.97		3,322,800.00	27,390,556.97	23,279,324.22		452,555.42	23,731,879.64	3,658,677.33
Publicity Equipment	422,837.14		-	422,837.14	422,837.14		-	422,837.14	-
Computer Software	1,475,000.00		-	1,475,000.00	1,475,000.00		-	1,475,000.00	-
	32,685,976.72	**-**	**3,322,800.00**	**36,008,776.72**	**30,136,478.06**	**-**	**1,168,438.30**	**31,304,916.36**	**4,703,860.36**

Property, plant & equipment includes fully depreciated assets that are still in use having a gross amount of Rs. 29,728,153.62 as at 31st December 2022

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2022

	31.12.2022 Rs. Cts.	31.12.2021 Rs. Cts.
NOTE 02 - STOCKS		
Printing Materials	2,844,052.60	1,291,411.46
Stationary Stock	824,801.75	72,511.56
	3,668,854.35	**1,363,923.02**
NOTE 03 - RECEIVABLES		
Receivables from Collection Agents	686,979.20	686,979.20
Receivable from Postal Department	47,102,835.00	36,657,461.00
A.A.I.B. Current A/C	-	99,935,223.37
	47,789,814.20	**137,279,663.57**
NOTE 04 - HELD TO MATURITY INVESMENT		
Treasury Bills - Peoples Bank	415,197,735.28	294,223,508.77
	415,197,735.28	**294,223,508.77**
NOTE 05- RECEIVABLE INCOME		
Farmer's Contribution	1,496,090.00	1,438,538.00
Farmer's Contribution for Life Insurance Premium	276,420.00	256,830.00
Farmer's Contribution for Admin. Income	138,210.00	128,415.00
	1,910,720.00	**1,823,783.00**
NOTE 06 - CASH AT BANK		
A/C No.100150112345 - P/B Union Place	481,006.21	570,835.96
A/C No. 100180112344 - P/B Union Place	720,210.25	336,241.52
A/C No. 100130112351 - P/B Union Place	334,317.26	701,116.47
A/C No. 100110112347 - P/B Union Place	209,323.84	12,643,055.36
A/C No. 8403704 - B.O.C Union Place	44,373.50	41,323.50
A/C No. 87144457 - B.O.C Union Place	32,900.00	200,000.00
A/C No. 87649201 - B.O.C Nugegoda	282,701.00	369,755.00
A/C No. 100130112351 - P/B Union Place	67,466.78	157,997.03
A/C No. 100440112349 -P/B Union Place	1,228,556.00	-
	3,400,854.84	**15,020,324.84**
NOTE - 07- FARMER'S PENSION FUND		
Balance B/F	(83,052,378,764.86)	(79,283,851,683.35)
Prior Year Adjustment	-	(1,179,625.30)
	(83,052,378,764.86)	**(79,285,031,308.65)**
Add/ (Less)		
Total Revenue over Expenditure	(4,032,390,851.02)	(3,767,347,456.21)
New Farmers Pension Scheme	6,741,309.56	
	(87,078,028,306.32)	**(83,052,378,764.86)**

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2022

	31.12.2022 Rs. Cts.	31.12.2021 Rs. Cts.
NOTE - 8 - GOVT. GRANT FOR CAPITAL EXPENDITURE		
Balance B/F	1,409,499.70	1,376,591.94
Add / (Less):		
Amortization of Govt. Grant	(598,438.30)	(419,997.24)
Addition during the year	3,322,800.00	452,905.00
Balance C/F	**4,133,861.40**	**1,409,499.70**
NOTE 9 - PAYABLES		
Agency Commission	64,498.00	59,927.00
Staff Security Deposit	142,300.00	147,300.00
Pension Payment	4,254,932,673.00	4,151,678,158.00
Pension Commission	14,200,747.00	14,185,942.00
Group Insurance Premium	279,420,377.40	263,396,742.40
Loan for Pension Payment		
- Fisheries Pension Scheme	-	248,129,565.75
- AAIB	484,160,453.00	546,031,196.85
	5,032,921,048.40	**5,223,628,832.00**
NOTE 10- ACCRUED EXPENSES		
Provision for Printing Charges	700,000.00	975,826.97
Administration Expenses	241,500.00	-
Postage	1,667,685.00	470,490.00
Provision for Audit fees	339,900.00	655,200.00
	2,949,085.00	**2,101,516.97**

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

	31.12.2022 Rs. Cts.	31.12.2021 Rs. Cts.
NOTE 11 - OTHER INCOME		
Amortization of Govt. Grant	598,438.30	419,997.24
Sundry Income	14,885.00	11,975.00
	613,323.30	**431,972.24**
NOTE 12 - ADMINISTRATION EXPENSES		
Salaries & Wages	97,616,721.19	85,620,619.48
E.P.F.	9,392,852.12	9,371,699.53
E.T.F.	2,154,555.82	2,328,086.85
Traveling & Subsistence	7,134,382.56	4,414,705.47
Over Time	1,745,237.72	1,912,409.68
Daily Pay	129,117.75	100,653.13
Medical Expenses	1,834,400.00	2,334,648.61
Gratuity	8,260,445.55	7,012,450.50
T.A.C. Allowances	136,000.00	-
Staff welfare	924,412.52	557,596.70
Legal Fees	1,348,623.72	350,180.40
Staff Uniform	245,012.40	170,600.28
Allowance to Board Members	238,400.00	239,620.00
Consultation Fees	-	185,000.00
Labour Charges	137,025.00	9,000.00
Rent	7,499,555.20	6,124,286.81
Telephone	2,664,207.65	1,613,256.77
Postage	4,796,906.45	2,359,073.40
Security	487,252.14	371,160.00
Electricity	1,083,984.23	955,822.43
Water Bill	247,018.56	212,863.54
Audit Fees	305,700.00	283,068.00
Translation Fees	14,220.00	1,340.00
Fuel	6,751,546.62	3,334,830.18
Awareness & Training	7,318,274.38	491,414.74
Printing	33,718.39	752,896.89
Stationery & Consumables	7,204,823.97	5,191,058.82
Entertainments	435,131.88	202,019.36
Main. of Motor Vehicle	7,365,179.88	6,528,424.87
Main. of Building	297,659.20	190,051.75
Main. of Office Equipment	224,848.84	184,391.71
Main. of Computer & Software	572,455.56	296,073.20
Depreciation	1,168,438.30	989,997.24
	179,768,107.60	**144,689,300.34**
NOTE 13 - FINANCE & OTHER		
Loan Interest	95,406,604.58	64,513,992.54
Bank Charges	78,335.99	44,227.30
	95,484,940.57	**64,558,219.84**

Fishermen's Pension and Social Security Benefit Scheme Financial Statements as at 31 December 2022

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FISHERMEN'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2022

	Note	31.12.2022 Rs. Cts.	31.12.2021 Rs. Cts.
ASSETS			
Non - Current Assets			
Plant , Property & Equipment	1	72,340.04	89,982.04
		72,340.04	**89,982.04**
Current Assets			
Stock	2	92,219.05	93,701.62
Receivables	3	5,000.00	248,179,565.75
Held to Maturity Investment	4	662,541,899.59	386,997,211.54
Cash at Bank	5	700,601.24	877,835.26
		663,339,719.88	**636,148,314.17**
TOTAL ASSETS		**663,412,059.92**	**636,238,296.21**
EQUITY & LIABILITIES			
Capital & Reserves			
Fishermen's Pension Accumulated Fund	6	(4,509,752,320.82)	(4,103,708,674.39)
Death Gratuity Fund	7	32,535,494.70	30,965,194.70
		(4,477,216,826.12)	**(4,072,743,479.69)**
Non - Current Liabilities			
Pension Liability		5,068,050,745.80	4,644,164,590.70
Provision for Staff Gratuity		2,715,544.25	2,773,884.10
		5,070,766,290.05	**4,646,938,474.80**
Current Liabilities			
Total Payables	8	69,055,796.68	60,954,795.29
Accrued Expenses	9	806,799.31	1,088,505.81
		69,862,595.99	**62,043,301.10**
TOTAL EQUITY & LIABILITIES		**663,412,059.92**	**636,238,296.21**

These Financial Statements are in compliance with the requirements of the Sri lanka Accounting standards.

....
Head Of Finance Director General

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

....
Member of Director Board Member of Director Board
Agricultural & Agrarian Insurance Board Agricultural & Agrarian Insurance Board

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FISHERMEN'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2022

	Note	31.12.2022 Rs. Cts.	31.12.2021 Rs. Cts.
Interest Income		105,879,564.89	38,569,441.45
Fishermen's Contribution		116,394.00	146,707.00
		105,995,958.89	38,716,148.45
Less:			
Interest Income trf. to Admin Exp.		(3,500,000.00)	(3,500,000.00)
Total Revenue for Fund		**102,495,958.89**	**35,216,148.45**
Less: EXPENDITURE			
Refund of Net Contribution		(246,074.00)	(325,852.00)
Refund of Net Interest		(278,234.00)	(389,350.00)
Incentive Payment		(11,209.00)	-
Group Insurance Premium		(1,749,300.00)	(1,752,840.00)
Pension Payments & Commission			
- Pension Payments		(78,353,108.00)	(75,337,898.00)
- Commission for Pension Payments		(985,515.00)	(940,895.00)
Total Expenditure		**(81,623,440.00)**	**(78,746,835.00)**
Operational Surplus/ Deficit		**20,872,518.89**	**(43,530,686.55)**
INCOME - for Administration			
Interest Income for Admin. Expenses		3,500,000.00	3,500,000.00
Govt. Grant for Admin Expenses		1,500,000.00	1,500,000.00
		5,000,000.00	5,000,000.00
Sundry Income		275.00	-
		25,872,793.89	**(38,530,686.55)**
Less: Expenses			
Admin: & Establishment Expenses	10	8,581,589.79	7,176,588.44
Finance Charges	11	400.00	100.00
Total Admin Expenses		**8,581,989.79**	**7,176,688.44**
Profit/ (loss) for the year		**17,290,804.10**	**(45,707,374.99)**
Other Comprehensive Income			
Gratuity gains/ (loss)		534,704.57	611,031.44
Increase of Pension Liability		(423,886,155.10)	(382,709,881.01)
		(423,351,450.53)	**(382,098,849.57)**
Total Comprehensive Income For the year		**(406,060,646.43)**	**(427,806,224.56)**

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FISHERMEN'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2022

	Fishermen's Pension Fund	Death Gratuity Fund	Total
Balance as at 01 January 2021	**(3,675,902,449.83)**	**29,500,354.70**	**(3,646,402,095.13)**
Prior Year Adjustment	17,000.00		17,000.00
Additions during the year	-	1,752,840.00	1,752,840.00
Benefit paid	-	(288,000.00)	(288,000.00)
Net Surplus/(Deficit)	(427,806,224.56)	-	(427,806,224.56)
Balance as at 31st December 2021	**(4,103,691,674.39)**	**30,965,194.70**	**(4,072,726,479.69)**
Additions during the year	-	1,749,300.00	1,749,300.00
Benefit paid	-	(179,000.00)	(179,000.00)
Net Surplus/(Deficit)	(406,060,646.43)	-	(406,060,646.43)
Balance as at 31st December 2022	**(4,509,752,320.82)**	**32,535,494.70**	**(4,477,216,826.12)**

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FISHERMEN'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2022

	31.12.2022	31.12.2021
	Rs. Cts.	Rs. Cts.
Cash flows from Operating actives		
Net Surplus/(Deficit)	(406,060,646.43)	(427,806,224.56)
Adjustments For		
Depreciation	17,642.00	17,642.00
Adjustments in respect of Prior Year	17,000.00	-
Deficit/ Gain on Gratuity	(534,704.57)	(611,031.44)
Increase Pension Liability	423,886,155.10	382,709,881.01
Contribution for group insurance scheme	1,749,300.00	1,752,840.00
Provision for Retiring Gratuity	476,364.72	354,351.88
Operating profit before working capital changes	**19,551,110.82**	**(43,582,541.11)**
(Increase) / Decrease in Inventories	1,482.57	1,917.50
(Increase) / Decrease in Receivables	248,174,565.75	90,820,006.59
(Increase) / Decrease in Other Payables	8,101,001.39	8,051,840.38
(Increase) / Decrease in Accrued expenses	(281,706.50)	(1,067,715.36)
	255,995,343.21	**97,806,049.11**
Cash Generated from Operations		
Cash Generated from operation Activities	275,546,454.03	54,223,508.00
Net Cash Flows from Operating Activities	**275,546,454.03**	**54,223,508.00**
Cash Flows from Investing Activities		
Financial Instrument	(275,544,688.05)	(54,281,354.23)
Benefits during the year-group insurance scheme	(179,000.00)	(288,000.00)
Net Cash flows from Investing Activities	**(275,723,688.05)**	**(54,569,354.23)**
Cash Flows from financing Activities		
	-	-
Net Cash Flows from Financing Activities	**-**	**-**
Net Increase / (Decrease) in cash & Cash Equivalents	**(177,234.02)**	**(345,846.23)**
Cash & Cash equivalents at Beginning of the year	877,835.26	1,223,681.49
	700,601.24	**877,835.26**
Cash& Bank balance at the end of the year		
Cash at Bank - 31.12.2022	**700,601.24**	**877,835.26**

Agricultural and Agrarian Insurance Board
Fisherman's Pension & Social Security Benefits Scheme
Significant Accounting Policies for the year ended 31 December 2022

1. General Policies

1.1 Reporting Entity

Agricultural and Agrarian Insurance Board of Sri Lanka (hereafter referred to as the 'Board') was incorporated by Act No.20 of 1999 and is situated at 117, Subadharama Road, Gangodawila, Nugegoda. Fishermen's Pension and Social Security benefits Scheme established according to the provision of Fishermen's Pension and Social Security Benefits Scheme Act (No.23 of 1990).

1.2 Principal Activities and Nature of Operations

Operating a pension and social security benefits scheme for fishermen.

1.3 Basis of Preparation

(a) Statement of Compliance

The financial statements comprise the statement of financial position, statement of comprehensive income, statement of changes in funds and reserves, statement of cash flows and notes to the financial statements. These statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka.

(b) Basis of Measurement

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

(c) Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period for all amounts reported in the financial statements in order to enhance the understanding of the financial statements of the current period and to improve the inter- period comparability.

When the presentation or classification of items in the financial statements have been amended, comparative amounts have also been reclassified to conform with the current year in order to provide a better presentation.

(d) Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees, which is the functional and presentation currency of the board.

(e) Use of Estimates and Judgments

The preparation and presentation of financial statements in conformity with SLFRS/LKAS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and judgments used.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimates, uncertainty and critical judgments in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the notes to the financial statements.

(f) Going Concern

The management has made an assessment of the board's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2. Assets and the Bases of their Valuation

2.1 Property, Plant and Equipment

(a) Recognition and Measurement

Items of property, plant and equipment are stated at cost or at fair value less accumulated depreciation or impairment losses.

All items of property, plant and equipment are initially recorded at cost less accumulated depreciation or impairment losses. Significant components of an asset are identified and depreciated separately. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. All other repair and maintenance costs are recognized in the income statement as incurred.

A fully depreciated asset with a total historical cost of Rs. 686,080.42 has been included in property plant and equipment.

(b) Cost

The cost of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.

Subsequent expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature in order to carry on or increase the earning capacity of the assets has been treated as capital expenditure.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only if it is probable that the future economic benefits embodied within the part will flow to the Board and its cost can be measured reliably.

(c) Depreciation

Depreciation is charged to the statement of comprehensive income on the straight-line method at the following rates per annum in order to write off the cost of such assets over their estimated useful lives.

Office Equipment	10%
Furniture & Fitting	10%
Welfare Equipment	10%
Computer	20%

2.2 Intangible Assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard LKAS 38 – Intangible Assets. Accordingly, these assets are stated in the statement of financial position at cost less accumulated amortization and any accumulated impairment loss.

Computer software is amortized over a period of 5 years on the straight-line method.

2.3 Inventories

Inventories are stated 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 includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

2.4 Financial Assets

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Board determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

The Board initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Board becomes a party to the contractual provisions of the instrument.

The Board derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset is transferred. Any interest in transferred financial assets that is created or retained by the Board is recognized as a separate asset or liability.

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

The financial assets of the Board include cash and short-term investments and trade and other receivables.

(a) Financial Assets at Fair Value through Profits or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance expense in the statement of comprehensive income.

(b) Loans & Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in finance costs.

Loans and receivables comprise trade receivables, employee loans, deposits, advances, other receivables and cash and cash equivalents.

(c) Held-to-Maturity Investments (HTM)

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Board has the positive intention and ability to hold them to maturity. After initial measurement, held-to maturity investments are measured at amortized cost using the effective interest rate (EIR) method, less impairment. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in financial costs.

Investments in government securities and in fixed deposits have been classified under HTM investments.

(d) Available-for-Sale Financial Investment

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognized in other comprehensive income and presented in the fair value reserved in funds and reserves. Interest income on available-for-sale debt securities is calculated using the effective interest rate method (EIR) and is recognized in profit or loss. When an investment is derecognized, the gain or loss accumulated in funds and reserves reclassified to profit or loss.

The board has not designated any financial asset upon initial recognition as available-for sale investment.

2.5 Impairment of Financial Assets

The board assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired and if such impairment has occurred, that amount of impairment is calculated by taking the difference between the assets carrying amount and the present value of estimated future cash flow.

3. Liabilities and Provisions

Liabilities classified as current liabilities on 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 Board 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.

3.1 Retirement Benefits

A Provision has been made for retiring gratuities from the completion of the first year of service for all permanent employees in conformity with Sri Lanka Accounting Standard 19 Retirement Benefits costs. However, according to the Payment of Gratuity Act No.12 of 1983 the liability to an employee arises only on completion of five years of continued service. The liability is not externally funded.

3.2 Capital Commitments and Contingent Liabilities

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 Board are disclosed in the respective notes to the financial statements.

3.3 Liability of Fishermen's Pension Fund

Liability of Fishermen's Pension Scheme has been accounted in the financial statement at present value base on the actuarial calculation which was done in the year 2007.

4 Statement of Comprehensive Income

4.1 Revenue

(a) The revenue of the scheme represents the income from Pension Premium, Interest Income from Treasury Bills and other miscellaneous income.

(b) All income from collection of premiers has been recognized on as cash basis.

4.2 Revenue Recognition

(a) Pension premier revenue is recognized at the time of enrollment.

(b) The above revenue is on cash basis and matched with the related expenditure.

(c) Interest income is accrued on a time basis.

4.3 Accounting for Government Grants

Grants that compensate the Board 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 Board 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 asset.

4.4 Expenditure

All expenditure incurred in the operation of the fishermen's pension insurance scheme activities and in maintaining the capital assets in state of efficiency has been charged to revenue on an accrual basis in arriving at the surplus or deficit for the year.

The indirect expenses of the board apportioned on the following rates by the Board Paper No.401/04- 15.10.2008 The rates are as follows;

Expenditure	Rates
Rent, Telephone	5%
Postage, Water Charges	5%
Electricity	5%
Head Office Equipment	5%
Main. Building	5%
Main M/V	3%
Fuel	2%
Stationery	2%
Uniform	2%
Security	5%
Computer Expenses	5%

5 Cash Flow Statement

The cash flow statement of the scheme has been presented using the indirect method, in accordance with the LKAS 7.

6 Events After the Reporting Date

The materiality of events occurring after the reporting date has been considered and appropriate adjustments, wherever necessary, have been made in the accounts.

7 Related Party Transactions

Famers Pension Scheme and the Agricultural Insurance Scheme are considered as related parties of Fisheries Pension Scheme. The transactions carried out with these related parties are been disclosed based on fair value. Fisheries Pension Scheme has granted a loan amounting to Rs. 518,000,000 to Farmers Pension Scheme.

8 Previous year adjustments

Previous year adjustment description is as follows.
Previous year adjustment for the payable legal fees Rs. 17,000.00

9 Contingencies

Receivable Interest

The board has filed a case in District Court Colombo, against the Bank of Ceylon for the loss of interest on investment on treasury bills in 1996.

The details as follows.

Case No	Amount (Rs)
MR 21843	1,454,670.84
MR 21844	1,172,602.46
MR 21845	2,784,657.55

The AAIB filed a case in the Colombo District Court against the loss incurred in respect of the interest by investing in treasury bonds of Bank of Ceylon in 1996.

The district judge delivered judgment in favor of the appeal of the complainant and refused to grant additional relief not mentioned in the petitions. Therefore, in terms of the decision of the Board of Directors of the AAIB, an appeal has been filed against the judgment of the District Court.

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2022
NOTE - 01

Description	Cost/Valuation as at 01.01.2022	Disposal	Addition	Total	Accumulated Dep :as at 01.01.2022	Disposal	Depreciation for the year	Total Depreciation	Net book value 31-12-2022
Motor Vehicle	2,850,000.00		-	2,850,000.00	1,710,000.00		570,000.00	2,280,000.00	570,000.00
Office Equipment	1,371,879.59		-	1,371,879.59	1,272,434.17		11,690.28	1,284,124.45	87,755.14
Welfare Equipment	32,850.75		-	32,850.75	24,795.67		1,052.00	25,847.67	7,003.08
Furniture & Fittings	1,414,379.53		-	1,414,379.53	1,105,365.12		71,959.60	1,177,324.72	237,054.81
Air Conditioners	1,051,272.74		-	1,051,272.74	846,721.74		61,181.00	907,902.74	143,370.00
Computers	24,067,756.97		3,322,800.00	27,390,556.97	23,279,324.22		452,555.42	23,731,879.64	3,658,677.33
Publicity Equipment	422,837.14		-	422,837.14	422,837.14		-	422,837.14	-
Computer Software	1,475,000.00		-	1,475,000.00	1,475,000.00		-	1,475,000.00	-
	32,685,976.72	**-**	**3,322,800.00**	**36,008,776.72**	**30,136,478.06**	**-**	**1,168,438.30**	**31,304,916.36**	**4,703,860.36**

Property, plant & equipment includes fully depreciated assets that are still in use having a gross amount of Rs. 29,728,153.62 as at 31st December 2022

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FISHERMEN'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2022

	31.12.2022	31.12.2021
NOTE 02 - STOCKS	Rs. Cts.	Rs. Cts.
Printing Materials	92,219.05	93,701.62
	92,219.05	**93,701.62**
NOTE 03 - RECEIVABLES		
Farmers Pension Loan	-	248,129,565.75
Death Gratuity Advance	5,000.00	50,000.00
	5,000.00	**248,179,565.75**
NOTE 04 - FINANCIAL INSTRUMENTS HELD TO MATURITY		
Treasury Bills - Bank Of Ceylon	-	386,997,211.54
Fixed Deposit-Bank Of Ceylon	662,541,899.59	-
	662,541,899.59	**386,997,211.54**
NOTE 05 - CASH AT BANK		
A/C No. 164790 BOC Union Place	118,692.76	13,501.35
A/C No. 164795 BOC Union Place	513,051.48	731,681.91
Collection Accounts	68,857.00	132,652.00
	700,601.24	**877,835.26**
NOTE 06 - FISHERMEN'S PENSION ACCUMULATED FUND		
Balance B/F	(4,103,708,674.39)	(3,675,902,449.83)
Prior Year Adjustment	17,000.00	-
	(4,103,691,674.39)	(3,675,902,449.83)
Addition during the year		
Total Surplus/(Deficit) for the year	(406,060,646.43)	(427,806,224.56)
	(4,509,752,320.82)	**(4,103,708,674.39)**

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FISHERMEN'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2022

	31.12.2022 Rs. Cts.	31.12.2021 Rs. Cts.
NOTE 7 - DEATH GRATUITY FUND		
Balance B/F	30,965,194.70	29,500,354.70
Add:		
Contribution for the year	1,749,300.00	1,752,840.00
Less:		
Death Gratuity Payments	(179,000.00)	(288,000.00)
	(179,000.00)	(288,000.00)
	1,570,300.00	**1,464,840.00**
	32,535,494.70	**30,965,194.70**
NOTE 08 - PAYABLES		
Pension Payment	5,738,914.00	4,863,160.00
Agricultural Insurance scheme	62,893,599.68	55,164,714.53
Refundable Contribution	106,702.00	207,450.00
Death Gratuity	159,000.00	211,000.00
Bank of Ceylon	-	236,721.76
Incentivemen	-	325.00
Refund interest on Contributions	146,131.00	271,424.00
Maintenance Computer	11,450.00	-
	69,055,796.68	**60,954,795.29**
NOTE 9 - ACCRUED EXPENSES		
Provision for Printing	542,199.31	542,305.81
Legal Fees	-	17,000.00
Provision for Audit Fees	264,600.00	529,200.00
	806,799.31	**1,088,505.81**

Auditor General's Reports

Chairman
Agricultural and Agrarian Insurance Board

Auditor General's report in terms of Section 12 of the National Audit Act No.19 of 2018 on the financial statements and other legal and regulatory requirements for the year ended 31 March 2022 of Agricultural and Agrarian Insurance Board and its Farmers' Pension and Social Security Benefits Scheme and the Fishermen's Pension and Social Security Benefit Scheme.

1. Financial Statements

1.1 Qualified Opinion

The audit of the consolidated financial statements of Agricultural and Agrarian Insurance Board and its Farmers' Pension and Social Security Benefits Scheme and the Fishermen's Pension and Social Security Benefit Scheme for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in the Agricultural and Agrarian Insurance Act, No 20 of 1999 and 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 Finance Act No.38 of 1971. In terms of Article 154(6) of the constitution, my report will be tabled in Parliament in due course.

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

1.2 Basis for qualified opinion

1.2.1 Comments on Consolidated Financial Statements

Based on the following facts, I express a qualified opinion on the financial statements presented for the year ended 31 December 2022 of the subsidiaries within the group.

1.2.1.1 Farmers' Pension and Social Security Benefit Scheme

(a) According to paragraph 59 of Sri Lanka Accounting Standards 37, the liability for the pension of the active contributors and farmer pensioners should be computed based on the actuarial assessment carried out in a timely manner. However, after the year 2007, the pension liability had been computed without carrying out such an actuarial assessment and the liability for the pension as at 31 December 2022 had been Rs.82,435,153,268 Further, adequate investments had not been made for settlement of those commitments.

(b) Revenue amounting to Rs.13,420,221 received from contributors for the year under review had been shown in financial statements on cash basis instead of accounting contributions on accrued basis due to failure in maintaining the register including premium receipts in an updated and completed manner including the date of enrolment into the Scheme and date of entitlement by contributors so as to identify the value of contribution due from active contributors for the accounting year.

(c) The Board had not maintained the books in such a way as to verify the correctness of the unclaimed pension amount of Rs.47,102,835 as at 31 December of the year under review should be received from District Accounts Offices of Postal Department.

(d) After paying Rs.3,918,881,123 out of Rs.3,968,000,000 received from the treasury for the payment of farmers' pension during the year under review, the remaining balance of Rs.49,118,877 was not remitted to the treasury and was not disclosed in the financial statements as a payable amount.

(e) During the year under review Rs.167,470,484 unclaimed from farmers' pension payments had been accounted as income of the scheme without being disclosed in the financial statements as a credit to be repaid to farmers.

(f) During the period from January 2019 to December 2022, 612 cheques for unclaimed net premium and monthly disablement payments amounting to Rs.4,435,400 were not recorded as a liability payable under F.R.396(d)(iii) respectively and had been taken into income during the relevant years.

(g) During the year under review, Rs.190,000,000 received from the treasury for administration expenses of the farmers' pension fund was not credited to the bank account of the farmers' pension fund, but it was credited to the bank account of the Agricultural and Agrarian Insurance Scheme and expenses were incurred from it, and those transactions were recorded in the fund's ledger through a current account.

(h) As there were no legal transactions during the year under review related to this scheme, Rs.1,348,623 equal to 60 percent of the legal expenses of the Agricultural and Agrarian Insurance Board had been accounted as legal expenses of this scheme. The basis on which this percentage was determined was not disclosed.

(i) Although all the three entities of Accounts Namely Farmers' pension and social security benefit scheme, Fishermen pension and social security benefit scheme and Agricultural and Agrarian Insurance Board are functioning together, 50 percent of administration expenses of Agricultural and Agrarian Insurance Board and 20 percent of other expenses as high as 50 percent had been absorbed in to the farmers' pension scheme. The basis on which the rates were decided was not disclosed to check the reasonableness of those rates.

(j) The total assets of the Scheme were Rs.1,516,033,327 and the total liabilities were Rs.87,508,723,633 and liabilities exceeded the assets by Rs.85,992,690,306. This unfavorable situation had adversely affected the going concern of the Scheme.

1.2.1.2 Fishermen's Pension and Social Security Benefit Scheme

The following observations are made.

(a) Fully depreciated assets, such as furniture and fixtures, office supplies, and computers, worth Rs.696,175, were still in use but were not revalued and accounted for in accordance with Sri Lanka Accounting Standards No. 08.

(b) The actuarial assessment for the pension liability of the active contributors and fishermen pensioners of this scheme should be carried out in a timely manner, according to paragraph 59 of Sri Lanka Accounting Standards 37; however, after the year 2007, the actuarial assessment had not been carried out until December 31 of the year under review, and on that date, the Pension liability of fishermen pensioners and the active contributors was Rs.5,068,050,746.

(c) Although no staff had been approved for the fishermen's pension scheme by the Department of Management Services, A private secretary to the chairman of the board, an office assistant in the Tambuttegama district office, and a management assistant in the Mannar district office had been employed, and they had received salaries totaling Rs.2,209,812 and had recorded them as expenses for the scheme.

(d) Despite the fact that the balance due in the Fisheries Death Gratuity Fund of Rs.98,000 brought forward from the year 2019 was settled in the year 2020, the balance had been carried forward in the year under review due to an accounting error.

(e) The scheme's total assets were Rs.663,412,060, and its total liabilities were Rs.5,140,628,886; the liabilities exceeded the assets by Rs.4,477,216,826. This unfavorable situation had adversely affected the going concern of the Scheme.

1.2.2 Comments on the financial statements of the Board

The following observations are made.

(a) As a result of the useful life of non-current assets not being reviewed in terms of paragraph 51 of Sri Lanka Accounting Standard 16, action had not been taken in terms of Sri Lanka Accounting Standard 8 to account the correct carrying value by revising the error in estimation of the useful life of plant, property and equipment amounting to Rs. 33,415,830 which though had been fully depreciated were still in use.

(b) Though, in terms of paragraph 7 of Sri Lanka Accounting Standard 20, government grants should not be recognized as revenue until a reasonable assurance is received, without an assurance from the Treasury, the premium income of Rs. 4,249,619,152 at the rate of Rs. 675 from the year 2018 up to 31 December of the year under review, calculated on the basis of the number of acres covered under the free insurance which had been estimated annually by the Socioeconomic and Planning Centre of the Department of Agriculture and published in the website had been accrued in financial statements as receivable from the Treasury. That amount was 62 percent of the accumulated fund and it is observed that it is uncertain whether the Board would receive that entire amount.

(c) Government grant of Rs. 1,500,000 for administrative expenditure of the Fishermen's Pension & Social Security Benefit Scheme administered by the Board had been incorrectly indicated as other income in financial statements without being shown as money received from the Treasury.

(d) The value of the three lands of 76.6 perches belonging to the Board where 03 official quarters are maintained in Mahiyanganaya, Embilipitiya and Anuradhapura had not been assessed and indicated in financial statements.

(e) The United Nations Food and Agriculture Organization had given financial facilities amounting to Rs. 20,391,089 as at 31 December of the year under review to the Agricultural Management Information System of the Board which had been developed subsequent to the introduction of the index based insurance scheme for reducing the process of paying compensation for crop damages by 2½ months in partnership with International Finance Corporation with the objective of enhancing efficiency of agricultural insurance schemes and thereby increasing the agricultural insurance coverage of Sri Lanka and though the Board had spent Rs. 23,009,698 thereon by the end of the year, this Management Information System had not been accounted in financial statements. Since the information system is not being used for the process of calculating and paying compensation, the expected objectives of the project has not been achieved.

(f) Instead of paying compensation to 18 farmers who had obtained insurance cover under the cultivation insurance scheme from the funds of the Board, compensation amounting to Rs. 336,150 had been for the Yala season of 2021 by procuring money from the National Insurance Trust Fund and the Treasury.

(g) Premiums amounting to Rs. 3,284,147 collected by the district offices of the Board for the month of December of the year under review had been erroneously shown in the statement of financial position as insurance premiums to be received from the district offices.

(h) 10 tabs received as a donation from a private telecommunication company in October 2021, had neither been inventoried nor had been included in financial statements as non-financial assets.

(i) Action had not been taken even during the year under review to recover advance balances granted to officers as loans and for various other purposes amounting to Rs. 1,107,227 dating back to 02 to 38 years. Though it was observed that the recovery of these balances was uncertain, no provisions had been made for that purpose.

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 contained in the Annual Report 2022 of the Board

Other information means information, though included in the Annual Report 2022 of the Board but not included in the financial statements and in my audit report thereon. Those charged with management shall be responsible for other information.

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

My responsibility in relation to my audit regarding financial statements is to read other information whenever available (as applicable) and in doing so, consider whether there are material

inconsistencies between other information and the financial statements or my knowledge gained at the audit or otherwise.

In reading the annual report 2022 of the Board, if I concluded that there are material misstatements, such matters shall be communicated to those charged with management. If there still are misstatements which have not been corrected, they will be included in the report to be tabled in Parliament by me 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 Public Sector 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 ability to continue the scheme and 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 scheme'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 of the scheme, to enable annual and periodic financial statements to be prepared.

1.5 Auditor's Responsibility in Auditing 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 scheme'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 scheme'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 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 have communicated with those charged with governance regarding the significant audit findings, including any significant deficiencies in internal control that I have identified during the audit.

2. <u>Report on other legal and regulatory requirements</u>

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

2.1.1 In terms of the requirements of section 12 (a) of the National Audit Act No. 19 of 2018, except for the effects of the matters described in the section on the 'Basis for the Audit Opinion' of this report, I obtained all information and explanations required for the audit and as far as it appears from my inspection, the scheme had maintained proper financial reports.

2.1.2 In terms of the requirement indicated in Section 6(1)(d) (iii) of the National Audit Act No. 19 of 2018, the financial statements of the scheme presented are consistent with the preceding year.

2.1.3 In terms of the requirement indicated in Section 6(1)(d) (iv) of the National Audit Act No. 19 of 2018, except for the observations indicated in paragraphs 1.2.2 (a),(b),(c),(e) and (i) of this report, the recommendations made by me in the previous year have been included in the submitted financial statements.

2.2 On the basis of the procedures followed and evidence obtained and being restricted within the material matters, nothing that warrants the making of the following statements did not come to my attention.

2.2.1 In terms of the requirement of section 12 (d) of the National Audit Act No. 19 of 2018, whether any member of the governing body of the Board has any interest, direct or otherwise, outside normal business status in any contract entered into by the scheme.

2.2.2 In terms of the requirement of section 12 (f) of the National Audit Act No. 19 of 2018, whether the Board has not complied with any applicable written law, or other general or special directions issued by the governing body of the Board;

Reference to laws/rules and regulations	Observations
(a) Subsection 4.3.1(a) of the scheme of recruitment for the posts of management service category of the AAIB	i) Though an officer with 3 years' experience in insurance in a public section institution/corporation/board or any other recognized institution should be recruited to the post of Assistant Director in the Insurance Division, contrary to this an officer with 03-year experience in field and administrative activities had been recruited. ii) Though an officer with 3 years' experience in the field of planning and performance operations in a public section institution/corporation/board or any other recognized institution should be recruited to the post of Assistant Director in the Planning Division, contrary to this an officer with 03-year experience in field and administrative activities had been recruited.
(b) Paragraph 2 of Public Enterprise Circular PED 1/2015 dated 25 May 2015	iii) During the year under review, transport allowances of Rs. 1,380,533 had been paid to 19 officers belonging to MM 1-1 service category upon the approval of the board of directors despite not having provisions to that effect in the circular.

2.2.3 In terms of the requirement of Section 12(g) of the National Audit Act No. 19 of 2018, whether the Board has not performed according to its powers, functions and duties, except for the following observations.

Powers, functions and duties	Observations
Section 7(a) of the Agricultural and Agrarian Insurance Act, No. 20 of 1999	Indemnity of Rs.70,800,200 in respect of 'Kethata Aruna' insurance scheme operated by the Board for the benefit of agriculturists and with a view to providing stability to agriculturists and to promoting agricultural production, had been returned by commercial banks due to the mismatch of indemnity, account numbers, farmers' names and identity card numbers and the Board had failed to take action during the past 5 years to identify the relevant farmers and settle the amount.

2.2.4 In terms of the requirement of Section 12(h) of the National Audit Act No. 19 of 2018, except for the following observations, whether the resources of the Board had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

2.3 Other Matters

The following observations are made.

(a) An accident insurance premium of Rs. 10,777,000 had been deducted from the compensation that was to be paid to 26,904 farmers for the Maha season of 2021/22 and even though an accident cover for a period of one year should be provided from the date of deduction of the said amount, insurance certificates had not been provided to 14,779 farmers despite the lapse of 7 months from the date of deduction of the insurance premium.

(b) Though the Board had identified since 1998 that the Embilipitiya district office premises and quarters were dilapidated and were in need of repairs, it was observed at the physical audit examination that repairs had not been affected.

(c) During the year 2021, 15 officers had been recruited to the post of Development Officer and without recruiting applicants occupying positions 3,5,7 and 12 in the register of names prepared in the order of marks obtained at the interview, 4 applicants who had obtained lower marks had been recruited.

(d) A sum of Rs. 171,011 which had not been reimbursed from the salaries paid by the Board for the years 2011,2012 and 2013 to an officers released to the Ministry of National Languages and Social Integration, had been carried forward for 10 years in financial statements.

(e) Refundable tender deposits amounting to Rs. 426,871 as at 31 December 2018, had not been settled even by the end of the year under review.

W.P.C. Wickremaratne
Auditor General

My No: ARI/C/FPS/1/22/07/FA Date: 19 July 2023

Chairman
Agricultural and Agrarian Insurance Board

The detailed management audit report in terms of Section 11(2) of the National Audit Act No.19 of 2018 on the affairs of the Farmers' Pension and Social Security Benefit Scheme including financial statements for the year ended 31 December 2022

The above report is sent herewith.

02. Having taken action in terms of the provisions in Section 39(1) of the National Audit Act, the concerns and remedial actions proposed within 03 months from the date of this report should be informed to the Auditor-General, the Secretary to the Treasury and the appropriate Minister.

03. If there are reasons for the ability or inability, if any, to take action on any of the matters pointed out by me in this report, you are kindly requested to submit same to me in terms of Section 39(2) of the Act.

P.K.M.P. Nonis
Senior Assistant Auditor General
For Deputy Auditor General

Copes: - 1 Minister of Agriculture
2 Minister of Finance

My No: ARI/C/FPS/1/22/07/FA Date: 19 July 2023

Chairman
Agricultural and Agrarian Insurance Board

The detailed management audit report in terms of Section 11(2) of the National Audit Act No.19 of 2018 on the affairs of the Farmers' Pension and Social Security Benefit Scheme including financial statements for the year ended 31 December 2022

The audit on the functions of the Farmers' Pension and Social Security Benefits Scheme including its financial statements for the year ended 31 December 2022, was carried out under my direction in pursuance of provisions in Article 154(3) 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. The results of the audit carried out in terms of section 11(2) of the National Audit Act No.19 of 2018 are issued by this report.

1.2 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 ability to continue the fund and disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

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

As per Section 16(1) of the National Audit Act No. 19 of 2018, the governing board of the Fund is required to inform me the measures proposed to be taken as to matters contained in this report within 03 months from the date of this report.

1.3 Auditor's Responsibility in Auditing 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 scheme'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 scheme'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 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 fund, and whether such systems, procedures, books, records and other documents are in effective operation;

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

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

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

My No: ARI/C/FIPS/1/22/08/FA Date: 24 May, 2023

Chairman
Agricultural and Agrarian Insurance Board

The summary report of the Auditor General in terms of Section 11(1) of the National Audit Act No.19 of 2018 on the financial statements for the year ended 31 December 2022 of Fishermen's Pension and Social Security Benefit Scheme

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1. Financial statements

1.1 Qualified Opinion

The audit of the financial statements of the of Fishermen's Pension and Social Security Benefit Scheme for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of comprehensive income , 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 (3) 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. In terms of Article 154(6) of the constitution, my report will be tabled in Parliament in due course.

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

1.2 Basis for Qualified Opinion

(a) Fully depreciated assets, such as furniture and fixtures, office supplies, and computers, worth Rs.696,175, were still in use but were not revalued and accounted for in accordance with Sri Lanka Accounting Standards No. 08.

(b) The actuarial assessment for the pension liability of the active contributors and fishermen pensioners of this scheme should be carried out in a timely manner, according to paragraph 59 of Sri Lanka Accounting Standards 37; however, after the year 2007, the actuarial assessment had not been carried out until December 31 of the year under review, and on that date, the Pension liability of fishermen pensioners and the active contributors was Rs.5,068,050,746.

(c) Although no staff had been approved for the fishermen's pension scheme by the Department of Management Services, A private secretary to the chairman of the board, an office assistant in the Tambuttegama district office, and a management assistant in the Mannar district office had been employed, and they had received salaries totaling Rs.2,209,812 and had recorded them as expenses for the scheme.

(d) Despite the fact that the balance due in the Fisheries Death Gratuity Fund of Rs.98,000 brought forward from the year 2019 was settled in the year 2020, the balance had been carried forward in the year under review due to an accounting error.

(e) The scheme's total assets were Rs.663,412,060, and its total liabilities were Rs.5,140,628,886; the liabilities exceeded the assets by Rs.4,477,216,826. This unfavorable situation had adversely affected the going concern of the Scheme.

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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

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

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Fund 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 Fund.

1.4 Auditor's responsibility of auditing 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 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 scheme'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 scheme 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 have communicated with those charged with governance regarding the significant audit findings, including any significant deficiencies in internal control that I have identified during the audit.

2. Report on other legal and regulatory requirements

Special provisions are included in respect of the following requirements in the National Audit Act No. 19 of 2018.

- In terms of the requirement indicated in Section 6(1)(d) (iii) of the National Audit Act No. 19 of 2018, the financial statements of the scheme presented are consistent with the preceding year.

- In terms of the requirement indicated in Section 6(1)(d) (iv) of the National Audit Act No. 19 of 2018, except for the observations indicated in (a), (b), (c), (d) and (e) of the section on 'Basis for qualified opinion' of this report, the recommendations made by me in the previous year have been included in the submitted financial statements.

3. Operating Review

3.1 Non-compliance with laws, rules and regulations

The following non-compliances were observed during the audit.

Reference to law, rule/regulation	Observations
(a) Fishermen's Pension and Social Security Benefit Scheme Act, No. 23 of 1990 **(e)** Section 5 (I)	Though a fisherman between the age of 18 to 59 years is entitled to join the scheme, no members have been recruited to the scheme after the year 2018
(ii) Section 7	Due to the absence of system to grant pension on completion of 60 years of age to the fishermen who have being contributed to the Scheme, the following deficiencies were observed when

	providing benefits to fishing community numbered 64,117 who have contributed to the Scheme. • No action has been taken to inform that benefits should be applied for and how to apply. Due to this, 22,402 fishermen out of the 27,976 fishermen who had reached the retirement age of 60 years as on December 31 of the year under review were not granted the fishermen's pension benefit. Its percentage was 80 percent of the total contributors who completed the age of 60 years at the end of the year under review. • A contributor shall be entitled to a pension on reaching the age of 60 years but Payments have been made from the date of preparation of pension without paying pension arrears by the Scheme. Because of this reason, pension arrears amounting to Rs.4,063,063 for 137 fishermen who were granted pension for the period from January 2009 to December 2016 and Rs.1,675,851 for 83 fishermen who were granted pension in the year 2022 as amount totaling to Rs.5,738,917 were provided as arrears of pension in the financial statements but action had not been taken to pay fishermen. • There was a delay of one month to seven years from the completion of the age of 60 years to preparation and provide pension benefits to the fishermen who applied for them.
(iii) Section 16	Where any contributor has forfeited the benefits under the policy issued to him on the failure to pay ten consecutive premiums, such contributor shall be issued a notice to that effect and those notices had not been issued. • As a result, applications submitted by 42 persons in the previous year and 41 persons in the year under review asking entitlement to pension received after reaching the age of 60 years, had been deprived of their benefits on the failure to pay premiums correctly. • As at 31 December of the year under review, there were 24,867 contributing fishermen who had not completed the age of 60 years in the scheme by paying premiums, but as at the date of audit, the number of actively contributing fishermen was 120. Although a commission of Rs.11 per installment was given to fisheries inspector, Assistant Director and clerk of the district fisheries offices, the said officials did not inform the fishermen about the reasons for the loss of pension benefits.
(iv) Section 20	The advisory committee set up to implement the Scheme had not met since the month of November 2016.

W.P.C. Wickramaratne
Auditor General

Replies for the Report of the Auditor General

The report of the Auditor General's presented in terms of Section 12 of the National Audit Act No. 19 of 2018 on the financial statements and other legal requirements for the year ended 31 December 2022 of the Agricultural Insurance Scheme are submitted herewith.

1. Financial Statements

1.1 Opinion

1.2 Basis for the opinion

(a) Motor vehicles included in property, plant and equipment have been revalued and brought to account and other assets have been accounted on historical costs thereof. Though assets in usable condition out of fully depreciated assets are used, there are assets which cannot be used fully. Though most of such assets are reused, they cannot practically be valued again and accounted and these include old furniture, computers and hardware and office equipment. These assets cannot be updated or retrofitted. Action will be taken to unserviceable assets in future.

(b) Necessary work has been initiated in consultation with the District Deputy / Assistant Directors regarding the valuation of lands in Mahiyanganaya, Embilipitiya and Anuradhapura and the value of the Embilipitiya official quarters and action will be taken to finalize and estimate the valuation expeditiously and bring into accounts.

(c) Only the provisions granted directly by the Treasury have been recorded as the receipts from the Treasury. However. since the sum of Rs. 1,500,000/- received from the Department of Fisheries is not received directly by the Board from the Treasury, it has been shown under other income.

(d) The Agricultural Management Information System is carried out under the patronage of the Ministry of Agriculture and the relevant expenses are reimbursed through the Ministry of Agriculture. All the transactions relevant thereto have been correctly accounted and have also been disclosed through notes to accounts.

(e) Due to an error in computerizing compensation documents, the reason for the crop damage has been erroneously computerized. Similarly, during the reexamination too, it had not been detected and the final reports have been referred to the Head Office without accurately recording the reason for the damage.

Since compensation documents are not forwarded to the Insurance Division and only the final reports are sent, these matters escape detection. Accordingly, after inspecting the other matters in the final reports received by the Division, they have been referred to the Finance Division with vouchers. As per the registers of names referred by the Insurance Division, the Finance Division has taken steps to release the money. Action will be taken to deduct the money obtained from the National Insurance Trust Fund from the money due to be received in future.

In order to minimize such shortcomings taking place at district offices, measures will be taken to send instruction leaflets again. These discrepancies have taken place as a result of

documents being inspected by officers deployed provisionally owing to the inadequacy of the staff in district offices. As of now, having secured the approval of the Ministry of Finance, action is being pursued to fill the essential posts that remain vacant.

Besides, for farmers who have obtained additional cover by paying premiums, the above compensation has been paid.

(f) Though this amount has been included in the district administrative account for the month of December, the money is remitted to the accounts of the relevant schemes of the head office in the first month of the next accounting year. Therefore, the said insurance premia are relevant to the year in which financial statements are prepared, they have been correctly accounted to the income of that year and have been shown as receivable premia in financial statements.

(g) These investments have been correctly included in the ledger accounts. Therefore, this has no effect whatsoever on the ledger accounts relating to investments.

(h) Action has been taken to add the relevant tabs to the inventory register.

(i) This insurance scheme has been introduced to pay a maximum compensation if Rs. 40,000/- for 06 crops under the mandatory crop insurance introduced by the 2018 budget. Rs. 2,200 million had been allocated in the year 2018 at a rate of Rs. 675 per acre and the premiums for this scheme are accounted in line with the budget proposal relating to the scheme and the approved cabinet paper and by the year 2022, the premia receivable to the Board stood at Rs. 4,249.

(j) The calculation of cash flows generated from operational activities in the cash flow statement of the Board has been presented same as previous years. Action will be taken to review and correct the deficiencies highlighted by the audit. These discrepancies do not impact on the contents of the cash flow statement and the errors in presentation will be rectified.

(k) In calculating the cash flow generated from investment activities, action will be taken for correction by removing non-cash flows.

(l) Since the money received in respect of the Farmers; Pension Scheme is transferred through the current account, it is not recognized as a cash flow of this scheme.

1.3 Other information contained in the Annual Report 2021 of the Board

1.4 Responsibilities of management and those charged with governance for the Financial Statements

1.5 Auditor's responsibility of auditing the financial statements

2 Report on other legal and regulatory requirements

Reference to laws, rules and regulations

2.2.2

(a) Scheme of Recruitment

- The Assistant Director appointments granted in the year 2021 have not been carried out extraneous to the scheme of recruitment. Action has been taken to deploy the recruited officers as per the requirements of the institution.

4.3.1 (a)

- The relevant appointments have been granted after being satisfied about the authenticity of certificates submitted with the applications of external applicants applied for the post of Assistant Director and the certificates presented to the interview.
  Only where there is an uncertainty regarding the service experience of the relevant officers, action is taken to have the service experience confirmed by notifying the relevant work places. However, at the end of the probation period of the newly recruited officers, the relevant confirmations are obtained before being confirmed in the post.

(b) The Agricultural and Agrarian Insurance Board functions under the Agricultural and Agrarian Insurance Act, No. 20 of 1990. In terms of the said Parliamentary Act, the powers for taking decisions as to the going concern of the Board has been vested in the Board of Directors. Since the audit has pointed out that a matter set out by a circular should be followed as regards a decision implemented in terms of the powers of the Act by the board of directors, a request was made from the Secretary of the line ministry by letter number 3/1/8/1 dated 10.05.2019 on order to obtain the approval from the institution which had issued the circular. Until a decision is made in that regard, the decision of the board of directors is in force and request was made again by letter number 3/1/8/1 dated 27.03.2023 from the Secretary of the line ministry.

(i), (ii) The draft of the Working Plan prepared for the year 2022 has been referred to the Ministry of Agriculture. Further, the above Working Plan and the five-year Strategic Plan was submitted to the 516th board meeting held on 23.02.2022 and as per the matters discussed therein, further discussions were held having convened a 516 special board meeting on 30.04.2022.

However, as the management of the Board became unstable during the aforementioned period, the final report thereof was not presented to the Board of Directors.
With the arrival of the new Chairman, further discussions were held with the hope of presenting the Working Plan 2022 and strategic plan which had already been finalized by then to the Board of Directors. Accordingly, it was decided that amendments should be made incorporating a new concept. Since it was the last few months of the year 2022, instructions were received to formulate a new Working Plan taking 2023 as the base year on the basis of the 2022 Working Plan & strategic plan which had already been finalized by then. The vision, mission and objectives of the Board were modified as per future aspirations and expectations to be in tune with the formulation of the future plan. Accordingly, Working Plan for the year

2023 was finalized and was submitted to the 523rd Board meeting held on 23 December 2022 and approval was obtained.

2.2.3 Powers, functions and duties

Agrarian Services Centers and District Offices were notified to submit amended documents for farmers of whom payments were rejected and payments were made for amended documents so received. Indemnity of Rs.70,800,200 had been continuously unclaimed by farmers and as such, they said indemnity had been submitted to the Board of Directors for transferring to the Agricultural Insurance Fund and approval has been received for providing those monies in designing the Agricultural Data Management System. However, since that money was mot used for that purpose, it is to be submitted to the board of directors again for future course of action.

2.2.4

(a) According to the valuation report submitted by Technical Officers of the Galle District Secretariat, it has been stated that the total expenditure for the renovation of the Galle district office was Rs. 3,282,278.52. That amount was paid in the year 2021 and after the completion of the work in 2022, the remainder of Rs. 521,063.43 out of the total amount was returned to the Board by cheque bearing number 136267. That entire amount was credited to the buildings account and action was taken for correction by removing the balance granted in the year 2022 from the account.

(b) Index products were prepared for the districts of Ampara, Anuradhapura, Gampaha, Hambantota, Kilinochchi, Kurunegala and Vavuniya for the Maha season of 2020/21 and the computation of compensation for the said products too was carried out. However, due to discrepancies in the calculations made from rainfall data and field observations, they were not used for the payment of compensation. As there was a delay in reporting crop damages and damage inspection activities due to the Covid pandemic that prevailed in 2020, 2021, index results could not be compared with field observation results and due to delays in obtaining weather data, payment of compensation has not been done according to those calculations.

(c) Since the Agricultural Information Management Data System has been developed to perform extensive range of functions under the supervision of the Ministry of Agriculture going beyond the functions of the AAIB, training activities required to broadly educate each institution on the implementation of this data system have been carried out under this programme.

2.3 Other Matters

(a) Since instructions were received from the Board of Directors to issue the accident insurance policy referred to in 2017 circular in paying compensation from the Maha season of 2020/2021, action has been taken as of now to issue insurance policies.

(b) Embilipitiya quarters was inspected by the officers of the head office, and since this was many years old, the renovation would entail a huge expenditure. This situation has arisen, due to the restrictions imposed as of now on the construction of buildings. Though a request has been made from the Embilipitiya divisional secretariat to obtain a valuation report for this land, the valuation report has still not been received due to the shortage of technical officers.

(c) The Assistant District Secretary was notified to give instructions to erect the fence around the land on which the Embilipitiya quarters is located and halt unauthorized cultivations and advice people who are engaged in unauthorized cultivations to stop such activities.

(d) Due to the crisis situation that prevailed in the country, the relevant interviews could not he held as scheduled and the recruitment process was disrupted. Through interviews held in the year 2023, the recruitment for the post of Assistant Director (Information Technology) has been finalized.

(e) Action was taken to call the applicants who got the highest marks at the interview to the service and Board is unable to give reasons as regards their failure to report for duty.

(f) When an applicant is in possession of a large number of certificates and has been instructed to attach copies of certificates, the usual practice is to attach the copies relevant to basic qualifications. Accordingly, when a maximum age limit is fixed for a particular post, if a copy of the birth certificate or a copy of the National Identity Card or a copy of the driving license or a copy of the passport is not attached to confirm the age, such applications have been rejected.

(g) The Working Plan and Strategic Plan of 2022 were developed under a new concept and new structure and since the working plan of 2023 was prepared on the basis of opinions received therein, the expenditure was not a fruitless expenditure as mentioned. Accordingly, the Working Plan for the year 2023 was finalized and presented to the 523rd board meeting and approval was obtained.

(h) Action will be taken within this accounting year to submit board papers and remove these balances which have been brought forward in financial statements.

(i) Since this has been a long-standing balance and since this has not been claimed by the relevant parties, action was taken to bring this money to the revenue.

(j) Action will be taken within this accounting year to submit board papers and remove these balances which have been brought forward in financial statements.

Auditor General's report in terms of Section 12 of the National Audit Act No.19 of 2018 on the financial statements and other legal and regulatory requirements for the year ended 31 March 2022 of the Farmers' Pension and Social Security Benefits Scheme

2 Financial Statements

1.1 Opinion

1.2 Basis for the opinion

(a) The pension liability has been accounted on the basis of the actuarial assessment done on the liability of the Farmers' Pension Scheme in the year 2007. As this pension scheme is not a self-financing scheme, new subscribers are not recruited to the scheme and a new scheme that can be implemented on self-financing basis has been established. Payments of the old scheme are settled annually using annual budgetary allocations and at the time of conducting the actuarial assessment of the new Farmers' Pension Scheme, action will be taken to obtain the actuarial assessment of the old scheme.

(b) Ledger accounts are maintained properly for updating information relating to receipt of monies. Monthly updated register on pension can be accessed through the computer system. Moreover, information on contributors who are the active members of the Scheme as well can be checked by the compute system. As there were delays in computerization of defaulted installments, getting information on cancelled and inactive contributors from the system had become failure. As such, necessary action has been taken by State Commercial Banks to implement a special programme to recover defaulted installments and to connect those installments with our system so as to computerize them automatically.

(c) In the year 2022, Rs.4,053 million has been accounted during the year as expenditure of farmers' pension and the amount received from the treasury was Rs.3,998 million. Accordingly, the income statement shows the total cost after deducting the unearned returned by the contributors. Thus, there is no balance due to the treasury.

(d) The unclaimed pension amount of Rs.167 million in the year 2022 has been deducted from the pension expense. Arrangements will be made to suspend the pensions of contributors who do not receive pensions for a long period of time. Therefore, this unclaimed amount has not been accounted for as pension receivable.

(e) Cheques are issued for the payment of net premiums, death gratuity disability benefits and of hem cheques that are not encashed and cheques which are not submitted for payments are taken to the revenue upon expiry and such cheques are reissued as per requests made to us through district offices. Cheques that have expired are properly documented and whenever a claim is made by the payee, a cheque is reissued to the payee upon the recommendation of the relevant district office. The Board issues a large number of cheques and cheques which are not encashed are constantly reconciled.

(f) Account Number 164667 of Bank of Ceylon Union Place branch maintained by the board is the account listed for disbursement of funds from the treasury to the Farmers' pension scheme. The respective money received in that account is transferred from the Agricultural insurance scheme to the farmers' pension scheme through the current account.

(g) In terms of the decisions made on the basis of the report of the committee headed by the Secretary of the Treasury in 2010, it was informed to use the money received from the

Treasury and the funds available in the fishermen's pension/agricultural insurance fund for the payment of farmers' pension and subsequently settle those amounts. Accordingly, with the approval of the Board of Directors, the other surplus funds of the Board have been used for the payment of farmers' pension. The money so obtained has to be paid back to the Agricultural Insurance Scheme and Fishermen's Pension Scheme. The approval of the board of directors has been obtained for the gradual settlement of funds thus obtained.

(h) 60 percent of the legal expenses of the board is accounted for by the farmers' pension scheme but as indicated by audit, the legal expenses amounting to Rs. 1,348,623 will be re-reviewed and only the legal expenses of this scheme will be recorded. Action will be taken to revise all the expense accounts related to allocation of expenses and approved by the Board of Directors in the future.

(i) The farmer pension liability increases annually, and the lack of investment in the scheme and the increase of the benefits of this scheme without increasing the premiums in several instances as per government policies, this situation has arisen, and every year the government budget allocates money to pay the farmer's pension.

1.3 Responsibilities of management and those charged with governance for the Financial Statements

1.4 Auditor's responsibility of auditing the financial statements

2 Report on other legal and regulatory requirements

3 Operations Review

3.1 Non-compliance with laws, rules and regulations

- The details of farmers who have completed 60 years will be forwarded to district offices, and it is expected to inform the farmers through e-mail and SMS messages in the future. Apart from this, action will be taken to create awareness amongst officers and farmers' representatives to disseminate this message to farmers at cultivation season meetings held at the Agrarian service level and district agricultural committees.

- Necessary instructions have been given to the district directors to grant pension without delay to the applications submitted for the district offices. At the time of contributor handed over the documents to the district offices, instructions were given to give a number for that contributor and to update the information in Google Drive before sending it to the head office. At present the district offices are successfully doing that process.

- In order to inform the farmers who have completed 60 years of age, postcards will be sent to the addresses given by them and newspaper advertisements will be used to inform the farmers.

- The name lists of the farmers who reach the age of 60 years will be sent to the respective district offices and those documents will be given to the Agrarian service centers and through that, the farmers will be informed. Actions will be taken to avoid this situation through newspaper advertisements and direct information in the future.

- As more than 20,000 farmers were in the waiting list for receiving pension, necessary measures were taken to include them in the pensions register for the expeditious payment of pensions for those farmers. As such, it was possible to pay pension to a large number of farmers in the waiting list. As listing will be done at the instance of receiving entitlement for pension so as to avoid arrears in future, it is due to obtain provision from the Treasury in the payment of arrears payable in pension regularly.

9.1.1 Section 12 (c)

- In case of contributors defaulting on 05 consecutive installments payable to the Farmers' Pension Scheme, their entitlement to the Scheme will be cancelled, and the farmers are apprised in that connection at the time of their entitlement. This is also clearly stated in the notebook given to them to record the installments and the certificate of deed as well. As for the installments already paid by the farmers whose entitlement has been cancelled, action will be taken to reimburse such monies to them together with the interest when they turn 60 years of age.

- The payment process of Farmers' pension is carried out jointly with the Department of Posts. In the event of death of a contributor, the relevant post office conveys the information about the deceased contributor. A study is conducted as to pensioners who do not obtain the pension continually and action is taken to remover their names from the register of pensioners.

- Since the Farmers' Pension Scheme was launched in the year 1987, a computerized system has not been maintained at its inception. A system has been devised so as to identify the payment of premiums by maintaining premium record books. Measures have been taken to maintain F.S.B. 5 receipt records for premium payments at the district offices. In order to overcome these shortcomings, necessary arrangements are now underway to install a new computer system. Action has been initiated to purchase E.R.P. software with funds made available by GIZ and that data system is being modified to suit the functions of the Board. With the establishment of that system. It will be possible to feed data whilst maintaining direct relationship with the banking system.

  Due to the shortage of workers that existed, back installments could not be computerized and action has been taken to commence the computerizing of back installments from the year 2002.

9.1.2 Section 12 (d)

According to the 13th order of Gazette No. 452/12 of 1987, contributors who do not pay their contribution properly will be paid the net premium amount and interest. The calculations have been done by a biomathematician.

9.1.3 Section 15

Under Section 15, the Board has the power to grant a grace period to contributors who have defaulted on premium payments. Accordingly, based on the observations made by the audit,

it is expected that contributors who have paid their premiums in full would be allowed a grace period to activate their contributions and carry out the necessary operations to provide pension benefits.

9.1.4 Section 27(1)

As farmers' pension fund become zero by the year 2010, funds were not available in the farmers' pension scheme for the payment of pensions of that scheme in the years 2010 and 2011. Accordingly, money was obtained from the agricultural insurance and fishermen's pension schemes on the recommendation of the Ministry of Finance for the payment of pensions. The money so borrowed will be reimbursed gradually.

(b) Section 6 of policy

In terms of Section 15(1) of the Farmers Pension and Social Security Benefit Schemes Act No. 12 of 1987, any contributor who fails to pay 5 consecutive shall forfeit the benefits under the certificate issued to him. Accordingly, as these contributors have failed to pay 05 consecutive instalments, their subscription has been cancelled.
When considering the installments paid by these contributors, only 65% and 35% of installments have respectively been paid Therefore action has been taken to pay net premiums.

3.2 Irregular transactions

(a) Insurance instalments are determined by absorbing a certain percentage of administrative and operational expenses. This is a common practice among insurance companies. Because the Farmers Pension Scheme was operated on the basis of state subsidies, no profit margin was included in the instalment. It is a common practice in the insurance system to deduct a certain percentage for the related expenses when resigning from the subscription or calculating the net instalment. Accordingly, the calculations have been done. Without that, self-financing schemes cannot be implemented.

(b) According to the 13th order of Gazette No. 452/12 of 1987, contributors who do not pay their contribution properly will be paid the net premium amount and interest. The calculations have been done by a biomathematician.

(c) The rates have thus been determined as the staff in the head office and district offices are deployed commonly. However, action will be taken to review these rates with the approval of the board of directors.

3.3. Performance

(a) Due to crisis situation that emerged in the scheme during the last few years, there have been approximately 20,000 farmers in the waiting list and this issue has been addressed as of now. For the 1700 applications pointed out in the audit, action has been taken as of now to pay pension.

(b) At the beginning of the year, details about farmers are collected by obtaining biodata of farmers to whom pension and disability allowances are paid.

i,ii,iii It is expected to formulate a special programme to educate farmers who have subscribed to the farmers' pension scheme before they reach the age of 60. Action has been taken to provide the register of names of farmers who are nearing the age of 60 to district deputy/assistant directors. Accordingly, they have been instructed to create awareness at the agrarian service centre level.

Upon the linking up of the computer system of the Board with district offices, facilities will be available for any farmer to obtain services required from any district office.

Iv, v Since the payment of pensions of the pension scheme is being carried out continually at present, the trust towards the scheme has been strengthened. Net premium and interest are paid to contributors who have stopped the payment of instalments midway.

vi,vii,viii Acceptance of applications of contributors who have subscribed to the farmers' pension scheme is duly carried out and if there has been any oversight, it is brought to the notice of officers of district offices and measures are taken to offer an efficient and friendly customer service.

ix, x Through the **ERP** data system which the company expects to implement in future, methods adopted by other competitor institutions as pointed out by you can be implemented to overcome these issues.

3.3 Management Activities

(a) Reports on the changes made to the pension scheme will be submitted when final accounts reports are presented.

(b) At the beginning of the Farmers' Pension Scheme, a premium was paid to the Sri Lanka Insurance Corporation to implement the death and disability gratuity, and a fund was created by retaining the paid premium within the Board. A review of the premium paid is expected to be reviewed as pointed out by the audit.

(c) The payment process of Farmers' pension is executed jointly with the Department of Posts. The unpaid pension should be sent to the Board before the 10th day of the month following the relevant month. Although there have been some delays due to corona epidemic situation and the crisis situation, efforts have been made to avoid those delays by now. Necessary actions have been taken to inform District Accountants to send the unpaid pension documents to the Board within the stipulated dates.

(d) In relation to the farmers' pension scheme launched in the year 1987, although arrangements were made to obtain copies of the information in the contribution payment books provided to farmers through the survey, it was not possible to obtain the information as expected due to the difficulty in obtaining the information through the related survey activities.

(e) Since the Farmers' Pension Scheme was launched in the year 1987, a computerized system has not been maintained at its inception. A system has been devised so as to identify the payment of premiums by maintaining premium record books. Measures have been taken to maintain F.S.B. 5 receipt records for premium payments at the district offices. In order to overcome these shortcomings, necessary arrangements are now underway to install a new

computer system. Action has been initiated to purchase E.R.P. software with funds made available by GIZ and that data system is being modified to suit the functions of the Board. With the establishment of that system. It will be possible to feed data whilst maintaining direct relationship with the banking system.

Due to the shortage of workers that existed, back installments could not be computerized and action has been taken to commence the computerizing of back installments from the year 2002.

(f) The Board has identified the need for an Enterprise Resources Plan for the sound management of the farmers' pension scheme. Though many attempts were made over a period of time to acquire this software, they did not become successful due to various reasons. GIZ has agreed to provide funds enabling the Board to acquire this information system. Accordingly, necessary measures have been taken acquire the software to the Board having finalized the procurement process.

(g) Until such time the envisaged ERP information system is acquired under the GIZ funds, a simplified information system was developed by the hardware and networking technician to maintain data relevant to the new pension scheme. As of now, data relating to new enrollments have been fed to that system. Action will be taken in future to notify the farmers who do not pay installments through SMS messages.

The report of the Auditor General in terms of Section 11(1) of the National Audit Act No.19 of 2018 on the financial statements and other legal and regulatory requirements for the year ended 31 December 2022 of Fishermen's Pension and Social Security Benefit Scheme

1. Financial Statements

1.1 Opinion

1.2 Basis for Opinion

(a) Although furniture and fixtures, computer equipment and office equipment are used over a long period of time, such equipment cannot be valued and their useful lifetime cannot be estimated. Most of the equipment are in a state of disposal and equipment like computers cannot be updated. As these items of equipment are in a condition where they cannot be used at full efficiency, action will be taken in future for their disposal.

(b) Action will be taken to carry out the actuarial assessment along with other newly introduced socials security benefit schemes of the Board will be completed and it has been included in the budget document of 2023.

(c) These officers have been recruited to perform the duties of this scheme and are currently performing other duties. Since the duties of the scheme are indirectly performed by other officers, the salary of these officers has been included in the scheme. After recruited sufficient number of employees, action will be taken to absorb wages of the employees concerned under the scheme.

(d) This amount will be adjusted for the death gratuity fund and fishermen's pension funds, and it will be correctly presented in the final accounts for the year 2023.

(e) This situation has been arisen due to the scheme is not running on a self-financing basis. Accordingly, the annual pension liability will increase and hence the net asset value will also decrease. Due to those reasons, the scheme does not promote new enrolments.

1.3 Responsibilities of management and those charged with governance for the Financial Statements

1.4 Auditor's responsibility of auditing the financial statements

2. Report on other legal and regulatory requirements

3. Operations Review

3.1 Non-compliance with laws, rules and regulations

(a) i Sections 5 & 6

Arrangements have been made to implement the Fishermen's Pension and Social Security Benefit Scheme with financial viability. A comprehensive computer data system is being developed to carry out such activities within a computerized environment. Necessary steps are being taken to launch a new scheme in collaboration with the Ministry of Fisheries in 2023 to attract fishermen to the scheme.

(ii) Section 7

The lists of contributors who have reached 60 years of age have been obtained from the district office level and have forwarded to respective district offices and an awareness programme for fishermen entitled for pension has been initiated on the basis of such lists.

Since the operations relevant to the Fishermen's Pension Scheme are carried out by the Department of Fisheries and Aquatic Resources, action has been taken to bring this situation to the notice of that Department. In addition to awareness being raised by district fisheries offices, action is also taken to inform the fisher community through a newspaper notice.

For applications that have been delayed, pension arrears were not paid until reasons for the delay were notified. As of now pensions are being paid together with arrears.

iii. Section 13 (d)

The Board, at present pays an interest rate on the basis of instalments paid by the contributor and the payment of this net installments is carried out on the advice of a biomathematician.

iv. Section 16

This has been clearly stated in the pension deed given at the time of enrolment of contributors to the pension and the recovery of premiums is carried out by District Fishery Extension Officers and the Board takes action to provide required instructions continually in respect of the recovery of premiums having ascertained whether the subscription of the relevant contributor has been cancelled.

v. Section 20

Since the new enrolments to the Fishermen's Pension Scheme are to be carried out in the year 2023, action will be taken to convene the Fishermen's Pension Consultative Committee during this year.

9.1.5 Section 26

In compliance with circulars and instructions issued by the Ministry of Finance, the surplus funds of the Board have only been invested in state banks, treasury bills, treasury bonds and fixed deposits.

(b) 396 (d) (iii)

A separate register is maintained for cheques though issued have not been presented for a period exceeding one month and for direct requests made by cheque recipients regarding such cheques, recommendations are sought from the district office and action is taken to make the payment to the relevant contributor.

177(1)

Instructions have been given to credit the collected money immediately to the bank account and action has been taken to give instructions again in this regard to the district fisheries offices.

3.2 Management Activities

At the inception, the Fishermen's Pension Scheme was administered as a government subsidize scheme. However, as a result of increasing the pension subsequently by several folds on the back of government policies and decisions without a corresponding increase in the contributor’s premium, the pension expenditure has exceeded the premium income. Since the scheme lacks financial viability, enrolments are not promoted as of now.