Annual Report

2023



Agricultural and Agrarian Insurance Board

No. 117, Subadrarama Road,
Gangodawila, Nugegoda

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Message of the Chairman ,

Action was taken in the year 2023 for the implementation of diverse programmes and plans to elevate the good name of the Board to a higher level by creating competitiveness with other insurers through more optimal operation of the process initiated last year for enhancing insurance and social security facilities of farmer and fishery communities. Accordingly, in terms of the provisions of the Agricultural and Agrarian Insurance Act, No. 20 of 1999, 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, greater attention was focused on taking further measures expeditiously.

The Board has understood the need for the digitalization of activities of the Board employing new technology for the systematic implementation of the above activities and bringing the measures taken for fulfilling this requirement for many years to fruition, digitalization activities could be commenced with the funds made available by the European Union and GTZ Germany and this could be termed as an outstanding victory achieved by the Board.
In order to pass on the benefits of insurance schemes administered by the Board to the farmer community more conveniently, action was taken to further expand the implementation of third-party insurance facilities through Divisional Secretariats and the provision of third party insurance facilities through post offices was initiated in the year 2023. Furthermore, steps have been taken this year to fulfill the basic requirements necessary for launching a life insurance scheme.

Having identified the staff training requirements, training programmes for staff members of all service categories were implemented throughout the year 2023 in accordance with a training calendar prepared last year.

Under the Farmers' and Fishermen's Pension Scheme, which was implemented in 1987, a total of Rs. 4,375,215,623 was paid as pension benefits to 175,006 farmers by the end of 2023. Under the new Farmers' Pension Scheme, which commenced on October 31, 2022, a total of 2,166 farmers had contributed to the scheme by December 31, 2023, with their cumulative contributions amounting to Rs.20,730,787.

In addition, the Board was able to generate an income of Rs. 502 million in 2023, marking a 29% increase compared to the previous year, through various insurance schemes, including the third-party insurance scheme implemented by the Board. Accordingly, the Board has continued to operate under a self-financing framework while managing expenses related to salaries, allowances, administrative costs, and other operational activities.

In the year 2023, the Agricultural Insurance Board generated a net profit of Rs. 769 million through the Agricultural Insurance Scheme, while the operational profit for the year amounted to Rs. 1,268 million. A total of Rs. 2,116 million in Compulsory crop insurance compensation was

distributed to farmers in 2023 for crop damages incurred during the 2021/22 Maha season, the 2022 Yala season, and the 2023 Maha season.

Hence, the year 2023 can be deemed as a successful year in which the Board was able to achieve substantial growth in its activities compared to previous years and the year also marked the beginning of the adoption of modern technology.

W.M.M.B.Weerasekara
Chairman
Agricultural and Agrarian Insurance Board

Agricultural and Agrarian Insurance Board

Vision

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

Mission

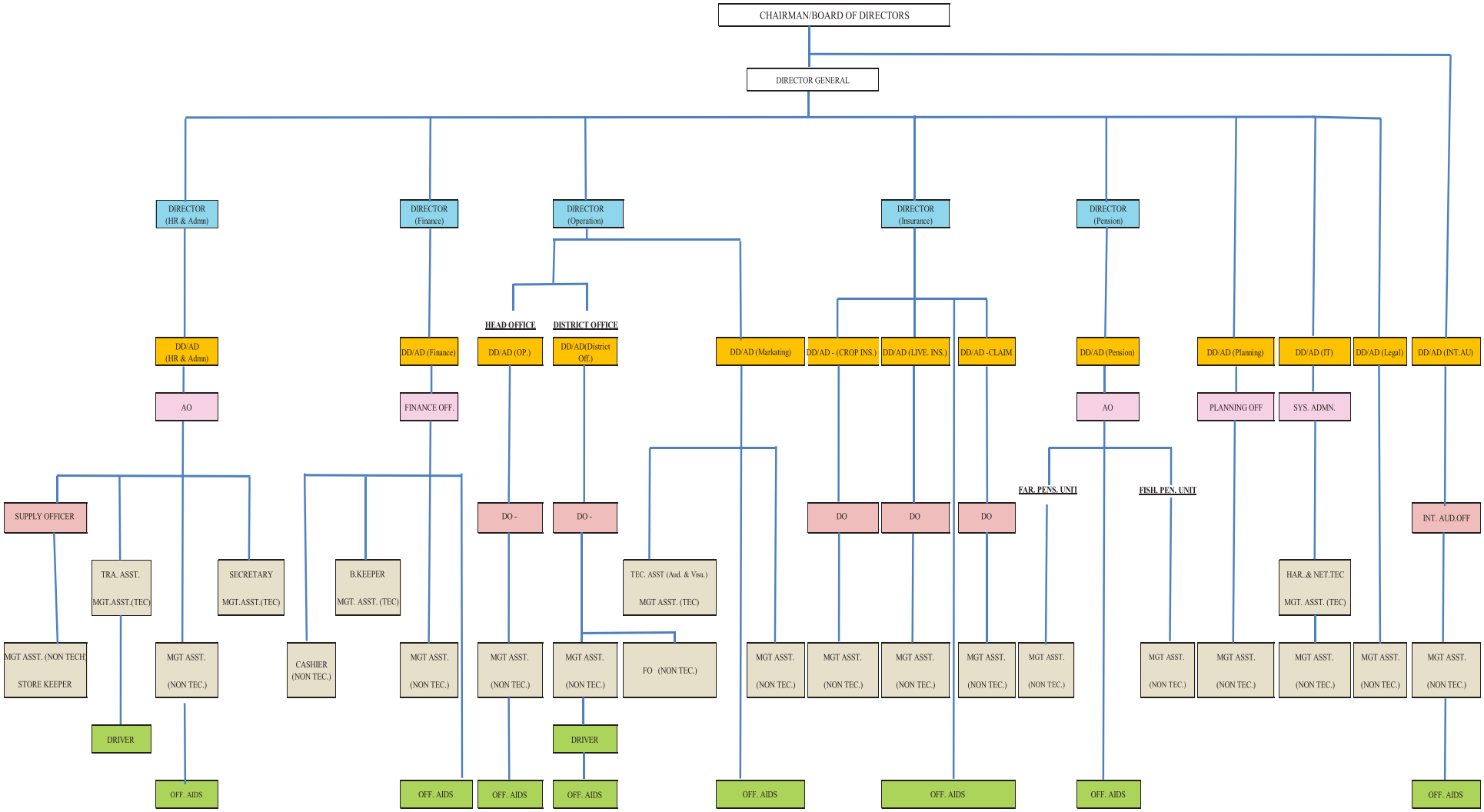
To provide an internationally recognized excellent service through collective efforts and coordination with the relevant institutions for the provision of Agricultural Insurance and benefits

Board of Directors -2023

	Name	Post
01	Mr. W.M.M.B. Weerasekara Chairman Agricultural & Agrarian Insurance Board	Chairman
02	Ms. P. Malathi Director General Department of Agriculture	Member
03	Mr. R.M.D.K.G.N.D. Ranatunga Additional Director General (Acting) Department of Treasury Operations	Member
04	Professor. C.N.S. Gamage Director (Department of Livestock) (State Ministry) 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. Ranatunga Director General (Technical) Ministry of Fisheries & Aquatic Resources New Secretariat	Member
07	Mr. G.G. Dhananjaya Nandasiri Assistant Vice Chairman, Branch Manager Development Finance Corporation of Bank of Ceylon	Member
08	Mrs. Nilakshi N. Gunasekara Additional Secretary (Admin & Human resources) Ministry of Agriculture & Plantation Industries Mr. K.C. Niroshan Additional Secretary (Development) Fertilizer Division Ministry of Agriculture & Plantation Industries	Member
09	Mr. S.M.G. Samarakoon 120, Hurulmeegahapitiya, Megodawewa, Anuradhapura	Member

ORGANIZATIONAL STRUCTURE

AGRICULTURAL & 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.

A key component of this is the involvement as an intermediary for the agriculturalist in the risk management. Aside from undertaking the risks associated with crops of agriculturalists, the Board works towards social security of the agriculturalist by offering insurance cover for their vehicles, implements and stores.

The year 2023 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.

Annual premium income from 2019 to 2023

Insurance Scheme	2019 (Rs Mn)	2020 (Rs Mn)	2021 (Rs Mn)	2022 (Rs Mn)	2023 (Rs Mn)
Crop insurance schemes	61.11	45.89	74.24	55.71	**100.70**
Livestock insurance scheme	7.87	5.78	11.07	5.25	**15.59**
Stores, agricultural implements and third party insurance scheme	220.15	278.94	296.50	311.04	**353.44**
Suwasetha and accident insurance scheme	9.42	13.78	9.04	18.55	**32.30**
Total	298.55	344.39	390.85	390.55	**502.03**

Annual Net Profit from 2019 to 2023

(Agricultural & Agrarian Insurance Board –Group)					
	2019 (Rs Mn)	2020 (Rs Mn)	2021 (Rs Mn)	2022 (Rs Mn)	2023 (Rs Mn)
Total income	3,603.98	3,724.63	3,655.16	3,676.44	**3,848.42**
Operational expenditure	(5,825.46)	(6,800.28)	(5,550.40)	(9,493.46)	**(11,775.60)**
Operational surplus	(2,221.49)	(3,075.65)	(1,895.24)	(5,817.01)	**(7,927.18)**
Government grants and other income	3,215.52	4,661.08	4,011.14	4,167.82	**4,619.45**
Total expenditure (including allocations)	(4,499.33)	(4,667.95)	(4,816.70)	(694.02)	**(682.12)**
Net annual profit/loss	(3,505.30	(3,083.72)	(2,700.79)	(2,343.21)	**(3,989.87)**

Agricultural Insurance Scheme					
	2019 (Rs Mn)	**2020 (Rs Mn)**	**2021 (Rs Mn)**	**2022 (Rs Mn)**	**2023 (Rs Mn)**
Total income	3,365.1**0**	3,530.41	3,456.90	3,432.32	**3,488.25**
Operational expenditure	(2,487.01)	(2,129.08)	(1,704.90)	(769.18)	**(2,220.02)**
Operational surplus	878.06	1,401.34	1,752.00	2,663.14	**1,268.23**
Government grants and other income	9.14	8.30	8.16	6.75	**14.35**
Total expenditure (including allocations)	(234.86)	(255.96)	(265.81)	(462.08)	**(405.30)**
Net annual profit/loss	652.34	1,153.68	1,494.36	2,207.80	**877.28**

All insurance schemes managed to achieve an outstanding growth contributing to boost the income of the Board in the year 2023. The revenue reached Rs. 502.03 million by the end of the year 2023 as against Rs. 390.55 recorded in the year 2022 signifying a remarkable achievement. This progress was primarily due to trust being instilled about all schemes in agriculturalists thanks to the extensive marketing and promotion campaign conducted at the district level. The income thus generated from the schemes served to consolidate the financial stability of the Board.

During the year, the planning and conducting of technical processes required for the implementation of the Enterprise Resource Planning (ERP) for digitalization of the internal administrative and operational process of the Board was carried out under the financial support extended by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

With the establishment of Information Technology Division, an e-Short Message Service was launched to conduct publicity and awareness activities of the Board and customer awareness and other promotional programmes carried out by all district offices and the head office are disseminated through this SMS service.

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, the total number of subscribers to the new scheme by the end of the year 2023 was 2,166 and the number of farmers received benefits during the year was 175,006.

In addition, monthly pension had been paid 5,839 fishermen by the end of the year 2023 under the Fishermen's Pension and Social Security Scheme administered for the wellbeing of fisheries community of which the membership of fishermen was 69,049.

Despite the economic instability that prevailed in the country, 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 by minimizing the risks, made an invaluable contribution to the national agricultural and livestock process discharging its responsibilities with due diligence in the year 2023 as well.

Operations Division

Operations Division -2023

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 2023 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
    - 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

- With the prime objective of bringing all offices of the AAIB under a uniform model, installing signboards of the same format.
- Sponsoring and carrying out activities relating to the "Aluth Sahal Mangalya" or new rice festival of 2023 held at the Jaya Sri Maha Bodhi premises, Anuradhapura on 01 and 02 April, 2023 under the patronage of the Hon. President.
- Extending sponsorship for the donation of offerings and entertainment for the pirith chanting ceremony held at Abhayarama Temple, Colombo pleading for rain during the protracted drought that prevailed in the country.
- Conducting a pre-publicity campaign in print media regarding National Tree Planting Day on 20.04.2023 and carrying out a tree planting programme parallel thereto in district offices.
- Carrying out activities relating to third party vehicle insurance in partnership with the Department of Posts (from 27.09.2023)
- Taking preliminary steps centered on several districts as to the administration of third party vehicle insurance through all Divisional Secretariats.
- Drafting 02/2023 circular on third party vehicle insurance.
- Conducting a marketing promotion programme in the Kegalle district for raising awareness on Board's insurance schemes and giving publicity to same over Sri Lanka Broadcasting Corporation.
- Holding an awareness programme for representatives of agrarian societies of the Gampaha district on insurance schemes and procedures for payment of compensation.
- Allocating provisions and printing templates and giving instructions for the printing of banners and handbills for updating marketing promotion activities in the districts of Nuwaraeliya, Ratnapura, Kurunegala, Gampaha, Kegalle, Kilinochchi, Maho, Thambuttegama, Kandy and Jaffna.
- Housing district offices of Hambantota, Ratnapura, Maho, Kandy and Mullativu in new buildings to suit market potential and convenience of customers.

- Renovating and redesigning district office buildings and official quarters belonging to the Board as per requirements and to be more appealing to customers. (Anuradhapura, Kurunegala, Matara, Jaffna, Maho, Kandy, Hambantota, Embilipitiya, Galle, Polonnaruwa, Badulla, Nuwara Eliya, Mannar, Kalutara, Tambuttegama)
- Providing items of furniture for improving infrastructure facilities in district offices of the Board (Colombo, Jaffna, Gampaha, Kegalle, Kandy, Kilinochchi, Ampara, Ratnapura, Embilipitiya, Mullaitivu, Mannar, Galle, Puttalam)
- Establishing a record room and a training centre for the Board (14.03.2023)
- Recruiting 969 new external agents for regularizing insurance marketing activities of the Board and conducting awareness programmes island-wide on insurance schemes.
- Holding meetings with agents who have been recruited as external marketing agents of AAIB. (Kegalla, Monaragala, Badulla, Ampara, Maho, Matara, Manampitiya, Kalutara, Colombo, Kegalle, Batticaloa, Kandy)
- Running an exhibition stall at the "Dakshina Krushi Navodaya" trade exhibition held at the premises of Labuduwa farm in Galle district.
- Running an exhibition stall at the trade exhibition held to mark the 75th anniversary of Sri Lanka Technical College at Kundasale in Kandy District.
- Distribution of leaflets at the premises of public fair, gem fair and main bus terminal in Ratnapura to create awareness on insurance schemes of the Board and conducting marketing promotion programme through awareness raising.
- Causing one office each from the Northcentral and Northern Provinces district offices to participate in awareness programme conducted in relation to CRIWM project run by the Ministry of Irrigation.
- Displaying a banner on insurance schemes of the Board at the 31st annual general meeting and get-together of the Alumni Association of the University of Colombo and sponsoring the event.
- Sponsoring "Govijana Banku Abhiman" promotional programme organized in Gampaha district by the Agrarian Development Department.
- Holding ceremonies to hand over cheques for cultivation damages with the participation of the Minister of Agriculture and public sector officials (2022 Yala, 2022/23 Maha Season - Galle, Ambilipitiya, Tambuttegama, Monaragala, Maho, Batticaloa / 2023 Yala Season - Ambilipitiya, Maho, Hambantota)
- Using drone cameras in coordination with officers of Airforce camp, Katukurunda for assessing crop damages in the Embilipitiya and Hambantota districts where extensive damages were caused to crops in the Yala season of 2023.
- Conducting pilot projects for establishing young agro-entrepreneurship villages in 18 villages of Hambantota district.

Insurance Division

Agricultural Insurance Scheme

&

Livestock Insurance Scheme

Insurance Division -2023

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.

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.

Action was pursued in the year 2023 to update insurance schemes for 20 types of crops in addition to the mandatory crop insurance. Further, mushroom cultivation insurance was updated and measures were taken to make it available for sale for districts with potential.

Insurance schemes were formulated for coconut and passionfruit cultivations and approval of the Board of Directors was obtained for same and plans are afoot to refer them to districts for sale in the coming year.

Similarly, having formulated a new incentive scheme for crop insurance activities, the approval of the Board of Directors was secured for same and it is set to be operated from the last quarter of the year 2023.

Also, under the livestock insurance scheme, the existing insurance for goats was updated and incentive payments were also revised.

Furthermore, 9 special crop damage inspection programs were implemented covering all districts to assess crop damage conditions in the 2022/23 Maha season. For this Rs. About 3 million operating expenses had to be incurred.

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 2023, action was taken by the Insurance Division to release compensation for the documents recommended as crop damage for the Yala season 2020, Maha season of 2020/2021, Yala season of 2021, Maha season of 2021/2022 Yala season of 2022, Maha season of 2022/23 as well as Yala season of 2023, Accordingly, action was taken to release compensation as follows during the year 2023.

Season	No. of farmers	No, of acres	Compensation (Rs)
2022 Yala	04	10	152,100.00
2021/21 Maha	22	32	433,900.00
2021 Yala	333	348	4,625,091.00
2021/22 Maha	1,211	1,747	27,602,297.00
2022 Yala	6,813	6,665	131,683,423.00
2022/23 Maha	38,264	60,172	896,113,956.00
2023 Yala	12,023	15,690	398,862,142.00

For duties relating to the release of compensation of 2022/23 Maha season, mobile programs were conducted.

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.)
58,670	84,664	1,459,427,909.00

The consideration of appeals in respect of the Yala season 2022 and Maha season 2022/23 is now in progress.

Further, accident insurance policy issued under third party insurance was drafted and administered.

Further, preparatory work is being carried out to draft insurance schemes expected to be administered in the year 2024.

Similarly, compensation amounting approximately to Rs.6 million under general insurance such as livestock insurance, accident insurance, Suwasetha insurance was released in 2023. The revenue and payment of compensation of livestock insurance scheme in the year 2023 are as follows.

	Amount (Rs)	No. of animals
Livestock premium income	14,303,167.01	5,317
Payment of compensation of livestock insurance	5,040,508.75	87

Pension Division

Farmers' Pension and Social Security Benefit Scheme

Fishermen's Pension and Social Security Benefit Scheme

Farmers' Pension Division

Farmers' Pension and Social Security Benefit Scheme

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. 4,375,215,623 had been paid as pension for 175,006 farmers by the end of the year 2023.

The new insurance scheme that was formulated in the year 2014 having restructured the existing scheme on the advice of the Ministry of Finance & Planning to offer a permanent solution to the financial crisis occasioned as a result of the Farmers' Pension Fund becoming zero by the end of July in 2010 and to continue the scheme without allowing it to become dormant, was operationalized in October 2022. By the end of the year 2023, the number of subscribers to the new scheme stood at 2,166.

Payment of death benefits

The amount of benefit paid to inheritors and families of 294 contributors who contributed to the Farmers' Pension Scheme and died due to accidents and unexpected illnesses before receiving pension entitlements is Rs. 6,415,581.

Payment of disability benefits

For 110 contributors of the Farmers' Pension Scheme who have become permanently disabled Rs. 1,109,329.00 was paid in the year 2023 as the allowance paid from the date of permanent disability till the demise.

Farmers' Pension and Social Security Benefit Scheme

Payment of farmers' pension

January –December 2022

S. No	District Office	No. of subscribers receiving pension	Amount paid (Rs.)
1	Ampara	4,445	104,846,710
2	Anuradhapura	8,962	200,215,224
3	Badulla	7,879	189,366,544
4	Batticaloa	1,351	30,526,934
5	Colombo	5,781	160,487,968
6	Galle	15,060	417,215,706
7	Gampaha	12,230	314,739,253
8	Hambantota	9,770	229,476,919
9	Jaffna	2,747	66,747,214
10	Kalutara	9,101	265,600,890
11	Kandy	17,654	454,104,582
12	Kegalle	10,743	263,968,187
13	Kurunegala	21,432	506,633,352
14	Mannar	112	2,222,030
15	Matale	5,600	130,112,109
16	Matara	10,450	275,144,002
17	Monaragala	6,144	142,566,404
18	Mulathivu	145	3,931,774
19	Nuwara Eliya	3,473	84,793,527
20	Polonnaruwa	5,888	140,579,289
21	Puttalam	6,021	142,445,232
22	Ratnapura	8,352	211,107,152
23	Trincomalee	999	23,764,264
24	Vavuniya	667	14,620,357
	Total	**175,006**	**4,375,215,623**

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

Farmers' Pension and Social Security Benefit Scheme
Death gratuity and social security benefit Scheme
From January- December 2023

S.No	District	No. of subscribers to whom death gratuity was paid	Amount paid in 2023 (Rs.)
1	Galle	20	408,876.00
2	Matara	12	237,968.00
3	Hambantota	19	427,342.00
4	Monaragala	17	412,275.00
5	Gampaha	35	709,728.00
6	Badulla	19	430,603.00
7	Ratnapura	26	559,979.00
8	Kalutara	8	174,188.00
9	Ampara	4	76,276.00
10	Colombo	6	141,880.00
11	Embilipitiya	1	27,809.00
12	Manampitiya	1	21,726.00
13	Kegalle	16	344,155.00
14	Kandy	15	310,647.00
15	Kurunegala	10	186,542.00
16	Maho	16	361,118.00
17	Anuradhapura	19	439,015.00
18	Pelonnaruva	7	145,295.00
19	Puttalam	13	319,483.00
20	Thambuthategama	2	54,836.00
21	Nuwara Eliya	6	148,470.00
22	Jaffna	5	96,050.00
23	Trincomalee	4	92,782.00
24	Matale	8	183,544.00
25	Vavuniya	1	17,346.00
26	Batticaloa	1	19,598.00
27	Dehiattakandiya	3	68,050.00
	Total	**294**	**6,415,581.00**

Fishermen’s Pension and Social Security Benefit Scheme

69,049 fishermen had subscribed as at 31.12.2023 to the Fishermen’s Pension and Social Security Benefit Scheme administered as a joint programme with the Ministry of Fisheries and Aquatic Resources Development.

5839 fishermen received monthly pension in the year 2023 and Rs. 87,271,077 had been paid as compensation. Under this scheme, a sum of Rs. 196,000 was paid as death gratuity benefit for 19 contributors who passed away during the year.

Fishermen's Pension and Social Security Benefit Scheme
Payment of pensions – Year 2023

District Fisheries Extension Division	Payment of pension (Jan-Dec)	
	No. of subscribers	Amount Rs.
Kalutara	136	2,056,801.00
Galle	136	2,017,906.00
Mahawewa	467	7,004,234.00
Matara	356	5,321,014.00
Colombo	70	1,044,707.00
Tangalle	314	4,559,795.00
Puttlam	74	1,108,175.00
Negombo	668	9,906,866.00
Batticaloa	581	9,174,879.00
Trincomalee	145	2,348,474.00
Mannar	580	8,634,991.00
Kalmunai	395	5,926,774.00
Mulativu	89	1,261,095.00
Kilinochchi	456	6,831,802.00
Jaffna	**1291**	**18,809,441.00**
Freshwater reservoirs		
Nuwaraeliya	8	107,004.00
Polonnaruwa	4	72,489.00
Ratnapura	5	67,824.00
Monaragala	1	15,804.00
Kurunegala	3	41,400.00
Anuradhapura	3	43,248.00
Matale	7	114,686.00
Kandy	10	209,879.00
Kegalle	-	-
Badulla	7	98,604.00
Vavuniya	2	29,208.00
Batticaloa-Freshwater	31	463,977.00
Total	**5,839**	**87,271,077.00**

Fishermen's Pension and Social Security Benefit Scheme
Subscriptions as at 31.12.2023

District Fisheries Extension Division	Subscribers by age						2023
	18-29	30-35	36-45	46-50	51-54	55-59	Total Subscribers
Kalutara	1,213	721	772	197	105	59	3,067
Galle	1,082	676	840	221	118	95	3,032
Mahawewa	3,253	1,702	2,036	613	256	240	8,100
Matara	1,750	980	1,232	346	201	164	4,673
Colombo	576	360	478	140	63	38	1,655
Tangalle	2,514	1,389	1,629	412	201	169	6,314
Puttlam	2,167	1,156	1,222	255	107	61	4,968
Negombo	2,538	1,599	2,167	735	419	378	7,836
Batticaloa	2,248	1,,390	1,630	555	272	266	6,361
Trincomalee	654	516	550	129	81	78	2,008
Mannar	2,066	1,227	1,343	429	222	257	5,544
Kalmunai	1,565	1,109	1,515	479	244	207	5,119
Mulativu	88	79	141	50	27	44	429
Kilinochchi	519	340	540	250	185	183	2,017
Jaffna	2,185	1,117	1,444	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**

Fishermen's Pension and Social Security Benefit Scheme
Death & Disability Gratuity Payments –Year 2023

District Fisheries Extension Division	Death & Disability Gratuity Payments	
	No. of subscribers	Amount Rs.
Mahawewa	4	32,000.00
Matara	2	23,000.00
Negombo	1	15,000.00
Batticaloa	1	10,000.00
Trincomalee	1	8,000.00
Mannar	1	8,000.00
Kalmunai	3	26,000.00
Jaffna	6	74,000.00
Total	**19**	**196,000.00**

Administrative

&

Human Resources

Division

Administrative and Human Resources Division- 2023

Staff

The staff of the Agricultural and Agrarian Insurance Board was as follows as at 31.12.2023

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	39	6
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	47	8
	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	192	28
Primary (Technical)				
PL - Skilled	**Driver**	38	21	17
Primary (Non Technical)				
PL - Non Skilled	**Office Assistant**	42	30	12
		421	**335**	**86**

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

ASS.O	Development Officer	4
MA - NonTech	Management Assistant /Field	15
PL - Skilled	Driver	9
PL - Non Skilled	Office Aids	8
	Total	**36**

Casual Basis

MA - NonTech	Management Assistant	12

Staff analysis as at 31.12.2023

Gender analysis of the staff

Male - 163
Female - 172
Total - 335

Analysis by period of service

Years	No of employees	Percentage
More than 30	17	5%
26 - 30	11	3%
21 - 25	9	3%
16 - 20	35	10%
Less than 15	263	79%
Total	335	100%

Age analysis

Age category	No of employees	Percentage
56 - 60	23	7%
51 - 55	30	9%
46 - 50	55	16%
41 - 45	53	16%
36 - 40	35	10%
31 - 35	35	10%
Less than 30	104	31%
Total	335	100%

Retirement, deaths and vacation of posts during the year 2023

During the year 2023, out of the officers in the service of the Board, 22 left the service due to following reasons.

	Designation	Number	Reason for vacating the post
1	Development Officer	01 01	Retirement Resignation from service
2	Management Assistant	07 07 01 02	Retirement Resignation from service Vacating the service Interdiction
3	Office Aids	02	Resignation from service
4	Driver	01	Retirement

Recruitment and promotions in the year 2023

Action was taken during the year to recruit 06 officers for vacancies in the post of Assistant Director, 19 officers for vacancies in the post of Development Officers and 65 officers for vacancies in the post of Management Assistant. Further, 02 officers were promoted as Assistant Directors, 05 officers as Development Officers and 04 officers as Management Assistants.

Employee Training and Academic Activities

Officers of the Board participated in the following training programmes during the year 2023.

S.No	Group training/ Personal training	Programme	Post	Internal training/External training	Duration	No. of officers
1	Group training	Awareness programme on new farmers' pension scheme	Development Officer. Management Assistant	Internal training	3	25
2	Group training	Awareness programme on new farmers' pension scheme	Development Officer. Management Assistant	Internal training	2	20
3	Group training	Awareness programme on new farmers' pension scheme	Development Officer. Management Assistants	Internal training	2	20
4	Group training	Awareness programme on new farmers' pension scheme	Development Officer. Management Assistants	Internal training	3	35
5	Group training	External agents training program of Colombo District Office	Agents	Internal training	1	25
6	Group training	External agents training program of Colombo District Office	Agents	Internal training	1	27
7	Group training	Orientation program for newly recruited Assistant Directors & Development Officers	Assistant Director" Development Officer	Internal training	7	26
8	Group training	Awareness programme on new farmers' pension scheme	Development Officer. Management Assistant	Internal training	2	48
9	Group training	Basic training programme on Information Technology	Assistant Director, Development Officer, Management Assistant	Internal training	2	31
10	Group training	Program on balancing work life and personal life	Assistant Director, Development Officer	Internal training	1	27
11	Group training	Workshop on changing attitudes for maximum performance, ethics, improving productivity, Corporate Plan, Action & Strategic Plans, leadership development, motivation & group building.	Assistant Director, Development Officer	Internal training	1	27
12	Group training	Awareness programme for new Management Assistants	Management Assistant	Internal training	5	30

13	Group training	Training program on office methods	Development Officer. Management Assistant	External training	1	19
14	Group training	Training program on office methods	Development Officer. Management Assistant	External training	2	20
15	Group training	Balancing work life and personal life.	Assistant Director, Development Officer	Internal training	1	23
16	Group training	Awareness programme for new Management Assistants (Second batch)	Management Assistant	Internal training	4	33
17	Personal training	Transport management	Assistant Director (Admin)	External (SDFL)	1	1
18	Personal training	Advanced Certificate in Actuarial Science	Director (Pensions)	External (The Institute of Chartered Accountants)	06 monthss	
19	Personal training	Advanced Certificate in Actuarial Science	Director (Finance) Acting	External (The Institute of Chartered Accountants)	06 months	
20	Personal training	Advanced Certificate in Actuarial Science	Assistant Director (Internal Auditor)	External (The Institute of Chartered Accountants)	06 months	
21	Personal training	Advanced Certificate in Actuarial Science	Assistant Director (Planning)	External (The Institute of Chartered Accountants)	06 months	
22	Personal training	Advanced Certificate in Actuarial Science	Assistant Director (Gampaha district)	External (The Institute of Chartered Accountants)	06 months	
23	Personal training	Advanced Certificate in Actuarial Science	Assistant Director (Insurance)	External (The Institute of Chartered Accountants)	06 months	

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 Field

Supplies Davison

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

01. Under the third Party Insurance Scheme - Third party applications, third party receipt books and coverage books, third party cards.

02. Under the crop insurance- Paddy cultivation insurance applications (Tamil, Sinhala), Supplementary crop damage applications (Tamil, Sinhala), Damage reporting documents, Damage reporting books

03. Under the old Farmers' Pension Scheme - Farmers' pension payment books, Farmers' pension identity cards

04. New Farmers' Pension Scheme

    - Deed of certificate (F.P.N. 3(I))
    - Conditions handbook (F.P.N. (II))
    - File docket

05. Under the Fisheries pension scheme - Fishermen's pension payment books, Fishermen's pension identity card
    General receipt books used by the Finance Division

06. 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.
07. 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.

08. 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.

Office Buildings

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

Vehicle Pool

There are 34 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	39
02	32-4880	Toyota (Land Cruiser)	1988	36
03	32-4850	Toyota (Land Cruiser)	1988	36
04	32-4852	Toyota (Land Cruiser)	1988	36
05	32-4938	Mitsubishi Pajero	1988	36
06	32-4920	Mitsubishi Pajero	1988	36
07	32-5210	Mitsubishi Pajero	1988	36
08	51-2423	Nissan (Cab)	1990	34
09	32-7718	Daihatsu (Jeep) (Rocky)	1990	34
10	32-7719	Daihatsu (Jeep) (Rocky)	1990	34
11	32-8016	Daihatsu (Jeep) (Rocky)	1990	34
12	53-9447	Mitsubishi (L200)	1992	32
13	53-9446	Mitsubishi (L200)	1992	32
14	58-4436	Mitsubishi (L200)	1996	28
15	58-4437	Mitsubishi (L200)	1996	28
16	HH-6105	Bolero (Jeep)	2003	21
17	KD-3476	Toyota (121)	2006	18
18	KF-2280	Mitsubishi Pajero	1992	32
19	QM-4647	Bajaj (Threewheeler)	2007	17
20	KH-5041	Chevrolet (Aveo)	2008	16
21	KI-2554	Nissan (Sunny)	2008	16
22	KP-8706	Maruti (800)	2011	13
23	KP-8723	Maruti (800)	2011	13
24	KQ-0253	Maruti (800)	2011	13
25	NC-4104	Toyota (Hiace)	2015	9
26	NC-4096	Toyota (Hiace)	2015	9
27	CAL-6100	Micro(Rexton)	2015	9
28	CAL-6101	Micro(Rexton)	2015	9
29	TVS	Champ moped- 48cc	2008	16
30	32-3295	Dual purpose Vehicle	1987	39
31	32-1187	Dual purpose Vehicle	1984	40
32	KG-0356	Motor car	2001	22
33	KJ-3879	Dual purpose Vehicle	2010	14
34	301-0462	Motor car	1998	26

Internal Audit Division

Internal Audit Division – 2023

For the year 2023, 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 2023, thirty three (33) internal audits centered on each division of the head office and 30 district offices scattered island-wide had been conducted with three officers, i.e Assistant Director, Development Officer, Management Assistant and a Management Assistant 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 physical verification of stocks, inspection of mix advances, inspection of the payment of annual salary increments and inspection of personal files of officers of the AAIB.

Inspection of petty cash payments, inspection of administrative accounts of district offices, inspection of mixed advances, recruitment of subscribers for the new farmers; pension scheme, banking of money, updating the data system and inspection of the updating of individual accounts, collection of premium of the news farmers' pension and social security benefit scheme and banking of same were the audit inquiries conducted covering the Finance Division.

In respect of the activities of the Insurance Division, inspection of payment of compensation for paddy and maize cultivations, inspection of payment of compensation for potatoes, chili and paddy cultivations of Yala season were carried out.

In relation to the Farmers' Pension Division, the audits conducted included the recruitment of subscribers to the new farmers' pension scheme, banking of money, updating the data system and inspection of the updating of individual accounts, farmers' pension and social security benefit scheme – inspection of net premium and payment of interest and farmer's pension and social security benefit scheme – inspection of the payment of farmers' pension.

Under the inspection of district offices, activities of Kalutara, Maho, Nuwaraeliya, Vavuniya and Ratnapura district offices 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**

The Audit Management Committee held 04 committee meetings in respect of the year 2023 and the Audit Management Committee of the AAOB comprised the following three members of the Board of Directors.

1. R.M.D.K.G.N.D. Ranatunga - Chairman of the Committee, Additional Director General, Department of Treasury Operations
2. A.M.K.Abeyratne -Committee Member - Commissioner General, Department of Agrarian Development
3. K.C. Niroshan - Additional Secretary (Fertilizer) - Ministry of Agriculture

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 at the meetings of the Audit and Management Committee.

Planning Division

Planning Division – 2023

The Planning Division aligning itself with the vision and mission of the AAIB, coordinated with all divisions of the Board in the year 2023 and made plans and designed projects and schemes required to achieve objectives and goals, collected data and statistics in chronological order and analyzed same, submitted conclusions and recommendations and conducted research activities.

Formulating plans for the next five years

- **Preparing Working Plan for the year 2024**

The Planning Division was engaged in collecting proposals and plans for activities and programmes required to be implemented at the divisional level in respect of each subject scope for the realization of institutional objectives during the year 2024. Such proposals and plans were further discussed under institutional strategies at meetings held with the participation of executive officers, head of subjects and other key officials.

With the involvement of responsible officers of divisions, timeframes and budgets for the above activities were drawn up and categorized under the primary institutional objectives. The Working Plan of 2024 thus drafted is scheduled to be presented for the approval of the Board of Directors.

- **Strategic Corporate Plan 2024-2028**

The Corporate Plan 2023-2025 formulated for the Agricultural and Agrarian Insurance Board was revised to be concordant with Working Plan 2024. The strategic plan incorporating strategies to be adopted during the next 5 years by the institution and Key Performance Indicators for each objective and goal therein were drawn up.

Accordingly, the five-year strategic corporate plan and working plan is expected to be presented to the Ministry of Agriculture, the Ministry of Finance and other relevant institutions after being submitted to and approved by the Board of Directors.

Progress Review

- **Institutional progress review as per Working Plan-2023**

Institutional progress in terms of the 2023 working plan was carried out at the division level. Accordingly, a half yearly progress review meeting was held and queries were made in writing quarterly. An overview of the progress review this carried out was also presented to the Audit Management Committee. The assessment of the final annual progress of 2023 working plan was conducted in January 2024 and is slated to be submitted to the next Audit and Management Committee.

- **District Progress Review**

Four quarterly progress meetings were held for the year 2023 with the aim of reviewing timely progress achieved by the district offices. The final progress review meeting for the year 2022 was held in January 2023 and the district heads were consulted about the activities intended to be implemented in the year 2023.

Progress review meetings for the second and third quarters of 2023 were conducted at which the progress against the set district targets were reviewed. The final progress review of 2023 was held on 08.01.2024 and 09.01.2024. The final progress review of 2023 and soliciting new proposals and plans for the year 2024 took place at the said meeting.

- **Drawing up plans for government funded developmental programmes and reviewing progress**

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 were prepared and referred to the Ministry of Agriculture.

Further, the progress in respect of the above schemes were prepared monthly and biannually 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 2023, the Planning Division was engaged in systematic collection of updated data and statistics and having analyzed the data thus collected the monthly, quarterly and yearly progress reports were prepared and submitted to the senior management.

In order to optimize this process, it has been planned to introduce new formats for the collection of data from the year 2024 and the preliminary activities for drafting basic formats thereof commenced in the year 2023.

- **Coordination with external institutions**

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 which is the line ministry, all reports requested by such institutions in respect of the year 2023 were prepared and submitted to them expeditiously.

- **Preparation of performance reports**

At the beginning of the year 2023, data and information as to the progress achieved by the Board in the year 2022 was collected at the division level and the Performance Report for the year 2022 was prepared accordingly and same was forwarded to the line ministry. Further, basic data for the drafting of the performance report of the year 2023 was collated. It is due to be prepared at the beginning of the year 2024 and referred to the relevant ministry.

Implementing project and research activities

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

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.

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.

Thus, the AIMS system was introduced to all districts for the implementation of the insurance and operational process under that system from 03/10/2023 onwards together with necessary instructions and guidelines. Concurrently, the incentive scheme prepared for the entry of data in to the above system was introduced at the field level.

- **Conducting training workshops and field programmes**

In the year 2023, 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 series of training programmes was started thereunder for district directors, development officers, field officers and other officers who are involved in data entry activities in the district offices. The second program thereof was held on 01/02/2023 at the Training Centre of the AAIB. There, a detailed and practical training was given to 27 officials of the district offices of Kandy, Nuwaraeliya, Kegalle, Badulla and Matale on how to handle the Agricultural Information Management System (AIMS), data entry, mapping, photo uploading etc.

Further, upon a request made by the Assistant Director of the Anuradhapura District, a field programme was conducted in the Anuradhapura District on 06.02.2023 with the participation of officers with requisite technical knowhow to assist the entry of date and information of farmers who have subscribed to insurance by paying premiums in the Maha season of 2022/23 and farming lands of that district.

The second phase of AIMS training programme was implemented at the field level at the end of the year 2023 and the training of District Director, Development Officers and Field Officers in charge of field activities of the Maho District was carried out as a practical field training session at the premises of the Maho district office on 15.12.2023.

- **Preparation of user accounts**

Since there were many transfers and new recruitments during the year 2023, a programme was conducted for amending the accounts prepared in the AIMS data system and preparation of new accounts. Having reviewed account details of all officers, the accounts were updated.

- **Further development of Agricultural Information Management System (AIMS)**

The AIMS system was further developed in line with the issues that arose and issues/ new requirements identified when this system was introduced to the fields at research level during the 2022/23 Maha season with Anuradhapura district as the base. There, in conjunction with Sri Jayawardenepura University and under their financial contribution, GeoEdge Institute carried out the development work.

- **Drawing up a new programme for the provision of technical tools for the implementation of Agricultural Management Information System (AMIS) and Web/Mobile Application in the field**

For more efficient use of AMIS in the field, all the relevant staff members of the Board should have optimal level technical tools (smart mobile phones/ tabs). Accordingly, preliminary activities for granting a loan for the purchase of technical tools for officers with financial contribution of the Board, were initiated during the tail end of the year 2023. The details thereof are to be submitted to the relevant board meeting.

Introduction of new technological methods for monitoring crop damages

Drone operations were carried out with the assistance of Drone Technology Unit of the Sri Lanka Airforce and with the participation of a group of officers of the head office and districts offices of the Board for expeditious estimation of crop damages in Ratnapura –Udawala area where extensive damages were caused to crops due to severe drought that prevailed during the Yala season of 2023. The photos thus captured were used for the assessing the extent of damage to cultivations.

Further, activities relating to the signing of a memorandum of understanding with the Sri Lanka Airforce for obtaining drone technology more efficiently were finalized and the memorandum is scheduled to be signed on a suitable date at the beginning of the year 2024.

Creating a website for Agricultural and Agrarian Insurance Board

Designing a new look website for the AAIB replacing the website existed hitherto was commenced in the year 2023. Accordingly, with the assistant of a web developer selected through due process, the designing of a new website for the Board was initiated under the

aegis of the Planning Division. The website thus developed was handed over to the Information Technology Division of the Board to operate it up to date.

Preparation of letterheads

The letterhead currently used by the head office was updated and a letterhead with a new format was prepared for the 30 district offices and they were handed over to the Planning Division for necessary action.

Compilation of resource profile

A book titled 'Resource Profile Book' incorporating all basic information of the AAIB was compiled and launched. The book which presents an overview of basic administrative structure and details of insurance schemes and operational procedures of the AAIB was printed and distributed amongst external officials who maintains direct contacts with the Board and the district offices and different divisions of the head office.

Compilation of meeting calendar

The 2024 annual meeting calendar with dates of meetings and reviews scheduled to be held at the head office and district offices during the year 2024 was prepared and forwarded to the heads of districts and heads of divisions.

Information Technology Division

Information Technology Division

The information Technology Division of the Board inaugurated on 13.06.2023, in accordance with the vision and mission of the AAIB engaged in activities such as developing technical plans required for the provision of a more effective and efficient service through the digitalization of operational process of the board, collecting and analyzing information required for that purpose, and implementing and steering such plans.

Networking of head office and district offices

- **Networking of head office**

Formulation of all ground plans needed for the networking of the head office as per the requirements of each division have been finalized by the end of the year 2023 and the networking process of the administrative division, finance division, insurance division, development division, planning division, information technology division and the office of the Director General has been completed as of now.

- **Networking district offices**

The networking process of district offices which was commenced in the year 2021 was brought up to date with the establishment of the Information Technology Division. Accordingly, a meeting with the participation of the relevant officers of the head office and district offices was held through Zoom technology on 08.08.2023 and the participants were informed to carry out networking activities by calling for quotations in conformity with the procurement process and to make upgrades, if any, in district offices of which networking was finalized in the year 2021.

Thus, the networking process of 23 district offices has been completed by now having compared the prices in quotations submitted by the district offices with the current market prices and having offered the required technical assistance by the information technology division.

Further, activities for linking up finger print scanners at district offices with the main network for the process of obtaining arrival and departure times of officers of district offices in regard to ERP and HRM modules were initiated forthwith and by the end of the year 2023, this process was completed in 22 district offices.

Employing technology for promotional activities of the Board

- **Introduction of e-SMS Service**

With the establishment the Information Technology Division, an e-SMS service. i.e. a short message service was launched to carry out propaganda activities and awareness sessions of the Board and all

customer awareness and other promotional programmes conducted by district offices and the head office are now being performed through this SMS service.

In addition, creating awareness amongst subscribers to the farmers' pension scheme by means of a monthly short message service to actively retain them in the scheme and making customers aware regarding the payments relating to the third party insurance scheme too are carried out through this SMS service.

- **Maintaining the main website of the Board**

Following the establishment of the IT Division, activities such as updating information posted on the website, maintaining the website and coordinating with the web developer were carried out by that division.

Facilitating coordination between divisions and district offices and coordination amongst external institutions

- **Coordination between divisions and district offices**

The officers of the IT Division, using remote communication methods, offers constant technical assistance to address hardware and networking related issues exist in the head office and district offices and where necessary they visited district offices and made their technical knowhow available to resolve issues.

- **Coordination amongst external institutions**

Participation in meetings and training programmes relevant to projects (Inclusive Digital Agriculture Transformation) conducted by the Ministry of Agriculture, compiling technical reports requested in respect of thereto and submitting such reports expeditiously to relevant institutions through the relevant heads of divisions were carried out by the Division.

Conducting training programmes

The IT Division has organized a series of training programmes with the objective of further enhancing technical literacy of officers of the Board.

Thereunder, a series of training workshops inclusive of basic technical methods used in offices, hardware and practical activities in the use of networking was conducted on 05.08.2023 and 06.08.2023 for all officers of the Colombo, Kalutara and Gampaha district offices.

Carrying out projects and research activities

- **Implementing ERP System**

The planning and conducting of technical processes required for the implementation of the Enterprise Resource Planning (ERP) for digitalization of the internal administrative and operational process of the Board was carried out under the financial support extended by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

The web and mobile application developed in respect of HRM module to carry out internal administrative activities thereunder has been introduced by now to all officers of the Board and the necessary training sessions too have been conducted.

Furthermore, through the web application developed in relation to the third party insurance scheme, the district offices in the Western Province have started to carry out the insurance activities and the necessary technical support has been provided by the IT Division.

- **Maintaining web application relevant to pension scheme**

Subsequent to the commencement of the new farmers' pension scheme, there was no proper method to pass on information about farmers who have been recruited to the farmers' pension scheme through our district office network to the head office and in order to address this problem, the Board, on its own, was able to develop a web based system to receive all information about farmers recruited by district offices at the very time the recruitment is made. This process was commenced in the year 2022 and with a host of upgrades, it was finalized in the year 2023. All technical support required to deal with issues that arise in using this system is provided constantly by the IT Division.

Further, activities necessary for maintaining desktop applications used in relation to farmers' pension scheme and fishermen's pension scheme and connecting such applications to the ERP system are now in progress.

Finance Division

Financial Summary

The agricultural Insurance scheme of the Board posted a net profit of Rs 877 million in the year 2022, and the operational profit made during the year was Rs 1,268 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 premium charged from farmers and instead the government paid the premia which amounted to Rs. 1000 million.

In addition, action was pursued in the year 2023 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 in 2023 which amounted to year on year increase of 21.6%.

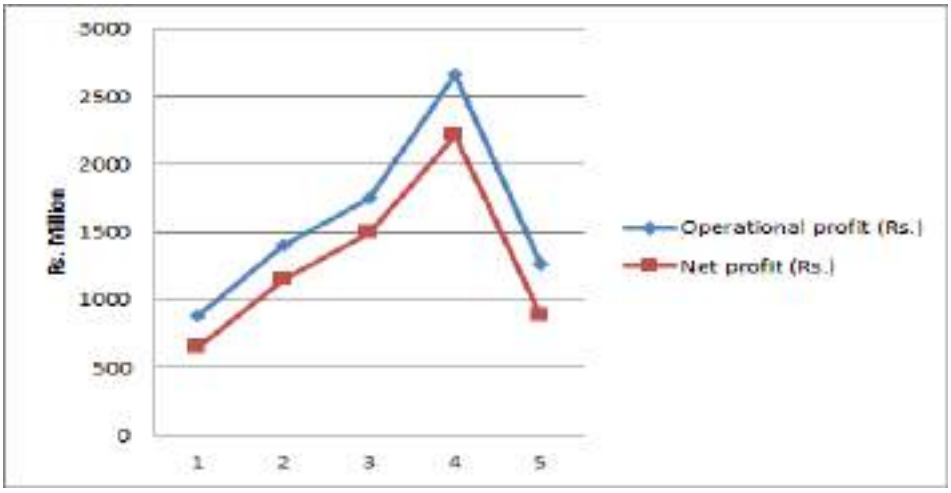
During the year 2023, the compulsory crop insurance indemnity liability of the AAIB was approximately Rs. 2,116 million.

In the year 2023, a net amount of Rs. 4,488 million was paid as pension to 175,006 farmers under the farmers' pension scheme and the amount paid as pension under the Fishermen's Pension Scheme to 5,839 fishermen was Rs 83.9 million.

Financial Information of the five preceding years

Profitability

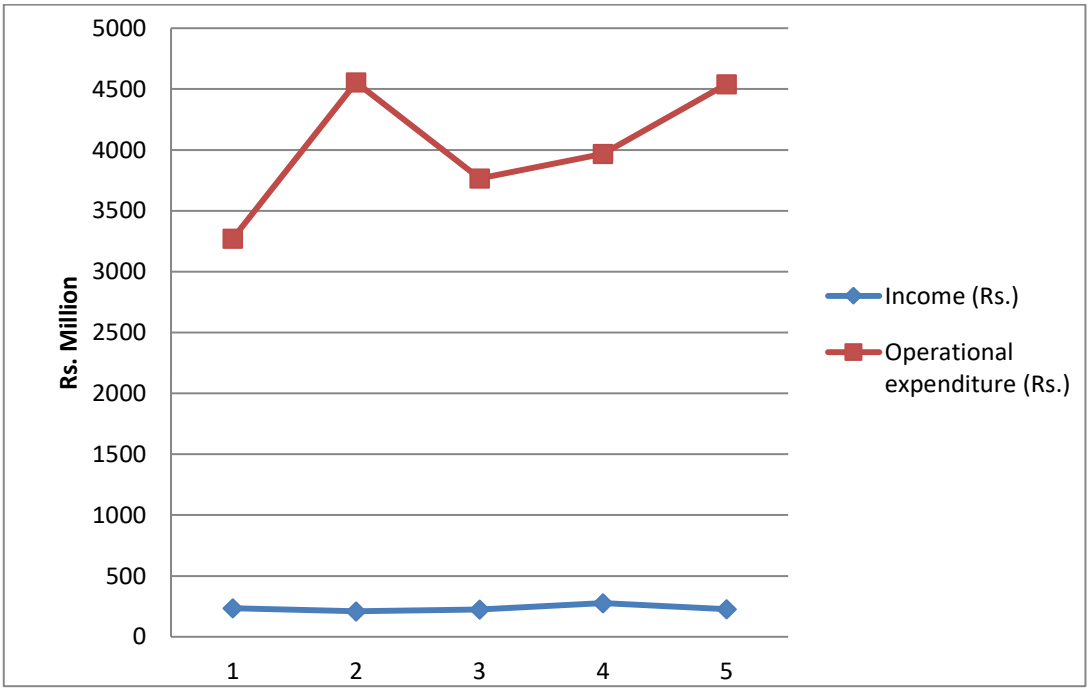
- Agricultural Insurance Scheme



	1 2019	2 2020	3 2021	4 2022	5 2023
Operational profit (Rs.)	878	1,401.3	1,752	2,663	1,268.2
Net profit (Rs.)	652.3	1,153.7	1,494.4	2,208	877

In the year 2023, a net profit of Rs. 877 million was earned through the Agricultural Insurance Scheme which denotes a decline of 60.3 % in comparison to 2022.

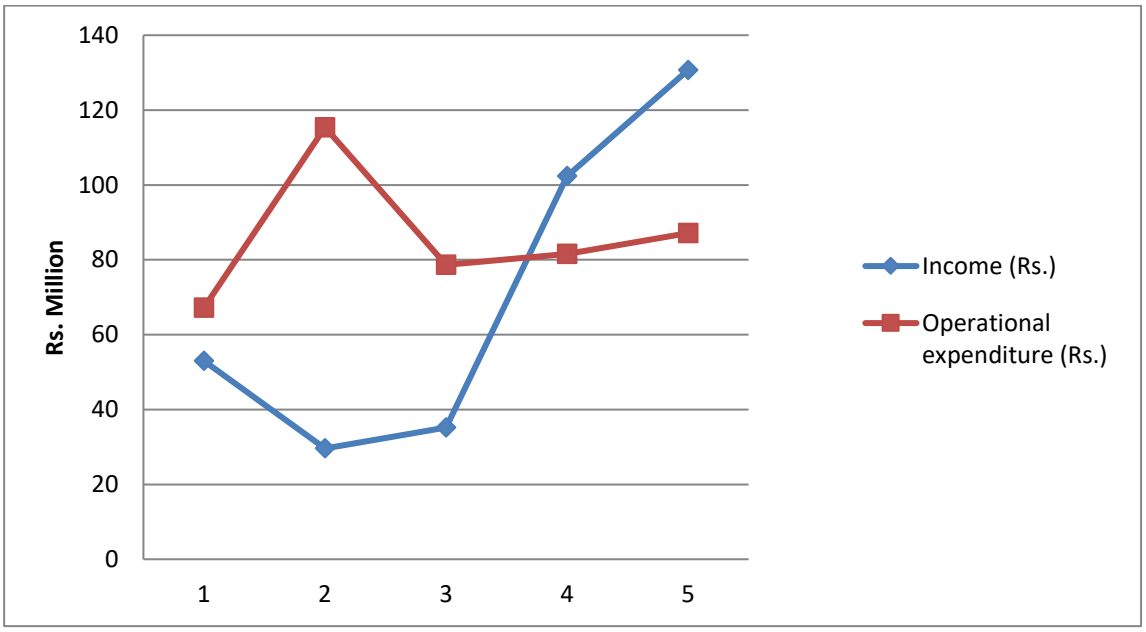
- Farmers' Pension Scheme



	1 2019	2 2020	3 2021	4 2022	5 2023
Income (Rs.)	233.4	209.8	224	164.39	225.9
Operational expenditure (Rs.)	3,271	4,555	3,766	3,967.9	4,539.6

A net pension payment amounting to Rs. 4,488 million was made to 175,006 farmers in the year 2023. The total operational expenditure of the Farmers' Pension Scheme during the year was Rs 4,539.6 million and as in the previous year, this year too, the Treasury allocated Rs 4,395 million as provisions for the payment of pension.

- Fishermen's Pensions Scheme



	1 2019	2 2020	3 2021	4 2022	5 2023
Income (Rs.)	53	29.6	35.2	102.5	130.7
Operational expenditure (Rs.)	67.2	115.4	78.7	81.7	87.2

During the year 2023, the amount paid as pension to fishermen was Rs 83.9 million and the funds available with the Board were used for this purpose.

Consolidated Accounts
Statements for overall schemes

&
Agricultural Insurance Scheme

2023

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

	Notes	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
		Rs.	Rs.	Rs.	Rs.
ASSETS					
Non- Current Assets					
Property, Plant & Equipment	1	234,540,729	58,734,565	226,825,080	53,958,365
Intangible Asset-WIP ERP System		72,002,970		72,002,970	
		306,543,699	58,734,565	298,828,050	53,958,365
Financial Instruments					
Treasury Bond		3,352,820,995	1,562,157,095	1,851,357,619	522,795,607
		3,352,820,995	1,562,157,095	1,851,357,619	522,795,607
Current Assets					
Stocks	2.1	38,538,139	35,479,124	33,271,478	31,718,050
Receivables	2.2	463,394,978	176,995,439	1,266,364,206	959,808,916
Receivable Premium	2.3	1,288,180	4,254,814,019	371,734	4,252,903,299
Deposits & Pre Payments	2.4	30,537,026	6,075,139	30,537,026	6,075,139
Advances	2.5	669,348	668,883	669,348	668,883
Financial Instruments Held to Maturity	2.6	5,557,963,798	5,170,060,617	4,250,427,003	4,092,320,982
Cash and Cash Equivalents	2.7	38,520,272	88,918,257	32,364,702	84,816,800
Total current Assets		6,130,911,740	9,733,011,477	5,614,005,497	9,428,312,070
TOTAL ASSETS		9,790,276,434	11,353,903,138	7,764,191,166	10,005,066,042
EQUITY & LIABILITIES					
Capital & Reserve					
Initial Capital Contributed by the Treasury		50,000,000	50,000,000	50,000,000	50,000,000
A.A.I.B. Accumulated Fund	3	(90,041,219,155)	(84,791,312,860)	3,237,653,337	6,796,467,767
Government Grant - Capital	4	17,330,189	12,128,064	17,330,189	12,128,064
A.A.I.B Reserve Fund	5	498,536,253	435,124,725	498,536,253	435,124,725
Farmer's Death Gratuity Fund	6	1,427,193,842	1,292,310,847	1,391,994,627	1,258,775,352
Staff Medical Insurance Fund		27,313,478	18,812,989	27,313,478	18,812,989
Kethata Aruna Compulsory Insurance Fund		706,503,600	706,503,600	706,503,600	706,503,600
Revaluation Reserve		172,530,347	60,979,167	165,680,347	58,129,167
Product Promotion and Incentive Fund		30,686,023	31,660,458	30,686,023	31,660,458
Government Grant for Farmers Pension		1,081,488,000	1,081,488,000	-	-
Capital Grant-GIZ		65,792,100	65,792,100	65,792,100	65,792,100
		(85,963,845,323)	(81,036,512,911)	6,191,489,954	9,433,394,222
Non - Current Liabilities					
Provision For Gratuity		55,462,953	61,124,642	22,103,553	24,842,727
Pension Liability		92,430,794,402	87,503,204,014	-	-
		92,486,257,355	87,564,328,656	22,103,553	24,842,727
Current Liabilities					
Provision For Printing		1,922,699	1,742,199	600,000	500,000
Pre Premium Receipts	7.1	115,686,318	45,942,713	115,686,318	45,942,713
Other Payables	7.2	2,137,472,315	4,464,350,957	425,556,787	188,859,992
Accrued Expenses	7.3	39,414,416	16,784,421	35,385,901	14,259,286
Provision For Indemnity	7.4	973,368,653	297,267,103	973,368,653	297,267,103
Total Current Liabilities		3,267,864,401	4,826,087,393	1,550,597,659	546,829,093
TOTAL EQUITY & LIABILITIES		9,790,276,434	11,353,903,138	7,764,191,166	10,005,066,042

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

S. M. B. C. B. K. Subasingha
Director Finance (Acting)
Agricultural and Agrarian Insurance Board
No: 117, Subadrarama Road,
Gangodawila, Nugegoda.

I.U. Kalum Kaluarachchi
Director General
Agricultural and Agrarian Insurance Board
No: 117, Subadrarama Road,
Gangodawila, Nugegoda.

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

Dr. W.M.M.B. Weerasekara
Chairman
Agricultural & Agrarian Insurance Board
117, Subadrarama Road,
Gangodawila, Nugegoda.

R.M.D.K.G. Namal Bandara Ranatunga
Additional Director General
Department of Treasury Operations
General Treasury
Colombo 01.

Member of Director Board
Agricultural & Agrarian Insurance Board

Member of Director Board
Agricultural & Agrarian Insurance Board

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

		AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
REVENUE	**Notes**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Premium and Contribution	8.1	502,154,945	390,675,454	502,033,477	390,559,060
Insurance Premium-Treasury Contribution		1,000,000,000	1,950,000,000	1,000,000,000	1,950,000,000
Grants for Indemnities - NITF Crop Levy		975,718,383	378,504,692	975,718,383	378,504,692
Interest	8.2	1,370,543,232	957,261,905	1,010,497,440	713,257,270
TOTAL REVENUE		**3,848,416,560**	**3,676,442,051**	**3,488,249,300**	**3,432,321,022**
OPERATING EXPENSES					
Indemnity	9.1	(2,138,394,861)	(712,325,511)	(2,138,394,861)	(712,325,511)
Operating Expenses	9.2	(98,281,615)	(72,516,884)	(81,623,872)	(56,858,637)
Pension Payments		(4,572,552,593)	(3,997,234,231)	-	-
Refund of Net Contribution & Interest		(19,370,863)	(17,025,847)	-	-
Group Insurance Premium		(18,322,800)	(18,946,560)	-	-
Disablement Gratuity Payment		(1,081,350)	(1,153,363)	-	-
Increase of Pension Liability		(4,927,590,388)	(4,674,254,455)	-	-
		(11,775,594,470)	**(9,493,456,851)**	**(2,220,018,733)**	**(769,184,148)**
OPERATING SURPLUS/(DIFICIT)		**(7,927,177,910)**	**(5,817,014,801)**	**1,268,230,567**	**2,663,136,873**
Govt. Grant for Pensiom Payment		4,395,000,000	3,968,000,000	-	-
Govt. Grant for Admin Expenses		206,225,000	190,000,000	-	-
Other Income	10	18,223,887	9,820,858	14,348,633	6,745,479
		4,619,448,887	**4,167,820,858**	**14,348,633**	**6,745,479**
		(3,307,729,023)	**(1,649,193,943)**	**1,282,579,200**	**2,669,882,353**
EXPENSES					
Administrative Expenses	11	(513,935,624)	(417,450,417)	(299,864,500)	(229,100,720)
Finance & Other Expenses	12	(62,884,014)	(69,324,491)	(214,664)	(100,879)
TOTAL EXPENSES		**(576,819,639)**	**(486,774,908)**	**(300,079,164)**	**(229,201,599)**
NET SURPLUS/ (DEFICIT)		**(3,884,548,662)**	**(2,135,968,851)**	**982,500,036**	**2,440,680,754**
Income tax expense		(150,084,498)	(111,214,555)	(150,084,498)	(111,214,555)
PROFIT AFTER TAX		**(4,034,633,160)**	**(2,247,183,406)**	**832,415,538**	**2,329,466,199**
Provision For A.A.I.B Reserve Fund		(63,411,528)	(133,156,844)	(63,411,528)	(133,156,844)
NET SURPLUS/ (DEFICIT) AFTER PROVISION		**(4,098,044,688)**	**(2,380,340,250)**	**769,004,009**	**2,196,309,355**
OTHER COMPREHENSIVE INCOME					
Gratuity Gain/(Loss)		(3,372,120)	37,127,258	725,417	11,488,992
		(3,372,120)	37,127,258	725,417	11,488,992
Revaluation surplus of property, plant and equipment		111,551,180	-	107,551,180	-
NET SURPLUS/ (DEFICIT) AFTER OTHER COMPREHENSIVE INCOME		**(3,989,865,628)**	**(2,343,212,992)**	**877,280,606**	**2,207,798,347**

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 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 2022	**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)**
Prior Year Adjustment		6,741,310										6,741,310
Addition during the year:	-	112,559,841	-	133,156,844	18,946,560	5,503,200	-	-	15,552,007	-	65,792,100	351,510,551
Interest Income	-				95,985,651	1,821,998	-	-	-	-		97,807,649
Amortization Gov. Grant	-	-	(5,787,503)	-	-	-	-	-	-	-		(5,787,503)
Benefit paid	-				(1,352,625)	(2,084,568)	-	-	(8,437,499)			(11,874,692)
Net Surplus /(Deficit)	-	(2,343,212,992)	-	-	-			-	-	-		(2,343,212,992)
Balance as at 31 December 2022	**50,000,000**	**(84,791,312,860)**	**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**	**(81,036,512,911)**
Addition during the year:	-	133,810,610	17,800,000	63,411,528	18,322,800	5,503,200		-	7,740,142	-	-	246,588,280
Prior Year Adjustment		(1,282,300,096)										(1,282,300,096)
Interest Income					118,209,835	5,402,615						123,612,450
Amortization Gov. Grant Farmers Pension	-	-	(12,597,874)	-	-	-		-				(12,597,874)
Benefit paid					(1,649,640)	(2,405,326)			(8,714,577)			(12,769,543)
Net Surplus /(Deficit)	-	(4,101,416,809)	-	-	-	-		111,551,180				(3,989,865,628)
Balance as at 31 December 2023	**50,000,000**	**(90,041,219,155)**	**17,330,189**	**498,536,253**	**1,427,193,842**	**27,313,478**	**706,503,600**	**172,530,347**	**30,686,023**	**1,081,488,000**	**65,792,100**	**(85,963,845,323)**

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 2022	**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	-	-	(5,787,503)	-	-	-	-	-	-	-	-	(5,787,503)
Benefit paid	-				(1,173,625)	(2,084,568)	-	-	(8,437,499)	-	-	(11,695,692)
Net Surplus /(Deficit)	-	2,207,798,347	-	-	-			-	-	-	-	2,207,798,347
Balance as at 31 December 2022	**50,000,000**	**6,796,467,767**	**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**	**9,433,394,222**
Addition during the year:	-	-	17,800,000	63,411,528	16,576,080	5,279,700		-	7,740,142	-		110,807,450
Prior Year Adjustment		(4,328,543,856)										(4,328,543,856)
Interest Income					118,209,835	5,402,615				-		123,612,450
Amortization Gov. Grant Farmers Pension	-	-	(12,597,874)	-	-	-		-		-		(12,597,874)
Benefit paid					(1,566,640)	(2,181,826)			(8,714,577)	-	-	(12,463,043)
Net Surplus /(Deficit)	-	769,729,426	-	-	-	-		107,551,180		-		877,280,606
Balance as at 31 December 2023	**50,000,000**	**3,237,653,337**	**17,330,189**	**498,536,253**	**1,391,994,627**	**27,313,478**	**706,503,600**	**165,680,347**	**30,686,023**	**-**	**65,792,100**	**6,191,489,954**

AGRICULTURAL & AGRARIAN INSURANCE BOARD

CASH FLOW STATEMENT

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
	31.12.2023	**31.12.2022**	**31.12.2023**	**31.12.2022**
	Rs.	**Rs.**	**Rs.**	**Rs.**
Cash Flows from Operating Activities				
Net Surplus / (Deficit)	(4,034,633,160)	(2,247,183,406)	832,415,538	2,329,466,199
Adjustment for				
Depreciation	27,335,936	20,284,691	25,683,272	19,098,611
Amortization of Government Grant	(13,662,896)	(5,787,503)	(12,597,874)	(5,787,503)
Adjustments in respect of Prior year	111,116,357	17,000	111,214,357	-
Increase of Pension Liability	4,927,590,388	4,674,254,455	-	-
Accrued /Provision for Indemnity	882,188,483	256,165,108	882,188,483	256,165,108
Provision For income tax	150,084,498	111,214,555	150,084,498	111,214,555
Staff Incentive & Promotion Fund	7,740,142	15,552,007	7,740,142	15,552,007
Death Gratuity Premium	(1,746,720)	(1,749,300)	-	-
	6,090,646,188	**5,069,951,013**	**1,164,312,877**	**396,242,778**
Profit / loss on disposal of Property, Plant & Equip.	(256,473)	-	(205,913)	-
Provision for Retiring Gratuity	8,700,946	14,280,737	4,059,133	5,543,927
Operating Surplus before working capital changes	**2,064,457,500**	**2,837,048,344**	**2,000,581,635**	**2,731,252,904**
(Increase)/ Decrease in Inventories	(3,059,015)	(25,034,696)	(1,553,427)	(22,731,247)
(Increase)/ Decrease in Receivables	(285,929,219)	595,088,237	(306,555,290)	640,882,473
(Increase)/ Decrease Receivable Premium	3,906,687	(1,350,541,389)	2,912,413	(1,350,454,452)
(Increase)/ Decrease in Deposits & Prepayments	(24,461,887)	(766,853)	(24,461,887)	(766,853)
(Increase)/ Decrease in Advances	(465)	74,036	(465)	74,036
Increase /(Decrease) Provision For Indemnity	(206,086,932)	(1,117,883,393)	(206,086,932)	(1,117,883,393)
Increase /(Decrease) Provision For Printing	180,500	(892,548)	100,000	(616,615)
Increase /(Decrease) Pre-premium advance	69,743,604	20,111,350	69,743,604	21,811,701
Increase /(Decrease) Other Payables	379,239,560	105,768,423	(103,526,763)	(97,796,357)
Increase /(Decrease) Accrued expenses	22,629,995	(1,760,108)	21,126,615	(2,613,353)
	(43,837,172)	**(1,775,836,941)**	**(548,302,133)**	**(1,930,094,061)**
Cash Generated from Operations	**2,020,620,329**	**1,061,211,403**	**1,452,279,502**	**801,158,843**
Retiring Gratuity - Paid	(17,734,755)	(340,755)	(6,072,890)	-
Net Cash Flows from Operating Activities	**2,002,885,574**	**1,060,870,648**	**1,446,206,612**	**801,158,843**
Cash Flows from Investing Activities				
Medical Fund	8,500,488	5,240,630	8,500,488	5,240,630
Farmer's Death Gratuity Fund	136,629,715	115,328,886	133,219,275	112,009,286
Staff Incentive & Promotion Fund	(8,714,577)	(8,437,499)	(8,714,577)	(8,437,499)
Investments during the year	(2,178,567,081)	(1,272,411,519)	(1,486,668,033)	(881,605,059)
Purchases of Property, Plant & Equipment	(145,298,124)	(26,678,403)	(145,298,124)	(23,355,603)
Proceeds from sale of Property, Plant & Equipment	355,410	-	302,260	-
Net Cash Flows from Investing Activities	**(2,187,094,168)**	**(1,186,957,905)**	**(1,498,658,710)**	**(796,148,246)**
Cash Flows from Financing Activities				
Government Grant for Capital expenditure		-		-
Grant for Capital expenditure	-	65,792,100	-	65,792,100
New Pension Scheme Fund	20,730,787	6,741,310	-	-
Old Pension Scheme Fund	113,079,824	112,559,841	-	-
Net Cash Flows from Financing Activities	**133,810,610**	**185,093,251**	**-**	**65,792,100**
Net Increase / (Decrease) in Cash & Cash Equivalents	**(50,397,985)**	**59,005,993**	**(52,452,098)**	**70,802,697**
Cash & cash equivalents at the beginning of the year	**88,918,257**	**29,912,264**	**84,816,800**	**14,014,103**
Cash & cash equivalents at the end of the year	**38,520,272**	**88,918,257**	**32,364,702**	**84,816,800**

Agricultural and Agrarian Insurance Board
Significant Accounting Policies
For the Year Ended 31st December 2023

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 Basis 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. 34,081,957.03 has been included in property plant and equipment in consolidated financial statements.

(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 its 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 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 off -set 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 is recognized based on the risk factors of crop and insured subject matter. Following table shows the indemnity provision made for the financial year 2023.

Insured Subject	Provision for Indemnity (Rs.)
Kethata Aruna	908,154,690
Livestock	4,000,000
Suwasetha Insurance/ Personal Accidents	8,000,000
Subsidiary Crops	4,020,400
Moveable Property	49,193,563
	973,368,653

3.2 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.

3.3 Provision for Doubtful Debts

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

3.4 Provision for Income Tax Payment

When calculating and writing a provision for income tax payment according to the Inland Revenue Act No. 24 of 2017, the income tax payable (liability) will be shown on the balance sheet under other payables, representing the amount Rs. 340,223,559 set aside to cover the tax obligation.

3.5 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.

3.6 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.

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.

3.7 Pension Liability

As stated in paragraph 15 of Sri Lanka Accounting Standard SLFRS 4, Insurance contracts, an insurer shall assess at the end of each reporting period whether its recognized insurance liabilities are adequate, using current estimates of future cash flows under its insurance contacts. If that assessment shows that the carrying amount of its insurance liabilities (less related deferred acquisition costs and related intangible assets) is inadequate in the light of the estimated future cash flows, the entire deficiency shall be recognized in profit or loss.

The pension liability has been increased by considering the changes in the market interest rates and a deficiency has been recognized in other comprehensive income in the statement of profit and loss and other comprehensive income to the financial statements.

Therefore, recognizing the said increase in pension liability for the farmers and fishermen under other comprehensive is in compliance with the requirement of the above standard.

4. Statement of Comprehensive Income

4.1 Revenue

1. The revenue of the board represents the income from insurance premium, interest income from treasury bills and fixed deposit, 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 Receivable Premium

Pursuant to the budget proposals and decisions of the Cabinet of Ministers, the Board has conducted its accounting operations commencing from the fiscal year 2018, with funding allocations duly provided by the Treasury. However, subsequent to the fiscal years of 2018 and 2019, the allocation of funds based on the premium amount calculated with respect to cultivated acreage, as accounted for by the Board, ceased to be included within the annual budget allocations. As of December 31, 2022, the records of the Board's accounts reflect an outstanding balance of Rs. 4,250 million owed by the Treasury. This outstanding balance is detailed as follows:

Rs. Million

Year	Approved Budget Provision	Granted Fund	Provision has made in AAIB Accounts	Receivable at the end of the year
2018	**2200.00**	**437.80**	**2200.00**	**1762.00**
2019	**3502.00**	**1988.00**	**1740.00**	**1514.00**
2020	**1514.00**	**1514.00**	**1950.00**	**1950.00**
2021	**1000.00**	**1000.00**	**1950.00**	**2900.00**
2022	**600.00**	**600.00**	**1950.00**	**4250.00**

Following consultations with the General Treasury, it has been mutually agreed that, commencing from the year 2023, the aforementioned amount will be omitted from the Board's financial records.

4.4 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.

4.5 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%
Maintenance Office Equipment	75%
Maintenance of Motor Vehicles	57%
Computer Expenses	75%
Fuel Expenses	68%
Stationery	50%
Main. Building	55%
Publicity & Training	80%

4.6 Surplus

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

4.7 Reserve Fund

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

4.8 Pre- Premium

Insurance premium receipts for livestock and compulsory insurance have been treated as 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, favorable and unfavorable, 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

Famers 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

8.1 Company Income Tax adjustment

The income tax payable will be shown on the balance sheet under other payables, representing the amount set aside to cover the tax obligation from 2018 to 2021 amounting to Rs. 78,924,506.

8.2 Third Party Insurance Opening Balance

In 2022 opening balance has disclosed excessively amounting to Rs.198 and it has been adjusted against in 2023 financial statements.

8.3 Treasury Receivable

As of December 31, 2022, the records of the Board's accounts reflect an outstanding balance of Rs. 4,250 million owed by the Treasury. Following consultations with the General Treasury, it has been mutually agreed that, commencing from the year 2023, the aforementioned amount will be omitted from the Board's financial records.

9. Contingencies

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

Final Report 2023 – Cases Filed by and Against AAIB

COURT	CASE NO	PLAINTIFF / DEFENDANT	CAUSE OF ACTION	CURRENT SITUATION
Court of Appeal Colombo	CA (writ) 269/2019	Ceylinco Insurance VS AAIB	The action has been filed to obtain writ orders against AAIB for issuing 3rd party insurance covers for people who are not agriculturalists within the meaning of Agricultural and Agrarian Insurance Act	Petitioner has withdrawn this case on 14th February 2023
Worker's Compensation Court Anuradhapura	WC/NF/1149/2019 (ANU)	Mr. M.M.Senavirathne Banda VS AAIB	Action file against the board claiming insurance money for accident that occurred during office hours	The case is being heard
High court Anuradhapura	HC/233 & HC/234	Police VS Ms. Sandagomi Maheshika	1. Fraud of money which need to be given to farmers 2. forgery	The case is being heard
Magistrate court Anuradhapura	B/2171/2002	Police VS Mr.K.A.Heenbandara	Fraud of money which need to be received to the board	Keep down the case since 2005
Magistrate court Anuradhapura	B/520/2013 ඔ	Police VS Mr. K.G.Sudath Bandara	Fraud of money which need to be received to the board	The case is being heard
Colombo High Court	3/8/2 ම.ඇ / 2006	Police VS AAIB	Mavil Aru cultivation compensation	Case referred to attorney General's Department for further instruction
District Courts	No of Cases 86	Damage Claimers (Plaintift) Vs AAIB	Damages claim under 3rd party insurance	The cases are being heard

23 cases were settled based on the Decision of the Risk Committee Negotiate with Petitioner in 2023 paid Rs.5,090,000.00

AGRICULTURAL & AGRARIAN INSURANCE BOARD
NOTES TO THE ACCOUNTS

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

Rs.

ASSETS	Cost/Valuation as at 01.01.2023	Disposal	Cost Addition	Revaluation Assets 31-12-2023	Accumulated depreciation transfes to revaluation reserve	Cost/Valuation as at 31.12.2023	Accum.Dep as at 01.01.2023	Disposal	Accumulated depreciation transfes to revaluation reserve	Depreciation for the year	Accum.Dep as at 31.12.2023	W.D.V as at 31.12.2023
Furniture & Fittings	16,765,038	(736,151)	9,258,082	-	-	25,286,969	11,976,134	(736,151)	-	1,236,961	12,476,945	12,810,024
Office Equipments	18,353,943	(2,337,445)	7,381,248	-	-	23,397,746	12,924,235	(2,284,099)	-	1,028,325	11,668,462	11,729,284
Motor Vehicle	73,602,096	-	17,800,000	111,551,180	(71,688,276)	131,265,000	56,967,857	-	(71,688,276)	14,720,419	-	131,265,000
Welfare Equipments	760,446	(40,204)	726,252	-	-	1,446,494	621,311	(37,614)	-	50,683	634,380	812,114
Computer Equipments	71,860,376	(5,337,495)	22,030,175	-	-	88,553,056	46,261,160	(5,294,495)	-	9,812,663	50,779,328	37,773,728
Computer Software	1,475,000	-	-	-	-	1,475,000	1,475,000	-	-	-	1,475,000	-
Telephone	1,510,808	-	-	-	-	1,510,808	1,510,808	-	-	-	1,510,808	-
Motor Bicycle	146,300	-	-	-	-	146,300	146,300	-	-	-	146,300	-
Building	10,828,779	-	-	-	-	10,828,779	5,577,940	-	-	350,566	5,928,507	4,900,273
Air Conditioners	1,051,273	-	-	-	-	1,051,273	907,903	-	-	43,011	950,914	100,359
Publicity Equipments	3,106,736	(5,000)	-	-	-	3,101,736	2,361,792	(5,000)	-	89,097	2,445,889	655,848
Bicycle	146,864	-	-	-	-	146,864	142,654	-	-	4,210	146,864	-
Crop Cutting Equipments	60,371	-	-	-	-	60,371	60,371	-	-	-	60,371	-
Loss Preventive Equip:	41,280	-	-	-	-	41,280	41,280	-	-	-	41,280	-
Survey Eqipments	4,099	-	-	-	-	4,099	4,099	-	-	-	4,099	-
Weighing Scale	1,036	-	-	-	-	1,036	1,036	-	-	-	1,036	-
Norad Equipments	344,424	-	-	-	-	344,424	344,424	-	-	-	344,424	-
Work In Progress-Buildings	-	-	34,494,099	-	-	34,494,099	-	-	-	-	-	34,494,099
	200,058,869	**(8,456,295)**	**91,689,856**	**111,551,180**	**(71,688,276)**	**323,155,334**	**141,324,304**	**(8,357,358)**	**(71,688,276)**	**27,335,936**	**88,614,605**	**234,540,729**

Note :Property, plant & equipment includes fully depreciated assets that are still in use having a gross amount of Rs.63,010,781.67 as at 31st December 2023

PROPERTY, PLANT & EQUIPMENT
AGRICULTURE INSURANCE SCHEME

ASSETS	Cost/Valuation as at 01.01.2023	Disposal	Cost Addition	Revaluation Assets 31-12-2023	Accumulated depreciation transfes to revaluation reserve	Cost/Valuation as at 31.12.2023	Accum.Dep as at 01.01.2023	Disposal	Accumulated depreciation transfes to revaluation reserve	Depreciation for the year	Accum.Dep as at 31.12.2023	W.D.V as at 31.12.2023
Furniture & Fittings	15,272,981	(599,766)	9,150,781	-	-	23,823,996	10,727,545	(599,766)	-	1,159,813	11,287,592	12,536,404
Office Equipments	16,453,415	(2,220,152)	7,381,248	-	-	21,614,511	11,177,390	(2,166,805)	-	1,001,843	10,012,428	11,602,083
Motor Vehicle	70,752,096	-	17,800,000	107,551,180	(68,838,276)	127,265,000	54,687,857	-	(68,838,276)	14,150,419	-	127,265,000
Welfare Equipments	726,271	(27,331)	726,252	-	-	1,425,191	594,138	(27,331)	-	49,674	616,482	808,709
Computer Equipments	44,204,874	(2,897,273)	21,542,775	-	-	62,850,376	22,264,336	(2,854,273)	-	8,877,650	28,287,712	34,562,664
Telephone	1,510,808	-	-	-	-	1,510,808	1,510,808	-	-	-	1,510,808	-
Motor Bicycle	146,300	-	-	-	-	146,300	146,300	-	-	-	146,300	-
Building	10,828,779	-	-	-	-	10,828,779	5,577,940	-	-	350,566	5,928,507	4,900,273
Publicity Equipments	2,683,899	(5,000)	-	-	-	2,678,899	1,938,955	(5,000)	-	89,097	2,023,052	655,848
Bicycle	146,864	-	-	-	-	146,864	142,654	-	-	4,210	146,864	-
Crop Cutting Equipments	60,371	-	-	-	-	60,371	60,371	-	-	-	60,371	-
Loss Preventive Equip:	41,280	-	-	-	-	41,280	41,280	-	-	-	41,280	-
Survey Eqipments	4,099	-	-	-	-	4,099	4,099	-	-	-	4,099	-
Weighing Scale	1,036	-	-	-	-	1,036	1,036	-	-	-	1,036	-
Norad Equipments	344,424	-	-	-	-	344,424	344,424	-	-	-	344,424	-
Work In Progress-Buildings	-		34,494,099	-	-	34,494,099		-	-		-	34,494,099
	163,177,497	**(5,749,522)**	**91,095,154**	**107,551,180**	**(68,838,276)**	**287,236,033**	**109,219,132**	**(5,653,175)**	**(68,838,276)**	**25,683,272**	**60,410,953**	**226,825,080**

Note -
Property, plant & equipment includes fully depreciated assets that are still in use having a gross amount of Rs. 34,081,957.03 as at 31st December 2023

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE ACCOUNTS

		AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
		31.12.2023	**31.12.2022**	**31.12.2023**	**31.12.2022**
		Rs.	**Rs.**	**Rs.**	**Rs.**
NOTE 2 - CURRENT ASSETS					
Note 2.1 - Stock					
Printing Materials		33,766,224	29,323,332	29,074,230	26,387,060
Stationary		4,771,914	6,155,792	4,197,248	5,330,990
		38,538,139	**35,479,124**	**33,271,478**	**31,718,050**
		-	-		
Note 2.2 - Receivables					
Staff Loans & Advance		41,126,624	39,953,303	41,126,624	39,953,303
Motor cycle loan		326,792	738,106	326,792	738,106
Salary Receivables		171,011	171,011	171,011	171,011
Staff Special Loan - 2004		4,800	4,800	4,800	4,800
Sundry Debitors		805,962	758,962	118,983	71,983
Receivables from C. W. E		256,520	256,520	256,520	256,520
National Insurance Trust Fund -NITF Crop levy		303,651,123	90,000,000	303,651,123	90,000,000
Motor cycle Expenses (Staff) -		2,567	2,567	2,567	2,567
Amount Due From Related Party	***2.2.1***	-	-	884,661,810	830,608,291
Provision for bad debtors		(2,056,331)	(1,997,665)	(2,056,331)	(1,997,665)
Death Gratuity		5,000	5,000	-	-
Receivable from Postal Department		81,000,602	47,102,835	-	-
With Holding Tax-WHT		38,100,309	-	38,100,309	-
		463,394,978	**176,995,439**	**1,266,364,206**	**959,808,916**
				381,702,396	**129,200,624**
Note 2.2.1 Amount Due From Related Parties					
Life insurance premium Receivable		-	-	294,429,817	279,420,377
Current Account		-	-	67,786,327	62,893,600
Farmers Pension Scheme (Capital)		-	-	3,663,542	4,133,861
Farmers Pension Advance		-	-	518,782,124	484,160,453
		-	-	**884,661,810**	**830,608,291**
Note 2.3 Receivable Premium					
Subsidiary Crop		-	1,778,080	-	1,778,080
Livestock		9,100	572,677	9,100	572,677
Movable Property		313,234	92,250	313,234	92,250
Suwasetha and Personal		49,400	841,140	49,400	841,140
Insurance Premium-Treasury Contribution		-	4,249,619,152	-	4,249,619,152
Farmers Contribution for Pension		916,446	1,910,720	-	-
		1,288,180	**4,254,814,019**	**371,734**	**4,252,903,299**
		-	-		
NOTE 2.4 - Deposits & Pre Payment					
Deposit - (Fuel)		150,000	150,000	150,000	150,000
Deposit - (Transport)		5,000	5,000	5,000	5,000
Insurance		583,154	707,467	583,154	707,467
Rent		6,472,672	5,212,672	6,472,672	5,212,672
Clowd Server		23,326,200	-	23,326,200	-
		30,537,026	**6,075,139**	**30,537,026**	**6,075,139**

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE ACCOUNTS

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
	31.12.2023	**31.12.2022**	**31.12.2023**	**31.12.2022**
	Rs.	**Rs.**	**Rs.**	**Rs.**
Note 2.5 - Advances				
Traveling Advance	12,220	8,000	12,220	8,000
Fuel Advance	20,120	20,120	20,120	20,120
Salary Advance	50,261	50,261	50,261	50,261
Miscellaneous Advance	19,445	11,035	19,445	11,035
Capital Advance	565,800	565,800	565,800	565,800
District Admin.acct	206	206	206	206
Livestock Advance	1,296	13,462	1,296	13,462
	669,348	**668,883**	**669,348**	**668,883**
Note 2.6 - Financial Instruments Held to Maturity				
Treasury Bills	1,045,596,264	278,520,633	926,279,464	225,625,993
Fixed Deposit-Peoples Bank	3,554,754,210	3,985,116,593	3,080,958,113	3,511,320,496
Fixed Deposit-Bank Of Ceylon	852,831,556	822,396,283	138,407,657	271,347,384
Fixed Deposit-Rigional Development Bank	104,781,768	84,027,109	104,781,768	84,027,109
	5,557,963,798	**5,170,060,617**	**4,250,427,003**	**4,092,320,982**
Note 2.7 - Cash at Bank				
Bank Of Ceylon A/C -164811	217,250	961,204	217,250	961,204
Bank Of Ceylon A/C -164667	1,182,568	921,069	1,182,568	921,069
Bank Of Ceylon A/C -164693	1,876,562	1,950,795	1,876,562	1,950,795
Bank Of Ceylon A/C -1622	3,577,942	1,685,892	3,577,942	1,685,892
Bank Of Ceylon A/C -1616	8,618,547	66,410,917	8,618,547	66,410,917
Bank Of Ceylon A/C -8600879	1,536,703	2,293,613	1,536,703	2,293,613
Bank Of Ceylon A/C -8600818	532,495	25,945	532,495	25,945
Bank Of Ceylon A/C -164790	332,905	118,693	-	-
Bank Of Ceylon A/C -164795	948,429	513,051	-	-
Bank Of Ceylon A/C -91071672	25,000	-		
Bank Of Ceylon A/C -8403704	266,636	44,374	-	-
Bank Of Ceylon A/C -87144457	32,100	32,900	-	-
Bank Of Ceylon A/C -87649201	144,082	282,701	-	-
Peoples Bank A/C -112352	1,428,265	890,625	1,428,265	890,625
Peoples Bank A/C -112343	1,272,968	1,277,096	1,272,968	1,277,096
Peoples Bank A/C -100440112349	93,280	1,228,556	-	-
Peoples Bank A/C -100260112349	274,969	53,040	274,969	53,040
Peoples Bank A/C -100350112349	314,202	283,460	314,202	283,460
Peoples Bank A/C -100170112349	1,228,644	855,983	1,228,644	855,983
Peoples Bank A/C -335100190008791	3,207,992	3,205,902	3,207,992	3,205,902
Peoples Bank A/C -335100280008791	2,431,253	1,537,684	2,431,253	1,537,684
Peoples Bank A/C -100530112349	82,208	82,208	82,208	82,208
Peoples Bank A/C -335100190112349	654,699	474,427	654,699	474,427
Peoples Bank A/C -100180112344	85,807	720,210	-	-
Peoples Bank A/C -100150112345	562,268	481,006	-	-
Peoples Bank A/C -100110112347	2,917,336	209,324	-	-
Peoples Bank A/C -100130112351	354,120	334,317	-	-
Peoples Bank A/C -100370008791	290,610	67,467	-	-
Rigional Development Bank A/C- 134010103277	3,492,438	1,471,942	3,492,438	1,471,942
Collection Accounts	537,996	503,857	435,000	435,000
	38,520,272	**88,918,257**	**32,364,702**	**84,816,800**

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE ACCOUNTS

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
	31.12.2023	**31.12.2022**	**31.12.2023**	**31.12.2022**
	Rs.	**Rs.**	**Rs.**	**Rs.**
NOTE 3 - A.A.I.B. ACCUMULATED SURPLUS				
Balance as at 01 January	(84,791,312,860)	(82,567,418,019)	6,796,467,767	4,588,669,420
Prior Year Adjustment	(1,282,300,096)	17,000	(4,328,543,856)	-
Adjusted Balance	**(86,073,612,956)**	**(82,567,401,019)**	**2,467,923,911**	**4,588,669,420**
Add:				
New Pension Scheme	20,730,787	6,741,310	-	-
OlD Pension Scheme	113,079,824	112,559,841		
Surplus(Deficit) for the year	(4,101,416,809)	(2,343,212,992)	769,729,426	2,207,798,347
Balance as at 31 December	**(90,041,219,155)**	**(84,791,312,860)**	**3,237,653,337**	**6,796,467,767**
NOTE 4 - GOVERNMENT GRANT - CAPITAL				
Govt. Grant For Capital				
Balance as at 01 January	12,128,064	17,915,567	12,128,064	17,915,567
Add:				
Grant for the year -Treasury	17,800,000	-	17,800,000	
Less:				
Amortizations Gov. Grant	(12,597,874)	(5,787,503)	(12,597,874)	(5,787,503)
Balance as at 31 December	**17,330,189**	**12,128,064**	**17,330,189**	**12,128,064**

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE ACCOUNTS

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
	31.12.2023	**31.12.2022**	**31.12.2023**	**31.12.2022**
	Rs.	**Rs.**	**Rs.**	**Rs.**
NOTE 5 - A.I.B. RESERVE FUND				
Balance as at 01 January	435,124,725	301,967,881	435,124,725	301,967,881
Add:				
Provision for the year	63,411,528	133,156,844	63,411,528	133,156,844
Balance as at 31 December	**498,536,253**	**435,124,725**	**498,536,253**	**435,124,725**
	-	-		
NOTE 6 - FARMERS DEATH GRATUITY FUND				
Balance as at 01 January	1,292,310,847	1,178,731,261	1,258,775,352	1,146,766,066
Add :				
Death Gratuity Premium	18,322,800	18,946,560	16,576,080	17,197,260
Interest Income	118,209,835	95,985,651	118,209,835	95,985,651
	136,532,635	114,932,211	134,785,915	113,182,911
Less :				
Death Gratuity Payment	1,649,640	1,352,625	1,566,640	1,173,625
	1,649,640	1,352,625	1,566,640	1,173,625
Balance as at 31 December	**1,427,193,842**	**1,292,310,847**	**1,391,994,627**	**1,258,775,352**

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE ACCOUNTS

		AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
		Rs.	Rs.	Rs.	Rs.
NOTE 7 - CURRENT LIABILITIES					
Note 7.1 - Pre - Premium Receipts					
Pre - Premium - Livestock		1,643,475	2,563,778	1,643,475	2,563,778
Pre - Premium - Kethata Aruna		114,042,843	43,378,935	114,042,843	43,378,935
		115,686,318	**45,942,713**	**115,686,318**	**45,942,713**
Note 7.2 - Other Payables					
Provision for Employee Allowance		7,242,500	5,883,334	7,242,500	5,883,334
Value Added Tax-VAT		4,718,480	-	4,718,480	-
Income tax		340,223,559	111,214,555	340,223,559	111,214,555
Social Security Contribution leavy-SSCL		808,546	-	808,546	
Refundable Tender deposits		426,871	426,871	426,871	426,871
Unclaimed Indemnities		70,800,200	70,800,200	70,800,200	70,800,200
Net Contribution & Interest		233,391	252,833	-	-
Death & Disable Gratuity		167,000	159,000	-	-
Pension Payment		1,710,063,385	4,260,671,587	-	-
Pension Commission		1,225,042	14,200,747	-	-
Agency Commission		84,410	64,498	-	-
Staff Security Deposit		142,300	142,300	-	-
Retension from Piece Rate employees		1,336,632	535,032	1,336,632	535,032
		2,137,472,315	**4,464,350,957**	**425,556,787**	**188,859,992**
Note 7.3 - Accrued Expenses					
Admin. Expenses	**7.3.1**	17,755,714	11,121,373	13,727,199	8,596,238
Incentive - Crop Insurance		671,833	671,833	671,833	671,833
Incentive - Movable Property		20,172,482	4,380,810	20,172,482	4,380,810
Personal Accident & Suwasetha		604,210	511,008	604,210	511,008
Operational Expenditure		210,177	99,397	210,177	99,397
		39,414,416	**16,784,421**	**35,385,901**	**14,259,286**
Note 7.4 - Provision For Indemnity					
Livestock		4,000,000	5,000,000	4,000,000	5,000,000
Suwasetha Insurance/ Personal Accidents		8,000,000	6,000,000	8,000,000	6,000,000
Movable Property		49,193,563	44,973,012	49,193,563	44,973,012
Subsidiary Crops		4,020,400	2,020,400	4,020,400	2,020,400
Kethata Aruna (Compulsory Crop Insurance)		908,154,690	239,273,691	908,154,690	239,273,691
		973,368,653	**297,267,103**	**973,368,653**	**297,267,103**

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

	AGRICULTURAL & AGRARIAN INSURANCE		AGRICULTURE INSURANCE SCHEME	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	Rs.	Rs.	Rs.	Rs.
Note 7.3.1 - Accrued Admin Expenses				
Electricity	661,036	206,703	661,036	206,703
Security Charges	282,436	252,538	282,436	252,538
Rent	1,805,973	9,360	1,805,973	9,360
Maintenance of Motor Vehicles	1,729,506	1,185,877	1,729,506	1,185,877
Traveling & Subsistence	2,512,067	1,751,048	2,512,067	1,751,048
Salaries	2,349,133	2,204,909	2,349,133	2,204,909
E.P.F	227,709	55,872	227,709	55,872
E.T.F	45,542	13,968	45,542	13,968
Overtime	61,816	37,927	61,816	37,927
Publicity	231,100	86,510	231,100	86,510
Stationary	133,069	150,254	133,069	150,254
Telephone	574,424	469,487	574,424	469,487
Water Bill	20,951	11,124	20,951	11,124
Audit Fees	1,932,195	1,520,900	1,235,295	916,400
Fuel	539,719	487,405	539,719	487,405
Uniform	-	1,800	-	1,800
Welfare	11,110	9,885	11,110	9,885
Labour Charges	227,540	71,850	227,540	71,850
Payable Computer Expenses	211,160	38,450	211,160	27,000
Transport Expenses	750	16,504	750	16,504
Bank Charges	6,200	-	6,200	-
Payable Main Building	405,765	123,440	405,765	123,440
Payable Printing	171,030	172,000	171,030	172,000
Payable Postage	3,205,227	1,684,041	20,422	16,356
Sundry Creditors	309,680	404,370	162,870	162,870
Payable Office Equipment	27,095	19,500	27,095	19,500
Payable Entertainment	-	5,100	-	5,100
Payable Newspapers	-	20,800	-	20,800
Payable Legal fees	73,482	109,750	73,482	109,750
	17,755,714	**11,121,373**	**13,727,199**	**8,596,238**

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE INCOME STATEMENT

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
	31.12.2023	**31.12.2022**	**31.12.2023**	**31.12.2022**
	Rs.	**Rs.**	**Rs.**	**Rs.**
NOTE 8 - REVENUE				
Note 8.1 - Premium - (Insurance)				
Livestock	15,589,747	5,251,203	15,589,747	5,251,203
Suwasetha Insurance/ Personal Accidents	32,303,344	18,553,812	32,303,344	18,553,812
Subsidiary Crops	9,750,182	4,719,960	9,750,182	4,719,960
Movable Property	353,437,042	311,040,134	353,437,042	311,040,134
Kethata Aruna (Compulsory Crop Insurance)	90,953,163	50,993,951	90,953,163	50,993,951
Farmers Contribution for Pension	121,468	116,394	-	-
	502,154,945	**390,675,454**	**502,033,477**	**390,559,060**
Note 8.2- Interest Income				
Interest - Investment	1,368,863,149	955,761,447	1,008,817,357	711,756,812
- Loans to employees	1,680,083	1,500,457	1,680,083	1,500,457
	1,370,543,232	**957,261,905**	**1,010,497,440**	**713,257,270**
NOTE 9 - OPERATIONAL EXPENDITURE				
Note 9.1 - Indemnity - Insurance				
Livestock	4,050,709	2,199,565	4,050,709	2,199,565
Suwasetha Insurance/ Personal Accidents	4,900	504,074	4,900	504,074
Movable Property	11,839,334	8,393,017	11,839,334	8,393,017
Subsidiary Crops	6,394,028	2,573,108	6,394,028	2,573,108
Kethata Aruna (Compulsory Crop Insurance)	2,116,105,890	698,655,747	2,116,105,890	698,655,747
	2,138,394,861	**712,325,511**	**2,138,394,861**	**712,325,511**
Note 9.2 - Other Operational Expenses				
Insurance Incentive	628,348	843,148	281,705	361,950
Movabale Property-Third party Insurance Incentive	67,659,676	38,863,328	66,866,733	38,863,328
Movabale Property-Product Promotion and Incentive	7,740,142	15,552,007	7,740,142	15,552,007
Suwasetha Incentive	281,380	111,363	281,380	111,363
Crop Assessment	5,274,632	1,306,327	5,274,632	1,306,327
Livestock	1,179,281	663,662	1,179,281	663,662
Commission for Pension Payments	15,518,157	15,177,049	-	-
	98,281,615	**72,516,884**	**81,623,872**	**56,858,637**
NOTE 10 - OTHER INCOME				
Disposal Of Fixed Assets	256,473	-	205,913	-
Amortization Of Government Grant	12,597,875	5,787,503	11,532,853	5,189,065
Sundry Income	972,934	675,525	932,516	660,365
Service Fees From Bank	1,677,350	896,050	1,677,350	896,050
Government Grant	1,500,000	1,500,000	-	-
Administration Income	1,219,255	961,780	-	-
	18,223,887	**9,820,858**	**14,348,633**	**6,745,479**

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE INCOME STATEMENT

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
	31.12.2023 Rs.	31.12.2022 Rs.	31.12.2023 Rs.	31.12.2022 Rs.
NOTE 11 - ADMINISTRATIVE EXPENSES				
Salaries & Wages	209,837,893	198,585,826	103,777,380	97,616,721
Contribution E.P.F.	25,357,518	19,147,935	12,527,325	9,392,852
Contribution E.T.F.	5,151,215	4,399,669	2,541,336	2,154,556
Traveling & Subsistence	22,419,466	13,261,903	11,153,029	6,544,067
Overtime	6,611,628	3,407,149	3,179,260	1,661,911
Daily Pay	1,065,951	231,902	503,348	102,784
Medical Expenses	3,519,800	3,668,800	1,759,900	1,834,400
Allowance to Board Members	690,500	596,000	414,300	357,600
Gratuity	8,700,946	14,280,737	4,059,133	5,543,927
T.A.C. Allowances	-	136,000	-	-
Welfare	2,870,641	1,848,825	1,435,321	924,413
Allowance to employees	7,650,235	6,148,195	7,092,499	5,650,459
Fuel	23,048,817	21,429,389	15,673,196	14,250,412
Stationery	14,220,235	13,696,801	6,569,140	6,242,285
Entertainment Allowance	1,339,079	914,947	797,953	479,815
Legal Fees	2,684,116	2,247,706	2,684,116	899,082
Transport	831,201	958,044	829,151	540,997
Printing	29,632,464	15,775,915	28,158,447	15,620,764
Publicity & Training	18,591,535	13,035,836	14,276,533	5,717,561
Uniform	-	510,443	-	255,221
Rent	24,757,077	18,748,888	13,616,392	10,311,888
Telephone	7,417,046	6,660,519	4,079,375	3,663,286
Postage	10,150,805	6,271,644	1,933,538	1,123,687
Water	971,825	617,546	534,504	339,651
News paper & Advertisement	1,094,940	776,107	1,094,940	776,107
Security	3,690,603	2,436,261	2,767,952	1,827,196
Electricity	6,268,729	2,709,961	3,447,801	1,490,478
Vehicles Rent & Maintenance	26,423,692	18,412,950	15,061,504	10,495,381
Maintenance - Buildings	9,918,535	718,273	5,403,362	385,563
Maintenance - Office Equipments	1,921,451	1,124,244	1,441,088	843,183
Labour Charges	2,275,685	1,432,655	2,213,115	1,295,630
Translation Fees	74,339	17,880	74,339	3,660
Computer Expenses	4,254,662	1,231,378	2,679,890	476,271
Miscellaneous Expenses	3,500	7,000	3,500	7,000
Depreciation	27,335,936	20,284,691	25,683,272	19,098,611
Bad Debts	58,666	334,300	58,666	334,300
Audit Fees	1,878,895	1,384,100	1,191,895	839,000
Consultation Fees	1,216,000	-	1,148,000	-
	513,935,624	**417,450,417**	**299,864,500**	**229,100,720**
NOTE 12 - FINANCE CHARGES				
Bank Charges	282,068	179,615	214,664	100,879
Interest on loan	62,601,947	69,144,876	-	-
	62,884,014	**69,324,491**	**214,664**	**100,879**

Financial Statements as at 31 December 2023

Farmers' Pension and Social Security Benefit Scheme

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2023

ASSETS	Note	31.12.2023 Rs.	31.12.2022 Rs.
Non - Current Assets			
Plant, Property & Equipment	1	7,660,951	4,703,860
		7,660,951	**4,703,860**
Financial Instruments Held to maturity			
Treasury Bond		1,102,583,670	1,039,361,488
		1,102,583,670	**1,039,361,488**
Current Assets			
Stock	2	5,179,231	3,668,854
Receivables	3	168,553,804	47,789,814
Held to maturity Investment	4	913,107,809	415,197,735
Receivable Income	5	916,446	1,910,720
Cash at Bank	6	4,746,239	3,400,855
		1,092,503,529	**471,967,979**
TOTAL ASSETS		**2,202,748,150**	**1,516,033,327**
EQUITY & LIABILITIES			
Capital & Reserves			
Farmer's Pension Fund	7	(88,343,917,339)	(87,078,028,306)
Government Grant for Farmers Pension		1,081,488,000	1,081,488,000
Revaluation Reserve		6,850,000	2,850,000
Group Insurance Contribution		1,000,000	1,000,000
		(87,254,579,339)	**(85,992,690,306)**
Non - Current Liabilities			
Pension Liability		86,898,445,376	82,435,153,268
Provision for Staff Gratuity		31,527,559	33,566,371
		86,929,972,935	**82,468,719,639**
Current Liabilities			
Govt. Grant for Capital	8	3,663,542	4,133,861
Current Payables	9	2,519,189,497	5,032,921,048
Accrued Expenses	10	4,501,515	2,949,085
		2,527,354,554	**5,040,003,995**
TOTAL EQUITY & LIABILITIES		**2,202,748,150**	**1,516,033,327**

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

.....
Head of Finance
S. M. U. G. S. K. Subasingha
Director Finance (Acting)
Agricultural and Agrarian Insurance Board
No: 117, Subadrarama Road,
Gangodawila, Nugegoda.

.....
Director General
I.U. Kalum Kaluarachchi
Director General
Agricultural and Agrarian Insurance Board
No: 117, Subadrarama Road,
Gangodawila, Nugegoda.

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
Agricultural & Agrarian Insurance Board
Dr. W.M.M.B. Weerasekara
Chairman
Agricultural & Agrarian Insurance Board
117, Subadrarama Road,
Gangodawila, Nugegoda.

.....
Member of Director Board
Agricultural & Agrarian Insurance Board
R.M.D.K.G. Namal Bandara Ranatunga
Additional Director General
Department of Treasury Operations
General Treasury
Colombo 01.

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2023

	Note	31.12.2023	31.12.2022
		Rs.	Rs.
REVENUE			
Interest Income		225,936,028	164,386,799
		225,936,028	**164,386,799**
Expenses			
Refund of Contribution		(10,313,516)	(9,324,939)
Refund of Net Interest		(8,577,730)	(7,176,600)
Disablement Gratuity Payment		(1,081,350)	(1,153,363)
Group Insurance Premium		(16,576,080)	(17,197,260)
Pension Payments & Commission			
- Pension Payments		(4,488,639,335)	(3,918,881,123)
- Commission Payments		(14,483,637)	(14,191,534)
Increase in Pension Liability		(4,463,292,108)	(4,250,368,300)
Total Expenditure		**(9,002,963,756)**	**(8,218,293,119)**
Operating Surplus/(Deficit)		**(8,777,027,728)**	**(8,053,906,320)**
Government Grant-Recurrent		4,395,000,000	3,968,000,000
		(4,382,027,728)	**(4,085,906,320)**
INCOME - for Administration			
Farmer's Contribution for Admin. Expenses		1,219,255	961,780
Govt. Grant for Admin Expenses		206,225,000	190,000,000
Other Income	11	1,155,474	613,323
		208,599,729	**191,575,103**
Expenses			
Administration & Establishment Expenses	12	(204,641,116)	(179,768,108)
Financial Expenses	13	(62,663,115)	(95,484,941)
Commission for Collection Agents		(1,131,622)	(469,989)
Total Admin Expenses		**(268,435,853)**	**(275,723,037)**
		(59,836,124)	**(84,147,934)**
Surplus/Deficit for the year		**(4,441,863,852)**	**(4,170,054,254)**
Other comprehensive income			
Gratuity gains / (losses)		(4,177,551)	25,103,562
		(4,177,551)	**25,103,562**
Revaluation gains / (losses)		4,000,000	
Net Surplus /Deficit of the Comprehensive income		**(4,442,041,403)**	**(4,144,950,692)**
(Transferred to Farmer's Pension Fund)			

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2023

Description	Farmer's Pension Fund	Group Insurance Contribution	Revaluation Reserve	Government Grant on Treasury Bond	Total
Adjusted Balance as at 01 January 2021	**(83,052,378,765)**	**1,000,000**	**2,850,000**	**1,081,488,000**	**(81,967,040,765)**
Prior Year Adjustment	-				-
Transferred Government Grant on Treasury Bond					-
Adjusted Balance as at 01 January 2022	**(83,052,378,765)**	**1,000,000**	**2,850,000**	**1,081,488,000**	**(81,967,040,765)**
Profit/Loss for the year	(4,144,950,692)	-		-	- (4,144,950,692)
New Farmers Pension Scheme	6,741,310				- 6,741,310
Balance as at 31 December 2022	**(87,190,588,147)**	**1,000,000**	**2,850,000**	**1,081,488,000**	**(86,105,250,147)**
Prier Year Adjustment	3,046,341,760				3,046,341,760
Profit/Loss for the year	(4,446,041,403)	-	-		(4,446,041,403)
New Farmers Pension Scheme	20,730,787				20,730,787
Pensioners Contribution & subsequence Contributions	113,079,824				113,079,824
Revaluation			4,000,000		4,000,000
Balance as at 31 December 2023	**(88,456,477,180)**	**1,000,000**	**6,850,000**	**1,081,488,000**	**(87,367,139,180)**

AGRICULTURE & AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBERE 2023

	31.12.2023	31.12.2022
	Rs.	Rs.
Cash Flows from Operating Activities		
Net Surplus / (Deficit)	(4,441,863,852)	(4,170,054,254)
Adjustment for		
- Increase in Pension Liability	4,463,292,108	4,250,368,300
- Depreciation	1,635,021	1,168,438
	4,464,927,129	**4,251,536,738**
Provision for Retiring Gratuity	4,368,782	8,260,446
Amortization for government grant	(1,065,021)	(598,438)
Profit / loss on disposal of Property, Plant & Equip.	(50,560)	-
	3,253,201	**7,662,007**
Operating Profit before working capital changes	26,316,479	89,144,491
(Increase)/ Decrease in Inventories	(1,510,377)	(2,304,931)
(Increase)/ Decrease in Receivables	(120,763,990)	89,489,849
(Increase)/ Decrease in Receivable Income	994,274	(86,937)
Increase / (Decrease) Other Payables	532,610,209	(190,707,784)
Increase / (Decrease) Pre Premium Receipt	-	(1,700,351)
Increase / (Decrease) Accrued Expenses	1,552,430	847,568
	412,882,546	**(104,462,586)**
Cash Generated from Operations	439,199,025	(15,318,094)
Retiring Gratuity - Paid	(10,585,145)	(340,755)
Net Cash Flows from Operating Activities	**428,613,880**	**(15,658,849)**
Cash Flows from Investing Activities		
Investments during the year	(561,132,255)	(115,261,771)
Proceeds from the disposal of property, plant and Equipment	53,150	-
Net Cash Flows from Investing Activities	**(561,079,105)**	**(115,261,771)**
Cash Flows from Financing Activities		
New Pension Scheme Fund	20,730,787	6,741,310
Old Pension Scheme Fund	113,079,824	112,559,841
Net Cash Flows from Financing Activities	**133,810,610**	**119,301,151**
Net Increase / (Decrease) in Cash & Cash Equivalents	1,345,384	(11,619,470)
Cash & Bank Balance at the Beginning of the year	3,400,855	15,020,325
Cash & Cash equivalents at the End of the year	**4,746,239**	**3,400,855**
Cash & Bank Balance at the end of the year		
Cash at Bank - End of the year	**4,746,239**	**3,400,855**

Agricultural and Agrarian Insurance Board

Farmer's Pension & Social Security Benefits Scheme

Significant Accounting Policies

For the Year Ended 31st December 2023

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. 28,232,649.22 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 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 recognize 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 derecognize 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.

3.1 Farmer's Pension Liability

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.

As stated in paragraph 15 of Sri Lanka Accounting Standard SLFRS 4, Insurance contracts, an insurer shall assess at the end of each reporting period whether its recognized insurance liabilities are adequate, using current estimates of future cash flows under its insurance contacts. If that assessment shows that the carrying amount of its insurance liabilities (less related deferred acquisition costs and related intangible assets) is inadequate in the light of the estimated future cash flows, the entire deficiency shall be recognized in profit or loss.

The Farmer's pension liability has been increased by considering the changes in the market interest rates and a deficiency has been recognized in other comprehensive income in the statement of profit and loss and other comprehensive income to the financial statements.

Therefore, recognizing the said increase in Farmer's pension liability under other comprehensive income is in compliance with the requirement of the above standard.

3.2 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.

3.3 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.

3.4 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. The contributions of Rs. million 20.7 made by the farmers to the New Farmers Pension Scheme, along with the interest earned from the fund, have been allocated to the Farmers Pension Fund. This allocation is necessary to build up a fund to pay pensions to farmers upon reaching the age of 60. This has disclosed under Note No. 07.

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 - 2008.10.15 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%
Maintenance of office Equipment	20%

Maintenance of Vehicle	40%
Maintenance of Computer	25%
Fuel Expenses	30%
Maintenance of 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 amounting to Rs. 295,230,441.79.

8. Prior Year Adjustment

8.1 Pension payable

A pension amounting to Rs.3,046,341,760 payable for the period from 2012 to 2013, has been adjusted to the Farmers' Pension Fund in the financial records for this year.

9. 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 2023
NOTE - 01

Description	Cost/Valuation as at 01.01.2023	Disposal	Addition	Transfer to revaluation	Re valuation	Total	Accumulated Dep :as at 01.01.2023	Disposal	Depreciation for the year	Transfer to revaluation	Total Depreciation	Net book value 31-12-2023
Motor Vehicle	2,850,000		-	(2,850,000)	4,000,000	4,000,000	2,280,000		570,000	(2,850,000)	-	4,000,000
Office Equipment	1,371,880	(117,294)	-	-	-	1,254,586	1,284,124	(117,294)	11,690	-	1,178,521	76,065
Welfare Equipment	32,851	(12,873)	-	-	-	19,978	25,848	(10,283)	1,009	-	16,574	3,404
Furniture & Fittings	1,414,380	(136,385)	107,302	-	-	1,385,296	1,177,325	(136,385)	74,298	-	1,115,238	270,058
Air Conditioners	1,051,273	-	-	-	-	1,051,273	907,903	-	43,011	-	950,914	100,359
Computers	27,390,557	(2,440,222)	487,400	-	-	25,437,735	23,731,880	(2,440,222)	935,013	-	22,226,670	3,211,065
Publicity Equipment	422,837	-	-	-	-	422,837	422,837	-	-	-	422,837	-
Computer Software	1,475,000	-	-	-	-	1,475,000	1,475,000	-	-	-	1,475,000	-
	36,008,777	**(2,706,773)**	**594,702**	**(2,850,000)**	**4,000,000**	**35,046,705**	**31,304,916**	**(2,704,183)**	**1,635,021**	**(2,850,000)**	**27,385,754**	**7,660,951**

Property, plant & equipment includes fully depreciated assets that are still in use having a gross amount of Rs. 28,232,649.22 as at 31st December 2023

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2023

	31.12.2023	31.12.2022
	Rs.	Rs.
NOTE 02 - STOCKS		
Printing Materials	4,604,565	2,844,053
- Prior Year Adjustment	574,666	824,802
	5,179,231	**3,668,854**
NOTE 03 - RECEIVABLES		
Receivables from Collection Agents	686,979	686,979
Receivable from Postal Department	81,000,602	47,102,835
Fisheries Current A/C	86,866,223	-
	168,553,804	**47,789,814**
NOTE 04 - HELD TO MATURITY INVESMENT		
Treasury Bills	391,325,158	415,197,735
Fixed Deposit	521,782,651	
	913,107,809	**415,197,735**
NOTE 05- RECEIVABLE INCOME		
Farmer's Contribution	720,651	1,496,090
Farmer's Contribution for Life Insurance Premium	130,530	276,420
Farmer's Contribution for Admin. Income	65,265	138,210
	916,446	**1,910,720**
NOTE 06 - CASH AT BANK		
A/C No.100150112345 - P/B Union Place	562,268	481,006
A/C No. 100180112344 - P/B Union Place	85,807	720,210
A/C No. 100130112351 - P/B Union Place	354,120	334,317
A/C No. 100110112347 - P/B Union Place	2,917,336	209,324
A/C No. 8403704 - B.O.C Union Place	266,636	44,374
A/C No. 87144457 - B.O.C Union Place	32,100	32,900
A/C No. 87649201 - B.O.C Nugegoda	144,082	282,701
A/C No. 335100370008791- PB Nugegoda	290,610	67,467
A/C No. 100440112349 -P/B Union Place	93,280	1,228,556
	4,746,239	**3,400,855**
NOTE - 07- FARMER'S PENSION FUND		
Balance B/F	(87,078,028,306)	(83,052,378,765)
Prior Year adjustment	3,046,341,760	-
Pensioners Contribution & subsequence Contributions	113,079,824	112,559,841
New Farmers Pension Scheme	20,730,787	6,741,310
	(83,897,875,936)	**(82,933,077,614)**
Add/ (Less)		
Total Revenue over Expenditure	(4,446,041,403)	(4,144,950,692)
	(88,343,917,339)	**(87,078,028,306)**

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2023

	31.12.2023 Rs. Cts.	31.12.2022 Rs. Cts.
NOTE - 8 - GOVT. GRANT FOR CAPITAL EXPENDITURE		
Balance B/F	4,133,861	1,409,500
- Prior Year Adjustment		
Add / (Less):		
Amortization of Govt. Grant	(1,065,021)	(598,438)
Addition during the year	594,702	3,322,800
Balance C/F	**3,663,542**	**4,133,861**
NOTE 9 - PAYABLES		
Agency Commission	84,410	64,498
Staff Security Deposit	142,300	142,300
Pension Payment	1,704,525,804	4,254,932,673
Pension Commission	1,225,042	14,200,747
Group Insurance Premium	294,429,817	279,420,377
Loan for Pension Payment		
- AAIB	518,782,124	484,160,453
	2,519,189,497	**5,032,921,048**
NOTE 10- ACCRUED EXPENSES		
Provision for Printing Charges	800,000	700,000
Administration Expenses	146,810	241,500
Postage	3,184,805	1,667,685
Provision for Audit fees	369,900	339,900
	4,501,515	**2,949,085**

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

	31.12.2023	31.12.2022
	Rs.	Rs.
NOTE 11 - OTHER INCOME		
Amortization of Govt. Grant	1,065,021	598,438
Sundry Income	39,893	14,885
Asset Disposal Income	50,560	-
	1,155,474	**613,323**
NOTE 12 - ADMINISTRATION EXPENSES		
Salaries & Wages	103,777,380	97,616,721
E.P.F.	12,527,325	9,392,852
E.T.F.	2,541,336	2,154,556
Traveling & Subsistence	11,268,488	7,134,383
Over Time	3,432,367	1,745,238
Daily Pay	562,604	129,118
Medical Expenses	1,759,900	1,834,400
Gratuity	4,368,782	8,260,446
T.A.C. Allowances	-	136,000
Staff welfare	1,435,321	924,413
Legal Fees	-	1,348,624
Staff Uniform	-	245,012
Allowance to Board Members	276,200	238,400
Consultation Fees	68,000	-
Labour Charges	62,570	137,025
Rent	9,902,831	7,499,555
Telephone	2,966,819	2,664,208
Postage	7,523,165	4,796,906
Security	738,121	487,252
Electricity	2,507,491	1,083,984
Water Bill	388,730	247,019
Audit Fees	363,000	305,700
Translation Fees	-	14,220
Fuel	6,914,645	6,751,547
Awareness & Training	4,315,001	7,318,274
Printing	1,206,478	33,718
Stationery & Consumables	7,337,029	7,204,824
Entertainments	541,126	435,132
Main. of Motor Vehicle	10,569,477	7,365,180
Main. of Building	4,023,958	297,659
Main. of Office Equipment	384,290	224,849
Main. of Computer & Software	1,243,662	572,456
Depreciation	1,635,021	1,168,438
	204,641,116	**179,768,108**
NOTE 13 - FINANCE & OTHER		
Loan Interest	62,601,947	95,406,605
Bank Charges	61,168	78,336
	62,663,115	**95,484,941**

Financial Statements as at 31 December 2023

Fishermen's Pension and Social Security Benefit Scheme

FISHERMEN'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2023

	Note	31.12.2023 Rs.	31.12.2022 Rs.
ASSETS			
Non - Current Assets			
Plant , Property & Equipment	1	54,698	72,340
		54,698	**72,340**
Financial Instruments			
Treasury Bond		398,879,705	
		398,879,705	
Current Assets			
Stock	2	87,430	92,219
Receivables	3	5,000	5,000
Held to Maturity Investment	4	394,428,987	662,541,900
Cash at Bank	5	1,409,330	700,601
		395,930,747	**663,339,720**
TOTAL ASSETS		**794,865,150**	**663,412,060**
EQUITY & LIABILITIES			
Capital & Reserves			
Fishermen's Pension Accumulated Fund	6	(4,934,955,153)	(4,509,752,321)
Death Gratuity Fund	7	34,199,215	32,535,495
		(4,900,755,938)	**(4,477,216,826)**
Non - Current Liabilities			
Pension Liability		5,532,349,026	5,068,050,746
Provision for Staff Gratuity		1,831,841	2,715,544
		5,534,180,867	**5,070,766,290**
Current Liabilities			
Total Payables	8	160,590,522	69,055,797
Accrued Expenses	9	849,699	806,799
		161,440,221	**69,862,596**
TOTAL EQUITY & LIABILITIES		**794,865,150**	**663,412,060**

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

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

.....
Head Of Finance
S. M. U. G. S. K. Subasingha
Director Finance (Acting)
Agricultural and Agrarian Insurance Board
No: 117, Subadrarama Road,
Gangodawila, Nugegoda.

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

.....
Dr. W.M.M.B. Weerasekara
Chairman
Agricultural & Agrarian Insurance Board
117, Subadrarama Road,
Gangodawila, Nugegoda.

.....
I.U. Kalum[illegible]
Director General
Agricultural and Agrarian Insurance Board
No: 117, Subadrarama Road,
Gangodawila, Nugegoda.

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

R.M.D.K.G. Namal Bandara Ranatunga
Additional Director General
Department of Treasury Operations
General Treasury
Colombo 01.

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

FOR THE YEAR ENDED 31ST DECEMBER 2023

	Note	31.12.2023	31.12.2022
		Rs.	Rs.
Interest Income		134,109,764	105,879,565
Fishermen's Contribution		121,468	116,394
		134,231,232	105,995,959
Less:			
Interest Income trf. to Admin Exp.		(3,500,000)	(3,500,000)
Total Revenue for Fund		**130,731,232**	**102,495,959**
Less: EXPENDITURE			
Refund of Net Contribution		(195,015)	(246,074)
Refund of Net Interest		(284,602)	(278,234)
Incentive Payment		(7,964)	(11,209)
Group Insurance Premium		(1,746,720)	(1,749,300)
Pension Payments & Commission			
- Pension Payments		(83,913,258)	(78,353,108)
- Commission for Pension Payments		(1,034,520)	(985,515)
Increase of Pension Liability		(464,298,280)	(423,886,155)
Total Expenditure		**(551,480,359)**	**(505,509,595)**
Operational Surplus/ Deficit		**(420,749,127)**	**(403,013,636)**
INCOME - for Administration			
Disposal Of Fixed Assets		-	
Govt. Grant for Pension Payment		-	
Govt. Grant for Pension Payment		-	-
Interest Income for Admin. Expenses		3,500,000	3,500,000
Govt. Grant for Admin Expenses		1,500,000	1,500,000
		5,000,000	5,000,000
Sundry Income		525	275
		(415,748,602)	**(398,013,361)**
Less: Expenses			
Admin: & Establishment Expenses	10	9,430,008	8,581,590
Finance Charges	11	6,236	400
Total Admin Expenses		**9,436,244**	**8,581,990**
Profit/ (loss) for the year		**(425,184,846)**	**(406,595,351)**
Other Comprehensive Income			
Gratuity gains/ (loss)		80,014	534,705
Increase of Pension Liability		-	-
Total Comprehensive Income For the year		**(425,104,832)**	**(406,060,646)**

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2023

	Fishermen's Pension Fund	Death Gratuity Fund	Total
Balance as at 01 January 2022	**(4,103,691,674)**	**30,965,195**	**(4,072,726,480)**
Prior Year Adjustment	(98,000)		(98,000)
Additions during the year	-	1,749,300	1,749,300
Benefit paid	-	(179,000)	(179,000)
Net Surplus/(Deficit)	(406,060,646)	-	(406,060,646)
Balance as at 31st December 2022	**(4,509,850,321)**	**32,535,495**	**(4,477,314,826)**
Additions during the year	-	1,746,720	1,746,720
Benefit paid	-	(83,000)	(83,000)
Net Surplus/(Deficit)	(425,104,832)	-	(425,104,832)
Balance as at 31st December 2023	**(4,934,955,153)**	**34,199,215**	**(4,900,755,938)**

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

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2023

	31.12.2023	31.12.2022
	Rs.	Rs.
Cash flows from Operating actives		
Net Surplus/(Deficit)	(425,184,846)	(406,595,351)
Adjustments For		
Depreciation	17,642	17,642
Adjustments in respect of Prior Year	(98,000)	17,000
Increase Pension Liability	464,298,280	423,886,155
Contribution for group insurance scheme	(1,746,720)	(1,749,300)
Provision for Retiring Gratuity	273,031	476,365
Operating profit before working capital changes	**37,559,387**	**16,052,511**
(Increase) / Decrease in Inventories	4,789	1,483
(Increase) / Decrease in Receivables	-	248,174,566
(Increase) / Decrease in Other Payables	91,534,725	8,101,001
(Increase) / Decrease in Accrued expenses	42,900	(281,707)
	91,582,415	**255,995,343**
Cash Generated from Operations		
Cash Generated from operation Activities	129,141,801	272,047,854
Retiring Gratuity - Paid	(1,076,720)	
Net Cash Flows from Operating Activities	**128,065,081**	**272,047,854**
Cash Flows from Investing Activities		
Financial Instrument	(130,766,793)	(275,544,688)
Farmer's Death Gratuity Fund	3,410,440	3,319,600
Net Cash flows from Investing Activities	**(127,356,353)**	**(272,225,088)**
Cash Flows from financing Activities		
	-	-
Net Cash Flows from Financing Activities	**-**	**-**
Net Increase / (Decrease) in cash & Cash Equivalents	**708,729**	**(177,234)**
Cash & Cash equivalents at Beginning of the year	700,601	877,835
	1,409,330	**700,601**
Cash& Bank balance at the end of the year		
Cash at Bank - 31.12.2023	**1,409,330**	**700,601**

Agricultural and Agrarian Insurance Board

Fisherman's Pension & Social Security Benefits Scheme

Significant Accounting Policies

For the Year Ended 31st December 2023

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.

Fully depreciated assets with a total historical cost of Rs. 696,175.42 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 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.

As stated in paragraph 15 of Sri Lanka Accounting Standard SLFRS 4, Insurance contracts, an insurer shall assess at the end of each reporting period whether its recognized insurance liabilities are adequate, using current estimates of future cash flows under its insurance contacts. If that assessment shows that the carrying amount of its insurance liabilities (less related deferred acquisition costs and related intangible assets) is inadequate in the light of the estimated future cash flows, the entire deficiency shall be recognized in profit or loss.

The fisherman's pension liability has been increased by considering the changes in the market interest rates and a deficiency has been recognized in other comprehensive income in the statement of profit and loss and other comprehensive income to the financial statements. Therefore, recognizing the said increase in fishermen pension liability under other comprehensive income is in compliance with the requirement of the above standard.

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 -2008.10.15. 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.

8. Prior Year Adjustment

The accumulated fund was overstated by Rs. 98,000 in the 2020 financial statements. This discrepancy has been corrected in the 2023 financial statements.

9. Contingencies

9.1 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

District judge has granted the decision according to the pleadings of the plaint & refuse to grant additional relief which was not mention in the pleadings. Therefore, AAIB has appealed against the district court decision by obtaining a director board decision.

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

NOTES TO THE FINANCIAL STATEMENTS

Note - 01

PLANT, PROPERTY & EQUIPMENT AS AT 31ST DECEMBER 2023

Asset	Cost/Valuation as at 01.01.2023	Disposal	Cost Addition	Balance as at 31-12-2023	Accumulated Dep.As at 01.01.2023	Disposal	Depreciation for the year	Total Depreciation	Written Down Value as at 31.12.2023
Office Equipment	528,649	-	-	528,649	462,721	-	14,792	477,513	51,136
Welfare Equipment	1,325	-	-	1,325	1,325	-	-	1,325	-
Furniture & Fittings	77,677	-	-	77,677	71,264	-	2,850	74,114	3,563
Computers	264,945	-	-	264,945	264,945	-	-	264,945	-
	872,595	**-**	**-**	**872,595**	**800,255**	**-**	**17,642**	**817,897**	**54,698**

Property Plant & Equipment include fully depreciated assets that are still in use having a historical cost amounts to 696,175.42 as at 31st December 2023.

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FISHERMEN'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2023

	31.12.2023	31.12.2022
NOTE 02 - STOCKS	Rs. Cts.	Rs. Cts.
Printing Materials	87,430	92,219
	87,430	**92,219**
NOTE 03 - RECEIVABLES		
Death Gratuity Advance	5,000	5,000
	5,000	**5,000**
NOTE 04 - FINANCIAL INSTRUMENTS HELD TO MATURITY		
Treasury Bills - Bank Of Ceylon	110,070,126	-
Fixed Deposit-Peoples Bank	284,358,861	662,541,900
	394,428,987	**662,541,900**
NOTE 05 - CASH AT BANK		
A/C No. 164790 BOC Union Place	332,905	118,693
A/C No. 164795 BOC Union Place	948,429	513,051
A/C No. 91071672 BOC Nugegoda	25,000	
Collection Accounts	102,996	68,857
	1,409,330	**700,601**
NOTE 06 - FISHERMEN'S PENSION ACCUMULATED FUND		
Balance B/F	(4,509,752,321)	(4,103,708,674)
Prior Year Adjustment	(98,000)	17,000
	(4,509,850,321)	(4,103,691,674)
Addition during the year		
Total Surplus/(Deficit) for the year	(425,104,832)	(406,060,646)
	(4,934,955,153)	**(4,509,752,321)**

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FISHERMEN'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2023

	31.12.2023 Rs. Cts.	31.12.2022 Rs. Cts.
NOTE 7 - DEATH GRATUITY FUND		
Balance B/F	32,535,495	30,965,195
Add:		
Contribution for the year	1,746,720	1,749,300
Less:		
Death Gratuity Payments	(83,000)	(179,000)
	(83,000)	(179,000)
	1,663,720	**1,570,300**
	34,199,215	**32,535,495**
NOTE 08 - PAYABLES		
Pension Payment	5,537,581	5,738,914
Agricultural Insurance scheme	67,786,327	62,893,600
Refundable Contribution	82,940	106,702
Death Gratuity	167,000	159,000
Refund interest on Contributions	150,451	146,131
Maintenance Computer	-	11,450
Farmers Pension Schemes	86,866,223	
	160,590,522	**69,055,797**
NOTE 9 - ACCRUED EXPENSES		
Provision for Printing	522,699	542,199
Provision for Audit Fees	327,000	264,600
	849,699	**806,799**

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FISHERMEN'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2023

	31.12.2023 Rs. Cts.	31.12.2022 Rs. Cts.
NOTE 10 - ADMINISTRATION EXPENSES		
Salaries & Wages	2,283,133	3,352,383
Contribution E.P.F.	302,868	362,231
Contribution E.T.F.	68,543	90,558
Special Allowances	557,736	497,736
Gratuity	273,031	476,365
Fuel	460,976	427,930
Stationery	314,066	249,691
Printing	267,539	121,433
Staff Uniform	-	10,209
Rent	1,237,854	937,444
Telephone	370,852	333,026
Postage	694,102	351,051
Water Bill	48,591	30,877
Security	184,530	121,813
Electricity	313,436	135,498
Main. of Motor Vehicle	792,711	552,388
Main. of Building	491,215	35,051
Main. of Office Equipment	96,073	56,212
Computer Expenses	331,109	182,651
Depreciation	17,642	17,642
Audit Fees	324,000	239,400
	9,430,008	**8,581,590**
NOTE 11 - FINANCE CHARGES		
Bank Charges	6,236	400
	6,236	**400**

Reports of the Auditor General

My No: ARI/C/AAIB/01/23/56/FA 08 October 2024

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 2023 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.

The above report has been sent herewith.

W.P.C. Wickremaratne
Auditor General

Copies:- 1. Secretary - Ministry of Agriculture
2. Secretary - Ministry of Finance, Economic Stabilization and National Policies

My No: ARI/C/AAIB/01/23/56/FA 08 October 2024

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 2023 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 Opinion

The audit of the consolidated financial statements of Agricultural and Agrarian Insurance Board ("Board") and its Farmers' Pension and Social Security Benefits Scheme and the Fishermen's Pension and Social Security Benefit Scheme ("Group") for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of comprehensive income, statement of changes in equity and cash flow statement of the Board and the Group 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.

Group

Disclaimer of Opinion

I do not express an opinion on the financial statements of the Group. Because of the significance of the matters described in the section (1.2) on Disclaimer of Opinion of the Group, I have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Agricultural and Agrarian Insurance Board

Qualified Opinion

In my opinion, except for the effects of the matters described in the section on the basis for qualified opinion (1.2.1) of my report, the financial statements of the Board give a true and fair view of the financial position as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for the Disclaimer of Opinion on the financial statements of the Group

I express a qualified opinion on the basis of matters stated in 1.2.1 on the financial statements of the Board submitted for the year ended 31 December 2023.

I have expressed a Disclaimer of Opinion on the basis of matters stated in 1.2.1 on the financial statements of the Farmers' Pension and Social Security Benefit Scheme in the Group submitted for the year ended 31 December 2023.

I have expressed a qualified opinion on the basis of matters stated in 1.2.2 on the financial statements of the Fishermen's Pension and Social Security Benefit Scheme in the Group submitted for the year ended 31 December 2023.

1.2.1 Basis for qualified opinion on the financial statements of the Board

(a) In the 14 district offices inspected, a difference of Rs.8,119,818 was observed between the amount recognized in the financial statements as the third party insurance income and the income as per computerized data of district offices for the month of March 2023.

(b) The receivable income of Rs.4,249,619,152 indicated in the final accounts of the Board as receivable from the General Treasury for the payment of crop damage compensation from the year 2018 to the year 2022 had been written off in the year 2023. Since 5 percent from the operating income is transferred to Agrarian Insurance Fund in terms of Agricultural and Agrarian Insurance Act, No.20 of 1999, the sum of Rs.212,480,957 which was so transferred from the operating income in respect of the above amount had been removed from the Agrarian Insurance Fund and adjusted to the accumulated fund.

(c) The value of the lands of 76.6 perches in Mahiyanganaya, Embilipitiya and Anuradhapura belonging to the Board on which 03 official quarters are located had not been assessed and taken to financial statements.

(d) In preparing the financial statements, contrary to section 04 of Sri Lanka Accounting Standard 07;

(i) the operating cash flow had been under-calculated by Rs. 54,613,210 due to the adjustment of the difference between related party transactions of Rs. 54,053,519 in receivable accounting balances and non-recognition of the actual cash inflow of Rs.206,225,000 and actual cash outflow of Rs.205,665,309 in the current accounts maintained for the social security benefit schemes.

(ii) Due to the non-presentation of employee medical insurance payment of Rs.2,181,826 that was paid in cash in the cash flow statement, the operating cash flow had been overestimated by that amount.

(iii) As a result of not indicating the actual cash flow of Rs.49,281,460 of the farmers' death gratuity fund account as a cash flow generated from operating activities and indicating the difference of Rs.133,219,275 of farmers' death gratuity fund account as a cash flow from investment activities, the operating cash flow had been underestimated by Rs. 49,281,460 and the investment cash flow had been overestimated by Rs. 133,219,275.

(iv) As a result of the settlement of loans of Rs. 20,000,000 in the farmers' pension scheme loan account not being recorded as an investment cash inflow, the investment cash flow had been under-calculated by that amount.

(v) As a result of the difference of balances in receivable investment interest income of Rs. 2,430,248 in respect of the employee medical insurance fund and Rs.6,326,428 in respect of farmers' death gratuity fund being treated as the cash flow on investment activities, the investment cash flow had been under-calculated by Rs. 8,756,676.

(vi) As a result of the increase of Rs. 8,500,488 in the difference of balance of the employee medical insurance fund has been recorded in the investment cash flow, the investment cash flow had been overstated by that amount.

(vii) Due to the non-presentation of the interest received on the investments of employee medical insurance find amounting to Rs.2,972,367 in the cash flow, the investment cash flow had been understated by that amount.

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.

1.2.2 Farmers' Pension and Social Security Benefit Scheme

Basis for Disclaimer of Opinion

(a) The scheme includes total assets of Rs.2,202,748,150 and total liabilities of Rs.89,457,327,488, resulting in liabilities exceeding assets by Rs.87,254,579,339, and has total current assets of Rs.1,092,503,529 and total current liabilities of Rs.2,527,354,554, leading to current liabilities exceeding current assets by Rs.1,434,851,025, making the going concern of the scheme problematic without the contribution from the treasury.

(b) Contrary to paragraph 88 of Sri Lanka Accounting Standard 01, the sum of Rs.133,810,611 premium received from farmers and investment interest, was not accounted for as income during the period but was instead recorded as part of the cumulative fund. As a result, the profit was reduced by this amount.

(c) The cash flow statement inaccurately recorded Rs.10,585,145 paid by the board as a cash outflow, Rs.3,046,341,760 previous year's adjustment as a cash inflow in working capital, and incorrectly adjusted the Rs.470,320 differences in the board's current account twice. Furthermore, the amount of Rs.20,730,787 received from farmers who have newly contributed to the fund was not included in the cash flow statement as a cash inflow, and the loan installment of Rs.20,000,000 settled with the cash was not recorded as a cash outflow.

(d) According to paragraph 59 of Sri Lanka Accounting Standard 37, the accuracy of the pension liability of Rs.86,898,445,376 for the end of the year under review could not be confirmed due to the absence of an actuarial valuation.

(e) Due to the absence of a method for updating the accurate bio-data of farmers, pensions of deceased and non-claimed farmers have continuously been remitted to the postal department. Consequently, in 2023, the postal department returned Rs.259,373,191 in unclaimed pensions, leaving an outstanding balance of Rs.81,000,602 due from the postal department by the end of the reviewed year. The lack of updated records for farmers who did not collect their pensions resulted in the inability to verify the accuracy of the year-end balance and the funds received.

1.2.3 Fishermen's Pension and Social Security Benefit Scheme

Basis for the Qualified Opinion

(a) Operating activities in the cash flow statement were under stated by Rs.3,410,440 due to a deduction of Rs.98,000 for the prior year adjustment, the amount of Rs.1,746,720 allocated for the death gratuity fund should be added, but the deduction and the payment made from the death gratuity fund amounting to Rs.173,000 were not disclosed and inclusion of Rs.8,000 which was the difference of payable death gratuity balance as additions to changes in working capital contrary to paragraph 4 of Sri Lanka Accounting Standards 7. The investment cash flow was overstated due to the additions of Rs.3,410,440 to investing activities which was the sum of the difference in death gratuity fund account balance and provisions.

(b) According to paragraph 59 of Sri Lanka Accounting Standards 37, The life actuarial assessment for the pension liability of Rs.5,532,349,026 had not been done after the year 2007.

(c) Even though the pension liability was Rs.5,532,349,026, the investment value on that day was Rs.793,808,692. Accordingly, sufficient investment was not made to settle these commitments.

(d) A total of Rs.1,332,218 was accounted for as salary expenses for two officers who were not directly involved in the respective duties while no cadre had been approved by the Department of Management Services.

(e) Going concern of the scheme is disputed as the total net assets of the scheme continue to be negative and the total liabilities cannot be met by the total assets of the scheme.

As explained above, the material items included in the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows could not be corroborated or verified through alternative means. Consequently, I was not able to determine whether any adjustment is required to be made regarding the reported or non-reported amount or transactions in the amounts or items that make up the the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows of the Group.

1.3 Other information contained in the annual Report 2023 of the Board

Other information means information, though included in the Annual Report 2023 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 2023 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 responsibility is to issue the auditor's report on the financial statements of the Board and the Group on the basis of audit conducted in accordance with the Sri Lanka Accounting Standards. However, due to the matters explained in the section on the basis for disclaimer opinion, I could not obtain adequate and appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Group.

2. Report on other legal and regulatory requirements

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 Qualified Opinion' of this report, I obtained all information and explanations required for the audit and as far as

it appears from my inspection, even though the Board had maintained proper financial statements, I could not obtain all information and explanations deemed as required for the audit of the Group and I could not determine whether the Group had maintained proper accounts 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 1.2.1 (c) in the basis for Qualified Opinion of my 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) Financial Regulations of the Democratic Socialist Republic of Sri Lanka. F.R 381	A total of 57 bank accounts of the Group, including 45 of the Board's bank accounts, have been opened and are being maintained without Treasury approval.
(b) Section 131 of Chapter IX of the Extraordinary Gazette for Procedural Rules No. 2310/29 dated 14 December 2022	An acting appointment should be made when a regular Government officer serving in a post in the approved cadre is out of service in that post for a period of time with formal approval or as a temporary remedy until a permanent appointment is made to that post in the event of a vacancy in a post in the approved cadre. However, 26 officers for 07 posts were employed on the basis of acting on long-term from 08 months to 12 years.
(c) Public Enterprise Circular No. PED 1/2015 dated May 25, 2015 Section 2	Contrary to the Circular, Transport allowances of Rs.1,380,533 were paid to 19 officers belonging to the MM 1-1 service category with in the year 2022 and Rs.1,837,960 were paid during the year under review.
(d) Public Enterprise Circular No. 06/2022 dated 06 October 2022	Even though Employees of Government Owned Enterprises who are in service beyond the age of 60 years and attain the age of 60 years on or before 31 December 2022 should retire on or before 31 December 2022 and should obtain prior approval from the Department of Management Services for recruitment on contract basis, 5 officers who completed 60 years of age on that day and

	over 60 years of age were employed and Rs.4,389,535 was paid as salaries and allowances without approval.

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
(a)	Sub-section 7(a) the Agricultural and Agrarian Insurance Act, No. 20 of 1999	Indemnity amounting to Rs.70,800,200 paid to 8,185 farmers in the years 2017 and 2018, has been returned by commercial banks due to mismatch of account numbers, farmers' names and identity card numbers. For 6 years no action had been taken to identify the farmers and settle the amount or remit it back to the treasury.
(b)	Ministry of Agriculture, Rural Economic Affairs, Irrigation and Fisheries and Aquatic Resources Development- Circular No. 07/2017 (Amendment II) dated September 02, 2019	Although an amount of Rs.9,244,450 from 23,351 farmers was recognized as the income of the board for accident insurance coverage in relation to the 2021/2022 Maha season in the 17 offices where the information was reported, the deeds had not been given to 15,491 farmers and it was observed that deeds had been given to 7,851 farmers after a period of 07 months to 10 months of the one year reserve period.

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.

Though activities for the purchase of Enterprise Resource Planning (ERP) System for the board's management information system and procurement of hardware contracted for Rs.79,000,000 should have been started on 1 March 2023 and completed by 20 August 2023, those activities had not been finalized even by 31 July 2024.

2.3 Other Matters

(a) With the help of officials of the Department of Agricultural Development, Indemnity for crop damage should be paid within 2 months, but for the 39,455 applications recommended and received for the 2022/2023 Maha season ending in March 2023, Rs.914,574,064 were paid starting on June 09, 2023 and ending on September 02, 2024.

(b) According to the Section 6(1) of Farmers' Pension and Social Security Benefit Scheme Act, No. 12 of 1987, Non-payment of pension by identifying farmers who have completed 60 years of age and are entitled to pension by contributing to the scheme, According to the Section 15(1) of the Act, Failure to notify a contributor of default in payment of 5 installments respectively, The beneficiary party had not defaulted in the payment of 5 installments respectively but the pension benefits had been considered as a breach of the deed in the case of intermittent or nonpayment of 5 installments respectively.

(c) According to Section 6 of Farmers Pension certificate of deed, If 75 percent of the required semiannual contribution amount has been paid, the contributors are entitled to a pension

lower than the specified amount determined by the board. However, benefits were forfeited for these contributors.

(d) Out of the 871,425 registered farmers in the Farmers' Pension and Social Security Benefit Scheme, 474,803 farmers aged between 61 and 93 years as on December 31, 2023, but 264,227 of them have not been paid pension.

(e) As per the Section 5(1) f Fishermen's Pension and Social Security Benefit Scheme Act, No. 23 of 1990, Any fisherman between the ages of 18 and 59 is eligible to join the Fishermen's Pension Scheme, however no Fishermen's Pension members have enrolled in the scheme after 2018, As per the Section 7 of the Act, Although pensions should have been provided to fishermen who contributed to the scheme upon reaching the age of 60 years, a total of Rs.5,537,581 was recorded as pension arrears in the financial statements, including Rs.4,159,063 for 139 fishermen who were granted pensions between January 2007 and December 2016, and Rs.1,378,518 for 45 fishermen who were granted pensions in 2022 and 2023, but payments were not made to the fishermen.

(f) The number of fishermen contributing to the scheme was 64,117 and had not done grant of Fishermen's pension benefit to 24,187 (including 5,549 Contributors who have paid lump sum contributions) out of 31,146 fishermen who reached the retirement age of 60 years as on December 31 of the year under review.

(g) An amount of Rs. 20,391,089 was received to the board in the year 2022 by the United Nations Food and Agriculture Organization for the construction of the agricultural management information system in conjunction with the International Finance Corporation (IFC) and although In that year, Rs.23,009,698 was spent for it, but by the year 2024, the information system was not used for indemnity calculation and indemnity payment process.

(h) The board had to bear a loss of Rs.40,869,072 as late interest due to the tax amount of Rs.299,354,489 from April 1, 2018 to December 31, 2023 was not paid on the due dates and due to non-registration for income taxes as per the Inland Revenue Act No. 24 of 2017.

(i) In terms of subsection 4 of Section 24 of the Agricultural and Agrarian Insurance Act No.20 of 1990, a reserve fund to be used at its discretion to pay for claims arising from unexpected events had been built since 2002 and as of December 31, 2023, its balance was Rs.498,536,253. This fund has not been used in the 21 years from 2002 until now because the rules were not defined and established regarding the unexpected events that should be used.

(j) An incentive fund has been built as per approval granted by the Board of Directors for the payment of incentives with the objective of encouraging officers to promote the third party and other general insurance schemes by allocating 5 percent of the income of the third party insurance scheme. The allocation in the year 2023 was Rs. 17,672,532 and the balance as at 31 December 2023 was Rs. 30,686,023. Incentives amounting to Rs. 8,437,499 and Rs. 8,714,577 had been paid respectively in the years 2022 and 2023 and the approval of the Treasury had not been obtained for the establishment of this Fund and the payment of incentives.

(k) A medical insurance fund had been built to offer insurance coverage for employees with the approval of the Board of Directors and the contribution of the Group in the year 2023 was Rs. 3,519,800 and the balance of the Fund as at 31 December 2023 was Rs. 27,313,478. The approval of the Treasury had not been obtained for the establishment of this Fund.

W.P.C. Wickremaratne
Auditor General

My No: ARI/C/FPS/1/23/41/FA Date: 18 June 2024

Chairman
Agricultural and Agrarian Insurance Board

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 2023 of Farmers' Pension and Social Security Benefit Scheme

The above report is sent herewith.

W.P.C. Wickremaratne
Auditor General

Copes :-
1. Secretary - Ministry of Agriculture
2. Secretary - Ministry of Finance, Economic Stabilization and National Policies

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My No: ARI/C/FPS/1/23/41/FA Date: 18 June 2024

Chairman
Agricultural and Agrarian Insurance Board

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 2023 of Farmers' Pension and Social Security Benefit Scheme

1. Financial Statements

1.1 Disclaimer of Opinion

The audit of the financial statements of the Farmers' Pension and Social Security Benefit Scheme for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 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 material accounting policy information 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, the National Audit Act No. 19 of 2018 and Farmers' pension and social security benefit scheme Act No. 12 of 1987. In terms of Article 154(6) of the constitution, my report will be tabled in Parliament in due course.

I do not express an opinion on the accompanying financial statements of the fund. Because of the significance of the matters described in the section on Disclaimer of Opinion, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

1.2 Basis for Disclaimer of Opinion

(a) The scheme includes total assets of Rs.2,202,748,150 and total liabilities of Rs.89,457,327,488, resulting in liabilities exceeding assets by Rs.87,254,579,339, and has total current assets of Rs.1,092,503,529 and total current liabilities of Rs.2,527,354,554, leading to current liabilities exceeding current assets by Rs.1,434,851,025, making the going concern of the scheme problematic without the contribution from the treasury.

(b) Contrary to paragraph 88 of Sri Lanka Accounting Standard 01, the sum of Rs.133,810,611 inclusive of premium received from farmers and investment interest, was not accounted as income during the period but was instead adjusted to the cumulative fund. As a result, the profit had been reduced by this amount.

(c) The cash flow statement inaccurately recorded the Rs.10,585,145 paid by the board as a cash outflow, Rs.3,046,341,760 previous year's adjustment as a cash inflow in working capital, and incorrectly adjusted the Rs.470,320 differences in the board's current account twice. Moreover, the amount of Rs.20,730,787 received from farmers who contributed to the new fund was not included in the cash flow statement as a cash inflow, and the loan installment of Rs.20,000,000 that was settled was not recorded as a cash outflow in the cash flow statement.

(d) As actuarial assessment had not been carried out in terms of paragraph 59 of Sri Lanka Accounting Standard 37, the accuracy of the pension liability of Rs.86,898,445,376 at the end of the year under review could not be confirmed.

(e) Due to the absence of a method for updating accurate bio-data of farmers, pensions of deceased and non-claimed farmers are continuously remitted to the Postal Department. Consequently, in 2023, the postal department returned Rs.259,373,191 in unclaimed pensions, leaving an outstanding balance of Rs.81,000,602 due from the postal department by the end of the year under review. The lack of updated records for farmers who did not collect their pensions resulted in the inability to verify the accuracy of the yearend balance and the funds received.

As explained above, I could not corroborate or verify the material items in the statement financial position, statement of comprehensive income, statement on changes of equity, and the statement of cash flows through alternative methods. Consequently, I could not determine whether any adjustments required to be made regarding reported or unreported transactions in the amounts or items of which the statement financial position, statement of comprehensive income, statement on changes of equity, and the statement of cash flows are made.

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 determines 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 scheme'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 intends to liquidate the scheme 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 Sub Section 16(1) of the National Audit Act No. 19 of 2018, the scheme 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 scheme.

1.4 Auditor's Responsibility for the Audit of the Financial Statements

It is my responsibility to issue the auditor's report regarding financial statements of the Fund on the basis of the audit conducted in accordance with the Sri Lanka Auditing Standards. However, due to matters explained in the section on disclaimer of opinion, I was not able to obtain adequate and appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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 1.2 (d) and (e) of the section on 'Disclaimer of 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
Farmers' Pension and Social Security Benefit Scheme Act, No. 12 of 1987 (i) Section 6(1)	Although farmers are entitled to receive their pension on reaching the age of 60 years, they have not been identified or paid their pension.
(ii) Section 12(c)	Although an information system containing biodata was maintained in relation to the scheme, the failure to regularly update and enter data resulted in the inability to obtain the necessary financial and operational reports.
(iii)Section 12(d)	Although the scheme requires evaluation, review, and modifications to its operational rules where necessary, an interest rate of 3.32 percent per half year was applied to the refund of unclaimed pensions, in addition to the net premium amount, without any established law, rule, or regulation.
(iv) Section 15(1)	Although the board has the authority to notify contributors of the loss of benefits under the certificate if they fail to make 5 consecutive instalments, beneficiaries who did not fail to pay 5 consecutive installments, but failed to pay 5 installments intermittently were still considered to have breached the agreement, resulting in the loss of pension benefits.
(v) Section 27(1)	Although the amount of loan to be obtained by the scheme should have been decided with the concurrence of both the Minister and the Minister in charge of the subject of Finance, a loan of Rs.290,800,755 had been obtained from the Agricultural and Agrarian Insurance Board without such concurrence. As of December 31, 2023, the total loan balance, including the interest to be paid, was Rs.518,782,124.
Section 6 of Farmers Pension certificate of deed	If 75 percent of the required semi-annual contribution amount has been received, the contributors are entitled to a pension lower than the specified amount determined by the board. However, benefits were forfeited for these contributors.

3.2 Irregular transactions

There is no approved carder related to the scheme and 50 percent of the total salary expenses and other administrative expenses of the board have been debited as expenses of the scheme. Even though the amount refunded to the farmer has been decided having deducted Rs.15 from every instalment received from the beneficiary in the repayment of unclaimed pension as administrative expenses, Rs.30 per instalment as insurance fee from duly paid instalment by the farmer and Rs.150 as insurance fee again from the amount refunded to the farmer, no rule had been approved in this regard.

3.3 Performance

(a) Though 474,803 were farmers aged between 61 and 93 as at 31 December 2023 out of 871,425 farmers registered in the scheme, 264,227 of them had not been paid pension. Although letter No. 6/FPS/ඵා/2 addressed to all Deputy/Assistant directors sent on 23 June 2023 notified them to trace contributors who had completed 60 years in the year 2022 and were entitled to pension but had not forwarded applications and take requisite action for the payment of pension, when checking a sample of 12 district offices 6 of them had not done so.

(b) Due to the inability to provide necessary facilities to notify contributors and activate the deed when 5 consecutive instalments had been breached, 1127 contributors in the year 2021, 2226 contributors in the year 2022 and 715 contributors during the year under review who had applied for pension after completing the prescribed age had been paid the net contribution without paying the pension.

3.4 Management Activities

(a) Rs.5,640,925 had been spent to collect data for an information system in the year 2017 but the information system had not been built due to not collecting the expected information.

(b) The balance of Rs.251,547,146 in group life insurance fund of farmers' pension scheme as on 31 December 2007 and its related investment had been transferred to the account of Agricultural and Agrarian Insurance Board. A loan amount of Rs.295,230,442 had been obtained from group insurance fund in the years 2010, 2011 and 2012 to meet cash requirements of the scheme and the accumulated interest thereon was Rs.422,547,571 up to year 2023. An amount of Rs.7,980,276 from the amount of Rs.206,225,000 received from the treasury for the administrative expenses of the scheme in the year under review and Rs.20,000,000 from the contribution income received from the farmers had been used to settle a part of the loan. Accordingly, the investment in the life insurance fund had become a loan amount.

(c) More than 7 million rupees had been paid in the previous years to the farmers to compensate the crop damages due to the closure of the Mavil Aru sluice and the case filed in this regard was referred to the Attorney General for advice on 30 November 2007, but follow up had not been done in that regard as of the date of this report.

(d) The disadvantageous position of the scheme had been reduced as a result of transferring an amount of Rs.3,033,329,200 to the pension fund without making any payment to the relevant farmers out of the unclaimed payable balance of Rs.4,254,932,613 since the year 2012.

W.P.C. Wickremaratne
Auditor General

My No: ARI/C/FIPS/1/23/48/FA Date: 22 May 2024

Chairman
Agricultural and Agrarian Insurance Board

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 2023 of Fishermen's Pension and Social Security Benefit Scheme

The above report is sent herewith.

W.P.C. Wickremaratne
Auditor General

Copes :-
1. Secretary - Ministry of Agriculture and Plantation Industries
2. Secretary - Ministry of Fisheries
3. Secretary -Ministry of Finance, Economic Stabilization and National Policies

My No: ARI/C/FIPS/1/23/48/FA Date: 22 May 2024 2023

Chairman
Agricultural and Agrarian Insurance Board

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 2023 of Fishermen's Pension and Social Security Benefit Scheme

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Fishermen's Pension and Social Security Benefit Scheme for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 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 material accounting policy information 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, the National Audit Act No. 19 of 2018 and Fishermen's Pension and Social Security Benefit Scheme Act No. 23 of 1990. My comments and observations which I consider should be reported in to Parliament appear in this report. 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 financial statements give a true and fair view of the financial position of the Scheme as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for qualified opinion

(a) Due to the incorporation of prior year adjustment of Rs. 98,000 as a deduction and the allocation of Rs. 1,746,720 for death gratuity fund as a deduction though it should have been an addition, non-disclosure of payments of Rs. 173,000 made from the death gratuity fund, and inclusion of Rs. 8,000 which was the difference in the balance of payable death gratuity as additions in the changes in working capital contrary to paragraph 4 of Sri Lanka Accounting Standard 7, the operating activities in the cash flow statement had been underestimated by Rs. 3,410,440. The investment cash flow was overstated due to the additions of Rs.3,410,440 to investing activities which was the sum of the difference in death gratuity fund account balance and allocations.

(b) The actuarial assessment for the pension liability of Rs.5,532,349,026 had not been carried out after the year 2007 in terms of paragraph 59 of Sri Lanka Accounting Standards 37.

(c) Even though the pension liability was Rs.5,532,349,026, the investment value as of that day was Rs.793,808,692. Accordingly, sufficient investment was not made to settle these obligations.

(d) A total of Rs.1,332,218 had been accounted as salary expenses for two officers who were not directly involved in the respective duties despite a staff not being approved by the Department of Management Services.

(e) Going concern of the scheme is disputed as the total net assets of the scheme continue to be of a negative value and the total liabilities cannot be met by the total assets 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. <u>Report on other legal and regulatory requirements</u>

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 1.2 (a) and (b) 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 (i) 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	Although pensions should have been provided to fishermen who contributed to the scheme upon reaching the age of 60 years, a total of Rs.5,537,581 was recorded as pension arrears in the financial statements, including Rs.4,159,063 for 139 fishermen who were granted pensions between January 2007 and December 2016, and Rs.1,378,518 for 45 fishermen who were granted pensions in 2022 and 2023, but action had not been taken to make payments to fishermen.

(iii) Section 16	Although the contributor should be informed about the loss of benefits due to non-payment of premiums for ten consecutive installments, this was not done due to the lack of a proper system for collecting and reporting premium payments.
(iv) Section 20	The advisory committee established for the implementation of the scheme has not met since November 2016.
(b) Paragraph 02(c)(iii) of Budget Circular No. 01/2023, dated 27 January 2023	Rs.557,736 has been paid to 4 officers as allowances for overseeing the pension section, despite the absence of an approved staffing structure from the Management Services Department.

3.2 Management Activities

The number of fishermen who had contributed to the scheme was 64,117, and no new members had been enrolled since 2018. As of December 31, of the year under review, out of 31,146 contributors who had reached the retirement age of 60 years, 24,187 (including 5,549 contributors who had made lump-sum payments) had not been granted their pension benefits.

W.P.C. Wickremaratne
Auditor General

Replies to reports 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 2023 of the Agricultural Insurance Scheme are submitted herewith.

1. Financial Statements
1.1 Opinion
1.2 Basis for the opinion
1.2.1 Comments on the Consolidated Financial Statements
1.2.1.1 Farmers' Pension and Social Security Benefit Scheme
1.2.1.2 Fishermen's Pension and Social Security Benefit Scheme
1.2.2 Comments on the financial statements of the Board

(a) Only the provisions granted directly by the Treasury have been indicated as the receipts from the Treasury. However, since the sum of Rs. 1,500,000/- received from the Department of Fisheries for the Fishermen's Pension Scheme is not received directly by the Board from the Treasury, it has been shown under other income.

(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 valuation of the Embilipitiya official quarters and action will be taken to finalize such activities and the valuation expeditiously and bring the estimated valuation into accounts.

(c) 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.

(d) It has been notified that a sum of Rs. 15,000/- should be maintained as minimum balance of the current account by every district office. Any amounts in current accounts exceeding the minimum balance of Rs. 15,000/- are either the money given by the head office to district offices to meet expenses or the money to be remitted to the head office by district offices.
It is wished to be pointed out that the correct balance in district office bank accounts has been correctly recognized in the Statement of Financial Position.

(e) Even though some agents deposit money in the bank, the relevant receipts and temporary coverage cards are forwarded to the office during the first or second week of the ensuing month. On such occasions, district offices are not updated as to the amount of deposits of the relevant month. However, the Finance Division updates the income received from each district according to the bank in which the money is deposited. Accordingly, the relevant district offices are simultaneously updated and the Finance Division indicates the income earned from each district at the end of each month and accordingly the commission is computed.

(f) Necessary instructions have been given to deposit premiums collected by district offices in the accounts of head office according to the scheme in the relevant month itself. It is wished to be pointed out that action will be taken to prevent recurrence of such situations in future.

(g) I,II

As noted in the audit query the interest received in cash, loan recoveries, employee medical aid fund account, cash receipts for administrative expenditure of the Farmers' Pension Scheme and the payment of benefits of for employee medical aid scheme and incurring of administrative expenditure have been adjusted correctly through accounts and only the net balances in the said accounts have been indicated in operating activities in the statement of cash flows. In future, it is expected to prepare the statement of cash flows correctly in terms of Accounting Standard 07. Action will be taken to rectify the errors that have occurred in the presentation

2.2.2 Reference to laws, rules and regulations

a) i) Approval was not received for the recruitment of adequate number of Assistant Directors designated for each division as per the scheme of recruitment and there were no eligible candidates for the vacant posts. After inspecting the qualifications of applicants recruited and their subject related knowledge to serve in the relevant divisions, action was taken after a short training to assign the relevant officers to respective divisions of the head office.

ii) Subsection 5.2.1 (a)

During the period approval was not granted to recruit permanent staff to the Board, officers were recruited on the relevant training basis to continue the work of the Board and such officers made a substantial contribution for effective discharge of wok of the Board. Management Assistants who serve on casual basis have been motivated to acquire basic qualifications required to their posts and it is wished to be informed that action will be taken to confirm them in the post of Management Assistant after the said officers fulfill the required qualifications.

b) F.R. 381- In opening the official bank accounts, the relevant approvals are obtained by submitting a board paper to the Board of Directors.

F.R. 395 – It is wished to be pointed out that bank reconciliation statements have been prepared for bank accounts operated by the Board.

c) i) Due to the inability to fill vacant posts of the Board, action was taken to continue the services being operated to discharge duties and responsibilities towards the farmer community across the island through acting posts. Acton will be taken in future to rectify this situation.

ii) In dealing with matters relating to leave of officers, leave is calculated in terms of circulars and letters of instructions approved by the board of directors and all the provisions and conditions laid down by the Establishments Code are not applied strictly as they are for leave of officers.

Accordingly, leave of the Director General for the period spent outside the country has been approved by the Senior Assistant Secretary (Administration II) of the Ministry.

d) As of now, permanent recruitments have been made for 02 acting posts and recruitments for other vacant posts have been referred for approval. Action will be pursued to recruit to other vacant posts upon receiving approval.

e) The Agricultural and Agrarian Insurance Board operates under the Agricultural and Agrarian Insurance Act, No. 20 of 1999. In terms of the provisions of the said Act, the due authority for taking decisions as to going concern of the Board has been vested in the Board of Directors.

Accordingly, as the audit has pointed out that a matter contained in a circular should be followed instead of a decision implemented by the Board of Directors as per the powers of the Act, a request was made from the Secretary of the line ministry through letter No. 3/1/8/1 dated 10.05.2019 in order to secure the approval of the institution that issued the circular. Until a determination is made in this regard, the decision of the Board of Directors shall prevail and request in this regard was made once again from the Secretary of the line ministry by letter No. 3/1/8/1 dated 27.03.2023.

ii) In terms of Section 3.9 of circular PED 1/2015 dated 25.05.2015, though an officer who is on no pay overseas leave is not entitled to get transport allowance, use official vehicle or to obtain the service of driver unless special approval is obtained from the Board of Directors, an eligible officer can be allowed to use these facilities for a further period exceeding one month in instances where the officer is on no pay leave due to reasons beyond his control such as illness that prevail for longer periods. The Director General had gone abroad having obtained no pay leave from 15.12.2022 to 31.12.2022 and due to an illness he was unable to return to the country on the due date (31.12.2022) and remained overseas until 30.01.2023. Accordingly, for this period of no pay leave from 31.12.2022 to 31.01.2023 due to reasons beyond his control, the vehicle, the service of driver and transport allowance have been obtained.

f) Though the approved cadre of the Board is 421, there is a shortage of workers as a result of not filling these vacancies over a long period of time. As the board implemented a significant number of projects in recent times, duties discharged by the Board too have seen an increase. In particular, the new farmers' pension scheme was expanded island-wide subsequent to the commencement of enrolments thereto. Further, the ERP system, a long felt need of the Board was implemented. In addition, projects such as the establishment of new training centre, operationalizing AIMS project, promotion of insurance activities covering more than 4000 post offices and all Divisional Secretariats, commencing the expansion of animal insurance under the livestock insurance, drafting new scheme of recruitment and procedures were designed and are in the process of being implemented.

Therefore, action was taken to retain the services of these experienced officers until the relevant vacancies were filled. Approval was granted by board paper 531/18 for the recruitment of Development Officers and Management Officers on contract basis. Measures have been taken as of now to secure approvals for new recruitments and once such approvals are received, action will be pursued to carry out new recruitments. You are kindly informed that action will be taken thereafter to terminate the services of the relevant officers.

g) The main agreement between GIZ and the government of Sri Lanka wherein this project was incorporated was signed in the year 2019 and out of 3.5 million Euros allocated for the SME sector development within the project, 262.606.47 Euros had been allocated for this project. The total financial provision agreed upon between the government of Sri Lanka through the Department of External Resources and GIZ was 11 million Euros. On behalf of the government of Sri Lanka, the agreement was signed by the then Secretary of the Ministry of Finance.

h) i) Inspections as per the information in the land register should be carried out by officers of Agrarian Service Centers. It is not possible for offices of the Board to do such inspections. Hence, the Board had proceeded with the matter having deemed the information received was correct.

ii) Though it has not been so done, it is the responsibility of the Agrarian Service Centres to issue applications having placed the official at the exact same time crop damages were notified. Since it cannot be made an excuse for not releasing compensation to farmers, even though officers of the Board cannot intervene in the matter, the officers of the Board compute compensation for compensation documents received by the Board. The assessment committee cannot undertake visits on the very day the damages are reported. Even during a minor damage, farmers report the damage and continue harvesting from the existing crop. In instances where compensation is not entitled for minor damages, the Assessment Committee makes an entry stating that harvesting has been carried out. If harvesting has been done, no damage has been caused. Further, in cases where public officials are involved, there are practical issues in convening all of them at once. In reporting crop damages, farmers are informed verbally at farmers' meetings to fill all information requested in the relevant document and as per circular instructions it is the responsibility of officers of the Agrarian Service Centers to summon completed crop insurance applications of farmers. Action will be taken to educate the relevant officers in this regard in future.

iii) Such delays are taking place due to practical issues that prevail and tight schedules of officers and it is wished to be pointed out that action will be taken to minimize such delays by having discussions with officers of the Agrarian Service Centres.

iv) Such delays are taking place due to practical issues that prevail and tight schedules of officers and it is wished to be pointed out that action will be taken to minimize such delays by having discussions with officers of the Agrarian Service Centres. The shortage of officers of the Board too has been a contributory factor for such delays. The surge in the occurrence of unexpected natural disasters too has caused delays in the release of compensation. However, it is expected to release compensation without delay in the coming cultivation seasons.

v) Unless there are three members in the crop damage assessment committee, compensation is not released. However, action is taken to create awareness again amongst district officers. In instances where public officials are involved, there are practical issues in convening all of them at once. However, it is expected to issue instructions through the Commissioner of Agrarian Services regarding the participation of all officers together in crop damage inspection activities.

vi) This has been caused by the shortage of officers in district offices and busy schedules of officers and action will be taken to accident policies for crop insurance policies issued in future.

i) i) Displaying the field in which officers engaged in field duties performing their duties on a given day in the white board of the office for the information of the public was commenced.

ii) A log book is maintained in district offices to record field duties of officers.

j) The Board has forwarded information in its possession to the Comptroller General and action is currently being pursued to obtain the relevant valuation reports from the Anuradhapura, Mahiyanganaya, Embilipitiya district offices and it is expected to forward the relevant information to the office of the Comptroller General upon the receipt of the correct reports.

k) The district offices have been notified to follow the instructions of relevant circulars and it is wished to be further informed that it will be possible to obtain the relevant reports accurately after the installation of the ERP system of the Board.

2.3.3 Powers' functions and duties

Subsection 7(a)

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, the 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) Upon the determination of the Technical Committee that the said bidding was not sufficient for the procurement process owing to technical matters, bids were called once again and it cannot be termed as a futile expenditure. The said procurement has adhered to all requirements set forth in the procurement guidelines and this has happened either due to the non-submission of bids by the institution which purchased the bids or inadequacy of technical practicality.

b) In order to obtain special assistance for procurement activities, a lengthy discussion was held at the pre-bid meeting regarding hardware associated with the ERP system and the opinion of all those present was that any ERP system arrangement can work on hardware with minimum requirements and since this is operated through web base, the minimal requirements of hardware should be noted together with their bids.

Further, since the work has to be carried out within the funds allocated under the computer accessories for the relevant year and since funds had not been allocated by GIZ for that purpose, the procurement has to be done through the 02 funds. Since opportunity has to be afforded to prepare specifications as per the requirements of the Board, approval was obtained to carry out this with the recommendation of the Technical Committee and with the approval of the Procurement Committee since the purchase of these ordinary hardware through entities designing the ERP system could be financially disadvantageous and since the purchase of these hardware as additionally mentioned information in procurement documents has to be done through a separate procurement.

The Procurement Chairman of the Board was changed on 02 occasions during the period of this procurement and this process could not be carried forward until the appointment of procurement chairman again by the Secretary of the line ministry and this procurement has been done within the minimum period allocated for the departmental procurement.

c) In considering the marking criteria for ERP systems of similar nature, more benefits can be secured for the institution by giving the opportunity for institutions that can develop or have developed all modules.

d) In evaluating technical proposals, financial proposals were not opened and after the evaluation of the technical proposals, financial proposals were opened in the presence of two eligible institutions. It was informed at the pre-bid meeting that the items that should be included as additional information up to 10 years in bid documents can be prepared based on a maximum of 5 years by institutions that have practically submitted bids. Accordingly, the relevant technical proposals have been made applicable in analyzing the financial proposals of eligible institutions.

e) Marks have been awarded. In preparing these criteria by the Technical Evaluation Committee, a more profitable and effective evaluation had been carried out and with a view to encouraging institutions participating in our procurement process, it has been indicated as 30-50, 51-80, 80 and this has been used to convey that even the institutions that have done minimum procurements can bid for this procurement.

f) Measures have been taken by now to extend period of contract.

g) The ERP system of the Board expected through the project is currently operational. By 01.12.2022, only the payments have fulfilled the relevant conditions have been made and the retention value of 10% is still in the balance of the account allocated for the GIZ project.

h) These provisions are a grant received by the Board from an external institution and it is wished to be pointed out that these provisions had not been included in the procurement plan as the relevant institution had not confirmed that provisions would be provided at the time of preparing the three-year procurement plan. This task has been carried out after obtaining approval through board paper 499/03 held on 22.07.2019 at the commencement of the project.

2.3 Other Matters

a) Under the supervision of officers of the Anuradhapura District Secretariat, necessary measures have been taken for the construction of a holiday resort for officers of the Board.

b) The 2017/07 circular is a circular issued by the Secretary of the Ministry of Agriculture for several institutions. The main function assigned to the Board thereunder is to balance the compensation computation for crop damage compensation claims and release the compensation. The task of creating awareness amongst farmers should be carried out by the Agrarian Service Centres which have a closer relationship with farmers. Therefore the reply should be obtained from that institution. That notwithstanding, the officers of the Board are performing that duty whenever possible. In future too, same procedure will be followed.

c) The money is so released as all final reports i.e. names of farmers, acreage relevant to the cultivation season of the district, have to be handed over to the Ministry at once for securing funds from the Ministry of Finance and the receipt of complaints from farmers whose payments are delayed as a result of making payments from time to time too is a reason for adopting this procedure.

d) Though the sections to be filled by officers calculating compensation have been completed, there have been instances where they have failed to place the signature. Action will be taken to give instructions to officers again. As of now, action has been taken to remedy this situation.

e) Activities such as the collection of information regarding natural disasters caused to cultivations, and other damages caused to cultivations and confirmation of crop damages to the Board can already be done by Damage Reporting, Crop Monitoring and Map Engine modules of the AIMS data system.

f) Activities such as injuries caused to farmers who receive the accident insurance cover and collection of information about damages that have already occurred, depositing compensation in the bank are currently being developed and will be covered by the ERP system in future. The SMS gateway devised by the Board to create awareness amongst farmers about benefits offered to farmers such as the accident insurance cover and pension is currently in operation.

g) The AIMS already has the capability of maintaining separate profiles for each farmer having included data on farming lands (name of the land, number of the land, the map and photographs thereof) and farmers' biodata information and the Board currently maintains a data base incorporating such data under AIMS.

h) There is the capability to include data and information collected by the Geo Goviya information system to this system as well. Though this has been discussed at various meetings with the Department of Agrarian Services, a specific method for the exchange of data collected by Geo Goviya with other institutions has not yet been introduced by the Department of Agrarian Services. Officers from several institutions associated with agriculture hold membership of the crop damage assessment committee. Though preliminary level discussions have been held previously for the development of AIMS system under the Ministry of Agriculture to enable access to all such officers, the process was not continued at the ministerial level and the provisions too was not allocated thereto.

i) There is a need to link data and information relevant not only for the payment of compensation but of the entire field of agriculture to one single online system and it is a task that should be carried out at the ministerial level. It is hereby informed that preliminary discussions have been initiated by now to carry on the relevant activities by linking up information of this information system maintained by the Department of Agrarian Services with the AIMS.

j) In making beneficiaries aware on the activities of the Board, they are educated on how to claim benefits and awareness creation is also carried out by officers of district offices at meetings conducted within the district. In addition, they can get information from the Agrarian Service Centres and post offices which directly provide them benefits. Farmers can also get information by dialing 1918 call centre.

k) The boutique owners who have erected these constructions have been instructed to remove these structures. These constructions have been carried out in the reservation allocated by the government opposite the district office. It is expected to bring this to the notice of the Urban Development Authority and local government authorities. Since this extend of land does not belong to the Board, the Board cannot institute legal action in this connection.

l) In order to carry on third party insurance activities, the district offices maintain the database by now using Access application system. The relevant information can be accessed by analyzing within the system, and district office officers have been briefed to feed the relevant information accurately inti the data base. The Board has introduced ERP system for administering third party insurance activities in several district offices and it should be noted that the relevant information can be obtained accurately by using this data system.

m) The Board prepares the final account on 31 December of every year and by that time cheques for instalments charged by district offices have been issued and that amount has been recognized as receivable insurance premiums.

n) When expenses are borne by district offices, the money for relevant expenses is remitted to district offices by the head office. At the very instance money was paid to the respective district offices for relevant expenses, action had been taken to recognize it as an expenditure. When expenses are incurred by district offices, the head office remits money for the exact amount of

expenditure and it is wished to be pointed out that it is not erroneous to recognize such expenses directly as expenditure.

o) In order to write off these balances which have been carried forward in financial statements, board papers were submitted on several occasions to the Audit and Management Committee and the Board of Directors but no approval has been received hitherto and action will be taken to remove these balances during this accounting year.

p) Since this is a balance that has existed over a long period of time and since the relevant parties have not made a claim for this money, action was taken to take it into income.

Auditor General's report 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 March 2023 of the Farmers' Pension and Social Security Benefits Scheme

1. Financial Statements

1.1 Opinion

1.2 Basis for the opinion

a) Since the premiums collected by the board from contributors of the Farmers' Pension Scheme are to be paid out as benefits at the completion of 60 years of age of contributors, the aggregate of premiums collected and interest thereon have been adjusted to the Fund account through which it is expected to strengthen the Fund for future liabilities.

b) i) Since the premiums charged from the contributors have been transferred to the fund account, it has been indicated under financial activities in the statement of cash flows.

ii) The gratuity of Rs. 10,585,145 paid in respect of the Farmers' Pension Scheme in paying the death gratuity has been adjusted under this.

iii) During the year 2023, goods in the Board were disposed and the money earned by disposing the goods relevant to the Farmers' Pension Scheme has been indicated under investment activities.

iv) Since money received for administrative expenditure of the Farmers' Pension Scheme and the incurring of administrative expenditure is an operating activity, it has been correctly stated in the operating activities.

v) Changes which includes other payables have been adjusted under the changes in working capital in the cash flow.

vi, vii) Since the total loan balance and the total of interest payable are invested and since that balance has been included in the other payments and since adjustments are made from the working capital included in operating activities in paying the said loan and interest and since adjustments have already been made to the cash flow generated from operating activities, the operating cash flow has not been underestimated.

c) Measures have been initiated this year to obtain an actuarial assessment as per 2024 budget for the Farmer's Pension Scheme and other schemes of the Board.

d) i) 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.

ii) It is wished to be further informed that all records received at the head office in relation to the Farmers' Pension Scheme are thoroughly examined and appropriately stored in a designated area or in the record room, and the information in these records is continuously updated in the computerized data system. Furthermore, unpaid pension records are provided to us online by the district accountants, and we ensure their proper maintenance.

e) 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.

(f) 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 farmers pension.

(g) In recognizing the investment interest income during the year under review, the total interest rate has been identified and accounted. The withholding tax deducted during the year is not an expenditure and the calculation of income tax for the Board is carried out when the overall accounts of the AAIB are prepared and as a deduction of for the income tax so calculated, this withholding tax has been accounted and adjustments for related parties have been made through the current account.

(h) Capital grants received by the Board have been paid as an entitlement in the accounts of the Board and the amount used in relation to the scheme has been paid within the scheme and these adjustments have been made through current accounts between the schemes.

(i) Cheques issued for the payment of net premiums, death gratuity disability benefits and not submitted for payments are taken to the revenue upon expiry if their period of validity and such cheques are reissued upon requests made to us through district offices. Cheques that have expired are properly documented and whenever a claim is made by

the contributor, a cheque is reissued to the payee upon the recommendation of the relevant district office. Cheques that have expired are properly documented and whenever a claim is made by the contributor, a cheque is issued again to the contributor as per the recommendations of the relevant district office. The Board issues a large number of cheques and cheques which are not encashed are constantly reconciled.

(j) At the meeting No. 535/04 of the Board of Directors, the approval of the Board of Directors was received to write off pension value of Rs. 3,033,329.200 payable for the years 2012 & 2013.

3 Operations Review

3.1 Non-compliance with laws, rules and regulations

a) i,iii,iv Though district offices have already been notified over the phone to duly forward the applications and all other relevant documents of pensioners who have completed 60 years of age, action will be taken again to issue written instructions as stated in (02) (c) of this reply report. At the time of enrolment of farmers to the scheme as well as in the passbook issued to farmers, it is conveyed that the relevant benefits can be obtained upon reaching 60 years of age. Accordingly, it is wished to be pointed out that farmers have been educated as to the pension entitlements. In addition, the registers of farmers who reach 60 years are sent to the respective district offices and farmers are informed of same.

Farmers who have completed 60 years of age and have not yet received farmers' pension have been briefed, and Assistant Directors of all district offices have treated this matter as a priority task.

<u>ii Section 12 (c)</u>

I. The Board has already taken measures to brief farmers who have reached 60 years of age, and it is wished to be pointed out that action has been taken to send letters informing farmers of same through district offices. The relevant applications are being received without delay as of now. 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 and accordingly net premium and interest have been paid to farmers.

II. Action is taken to remove the names of farmers who do not claim their pension for 06 consecutive months from the pension register.

III. Since the Farmers' Pension Scheme was launched in the year 1987, a computerized system had 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.

IV. 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.

iii. 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.

Sections 15, 15(2), 15(3), 15(4), 15(5)

i) It has been stated in the premium entry book that the subscription will be cancelled upon the default of 05 consecutive instalments. 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 instalments shall forfeit the benefits under the certificate issued to him. It is wished to be pointed out that farmers are apprised in that connection at the time of their enrolment to the scheme.

ii) 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. What is taken into consideration in paying instalments is the date on which the instalment should be paid. Accordingly, if an instalment is delayed for 5 seasons, i.e. 2½ years, he will forfeit the benefits under the certificate issued to him.

v) Section 27(1)

Due to the lack of funds in the scheme for paying farmer's pensions in 2010 and 2011, payments were made using funds obtained from the Agricultural Insurance and Fisheries Pension Schemes, as per the recommendations provided by the Ministry of Finance. This loan amount is being gradually repaid.

(b) Section 6 of policy

If any contributor has paid more than 75 percent of the required installment amount without invalidating their contribution, a reduced pension is paid. To be eligible to receive a reduced pension, 75% of instalments without allowing the contribution to be invalidated should have been paid.

(c) Paragraph 5(b) of Extraordinary Gazette No. 1853/49 dated 14 March 2014

A request letter should be submitted together with all the specified documents for obtaining net installments and measures required for optimizing the process of paying net contributions have been taken as of now.

(d) Section 9(1) of Inland Revenue Act, No. 24 0f 2017

This scheme established by Farmers Pension and Social Security Benefit Schemes Act No. 12 of 1987 was initiated with the objective of providing benefits farming and fishing communities. Under this scheme, a fund was built using money charged from farmers and fishermen as contributions and money in the fund is used for the payment of pension of farmers and fishermen. This is a scheme administered under Social Security Network and no profits are made for the payment of income tax.

From the inception, this scheme was exempted from taxes upon a policy decision of the government and the Inland Revenue Act, No.28 of 1979 and the Inland Revenue Act, No.10 of 2006 had declared the AAIB as an institution exempted from the payment of tax and since the Inland Revenue Act, No24 of 2017 had not declared the Board which provides social security to farmers and fishermen under the Social Security Benefit Act, as an institution exempted from tax, further discussions are being conducted with the Inland Revenue Department to seek tax exemption.

(e) Financial Regulation 177(3) of the Democratic Socialist Republic of Sri Lanka

A commission of Rs. 7.00 is paid for the recovery of back installments from farmers by district offices, multipurpose cooperative societies and rural banks thereunder. In banking the installments collected by the relevant agencies and district offices, only the relevant income is banked and in accounting the back installment income, the relevant gross amount has been accounted to the income. The expenditure on commission has been accounted as an expenditure and action has been taken to correctly account the relevant income.

(f) For the valuation of vehicles, reports have been obtained from Automobile Association of Ceylon which is an independent entity with professional experience.

3.2 Irregular transactions

a) Farmers who contribute to the farmers' pension scheme should be given a death gratuity and a full and partial disability allowance in addition to their pension as per sections 4 b, c and d of the farmers' pension act. An insurance fee of Rs.30 per person is charged for the insurance coverage provided.

b) As stated in the policy, the membership of contributors who fail to pay installments is terminated and at the time of such contributors reaching 60 years of age, net installment amount and interest are paid.

3.3 Performance

a) The relevant payments have been paid expeditiously and as of now, measures have been taken to pay farmers' pension next month for applications received within this month.
b) At the beginning of the year, details of farmers are collected by obtaining bio-data of farmers to whom farmers' pension and disability monthly allowances are paid.
c) I.II,III,IV.V

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.

3.4 Management Activities

(a) 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.

(b) I) Action was taken to create awareness by conducting training programmes on the new farmers' pension scheme at the district level and the district deputy/assistant directors have been briefed at the Agrarian Service Centre level. Necessary steps are taken to provide relevant applications as per requests received from agrarian service offices.

II) The following activities have been carried out as to the inspection of back installment recovery from farmers

- A report is maintained on back installments received through standing orders of banks
- Contributors have been educated by mow to pay installments by SMS. Accordingly, in the first season of October 2023, awareness was created amongst contributors to make certain through banks that the policy number is conveyed to the Board in paying farmers' pension installments through standing orders.
- Necessary action is being pursued to create awareness amongst contributors through 1918 hotline.

III) The technical work to notify the premium payment through SMS and to inform the contributors has been completed now. This SMS service can be utilized to raise awareness not only about Farmers' Pension Scheme but also about other insurance schemes administered by the Board. After the completion of the technical work, the SMS messages received by the IT department will be sent to the contributors.

IV) The Board has arranged to use the SMS message system as informing the contributors through the agent network will incur additional costs,

(c) The instalments of the scheme started in the year 1987 are recorded in the instalment record books which are given to the farmer and the information of these instalment record books which are arranged in such a way that they can be identified through the survey that are carried out to obtain copies, but it is very difficult to get the information through the related survey activities. It was not possible to get the information as expected.

(d) Though placing day stamp on the date on which the documents were received by district offices had been overlooked due to the shortage of officers in some district offices, district offices were informed in the year 2023 through the letter of instructions issued for the implementation of recommendations of the internal audit report dated 06.07.2022 that all documents should be day stamped.

(e) The forms for claiming pension are sent from time to time to Agrarian Service Centres and in order to implement the recommendations of this audit report, hereinafter it will be checked once every month (30 days) whether the forms are available at the Agrarian Service Centres and action will be taken to provide a specified number of forms as per requirements.

(f) In instances where relevant reports handed over by farmers are not accurate and complete, action will be taken by district offices until such time accurate information is provided to give instructions again to update Google drive and provide a reference number at the time of applying for pension by a farmer.

(g) i) There are three main schemes administered by the Board and since other schemes as well as life insurance should be administered through the insurance scheme, the administration of this insurance scheme, i.e. collection of premiums, building the funds and making payments are carried out through the agricultural insurance scheme.

iii) Since this fund has been designed to pay death and disability allowances and not for the payment of farmers' pension, it is accounted to obtain the amount provided for the payment of farmers' pension with the lost investment income.

iv) At the beginning of this scheme, this life insurance cover was obtained from the Sri Lanka Insurance Corporation and the contribution amount for a farmer was Rs.60 each paid to that institute. In the year 1994, the Board undertook to bear the life insurance risk and the fund was built within the Board. Since the maximum coverage here is Rs.50,000 and there is a possibility that a large amount of compensation will be released if an unexpected situation occurs. Arrangements have been made to obtain the actuarial assessment reports and actions will be taken according to the report provided there.

v) This fund has been included in obtaining the actuarial assessment reports. It is expected to carry out future activities after obtaining the relevant report.

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 2023 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) i. An amount of Rs.98,000 as an adjustment related to the preceding year has been included in the cash flow statement as the correction was made this year.
ii, iii, iv Action will be taken to correct adjustments made to operating activities and adjustments made through investing activities.

(c) It is wished to be pointed out that action will be taken to carry out the actuarial assessment along with other newly started socials security benefit schemes of the Board and it has been included in the budget document of 2024 and the related activities are currently being carried out.

(d) These officers have been recruited to perform duties of this scheme but are currently performing other duties. Since the duties of the scheme are also indirectly performed by other officers, the salary of these officers has been included in the scheme. After the recruitment sufficient number of employees, action will be taken to absorb salaries of the employees concerned into the scheme.

(e) This situation has arisen as a result of the scheme not being run on a self-financing basis and the inclusion of government subsidies in determining the premiums. Accordingly, the annual payable pension liability will increase and hence net asset value will also decrease. Due to those reasons, the scheme does not promote new enrolments.

(f) In identifying the investment interest income during the year under review, the total interest income had been identified and accounted. The withholding tax deducted during the year is not an expenditure and the calculation of income tax for the Board is carried out when the overall accounts of the AAIB are prepared and as a deduction of for the income tax so calculated, this withholding tax has been accounted and adjustments for related parties have been made through the current account.

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**

Arrangements have been made to administer 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. Accordingly, necessary steps are being taken to launch a new scheme in collaboration with the Ministry of Fisheries in 2024 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 commenced in the year 2024, action will be taken to convene the Fishermen's Pension Consultative Committee during this year.

(b) The officials of the Board who serve in terms of the AAOB Act have been assigned additional responsibilities related to the pension scheme under the Ministry of Fisheries. There is no separate staffing structure approved for the duties associated with the fisheries pension scheme and allowances are paid to cover these additional responsibilities. The necessary funds are provided to the Board by the Ministry of Fisheries. These payments have been made since the inception of the fisheries pension scheme in 1991.

The following approvals have been received for these payments

- Approval of the Consultative Committee on Fishermen's Pension
- Approval of the Board of Directors
- Approval of the Secretary of the State Ministry in charge of the subject

3.2 Management Activities

From July 2022, this Fund had been gazetted under Ministry of Fisheries. Since a Secretary of the Ministry of Fisheries represents the Board of Directors from the inception of the Fishermen's Pension Scheme, attention has hitherto not been focused on this fund at the meeting of the Audit and Management Committee.