Annual Report

2024

Agriculture & Agrarian Insurance Board

No 117, Subadhdharama road,

Gangodavila, Nugegoda.

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About Us .....

The Agricultural Insurance Board was established by the Agricultural Insurance Law, No 27 of 1973 for fulfilling the responsibility entrusted to the government to protect local agriculturalist and agriculture and the Agricultural Insurance Board was reestablished as the Agricultural and Agrarian Insurance Board by the Agricultural and Agrarian Insurance Act, No. 20 of 1999.

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 2024 saw the continued 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.

All insurance schemes managed to achieve an outstanding growth contributing to boost the income of the Board in the year 2024. The revenue reached Rs. 623.28 million by the end of the year 2024 as against Rs. 502.15 million recorded in the year 2023 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 International 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 2024 was 4,903 and the number

of farmers received benefits during the year was 179,382.

In addition, monthly pension had been paid 6,056 fishermen by the end of the year 2024 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 2024 as well.

Ten Year Financial Summary

Annual premium Income from 2015 to 2024 **Rs.Mn**

Insurance Scheme	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Kethata Aruna (Compulsory Crop Insurance)	1,086.27	667.54	65.64	119.97	58.07	43.62	67.84	50.99	90.95	178.80
Subsidiary Crops	24.72	30.09	30.01	8.04	3.05	2.28	6.41	4.72	9.75	9.99
Livestock	9.01	10.57	13.39	10.59	7.87	5.78	11.07	5.25	15.59	19.63
Movable Property		7.81	41.91	137.85	220.15	278.94	296.50	311.04	353.44	358.85
Stores Insurance	1.09	-	0.20	-	-	-	-	-	-	-
Suwasetha Insurance/ Personal Accidents	16.43	15.61	53.13	6.34	9.42	13.78	9.04	18.55	32.30	56.00
Total	**1,137.51**	**731.63**	**204.29**	**282.79**	**298.55**	**344.40**	**390.85**	**390.56**	**502.03**	**623.28**

Annual Net Profit from 2015 to 2024
(Agricultural & Agrarian Insurance Board –Group) **Rs.Mn**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Revenue	1,361.31	972.87	5,916.38	4,569.71	3,566.55	3,724.63	3,655.16	3,676.44	3,848.42	4,013.93
Operating Expenses	(3,599.05)	(21.07)	(25.68)	(50.66)	(63.43)	(66.43)	(70.06)	(72.52)	(98.28)	(129.69)
Operating Surplus/(Deficit)	(2,237.75)	(5,682.55)	(6,397.36)	(5,446.34)	(6,328.90)	(7,324.58)	(6,306.83)	(5,817.01)	(7,927.18)	(7,557.69)
Government Grants And Other Income	2,285.80	2,696.89	2,811.59	2,842.56	3,215.52	4,661.08	4,011.14	4,167.82	4,619.45	5,033.84
Total Expenses	(307.08)	(269.11)	(293.47)	(307.82)	(328.96)	(327.95)	(336.20)	(486.77)	(576.82)	(658.34)
Net Surplus/ (Deficit)	(256.35)	(3,254.77)	(3,879.24)	(2,911.60)	(3,442.35)	(2,991.45)	(2,631.89)	(2,135.97)	(3,884.55)	(3,182.19)

Annual Net Profit from 2015 to 2024 (Agricultural Insurance Scheme) **Rs.Mn**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Revenue	1,156.07	782.21	5,735.18	4,398.51	3,365.07	3,530.41	3,456.91	3,432.32	3,488.25	3,691.94
Operating Expenses	(1,116.14)	(9.95)	(12.00)	(36.37)	(48.76)	(51.37)	(54.70)	(56.86)	(81.62)	(111.50)
Operating Surplus/(Deficit)	39.93	377.72	80.94	1,144.73	878.06	1,401.34	1,752.00	2,663.14	1,268.23	1,799.76
Government Grants And Other Income	98.90	122.51	130.12	4.00	9.14	8.29	8.16	6.75	14.35	17.21
Total Expenses	(131.97)	(144.40)	(161.13)	(169.73)	(185.02)	(179.77)	(184.29)	(229.20)	(300.08)	(353.91)
Net Surplus/ (Deficit)	8.76	355.83	49.93	979.00	702.19	1,229.86	1,575.88	2,440.68	982.50	1,463.06



Vision & Mission

Vision....

“To be the ideal Agricultural Insurance Institution 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"



Objectives of the Agricultural & Agrarian Insurance Board.....

- **Risk management in respect of agricultural crops**
- **Risk management of other movable and immovable properties belonging to farmers**
- **Risk management in respect of livestock belonging to farmers**
- **Securing farming and fisher communities through social security and life insurance schemes**
- **Obtaining local and international quality assurance certificates applicable to the institution**
- **Promotion of development, operations & marketing**
- **District administration, management and coordination with external institutions**
- **Institutional human & physical resources planning & development**
- **Procurement & supplies management**
- **Extending legal assistance for the enforcement of the Acts**
- **Planning, monitoring & evaluation for achieving institutional objectives**
- **Building a formal internal control method & minimizing shortcomings in administrative process**
- **Ensuring sustainable financial strength through a profitable growth**
- **Employing information technology systems & GIS systems for regularizing institutional processes**

Board of Directors 2024



Dr. W.M.M.B. Weerasekara
Chairman
Agricultural & Agrarian Insurance Board
(From Sep. 2022 to Sep. 2024)

SLAS (Special grade).

- **DBA –** Doctoral Degree in Business Administration – IIC University of Technology - Colombia
- **MSc** – Master of Science – Human Resource Planning and Development – University of Gurugobing Singh, New Delhi, India.
- **MSsc- Master of Social Science** – University of Kelaniya Sri Lanka

  Bachelor of Arts –University



Mr. Pemasiri Jasingarachchi
Chairman
Agricultural & Agrarian Insurance Board
(From 09 Oct.2024)

- **Bachelor of the Science** (Agriculture), University of Ruhuna.
- **Dip.** in Inland Fisheries and Aquaculture Extension, Ministry of Fisheries and Aquatic Resources.



Mr. Ruwan Tissera
Member of the Board
Additional Secretary
Ministry of Agriculture, Livestock, Land & Irrigation
SLAS (Special grade)

- **B.SC** Eng. (Mechanical) University Of Moratuwa
- **MA** Sociology, University of Kelaniya



Mr. R.A.D.S. Ranatunga
Member of the Board
Additional Secretary (Fisheries Resources Management)
Ministry of Fisheries & Aquatic Resources

SLAS (Special grade).

Additional Secretary (Fisheries Resource Management)
Ministry of Fisheries, Aquatic and Ocean Resources

- **BSc** (Agri) **Hons**, University of Ruhuna),
- **MPA** University of Sri Jayawardanapura,



Mr. R.M.D.K.G.N.D. Ranatunga
Member of the Board
Additional Director General (Acting)
Department of Treasury Operations
Ministry of Finance
(Up to July 2024)

- **MA** Economics- University of Keleniya
- **BSc**. University of Sri Jayewardenepura,
- Fellow Member of the Institute of Public Finance and Development Accountancy



Mr. M.A.S.H. Perera
Member of the Board
Additional Director General (Acting)
Department of Treasury Operations
Ministry of Finance
(From August 2024)

- **BSc** Mgt (Public) special, University of Sri Jayawardanapura
- **MSc** in App. Finance, University of Sri Jayawardenapura
- ACMA, CPFA(CASL), CPIFA(UK)



Mrs. G.G.V. Shyamali
Member of the Board
Additional Director General
Department of Agriculture

- **BSc**, Agriculture special, University of Peradeniya
- **MSc** Horticulture (Pomology), Punjab Agricultural University,
  Ludhiana, India



Mr. A.H.M.L. Abyeratne
Member of the Board
Commissioner General of Agrarian Services
Department of Agrarian Development

(Up to July 2024)

SLAS (Special grade)



Mr. Rohana Rajapaksa
Member of the Board
Commissioner General of Agrarian Services
Department of Agrarian Development

(From Sep. 2024)

SLAS (Special grade)



MR. Dhananjaya Nandasiri
Member of the Board
Vice Chairman / Regional Manager
DFCC Bank
(IBSL)



DR. C.N.S. GAMAGE
Member of the Board
Director (Department of Livestock) (State Ministry)
State Ministry of Livestock. Farm Promotion and Animal Husbandry and Dairy & Egg Related Industries .



MR. S.M.G. SAMARAKOON
Member of the Board
Farmer Community Representative

Details of the Board meetings & Attendance during the year 2024

S.No.	Board of Directors/Key Management of the Fund	Designation	Role of the Member	No.of Meetings Attended During the year
1	Dr. W.M.M. B. Weerasekara (Till 30.09.2024)	Chairman, Agricultural & Agrarian Insurance Board	Chairman of the Board of Directors	9
	Mr. Pemasiri Jasingarachchi	Chairman, Agricultural & Agrarian Insurance Board	Chairman of the Board of Directors	1
2	Mr. Namal Ranathunga	Additional Director General, Department of Treasury Operations	Member	6
	Mr. M.A.S.H. Perera,	Additional Director General, Department of Treasury Operations	Member	4
3	Mr. R.A.D.S. Ranathunga	Additional Secretary (Fisheries Resource Management) Ministry of Fisheries, Aquatic and Ocean Resources	Member	8
4	Dr. C.N.S. Gamage	Director (Livestock Planning) (State Ministry) State Ministry of Livestock, Animal Husbandry Promotion and Milk & Eggs related industries	Member	8
5	Mrs. K.N.S. Ranathunga	Dg, Department of Agriculture	Member	2
	Mr H.M.S.P Herath	Additional DG, Department of Agriculture	Member	2
6	MR. A.H.M.L. Aberathne	Commissioner General, Department of Agrarian Development	Member	3
	Mr. Rohana Rajapaksha	Commissioner General, Department of Agrarian Development	Member	3
7	MR. Dhananjaya Nandasiri	Vice President/Regional Manager, DFCC Bank	Member	2
8	Mr. S.M.G. Samarakoon	Farmer Society Representative	Member	8

Senior Management



Mr. W.M.M.B. Weerasekara
Chairman (up to 30.09.2024)



Mr. Pemasiri Jasingarachchi
Chairman



Mr. K.D.P.R. Weerasekara
Director General
(up to 18.03.2024)



Mr. I.U.K. Kaluarachchi
Director General



Mrs. C.M.M. Mamthilake
Director, Insurance Division



S.M.U.K.S.Subasinghe
Director (Acting)
Finance Division



Mr. K.A.D.G.C. Kodippili
Director (Acting)
Operation Division



Miss B.R. Kaushalya
Director (Acting)
Pension Division



Mrs. A.T.D.Fernando
Assistant Director
Pension Division



Mrs. P.R. Chaturangani
Assistant Director
Finance Division



Mr. K. Dickson
Assistant Director
Insurance Division



Mrs.K.H.P. Saman kumari
Assistant Director
Finance Division



Mrs. Ayesha Samarakoon
Assistant Director
Planning Division



Mrs. N.H.D. Priyadarshani
Assistant Director
Internal Audit Division



Mrs. Isharika Weerasekara
Assistant Director
Legal Division



Mr. N.T. Isuru Kavindya
Assistant Director
Information Technology
Division



Mr. C.C.K. Samarawickrema
Assistant Director
Administration & Human
Resources Division



Mr. H.S.D. Vithanage
Assistant Director
Pension Division



Miss. K.D.T. Perera
Assistant Director
Administration & Human Resources Division



Mr. M.C.P. Kumara
Assistant Director
Insurance Division (Livestock)

Mr.D. Kiridharan – Deputy Director
Jaffna District

Mrs. Deepthika Kolalpitiya - Deputy Director
Badulla District

Mr. U. R. K. C. Kemaratne - Deputy Director
Kurunegala District

Mr. A. L. D. P. S. Abepitiya - Deputy Director
Puttalam District

Mr. P. Kugan - Assistant Director
Mulathivu District

Mr. D.B.N. Diyawadana – Assistant Director
Kegalle District

Mr. W.A.R. Kularathne - Assistant Director
Kandy District

Mr. A. Kavantheesan - Assistant Director
Batticaloa District

Mr. E.M.N.B. Ekanayake - Assistant Director
Anuradhapura District

Mr. D.B.H. Ambanwala - Assistant Director
Matale District

Mrs. D.K. Dissanayake - Assistant Director
Gampaha District

Mr. D.G.R.K. Kulawardana - Assistant Director
Galle District

Mr. A.M.L.G. Adhikari - Assistant Director
Maho District

Mr. W.B. Piyasiri - Assistant Director
Monaragala District

Mr. D.H.J.P.V. Rasanga - Assistant Director
Nuwaraeliya District

Mr. D. Rangana - Assistant Director
Manampitiya and Dehiattakandiya District

Mr. N. Gamhewage - Assistant Director
Hambantota District

Mrs. K.C. Amaraweera - Assistant Director
Embilipitiya District

Mr. S. Thilipkumara - Assistant Director
Mannar District

Mr. W.A.T. Priyadarshana - Assistant Director
Polonnaruwa District

Mr. S.Satheeshkumara - Assistant Director
Ampara District

Mrs. G.K.N.T. Galloluwa - Assistant Director
Ratnapura District

Mrs. A.J.N. Athuraliya - Assistant Director
Colombo District

Mr. P. Kadiragamanathan - Assistant Director
Vavuniya District

Mr. Anuradha Tennakoon - Assistant Director (Acting)
Tambuttegama

Mr. K.K.S. Ravindra - Assistant Director (Acting)
Kalutara District

Mr. R.T Lokuhetti - Assistant Director (Acting)
Matara District

Mr. K.L. Ansar – Assistant Director, (Acting)
Trincomalee District

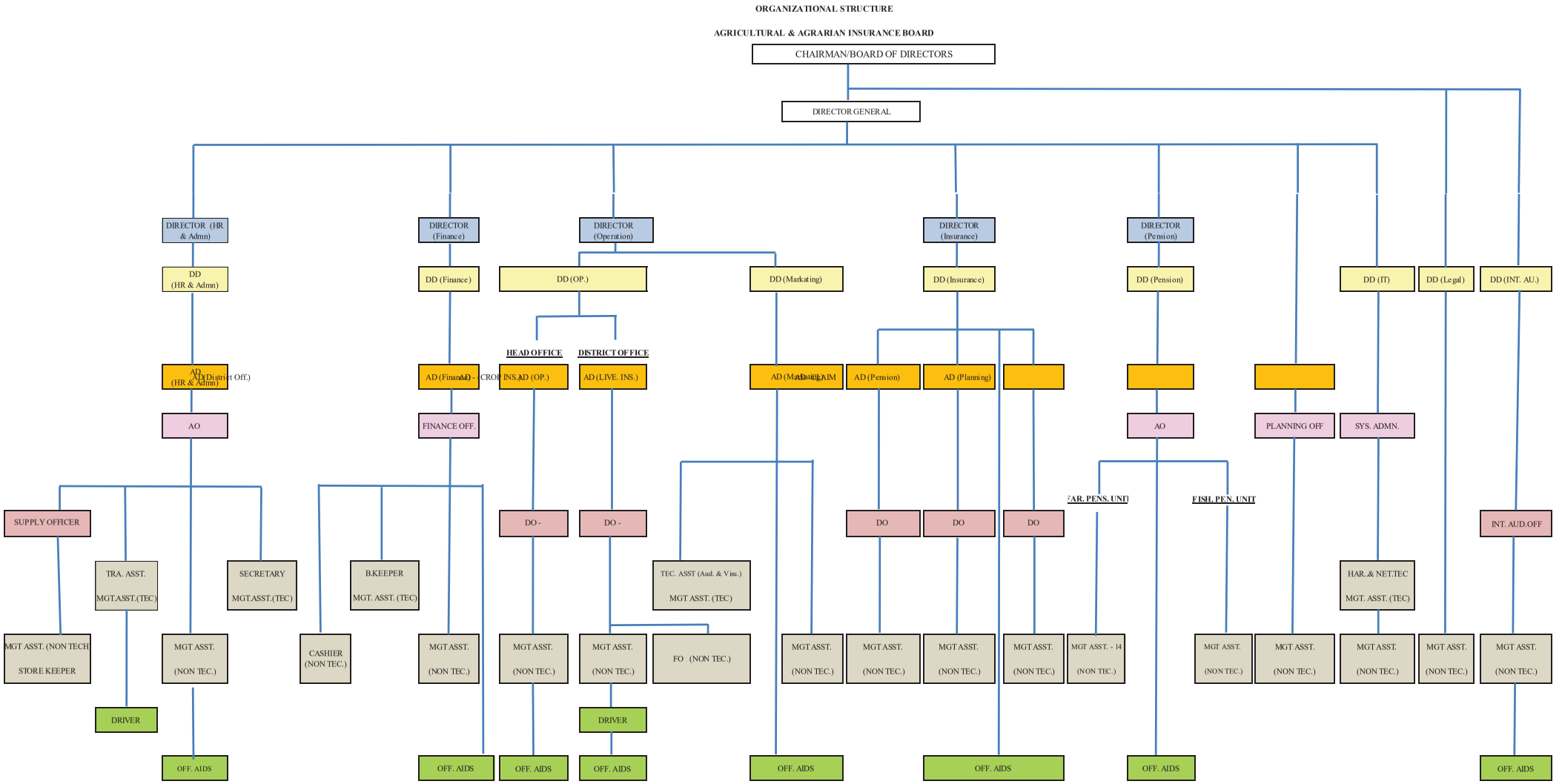
Mr. Poorna Chandran - Assistant Director (Acting)
Kilinochchi District

Risk Management Committee Members and summary of meetings

Date	Name	Post	Institution
28.02.2024	Mr. A.H.M.L. Abeyratne	Commissioner General	Department of Agrarian Development
	Mr. R.M.K.G.N.B. Ranathunghe	Additional Director	Department of Treasury Operations
	Mr. K.C. Niroshana	Additional Secretary	Ministry of Agriculture
21.05.2024	Mr. A.H.M.L. Abeyratne	Commissioner General	Department of Agrarian Development
	Mr. R.M.K.G.N.B. Ranathunghe	Additional Director	Department of Treasury Operations
	Mr. K.C. Niroshana	Additional Secretary	Ministry of Agriculture
18.09.2024	Mr. A.H.M.L. Abeyratne	Commissioner General	Department of Agrarian Development
	Mr. R.M.K.G.N.B. Ranathunghe	Additional Director	Department of Treasury Operations
	Mr. K.C. Niroshana	Additional Secretary	Ministry of Agriculture
24.12.2024	Mr. A.H.M.L. Abeyratne	Commissioner General	Department of Agrarian Development
	Mr. R.M.K.G.N.B. Ranathunghe	Additional Director	Department of Treasury Operations
	Mr. K.C. Niroshana	Additional Secretary	Ministry of Agriculture

Audit Management Committee Members and summary of meetings

Date	Name	Post	Institution
Quarter I 28.02.2024	R.M.D.K.G.N.D.Ranatunga	Additional Director General	Department of Treasury Operations
	A.M.L.Abeyratne	Commissioner General of Agrarian Services	Department of Agrarian Development
	R.A.D.S. Ranatunga	Additional Secretary (Fish Resources Management)	Ministry of Fisheries & Aquatic Resources
Quarter III 16.07.2024	R.M.D.K.G.N.D.Ranatunga	Additional Director General	Department of Treasury Operations
	A.M.L.Abeyratne	Commissioner General of Agrarian Services	Department of Agrarian Development
	H.A.K.R.Thisera	Additional Secretary (Fertilizer)	Ministry of Agriculture
Quarter IV 24.12.2024	A.S.H. Perera	Additional Director General	Department of Treasury Operations
	Rohana Rajapaksa	Commissioner General of Agrarian Services	Department of Agrarian Development
	H.A.K.R.Thisera	Additional Secretary (Fertilizer)	Ministry of Agriculture


ORGANIZATIONAL STRUCTURE
AGRICULTURAL & AGRARIAN INSURANCE BOARD
CHAIRMAN/BOARD OF DIRECTORS
DIRECTOR GENERAL
DIRECTOR (HR & Admn)
DIRECTOR (Finance)
DIRECTOR (Operation)
DIRECTOR (Insurance)
DIRECTOR (Pension)
DD (HR & Admn)
DD (Finance)
DD (OP.)
DD (Markating)
DD (Insurance)
DD (Pension)
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DD (Legal)
DD (INT. AU.)
HEAD OFFICE
DISTRICT OFFICE
AD (HR & Admn)
AD (Finance)
AD (OP.)
AD (LIVE. INS.)
AD (Pension)
AD (Planning)
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TRA. ASST.
MGT.ASST.(TEC)
SECRETARY
MGT.ASST.(TEC)
B.KEEPER
MGT. ASST. (TEC)
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Pemasiri Jasingarachchi
Chairman
Agricultural & Agrarian Insurance Board

Chairman's Message

Whilst presenting the Annual Report and audited financial statements of the Agricultural and Agrarian Insurance Board for the year ended 31 December 2024, a brief explanation is offered on the functions and plans of the Agricultural and Agrarian Insurance Board in the year 2024.

Revenue generation and payment of compensation of AAIB in the year 2024

The AAIB earned a net profit of Rs. 623.28 million in the year 2024 through agricultural insurance schemes and operational profit recorded during the year was Rs. 1,799.76 million. The Board's primary role is to promptly pay compensation to affected farmers and in 2024, it awarded Rs. 2,516.94 million in compulsory crop insurance to farmers in several agricultural districts across the country who were impacted by heavy rains and floods.

Plans

The agricultural sector in Sri Lanka contributes nearly 7% to the nation's gross domestic product, while employing approximately 27% of the country's workforce. Thus, it is evident that the majority of the population of Sri Lanka has adopted agriculture as their livelihood.

Recognizing the severe hazards faced constantly by farmers such as floods, droughts and damages caused by wild elephants, the incumbent government has committed to strengthening their resilience by prioritizing risk mitigation and overhauling the compensation framework to deliver timely and effective relief.

Just two months into my term since assuming office in 2024, ground-level filed inspections revealed a pressing and widespread issue: farmers urgently need risk coverage extending beyond simple crop insurance for industries that they are engaged in. Accordingly, , the risks associated with the identified agricultural sectors were scientifically monitored, insurance coverage was planned in relation to those risks, and the necessary training and guidance were provided to the field staff to implement these activities more extensively throughout the island in the year 2025.

Human Resources Management

The approved cadre of the Board is 421. As of 31.12.2024, the staff comprised 327 members and the number of vacancies was 94. Having paid attention to issues that arise in providing island-wide service

with a limited staff, we constantly appreciated their services and offered encouragement cultivating positive attitudes amongst staff members.

For assessing progress and identifying issues of district offices which administer the Board's insurance schemes at the ground level, progress was reviewed at the officer level having brought together all officers of districts of the respective province. To drive progress in districts with less progress, insurance schemes that could be operated at the district level were identified, advice was provided on sales promotions and offered incentives to boost sales and meet targets, all while aggressively fulfilling physical resource needs.

Since the activities of the ERP software system commenced by the Board for bringing the AAIB under the digitalization process of the public administration are in tune with the current requirements, the necessary support and guidance was offered further and instructions were given for the finalization of the process.

Future goals

Aligned with the policy statement of the government, "A thriving nation, A beautiful life", our prime objective is to produce a contented farmer community by offering an enriching and beautiful life to the farmer community by creating a staff that can joyfully discharge their duties whilst enhancing their silks and attitudes to reach the objectives of the Board.

Acknowledgement

I wish to convey my sincere appreciation to the Hon. Minister of Agriculture, Livestock and Irrigation and the Hon. Deputy of Agriculture and Livestock for their generous support for the Agricultural and Agrarian Insurance Board and my gratitude is also extended to the Secretary and all officials of the Ministry of Agriculture, Livestock and Irrigation whose contributions have been instrumental in our progress.

The unwavering support of the Board of Directors merits special recognition and my heartfelt thanks also go to the management and all staff members of the AAIB for their collective contribution to our success.

I also wish to take this opportunity to convey my thanks to the Director General and the staff of the Department of Agriculture and the Commissioner of Agrarian Development for their contribution to deliver our services at the grass root level.

OPERATION DIVISION

3Chapter

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 2024 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

- Sponsoring and carrying out activities relating to the "Aluth Sahal Mangalya" or new rice festival of 2024 held at the Jaya Sri Maha Bodhi premises, Anuradhapura on 05 and 06 April, 2024 under the patronage of the Hon. President.
- Amending Circular No. 02.2023 on third party vehicle insurance.
- Allocating provisions and printing templates and giving instructions for the printing of banners and handbills for updating marketing promotion activities in the districts of Kandy, Puttalam, Galle, Kalutara, Kurunegala, Mahawa, Monaragala, Embilipitiya, Hambantota, Trincomalee, Matara, Colombo, Badulla, Thambuttegama, Ratnapura.
- Establishing district offices of the Kegalle and Nuwaraeliya districts with due regard to market potential and the convenience of service recipients.
- 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)
- Commencing Kandy holiday resort as a holiday resort of the Board.
- Recruiting 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. (Mannar, Matale)
- Holding ceremonies to hand over cheques for cultivation damages with the participation of the Minister of

Agriculture and public sector officials. (Ratnapura, Kurunegala, Embilipitiya, Mahawa, Hambantota, Angunukolapelessa, Muravashihena, Sooriyawewa, Mayurapura)

- Conducting mobile publicity campaigns in the Ratnapura, Kandy and Monaragala districts.
- Participating in the "Dakshina Jana Mehewara" program held in the Hambantota district and maintaining a sales promotion booth.
- Liaising with Jaffna District officials on behalf of the Board for the exhibition organized by the Northern Province Department of Agriculture and implementing marketing promotion programs.
- Conducting awareness programs for 600 farmers who participated in the Dehiattakandiya livestock development programs.
- Conducting the “Krushi Rakshana Abhiman” competition among district offices.
- Causing officers of the board to participate in crop damage inspections in the Yala season 2024.
- Dispatching field observation teams to inspect crop damage and conducting crop damage inspections in the districts including Ampara, Trincomalee, Kilinochchi, Batticaloa, Vavuniya, Mullaitivu, Polonnaruwa, Thambuttegama, where crop damage was caused due to floods in the 2024/25 Maha season.

INSURANCE DIVISION

4 Chapter

Crop Insurance

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. The summary thereof is tabulated below.

- **Payment of compensation**





Season	No. of farmers	Acreage	Compensation (Rs. Mn)
Yala 2023	36629	30,627	726.11
Maha 2023/24	76189	131,277	1,734.57
Yala 2024	2691	2,573	56.24
Total	**115,509**	**164,477**	**2,516.92**

Having issued instructions in respect of the payment of compensation for crop damages in the 2023/224 Maha season and 2024 Yala season, groundwork was laid for the payment of compensation.

Payment of compensation for Yala season 2023 and Maha season 2023/24 was finalized. Similarly, 80% of payment of compensation of Yala season 2024 was completed during the year.

Since the issuance of accident insurance certificate required to be issued to recipients of compensation in releasing compensation has led to the increase of operational expenditure, action was taken to notify farmers through SMS with the concurrence of the Board of Directors instead of issuing insurance certificates and action was taken to display a poster educating farmers that an accident insurance is available for farmers at each Agrarian Service Centre. Moreover, details of this insurance were posted on the website of the Board.

Subsequent to the release of compensation to the accounts of farmers, a message was sent to farmers who had given their mobile numbers informing them that the money had been transferred to their accounts.

Teams were deployed to districts where crop damages had occurred during the Maha

season of 2023/24, Yala season of 2024 and Maha season of 2024/25 to assess the extent of crop damages wherethrough action was also pursued to identify government liabilities. During the year, approximately Rs.06 million was spent as operational expenditure for programmes on crop damage inspections and calculation of compensation. Due to the flood situation in the 2023/24 Maha season and the floods in the 2024/25 Maha season, urgent crop damage inspections were carried out. This made it possible to identify the actual damage.

Conducting Insurance activities



Similarly, during the year 2024, insurance schemes for 06 compulsory crops were updated. Compensation claim form too was updated, thereby laying groundwork to obtain 'Geo Goviya' information.

As it was reported at the district level that there were not enough wildlife/forest conservation officers in some areas when inspecting damage caused by wild animals under the compulsory crop insurance, the approval of the Ministry Secretary was obtained to use Grama Niladharis for this purpose in cases where it was not possible to involve those officers by amending the circular 07/2017.

Additionally, the cabinet memorandum for the inclusion of red onions in the compulsory crop insurance was forwarded to the Ministry.

By providing information for ERP in respect of insurance activities, the Division extended assistance necessary for such activities.

As it was reported by the Rubber Development Department that an insurance scheme is required for the rubber cultivation, an insurance scheme was formulated for rubber cultivation.

The sugarcane insurance was updated by increasing the insured amount and papaya cultivation insurance scheme too was updated.

In crop insurance, targets were set for each district based on potential, and districts were given the opportunity to expand crop insurance activities accordingly.

Farmers have requested compensation for the damage caused to their crops due to the salinity barrier constructed across the Nilwala River in the Matara District, but since that damage is not covered by the existing circular, a Cabinet paper was prepared and forwarded to the Ministry to obtain provisions to pay compensation for the damage caused to those farmers.

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

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

Livestock insurance



In addition to crop insurance, special attention was focused on livestock insurance activities in the year 2024.

Type of animal	Income Rs. (Million)	Compensation Rs. (Million)
Cattle insurance	9.8	3
Goat insurance	9.9	2.5
Total	**19.7**	**5.5**

As it was confirmed during goat insurance that animals less than 06 months old require insurance, the Board of Directors was made aware of this requirement and action was taken to grant insurance.

Also, steps were taken to promote livestock insurance by increasing the allowance provided to veterinary officers during post-mortem examinations.

As a pilot program, an insurance scheme was devised to insure pets.

Accordingly, the overall summary of compensation payments under insurance schemes as a major task of the insurance sector during the year 2024 is as follows.

Overall payment of compensation

Type of insurance	No. of farmers	Amount of compensation Rs. Mn
Crop insurance	132,416	3,002.00
Livestock insurance	156	5.50
Total	**132,572**	**3,007.50**

By the end of the year, the consideration of appeals in respect of the Yala season 2023, Maha season 2023/24 and Yala season 2024 is now in progress. Similarly, preliminary duties associated with the payment of compensation for crop damages of Maha season 2024/25 have been commenced.

For the Annual Report 2023 and Action Plan of 2025, details of the role and functions of the Insurance Division were provided.

The necessary background was prepared to promptly pay compensation for crop damage caused by the floods that occurred in November of the 2024/25 Maha season.

Additionally, duties have been carried out by focusing on parliamentary oral questions, letters received from farmers, letters received from the ministry and letters received from other institutions.

Furthermore, preliminary work was initiated to prepare insurance schemes planned to be implemented in the year 2025.

INTERNAL AUDIT DIVISION

5 Chapter

For the year 2024, 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.

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.

Internal Audit Circle



Accordingly, during the year 2024, twenty nine (29) 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.

Administrative Division

1. Management audit report on the maintenance, repairing and fuel consumption of vehicles of vehicle pool of the Board.
2. Management audit report on the payment of salaries and granting salary increments to officers.

Finance Division

1. Inspection of cash books and bank accounts – Livestock insurance bearing account number 001622. Account No. 112347 of Farmers' Pension Scheme.
2. Management audit report on obtaining mix advances and settlement of advances
3. Management audit report on the correction of accounting deficiencies indicated in final reports of the Auditor General submitted in terms of the National Audit Act, No. 19 of 2018.

Insurance Division

Management audit report on the computation of compensation

1. Payment of livestock compensation
2. Payment of compensation for paddy cultivation damages
3. Payment of compensation for maize

Farmers' Pensions

In the management audit report on the correction of accounting deficiencies indicated in final reports of the Auditor General submitted in terms of the National Audit Act, No. 19 of 2018, matters regarding the deficiencies to be corrected in the Farmers' Pension Division have been included.

District Offices

Management internal audit reports have been issued examining the way office work has been carried out in the districts of Matale, Puttalam, Trincomalee, Badulla, Ampara, Batticaloa and Kalutara and the way insurance activities have been implemented at the district level.

Audit Management Committees

The appointment of members of the Board's Audit and Management Committee, convening of meetings and reporting are carried out in accordance with Section 4.2 of the Guidelines for State-Owned Enterprises (SOEs) issued by the Department of State Enterprises.

Monitoring Officers

1. Chief Internal Auditor - Ministry of Agriculture
2. Audit Superintendent - National Audit Office

ADMINISTRATION AND HUMAN RESOURCES DIVISION

6 Chapter

The year 2024 was a remarkable year for the Human Resources and Administration Department of the Agricultural and Agrarian Insurance Board, in terms of the growth of our workforce and appreciation of their contributions. We were able to maintain an efficient and collaborative work environment, which is essential to the overall operational success of the organization.

During the year, significant steps were taken to improve employee welfare, training and development, performance management, and recruitment practices. Our main focus was on supporting employees' career growth, developing new skills, and providing them with the support they need to achieve organizational goals.

Emphasizing the importance of continuous learning and adaptation, steps were taken to further digitize our operations using modern technologies and strategies. This has streamlined HR processes and laid the foundation for better decision-making through data analysis. Accordingly, in line with the new Enterprise Resource Planning (ERP) introduced to the Board, the Human Resources Information System (HRIS) introduced to the Board officers has digitized all activities from officer attendance, leave, overtime approval, recruitment to retirement.

As the Human Resources and Administration Division of the AAIB, we consider our employees to be the most valuable asset of the organization, and we emphasize that their dedication, talent and continued contribution are essential to our success. Building on the success achieved in 2024, we look forward to further enhancing the AAIB's human resources management in the future.

1. Staff

Analysis of the staff of the Agricultural & Agrarian Insurance Board as at 31.12.2024

1. Composition of the staff

1.1 Composition of the permanent staff as per service category

Service category	Designation	Approved cadre	Existing	Vacancies
Senior management				
	Director General	1	1	-
	Director	5	1	4
Management				
	Deputy Director / Assistant Director	45	38	7

Junior Management				
	Administrative Officer	2	2	-
	Systems Administrator	1	1	-
	Financial Officer	1	-	1
	Planning Officer	1	-	1
Associated Officer				
	Development Officer	55	40	15
	Supplies Officer	1	-	1
	Internal Audit Officer	1	-	1
Management Officer (Technical)				
	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)				
	Management Assistant	220	191	29
Primary (Technical)				
	Driver	38	19	19
Primary (Non-Technical)				
	Office Assistant	42	30	12
	Total	**421**	**327**	**94**

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

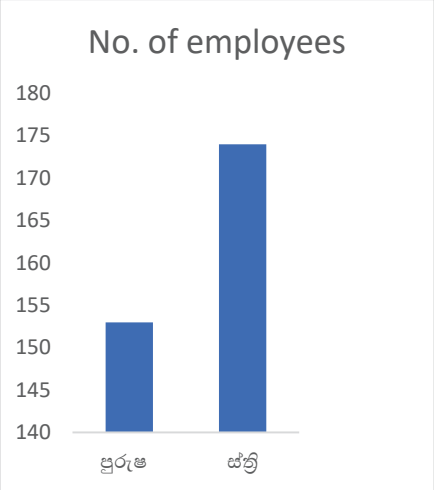
Primary (Technical)	Driver	12
Primary (Non-technical)	Karyala Sahayaka (Sanitary Labourer	9
	Total	**45**

1.2 Non-permanent employees

Service category	Designation	Existing No.
Associated Officer	Development Officer	7
Management Assistant (Non-technical)	Management Assistant /Field	17

1.3 Gender analysis of the staff

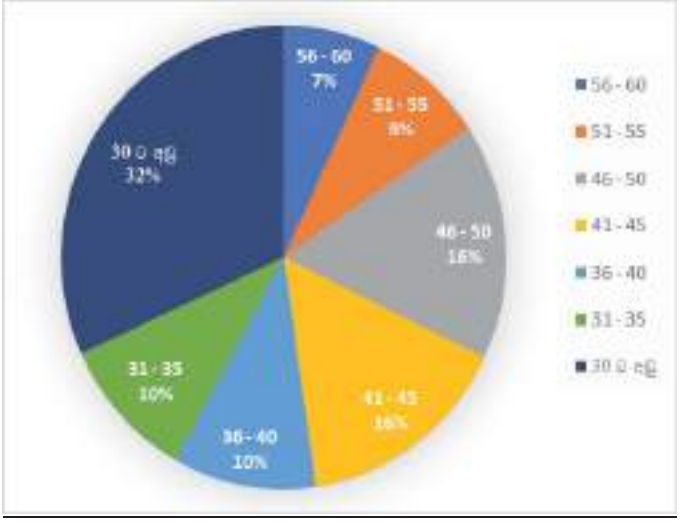
Gender	No. of employees
Male	153
Female	174



Age category	No. of employees	Percentage
56 - 60	23	8%
51 - 55	28	9%
46 - 50	54	16%
41 - 45	51	16%
36 - 40	34	10%
31 - 35	33	10%
Less than 30	104	31%
Total	327	100%

1.4 Analysis by period of service

1.5 Age analysis



Retirement, deaths and vacation of posts during the year 2024

During the year 2024, out of the officers in the service of the Board, 21 left the service due to following reasons.

	Designation	Number	Reason for vacating the post
1	Director General	1	Retirement
2	Development Officer	1	Retirement
		7	Resignation from service
3	Management Assistant	4	Retirement
		4	Resignation from service
4	Karyala Sahayaka	1	Retirement
		1	Resignation from service
5	Driver	2	Resignation from service

2. Recruitment and promotions in the year 2024

During the year, action was taken to recruit 13 officers for vacant posts of Management Assistants.

3. Training & Development -2024

Description	Expenditure (Rs)
Internal & external training	1,014,411
Efficiency bar examinations	1,751,325

4. Other benefits for employees

Benefit	Amount (Rs)
Health insurance	2,139,329
Gratuity	20,384,363
Incentives	18,056,415

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.

In 2024, steps were taken to prepare the Administrative Procedure Code to strengthen the internal administrative functions of the Board, and steps were taken to update the Board's scheme of recruitment.

Office Buildings

The Head Office of the Board is maintained at No. 117, Subhadrarama Road, Gangodawila, Nugegoda for corporate activities of the board and 30 district offices have been established to carry out district office activities for rendering services to local agriculturalists.

The Administration and Human Resources Division has carried out all the procurement activities required for the District Offices and the Head Office to efficiently maintain the operations of the Board, and 10 vehicles have been provided as grants by other government institutions in 2024 for the vehicle pool at the end of 2023, and accordingly, there are 39 vehicles in the Board's vehicle pool.

PLANING DIVISION

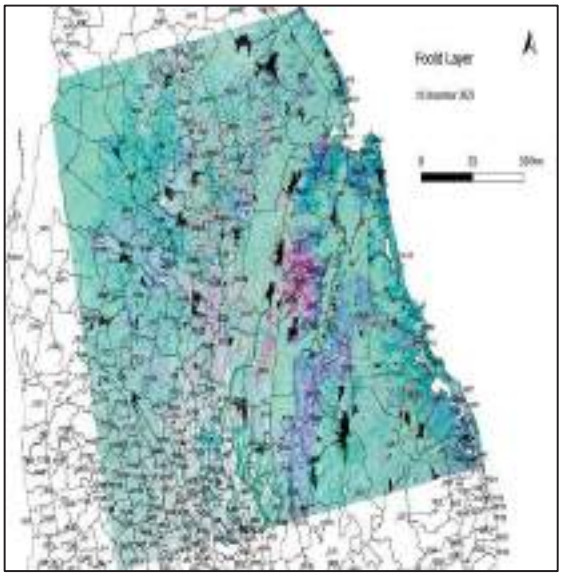
7 Chapter

Technology & agricultural insurance

Encouraging stakeholder partnership

The Agricultural & Agrarian Insurance Board signed a memorandum of understanding for a period of two years with the Sri Lanka Airforce on 20th May 2024 to obtain drone technology assistance for monitoring agricultural facrming lands during emergency situations

This ensures speedy delivery of relief services during emergencies and large scale disaster situations to agriculturalists.





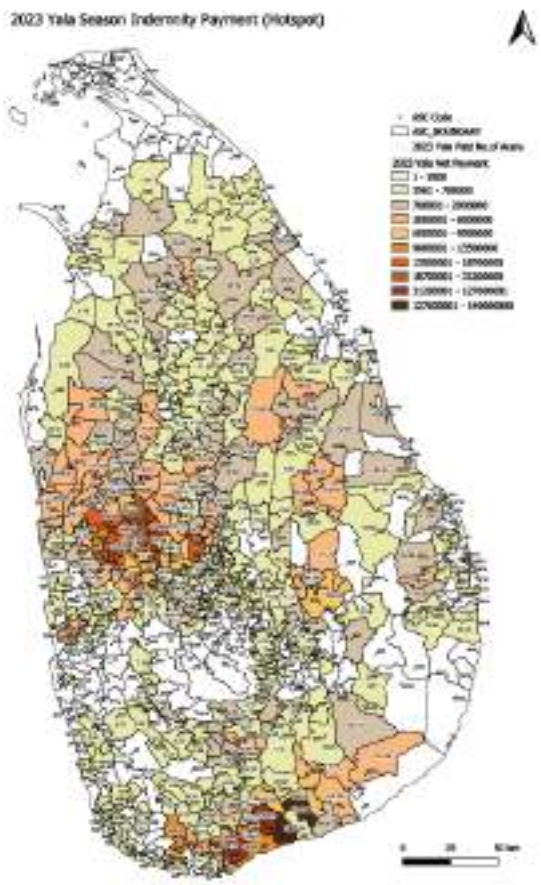
Enlisting support of technical experts

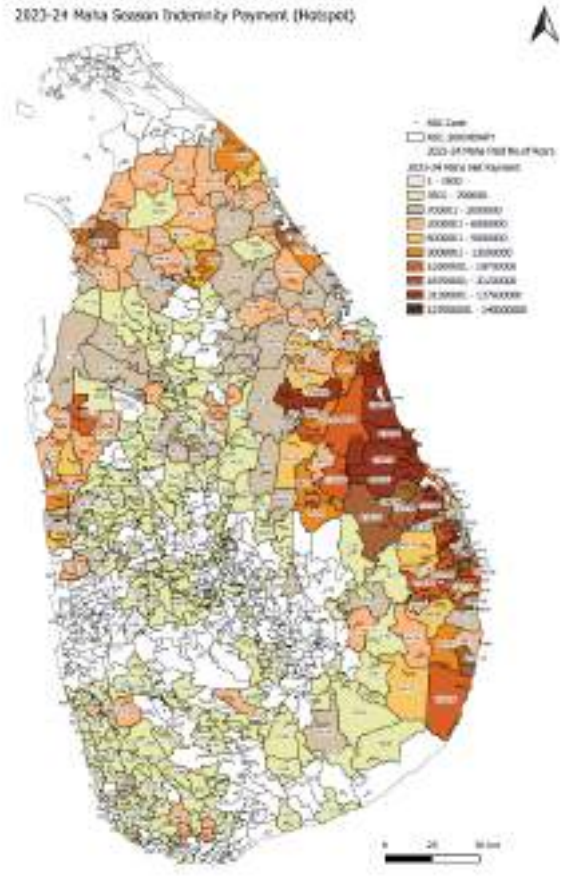
Areas in the Batticaloa district where the most crop damage was reported in 2023/24 Maha season were further analyzed using LiDAR satellite imagery with the technical assistance of subject matter experts from the Sabaragamuwa University of Sri Lanka.

These research activities are expected to be continued during the next few agricultural seasons with greater focus on higher risk zones.

Using data on the nature of damage and the amount of compensation paid from Maha season of 2021/22 up to Maha season of 2023/24, mapping of high-risk zones was carried out. Agricultural Service Centers were identified where seasonally high compensation payments were consistently made.

The aim is to study the agronomic, environmental, social and economic conditions that cause this and to find institutional and government-level solutions to these problems.





Institutional contribution for government projects

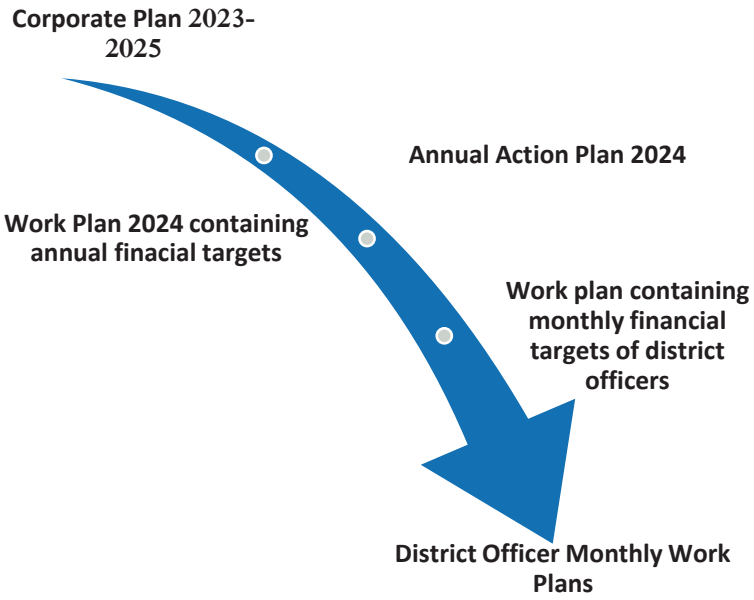
A loan guarantee insurance for NCRCS loan scheme

With the objective of incentivizing financial institutions to grant agricultural loans for the establishment of a stable mechanism for providing capital to farmers for agricultural activities, project proposals were drafted upon the recommendations of the committee appointed under the coordination of the Planning Division of the Board in respect of the administration of a loan guarantee insurance scheme. The aforementioned project proposals have been forwarded to the Ministry of Finance by the Central Bank of Sri Lanka for further action.

Institutional Planning

Integrated Rurban Development and Climate Resilience Project

As a partner organization for the Integrated Ruban Development and Climate Resilience Project to be implemented under the World Bank loan assistance programme under the initiative of the Ministry of Agriculture, proposals were submitted to the Line Ministry to provide a formal insurance service to farmers and to ensure the financial stability of public and private financial institutions contributing to the project through agricultural risk management.



As per the strategic plans designed for the year 2024 in respect of the 2023-2025 Corporate Plan, annual financial and physical targets were prepared and forwarded to the districts according to potentiality and upon the potential of district areas of authority and the officers, district targets were referred to officers. As per the monthly work plans prepared for achieving those targets, field activities were carried out. Further, in terms of the annual work plan, developmental and other operational processes were carried out focusing on various divisions.

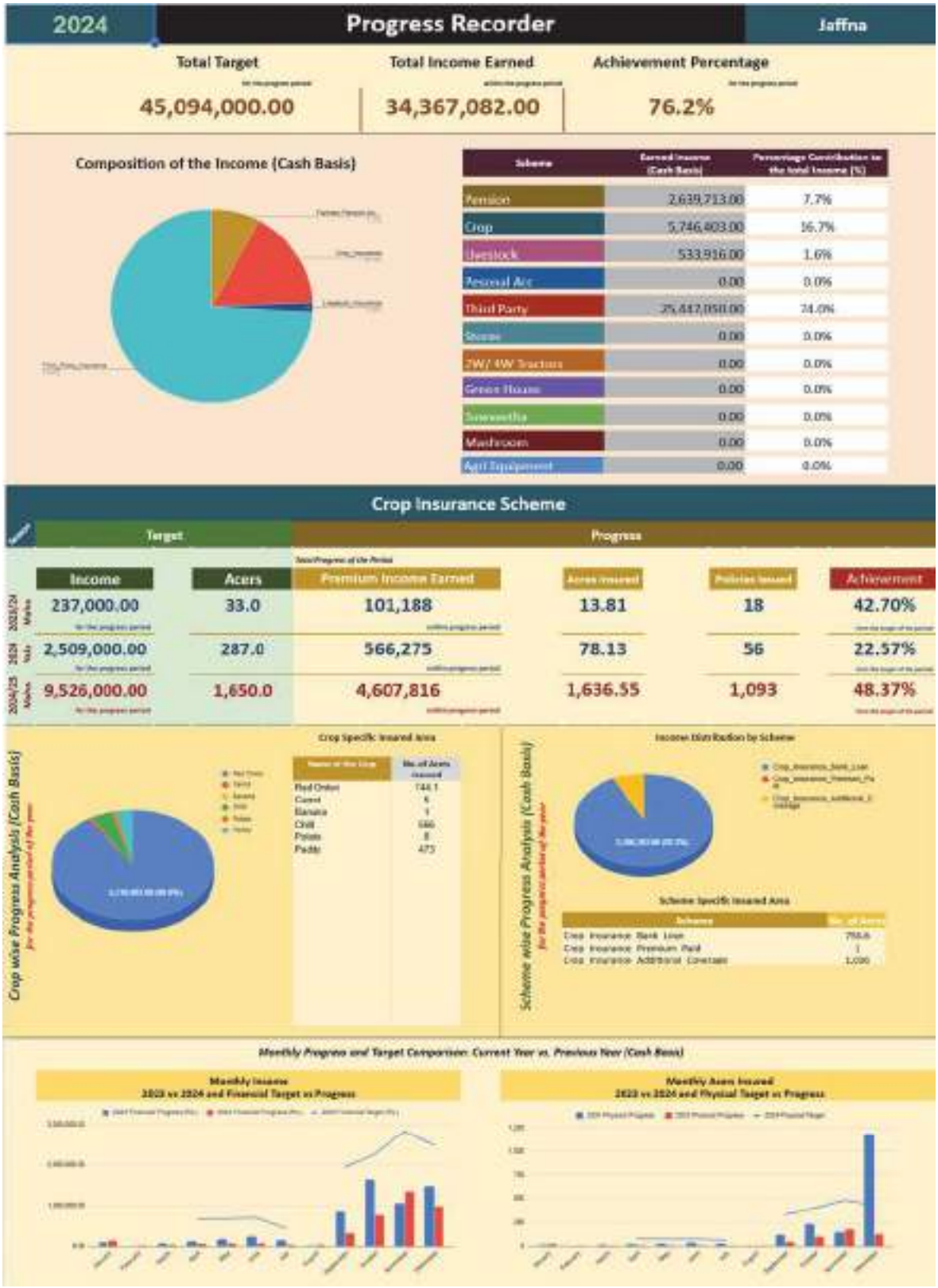




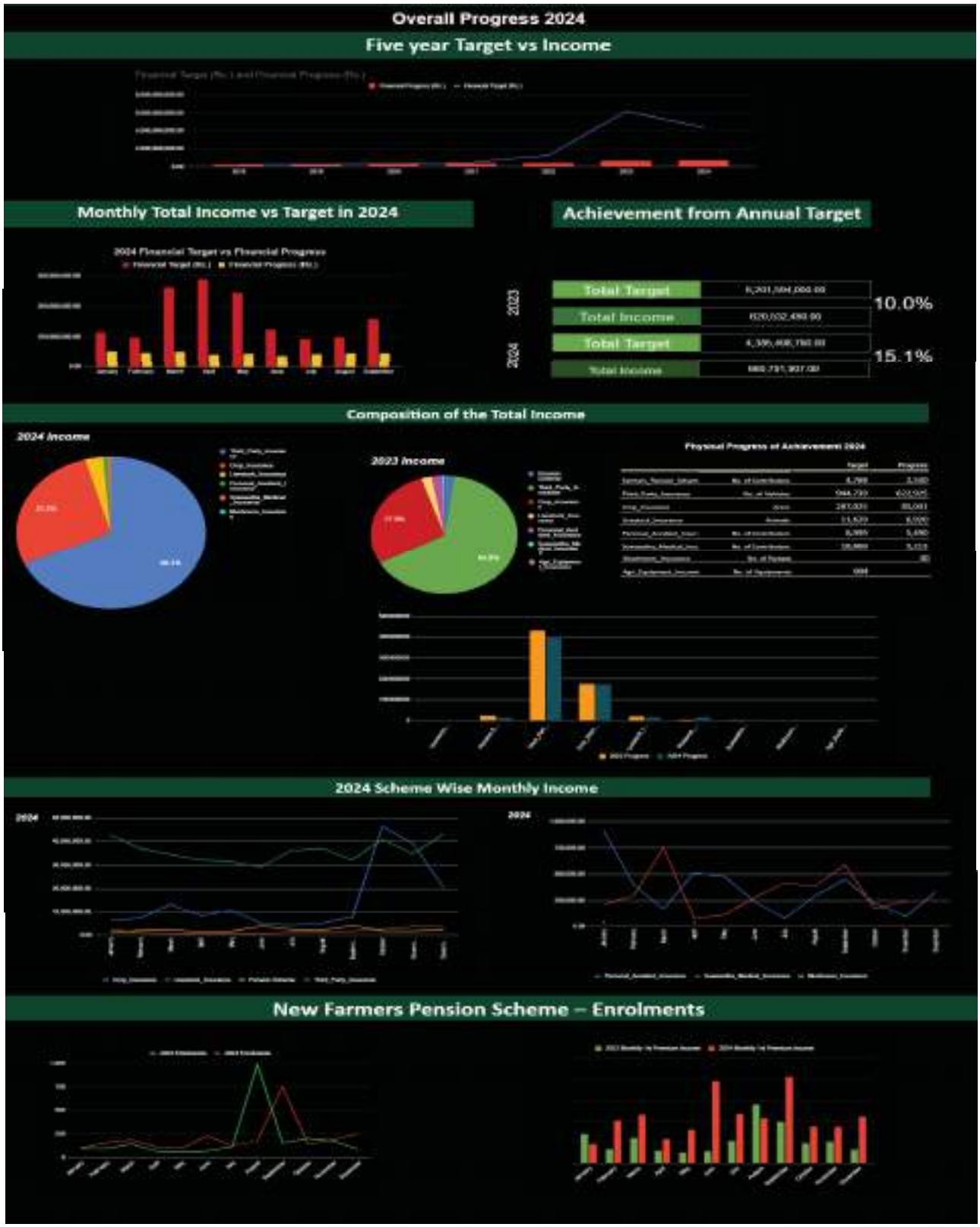
District Progress Review

District progress is reviewed monthly through Progress Recorder 2024 and progress review meetings were held quarterly with the participation of the district heads. Accordingly, progress review meetings were organized for the last quarter of 2023 and first, second and third quarters of 2024. The annual last progress review of the year 2025 is scheduled to be held during the early months of 2025. Further, aiming at a more focused progress review, the field staff was convened at the provincial level and the progress of officers was directly reviewed.

Targeting a more efficient and focused growth, this progress review programmed was conducted throughout the year.


2024
Progress Recorder
Jaffna
Total Target
45,094,000.00
Total Income Earned
34,367,082.00
Achievement Percentage
76.2%
Composition of the Income (Cash Basis)
Scheme
Earned Income (Cash Basis)
Percentage Contribution to the total Income (%)
Pension 2,639,713.00 7.7%
Crop 5,746,403.00 16.7%
Livestock 533,916.00 1.6%
Personal Acc 0.00 0.0%
Third Party 25,447,050.00 74.0%
Shrimp 0.00 0.0%
2W/ 4W Tractors 0.00 0.0%
Green House 0.00 0.0%
Sooriyadiya 0.00 0.0%
Mushroom 0.00 0.0%
Agri Equipment 0.00 0.0%
Crop Insurance Scheme
Target
Progress
Income
Acers
Premium Income Earned
Acres insured
Policies Issued
Achievement
2023/24 Maha 237,000.00 33.0 101,188 13.81 18 42.70%
2024 Yala 2,509,000.00 287.0 566,275 78.13 56 22.57%
2024/25 Maha 9,526,000.00 1,650.0 4,607,816 1,636.55 1,093 48.37%
Crop wise Progress Analysis (Cash Basis)
Crop Specific Insured Area
Name of the Crop
No. of Acres insured
Red Onion 744.1
Carrot 6
Banana 1
Chilli 666
Potato 8
Paddy 473
Scheme wise Progress Analysis (Cash Basis)
Income Distribution by Scheme
Scheme Specific Insured Area
Scheme
No. of Acres
Crop Insurance Bank Loan 758.6
Crop Insurance Premium Paid 1
Crop Insurance Additional Coverage 1,030
Monthly Progress and Target Comparison: Current Year vs. Previous Year (Cash Basis)
Monthly Income
2023 vs 2024 and Financial Target vs Progress
Monthly Acers Insured
2023 vs 2024 and Physical Target vs Progress

"Jaffna" District Progress Recorder 2024 – Dashboard



INFORMATION TECHNOLOGY DIVISION

8 Chapter

The information Technology Division of the Board inaugurated on 13.06.2023, aligned 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 has been finalized by the end of the year 2024 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.

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 28 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.

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.

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

Having upgraded the web application relevant to the pension scheme, information is maintained up to date.

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.

Developing ERP system & and conducting training programmes for that purpose



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).

Different modules exist within this ERP system for each of the said divisions and activities of the initial stage have been finalized and the situation of the above system by the end of the year 2024 is as follows.

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

- Further, activities to connect the fingerprint machines in the district offices to the main network were commenced forthwith in parallel thereto for the process of obtaining the arrival and departure time data of officers of the district office in relation to the HRM module of the ERP system, and this process was completed in 22 district offices by the end of 2024.

- The initial stages of the Third Party Insurance Module related to the Third Party Insurance Scheme have been completed and user accounts have been created for all district offices. The first pilot test was conducted by engaging with the Colombo, Kalutara, Galle and Matara district offices and the second pilot test was conducted by engaging with the Galle and Kalutara district offices. The development of the system was completed enabling the issuance of the accident insurance cover provided in relation to the Third Party Insurance Scheme through the existing system. Also, by the end of 2024, officers have been made aware of this module through practical training sessions in 27 district offices, and plans are afoot to conduct training sessions in other district offices.

- The requirements gathering process for the Crop Insurance Scheme has been finalized and its development work has also been completed. Accordingly, its user acceptance testing is being carried out.

- Having completed the requirement gathering process in respect of the livestock insurance, its development activities are being carried out.

- The development work of the system related to the life insurance scheme has been completed.

- The process of requirement gathering related to the pension scheme has been completed and its development work is in progress.

- The process of requirement gathering related to the finance module has been completed and its development work is in progress.

- Development work of the mobile application relating to the sales and marketing module is being carried out.

- Similarly, other modules and sub-modules related to those modules are being developed in accordance with the needs of our board and the interfaces of those modules are being developed to be user-friendly.

PENSION DIVISION

9 Chapter

Farmers' Pension and Social Security Benefit Scheme

Payment of farmers' pension

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 in the evening of their lives whilst recognizing the role of the farmer in the agricultural economy strengthening the country's economy, Rs. 4,737,963,758.00 had been paid as pension for 179,382 farmer pensioners by the end of the year.

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 2024, the number of subscribers to the new scheme stood at 4,903.

Payment of death benefits

The amount of benefit paid to inheritors and families of 291 subscribers who contributed to the Farmers' Pension Scheme and died due to accidents and unexpected illnesses before receiving pension entitlements is Rs. 5,215,204.00.

Payment of disability benefits

For 93 subscribers of the Farmers' Pension Scheme who have become permanently disabled Rs. 1,066,898.00 was paid in the year 2024 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 2024

S. No	District Office	No. of subscribers receiving pension	Amount paid (Rs.)
1	Anuradhapura	9,219	216,210,382
2	Ampara	4,433	111,744,077
3	Kalutara	9,297	271,350,525
4	Kegalle	11,067	283,305,215
5	Kurunegala	22157	546,223,309
6	Colombo	5,931	174,519,613
7	Gampaha	12,540	342,582,035
8	Galle	15,479	453,885,088
9	Trincomalee	998	25,546,387
10	Nuwara Eliya	3,587	91,635,381
11	Puttalam	5,909	151,231,718
12	Polonnaruwa	6,063	152,601,438
13	Badulla	8198	207,671,315
14	Batticaloa	1,370	33,101,458
15	Mannar	113	2,361,750
16	Kandy	18,255	488,952,302
17	Matara	10,486	294,101,103
18	Matale	5,907	141,492,214
19	Mulathivu	141	4,155,572
20	Monaragala	6,450	155,691,626
21	Jaffna	2,744	71,769,680
22	Ratnapura	8,309	226,424,994
23	Vavuniya	680	15,997,063
24	Hambantota	10,049	246,823,494
	Total	**179,382**	**4,709,377,739**

*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 2024

S.No	District	No. of subscribers to whom death gratuity was paid	Amount of the benefit paid (Rs.)
1	Ampara	13	245,526.00
2	Anuradhapura	24	458,157.00
3	Badulla	13	300,662.00
4	Batticaloa	7	141,261.00
5	Colombo	1	33,034.00
6	Galle	21	307,577.00
7	Gampaha	29	502,371.00
8	Hambantota	15	183,944.00
9	Jaffna	10	231,101.00
10	Kalutara	11	209,692.00
11	Kandy	15	272,554.00
12	Kegalle	12	255,402.00
13	Kurunegala	41	722,215.00
14	Mannar	0	-
15	Matale	6	77,821.00
16	Matara	11	145,378.00
17	Monaragala	18	406,782.00
18	Mullativu	0	-
19	Nuwaraeliya	8	152,629.00
20	Polonnaruwa	8	160,452.00
21	Puttalam	11	178,994.00
22	Ratnapura	14	170,114.00
23	Trincomalee	2	53,742.00
24	Vavuniya	1	5,796.00
	Total	**291**	**5,215,204.00**

Fishermen’s Pension and Social Security Benefit Scheme

69,049 fishermen had subscribed as at 31.12.2024 to the Fishermen’s Pension and Social Security Benefit Scheme administered as a joint programme with the Ministry of Fisheries and Aquatic Resources Development.

6,056 fishermen received monthly pension in the year 2024 and Rs. 91,710,306.00 had been paid as compensation. Under this scheme, a sum of Rs. 207,000.00 was paid as death gratuity benefit for 21 subscribers who passed away during the year.

Fishermen's Pension and Social Security Benefit Scheme
Payment of pensions – Year 2024

District Fisheries Extension Division	Payment of pension No. of subscribers	(Jan- Dec) Amount (Rs.)
Kalutara	131	2,093,253.00
Galle	136	1,952,272.00
Mahawewa	487	7,319,235.00
Matara	359	5,446,008.00
Colombo	71	1,116,688.00
Tangalle	309	4,700,927.00
Puttlam	74	1,223,812.00
Negombo	687	10,513,108.00
Batticaloa	612	9,439,357.00
Trincomalee	145	2,284,811.00
Mannar	625	9,722,927.00
Kalmunai	407	6,151,877.00
Mulaitivu	96	1,482,428.00
Kilinochchi	483	7,681,757.00
Jaffna	1352	19,233,285.00
Freshwater reservoirs		
Nuwara eliya	7	98,004.00
Polonnaruwa	4	64,392.00
Ratnapura	4	61,489.00
Monaragala	1	15,804.00
Kurunegala	3	41,400.00
Anuradhapura	3	43,248.00
Matale	6	87,703.00
Kandy	10	147,000.00
Kegalle	-	-
Badulla	7	98,604.00
Vavuniya	2	29,208.00
Batticaloa-Freshwater	35	661,709.00
Total	**6,056**	**91,710,306.00**

Fishermen's Pension and Social Security Benefit Scheme
Subscriptions as at 31.12.2024

District Fisheries Extension Division	Subscribers by age						Total number of subscribers 2024
	18-29	30-35	36-45	46-50	51-54	55-59	
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 2024

District Fisheries Extension Division	Death & Disability Gratuity Payments	
	No. of subscribers	Amount Rs.
Kalutara	2	18,000.00
Galle		
Mahawewa	1	8,000.00
Matara	1	10,000.00
Colombo		
Tangalle		
Puttlam		
Negombo	7	64,000.00
Batticaloa	1	10,000.00
Trincomalee		
Mannar	4	48,000.00
Kalmunai		
Mulativu		
Kilinochchi	2	18,000.00
Jaffna	3	31,000.00
Freshwater reservoirs		
Nuwaraeliya	-	-
Polonnaruwa	-	-
Ratnapura	-	-
Monaragala	-	-
Kurunegala	-	-
Anuradhapura	-	-
Matale	-	-
Kandy	-	-
Kegalle	-	-
Badulla	-	-
Vavuniya	-	-
Batticaloa-Freshwater	-	-
Grand Total	**21**	**207,000.00**

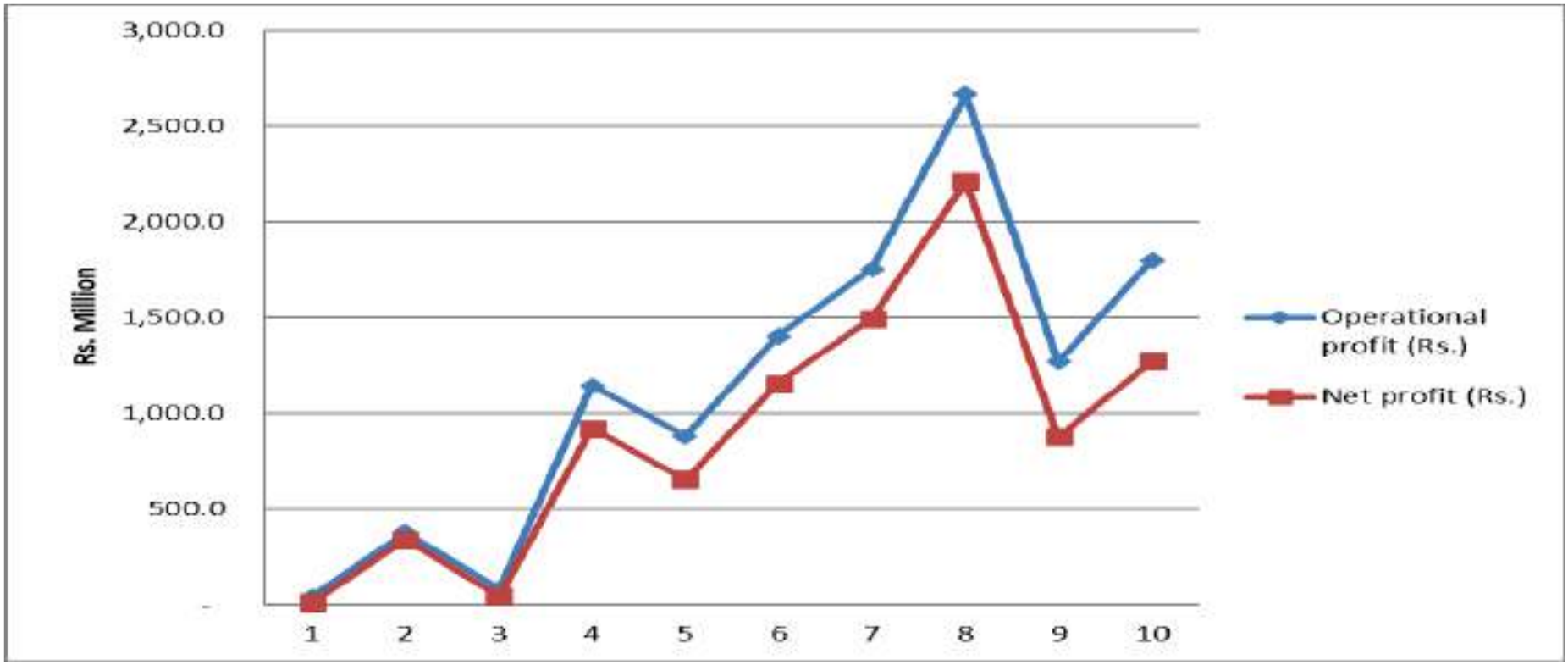
FINANCE DIVISION

10 Chapter

FINANCIAL INFORMATION FOR THE PREVIOUS TEN YEARS

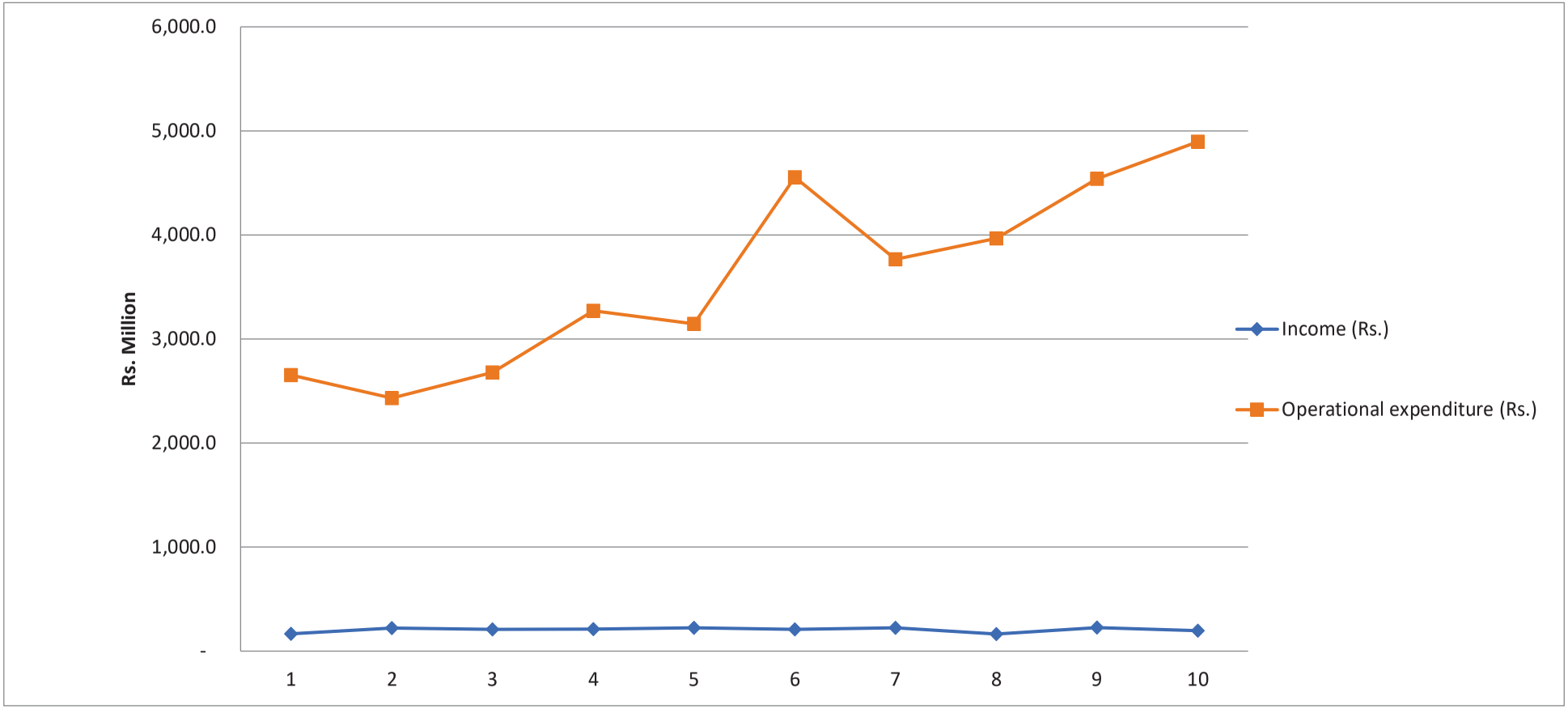
Profit

- Agriculture Insurance Scheme



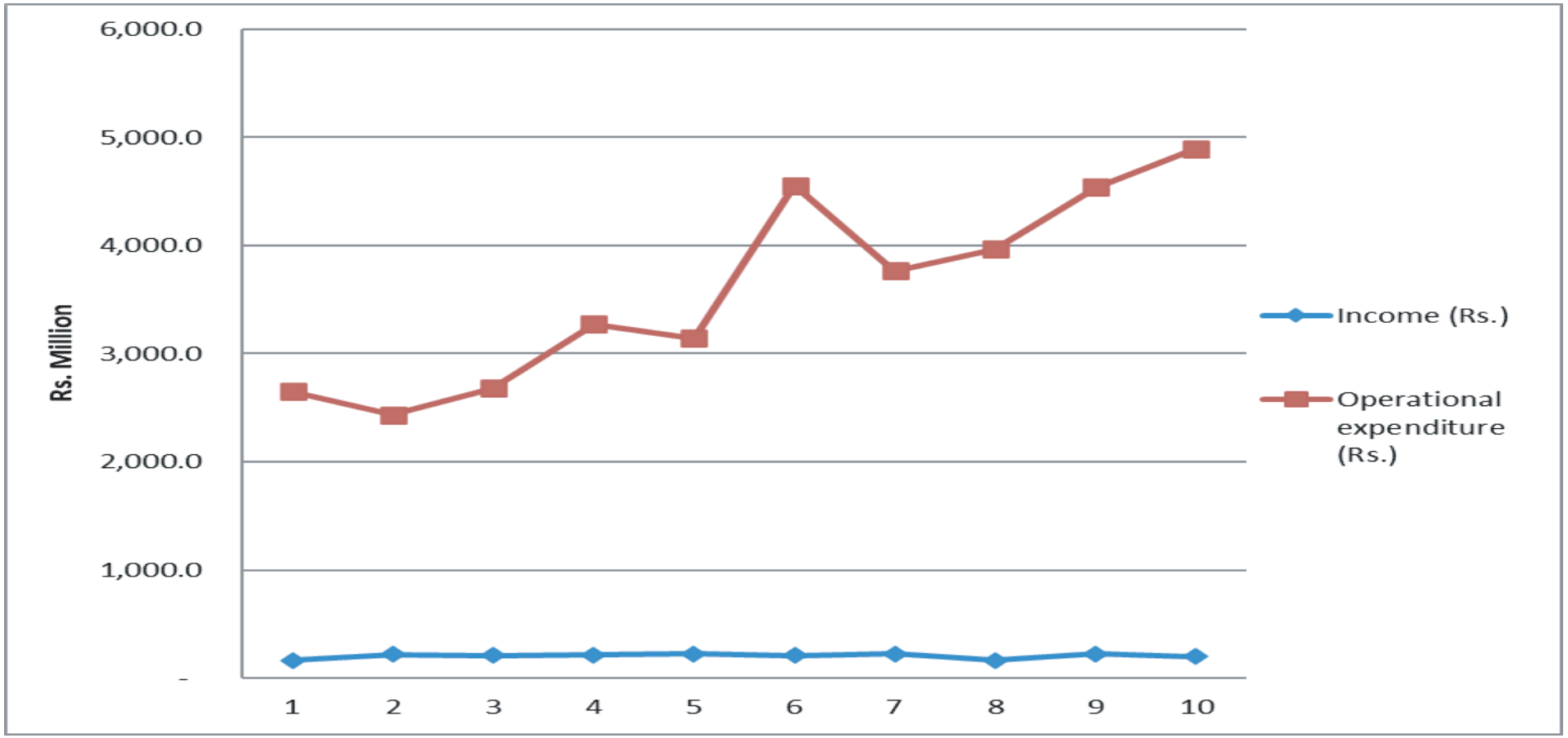
	1 2015	2 2016	3 2017	4 2018	5 2019	6 2020	7 2021	8 2022	9 2023	10 2024
Operational profit (Rs.)	39.9	377.7	80.9	1,144.7	878.0	1,401.3	1,752.0	2,663.0	1,268.2	1,799.7
Net profit (Rs.)	8.7	339.9	42.3	921.0	652.3	1,153.7	1,494.4	2,208.0	877.0	1,274.3

• Farmers' Pension Scheme



	1 2015	2 2016	3 2017	4 2018	5 2019	6 2020	7 2021	8 2022	9 2023	10 2024
Income (Rs.)	166.1	221.6	208.4	211.9	223.4	209.8	224.0	164.4	225.9	196.8
Operational expenditure (Rs.)	2,653.0	2,432.2	2,679.4	3,271.2	3,144.6	4,555.0	3,766.0	3,967.9	4,539.6	4,895.4

- Fishermen's Pension Scheme



	1 2015	2 2016	3 2017	4 2018	5 2019	6 2020	7 2021	8 2022	9 2023	10 2024
Income (Rs.)	35.5	60.4	56.1	69.6	53.0	29.6	35.2	102.5	134.1	125
Operational expenditure (Rs.)	50.6	57.9	63.7	66.0	67.2	115.4	78.7	81.7	87.2	91

FINANCIAL STATEMENTS

11 Chapter

Consolidated Statements of Accounts for the Overall Schemes and the Agricultural Insurance Scheme 2024

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

		AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
		31.12.2024	31.12.2023	31.12.2024	31.12.2023
	Notes	Rs.	Rs.	Rs.	Rs.
ASSETS					
Non- Current Assets					
Property, Plant & Equipment	1	295,956,724	234,540,729	283,845,231	226,825,080
Intangible Asset-WIP ERP System		72,002,970	72,002,970	72,002,970	72,002,970
		367,959,694	306,543,699	355,848,201	298,828,050
Financial Instruments					
Treasury Bond		5,657,249,551	3,352,820,995	3,319,257,408	1,851,357,619
		5,657,249,551	3,352,820,995	3,319,257,408	1,851,357,619
Current Assets					
Stocks	2.1	35,195,530	38,538,139	26,899,915	33,271,478
Receivables	2.2	149,863,972	463,394,978	993,153,254	1,266,364,206
Receivable Premium	2.3	1,826,970	1,288,180	810,790	371,734
Deposits & Pre Payments	2.4	23,882,944	30,537,026	23,882,944	30,537,026
Advances	2.5	29,781,785	669,348	29,781,785	669,348
Financial Instruments at amortized cost	2.6	4,795,234,411	5,557,963,798	3,467,937,002	4,250,427,003
Cash and Cash Equivalents	2.7	56,711,051	38,520,272	37,965,764	32,364,702
Total current Assets		5,092,496,662	6,130,911,740	4,580,431,453	5,614,005,497
TOTAL ASSETS		**11,117,705,908**	**9,790,276,434**	**8,255,537,063**	**7,764,191,166**
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	(93,318,413,051)	(90,041,219,155)	4,479,043,840	3,237,653,337
Government Grant - Capital	4	10,654,285	17,330,189	10,654,285	17,330,189
A.A.I.B Reserve Fund	5	588,524,391	498,536,253	588,524,391	498,536,253
Farmer's Death Gratuity Fund	6	1,527,083,863	1,427,193,842	1,490,350,049	1,391,994,627
Staff Medical Insurance Fund		36,274,241	27,313,478	36,274,241	27,313,478
Kethata Aruna Compulsory Insurance Fund		706,503,600	706,503,600	706,503,600	706,503,600
Revaluation Reserve		214,006,925	172,530,347	206,206,925	165,680,347
Product Promotion and Incentive Fund		38,361,464	30,686,023	38,361,464	30,686,023
Government Grant for Farmers Pension		1,081,488,000	1,081,488,000	-	-
Capital Grant-GIZ		88,404,556	65,792,100	88,404,556	65,792,100
FAO Grant		-	-		
		(88,977,111,726)	(85,963,845,323)	7,694,323,350	6,191,489,954
Non - Current Liabilities					
Provision for Gratuity		90,459,417	55,462,953	39,032,761	22,103,553
Pension Liability		97,122,025,950	92,430,794,402	-	-
		97,212,485,368	92,486,257,355	39,032,761	22,103,553
Current Liabilities					
Provision for Printing		1,845,812	1,922,699	700,000	600,000
Pre Premium Receipts	7.1	116,164,521	115,686,318	116,164,521	115,686,318
Other Payables	7.2	2,528,330,730	2,137,472,315	175,229,578	425,556,787
Accrued Expenses	7.3	38,374,728	39,414,416	32,470,377	35,385,901
Provision for Indemnity	7.4	197,616,476	973,368,653	197,616,476	973,368,653
Total Current Liabilities		2,882,332,266	3,267,864,401	522,180,952	1,550,597,659
TOTAL EQUITY & LIABILITIES		**11,117,705,908**	**9,790,276,434**	**8,255,537,063**	**7,764,191,166**

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

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. Kalam Kalamachchi
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

Pemasiri Jayasingarachchi
Member of Director Board
Agricultural & Agrarian Insurance Board
No: 117, Subadrarama Road,
Sri Lanka

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	
		31.12.2024	31.12.2023	31.12.2024	31.12.2023
REVENUE	**Notes**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Premium and Contribution	8.1	623,351,504	502,154,945	623,284,487	502,033,477
Insurance Premium-Treasury Contribution		1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Grants for Indemnities - NITF Crop Levy		1,282,703,785	975,718,383	1,282,703,785	975,718,383
Interest	8.2	1,107,874,664	1,370,543,232	785,952,802	1,010,497,440
TOTAL REVENUE		**4,013,929,953**	**3,848,416,560**	**3,691,941,074**	**3,488,249,300**
OPERATING EXPENSES					
Indemnity	9.1	(1,780,680,767)	(2,138,394,861)	(1,780,680,767)	(2,138,394,861)
Reinsurance Premium				-	-
Claims recoverable from Reinsurer		-	-	-	-
Operating Expenses	9.2	(129,694,540)	(98,281,615)	(111,497,555)	(81,623,872)
Pension Payments		(4,933,473,726)	(4,572,552,593)	-	-
Refund of Net Contribution & Interest		(17,769,003)	(19,370,863)	-	-
Group Insurance Premium		(17,721,420)	(18,322,800)	-	-
Disablement Gratuity Payment		(1,046,127)	(1,081,350)	-	-
Increase of Pension Liability		(4,691,231,548)	(4,927,590,388)	-	-
		(11,571,617,132)	**(11,775,594,470)**	**(1,892,178,323)**	**(2,220,018,733)**
OPERATING SURPLUS/(DIFICIT)		**(7,557,687,179)**	**(7,927,177,910)**	**1,799,762,752**	**1,268,230,567**
Govt. Grant for Pension Payment		4,762,000,000	4,395,000,000	-	-
Govt. Grant for Admin Expenses		249,630,000	206,225,000	-	-
Other Income	10	22,214,226	18,223,887	17,207,153	14,348,633
		5,033,844,226	**4,619,448,887**	**17,207,153**	**14,348,633**
		(2,523,842,953)	**(3,307,729,023)**	**1,816,969,905**	**1,282,579,200**
EXPENSES					
Administrative Expenses	11	(611,377,838)	(513,935,624)	(353,558,609)	(299,864,500)
Finance & Other Expenses	12	(46,964,427)	(62,884,014)	(346,723)	(214,664)
TOTAL EXPENSES		**(658,342,265)**	**(576,819,639)**	**(353,905,331)**	**(300,079,164)**
NET SURPLUS/ (DEFICIT)		**(3,182,185,218)**	**(3,884,548,662)**	**1,463,064,574**	**982,500,036**
Income tax expense	13	(124,226,159)	(150,084,498)	(124,226,159)	(150,084,498)
PROFIT AFTER TAX		**(3,306,411,377)**	**(4,034,633,160)**	**1,338,838,415**	**832,415,538**
Provision For A.A.I.B Reserve Fund		(89,988,138)	(63,411,528)	(89,988,138)	(63,411,528)
NET SURPLUS/ (DEFICIT) AFTER PROVISION		**(3,396,399,515)**	**(4,098,044,688)**	**1,248,850,277**	**769,004,009**
OTHER COMPREHENSIVE INCOME					
Gratuity Gain/(Loss)		(31,961,267)	(3,372,120)	(15,059,774)	725,417
		(31,961,267)	(3,372,120)	(15,059,774)	725,417
Revaluation surplus of property, plant and equipment		41,476,578	111,551,180	40,526,578	107,551,180
NET SURPLUS/ (DEFICIT) AFTER OTHER COMPREHENSIVE INCOME		**(3,386,884,204)**	**(3,989,865,628)**	**1,274,317,081**	**877,280,606**

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 01st January 2023	**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)**
Prior Year Adjustment		(1,282,300,096)										(1,282,300,096)
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
Interest Income	-				118,209,835	5,402,615	-	-	-	-	-	123,612,450
Amortization Gov. Grant	-	-	(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 31st 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)**
Addition during the year:	-	143,566,886	9,150,000	89,988,138	17,721,420	5,221,150	-	-	18,056,415	-	22,612,456	306,316,465
Prior Year Adjustment		7,600,000	-	-	-	-	-	-	-	-	-	7,600,000
Interest Income	-	-	-	-	84,137,602	5,876,906	-	-	-	-	-	90,014,507
Amortization Gov. Grant Farmers Pension	-	-	(15,825,905)	-	-	-	-	-	-	-	-	(15,825,905)
Benefit paid	-	-	-	-	(1,969,000)	(2,137,293)	-		(10,380,974)	-	-	(14,487,267)
Net Surplus /(Deficit)	-	(3,428,360,782)	-	-	-	-	-	41,476,578		-	-	(3,386,884,204)
Balance as at 31st December 2024	**50,000,000**	**(93,318,413,051)**	**10,654,285**	**588,524,391**	**1,527,083,864**	**36,274,240**	**706,503,600**	**214,006,925**	**38,361,464**	**1,081,488,000**	**88,404,556**	**(88,977,111,727)**

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 01st January 2023	**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	-	107,551,180	7,740,142	-	-	218,358,630
Interest Income	-				118,209,835	5,402,615	-	-	-	-	-	123,612,450
Amortization Gov. Grant	-	-	(12,597,874)	-	-	-	-	-	-	-	-	(12,597,874)
Prior Year Adjustment	-	(4,328,543,856)	-	-	-	-	-	-	-	-	-	(4,328,543,856)
Benefit paid	-	-	-	-	(1,566,640)	(2,181,826)	-	-	(8,714,577)	-	-	(12,463,043)
Net Surplus /(Deficit)	-	769,729,426	-	-	-			-	-	-	-	769,729,426
Balance as at 31st 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**
Addition during the year:	-	-	9,150,000	89,988,138	15,977,820	5,221,150	-	40,526,578	18,056,415	-	22,612,456	201,532,557
Prior Year Adjustment	-	7,600,000	-	-	-	-	-	-	-	-	-	7,600,000
Interest Income	-	-	-	-	84,137,602	5,876,906	-	-	-	-	-	90,014,507
Amortization Gov. Grant Farmers Pension	-	-	(15,825,905)	-	-	-	-	-	-	-	-	(15,825,905)
Benefit paid	-	-	-	-	(1,760,000)	(2,137,293)	-	-	(10,380,974)	-	-	(14,278,267)
Net Surplus /(Deficit)	-	1,233,790,503	-	-	-	-	-	-	-	-	-	1,233,790,503
Balance as at 31st December 2024	**50,000,000**	**4,479,043,840**	**10,654,285**	**588,524,391**	**1,490,350,049**	**36,274,240**	**706,503,600**	**206,206,925**	**38,361,464**	**-**	**88,404,556**	**7,694,323,350**

AGRICULTURAL & AGRARIAN INSURANCE BOARD

CASH FLOW STATEMENT

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
	31.12.2024 Rs.	31.12.2023 Rs.	31.12.2024 Rs.	31.12.2023 Rs.
Cash Flows from Operating Activities				
Net Surplus / (Deficit) before tax	(3,182,185,218)	(3,884,548,662)	1,463,064,574	982,500,036
Adjustment for				
Depreciation	43,690,621	27,335,936	41,644,775	25,683,272
Amortization of Government Grant	(15,825,905)	(13,662,896)	(15,825,905)	(12,597,874)
Increase of Pension Liability	4,691,231,548	4,927,590,388	-	-
Accrued /Provision for Indemnity	151,252,512	882,188,483	151,252,512	882,188,483
Administration Expenditure paid by AIB	-	-	(241,024,034)	(196,569,848)
Government Grant for Recurent Expenditure AIB	-	-	249,630,000	206,225,000
Staff Incentive & Promotion Fund	18,056,415	7,740,142	18,056,415	7,740,142
Death Gratuity Premium	17,721,420	18,322,800	-	-
Interest Expenses	46,482,878	62,601,947		
	4,952,609,491	**5,912,116,799**	**203,733,764**	**912,669,175**
Profit / loss on disposal of Property, Plant & Equip.	(49,715)	(256,473)	(49,715)	(205,913)
Provision for Retiring Gratuity	10,187,207	8,700,946	5,324,589	4,059,133
Operating Surplus before working capital changes	**1,780,561,765**	**2,036,012,610**	**1,672,073,211**	**1,899,022,430**
(Increase)/ Decrease in Inventories	3,342,609	(3,059,015)	6,371,563	(1,553,427)
(Increase)/ Decrease in Receivables	313,546,506	(285,944,219)	337,624,005	(217,282,039)
(Increase)/ Decrease Receivable Premium	(538,790)	3,906,687	(439,056)	2,912,413
(Increase)/ Decrease in Deposits & Prepayments	6,654,082	(24,461,887)	6,654,082	(24,461,887)
(Increase)/ Decrease in Advances	(29,112,437)	(465)	(29,112,437)	(465)
Increase /(Decrease) Provision For Indemnity	(919,404,690)	(206,086,932)	(919,404,690)	(206,086,932)
Increase /(Decrease) Provision For Printing	(76,888)	180,500	100,000	100,000
Increase /(Decrease) Pre-premium advance	478,203	69,743,604	478,203	69,743,604
Increase /(Decrease) Other Payables	612,168,072	490,453,917	(37,623,517)	(1,967,559)
Increase /(Decrease) Accrued expenses	(1,039,688)	22,629,995	(2,915,524)	21,126,615
	(13,983,020)	**67,362,185**	**(638,267,370)**	**(357,469,676)**
Cash Generated from Operations	**1,766,578,745**	**2,103,374,795**	**1,033,805,841**	**1,541,552,754**
Income Tax Paid	(347,270,504)	-	(347,270,504)	
Retiring Gratuity - Paid	(7,152,010)	(17,734,755)	(7,152,010)	(17,734,755)
Net Cash Flows from Operating Activities	**1,412,156,230**	**2,085,640,040**	**679,383,327**	**1,523,817,999**
Cash Flows from Investing Activities				
Medical Fund	8,960,763	8,500,488	8,960,763	8,500,488
Farmer's Death Gratuity Fund	35,685,723	53,875,248	37,654,723	55,607,888
Staff Incentive & Promotion Fund	(10,380,974)	(8,714,577)	(10,380,974)	(8,714,577)
Investments during the year	(1,541,699,169)	(2,178,567,081)	(685,409,788)	(1,486,668,033)
Purchases of Property, Plant & Equipment	(52,761,756)	(145,298,124)	(47,270,065)	(145,298,124)
Proceeds from sale of Property, Plant & Equipment	50,620	355,410	50,620	302,260
Net Cash Flows from Investing Activities	**(1,560,144,792)**	**(2,269,848,635)**	**(696,394,720)**	**(1,576,270,097)**
Cash Flows from Financing Activities				
Grant for Capital expenditure	22,612,456	-	22,612,456	-
New Pension Scheme Fund	54,818,394	20,730,787	-	-
Old Pension Scheme Fund	88,748,492	113,079,824	-	-
Net Cash Flows from Financing Activities	**166,179,342**	**133,810,610**	**22,612,456**	**-**
Net Increase / (Decrease) in Cash & Cash Equivalents	**18,190,780**	**(50,397,985)**	**5,601,062**	**(52,452,098)**
Cash & cash equivalents at the beginning of the year	**38,520,272**	**88,918,257**	**32,364,702**	**84,816,800**
Cash & cash equivalents at the end of the year	**56,711,052**	**38,520,272**	**37,965,764**	**32,364,702**

Agricultural and Agrarian Insurance Board

Significant Accounting Policies

For the Year Ended 31st December 2024

1. Corporate Information

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.The registered office of the Board is situated at No.117, Subadhararama Road, Gangodawila, Nugegoda and the principal place of business is located at this address. Further, all powers and duties conferred or imposed on the Agricultural Insurance Board established by the relevant law, as well as those outlined in the Farmers Pension and Social Security Benefit Scheme Act, No. 12 of 1987, and the Fisherman's Pension and Social Security Benefit Scheme Act, No. 23 of 1990, shall, with effect from the appointed date, be deemed to be powers and duties conferred or imposed on the Board.

1.2 Parent Entity and Ultimate Parent Entity

The Board parent and ultimate parent entity is the Government of Sri Lanka

1.3 Principal Activities and Nature of Operations

The board is primarily engaged 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 significant changes in the nature of the principal activities of the board during the financial year under review.

1.4 Responsibility for Financial Statements

The Board of Directors are Responsible for preparation and presentation of these Financial Statements.

1.5 Number of Employees

The staff strength of the Board as at 31st December 2024 was 372

1.6 Approval of financial statements by the Board of Directors

The financial statements of the Board for the year ended 31st December 2024 were approved and authorized for issuance on 27th February 2025.

2. Basis of Preparation and Significant Accounting Policies

2.1 Statement of Compliance

The Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The Financial Statements for the year ended 31st December 2024 comprise the following components.

- A Statement of Financial Position providing the information on the financial position of the Board as at 31st December 2024. [Page 01]
- A Statement of Comprehensive Income Providing the information on the financial performance of the Board for the year under review. [Page 02]
- Statement of Changes in Equity depicting all changes in equity. [Page 03]
- Statement of Cash Flows providing the information to the users, on the ability of the Board to generate cash and cash equivalents and utilization of those cash flows [Page 04]
- Notes to the Financial Statements comprising accounting policies and other explanatory information. [Page 05-29]

2.2 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.

2.3 Presentation of Financial Statements

The Board presents its statement of financial position broadly in order that reflects their relative liquidity. No adjustments have been made for inflationary factors affecting the Financial Statements.

2.4 Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees, which is the functional and presentation currency of the board. All financial information presented in Sri Lankan Rupees has been rounded to the

nearest Rupee, except when otherwise indicated.

2.5 Materiality and Aggregation

Each material class of similar items is presented separately. Items of a dissimilar nature or function are also presented separately unless they are immaterial.

2.6 Reporting Period

The reporting period is from January to December 2024. Where applicable, the accounting policies are explained in the in the succeeding notes

2.7 Significant Accounting Judgements, Estimates and Assumption

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.

Accounting Judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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.

2.7.1 Going Concern

The management has made an assessment of the board's ability to continue as a going concern and is satisfied as that the Board has the resources to continue in business for the foreseeable future. Therefore, the financial statements continue to be prepared on the going concern basis.

2.7.2 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.

2.7.3 Amortized cost of a Financial Assets

As per the SLFRS 9 the board is recognized the financial asset at amortized cost if both of the following conditions are met.

(a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in government securities and in fixed deposits have been classified under the method of Amortized cost of a Financial Assets.

2.7.4 Fair value of financial instruments

The determination of fair values for financial assets and financial liabilities recorded on the statement of financial position, for which there is no observable market price, is carried out using a variety of valuation techniques, including the application of mathematical models. The inputs to these models are typically derived from observable market data when available. However, in the absence of such data, judgment is required to establish the fair values of these financial instruments.

2.7.5 provision for Liabilities and Contingencies

The Board receives legal claims against it in the normal course of business. Management has made judgement as to the likelihood of any claim succeeding in making provisions. The time of concluding the legal claim is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depend on the due process in respective legal jurisdictions. The Board decided to provide 15% of total legal claims for litigation provision for Third party legal claims. It 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.

2.8 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 Assets and the Basis of their Valuation

3.1 Property, Plant and Equipment

3.1.1 Recognition and Measurement

Basis of recognition property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the board and cost of the asset can be measured reliably.

All items of property, plant and equipment are initially recorded at cost less accumulated depreciation and accumulated 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. 67,297,225.10 has been included in property plant and equipment in consolidated financial statements.

3.1.2 Cost

Measurement an item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its 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.

Repairs and Maintenance are charged to the statement of profit and loss during the financial period in which they are incurred. Cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess of the most recently assessed standard of performance of the existing assets will flow to the board and the renovation, replaces and identifiable part of the asset.

3.1.3 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.

Motor Vehicle revaluation is performed by professionally qualified external valuers using the open market value. The revaluation surplus is recognized on the net carrying value of the asset and is transferred to a revaluation reserve after restating the asset at the revalued amount. 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.

3.1.4 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. Depreciation charge begins when an asset is available for use.

Building	4%
Motor Vehicle	20%
Furniture & Fitting	10%
Office Equipment	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%

3.2 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.

The Board intangible asset include the value of acquired computer software. Computer software is amortized over a period of 5 years on the straight-line method.

3.3 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.

3.4 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, 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 only when the Board has a legal right to offset the amounts and intends either to settle them on

a net basis or to realize the asset and settle the liability simultaneously.

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

3.4.1 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 measured at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recognized as finance income or finance expense in the statement of comprehensive income.

3.4.2 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.

3.4.3 Amortized cost of a Financial Assets

As per the SLFRS 9 the board is recognized the financial asset at amortized cost if both of the following conditions are met.

(c) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(d) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in government securities and in fixed deposits have been classified under the method of Amortized cost of a Financial Assets.

3.4.4 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.

3.4.5 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.

4. 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.

4.1 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 2024.

Insured Subject	**Provision for Indemnity (Rs.)**
Kethata Aruna	136,160,359
Livestock	5,500,000
Suwasetha Insurance/ Personal Accidents	1,500,000
Subsidiary Crops	5,020,400

Moveable Property	49,435,717
	197,616,476

4.2 Provision for third party Insurance indemnity

Management has made judgement as to the likelihood of any claim succeeding in making provisions. The time of concluding the legal claim is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depend on the due process in respective legal jurisdictions. The Board decided to provide 15% of total legal claims for litigation provision for Third party legal claims. It 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.

4.3 Provision for Doubtful Debts

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

4.4 Provision for Income Tax

The income tax expense for the year 2024 has been presented as part of the Statement of Comprehensive Income. In accordance with the instructions issued by the Department of Inland Revenue, the Board has paid income tax amounting to Rs. 302,123,251.36 for the years 2018 to 2023. For the year 2024, the Board has incurred an income tax liability of Rs.124,226,159

4.5 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 (LKAS 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.

4.6 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.

4.7 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 contracts. 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.

5. Statement of Comprehensive Income

5.1 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.

5.2 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.

5.3 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.

5.4 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.

The government provides annual grants for the compulsory insurance scheme to cover indemnity payments. Under this scheme, farmers receive compensation of Rs. 40,000 per acre for damages caused by natural disasters such as floods, droughts, and wild elephant attacks. The insurance coverage extends up to a maximum of 5 acres for paddy cultivation and up to 2.5 acres for other crops, including soybeans, chili, onions, maize, and potatoes.

Furthermore, the government provides an initiative grant for the Farmers' Pension, aimed at ensuring financial security for farmers during their retirement years. This grant offers a fixed monthly income to eligible farmers once they reach the age of 60.

5.5 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%

5.6 Surplus

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

5.7 Reserve Fund

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

5.8 Pre-Premium

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

6. Statement of Cash Flows

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

7. 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.

8. 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.

9. Prior Year Adjustments

9.1 Suwasetha Insurance/Personal Accidents

The Board has allocated a provision of Rs. 8,000,000 for Suwasetha & Personal Insurance from prior years, has been adjusted the over-provision of Rs.6,500,000 in the 2024 financial statements.

10.Contingencies

One Hundred Twenty-two cases have been examined and the current status of the cases are disclosed in the following table. 18 cases were settled based on the Decision of the Risk Committee negotiate with petitioner in 2024 paid Rs.2,975,000/-

Final Report 2024 – Cases filed by and against the AAIB

Court	No Of Case	Parties	Cause of Action	Current Situation
Worker's Compensation Court - A'pura	01 WC/NF/1149/2019 (ANU)	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	02 HC/233 & HC/234	Police VS Sandagomi Maheshika	1. Fraud of money which need to be given to farmers 2. forgery	The case is being heard
Magistrate court Anuradhapura	01 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
Colombo High Court	01 3/8/2 මෝ.ඇ / 2006	Police VS AAIB	Mavil Aru cultivation compensation	Case referred to attorney General's Department for further instruction
District Courts (Island wide)	117 cases	3rd party Damage claimers Vs AAIB	Damages claim under 3rd party insurance	The cases are being heard

AGRICULTURAL & AGRARIAN INSURANCE BOARD
NOTES TO THE ACCOUNTS

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

Rs.

ASSETS	Cost/Valuation as at 01.01.2024	Disposal	Cost Addition	Revaluation Assets 31-12-2024	Transfers to revaluation reserve	Cost/Valuation as at 31.12.2024	Accum.Dep as at 01.01.2024	Disposal	Accumulated depreciation transfers to revaluation reserve	Depreciation for the year	Accum.Dep as at 31.12.2024	W.D.V as at 31.12.2024
Furniture & Fittings	25,286,969	(217,892)	2,327,470	-	-	27,396,547	12,476,945	(217,892)	-	1,841,443	14,100,496	13,296,051
Office Equipment	23,397,746	(117,158)	7,247,082	-	-	30,527,670	11,668,462	(117,158)	-	1,646,147	13,197,451	17,330,219
Motor Vehicle	131,265,000	-	11,063,047	153,345,000	(131,590,747)	164,082,300	-	-	(19,722,325)	27,847,075	8,124,750	155,957,550
Welfare Equipment	1,446,494	(8,800)	880,163	-	-	2,317,857	634,380	(8,460)	-	138,609	764,530	1,553,327
Computer Equipment	88,553,056	(214,379)	42,098,452	-	-	130,437,129	50,779,328	(198,314)	-	11,734,547	62,315,561	68,121,568
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	(89,950)	-	-	-	56,350	146,300	(89,950)	-	-	56,350	-
Building	10,828,779	-	-	-	-	10,828,779	5,928,507	-	-	350,566	6,279,073	4,549,706
Air Conditioners	1,051,273	-	-	-	-	1,051,273	950,914	-	-	43,011	993,925	57,348
Publicity Equipment	3,101,736	(26,150)	30,230	-	-	3,105,817	2,445,889	(26,150)	-	89,223	2,508,962	596,855
Bicycle	146,864	(11,450)	-	-	-	135,414	146,864	(11,450)	-	-	135,414	-
Crop Cutting Equipment	60,371	-	-	-	-	60,371	60,371	-	-	-	60,371	-
Loss Preventive Equip:	41,280	-	-	-	-	41,280	41,280	-	-	-	41,280	-
Survey Equipment	4,099	-	-	-	-	4,099	4,099	-	-	-	4,099	-
Weighing Scale	1,036	-	-	-	-	1,036	1,036	-	-	-	1,036	-
Norad Equipment	344,424	-	-	-	-	344,424	344,424	-	-	-	344,424	-
Work In Progress-Buildings	34,494,099	-	-	-	-	34,494,099	-	-	-	-	-	34,494,099
	323,155,334	**(685,778.68)**	**63,646,443.93**	**153,345,000.00**	**(131,590,746.51)**	**407,870,252**	**88,614,605**	**(669,374)**	**(19,722,325)**	**43,690,621**	**111,913,528**	**295,956,724**

Note :Property, plant & equipment includes fully depreciated assets that are still in use having a gross amount of Rs.67,297,225.10 as at 31st December 2024

PROPERTY, PLANT & EQUIPMENT
AGRICULTURE INSURANCE SCHEME

ASSETS	Cost/Valuation as at 01.01.2024	Disposal	Cost Addition	Revaluation Assets 31-12-2024	Transfers to revaluation reserve	Cost/Valuation as at 31.12.2024	Accum.Dep as at 01.01.2024	Disposal	Accumulated depreciation transfers to revaluation reserve	Depreciation for the year	Accum.Dep as at 31.12.2024	W.D.V as at 31.12.2024
Furniture & Fittings	23,823,996	(217,892)	2,327,470	-	-	25,933,574	11,287,592	(217,892)	-	1,755,904	12,825,604	13,107,971
Office Equipment	21,614,511	(117,158)	7,247,082	-	-	28,744,435	10,012,428	(117,158)	-	1,619,664	11,514,934	17,229,501
Motor Vehicle	127,265,000	-	11,063,047	148,995,000	(127,590,747)	159,732,300	-	-	(19,122,325)	27,029,575	7,907,250	151,825,050
Welfare Equipment	1,425,191	(8,800)	866,315	-	-	2,282,706	616,482	(8,460)	-	137,556	745,578	1,537,128
Computer Equipment	62,850,376	(214,379)	36,620,609	-	-	99,256,606	28,287,712	(198,314)	-	10,662,287	38,751,685	60,504,921
Telephone	1,510,808	-	-	-	-	1,510,808	1,510,808	-	-	-	1,510,808	-
Motor Bicycle	146,300	(89,950)	-	-	-	56,350	146,300	(89,950)	-	-	56,350	-
Building	10,828,779	-	-	-	-	10,828,779	5,928,507	-	-	350,566	6,279,073	4,549,706
Publicity Equipment	2,678,899	(26,150)	30,230	-	-	2,682,980	2,023,052	(26,150)	-	89,223	2,086,125	596,855
Bicycle	146,864	(11,450)	-	-	-	135,414	146,864	(11,450)	-	-	135,414	-
Crop Cutting Equipment	60,371	-	-	-	-	60,371	60,371	-	-	-	60,371	-
Loss Preventive Equip:	41,280	-	-	-	-	41,280	41,280	-	-	-	41,280	-
Survey Equipment	4,099	-	-	-	-	4,099	4,099	-	-	-	4,099	-
Weighing Scale	1,036	-	-	-	-	1,036	1,036	-	-	-	1,036	-
Norad Equipment	344,424	-	-	-	-	344,424	344,424	-	-	-	344,424	-
Work In Progress-Buildings	34,494,099		-	-	-	34,494,099		-	-		-	34,494,099
	287,236,033	**(685,779)**	**58,154,753**	**148,995,000**	**(127,590,747)**	**366,109,261**	**60,410,953**	**(669,374)**	**(19,122,325)**	**41,644,775**	**82,264,030**	**283,845,231**
Note			54,496,444									-

Property, plant & equipment includes fully depreciated assets that are still in use having a gross amount of Rs. 39,105,389.46 as at 31st December 2024

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE ACCOUNTS

		AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
		31.12.2024 Rs.	31.12.2023 Rs.	31.12.2024 Rs.	31.12.2023 Rs.
NOTE 2 - CURRENT ASSETS					
Note 2.1 - Stock					
Printing Materials		25,358,463	33,766,224	17,236,720	29,074,230
Stationary		9,837,067	4,771,914	9,663,195	4,197,248
		35,195,530	**38,538,139**	**26,899,915**	**33,271,478**
Note 2.2 - Receivables					
Staff Loans & Advance		42,049,874	41,126,624	42,049,874	41,126,624
Motor cycle loan		146,791	326,792	146,791	326,792
Salary Receivables		171,011	171,011	171,011	171,011
Staff Special Loan - 2004		4,800	4,800	4,800	4,800
Sundry Debtors		774,462	805,962	87,483	118,983
Receivables from C. W. E		256,520	256,520	256,520	256,520
National Insurance Trust Fund -NITF Crop levy		-	303,651,123	-	303,651,123
Motor cycle Expenses (Staff) -		2,567	2,567	2,567	2,567
Amount Due From Related Party	***2.2.1***	-	-	943,312,248	884,661,810
Provision for bad debtors		(1,999,744)	(2,056,331)	(1,999,744)	(2,056,331)
Death Gratuity		5,000	5,000	-	-
Receivable from Postal Department		99,330,987	81,000,602	-	-
With Holding Tax-WHT		9,121,703	38,100,309	9,121,703	38,100,308.57
		149,863,972	**463,394,978**	**993,153,254**	**1,266,364,206**
Note 2.2.1 Amount Due From Related Parties					
Life insurance premium Receivable		-	-	308,647,637	294,429,817
Current Account		-	-	74,051,579	67,786,327
Farmers Pension Scheme (Capital)		-	-	7,944,528	3,663,542
Farmers Pension Advance		-	-	552,668,504	518,782,124
		-	**-**	**943,312,248**	**884,661,810**
Note 2.3 Receivable Premium					
Livestock		105,254	9,100	105,254	9,100
Movable Property		705,535	313,234	705,535	313,234
Suwasetha and Personal		-	49,400	-	49,400
Farmers Contribution for Pension		1,016,180	916,446	-	-
		1,826,970	**1,288,180**	**810,790**	**371,734**
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		1,220,869	583,154	1,220,869	583,154
Rent		8,086,546	6,472,672	8,086,546	6,472,672
Cloud Server		14,420,529	23,326,200	14,420,529	23,326,200
		23,882,944	**30,537,026**	**23,882,944**	**30,537,026**

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE ACCOUNTS

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
	31.12.2024 Rs.	31.12.2023 Rs.	31.12.2024 Rs.	31.12.2023 Rs.
Note 2.5 - Advances				
Traveling Advance	7,970	12,220	7,970	12,220
Fuel Advance	69,645	20,120	69,645	20,120
Salary Advance	50,261	50,261	50,261	50,261
Miscellaneous Advance	9,108,783	19,445	9,108,783	19,445
Capital Advance	20,545,125	565,800	20,545,125	565,800
District Admin.acct	-	206	-	206
Livestock Advance	-	1,296	-	1,296
	29,781,785	**669,348**	**29,781,785**	**669,348**
Note 2.6 - Financial Instruments Held to Maturity				
Treasury Bills	3,330,753,063	1,045,596,264	2,549,650,271	926,279,464
Fixed Deposit-Peoples Bank	1,065,675,398	3,554,754,210	525,646,203	3,080,958,113
Fixed Deposit-Bank Of Ceylon	271,740,254	852,831,556	265,574,832	138,407,657
Fixed Deposit-Regional Development Bank	127,065,696	104,781,768	127,065,696	104,781,768
	4,795,234,411	**5,557,963,798**	**3,467,937,002**	**4,250,427,003**
Note 2.7 - Cash and Cash Equivalents				
Bank Of Ceylon A/C -164811	428,566	217,250	428,566	217,250
Bank Of Ceylon A/C -164667	2,583,191	1,182,568	2,583,191	1,182,568
Bank Of Ceylon A/C -164693	763,270	1,876,562	763,270	1,876,562
Bank Of Ceylon A/C -1622	4,263,949	3,577,942	4,263,949	3,577,942
Bank Of Ceylon A/C -1616	236,252	8,618,547	236,252	8,618,547
Bank Of Ceylon A/C -8600879	789,827	1,536,703	789,827	1,536,703
Bank Of Ceylon A/C -8600818	324,617	532,495	324,617	532,495
Bank Of Ceylon A/C -164790	190,525	332,905	-	-
Bank Of Ceylon A/C -164795	711,056	948,429	-	-
Bank Of Ceylon A/C -91071672	24,000	25,000		
Peoples Bank A/C -335100280112349	47,945	-		
Bank Of Ceylon A/C -8403704	29,346	266,636	-	-
Bank Of Ceylon A/C -87144457	32,100	32,100	-	-
Bank Of Ceylon A/C -87649201	520,062	144,082	-	-
Peoples Bank A/C -112352	1,215,643	1,428,265	1,215,643	1,428,265
Peoples Bank A/C -112343	651,184	1,272,968	651,184	1,272,968
Peoples Bank A/C -100440112349	851,721	93,280	-	-
Peoples Bank A/C -100260112349	92,770	274,969	92,770	274,969
Peoples Bank A/C -100350112349	464,110	314,202	464,110	314,202
Peoples Bank A/C -100170112349	1,446,646	1,228,644	1,446,646	1,228,644
Peoples Bank A/C -335100190008791	11,863,696	3,207,992	11,863,696	3,207,992
Peoples Bank A/C -335100280008791	3,752,015	2,431,253	3,752,015	2,431,253
Peoples Bank A/C -100530112349	163,258	82,208	163,258	82,208
Peoples Bank A/C -335100190112349	2,285,396	654,699	2,285,396	654,699
Peoples Bank A/C -100180112344	849,025	85,807	-	-
Peoples Bank A/C -100150112345	552,175	562,268	-	-
Peoples Bank A/C -100110112347	12,860,045	2,917,336	-	-
Peoples Bank A/C -100130112351	1,327,251	354,120	-	-
Peoples Bank A/C -100370008791	635,597	290,610	-	-
Regional Development Bank A/C- 134010103277	6,206,375	3,492,438	6,206,375	3,492,438
Collection Accounts	549,438	537,996	435,000	435,000
	56,711,051	**38,520,272**	**37,965,764**	**32,364,702**

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE ACCOUNTS

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
	31.12.2024 Rs.	31.12.2023 Rs.	31.12.2024 Rs.	31.12.2023 Rs.
NOTE 3 - A.A.I.B. ACCUMULATED SURPLUS				
Balance as at 01 January	(90,041,219,155)	(84,791,312,860)	3,237,653,337	6,796,467,767
Prior Year Adjustment	7,600,000	(1,282,300,096)	7,600,000	(4,328,543,856)
Adjusted Balance	**(90,033,619,155)**	**(86,073,612,956)**	**3,245,253,337**	**2,467,923,911**
Add:				
New Pension Scheme	54,818,394	20,730,787	-	-
Old Pension Scheme	88,748,492	113,079,824		
Surplus(Deficit) for the year	(3,428,360,782)	(4,101,416,809)	1,233,790,503	769,729,426
Balance as at 31 December	**(93,318,413,051)**	**(90,041,219,155)**	**4,479,043,840**	**3,237,653,337**
NOTE 4 - GOVERNMENT GRANT - CAPITAL				
Govt. Grant For Capital				
Balance as at 01 January	17,330,189	12,128,064	17,330,189	12,128,064
Add:				
Grant for the year -Treasury	9,150,000	17,800,000	9,150,000	17,800,000
Less:				
Amortizations Gov. Grant	(15,825,905)	(12,597,874)	(15,825,905)	(12,597,874)
Amortizations Gov. Grant-AIMS	-	-	-	-
Balance as at 31 December	**10,654,285**	**17,330,189**	**10,654,285**	**17,330,189**

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE ACCOUNTS

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
	31.12.2024 Rs.	31.12.2023 Rs.	31.12.2024 Rs.	31.12.2023 Rs.
NOTE 5 - A.A.I.B. RESERVE FUND				
Balance as at 01 January	498,536,253	435,124,725	498,536,253	435,124,725
Add:				
Provision for the year	89,988,138	63,411,528	89,988,138	63,411,528
Balance as at 31 December	**588,524,391**	**498,536,253**	**588,524,391**	**498,536,253**
NOTE 6 - FARMERS DEATH GRATUITY FUND				55,607,888
Balance as at 01 January	1,427,193,842	1,292,310,847	1,391,994,627	1,258,775,352
Add :				
Death Gratuity Premium	17,721,420	18,322,800	15,977,820	16,576,080
Interest Income	84,137,602	118,209,835	84,137,602	118,209,835
	101,859,022	136,532,635	100,115,422	134,785,915
Less :				
Death Gratuity Payment	1,957,000	1,649,640	1,748,000	1,566,640
Disablement Gratuity Payment	12,000	-	12,000	-
	1,969,000	1,649,640	1,760,000	1,566,640
Balance as at 31 December	**1,527,083,863**	**1,427,193,842**	**1,490,350,049**	**1,391,994,627**

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE ACCOUNTS

		AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
		31.12.2024	31.12.2023	31.12.2024	31.12.2023
		Rs.	Rs.	Rs.	Rs.
NOTE 7 - CURRENT LIABILITIES					
Note 7.1 - Pre - Premium Receipts					
Livestock Insurance Premiums		2,121,678	1,643,475	2,121,678	1,643,475
Kethata Aruna Insurance Premiums		114,042,843	114,042,843	114,042,843	114,042,843
		116,164,521	**115,686,318**	**116,164,521**	**115,686,318**
Note 7.2 - Other Payables					
Provision for Employee Allowance		14,587,500	7,242,500	14,587,500	7,242,500
Value Added Tax-VAT		4,721,181	4,718,480	4,721,181	4,718,480
Income tax		79,078,905	340,223,559	79,078,905.18	340,223,559
Social Security Contribution leavy-SSCL		909,813	808,546	909,813	808,546
Refundable Tender deposits		-	426,871	-	426,871
Unclaimed Indemnities		70,800,200	70,800,200	70,800,200	70,800,200
Net Contribution & Interest		229,298	233,391	-	-
Death & Disable Gratuity		169,000	167,000	-	-
Pension Payment		2,351,056,557	1,710,063,385	-	-
Pension Commission		1,255,674	1,225,042	-	-
Agency Commission		1,580,823	84,410	1,332,500	-
Staff Security Deposit		142,300	142,300	-	-
Retention from Piece Rate employees		2,064,791	1,336,632	2,064,791	1,336,632
Payable to vendors		1,734,688	-	1,734,688	
		2,528,330,730	**2,137,472,315**	**175,229,578**	**425,556,787**
Note 7.3 - Accrued Expenses					
Admin. Expenses	**7.3.1**	20,506,035	17,755,714	14,601,684	13,727,199
Incentive - Crop Insurance		8,881,128	671,833	8,881,128	671,833
Incentive - Movable Property		6,446,035	20,172,482	6,446,035	20,172,482
Personal Accident & Suwasetha		597,381	604,210	597,381	604,210
Operational Expenditure		1,944,148	210,177	1,944,148	210,177
		38,374,728	**39,414,416**	**32,470,377**	**35,385,901**
Note 7.4 - Provision For Indemnity					
Livestock		5,500,000	4,000,000	5,500,000	4,000,000
Suwasetha Insurance/ Personal Accidents		1,500,000	8,000,000	1,500,000	8,000,000
Movable Property		49,435,717	49,193,563	49,435,717	49,193,563
Subsidiary Crops		5,020,400	4,020,400	5,020,400	4,020,400
Kethata Aruna (Compulsory Crop Insurance)		136,160,359	908,154,690	136,160,359	908,154,690
		197,616,476	**973,368,653**	**197,616,476**	**973,368,653**

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

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	Rs.	Rs.	Rs.	Rs.
Note 7.3.1 - Accrued Admin Expenses				
Electricity	553,686	661,036	553,686	661,036
Security Charges	422,130	282,436	422,130	282,436
Rent	1,759,352	1,805,973	1,759,352	1,805,973
Maintenance of Motor Vehicles	805,622	1,729,506	805,622	1,729,506
Traveling & Subsistence	2,165,822	2,512,067	2,165,822	2,512,067
Salaries	3,094,319	2,349,133	3,094,319	2,349,133
E.P.F	299,925	227,709	299,925	227,709
E.T.F	59,985	45,542	59,985	45,542
Overtime	2,218	61,816	2,218	61,816
Publicity	92,940	231,100	92,940	231,100
Stationary	895,505	133,069	895,505	133,069
Telephone	941,733	574,424	941,733	574,424
Water Bill	23,965	20,951	23,965	20,951
Audit Fees	3,360,845	1,932,195	2,131,625	1,235,295
Fuel	324,100	539,719	324,100	539,719
Uniform	8,100	-	8,100	-
Welfare	6,465	11,110	6,465	11,110
Labour Charges	114,490	227,540	114,490	227,540
Payable Computer Expenses	15,950	211,160	4,500	211,160
Transport Expenses	14,925	750	14,925	750
Bank Charges	-	6,200	-	6,200
Payable Main Building	88,678	405,765	88,678	405,765
Payable Printing	537,651	171,030	472,851	171,030
Payable Postage	3,693,631	3,205,227	15,060	20,422
Sundry Creditors	1,083,180	309,680	162,870	162,870
Payable Office Equipment	37,900	27,095	37,900	27,095
Payable Entertainment	2,550	-	2,550	-
Payable Newspapers	9,100	-	9,100	-
Payable Legal fees	91,270	73,482	91,270	73,482
	20,506,035	**17,755,714**	**14,601,684**	**13,727,199**

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE INCOME STATEMENT

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	Rs.	Rs.	Rs.	Rs.
NOTE 8 - REVENUE				
Note 8.1 - Premium and Contribution				
Livestock	19,633,412	15,589,747	19,633,412	15,589,747
Suwasetha Insurance/ Personal Accidents	56,004,193	32,303,344	56,004,193	32,303,344
Subsidiary Crops	9,994,179	9,750,182	9,994,179	9,750,182
Movable Property	358,848,527	353,437,042	358,848,527	353,437,042
Kethata Aruna (Compulsory Crop Insurance)	178,804,176	90,953,163	178,804,176	90,953,163
Farmers Contribution for Pension	67,017	121,468	-	-
	623,351,504	**502,154,945**	**623,284,487**	**502,033,477**
Note 8.2- Interest Income				
Interest - Investment	1,106,258,452	1,368,863,149	784,336,590	1,008,817,357
- Loans to employees	1,616,213	1,680,083	1,616,213	1,680,083
	1,107,874,664	**1,370,543,232**	**785,952,802**	**1,010,497,440**
NOTE 9 - OPERATIONAL EXPENDITURE				
Note 9.1 - Indemnity - Insurance				
Livestock	7,072,416	4,050,709	7,072,416	4,050,709
Suwasetha Insurance/ Personal Accidents	100,000	4,900	100,000	4,900
Movable Property	4,092,153	11,839,334	4,092,153	11,839,334
Subsidiary Crops	4,446,330	6,394,028	4,446,330	6,394,028
Kethata Aruna (Compulsory Crop Insurance)	1,764,969,868	2,116,105,890	1,764,969,868	2,116,105,890
	1,780,680,767	**2,138,394,861**	**1,780,680,767**	**2,138,394,861**
Note 9.2 - Other Operational Expenses				
Insurance Incentive	13,515,399	628,348	13,042,496	281,705
Movable Property-Third party Insurance Incentive	67,101,840	67,659,676	65,393,400	66,866,733
Movable Property-Product Promotion and Incentive	18,056,415	7,740,142	18,056,415	7,740,142
Suwasetha Incentive	402,715	281,380	402,715	281,380
Crop Assessment	9,863,370	5,274,632	9,863,370	5,274,632
Livestock	4,739,160	1,179,281	4,739,160	1,179,281
Commission for Pension Payments	16,015,642	15,518,157	-	-
	129,694,540	**98,281,615**	**111,497,555**	**81,623,872**
NOTE 10 - OTHER INCOME				
Disposal Of Fixed Assets	49,715	256,473	49,715	205,913
Amortization Of Government Grant	15,825,905	12,597,875	14,615,200	11,532,853
Sundry Income	2,038,434	972,934	1,930,351	932,516
Bad Debts Over Provision	56,587	-	56,587	-
Service Fees From Bank	555,300	1,677,350	555,300	1,677,350
Government Grant	1,500,000	1,500,000	-	-
Administration Income	2,188,285	1,219,255	-	-
	22,214,226	**18,223,887**	**17,207,153**	**14,348,633**

AGRICULTURAL & AGRARIAN INSURANCE BOARD

NOTES TO THE INCOME STATEMENT

	AGRICULTURAL & AGRARIAN INSURANCE BOARD (GROUP)		AGRICULTURE INSURANCE SCHEME	
	31.12.2024 Rs.	31.12.2023 Rs.	31.12.2024 Rs.	31.12.2023 Rs.
NOTE 11 - ADMINISTRATIVE EXPENSES				
Salaries & Wages	271,939,434	209,837,893	135,547,011	103,777,380
Contribution E.P.F.	34,220,931	25,357,518	17,052,147	12,527,325
Contribution E.T.F.	6,845,104	5,151,215	3,410,888	2,541,336
Traveling & Subsistence	23,906,622	22,419,466	11,953,311	11,153,029
Overtime	8,592,507	6,611,628	4,141,154	3,179,260
Daily Pay	1,058,921	1,065,951	504,341	503,348
Medical Expenses	3,470,700	3,519,800	1,735,350	1,759,900
Allowance to Board Members	677,000	690,500	406,200	414,300
Gratuity	10,187,207	8,700,946	5,324,589	4,059,133
TAC and other Committee Allowances	451,000	-	383,000	-
Welfare	3,532,798	2,870,641	1,766,399	1,435,321
Allowance to employees	7,828,879	7,650,235	7,345,000	7,092,499
Fuel	24,935,762	23,048,817	16,956,318	15,673,196
Stationery	18,189,594	14,220,235	8,634,249	6,569,140
Entertainment Allowance	1,131,122	1,339,079	676,895	797,953
Legal Fees	2,132,524	2,684,116	2,132,524	2,684,116
Transport	983,709	831,201	983,709	829,151
Printing	19,937,130	29,632,464	18,737,824	28,158,447
Publicity & Training	16,176,284	18,591,535	12,848,687	14,276,533
Uniform	1,568,700	-	784,350	-
Rent	28,596,711	24,757,077	15,728,191	13,616,392
Telephone	17,919,351	7,417,046	9,847,970	4,079,375
Postage	10,371,544	10,150,805	1,855,585	1,933,538
Water	1,156,013	971,825	635,807	534,504
News paper & Advertisement	891,530	1,094,940	891,530	1,094,940
Security	3,480,463	3,690,603	2,610,347	2,767,952
Electricity	7,475,525	6,268,729	4,111,539	3,447,801
Vehicles Rent & Maintenance	27,107,243	26,423,692	15,451,128	15,061,504
Maintenance - Buildings	3,432,072	9,918,535	1,887,640	5,403,362
Maintenance - Office Equipment's	1,843,412	1,921,451	1,316,147	1,441,088
Labour Charges	1,890,310	2,275,685	1,890,310	2,213,115
Translation Fees	91,493	74,339	91,493	74,339
Computer Expenses	2,339,741	4,254,662	1,478,640	2,679,890
Miscellaneous Expenses	64,526	3,500	64,526	3,500
Depreciation	43,690,621	27,335,936	41,644,775	25,683,272
Bad Debts	-	58,666	-	58,666
Audit Fees	1,428,650	1,878,895	896,330	1,191,895
Consultation Fees	1,832,703	1,216,000	1,832,703	1,148,000
	611,377,838	**513,935,624**	**353,558,609**	**299,864,500**
NOTE 12 - FINANCE CHARGES				
Bank Charges	481,549	282,068	346,723	214,664
Interest on loan	46,482,878	62,601,947	-	-
	46,964,427	**62,884,014**	**346,723**	**214,664**
NOTE 13 - INCOME TAX				
Income Tax Liability	124,226,159	150,084,498	124,226,159	150,084,498
	124,226,159	**150,084,498**	**124,226,159**	**150,084,498**
Income Tax Provision for the year ended 31-12-2024				
Business Income				
Investment Income	1,107,874,664	1,307,941,285	785,952,802	1,010,497,440
Diversion of income by overriding the title	(109,757,490)	(105,114,980)		
Expenses connected with Investment Income	(110,787,466)	(130,794,129)	(78,595,280)	(101,049,744)
Total Assessable Income	887,329,708	1,072,032,177	707,357,522	909,447,696
Computation of Tax Liability				
Tax Rate	14%	14%	14%	14%
Total Tax payable	**124,226,159**	**150,084,498**	**99,030,053**	**127,322,677**
Tax Credits				
AIT on interest income	9,121,701	38,100,308	6,425,182	38,100,308
Self-assessment tax payments	45,147,254	111,984,190	45,147,254	
Balance Tax Payable/(Refund due)	**69,957,204**	**-**	**47,457,617**	**89,222,369**

Farmer's Pension and Social Security Benefits Scheme 2024

FPS

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2024

	Note	31.12.2024 Rs.	31.12.2023 Rs.
ASSETS			
Non - Current Assets			
Property , Plant & Equipment	1	12,074,437	7,660,951
		12,074,437	**7,660,951**
Financial Instruments at Amortized cost			
Treasury Bond		1,925,025,934	1,102,583,670
		1,925,025,934	**1,102,583,670**
Current Assets			
Stock	2	8,179,359	5,179,231
Receivables	3	99,934,794	168,553,804
Investment at amortized cost	4	998,261,663	913,107,809
Receivable Income	5	1,016,180	916,446
Cash & Cash Equivalent	6	17,657,323	4,746,239
		1,125,049,320	**1,092,503,529**
TOTAL ASSETS		**3,062,149,691**	**2,202,748,150**
EQUITY & LIABILITIES			
Capital & Reserves			
Farmer's Pension Fund	7	(92,379,773,927)	(88,343,917,339)
Government Grant for Farmers Pension		1,081,488,000	1,081,488,000
Revaluation Reserve		7,800,000	6,850,000
Group Insurance Contribution		1,000,000	1,000,000
		(91,289,485,927)	**(87,254,579,339)**
Non - Current Liabilities			
Pension Liability		91,079,185,608	86,898,445,376
Provision for Staff Gratuity		50,436,510	31,527,559
		91,129,622,118	**86,929,972,935**
Current Liabilities			
Govt. Grant for Capital	8	7,944,528	3,663,542
Current Payables	9	3,208,458,485	2,519,189,497
Accrued Expenses	10	5,610,486	4,501,515
		3,222,013,500	**2,527,354,554**
TOTAL EQUITY & LIABILITIES		**3,062,149,691**	**2,202,748,150**

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

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

Head Of Finance

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

Director General

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

Member of Director Board
Agricultural & Agrarian Insurance Board

Member of Director Board
Agricultural & Agrarian Insurance Board

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2024

	Note	31.12.2024 Rs.	31.12.2023 Rs.
REVENUE			
Interest Income		196,812,976	225,936,028
		196,812,976	**225,936,028**
Expenses			
Refund of Contribution		(8,160,599)	(10,313,516)
Refund of Net Interest		(9,092,651)	(8,577,730)
Disablement Gratuity Payment		(1,046,127)	(1,081,350)
Group Insurance Premium		(15,977,820)	(16,576,080)
Pension Payments & Commission			
- Pension Payments		(4,845,125,008)	(4,488,639,335)
- Commission Payments		(14,934,822)	(14,483,637)
Increase in Pension Liability		(4,180,740,232)	(4,463,292,108)
Total Expenditure		**(9,075,077,259)**	**(9,002,963,756)**
Operating Surplus/(Deficit)		**(8,878,264,284)**	**(8,777,027,728)**
Government Grant-Recurrent		4,762,000,000	4,395,000,000
		(4,116,264,284)	**(4,382,027,728)**
INCOME - for Administration			
Farmer's Contribution for Admin. Expenses		2,188,285	1,219,255
Govt. Grant for Admin Expenses		249,630,000	206,225,000
Other Income	11	1,318,588	1,155,474
		253,136,873	**208,599,729**
Expenses			
Administration & Establishment Expenses	12	(249,682,029)	(204,641,116)
Finance & Other	13	(46,603,904)	(62,663,115)
Commission for Collection Agents		(2,174,534)	(1,131,622)
Total Admin Expenses		**(298,460,468)**	**(268,435,853)**
		(45,323,595)	**(59,836,124)**
Surplus/Deficit for the year		**(4,161,587,879)**	**(4,441,863,852)**
Other comprehensive income			
Gratuity gains / (losses)		(17,835,596)	(4,177,551)
		(17,835,596)	**(4,177,551)**
Revaluation gains /(losses)		950,000	4,000,000
Net Surplus /Deficit of the Comprehensive income		**(4,178,473,475)**	**(4,442,041,403)**
(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 2024

Description	Farmer's Pension Fund	Group Insurance Contribution	Revaluation Reserve	Government Grant on Treasury Bond	Total
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)
Pensioners Contribution & subsequence Contributions	112,559,841	-	-	-	112,559,841
New Farmers Pension Scheme	6,741,310	-	-	-	6,741,310
Adjusted Balance as at 31 December 2022	**(87,078,028,306)**	**1,000,000**	**2,850,000**	**1,081,488,000**	**(85,992,690,306)**
Asset Additions	-	-	-		-
Amortization of Govt. Grant	-	-	-		-
Govt. Grant for Capital Expenses transfer to related party payable	-	-	-		-
Transferred cost from motor vehicle	-				-
Accumulated Depreciation of motor vehicle	-	-			-
Transferred revaluation value to motor vehicle	-	-			-
Prier Year Adjustment	3,046,341,760	-	-	-	3,046,341,760
Profit/Loss for the year	(4,446,041,403)	-	-	-	(4,446,041,403)
Pensioners Contribution & subsequence Contributions	113,079,824	-	-	-	113,079,824
New Farmers Pension Scheme	20,730,787	-	-	-	20,730,787
Revaluation	-	-	4,000,000	-	4,000,000
Balance as at 31 December 2023	**(88,343,917,339)**	**1,000,000**	**6,850,000**	**1,081,488,000**	**(87,254,579,339)**
Prior Year Adjustment					-
Profit/Loss for the year	(4,179,423,475)	-	-	-	(4,179,423,475)
New Farmers Pension Scheme	45,617,308	-	-	-	45,617,308
Pensioners Contribution & subsequence Contributions	97,949,579	-	-	-	97,949,579
Revaluation	-	-	950,000	-	950,000
Balance as at 31 December 2024	**(92,379,773,927)**	**1,000,000**	**7,800,000**	**1,081,488,000**	**(91,289,485,927)**

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AGRICULTURE & AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBERE 2024

	31.12.2024	31.12.2023
Cash Flows from Operating Activities		
Net Surplus / (Deficit) before tax	(4,161,587,879)	(4,441,863,852)
Adjustment for		
- Increase in Pension Liability	4,180,740,232	4,463,292,108
- Depreciation	2,028,204	1,635,021
- (Gain) /Loss on sale of Property Plant & Equipment		
- Adjustments in respect of Prior Year	-	-
- Interest expenses	46,482,878	62,601,947
-Group Insurance Premium	15,977,820	16,576,080
- Administration Expenditure paid by AIB	234,829,405	189,235,948
- Government Grant for Recurent Expenditure FPS	(249,630,000)	(206,225,000)
	4,230,428,540	**4,527,116,103**
Provision for Retiring Gratuity	4,770,210	4,368,782
Amortization for government grant	(1,210,704)	(1,065,021)
Profit / loss on disposal of Property, Plant & Equip.	-	(50,560)
	3,559,505	**3,253,201**
Operating Profit before working capital changes	**72,400,167**	**88,505,453**
(Increase)/ Decrease in Inventories	(3,000,128)	(1,510,377)
(Increase)/ Decrease in Receivables	68,619,010	(120,763,990)
(Increase)/ Decrease in Receivable Income	(99,734)	994,274
Increase / (Decrease) Other Payables	637,912,030	459,836,089
Increase / (Decrease) Accrued Expenses	1,108,971	1,552,430
	704,540,149	**340,108,427**
Cash Generated from Operations	**776,940,316**	**428,613,880**
Retiring Gratuity - Paid	-	-
Net Cash Flows from Operating Activities	**776,940,316**	**428,613,880**
Cash Flows from Investing Activities		
Investments during the year	(907,596,119)	(561,132,255)
Proceeds from the disposal of property, plant and Equipment	-	53,150
Net Cash Flows from Investing Activities	**(907,596,119)**	**(561,079,105)**
Cash Flows from Financing Activities		
New Pension Scheme Fund	45,617,308	20,730,787
Old Pension Scheme Fund	97,949,579	113,079,824
Net Cash Flows from Financing Activities	**143,566,887**	**133,810,610**
Net Increase / (Decrease) in Cash & Cash Equivalents	12,911,084	1,345,384
Cash & Bank Balance at the Beginning of the year	4,746,239	3,400,855
Cash & Cash equivalents at the End of the year	**17,657,323**	**4,746,239**
Cash & Bank Balance at the end of the year		
Cash at Bank - End of the year	**17,657,323**	**4,746,239**

Agricultural and Agrarian Insurance Board
Farmers Pension & Social Security Benefits Scheme
Significant Accounting Policies
For the Year Ended 31st December 2024

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 Farmers Pension and Social Security Benefits Scheme Act No.12 of 1987.

1.2 Parent Entity and Ultimate Parent Entity

The Board parent and ultimate parent entity is the Government of Sri Lanka

1.3 Principal Activities and Nature of Operations

The principal activity is to operate a Pension and Social Security Benefits Scheme for farmers. The government provides an initiative grant for the Farmers' Pension, aimed at ensuring financial security for farmers during their retirement years. This grant offers a fixed monthly income to eligible farmers once they reach the age of 60.

In 2022, the AAIB introduced a New Agricultural Insurance Pension Scheme, expanding benefits beyond traditional farmers to include individuals in other professions related to agriculture. This initiative allows participants to determine their pension based on their income and contribute under various age categories. Overall, the Farmers' Pension Scheme is a comprehensive program designed to ensure that those dedicated to Sri Lanka's agricultural sector have financial stability and support during their retirement years.

1.4 Responsibility for Financial Statements

The Board of Directors are Responsible for preparation and presentation of these Financial Statements.

1.5 Approval of financial statements by the Board of Directors

The financial statements of the Board for the year ended 31st December 2024 were approved and authorized for issuance on 27th February 2025.

2. Basis of Preparation

2.1 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 Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The Financial Statements for the year ended 31st December 2024 comprise the following components.

- A Statement of Financial Position provides information on the Farmers Pension and Social Security Benefits Scheme as at 31st December 2024. [Page 01]
- A Statement of Comprehensive Income Provides information on the financial performance of the Farmers Pension and Social Security Benefits Scheme for the year under review. [Page 02]
- Statement of Changes in Equity depicting all changes in equity. [Page 03]
- Statement of Cash Flows providing information to the users, on the ability of the Board to generate cash and cash equivalents and utilization of those cash flows [Page 04]
- Notes to the Financial Statements comprising accounting policies and other explanatory information. [Page 05 -18]

2.2 Basis of Measurement

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

2.3 Presentation of Financial Statements

The Farmers Pension and Social Security Benefits Scheme presents its statement of financial position broadly in order to reflect its relative liquidity. No adjustments have been

made for inflationary factors affecting the financial statements.

2.4 Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees, which is the functional and presentation currency of the Farmers Pension and Social Security Benefits Scheme

2.5 Materiality and Aggregation

Each material class of similar items is presented separately. Items of a dissimilar nature or function are also presented separately unless they are immaterial.

2.6 Reporting Period

The reporting period is from January to December 2024. Where applicable, the accounting policies are explained in the succeeding notes.

2.7 Significant Accounting Judgements, Estimates, and Assumptions

The preparation and presentation of financial statements in conformity with SLFRSs/LKASs require 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.

Accounting Judgements, estimates, and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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.

3.7.1 Going Concern

The management has assessed the Farmers Pension and Social Security Benefits Scheme ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

2.7.2 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 to enhance the understanding of the financial statements of the current period to improve the inter-period comparability.

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

2.7.3 Amortized cost of a Financial Assets

As per the SLFRS 9 the board is recognized the financial asset at amortized cost if both of the following conditions are met.

(e) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(f) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in government securities and in fixed deposits have been classified under the method of Amortized cost of a Financial Assets.

2.7.4 Fair value of financial instruments

The determination of fair values for financial assets and Financial Liabilities recorded on the statement of financial position, for which there is no observable market price, is carried out using a variety of valuation techniques, including the application of mathematical models. The inputs to these models are typically derived from observable market data when available. However, in the absence of such data, judgment is required to establish the fair values of these financial instruments.

2.8. Impairment of Financial Assets

The Pension and Social Security Benefits Scheme 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.

4 Assets and the Basis of their Valuation

3.1 Property, Plant, and Equipment

3.1.1 Recognition and Measurement

Basis of recognition property, plant, and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the board and the cost of the asset can be measured reliably.

All items of property, plant, and equipment are initially recorded at cost less accumulated depreciation and accumulated 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. 27,495,660.22 has been included in property plant and equipment in consolidated financial statements.

3.1.2 Cost

Measurement an item of property, plant, and equipment that qualifies for recognition as an asset is initially measured at its 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 to carry on or increase the earning capacity of the assets has been treated as capital expenditure.

Repairs and Maintenance are charged to the statement of profit and loss during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits above the most recently assessed standard of performance of the existing assets will flow to the board and the renovation, replaces an identifiable part of the asset.

3.1.3 Revaluation

After recognition as an asset, lands and buildings whose fair value can be measured reliably, have been carried at the 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

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

materially differ from it carrying amount as of the reporting date.

Motor Vehicle revaluation is performed by professionally qualified external valuers using the open market value. The revaluation surplus is recognized on the net carrying value of the asset and is transferred to a revaluation reserve after restating the asset at the revalued amount. On revaluation of a motor vehicle, any increase in the revaluation amount is credited to the revaluation reserve in equity unless it offsets 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.

3.1.4 Depreciation

Depreciation is charged to the statement of comprehensive income on the straight-line method at the following rates per annum to write off the cost of such assets over their estimated useful lives. Depreciation charge begins when an asset is available for use.

3.2 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.

The Board intangible asset include the value of acquired computer software. Computer

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

3.3 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.

3.4 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 only when the Board has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

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

3.4.1 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 measured at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recognized as finance income or finance expense in the statement of comprehensive income

3.4.2 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.

3.4.3 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.

3.4.4 Amortized cost of a Financial Assets

As per the SLFRS 9 the board is recognized the financial asset at amortized cost if both of the following conditions are met.

(g) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(h) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in government securities and in fixed deposits have been classified under the method of Amortized cost of a Financial Assets.

4. 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.

4.1 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.

4.2 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.

4.3 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.

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.

4.4 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 73.1 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.

5. Statement of Comprehensive Income

5.1 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.

5.2 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.

5.3 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.

5.4 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%

6. Cash Flow Statement

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

7. 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

8. 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.

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 2024

NOTE - 1 - PROPERTY, PLANT & EQUIPMENT

Description	Cost/Valuation as at 01.01.2024	Disposal	Addition	Transfer to revaluation	Revaluation	Total	Accumulated Dep :as at 01.01.2024	Disposal	Depreciation for the year	Transfer to revaluation	Total Depreciation	Net book value 31-12-2024
Motor Vehicle	4,000,000		-	(4,000,000)	4,350,000	4,350,000	-		817,500	(600,000)	217,500	4,132,500
Office Equipment	1,254,586		-	-	-	1,254,586	1,178,521	-	11,690	-	1,190,212	64,375
Welfare Equipment	19,978		13,848	-	-	33,826	16,574	-	1,053	-	17,627	16,199
Furniture & Fittings	1,385,296		-	-	-	1,385,296	1,115,238	-	82,690	-	1,197,928	187,368
Air Conditioners	1,051,273		-	-	-	1,051,273	950,914	-	43,011	-	993,925	57,348
Computers	25,437,735		5,477,843	-	-	30,915,578	22,226,670	-	1,072,260	-	23,298,930	7,616,647
Publicity Equipment	422,837		-	-	-	422,837	422,837	-	-	-	422,837	-
Computer Software	1,475,000		-	-	-	1,475,000	1,475,000	-	-	-	1,475,000	-
	35,046,705	**-**	**5,491,691**	**(4,000,000)**	**4,350,000**	**40,888,396**	**27,385,754**	**-**	**2,028,204**	**(600,000)**	**28,813,959**	**12,074,437**

Property, plant & equipment includes fully depreciated assets that are still in use having a gross amount of Rs. 27,495,660.22 as at 31st December 2024

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2024

	31.12.2024	31.12.2023
	Rs.	Rs.
NOTE 02 - STOCKS		
Printing Materials	8,005,488	4,604,565
Stationery	173,871	574,666
	8,179,359	**5,179,231**
NOTE 03 - RECEIVABLES		
Receivables from Collection Agents	686,979	686,979
Receivable from Postal Department	99,247,815	81,000,602
Fisheries Current A/C	-	86,866,223
	99,934,794	**168,553,804**
NOTE 04 - INVESMENT AT AMORTIZED COST		
Treasury Bills	762,897,424	391,325,158
Fixed Deposit	235,364,240	521,782,651
	998,261,663	**913,107,809**
NOTE 05- RECEIVABLE INCOME		
Farmer's Contribution	780,425	720,651
Farmer's Contribution for Life Insurance Premium	157,170	130,530
Farmer's Contribution for Admin. Income	78,585	65,265
	1,016,180	**916,446**
NOTE 06 - CASH AT BANK		
A/C No.100150112345 - P/B Union Place	552,175	562,268
A/C No. 100180112344 - P/B Union Place	849,025	85,807
A/C No. 100130112351 - P/B Union Place	1,327,251	354,120
A/C No. 100110112347 - P/B Union Place	12,860,045	2,917,336
A/C No. 8403704 - B.O.C Union Place	29,346	266,636
A/C No. 87144457 - B.O.C Union Place	32,100	32,100
A/C No. 87649201 - B.O.C Nugegoda	520,062	144,082
A/C No. 335100370008791- PB Nugegoda	635,597	290,610
A/C No. 100440112349 -P/B Union Place	851,721	93,280
	17,657,323	**4,746,239**
NOTE - 07- FARMER'S PENSION FUND		
Balance B/F	(88,371,389,435)	(87,084,769,616)
Prior Year Adjustment	-	3,046,341,760
Pensioners Contribution & subsequence Contributions	97,949,579	113,079,824
New Farmers Pension Scheme	73,089,404	27,472,096
	(88,200,350,452)	**(83,897,875,936)**
Add/ (Less)		
Total Revenue over Expenditure	(4,179,423,475)	(4,446,041,403)
Transfer from FAO Grant	-	-
	(92,379,773,927)	**(88,343,917,339)**

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2024

	31.12.2024 Rs. Cts.	31.12.2023 Rs. Cts.
NOTE - 8 - GOVT. GRANT FOR CAPITAL EXPENDITURE		
Balance B/F	3,663,542	4,133,861
Add / (Less):		
Amortization of Govt. Grant	(1,210,704)	(1,065,021)
Addition during the year	5,491,691	594,702
Balance C/F	**7,944,528**	**3,663,542**
NOTE 9 - PAYABLES		
Agency Commission	248,323	84,410
Staff Security Deposit	142,300	142,300
A.A.I.B. Current A/C	-	-
Pension Payment	2,345,496,047	1,704,525,804
Pension Commission	1,255,674	1,225,042
Group Insurance Premium	308,647,637	294,429,817
Loan for Pension Payment		
- Fisheries Pension Scheme	-	-
- AAIB	552,668,504	518,782,124
	3,208,458,485	**2,519,189,497**
NOTE 10- ACCRUED EXPENSES		
Printing Charges	664,800	800,000
Administration Expenses	920,310	146,810
Postage	3,331,881	3,184,805
Audit fees	693,495	369,900
	5,610,486	**4,501,515**

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FARMER'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31ST DECEMBER 2024

	31.12.2024 Rs.	31.12.2023 Rs.
NOTE 11 - OTHER INCOME		
Amortization of Govt. Grant	1,210,704	1,065,021
Sundry Income	107,883	39,893
Asset Disposal Income	-	50,560
	1,318,588	**1,155,474**
NOTE 12 - ADMINISTRATION & ESTABLISHMENT EXPENSES		
Salaries & Wages	135,547,011	103,777,380
E.P.F.	17,052,147	12,527,325
E.T.F.	3,410,888	2,541,336
Traveling & Subsistence	11,953,311	11,268,488
Over Time	4,448,111	3,432,367
Daily Pay	554,581	562,604
Medical Expenses	1,735,350	1,759,900
Gratuity	4,770,210	4,368,782
T.A.C. Allowances	68,000	-
Staff welfare	1,766,399	1,435,321
Staff Uniform	752,976	-
Allowance to Board Members	270,800	276,200
Consultation Fees	-	68,000
Labour Charges	-	62,570
Rent	11,438,685	9,902,831
Telephone	7,176,110	2,966,819
Postage	7,714,950	7,523,165
Security	696,093	738,121
Electricity	2,990,210	2,507,491
Water Bill	462,405	388,730
Audit Fees	323,595	363,000
Fuel	7,480,729	6,914,645
Awareness & Training	3,327,597	4,315,001
Printing	866,041	1,206,478
Stationery & Consumables	9,209,975	7,337,029
Entertainments	454,227	541,126
Main. of Motor Vehicle	10,842,897	10,569,477
Main. of Building	1,372,829	4,023,958
Main. of Office Equipment	354,022	384,290
Main. of Computer & Software	613,675	1,243,662
Depreciation	2,028,204	1,635,021
	249,682,029	**204,641,116**
NOTE 13 - FINANCE & OTHER		
Loan Interest	46,482,878	62,601,947
Bank Charges	121,026	61,168
	46,603,904	**62,663,115**

Fishermen's Pension and Social Security Benefits Scheme 2024

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FISHERMEN'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2024

	Note	31.12.2024 Rs.	31.12.2023 Rs.
ASSETS			
Non - Current Assets			
Property, Plant & Equipment	1	37,056	54,698
		37,056	**54,698**
Financial Instruments			
Treasury Bond		412,966,209	398,879,705
		412,966,209	**398,879,705**
Current Assets			
Stock	2	116,255	87,430
Receivables	3	88,172	5,000
Financial Instruments at amortized cost	4	329,035,746	394,428,987
Cash and Cash Equivalents	5	1,087,964	1,409,330
		330,328,138	**395,930,747**
TOTAL ASSETS		**743,331,403**	**794,865,150**
EQUITY & LIABILITIES			
Capital & Reserves			
Fishermen's Pension Accumulated Fund	6	(5,417,682,964)	(4,934,955,153)
Death Gratuity Fund	7	35,733,815	34,199,215
		(5,381,949,149)	**(4,900,755,938)**
Non - Current Liabilities			
Pension Liability		6,042,840,342	5,532,349,026
Provision for Staff Gratuity		990,146	1,831,841
		6,043,830,488	**5,534,180,867**
Current Liabilities			
Total Payables	8	80,021,837	160,590,522
Accrued Expenses	9	1,428,227	849,699
		81,450,063	**161,440,221**
TOTAL EQUITY & LIABILITIES		**743,331,403**	**794,865,150**
		-	-

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

S. M. U. G. S. K. Subasingha
Director Finance (Acting)

.....
Head Of Finance

.....
Director General

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

Member of Director Board
Agricultural & Agrarian Insurance Board

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

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

FOR THE YEAR ENDED 31ST DECEMBER 2024

	Note	31.12.2024 Rs.	31.12.2023 Rs.
REVENUE			
Interest Income		125,108,886	134,109,764
Fishermen's Contribution		67,017	121,468
		125,175,903	134,231,232
Less:			
Interest Income trf. to Admin Exp.		(3,500,000)	(3,500,000)
Total Revenue for Fund		**121,675,903**	**130,731,232**
OPERATING EXPENSES			
Refund of Net Contribution		(218,765)	(195,015)
Refund of Net Interest		(296,988)	(284,602)
Incentive Payment		(6,809)	(7,964)
Group Insurance Premium		(1,743,600)	(1,746,720)
Pension Payments & Commission			
- Pension Payments		(88,348,718)	(83,913,258)
- Commission for Pension Payments		(1,080,820)	(1,034,520)
Increase of Pension Liability		(510,491,316)	(464,298,280)
Total Expenditure		**(602,187,016)**	**(551,480,359)**
OPERATING SURPLUS/(DEFICIT)		**(480,511,113)**	**(420,749,127)**
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		200	525
		(475,510,913)	**(415,748,602)**
EXPENSES			
Admin: & Establishment Expenses	10	8,137,200	9,430,008
Finance Charges	11	13,800	6,236
Total Expenses		**8,151,000**	**9,436,244**
Profit/ (loss) for the year		**(483,661,913)**	**(425,184,846)**
Other Comprehensive Income			
Gratuity gains/ (loss)		934,103	80,014
Total Comprehensive Income For the year		**(482,727,810)**	**(425,104,832)**

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2024

	Fishermen's Pension Fund	Death Gratuity Fund	Total
Balance as at 01 January 2023	**(4,509,850,321)**	**32,535,495**	**(4,477,314,826)**
Prior Year Adjustment	-		-
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)**
Additions during the year	-	1,743,600	1,743,600
Benefit paid	-	(209,000)	(209,000)
Net Surplus/(Deficit)	(482,727,810)	-	(482,727,810)
Balance as at 31st December 2024	**(5,417,682,964)**	**35,733,815**	**(5,381,949,149)**

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

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2024

	31.12.2024	31.12.2023
	Rs.	Rs.
Cash flows from Operating actives		
Net Surplus/(Deficit)	(483,661,913)	(425,184,846)
Adjustments For		
Depreciation	17,642	17,642
Adjustments in respect of Prior Year	-	-
Increase Pension Liability	510,491,316	464,298,280
Contribution for group insurance scheme	1,743,600	1,746,720
Administration Expenditure paid by AIB	6,194,629	7,333,900
Provision for Retiring Gratuity	92,408	273,031
Operating profit before working capital changes	**34,877,682**	**48,484,727**
(Increase) / Decrease in Inventories	(28,825)	4,789
(Increase) / Decrease in Receivables	(83,172)	-
(Increase) / Decrease in Other Payables	(86,763,315)	83,026,105
(Increase) / Decrease in Accrued expenses	578,527	42,900
	(86,296,785)	**83,073,795**
Cash Generated from Operations		
Cash Generated from operation Activities	(51,419,103)	131,558,521
Retiring Gratuity - Paid	-	-
Net Cash Flows from Operating Activities	**(51,419,103)**	**131,558,521**
Cash Flows from Investing Activities		
Financial Instrument	51,306,737	(130,766,793)
Farmer's Death Gratuity Fund	(209,000)	(83,000)
Net Cash flows from Investing Activities	**51,097,737**	**(130,849,793)**
Cash Flows from financing Activities		
	-	-
Net Cash Flows from Financing Activities	**-**	**-**
Net Increase / (Decrease) in cash & Cash Equivalents	**(321,366)**	**708,729**
Cash & Cash equivalents at Beginning of the year	1,409,330	700,601
Cash & Cash equivalents at the end of the year	**1,087,964**	**1,409,330**

Agricultural and Agrarian Insurance Board

Fisherman's Pension & Social Security Benefits Scheme
Significant Accounting Policies
For the Year Ended 31st December 2024

3. General Policies

1.1 Reporting Entity

The Agricultural and Agrarian Insurance Board of Sri Lanka (hereinafter referred to as the "Board") was established under Act No. 20 of 1999. The registered office of the Board is located at No. 117, Subadhararama Road, Gangodawila, Nugegoda, which also serves as its principal place of business.

Furthermore, with effect from the appointed date, all powers and duties conferred or imposed on the Fishermen's Pension and Social Security Benefits Scheme, established under the provisions of the Fisherman's Pension and Social Security Benefit Scheme Act, No. 23 of 1990, shall be exercised and carried out accordingly.

1.2 Parent Entity and Ultimate Parent Entity

The Board parent and ultimate parent entity is the Government of Sri Lanka

1.3 Principal Activities and Nature of Operations

Operating a pension and social security benefits scheme for Fishermen.

1.4 Responsibility for Financial Statements

The Board of Directors are Responsible for preparation and presentation of these Financial Statements.

1.5 Approval of financial statements by the Board of Directors

The financial statements of the Board for the year ended 31st December 2024 were approved and authorized for issuance on 27th February 2025.

2. Basis of Preparation

2.1 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.

The Financial Statements for the year ended 31st December 2024 comprise the following components.

- A Statement of Financial Position providing the information on the financial position of the Fisherman's Pension and Social Security Benefits Scheme as at 31st December 2024. [Page 01]
- A Statement of Comprehensive Income Providing the information on the financial performance of the Fisherman's Pension and Social Security Benefits Scheme for the year under review. [Page 02]
- Statement of Changes in Equity depicting all changes in equity. [Page 03]
- Statement of Cash Flows providing the information to the users, on the ability of the Board to generate cash and cash equivalents and utilization of those cash flows [Page 04]
- Notes to the Financial Statements comprising accounting policies and other explanatory information. [Page 05]

2.2 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.

2.3 Presentation of Financial Statements

The Fisherman's Pension and Social Security Benefits Scheme presents its statement of financial position broadly in order that reflects their relative liquidity. No adjustments have been made for inflationary factors affecting the Financial Statements.

2.4 Functional and Presentation Currency

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

information presented in Sri Lankan Rupees has been rounded to the nearest Rupee, except when otherwise indicated.

2.5 Materiality and Aggregation

Each material class of similar items is presented separately. Items of a dissimilar nature or function are also presented separately unless they are immaterial.

2.6 Reporting Period

The reporting period is from January to December 2024. Where applicable, the accounting policies are explained in the in the succeeding notes.

2.7 Significant Accounting Judgements, Estimates and Assumption

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.

Accounting Judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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.

2.7.1 Going Concern

The management has made an assessment of the Fisherman's Pension and Social Security Benefits Scheme ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2.7.2 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.

2.7.3 Amortized cost of a Financial Assets

As per the SLFRS 9 the board is recognized the financial asset at amortized cost if both of the following conditions are met.

(i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(j) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in government securities and in fixed deposits have been classified under the method of Amortized cost of a Financial Assets.

2.7.4 Fair value of financial instruments

The determination of fair values for financial assets and financial liabilities recorded on the statement of financial position, for which there is no observable market price, is carried out using a variety of valuation techniques, including the application of mathematical models. The inputs to these models are typically derived from observable market data when available. However, in the absence of such data, judgment is required to establish the fair values of these financial instruments.

2.8 Impairment of Financial Assets

The Fisherman's Pension and Social Security Benefits Scheme 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. Assets and the Bases of their Valuation

3.1 Property, Plant and Equipment

3.1.1 Recognition and Measurement

Basis of recognition property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the board and cost of the asset can be measured reliably.

All items of property, plant and equipment are initially recorded at cost less accumulated depreciation and accumulated 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.

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

Fully depreciated assets with a total historical cost of Rs. 696,175.42 has been included in property plant and equipment.

3.1.2 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.

3.1.3 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.

3.2 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.

The Board intangible asset include the value of acquired computer software. Computer software is amortized over a period of 5 years on the straight-line method.

3.3 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.

3.4 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, 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.

3.4.1 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.

3.4.2 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.

3.4.3 Amortized cost of a Financial Assets

As per the SLFRS 9 The board is recognized the financial asset at amortized cost if both of the following conditions are met.

a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in government securities and in fixed deposits have been classified under the method of Amortized cost of a Financial Assets.

3.4.4 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.

3.4.5 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.

4. 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.

4.1 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.

4.2 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.

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.

4.3 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.

5. Statement of Comprehensive Income

5.1 Revenue

5. 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.

6. All income has been recognized on accrual basis.

7. Insurance Premium have been received from the Government as subsidy on behalf of the fisherman's.

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

5.2 Revenue Recognition

1.Pension premier revenue is recognized at the time of enrollment.

2.The above revenue is on cash basis and matched with the related expenditure.

3.Interest income is accrued on a time basis.

5.3 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.

5.4 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%

6. Cash Flow Statement

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

7. 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.

8. 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.

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

NOTES TO THE FINANCIAL STATEMENTS

Note - 01

PROPERTY, PLANT & EQUIPMENT AS AT 31ST DECEMBER 2024

Asset	Cost/Valuation as at 01.01.2024	Disposal	Cost Addition	Balance as at 31-12-2024	Accumulated Dep.As at 01.01.2024	Disposal	Depreciation for the year	Total Depreciation	Written Down Value as at 31.12.2024
Office Equipment	528,649	-	-	528,649	477,513	-	14,792	492,305	36,344
Welfare Equipment	1,325	-	-	1,325	1,325	-	-	1,325	-
Furniture & Fittings	77,677	-	-	77,677	74,114	-	2,850	76,964	713
Computers	264,945	-	-	264,945	264,945	-	-	264,945	-
	872,595	**-**	**-**	**872,595**	**817,897**	**-**	**17,642**	**835,539**	**37,056**

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 2024.

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FISHERMEN'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2024

	31.12.2024	31.12.2023
NOTE 02 - STOCKS	Rs. Cts.	Rs. Cts.
Printing Materials	116,255	87,430
	116,255	**87,430**
NOTE 03 - RECEIVABLES		
Unpaid Pension	83,172	
Death Gratuity Advance	5,000	5,000
	88,172	**5,000**
NOTE 04 - FINANCIAL INSTRUMENTS AT AMORTIZED COST		
Treasury Bills - Bank Of Ceylon	29,076,885	110,070,126
Fixed Deposit-Peoples Bank	299,958,861	284,358,861
	329,035,746	**394,428,987**
NOTE 05 - Cash and Cash Equivalents		
A/C No. 164790 BOC Union Place	190,525	332,905
A/C No. 164795 BOC Union Place	711,056	948,429
A/C No. 91071672 BOC Nugegoda	24,000	25,000
A/C No. 335100280112349 PB Nugegoda	47,945	
Collection Accounts	114,438	102,996
	1,087,964	**1,409,330**
NOTE 06 - FISHERMEN'S PENSION ACCUMULATED FUND		
Balance B/F	(4,934,955,153)	(4,509,752,321)
Prior Year Adjustment	-	(98,000)
	(4,934,955,153)	(4,509,850,321)
Addition during the year		
Total Surplus/(Deficit) for the year	(482,727,810)	(425,104,832)
	(5,417,682,964)	**(4,934,955,153)**

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FISHERMEN'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2024

	31.12.2024 Rs. Cts.	31.12.2023 Rs. Cts.
NOTE 7 - DEATH GRATUITY FUND		
Balance B/F	34,199,215	32,535,495
Add:		
Contribution for the year	1,743,600	1,746,720
Less:		
Death Gratuity Payments	(209,000)	(83,000)
	(209,000)	(83,000)
	1,534,600	**1,663,720**
	35,733,815	**34,199,215**
NOTE 08 - PAYABLES		
Pension Payment	5,560,510	5,537,581
Agricultural Insurance scheme	74,051,579	67,786,327
Refundable Contribution	104,594	82,940
Death Gratuity	169,000	167,000
Refund interest on Contributions	124,704	150,451
Maintenance Computer	11,450	-
Farmers Pension Schemes	-	86,866,223
	80,021,837	**160,590,522**
NOTE 9 - ACCRUED EXPENSES		
Printing	545,812	522,699
Audit Fees	535,725	327,000
Postage	346,690	-
	1,428,227	**849,699**

AGRICULTURAL AND AGRARIAN INSURANCE BOARD
FISHERMEN'S PENSION AND SOCIAL SECURITY BENEFIT SCHEME
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2024

	31.12.2024 Rs. Cts.	31.12.2023 Rs. Cts.
NOTE 10 - ADMINISTRATION EXPENSES		
Salaries & Wages	845,412	2,283,133
Contribution E.P.F.	116,637	302,868
Contribution E.T.F.	23,327	68,543
Special Allowances	483,879	557,736
Gratuity	92,408	273,031
Fuel	498,715	460,976
Stationery	345,370	314,066
Printing	333,265	267,539
Staff Uniform	31,374	-
Rent	1,429,836	1,237,854
Telephone	895,270	370,852
Postage	801,008	694,102
Water Bill	57,801	48,591
Security	174,023	184,530
Electricity	373,776	313,436
Main. of Motor Vehicle	813,217	792,711
Main. of Building	171,604	491,215
Main. of Office Equipment	173,243	96,073
Computer Expenses	247,426	331,109
Depreciation	17,642	17,642
Audit Fees	208,725	324,000
	8,137,200	**9,430,008**
NOTE 11 - FINANCE CHARGES		
Bank Charges	13,800	6,236
	13,800	**6,236**

AUDITOR GENERAL'S REPORTS

12 Chapter

Agricultural Insurance Scheme

My No: ARI/C/AAIB/01/24/28/FA 09 June 2025

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 2024 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.

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

Copies:- 1. Secretary - Ministry of Finance, Planning & Economic Development
2. Secretary - Ministry of Agriculture, Livestock, Land & Irrigation

My No: ARI/C/AAIB/01/24/28/FA 09 June 2025

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 2024 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 2024 comprising the statement of financial position as at 31 December 2024 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.

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 2024, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

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.

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 2024.

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 2024.

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 2024.

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

(a) 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.

(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 credited to the cumulative fund entirely and 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 up to 31 December 2024 and adjusted to the accumulated fund.

(c) In preparing the financial statements, contrary to section 04 of Sri Lanka Accounting Standard 07, the operating cash flow had been under-calculated by Rs. 190,696,424 due to the adjustment of the difference between related party transactions of Rs. 58,650,439 in receivable accounting balances and non-recognition of the actual cash inflow of Rs.1,724,342,412 and actual cash outflow of Rs.1,475,253,745 in the current accounts maintained for the social security benefit schemes. Similarly, due to the non-presentation of employee medical insurance payment of Rs.2,137,293 that was paid in cash in the cash flow statement, the operating cash flow had been overestimated by

that amount. Further, as a result of the increase of Rs. 8,960,763 in the difference of balance of the employee medical insurance fund being recorded in the investment cash flow, the investment cash flow had been overstated by that amount and due to the non-presentation of the interest received on the investments of employee medical insurance find amounting to Rs.5,703848 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) As a result of total assets of the scheme being Rs.3,062,149,691 and total liabilities being Rs.94,351,635,618, liabilities exceeded assets by Rs.91,289,485,927, and as a result of total current assets being Rs.1,125,049,320 and total current liabilities being Rs.3,222,013,500 current liabilities exceeded current assets by Rs.2,096,964,180, the going concern of the scheme is problematic as the scheme cannot be maintained without the contribution from the treasury.

(b) Contrary to paragraph 88 of Sri Lanka Accounting Standard 01, the sum of Rs.143,566,887 inclusive of premium received from farmers, contribution income of farmer pensioners 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) In preparing the statement of cash flows, as a result of not recognizing premium income of Rs. 135,443,031 received from contributors within the operating income in terms of paragraph 4 of Sri Lanka Accounting Standard 7, the cash flow generated from operating activities had been underestimated by that amount and as a result of investments of Rs. 8,123,855 not being recognized within the income, the cash flow generated from investment activities had been underestimated by that amount.

(d) The scheme has continuously followed a method of calculating the pension liability by adding 11 percent to the final balance achieved by deducting the pensions

paid during the year from the opening pension liability of the year. Accordingly, Rs. 91,079,185,608 had been recognized as pension liability by deducting the farmers' pension payment of Rs. 4,845,125,008 from the opening balance of Rs. 86,898,445,376 as at 01st January 2024 and adding 11 percent to that balance which was Rs.9,025,865,240. The accuracy of the pension liability calculated by using the abovementioned method without carrying on an actuarial assessment as per section 59 of Sri Lanka Accounting Standard 37 is far from satisfactory.

(e) As a result of pensions of deceased farmers and farmers who have not claimed their pension entitlements due to other reasons have been continuously remitted to the Postal Department as a result of not updating bio-data of farmers. Consequently, in 2024, the postal department returned Rs.469,255,211 in unclaimed pensions, leaving an outstanding balance of Rs.99,247,815 due from the postal department by the end of the year under review. In the absence of an information system indicating as to how the balances had been made up and details of each farmer, the accuracy of balances could not be verified.

(f) The premium income of farmer pensioners in respect of the months of November and December 2024 respectively was Rs. 8,970,200 and Rs. 8,969,200 and as a result of those amounts being credited to the payable pension account instead of crediting to the farmer pensioners' premia income account, the income of the year under review had been underestimated by Rs. 17,939,400 and current liabilities had been overestimated by that amount.

(g) In the year 2024, Rs. 15,977,820 had been allocated for 266,297 contributors for the payment of gratuity payable in the event of death or permanent or partial disability of a contributor in the age group of 18-54 years who were covered by the group life insurance of the scheme and out of them 256,616 were inactive contributors and the estimate had been made without confirming the number of deceased and the actually inactive contributors.

1.2.3 Fishermen's Pension and Social Security Benefit Scheme

Basis for Disclaimer of Opinion

(a) The scheme has continuously followed a method of calculating the pension liability by adding 11 percent to the final balance achieved by deducting the pensions

paid during the year from the opening pension liability of the year. Accordingly, the final balance of Rs. 6,042,840,342 had been recognized as pension liability by deducting the fishermen's pension payment of Rs. 88,348,718 from the opening balance of Rs. 5,532,349,026 as at 01st January 2024 and adding 11 percent to that balance which was Rs.598,840,034. The calculation of the pension liability without conducting an actuarial assessment as per section 59 of Sri Lanka Accounting Standard 37 and indicating same in financial statements could not be accepted at the audit.

(b) The estimated value of treasury bonds as at 31 December 2024 was Rs. 429,486,430 and as a result of deducting Rs.16,520,221 which was the over-calculated amount in estimating treasury bonds in the year 2023, the value of treasury bonds of the year under review had been underestimated by that amount.

(c) The total assets of the scheme amounted to Rs. 743,331,403 and total liabilities amounted to Rs. 6,125,280,552 and liabilities exceeding assets amounted to Rs. 5,381,949,149. This unfavourable had adversely affected the scheme as a going concern.

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 2024 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.

If I concluded that there are material misstatements on the basis of other information that I obtained and tasks carried out by me before the date of this audit report, I am required to report such matters. I have nothing to report in this regard.

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 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.

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 (a), (b) and (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	Non-compliance
(a) Section 12(3)(1) of the Regulation of Insurance Industry Act, No. 43 of 2000 and Section 29 of the Agricultural & Agrarian Insurance Board Act, No 20 of 1999.	Though regulation by the Insurance Board established under the Regulation of Insurance Industry Act is not required for the agricultural insurance activities carried on by the Board, the non-agricultural third party insurance activities require supervision by the Insurance Regulation Board and compliance with rules and laws thereof, this requirement has not been complied with.

(b) Agricultural & Agrarian Insurance Board Act, No. 20 of 1999	Although the objective of the Agricultural & Agrarian Insurance Board is the welfare of farmer community, the Board, extraneous to this objective, has initiated and is maintaining a third party vehicle insurance scheme. Although the Attorney General's Department had granted permission in the year 2007 to administer a third party insurance scheme only for tractors and the letter issued by the Department of Motor Traffic had stated that insurance policies only in respect of agricultural machinery, contrary to this, the Board had started a third party insurance scheme for other vehicles after the year 2015.
(c) F.R. 381 of the Manual of Financial Regulations of the Democratic Socialist Republic of Sri Lanka	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.
(d) Section 13:4 of Chapter II of the Establishments Code of the Democratic Socialist Republic of Sri Lanka	Though it has been stipulated that no officer should be appointed to act in any vacant office, unless he is in every way fully qualified to perform the duties of that office, 05 officers who had not fulfilled the requirements for the post of Development Officer and 01 officer who had not fulfilled the qualifications for the post of Director (Administration) had been granted appointments for periods ranging from 07 months to 04 years by continually granting service extensions.
(e) Section 131 of Chapter IX of the Extraordinary Gazette for Procedural Rules No. 2310/29 dated 14 December 2022	Contrary to law, 22 officers had been employed in 09 posts on the long-term acting basis for periods ranging from 06 months to 10 years.
(f) Section 4.3.2.2 of the Scheme of Recruitment of the Management Service category of the Agricultural & Agrarian Insurance Board	In recruiting external candidates for the post of Assistant Director (Administration and Human Resources), a female officer without required qualifications and experience had been recruited.
(g) Chapter 2 of Public Enterprise Circular No. PED 1/2015 dated May 25, 2015	Contrary to the Circular, transport allowances of Rs.3,218,493 had been paid to 19 officers belonging to the MM 1-1 service category during the year 2022 & 2023 and Rs. 1,183,833 for 15 officers in the year 2024.
(h) Public Enterprise Circular No. 06/2022 dated 06 October 2022	Contrary to the Circular, 4 officers who had exceeded 60 years of age had been employed and paid Rs. 6,790,567 as salaries and allowances without approval.

(i) Section 1.2.5 of Public Accounts Department Guidelines No. 02/2022 dated 08 July 2022	Though cash gifts/grants received by a statutory body for a specific purpose should be remitted to a the relevant line ministry, Rs. One Million received from Mobitel had been retained in a bank account without being so remitted.
(j) Section 4 of Circular 07/2027 (Amendment II) dated 02 September 2019 of the Ministry of Agriculture, Rural Economic Activities< Irrigation & Fisheries and Aquatic Resources	A period of more than a year had been taken to pay compensation for 9,513 farmers i.e. 25 percent out of 39,455 farmers who had claimed indemnity and had their indemnity claims approved in respect of Maha season 2022/23.
(o) Public Finance Circular No. 01/2020 dated 28 August 2020 and amended Financial Regulations 371 (2) (b)	Contrary to the circular and amended Financial Regulations, advances ranging from Rs. 110,000 up to Rs.9,991,000 had been granted. Accordingly, the value of ad-hoc sub imprests exceeding the maximum advance limit on 70 occasions in granting various advances was Rs.23,695,099 and the value of advances granted on 08 occasions under capital advances was Rs.31,829,529.

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.

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.

(a) Rs.72,002,970 had been paid by the year 2023 for the Board's Management Information System and the Enterprise Resource Planning (ERP) System and though period of contract had been extended up to 01 April 2025, those activities had not been finalized even by 02nd May 2025.

2.3 Other Matters

(a) A sum of Rs. 20,391,089 had been granted 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 in that year, the information system had not been used for indemnity calculation and indemnity payment process.

(b) The board had to pay a late penalty interest of Rs.40,869,072 owing to the non-payment on the due date of taxes amounting to Rs.299,354,489 payable from April 1, 2018 to December 31, 2023 as a result of not registering for income taxes as per the Inland Revenue Act No. 24 of 2017.

(c) A reserve fund to be utilized to pay for claims arising from unexpected events had been built since 2002 and the balance thereof was Rs.588,524,391 as of December 31, 2024. This fund has not been used during the 22 year period from 2002 up to now because the rules had not been defined and established regarding the unexpected events for which the fund should be used.

(d) Out of 32,149 contributors who had subscribed to the scheme and exceeded 60 years of age as at 31 December of the year under review, fishermen's pension had not been granted to 26,093 contributors.

(e) An incentive fund has been built as per approval granted by the Board of Directors by allocating 5 percent of the income of the third party insurance scheme and the allocation for the fund n the year 2024 was Rs.18,056,415 and the balance as at 31 December 2024 was Rs.38,361,464. Incentives amounting to Rs.8,437,499 in the year 2022, Rs.8,714,577 in the year 2023 and Rs.10,380,974 in the year 2024 had been paid and the approval of the Treasury had not been obtained for the establishment of this Fund and the payment of incentives.

(f) Though the funds of government owned business entities should not be transferred to welfare societies or any other welfare activity in terms of Section 05 of the Public Enterprises Circular 01/2024 dated 28 February 2024, 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 2024 was Rs. 5,221,150 and the balance of the Fund as at 31 December 2024 was Rs. 36,274,240. The approval of the Treasury had not been obtained for the establishment of this Fund.

(g) Though compensation for hazards falling under additional insurance coverage cannot be financed from the funds of the General Treasury and the National Insurance Trust Fund, for 1,111

farmers of 2,190 farming lands damaged during the Maha Season of 2022/23 for which more than one reason had been assigned for crop damages in claim applications, compensation amounting to Rs.35,356,111 had been paid from the money received from the General Treasury and the National Insurance Trust Fund.

(h) 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.469,030,456 up to year 2024. A sum of Rs.12,596,498 from the amount of Rs.249,630,000 received from the treasury for the administrative expenses of the scheme in the year under review had been used to settle a part of the loan. Accordingly, the investment in the life insurance fund had become a loan amount.

(i) Although farmers are entitled, in terms of section 6(1) of the Farmers' Pension and Social Security Benefit Act, No.12 of 1987, to receive their pension on reaching the age of 60 years, the farmers who had completed the said age had not been identified and paid their pension and in terms of 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.

(j) In terms of 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 had been forfeited for these contributors.

(k) In terms of the Fishermen's Pension & Social Security Benefit Scheme Act, No. 23 of 1990, 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 and although pensions should have been provided to fishermen who contributed to the scheme upon reaching the age of 60 years in terms of Section 7, a total of Rs.5,560,510 was recorded as pension arrears in the financial statements, including Rs.4,240,063 for 141 fishermen who were granted pensions

between January 2007 and December 2017, and Rs.1,320,447 for 56 fishermen who were granted pensions in 2023 and 2024, but action had not been taken to make payments to fishermen.

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

Farmers' Pension and Social Security Benefits Scheme

My No: ARI/C/FPS/1/24/25/FA Date: 30th May 2025

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 2024 of Farmers' Pension and Social Security Benefit Scheme

The above report is sent herewith.

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

Copies: -
1. Secretary - Ministry of Finance, Planning & Economic Development
2. Secretary - Ministry of Agriculture

My No: ARI/C/FPS/1/24/25/FA Date: 30th May 2025

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 2024 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 2024 comprising the statement of financial position as at 31 December 2024 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 Farmers' pension and social security benefit scheme Act No. 12 of 1987, Article 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka and the National Audit Act No. 19 of 2018. In terms of Article 154(6) of the constitution, my report will be tabled in Parliament in due course.

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

(h) As a result of total assets of the scheme being Rs.3,062,149,691 and total liabilities being Rs.94,351,635,618, liabilities exceeded assets by Rs.91,289,485,927, and as a result of total current assets being Rs.1,125,049,320 and total current liabilities being Rs.3,222,013,500 current liabilities exceeded current assets by Rs.2,096,964,180, the going concern of the scheme is problematic as the scheme cannot be maintained without the contribution from the treasury.

(i) Contrary to paragraph 88 of Sri Lanka Accounting Standard 01, the sum of Rs.143,566,887 inclusive of premium received from farmers, contribution income of farmer pensioners 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.

(j) In preparing the statement of cash flows, as a result of not recognizing premium income of Rs. 135,443,031 received from contributors within the operating income in terms of paragraph 4 of Sri Lanka Accounting Standard 7, the cash flow generated from operating activities had been underestimated by that amount and as a result of investments of Rs. 8,123,855 not being recognized within the income, the cash flow generated from investment activities had been underestimated by that amount.

(k) The scheme has continuously followed a method of calculating the pension liability by adding 11 percent to the final balance achieved by deducting the pensions paid during the year from the opening pension liability of the year. Accordingly, Rs. 91,079,185,608 had been recognized as pension liability by deducting the farmers' pension payment of Rs. 4,845,125,008 from the opening balance of Rs. 86,898,445,376 as at 01st January 2024 and adding 11 percent to that balance which was Rs.9,025,865,240. The accuracy of the pension liability calculated by using the abovementioned method without carrying on an actuarial assessment as per section 59 of Sri Lanka Accounting Standard 37 is far from satisfactory.

(l) In addition to the above pension liability account, the actually payable pension liability was Rs. 2,345,496,047, but since an actuarial assessment had not been carried out on the basis of that amount, the accuracy was not verified.

(m) Due to the absence of a method for updating accurate bio-data of farmers, pensions of deceased and non-claimed farmers have been continuously remitted to the Postal Department. Consequently, in 2024, the postal department returned Rs.469,255,211 in unclaimed pensions, leaving an outstanding balance of Rs.99,247,815 due from the postal department by the end of the year under review. In the absence of an information system indicating as to how the balances had been made up and details of each farmer, the accuracy of balances could not be corroborated.

(n) The premium income of farmer pensioners in respect of the months of November and December 2024 respectively was Rs. 8,970,200 and Rs. 8,969,200 and as a result of those amounts being credited to the payable pension account instead of crediting to the farmer pensioners'

premia income account, the income of the year under review had been underestimated by Rs. 17,939,400 and current liabilities had been overestimated by that amount.

(o) In the year 2024, Rs. 15,977,820 had been allocated for 266,297 contributors for the payment of gratuity payable in the event of death or permanent or partial disability of a contributor in the age group of 18-54 years who were covered by the group life insurance of the scheme and out of them 256,616 were inactive contributors and the estimate had been made without confirming the number of deceased and the actually inactive contributors.

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 (a),(b),(c) and (f) 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	Non-compliance
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. As a result, the total number of farmers subscribed to the scheme in terms of board paper 528/03 was 954,254 and the number included in the information system was 871,425. Accordingly, though there was a difference of 82,829 farmers, the reason for that was not clear to the audit.
(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.295,230,442 had been obtained from the Agricultural and Agrarian Insurance Board without such concurrence. As of December 31, 2024, the total loan balance, including the interest to be paid, was Rs.552,668,504.
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) 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 in the year 2023 and 75 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.

(b) Even though 7,057 applications had been received claiming pension entitlement by the end of the year

under review, the scheme had failed to grant benefits to 1,575 of them.

3.4 Management Activities

(a) 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.469,030,456 up to year 2024. A sum of Rs.12,596,498 from the amount of Rs.249,630,000 received from the treasury for the administrative expenses of the scheme in the year under review had been used to settle a part of the loan. Accordingly, the investment in the life insurance fund had become a loan amount.

(b) 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

(c) this regard was referred to the Attorney General for advice on 30 November

(f)

2007, but follow up had not been done in that regard as of the date of this report.

(d) The amount unpaid from year 2007 to year 2022 and written off against expenditure without being recognized as a liability in financial statements was Rs. 1,136,598,066 and action had not been taken to pay to contributors the unpaid pension liability of Rs. 340,373,793 in the year 2023 and unpaid pension liability of Rs. 568,503,026 in the year 2024. Action had not been taken to return the money to the General Treasury having confirmed that the said pensions were not claimed by the pensioners.

(e) After the commencement of new enrolments in the year 2021, 1,205 contributors who paid premiums as one off payment, 2,210 contributors who pay premiums semiannually and 1,477 contributors who pay monthly premiums had subscribed to the scheme, but an information system or files had not been maintained to enable the identification of premiums settled, whether contributors are active or inactive, and the non-acceptance premiums from inactive contributors

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

Fishermen's Pension and Social Security Benefits Scheme

My No: ARI/C/FIPS/1/24/24/FA Date: 04 April 2025 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 2024 of Fishermen's Pension and Social Security Benefit Scheme

A draft of the above report is sent herewith.

02. If there are any matters that are deemed false or non-agreeable or harmful to public wellbeing in this report, action should be taken to notify me within 05 days of this letter and if you wish to discuss these matters further, notify same to me within 3 days and it is advisable to make an appointment for a meeting in advance.

03. If no reply is received from you within 5 days, please be informed that the final report will be issued on that basis of that report, having deemed that you were in agreement with the matters set forth in the draft report.

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

Copies: Secretary, Ministry of Agriculture, Livestock Development, Land and Irrigation (for your information)

(Draft) Confidential

My No: ARI/C/FIPS/1/24/24/FA Date: 04 April 2025 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 2024 of Fishermen's Pension and Social Security Benefit Scheme

1. Financial Statements

The audit of the financial statements of the Fishermen's Pension and Social Security Benefit Scheme for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 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.

1.1 Opinion

My opinion will be determined upon consideration of the comments that will be made by the Chairman of the Board as to the audit observations contained in this draft report.

1.2 Basis for the Opinion

(a) As a result of not reviewing the useful life of non-current assets in terms of paragraph 51 of Sri Lanka Accounting Standard 51, though furniture and fittings and office equipment which had been fully depreciated but were usable within the plant, property and equipment as at 31 December 2024 costing Rs. 696,175 were still being used, action had not been taken to re-estimate and account them in

accordance with Sri Lanka Accounting Standard 08.

(b) In terms of paragraph 59 of Sri Lanka Accounting Standard 39, the actuarial assessment for pension liability amounting to Rs. 6,042,840,342 had not been carried out after year 2007.

(c) Even though the pension liability was Rs. 6,042,840,342 the investment value as of that day was Rs.793,808,692. Accordingly, sufficient investment was not made to settle these obligations.

(d) i. In accordance with Section 15 of Sri Lanka Financial Reporting Standard 15, since it shall be assessed at the end of each reporting period whether its recognized pension liabilities are adequate using current estimates of future cash flows under its pension contracts and if that assessment shows that the carrying amount of its pension liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency shall be recognized in profit or loss, though a value of Rs. 510,491,316 as the increase in annual pension liability of the scheme was indicated in the statement of comprehensive income, the existing pension liability had been carried forward by adjusting the value of money at the rate of 11 percent without accurately estimating the future cash flows which was an increase of 10 percent compared to the previous year. Further, the following matters had not been taken into account in preparing the said estimates.

a) Allocation for all the fisheries pension contributors numbering 69,059 who had obtained membership since the inception of the scheme

b) Not amending the pension liability upon the approval of the board of directors, having checked details of the deceased fishermen.

c) There are 21,457 dormant contributors in the scheme and not taking action to remove their liability upon the approval of the Board of Directors subsequent to confirmation whether they would be retained in the scheme or not.

d) Not taking action to identify the pension liability of fisheries pensioners who have not claimed their pension.

e) Not taking action to identify the pension liability allocated for fisher pensioners who leave the scheme having paid the net contribution.

(ii) Though a sum of Rs. 1,743,800 had been allocated for 29,060 contributors in the year 2024 for the payment of gratuity in the event of death, full or partial disability prior to the receipt of

pension of contributors between the ages of 18-54 covered by the group life insurance of the scheme, 21,457 of them were dormant contributors and that amount had been estimated without confirming the number of the deceased out of them and the actual number of dormant contributors.

(e) As a result of incorrectly estimating the values of the increase in pensions estimated as Rs. 510,491,316 and the group insurance fund as Rs. 1,743, 600 in the financial statements submitted in respect of year 2024, the financial position of the scheme had become a deficit.

(f) Upon the total net assets of the scheme continuously being of a minus value, the going concern of the scheme is problematic as a result of not being able to settle total liabilities by realizing the total assets of the scheme and not enrolling new members to the scheme after year 2018.

(g) In estimating treasury bonds as at 31 December 2023, as a result of overcounting 1 coupon and over overcounting the effective interest rate applicable thereto, the value of treasury bonds as of that date had been overestimated by Rs. 16,550,221 and as a result of deducting Rs. 16,520,221 in estimating the value of treasury bonds as at 31 December 2024, the value of treasury bonds as of that date had been underestimated 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.

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 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 intend 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 Fund's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Fund is required to maintain proper books and

records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Fund.

1.4 Auditor's responsibility of auditing the financial statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the scheme's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my

auditor's report. However, future events or conditions may cause the scheme to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have communicated with those charged with governance regarding the significant audit findings, including any significant deficiencies in internal control that I have identified during the audit.

2. Report on other legal and regulatory requirements

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

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

- In terms of the requirement indicated in Section 6(1)(d) (iv) of the National Audit Act No. 19 of 2018, except for the observations indicated in 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 laws, rules and regulations	Observations
(a) Fishermen's Pension & Social Security Benefit Scheme Act, No. 23 of 1990 (i) Section 3	Though, the objects of the scheme shall be- (a) to provide social security to fishermen during their old age or disability; (b) to provide relief to the dependents of fishermen upon the death of such fishermen; (c) to encourage fishermen to continue in their occupation; (d) to attract young persons to the fishing industry; and (e) to inculcate the habit of saving and to promote thrift among the fishermen the objects of the scheme had not been realized due to the non-receipt of pensions by 26,093 fishermen who had completed 60 years of age and non-enrolment of new contributors.

(ii) Section 5(1)	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.
(iii) 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.5,560,510 was recorded as pension arrears in the financial statements, including Rs.4,240,063 for 141 fishermen who were granted pensions between January 2007 and December 2017, and Rs.1,320,447 for 56 fishermen who were granted pensions in 2023 and 2024, but action had not been taken to make payments to fishermen.
(iv) Section 11	In the event of the death of a contributor before he becomes entitled to receive his pension, a death gratuity under the scheme calculated on such basis as may be prescribed shall be paid but the Board had spent 3 to 42 months to finalize the process of the payment of death gratuity from the date of receipt of the application. Similarly, a period ranging from 5 months to 193 months had been taken to finalize the process of paying death gratuity from the date of the death of fisherman.
(v) Section 13(d)	If the contribution paid shall at least be 10 percent of the quarterly contribution and if it becomes less than 75 per centum, the policy is not deemed to have fully lapsed and at the end of the period for the payment of contributions, such contributor shall be entitled to reclaim the sum of contributions paid by him as determined by the Board. In this scheme, the interest on net contribution under an interest rate of 1.64 per cent per quarter is calculated up to the date last installment was paid and there was no rule in that regard.
(vi) Section 16	Contributors have not been notified of the forfeiture of benefits due to the failure to duly pay ten consecutive installments due to shortcomings in the collection of installments and the maintenance of documents.
(vii) Section 20	The Advisory Committee established for the implementation of the scheme had not met up to now since November 2016.
Paragraph 02(c)(iii) of Budget Circular No. 01/2023, dated 27 January 2023	Rs.483,879 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

(a) The names of pensioners who did not obtain the fishermen's pension continually for 6 months, had been removed from the pensioners' register without confirming whether they have died or the reasons for not obtaining the pension and without the approval of the board of directors.

(b) As a result of not maintaining bio-data of fisheries pensioners or not updating such bio-data, pensions had been paid without actually verifying whether the pensioners were living.

(c) A period ranging from 3 months to 78 months from the date of completion of 60 years of fishermen had been taken for the payment of net contributions

and a period ranging from 1 month to 7 months had been taken to finalize the payment of net contributions from the date of the receipt of applications by the Board.

(d) Though this Fund had been gazetted under the Ministry of Fisheries by Extraordinary Gazette No. 2412/08 dated 25th November 2024, attention had not been paid to this Fund at the audit and management committee meetings conducted by that Ministry.

(e) The total number of fishermen subscribed to the scheme was 64,117 and no member had been recruited after year 2018. Out of 32,149 contributors who had subscribed to the scheme and exceeded 60 years of age as at 31 December of the year under review, fishermen's pension had not been granted to 26,093 contributors.

(f) Though, in terms of Section 12 of the Fishermen's Pension and Social Security Benefit Scheme Fund, Act No. 23 of 1990 and Section 33 (d) of the Agricultural and Agrarian Insurance Act , Act No. 20 of 1990, it has been stated that the Agricultural Insurance Board shall operate the Scheme in consultation with the Minister, the Board, despite obtaining Rs. 1,500,000 from the Treasury for the operation of such activities, had also obtained an additional sum of Rs. 3,500,000 from the income of the Fishermen's Pension and Social Security Benefit Scheme.

(g) Despite investing Rs. 412,996,208 as treasury bonds as at 31 December 2024 and earning an interest of Rs. 95 million from that investment, Rs. 1.5 million had been obtained from the Treasury for the administrative expenses of the Fund.

(h) Though there are 64,116 contributors in the Fishermen's Pension and Social Security Benefit Scheme according to the excel sheets of the master file, as per the database, the number of contributors is 69,049. Accordingly, the Board did not have accurate information as to the difference of 4,932 fishermen.

Auditor General