

Botanic Gardens Trust Fund -2012

1. Financial Statements

1.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 1.2 of this report, the financial statements give a true and fair view of the financial position of the Botanic Gardens Trust Fund as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Comments on Financial Statements

1.2.1 Accounting Policies

Provision for the depreciation of buildings had not been made in the accounts.

1.2.2 Accounting Deficiencies

The following observations are made.

- (a) The value of the office equipment purchased during the year 2010 spending Rs. 438,391 had been included in the value of the buildings amounting to Rs.20,702,460 shown in the Balance Sheet as at 31 December of the year under review thus overstating the value of the buildings and understating the value of equipment by that amount in the Financial Statements.

- (b) The retention money amounting to Rs.642,307 in respect of 5 construction carried out during the period 2009 to 2012 had not been accounted for and when the retention money had been paid during the year under review it was shown in the Income and Expenditure Account of the year as an expenditure for the year, thus overstating the expenditure for the year under review and understating the fixed assets by that amount in the financial statements.

1.2.3 Unsettled Accounting Balances

The electrical entrance gate which build by spending Rs.1,364,586 in year 2002, was removed in 2010 due to inoperate and the retention money amounting Rs. 330,792 was shown in the balance sheet as accrued expenditure without settling for more than 09 years.

2. Financial Review

Financial Results

According to the financial statements presented, the operations of the Trust Fund for the year ended 31 December 2012 had resulted in a surplus of Rs.66,186,911 as compared with the corresponding surplus of Rs. 74,466,125 for the preceding year, thus indicating a deterioration of Rs.8,279,214. Although the income on sales of tickets during the year under review as compared with the previous year had increased by Rs. 6,819,812 or 8.28 per cent from Rs. 82,366,613 to Rs. 89,186,425, the increase in total recurrent expenditure for the year by Rs. 15,099,025 or 191.12 per cent from Rs.7,900,488 to Rs. 22,999,513 had been the cause for decline in the financial results.

3. Operational Review

Performance

- (a) The income from selling of floriculture instruction books and plants had decreased from annually. Details are shown below.

Source of income	Income		
	2012	2011	2010
	Rs.	Rs.	Rs.
i. Selling of floriculture instruction books	77,000	102,110	141,425
ii. Selling of plants	725	379,052	854,215

- (b) Although provisions had been made for the special procedures to increase the income of the Fund in the agreement for the establishment of the Fund, special procedures had not been adopted to earn income.
- (c) According to the agreement to establish Botanic gardens Trust Fund, provision had been made to provide facilities for the convenience of the visitors of the Botanical Garden. Even though a sum of Rs. 1,000,000 had been paid to the Central Province Buildings Department to build 2 water tanks to enhance the water facilities in Peradeniya Royal Botanic Gardens, the activity had not been carried out even as at 04 April 2013.
- (d) Although various building materials including 10,000 Interlocking bricks had been purchased spending Rs. 405,500 and piled in the Garden to improve the internal roads of the Hakgala Botanic Garden the relevant activity had not been commenced even as at march 2013.

4. Accountability and Good Governance

4.1 Maintenance of Accounting Books

Proper stock control accounting system had not been followed to show the opening balances, purchases and sales of floriculture instruction books, guideline handouts and flower plants and other plants stocks.

4.2 Meetings of Trust Board

According to Paragraph 3(G)(i) of the agreement for the establishment of Botanic Gardens Trust Fund, although the Trust Board should meet at least once in three months, the Board had met only once in the year under review.

5. Systems and Controls

The deficiencies observed during the audit were brought to the notice of the Secretary to the Fund from time to time. Special attention is needed in the following areas of control.

(a) Accounting

(b) Constructions