

Coconut Cultivation Board - 2010

1. Financial Statements

1:1 Opinion

So far as appears from my examination and to the best of information and according to the explanations given to me, I am of opinion that the Coconut Cultivation Board had maintained proper accounting records for the year ended 31 December 2010 and except for the effects on the financial statements of the matters referred to in paragraph 1:2 of this report, the financial statements have been prepared in accordance with Sri Lanka Accounting Standards and give a true and fair view of the state of affairs of the Coconut Cultivation Board as at 31 December 2010 and the financial results and cash flow of its operations for the year then ended.

1:2 Comments on Financial Statements

1:2:1 Sri Lanka Accounting Standards

Assets costing Rs.110,048,336 fully depreciated and shown at zero book value but in use at present had not been revalued and brought to account in terms of Sri Lanka Accounting Standard 18.

1:2:2 Lack of Documentary Evidence for Audit

The accuracy of creditors and debtors amounting to Rs.3,577,776 and Rs. 2,417,284 respectively could not be established in audit as the confirmation of balances were not made available.

1:2:3 Non-compliance with Laws, Rules and Regulations

The following non-compliances were observed.

Reference to Laws, Rules and Regulations	Non-compliance
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(a) Public Enterprises Circular <u>No.PED/12 of 02 June 2003</u>	
(i) Sections 4.2.2 and 7.4.1	The meetings of the Board of Directors and the Management Committee had not been held in accordance with the Circular instructions
(ii) Section 5.1	Even though a review of the operations of the 03 preceding years and the Organization Plan should be included in the Corporate Plan, those had not been included.
(iii) Section 5.2	Even though the Annual Budget should include a budgeted Income and Expenditure Account, a budgeted Balance Sheet and a budgeted Cash Flow Statement for the respective financial year, those had not been included.
(b) Financial Regulations	
(i) Financial Regulations 104(2)	A copy of the Report on Losses exceeding Rs.50,000 had not been furnished the Treasury.

2. Financial and Operating Review

2:1 Financial Review

2:1:1 Financial Results

According to the financial statements presented, the working of the Board for the year under review after taking into account the Cess amounting to Rs. 662,597,042 received from the Government and the Coconut Development Authority and the other grants, had resulted in a surplus of Rs. 186,428,747 as compared with the corresponding surplus of

Rs. 56,137,117 for a preceding year after taking into account the cess amounting to Rs.473,578,883 received from the Government and the Coconut Development Authority and other grants received for that year. The increase of the cess grant by the sum of Rs.179 million over the preceding year had been the major effect on the favourable position.

2:1:2 Review of the Change in the Financial Result

- (a) The operating results of the Model Coconut Gardens for the year under review had been a net profit of Rs.55,306,367 as compared with the corresponding profit of Rs.63,530,699 for the preceding year.
- (b) The Fertilizer Unit had incurred a deficit of Rs.9,689,658 during the year under review as against the surplus of Rs.6,580,325 for the preceding year. The issue of fertilizer under the subsidy scheme in the year under review had been the major reason for that.
- (c) The operating result of the Kapruka Project for the year under review had been a surplus of Rs.2,022,521 as against the deficit of Rs.1,200,045 for the preceding year.
- (d) The surplus of the Board for the year under review represented 18 per cent of the total assets.
- (e) Out of the total income of the Board, 92 per cent had been received from the Government and other grants while 08 per cent had been received from the Model Coconut Gardens, Coconut Seedling Nurseries and sundry income.

2:2 Operating Review

The Coconut Cultivation Board comprised 05 Divisions namely, the Extension Division, Planting Materials and Inputs Divisions, Planning Division, Establishment and Personal Development Divisions and the Financial Management Division. A summary of the target of each activity and achievements for the year under review is given below.

Model Coconut Garden/Model Centres	Extent Cultivated (Acres)	Number of Bearing Trees	Number of Coconuts Plucked	Number of Fallen Coconuts	Annual Yield Nuts	Percentage of Fallen Coconuts	Average Yield per Tree Nuts	Yield per Acre Nuts
Nagansola	347	16,257	513,147	444,294	957,441	46	59	2,759
Randeniya	311	12,990	452,434	246,781	699,215	35	54	2,248
Lenawa	416	15,797	682,611	119,322	801,933	15	51	1,928
Bopitiya	104	5,704	205,280	152,399	357,679	43	63	3,439
Girtland	388	13,850	524,631	342,302	866,933	39	63	2,234
Korai	175	5,423	163,342	21,858	185,200	12	34	1,058
Pasikuda	88	3,732	78,337	8,065	86,402	9	23	982
Mahayaya	271	11,865	594,762	388,129	982,891	39	83	3,627
Daisy Valley	299	14,653	528,185	287,128	815,313	35	56	2,727
Mundalama	14	710	74,765	6,649	81,414	8	115	5,815
Kohombana	<u>82</u>	<u>3,417</u>	<u>65,819</u>	<u>30,712</u>	<u>96,531</u>	<u>32</u>	<u>28</u>	<u>1,177</u>
Total	<u>2,495</u>	<u>104,398</u>	<u>3,883,313</u>	<u>2,047,639</u>	<u>5,930,952</u>	<u>35</u>	<u>57</u>	<u>2,377</u>

The following observations are made.

- (a) The total coconut crop for the year 2010 amounted to 5.93 million nuts and that is a yield less than the yields for the years 2008 and 2009 amounting to 6.07 million and 7.15 million and represented a decrease of 17 per cent as compared with the year 2009.
- (b) Under normal conditions, the minimum average yield per acre of coconut cultivation per annum is about 4,500 to 5,000 nuts. The overall position is that it had not been possible to

