

Rubber Control Fund

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 Rubber Control Fund as at 31 December 2011 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 Deficiencies

The following accounting deficiencies were observed.

(a) Seven items of fixed assets at a cost of Rs.985,925 which were not physically existed had been brought to account as fixed assets and a sum of Rs.1,370 had been provided for depreciation relating to these assets during the year under review.

(b) The interest income on investments received for deposits amounting to Rs.7,000,000 had not been brought to account.

The Director General informed me that the relevant interest income had been contributed to the operating results for the year under review by crediting to the Accumulated Fund as this interest come could not be utilized effectively by depositing within the control account.

1.2.2 Account Balances Receivables and Payables

The following observations are made.

(a) The balances of 13 items of the current assets aggregating Rs.635,271 had been brought forward continuously for more than 07 years as balances receivables.

- (b) The balances of 05 items of the current liabilities aggregating Rs.239,784 had been brought forward in the financial statements for more than 07 years as balances payables.

1.2.3 Lack of Evidence for Audit

The following items could not be satisfactorily vouched due to non submission of documentary evidence shown against each items.

<u>Item</u>	<u>Amount</u> Rs.	<u>Documentary Evidence not Submitted</u>
(a) Fixed Assets	985,925	Register of Fixed Assets belonging to the Funds, source documents and reports of the Boards of Survey
(b) Credit Relief Council Funds	130,328	Detailed schedules and confirmation of balances
(c) Balances relating to 6 Advances Accounts	287,378	Detailed schedules and confirmation of balances
(d) Stocks of the Rubber Trading Register	6,360	Stock Register
(e) Other current assets	746	Confirmation of balances
(f) Advances payables	222,031	Detailed schedules and confirmation of balances
(g) Other current liabilities	17,753	Confirmation of balances

2. Financial and Operating Review

2.1 Financial Results

The operations for the year under review had resulted in a surplus of Rs.275,280 and it was Rs.275,865 in the preceding year thus, indicating a decrease in the surplus by Rs.585. However, the total operating income of the Fund had comprised only the interest income and it was Rs.301,650.

2.2 Operating Review

2.2.1 The Present Position relating to the Operation of the Fund

It was informed by the letter dated 21 October 2011 issued by the Department of Public Finance that the assets and liabilities shown in the audited accounts prepared for the year ended 31 December 2010 should be settled and the concurrence of the Auditor General should be obtained in terms of the relevant Act so as to liquidate this dormant Rubber Control Fund. However, action had not been taken accordingly up to the date of this report.

2.3 Budgetary Control

A budget had not been prepared for the year under review as expenditure had not been carried out annually under the Rubber Control Fund.

3. Systems and Controls

Special attention is needed in respect of the following areas of systems and controls.

- (a) Accounting
- (b) Fixed Assets
- (c) Settlement of balances receivable and payable.