

Tea Small Holdings Development Authority – 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 Tea Small Holdings Development Authority 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, give a true and fair view of the state of affairs of the Tea Small Holdings Development Authority as at 31 December 2010 and the financial results of its operation and cash flows for the year then ended.

1:2 Comments on Financial Statements

1:2:1 Sri Lanka Accounting Standards (SLAS)

Fully depreciated vehicles which are being used at present at Head Office and Galle, Matara, Rathnapura and N'Eliya regional offices costing Rs.17,432,625 had not been revalued and brought to accounts in terms of SLAS No. 18.

1:2:2 Accounting Deficiencies

Following observations are made.

- (a) Fixed deposits amounting to Rs. 6,701,825 had been erroneously shown under cash and cash equivalents in the financial statements instead of being shown under investments.
- (b) The value of closing stocks as at end of the year under review had been taken into the accounts without considering the damaged, outdated and unusable items remained in the stores.

- (iv) It was observed that extension officers attached to Matara, Galle and Kegalle Regional offices had recommended Tea Replanting Revolving Fund Bank Loans amounting to Rs. 9,125,350 contrary to the approved loan scheme.

(d) Operating Activities of the Plant Nurseries

The operation of 06 plant nurseries had resulted in a profit of Rs. 236,206 during the year under review as against the loss of Rs.794,281 for the proceeding year, thus indicating an improvement of operating results by Rs. 1,030,487.

Following observations are made in this regard.

- (i) The Tispane nursery had occurred a loss of Rs725,541 during the year under review.
- (ii) According to the nursery accounts, 155,699 No of plants in 06 nurseries of the Authority were dead during the year under review and it was 11.2% of the total plants.
- (iii) Nelligolla nursery had not functioned during the year under review.

(e) Distribution of Tea Fertilizer

Following observations are made.

- (i) The quantity of fertilizer given to Tea Small Holders during the year under review was 123,244 metric tons and it had decreased by 12,484 metric tons or 9.2% as compared with the previous year.
- (ii) According to the tea fertilizer distribution account, a loss of Rs. 161,831 had occurred from 06 fertilizer centres as a whole during the year under review and it had decreased by Rs.1,535,715 or 112% as compared with the previous year.
- (iii) The Gampola and Ginigathhena fertilizer centres had occurred losses amounting to Rs. 190,017 and Rs.62,427 respectively during the year under review and Ginigathhena fertilizer centre was sustained losses since previous year.

- (a) Receivables and Payables
- (b) Stocks
- (c) Cash Management
- (d) Bank Reconciliation
- (e) Payment of Subsidies

