

## **Plantation Trust Fund - 2015**

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The audit of financial statements of the Plantation Trust Fund for the year ended 31 December 2015 comprising the balance sheet as at 31 December 2015 and profit and loss account and cash flow statement for the year then ended and summary of other explanatory 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 read in conjunction with Section 13.4 of the Deed of Trust No.1142 dated 01 October 2004 entered into between the Secretary to the Treasury of the Government of Sri Lanka and the Trustees of the Trust Fund.

### **1.2 Management's Responsibility for the Financial Statements**

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The Board of Trustees is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

### **1.3 Auditor's Responsibility**

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My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgments, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust Fund's preparation and fair presentation of the financial statements 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 Trust Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **1.4 Basis for Qualified Opinion**

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My opinion is qualified based on the matters described in paragraph 2.2 of this report.

## 2. Financial Statements

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### 2.1 Qualified Opinion

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In my opinion, except for the effects of the matter described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Plantation Trust Fund as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

### 2.2 Comments on Financial Statements

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The following observations are made.

- (a) Sums of Rs.3,389,862 and Rs.107,198 had been paid as custodian fees and provided as management fees respectively during the year under review although the Trust Fund was not functioned since the year 2011.
- (b) Interest income on investments of Rs.59,938,149 shown in the profit and loss account could not been verified due to lack of certificates for Repurchase Agreement .

## 3. Financial Review

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### 3.1 Financial Results

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According to the financial statements presented, the operations of the Trust Fund during the year under review had resulted in a pre-tax net profit of Rs. 58,400,083 as compared with the corresponding pre-tax net profit of Rs. 82,217,018 for the preceding year, thus indicating a deterioration of Rs.23,816,935 in the financial results. This was mainly due to the decrease of interest income on Repurchase Agreements and Debentures by Rs.19,768,498 and Rs.5,337,730 respectively.

### 3.2 Analytical Financial Review

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The operation of the Trust Fund during the year under review is as follows

	<b>Rs.</b>
Balance as at 01 January 2015	998, 291,631
Profit for the period up to 30 September 2015	38,805,703
Profit for the period from 2015 September 30 - 2015 December 31	2,074,055
Tax payable to Department of Inland Revenue	181,794,533
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Balance as at 31 December 2015 transferred to the Consolidated Fund	1,220,965,922
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#### **4. Operating Review**

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##### **4.1 Performance**

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Although the main objective of the Trust Fund was investment in Plantation Companies to facilitate better financial position for long-term sustainability without external assistance and to improve the profitability, only a sum of Rs. 470 million had been provided to 05 beneficiaries out of 23 beneficiaries during the period under review.

#### **5. Accountability and Good Governance**

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The Director General and the Director of the Department of Public Finance of the Ministry of Finance had signed the financial statements on behalf of two members of the Board of Trustees.