

1. Financial Statements

1.1 Disclaimer of Opinion

The audit of the financial statements of the Lanka Sugar Company (Private) Ltd “Company” for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No.19 of 2018. My comments and observations which I consider should be report to Parliament appear in this report.

I do not express an opinion on the financial statements of the Lanka Sugar Company (Private) Ltd. Because of the significance of the matters described in section of basis for disclaimer of opinion in this report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

1.2 Basis for Disclaimer of Opinion

I have not been able to confirm or verify the quantitative items which include the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows by alternative means. As a result, I have not been able to determine whether any adjustments needed to be made to the recorded or unrecorded values or transactions of the values or items forming the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

As per Section 16(1) of the National Audit Act No.19 of 2018, the Company is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Company.

1.4 Audit Scope

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine as far as possible and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Company, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Company has complied with applicable written law, or other general or special directions issued by the governing body of the Company;
- Whether the Company has performed according to its powers, functions and duties; and
- Whether the resources of the Company had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5.1 Non-compliance with Sri Lanka Accounting Standards

Audit Observation	Management Comment	Recommendation
(a) According to paragraph 51 of Sri Lanka Accounting Standard No.16, although the useful life of non-current assets should be reviewed annually, since it had not been done accordingly, Rs.302,329,772 cost of Property Plant and Equipment in Sevanagala Division and the cost of Rs.1,568,073,020 in Pelwatta Division that is being further used had been fully depreciated by the end of the year under review. Accordingly, this estimated error had not been revised in accordance with Sri Lanka Accounting Standard No.08 and the correct fair value had not been shown in the financial statements.	Assessment has been started and the work is still going on. The two categories of assets owned by the company i.e. vehicles and buildings have been assessed by the month of May 2023 and adjustments can be made in the accounting records after receiving the relevant assessment report.	In accordance with paragraph 51 of Sri Lanka Accounting Standard No.16, the useful life of non-current assets should be reviewed annually and revised in accordance with Standard No.08 and the correct fair value should be indicated in the financial statements.
(b) According to paragraph 07 of Sri Lanka Accounting Standard No.07, 16 fixed deposits worth Rs.1,132,054,174 with a maturity of 03 months and less in Sevanagala Division had not been classified as cash and cash equivalents in the statement of cash flow.	That the Statement of Cash Flows will be corrected.	Cash flows should be accurately represented in the Statement of Cash Flow.
(c) Since only the total of each asset class of fixed assets worth Rs.760,763,818 which was under the established Distillery Department of Pelwatta Division in the financial statements of the year under review has been included in the fixed assets register, the accuracy of the depreciation expense and provisions of depreciation for the year was not confirmed by the audit.	That these assets are also planned to be assessed and documented as separate items during the asset valuation that started in 2022.	Assets should be correctly identified and related depreciation expenses and provisions of depreciation should be correctly accounted.
(d) Although the fixed deposit balance to be accounted under non-current assets of	That the value to be shown under non-current fixed assets is	Assets should be properly identified and

Sevanagala Division as on 31 December of the year under review was Rs.139,208,972, since it has been stated as Rs.100,000,000, the non-current assets in the statement of financial position has been under stated by Rs.39,208,972 and current assets has been overstated by Rs.39,208,972.

Rs.139,208,972 and that the statement of financial position is being corrected. accounted.

- (e) Although the sugar company did not have the freehold of the land of Badalkumbura Sugarcane Purchase Center comprising 1.212 hectares enjoyed by the Pelwatta Division, it had not been disclosed in the financial statements.
- This asset had not been included in the fixed assets register at the time of handover of the company to the government. Therefore, this asset is not included in the financial reports at this time. That the account records will be updated after finding the relevant documents.
- The land enjoyed by the company should be disclosed in the accounts.
- (f) Although the depreciation rates for field machinery and equipment, irrigation and various equipment and factory plant and equipment along with the Rs.2,986,477,786 cost of leased assets belonging to the Pelwatta sector are 15, 06 and 05 percent respectively, Due to Rs.2,222,255,564 cost of assets related to those assets were depreciated at different rates between 02 percent and 50 percent, the accuracy of the depreciation expense and provisions of depreciation for the year under review was not confirmed.
- The assets that existed when the company was taken over by the government in 2011 are included in the fixed assets register in the same way. According to the existed depreciation policy, the difference in depreciation rates existed. Since it is not possible to change the relevant percentages through the accounting system, the company's depreciation policy will be updated with revaluation of assets in the future.
- Specific depreciation rates should be determined for the assets to be depreciated and depreciation should be calculated in accordance with the depreciation policy.
- (g) In accordance with paragraph 117 of Sri Lanka Accounting Standards No.01, the significant accounting policies used in the preparation of the financial statements should be disclosed. Although Rs.20,907,356 for the farm loan of Rs.327,173,332 related to Sevanagala Division, Rs.6,002,360 to be charged from year 2014 in Kantale Sugar Company and Rs.6,665,725 for the SSP Badulla project also were set as impairment, the reasons for these allocations and the relevant accounting policy had not been disclosed in the financial statements.
- That the debtor impairment will be disclosed in the financial statements in the coming year.
- The impairment policy should be disclosed in the financial statements.

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| (h) | Although a shortage of 137 stock items worth Rs.2,501,788 and an excess of 158 stock items worth Rs.525,004 were observed in the warehouses of Sevanagala Division according to the physical stock verification reports of the year under review, the necessary adjustments for that had not been made in the financial statements. There had 1224 types of stock whose value could not be calculated physically and 211 stock items worth Rs.2,086,170 that could not be used and should be disposed. | Necessary work is being done to resolve the legal issues before the financial values of stock shortages and surpluses are adjusted in the financial statements. Corrections will be made in the future. That the work necessary for the disposal of stock is currently being done by a committee appointed for that purpose. | Action should be taken to deal with shortages and excesses by maintaining proper internal control over stock and reflect the balance included in the physical verification report in the financial statements. |
| (i) | Although the stock balance was Rs.1,749,751,577 according to the physical stock verification report of Sevanagala Division as on 31 December of the year under review, the closing stock was shown with Rs.224,656,705 less as Rs.1,525,094,872 in the financial statements. | Agree. The annual physical stock verification was done on 31 December 2021 and although the physical stock value should be calculated and those values should be included in the financial statements, that there are problems with the physical stock in the Sevanagala Division. | The closing stock balance should be accurately presented in the financial statements. |
| (j) | Although Rs.9,475,416 and Rs.4,904,160 stocks in transits in the Sevanagala and Pelwatta Division respectively which have been carried forward for more than 08 years in the financial statements was pointed out in the previous years' audit report, those balances had not been settled. | A significant value of Rs.9,475,416.00 indicated in the financial statements for the year 2021 as stocks in transit has been identified and delay of the receipt of goods ordered for import and clearance at the port due to the acute financial crisis and financial constraints in the country in 2020 and 2021 is the main reason for this. | It should be check whether these goods have been received and take necessary action. |
| (k) | Since Rs.35,049,485 of crude oil stock belonging to Sevanagala Division as on 31 December of the year under review was not physically verified, the accuracy of the balance was not verified. | Agree. That it will be corrected in the next year. | All stocks should be physically verified and presented in the financial statements. |
| (l) | Since the Sevanagala Division purchased Rs.178,203,240 cost of 21 machines in the year under review under finance lease facilities and capitalized their cost as Rs.48,216,240, the balance of the machinery account had been understated by Rs.129,987,000. | Agree. | Assets should be properly identified and accounted. |

- (m) Due to writing off of Rs.13,658,977 which is shown as excess allocations for the surcharges in the year 2011 and 2012 for the Employees' Provident Fund and the Employees' Trust Fund of Pelwatta Division by the Statement of Financial Operations in the year under review without properly identified, the profit of the year had been overstated by that amount.
- That the write-off of the allocations for the surcharges made in the year 2011/2012 on behalf of the Employees' Provident Fund and the Employees' Trust Fund has been adjusted in the accounts during the year under review and that such kind of accounting errors will be avoided in the future.
- Surcharge allocations should be accurately identified and accounted.
- (n) During the takeover of the Pelwatta Sugar Factory to the government, although Rs.54,339,769 net amount to be paid for the use of 20 tractors from the year 2011 to 31 December 2021 belonging to a company that makes milk-related products apart from it as a separate entity to that company and Rs.19,034,850 receivable for the use of the company's quarters by that company is shown in the financial statements, lease agreements or balance confirmation letters were not submitted to the audit to confirm those balances.
- Such transactions have been made with the Pelwatta Dairy Company from the initial days when the company was handed over to the government and they have not been settled in cash. There is no agreement between the two companies for the 20 tractors mentioned here and these transactions will take place even after the company was handed over to the government for a pre-existing rental amount. The legal department was assigned in 2020 to take relevant actions to hand over these 20 tractors or to negotiate with the Pelwatta Dairy Company for their use through an agreement. It is still being under the discussion.
- Balances of accounts receivable and payable from related Public and Private Companies and transactions between the respective Divisions of Lanka Sugar Company Limited included in the financial statements should be disclosed in detail.
- Our company has contracted for the quarters given to this Dairy Company and has arranged to collect the related rent in cash from the year 2021. Only water and electricity are obtained by them in such a compensating way. That all the transactions with this Dairy Company will be done on cash basis only in the future.
- (o) Although the total amount of loan due from the farmers in Sevanagala Division was Rs.327,173,332 according to the financial statements, since it was Rs.324,818,149 according to the farm loan schedule presented in relation to that, there was a difference of Rs.2,355,183.
- Agree.
- Farmer loan balances should be presented accurately in the financial statements.

- (p) Although Rs.9,251,437 had been deducted from the other stock balance as the Provision for obsolete stocks in the financial statements of the Pelwatta division from the year 2011 when Lanka Sugar Company Limited was handed over to the government to 31 December of the year under review, information regarding that stock was not submitted to the audit. The fixed and current assets in the financial records were taken over in the same way when the company was taken over by the government in the year 2011 and that the action will be taken to adjust and remove these balances from the accounting records. Obsolete stock should be identified precisely by a Board of Survey.
- (q) Although the Nation Building Tax (NBT) amount of Rs.109,138,256 payable on manufactured Sugar related to Pelwatta Division as on 31 December of the year under review included the amount of Nation Building Tax (NBT) of Rs.92,125,804 payable related to the period of 2012-2016, audit did not confirm the accuracy of the tax amounts as the tax reports had not been submitted to the Inland Revenue Department. That the Nation Building Tax (NBT) amount of Rs.109,138,256 which was in the accounting records since 2012 has been removed from the accounting records in the year 2022 after obtaining an approval of the Board of Directors based on a confirmation letter obtained by the Inland Revenue Department. Arrangements should be made to clear the arrears tax amount without delay.
- (r) Although there was a debit balance of Rs.4,176,907 and a credit balance of Rs.4,229,336 in the Services Supply Advance account and a credit balance of Rs.4,768,688 in the Goods Supply Advance account in Pelwatta Division as on 31 December of the year under review, due to problems in the accounting system and other reasons, arrangement had not been made to settle these balances. That the Financial Payments Division has been informed to settle and update the credit balances in the account balance of advance paid to the suppliers in the existing accounting system and that the plan has been made to get the correct balances in the new accounting system to be established in 2023. Arrangements should be made to settle the balance of the Service Supply Advance Account.
- (s) The accuracy of the ledger account balances obtained was not confirmed as the accounting computer software system used in Pelwatta Division was not functioning properly. That the annual license for the accounting software system has not been renewed after 2016 and that the system will be corrected after the new software is received. An updated software system should be used in the Company.

1.6 Non-compliance with laws, rules, regulations and management decisions etc.

Reference to the laws, rules and regulations etc.	Non-Compliance	Management Comments	Recommendation
(a) Order 30 of Part 1 of the Orders published by Extraordinary Gazette No.1533/16 dated 25 January 2008 by the Minister in terms of the powers conferred by Section 23 (a) of the National Environment Act No.47 of 1980	Annual Environmental Permit had not been obtained for Sevanagala factory for Sugar production or Sugar refining.	The legal requirements to obtain the annual environmental permit are currently being completed. Accordingly, the factory and other infrastructure required for the production of bio-fertilizer as a by-product are being met by using the waste from the sugar production as a raw material. In addition, the operation of the Sewage Treatment Plant is currently underway.	Environmental protection systems should be established and environmental permits should be obtained as per the Act.
(b) Establishment Code of the Democratic Socialist Republic of Sri Lanka			
(i) Paragraph 5.1 of Chapter XIX	House rent was not charged for the houses of officers of Pelwatta division and the repair and maintenance expenses of those houses were borne by the company.	As the provision of free quarters has been done since the beginning of the Company and the management agreed to give all the employee privileges during the handover to the government and accordingly, the provision of free quarters has been done until now and at the management meeting, the Company discussed about the charging of rent and it was also decided to obtain the assistance of the Government Valuation Department regarding the amount of rent to be charged.	The officer should bear the house rent and repair expenses of the houses and should recover the fees paid by the company.

- (ii) Paragraph 5.2 of Chapter XIX
- Rs.20 to Rs.85 monthly house rents that has being charged before the Sevanagala Division was taken over by the government were being charged for over 11 years.
- Agree. That the tasks required to carry out the house assessment work in order to calculate the economic maturity of the houses required for the monthly rent revision are currently being carried out.
- The house rent should be revised to suit the present.
- (iii) Paragraph 5.8 of Chapter XIX
- Although the water bills and electricity bills have to be paid by the officer, the company had adopted a method of bearing the cost by the company through charges are collected from the officer only when the water consumption in Sevanagala Division is used more than 60 units and recovering the remaining electricity bill from the salary after giving a Rs.250 concession monthly for electricity consumption. Accordingly, the company had spent Rs.818,872 as electricity charges for the officers' houses in the year under review.
- Agree. That the approval of the Board of Directors has been obtained regarding the concession given to the employees for water and electricity and will proceed accordingly in the future.
- Electricity and water charges should be borne by the officer. The company should proceed to recover the paid amount.
- (c) In Public Enterprises
Circular No. PED/12
dated 02 June 2003
- i. Paragraph 8.2.2
- Although the agreement of the Minister of Finance and the approval of the relevant Minister should be obtained for investing surplus funds in fixed deposits, the agreement and approval for Rs.1,754,403,649 invested in 29 fixed deposits in Sevanagala Division and Rs.1,022,300,216 invested in 11 fixed deposits in Pelwatta Division as of 31 December 2021 had not been obtained.
- Agree.
- The agreement of the Minister of Finance and the approval of the relevant Minister should be obtained for investment in fixed deposits.

ii. Paragraph 8.3.3	Incentives of Rs.327,692,999 had been paid in the Head Office and Sevanagala and Pelwatta Divisions in the year under review without meeting the requirements of the referred paragraph and without an incentive scheme approved by the Treasury and bonuses of Rs.19,946,082 had also been paid in Sevanagala and Head Office.	Sevanagala Division - Agree.	It should be act as per paragraph 8.3.3 of Public Enterprises Circular No.PED/12 dated 02 June 2003.
iii. Paragraph 9.2	The Company Cadre had not been approved by the Treasury.	Sevanagala Division - Agree.	It should be act as per the Circular.
iv. Paragraph 9.3	Since the officers had been recruited without the approval of a recruitment procedure based on the agreement of the Public Enterprises Department, it was not possible to check the accuracy of the salary scales, the number of existing posts, the method of recruitment and promotion during the audit.	Sevanagala Division - Agree. Pelwatta Division - Necessary steps were being taken to prepare a procedure for recruiting employees for the Company. By this time, the personnel evaluation of the Company has been prepared and it has been forwarded to the Department of Management Services through the Ministry after obtaining the approval of the Board of Directors. That after getting the approval for the same, it will be possible to complete the recruitment procedure.	Recruitment procedure should be prepared and approved as per Circular.
(d) Public Enterprises Circular No.PED 1/2015 dated 25 May 2015			
i. Paragraph 3.1 and paragraph 3.2	According to the referred circular, although the approval of the board of directors should be obtained for the officers as per 3.2 of the circular if the fuel is	Sevanagala Division - Agree. That the relevant Circular is in effect from 01 January 2022.	It should be act as per the Circular.

purchased beyond the monthly maximum fuel limit for each post, Rs.667,381 had been paid to buy 5973.77 liters of fuel for 9 officers of Sevanagala Division without obtaining such approval.

- ii. Paragraph 3.8 Although the overtime and other combined allowances paid to the drivers for the personal journeys of the officers owning official vehicles should be borne by the officers who own the official vehicles, the company did not comply with that and Rs.418,500 had been spent during the year under review for the drivers' subsistence allowances, lodging allowances and overtime allowances for the official vehicles of the company used for the personal journeys of the officers of Sevanagala Division. Sevanagala Division - It should be act as per the Circular. Agree.

2. Financial Review

2.1 Financial Results

The financial result for the year under review was a profit of Rs.819,729,092 and correspondingly profit for the last year was Rs.1,171,901,614. Accordingly, a decline of Rs.352,172,522 was observed compared to the previous year. Increasing total expenditure by Rs.3,180,494,927 while increasing total income of the company by Rs.3,297,112,307 compared to the previous year was main reason for this decline.

3. Other audit observations

	Audit Observation	Management Comment	Recommendation
(a)	The necessary actions had not been taken to recover the loan balances of 161 farmers amounting to Rs.10,651,992 due to the fact that the farmers who took loans for sugarcane cultivation from the Sevanagala Division have turned away from sugarcane cultivation and resorted to	Before collecting the loan from the farmers who turned away from sugarcane cultivation, those farmers should be directed back to sugarcane cultivation and the Agriculture Department of the Company is practicing various tactics for that. Generally, it takes	The entire land area should be devoted to sugarcane cultivation.

other unauthorized crops and to return the farmers to sugarcane cultivation. Out of these loans, Rs.5,118,994 remained unpaid for more than 05 years and Rs.1,567,943 remained unpaid for between 03 and 05 years.

between 03-05 years to recover the farm loan. The reason for that is, the sugarcane harvest is harvested once a year and the loan is collected in 03-05 installments.

- (b) The 617 materials and equipment worth Rs.1,741,028 and 60 materials and equipment of unrecognizable value related to 19 vehicles removed from use in Sevanagala Division were kept in the warehouse without being sold at auction or disposed of with appropriate action.
- The factory has been established for over thirty five years. Therefore, there is a situation where it is impossible not to buy these items or write them off from the stock due to the lack of goods available in the market in the sudden purchase of spare parts required for emergency maintenance work even though these items have not been issued for many years.
- Stock controls should be introduced.
- (c) The Pelwatta Division had spent an amount of Rs.120,750,000 for the purchase of a Crane machine worth Rs.128,910,000 in the year 2013 under lease facilities and Rs.2,254,850 for providing electricity. However, this machine which had cost Rs.123,004,850 was unusable and idle from the date of purchase due to non-installation of said machine in the factory as agreed by the supplier.
- A crane project was started in 2013/2014 to insert sugarcane to be supplied to the factory and it collapsed within a period of 03 months after completion of work. After that, although the repair work was done several times, it was not successful. An agreement has been reached with the relevant supplier to restart this project in the year 2023 and the management has informed the supplier to implement the project for 03 months in the Maha Season of this year and submit the performance.
- Action should be taken to identify the responsible parties by an internal investigation and take disciplinary action and track the progress of the investigation in Division of Financial Crimes Investigation and recover that.
- (d) It has continuously being taken bank overdrafts and paying overdraft interest due to the lack of proper management of the working capital by the Pelwatta Division and the overdraft interest was Rs.67,876,432 and Rs.46,006,590 in the previous year and the year under review respectively. The 09 fixed deposits of Rs.893,541,770 belonging to the Pelwatta Division were pledged as
- Bank loans and overdraft facilities had to be obtained every year to maintain the operations of the institution. Here, the bank charges a percentage of 2.5% over the interest rate given for fixed deposits. All these overdraft facilities have been obtained from a state bank i.e. the Bank of Ceylon.
- Proper management of working capital should be done.

collateral for obtaining bank loans and overdraft facilities.

- (e) 03 percent of the 12 percent interest income charged for farm loans was allocated for the welfare of farmers and 01 percent for the welfare of the Company from 2012 based on a management decision by the Pelwatta Division and the welfare account of farmers was Rs.104,595,757 and welfare account of the Company was Rs.34,930,417 according to the financial statement as of the 31 December 2021. Nevertheless, welfare work was not done with the amount allocated in such from the year 2012 to the year 2021. And the approval of the Board of Directors for that allocation of money for welfare work had not been submitted to the audit.
- The Company charged 12% interest for farm loans and the governing authority of the Company in 2012 has informed the finance department to allocate 03% of this interest income for the welfare of farmers and 01% for the welfare of the Company. Accordingly, the relevant allocations have been made in the accounts from 2012 to 31 December 2020 and the above allocation has been suspended with the approval of the director to reduce the interest rate for farm loans to 08% in 2021.
- Necessary authority and approval for allocating and spending company funds for welfare activities should be duly obtained.
- (f) The Electro Magnetic Separator machine imported from India in the year 2018 for the need of the factory in Sevanagala Division for an amount of Rs.11,412,646 had not been installed by 09 May 2023 and the company's engineer had also not issued a certificate that the machine was in suitable condition. Also, the said amount was accounted as purchase advance in the financial statements of the year under review and this asset remained idle without being used even on 09 May 2023.
- The arrival of foreigners to the Company for further work of installing this equipment was delayed due to the Corona Pandemic situation in the world in 2019 and 2020. Therefore, the installation work was also delayed and it is currently being completed.
- The machine should be installed and get in to use.
- (g) The 6422 stock items worth Rs.142,062,708 were kept idle in the warehouse during 05 years as the warehouse items were purchased without properly identifying the requirements.
- The factory has been established for over thirty five years. Therefore, it is reserved for emergency maintenance purposes.
- Actions should be taken to dispose or sell.
- (h) The Sevanagala Division had imported an Evaporator worth Rs.9,564,866 from India in the year 2018 and paid customs fees of
- That the necessary arrangements are being made to contact the concerned parties and recover the customs duty.
- The customs fee should be recovered from the supplier.

Rs.3,924,394. The accessories for that purpose (SS Tube) were sent back due to non-agreement with the specifications and, due to the customs fee of Rs.4,830,446 paid in re-import in the year 2019 was not collected from the supplier, that amount was loss to the Company and the value was also accounted for as Foreign Order Advance due to non-availability of documents related with the Custom fee.

- (i) Although the cost of Rs.44,149,728 of 04 lands of 4.607 hectares in Pelwatta Division of the company was stated in the accounts, the company had not have the right to the land (1.686 hectares) which situated Pelwatta and Head Office which was the cost of Rs.28,050,728.
- All the fixed assets of the Pelwatta Division on 11 November 2011 have been taken over in the same way and analysis of the ownership of the land has not been done at that time. Accordingly, the land where the head office is located has also been included in the accounts. Although the ownership of the land where the Pelwatta Out Farmers Office is located was in the name of Mr. Ariyaseela Wickramanayake who was the owner of the Company at that time, the payment for that land was made from the money of the Company. Therefore, the necessary documents have been sent to the relevant institutions for acquire the right to this land to the Company.
- The ownership of the lands enjoyed by the company should be taken over and accounted.