

Coconut Development Authority



Annual Report 2015

Coconut Development Authority

Vision

“Coconut Industry to be the highest contributor to G.D.P. from Tree Crop Sector and Global Leader in Product - Market Diversification.”

Mission

To facilitate the Coconut Industry towards long term commercial viability, sustainability and higher contribution to the national economy, by ensuring the availability of coconuts and coconut products for domestic consumption and for industry.

Introduction

Authority known as “Coconut Development Authority (hereinafter referred to as the “Authority”) shall be established under Coconut Development Act No.46 of 1971 for development of coconut industry. Accordingly the main statutory institution established in terms of Section 24 Part III of the Act is the Coconut Development Authority.

As per section 30(1) functions of the Coconut Development Authority shall be,

- (a) To assist the Minister in the formulation of policy and in the determination of development priorities in respect of the coconut industry and the economic utilization of land for coconut plantations;
- (b) To formulate or assist in the formulation of projects and schemes in accordance with the development priorities so determined;
- (c) To implement or assist in the implementation of the projects and schemes so formulated;
- (d) To co-ordinate the activities of the Boards established by the Minister under this Act;
- (e) To approve the annual budget of the Boards and to provide them with funds;
- (f) To advise and assist the Boards in the formulation, implementation and maintenance of proper management accounting systems;
- (g) To evaluate the progress of the Boards in relation to the policy and development priorities determined by the Minister;
- (h) To assist financially and in any other way any person or body of persons (whether corporate or not) engaged in scientific research in respect of any aspect of the coconut industry and its products, or the utilization of land for coconut plantations, and to co-ordinate such research activities;
- (i) To enter into co-operation, with the consent of the Minister, with international organizations having allied interests and functions;
- (j) To advise the Minister on all matters relating to or affecting the coconut industry;
- (k) To take all such measures which, in the opinion of the Authority, are necessary for the development and revitalization of the coconut industry.

As per Section 31 of the Act, powers of the Authority shall be,

- (1) The Authority shall have the power to do all such acts and take all such steps as may be necessary for, or conducive or incidental to the performance of its functions.
- (2) Without prejudice to the generality of the power conferred by subsection (1), the Authority shall have all the powers provided for in section 22 (2) in like manner as the Board.
- (3) Where the Minister considers it desirable, he may, by Order published in the Gazette, assign to the Authority any one or more, or any part of the special powers provided for in section 23 in like manner as the Board.

Approximately Rs. 76 Billion has been earned as foreign exchange by Sri Lanka in 2015 from the coconut industrial sector and thereby, coconut and coconut based industries massively contribute to the Gross Domestic Products of the country annually.

In addition to the performance of the functions with the intention of assisting the Ministry in the identification and designing of the principal policies pertaining to the development of the coconut industry, the Coconut Development Authority is comprised of 5 functional Divisions such as Processing Development, Quality Control and Quality Assurance, Marketing Development and Research, Finance and Administration for the execution of the operational role required for developing and monitoring the processing and marketing sectors of the coconut Industry and a Director functions in charge of each Division of the Authority. The Engineering Division and the Internal Audit Division provide their assistance to the aforesaid Divisions for the performance of these functions.

The Chairman of the Authority functions as the Chief Executive Officer and the operation of the activities and functions of the Authority, monitoring and the implementation of the Policies and Programmes designed by the Board of Directors are performed by the Directors in charge of the Processing Development, Quality Control and Quality Assurance, Marketing Development and Research, Finance and Administration Divisions through the Director General of the Authority. The Approved Cadre of the Authority is 258 while the number of employees served in the Authority in the Year 2015 was 178 and 26 out of the total employees were officers in the Management category.

Review of the Chairman - 2015

The coconut tree in Sri Lanka has a long history and the extent of coconut cultivation is around 394,836 hectares of which 56% are spreading in Kurunegala, Puttalam and Gampaha districts, which belonged to the Coconut Triangle. The majority of coconut and coconut-based industries are centred in these areas. The impact of coconut on the social and economic life of the people is enormous and the coconut and coconut based productions are used for various purposes. The annual production of fresh coconut in the region is 2500-2900 million nuts of which 65% are required for local consumption. Another 15%-20% are utilized for local coconut oil industry while the balance are used for coconut kernel based export oriented products such as desiccated coconut, copra, coconut milk, powered coconut milk, coconut cream and fresh nuts.

In 2015 Sri Lanka has earned nearly Rs. 76 billion rupees in foreign exchange and it is highest recorded income hitherto earned by this country. Its contribution to the Gross Domestic Production (GPD) is nearly 1.1%. The coconut and coconut based industries have provided a large number of direct and indirect employments.

Coconut plays a major role in the daily diet of the people. It provides 15% of the calorie requirement 5% of protein requirement and 70% of the fat requirement. At present nearly 150 coconuts and coconut based products are being produced locally of which nearly 35 are exported annually to 125 countries throughout the world.

Coconut yield in Sri Lanka in 2015 is 3055 million nuts. Even within that situation our country has been able to earn an export income of Rs. 76 billion in 2015, an increase by 3% in comparison with the previous year whereby recording a notable achievement for the country.

Through minimization of wastage in the household consumption of coconut, the Coconut Development Authority has put in place an island wide programme to uplift the coconut related industry by utilizing the remaining fresh nuts in kernel based industries including desiccated coconut industry and by utilizing coconut shell and coconut husk in suitable industries in a productive manner. Furthermore, preliminary work is in progress to achieve an increase in the export of coconut based products in future under suitable trade names preserving the identity of our products, whereby it would be possible for Sri Lanka to offer quality coconut products to the export market further preserving the reputation of the country. The Coconut Development Authority is striving to gain access to new foreign market through diversification of exports by participating in international trade fairs and entering into overseas trade agreements. The main objective of the Authority is to double the export income to be earned from the coconut industry within a few years. I would like to pay my tribute to Hon. Navin Dissanayake, Minister of Plantation Industries who always guides me, to the Hon. Deputy Minister Lakshman Wasantha Perera to the Ministry Staff including the Secretary Mr. Upali Marasinghe, to the industrialists

who are engaged in manufacturing coconut related products. I am also thankful to the Director General of the Coconut Development Authority and the staff including the Board of Directors.

Our objective is to further increase the contribution to the national economy from coconut industry among other plantation industries in the next year by helping the coconut industrialists and further boosting foreign market oriented coconut and coconut based industries.



Udaya Rupasinghe
Chairman
Coconut Development Authority

Review of the Director General - 2015

When considered the frequent consumption of coconut and its enormous usefulness associated with the rural way of life, the coconut tree has in fact been a “Kap Ruka” which means the tree that gives everything one thinks required. At present, the consumption of coconut has close relationship with the pattern of life of the entire Sri Lanka.

The coconut and coconut based products has enormous market value with potential for earning foreign exchange going far beyond the house-hold consumption. Accordingly, the coconut tree has acquired an exclusive position among industrialists. By now, many countries in the world are used to consume coconut and have been part and parcel of their daily diet.

In 2015, the export income of coconut kernel based productions amounted to Rs. 41 billion which represented 13% increase over the previous year. In comparison with the year 2014 117% increase is shown in the export of virgin coconut oil in 2015. However, a decrease is shown in the export of coconut coir productions compared to that of the previous year. The objective of the Coconut Development Authority is to earn more foreign exchange by encouraging exporters to export value added coir based finished products.

In addition technological training and awareness training programmes were conducted targeting export oriented industrialists with the objective of streamlining and upgrading of exporting. Furthermore, exporters were given opportunity to participate in the foreign trade fairs during this year too. It is to be noted that an increase has been recorded over 2014 in the export of king coconut due to identification of new buyers.

Meanwhile publicity programmes were conducted through electric media on the minimization of waste in the household consumption of coconut. According it was possible to earn foreign exchange by exporting coconut water in the form of energy-generating beverage.

I would like to remind with gratitude the guidance provided by Hon. Minister Navin Dissanayake and the Secretary towards the achievement of success of activities of the Coconut Development Authority during this year too as in the previous years. I thoroughly believe that we would have the required courage and strength for further developing the local coconut industry in Sri Lanka while gaining further access to the international market in future.



R.A.D.S. Ranatunga
Director General
Coconut Development Authority

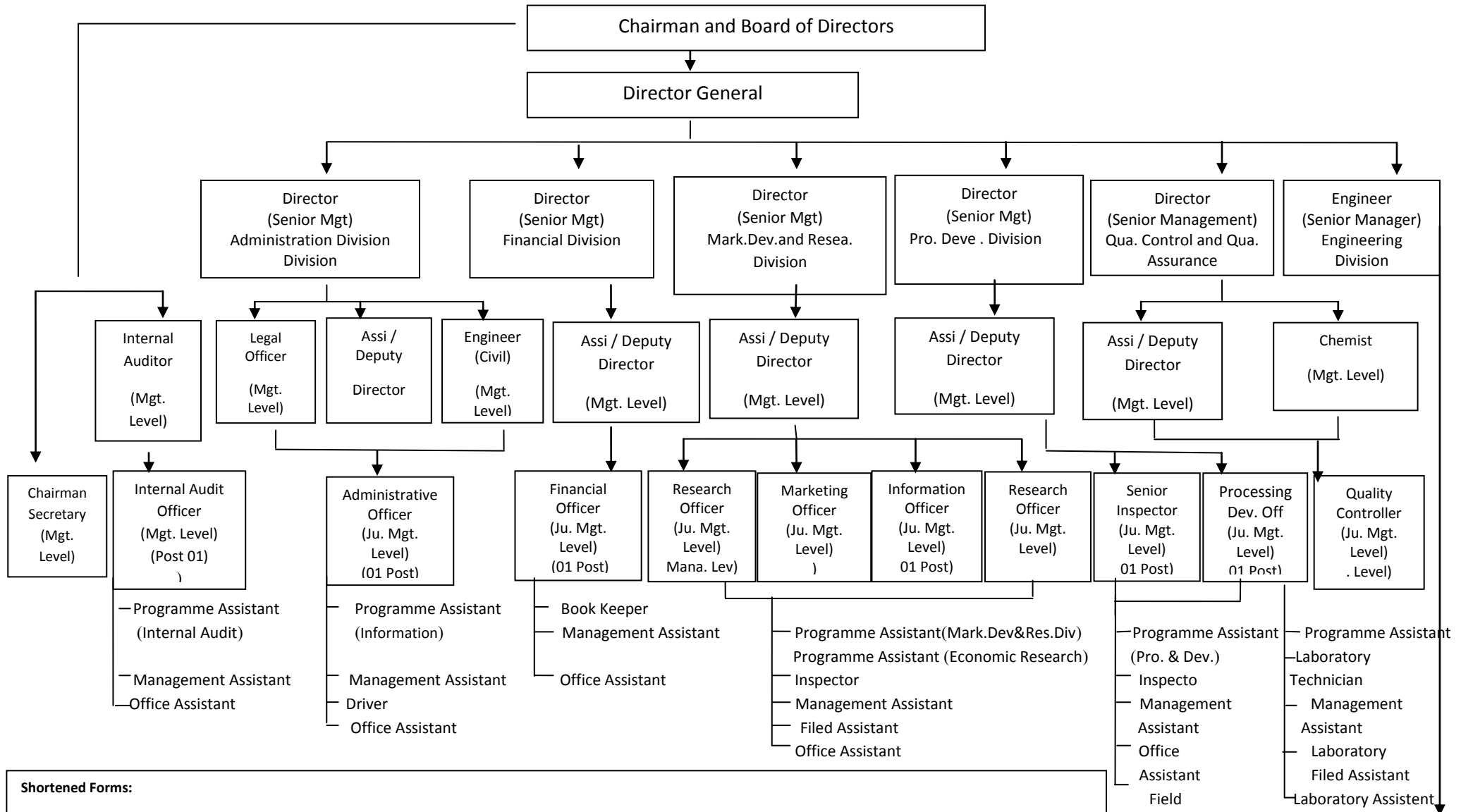
Members of the Board of Directors from January to December 2015

1. Mr.D.M.T.B.Dissanayake (upto 07.10.2015)
2. Mr.A.S.M.Ismath (upto 07.10.2015)
3. Mr.D Duminda Vidyaratne (upto 07.10.2015)
4. Ms.W.M.Y.I.Ivon Fernando
5. Mr.N.S.Wanasinghe (Representative of the Ministry)
6. Mr.R.M.D.K.Namal Bandara (Representative of the General Treasury)
7. Mr.B.M.R.Bandara (upto 07.10.2015)
8. Mr.Sarath Rathnayake (upto 07.10.2015)
9. Mr.G.Sooriyapperuma (upto 03.12.2015)
10. Mr.R.B.Attanayake (upto 03.12.2015)
11. Mr.H.G.S.C.Jayarathne (upto 03.12.2015)
12. Mr.F.Dewasarwatham (upto 03.12.2015)

The Chairman and Head Of divisions

1. Mr.J.T.S.P.Kariyawasam - Chairman
Mr.H.K.U.K.Rupasinghe (from23.10.2015)
2. Mr.M.P.N.M.Wickramasinghe - Director General
(upto 09.03.2015)
Mr.U.G.R.Ariyaratne
(From 12.03.2015 to 02.09.2015)
Mr.R.A.D.S.Ranatunga
(Acting from 29.10.2015)
3. Mr.A.T.Ranasinghe - Engineer
4. Mrs.S.S.Purasinghe - Directress (Quality Control & Quality Assurance)
5. Mr.A.S.Balasooriya - Director (Marketing Development & Research)
(Upto 22.02.2015)
Mr.H.V.P.Wijewardena
From 23.02.2015 to 07.10.2015
H.M.Wasula Herath
From 07.10.2015 (Acting)
6. Mr.H.V.P.Wijewardena - Director (Processing Development)
7. Mrs.S.S.Rajakaruna - Director (Administration)
8. Mrs.M.P.Sandya Kanthi - Director (Finance)
9. Mr.W.M.T.S.Weerasooriya - Internal Auditor

The Organizational Chart as at 31.12.2014



Shortened Forms:

- | | | |
|--|--|--|
| 1. Senior. Mgt – Senior Management Level | 5. Admin Off – Administrative Officer | 9. Ju. Mgt. Level – Junior Management Level |
| 2. Assi / Deputy Director – Assistant Director / Deputy Director | 6. Econ. Rese. Off – Research Officer on Economics | 10. Mark. Dev & Rese. – Marketing |
| 3. Mgt. Level – Management Level | 7. Pro. Deve. Officer – Processing Development Officer | 11. Qua. Con & Qua Assu. – Quality Controlling and Quality Assurance |
| 4. Int. Audit Off - Internal Audit Officer | 8. Qua. Control Off – Quality Controlling Officer | |

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01. Processing Development Division

Provision of technical and financial assistance required for the registration and development/modernization of the coconut based industries, issuance of quality certification for the exportation of coconut products, assisting in the development of coconut based industries in the areas extraneous to the coconut triangle as per the existing potential in such areas, introduction of environment friendly technological methodologies for processing value added products for export purposes and making arrangements to publicize such methodologies, introduction and publicizing of improved technological methodologies, providing technology and provisions required for the commencement of novel industries and the development of the existing industries through credit facilities offered by public banks, introduction of quality certification methodologies for manufacturing coconut products with the maintenance of the standards to meet the requirements of the competitive export markets encouraging industrialists/new entrepreneurs to undertake value added productions imposing service charges in the export of coconuts, provision of facilities to obtain data and information on the coconut products required by the industrialists, exporters and the stakeholders via the internet and providing the same facility for down loading applications for registration.

The functions executed according to the Action Plan for the year 2015 have been mentioned below.

- 1.1 Registration and supervision of the Processing Units.
- 1.2 Issuance of microbiological and physical quality assurance certificates.
- 1.3 Implementation of “Kapruka Nipayum Diriya” concessionary bank loan scheme.
- 1.4 Collection of coconut shells and using them in industries.
- 1.5 Identification of areas where coconut related raw materials are abundantly found and provision of technical training and assistance required for the initiation of cottage industries.
- 1.6 Manufacturing quality products, updating the standards and modernization of manufacturing institutions for certification (HACCP, ISO 22000 and GMP) for confronting the competition exerted by the international markets.
- 1.7 Provision of facilities for reimbursing the provisions of the Desiccated Coconut Mills Development Fund for the developmental activities.
- 1.8 Imposing service charges in the export of coconut.
- 1.9 Providing services to stakeholders through internet.

1.1 Registration and Supervision of the Processing Units

646 Manufacturing Factories of Desiccated Coconut, Coconut Milk, Powdered Coconut Milk, Coconut Oil, Copra, Virgin Coconut Oil, Coconut Milk, Coconut Cream, Coconut water related products, Coir Fibre and Finished Products related to Coir Fibre, Coconut Shell Charcoal, Active Carbon and Coconut Shell related Ornamental Handicrafts have been registered in the Authority for the year 2015.

Where as 1006 applications were received for registration of industries, they had to be kept in waiting list due to non issuing of registration documents.

Product	No. Registered in the year 2014	No. registered in the year 2015
Desiccated Coconut	47	13
Partially defatted desiccated coconut	1	-
Coconut Oil	72	84
Copra	14	13
Virgin Coconut Oil	29	91
Coconut Milk	10	10
Coconut Cream		11
Coconut Water/Juice related products	3	10
Vinegar	-	01
Highly cooled scraped coconut	-	01
Frigid scraped coconut	-	01
Coconut Syrup	-	01
Products related to coir fibre	170	158
Coir fibre based finished Products	78	92
Coir fibre substrata products	-	118
Coconut shell charcoal	26	30
Active Carbon	5	08
Coconut shell based ornamental handicrafts	10	05
Total	465	646

Table 1- Production Institutes registered in 2014 and 2015

Due to the inability to issue HACCP Standard Certificates 34 institutes producing desiccated coconuts had to be kept in the waiting list.

During the year under review 41,795 desiccated coconuts had been produced with the contribution of 50 desiccated coconut mill owners. Processing Development Division is responsible for supervision of these factories through sample testing for analization of micro biological and physical properties of production.

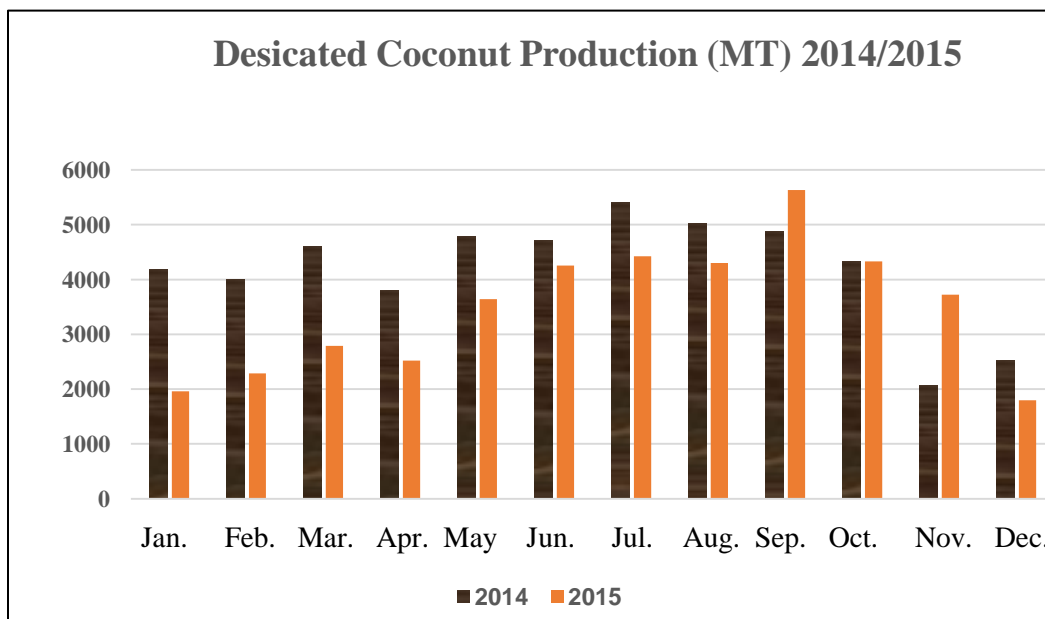


Chart No 01-Desiccated Coconut Production(MT) 2014/2015

Number of field visits pertaining to the registration, supervision and following up activates related to the factories manufacturing Desiccated Coconut, Coconut Oil, Virgin Coconut Oil, Coconut Milk, Coconut Cream, Coconut water related products, Coir Fibre and Coir Fibre related Finished Products, coconut shell charcoal, active carbon and coconut shells and frequency of collecting specimens and inspection tours in relation to the provision of bank credit facilities made during the year 2015 are as follows;

Production	Frequency of Supervisions
1. Desccated coconut	8,682
2. Kernel based productions except Desiccated coconut	4,566
3. Coconut water based productions	2,128
4. Active carbon productions	1,578
5. Coir fibre substrata products	23,427
6. Coir based production	1,212
	<u>41,593</u>

Number of field visits conducted in 2014 on the above subject are 14,333.

1.2 Issuing the Microbiological and Physical Quality Assurance Certificates.

- **Issuing Quality Assurance Certificates for Desiccated Coconuts.**

The Quality Assurance Certificates are issued on the results released subsequent to the testing of samples collected from the daily production of the desiccated coconut factories by the inspectors of the Authority.

10,223 daily samples/specimens and Microbiological, Physical and special specimens had been collected from 41,795 Metric Tons of Desiccated Coconuts manufactured in the year under review. 1268 Quality Assurance Certificates of Salmonella, Physical, Aflatoxins & Sulphur Dioxide had been issued for exporting of Desiccated Coconuts.

- **Issuing Analytical Certificates/Reports**

As per the requests made by the buyers, Certificates/Reports were issued based on the results obtained from the laboratory analysis of Partially Defatted Desiccated Coconuts (PDDC), Special specimens of Desiccated Coconuts, Coconut Oil, Copra, Virgin Coconut Oil, Coconut Milk, Poonac products related Coir Fibre and Coir Fibre Pith, Water, Heavy Metals, Tests for Total bacterial Count in Desiccated Coconuts. 883 of Analytical Certificates/Reports were issued in the year. A detailed report has been given below.

Serial No.	Items Tested	No. of Analytical Certificates/Reports issued in the Year 2014	No. of Analytical Certificates/Reports issued in the Year 2015
1	Partially Defatted Desiccated Coconuts	88	105
2	Special specimens of desiccated coconuts	112	35
3	Coconut Oil	54	112
4	Copra	4	3
5	Virgin Coconut Oil	26	46
6	Coconut Milk	8	11
7	Poonac	4	10
8	Products based on Coir Fibre and Coir Fibre Pith	145	120
9	Curry Coconut	1	-
10	Waste Water	16	-
11	Drinking Water	5	-
12	Heavy Metals	97	49
13	Total bacterial counts for desiccated coconuts	424	392
	Total	984	883

Table No.2 - No. of analytical certificates issued in 2014 & 2015

1.3 Implementation of the concessionary bank loan scheme, “Kapruka Nipaum Diriya Sahana”

Concessionary loan scheme jointly implemented by Coconut Development Authority and People’s Bank/Regional Development Bank for development/modernization of coconut and coconut based industries and for opening new industries has been continued. The details of which are as follows;

1. Number of loan applications received
by the People’s Bank - 44
2. Amount of loan issued by
the People’s Bank - 40 (Total loan amount Rs.26.85 Mn.)
3. Number of application received by
the Regional Development Bank - 12
4. Amount of loan issued by the
Regional Development Bank - 07 (Total loan amount Rs.8.663 Mn.)
5. Number of Industrialists to whom
Interest were made available by
the Authority - 117 (Total amount of Interest Rs.5.332 Mn.)

1.4 Collection of Coconut Shell and using them in Industries

Cottage/Self employments are generated through conduct of industries based on the collection/marketing of coconut shells with the objective of using them in the industry by identification of coconut based raw-material which are wasted without being utilized. Accordingly 3.681,220 kg of coconut shells were collected at 11 collecting centres.

In addition, awareness programmes were conducted in Galagedara, Nawalapitiya, Hanguranketa and Hataraliadda areas in the Central Province on collecting coconut shells and coconut husk.

1.5 Provision of the technical training and assistance required for initiation of cottage industries for uplifting the rural economy by introducing areas where coconut based raw materials are found abundantly.

(a) Training Programmes

As less attention has been paid to the Central Province in providing technical support by the Authority, the following training programmes were conducted to provide technical knowledge on coconut and coconut based industries for the benefit of rural and estate sector people in the Kandy district.

Serial No.	Training Programme	Date	Area where the training was held	Number of Participants
01	Production of Thavashi Brushes	26/04/2015	Sarasavigama Hindagala	50
		09/05/2015	Jambugahapitiya	44
		16/05/2015	Amptiya- Meddegama	55
		30/05/2015	Haragama	55
		13/06/2015	Bowalawatta	18
		21/06/2015	Katugastota – Ambatenna	26
		04/07/2015	Buwelikala	45
		18/07/2015	Ampitiya – Dambawela	30
		08/08/2015	Lewella-Aruppola	24
		06/09/2015	Hataraliyadda- Aluthgama	32
		13/09/2015	Kadugannawa	30
		17/09/2015	Aluthgama- Harispattuwa	31
		25/09/2015	Halloluwa	50
		26/09/2015	Aluthgama- Doragamuwa	38
		27/09/2015	Deiyannewela	53
		29/09/2015	Tennekumbura	41
		30/09/2015	Sirimalwatte- Gunnepana	46
		02/10/2015	Nawalapitiya- Halagama	42
		04/10/2015	Udatenna-Kandy	36
		16/10/2015	Pahala Tennekumbura	34
29/12/2015	Meegamawatte	37		
	Production of Ekel brooms & brooms	From 07/12/2015 to 12	Rehabilitation Centre Senapura Welikanda	150
Total				930

Table 3 – Training Programme 2015

(b) Distribution of Equipment Sets

Arrangements have been made to provide equipment/instruments to trainees who have successfully completed the training to continue the related industry.

Serial No.	Name of the equipment set	Area	Nos. Provided
1	Thavashi Twisting Equipment Timor Coir cutter Wire cutter Coir brushing combs	Sarasavigama	50 01 01 01 10
	Thavashi Twisting Equipment Timor	Ampitiya	43 01
	Thavashi Twisting Equipment	Jambugahapitiya	15
	Thavashi Twisting Equipment	Katugastota- Ambatenna	15
	Thavashi Twisting Equipment	Buwelikala	14
	Thavashi Twisting Equipment	Ampitiya- Dambawela	12
	Thavashi Twisting Equipment	Lewella- Aruppola	07
	Thavashi Twisting Equipment	Hataraliyadda – Aluthgama	33
	Thavashi Twisting Equipment	Kadugannawa	28
	Thavashi Twisting Equipment	Aluthgama – Harispattuwa	22
	Thavashi Twisting Equipment	Halloluwa	33
	Thavashi Twisting Equipment	Aluthgama – Doragamuwa	34
	Thavashi Twisting Equipment	Deiyannewela	31
	Thavashi Twisting Equipment	Tennekumbura	36

Total 405

Table No.4 – Distribution of equipment 2015

(c) Awareness Programme

Date	Programme	Location	No. of participants
30/06/2015	Workshop on the production of quality coconut oil	Hector Kobbekaduwa Agrarian Research & Training Institute	27
16/07/2015	Production of quality coconut oil through paring oil	Coconut Development Authority	19
08/08/2015	Production of quality coconut oil	Divisional Secretariat Kadawathsatara-Galle	28
04/09/2015	Production of quality coconut oil	Bravo Auditorium Kurunegala	28
29/10/2015	Production of quality coconut oil	Auditorium, Pradeshiya Sabha, Gampaha	29
12/11/2015	Production of quality coconut oil	Chilaw	26
30/11/2015	Programme on purification of virgin coconut oil and	Gampaha	65
13/12/2015	Programme on purification of virgin coconut oil and		33
Total			255

Table No.5 – Awareness 2015

1.6 Manufacturing of quality products, updating of standards and modernization of manufacturing institutions for certification (HACCP, ISO 22000 and GMP) for confronting the competition exists at International Markets.

Arrangements were made to introduce HACCP, ISO 22000 Certification for the desiccated coconut mills. Accordingly 21 desiccated coconut industrialists were awarded with HACCP certification while another 13 with ISO 22000. Action has been taken to pay Rs.3.930 Mn. to the Sri Lanka Standard Institution for implementing GMP methodology for 62 coir fibre pith manufacturers. The SLSI was paid Rs. 3,891/- to implement GMP methodology in respect of 62 coir fibre substrata manufactures.

1.7 Facilitation for the reimbursement of the provisions of the Desiccated Mill Development Fund for development activities

It is possible to reimburse money from the Development Fund of the Desiccated Coconut Mills for development/modernization activities of the desiccated coconut factories. As HACCP/ISO 22000 certification has been made compulsory for this industry from this year, money has been reimbursed for recommended activities under this Methodology. Accordingly Rs.4.299 Mn. were reimbursed to 6 desiccated coconut mills.

1.8 Imposing service charges in the export of fresh coconut.

As currently available fresh coconuts are not sufficient for local consumption and for use in production industries. Therefore the Coconut Development Authority is paying its attention on how to streamline and minimize the export of fresh coconut. Accordingly action has been taken to impose a service charge, the total earning of which amounted to Rs.153,920 Mn.

1.9 Providing services to stake holders through internet facility

Inspectors/Field Assistants are responsible for enter entering daily production data of dedicated coconut, coconut milk, vergin coconut oil, coir fibre substrata and active carbon in the data base using internet facilities and data systems. Following analization of those data, plans are prepared for industrial development.

Results available through laboratory testing based on samples obtained from desiccated coconut production will be made available to identified parties through internet.

Facilities are available for industrialists to apply for registration through internet.

All activities of the Processing Development Division are to be undertaken through maintaining files via Internet.

2. Quality Control and Quality Assurance Division

The main responsibility of the Quality Control and Quality Assurance Division is to certify the quality of stocks which are scheduled to be exported through the implementation of Programmes pertaining to Quality Control, provision of testing facilities as per the requirements of different applicants, issuance of certificates subsequent to testing the Coconut based products at the point of forwarding them to the local markets and provision of consultancy services for the maintenance of high quality coconut based products.

The Functions of the Division;

- **Testing of Desiccated Coconut Products which are scheduled for Exportation and Certification of Their Quality.**

The Desiccated Coconut industry which is the prominent Coconut kernel based product industry of the Coconut manufacturing field is mainly subjected to a proper quality controlling procedure and the all the daily production of Desiccated Coconut is tested daily at the Quality Control and Quality Assurance Division. These tests are very helpful for the issuance of the Quality Assurance Certificates pertaining to the products which are to be exported.

- **Conducting of the Laboratory Testing Services as a service rendered for the Coconut based Manufacturers, Exporters and Consumers under a Concessionary Charging System.**

The Quality Control and Quality Assurance Division is equipped with the facilities for conducting the Microbiological and Physico Chemical Tests as stipulated in the Standards for the Coconut based Products issued by the Sri Lanka Standards Institution and the accelerated testing services are carried out by the Division at a concessionary charging system for the benefit of the Entrepreneurs engaged in the Coconut Industry.

- **Conducting of Microbiological and Physico-chemical testing with the objective of Enhancing the Manufacturing Process of the Desiccated Coconut.**

In addition to tests conducted at the Laboratory of the Authority, Microbiological and Chemical tests are carried out by the Mobile Laboratory Services of the Authority in order to improve the manufacturing process of coconut and to maintain higher quality products.

In addition to that:

- Provision of technical assistance to the factories where Coconut Products are manufactured and inspection of factories and provision of the contribution in the form of consultation.
- Performance of functions for obtaining accreditation in relation to the ISO 17025 Quality Assurance Certification for Chemical and Microbiological Laboratories of the Quality Control and Quality Assurance Division.
- Conducting Swab Tests in factories which manufacture desiccated coconut products in instances where Microbiological contaminations are reported and the provision of consultation by conducting laboratory tests.
- Examination of the hygienic condition of Coconut Oil manufacturing mills with the objective of maintaining and uplifting the Coconut Oil Industry in a hygienic condition and to test whether copra, the raw material used in the manufacture of Coconut Oil, Coconut Oil, the product and poonac, its by product are in conformity with the Sri Lanka standards.
- While testing the quality of coconut oil products available in the local Market, provision of services for preventing the consumers from consuming adulterated coconut oil by providing the details on the Coconut Oil Dealers who adulterate Coconut Oil to the Consumer Affairs Authority dealing with Consumer Affairs and to the Food Controlling Unit of the Ministry of Health which is the Controlling Authority in relation to food items in collaboration with the said Institution.
- Conducting tests on products as investigations conducted over local and foreign complaints that are lodged in relation to coconut based products.
- Participating in Programmes and Exhibitions conducted with a view to providing awareness on the significance of Coconut based products.
- Continuation of testing services for other food products.
- Conducting functions in relation to water analysis.
- Updating the currently existing Standards of Sri Lanka and implementation of Programmes in collaboration with Sri Lanka Standards Institution with the objective of preparing standards for coconut based products which have not yet been standardized.
- Conducting training programmes for the Staff employed in laboratories maintained at the factories which manufacture coconut based products.

Accordingly, Quality Control and Quality Assurance Division of the Coconut Development Authority has manufactured quality coconut products and tested the coconut products anticipating a growth in local and foreign markets. Functions are being conducted for obtaining the ISO 17025 Accreditation for laboratories in order to provide this service in a much standardized way. All these functions are performed according to the Annual Action plan and the annual progress for the year 2015 has been mentioned below.

Q1. Certification of the Quality of the Coconut Products which are for Exportation and for Local Consumption.

A) Conducting Pre-Export Microbiological Analysis and Certification of Coconut Products.

Desiccated Coconuts mainly undergo tests which are specified for coconut kernel based products. Salmonella Tests are conducted for daily output of desiccated coconuts at the Manufacturing Factories in the Microbiological Laboratory of the Quality Control and Quality Assurance Division. Accordingly, all the export oriented Desiccated Coconut Products are subjected to testing at the laboratories.

A target of 9250 specimens obtained from the daily production of Desiccated Coconut was set in the year 2015. 9597 specimens were tested for Salmonella Contamination and 104% progress has been achieved pertaining to these tests in the year 2015. Testing of desiccated coconut product specimens mainly depends on production volume.

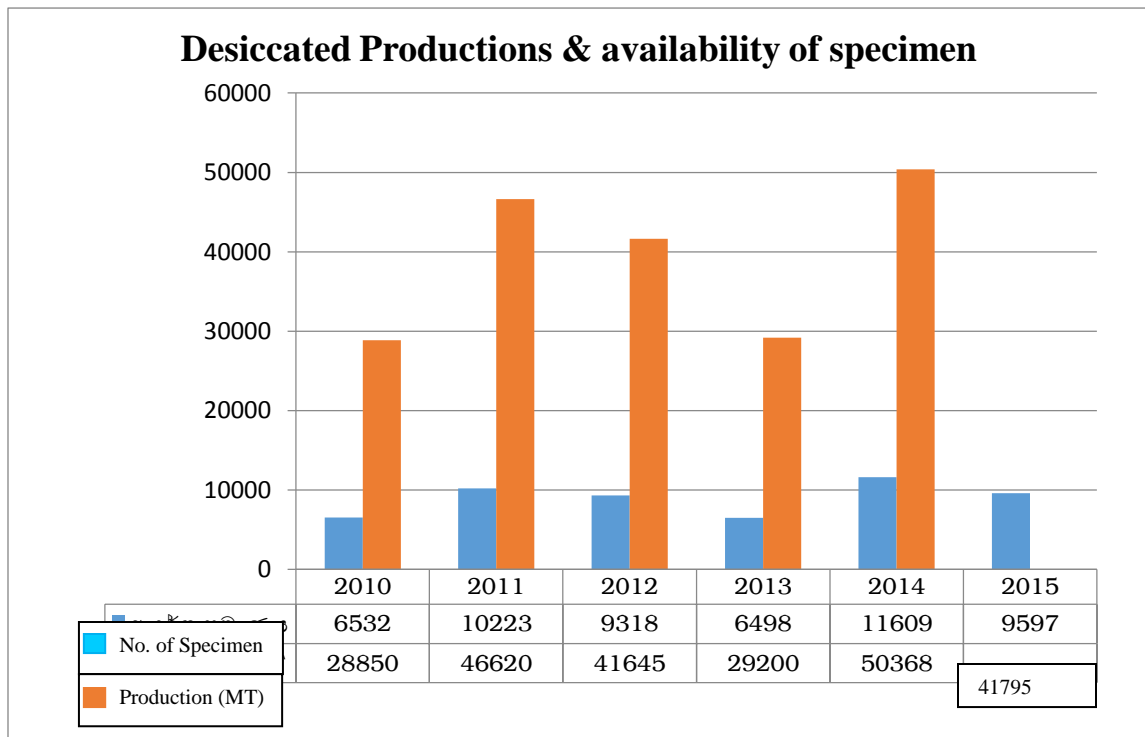
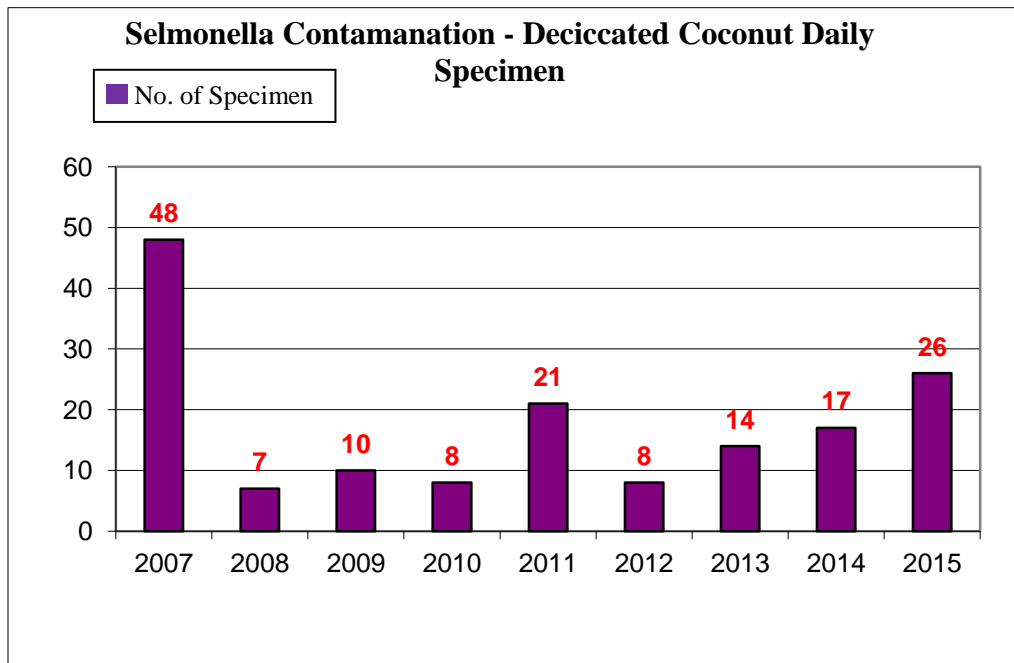


Chart No 02-Desiccated Production & availability of specimen

Salmonella Contaminations were reported in 17 specimens tested in the year 2014 from among the specimens obtained from Desiccated Coconut Products. As a percentage it is 0.15%. In 2014 26 contaminations were reported and the contaminated percentage was

0.27% out of the specimens tested. Accordingly, a minute increase in the salmonella contamination was observed (0.12%)



Year	2007	2008	2009	2010	2011	2012	2013	2014	2015
Contamination	0.50%	0.10%	0.12%	0.12%	0.2%	0.08%	0.14%	0.15%	0.27%

Chart No 03-selmonella Contamanation-Deciccated Coconut Daily specimen

Coir Fibre Pith products takes the priority among the Non-kernel Products in the pre-export analysis of micro-organisms. 840 specimens were tested in the year 2014 while 596 specimens were tested in the year 2015. 716 tests had been carried out for the 596 specimens. Testing of these specimens is done at the request of applicants. In 2014 progress of 840 specimens had been reported exceeding the annual targets of 800 specimens set for the year 2014. Accordingly a target of 700 specimens were set for 2015. However a number of specimens comparatively less than the annual target of coir fibre pith based products have been subjected for testing in 2015 with progress having reported as 85%. Salmonella & E-Coli test were performed for these specimens. Out of the specimens tested 2.5% of Salmonella contamination had been reported and the limits for standards specified for Bacteria, E-Coli have not been exceeded in any of the specimens.

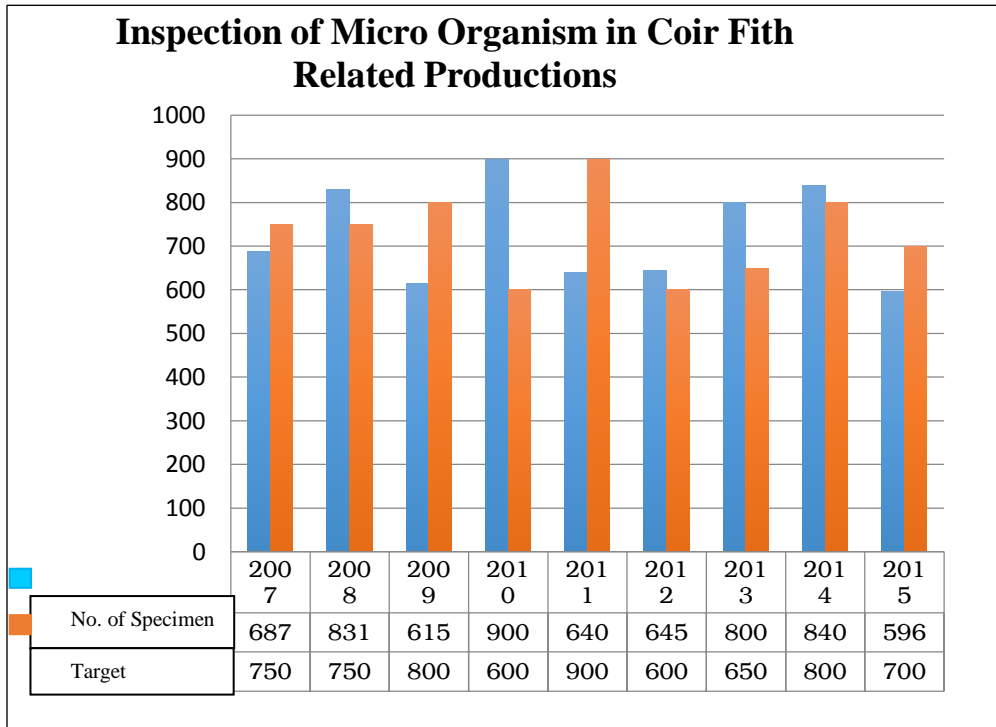


Chart No 04-Inspection of Micro Organism in Coir fith related production

B. Conducting Pre-Export Physic Chemical Tests and Certification of Desiccated Coconut Products.

As Physical and Sensitive Tests,

Tests for Colour, No. of Particles, Moisture, Taste, Smell, Extraneous Substances, Parings and oiliness of Desiccated Coconuts had been carried out as major tests. Accordingly, 11706 and 9643 specimens had been tested in the years 2014 and 2015 respectively. The total number of tests carried out for the 9643 specimens was 77144. However, the progress in relation to the target set in the year 2015 was 104%. Desiccated coconut production has been decreased in relation to the year 2014. Therefore less number of specimens was targeted.

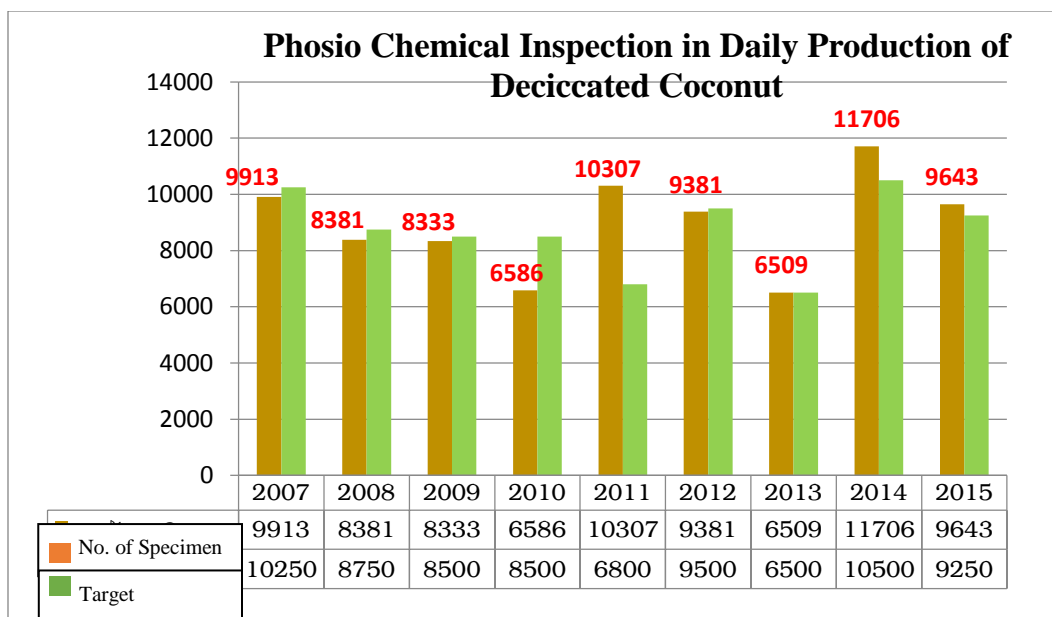


Chart No 05-Phosio Chemical Inspection in daily production of deciccated coconut

733 specimens (6.27%) out of 11706 Desiccated Coconut specimens tested during the year 2014 found to have some defects in their physical characters and further, 372 specimens (3.6%) out of 9643 specimens tested during the year 2015 found to have such defects. Accordingly, non-conformity with standards specified for physical characters has decreased in the year 2015. Likely, it has been depicted that 41%, the highest percentage that has not been in conformity with the standards for colour. The other defects are as follows.

Parameter	Specimens not in Conformity with	
	Number	percentage %
Grading	70	19
Colour	152	41
Rancidity	25	07
Moisture	55	15
Charred Pieces	129	35
Roasted Smell	114	31
Smoky Smell	81	22
Extraneous Substances	15	04
Parings	09	2.4
Oil Separation	20	5.4
Unpleasant smell	33	9.0
Oiliness	20	5.4

Table No 06- Desiccated Coconut specimens tested

(Certain specimens are not in conformity with the Standards in several parameters. Therefore percentage calculation has exceeded 100%)

Q2.Maintenance of Testing Services for Coconut Based Products.

The Quality Control and Quality Assurance Division maintains the service of analyzing different Coconut Products of local Manufacturers. Microbiological, Chemical, Physical and Sensitive tests are carried out under the service. The service is rendered at a reasonable price and reports are issued subsequent to conducting tests as per the parameters required by the applicants. The service of testing coconut related products is provided to any category engaged in coconut industry such as coconut based manufacturers, the consumers, small, medium and large scale merchants and exporters.

The testing services are conducted for various coconut products such as partially defatted desiccated coconut, Copra, Coconut Fibre, Coconut oil, Poonac, Coconut Fibre Pith and related products and coconut milk and other products based on coconut milk in compliance with the Sri Lanka Standards. The Quality Control Division is equipped with sophisticated laboratory equipment required for this purpose and the Division issues expeditious results.

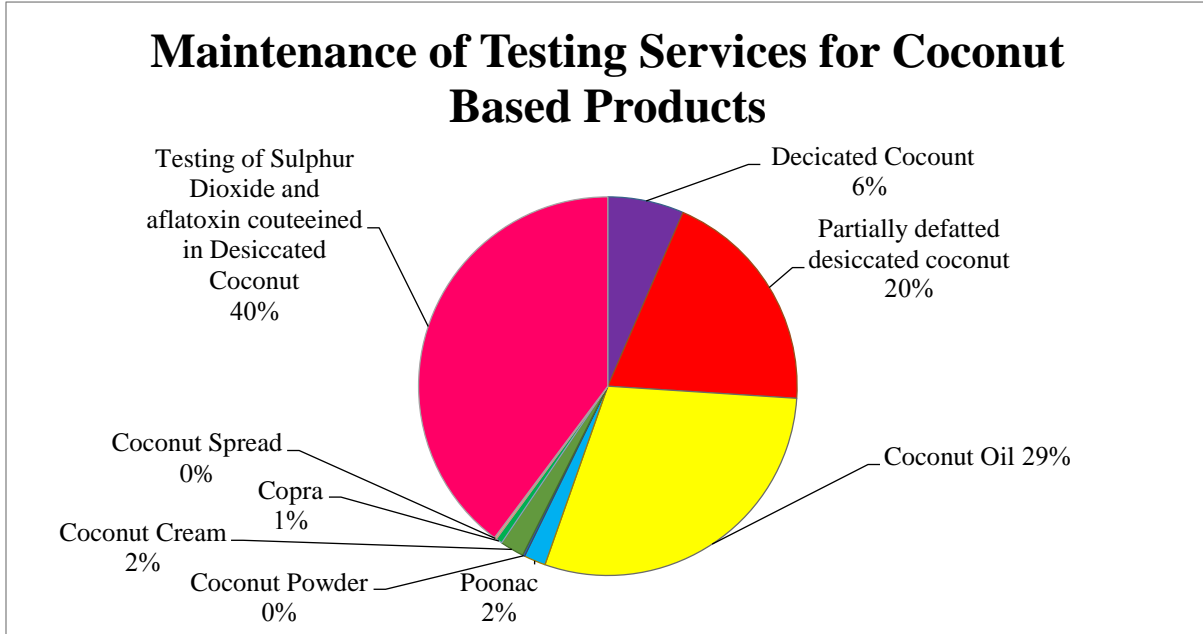
These tests are immediately conducted for the aforesaid categories registered at the Coconut Development Authority under a discounted charge with the intention of encouraging the Manufacturers to produce standardized coconut based products and to have an understanding about the quality of the products subsequent to testing the products and with the intention of encouraging the Exporters to present high quality coconut products consistently to foreign markets safeguarding the Sri Lankan identity.

Coconut kernel based products are mainly submitted for testing and 1094 specimens had been tested in the year 2014. 538 specimens had been analyzed in the year 2015 as per the requests made by the applicants. In addition, 01 Non Coconut product had been analyzed in the year 2015 and the total number of specimens analyzed was 539. The relative progress achieved for the targeted 575 specimens was 94%. The total number of tests done for 539



Picture no 01- Certificate of accreditation (chemical testing)

specimens was 1420. 214 specimens of desiccated coconut from among the coconut kernel based products had been analyzed in the year 2015 only for testing Sulphur Dioxide and Aflatoxin compositions in the specimens. The percentage of specimens out of the total specimens tested was 40%. The other types of specimens tested have been mentioned below.



Year	Desiccated Coconut (specimens)	Poonac (Specimens)	Coconut Oil (Specimens)	Copra (Specimens)	Partially Defatted Desiccated Coconut (Specimens)	Fresh Coconuts (Specimens)	Coconut Cream	Coconut powdered (Specimens)	Coconut (specimens) food items	Desiccated coconut specimens Aflatoxin & Sulphur Dioxide
2014	122	5	161	4	81	-	11	-	05	710
2015	35	10	158	3	105	01	11	01	01	214

Chart no 06- Maintenance of Testing Services for Coconut Based Products

Q3. A) Functions for Obtaining Accreditation for ISO Quality Assurance Certification.

Functions are carried out in relation to obtaining the ISO 17025 accreditation for achieving the international recognition for tests carried out by the Quality Control and Quality Assurance Division of the Coconut Development Authority and for conducting accurate, for systematic tests. Analytical Chemistry Division of the Quality Control and Quality Assurance Division was able to obtain the accreditation for the ISO 17025 Quality Certification on the methodologies used in coconut oil testing in 2012 which was awarded by the Sri Lanka Accreditation Board, and it has been updated upto 2015 – 2018.



Picture no 01- Certificate of accreditation(biological testing)

Accreditation regarding ISO 17025 standard for Salmonella, Total Plate Count, Yiest and Mould Count, Coliform count E coli count was award on 27 October 2015. Accordingly the progress remains at 100%.



Picture no 03- laboratory testing

B. Conducting Training Programmes.

Training required for conducting activities for obtaining accreditation on the ISO Quality Assurance Certification which has been initiated by the Quality Control Division and for timely revised testing methodologies adopted for the coconut products have been provided to the Staff of the Laboratory and training programmes have been conducted for the staffs of the other external laboratories by the Quality Control and Quality Assurance Division.

S/N	Training Programme	No. of Employees Participated	Institution where the training was conducted
1	Applied Chemical & Physical Metrology	01	Sri Lanka Accreditation Board
2	Proficiency Testing/Inter Laboratory Comparisons	01	Sri Lanka Accreditation Board
3	Scientific Measurement & Calibration	01	Institute of Chemistry
4	Internal Auditing of Laboratory Management system ISO/IEC 17025:2005	01	Sri Lanka Accreditation Board
5	Microbiology Testing	04	Sri Lanka Standard Institution
6	Personal Hygiene & Safety	03	Sri Lanka Standard Institution

Table no 7-training Programme

Q4. Securing the Quality of the Industries Manufacturing Coconut Products for Exportation.

Conducting microbiological and physico chemical tests for uplifting the process of manufacturing Desiccated Coconut, investigation of factories and provision of contribution through consultation are the functions performed for securing the quality of the industries manufacturing coconut products for exportation.

The aforesaid services are performed through the Mobile Laboratory adhering to a pre scheduled programme for covering all the Desiccated Coconut Mills within a period of one month for the proper maintenance of the quality assurance activities of the Desiccated Coconut Mills. These tasks are executed by following a proper plan avoiding any hindrance to the daily testing activities of the Laboratory confining to the existing cadre and the limit of overtime approved by the Government. 510 and 500 field tests had been carried out in the year 2014 and 2015 respectively. The progress achieved in relation to the target set for the year 2015 was 125% as the testing activities performed over the requests of manufacturers have been increased.

476 and 392 specimens had undergone microbiological tests in the years 2014 and 2015 respectively for enhancing the quality of the Desiccated Coconut Products. 1176 of total tests were conducted for the 392 specimens. At the special request of Desiccated Coconut Producing Mills expecting to apply accreditation for the ISO Quality Certification, 17

specimens have been collected at 10 frequencies of trip while the numbers of tests conducted were 86. Progress in relation to the target set for the year 2015 was 102%.

Further, the water used in the manufacturing process of Desiccated Coconut is analyzed for microbiological, chemical and heavy metals in order to check whether the water is in conformity with the proper standards. 180 specimens had been microbiologically and chemically analyzed and 25 water specimens had been analyzed for heavy metals. Progress in relation to the target set for the year 2015 was 87%. 175 tests had been carried out for analyzing 07 heavy metals each of these specimens.

Q5. Uplifting the Coconut Oil Industry

(A) Market Supervision for Adulterated Coconut Oil.

Testing and surveying activities had been carried out by the Quality Control and Quality Assurance Division on the hygienic condition of coconut oil and marketing of coconut oil without adulteration.

The Quality Control and Quality Assurance Division has contributed in exercising a certain level of control over sale centres which market adulterated coconut oil as pure coconut oil by adopting legal procedures subsequent to forwarding the analytical results of the adulterated coconut oil to the Ministry of Health and the Consumer Affairs Authority.

Collection of specimens from coconut oil available in markets located in each district covering the entire country and conducting analysis for investigating whether the coconut oil available at the market had been adulterated were continued also in the year 2015 and such supervisory activities had been conducted systematically covering all small, medium and large scale sales centres. Likely, the Quality Control and Quality Assurance Division had provided its contribution through functioning in collaboration with the Consumer Affairs Authority in the collection of specimens from the markets, testing of the collected coconut oil specimens and in issuing the results. 150 specimens were tested in the year 2015 and 76% out of such specimens tested were reported to be adulterated coconut oil and 72% out of such specimens tested in the year 2014 were found to be adulterated coconut oil. Accordingly, it was obvious that there was a high tendency of adulterating coconut oil in the year 2015. This is a quite unfavorable condition for the existence of the coconut oil Industry and for the hygienic condition of the consumers. According to the results of the specimens tested, it had been disclosed that certain coconut oil specimens found in sales centers were not in conformity with the standards even though they were non-adulterated coconut oil. Accordingly, it had been reported that 32% and 87% of coconut oil samples available at local markets were found to be low quality coconut oil (adulterated coconut oil and paring mixed coconut oil) due to the non-conformity with the Standards specified for free fatty acids and non- addition of iodine value respectively.

B. Uplifting the Standards maintained in the Coconut Oil Industry

Quality Controlling Programmes were executed in association with the coconut oil mills with a view to standardizing the manufacture of coconut oil. Accordingly, test results had been issued subsequent to collecting the specimens of Copra, coconut oil and Poonac respectively at the coconut oil mills for investigating whether Copra, the raw material utilized in the manufacture of coconut oil is in its proper standard, whether coconut oil manufactured is in the proper standard and whether coconut oil has been extracted efficiently. Accordingly 105 specimens of coconut oil, 67 specimens of Copra and 76 specimens of Poonac had been tested in the year 2015 and the progress of all the aforesaid tests in relation to the target set for the year 2015 had been reported as 100%. Accordingly, coconut oil mills in the districts of Galle, Matara, Puttalam, Kurunegala, Gampaha and Colombo had been investigated accordingly and it had been reported that 65% of coconut oil, 74% of Copra and 82% of Poonac were not in conformity with the standards. Arrangements are being made by the Processing Development Division to notify the Manufacturers regarding the non-conformity of coconut related products with the standards.

82 Specimens of Coconut Oil have been tested. Non-conformity of the specimens with the standards of Sri Lanka is as follows;

Parameter	Non conformed percentage (%) with Standards	Non-Standardized Range of Results	Sri Lanka Standard for Coconut Oil
Colour	16%	6-8	Minimum 5
Iodine Value	17%	11.1-27.8	11.0 – 7.5
Amount of Free Fatty Acids	17%	0.9-0.5	Maximum 0.8

Table No 8- Coconut Oil test

18 Virgin Coconut Oil Specimens have been tested and all specimens are in conformity with standard. 67 Copra specimens tested.

Parameter	Non conformed percentage (%) with Standards	Sri Lanka Standard for Copra
Oil Content	74	Minimum 68%

Table No 9- virgin Coconut Oil test

76 Poonac specimen have been tested

Parameter	Non conformed percentage (%) with Standards	Sri Lanka Standard for Poonac
Oil Content	82%	8.00% - 5.00%

Table No 9- poonac test

Other Extra Activities

1. Representing the Quality Control and Quality Assurance Division of the Coconut Development Authority at the Exhibition held for laboratories having the Power of Accreditation – SLAB – LAB Conformity Trade Fair : A knowledge Market for Quality Conscious People. 10th November 2015, BMICH, which was organized by the Sri Lanka Accreditation Board.
2. Attending at the 4th meeting of SAARC Expert Group on Accreditation – Colombo on 20 November 2015.
3. Attending the workshop held on 30.11.2015 to educate the Coconut Oil Industrialists on the healthy characteristics of coconut oil and functions/duties of the Quality Control and Quality Assurance Division.
4. Held a workshop on 22 – 23 December 2015 on Micro organism and Physico Testing at laboratories for the benefit of Inspectors recruited for Processing Development Division of the CDA.
5. Preparing demonstrations for local & foreign exhibitions at which Marketing Development and Research Division attended.
6. Conducting a training programme on testing relating to Sri Lanka Standards which was held at the request Coconut Production Industrialists for the benefit of employee serving those production institutions.

04. Marketing Development and Research Division

Programmes had been implemented in the year 2015 for the clients of the Marketing Development and Research Division such as Coconut Merchandisers/ Exporters, Industrialists and the other parties who fulfil service requirements through the Marketing Development and Research Division, which functions as a major Division of operation of the Coconut Development Authority and the income obtained through the exportation of coconut related products in Sri Lanka in the year under review has been increased considerably which was recorded as Rs.75.26 Billion. An invaluable role had been played by the Marketing Development and Research Division in the year 2015 through recording accurate marketing information and data which are predominantly required for achieving the success by the merchandisers of coconut and this became very helpful to exceed the export targets set for the year.

Major functions performed as per the Action Plan during the year 2015

- Supervision and facilitation of the Coconut Industrial Sector – Registration of exporters, merchandisers, coconut estates and intermediaries.
- Supervisory activities in relation to coconut based exportation and importation.
- Settlement of trade disputes.
- Conducting Fresh Coconut and Copra Auctions.
- Creating awareness among the general public on the environmental friendly coconut related industries by participating in 08 local exhibitions.
- Making Export institutions participated in IPM 2015 Exhibition held in Germany and Flowers 2015 in Russia on Coir and Cultivating Media and in the IFIA Exhibition held in Japan on Coconut Kernel based products and also in the Fi-Ni Exhibition held in France. In addition the Coconut Development Authority has participated at the 3rd China-South Asia Exposition held in China.
- Issuance of permits for the exportation of coconuts and king coconuts and temporary permits or same.
- Issuing market price levels of coconut and coconut based products to daily newspapers.
- Weekly Reports, Monthly Reports and Coconut Bulletin for the year 2014 containing volume of coconut based products, Export/Import Volumes, Auction price levels and World Market price levels have been issued.
- Conducting awareness programmes for entrepreneurs on local and international markets regarding the promotion of value added coconut based products and inters relating to such programmers.
- Making arrangements to supply the coconut related products required by state institutions under sub contract basis from suppliers registered with the Authority in the form of assisting for the coconut based industrialists.

- Participating in discussions and provision of required information on Trade Agreements with the Departments of Commerce in relation to the countries such as Russia & Pakistan.
- Continuation of Surveys on productions cost on dedicated coconut, virgin coconut oil and coconut milk and behaviour of foreign markets.
- Ensure the availability foreign orders for exporter of coconut related products.
- Making arrangement to obtain the trade name “CEYLON COCONUT” to establish the Sri Lankan Identity in the exportation of coconut based products.

The Programmer’s implemented in the year 2015 by the Market Development and Research Division and the progress achieved through such Programmers have been given below.

4.1 Creation of a Network of Manufactures and Future Buyers.

4.1.1 Registration of All the Personnel Involved in Marketing of Coconut and Coconut based Finished Products and Registration of Coconut Estates.

A slight decrease was shown in the registration of exporters engaged in exportation in relation to coconut industrial sector in the year 2015 when compared to that of in the year 2014 and the registration activities of coconut estates have reached a higher value of 46% in 2015 when compared to the value in the year 2014.

Registration activities were undertaken for the years 2014 and 2015 as mentioned below.

	2015	2014
Exporters	612	548
Brokers	21	21
Traders	86	39
Coconut Estates	189	178

Table No 10- Registration activities

4.1.2 Conducting Auctions on Coconut and Coconut based products.

4.1.2.1 Colombo Fresh Coconut Auction

The fresh Coconut Auction initiated by the Coconut Development Authority in 2015 has offered an opportunity for coconut cultivators to obtain a reasonable price for their products and for buyers to obtain quality coconut at reasonable price through the conduct of 50 auctions also in the year 2015 too.

The price levels maintained at weekly Coconut Auctions have performed a crucial role in the maintenance of the price stability of coconut which fluctuates consistently and a prioritized attention had been paid by the Marketing Development and Research Division in the year 2015 with the objective of enhancing the productivity of the coconut auction.

62,136,935 nuts of fresh coconuts had been presented at the coconut auction in the year 2015

Year	No. of Nuts		Average Price (Rs.) (For 1000 Nuts)
	Amount Presented	Amount Sold	
2014	71,505,228	43,153,617	32,301.76
2015	62,136,935	44,994,090	33,639.82

Table No 11- coconut auction

The activities of conducting the coconut auction via internet enabling any party to participate in the coconut auction have already been completed. It has been scheduled to be implemented in the year 2016 too.

4.1.2.2 Regional Fresh Coconut Auction

The Regional fresh Coconut Auction initiated with the objective of offering a reasonable price for the products of small and medium scale Coconut Cultivators had been conducted in Kuliyaipitiya for 12 occasions with one auction per month during the year 2015 and the progress of which are as follows;

Year	No. of Nuts		Average Price (Rs.) (For 1000 Nuts)
	Amount Presented	Amount Sold	
2014	747,600	619,600	33,763.69
2015	1,834,570	1,434,842	36,622.35

Table No 12- Regional fresh coconut auction

In comparison with the year 2014, fresh coconut nuts presented at Kuliyaipitiya regional auction have been increased by 145%.

4.1.2.3 Copra Auction

In comparison with the year 2014, it was shown decrease in the quantity of Copra presented at the Copra Auction in 2015.

30 Copra Auctions had been conducted by the Marketing Development and Research Division in the Year 2015 and the amounts of copra offered at the Copra Auction are as follows;

Year	Amount Presented (Kg)	Amount Sold (Kg)	General Price Levels (Rs. For a Candy of 250 Kg)	
			Excellent No. 01	Excellent No. 02 and 03
2014	552,172	525,931	43,406	38,815
2015	283,085	260,292	41,035	37,516

Table No 13- Copra auction

4.1.2.4 Activities Pertaining to Trade Disputes

An enhanced role has been performed by the Marketing Development and Research Division for settling such trade disputes taking place at the Coconut and Copra Auctions conducted with the leadership of the Division and a great role has been played by the Division in the settlement of trade disputes taking place at the exportation of coconut and coconut products.

4.1.3 Organization of Marketing Channels with the Participation of the Private Sector.

4.1.3.1 Local trade exhibitions

The Marketing Development and Research Division participated in eleven (08) local trade exhibitions mentioned below with the intention of popularizing the quality of the Coconut related products and disseminating the information on the production and exportation of coconut related products among school children and the general public.



Picture no 04- local trade exhibitions

	Name of the Exhibition	Venue	Organization
1.	JIFT Trade Exhibition	Jaffna	Lanka Exhibition and Seminars Conference
2.	Educational Exhibition on Youth Talents	Polgolla	National Youth Council
3.	Maliydev Meela	Kurunegala	Old Pupils' Association of Maliyadewa College
4.	Educational Exhibition	Minuwangoda	Regie Ranatunga Vidyalaya, Minuwangoda
5.	Pro-food, Pro-Pack and "Agbis" 2015	Colombo	National Agricultural Council
6.	World Tourists Day Commemoration Ceremony	Galle	Central Cultural Fund
7.	Natale - 2015	Katuneriya	Old Pupils' Association of St. Sebastian Central College, Katuneriya
8.	"Galu Samaya"	Galle	Office of the Governor of the Southern PC

Table No 14- Exhibition

4.1.3.2 Foreign Trade Exhibitions

In every year, the Coconut Development Authority participates in foreign trade exhibitions and the Exporters are made participated in such trade exhibitions with the objective of obtaining increased amount of foreign exchange for value added coconut related products. Such participation in international trade exhibitions may provide opportunities to obtain more and more foreign orders, to identify new buyers to have an understanding on the good which have a competition and to be aware of the standards of goods which are updated day by day. The accessibility of Sri Lanka for foreign markets would be expanded further by making Manufacturers/exporters participated in international Trade Exhibitions and it may provide us the opportunity to strengthen the national economy of Sri Lanka through increasing the export income obtained from the coconut industry year by year.

The Coconut Development Authority participated in the following International Trade Exhibition in the year 2015.

- I. IPM International Trade Exhibition Conducted in Germany on gardening and landscaping. 04 Exporters of the Coconut Development Authority participated in the Exhibition under the patronage of the Coconut Development Authority and high possibility was available in this exhibition to find buyers for goods manufactured by using coir fibre pith which is a value added product of coconut fibre, Geo Textiles, Coir Flower Vases, Brushes and Cultivation bags etc.

Long term benefits can be derived by establishing direct relationships with these buyers. The Sri Lankan Exporters have reported the Coconut Development Authority that they were able to obtain orders to the value of Rs.80 Million subsequent to participating in the Exhibition.

- II. For the second time, the Coconut Development Authority made Four (04) Exporters/Industrialists participated in IFIA Exhibition on food and beverages, a major trade exhibition conducted targeting the trade and consumer community in the City of Tokyo, Japan.

Coconut Kernel based products are not available abundantly at the Japanese markets and as a result, it was possible to find buyers and to strengthen relations of existing buyers for coconut kernel products such as virgin coconut oil, coconut milk, coconut milk powder, coconut water and king coconut etc., and as the Japanese importers are willing to have a higher standard for these products, several importers have arrived in Sri Lanka to examine the standard of the products of the exporters. Opportunities will be available to export those products in future.

- III. On the invitation made by the Sri Lanka Export Development Board, the Coconut Development Authority participated at the 3rd CHINA-SOUTH ASIA TRADE EXPOSITION organized by the former in collaboration with the Sri Lanka Embassy in China.

4.1.3.3 CHINA-SOUTH ASIA TRADE EXPOSITION provided excellent opportunity to expand the export avenues of coconut related products to China where a large number of consumers are available and to make Chinese consumers aware on export oriented coconut related products being produced in Sri Lanka. The Coconut Development Authority expects to make maximum use of that opportunity.



Picture No 5- Foreign Trade Exhibitions

- IV. The Coconut Development Board made 02 exporters participated in Flower 2015 of the series of IPM exhibitions conducted in Russia in the year 2015 too which is considered as one of the world's predominant green exhibitions. The Coconut Development Authority made exporters participated in the trade exhibitions conducted in Russia for the second time and Russian importers were made aware of the Sri Lankan products and it is expected that we may get the opportunity to export value added coconut based products to Eastern European Countries including Russia in the future.

- V. The Coconut Development Authority participated for the first time in 2015 at the “Fi-Ni” Exhibition on food and Beverage held in Paris, France at which 05 Exporters were made participated. At the Exhibition higher demand was received from foreign buyers particularly for virgin coconut oil. Exporters were expecting to hold discussion by the end of the year on the exportation of local coconut products and it would be possible to export goods to new buyers of the European market.



Picthure No 6- Foreign Trade Exhibitions

4.1.4 Facilitation and Controlling of the Trade of Coconut and Coconut Based Products Nationally and Internationally.

3701 temporary permits had been issued to the relevant exporters by the Marketing Development and Research Division also in the year 2015 or the exportation of fresh coconuts, king coconuts and ornamental goods based on coconut leaves.

Trade orders regarding coconut and coconut based products received by the Authority through journals and redesigned Web Site of the Authority and from the other foreign Institutions and Importers had been offered to the Exporters/Industrialists registered with the Coconut Development Authority also in the year 2015.

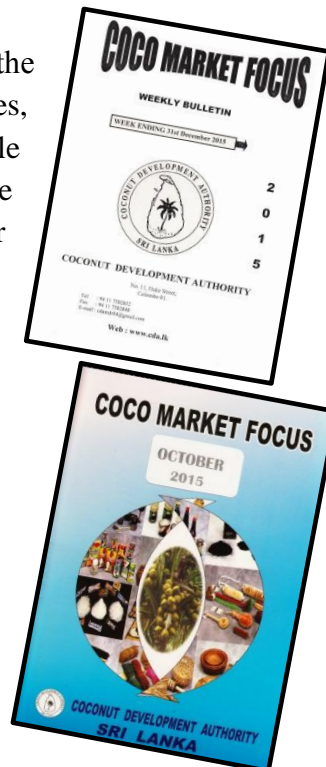
4.1.5 Communication of Information pertaining to Manufacture, Trade and Exportation of Coconut and Coconut Based Products.

The most crucial factor in the process of making trade decisions for all the stakeholders of the Coconut Industry is the provision of accurate information and analysis of such information. The Informative Service of the Marketing Development and Research Division had performed a specific role also in the year 2015 through the following aspects.

- Receiving information on the manufacture of coconut and coconut based products and receiving data on the exportation and importation and dissemination of such information to the relevant stake holders.
- Systematic collection and dissemination of the relevant information and data on farm gate prices.
- Providing the assistance in uplifting the export income through the introduction of sophisticated marketing systems.
- Systematic Collection, documentation and dissemination of information regarding the current and the anticipated coconut and coconut related products.

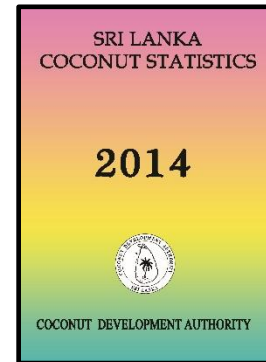
Marketing Development & Research Division has provided data to the following institutions to enable for them to take important decisions on coconut industry locally and internationally.

- Central Bank of Sri Lanka
 - Export Development Board
 - Census and Statistics Department
 - Meteorological Department and the other Government and Semi-governmental Institutions.
-
- Further, the role of consistent dissemination of specific information obtained from foreign institutions such as Asian Pacific Coconut Community, Foreign Journals (Co community, Oil World, UCAP and Indian Coconut Journal) on the coconut industry to the Sri Lankan coconut community had been successfully performed by the Marketing Development and Research Division in the year 2015 as well.
 - The local price levels of coconut and coconut based products were published in daily newspapers in English and Sinhala media also in the year 2015.
 - 48 publications of “Coco Market Focus” which being the weekly bulletin containing coconut and copra auction prices, farm gate prices of local coconut based products, whole-sale prices and international price levels were published by the Marketing Development and Research Division in the year 2015.
 - 12 Publications of “Coco Market Focus”, the Monthly Magazine containing export volumes, price levels of all the coconut and coconut based products and countries to which they are exported and import volumes and price levels of edible oils and coconut oil imported to Sri Lanka were compiled and published by the Marketing Development and Research Division in the year 2015 as per the requirement of the stakeholders of the Coconut Industrial Sector.



Picture No 7-coco market Focus

- “Sri Lanka Coconut Statistics”, a valuable annual publication of the Marketing Development and Research Division which contains all import and export data of coconut was also compiled and published in the year 2015 as well. Export volumes and prices of all the coconut based products exported from Sri Lanka, volumes and prices of coconut oil and the other edible oils imported to Sri Lanka, International Coconut Yield and information on production and exportation and information of Exporters/Industrialists products can be mentioned as specific data included in the Publication. This Publication has a higher demand within Sri Lanka as well as in Foreign Countries.



Picthure No 8-SriLanka Coconut Statistics

4.2 Novel Products, Value Addition, Introduction of Market Promotion and Increasing the Accessibility to Markets.

- 4.2.1 A programme was formulated in collaboration with Architectural Division of the Moratuwa University to design the products of the manufacturers of coconut shell and fibre based value added ornamental goods to meet the demand at the local and foreign markets.
- 4.2.2 Arrangements are being made to assist the government institutions in the purchase of coconut based products required for such institutions under sub contracting system from the industrialists registered at the Coconut Development Authority with the objective of helping such industrialists.
- 4.2.3 Re designing of Web Site maintained by the Coconut Development Authority as an access to modern technology was completed in 2015 through which it was possible to exchange information with foreign institutions more easily and established relationship with the same in the future.
- 4.2.4 Designing of Logos required for using with the trade name “Ceylon Coconut to establish Sri Lanka identity in the exportation of coconut based products has been completed and submitted for having approval for using it.
- 4.2.5 Following the identification of new buyers for 2015 an increase has been shown in the exportation of king coconut in comparison with the year 2014. In addition a number of institutions engaged in the exportation of coconut water have issued their products to the foreign market in 2015. Accordingly, it is expected a higher demand for those products in 2016 as well.

4.2.6 Promotion campaigns were conducted in 2015 through audio/ video media with the objective of marketing Sri Lankans on the consumption of coconut and coconut based products in environment friendly manner.

4.2.7 Marketing Development Supportive Services

- Providing consultancy services on new products/markets and various services.
- Formulation of a forecast for products relevant to the field of coconut industry, assisting to the Ministry of Plantation Industries and to the Ministry of Trade for formulation of Trade Policies.
- Providing information on the local & foreign orders.

4.3 Conducting marketing surveys to identify the use of coconut and coconut based products locally and internationally.

In 2015 the Marketing Development and Research Division conducted surveys relevant to the following fields.

- Surveys for calculating production cost of desiccated coconut, virgin coconut oil and coconut milk.
- Surveys on active carbon industry.

It was expected to achieve the following objectives through above surveys;

- Estimation of production cost of one metric ton of desiccated coconut, virgin coconut oil and coconut milk.
- Having an understanding on the existing demand at the foreign market and the quantity for exporting of above-mentioned products.
- Having an understanding on the production capacity of active carbon industry in Sri Lanka.
- Having idea as to the nature of using coconut shell in Sri Lanka.

4.4 Export Earnings

Export of Coconut Products (2006-2015)

Year	Value (Rs. Million)
2006	19,661
2007	24,096
2008	28,094
2009	29,081
2010	32,433
2011	47,306
2012	46,666
2013	47,952
2014	72,867
2015	75,295

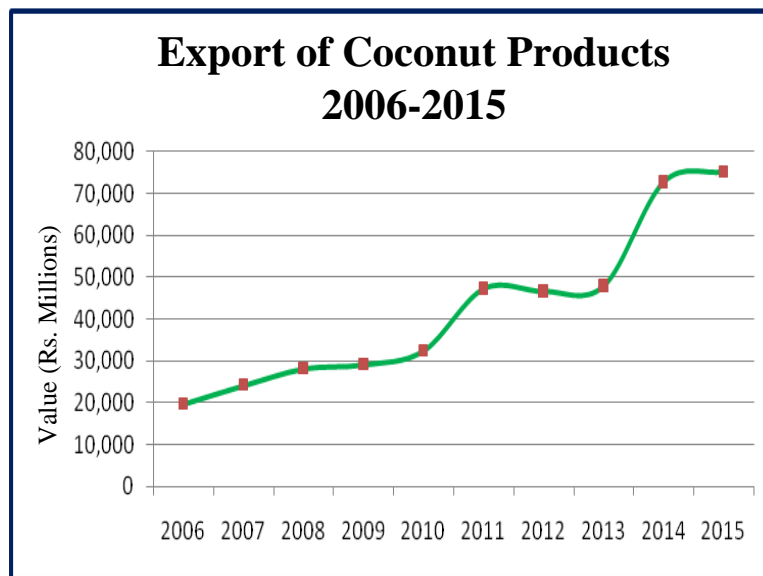


Chart No 7-Export Of coconut Products

The highest ever recorded income earned from exporting coconut and coconut based products has been obtained in the year 2015 and it was Rs. 75.26 Billion.

A higher level of export income had been achieved in the year 2015 for coconut kernel, coconut fibre products in comparison to the year 2014.

Export income earned for coconut kernel based products in the year 2015 was Rs. 41.67 Billion. It was an increase of 12% when compared to that of in the year 2014. 95% increase when compared to the year 2014 has been achieved by exporting virgin coconut oil in the year 2015.

Whereas a setback was experienced in the exportation of coir fibre when compared with the previous year, the objective of the Coconut Development Authority is to encourage the exportation of value added coconut fibre based finished products and thereby to increase the foreign exchange earnings.

A slight decrease was shown in the income of the exportation of coconut shell based products in the year 2015 when compared with the year 2014.

It is expected that the export income of coconut and coconut related products will be approximately upto Rs. 87 Billion in 2016.

Export of Coconut Products - 2014/2015
Comparative Statistics

Type of the Product	Volume (Metric Tons.)			Volume (Rs. Million)		
	2014	2015	% Difference	2014	2015	% Difference
1. Coconut Kernel Products						
1) Coconut oil	3,976	8,679	118	2,435.31	6,299.02	159
1.1) Virgin Coconut oil	7,278	13,353	83	5,194.10	10,110.25	95
2) Desiccated Coconut	51,132	36,131	-29	17,356.14	12,604.19	-27
3) Copra	4,776	489	-90	1,033.80	103.98	-90
4) Fresh Coconut (1000 Nuts)	33,073	13,204	-	1,976.54	1,024.77	-
5) Seed Coconut (Nuts)	2,950	-	-	0.67	-	-
6) King Coconut (Nuts)	1,980,199	3,198,907	62	131.55	288.23	119
7) Poonac	2,556	4,184	64	153.66	251.49	64
8) Coconut Cream	1,923	2,874	49	783.66	1,216.75	55
9) Coconut Milk	15,491	21,957	42	3,204.08	4,641.74	45
10) Coconut Milk Powder	5,835	5,642	-3	3,604.07	3,530.16	-2
11) Defatted Coconut	3,793	3,999	5	905.80	843.99	-7
12) Coconut Water (Jan.-Dec.)	767	2,954	-	139.80	444.82	-
13) Coconut Arrack (Litres)	18,161	7,496	-59	12.31	6.53	-47
14) Vinegar (Litres)	33,945	33,505	-1	6.89	11.78	71
15) Fatty Acid	2,554	2,872	12	253.16	210.02	-17
16) Coconut Butter	-	19	-	-	29.89	-
17) Coconut Flour	-	256	-	-	49.75	-
Sub Total – Coconut Kernel Products (1000 Nuts)				37,191.54	41,667.38	12
2. Fibre Products						
18) Mattress Fibre	36,320	18,090	-50	1,727.92	994.65	-42
19) Bristle Fibre	16,409	11,612	-29	848.46	686.23	-19
20) Twisted Fibre	74,744	62,584	-16	3,967.09	2,993.74	-25
Sub Total – Fibre Products	127,473	92,287	-28	6,543.47	4,674.62	-29
3. Coconut Shell Products						
21) Coconut Shell Charcoal	8,736	8,853	1	619.25	650.17	5
22) Coconut shell and Coconut shell powder	486	369	-24	23.46	23.83	2
23) Coconut shell – active carbon	37,230	31,747	-15	10,013.85	9,562.46	-5
Sub Total - Coconut Shell Products	46,452	40,968	-12	10,656.56	10,236.46	-4
4. Finished Products (Coir Fibre)						
24) Coir yarns	2,205	2,617	19	220.02	255.61	16
25) Coir twines	8,222	5,960	-28	1,172.03	908.32	-23
26) Thawashi Brushes (No)	26,788,155	24,195,093	-10	573.53	566.71	-1
27) Ekel brooms and brushes	25,130,090	23,145,713	-8	2,995.99	2,943.39	-2

28) (No) (Except Thawashi Brushes)							
29) Rubber mixed Coir Pads and bed mattresses (Number)	6,945,807	4,324,408	-38	390.61	204.32	-48	
30) Coir yarn Mats and Carpets (Square metres)	635,149	675,885	6	786.11	686.62	-13	
31) Coir Carpets	13,920	17,217	24	8.08	7.07	-12	
32) Coir Fibre Pith	157,177	169,544	8	6,488.97	7,259.58	12	
33) Coir Husk Pieces	14,610	16,887	16	884.86	1,036.45	17	
34) Geo Textiles	3,671	3,355	-9	519.90	492.30	-5	
35) Coir products used in gardening	54,747	49,448	-10	4,231.06	4,153.49	-2	
Sub Total - Coir Fibre Products				18,271.16	18,513.86	1	
5. Other Products							
36) Coconut Ekels (Metric Tons)	8,748	6,257	-28	217.18	166.68	-23	
37) Coconut Timber (Metric Tons)	0,008	0,826	10,225	0.02	0.30	1413	
Sub Total - Other Products				217.20	166.98	-23	
Total Export income				72,879.93	75,259.30	3	

Source: Sri Lanka Customs Department

Note - Exportation of fresh coconut commenced in May 2015

Exportation of coconut water commenced in June 2014

5. Administration Division

The key objective of the Administration Division is to provide auxiliary services and to facilitate the all the Divisions of the Authority, all the establishment activities in relation to proper conduct and the promotion of the Authority, Development of Human Resources and operation of the Administrative functions and thereby providing assistance to the smooth functioning of other Divisions of the Authority in the performance of their role and achieving the development of the entire organization.

5.1 The Cadre of the Authority

The approved cadre of the Authority is 258. The Staff served in the year 2015 was 186 and out of the staff 26 were belonged to the management category. The cadre consisted of the following service categories.

1. Senior Management Service Category
2. Management Service Category
3. Junior Management Service Category
4. Associated Officer Service Category
5. Management Assistant (Technical) Service Category
6. Management Assistant (Non-technical) Service Category
7. Primary Skilled Service Category
8. Primary Semi Skilled Service Category
9. Primary Non Skilled Service Category

5.2 Programmes for the Development of Human Resources

Action had been taken to organize local training development programmes in various disciplines in the year 2015 with a view to uplifting the efficiency and the productivity of the employees of the Authority for enabling the utilization of the human resource for the accomplishment of the mission and objectives of the Authority efficiently and effectively. Arrangements have been made to organize courses giving priority to government institutions which operate training developmental courses. The objective of the Administration Division in the year 2015 was to ensure the participation of the staff of the Authority in the training courses that should be essentially provided but unable to provide in previous years.

The objectives were the development of personal attitudes and skills, provision of an understanding about the Government Service to the new Staff, development of team spirit, introduction of novelties created in the job environment and familiarizing the environment of the institution.

Accordingly, the money spent on training and development activities of the Staff are considered as a future investment and training requirements had been identified and relevant training programmes were offered to the employees.

5.2.1 Employees were directed to participate in courses/workshops covered by the following disciplines in the year 2015.

Serial No.	Name of the Course	Name of the Institution	Duration
01	Short Course on Multivariate Data Analysis	University of Peradeniya	03 Days
02	English Course for Professionals	Sri Lanka Institute of Development Administration	03 Months
03	Certificate Course in Human Resource Management	National Enterprises & Management Institution	03 Months
04	FR 104	Skill Development Foundation	02 Days
05	Certificate Course in Human Resource Management	IPM	03 Months
06	Seminar on Scientific Measurement of Calculation	Institute of Chemistry Ceylon	01 Day
07	Import and Export Procedure	Skill Development Foundation	02 Days
08	Electric Technology	Construction Industry Development Authority	01 Day
09	Office Management & Effective Communication	National Plantation Management Institution	02 Days
10	Store Management Course	Material & Management Institution	03 Months
11	Sampling Techniques Survey Design and Analysis	University of Peradeniya	02 Days
12	Conformity Assessment	Sri Lanka Accreditation Board	02 Days
13	Seminar on Accreditation	Institute of Chemistry Ceylon	01 Day
14	Training on the way of being Professional Drivers	Skill Development Foundation	03 Days
15	Rotes and Responsibilities of Office Assistant for Higher Labour Productivity	NILS	02 Days

In addition, the Administration Division had provided its assistance to other operational Divisions in the accomplishment of their roles as mentioned below.

- ✚ Making recruitments to vacant posts existed in the approved Cadre of the Authority and conducting all the activities related to the Administration of the Staff from the recruitment to retirement.



- ✚ Maintenance of the documents pertaining to the fixed assets of the Authority and performance of all the functions in relation to the annual verification of stocks.
- ✚ In addition to all the local purchases, performing all the functions in relation to the importation of laboratory equipment and chemicals required for the Primary Laboratories such as Analytical Division of Microbes, Analytical Chemistry Division and Sensory Laboratories and Quality Control Units such as Media Preparation Unit, Sensory Equipment Division and Washing Unit which are the affiliated Divisions to the primary laboratories established at the Quality Control and Quality Assurance Division.
- ✚ Through the expansion of the Quality Control Division, the importation of chemicals and chemical equipment required for the Laboratory for the stipulation and maintenance of the Qualitative Standards of Coconut Products exported from Sri Lanka, invitation of quotations in that regard, preparation of procurement documents of Technical Committees, obtaining respective approvals, preparation of documents pertaining to making orders, obtaining bank drafts and import permits and clearing of goods/materials.
- ✚ Execution of all the procedures required for the disciplinary control of the Authority in instances where employees do not comply with administrative rules and regulations of the institution and conducting legal procedures in Labour Tribunals and in Industrial Courts.

5.3 Welfare Activities

Action has been taken to offer the following welfare facilities and financial assistance to the employees of the Authority also in the year 2015 which were offered to the employees of the Authority in the previous years.

- Loan facilities, railway season tickets, annual concessionary railway warrants and medical insurance scheme covering all the Employees and their family Members.
- Annual Educational tours and sports activities organized by the Welfare Society.
- Provision of up and down transport facilities for employees from Colombo Fort/Maradana and Wellawatte Railway Stations and from Kohuwala Junction to Head Office, Narahenpita to attend duties on working days.
- Provision of gift vouchers to the school going children of the Members of the Staff to purchase school books.
- Provision of tea to employees on working days.



5. Finance Division

Finance Division of the Coconut Development Authority is responsible for the provision of financial facilities required by the different Divisions of the Authority. Accordingly, the Finance Division holds the responsibility of providing financial facilities for the approved programmes and projects which are in conformity with the Estimated Budget and the Action Plans. Performance of functions such as the maintenance of the Financial Reports including the preparation of Financial Reports and Progress Reports have also been assigned to the Finance Division and it also functions as the Custodian of the funds of the Coconut Development Authority including the Investment Management of the Division.

The maintenance of records and controlling of the total income amounting of Rs. 411 Million including 110 Million received as Government grants for the year 2015 and the total assets of Rs. 1143 Million were the responsibilities of the Finance Division. It also provides the financial facilities for the functions required for the achievement of the Performance of each and every Division of the Authority.

5.1 General Operational Activities of the Authority

- Recurrent Expenditure of Rs. 154.8 Million and the Capital Expenditure of Rs. 52.7 Million have been incurred as expenses for general operational functions.
- Various Financial reports as well as monthly, tri-monthly, half yearly and annual reports are prepared for Management requirements.

5.2 Capital Development Programmes

The income earned from the Cess Tax which existed as a direct income of the Coconut Development Authority has been declared as a income of the Government with effect from 01.01.2007 through the Treasury Circular No. FP/06/77/07/04 dated 24.04.2007.

The total state grants/income under Capital Development/Capital Programme of the year 2015 was Rs. 81.1 Million.

The Finance Division of the Authority had been able to finalize the following activities also in the year 2015.

- Management of funds and the provision of financial reports on the Development and Research Projects.
- Creating the Cess Receipts monthly for Individual Accounts of Secretary Deposits which are maintained in favour of the Desiccated Coconut Millers of the Mill Development Fund.

- Assisting to implement the “Kapruka Nipayum Diriya, Kapruka Jaya Isuru” Loan scheme in order to provide financial facilities to entrepreneurs who are engaged in the Coconut Industry which being a loan scheme jointly implemented by People’s Bank and Regional Development Bank.
- Proper Management of money in the Employees Provident Fund of the Coconut Development Authority, making arrangements to pay loans to the members of the Employees Provident Fund and releasing the contributory money on the request made by the Employees who have exceeded the age level of 55 years subjected to the limit of 75%.
- Funds have been invested in Treasury Bills and in Bonds with a proper management. Moneys of Mills Development Fund are maintained with a proper management in individual savings accounts of the National Savings Bank in favour of each miller. The balances of the Funds at the end of the year 2015 are as follows.

a. Capital Development Fund	-	31.1
b. Mills Development Fund	-	70.1
c. Coconut Oil Stabilizing Fund	-	232.8
d. General Operational Activities	-	177.1
e. N.R.I. Fund	-	0.17
		<hr/>
	-	511.27
f. Employees Provident Fund	-	39.1

(Since this is a Private Provident Fund, the Employees Provident Fund Account is maintained separately.)

The Finance Division has performed its responsibility by preparation and submitting the Annual Estimates, Annual Accounts and the other Statistical information to the Board of Directors, the Ministry, General Treasury, Auditor General’s Department and the other relevant institutions within the prescribed time periods.

**Statutory Report on the Financial Statements and the Annual Accounts of the Coconut
Development Authority for the Financial Year ended
31st December 2015**

The Coconut Development Authority is established in terms of the Coconut Development Act No. 46 of 1971, including subsequent legislations brought in to the same Act as amendments, is required to prepare and submit its Financial Statements and the Annual Accounts as follows.

In terms of the Section 41 of the same Act, the Board and the Authority respectively shall, in respect of each financial year, cause proper accounts of their income and expenditure and of all their other transactions to be kept and shall prepare annual statements of accounts and statistics relating to their activities, in such form and containing such particulars as the Minister may determine.

In addition to the Provisions made in Section 41 of the Act, the annual statements of accounts of the Authority are required to be prepared and submitted in terms of the provisions of the Finance Act No.38 of 1971 as well, and also in keeping with directives given by the General Treasury.

In terms of the Public Finance Circular PF/PE/21 of 24/05/2002 of the General Treasury and subsequent directives, it is required that Annual Final Statements of Accounts are prepared and submitted within 60 days after close of the financial year. Annual Accounts for the financial year ending 31st December 2015, are required to be prepared and submitted to the Auditor General on or before end of February 2016.

Accordingly, Annual Accounts & Financial Statements of the Authority, Capital Development Fund, P.S.S. for Coconut Oil Fund & Mill Development Fund, N.R.I. Project Fund for the year ending 31st December 2015, have been prepared and submitted on 15.06.2016.(Draft report submitted on 03.03.2016)

Necessary disclosures have been made in these Financial Statements in respect of Assets & Liabilities and Income & Expenditure for the year 2015. Salient features of accounts also have been shown in notes wherever appropriate & necessary.

These Statements of Accounts for the year 2015 have been prepared in accordance with Sri Lanka Public Sector Accounting Standards which are followed in preparing Financial Statements. The accounting policies and methods of computation are consistent with those followed during the previous financial year, except certain changes which are supported with separate notes. There were no events subsequent to the Balance Sheet date that require disclosure.

The Board of Directors and the Authority, is responsible for the preparation and presentation of these Financial Statements.



Chairman - *Approved & signed for and on behalf of the Board of Directors of the C.D.A.*




Coconut Development Authority

06.06.2016

COCONUT DEVELOPMENT AUTHORITY			
Statement of Consolidated Financial Position as at 31.12.2015			
	<i>Note No.</i>	31.12.2015	2014.12.31
		<u>RS.</u>	<u>RS.</u>
FIXED ASSETS			
Fixed Assets	1	683,425,059.33	674,783,129.00
LESS : Accumulated Depreciation		(171,801,120.91)	(158,838,550.00)
		511,623,938.42	515,944,579.00
NON CURRENT ASSETS			
Sewerline project		8,475,486.32	8,475,486.40
Staff Debtors	5	13,178,758.66	13,318,868.60
Loans granted to BCC	6	59,715,037.40	59,715,037.00
Loan Rreceivable from BCC		32,092,871.76	28,081,263.00
Provision for Doubtful Debtors		(32,092,871.76)	(28,081,263.00)
Loan Granted -Kapruka Nipayum Diriya	7	45,568,787.47	37,479,450.00
		126,938,069.85	118,988,842.00
CURRENT ASSETS			
<i>Inventories / Stocks</i>			
Stocks	2	11,141,167.27	8,841,120.00
		11,141,167.27	8,841,120.00
<i>Trade & Other Receivables</i>			
Lady Lochore Loan Fund	3	764,164.82	1,247,745.00
Staff Debtors	5	3,966,012.35	3,235,154.00
Sundry Debtors	4	14,764,285.76	9,107,201.00
Advance against Fixed Assets		-	14,760.00
Sundry Advance	8	302,082.00	32,000.00
Advance given to kapruka loan scheme		4,070,000.00	4,070,000.00
Sundry Deposits	9	429,726.95	428,862.24
Bank Deposits	10	394,289,795.38	220,610,820.00
Treasury Bills	10	117,253,212.86	110,376,338.00
		535,839,280.12	349,122,880.24
<i>Prepayments</i>	11	3,809,006.79	2,986,303.00
Inspection & Processing Charges Receivable	12	2,639,589.50	-
<i>Cash & Cash Equivalent</i>			
Petty Cash- Kandy		2,033.00	-
Cash at Bank	13	27,204,576.78	5,182,499.00
Stamp postage imprest		407.00	407.00
Stamp Franking Machine		25,603.00	3,698.00
		27,232,619.78	5,186,604.00
Inter Current Account (Capital dev Fund)		7,386,481.33	1,435,565.00
Inter Current Account(Capital)		-	1,413,229.00
Total Current Assets		588,048,144.79	368,985,701.24
		1,226,610,153.06	1,003,919,122.24

NON CURRENT LIABILITIES			
Provision for Gratuities		(45,375,670.37)	(35,521,163.00)
CURRENT LIABILITIES			
<i>Payables</i>			
Sundry Creditors	14	(25,020,325.92)	(5,073,596.40)
Inspection & Processing Charges Payable	15	(3,346,670.30)	-
Refundable Deposits	16	(3,223,948.40)	(2,117,668.40)
Receipts in Advance	17	(4,440,272.00)	(3,687,991.20)
Advance given kapruka loan		(8,742,656.04)	(4,070,000.00)
Accrued Expenses	18	(4,712,123.46)	(1,609,460.00)
Inter Current Account Balance		(7,387,480.62)	(2,848,794.00)
Total Current liabilities		(56,873,476.74)	(19,407,510.00)
		1,124,361,005.95	948,990,449.24
FINANCED BY			
Capital Reserves		6,970,408.50	6,970,409.00
Foreign Aid		4,102,256.68	4,102,257.00
Revaluation Reserve for Land		226,702,909.00	226,702,909.00
Revaluation Reserve for Building		164,965,219.02	164,965,219.33
Revaluation Reserve for Motor Vehicles		46,049,983.00	46,049,983.00
		448,790,776.20	448,790,777.33
Grants & Contributions		77,870,554.61	77,870,555.00
Government Grants Capital	19	38,956,572.52	42,106,392.54
		116,827,127.13	119,976,947.54
Grant from Capital Deve. Fund	20	77,652,767.37	77,652,767.37
Accumulated Fund	21	479,558,049.25	427,758,488.00
Accumulated Surplus	21	1,532,286.00	(125,188,530.00)
		1,124,361,005.95	948,990,449.24

The accounting policies on page 11 and Notes on pages 13 to 21 form an integral part of these Financial Statements. The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf.

		
M.P. Sandya Kanthi DIRECTOR (FINANCE)	R.A.D.S. Ranathunga DIRECTOR GENERAL	H.K.U.K. Rupasinghe CHAIRMAN
6/6/2016		

COCONUT DEVELOPMENT AUTHORITY




Statement of Financial Position as at 31.12.2015 (Analysed by Funds)

	<i>Note No.</i>	GENERAL BOARD OPERATIONS <i>RS.</i>	CAPITAL DEV. FUND <i>RS.</i>	P.S.S. OIL FUND <i>RS.</i>	MILL DEV. FUND <i>RS.</i>	NRI FUND <i>RS.</i>	TOTAL <i>RS.</i>
FIXED ASSETS							
Fixed Assets	1	635,366,725.75	48,037,146.08	21,187.50	-	-	683,425,059.33
LESS : Accumulated Depreciation		(167,180,625.39)	(4,599,318.02)	(21,177.50)	-	-	(171,801,120.91)
		468,186,100.36	43,437,828.06	10.00		-	511,623,938.42
NON CURRENT ASSETS							
Sewerline project		8,475,486.32					8,475,486.32
Staff Debtors	5	13,178,758.66				-	13,178,758.66
Loans granted to BCC/ Hiriyala	6	-	33,000,000.00	26,715,037.40		-	59,715,037.40
Loan Rreceivable from BCC				32,092,871.76			32,092,871.76
Provision for Doubtful Debtors		-		(32,092,871.76)		-	(32,092,871.76)
Loan Granted -Kapruka Nipayum Diriya	7	-		36,905,787.47	8,663,000.00	-	45,568,787.47
		21,654,244.98	33,000,000.00	63,620,824.87	8,663,000.00	-	126,938,069.85
CURRENT ASSETS							
<i>Inventories / Stocks</i>							
Stocks	2	11,141,167.27	-	-	-	-	11,141,167.27
		11,141,167.27	-	-	-	-	11,141,167.27
<i>Trade & Other Receivables</i>							
Lady Lochore Loan Fund	3	764,164.82	-	-	-	-	764,164.82
Sundry Debtors	4	2,929,870.34	555,398.96	8,675,038.11	2,602,477.55	1,500.80	14,764,285.76
Staff Debtors	5	3,966,012.35	-	-	-	-	3,966,012.35
Sundry Advance	8	242,182.00	59,900.00	-	-	-	302,082.00
Advance given -to kapruka loan scheme		-	4,070,000.00	-	-	-	4,070,000.00
Sundry Deposits	9	429,726.95	-	-	-	-	429,726.95
Treasury Bills	10	23,421,596.99	11,187,633.46	82,470,254.47	-	173,727.94	117,253,212.86
Bank Deposits	10	153,766,311.25	20,000,000.00	150,420,155.29	70,103,328.84	-	394,289,795.38
		185,519,864.70	35,872,932.42	241,565,447.87	72,705,806.39	175,228.74	535,839,280.12
<i>Prepayments</i>	11	3,464,356.79	344,650.00	-	-	-	3,809,006.79
<i>Inspection & Processing Charges Receivable</i>	12	2,639,589.50					2,639,589.50
<i>Cash & Cash Equivalent</i>							
Petty Cash - Kandy		2,033.00	-	-	-	-	2,033.00
Cash at Bank	13	24,309,837.28	2,894,739.50	-	-	-	27,204,576.78
Stamp postage imprest		407.00	-	-	-	-	407.00
Stamp Franking Machine		25,603.00	-	-	-	-	25,603.00
		24,337,880.28	2,894,739.50	-	-	-	27,232,619.78
Inter Current Account (Capital dev Fund)		(10,933,232.30)	10,933,232.30	-	7,386,481.33	-	7,386,481.33
Total Current Assets		216,169,626.24	50,045,554.22	241,565,447.87	80,092,287.72	175,228.74	588,048,144.79
		706,009,971.58	126,483,382.28	305,186,282.74	88,755,287.72	175,228.74	1,226,610,153.06

NON CURRENT LIABILITIES							
Provision for Gratuities		(45,375,670.37)	-	-	-	-	(45,375,670.37)
CURRENT LIABILITIES							
<i>Payables</i>							
Sundry Creditors	14	(23,998,639.26)	(1,021,686.66)	-	-	-	(25,020,325.92)
Inspection & Processing Charges Payable	15	(3,346,670.30)					(3,346,670.30)
Refundable Deposits	16	(3,223,948.40)	-	-	-	-	(3,223,948.40)
Receipts in Advance	17	(4,440,272.00)	-	-	-	-	(4,440,272.00)
Advance given kapruka loan(PSS oil A/C)		-	-	(4,070,000.00)	(4,672,656.04)	-	(8,742,656.04)
Accrued Expenses	18	(4,712,123.46)	-	-	-	-	(4,712,123.46)
Inter Current Account (Welfare)		(1,000.09)	(7,386,480.53)	-	-	-	(7,387,480.62)
Total Current liabilities		(39,722,653.51)	(8,408,167.19)	(4,070,000.00)	(4,672,656.04)	-	(56,873,476.74)
		620,911,647.70	118,075,215.09	301,116,282.74	84,082,631.68	175,228.74	1,124,361,005.95
FINANCED BY							
Capital Reserves		6,970,408.50	-	-	-	-	6,970,408.50
Foreign Aid		4,102,256.68	-	-	-	-	4,102,256.68
Revaluation Reserve for Land		202,811,600.00	23,891,309.00	-	-	-	226,702,909.00
Revaluation Reserve for Building		164,965,219.02	-	-	-	-	164,965,219.02
Revaluation Reserve for Motor Vehicles		46,049,983.00	-	-	-	-	46,049,983.00
Grants & Contributions		77,870,554.61	-	-	-	-	77,870,554.61
Government Grants Capital	19	38,956,572.52	-	-	-	-	38,956,572.52
Grant from Capital Deve. Fund	20	77,652,767.37	-	-	-	-	77,652,767.37
Accumulated Fund	21	-	94,183,906.09	301,116,282.74	84,082,631.68	175,228.74	479,558,049.25
Accumulated Surplus	21	1,532,286.00	-	-	-	-	1,532,286.00
		620,911,647.70	118,075,215.09	301,116,282.74	84,082,631.68	175,228.74	1,124,361,005.95
		-	-				

The accounting policies on page 11 and Notes on pages 13 to 21 form an integral part of these Financial Statements. The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf.

		
M.P. Sandya Kanthi DIRECTOR (FINANCE)	R.A.D.S. Ranathunga DIRECTOR GENERAL	H.K.U.K. Rupasinghe CHAIRMAN
6/6/2016		

Coconut Development Authority		
Statement of Consolidated Financial Performance (Summarised) for the Year Ended 31.12.2015		
	FOR THE YEAR ENDED	
Revenue	2015	2014
Government Grant - Recurrent	110,000,000	96,500,000
Government Grant - Capital	80,036,925	98,593,808
Other Income	221,736,090	78,921,969
	411,773,016	274,015,777
Less : Expenditure		
Personal Emoluments	(129,080,564)	(82,559,428)
Travelling Expenses	(4,197,948)	(2,851,345)
Supplies & Requisites	(14,092,885)	(21,329,457)
Repairs & Maintenance	(7,016,736)	(11,017,788)
Contractual Service & Other	(19,787,969)	(21,620,235)
Research and Deve./Training	(52,409,105)	(105,197,404)
	(226,585,208)	(244,575,657)
Surplus /(Deficit)	185,187,808	29,440,120
Depreciation	(13,255,013)	(16,226,688)
Amortization to Grant	12,590,325	15,561,999
Gratuity	(11,364,531)	(9,306,647)
Under provision for Bad Debtors	(4,011,609)	(4,011,609)
	169,146,980	15,457,175
		
M.P. Sandya Kanthi DIRECTOR (FINANCE)	R.A.D.S. Ranathunga DIRECTOR GENERAL	H.K.U.K. Rupasinghe CHAIRMAN
6/6/2016		

COCONUT DEVELOPMENT AUTHORITY

Statement of Financial Performance for the year ended 31.12.2015

	<i>No te No</i>	GENERAL BOARD OPERATIONS	CAPITAL DEV. FUND	P.S.S. OIL FUND	NRI Fund	MDF FUND	TOTAL
		<u>RS.</u>	<u>RS.</u>	<u>RS.</u>	<u>RS.</u>	<u>RS.</u>	<u>RS.</u>
INCOME							
Government Grant (Recurrent)		110,000,000.00	-	-	-	-	110,000,000.00
Government Grant (Capital)		-	80,036,925.33	-	-	-	80,036,925.33
OTHER INCOME							
Grant from Capital Dev.Fund (DC Sampling & Testing Charges)		11,500,000.00	-	-	-	-	11,500,000.00
Interest Income	1	2,752,852.47	687,052.93	13,805,561.79	10,279.17	770,074.04	18,025,820.40
Rental Income	2	5,599,716.00	323,036.14				5,922,752.14
Registration Fees	3	26,753,827.06	-	-	-	-	26,753,827.06
Lot Fees	4	2,595,774.96	-	-	-	-	2,595,774.96
Laboratory Income	5	8,525,654.93	-	-	-	-	8,525,654.93
Miscellaneous Income	6	2,706,128.58	84,659.85	-	-	-	2,790,788.43
Inspection & Processing Charges		141,982,289.00					141,982,289.00
Interest on B.C.C. Loan			-	4,011,608.97		-	4,011,608.97
Sale of Fixed Assets and Inventory items		(372,425.53)	-	-		-	(372,425.53)
Total other Income		202,043,817.47	1,094,748.92	17,817,170.76	10,279.17	770,074.04	221,736,090.36
Total Income		312,043,817.47	81,131,674.25	17,817,170.76	10,279.17	770,074.04	411,773,015.69
Total Net income		312,043,817.47	81,131,674.25	17,817,170.76	10,279.17	770,074.04	411,773,015.69

Coconut Development Authority			
Consolidated Cash Flow Statement for			
Year ended 31st December 2015			
2,014		2,015	
	Cash Flows from Operating Activities		
15,457,175	Surplus/(deficit) from ordinary activities		169,146,980
	<i>Non - Cash movements</i>		
16,226,688	Provision for Depreciation	13,255,013	
2,167,988	Dunkannawa Transfer	-	
(15,561,999)	Amortization	(12,590,325)	
(228,999)	prior Year Adjustment	187,437	
(19,639,275)	Interest on Investment	(18,025,820)	
9,306,647	Provision for Gratuity	11,364,531	
(2,230,408)	Gratuity Payment	(1,510,023)	
(2,479,609)	Profit on sale of Fixed Assets	372,426	(6,946,762)
(12,438,967)	Operating Profit / Loss before Working Capital Changes		162,200,218
3,018,208	Working Capital Changes		
(8,475,486)	Increase Wip	-	
(848,232)	Increase in Stocks	(2,300,047)	
398,427	Increase in Lady Loachor Loan	483,580	
4,750,000	Decrease Advance to CMC	-	
7,864,243	Decrease in Sundry Debtors	(5,657,085)	
(2,680,770)	Increase in Staff Debtors	(590,749)	
192,831	Decrease in Advances	(270,082)	
(672,834)	Decrease in Sundry Deposits	(865)	
9,444,188	Increase Purchasing advances	-	
(9,175,620)	Decrease Processing Chargers R'ble	707,080	
(956,004)	Increase in Prepayment	(822,704)	
59,414	Increase in Bank Deposits	(173,678,975)	
2,534,349	Decrease in Treasury Bills	(6,876,876)	
(14,760)	Increase Sundry Creditors	19,946,730	
18,950	Increase Refundable Deposit	1,106,280	
(6,744,005)	Increase Advance Received	752,280	
(1,004,264)	Decrease in Kapruka Loan scheem	(3,416,681)	
(5,309,573)	Decrease in Accrued Expenses	3,103,663	(167,514,453)
	Net cash flows from operating activities		
19,639,279	CASH FLOW FROM INVESTING ACTIVITIES		
(16,185,835)	Interest on Investment	18,025,820	
2,479,609	Purchase of Fixed Assets	(4,825,075)	
5,933,053	Sale of Fixed assets	148,466	
	NET CASH FLOW FROM INVESTING ACTIVITIES		13,349,211
	CASH FLOWS FROM FINANCING ACTIVITIES		
4,006,192	Capital Reserves		
(6,946,870)	Treasury Grants for Capital	4,825,075	
(2,940,678)	Mill development fund	9,185,966	
700,997	Net cash flows from financing activities		14,011,040
4,485,608	Net increase/(decrease) in cash and cash equivalents		
5,186,604	Cash and cash equivalents at beginning of period		5,186,604
	Cash and cash equivalents at end of period		27,232,621
		Cash and cash equivalents as at	
		01.01.2015	31.12.2015
	Cash Deposit - Dunkannawa	-	-
	Cheque in Transit -MDF	-	-
	Petty Cash	-	2,033
	Cash at Bank	5,182,499	27,204,577
	Stamp postage imprest	407	407
	Stamp Franking Machine	3,698	25,603
		5,186,604	27,232,620

COCONUT DEVELOPMENT AUTHORITY									
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 ST DECEMBER 2015									
	Grant & Contribution	Government Grant Capital	Grant from Capital Dev. Fund	Capital Reserves	Foreign Aids	Revaluation Surplus	Accumulated Fund	Accumulated surplus/deficit	Total
	Rs.		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01/01/2015	77,870,555	40,331,821	77,652,767	6,970,409	4,102,257	437,718,111	427,758,488	(125,188,530)	947,215,878
Funds received from Treasury	-	11,215,075							11,215,075
Prior year adjustment(Disposal of fixed Asset)								187,437	187,437
Amortization of Grant for year 2013		(12,590,325)							(12,590,325)
Project Contributions	-							126,533,379	126,533,379
Income & Expenditure							51,472,411		51,472,411
Total	77,870,555	38,956,571	77,652,767	6,970,409	4,102,257	437,718,111	479,558,049	1,532,286	1,124,361,006

ACCOUNTING POLICIES

(1) ACCOUNTING CONVENTION

The Financial Statements were prepared on the basis of Historical cost convention, in accordance with Sri Lanka Public Sector Accounting Standards. No adjustments have been made for inflationary factors affecting these Financial Statements.

(2) GENERAL ACCOUNTING POLICIES

i. The accounts have been prepared in accordance with Sri Lanka Public Sector Accounting Standards which are followed in preparing Financial Statements.

ii. The accounting policies and methods of computation are consistent with those followed during the previous financial year, except certain changes which are supported with separate notes. No events happened subsequent to the Balance Sheet date that required to be disclosed

(3) VALUATION OF ASSETS

Property, Plant and Equipment are stated on the Balance Sheet at cost less accumulated depreciation. Depreciation is provided on the straight line method at the following rates per annum.

Building & Structures	2 1/2 %
Vehicles	20 %
Furniture & Equipment	10 %
Book Periodicals	10 %
Computers	20 %

A full year depreciation is charged in the year of purchase.

Revaluation of Land & Building at Duke Street

As per the valuation given by Survey Department on 2012.05.24 and the the decision of board of directors on 21.12.2012 (at 504/Sp/F/ 02) ,Land & Building at Duke street, revalued as Rs.70,000,000/= and Rs.80,000,000/= as respectively.

Sewerline System construction project had been commenced in 2010 and completed in 2015. Eventhough Rs.8,475,486.32 has incurred for this project, it has not been capitalised due to not make any value addition to land or building and not make any future economic benefits or service potential .

3.1 INVESTMENTS

All Investments of the Coconut Cess Fund and Price Stabilization Scheme for Coconut Oil Fund are kept in the form of Treasury Bills & Bonds through the Bank of Ceylon, Treasury division as per the decision given by the Board of Directors.

Kapruka Diriy aloan scheem has initiated by PSS Oil fund in 2012.and Kapruka Jaya isura loan scheme has initiated by using MDF Fund (not functioning serving accounts)in 2014.

Income recived from Fresh coconut inspection and processing invested in fixed deposits in Bank of ceylon and Peoples' bank.

3.2 DEBTORS

Debtors are stated at the amounts that they are to be realized. Provision has been made for all doubtful debts.

3.3 STOCKS

Stocks are valued on first in first out basis (FIFO)

(4) PROVISION FOR RETIREMENT BENEFITS

Provision has been made in the Accounts for Retirement Gratuities to staff in accordance with the provisions in the Gratuities Act. No.12 of 1983 .

NOTES TO THE FINANCIAL POSITION AS AT 31.12.2015

FIXED ASSETS AS AT 31.12.2015 - Head Office									
ITEM	COST AS AT 01.01.2015	ADDITION	ADJUSTMENT & DISPOSAL	COST AS AT 31.12.2015	ACCUMULATED DEPRECIATION	ADJUSTMENT & DISPOSAL	DEPRECIATION 2015	ACCUMULATED DEPRECIATION	W. D. VALUE AT 31.12.2015
LAND	204,855,770.00	-	-	204,855,770.00	-	-	-	-	204,855,770.00
BUILDINGS	248,151,167.39	-	-	248,151,167.39	27,961,456.46	-	4,283,118.78	32,275,745.01	215,875,422.38
LABORATORY FITTINGS & EQUIPMENT	82,020,544.37	156,670.00	(1,363,699.78)	80,813,514.59	47,679,416.98	(924,485.10)	5,186,992.99	51,941,924.87	28,871,589.72
OFFICE FURNITURE & EQUIPMENT	27,120,459.65	3,436,373.87	(1,224,204.20)	29,332,629.32	17,103,959.09	(1,142,527.85)	1,388,000.13	17,349,431.37	11,983,197.95
MACHINERY & EQUIPMENT	3,363,900.00	1,246,790.80	-	4,610,690.80	2,753,405.28	-	454,212.68	3,207,617.96	1,403,072.84
BOOKS & PERIODICALS	782,013.65	-	-	782,013.65	728,154.95	-	-	728,154.95	53,858.70
MOTOR VEHICLES	60,430,940.00	6,390,000.00	-	66,820,940.00	60,430,921.00	-	1,278,000.00	61,708,921.00	5,112,019.00
TOTAL	626,724,795.06	11,229,834.67	(2,587,903.98)	635,366,725.75	156,657,313.76	(2,067,012.95)	12,590,324.58	167,180,625.39	468,154,930.59

Note: Mitsubishi Double Cab worth of Rs. 6,390,000/= has been granted by The General treasury under lease agreement with Bank Of Ceylon Maharagama.

NOTES TO THE FINANCIAL POSITION AS AT 31.12.2015

FIXED ASSETS AS AT 31.12.2015 - Dunkannawa									
ITEM	COST AS AT 01.01.2015	ADDITION	ADJUSTMENT & DISPOSAL	COST AS AT 31.12.2015	ACCUMULATED DEPRECIATION	ADJUSTMENT & DISPOSAL	DEPRECIATION 2015	ACCUMULATED DEPRECIATION	W. D. VALUE AT 31.12.2015
LAND	21,449,599.25	-	-	21,449,599.25	-	-	-	-	21,449,599.25
BUILDINGS	26,587,546.83	-	-	26,587,546.83	3,934,629.35	-	664,688.67	4,599,318.02	21,988,228.81
TOTAL	48,037,146.08	-	-	48,037,146.08	3,934,629.35	-	664,688.67	4,599,318.02	43,437,828.06

COCONUT DEVELOPMENT AUTHORITY				
NOTES TO THE FINANCIAL POSITION AS AT 31.12.2015				
No.				
2	Stocks			Rs.
	G.B.O.			
	D.C. & Fibre Mill spare parts		20,347.01	
	Laboratory requisites		7,394,266.19	
	Uniform		40,981.27	
	Motor Spare parts		16,726.80	
	Stationery		3,668,846.00	
				11,141,167.27
3	Lady Lohore Loan Fund			
	The initial deposit and the accumulated interest (4% on Loans given to staff) is shown in this A/C.			764,164.82
4	Sundry Debtors			
	GBO			
	Debtors on Service rendered to D.C. Mills			976,690.32
	Debtors for Copra / Fresh Coconut Lot Fees			895,023.07
	Bank of Ceylon Treasury Division (Interest on Treasury Bills)			172,044.76
	Bank of Ceylon (Interest on Fixed Deposits)			172,452.13
	Rent Income Receivable-SPC			664,333.00
	Purchasing Advance			49,327.06
				2,929,870.34
	Capital Dev. Fund			
	Rental Income Recievable			65,214.17
	Central Bank of Sri Lanka Interest on Treasury Bill.			309,699.79
	Gagasiripura Lalana Saviya			180,485.00
				555,398.96
	P.S.S.Oil Fund			
	MDF A/C			4,672,656.04
	Interest Receivable from Fixed Dposits			1,105,018.29
	Interest Receivable from Bank Loan Interest			279,383.73
	Interest Receivable from Treasury Bills			2,617,980.05
				8,675,038.11
	Mill Dev. Fund			
	Amount receivable on Misappropriation Rs.			
	CDA maintais Saving Accounts at National Savings Banks under the Mill development Fund in favour of D.C. millers. During 1998 their had been a discrepancy regarding the balance according to CDA books and the balances of following three Savings Accounts in National Savings Bank.			7,386,481.33
	Mill No./Name		Amount as at 01.01.2015	Add Interest p'ble for 2015
	A/C No.			Amount as at 31-12-2015
	M-68 -Dimbulwatta Mills	49429	1,605,205.82	22,744.62
	M-81 W.W.Fernando & Sons Mills	49385	140,054.91	1,929.08
	M-128 Sandalanka CPCS	49428	100,415.87	1,425.45
			1,845,676.60	26,099.15
				1,871,775.75
	Capital Development Fund Jaya Isura			688,597.19
	Mill Dev. Fund			
	Interest Receivable from F/D			42,104.61
	N.R.I. Fund			
	Interest Receivable from Treasury Bills			1,500.80
				43,605.41

		<u>Rec'ble in year</u> <u>2015</u>	<u>Rec'ble after 2015</u>	
5	Staff Debtors			
	Distress Loan	2,651,724.00	9,990,643.80	12,642,367.80
	Festival Advance	105,000.00		105,000.00
	Motor Cycle Loan	463,068.00	3,089,118.00	3,552,186.00
	Cycle Loan	26,200.00	23,600.00	49,800.00
	Special Loan (Rs.7,500/=)	3,625.00		3,625.00
	Special Salary Advance(I)	616,830.00		616,830.00
		3,866,447.00	13,103,361.80	16,969,808.80
	H.V.P. Wijewardena	22,004.76	75,396.86	97,401.62
	A.S. Balasooriya	77,401.62		77,560.59
		3,965,853.38	13,178,758.66	17,144,771.01
6	Loan			
	Capital Development Fund			
	B.C.C. Lanka Ltd.			Rs.
	A sum of Rs. 25,000,000/= has been approved by the Cess Committee on 07th March 2002 and released on 14th March 2002 as a loan to be repaid at a rate of Rs.2 Million per month, with a grace period of 6 months. Only a sum of Rs. 50,000/= has been received at the end of the year 2003 as rep			25,000,000.00
				50,000.00
				24,950,000.00
	A sum of Rs. 6,600,000/= has been released on the instruction of the Ministry of Plantation Industri on 20th October 2004, based on an agreement.			6,600,000.00
	None of these loans have been settled as yet by the B.C.C. and hence a claim has been made to the PERC through the Ministry of Plantation Industries, requesting them to settle C.D.A. Loans as a first order liability in the event of B.C.C. is being considered for restructuring.			31,550,000.00
	Hiriyala Govijana Samagama Loan			
	Loan given to Hiriyala Govijana Samagama on 11-07-2006 for purchase of coconut			2,000,000.00
	Amount Settled during 2006			(500,000.00)
	Amount settled during 2008			(50,000.00)
				1,450,000.00
				33,000,000.00
	P.S.S.Oil Fund			
	Loan granted to B.C.C.Lanka			26,715,037.40
7	Kapruka Nipayum Diriya Loan Scheme			36,905,787.47
	Loan balance as at 2015/01/01			37,479,449.68
	Loan given during the year 2015			
	Loan Granted to	Amount		
	G.K.P. WIJERATHNA BANDA	350,000.00		
	N.L. WASANTHA	500,000.00		
	M.S.R. MENIKNAYAKE	500,000.00		
	T.M. RANNALA DE ZOYSA	500,000.00		
	I.H. PRIYANKA RANIL	500,000.00		
	H.P.S. KARUNATHILAKA	400,000.00		
	H.M. UDAYA KUMARA	500,000.00		
	P.G.D. ROSE NAMALI	500,000.00		
	M.W.A. PANDULA	500,000.00		
	A.M. SARATH ABESINGHA	434,000.00		
	A.M.S. ATHAPATHTHA	460,000.00		
	K.A.D. DUMINDA KURUPPU	500,000.00		
	M. LIYANA GAMAGE	420,000.00		
	E.S. SUDATH NISHANTHA	500,000.00		
	S.P. RUKMANI AMARASINHA	500,000.00		
	M. PRIYANTHA NAMAL	300,000.00		
	A.A. DARSHIKA NAYANI	500,000.00		
	M.P. GAMINI PREMATHILAKA	350,000.00		
	R.M. MANJULA RAJAKARUNA	500,000.00		
	N.A. NALIN SANJEWA	480,000.00		
	W.M.V. SUNIL WANASINHA	430,000.00		
	U.S. SRIYANI PUSHPAKANTHI	500,000.00		
	TOTAL	10,124,000.00		10,124,000.00

	<u>(Less) Repayment during the year 2015</u>			
	22/01/2015 (2014 LAST QUARTER)		2,323,193.33	
	07/05/2015 (2015 IST QUARTER)		2,590,721.11	
	03/09/2015 (2015 2ND QUARTER)		2,817,221.11	
	14/10/2015 (2015 3RD QUARTER)		2,966,526.66	
	TOTAL		10,697,662.21	10,697,662.21
	<u>kapruka loan balance as at 2015/12/31</u>			36,905,787.47
8	<u>Sundry Advance GBO</u>		3,780.00	
	01. Mrs. S.W. Rasika		38,137.00	
	02. Mrs. Tamara jayanthi		144,265.00	
	03. Nilanga Walisundara		50,000.00	236,182.00
	04. Rajitha Sharmalee			
	<u>Fuel Advance</u>			
	01. W.W.P.M.Wijeraja		1,200.00	
	02. J.P.D. M. Lankapura		1,200.00	
	03. Lalith Kumara Dissanayaka		1,200.00	
	04. T.M.D.D.Bandara		1,200.00	
	05. P.A.A.Gunawardana		1,200.00	6,000.00
	<u>Sundry Advance Capital Development</u>			<u>Rs.</u>
	02. Maduri Eijebandara		13,000.00	
	03. M.M.Pushpakantha		46,900.00	
				59,900.00
				302,082.00
9	<u>Sundry Deposits</u>			
	01. Auto Super Service Centre		250,000.00	
	02. Ceylon Gas Company		1,950.00	
	03. C.R.I. - Electricity Deposits		130,000.00	
	04. Mrs. L.D.R. Priyanka (Acting Cashier)		6,692.26	
	05. Kammalpattuwa (C.P.C.S.) Ltd.		10,000.00	
	06. Mr. Y.K.C. Jayathilaka		11,084.69	
	07. Export Development Board		10,000.00	
	08. MF Enterprises		10,000.00	429,726.95
10	<u>Treasury Bills</u>			
	<u>G.B.O</u>			
	<u>Treasury Bills</u>			
	A sum of Rs.2,858,988.08 a part of the Government Grant kept in C/A maintained at the Bank of Ceylon Branch, HydePark Corner in 1998 in keeping with the Board of Directors decision 355/02 of 354th meeting has been invested in fixed deposits .			
	This amount has been accumulated interest is Rs.17,094,148.14			17,094,148.14
	A sum of Rs. 2,202,009.36 has been received as the proceeds of disposal of old			6,327,448.85
				23,421,596.99

G.B.O		Treasury Bills			
Investment	Machurity	Investment			
Date	Date	Value	R.S.		
20.11.2015	12.02.2016	13,200,885.96			
20.11.2015	12.02.2016	2,044,098.18			
25.12.2015	25.03.2016	1,849,164.00			
				17,094,148.14	
16.10.2015	15.01.2015	4,598,983.00			
20.11.2015	12.02.2016	1,728,465.85			
				6,327,448.85	
Fixed Deposits					153,766,311.25
Investment	Machurity	Investment			
Date	Date	Value	R.S.		
17.12.2015	31.12.2015	1,840,158.62			
11.12.2015	31.12.2015	2,335,013.82			
12.12.2015	31.12.2015	25,178,053.86			
12.12.2015	31.12.2015	25,178,053.86			
12.12.2015	31.12.2015	33,235,031.09			
31.12.2015	31.03.2016	25,000,000.00			
31.12.2015	31.03.2016	10,000,000.00			
31.12.2015	31.03.2016	30,000,000.00			
31.12.2015	31.03.2016	1,000,000.00			
Total		153,766,311.25			
Capital Development Fund Treasury Bills					
<u>Date of Investment</u>	<u>Period</u>	<u>Date of Maturity</u>		<u>Amount Invested</u>	
24-04-2015	One Year	22.04.2016		835,211.39	
31-07-2015	One Year	29.07.2016		4,268,137.44	
31-07-2015	One Year	29.07.2016		6,084,284.63	
				11,187,633.46	
Capital Development Fund Fixed Deposit					
<u>Date of Investment</u>	<u>Period</u>	<u>Date of Maturity</u>		<u>Amount Invested</u>	
31.12.2015	Three Months	31.03.2016		20,000,000.00	
				20,000,000.00	

<u>P.S.S.Oil Fund</u>			
<u>Kapruka Loan Fixed Deposit</u>			<u>Rs.</u>
<u>F/D Receipt No</u>	<u>F/D No</u>	<u>F/D value as at 2015/12/31</u>	
204-60-01-00013213-6	A 779255	24,327,425.74	
204-60-01-00013169-0	A 779216	5,623,828.52	
204-60-01-00013172-5	A 779219	5,623,828.92	
204-60-01-00013171-6	A 779218	5,623,828.92	
204-60-01-00013168-1	A 779215	5,623,828.92	
204-60-01-00013174-3	A 779221	11,247,657.89	
204-60-01-00013175-2	A 779222	11,247,657.89	
204-60-01-00013173-4	A 779220	11,247,657.89	
204-60-01-00013309-1	A 779345	31,294,492.94	
204-60-01-00010508-6	A 549681	26,945,115.45	
204-60-01-00012003-2	A 671603	6,124,054.92	
204-60-01-00013930-8	A905950	2,708,768.58	
TOTAL		147,638,146.58	
Saving Account Balance as at 31.12.2015		2,782,008.71	
Balance as at 31.12.2015		150,420,155.29	150,420,155.29
PSS Oil Fund Treasury Bill			
<u>Date of Investment</u>	<u>Period</u>	<u>Date of Maturity</u>	<u>Amount Invested</u>
25-09-2015	1 Year	23.09.2016	174,433.24
19-06-2015	1 Year	17-06-2016	399,058.81
19-06-2015	1 Year	17-06-2016	2,267,355.26
29-05-2015	1 Year	27-05-2016	315,256.11
22-05-2015	1 Year	20.05.2016	2,833,860.64
20-03-2015	1 Year	18-03-2016	2,504,915.46
06-03-2015	1 Year	04.03.2016	623,810.30
20-12-2015	1 Year	19.01.2016	3,561,266.99
31.12.2015			69,790,297.66
			82,470,254.47
N.R.I. Fund			
<u>Date of Investment</u>	<u>Period</u>	<u>Date of Maturity</u>	<u>Amount Invested</u>
09-10-2015	91 Days	08-01-2016	62,592.88
27-11-2015	91 Days	04-03-2016	90,108.44
04-12-2015	91 Days	04-03-2016	21,026.62
			173,727.94
			117,253,212.86

<u>P.S.S.Oil Fund</u>			
<u>Kapruka Loan Fixed Deposit</u>			<u>Rs.</u>
<u>F/D Receipt No</u>	<u>F/D No</u>	<u>F/D value as at 2015/12/31</u>	
204-60-01-00013213-6	A 779255	24,327,425.74	
204-60-01-00013169-0	A 779216	5,623,828.52	
204-60-01-00013172-5	A 779219	5,623,828.92	
204-60-01-00013171-6	A 779218	5,623,828.92	
204-60-01-00013168-1	A 779215	5,623,828.92	
204-60-01-00013174-3	A 779221	11,247,657.89	
204-60-01-00013175-2	A 779222	11,247,657.89	
204-60-01-00013173-4	A 779220	11,247,657.89	
204-60-01-00013309-1	A 779345	31,294,492.94	
204-60-01-00010508-6	A 549681	26,945,115.45	
204-60-01-00012003-2	A 671603	6,124,054.92	
204-60-01-00013930-8	A905950	2,708,768.58	
TOTAL		147,638,146.58	
Saving Account Balance as at 31.12.2015		2,782,008.71	
Balance as at 31.12.2015		150,420,155.29	150,420,155.29
<u>PSS Oil Fund Treasury Bill</u>			
<u>Date of Investment</u>	<u>Period</u>	<u>Date of Maturity</u>	<u>Amount Invested</u>
25-09-2015	1 Year	23.09.2016	174,433.24
19-06-2015	1 Year	17-06-2016	399,058.81
19-06-2015	1 Year	17-06-2016	2,267,355.26
29-05-2015	1 Year	27-05-2016	315,256.11
22-05-2015	1 Year	20.05.2016	2,833,860.64
20-03-2015	1 Year	18-03-2016	2,504,915.46
06-03-2015	1 Year	04.03.2016	623,810.30
20-12-2015	1 Year	19.01.2016	3,561,266.99
31.12.2015			69,790,297.66
			82,470,254.47
<u>N.R.I. Fund</u>			
<u>Date of Investment</u>	<u>Period</u>	<u>Date of Maturity</u>	<u>Amount Invested</u>
09-10-2015	91 Days	08-01-2016	62,592.88
27-11-2015	91 Days	04-03-2016	90,108.44
04-12-2015	91 Days	04-03-2016	21,026.62
			173,727.94
			117,253,212.86
11	<u>Pre Payments</u>		
	<u>GB.O.</u>		
	Insurance-Motor Vehicles		52,913.59
	Insurance- Cash in transits		429.73
	Insurance-Medical Insurance Policy		3,139,298.61
	Service charges on Office Equipments		102,424.76
	Fire Insurance		85,113.10
	Telecommunication		84,177.00
			3,464,356.79
<u>Capital Development Fund</u>			
	Advance payment to purchase Bristle fiber (P-5)		344,650.00

12	Inspection & Processing Charges Receivable			
	CBS Pvt Ltd		530,400.00	
	Green Stone Pvt Ltd		1,969,492.70	
	Green Global Impex Exports		139,696.80	2,639,589.50
13	Cash at Bank			
	<u>GB.O.</u>			
	BOC -Nugegoda-A/C No -228042		17,068,874.08	
	BOC -Nugegoda-A/C No -2062488		81,490.22	
	Peoples's Bank-Narahenpita- A/C No-119100160007416		7,159,472.98	
				24,309,837.28
	<u>Capital Dev.Fund</u>			
	BOC -Nugegoda-A/C No -228043		2,894,739.50	2,894,739.50
14	Sundry Creditors			
	<u>GB.O.</u>			<u>Rs.</u>
	High Clas Printers		9,000.00	
	Nippon Graphic Pvt Ltd		39,094.20	
	Hemson International		931,956.00	
	Calton Lanka Pvt Ltd		136,700.00	
	J.C.Morison & Sons		55,000.00	
	Data Tech		311,670.00	
	S. Warnakalum Group Pvt Ltd		7,863.24	
	D.R. Industries		5,827.50	
	Frame Hood Industriyal Technology		515,200.00	
				2,012,310.94
	Coins Payable			1,088.90
	ETF Board			1,635,194.35
	Central Bank Of Sri Lanka (EPF p'ble)			19,167,088.55
	Auditor General's Department			719,015.00
	Central Engineering Construction Bureau			463,941.52
				23,998,639.26
	Provisions has been made for EPF and ETF respectively Rs.17,730,605.6 and Rs.1,417,247.93 ,which is calculated based on Cost Of Living allowance paid from 01.01.2006 to 31.04.2012 on order of Labour commissioner and Employees Trust Fund.			
15	Inspection & Processing Charges Payable			
	P A Enterprises		919,881.30	
	F J Jayalanka		607,163.00	
	K.M.N Export & Import Pvt Ltd		465,506.00	3,346,670.30
	Expo Lanka Pvt Ltd		1,354,120.00	

				150,000.00
	Capital Dev.Fund			135,000.00
	Refundable Tender Deposit			688,597.19
	Manchanayaka Oil Mills			10,000.00
	Kapruka Jayaisura Loan Fund			38,089.47
	Refudable Deposits			1,021,686.66
	Creditors			
	Mill Development Fund			
	PSS Oil Fund Kapruka Diriya Loan Fund			4,672,656.04
16	Refundable Deposits			
	GB.O.			
	Quality Certificates			
	Stassen Exports		27,164.56	
	C.W. Mackie & Company		4,218.64	
	Desicolanka Exports		9,489.29	
	G.P. De Silva		427.96	41,300.45
	Fresh coconut Export-Save Energy & company			1,900,000.00
				1,941,300.45
	Refundable Deposits			
	Global Scientific System Pvt Ltd		5,000.00	
	Biomed International Pvt Ltd		5,000.00	
	Analytical Instrument Pvt Ltd		5,000.00	
	Hemson International Pvt Ltd		5,000.00	
	Toyota Lanka Pvt Ltd		5,000.00	25,000.00
	Security Deposits			
	Mrs. L.D.R. Priyanka		6,692.26	
	Mr. Y.C.K. Jayathilaka		11,084.69	17,776.95
	Tender Deposits			
	S. Selwakumara		4,000.00	
	A.B. Securities (Pvt) Ltd.		5,000.00	
	A.K.I.L. Amarasinghe		5,000.00	
	Adamjee Lukmanjee (Pvt) Ltd.		5,000.00	
	Airwing Guand Ferce Security		5,000.00	
	Assalarachchi Construction (Pvt) Ltd.		5,000.00	
	C P Lanka Ltd.		15,000.00	
	collelies security Serices Pvt Ltd		5,000.00	
	Construction Engineering (Pvt) Ltd.		5,000.00	
	Field Security Service		5,000.00	
	H.D. Gunasiri		5,000.00	
	Iram Arm Security Services (Pvt) Ltd.		5,000.00	
	Janaka Manchanayaka		5,000.00	
	Monaro holdings Pvt Ltd		5,000.00	

	Namal Kariyawasam		5,000.00	<u>Rs.</u>
	Ocian Narain Service		5,000.00	
	Pioneer Security Service		5,000.00	
	Provisions of security services		5,000.00	
	Queen Star Security Services		5,000.00	
	Rice Milk Compost Fabric		5,000.00	
	Sripah Construction (Pvt) Ltd.		5,000.00	
	Sunil Welding work Furniture		5,000.00	
	uni lanka security services (pvt) ltd		5,000.00	
	W.A. Security Service		5,000.00	
	W.E.Security services Pvt Ltd		5,000.00	
	W.M.Security services Pvt Ltd		5,000.00	
	Desicolanka Export		50,000.00	
	Construction Engineering (Pvt) Ltd.		50,000.00	
	Straight Line International (Pvt) Ltd.		50,000.00	
	PC Trading (Pvt) Ltd.		125,871.00	414,871.00
	<u>Advance Received</u>			
	Chlaw Plantation (1 month)			
	Kurunegala Plantation (3 months)			
	Sri Lanka State Plantation Corporation (3 months)		825,000.00	825,000.00
				<u>3,223,948.40</u>
17	<u>Receipt In Advance</u>			
	<u>GB.O.</u>			
	Registration of Oil Millers		355,000.00	
	Registration of Auctioneer/Brokers		7,000.00	
	Registration of Coconut Dealer		10,000.00	
	Registration of Major Kernal Products		1,960,000.00	
	Registration of Minor Kernal Products		585,500.00	
	Registration of Suppliers		255,000.00	
	Registration of Coconut Estate		66,200.00	
	Exporter Fibre & Fibre Products		266,322.00	
	Registration of Fibre Mills		32,500.00	
	Registration of DC Mills		70,000.00	
	Registration of Coconut multi production Dealer		832,750.00	
				4,440,272.00
18	<u>Accrued Expenses</u>			
	<u>GB.O.</u>			
	Communication		110,467.04	
	Electricity & Water		451,838.57	
	Fuel & Lubricants		172,850.28	
	Travelling Expenses		332,339.01	
	Overtime & Holiday Pay		342,041.00	
	Repairing & Maintenance - Vehicles		654,804.00	
	Repairing & Maintenance - Machinery & plant		56,043.90	
	Transport		107,214.28	
	Stationery		33,035.00	
	Rent		29,760.00	
	Welfare		70,560.00	
	Cleaning Services		104,611.56	
	Insurance		2,389.96	
	Salary		55,498.00	
	NBT		554,356.49	
	VAT		1,508,692.70	
	Gratuity		125,484.17	
	News Papers		137.50	
				<u>4,712,123.46</u>

19	<u>Government Grant Capital</u>			
	Balance as at 01-01-2015			40,331,822.43
	Add : Treasury Grants received for the year 2015			4,825,074.67
	Grant received as a Vehical			6,390,000.00
	Amortization of Grant for year 2015			(12,590,324.58)
	Balance as at 31-12-2015			<u>38,956,572.52</u>
20	<u>Capital Development Grant</u>			
	Balance as at 31-12-2015			<u>77,652,767.37</u>
21	<u>Accumulated Income over Expenses</u>			
	GBO			Rs.
	Balance as at 01-01-2015			(125,188,530.05)
	Prior year adjustment(Sundry Creditors)			187,436.94
	Surplus/Deficit			126,533,379.11
	Balance as at 31-12-2015			<u>1,532,286.00</u>
	Capital development fund			
	Balance as at 01-01-2015			66,156,220.58
	Surplus/Deficit-2015			28,027,685.61
	Balance as at 31-12-2015			<u>94,183,906.19</u>
	PSS Oil Fund			
	Accumulated Fund at 01-01-2015			287,310,720.95
	Surplus/Deficit 2015			13,805,561.79
	Accumulated Fund at 31-12-2015			<u>301,116,282.74</u>
	NRI Fund			
	Balance as at 01-01-2015			164,954.64
	Interest Received			10,274.10
	Balance as at 31-12-2015			<u>175,228.74</u>
	MDF			
	Balance as at 01-01-2015			74,126,591.83
	Grant fro January to December 2015			29,586,067.63
	Interest Received			3,517,138.36
	Withdrawals			(23,147,166.14)
	Balance as at 31-12-2015			<u>84,082,631.68</u>

COCONUT DEVELOPMENT AUTHORITY				
NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31.12.2015				
1	Interest Income			
	G.B.O.			
	Interest on Staff Loans		565,291.91	
	Interest on Lady Lochore Loan Fund		101,961.42	
	Interest on Investment (Treasury Bills)		1,312,899.02	
	Interest on Fixed Deposits		772,700.12	2,752,852.47
	Capital Development Fund			
	Interest on Treasury Bills			687,052.93
	P.S.S.Oil Fund			
	Interest on Treasury Bills			782,589.73
	Interest on S.I.T.S. Fund			4,102,339.39
	Interest on Bank loans			1,131,783.18
	Interest on Fixed Deposits			7,754,045.89
	Interest on Servings Accounts			34,803.60
				13,805,561.79
	N.R.I. Fund -Interest on Tresury Bills			10,279.17
	MDF Fund			
	Interest on Fixed Deposits		644,014.55	
	Interest on Servings Accounts		126,059.49	770,074.04
				18,025,820.40
2	Rental Income			
	G.B.O.			
	State PlantationLtd		3,934,716.00	
	Chilow Plantation Ltd		1,080,000.00	
	KurunegalaPantationLtd		585,000.00	
				5,599,716.00
	Capital Dev. Fund			
	Rental Income - Waharakgoda Nelliya		212,570.04	
	Dunkannawa Rental income		110,466.10	323,036.14
				5,922,752.14

3	Registration Fees					
	G.B.O.					
	Exporters of Major Kernel Products				2,380,000.00	
	Exporters of Minor Kernel Products				1,628,344.20	
	Exporters of Fibre & Fibre Products				5,483,874.42	
	Registration of Copra Dealers				59,750.00	
	Registration of Auctioneers & Brokers				39,179.60	
	Registration of Coconut Estates Owners				137,289.80	
	Registration of D.C. Millers				379,500.00	
	Registration of Coconut Oil Millers				4,890,502.30	
	Registration of Fibre Millers				666,895.11	
	Late Registration Fee				298,912.83	
	Registration of Fresh Coconut				9,000,000.00	
	Registration of Suppliers				279,566.00	
	Registration of Coconut Shell Products & Finish Products				1,510,012.80	
						26,753,827.06
4	Lot Fees Income - Copra & fresh Coconut					2,595,774.96
5	Laboratory Income					
	Quality Certificates				7,501,272.81	
	Testing Charges				396,401.00	
	Water Sampling charges				627,981.12	
						8,525,654.93
6	Miscellaneous Income					
	G.B.O.					
	Tender Deposits				51,000.00	
	Sale of Bulletins				117,240.00	
	Vehical Hire Charges				81,554.97	
	Sundry Income				312,833.61	
	Lable Charges				2,143,500.00	
						2,706,128.58
	Capital Development Fund					
	Other income					84,659.85
						2,790,788.43
7	Processing Development Programmes					19,508,778.73
8	Marketing Development & Research Programmes					16,301,873.64
9	Quality Control & Quality Assurance					509,753.13

6. Audit and Management Committee Report

Audit and Management Committees of the Coconut Development Authority have been established in terms of Chapter 4.7.1 of Public Enterprise Circular No. PED/12 dated 02.06.2013, being in the mane of Guideline Handbook on Good Governance of the State Institutes and amendment made there to by Public Enterprises Circular dated 04.12.2010 and those committees are now in operation in term of regulation of that Circular.

6.1 Constitution and Quorum

An Audit and Management Committee consist of three non executive grale Directors. During the year under review, the following Directors have functioned as Committee Members.

Audit & Management Committee Meeting 2015/01 dated 24.04.2015

1. Mr. R.M.D.K. Namal Bandara - Treasury Representative
2. Mr. A.S.M. Smith - Member
3. Mr. N.S. Wanasinghe - Ministry Representative
4. Miss. W.M.Y.T. Fernando - Member

Audit & Management Committee Meeting 2015/02 dated 16.07.2015

1. Mr. R.M.D.K. Namal Bandara - Treasury Representative
2. Mr. A.S.M. Smith - Member
3. Mr. N.S. Wanasinghe - Ministry Representative
4. Miss. W.M.Y.T. Fernando - Member

Audit & Management Committee Meeting 2015/03 dated 28.12.2015

1. Mr. R.M.D.K. Namal Bandara - Treasury Representative
2. Mr. N.S. Wanasinghe - Ministry Representative
3. Miss. W.M.Y.T. Fernando - Member
4. Mr. S.G.S.C. Jayarathne - Member

The meeting was attended by a representative of the Auditor General and the Chief Internal Auditor. No any member who represented Management of the Committee. Members attend the meeting at the invitation of the Director General. When attendance of the other members of the

Committee is required they are invited for participation. The quorum of the Committee is 03 members.

6.2 Functions of the Committee

- Review the previous/final Audit and Management Committee Report and look into whether instructions and recommendations of the Committee are adhered to.
- Review of format and content and supervision of the reliability of financial reporting methodology of the Coconut Development Authority.
- Regarding and reviewing of measures taken to certify internal and outside auditing.
- Review of appropriateness and success of Internal Auditing and submitting.
- With regard to applicability and success of internal administration and submission of recommendations.
- Review of internal audit report, Government audit quarries and remedial measures taken.
- To be in conformity with regulatory and financial reporting requirements and review and submission of recommendations on ethical standards and procedures for certification of relations with the relevant regulatory authorities.

6.3 Meeting and Activities

The Committee met three (03) during the year under review. The attendance of committee members at those meeting is as follows;

Name of Director	No. of meeting present
Mr. R.M.P.K. Namal Bandara	03
Mr. A.S.M. Smith	02
Mr. N.S. Wanasinghe	03
Miss. W.M.Y.T. Fernando	03
Mr. S.G.S.C. Jayarathne	01

During the year under review the Committee's performance is as follows;

6.3.1 Internal Auditing

- Discussing the internal audit programme and audit plan prepared in consideration of recommendations of the Auditor General's Department for 2015 in respect of activities of the Internal Audit Division, issuing instructions on areas which requires further auditing and recommending audit programme & audit plan for approval of the Board of Directors.
- Supervising the success of contribution towards implementing internal audit plan for the year 2015.
- Review of response of the Management with regard to specific internal audit findings with the objective of taking timely and accurate measures to avoid the repetition of such instances.

6.3.2 Government Auditing

- Replies of the Management to audit queries made by the Auditor General's Department in respect of the Coconut Development Authority for the year ending 31.12.2014 were reviewed and follow up actions were taken on corrective measures adopted by the Management to prevent the accuracy of specially pointed out issues and the necessary instructions were issued.

6.3.3 Financial Reporting

- Provided assistance to the Authority at certifying that annually audited financial statements have been prepared in accordance with the relevant Accounting Standards and in keeping with the requirements of the supervision and Regulatory Authority.

6.3.4 Minutes/Reporting to the Board

- Minutes of the Committee meetings were maintained at the Secretary's Office of the Board of Directors. All minutes were submitted for approval of the Board of Directors whereby obtain the approval required for implementing recommendations made by the Committee and subsequent action will be taken on step by step basis regarding special issues. Follow up actions were taken following which instructions were issued on remedial and preventive measures taken suitably in keeping with accepted procedure of the Authority.



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கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය } PLA/D/CDA/1/15/02
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 Date }

06 November 2016

The Chairman,
 Coconut Development Authority.

Report of the Auditor General on the Financial Statements of the Coconut Development Authority for the year ended 31 December 2015 in terms of Section 14(2) (c) of the Finance Act, No. 38 of 1971.

The audit of financial statements of the Coconut Development Authority for the year ended 31 December 2015 comprising the statement of financial position as at 31 December 2015 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, 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 Section 13(1) of the Finance Act, No.38 of 1971 and Section 43 of the Coconut Development Act, No 46 of 1971. My comments and observations which I consider should be published with the Annual Report of the Authority in terms of Section 14(2) (c) of the Finance Act appear in this report. A detailed report in terms of Section 13 (7) (a) of the Finance Act, was issued to the Chairman of the Authority on 13 May 2016.

1.2 Management's Responsibility for the Financial Statements

The management 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

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 consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000-1810). 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 judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority'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 Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Subsections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

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

My opinion is qualified based on the matters described in paragraph 2:2 of this report.



2. Financial Statements

2.1 Qualified Opinion

In my opinion, except of the matters described in paragraph 2:2 of this report the financial statements give a true and fair view of the financial position of Coconut Development Authority 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.

2.2.1 Sri Lanka Public Sector Accounting Standards

Sri Lanka Public Sector Accounting Standard 07

The following observations are made.

- (a.) When the items of Property, Plant and Equipment are revalued, the entire class of Property, Plant and Equipment to which the item belongs, should be revalued. However, out of the lands and buildings valued at Rs. 226,305,369 and Rs. 237,863,651 respectively, only the lands and buildings located at the Duke Street, Fort had been revalued and brought to account in the year 2012. As the entire class of assets had not been revalued, it was observed in Audit that the value of lands and buildings shown in the financial statements had not depicted the actual value.
- (b.) As the useful life time of non-current assets had not been reviewed annually, the fully depreciated motor vehicles costing Rs. 60,430,940 had still been in use Accordingly, action had not been taken to revise the estimated error in terms of Sri Lanka Public Sector Accounting Standard 03.



2.3 Accounts Receivable and Payable

The following observations are made.

- (a.) The Authority had not taken action to recover a loan balance of Rs. 161,024 from an officer who had vacated the post.
- (b.) Loans totalling Rs. 59,715,037 given to 02 companies had remained outstanding since the year 2009.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the financial result of the Authority for the year under review had been a surplus of Rs.169,146,980 as compared with the corresponding surplus of Rs.15,457,175 for the preceding year, thus indicating an improvement of Rs. 153,689,805 in the financial result of the year under review as compared with that of the preceding year. The increase in the other income by a sum of Rs. 142,814,121 due to the revision of the fees relating to the export of fresh coconuts had mainly attributed to the said improvement.

In analyzing the financial results of the year under review and 04 preceding years, the financial result of the years 2011 and 2012 had resulted in a deterioration, whereas an improvement had been resulted in from the year 2013 up to the year under review. However, by considering the employee remuneration, depreciation on the non-current assets, and Government taxes, the contribution of the Authority had gradually increased from the year 2011 up to 2013, but it had slightly decreased in the year 2014. Nevertheless, the contribution had again improved by 178 per cent in the year under review as compared with the year 2014.



3.2 Legal Cases Instituted by or against the Authority

The Authority had filed 02 cases in Courts against an external institution and a person to recover sums totalling Rs. 1,450,000.

4. Operating Review

4.1 Performance

The functions of the Authority in terms of Coconut Development Act, No. 46 of 1971, are given below.

- To assist the Minister in the formulation of policy and in on determinations of development priorities in respect of the coconut industry and the economics utilization of land in and for coconut plantation,
- To formulate or assist in the formulation of projects and schemes in accordance with the development priorities so determination Co-ordination of the activities of the Boards established by the Minister under this Act. Approval of the annual budget of the Boards and to provide them with funds. Advise and assist the Bounds in the formulation, implementation and maintenance of proper management according systems.
- To evaluate of the progress of the Board in relating to the policy and development priorities determined by the Minister. To enter into Co-ordination with on consent of the Minister, with international Organizations having allied interests and functions.
- To assist functionally and in any other way any person or body of persons engaged in scientific research in respect of any aspect of the coconut industry and its products or the utilisation of land in and for coconut plantations and Co-ordinate such research activities.
- To advise the Minister on all matters relating to or affecting the coconut industry, and

- To take all such measures which, in the opinion of the Authority are necessary for the development and verification of the coconut industry.

The following observations are made in connection with the execution of the above functions.

- (a.) Even though 276 estates from both the public and private sectors had registered for the auction of coconuts, 95 per cent of the coconuts Presented for the auction had been from the estates owned by the public sector only. The contribution made by the estates of the private sector to the auction, had decreased.
- (b.) In terms of Section 20(1) of the Act, the Authority had failed to carry out the functions such as, implementation of price schemes on the purchase and sale of products relating to coconuts, formulation and implementation of price stabilization schemes, creation of demand for coconut products by advertising, and conducting scientific research in respect of all aspects including products and sales.

4.2 Management Activities

The following observations are made.

- (a.) Even though a security deposit of Rs. 2,000,000 should be made to the Authority by the exporters in exporting fresh coconut, without making the initial security deposit by a private company, fresh coconuts had been exported during the year under review, and export charges amounting to Rs. 1,020,000 had remained recoverable to the Authority by September 2015. Furthermore, in writing off the export charges, exports should be suspended when the deposit value decreases to 25 per cent. Even though the security deposits of 03 exporters had decreased from 4 per cent to 22 per cent their fresh coconut exports had not been suspended.
- (b.) A service contract valued at Rs. 1,018,100 had been awarded to a private company in January 2014 with the objective of providing its services for many cultivators by conducting the coconut auction online. The project had been scheduled to be implemented by July 2014, but it had not been implemented even by the end of the

year under review, and 65 per cent of the contract amount or Rs. 661,765 had been paid.

- (c.) The coconut auction should be conducted by an independent person. However, a broker associated with the auction had conducted the auction. As such it was observed in Audit that the auction had not proceeded with transparency.

4.3 Operating Activities

Seven employees comprising 02 Management Assistants, a Coordinating Officer, 02 Field Assistants, a Driver, and an Office Aide had been assigned to the Divisional Office in Kandy established by the Authority. Even though sums of Rs.1,267,764 and Rs.259,187 had been spent in the year under review as salaries and other recurrent expenditures respectively, not any productive activity had not been carried out in the current year.

4.4 Idle and Underutilized Assets

The following observations are made.

- (a.) Even though the Head Office of the Authority situated at Narahenpita had been shifted to the building of the Authority situated at the Duke Street, Fort due to the need for widening the laboratory test services the office building at *Narahenpita* at which the laboratory test service had been maintained, remained idle from April to 31 December of the year under review.
- (b.) Ten machines valued at Rs. 13,886,542 installed in the laboratory of the Authority, had remained idle for a period of a year.
- (c.) Nineteen rope making machines valued at Rs. 161,500 had been retained at the Dunkannawa Coir Research Center without being used since 20 July 2013 and those machines had remained partly decayed beyond use.



- (d.) As the mobile laboratory vehicle valued at Rs. 22,000,000 purchased in the year 1997 had not been suitable for the relevant purposes, it had remained unused since the year 2011, and the Authority had not taken action in that connection.
- (e.) Equipment of capital nature valued at Rs. 1,320,000 purchased for manufacturing *Tawashi* brushes had remained idle without being used for the intended purpose.

4.5 Uneconomic Transactions

The following observations are made.

- (a.) Although the validity period of 208 vials purchased for 02 idling machines had expired 200 vials valued at Rs. 74,900 had been purchased in the year under review.
- (b.) Five machines used for processing coir had been purchased for Rs. 3,072,000 in the year 2013 for distributing among the industrialists. Installation of those machines required infrastructure such as availability of raw materials and land for relating water. However, 04 machines had been distributed among 04 entrepreneurs in *Monaragala* district where such facilities are not available and the machines had not been made use of. The balance machine had been retained at the Industrial Technology Institute without being distributed even up to 30 June 2016, the date of audit.
- (c.) A stocks control software had been purchased from a private institution by paying a sum of Rs. 100,500. The Engineer of the Authority had informed that similar software could be downloaded from the Internet for free. Action had not been taken to rectify the defects that had arisen in the use of the software though the relevant private institution.

4.6 Identified Losses

Even though on Head Office of the Authority had been shifted to the building at Duke Street, Fort with the objective of widening the laboratory service. As the expected objective had not



been achieved. As such a potential rent income of Rs.4,590,000 that could have been obtained in the year under review by leasing out the said building to external parties, had been deprived of.

4.7 Staff Administration

The following observations are made.

- (a.) As executive salary increments had been paid to 02 Executive Officers of the Authority without the formal approval of the Department of Management Services, salaries totalling Rs. 419,073 had been overpaid. Furthermore, despite being informed by the Department of Management Services that salaries should be recovered from an officer, action had not been taken to do so, and the other officer had not fulfilled the basic qualifications at the time of recruitment.
- (b.) Two officers had been recruited for the post of Management Assistant on contract basis and a sum of Rs. 1,408,930 as salaries in the year under review without obtaining the prior approval of the Department of Management Services and the approval for the provision as specified in paragraph 07 of the Public Administration Circular No.25/2014 of 12 November 2014.

5. Accountability and Good Governance

5.1 Budgetary Control

The following observations are made.

- (a.) Even though a sum of Rs. 20,000,000 had been allocated for laboratory equipment in accordance with the budget estimate of the Authority, only an equipment valued at Rs.156,670 had been purchased in the year under review.



- (b.) The provision of Rs. 2,500,000 made in the budget estimate of the year under review for the renovation of the Head Office of the Authority and the building in Fort, had not been utilized for the relevant purposes.

5.2 Unresolved Audit Paragraphs

The following observations are made.

- (a.) Although the sum of Rs. 2,000,000 given by the Authority to the *Hiriyala Farmers' Company Ltd.* in the year 2006 should have been recovered within a period of 06 months in accordance with the conditions of the agreement, a sum of Rs. 1,450,000 had remained receivable by the Authority even by the end of the year under review.
- (b.) Although the installments and interest receivable in respect of the loan amounting to Rs. 26,715,037 given to a private company in the year 1985 had not been recovered, further loans totalling Rs. 31,600,000 comprising Rs.25,000,000 and Rs.6,600,000 in the years 2002 and 2004 respectively had been granted without interest to the same company. The value of the interest and the loans that remained receivable amounted to Rs. 90,357,909 by the end of the year under review.

6. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Authority from time to time. Special attention is needed in respect of the following areas of control.





Areas of Systems and Controls

Observations

- | | |
|-----------------------------------|--|
| (a) Staff Administration | Making recruitments contrary to legal provisions, and setting erroneous salary steps. |
| (b) Control of Operations | Due to inefficient control of operations, income receivable by the Authority had been deprived of. |
| (c) Accounting | Failure to update the accounting system used in stores administration. |
| (d) Debtors and Creditors Control | Confirmation of balances had not been obtained in respect of long-standing receivable and payable loan balances, and action had not been taken either to recover or write off those loan balances. |
| (e) Control of Assets | As the assets had not been efficiently made use of, they remained underutilized and idle. |
| (f) Budgetary Control | Failure to utilize the budgeted funds to achieve the relevant objectives. |

H.M. Gamini Wijesinghe.

Auditor General

