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இலங்கை மரமந்திரிகை கூட்டத்தாபனம்  
**SRI LANKA CASHEW CORPORATION**

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வருடாந்த கணக்கும் அறிக்கையம்  
**ANNUAL REPORT AND ACCOUNTS**

**2014**

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# Sri Lanka Cashew Corporation

## Chairman's Report for the Year 2014

### (01) Establishment of the Sri Lanka Cashew Corporation

Sri Lanka Cashew Corporation (SLCC) was established under the State Agricultural Corporations Act no: 11 of 1972 as per the Gazette Extraordinary No: 60/7 dated 25<sup>th</sup> May 1973. From its inception, the Corporation is functioning as a public enterprise mainly providing services to the industry while engaging in commercial activities on a profit earning basis.

- **Vision**

Making Sri Lanka one of the leading cashew exporting countries in the world through the production of high quality cashew.

- **Mission**

Uplifting the cashew industry in a manner that ensures long term commercial potentiality by providing professional guidance to farmers and relevant parties to improve cashew cultivation, production, processing technology, value addition, research and marketing activities.

## **Targets**

- Improving the cashew harvest through the diffusion of cashew cultivation.
- Enhancing the productivity of the cashew processing industry and of estates.
- Creating a globally accepted trade name for Sri Lankan cashew.
- Value addition and the development of new products.
- Encouraging cashew exports.
- Making Sri Lanka the leader of cashew production.
- Becoming a self-sufficient State Corporation through profit earning.

## **Objectives**

- (a) Cultivation, processing and marketing of cashew and formulating plans with regard to the cashew production, processing and marketing and providing instructions for their implementation.
- (b) Conducting investigations and research with the objective of enhancing the cashew cultivation, processing and marketing and its production, processing and marketing.
- (c) Collecting, processing, publicizing and distributing technical, marketing and other information with regard to the cultivation, processing and marketing of cashew and its production, processing and marketing and liaising with others in the implementation of such activities.
- (d) Determining the locations of cashew & cashew products processing factories, their extent and the technical standards and establishing new factories and activating existing factories when necessary.
- (e) Purchasing, distributing, marketing and exporting cashew and cashew products.
- (f) Facilitating the training of persons required for the cultivation, processing and marketing of cashew and its production, processing and marketing.

- (g) Establishing the fundamental organizations required for the development of cashew cultivation, processing facilities and marketing and assisting in their establishment.
- (h) Initiating measures as deemed necessary for the popularization of cashew products and their sale, promoting the existing demand for these products in the world markets, financing the promotional or any other incidental activities, controlling, assisting and sponsoring such activities.

**(02) Board of Directors of the Sri Lanka Cashew Corporation – 2014**

**(2.1) Members of the Board of Directors of the Corporation for the duration of the period from 01.01.2014 up to 19.09.2014**

- (i) **Mr. Sanath Weerakoon** - **Chairman**
- (ii) Mr. H.I. Gunewardene - Deputy Chairman
- (i) Mrs. M.D. Abeygunawardene - Member of the Board of Directors  
Representative of the General  
Treasury
- (iv) Mr. P.R.G.L.C. Wijewarnesooriya - Member, Board of Directors
- (v) Mr. S.A.U. Silva - Member, Board of Directors
- (vi) Mr. A.M. Ambras - Member, Board of Directors
- (i) Mr. K. Widanapathirana - Member, Board of Directors

**(2.2) Members of the Board of Directors appointed as of 19.11.2014**

- (i) **Mr. P.R.G.L.C. Wijewarnesooriya- Chairman**
  - (ii) Mr. K.P.G. Sisira Kumararathne - Deputy Chairman
  - (iii) Mrs. M. Andrahannedi - Member, Board of Directors  
Representative of the General  
Treasury (from 05.12.2014)
  - (iv) Mr. S.A.U. Silva - Member, Board of Directors
  - (v) Mr. T.C.S. Fernando - Member, Board of Directors
  - (vi) Mr. R.S. Kahawala - Member, Board of Directors
  - (vii) Mr. S.L. Ranaweera - Member, Board of Directors
- Secretary to the Board of Directors for the year 2014 - Mr. V.U. Liyanage

**(2.3) The Audit and the Management Committee of the Sri Lanka Cashew Corporation - 2014**

- (i) Mr. S.A.U. Silva - Member, Board of Directors  
Committee Chairman
- (ii) Mrs. M. Andrahannedi - Member, Board of Directors  
Representative of the General  
Treasury Committee member
- (ii) Mr. T.C.S. Fernando - Member, Board of Directors  
Committee member
- (iii) Mr. D.K. Jayakodiachchi - General Manager  
Committee member
- (iv) Mr. P.B. Kodikara - Assistant General Manager  
Human Resource & Administrative  
Committee member (from 05.12.2014)
- (v) Mr. M.T.S.K. Pieris - Assistant General Manager – Finance  
Committee member
- (vii) Mr. V.U. Liyanage - Assistant General Manager Internal  
Auditor Committee Secretary
- (vi) Mrs. A.P.P. Athukorale - Committee Observer Representative  
of the Auditor General's Department

**(2.4) Senior Management of the Sri Lanka Cashew Corporation**

- (i) Mr. D.K. Jayakodiachchi - General Manager

**(2.5) Board of Management of the Sri Lanka Cashew Corporation**

- (i) Mr. P.B. Kodikara - Assistant General Manager  
Human Resource & Administrative
- (i) Mr. S.S.B. Rathnayake - Assistant General Manager -  
Plantations /Acting Assistant General  
Manager Policy & Planning
- (ii) Mr. M.T.S.K. Pieris - Assistant General Manager – Finance

- |                            |  |
|----------------------------|--|
| (iii) Mr. G.B.B. Surendra  | - Assistant General Manager<br>Extensions & Research         |
| (iv) Mr. V.U. Liyanage     | - Assistant General Manager - Internal<br>Auditor            |
| (vi) Mr. R.M.P. Jayathissa | - Acting Assistant General Manager<br>Marketing & Processing |

(2.6)

**Registered Offices**

**Head office and Regional Offices**

**Head Office**

Sri Lanka Cashew Corporation,  
No: 1334, Old Kotte Rd,  
Rajagiriya.

**Telephone**

Chairman	-	011 2 871 005
Deputy Chairman	-	011 2 869 844
General Manager	-	011 2 876 134

**Fax** - 011 2 867 843

**E-mail** - [cashewco@dialogsl.net](mailto:cashewco@dialogsl.net)

**Web address** - [www.cashew.lk](http://www.cashew.lk)

**Regional Offices, Estates, Plant Breeding Centres and Processing Units.**

(2.7)

**Regional Offices**

**Districts being covered**

- |                                 |   |  |
|---------------------------------|---|--|
| 1. Puttlam Regional Office      | - | Puttlam / Kurunegala                           |
| 2. Hambantota Regional Office   | - | Hambantota / Ratnapura                         |
| 3. Anuradhapura Regional Office | - | Anuradhapura / Vavuniya / Mannar<br>/Mulaitivu |
| 4. Nalanda Regional Office      | - | Matale / Polonnaruwa                           |

- |                                  |   |                                  |
|----------------------------------|---|----------------------------------|
| 5. Moneragala Regional Office    | - | Moneragala                       |
| 6. Mahiyanganaya Regional Office | - | Kandy / Badulla                  |
| 7. Ampara Regional Office        | - | Ampara                           |
| 8. Batticaloe Regional Office    | - | Batticaloe                       |
| 9. Trincomalee Regional Office   | - | Trincomalee                      |
| 10. Kilinochchi Regional Office  | - | Kilinochchi / Mulaitivu / Jaffna |

(2.8)

**Estates**

**District**

- |                                   |   |  |
|-----------------------------------|---|--|
| 1. Kamandaluwa Estate             | - | Puttlam  |
| 2. Puttalama Achchigewatte Estate | - | Puttlam  |
| 3. Eluwankulama Estate            | - | Puttlam  |
| 4. Hardy Estate                   | - | Batticaloe   |
| 5. Mankerni Estate                | - | Batticaloe   |
| 6. Kondachchi Estate              | - | Mannar- (being developed together with the Department of Civil Security) |
| 7. Poonerin Estate                | - | Kilinochchi - (being run by the Army)                                    |
| 8. Madu Estate                    | - | Mannar - (crop rehabilitation is expected)                               |
| 9. Oyamaduwa Estate               | - | Anuradhapura   |

(2.9)

**Plant Breeding Centres**

**District**

- |  |   |              |
|--|---|--------------|
| 1. Wilachchiya Plant Breeding Centre     | - | Anuradhapura |
| 2. Nalanda Plant Breeding Centre         | - | Matale       |
| 3. Mahaoya Plant Breeding Centre         | - | Ampara       |
| 4. Suduwathura Ara Plant Breeding Centre | - | Moneragala   |

(2.10)

**Central Plant Nurseries**

**Districts being covered**

- |                            |   |  |
|----------------------------|---|--|
| 1. Mihintale Plant Nursery | - | Anuradhapura / Vavuniya / Mannar / Kilinochchi / Mulaitivu |
|----------------------------|---|--|



- |    |                               |   |                          |
|----|-------------------------------|---|--------------------------|
| 2. | Dambulla Plant Nursery        | - | Matale / Polonnaruwa     |
| 3. | Kamandaluwa Plant Nursery     | - | Puttlam / Kurunegala     |
| 4. | Hardy Plant Nursery           | - | Batticaloe / Trincomalee |
| 5. | Kumbukkana Plant Nursery      | - | Moneragala               |
| 6. | Aluththarama Plant Nursery    | - | Badulla / Kandy          |
| 7. | Chandrika Weva Plant Nursery- |   | Hambantota / Rathnapura  |

**(2.11) Cashew Processing Centres District**

- |    |                               |   |         |
|----|-------------------------------|---|---------|
| 1. | Nendagamuwa Processing Centre | - | Gampaha |
| 2. | Puttlam Processing Centre     | - | Puttlam |

**(2.12) Research Units District**

- |    |                           |   |         |
|----|---------------------------|---|---------|
| 1. | Kamandaluwa Research Unit | - | Puttlam |
| 2. | Puttlam Research Unit     | - | Puttlam |

**The Main Joint Research Collaboration of the Sri Lanka Cashew Corporation**

Research Programmes are being implemented by the corporation jointly with the academic staff of the faculty of Agriculture and Plantation Management of the Wayamba University.

**(2.13) Sales Outlets of the Corporation District**

- |    |                                    |   |         |
|----|------------------------------------|---|---------|
| 1. | No: 1334, Old Kotte Rd, Rajagiriya | - | Colombo |
| 2. | No: 518, Galle Rd, Colombo 03      | - | Colombo |

**(2.14) Corporation Authorized Cashew Outlets**

1. Randiya Fruits and Nuts, Payagala, Maggona.
2. Sunila Grocery, No: 35, New Road, Ambalangoda.
3. P & J City, Gamini Mawatha, Galle.

4. Fresh Farm Shop, Galle Road, Hikkaduwa.
5. National Livestock Development Board, Narahenpita.
6. Ranjanas 7 Stories, No: 318, Galle Road, Colombo 04.
7. Ananda Food City, No: 272, Anguruwathota Road, Horana.
8. Panadura Coop City, Panadura Multi Service Cooperation Society Ltd, Janapriya Mawatha, Panadura.
9. New American Chicken Hut, 16, Sri Sarananda Mawatha, Kaluthara.
10. Sampath Pharmacy & Grocery, 39E, Mathara Road, Akurassa.
11. Siuym Food Products, No: 499, Main Street, Kegalle.
12. Yatinuwara Gangapalatha Multi Service Cooperation Society Ltd, Polgahamula Junction, Peradeniya.
13. Yatinuwara Madapalatha Multi Service Cooperation Society Ltd, Embilmeegama, Pilimathalawa.
14. Central Province Multi Service Cooperation Society Ltd, Ehalepola Kumarihami Mawatha, Bogambara, Kandy.
15. Poojapitiya Multi Service Cooperation Society Ltd, Poojapitiya.
16. Harispattuwa North Multi Service Cooperation Society Ltd, Mathale Road, Alawathugoda.
17. Kundasale Multi Service Cooperation Society Ltd, Manikhinna.
18. Kandy Multi Service Cooperation Society Ltd, Coop City, Pallekale.

(2.15)

**Circuit Bungalows**

**District**

- |    |                          |   |            |
|----|--------------------------|---|------------|
| 1. | Puttlam Circuit Bangalow | - | Puttlam    |
| 2. | Hardy Circuit Bangalow   | - | Batticaloe |

(03)

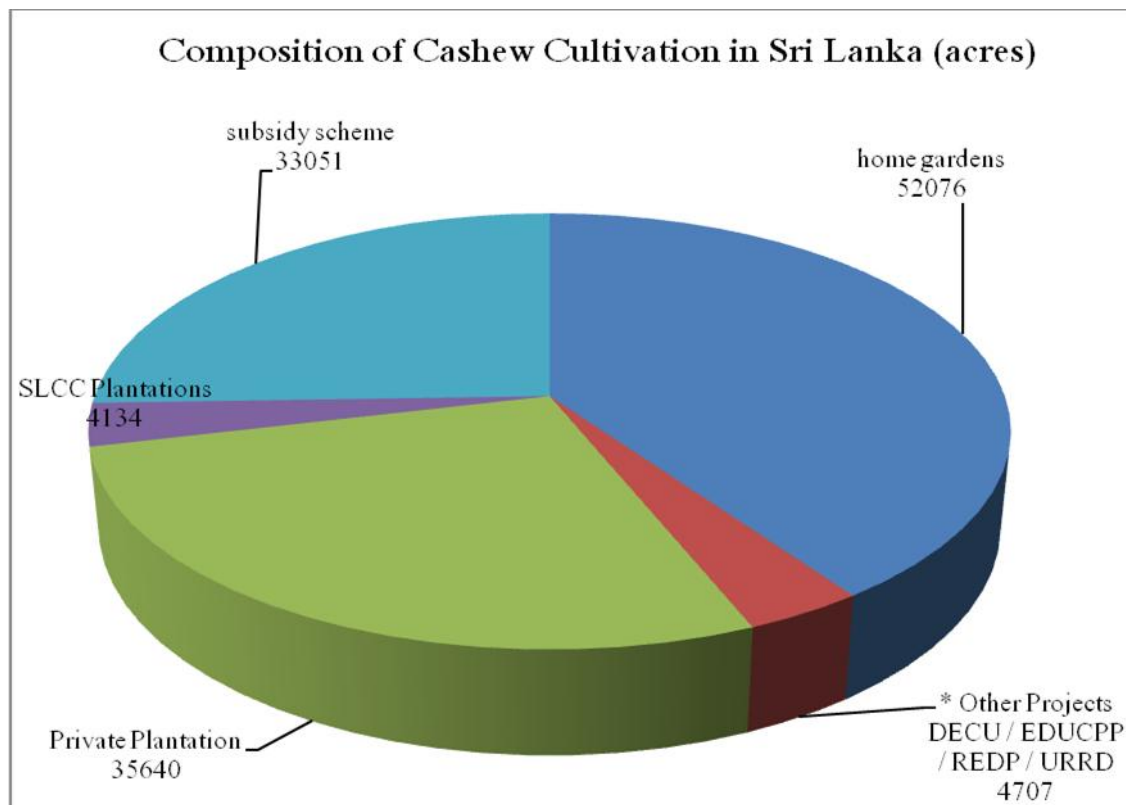
**Development Activities of the Corporation**

The Sri Lanka Cashew Corporation is implementing 05 major programmes as development activities.

1. **Extension subsidy programme**
2. **Estate development, rehabilitation and productivity development**
3. **Development of marketing & processing industry**
4. **Research & development**
5. **'Divi Neguma' 'Deyata Kirula' and other development programmes**

**(3.1) Extension Subsidy Programme**

**(3.1.1) Composition of Cashew Cultivation in Sri Lanka**



**Total number of acres of cashew cultivation - 129608**

- \*D.E.C.U - 'Divi Neguma' Economic Cultivation Units
- E.D.U.C.P.P - Economic Development & Upliftment of Communities of the Poor Project
- R.E.D.P - Regional Economic Development Project – Matale District
- U.R.R.D - Joint Project with the Department of Upcountry Rural Rehabilitation

**(3.1.2) Extension of Cashew Cultivation Areas and Upliftment of National Production**

**(3.1.2.1) Increasing the Areas of Cultivation**

The total estimated area of cashew cultivation in Sri Lanka is 129608 acres. Under the subsidy programme, 2500 acres of bud grafted cashew and 2000 acres of seedling cashew have been cultivated in 2014 covering 18 districts. Under this 4397 beneficiary families have been benefitted.

## Cashew Cultivation Subsidy Programme

District	Bud Grafted Cashew (acres)	Cashew Seedlings (acres)
1. Puttalam	450	-
2. Kurunegala	450	-
3. Hambanthota	275	-
4. Anuradhapura	400	-
5. Ampara	-	400
6. Badulla	125	-
7. Kandy	25	-
8. Ratnapura	25	-
9. Matale	175	-
10. Polonnaruwa	125	-
11. Moneragala	300	-
12. Batticaloe	50	450
13. Trincomalee	50	450
14. Vavuniya	25	150
15. Mannar	-	150
16. Mulaitivu	25	200
17. Kilinochchi	-	150
18. Jaffna	-	50
<b>Total</b>	<b>2500</b>	<b>2000</b>

### (3.1.2.2) Payment of Subsidies to Famers

A subsidy of Rs. 9,500/- per acre is paid for bud grafted cashew cultivation and in areas unsuitable for bud grafted cashew cultivation, a subsidy Rs. 3,500/- per acre for seedling cashew cultivation is paid.

### (3.1.2.3) Expansion of Extension Services

Steps were taken to establish Trincomalee Regional office to cover the cultivation work being carried out in the Trincomalee district and the Northern Province Regional

office covering Kilinochchi, Malaitivu and Jaffna districts was also established in the Northern Province. Under the cashew cultivation subsidy programme, 350 acres in the Kilinochchi, Jaffna and Mulaitivu districts were newly cultivated with the involvement of 300 beneficiary families.

**(3.2) Development of Estates, Rehabilitation & Productivity Development**

**(3.2.1) Enhancing the Productivity of Cashew Cultivation**

**(3.2.1.1) Planting Material Production**

1.3 million mother seeds were produced at plant breeding centres of the Corporation using Good Agricultural Practices (GAP). 200,000 twigs obtained from these mother seeds and mother trees were used in the production of bud grafted plants and seedlings.

<b>Plant Breeding Centre</b>	<b>District</b>	<b>Area in extent (acres)</b>
1. Wilachchiya	Anuradhapura	25
2. Nalanda	Matale	75
3. Mahaoya	Ampara	81
4. Suduwathura Ara	Moneragala	50
<b>Total</b>		<b>231</b>

**(3.2.1.2) Nursery Management**

465979 bud grafted plants of high quality new varieties were produced at the central nurseries of the Corporation and were issued for 'Divi Neguma' and for the subsidy programme.

## Production of Budded Plants in 2014

Name of the Plant Nursery	Budded Plants Produced
1. Kamandaluwa	217500
2. Dambulla	54719
3. Mihintale	67860
4. Aluththarama	-
5. Kumbukkana	59800
6. Hardy	27000
7. Chandrika Wewa	39100
<b>Total</b>	<b>465979</b>

51 plant nurseries have been established in Batticaloe, Trincomalee, Vavuniya, Mannar, Malaitivu, Kilinichchi, Jaffna and Ampara in order to produce 80000 seedlings required for the subsidy scheme.

### (3.2.1.3) New Cultivation in Estates

Extensive development works were carried out in Puttlam, Kamandaluwa, Eluwankulama, Hardy, Oyamaduwa, Mankerni, Batticaloe estates of the Sri Lanka cashew corporation and about 500 acres were newly cultivated. While implementing these programmes, particularly in developing the Kondachchi Estate in the Northern Province and Mankerni Estate in the Eastern province, the assistance of the Department of Civil Security was obtained. The technical assistance and the cashew plants for cultivation were provided by the Corporation. Steps per taken under the direct supervision of the Corporation to establish a plant breeding garden containing 100 acres in extent, within the Kondachchi estate. The estates in Poonerin are functioning in the custody of the Sri Lanka Army and advisory services for their maintenance are being provided continuously. In addition to this, rehabilitation works were carried out in 2500 acres of mature cashew cultivations belonging to the Corporation and chemical fertilizers and chemical pesticides were provided to the states.

**(3.2.1.4) Enhancing the Productivity**

Under the sponsorship of the National Institute of Plantation Management, 10 programmes on ‘Enhancing the productivity of cashew cultivation through the use of Good Agricultural Practices’ were conducted for cashew small holders and 450 cashew small holders from Puttlam, Kurunegala, Trincomalee, Mulaitivu and Anuradhapura districts participated in these programmes. In addition to this 91 training programmes on cashew cultivation, pest control, use of fertilizers and post harvest technology have been conducted for 2250 farmer families.

**(3.3) Development of Marketing and Processing Industry**

**(3.3.1) Post Harvest Technology Development**

**(3.3.1.1) Purchasing of Raw Cashew from Farmers**

The Corporation purchased 81,000 kilograms of raw cashew from cashew farmers under competitive market conditions at the rate of Rs. 250/- per Kilo which resulted in the establishment of a competitive price range in the market. The cashew harvest of 115.0 metric tons, collected from the Corporation’s estates was processed at the factories of the Corporation.

**(3.3.1.2) Strengthening the Cashew Processing Industry**

In order to earn a higher price by forwarding high quality cashew kernel products to the market, an advanced manufacturing mechanism is essential. Under this programme, cashew processors were provided with ovens and electric cashew cutting machines and they were trained with regard to the Good Manufacturing Practices (GMP), value addition and standards. Also processing societies were given assistance in obtaining financial facilities and in the market promotion. The training centre of the Nedagamuwa processing centre was utilized for this purpose.

**(3.3.2) Development of Cashew Byproducts**

**(3.3.2.1) Producing Beverages from Cashew Apple**

Sri Lanka Cashew Corporation is implementing an integrated programme with the private sector for the production of beverages using cashew apples.

**(3.3.3) Processing and Marketing of Cashew**

Cashew Processing Centres owned by the Corporation are located in Puttlam and Nedagamuwa (Gampaha District). Raw cashew gathered from the estates of the Corporation and purchased from growers are processed and the value added cashew kernels are marketed through the Corporation's sales outlets in Kolpetty and Rajagiriya.

In addition to this, 04 value added new products were sold to customers through 18 authorized sales outlets. The Corporation has been able to earn Rs. 63.33 million from the sale of high quality cashew products using new technological methods and through value addition.

**(3.3.4) Export of Cashew Products and Earning of Foreign Exchange.**

**(3.3.4.1)** In the year 2014, Sri Lanka has earned Rs. 185.8 million foreign exchange by forwarding 129.4 metric tons of value added cashew kernels and high quality cashew kernels to the international market. Rs. 77 million foreign exchange has been earned by exporting 51 metric tons of value added cashew kernel in the year 2013. Accordingly, an increase in the export capacity and earning of foreign exchange has been experienced in 2014.

**(3.3.5) Import of Cashew**

**(3.3.5.1) Import of Cashew for Local Consumption**

With the increase of the local consumption of cashew and the decline in the cashew harvest due to climatic changes, namely, the heavy rains experienced during the



flowering season, the small scale processors experienced a shortage of raw cashew in the local market during the months of January, February and March. As a solution to this, licences were provided to small scale cashew processors to import raw cashew under tax reliefs. As per the reports of the customs, 1175 metric tons of raw cashews were imported by small scale producers and distributed among a large number of processors. Thus, the Corporation had the opportunity of intervening in stabilizing the livelihoods of families engaged in the cashew processing industry.

### **(3.4) Research & Development**

Continuous research programmes have been carried out with regard to plant breeding, use of fertilizers, pest control of cashew crops, bud grafted and seedling cashew cultivation, harvesting and intercropping. These programmes were implemented jointly with the Faculty of Agriculture and Plantation Management of the Wayamba University. The progress of these programmes was evaluated by the Research and Management Committee. The outcomes of these researches were made available to the farmers when they are given advisory services through the extensions service network as well as by means of field models, leaflets, videos and television programmes.

### **(3.5) ‘Divi Neguma’ ‘Deyata Kirula’ and Other Development Programmes**

#### **(3.5.1) ‘Divi Neguma’ National Development Programme**

178213 bud grafted plants and 118236 seedlings, were produced and distributed for planting among beneficiary families of 13 districts covering 41 Divisional Secretary’s Divisions under the home garden development programme of the “Divi Neguma” National Development programme of the Ministry of Economic Development.

#### **(3.5.2) ‘Deyata Kirula’ National Exhibition**

During the period the Deyata Kirula exhibition was held, the Corporation had its sales centre within the exhibition stall of the Ministry of Minor Export Crops Promotions, with cashew products and demonstrating the services being provided by the Corporation.

**(4.0) Budget**

**(4.1)**

<b>Category</b>	<b>Investment of Funds – 2014</b>		
	<b>(Rs. million)</b>		
	<b>Government Investment</b>	<b>Funds Generated</b>	<b>Total</b>
Capital Expenditure	50.0	35.0	85.0
Recurrent Expenditure	50.0	55.0	105.0
<b>Total</b>	<b>100.0</b>	<b>90.0</b>	<b>190.0</b>

**(4.2) Earnings of 2014 through commercial activities**

	<b>(Rs. million)</b>
Sale of cashew kernels	63.33
Sale of cashew mother seeds and plants	50.87
Sale of coconuts	1.17
<b>Total</b>	<b>115.37</b>

**(5.0) Administration**

**(5.1)** With the aim of providing a quality & an efficient service to cashew small holders, cashew processors and to customers, formal management applications were employed. The assistance of all of the stakeholders of the Corporation was obtained, as the Corporation acts as a public enterprise providing services with a view to earning profits.

The unrestricted assistance of the Board of Directors, General Managers and Assistant General Managers and the entire staff was also secured.

Accordingly, the Corporation was able to align itself with the new development strategies of the government with a view to generating incomes for the public and to fulfilling the objectives of the Corporation.

Approval has been granted to implement proposals related to the new organization structure of the Corporation, reorganization of the recruitment and the promotions procedure.

**(5.2) Staff as at 31.12.2014**

<b>Approved Staff</b>	<b>As at 31.12.2014</b>
Higher Management Grade	02
Management Grade	06
Executive Grade	17
Management Assistant Grade	103
Minor Grade	60
<b>Total</b>	<b>188</b>

In addition to this, about 350 check roll labourers have been employed according to monthly requirements in processing centres, estates, plant breeding centres and central plant nurseries of the Corporation.

**(6.0) Achievements**

The Corporation was able to maintain the profit earning status recorded in 2012 and 2013, throughout the year 2014. The commercial and plant producing activities of the Corporation and the productive and the efficient guidance given by the Board of Directors and the dedication of the staff, all contributed towards the accomplishment of this feat.

The net profit earned by the Corporation during the year 2014 through commercial activities is Rs. 20.5 millions.

Owing to the following drawbacks the profit earned could not be elevated to a higher level than what has been generated.

- The drop of the cashew yield of states from expected levels due to inclement weather conditions, viz, heavy rainfall during the flowering season.
- The cashew products having excessive prices owing to the inadequate supply of raw cashew to meet the local demand.
- High labour cost and material cost.
- The Corporation suffered drawbacks in initiating new programmes as well as fulfilling essential services due to the limiting of recurrent and capital grants. Hence, the funds generated by the Corporation had to be utilized in continuing these activities. As a repercussion of this, a lack of funds to be invested in commercial and development activities resulted.

**(7.0) Acknowledgement**

During the year 2014, all services and commercial activities of the Sri Lanka Cashew Corporation were implemented successfully and I wish to offer my heartfelt gratitude to the Board of Directors for their cooperation extended to me in accomplishing this feat.

In particular, the General Manager, Assistant General Managers and all staff members worked tirelessly with much dedication in executing all activities of the Corporation efficiently and with a high productivity level and my sincere appreciation goes to them for the services rendered.

The support extended and the commitment made by all stake holders including small scale cashew processors, cashew products exporters, cashew small holders, government and nongovernmental organizations had been instrumental in establishing this level of success.

Also, I acknowledge and wish to express my sincere gratitude to the Hon. Reginold Cooray, former Minister of Minor Export Crops Promotion, to the Deputy Minister,

Secretary to the Ministry of Minor Export Crops Promotion and the Ministry Staff, to the Hon. Lakshman Kiriella, Minister of Plantation Industries, Secretary to the Minister of Plantation Industries and the Ministry Staff for their in valuable guidance.

**P.R.G.L.C. Wijewarnesooriya**

**Chairman**

**Sri Lanka Cashew Corporation**

## **Report of the Board of Directors**

On behalf of the board of directors I herewith submit the Audited Financial Statements for the year ended 31<sup>st</sup> December 2014.

In terms of the circular No: PED/12 issued on the 2<sup>nd</sup> of June 2003 by the Director General of the Department of Public Enterprises of the General Treasury, the Financial Statements of Sri Lanka Cashew Corporation was submitted to the Auditor General before 28<sup>th</sup> February 2015.

### **Establishment**

Sri Lanka Cashew Corporation was established with an initial capital of Rs.40 millions on 25<sup>th</sup> May 1973 by the gazette notification No: 60/7 issued under the subsection 01 of the section 02 of the state Agricultural Act No: 11 of 1972 and by the order of the Minister of Plantation Industries at the time.

### **Outcome**

Financial outcome & data on change of equity in the current year have been disclosed by the statement on the change of equity and the financial statement.

### **Business Review**

The Financial status of Sri Lanka Cashew Corporation in the year ended 31<sup>st</sup> December 2014 is given in the Statement of Financial Position and an evaluation in this respect is included in the chairman's report.

### **Property, Plants & Equipment**

Changes that had taken place with regard to Property, Plants and equipment during the current year have been indicated at Note no: 1 in the Statement of Financial Position as at 31.12.2014. The difference between the values indicated at this Note and their current market rates is immaterial.

## **Main Activities**

The main activities of Sri Lanka Cashew Corporation are as follows.

- To advise the Minister on the formulation and implementation of plans pertaining to the cultivation, processing and marketing of cashew and cashew products.
- To undertake activities pertaining to the cultivation processing and marketing of cashew and cashew products.
- To undertake investigations and research with the object of improving the Cultivation, Processing and marketing of cashew and cashew products.
- To undertake and collaborate in the collection, preparation, publication and dissemination of technical marketing and other information pertaining to the cultivation, Processing and marketing cashew and cashew products.
- To determine the location, size and technical standards regarding the establishment of any factories and to new factories and operate existing ones where necessary, for the processing of cashew and cashew products.
- To purchase, distribute, sell and export cashew and cashew products.
- To provide facilities for training persons required to carry out the work of cultivation, processing and marketing of cashew and cashew products.
- To Establish and assist in the establishment of infrastructure necessary for the purpose of the development of cashew plantations, processing facilities and marketing.
- To take such steps as may be considered necessary to advertise and sell cashew products, to promote the demand for such products in the markets of the world and to initiate and sponsor the financing, supervision and supporting of propaganda work for such purpose or for other purposes connected therewith or incidental thereto. No significant changes occurred in the activities of the corporation during the preceding financial year.

## **Reserves**

The composition of the total reserves of the corporation is indicated in the statement on the change of equity.

## **Board of Directors (Up to 19<sup>th</sup> September 2014)**

The Board of Directors appointed as at from 01<sup>st</sup> January 2014 to 19<sup>th</sup> September 2014 is as follows.

Mr. Sanath Weerkoon	-	Chairman
Mr. H.I.Gunawardhana	-	Deputy Chairman
Mrs. M.D. Abegunawardana	-	Director (Treasury Representative)
Mr. P.R.G.L.C.Wijewarnasuriya	-	Director
Mr. S.A.U.Silva	-	Director
Mr.A.M.Ambras	-	Director
Mr.K.Vidanapathirana	-	Director

## **Board of Directors (From to 19<sup>th</sup> September 2014)**

Mr. P.R.G.L.C.Wijewarnasuriya	-	Chairman
Mr. K.P.G.Sisira Kumararathne	-	Deputy Chairman
Mrs. M.Andrahannadi	-	Director (from 05/12/2014) (Treasury Representative)
Mr. S.A.U.Silva	-	Director
Mr. T.C.S.Fernando	-	Director
Mr.R.S.Kahawala	-	Director
Mr.S.L.Ranaweera	-	Director
Mr.V.U.Liyanage	-	Secretary to the Board

## **Audit & Management Committee**

The corporation's Audit & Management committee has been established in accordance with the Public Enterprises Guide lines.



### **Statutory Payments**

All statutory payments that should be made to the government & employees have been duly paid.

### **Environmental Security**

The corporation has not been involved in any activity creating a threat to the environment.

### **Incidents subsequent to the Statement of Financial Position date.**

No incident has been reported to be adjusted through accounts or for disclosure subsequent to the balance sheet date.

### **Auditors**

The Financial Statements of Sri Lanka Cashew Corporation for the year ended 31<sup>st</sup> December 2014 has been subjected to the audit by the Auditor General.

By the order of the board of directors.

**V.U.Liyanage**

**Secretary to the Board of Directors**

## **Audit and Management Committee Report**

The Audit and Management Committee of the Sri Lanka Cashew Corporation was established in terms of the Public Enterprises Department Circular no: 31 of 01.07.2005 (PED 31), as amended by Public Enterprises Department Circular no: 51, 53 and 55 (PED 51, PED 53 and PED 55) and comprises of 08 persons including seven members and an observer.

A non-executive director widely experienced in financial affairs acted in the post of committee chairman and the secretary to the Board of Directors / Assistant General Manager - Internal Auditor of the Corporation acted in the post of committee secretary.

During the year 2014, the Audit and Management Committee was convened 03 times and the participation of the committee members and the observers in these meetings had been in the following manner.

- |     |  |   |                    |     |
|-----|--|---|--------------------|-----|
| 01. | Mr. S. Upendra Silva   | : | Committee Chairman | 3/3 |
|     | Non executive member of the Board of Directors - from 28.11.2014   |   |                    |     |
| 02. | Mrs. M. Andrahennedi   | : | Committee Member   | 1/3 |
|     | Non executive member of the Board of Directors - from 19.12.2014<br>(Representative of the General Treasury) |   |                    |     |
| 03. | Mr. T.S. Sugath Fernando   | : | Committee Member   | 3/3 |
|     | Non executive member of the Board of Directors - from 28.11.2014   |   |                    |     |
| 04. | Mr. D.K. Jayakodiarachchi  | : | Committee Member   | 3/3 |
|     | General Manager  |   |                    |     |
| 05. | Mr. M.T.S.K. Peiris  | : | Committee Member   | 3/3 |
|     | Assistant General Manager - Finance  |   |                    |     |
| 06. | Mr. P.B. Kodikara  | : | Committee Member   | 2/3 |
|     | Assistant General Manager - Human / Administration - from 05.12.2014   |   |                    |     |

- |     |  |   |                    |     |
|-----|--|---|--------------------|-----|
| 07. | Mr. P.B.B. Surendra  | : | Committee Member   | 1/3 |
|     | Acting Assistant General Manager - Human / Administration<br>from 28.11.2014 to 05.12.2014 |   |                    |     |
| 08. | Mr. V.U. Liyanage  | : | Committee Member   | 3/3 |
|     | Assistant General Manager - Internal Auditor and Secretary to the Board of Directors       |   |                    |     |
| 09. | Mrs. A.P.G. Athukorale   | : | Committee Observer | 3/3 |
|     | Representative of the Auditor General's Department   |   |                    |     |

At the first audit and management meeting held during the year 2014, matters related to the content of the corporation's action plan prepared for the year 2015 and the content of the capital and recurrent expenditure estimate of the corporation prepared for the ensuing year 2015, were extensively discussed and reviewed. Also, a special discussion was held with regard to the utilization of the funds generated by the corporation, to meet the costs being incurred in the implementation of the corporation's action plan according to the value of recurrent and capital grants approved by the Treasury. Accordingly, the committee recommended the capital and the recurrent expenditure for the year 2015 and the action plan for the approval of Board of Directors.

At the second audit and management committee meeting held during the year, an extensive review was made with regard to the matters contained in the financial and physical progress report relevant to the overall work of the corporation which was prepared in respect of the second quarter of the year under review and thereafter the relevant report was recommended for approval of the Board of Directors.

Also, a review was made on the observations contained in all of the internal audit reports issued by the internal audit division of the corporation and on the courses of action taken by the Management with regard to these observations upto 30.11.2014 (for a period of 11 months). In the relevant review, the committee reached the decision to focus special attention in future on the need for the use of relevant international standards in the cashew processing activities, analysis of the input and output rate of cashew processing, waste identified at the processing, providing formal training to the sales staff of the marketing division of the corporation, updating the stock registers in the cashew sales centre, analytical evaluation of subsidy payment method, currently being implemented in respect of

cashew cultivation, convening meetings for the analysis of the work of the corporation's field officers, formalizing the maintenance of the documents relating to the daily attendance, departure and obtaining of leave of the corporation's staff.

At the third and the final audit and management committee meeting, held in respect of the year 2014, matters relating to the content of the Internal audit plan of the corporation prepared for 2015, was extensively discussed and the relevant internal audit plan was recommended for the approval of the Board of Directors.

**S. Upendra Silva,**  
**Chairman,**  
**Audit & Management Committee**

# **Sri Lanka Cashew Corporation**

## **Performance Report for the year 2014**

### **01 Subsidy Scheme for Cashew Cultivation and Development Programmes**

#### **1.1 Subsidy Scheme for Cashew Cultivation**

Under the subsidy scheme for cashew cultivation, a total of 4200 acres which is made up of 2200 acres of bud grafted cashew and 2000 acres of seedling cashew have been cultivated covering 18 districts. 4397 farmer families benefited. The total cost incurred amounts to Rs. 20.5 millions.

#### **1.2 ‘Divi Neguma’ National Development Programme**

Under the home garden cultivation programme, 164521 bud grafted plants and 95111 seedlings were produced for distribution among beneficiary families in 13 districts covering 41 Divisional Secretary’s Divisions.

#### **1.3 ‘Deyata Kirula’ National Development Programme**

Sri Lanka Cashew Corporation operated an exhibition stall with a sales outlet and a services counter, at the ‘Deyata Kirula’ national exhibition held in Kuliyaipitiya in 2014, housed within the exhibition stall of the Ministry of Minor Export Crops Promotion and was able to provide those who showed interest in cashew cultivation with all necessary advisory services in printed media and through Research Officers. The cost incurred is Rs. 0.55 million.

### **2.0 Uplifting the Productivity of the Cultivation**

#### **2.1 Planting material production**

Plant breeding centres in Nalanda in the Matale district, Wilachchiya in the Anuradhapura district, Mahaoya in the Ampara district and Suduwathuraara in the Moneragala district were maintained with a view to breeding new varieties suitable to various areas and to providing them to cashew smallholders. 1.3 million high quality mother seeds and 200000

buds were obtained from these centres, required for the production of bud grafted plants necessary for the extension services and commercial activities. The total cost incurred amounted to Rs. 5.8 million.

## **2.2 Enhancement of the Production**

10 workshops were held in the districts of Anuradhapura, Mulaitivu, Puttlam, Kurunegala, Batticaloe, Trincomalee, Matale and Polonnaruwa on the elimination of pests in cashew cultivation and productivity enhancement using Good Agricultural Practices (GAP). 450 cashew small holders participated in these workshops funded by the National Institute of Plantation Management. The total cost incurred amounted to Rs 0.2 million.

## **2.3 Plant Nursery Management**

07 central plant nurseries of the Corporation have been set up in the Kamandaluwa estate, Aluththarama, Hardy, Mihintale, Chandrikaweva, Dambulla and Kumbukkana. With the aim of producing bud grafted plants using modern technological methods, 06 poly net houses have been setup in Kamandaluwa, Mihintale, Batticaloe and Aluththarama plant nurseries. For the Maha Season of 2014, 465979 high quality bud grafted plants were produced at these nurseries and distributed among farmers.

## **03 Research and Development Programmes**

Research programmes are being implemented jointly with the Faculty of Agriculture and Plantation Management of the Wayamba University. Research programmes related to plant breeding, use of fertilizer, plant density, diseases and pest elimination in cashew cultivation, inter cropping, bud grafted and seedling crops, bud grafting techniques and harvesting are being carried out. Farmers are being made aware of the research outcomes through workshops and extension ion services. The total cost incurred amounted to Rs. 2.42 million.

## **04. Maintenance of Estates of the Corporation and Rehabilitation of Crops**

Crop rehabilitation work was carried out in a total area of 400 acres in Kondachchi and Mankerni estates. Cultivation work was carried out in Kondachchi and Mankerni Estates with the assistance of the Civil Security Department.

With a view to breeding new varieties suitable to the area, a plant breeding garden was established by deforesting an area of 100 acres in the Kondachchi estate using machinery.

A raw cashew harvest of 105.0 metric tons was gathered from the estates. In addition to this, chemical fertilizers were applied and weeding carried out pests and diseases eliminated, field paths were maintained and coppicing carried out to ensure a higher level of productivity. Total cost incurred was Rs. 8.4 million.

## **05. Post Harvest Technology**

### **5.1 Marketing and the Promotion of the Processing Industry**

The Corporation purchased 81,000 kilograms of raw cashew under competitive market conditions at the rate of Rs. 250/- per kilo. In addition to this, 81,000 kilograms of cashew kernels were purchased from small scale processors. The harvest gathered from Corporation's estates and the raw cashew purchased from farmers were processed at the processing centres in Puttlam and Nedagamuwa. They were sold at the main sales outlets of the Corporation as value added products. The network of Corporation's sales outlets, consisting of 18 authorized sales outlets was used for this purpose. 04 new value added products were introduced to the customers and small scale processors and exporters were trained and made knowledgeable about Good Manufacturing Practices (GMP). The total income earned by the Corporation from marketing activities was Rs. 63.33 million.

## **06. Human Resources Development**

A training programme to introduce cashew bud grafting technologies was held at the Mahiyanganaya Central nursery. 14 Trainees from 06 districts participated in this programme. In addition to this, staff members participated in the training Programmes with a view to enhancing their Professional Skills. The total cost incurred amounted to 0.55 million.

## **Medium Term Measures to be Adopted for the Improvement of the Performance of the Sri Lanka Cashew Corporation.**

Several measures are expected to be initiated by the Corporation with a view to improving its performance.

- 01 Increasing the area of cashew cultivation in Sri Lanka**
- 02 Increasing the productivity of cashew grown lands**
- 03 Promotion of post harvest technologies related to cashew cultivation**
- 04 Development of human resources and increasing productivity**

### **01. Increasing the Area of Cashew Cultivation in Sri Lanka**

#### **1.1 Cashew Cultivation under Extension Services**

Primarily, cashew cultivation in Sri Lanka is limited to the dry zone. Nearly 30,000 acres of cashew grown lands were destroyed owing to the war which raged in these areas for the last three decades. However, under the extension programmes being implemented by the Corporation from 2010, more than 10,000 acres of land per year were reclaimed.

Under the extension subsidy scheme funded by the treasury, bud grafted and seedling cashew cultivation will be carried out during the next three years at the rate of 4500 acres per year.

#### **1.2 Rehabilitation of Plantations**

Rehabilitation of old plantations and starting new plantations in the estates of the Corporation was undertaken from the year 2011. Under this, rehabilitation of the Kondachchi estate in the Northern Province and the Mankerni estate in the Eastern Province was undertaken jointly with the Department of Civil Security. It has been planned to cultivate about 1000 acres in the Kondachchi and Mankerni estates during the course of the next three years.



### **1.3 New Cultivation**

New cultivations will be carried out also in cashew grown lands of cashew small holders, at the rate of 500 acres per year. **Through the implementation of all aforementioned cultivation programmes, the cashew grown land extent will be increased at least by 6000 acres each year.**

A network of extension services consisting of 10 regional offices is being implemented for the successful completion of these activities and cashew cultivation development work in 18 districts is being covered through this network.

## **02. Increasing the Productivity of Cashew Grown Lands**

The extent of cashew grown lands in Sri Lanka amounts to 129,608 acres, of which 88% is made up of cashew small holdings. Seedling cashew trees have been cultivated in a majority of these lands and the cashew trees on these lands are aged 20-35 years, similar to those on the plantations of the Corporation and produce 3-5 kilograms of raw cashew per tree. In countries like Vietnam and India, where improved new varieties of cashew are being cultivated, a tree produces a yield of 10-15 kilograms of cashew. Accordingly, the Corporation is implementing the following activities with a view to increasing the productivity of the plantations.

### **2.1 Introduction of New Varieties**

The Corporation has introduced 08 new improved varieties to the cashew growers, which give a higher yield. The research work is being implemented jointly with the Faculty of Agriculture and Plantation Management of the Wayamba University and the 08 varieties, WUCC 1, WUCC 5, WUCC 8, WUCC 9, WUCC 13, WUCC 19, WUCC 21, WUCC 23 have been cultivated on the Eluwankulama, Wilachchiya, Nalanda, Mahaoya, Suduwathuraara and Oyamaduwa estates and in Plant Breeding Centres. Action is being taken to obtain buds from these mother trees and to breed new varieties to suit various climatic zones of the island, which will be provided to the cashew growers. Two new varieties will be introduced annually with a view to increasing the cashew yield to 1000 kilograms per hectare.

## **2.2 Application of Good Agricultural Practices**

Each year cashew small holders are directed to remove seedling cashew trees which give a low yield and to start replanting. Training programmes for cashew growers are conducted annually with the involvement of the National Institute of Plantation Management, with a view to increasing the cashew yield through the application of Good Agricultural Practices. This is expected to be implemented during the course of the next three years. Visual media are being used for this purpose. Owing to heavy rainfall during the flowering season, shoot rotting disease may occur in plantations.

As a result, the cashew yield may drop by 30% - 40%. Hence the need to make the cashew small holders knowledgeable has become vitally important. With the intention of suppressing damages being caused by carpenter worms in mature cashew cultivations a programme is being implemented jointly with the research units and is scheduled to be implemented during the course of the next three years.

## **2.3 Central Plant Nurseries**

Central Plant Nurseries of the Corporation have been established in Mihintale, Dambulla, Kamandaluwa estate, Aluththarama, Kumbukkana, Hardy estate and Chandrikaweva. At these nurseries, high quality bud grafted plants of new varieties are produced under the supervision of the Corporation's officials and are issued to growers. A total of 500,000 bud grafted plants are produced annually at these plant nurseries and it is envisaged that 500,000 plants per year will be produced during the next 03 years. The application of new technologies in the production of plants is being promoted.

## **03. Promotion of Post Harvest Technologies of Cashew Corporation**

A high demand for Sri Lankan cashew has arisen in the world market due to its taste, size and even colour. However, it is difficult to increase the export capacity immediately with the annual harvest of 10,000-12,000 raw cashew produced each year. Also, the local consumption of cashew kernels has increased.

In addition to this, due to the increase of the production cost of a kilogram of cashew kernels, the price of a kilo of cashew kernels ranges from Rs. 1800 - Rs. 2400. After taking these facts into consideration, the Corporation has initiated a number of measures to increase the standards of the cashew kernel products and the profit being earned.

### **3.1 Good Manufacturing Practices**

The Corporation encourages the use of standardization, value addition and the application of Good Manufacturing Practices to increase the quality of the products, the use of hygienic manufacturing practices, modernizing of the processing utilizing new technologies the use of new packaging methods and the manufacture of new products among small scale entrepreneurs. The training centre of the Nedagamuwa processing centre is being used for this purpose.

### **3.2 Training Programmes**

The Corporation contributed towards the elevation of the products of small scale producers to reach the international standards and have conducted training programmes for 40 persons engaged in the processing industry annually. This will be continued during the course of the next three years.

Also a programme currently being implemented to provide those who embark on processing industries with electricity operated shelling machines and ovens at affordable prices with the involvement of the Corporation will also be continued.

### **3.3 Purchase of Raw Cashew from Cashew Growers**

In addition to the harvest gathered from the plantations of the Corporation, raw cashew needed to continue the annual production at processing factories, were purchased last year from the cashew growers. The Regional Managers and Extension Officers of the Corporation are assigned with this task. This enabled the farmers to obtain a higher price for their products and to maintain a stable price since this prevented middlemen from buying raw cashew at a low price from farmers. Steps will be taken to purchase raw cashew from farmers during the course of the next three years. In addition to this cashew kernels have also been purchased from farmers.

### **3.4 Promotion of cashew Byproducts**

Raw cashews are separated from the cashew harvest and cashew apples go to waste without any use being derived from them. Accordingly, every year more than 10,000 cashew apples go to waste without any use being derived from them.

The Corporation has initiated the production of wine using cashew apples and a winery for this purpose has been established in the Puttlam processing centre. An annual production of 4500 no: of high quality wine bottles is envisaged and on its success, it is expected to continue the production of wine using cashew apples and issue them to the market during the course of the next three years.

In addition to this, a joint programme is being implemented with the private sector to conduct research on the manufacture of byproducts of cashew apples such as Non Alcoholic Beverages, jams, cordials, to provide training and to market products.

## **04. Human Resources Development and Increasing the Productivity**

### **4.1 Training and Development of Human Resources**

Steps have been taken to conduct in house training session necessary for the training and development of officers of all levels of the staff. This programme enables them to acquire a higher level of productivity, in their respective works, updates their knowledge of the subject field, provides opportunities to obtain latest knowledge, enables to acquire a higher level of efficiency through self motivation. It has been planned to continue this training programme during the course of the next three years.

### **4.2 Restructuring and Performance Evaluation of the Staff**

Computers and fax machines have been provided to the network of regional offices of the Corporation. Accordingly, the communication facilities have been modernized with access to internet. Measures have been taken to restructure the staff to conform to the current development process of the Corporation and to revise the scheme of recruitment

and promotion. This will ensure that the performance of the staff is maximized enabling the Corporation to overcome the challenges of the next few years. Steps have also been taken to evaluate the performance of all levels of the staff.

## Sri Lanka Cashew Corporation

Amalgamated Statement of Financial Position As At 31.12.2014

31.12.2013  
(Restated)

<u>Rs.</u>	<b>Assets</b>	<u>Notes</u>	<u>Rs.</u>	<u>Rs.</u>
	<b>Non Current Assets</b>			
63,915,955.56	Propety Plant & Equipment	01	77,005,215.45	
30,465,749.11	Mature Area Expenditure	02	35,141,076.20	
29,288,491.33	Immature Area Expenditure	03	25,852,827.72	
215,375.77	Capital Work in Progress		1,046,491.00	
618,787.46	Other Small Projects	04	614,594.38	
<u>124,504,359.23</u>	<b>Total Non Current Assets</b>			139,660,204.75
	<b>Current Assets</b>			
29,460,013.42	Stocks	05	48,712,114.42	
60,042,256.09	Trade Debtors & Other Receivables	06	24,842,906.55	
5,460,727.53	Deposits, Advances & Prepayments	07	10,079,743.24	
66,529,295.29	Cash & Cash Equivalents	08	60,878,673.12	
<u>161,492,292.33</u>	<b>Total Current Assets</b>			<u>144,513,437.33</u>
<u><b>285,996,651.56</b></u>	<b>Total Assets</b>			<u><b>284,173,642.08</b></u>
	<b>Equity &amp; Liabilities</b>			
	<b>Equity</b>			
40,000,000.00	Initial Capital		40,000,000.00	
58,744,656.00	Government Grant		78,956,936.39	
19,691,009.66	Grant from Other Parties	09	19,303,961.19	
22,241,383.25	Capital Reserves	10	22,215,332.25	
81,339,297.02	Profit & Loss Account		56,278,274.35	
<u>222,016,345.93</u>	<b>Total Equity</b>			216,754,504.18
	<b>Non Current Liabilities</b>			
33,874,951.54	Provision for Gratuity		42,414,576.01	
3,256,512.00	Vehicle Lease		-	
<u>37,131,463.54</u>	<b>Total Non Current Liabilities</b>		42,414,576.01	
	<b>Current Liabilities</b>			
26,848,842.09	Trade Creditors & Other Payables	11	25,004,561.89	
<u>26,848,842.09</u>	<b>Total Current Liabilities</b>			<u>67,419,137.90</u>
<u><b>285,996,651.56</b></u>	<b>Total Equity &amp; Liabilities</b>			<u><b>284,173,642.08</b></u>

M.T.S.K.Peiris  
Assistance General manager Finance

P.R.P.L.C. Wijewarnesooriya  
Chairman

## SRI LANKA CASHEW CORPORATION

### Accounting Policies - 2014

- (1) The accounts have been prepared in accordance with the Sri Lanka Accounting Standards.
- (2) Fixed Assets depreciated on the fixed installments (i.e.) Straight line Basis. The depreciation for the year of purchase is provided in proportion to the date of purchase. Full depreciation is provided on buildings, in the year of completion of construction, irrespective of the date of completion.
- (3) The depreciation rates are as follows:

Vehicles	20%
Plant & Machinery	10%
Tools & Equipment / Office Equipment	10%
Tube Wells	10%
Furniture & Fittings	06%
Buildings - Permanent	03%
Buildings - Semi Permanent	33%

- (4) The basis followed in valuing of stock is as follows:
  - a. Cashew Kernels &  
Cashew Nut Shell Liquid - Cost and Net realizable  
Value whichever is lower.
  - b. Cashew Seeds - Guaranteed Floating/  
Marketing price
  - c. Sheep & Cattle - Market Price in the region  
(Live weight)
  - d. Coconut - Since realized Value
  - e. All other stocks - At cost

- (5) Head Office Charges have been apportioned among the cost centers on the basis of total salary expenditure incurred for the cost centers.
- (6) The basis of apportionment of Plantation General Expenditure to mature, immature area, nursery & Animal husbandry on the actual labour days.
- (7) Amortizing of Cashew & Coconut Mature Areas is at 5% per annum.
- (8) The provision for bad doubtful debts is made at 3.53% on total debts. Difference in the provision, Provision account is transferred to write off bad debts account for the final year.
- (9) Past service cost arising during the period of completion of the minimum period of service for illegibility, for gratuity payable under the Act, is charged to income during the accounting year the employees complete the minimum period of service. Present service cost arising during the period, after the completion of minimum period is charged to income during the related accounting year.
- (10) When the capital Grant is allocated and realized, to the corporation that is usually capitalized after identifying related capital assets and other development activities which are considered as long term assets in accordance with the Accounting Standards.

The actual value entered to the books of accounts by way of depreciation and amortization is written off from the capital assets and subsequently an equivalent value is identified from the Capital Grant as a revenue.



**Sri Lanka Cashew Corporation**

**Note - 01**

**Property, Plant & Equipment:**

<b>Asset</b>	<b>Cost/Revaluation Value as at 01.01.2014 (Rs.)</b>	<b>Additions/ Revaluation During the Year (Rs.)</b>	<b>Disposal/ Transfer During the Year (Rs.)</b>	<b>Cost/Revaluation Value as at 31.12.2014 (Rs.)</b>	<b>Cumulative Depreciation as at 31.12.2014 (Rs.)</b>	<b>Written Down Value as at 31.12.2014 (Rs.)</b>
Land	9,516,899.57	2,259,047.44	-	11,775,947.01	-	11,775,947.01
Buildings (Permenent)	39,732,643.38	614,385.77	-	40,347,029.15	14,722,416.51	25,624,612.64
Buildings (Semi Permenent)	-	162,210.00	-	162,210.00	12,614.17	149,595.83
Motor Vehicles	50,066,717.84	20,900,398.00	515,000.00	70,452,115.84	43,541,082.04	26,911,033.80
Plant & Machinery	14,039,320.45	249,547.20	-	14,288,867.65	9,201,934.90	5,086,932.75
Tools & Equipment	8,489,447.43	79,440.50	-	8,568,887.93	7,589,547.57	979,340.36
Office Equipment	9,768,002.49	204,170.00	-	9,972,172.49	7,604,387.84	2,367,784.65
Furniture & Fittings	6,087,886.82	307,298.50	-	6,395,185.32	3,813,092.85	2,582,092.47
Tube Well	826,682.00	-	-	826,682.00	426,451.55	400,230.45
Cultivation Well	499,499.00	145,500.00	-	644,999.00	126,178.13	518,820.87
Tank	608,824.62	-	-	608,824.62	-	608,824.62
	<b>139,635,923.60</b>	<b>24,921,997.41</b>	<b>515,000.00</b>	<b>164,042,921.01</b>	<b>87,037,705.56</b>	<b>77,005,215.45</b>

## Sri Lanka Cashew Corporation

### Note - 02

#### Mature Area Expenditure

		(Rs.)
Cashew	Schedule - 2A	32,636,075.85
Coconut	Schedule - 2B	2,505,000.35
<b>Total</b>		<b>35,141,076.20</b>

#### Schedule - 2A

#### Mature Area - Cashew

Plantation	Cost up to maturity as at 01.01.2014 (Rs.)	Provision for Amortization as at 31.12.2014 (Rs.)	Net Value as at 31.12.2014 (Rs.)
Hardy Plantation	2,928,520.81	1,615,294.83	1,313,225.98
Kamandaluwa Plantation	14,708,944.94	9,795,627.37	4,913,317.57
Puttalam Plantation	30,069,888.71	16,745,746.01	13,324,142.70
Eluwankulama Seed Garden	13,933,185.28	8,175,578.56	5,757,606.72
Vilachchiya Plant Propagation Centre	655,569.86	97,627.31	557,942.55
Nalanda Plant Propagation Centre	4,440,584.27	603,837.40	3,836,746.87
Mahaoya Plant Propagation Centre	1,150,848.05	57,542.40	1,093,305.65
Monaragala Plant Propagation Centre	1,936,618.75	96,830.94	1,839,787.81
<b>Total</b>	<b>69,824,160.67</b>	<b>37,188,084.82</b>	<b>32,636,075.85</b>

## Sri Lanka Cashew Corporation

### Schedule - 2B

#### Mature Area – Coconut

Plantation	Cost up to maturity as at 01.01.2014 (Rs.)	Provision for Amortization as at 31.12.2014 (Rs.)	Net Value as at 31.12.2014 (Rs.)
Hardy Plantation	1,439,080.66	410,946.78	1,028,133.88
Kamandaluwa Plantation	2,437,612.22	1,079,543.82	1,358,068.40
Puttalam Plantation	431,998.76	313,200.69	118,798.07
	<b>4,308,691.64</b>	<b>1,803,691.29</b>	<b>2,505,000.35</b>

### Note - 03

#### Immature Area Expenditure

		(Rs.)
Cashew	Schedule - 3A	21,603,728.88
Coconut	Schedule - 3B	4,249,098.84
	<b>Total</b>	<b>25,852,827.72</b>

### Schedule - 3A

#### Immature Area – Cashew

Plantation	Cost as at 31.12.2014 (Rs.)
Hardy Plantation	2,118,383.71
Kamandaluwa Plantation	3,151,152.05
Puttalam Plantation	2,858,742.38
Eluwankulama Seed Garden	468,616.64
Manrkerni Plantation	1,244,084.70
Elkaduwa Seed Garden	1,380,669.30
Mahaoya Seed Garden	443,285.25
Monaragala Seed Garden	220,336.00
Research & Development	1,366,018.75
Nedagamuwa Processing Centre	135,360.40
Oyamaduwa Plant Propagation Centre	7,459,045.38
Villachchiya Plant Propagation Centre	4,288.00
Kondachchi Plant Propagation Centre	753,746.32
<b>Total</b>	<b>21,603,728.88</b>

**Sri Lanka Cashew Corporation**

**Schedule - 3B**

**Immature Area – Coconut**

<b>Plantation</b>	<b>Cost as at 31.12.2014 (Rs.)</b>
Hardy Plantation	1,857,437.72
Kamandaluwa Plantation	754,890.24
Puttalam Plantation	630,182.49
Oyamaduwa Plant Propagation Centre	1,006,588.39
	<b>4,249,098.84</b>

**Note - 04**

**Other Small Projects**

<b>Project</b>	<b>Cost as at 31.12.2014 (Rs.)</b>
Teak Plants Project	366,606.53
Papaya Project	237,187.85
Banana / Citrus Project	10,800.00
	<b>614,594.38</b>

## Sri Lanka Cashew Corporation

### Note - 05

#### Stocks

	(Rs.)
Sundries	4,050,553.19
Wine	693,206.64
Animal Husbandry	3,562,360.00
Cashew Kernels	10,488,706.85
Raw Cashew	24,142,430.74
Plants	5,206,342.10
Packing Materials	554,690.90
Coconuts	13,824.00
	<b>48,712,114.42</b>

### Note -06

#### Trade Debtors & Other

#### Receivables

	(Rs.)
Trade Debtors	458,108.50
<b>Less :</b> Pro. For Bad Debts	16,171.00
Sundry Debtors	25,408,763.05
<b>Less :</b> Impairment Loss	1,007,794.00
	<b>24,842,906.55</b>

### Note -07

#### Deposits, Advance &

#### Prepayments

Advance	449,790.00
Prepayments	6,144,405.74
Deposits	3,485,547.50
	<b>10,079,743.24</b>

## Sri Lanka Cashew Corporation

### Note - 08

#### Cash & Cash Equivalents

	<u>(Rs.)</u>
Cash in Transit	83,708.94
Cash at Bank & Cash in Hand	60,794,964.18
<b>Total</b>	<b>60,878,673.12</b>

### Note - 09

#### Grant from other Parties

	<u>(Rs.)</u>
North East Coastal Community Development Project	7,021,916.21
Ministry of Supplementary Plantation Crop. Development	1,612,451.80
Ministry of Minor Export Crop Promotion	10,669,593.18
<b>Total</b>	<b>19,303,961.19</b>

### Note - 10

#### Capital Reserves

	<u>(Rs.)</u>
Revaluation Reserve - Vehicles	21,702,602.03
Other Capital Reserves	512,730.22
<b>Total</b>	<b>22,215,332.25</b>

**Note - 11**

**Current Liabilities**

	<b>(Rs.)</b>
Sundry Creditors	13,911,424.81
Accrued Expenses	11,093,137.08
<b>Total</b>	<b>25,004,561.89</b>

**Note - 12**

Subject to Sri Lanka Accounting Standard and Accounting Policies, the errors identified in prior year and required changes in accounting estimates have been adjusted and restated the comparative amounts in 2014

**Sri Lanka Cashew Corporation**

**Commercial Sector**

**Amalgamated Statement of Comprehensive Income For the Year Ended 31.12.2014**

<u>31.12.2013</u>	Particulars	<u>31.12.2014</u>
	<b><u>Sales/Turn Over</u></b>	
79,451,283.62	Cashew Kernels	63,334,146.00
-	Cashew Mother Seeds	-
54,306,175.00	Cashew Plants	50,865,900.00
447,484.03	Coconut	1,170,028.84
24,570.00	Return Inward	-
<b>134,180,372.65</b>	<b>Net Sales</b>	<b>115,370,074.84</b>
	<b><u>Cost of Sales</u></b>	
(2,379,414.63)	(Increase)/Decrease In Stock	(292,510.82)
8,286,338.92	Cost of Plants Production	6,831,406.95
53,777,950.91	Cost of Kernels Production/Over Heads	27,257,248.33
16,005,236.36	Mature Area Admin. Expenditure	19,939,368.87
6,895,925.38	Mature Area Direct Expenses	8,640,179.67
82,586,036.94	Total Cost of sales	62,375,693.00
<b>51,594,335.71</b>	<b>Gross Profit/ ( Loss )</b>	<b>52,994,381.84</b>
	<b><u>Expenditure</u></b>	
22,076,033.71	Administration Expenses ( Processing Centres & Nurseries )	29,345,618.67
<b>29,518,302.00</b>	<b>Profit / (Loss) Before Amortization</b>	<b>23,648,763.17</b>
3,044,757.11	Amortization	3,283,050.99
<b>26,473,544.89</b>	<b>Profit/(Loss ) After Amortization</b>	<b>20,365,712.18</b>
(54,807.78)	Profit/(Loss) Wine	313,034.62
95,000.00	Profit/(Loss) Processing Equip.	129,400.00
-	Profit/(Loss) Papaya Project	8,586.81
247,215.52	Profit/(Loss) Animal Husbandry	(307,992.97)
<b>26,760,952.63</b>	<b>Operational profit / (Loss)</b>	<b>20,508,740.64</b>
	<b><u>Other Income</u></b>	
22,774,500.00	Government Grant (Recurrent)	21,235,000.00
2,531,823.00	Profit/(Loss) Disposal of Fixed Assets	265,147.00
6,668,907.90	Interest Income	3,151,683.11
846,271.90	Sundry Income	498,181.30
160,030.74	Amortization - Grant from Other Parties	161,036.82
<b>32,981,533.54</b>	<b>Total Other Income</b>	<b>25,311,048.23</b>
	<b><u>Other Expenses</u></b>	
21,417,288.22	Administration Expenses (Head Office)	24,050,413.02
<b>38,325,197.95</b>	<b>Net Profit/(Loss)</b>	<b>21,769,375.85</b>



**Sri Lanka Cashew Corporation**

**Service Sector**

<u>31.12.2013</u>	<u>Income &amp; Expenditure Account for the Year Ended 31.12.2014</u>			(Rs.)
	<b><u>Income</u></b>			
	Government Grant			
23,032,116.15	-	Capital	- Current Year	17,072,009.24
1,852,413.21			- Amortization	2,215,710.37
29,725,500.00		- Recurrent		28,765,000.00
54,610,029.36	<b>Total Income</b>			48,052,719.61
	<b>Less;</b>			
	<b><u>Expenditure</u></b>			
27,954,053.91	Head Office		32,578,767.62	
	Under Capital			
23,032,116.15	Grant		17,072,009.24	
38,027,315.36	Extension Service		42,451,595.13	
2,192,343.89	Research & Development		2,839,104.31	
	Oyamaduwa Plant Propagation			
762,504.52	Centre		731,327.44	
	Kondachchi Plant Propagation			
-	Centre		206,933.20	
91,968,333.83	<b>Total Expenditure</b>			95,879,736.94
	Expenditure Over Income during the Year			
<b>(37,358,304.47)</b>	Transferred to Final Amalgamated Profit/Loss Account			<b>(47,827,017.33)</b>

**Final Amalgamated**

<u>31.12.2013</u>	<u>Statement of Comprehensive Income For The Year Ended 31.12.2014</u>		(Rs.)
			(Rs.)
38,325,197.95	Net Profit earned from the Commercial Sector		21,769,375.85
(37,358,304.47)	Expenditure Over Income for the Year - Service Sector		(47,827,017.33)
<b>966,893.48</b>			<b>(26,057,641.48)</b>
-	Prior Year Adjustment		996,618.81
80,372,403.54	Profit / (Loss) Brought Forward		81,339,297.02
80,372,403.54			82,335,915.83
<b>81,339,297.02</b>	<b>Profit / (Loss) Carried Forward</b>		<b>56,278,274.35</b>

## SRI LANKA CASHEW CORPORATION

### CASH FLOW STATEMENT

Consolidated cash flow statement for the year ended 31st December 2014.

	<u>Year ending 31st December - 2014</u>	
	(Rs.)	(Rs.)
<b><u>Cash Flows from Operating Activities</u></b>		
Loss for the year		(26,057,641.48)
<b><u>Adjustments for items not involving movement of cash</u></b>		
Depreciation	11,915,716.80	
Amortization	3,437,424.33	
Provision for Gratuity	9,743,212.47	
Bad debtors written off & Pro. for Impairment Loss	1,023,965.00	
Profit on Disposal of Fixed Assets	(265,147.00)	
Investment on Plantation Assets	(8,112,751.42)	
Written off Other Small Project	160,474.53	
Grant from Other Parties Amortization	(161,036.82)	
Government Grant Amortization	<u>(19,287,719.61)</u>	
		<u>(1,545,861.72)</u>
Operating Profit/(loss) before changes in items of working capital		(27,603,503.20)
<b><u>Changes in items of Working capital</u></b>		
Stocks - (Increase)/Decrease	(19,252,101.00)	
Debtors - (Increase)/Decrease	34,924,145.54	
Advances and Prepayments - (Increase)/Decrease	(4,619,015.71)	
Creditors - Increase/(Decrease)	639,900.33	
Accrued Expenses - Increase/(Decrease)	(2,484,180.53)	
Other Payables - Increase/(Decrease)	(3,256,512.00)	
		<u>5,952,236.63</u>
		<u>(21,651,266.57)</u>
Payment of Gratuity		(1,203,588.00)
Cash used in/generated from operating activities		(22,854,854.57)

## SRI LANKA CASHEW CORPORATION

### Cash flows from Investing Activities

Purchase of fixed assets	(24,921,997.41)	
Sale of Fixed Assets	243,500.00	
Capital Work in Progress	(831,115.23)	
Redemption of Equity Grants	(226,011.65)	
Investment on New Planting	3,435,663.61	
Investments on Other Small Projects	4,193.08	
		(22,295,767.60)
		(45,150,622.17)

### Cash Flows from Financial Activities

Government Grant		39,500,000.00
Increase in cash & cash equivalents		(5,650,622.17)
Cash & cash equivalents at beginning of the year	(Note-01)	66,529,295.29
		<b>60,878,673.12</b>

	<u>As at</u>	<u>As at</u>
<u>Note - 01</u>	<u>01.01.2014</u>	<u>31.12.2014</u>
Cash at Bank/in hand	66,445,274.39	60,794,964.18
Cash in Transits	84,020.90	83,708.94
	<b>66,529,295.29</b>	<b>60,878,673.12</b>

**Sri Lanka Cashew Corporation**  
**Changes in Equity Statement for the year ended 31.12.2014**

<b>Changes</b>	<b>Initial Capital</b>	<b>Government Grant-Capital</b>	<b>Grant from NECCD Project</b>	<b>Grant from MSPCD</b>	<b>Revaluation Reserve</b>	<b>Other Capital Reserves</b>	<b>Grant from MMECP</b>	<b>Profit &amp; Loss Account</b>	<b>Total (Rs.)</b>
Balance as at 01.01.2014	40,000,000.00	58,744,656.00	7,247,927.86	1,612,451.80	21,728,653.03	512,730.22	10,830,630.00	81,339,297.02	222,016,345.93
Grant Received during the year	-	39,500,000.00	-	-	-	-	-	-	39,500,000.00
Transfers to Profit & Loss Account	-	(19,287,719.61)	(226,011.65)	-	-	-	(161,036.82)	-	(19,674,768.08)
Transfers to Assets disposal Account	-	-	-	-	(26,051.00)	-	-	-	(26,051.00)
Prior year Adjustment	-	-	-	-	-	-	-	996,618.81	996,618.81
Net Profit / (Loss) for the period	-	-	-	-	-	-	-	(26,057,641.48)	(26,057,641.48)
Balance as at 31.12.2014	<b>40,000,000.00</b>	<b>78,956,936.39</b>	<b>7,021,916.21</b>	<b>1,612,451.80</b>	<b>21,702,602.03</b>	<b>512,730.22</b>	<b>10,669,593.18</b>	<b>56,278,274.35</b>	<b>216,754,504.18</b>

**NECCD -North East Coastal Community Development Project**  
**MSPCD - Ministry of Supplementary Plantation Crops Development**  
**MMECP -Ministry of Minor Export Crops Promotion**



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்  
**AUDITOR GENERAL'S DEPARTMENT**



මගේ අංකය } LP/A/SLC/01/14/09  
எனது இல. }  
My No. }

ඔබේ අංකය }  
உமது இல. }  
Your No. }

දිනය }  
திகதி }  
Date }

24 July 2015

The Chairman,  
Sri Lanka Cashew Corporation.

**Report of the Auditor General on the Financial Statements of the Sri Lanka Cashew Corporation for the year ended 31 December 2014 in term of Section 14(2)(c) of the Finance Act, No. 38 of 1971**

The audit of financial statements of the Sri Lanka Cashew Corporation for the year ended 31 December 2014 comprising the statement of financial position as at 31 December 2014 and the statement of comprehensive income, 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 23 of the State Agricultural Corporations Act, No. 11 of 1972. My comments and observations which I consider should be published with the Annual Report of the Corporation 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 furnished to the Chairman of the Corporation on 22 June 2015.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka 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 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation'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 Corporation'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

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



## 2. Financial Statements

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### 2.1 Qualified Opinion

---

In my opinion, except for the effects 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 the Sri Lanka Cashew Corporation as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### 2.2 Comments on Financial Statements

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#### 2.2.1 Sri Lanka Accounting Standards

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Non-compliance with the following Sri Lanka Accounting Standards were observed during the course of audit.

- |         |  |
|---------|--|
| SLAS 01 | The measurement base or bases used for the preparation of financial statements which are important in understanding the financial statements, had not been disclosed.  |
| SLAS 02 | Instead of valuing the stock of 47 products relating to cashew by separately computing the cost, the stock had been valued at the average cost of the products. As such the sale price of certain products had been lesser than the cost.  |
| SLAS 08 | According to the Standard, material erroneous presentation of comparative values of prior periods should be rectified by restatement. Nevertheless, the overstatement of expenditure of the Nurseries Division by a sum of Rs.996,619 in the year 2013 had been adjusted as retrospective adjustments. |



- SLAS 16
- (i) The date of operation of the revaluated and whether an undependable value was sniffed had not been disclosed in connection with the motor vehicles stated at the revalued amount.
  - (ii) The accumulated depreciation of property, plant and equipment as at the beginning of the year under review, depreciation relating to the year under review and the depreciation of the assets disposed of had not been disclosed.
  - (iii) According to the Standard, where the fair value of a revalued asset differs materially from the carrying value, a further revaluation is required. Even though motor vehicles had not been revalued after the year 2009, fully depreciated motor vehicles costing Rs.25,600,800 had been further used by the Corporation.
  - (iv) Even though disclosure had been made in the accounting policies that, in cases where the fair value of property, plant and equipment can be positively measured in accordance with the Standard that they would be shown at the revalued amount, the Corporation had been further using the fully depreciated property, plant and equipment costing Rs.20,231,977 excluding motor vehicles.
- SLAS 19
- Even though all material post – employment benefit liabilities should be measured by a qualified Actuary or by Gratuity Formula System, current employment cost, interest cost, actuarial profit and loss had not been computed for gratuity.
- SLAS 39
- Disclosure had not been made whether the recognition, measurement, presentation and disclosure of trade debtors and other receivables, deposits, advances and prepayments, cash and cash equivalent assets and trade creditors and other payables as financial assets and financial liabilities had been done according to the Standard.
- SLAS 41
- The biological assets of the Corporation, that is, cashew trees, had not been brought to account and disclosed in accordance with this Standard.



### 2.2.2 Accounting Deficiencies

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The following observations are made.

- (a) Instead of recognizing sales on the accrual basis in sale of cashew to the Franchise Stalls, sales had been recognized on the cash basis. Accordingly, the balance of Rs. 460,982 receivable by the end of the year under review had not been brought to account.
- (b) The balance of the Government Grants Account as at the end of the year under review amounted to Rs.78,956,936 and that balance should be equal to the fixed assets acquired from the Government Grants, expenditure on the matured areas and the net value as at the end of the year under review of the expenditure on the non-matured areas. Nevertheless a difference of Rs.37,915,049 was observed.
- (c) According to the financial statements the provision for gratuity and payment of gratuity amounted to Rs.10,009,513 and Rs.1,469,889. But those had been shown as Rs.9,743,212 and Rs.1,203,588 in the cash flow statement.

### 2.2.3 Lack of Evidence for Audit

---

The evidence needed to confirm the following amounts had not been furnished to audit.

Item	Values Rs.	Evidence not furnished
-----	-----	-----
Damaged Cashew Seedlings	3,759,120	Verification Reports on 90,658 damaged cashew seedlings
Sale of Cashew Seedlings	894,100	Issue Orders relating to the issue of 8,761 cashew seedlings.

#### 2.2.4 Transaction not supported by Adequate Authority

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Even though the Department of Public Enterprises had approved the purchase of a motor car or a double cab motor vehicle costing not more than Rs.8.5 million for the Chairman, disregarding that limit, the Corporation had purchased a Jeep for Rs.9,860,000 in July 2014. It was also observed that the said vehicle imported under a duty concession permit issued to a Public Officer and registered in the name as the first owner and the registration had been transferred to the Corporation as the second owner.

#### 2.3 Accounts Receivable and Payable

---

The following observations are made.

- (a) The debtors balance brought forward from prior to the year 2010 amounted to Rs.2,003,354 and out of that a sum of Rs.1,962,800 represented a debtors balance receivable for the supply of cashew seedlings to the Ministry of Nation Building in the year 2009.
- (b) Withholding Tax amounting to Rs.775,134 existing over several years had been shown as a receivable balance without being adjusted.
- (c) Action had not been taken even during the year under review for the settlement of 03 balances of liabilities amounting to Rs.6,721,078 brought forward over several years.
- (d) The arrears amounting to Rs.1,042,665 receivable for the cashew seedlings distributed to 03 District Secretariats in the years 2012 and 2013 under the Divineguma Programme had not been recovered even by the end of the year under review.



## 2.4 Non-compliance with Laws, Rules, Regulation and Management Decisions

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Non-compliance with laws, rules, regulations and management decisions observed are given below.

Reference to Laws, Rules and Non-compliance  
Regulations

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- |   |   |
|---|---|
| (a) Inland Revenue Act, No.10 of 2006       | Even though the Corporation is an institution liable for income tax action had not been taken for the preparation of Income Tax Returns for the years of assessment 2011/2012, 2012/2013 and 2013/2014 or for the payment of income tax.  |
| (b) Value Added Tax Act, No.14 of 2002      | Where the institution supplying wholesale and retail sale goods is the manufacture of the same goods and where the turnover per quarter exceeds Rs.3 million or the annual turnover exceeds Rs.12 million, the institution should register for Value Added Tax and recover Value Added Tax. But the Corporation had not taken action for the recovery of tax. |
| (c) Nation Building Levy Act, No. 9 of 2009 | Even though institutions engaged in manufacturing activities with turnover exceeding Rs.3 million per quarter or an annual turnover exceeding Rs.12 million are liable to pay the Nation Building Tax the Corporation had not taken action to pay in Nation Building Tax by registering for payment of the Nation Building Tax.                               |

- (d) Public Enterprises Circular No. 58(2) of 15 September 2011
- Even though the Chairman and the Vice Chairman cannot be paid the cost of living allowance, contrary to that a sum of Rs.135,980 had been paid as cost of living allowance for the period January to 19 September 2014.

### 3. Financial Review

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#### 3.1 Financial Results

---

According to the financial statements presented, the operations of the Corporation for the year under review had resulted in a deficit of Rs.26,057,641 as against the surplus of Rs.966,893 for the preceding year. Accordingly, as compared with the preceding year, a decrease of the Rs.27,024,534 in the financial result was observed. The decrease of the expenditure of the Commercial Division by Rs.11,944,770 and the decrease of the income by Rs.18,679,725 and the decrease of the income of the Service Division by Rs.13,745,051 and the increase of the expenditure by Rs.6,544,528 had been main reasons thereto.

#### 3.2 Analytical Financial Review

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According to the financial statements, the financial result of the Corporation for the year ended 31 December 2014 as compared with the position as at 31 December 2013 is given below.



(a) Commercial Division

	Estates and Marketing Division			Commercial Nurseries Division		
	2014	2013	Percentage of Change Increase/ (Decrease)	2014	2013	Percentage of Change Increase / (Decrease)
	Rs.	Rs.		Rs.	Rs.	
Total Income	70,173,571	85,411,920	(18)	50,865,900	54,307,276	(6)
Total Expenditure	76,185,806	91,462,288	(17)	24,059,934	20,728,222	16
Operating Profit / (Loss)	(6,012,235)	(6,050,368)	(1)	26,805,966	33,579,054	(20)
Profit Margin Percentage	(8)	(7)		111	162	

(b) Services Division

	2014	2013	Percentage of Change Increase/ (Decrease)
	Rs.	Rs.	
Government Grants - Capital	19,448,757	25,044,560	(22)
- Recurrent	50,000,000	52,500,000	(5)
Profit of the Commercial Division	20,793,731	27,528,686	(24)
Interest Income	3,151,683	6,668,908	(53)
Profit from Disposal of Assets	265,147	2,531,823	(90)
Other Income	213,191	78,538	171
Total Income	93,872,509	114,352,515	(18)

Total Expenditure of Service			
Division	119,930,150	113,385,622	6
	-----	-----	
Profit / (Loss)	(26,057,641)	966,893	
	=====	=====	

- (i) The operating loss of the Estates and Marketing Division for the year under review represented 8 per cent of the cost of manufacture and the operating loss of for the preceding year had been 7 per cent.
- (ii) The cost of a cashew seedlings and a grafted cashew plants during the year under review had been Rs.31 and Rs.43 respectively and the sale price amounted to Rs.100 and Rs.200 respectively. As such the Commercial Nursery Division had achieved a high profit margin of 111 per cent.
- (iii) Even though the sales income of cashew seedlings had rapidly increased since the year 2012 due to the sale of cashew seedlings to the Devineguma Programme the cashew seedlings income in the years 2013 and 2014 as compared with the year 2012, had decreased by 47 per cent and 50 per cent respectively.

#### 4. Operating Review

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##### 4.1 Performance

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The following observations are made.

- (a) The information on the production of the cashew estates of the Corporation, production cost and the extent cultivated is given below.



Estates	Production Cashew Nuts	Cost of Production	Cost per kilogram	Matured Cashew Areas	Age Level		
					Unmatured Cashew Areas	Matured	Unmat ured
						Years	Years
Puttalam	7,261.0	10,177,233	1,402	204.50	98.89	Over 30	less than 5
Kamandaluwa	15,223.0	9,368,145	615	119.00	47.00	Over 30	less than 5
Eluwankulama	64,591.5	8,030,063	124	72.50	10.50	Over 14	less than 5
Hardy	5,834.0	1,677,705	288	70.85	20.24	Over 30	less than 5
Nalmudu	6,813.5	1,470,848	216	20.24	8.09	Over 10	less than 5
Willachchiya	1,076.5	235,139	218	7.28	2.83	Over 10	less than 5
Mahaoya	537.0	-	-	-	10.12	-	less than 5
Suduwathura	100.0	-	-	-	10.12	-	less than 5
Ara							
Total	101,436.5			494.37	207.79		

- (i) Out of the 494 hectares of cashew plantation owned by the Corporation, cashew cultivated in 394 hectares had passed age exceeding 30 years. Even though the Corporation had replanted 40 hectares of the old cultivation during the year 2013, replanting of the lands with old cultivation had not been done in the year 2014.
- (ii) Even though the market price of a kilogram of cashew nuts amounted to Rs.250, the cost of production of a kilogram of cashew nuts in the Puttalam, Kamandaluwa and Hardy Estates had been much higher than the market price.

(b) Subsidy Programme

Out of the cashew seedlings distributed by 08 Regional Offices in the years 2010 and 2011 for the planting of cashew seedlings and grafted plants under the Subsidy Programme, the particulars of successful seedlings as at the end of the year under review are given below.

Regional Offices	Year 2010			Year 2011		
	Number of Seedlings Issued	Successful seeding cultivation as at the end of 2014	Percentage	Number of Seedlings Issued	Successful seeding cultivation as at the end of 2014	Percentage
<u>Grafted</u>						
<u>Cashew</u>						
<u>Cultivation</u>						
Mahiyangana	9,360	978	10	12,340	2,103	17
Naula	23,520	4,167	18	22,600	5,938	26
Puttalama	45,960	6,920	15	48,160	10,372	22
Kurunegala	35,440	9,101	26	30,160	8,031	27
Ampara	8,800	964	11	14,720	1,607	11
Batticaloa	19,600	2,940	15	12,000	3,020	25
Anuradapura	34,200	5,355	16	35,480	7,969	22
<u>Seedlings</u>						
<u>Cultivation</u>						
Trincomalee	2,200	134	6	8,000	787	10
Batticaloa	14,000	3,052	25	8,000	2,400	30
Ampara	-	-	-	4,000	377	9
<b>Total</b>	<b>193,080</b>	<b>34,061</b>		<b>195,660</b>	<b>42,610</b>	



- (i) According to the above table, out of 193,800 seedlings and grafted plants distributed in the year 2010, the number of successful cultivation as at the end of the year 2014 had been 34,061 seedlings or 17.5 per cent.
- (ii) Out of the 195,660 seedlings and grafted plants distributed in the year 2011, the number of successful cultivation as at the end of the year 2014 had been 42,610 seedlings or 21.8 per cent.
- (iii) The Corporation had spent sum of Rs.22,403,139 and Rs.21,098,216 during the years 2010 and 2011 respectively for the Subsidy Programme. Even though a large amount of capital grants had been invested annually as subsidy, the progress of the programme had been at a low level.

#### 4.2 Management Inefficiencies

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The following observations are made.

- (a) The loss sustained from the perished seedlings and grafted plants of the Commercial Nurseries during the year under review amounted to Rs.3,759,120 and that as compared with the preceding year indicated a very high increase of 3,851 per cent.
- (b) Puttalam, Kamandaluwa and Hardy Estates had sustained operating losses amounting to Rs.8,095,121, Rs.4,535,952 and Rs.268,105 respectively due to the direct and administration expenditure being higher as compared with the income.

#### 4.3 Transactions of Contentious Nature

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A new Medical Aid Scheme had been implemented with effect from 04 June 2013 and under that each employee and the family members are reimbursed annually Rs.15,000 for outdoor treatment and Rs.50,000 for hospitalized treatment while the monthly membership fee amounted to Rs.300. A clause that such limits on reimbursements do not apply to the Chairman had been indicated in the Medical Aid Scheme and sums of Rs.286,655 and Rs.104,772 had been reimbursed as medical expenditure of the Chairman during the years 2013 and 2014 respectively.

#### 4.4 Staff Administration

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Out of the approved staff of the Corporation, 36 vacancies comprising 02 vacancies in the top management posts, 25 vacancies in the Executive and non-executive posts and 09 vacancies of minor employees existed.

#### 5. Accountability and Good Governance

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The transfer of title to the lands not belonging to the Corporation on which cashew is cultivated, to the Corporation, discussed by the Committee on Public Enterprises on 24 July 2012 had not been done even up to 30 April 2015.

#### 6. Systems and Controls

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

- (a) Stock Control
- (b) Sale of Cashew Kernels to Franchise Shops

W.P.C.Wickramaratne  
Acting Auditor General

**Expression of opinion with regard to the issues raised by the Auditor General’s Report issued in terms of the section 14 (2) (c) of the Financial Act no: 38 of 1971 on the Financial Statements of the Sri Lanka Cashew Corporation for the year ended 31<sup>st</sup> December 2014 and intimation of corrective measures expected to be taken.**

2.2.1. (a) Necessary actions will be taken in future to disclose these measuring base formally in the final accounts.

2.2.1 (b) It is not clear what products have been referred to here as “some products”. However, under quality control process, there are instances where cashew which are low in quality and associated products are sold at a very low sale price, well below the production cost compared to the competitive prices in the market. If such a procedure is not adopted, these products would ultimately become non-saleable and through this process the loss being caused has been minimized. However, in deciding the sale prices of other products, it has been done in such a manner that it covers the above losses incurred.

Nevertheless, in the current year (2015) action has been initiated under the guidance of a chartered accountant to prepare a methodology for the separate calculation of the cost being incurred for all cashew kernel productions of the corporation.

2.2.1 (c) This is a presenting error. Nevertheless, no effect has been caused by this to the balance of the final profit and loss account which is brought forward from income statement up to financial statement.

2.2.1 (d) (i) The effective date for the revaluation of vehicles mentioned herein is 01.01.2009. The revaluation of the relevant vehicles had been performed by a committee consisting of a mechanical engineer of the tea board, who is an independent assessor. Action will be taken to indicate the relevant disclosures in the financial statements.

2.2.1 (d) (ii) The disclosures relevant to the depreciations mentioned under this, have been indicated in the books of accounts.

2.2.1 (d) (iii) (iv) All assets of the corporation in the current year will be revalued and the results will be entered in the books of accounts.

2.2.1 (e) With much difficulty contacts were established with a qualified assessor for the purpose of assessing the gratuity provisions of the year 2014. Prior to the starting of the work, a quotation stating his professional charges for the relevant work was obtained. A very high price had been stated as charges for his professional services and the Corporation lacked funds to settle this amount. Also we were unable to establish contacts with another qualified assessor and therefore by using our knowledge and experience, we substituted values for gratuity provisions in a manner that suits practically and adjustments were made in the books of accounts.

2.2.1 (f) (g) Initial discussions have already been held on the subject of obtaining consultative services with regard to this matter. Appropriate actions will be taken in future by considering the expenses being incurred in respect of the measurements mentioned herein and the provisions.

2.2.2 (a) It has been ensured that money has been received for all cashew kernels sold to authorized sales outlets and documents are formally being maintained in this respect. Generally, cashew kernels are issued to the authorized sales outlets on ready cash payments. However, in several instances, delays have occurred in obtaining money at the time of the sale, due to various practical reasons. However, from the current year onwards, when such delays of payments occur, action will be initiated to consider them as credit sale and to issue an invoice for that credit sale to the respective organization.

2.2.2 (b) The analysis on public grants mentioned in the audit report should be changed as follows according to books of accounts of the corporation.

The balance of the public grants account	Rs.	78,956,936
The net value of fixed assets	Rs.	(18,631,172)
The net value of the expenses of matured areas	Rs.	(18,785,806)
The expenses of immature areas - cashew cultivation	Rs.	(21,603,729)
The expenses of immature areas - coconut cultivation	Rs.	(4,249,099)
Teak cultivation project	Rs.	(366,607)
<b>Difference</b>	<b>Rs.</b>	<b>15,320,523</b>



The above difference denotes the value of the government grants, received from the General Treasury at the end of the year under review, which had remained unspent. Necessary action will be taken to spend this value for relevant development activities during the current year.

2.2.2 (c) The value of the provisions allocated and the provisions paid according to the books of accounts of the corporation are Rs. 9,743,212/- and Rs. 1,203,588/- respectively. These exact values have been mentioned in the cash flow statement.

### 2.2.3 **Damaged Cashew Plants**

Bud grafted plants and seedlings are produced at the central nurseries of the corporation to be distributed under the subsidy scheme and under various projects. The respective nursery supervisors of these plant nurseries send a detailed analysis report fortnightly to the Head office, incorporating details of damaged plants.

Copies of these analysis reports of plant nurseries have been forwarded for the perusal of the external auditors.

### **Marketing of Cashew Plants**

Owing to various external practical reasons which are beyond the control of the corporation, the cashew plants mentioned herein have not been removed from the commercial nurseries of the corporation by the respective Divisional Secretaries who have placed orders for them in writing.

Accordingly, necessary adjustments will be made when financial statements are being prepared in the current year.

2.2.4 This Jeep has been purchased utilizing the funds generated by the corporation to suit the requirements of and the role assigned to the corporation. The vehicle was purchased from the relevant company in brand new condition by settling the Jeep's total value in full.

2.3 (a) The loan amount receivable from the Ministry of Nation Building was extensively discussed at the audit and management committee meeting of the Line Ministry and the corporation.

Accordingly, the Board of Directors of the corporation at its meeting held on 28.05.2015, has granted approval to write-off the relevant debtors balance by obtaining the necessary approval of the General Treasury. Necessary action will be instituted in future.

2.3 (b) The value of the retention tax mentioned herein, is a receivable value due to the corporation from the Department of Inland Revenue. Even though several requests have been made in writing to secure this value, the Department of Inland Revenue has not hitherto taken any steps to provide this amount to the corporation.

2.3 (c) Matters related to the liabilities mentioned in the audit query were extensively discussed at the Audit and Management committee meeting of the Line Ministry. Action will be taken to settle the amount payable to the Paddy Marketing Board, by the corporation, considering the corporation's financial situations and according to the funds received by the Corporation.

In respect of liabilities, viz, subsidies payable and harvest insurance money payable, mentioned herein, the approval has been granted by the Board of Directors at its meeting held on 28.05.2015, to write off the relevant liability balances and to account it as an income by obtaining the necessary approval from the General Treasury. Future measures will be taken accordingly.

2.3 (d) The arrears mentioned herein are dues chargeable from District Secretaries of the respective districts for the relevant years. Even though requests have been made repeatedly for the recovery of these arrears, these dues have not been made available to the corporation thus far, by the relevant institutions, citing issues related to funds.

2.4 (a) (c) This corporation earns a very limited profit under commercial activities and a considerable amount of this profit is spent on the continuation of the services of

the corporation. In addition to this, employment opportunities have been created on permanent and casual basis for a large number of employees and the corporation has to generate a considerable amount of money for the payment of salaries. Under such circumstances, it is practically difficult to bear an additional cost for the payment of taxes. If the prices of the products of the corporation are increased, it would have negative effects on the competitiveness of the market. Under these circumstances, initial discussions have been held with the Department of Inland Revenue to cancel the payment of income tax and other taxes. Future courses of action will be taken accordingly.

2.4 (d) The payment of the relevant living allowance has been suspended with effect from September 2014.

4.1 (a) (i) Following the decision taken by the governing body to re-cultivate the kondachchi estate, from which maximum benefits can be reaped as experienced in the past in the succeeding years, 100 acres of the kondachchi estate was newly cultivated. Also necessary arrangements are underway to newly cultivate another 400 acres within the current year (2015).

4.1 (a) (ii) The productivity levels of Puttalam, Kamandaluwa and Hardy estates have come down significantly, due to the cultivation of these estates exceeding 30 years.

Particularly, due to the inclement weather conditions that prevailed during the harvesting season of 2014, the cashew yield of these estates has severely decreased. Accordingly, the production cost of a kilo of raw cashew of these estates has exceeded their market price.

4.1 (b) (i) (iii) The subsidy scheme for bud grafted cashew commenced in 2000 and the respective beneficiaries were awarded a subsidy of Rs. 9,500/- per an acre of cultivated land. Even though nearly 15 years have elapsed following the launch of this subsidy scheme no increase of the subsidy amount has been effected.

Under these circumstances, the farmers well below the poverty line are encountering difficulties in maintaining their crops properly and this has severely affected the success of the whole crop.

Even though approval was sought from the General Treasury on several occasions to increase the amount of subsidy up to 25,000/- per acre of the cultivated land as a remedial measure, no response has been received thus far.

Subsidies being granted to the other major economic crops such as coconut, sugarcane being cultivated in the lands in the dry zone in areas which are ideal for cashew cultivation are comparatively higher than the amounts being granted as subsidies for cashew cultivation. Under these circumstances, the farmers' interest in cashew cultivation has waned.

Even though the corporation's field officers had put in their maximum effort making the farmers knowledgeable under limited resources, to ensure the success of the cashew cultivation, the waning of interest of farmers has affected the decline of the success of crops.

Also, inclement weather and climatic conditions that prevailed from time to time during the years under review had impacted negatively on the crops to become unsuccessful.

As remedial measures, action has been taken to conduct farmer training programmes, to provide solutions to problems encountered by farmers, which were identified by the research division of the corporation and to provide technical advises to the farmers.

4.2 (a)

The cashew plants produced according to the orders for plants placed by respective Divisional secretaries under the "Divi Neguma" programme in 2013, were distributed during the "Maha" season of that year and due to various problematic situations which are beyond the corporation's control, a large number of these plants were rejected by the respective Divisional Secretaries.

Even though the cashew plants thus rejected were maintained at the respective nurseries, they could not be prevented from perishing owing to the following reasons.



1. The roots spreading into the ground and the root system growing out of control due to cashew plants remaining in the nursery grounds for a lengthy period.
2. Spreading of fungal diseases caused by weather and climatic conditions.
3. Inability to provide nutrition and other agricultural factors necessary to keep the plants alive.

Accordingly, a large number of plants produced in 2013 could not be prevented from perishing in 2014, due to the above mentioned reasons.

A high percentage has been created as mentioned in the audit query for plants that perished, due to the total number of plants perished being calculated in respect of the year 2014. However, during the year under review, particularly the percentage of bud grafted plants that perished was kept at a minimum percentage of 3% - 4%.

4.2 (b) Even though the expenses being incurred for the annual maintenance of the estates, was restricted to a maximum, the payment of employees, salaries, estate maintenance work and agricultural work such as use of fertilizer, weeding, pest control, etc should be carried out without fail.

The cashew yields once in a year and varies according to climatic and weather factors that are beyond control. Accordingly, the yield of the estates mentioned herein has also come down in 2014. This has caused the operating losses mentioned herein.

4.3 The relevant payments have been made according to the existing rules and regulations of the medical compensation scheme of the corporation.

4.4 Even though nearly a sum of Rs. 90 million is required annually for the payment of salaries to the approved staff of the corporation, the treasury grants a total of Rs. 50 million under salaries and other recurrent expenditures. Therefore, the

corporation has to earn a sum exceeding Rs. 40 million only for the payment of salaries to the permanent staff. Maximum attention will be paid to this condition in filling the relevant vacancies.

5.1 A relatively long period will have to be spent for the transfer of ownership of the land mentioned herein according to the existing rules & regulations and procedures and the Line Ministry is currently taking necessary action in this respect.

6 (a) (b) Special attention will be paid to these areas of control in future and will act accordingly.

**Sri Lanka Cashew Corporation**

**Five Year Summary**

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	
<b>PROFIT &amp; LOSS ACCOUNT</b>						
Net Salaes	115,370	134,180	150,107	117,750	71,171	
Cost of sales	(62,376)	(82,586)	(59,939)	(58,707)	(50,135)	
<b>Gross Profit</b>	<b>52,994</b>	<b>51,594</b>	<b>90,168</b>	<b>59,043</b>	<b>21,036</b>	
Other income	4,219	10,494	1,846	2,947	1,301	
Recurrent Grant	21,235	22,775	25,910	22,403	16,959	
Administration Expenses	(53,396)	(43,493)	(44,455)	(35,383)	(29,403)	
Amortization	(3,283)	(3,045)	(3,715)	(3,491)	(3,590)	
<b>Net Profit From Commercial Sector</b>	<b>21,769</b>	<b>38,325</b>	<b>69,754</b>	<b>45,519</b>	<b>6,303</b>	
<b>Expenses Over Income From Service Sector</b>	<b>(47,826)</b>	<b>(37,358)</b>	<b>(25,520)</b>	<b>(25,070)</b>	<b>(21,358)</b>	
<b>Net Profit/Loss</b>	<b>(26,057)</b>	<b>967</b>	<b>44,234</b>	<b>20,449</b>	<b>(15,055)</b>	
<b>BALANCE SHEET</b>						
<b>Non Current Assets</b>						
Propety Plant & Equipment	77,005	63,916	64,986	4,509,794	4,506,381	
Mature Area Expenditure	35,141	30,466	31,620	66,480	67,803	
Capital Working Progress	1,046	215	-	-	-	
Immature Area Expenditure	25,853	29,288	19,982	40,559	41,039	
Other Small Projects	615	619	707	739	807	
<b>Total Non Current Assets</b>	<b>139,660</b>	<b>124,504</b>	<b>117,295</b>	<b>4,617,572</b>	<b>4,616,030</b>	
<b>Current Assets</b>						
Stock	48,712	29,460	46,135	37,706	25,102	
Trade Debtors & Other Receivables	24,843	60,042	70,822	7,744	10,916	
Advance & Prepayments	10,080	5,461	3,374	2,464	2,480	
Cash & Cash Equivalents	60,879	66,529	28,676	45,787	5,864	
<b>Total Current Assets</b>	<b>144,514</b>	<b>161,492</b>	<b>149,007</b>	<b>93,701</b>	<b>44,362</b>	
<b>TOTAL ASSETS</b>	<b>284,174</b>	<b>285,996</b>	<b>266,302</b>	<b>4,711,273</b>	<b>4,660,392</b>	
<b>Equity &amp; Liabilities</b>						
<b>Equity</b>						
Initial Capital	40,000	40,000	40,000	-	-	
Government Grant	78,957	58,745	34,959	258,822	251,952	
Grant from Other Parties	19,304	19,691	17,911	13,570	13,570	
Capital Reserves	22,215	22,241	23,676	4,464,179	4,464,178	
Profit & Loss Account	56,278	81,339	77,788	(88,803)	(109,252)	
<b>Total Equity</b>	<b>216,754</b>	<b>222,016</b>	<b>194,334</b>	<b>4,647,768</b>	<b>4,620,448</b>	
<b>Non Current Liabilities</b>						
Provision for Gratuity	42,415	33,875	31,272	27,835	24,451	
Vehicle Lease	-	3,257	6,513	-	-	
<b>Total Non Current Liabilities</b>	<b>42,415</b>	<b>37,132</b>	<b>37,785</b>	<b>27,835</b>	<b>24,451</b>	
<b>Current Liabilities</b>						
Trade Creditors & Other Payables	25,005	26,849	34,183	35,670	15,492	
<b>Total Current Liabilities</b>	<b>25,005</b>	<b>26,849</b>	<b>34,183</b>	<b>35,670</b>	<b>15,492</b>	
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>284,174</b>	<b>285,997</b>	<b>266,302</b>	<b>4,711,273</b>	<b>4,660,391</b>	
Return on Net Assets	%	(12.0)	0.44	22.76	0.44	(0.33)
Net Profit Ratio	%	(22.6)	0.7	29.5	17.4	(21.2)
Current Ratio	Times	5.8	6.0	4.4	2.6	2.9
Quick Asset Ratio	Times	3.8	4.9	3.0	1.6	1.2
Total Income to Total Expenditure		0.9	1.0	1.3	1.2	(0.9)