



SRI LANKA CASHEW CORPORATION



ANNUAL REPORT

2023

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Message from the Chairperson

First of all, I would like to express my deep pleasure about getting this opportunity to add a message on the series of development programmes implemented in year 2023 by the Sri Lanka Cashew Corporation, which has marked its 50th anniversary with great delight by providing an enormous contribution to the advancement of the local plantation crop sector, developing cashew cultivation extension activities to uplift local cashew cultivation, encouraging cashew research and development activities, and introducing new value-added cashew products.

The cashew plant, which originated in the Northeast Region of Brazil, was introduced to Sri Lanka by the Portuguese through the Indian State of Goa in the 16th century. Initially, it was cultivated in the northwestern coastal belt of Sri Lanka, and later became popular as a crop that can be grown in regions with a dry climate. Today, it can be introduced as a commercially important crop with high agricultural potential.

After Sri Lanka had gained independence, those who were engaged in the agricultural sector focused more on cashew cultivation, and the cashew industry became very popular, particularly after the establishment of the Sri Lanka Cashew Corporation in 1973. The Sri Lanka Cashew Corporation is primarily assigned with the task of developing the cashew industry in the country.

Currently, the cashew kernel is used for making sweets, cakes, and curries, especially during the festive seasons such as the Sinhala and Tamil New Year and the Christmas, and the liquid obtained from outer peel of the cashew nut (Cashew nut shell liquid) has the potential to be used as a raw material for the production of lacquers, paints, and plastics.

There is a huge demand for cashew kernel and cashew kernel products in both the local and the foreign markets. Due to the ivory colour of the Sri Lankan cashew kernel, its large size, and the sugary coating around the kernel, there is an enormous demand in the global market for the Sri Lankan cashew kernel, but Sri Lanka's cashew production is not sufficient to meet that demand. There is a demand of about 25,000 metric tons of raw cashew nuts annually, but the production is only about 13,100 metric tons. This situation has adversely affected the promotion of cashew exports.

In 2023, the cashew in shell harvest was 13,014 metric tons. This year's export volume was 68.34 metric tons and the export value was Rs. 311.08 million. This is an impressive growth compared to the year 2022.

During the year 2023, Sri Lanka Cashew Corporation succeeded in providing all its services and performing its commercial activities in a very satisfactory manner, and I would like to express my heartfelt gratitude and appreciation to the Board of Directors of the Corporation for extending their cooperation to me.

Especially, I would like to express my deep appreciation for the service of all the staff including the General Manager, Deputy General Manager and Assistant General Managers who worked with great dedication to carry out all the activities of the Corporation with increased productivity and efficiency.

We have been able to achieve this success due to the support and dedication shown by all stakeholders including small-scale processors, cashew product exporters, cashew smallholders, government and non-governmental organizations. Therefore, I would like to extend my sincere appreciation to all these parties for their valuable contribution.



Saranga Ratnayake, Attorney-at-Law
Chairperson
Sri Lanka Cashew Corporati

1. Corporate Profile/ Summary of Operations

1.1 Introduction

Since the Sri Lanka Cashew Corporation was established as a state-owned enterprise, it has been engaged in businesses related to the cashew sector since its inception. Later on, it has intervened in providing services to resolve the issues that have arisen locally related to the cashew sector. Accordingly, at present, the Sri Lanka Cashew Corporation operates as a state-owned enterprise and as an institution that provides extension services, research and processing services related to cashew cultivation.

1.2 Establishment of Sri Lanka Cashew Corporation

Sri Lanka Cashew Corporation was established by the Gazette Extraordinary No. 60/7 dated 25th May 1973 under the provisions of the State Agricultural Corporations Act No. 11 of 1972. The Corporation has been functioning as a public enterprise since its inception providing all services to the cashew industry while carrying out its commercial activities in a profitable manner.

1.3 Vision of the Corporation

Making Sri Lanka one of the leading cashew exporters in the world by producing the best quality cashew.

1.4 Mission of the Corporation

Developing the cashew industry to achieve long-term commercial viability by providing professional guidance to farmers and relevant stakeholders to improve cashew cultivation, production, processing technology, value addition, research and marketing promotion.

1.5 Aims and Objectives of the Corporation

Improving the effectiveness of expansion, processing, marketing and certification of cashew production in Sri Lanka for a globally recognized brand and high export capacity.

- Increasing the yield by expanding the cultivation.
- Improving the productivity in the cashew processing industry and of the cashew estates.
- Establishing a globally recognized brand for Sri Lankan Cashew.
- Value addition and new product development.
- Promotion of cashew export.
- Making Sri Lanka the number one cashew producer.
- Making the Cashew Corporation a self-sufficient, profit making state enterprise.

1.6 Functions of the Cashew Corporation under the First Schedule to the State Agricultural Corporations Act

- (a) Providing instructions for formulation and implementation of plans related to cultivation, processing and marketing of cashew and processing and marketing of cashew products.
- (b) Carrying out activities related to cultivation, processing and marketing of cashew and processing and marketing of cashew products.
- (c) Conducting investigations and research with the intention of expanding cultivation, processing and marketing of cashew and processing and marketing of cashew products.
- (d) Collecting, compiling, publishing and disseminating technical, marketing and other information pertaining to the cultivation, processing and marketing of cashew and processing and marketing of cashew products and co-operating with others in such activities.
- (e) Determining the location, size and technical standards of factories to be set up for the processing of cashew and cashew products and establishing new factories and making the existing factories operational as required.
- (f) Purchasing, distributing, selling and exporting cashew and cashew products.
- (g) Providing facilities for training of the required persons to carry out the works related to cultivation, processing and marketing of cashew and processing and marketing of cashew products.

- (h) Establishing the apex body required for the development of cashew cultivation, processing facilities and marketing and assisting in their establishment.
- (i) Taking measures as may be deemed necessary for the promotion and sale of cashew products, increasing the existing demand for the products in the global market and financing the promotional activities for the purpose or related incidental works, supervising such activities and initiating to assist the activities and sponsoring them.

2. Organizational Structure of the Sri Lanka Cashew Corporation

2.1 Board of Directors

Table 2.1: Members of the Board of Directors from 01.01.2023 to 31.12.2023

Srl. No.	Name	Position
01	Mr. W.H.M. Udara Wijesinghe	Chairman
02	Miss. Ashoka Lankathilaka	Deputy Chairperson
03	Mrs. A.U.K. Dodanwala	Member of the Board of Directors (Representative of the Ministry in Charge, up to 24.02.2023)
04	Mrs. Sujanthi Mayadunne	Member of the Board of Directors (Representative of the Ministry Plantation Industries)
05	Mrs. K.A.C. Priyadarshani	Member of the Board of Directors (Representative of the Treasury) (From 31.10.2023)
06	Mrs. A.P.D.D. Chandurangi	Member of the Board of Directors
07	Mr. Chamara Subasinghe	Member of the Board of Directors
08	Mr. Upali Waduarachchi	Member of the Board of Directors
09	Mr. I.W.A. Saman Kumara	Member of the Board of Directors
10	Mr. K.S. Wijayakeerthi	Acting General Manager, Secretary to the Board of Directors
11	Mrs. Y.T. Thushanga	Deputy General Manager

2.2 Audit Committee of the Sri Lanka Cashew Corporation

Table 2.2: Audit Committee for year 2023

Srl. No.	Name	Position
01.	Miss. K.A.C. Priyadarshani	Chairman of the Committee, Board Member - (Representative of the Treasury) (Up to 31.07.2023)
02.	Mrs. A.P.D.D. Chandurangi	Committee Chairman, Board Member - (Representative of the Treasury) (From 22.12.2023)
03.	Mrs. A.U.K. Dodamwala	Committee Member, Board Member (Representative of the Subject Ministry) (Up to 24.02.2023)
04.	Mrs. R.A.R.S. Mayadunna	Committee Member, Board Member - (Representative of the Subject Ministry) (From 16.06.2023)
05.	Mr. Chamara Subhasinghe	Committee Member, Board Member
06.	Mr. K.S. Wijayakeerthi	Committee Secretary (Acting), General Manager (Acting)
07.	Mr. K.A.C. Shamantha	Committee Observer, Chief Internal Auditor - Ministry of Plantation Industries (From 24.02.2023)
08.	Mr. V.U. Liyanage	Committee Convener and Committee Member - Assistant General Manager (Internal Audit)
09.	Mr. D.M.U.S. Dharmajeewa	Committee Observer, Audit Officer - National Audit Office (From 24.02.2023)

2.3 Top Management of the Sri Lanka Cashew Corporation

- i). Mr. K.S. Wijayakeerthi - General Manager (Acting)
- ii). Mrs. Y.T. Thushanga - Deputy General Manager

2.4 Middle Management Staff of Sri Lanka Cashew Corporation

- | | | | |
|------|--------------------------|---|--|
| i. | Mr. M.T.S.K. Peiris | - | Assistant General Manager- Finance |
| ii. | Mr. V.U. Liyanage | - | Assistant General Manager - Internal Audit |
| iii. | Mr. P.M.A.P.K. Wijetunga | - | Assistant General Manager - Plantations |
| iv. | Mr. M.T.W. Prarthana | - | Assistant General Manager - Extension and Research (From 27.12.2023) |
| v. | Mr. R.M.P. Jayathissa | - | Assistant General Manager - Marketing and Processing (27.12.2023) |

2.5 Organizational Structure of Sri Lanka Cashew Corporation

Sri Lanka Cashew Corporation has 07 Divisions in order to perform the functions assigned to the Corporation, and each Division is responsible for carrying out various activities. The names of those Division and their functions as follows.

01. Extension and Research Division
02. Human Resource Management and Administration Division
03. Finance Division
04. Internal Audit Division
05. Plantation Division
06. Marketing and Processing Division
07. Policy and Planning Division

2.5.1 Extension and Research Division

The Extension and Research Division of the Sri Lanka Cashew Corporation plays a significant role in the uplift of the cashew industry in Sri Lanka. Increasing the cashew yield through the expansion of cashew cultivation is the key role of the Extension and

Research Division, and in addition to that, the Extension and Research Division carries out the following functions as well.

- To provide assistance to farmers in expanding cashew cultivation and increasing the productivity of cultivation.
- To identify the problems and obstacles faced by the farmers and provide solutions to them.
- To increase productivity by conducting awareness programmes to conserve the natural environment and enhance coexistence.
- To coordinate government and non-governmental organizations for the development of cashew cultivation.
- To introduce cashew varieties with higher yields and resistance to various climatic changes and which require minimum use of chemical fertilizer and pesticides.
- To educate farmers on achieving greater productivity with environmental conservation through the use of advanced technologies.
- To increase productivity and value addition to suit the needs of consumers and to implement research and training programmes for that taking into account the post-harvest technology and packaging.

The Research Division functioning under the Extension Division of the Cashew Corporation conducts scientific research on the cashew plant, cashew cultivation and cashew products. Two main centers operating under this division are located in the Puttalam District. The key objective of the Research Division is to support the growth of the cashew industry in Sri Lanka and to promote sustainable and environmentally friendly methods.

2.5.2 Human Resource Management and Administration Division

The main functions performed by the Human Resource and Administration Division are to utilize the human resources efficiently and effectively to achieve the objectives and goals of the Sri Lanka Cashew Corporation and to provide the necessary infrastructure facilities.

In addition to these functions, the Human Resource and Administration Division performs the following functions.

- Recruitment and placement of employees.
- Job creation and analysis.
- Training and development activities.
- Administration of disciplinary matters.
- Employee welfare activities.
- Management of employee salaries.
- Employees' grievance handling.
- Employees' performance appraisals.

Accordingly, the Human Resources Management and Administration Division plays a significant role in achieving the goals and objectives of the Corporation by increasing the productivity, subject knowledge and efficiency of employees.

2.5.3 Finance Division

The Finance Division works to obtain the funds necessary for the Sri Lanka Cashew Corporation through appropriate means and invest those funds effectively to increase the profitability of the Corporation.

The objectives of the Finance Division are to increase the profitability of the Sri Lanka Cashew Corporation, ensure its financial stability and maintain liquidity at an optimal level.

In addition to the functions described above, the following functions, too, are performed by the Finance Division.

- Increasing the efficiency and productivity of the Corporation through proper financial management.
- Making payments in accordance with the relevant financial laws and regulations.
- Preparing monthly reports stating the income, expenditure and profit and loss status of various Divisions and projects.

- Preparing final accounts at the end of each year stating the profitability of the commercial and service divisions and submitting them to the National Audit Office.

2.5.4 Internal Audit Division

Internal Audit Division of the Sri Lanka Cashew Corporation makes a significant contribution towards achieving the goals and objectives of the Corporation by conducting regular and independent evaluations of the internal control systems based on the financial activities of the Sri Lanka Cashew Corporation, and through that, introduces necessary procedures and methods for utilizing the resources of the Sri Lanka Cashew Corporation in a more effective, efficient and economical manner for the day-to-day operations of the institution under proper control by ensuring the adequacy and validity of the relevant internal audits, and provides feedback on their practical application and regularly evaluates the programmes and projects implemented for the progress and development of the Cashew Corporation and reports to the management on the changes that need to be made and on their progress.

2.5.5 Plantation Division

The main function of the Plantation Division is to achieve the goals and objectives of the Corporation by producing high quality cashew nuts for local consumption in Sri Lanka, and this Division performs the following functions.

- Maintaining and profitably operating the estates and nurseries owned by the Corporation.
- Carrying out cultivation activities in a manner that ensures the conservation of the natural environment.
- Increasing the production and productivity by working in close collaboration with the people in the rural areas surrounding the estates and nurseries.
- Attracting investors and processors by maintaining cashew cultivations as model cultivations.

In addition to producing authentic grafted cashew plants required for the cashew cultivation in Sri Lanka and distributing them among farmers cultivating cashew

throughout the island, the Plantation Division of the Corporation also contributes to increasing the profitability of the Corporation by marketing those authentic grafted cashew plants.

2.5.6 Marketing and Processing Division

The Marketing and Processing Division of the Sri Lanka Cashew Corporation works to achieve the goals and objectives of the Corporation by looking into the needs and desires of the local cashew consumers and by providing them with suitable cashew products to meet their demand and to satisfy their needs. In addition, the Division also performs the following tasks.

- To develop the cashew processing industry by minimizing production costs and increasing productivity.
- To enhance the quality and taste of the value-added cashew products to be in line with international standards.
- To develop the cashew marketing and processing industry by maintaining good relations with governmental and non-governmental organizations and to promote the development of the Division annually.
- To maintain the marketing Division efficiently and effectively by increasing profitability and maintaining good relations with market competitors.
- To enhance and empower the living standards of employees by updating their knowledge and developing their skills.

The Corporation has 02 processing centers to add value to the annual cashew in shell harvest received from the estates of the Corporation and to process the cashew in shell to suit the needs and expectations of the consumers who consume cashews and to supply value-added cashew products to the market. These two processing centers are located in the Gampaha and Puttalam districts.

2.5.7 Policy and Planning Division

The key role of the Policy and Planning Division of the Corporation is to establish the objectives of the Sri Lanka Cashew Corporation and to formulate policies and plans to achieve those objectives, and to implement and evaluate them, and the Policy and Planning Division presents various plans and guides the Sri Lanka Cashew

Corporation on the objectives to be achieved through them and on the manner in which they are to be achieved. In addition to the said functions, the Policy and Planning Division also performs the following functions.

- Preparation of the Corporate Plan and the Action Plan of the Corporation annually.
- Evaluation of the goals and objectives in the Corporate Plan and the Operational Plan by comparing them with the actual activities, informing the top management, the Board of Directors and other parties and finding solutions to obstacles to achieving the goals, coordinating activities, and reporting on the performance and problems.
- Maintaining a database of the activities of cashew farmers and processors and all commercial activities of the Corporation.
- Identifying the obstacles to achieving the goals and formulating necessary policies and plans to achieve the vision, mission, objectives and goals at the lowest cost.
- Carrying out publicity activities to enhance the achievements and reputation of the Cashew Corporation, and to inform the public about the benefits of cashew cultivation.
- Preparing the annual reports of the Corporation.

2.6 Head Office and the Regional Offices

2.6.1 Head office

The Head Office of the Sri Lanka Cashew Corporation is currently located at No. 1334, Old Kotte Road, Rajagiriya. In addition to the Head Office, a sales outlet is also located at this location for the sale of cashew products.

Table 2.6.1 : Telephone numbers of the Head Office

Telephone:	
Chairman	0112 - 871005
Deputy Chairman	0112 - 869844
General Manager	0112 - 876134
Fax	0112 - 867843
Email	cashewco@sltnet.lk
Website	www.cashew.lk

2.6.2 Regional Offices of the Sri Lanka Cashew Corporation

Table 2.6.2 : Regional offices

Name and Designation	Districts covered	Address	Telephone No.
1. Mrs. W.N.P. Dharmaratne, Assistant Regional Manager	Anuradhapura	Sri Lanka Cashew Corporation, Milk Producers' Cooperative Society Building, Godage Mawatha, Anuradhapura.	025-2227071 070-1229968
2. Mrs. Chamila Denagama, Assistant Regional Manager	Badulla/Kandy	Sri Lanka Cashew Corporation CTC Junction, Aluthgama, Mahiyangana.	071-6153963
3. Mr. Ranjith Gamage, Assistant Regional Manager (Acting)	Hambanthota Ratnapura	Sri Lanka Cashew Corporation, Central Nursery, Kiralawelkotuwa, Embilipitiya.	070-5617732
4. Mr. L. Sanjeevan, Assistant Regional Manager	Killinochchi/ Mullaitivu/Jaffna/ Vavuniya/ Mannar	Sri Lanka Cashew Corporation, Old Kachcheri Building, Killinochchi.	021-2283830 077-9850497
5. Mr. P.M.C. Wijekumara, Assistant Regional Manager (Acting)	Ampara	Sri Lanka Cashew Corporation, 40 th Mile Post, Mangalagama, Ampara.	071-4970974
6. Mr. K.A.A.N. Amarasinghe, Assistant Regional Manager	Moneragala	Homagama Estate, 22 nd Mile Post, Nakkala, Moneragala.	055-2252090 071-8159195
7. Mr. K.B.S.J. Kariyawasam, Assistant Regional Manager	Hambanthota	Sri Lanka Cashew Corporation Silvas, Malpettawa, Ambalanthota.	047-2223407 071-8576359

Name and Designation	Districts covered	Address	Telephone No.
8. Mrs. W.N.P. Dharmaratne, Assistant Regional Manager (Acting)	Puttalam	Sri Lanka Cashew Corporation, Shantha Mariyapa, Senakudirippu, Puttalam.	032-2265998 070-1229968
9. Mr. H.T.D. Dayaratne, Assistant Regional Manager	Batticaloa/ Polonnaruwa	Sri Lanka Cashew Corporation, Public Library, V.C. Road, Wanduramulai.	065-3658566 070-4902580
10. B.G. Mr. Kumarasinghe, Assistant Regional Manager	Matale	Sri Lanka Cashew Corporation, No. 138, Dambulla Road, Ududeniya, Nalanda.	071-4481510
11. Mr. R.S. Naresh Kumar, Assistant Regional Manager	Trincomalee	Sri Lanka Cashew Corporation, Kandy Road, Thambalagamuwa, Trincomalee.	077-1303648

2.7 Estates owned by Sri Lanka Cashew Corporation

Table 2.7 : Estates and Acreage of Land

Srl. No.	Name of the Estate	District located	Total Acreage	Acreage Maintained by the Corporation
01.	Kamandaluwa Estate	Puttalam	548	494
02.	Achchigewaththa Estate	Puttalam	961	761
03.	Hardy Estate	Batticaloa	365	190
04.	Kondachchi Estate	Mannar	6,498	765
05.	Mankarni Estate	Batticaloa	1,075	115
06.	Pooneryn Estate	Killinochchi	479	250
07.	Wellankulama Estate	Killinochchi	500	265
08.	Thiriyaya Estate	Trincomalee	35	5
	Total		10,461	2,845

- An area of 1,435 acres of land in the Kondachchi Estate is maintained and cultivated by the Civil Security Department.

2.8 Seed Gardens owned by the Sri Lanka Cashew Corporation

Table 2.8 : Acreage of land on which seed gardens are located

Srl. No.	Seed Gardens	District located	Total Acreage	Acreage Cultivated
01.	Eluwankulama Seed Garden	Puttalam	616	245
02.	Wilachchiya Seed Garden	Anuradhapura	25	17
03.	Suduwathura Ara Seed Garden	Moneragala	45	45
04.	Mahaoya Seed Garden	Ampara	81	80
05.	Nalanda Seed Garden	Matale	135	50
Total			902	437

2.9 Plant Nurseries owned by the Sri Lanka Cashew Corporation

Table 2.9 : Acreage of land on which plant nurseries are located

Srl No.	Central Plant Nursery	Districts covered	Acreage	Plant Production Capacity (Number of Plants)
01.	Mihintale Plant Nursery	Anuradhapura, Vavuniya, Killinochchi, Mullaitivu, Mannar	2.5	160,000
02.	Dambulla Plant Nursery	Matale/Polonnaruwa	3.0	50,000
03.	Kamandaluwa Plant Nursery	Puttalam/ Kurunegala	3.0	240,000
04.	Hardy Plant Nursery	Batticaloa/ Trincomalee	1.0	40,000
05.	Kumbukkana Plant Nursery	Moneragala	3.0	150,000
06.	Mahiyangana Plant Nursery	Badulla/ Kandy	1.5	60,000
07.	Chandrika Wewa Plant Nursery	Hambanthota/ Ratnapura	1.0	60,000
08.	Mangalagama Plant Nursery	Ampara	0.25	15,000
Total			15.25	775,000

2.10 Cashew Processing Centers owned by the Sri Lanka Cashew Corporation

<u>Cashew Processing Center</u>		<u>District</u>
01. Nedagamuwa Processing Centre	-	Gampaha
02. Puttalam Processing Centre	-	Puttalam

2.11 Cashew Research Units owned by the Sri Lanka Cashew Corporation

<u>Research Unit</u>		<u>District</u>
01. Kamandaluwa Research Unit	-	Puttalam
02. Puttalam Research Unit	-	Puttalam

2.12 Main Joint Research Collaboration of the Sri Lanka Cashew Corporation

Research programmes are implemented annually in collaboration with the Faculty of Agriculture and Plantation Management of the Wayamba University of Sri Lanka.

2.13 Sales Outlets of the Sri Lanka Cashew Corporation

Table 2.13 : Sales Outlets of the Sri Lanka Cashew Corporation

Srl. No.	Location of the Cashew Sales Outlets of the Corporation	District
01.	Rajagiriya Cashew Sales Outlet, No. 1334, Old Kotte Road, Rajagiriya.	Colombo
02.	Kollupitiya Cashew Sales Outlet, No. 518, Galle Road, Colombo 03.	Colombo
03.	Narahrenpita Cashew Sales Outlet, Economic Centre, State Trading Corporation Building.	Colombo
04.	Balangoda Cashew Sales Outlet, 122 D, Barnes Rathwatte Mawatha, Balangoda.	Ratnapura
05.	Ratnapura Cashew Sales Outlet, No. 32, Main Road, Ratnapura.	Ratnapura

2.14 Franchised Dealers of the Sri Lanka Cashew Corporation

Table 2.14 : Franchised Dealers of the Sri Lanka Cashew Corporation

Srl. No.	Franchised Dealers of the Cashew Corporation	District
01.	Ananda Food City, No. 272, Anguruwathota Road, Horana.	Kalutara
02.	Sunila Grocery, No. 35, New Road, Ambalangoda.	Galle
03.	Golden Maid, 144, Galle Road, Ahangama.	Galle
04.	Ruhunu Rasaara, Agriculture Dept., Labudoowa, Galle.	Galle
05.	Sampath Pharmacy and Grocery, 39 E, Matara Road, Akuressa.	Galle
06.	Ruhunu Rasaara, Agriculture Dept., Matara.	Matara
07.	Abeygunawardena Stores, Deniyaya.	Matara
08.	Yatinuwara Gangapalatha Multi-purposes Cooperative Society Ltd., Polgahamula Junction, Peradeniya.	Kandy
09.	Yatinuwara Meda Palatha Multi-purposes Cooperative Society Limited, Embilmeegama, Pilimathalawa.	Kandy
10.	Central Province Cooperative Society Limited, Ehelepola Kumarihami Mawatha Bogambara, Kandy.	Kandy
11.	Poojapitiya Cooperative Society Ltd., Poojapitiya.	Kandy
12.	Kandy Multi-purposes Cooperative Society Limited, Coop City Mall, Pallekele.	Kandy
13.	Coop City, Kundasale.	Kandy
14.	Sepco Super, Bogambara.	Kandy
15.	Multi-purposes Cooperative Society, Kandy.	Kandy
16.	Royal Mall (Pvt) Ltd, Kandy.	Kandy
17.	Sunrise Super, Kundasale.	Kandy
18.	EPPCO Mini Mart, Main Road, Mawanella.	Kegalle
19.	Fresh Farm Shop, Galle Road, Hikkaduwa.	Galle
20.	National Livestock Development Board, Melsiripura.	Kurunegala

2.15 Circuit Bungalows of the Sri Lanka Cashew Corporation

<u>Circuit Bungalows</u>		<u>District</u>
1. Puttalam Circuit Bungalow	-	Puttalam
2. Hardy Circuit Bungalow	-	Batticaloa

- At present, a circuit bungalow is being constructed at the Kondachchi Estate owned by the Corporation.

2.16 Staff of the Sri Lanka Cashew Corporation

Table 2.16 : Staff of the Sri Lanka Cashew Corporation in 2023

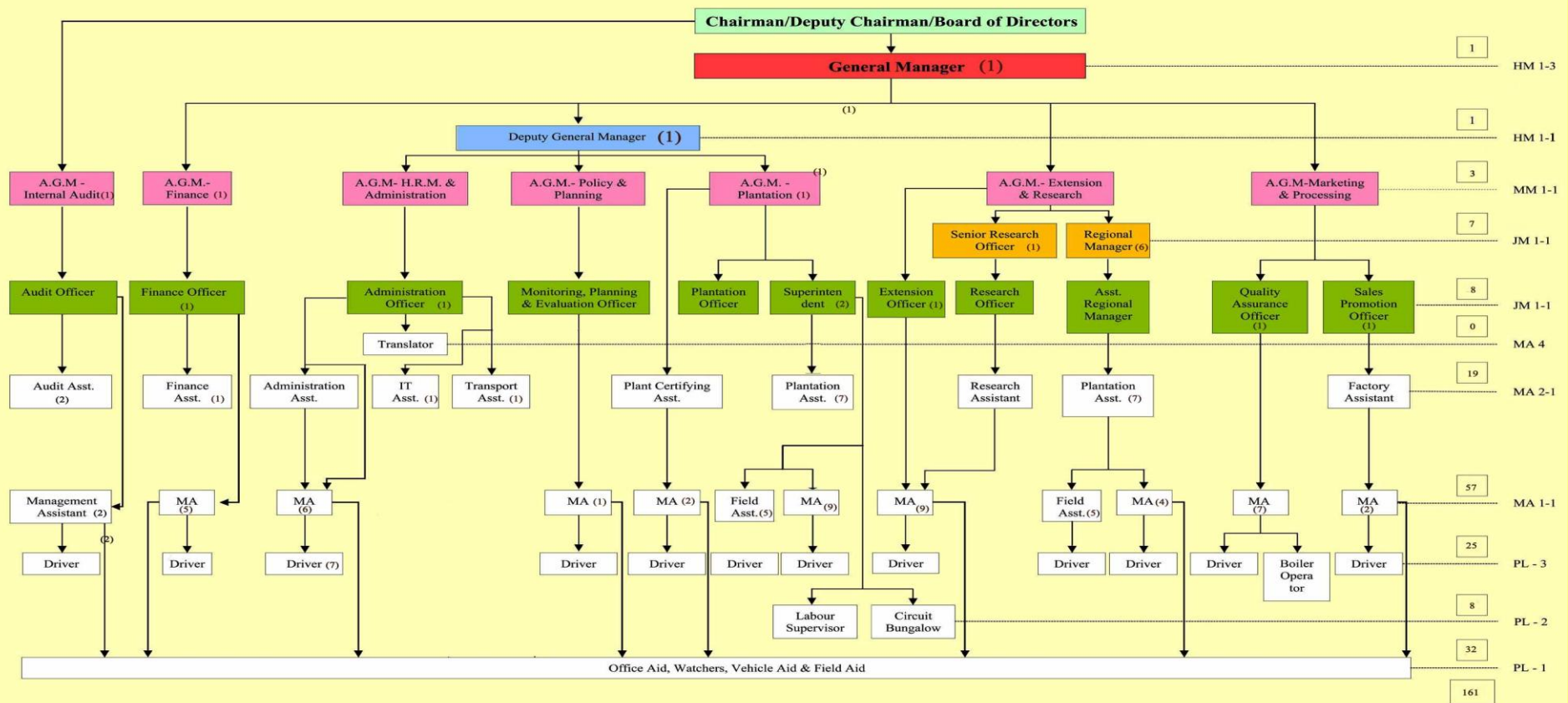
Salary Code	Designation	Approved number	No. of employees available in 2023		Vacancies
			Permanent	Contract	
HM 1-3	General Manager	01	-	-	01
HM 1-1	Deputy General Manager	01	01	-	-
MM 1-1	Assistant General Manager - Finance	01	01	-	-
	Assistant General Manager - Extension and Research	01	01	-	-
	Assistant General Manager - Internal Audit	01	01	-	-
	Assistant General Manager - Marketing and Processing	01	01	-	-
	Assistant General Manager - Plantations	01	01	-	-
	Assistant General Manager - Human Resources and Administration	01	-	-	01
	Assistant General Manager - Policy and Planning	01	-	-	01
JM 1-1	Regional Manager/ Ast. Regional Manager	11	08	01	02
	Senior Research Officer/ Research Officer	02	01	-	01
	Plantation Officer	01	-	-	01
	Extension Officer	01	-	-	01
	Estate Superintendent	04	04	-	-
	Quality Assurance Officer	02	-	-	02
	Administrative Officer	01	01	-	-
	Finance Officer	01	01	-	-
	Marketing Promotion Officer	01	01	-	-
	Internal Audit Officer	01	-	-	01
	Planning, Supervision and Assessment Officer	01	-	-	01
MA - 4	Translator	01	-	-	01
MA 2-1	Plantation Assistant	37	15	01	21
	Information Technology Assistant	01	01	-	-
	Audit Assistant	02	02	-	-
	Finance Assistant	01	01	-	-
	Transport Assistant	01	01	-	-
MA 1-1	Management Assistant	57	40	05	12
	Field Assistant	22	08	-	14
PL - 3	Driver	26	21	02	03
	Boiler Operator	02	-	-	02

Salary Code	Designation	Approved number	No. of employees available in 2023		Vacancies
			Permanent	Contract	
PL - 2	Labour Administrator	07	08	-	-
	Circuit Bungalow Caretaker	03	-	-	03
PL - 1	Office Assistant	16	14	05	-
	Watchman	11	06	03	02
	Vehicle Assistant	02	02	-	-
		<u>224</u>	<u>141</u>	<u>17</u>	<u>70</u>

- Due to recruitments that have been made based on service requirements, 01 Labour Administrator and 03 Office Assistants are employed in excess of the approved cadre.

2.17 Organizational Structure of the Sri Lanka Cashew Corporation

Sri Lanka Cashew Corporation Organizational Structure.



03. Development Activities of the Sri Lanka Cashew Corporation

The following functions are performed by the Sri Lanka Cashew Corporation for the development of the cashew sector as well as for the development of the Corporation.

1. Production of planting material (for the subsidy project).
2. Cashew subsidy scheme.
3. Plantation management.
4. Production of cashew plants for commercial activities, for cultivation in estates and for other projects.
5. Promotion of land productivity.
6. Research and development.
7. Development of cashew processing industries.
8. Human resource management.
9. Implementation of special projects.

3.1 Production of planting material

Planting materials (cashew plants) are produced in the central plant nurseries of the Corporation located at Kamandaluwa, Mihintale, Hardy, Dambulla, Kumbukkana, Chandrika Wewa, Mahiyangana and Mangalagama, and these cashew plants are produced by maintaining high production standards under Good Manufacturing Practices (GMP). The cashew seedlings thus produced are distributed among farmers who possess suitable land and are interested in cashew cultivation, covering 20 districts under the Cashew Subsidy Programme implemented by the Corporation.

In 2023, 93,560 grafted cashew seedlings were produced in these plant nurseries and were distributed free of charge among farmers who were formally selected under the Cashew Subsidy Project.

3.2 Cashew Subsidy Scheme

This project is implemented by the Sri Lanka Cashew Corporation with the aim of promoting the expansion of cashew cultivation in Sri Lanka, and the Treasury allocates funds annually for this project.

Under this project, farmers who own suitable land for cashew cultivation are selected covering 20 districts and are given training in the necessary technical knowledge and techniques to carry out their cultivation and the cashew plants required for the cultivation are provided free of charge.

Table 3.2 : Area under cashew cultivation under the Subsidy Scheme - 2023

	District	Grafted Cashew (Acres)	Seed Cashew (Acres)	Gardening	
				Grafted Cashew (Acres)	Seed Cashew (Acres)
1	Puttalam	104	25	1	-
2	Kurunegala	61.3	-	3.7	-
3	Kegalle	2.5	-	2.5	-
4	Gampaha	49.43	-	-	-
5	Anuradhapura	118	-	32	-
6	Vavuniya	40	-	-	-
7	Mannar	10	1	-	-
8	Mullaitivu	20	22.5	-	-
9	Jaffna	10	-	-	-
10	Killinochchi	30	5	-	-
11	Moneragala	96.74	-	25	-
12	Matale	45	-	30	33.25
13	Ampara	50	75	25	-
14	Polonnaruwa	-	122.5	-	-
15	Badulla	50	-	55	-
16	Hambanthota	118	-	-	-
17	Ratnapura	15	10	20	5
18	Batticaloa	75	50	25	-
19	Trincomalee	50	-	40	-
20	Kandy	-	-	20	-
Total		945	311	279.2	38.25

This year, 945 acres of land was cultivated with grafted cashew and 311 acres of land were cultivated with cashew seedlings, and cashew plants were also provided for 317.45 acres under home gardening through this subsidy scheme. Training has also been provided to 3,036 selected beneficiary families under this programme.

3.3 Plantation Management

3.3.1 Development of Seed Gardens

The Corporation has 06 seed gardens, namely Suduwattura Ara, Kondachchi, Thiriyaya, Eluwankulam II, Puttalam and Mankarni Phase II.

In these seed gardens, sprouts and parent seeds required for the production of grafted plants are selected. Plants required for grafting are produced using parent seeds, and sprouts are obtained from the parent tress and are grafted.

In the year 2023, 231,250 sprouts required for grafting were collected from the Seed gardens of the Corporation, and 289,062 parent seeds were selected.

During this year, maintenance and rehabilitation work was done in 1,115 acres of land in the seed gardens of the Corporation. In addition to that, work has been commenced for the cultivation of 40 acres of new land in Eluwankulam Phase II.

3.3.2 Maintenance of the Estates of the Corporation.

During the year 2023, the Estates Division of the Sri Lanka Cashew Corporation maintained 13 major estates. By maintaining these estates, the harvest of cashew in shell required for producing high quality cashew kernel for local consumption is obtained annually.

In the year 2023, 3,178 acres of cashew cultivations of these estates were fully maintained. The extent of cultivations maintained in each of these estates is shown below in acres.

Table 3.3.2 : Extent of lands in estates maintained in the year 2023

	Estate	Extent maintained (In acres)
1	Wilachchiya	25
2	Eluwankulama	210
3	Maha Oya	45
4	Nalanda	50
5	Hardy	190
6	Wellankulama	200

	Estate	Extent maintained (In acres)
7	Puttalam	761
8	Thiriyaya	10
9	Kondachchi	475
10	Pooneryn	479
11	Suduathura Ara	45
12	Kamandaluwa	548
13	Mankarni I	140
Total		3,178

In the year 2023, 85.06 MT (stored weight) of cashew in shell were obtained from the estates of the Corporation and were used for processing to produce cashew kernel required for the local consumption.

Further, coconut cultivation is also maintained in the estates belonging to the Corporation, and a harvest of 57,425 coconuts was obtained this year.

3.4 Production of Cashew Plants (Management of nurseries)

There are 08 central plant nurseries maintained under the Sri Lanka Cashew Corporation, and grafted cashew plants are produced in these central plant nurseries for commercial purposes and for special projects, and in the year 2023, 171,400 grafted plants consisting of high quality and high yielding new varieties have been successfully produced.

The grafted plants produced in these central plant nurseries are used for the estates owned by the Corporation, for commercial purposes, for private estate owners under subsidy programmes, as well as for other special projects implemented with state sponsorship.

3.5 Promotion of Land Productivity

The Research Division of the Sri Lanka Cashew Corporation conducts various researches to increase the productivity of cashew cultivations by using correct

agricultural methods that can be used to control diseases and pests that affect cashew cultivations.

During this year, insecticides were applied to 3,604 acres to control pests and diseases that affect the cashew cultivation in the estates. For this purpose, 120.4 kg of chemicals such as Acetamiprid 20% (Mospilan 100g) were used.

Further, with the aim of increasing the productivity of coconut cultivation in the estates of the Corporation for earning additional income, the productive and the non-productive cultivations have been identified, and fertilizer has been applied to them during this year.

3.6 Research and Development

There are 02 Research Divisions under the Sri Lanka Cashew Corporation. They are located in Puttalam and Kamandaluwa. The main function of the Research Division is to modernize sustainable and efficient cultivation methods in order to improve the quality and yield of cashew cultivation and to promote modern technological solutions required for cashew cultivation. In addition, the following functions, too, are carried out.

01. Improving the quality and yield of cashew crops.
02. Developing sustainable and efficient cashew cultivation methods.
03. Conducting research to identify high-yielding modern cashew varieties.
04. Modernization of cashew value-added products and cashew-related products.
05. Conducting research on controlling pests and diseases affecting cashew cultivation.
06. Promoting the use of modern technologies in cashew cultivation.
07. Transferring research results to farmers and relevant stakeholders.

The Sri Lanka Cashew Corporation implements research programmes in collaboration with the Faculty of Agriculture and Plantation Management of the Wayamba University of Sri Lanka, and in the year 2023, 05 researches were carried out in the Puttalam Research Division and 08 researches were carried out in the Kamandaluwa Research Division under 07 research categories. The researches and their durations are as follows.

Table 3.6 : Research conducted in the year 2023

	Research Division	Research	Research Duration
01	Puttalam Research Unit.	Promising one new superior cashew variety for commercial Planting.	2016-2024
02		Germplasm conservation Mutative District.	2016-2030
03		Germplasm conservation (Mannar District, Mullaitivu District & Western Province).	2014-2030
04		Effect of five difference spaces on cashew Plants.	2012-2024
05		Evolution of the effectiveness of chemical insecticides in controlling cashew stem and root border under field conditions.	2023
06	Kamandaluwa Research Unit.	Promising superior cashew variety for commercial planting.	2015-2030
07		Effect of five deference spaces on cashew.	2015-2030
08		Bud Wood nursery on cashew 1.	2014-2030
09		Bud Wood nursery on cashew 2.	2017-2033
10		Living performance of patch bud demonstration 1	2017-2033
11		Living performance of patch bud demonstration 2.	2006-2030
12		Distinguish the overall performance of cashew.	2017-2033
13		To see the adult varietal ratio cashew.	2017-2033

3.7 Development of the Cashew Processing Industry

There are 02 Processing Centers functioning under the Sri Lanka Cashew Corporation. They are located in Nedagamuwa and Puttalam. Cashew kernel required for local consumption are produced in these processing centers. The harvest from the estates of the Corporation is used for processing and high quality cashew products are sent to the market.

In order to get a high price by presenting high quality cashew products to the market and to successfully face the current market competition, an advanced production mechanism is essential.

In addition to these activities, all stakeholders interested in cashew processing activities are provided with the necessary training and facilities by these processing centres to identify their needs and fulfill those needs with high quality and high productivity.

In the year 2023, 169.35 MT of cashew in shell obtained from the estates were processed at the processing centers of Puttalam and Nedagamuwa, resulting in a cashew kernel yield of 42.09 MT, and a value-added cashew kernel yield of 33.72 MT was sold generating an income of Rs. 167.82 million.

Moreover, in order to face the competitive market conditions and minimize costs, 99.64 MT of cashew in shell were purchased this year. This helped establish a competitive market range.

3.7.1 Import of cashew in shell and cashew kernels for local consumption

As a solution to the shortage of cashew in shell and cashew kernel required by small-scale cashew processors in the local market due to insufficiency of cashew nuts produced locally, the Sri Lanka Cashew Corporation issues licences to small-scale cashew processors to import cashew in shell and cashew kernel under tax concessions.

These import licenses are issued on a temporary basis only during periods of shortage of local products in the market. According to the reports of the Sri Lanka Export Development Board, 47.66 MT of cashew kernel were imported this year and were distributed among a large number of small-scale producers. Thus, the Corporation got the opportunity to intervene in stabilizing the livelihoods of the families engaged in the cashew processing industry and in improving their economic and social status.

3.8 Human Resource Management

Human resources of an organization can be defined as the strengths, knowledge, skills and experience of employees who can be engaged in productive production activities. The Human Resource Management and Administration Division of the Sri Lanka Cashew Corporation coordinates all the divisions, units and other offices functioning

under the Corporation to develop the human resources required for achieving the objectives of the Corporation, and to maximize the productivity of human resources by providing and improving the necessary infrastructure.

3.8.1 Contribution of training programmes in human resource development

Training programmes provide an opportunity to increase the productivity of employees, update their subject knowledge, acquire new knowledge and provide an opportunity to increase efficiency through self-motivation. These training programmes are planned to be conducted continuously in the coming years as well.

Training programmes make a significant contribution towards achieving the objectives of increasing cashew yield, increasing the productivity of the cashew processing industry and estates, encouraging cashew exports, making the Sri Lanka Cashew Corporation the leader in cashew production and making it a self-sufficient public corporation by increasing the productivity, subject knowledge and efficiency of the employees.

During this year, the Assistant General Manager - Internal Audit participated in a training programme on Internal Audit Practice conducted at the Institute of Personnel Management in Narahenpita with the objective of enhancing the professional skills and efficiency of the staff.

An efficiency bar examination was conducted this year for junior management grade officers. In addition to that, a training programme was also conducted to develop the attitudes and capacities of the entire staff.

3.9 Other Projects

3.9.1 Export Villages Programme

The Corporation is implementing this project with the aim of exporting cashew nuts, and grafted cashew plants were distributed covering 11 districts across the island, and high-quality grafted plants produced in the commercial nurseries of the Corporation were distributed covering 25 Divisional Secretariat Divisions. The number of plants distributed under this project during this year is as follows.

Table 3.9.1 : Number of plants issued under this project in the year 2023

Srl. No.	District	No. of Plants issued
01	Hambantota	4,900
02	Batticaloa	7,000
03	Vavuniya	4,410
04	Killinochchi	2,800
05	Mullaitivu	6,370
06	Mannar	700
07	Jaffna	700
08	Moneragala	13,793
09	Polonnaruwa	4,059
10	Gampaha	2,000
11	Kurunegala	23,000
Total		69,732

4. Administrative Affairs

Since the Sri Lanka Cashew Corporation was established as a state-owned enterprise, in addition to producing high-quality cashew products for local consumption, it also provides guidance and instructions to cashew cultivators in 20 districts to successfully carry out their cultivations. Apart from that, the Corporation, in collaboration with the Faculty of Agriculture and Plantation Management of the Wayamba University of Sri Lanka, conducts research, introduces new cashew varieties, produces cashew plants of those varieties and provides the necessary plants to selected farmers for their cashew cultivations free of charge through annual extension programmes.

Further, the Corporation also identifies the needs of parties involved in the cashew processing industry and provides them with necessary training and other facilities. In addition, a quality and efficient service is provided to the parties who purchase cashew products, and profits are earned by selling value-added cashew products to the customers.

The Board of Directors of the Sri Lanka Cashew Corporation, together with the General Manager, Deputy General Manager and Assistant General Managers, and the entire staff contribute tirelessly to carry out these tasks successfully, and in accordance with the new development strategies, circulars and acts and laws of the government, it was possible to generate income for the public and achieve the objectives of the Corporation.

4.1 Staff Management as at 31.12.2023

The Sri Lanka Cashew Corporation is staffed by employees at the senior, tertiary, secondary and primary service levels and on contract basis, and in 2023, the staff of about 158 personnel of the Corporation provided an efficient and productive service to achieve the goals and objectives of the Corporation. The members of this staff were employed at the Head Office and the regional offices located island-wide.

Apart from the said staff, approximately 220 workers are employed on a check-roll basis in the estates of the Corporation, at processing centers and in other offices to

perform tasks such as collecting cashew nuts, removing weeds, applying fertilizers, cutting cashew nuts and digging holes for cashew planting.

4.1 Table : Number of Employees Employed in the Year 2023

Service Level	Number of Employees Employed
Senior	06
Tertiary	17
Secondary	74
Primary	61
Total	158

4.2 Achievements in the Year 2023

- An income of Rs. 311.08 million was earned this year by exporting 68.34 MT of cashew nuts. The export volume and income have increased this year compared to previous years.
- The value added cashew kernel sold during this year was 33.72 MT, and an income of Rs. 167.82 million was earned through that. The income earned from this has increased compared to previous years.
- It was expected to provide training to 1,000 beneficiary families under the Cashew Subsidy Scheme during this year, and 303% progress has been achieved by training 3,036 beneficiary families during this year.

In addition to the achievements mentioned above, the following challenges hindered the development activities this year.

- The flowers dried up due to adverse weather conditions, namely the severe drought during the flowering period, and as a result the yield from the estates was lower than expected.
- The supply of cashew in shell did not meet the local demand.
- Increase in labour costs and costs of materials.
- Due to restrictions on recurring and capital grants, there were obstacles in starting new activities as well as in performing essential services. Accordingly, the Corporation had to utilize the funds earned by the Corporation to continue these activities. As a result, there was a shortage of funds for investment in commercial and development activities.

5. Report of the Board of Directors

On behalf of the Board of Directors of the Sri Lanka Cashew Corporation, I hereby present the audited financial statements of the Corporation for the year ended 31 December 2023.

The financial statements of the Sri Lanka Cashew Corporation were submitted to the Auditor General on 11 October 2024 in accordance with Circular No. PED/12 issued on 02 June 2003 by the Director General of the Department of Public Enterprises of the Treasury.

5.1 Establishment

The Sri Lanka Cashew Corporation was established on 25th of May 1973 by the Gazette Notification No. 60/7 with an initial capital of Rs. 40 million under Sub-section 1 of Section 2 of the State Agricultural Corporations Act No. 11 of 1972, with the approval of the Government of Sri Lanka and by order of the then Minister of Plantation Industries.

5.2 Results

Data on the financial results and changes in equity in the current year is disclosed in the Statement of Changes in Equity and Financial Statements.

5.3 Business Review

The financial position of the Sri Lanka Cashew Corporation for the year ended 31st December 2020 is given in the Statement of Financial Position of the Corporation, and an evaluation of the same has been included in the report of the Chairperson.

5.4 Property, Plant and Equipment

Changes in property, plant and equipment during the current year are given in Note 07 to the Financial Statements of this report. The values shown in this note do not have material differences from their current market value.

5.5 Reserves

The composition of the total reserves of the Corporation is stated in the Statement of Changes in Equity of this report.

5.6 Board of Directors

Table 5.6 : Members of the Board of Directors of the Corporation in 2023

Srl. No.	Name	Position
01.	Miss. K.A.C. Priyadarshani	Chairman of the Committee, Board Member - (Representative of the Treasury) (Up to 31.07.2023)
02.	Mrs. A.P.D.D. Chandurangi	Committee Chairman, Board Member - (Representative of the Treasury) (From 22.12.2023)
03.	Mrs. A.U.K. Dodamwala	Committee Member, Board Member (Representative of the Subject Ministry) (Up to 24.02.2023)
04.	Mrs. R.A.R.S. Mayadunna	Committee Member, Board Member - (Representative of the Subject Ministry) (From 16.06.2023)
05.	Mr. Chamara Subhasinghe	Committee Member, Board Member
06.	Mr. K.S. Wijayakeerthi	Committee Secretary (Acting), General Manager (Acting)
07.	Mr. K.A.C. Shamantha	Committee Observer, Chief Internal Auditor - Ministry of Plantation Industries (From 24.02.2023)
08.	Mr. V.U. Liyanage	Committee Convener and Committee Member - Assistant General Manager (Internal Audit)
09.	Mr. D.M.U.S. Dharmajeewa	Committee Observer, Audit Officer - National Audit Office (From 24.02.2023)

5.7 The Audit Committee

The Audit Committee of the Corporation has been established in accordance with the Public Enterprises Guidelines.

5.8 Statutory Payments

All statutory payments due to the Government and the employees have been duly paid during the year.

5.9 Environmental protection

The Corporation has not been engaged in any activity that is harmful to the environment or that results in environmental pollution.

5.10 Events occurring after the date of Statement of Financial Position

No event that require adjustments or disclosures in the accounts after the balance sheet date has been reported.

5.11 Auditors

Financial statements of the Sri Lanka Cashew Corporation for the year ended 31st December 2023 were audited by the Government Auditor General.

By order of the Board of Directors,



K.S. Wijayakeerthi
Board Secretary

6. Report of the Audit Committee

The Audit Committee of the Sri Lanka Cashew Corporation was established for the year 2023 in accordance with the directives of the previous circulars and the directives contained in the Circular No. 01/2021 of the Department of Public Enterprises issued on 16.11.2021, and it was a seven-member committee consisting of five members and two observers. The membership of the Audit and Management Committee is as follows.

Table 3.1 : Audit Committee of the Corporation for year 2023

Srl. No.	Name	Designation
01.	Miss. K.A.C. Priyadarshani	Chairman of the Committee, Board Member - (Representative of the Treasury) (Up to 31.07.2023)
02.	Mrs. A.P.D.D. Chandurangi	Committee Chairman, Board Member - (Representative of the Treasury) (From 22.12.2023)
03.	Mrs. A.U.K. Dodamwala	Committee Member, Board Member (Representative of the Subject Ministry) (Up to 24.02.2023)
04.	Mrs. R.A.R.S. Mayadunna	Committee Member, Board Member - (Representative of the Subject Ministry) (From 16.06.2023)
05.	Mr. Chamara Subhasinghe	Committee Member, Board Member
06.	Mr. K.S. Wijayakeerthi	Committee Secretary (Acting), General Manager (Acting)
07.	Mr. K.A.C. Shamantha	Committee Observer, Chief Internal Auditor - Ministry of Plantation Industries (From 24.02.2023)
08.	Mr. V.U. Liyanage	Committee Convener and Committee Member - Assistant General Manager (Internal Audit)
09.	Mr. D.M.U.S. Dharmajeewa	Committee Observer, Audit Officer - National Audit Office (From 24.02.2023)

During the year 2023, the Non-Executive Director representing the Treasury acted as the Chairman of the Audit Committee, and since a Secretary had not been appointed for the Committee, the Acting General Manager of the Corporation

acted as the Acting Secretary of the Audit Committee. The total number of Audit Committee meetings held in the year 2023 was 04.

At the meetings of the Audit Committee held during the year 2023 under review, the Audit Committee made recommendations to the Board of Directors on the following matters and followed up on the progress of the relevant activities in accordance with the approvals given by the Board of Directors for those recommendations.

1. The financial statements of the Sri Lanka Cashew Corporation for the year 2021, review of which had been delayed due to various practical issues, were reviewed, and the deficiencies and gaps that had arisen in the preparation of those financial statements were communicated to the responsible parties, and necessary action was taken to correct those deficiencies and gaps.
2. All the audit queries and observations contained in the audit reports issued by the National Audit Office regarding the activities of the Corporation during the year under review were discussed, and recommendations were given on necessary action to be taken in this regard.
3. Information on the profit and loss situation of all the outlets of the Sri Lanka Cashew Corporation for the recent periods were analyzed, and accordingly recommendations were made on further actions to be taken regarding the activities of those outlets and necessary steps were taken to accordingly.
4. Recommendations were made to the Board of Directors regarding the importance of preparing financial statements on a monthly basis in order to help take formal decisions regarding the activities of the Corporation and necessary action was taken in that regard.
5. Recommendations were made regarding conducting a proper census of the number of teak trees available in the Eluwankulam Estate belonging to the Corporation and on getting their value assessed and taking appropriate action accordingly.
6. Recommendations were made regarding conducting a proper census of cashew trees available in all the estates and seed gardens of the Corporation and preparing of registers of cashew trees accordingly.

7. It was recommended that it would be appropriate to seek advice from the Department of Public Enterprises on the manner in which future action should be taken regarding the amounts receivable from government institutes and amounts payable to government institutions as shown in the financial statements of the Corporation as at the beginning of the year under review and to take further action accordingly.
8. It was recommended that the land registry folios of the lands on which the Puttalam and Nedagamuwa Processing Centers, of which the legal ownership is with the Corporation, should be examined and the necessary verifications should be made and that action should be taken accordingly as required.



A.P.D.D. Chandurangi
Chairman - Audit Committee

07. Performance Report of the Sri Lanka Cashew Corporation for the year 2023

7.1 Production of planting material (for the cashew subsidy project)

The Corporation produces cashew plants in its central plant nurseries for distribution under the cashew cultivation subsidy scheme implemented by the Corporation, and this year, the Treasury allocated Rs. 9.0 million for this subsidy programme, and according to the action plan, the annual target was to produce 93,560 grafted cashew plants of which 100% progress has been achieved by producing all the 93,560 plants. The entire amount of Rs. 9.0 million allocated for this project was spent.

7.2 Cultivation of cashew in 20 districts under the Cashew Subsidy Scheme.

Under this project, which is implemented under the provisions of the Treasury, it was expected to get 1,250 acres of land cultivated with grafted cashew and 250 acres of land with seed cashew by 1,000 beneficiary families during this year, and 2,628 beneficiary farmers were trained to cultivate 1,250 acres of grafted cashew plants and 408 famers were trained to cultivate 250 acres of seed cashew plants.

Furthermore, it was expected to provide training to 1,000 beneficiary families under this programme, and 303% progress has been achieved by training 3,036 beneficiary families during this year. The total amount spent on these activities was Rs. 8.00 million.

7.3 Plantation Management

By maintaining the seed gardens belonging to the Corporation, 231,250 high-quality scions and 289,062 parent seeds were selected to produce grafted plants required for the extension services and commercial activities. The expected target for this year as per the action plan was the same.

Furthermore, clearance of forest has already been commenced to establish new plantations in 40 acres in Eluwankulam Phase II during this year. In addition, maintenance and rehabilitation of 1,115 acres of land in the Seed gardens of the Corporation have also been completed during this year. These activities were carried out with the provisions allocated by the Treasury, and the amount spent on this was Rs. 19.85 million.

7.3.1 Maintenance of Estates

The Corporation has 13 estates, and the maintenance of these estates is done annually. During this year, according to the action plan, it was expected to maintain 3,178 acres of land in the estates, and it has been able to properly maintain the entire 3,178 acres during this year. Rs. 58.24 million was spent on this from the funds earned by the Corporation.

Although the cashew in shell harvest that was expected this year from the estates of the Corporation was 170 MT, only 85.06 MT of cashew in shell could be obtained due to the adverse weather conditions that prevailed. Although the expected yield of coconut from the cultivations in the estates of the corporation was 88,240 coconuts, only 57,425 coconuts were obtained due to the adverse weather conditions.

7.4 Production of Cashew Plants (Nursery Management)

During the year under review, production of grafted plants required for extension and commercial purposes was successfully carried out. A total of 33,900 high quality grafted plants were produced for planting in the Estates owned by the Corporation, 102,540 plants were produced for commercial purposes, and 35,000 grafted plants were produced for the Export Cluster Village Project. An amount of Rs. 21.06 million was spent out of the funds earned by the Corporation on carrying out these activities.

7.5 Promotion of Land Productivity

In the year under review, insecticides were applied on cultivations in 3,604 acres to obtain a productive harvest from the Estates of the Corporation.

Further, 120.4 kg of Acetamiprid 20% (Mospilan 100g) were purchased and distributed to the estates and to the Research Division. The provision allocated by the Treasury for this purpose was Rs. 3.50 million, and the amount spent on this was Rs. 3.45 million.

7.6 Research and Development

Sri Lanka Cashew Corporation implements research programmes jointly with the Faculty of Agriculture and Plantation Management of the Wayamba University of Sri Lanka, and research programmes include researches on plant breeding, application of fertilizer, plant density, disease and pest control in cashew cultivation, grafting techniques and yield. In the year 2023, 05 researches at the Puttalam Research Division and 08 researches in the Kamandaluwa Research Division were continuously implemented under 07 research categories. A provision of Rs. 2.75 million was allocated for this out of which Rs. 2.16 million was spent on these activities.

Moreover, data collection for conducting research to introduce a new cashew variety was completed and the analyses are being carried out for this.

7.7 Development of the Cashew Processing Industry

The harvest obtained from the estates of the Corporation is processed at the Processing Centers at Puttalam and Nedagamuwa and is sold as value-added cashew products through the sales outlets of the corporation and through the franchised dealers. This year, the expected target was to process 150 MT of cashew in shell, and 169.35 MT of cashew in shell was used for processing and 42.09 MT of cashew kernel was produced.

This year's target was to sell 30 MT of value added cashew kernel, however, 33.72 MT of cashew kernel was sold and Rs. 167.82 million was earned during this year.

It was also expected to open 04 cashew outlets this year, and work is currently in progress for that. It has been planned to open one of these outlets in the Kandy district in 2024. Arrangements are being made to open the other outlets as well.

7.8 Human Resource Management

Several training programmes were conducted during this year with the objective of developing the knowledge, skills and attitudes of officers in various Divisions of the Sri Lanka Cashew Corporation. This helped them increase work productivity, update their subject knowledge and acquire new knowledge, and also helped increase efficiency through self-motivation. This year, the Provision allocated by the Treasury for conducting training programmes was Rs. 0.5 million, and an amount of Rs. 0.30 million was spent on successful implementation of these training programmes.

8. Medium-term actions to be taken to enhance performance

Sri Lanka Cashew Corporation implements activities through 04 key areas to develop cashew cultivation in Sri Lanka and to enhance the performance of the Corporation.

01. Expanding the land area under cashew cultivation.
02. Increasing the productivity of cashew cultivations.
03. Promoting processing and value-addition technology in cashew production.
04. Improving the capacity of the human resource.

8.1 Expanding the area under cashew cultivation

It is expected through this to improve the livelihood of the rural cashew farmers, to ensure continuous supply of cashew in shell and to gradually increase the area under cashew cultivation in order to increase supply. The following activities are being carried out under this programme.

8.1.1 Conducting extension and training programmes

- Implementing awareness programmes at district level on cashew cultivation targeting farmers in areas with uncultivated and underutilized lands.
- Deploying trained Agricultural Extension Officers to expand the cashew cultivation in the districts where cashew is grown and to provide continuous technical guidance.
- Encouraging farmers to cultivate cashew by way of disseminating information (through pamphlets, manuals, videos) on the benefits of cashew cultivation.
- Conducting cashew crop clinics and mobile training units throughout the country.
- Encouraging the youth and women through special programmes to cultivate cashew.

8.1.2 Rehabilitation of cashew plantations

- Identifying lands that have become degraded or that are abandoned, both private lands and lands belonging to the Corporation, through GIS mapping and taking steps to cultivate cashew in such lands.
- Carrying out activities such as pruning, applying fertilizer and controlling pests in order to increase unit cashew yield and carrying out regular monitoring.
- Introducing high density planting method and canopy management practices to increase land productivity.
- Providing input subsidies (organic fertilizers, tools) to encourage rehabilitation activities.
- Monitoring the performance of estates annually and providing new allocations accordingly.

8.1.3 Carrying out new cultivations

- Identifying new areas suitable for cashew cultivation by using agro-ecological zone maps and rainfall data.
- Encouraging private investors and farmers' associations to cultivate cashew on a commercial scale.
- Providing planting material and training to the estate owners and subjecting them to regular inspection and monitoring.
- Providing assistance by the Corporation for the selected lands in preparing lands for new cultivations, marking boundaries and digging holes.

8.1.4 Production and distribution of grafted cashew plants

- Training the nursery managers on advanced propagation techniques and on pest control.
- Establishing the quality control (GAP) mechanism for all planting materials distributed.

- Providing grafted plants at subsidized prices to farms run by women and in poverty-stricken areas.
- Operating with transparent monitoring of the grafted plants available in the nurseries and the plants that have been distributed among farmers.

8.2 Increasing the productivity of lands under cashew cultivation

Increasing the cashew yield per hectare through innovation, technology transfer and field-based capacity development.

8.2.1 Conducting research and developing new varieties and field experiments

- Establishing regional research and demonstration farms under the management of the Sri Lanka Cashew Corporation.
- Maintenance and conservation of collection of local genetic resources for future breeding purposes.
- Evaluating the characteristics of high-yielding, disease-resistant and drought-resistant varieties of cashew in shell.
- Releasing certified cashew varieties through a formally certified, national cashew variety release system.

8.2.2 Introducing new cultivation techniques and maintenance practices

- Training farmers in cultivating cashew in accordance with national Good Agricultural Practices (GAP) standards specifically developed for cashew cultivation by the Sri Lanka Cashew Corporation.
- Training farmers and staff of the Sri Lanka Cashew Corporation staff on GAP compliance, maintaining records and quality inspection.
- Promoting Integrated Pest Management (IMP) including biological pest control.
- Establishing water efficient irrigation systems such as drip irrigation for ensuring sustainability of the estates.

- Increasing the income of the farmers and improving the soil health by way of intercropping with legumes.

8.2.3 Integrated Pest Management Programme

- Implementing special training programmes for farmers to identify the common pests and diseases affecting cashew cultivation in the main districts where cashew is grown.
- Implementing pest surveillance and reporting programmes on cashew cultivation in the main districts where cashew is grown.

8.3 Promotion of cashew processing industry and value added products

Increasing the value of the industry by promoting the use of local cashew-related value added products and through market expansion

8.3.1 Adoption of GMP, GAP and quality standardization

- Introducing standard operating procedures for cashew processing under GMP standards.
- Providing facilitation for obtaining local standards (SLS) and international certificates (HACCP, ISO 22000) for cashew products.
- Providing training for suppliers on quality assurance, food safety and packaging.

8.3.2 Identification and training of small-scale villages to strengthen cashew processing centers

- Preparing suitable training programmes for identifying cashew processors at village-level and registering them.
- Establishing relationships with identified successful entrepreneurs in Sri Lanka and providing the necessary space to share their knowledge.

- Facilitating credit linkages with microfinance institutions and cooperative banks.
- Providing technical assistance for maintenance and troubleshooting of machinery.

8.3.3 Development of cashew by-products

- Conducting research on cashew-apple related products and manufacturing such products.
- Conducting market promotion, research and feasibility studies for commercialization.
- Implementing pilot programmes on small-scale cashew processing centers and cashew-apple related production units in selected villages where cashew is grown.
- Engaging women-led community groups and youth entrepreneurs in processing cashew and in operational activities.
- Supporting the marketing of cashew by-products and branding through exhibitions and digital platforms.

8.3.4 Strengthen market access for small-scale processors

- Introducing an online market for village-level cashew products.
- Conducting trade fairs locally and internationally, and participating in such conferences.
- Developing cashew processing cooperative platforms in order to enhance bargaining power.

8.4 Enhancement of the capacity of the human resource

- Building a workforce equipped with skills, attitudes and knowledge.

8.4.1 Conducting comprehensive employee training programmes

- Developing the annual training calendar aligned with operational priorities.

- Conducting residential training programmes to enhance management skills.
- Introducing mandatory refresher training for all field officers and managers every 02 years.

8.4.2 Implementing modern performance appraisal systems and incentive schemes

- Introducing a digital Performance Management Information System (PMIS) with KPIs.
- Conducting quarterly performance review meetings and link incentives to key outputs.
- Offering productivity bonuses, public recognition and non-monetary rewards.
- Aligning career progression with training and performance outcomes.

8.4.3 Developing ICT skills and expanding digital operations

- Training the staff on the use of MIS systems, databases and mobile data collection tools.
- Providing mobile phones and laptops to field officers to monitor the activities of estates and queries from farmers.
- Maintaining records of internal communications and digitalization of report submissions.
- Introducing e-learning platforms for continuous capacity development.

8.4.4 Sharing knowledge and encouraging internal learning

- Conducting quarterly internal seminars on best practices and innovations.
- Documenting and publishing success stories from projects implemented by the Sri Lanka Cashew Corporation.
- Establishing mentoring systems among the senior and the junior staff.
- Promoting internal newsletters and technical bulletins.

9. Five-Year Summary of Performance

විස්තරය		2023	2022	2021	2020	2019
01	Extent of lands cultivated with cashew under the Subsidy Scheme	Subsidy Programme 1,356 Home Gardening <u>366</u> Total <u>1,722</u>	Subsidy Programme 1,169.26 Home Gardening <u>468</u> Total <u>1,637.26</u>	Subsidy Programme 2,920 Home Gardening <u>1,080</u> Total <u>4,000</u>	Subsidy Programme 2,568 Home Gardening <u>932</u> Total <u>3,500</u>	Subsidy Programme 3,305 Home Gardening <u>1,195</u> Total <u>4,500</u>
02	No. of beneficiary farmer families under the subsidy scheme	3,036	3,590	5,384	7,676	11,069
03	No. of plants produced	Grafted Plants 171,440 Seedlings - Total <u>171,440</u>	Grafted Plants 31,360 Seedlings <u>18,770</u> Total <u>50,130</u>	Grafted Plants 511,230 Seedlings <u>17,360</u> Total <u>528,590</u>	Grafted Plants 422,570 Seedlings <u>54,500</u> Total <u>477,570</u>	Grafted Plants 270,294 Seedlings <u>79,945</u> Total <u>350,239</u>
04	No. of parent seeds collected	289,062	49,000	799,785	500,000	500,000
05	No. of buds collected	231,250	39,200	800,000	520,000	310,000
06	Yield collected (Metric Tons)	85.06	88.24	106.0	149.46	157.81
07	New planting in estates of the Corporation (Acres)	40	25	90	346	52.5
08	No. of franchised dealers	20	40	69	75	56
09	No. of training programmes conducted under the Technology Transfer Programmes, Pest Control and Post-Harvest Technology	13	-	30	82	166

Description		2023	2022	2021	2020	2019
10	No. of farmers trained	3,036	558	663	1,369	2,320
11	Imported volume of cashew (Metric Tons)	Cashew in shell - Cashew kernel 47.66	Cashew in shell 207.57 Cashew kernel -	Cashew in shell 0.051 Cashew kernel 0.047	Cashew in shell 549.2 Cashew kernel 0.025	Cashew in shell 527.26 Cashew kernel 0.826
12	Volume of Metric Tons for which cashew import licenses were issued	-	100	-	500	-
13	Exported volume of cashew (Metric Tons)	68.34	58.20	26.26	34.32	47.40
14	Value of exported cashew (Rs. Millions)	311.08	212.83	89.07	81.13	93.57
15	Purchase of cashew in shell and cashew kernels (Metric Tons)	Cashew in shell - 99.64	Cashew in shell - 79.05	Cashew in shell - 54.81 Cashew kernel - -	Cashew in shell - 64.0 Cashew kernel - -	Cashew in shell - 20.0 Cashew kernel - 2.30
16	Amount of value-added cashew kernel sold (Metric Tons)	33.72	21.55	26.8	16.91	21.72
17	Value of value-added cashew kernel sold (Rs. Million)	167.82	112.39	92.12	47.23	79.08

10. Accounting policies adopted and Audited Financial Statements – 2023

01. Accounts have been prepared based on generally accepted accounting principles and Sri Lankan Accounting Standards.
02. Fixed assets were depreciated on straight line method. Depreciation of the assets purchased within the year was calculated based on the date of purchase. Depreciation of the buildings constructed during the year was calculated for the entire year, not based on the date of completion of the construction work.

The percentages depreciation are as follows:

Motor vehicles	20%
Machinery	10%
Tools and equipment	10%
Office equipment	10%
Tube wells/ Agricultural wells	10%
Furniture and fittings	06%
Permanent buildings	03%
Semi-permanent buildings	33 1/3%

03. Assets identified as property, plant and equipment have been accounted at cost. The value of property, plant and equipment has been indicated on the revalued amount deducting the accumulated depreciation and impairment losses.

04. Stocks were calculated on the following basis:

Cashew kernel	:	At net selling price
Cashew in shell	:	Guaranteed variable price / market price
Cattle and sheep	:	Market price of each area/ live weight
Coconut	:	Net selling price
All other stocks	:	Calculated at cost

05. The expenses of the Head office were distributed among the cost centers based on the total salary expenditure contained therein.
06. The breakdown of the average cost of the estates as fruit-bearing and non-fruit-bearing cultivations, plant nurseries and animal husbandry was done in proportion to the number of actual labour days spent on those areas.

07. Amortization of fruit bearing plantations was calculated at 5% per annum.
08. The provision for bad and doubtful debts has been calculated at 3.53% of the total debtors. The difference in the provisions account was transferred to write off bad debts during the year.
09. The provision for gratuity was calculated on the basis of years of completed service, as specified in the Payment of Gratuity Act. The service cost of those who have completed the minimum period of service stipulated in the Act during the financial year for receiving gratuity entitlement has been debited to the revenue account.
10. The income has been accounted on the value of the receipts and receivables.
- The income from the sale of goods has been recognized by taking the followings into account.
- The institution transfers both the risk and the reward to the buyer.
 - The management of the institution does not intervene in the ownership of the goods being sold or to maintain an efficient control.
 - The income could be recognized reliably.
 - Economic benefits relating to the transactions may flow towards the institution.
 - The cost incurred or to be incurred in respect of the transaction can be measured reliably.
11. After writing off the actual values entered in the books of accounts as depreciation and amortization of capital assets from the respective capital assets, an equivalent value will be removed from the capital grants and recognized as income in the accounts books.
12. The effective date of the revaluation of motor vehicles was determined as 01.01.2009 and it was carried out by an independent commission headed by a Technical Engineer of a recognized government institution.
13. The administrative expenses related to the production of grafted plants and seedlings were distributed among service and commercial divisions based on the actual plants produced and plants distributed.

Sri Lanka Cashew Corporation

31.12.2022

Statement of Financial Position as at 31.12.2023

<u>Rs.</u>	<u>Assets</u>	<u>Notes</u>	<u>Rs.</u>
	<u>Non-current assets</u>		
116,124,752.11	Property, plant and equipment	07	113,259,962.51
25,316,396.38	Maintenance cost of fruit bearing cultivations	08	81,699,082.73
98,080,023.96	Maintenance cost cultivations not bearing fruit	09	46,008,475.80
588,524.09	Other small projects	10	840,654.67
<u>6,542,597.00</u>	Work-in-progress - Capital		<u>22,134,175.60</u>
246,652,293.54	Total non-current assets		263,942,351.31
	<u>Current assets</u>		
76,769,613.94	Stocks	11	105,483,926.55
31,800,793.00	Trade debtors and other	12	28,640,033.48
50,638,657.60	receivables	13	9,751,226.20
<u>143,842,699.56</u>	Deposits, Advances and Pre-payments		<u>156,598,891.68</u>
<u>303,051,764.10</u>	Cash & cash equivalents	14	<u>300,474,077.91</u>
549,704,057.64	Total current assets		564,416,429.22
	Total assets		564,416,429.22
	<u>Equity and Liabilities</u>		
	Equity		
40,000,000.00	Initial capital		40,000,000.00
281,565,222.86	Government grants		300,697,860.49
280,919,046.17	Grants received from other parties	15	246,157,218.48
17,441,846.85	Capital reserves	16	17,441,846.85
<u>(152,058,776.37)</u>	Profit and Loss Account		<u>(156,859,994.82)</u>
467,867,339.51	Total Equity		447,436,931.00
	Non-current liabilities		
35,789,916.00	Provisions for gratuity	17	40,514,827.00
<u>3,500,000.00</u>	Long terms borrowings		<u>3,500,000.00</u>
39,289,916.00	Total non-current liabilities	18	44,014,827.00
	Current liabilities		
<u>42,546,802.13</u>	Trade creditors and other payables	19	<u>72,964,671.22</u>
42,546,802.13	Total current liabilities		72,964,671.22
549,704,057.64	Total equity & liabilities		564,416,429.22



Udara Wijesinghe
Chairperson
Attorney-at-Law



Asoka Lankatilaka
Deputy Chairperson



K.S. Wijayakeerthi
General Manager (Actg.)



M.T.S.K. Peiris
Asst. General Manager
(Finance)

Notes to the Statement of Financial Position for the year ended 31.12.2023

(Notes 07) Property, Plant and Equipment

Description	Cost / revalued amount 01.01.2023 (Rs.)	Additions/ Revaluation of assets in the current year (Rs.)	Disposals/ Sales of assets in the current year (Rs.)	Current cost/ revalued value of assets 31.12.2023 (Rs.)	Accumulated depreciation as at 01.01.2023 (Rs.)	Depreciation for the year 2023 (Rs.)	Accumulated depreciation as at 31.12.2023 (Rs.)	Written off value 31.12.2019 (Rs.)
Freehold lands	28,335,084.54	513,912.00	-	28,848,996.54	-	-	-	28,848,996.54
Permanent buildings	62,652,301.08	60,051.00	-	62,712,352.08	26,340,617.19	1,697,445.00	28,038,062.19	34,674,289.89
Semi permanent buildings	825,751.00	-	-	825,751.00	734,784.67	90,946.64	825,731.31	19.69
Vehicles	128,075,837.84	2,783,825.00	-	130,859,662.84	109,288,984.29	5,725,787.54	115,014,771.83	15,844,891.01
Machinery	39,441,163.45	132,000.00	-	39,573,163.45	19,047,630.94	2,657,601.49	21,705,232.43	17,867,931.02
Tools & equipment	13,886,742.45	1,737,540.00	-	15,624,282.45	9,277,259.11	643,163.42	9,920,422.53	5,703,859.92
Office equipment	13,182,407.09	68,440.00	-	13,250,847.09	11,198,797.90	397,545.09	11,596,342.99	1,654,504.10
Furniture & fittings	8,968,548.82	235,985.00	-	9,204,533.82	6,139,373.98	314,936.41	6,454,310.39	2,750,223.43
Tube wells	2,827,622.18	3,596,280.00	-	6,423,902.18	907,577.99	377,848.87	1,285,426.86	5,138,475.32
Agricultural wells	1,333,680.40	-	-	1,333,680.40	1,078,185.29	87,548.14	1,165,733.43	167,946.97
Tanks	608,824.62	-	-	608,824.62	-	-	-	608,824.62
	300,137,963.47	9,128,033.00	-	309,265,996.47	184,013,211.36	11,992,822.60	196,006,033.96	113,259,962.51

- The two Cashew Processing Centres in Nedagamuwa and Puttalam are located in lands belonging to the Sri Lanka Cashew Corporation. The ownership of the other lands is with the state or the Land Reform Commission (LRC). Action is being taken to acquire these land on long-term lease basis.

Sri Lanka Cashew Corporation

Notes to the Statement of Financial Position for the year ended 31.12.2023

<u>31.12.2022</u> <u>(Rs.)</u>		<u>31.12.2023</u> <u>(Rs.)</u>
	<u>Fruit-bearing cultivation</u>	
	<u>Expenses</u>	
24,159,358.85	Cashew Notes - 8(a)	78,708,149.89
1,157,037.53	Coconut Notes - 8(b)	2,990,932.84
25,316,396.38	Total	81,699,082.73

Notes - 8(a)

**Fruit bearing cultivation -
Cashew**

<u>31.12.2022</u> <u>(Rs.)</u>	<u>Estate</u>	<u>Cost as at</u> <u>01.01.2023</u> <u>(Rs.)</u>	<u>Accumulated</u> <u>Amortization as</u> <u>at 31.12.2023</u> <u>(Rs.)</u>	<u>Net Value as at</u> <u>31.12.2023</u> <u>(Rs.)</u>
724,885.12	Hardy Estate	5,680,877.17	2,693,572.88	2,987,304.29
4,005,275.45	Kamandaluwa Estate	19,223,779.11	14,848,013.87	4,375,765.24
3,618,726.16	Puttalam Estate	29,119,436.73	8,926,487.94	20,192,948.79
529,758.50	Eluwankulama Plant Breeding Center	15,159,815.35	13,815,991.68	1,343,823.67
295,714.63	Wilachchiya Plant Breeding Center	985,854.48	409,147.95	576,706.53
3,065,886.40	Nalanda Plant Breeding Center	5,963,253.57	3,195,529.85	2,767,723.72
1,000,778.60	Maha Oya Plant Breeding Center	2,512,190.75	766,095.24	1,746,095.51
1,381,412.65	Moneragala Plant Breeding Center	2,331,959.19	1,067,144.50	1,264,814.69
1,058,004.41	Mankarni Estate	1,410,671.56	423,201.78	987,470.78
8,478,916.93	Kondachchi Plant Breeding Center	46,931,816.74	4,466,320.07	42,465,496.67
24,159,358.85	Total	129,319,655.65	50,611,505.76	78,708,149.89

Note - 8 (b)

**Fruit bearing cultivation -
Coconut**

<u>31.12.2022</u> <u>(Rs.)</u>	<u>Estate</u>	<u>Cost as at</u> <u>01.01.2023</u> <u>(Rs.)</u>	<u>Accumulated</u> <u>depreciation as</u> <u>at 31.12.2023</u> <u>(Rs.)</u>	<u>Written-off</u> <u>value as at</u> <u>31.12.2023</u> <u>(Rs.)</u>
692,459.27	Hardy Estate	2,465,953.32	1,081,631.53	1,384,321.79
464,577.26	Kamandaluwa Estate	3,725,129.74	2,118,519.70	1,606,610.04
1.00	Puttalam Estate	431,998.76	431,997.76	1.00
1,157,037.53		6,623,081.82	3,632,148.99	2,990,932.84

Sri Lanka Cashew Corporation

As at 31.12.2022	<u>Non fruit-bearing cultivation Expenses</u>			As at 31.12.2023
(Rs.)				(Rs.)
93,717,023.22	Cashew Notes 9 (a)			43,248,820.47
<u>4,363,000.74</u>	Coconut Notes 9 (b)			<u>2,759,655.33</u>
98,080,023.96	Total			46,008,475.80
	Notes 9 (a)			
<u>Cost as at 31.12.2022</u>	Non fruit-bearing cultivation - Cashew	<u>Cost as at 01.01.2023</u>	<u>Direct expenses as at 31.12.2023</u>	<u>Cost as at 31.12.2023</u>
		<u>(Rs.)</u>	<u>(Rs.)</u>	<u>(Rs.)</u>
	<u>Estate</u>			
2,500,769.77	Hardy Estate	-	28,644.00	28,644.00
836,574.25	Kamandaluwa Estate	-	-	-
18,527,780.81	Puttalam Estate	497,586.34	2,694,348.91	3,191,935.25
4,911,875.45	Eluwankulama Plant Breeding Center	3,685,245.38	621,185.90	4,306,431.28
1,376,042.93	Mankarni Estate	1,376,042.93	597,158.71	1,973,201.64
870,926.45	Maha Oya Plant Breeding Center	-	-	-
81,552.00	Moneragala Plant Breeding Center	81,552.22	250,635.00	332,187.00
2,103,465.79	Research and Development	2,103,465.79	-	2,103,465.79
135,360.40	Nedagamuwa Processing Center	135,360.40	-	135,360.40
1,628,450.40	Pooneryn Estate	1,628,450.40	-	1,628,450.40
4,442,596.44	Wellankulama Estate	4,442,596.44	-	4,442,596.44
330,284.62	Wilachchiya Plant Breeding Center	-	-	-
53,072,714.82	Kondachchi Plant Breeding Center	16,739,544.25	5,468,374.93	22,207,919.18
2,898,629.09	Thiriyaya Plant Breeding Center	2,898,629.09	-	2,898,629.09
<u>93,717,023.22</u>	Total	<u>33,588,473.02</u>	<u>9,660,347.45</u>	<u>43,248,820.47</u>
<u>Cost as at 31.12.2022</u>	Note 9 (b)	<u>Cost as at 01.01.2023</u>	<u>Direct expenses as at 31.12.2023</u>	<u>Cost as at 31.12.2023</u>
<u>(Rs.)</u>	Non fruit-bearing cultivation - Coconut	<u>(Rs.)</u>	<u>(Rs.)</u>	<u>(Rs.)</u>
1,833,521.57	Hardy Estate	1,018,361.38	80,022.30	1,098,383.68
2,529,479.17	Kamandaluwa Estate	1,241,961.65	419,310.00	1,661,271.65
<u>4,363,000.74</u>		<u>2,260,323.03</u>	<u>499,332.30</u>	<u>2,759,655.33</u>

Sri Lanka Cashew Corporation

<u>Cost as at</u> <u>31.12.2022</u> <u>(Rs.)</u>			<u>Cost as at</u> <u>31.12.2023</u> <u>(Rs.)</u>
	Note 10		
	<u>Other small projects</u>		
482,874.09	Teak Plants Project		482,874.09
93,650.00	Wood Apple Project		93,650.00
-	Manioc		-
12,000.00	Pepper		12,000.00
-	Black gram		145,740.58
	Fruit project		106,390.00
588,524.09			840,654.67
	Note 11		
	<u>Current assets</u>		
	<u>Stocks</u>		
10,685,093.21	Cashew kernel		8,611,790.71
30,113,893.39	Stocks at Processing Centres		27,061,860.08
16,343,218.51	Cashew Plants		20,060,120.78
14,951,472.29	Cashew in shell		42,279,285.00
2,573,074.23	Packaging materials		2,905,560.49
2,102,862.31	Sundry		4,565,309.49
<u>76,769,613.94</u>			<u>105,483,926.55</u>
	Note 12		
	<u>Trade debtors and other</u>		
	<u>receivables</u>		
8,263,310.76	Trade debtors	11,293,010.76	
<u>291,695.00</u>	Less: Provision for Bad Debtors	<u>398,643.00</u>	10,894,367.76
<u>7,971,615.76</u>			
25,935,361.66	Other receivables	19,851,850.14	
<u>2,106,184.42</u>	Less: Loss from damages	<u>2,106,184.42</u>	<u>17,745,665.72</u>
<u>31,800,793.00</u>			<u>28,640,033.48</u>
	Note 13		
	<u>Deposits, Advances and Prepayments</u>		
14,541,184.00	Advances		2,035,398.00
	Salary Advances		-
16,000.00	Prepayments		2,327,405.00
30,793,050.40	Rentals and other deposits		<u>5,388,423.20</u>
<u>5,288,423.20</u>			<u>9,751,226.20</u>
<u>50,638,657.60</u>			

Sri Lanka Cashew Corporation

Note 14 - Cash and Cash Equivalents

<u>Cost as at 31.12.2022 (Rs.)</u>				<u>Cost as at 31.12.2023 (Rs.)</u>
337,708.29	Bank of Ceylon - Kollupitiya	1633704	(Current)	5,963,501.18
8,487,922.27	Bank of Ceylon - Kollupitiya	1633705	(Current)	5,463,951.65
781,490.32	Bank of Ceylon - Kollupitiya	1633710	(Current)	-
659,122.04	Bank of Ceylon - Kollupitiya	1633711	(Current)	-
131,210,295.14	Bank of Ceylon - Kollupitiya	1649789	(Savinngs)	141,831,714.79
91,973.77	Bank of Ceylon - Kollupitiya	1649970	(Savinngs)	-
15,593.10	Bank of Ceylon- Ja-Ela	813	(Current)	-
7,750.00	People's Bank -Nugegoda	174-1-001-30007348	(Current)	-
4,587.44	People's Bank -Nugegoda	174-2-001-1-0007348	(Savinngs)	-
270,824.17	People's Bank -Nugegoda	174-2-002-0-0007348	(Savinngs)	-
31,555.14	Regional Development Bank	134011100687	(Savinngs)	31,555.14
37,840.00	Cash in hand (Ambepussa Sales Outlet)			-
-	Cash-in-hand (Exhibition)			1,158,160.00
27,540.00	Cash in hand (Balangoda Sales Outlet)			48,720.00
21,320.00	Cash in hand (Narahenpita Sales Outlet)			-
-	Cash-in-hand (Ratnapura Sales outlet)			169,980.00
91,960.00	Cash-in-hand (Kollupitiya Sales outlet)			188,380.00
217,911.00	Cash-in-hand (Rajagiriya Sales outlet)			319,794.00
10,000.00	Petty cash imprest			9,500.00
80,000.00	Fuel imprest			-
10,000.00	Cash imprest - Stamps			10,000.00
275,000.00	Cashew sales outlet imprest			282,500.00
200,000.00	Cheques for encashment			-
300,330.25	Cash-in-hand (Commercial nurseries)			201,601.00
9,892.00	Cash-in-hand (Extension)			1,675.00
151,105.00	Cash-in-hand (Research and Development)			152,235.00
54,610.96	Cash-in-hand (Nedagamuwa Processing Center)			67,320.76
168,521.23	Cash-in-hand (Puttalam Processing Center)			232,968.96
7,404.84	Cash-in-hand (Hardy Estate)			261.00
28,327.52	Cash-in-hand (Kamandaluwa Estate)			81,622.01
656.07	Cash-in-hand (Mankarni Plant Breeding Center)			1,099.75
40,579.91	Cash-in-hand (Puttalam Estate)			5,881.91
11,589.25	Cash-in-hand (Eluwankulama Estate)			12,347.68
19,400.00	Cash-in-hand (Elkaduwa Plant Breeding Center)			-
154.70	Cash-in-hand (Wellankulama Plant Breeding Center)			35,621.70
160.15	Cash-in-hand (Thiriyaya Plant Breeding Center)			160.15
-	Cash-in-hand (Maha Oya Estate)			7,120.00
115.00	Cash-in-hand (Pooneryn Estate)			20,446.00
173,599.00	Cash-in-hand (Kondachchi Estate)			294,913.00
5,861.00	Cash-in-hand (Wine Project)			5,861.00
<u>143,842,699.56</u>	Total			<u>156,598,891.68</u>

Sri Lanka Cashew Corporation

2022 (Rs.)	Note 15 <u>Grants received from other parties</u>	2023 (Rs.)
5,275,688.03	North and East Coastal Community Development Project	5,066,937.98
9,381,298.63	Ministry of Minor Plantation Crops Development	9,220,261.81
<u>266,262,059.51</u>	State Ministry of Development of Minor Crops including Sugarcane, Maize, Cashew, Pepper, Cinnamon, Cloves, and Betel Related Industries and Export Promotion	<u>231,870,018.69</u>
<u>280,919,046.17</u>		<u>246,157,218.48</u>
Note 16		
<u>Capital Reserves</u>		
16,929,116.63	Revaluation Reserve - Vehicles	16,929,116.63
<u>512,730.22</u>	Other Capital Reserves	<u>512,730.22</u>
<u>17,441,846.85</u>	Total	<u>17,441,846.85</u>
Note 17		
<u>Payments of retirement allowances</u>		
42,948,044.00	Balance at the beginning of the year	35,789,916.00
4,656,007.00	Payments for the year	8,517,181.00
<u>(11,814,135.00)</u>	Gratuity allowances paid / to be paid	<u>(3,792,270.00)</u>
<u>35,789,916.00</u>	Total	<u>40,514,827.00</u>
Note 18		
<u>Long Term Loans</u>		
<u>3,500,000.00</u>	Paddy Marketing Board	<u>3,500,000.00</u>
<u>3,500,000.00</u>	Total	<u>3,500,000.00</u>
Note 19		
<u>Trade creditors and other payables</u>		
35,448,561.19	Sundry Creditors	64,939,680.20
<u>7,098,240.94</u>	Accrued Expenses	<u>8,024,991.02</u>
<u>42,546,802.13</u>	Total	<u>72,964,671.22</u>

- The amount of Rs. 40,514,827.00 has not been invested on payment of gratuity. Steps will be taken expeditiously to make the investment on this.

Presentation of additional notes.

Note 20

Capital commitments and contingencies

Capital Commitments

20.1 This Corporation does not have a significant and noticeable amount of capital commitments as at the reporting date.

Contingent liabilities

20.2 No contingent liability has been discovered as at the reporting date.

Note 21

Events after reporting date

Adjustments and disclosures to be made after the relevant reporting period are not applicable to these financial statements.

Note 22

22.1 Transactions with related parties Amounts payable to related parties

Paddy Marketing Board	<u>3,500,000.00</u>
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22.2 Amounts receivable from related parties

Ministry of Economic Development	9,466,200.00
Ministry of Nation Building	<u>1,962,800.00</u>
	<u>11,429,000.00</u>

Sri Lanka Cashew Corporation

Statement of profit or loss and other comprehensive income as at 31.12.2022

31.12.2022 (Rs.)			31.12.2023 (Rs.)
134,849,168.44	Sales	01	176,317,074.88
<u>83,472,666.14</u>	Sales cost	02	<u>135,914,991.25</u>
51,376,502.30	Gross profit / (loss)		40,402,083.63
77,500,000.00	Government grants (recurrent)		80,400,000.00
<u>69,390,183.13</u>	Other income	03	<u>76,599,384.80</u>
198,266,685.43			197,401,468.43
15,029,109.31	Sales and distribution costs	04	18,339,750.18
145,510,078.61	Administrative expenses	05	144,792,740.06
23,101,087.38	Other expenses	06	39,094,227.07
<u>154,999.16</u>	Financial expenses		<u>195,331.17</u>
<u>183,795,274.46</u>			<u>202,422,048.48</u>
<u>14,471,410.97</u>	Annual profit / (loss)		<u>(5,020,580.05)</u>
	Other Comprehensive income		
14,471,410.97	Annual profit / (loss)		(5,020,580.05)
(2,232,295.00)	Actuarial gains / (loss)		153,725.00
-	Income tax for other comprehensive income		-
<u>(2,232,295.00)</u>	Other comprehensive income for the year		<u>153,725.00</u>
<u>16,703,705.97</u>	Total comprehensive income earned for the year		<u>(5,174,305.05)</u>

Sri Lanka Cashew Corporation

Notes to the Profit or Loss Account as at 31.12.2023

Note 1

Sales

	<u>Year 2023</u>	<u>Year 2022</u>
Cashew kernel	167,922,980.38	113,791,178.44
Less: Returns	(107,508.00)	-
	<u>167,815,472.38</u>	<u>113,791,178.44</u>
Plants	8,501,602.50	21,057,990.00
Cashew in shell	-	-
	<u>176,317,074.88</u>	<u>134,849,168.44</u>

Note 2

Trade account as at 31.12.2023

Sales cost

	<u>Year 2023</u>	<u>Year 2022</u>
Opening stock	27,028,311.72	24,425,421.36
Cashew kernel	10,685,093.21	3,894,533.06
Cashew plants	16,343,218.51	20,530,888.30
Added - Purchases	-	-

Purchases

Production expenses - Cashew kernel (Note 2.1)	126,725,390.69	98,903,031.69
Production expenses - Cashew plants (Note 2.2)	<u>20,876,162.21</u>	<u>13,985,793.66</u>
	147,601,552.90	112,888,825.35

Less:- Final stock

Cashew kernel	8,611,790.71	10,685,093.21
Cashew plants	20,060,120.78	16,343,218.51

Less:-

Internal transfers (Plants)	6,780,440.16	21,303,755.70
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Issuing of Special plants

	984,217.21	936,400.21
Died plants	2,216,262.72	3,615,782.19
Samples and appreciations	<u>62,041.79</u>	<u>957,330.75</u>
	<u>38,714,873.37</u>	<u>53,841,580.57</u>
	<u>135,914,991.25</u>	<u>83,472,666.14</u>

Note 3

Other income

	<u>Year 2023</u>	<u>Year 2022</u>
Interest income (savings accounts)	3,471,898.56	4,667,302.86
Interest income (Distress loan / Special loan)	208,957.88	220,972.45
Cashew in shell import service fees	-	1,000,000.00
Miscellaneous income	7,006,230.90	15,875,290.90
Reimbursement of delivery charges	1,029.00	-
Ipil Ipil sales	69,750.00	-
Circuit bungalow rent income	61,860.00	117,200.00
Amortization of capital grants	62,629,190.06	42,786,840.22
Sale of coconut	3,128,968.40	4,107,917.70
Sale of spice products	<u>21,500.00</u>	<u>614,659.00</u>
	<u>76,599,384.80</u>	<u>69,390,183.13</u>

Sri Lanka Cashew Corporation

Note 4

Sales and distribution expenses	<u>Income earned by the Corporation</u>	<u>Capital grants</u>	<u>Year 2023</u>	<u>Year 2022</u>
Sales and distribution expenses	<u>18,339,750.18</u>	-	<u>18,339,750.18</u>	<u>15,029,109.31</u>
	18,339,750.18		<u>18,339,750.18</u>	<u>15,029,109.31</u>

Note 5

Administrative expenses	<u>Income earned by the Corporation</u>	<u>Capital grants</u>	<u>2023</u>	<u>2022</u>
Commercial nurseries	1,728,275.50	-	1,728,275.50	2,618,117.96
Head Office	128,178,252.61	-	128,178,252.61	129,447,214.74
Sales activities	623,623.89	-	623,623.89	895,310.87
Non fruit-bearing cultivation	-	2,440,826.53	2,440,826.53	981,754.00
Human resource development	-	298,600.00	298,600.00	5,000.00
Extension Division	-	9,029,967.03	9,029,967.03	9,132,226.65
<u>Research and development</u>	-	2,493,194.50	2,493,194.50	2,430,454.39
	<u>130,530,152.00</u>	<u>14,262,588.06</u>	<u>144,792,740.06</u>	<u>145,510,078.61</u>

Note 6

<u>Other expenses</u>	<u>Income earned by the Corporation</u>	<u>Capital grants</u>	<u>2023</u>	<u>2022</u>
Helopeltis control programme	-	130,709.46	130,709.46	91,433.80
Fruit-bearing cultivation - coconut	3,517,791.89	-	3,517,791.89	1,482,884.13
Spice purchasing cost	-	-	-	662,758.00
Cot for plants	-	5,030,028.18	5,030,028.18	17,248,229.26
Supply of Electricity (Kondachchi Estate)	-	28,199,434.82	28,199,434.82	-
Died plants	2,216,262.72	-	2,216,262.72	3,615,782.19
	<u>5,734,054.61</u>	<u>33,360,172.46</u>	<u>39,094,227.07</u>	<u>23,101,087.38</u>

Sri Lanka Cashew Corporation

Combined Cash Flow Statement for the year ended 31.12.2023

<u>Year ended</u> <u>31.12.2022 (Rs.)</u>		<u>Year ended</u> <u>31.12.2023 (Rs.)</u>
	<u>Cash Flow from</u>	
	<u>Operating Activities</u>	
16,703,705.97	Profit/(Loss) during the year	(5,174,305.05)
(1,697,353.10)	Adjustments for the previous year	373,086.60
	<u>Adjustments for non-</u>	
	<u>cash moving items</u>	
11,416,492.60	Depreciation	11,992,822.60
2,736,980.19	Amortization	5,848,541.53
4,656,008.00	Provisions for Gratuity	9,194,381.00
64,252.00	Write off or provision for Bad Debts	106,948.00
(6,837,703.50)	Over-provision for gratuity allowances	-
1,716,845.00	Write-off cost for motor vehicles	-
(646,578.84)	Accumulated depreciation written off for motor vehicles	-
(369,786.87)	Write-off of grants from other parties	(369,786.87)
39,243.95	Write off other small projects	-
(4,888,275.31)	Interest income received	(3,680,856.44)
<u>(36,969,702.35)</u>	Amortization of government grants	<u>(27,867,362.37)</u>
(14,075,872.26)	Operating Profit / (Loss) before Working Capital Changes	(9,576,531.00)
	<u>Working Capital Changes</u>	
14,182,543.37	Increase / (Decrease) of Stock	(28,714,312.58)
15,525,174.63	Debtors Increase / (Decrease)	3,053,811.52
(6,825,739.75)	Advances and prepayments - Increase / (Decrease)	40,887,431.40
(8,405,120.92)	Creditors Increase / (Decrease)	29,491,119.01
<u>(2,172,327.32)</u>	Accrued expenses Increase / (Decrease)	<u>926,750.08</u>
12,304,530.01		45,644,799.43
(1,771,342.25)		36,068,268.43
<u>(4,976,432.50)</u>	Gratuity payments	<u>(4,469,470.00)</u>
(6,747,774.75)	Net Cash Flow from Operating Activities	31,598,798.43
	<u>Cash Flow from</u>	
	<u>Investing Activities</u>	
(11,058,103.55)	Purchase of fixed assets	(9,128,033.00)
(179,613.90)	Capital expenditure in progress	(15,591,578.60)
(26,488,469.85)	Investment on new planting	(10,159,679.75)
4,888,275.31	Interest income received	3,680,856.44
-	Investment on other small projects	(252,130.58)
(32,837,911.99)		(31,450,565.49)

	<u>Cash Flow from Financing Activities</u>	
29,000,000.00	Government Grants	47,000,000.00
<u>(5,447,351.00)</u>	Grants received from ministries	<u>(34,392,040.82)</u>
(16,033,037.74)	Net increase in cash and cash equivalents	12,756,192.12
159,875,737.30	Cash and cash equivalents at the beginning of the year	143,842,699.56
<u>143,842,699.56</u>	Cash and cash equivalents at the end of the year	<u>156,598,891.68</u>
<u>As at 31.12.2022</u>		<u>As at 31.12.2023</u>
1,943,877.88	Cash in hand	3,308,168.92
10,289,586.02	Cash in bank	11,427,452.83
131,609,235.66	Savings	141,863,269.93
<u>143,842,699.56</u>		<u>156,598,891.68</u>

Statement of Changes in Equity for the year ended 31.12.2023						
Changes	Initial Capital (Rs.)	Government Capital (Rs.)	Grants received from other parties (Rs.)	Capital Reserves (Rs.)	Profit and Loss Account (Rs.)	Total (Rs.)
Balance as at 01.01.2022	40,000,000.00	289,534,925.21	286,736,184.04	17,441,846.85	(167,065,129.24)	466,647,826.86
Adjustments for the previous year	-	-	-	-	(1,697,353.10)	(1,697,353.10)
Grants received during the year	-	29,000,000.00	-	-	-	29,000,000.00
Transfer to Profit and Loss Account	-	(36,969,702.35)	(5,817,137.87)	-	-	(42,786,840.22)
Total Comprehensive income	-	-	-	-	14,471,410.97	14,471,410.97
Net actual increase/(Decrease)	-	-	-	-	2,232,295.00	2,232,295.00
Balance as at 31.12.2022	40,000,000.00	281,565,222.86	280,919,046.17	17,441,846.85	(152,058,776.37)	467,867,339.51
Balance as at 01.01.2023	40,000,000.00	281,565,222.86	280,919,046.17	17,441,846.85	(152,058,776.37)	467,867,339.51
Adjustments for the previous year	-	-	-	-	373,086.60	373,086.60
Grants received during the year	-	47,000,000.00	-	-	-	47,000,000.00
Transfer to Profit and Loss Account	-	(27,867,362.37)	(34,761,827.69)	-	-	(62,629,190.06)
Annual profit / (loss))	-	-	-	-	(5,020,580.05)	(5,020,580.05)
Net actual increase / (decrease)	-	-	-	-	(153,725.00)	(153,725.00)
Balance as at 31.12.2023	40,000,000.00	300,697,860.49	246,157,218.48	17,441,846.85	(156,859,994.82)	447,436,931.00

11. Report of the Auditor General in terms of Section 14(2)(c) of Finance Act No. 38 of 1971



My No. } ARI/D/SLCC/FA/2023/01

Date } 11.10.2024

The Chairman,
Sri Lanka Cashew Corporation.

Report of the Auditor General on the Financial Statements and other Legal and Regulatory Requirements of the Sri Lanka Cashew Corporation for the year ended 31 December 2023 in terms of Section 12 of the National Audit Act No. 19 of 2018

1. Financial Statements

1.1. Qualified Opinion

The audit of the financial statements of the Sri Lanka Cashew Corporation for the year ended 31 December 2023 comprising the statement of financial position of the Corporation as at 31 December 2023, and the statement of comprehensive income and the statement of changes in equity for the year then ended, and the notes to the financial statements which include the cash flow statement for the year then ended and information relating to the material accounting policies was carried out under my direction in pursuance of the provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with the provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. In terms of the provisions in Article 154 (6) of the Constitution, my report will be tabled in Parliament in due course.

In my opinion, except for the effects of the matters described under Basis for the Qualified Opinion in my report, the financial statements give a true and fair view of the financial position of the Corporation as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for the qualified opinion

- (a) As the sales value of cashew kernel was Rs. 167,815,472 as per the financial statement for year 2023 and as the said value was Rs. 160,485,428 as per the reports submitted to Audit, there was a difference of Rs. 7,330,044.

- (b) The Corporation had overstated the production cost by using the value of the opening stock of the year in addition to the criteria to be used in calculating the production cost of 1 kg of cashew kernel during the year under review resulting in an overestimation of the production cost, and the value of the closing stock of the year 2023 had been over-estimated by Rs. 6,985,467.
- (c) Although the expenses incurred until the property is brought to the condition which the property can be used for its intended purpose should not be capitalized outright and classified under work in progress, the Corporation had debited to the land account in the year 2023 the cost of publishing newspaper advertisements inviting tenders for the purchase of materials required for the construction of electric fences at Kondachchi Estate amounting to Rs. 513,912.
- (d) Although the credit period of the Corporation is 60 days, the trade debtor balance exceeding 90 days was Rs. 4,982,960, and it was observed that the recovery of the debtor balance of Rs. 1,474,410 due from one private institution, which had been outstanding for over two years, was uncertain and no provision had been made for it either.
- (e) The Corporation had provided cashew plants worth Rs. 9,466,200 to the then Ministry of Economic Development 10 years before. Since the relevant Ministry has now been abolished, even though there is no possibility of recovering those debts shown under the other debtor balances, no adjustments had been made for that in the accounts.
- (f) The impairment loss provided for other debtors worth Rs. 17,447,496, which had been due for over 01 year, was Rs. 2,106,184. The same amount had been provided every year as impairment loss since 2018, and steps had not been taken to update the said value annually and to make necessary adjustments.
- (g) The teak trees planted in the Eluwankulama Estate of the Corporation in the Puttalam District in year 2000 have grown by year 2023 and have become useable for timber, and the number of trees available there is around 4,253. Steps had not been taken to assess the value of those trees and to enter the value in the financial statements.
- (h) In terms of Section 139 of Sri Lanka Accounting Standard 19 (Employee Benefits), provisions for retirement gratuity should be invested according to a proper investment plan, but no investment had been made corresponding to the balance of Rs. 40,514,827 in the retirement gratuity provision account as at the end of the year under review.
- (i) In terms of Section 135(b) of Sri Lanka Accounting Standard 19 (Employee Benefits), an entity should present a reconciliation of the opening balance to the closing balance for its defined benefit plans, but the Corporation had not presented such reconciliation. Further, items such as its current service cost, interest income or expenses, payments for the year under review and actuarial gain/loss should be disclosed separately, but in the note relating to the defined benefit plan in the statement of financial position, the total of the current service cost, interest

expenses and actuarial loss of Rs. 8,517,181 had been shown in Note 19 to the financial statements as an expense for the year.

- (j) Although the gross carrying value amount of fully depreciated property, plant and equipment currently in use is should be disclosed in the financial statements in accordance with Section 79 of Sri Lanka Accounting Standard 16, fully depreciated property, plant and equipment which cost Rs. 136,155,472, which are in use at present, had not been disclosed in the financial statements.
- (k) A reconciliation showing the opening balance of the year, additions during the year, disposals during the year and the balance at the end of the year of mature cashew and coconut cultivations of which the costs were Rs. 129,319,656 and Rs. 6,623,082 respectively, which come under property, plant and equipment in accordance with Section 73 of Sri Lanka Accounting Standard 16, had not been disclosed in the financial statements.
- (l) The Corporation had been incurring losses continuously from year 2014 to the year under review and in the immediately preceding 05 years, i.e. from 2019 to 2023, the apparent loss in the financial statements of the Corporation, excluding government grants, had ranged from Rs. 148 million to Rs. 102 million. Accordingly, it was observed that the going concern of the Corporation had become challenging due to continuous losses, vacancies in the staff and decreased production resulting from non-cultivation of the maximum extent of existing cashew plantations and that the going concern of the Corporation is controversial if government grants are not received.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility under these auditing standards is further described in the Auditor's Responsibility for the Audit of the Financial Statements section of this report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Other Information Contained in the Annual Report 2023 of the Corporation

Other information refers to the information that is included in the Annual Report for year 2023 of the Corporation, which is expected to be produced to me after the date of this audit report, but not included in the financial statements and my audit report on the same. The management is responsible for other information.

My opinion regarding the financial statements does not cover the other information, and I will not give any assurance or express any opinion regarding the same.

My responsibility in relation to my audit of the financial statements is to read the other information identified above, and in doing so, to consider whether the other information is materially inconsistent with the financial statements or with the knowledge I have gained during the audit or otherwise.

When I read the Annual Report 2023 of the Corporation, if I conclude that there are material misrepresentations, I am required to report such matters to those charged with governance for correction. If there are further misrepresentations that have not been corrected, they will be included in my report that will be tabled in Parliament in due course in terms of Article 154(6) of the Constitution.

1.4. Responsibilities of the Management and those Charged with Governance for the Financial Statements

The management is responsible for the preparation of financial statements in accordance with Sri Lanka Public Sector Accounting Standards giving a true and fair view, and for determining the necessary internal controls to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

In terms of Sub-section 16(1) of the National Audit Act No. 19 of 2018, the Corporation is required to maintain proper books and records of all its income, expenditure, assets and liabilities to enable preparation of annual and periodic financial statements of the Corporation.

1.5. Auditor's Responsibilities for the Audit of the Financial Statements

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

I exercised professional judgment and maintained professional scepticism throughout the audit in accordance with Sri Lanka Auditing Standards. Further.

- In providing a basis for the stated audit opinion, appropriate audit procedures were designed and performed, as the case may be, to identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. The impact of a material misstatement resulting from fraud is higher than for one

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal controls.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Concluded on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluated whether the transactions and events underlying the structure and the content of the financial statements are represented in a manner that achieves fair presentation and the overall presentation of the financial statements including the disclosures.

I communicate with those charged with governance regarding significant audit findings, deficiencies in internal control and other matters that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

- 2.1.** National Audit Act, No. 19 of 2018 includes specific provisions for the following requirements:
- 2.1.1. Except for the effects of the matters described under Basis for the Qualified Opinion in my report, in terms of the requirements of section 12(a) of the National Audit Act, No. 19 of 2018, I have obtained all the information and explanations that are required for the audit, and as far as it appears from my examination, proper accounting records have been kept by the Corporation.
- 2.1.2. In terms of the requirement of section 6(1)(d)(iii) of the National Audit Act No. 19 of 2018, the financial statements presented by the Corporation are in consistent with the preceding year.
- 2.1.3. In terms of the requirement of section 6(1)(d)(iv) of the National Audit Act No. 19 of 2018, except for the observations I have made in Paragraphs 1.2(d), (e), (f), (g), (h), (i), (j) and (l) in the Basis for the Qualified Opinion section of my report, the financial statements presented include the recommendations made by me in the previous year.

2.2. Due to limitation to matters that are material based on the procedures performed and evidence obtained, nothing has come to my attention as to make the following statements:

2.2.1. According to the requirement provided in Section 12(d) of the National Audit Act No. 19 of 2018, a member of the board of directors of the Corporation has an interest outside the normal business situation of the Corporation directly or otherwise regarding a contract that relates to the Corporation.

2.2.2. The Corporation has not complied with any applicable written law or general and special directions issued by the governing body of the Corporation in terms of the requirement of section 12(f) of the National Audit Act, No. 19 of 2018 except for following observations:

Reference to Laws / Directives -----	Observations -----
(a) Inland Revenue Act No. 24 of 2017	Action has not been taken since year 2011 to pay income tax or to send income tax reports. Yet, the financial statements had shown a balance of Rs.779,483 of withholding tax (WHT) receivable in respect of those periods.
(b) Section 18 of the National Audit Act No. 19 of 2018	Although the audit fees should be settled within thirty days from the date stated in the invoice, the audit fee of Rs. 1,934,310 payable as at 11 June 2024 had not been settled.
(c) Decision of the COPE dated 24 July 2012	Although the Committee On Public Enterprises had directed the Corporation to take over the legal ownership of the lands which the Corporation does not own legally, the processes related to the transfer of the legal ownership of the lands in extent of 11,513 acres cultivated by the Corporation, which have been given to the Corporation by the Divisional Secretariats and the Land Reform Commission, had not been completed even by 31 December 2023.

2.2.3. In terms of the requirement provided in Section 12(g) of the National Audit Act No. 19 of 2018, the Corporation has not performed according to its powers, functions and duties.

2.2.4. According to the requirement provided in Section 12(h) of the National Audit Act No. 19 of 2018, the resources of the Corporation have not been procured and utilized economically, efficiently and effectively within the time frames in accordance with the relevant laws.

2.3. Other Observations

- (a) As of the end of the year under review, the area under cashew cultivation was approximately 3,449 acres and the number of cashew trees bearing fruit was 51,685. Although the net value of those trees had been stated in the financial statements as Rs. 78,708,150, a census of the cashew trees had not been conducted, the trees had not been numbered and a register of the trees had not been prepared.
- (b) Although the online sale of cashew through the website of the Corporation had been commenced, as the website had become inactive, the online sales of cashew in the year 2023 was at a minimum level of Rs. 32,230.
- (c) The balance of Rs. 141,831,715 in the savings account as at 31 December 2023 had not been invested in a manner in which a maximum profit can be gained.
- (d) An amount of Rs.3,500,000 which had been borrowed through the intervention of the Ministry of Cooperative Development in 2005 from the Paddy Marketing Board for purchasing raw cashew, and the related interest of Rs.927,500 had not been paid until the year under review.
- (e) Very little attention had been paid during the period from 2013 to 2022 to fulfilling the functions given in Sections (a), (c), (d), (f) and (h) of the First Schedule to the Gazette Extraordinary No. 60/07 dated 25.05.1973 issued for the establishment of the Corporation, namely providing advice to the Minister, promoting marketing and export of cashew products, collaborating with external parties in publicity and distribution, and carrying out investigations and research activities.
- (f) Out of the 11,363 acres of land in the 13 estates belonging to the Corporation, only 3,449 acres were cultivated with cashew, and the percentage of uncultivated land was 70%. Further, according to the reports on cashew harvest, the cashew nut yield had decreased from 157.81 MT to 60.40 MT during the period from 2019 to 2023, and the average cashew nut production was 107.54 MT. The number of fruit-bearing cashew trees was stated as 70 grafted cashew trees per acre and 40 seed cashew trees per acre and the total number of fruit-bearing cashew trees was 51,685. In 2022, the cashew nut harvest was 60.40 MT and the harvest per acre was as low as 17.64 kg. Accordingly, although the average harvest of cashew nuts per tree was as low as 1.17 kg, no effective measures had been taken to increase the harvest.
- (g) The number of coconut trees in the Kamandaluwa Estate in Puttalam and Hardy Estate in Ampara were 4,184, and the estates consisted of 1,147 immature trees, 2,391 fecund trees and 646 unproductive trees. The coconut production in the year 2023 was 57,425 nuts, and its sales income was Rs. 2,613,047. Accordingly, the annual coconut production of a tree was 24 nuts and the sales income had reduced to Rs.1,092. Action had not been taken to maintain the coconut tree

fertilizer in order to increase production, and to remove the unproductive trees and to plant new ones in place of them.

- (h) As per the minutes No. SLCC/PLC/CI/22/2023 of the meeting of the Board of Directors of the Corporation, there are about 70,000 hectares of cashew plantations in Sri Lanka, and 100,000 – 120,000 MT of cashew apple go to waste and 75 percent of the cashew nut production, i.e. approximately 59,415 MT of cashew nut shell, are removed. The Corporation had not taken steps either to make by-products from the cashew apple and the cashew nut shell that is disposed of as waste or to find industrialists to sell the waste to develop their existing products.
- (i) The generator, boiler and the cashew nut oil extraction machine at the Nedagamuwa Cashew Processing Center and the boiler at the Puttalam Processing Center had been defunct, and no steps had been taken to repair and use or to dispose those items.
- (j) The cashew nut processing boiler at the Nedagamuwa Cashew Processing Center had been inoperative since 2015 and the cashew boiling process had been stopped. No step had been taken to dispose of the defunct boiler.
- (k) An Automated Packing Machine which had the capacity of packing 60 packets per minute had been purchased at a cost of Rs. 8,100,000 for the Grading and Packing Division of the Nedagamuwa Cashew Processing Centre in 2021. The packaging machine had been left idle without being used until 31.12.2023.
- (l) Under the Kondachchi Estate Renovation Project, the State Ministry of Development of Minor Crops including Sugarcane, Maize, Cashew, Pepper, Cinnamon, Cloves, and Betel Related Industries and Export Promotion provided Rs. 225,000,000 for the key activities of constructing elephant fences, purchasing tractors and water bowsers and constructing buildings, and the project was planned to be completed in year 2021. Construction of the 26 km long elephant fence, restoration of the tube wells, renovation of the circuit bungalow at Kondachchi Estate and obtaining electricity supply had not been completed even by 31.12.2023.
- (m) The State Ministry of Development of Minor Crops including Sugarcane, Maize, Cashew, Pepper, Cinnamon, Cloves, and Betel Related Industries and Export Promotion had allocated an amount of Rs. 15,653,000 for the construction of 07 official residences for the officers in charge of the stations, and it had been planned to construct 07 official residences under that. Even though the Corporation had received the money on 13 December 2021, construction of these official residences had not been fully completed and were not usable even by 31.12.2023.
- (n) Under the provisions of Section 38(4) of the Land Acquisition Ordinance (Chapter 460), the Government Agent for the Gampaha District acquired the land in extent of 1 acre, 2 roods and 29 perches in Kaluwelgoda village in Dasia Patthu in Minuwangoda Division in the Gampaha District by Gazette Notification No. 80 dated 14.03.1980 of the Government of Sri Lanka, and transferred the said land

to the Corporation by a deed of transfer dated 01.01.1988 for the construction of a cashew processing centre. However, by year 2023, a period of 35 years had lapsed since the transfer of this land, but the Corporation had not been able to acquire the said land in the name of the Corporation.

- (o) The Corporation had entered into a mortgage loan agreement numbered 081430937 dated 14.09.2017 with the Bank of Ceylon, Kollupitiya Branch, mortgaging the Chenakudirippu Watta land, where the Puttalam Cashew Processing Center is located, and had obtained a loan of Rs. 10,000,000, and although the loan amount had been paid off by 19.09.2018, the mortgage agreement registered at the Office of the Puttalam Land and District Registrar had not been cancelled and the Corporation had not taken steps to take over the land even by 29.02.2024.
- (p) Although Rs. 100 million had been provided in 2021 through the allocations of the Ministry for the project to improve the water supply systems of the Corporation, the said project had not been completed even by 31.12.2023.
- (q) A plot of land of 02 acres in the Kallaru Oya area on the eastern boundary of the Kondachchi Cashew Estate in the Mannar District had been given to the Ceylon Electricity Board for a project without entering into an agreement. As of 31.12.2023, the Ceylon Electricity Board had commenced construction works, and the Corporation had not taken steps to obtain any lease or rental income.
- (r) The cashew processing machine purchased for the Puttalam Cashew Processing Center in year 2021 at a cost of Rs. 7,092,000, excluding the 10% retention deposit, was lying idle as of 31.12.2023 without being used because of the inability to operate the machine. Although the Board of Directors had given instructions to take legal action against the supplier based on the advice of Legal Division of the Ministry, legal action had not been taken against the supplier of the machine by 31.12.2023.
- (s) The Chairman of the Corporation had complained to the Rasnayakepura Police Station and the Inspector General of Police in 2021 regarding the unauthorized sand mining in the area around the Bambikulama Wewa in the Kamadaluwa Cashew Estate in Puttalam, but they had failed to stop the unauthorized sand mining. As a result, the safety of the estate and environment had been adversely affected.
- (t) As far as the cashew in shell harvest of the estates of the Corporation is compared with the cashew in shell harvest target for year 2023, the targets of 12 out of the 13 cashew estates, except for the Kondachchi Estate, had not been achieved. The percentage of non-achievement of those targets had been 49%. Compared to year 2022, the cashew in shell harvest from 11 cashew estates, except for that from 02 estates, had decreased by 15,148 kg in 2023.
- (u) As per the information provided by the Assistant Manager of the Anuradhapura District Office, the target of land to be cultivated with cashew from 2010 to the end of 2022 was 5,085 acres, and the extent of land cultivated with cashew during

this period was 4,929 acres. From 2020 to 2022, under the Cashew Cultivation Subsidy Scheme, 39,865 cashew plants were distributed among 467 farmers for cultivating 569 acres, but it has been stated that the number of persons engaged in the cashew production and processing industry in the Anuradhapura District is one. Accordingly, the Corporation had not paid attention towards developing the cashew production and processing industry in the said district.

- (v) A tube well had been constructed in year 2022 by paying Rs. 688,390 to the National Water Supply and Drainage Board (Groundwater Division - Anuradhapura) for the use of the Mihintale Cashew Plant Nursery, but it had not been made use of even by 31.12. 2023.
- (w) The Anuradhapura District Extension Office of the Corporation was located in the Anuradhapura city and the cashew plant nursery was located in Mihintale area. The distance between these two places is 14 kilometers. It was observed that, due to this reason, consumers who need to obtain cashew plants have to pay money to the Anuradhapura Extension Office and go to the cashew plant nursery in Mihintale to purchase cashew plants incurring an additional expense.



W.P.C. Wickramaratne
Auditor General

12. Measures Adopted to Correct the Deficiencies Pointed out in the report of the Auditor General

Explanations on the part of Sri Lanka Cashew Corporation on the content of the Report of the Auditor General on the Financial Statements and other Legal and Regulatory Requirements of the Sri Lanka Cashew Corporation for the year ended 31 December 2023 in terms of Section 12 of the National Audit Act No. 19 of 2018

1.2 (a) Explanation of the Corporation is as follows:

The sales value of cashew nuts of Rs. 167,815,472/=, which has been used for the preparation of the financial statements as stated in this audit observation, is the correct sales value since it was accounted for using the relevant source documents. According to the documents obtained from the Sales Division of the Corporation, the sales value of cashew kernel presented here should also be the same value, but due to an error that has occurred in the preparation of the relevant documents, there may have been changes as stated here. Accordingly, as stated earlier, the sales value of cashew kernel stated in the financial statements is the correct value and no excess sales value has been accounted for. However, steps are being taken to correct the errors contained in the sales report submitted by the Sales Division.

1.2 (b) Agreed.

The error of over-calculation of the stock of cashew kernel by Rs. 6,985,467/= as at the end of year 2023 referred to in this audit paragraph will be corrected as a prior year adjustment when preparing the financial statements for the year 2024.

1.2 (c) Agreed.

When preparing the financial statements for the current year, steps will be taken to include the corrections to be made regarding the value of Rs. 513,912/= that has been erroneously debited to the land account in the ledger.

1.2 (d) Explanation of the Corporation is as follows:

Necessary steps will be taken to promptly recover the trade debtor balances of which the period of moratorium has expired.

As the efforts that have been made over a long period of time to recover the outstanding trade debtor balance of Rs. 1,474,410/= (Lisala Enterprises) referred to in this audit observation have failed, further steps are being taken by obtaining necessary approvals to initiate legal action against the debtor and to recover the outstanding balance.

1.2 (e) Explanation of the Corporation is as follows:

A lot of efforts were made to recover from the Ministry of Economic Development the outstanding balance of Rs. 9,466,200/= referred to in this audit paragraph, but they were unsuccessful. Measures that need to be taken to recover this outstanding balance were discussed at length at the meetings of the Audit Committee of the Corporation.

At these meetings, it was recommended to send a letter to the Department of Public Enterprises of the Treasury seeking advice on how to proceed with this loan amount that is due from a government ministry that is currently not in existence, and the Board of Directors of the Corporation was informed of this matter and the said letter was sent accordingly.

The letter received from the Department of Public Enterprises in response to the above-mentioned letter was submitted to the Audit Committee of the Corporation seeking its instructions, and accordingly, it was decided to send a letter to the Ministry of Finance, Economic Stabilization and National Policies, the government ministry to which the assets of such government ministries that are currently not operational have been transferred to, for the recovery of this loan amount, and accordingly the relevant letter was sent to that ministry.

Since no response has been received from the Ministry of Finance, Economic Stabilization and National Policies to the said letter, a reminder letter dated 05.09.2024 was also sent regarding this matter, and further action will be taken as required as soon as a response has been received from that ministry.

1.2 (f) Explanation of the Corporation is as follows:

Attention will also be paid to the material debtor balances currently due to the Corporation but for which no provision has been made for impairment loss, and steps will be taken to make the necessary amendments made to the current provisions for impairment loss, and such adjustments will be included as appropriate when preparing the financial statements for the current year.

1.2 (g) Explanation of the Corporation is as follows:

Valuation of the 4,253 teak trees in the Eluwankulam Estate referred to here has now been completed, and the assessed value of those trees as at 27.03.2023 is Rs. 244.337 million. However, since the process of taking over the legal ownership of the Eluwankulam Estate by the Corporation has not yet been completed, it is not possible to enter the assessed value of those teak trees in the accounts of the Corporation. As soon as the process of taking over the legal ownership of the Estate has been completed, the relevant adjustments will be made in the accounts.

1.2 (h) Explanation of the Corporation is as follows:

The Corporation has obtained the approval of the Board of Directors to make an investment of Rs. 100,000/= per month corresponding to the retirement gratuity provision balance shown in the financial statements as indicated in this audit observation, and accordingly, by obtaining other relevant approvals, an amount of Rs. 400,000/= has been invested in a savings account as of 30.11.2024 in relation to this matter.

Based on the facts presented to the Board of Directors, necessary approvals will be obtained to invest a portion of the said amount in a fixed deposit account so that a higher interest income can be earned depending on the way the funds accumulate in the said savings account.

1.2 (i) Agreed.

Steps will be taken to present along with the financial statements from the reporting year onwards the comparisons and cost analyses of the defined benefit plan referred to herein.

1.2.(j) Agreed.

Reassessing the value or revaluation of all the assets of the Corporation including the fully depreciated assets referred to herein, is currently underway, and as decided by the Management, revaluation of the motor vehicles of the Corporation will be done first.

The Corporation has 101 motor vehicles at its Head Office and at its regional offices in various parts of the country, and except for 10 motor vehicles which could not be revalued due to several practical problems faced by the valuers, revaluation of all the other motor vehicles (i.e. 91 motor vehicles) has been completed. The said practical issues will be resolved as early as possible, and necessary steps will be taken to complete the revaluation of the remaining motor vehicles and to enter the revaluation values in the accounts.

Thereafter, as financial provisions are received, necessary steps will be taken to complete the revaluation of other assets in addition to motor vehicles and to enter the results of such revaluation in the accounts.

1.2 (k) Agreed.

Disclosures regarding the reconciliations of the costs of mature cashew cultivations and coconut cultivations referred to herein will be presented with the financial statements from the reporting year (i.e. from the year 2024) onwards.

1.2 (l) Explanation of the Corporation is as follows:

In accordance with the objectives of the establishment of the Corporation as stated in the relevant Gazette Extraordinary of the Government, in addition to commercial activities such as the sale of cashew kernel and cashew plants, the Corporation has also been entrusted with the responsibility of service activities such as expansion of cashew cultivation in the island and research and development activities to be implemented to increase the productivity of cashew cultivation and the cashew industry in general.

As mentioned above, a separate income and expenditure account is not prepared for the extension and research and development activities carried out as service activities of the Corporation, and the costs of material value relating to those cost centers are also consolidated with the costs relating to the profit centers relating to the commercial activities of the Corporation and are accounted for annually. Although the costs related to the service activities of the Corporation have been accounted for as stated above, it is important to note that, since the benefits to the economy from the provision of those services in general cannot be measured in monetary terms, they cannot be accounted for, it is important to pay attention to that situation as well in this audit observation. However, necessary action is being taken with close attention to the measures to be taken to further increase the sales and other income of the Corporation and to manage expenses properly and to increase profitability.

As a result of the above-mentioned activities, the Corporation has earned a net profit of Rs. 14.471 million in the year 2022, and although it was expected to earn a net profit in the year under review as well, the target could not be achieved as the greater part of the income from the sale of cashew plants was not realized during the reporting year. However, the Corporation has taken steps to reduce the net loss of the current year by a significant amount compared to the years prior to 2022.

This matter was discussed at the meeting of the Audit and Management Committee of the subject Ministry held on 24.10.2024, too. At this meeting, matters were discussed regarding the preparation of financial statements so that the profit/loss/income can be calculated and presented separately for the commercial activities and service activities of the Corporation, and necessary studies are being carried out to implement the new accounting methodology in place of the accounting methodology used at present.

2.2.2 (a) Explanation of the Corporation is as follows:

Preparation of the relevant income tax returns is currently underway, and since income tax returns have to be prepared for a significant number of years, it will take a considerable period of time. Accordingly, this work will be completed

and the income tax returns will be submitted to the Inland Revenue Department in the future.

If there is any income tax payable to the government as per the income tax returns, the withheld tax value of Rs. 779,483/= referred to herein will be offset against it.

2.2.2 (b) Explanation of the Corporation is as follows:

The accrued audit fee of Rs. 1,934,310/= referred to herein has now been paid in full.

2.2.2 (c) Explanation of the Corporation is as follows:

Although it has been stated under this observation that the total extent of lands currently used by the Corporation, of which the legal ownership has not been transferred to the Corporation is 11,513 acres, as stated earlier under No. 1.4.3 (b) of this report, Nalanda (135 acres) and Wilachchiya (25 acres) estates/seed gardens maintenance of which has been identified as uneconomic, have now been transferred back to the relevant institutions which own them under the decision of the Board of Directors of the Corporation, so the revised extent of lands of which the legal ownership of has not been transferred to the Corporation is 11,353. (11513 – 160). The Board of Directors of the Corporation has been informed of the revised acreage of lands and approval has been obtained to proceed accordingly, and the breakdown of the revised extents of lands is as follows:

Estate / Seed Garden	Ownership	District	Divisional Secretariat	Acreage
1. Eluwankulam - Phase I	State Owned	Puttalam	Wanathavilluwa	212
2. Eluwankulam - Phase II	State Owned	Puttalam	Wanathavilluwa	407
4. Achchigewatta	Land Reform Commission	Puttalam	Wanathavilluwa	961
5. Kamandaluwa	Land Reform Commission	Puttalam	Rasnayakapura	548
6. Hardy	Land Reform Commission	Batticaloa	Valaichchenai	365

7. Suduwathura-Ara	Department of Forest Conservation	Moneragala	Moneragala	200
8. Maha Oya	State owned (Department of Forest Conservation)	Ampara	Maha Oya	81
9. Maankarni	State owned	Batticaloa	Korale Paththu North	1075
10. Kondachchi	State owned	Mannar	Mussali	6498
11. Thiriyaya	State owned	Trincomalee	Gomarankadawala	27
12. Pooneryn	State owned	Killinochchi	Pooneryn	479
13. Wellankulama	State owned	Mannar	Maanthai West	500
Total (Acres)				11,353

The Department of National Budget has agreed to provide the Corporation with the necessary funds of Rs. 21.348 million to carry out the land survey work for the acquisition of the legal rights of the lands currently owned by the Government and the Land Reforms Commission, which are currently possessed by the Sri Lanka Cashew Corporation as mentioned above.

Accordingly, it will be possible to commence the survey work within the next latter part of this year or in the first quarter of the year 2025, and the survey orders for this purpose have to be provided to the Survey Department by the Land Reforms Commission and the Divisional Secretariats of the areas where the relevant lands are located.

Further, all the lease rentals that are due for the period from 1999 to 2009 relating to the lands owned by the Land Reform Commission and currently possessed by the Corporation have been paid to that Commission, and after surveying the relevant lands and obtaining the survey plans from the Survey Department, arrangements can be made to pay the outstanding lease rentals up to the current year and obtain the indentures of lease for those lands.

2.3 (a) Explanation of the Corporation is as follows:

A huge cost has to be incurred on numbering the cashew trees in the estates and seed gardens owned by the Corporation, and it also takes a considerable period

of time. As the financial resources and the labour resource of the Corporation are very limited, it is practically difficult to complete this task.

However, without numbering the trees under the existing provisions, the preliminary census of the cashew and the coconut trees in all the estates and seed gardens of the Corporation was completed by 31.10.2024 using the staff of the estates, and accordingly, the reports on the findings of the census will be made available in the future.

2.3 (b) Explanation of the Corporation is as follows:

When considering the bank charges, stationery expenses, telephone and internet expenses, etc. that have to be incurred on online marketing of cashew products through the website of the Corporation, the profit that can be earned through online marketing is low, and therefore, online marketing is carried out only to a limited extent, and since there is no problem in selling cashew products through the outlets of the Corporation, and since the profit that can be earned through such outlets is relatively high, priority has been given to selling cashew products through outlets.

2.3 (c) Explanation of the Corporation is as follows:

The balance available in the savings account referred to herein is the financial provision received from the subject ministry for the project that is being implemented for the rehabilitation of the Kondachchi Estate of the Corporation, but has not been spent by that date.

Since the relevant financial provisions were continuously used for the activities of the above project during the year under review, the ability to use that money in other investments was limited. By now, a significant amount of these provisions has been spent on the activities of the said project, and the activities of this project are scheduled to be completed fully by the end of the current year.

2.3 (d) Explanation of the Corporation is as follows:

Action will be taken to reach a conclusion regarding the manner in which the amount of the loan and the interest payable to the Paddy Marketing Board will

be paid off based on the response that will be received in future to the letter sent to the Ministry of Finance, Economic Stabilization and National Policies regarding the amount of Rs. 9,466,200/= that is receivable to the Corporation from the Ministry of Economic Development as stated under No. 1.2(e) of this report.

2.3 (e) Explanation of the Corporation is as follows:

As the only state institution established for all the activities related to cultivation, processing and marketing of cashew, it is the responsibility of the Sri Lanka Cashew Corporation to provide relevant information and instructions to the Hon. Minister in charge of the subject with regard to preparation of policies and plans related to those activities in accordance with Gazette Extraordinary No. 60/7 dated 25.05.1973.

In providing relevant information and advice to the Hon. Minister, the relevant information is requested by the Corporation through the Ministry in charge of the subject (currently the Ministry of Plantations and Community Infrastructure), which is the highest institution in the institutional hierarchy, and the Corporation provides the requested information.

In addition, in cases of urgent, special and other subject-related matters that arise, the officials related to the relevant subject present their views, required information and expert opinions at meetings held by the subject Ministry.

Moreover, in the event of issues that are identified by the Cashew Corporation in its case studies and that require government intervention, and in cases that are outside the primary objectives of the Cashew Corporation, a request is submitted to the Secretary to the subject ministry, and necessary steps are taken to bring them to the attention of the Hon. Minister in accordance with the approval received.

The Sri Lanka Cashew Corporation conducts research activities related to cashew cultivation, diseases, pesticides and fertilizers related to cashew cultivation and cashew plantations in order to address the existing and future problems and challenges and to find solutions to them.

Apart from that, all the research related to cashew processing and marketing is carried out at the Nedagamuwa Processing Center of the Corporation with the intervention of the Quality Assurance Officer of the Corporation, and as a result, a number of value-added cashew products have been introduced to the market.

Furthermore, with the aim of improving cashew marketing, a trademark, slogan and packaging formats have been prepared for the Cashew Corporation to be on a par with international standards by studying the situation in the world market, and relevant documents for the registration of the trademark and the slogan have been forwarded to the National Intellectual Property Office.

Furthermore, it has not been possible to provide complete information for inquiries made by government and non-government institutions from time to time due to the absence of a systematic way of gathering information under each Division of the Sri Lanka Cashew Corporation. This weakness has been identified and measures have been initiated to collect and network information in collaboration with the Ministry of Plantation Industries, which is the subject ministry.

Moreover, the Corporation has started working with the relevant District Secretariats, Department of Census and Statistics, Export Development Board and Sri Lanka Standards Institution at institutional level, and the Corporation has been involved in a programme implemented under the supervision of the subject ministry by exchanging information with those institutions.

Further, in order to monitor and supervise the cashew processing centers that are located especially in the areas where cashew cultivation is widely distributed throughout the island, when a processing institution requests permission to import stocks of cashew in shell from another country for local consumption or for re-export with value addition under the TIEP (Temporary Importation for Exports) Scheme, the responsibility of providing recommendations on the import capacity and processing capacity of those institutions as stated above has been formally assigned to the Sri Lanka Cashew Corporation through a Cabinet Memorandum.

Accordingly, when processing institutes intend to import cashew in shell, the Corporation has fulfilled its responsibility of providing recommendations regarding the capacity and import potential of such processing centers / factories.

Also, international specifications and standards must be met in order to enter the international market, and the Sri Lanka Cashew Corporation has already initiated the necessary measures to implement most of them.

As mentioned earlier, the Corporation has prepared the brand name and the slogan and packaging models that are in accordance with international standards, and after submitting proposals and project reports to the subject ministry for carrying out research and preparing infrastructure facilities to obtain the required standardization for processing, financial provisions have been allocated by the subject ministry for carrying out those activities. Accordingly, the Corporation has already commenced the relevant activities.

Furthermore, one of the primary objectives of establishing the Sri Lanka Cashew Corporation is to expand cashew cultivation in the island. For this purpose, the Sri Lanka Cashew Corporation actively contributes to the cashew cultivation extension work by providing high quality grafted and seed cashew plants produced in the plant nurseries of the Corporation by following the prescribed procedures using the provisions allocated by the subject ministry under the agricultural subsidy policy of the Government and the Cashew Cultivation Subsidy Programme and the Cashew Agro-Export Village Project, as well as by conducting training programmes for the relevant beneficiaries to provide necessary technical knowledge on cultivating cashew following good agricultural practices.

In addition, the Corporation, in collaboration with institutions such as Dilma Conservation, which aim to provide assistance for sustainable agriculture, provides cashew plants at subsidized prices in the Batticaloa district and provides expert knowledge free of charge for the expansion of cashew cultivation.

In view of the above-mentioned matters, it can be stated that the Corporation has carried out the following activities to a significant extent in accordance with Gazette Extraordinary No. 60/7 dated 25.05.1973: advising the Hon. Minister regarding the activities of the Corporation and providing relevant guidance, collaborating with external parties regarding processing, marketing and export of cashew products, promoting publicity and distribution, and conducting investigations and research activities.

2.3 (f) Explanation of the Corporation is as follows:

In certain years during the period under review, cashew production has decreased due to difficulties in obtaining the expected cashew yield from the estates of the Corporation due to adverse weather and climatic conditions that prevailed during the cashew harvesting season, severe damages by wild elephants, damages by insects, and the availability of a large number of very old cashew trees in these estates.

However, with the aim of increasing the yield of cashew in shell from the estates of the Corporation, the old cashew plantation in the Achichigewatta Estate of the Corporation in Puttalam has been completely removed and a new cashew plantation has been established there, and in the coming years, a rich cashew in shell harvest will be able to be obtained from this new cashew plantation.

Further, in order to increase the cashew production, a new cashew plantation has been established on a 420-acre area in the Kondachchi Estate belonging to the Corporation during the period from 2021 to 2023, and steps are being taken to establish a new cashew plantation on 330 acres in the Kondachchi Estate in the next year (i.e., in year 2024). In addition to that, necessary steps are being taken to establish new cashew plantations in an area of 105 acres during the reporting year (Although it had been planned to complete cultivation of 40 acres in 2023, these cultivation works, too, are expected to be completed in the current year.) In addition, during the year under review, in order to increase the cashew in shell harvest that can be obtained, weed controlling activities were carried out in an area of 100 acres of cashew plantations in the Wellankulama and Pooneryn Estates of the Corporation, which had been heavily overgrown with wild, and successful results have been achieved.

Moreover, steps are also being taken to establish new cashew plantations with the support of the private sector by leasing out land to private sector planters for intercropping, and accordingly, plans are being made to establish new cashew plantations by using the funds of the private planters through formal agreements with private sector investors who are interested in such cultivations.

2.3 (g) Explanation of the Corporation is as follows:

The coconut harvest has decreased significantly as chemical fertilizers required for coconut cultivation have not been applied for the past 05 years due to the various crises that prevailed in the country and due to the poor financial condition of the Corporation, and it has led to the situation mentioned under this audit paragraph.

However, steps were taken to apply fertilizer for coconut cultivations in the first quarter of the current year (i.e., in the year 2024), and therefore a significant increase in coconut harvests can be expected in the coming years. Further, during the year under review, a new coconut plantation was established in 25 acres in the Kamandaluwa Estate of the Corporation.

2.3 (h) Explanation of the Corporation is as follows:

Cashew apple

This Corporation has been engaged in the production of wine from cashew apple until year 2020. However, due to a manufacturing defect of the manufacturer who was engaged by the Corporation in the production of wine, excessive sedimentation occurred in the initial wine product when it was left to ferment.

Due to this condition, the wine production rapidly deteriorated and it showed signs of becoming vinegar, and therefore, the wine production was temporarily halted, and the said manufacturer was advised to overcome those defects and to resume wine production, but since the manufacturer continuously failed to restore the product to proper condition, the wine production had to be stopped.

Later, efforts were made on several occasions to restart the wine production and additionally to produce alcohol from cashew apple with the involvement

of other producers, but since the product deviated from the expected quality at the research stage and due to other practical problems that arose, it became difficult to continue those production activities.

However, since it was decided at the meeting of the Research and Management Committee of the Corporation held on 02.12.2024 that it would be appropriate to submit a concept paper to the Ministry in charge of the subject regarding the future steps to be taken to produce alcohol from cashew apple, steps have already been taken to submit the said concept paper to the Ministry in charge of the subject.

Moreover, on 19.12.2024, convened by the subject Ministry, a discussion was held with an investor who intend to produce alcoholic spirits from cashew apple. Based on the matters discussed at that meeting, the said investor was requested to prepare a business proposal regarding this matter and to submit it to the subject Ministry. The officers of the Corporation were instructed to examine the market situation of such products and to submit a report regarding the same.

Cashew nut shell

A machine for extracting cashew nut shell liquid (CNSL) is available at the Nedagamuwa Processing Center of the Corporation. Previously, this machine was used to produce liquid/oil from the cashew nut shells at research level, but since it was difficult to find buyers for that, the production was stopped.

However, the Corporation currently generates income by selling the cashew nut shells, which is a waste matter in the process of cashew processing, to external buyers, and if a market is created for the liquid/oil obtained from cashew nut shell in the future, attention will be paid to producing cashew nut shell oil, and decisions will be taken accordingly.

2.3 (i),(j) Explanation of the Corporation is as follows:

Although the generator and the boiler referred to herein are very old, they have been used for the purposes of the processing center with periodic repairs, and due to various practical reasons, some of these repairs have been delayed. Particular attention will be paid to this in future.

Further, as previously mentioned under Paragraph 2.3(h) of this report, due to the lack of a market demand for cashew nut shell oil at present, the machine for producing oil from cashew nut shell is not in use. However, if market factors change in the future, it is possible to use this machine again for production activities after doing the required servicing.

2.3 (k) Explanation of the Corporation is as follows:

As the only state institution in the cashew sector, the Sri Lanka Cashew Corporation has been entrusted with the responsibility of working on a number of activities related to the cashew industry including cashew cultivation in the country, distribution of cashew, processing of cashew, research and development in the field of cashew, and marketing of cashew, etc.

In the wake of the Covid-19 pandemic that spread across the country in 2020 and 2021, a large number of cultivators, processors, marketers, etc. in the cashew sector lost their income, and since the Corporation has also been entrusted with the responsibility of taking action to provide relief to the people in the cashew sector who were economically affected due to these issues, need arose to take urgent decisions in that regard.

In order to provide solutions to this situation, at the request of the then Chairperson of the Corporation at the Progress Review Meetings of the Ministry and as a result of the observations made by the then Hon. State Minister of the subject Ministry during several inspection visits to the processing centers of the Corporation, the State Ministry in charge of the subject took steps to provide necessary financial provisions to the Corporation to purchase the cashew packing machine and another cashew processing machine system (Audit observations have been submitted under No. 2.3(d) of this Auditor General's Report regarding this processing machine system) so that the Corporation and the processors in the cashew sector in general will be benefited.

Since the final value addition and final packaging of the cashew processing activities of the Corporation are carried out at the Nedagamuwa Processing Center, the cashew packaging machine was installed at the premises of that Center. Although the cashew processing machine system could also be installed

at the Nedagamuwa Processing Center, the cashew processing machine system was installed at the Processing Center of the Corporation in the Puttalam District, where the cashew industry is most widespread in the island, so that the people engaged in this sector could derive more benefits from that.

Further, as per the government budget 2021 which was presented towards the end of 2020, the then state ministry in charge of the subject allocated a provision of Rs. 225 million to the Corporation for the rehabilitation of the Kondachchi Estate in Mannar belonging to the Corporation, and out of the said allocation of Rs. 225 million, Rs. 125 million was allocated for the year 2021 for the establishment of a new cashew plantation on a 1,000-acre plot of land and for other development work and infrastructure facilities under the Kondachchi Estate project.

Accordingly, a forecast was made about the cashew yield that can be obtained from the new cashew plantations by gradually establishing the cultivation in the 1,000-acre land over a period of 03 years, and the need for machines used for processing and packaging to maintain the processing activities of the cashew in shell production with higher efficiency was also taken into consideration in these purchases.

However, as the Covid-19 pandemic prevailed over a long period throughout the country and due to the subsequent economic recession, it was not possible to properly complete the establishment of the said new cashew plantations, and accordingly, the expected production capacities could not be achieved even with the machines that were purchased as stated here. Thus, since the packaging machine in question is not suitable for the current cashew nut production capacity of the Corporation, action was taken to obtain the approval of the Board of Directors of the Corporation to sell the machine at the maximum market price using a formal procurement method and to purchase a new packaging machine suitable for the current production capacity of the Corporation with the proceeds of the sale.

Accordingly, the preliminary work for the sale of the said packaging machine has now been commenced, and a report on the current market valuation of the machine has been requested from the National Engineering Research and

Development Institute (NERD). In addition, action is being taken to obtain a report on the current performance of the packaging machine, and accordingly, it has been planned to complete the sale of this packaging machine as soon as possible.

2.3 (l) Explanation of the Corporation is as follows:

Restoration of tube wells and construction of water tanks

Restoration work of the tube wells referred to here has been properly completed. However, the construction of one of the 04 water tanks that are further required in order to utilize the tube wells has been completed. The preliminary construction works of 02 more tanks have been completed, but the installation of their water tanks is yet to be done. The construction of the other water tank has not yet commenced; however, it has been planned to complete all the construction works by the end of the reporting year.

Construction of Elephant Fence

The procurement work related to the construction of a 26-km long elephant fence around the Kondachchi Estate referred to in this audit paragraph was handed over to the Civil Security Department, and despite repeated reminders regarding this, the work was not completed due to material delays in the relevant work,. After a considerable period of time, the Civil Security Department informed the Corporation that it is not possible for them to complete the said procurement work and therefore withdrew from the work.

Accordingly, the Corporation has already started the said procurement activities by itself, and the Technical Evaluation Committee appointed for the procurement has completed the preparation of the specifications for the construction of the elephant fence.

Accordingly, the newspaper advertisement to be published for the invitation of bids and the bid documents have been prepared and submitted for the recommendation of the Technical Evaluation Committee. The remaining activities related to this procurement are also being carried out expeditiously.

Construction of the circuit bungalow

About 80% of the construction work of the Kondachchi Circuit Bungalow referred to herein has been completed so far, and it has been planned to complete all the construction works by the end of the current year.

Obtaining electricity

Electricity supply has been obtained for all the other buildings that have been planned under the said project except for the circuit bungalow building which is currently under construction in the Kondachchi Estate. The electrical wiring of the said circuit bungalow building is yet to be done, and upon completion of that wiring work, steps will be taken to obtain the electricity supply for that building as well.

2.3 (m) Explanation of the Corporation is as follows:

Out of the 07 official residences referred to under this audit observation, construction work of 04 official residences has been fully completed, and accordingly those official residences are being used at present.

Also, the construction work of the official residence in the Nalanda Seed Garden / Estate premises, which was started under this project, has been stopped since the Corporation has taken steps to transfer the Nalanda Seed Garden / Estate back to its original owner, Elkaduwa Plantation Company, as per the decision of the Board of Directors of the Corporation, as it is uneconomic to continue the operations of this Seed Garden / Estate.

Further, as regards the construction works of the official residences that have been commenced in the areas of Moneragala and Dambulla, steps have been taken to obtain engineering reports once again before the remaining construction work is commenced considering the nature of the lands, and accordingly, there is some delay in those construction activities. Necessary measures are being taken to avoid the said delays and to complete the construction work of those official residences as early as possible.

2.3 (n) Explanation of the Corporation is as follows:

All the documents requested by the Land Registry, Gampaha, in response to the letter sent to the Land Registry to get the deed of the Nedagamuwa land referred to herein settled. Further, follow-up is also being carried out continuously in order to get the said work completed.

2.3 (o) Explanation of the Corporation is as follows:

The work of getting the deed of the land where the Puttalam Processing Center is located settled has already been completed, and accordingly, the work of getting the relevant folios updated has also been completed.

2.3 (p) Explanation of the Corporation is as follows:

Although it was expected to complete this water supply system improvement project by year 2021, the expected implementation period of this project had to be extended as there were a number of sub-projects under this project and as the said sub-projects and procurement works had to be planned and implemented separately.

Furthermore, with the economic crisis that occurred in year 2022, the actual cost of this project increased as against the estimated cost, and alternative methods had to be developed and revised estimates had to be prepared. The shortage of construction materials such as cement and iron required for the construction works of this project also directly contributed to the delay of completing the project.

However, the construction of the water tanks under the water supply project and construction works of the elephant fence around the Kondachchi Estate remain to be completed, and the current progress of these activities is presented under paragraph 2.3(l) of this report.

2.3 (q) Explanation of the Corporation is as follows:

A board paper was submitted regarding the matter mentioned herein, and steps were taken to obtain approval to collect a rent from the Electricity Board under

a formal agreement for the 02 acre land plot of the Kondachchi Estate, which has been given by the Corporation to the Electricity Board. Accordingly, both parties will sign the said agreement, and steps will be taken accordingly to collect a rent for the entire period for which the said plot of land has been given to the Electricity Board for its use.

2.3 (r) Explanation of the Corporation is as follows:

Preliminary legal proceedings have been initiated against the supplier of the processing machine referred to in this audit observation.

Further, the two parts of the said processing machine system where cashew in shell are cut and cashew kernel is cleaned are currently being used successfully for cashew processing activities, and necessary measures are being taken to carry out other necessary repairs to connect those parts and other parts of the machine system to an automated cashew processing process.

2.3 (s) Explanation of the Corporation is as follows:

As mentioned herein, although the police have been informed on several occasions of the unauthorized sand mining taking place within the premises of the Kamandaluwa Estate, nothing was done against it.

Since the land on which the Kamandaluwa Estate is located belongs to the Land Reform Commission, the officials of the Commission, too, were informed of this situation, and accordingly, Sri Lanka Cashew Corporation and the Land Reform Commission have jointly discussed this matters and decided to take legal action against this, and are now acting accordingly.

However, as previously stated under Paragraph 2.2.2(c) of this report, when the survey of the lands of the estates/seed gardens belonging to the Corporation is being carried out for the purpose of obtaining legal ownership of those lands, the land of the Kamandaluwa Estate, too, is surveyed, and therefore, it is expected that this problematic situation will be resolved after it is confirmed that the land currently being excavated illegally is also a part of the land belonging to the Corporation.

2.3 (t) Explanation of the Corporation is as follows:

The dry weather conditions that prevailed in 2023, which resulted in the withering of cashew flowers and the destruction of pollinating insects, are among the key factors that contributed to the decline in the cashew harvest in year 2023. This situation affected not only the estates of the Cashew Corporation, but also the other estates in the country in general.

Dying of a large number of cashew trees in the Eluwankulam, Nalanda, Wellankulama and Pooneryn Estates of the Corporation due to severe damages caused by wild elephants has also contributed indirectly to this situation. The number of cashew trees destroyed annually due to damages by wild elephants is significantly high, and the spread of stem borer damage to cashew trees has also accelerated due to this damage. To prevent this situation, further steps are being taken to construct elephant fences around the said Estates.

However, it should be noted that the total cashew in shell harvest in the current year (i.e. in 2024) has increased by about 55% compared to that of year 2023.

2.3 (u) Explanation of the Corporation is as follows:

Although the Corporation published a newspaper advertisement to obtain information on cashew cultivations and other related information in the districts where cashew cultivation is carried out in the country, including the Anuradhapura District, but there was no positive response for that. However, alternative steps are being taken for collecting the said information, and accordingly, there is the possibility of obtaining information related to the development of cashew production and processing industries in the relevant districts, and to take further steps accordingly in future.

2.3 (v) Explanation of the Corporation is as follows:

The tube well being constructed at the premises of the Mihintale Cashew Plant Nursery is a construction that is carried out with proper approvals using the provisions allocated for the Kondachchi Water Supply System Modernization Project, and as at present, all other works related to the construction of the said tube well have been completed except for the installation of the water pump.

Steps will be taken to install the water pump and put this tube well into use as soon as possible.

2.3 (w) Explanation of the Corporation is as follows:

At present, the Anuradhapura Regional Office of the Corporation is housed in a building obtained on rent basis, and there is no conducive environment for maintaining a cashew plant nursery at this location.

However, a request has been submitted for obtaining a spacious building belonging to the Railway Department located in the Anuradhapura City in order to establish the Anuradhapura Regional Office of the Corporation, and accordingly, after the Regional Office has been established at that location in the future, it will be possible to place cashew plants for sale at that location since there is sufficient space for that.

13. Account Summaries for 05 Years

Profit and Loss Account	2023	2022	2021	2020	2019
	Rs.	Rs.	Rs.	Rs.	Rs.
Net sales	176,317	134,849	139,223	109,120	100,082
Sales cost	135,915	83,472	99,661	(72,190)	(67,857)
Gross profit	40,402	51,377	39,562	36,930	32,225
Other income	76,599	69,390	42,727	43,300	48,343
Recurrent grants	80,400	77,500	64,800	60,000	60,000
Administrative expenses / Other expenses	(196,573)	(181,059)	(160,419)	(147,982)	(167,334)
Amortization	(5,849)	(2,736)	(3,082)	(3,134)	(3,420)
Net profit from commercial activities	(5,021)	14,472	(16,412)	(10,886)	(30,186)
Service Division - expenses exceeding incomes	-	-	-	-	-
Actuarial (Profit) / Loss	(154)	(2,232)			
Net Profit/Loss	(5,175)	16,704	(16,412)	(10,886)	(30,186)
Balance Sheet					
Non-current assets					
Property, Plant and Equipment	113,260	116,125	117,553	77,883	82,027
Maintenance of fruit-bearing cultivations	81,699	25,316	28,053	31,135	34,270
Maintenance of non-fruit-bearing cultivations	46,008	98,080	71,592	60,329	37,862
Capital works in progress	22,134				
Other small projects	841	6,543	628	576	69
		588	6,363	122	675
Total non-current assets	263,942	246,652	224,189	170,045	154,903
Current assets					
Stocks	105,484	76,770	90,952	64,467	38,264
Trade debtors and other receivables	28,640	31,801	47,390	18,474	21,207
Advances and Pre-payments	9,751	50,639	43,813	9,828	6,093
Cash & cash equivalents	156,599	143,842	159,876	42,516	5,202
Total current assets	300,474	303,052	342,031	135,285	70,766
Total assets	564,416	549,704	566,220	305,330	225,669
Equity and Liabilities					
Equity					
Initial capital	40,000	40,000	40,000	40,000	40,000
Government grants	300,698	281,565	289,535	256,381	202,788
Grants from other parties	246,157	280,919	286,736	32,337	15,766
Capital reserves	17,442	17,441	17,442	17,441	17,442
Profit and Loss Account	(156,860)	(152,058)	(167,065)	(149,638)	(141,197)
Total Equity	447,437	467,867	466,648	196,521	134,799
Non-current liabilities					
Provisions for gratuity	40,515	35,790	42,948	38,953	35,046
Long term loans	3,500	3,500	3,500	3,500	3,500
Total non-current liabilities	44,015	39,290	46,448	42,453	38,546
Current liabilities					
Trade creditors & other payables	72,964	42,547	53,124	66,359	52,324
Total current liabilities	72,964	42,547	53,124	66,359	52,324
Total Equity and Liabilities	564,416	549,704	566,220	305,333	225,669
Return on Net Assets %	(1.16)	3.6%	(3.5%)	(5.5)	(22.39)
Net Profit Ratio %	(2.9%)	12.4%	11.8%	(9.98)	(30.2)
Current Ratio	4.1	7:1	0:3	2:01	1:4
Quick Assets Ratio	2.7	5:3	4:7	1:1	0:4
Total Expenditure against Total Income	0.98	1:1	(0.93)	(0.89)	(1.3)