ANNUAL REPORT 2014

CEYLON FISHERY HARBOURS CORPORATION

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01. Chairmans' Review

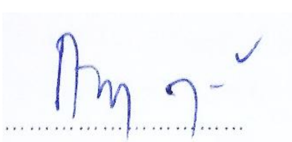
The Ceylon Fishery Harbour Corporation is Progressing on many actions across our area of operation: Providing the infrastructure and facilities such as marine environment protection, navigation safety, and vessel and seafarer safety. This necessitates the efficient management of the twenty fishery harbours located across the island and smooth functioning of all ancillary services.

This report contains detailed information of annual performance in 2014 accordance with the requirements of the Public Governance. Most important changes that are taking place include modifying the harbourr equirements and introduction of green harbour concept. These improvements have been complemented by our effective compliance.

As Chairman of CFHC, I am proud of our achievements to date and, together with the Board and Management. We are committed to ensuring required infrastructure facility for the fishing industry. We are well placed to respond to future challenges as well.

I wish to thank HonMinisterMahindaAmaraweera , andMinistry of Fisheries and Aquatic Resources Development, for their continued support, guidance and provision of financial assistance, and those who have given fullest cooperation to achieve our objectives

Finally, on behalf of the Board, I wish to thank the staff of CFHC.



Mr. Amarananda Abeygunasekara
Chairman – Ceylon Fishery Harbour Corporation

02. Vision of Ceylon Fishery Harbour Corporation

To be the fundamental resource of the fisheries Industry and the inspiration of the local fishing community whilst striving to become the top facilitator of the regions maritime enterprise

03. Mission of Ceylon Fishery Harbour Corporation

To deliver superior quality fishery harbour related services together with supporting infrastructure to provide all modern facilities to the fishing community, and achieve self sustainability by upgrading the harbours through commercially viable ventures.

04. Legal Status and the Objectives of the Ceylon Fishery Harbour Corporation

The Ceylon Fishery Harbours Corporation was established on 01.04.1972, in terms of the gazette notification published in extra ordinary gazette No. 14,996/18 dated 11th February 1972 in terms of the section (1) of the section (2) of the State Industrial Corporation Act No. 49 of 1957.

Objectives:

I. The Planning, designing and constructions of fishery harbours, anchorages, marine structures and other shore facilities,

II. The establishment, operation, control and maintenance of Fishery Harbours, anchorages, marine structures and other shore facilities.

III. The management of fishery habours, anchorages, and other shore facilities.

IV. The Provision of repairs and maintenance facilities for fishing crafts.

V. The establishment, Operation and Maintenance of cold room, ice plants and other refrigeration facilities.

VI. The Supply of water, fuel, lubricants, electricity, ice, cold room facilities and any other services and any other services, incidental thereto for the purpose of fishery industry and fishermen.

VII. The provision of security to fishery harbours, anchorages, marine structures and other organizations within the Ministry of fisheries an Aquatic resources ,and to recover charges ,fees and any other payments on account of it;

VIII. The monitoring ,control, surveillance of Sri Lanka's Exclusive Economic Zone (EEZ)

IX. The imposition and recovery of harbor dues such as port dues such as port dues ,light dues, dockage, tonnage and unloading fees, etc, charges, fees, and boat license fees for the facilities, services and supplies provided to fishing crafts, fishermen, and any other persons in the fishery harbours and anchorages of the corporation.

05. Board of Directors

The Board of Directors of the Ceylon Fishery Habours Corporation consisted of seven (07) members including the chairman.

Mr. UpaliLiyanage	Chairman
Mr. Nil Munasingha	Managing Director - Member of the Board
Mr. H.P.Somathila	Member of the Board
Mr. K.D.Nandasena	Member of the Board
Mr.W.A.C. Hemakumara	Member of the Board
Mr.W.R.N. Kumara de Silva	Member of the Board
Mr. G.G.P. Abeysekara	General Manager - Observer Member
Mrs. Nayana Karunarathne	Acting Secretary to the Board of Directors

Auditors	Auditor-General's Department
Bankers	Bank of Ceylon
	Peoples Bank

06. History of the Ceylon Fishery Harbour Corporation.

The Port Commission which was under the Ceylon Government built break waters in the fishery habours, and the first such harbour was at the Beruwala Fishery Harbour. In the decade of 1980, the Ceylon Fishery Harbours Corporation had decided to entrust all the commercial activities to the Fishery Co-operative Societies and private sector. The activities such as planning and construction of fishery habours and anchorages, maintenance of off-shore structures and other coastal facilities, supervision of the economic aspect of the implementation phases of the construction activities, dredging and excavation activities of the fishery harbours for facilitating maintenance work were carried out by Corporation. As a result of a restructuring programme implemented in the Ceylon Fishery Habours Corporation in 1991, the total strength of the staff at the corporation was reduced to 129. In keeping with the re-modernization of fisheries harbours and construction of new fisheries harbours programme, the required cadre was restructured and after due categorization, the treasury approval was obtained in the year 2013 to increase the strength of employees up to 1015.

As at the end of the year 1994, the number of fishery harbours and anchorages had increased to 10 . In 1995, with the assistance of the Asian Development Bank, a new management structure was introduced to the fishery harbours of Beruwala, Galle, Mirissa, Puranawella and Kirinda. Open gate system was suspended and the Ceylon Fishery Harbours Corporation embarked on a well managed fishery harbour programme . In keeping with this , a system where fishery harbours administered by managers were introduced. Under this scheme, a proper system of management and proper use of fishery harbours was initiated constructing of boundary walls, infrastructure, operating of security services etc .

When the tsunami disaster occurred, the Ceylon Fishery Harbours Corporation had 12 fishery harbours in operation around the island, and except for a few fishery harbours, 10 fishery harbours (Panadura, Beruwala, Hikkaduwa, Galle, Mirissa, puranawella, Tangalle, kudawella, Kirinda) including coastal infrastructures, off-shore structures, break-waters, sand breakers etc. were completely destroyed by this tsunami ravage. The dredging machine belonging to the fishery harbour too was badly damaged. Reconstruction of 10 fishery harbours destroyed by the tsunami disaster and new construction activities, and reconstruction works of anchorages, coastal facilities etc were carried out by the following state institutions and organizations.

USAID

Reconstruction of Hikkaduwa, Mirissa and Puranawella fishery harbours, and Repairs of heavy vehicle at Kirinda fishery harbor and dredging harbour basin.

American Dollars 13 million.

Aid from **Republic of China**

Reconstruction and Improvement to Panadura, Beruwala and Kudawella fishery harbours.

Rs.900 million.

Aids from the **Government of Japan**

Reconstruction and Improvement to Galle and Tangalle fishery harbours.

Rs.700 million.

Aids from the **World Vision**

Reconstruction works on Kirinda fishery harbour.

American Dollars 10 million.

Aids from **UNDP**

Improvement to Circuit and sanitary facilities at Kirinda, Codbay and Kudawella Fishery Harbours, and supply of Generators and Tractors to fishery harbours of Tangalle, Puranawella, Mirissa, Galle, Hikkaduwa, Beruwala, Mutuwal, Kalpity , Codbay and Kudawella.

Rs. 159 million.

Aids from **Nestle Lanka**

Net mending halls, Water storage tanks, Circuit facility, Reconstruction work of internal road network etc for Codbay, Galle and Negombo fishery harbours.

Rs. 60 million.

Aids from **ADB/GOSL**

Constructions of fully fledged new fishery harbours at Hambanthota, Ambalangoda and Chillaw.

Rs.1027 million.

Aids from **Iceland ICEIDA**

Development of 25 anchorages.

Rs.119 million.

ADB/TARP Fund

Development of 07 anchorages

Rs.411 million.

ADB/GOSL NECCDEP

Reconstruction and modernization of Valaichchana fishery harbour, construction of new platform through modernization of Codbay harbor, improving fuel supply facility and increasing the area of the habour basin.

Rs.590 million.

Aids from **Greek Government /Helanic Aid**

Constructions of new fishery harbours at Dodanduwa, Negombo.

Rs.120 million.

Aids from **FAO & CIDA**

Development of 80 anchorages, Technological Training activities of the fishery harbour corporation.

American Dollars 4.7 million.

IFAD

Development of 03 anchorages and 18 ports,Conversion of Nilwella and Suduwella into fishery habours.

American Dollars 12 million.

Aid from **Republic of China**

Extension of southern break-water of Panadura fishery harbor by 340 meters.

Rs.575 million.

Under aids (Yuro 53 Million) from **Netherlands (ORET / GOSL)** , Dikowita Fishery harbour emerged in 2013 as a fully fledged fishery harbour with all modern facility to the network of fishery harbours.

Dikowita Fishery harbor was built in keeping with the international standards and conditions containing improved facilities for unloading fish, fish processing, and packaging for export purposes etc. Hence, the limited infrastructure facilities available at the Mutual fishery harbour become manageable, and Dikowita harbor being located close to the airport, and the fishermen who operate in Negombo lagoon will have access to safe and sanitary unloading facility and anchorage facility close to the main fish marketing centre. Incorporation of modern technological facility for management and disposal of garbage and waste water disposal system in this fishery harbor is a special feature.

07. Financial Highlights in the preceding five years

CEYLON FISHERY HARBOURS CORPORATION
Financial Highlights (Year 2014 - 2010)

	2014	2013	2012	2011	2010
Revenue - Recurrent Grant From Treasury	313,400,000	108,000,000	108,780,000	113,000,000	105,000,000
Revenue - Capital Grant for Recurrent Expenditure	54,651,981	55,441,170	-	-	-
Operating Income	42,667,125	293,162,663	136,414,518	128,929,087	106,467,588
Profit on Vehicle disposal	2,778,629	-	-	-	-
	413,497,735	**456,603,833**	**245,194,518**	**241,929,087**	**211,467,588**
Non- Operating Profit				-	325,333.33
Staff Cost	(221,895,059)	(195,030,798)	(172,684,171)	(137,283,120)	(107,105,252)
Other Operating Expenses					
Establishment Charges	(11,414,004)	(10,773,544)	(9,594,293)	(9,060,829)	(7,685,264)
Administration charges	(260,347,488)	(248,867,716)	(255,321,679)	(231,411,282)	(197,325,441)
Repairs and Maintain	(46,951,177)	(29,935,298)	(50,184,405)	(41,408,090)	(49,316,920)
Harbour Expenses				(3,064,760)	(6,924,891)
Profit / (Loss) From Operations	**(127,109,993)**	**(28,003,523)**	**(242,590,030)**	**(180,298,995)**	**(156,564,848)**
Finance Cost	(8,924,747)	(13,507,848)	(16,236,642)	(10,349,232)	(7,749,959)
Non operating Expenses					
Loss on Damaged Vehicle	(826,554)				
Profit / (loss) for the period	**(136,861,294)**	**(41,511,370)**	**(258,826,672)**	**(190,648,226)**	**(164,314,807)**

CEYLON FISHERY HARBOURS CORPORATION
Financial Highlights (Year 2014 - 2010)

	2014	2013	2012	2011	2010
Operating Income					
Rent Income H/O	-	-	18,000	600,000	15,348,109
Rent Income - Weligouwa	9,449,009	6,653,571	1,800,000	-	-
Rent Income - Sauri	-	-	-	-	-
Discount Received	-	-	-	-	-
Interest Income	44,860	43,756	661,872	540,413	917,755
Non Refundabale Tender Deposits	299,500	139,500	304,500	644,557	1,007,978
Oparational Profit /Loss Harbours	6,981,337	71,470,737	44,767,038	79,920,996	36,361,775
Income From Security Operation (Ministry & NARA)	12,877,992	13,024,662	12,887,784	12,534,798	9,980,059
CCD Security Project Income	737,347	1,008,000	2,221,100	5,292,000	1,233,702
NAQDA Security Project Income	-	-	4,408,740	13,631,216	466,651
Fine And Surcharges	4,866	85,345	16,065	43,940	185,161
Suppliers Registration Fees	768,500	114,000	259,250	527,247	-
Survey Income	-	-	-	684,701	-
Dredging Income	2,534,262	34,819,490	72,906,521	12,999,975	36,511,424
Loan Interest	-	-	-	16,597	-
Work Shop Result - Beruwala (Loss)	(13,345,473)	(11,262,259)	(11,586,400)	(11,826,701)	-
Net result on consultancy services	-	-	-	-	-
Other Income	22,314,924	177,065,860	7,750,049	13,319,348	4,454,974
	42,667,124	**293,162,662**	**136,414,519**	**128,929,087**	**106,467,588**

08. Fishery Harbours of Sri Lanka

01. Mutual Fishery Harbor (1965) :

The Mutwal fishery harbour has a basin of 2.3 hectares in extent and is 4 to 5 meter deep. The platform is 128.7 meters long and the entrance to the harbour is 6 to 8 meter in depth.

The majority of fishing vessels enjoying anchorages facilities of the Mutwal fishery harbour are owned by foreign companies. Amongst the income received by the harbor from the registered vessels, the income from anchorage charges, weigh bridge charges, leasing fees, gate permit fees and income from sale of items like oil, gas, electricity, water and sale of fruits, vegetables, soft drinks are significant.

From 2013 onwards, the services offered by the mutual fishery harbor were transferred to the Dickowita fishery harbor.

02.Panadura Fishery Harbour (1998):

The Panadura fishery harbor is 2 meter deep and has a platform of 50 meter long.

Income is earned by this harbour by providing ice, fuel and electricity for fishermen, in addition to the office accommodation and anchorage facility. The bulk of the income comes from sale of sand.

03.Beruwala Fishery Harbour (1965) :

With a basin of 10 hectares in extent Beruwala fishery harbour is 2.5 meter deep. The land area belonging to the harbour is 7.05 hectares in extent and the platform is 215 meter long.

Providing office accommodation, anchorage facility, fuel and water are the main sources of income. Sale of fuel constitutes the significant percentage of its income.

04.Ambalangoda Fishery Harbour (2010) :

The Ambalangoda Fisheries Harbour has a basin of 6.4 hectares in extent and is 3. 5 meters deep. The length of the platform is 112 meter.

05.Hikkaduwa Fishery Harbour (2001) :

The Hikkauwa Fishery Harbourhas a basin of 6.3 hectares in extent and is 2.5 meter deep. The length of the platform is 135.9 meter and land area belonging to the harbour is 2.94 hectares in extent.

During the year under review, office work and procedures were streamlined. By the supply of facilities such as water, electricity, and fuel and harbor facilities to the fishing vessels, income is earned. Out of all items of income, income from sale of sand ranks first.

06.Dodanduwa Fishery Harbour (2010) :

This harbor provides facilities like supply of water, fuel, electricity to the vessels of the fishing community. During the year under review, sale of sand has brought in a considerable amount of income.

07.Galle Fishery Harbour (1965) :

Galle Fishery Harbour has basin of 04 hectares in extent and its average depth is 03-06 meter. The land area belonging to the harbour is 1.5 hectares in extent. The harbour consists of a platform of 304 meter in length. In addition, it has a service jetty of 91 meter in length as well.

While the Galle fishery harbor provides shore facilities, considerable income is earned from the supply of water, electricity, fuel and other kinds of harbor facilities to the fishing vessels.

Among the facilities offered to the fishing community are fish auction halls, fishing net processing facilities, sanitary facilities and harbor facilities.

The incomes from Berthing facility, Rent income and crane charges occupy significant places in the year under review.

08.Mirissa Fishery Harbour (1966) ;

The extent of the Mirissa fishery harbour basin is 07 hectares. The land area of the harbour is 2.44 hectares in extent. The harbour is 2.5 meter deep and has a platform of 355 meter in length.

During the year under review, income was earned by way of supplying water, electricity, fuel and electricity and providing anchorage facilities to the vessels. Ice facilities for the harbour are obtained from the private sector.

09.Puranawella Fishery harbour (1980) ;

The basin of Puranawella Fishery Harbour is 14.2 hectares in extent. The harbour is 2.50 meter deep. The land area of the harbour is 4.96 hectares in extent and the harbour possesses a platform of 265 meter in length.

During the year under review, charges obtained for the supply of anchorage facilities, water, electricity and fuel and also from gate passes brought in the revenue for this harbor.

10.Kudawella Fishery Harbour (1998) ;

The Kudawella Fishery Harbour which has a basin of 13.1 hectares in extent and a depth of 2.5 to 3.0 meter and modernization work of the harbour was commenced during the year under review.

The harbour provides the facilities like provision of water, electricity, fuel , anchorage facilities , and gate passes which bring in the revenue for the harbor.

11.Suduwella Fishery Harbour (2013) ;

Suduwella Fisheries Harbour, a new fishery harbor while providing shore facilities to the fishing vessels, earns its income from Berthing charges, gate passes, and from supply of water, electricity and fuel.

12.Nilwella Fishery Harbour (2012) ;

Nilwella Fisheries Harbour, a new fishery harbor while providing shore facilities to the fishing vessels, earns its income from Berthing charges, gate passes, and from supply of water, electricity and fuel.

13.Tangalle Fishery Harbour (1965) ;

The Tangalle Fishery Harbour has a basin of 2.5 hectares in extent and is 2.5 meter deep. The platform is 261 metres in length.

The harbour obtained its income from such sources as supply of shore facilities, water, electricity, fuel, and by charging for anchoring facilities, gate passes, and by Rent income including from the sale of sand during the year under review.

14.Hambanthota Fishery Harbour (2010) ;

The Hambanthota Fishery Harbour has a basin of 5.8 hectares in extent and is 3.5 meter deep. It has a land area of 1.65 hectares in extent. The length of the breakwater is 275 meter.

It earns income from supplying shore facilities, water, electricity and fuel and by sale of sand.

15.Kirinda Fishery Harbour (1985) ;

The Kirinda Fishery Harbour has a land area of 3.5 hectares in extent and a platform of 173 meter in length. It has a basin of 3.6 hectares in extent. The depth of the harbour is 2.5 meter.

The Kirinda harbour has provided office building facilities to the fishing community and has earned a record income from the sale of sand. Supplying of water, electricity, ice, fuel and anchorage charges as well as rental income bring income to the harbour.

16. Valaichchena Fishery Harbour (2011) ;

The harbor basing of this fisheries harbour has a depth of 03 metres and a 275 metre long platform.

While the harbor provide facilities such as supply of water, electricity and fuel, it also earns income from berthing charges, issue of gate passes, and also from sale of sand.

17. Codbay Fishery Harbour (1965) ;

The Codbay Fisheries Harbour which has its own land area of 9.23 hectares and basing of 20 hectares is the largest fisheries harbor situated in the island. The length of its main platform is 152 meter, and has a service jetty with a length of 25 meter. The depth of the harbor basing of this harbour is between5-6 meter.

The harbour's sources of income include from the supply of water, electricity, fuel as well as from income on anchorages, gate passes and from rentals due from tenants.

18.Kalpity Fishery Harbour (1968) ;

The Kalpity Fishery Harbour has a basin of 2 hectares in extent and is 2.5 meter deep. It has a jetty with a length of 57.2 k.m, and a platform with a length of 115.8 meter together with a harbor land area of 0.49 hectares in extent.

While Kalpity fisheries harbour provides shore facilities and sanitary facilities, it obtains income from supply of water, electricity, and fuel to the fishing vessels as well as from levying fees on gate passes and lease rentals.

19.Chillaw Fishery Harbour (2009) ;

Chillaw Fisheries Harbour has a Platform with a length of 136 meter.

The main sources of the income of this fishery harbour is from levies made on anchorages and lease rentals received from its tenants. In addition, income is also obtained from the supply of water and electricity to the fishing vessels.

20.Negombo Fishery Harbour (2007) ;

The depth of the Negombo Fisheries Harbour which has a land area of 0.4 hectares is 3 metres. The length of the jetty is 88.

Commenced from 13.09.2013 as a fully-fledged complete fishery harbour, Negombo fishery harbour while providing shore facilities to the fisher folk, earns its income through the supply of water, electricity, and fuel to the fishing vessels.

21.Dikowita Fishery Harbour (2013) ;

Dikowita Fisheries Harbour is a one which has been constructed with modern infrastructure facilities in keeping with international standards.

The Dikowita harbour has a harbour area of 8.1 hectares in extent, and has a dockyard of 11.7 hectares in extent with north and south two terminals. The depth of the harbor is between 3.5 - 5.0 meters. The length of the jetty is 45.0*8.

In the northern terminal, 450 one-day and multi day local fishing vessels can be accommodated with safe anchoring facilities.

In the south terminal, unloading of fish is done for export purposes targeting the international market. This terminal could accommodate 40 international trawlers with safe anchoring facilities. The unloading of fish is done with the use of a conveyor belt using the dockyard, and this harbour has become the first fisheries harbour with such facility. In addition, there are 03 fish processing centers to process the fish unloaded at the south terminal according to international standards.

09. Accounting Policies

9.1 Description of business

The Ceylon Fishery Harbors Corporation (CFHC) was established in 1972 and is primary responsible for delivering quality fishery–harbours related services and providing the fishing community with modern infrastructure and facilities. Since inception the corporation had developed year-by-year and recently adopted an exacting development plan, which is in line with the Sri Lankan government's overall development plan. The CFHC's development plan outlines a range of proposed projects: amongst the suggested action points are those relating to both managements of the Corporation and its business development strategy. It is expected the successful completion of this plan will help the Sri Lankan fishing industry to complete effectively with other prominent fishing-oriented countries in the region.

9.2 Accounting Assumptions

Accrual basis

In order to meet the objectives, the financial statement is prepared on the accrual basis of accounting. Under this basis the effects of transactions and other events are recognized when occur (and not as cash or its equivalent is received or paid) and recorded in the accounting records and reported in the financial statement of the period to which relate.

Going concern

These accounts have been prepared under the Historical Cost Convention on the basis of going concern and will continue in operation for the foreseeable future. The revenue recognized and the expenses accounted on their accrual, in accordance with the generally accepted Sri Lanka Accounting Standards.

9.3 Grants

Grants received from the Treasury and other donor organizations have been identified as Capital & Recurrent and accounted accordingly.

9.4 Capital Payments

Capital Payments have been debited to work in progress account and several capital expenses have been capitalized direct to the capital work.

9.5 Liabilities and Provisions

(a) Retirement Benefit Obligation

Provisions have been made for retirements Gratuities payable under the payments of Gratuity Act No. 12 of 1983 for all employees who have completed over one year of service from the date of joining the corporation.

(b) Employees Provident Fund and Employees Trust Fund

Employees are eligible for Employees Provident Fund contribution and Employees Trust Fund Contributions in line with respective statutes and regulation. The company contributes 15% and 3% of consolidated salary of employees Provident Funds and Employees Trust Fund respectively.

(c) Provision for Doubtful Debts

Provision for doubtful debts is created by forming a credit balance which is netted off against the selected receivables appearing in the balance sheet. A corresponding debit entry is recorded to account for the expenses of potential loss.

9.6 Property, plant and equipment; acquisition-related intangibles and other capitalized costs

Property, plant and equipment are stated at cost and depreciated over their estimated useful lives using the straight-line method. Our cost basis includes certain assets acquired in business combinations that were initially recorded at fair value as of the date of acquisition. Leasehold improvements are amortized using the straight-line method over the shorter of the remaining lease term or the estimated useful lives of the improvements.

9.7 Depreciation

Depreciation has been charged on fixed assets on straight line basis from the month of addition & to the month of sale at the rates specified as follows.

Lands	-
Buildings	2.5%

Internal Road& Boundary Wall	2.5%
Break Water & Quay Wall	2.5%
Machinery	10%
Tools & Office Equipments	10%
Furniture & Fittings	10%
Boats & Dredging	10%
Internal & Information System	20%
Motor Vehicle	10%
Heavy Vehicle	10%
Internet Information System	20%

9.8 Foreign Currency Transactions

Transactions in foreign currency are accounted for at the exchange rates prevailing at the time of transaction. However, in case of transactions taking place through bank accounts maintained in foreign currency, the same are recorded at national rates. Balances in such foreign currency accounts at the yearend are converted at the prevailing exchange rates. Current assets and liabilities at the yearend are restated at the prevailing exchange rates and the difference between the year end and the actual / national rates is recognized as gain or losses in the Accounts.

9.9 Taxation

Income Tax

No provisions have been made in the accounts as there is taxable income for the current year.

10. Financial Statements

CEYLON FISHERY HARBOURS CORPORATION
STATEMENT OF FINANCIAL POSITION

As at 31 December	Notes	Shedules	2014 LKR	2013 LKR	1-Jan-13 LKR	2013 Adjusted LKR
ASSETS						
Non Current Assets						
Property, Plant & Equipment	1		5,161,341,734	4,473,127,854	4,562,198,461	4,473,127,854
Capital Work In Progress	2		5,268,524	6,988,609	6,327,289	6,988,609
Balance to be written off A/C.			81,769,596	81,769,596	81,769,596	81,769,596
			5,248,379,854	4,561,886,059	4,650,295,347	4,561,886,059
Current Assets						
Inventories	3	B	39,992,312	48,245,900	49,101,884	48,245,900
Trade and Other Receivables	3	C,D,E	304,455,808	260,112,957	210,196,836	260,112,957
Prepayments	3	F	62,944,945	72,881,532	63,887,796	72,881,532
Bank Balances	3	G	25,421,991	(23,807,545)	798,734	(23,807,545)
Cash and Cash Equivalents	3	H	21,518,510	24,224,842	24,270,452	24,224,842
			454,333,566	381,657,686	348,255,701	381,657,686
Total Assets			5,702,713,420	4,943,543,745	4,998,551,048	4,943,543,745
EQUITY AND LIABILITIES						
Capital & Reserves						
Issued Capital			350,099,843	350,099,843	350,099,843	350,099,843
Capital Grants	4		1,047,950,983	1,006,589,223	1,152,035,460	1,132,127,290
Reserves	5		5,998,355,547	5,178,924,020	5,096,108,234	5,178,924,020
Prompeached Receipt			2,215,769	2,215,769	2,215,769	2,215,769
Accumulated Profit / (Loss)			(2,187,289,619)	(2,050,489,666)	(2,008,739,407)	(2,176,027,734)
Total Equity			5,211,332,522	4,487,339,189	4,591,719,899	4,487,339,188
Non Current Liabilities						
Deferred Liabilities			1,653,400	1,653,400	1,653,400	1,653,400
Finance Leasing Liability after one Year	6		2,398,985	5,264,349	8,757,315	5,264,349
Provision For Gratuity	7		149,919,618	130,847,770	110,500,139	130,847,770
			153,972,003	137,765,519	120,910,854	137,765,519
Current Liabilities						
Trade and other Payables	8		335,247,246	312,737,660	279,643,908	312,737,660
Finance Leasing Liability within one Year	6		2,161,649	5,701,377	6,276,387	5,701,377
			337,408,895	318,439,037	285,920,295	318,439,037
Total Equity & Liabilities			5,702,713,420	4,943,543,745	4,998,551,048	4,943,543,745

I certify that the financial statements have been prepared in compliance with the requirments of Finance act no. 38 of 1971

....
FINANCE MANAGER

The Directors are responsible for the preparation and presentation of these Financial Statements signed for and on behalf of the Board By;

....
CHAIRMAN

....
GENERAL MANAGER

Ceylon Fishery Harbours Corporation
Statement of Financial Position

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CEYLON FISHERY HARBOURS CORPORATION
COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

Year ended 31 December	Note	2014 LKR	2013 LKR	2013 Adjusted LKR
Revenue - Recurrent Grant From Treasury		313,400,000	108,000,000	108,000,000
				-
Revenue - Capital Grant for Recurrent Expenditure		54,651,981	55,441,170	55,441,170
				-
Profit on Vehicle disposal		2,778,629	-	-
				-
Operating Result	9	42,667,125	293,162,663	167,624,595
		413,497,735	456,603,833	331,065,765
Staff Cost	10	(221,895,059)	(195,030,798)	(195,030,798)
<u>Other Operating Expenses</u>				
Establishment Charges	11	(11,414,004)	(10,773,544)	(10,773,544)
Administration charges	12	(260,347,488)	(248,867,716)	(248,867,716)
Repairs and Maintain	13	(46,951,177)	(29,935,298)	(29,935,298)
Profit / (Loss) from Operations		(127,109,993)	(28,003,523)	(153,541,591)
Finance Cost	14	(8,924,747)	(13,507,848)	(13,507,848)
<u>Non operating Expenses</u>				
Loss on Damaged Vehicle		(826,554)	-	-
Profit / (Loss) before Tax		(136,861,294)	(41,511,370)	(167,049,439)
Tax Expenses		-	-	
Profit / (loss) after Tax		(136,861,294)	(41,511,370)	(167,049,439)
Profit / (loss) for the period		(136,861,294)	(41,511,370)	(167,049,439)

CEYLON FISHERY HARBOURS CORPORATION.
STATEMENT OF CASH FLOWS
FOR THE YEAR 2014

	2014	2013
	LKR	LKR
Cash flows from operating activities		
Profit / (Loss) before taxation	(136,861,294)	(41,511,370)
Prior year adjustment for P&L	61,340	(238,889)
Adjustments for:		
Depreciation	166,922,217	173,225,325
Provision for Gratuity	22,850,563	27,234,547
Interest expense	6,485,293	7,808,262
Working capital changes:		
(Increase) / Decrease in trade and other receivables	(44,342,851)	(49,916,121)
(Increase) / Decrease in inventories	8,253,588	855,984
Increase / (Decrease) in trade payables	22,509,586	33,093,752
Increase / (Decrease) Current Lease Liability	(3,539,728)	(575,010)
Prepayments	9,936,587	(8,993,736)
Cash Generated from operations	**52,275,301**	**140,982,743**
Interest paid	(6,485,293)	(7,808,262)
Gratuity paid	(3,778,715)	(6,886,916)
Net cash from operating activities	**42,011,293**	**126,287,565**
Cash flows from investing activities		
Purchase/Donation of property, plant and equipment	(853,416,012)	(84,816,037)
Reserves	819,431,527	82,815,786
Investment -Capital Funds	100,000,000	76,000,000
Less - Capital Fund Amortization	(58,638,240)	(221,446,237)
Net cash used in investing activities	**7,377,274**	**(147,446,488)**
Cash flows from financing activities		
Finance Leasing Liability	(2,865,364)	(3,492,966)
Net cash used in financing activities	**(2,865,364)**	**(3,492,966)**
Net increase / (Decrease) in cash and cash equivalents	**46,523,204**	**(24,651,889)**
Cash and cash equivalents at beginning of period (01st January)	**417,297**	**25,069,186**
Cash and cash equivalents at end of period (31st December)	**46,940,500**	**417,297**

CEYLON FISHERY HARBOURS CORPORATION.
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st DECEMBER 2014

	Issued Capital	Capital Grant	Accumulated Profit	Reserves	Prompeached Receipt	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Balance at 1st January 2014	**350,099,843**	**1,006,589,223**	**(2,050,489,666)**	**5,178,924,020**	**2,215,769**	**4,487,339,189**
						-
Capital Received from Treasury	-	100,000,000	-	-	-	100,000,000
						-
Recurrent portion transfered to P&L from capital grant	-	(54,651,981)	-	-	-	(54,651,981)
Capital Grant Amortization	-	(3,986,259)	-	-	-	(3,986,259)
Prior year adjustment	-	-	61,340	-	-	61,340
Reserves changers during the Year	-	-	-	819,431,527	-	819,431,527
Loss for the year	-	-	(136,861,294)	-	-	(136,861,294)
Balance at 31st December 2014	**350,099,843**	**1,047,950,983**	**(2,187,289,620)**	**5,998,355,547**	**2,215,769**	**5,211,332,523**

CEYLON FISHERY HARBOUR CORPORATION
NOTES TO THE ACCOUNTS AS AT 31ST DECEMBER 2014

Note 01

	2014	2013	2013 Adjusted
	LKR	LKR	LKR
Fixed Assets			
Lands	1,287,928,850	1,287,928,850	1,287,928,850
Buildings	851,938,810	847,175,522	847,175,522
Roads & Boundry Walls	73,993,570	73,834,388	73,834,388
Break Water , Groyne & Quaywall	2,266,497,478	2,268,951,078	2,268,951,078
Machinery	243,491,576	243,029,123	243,029,123
Motor Vehicles	85,166,729	95,540,062	95,540,062
Heavy Vehicles	101,594,987	92,994,987	92,994,987
Equipment(Office & Others)	95,212,573	84,131,530	84,131,530
Furniture & Fittings	19,186,730	17,033,710	17,033,710
Dredgers & Boats	1,181,475,941	362,816,423	362,816,423
Internet Information Systems	8,495,776	7,152,327	7,152,327
Computer Software Package	6,015,588	6,015,588	6,015,588
Fuel Dispensing Unit	12,144,162	12,144,162	12,144,162
Trolley	57,700	57,700	57,700
Water Supply	818,533	679,483	679,483
Slip Way	8,196,429	-	-
Ecor Sound	7,236,927	-	-
Provision For Depreciation	(1,088,110,623)	(926,357,079)	(926,357,079)
	5,161,341,734	**4,473,127,854**	**4,473,127,854**

Note 02

	2014	2013	2013 Adjusted
	LKR	LKR	LKR
Capital Work In Progress			
Builiding	2,907,672	2,926,564	2,926,564
Electricity	54,178	54,178	54,178
Machinery	-	2,170,423	2,170,423
Break Water & Quaywall	1,949,477	-	-
Boundary Wall	357,198	1,837,444	1,837,444
	5,268,524	**6,988,609**	**6,988,609**

Note 03

	2014	2013	2013 Adjusted
	LKR	LKR	LKR
Current Assets			
Stock			
Stock - Fuel - Galle	2,242,706	2,683,093	2,683,093
Stock - Fuel - Mirissa	2,401,982	8,271,764	8,271,764
Stock - Fuel - Codbay	2,101,862	4,641,071	4,641,071
Stock - Fuel - Kudawella	4,782,256	2,159,284	2,159,284
Stock - Fuel - Mutwal	287,480	1,088,300	1,088,300
Stock - Fuel - Puranawella	1,783,747	4,113,002	4,113,002
Stock - Fuel - Kalpitiya	3,006,471	4,145,254	4,145,254
Stock - Fuel - Hikkaduwa	1,750,381	1,513,634	1,513,634
Stock - Fuel - Kirinda	2,380,366	1,141,626	1,141,626
Stock - Fuel - Panadura	240,042	772,820	772,820
Stock - Fuel - Hambanthota	1,567,415	314,136	314,136
Stock - Fuel - Negombo	2,272,224	2,191,865	2,191,865

Stock - Fuel - Ambalangoda	1,563,034	831,262	831,262
Stock - Fuel - Dodanduwa	305,712	1,094,627	1,094,627
Stock - Fuel - Tangalle	2,186,505	1,448,365	1,448,365
Stock - Fuel -Valachane	1,285,992	1,525,647	1,525,647
Stock - Fuel - Beruwala	1,156,478	2,630,457	2,630,457
Stock - Fuel - Dikkowita	5,903,819	4,802,059	4,802,059
Stock - Fuel - Nilwella	1,614,345	2,017,694	2,017,694
Stock - Fuel - Suduwella	881,493	-	-
Stock - Ice Cream	25,650	41,949	41,949
Stock - Gas - Walachcheni	11,947	37,554	37,554
Stock - Gas - Kudawella	-	7,228	7,228
Stock - Gas - Nilwella	68,580	31,023	31,023
Stock - Gas - Mutuwal	70,270	105,287	105,287
Stock - Gas - Galle	52,832	113,921	113,921
Stock - Gas - Mirissa	2,143	38,182	38,182
Stock - Beverages & Mineral Water	46,582	484,795	484,795
	39,992,312	**48,245,900**	**48,245,900**
<u>Debtors</u>			
Debtors	5,543,719	-	-
Debtors - Others	1,932,385	1,932,385	1,932,385
Debtors - Security	23,858,858	18,212,834	18,212,834
Debtors - Kudawella	7,423,216	9,603,415	9,603,415
Debtors - Galle Fuel	7,219,022	7,151,064	7,151,064
Debtors - Kalpitiya Fuel	10,198,230	11,132,924	11,132,924
Debtors - Beruwala Fuel	12,172,031	13,375,560	13,375,560
Debtors - Mirissa Fuel	1,003,471	1,541,817	1,541,817
Debtors - Puranawella	1,945,071	4,703,600	4,703,600
Debtors - Tangalle Fuel	1,694,953	3,591,281	3,591,281
Debtors - Kirinda Fuel	1,995,086	2,453,919	2,453,919
Debtors - Cod Bay Fuel	8,998,260	9,251,370	9,251,370
Debtors - Hikkaduwa Fuel	908,545	1,150,735	1,150,735
Debtors - Dodanduwa Fuel	97,384	81,629	81,629
Debtors - Panadura Fuel	12,855	70,325	70,325
Debtors - Negambo Fuel	1,517,917	3,326,874	3,326,874
Debtors - Ambalangoda Fuel	2,892,925	3,377,701	3,377,701
Debtors - Hambanthota Fuel	425,956	1,469,479	1,469,479
Debtors - Walachchane Fuel	2,264,554	814,327	814,327
Debtors - Nilwella Fuel	0	2,500,583	2,500,583
Debtors - Mutuwal Fuel	94,909	94,909	94,909
Debtors - Dikowita fuel	1,373,657	995,224	995,224
Debtors Berthing	47,311,629	46,215,995	46,215,995
Debtors Rent/Lease	49,075,558	36,883,811	36,883,811
Debtors CFC	26,026,849	20,070,049	20,070,049
Debtors - Dredging Advance	20,000,000	-	-
Debtors - Gass (Mutuwal)	16,801	4,792	4,792
Receivable - WHT	914,980	914,980	914,980
Receivable - WHT - (1/3Vat)	1,611,054	1,611,054	1,611,054
Receivable VAT	36,822,670	36,548,269	36,548,269
VAT Receivable on Sand	10,434,783	10,434,783	10,434,783
Returned Cheque	(20,423)	94,577	94,577
Fund Transfer Control A/C	(574,739)	-	-
Sand Project	269,960	1,398,238	1,398,238
Recurrent Expen.Control (Harbours)	2,459,127	2,459,127	2,459,127
Provision for Bad - Debtors	(7,697,129)	(6,070,562)	(6,070,562)
	280,224,123	**247,397,069**	**247,397,069**

Receivable From Ministry & Other Contractors	2,150,000	2,150,000	2,150,000
Staff Debtors			
Salary Advance	255,000	27,646	27,646
Special Salary Advance	180,201	180,201	180,201
Travelling Advance	192,994	171,824	171,824
Motor Cycle Loan	109,786	109,786	109,786
Distress Loan	16,063,582	4,741,766	4,741,766
Festival Advance	1,814,479	1,659,695	1,659,695
Other Advance to Staff	15,155	15,155	15,155
Special Advance - Loan	2,317,488	2,566,745	2,566,745
Medical Loan	1,098,000	1,093,070	1,093,070
Other Loan	35,000	-	-
	22,081,685	**10,565,888**	**10,565,888**
Deposit Advance & Prepaymant			
Security Deposit	500,000	500,000	500,000
Deposit Fuel	495,000	495,000	495,000
Other Deposit	4,509,025	4,509,025	4,509,025
Special Advance	17,554,697	20,184,214	20,184,214
Cylinder deposits (Gass)	513,675	442,125	442,125
Prepayments - Purchase	38,972,549	46,351,168	46,351,168
Bank Guarantee Deposit	400,000	400,000	400,000
	62,944,945	**72,881,532**	**72,881,532**
Bank Balance			
Kalpitiya Fuel A/C	1,677,026	443,279	443,279
Kalpitiya Collection A/C	178,515	55,589	55,589
Diyawara A/C 1658	2,402,073	(217,987)	(217,987)
Head Office A/C 1883	(333,337)	(487,261)	(487,261)
A/C 1725	(31,187,205)	(40,651,892)	(40,651,892)
A/C 1446	(643,047)	615,615	615,615
A/C 1236	(211,598)	(3,428,326)	(3,428,326)
Bank A/C 1931	(3,400,466)	(1,476,660)	(1,476,660)
Tangalle Fuel A/C	1,709,834	1,294,583	1,294,583
Medical Loan A/C	22,524	2,496	2,496
Tangalle Collection A/C	761	167,619	167,619
Beruwala - Fuel A/C	6,553,665	312,562	312,562
Beruwala - Collection A/C	386,442	302,015	302,015
Beruwala Bank A/C - Shanasela	1,470	1,470	1,470
Bank - Work Shop A/C	93,440	8,312	8,312
Mirissa Fuel A/C	6,942,885	(682,471)	(682,471)
Mirissa Collection A/C	104,758	16,924	16,924
Kirinda - Fuel A/C	1,184,591	729,606	729,606
Kirinda Collection A/C	3,535	52,909	52,909
Galle Fuel A/C	(1,388,150)	2,451,917	2,451,917
Galle Collection A/C	123,715	13,507	13,507
Kalmune A/C 1976	12,716	12,716	12,716
Negombo Fuel A/C 8354	6,241,509	1,591,909	1,591,909
Negombo Collection A/C	(70,898)	28,520	28,520
Trincomallee Fuel A/C	3,245,288	418,189	418,189
Trincomalle Collection A/C	322,659	200,819	200,819
Kudawella Fuel A/C	(5,507,903)	(7,452,746)	(7,452,746)
Kudawella Collection A/C	6,139,220	5,985,450	5,985,450
Hikkaduwa Bank Fuel A/C	882,132	2,376,510	2,376,510
Hikkaduwa Bank Collection A/C	86,854	116,111	116,111

Bank A/C H/O 4461	1,263,124	(980)	(980)
Puranawella Fuel A/C	1,634,811	(84,099)	(84,099)
Puranawella Collection A/C	132,827	294,917	294,917
Mutwal RFCA No 1450931 ($)	109,650	614,815	614,815
Mutwal Collection A/C	(1,541)	183,586	183,586
Wellamankara	(29,737)	(29,737)	(29,737)
Bank Account Beliatta	(8,371)	(8,371)	(8,371)
Devivimanawatta A/C	(186,641)	(186,641)	(186,641)
Panadura Collection A/C	2,476	28,145	28,145
Panadura Fuel A/C	1,297,377	363,568	363,568
Hambanthota Fuel A/C	625,831	843,512	843,512
Hambanthota Collection A/C	673,713	20,073	20,073
Dodanduwa Fuel A/C	1,852,375	1,122,360	1,122,360
Ambalangoda Fuel A/C	2,927,263	4,652,416	4,652,416
Mirissa	73,868	73,868	73,868
Dodanduwa Collection A/C	86,597	157,294	157,294
Bank A/C Canteen	(0)	-	-
Chilaw Collection A/C	1	1	1
Walchchane Collection A/C	15,365	78,661	78,661
Walchchane Fuel A/C	66,529	428,271	428,271
Ambalangoda Collection A/C	38,245	95,295	95,295
Nilwalla Fuel A/C	4,477,478	(16,907)	(16,907)
Nilwalla Collection A/C	101,658	161,600	161,600
Suduwella Fuel A/C	561,105	2,500	2,500
Suduwella Collection A/C	161,757	136,329	136,329
Bank A/C Dikkowita Fuel	7,630,910	4,038,371	4,038,371
Bank A/C Dikkowita Collection	6,342,310	422,323	422,323
	25,421,991	**(23,807,545)**	(23,807,545)
Cash In Hand			
Petty Cash	512,076	512,076	512,076
Cash In Hand	240,137	240,137	240,137
Cash In Hand Beruwala (Fuel & Collection)	3,758,744	3,605,689	3,605,689
Cash In Hand Galle (Fuel & Collection)	1,927,386	960,776	960,776
Cash In Hand Mirissa (Fuel & Collection)	747,696	2,262,312	2,262,312
Cash In Hand Puranawella (Fuel & Collection)	7,590,918	6,789,648	6,789,648
Cash In Hand Tangalle (Fuel & Collection)	614,580	458,363	458,363
Cash In Hand Kirinda (Fuel & Collection)	166,258	1,301,636	1,301,636
Cash In Hand Codbay (Fuel & Collection)	3,635,286	2,039,074	2,039,074
Cash In Hand Dodanduwa (Fuel & Collection)	99,199	168,127	168,127
Cash In Hand Hikkaduwa (Fuel & Collection)	-	206,546	206,546
Cash In Hand Kalpitiya (Fuel & Collection)	176,238	476,816	476,816
Cash In Hand Kudawella (Fuel & Collection)	446,024	55,823	55,823
Cash In Hand Panadura (Fuel & Collection)	440,257	447,233	447,233
Cash In Hand Negombo (Fuel & Collection)	-	1,421,912	1,421,912
Cash In Hand Ambalangoda (Fuel & Collection)	574,325	916,086	916,086
Cash In Hand Hambantota (Fuel & Collection)	9,990	57,652	57,652
Cash In Hand Walachchane (Fuel & Collection)	-	212,054	212,054
Cash In Hand Dikkowita (Fuel & Collection)	433,788	790,100	790,100
Cash In Hand Nilwella (Fuel & Collection)	34,211	873,578	873,578
P/C Imprest-Puranawella	-	35,790	35,790
P/C Imprest- Beruwala	-	12,810	12,810
P/C Imprest- Galle	(0)	38,138	38,138
P/C Imprest- Tangalle	-	19,971	19,971
P/C Imprest- Kirinda	-	157	157
P/C Imprest- Trincomalle	1	14	14

P/C Imprest- Dodanduwa	1	8,026	8,026
P/C Imprest- Hikkaduwa	-	15,365	15,365
P/C Imprest- Chilaw	-	4,175	4,175
P/C Imprest- Mutuwal	-	2,363	2,363
P/C Imprest- Negambo	-	16,935	16,935
P/C Imprest- Ambalangoda	-	19,775	19,775
P/C Imprest- Panadura	-	12,566	12,566
P/C Imprest- Nilwella	0	23,571	23,571
P/C Imprest-H/O	135	5,892	5,892
P/C Imprest- Dikkowita	30,629	30,749	30,749
P/C Imprest-Kudawella	-	23,745	23,745
P/C Imprest-Hambantota	9,106	9,106	9,106
P/C Imprest-Weligouwa	-	-	-
P/C Imprest-Ruhunuputha	8,741	8,741	8,741
P/C Imprest- Salapura kiduri	25,000	39,240	39,240
P/C Imprest- Nildiyawara	-	6,374	6,374
P/C Imprest-Tadano Crane	-	1,420	1,420
P/C Imprest-Beruwala Workshop	185	11,933	11,933
Victualling Imprest- Nildiyawara	11,600	14,600	14,600
Victualling Imprest- Salapurakiduri	-	11,250	11,250
Victualling Imprest- Ruhunuputha	26,000	6,500	6,500
Victualling Imprest-Weligouwa	-	50,000	50,000
	21,518,510	**24,224,844**	**24,224,844**
	454,333,566	**381,657,688**	**381,657,688**

Note 04

	2014	2013	2013 Adjusted
	LKR	LKR	LKR
Capital Grant from Treasury			
Grant - Capital	1,051,937,241	1,172,594,290	1,172,594,290
Less -Capital Grant Amortization	(3,986,259)	(166,005,067)	(40,467,000)
	1,047,950,983	**1,006,589,223**	**1,132,127,290**

Note 05

	2014	2013	2013 Adjusted
	LKR	LKR	LKR
Capital Reserves			
Assets Transferred from Ministry	136,787,573	136,787,573	136,787,573
Grant from Ministry			
Ministry Fund	129,101,563	129,101,563	129,101,563
Ministry Fund	74,779,660	81,999,918	81,999,918
Grant From Ministry	53,812,851	51,646,766	51,646,766
Grant From JAICA	19,992,903	19,992,903	19,992,903
Funds Received for Dikowita Fishery Harbour Const	4,438,153	4,438,153	4,438,153
Dikkowita Fund	4,009,303	4,009,303	4,009,303
Funds Received For IFARD	1,600,000	1,600,000	1,600,000
	287,734,433	**292,788,606**	**292,788,606**
Foreign Grants	139,337,507	139,337,507	139,337,507
Fixed Assets Revaluation Reserve	2,686,972,668	2,686,972,668	2,686,972,668
Provision For Devastated Assets	945,559,937	945,559,937	945,559,937

Grant From ADB	19,586,597	19,586,597	19,586,597
Grant From SIDA	753,002,137	753,002,137	753,002,137
Receivables From ADB	44,707,322	44,707,322	44,707,322
US Aid Grant	19,129,760	19,129,760	19,129,760
Donation From Domestic Organization	1,747,790	1,747,790	1,747,790
	838,173,606	**838,173,606**	**838,173,606**
ADB Grants	7,862,323	7,862,323	7,862,323
Capital Funds on Donated Assets	824,485,700	-	-
Other Grants	131,441,801	131,441,801	131,441,801
	5,998,355,547	**5,178,924,020**	**5,178,924,020**

Note 06

	2014	**2013**	**2013 Adjusted**
	LKR	**LKR**	**LKR**
Finance Leases			
Finance Leases Payable within one Year			
Rexton Xdi 7 Motor Jeep	1,410,508	2,415,479	2,415,479
Bluebird Car	-	1,655,914	1,655,914
Mazda Car	751,140	1,629,984	1,629,984
Total Liability	**2,161,649**	**5,701,377**	**5,701,377**
Finance Leases Payable after one Year			
Rexton Xdi 7 Motor Jeep	642,716	2,439,460	2,439,460
Bluebird Car	(0)	878,599	878,599
Mazda Car	1,756,270	1,946,290	1,946,290
Total Liability	**2,398,985**	**5,264,349**	**5,264,349**

Note 07

	2014	**2013**	**2013 Adjusted**
	LKR	**LKR**	**LKR**
Gratuity			
Provision For Gratuity - Beging	130,847,770	110,500,139	110,500,139
Provision For Gratuity For the Year	22,850,563	27,234,547	27,234,547
	153,698,333	137,734,686	137,734,686
Payment For Gratuity	3,778,715	6,886,916	6,886,916
Gratuity 31St December	**149,919,618**	**130,847,770**	**130,847,770**

Note 08

	2014	**2013**	**2013 Adjusted**
	LKR	**LKR**	**LKR**
Current Liabilities			
Creditors			
Creditors	9,471,540	9,771,409	9,771,409
VAT Payable	73,798,069	67,979,612	67,979,612
NBT Payable	-	516,746	516,746
Advance for Sand Western Grant Lanka	76,261,312	76,261,312	76,261,312
Payee Tax	154,583	177,467	177,467
Stamp Duty	-	179,151	179,151
Tender Deposit Refundable	8,610,354	9,388,451	9,388,451
Security Deposit	35,095,813	24,728,978	24,728,978
Other Deposit	4,122,686	4,122,686	4,122,686
Cashiers' Deposits	64,513	4,388	4,388

E.P.F	23,101,499	35,748,921	35,748,921
E.T.F	842,387	2,241,484	2,241,484
Rent Deposit	2,843,310	2,843,310	2,843,310
Bank Guarantee Deposit	504,895	582,697	582,697
National Insurance Corporation - Security	24,862	24,862	24,862
Creditors -Gampaha District Fisheries co-op	204,656	204,656	204,656
Creditors -Capital Payments	8,845,482	8,845,482	8,845,482
Other Creditors	759,738	759,738	759,738
Economics Tax Payable	10,512,971	10,512,971	10,512,971
Waste Oil Tanks - Galle	133,864	133,864	133,864
Welfare Shop	(0)	4,490	4,490
Donations	5,650	5,650	5,650
Retention Liability	5,339,328	5,677,944	5,677,944
Provision for Dirisaviya A/C	12,055,951	12,083,604	12,083,604
Welfare Security	1,254	98,209	98,209
N.I.S.M	46,300	49,300	49,300
Trade Union	50	50	50
Bank Loan Deduction	347,445	-	-
Creditors - Returned Cheques	226,366	-	-
Creditor - Dredging Advance	20,000,000		-
Advance Payment for Dredging	2,000,000	2,000,000	2,000,000
Employee Union	60	60	60
Salaries Control A/C	50,591	219,765	219,765
Bouy Inststion Work kathaluwa land	647,934	647,934	647,934
Housing Project/ Dickowita	2,633,793	2,479,668	2,479,668
Fund for Demolished Assets - Kalpitiya	1,235,565	1,235,565	1,235,565
Fund received for removal of Kudawella fish process	9,800,000		-
Discrepancies of Bank Transactions	0	90,000	90,000
	309,742,822	**279,620,423**	**279,620,423**
Accrued Expenditure	25,504,424	33,117,236	33,117,236
	335,247,246	**312,737,659**	**312,737,659**

Note 09

	2014	**2013**	**2013 Adjusted**
	LKR	**LKR**	**LKR**
<u>Operational Result</u>			
Rent Income - Weligouwa	9,449,009	6,653,571	6,653,571
Interest Income	44,860	43,756	43,756
Non Refundabale Tender Deposits	299,500	139,500	139,500
Oparational Profit /Loss Harbours **Att. No. 0:**	6,981,337	71,470,737	71,470,737
Income From Security Operation (Ministry & NARA	12,877,992	13,024,662	13,024,662
CCD Security Project Income	737,347	1,008,000	1,008,000
Fine & Surcharges	4,866	85,345	85,345
Suppliers Registration Fees	768,500	114,000	114,000
Dredging Income	2,534,262	34,819,490	34,819,490
<u>Work Shop Result - Beruwala (Loss)</u>			
Total Income for the Year	1,388,786	1,363,706	1,363,706
Total Expenditure for the Year	(14,734,258)	(12,625,965)	(12,625,965)
Operating Result - Profit/(Loss)	**(13,345,473)**	**(11,262,259)**	**(11,262,259)**
<u>Other Income</u>			
Other Income - H/O	8,749,061	1,423,243	1,423,243

Whale Watching Income	522,043	1,981,948	1,981,948
Loan Interest	296,221	220,564	220,564
Sales of Scrap	6,991,390	214,780	214,780
survey Income	1,769,950	-	-
Capital Grant amortization	3,986,259	173,225,325	47,687,258
	22,314,924	**177,065,860**	**51,527,793**
	42,667,125	**293,162,662**	**167,624,595**

Note 10

	2014	2013	2013 Adjusted
	LKR	LKR	LKR
Personal			
Salaries,Wages & Allowance (Head Office)			
Salaries & Wages	102,708,507	93,922,053	93,922,053
Overtime	19,545,477	19,096,176	19,096,176
Casual Wages	298,709	4,600,666	4,600,666
Interim Allowance	34,787,637	30,110,303	30,110,303
Special Allowances	13,940,800	13,089,435	13,089,435
Language Skills	1,012,332	1,326,068	1,326,068
Incentive	29,500	271,500	271,500
Bonus	7,640,728	3,792,381	3,792,381
Weekend Payments	1,129,937	1,076,973	1,076,973
Unclaimed Leave Pay	11,627,705	10,600,521	10,600,521
Allowances	110,500	250,632	250,632
Risk Allowances	10,310	-	-
	192,842,142	**178,136,708**	**178,136,708**
E.P.F.15%	18,009,525	13,721,263	13,721,263
E.T.F.3%	2,685,486	2,762,728	2,762,728
E.P.F Surcharge	8,357,906	410,098	410,098
	221,895,059	**195,030,797**	**195,030,797**

Note 11

	2014	2013	2013 Adjusted
	LKR	LKR	LKR
Establishment Charges			
Rent Rates & Taxes	715,776	90,032	90,032
Electricity	9,443,068	9,081,426	9,081,426
Water	1,255,159	1,602,085	1,602,085
	11,414,004	**10,773,544**	**10,773,544**

Note 12

	2014	2013	2013 Adjusted
	LKR	LKR	LKR
Administration Charges			
Office Upkeep Maintenance	1,789,744	2,926,345	2,926,345
Directors Emoluments	265,500	287,000	287,000
Travaling & Subsistences	3,822,498	5,116,928	5,116,928
Printing & Stationery	6,982,617	2,940,123	2,940,123
Telephone	3,652,072	2,662,691	2,662,691
IPVPN Phone Charges	196,939	492,379	492,379
Postage,Telegrams,Internet & E-Mail	409,122	456,921	456,921
Newspapers & Peroidicals	210,782	233,618	233,618
Transport	3,173,471	1,927,230	1,927,230

Entertainments	1,871,015	961,116	961,116
Advertising, Publicity & Exhibition	4,433,694	1,463,458	1,463,458
Welfare & Medical Expenses	3,794,819	1,716,428	1,716,428
Fuel for Vehicles	18,966,967	14,935,721	14,935,721
Fuel for Heavy Machineries	1,075,273	528,848	528,848
Investigating Expenses	19,000	-	-
Legal Fees	1,154,660	1,943,406	1,943,406
Security Expenses	51,912	-	-
Donations	1,095,044	170,869	170,869
Consultancy Fees	80,000	-	-
Uniform For Employees	3,955,852	1,399,260	1,399,260
Professional Fees	30,517	230,046	230,046
Training Expenses	982,150	668,020	668,020
Foreign Travel	268,251	549,360	549,360
Survey Expenses	260,554	51,802	51,802
Workshop Expenses	175,270	34,781	34,781
Licence & Insurance			-
-Heavy Vehicles	1,217,363	1,170,350	1,170,350
-Light Vehicales	744,183	114,592	114,592
-Dredgers	952	425,315	425,315
- Sand	-	223,700	223,700
- Radio	124,207	3,571	3,571
-Cash	827,150	1,198,995	1,198,995
Opening Ceremony	2,325,868	18,025	18,025
Workmen Compensation	-	104,085	104,085
Vehicls Hiring Charges	3,318,556	606,531	606,531
Miscellaneous	440,766	214,365	214,365
Prvision For Gratuity	22,850,563	27,234,547	27,234,547
Depreciation	166,922,217	173,225,325	173,225,325
Bad - Debtors	1,626,567	1,683,023	1,683,023
Translation Fees	132,043	-	-
Audit Fees	500,000	-	-
Kitchen Utencil	5,955	4,500	4,500
Project Salaries (CCD,NAQDA)	-	602,640	602,640
Sundry Expenses	104,474	44,721	44,721
Sahanasala Expenses	-	2,336	2,336
Whale Watching Expenses	11,532	294,745	294,745
Assets Revaluation Expenses	477,370	-	-
	260,347,488	**248,867,716**	**248,867,716**

Note 13

	2014	2013	2013 Adjusted
	LKR	LKR	LKR
Repair & Maintenance			
Building			
Office Building	1,684,916	359,185	359,185
Water Supply System	25,739	45,060	45,060
	1,710,655	**404,245**	**404,245**
Moter Vehicle			
Motor Vehicles	10,937,635	6,983,041	6,983,041
Tractors	80,900	13,180	13,180
	11,018,535	**6,996,221**	**6,996,221**

Equipments			
Office Equipments	1,508,513	1,145,884	1,145,884
Electricals Equipments	267,335	195,208	195,208
R & M Tools & Equipment	11,478	156,187	156,187
R & M Fuel Dispen Unit	150,299	-	-
	1,937,625	**1,497,279**	**1,497,279**
Dredgers & Boats			
Dredger - Ruhunuputha	3,773,198	2,219,360	2,219,360
Dredger - Weligowwa	1,957,752	59,000	59,000
Dredger - Slapura Kinduri	3,937,216	386,447	386,447
Dredger - Nildiyawara	562,400	929,525	929,525
Dresger - Sauri	299,461		-
Dredging Expenses	9,582,092	13,387,395	13,387,395
Fuel for Dregers	11,540,321	3,433,443	3,433,443
R&M Boats	-	8,300	8,300
	31,652,441	**20,423,470**	**20,423,470**
Machinery			
Crane	135,324	96,294	96,294
Wheel Loader	101,073	199,580	199,580
Prime Mover	393,125	301,309	301,309
Dump Truck	2,400	16,900	16,900
	631,922	**614,083**	**614,083**
	46,951,177	**29,935,298**	**29,935,298**

Note 14

	2014	**2013**	**2013 Adjusted**
	LKR	**LKR**	**LKR**
Financial Charges			
Bank Charges	813,069	349,330	349,330
Bank Commission	961,541	917,622	917,622
Interest Expenses	6,485,293	7,808,262	7,808,262
Irrcoverable Tax	649,814	748,264	748,264
Debit Tax	-	27,622	27,622
Other Taxes (NBT , ESC)	15,030	3,628,437	3,628,437
Exchange Loss	-	28,312	28,312
	8,924,747	**13,507,848**	**13,507,848**

11. Audit and Management Committee Meeting

Members of Audit and Management Committee Meeting- 2014

01. Mr.H.P.Somathilaka	Director Treasury Representative
02. Mr. K.D. Nandasena	Director - CFHC
03. Mr. K.K. Jayakodi	Superintendent of Audit
	- Auditor General Department
04. Mr .G . G. P. Abeysekara	General Manager CFHC
05. Mr . G.M.K.Bandara	Finance Consultant - CFHC
06. Mrs. Samanthi Perera	Finance Manager - CFHC
07. Mr.H.M.A.C. Bandara	Audit Officer- CFHC

Number of Audit & Management Committee Meeting held in year 2014

05^{th}	March	2014
02^{nd}	April	2014
17^{th}	May	2014
18^{th}	July	2014
15^{th}	Aug	2014
30^{th}	Sep	2014
30^{th}	October	2014
09^{th}	December	2014

Audit and Management Committee Report

The Audit and Management committee consists of Director Board members who are selected in accordance with the Section 7.41 of the Public Enterprises Guidelines for Good Governance. The Chairman of the Audit and Management Committee is the Director representing the General Treasury. A representative from the Auditor General also takes part in Audit and Management Committee meeting which is convened by the Internal Auditor of the Institute. The General Manager and the Finance Manager of the Institute participate as Committee Members. Section Heads of the Corporation are asked to be participated in Audit and Management Committee meetings, as it may require, for the obtaining of clarifications, information for corrective measures and creating awareness.

Key roles and responsibilities of the Audit and Management Committee

1. Review of internal audit activities and responsibilities
2. Evaluation of the controlling systems for financial and non- financial activities and submit recommendations to improve them.
3. Review the submission of preliminary internal reports including the budget and annual reports .
4. Review of annual financial statements for compliance with accounting standards.
5. Interactions with the Internal auditors and External auditors
6. Create awareness on requirements of compliance with Treasury Circulars and other directives.
7. Review compliance with statutory and other rules and regulations
8. Review the annual Procurement Plan, Action Plan and Corporate Plan.

Performance of the Audit and Management Committee in 2014

Proposals and recommendations were made for cost-effectiveness and waste elimination by evaluating and correcting the internal controlling systems to the effect that efficiency and productivity of the Institute could be enhanced. Also, risk areas pointed out in the Internal and External audit reports were reviewed, reasons for their occurrence were examined and recommendations were made regarding the measures to be applied in preventing and minimizing their reoccurrence.

Further, the Director Board was briefed about these matters and assistance was given to the management in this regard. Likewise, the Director Board was recommended of the measures to be taken over the Auditor General's Report submitted by the Accounts Section for the year ended on 31^{st} December 2014.

I would like to thank and appreciated the Chairman, Managing Director, Director Board, General Manager and the entire staff for the cooperation rendered in conducting the Audit and Management Committee-2014.

Chairman,

Audit and Management Committee .

10. Auditor-General's Report

විගණකාධිපති දෙපාර්තමේන්තුව
கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT

මගේ අංකය / எனது இல. / My No. } එෆ්එල්එස්/ඒ/සීඑෆ්එච්සී/ 1/14/61

ඔබේ අංකය / உமது இல. / Your No. }

දිනය / திகதி / Date } 2016 දෙසැම්බර් 21 දින

Ceylon Fishery Harbor
RECEIV.
06 JAN 2017
Signature
Chairman's Office

සභාපති,

ලංකා ධීවර වරාය නීතිගත සංස්ථාව.

ලංකා ධීවර වරාය නීතිගත සංස්ථාවේ 2014 දෙසැම්බර් 31 දිනෙන් අවසන් වර්ෂය සඳහා වූ මූල්‍ය ප්‍රකාශන පිළිබඳව 1971 අංක 38 දරන මුදල් පනතේ 14(2)(සී) වගන්තිය ප්‍රකාර විගණකාධිපති වාර්තාව

මාගේ සමාංක හා 2016 සැප්තැම්බර් 30 දිනැති ලිපියට යොමුවේ.

02. ඉහත සඳහන් ලිපිය සමඟ එවන ලද මාගේ වාර්තාවේ ඉංග්‍රීසි හා දෙමළ අනුවාද මේ සමඟ එවා ඇත.

ඒ.එම්.ඩී.නයනකාන්ත

අතිරේක විගණකාධිපති

විගණකාධිපති වෙනුවට.

පිටපත් : 1. ලේකම් - ධීවර හා ජලජ සම්පත් සංවර්ධන අමාත්‍යාංශය

2. ලේකම් - මුදල් අමාත්‍යාංශය

අංක 306/72, පොල්දුව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව, .- இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை, இலங்கை.- No. 306/72, Polduwa Road, Battaramulla, Sri Lanka
+94-11-2887028-34 +94-11-2887223 oaggov@sltnet.lk www.auditorgeneral.gov.lk

විගණකාධිපති දෙපාර්තමේන්තුව
கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT

මගේ අංකය / எனது இல. / My No. FLS/A/CFHC/1/14/61 ඔබේ අංකය / உமது இல. / Your No. දිනය / திகதி / Date 30 September 2016

The Chairman,

Ceylon Fisheries Harbours Corporation.

Report of the Auditor General on the Financial Statements of the Ceylon Fisheries Harbours Corporation for the year ended 31 December 2014 in terms of Section 14(2) (c) of the Finance Act, No. 38 of 1971.

The audit of financial statements of the Ceylon Fisheries Harbours Corporation for the year ended 31 December 2014 comprising the statement of financial position as at 31 December 2014 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13 (1) of the Finance Act, No. 38 of 1971 and Section 29 of the State Industrial Corporations Act, No.49 of 1957. My comments and observations which I consider should be published with the Annual Report of the Corporation in terms of Section 14 (2) (c) of the Finance Act appear in this report. A detailed report in terms of Section 13 (7) (a) of the Finance Act, will be issued to the Chairman of the Corporation in due course.

1.2 Management's Responsibility for the Financial Statements

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

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව, . - இல. 306/72, பொல்தூவ வீதி, பத்தரமுல்லை, இலங்கை.- No. 306/72, Polduwa Road, Battaramulla, Sri Lanka
+94-11-2887028-34 +94-11-2887223 oaggov@sltnet.lk www.auditorgeneral.gov.lk

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000-1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

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

1.4 Basis for Adverse Opinion

Had the matters described in paragraph 2.2 of this report been adjusted, many elements in the accompanying financial statements would have been materially affected.

2. Financial Statements

2.1 Adverse Opinion

In my opinion, because of the significance of the matters described in paragraph 2.2 of this report, the financial statements do not give a true and fair view of the financial position of the Ceylon Fisheries Harbours Corporation as at 31 December 2014 and its financial performance for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements.

2.2.1 Sri Lanka Public Sector Accounting Standards

Instances of non-compliances with the following Sri Lanka Public Sector Accounting Standards, were observed in audit.

(a) Sri Lanka Public Sector Accounting Standard 01

Assets and liabilities should not be set off against each other. However, bank overdrafts totalling Rs. 42,968,894 with respect to 12 bank accounts by the end of the year under review, had been shown by setting off against the current assets instead of being shown under current liabilities.

(b) Sri Lanka Public Sector Accounting Standard 02

The following observations are made.

(i) Adjustments should be made in the cash flow statement only for the transactions carried out in cash, whereas no adjustments should be made in the nominal notes. However, reserves valued at Rs. 819,431,527, and the amortization on Capital assets valued at Rs. 58,638,240, had been adjusted under investment activities of the cash flow statement.

(ii) Income not generated from the operating activities should be shown under the relevant activities after being removed therefrom. However, it had not been so done in connection with the loan interest income of the year under review amounting to Rs. 341,081.

(iii) In preparing the cash flow statement, cash receipt of Rs. 5,977,500 from the disposal of the fixed assets during the year, the profit on disposal of assets amounting to Rs. 2,778,629, and the loss of Rs. 826,554, had not been taken into consideration. Additions of Rs. 30,182,688 to fixed assets had been adjusted as Rs. 853,416,012 in the cash flow statement. As such, the balancing of the cash flow statement was questionable in audit.

(c) Sri Lanka Public Sector Accounting Standard 07

Depreciation of an assets begins when it's available for use. Contrary to that, assets had been fully depreciated for the year of purchase, and no depreciation had been made for the year of disposal. Furthermore, depreciation had been made on the purchased price of the overall assets, instead of depreciating each asset by separately identifying them.

(d) Sri Lanka Public Sector Accounting Standard 08

The following observations are made.

(i) Provisions had not been made in the financial statements for a compensation of Rs. 981,115 payable by the Corporation following an unfavourable verdict returned in connection with a case filed by a private institution against the Corporation.

(ii) Contingent liabilities totalling Rs. 3,049,500 in respect of 03 cases filed by various parties against the Ceylon Fisheries Harbours Corporation had not been disclosed in the financial statements.

2.2.2 Accounting Policies

The following observations are made.

(a) In case that the accounting policy being used for the preparation of financial statements does not cover a specific accounting methodology, an accounting policy of best practice should be prepared and followed. However, the Corporation had not done so in respect of accounting for the Government grants.

(b) When the fair value of the assets significantly differs, those assets should be revalued once in 3 or 5 years. However, the Corporation had not revalued assets after the year 2007.

(c) The accounting policy relating to the provisions for doubtful debts, had not been disclosed in the financial statements, and a sum of Rs. 7,697,129 had been provided for doubtful debts in the year under review.

(d) The rate used for depreciating other assets had been used for depreciating computers without evaluating the useful lifetime.

2.2.3 Accounting Deficiencies

The following observations are made.

(a) Of a sum totalling Rs. 8,800,000 received from the contractor, a sum of Rs.3,800,000 had been accounted as income of the year under review without demolishing the fish processing center in Kudawella Fisheries Harbour by acquiring the goods therein.

(b) As assets valued at Rs. 824,485,700 that had been received as grants, had not been depreciated, the depreciation for the year under review had been understated by a sum of Rs. 14,458,095.

(c) As a sum of Rs. 8,319,730 payable for the construction of the Slipway in Codbay Harbour had not been accounted, fixed assets and expenses payable had been understated by that amount.

(d) The shortage in the stocks of fuel at the Puranawella Fisheries Harbour had not been accounted. A sum of Rs. 574,739 recovered in that connection during the year under review, had been deducted from the debtors instead of being deducted from the stock.

2.2.4 Unexplained Differences

A difference of Rs. 471,108 was observed in comparing the accumulated depreciation and the depreciation of the year under review shown in the financial statements with the relevant schedules.

2.2.5 Lack of Evidence for Audit

The evidence shown against the following items, had not been made available to audit

Item	Value Rs.	Evidence not Made Available for Audit
Fixed Assets	4,473,127,854	Detailed Schedules
Fuel Debtors	54,814,826	Detailed Schedules, Balance Confirmations, and Age Analysis
Other Deposits	4,509,025	
Promp Preached Receipts	2,215,769	Detailed Schedules
Deferred Liabilities	1,653,400	
Balances to be Written Off	81,769,596	
Value Added Tax	73,798,069	
Bank Security Deposits	2,843,310	

2.3 Accounts Receivable and Payable

The following observations are made.

(a) The payment of Rs. 38,972,543 made in advance as at the end of the year under review for purchases, included balances amounting to Rs. 15,593,826, Rs. 9,048,319, and Rs. 12,741,341 older than 10 years, older than 05 years and between 01-05 years respectively.

(b) Action had not been taken even in the year under review to recover a sum of Rs. 10,434,783 older than 10 years , overpaid to the Department of Inland Revenue, and a sum of Rs. 2,150,000 older than 01 year , receivable from the Ministries and other contractors.

(c) Action had not been taken even in the year under review to settle unidentified account balances and advances totalling Rs. 81,769,596 that had been brought forward over a period of 05 years, and creditors and deposit balances totalling Rs. 93,901,599.

(d) Action had not been taken even in the year under review to settle advances amounting to Rs. 15,879,986 that had been granted to harbours and brought forward over a period of 03 years, and a sum of Rs. 10,512,971 payable as Economic Service Charges.

(e) Anchorage charges of Rs. 5,675,373 receivable for the period from the year 2009 to July 2011 from a vessel anchored in the Modara Fisheries Harbour, had not been recovered.

2.4 Non-compliances with Laws, Rules, Regulations, and Management Decisions

Non-compliances with the following Laws, Rules, Regulations and Management Decisions were observed.

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka	
(i) Financial Regulation 137(5)	Without acknowledging the receipt, a sum of Rs.1,090,000 had been paid to a private Institution for 2,000 diaries.
(ii) Financial Regulation 187	Daily income amounting to Rs. 704,539 had been utilized for day-to-day expenses without being banked.
(iii) Financial Regulation 396(d)	Action had not been taken in terms of Financial Regulations on 49 cheques valued at Rs. 996,450 and older than 06 months that had not been presented for payment despite being issued with respect to 05 bank accounts.
(iv) Financial Regulation 757(2)	Board of Survey reports relating to the year under review had not been presented to audit.
(b) Treasury Circulars	
(i) Circular, No. 842 dated 19 December 1978	A Register had not been maintained in an updated manner in respect of fixed assets totalling Rs.5,161 million.

(ii)	Circular, No. IAI/2002/02 dated 28 November 2002	Even though a Register of Fixed Assets should have been maintained in respect of computers and accessories, a Register had not been maintained for computers valued at Rs. 50 million.
(c)	Public Administration Circulars,	
(i)	Circular, No. 06/97 dated 03 February 1997	The acting allowance should be paid for a maximum period of 3 months. Contrary to that limit, acting allowances totalling Rs. 777,429 had been paid to 06 officers by the Corporation during the year under review.
(ii)	Circular, No. 28/2011 dated 12 December 2011.	The allowance of Rs. 15,000 that the officers of the Engineering Service are entitled to, had been paid to 07 officers of the Corporation without approval thus incurring a sum totalling Rs. 1,155,000 in the year under review.
(d)	Public Finance Circular, No. (353) 5 dated 31 August 2004	Eight vehicles had been obtained on hire basis in the year under review by paying a sum of Rs.380,000 in excess of the maximum monthly limit.
(e)	Management Services Circular, No. 28 dated 10 April 2006	Recruitments being made on permanent, temporary, casual, substitute, or contract basis should be suspended. Nevertheless, recruitments had been made for the posts of Legal Advisor, Deputy General Manager, and Financial Advisor. A sum of Rs. 600,000 for the Deputy General Manager since January 2014 at Rs. 50,000 per

	month, a sum of Rs. 180,000 for the Financial Advisor since November 2014 at Rs. 90,000 per month, a sum of Rs. 300,000 for the Legal Advisor since July 2014 at Rs. 60,000 per month had been paid
(f) Section 2.14.1 of the Procurement Guidelines 2006	An air conditioner valued at Rs. 122,399 had been procured for the Sandagalapiysa Bungalow in Kirinda Fisheries Harbour without calling for quotations at least from 03 suppliers.
(g) Public Enterprises Circular, No. 58(2) dated 15 September 2011	Allowances totalling Rs. 270,000 had been paid to the Managing Director at Rs. 30,000 per month from April to December 2014 in addition to the monthly allowance of Rs. 40,000 being paid monthly.

2.5 Transactions not Supported by Adequate Authority

Including the payment of Rs. 2,093,160 made to a private Institution for the supply of stages and other items in connection with the inauguration ceremony for the launch of a new fishing vessel, a sum of Rs. 3,769,509 had been incurred deviating from the Procurement Procedure and without the approval of the Board of Directors.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the financial result of the Corporation for the year under review had been a deficit of Rs.136, 861,294 as compared with the corresponding deficit of Rs.41, 511,370 for the preceding year, thus indicating a deterioration of Rs.95, 349,924 in the financial result for the year under review. The decrease in the operating income by Rs. 250,495,530 despite the increase in the recurrent grants by Rs. 205,400,000, and increase in the personnel emoluments, and the repairs and maintenances expenditure by Rs. 26,864,261, and Rs. 17,015,879 respectively, had mainly attributed to this deterioration.

4. Operating Review

4.1 Performance

The following observations are made.

(a) Of the 21 Fisheries Harbours functioned under the Corporation, 14 harbours had sustained operating losses during the year under review. The following observations are made on the profitability of each harbour relating to the year under review and the preceding years.

(i) Ten out of the 14 harbours that had sustained losses during the year under review, had sustained losses in the preceding year as well, and the total loss sustained in the year under review amounted to Rs.97,234,283. The loss sustained by the 05 harbours in Tangalle, Dodanduwa, Hikkaduwa, Kalpitiya, and Hambanthota had been increasing during the preceding 05 years. Furthermore, the 03 harbours in Chilaw, Valachchena, and Nilwalla had continuously sustained losses over 03 years.

(ii) The operating profits of the 04 harbours in Beruwala, Galle, Mirissa, and Modara, had decreased in the year under review as compared with the preceding year.

(iii) The management had not drawn its attention to identify the remedies by reviewing the reasons causing the losses for the harbours thereby rectifying them to make the harbours profitable, and to increase the profits of the harbours of which the profits had decreased.

(b) As the Modara Fisheries Harbour that had generated about 73 per cent of the overall operating profits of the harbours in the preceding year, had been improperly leased out with effect from 30 October 2014 at a monthly lease rent of Rs. 125,000, the profit deprived of in the year under review amounted to Rs. 7.6 million as compared with the preceding year.

4.2 Management Inefficiencies

The following observations are made.

(a) Contrary to the provisions of the Government Procurement Guidelines -2006, a supplier had been selected for repairing the main engine of a Caterpillar belonging to the Corporation at an agreed value of Rs. 5,911,995, and an advance of Rs. 1,055,713 had been paid by the end of the year under review.

(b) For the installation of 06 oil tanks in the year 2007, a private institution had been paid a sum of Rs. 3,000,000 as a 60 per cent advance without entering into an agreement thereby overriding the procurement guidelines. The management had not taken action either to get the particular activity executed, or recover the loss.

(c) Without obtaining a valuation report from the Government Valuer, and without entering into an agreement, a part of the properties belonging to the Panadura Fisheries Harbour, had been leased out to a private institution at a monthly lease rental of Rs. 150,000.

(d) A female employee appointed by the Corporation to the post of Office Assistant on temporary basis with effect from 08 May 1996, had been warned in writing in 06 instances due to failure in executing duties properly. However, she had improperly been promoted to the post of Clerk- Class 1 despite being underqualified.

Although it was informed by the letter No. 1/5/1/1/8 Min (ii) dated 15 August 2011 of the Additional Secretary to the Ministry of Fisheries and Aquatic Resource Development that the said appointment had contradicted the laws and rules, and hence, she should be appointed to another post suitable for her educational qualifications. Nevertheless, the Corporation had not implemented that directive so far.

(e) Although a sum of Rs. 982,150 had been paid by the Corporation during the year under review in connection with the external courses followed by the officers, transparency was not observed with respect to the procedure through which, officers had been selected for those courses. It was not observed in audit as to whether the suitability of those courses for official requirements had been taken into consideration.

(f) Although the limit of overdraft approved by the Department of Public Enterprises was Rs. 25 million, overdrafts up to Rs. 27 million in excess of the said limit had been obtained from a bank account.

(g) Twenty two and 21 audit queries referred to the Chairman of the Corporation for the accounting years 2013 and 2014 respectively, had not been replied even up to 16 February 2016. The computable value of the transactions relating to those queries amounted to Rs. 222,271,550.

(h) The comparison of the stock of fuel that should be available according to the books as at 31 December of the year under review, with the physically available stock, revealed a shortage of fuel valued at Rs. 5,584,489. The management had not taken action to identify the parties responsible thereby recovering the loss.

4.3 Operating Inefficiencies

The following observations are made.

(a) The operations of the Chilaw Fisheries Harbour that had been handed over to the Corporation after being constructed at an expenditure of Rs. 224 million out of loan facilities provided by the Asian Development Bank and the Coastal Resources Management Project, had been commenced in the year 2009. However, it was observed in audit that the primary objectives expected from a fishery harbour had not been achieved so far. A loss of Rs. 5,951,350 had been sustained from the operations of the harbour as at 31 December 2014. Accordingly, it was observed that the payback of the foreign loans and the interest thereon had become a burden on the Government.

(b) The Technical Evaluation Committee had recommended on 24 November 2011 to award the contract for the dredging of sand accumulated in the fisheries harbours pertaining to the Corporation in Ambalangoda, Valachchena, Chilaw, Kirinda, Panadura, Hambanthota, and Hikkaduwa to 02 private institutions. However, the contract had been awarded to the same institution without approval on 13 December 2011, and 09 January 2012 for dredging sand at all of the harbours. As the performance and capacity of this institution had not been evaluated when awarding the contract, there had been delays in the dredging of sand by the relevant institution. The income receivable to the Corporation during that period had been deprived, and the following matters were further observed in that connection.

(i) The Corporation had sold the dredged sand to the said private institution, and a sum of Rs. 335,000 had remained receivable from that institution to the Corporation in that connection. However, the said sum had not been received by the Corporation even up to 17 July 2015, the date of audit.

(ii) Furthermore, an advance of Rs. 20 million had been paid to the said private institution on 01 August 2014 following a request made by the institution. No approval had been obtained from the Board of Directors in that connection.

(iii) Even though the Corporation had owned 03 Cutter Suction Dredgers valued at Rs. 374,000,000, and 02 Grab Hopper Dredgers valued at Rs. 1,069,535,760 that could have been used for dredging sand, it was observed in audit that public resources owned by the Corporation had been left idle by allowing a private institution to drege sand of 07 harbours.

(c) Without annulling the agreement entered into by the Corporation with a private institution on 01 August 2014 in connection with the sale and dredge of sand accumulated in the basin of harbour in Kirinda, another private institution had been assigned on 30 June 2015 to dredge and sell the sand of the same harbour. Pursuant to the condition number 02 of the agreement entered into with that institution on 15 June 2015, an advance of Rs. 200,000 should be paid by the institution to the Corporation prior to the commencement of the relevant project. However, the said amount had not been paid to the Corporation even up to the date of audit.

(d) Advances amounting to Rs. 1,000,000 had been paid in respect of the contract awarded to a private institution at a value of Rs. 1,848,000 for constructing the plaque for the ceremony held on the development of the coast of the lagoon in Negambo. According to the plan for the construction of the plaque, a fish should have been carved out of stone. However, it was revealed at the physical inspection carried out on 16 February 2014, that the fish had been made of cement.

4.4 Transactions of Contentious Nature

The following observations are made.

(a) The Corporation had purchased 06 fuel despensing unit from a private institution at a cost of Rs. 6,229,440. Instead of making the payment to the supplier after installing all 06 despensing units at the relevant fisheries harbours, payments had been made in installments based on the work completed at each stage. Due to this reason, it was observed in audit that the supplier had delayed the installation of fuel despensing. As there had been no recommendation that the fuel despen were suitable for use, those dispensing had become faulty even before a period of one year.

(b) The motor vehicle obtained on rent that had met with an accident in the year under review, had been recommended to be unusable, and the insurance company had offered an indemnity of Rs. 3,500,000. However, in paying the indemnity, it was questionable in audit that the leasing company had deducted a sum of Rs. 2,227,100 from the indemnity, instead of the sum of Rs.1,712,510 that remained payable by the Corporation to the leasing company at the time of the accident. Accordingly, the leasing company had recovered a sum of Rs. 514,589 in excess from the Corporation.

(c) Action had been taken to purchase 1,500 T Shirts, and 2,000 Caps at a cost of Rs. 1,225,000 for the Development of Negambo Lagoon Programme contrary to the Procurement procedure. Payments had been made to the relevant private institution without acknowledging the receipt of the stock of those items.

(d) The expenditure for the inauguration ceremony for the development of the lagoon coast with relevance to the Development of Negambo Lagoon Programme, had been estimated to be Rs. 13,270,000, and contrary to the Procurement procedure, a private institution had been paid a sum of Rs.5,000,000 as advances. Nevertheless, no evidence had been made available to audit to verify that the said ceremony had been held.

4.5 Idle and Underutilized Assets

The Jeep valued at Rs. 4,000,000 owned by the Ministry of Fisheries and Aquatic Resource Development had been vested with the Corporation on 19 December 2013, and the Corporation had incurred a sum of Rs. 652,189 for repairing the Jeep. However, it was observed that the Jeep had not been run since 17 April 2014.

4.6 Identified Losses

The following observations are made.

(a) The Corporation had obtained overdraft facilities contrary to Section 8.10 of the Public Enterprises Circular, No. PED/12 dated 02 June 2003. An overdraft interest of Rs. 6,485,293, and a fine of Rs. 31,966 had been paid in the year under review.

(b) Due to failure in remitting the contributions to the Employee Provident Fund on time, a surcharge of Rs. 8,357,906 had been paid by the Corporation in the year under review.

4.7 Personnel Administration

The following observations are made.

(a) Approval of the National Salaries and Cadre Commission had not been obtained for the scheme of recruitment, and 128 employees had been recruited in excess of the approved cadre.

(b) Even though there had been 07 officers in the Legal Division including 02 Legal Officers to whom salaries and allowances amounting to Rs. 3,005,880 had been paid annually, a sum of Rs. 1,154,660 had been paid to an external party for obtaining legal consultancy services.

4.8 Resources of the Corporation Released to Other Institutions

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In accordance with Sections 8.3.9, and 9.4 of the Circular, No. PED/12 dated 02 June 2003, the approval of the Cabinet of Ministers should be obtained in case of releasing the employees of the Corporation to the Line Ministry. Contrary to that, 17 officers and employees had been released to external institutions and a sum of Rs. 7,318,140 had been paid in the year under review as salaries and wages. Furthermore, the

Corporation is not authorized to incur expenses relevant to the Line Ministry or other Public institutions. However, sums of Rs. 440,395, and Rs. 600,000 had been paid for repairing the official residence of the Minister of Fisheries and Aquatic Resource Development, and purchasing 1000 T Shirts for the Ministry respectively.

5. Accountability and Good Governance

5.1 Corporate Plan

A Corporate Plan had not been prepared in terms of Section 5.1.2 of the Public Enterprises Circular, No. PED/12 dated 02 June 2003. According to the Corporate Plan of the Corporation, it had been expected to generate profits during the year 2011 to 2014. However, losses had been sustained during that period. In order to ascertain the fulfilment of the expected objectives in terms of Section 5.1.1 of the said Circular, it was observed that the Board of Directors and the top management had not established an effective system of control without delay.

5.2 Tabling of Annual Reports

Annual Reports for the years 2011, and 2012 had not been tabled in Parliament.

6. Systems and Controls

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

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கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
Auditor General's Department

(a) Budgetary Control

(b) Administration of Revenue

(c) Accounting

(d) Assets Management

(e) Personnel Management

(f) Procurement Procedure

H.M. Gamini Wijesinghe.
Auditor General