

Coconut Development Authority



Annual Report

2014

Coconut Development Authority

Vision

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

Mission

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

Introduction

The Coconut Development Authority is the major Statutory Institution established for the development of the entire Coconut Industry in terms of Section 24 which reads as “An Authority called as the Coconut Development Authority (Here in after mentioned as “the Authority”) shall be established” stipulated in the Part 111 of the Coconut Development Act No. 46 of 1971.

The duties of the Coconut Development Authority as per the Section 30 (1) of the Act have been indicated below.

- (a) Assisting the Minister in the determination of developmental priorities and the formulation of Policies in relation to the Lands which are currently under the Coconut Industry and the coconut cultivation and the economic utilization of lands for coconut cultivation.
- (b) Designing Projects and Schemes in conformity with the developmental priorities that have been determined so or assisting in the formulation of such Projects and Schemes.
- (c) The implementation of Projects and Schemes designed so or assisting in the implementation of such Projects and Schemes.
- (d) Coordination of the activities of the Boards which have been established by the Minister under the Act.
- (e) Approval of the Annual Budget of the Boards and provision of funds to the Boards.
- (f) Provision of instructions and assistance to the Boards for the preparation, implementation and maintenance of proper management accounting systems.

- (g) Evaluation of the progress of the Boards in relation to the developmental priorities and policies determined by the Minister.
- (h) Provision of financial or any other assistance to individuals or Personnel Boards (Incorporated or non-incorporated) who conduct scientific research on an aspect pertaining to the Coconut Industry or the products related to the Coconut industry or lands which are under the coconut cultivation and the utilization of lands for coconut cultivation and co-ordination of such research activities.
- (i) Subsequent to obtaining the consent of the Minister, entering into co-operations with the international Organizations having equal entitlements and equal duties to perform.
- (j) Provision of instructions to the Minister regarding all the matters that have an effect to the Coconut Industry or related to the Coconut Industry.
- (k) Taking any or all the steps which are deemed to be required for the development and regeneration of the Coconut Industry according to the opinion of the Authority.

The Powers of the Authority in terms of the Section 31 of the Act have been mentioned below.

31 (1) The Authority shall have powers to take immediate action for the performance of any action or all the actions that are deemed necessary or appropriate or incidental thereto in the accomplishment of the duties of the Authority.

(2) All the powers stipulated in Section 22 (2) shall be vested upon the Authority in the manner similar to vesting of such powers upon the Board without making a prejudice to the extension of the powers vested by Sub-section (1).

(3) One or several or any part of the specific powers stipulated in Section 23 may be vested upon The Authority in the manner similar to vesting of such powers upon the Board by an Order published in the Gazette by the Minister when the Minister is of the opinion that it is appropriate to do so.

Approximately, Rs.72 Billion has been earned as the foreign currency by Sri Lanka in the Year 2014 from the Coconut Industrial Sector and thereby, coconut and coconut based industries massively contribute to the Gross Domestic Product of the country annually.

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

The Chairman of the Authority functions as the Chief Executive Officer and the operation of the activities and functions of the Authority, monitoring and the implementation of the Policies and Programmes designed by the Board of Directors are performed by the Directors in charge of the Processing Development, Quality Control and Quality Assurance, Marketing Development and Research, Finance and Administration Divisions through the Director General of the Authority. The Approved Cadre of the Authority is 258 while the number of employees served in the Authority in the Year 2014 was 178 and 27 out of the total employees were officers in the Management category.

Review of the Chairman – 2014

The Coconut tree has inhabited the Sri Lankan soils over a very long period of time and at present, it covers an area of 394,836 hectares of the Country. 56% of the Coconut Plantation has propagated in the Districts of Kurunegala, Puttalam and Gampaha which belong to the Coconut triangle and a majority of Coconut and Coconut based Industries have also been established in the same area. Coconut has developed very close linkages with human beings when the socio – economic factors are taken into consideration and products that are obtained from the Coconut tree is utilized for various purposes. The Coconut yield in Sri Lanka is 2500 to 2900 million nuts and 65% of the Coconut yield is locally consumed as fresh Coconuts. Another 15% to 20% is used in the local Coconut Oil industry and the balance is utilized in the Coconut kernel based export Industry (Desiccated Coconut, Copra, Coconut milk, Coconut milk powder, Coconut Cream and exportation of Fresh Coconuts).

Approximately Rs.73 billion had been earned by Sri Lanka as foreign exchange earnings in the year 2013 and the annual contribution from the Coconut and Coconut based Industries to the Gross Domestic Product sums up to an approximate value of 1.1%. Likewise, it is evident that an immense number of direct and indirect employments have been generated through the Coconut and Coconut based industries.

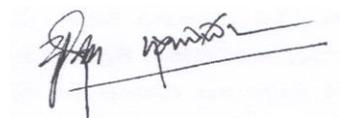
Coconut prioritizes the daily diet of the Sri Lankans and 15% of Calorie requirement, 5% of Protein requirement and 70% of Lipid requirement of the diet are satisfied by the intake of Coconuts. At present, 150 Coconut and Coconut based Products are manufactured locally and approximately 35 major products are annually exported to 125 Countries in the World.

The Ministry of Coconut Development and Janatha Estate Development was established by His Excellency the President as a separate Cabinet Ministry in the year 2010 for the advancement of the Coconut Cultivation and Coconut Industry and Hon. Jagath Pushpakumara, the Minister of Coconut Development and Janatha Estate Development functioned consistently for opening up new avenues for the improvement of the Coconut Industry through the new Ministry and the Coconut Development Authority was guided by the Minister in that respect.

The Coconut yield of Sri Lanka in the year 2014 was 2870 million nuts and amidst the prevalence of such a situation, the Coconut Industrial Sector achieved a splendid victory by approaching a remarkable increase in export earnings up to Rs.72.87 billion recording a significant growth of 52% in the year 2014 compared to that of in the year 2013 through the proper maintenance of the Coconut and Coconut based Industries.

An Island wide Programme has already been initiated by the Coconut Development Authority for utilizing the fresh Coconuts saved through the minimization of wastages taken place in the household consumption of Coconuts in the Coconut kernel based Industries including the Desiccated Coconut Industry and for systematic collection of waste Coconut shells and Coconut husks not being used at present and for utilizing them in the respective Industries. Likewise, necessary initiatives have already been taken to conduct the future exportation activities using brand names with the intention of safeguarding the identity of our products in exportation. With the implementation of such initiatives, Sri Lanka will be able to export high quality Coconut products for the foreign market and the Coconut Development Authority is consistently functioning with the objective of safeguarding the goodwill of Sri Lanka that exists in the foreign markets and to expand the market share of our Coconut products prevailing in the foreign markets. The Authority has also adopted the process of participating in foreign exhibitions and fairs and systematic undertaking foreign trade agreements in order to expand the accessibility to novel foreign markets through export diversification. The fundamental objective of the Authority is to double the income earned through the Coconut Industry within the next few years by exporting the Coconut and Coconut based products. I take this opportunity to thank Hon. Jagath Pushpakumara, the Minister of Coconut Development and Janatha Estate Development and Hon. Victor B. Anthony, the Deputy Minister and Mr. Nihal Somaweera, the Secretary to the Ministry who always guide me with the intention of accomplishing these Objectives and the Staff of the Ministry and the Industrialists engage in the manufacture of Coconut and Coconut based products and the Director General of the Coconut Development Authority, the Board of Directors including the Staff who assist me in various ways to accomplish the objectives.

Our ambition is to function with the objective of increasing the contribution of the Coconut Industry to the National Economy from among the other Plantation Industries in the ensuing years through the expansion of the Coconut and Coconut based Products locally and internationally by providing a highly formalized service to the Coconut Industrialists.



Aruna Gunawardene
Chairman
Coconut Development Authority

Review of the Director General – 2014

Coconut is consistently consumed within the life style of the rural community and it has become a real “Kapruka” among the rural people in Sri Lanka. Coconut which had been first consumed by the rural community of Sri Lanka is connected with the life styles of the entire Sri Lankan population today and it is not an exaggeration to mention that coconut has gradually become “Kapruka” (celestial tree in the heaven which gives everything desired) of the entire Sri Lankan Nation.

The Coconut tree has achieved a competitive and a specific position among Industrialists who are capable of earning an immense amount of foreign exchange and who are capable of manufacturing various products which possess a huge market value in addition to the household consumption of coconut. Actually, the rural community were the first to consume coconut and today it is widely consumed by many countries of the World.

The establishment of the institutions predominated by the Ministry of Coconut Development and Janatha Estate Development related to the Coconut Industrial Field throughout the Country had become an invaluable assistance to the coconut industrialists. “Kapruka Purawara 2011 - 2016”, National Coconut Development Plan was implemented according to a concept of Hon. Jagath Pushpakumara, the Minister of Coconut Development and Janatha Estate Development with the objective of further encouraging the coconut industrialists. The major objective of the Hon. Minister was to uplift the coconut industry as a strongly and systematically administered industry based on the Coconut Developmental Plan. A justifiable service has been rendered by the Coconut Development Authority by providing a full time cooperation in that regard.

Several specific activities such as the maintenance of ‘Kapruka Nimawum Piyasa’ under the “Kapruka Purawara” National Coconut Developmental Programme in the year 2014, identification and maintenance of novel centres for collecting waste Coconut shells and Coconut husks and the creation of employment opportunities through the implementation of training and developmental activities in regional level had been implemented and successful

results had already been achieved by the Coconut Development Authority under the guidance of Hon. Jagath Pushpakumara and the Secretary to the Ministry.

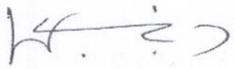
Likewise, technical training and the awareness programmes were conducted for local Industrialists who had the willingness to engage in the export industrial field of Coconut and Coconut based Products with the objective of assisting the systematic exportation of the products. The Coconut Development Authority had been provided with the opportunity of participating and sponsoring the participation of exporters in foreign trade exhibitions in the year 2014 too. Further, I would like to mention that a growth of about 208% in the exportation of king Coconuts had been reported during the year under review compared to that of in the year 2013 as a result of developing acquaintanceships with new buyers.

‘Kapruka Nipayum Diriya’ loan scheme which had been implemented in the previous year was also implemented successfully in the Year under review and the invaluable support extended by the Regional Development Bank in this regard is highly appreciated. Likewise, the Certification Programme of Good Manufacturing Processes (GMP) trod forward a highly successful step by appreciating the manufacturers and industries who manufacture high standard products for the country and providing the GMP certification approximately for thirty eight (38) industrialists with the intention of encouraging them. Another victory achieved by us was the establishment of an environment friendly coconut shell burner at the Pasikuda Tourist Park.

I would like to recollect with pleasure that we had been able to conquer the international market through successfully conducting the coconut auction through the internet using the modern technology as planned by the Coconut Development Authority in the Year 2013. Likely, a very large amount of foreign currency has been earned by Sri Lanka through the conduct of propaganda Programmes over the electronic media for creating awareness among the general public on the minimization of wastages of coconut that may take place in the household consumption and through the exportation of coconut water subsequent to preparing it as an energy drink by securely collecting the coconut water wasted in the household consumption of coconut.

Further, the methodology of calculating the extent of land under coconut and the number of coconut trees in Sri Lanka using the GIS technology as per the Cooperative Agreement entered in to by the Coconut Development Authority and the University of Colombo in this year is being operated very successfully. Likely, the activities required for obtaining the brand name, “Ceylon Coconut” with the objective of establishing the Sri Lankan Identity in the exportation of coconut related products have already been completed successfully.

I would like to remember with gratitude the guidance provided by Hon. Jagath Pushpakumara, the Minister of Coconut Development and Janatha Estate Development and the Secretary to the Ministry for the accomplishment of the functions of the Coconut Development Authority during this year as well as in the previous years. We firmly believe that we would be able to create a new renaissance in the Coconut Industry with the objective of uplifting the Local Coconut Industry in Sri Lanka for conquering the highly competitive Export Sector through the improvement of accessibility to foreign markets.



M.P.N.M. Wickremasinghe
Director General
Coconut Development Authority

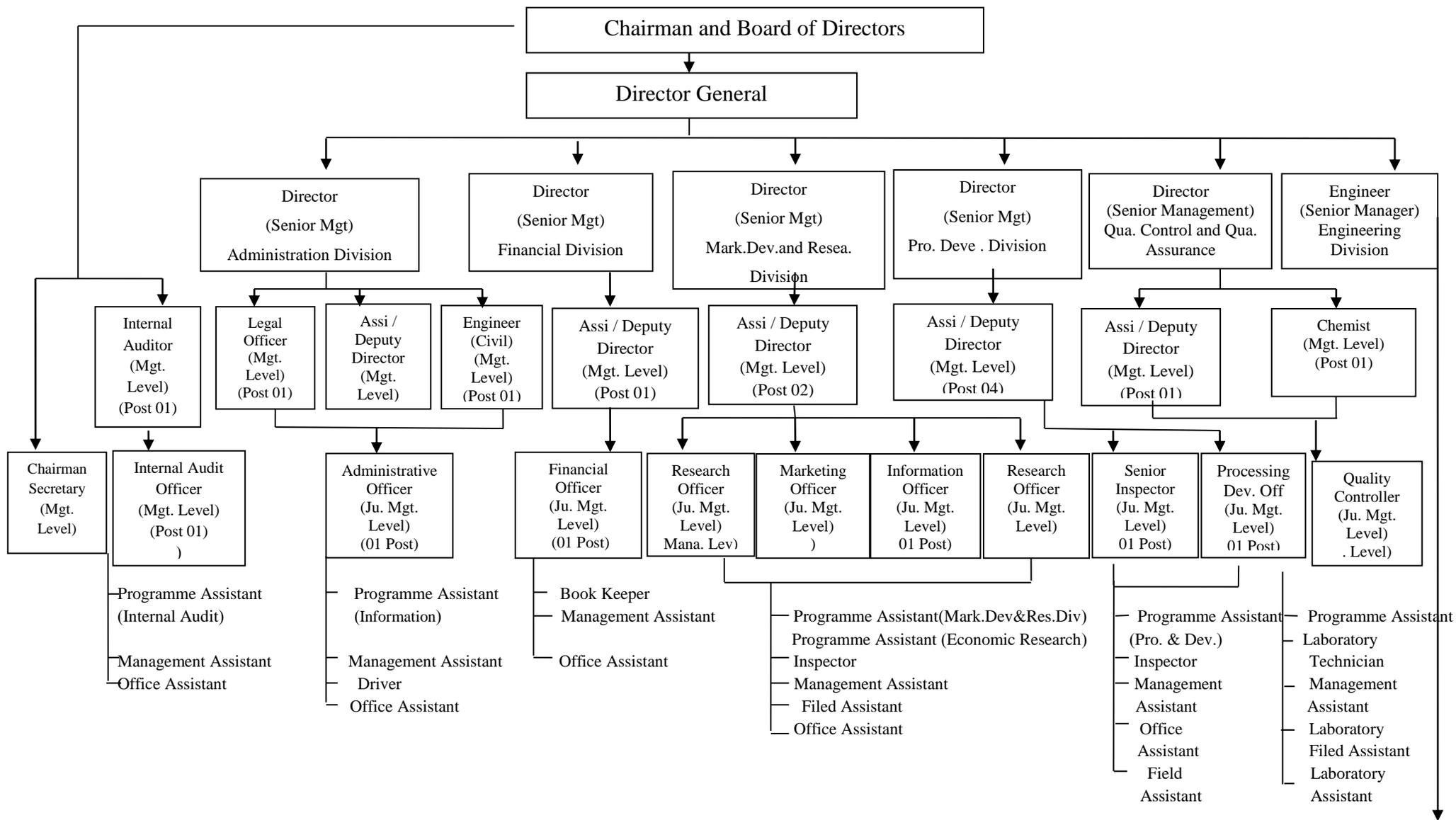
**Members of the Board of Directors from January to December
2014**

1. Mr. G.G. Dhananjaya Nandasiri
2. Miss. Dilrukshi Mahanama
3. Mr. K.N. Gunasekera
4. Mr. E.S.D. Dayarathne
5. Mr. N.S. Wanasinghe(Representative of the Ministry)
6. Mr. A.M. Lalith Jeewananda
7. Mrs. A.P.M. de Alwis
8. Mr. N. Udayanga
9. Mr. Alex Nishantha
10. Mr. R. Semasinghe (Representative of the General Treasury)
11. Mr.Upali Surendra Hettige (With effect from 18.02.2014)

The Chairman and the Heads of Divisions

1. Mr.Aruna Gunawardene - Chairman (Up to 09.12.2014)
Mr.D.M.L Bandaranayaka - Chairman - Acting (With effect from 15.12.2014)
2. Mr. M.P.N.M. Wickremasingha - Director General
3. Mr. A.T. Ranasinghe - Engineer
4. Mrs. S.S. Purasinghe - Directress (Quality Control and Quality Assurance)
5. Mr.A.S.Balasooriya - Director (Marketing Development and Research)
With effect from 14.11.2013
6. Mrs. S.S. Rajakaruna - Directress (Administration)
7. Mrs. M.P Sandya Kanthi - Directress (Finance)
8. Mr. R.J.A. Fonseka - Director - Processing Development (Up to
08.04.2014)
Mr. H.V.P. Wijewardene - Director - Processing Development (With Effect
From 08.05.2014)
9. Mr. W.M.T.S. Weerasooriya - Internal Auditor

The Organizational Chart as at 31.12.2014



Shortened Forms:

1. Senior. Mgt – Senior Management Level

2. Assi / Deputy Director – Assistant Director / Deputy Director

3. Mgt. Level – Management Level

4. Int. Audit Off - Internal Audit Officer

5. Admin Off – Administrative Officer

6. Econ. Rese. Off – Research Officer on Economics

7. Pro. Deve. Officer – Processing Development Officer

8. Qua. Control Off – Quality Controlling Officer

9. Ju. Mgt. Level – Junior Management Level

10. Mark. Dev & Rese. – Marketing Development and Research

11. Qua. Con & Qua Assu. – Quality Controlling and Assurance

Assurance

Contents

	Chapter No.
Processing Development Division	01
Quality Control and Quality Assurance Division	02
Marketing Development and Research Division	03
Administration Division	04
Finance Division	05
Audit & Managment Committee Report	06
Auditor General's Report	07

1. Processing Development Division

Provision of technical and financial assistance required for the registration and development/modernization of the Coconut based industries, issuance of quality certification for the exportation of coconut products, assisting in the development of coconut based industries in the areas extraneous to the coconut triangle as per the existing potential in such areas, introduction of environment friendly technological methodologies for processing value added products for export purposes and making arrangements to publicize such methodologies, introduction and publicizing of improved technological methodologies instead of traditional unsecured manufacturing methodologies, minimization of manufacturing cost through the introduction of appropriate technologies, provision of the technology and provisions required for the commencement of novel industries and the development of the existing industries through credit facilities offered by public banks, creating awareness among the industrialists to manufacture value added products in order to meet the market requirements and provision of facilities for such industrialists and introduction of quality certification methodologies for manufacturing coconut products with the maintenance of the standards to meet the requirements of the competitive export markets, provision of facilities to obtain data and information on the coconut products required by the industrialists, exporters and the stakeholders via the internet and providing contribution for the programmes such as “Deyata Kirula” and “Divi Neguma” are the major functions performed by the Processing Development Division.

The functions executed according to the Action Plan for the year 2014 have been mentioned below.

- 1.1 Registration and supervision of the Processing Units.
- 1.2 Issuance of microbiological and physical quality assurance certificates.
- 1.3 Assistance provided to maintain the established “Kapruka Nipayum Piyasa” Centres effectively and making arrangements to establish coconut related processing and displaying Centres at the Pasikuda Coconut Cultural Park.

- 1.4 Collection of Coconut Shells and coconut husks and using them in industries.
- 1.5 Introduction and implementation of environment friendly manufacturing methodology of Coconut shells.
- 1.6 Implementation of “Kapruka Nipayum Diriya subsidized bank loan scheme.
- 1.7 Execution of improved Technological Methodology for coir fibre mills.
- 1.8 Identification of areas where coconut related raw materials are abundantly found and provision of technical training and assistance required for the initiation of cottage industries.
- 1.9 Manufacturing quality products, updating the standards and modernization of manufacturing institutions for certification (HACCP, ISO 22000) for confronting the competition exerted by the international markets.
- 1.10 Provision of facilities for reimbursing the provisions of the Desiccated Coconut Mills Development Fund for the developmental activities.
- 1.11 Provision of contribution for national Programmes of ‘Deyata Kirula’ and ‘Divi Neguma’.

1.1 Registration and Supervision of the Processing Units

465 Manufacturing Factories of Desiccated Coconut, Partially Defatted Desiccated Coconut (PDDC), Coconut Oil, Copra, Virgin Coconut Oil, Coconut Milk, Coconut Cream, Coconut water related products, Coir Fibre and Finished Products related to Coir Fibre, Coconut Shell Charcoal, Active Carbon and Coconut Shell related Ornamental Handicrafts have been registered in the Authority for the year 2014.

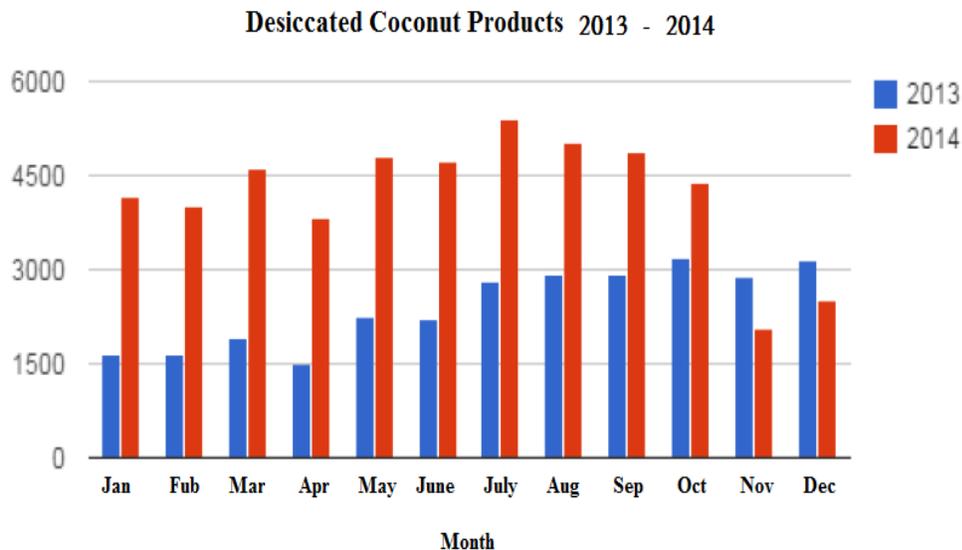
Product	No. Registered in the year 2013	No. registered in the year 2014
Desiccated Coconut	45	47
Partially Defatted Desiccated Coconut	8	1
Coconut Oil	49	72
Copra	21	14
Virgin Coconut Oil	3	29
Coconut Milk/Coconut Cream	9	10
Coconut Water/ Coconut juice related Products	2	3
Coir Fibre Products	117	170
Coir Fibre based Finished Products	48	78
Coconut Shell Charcoal	2	26
Active Carbon	7	5
Coconut shell based Ornamental Handicrafts	2	10
Total	313	465

Table No. 1- Manufacturing Institutions registered in the years 2013 and 2014.

50,367.212 Metric tons of Desiccated Coconuts were produced in the year and 47 Desiccated Coconut Mills had been utilized for the production of the amount of Desiccated coconut. Specimens were obtained from the products and they were submitted to the Processing Development Division for conducting Microbiological and Physical quality analysis and the factories were also supervised by the Division.

Production of Desiccated Coconuts (Metric Tons) – 2013 and 2014

When considering the desiccated coconut production in the years 2013 and 2014, a higher progress of 172% has been achieved in the manufacture of desiccate Coconuts in the year 2014, when compared to the production in the year 2013.



Number of field visits pertaining to the registration, supervision and following up activities related to the Factories manufacturing Desiccated Coconut, Coconut Oil, Copra, Virgin Coconut Oil, Coconut Milk, Coconut Cream, Coconut water related products, Coir Fibre and Coir Fibre related Finished Products, coconut shell charcoal, active carbon and Coconut Shell related Ornamental Handicrafts and tests and frequency of collecting specimens and inspection tours in relation to the provision of bank credit facilities made during the year 2013 were 14247. 86 Field visits had been conducted for investigating the Shippers' Store-rooms and ware-houses for issuing the Microbiological and Physico quality assurance certification for Desiccated Coconut Products stored in such places. Re-sampling was conducted for Desiccated Coconut bags and the samples were sent to the Laboratory for analysis.

1.2 Issuing the Microbiological and Physical Quality Assurance Certificates.

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

The Quality Assurance Certificates are issued on the results released subsequent to testing the samples collected from the daily production of the Desiccated Coconut factories by the Inspectors of the Authority.

10,685 daily samples/specimens and Microbiological, Physical and special specimens had been collected from 50,367.212 Metric Tons of Desiccated Coconuts manufactured in the year under review. 1,588 Quality Assurance Certificates had been issued for 50,367.212Kg of Desiccated Coconuts.

Serial No.	Months	Issuing Certificates in the year 2013(Salmonella, Physical, Aflatoxins and Sulphur Dioxide)	Issuing Certificates in the year 2014(Salmonella, Physical, Aflatoxins and Sulphur Dioxide)
01	January	65	108
02	February	68	81
03	March	80	88
04	April	66	83
05	May	84	67
06	June	65	94
07	July	83	208
08	August	96	170
09	September	96	157
10	October	126	228
11	November	108	142
12	December	91	162
	Total	1028	1588

Table No. 2 – No. of Certificates issued in the year 2014.

- **Issuing Analytical Certificates / Reports**

As per the requests made by the buyers, Certificates / Reports were issued based on the results obtained from the laboratory analysis of Partially Defatted Desiccated Coconuts (PDDC), Special specimens of Desiccated Coconuts, Coconut Oil, Copra, Virgin Coconut Oil, Coconut Milk, Poonac, products related Coir Fibre and Coir Fibre Pith, Water, Heavy Metals, Tests for Total bacterial Count in Desiccated Coconuts. 984 of Analytical Certificates / Reports were issued in the year. A detailed report has been given below.

Serial No.	Items Tested	No. of Analytical Certificates/Reports issued in the Year 2013	No. of Analytical Certificates/Reports issued in the Year 2014
1	Partially Defatted Desiccated Coconuts	62	88
2	Special specimens of Desiccated Coconuts	36	112
3	Coconut Oil	51	54
4	Copra	-	4
5	Virgin Coconut Oil	61	26
6	Coconut Milk	9	8
7	Poonac	4	4
8	Products based on Coir Fibre and Coir Fibre Pith	160	145
9	Curry Coconut	-	1
10	Waste Water	-	16
11	Drinking Water	-	5
12	Heavy Metals	75	97
13	Total bacterial Counts for Desiccated Coconuts	264	424
14	Products Based on Coconut Shells	1	-
	Total	723	984

Table No. 3 – No. of analytical certificates issued in the year 2014

1.3 (a) Assistance Provided for the Effective Maintenance of the “Kapruka Nipayum Piyasa” which had been Established.

Employment opportunities will be provided at the Manufacturing Centres established subsequent to the identification of areas where raw materials are found abundantly to the unemployed persons in the area through the use of raw materials such as Coconut based materials which have an economic value and which are removed as waste materials from the household consumption. Value added products are being manufactured in these Centres for export purposes and the production contributes for the increase of the gross domestic income. The information regarding the development of the Manufacturing Centres in the Year 2015 have been mentioned below.

Manufacturing Centre	No. of Employees		Products in the Year 2013		Products in the Year 2014	
	2013	2014				
Kuligedara	12	14	Thavashi 156,700	Brushes	Thavashi 187,502	Brushes
Waharaggoda	10	05	Thavashi 77,761	Brushes	Thavashi 93,066	Brushes
Mawathalanda	22	12	Thavashi 153,900	Brushes	Thavashi 394,480	Brushes
Nelliya	90-105	169	Thavashi 541,944	Brushes	Thavashi 573,564	Brushes
Pattiya welagoda	11	10	Rubber mixed flower 413,550	Coir vases	Thavashi 495,953	Brushes
Nagahamada	07	-	Thavashi 8,000	Brushes	Manufacturing Activities are not being conducted	

Table No.4 - Information on the production at the Manufacturing Centres

(b) Making Arrangements to establish a Coconut based Processing and Exhibition Centres at the Pasikuda Coconut Cultural Park.

The Ministry has decided to establish a coconut cultural Centre at a coconut park owned by the Coconut Cultivation Board in Pasikuda area which is a place of tourist attraction. Accordingly, four stalls (cabanas) were prepared to be appropriate for the presentation of coconut based products to be displayed when they are processed and marketed as the role of the Coconut development Authority. Production of ornamental handicrafts based on coconut shells, Manufacture of coir Yarn, production of Door Mats and the preparation of brooms and ekel brooms. In addition, twelve (12) have been serving in the Centres and the administration of the staff has been assigned to the Coconut Cultivation Board.

1.4 Collection of Coconut Shells and Coir Husks and using them in Industries.

Cottage/ Self employments are generated through conduct of industries based on the collection/marketing of coconut shells and coconut husks with the objective of using them in the industry by identification of the Coconut based raw materials which are wasted without being utilized.

Accordingly, 1,765,316 Kg of Coconut shells had been collected from 41 Collecting Centres of Coconut shells and 549, 100 Kg of Coconuthusks had been collected from 10 Collecting Centres of Coconut husks.

1.5 Introduction and Implementation of Methodologies for Manufacturing Environment Friendly Coconut Shell Charcoal.

Raw materials required for the manufacture of active Carbon for which a higher demand is existing in the international markets through the direction of industrialists for the production of coconut shell charcoal. The Authority has focused its attention in this regard and has introduced methodologies of manufacturing environment friendly coconut shell charcoal and the methodologies are being successfully implemented at present and 35 industrialists are currently engaged in manufacturing activities. Eight (08) industrialists have completed 80% of the relevant methodology and six (06) industrialists have exceeded 50% of the relevant methodology. The Authority has performed the following activities in order to accomplish the current situation.

1. Conducting Awareness Programmes in District Level for industrialists on the relevant methodology.

Monaragala	- 16 Industrialists	Kuliyapitiya	- 32 Industrialists
Colombo	- 14 Industrialists	Ratnapura	- 26Industrialists
Kalutara	- 32 Industrialists	Matale	- 25 Industrialists
Gampaha	- 29 Industrialists	Ampara	- 23Industrialists
Matara	- 37 Industrialists	Anuradhapura	- 34 Industrialists
Kegalle	- 21 Industrialists	Embilipitiya	- 19 Industrialists
Galle	- 28 Industrialists	Jaffna	- 30 Industrialists
Hambantota	- 28 Industrialists		

2. Distribution of 500 each of Propaganda Banners and Poly sack Bags among 13 representatives representing the 13 Divisional Secretary's Divisions in the Colombo District.
3. Distribution of 3500 Poly sack Bags among the residents in Kaduwela Area for the collection of coconut shells.

1.6 Implementation of 'Kapruka Nipayum Diriya' subsidized Bank Loan Scheme.

The programme of granting Bank Credit facilities implemented in coordination with the Coconut Development Authority and the People's Bank has been further implemented with the objective of developing/modernizing Coconut and Coconut based Industries and initiating Coconut and Coconut based novel industries .

Accordingly,

1. No. Of Bank Credit Applications received by the Authority - 111
2. No. Of Bank Credit Applications directed to the People's Bank - 76
3. Amount of Credit granted by the People's Bank - 61 (Total amount of Credit – Rs. 44.725 Million)
4. No. Of Industrialists to whom the interest has been provided by the Authority. - 88 (Total Amount – Rs. 6.388)

In addition, arrangements have been made to implement credit proposals by Regional Development Banks and 126 credit applications had been received subsequent to the conduct of awareness meetings.

1.7 Implementation of Improved Technological Methodologies for Coir Mills.

Twenty five (25) Programmes were conducted in coordination with the Development Officers for creating awareness among industrialists on Coir and Coir based Products in 25 areas of Monaragala District.

4 setsof technically improved “Pair of Drums” were provided to 4 coir industrialists in Damengala, Nannapurawa, Dambagalle and Kudaoya of Monaragala District.

Newspaper advertisements were published in order to identify institutions/persons in relation to the instalment of conveyor systems required for the development of coir mills. Twenty (20) persons/institutions have responded the advertisements and 182 industrialists have applied for obtaining this facility and such information has been conveyed to the designers of Conveyor Systems.

1.8 Provision of the Technical Training and Assistance Required for the Initiation of Cottage Industries for Uplifting the Rural Economy by Introducing Areas where Coconut Based Raw Materials are Found abundantly.

(a) Training Programmes

The following training programmes had been conducted subsequent to considering the abundance of raw materials in the area, market demand for the products and marketability of products based on the requests made by the “Kapruka Societies” pertaining to the provision of technical knowhow required for the manufacture of Coconut and Coconut based products.

Serial No.	Training Programme	Area where the Programme was Conducted	No. Participated	Total No. Participated
1.	Production of Ekel brooms and brooms	Hambantota Ipalogama Pallepola Gampaha	23 91 37 23	174
2.	Production of Thavashi Brushes	Katuwellegama Bandaragama Wariyapola Puttalam Henegama Palatuwagoda Walpola Udugampola Kosgama Horana Mundalama Nikaweratiya Pallewela Rattota Homagama Katuwana Hambantota Pitabeddara Dehiattekandiya Bandaragama Gampaha	32 27 33 30 13 20 33 32 35 26 25 28 35 35 22 40 40 21 10 24 25	586
3.	Production of Coconut shell Related Ornamental Goods	Rideemaliyadda Mahara Prison Mundalama Gampaha Matale Hokandara	28 20 25 44 20 15	341

4.	Production of Coir Fibre Necklaces	Mahara Prison	15	15
5.	Production of Door Mats	Agunakolapallessa Pothupitiya Tissamaharamaya	29 58 48	135
6.	Production of White Coconut Oil	Dematapitiya	34	34
Total				1096

Table No. 05– Training Programmes

(a) Distribution of Equipment Sets

Arrangements have been made to provide equipment/instruments to a subsidized prices as requested by the trainees who have successfully completed the training in order to continue the related industry.

Serial No.	Name of the set of Instruments	Area	No. Provided	Total No.
1	Equipment for Twisting Thavashi	Bandaragama Galnewa Katuwellegama Galewala Puttalam Bamunukotuwa Rattota Matara Puttalam Walpita Gampaha Pollonnaruwa	26 27 01 17 08 05 05 04 15 10 08 05	131
2	Equipment for Ekel Grooms and Grooms	Gampaha Matale Galagedara Colombo Kurunegala	05 11 01 01 01	19
Total				150

Table No. 06 – Distribution of Sets of Equipment

(c) Awareness Programmes

Twenty Nine (29) Programmes/Discussions/Workshops such as Conducting Coconut and coconut Based Industries, Initiation of novel Industries, provision of solutions to the issues of the industrialists, creating awareness on the novel programmes implemented by the Authority, creating awareness on the provision of financial Assistance, creating awareness on the significance of Quality Products and Value Added Products, updating the standards and creating awareness on the direction of industrialists for accredited certification had been conducted throughout the Island.

(d) Presentations

Seven (07) presentations were conducted for school students, general public, industrialists and stakeholders on coconut and coconut based industries using multi media.

1.9 Manufacturing quality products, updating standards and modernization of manufacturing institutions for Certification (HACCP, ISO 22000) for confronting the competition exists at international Markets.

A Ceremony was conducted for the award of certificates to 47 desiccated Coconut Mills which became successful in relation to the Good Manufacturing Practices (GMP) introduced for the desiccated Coconut industry in the year 2013.

Arrangements were made to introduce HACCP Certification for the Desiccated Coconut Industry as the 2nd phase. An appropriate agency has been identified for functioning in this regard and consultations necessary for the respective industrial field have to be provided by the institution. Thirty eight (38) Desiccated Coconut institutions are being functioned in relation to this certification and relevant manuals had been distributed among the industrialists.

At the Beginning, workshops and awareness programmes were conducted with a view to explaining the significance of the certification to the owners of the factories, employees of the Institutions and the relevant staff of the Authority participated in such activities.

1.10 Facilitation for the reimbursement of the Provisions of the Mills Development Fund for Developmental Functions.

It is possible to reimburse money from the Development Fund of the Desiccated Coconut Mills for developmental functions/modernization functions of the desiccated cococnut factories. Payments are made subsequent to conducting the required tests by the submission of necessary documents and receipts to the Authority on the completion of the relevant developmental functions which have been approved by the Authority. Accordingly, Rs. 20.436 Million spent for the developmental functions performed for 20 desiccated Cococnut Manufacturing Institutions in the year 2014 has been reimbursed.

1.11 Contribution for “Deyata Kirula” and “Divi Neguma” National Programmes.

(a) The “Deyata Kirula” National Developmental Exhibition for the year 2014 was conducted at Kuliypitiya Technical College, University and Premises of Central Colleges and the contribution of the Cococnut Development Authority was provided for the Exhibition. Ekel brooms and brooms, manufacture of coconut shell based ornamental goods and door mats and ekel based products for creating awareness among the general public. In addition, the methodologies of manufacturing environment friendly Coconut Shell charcoal were practically demonstrated to people at the exhibition premises and the exhibition stall belonged to the Ministry of Coconut Development and Janatha Estate Development won the first place from among all the stalls at the exhibition and the processing Development Division provided a higher contribution for designing the stall as a more productive stall.

In concurrence with the Exhibition, ten (10) training programmes and three (03) awareness programmes were conducted in relation to the preparatiion of Coir Twine, ekel brooms and brooms and thavashi brushes in the Districts of Puttalam, Kurunegala and Kegalle.

(b) The contribution of the Coconut Development Authority was provided for the National Programme of “Divi Neguma” implemented under the Ministry of Economic Development. Accordingly, sets of equipment were distributed among the industrialists in the following areas for the development of Coconut and Coconut related industries.

- Jaffna – 05 Sets of equipment for Ekel Brooms and Brooms.
- Matale – 18 Sets of equipment for Ekel Brooms and Brooms.
- Kegalle – 12 Sets of equipment for Ekel Brooms and Brooms.
- Batticaloa – 06 Sets of equipment for Ekel Brooms and Brooms.
- Badulla – 36 Sets of Coconut Shell related equipment.
- Galle – 26 Sets of Coconut Shell related equipment.

2. Quality Control and Quality Assurance Division

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

The Functions of the Division;

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

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

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

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

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

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

In addition to that:

- Provision of technical assistance to the factories where Coconut Products are manufactured and inspection of factories and provision of the contribution in the form of consultation.
- Performance of functions for obtaining accreditation in relation to the ISO 17025 Quality Assurance Certification for Chemical and Microbiological Laboratories of the Quality Control and Quality Assurance Division.
- Conducting Swab Tests in factories which manufacture desiccated coconut products in instances where Microbiological contaminations are reported and the provision of consultation by conducting Laboratory tests.
- Examination of the hygienic condition of Coconut Oil manufacturing mills with the objective of maintaining and uplifting the Coconut Oil industry in a hygienic condition and to test whether copra, the raw material used in the manufacture of Coconut Oil, Coconut Oil, the product and poonac, its by product are in conformity with the Sri Lanka standards.
- While testing the quality of coconut oil products available in the local Market, provision of services for preventing the consumers from consuming adulterated coconut oil by providing the details on the Coconut Oil Dealers who adulterate Coconut Oil to the Consumer Affairs Authority which is the Controlling body in relation to Consumer Affairs and to the Food Controlling Unit of the Ministry of Health which is the Controlling Authority in relation to food items in collaboration with the said Institutions.

- Conducting tests on products as investigations conducted over local and foreign complaints that are lodged in relation to coconut based products.
- Participating in Programmes and Exhibitions conducted with a view to providing awareness on the significance of Coconut based products.
- Continuation of testing Services for other food products.
- Conducting functions in relation to water analysis.
- Updating the currently existing Standards of Sri Lanka and implementation of Programmes in collaboration with Sri Lanka Standards Institution with the objective of preparing Standards for Coconut based products which have not yet been standardized.
- Conducting training programmes for the Staff employed in laboratories maintained at the factories which manufacture Coconut based products.

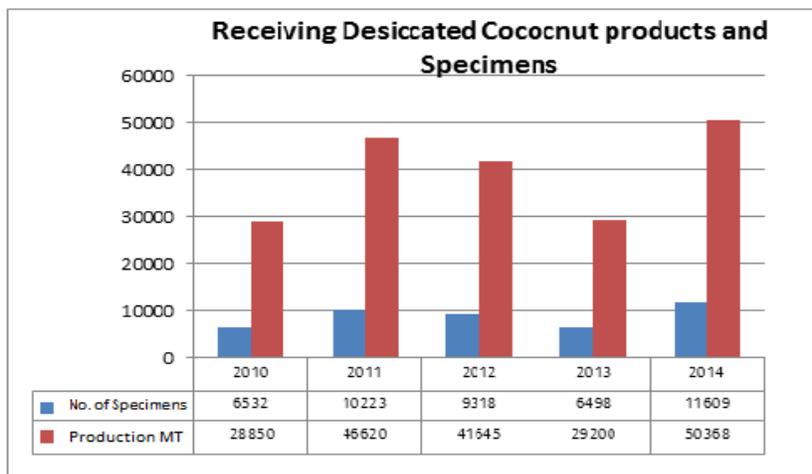
Accordingly, Quality Control and Quality Assurance Division of the Coconut Development Authority has manufactured quality Coconut products and tested the Coconut products anticipating a growth in local and foreign markets. Functions are being conducted for obtaining the ISO 17025 Accreditation for Laboratories in order to provide this service in a much standardized way. All these functions are performed according to the Annual Action plan and the annual progress for the year 2014 has been mentioned below.

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

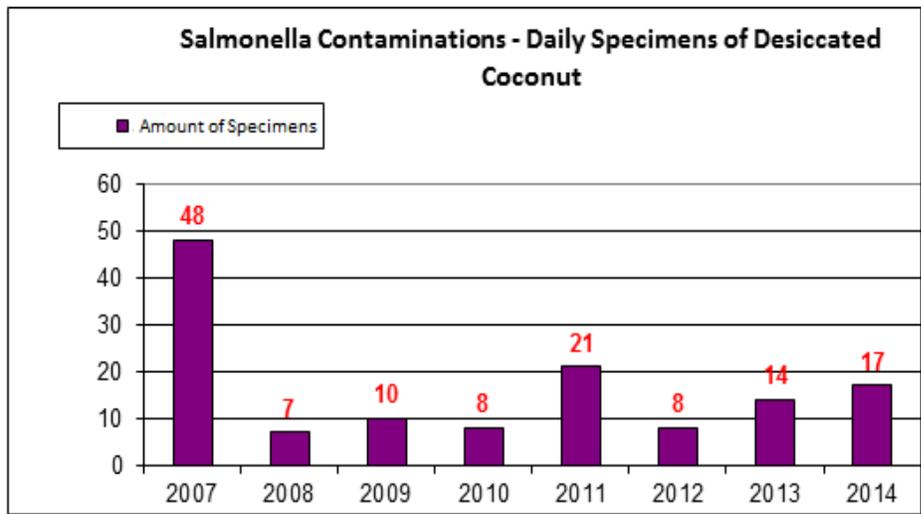
A Conducting Pre-Export Microbiological Analysis and Certification of Coconut Products.

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

A target of 10500 specimens obtained from the daily production of Desiccated Coconut was set in the year 2014. 11609 specimens were tested for Salmonella Contamination and 111% progress has been achieved pertaining to these tests in the year 2014.

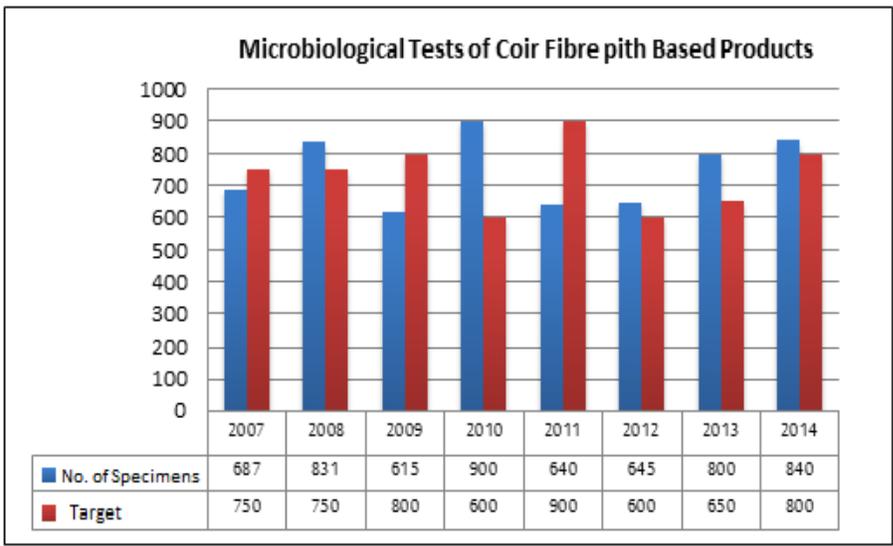


Salmonella Contaminations were reported in 09 specimens tested in the year 2013 from among the specimens obtained from Desiccated Coconut Products. 0.14% of total Salmonella Contaminations were reported. 17 specimens from among the specimens tested in the year 2014 were reported to have been contaminated with Salmonella and the contaminated percentage was 0.15% out of the specimens tested. Accordingly, a minute increase in the salmonella contamination was observed (0.01%).



Year	2007	2008	2009	2010	2011	2012	2013	2014
Percentage Contaminated	%0.50	%0.10	%0.12	%0.12	%0.2	%0.08	0.14%	%0.15

Coir Fibre Pith products takes the priority over the Non-kernel Products in the pre-export analysis of micro-organisms in Non-kernel Products. 800 specimens were tested in the year 2013 while 840 specimens were tested in the year 2014. 1034 tests had been carried out for the 840 specimens. Specimens of coir fibre pith based Products exceeding the annual target set for the year 2014 had been tested and the progress has been reported as 105%. Salmonella and E-Coli tests were performed for the specimens. 4% Salmonella contamination had been reported and the limits for standards specified for Bacteria, E-Coli have not been exceeded in any of the specimens.

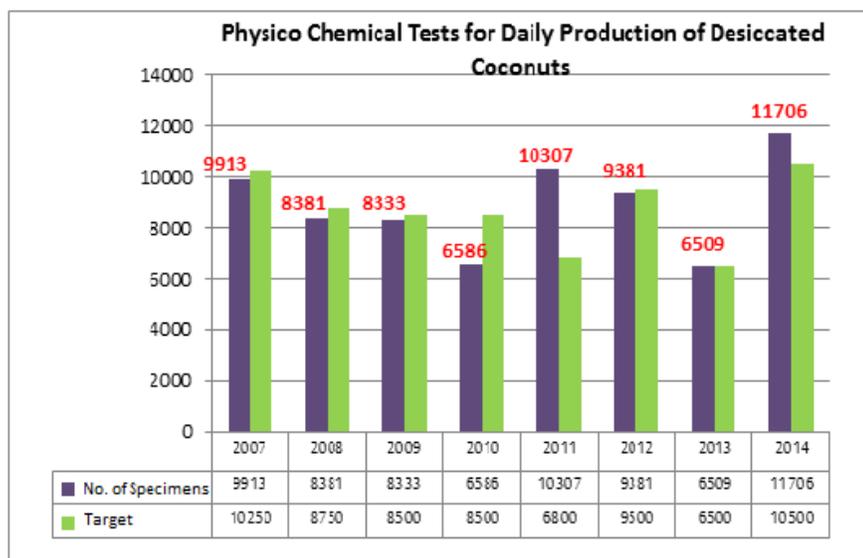


B. Conducting Pre-Export Physic Chemical Tests and Certification of Desiccated Coconut Products.

As Physical and Sensitive Tests,

Tests for Colour, No. of Particles, Moisture, Taste, Smell, Extraneous Substances, Parings and oiliness of Desiccated Coconuts had been carried out as major tests. Accordingly, 6,509 and 11,706 specimens had been tested in the years 2013 and 2014 respectively. The total number of tests carried out for the 11,706 specimens was 93,648. However, the progress in relation to the target set in the year 2014 was 111%.

180 specimens (1.9%) out of 9,381 Desiccated Coconut specimens tested in the year 2012 found to have some defects in the physical characters and further, 254 specimens (3.9%) out of 6,509 specimens tested during the year 2013 found to have such defects. The prevalence of defects in physical characters has increased in the year 2013.



254 specimens (3.9%) out of 6509 Desiccated Coconut specimens tested during the year 2013 found to have some defects in their physical characters and further, 733 specimens (6.27%) out of 11,706 specimens tested during the year 2014 found to have such defects. Accordingly, non-conformity with standards specified for physical characters has risen in the year 2014. Likely, it has been depicted that 60%, the highest percentage has not been in conformity with the standards specified for fine and moderate types. The other defects have been mentioned below.

Parameter	Specimens not in Conformity with Parameters	
	Number	%
Grading	443	60.44
Colour	187	25.5
Rancidity	63	8.6
Moisture	54	7.4
Charred Pieces	53	7.2
Roasted Smell	32	4.4
Smoky Smell	23	3.14
Extraneous Substances	13	1.2
Parings	12	1.64
Oil Separation	5	0.7
Broken Pieces	4	0.6
Oiliness	3	0.4

Certain specimens are not in conformity with the Standards in several parameters.

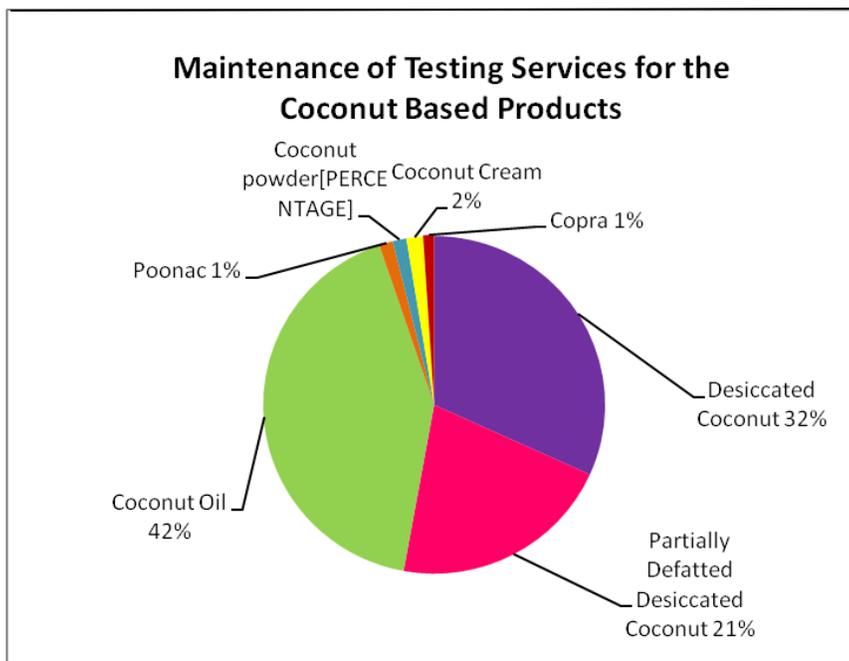
Q2. Maintenance of Testing Services for Coconut Based Products.

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

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

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

Coconut kernel based products are mainly submitted for testing and 591 specimens had been tested in the year 2013. 1094 specimens had been analysed in the year 2014 as per the requests made by the applicants. In addition, 05 Non Coconut products had been analysed in the year 2014 and the total number of specimens analysed was 1099. The relative progress achieved for the targeted 1000 specimens was 109%. The total number of tests done for 1099 specimens was 1969. 710 specimens of Desiccated Coconut from among the coconut kernel based products had been analysed in the year 2014 only for testing Sulphur Dioxide and aflatoxin compositions in the specimens. The percentage of specimens out of the total specimens tested only for Sulphur Dioxide and aflatoxin was 64.6%. The other types of specimens tested have been mentioned below.



Year	Desiccated Coconut (Specimens)	Poonac (Specimens)	Coconut Oil (Specimens)	Copra (Specimens)	Partially Defatted Desiccated Coconut (Specimens)	Fresh Coco nuts	Coconut Cream/Powder	Coconut Charcoal	Coconut Food Items	Non-Coconut Specimens
2013	67	04	190	--	76	--	20	01	01	01
2014	122	5	161	4	81	--	11	--	--	05

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

Functions in relation to obtaining the ISO 17025 accreditation for achieving the international recognition for tests carried out by the Quality Control and Quality Assurance Division of the Coconut Development Authority and for conducting accurate, for maland systematic tests. Analytical Chemistry Division of the Quality Control and Quality Assurance Division was able to obtain the accreditation for the ISO 17025 Quality Certification on the methodologies used in coconut oil testing which was awarded by the Sri Lanka Accreditation Board. The relevant Standards are being maintained and the activities in relation to obtaining ISO 17025 accreditation for the microbiological tests for desiccated Coconut have been initiated.



Accordingly, re-assessment conducted for every 3 years on coconut oil tests by the Sri Lanka

Accreditation Board and Initial assessment activities for obtaining accreditation regarding ISO 17025 Standards for Salmonella, Total Plate Count, Yeast and Mould Count, Coli-form Count, E-coli Count tested at the Microbiological Laboratory have been conducted on 16th and 17th of December 2014. 100% physical progress has been achieved in the year 2014.

B. Conducting Training Programmes.

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

Serial No.	Training Programme	No. of Employees Participated	Institution where the Training was Conducted
1	Training of employees who conduct laboratory testing activities at Desiccated Coconut Mills.	03	Laboratory of the Quality Control and Quality Assurance Division of the Coconut Development Authority.
2	ISO 9001 Sampling techniques	02	Sri Lanka Standards Institution
3	Testing of Waste Water	02	Industrial Technology Institute
4	Training on ISO /IEC 17025: 2005 Development of Quality manual & Operating procedure for testing laboratory	02	Sri Lanka Accreditation Board.
5	Training on proficiency testing/ inter laboratory comparison according to ISO /IEC 17043	02	Sri Lanka Accreditation Board.
6	Course on the safety at Microbiological and Chemical Laboratories.	03	Sri Lanka Standards Institution
7	A Microbiological Training workshop for the Staff of the Laboratory.	18 (Group 2)	Industrial Technology Institute

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

Conducting Microbiological and Physico Chemical tests for uplifting the process of manufacturing Desiccated Coconut, investigation of Factories and provision of contribution through consultation are the functions performed for securing the quality of the Industries manufacturing Coconut Products for exportation.

The aforesaid Services are performed through the Mobile Laboratory adhering to a pre scheduled Programme Plan for covering all the Desiccated Coconut Mills within a period of one month for the proper maintenance of the Quality Assurance activities of the Desiccated Coconut Mills. These tasks are executed by following a proper plan avoiding any hindrance to the daily testing activities of the Laboratory confining to the existing Cadre and the limit of overtime approved by the Government. 405 and 510 field tests had been carried out in the year 2013 and 2014 respectively. The progress achieved in relation to the target set for the year 2014 was 128% as the testing activities performed over the requests of manufacturers have been increased.

269 and 476 specimens had undergone Microbiological tests in the years 2013 and 2014 respectively for enhancing the quality of the Desiccated Coconut Products. 1428 of total tests were conducted for the 476 specimens. The progress in relation to the target set for the year 2014 was 106%.

Further, the water used in the manufacturing process of Desiccated Coconut is analysed for Microbiological, Chemical and heavy metals in order to check whether the water is in conformity with the proper Standards. 196 specimens had been microbiologically and chemically analysed and 89 water specimens had been analysed for heavy metals. Progress in relation to the target set for the year 2014 was 106%. 581 tests had been carried out for analysing 7 heavy metals for each specimen.

Q5. Uplifting the Coconut Oil Industry

(A) Market Supervision for Adulterated Coconut Oil.

Testing and surveying activities had been carried out by the Quality Control and Quality Assurance Division on the hygienic condition of Coconut Oil as a food item and the raw materials used in the standardized manufacture of coconut oil and marketing of coconut oil without adulteration.

The Quality Control and Quality Assurance Division has contributed in exercising a certain level of control over Sales Centres. which market adulterated Coconut Oil as Pure Coconut Oil by adopting legal procedures subsequent to forwarding the analytical results of the adulterated Coconut Oil to the Ministry of Health and Consumer Affairs Authority.

Collection of specimens from coconut oil available in markets located in each District covering the entire country and conducting analysis for investigating whether the coconut oil available at markets had been adulterated were continued also in the year 2014 and such supervisory activities had been conducted systematically covering all small, medium and large scale Sales Centres. Likely, the Quality Control and Quality Assurance Division had provided its contribution through functioning in collaboration with the Consumer Affairs Authority in the collection of specimens from the markets, testing of the collected Coconut Oil specimens and in issuing the results. 97 specimens were tested in the year 2014 and 72% out of such specimens tested were reported to be adulterated Coconut Oil and 51% out of such specimens tested in the year 2013 were found to be adulterated Coconut Oil. Accordingly, it was obvious that there was a high tendency of adulterating Coconut Oil in the year 2014. This is a quite unfavorable condition for the existence of the Coconut Oil Industry and for the hygienic condition of the consumers. According to the results of the specimens tested, it had been disclosed that certain coconut oilspecimens found in sales centers were not in conformity with the Standards even though they were non-adulterated coconut oil. Accordingly, it had been reported that 59% and 65%of Coconut Oil samples available at local markets were found to be low quality Coconut Oil due to the non-conformity with the Standards specified for free fatty acidsand iodine value respectively.

B.Uplifting the Standards maintained in the Coconut Oil Industry

Quality Controlling Programmes were executed in association with the Coconut Oil mills with a view to standardizing the manufacture of Coconut Oil. Accordingly, test results had been issued subsequent to collecting the specimens of Copra, Coconut Oil and Poonac respectively at the Coconut Oil mills for investigating whether Copra, the raw material utilized in the manufacture of Coconut Oil is in its proper Standard, whether Coconut Oil manufactured is in the proper Standard and whether Coconut Oil has been extracted efficiently. Accordingly, 130specimens of Coconut Oil (Coconut Oil – 116, Virgin Coconut Oil – 10, Coconut oil manufactured using Parings-04), 77specimens of Copra and 78 specimens of Poonac had been tested in the year 2014 and the progress of all the aforesaid tests in relation to the target set for the year 2014 had been reported as 100%. Accordingly, Coconut Oil Mills in the Districts of Galle, Matara, Puttalam, Kurunegala, Gampaha and Colombo had been investigated accordingly and it had been reported that 82% of Coconut Oil, 61% of Copra and 77% of Poonac were not in conformity with the Standards. Arrangements had been made by the Processing Development Division to notify the Manufacturers regarding the non-conformity of coconut related products with the Standards.

Non-Conformity of the Specimens with the Standards of Sri Lanka.

Coconut Oil(Specimen –116)

Parameter	Non conformed Percentage (%)with Standards	Non-Standardized Range of Results	Sri Lanka Standard for Coconut Oil
Colour	17%	6-9	Minimum 5
Iodine Value	22%	11.1-27.1	7.5 -11.0
Amount of Free Fatty Acids	69%	0.9-12.6	Maximum0.8

Virgin Coconut Oil(Specimen –10)

<u>Parameter</u>	Non conformed Percentage (%) with Standards	Non-Standardized Range of Results	Sri Lanka Standard for Virgin Coconut Oil
Colour	0	--	Minimum1
Iodine Value	0	--	6 – 11.0
Amount of Free Fatty Acids	10%	0.3-0.5	Maximum0.2

Coconut Oil Manufactured by utilizing Parings (Specimen 4)

<u>Parameter</u>	Non conformed Percentage (%) with Standards	Non-Standardized Range of Results	Sri Lanka Standard for Virgin Coconut Oil
Colour	25%	6-8	Maximum 5
Iodine Value	25%	18.1	9.0 – 18.0
Amount of Free Fatty Acids	75%	0.9-3.1	Maximum 1

Copra- (Specimen 4)

<u>Parameter</u>	Non conformed Percentage (%) with Standards	Sri Lanka Standard for Copra
Oil Content	61%	Minimum68%

Poonac – (Specimen 78)

Parameter	Non conformed Percentage (%) with Standards	Sri Lanka Standard for Copra
Oil Content	77%	5.0 – 8.0%

Other Extra Activities

Participated in the “Deyata Kirula” Exhibition held in Kuliypitiya area in the year 2014 for creating awareness among the general public on the contribution provided by the Quality Control and Quality Assurance Division of the Coconut Development Authority for fulfilling the testing requirements predominantly in the Coconut Manufacturing Field as well as in the other fields.



Supervising activities had been conducted on the Adulterated Coconut Oil available in Sales Centres located in Divisional Secretary’s Divisions covering the following Districts before the commencement of “Deyata Kirula” National Exhibition which is scheduled to be conducted in Kuliypitiya area in the year 2014.

District	Divisional Secretary's Division	No. of Total Specimens Collected	Reporting on Adulterated Coconut Oil	
			No.	%
Puttalam	Wanathawilluwa, Karuwalagaswewa, Kalpitiya, Puttalam, Nawagaththegama, Mundalama, Anamaduwa, Mahathudukadawala, Pallama, Arachchikattuwa, Madampe, Mahawewa, Nattandiya, Wennappuwa and Dankotuwa	32	20	63
Kurunegala	Giribawa, Galgamuwa, Abanpola, Kotawehera, Mahawa, Polpitigama, Nikaweratiya, Pasnayakapura, Kobegane, Wariyapola, Ganewatta, Ibbagamuwa, Maspota, Paduwasnuwara, Bingiriya, Katupota, Bamunakotuwa, Ridigama, Kurunegala, Mallowapitiya, Kuliypitiya, Kuliypitiya-East, Kuliypitiya-West, Mawathagama, Ituwewa, Polgahawela, Narammala, Alawwa, Udubeddawa and Pannala	60	43	72
Kegalle	Rabukkana, Mawanella, Warakapola, Galgamuwa, Kegalle, Bulathkohupitiya, Aranayaka, Ruwanwella, Yatiyantota, Dehiovita and Deraniyagala	22	22	100

3. Marketing Development and Research Division

Programmes had been implemented in the year 2014 for the clients of the Marketing Development and Research Division such as Coconut Merchandisers/Exporters, Industrialists and the other parties who fulfill service requirements through the Marketing Development and Research Division, which functions as a major Division of operation of the Coconut Development Authority and the increase in the income obtained through the exportation of Coconut related products in Sri Lanka in the Year under review has been highlighted as a special incident. The income earned through exportation had been depicted as a recorded amount of Rs.72.87 Billion. An invaluable role had been performed by the Marketing Development and Research Division in the year 2014 through recording accurate marketing information and data which are predominantly required for achieving the success by the merchandisers of Coconut and this became very helpful to exceed the export targets set for the year.

Major functions performed as per the Action Plan during the year 2014

- Supervision and facilitation of the Coconut Industrial Sector - Registration of exporters, merchandisers, coconut estates and intermediaries.
- Supervisory Activities in relation to coconut based exportation and importation.
- Settlement of Trade disputes.
- Conducting Fresh Coconut and Copra Auctions.
- Activities pertaining to uploading the coconut auction in the internet. – The activities relating to designing of software are at the final stage. The Legal System pertaining to conducting the Coconut Auction over the internet has already been formulated.
- Creating awareness among the general public on the environmental friendly coconut related industries by participating in 11 local exhibitions.
- Making Export institutions participated in foreign exhibitions held in Germany and Russia on Coir and Cultivating Media and in the IFIA Exhibition held in Japan on Coconut Kernel based products and had participated in the discussion held in Iraq for removing export embargo imposed on coconut based products.

- Issuance of permits for the exportation of coconuts and king coconuts and temporary permits.
- Issuing market price levels of coconut and coconut based products to daily newspapers.
- Weekly Reports, Monthly Reports and Coconut Bulletin for the Year 2013 containing volume of coconut based products, Export/Import Volumes, Auction price levels and World Market price levels have been issued.
- Conducting awareness programmes for entrepreneurs on local and international markets regarding the promotion of value added Coconut based products and interrelating to such programmers.
- Cabinet paper has been issued for the establishment of a Unit under the sub contracting system in order to assist the coconut based industrialists and Data of the capacity of the manufacturing institutions of Coir based products and the other required data have been collected and arrangements have been made to fulfil the requirement of Coconut based products to Government institutions through the suppliers registered at the Coconut Development Authority.
- Participating in discussions and provision of required information on Trade Agreements with the Departments of Commerce in relation to the countries such as China, Egypt, Belarus, Korea, Kenya, United States of America and Turkey.
- Carrying out the functions of calculating the extent under the coconut cultivation and the number of coconut trees in Sri Lanka in collaboration with the University of Colombousing the GIS technology.
- Conducting a comprehensive study on marketing of coconuts in the local market in collaboration with the University of Colombo.
- Continuation of Surveys on Coconut Water, Cocnut Husks and Activated Carbon.
- Conducting Programmes on the minimization of wastages taken place in the household consumption of coconuts and on publicizing value added coconut kernel based products among the general public in collaboration with Sri Lanka Rupavahini Corporation and Sri Lanka Broadcasting Corporation.

- Provision of foreign trade inquiries to the exporters of Coconut based products.
- Making arrangements to obtain the Trade Name, “CEYLON COCONUT” for the establishment of the Sri Lankan Identity in the exportation of coconut related products.
- Holding discussions with the Consumer Affairs’ Authority for the minimization of adulteration of virgin coconut oil in the process of marketing.

The Programmers’ implemented in the year 2014 by the Market Development and Research Division and the progress achieved through such Programmers’ have been given below.

3.1 Creation of a Network of Manufacturers and Future Buyers.

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

It was possible to increase the registration of Exporters engage in exportation in relation to coconut industrial sector by 12% in the year 2014 when compared to that of in the year 2013 and the registration activities of coconut and copra based merchandisers and coconut estates have reached a higher value when compared to the value in the year 2013. ‘

Registration activities were undertaken for the years 2013 and 2014 as mentioned below.

	2014	2013
Exporters	612	548
Brokers	21	21
Traders	86	39
Coconut Estates	189	178

3.1.2 Conducting Auctions on Coconut and Coconut based products.

3.1.2.1 Colombo Fresh Coconut Auction

The fresh Coconut Auction initiated by the Coconut Development Authority in 1994 has offered an opportunity for coconut cultivators to obtain a reasonable price for their products through the conduct of 48 auctions also in the year 2014 too.

The price levels maintained at weekly Coconut Auctions have performed a crucial role in the maintenance of the price stability of coconut which fluctuate consistently and a prioritized attention had been paid by the Marketing Development and Research Division in the year 2014 with the objective of enhancing the productivity of the coconut auction.

71,505,228 nuts of fresh coconuts had been presented at the coconut auction in the year 2014 and it was an increase of 54% when compared with that of in the year 2013. The progress of the fresh coconut Auction has been given below.

Year	No. of Nuts		Average Price (Rs.) (for 1000 Nuts)
	Amount Presented	Amount Sold	
2014	71,505,228	43,153,617	32,301.76
2013	46,294,855	34,194,972	33,041.92

The activities of conducting the coconut auction via internet enabling any party participated in the Coconut auction have already been completed. It has been scheduled to be implemented in the year 2014.

3.1.2.2 Regional Fresh Coconut Auction

The Regional Fresh Coconut Auction initiated with the objective of offering reasonable price levels for the products of small and medium scale Coconut Cultivators had been conducted in Kuliypitiya for 12 occasions at the rate of one auction per month during the year 2014 and the progress of the Auction has been mentioned below.

Year	No. of Nuts		Average Price (Rs.) (for 1000 Nuts)
	Amount Presented	Amount Sold	
2014	747,600	619,600	33,763.69
2013	951,810	763,702	31,112.30

3.1.2.3 Copra Auction

Even though the Copra Auction could not be conducted up to the targeted extent in the year 2014, a significant increase in the amount of Copra submitted at the Copra Auction could be recorded in the year 2014, when it is compared with the amount submitted at the Copra Auction in 2013.

38 Copra Auctions had been conducted by the Marketing Development and Research Division in the Year 2014 and the amounts of copra submitted at the Copra Auction have been mentioned below.

Year	Amount Presented(Kg)	Amount Sold(Kg)	General Price Levels (Rs.for a Candy of 250 Kg)	
			Excellent No. 01	Excellent No. 02 and 03
2014	552,172	525,931	43,406	38,815
2013	437,942	435,380	37,520	35,913

3.1.2.4 Activities Pertaining to Trade Disputes.

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

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

3.1.3.1. Local trade exhibitions.

The Marketing Development and Research Division participated in eleven (11) local trade exhibitions mentioned below with the intention of popularizing the quality of the Coconut related products and disseminating the information on the production and exportation of Coconut related products among school students and the general public.

	Name of the Exhibition	Venue	Organization
1.	“DeyataKirula” National Exhibition	Kuliyapitiya	Ministry of Economic Development
2.	Seethawaka Abiman	Padukka Piyarathana Vidyalaya	“Seethawaka Urumaya” Foundation
3.	Bingiriya Mal Wasanthaya	Bingiriya	“Bingiriya” Development Foundation
4.	Agricultural and Industrial Exhibition	Bandaranayake Memorial International Conference Hall	Sri Lanka Export Development Board
5	BodubalaSena	Kirulapana	Bodubala Senawa
6	“AvuruduPola”	Battaramulla	Welfare Society, Urban Development Authority
7	National Agricultural Week	Thelijjawela	Department of Agriculture
8	World Tourism Day	Arugam bay	Tourism Industry Board
9	Food & Flora 2014	Nawala	Open University
10	“Cocotech” International Exhibition	Bandaranayake Memorial International Conference Hall	Ministry of Coconut Development and Janatha Estate Development
11	‘Agbis’	Bandaranayake Memorial International Conference Hall	National Agricultural Board

3.1.3.2 Foreign Trade Exhibitions.

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

The Coconut Development Authority participated in the following International Trade Exhibitions in the year 2014.

1. IPM International Trade Exhibition Conducted in Germany for landscape gardening-04 Exporters of the Coconut Development Authority participated in the Exhibition under the patronage of the Coconut Development Authority and high possibility was available in this Exhibition to find buyers for goods



manufactured by using coir fibre pith which is a value added product of coconut fibre, Geo Textiles, Coir Flower Vases, Brushes and Cultivation bags.

Long term benefits can be derived by establishing direct relationships with the buyers. The Sri Lankan Exporters have reported the Coconut Development Authority that they were able to obtain orders for an amount of Rs.62 Million subsequent to participating in the Exhibition.

2. For the first time in the history, the Coconut Development Authority made Three (03) Exporters/Industrial is participated in IFIA Exhibition on food and beverages, a major trade exhibition conducted targeting the trade and consumer community in the City of Tokyo, Japan.



Coconut Kernel based products are not available abundantly at the Japanese markets and as a result, it was possible to find buyers for coconut kernel products such as virgin coconut oil, coconut milk, coconut milk powder, coconut water and king coconut. The exporters participated in the exhibition have already obtained orders for about Rs.7.8 Million and since the Japanese importers are willing to have a higher standard for these products, several importers have arrived in Sri Lanka to examine the standard of the products of the exporters.



3. The Coconut Development Board made 05 exporters participated in the IPM exhibition conducted in Russia in the year 2014 which is considered as one of the series of world predominant green exhibitions. The Coconut Development authority made exporters participated in the trade exhibition conducted in Russia for the first time in the history and Russian importers were made aware of the Sri Lankan products and we may get the opportunity to export value added coconut based products to Eastern European Countries including Russia.
4. The Coconut Development Authority provided its assistance by participating in the discussion held in Iraq with the intention of removing export embargoes existing for coconut based products.

5. Sri Lankan coconut products were exhibited at the ART & CRAFT Exhibition conducted in Jerusalem.
6. The Coconut Development Authority studied the coconut cultivations systematically maintained in Brazil, which is another competitive country in the coconut industrial sector and visited the institutions related to the coconut industrial sector in the year 2014. This may provide the Sri Lankan industrialists engaged in the sector, an understanding on the coconut industry maintained by the other competitors.

3.1.4 Facilitation and Controlling the National and International Trade of Coconut and Coconut Based Products.

5200 temporary permits had been issued to the relevant Exporters by the Marketing Development and Research Division also in the year 2014 for the exportation of fresh coconuts, King Coconuts and ornamental goods based on coconut leaves.

Trade orders regarding Coconut and Coconut based products received by the Authority through journals and the Web Site of the Authority and from the other Foreign Institutions and Importers had been offered to the Exporters/Industrialists registered with the Coconut Development Authority also in the year 2014 also in the year 2014.

3.1.5 Communication of Information pertaining to Manufacture, Trade and Exportation of Coconut and Coconut based Products.

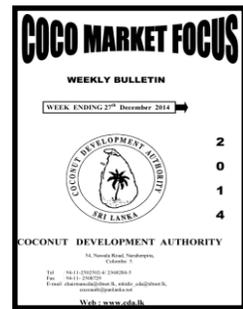
The most crucial factor in the process of making trade decisions for all the stakeholders of the Coconut Industry is the provision of accurate information and analysis of such information. The Informative Service of the Marketing Development and Research Division had performed a specific role also in the year 2014 through the following aspects.

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

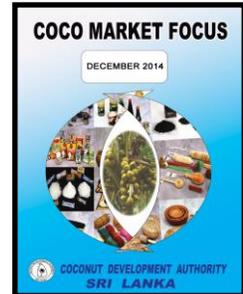
The following institutions have provided their unsparing contribution for dissemination of the information.

- Sri Lanka Customs
 - Central Bank of Sri Lanka
 - Export Development Board
 - Census and Statistics Department
 - Meteorological Department and the other Government and Semi-governmental Institutions.
- Further, the role of consistent dissemination of specific information obtained from foreign institutions such as Asian Pacific Coconut Community, Foreign Journals (Cocommunity, Oil World, UCAP and IndianCoconut Journal) on the coconut industry to the Sri Lankan coconut community had been successfully performed by the Marketing Development and Research Division also in the year 2014.
 - The local price levels of Coconut and Coconut based products were published in daily Newspapers in English and Sinhala media also in the year 2014.

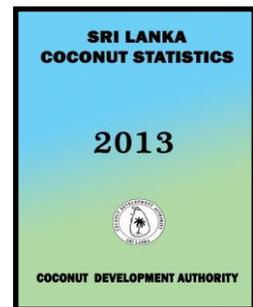
- 48 publications of “Coco Market Focus”, the weekly Bulletin which contains Coconut and copra auction prices, Farm gate prices of local coconut based products, whole-sale prices and international price levels were published by the Marketing Development and Research Division also in the year 2014.



- 12 Publications of “Coco Market Focus”, the Monthly Magazine containing export volumes, price levels of all the coconut and coconut based products and countries to which they are exported and import volumes and price levels of edible oils and coconut oil imported to Sri Lanka were compiled and published by the Marketing Development and Research Division in the year 2014 as per the requirement of the stakeholders of the Coconut Industrial Sector.



- "Sri Lanka Coconut Statistics - 2012", a valuable annual publication of the Marketing Development and Research Division was also compiled and published in the year 2014. Export volumes and prices of all the Coconut based products exported from Sri Lanka, volumes and prices of coconut oil and the other edible oils imported to Sri Lanka, International Coconut Yield and information on production and exportation and information of Exporters/industrialists products can be mentioned as specific data included in the Publication. This Publication has a higher demand within Sri Lanka as well as in Foreign Countries.



- In addition, the Marketing Development and Research Division provided information for “Kapruka” newspaper issued by the Ministry in every month for making the general public aware of the coconut industrial sector.

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

3.2.1 Arrangements are being made in collaboration with National Crafts Council, Export Development Board, National Design Centre, Architectural Division of the Moratuwa University and Tourism Development Authority to find markets for the manufacturers of Coconut shell and fibre based value added ornamental goods by designing such products to meet the demand at the local and foreign markets.

3.2.2 Arrangements are being made to assist the government institutions in the purchase of coconut based products required for such institutions under sub contracting system from the industrialists registered at the Coconut Development Authority with the objective of helping such industrialists.

3.2.3 Since the extent under coconut and the number of coconut trees in Sri Lanka has become very vital factors, calculating the same are being carried out using the GIS technology subsequent to entering into an agreement on cooperation with the University of Colombo.

3.2.4 A comprehensive study had been performed on the marketing of coconut within the local market in collaboration with the University of Colombo.

3.2.5 Conducting Marketing Surveys for the Identification of Local and International Usages of Coconut and Coconut based Products.

Surveys had been conducted on the following fields by the Marketing Development and Research Division in the year 2014.

- Data on the Coconut based products.
- The behavioral pattern of the local Market prices.
- Consumption of Coconut Oil and other Oil Substitutes.
- Use of value added substitutes for fresh Coconuts.
- Survey activities on the wastage of Coconut shells.
- The volume of coconut water collected daily in carrying out coconut based industries.
- Collection of coconut husks out of the Coconut triangle and the way of utilizing coconut fibre collected out of the coconut triangle for the initiation of industries based on cultivation media.
- Identification of manufacturers/exporters of active carbon and surveying the manufacturing capacity and the difficulties that have to be currently confronted by the industries.
- The way of changing the requirements of the consumers.

The Following Objectives were anticipated to be accomplished through the Conduct of the Above Surveys.

- Identification of Coconut based Manufactures scattered throughout the country.
- Collection of information on the manufacturing volume of the Coconut based Manufacturers.
- Coconut Kernel based products -obtaining information particularly on manufacturing capacity of the Coconut Oil and Coconut water Industries.
- Collection of information on production cost per each Coconut based product and identification of their variations. Thereby, it was possible to understand the production patterns of the forthcoming year and it was also possible to have an idea about the fresh Coconut requirement of the forthcoming year through the Collection of information on per capita fresh Coconut consumption.
- Identification of demand and supply trends prevailing in the local Coconut Oil production and thereby designing appropriate Procedures and Policies to meet the local Coconut Oil requirement of the forthcoming year.

3.3 Introduction of Coconut Kernel based Novel Products for the Minimization of Wastages that occur in the Household Consumption of Coconuts.

- A very valuable Programme including a Practical aspect had been launched at the local exhibitions participated by the Coconut Development Authority for creating awareness among the General Public on the use of Coconut Milk, Coconut Milk powder and Coconut Cream



- in order to minimize the wastages that occur in the household consumption of Coconuts. This programme received very favorable public responses.
- Programmes were broadcast and telecast by the Sri Lanka Broadcasting Corporation and the Rupavahini Corporation for creating awareness among the General Public. These programmes have been scheduled to be broadcast and telecast also in the year 2014.
- Hoardings were displayed with a view to promoting the manufacture of strategic Coconut Kernel based products to minimize the wastages that occur in the consumption of Coconuts.

3.4 Enhancing the Awareness Created through the Media on the Qualitativeness of the Nutritional and Medicinal Characteristics of the Coconut based Products

- Activities of redesigning the web site maintained by the Coconut Development Authority as an access to the modern technology had been initiated at the last quarter of the year 2014 and this may provide easy access for the Authority to exchange information and to establish relationships with the Foreign Institutions in the future.

- The Logo required for using the trade name of “Ceylon Coconut” has been designed for the establishment of the Sri Lankan identity and it has been submitted for granting the approval required for using it.



3.5 Promotion of King Coconut and Other “Kundira” Varieties for the Manufacture of Coconut Drinks based products in order to increase the Exportation of Immature Coconut Water.

Exportation of King Coconuts had been increased by 247% in the year 2014 when compared to that of in the year 2013 due to the establishment of relationships with new buyers in the year 2014. Many Institutions who have oriented towards exporting Coconut water had already submitted their Products to International Markets in the year 2014 and a higher demand can be anticipated for such Products from the foreign markets also for the year 2015.

Promotional Services via audio visual media had also been continued in the year 2014 with the objective of creating awareness among the Sri Lankans on the use of environment friendly Coconut and Coconut based Products.

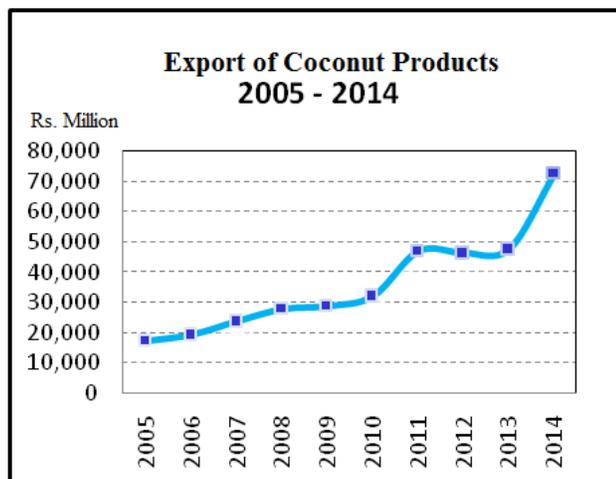
3.6 Associated Services for Marketing Development.

- Provision of Consultation Services on Products/Markets and various other services.
- Extending co-operation to the Ministry of Coconut Industries and Janatha Estate Development for the preparation of forecasts on products pertaining to the Coconut Industrial Sector.
- Provision of information on Local and International trade orders.

3.7 Export Earnings

Export of Coconut Products (2005-2014)

Year	Value (Rs. Million)
2005	17,520
2006	19,661
2007	24,096
2008	28,094
2009	29,081
2010	32,433
2011	47,306
2012	46,666
2013	47,952
2014	72,867



The highest ever recorded income earned from exporting coconut and coconut based products has been obtained in the year 2014 and it was Rs.72.87 Billion. It was an increase of 53% when compared to that of in the year 2013.

A higher level of export income had been achieved in the year 2014 for coconut kernel, coconut shell, coconut fibre and value added coconut husk products and for other coconut related products in comparison to the year 2013.

Export income earned for coconut kernel based products in the year 2014 was Rs.37 Billion. It was an increase of 111% when compared to that of in the year 2013. 26% increase when compared to the year 2013 has been achieved by exporting virgin coconut oil in the year 2014.

A retard in the exportation of coir mattresses was noticeable in the year under review when compared to that of in the previous year. The objective of the Coconut Development Authority is to export value added coconut fibre based finished products and thereby to increase the foreign currency earnings.

An increase in the income by 10% through the exportation of coconut shell based products had been recorded in the year 2014 when compared to that of in the year 2013.

An increase in the income by 16% through the exportation of value added coir related products had been recorded in the year 2014 when compared to that of in the year 2013.

An increase in the export income by 15% from the coconut based other products had been recorded in the year 2014 when compared to that of in the year 2013.

Export of Coconut Products - 2013/2014

Comparative Statistics

Type of the Product	Volume (Metric Tons)			Value (Rs. Million)		
	2013	2014	% Difference	2013	2014	% Difference
1.Coconut Kernel Products						
1) Coconut Oil	1720	3,976	131	797.77	2,435.31	205
1.1) Virgin Coconut Oil	2,101	7,278	246	1,416.26	5,194.10	267
2) Desiccated Coconut	28,202	51,132	81	7,653.02	17,356.14	127
3) Copra	71	4,776	6,627	19.45	1,033.80	5,215
4) Fresh Coconut (1000 nuts)	21,456	33,073	54	1,239.88	1,976.54	59
5) Seed Coconut (nuts)	2,021	2,950	46	0.890	0.67	-25
6) King Coconut (nuts)	570,215	1,980,19	247	42.65	131.55	208
7) Poonac	187	9	1,267	30.50	153.66	404
8) Coconut Cream	1,591	2,556	21	528.09	783.66	48
9) Coconut Milk	12,570	1,923	23	2,261.80	3,204.08	42
10) Coconut Milk Powder	4,702	15,490	24	2,817.53	3,604.07	28
11) Defatted Coconut	3,619	5,835	5	573.18	905.80	58
12) Coconut Water (Jan – Dec)	--	3,793 767	--	--	139.80	--
13) Coconut Arrack (Litres)	17,071		6	8.59	12.31	43
14) Vinegar (Litres)	24,007	18,161	41	3.69	6.89	87
15) Fatty Acid	2,447	33,945 2,554	4	205.75	253.16	23
Sab Total – Coconut kernel products (1000 nuts)				17,599.0 5	17,191.54	111
2.Fibre products						
16) Mattress Fibre	53,142	36,320	-32	2,160.59	1,727.92	-20
17) Bristle Fibre	10,251	16,409	60	606.37	848.46	40
18) Twisted Fibre	41,406	74,744	81	2,007.63	3,967.09	98
Sub Total - Products	104,799	127,473	22	4,774.59	6,543.47	55
3.Coconut shell products						
19) Coconut shell Charcoal	6,359	8,736	37	430.31	619.251	44
20)Coconut shell and	438	486	11	34.7622.	23.46	2

Coconut shell powder				98		
21)Coconut shell – active carbon	36,629	37,158	1	9,198.61	10,001.00	9
Sub Total Products- good	43,426	46,380	7	9,651,90	10,643.71	10
Finished products (Coir Fibre)						
22) Coir yarns	2,002	2,205	10	181.92	220.02	21
23) Coir twines	5,728	8,222	44	717.09	1,172.03	63
24) Thawashi brushes (No)	28,204,9	26,788,1	-5	587.81	573.53	-2
25) Ekel brooms and brushes	93	55	18	2,451.68	2,995.99	22
(No)(Except Thawashi brushes)	21,298,5	25,130,0				
	35	00				
26) Rubber mixed Coir Pads and bed mattresses (Number)	7,578,40	6,945,80	-8	285.75	390.61	37
27)Coir yarn, Mats and Carpets(Square metres)	8	7				
	568,759	635,149	26	10.52	8.08	-23
28) Coir Carpets			9	5,931.56	6,488.97	9
29) Coir Fibre Pith			24	701.92	884.86	26
30) Coir Husk Pieces	11,017	13,920	9	482.55	519.90	8
31)Geo Textiles	143,911	157,177	-6	3,698.04	4,231.06	14
32)Coir products used in gardening	11,815	14,610				
	3,362	3,672				
	58,136	54,747				
Sub Total Coir based products				15,737.22	18,271.16	16
Other products						
33)Coconut Ekels (Metric Tons)	8,375		4	188.99	217.18	15
	0.086	8,748	-91	0.25	0.02	-92
34) Coconut Timber(Metric Tons)		0.008				
Sub Total (Other products)				189.24	217.20	15
Total Export income				47,952.0	72,867.08	52
				0		

Source: Sri Lanka Customs Department

4. Administration Division

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

4.1 The Cadre of the Authority

The approved Cadre of the Authority is 258. The Staff served in the year 2014 was 178 and 27 out of the staff were belonged to the management category. The Cadre consisted of the following Service Categories.

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

4.2 Programmes for the Development of Human Resources.

Action had been taken to organize local training developmental programmes in various disciplines in the year 2014 with a view to uplifting the efficiency and the productivity of the employees of the Authority for enabling the utilization of the human resource for the accomplishment of the mission and objectives of the Authority efficiently and effectively. Arrangements have been made to organize courses giving priority to government institutions which operate training developmental courses. The objective of the Administration Division in the year 2014 was to make one officer of the Authority participated at least in one training workshop.

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

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



(Events of the Training workshop conducted at the Plantation Development Institution)

4.2.1 Employees were directed to participate in courses/workshops covered by the following disciplines in the year 2014.

Serial No.	Name of the Course	Division participated	Name of the Institution	Duration
01	Training on Development of Quality Manual & Operation Procedure based on ISO/IEC 17025: 2005	Quality Control and Quality Assurance	Sri Lanka Accreditation Board	02 Days
02	Effective Management Skills for the Administrative Officers	02	Skills Development Foundation	02 Days
03	Archival Management	01	Prag Institute	01 Day
04	Training Programme on Effective Communication and office Procedures.	42	National Plantation Management Institution	02 Days Residential
05	One day Workshop on Skills for Work Life	35	Skills Development Foundation	01 Day
06	training Programme on Energy Management system as per ISO 50001:2011	10	Sri Lanka Standards Institution	03 Days
07	ISO 2200-2005 Food Safety Management System	06	Sri Lanka Standards Institution	02 Days
08	ISO 9001- Quality Management System	10	Sri Lanka Standards Institution	02 Days
10	Productivity & Accuracy Improvement for Waste Water Testing Laboratory Technicians	02	Institute for Techno Management (Pvt) Ltd	03 Days
11	Disciplinary Procedure	02	Skills Development Foundation	02 Days
12	Public Procurement Procedure	07	Skills Development Foundation	02 Days

13	Waste Water Testing Laboratory Technicians	02	Institute for Techno Management (Pvt.) Ltd	03 Days
14	Scientific, Economical and Safe Driving	01	Construction Machinery Training Centre	01 Day
15	Development of Attitudes and the Art of working happily	31	National Plantation Management Institution	02 Days Residential
16	Public Recruitment Procedure	05	Skills Development Foundation	02 Days
17	Workshop for drivers on Personal Development	12	National Plantation Management Institution	02 Days Residential
18	Secretarial Practices	01	Skills Development Foundation	04 Days
19	Roll & Responsibilities of Leave Clerk	02	Skills Development Foundation	02 Days
20	Scheme of Recruitment	02	Skills Development Foundation	02 Days
21	Personal Grooming Business & Social Etiquette	01	Skills Development Foundation	01 Day
22	Training ISO/IEC 17043:2010	02	Accreditation Board on Conformity Assessment	02 Days
23	National Laboratory Confidence Conclave Accreditation delivery Confidence in Laboratory Testing	03	Sri Lanka Accreditation Board	01 Day
23	Work Shop on Stress Management	02	Sri Lanka Standards Institution	01 Day
24	Basic Techniques of Microbiological analysis & Training on Microbiological analysis	18	Sri Lanka Accreditation Board	07 1/2Days

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

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

a. Welfare Activities

Action has been taken to offer the following Welfare facilities and financial assistance to the Employees of the Authority also in the year 2014 as they were offered to the Employees of the Authority in the previous years.

- Loan facilities, railway season tickets, annual concessionary railway warrents and medical insurance scheme covering all the Employees and their family Members.
- Annual Educational tours and Sports activities organized by the Welfare Society.
- Provision of transport facilities for Employees on working days from Colombo Fort/Maradana and Wellawatte railway Stations and kohuwala Junction to attend the Office and to return to the same destinations when leaving the Office.
- Provision of gift vouchers to the children of the Members of the Staff for purchasing school books.
- Provision of a cup of tea to employees on working days.
- Provision of gift vouchers to the Employees for celebrating the Sinhala and Tamil New Year. Organization and conduct of a New Year Festival with the participation of the members of the staff and their family members as a celebration of the Sinhala and Tamil New Year.
- Making arrangements to conduct a special Programme of Preaching Dhamma to mark the Vesak Poya.



(Special events of the New Year Festival conducted in the year 2014)

5. Finance Division

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

The maintenance of records and controlling of the total income amounting of Rs.274 Million including 96.5 million received as Government grants for the year 2014 and the maintenance of records and controlling of the total assets of Rs.1004 million were the responsibilities of the Finance Division. It also provides the financial facilities for the functions required for the achievement of the Performance of each and every Division of the Authority.

5.1 General Operation Functions of the Authority

- Recurrent Expenditure of Rs.139.3 million and the Capital Expenditure of Rs.105.20 million have been incurred as expenses for general operational functions.
- Various Financial reports as well as monthly, tri-monthly, half yearly and annual reports are prepared for Management requirements.

5.2 Capital Development Programmes

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

Capital Development / Capital Programme of the year 2014 Total grants / income of the Government – Rs. 102.6 million.

The Finance Division of the Authority had been able to finalize the following activities also in the year 2014.

- Management of funds and the provision of financial reports on the Development and Research Projects.
- Crediting the Cess Receipts monthly for Individual Accounts of Security Deposits which are maintained in favour of the Desiccated Coconut Millers of the Mill Development Fund.
- Assisting in collaboration with the People's Bank to implement the "Kapruka Nipayum Diriya" Loan Scheme in order to provide financial facilities to entrepreneurs who engage in the Coconut Industry.
- Proper Management of money in the Employees Provident Fund of the Coconut Development Authority, making arrangements to pay loans to the members of the Employees Provident Fund and releasing the contributory money on the request made by the Employees who have exceeded the age level of 55 years subjected to the limit of 75%.
- Funds have been invested in Treasury Bills and in Bonds with a proper management. Moneys of Mills Development Fund are maintained with a proper management in individual savings accounts of the National Savings Bank in favour of each miller. The balances of the Funds at the end of the year is as follows (approximately)

a.	Capital Development Fund	10.50
b.	Mills Development Fund	70.80
c.	Coconut Oil Stabilizing Fund	223.20
d.	General Operational Activities	26.06
e.	N.R.I. Fund	<u>0.10</u>
		<u>330.66</u>

f.	Employees Provident Fund	<u>37.0</u>
----	--------------------------	-------------

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

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

**The Statutory Report and the Annual Accounts regarding the Financial
Statements of the Coconut Development Authority for the Financial Year Ended
on the 31st of December 2014**

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

In terms of the Section 41 of the Said Act and in a manner determined by the Minister with the inclusion of certain information, the Board and the Authority shall maintain Accounts of the proper Income and Expenditure and all the other transactions that should be maintained by them respectively for each Financial Year and they shall prepare Annual Accounts Statements and Statistics in relation to their activities.

In addition to the Provisions stipulated in the Section 41 of the Act, it is required to prepare and present the Annual Accounts Statements of the Authority in terms of the Provisions of the Monetary Act No. 38 of 1971 and as per the Directions issued by the General Treasury.

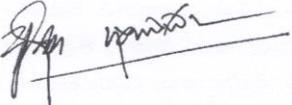
In terms of the Public Finance Circular No. PF/PE/21 dated 24/05/2002 of the General Treasury and in terms of the Directions issued substantially, it is required to prepare and submit the Draft of the Final Annual Accounts Statements within 60 days subsequent to the completion of the financial year. Annual Accounts which are for the year ended on the 31st of December 2013 should be prepared and submitted to the Auditor General in the month of February 2014 or before that.

Accordingly, the Annual Accounts and Financial Statements of the Capital Development Fund, Price Stabilizing Scheme for the Coconut Oil Fund, Mills Development Fund and N.R.I. Fund were prepared and submitted on 28.02.2014.

Necessary disclosures on the assets and liabilities as well as incomes and expenditures for the year 2013 have been done in the financial statements. The highly significant facts mentioned in the Accounts have been indicated in notes when and where appropriate The Financial

Statements for the year 2013 have been prepared in conformity with the General Standard Accounting Principles, Policies, Practices, Assumptions and the Sri Lankan Accounting Standards. In addition to certain changes that have been substantiated using separate notes, Accounting Policies and methods of calculation are in conformity with the Accounting Policies and methods of calculation adopted in the previous year. Any incident occurred after the balance sheet date and that should be revealed have not been included.

The Board of Directors and the Authority bear the responsibility of preparation and submission of these Financial Statements.



A handwritten signature in black ink, appearing to be 'J.P. Jayasinghe', is written over a horizontal line. The signature is cursive and somewhat stylized.

.....
Chairman– approved and signed for the Board of Directors of the Coconut Development Authority.

Coconut Development Authority.

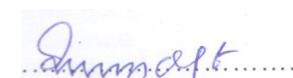
09.07.2014.

COCONUT DEVELOPMENT AUTHORITY

Statement of Consolidated Financial Position (Summarized) as at 31.12.2014

	AS AT 31.12.2014	2013.12.31
	Rs.	Rs.
ASSETS		
<i>Fixed Assets</i>	514,170,008	516,385,188
<i>Total Non Current Assets</i>	449,976,001	
<i>Current Assets</i>		
Inventories / Stock	8,841,120	7,992,888
Trade and Other receivable	18,135,721	461,340,446
Prepayments	2,986,303	2,313,470
Cash and Cash equivalents	5,186,604	2,764,870
Total Current Assets	35,149,748	474,411,674
Total Assets	999,295,757	990,796,862
<i>Non-Current Liabilities</i>		
Provision for Gratuity	(35,521,163)	(28,444,925)
<i>Current Liabilities</i>		
Payables	(14,949,256)	(9,241,497)
Accrued Expenses	(1,609,460)	(2,613,724)
	(16,558,716)	(11,855,221)
	947,215,878	950,496,716
<i>Equity and Liabilities</i>		
Capital Reserves	448,790,777	448,790,777
Government Grant	118,202,377	129,758,182
Grant from Capital Development Fund	77,652,767	77,652,767
Accumulated Fund	302,569,957	294,294,989
Total Equity and Liabilities	947,215,878	950,496,716

The accounting policies on pages 11 and Notes on pages 12 to 20 ,form an integral part of these Financial Statements. The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf.



DIRECTOR (FINANCE)
COCONUT DEV. AUTHORITY
09.07.2015



DIRECTOR GENERAL
COCONUT DEV. AUTHORITY



CHAIRMAN
COCONUT DEV. AUTHORITY

COCONUT DEVELOPMENT AUTHORITY

**Statement of Consolidated Financial Position as at
31.12.2014**

	Note No.	AS AT 31.12.2014	AS AT 31.12.2013
		RS.	RS.
FIXED ASSETS			
Fixed Assets	1	674,783,129	669,828,784
LESS : Accumulated Depreciation		(160,613,121)	(153,443,596)
		514,170,008	516,385,188
NON CURRENT ASSETS			
Work in progress-Sewerline project		8,475,486	-
Bank Deposits	5	220,610,820	230,055,008
Staff Debtors	5	13,318,868	10,503,438
Loans granted to BCC	6	59,715,037	59,715,037
Loan Rreceivable from BCC		28,081,263	24,069,654
Provision for Doubtful Debtors		(28,081,263)	(24,069,654)
Treasury Bills	7	110,376,338	101,200,718
Loan Granted -Kapruka Nipayum Diriya	7	37,479,450	30,735,445
		449,976,000	432,209,646
CURRENT ASSETS			
<i>Inventories / Stocks</i>			
Stocks	2	8,841,120	7,992,888
		8,841,120	7,992,888
<i>Trade & Other Receivables</i>			
Lady Lochore Loan Fund	3	1,247,745	1,646,172
Sundry Debtors	4	9,107,201	16,971,449
Staff Debtors	5	3,235,154	3,369,814
Advance against Fixed Assets/CMC		14,760	4,750,000
Sundry Advance	8	32,000	50,950

Advance given to kapruka loan scheme		4,070,000	1,000,000
Sundry Deposits	9	428,862	621,693
		18,135,722	28,410,078
Prepayments	11	2,986,303	2,313,470
Cash & Cash Equivalent		-	
Cash Deposit – Dunkannawa		-	16,403
Cash at Bank		5,182,499	2,723,061
Petty Cash		-	
Stamp postage imprest		407	407
Stamp Franking Machine		3,698	24,979
		5,186,604	2,764,850
Inter Current Account (Capital dev Fund)		1,435,565	147,869
Inter Current Account(Capital)		1,413,229	2,713,635
Total Current Assets		37,998,543	44,342,790
		1,002,144,551	992,937,624
NON CURRENT LIABILITIES			
Provision for Gratuities		(35,521,163)	(28,444,925)
CURRENT LIABILITIES			
Payables			
Sundry Creditors	12	(5,073,596)	(6,029,600)
Refundable Deposits	13	(2,117,668)	(2,058,254)
Receipts in Advance	14	(3,687,991)	(1,153,643)
Advance given kapruka loan		(4,070,000)	(1,000,000)
Accrued Expenses	15	(1,609,460)	(2,613,724)
Inter Current Account Balance		(2,848,794)	(1,140,763)
Total Current liabilities		(19,407,510)	(13,995,984)
		947,215,879	950,496,715

FINANCED BY			
Capital Reserves		6,970,409	6,970,409
Foreign Aid		4,102,257	4,102,257
Revaluation Reserve for Land		226,702,909	226,702,909

Revaluation Reserve for Building		164,965,219	164,965,219
Revaluation Reserve for Motor Vehicles		46,049,983	46,049,983
		448,790,777	448,790,777
Grants & Contributions		77,870,555	77,870,555
Government Grants Capital	16	40,331,822	51,887,628
		118,202,377	129,758,183
Grant from Capital Deve. Fund		77,652,767	77,652,767
Accumulated Fund	18	427,758,488	420,185,865
Accumulated Surplus	18	(125,188,530)	(125,890,876)
		947,215,879	950,496,715

The accounting policies on pages 11 and Notes on pages 12 to 20 ,form an integral part of these Financial Statements. The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf.

DIRECTOR (FINANCE)
COCONUT DEV. AUTHORITY
09.07.2015

DIRECTOR GENERAL
COCONUT DEV. AUTHORITY

CHAIRMAN
COCONUT DEV. AUTHORITY

COCONUT DEVELOPMENT AUTHORITY

Statement of Financial Position as at 31.12.2014 (Analyzed by Funds)

	<i>Not e No.</i>	GENERAL BOARD OPERATIONS <u>RS.</u>	CAPITAL DEV. FUND <u>RS.</u>	P.S.S. OIL FUND <u>RS.</u>	MILLDEV. FUND <u>RS.</u>	NRI FUND <u>RS.</u>	TOTAL <u>RS.</u>
FIXED ASSETS							
Fixed Assets	1	626,724,795.06	48,037,146.08	21,187.50	-	-	674,783,128.64
LESS : Accumulated Depreciation		(156,657,313.76)	(3,934,629.35)	(21,177.50)	-	-	(160,613,120.61)
		470,067,481.30	44,102,516.73	10.00	-	-	514,170,008.03
NON CURRENT ASSETS							
Work in progress-Sewerline project		8,475,486.32					8,475,486.32
Bank Deposits	5	3,954,606.23	-	145,788,528.01	70,867,686.23	-	220,610,820.47
Staff Debtors	5	13,318,868.51	-	-	-	-	13,318,868.51
Loans granted to BCC	6	-	33,000,000.00	26,715,037.40	-	-	59,715,037.40
Loan Rreceivable from BCC				28,081,262.79			28,081,262.79
Provision for Doubtful Debtors		-	-	(28,081,262.79)	-	-	(28,081,262.79)
Treasury Bills	7	22,106,634.95	10,512,125.48	77,596,575.96	-	161,001.92	110,376,338.31
Loan Granted -Kapruka Nipayum Diriya	7	-	-	37,479,449.68	-	-	37,479,449.68
		47,855,596.01	43,512,125.48	287,579,591.05	70,867,686.23	161,001.92	449,976,000.69
CURRENT ASSETS							
<i>Inventories / Stocks</i>							
Stocks	2	8,841,119.65	-	-	-	-	8,841,119.65
		8,841,119.65	-	-	-	-	8,841,119.65

Trade & Other Receivables							
Lady Lochore Loan Fund	3	1,247,744.67	-	-	-	-	1,247,744.67
Sundry Debtors	4	2,887,688.57	568,763.18	3,801,119.90	1,845,676.60	3,952.72	9,107,200.97
Staff Debtors	5	3,235,153.52	-	-	-	-	3,235,153.52
Advance against Fixed Assets		14,760.00					14,760.00
Sundry Advance	8	32,000.00	-	-	-	-	32,000.00
Advance given to kapruka loan scheme		-	4,070,000.00	-	-	-	4,070,000.00
Sundry Deposits	9	428,862.24	-	-	-	-	428,862.24
		7,846,209.00	4,638,763.18	3,801,119.90	1,845,676.60	3,952.72	18,135,721.40
Prepayments	11	2,986,302.62	-	-	-	-	2,986,302.62
Cash & Cash Equivalent							-
Cash Deposit - Dunkannawa		-	-	-	-	-	-
Cash at Bank		4,059,950.11	1,122,549.02	-	-	-	5,182,499.13
Stamp postage imprest		407.00	-	-	-	-	407.00
Stamp Franking Machine		3,698.00	-	-	-	-	3,698.00
		4,064,055.11	1,122,549.02	-	-	-	5,186,604.13
Inter Current Account (Capital dev Fund)		1,435,565.26					1,435,565.26
Inter Current Account(Capital)			-	-	1,845,676.60	-	1,413,229.00
Total Current Assets		25,173,251.64	5,761,312.20	3,801,119.90	1,845,676.60	3,952.72	36,585,313.06
		543,096,328.95	93,375,954.41	291,380,720.95	74,559,039.43	164,954.64	1,002,144,550.78

NON CURRENT LIABILITIES							
Provision for Gratuities		(35,521,162.50)	-	-	-	-	(35,521,162.50)
CURRENT LIABILITIES							
Payables							
Sundry Creditors	12	(4,593,965.75)	(479,630.65)	-	-	-	(5,073,596.40)
Refundable Deposits	13	(2,117,668.02)	-	-	-	-	(2,117,668.02)
Receipts in Advance	14	(3,687,991.40)	-	-	-	-	(3,687,991.40)
Advance given kapruka loan		-	-	(4,070,000.00)	-	-	(4,070,000.00)
Accrued Expenses	15	(1,609,459.72)	-	-	-	-	(1,609,459.72)
Inter Current Account Balance		-	(2,848,794.18)	-	-	-	(2,848,794.18)
Total Current liabilities		(12,009,084.89)	(3,328,424.83)	(4,070,000.00)	-	-	(19,407,509.72)
		495,566,081.56	90,047,529.58	287,310,720.95	74,559,039.43	164,954.64	947,648,326.16
FINANCED BY							
Capital Reserves		6,970,408.50	-	-	-	-	6,970,408.50
Foreign Aid		4,102,256.98	-	-	-	-	4,102,256.98
Revaluation Reserve for Land		202,811,600.00	23,891,309.00	-	-	-	226,702,909.00
Revaluation Reserve for Building		164,965,219.02	-	-	-	-	164,965,219.02
Revaluation Reserve for Motor Vehicles		46,049,983.00	-	-	-	-	46,049,983.00
							448,790,776.50
Grants & Contributions		77,870,554.61	-	-	-	-	77,870,554.61
Government Grants Capital	16	40,331,822.43	-	-	-	-	40,331,822.43
		-	-	-	-	-	118,202,377.04

Grant from Capital Deve. Fund		77,652,767.37	-	-	-	-	77,652,767.37
Accumulated Fund	18	-	66,156,220.58	287,310,720.95	74,126,591.83	164,954.64	427,758,488.00
Accumulated Surplus	18	(125,188,530.35)					(125,188,530.35)
		495,566,081.56	90,047,529.58	287,310,720.95	74,126,591.83	164,954.64	947,215,878.56

The accounting policies on pages 11 and Notes on pages 12 to 20 ,form an integral part of these Financial Statements. The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf.

DIRECTOR (FINANCE)
COCONUT DEV. AUTHORITY
09.07.2015

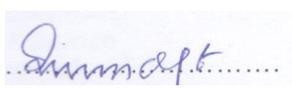
DIRECTOR GENERAL
COCONUT DEV. AUTHORITY

CHAIRMAN
COCONUT DEV. AUTHORITY

Coconut Development Authority

Statement of Consolidated Financial Performance (Summarized) for the Year Ended 31.12.2014

Revenue	FOR THE YEAR ENDED	
	2014	2013
Government Grant – Recurrent	96,500,000	82,000,000
Government Grant – Capital	98,593,808	64,317,151
Other Income	78,921,969	70,092,759
	274,015,777	216,409,910
<u>Less : Expenditure</u>		
Personal Emoluments	(82,559,428)	(62,267,074)
Travelling Expenses	(2,851,345)	(2,714,400)
Supplies & Requisites	(21,329,457)	(16,232,007)
Repairs & Maintenance	(11,017,788)	(7,910,648)
Contractual Service & Other	(21,620,235)	(15,885,371)
Research and Deve./Training	(105,197,404)	(64,034,840)
	(244,575,657)	(169,044,339)
Surplus /(Deficit)	29,440,120	47,365,571
Depreciation	(16,226,688)	(18,846,846)
Amortization to Grant	15,561,999	16,444,683
Gratuity	(9,306,647)	(4,532,386)
Under provision for Bad Debtors	(4,011,609)	(4,011,609)
	15,457,175	36,419,413



DIRECTOR (FINANCE)
COCONUT DEV. AUTHORITY
09.07.2015



DIRECTOR GENERAL
COCONUT DEV. AUTHORITY



CHAIRMAN
COCONUT DEV. AUTHORITY

COCONUT DEVELOPMENT AUTHORITY
Statement of Financial Performance for the year ended
31.12.2014

	<i>Note No</i>	GENERAL BOARD OPERATIONS	CAPITAL DEV. FUND	P.S.S. OIL FUND	NRI Fund	Total
		<u>RS.</u>	<u>RS.</u>	<u>RS.</u>	<u>RS.</u>	<u>RS.</u>
INCOME						
Government Grant (Recurrent)		96,500,000	-	-	-	96,500,000
Government Grant (Capital)		-	98,593,808	-	-	98,593,808
						-
OTHER INCOME						
Grant from Capital Dev.Fund (DC Sampling & Testing Charges)		22,000,000	-	-	-	22,000,000
Interest Income	1	3,013,786	861,787	15,751,065	12,640	19,639,279
Rental Income	2	9,180,000	597,338			9,777,338
Registration Fees	3	4,947,360	-	-	-	4,947,360
Lot Fees	4	2,930,388	-	-	-	2,930,388
Laboratory Income	5	5,177,802	-	-	-	5,177,802
Miscellaneous Income	6	1,915,032	4,803,864	-	-	6,718,896
Input Tax credit		1,239,688				1,239,688
Interest on B.C.C. Loan			-	4,011,609	-	4,011,609
Sale of Fixed Assets and Inventory items		2,479,609	-	-	-	2,479,609
Total other Income		52,883,666	6,262,989	19,762,674	12,640	78,921,969
Total Income		149,383,666	104,856,797	19,762,674	12,640	274,015,777
Total Net income		149,383,666	104,856,797	19,762,674	12,640	274,015,777

	<i>Note No</i>	GENERAL BOARD OPERATIONS	CAPITAL DEV. FUND	P.S.S. OIL FUND	NRI Fund	
		<u>RS.</u>	<u>RS.</u>	<u>RS.</u>	<u>RS.</u>	<u>RS.</u>
EXPENDITURE						
Personal Emoluments		(82,559,428)	-	-	-	(82,559,428)
Travelling Expenses		(2,851,345)	-	-	-	(2,851,345)
Supplies & Requisites		(21,329,457)	-	-	-	(21,329,457)
Repairs & Maintenance		(11,017,788)	-	-	-	(11,017,788)
Contractual Service & Other		(21,567,128)	-	-	-	(21,567,128)
Financial charges		(43,190)	(9,917)	-	-	(53,107)
A.P.C.C. Contribution		-	(4,218,102)	-	-	(4,218,102)
Marketing Development - Capital Development Programme	7	-	(32,542,940)	-	-	(32,542,940)
Processing Dev. - Capital Development Programme	8	-	(42,113,142)	-	-	(42,113,142)
Quality Control & Quality Assurance- Capital Dev. Programme	9	-	(1,691,615)	-	-	(1,691,615)
DC Testing & Sampling charges		-	(22,000,000)	-	-	(22,000,000)

Dunkannawa Project expenses		-	(2,631,606)	-	-	(2,631,606)
		(139,368,335)	(105,207,321)	-	-	(244,575,657)
Operating Profit		10,015,331	(350,524)	19,762,674	12,640	29,440,120
Depreciation		(15,561,999)	(664,689)	-	-	(16,226,688)
Amortization of Grant		15,561,999	-	-	-	15,561,999
Under provision - Gratuity		(9,306,647)	-	-	-	(9,306,647)
Provision for doubtful Interest on loans to B.C.C. Lanka Ltd.		-	-	(4,011,609)	-	(4,011,609)
		708,683	(1,015,213)	15,751,065	12,640	15,457,175

.....
DIRECTOR (FINANCE)
COCONUT DEV. AUTHORITY
09.07.2015

.....
DIRECTOR GENERAL
COCONUT DEV. AUTHORITY

.....
CHAIRMAN
COCONUT DEV. AUTHORITY

2013	Consolidated Cash Flow Statement for year ended 31st December 2014	2014	
	Cash Flows from Operating Activities		
36,419,413	Surplus/(deficit) from ordinary activities		15,457,175
	Non - Cash movements		
18,846,846	Provision for Depreciation	16,226,688	
	Dunkannawa Transfer	2,167,988	
(16,444,683)	Amortization	(15,561,999)	
	Prior year adjustment	(228,999)	
(25,512,990)	Interest on Investment	(19,639,275)	
4,532,386	Provision for Gratuity	9,306,647	
(3,069,932)	Gratuity Payment	(2,230,408)	
(2,000,780)	Profit on sale of Fixed Assets	(2,479,609)	<u>(12,438,967)</u>
(23,649,153)	Operating Profit / Loss before Working Capital Changes		3,018,208
	Working Capital Changes		
	Increase Work In Progress	(8,475,486)	
(1,150,985)	Increase in Stocks	(848,232)	
(44,577)	Decrease in Lady Loachor Loan	398,427	
	Decrease Advance to CMC	4,750,000	
(2,423,573)	Decrease in Sundry Debtors	7,864,243	
(978,802)	Increase in Staff Debtors	(2,680,770)	
32,161	Decrease in Sundry Deposits	192,831	
336,302	Increase in Prepayment	(672,834)	
(120,694,170)	Decrease in Bank Deposits	9,444,188	
116,963,559	Increase in Treasury Bills	(9,175,620)	
(4,221,928)	Decrease Sundry Creditors	(956,004)	
240,653	Increase Refundable Deposit	59,414	

(5,939,576)	Increase Advance Received	2,534,349	
	Advace for fixed assets	(14,760)	
	Decrease Sundry Advance	18,950	
(28,245,445)	Increase Kapruka Loan scheem	(6,744,005)	
880,508	Increase in Accrued Expenses	(1,004,264)	(5,309,573)
(45,245,873)	Net cash flows from operating activities		
	CASH FLOW FROM INVESTING ACTIVITIES		
25,512,990	Interest on Investment	19,639,265	
(14,044,681)	Purchase of Fixed Assets	(16,185,835)	
2,000,780	Sale of Fixed assets	2,479,609	
13,469,089	NET CASH FLOW FROM INVESTING ACTIVITIES		5,933,039
	CASH FLOWS FROM FINANCING ACTIVITIES		
7,432,849	Capital Reserves	-	
4,919,431	Treasury Grants for Capital	4,006,192	
-	Mill development fund	(6,946,870)	
12,352,279	Net cash flows from financing activities		(2,940,678)
	Net increase/(decrease) in cash and cash equivalents		700,997
11,140,032	Cash and cash equivalents at beginning of period		4,485,608
4,485,608	Cash and cash equivalents at end of period		5,186,604
		Cash and cash equivalents as at	
		<u>01.01.2014</u>	<u>31.12.2014</u>
	Cash Deposit - Dunkannawa	16,403	-
	Cheque in Transit -MDF	1,720,738	
	Cash at Bank	2,723,081	5,182,499
	Stamp postage imprest	407	407
	Stamp Franking Machine	24,979	3,698
		4,485,608	5,186,604

COCONUT DEVELOPMENT AUTHORITY

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st DECEMBER 2014

	Grant & Contribution	Government Grant Capital	Grant from Capital Dev. Fund	Capital Reserves	Foreign Aids	Revaluation Surplus	Accumulated Fund	Accumulated surplus/deficit	Total
	Rs.		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01/01/2014	77,870,555	51,887,627	77,652,767	6,970,409	4,102,257	437,718,111	420,185,865	(125,890,877)	950,496,714
Funds received from Treasury	-	4,006,192							4,006,192
Prior year adjustment (Disposal of fixed Asset)								(6,338)	(6,338)
Amortization of Grant for year 2013		(15,561,999)							(15,561,999)
Project Contributions	-								-
Income & Expenditure							7,572,623	708,683	8,281,306
Total	77,870,555	40,331,821	77,652,767	6,970,409	4,102,257	437,718,111	427,758,488	(125,188,531)	947,215,878

ACCOUNTING POLICIES

(1) ACCOUNTING CONVENTION

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

(2) GENERAL ACCOUNTING POLICIES

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

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

(3) VALUATION OF ASSETS

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

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

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

Revaluation of Land & Building at Duke Street

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

3.1 INVESTMENTS

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

Kapruka Diriya Loan scheme has initiated by using this fund.

3.2 DEBTORS

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

3.3 STOCKS

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

(4) PROVISION FOR RETIREMENT BENEFITS

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

NOTES TO THE FINANCIAL POSITION AS AT 31.12.2014

FIXED ASSETS AS AT 31.12.2014 - Head Office

ITEM	COST AS AT 01.01.2014	ADDITION	ADJUSTMENT & DISPOSAL	COST AS AT 31.12.2014	ACCUMULATED DEPRECIATIO N	ADJUSTMENT & DISPOSAL	DEPRECIATIO N 2014	ACCUMULATED DEPRECIATION	W. D. VALUE AT 31.12.2014
LAND	204,855,770.00	-	-	204,855,770.00	-	-	-	-	204,855,770.00
BUILDINGS	246,147,370.53	1,862,346.85	141,450.01	248,151,167.39	23,704,772.27	-	4,256,684.19	27,961,456.46	220,189,710.93
LABORATORY FITTINGS & EQUIPMENT	70,953,934.52	10,443,418.60	623,191.25	82,020,544.37	41,871,413.32	-	5,808,003.66	47,679,416.98	34,341,127.39
OFFICE FURNITURE & EQUIPMENT	23,572,110.96	3,880,069.69	(331,721.00)	27,120,459.65	14,119,070.33	-	2,984,888.76	17,103,959.09	10,016,500.56
MACHINERY & EQUIPMENT	3,363,900.00	-	-	3,363,900.00	2,417,015.28	-	336,390.00	2,753,405.28	610,494.72
BOOKS & PERIODICALS	782,013.65	-	-	782,013.65	712,123.92	-	16,031.03	728,154.95	53,858.70
MOTOR VEHICLES	63,328,940.00	-	(2,898,000.00)	60,430,940.00	60,729,660.74	439,258.06	2,160,001.20	60,430,921.00	19.00
TOTAL	613,004,039.66	16,185,835.14	(2,465,079.74)	626,724,795.06	143,554,055.86	(2,458,740.94)	15,561,998.84	156,657,313.76	470,067,481.30

ITEM	COST AS AT 01.01.2014	TRANSFER	COST AS AT 31.12.2014	ACCUMULATED DEPRECIATION	DEPRECIATION/ TRANSFER 2014	TRANSFER	ACCUMULATED DEPRECIATION	W. D. VALUE AT 31.12.2014
LAND	21,449,599.25	-	21,449,599.25	-	-	-	-	21,449,599.25
MODEL MILL BUILDING	26,587,546.83	-	26,587,546.83	3,269,940.68	664,688.67	-	3,934,629.35	22,652,917.48
MODEL MILL MACHINERY	8,491,229.70	(8,491,229.70)	-	6,516,335.67	-	(6,516,335.67)	-	-
COMPUTER ACCESSORIES	117,100.00	(117,100.00)	-	46,840.00	-	(46,840.00)	-	-
OFFICE MACHINERY EQUIP;	158,080.40	(158,080.40)	-	35,246.08	-	(35,246.08)	-	-
TOTAL	48,037,146.08	(8,766,410.10)	48,037,146.08	9,868,362.43	664,688.67	(6,598,421.75)	3,934,629.35	44,102,516.73

Coconut Development Authority
Notes to the Financial Position as at 31.12.2014

No.

2

Stocks
G.B.O.

Rs.

D.C. & Fibre Mill spare parts	20,347.01	
Laboratory requisites	5,689,453.23	
Motor Spare parts	161,241.68	
Stationery	2,970,077.73	
		<u>8,841,119.65</u>
		<u>8,841,119.65</u>

Lady Lohore Loan Fund

The initial deposit and the accumulated interest (4% upto May 2014 and then 7% on Loans given to staff) is shown in this A/C.

1,247,744.67

4 **Sundry Debtors**

GBO

Debtors on Service rendered to D.C. Mills	996,659.08	Schedule I-A Page-21
Debtors for Copra / Fresh Coconut Lot Fees	805,036.59	Schedule I-B Page-22
Bank of Ceylon Treasury Division (Interest on Treasury Bills)	174,112.21	
Bank of Ceylon (Interest on Fixed Deposits)	211,457.03	
State Plantation Corporation (Rent Income)	91,617.00	
Chilow Plantation (Rent Income)	360,000.00	
Welfare- CDA	(468.09)	
Purchasing Advance	249,274.75	
	<u>2,887,688.57</u>	

Capital Dev. Fund

Rental Income Receivable

Central Bank of Sri Lanka Interest on Treasury Bill.	90,123.34	
Gagasiripura Lalana Saviya	298,154.84	
	<u>180,485.00</u>	
	<u>568,763.18</u>	

P.S.S.Oil Fund

Interest Receivable from Fixed Deposits	930,698.32	
Interest Receivable from Bank Loan Interest	263,691.73	
Interest Receivable from Treasury Bills	<u>2,606,729.85</u>	
	<u>3,801,119.90</u>	

Mill Dev. Fund**Amount receivable on Misappropriation Rs. 1,845,676.60****1,845,676.60**

CDA maintains Saving Accounts at National Savings Banks under the Mill development Fund in favour of D.C. millers. During 1998 their had been a discrepancy regarding the balance according to CDA books and the balances of following three Savings Accounts in National Savings Bank.

Mill No./Name	Account No	Amount as at 01.01.2014	Add Interest p'ble for 2014	Amount as at 31-12-2014
M-68 -Dimbulwatta Mills	49429	1,523,972.12	81,233.70	1,605,205.82
M-81 W.W.Fernando & Sons Mills	49385	133,165.08	6,889.83	140,054.91
M-128 Sandalanka CPCS	49428	95,324.83	5,091.04	100,415.87
		1,752,462.03	93,214.57	1,845,676.60

N.R.I. Fund

Interest Receivable from Treasury Bills

3,952.72

	Rec'ble in year 2015	Rec'ble after 2015	
5 Staff Debtors			
Distress Loan	2,225,004.00	10,775,005.33	13,000,009.33
Festival Advance	12,500.00	110,000.00	122,500.00
Motor Cycle Loan	348,360.00	2,268,462.00	2,616,822.00
Cycle Loan	15,200.00	11,000.00	26,200.00
Special Loan (Rs.7,500/=)	6,375.00	-	6,375.00
Special Salary Advance(I)	583,705.00	-	583,705.00
H.V.P. Wijewardena	22,004.76	77,200.59	99,205.35
A.S. Balasooriya	22,004.76	77,200.59	99,205.35
	3,235,153.52	13,318,868.51	16,554,022.03

6 Loan**Capital Development Fund****B.C.C. Lanka Ltd.**

A sum of Rs. 25,000,000/= has been approved by the Cess Committee on 07th March 2002 and released on 14th March 2002 as a loan to be repaid at a rate of Rs.2 Million per month, with a grace period of 6 months. Only a sum of Rs. 50,000/= has been received at the end of the year 2003 as repayment

25,000,000.00

50,000.00

24,950,000.00

6,600,000.00

A sum of Rs. 6,600,000/= has been released on the instruction of the Ministry of Plantation Industries on 20th October 2004, based on an agreement.

None of these loans have been settled as yet by the B.C.C. and hence a claim has been made to the PERC through the Ministry of Plantation Industries, requesting them to settle C.D.A. Loans as a first order liability in the event of B.C.C. is being considered for restructuring.

31,550,000.00

Hiriyala Govijana Samagama Loan

Loan given to Hiriyala Govijana Samagama on 11-07-2006 for purchase of coconut
Amount Settled during 2006
Amount settled during 2008

2,000,000.00
(500,000.00)
(50,000.00)

1,450,000.00

33,000,000.00

P.S.S.Oil Fund

Loan granted to B.C.C.Lanka

26,715,037.40

7 Kapruka Nipayum Diriya Loan Scheme

37,479,449.68

Loan Granted to	Amount
D.N. Jayarathna	500,000.00
K.V.A. Wijesinghe	250,000.00
W.P. AMARADASA	500,000.00
W.K. WIMAL ANANDASIRI	500,000.00
K.M. ANURADHA JAYAWARDANA	500,000.00
ABEYSEKARA	500,000.00
A.D. NUWAN KANCHANA	320,000.00
H.P.K. SUGATH KUMARA	500,000.00
A.M.D. DARSHANA	420,000.00
K.A. WIJESEKARA	500,000.00
M.M.A. ASHOKA MANIPALA	500,000.00
J.A.N.R. KARUNATHILAKA	500,000.00
R.M. CHAMINDA JANAKA	500,000.00

K.G.W.T.H. DE SILVA	500,000.00
M.G. RANJITH	500,000.00
C.D.S. DASANAYAKA	500,000.00
S. NISHANTHA ROHAN PEIRIS	500,000.00
M.A. DEEPIKA	250,000.00
U.M. AJANTHA SAMANTHILAKA	500,000.00
K.P.D. KUMARASINGHE	450,000.00
T.A. THILANKA KUMARA	200,000.00
H.P.D.S.S.K. GUNASEKARA	500,000.00
H.R. SANJEEWA NALAKA	500,000.00
K. SARATH	500,000.00
G. HEMAWATHIE	500,000.00
M.M.S.K. Mudannayake	500,000.00
W.Muditha Yasamali	500,000.00
S.H. Sanjeevani	210,000.00
N.P.K. Manoj somathilaka	300,000.00
	12,900,000.00

Loan balance as at 2014/01/01	30,735,445.34
AJUSMENT(YEAR 2013) loan given during the year 2014	(228,999.00) 12,900,000.00
(less) repayment during the year	(5,926,996.66)
loan balance as at 2014/12/31	37,479,449.68

8 Sundry Advance

01. Mrs. S.W. Rasika	11,000.00	
02. Mrs. Tamara jayanthi	<u>17,400.00</u>	28,400.00

Fuel Advance

01. B.L. Amarasiriwardena	1,200.00	
02. J.P.D. M. Lankapura	1,200.00	
03. Chamila Wasantha	<u>1,200.00</u>	3,600.00
		<u>32,000.00</u>

9 Sundry Deposits

01. Auto Super Service Centre	250,000.00	
02. Ceylon Gas Company	1,950.00	
03. C.R.I. - Electricity Deposits	130,000.00	
04. Mrs. L.D.R. Priyanka (Acting Cashier)	6,366.78	
05. Kammalpattuwa (C.P.C.S.) Ltd.	10,000.00	
06. Mr. Y.K.C. Jayathilaka	10,545.46	
07. Export Development Board	10,000.00	
08. MF Enterprises	<u>10,000.00</u>	<u>428,862.24</u>

10 Treasury Bills**G.B.O****Treasury Bills****RS**

A sum of Rs.2,858,988.08 a part of the Government Grant kept in C/A maintained at the Bank of Ceylon Branch, HydePark Corner in 1998 in keeping with the Board of Directors decision 355/02 of 354th meeting has been invested in fixed deposits . This amount has been accumulated interest is **Rs.16,012,979.04**

16,012,979.04

A sum of Rs. 2,202,009.36 has been received as the proceeds of disposal of old and unusable motor vehicles. The investment is kept in the form of Treasury Bill through the BOC with accumulated interest as Rs.6,093,655.91

6,093,655.91

22,106,634.95**Capital Development Fund**

<u>Date of Investment</u>	<u>Period</u>	<u>Date of Maturity</u>	<u>Rate of Interest</u>	<u>Amount Invested</u>
25-04-2014	One Year	24-04-2015	6.40%	5,718,315.26
01-08-2014	One Year	31-07-2015	6.40%	4,011,409.50
10-08-2014	One Year	31-07-2015	6.75%	782,400.72
				<u>10,512,125.48</u>

P.S.S.Oil Fund

<u>Kapruka Loan Fixed Deposit</u>		
F/D Receipt No	F/D No	F/D value as at 2014/12/31
204-60-01-00013213-6	A 779255	23,134,425.26
204-60-01-00013169-0	A 779216	5,348,040.18
204-60-01-00013172-5	A 779219	5,348,040.18
204-60-01-00013171-6	A 779218	5,348,040.18
204-60-01-00013168-1	A 779215	5,348,040.18
204-60-01-00013174-3	A 779221	10,696,080.36
204-60-01-00013175-2	A 779222	10,696,080.36
204-60-01-00013173-4	A 779220	10,696,080.36
204-60-01-00013176-1	A 779223	4,555,851.54
204-60-01-00013309-1	A 779345	29,528,678.00
204-60-01-00010508-6	A 549681	25,623,745.28
204-60-01-00012003-2	A 671603	5,832,042.44
204-60-01-00013930-8	A905950	2,575,932.36
TOTAL		144,731,076.68

Saving Account Balance as
at 31.12.2014

1,057,451.33

Balance as at 31.12.2014

145,788,528.01

145,788,528.01

PSS Oil Fund Treasury Bill

<u>Date of Investment</u>	<u>Period</u>	<u>Date of Maturity</u>	<u>Rate of Interest</u>	<u>Amount Invested</u>
10-10-2014	350 Days	25-09-2015	5.30%	165,975.70
20-06-2014	1 Year	19-06-2015	6.75%	373,825.70
20-06-2014	1 Year	19-06-2015	6.75%	2,123,986.55
30-05-2014	1 Year	29-05-2015	6.75%	295,322.67
23-05-2014	1 Year	22-05-2015	6.75%	2,654,670.30
21-03-2014	1 Year	20-03-2015	6.75%	2,346,525.15
07-03-2014	1 Year	03-03-2015	6.80%	584,092.95
21-02-2014	1 Year	20-02-2015	6.80%	3,334,521.13
29-11-2014	1 Year	20-11-2015	-	65,717,655.81
				<u>77,596,575.96</u>

N.R.I. Fund

<u>Date of Investment</u>	<u>Period</u>	<u>Date of Maturity</u>	<u>Rate of Interest</u>	<u>Amount Invested</u>
10-10-2014	91 Days	09-01-2015	5.00%	59,215.78
05-12-2014	91 Days	06-03-2015	5.10%	19,830.18
30-05-2014	365 Days	29-05-2015	6.75%	81,955.96
				<u>161,001.92</u>
				<u>110,376,338.31</u>

**11 Pre Payments
GB.O.**

Motor Vehicles Insurance	60,969.75
Cash in transits of Cash	
Insurance	4,135.86
Service charges on Office Equipments	418,241.85
Renew of Sri Lanka Insurance Policy	2,290,760.46
Telecommunication	119,448.00
Staff Training	6,500.00
Fire Insurance	86,246.70
	<u>2,986,302.62</u>

12 Sundry Creditors**GB.O.**

ETF Board	172,437.90	
Auditor General's Department	700,000.00	
Colombo Municipal Council (Sewerline Project)	1,327,820.72	
Central Bank of Sri Lanka (Provident Fund)	1,088,947.55	
Coins Payable	986.72	
Central Engineering Construction Bureau	463,941.52	
	<hr/>	3,754,134.41

**PURCHASING CREDITORS AS AT
31.12.2014**

Analytical Instrument (Pvt) Ltd.	137,194.10	
Browns & Company	15,357.24	
	515,200.00	
Frame Hood Industriyal Technology		
S.K. Munasinghe Motors	133,560.00	
Data Tech Business Centre	38,520.00	839,831.34
	<hr/>	4,593,965.75

Capital Dev.Fund

Refundable Tender Deposit		10,000.00
Manchanayaka Oil Mills		135,000.00
Refudable Deposits		300,000.00
Creditors		34,630.65
		<hr/>
		479,630.65

13 Refundable Deposits**GB.O.****Quality Certificates**

Ceylon & Foreign		
C.W. Mackie & Company	3,947.59	
Desicolanka Exports	7,828.88	
G.P. De Silva	4,108.31	
	<hr/>	15,884.78

Refundable Deposits

Global Scientific System Pvt Ltd	5,000.00	
Biomed International Pvt Ltd	5,000.00	
Analytical Instrument Pvt Ltd	5,000.00	
Hemson International Pvt Ltd	5,000.00	
Toyota Lanka Pvt Ltd	5,000.00	25,000.00

Security Deposits

Mrs. L.D.R. Priyanka	6,366.78	
Mr. Y.C.K. Jayathilaka	10,545.46	16,912.24

Tender Deposits

Iram Arm Security Services (Pvt) Ltd.	10,000.00	
Field Security Service	5,000.00	
Eagle Wings Security Service	5,000.00	
S. Selwakumara	4,000.00	
Ocian Narain Service	5,000.00	
W.E. Security Service	5,000.00	
Lanktrad International (Pvt) Ltd.	50,000.00	
Straight Line International (Pvt) Ltd.	50,000.00	
Construction Engineering (Pvt) Ltd.	5,000.00	
Namal Kariyawasam	5,000.00	
Assalarachchi Construction (Pvt) Ltd.	5,000.00	
Adamjee Lukmanjee (Pvt) Ltd.	5,000.00	
Sripah Construction (Pvt) Ltd.	5,000.00	
Rice Milk Compost Fabric	5,000.00	
H.D. Gunasiri	5,000.00	
Sunil Welding work Furniture	5,000.00	
Scientific Instruments (Pvt) Ltd.	10,000.00	
W.E. Security Service (Pvt) Ltd.	5,000.00	

C.P. Lanka (Pvt) Ltd.	5,000.00	
A.B. Securities (Pvt) Ltd.	5,000.00	
A.K.I.L. Amarasinghe	5,000.00	
PC Trading (Pvt) Ltd.	125,871.00	
Janaka Manchanayaka	5,000.00	
Eagle Wings Security	5,000.00	
Unilanka Security Services Pvt Ltd	5,000.00	
Queen Star Security Services	5,000.00	
Gajashakthi Security Services	5,000.00	
Commercial Field Security Service	5,000.00	
Reliable & Alert Security	5,000.00	
W.A. Security Service	5,000.00	
C P Lanka Ltd.	5,000.00	
Pioneer Security Service	5,000.00	
Airwing Guand Ferce Security	5,000.00	
Desicolanka Export Lanka Coconut Consorting (Pvt) Ltd	50,000.00	
	<u>50,000.00</u>	484,871.00
<u>Advance Received</u>		
Chlaw Plantation (1 month)	360,000.00	
Kurunegala Plantation (3 months)	390,000.00	
Sri Lanka State Plantation Corporation (3 months)	825,000.00	1,575,000.00
		<u>2,117,668.02</u>
<u>Capital Dev. Fund</u>		
<u>REFUNDABLE DEPOSIT</u>		
Opening balance	60,000.00	
Consare Pvt Ltd	50,000.00	
Green Seapo Coir Export Pvt LTd	50,000.00	
kapruka Samithiya	50,000.00	
Sancan Export Lanka Pvt Ltd	50,000.00	
Sumith Fibre Industries pvt Ltd	<u>50,000.00</u>	<u>310,000.00</u>

14 Receipt In Advance**GB.O.**

Registration of Oil Millers	282,800.00	
Registration of Auctioneer/Brokers	15,000.00	
Registration of Coconut Dealer	9,000.00	
Registration of Major Kernal Products	773,000.00	
Registration of Minor Kernal Products	195,250.00	
Registration of Suppliers	275,500.00	
Registration of Coconut Estate	45,400.00	
Exporter Fibre & Fibre Products	1,861,000.00	
Registration of Fibre Mills	33,723.00	
Registration of DC Mills	120,000.00	
Registration of Coconut multi production Dealer	<u>77,318.40</u>	
		3,687,991.40

15 Accrued Expenses**GB.O.**

Communication	53,128.28	
Electricity & Water	347,029.79	
Security Services	121,265.76	
Fuel & Lubricants	118,304.02	
Travelling Expenses	373,609.05	
Overtime & Holiday Pay	250,617.00	
Repairing & Maintenance - Vehicles	56,572.00	
Repairing & Maintenance - Machinery & plant	22,457.80	
NBT	70,567.13	
Transport	138,400.00	
Cleaning Services	16,700.00	
Insurance	31,123.00	
Salaray	<u>9,685.89</u>	
		<u>1,609,459.72</u>

16	<u>Government Grant Capital</u>	
	Balance as at 01-01-2014	51,887,628.83
	Add : Treasury Grants received for the year 2014	4,006,192.44
	Amortization of Grant for year 2014	(15,561,998.84)
	Balance as at 31-12-2014	<u><u>40,331,822.43</u></u>
17	<u>Capital Development Grant</u>	
	Balance as at 31-12-2014	<u><u>77,652,767.37</u></u>
18	<u>Accumulated Income over Expenses</u>	
	<u>GBO</u>	
	Balance as at 01-01-2014	(125,890,876.00)
	Prior year adjustment(Disposal of fixed Asset)	(6,337.53)
	Surplus/Deficit	708,683.18
	Balance as at 31-12-2014	<u><u>(125,188,530.35)</u></u>
	Capital developmen6t fund	
	Balance as at 01-01-2014	67,171,433.61
	Surplus/Deficit-2014	(1,015,213.03)
	Balance as at 31-12-2014	<u><u>66,156,220.58</u></u>
	PSS Oil Fund	
	Accumulated Fund at 01-01-2014	271,788,655.18
	Prior year adjustmen (Kapruka loan balance Adj as at 31.12.2013)	(228,999.06)
	Surplus/Deficit 2014	15,751,064.83
	Accumulated Fund at 31-12-2014	<u><u>287,310,720.95</u></u>
	NRI Fund	
	Balance as at 01-01-2014	152,313.98
	Interest Received	12,640.66
	Balance as at 31-12-2014	<u><u>164,954.64</u></u>
	MDF	
	Balance as at 01-01-2014	81,073,462.00
	Grant fro January to December 2014	10,144,413.72
	Interest Received	3,346,199.11
	Withdrawals	(20,437,483.00)
	Balance as at 31-12-2014	<u><u>74,126,591.83</u></u>

COCONUT DEVELOPMENT AUTHORITY

NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31.12.2014

1 Interest Income G.B.O.

Interest on Staff Loans	599,237.71	
Interest on Lady Lochore Loan Fund	93,861.55	
Interest on Investment (Treasury Bills)	1,780,102.31	
Interest on Fixed Deposits	<u>540,584.86</u>	3,013,786.43

Capital Development Fund

Interest on Treasury Bills	861,787.31	
		861,787.31

P.S.S.Oil Fund

Interest on Treasury Bills	2,915,671.74	
Interest on S.I.T.S. Fund	2,040,553.23	
Interest on Bank loans	1,003,989.47	
Interest on Fixed Deposits	9,760,456.96	
Interest on Servings Accounts	30,393.43	15,751,064.83
N.R.I. Fund -Interest on Tresury Bills		<u>12,640.39</u>
		<u>19,639,278.96</u>

2 Rental Income G.B.O.

State PlantationLtd	3,300,000.00	
Chilow Plantation Ltd	4,320,000.00	
KurunegalaPantationLtd	1,560,000.00	9,180,000.00
Capital Dev. Fund		
Rental Income	597,338.32	
		<u>597,338.32</u>
		<u>9,777,338.32</u>

3 Registration Fees

G.B.O.

Exporters of Major Kernel Products	598,500.00	
Exporters of Minor Kernel Products	1,203,870.00	
Exporters of Fibre & Fibre Products	1,397,572.60	
Registration of Copra Dealers	69,000.00	
Registration of Auctioneers & Brokers	36,000.00	
Registration of Coconut Estates Owners	96,900.00	
Registration of D.C. Millers	298,760.00	
Registration of Coconut Oil Millers	209,951.20	
Registration of Fibre Millers	238,480.52	
Late Registration Fee	141,720.26	
Registration of Suppliers	277,192.50	
Registration of Coconut Shell Products & Finish Products	<u>379,412.64</u>	
		<u><u>4,947,359.72</u></u>

4 Lot Fees Income -Copra & fresh Coconut

2,930,388.48

5 Laboratory Income

Quality Certificates	2,451,360.78	
Testing Charges	1,851,397.27	
Water Sampling charges	<u>875,044.42</u>	
		<u><u>5,177,802.47</u></u>

6 Miscellaneous Income

G.B.O.

Tender Deposits	46,000.00	
Sale of Bulletins	136,635.00	
Vehical Hire Charges	46,265.85	
Sundry Income	20,631.22	
Lable Charges	<u>1,665,500.00</u>	
		<u><u>1,915,032.07</u></u>

Capital Development Fund

Refund Subsidy	600,000.00	
Recoveries of machines Distribu	189,272.00	
Divineguma Projects	3,959,384.19	
Technical surporting chages	55,207.34	
		<u>4,803,863.53</u>
		<u>6,718,895.60</u>

7 Marketing Development & Research Programmes	32,401,942.73	
<u>Kapruka Isurusala - Narahenpita - Profit & Loss A/C</u>	140,996.88	
		<u>32,542,939.61</u>

Note-A		
<u>Kapruka Isurusala - Narahenpita - Profit & Loss A/C</u>		
Sales		1,391,042.39
Stock as at 01-01-2014	646,666.41	
Purchases	<u>796,890.56</u>	1,443,556.97
		52,514.58
Less :Stock as at 31-12-2014		-
		52,514.58
Less :Expenses		<u>88,482.30</u>
Net Profit / (Loss)		140,996.88

8 Processing Development Programmes		<u>42,113,142.24</u>
Dunkannawa Project expenses		
Fixed Assets Cost)	8,766,410.10	
Accumulated depreciation	<u>(6,598,421.75)</u>	
		2,167,988.35
coir stock as at 01.01.2014	<u>463,617.67</u>	<u>2,631,606.02</u>

9 Quality Control & Quality Assurance

Laboratory Expenses on ISO
Accreditation Programme & Other
Expenses

}

1,691,614.71

10 Dunkannawa Transfer

2,631,606.02

DEBTORS ON SERVICES RENDERED TO D.C. MILLERS AS AT 31-12-2014

MILL NO.	NAME OF MILLER	TOTAL (Rs.)	MILL NO.	NAME OF MILLER	TOTAL (Rs.)
M - 63	Chilaw D.C. & Oil Mills	27,454.92	M - 113	Belummahara D.C. Mills	4,478.20
M - 64	Rathkarawwa D.C. & Oil Mills	29,172.08	M - 119	Mathamma D.C. Mills	17,670.01
M - 67	Marawila C.P.C.S. Ltd.	13,672.23	M - 122	St. Joseph D.C. & Fibre Mills	8,956.40
M - 69	Baduwatta Mills	30,969.68	M - 124	Minuwangoda Mills	30,314.14
M - 71	Madampe Mills (Pvt) Ltd	14,476.44	M - 126	Luxshmi D.C. Mills	30,649.34
M - 72	St. Joseph D.C. Manufactures (Pvt) Ltd.	17,364.48	M - 127	Victoriya D.C. Mills	18,360.66
M - 75	Siriyangani D.C. & Fibre Mills	29,180.18	M - 130	Boyagane D.C. Mills	9,632.64
M - 76	S.A. Silva & Sons Lanka (Pvt) Ltd.	37,508.87	M - 131	Jayakodi D.C. Mills (Pvt) Ltd.	13,260.32
M - 77	St. Annes D.C. Factory	22,284.77	M - 133	Upali D.C. Mills	13,425.47
M - 79	Renuka Agro Export Limited	4,478.20	M - 134	Gunawardena D.C. Mills	12,938.01
M - 80	Dunagaha C.P.C.S. Ltd.	20,927.60	M - 136	Welwin D.C. Mills	26,116.00
M - 84	Poththewela D.C. & Oil Mills	8,947.27	M - 138	Rimsara Coconut Producers	22,601.25
M - 85	Wicky Plantation (Pvt) Ltd.	26,666.88	M - 139	Sanhinda Mills (Pvt) Ltd.	27,079.46
M - 86	J.P.M. Pinto & Company (Pvt) Ltd.	2,239.10	M - 141	Katana D.C. Mills	22,395.44
M - 87	St. Valentine D.C. Mills	8,956.42	M - 142	Lanka United D.C. Mills	46,042.83
M - 88	Sonic Expo (Pvt) Ltd.	28,450.34	M - 144	Swanee Mills Ltd.	21,352.51
M - 89	Kudawewa Mills	13,843.77	M - 145	Dunagaha C.P.C.S. Ltd.	25,502.92
M - 90	Nedungamuwa Mills	12,941.09	M - 147	Saksel Natural Products (Pvt) Ltd.	11,247.24
M - 91	Sandalankawa C.P.C.S. Ltd.	27,993.29	M - 148	R.M.P. Coconut Producers	21,915.79
M - 93	Green Palm D.C. Mills	14,947.12			
M - 94	Sirikatha DC Mills	4,478.21			
M - 95	CBL Cocos (Pvt) Ltd.	13,791.05			
M - 97	Golden Crown D.C. Mills (Mayawatta)	73,850.58			
M - 98	H.C.E. Soysa & Co.	21,792.44			
M - 102	Mawathagama DC Mills	28,790.16			
M - 103	St. Theresa D.C. Mills	13,265.45			
M - 105	DY & DU Rajapakse (Pvt) Ltd.	205.19			
M - 107	Chandra D.C. Mills	21,001.85			
M - 108	Battuluoya DC Mills	14,415.17			
M - 110	Unagahadeniya Mills	9,883.58			
M - 111	Kudirippu D.C. Mills	18,772.04			
				TOTAL	996,659.08

**FRESH COCONUT &
COPRA LOT FEES
DEBTORS AS AT 31.12.2014**

<u>Copra</u>	<u>Amount (Rs.)</u>
	-
01. Bee Pee & David Company	(1,361.25)
02. G & J Matew & Co. (Pvt) Ltd.	44,609.55
03.L.S.T.De.S.Wijerathne & Co.	10,914.40
<u>Fresh Coconut</u>	-
01. National Livestock Development Board	106,199.76
02. Chilaw Plantation Ltd.	203,867.75
03. Coconut Research Institute	18,945.79
04. Coconut Cultivation Board	229,836.64
05. Mr. P.E.K. Diasena	-
06. Mr. P.P. Gunasekera	1,296.60
07. Lalan Rubber (Pvt) Ltd.	41,300.53
08. Kurunegala Plantation Ltd.	21,488.58
09. Elkaduwa Plantation Ltd.	110,606.41
10. H.L. De Mel & Co. (Pvt) Ltd.(Ragedara, Millawana Estate, Maradanwila Estate, Mr, R.M. De Mel)	21,605.42
11. Mr. C. Deepal Mathew	1,397.71
12. Chandrika Bandaranayake Kumarathunga	(5,364.10)
13. Kegalle Plantations Ltd.	(2,458.84)
14. A.V.A. Sumanapala	(1,142.40)
15. Dicklanda Estate	3,042.04
16. Polkanatte Watte	252.00
	805,036.59

COCONUT DEVELOPMENT AUTHORITY
RECURRENT EXPENDITURE STATEMENT - 2014

2013	DESCRIPTION	SUB TOTAL	TOTAL RS.
	PERSONAL EMOLUMENTS		
36,790,239	Salaries & Wages including Provident Fund	39,280,168.74	
10,277,612	Cost of Living & Other allowances	23,474,270.89	
8,188,325	E.P.F. & E.T.F.	10,846,785.19	
3,748,276	Overtime & Holiday pay	4,023,512.09	
296,431	Chairman's Entertainment	223,507.00	
626,469	Board members Allowance	825,346.13	
427,654	Training & Seminars	1,321,670.00	
60,355,004		79,995,260.04	79,995,260.04
	TRAVELLING EXPENSES		
1,353,514	Travelling Expenses (Local)	2,415,979.99	
-	Travelling Expenses (Overseas)	-	
1,158,957	Rents & Hire Charges	214,860.00	
201,929	Market Promotion	220,504.89	
2,714,400		2,851,344.88	2,851,344.88
	SUPPLIES & REQUISITES		
4,669,800	Stationery & Other Requisites	5,238,908.14	
5,091,865	Fuel & Lubricants	5,784,048.70	
179,067	Uniforms including tailoring charges	250,620.00	

130,305	Books & Periodicals	-	
6,160,969	Other Consumables (Laboratory Chemicals)	9,865,402.48	
	Other requirements	190,477.50	
16,232,007		21,329,456.82	21,329,456.82
	REPAIRS & MAINTENANCE		
800,031	Structures / Buildings	2,249,401.56	
2,227,774	Machinery Office Equipment & Furniture	3,686,932.91	
4,882,843	Vehicles	5,081,453.46	
7,910,648		11,017,787.93	11,017,787.93
	TRANSPORTATION , COMMUNICATION , UTILITY & OTHER SERVICES		
3,437,620	Communication	3,651,819.39	
	Transport	1,336,215.75	
3,753,920	Insurance	4,881,028.57	
1,296,304	Security Services	1,332,341.13	
943,398	Cleaning Services	1,228,861.91	
4,504,142	Electricity & Water	6,660,859.57	
955,431	Rates & Taxes	960,020.00	
135,400	Legal Fees	886,600.00	
197,615	Postal Charges	548,647.00	
500,000	Audit Fees	80,735.00	
112,941	Bad debts	-	
15,836,771		21,567,128.32	21,567,128.32
39,250	Bank charges		43,190.00

	GRANT CONTRIBUTION & SUBSIDIES	43,190.00	
1,912,069	Welfare Expenditure	2,564,167.50	
1,912,069		2,564,167.50	2,564,167.50
104,960,899	TOTAL EXPENDITURE	139,325,145.49	139,368,335.49

6. The Report of the Audit and Management Committee.

6.1 The Composition and the Quorum

The Audit and the Management Committee is comprised of three Non-Executive Directors. The following Directors functioned as the Committee members during the year under review.

The Audit and Management Committee Meeting No. 2014/01 held on 21.01.2014.

1. Mr. R. Semasinghe - Chairman / Representative of the General Treasury
2. Mr. N.S. Wanasinghe - Member / Representative of the Ministry
3. Mr. Alex Nishantha - Member
4. Mr. N. Udayanga - Member

The Audit and Management Committee Meeting No. 2014/02 held on 30.04.2014.

1. Mr. R. Semasinghe - Chairman / Representative of the General Treasury
2. Mr. N.S. Wanasinghe - Member / Representative of the Ministry
3. Mr. Alex Nishantha - Member
4. Mr. N. Udayanga - Member

The Audit and Management Committee Meeting No. 2014/03 held on 21.08.2014.

1. Mr. R. Semasinghe - Chairman / Representative of the General Treasury
2. Mr. N.S. Wanasinghe - Member / Representative of the Ministry
3. Mr. Alex Nishantha - Member
4. Mr. N. Udayanga - Member

The Audit and Management Committee Meeting No. 2014/04 held on 04.12.2014.

1. Mr. R. Semasinghe - Chairman / Representative of the General Treasury
2. Mr. N.S. Wanasinghe - Member / Representative of the Ministry
3. Mr. Alex Nishantha - Member
4. Mr. N. Udayanga - Member

A representative of the Auditor General and the Chief Internal Auditor participated in the meeting. There are no members in the Committee representing the Management. The Director General participates in meetings on invitations. When the Committee requires the participation of the other members of the management, they are invited to participate in the meeting. The quorum of the Committee is three (03).

6.2 The Role of the Committee

- Reviewing the structure and the composition and the supervision of the credibility of the Financial Reporting System adopted by the Coconut Development Authority.
- Regulation and reviewing of procedures adopted for the guarantee of the objectivity and the effectiveness of the external and the internal audit process.
- Reviewing the appropriateness and the success of the internal control and submitting recommendations.
- Reviewing of internal audit reports, external audit queries and the steps taken in that regard.
- To be in conformity with the regulatory requirements and financial reporting requirements and reviewing and submitting recommendations on the ethical standards and procedures which are required for the guarantee of the relationships to be maintained with the respective regulatory authorities.

6.3 Meetings and Activities

Four (04) Committee meetings were conducted during the year under review. The participation of members for the committee meetings has been mentioned below.

The Audit and Management Committee Meeting No. 2013/02 held on 27.12.2014.

Name of the Director	No. participated
Mr. R. Semasinghe	04
Mr. N.S. Wanasinghe	04
Mr. Alex Nishantha	01
Mr. N. Udayanga	03
Superintendent of Audits (Invitee)	04

The Committee executed the following activities during the year under review.

6.3.1 Internal Audit

- The effectiveness in the implementation of the Internal Audit Plan for the year 2014 was monitored.
- Reviewing the special Internal Audit Findings and the responses of the management in that regard with the objective of taking timely and accurate steps for the prevention of reoccurrences in the future.
- The Internal Audit Plan has been reviewed for the year 2014.

6.3.2 External Audit

- The report submitted to the Parliament by the Auditor General in relation to the Coconut Development Authority for the year ended on 31.12.2014, the letter of the Management and the responses made in that connection by the Management were reviewed and the following up activities regarding the corrective measures that were taken by the Management for the prevention of the reoccurrence of the issues pointed out specifically.

6.3.3 Financial Reporting

- Assistance was provided to the Board in certifying that the financial statements annually audited has been prepared in accordance with the requirements specified by the Monitoring and Regulatory Authority and are in conformity with the relevant Accounting Standards.

6.3.4 Minutes of the meeting /Reporting to the Board

- Appropriate Minutes of the meetings regarding the conduct of the committee meetings are maintained at the Secretary's Office of the Board of Directors. All the Minutes of the meetings had been tabled and the approval of the Board of Directors had been obtained for the execution of the recommendations made by the Committee subsequent to passing them at the Director Board Meetings. Following up activities are performed for significant matters on a systematic basis.

The opinion of the Audit and the Management Committee is that an adequate internal control is being effectively executed and the assets are sufficiently safeguarded. Further, the Committee is satisfied with the framework that has been adopted by the Authority and with the corrective and preventive measures that has been taken at the appropriate occasions.

The approval of the Audit and the Management Committee has been granted for this report on 30.04.2014.



විගණකාධිපති දෙපාර්තමේන්තුව
கணக்காய்வாளர் தலைமை அறிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல.
My No. }

LP/K/CDA/1/14/02

ඔබේ අංකය
உமது இல.
Your No. }

දිනය
திகதி
Date }

14 August 2015

The Chairman
Coconut Development Authority

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

The audit of financial statements of the Coconut Development Authority for the year ended 31 December 2014 comprising the statement of financial position as at 31 December 2014 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Financial Act, No.38 of 1971 and Section 43 of the Coconut Development Act, No 46 of 1971. My comments and observations which I consider should be published with the Annual Report of the Authority in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act will be issued to the Chairman of the Authority in due course.

1.2 Management's Responsibility for the Financial Statements

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

1.3 Auditor's Responsibility

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

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

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

1.4 Basis for Qualified Opinion

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



2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Coconut Development Authority as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Public Sector Accounting Standards

According to the Sri Lanka Public Sector Accounting Standard 07, action had not been taken to revalue the vehicles still in use, out of the fully depreciated vehicles.

2.2.2 Accounting Deficiencies

The following observations are made.

- (a) Sums of Rs.8,796,480 and Rs.136,970 recoverable from the Sri Lanka Rupavahini Corporation and the Sri Lanka Broadcasting Corporation respectively to the Authority, had not been shown as receivables in the accounts.
- (b) The loan amounting to Rs.2,000,000 granted to an Agrarian Company in the year 2006 by the Authority, should be paid without interest in equal installments within 06 months since the date on which the loan had been granted in terms of the agreements. Even though a sum of Rs.1,450,000 further receivable therefrom, had been a current asset, that amount had been shown under non-current assets.



- (c) Cash misappropriated by an officer of the Authority and interest thereon amounting to Rs.1,845,676 had been shown in the accounts as at 31 December of the year under review and there is a risk of recovering this loan contrary to the Concept of Prudence and the interest receivable thereon as well had been brought to account annually. As such, income and assets had been overstated in the financial statements.

2.3 Accounts Receivable

The following observations are made.

- (a) The interest for a loan amounting to Rs.26,715,037 granted to a company owned by the Government in the year 1985 had been computed annually and the interest computed up to 31 December of the year under review amounted to Rs.28,081,263. However, this interest had been fully written off in the year under review without an approval. A sum of Rs.31.55 million had been granted as the loan without interests to the same institute in the years 2002 and 2004 and that amount as well had not been recovered to the Authority.
- (b) The Authority had failed to recover the fees receivable from the desiccated coconut mill owners and the ground rent receivable for the auctions of fresh coconut and copra amounting to Rs.1,801,696 up to 30 June 2015.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the financial result of the Authority for the year under review had resulted in a surplus of Rs.15,457,175 as compared with the corresponding surplus of Rs.36,419,413 for the preceding year, thus indicating a deterioration of Rs. 20,962,238 in the financial results. Even though the entire income comprising the Government Grants had increased by Rs.57,605,867, the increase in other expenditure comprising researches and development and trainings by Rs. 75,531,318 had mainly contributed to this deterioration. The total income of the Authority consisted of 71 per cent from the Treasury provisions, 13 per cent from the operating income and 16 per cent from the sundry income as well.



4 Operating Review

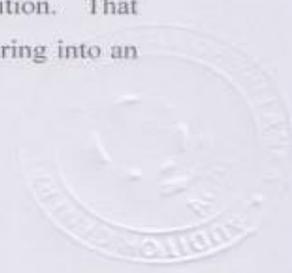
4.1 Management Inefficiencies

The following observations are made

- (a) A proper marking scheme had not been followed in selecting products / exporters to participate in trade exhibitions held in Moscow, Russia and Essen in Germany in the year under review for introduction of products of Coconut related Industrialists to the international market and an authorized person for the Authority had not signed the agreements entered into between the exporters and the Authority. Even though the financial bonds submitted by them had been released, evidence had not been made available to audit that attention had been paid on matters which should be considered and the progress of the trade exhibition in Moscow, Russia as well had not been reviewed.

- (b) A private firm had been selected by the Authority amalgamated with the Sri Lanka Standards Institution in July of the year under review for the purpose of introduction of Hazard Analysis and Critical Control Point (HACCP) Standard Certification for Food Safety Management System of 45 desiccated coconut mills. The Authority had entered into an agreement with that firm at a total value of Rs. 4,050,000 and out of that, 20 per cent representing the initial advance amounting to Rs. 810,000 had been paid in the same month as the first stage. According to the agreement, submission of documents necessary for certification of 45 desiccated mills at the second stage should be completed on 31 January 2015. Nevertheless, that activity had not been completed up to June 2015.

- (c) A sum of Rs. 350,000 had been paid to a consultant for the preparation of a methodology necessary for the procedure of obtaining a brand name on the approval of the Board of Directors for introduction of coconut products of Sri Lanka to the international market under a brand name by maintaining the standard and the quality of the coconut products in good condition. That brand name had not been obtained up to 15 June 2015 due to entering into an





agreement without proper understanding in respect of the whole procedure relating to obtaining that brand name. Further, a sum of Rs.135,000 had been paid to an outside person for designing a logo required to the procedure of obtaining the brand name without calling quotations.

- (d) The University of Colombo and the Authority had entered into an agreement on 03 June 2014 for computation of quantity of coconut cultivation lands and the number of coconut trees by the Geographic Information System Technology. According to the agreement, the total estimated expenditure had been Rs.2,587,500 and 20 per cent of it representing Rs.517,500 had been paid to the University of Colombo on 15 December 2014. Even though that purpose should be completed by 05 February 2015, a report including the results of computation had not been received up to 31 May 2015.
- (e) The Authority had selected the Sri Lanka Rupavahini Corporation and the Sri Lanka Broadcasting Corporation as advertising firms for promotion of coconut milk, coconut milk powder and coconut cream instead of coconut nuts with a view to uplifting the coconut export income by minimizing the wastage of coconut in domestic consumption. The Authority had paid a sum of Rs.9,344,832 as advertising cost to the Sri Lanka Rupavahini Corporation for the period from 14 August 2014 to 13 April 2015 and a sum of Rs.3,936,228 as advertising cost to the Sri Lanka Broadcasting Corporation for the period from 01 September 2014 to 31 December 2014. However, the Sri Lanka Rupavahini Corporation and the Sri Lanka Broadcasting Corporation had informed the Authority that out of those amounts, sums of Rs. 8,796,480 and Rs. 136,970 had been saved respectively with them. Nevertheless, it was confirmed that according to the financial statements of the Sri Lanka Rupavahini Corporation, there was no money to be repaid to the Authority and the receivable amount to the Authority from the Sri Lanka Broadcasting Corporation had been Rs.1,269,922. Further, the Authority had not presented adequate information to audit to confirm that the Sri Lanka Rupavahini Corporation and the Sri Lanka Broadcasting Corporation had carried out advertising activities.





4.2 Personnel Administration

The approved cadre and the actual cadre as at 31 December 2014 had been 259 and 178 respectively and as such there were 81 vacancies in posts relating to the operating activities of the Authority by the end of the year under review.

5. Systems and Controls

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

- (a) Accounting
- (b) Utilization of Funds
- (c) Staff Administration
- (d) Operating Control

W.P.C.Wickramaratne
Acting Auditor General

