

Coconut Development Authority



Annual Report

2016

Coconut Development Authority

Our Vision

“To make the Coconut Industry the highest contributor in the Gross Domestic Production from among the entire Plantation Sector and to be the global leader in the product market diversification.”

Our Mission

To facilitate the Coconut Industry with a view to achieving a long term commercial productivity and sustainability while providing a higher contribution to the national economy through securing the supply of coconut and coconut products for household consumption and for the 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 (Hereinafter referred to 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 this Act.
- (e) Approval of the Annual Budgets 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-operative agreements with the international Organizations that are assigned equal entitlements and equal duties.
- (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.84.7 Billion has been earned as the foreign currency by Sri Lanka in the Year 2016 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 2016 was 195 and 34 out of the total employees were officers in the Management category.

Review of the Chairman – 2016

Sri Lanka is the fourth largest producer of Coconut in the World scenario and the total land extent under the Coconut Cultivation is approximately 10,883,77 acres. 84 percent of the total land extent under the coconut cultivation represents the cultivation of Coconut small holders less than 08 hectares and the remaining 16% of the land extent under the coconut cultivation represents the Plantation Sector of more than 08 hectares. Approximately 50% of the total land extent under coconut has propagated in the Districts of Kurunegala, Puttalam and Gampaha which belong to the Coconut triangle and a very large number of people are directly and indirectly employed in the Coconut based manufacturing industries. Human beings have established very close social economic linkages with the coconut tree and the products of the coconut tree are being utilized by the human being for many different tasks. 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.

The average coconut yield of Sri Lanka is in the range of 2500 – 3000 million nuts. However, the coconut yield of this Country in the years 2015 and 2016 was better and 60% out of 3011 Million nuts, the coconut harvest of the country in the year 2016 was locally consumed. Accordingly, the remaining 40% of the fresh coconuts were allocated for the export of Desiccated Coconut, Coconut Oil, Virgin Coconut Oil, Copra, Coconut milk, Coconut milk powder, Coconut Cream and Fresh Coconuts. However, the harvest is absolutely inadequate to fulfil and balance the consumption and the industrial requirements. At present, approximately 150 Coconut and Coconut based Products are manufactured locally and approximately 35 major products selected out of such products are annually exported to more than 100 Countries in the World.

The largest export income in the history of the Coconut Industry was earned in the year 2016 and it was Rs.84.7 billion. The significant growth in the export income earned from the Coconut Industry in the year 2016, which is a 13% growth in comparison to the year 2015 was a great achievement for the Coconut industrial Sector. Specifically, a significant growth was marked in the export of Coconut kernel based products and a significant growth was also achieved in the export of active carbon, twine, coir fibre pith, coconut husk pieces which are the coir fibre based finished products and coir based products utilized for horticultural crops.

The main target of the Coconut Development Authority is to increase the export income from year to year by functioning in line with the vision of the Authority which is set to make

the Coconut Industry the highest contributor in the Gross Domestic Production from among the entire Plantation Sector and to be the global leader in the product market diversification. The Government anticipates to increase the total export income of Sri Lanka up to USD 20 Billion by the Year 2020 and the Coconut Development Authority is willing to provide a contribution of USD 01 Billion (viz, 5% contribution) in that respect. It is expected to find proper solutions to the major issues that are encountered by the Authority in the accomplishment of the aforementioned target and to accomplish the respective targets within the ensuing years I would like to take this opportunity to thank Hon. Naveen Dissanayake, Minister of Plantation Industries, who constantly instruct and provide guidance to direct the Coconut industry towards the accomplishment of developmental targets and the Secretary of the Ministry and all the Staff members including the Board of Directors of the Coconut Development Authority, who are really committed to accomplish the task of the Authority.



Udaya Rupasinghe
Chairman
Coconut Development Authority

Review of the Director General – 2016

Coconut which had been first consumed by the rural community in Sri Lanka is linked 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.

Approximately 56% of the total land extent under coconut 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 established focusing the Coconut Triangle.

The average coconut yield of Sri Lanka is in the range of 2500 – 3000 million nuts. 65% out of the Coconut harvest is locally consumed as fresh coconuts and the remaining 40% of the fresh coconuts are used for the Coconut Kernel based Export Industry (Desiccated Coconut, Copra, Coconut milk, Coconut milk powder, Coconut Cream and Fresh Coconuts).

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, approximately 150 Coconut and Coconut based Products are manufactured locally and approximately 35 major products selected out of such products are annually exported to 125 Countries in the World.

An Island wide Programme on utilizing fresh Coconuts in Coconut kernel based Industries including the Desiccated Coconut Industry by saving them through minimizing the wastage of Coconuts that takes place in the household consumption and the process of the systematic collection and direction of waste Coconut shells and Coconut husks which are not been used at present for the respective Industries has been initiated by the Coconut Development Authority. Likewise, there is a tendency for the manufacture of value added goods and for manufacturing qualitative products identifying the international market requirements.

Sri Lanka will be able to export high quality Coconut products for the foreign market and Coconut Development Authority is consistently functioning for safeguarding the goodwill of Sri Lanka that exists in the foreign markets and to expand the market share prevailing in the foreign markets for our Coconut products.

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. Naveen Dissanayake, 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.



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

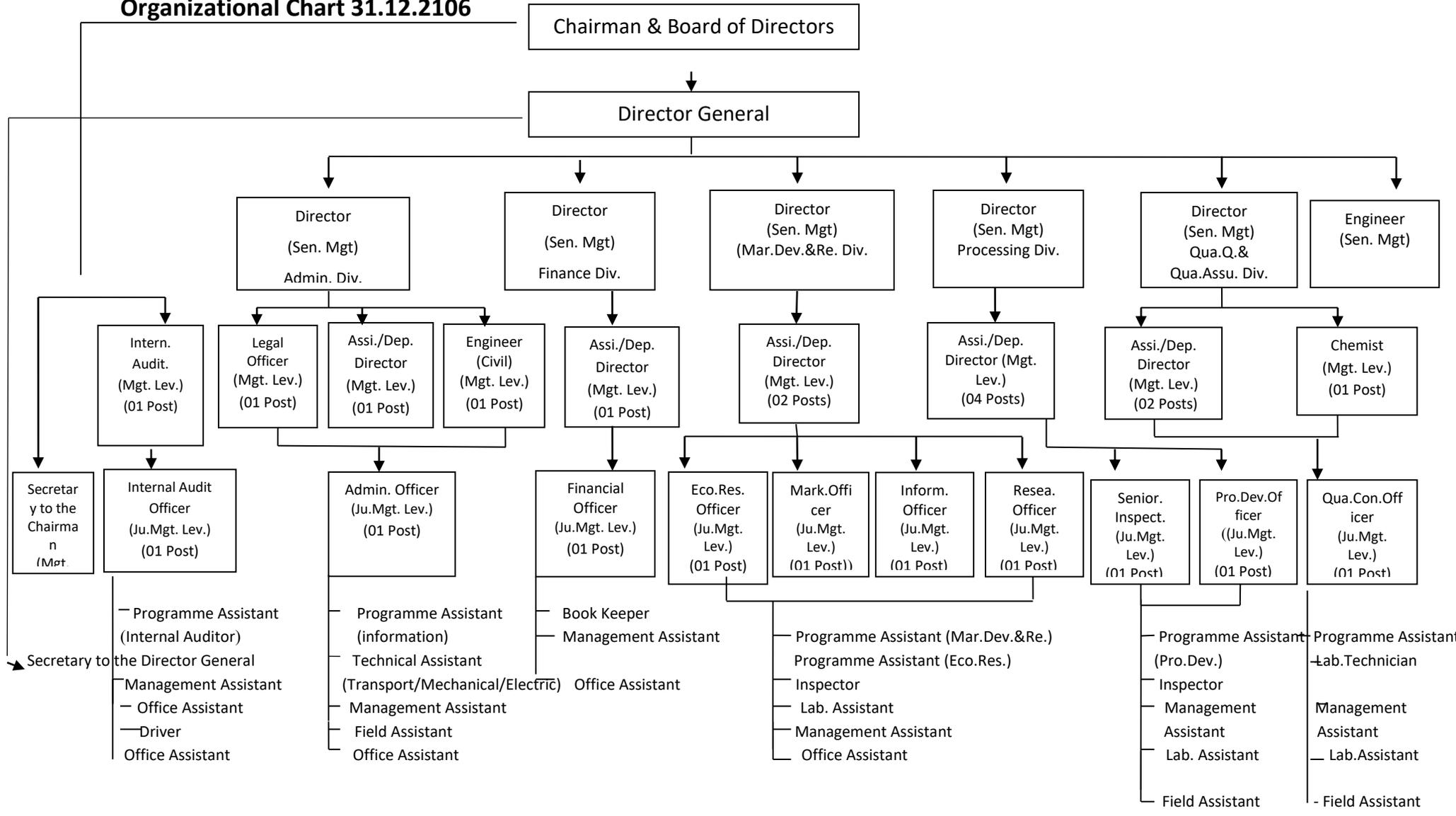
**Members of the Board of Directors from January to
December 2016**

1. Mr. H.K. Udaya Rupasinghe – Chairman
2. Mr. Kapila Yakandawala
3. Mr. G. Suriapperuma
4. Mr. R.B. Attanayake
5. Mr. F. Devasiriwatham
6. Mr. S.P. Jayarathne
7. Miss. W.M.Y.T. Fernando
8. Mr. N.S. Wanasinghe
9. Mr. R.M.D.K. Namal Bandara
10. Mr. Chaminda Gamage
11. Mr. M.C.D.V. Aponso

The Chairman and the Heads of Divisions

1. Mr. H.K.U.K. Rupasinghe - Chairman
2. Mr. R.A.D.S Ranathunge - Director General (Acting)
3. Mr. A.T. Ranasinghe - Engineer
4. Mrs. S.S. Purasinghe - Director (Quality Control and Quality Assurance)
5. Mrs. S.S. Rajakaruna - Director (Administration)
6. Mrs. M.P. Sandhya Kanthi - Director (Finance)
7. Mr. H.V.P. Wijewardhene - Director (Processing Development)
8. H.M. Wasula Herath - Director (Marketing Development and Research)
(Functioned in the Acting Post for the duration of
07.10.2015 to 01.07.2016)
- Mr. P.A.S.K. Sampath Samarawickrama (From 01.07.2016)
10. Mr. W.M.T.S.Weerasuriya - Internal Auditor

Organizational Chart 31.12.2106



- Abbreviations:**
- | | | |
|--|---|--|
| 1. Sen. Mgt – Senior Management Level | 5. Admin. Officer - Administrative Officer | 9. Ju.Mgt. - Junior Management Level |
| 2. Assi./Dep. Director - Assistant Director/ Deputy Director | 6. Eco.Res.Officer - Economic Research Office | 10. Mar.Dev.& Re. – Marketing Development and Research |
| 3. Mgt. Lev - Management Level | 7. Pro.Dev.Officer - Processing Development Officer | 11. Qua.Q.& Qua.Assu.- Quality control and quality assurance |
| 4. Intern. Audit. - Internal Audit Officer | 8. Qua.Con.Officer - Quality Controlling Officer | |

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1. Processing Development Division

The following functions are majorly performed by the Processing Development Division, which directly engages in the regulation of Coconut based Industries.

- Regulation of Coconut based Industries.
- Registration of Coconut Based Industrial Units and conducting daily testing activities.
- Providing assistance to Innovative Programmes organized for Coconut based Industries.
- Improving the Qualitativeness in the manufacturing process and finished products by accrediting Quality Assurance Methodology on ISO 22000 Food Safety is compulsory for the Coconut Kernel Based Industries and making international Quality Certificates such as Good Manufacturing Practices Quality Systems compulsory for Coconut Non-kernel based Industries.
- Examination and regulation of Institutions, storage equipment and machinery of coconut based industries.
- Providing guidance to obtain bank credit facilities and providing reliefs on interest under the provision of guidance for obtaining financial assistance required by the Coconut based Industrialists.
- Provision of financial provisions for the innovative activities under the Mills Development Fund for desiccated Coconut industries.
- Offering financial provisions for giving salary reliefs to the employees in the periods of non-employment in the production activities.

It is anticipated to improve the targeted Export income through enhancing the quality of products by regulating the Coconut based industries through the accomplishment of aforementioned functions.

The major functions implemented by the Processing Development Division in the year 2016 are mentioned below.

1. Registration and examination of the Coconut based Industries.
2. Issuance of microbiological and physical quality assurance certificates for Coconut Products.
3. Subsidized Interest Loan Scheme implemented in collaboration with the Peoples' Bank and Divisional Development Bank for Coconut based Industrialists.
4. Provision of Financial Provisions for the innovative activities under the Mills Development Fund for the Desiccated Coconut manufacturing institutions.
5. Contribution in the audit functions of the methodologies of accrediting international quality certification such as Quality Assurance Methodology on ISO 22000 Food Safety for the Coconut Kernel Based Industries and Good Manufacturing Practices (GMP) Quality Systems for Non-kernel Coconut based Industries.

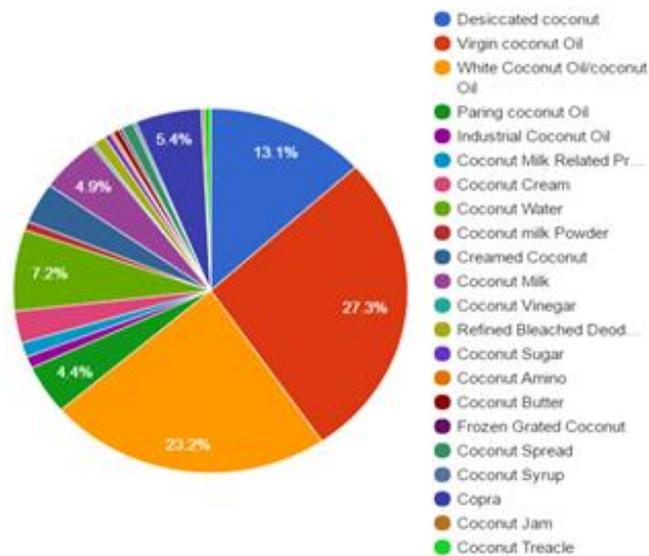


Figure 1: Application of Coconut Kernel based Products

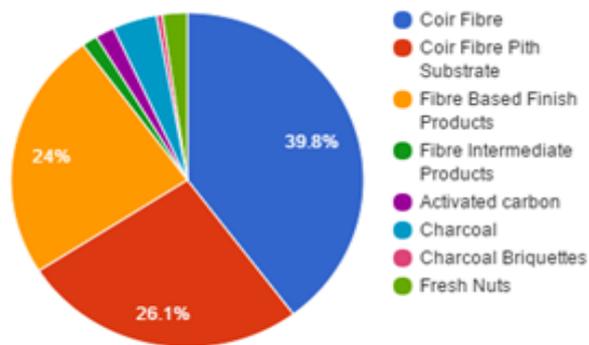


Figure 2: Application for Coconut Coir Fibre, Substrates and Coconut shell based Products

The Certification of systems has been introduced as a requirement for the annual registration of Coconut industries with the objective of enhancing the qualitiveness in the coconut and coconut based products and thereby earning a higher export income for the products manufactured targeting foreign markets. Accordingly, the basic step was taken to make it a requirement in the registration of Coconut and Coconut based industries to obtain the ISO 22000:2005 Food Safety Management System Certification introduced in the previous year for all the Coconut kernel based products except the industries manufacturing traditional coconut oil, copra and coconut shell based products and Certification of Good Manufacturing Practices introduced for the manufacturers of coir fibre pith substrates and Coir Fibre. Accordingly, the 65% of registered institutions and manufacturers are institutions, who have obtained ISO 22000:2005 System certification and 12% of

Manufacturers of Coir Fibre based products and Coir Fibre pith based products are holders of Certification of Good Manufacturing Practices.

The Virgin Coconut oil industry was an industry rapidly developed by generating a large number of industries in the Field of coconut oil manufacture. 108 such industries had applied for registration in the year 2016 and 80 institutions were registered in the year 2016. Applications were separately called according to specifications of several standards of coconut oil. The data received in that manner could be utilized to observe the market of such industries and to determine the direction in the regulatory function. It could be observed that a considerable number of industrialists have selected the manufacture of white coconut oil produced by drying matured coconut kernel and extracting them as novel industries in compliance with the market demand.

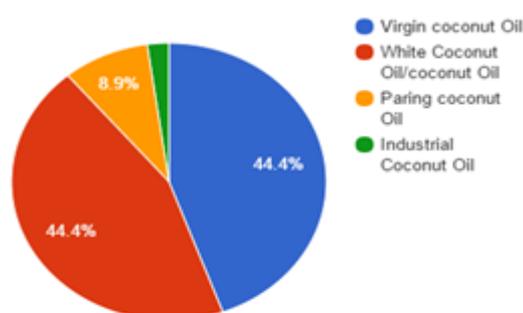


Figure 3: Registration of various Coconut oils in industries

It could be confirmed from the applications received and requests made that large amounts of money are being invested with the objective of initiating Industries based on Coconut milk and related products among industries based on value added coconut kernel products and such industries are initiated. Many applications were received for the manufacture of Coconut milk, powdered coconut milk, Coconut cream and Coconut mush when compared to applications received for the other coconut based products. A comparative growth could be observed in the number of applications received.

Coconut water Industry is becoming a very lucrative Industry which is capable of earning a very high amount of foreign currency. 28 applications had been received for that purpose and certificates of registration had been issued for 20 out of the 28 applications received.

Coconut water is being wasted as a waste material in coconut kernel based Industries. All the Coconut kernel based industrialists had been made aware that coconut water will definitely become a product with a market value. Thereby, the Coconut Development Authority was able to uplift the inclination of the coconut based industrialists towards the said industry. Accordingly, most of the coconut industrialists have inclined towards establishing for the supply of coconut water collected in the Coconut kernel based industries in a qualitative manner and to process and supply the raw material for the the other Coconut water industries. Tests were conducted in the registration of all the industries and Certificate of registration had been issued to 857 industries, which had completed the submission of the relevant documents and had substantiated the appropriateness by undergoing such testing.

Product Type	2015	2016
Desiccated coconut	52	50
Virgin coconut Oil	91	80
White Coconut Oil/coconut Oil	84	80
Paring coconut Oil	*	16
Industrial Coconut Oil	*	4
Coconut Milk Related Products	*	4
Coconut Cream	5	10
Coconut Water	10	20
Coconut milk Powder	1	3
Creamed Coconut	6	12
Coconut Milk	9	16
Coconut Vinegar	1	1
Refined Bleached Deodorized Coconut Oil	*	4
Coconut Sugar	1	2
Coconut Amino	*	1
Coconut Butter	*	2
Frozen Grated Coconut	*	1

Coconut Spread	*	4
Coconut Syrup	*	1
Copra	13	20
Coconut Jam	*	1
Coconut Treacle	*	2
Coir Fibre	158	203
Coir Fibre Pith Substrate	118	138
Fibre Based Finish Products	92	131
Fibre Intermediate Products	*	8
Activated carbon	8	8
Charcoal	30	19
Charcoal Briquettes	*	3
Fresh Nuts	*	13
Total	679	857
* Called as new applications in the year 2016.		

Table 1: Registration of Manufacturing Institutions for the years 2015 and 2016

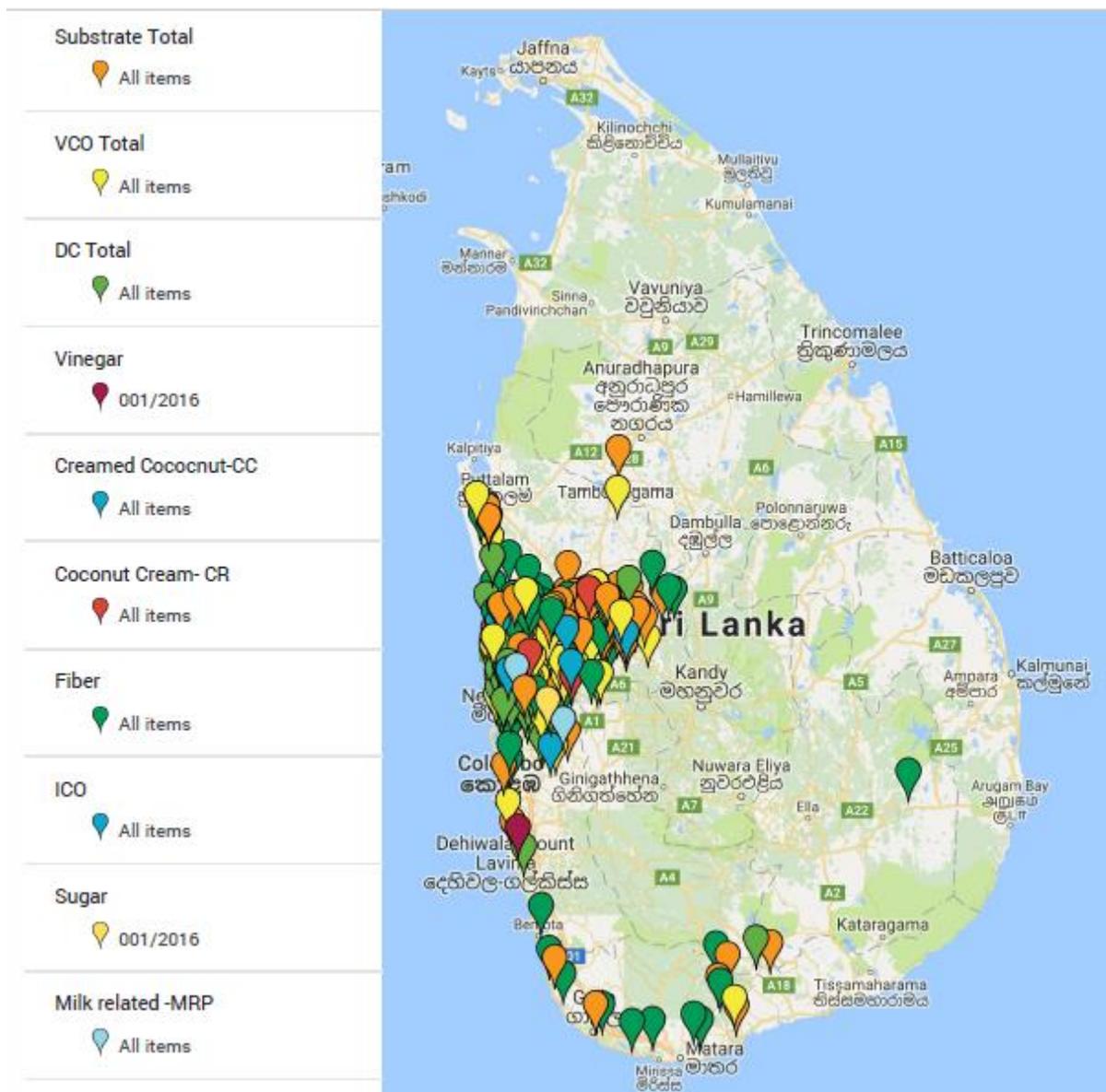


Figure 4: the Distribution of Manufacturing Institutions Registered with the Coconut Development Authority.

2. Issuance of Microbiological and Physical Quality Assurance Certificates for Coconut Products.

51,219.42 metric Tons of Desiccated Coconuts were manufactured in the year 2016 and 11,314 daily specimens were received by the Processing Development Division for analyzing for Microbiological, Physical parameters. 1,689 Quality Assurance Certificates had been issued and it had reported a growth of 33.2% when it is compared with that of in the year 2015.

Type of Certificates	Number of Certificates issued	
	2015	2016
Salmonella not present	1268	655
Physical Quality Analysis		655
Aflatoxins not present		197
Sulphur Dioxide not present		182
Total Number		1689

Table 2: Issuance of Certificates to the effect that Salmonella is not present, Aflatoxins are not present and Sulphur Dioxide is not present and for Physical Quality Analysis

The following analytical Report Certificates have been issued as per the result sheets obtained subsequent to referring the coir, Coconut oil, Poonac, Copra, Desiccated Coconuts, Partially defatted Desiccated Coconuts and Coconut milk specimens voluntarily submitted by exporters and manufacturers.

Type of Product	Number of Reports Issued	
	2015	2016
Coir Fibre	120	135
Coconut Oil	112	191
Poonac	10	2
Copra	03	1
Desiccated Coconuts	35	58
Partially Defatted Desiccated Coconuts	105	112
Coconut Milk	11	4
Total bacterial Counts	392	257

Table 3: Issuance of Result reports for specimens voluntarily submitted by exporters and manufacturers.

Annual Desiccated Coconut Production – 2016

The annual Desiccated Coconut Production in the year 2016 had exceeded 50, 000 metric tons and the monthly production is as mentioned in the table.

Months	Desiccated Coconut Production (Kg)
January	2,885,225.04
February	3,901,762.33
March	4,939,468.06
April	3,195,136.00
May	4,646,913.59
June	4,899,968.79
July	4,658,767.84
August	5,319,210.12
September	4,581,607.84
October	4,294,649.33
November	4,746,372.54
December	3,150,337.91
Total	51,219,419.39

Table 4: Monthly Desiccated Coconut Production in the year 2016

The desiccated Coconut Production in the year 2015 was 41,795 metric tons and accordingly, a growth of 18.4% had been reported in the desiccated Coconut production in the year 2016.

A monthly comparative record of the Desiccated Coconut production in the years 2015 and 2016 is given in the following figure.

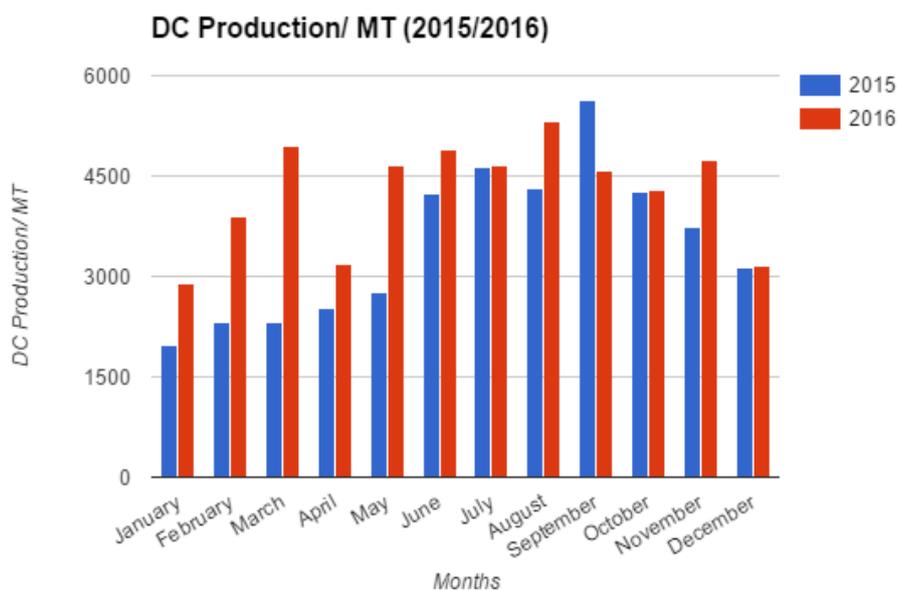


Figure 5: Desiccated Coconut production in the years 2015 and 2016

3. Subsidized Interest Loan Scheme implemented for Coconut based Industrialists in collaboration with the Peoples’ Bank and Divisional Development Bank

Particulars regarding the Industrialists, who were provided with loans under the both loan Schemes viz, “Kapruka Nipayum Diriya” implemented by the Peoples’ Bank and “Kapruka Jaya Isura” implemented by the Divisional Development Bank are as follows.

A note on concessionary interests requested under the “Kapruka Nipayum Diriya” Loan Scheme implemented by the Peoples’ Bank and recommended by the Coconut Development Authority is mentioned below.

Accordingly, the total amount of interest that has already been paid in relation to the year 2016 was Rs.4,026,428.28.

Total Number of persons provided with the loan facility	Number of persons provided with the concessionary interests	Amount of loan for which concessionary interests were provided	Concessionary interest paid in relation to the year
162	90	88,465,000.00	4,026,428.28

Table 5: Payments in relation to the year 2016

A detailed report on the loans activated for the period starting from the date of commencement of providing loans under “Kapruka Nipayum Diriya” Loan Scheme up to 30.09.2016.

Quarter	Number of Concessionary Interests recommended by the Bank	Amount of Loan	Amount of Concessionary Interest	Number of Concessionary Interests paid by the Authority	Amount of Concessionary Interests paid by the Authority
15.12.31	172	132,204,000	1,880,104.37	103	1,367,699.53
16.03.31	167	128,469,000	1,039,762.47	67	575,729.21
16.06.30	161	81,645,000	1,949,084.77	83	1,269,699.17
16.09.30	160	88,465,000	1,008,457.65	90	813,300.37

Table 6: Provision of Loans as per each Quarter until the year 2016

160 Industrialists have taken loans in active level from the Peoples' Bank as at 30.09.2016 and the "Coir Industry" is the Industrial sector that had obtained the highest level of loans in active level and it amounts to 52. The details are given in the Figure No. 06.

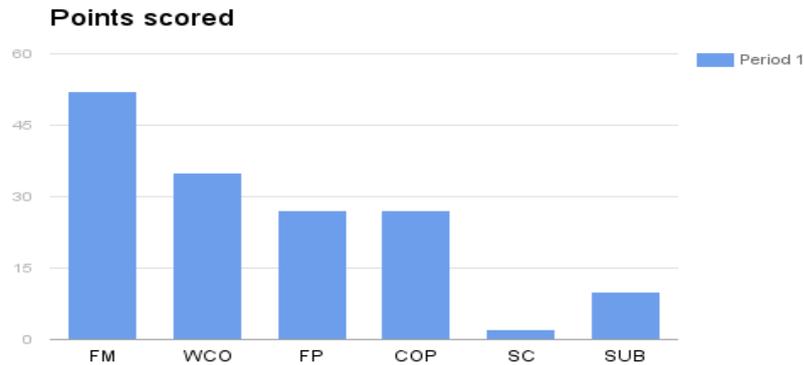


Figure 6: Industrial Sectors for which loan facilities were provided actively

The total number of Industrialists for whom the concessionary interests were recommended by the Inspectors were 26.4% and the total not recommended was 70.8% notwithstanding the borrowers, who have obtained loans in relation to each sector. Files of two industrialists had been closed.

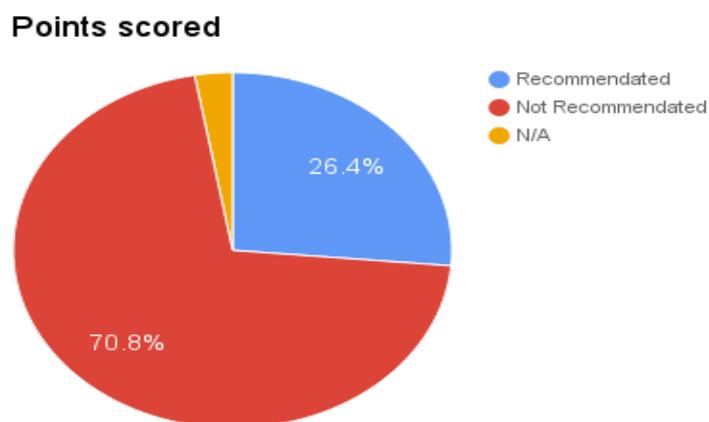


Figure 7: Recommendation of concessions in interests

The percentage registered with the Authority from among the Industrialists, who had obtained loans existing in active status in the year was 56.3% and 11.9% have not been registered for the year 2016 and loan provisions were not recommended for 31.9%.

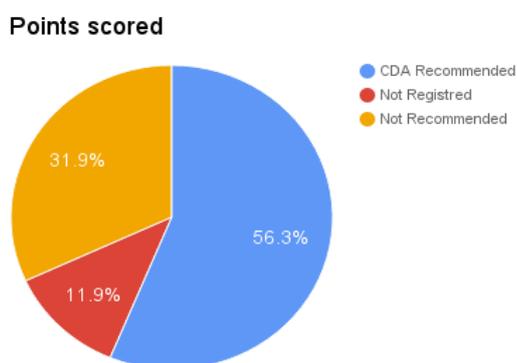


Figure 8: Industrialists obtained loans, which are in active status by the year 2016.

Current Summary

160 borrowers were in active status by 30.09.2016 and the concessionary interests had been given to 90 borrowers and there are 19 borrowers who are in a condition of getting concessionary interests without being registered with the Coconut development Authority. 51 borrowers were in an unsuitable condition to obtain the concession for interests. The details are given in the following table.

	Number of Borrowers
Recommended by the Inspector and registered with the Authority	90
Recommended by the Inspector and not registered with the Authority	19
Not recommended by the Inspector	51
Files that were closed	01
Total	160

Table 7: Borrowers

4. Provision of Financial Provisions for the modernization activities under the Mills Development Fund for the Desiccated Coconut Manufacturing Institutions

An amount of 20 cents for each kilogram of Desiccated Coconut Products is credited to the Desiccated Coconut Fund established in favour of the said Desiccated Coconut Manufacturing Institution. Money is allocated from the Fund in necessary instances for the modernization activities of the relevant institution. Accordingly, an amount of Rs.10,243,833.88 was credited to the Mills Development Fund on behalf of 49 institutions engaged in the manufacturing activities in the year 2016.

Month	Rs.
January	577,045.01
February	780,352.47
March	987,893.61
April	639,027.20
May	929,382.72
June	979,993.76
July	931,753.57
August	1,063,842.02
September	916,321.57
October	858,929.87
November	949,274.51
December	630,067.58
Total	10,243,883.88

Table 8: Contribution for the Mills Development Fund for the year 2016

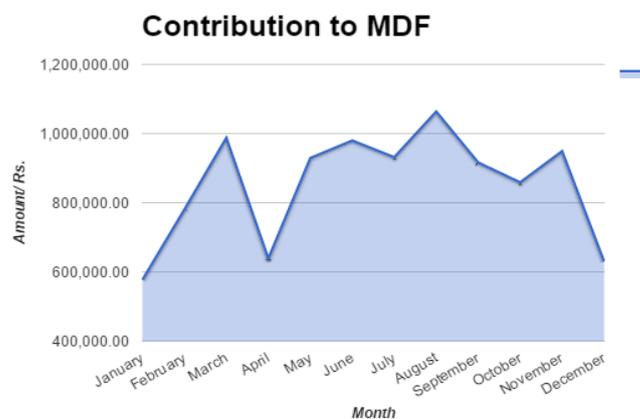


Figure 9: Contribution for the Mills Development Fund for the year 2016

Role of the Project Division

1. Collection of Coconut Shells and using them in Industries

Arrangements were made to encourage entrepreneurs for collecting and providing coconut shells and coconut husks which are coconut based raw materials wasted without being utilized, to industries and to engage in Industries related to coconut shells and coconut husks.

Accordingly, 323,910 Kg of Coconut shells had been collected from 09 Collecting Centres of Coconut shells and 675,200 Kg of Coconut husks had been collected from 11 Collecting Centres of Coconut husks.

Further, Awareness Programmes were conducted on the collection of Coconut shells and Coconut husks by gathering personnel engaged in the industry and are willing to engage in the industry in the areas of Galle, Matara, Hambanota, Rathnapura, Gampaha, Kandy and Polonnaruwa. 182 representatives were participated in the Programme. Poly fax bags were distributed among them to collect Coconut shells in their areas.

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 Programme

Arrangements were made to provide equipment and tools to encourage persons to manufacture qualitative products by conducting technical training programmes through dominating areas with abundant resources for the development of Coconut based small scale cottage industries. In the conduct of these Programmes, the preliminary attention was focused on the provision of self-employment opportunities for the low income groups and generation of additional income sources.

No.	Training Programme	Date of Conducting the Programme	Area and District of Conducting the Programme	Number Participated
1	Coconut coir based Products (Thawashi Brushes and other brushes)	17/02/2016	Ginigathhena, Nuwara-eliya	20
		12/02/2016	Rasnayakepura, Kurunegala	20
		16/03/2016	Ambagamuwa, Nuwara-eliya	20
		07/07/2016	Siripura, Polonnaruwa	20
		23/07/2016	Thamankaduwa, Polonnaruwa	20
		31/07/2016	Laksha Uyana, Polonnaruwa	20
		14/08/2016	Athugala, Kandy	18
		06/09/2016	Galagedara, Kandy	32
		2016/09/09	Ginigathhena, Nuwara-eliya	25
		2016/10/13	Hangurakketha, Nuwara-eliya	40
		04/11/2016	Hatharaliyadde, Kandy	38
		10/11/2016	Kohottala, Hangurakketha	31
		19/11/2016	Muwagala, Matale	26
		18/11/2016	Kurulubedda, Polonnaruwa	28
		07/12/2016	Gaminipura, Nuwara-eliya	25
		09/12/2016	Bagawanthalawa, Nuwara-eliya	25
2	Coconut shell based Ornamental Products	07/03/2016	Rehabilitation Centre Vavuniya	57
3	Production of Ekel brooms and brooms	06/05/2016	Abanpola, Kurunegala	40
4	Coir yarn Products	29/07/2016	Laksha Uyana, Polonnaruwa	15
5	door mat Products	14/10/2016	Laksha Uyana, Polonnaruwa	35
6	Production of Ekel brooms	27/08/2016	Chavakachcheri	30
7	Products of Brushes	23/09/2016	Handapanagala, Monaragala	20
8	Coir yarn Products	30/09/2016	Handapanagala, Monaragala	20
9	Coconut shell based Ornamental Products	30/09/2016	Handapanagala, Monaragala	20
10	Coconut shell based Ornamental Products	29/12/2016	Kandy	15

Total Amount

660

b) Distribution of Equipment Sets

Arrangements were made to provide equipment / tools for the trainees, who have successfully completed the training in order to continuously carry out the relevant Industry. The relevant information has been mentioned below.

Number	Name of the Equipment Set	Area/District	Number of Persons that were provided with the equipment
1	Equipment for Coiling Brushes	Abathenna/Nuwara-eliya	15
		Laksha Uyana/Polonnaruwa	25
		Madirigiriya/Polonnaruwa	35
		Siripura/Polonnaruwa	10
		Kurulubedda/Polonnaruwa	10
		Bediwewa/Polonnaruwa	05
		Abagamuwa/Nuwara-eliya	25
		Abagamuwa Group 2 /Nuwara-eliya	30
		Ginigathhena/Nuwara-eliya	40
		Kotmale/Nuwara-eliya	25
		Matale	25
		Rathnayakepura/Kurunegala	
	Equipment for Twisting Brushes	Handapanagala/Monaragala	20
	Equipment for Cutting Coir		01
	Equipment for Cutting Wires		01
		Yatinuwara/Kandy	25
		Hangurakketha/Nuwara-eliya	25
		Chawakachcheri/Jaffna	10
2	Equipment Sets for Twisting Coir yarns	Laksha Uyana/Polonnaruwa	07
		Handapanagala/Monaragala	05
		Chawakachcheri/Jaffna	10
	Equipment Sets for making Ekel Brooms	Abanpola/Kurunegala	40
Total			399

Subsequent to these training programmes, marketing relationships were established with a view to marketing their products.

(c) Awareness Programmes

Date	Programme	Place	Number Participated
12/02/2016	“Kaprukata Arunalu” Coconut Cultivation Day Programme	Rasnayakepura/Kurunegala	
06/06/2016	Workshop on organizing Coir based Manufacturers	Bediwewa/Polonnaruwa	70
17/08/2016	Workshop on organizing Coir based Manufacturers	Weeraketiya/Hambantota	71
27/08/2016	Northern Province Coconut development Programme	Chawakachcheri/Jaffna	92
14/11/2016	Workshop on organizing Coir based Manufacturers	Matale	25
26/03/2016	Workshop for Organizing Coconut Shell Charcoal Manufacturers	Pannala	31
06/06/2016	Workshop for Organizing Coconut Shell Charcoal Manufacturers	Polonnaruwa	28
09/07/2016	Coconut Day	Jaffna	
30/07/2016	“Nila Mehewara (Official Mission)” Mobile Service	Polonnaruwa	
15/11/2016	Programme for Creating Awareness on the Manufacture of Coconut Shell Charcoal and Field Visit	Chilaw, Adagama	24
03/12/2016	Wewili Sawiya Gamin Gamata (Strengthening Cultivation From Village to Village) Programme	Horowpathana	

Total 341

Establishment of Kapruka Societies for Coconut Shell Based Industries.

Conducting Technology Transfer Programmes and National Programmes.

Establishment of Kapruka Societies for Coir Based Industries and Conducting Technology Transfer Programmes.

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.**
- **Conducting of Microbiological and Physico-chemical tests for Desiccated Coconut**

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 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.

- 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.
- 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.
- 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 the local and foreign markets. Functions are being conducted for obtaining the ISO 17025 Accreditation for Laboratories in order to provide this service in a much standardized way. All these functions are performed according to the Annual Action plan and the annual progress for the year 2015 has been mentioned below.

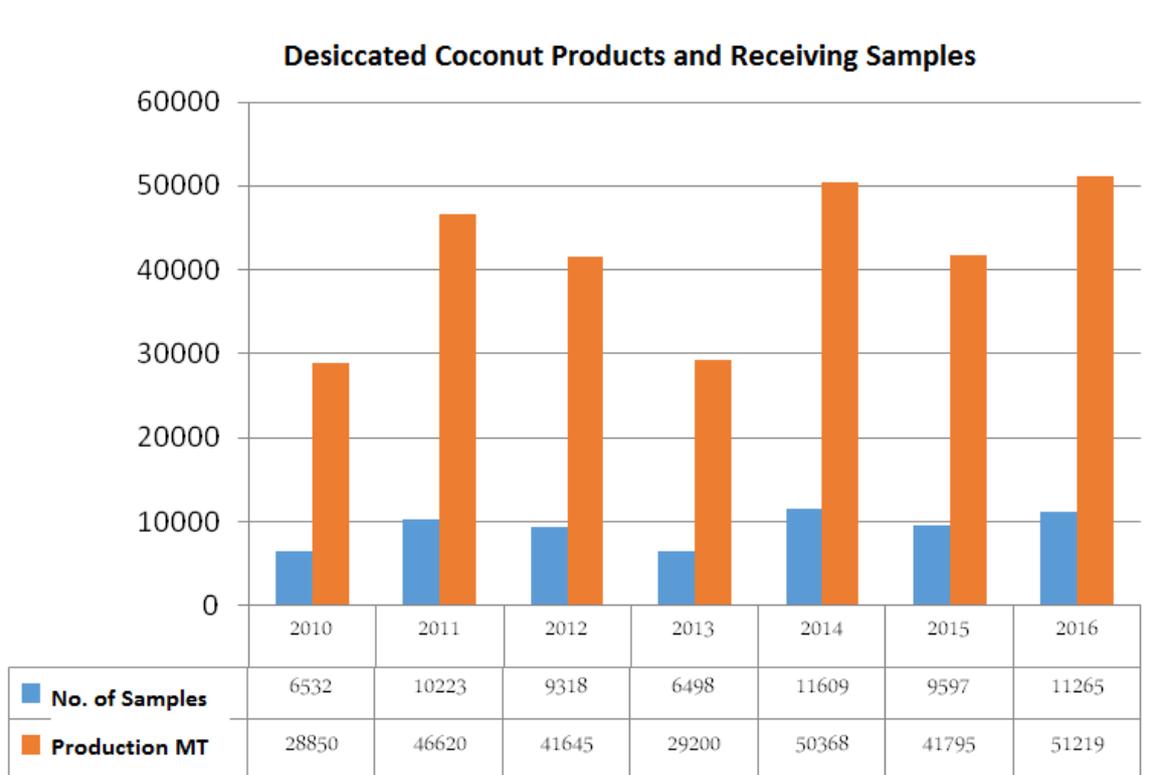
Q1. Certification of the Quality of the Coconut Products which are for Exportation and for Local Consumption.

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

Desiccated Coconuts mainly undergo tests which are specified for coconut kernel based products. Salmonella Tests are conducted for daily products of manufactories of the desiccated coconut 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.

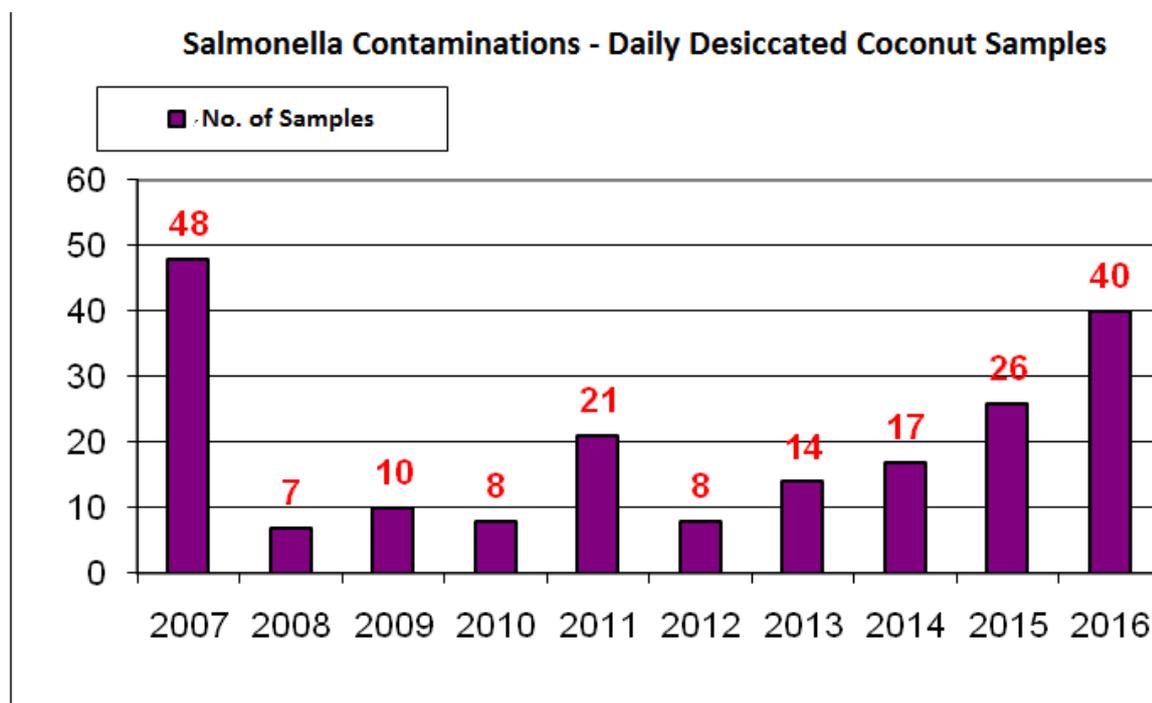
A target of 9500 daily desiccated coconut specimens was set in the year 2016. 11265 specimens were tested for Salmonella Contamination and 119% progress has been achieved in relation to these tests in the year 2016.

The inclination towards testing desiccated coconut depends on the manufacturing capacity.



Salmonella Contaminations were reported in 26 specimens out of the specimens obtained from Desiccated Coconut Products and tested in the year 2015. Salmonella contaminations were reported as a percentage of 0.27%. 40 specimens from among the specimens tested in the year 2014 were reported to have been contaminated with Salmonella and the

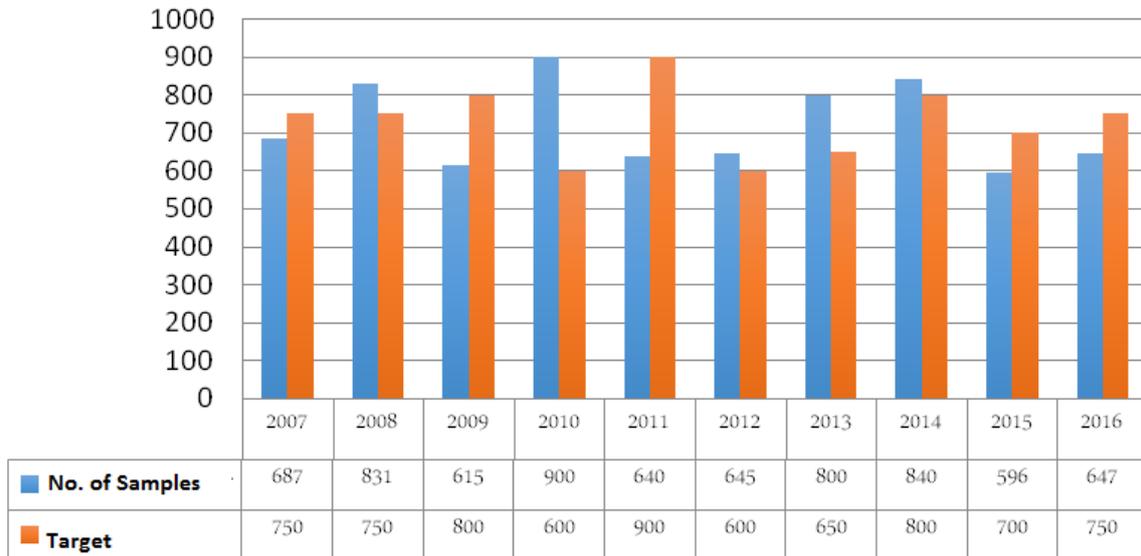
contaminated percentage was 0.15% out of the specimens tested. Therefore, it is important to be careful about prevailing situation in the manufactories of desiccated coconuts.



Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Percentage Contaminations	0.50%	0.10%	0.12%	0.12%	0.2%	0.08%	0.14%	0.15%	0.27%	0.4%

Coir Fibre Pith products takes the priority over the Non-kernel Products in the pre-export analysis of micro-organisms in Non-kernel Products. 596 specimens were tested in the year 2015 while 647 specimens were tested in the year 2016. 781 tests had been carried out for the 647 specimens. Coir fibre pith based Products had been undergone low amount of testing when compared with the annual target set for the year 2016 had been tested and the progress reported was 86%. Salmonella and E-Coli tests were performed for these specimens. 0.8% out of the specimens tested were reported as Salmonella contaminations. Any specimen had not exceeded the limits in the standards specified for Bacteria, E-Coli.

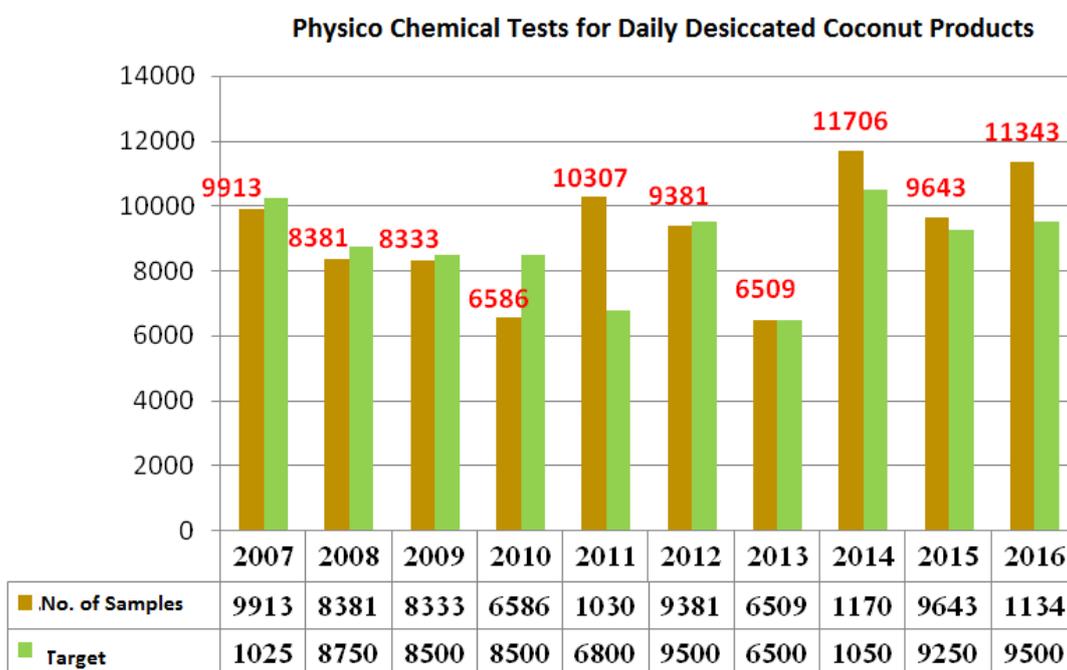
Microbiological Testing for Coir Fibre Pith Based Products



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, 9,643 and 11,343 specimens had been tested in the years 2015 and 2016 respectively. The total number of tests carried out for these 11,343 specimens was 90,744. However, the progress achieved in relation to the target set in the year 2016 was 119%.



372 specimens (3.6%) out of 9,643 Desiccated Coconut specimens tested during the year 2015 found to have some defects in their physical characters and further, 1054 specimens (9.3%) out of 11,343 specimens tested during the year 2016 found to have such defects. Accordingly, non-conformity with standards specified for physical characters has considerable risen in the year 2016. Likely, it has been depicted that 54%, the highest percentage out of the specimens that are not in conformity with the Sri Lankan Standard in this way is a nonconformity with the standards for classification. The Quality defects have been mentioned below.

Parameter	Specimens not in Conformity with Parameters	
	Number	%
Grading	573	54
Colour	307	29
Rancidity	20	2
Moisture	106	10
Charred Pieces	236	22

Roasted Smell	209	20
Smoky Smell	50	5
Extraneous Substances	48	5
Parings	44	4
Oil Separation	11	1
Broken Pieces	13	1
Oiliness	9	1

(Certain specimens had not been in conformity with the Standards in several parameters.)

Q2. Maintenance of Testing Services for Coconut Based Products.

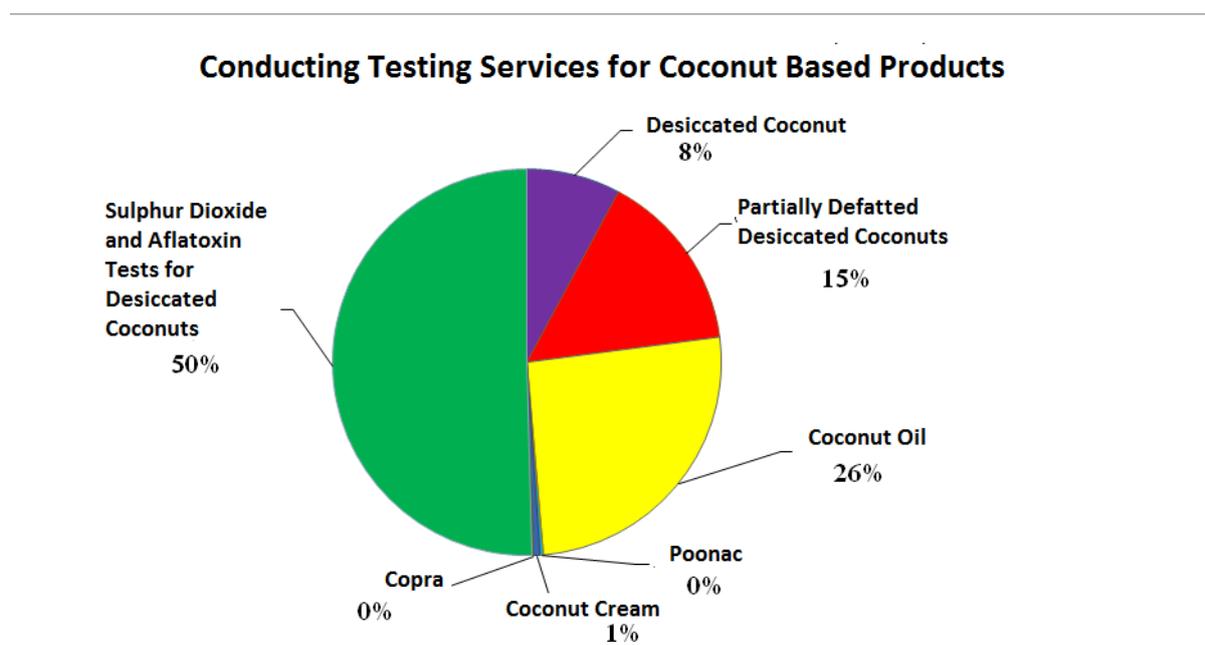
The Quality Control and Quality Assurance Division maintains the service of analyzing different Coconut Products of local Manufacturers. Microbiological, Chemical, Physical and Sensitive tests are carried out under this service. The service is rendered at a reasonable price and reports are issued subsequent 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, consumers, small, medium and large scale merchants and exporters.

The testing services are conducted in compliance with the Sri Lanka Standards 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. The Quality Control Division is equipped with sophisticated laboratory equipment required for this purpose and the Division issues expeditious results.

15% discount is offered for the aforesaid categories registered at the Coconut Development Authority 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 the foreign markets safeguarding the Sri Lankan identity.

Coconut kernel based products are mainly submitted for testing and 539 specimens had been tested in the year 2015. 742 specimens had been analyzed during the year 2016. The relative progress achieved for the targeted 600 specimens was 124%. The total number of tests done for these 742 specimens was 1702. In the year 2016, 374 specimens of Desiccated Coconut out of the coconut kernel based products had been analyzed only for testing Sulphur Dioxide and aflatoxin compositions in the specimens. The testing of Coconut oil specimens has increased considerably when it is compared with the year 2015. All types of specimens tested under this is mentioned below.



Year	Desiccated Coconut (Specimens)	Poonac (Specimens)	Coconut Oil (Specimens)	Copra (Specimens)	Partially Defatted Desiccated Coconut (Specimens)	Coconut spread (Specimens)	Coconut Cream (Specimens)	Coconut Milk Powder (Specimens)	Non coconut (Specimens)	Desiccated Coconut (Specimens)	Aflatoxins and Sulphur Dioxide

2014	122	5	161	4	81	--	11	--	05	710
2015	35	10	158	3	105	01	11	01	01	214
2016	58	2	191	1	112	--	4	--	--	374

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, formal and systematic tests. The Laboratory has been accredited as a testing laboratory under the field of chemical testing and biological testing having being found to be complied with the accreditation criteria for testing/calibration of laboratories.

The Analytical Chemistry Division of the Quality Control and Quality Assurance Division was able to achieve the accreditation for the ISO 17025 Quality Certification on the methodologies used in coconut oil testing, awarded by the Sri Lanka Accreditation Board in the year 2012 and the status of accreditation was extended from 2015 to 2018 subsequent to being qualified in the accreditation in the field of Chemical testing conducted in the year 2016.



The Microbiological Laboratory was able to achieve the accreditation for the ISO 17025 Quality Certification on the methodologies used in for Salmonella, Total Plate Count, Yeast and Mold Count, Coli-form Count, E-coli Count having being found to be complied with the

accreditation criteria for testing/calibration of laboratories Accreditation Board in the year 2012 and the status of accreditation was extended from 2015 to 2018 subsequent to being qualified in the accreditation in the field of Chemical testing conducted in the year 2016.



B. Conducting Training Programmes.

Training required for conducting activities for obtaining accreditation on the ISO Quality Assurance Certification which has been initiated by the Quality Controlling 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. Progress has been achieved as per the Annual Plan.

Serial No.	Training Programme	No. of Employees Participated	Institution where the Training was Conducted
1	Hygienic Condition of the bottled Drinking Water	2	Sri Lanka Standards Institution
2	Course in Quality Controlling	3	Sri Lanka Standards Institution
3	Good laboratory practices and safety handling	For all the Laboratory Staff members.	Institute of Chemistry

4	Commercial sterility	3	Sri Lanka Standards Institution
5	Statistical process control	3	Sri Lanka Standards Institution
6	Waste water and water testing	4	Sri Lanka Standards Institution
7	Quality Assurance calibration & uncertainty measurements	2	Hector Kobbekaduwa Agrarian research and Training Institute
8	Workshop on water microbiology	1	Industrial Technology Institute

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

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

The aforementioned services had previously been rendered through the Mobile Laboratory through adhering to a pre scheduled Programme Plan 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 manufactories. A new vehicle was requested due to the difficulty in using the vehicle as a result of malfunctioning prevailed in the mobile laboratory. The Action Plan was prepared by planning to implement these tasks again subsequent to purchasing the new vehicle. However, the purchase of the new vehicle was delayed due to several practical issues. Even though mobile laboratory functions were not performed, specimens had only been collected as per the request made by owners of the Desiccated Coconut Mills and results of those specimens were issued. Accordingly, these functions were performed in the second half of the year and half yearly targets had been provided. 500 field tests had been carried out for the year 2015 and it was possible to undertake 290 field tests during the year 2016. The progress achieved in comparison to the

target set for the year 2016 was 145% as the testing activities performed over the requests made by manufacturers had been increased.

392 and 257 specimens had been undergone Microbiological tests in the years 2015 and 2016 respectively for enhancing the quality of the Desiccated Coconut Products. 771 of total tests were carried out for the 257 specimens. 06 Specimens had been collected and 42 tests had been carried out in two travelling turns on the special request made by the Desiccated Coconut manufactories. The progress in comparison to the target set for the year 2016 was 129%.

Further, the water used in the manufacturing process of Desiccated Coconut is analyzed for microorganisms and chemicals in order to check whether the water is in conformity with the proper Standards. 106 specimens had been microbiologically and chemically analyzed. Progress in comparison to the target set for the year 2016 was 88%.

Q5. Uplifting the Coconut Oil Industry

(A) Market Supervisory Activities 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 as well as 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 2016 and such supervisory activities had been conducted systematically covering all small, medium and large scale Sales Centres. 100 specimens were tested in the year 2016 and 47% out of such specimens tested were reported to be adulterated Coconut Oil and 76% out of such

specimens tested in the year 2015 were found to be adulterated Coconut Oil. Accordingly, it was obvious that there was a low tendency in adulterating Coconut Oil in the year 2016. According to the results of the specimens tested, it had been disclosed that certain coconut oil specimens found in sales centres were not in conformity with the Standards even though they were non-adulterated coconut oil. Accordingly, it had been reported that 38% of coconut oil samples, which were not in conformity with the standardized free fatty acid levels and 15% of coconut oil samples, which were identified as coconut oil mixed with parings which were not in conformity with the standardized iodine value.

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, 75 specimens of Coconut Oil and 50 specimens of Copra and 50 specimens of Poonac had been tested in the year 2016 and the progress of all the aforementioned tests in relation to the target set for the year 2016 had been reported as 100%. Accordingly, Coconut Oil Mills located in the Districts of Galle, Matara, Puttalam, Kurunegala, Gampaha and Colombo had been investigated accordingly and it had been reported that 60% of Coconut Oil, 70% of Copra and 90% of Poonac were not in conformity with the Standards. These results had been made available to the Manufacturers through the Processing Development Division in order to notify the Manufacturers regarding the non-conformity of coconut related products with the Standards.

75 specimens of Coconut oil had been tested and the Non-Conformity of the Specimens with the Standards of Sri Lanka is mentioned below.

Parameter	Non-conformed Percentage (%) with Standards	Non-Standardized Range of Results	Sri Lanka Standard for Coconut Oil
Colour	7	6-13	5 Minimum
Iodine Value	27	11.1 – 17.2	11.0 – 7.5
Amount of Free Fatty Acids	44	0.9 -4.9	0.8 Maximum

50 Specimens of Copra had been tested.

Parameter	Non-conformed Percentage (%) with Standards	Non-Standardized Range of Results	Sri Lanka Standard for Coconut Oil
Oil Content	70	67.3-62.5	68% Minimum

50 Specimens of Poonac had been tested.

Parameter	Non-conformed Percentage (%) with Standards	Non-Standardized Range of Results	Sri Lanka Standard for Coconut Oil
Oil Content	90	18.5-6.2	8.0-6.0%

Establishment of new Standards and revision of Standards

The Quality Controlling and Quality Assurance Division function to revise new standards related to the Coconut Industry in collaboration with the Sri Lanka Standards Institution.

Arrangements had been made to release the results of the tests required for the revision of the Standard of coconut oil in the year 2016 and Assistant Director (Quality Controlling and Quality Assurance) had participated in the action Committees conducted by the Sri Lanka Standards Institution.

Other External Activities

1. Contribution for Awareness Programmes

Programme	Institute/Place of Conducting the Programme	Date
1. Programme for introducing GMP Certification for manufacturing industry of Coconut Fibre.	Coconut Research Institution	28/01/2016
2. Awareness Programme under the Programme of "Wewili Saviya Gamata (Strength of Plantation is fro the Village)"	Kurunegala and Puttalam Districts	12-13/02/2016
3. "Wewak Samaga Gamak (A Villege with a Wewa)"	National Aquaculture Development Authority (NAQDA)	06/06/2016
4. Northern Provincial Special Coconut Cultivating Project	Chavakachcheriya Cultural Centre	09/07/2016
5. Lecture on the use of Pure coconut oil and its hygienicity	Agrarian Conference in the Ampara District	11/07/2016
6. Lecture on the use of Pure coconut oil and its hygienicity	Uva Wellassa University	08,09,10/09/2016

2. Preparation and provision of specimens for the local and foreign Exhibitions that are participated by the Marketing Development and Research Division.

3. Marketing Development and Research Division

Many specific functions and services have been rendered by the Marketing Development and Research Division as one of the major operational Divisions of the Coconut Development Authority in the year 2016, for its clientele comprised of Coconut merchandisers/exporters, industrialists and the other parties who fulfil service requirements. As a result of that, the income obtained through the exportation of Coconuts and Coconut related products in Sri Lanka in the Year 2016 was Rs. 84.7 billion and it was reported as the highest ever export income earned in the history of the Sri Lankan Coconut Industry. An invaluable role had been performed by the Marketing Development and Research Division in the year 2016 through efficiently recording accurate marketing data and information, reports and services which are predominantly required for the growth in exports for the merchandisers/exporters of Coconut.

Major functions performed as per the Action Plan during the year 2016

- Making Coconut Exporters participated in IPM -2016 Exhibition on Coir and Cultivating Media held in Germany and for IPM – 2016 Horticultural Exhibition conducted in Dubai and IFIA Trade Fair on Coconut kernel conducted in Japan and SIAL Trade Fair with on Food and Beverages conducted in Paris in France and the Coconut Development Authority participated in the TOKYO INTERNATIONAL GIFT SHOW – 2016 including ornamental products based on Coconut with exporters/ industrialists providing them the sponsorship of the Authority with a objective of improving the export income of the Coconut industry by identifying the new international buyers for the purchase of coconut products.
- Supervision and facilitation of the Coconut Industrial Sector - Registration of exporters, merchandisers, coconut estates and intermediaries.
- Issuance of permits for the exportation of coconuts and king coconuts and issuance of permits for temporarily exportation
- Supervisory Activities in relation to coconut based exportation and importation.
- Settlement of trade disputes.
- Conducting Fresh Coconut and Copra Auctions.
- Issuance of daily market price levels of coconut and coconut based products to newspapers.
- Issuance of Weekly Reports, Monthly Reports and Report on Sri Lanka Coconut for the Year 2015 containing coconut based products, export/import volumes, auction price levels and World Market price levels on coconut based products.
- Creating awareness among the general public and school students on the environment friendly coconut related industries by participating in 26 local educational and trade exhibitions.
- Conducting awareness programmes for entrepreneurs on local and international markets for the promotion of value added Coconut based products and for obtaining higher export income.
- Making arrangements to provide coconut based products required by the State Institutions through the suppliers registered with the Coconut Development Authority with a view to assisting the coconut based industrialists.

- Participating in discussions with the Departments of Commerce in relation to Trade Agreements with China and the provision of required information.
- Provision of foreign trade inquiries to the exporters of Coconut based products.
- Conducting surveys on the use of Coconut milk and coconut milk powder, which is a substitute for fresh coconuts and for the identification of coconut oil manufacturing industries in the Puttalam District.

The Programmes implemented in the year 2016 by the Market Development and Research Division and the progress achieved through such Programmes are mentioned below.

3.1 Foreign Trade Exhibitions.

The Coconut Development Authority participates in foreign trade exhibitions in every year and the Authority provides patronage to many Exporters/Industrialists to participate in such trade exhibitions with the objective of improving export incomes of the Coconut Industry through the acquisition of new buyers and new markets in the exportation of coconuts and count related value added products. The Coconut Development Authority functions towards identifying new buyers for Sri Lankan Coconut Products in collaboration with Sri Lankan Embassies in such countries and the Authority was capable of initiating preliminary discussions for broadening such opportunities by coordinating the Chambers of Commerce in the relevant countries in the year 2016.

Participation in international trade exhibitions may provide opportunities for the exporters/industrialists to obtain more and more foreign orders, to have an understanding on the competitive goods which are used in the world and which acquire the forward markets and to be aware on the international standards and products and standards and qualitiveness anticipated by the International community. New orders obtained through participating in the international trade exhibitions by exporters will be a valuable assistance for improving the export income earned from the coconut industry.

The Coconut Development Authority participated in the following International Trade Exhibitions in the year 2016.



- i. 04 exporters were participated in IPM – 2016 International Trade Fair conducted in Germany for the horticultural beautification of parks and home gardens targeting the products such as Cultivation Bags, Coir Flower Vases, Geo Textiles, brushes, Coir fibre pith Crumbs which are considered as value added products based on Coir fibre and The exporters participated had informed the Coconut Development Authority that face to face negotiations are being conducted and prices of the relevant goods are being exchanged in relation to the orders which have already been obtained and order stocks for the exporters participated in the trade fairs have already been confirmed.
- ii. The Coconut Development Authority made 06 Industrialists/exporters participated in the year 2016 for the third time in the IFIA Exhibition, which was a major trade exhibition conducted by targeting trade and consumer community in Tokyo, Japan.



It was possible to develop the existing relationships with the buyers to whom exportation is done and to meet and continue the discussions further with buyers, who are still in the negotiation state for transactions through finding new buyers in Japan for Coconut Kernel based products such as virgin coconut oil, coconut milk, coconut milk powder, coconut water and king coconut. The buyers emphasized that they expect to have a very high standard and ask the exporters to

supply very high quality products to Japan and in return, Japan is willing to pay a very high price for such products.

- iii. The Coconut Development Authority sponsored for the first time the participation of 04 manufacturers in the TOKYO INTERNATIONAL GIFT SHOW -



2016, JAPAN, which was the trade exhibition conducted in Japan on ornamental products based on coconuts. The Authority participated

in the Trade fair with the objective of publicizing their products in the Japanese market by giving a high attention to their products as the exportation of Coconut based ornamental products (Coconut shell based, Coconut timber based, coconut coir based products) is still in a very weak level and the four manufacturers are small scale entrepreneurs and the exporters participated in the trade fair has reported the Authority that they are exchanging the respective samples and price levels and are ready to do export products.

- iv. The Coconut Development Authority participated in SIAL Trade Exhibition, one of the dominant trade fairs in the world on foods and beverages conducted in Paris, France, in the year 2016 and 05 exporters/industrialists



participated in the trade fair. European Buyers focused their high attention to virgin coconut oil, coconut milk, Desiccated Coconut, coconut Cream, king coconut and coconut water and their interest for virgin coconut oil was significant.

Buyers met at the Exhibitions particularly had discussionsparings with exporters on the import of Coconut Kernel based products and the exporters revealed their opinions that there would be a higher demand for virgin coconut oil in the future and they will get opportunity to export high quantity of virgin coconut oil.

- v. The Coconut Development Authority particiated for the first time with 04 exporters



in the IPM - DUBAI, 2016 trade Exhibition

conducted for the beautification of parks and home gardens. Buyers from Middle East particularly participated in this Exhibition and the Exporters have notified the Coconut Development Authority that many new buyers from the Middle east had negotiations with all the Sri Lankan Exporters and the negotiations that are to be held further would be fruitful.

3.2 Creation of a Network of Manufacturers and Future Buyers.

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

Registration of exporters who engage in exports of the Coconut Industrial Sector has simply increased by 7% in the year 2016 when compared to that of in the year 2015 and the registration of coconut estates has simply declined when compared that of in the year 2015.

Registrations	2015	2016
Exporters	550	590
Brokers	17	14
Merchandisers	67	55
Coconut Estates	276	265

Registration Activities – 2015/2016

3.3 Conducting Coconut and Copra Auctions.

3.3.1 Colombo Fresh Coconut Auction

The Marketing Development and Research Division was capable of conducting 50 Coconut Auctions, initiated by the Coconut Development Authority in the year 1994 with a objective of providing opportunity for coconut cultivators to obtain a reasonable price for their products and for buyers to obtain high quality coconut stocks for a fair price in the year 2016 too.

The Colombo Coconut Auction has become the Decisive factor, which determines the prices of Coconut in the entire country within the context of constantly deciding the price levels of coconut through the Coconut Auction without being disadvantageous to both parties viz, the coconut cultivator as well as to the coconut buyer.

87,379,350 nuts of fresh coconuts were presented at the coconut auction in the year 2016.

Year	No. of Nuts		Average Price (Rs.) (for 1000 Nuts)
	Amount Presented	Amount Sold	
2015	62,136,935	44,994,090	33,639.82
2016	87,379,350	52,038,756	27,264.31

Activities of conducting the coconut auction via internet is being experienced starting from the end of the year 2016 and it is anticipated that it will be possible to conduct the Auction via Internet from the year 2017 and if any party requires to participate in the Fresh Coconut auction, they can do so via the Internet.

3.3.2 Divisional Fresh Coconut Auction

The Kuliypitiya Divisional Fresh Coconut Auction was conducted in Kuliypitiya for 12 occasions at the rate of one auction per month during the year 2016 and this Auction is executed with the objective of offering reasonable price levels for the products of small and medium scale Coconut Cultivators and the progress of the Auction is mentioned below.

Year	No. of Nuts		Average Price (Rs.) (for 1000 Nuts)
	Amount Presented	Amount Sold	
2015	1,834,570	1,434,842	36,622.35
2016	3,345,936	2,519,009	27,754.00

The number of fresh coconuts presented at the Kuliypitiya Divisional Coconut Auction in the year 2016 has increased by 82% when the amount of fresh coconuts presented for the Auction in the year 2015 was compared with that of in the year 2016.

Preliminary plans were commenced at the end of the year 2016 for initiating more Divisional Coconut Auctions in Kegalle and Puttalam Districts with the objective of extending Divisional Coconut Auctions.

3.3.3 Copra Auction

24 Copra Auctions had been conducted by the Marketing Development and Research Division in the Year 2016.

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
2015	293,085	260,292	41,035	37,516
2016	211,394	209,666	38,088	37,060

3.3.4 Activities Pertaining to Trade Disputes.

A specific role has been performed by the Marketing Development and Research Division as the intermediary for resolving trade disputes that take place between sellers and buyers at the Coconut and Copra Auctions and the Division again played a great role in the resolving trade disputes taken place at the exportation of coconut and coconut products.

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

3.4.1. Local Trade Exhibitions

The Marketing Development and Research Division participated in 26 trade, agricultural and educational Exhibitions conducted island wide in the year 2016 and necessary details, information, data and instructions were issued to school students and the general public who attended the exhibitions in relation to the coconut and Coconut based products.



The Marketing and Research Division participated in the following local exhibitions

Name of the Exhibition	Place	Organization
Provincial Energy Educational Development Programme	Polonnaruwa Royal College, Batticaloa Chenkaladi Central College, Vavuniya Tamil National School, Gurudeniya Community Centre, Galle Sudharma Central College, Kegalle Swarna Jayanthi Central College, Borella C.W.W. Kannangara Vidyalaya, Srimath John Kotalawala Maha Vidyalaya, Haliala Central College	Ministry of Electricity and Renewable Energy
Jaffna International Trade Exhibition	Jaffna Municipal Council Stadium	Sri Lanka Exhibition and Convention Centre
“Wasa Wisa nethi Ratak”	Sirimavo Bandaranaiyake Conference Hall	Ministry of Agriculture

Name of the Exhibition	Place	Organization
“Liya Waruna – 2016”	Independence Square	Independent Television Network
Ampara District Agrarian Conference	Ampara Public Playground	Agrarian Services Department
“Wewili Saviya”	Rasnayakepura	Ministry of Plantation Industries
“Pro Food Pro pack and AgBiz”	Sirimavo Bandaranaiyake Conference Hall	Sri Lanka Exhibition and Convention Centre
“Presidential Mobile Service”	Polonnaruwa Royal College,	

“Ten year celebrations” Uva Wellassa University	Uva Wellassa University, Badulla	Uva Wellassa University
Batticaloa International Trade Exhibition	Batticaloa	Sri Lanka Exhibition and Convention Centre
Northern Provincial Coconut Development Programme	Chavakachcheriya, Jaffna	Ministry of Plantation Industries
“Wewili Saviya”	Horowpothana	Ministry of Plantation Industries
“Sanjanani” Media Festival 2016	Kelaniya	University of Kelaniya
EMINENCE 75	Kalutara Balika Vidyaalya	Kalutara Balika Vidyalaya
Divisional Agriculture Exhibition – 2016	Mannar	Northern Provincial Council
MedagodaKrushi Navodaya – 2016	Mahawewa	Mahawewa Divisional Secretariat
“Wewili Saviya Gamin Gamata”	Monaragala	Ministry of Plantation Industries

3.4.2 Condcuting Exhibitive Programmes

Exhibitive Programmes were also conducted in the year 2016 in concurrence with the participated local exhibitions in order to create awareness among the General Public on the foods that can be prepared using cococnut kernal based products with the objective of minimizing the wastage of coconut in the consumption. The assistance of the entrepreneurs such as Nestle Lanka Company, Renuka Agri Foods Institute, Ceylon Biscuits Company was received for this purpose and a exhibitive Programme on Coconutr oil was also condcted with the assitance of Adamji Lukmanji Institrute.

3.5 Condcuting Marketing Surveys for the identification of the local and Foreign usage of Coconut and Coconut based products

The Marketing and Research Division has condcted surveys

- To discover the tendency of local consumers t oused Coconut milk powder
- To identify the coconut oil manufacturers and sellers in the Puttalam District in the year 2016.

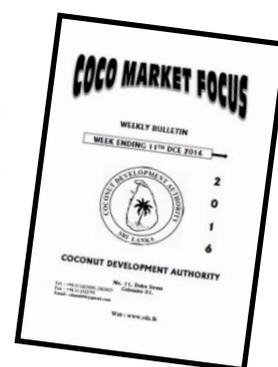
It is anticipated to accomplish the following objectives through the aforementioned surveys.

- Identification of the willingness of the consumers to use Coconut Milk powder, a value added product, instead of using fresh coconuts.
- Identification of reasons for not using Coconut milk powder.
- Obtaining accurate data and information on coconut oil manufacturing institutions in the Puttalam District for the computation of local coconut oil production.
- To understand the issues that have to be confronted by the coconut oil manufacturers and sellers and identification of the production cost associated with the coconut oil industry.

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

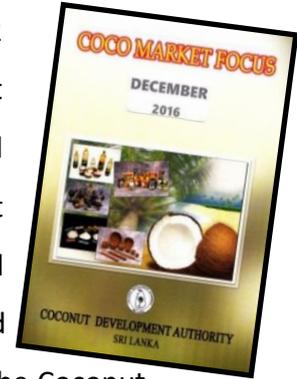
The Information Service of the Marketing Development and Research Division had performed a specific role also in the year 2016 through the following aspects to determine the industrial and trade pattern of the industrialists as well as the exporters of coconut and coconut based products, through obtaining accurate trade information and data that are applicable to the coconut industry and exportation and accurately analyzing them in order to take their manufacturing, trade and exportation decisions and to facilitate their ability to take decisions.

- Receiving information on manufacture of Coconut and Coconut based products of the Coconut manufacturers and information and data on the exportation and importation of Coconut and Coconut based products and dissemination of such information to the relevant stake holders.
- The daily local price levels of Coconut and Coconut based products were obtained and published in daily Newspapers in English and Sinhala media also in the year 2016.

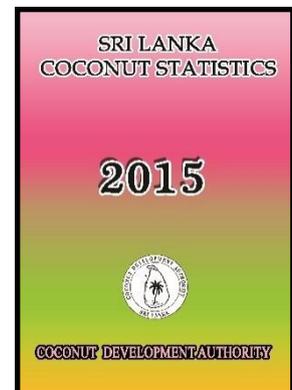


- “Coco Market Focus” the weekly Bulletin with 48 publications was also published in the year 2016 and Coconut and copra auction prices, Farm gate prices of local coconut based products, whole-sale prices and international price levels were published in this Weekly Bulletin.

- “Coco Market Focus”, the Monthly Magazine with 12 Publications was also published in the year 2016 and 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 included in the publications and this was a very important publication for the Stakeholders in the Coconut Industrial Sector and the Coconut Export Field in order to take accurate trade decisions.



- "Sri Lanka Coconut Statistics - 2015", a valuable annual publication of the Marketing Development and Research Division was also compiled and published in the year 2016. Export and import prices of all the Coconut based products countries to which they are exported and edible oils that are being imported, International Coconut Yield and information on production and exportation and information on the stakeholders connected to the Coconut Auction of the Coconut Development Authority, information on Exporters were included in the Publication. This Publication has a higher demand locally and internationally and it is a perfect annual publication including data, information and details of Coconut industrial sector and the export sector.



- Systematic Collection, documentation and dissemination of information regarding the current and the anticipated Coconut and Coconut related products.

Marketing Development and Research Division had provided data in the year 2016 to the following institutions in order to enable them to make decisions on price levels related to the coconut and Coconut based industries locally and internationally.

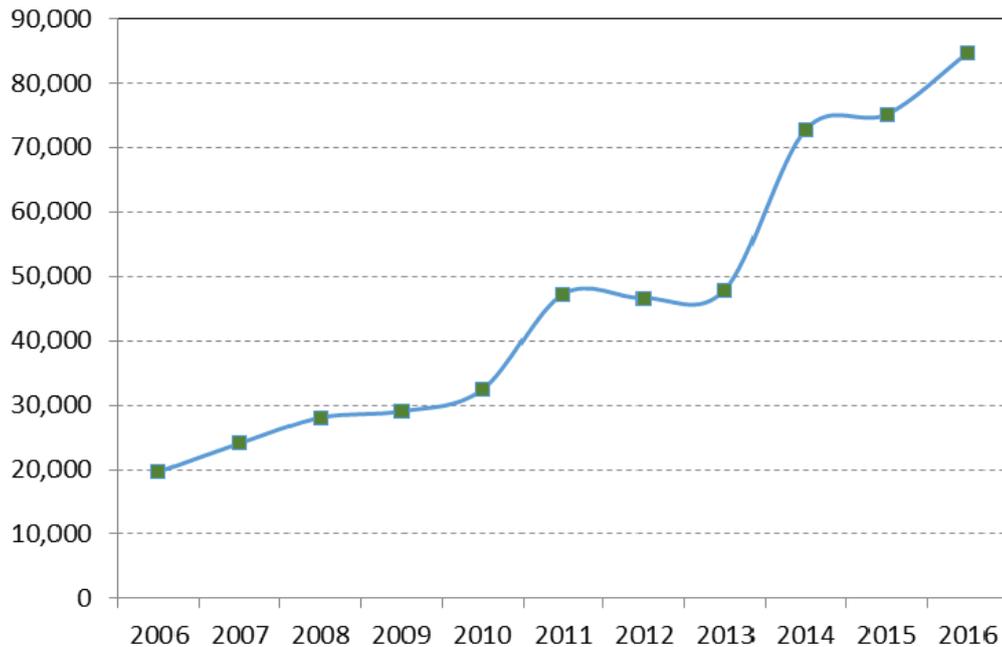
- Central Bank of Sri Lanka
- Census and Statistics Department
- Export Development Board
- Meteorological Department and the other Government and Semi-governmental Institutions
- Further, the role of consistent dissemination of specific information and data obtained in collaboration with foreign institutions such as Asian Pacific Coconut Community, Foreign Journals (Cocommunity, Oil World, UCAP and Indian Coconut Journal) on the coconut industry to the Sri Lankan coconut community had been successfully performed by the Marketing Development and Research Division also in the year 2016.

3.6.1 Export Income of the Coconut Industry

Export Income of the Coconut and Coconut based Industries (2006 – 2016)

Year	Value	
	(Rs. Million)	(USD Million)
2006	19,661	189.12
2007	24,097	217.83
2008	28,094	259.33
2009	29,081	253.00
2010	32,433	286.86
2011	47,306	427.85
2012	46,667	365.72
2013	47,952	371.40
2014	72,880	558.21
2015	75,259	553.63
2016	84,702	581.74

**Export Income (Rs. Million)
2006 - 2016**



The highest ever recorded income earned from exporting coconut and coconut based products has been obtained in the year 2016 and it had reached Rs.84.70 Billion. It was an increase by 13% when compared to that of in the year 2015.

11% growth was recorded in the export income earned from coconut kernel based products in the year 2016 and an increase of 24% had been recorded in the year 2016 in the income earned from the exportation of value added coir related products.

Likely, a growth of 5% had been recorded in the export income earned from Coconut shell based Products and it is anticipated that the export income earned from the Coconut and Coconut based industries in the year 2017 will exceed Rs. 95 Billion.

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

3.7.1 A clear growth in the export of king cocnut could be observed due to the capability of identifying new buyers in the year 2016 when the growth of exporting king coconuts is compared with the year 2015. A growth in exportation of cocnut water

also could be observed in the year 2016 and exporters had a higher inclination towards exporting virgin coconut oil. It is anticipated that these manufacturers will be able to obtain a higher demand from the international market.

3.7.2 Conducting Forward activities further in collaboration with the National Intellectual Property Institution of Sri Lanka to utilize the brand "Ceylon Coconut" with a view to establishing the Sri Lankan identity in the international markets in the exportation of Coconut based products.

3.7.3 Activities pertaining to the exchange of data more systematically through the Web site of the Coconut Development Authority were conducted also in the year 2016.

3.7.4 The Marketing Development and Research Institution made arrangements to purchase Coconut based products required by the Public institutions from the industrialists registered with the Coconut Development Authority and to supply such products to such institutions that require the products under the sub contracting system with a view to assisting the small scale local industrialists.

3.7.5 A promotion service through the printed media was conducted also in the year 2016 with the objective of making the general public aware of the use of the value added and environment friendly coconut and coconut based products.

3.8 Marketing Development Assisted Services

- Provision of Consultation Services on Products/Markets and various other services. Provision of information on Local and International trade orders to industrialists/exporters/buyers.
- Designing forecasts on products pertaining to the Coconut Industrial Sector. Extending co-operation to the Ministry of Plantation Industries to prepare trade policies.

Export of Coconut Products - 2015/2016

Comparative Statistics

Type of the Product	Volume (Metric Tons)			Value (Rs. Million)		
	2015	2016	% Difference	2015	2016	% Difference
1.Coconut Kernel Products						
1) Coconut Oil	8,679	7,094	-18	6,299.02	3,797.86	-40
2) Virgin Coconut Oil	13,353	15,585	17	10,110.25	9,891.86	-2
3) Desiccated Coconut	36,131	49,200	36	12,604.19	15,378.30	22
4) Copra	489	1,184	142	103.98	250.93	141
5) Fresh Coconut (1000 nuts)	13,204	30,433	-	1,024.77	2,158.82	-
6) Seed Coconut (nuts)	-	5,394	-	-	6.37	-
7) King Coconut (nuts)	3,198,907	4,057,002	27	288.23	439.24	52
8) Poonac	4,184	17,122	309	251.49	688.54	174
9) Coconut Cream	2,874	3,652	27	1,216.75	1,375.35	13
10) Coconut Milk	21,957	30,497	39	4,641.74	6,451.75	39
11) Coconut Milk Powder	5,642	6,793	20	3,530.16	4,165.13	18
12) Defatted Coconut	3,999	5,730	43	843.99	1,029.52	22
13) Coconut Water	2,954	3,078	4	444.82	409.76	-8
14) Coconut Arrack (Litres)	7,496	25,680	243	6.53	15.65	140
15) Vinegar (Litres)	33,505	50,892	52	11.78	16.14	37
16) Coconut Butter	19	51	168	29.89	32.51	9
17) Coconut Flour	256	722	182	49.75	96.28	94
Sub Total – Coconut kernel products				41,457.35	46,204.01	11
2.Fibre products						
18) Mattress Fibre	18,090	18,647	3	994.65	936.73	-6
19) Bristle Fibre	11,612	15,525	34	686.23	770.72	12
20) Twisted Fibre	62,584	60,698	-3	2,993.74	2,770.94	-7
Sub Total – Fibre Products	92,287	94,870	3	4,674.62	4,478.39	-4
3.Coconut shell products						
21) Coconut shell Charcoal	8,853	5,142	-42	650.17	380.02	-42
22) Coconut shell and Coconut shell powder	369	418	13	23.83	24.18	1
23) Coconut shell active carbon	31,747	34,987	10	9,562.46	10,352.99	8
Sub Total Coconut Shell Products	40,968	40,547	-1	10,236.46	10,757.19	5
4.Finished products (Coir Fibre based)						
24) Coir yarns						
25) Coir twines	2,617	1,169	-55	255.61	141.23	-45
26) Thawashi brushes (Number)	5,960	7,349	23	908.32	1,171.78	29
27) Ekel brooms and brushes (Number) (Except Thawashi brushes)	24,195,093 23,145,713	25,206,957 23,754,924	4 3	566.71 2,943.39	600.21 3,164.95	6 8
28) Rubber mixed Coir Pads and bed mattresses (Number)	4,324,408	247,234	-94	204.32	152.16	-26
29) Coir yarn, Mats and Carpets (Square metres)	675,885	475,777	-30	686.62	504.04	-27
30) Coir Carpets (Square metres)						
31) Coir Fibre Pith	17,217	16,832	-2	7.07	13.02	84
32) Coir Husk Pieces	169,544	186,820	10	7,259.58	9,407.48	30
33) Geo Textiles	16,887	21,471	27	1,036.45	1,467.45	42
34) Coir products used in gardening	3,355 49,448	3,865 69,412	15 40	492.30 4,153.49	644.08 5,779.18	31 39
Sub Total - Coir based products				18,513.86	23,045.58	24
Other products						
35) Coconut Ekels	6,257	6,136	-2	166.68	201.34	21
36) Coconut Timber	0.826	-	-	0.30	-	-
37) Fatty Acids	2,872	125	-96	210.02	15.23	-93
Sub Total (Other products)	9,130	6,261	-31	377.01	216.57	-43
Total Export income				75,259.30	84,701.74	13

Source: Sri Lanka Customs Department

Note - Exportation of Fresh coconuts for the year 2015 had been started in May

4. Administration Division

The key objective of the Administration Division is to provide auxiliary services and to facilitate all the Divisions of the Authority, to conduct all the establishment activities in relation to the 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 2016 was 195 and 34 personnel of them 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

-  Recruitment for the vacancies that exist in the posts of the approved cadre of this Authority and all the functions related to the administration of the Staff from their recruitment up to their retirement.

Vacancies that were filled during the year 2016

Vacancies	Number of vacancies existed	Number of Vacancies filled	Social benefit obtained by filling the Vacancies
Director (Marketing Development and Research)	01	01	<p>The role of the Authority is to achieve long term commercial productivity, sustainability in the coconut industry and to provide a higher contribution for the national economy through guaranteeing the supply of Coconut and coconut based products for the household consumption and industry by carrying out the functions assigned to the Coconut Development Authority under the Coconut Development Act of 1971.</p> <p>Functions such as assisting in the Formalization and promotion of the Coconut based products and manufacturing methodologies, provision of technical services and guidance for the modernization of coconut based industries, implementation of developmental Programmes, assisting in the minimization of costs through the introduction of the proper technology, provision of financial subsidies, extension of industries and generation of employment, Provide technical knowhow required for uplifting cottage industries/generation of self-employment testing of desiccated coconut products that are scheduled to be exported and issuance of quality certificates,</p>
Assistant Director (Processing Development)	01	01	
Engineer (Civil)	01	-	
Legal Officer	01	-	
Senior Inspector	08	04	
Economic Research Officer	01	-	
Processing Development Officer	05	05	
Financial Officer	01	01	
Secretary of the Chairman	01	-	
Programme Assistant (Quality controlling)	05	03	
Programme Assistant (Marketing Development and Research)	01	-	
Programme Assistant (Technical Services)	25	-	
Book Keeper	01	01	
Inspector	17	04	
Laboratory Technician	06	05	
Management Assistant	07	07	
Driver	02	02	
Laboratory Technician	03	-	
Office Assistant	01	01	

Field Assistant	04	03	conducting laboratory testing services, promotion of value added coconut based products locally and globally, Minimizing the wastages that takes place in the consumption of coconuts, Publicizing the usage of environment friendly coconut Products among the local and foreign consumers and directing the general public to use such products and conducting marketing development and research activities related to the advancement of the Coconut industrial sector will be performed by filling such vacancies.
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07 employees have been retired from the service and 04 employees have been resigned from the service during the year 2016.

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 2016 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 efficient and effective accomplishment of the mission and objectives of the Authority. Arrangements have been made to organize courses giving priority to government institutions which operate training developmental courses. The objective of the Administration Division of the Authority in the year 2016 was to make the members of the staff participate in essential training courses that could not be provided in the previous years.



It was also targetted to develop personal attitudes and skills and to provide an understanding on the Government Service to the new Staff and developing team spirit and introduction of novalties created in the job environment and to familiarize the new staff with the institutional environment.

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

	Name of the Course	Institution that conducted the Course	Number Participated	Duration of the Course
01	Diploma Course in Counselling	University of Kelaniya	02	01 Year
02	English Course for Professionals	Sri Lanka Institute of Development Administration	01	03 Months
03	Edible Oil Industry- Coconut Oil Training programme	Industrial Development Board of Ceylon	02	01 Day
04	Use and maintenance of Generators	Construction Machinery Training Centre	01	02 Days
05	Duties & Responsibilities of leave Clerk	Skills Development Authority	01	02 Days
06	Salary Conversion – Board & Statutory Bodies	Skills Development Authority	01	02 Days
07	Management of Public Assets	Prag Institute	01	01 Day
08	Workshop on Quality Control	Sri Lanka Standards Institution	03	02 Days
09	Quality Assurance Practices Manufacturing of Bottle Drinking Water	Sri Lanka Standards Institution	02	01 Day
10	SPC, Sampling Technique & Inspection for ISO 9001 Quality Management System	Sri Lanka Standards Institution	03	02 Days

11	Evaluation of Environment at Aspect & Legal recruitments in environmental Management	Sri Lanka Standards Institution	01	01 Day
12	Occupational Health & Safety Management System	Sri Lanka Standards Institution	01	01 Day
13	Internal Auditing as per OHSAS 18001:2007 Occupational Health & Safety Management System	Occupational Health & Safety Management System	01	02 Days
14	Short Course on GIS and Application	Post Graduate Institute of Science	01	05 Days
15	Office Management and Office Producer	Skills Development Foundation	01	
16	Training on ISO/IEC 17025:2005	Accreditation Board on Conformity Assessment	02	02 Days
17	5S Application in Productivity and Quality Improvement	Accreditation Board on Conformity Assessment	01	01 Day
18	Energy Management System as per ISO/IEC 50001:2011	Sri Lanka Standards Institution	01	03 Days
19	Food Safety Management	Sri Lanka Accreditation Board	03	02 Days

Training Developmental Programmes

- ✚ 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 in the Quality Control and Quality Assurance Division.

- ✚ Invitation of quotations, 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 in the importation of chemicals and chemical equipment required for the Laboratory on the expansion of the Quality Control Division with the objective of stipulating and maintaining the qualitative standards of Coconut Products that are being exported from Sri Lanka.
- ✚ Execution of all the procedures required for the disciplinary control of the Authority including 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.



4.3 Welfare Activities

Action has been taken to offer the following welfare facilities and financial assistance to the Employees of the Authority also in the year 2016 as they had been offered i to the Employees of the Authority during 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 at Narahenpita 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.
- Making arrangements to conduct a special Dhamma sermon in order to mark the First day of the year 2016.



05. Finance Division

The Finance Division of the Coconut Development Authority is responsible for the provision of financial facilities required by 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. The maintenance of the Financial Reports including the provision of Financial Reports and Progress Reports from time to time has also been assigned to the Finance Division and it also functions as the custodian of its funds inclusive of the Investment Management activities of the Coconut Development Authority.

Record keeping in relation to the controlling of the total income of Rs. 357.56 Million including a sum of Rs. 124.5 received as government grants in the year 2016 and the total assets to the amount of Rs. 1231 is another major responsibility assigned to the Finance Division. Finance Division provides Financial facilities for activities that are necessary for the accomplishment of the performance of every Division of the Authority.

5.1 General Operational Activities

- Rs.179.5 million and Rs.71.08 million have been incurred for the general operational activities in the means of recurrent expenditure and capital expenditure respectively.
- Various Financial Reports and monthly, quarterly, half yearly and annual reports have to be prepared for encountering the management requirements.

5.2 Capital Development Programme

The income earned from the Cess, which prevailed as a direct income of the Coconut Development Authority has been declared as a Government income with effect from 01.01.2007 through the General Treasury Circular No. FP/06/77/07/04 dated 24th April 2007.

Total Government grants/income under the Capital Development/Capital Programme in the year 2016 – Rs.89.0 Million.

The Finance Division of the Authority was capable of finalizing the following activities during the year 2016 too.

- Provision of financial reports on the Programmes such as management of funds and developmental projects.
- Crediting money to Individual Accounts on Security bonds deposits maintained in favour of the owners of Desiccated Coconut Mill in the Mills Development Fund.
- Assisting in the execution of “Kapruka Nipayum Diriya Loan Scheme” in association with the People’s Bank and execution of “Kapruka Jaya Isura” in association with Divisional Development Bank for the provision of financial facilities for the entrepreneurs involved in the Coconut Industry using the Coconut Oil Price Stabilizing Fund.
- Proper management of the moneys of the Employees’ Provident Fund of the Coconut Development Authority, paying loans to members of the Employees’ Provident Fund and releasing of membership fees subject to the limit of 75% as per the request made by the employees, who are over 55 years of age.
- Investing moneys of the funds in Treasury bills and in Securities with a proper management and maintenance of the moneys in the Mills Development Fund by properly managing the individual savings accounts opened in favour of names of the each owner of mills in the National Savings Bank.

The Balance of these Funds at the end of the year was as follows. (Rs. Million)

a)	Capital Development Fund	- 33.85
b)	Mills Development Fund	- 80.90
c)	Coconut Oil Stabilizing Fund	- 259.53
d)	General Operational Activities	- 220.48
e)	N.R.I. Fund	- <u>0.19</u>
		- <u>594.95</u>
f)	Employees’ Provident Fund	- 40.90

(Employees' Provident Fund Account is separately maintained since this is a private Provident Fund.)

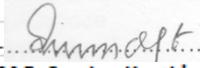
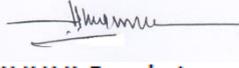
The Finance Division has accomplished its responsibility by the preparation of Annual Estimates, Statements on Annual Final Accounts, monthly financial progress reports and the other statistical information and submission of them to the Board of Directors, Ministry, general Treasury, Government Auditor General's Department and the other relevant institutions within the prescribed time periods.

COCONUT DEVELOPMENT AUTHORITY

Statement of Consolidated Financial Position (Summarised) as at 31.12.2016

	2016.12.31	2015.12.31
	Rs.	Rs.
ASSETS		
<i>Fixed Assets</i>	511,512,242	511,623,938
<i>Total Non Current Assets</i>	120,597,938	126,938,070
<i>Current Assets</i>		
Inventories / Stock	11,383,781	11,141,167
Trade and Other receivable	627,332,050	535,839,280
Prepayments	6,460,829	3,809,007
Inspection & Processing Charges Receivable	697,982	2,639,590
Cash and Cash equivalents	28,561,302	27,232,620
Inter Current Account	6,396,556	7,386,481
Total Current Assets	680,832,500	588,048,145
Total Assets	1,312,942,680	1,226,610,153
<i>Non-Current Liabilities</i>		
Provision for Gratuity	(43,350,565)	(45,375,670)
<i>Current Liabilities</i>		
Payables	(33,843,392)	(52,161,353)
Accrued Expenses	(4,464,219)	(4,712,123)
	(38,307,610)	(56,873,477)
	1,231,284,505	1,124,361,006
<i>Equity and Liabilities</i>		
Capital Reserves	448,790,776	448,790,777
Government Grant	117,406,620	116,827,127
Grant from Capital Development Fund	77,652,767	77,652,767
Accumulated Fund	587,434,342	481,090,335
Total Equity and Liabilities	1,231,284,505	1,124,361,006

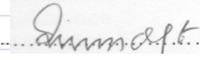
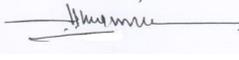
The accounting policies are on page 11,12 and Notes on pages 13 to 21, form an integral part of these Financial Statements. The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf.

 M.P. Sandya Kanthi DIRECTOR (FINANCE)	 H.K.U.K. Rupasinghe CHAIRMAN	 A.H.L.D. Gamini Wijesinghe Director General
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COCONUT DEVELOPMENT AUTHORITY
Statement of Consolidated Financial Position as at 31.12.2016

	Note No.	2016.12.31 RS.	2015.12.31 RS.
FIXED ASSETS			
Fixed Assets	1	701,633,548	683,425,059
LESS : Accumulated Depreciation		(190,121,306)	(171,801,121)
		511,512,242	511,623,938
NON CURRENT ASSETS			
Sewerline System		6,000,000	8,475,486
Staff Debtors	5	17,364,308	13,178,759
Loans granted to BCC	6	59,715,037	59,715,037
Loan Receivable from BCC		36,104,481	32,092,871
Provision for Doubtful Debtors		(36,104,481)	(32,092,871)
Loan Granted -Kapruka Nipayum Diriya	7	37,518,593	45,568,787
		120,597,938	126,938,069
CURRENT ASSETS			
Inventories / Stocks			
Stocks	2	11,383,781	11,141,167
		11,383,781	11,141,167
Trade & Other Receivables			
Lady Lochore Loan Fund	3	323,950	764,165
Staff Debtors	5	4,574,540	3,966,012
Sundry Debtors	4	22,606,909	14,764,286
Sundry Advance	8	382,366	302,082
Advance given to kapruka loan scheme		4,070,000	4,070,000
Sundry Deposits	9	408,685	429,727
Bank Deposits	10	499,218,427	394,289,796
Treasury Bills	10	95,747,173	117,253,213
		627,332,050	535,839,280
Prepayments	11	6,460,829	3,809,006
Inspection & Processing Charges Receivable	12	697,982	2,639,589
Cash & Cash Equivalent			
Petty Cash- Kandy		-	2,033
Cash at Bank	13	28,532,323	27,204,577
Stamp postage imprest		-	407
Stamp Franking Machine		28,979	25,603
		28,561,302	27,232,620
Inter Current Account (Capital dev Fund)		6,396,556	7,386,481
Total Current Assets		680,832,500	588,048,145
		1,312,942,680	1,226,610,153
NON CURRENT LIABILITIES			
Provision for Gratuities		(43,350,565)	(45,375,670)
CURRENT LIABILITIES			
Payables			
Sundry Creditors	14	(14,919,344)	(25,020,326)
Inspection & Processing Charges Payable	15	(1,951,279)	(3,346,670)
Refundable Deposits	16	(1,466,357)	(3,223,951)
Receipts in Advance	17	(367,200)	(4,440,272)
Advance given kapruka loan		(8,742,656)	(8,742,656)
Accrued Expenses	18	(4,464,219)	(4,712,123)
Inter Current Account Balance		(6,396,556)	(7,387,481)
Total Current liabilities		(38,307,610)	(56,873,479)
		1,231,284,505	1,124,361,006
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
		448,790,776	448,790,777
Grants & Contributions		77,870,555	77,870,555
Government Grants Capital	19	39,536,065	38,956,572
		117,406,620	116,827,127
Grant from Capital Deve. Fund	20	77,652,767	77,652,767
Accumulated Fund	21	511,701,352	479,558,049
Accumulated Surplus	21	75,732,990	1,532,286
		1,231,284,505	1,124,361,006

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M.P. Sandya Kanthi DIRECTOR (FINANCE)	H.K.U.K. Rupasinghe CHAIRMAN	A.H.L.D. Gamini Wijesinghe Director General

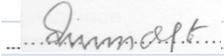
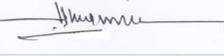
COCONUT DEVELOPMENT AUTHORITY

Statement of Financial Position as at 31.12.2016 (Analysed by Funds)

	Note No.	GENERAL BOARD OPERATIONS	CAPITAL DEV. FUND	P.S.S. OIL FUND	MILL DEV. FUND	NRI FUND	TOTAL
		RS.	RS.	RS.	RS.	RS.	RS.
FIXED ASSETS							
Fixed Assets	1	653,575,214.29	48,037,146.08	21,187.50	-	-	701,633,547.87
LESS : Accumulated Depreciation		(184,836,121.53)	(5,264,006.69)	(21,177.50)	-	-	(190,121,305.72)
		468,739,092.76	42,773,139.39	10.00	-	-	511,512,242.15
NON CURRENT ASSETS							
Sewerline System		6,000,000.00	-	-	-	-	6,000,000.00
Staff Debtors	5	17,364,308.20	-	-	-	-	17,364,308.20
Loans granted to BCC/ Hiriyala	6	-	33,000,000.00	26,715,037.40	-	-	59,715,037.40
Loan Receivable from BCC		-	-	36,104,480.73	-	-	36,104,480.73
Provision for Doubtful Debtors		-	-	(36,104,480.73)	-	-	(36,104,480.73)
Loan Granted -Kapruka Nipayum Diriya	7	-	-	27,927,004.42	9,591,588.13	-	37,518,592.55
		23,364,308.20	33,000,000.00	54,642,041.82	9,591,588.13	-	120,597,938.15
CURRENT ASSETS							
<i>Inventories / Stocks</i>							
Stocks	2	11,383,781.26	-	-	-	-	11,383,781.26
		11,383,781.26	-	-	-	-	11,383,781.26
<i>Trade & Other Receivables</i>							
Lady Lochore Loan Fund	3	323,949.87	-	-	-	-	323,949.87
Sundry Debtors	4	9,017,548.18	501,889.11	10,386,891.22	2,698,573.43	2,006.64	22,606,908.58
Staff Debtors	5	4,574,540.30	-	-	-	-	4,574,540.30
Sundry Advance	8	86,765.60	295,600.00	-	-	-	382,365.60
Advance given to kapruka loan scheme		-	4,070,000.00	-	-	-	4,070,000.00
Sundry Deposits	9	408,684.51	-	-	-	-	408,684.51
Treasury Bills	10	6,934,080.80	886,576.89	87,739,414.64	-	187,100.97	95,747,173.30
Bank Deposits	10	213,544,840.63	32,976,163.16	171,794,401.00	80,903,022.64	-	499,218,427.43
		234,890,409.89	38,730,229.16	269,920,706.86	83,601,596.07	189,107.61	627,332,049.59
<i>Prepayments</i>	11	3,874,606.23	2,586,222.50	-	-	-	6,460,828.73
Inspection & Processing Charges Receivable	12	697,981.50	-	-	-	-	697,981.50
<i>Cash & Cash Equivalent</i>							
Petty Cash - Kandy		-	-	-	-	-	-
Cash at Bank	13	17,037,309.23	11,495,014.12	-	-	-	28,532,323.35
Stamp postage imprest		-	-	-	-	-	-
Stamp Franking Machine		28,979.00	-	-	-	-	28,979.00
		17,066,288.23	11,495,014.12	-	-	-	28,561,302.35
Inter Current Account (Capital Dev Fund/GBO)		(4,633,189.03)	4,633,189.03	-	6,396,556.28	-	6,396,556.28
Total Current Assets		263,279,878.08	57,444,654.81	269,920,706.86	89,998,152.35	189,107.61	680,832,499.71
		755,383,279.04	133,217,794.20	324,562,758.68	99,589,740.48	189,107.61	1,312,942,680.01

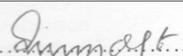
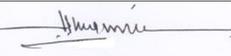
	Note No.	GENERAL BOARD OPERATIONS	CAPITAL DEV. FUND	P.S.S. OIL FUND	MILL DEV. FUND	NRI FUND	TOTAL
		RS.	RS.	RS.	RS.	RS.	RS.
NON CURRENT LIABILITIES							
Provision for Gratuities		(43,350,565.00)	-	-	-	-	(43,350,565.00)
CURRENT LIABILITIES							
Payables							
Sundry Creditors	14	(8,267,836.55)	(6,651,207.19)	-	(300.00)	-	(14,919,343.74)
Inspection & Processing Charges Payable	15	(1,951,278.80)	-	-	-	-	(1,951,278.80)
Refundable Deposits	16	(1,466,356.86)	-	-	-	-	(1,466,356.86)
Receipts in Advance	17	(367,200.00)	-	-	-	-	(367,200.00)
Advance given kapruka loan(PSS oil A/C)		-	-	(4,070,000.00)	(4,672,656.04)	-	(8,742,656.04)
Accrued Expenses	18	(4,288,198.21)	(176,020.40)	-	-	-	(4,464,218.61)
Inter Current Account		-	(6,396,556.28)	-	-	-	(6,396,556.28)
Total Current liabilities		(16,340,870.42)	(13,223,783.87)	(4,070,000.00)	(4,672,956.04)	-	(38,307,610.33)
		695,691,843.62	119,994,010.33	320,492,758.68	94,916,784.44	189,107.61	1,231,284,504.68
FINANCED BY							
Capital Reserves		6,970,408.50	-	-	-	-	6,970,408.50
Foreign Aid		4,102,256.68	-	-	-	-	4,102,256.68
Revaluation Reserve for Land		202,811,600.00	23,891,309.00	-	-	-	226,702,909.00
Revaluation Reserve for Building		164,965,219.02	-	-	-	-	164,965,219.02
Revaluation Reserve for Motor Vehicles		46,049,983.00	-	-	-	-	46,049,983.00
Grants & Contributions		77,870,554.61	-	-	-	-	77,870,554.61
Government Grants Capital	19	39,536,064.92	-	-	-	-	39,536,064.92
Grant from Capital Deve. Fund	20	77,652,767.37	-	-	-	-	77,652,767.37
Accumulated Fund	21	-	96,102,701.33	320,492,758.68	94,916,784.44	189,107.61	511,701,352.06
Accumulated Surplus	21	75,732,989.52	-	-	-	-	75,732,989.52
		695,691,843.62	119,994,010.33	320,492,758.68	94,916,784.44	189,107.61	1,231,284,504.68

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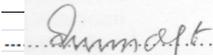
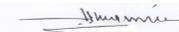
		
M.P. Sandya Kanthi DIRECTOR (FINANCE)	H.K.U.K. Rupasinghe CHAIRMAN	A.H.L.D. Gamini Wijesinghe Director General

Coconut Development Authority

Statement of Consolidated Financial Performance (Summarised) for the Year Ended 31.12.2016

<u>Revenue</u>	FOR THE YEAR ENDED	
	<u>2016</u>	<u>2015</u>
	Rs.	Rs.
Government Grant - Recurrent	124,500,000	110,000,000
Government Grant - Capital	70,746,511	80,036,925
Other Income	162,313,959	221,736,090
	357,560,470	411,773,016
 <u>Less : Expenditure</u>		
Personal Emoluments	(112,479,588)	(129,080,564)
Travelling Expenses	(7,911,369)	(4,197,948)
Supplies & Requisites	(19,279,522)	(14,092,885)
Repairs & Maintenance	(13,707,217)	(7,016,736)
Contractual Service & Other	(26,170,919)	(19,787,969)
Research and Deve./Training	(71,078,784)	(52,409,105)
	(250,627,398)	(226,585,208)
Surplus /(Deficit)	106,933,072	185,187,808
Depreciation	(18,338,685)	(13,255,013)
Amortization to Grant	17,673,996	12,590,325
Write off Sewerline project cost	(2,475,486)	-
Gratuity	(3,362,655)	(11,364,531)
Under provision for Bad Debtors	(4,011,609)	(4,011,609)
	96,418,633	169,146,980
		
M.P. Sandya Kanthi DIRECTOR (FINANCE)	H.K.U.K. Rupasinghe CHAIRMAN	A.H.L.D. Gamini Wijesinghe Director General

COCONUT DEVELOPMENT AUTHORITY
Statement of Financial Performance for the year ended 31.12.2016

	No te No	GENERAL BOARD OPERATIONS	CAPITAL DEV. FUND	P.S.S. OIL FUND	NRI Fund	MDF FUND	TOTAL
		RS.	RS.	RS.	RS.	RS.	RS.
INCOME							
Government Grant (Recurrent)		124,500,000.00	-	-	-	-	124,500,000.00
Government Grant (Capital)		-	70,746,511.46	-	-	-	70,746,511.46
OTHER INCOME							
Grant from Capital Dev.Fund (DC Sampling & Testing Charges)		11,500,000.00	-	-	-	-	11,500,000.00
Interest Income	1	19,045,800.31	2,681,597.10	19,376,475.94	13,878.87	1,426,278.98	42,544,031.20
Rental Income	2	4,116,000.00	100,659.51	-	-	-	4,216,659.51
Registration Fees	3	23,670,860.69	-	-	-	-	23,670,860.69
Lot Fees	4	3,087,409.82	-	-	-	-	3,087,409.82
Laboratory Income	5	17,305,777.53	-	-	-	-	17,305,777.53
Miscellaneous Income	6	5,414,798.19	143,699.55	-	-	-	5,558,497.74
Inspection & Processing Charges		50,395,113.20	-	-	-	-	50,395,113.20
Interest on B.C.C. Loan		-	-	4,011,608.97	-	-	4,011,608.97
Sale of Fixed Assets and Inventory items		24,000.00	-	-	-	-	24,000.00
Total other Income		134,559,759.74	2,925,956.16	23,388,084.91	13,878.87	1,426,278.98	162,313,958.66
Total Income		259,059,759.74	73,672,467.62	23,388,084.91	13,878.87	1,426,278.98	357,560,470.12
Total Net income		259,059,759.74	73,672,467.62	23,388,084.91	13,878.87	1,426,278.98	357,560,470.12
							8
	No te No	GENERAL BOARD OPERATIONS	CAPITAL DEV. FUND	P.S.S. OIL FUND	NRI Fund	MDF FUND	RS.
		RS.	RS.	RS.	RS.	RS.	RS.
EXPENDITURE							
Personal Emoluments		(112,479,588.44)	-	-	-	-	(112,479,588.44)
Travelling Expenses		(7,911,368.68)	-	-	-	-	(7,911,368.68)
Supplies & Requisites		(19,279,521.82)	-	-	-	-	(19,279,521.82)
Repairs & Maintenance		(13,707,216.64)	-	-	-	-	(13,707,216.64)
Contractual Service & Other		(26,160,719.17)	-	-	-	-	(26,160,719.17)
Lab Explantation		-	(1,813,602.00)	-	-	-	(1,813,602.00)
Financial charges		-	(10,200.00)	-	-	-	(10,200.00)
A.P.C.C. Contribution		-	(325,000.00)	-	-	-	(325,000.00)
Processing Dev. - Capital Development Programme	7	-	(29,569,818.25)	-	-	-	(29,569,818.25)
Marketing Development - Capital Development Programme	8	-	(27,304,206.34)	-	-	-	(27,304,206.34)
Quality Control & Quality Assurance- Capital Dev. Programme	9	-	(13,022,542.55)	-	-	-	(13,022,542.55)
Transfer to fixed Assets(Laboratory Equipments)		-	12,456,385.46	-	-	-	12,456,385.46
DC Testing & Sampling charges		-	(11,500,000.00)	-	-	-	(11,500,000.00)
		(179,538,414.75)	(71,088,983.68)	-	-	-	(250,627,398.43)
Operating Profit		79,521,344.99	2,583,483.94	23,388,084.91	13,878.87	1,426,278.98	106,933,071.69
Depreciation		(17,673,996.14)	(664,688.67)	-	-	-	(18,338,684.81)
Write off Sewerline project cost		(2,475,486.32)	-	-	-	-	(2,475,486.32)
Amortization of Grant		17,673,996.14	-	-	-	-	17,673,996.14
Under provision - Gratuity		(3,362,655.15)	-	-	-	-	(3,362,655.15)
Provision for doubtful Interest on loans to B.C.C. Lanka Ltd.		-	-	(4,011,608.97)	-	-	(4,011,608.97)
		73,683,203.52	1,918,795.27	19,376,475.94	13,878.87	1,426,278.98	96,418,632.58
							
M.P. Sandya Kanthi DIRECTOR (FINANCE)			H.K.U.K. Rupasinghe CHAIRMAN		A.H.L.D. Gamini Wijesinghe Director General		

Coconut Development Authority			
Consolidated Cash Flow Statement for			
Year ended 31st December 2016			
2015		2016	
	Cash Flows from Operating Activities		
169,146,980	Surplus/(deficit) from ordinary activities		96,418,633
	Non - Cash movements		
13,255,013	Provision for Depreciation	18,338,685	
-	Write off Sewerline project cost	2,475,486	
(12,590,325)	Amortization	(17,673,996)	
187,437	prior Year Adjustment	517,500	
(18,025,820)	Interest on Investment	(42,544,031)	
11,364,531	Provision for Gratuity	3,362,655	
(1,510,023)	Gratuity Payment	(5,387,760.00)	
372,426	Profit on sale of Fixed Assets	(24,000)	(40,935,461)
(6,946,762)	Operating Profit / Loss before Working Capital Changes		55,483,172
162,200,218			
	Working Capital Changes		
(2,300,047)	Increase in Stocks	(242,614)	
483,580	Increase in Lady Loachor Loan	440,215	
(5,657,085)	Decrease in Sundry Debtors	(2,876,561)	
(590,749)	Increase in Staff Debtors	(4,794,079)	
(270,082)	Decrease in Advances	(80,283)	
(865)	Decrease in Sundry Deposits	21,042	
707,080	Decrease Processing Chargers R'ble	1,941,608	
(822,704)	Increase in Prepayment	(2,651,823)	
(173,678,975)	Increase in Bank Deposits	(104,928,632)	
(6,876,876)	Decrease in Treasury Bills	21,506,038	
19,946,730	Increase Sundry Creditors	(11,496,373)	
1,106,280	Increase Refundable Deposit	(1,757,594)	
752,280	Increase Advance Received	(4,073,073)	
-	Increase inter current a/c	(1,000)	
(3,416,682)	Decrease in Kapruka Loan scheme	8,050,194	
3,103,663	Decrease in Accrued Expenses	(247,906)	(101,190,840)
	Net cash flows from operating activities		
(5,314,234)			
-	CASH FLOW FROM INVESTING ACTIVITIES		
18,025,820	Interest on Investment	37,577,969	
(4,825,075)	Purchase of Fixed Assets	(18,226,989)	
148,466	Sale of Fixed assets	24,000	
13,349,211	NET CASH FLOW FROM INVESTING ACTIVITIES		19,374,980
	CASH FLOWS FROM FINANCING ACTIVITIES		
-	Capital Reserves		
4,825,075	Treasury Grants for Capital	18,253,489	
9,185,966	Mill development fund	9,407,882	
14,011,041	Net cash flows from financing activities		27,661,370
-	Net increase/(decrease) in cash and cash equivalents		
5,186,604	Cash and cash equivalents at beginning of period		27,232,620
27,232,620	Cash and cash equivalents at end of period		28,561,302
		Cash and cash equivalents as at	
		01.01.2016	31.12.2016
	Cheque in Transit -MDF	-	
	Petty Cash	2,033	-
	Cash at Bank	27,204,577	28,532,323
	Stamp postage imprest	407	-
	Stamp Franking Machine	25,603	28,979
		27,232,620	28,561,302

COCONUT DEVELOPMENT AUTHORITY									
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 st DECEMBER 2016									
	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 01/01/2016	77,870,555	38,956,571	77,652,767	6,970,409	4,102,258	437,718,111	479,558,049	1,532,286	1,124,361,005
Funds received from Treasury	-	18,253,489							18,253,489
Prior year adjustment(Disposal of fixed Asset)								517,500	517,500
Amortization of Grant for year 2016		(17,673,996)							(17,673,996)
Project Contributions	-							73,683,204	73,683,204
Income & Expenditure							32,143,304		32,143,304
Total	77,870,555	39,536,063	77,652,767	6,970,409	4,102,258	437,718,111	511,701,353	75,732,990	1,231,284,505

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

(3) VALUATION OF ASSETS

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

Building & Structures	2 1/2 %
Vehicles	20 %
Furniture & Equipment	10 %
Book Periodicals	10 %
Computers	20 %
Machinery	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 Valuation Department on 2012.05.24 and 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.

Revaluation of Land & Building at Narahenpita and Dunkannawa

Valuation Department has revalued the Head office land and building at Narahenpita as Rs.198,000,000/=(Un expired lease value) and Dunkannawa Land as Rs.50,000,000/= and Building as Rs. 12650000/= on 2017.02.15

Revaluation of Motor Vehicle

Valuation Department has revalued Motor vehicles as follows on 2017.02.15

			RS.
1	GB_5117	Toyota Cab	3,500,000.00
2	GB_5118	Toyota Cab	3,600,000.00
3	GB_5119	Toyota Cab	3,600,000.00
4	GB_5121	Toyota Cab	3,600,000.00
5	GB_5123	Toyota Cab	3,500,000.00
6	GB_5124	Toyota Cab	3,600,000.00
7	GB_5126	Toyota Cab	3,600,001.00
8	GB_5136	Toyota Cab	3,600,000.00
9	GB_5138	Toyota Cab	3,600,000.00
10	GB_5167	Toyota Cab	3,600,000.00
11	253-8141	MITSUBISHI Cab	2,400,000.00
12	253-8147	MITSUBISHI Cab	2,800,000.00
13	253-8184	MITSUBISHI Cab	2,800,000.00
14	254-1964	MITSUBISHI Cab	2,800,000.00
15	PB-6733	MITSUBISHI Van	3,200,000.00
16	48-8880	Toyota Lorry	1,400,000.00
17	KI-2376	Toyota Car	3,900,000.00
18	KI-2378	Toyota Car	3,800,000.00
19	PG-9865	MITSUBISHI Cab	6,000,000.00
20	VE-9814	Bajaj m.Bicycle	75,000.00

Sewerline System construction project had been commenced in 2010 and completed in 2015. Even though Rs.8,475,486.32 has incurred for this project, it has not been capitalised due to not make any value addition to land or building and not make any future economic benefits or service potential . According to the Board of directors decision(it should be written off within four years commencing from 2016.

3.1 INVESTMENTS

All Investments of the Capital Development 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 and Fixed Deposits at Bank Of Ceylon, Peoples Bank and Regional Development Bank per the decision given by the Board of Directors.

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

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 31.12.2016

FIXED ASSETS AS AT 31.12.2016 - Head Office									
ITEM	COST AS AT 01.01.2016	ADDITION	ADJUSTMENT & DISPOSAL	COST AS AT 31.12.2016	ACCUMULATED DEPRECIATION	ADJUSTMENT & DISPOSAL	DEPRECIATION 2016	ACCUMULATED DEPRECIATION	W. D. VALUE AT 31.12.2016
LAND	204,855,770.00	-	-	204,855,770.00	-	-	-	-	204,855,770.00
BUILDINGS	248,151,167.39	-	-	248,151,167.39	32,244,575.24	-	4,366,488.88	36,611,064.12	211,540,103.27
LABORATORY FITTINGS & EQUIPMENT	80,813,514.59	12,456,385.46	-	93,269,900.05	51,941,924.87	-	8,622,652.24	60,564,577.11	32,705,322.94
OFFICE FURNITURE & EQUIPMENT	29,332,629.32	2,929,930.08	-	32,262,559.40	17,349,431.37	-	2,571,418.17	19,920,849.54	12,341,709.86
MACHINERY & EQUIPMENT	4,610,690.80	2,867,173.00	-	7,477,863.80	3,207,617.96	-	825,870.98	4,033,488.94	3,444,374.86
BOOKS & PERIODICALS	782,013.65	-	(45,000.00)	737,013.65	728,154.95	(18,500.00)	9,565.87	719,220.82	17,792.83
MOTOR VEHICLES	66,820,940.00	-	-	66,820,940.00	61,708,921.00	-	1,278,000.00	62,986,921.00	3,834,019.00
TOTAL	635,366,725.75	18,253,488.54	(45,000.00)	653,575,214.29	167,180,625.39	(18,500.00)	17,673,996.14	184,836,121.53	468,739,092.76

NOTES TO THE FINANCIAL POSITION AS AT 31.12.2016

FIXED ASSETS AS AT 31.12.2016 - Dunkannawa									
ITEM	COST AS AT 01.01.2016	ADDITION	ADJUSTMENT & DISPOSAL	COST AS AT 31.12.2016	ACCUMULATED DEPRECIATION	ADJUSTMENT & DISPOSAL	DEPRECIATION 2016	ACCUMULATED DEPRECIATION	W. D. VALUE AT 31.12.2016
LAND	21,449,599.25	-	-	21,449,599.25	-	-	-	-	21,449,599.25
BUILDINGS	26,587,546.83	-	-	26,587,546.83	4,599,318.02	-	664,688.67	5,264,006.69	21,323,540.14
TOTAL	48,037,146.08	-	-	48,037,146.08	4,599,318.02	-	664,688.67	5,264,006.69	42,773,139.39

COCONUT DEVELOPMENT AUTHORITY				
NOTES TO THE FINANCIAL POSITION AS AT 31.12.2016				
No.				Rs.
2	Stocks			
	G.B.O.			
	D.C. & Fibre Mill spare parts		20,347.01	
	Laboratory requisites		5,857,413.39	
	Uniform		68,926.27	
	Motor Spare parts		166,080.68	
	Stationery		5,271,013.91	11,383,781.26
3	Lady Lohore Loan Fund			
	The initial deposit and the accumulated interest (4% on Loans given to staff) is shown in this A/C.			323,949.87
4	Sundry Debtors			
	GBO			
	Debtors on Service rendered to D.C. Mills	Schedule I-A	Page-23	2,000,913.59
	Debtors for Copra / Fresh Coconut Lot Fees	Schedule I-B	Page-24	908,710.84
	Bank of Ceylon Treasury Division (Interest on Treasury Bills)			98,167.31
	Bank of Ceylon (Interest on Fixed Deposits)			3,342,583.03
	Rent Income Receivable-SPC			800,333.00
	Purchasing Advance			1,866,840.41
				9,017,548.18
	Capital Development Fund			
	Bank of Ceylon Interest Receivable on Fixed Deposits			255,658.40
	Central Bank of Sri Lanka Interest Receivable on Treasury Bill.			60,531.54
	Gagasiripura Lalana Saviya			180,485.00
	Rental Income Receivable			5,214.17
				501,889.11
	P.S.S.Oil Fund			
	MDF A/C			4,672,656.04
	Interest Receivable from Fixed Deposits			2,597,018.80
	Interest Receivable from Bank Loan Interest			224,911.99
	Interest Receivable from Treasury Bills			2,892,304.39
				10,386,891.22
	Mill Development Fund			
	Amount receivable on Misappropriation Rs.			
	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.			
				Amount as at 31-12-2016
	Mill No./Name	A/C No.		
	M-68 -Dimbulwatta Mills	49429	1,627,950.44	
	M-81 W.W.Fernando & Sons Mills	49385	141,983.99	
	M-128 Sandalanka CPCS	49428	101,841.32	
			1,871,775.75	
	Capital Development Fund			
	Loan given to Jaya isura loan scheme		688,597.19	
	Mill Development Fund			
	Interest Receivable from F/D		138,200.49	
				2,698,573.43
	N.R.I. Fund			
	Interest Receivable from Treasury Bills			2,006.64
		Rec'ble in year 2017	Rec'ble after 2017	
5	Staff Debtors			
	Distress Loan	3,262,968.00	13,999,863.40	17,262,831.40
	Festival Advance	73,750.00	-	73,750.00
	Motor Cycle Loan	602,136.00	3,328,730.00	3,930,866.00
	Cycle Loan	30,800.00	-	30,800.00
	Special Loan (Rs.7,500/=)	1,500.00	-	1,500.00
	Special Salary Advance(I)	483,705.00	-	483,705.00
		4,454,859.00	17,328,593.40	21,783,452.40
	H.V.P. Wijewardena	22,004.76	35,714.80	57,719.56
	A.S. Balasooriya	97,401.62	-	97,401.62
	Nishantha Malagala	274.92	-	274.92
		4,574,540.30	17,364,308.20	21,938,848.50

6	Loan				
	Capital Development Fund				
	B.C.C. Lanka Ltd.				Rs.
	A sum of Rs. 25,000,000/= has been approved by the Cess Committee on 07th March 2002 and released on 14th March 2002 as a loan to be repaid at a rate of Rs.2 Million per month, with a grace period of 6 months. Only a sum of Rs. 50,000/= has been received at the end of the year 2003 as repayment				25,000,000.00
					50,000.00
					24,950,000.00
	A sum of Rs. 6,600,000/= has been released on the instruction of the Ministry of Plantation Industries on 20th October 2004, based on an agreement.				6,600,000.00
	None of these loans have been settled as yet by the B.C.C. and hence a claim has been made to the PERC through the Ministry of Plantation Industries, requesting them to settle C.D.A. Loans as a first order liability in the event of B.C.C. is being considered for restructuring.				31,550,000.00
	Hiriyala Govijana Samagama Loan				
	Loan given to Hiriyala Govijana Samagama on 11-07-2006 for purchase of coconut				2,000,000.00
	Amount Settled during 2006				(500,000.00)
	Amount settled during 2008				(50,000.00)
					1,450,000.00
					33,000,000.00
	P.S.S.Oil Fund				
	Loan granted to B.C.C.Lanka				26,715,037.40
7	KAPRUKA NIPAUM DIRIYA LOAN GIVEN DETAIL YEAR 2016				
	DTAE				AMOUNT
	1/22/2016				2,000,000.00
	4/7/2016				900,000.00
	5/30/2016				500,000.00
	11/2/2016				265,000.00
	TOTAL				3,665,000.00
	LOAN REPAYMENT SHEDULE YEAR 2016				
	1/27/2016				3,123,026.66
	4/22/2016				3,123,030.66
	7/7/2016				3,216,569.05
	11/2/2016				3,181,156.68
	TOTAL				12,643,783.05
	KAPRUKA NIPAUM DIRIYA LOAN BALANCE AS AT 2016/12/31				
	Balance as at 01-01-2016				36,905,787.47
	Loans given during the year				3,665,000.00
	Repayment during the year				(12,643,783.05)
	Balance as at 31-12-2016				27,927,004.42
	KAPRUKA JAYA ISURA LOAN BALANCE AS AT 31-12-2016				
	Opening Balance as at 01-01-2016				8,663,000.00
	Loans given during the year 2016				4,800,000.00
	Loan repaid during the year 2016				(1,901,695.00)
	Special recovery during the year 2016				(1,969,716.87)
	Closing Balance as at 31-12-2016				9,591,588.13
8	Sundry Advance GBO				
	Nishanthi Fernando		10,000.00		
	02. Mrs. Tamara jayanthi		76,765.60		
			86,765.60		86,765.60
	Sundry Advance Capital Development				
	01. P.Edirimanna (445)		40,700.00		
	02. P.Edirimanna (464)		67,400.00		
	03. P.Edirimanna (461)		72,400.00		
	04. P.Edirimanna (462)		46,400.00		
	05. P.Edirimanna (463)		50,700.00		
	05. P.Edirimanna (448)		12,000.00		
	05. P.Edirimanna (449)		6,000.00		
					295,600.00
					382,365.60
9	Sundry Deposits				
	01. Auto Super Service Centre		250,000.00		
	02. C.R.I. - Electricity Deposits		130,000.00		
	03. Mrs. L.D.R. Priyanka (Acting Cashier)		7,034.46		
	04. Kammalpattuwa (C.P.C.S.) Ltd.		10,000.00		
	05. Mr. Y.K.C. Jayathilaka		11,650.05		
					408,684.51
10	Treasury Bills				
	G.B.O				
	Treasury Bills				
	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, Hyde park 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 18,214,555.00				
	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.6,934,080.80				
	G.B.O		Treasury Bills		
	Investment		Maturity		Investment
	Date		Date		Value R.S.
	07.10.2016		06.01.2017		4,940,842.11
	07.10.2016		06.01.2017		1,993,238.69
					6,934,080.80

6	Loan			
	Capital Development Fund			
	B.C.C. Lanka Ltd.			Rs.
	A sum of Rs. 25,000,000/= has been approved by the Cess Committee on 07th March 2002 and released on 14th March 2002 as a loan to be repaid at a rate of Rs.2 Million per month, with a grace period of 6 months. Only a sum of Rs. 50,000/= has been received at the end of the year 2003 as repayment			25,000,000.00
				50,000.00
				24,950,000.00
	A sum of Rs. 6,600,000/= has been released on the instruction of the Ministry of Plantation Industries on 20th October 2004, based on an agreement.			6,600,000.00
	None of these loans have been settled as yet by the B.C.C. and hence a claim has been made to the PERC through the Ministry of Plantation Industries, requesting them to settle C.D.A. Loans as a first order liability in the event of B.C.C. is being considered for restructuring.			
				31,550,000.00
	Hiriyala Govijana Samagama Loan			
	Loan given to Hiriyala Govijana Samagama on 11-07-2006 for purchase of coconut			2,000,000.00
	Amount Settled during 2006			(500,000.00)
	Amount settled during 2008			(50,000.00)
				1,450,000.00
				33,000,000.00
	P.S.S.Oil Fund			
	Loan granted to B.C.C.Lanka			26,715,037.40
7	KAPRUKA NIPAUM DIRIYA LOAN GIVEN DETAIL YEAR 2016			
	DTAE			AMOUNT
	1/22/2016			2,000,000.00
	4/7/2016			900,000.00
	5/30/2016			500,000.00
	11/2/2016			265,000.00
	TOTAL			3,665,000.00
	LOAN REPAYMENT SHEDULE YEAR 2016			
	1/27/2016			3,123,026.66
	4/22/2016			3,123,030.66
	7/7/2016			3,216,569.05
	11/2/2016			3,181,156.68
	TOTAL			12,643,783.05
	KAPRUKA NIPAUM DIRIYA LOAN BALANCE AS AT 2016/12/31			
	Balance as at 01-01-2016			36,905,787.47
	Loans given during the year			3,665,000.00
	Repayment during the year			(12,643,783.05)
	Balance as at 31-12-2016			27,927,004.42
	KAPRUKA JAYA ISURA LOAN BALANCE AS AT 31-12-206			
	Opening Balance as at 01-01-2016			8,663,000.00
	Loans given during the year 2016			4,800,000.00
	Loan repaid during the year 2016			(1,901,695.00)
	Special recovery during the year 2016			(1,969,716.87)
	Closing Balance as at 31-12-2016			9,591,588.13
8	Sundry Advance GBO			
	Nishanthi Fernando		10,000.00	
	02. Mrs. Tamara jayanthi		76,765.60	
			86,765.60	86,765.60
	Sundry Advance Capital Development			
	01. P.Edirimanna (445)		40,700.00	
	02. P.Edirimanna (464)		67,400.00	
	03. P.Edirimanna (461)		72,400.00	
	04. P.Edirimanna (462)		46,400.00	
	05. P.Edirimanna (463)		50,700.00	
	05. P.Edirimanna (448)		12,000.00	
	05. P.Edirimanna (449)		6,000.00	295,600.00
				382,365.60
9	Sundry Deposits			
	01. Auto Super Service Centre		250,000.00	
	02. C.R.I. - Electricity Deposits		130,000.00	
	03. Mrs. L.D.R. Priyanka (Acting Cashier)		7,034.46	
	04. Kammalpattuwa (C.P.C.S.) Ltd.		10,000.00	
	05. Mr. Y.K.C. Jayathilaka		11,650.05	408,684.51

10	Treasury Bills				
	G.B.O				
	Treasury Bills				
	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, Hyde park 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 18,214,555.00				
	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.6,934,080.80				
	G.B.O		Treasury Bills		
	Investment		Maturity	Investment	
	Date		Date	Value R.S.	
	07.10.2016		06.01.2017	4,940,842.11	
	07.10.2016		06.01.2017	1,993,238.69	
					6,934,080.80
	Fixed Deposits				
	GBO Fixed Deposits			Investment	
	F/D Receipt No			Value R.S.	
	76074390			1,989,605.97	
	78406810			10,698,746.17	
	78406784			32,096,238.49	
	79187659			730,505.39	
	80028927		(Previous TB)	1,854,851.00	
	80029042		(Previous TB)	14,166,142.00	
	80028959		(Previous TB)	2,193,562.00	
	119-60-01-00006575-6			25,000,000.00	
	001-60-01-00009127-4			35,524,464.66	
	001-60-01-00009129-2			26,912,473.38	
	001-60-01-00009128-3			26,912,473.38	
	119-60-01-00007106-2			489,517.67	
	119-60-01-00007108-0			10,471,733.32	
	119-60-01-00007107-1			5,235,866.66	
	119-60-01-00007109-4			5,235,866.66	
	204-60-01-00013314-4			2,491,185.94	
	119-60-01-00007110-6			10,471,733.32	
	78405592			1,069,874.62	
	Total			213,544,840.63	213,544,840.63
	Capital Development Fund Treasury Bills				
	Date of Investment	Period	Date of Maturity		Amount Invested
	22.04.2016	One Year	21.04.2017		886,576.89
					886,576.89
	Capital Development Fund Fixed Deposits				
	F/D Receipt No				Amount Invested
	79187653				356,919.84
	78406761				21,397,492.32
	79885488				4,626,548.00
	79885633				6,595,203.00
					32,976,163.16
	P.S.S. Oil Fund				
	Kapruka Loan Fixed Deposit				Rs.
	F/D Receipt No	F/D No		F/D value as at 2016/12/31	
	204-60-01-00013213-6	A 779255		26,247,417.79	
	204-60-01-00013169-0	A 779216		6,067,678.04	
	204-60-01-00013172-5	A 779219		6,067,678.04	
	204-60-01-00013171-6	A 779218		6,067,678.04	
	204-60-01-00013168-1	A 779215		6,067,678.04	
	204-60-01-00013174-3	A 779221		12,135,356.16	
	204-60-01-00013175-2	A 779222		12,135,356.16	
	204-60-01-00013173-4	A 779220		12,135,356.16	
	204-60-01-00013309-1	A 779345		33,387,554.36	
	204-60-01-00010508-6	A 549681		29,071,703.26	
	204-60-01-00012003-2	A 671603		6,607,383.10	
	204-60-01-00013930-8	A905950		2,924,277.11	
	204-60-01-00016629-7			9,000,000.00	
	TOTAL			167,915,116.26	
	Saving Account Balance as at 31.12.2016			3,879,284.74	
	Balance as at 31.12.2016			171,794,401.00	171,794,401.00

PSS Oil Fund Treasury Bill			
<u>Date of Investment</u>	<u>Period</u>	<u>Date of Maturity</u>	<u>Amount</u>
02.12.2016	3 Month	03.03.2017	2,824,457.60
02.12.2016	3 Month	03.03.2017	2,496,386.08
02.12.2016	3 Month	03.03.2017	439,367.32
19.02.2016	3 Month	10.02.2017	3,771,381.53
04.03.2016	1 Year	03.03.2017	664,981.58
20.05.2016	1 Year	19.05.2017	3,003,892.12
23.09.2016	1 Year	22.09.2017	186,381.67
27.05.2016	1 Year	14.04.2017	334,013.26
31.12.2016			74,018,553.48
			87,739,414.64
N.R.I. Fund			
<u>Date of Investment</u>	<u>Period</u>	<u>Date of Maturity</u>	<u>Amount</u>
02.12.2016	91 Days	03.03.2017	22,644.47
02.12.2016	91 Days	03.03.2017	97,145.94
07.10.2016	91 Days	06.01.2016	67,310.56
			187,100.97
			88,813,092.50
MDF Fund			
Jayaisura Loan Fixed Deposit			
<u>F/D Receipt No</u>		<u>F/D value as at</u>	<u>2016/12/31</u>
134030100272/1		11,131,157.54	
134030000015/1		2,171,212.02	
			13,302,369.56
Saving Account Balance as at 31.12.2016			4,164,194.99
MDF Saving A/c counts			63,436,458.09
			80,903,022.64
11	Pre Payments		
	GB.O.		
	Insurance-Motor Vehicles	55,448.63	
	Insurance- Cash in transits	1,959.93	
	Insurance-Medical Insurance Policy	3,487,742.17	
	Service charges on Office Equipments	220,620.77	
	Fire Insurance	79,901.89	
	Salaries & Wages	28,932.84	3,874,606.23
	Capital Development Fund		
	Advance payment to Foreign Travel Expenses M 6		2,586,222.50
12	Inspection & Processing Charges Receivable		
	CBS (Pvt) Ltd	530,400.00	
	Green Stone Pvt Ltd	167,581.50	697,981.50
13	Cash at Bank		
	GB.O.		
	BOC -Nugegoda-A/C No -228042	2,751,146.56	
	BOC -Nugegoda-A/C No -2062488	609,935.53	
	Peoples' Bank-Narahrenpita- A/C No-119100160007416	13,676,227.14	
			17,037,309.23
	Capital Development Fund		
	BOC -Nugegoda-A/C No -228043	11,495,014.12	11,495,014.12

14	Sundry Creditors			
	GB.O.			Rs.
	Anex agencies Pvt Ltd		115,759.00	
	Anex agencies Pvt Ltd		37,904.00	
	Hemsons onternational Pvt ltd		65,228.00	
	Isiandwide Scientific		111,400.00	
	Analytical Insruments Pvt Ltd		191,135.00	
	Analytical Insruments Pvt Ltd		353,920.00	
	Micro Tech Biological		1,154,400.00	
	Hemsons International Pvt Ltd		100,072.15	
	Prince Graphics		3,450.00	
	Avonpharmo che.(Pvt Ltd)		488,175.00	
	Hayleys consumables pvt ltd		15,400.00	
	Gamini Constructions		3,108,250.42	
	Coins Payable		1,014.11	
	ETF Board		1,146,100.03	
	Central Bank Of Sri Lanka (EPF p'ble)		183,852.32	
	Auditor General's Department		727,835.00	
	Central Engineering Construction Bureau		463,941.52	
				8,267,836.55
15	Inspection & Processing Charges Payable			
	M.C. Enterprises (Pvt) Ltd.		181,152.00	
	K.M.N. Export & Import (Pvt) Ltd.		470,798.00	
	Expolanka (Pvt) Ltd.		971,728.80	
	Green Global Impex Exports		327,600.00	1,951,278.80
	Capital Development Fund			
	Creditors and refundable deposits			
	Refundable Tender Deposit			25,000.00
	Manchanayaka Oil Mills			90,000.00
	Kapruka Jayaisura Loan Fund			688,597.19
	Hansa industries			3,945,060.00
	Sasiri Polisac			1,902,550.00
				6,651,207.19
	Mill Development Fund			
	PSS Oil Fund Kapruka Diriya Loan Fund			4,672,656.04
16	Refundable Deposits			
	GB.O.			
	Quality Certificates			
	Stassen Exports		66,736.82	
	C.W. Mackie & Company		4,657.79	
	G.P. De Silva		1,407.19	
				72,801.35
	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		7,034.46	
	Mr. Y.C.K. Jayathilaka		11,650.05	18,684.51

	<u>Tender Deposits</u>			
	Gamini Construction		4,000.00	
	Hardlead IT Technologies		45,000.00	
	Hemachandra Civil Engineers		4,000.00	
	Hiru Construction & Enterpprises		4,000.00	
	Kalhara Bilders		4,000.00	
	Malee Enterprises		4,000.00	
	Nevilles		4,000.00	
	P.H. Siman De Silva & Sons		4,000.00	
	Qualikem International (Pvt) Ltd.		45,000.00	
	S.K. Rajasinghe		4,000.00	
	Sumo Construction (Pvt) Ltd.		4,000.00	
	Surebuild Construction (Pvt) Ltd.		4,000.00	
	S. Selwakumara		4,000.00	
	A.B. Securities (Pvt) Ltd.		5,000.00	
	A.K.I.L. Amarasinghe		5,000.00	
	Adamjee Lukmanjee (Pvt) Ltd.		5,000.00	
	Assalarachchi Construction (Pvt) Ltd.		5,000.00	
	C P Lanka Ltd.		15,000.00	
	Field Security Service		5,000.00	
	H.D. Gunasiri		5,000.00	
	Iram Arm Security Services (Pvt) Ltd.		5,000.00	
	Janaka Manchanayaka		5,000.00	
	Monaro holdings Pvt Ltd		5,000.00	
	Namal Kariyawasam		5,000.00	
	Ocean Marian Service		5,000.00	
	Pioneer Security Service		5,000.00	
	Provisions of security services		5,000.00	
	Queen Star Security Services		5,000.00	
	Rice Milk Compost Fabric		5,000.00	
	Sripah Construction (Pvt) Ltd.		5,000.00	
	Sunil Welding work Furniture		5,000.00	
	W.A. Security Service		5,000.00	
	W.E.Security services Pvt Ltd		5,000.00	
	W.M.Security services Pvt Ltd		5,000.00	
	Desicolanka Export		50,000.00	
	Construction Engineering (Pvt) Ltd.		50,000.00	
	Straight Line International (Pvt) Ltd.		50,000.00	
	PC Trading (Pvt) Ltd.		125,871.00	
				524,871.00
	<u>Advance Received</u>			
	Sri Lanka State Plantation Corporation (3 months)			825,000.00
				1,466,356.86
17	<u>Receipt In Advance</u>			
	<u>GB.O.</u>			
	Registration of Auctioneer/Brokers		4,000.00	
	Registration of Coconut Dealer		15,000.00	
	Registration of Major Kernal Products		50,000.00	
	Registration of Suppliers		269,500.00	
	Registration of Coconut Estate		16,200.00	
	Registration of Coconut multi production Dealer		12,500.00	
				367,200.00
18	<u>Accrued Expenses</u>			
	<u>GB.O.</u>			
	Communication		378,265.03	
	Water		23,313.10	
	Electricity		448,527.35	
	Fuel & Lubricants		98,253.00	
	Travelling Expenses		283,621.45	
	Overtime & Holiday Pay		361,286.00	
	Repairing & Maintenance - Vehicles		252,606.10	
	Repairing & Maintenance -Building		45,400.00	
	Transport		137,925.00	
	Security		193,275.00	
	Welfare		90,743.00	
	Cleaning Services		134,300.00	
	Salary		15,500.00	
	NBT		(46,799.28)	
	VAT		809,946.46	
	Stamp Fee		34,445.00	
	Gratuity		1,027,591.00	
				4,288,198.21

18	Accrued Expenses				
	Capital Development Fund Q3				176,020.40
19	Government Grant Capital				
	Balance as at 01-01-2016				38,956,572.52
	Add : Treasury Grants received for the year 2016				18,253,488.54
	Amortization of Grant for year 2016				(17,673,996.14)
	Balance as at 31-12-2016				39,536,064.92
20	Capital Development Grant				
	Balance as at 31-12-2016				77,652,767.37
21	Accumulated Income over Expenses				
	GBO				Rs.
	Balance as at 01-01-2016				1,532,286.00
	Prior year adjustment(Sundry Creditors)				517,500.00
	Surplus/Deficit				73,683,203.52
	Balance as at 31-12-2016				75,732,989.52
	Capital Development fund				
	Balance as at 01-01-2016				94,183,906.06
	Surplus/Deficit-2016				1,918,795.27
	Balance as at 31-12-2016				96,102,701.33
	PSS Oil Fund				
	Accumulated Fund at 01-01-2016				301,116,282.74
	Surplus/Deficit 2016				19,376,475.94
	Accumulated Fund at 31-12-2016				320,492,758.68
	NRI Fund				
	Balance as at 01-01-2016				175,228.74
	Interest Received				13,878.87
	Balance as at 31-12-2016				189,107.61
	MDF		Jaya Isura Fund	Mill Development Fund	Total
	Savings account		-	53,038,359.41	
	suspence Account		-	1,871,775.75	
	R'ble from Capital dev fund		-	7,386,481.33	
	Jaya isura Loan granted		8,663,000.00	-	
	Fixed Deposits		15,465,492.04	-	
	Saving Account		1,599,477.39	-	
	P,ble to Pss Oil Fund(Loan)		(4,672,656.04)	-	
	Capital dev Fund		688,597.19	-	
	TB Interest R'ble		42,104.61	-	
	Balance as at 01-01-2016		21,786,015.19	62,296,616.49	84,082,631.68
	Savings account	Page -26		63,436,458.09	
	suspence Account			1,871,775.75	
	R'ble from Capital dev fund			6,396,556.28	
	Creditor			(300.00)	
	Jaya isura Loan granted		9,591,588.13	-	
	Fixed Deposits		13,302,369.56	-	
	Saving Account		4,164,194.99	-	
	P,ble to Pss Oil Fund(Loan)		(4,672,656.04)	-	
	Capital dev Fund		688,597.19	-	
	TB Interest R'ble		138,200.49	-	
	Balance as at 31.12.2016		23,212,294.32	71,704,490.12	94,916,784.44

COCONUT DEVELOPMENT AUTHORITY				
NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31.12.2016				
1	Interest Income			
	G.B.O.			
	Interest on Staff Loans		811,393.35	
	Interest on Lady Lochore Loan Fund		70,728.45	
	Interest on Investment (Treasury Bills)		1,670,668.39	
	Interest on Fixed Deposits		16,493,010.12	19,045,800.31
	Capital Development Fund			
	Interest on Treasury Bills		671,526.18	
	Interest on Fixed deposits		2,010,070.92	
				2,681,597.10
	P.S.S.Oil Fund			
	Interest on Treasury Bills		5,543,484.51	
	Interest on Bank loans		954,649.02	
	Interest on Fixed Deposits		12,768,970.19	
	Interest on Servings Accounts		109,372.22	
				19,376,475.94
	N.R.I. Fund -Interest on Treasury Bills			13,878.87
	MDF Fund			
	Interest on Fixed Deposits		1,050,303.40	
	Interest on Bank loan		328,440.43	
	Interest on Servings Accounts		47,535.15	1,426,278.98
				42,544,031.20
2	Rental Income			
	G.B.O.			
	State Plantation Ltd.			4,116,000.00
	Capital Dev. Fund			
	Rental Income - Dunkannawa Waharakgoda Nelliya		100,659.51	
				100,659.51
				100,659.51

3	Registration Fees						
	G.B.O.						
	Exporters of Major Kernel Products					4,732,000.00	
	Exporters of Minor Kernel Products					2,221,727.00	
	Exporters of Fibre & Fibre Products					5,718,405.00	
	Registration of Copra Dealers					71,923.00	
	Registration of Auctioneers & Brokers					28,000.00	
	Registration of Coconut Estates Owners					707,938.75	
	Registration of D.C. Millers					1,822,307.00	
	Registration of Coconut Oil Millers					353,632.00	
	Registration of Fibre Millers					208,462.50	
	Late Registration Fee					91,500.00	
	Registration of Fresh Coconut					255,000.00	
	Registration of Suppliers					141,189.24	
	Registration of Coconut Shell Products & Finish Products					265,000.00	
	Registration of Activated Carbon					106,500.00	
	Surcharges Charges on late Registration					456,939.70	
	Registration of Coconut Multy Products					1,879,236.50	
	Registration of Fresh Coconut					4,611,100.00	
							23,670,860.69
4	Lot Fees Income -Copra & fresh Coconut						3,087,409.82
5	Laboratory Income						
	Quality Certificates						1,157,895.62
	Testing Charges- DC						15,070,164.04
	Testing Charges- Coconut Oil						646,385.00
	Water Sampling charges						431,332.87
							17,305,777.53
6	Miscellaneous Income						
	G.B.O.						
	Tender Deposits					54,000.00	
	Sale of Bulletins					137,790.00	
	Vehicle Hire Charges					121,874.26	
	Sundry Income					1,082,485.63	
	Lable Charges					3,293,100.00	
	Dunkannawa Coconut estate						
	Coconut sales		952,500.00				
	Expenses						
	Coconut Plucking Expenses		(90,720.00)				
	Labour charges		(132,050.00)				
	Electricity		(4,181.70)		725,548.30		
							5,414,798.19
	Capital Development Fund						
	Other income						143,699.55
							5,558,497.74
7	Processing Development Programmes						29,569,818.25
8	Marketing Development & Research Programmes						27,304,206.34
9	Quality Control & Quality Assurance						566,157.09

DEBTORS ON SERVICES RENDERED TO D.C. MILLERS AS AT 31-12-2016

MILL NO.	NAME OF MILLER	TOTAL (Rs.)	MILL NO.	NAME OF MILLER	TOTAL (Rs.)
62	Desico Lanka (pvt) Ltd Ganewatte mills Ganewatte	41,250.00	122	St Josephs DC & Fibre Mills, Katana	26,250.00
63	Chilaw DC & Oil Mills,Puttalam Road,Thibilla Chila	16,250.00	124	Minuwangoda Mills, Minuwangoda	10,858.70
64	Rathkarawwa DC & Oil Mills, Maspotha	45,000.00	126	Lakshmi DC Mills, Bata Kanda ,Badalg	42,500.00
67	Marawila CPCS Society,Marawila	21,250.00	127	Victoria DC Mills, Welpalla	17,500.00
69	Baduwatta DC mills Pvt Ltd	53,750.00	130	Boyagane DC Mills Pvt Ltd,Boyagane, f	27,500.00
71	Madampe Mills (Pvt) Ltd, Thambagalla, Kakkapalli	38,750.00	131	Jayakody Mills (Pvt) Ltd, Nattandiya R	12,500.00
72	St Joseph DC Manufacturers (Pvt) Ltd, Colombo Ro	61,250.00	132	Asian Agro Products Pvt Ltd	91,250.00
75	Siriyangani DC & Fibre Mills, Giriulla Road,Katana	43,750.00	133	Upali DC Mills, Thalawila, Marawila	19,304.35
76	*S.A.silva & sons Lanka (Pvt) Ltd,Loluwagoda Mills	66,250.00	134	Gunawardena DC Mills.Galawatta, Ka	32,967.39
77	St Annes Factory,Daluwa,Mampuri	49,000.00	136	Welwin DC Mills,Minuwangoda	30,000.00
79	*Renuka Agro Exports Ltd	27,500.00	144	Swanee DC Mills, Negambo	16,250.00
80	Dunagaha CPCS, Kehelalle Mills ,Badalgama	13,750.00	145	Dunagaha CPCS, Dunagaha	13,750.00
84	Pottewela DC & Oil Mills,Mirigama Road, Bandura	18,750.00	148	RMP coconut producers (Pvt) Ltd	2,500.00
85	*Wichy plantation (Pvt) Ltd	161,087.50	149	Maviksel International com(pvt)Ltd	330,467.39
86	J.P.M. Pinto & Company (Pvt) Ltd, New Road Wenn	43,750.00			
87	St. Valentine DC Factory, Bujjampola, Lihiriyagama	7,500.00			
88	Sonic Expo (Pvt) Ltd 1	16,250.00			
89	Kudawewa Mills,Kudawewa	18,750.00			
90	Nadungamuwa Mills, Nadungamuwa	41,250.00			
93	Green Palm Mills.Kaluarippuwa ,Katana	46,250.00			
94	Sirikatha DC Mills,Kochchikade	12,500.00			
95	CBL Cocos Pvt Ltd,Colombo Road,Alawa	88,750.00			
98	Serandib Super Food (pvt) Ltd	20,000.00			
102	* N M K Coco Land (Pvt) Ltd	31,250.00			
103	St Theresa DC Mills, Katana	43,750.00			
105	D.Y.& D.U.Rajapaksa Pvt Ltd , Henegama DC Mills	46,250.00			
107	Chandra DC Mills, Kandawala, Katana	11,250.00			
108	Battuluoya DC Mills, Puttalam Rd.Battuluoya	18,750.00			
111	Kudiyiruppu Coconut Producers (Pvt) Ltd	18,750.00			
113	Balummahara DC Mills,Balummahara,Mudungoda	75,000.00			
114	Dewmini Coconut Products (Pvt) Ltd, Nattandiya M	59,728.26			
115	Bogamuwa DC Mills, Aluthgama , Bogamuwa, Alut	30,000.00			
119	Mathamma DC Mills, Minuwangoda	20,000.00			
120	Fatima DC & Oil Mills, Nainamadama	20,000.00			
				Total	2,000,913.59

DEBTORS-FRESH COCONUT & COPRA LOT FEE	
AS AT 31.12.2016	
<u>Copra</u>	<u>Amount (Rs.)</u>
<u>Copra Lot Fees</u>	
Bee Pee & David Company	(1,361.25)
G & J Matew & Co (Pvt) Ltd.	43,081.44
L.S.T. De S. Wijeratne & Co.	7,208.50
<u>Fresh Coconut Auction Fees</u>	
National Livestock Development Board	164,953.08
Chilaw Plantation Ltd.	243,804.72
Coconut Research Institute	31,902.51
Coconut Cultivation Board	210,699.46
Mrs. P.P. Gunasekera	(4,936.39)
Lalan Rubber (Pvt) Ltd.	33,854.39
Kurunegala Plantation Ltd.	28,942.35
Elkaduwa Plantation Ltd.	123,222.76
H.L. De Mel & Co. (Pvt) Ltd.	29,109.32
Mr. C. Deepal Mathew	1,397.71
Chandrika Bandaranayaka Kumaratunga	(5,364.10)
Kegalle Plantation Ltd.	(1,875.75)
A.V.A Sumanapala	(1,142.40)
Polkanatte Watte	252.00
Ygro (Pvt) Limited	1,597.74
Mr.Piyal Wadanambi (Diggali & Nikamadawatta)	1.00
Sri Lanka Poultry Development Company	3,363.75
	908,710.84

**Coconut Development Authority
Recurrent Expenditure**

2015	DESCRIPTION	SUB TOTAL	2016 TOTAL
	PERSONAL EMOLUMENTS		
41,525,903	Salaries & Wages	47,768,079.96	
45,479,619	Cost of Living & Other allowances	41,778,020.01	
34,523,576	E.P.F. & E.T.F.	11,689,593.40	
3,642,288	Overtime & Holiday pay	5,348,151.94	
57,345	Chairman's Entertainment	113,626.28	
743,231	Board members Allowance	1,607,505.89	
329,253	Training & Seminars	1,559,505.96	
126,301,215			109,864,483.44
2,779,350	Welfare Expenditure	2,615,105.00	2,615,105.00
129,080,564			112,479,588.44
	TRAVELLING EXPENSES		
3,180,000	Travelling Expenses (Local)	5,325,008.21	
195,620	Rents & Hire Charges		
822,328	Market Promotion	2,586,360.47	
4,197,948			7,911,368.68
	SUPPLIES & REQUISITES		
4,772,115	Stationery & Other Requisites	8,305,120.25	
4,099,219	Fuel & Lubricants	5,178,298.29	
418,372	Uniforms	408,967.50	
-	Books & Periodicals		
4,740,044	Laboratory Chemicals ,Glass ware & Other Consumables	5,259,330.78	
63,135	Other requirements	127,805.00	
14,092,885			19,279,521.82
	REPAIRS & MAINTENANCE		
569,207	Structures / Buildings	4,943,407.90	
2,235,385	Machinery Office Equipment & Furniture	1,988,279.28	
4,212,145	Vehicles	6,775,529.46	
7,016,736			13,707,216.64
	TRANSPORTATION , COMMUNICATION , UTILITY & OTHER SERVICES		
2,700,549	Communication	3,974,806.61	
1,404,608	Transport	1,746,847.72	
5,692,286	Insurance	5,987,692.58	
957,710	Security Services	2,280,325.00	
1,307,759	Cleaning Services	1,659,264.77	
5,891,063	Electricity & Water	6,925,350.40	
1,025,846	Rates & Taxes	2,499,988.00	
80,000	Legal Fees	23,796.43	
364,792	Postal Charges & Stamp Fee	484,527.86	
300,000	Audit Fees	300,000.00	
33,163	Bank Charges	40,744.80	
	Economic Service Charges	225,000.00	
	Stamp Duty	12,375.00	
19,757,774			26,160,719.17
174,145,908	TOTAL EXPENDITURE		179,538,414.75

06. Internal Audit Division

The Internal Audit Plan related to the year 2016 was prepared and implemented to cover the Action Plan of the Processing Development Division, Marketing Development and Economic Research Division and quality Controlling and quality Assurance Division and in addition to that, the Audit Report was also prepared to cover the activities of the Administrative Division and the Finance Division following the instructions issued by the Auditor General's Department and the Treasury Representative.

Accordingly, 25 reports were submitted by conducting audit investigations as per the approved Audit Plan and Audit reports have been submitted by conducting audits investigations in relation to 11 matters covering the Action Plan 2016 of the Operational Divisions and in relation to 09 matters covering the Administrative and Financial Divisions. In addition, 06 special audit investigations assigned by the Management of the Authority were conducted and three of them are preliminary investigations. All the reports pertaining to these investigations have been prepared and submitted to the Management within the year.

The incapability of conducting audit functions as anticipated by the Audit Plan for the year 2016 due to the prevalence of several vacancies in the Audit Division was reported to the Second Audit and Management Committee of the year 2016. Accordingly, instructions were given to conduct audit activities for covering the Audit Programmes selected as per the instructions of the Audit and Management Committee. The Internal Audit Programme was implemented by the Internal Audit Division within the year 2016 as per the relevant instructions.

6.1 Report of the Audit and Management Committee

6.1.1 Composition and the Quorum

The Audit and Management Committees of the Coconut Development Authority were established as per the Chapter 4.7.1 of the Public Administration Circular No. PED/12 dated 02.06.2003, which is called the Guidelines Manual pertaining to the Good Governance of the Public Institutions and Public Enterprises Circular No. PED/55 dated 04.12.2010 and the functions of the Committee is carried out according to the Provisions of such Circulars. The Audit and Management Committee consists of three non-executive grade Directors. The following Directors functioned as the members of the Committee during the year under review.

Audit and management Committee Meeting 2016/01 held on 29.02.2016

- | | |
|-------------------------------|--|
| 1. Mr. R.M.P.K. Namal Bandara | - Representative of the General Treasury |
| 2. Mr. N.S. Wanasinghe | - Representative of the Ministry |
| 3. Miss. W.M.Y.T. Fernando | - Member |
| 4. Mr. H.G.S.C. Jayarathne | - Member |

Audit and management Committee Meeting 2016/02 held on 04.05.2016

- | | |
|-------------------------------|--|
| 1. Mr. R.M.P.K. Namal Bandara | - Representative of the General Treasury |
| 2. Mr. N.S. Wanasinghe | - Representative of the Ministry |
| 3. Miss. W.M.Y.T. Fernando | - Member |
| 4. Mr. H.G.S.C. Jayarathne | - Member |

Audit and management Committee Meeting 2016/03 held on 27.09.2016

- | | |
|-------------------------------|--|
| 1. Mr. R.M.P.K. Namal Bandara | - Representative of the General Treasury |
| 2. Mr. N.S. Wanasinghe | - Representative of the Ministry |
| 3. Miss. W.M.Y.T. Fernando | - Member |
| 4. Mr. H.G.S.C. Jayarathne | - Member |

Audit and management Committee Meeting 2016/04 held on 09.12.2016

- | | |
|-------------------------------|--|
| 1. Mr. R.M.P.K. Namal Bandara | - Representative of the General Treasury |
| 2. Mr. N.S. Wanasinghe | - Representative of the Ministry |
| 3. Miss. W.M.Y.T. Fernando | - Member |
| 4. Mr. H.G.S.C. Jayarathne | - Member |

A representative of the Auditor General and the Chief Internal Auditor participated in the meetings. There are no members in the Committee representing the Management of the Authority. Director General participates in the meetings whenever he is invited to do so. When the participation of the other members of the Management is required by the Committee, they are invited to participate in the Committee meetings. The Quorum of the Committee is 03 members.

6.2 Role of the Committee

- Inquiring in to the proper execution of the instructions and the recommendations of the Committee by reviewing the Report of the final and the prior Audit and Management Committee Meeting.
- Reviewing the formats and the contents and monitoring the reliability of the financial reporting system of the Coconut Development Authority.
- Regulation and reviewing the methodologies adopted in the certification of the objectivity and the productivity of the external and internal audit task.
- Reviewing the appropriateness and the successfulness of the internal controls and submission of recommendations in that respect.
- Reviewing the internal Audit reports, external audit reports and the steps taken in that regard.
- To be in compliance with the regulatory and financial reporting requirements and reviewing and making recommendations on the ethical standards and procedures, which are required for guaranteeing the relationships with the relevant regulatory Authorities.

6.3 Meetings and Activities

The Committee met for four times (04) during the year under review. The attendance of the members of the Committee for the Committee meetings are mentioned below.

Name of the Director	Number of meeting participated
1. Mr. R.M.P.K. Namal Bandara	04
2. Mr. N.S. Wanasinghe	04
3. Miss. W.M.Y.T. Fernando	04
4. Mr. H.G.S.C. Jayarathne	04

The following functions were executed by the Committee during the year under review.

6.3.1 Internal Audit

- The Internal Audit Programme and Audit Plan were prepared by taking in to consideration the recommendations of the Auditor General's Department for the year 2016 pertaining to the functions of the Internal Audit Division and they were discussed and instructions were issued on the fields that were to be further audited and recommendations were made pertaining to the Audit Programme and the audit plan in order to get the approval of the Board.
- The effectiveness in the implementation of the Internal Audit Plan for the year 2016 was monitored.
- Specific Internal Audit revelations and the responses for them by the Management were reviewed with the objective of adopting accurate and timely measures for the avoidance of reoccurring such incidents in the future.
- The Audit and Management Committee considered the internal Audit Reports submitted and pointed out that a systematic and secured data system combining all the Divisions of the Authority is required by the Authority and it would assist in the avoidance of errors and frauds and to carry out functions effectively and efficiently.

6.3.2 External Audit

- The answers provided by the Management in relation to the Audit queries submitted by the Auditor General's Department pertaining to the Coconut Development Board for the year ended 31.12.2015 were reviewed and the procedures that were adopted by the Management for the avoidance of the reoccurrence of the issues that had been specifically pointed out were followed up.

6.3.3 Financial Reporting

- Assisted the Board in guaranteeing that the annual audited Financial Statements have been prepared in compliance with the requirements specified by the Monitoring and Regulating Authority and in compliance with the applicable Accounting Standards.

6.3.4 Minutes of the Meetings/Reporting to the Board

- The appropriate Minutes of meetings on conducting the Committee are being maintained at the Secretariat of the Board. All the Minutes of the Meetings were tabled and the approval of the Board of Directors would be obtained for the execution of the recommendations made by the Committee subsequent to they were passed at the Meetings of the Board of Directors. Following up activities are adopted for the significant matters in a systematic basis. Following up activities have been carried out on rectifying and preventive measures taken in accordance with conformed frame work of the Authority and in appropriate occasions.

Summarized Report of the Reports submitted pertaining to the Audit Inquiries conducted for the period of 01.01.2016 to 31.12.2016 by the Internal Audit Division.

Date	Audit Inquiry and Matters Disclosed	Measures Taken
08.03.2016	<p>Conducting Physical Monetary Valuation – 08.03.2016</p> <p>An Audit Inquiry on physical money/cheques and files pertaining to the Cash in hand in the following accounts maintained at the Coconut Development Authority was conducted.</p> <ul style="list-style-type: none"> - Petty Cash Imprest - Receipts/payments of Cash of the General Account - Receipts of Money Cess Account 	Differences between the physical balance and the balance of books had not been reported.
07.04.2016	<p>Repayment of Rs.5/= out of Rs.10/= charged in relation to the exportation of fresh coconuts.</p> <p>Checking the accuracy of paying money for vouchers prepared for payment of money related to two institutions that export fresh coconuts.</p>	Action has been taken to pay the relevant amounts after the rectification of errors disclosed at the Audit Inquiry.
19.04.2016	<p>Issuance of Licenses for the exportation of coconuts and charging operational charges – from May 2015 up to September 2015</p> <ol style="list-style-type: none"> 1. Omission of charging operational charges pertaining to the exportation of fresh coconuts. 2. Weaknesses prevailing in entering data in to the computer data system. 3. Written notification had not been given to the exporters or exportation 	<ul style="list-style-type: none"> - Taking necessary action to rectify the computer data system. - Action had been taken to correctly charge the fees that were improperly collected as pointed out in the Audit inquiry. - Action had been taken to repay money that

	<p>had not been suspended in case where the initial deposit in relation to the exportation is lower than 25%.</p> <p>4. Disclosure of instances where exportation had taken place through fraudulent preparation of certificates issued by the Authority.</p>	<p>had been over charged from the exporters.</p> <p>- Initiatives are being taken by the Management of the Authority to implement a systematic data system.</p>
27.05.2016	<p>Special Investigation conducted in relation to the opening of the main door of the 03rd floor of the Building at the Duke Street</p> <p>1. It can be guessed that this was the negligence on the part of a Karyala Karya Sahayaka (Office Assistant) or another officer or an activity performed willfully.</p> <p>2. No damage has occurred other than removing cables from the Computers.</p> <p>Not taking action to inform the incident immediately to the Security Division at the moment the incidence took place.</p>	<p>- Instructing to obtain/hand over the keys systematically.</p>
08.06.2016	<p>Inquiry on Treasury Bills and Fixed Deposits</p> <p>1. Not obtaining approval properly to re-invest treasury bills.</p> <p>2. Not stating the treasury bills in the investment ledger.</p> <p>3. Investing under two rates of interest in two banks in the same day could be observed due to not focusing attention on the percentage of interest that could be obtained and charging of a tax in the investment of fixed deposits.</p>	<p>- Instructions were issued to reinvest after obtaining the approval properly, to obtain money after the maturity, to obtain money after discounting, on the written approval of the Chairman/Director General.</p> <p>- Instructing to invest after considering the percentage of interest that can be obtained in the investment of money and the tax ratios in investing.</p>

Date	Audit Inquiry and Matters Disclosed	Measures Taken
05.07.2016	<p>Conducting a Physical Valuation of Stocks – 05.07.2016</p> <p>Conducting a Physical Monetary Valuation – 05.07.2016</p>	<p>No deficit or surplus of stocks has been reported. Differences between the physical balance and the balance of books had not been reported.</p>
12.07.2016	<p>Kapruka Nipayum Diriya and Kapruka Jaya Isura Loan Schemes – Provision of Loans and provision of interest subsidies</p> <ol style="list-style-type: none"> 1. Not receiving money due to the delay in focusing attention for inquiring the bank on the reasons for not issuing loans by the bank. 2. Non-inclusion of the relevant documents in to the Computer System in releasing certain loans. 3. Non implementation of Entrepreneurial Development/Technological/Business management Training Programmes in terms of the Agreement. 	
14.07.2016	<p>Kapruka Nipayum Diriya and Kapruka Jaya Isura Loan Schemes – Provision of Loans and provision of interest subsidies</p> <ol style="list-style-type: none"> 1. Progress in the provision of loans under this Loan scheme and accomplishment of financial targets was in a very low level. 2. Delay in obtaining following up reports. 3. Shortcomings in entering data to the Computer system. 	<ul style="list-style-type: none"> - Action has been taken to obtain confirmations from the Bank by making inquiries, to the effect that the relevant rectifications have been made. - Measures have been taken to enter data in to the Computer Data system. - Action has been taken to obtain the following up reports immediately.

09.08.2016	<p>Resettlement of money deposited for the purpose of exporting fresh coconuts</p> <p>Incorrect calculations in the payment vouchers prepared for the payment of money to 3 exporters of fresh coconuts.</p>	<p>The identified errors were rectified and payments were made.</p>
10.08.2016	<p>Issuance of Quality certificates/exportation certificates Desiccated Coconut specimens/ Coir and Coir Pith Fibre based products</p> <p>The Certificate (letters) that are provided in relation to testing of desiccated coconut specimens on the request of the exporters had been issued after the expected date of exportation and the delay in the part of the exporter in applying for the relevant certificate.</p>	<p>Providing instructions required for the avoidance of the delays.</p>
15.08.2016	<p>Carrying Desiccated Coconut specimens to the Authority/ issuance of quality Certificates/ export certificates for the desiccated coconut specimens and coir and coir fibre pith products.</p> <ol style="list-style-type: none"> 1. Delays in carrying the desiccated coconut specimens to the Authority. 2. Non issuance of quality certificates that are issued for the coir and coir fibre pith based products in a systematic/ standard format. 	<ul style="list-style-type: none"> - The relevant Courier service provider has been informed of the matter and action has already been taken to minimize delays.
02.11.2016	<p>Accreditation of ISO 17025 certification for water samples</p> <ol style="list-style-type: none"> 1. Plans have been designed to carry out modification activities that are required for the accreditation of ISO 17025 certification in concurrence 	<p>Providing instructions to carry out functions that are necessary to accomplish the physical and financial progress as indicated in the relevant Quarters.</p>

	<p>with the laboratory modification activities and since laboratory modification activities have not yet been carried out the activities required for obtaining ISO 17025 Certification for water samples have not been conducted as scheduled.</p> <ol style="list-style-type: none"> 2. Indicating a low financial progress for the laboratory modification activities and training programmes for accreditation of the ISO 17025 Certification. 3. Preparation activities of Method Manual required for accrediting the ISO 17025 Certification for water samples had not been completed even by the end of October 2016. 	
07.11.2016	<p>Improving the quality of the Coconut Oil Industry</p> <ol style="list-style-type: none"> 1. Non availability of a specific period for testing coconut oil specimens conducted by the Laboratory and much time is consumed for the provision of test results. 2. Consuming much time by the laboratory to submit test reports related to testing of specimens of Coconut oil, Poonac and Copra obtained from coconut oil mills that have been registered or unregistered with the Authority, to the Processing Development Division of the Authority. 3. Specimens have been collected from coconut oil mills that have been registered with the Authority or from unregistered mills and non-availability of a scheduled methodology in selecting such coconut oil mills. 	Provision of instructions to Supervisory officers to take necessary action to issue reports without delay.

08.11.2016	<p>Physical Verification of Stocks</p> <ol style="list-style-type: none"> 1. Even though Audit Officers went to the stores of the Authority for physical valuation of the stock available in the stores, the computer of the Stores was out of order. 2. Even though measures have to be taken immediately to repair such computers and computer packages that are out of order and take them back to their proper working order, a sufficient attention has not been paid in this regard. 	<ul style="list-style-type: none"> - It was not possible to value stocks owing to this issue. - Necessary action has been taken to repair and update the computer system of the stores.
21.11.2016	<p>Investigation in to the security functions of the Authority</p> <ol style="list-style-type: none"> 1. Non execution of the issue of Visitors' Passes used to identify the outsiders entering the institution. 2. Information of certain books (registers) in which reports are maintained by the Security Division had not been updated and certain files had been altered using tipex. 3. It was observed that signatures had not been placed in appropriate places of the registers used in the performance of duties by the security officers of the Security Division. 4. Non-availability of a Programme to systematically and responsibly hand over/accept the key of the door of the Head office. 5. The date of refilling the Fire Fighting instruments used at Narahenpita 	<ul style="list-style-type: none"> - Revision of information to take action to issue Visitors' passes with the signature of the new Chairman/Director General and to take measures required for the preparation of Visitors' passes newly. - Providing instructions not to alter information in books/ registers/ documents used by the Security Division and if it is required to alter the relevant word, it should be deleted by a single line and it should be rewritten clearly and initials should be put in the place that is altered. - Providing instructions to update the firefighting instruments and security equipment of the Authority and to focus

	<p>Office of the Authority is mentioned as 26.04.2106 and it was disclosed by inquiring the institution over the telephone that the Institution had omitted to affix the relevant stickers indicating the time period in which the Fire Fighting instruments should be refilled.</p> <p>6. Not focusing any attention on the firefighting instruments since the refilling date of firefighting instruments placed in the 3rd floor of the Office at Fort have been indicated as 2009/12 and the instruments at the 1st and ground floors have been indicated as 2011/12.</p>	attention on the expiry date of such equipment.
21.11.2016	<p>Conducting Coconut Auctions and conducting such Auctions via Internet</p> <ol style="list-style-type: none"> 1. Since Mr. K.J.S. Gunawardene, who had been entrusted upon conducting Colombo Coconut Auction on 30.08.2016 as per the Agreement, had gone abroad, Mr. R.S. Samarasinghe conducted the Auction on his behalf and it was observed that he purchases coconuts from the Coconut Auction. 2. Submission of a comparatively low number of coconuts (44 fresh coconuts comprised of 07 fresh coconuts from Wijepurawatte of Dodamgaslanda and 37 fallen coconuts) by the Kurunegala Plantations Ltd. for the Coconut Auction. 3. Even though coconut stocks were submitted by the merchandisers of coconut at the Coconut Auction conducted on 01.11.2016, no buyer had responded online. 4. Commencement of the auction activities without any systematic study. 	-
21.10.2016	<p>Conducting a preliminary investigation in relation to blaming for assigning duties.</p>	

28.12.2016	A preliminary investigation has been conducted on the complaint lodged by a driver pertaining to the matter of delaying to perform an outside duty while he had been deployed for the outside duty.	The relevant report has been submitted to the Management and necessary instructions have been provided.
19.01.2016	<p>Establishment of Centres for collecting coconut shells and coconut husks.</p> <ol style="list-style-type: none"> 1. Even though the physical progress has been accomplished in compliance with the action plan of the year 2016, the financial progress achieved was in a lower level. 2. Even though it is expected to implement these programmes in 18 Districts, such programmes have only been implemented in 08 Districts and as a result, this industry has not been implemented island wide. 3. Not adopting a proper methodology to obtain such information in order to evaluate the functioning of these Centres. 4. Bags that have been purchased for the collection of coconut shells had not been distributed even by 31.12.2106 and money that had been allocated for the provision of Name boards for the relevant Centres had not been utilized for the relevant purpose even by the end of the year 2016. 	<ul style="list-style-type: none"> - Provision of instructions to implement these Programmes in the other Districts also. - Instructions have been provided to take immediate action to evaluate the functioning of the centres that had been established and to obtain information on the monthly production. - Arrangements are being made to distribute the relevant bags and to prepare and establish name boards in the relevant Centres.
13.02.2016	<p>Registration of Coconut related Exporters - 2016</p> <ol style="list-style-type: none"> 1. Delay in the issuance of test reports that are required for the registration of persons as exporters and the delay in the issuance of certificates of registration. 2. Giving permission to export for the whole year without considering the valid period of the certificate of registration of manufactories. 	<ul style="list-style-type: none"> - Provision of necessary instructions to take action to obtain test reports immediately. - Provision of instructions to take necessary action for granting permission to export subsequent to paying attention to the valid period of the certificate.

	<p>3. Providing permission by the certificate of registration for the exportation of the certain products which are not mentioned in the application form submitted for the annual registration as an exporter.</p>	
13.02.2017	<p>Provision of reliefs for exporters</p> <ol style="list-style-type: none"> 1. Shortcomings were observed in the numerical order of the register maintained for the issuances of export licenses and licenses issued in accordance with “No Objection letters”. 2. Even though it has been scheduled to issue 06 approvals under the TIEP System, only 4 licenses had been issued during the year. 3. Exportations had been continuously made using temporary licenses. 	<ul style="list-style-type: none"> - Provision of instructions to make arrangements to function in accordance with the serial numbers by paying a higher attention on the Serial Numbers of the Export licenses. - Provision of instructions to take action to limit the exports that are being made using the temporary licenses.
13.02.2017	<p>Provision of Information on Marketing</p> <ol style="list-style-type: none"> 1. It was observed that the relevant physical targets have been accomplished as scheduled. 2. Non-disclosure of the amount of prints of the Coconut Statistical Reports compiled for the provision of marketing information to the external parties that were printed during the year 2016. 	<ul style="list-style-type: none"> - Provision of instructions to maintain and update records in a manner that it is possible to disclose information regarding reports that are printed during the year, the number of reports that had been purchased and the remaining number of reports. - Provision of instructions to take necessary action for implementing marketing promotional programmes in order to enhance the marketing of the relevant reports for the provision of marketing information to external parties.



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கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல. }
My No. }

PLA/D/CDA/1/2016/02

මගේ අංකය
உமது இல. }
Your No. }

දිනය
திகதி }
Date }

17 August 2017

The Chairman

Coconut Development Authority

Report of the Auditor General on the Financial Statements of Coconut Development Authority for the year ended 31 December 2016 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 2016 comprising the statement of financial position as at 31 December 2016, the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 43 of the Coconut Development Act, No. 46 of 1971. My comments and observations which I consider should be published with the Annual Report of the Authority in terms of Section 14(2)(C) of the Finance Act appear in this Report. A detailed report in terms of Section 13(7)(a) of the Finance Act was sent to the Chairman of the Authority on 06 April 2017.

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.

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව. - இல. 306/72, பொல்தூவ வீதி, பத்தரமுல்லை, இலங்கை. - No. 306/72, Poiduwa Road, Battaramulla, Sri Lanka

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1.3 Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material 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 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 2016 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

The following observations are made.

Sri Lanka Public Sector Accounting Standard 07

- (a) In terms of Paragraph 49 of the Standard, when the items of Property, Plant and Equipment are revalued, the entire class of Property, Plant and Equipment to which those assets belongs, should be revalued. However, out of the Lands and Buildings valued at Rs. 226,305,369 and Rs. 274,738,714 respectively, only the Lands and Buildings located at the Duke Street, Fort had been revalued and brought to account in the year 2012.
- (b) As a result of not reviewing the useful life time period for the non-current assets annually in terms of Section 65 of the Standard the cost of the Motor Vehicles valued at Rs. 60,430,940 were entirely depreciated, are further being used. Accordingly, action had not been taken to revise the estimated error occurred in terms of Sri Lanka Public Sector Accounting Standard 03.

2.2.2 Unexplained Differences

The Opening Balance and the purchases of Office Furniture Equipment shown in the financial statements were Rs.29,332,629 and Rs.2,929,930 respectively and according to the Register of Fixed Assets the opening balance and purchases were Rs.35,314,434 and Rs.2,749,920 respectively. Accordingly, a difference of Rs.5,981,805 and Rs.180,010 respectively were observed.

2.3 Accounts Receivable and Payable

Even though the sum given to a 'Govi Samagama' amounting Rs.2,000,000 by the Authority in the year 2006 should be paid in return according to the conditions in the agreement within a 06 month period , a receivable balance amounting Rs. 1,450,000 was remained even as at the end of the year under review.

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

Since the non-application of cost of living allowance when calculating the contribution to the Employees' Provident Fund in terms of Section 47(2) of Employees' Provident Fund Act No. 15 of 1958, a surcharge amounting to Rs. 5,914,009 had been paid in respect of 207 employees from the year 2006 to the year 2012 in the year under review.

3. Financial Review

3.1 Financial Results

The financial result as at the year under review amounted to a surplus of Rs. 96,418,633 as compared with the corresponding surplus of Rs.169,146,980 for the preceding year. Accordingly, a deterioration of Rs.72,728,347 in the financial result was observed. The decrease of income on testing and processing charges by Rs. 91,587,176 and the increase of research and training expenses by Rs. 18,669,679 had mainly attributed to the above deterioration.

In analyzing the financial results of 04 preceding years and the year under review even though a deficit had been occurred a surplus had occurred from the year 2013 to the year under review. However, the contribution of the Authority in the year 2012 consideration of the employees remuneration, the depreciation on the non-current assets and taxes to the Government amounted to Rs. 80,631,000 and that had gradually increased to the year 2015. The contribution of the Authority in the year 2016 was Rs.235,630,000 . That was a deterioration of 27 per cent as compared with the year 2015.

3.2 **Legal Action Instituted by the Authority**

The Authority had filed 02 cases against a company and a person in respect of sums receivable to the Authority.

4. **Operating Review**

4.1 **Performance**

The functions of the Authority according to the Coconut Development Act, No.46 of 1971 are as follows.

- (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, implementation of Projects and Schemes designed so or assisting in the implementation of such Projects and Schemes, coordination of the activities of the Boards which have been established by the Minister under the Act, approval of

the Annual Budget and the Provision of Funds to them, provision of instructions and assistance for the preparation, implementation and maintenance of proper Management Accounting Systems .

- (c) Evaluation of the progress of the Boards in relation to the developmental priorities and policies determined by the Minister, obtaining the consent of the Minister entering into co-operations with the international Organizations having equal entitlements and equal duties to perform.
- (d) Provision of financial or any other assistance to Individuals or Personnel Boards 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.
- (e) Provision of instructions to the Minister regarding all the matters that have an effect to the Coconut Industry or related to the Coconut Industry and
- (f) 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 following observation is made.

Even though the loan installments and the interest payable for the loan amounted to Rs. 26,715,037 which had been granted to a private company in the year 1985 as an activity excluding the objectives of the institution had not been settled, a sum of Rs. 31,600,000 by Rs. 25,000,000 in the year 2002 and Rs. 6,600,000 in the year 2004 had been granted again to those companies without interest and out of that Rs. 31,550,000 was in arrears to the Authority even up to now.

4.2 Management Activities

The following observations are made.

- (a) Although the Development Fund of the Desiccated Coconut Mills in which the Registrations were cancelled by the Authority had been adapted to the Jaya Isuru Scheme, if a certain Desiccated Coconut Mill would be implemented again the Fund relating to that Mill should be reimbursed. Even though the Mills inactivated had been started the production again in the year under review, those Funds had not been reimbursed.
- (b) The sum of 20 cents per each Kilogram which is being charged for the production of Desiccated Coconut was decided 40 year ago by the Authority and action had not been taken to revise that amount timely.
- (c) Even though a sum of Rs. 3,936,228 to the Sri Lanka Broad Casting Corporation and Rs. 9,344,832 to the Rupavahini Corporation had paid at the same time for the Programme for the Promotion of Coconut Milk, Coconut Milk Powder, Coconut Cream among Consumers, the cost of the programmes conducted were Rs. 3,799,258 and Rs.2,284,800 respectively. Accordingly, a sum of Rs. 136,970 and Rs.7,060,032 respectively were remained as balances in Sri Lanka Broad Casting Corporation and Rupavahini Corporation and action had not been taken to recover that amount or to conduct other programmes instead of that.
- (d) According to the Budget Estimate of the year under review it had been estimated to purchase a Vehicle for Mobile Laboratory for Rs. 20 Million by the Authority and even though the approval of the Board of Directors had been obtained on 30 July 2014 the purchasing activities had not been done even up to now.

4.3 **Operational Activities**

The following observations are made.

- (a) Even though the exporters were registered relating to the coconut productions of the Authority a quality examination is not being done for the other productions rather than the Desiccated Coconuts by the Authority and such examination is done only on request of an exporter.
- (b) Even though the ISO Quality Certification had been granted by the Sri Lanka Accreditation Board for the examination of getting poisoning of Salmonella, due to non-availability of the essential experimental equipment which should be available in the Laboratory of the Authority and unavailability of relevant subjected analysts a second testing had to be had to the Authority from another recognized institution.

4.4 **Idle and Underutilized Assets**

The following observations are made.

- (a) Out of the Thirty two Cameras in CCTV Camera System installed in October 2014 by spending a sum Rs.1,068,886 by the Authority 19 were not at working condition.
- (b) A sum of Rs. 28,594,785 had been retained in the bank current accounts by the Authority at the end of the year under review.

4.5 **Uneconomic Transactions**

The following observations are made.

- (a) Even though the Director General had requested on 28 January 2016 since the telephones obtained from a private institution which were used for the official matters at the Fort office of the Authority were defective and dormant, as a

result of actions not taken to disconnect them a sum of Rs.529,907 had been paid to that private institution from 29 September 2015 to 29 February 2016 . Further, due to non- disconnection of Telecom telephones removed from using after obtaining the telephone connection from that private institution on September 2015, a sum of Rs.395,200 had been paid by the Authority as Rs. 91,200 for the year 2015 and Rs. 304,000 for the year under review in respect of 32 telephone connections.

- (b) Two orders had been placed to an institution outside from registered suppliers of the Authority valued at Rs. 9,931,250 for printing of 1,625,000 stickers for Rs. 1.70 per each and 3,875,000 stickers for Rs.1.85 per each in the year under review with the approval of the Board of Directors away from the Procurement Procedure. Accordingly, out of the entire stock of stickers 5,500,000 received on 24 November 2016 and 13 February 2017 respectively only 375,000 stickers had been issued by 14 March 2017.

4.6 Identified Losses

The following observations are made.

- (a) Since non-application of cost of living allowance when calculating the contribution to the Employees' Provident Fund during the period of the year 2006 to the year 2012 , the 10 per cent of the cost of living allowance relating to contribution for the Provident Fund amounted to Rs. 1,182,802 which should be paid at that instance by the employees had been paid by the Authority in the year under review .
- (b) A fifty per cent from outstanding contribution should be paid as surcharges for the delay of payment for Employees' Provident Fund. According to that , the surcharge which should be paid in respect of the unpaid contribution for the Employees' Provident Fund by the Authority was Rs. 708,624 even as at 05 January 2017 of which the date of audit.

4.7 Staff Administration

The following observations are made.

- (a) The approved cadre of the Authority was 258 and the actual number of employees were 193 at the end of the year under review.
- (b) A loan amounting Rs.204,886 granted to an Office Assistant of the Authority who was temporarily released to several Ministries had not been recovered from the year 2009 .

5. Accountability and Good Governance

5.1 Budgetary Control

The Budget Estimate had not been prepared to be reconciled with the actual expenditure in the preceding year.

6. Systems and Controls

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

Areas of Systems and Controls

Observations

- | | |
|------------------------------------|--|
| (a) Human Resources Administration | Necessary actions not taken in respect of recruitments. |
| (b) Operating Control | As a result of inefficiency in operating control the lost of receivable income to the Authority. |
| (b) Accounting | Not updating the Accounting System using for the storage activities. |



(c) Accounts Receivable

Actions not taken to recover the balances in long term receivables.

(d) Assets Utilization

Non- using of the assets efficiently.

H.M. Gamini Wijesinghe

Auditor General