



விலே கர்மாதத அமாதம்
பெருந்தோட்டக் கைத்தொழில் அமைச்சு
MINISTRY OF PLANTATION INDUSTRIES

தூர்ஸவிய அர்மூடூ
துறுசவிய நிதியம்
THURUSAVIYA FUND



வார்கிவ வார்காவ
வருடாந்த அறிக்கை
Annual Report

2012

Vision and Mission

Vision

*Making the Local Rubber Industry
the number one
Foreign Exchange Earner of Sri Lanka*

Mission

*Taking actions to uplift the economic conditions of the rubber small holders
and thereby, strengthening the entire local rubber industry
and contributing them to the development of the country,
through increasing the productivity and improving the quality of
the rubber industry*

Introduction

Thurusaviya Fund is a corporation which was established under the Thurusaviya Fund Act No.23 of 2000 by Parliament of the Democratic Socialist Republic of Sri Lanka. It is situated at the premises of the Ministry of Plantation Industries, No.55/75, Vauxhall Lane, Colombo 02.

Rubber small holders contribute to a large amount that is, about 70% of the foreign exchange earnings from the rubber industry of Sri Lanka. There is a tendency of rapid increase in the demand for natural rubber in the local market as well as the world market.

Strengthening of the rubber small holders at national level through improvement in the quality of their products and expansion of the market is undertaken by the Thurusaviya Fund. The primary Thurusaviya Societies have been established through mobilization of rubber smallholders scattered in Kalutara, Kegalle, Kurunegala, Kandy, Ratnapura, Monaragala, Galle, Matara, Hambantota, Colombo, Gampaha and Ampara districts and representing those primary Thurusaviya Societies, 05 regional Thurusaviya Societies (district organizations) have been established for the districts such as Kalutara, Kegalle, Ratnapura, Galle and Colombo. The Sri Lanka Rubber Smallholders Development Society Forum has been established representing regional Thurusaviya Societies.

Objectives of the Thurusaviya Fund in line with the Thurusaviya Fund Act are,

- (a) To inculcate in rubber smallholders the habit of savings and uplift their social status and economic conditions.
- (b) Promotion of investment opportunities important in the rubber industry.
- (c) Acquisition, improvement or establishment of rubber processing units, rubber factories and other facilities required to convert the yield of rubber small holdings into products.
- (d) To promote and enhance sales of the rubber products processed in such rubber processing units or factories.
- (e) Registration & regularization of Rubber Smallholders Development Societies (Thurusaviya Societies) and providing assistance to the society members who have registered with the Fund.
- (f) Taking measures that would be required for the uplifting and benefit of those who engage in rubber production activities in rubber small holdings.

Strategic development objectives of the Thurusaviya Fund

- 1. Providing high quality products.
- 2. Sustainable development through the environmental conservation.
- 3. Fixing price for products of the rubber small holders.
- 4. Uplifting the socio- economic living standards of the rubber small holders

THURUSAVIYA FUND

ANNUAL REPORT 2012

Message of the Chairman	1-2
Board of Management of Thurusaviya Fund	3
Audit and Management Committee of Thurusaviya Fund	4
Staff of Thurusaviya Fund	5
Present Institutional Compassion of the Thurusaviya Fund	6-7
Progress of 2012	8 - 16
Final Accounts Report - 2012	17-32
Auditor' s Report - 2012	

Message of the Chairman

I am pleased to inform all of you that the Thurusaviya Fund has achieved a great success in development activities during year 2012 in line with the Mahinda Chinthana Idiri Dekma (A vision for the future) and the objectives of the Thurusaviya Fund. We achieved these successes while facing with the challenging targets of the previous year. New challenges were brought to the global economy in the year 2012.

I am delighted to inform that the Thurusaviya Fund has made a significant contribution to the economic development with the purpose of achieving the successes through identification of the issues of rubber small holders paying visit on them and making solutions for their issues. The Thurusaviya Fund has initiated a large No. of projects to the rubber small holders for a sustainable development through the rubber cultivation in Sri Lanka developed rapidly during the previous year.

Accordingly, 04 group processing centres have been constructed for Yattapatha and Hadigalla Thurusaviya Societies in Kalutara District, Pandeniya Thurusaviya Society in Kegalle District and Karavita Settlement Thurusaviya Society in Ratnapura District, under the Divi Neguma Project. A great service will be rendered directly to a large No. of society members who own rubber small holdings. In addition, it has been planned to construct Group Processing Centres within next few years in each rubber growing districts at regional level under the Divi Neguma Project.

In addition to the relevant targeted development projects as previous years, a bank loan scheme at a very low interest rate was introduced by the Bank of Ceylon along with the Thurusaviya Fund for the advancement of the rubber small holders and a loan scheme was launched with the purpose of making a success in their infrastructure and production activities.

An another fact significant in this year is that the Hon. Mahinda Samarasinghe, Minister of Plantation Industries had discussions with the Thurusaviya Society members who are the rubber small holders scattered all over the country, mobilizing them and paying visit on them at district level and thereby, identified their issues and made solutions to the issues. I am very glad to inform that it was a great strength and courage to promote rubber cultivation of the rubber small holders.

I take this an opportunity to extend my heartfelt gratitude to the Hon. Minister of Plantation Industries, Secretary to the Ministry of Plantation Industries and the officials, Director General of the Rubber Development Department and the officials, Chairman of the Rubber Research Institute and the officials and the staff of the Thurusaviya Fund who contributed to the success.

Further, I while extending my greetings to all who assisted a long march to development with the cooperation of the government of Sri Lanka and officials and staff of the Ministry of Plantation Industries and other public institutions to make Sri Lanka a self-sufficient country implementing such development projects through Mahinda Cinthana Idiri Dekma, wish all be strong and courageous towards this end.



S.P.Hedallarachchi

Chairman

Board of Management of Thurusaviya Fund – 2012

Mr.S.P. Hiddellaarachchi	- Chairman, (Thurusaviya Fund)
Mr.R.B.Premadasa	- Member (Director General, Rubber Dev. Dept).
Mr.P.H.S.W.Bandara	- Member (Director (Finance) Rubber Dev. Dept).
Mr. J.U. Pieris	- Member (Chairman, Rubber Research Institute)
Mr. N.P. Kariyawasam	- Member (Chairman,Tea Small holding Dev.Authority)
Mr.S.A.J.Bandara	- Member (Chairman, Sri Lanka Rubber Mfg.& Ex.Corp.) 2010.07.01 -2012.03.31
Mr.S.W.Gamage	- Member (Chairman, Sri Lanka Rubber Mfg.& Ex.Corp.) 2012.06.01
Mr.Hasantha Perera	- Member (Chairman,Regional ThurusaviyaSociety Ratnapura)
Mr. Shyamantha Samarajeewa	- Member (Chairman,Regional Thurusaviya Society Kegalle)
Mr. Rohana Galaboda	- Member (Chairman,Regional Thurusaviya Society Kalutara.)
Mr. Piyasena Mahaarachchi	- Member (Chairman – Regional Thurusaviya Society Galle)
Mrs. J.D.S. Wickramaratne	- Member (Chairman,Regional Thurusaviya Society Colombo)
Mr. Nandana Guruwita	- Member
Mr.M.S.K.Liyanwala	- Observer

Auditor Auditor General,
Auditor General Department,
Independence Square, Colombo 12.

Banks People's Bank,
Union Place Branch,
Colombo 02.

Head Office Thurusaviya Fund, Ministry of Plantation Industries,
55/75, Vauxhall Lane, Colombo 02.

Tel : Chairman 011 - 2333531

General 011 - 2333532

Director 011 - 3137311

Fax 011 – 2333532/011 – 2333531

E-mail chairthuru@sltnet.lk

Audit and Management Committee of Thurusaviya Fund - 2012

01. Mr. D.A.P. Abeysekara - Chairman (Director, Dpt. Of Public Enterprises)
02. Mr. R.B. Premadasa - Member (Director General, Rubber Development Department)
03. Mr. P.H.S.W. Bandara - Member (Director (Finance) Rubber Development Department)
04. Mr. H.A.D.D.M. Priyantha - Member (Internal Auditor, Ministry of Plantation Industries)
05. Mrs. R.M.B.S. Ratnayake - Member (Superintendent of Audit) Auditor General's Department)

Thurusaviya Fund – Staff

Chairman	Mr. S.P. Hidellaarachchi 2011.08.02
Director	Mrs.H.A.S.Kumari Wimalasooriya
Act. Accountant	Mr. N.G. Piyasena 2011.04.28
Administrative Officer	Mrs. Lalani Gamage
Clerks	Mrs. R.R. Dehipitiya Mrs. L.A.P. Chandrika Mrs. Nishadi Senanayake Mr. Samantha Kumara Mr. Sudath Galaboda Mrs. Thushari Priyangika Mrs. Nayana Darshani
Assistant Society Promotive Officer	Mrs. Sandakelum Praba de Silva Mrs. Chandima Priyadarshani Miss. Ranjani Senasiri Miss. Mangala Kumarihamy Mrs. Amitha Ratnayake
Drivers	Mr. Janaka Wadduwage - 2001.06.25 – 2012.06.06 Mr. Ajith Nandasiri - 2006.03.20 – 2012.09.12 Mr.W.Darmapala - 2012.09.03 Mr.G.Nihal Kumarasiri De Silva – 2012.07.03
Peon	Mr. Prasanna Samaratunga.

Present institutional composition of the Thurusaviya Fund

Head Office of the Thurusaviya Fund coming under the Ministry of Plantation industries is situated at No.55/75, Vauxhall Lane, Colombo 2.

The aspiration of our institution is to make contribution to the national economy while building a self-sufficient civil society through uplifting the living standard of millions of people who engage in the rubber plantation and developing their infrastructure. With the purpose of providing more efficient service to the rubber small holders for development of the rubber cultivation, Coordinating Officers were appointed and operational programmes have been launched establishing 05 Regional Offices at district level as given below.

1. Kegalle, Kurunegala, Kandy, Matale (In the Regional Office, Kegalle of the Rubber Development Department)
2. Kalutara (In the RDD Regional Office, Kalutara)
3. Ratnapura, Monaragala ((In the RDD Regional Office, Ratnapura)
4. Galle, Matara, Hambantota (In the RDD Regional Office, Galle)
5. Colombo, Gampaha (In the Head Office of the Thurusaviya Fund, Colombo 02)

Functions of the Head Office

- ❖ Execution of the powers vested under the Thurusaviya Fund Act No.23 of 2000.
- ❖ Mobilization of the rubber small holders scattered at grass root level, making them aware and establishment of Thurusaviya Societies.
- ❖ Registration of the Thurusaviya Societies with the Thurusaviya Fund.
- ❖ Providing services to the members of the Thurusaviya Societies established for the betterment of the rubber small holders.
- ❖ Providing technical know-how for production of high quality rubber products.
- ❖ Providing equipment of high standards for production of high quality rubber sheets.
- ❖ Making rubber small holders aware of the socio-economic values of a society with well management.
- ❖ Constructions of Group Processing Centres at district level and regional level under the Divi Neguma Project of the Ministry of Economic Development and taking action to produce high quality and standard rubber sheets and fetch a higher price.
- ❖ Introducing and implementing loan schemes for rubber small holders.
- ❖ Finding immediate solutions to the proposals and issues received from the Ministry and other institutions for development of the rubber cultivation.
- ❖ Carrying out administrative and accounting activities.

Principal services rendered by the Regional Offices

Coordinating officers of the Thurusaviya Fund deployed for official duties of the districts, supervise the regional level Thurusaviya Societies in each district and following services are rendered by them.

- ❖ Forwarding monthly future programmes to the Head Office and obtaining approval for the same, submission of the revised programmes, if any revision is made to the monthly future programmes and the reports of works done at the end of the month to the Head Office and review of the same, seeking instructions for the required assignments on the works to be done in next month and taking actions accordingly.
- ❖ Attending the General Meetings held once in 03 months.
- ❖ Forwarding the supervisory reports of the Thurusaviya Societies to the Head Office.
- ❖ Establishment of new Thurusaviya Societies at rural level and regional level.
- ❖ Making necessary arrangements to reactivate the defunct Thurusaviya Societies.
- ❖ Referring the farmer problems to the Head Office and finding solutions for the same.
- ❖ Holding elections.
- ❖ Introducing loan schemes and making rubber small holders aware of the same.
- ❖ Making necessary arrangements to construct Group Processing Centres at district level and regional level.

Ministry of Plantation Industries
Progress of Projects & Programmes Again Action Plan 4th Quarter - 2012

Name of Agency : Thurusaviya Fund

Capital Rs.million									
No	Project / Programme	Total Estimate Cost (DF,FA,R FA, GF)	Actual Expenditure as at 2011	Allocation for the year 2012	Source of Funds (DF,FA,G F, RFA)		Financial target & Progress (Cumulative) 2012	Physical target & Progress (Cumulative) 2012	Remark
							4th Quarter	4th Quarter	
1	Quality Improvement of RSS	1	0.832	1	GF	T	1	15	
						P	0.995	15	
	2 *** GPC	9	0.712	9		T	9	4	GPC - imprest not release from Treasury Ope.Dept.
						P	3.271	4	
	3 Training Awareness Programme	0.69	0.608	0.69		T	0.690	25	
						P	0.652	18	
	4 Bud wood nurseries	0.3		0.3		T	0.300	1	
						P	0.298	1	
2	Distribution of Resources	2.35	2.198	2.35	GF				
						T	2.350	156	
						P	2.340	156	
3	Establishment & Strengthening of	0.497	0.135	0.497	GF				
						T	0.497	400	
						P	0.458	400	
	Total	13.837	4.485	13.837		T	13.837		
						P	8.014		

*** A sum of Rs. Mn. 3.271 was received from Ministry of Economic Development under Divineguma Programme for GPC (GPC - Construction of 4 Nos. in Kegalle,Kalutara, Ratnapura districts for Rs. Mn 9)

Name of Agency - Thirusaviya Fund

Capital Expenditure . Rs.million

No	Project / Programme	Total Estimate Cost (DF,FA,RF A,GF)	Actual Expenditure as at 2011	Allocation for the year 2012	Source of Funds (DF,FA,G F, RFA)	Financial target & Progress (Cumulative) 2012	Physical target & Progress (Out Put) (Cumulative) 2012
	Capital Expenditure					4th Quarter	4th Quarter
1	Building & Structures	-	-	-	DF	T -	-
2	Vehicle	0.2	0.209	0.2		P -	-
3	Office Furniture & Office Equipment	0.15	0.144	0.15		T 0.2	vehicle repairs
						P 0.062	
						T 0.150	6 No.s Filing Cabinet, 2 No.s Steel Cupboard, 1 No. Mobile Phone.
						P 0.153	
	Total	14.187	4.838	14.187		T 14.187	
						P 8.229	

Recurrent Expenditure Rs. Million

No	Project / Programme	Total Estimate Cost (DF,FA,RF A,GF)	Actual Expenditure as at 2011	Allocation for the year 2012	Source of Funds (DF,FA,GF , RFA)	Financial target & Progress (Cumulative) 2012	Physical target & Progress (Out Put) (Cumulative) 2012
	Recurrent					4th Quarter	4th Quarter
1	Personal Emoluments & other Recurrent	9.792	9.6	9.792	DF	T 9.792	
						P 9.792	
					GF	T 1.013	
						P 0.395	
	Total	10.805	9.6	10.805		T 10.805	
						P 10.187	

Development activities carried out by Thurusaviya Fund in year 2012

The following projects have been initiated in the year 2012 as well, with the purpose of uplifting the socio-economic conditions of the rubber small holders through the increase of productivity.

- ❖ Production of high quality and standard rubber sheets.
- ❖ Distribution of resources.
- ❖ Establishment and strengthening of Thurusaviya Societies.

❖ Production of high quality and standard rubber sheets

1. Construction and Reconstruction of Smoke Houses

A sum of Rs.995,000/- has been incurred for construction of 15 smoke houses in comply with the recommended standards of the Rubber Research Institute, to the society members of the Thurusaviya Fund who are the rubber small holders for production of high quality rubber sheets (No.01, 02).

2. Construction of Group Processing Centres

Production of quality and standard Ribbed Smoked Sheets is carried out here collecting rubber latex from the rubber small holders. Since high quality Ribbed Smoked Sheets are produced, those are suitable for the export as well. Under the financial provisions of the Divi Neguma Project of the Ministry of Economic Development, action has been taken to construct Group Processing Centres for Hadigalla Settlement Thurusaviya Society and Yattapatha Thurusaviya Society in Kalutara District and Karavita Settlement Thurusaviya Society in Ratnapura District. As well, action has been taken to construct a smoke house with modern technology for the Group Processing Centre maintained by Pandeniya Thurusaviya Society that is a rubber sheet exporting Thurusaviya Society operated successfully in Kegalle District.

A sum of Rs.9 million has been allocated under the Divi Neguma Project of the Ministry of Economic Development for the above purpose and the amount received as at 31.12.2012 is Rs.3.271 million.

3. Conducting of Awareness and Training Programmes

The following programmes have been conducted to achieve the objectives such as improving the modern technical know-how in the production of rubber sheets among the small scale rubber farmers, enhancing the quality of products and ensuring higher value for their products.

- i. Field workshops were conducted for correct rubber planting, correct tapping methods, diseases infected to the rubber cultivation and scientific methods of fertilizing.
- ii. The No. of tapping days could be increased during the rainy season through fixing rain guards and thereby, rubber latex production could be increased by 25% - 30%. Training programmes were conducted at district level to make the members of Thurusaviya Societies aware of the fixing of rain guards and production of the gum mixture using for fixing of rain guards.
- iii. Providing required trainings for production of quality rubber sheets (RSS-1)

Technical know-how and the trainings on production of quality rubber sheets are provided at district level to the members of the Thurusaviya societies who are the rubber small holders and the awareness programmes on enhancement of the quality of their products are also conducted here.

Thurusaviya Society members, who are the rubber small holders scattered all over the country were mobilized and their issues were identified having discussions with them at district level and solutions to the issues were found under the guidance of Hon. Minister.

Training Programmes conducted in the year 2012

	Date	District	Programme	Venue	No. of members attended
01	04.02.2012	Anuradhapura	Deyata Kirula National Exhibition	Oyamaduwa	
02	28.05.2012	Kegalle	Awareness programme on rubber planting, correct tapping, scientific fertilization, fixing of rain guards and diseases infected to the rubber cultivation	Class hall of Mrs. Kumari Higgoda, Hungampala	114
03	28.05.2012	Kalutara	Training Programme on production of rubber based products	Katuhena Sri Sunandarama Viharaya	103
04	28.05.2012	Monaragala	Awareness programme on rubber planting, correct tapping, scientific fertilization and diseases infected to the rubber cultivation	Community Hall, Monaragala	361
05	29.05.2012	Kegalle	Awareness programme on rubber planting, correct tapping, scientific fertilization, fixing of rain guards and diseases infected to the rubber cultivation	Divisional Secretariat, Warakapola	100
06	29.05.2012	Matara	Awareness programme on production of Sheet Rubber No.01 and the smoke house	Gangarama Viharaya, Akuressa	64
07	25.06.2012	Kalutara	Awareness programme on production of Sealant gum mixture and fixing of rain guards	Sri Sudarshanarama Viharaya, Egaloya	139
08	29.06.2012	Ampara	Awareness programme on rubber planting, correct tapping, scientific fertilization and diseases infected to the rubber cultivation	Community Hall, Komana	30
09	31.07.2012	Kalutara	Awareness programme on rubber planting, correct tapping, scientific fertilization, fixing of rain guards and diseases infected to the rubber cultivation	Community Hall, Post 10, Yattapatha	94

	Date	District	Programme	Venue	No. of members attended
10	28.08.2012	Ratnapura	Awareness programme on rubber planting, correct tapping, scientific fertilization, fixing of rain guards and diseases infected to the rubber cultivation	Kekula Community Hall	78
11	30.08.2012	Galle	Awareness programme on rubber planting, correct tapping, scientific fertilization, fixing of rain guards and diseases infected to the rubber cultivation	Wasantha Guest House, Elpitiya	490
12	30.08.2012	Hambantota	Awareness programme on rubber planting, correct tapping, scientific fertilization, fixing of rain guards and diseases infected to the rubber cultivation	Katuwana National School	400
13	01.09.2012	Agalawatta	Awareness programme on rubber planting, correct tapping, scientific fertilization, fixing of rain guards and diseases infected to the rubber cultivation	Auditorium of the Pradeshiya Sabha	902
14	01.09.2012	Bandaragama	Awareness programme on rubber planting, correct tapping, scientific fertilization, fixing of rain guards and diseases infected to the rubber cultivation	Bandaragama Maithri Hall	488
15	10.11.2012	Ratnapura	Meeting of Hon. Minister with rubber farmers.	National School Godakawela	500
16	04 th & 5 th December 2012	Galle	Training programme on production of rubber based products	Multifunction Centre, Bandaranayakapura, Udalamatta, Galle	29
17	11.12.2012	Gampaha	Awareness programme on rubber planting, correct tapping, scientific fertilization, fixing of rain guards and diseases infected to the rubber cultivation	Maha Vidyalaya, Lunugama	52
18	11.12.2012		Awareness programme on rubber planting, correct tapping, scientific fertilization, fixing of rain guards and diseases infected to the rubber cultivation	Abhinawarama Viharaya, Ketepola	43

4. Establishment of Budded Plant Nurseries

The rubber small holders who engage in the rubber cultivation have to face with severe difficulties as rubber plants are not received properly on due time. In order to avoid the difficulties, members of the Thurusaviya Societies were mobilized and awareness programmes on budded plant nurseries were also conducted at district level under the guidance of the Rubber Research Institute and the Rubber Development Department and thereby, the farmers have been promoted to commence budded plant nurseries. Accordingly, Thurusaviya Fund has provided a sum of Rs.298,000/- to the Egaloya Thurusaviya Society in Kalutara District to establish a rubber plant nursery in the year 2012 for the supply of high quality rubber plants to the farmers.

❖ Distribution of Resources

Rubber rollers have been distributed under this programme for the purpose of producing high quality rubber sheets. The said manual rubber rollers produced in line with the recommended standards of the Rubber Research Institute could be installed by consuming a very small space in any place. The small scale farmers could obtain great service through these traditional couple of rollers and, 154 rubber rollers have been distributed among the Thurusaviya Societies incurring Rs.2.340 million in the year 2012.

❖ Establishment & Strengthening of Thurusaviya Societies

In the year 2012, around 400 Thurusaviya Societies have been strengthened and the new society members have been increased. Further, Thurusaviya Societies have been strengthened through distributing the equipment of high standards, producing high quality rubber sheets and sending them to the market.

In addition, action has been taken to introduce and implement a loan scheme for the rubber small holders as given below.

Loan Scheme

Although there was a group who possesses various entrepreneurial skills among the rubber small holders, it had to be faced with difficulties in receiving financial strength for execution of their skills. The Thurusaviya Fund is of the view that since majority of the farmers is rural folks, they are not in a position to reach financial institutions, submit their issues and requirements and get solutions for the same. Having considered the above matter, the Thurusaviya Fund jointly with the Bank of Ceylon has initiated a loan scheme at a very low interest in line with a concessionary methodology, to the rubber small holders for rubber new planting/ replanting, construction of smoke houses, purchase of equipment required for production of rubber sheets and other income generating activities and thereby, opportunities have been made to provide a loan up to Rs.300,000/- on the personal security of two rubber small holders.

Promotion Campaign

- An exhibition stall was maintained at the “**Deyata Kirula**” National Development Exhibition held at Oyamaduwā in Anurādhapura District. The general public was made aware distributing posters, banners and leaflets thereat.
- Introducing a loan scheme subject to a very low interest by the Thurusaviya Fund jointly with the Bank of Ceylon, to the rubber small holders at district level making them aware and conducting a training programme on the loan scheme at the Head Office of the Bank of Ceylon.

Thurusaviya Society members, who are the rubber small holders were mobilized and their issues were identified having discussions with them at district level and solutions to the issues were found under the guidance of Hon. Minister.

Administrative Functions

- Participation of an officer of the Accounts Division at the training on Sri Lanka Financial Reporting Standards.
- Obtaining recommendations of the Ministry for confirmation of the employees and submission for approval of the Department of Management Services.
- Participation of the Heads of the institution at the foreign conferences.
- Participation of the officers at the awareness workshops on formulation of pure production policies and strategies for the plantation sector.

General Matters

1. Inaugurating duties of the New Year

As well as the previous years, all staff of the Thurusaviya Fund participated at the festival held by the Ministry of Plantation Industries and headed by the Secretary to the Ministry and hoisted the National Flag and recited the National Anthem prior to the initiation of the duties at the inception of the year 2012 as well. Subsequently, the all staff gave the pledge of the government service and determined to dedicate to the service honestly. After following the religious practices, at the commencement of the day's functions, the Head of the institution intimated that all employees should perform their duties honestly and harmoniously with dedication to reach towards the due targets and responsibilities for relevant development and other activities during this year.

2. Festivals

Annual Vesak festival and the decorations were undertaken very attractively and colourfully.

3. Welfare activities of the staff

The Welfare Association of the Thurusaviya Fund has carried out the welfare activities required to the members of this Association and common purposes.

Plans for the year 2013

1. Empowerment of the rubber small holders.
2. Uplifting income and living standard of the farmers through expansion of the Rubber Processing Centres at district level covering each area for the purpose of increasing the productivity.
3. Promoting the rain guards.
4. Motivation of the farmers to establish budded plant nurseries.
5. Providing knowledge and comprehension to the rubber small holders for research activities.
6. Motivation of the farmers to establish rubber based small scale industries.
7. Replanting and new planting of rubber, construction of smoke houses with modern technology, purchase of rubber related equipment, promoting the farmers to produce high quality and standard No.01 and No.02 sheet rubber and planning to establish Group Processing Centres in the districts of Galle, Matara, Kegalle, Kalutara, Ratnapura, Colombo and Gampaha enabling the Thurusaviya Society members who are the rubber small holders to sell their rubber sheets at the market price without intervention of the brokers.
8. Establishment of purchasing centres at district level.
9. Implementation of a loan scheme at a very low interest by the Thurusaviya Fund jointly with the Bank of Ceylon for the betterment of the Thurusaviya Society members who are the rubber small holders.

In line with the Action Plan of the Thurusaviya Fund for the year 2012, the relevant targets have been achieved under the financial provisions allocated for the development activities, and the progress of the development activities is 95.3%.

Under the Divi Neguma Project of the Ministry of Economic Development, the project for construction of Group Processing Centres had allocated Rs.9 million at district level for the completion of constructions of 04 Group Processing Centres at the districts of Kalutara, Kegalle and Ratnapura, and the relevant targets of this project could not be achieved as only Rs.3.271 million was received as at 31.12.2012

THURUSAVIYA FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST DECEMBER 2012
INDEX

1. Statement of Financial Position
2. Statement of Financial Performance
3. Cash Flow Statement
4. Notes to the Statement of Financial Position
 1. Non Current Assets
 2. Trade & Other Receivables
 3. Cash & Cash Equivalents
 4. Accrued Expenses
 5. Thurusaviya Fund
5. Notes to the Statement of Financial Performance
 1. Other Income
 2. Personal Emoluments
 3. Traveling
 4. Supplies
 5. Maintenance Expenditure
 6. Contractual Services
 7. Other Recurrent Expenditure
 8. Development Expenditure
6. Schedule to the Statement of Financial Position
 1. Stock
 2. Provision for Gratuity
 3. Loan & Advance Receivable
 4. Miscellaneous Advance
 5. Festival Advance
 6. Deposit
 7. Accrued Interest on Fixed deposit
 8. Fixed Deposit

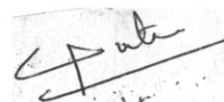
THURUSAVIYA FUND
STATEMENT OF FINANCIAL POSITION AS AT 31.12.2012

	Note			2012 Rs.	2011 Rs.
		Cost	Accumulated Depreciation	Written Down Value	
Assets					
Non Current Assets					
Office Equipment	1	1,583,864.60	837,157.10	746,707.50	862,264.41
Office Furniture	1	786,382.27	334,330.24	452,052.03	379,933.75
Machinery	1	392,702.18	392,702.18	-	-
Motor Vehicle	1	420,000.00	420,000.00	-	-
		<u>3,182,949.05</u>	<u>1,984,189.52</u>	1,198,759.53	1,242,198.16
Current Assets					
Stocks	Schedule - 1		594,069.54		635,901.79
Trade & Other Receivables	2		1,821,185.75		1,550,737.56
Cash & Cash Equivalents	3		<u>5,006,198.20</u>	<u>7,421,453.49</u>	<u>4,279,990.23</u>
Total Assets				8,620,213.02	7,708,827.74
Liabilities					
Current Liabilities					
Accrued Expenses	4		639,184.21		(153,842.68)
Provision for Audit Fees			<u>182,893.00</u>	<u>(822,077.21)</u>	<u>(186,733.00)</u>
					<u>(340,575.68)</u>
Total Net Assets				7,798,135.81	7,368,252.06
Non Current Liabilities					
Provision for Gratuity	Schedule - 2			<u>1,536,794.88</u>	<u>1,583,815.50</u>
				6,261,340.93	5,784,436.56
Net Assets / Equity					
Cess Fund				27,000,000.00	27,000,000.00
Thurusaviya Fund	5			(20,912,534.07)	(21,389,438.44)
Grant Received				151,125.00	151,125.00
Grant Received - RDD				<u>22,750.00</u>	<u>22,750.00</u>
				6,261,340.93	5,784,436.56



N.G. Piyasena
Accountant

Date : 26 - 04 - 2013



G.D.C. Pamarathna
Chairman

THURUSAVIYA FUND
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
31ST DECEMBER 2012

	Note	2012 Rs.	2011 Rs.
<u>Income</u>			
Treasury Grant		14,979,000.00	11,786,773.55
Ministry of Economic Development Grant for Divinaguma Programme		3,367,430.00	-
Other Income	1	764,930.46	484,995.78
Administration Charges on Distribution of Resources		<u>4,480.00</u>	<u>125,467.50</u>
		19,115,840.46	12,397,236.83
<u>Operating Expenses</u>			
Personal Emoluments	2	6,749,334.58	6,504,765.34
Travelling	3	504,785.66	36,864.75
Supplies	4	683,521.80	822,851.82
Maintenance Expenditure	5	320,864.55	652,037.06
Contractual Services	6	2,016,316.17	1,840,494.64
Other Recurrent Expenditure	7	60,000.00	148,101.08
Development Expenditure	8	8,083,738.70	5,493,790.27
Depreciation		197,214.63	188,523.80
Losses & Write off			3,500.00
Sales of Waighing Scale (Deficit)		23,160.00	-
Total Operating Expenses		<u>18,638,936.09</u>	<u>15,690,928.76</u>
Expenditure Over Income / Income Over Expenditure		<u>476,904.37</u>	<u>(3,293,691.93)</u>

THURUSAVIYA FUND
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2012

	2012	2011
	Rs.	Rs.
Cash Flows from Operating Activities		
Surplus (deficit) from ordinary activities	476,904.37	(3,293,691.93)
Add :		
Prior year Adjustment	-	1,252,883.40
	<u>476,904.37</u>	<u>(2,040,808.53)</u>
Non - cash movements		
Depreciation	197,214.63	188,523.80
Gratuity Provision	(47,020.62)	333,805.50
Increase / Decrease in payables	481,501.53	(494,353.02)
Increase / Decrease in stock	41,832.25	(70,787.38)
Trade and other receivables	<u>(270,448.19)</u>	<u>2,579,325.23</u>
Net cash flows from operating activities	879,983.97	495,705.60
CASH FLOW FROM INVESTING ACTIVITIES		
Office Equipment	(29,680.00)	(119,509.80)
Office Furniture	<u>(124,096.00)</u>	<u>(18,786.51)</u>
Net cash flows from investing activities	726,207.97	357,409.29
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase / (decrease) in cash and cash equivalents	726,207.97	357,409.29
Cash and cash equivalents at beginning of period	<u>4,279,990.23</u>	<u>3,922,580.94</u>
Cash and cash equivalents at end of period	<u>5,006,198.20</u>	<u>4,279,990.23</u>

Note - 1

NOTES TO THE STATEMENT OF FINANCIAL POSITION OF THURUSAVIYA FUND
NON CURRENT ASSETS AS AT 31.12.2012

	Cost			Accumulated Depreciation				Written down Value As at 31.12.2012
	Balance As at 01.01.2012	Addition during the year	Adjustment	Balance As at 31.12.2012	Provision for the year	Adjustment	Balance As at 31.12.2012	
Office Equipment	1,554,184.60	29,680.00		1,583,864.60	145,236.91	-	837,157.10	746,707.50
Office Furniture	662,286.27	124,096.00		786,382.27	51,977.72	-	334,330.24	452,052.03
Machinery	392,702.18	-	-	392,702.18	-	-	392,702.18	-
Motor Vehicle	420,000.00	-	-	420,000.00	-	-	420,000.00	-
Total	3,029,173.05	153,776.00	-	3,182,949.05	197,214.63	-	1,984,189.52	1,198,759.53

**NOTES TO THE STATEMENT OF FINANCIAL POSITION OF THURUSAVIYA FUND
AS AT 31.12.2012**

			2012 Rs.	2011 Rs.
Note - 2	Trade & Other Receivables	Schedule		
	Advance Rubber Sheet	3	657,072.26	657,072.26
	Scale Loan	3	559,250.00	631,998.75
	Diamond Roll Loan	3	127,380.00	156,725.00
	Miscellaneous Advance	4	8,000.00	5,000.00
	Stamp Advance			-
	Festival Advance	5	11,000.00	12,000.00
	Deposit	6	27,000.00	27,000.00
	Accrued Interest On Fixed Deposit	7	133,363.49	60,941.55
	Bud Wood Nursery Loan		298,120.00	-
	Total		<u>1,821,185.75</u>	<u>1,550,737.56</u>
Note - 3	Cash & Cash Equivalents			
	Bank Balance A/C No.014100163254138		441,987.22	128,722.37
	Fixed Deposits	8	4,564,210.98	4,151,267.86
	Total		<u>5,006,198.20</u>	<u>4,279,990.23</u>
Note - 4	Accrued Expenses			
	Electricity & Water		39,053.84	38,765.03
	Telecommunication		12,591.91	15,791.99
	Fuel		25,990.00	-
	Travelling - Domestic		-	4,587.50
	Maintenance of Vehicles		28,950.00	6,885.76
	Establishment & Strengthening of Societies		5,473.00	20,784.40
	Stationary & Office Requisites		70,784.00	55,440.00
	Stock Control		369,600.00	10,976.00
	Training & Awareness Programme		2,386.00	612.00
	Audit Fees		63,840.00	-
	G.P.C.		1,327.76	-
	Over Time		9,687.70	-
	Others		9,500.00	-
	Total		<u>639,184.21</u>	<u>153,842.68</u>

**NOTES TO THE STATEMENT OF FINANCIAL POSITION OF THURUSAVIYA FUND
AS AT 31.12.2012**

	2012 Rs.	2011 Rs.
Note - 5 Thurusaviya Fund		
Balance - B/F	(21,389,438.44)	(19,348,629.91)
Prior Year Adjustment	<u>-</u>	<u>1,252,883.40</u>
	(21,389,438.44)	(18,095,746.51)
 Expenditure Over Income / Income Over Expenditure For The Year	 <u>476,904.37</u>	 <u>(3,293,691.93)</u>
 Balance C/F	 <u>(20,912,534.07)</u>	 <u>(21,389,438.44)</u>

THURUSAVIYA FUND
NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR - 31.12.2012

Note	2012 Rs.	2011 Rs.
1 Other Income		
Interest on Fixed Deposits	485,365.06	257,045.78
Member Fees & Admission Fees	216,130.00	202,950.00
Other Income	63,435.40	25,000.00
	<u>764,930.46</u>	<u>484,995.78</u>
2 Personal Emoluments		
Salaries	4,789,182.92	4,699,114.64
E.P.F	640,908.57	614,168.35
E.T.F	128,181.78	122,833.54
Over Time	23,620.89	17,959.02
Cost of Living Allowances	345,389.78	442,200.00
Gratuity	265,021.38	333,805.50
Board Member Fees	216,000.00	189,000.00
Other Allowances	341,029.26	85,684.29
	<u>6,749,334.58</u>	<u>6,504,765.34</u>
3 Travelling		
Travelling - Foreign	467,407.66	
Travelling - Domestic	<u>37,378.00</u>	<u>36,864.75</u>
	<u><u>504,785.66</u></u>	
4 Supplies		
Stationary & Office Requisites	218,019.45	453,641.82
Fuel & Lubricants	465,502.35	369,210.00
	<u>683,521.80</u>	<u>822,851.82</u>
5 Maintenance Expenditure		
Plant Machinery & Equipment	45,854.76	64,453.00
Maintenance of Vehicle	275,009.79	530,161.53
Maintenance of building	-	57,422.53
	<u>320,864.55</u>	<u>652,037.06</u>
6 Contractual Services		
Postal & Communication	271,059.29	285,588.47
Electricity & Water	264,458.93	245,276.93
Hire Charges (Transport)	3,609.00	8,390.00
Building Rent	1,301,239.20	1,301,239.24
Other Services	175,949.75	-
	<u>2,016,316.17</u>	<u>1,840,494.64</u>
7 Other Recurrent Expenditure		
Others	-	88,101.08
Audit Fees	<u>60,000.00</u>	<u>60,000.00</u>
	<u><u>60,000.00</u></u>	<u><u>148,101.08</u></u>

THURUSAVIYA FUND
NOTE TO THE STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR - 31.12.2012

Note 8 Development Expenditure	2012 Rs.	2011 Rs.
Training & Awareness Programmes	635,057.68	551,532.10
Establishment & Strengthening of Societies	462,527.23	140,412.30
Smoke Houses (Subsidy)	995,628.67	832,276.47
Distribution of Resources (Subsidy)	2,717,810.12	3,176,716.35
Group Processing Centres (Subsidy)	3,272,715.00	792,853.05
	<u>8,083,738.70</u>	<u>5,493,790.27</u>

**SCHEDULE TO THE STATEMENT OF FINANCIAL POSITION OF THE
THURUSAVIYA FUND**

Schedule - 1

Stock as at 31.12.2012

No:	Item	Qty	Price	Value
1	Air Freshner	3	86.00	258.00
2	Annual Report - Sinhala	385	57.62	22,182.85
3	Annual Report - English	385	57.62	22,182.85
4	Annual Report - Tamil	135	94.64	12,776.40
5	Book C.R. - 1	8	24.51	196.08
6	Book C.R. - 2	10	41.80	418.00
7	Book C.R. - 3	7	61.25	428.75
8	Book C.R. - 6	11	129.58	1,425.38
9	Binding Sheets	9	20.00	180.00
10	Binding Tape	1	180.00	180.00
11	Buckets	1	977.50	977.50
12	Carban Paper Pkt - Black	2	160.00	320.00
13	Carban Paper Pkt - Blue	2	120.00	240.00
14	Cello Tape	4	33.60	134.40
15	Computer Printer Equipment	1	475.00	475.00
16	Calculator Printing Roll	2	12.00	24.00
17	Computer Paper 9.5x11	1	772.80	772.80
18	Diamond Roll	6	31,360.00	188,160.00
19	Eraser	7	3.36	23.52
20	Envelops 10x8	1911	911x0.80	2,468.80
			500x0.90	
			500x2.58	
21	Envelops 15x8	1142	512x1.90	3,682.80
			500x1.50	
			400x4.90	
22	Envelops 6x3	590	90x0.30	402.00
			500x0.75	
23	Envelops 9x4	3810	1.40	5,334.00
24	Envelops 10.x5	390	0.55	214.50
25	File - Box	5	108.00	540.00
26	File Lase	985	0.80	788.00
27	Foot Ruler	10	22.40	224.00
28	Fax Ribbon	1	2156.00	2,156.00
29	File	165	3.30	544.50
30	Field Note Book - Stripe	57	13.80	786.60
31	Field Note Book (Blank)	72	13.80	993.60
32	General - 58	5	217.28	1,086.40
33	General - 268	10	56.00	560.00
34	General 267	5	38.08	190.40
35	Gum Tape - (Tan tape)	5	4x26.00	274.00
			1x170	
36	Gum Bottle - Small	8	45.00	360.00
37	Half Sheet Pkts	22	2x330.40	7,492.80
			20x241.60	
38	Hi - lighter - Blue	3	34.50	103.50
39	Hi - lighter - Pink	4	34.50	138.00
40	Hi - lighter - Yellow	3	56.00	168.00

**SCHEDULE TO THE STATEMENT OF FINANCIAL POSITION OF THE
THURUSAVIYA FUND**

	Item	Qty	Price	Value
41	Hi - lighter - Green	6	34.50	207.00
42	Micro Cassette	1	100.00	100.00
43	Maker pen	1	85.00	85.00
44	Mick	1	550.00	550.00
45	Office Pins pkt	7	1x12.50	163.70
			6x25.20	
46	Photo Copy papers - A4 Pkts	12	500.00	6,000.00
47	Photo Copy papers -B4 Pkts	2	1x503.70	1,253.70
			1x750.00	
48	Photo Copy paper - A3	1	1070.00	1,070.00
49	Pen - Carban - Blue	155	55x10.50	1,669.50
			100x10.92	
50	Pen - Carban - Black	79	10.50	829.50
51	Pen - Carban - Red	89	10.50	934.50
52	Puncher - small	3	82.00	246.00
53	Pen Cheque Writing	21	50.40	1,058.40
54	Pencil	3	7.4666	22.41
55	Paper Clip Pkt	16	16.00	256.00
56	Paper G.S.M. - Yellow	777	1.214	943.33
57	Paper G.S.M. - Green	1693	193x0.88	1,892.34
			500x1.045	
			1000x1.20	
58	Paper G.S.M. - Pink	1259	1.57	1,974.11
59	Paper Foolscaps	172	0.86	147.92
60	Puncher Big	2	140.00	280.00
61	Pen platignum Black	2	12.00	24.00
62	Ronio Paper	11	291.20	3,203.20
63	Reports - six month	5000	6.552	32,760.00
64	Ronio Ink	5	370	1,850.00
65	Steppler Pins	29	16.00	464.00
66	Stand Rubber Roll	2	3,162.50	6,325.00
67	Scissors	1	120.00	120.00
68	Serviot	7	1x30.00	330.00
			6x50.00	
69	Stamp Pad	2	87.50	175.00
70	Stencil Paper Pkts	3	716.80	2,150.40
71	Seal - Embose	1	1,200.00	1,200.00
72	Stainer	1	750.00	750.00
73	Seal Rubber	6	5x200.00	1,270.00
			1x270.00	
74	Steppler Pins - Heavy Duty	2	75.00	150.00
75	Spiral 10mm	41	5.50	225.50
76	Spiral 12mm	40	8.50	340.00
77	Stepler Machine	1	170.00	170.00
78	Smooth Roll	6	30,240.00	181,440.00
79	Tipex	6	37.00	222.00
80	Toner Type (Photo Copy)	2	1x11,760.00	22,736.00
			1x10,976	
81	Transparent Sheet	21	6.35	101.60
82	Trays	109	349.00	38,041.00
83	Wire Code - Fax Machine	1	475.00	475.00
	Total			594,069.54

Schedule - 2

Provision for Gratiuity

Name	Date of Appointment	Service Period (Years)	Salary as at 31.12.2012	Gratuity Provision
Mrs. H.A.S. Kumari Wimalasooriya	2010.07.01	2	42,947.88	42,947.88
Mrs. M.G. Lalani	2005.05.05	7	24,453.00	85,585.50
Mrs. R.R. Dehipitiya	2000.12.12	12	27,930.00	167,580.00
Mrs. L.A.P. Chandrika	2000.12.12	12	27,930.00	167,580.00
Mrs. J.N. Senanayake	2000.12.12	12	27,596.50	165,579.00
Mrs. S.V. Thushari Priynagika	2002.07.01	10	24,453.00	122,265.00
Mrs. N.D. Rajapaksha	2002.07.01	10	24,453.00	122,265.00
Mr. G.K.S. Kumara	2002.07.01	10	24,453.00	122,265.00
Mrs. K.W.M.C. Priyadarshani	2002.08.29	10	21,868.00	109,340.00
Mrs. G.G.S.P. de Silva	2002.08.29	10	21,868.00	109,340.00
Mrs. R.M.A. Rathnayake	2002.08.29	10	21,868.00	109,340.00
Miss. D.M.M. Kumarihamy	2002.08.29	10	21,868.00	109,340.00
Mr. L.M.D.P.K. Samaratunga	2002.07.01	9	20,673.50	103,367.50
Total			332,361.88	1,536,794.88

Schedule - 3

Thurusaviya Fund
Schedule to the Statement Of Financial Position Loan & Advance receivable from the Thurusaviya Societies as at 31.12.2012

	District	Balance as at - 01.01.2012			Receipt during the Year				Balance as at- 31.12.2012	
		Advance	Scale	Roll pairs	Advance	Scale	Cash Receipts	Transferred Distribution of Resources Account	Total	Roll pairs
1	Kalutara	381,372.26	361,828.75	44,690.00		28,378.75	5,672.50	18,672.50	24,345.00	381,372.26
2	Kegalle	152,600.00	42,530.00	112,035.00			5,000.00		5,000.00	333,450.00
3	Rathnapura	110,000.00	153,690.00			44,370.00			-	42,530.00
4	Gampaha	13,100.00	73,950.00							109,320.00
	Total	657,072.26	631,998.75	156,725.00	-	72,748.75	10,672.50	18,672.50	29,345.00	559,250.00
										127,380.00

**SCHEDULE TO THE STATEMENT OF FINANCIAL POSITION OF TURUSAVIYA FUND
AS AT 31.12.2012**

Schedule - 4

Miscellaneous Advance

Mrs. H.A.S.K. Wimalasooriya	8,000.00
	<u>8,000.00</u>

Schedule - 5

Festival Advance

1	Mrs.H.A.S.K.Wimalasooriya	1,000.00
2	Mrs. Lalani Gamage	1,000.00
3	Mrs. L.A.P. Chanidrika	1,000.00
4	Mrs. Nishadhi Senanayake	1,000.00
5	Mrs. Nayana Darshani Rajapaksha	1,000.00
6	Mrs.Sandakelum Praba De Silva	1,000.00
8	Miss. Mangala Kumarihamy	1,000.00
9	Mrs. Amitha Rathnayaka	1,000.00
10	Mrs. Chandima Priyadarshani	1,000.00
11	Mr. Sudath Galaboda	1,000.00
12	Mr. Prasanna Samarathunga	1,000.00
		<u>11,000.00</u>

Schedule - 6

Deposit

1	Fuel Deposit Sri Lanka Co-Operative Marketing Federation Ltd.,	25,000.00
2	Dialog Axiata PLC	2,000.00
		<u>27,000.00</u>

**SCHEDULE TO THE STATEMENT OF FINANCIAL POSITION OF THURUSAVIYA FUND
AS AT 31.12.2012**

Schedule - 7

Accrued Interest on Fixed Deposit

Name of Banks	Fixed No:	Period	Amount
People's Bank	014-60-01-00004004-8	2012.08.31 - 2012.12.31	34,431.64
	014-60-01-00004003-9	2012.08.31 - 2012.12.31	34,431.64
	014-60-01-00004199-3	2012.11.05 - 2012.12.31	54,011.03
	014-60-01-00006349-7	2012.10.14 - 2012.12.31	10,489.18
Total			133,363.49

Schedule - 8

Fixed Deposit

Name of Banks	Fixed No:	Amount
People's Bank	014-60-01-00004004-8	850,013.89
	014-60-01-00004003-9	850,013.89
	014-60-01-00004199-3	2,514,543.87
	014-60-01-00006349-7	349,639.33
Total		4,564,210.98



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல. }
My No. }

LP/E/TRSF/FA/2012

ඔබේ අංකය
உமது இல. }
Your No. }

දිනය
திகதி }
Date }

13 May 2014

The Chairman
Thurusaviya Fund

Report of the Auditor General on the Financial Statement of the Thurusaviya Fund for the year ended 31 December 2012 in terms of Section 14(2)(c) of the Finance Act, No. 38 of 1971

The audit of financial statements of the Thurusaviya Fund for the year ended 31 December 2012 and comprising the statement of financial position as at 31 December 2012 and the statement of financial performance 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 21(2) of the Thurusaviya Fund Act, No. 23 of 2000. My comments and observations which I consider should be published with the Annual Report of the Fund in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act was furnished to the Chairman of the Fund on 29 July 2013.

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 controls as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.



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

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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. 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 judgements, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of financial statements.

Sub-section (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 qualified audit opinion.

1:4 Basis for Qualified Audit 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 Thurusaviya Fund as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with the Sri Lanka Public Sector Accounting Standards.

2:2 Comments on Financial Statements

2:2:1 Accounting Deficiencies

The following observations are made.

- (a) Even though a sum of Rs.374,201 had been paid as gratuity in the year under review, it had been shown as Rs.312,042 in the Provision for Gratuity Account. As such, the expenditure on gratuity had been understated by a sum of Rs.62,159 in the financial statement and as that had been added to the Other Allowances Account, that account had been overstated by a sum of Rs.62,159.
- (b) The opening stock of aluminum pans of the year under review had been shown as Rs.75,035 by computing the value of 215 pans of Rs.349 per pan while 128 pans had been sold at Rs.210 per pan during the year and Rs.26,880 had been recognized as income. Even though the balance pans had been 87, a sum of Rs.38,041 had been shown as the closing stock of 109 pans at the rate of Rs.349. As such the stock had been overstated by Rs.7,678 for 22 pans at the rate of Rs.349 per pan.
- (c) According to the Notes to the accounts of the Thurusaviya Fund other income is recognized on the accrual basis, but the income from membership fees included in the other income had been adjusted to the accounts on cash basis.

2:2:2 Unexplained Differences

The following observations are made.

- (a) The platform scales supplied by the Fund to the members of the societies had been sold at different prices. That had been unfair for the members of Societies which purchased at higher prices while the possibility of fraud was also observed.

Sale Price per Scale	Number of Societies	Total Value
-----	-----	-----
Rs.		Rs.
14,790.00	6	88,740.00
9,000.00	3	27,000.00
15,000.00	1	15,000.00
13,378.75	1	13,378.75

- (b) Even though the Thurusaviya Societies had requested for the platform scales at concessionary prices, the Fund had not considered the supply of the scales to societies. The loss of Rs.23,160 incurred by the sale of scales to individuals at lesser prices had been adjusted to the accounts for the year under review.

2:2:3 Accounts Receivable and Payable

The following observations are made.

- (a) The loans receivable from the Thurusaviya Societies to the Thrusaviya Fund amounting to Rs.1,343,702 had been shown in the financial statements continuously as balances recoverable without taking action for recovery over a period exceeding 05 years. Confirmation of balances of these recoverable loan balances had also not been obtained.
- (b) The actual deposit for fuel after the deduction of the outstanding balance for fuel amounting to Rs.7,260 from the deposit of Rs.25,000 shown as the deposit for fuel amounted to Rs.17,740. As such a sum of Rs.7,260 had been overstated as deposits.

2:2:4 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following non-compliances were observed.

Reference to Laws, Rules, Regulations	Non-compliance
Circular No. PGA/6/1/1 dated 31 December 1993 of the Presidential Secretariat.	Even though the Chairman of the Fund had undertaken a tour of Italy at a cost of Rs.466,408 a report on the benefits and new ideas accrued to the Fund from the tour had not been furnished up to 14 October 2013.

3. Financial Review

3:1 Financial Results

The result of the operations of the Fund for the year under review after taking into account the grants amounting to Rs.18,346,430 received from the Treasury and the Ministry of Economic Development amounted to a surplus of Rs.476,904 as against the deficit of Rs.3,293,692 for the preceding year after taking into account the grant of Rs.11,786,774 received from the Treasury. As compared with the preceding year an improvement of Rs.3,770,596 in the financial results was observed.

3:2 Analytical Financial Review

The following observations are made.

- (a) Out of the overall expenditure of the Fund for the year 2012 amounting to Rs.18,638,936, a sum of Rs.8,083,739 or 43 per cent only had been spent on development works.
- (b) Even though the Fund expected to collect its own income of Rs.1,013,000 to finance the estimated expenditure of Rs.24,992,100 for the year 2012 an income of Rs.764,930 or 76 per cent only had been collected.

4. Operating Review

4:1 Performance

The following observations were made at the test checks of the achievement of objectives for which the Thurusaviya Fund had been established under the Thurusaviya Fund Act, No. 23 of 2000.

- (a) The number of Thurusaviya Societies registered as at the end of the year under review had been 671. It was observed that many societies were in inactive status while the members of societies did not understand the role of the societies to the membership. Only 4 new societies had been registered in the year.

- (b) The submission of quarterly reports by the societies had been at a weak level and 600 societies out of 671 societies had not submitted the half yearly reports for the year 2012.
- (c) According to the information furnished in the half yearly reports the lack of an effective procedure for the evaluation of performance of active societies was revealed.
- (d) Even though the Fund had appointed officers at district level, supervision reports had not been submitted.
- (e) Even though rubber roller sets and group processing centres had been provided for the enhancement of the production status of the owners of rubber estates, there were no reports of follow up action taken on the utilization of the facilities.
- (f) Even though expenditure amounting to Rs.462,527 had been incurred on the establishment and strengthening of Societies any follow up action taken after incurring expenditure was not evident.
- (g) Even though 25 Awareness and Training Programmes had been planned for the year under review, only 18 out of that had been conducted at a cost of Rs.635,058.
- (h) Even though it had been decided to give Rs. 9 million to 04 selected societies under the Divineguma Programme for the year 2012 for the construction of group processing centres the work had not been completed during the period allowed.

4:2 Management Inefficiencies

The following observations are made in connection with the membership contributions recovered by the Thurusaviya Fund from the members.

- (a) The membership contribution receivable from each society and the amounts received during the year had not been properly recorded.
- (b) Proper records had not been maintained on the 50 per cent of the membership contribution credited to the Thurusaviya Fund.

- (c) A formal course of action had not been introduced to enable the provision of benefits to the members and as such it was observed that most of the decisions taken by the Thurusaviya Fund are not being implemented by the societies.
- (d) Subsequent alternation of the receipts issued by the Societies to the members for the payment of membership contributions, non-issue of receipts in the numerical order, issue of receipts of different numbers and the issue of two receipts by the society and the Head Office for the same receipt were observed.
- (e) There were inconsistency among the Advance Programmes Approved Programmes and the Work Done Reports while sub-requirement revisions had not been approved. Travelling expenses had been approved for the Work Done Reports which had not been supervised or approved.

4:3 Utilization of Funds

The Government had given a sum of Rs.10,292,000 to the Fund in the year under review for recurrent expenditure. But in obtaining these grants, the Fund had not revealed the sum of Rs.4,151,268 invested as at 01 January 2012 to the Treasury. The value of that investment as at 31 December 2012 amounted to Rs.4,564,211.

4:4 Uneconomic Transactions

The following observations are made.

- (a) As the Fund provide 50 per cent subsidy to the rubber growers for the purchase of rubber roller machines, the quality of machines and the lowest prices should have been considered. But an uneconomic expenditure of Rs.173,280 had been incurred without taking such action.
- (b) Out of the 743 tapping knives purchased in the year 2008 five hundred and seventy five tapping knives remained in the stores as at 31 December 2011 as those had rusted due to lack of quality standards approved by the Rubber Research Institute. Those had been issued free to the members in the year 2012.

5. Accountability and Good Governance

5:1 Budgetary Control

Expenditure incurred in the year under review under 11 Objects had exceeded the budgeted expenditure by 5 per cent to 664 per cent and as such the budget had not been made use of as an effective instrument of management control.

6. Systems and Controls

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

- (a) Budgetary Control
- (b) Stock Control
- (c) Payment Process
- (d) Formal Registration of Thurusaviya Societies
- (e) Performance Process
- (f) Recognition of Income


H.A.S. Samaraweera
Auditor General