

Janadiriya Fund - 2013

The Liquidation Accounts of the Janadiriya Fund for the year ended 31 December 2013 was carried out under my direction in pursuance of provisions in Article 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 12(4) of the Gramodaya Mandala Fund Act, No. 28 of 1982 as amended by the Gramodaya Mandala Fund (Amendment) Act, No. 68 of 2009. My comments and observations which I consider should be published with the Annual Report of the Fund appear in this report.

1.2 Responsibility of the Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

1.3 Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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 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 management, as well as evaluating the overall presentation of the financial statements.

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

1.4 Dissolution of the Janadiriya Fund

The Secretary to the Ministry of Finance and Planning had appointed a Three Persons Committee including a member of the Ministry of Local Government and Provincial Councils to take action to dissolve the Janadiriya Fund in terms of the decision taken on 03 January

2013 by the Cabinet of Ministers. Liquidation activities had been carried out and the accounts had been prepared according to the recommendations of that Committee.

2. Financial Statements

2.1 Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Janadiriya Fund as at 31 December 2013 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

2.2 Settlement of Assets and Liabilities of the Janadiriya Fund

The following observations are made.

- (a) A net value totalling Rs. 12,047,724 had remained as at 01 January 2013 in the Accounts of Buildings, Furniture and Equipment, Office Equipment and Hostel and Kitchen Equipment and the Liquidation Committee had written off those assets from the Liquidation Account without identifying them.
- (b) The Liquidation Committee had written off the rents receivable, dishonoured cheques, security deposits, petty cash imprest and balances existed in other Advance Accounts totalling Rs. 337,447 receivable as at 01 January 2013, from the Liquidation Account without realizing them.

3. Liquidation Loss

The loss of the liquidation of the Janadiriya Fund amounting to Rs. 12,378,084 had been written off against the equities of the Fund and the balance of Rs. 165,806,672 in the Equity Account had been remitted to the Consolidated Fund.