

Rubber Replanting Subsidy Fund - 2017

The audit of winded up account of the Rubber Replanting Subsidy Fund as at 31 December 2017 comprising the winded up account as at 31 December 2017 and significant accounting policies and other explanatory information, 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 6(2) (Cap. 437) of the Rubber Replanting Subsidy Fund Act, No. 36 of 1953. My comments and observations on the above financial statements appear in this report.

1.2 Management's Responsibility for the financial statements

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

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit conducted 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 judgment, 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 management, as well as evaluating the overall presentation of 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 Wind up the Fund

The Committee on Public Accounts had ordered to wind up the Rubber Replanting Subsidy fund at the meeting held on 23 July 2009. As such, two wind up committees had been appointed by the Director General of the Department of Rubber Development but the wind up activities had not been finalized. Then the approval for the wind up the Fund had been given by the Cabinet of Ministers in the decision No. AMP/16/0373/726/006 Dated 17 March 2016 and the Internal Auditor of the Department had been appointed as a Liquidator for a period of three months but the wind up activities had not been functioned.

1.5 Appointing the Current Liquidator

As per the Cabinet of Ministers decision No. AMP/17/1879/726/044 dated 04 October 2017, the approval for appointing a Liquidator had been granted for preparing of wind up accounts of the Rubber Replanting Subsidiary Fund and the Rubber Control Fund within four months and to bear the cost of Rs.625,000 by the Consolidated Fund. As such, the Liquidator had been appointed on 16 October 2017. The Liquidator had submitted a report on Liquidation activities to the Secretary of the Ministry on 05 March 2018.

1.6 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, winded up account of the Rubber Replanting Subsidiary Fund as at 31 December 2017 give a true and fair view.

2.2. Comments on Financial Statements

2.2.1 Lack of Evidence for Audit

Unavailability of part of the books, records and reports which is need to verify assets and liabilities of the Fund for the year ended 31 December 2016, had been informed in writing and it had also confirmed from the previous audit reports.

3. Financial Review

3.1 Assets and Liabilities of the Fund

The final balances of the assets and liabilities forwarded to the audit by the Fund as on 31 December 2016 are as follows.

Subjects	Balances as at 31 December 2016	
	Debit	Credit
	Rs.	Rs.
Current Assets	6,462,290	
Other Current Assets	178,438,206	
Current Liabilities		20,090,250
Accumalated Fund		164,810,246
Total	184,900,496	184,900,496

3.2 Financial Results

The Liquidator had made adjustments to the balances of the assets of liabilities and the Fund remained at date of 31 December 2016 and the net balance had been transferred to the wind up account and then the debit balance of that account amounted to Rs.1,343,917 had been again transferred to the Rubber Replanting Subsidiary Fund. After transferred the credit balance of Rs.130,497,592 of the Rubber Replanting Subsidiary Fund to the Consolidated Fund the Rubber Replantation Subsidiary Fund were closed.