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இலங்கை கடற்கொழில் துறைமுகங்கள் கூட்டுத்தாபனம்

CEYLON FISHERY HARBOURS CORPORATION

ANNUAL REPORT

2013



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01. Vision

To be the fundamental resource of the fisheries Industry and the inspiration of the local fishing community whilst striving to become the top facilitator of the regions maritime enterprise.

02.Mission

To deliver superior quality fishery harbour related services together with supporting infrastructure to provide all modern facilities to the fishing community, and achieve self sustainability by upgrading the harbours through commercially viable ventures.

03. Legal Status and the Objectives of the Ceylon Fishery Harbour

Corporation

The Ceylon Fishery Harbours Corporation was established on 01.04.1972, in terms of the gazette notification published in extra ordinary gazette No. 14,996/18 dated 11th February 1972 in terms of the section (1) of the section (2) of the State Industrial Corporation Act No. 49 of 1957.

Objectives:

- I. The Planning, designing and constructions of fishery harbours, anchorages, marine structures and other shore facilities,
- II. The establishment, operation, control and maintenance of Fishery Harbours, anchorages, marine structures and other shore facilities.
- III. The management of fishery harbours, anchorages, and other shore facilities.
- IV. The Provision of repairs and maintenance facilities for fishing crafts.
- V. The establishment, Operation and Maintenance of cold room, ice plants and other refrigeration facilities.
- VI. The Supply of water, fuel, lubricants, electricity, ice, cold room facilities and any other services and any other services, incidental thereto for the purpose of fishery industry and fishermen.

- VII. The provision of security to fishery harbours, anchorages, marine structures and other organizations within the Ministry of fisheries and Aquatic resources, and to recover charges, fees and any other payments on account of it;
- VIII. The monitoring, control, surveillance of Sri Lanka's Exclusive Economic Zone (EEZ)
- IX. The imposition and recovery of harbor dues such as port dues such as port dues, light dues, dockage, tonnage and unloading fees, etc, charges, fees, and boat license fees for the facilities, services and supplies provided to fishing crafts, fishermen, and any other persons in the fishery harbours and anchorages of the corporation.

04. Board of Directors

The Board of Directors of the Ceylon Fishery Harbours Corporation consisted of seven (07) members including the chairman.

Mr. Upali Liyanage	Chairman
Mr. Nil Munasingha	Managing Director - Member of the Board
Mrs. Darshana Senenayake	Member of the Board
Mr. K.D.Nandasena	Member of the Board
Mr.W.A.C. Hemakumara	Member of the Board
Mr. W.A.A.D.P. Amara divakara	Member of the Board
Mr.W.R.N. Kumara de Silva	Member of the Board
Mr. G.G.P. Abeysekara	General Manager - Observer Member
Mrs. Nayana Karunaratne	Acting Secretary to the Board of Directors

Auditors	Auditor-General's Department
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Bankers	Bank of Ceylon
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	Peoples Bank
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05. Functions of the Ceylon Fishery Harbour Corporation.

The Port Commission which was under the Ceylon Government built break waters in the fishery harbours, and the first such harbour was at the Beruwala Fishery Harbour. In the decade of 1980, the Ceylon Fishery Harbours Corporation had decided to entrust all the commercial activities to the Fishery Co-operative Societies and private sector. The activities such as planning and construction of fishery harbours and anchorages, maintenance of off-shore structures and other coastal facilities, supervision of the economic aspect of the implementation phases of the construction activities, dredging and excavation activities of the fishery harbours for facilitating maintenance work were carried out by Corporation. As a result of a restructuring programme implemented in the Ceylon Fishery Harbours Corporation in 1991, the total strength of the staff at the corporation was reduced to 129. In keeping with the re-modernization of fisheries harbours and construction of new fisheries harbours programme, the required cadre was restructured and after due categorization, the treasury approval was obtained in the year 2013 to increase the strength of employees up to 1015.

As at the end of the year 1994, the number of fishery harbours and anchorages had increased to 10 . In 1995, with the assistance of the Asian Development Bank, a new management structure was introduced to the fishery harbours of Beruwala, Galle, Mirissa, Puranawella and Kirinda. Open gate system was suspended and the Ceylon Fishery Harbours Corporation embarked on a well managed fishery harbour programme . In keeping with this , a system where fishery harbours administered by managers were introduced. Under this scheme, a proper system of management and proper use of fishery harbours was initiated constructing of boundary walls, infrastructure, operating of security services etc .

When the tsunami disaster occurred, the Ceylon Fishery Harbours Corporation had 12 fishery harbours in operation around the island, and except for a few fishery harbours, 10 fishery harbours (Panadura, Beruwala, Hikkaduwa, Galle, Mirissa, puranawella,

Tangalle, kudawella, Kirinda) including coastal infrastructures, off-shore structures, break-waters, sand breakers etc. were completely destroyed by this tsunami ravage. The dredging machine belonging to the fishery harbour too was badly damaged. Reconstruction of 10 fishery harbours destroyed by the tsunami disaster and new construction activities, and reconstruction works of anchorages, coastal facilities etc were carried out by the following state institutions and organizations.

USAID

Reconstruction of Hikkaduwa, Mirissa and Puranawella fishery harbours, and Repairs of heavy vehicle at Kirinda fishery harbor and dredging harbour basin.

American Dollars 13 million.

Aid from Republic of China

Reconstruction and Improvement to Panadura, Beruwala and Kudawella fishery harbours.

Rs.900 million.

Aids from the Government of Japan

Reconstruction and Improvement to Galle and Tangalle fishery harbours.

Rs.700 million.

Aids from the World Vision

Reconstruction works on Kirinda fishery harbour.

American Dollars 10 million.

Aids from **UNDP**

Improvement to Circuit and sanitary facilities at Kirinda, Codbay and Kudawella Fishery Harbours, and supply of Generators and Tractors to fishery harbours of Tangalle, Puranawella, Mirissa, Galle, Hikkaduwa, Beruwala, Mutuwal, Kalpity , Codbay and Kudawella.

Rs. 159 million.

Aids from **Nestle Lanka**

Net mending halls, Water storage tanks, Circuit facility, Reconstruction work of internal road network etc for Codbay, Galle and Negombo fishery harbours.

Rs. 60 million.

Aids from **ADB/GOSL**

Constructions of fully fledged new fishery harbours at Hambanthota, Ambalangoda and Chillaw.

Rs.1027 million.

Aids from **Iceland ICEIDA**

Development of 25 anchorages.

Rs.119 million.

ADB/TARP Fund

Development of 07 anchorages

Rs.411 million.

ADB/GOSL NECCDEP

Reconstruction and modernization of Valaichchana fishery harbour, construction of new platform through modernization of Codbay harbor, improving fuel supply facility and increasing the area of the harbour basin.

Rs.590 million.

Aids from Greek Government /Helanic Aid

Constructions of new fishery harbours at Dodanduwa, Negombo.

Rs.120 million.

Aids from FAO & CIDA

Development of 80 anchorages, Technological Training activities of the fishery harbour corporation.

American Dollars 4.7 million.

IFAD

Development of 03 anchorages and 18 ports, Conversion of Nilwella and Suduwella into fishery harbours.

American Dollars 12 million.

Aid from **Republic of China**

Extension of southern break-water of Panadura fishery harbor by 340 meters.

Rs.575 million.

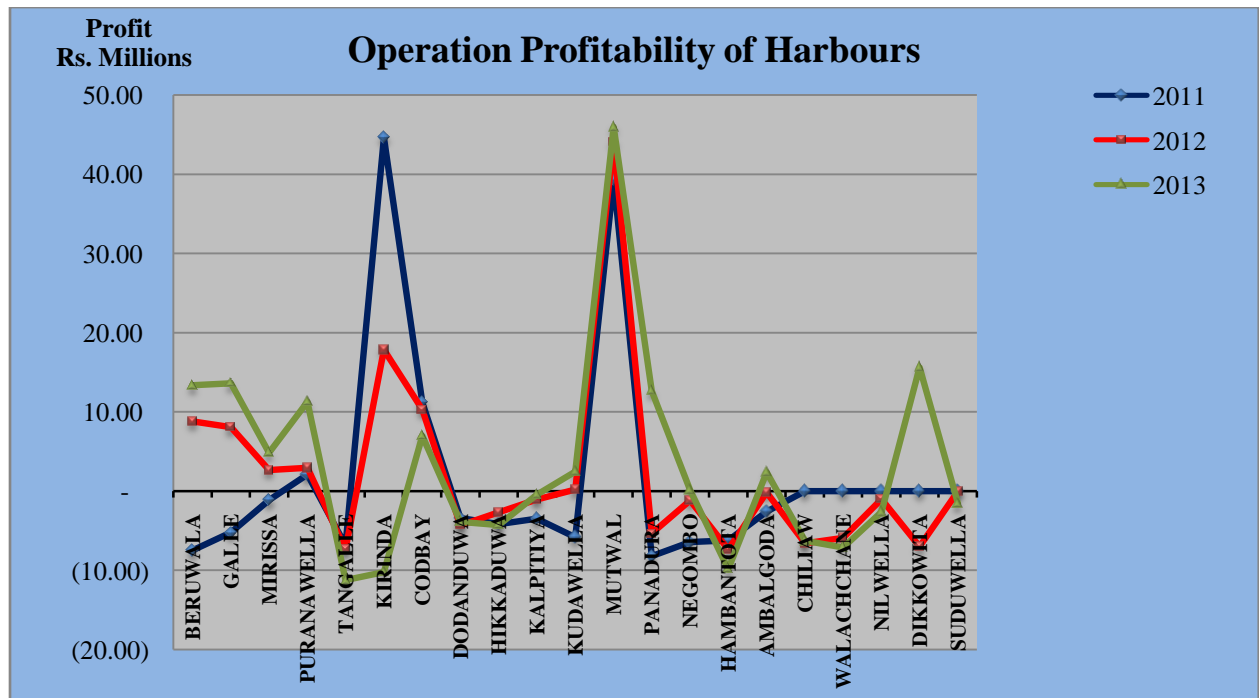
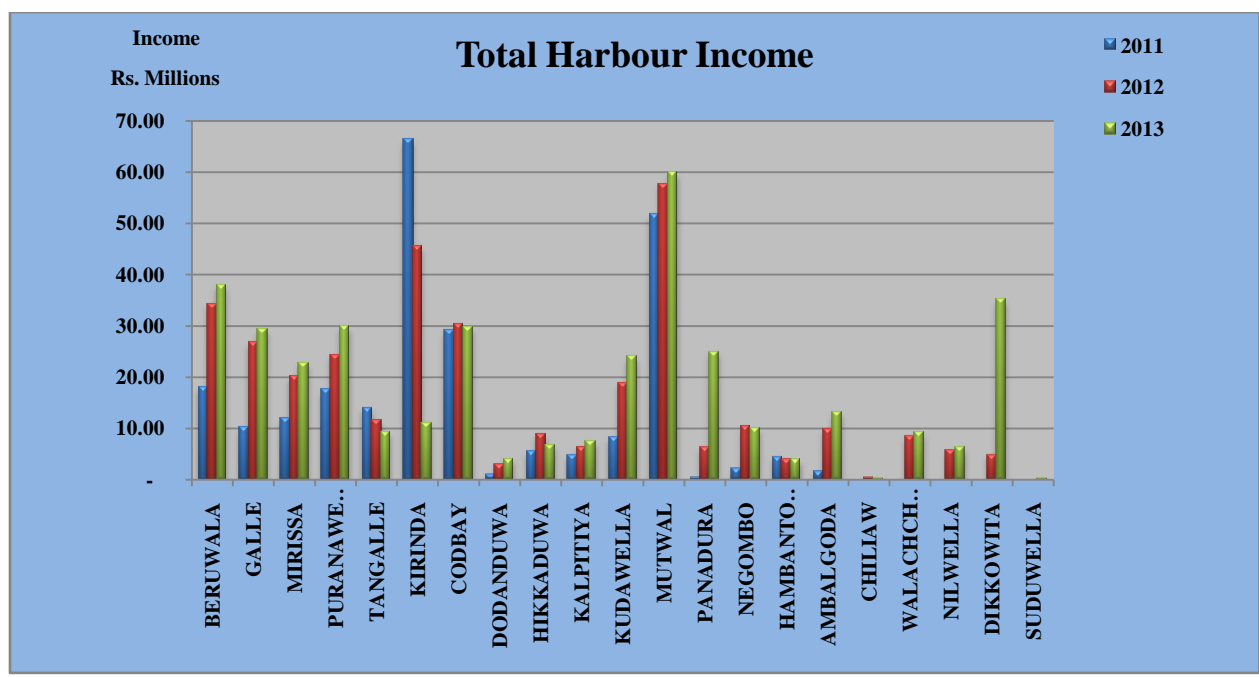
Under aids (Euro 53 Million) from **Netherlands (ORET / GOSL)** , Dikowita Fishery harbour emerged in 2013 as a fully fledged fishery harbour with all modern facility to the network of fishery harbours.

Dikowita Fishery harbor was built in keeping with the international standards and conditions containing improved facilities for unloading fish, fish processing, and packaging for export purposes etc. Hence, the limited infrastructure facilities available at the Mutual fishery harbour become manageable, and Dikowita harbor being located close to the airport, and the fishermen who operate in Negombo lagoon will have access to safe and sanitary unloading facility and anchorage facility close to the main fish marketing centre. Incorporation of modern technological facility for management and disposal of garbage and waste water disposal system in this fishery harbor is a special feature.

06. Fishery Harbours of Sri Lanka

HARBOURS LOCATIONS



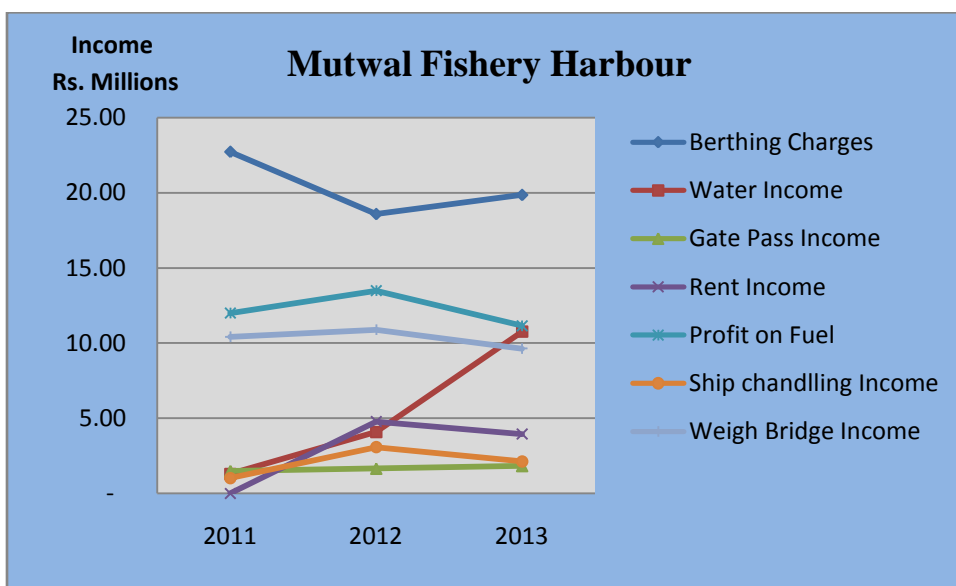


01.Mutual Fishery Harbor (1965) :

The Mutwal fishery harbour has a basin of 2.3 hectares in extent and is 4 to 5 meter deep. The platform is 128.7 meters long and the entrance to the harbour is 6 to 8 meter in depth.

The majority of fishing vessels enjoying anchorages facilities of the Mutwal fishery harbour are owned by foreign companies. Amongst the income received by the harbor from the registered vessels, the income from anchorage charges, weigh bridge charges, leasing fees, gate permit fees and income from sale of items like oil, gas, electricity, water and sale of fruits, vegetables, soft drinks are significant.

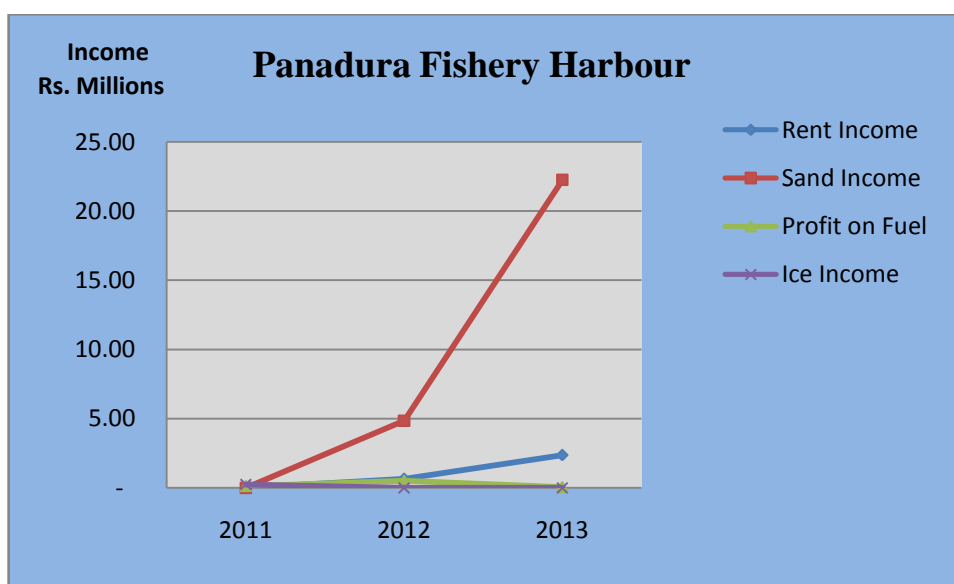
From 2013 onwards, the services offered by the mutual fishery harbor were transferred to the Dickowita fishery harbor.



02.Panadura Fishery Harbour (1998):

The Panadura fishery harbor is 2 meter deep and has a platform of 50 meter long.

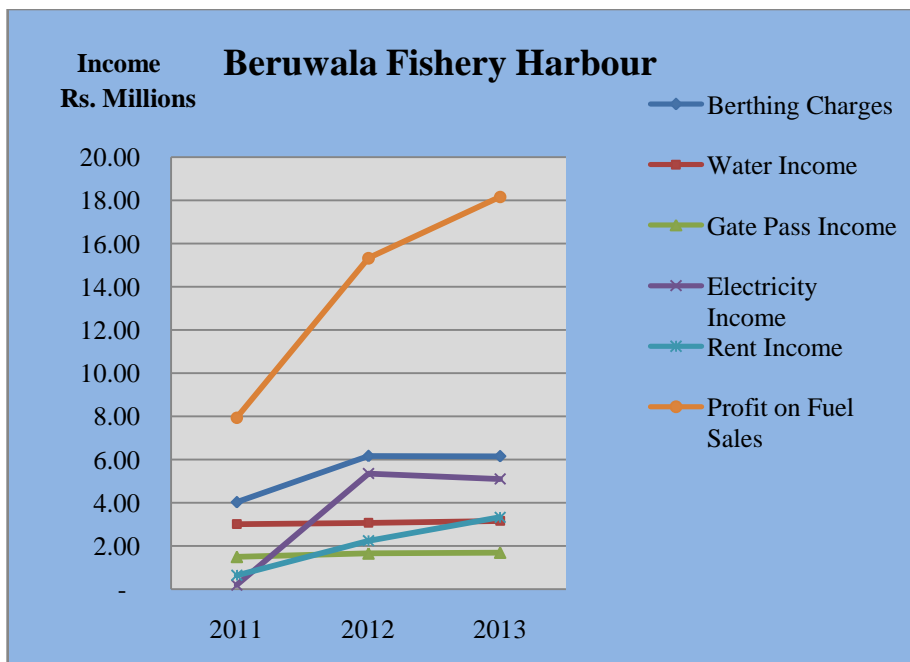
Income is earned by this harbour by providing ice, fuel and electricity for fishermen, in addition to the office accommodation and anchorage facility. The bulk of the income comes from sale of sand.



03.Beruwala Fishery Harbour (1965) :

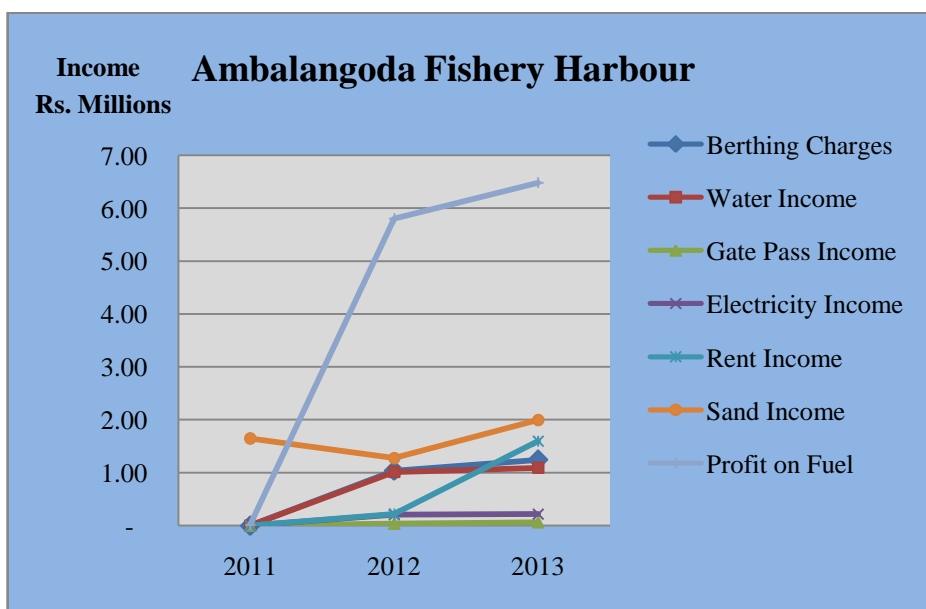
With a basin of 10 hectares in extent Beruwala fishery harbour is 2.5 meter deep. The land area belonging to the harbour is 7.05 hectares in extent and the platform is 215 meter long.

Providing office accommodation, anchorage facility, fuel and water are the main sources of income. Sale of fuel constitutes the significant percentage of its income.



04.Ambalangoda Fishery Harbour (2010) :

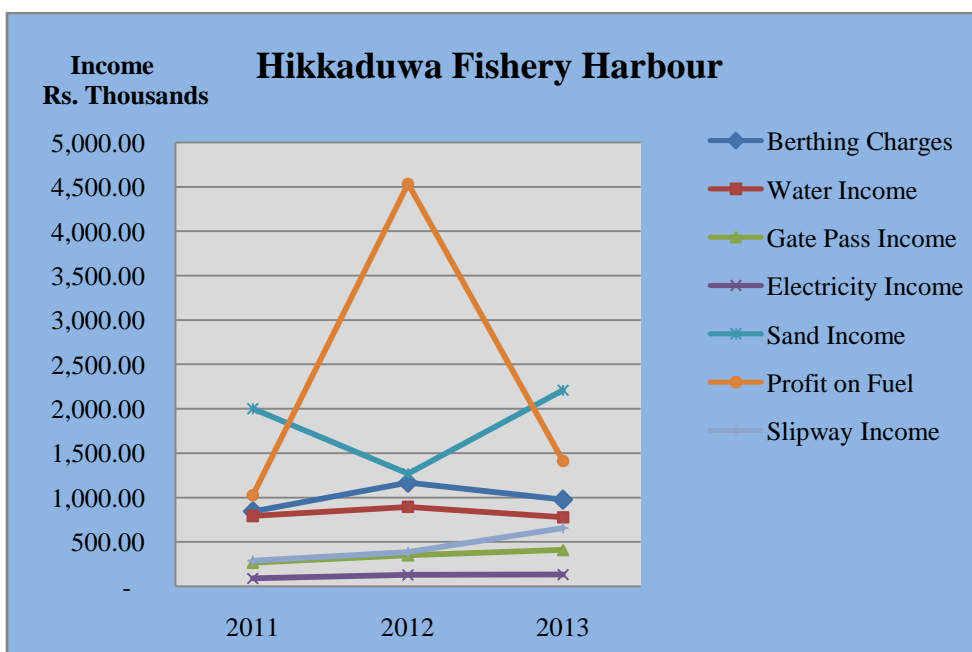
The Ambalangoda Fisheries Harbour has a basin of 6.4 hectares in extent and is 3.5 meters deep. The length of the platform is 112 meter.



05.Hikkaduwa Fishery Harbour (2001) :

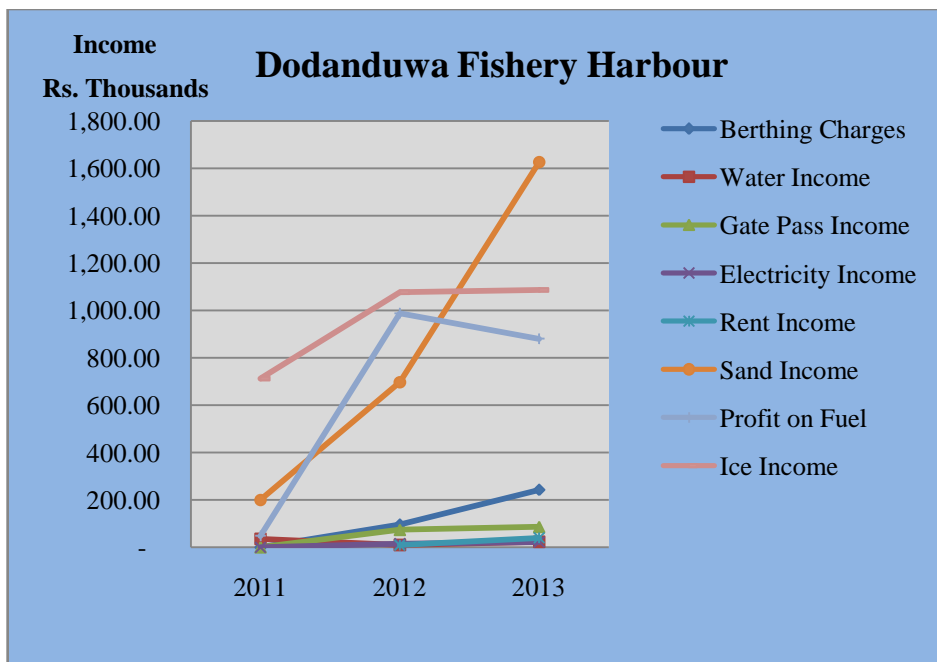
The Hikkauwa Fishery Harbour has a basin of 6.3 hectares in extent and is 2.5 meter deep. The length of the platform is 135.9 meter and land area belonging to the harbour is 2.94 hectares in extent.

During the year under review, office work and procedures were streamlined. By the supply of facilities such as water, electricity, and fuel and harbor facilities to the fishing vessels, income is earned. Out of all items of income, income from sale of sand ranks first.



06.Dodanduwa Fishery Harbour (2010) :

This harbor provides facilities like supply of water, fuel, electricity to the vessels of the fishing community. During the year under review, sale of sand has brought in a considerable amount of income.



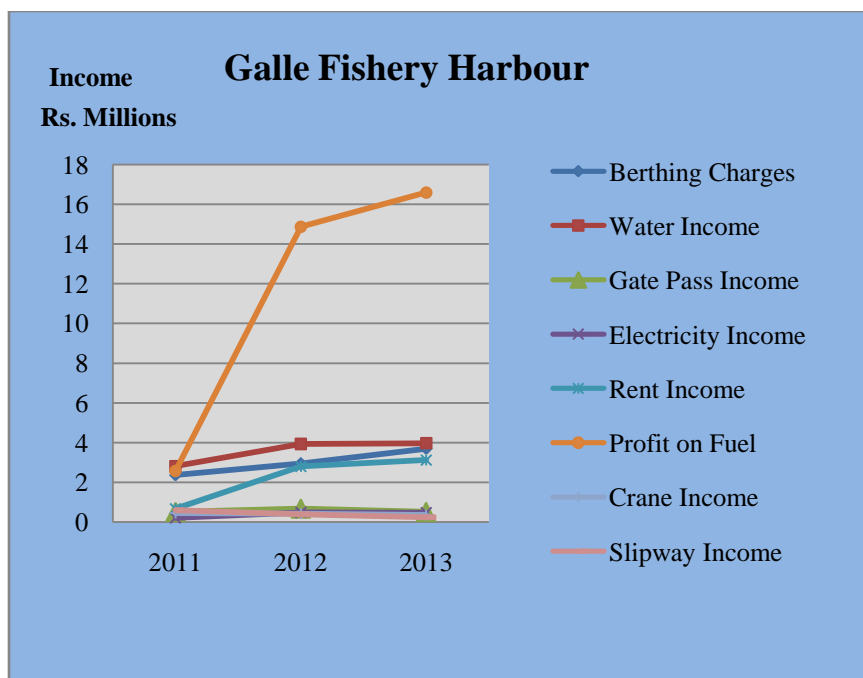
07. Galle Fishery Harbour (1965) :

Galle Fishery Harbour has basin of 04 hectares in extent and its average depth is 03-06 meter. The land area belonging to the harbour is 1.5 hectares in extent. The harbour consists of a platform of 304 meter in length. In addition, it has a service jetty of 91 meter in length as well.

While the Galle fishery harbor provides shore facilities, considerable income is earned from the supply of water, electricity, fuel and other kinds of harbor facilities to the fishing vessels.

Among the facilities offered to the fishing community are fish auction halls, fishing net processing facilities, sanitary facilities and harbor facilities.

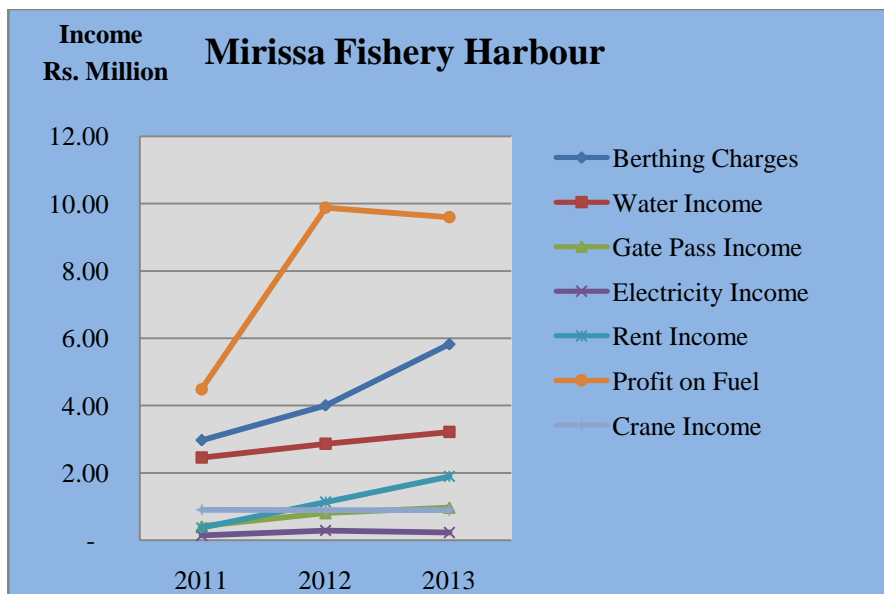
The incomes from Berthing facility, Rent income and crane charges occupy significant places in the year under review.



08.Mirissa Fishery Harbour (1966) ;

The extent of the Mirissa fishery harbour basin is 07 hectares. The land area of the harbour is 2.44 hectares in extent. The harbour is 2.5 meter deep and has a platform of 355 meter in length.

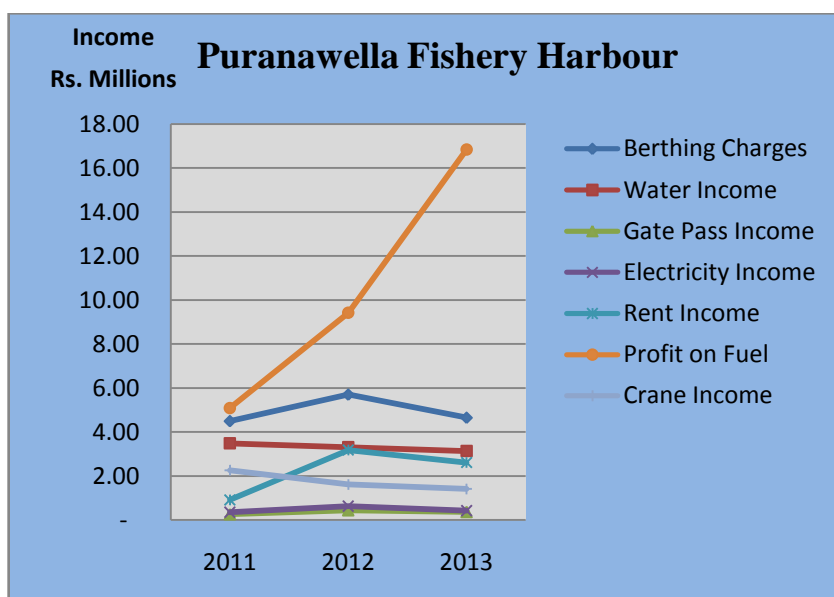
During the year under review, income was earned by way of supplying water, electricity, fuel and electricity and providing anchorage facilities to the vessels. Ice facilities for the harbour are obtained from the private sector.



09.Puranawella Fishery harbour (1980) ;

The basin of Puranawella Fishery Harbour is 14.2 hectares in extent. The harbour is 2.50 meter deep. The land area of the harbour is 4.96 hectares in extent and the harbour possesses a platform of 265 meter in length.

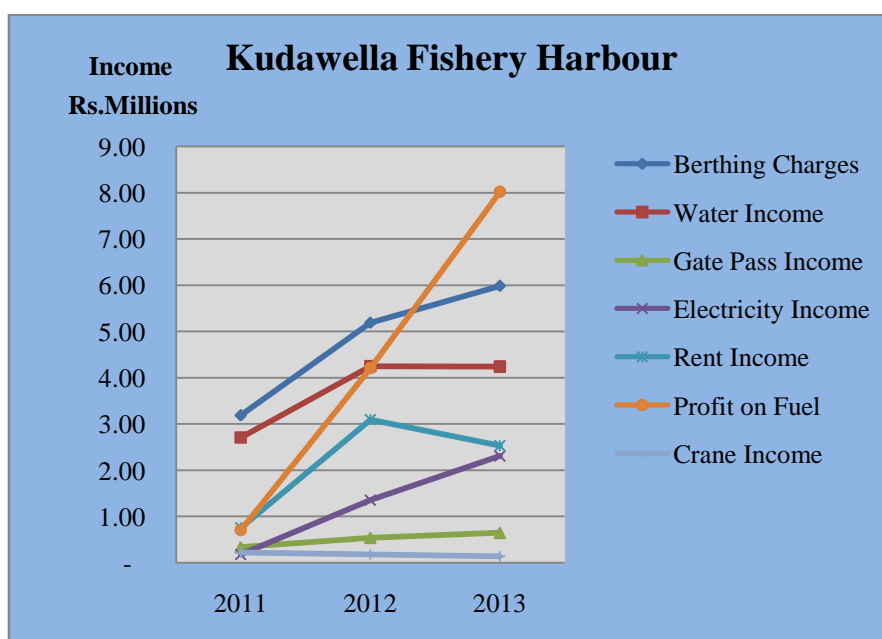
During the year under review, charges obtained for the supply of anchorage facilities, water, electricity and fuel and also from gate passes brought in the revenue for this harbor.



10.Kudawella Fishery Harbour (1998) ;

The Kudawella Fishery Harbour which has a basin of 13.1 hectares in extent and a depth of 2.5 to 3.0 meter and modernization work of the harbour was commenced during the year under review.

The harbour provides the facilities like provision of water, electricity, fuel , anchorage facilities , and gate passes which bring in the revenue for the harbor.

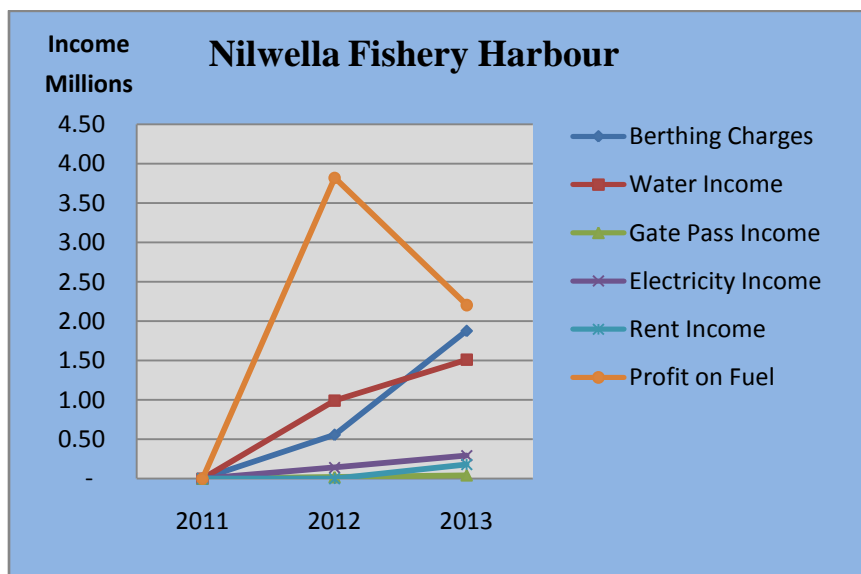


11.Suduwella Fishery Harbour (2013) ;

Suduwella Fisheries Harbour, a new fishery harbor while providing shore facilities to the fishing vessels, earns its income from Berthing charges, gate passes, and from supply of water, electricity and fuel.

12. Nilwella Fishery Harbour (2012) ;

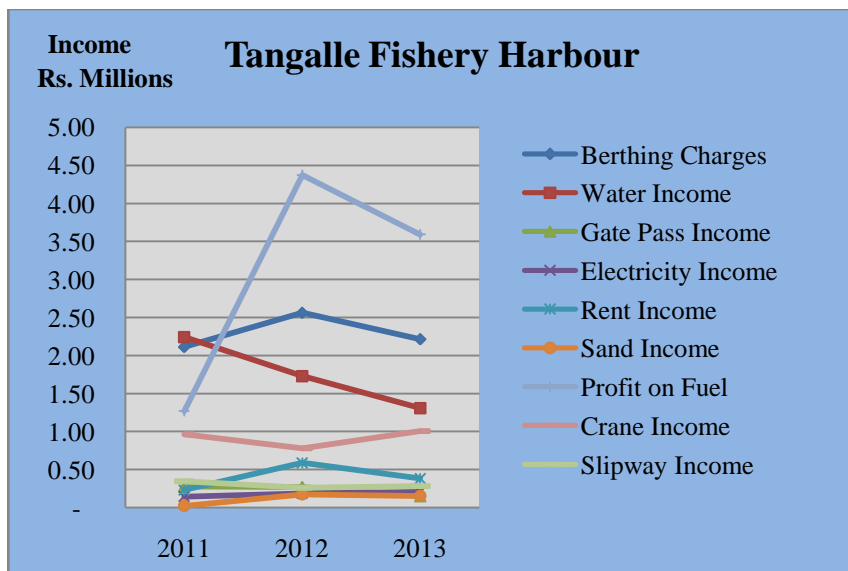
Nilwella Fisheries Harbour, a new fishery harbor while providing shore facilities to the fishing vessels, earns its income from Berthing charges, gate passes, and from supply of water, electricity and fuel.



13. Tangalle Fishery Harbour (1965) ;

The Tangalle Fishery Harbour has a basin of 2.5 hectares in extent and is 2.5 meter deep. The platform is 261 metres in length.

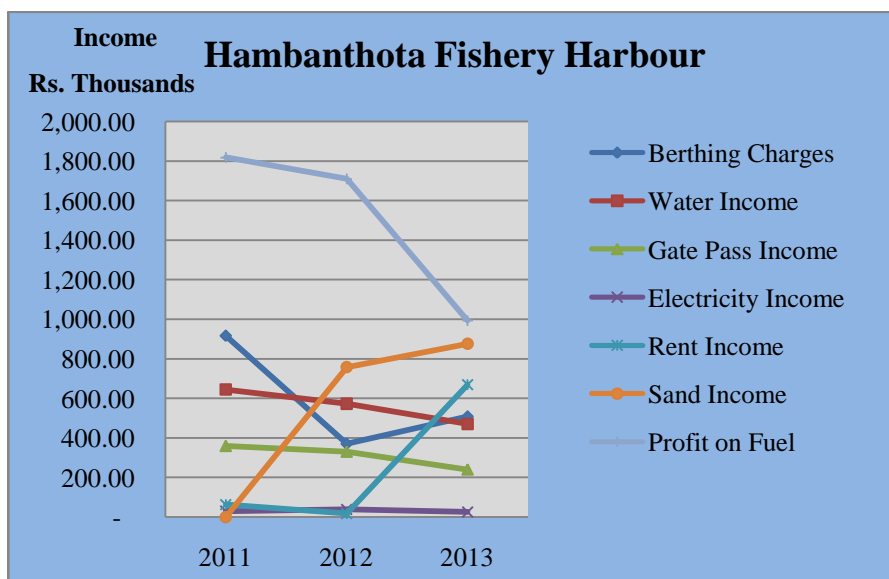
The harbour obtained its income from such sources as supply of shore facilities, water, electricity, fuel, and by charging for anchoring facilities, gate passes, and by Rent income including from the sale of sand during the year under review.



14.Hambanthota Fishery Harbour (2010) ;

The Hambanthota Fishery Harbour has a basin of 5.8 hectares in extent and is 3.5 meter deep. It has a land area of 1.65 hectares in extent. The length of the breakwater is 275 meter.

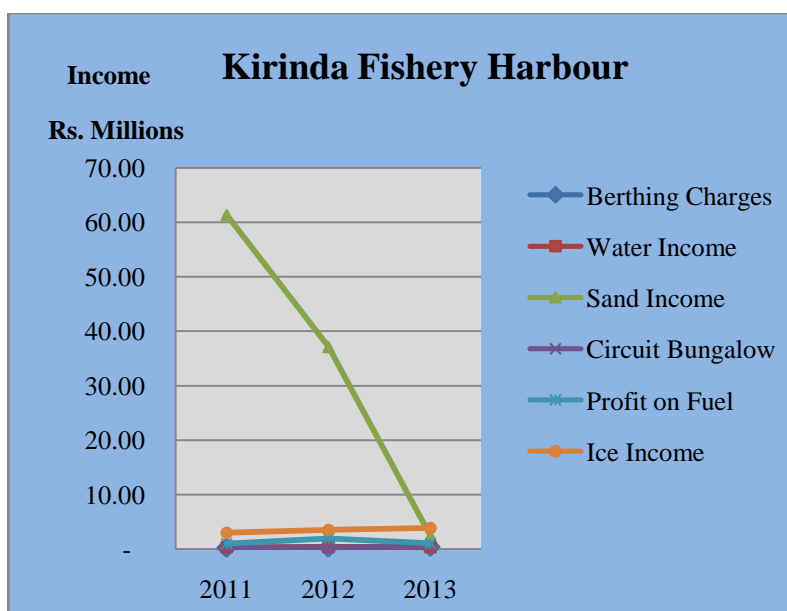
It earns income from supplying shore facilities, water, electricity and fuel and by sale of sand.



15. Kirinda Fishery Harbour (1985) ;

The Kirinda Fishery Harbour has a land area of 3.5 hectares in extent and a platform of 173 meter in length. It has a basin of 3.6 hectares in extent. The depth of the harbour is 2.5 meter.

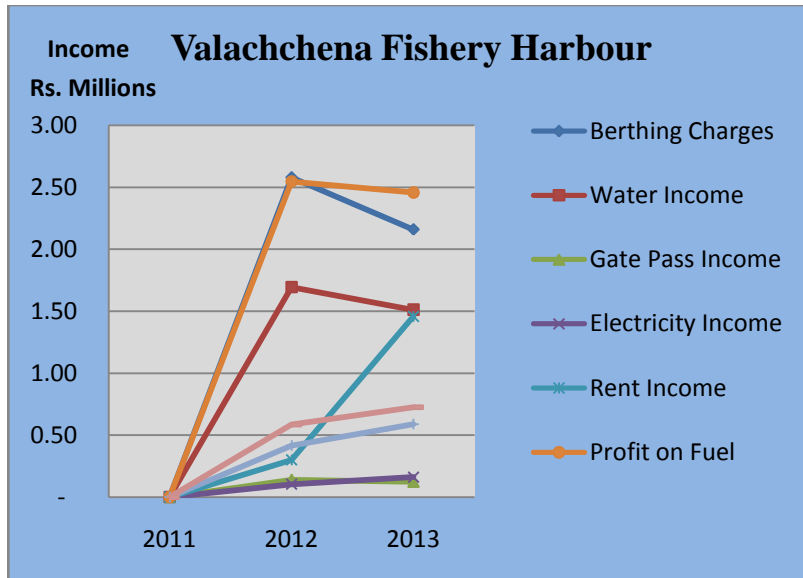
The Kirinda harbour has provided office building facilities to the fishing community and has earned a record income from the sale of sand. Supplying of water, electricity, ice, fuel and anchorage charges as well as rental income bring income to the harbour.



16. Valaichchena Fishery Harbour (2011) ;

The harbor basing of this fisheries harbour has a depth of 03 metres and a 275 metre long platform.

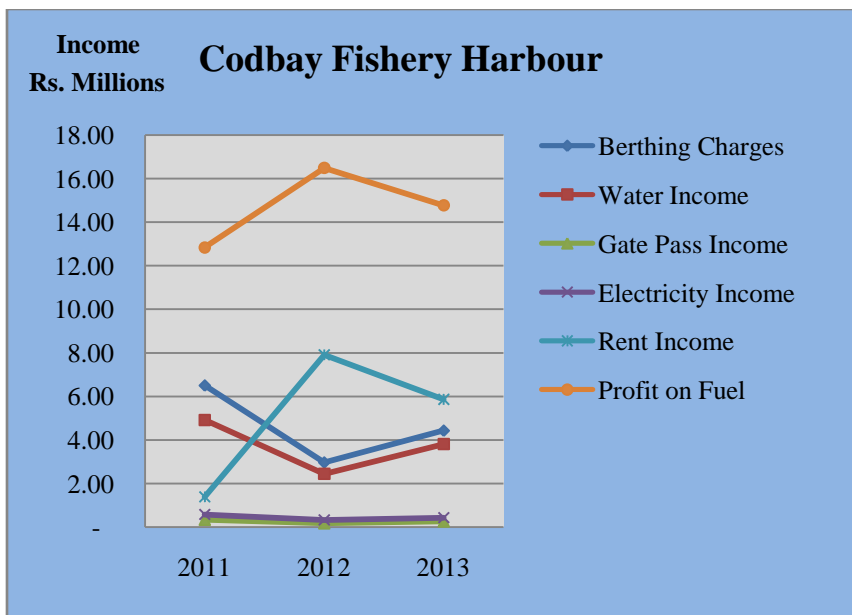
While the harbor provide facilities such as supply of water, electricity and fuel, it also earns income from berthing charges, issue of gate passes, and also from sale of sand.



17. Codbay Fishery Harbour (1965) ;

The Codbay Fisheries Harbour which has its own land area of 9.23 hectares and basing of 20 hectares is the largest fisheries harbor situated in the island. The length of its main platform is 152 meter, and has a service jetty with a length of 25 meter. The depth of the harbor basing of this harbour is between 5-6 meter.

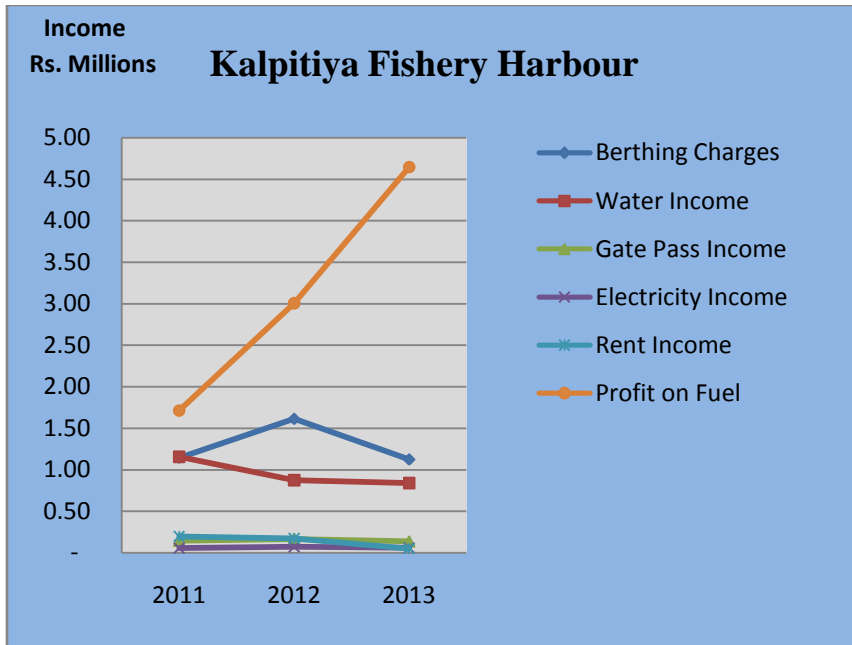
The harbour's sources of income include from the supply of water, electricity, fuel as well as from income on anchorages, gate passes and from rentals due from tenants.



18.Kalpity Fishery Harbour (1968) ;

The Kalpity Fishery Harbour has a basin of 2 hectares in extent and is 2.5 meter deep. It has a jetty with a length of 57.2 k.m, and a platform with a length of 115.8 meter together with a harbor land area of 0.49 hectares in extent.

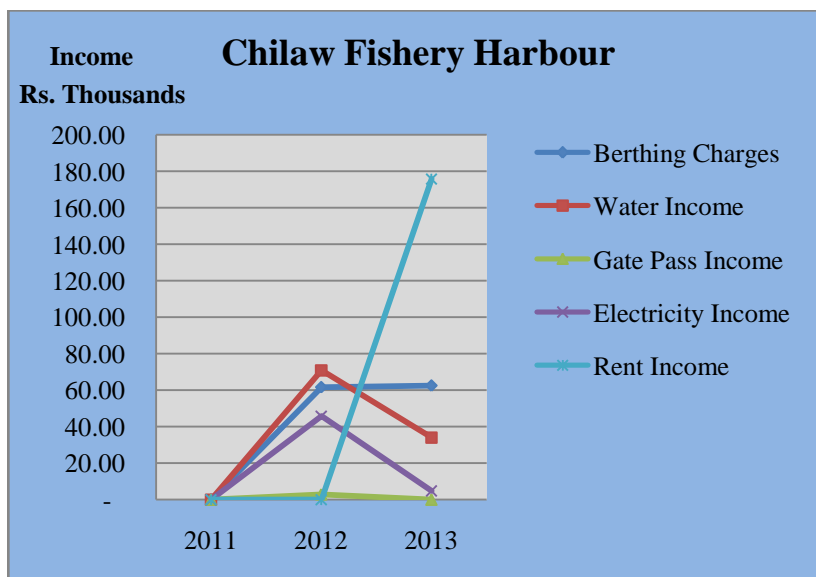
While Kalpity fisheries harbour provides shore facilities and sanitary facilities, it obtains income from supply of water, electricity, and fuel to the fishing vessels as well as from levying fees on gate passes and lease rentals.



19. Chillaw Fishery Harbour (2009) ;

Chillaw Fisheries Harbour has a Platform with a length of 136 meter.

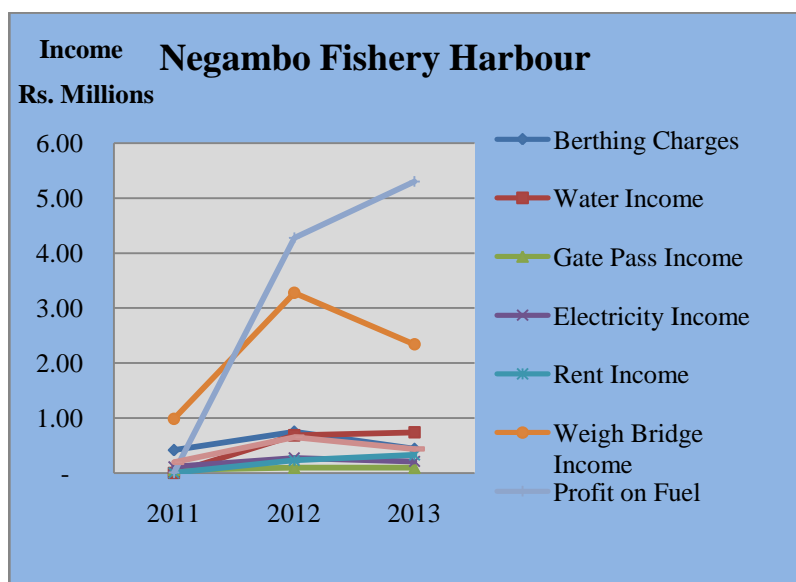
The main sources of the income of this fishery harbour is from levies made on anchorages and lease rentals received from its tenants. In addition , income is also obtained from the supply of water and electricity to the fishing vessels.



20.Negombo Fishery Harbour (2007) ;

The depth of the Negombo Fisheries Harbour which has a land area of 0.4 hectares is 3 metres. The length of the jetty is 88.

Commenced from 13.09.2013 as a fully-fledged complete fishery harbour, Negombo fishery harbour while providing shore facilities to the fisher folk, earns its income through the supply of water, electricity, and fuel to the fishing vessels.



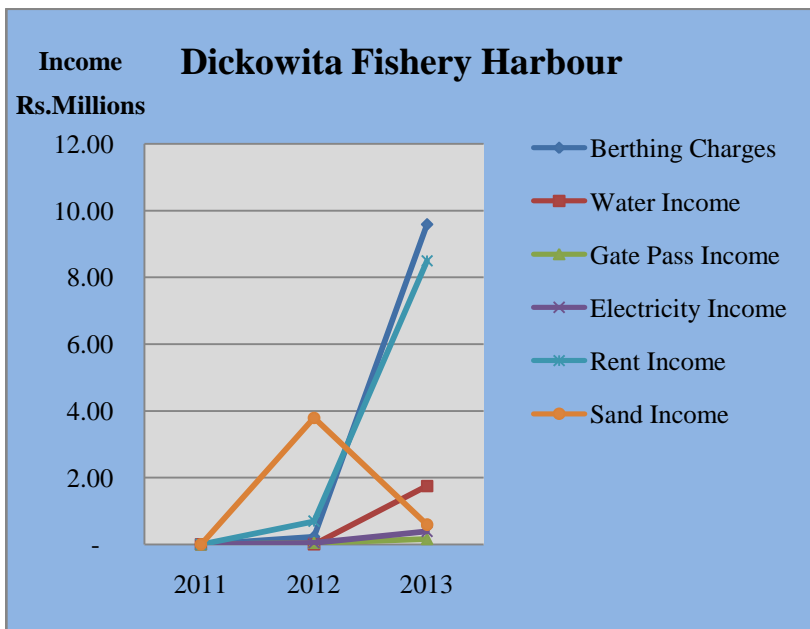
21.Dikowita Fishery Harbour (2013) ;

Dikowita Fisheries Harbour is a one which has been constructed with modern infrastructure facilities in keeping with international standards.

The Dikowita harbour has a harbour area of 8.1 hectares in extent, and has a dockyard of 11.7 hectares in extent with north and south two terminals. The depth of the harbor is between 3.5 - 5.0 meters. The length of the jetty is 45.0*8.

In the northern terminal, 450 one-day and multi day local fishing vessels can be accommodated with safe anchoring facilities.

In the south terminal, unloading of fish is done for export purposes targeting the international market. This terminal could accommodate 40 international trawlers with safe anchoring facilities. The unloading of fish is done with the use of a conveyor belt using the dockyard, and this harbour has become the first fisheries harbour with such facility. In addition, there are 03 fish processing centers to process the fish unloaded at the south terminal according to international standards.



07. Accounting Policies

7.1 Description of business

The Ceylon Fishery Harbors Corporation (CFHC) was established in 1972 and is primary responsible for delivering quality fishery–harbours related services and providing the fishing community with modern infrastructure and facilities. Since inception the corporation had developed year-by-year and recently adopted an exacting development plan, which is in line with the Sri Lankan government’s overall development plan. The CFHC’s development plan outlines a range of proposed projects: amongst the suggested action points are those relating to both managements of the Corporation and its business development strategy. It is expected the successful completion of this plan will help the Sri Lankan fishing industry to complete effectively with other prominent fishing-oriented countries in the region.

7.2 Accounting Assumptions

Accrual basis

In order to meet the objectives, the financial statement is prepared on the accrual basis of accounting. Under this basis the effects of transactions and other events are recognized when occur (and not as cash or its equivalent is received or paid) and recorded in the accounting records and reported in the financial statement of the period to which relate.

Going concern

These accounts have been prepared under the Historical Cost Convention on the basis of going concern and will continue in operation for the foreseeable future. The revenue recognized and the expenses accounted on their accrual, in accordance with the generally accepted Sri Lanka Accounting Standards.

7.3 Grants

Grants received from the Treasury and other donor organizations have been identified as Capital & Recurrent and accounted accordingly.

7.4 Capital Payments

Capital Payments have been debited to work in progress account and several capital expenses have been capitalized direct to the capital work.

7.5 Liabilities and Provisions

(a) Retirement Benefit Obligation

Provisions have been made for retirements Gratuities payable under the payments of Gratuity Act No. 12 of 1983 for all employees who have completed over one year of service from the date of joining the corporation.

(b) Employees Provident Fund and Employees Trust Fund

Employees are eligible for Employees Provident Fund contribution and Employees Trust Fund Contributions in line with respective statutes and regulation. The company contributes 15% and 3% of consolidated salary of employees Provident Funds and Employees Trust Fund respectively.

(c) Provision for Doubtful Debts

Provision for doubtful debts is created by forming a credit balance which is netted off against the selected receivables appearing in the balance sheet. A corresponding debit entry is recorded to account for the expenses of potential loss.

7.6 Property, plant and equipment; acquisition-related intangibles and other capitalized costs

Property, plant and equipment are stated at cost and depreciated over their estimated useful lives using the straight-line method. Our cost basis includes certain assets acquired in business combinations that were initially recorded at fair value as of the date of acquisition. Leasehold improvements are amortized using the straight-line method over the shorter of the remaining lease term or the estimated useful lives of the improvements.

7.7 Depreciation

Depreciation has been charged on fixed assets on straight line basis from the month of addition & to the month of sale at the rates specified as follows.

Lands	-
Buildings	2.5%
Internal Road& Boundary Wall	2.5%
Break Water & Quay Wall	2.5%
Machinery	10%
Tools & Office Equipments	10%
Furniture & Fittings	10%
Boats & Dredging	10%
Internal & Information System	20%
Motor Vehicle	10%
Heavy Vehicle	10%
Internet Information System	20%

7.8 Foreign Currency Transactions

Transactions in foreign currency are accounted for at the exchange rates prevailing at the time of transaction. However, in case of transactions taking place through bank accounts maintained in foreign currency, the same are recorded at national rates. Balances in such foreign currency accounts at the yearend are converted at the prevailing exchange rates. Current assets and liabilities at the yearend are restated at the prevailing exchange rates and the difference between the year end and the actual / national rates is recognized as gain or losses in the Accounts.

7.9 Taxation

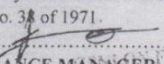
Income Tax

No provisions have been made in the accounts as there is taxable income for the current year.

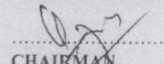
08. Financial Statements

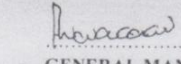
CEYLON FISHERY HARBOURS CORPORATION					
STATEMENT OF FINANCIAL POSITION					
As at 31 December					
	Notes	Schedules	2013 LKR	2012 LKR	1-Jan-12 LKR
ASSETS					
Non Current Assets					
Property, Plant & Equipment	1		4,473,127,854	4,562,198,461	4,616,327,810
Capital Work In Progress	2		6,988,609	6,327,289	18,704,293
Deferred Expenditure			-	-	548,352
Balance to be written off A/C.			81,769,596	81,769,596	81,769,596
			4,561,886,059	4,650,295,347	4,717,350,051
Current Assets					
Inventories	3	B	48,245,900	49,101,884	32,692,624
Trade and Other Receivables	3	C,D,E	260,112,957	210,196,836	219,626,537
Prepayments	3	F	72,881,532	63,887,796	61,522,747
Bank Balances	3	G	(23,807,545)	798,734	35,482,297
Cash and Cash Equivalents	3	H	24,224,842	24,270,452	15,083,454
			381,657,686	348,255,701	364,407,658
Total Assets			4,943,543,745	4,998,551,048	5,081,757,709
EQUITY AND LIABILITIES					
Capital & Reserves					
Issued Capital			350,099,843	350,099,843	350,099,843
Capital Grants	4		1,006,589,223	1,152,035,460	1,005,810,617
Reserves	5		5,178,924,020	5,096,108,234	5,141,757,300
Prompeached Receipt			2,215,769	2,215,769	2,215,769
Accumulated Profit / (Loss)	15		(2,050,489,666)	(2,008,739,407)	(1,744,576,529)
Total Equity			4,487,339,189	4,591,719,899	4,755,307,000
Non Current Liabilities					
Deferred Liabilities			1,653,400	1,653,400	1,653,400
Finance Leasing Liability after one Year	6		5,264,349	8,757,315	8,532,902
Provision For Gratuity	7		130,847,770	110,500,139	89,874,467
			137,765,519	120,910,854	100,060,769
Current Liabilities					
Trade and other Payables	8		312,737,660	279,643,908	222,226,408
Finance Leasing Liability within one Year	6		5,701,377	6,276,387	4,163,532
			318,439,037	285,920,295	226,389,940
Total Equity & Liabilities			4,943,543,745	4,998,551,048	5,081,757,709

I certify that the financial statements have been prepared in compliance with the requirements of Finance act no. 38 of 1971.


FINANCE MANAGER
 GENERAL MANAGER
 Ceylon Fishery Harbours Corporation
 ROCK HOUSE LANE

The Directors are responsible for the preparation and presentation of these Financial Statements signed for and on behalf of the Board By:


CHAIRMAN
 Upali Liyanage
 Chairman
 Ceylon Fishery Harbours Corporation
 Statement of Financial Position


GENERAL MANAGER
G. G. P. ABEYSEKERA
 General Manager
 Ceylon Fishery Harbours Corporation
 Rock House Lane
 Colombo - 15.

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CEYLON FISHERY HARBOURS CORPORATION
COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

Year ended 31 December		2013 LKR	2012 LKR
Revenue - Recurrent Grant From Treasury	Note	108,000,000	108,780,000
Revenue - Capital Grant for Recurrent Expenditure		55,441,170	-
Operating Result	9	293,162,663	136,414,518
		456,603,833	245,194,518
Staff Cost	10	(195,030,798)	(182,383,881)
Other Operating Expenses			
Establishment Charges	11	(10,773,544)	(9,594,293)
Administration charges	12	(248,867,716)	(245,621,969)
Repairs and Maintain	13	(29,935,298)	(50,184,405)
Profit / (Loss) from Operations		(28,003,523)	(242,590,030)
Finance Cost	14	(13,507,848)	(16,236,642)
Profit / (Loss) before Tax		(41,511,370)	(258,826,672)
Tax Expenses		-	-
Profit / (loss) after Tax		(41,511,370)	(258,826,672)
Profit / (loss) for the period		(41,511,370)	(258,826,672)

CEYLON FISHERY HARBOURS CORPORATION.
STATEMENT OF CASH FLOWS FOR THE YEAR 2013

	2013	2012
	LKR	LKR
Cash flows from operating activities		
Profit before taxation	(41,511,370)	(258,826,672)
Prior year adjustment for P&L	(238,889) -	
Adjustments for:		
Depreciation	173,225,325	164,998,596
Provision for Gratuity	27,234,547	22,194,716
Interest expense	7,808,262	3,672,078
Working capital changes:		
(Increase) / Decrease in trade and other receivables	(49,916,121)	9,429,701
(Increase) / Decrease in inventories	855,984	(16,409,261)
Increase / (Decrease) in trade payables	33,093,752	57,417,500
Increase / (Decrease) Current Lease Liability	(575,010)	2,112,855
Prepayments	(8,993,736)	(2,365,048)
Cash Generated from operations	140,982,743	(17,775,535)
Interest paid	(7,808,262)	(3,672,078)
Gratuity paid	(6,886,916)	(1,569,044)
Net cash from operating activities	126,287,565	(23,016,657)
Cash flows from investing activities		
Purchase of property, plant and equipment	(84,816,037)	(98,492,244)
Reserves	82,815,786	(337,077)
Investment - Capital Funds	76,000,000	96,125,000
Less - Capital Fund Amortization	(221,446,237) -	
Net cash used in investing activities	(147,446,488)	(2,704,321)
Cash flows from financing activities		
Finance Leasing Liability	(3,492,966)	224,413
Net cash used in financing activities	(3,492,966)	224,413
Net increase / (Decrease) in cash and cash equivalents	(24,651,889)	(25,496,565)
Cash and cash equivalents at beginning of period (01st January)	25,069,186	50,565,751
Cash and cash equivalents at end of period (31st December)	417,297	25,069,186

CEYLON FISHERY HARBOURS CORPORATION
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st DECEMBER 2013

	Issued Capital	Capital Grant	Accumulated	Reserves	Prompeached	Total
	LKR	LKR	Profit LKR	LKR	Receipt LKR	LKR
Balance at 1st January 2013	350,099,843	1,152,035,460	(2,008,739,407)	5,096,108,234	2,215,769	4,591,719,899
Capital Received from Treasury	-	76,000,000	-	-	-	76,000,000
Recurrent portion transfered to P&L from capital grant	-	(55,441,170)	-	-	-	(55,441,170)
Capital Grant Amortization	-	(166,005,067)	-	-	-	(166,005,067)
Prior year adjustment	-	-	(238,889)	-	-	(238,889)
Reserves changers during the Year	-	-	-	82,815,787	-	82,815,787
Loss for the year	-	-	(41,511,370)	-	-	(41,511,370)
Balance at 31st December 2013	350,099,843	1,006,589,223	(2,050,489,667)	5,178,924,020	2,215,769	4,487,339,189

Note 01

	2013	2012
	LKR	LKR
<u>Fixed Assets</u>		
Lands	1,287,928,850	1,287,928,850
Buildings	847,175,522	845,204,978
Roads & Boundry Walls	73,834,388	74,019,801
Break Water , Groyne & Quaywall	2,268,951,078	2,266,371,838
Machinery	243,029,123	242,755,564
Motor Vehicles	95,540,062	95,540,062
Heavy Vehicles	92,994,987	20,792,406
Equipment(Office & Others)	84,131,530	78,030,856
Furniture & Fittings	17,033,710	16,423,412
Two Dredgers & Boats	362,816,423	363,816,423
Internet Information Systems	7,152,327	5,784,283
Computer Soft Ware Package	6,015,588	5,889,086
Fuel Despensing Unit	12,144,162	12,144,162
Trolley	57,700	57,700
Water Supply	679,483	679,483
Provision For Depreciation	(926,357,079)	(753,240,443)
	<u>4,473,127,854</u>	<u>4,562,198,461</u>

Note 02

	2013	2012
	LKR	LKR
<u>Capital Work In Progress</u>		
Builing	2,926,564	6,257,789
Electricity	54,178	69,500
Machinery	2,170,423	-
Boundary Wall	1,837,444	-
	<u>6,988,609</u>	<u>6,327,289</u>

Note 03

	2013	2012
	LKR	LKR
<u>Current Assets</u>		
Stock	48,245,900	49,101,884
<u>Trade and Other Receivable</u>		
Debtors	247,397,069	197,151,267
Receivable From Ministry & Other Contractor	2,150,000	2,150,000
Staff Debtors	10,565,888	10,895,569
	<u>260,112,957</u>	<u>210,196,836</u>
<u>Deposit Advance & Prepaymant</u>		
Security Deposit	500,000	500,000
Deposit Fuel	495,000	95,000
Other Deposit	4,509,025	4,489,025
Special Advance	20,184,214	13,197,527
Cylinder deposits (Gass)	442,125	303,000

Prepayments - Purchase	46,351,168	45,303,244
Bank Guarantee Deposit	400,000	-
	<u>72,881,532</u>	<u>63,887,796</u>
<u>Bank Balance</u>		
Kalpitiya Fuel A/C	443,279	(852,366)
Kalpitiya Collection A/C	55,589	42,422
Diyawara A/C 1658	(217,987)	138,082
Head Office A/C 1883	(487,261)	178,688
A/C 1725	(40,651,892)	(15,965,052)
A/C 1446	615,615	(1,293,214)
A/C 1236	(3,428,326)	(4,406,765)
Bank A/C 1931	(1,476,660)	(618,204)
Tangalle Fuel A/C	1,294,583	4,342,361
Medical Loan A/C	2,496	184,502
Tangalle Collection A/C	167,619	53,353
Beruwala - Fuel A/C	312,562	(3,539,252)
Beruwala - Collection A/C	302,015	191,262
Beruwala Bank A/C - Shanaseela	1,470	1,470
Bank - Work Shop A/C	8,312	127,649
Mirissa Fuel A/C	(682,471)	2,580,187
Mirissa Collection A/C	16,924	82,312
Kirinda - Fuel A/C	729,606	2,036,846
Kirinda Collection A/C	52,909	104,398
Galle Fuel A/C	2,451,917	1,660,207
Galle Collection A/C	13,507	428,904
Kalmune A/C 1976	12,716	12,716
Negombo Fuel A/C 8354	1,591,909	1,711,798
Negombo Collection A/C	28,520	198,681
Trincomallee Fuel A/C	418,189	5,281,454
Trincomalle Collection A/C	200,819	114,598
Kudawella Fuel A/C	(7,452,746)	(6,973,842)
Kudawella Collection A/C	5,985,450	5,984,710
Hikkaduwa Bank Fuel A/C	2,376,510	856,615
Hikkaduwa Collection A/C	116,111	76,392
Bank A/C H/O 4461	(980)	741,418
Puranawella Fuel A/C	(84,099)	(2,600,701)
Puranawella Collection A/C	294,917	237,583
Mutwal RFCA No 1450931 (\$) (\$ 4749.81*Rs 129.44)	614,815	824,138
Mutwal Collection A/C	183,586	237,362
Wellamankara	(29,737)	(29,737)
Bank Account Beliatta	(8,371)	(8,371)
Devivimanawatta A/C	(186,641)	(186,641)
Panadura Collection A/C	28,145	16,676
Panadura Fuel A/C	363,568	913,169
Hambanthota Fuel A/C	843,512	546,370
Hambanthota Collection A/C	20,073	82,419

Dodanduwa Fuel A/C	1,122,360	1,460,686
Ambalangoda Fuel A/C	4,652,416	1,100,133
Mirissa	73,868	73,868
Dodanduwa Collection A/C	157,294	96,647
Bank A/C Canteen	-	-
Chilaw Collection A/C	1	3,014
Walchchane Collection A/C	78,661	227,816
Walchchane Fuel A/C	428,271	516,664
Ambalangoda Collection A/C	95,295	75,537
Nilwala Fuel A/C	(16,907)	3,527,463
Nilwala Collection A/C	161,600	172,310
Suduwella Fuel A/C	2,500	-
Suduwella Collection A/C	136,329	
Bank A/C Dikkowita Fuel	4,038,371	15,000
Bank A/C Dikkowita Collection	422,323	15,000
	(23,807,545)	798,734
<u>Cash In Hand</u>		
Petty Cash	512,076	512,076
Cash In Hand	240,137	240,137
Cash In Hand Beruwala (Fuel & Collection)	3,605,689	4,891,995
Cash In Hand Galle (Fuel & Collection)	960,776	1,891,495
Cash In Hand Mirissa (Fuel & Collection)	2,262,312	505,141
Cash In Hand Puranawella (Fuel & Collection)	6,789,648	5,470,141
Cash In Hand Tangalle (Fuel & Collection)	458,363	715,793
Cash In Hand Kirinda (Fuel & Collection)	1,301,636	673,176
Cash In Hand Codbay (Fuel & Collection)	2,039,074	895,552
Cash In Hand Dodanduwa (Fuel & Collection)	168,127	179,372
Cash In Hand Hikkaduwa (Fuel & Collection)	206,546	743,940
Cash In Hand Kalpitiya (Fuel & Collection)	476,816	1,094,673
Cash In Hand Kudawella (Fuel & Collection)	55,823	2,063,795
Cash In Hand Panadura (Fuel & Collection)	447,233	524,808
Cash In Hand Negombo (Fuel & Collection)	1,421,912	577,360
Cash In Hand Ambalangoda (Fuel & Collection)	916,086	2,310,023
Cash In Hand Hambantota (Fuel & Collection)	57,652	484,911
Cash In Hand Walachchane (Fuel & Collection)	212,054	348,960
Cash In Hand Dikkowita (Fuel & Collection)	790,100	
Cash In Hand Nilwella (Fuel & Collection)	873,578	54,625
P/C Imprest-Puranawella	35,790	169
P/C Imprest- Beruwala	12,810	-
P/C Imprest- Galle	38,138	-
P/C Imprest- Tangalle	19,971	-
P/C Imprest- Kirinda	157	-
P/C Imprest- Trincomalle	14	-
P/C Imprest- Dodanduwa	8,026	-
P/C Imprest- Hikkaduwa	15,365	-

P/C Imprest- Mutuwal	4,175	-
P/C Imprest- Negambo	2,363	-
P/C Imprest- Ambalangoda	16,935	-
P/C Imprest- Panadura	19,775	-
P/C Imprest- Nilwella	12,566	
P/C Imprest-H/O	23,571	
P/C Imprest- Dikkowita	5,892	684
P/C Imprest-Mirissa	30,749	890
P/C Imprest-Kudawella	0	2,570
P/C Imprest-Hambantota	23,745	20,473
P/C Imprest-Weligouwa	9,106	14,879
P/C Imprest-Ruhunuputha		13,259
P/C Imprest- Chilaw	8,741	
P/C Imprest- Salapura kiduri	39,240	
P/C Imprest- Nildiyawara	6,374	9,570
P/C Imprest-Tadano Crane	1,420	12,000
P/C Imprest-Beruwala Workshop	11,933	385
Victualling Imprest- Nildiyawara	14,600	
Victualling Imprest- Salapurakiduri	11,250	
Victualling Imprest- Ruhunuputha	6,500	
Victualling Imprest-Weligouwa	50,000.00	17,600
	24,224,842	24,270,452
	381,657,686	348,255,702

Note 04

	2013	2012
	LKR	LKR
<u>Capital Grant from Treasury</u>		
Grant - Capital	1,172,594,290	1,152,035,460
Less -Capital Grant Amortization	(166,005,067) -	
	1,006,589,223	1,152,035,460

Note 05

	2013	2012
	LKR	LKR
<u>Capital Reserves</u>		
Assets Transferred from Ministry	136,787,573.00	136,787,573
Grant from Ministry	292,788,605.68	209,972,820
Foreign Grants	139,337,507.00	139,337,507
Fixed Assets Revaluation Reserve		2,686,972,668
Provision For Devastated Assets	945,559,937.04	945,559,937
ADB Receipts	838,173,605.74	838,173,606
ADB Grants	7,862,322.69	7,862,323
Other Grants	131,441,801.00	131,441,801
	5,178,924,020	5,096,108,234

Note 06

	2013	2012
	LKR	LKR
<u>Finance Leases</u>		
<u>Finance Leases Payable within one Year</u>		
Rexton Xdi 7 Motor Jeep	2,415,479	2,854,657
Bluebird Car	1,655,914	1,655,914
Mazda Car	1,629,984	1,765,816
Total Liability	<u>5,701,377</u>	<u>6,276,387</u>

Finance Leases Payable after one Year

Rexton Xdi 7 Motor Jeep	2,439,460	4,037,223
Bluebird Car	878,599	1,941,250
Mazda Car	1,946,290	2,778,842
Total Liability	<u>5,264,349</u>	<u>8,757,315</u>

Note 07

	2013	2012
	LKR	LKR
<u>Gratuity</u>		
Provision For Gratuity - Beging	110,500,139	89,874,467
Provision For Gratuity For the Year	27,234,547	22,194,716
	<u>137,734,686</u>	<u>112,069,183</u>
Payment For Gratuity	6,886,916	1,569,044
Gratuity 31St December	<u>130,847,770</u>	<u>110,500,139</u>

Note 08

	2013	2012
	LKR	LKR
<u>Current Liabilities</u>		
Creditors	279,620,423	250,279,469
Accrued Expenditure	33,117,236.84	29,364,439
	<u>312,737,660</u>	<u>279,643,908</u>

Note 09

	2013	2012
	LKR	LKR
<u>Operational Result</u>		
Rent Income H/O		18,000.00
Rent Income - Weligouwa	6,653,571.00	1,800,000.00
Interest Income	43,756.00	661,872.00
Non Refundabale Tender Deposits	139,500.00	304,500.00
Operational Profit /Loss Harbours	71,470,737.00	44,767,038.00
Income From Security Operation (Ministry & NARA)	13,024,662.00	12,887,784.00
NAQDA Security Project Income		4,408,740.00
CCD Security Project Income	1,008,000.00	2,221,100.00

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Fine & Surcharges	85,345	16,065
Suppliers Registration Fees	114,000	259,250
Dredging Income	34,819,490	72,906,521
Work Shop Result - Beruwala (Loss)	(11,262,259)	(11,586,400)
Other Income	177,065,860	7,750,049
	293,162,663	136,414,518

Note 10

	2013	2012
	LKR	LKR
<u>Personal</u>		
Salaries, Wages & Allowance (Head Office)	178,136,708	168,647,164
E.P.F.15%	13,721,263	11,228,513
E.T.F.3%	2,762,728	2,508,205
E.P.F Surcharge	410,098 -	
	195,030,798	182,383,881

Note 11

	2013	2012
	LKR	LKR
<u>Establishment Charges</u>		
Rent Rates & Taxes	90,032	523,026
Electricity	9,081,426	7,316,621
Water	1,602,085	1,754,646
	10,773,544	9,594,293

Note 12

	2013	2012
	LKR	LKR
<u>Administration Charges</u>		
Office Upkeep Maintenance	2,926,345	1,712,998
Directors Emoluments	287,000	304,000
Travelling & Subsistences	5,116,928	3,828,419
Printing & Stationery	2,940,123	3,159,483
Telephone	2,662,691	3,001,358
IPVPN Phone Charges	492,379	953,407
Postage, Telegrams, Internet & E-Mail	456,921	584,383
Newspapers & Periodicals	233,618	215,201
Transport	1,927,230	1,117,609
Entertainments	961,116	798,508
Advertising, Publicity & Exhibition	1,463,458	2,544,973
Welfare & Medical Expenses	1,716,428	2,649,687
Fuel for Vehicles	14,935,721	13,642,338
Fuel for Heavy Machineries	528,848	129,984
Investigating Expenses		30,555
Water Connection Charges	-	269,663
Legal Fees	1,943,406	1,608,205

Security Expenses		6,400.00
Donations	170,869.00	436,270.00
Consultancy Fees		29,655.00
Uniform For Employees	1,399,260.00	2,850,517.00
Professional Fees	230,046.00	555,953.00
Training Expenses	668,020.00	886,283.00
Foreign Travel	549,360.00	446,785.00
Survay Expenses	51,802.00	98,231.00
Workshop Expenses	34,781.00	270,176.00
Licence & Insurance		
-Heavy Vehicles	1,170,350.00	958,277.00
-Light Vehicales	114,592.00	135,916.00
-Dredgers	425,315.00	215,093.00
- Sand	223,700.00	800.00
- Radio	3,571.00	
-Cash	1,198,995.00	1,147,596.00
Opening Ceremony	18,025.00	97,827.00
Workmen Compensation	104,085.00	95,085.00
Vehicls Hiring Charges	606,531.00	693,153.00
Miscellaneous	214,365.00	31,629.00
Prvision For Gratuity	27,234,547.00	22,194,716.00
Depreciation	173,225,325.00	164,998,596.00
Bad - Debtors	1,683,023.00	4,387,539.00
Translation Fees	-	27,500.00
Audit Fees		386,400.00
Kitchen Utencil	4,500.00	18,682.00
Project Salaries (CCD,NAQDA)	602,640.00	5,215,943.00
Sundry Expenses	44,721.00	93,185.00
Sahanasala Expenses	2,336.00	13,318.00
Whale Watching Expenses	294,745.00	2,511,672.00
Dirisaviya Social Facilities Expenses	-	268,000.00
	248,867,716.00	245,621,969.00

Note 13

	2013	2012
	LKR	LKR
<u>Repair & Maintenance</u>		
Building	404,245	1,660,230
Moter Vehicle	6,996,221	7,426,592
Equipments	1,497,279	3,119,694
Dredgers & Boats	20,423,470	36,940,385
Machinery	614,083	1,037,505
	29,935,298	50,184,405

Note 14

	2013	2012
	LKR	LKR
<u>Financial Charges</u>		
Bank Charges	349,330	807,127
Bank Commission	917,622	920,253
Interest Expenses	7,808,262	3,672,078
Irrecoverable Tax	748,264	555,796
Debit Tax	27,622	-
Other Taxes (NBT , ESC,VAT)	3,628,437	10,139,118
Exchange Loss or Gain	28,312	142,270
	<u>13,507,848</u>	<u>16,236,642</u>

Note 15**Prior Year Adjustment**

Correction of Depreciation for Building	(356,268)
Correction of Depreciation for Building	17,379
Correction of Depreciation for Dredger	<u>100,000</u>
	<u>(238,889)</u>

09. Audit and Management Committee Meeting


Members of Audit and Management Committee Meeting- 2013

01. Mrs. Darshana Senanayake	Director Treasury Representative
02. Mr. K.D. Nandasena	Director CFHC
03. Mr . W. A.A.D.P.Amaradiwakara	Director CFHC
04. Mr. K.K. Jayakodi	Superintendent of Audit - Auditor General Department
05. Mr .G . G. P. Abeysekara	General Manager CFHC
06. Mrs. Samantha Perera	Finance Manager CFHC
07. Mr. P. S. Dissanayake	Internal Auditor CFHC
08. Mr.H.M.A.C. Bandara	Audit Officer

Number of Audit & Management Committee Meeting held in year 2013

22 rd	February	2013
10 th	April	2013
16 th	May	2013
23 th	October	2013
02 th	December	2013


10. Auditor-General's Report



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கணக்காய்வாளர் தலைமை அறிபதி திணைக்களம்

AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය எனது இல. } LP/B/CFHC/1/13/17 My No.	ඔබේ අංකය உமது இல. } Your No.	දිනය திகதி } 2015 අගෝස්තු 27 දින Date
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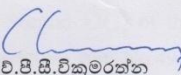
සහාපති,
ලංකා ධීවර වරාය නීතිගත සංස්ථාව.



ලංකා ධීවර වරාය නීතිගත සංස්ථාවේ 2013 දෙසැම්බර් 31 දිනෙන් අවසන් වර්ෂය සඳහා වූ මූල්‍ය ප්‍රකාශන පිළිබඳව 1971 අංක 38 දරන මුදල් පනතේ 14(2) (සී) වගන්තිය ප්‍රකාර විගණකාධිපති වාර්තාව


මාගේ සමාංක හා 2015 ජූනි 19 දිනැති ලිපියට යොමුවේ.

02. ඉහත සඳහන් ලිපිය සමඟ එවන ලද මාගේ වාර්තාවේ ඉංග්‍රීසි අනුවාදය මේ සමඟ එවා ඇත.



ධනලිච්චි.පී.සී.වික්‍රමරත්න
විගණකාධිපති (වැඩබලන)

පිටපත්: 1. ලේකම් - ධීවර හා ජලජ සම්පත් සංවර්ධන අමාත්‍යාංශය
 2. ලේකම් - මුදල් අමාත්‍යාංශය



G.H.

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

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විගණකාධිපති දෙපාර්තමේන්තුව
கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல.
My No. }

LP/B/CFHC/1/13/17

ඔබේ අංකය
உமது இல.
Your No. }

දිනය
திகதி
Date }

19 June 2015

The Chairman
Ceylon Fisheries Harbours Corporation

Report of the Auditor General on the Financial Statements of the Ceylon Fisheries Harbours Corporation for the year ended 31 December 2013 in term of section 14(2)(c) of the Act, No.39 of 1971

The audit of financial statements of the Ceylon Fisheries Harbours Corporation for the year ended 31 December 2013 comprising the statement of financial position as at 31 December 2013 and the statement of comprehensive income, 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 2 of the State Industrial Corporations Act, No.49 of 1957. My comments and observations which I consider should be published with the Annual Report of the Corporation 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 in Finance Act was furnished to the Chairman of the Corporation on 23 March 2015.

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 of 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 Corporation'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 Corporation'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. Subsections (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 Adverse Opinion

Had the matters described in paragraph 2.2 of this report been adjusted, many elements in the accompanying financial statements would have been materially affected.





2. Financial Statements

2.1 Adverse Opinion

In my opinion, because of the matters described in paragraph 2.2 of this report, the financial statements do not give a true and fair view of the financial position of the Ceylon Fisheries Harbours Corporation as at 31 December 2013 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 Accounting Policies

The following observations are made

- (a) When the manner of action to be taken on a specific accounting activity is not covered by the accounting system adopted for the preparation of financial statements, in such instances, action should be taken according to the Best Practice and an accounting policy should be prepared by stating the position and follow such policy. Nevertheless, the Corporation had not taken action accordingly in accounting for Government grants.
- (b) Even though a provision of Rs.6, 070,562 as doubtful debts had been made in the year under review, the policy on making provision for doubtful debts had not been disclosed in the financial statements.

2.2.2 Accounting Deficiencies

The following observations are made.

- (a) The provision made for gratuity in the year under review had been understated by a sum of Rs.150, 703 due to an error in computation.





- (b) Action had not been taken even during the year under review for the rectification of the excess computation of depreciation amounting to Rs.641, 277 and shown in the financial statements in the preceding year.
- (c) The depreciation on the grants received in the preceding years as well as the sum of Rs.8,331,362 which should have been adjusted to the deferred income had been adjusted to the income thus overstating the income, for the year by a sum of Rs.164, 998,596.
- (d) The amortization on the assets valued at Rs.3,668,944 received as grants during the year under review had not been brought to account.
- (e) The unidentified sum of Rs.81,769,596 brought forward over a period exceeding 05 years as the balance for write off had been shown under the non-current assets.
- (f) The Bank overdraft of Rs.23,807,545 as at the end of the year under review had been shown as a deduction from current assets instead of being shown separately.
- (g) The unidentified receipts amounting to Rs.2,215,769 existing over a period exceeding 04 years had been shown under the capital and reserves and unidentified liabilities amounting to Rs.1,653,400 had been shown under the non-current liabilities.
- (h) Even though the assets, the fair value of which changes at levels beyond materiality such assets should be revalued once in 03 years or 05 years, the Corporation had not revalued assets costing Rs.4,473,127,854 since the year 2007.

2.2.3 Dormant Accounts

The debit and credit balances of dormant Bank Accounts appearing continuously in the financial statements presented amounting to Rs.15,602,519 and Rs.89,388,044 respectively.





2.2.4 Lack of Evidence for Audit

The Registers, documents and detailed schedules in support of four items of accounts receivable totaling Rs.9,668,104 had not been furnished to audit.

2.3 Accounts Receivable and Payable

The following observations are made.

- (a) Action had not been taken for the recovery of a sum of Rs.7,565,194 receivable in connection with the security services provided by the Corporation to the Ministry of Fisheries and Aquatic Resources.
- (b) Special salary advances amounting to Rs.180, 201 and other advances amounting to Rs.15,155 granted to the staff remained without being recovered over a period exceeding one year.
- (c) The vessel “Weligowwa” belonging to the Corporation had been leased out to a private company on the monthly lease basis with effect from October 2012 and the company concerned had not been paying the lease rent regularly. The arrears of lease rent as at the end of the year under review amounted to Rs.11,977,345.
- (d) Eight items of Creditors, Deposit obtained and Advance Accounts totalling Rs.93,901,599 older than 04 years had been shown under current liabilities without taking action for settlement.
- (e) Even though sum of Rs.2,150,000 and Rs.305,142 had been shown over periods exceeding 04 years receivable from the Ministry and other contractors under current assets and under office debtors respectively action had not been taken for the recovery of the money.



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

Instances of non-compliance with the following laws, rules, regulation and management decision were observed.

Reference to Laws, Rules, Regulation and Management Decisions	Non-compliance
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(a) Employees' Provident Fund Act, No.15 of 1958	Even though the contribution to the Employees Provident Fund should be remitted before the end of the month following the relevant month, a sum of Rs.35,748,941 relating to the year under review had not been remitted to the Fund even by 31 December 2013. Surcharge of Rs.410,098 had been paid in the year under review for the failure remit contributions of the Provident Fund on due dates.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka (i) Financial Regulation 104(3)	As soon as a loss or damage occurs the nature of loss or damage, and the value thereof should be reported to the Auditor General. Nevertheless, such action had not been taken in connection with the losses and damage caused to two motor vehicles by accidents during the year under review.
(ii) Financial Regulation 756	The reports of Board of Survey for the year under review had not been furnished to audit even by 15 March 2015.
(c) Treasury Circular No.1A1/2002/2 of 28 November 2002	Even though a Register of Fixed Assets for Computers, Accessories and Software should be



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maintained such register had not been maintained for computers valued at Rs.5 million.

- (d) Treasury Circular No.842 of 19 December 1978 of A Register of Fixed Assets had not been maintained for the assets of the Corporation valued at Rs.4, 468 million.
- (e) Public Finance Circular No.353(5) of 31 August 2004 of An overpayment exceeding the limits specified for procurement of motor vehicles on hire basis amounting to Rs.380,000 had been made.
- (f) Public Enterprisers Circular No. PED/58(2) of 15 September 2011 of An over payment of Rs.450,000 had been made as allowances for members of the Board of Directors and allowances of the Managing Director.
- (g) Public Enterprisers Circular No. PED/12 of 02 June 2003 of
- (i) Salaries and wages amounting to Rs.7,318,140 had been paid to 17 officers/employees deployed in service without approval.
 - (ii) Sums of Rs.1,202,273 for fuel and Rs.298, 435 for servicing charges had been paid in the year under review in respect of motor vehicles belonging to the Ministry of Fisheries and Aquatic Resources.
- (h) Public Administration Circular No.01/2002 of 25 February 2002 of Even though the State Emblem should be printed on all motor vehicles owned by the Corporation, State Emblem had not been painted on the motor vehicles of the Corporation.





- (i) Public Administration Circular No.06/97 of 03 February 1997
- The Corporation had paid acting allowance amounting to Rs.263,011 to 15 officers contrary to the provisions in the circular.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operations of the Corporation for the year ended 31 December 2013 had resulted in a deficit of Rs.41, 511,370 as compared with the corresponding deficit of Rs.258,826,672 for the preceding year. The financial results for the year under review as compared with the preceding year indicated an improvement of Rs.217,315,302. The increase of operating income and the increase of capital grants for recurrent expenditure and the decrease of repair costs and finance costs had been the main reasons for the improvement.

4. Operating Review

4.1 Performance

The following observations are made.

- (a) Out of the 20 Fisheries Harbours belonging to the Corporation, 09 Fisheries Harbours had been sustaining losses ranging from Rs.4 million to Rs.11 million.
- (b) The operating losses of two Fisheries Harbours, as compared with the preceding year had decreased by 32 per cent and 43 per cent.

4.2 Management Inefficiencies

The following observations are made.

- (a) A sum of Rs.1,943,406 had been paid during in year under review as legal expenses to outside parties despite the Corporation having 03 Legal Officers and one Legal Consultant.



- (b) Prepaid advances amounting to Rs.46,378,763 granted over a period exceeding 5 years by the Supply Division for purchase of goods had not been settled even by the end of the year under review.
- (c) Debit balances amounting to Rs.88,055 and credit balances amounting to Rs.224,749 had remained without any change in 08 Bank Accounts over a period exceeding one year. The Corporation had not taken action to close down those accounts which were dormant by the end of the year under review.
- (d) The final concurrence had not been reached even up to 30 April 2015 in connection with possibility of recovery of the Value Added Tax amounting to Rs.10,434,780 paid direct to the Department of Inland Revenue by a contractor.
- (e) Value Added Tax Payable and Receivable amounting to Rs.67,976,923 and Rs.36,535,669 respectively existed over a period exceeding four years and action had not been taken for the settlement of the amount.
- (f) The reserves amounting to Rs.82,815,786 which should have been adjusted in the financial statement had been adjusted under the investment activities in the cash flow statement and as such the cash generated from investment activities had been overstated by that amount in the financial statements.

4.3 Transactions of Contentious Nature

The following observations are made.

- (a) A person had been recruited in the year under review to the post of Co-coordinator of the Foreign and Local Project on Viewing of Whales and Dolphins contrary to the Scheme of Recruitment of the Corporation.
- (b) An examination of the premises from which invoices and bid documents had been issued by the institution which was awarded the bid for the supply of



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beacon lamps valued at Rs.2,611,128 had furnished bids under two addresses and that such an institution did not exist in the said premises which was a private house.

- (c) An overpayment of Rs.26,000 had been made as allowances to a Senior Investigating Officer during the year under review through the fraudulent alteration of two letter of same number and date signed by the Chairman.
- (d) Even though an officer receiving his first appointment to a post should be placed on the initial salary of the salary scale attached to such post, contrary to that requirement, five officers had been placed on different salary steps during the probationary period.
- (e) Even though a sum of Rs.1,691,215 had been paid as an advance to a private company in the year 2007 for the supply, transport and installation of 06 fuel tanks to Fisheries Harbours, the Corporation had not received those fuel tanks even by 20 March 2015. The payment made had become a fruitless expenditure and action had not been taken for the recovery of the money from the party concerned.

4.4 Idle and Underutilised Assets

The following observations are made.

- (a) A sum of Rs.13,455,059 had been spent in the year 2007 for the installation of an internal telephone system and in addition to that a sum of Rs.11, 566,705 had been paid up to the end of the year under review to a private company as monthly charges. Nevertheless, the telephone system of the Harbours is not in working order and as such the cost and other expenditure incurred on that had become a fruitless expenditure.



- (b) Three motor vehicles of assessed value amounting to Rs.3,400,000 remained parked idling in the premises of the Corporation over a period exceeding one year without being used.

4.5 Uneconomic Transaction

The Fisheries Harbour at Chilaw had been constructed at a cost of Rs.224 million received as aid from the Asian Development Bank and the Coastal Resources Management Project. It is not in operation properly due to the unavailability of other infrastructure facilities required. As such that construction and the services of 27 officers/employees attached thereto had been idling.

4.6 Identified Losses

Even though the anchorage charges recoverable from a vessel anchored in the Modera Fisheries Harbour amounted to Rs.10,520,113 a financial loss of Rs.5,675,374 had been caused due to the release of the Vessel when only a sum of Rs.4,844,739 had been paid. A case in this connection is pending in the Colombo Commercial Court.

4.7 Staff Administration

The following observations are made.

- (a) The approved and the actual staff of the Corporation had been 1,015 and 1,258 respectively and as such the excess staff had been 243. The excess staff as compared with the approved staff exceeded 24 per cent.
- (b) The Scheme of Recruitment had not been prepared and forwarded to the National Salaries and Cadre Commission for obtaining approval.



5. Accountability and Good Governance

5.1 Presentation of Financial Statements

In terms of provision in the Public Enterprises Circular No.PED/12 of 02 June 2003, the financial statements should be presented to the Auditor General within 60 days after the close of the year of accounts. Nevertheless, the financial statements for the year under review presented on 23 July 2014 had been withdrawn for amendment on 27 September 2014. The amended financial statements had been presented to the Auditor General only on 20 January 2015.

5.2 Action Plan

The Action Plan for the year under review had not been presented to audit.

5.3 Internal Audit

Even though an Internal Audit Unit is in operation, the post of Chief Internal Auditor remains vacant from 20 November 2013 and only two officers had been attached to the Internal Audit Unit. An adequate area had not been covered by the Internal Audit during the year under review.

5.4 Budgetary Control

Significant variances were observed between the budgeted amounts and the actual amounts, thus indicating that the budget had not been made use of as an effective instrument of management control.

5.5 Unresolved Audit Paragraphs

Replies to 08 audit queries relating to the year of accounts 2013 referred to the Chairman had not been received even by 20 March 2015.





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 in need in respect of the following areas of control.

- (a) Budgetary Control
- (b) Income Control
- (c) Assets Management
- (d) Purchases

W.P.C.Wickramaratne
Acting Auditor General

