

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Colombo Commercial Fertilizer Ltd (“Company”) for the year ended 31 March 2023 comprising the statement of financial position as at 31 March 2023 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 provisions of the National Audit Act No.19 of 2018. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

My opinion is qualified on the matters described in paragraph 1.5 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

As per Section 16(1) of the National Audit Act No.19 of 2018, the Company is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Company.

1.4 Audit Scope (Auditor's responsibility for the financial statements)

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine as far as possible and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Company, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Company has complied with applicable written law, or other general or special directions issued by the governing body of the Company ;
- Whether the Company has performed according to its powers, functions and duties; and
- Whether the resources of the Company had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observations on the preparation of Financial Statements

1.1.1 Accounting Policy

| Audit Observation | Comments of the Management | Reccommendation |
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| Although the company has deducted Rs.37,384,363 from the debtor balance as provisions for bad debt, debtor age analysis report was not submitted to the audit as shown in accounting note No.3.8 in the financial statements. It was also observed that the same value has been deducted from the debtor balance as provisions for bad debt for many years without conducting age analysis related to the debtor balances. | This error has been corrected. | A debtor age analysis should be done and provisions for bad debts should be identified. |

1.5.2 Accounting Deficiencies

| Audit Observation | Comments of the Management | Reccommendation |
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| (a) Although the value of the fertilizer stock as of the end of the year under review was Rs.29,771,585 according to the stock verification report, Rs.30,472,835 which was the value of the stock account had been stated as the value of the final stock in the preparation of the financial statements. | This issue will be rectified in the next accounting year. | The physical stock verification value should be accounted for as the value of the final stock. |
| (b) The sum of Rs.1,346,652,978 spent for clearance, transportation, loading, and unloading of the 111,077 metric tons of TSP, Urea and MOP fertilizers received under Indian loan facilities and grants during the financial year from the port to Hunupitiya main warehouse and regional warehouses and for the administrative expenses had been deducted from the purchase cost as expenditure reimbursable from the | Action will be taken to correct in the future. | Treasury reimbursements should be properly adjusted in the financial statements. |

treasury. The reduced value had exceeded the sum of the expenses incurred for the purchase of fertilizers under the company's normal operations and the expenses incurred for the fertilizers imported under credit and grant, and as a result, the purchase cost of the year under review had become a credit value of Rs.505,074,049. This is observed to be unusual and the company has failed to provide a plausible explanation as to how the purchase cost became a credit figure.

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| (c) | <p>Due to including Rs.453,863,594 cost of transport charges incurred for the distribution of fertilizer to regional fertilizer warehouses and Agrarian Service Centers, Rs.9,646,304 of loading charges of the head office related to the process of selling and distributing, Rs.339,744 of loading and unloading charges incurred in the regional warehouses, petty cash expenses of Rs.29,850 in regional warehouses and sum of Rs.7,122,689 for employee salaries, employee provident and trust fund contributions, overtime allowances, 1/20 allowances, incentives, bonuses and combine allowances which cannot be considered as cost of sales in calculating the cost of sales related to the year under review, the operating profit had been decreased by Rs.471,002,181.</p> | <p>Although this expense may appear to be included under selling and distribution expenses, in reality, this expense is not incurred for any sale or distribution purpose of the company. This expenditure is an expenditure incurred for loading and unloading charges of fertilizers brought in through credits and grants in the previous year. That cost should be reimbursed by the treasury to our company. Therefore, we are of the opinion that this expenditure is not included under the cost of selling and distribution.</p> | <p>Expenses should be classified in such a way that accurate information is disclosed in the financial statements.</p> |
| (d) | <p>Transactions worth Rs.19,371,441 related to 39 Goods Received Notes were accounted in the stock account No. 2000 and then debited to local and foreign trade creditor accounts through journal entry No. J/MAY/0028. Nevertheless the reasons for removing the items had not been presented with the journal entries.</p> | <p>A journal entry used to correct errors. The details regarding that value have been presented.</p> | <p>Supporting documents should be submitted along with journal vouchers while posting journal entries.</p> |

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| (e) | Although a payment of Rs.253,301,126 was made to the supplier for the import of 100,224 bottles of Nano-nitrogen liquid fertilizer at USD 12.45 per bottle on 18 October 2021, later the price of a bottle was reduced to USD10 and although the supplier had agreed to offset the overpaid amount of Rs.49,846,406, the company had not taken actions to offset the amount as of the audit date and it had not been disclosed in the final accounts. | Relevant amount has arisen due to a subsequent price revision through a Cabinet paper and since the financial provision for this was provided by the Treasury, the Treasury has also been informed regarding the recovery of the overpaid amount. As the financial provision for the free distribution of this stock has been given by the Treasury, the stock valuation has not been done and there is no possibility of specifying the amount due from the supplier. | Appropriate actions should be taken to recover the overpaid amount to the supplier. |
| (f) | Even on 30 September 2023, it was observed during the audit that there are undistributed 1,809 of 500 ml bottles of Nano Nitrogen liquid fertilizer worth Rs.3,672,270 in the warehouses of this company and 701 bottles of liquid fertilizers worth Rs.1,423,030 in the warehouses of Ceylon Fertilizer Company Limited and all those fertilizers are scheduled to expire by December 2023. The quantity of damaged and leaked bottles during the import of liquid fertilizers is 11 and the shortage caused during import is 7 bottles. Its value was Rs.36,540. | Our company has not received a written permission or a distribution plan from the Ministry of Agriculture for the distribution of the relevant liquid nitrogen fertilizers. Necessary arrangements will be made as soon as the plan is received. | Fertilizer stock should be distributed before expiry. |
| (g) | Due to the fact that the opening balances of the ledger accounts prepared by the computerized accounting system were not automatically generated, differences were observed between the balances of the trial balance obtained through the system and the balances included in the financial statements. | This problem has now been rectified. | Enterprise Resource Planning software system (ERP) should be fully utilized. |
| (h) | As per Cabinet Decision No.CP/22/0077/323/003 dated 01 February 2022, discussions and necessary activities are underway to merge Ceylon Fertilizer Company Limited and Colombo Commercial Fertilizer Company Limited into a | It willing to inform that necessary further action will be taken in this regard. | The decision to merge companies should be disclosed in the financial statements by means of an accounting note. |

single company and accordingly, it is observed that the going concern of the Colombo Commercial Fertilizer Company is uncertain and no disclosure was made in the accounting notes or in the financial statements regarding the decision to merge the companies.

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| (i) | Packing bags worth Rs.15,904,111 included in the financial statements as on 31 March 2023 had not been physically verified and included in the annual stock verification report. | Arrangements have been made to carry out a physical verification of the stock of packing materials, and this problem will not occur in the future. | Stocks should be verified and entered in the report. |
| (j) | Due to weaknesses in keeping accounts receivable of the company, Rs.5,029,353 received on the last day of the year under review including Rs.942,719 received as direct deposits to the bank account had not been identified and accounted for. Accordingly, due to the fact that the unrecognized receipts were not recognized and credited to the respective accounts, the trade debtor balance had been over-calculated. | Although the company has taken all possible actions to identify direct deposits to bank accounts, this problem has arisen due to a third party acting contrary to those instructions. All identifiable balances have been credited to accounts from respective customers. | Direct deposit should be identified and accounted for. |
| (k) | The individual debtor schedule for the trade debtor balance of Rs.1,053,306,348 included in the statement of financial position of the year under review had not been submitted for audit. | Although the balance confirmation letters have been addressed to the respective debtors, no replies have been received. | Arrangements should be made to present the necessary evidence. |
| (l) | The balance confirmation letters and documents had not been submitted to the audit regarding the customer deposits and over receipts balance of Rs.178,913,393 included in the financial statements. The amount of Rs.169,958,034 received from the Department of Agrarian Services Development in that balance had been included in the customer deposit and over receipts account instead of being deducted from the receivable balances by identifying the respective Agrarian Service Centres. As a result, it was observed during the audit that the debtor balance as at the last date was incorrect. | There has been a delay in receiving the relevant information from the Department of Agrarian Development. The relevant problem will be resolved after receiving the information. | Correct debtor balances should be identified. |

- (m) The subsidy value of Rs.2,112,468,040 related to 55,809 metric tons of fertilizer held by the company as of 29 February 2016 due to the change in the subsidy policy to the method of giving money to farmers by ending the release of subsidized fertilizers in 2016 had been accounted as a value to be paid without remittance to the Treasury and Rs.1,009,667,181 had been incurred as interest expenses for short term loans and stamp and stationery charges for the company. Although the audit report of the previous year had recommended that the relevant amount be remitted to the Treasury, the company had disclosed the payable amount to the Treasury as Rs.1,102,800,859 under current liabilities in the financial statements without implementing those recommendations.
- The amount indicated by this problem is not a subsidy amount and an additional income earned from the sale of fertilizer at Rs.2,500 in the open market situation of 2016, which would have been sold as subsidized fertilizer at Rs.350. It is essential to use the above amount as working capital to maintain the company's activities in the current open market situation, and it has to be given to the bank as collateral for opening letters of credit by maintaining the amount as fixed deposit. An agreement has been given in the discussions held with the Treasury to retain this amount with the institution itself, and action will be taken to obtain that agreement in writing.
- Arrangements should be made to settle remittances to the treasury.
- (n) Only Rs.1,582,713,863 of the amount of Rs.2,416,052,756 received from the sale of 28,100 metric tons of fertilizer by the Agrarian Service Centres which had been received through the Indian credit line during the year under review had been remitted to the Treasury and an amount of Rs.833,338,893 had been still retained idle in the bank accounts of the company by the last date of the year.
- The Department of Agrarian Services collects the money for the fertilizers issued for paddy from the fertilizers obtained on the basis of Indian loans, and the same remittance to the Treasury is also done by the Department. The company collects money for fertilizers issued for paddy and maize and remits them to the Treasury. From the money collected in this way, all other money except the money for operating expenses have been remitted to the General Treasury on the concurrence of the General Treasury, and after the operating expenses up to the import and distribution of the company have been given by the General Treasury, the remaining income also expected to be remitted to the Treasury.
- The values to be remitted to the Treasury should be ascertained and settled.

- (o) Due the Wattala Hunupitiya land where the head office of the company is located, which has not been legally assigned to the company was valued at Rs.90,000,000 and included in the non-current assets, the non-current assets had been over-calculated by that amount.
- It is inform that our company has been using this land for a long time, and the necessary legal work to get the right of the land is still being done.
- Only assets that have a legal title should be included in the financial statements.
- (p) Only the value of Rs.3,894,518, which was accounted for in Rs.4,979,818 cost of software system was removed from the capital in working progress account on 01 September 2022 and debited to the computers and printers account under the property plant and equipment. Due to the Rs.1,085,300 value which was incurred for it during the year under review was not debited to that account, the non-current assets had been understated by that amount.
- Agree with the observation. Necessary corrections will be made in the future.
- The cost of relevant assets should be accurately identified and accounted for.
- (q) Due to Rs.172,030 paid for arrears of telephone charges for previous year was debited to the telephone charges account in the year under review, the profit of the year under review had been decreased by that amount.
- Agree with the observation. Necessary corrections will be made in the future.
- Income related to the year should be identified.
- (r) The cash inflow under operating activities was understated by Rs.265,889 due to the fact that Rs.40,058,378 was included in the cash flow statement incorrectly instead of the annual depreciation value of Rs.40,324,267 included in the income statements of the year under review. The following observations are made in this regard.
- (i) Although the profit on disposal of non-current assets should be adjusted to the profit before tax in the cash flow statements, the disposal value of Rs.194,329 in the year under review was not adjusted. Accordingly, the operating cash flow was overstated by that amount.
- It is agreed to correct errors occurred in the preparation of the cash flow statements in the future.
- Cash inflows and outflows should be properly identified and accounted.

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| (ii) | The cash flow under investing activities was overstated by Rs.71,560 due to the fact that the actual cash inflow value of Rs.287,340 related to the sale of property plant and equipment has been shown in the cash flow statement as the cost of property plant and equipment of at Rs.358,900 instead of being accounted under investing activities. | It is agreed to correct errors occurred in the preparation of the cash flow statements in the future. | Cash inflows and outflows should be properly identified and accounted. |
| (iii) | The related annual depreciation has been under-accounted by Rs.158,273 due to the fact that the cost of computers and printers of Rs.1,085,300 to be accounted in the asset account has been stated in the working progress account. Accordingly, the profit of the year and non-current assets have been overstated by that amount and cash inflows under operating activities in the cash flow statement has been understated by that amount. | It is agreed to correct errors occurred in the preparation of the cash flow statements in the future. | Annual depreciation should be recognized properly. |
| (s) | Compared to the sales of the company of the previous 04 year, the cost of sales was between 73 percent and 89 percent, however, in the year under review, the percentage was 14 percent. | This is a presentation error in the financial statements. The value of the cost of sales has been reduced due to deduction of the administrative and transportation expenses incurred by the company to be reimbursed by the Treasury to the company from the cost of sales. However, from the next year, the expenses to be received from the Treasury are proposed to be included in the financial statements as income of the company and it will be dealt with accordingly in the future. | Accurate information should be presented in the financial statements. |

1.5.3 Unauthorized Transactions

| Description of unauthorized transaction | Management Comment | Recommendation |
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| (a) An internal control method to obtain formal approval for entering journal entries into the computer system has not been followed. It was further observed that the relevant journal entries were incomplete as the supporting documents related to the journal entries were not submitted along with the journal entries. | It has been appeared that this problem has arisen in some cases. Therefore, it is informed that an internal control system will be adopted to avoid such problems in the future. | Formal approval should be obtained for journal entries. |
| (b) Although only 50 percent of the Dispatch money received annually by the company will be paid subject to the approval of the Board of Directors subject to a maximum amount equal to 03 months' basic salary based on the performance of the employees as per letter No.PED/P/04/24(1) dated 06 April 2021 of the Director General of the Department of Public Enterprises, the company has been made incentive payment based on the sum of basic salary and cost of living allowance of the employees. Accordingly, the amount paid is Rs.16,269,635 and the amount to be paid is Rs.13,949,760 based on the calculation on the basic salary. Accordingly, an amount of Rs.2,319,875 was paid in violation of the terms of the said letter. | It is emphasized that in the letter No. PED/S/CCFI/03/05/(i) of the Director General of Department of Public Public Enterprises has not been mentioned that the payment of incentives should be made on the basis of basic salary and it has been mentioned as the salary. Accordingly, the incentive has been paid based on the gross salary as decided by the Board of Directors. Therefore, it is informed that no conditions of the letted has not been violated. A copy of the letter is provided. | The action should be made as per the circular No.PED/P/04/24(1) dated 06 April 2021 of the Director General of the Department of Public Enterprises. Incentive which over paid should be charged. |
| (c) Although the company should have paid the dividend payables to the Treasury in relation to the previous years in the payment of incentives as per the Public Enterprise Circular No.PED 08/2022 dated 21 December 2022, Incentives has been paid on 07 December 2022 without paying the dividends to be paid due for the years 2019/2020, 2020/2021 and 2021/2022 by the company. | The dividend payment for the years 2021 and 2022 has been delayed due to the delay in holding the Annual General Meetings and by now all the Annual General Meetings for the above years have been held and the dividends have also been remitted to the Treasury. | Action should be made to pay dividend payables to the Treasury as per the Circular No. PED 08/2022 of the Director General of the Department of Public Enterprises. |

1.6 Accounts Receivable and Payable

1.6.1 Receivables

| Audit Observation | Management Comment | Recommendation |
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| <p>The receivable amount on audited date of 22 September 2023 regarding the issuance of fertilizers on credit basis to 15 different private institutions within the period from the date of 29 July 1994 which the date of Colombo Commercial Fertilizer Company was privatized to the date of 20 January 1997 which the date company was taken over by the government was Rs.22,053,338. The relevant documents to prove this credit balance has not been existed the company and due to this the company had been failed to take legal action.</p> | <p>Attention has been focused to this problem and a committee at the ministerial level to carry out the necessary investigation of this balance and further action is expected to be taken based on the recommendations of the said committee.</p> | <p>Action should be made to recover the loan balances.</p> |

1.7 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

| Reference to Laws, Rules, Regulations etc. | Non-compliance | Management Comment | Recommendation |
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| (a) Financial Regulation of the Democratic Socialist Republic of Sri Lanka. | <p>(i) F.R.137 (5) Although it was mentioned that in the case of supplies, they have been examined and correctly taken on charge or otherwise accounted for in terms of the regulations or instructions of Government, An invoice value of Rs.517,641 has been fully paid by the company to the 05 private suppliers as an advance before receiving the goods such as PVC wire, oxygen, tires and diesel transfer pipes etc.</p> | <p>For the maintenance which has to procured of goods on cash basis and for the purchase of other small scale item required, thus, the payment has been made as an advance on cheques issues basis at the time of receipt of goods and there may be a situations where such payments are required depending on the nature of the business of the institute nevertheless arrangements will be made to do so with proper management.</p> | <p>Total amount should not be paid as an advance before receiving the goods.</p> |

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| (ii) F.R. 201 and 371(2) | (i) Although the advance acquired should be settled immediately after the completion of the scheduled tasks, the sum of sub-imprest of Rs.1,460,999 acquired by 13 officials has not been settled immediately after the completing the scheduled tasks. | It is informed that all these advances have been settled. | The advance received should be settled immediately after the completion of the scheduled tasks. |
| | (ii) It was observed that the ad-hoc sub-imprest was given again to the Assistant Administrative Manager of the company in the situation where advances acquired were not settled immediately after the completion of the scheduled tasks. | Disagreed. In here, it was appeared that the advances received by the said officer from time to time during the year have been considered and the settlement of such advances made by him from time to time has not been considered. | Further advances should not be given when the advances acquired have not been settled as per the Financial Regulations. |
| (i) Public Enterprise Circular No.PED 08/2022 dated 21 December 2022. | Although the payment of allowances on leave saved to the employees of the companies should have paid the dividend/tax payable to the treasury in respect of year preceding the year under consideration for such payment, leave allowances of | Disagreed. It is hereby informed that there is a possibility of payment for leave saved by the employees as per the Treasury Circular No. 01/2021. | Action should be taken as per circular instructions |

Rs.4,113,280 totalled for short leave and medical leave saved by the employees of the company and allowances of Rs.1,708,981 totalled for medical leave saved by the executive officers had been paid without paying the dividend payable for the years 2019/2020, 2020/2021 and 2021/2022 by the company.

- (c) Public Enterprise Circular No.03/2021 dated 15 December 2021. Although the payment of bonus in the year 2022 should be paid based on the audited financial statements, the bonus of Rs.1,660,500 has been paid before that although the Report of the Auditor General on the financial statements of the year 2020/2021 had issued on 14 December 2022. It is informed that such payment has not been made on 04 May 2022. It is hereby informed that the bonus was paid by our company under the approval of the Board of Directors as per the provisions of Public Enterprise Circular No. PED 09/2022. Action should be taken as per circular instructions

2. Financial review

2.1 Financial results

The operating result of the year under review amounted to a profit of Rs. 361,195,599 and the corresponding profit in the preceding year amounted to Rs.160,827,729. Therefore, improvement amounting to Rs.200,367,870 of the financial result was observed. The reasons for the improvement are decrease in cost of sales, increase in miscellaneous income and net financial income.

3. Operational review

3.1 Management inefficiencies

| Audit Observation | Management Comment | Recommendation |
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| (a) Fund had been withdrawn from the current account of the Bank of Ceylon on 10 November 2022 to opened the fixed deposit of Rs. 100,000,000. Accordingly it was observed during the | Disagreed. Because by using the amount of Rs.100,000,000 acquired on 10 November 2022 is the percentage of interest owned on the fixed deposit | Fund should be invested on the right decisions. |

audit that 2.5 percent more interest had to be paid than the interest paid for the fixed deposits due to the conversion of the current account into an overdraft balance.

that was started. Accordingly, it is informed that we have received more interest income than the additional interest expense of 2.5 percent for obtaining the amount through bank overdraft. Accordingly, it is informed that the funds of the company have been managed very efficiently and effectively and the approval of the Board of Directors has been received. This issue was presented earlier too, however the necessary answers for that had been given to the audit there as well.

- (b) Although the sum of the start-up costs incurred in the year 2019/2018 for the construction of a warehouse in the Hambantota leased land belonging to Mahaweli Authority is Rs.3,732,901 and as of the year under review, the construction of the warehouse in the said land has not been started or it has not been used for any other productive purpose. Accordingly, it was observed that the said expenditure has become an idle expenditure.
- The planned activities could not be accomplished due to the changes in government policies that occurred from time to time. The plans have been prepared to focus this land for a more productive purpose in the future.
- Resources should be utilized effectively.
- (c) A shortage of 7,508.45 metric tons of subsidized fertilizer in the period from 26 April 2006 to 25 May 2009 in the amount of fertilizer given to the Agricultural Crop Cultivator Organization who acted as an Anuradhapura district stock distributor of the Colombo Commercial Fertilizer Company Limited to be distributed to the Agrarian Service Centres was observed and the loss of Rs.848,003,961 which was the market value of that stock shortage has not been recovered up to now from that organization.
- Disagreed.
- This incident was reported in the year 2009 and all possible legal measures have been taken by the company and it is emphasized that a case is still ongoing in the Anuradhapura High Court and all the information about this has been submitted to the audit several previous occasions and it is remembered that this problem has also been discussed in the Committee on Public Enterprises. Furthermore, it is suggested that such audit queries are inappropriate to be presented without proper investigation and presentation of works that has not been completed, actions taken so far and out of the
- Action should be taken to recover the credit balances.

operation of the organization may have an impact on the organization as well as the economy. Because these matters are also subject to the observations of the International Monetary fund.

4. Accountability and good governance

4.1 Presentation of financial statements

| Reference to Laws, Rules Regulations etc. | Non-compliance | Management Comment | Recommendation |
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| As per the Paragraph No. 6.6 of the Operation manual issued with the Public Enterprise Circular of the Secretary to the Treasury No. 01/2021 dated 16 November 2021 | Although the all public companies were required to prepared and submit the financial statements to the Auditor General within 60 days of the end of the financial year, the financial statements of the financial year 2022/2023 has been submitted to the Auditor General after 126 day of the end of the accounting year. | For the period of up to this 126 day has been affected by reasons beyond our control in addition to the omissions of the company. Efforts will be made to reduce this time in future as per the Public Enterprise Circular. | Action should be taken as per circular instructions |