

THE  
**TEA RESEARCH INSTITUTE**  
OF  
**CEYLON**

**FINANCIAL REPORT**  
for the Year  
**1970**

*Edited by*  
**L. H. FERNANDO, BSc, PhD (Lond)**  
*and*  
**R. L. DE SILVA, BSc (Cey), PhD (Lond), DIC**



Published by  
**THE TEA RESEARCH INSTITUTE OF CEYLON**  
**ST COOMBS, TALAWAKELE, CEYLON**  
1972

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# FINANCIAL REPORT FOR 1970

Satchithananda, Schokman, Wijeratne & Co.,  
Chartered Accountant's

P. O. Box 918,  
Colombo.  
12th October 1971

The Auditor General,  
Audit Office,  
COLOMBO.

Dear Sir,

## Tea Research Institute of Ceylon Audit—Year ended 31st December 1970

We have completed the audit of the accounts of the Institute for the year ended 31st December 1970 and forward herewith thirty sets each of the under-mentioned statements and accounts :

- (1) Balance Sheet
- (2) Income and Expenditure Account
- (3) Estate Working Accounts in respect of :
  - (a) St Coombs Estate
  - (b) St Joachim Estate
- (4) Summary of Fixed Assets
- (5) Summary of Stocks
- (6) Summary of Debtors—staff
- (7) Summary of Debtors and other Debit Balances
- (8) Statement of Deposits
- (9) Summary of Cash in Hand and Balance at Banks
- (10) Summary of Creditors and Provisions
- (11) Schedule of Investments

We report as follows :

### Previous years Audit Report :

(a) *Adjustments* : A profit and loss cannot be one hundred percent accurate but over a period the items of expenditure should be correctly stated. Hence the adjustments should not be made in the Accumulated Fund Account but under the relevant item in the Income and Expenditure Account.

(b) *Additions to Fixed Assets—Expenditure on Replanting* : Expenditure on tea replanting in respect of St Coombs and St Joachim Estates amounting to Rs 28,640 and Rs 19,518 respectively has been capitalised, although we recommended that this should be treated as revenue expenditure. We have made the adjustments in the accounts. However, this expenditure should not be taken into account in ascertaining the cost of production.

The Board should add back this expenditure to the profits of the estates to consider the payment of bonus to the staff from the profits realised.

*Replanting Expenditure* : It appears that it has been the custom of the Institute to Capitalise all replanting expenditure. Replanting expenditure in respect of acres already planted should be distinguished from expenditure incurred in planting jungle land or patna land. Where jungles or patna land is cleared and planted with tea this expenditure should be capitalised, since it adds to the acreage of the Institute. In the case where old tea is up-rooted, and replanted the extent of the area under tea is not increased and as such, it should not be capitalised. Besides it only increases the average value per acre of tea owned by the Institute.

(c) *Re-built tyres and motor spares* : Stock control accounts and stock cards have still not been introduced for the above items as suggested in our last report.

(d) *W. M. Appuhamy—Contractor* : We pointed out in our previous report that the above-named owed to the Institute a sum of Rs. 9,515. Recoveries are being made at 10% from his contract work as and when he does contract work for the Institute. We understand almost all of this has been now recovered.

(e) *Stock at Passara : (Gonakelle)*: Proper stores accommodation has still not been found for the manure stocks at Passara. The manure has been exposed to sun and rain and could not be physically weighed.

(f) *Sub-stations—Passara and Hantane* :

*Registers for the sale of Clonal Cuttings and Green Leaf* : The Registers now introduced are in order but we would suggest that the date of the remittances made to the Head Office should be incorporated therein.

(g) *Holiday Wages—Passara* : As commented in our previous report, this year too, provision has not been made in the accounts for the Holiday Wages and the Checkroll Wages for December 1970.

(h) *Depreciation* : We suggested that the rate of depreciation was inadequate but the same rate has been charged in 1970 too.

(i) *Slow Moving Stocks* : We understand that steps are being taken to dispose of the slow moving stocks as suggested in our last report.

**Financial Review** : We give below a statement of the income and expenditure for the year, compared with the previous year :

	1970	1969
	Rs.	Rs.
Cess Received ...	4,590,026	4,397,599
Estate Working Results ...	49,992 (Loss)	116,841
Other Income ...	371,347	249,116
Total of all Income ...	4,961,373	4,763,556
Expenditure ...	3,917,990	3,451,008
Depreciation ...	779,556	814,884
Total Expenditure ...	4,747,538	4,265,892
Income over Expenditure ...	213,835	497,664

(a) *Cess Income* : This has increased by Rs 192,427 compared with the receipts of 1969.

(b) *Estate Working Results* : The results of the workings of the two estates showed a loss of Rs 49,992 compared with the profit of Rs 116,841 in 1969. The loss may be accounted for by the following :

Tea replanting Expenditure charged to revenue ...	Rs 48,158
Bonus to Estate Staff (1966—1969) ...	Rs 31,856
Income on St Coombs Tea Sales has dropped by ...	Rs 174,357

(c) *Other Income* : The increase of approximately Rs 122,230 include the following :

Replanting Subsidy on Agratenne	...	...	Rs	30,958
Profit on sale of Fixed Assets	...	...	Rs	29,459
Grant from Ministry of Scientific Research	...	...	Rs	12,900
Grant from United States Department of Agriculture	...	...	Rs	36,286
			Rs	<u>109,603</u>

(d) *Expenditure* : The expenditure has increased by approximately Rs 467,000 which could be accounted for partly by the following :

- (1) Increased salaries to staff and arrears of salaries and wages paid ;
- (2) Increase in the revenue expenditure in running the low country station
- (3) Tea replanting expenditure charged to revenue.

(e) *Depreciation* : The decrease of approximately Rs 35,328 is due to the fact that some of the fixed assets have been fully depreciated in the previous year.

**Budget** : We give below a comparative statement of expenditure with the budget for 1970 :

<i>Heading</i>	<i>Voted Rs</i>	<i>Spent Rs</i>	<i>Over- Spent Rs</i>	<i>Under Spent Rs</i>	<i>Reasons</i>
Senior Staff Emoluments	351,550	361,595	10,045	—	{ Over expenditure due to increase of salaries and arrears of salaries paid.
Intermediate Staff Emoluments	202,960	152,101	—	50,849	{ Underspent due to vacancies not been filled.
Junior Staff Emoluments	610,600	629,294	18,694	—	{ Over expenditure due to increase of salaries and arrears of salaries paid.
Minor Staff Emoluments	216,200	255,971	39,771	—	{ Over Expenditure due to increase of salaries and arrears of salaries paid.
Daily paid labour	229,250	227,894	—	1,356	—
Scientific Technical					{ The under expenditure in Research Divisions related

Stores and General Working Expenses	258,700	182,884	—	75,816	} to insufficient foreign exchange for chemicals, glass-ware etc.
Library and Publication	192,500	126,111	—	66,389	
Administration	139,640	136,653	—	2,987	Under spent.
Maintenance of Buildings etc.	80,200	52,539	—	27,661	} Less repairs carried out.
General & Combined Service	286,100	267,863	—	18,237	
Travelling of Staff and Repairs to Vehicles	253,500	232,103	—	21,397	} Waggon Hire credited to this expenditure.
Miscellaneous Emoluments	240,300	215,075	—	25,225	
					} Under spent in allowances.

#### Internal Control :

(a) *Cash Book* : We observed that the present procedure of internal control over receipts and payment is not very satisfactory. We note that one person is in charge of :

- (1) Receipts and payments cash book ;
- (2) Writing of Cheques ;
- (3) Banking ;
- (4) Bank Reconciliation.

We recommend that the writing of cheques and reconciliation of bank accounts be delegated to another person.

(b) *Stock Cards and Job Cards* : There is no internal control in respect of the Stock Ledger Cards and Job Cards handled by one clerk.

(c) *Differences in Physical Verification of Stocks* : The internal audit unit conducted a physical verification of the General Stores as at 31st December 1970 and on reconciliation with the stock ledger cards, the following differences were noted :

(a) Physical excesses in general stocks and amounts over charged in issues	...	...	2,730.14
(b) Goods received and taken to stock ledger cards, but bills not received and accounted for in the general ledger account	...	...	2,674.56
(c) Value of oils taken to stock cards but bills were unpaid	...	...	530.00
(d) Shortages in stocks (oils) and issues undercharged	...	...	1,815.43
(e) Shortages in General Stocks and issues undercharged	...	...	4,565.54

We have made the necessary adjustments in the final accounts, but recommend that the stock ledger cards be brought up to date and the balances reconciled with the General Ledger Accounts.

(d) *Stock Ledger Cards* : The Stock Ledger Cards were not up to date, for instance, none of the 1971 issues were recorded in the cards as at 31st August 1971. We were informed that the reasons for the delay in entering the cards are as follows :

- (1) Duplicates of Stores issue vouchers do not reach the accounts department in time. At times, these vouchers reach the accounts department months after the issues have been made.
- (2) Job Cards, to which stock items are issued do not reach the accounts department regularly. For instance, approximately 300 Job Cards pertaining to the period January to December 1970, have been received by the Accounts Department only in December 1970 and January 1971.
- (3) Stores items issued to Jobs done in the various sections were not recorded in the ledger cards monthly or when they were issued, but only after the completion of the job.

We also observed that reference to issues and receipts were not been given in some of the ledger cards.

Due to the above reasons, it is not possible to compare the stock ledger cards with the Bin Cards at any time during the year.

Co-ordination among the General Stores, Work-Shops and Accounts Department is lacking and must be remedied without delay.

(e) *Hantane—Mid Country Station* :

(1) *Contractors* : We suggest that separate pass books be maintained for contractors and all advances recorded therein to avoid difficulties of recovering advances.

(2) *Lent Labour from Hantane Estate* : We came across differences between the Hantane Estate Memo and the Mid Country Station labour checkrolls, but were informed that these had been adjusted subsequently. There was no evidence as to these adjustments. We suggest the differences should be rectified through the monthly disbursement memos.

(f) *Jobs Carried out in the Work-Shop on account of others* : We think some control over the various jobs done in the work shop for employees and outsiders is necessary as we observed that a car belonging to the work shop foreman has been lying in the work shop for over 11 months but only 32 hours have been charged during this period as mechanics time spent on the work.

(g) *Journal Vouchers* : We suggest that other than the normal journal entries, the Accountant's approval should be obtained for all journal entries passed through the books.

(h) *Designing of Books and Records* :

(1) *Salary Books* : The present salary book involves duplication of work every month, besides the preparation of pass books for individual employees. We recommend that a salary book on the Kalamazoo Systems be introduced to minimise the work.

## FINANCIAL REPORT FOR 1970

(2) *Registers* : In view of the lack of control over the job cards, stock cards, recovery statements etc, we suggest that suitable registers be maintained.

We have discussed this matter with the Accountant and shall be pleased to give further advice, if necessary.

(i) *Legal Expenses* : We noted from the Board Minutes that the Institute had already spent well over Rs 27,000 as counsel's fees on a Labour Tribunal case involving a dismissed employee of the Institute. We understand that the case is still pending and additional payments have to be made in 1971.

(j) *Internal Audit* : We were informed that the Internal Audit unit does not carry out any periodical checks as far as the accounts section is concerned.

There was also no evidence of any action taken on the various reports submitted to the management by the Internal Audit Unit. We trust that with the appointment of the Internal Auditor that the scope and nature of the Internal Audit unit be enlarged to include all aspects of accounting and also the system of internal check and control. It is necessary that copies of all internal audit reports concerning accounts should be made available to the Accountant.

#### Purchase of Fixed Assets :

(a) *Land* : A portion of Ury Group, Passara has been purchased by the Institute from the Nahavilla Estates Co. Ltd., and the Deed of Transfer was executed on the 15th July 1970. The total price paid for the land was Rs 146,370. We give below the details of the land, purchased.

	A	R.	P.
Tea Land	76	2	06
Patna and Scrub	116	2	22
Estate Road	2	2	23
Forest and Waste Land	—	1	25
Gardens etc.	6	0	02
	<u>202</u>	<u>0</u>	<u>38</u>

(b) *Motor Vehicles* : The following motor vehicles have been purchased during the year.

2 Mercedes Benz Mini Buses	...	Rs 111,235
3 Renault 16GL Station Wagons	...	61,095
		<u>Rs 172,330</u>

1 Lorry for St Coombs (under A.D.B. Loan Scheme)	...	...	Rs 30,050
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(c) *Fluid Bed Drier Development Account* :

Spent as at 31.12.69	...	...	87,947
Spent during the year	...	...	144,918
			<u>Rs 232,865</u>

This year's expenditure includes the following payments :

Colombo Commercial Co. Ltd. Heat Exchanger and Accessories	...	...	47,455
Purchase price of the drier (Brought under U.K. Ceylon Loan No. 1 of 1969)	...	...	71,375
Payment for work in connection with the patents on the Fluid Bed Drier	...	...	7,792
			<u>Rs 126,622</u>

**Sale of Fixed Assets :** The following items of fixed assets have been sold during the year and the amounts indicated the profits realised.

Marshall Roller	...	...	3,910
Roll Breaker	...	...	300
Car 4 Sri 4964	...	...	25,250
			<u>Rs 29,460</u>

**Fixed Assets—St Coombs :**

(a) *Purchase of Assets under A.D.B. Loan Scheme :* The purchase of a lorry for Rs 30,050 utilising the loan granted by the bank has neither been shown as liability to the bank nor the cost of the lorry debited to the asset account.

(b) The following expenditure has also been debited to the A.D.B. Loan Account erroneously.

Cost of Trough Withers	...	...	Rs 55,444
Construction of Road	...	...	Rs 11,230
Cost of Rollers	...	...	Rs 31,975
Cost of Roll Breakers	...	...	Rs 14,400

These should have been debited to the respective Fixed Assets Accounts. We have made the necessary adjustments in the final accounts.

**General :**

(a) *Cheques drawn for petty cash :* The dates on cheques drawn for petty cash and the dates of receipts of cash differed considerably as could be seen from the following examples :

<i>Date of Cheque</i>	<i>Date of Cash Received</i>	<i>Amount</i>
2.9.70	7.9.70	5,000
2.9.70	12.9.70	5,000
2.9.70	18.9.70	5,000
31.10.70	5.11.70	5,000
16.12.70	22.12.70	5,000
23.12.70	29.12.70	5,000

It would be preferable if the cheques are drawn on the the date the cash is required and entered in the books immediately. We understand that there are delays in obtaining signatures and that one officer is reluctant to sign cheques. We think another person should be authorised to sign cheques instead.

(b) *Travelling Claims :* We came across travelling claims which should have been submitted within a reasonable period but have been long delayed.

All travelling claims should be submitted and settled at the earliest possible opportunity.

(c) *Loans Outstanding* : Approximately Rs 2,200 in respect of 3 members of the staff have not been recovered during the year. We were informed that their services have been terminated by the Institute and their cases are pending with the Labour Tribunals. These loans should be recovered when their Provident Fund balances are paid.

(d) *Cheque Payments* : We observed that a large number of cheques outstanding at the close of each month and we understand that although the cheques are written on a certain date but were signed as and when the signatories were available at the Institute.

It would be desirable to date the cheques as and when they are signed. Payments by cheques should be made in the beginning of the month as far as convenient and not at the end of the month and at least this will ensure that there are not so many cheques outstanding when the bank reconciliation is done.

(e) **Confirmation of Balances :**

(1) *Staff Loans* : We suggest that confirmation be obtained for the outstanding staff loan balances at the end of each year.

(2) *Creditors : Sundry Suppliers* : Messrs. Walker Sons & Co. Ltd. have confirmed a balance of Rs 66,114/55 as due to them as at 31st December 1970 but as per the Institute's Books the balance was only Rs 24,631/74. We understand that the difference has since been reconciled.

(3) *Security Deposits—Rs 7,000/-* : We have seen the confirmations to these deposits.

(4) *Deposits paid by the Institute—Rs 32,924* : We have not seen the confirmations for the following deposits :

Postmaster, Kandy	...	45
G.A.—Ratnapura	...	150
Shell Co. of Ceylon Ltd.	...	200

Rs 395

(5) *Verification of Assets* : A physical verification of movable assets, i.e. Plant and Machinery, Furniture and Fittings etc., had been carried out by the Internal Audit Unit and we have accepted their certificate for the purpose of our audit.

(6) *Capital Reserve* : This was created some years back by obtaining a revaluation of the Fixed Assets of the Institute. We do not think that the creation of this reserve serves any useful purpose and we suggest that this reserve be written back. Besides, as at present, it creates an additional charge for depreciation each year.

(7) *Petty Cash* : This book should be maintained as the name itself would suggest for petty payments of cash which cannot be made through the cash books. The present cash book does not conform to this. It is more a subsidiary cash book than a petty cash book. At the moment most of the entries in the Petty Cash Book are in respect of the following :

- (1) Salary Advances
- (2) Travelling Claims

- (3) Batta
- (4) Overtime
- (5) Cashing of Cheques.

We have discussed with your Accounting Staff the steps which should be taken to do away with the recording of the entries in the Petty Cash Book in respect of salary advances, travelling claims, batta and overtime. The procedure suggested is as follows :

For each of these payments a date should be fixed so that all claims on account of overtime, batta, travelling and salary advances are received by the Petty Cashier by this date. The respective claims could be agreed and scheduled under the different heads and one cheque be drawn through the main cash book, thus eliminating the entries in the Petty Cash Book. The receiving party could sign the schedules against their names to acknowledge receipt of the monies. In the case of the schedules for salary advances this should be in duplicate. The duplicate copy being sent to the officer who prepares the salary book so that the necessary deductions could be made in respect of the salary advance taken. With the cashing of cheques, We have suggested that a register be maintained giving details of the cheques cashed by the Petty Cashier. When the Petty Cashier's cash is running short he could take these cheques to the Accountant and obtain one cheque of the Institute in reimbursement of the cheques cashed by him. In this way, no entries will be needed in the petty cash book and the petty cashier's balance at any date would be the actual cash in hand plus the cheques he has cashed which would be as per the register maintained by him. In the main cash book the cheques would be entered and would be contract against the one cheque drawn out in reimbursement. Thus it would be seen that the entries in the Petty Cash book could be done away with and the single entry in the Main Cash Book could be balanced by another entry on the credit side, thereby reducing a great deal of work. There are other payments in the petty cash book which could come through the main cash book. We suggest that all cash receipts be banked intact rather than giving it to the Petty Cashier. If this is done it will be possible to operate the Petty Cash on a strict cash imprest basis and also eliminate many of the payments made through the Petty Cashier. We do not think that this recommendation should wait till the commencement of the new accounting year, but could be carried out immediately.

(8) *Journal* : This book is normally used when there is no other book of prime entry and generally speaking the entries in the Journal are very few and far between. The Journal of the Institute is voluminous and does not strictly perform the main functions of a journal. We have discussed with the Accountant and his staff and have agreed that by the maintenance of different registers which could be posted in total at the end of the month almost 9/10ths of the entries made in the journal as at present could be eliminated. We do not think that this recommendation should wait till the commencement of the new accounting year as it could be carried out immediately.

We shall be pleased to furnish you with any further information and/or explanations you may require regarding the accounts.

Yours faithfully,

*Signed—Satchithananda, Schokman, Wijeyeratne & Co.*

AUDIT OFFICE,  
COLOMBO 7,  
March 8th, 1972.

The Chairman,  
Tea Research Board,  
Talawakelle.

**Audit Report and Accounts for the year ended  
December 31, 1970**

The accounts of the Tea Research Board for the year ended December 31, 1970 were audited by Messrs Satchithananda, Schokman, Wijeyeratne & Co., the auditor appointed by the Minister of Agriculture and Food in terms of Section 13(3) of the Tea Research Ordinance (Cap. 438) as amended by the Tea Research (Amendment) Act., No. 57 of 1961. The audited accounts and the auditor's report are attached.

2—My comments in terms of Section 13(6) of the Act appear below :

(i) **Financial Results**

The working of the Board for the year under review resulted in a surplus of Rs 213,835 as compared with a surplus of Rs 497,664 for the previous year. The working results for the two years were arrived at as follows :

	(+ Surplus) (- Deficit)			
(a) <i>Institute</i>	1970	Rs	1969	Rs
	Rs	Rs	Rs	Rs
Income	4,961,373		4,646,714	
Expenditure	4,697,546		4,265,892	
	<hr/>	+ 263,827	<hr/>	+ 380,822
(b) <i>St Coombs Estate</i>				
Income	832,258		1,006,075	
Expenditure	868,294		856,680	
	<hr/>	- 36,036	<hr/>	+ 149,395
(c) <i>St Joachim Estate</i>				
Income	600,726		484,322	
Expenditure	614,682		516,875	
	<hr/>	- 13,956	<hr/>	- 32,553
		<hr/>		<hr/>
		213,835		497,664
		<hr/>		<hr/>

The deficits on working of St Coombs and St Joachim Estates for the year under review had been arrived at after charging bonus paid for the years 1966-69 as shown below :

St Coombs Estate	—	Rs 18,180
St Joachim Estate	—	Rs 13,676

The income of Rs 4,961,373 shown above against the Institute included cess collections amounting to Rs 4,590,026. In the absence of statements from the Principal Collector of Customs showing details of the quantities of tea exported, the auditor was not in a position to ascertain whether all cess collectible had in fact been fully collected.

(ii) **Accumulated Fund—Rs 16,016,706 :**

	This was made up as follows :	Rs.
	Balance on January 1, 1970 ...	15,802,871
<i>Add :</i>	Excess of income over expenditure for the year ...	213,835
		16,016,706

(iii) **General**

Your special attention is also drawn to the comments of the auditor in the following paragraphs of his report :

<i>Page</i>	<i>Subject</i>	<i>Paragraph</i>
2	Replanting expenditure	(b)
2	Re-built tyres and motor spares	(c)
4	Cash books	(a)
4	Difference in physical verification of stocks	(c)
6	Internal audit	(j)
8	Petty cash	7

*Signed*      **P. M. W. Wijayasuriya**  
**AUDITOR GENERAL**

Tea Research Institute of Ceylon,  
St Coombs,  
Talawakele.  
1st April, 1972.

The Auditor General,  
Audit Office,  
Colombo 7.

Dear Sir,

**Audit Report and Accounts  
for the year ended December 31, 1970**

Reference your letter No. T-4/10/10 dated 8th March 1972, on the above subject, I give below the comments of the Tea Research Institute, on the matters raised by you.

**(iii) General**

**Page 2—Replanting expenditure**

The Auditor's recommendations are being followed and expenditure on replanting is being charged to the Estates' working accounts.

**Rebuilt tyres and Motor Spares**

The re-built tyre register and Motor Spares register are being maintained to enter receipts and issues.

**Page 4—Cash Book**

Audit recommendations have already been implemented and two different officers are now being engaged on this work.

**Differences in physical verification of stocks**

The balances in the stock ledger cards were reconciled during the course of the audit with the General Ledger Control Account and the differences accounted for.

**Page 6—Internal Audit**

The former Internal Auditor left the services of the Institute in May 1970 and a new appointment was made in November 1971. Audit recommendations are being carried out.

**Page 8—Petty Cash**

Audit recommendations have been carried out in respect of salary advances and encashment of cheques. Certain practical difficulties would arise in implementing the other audit recommendations. This would be discussed with the Auditors.

Yours faithfully,

*Signed* - S. Pathmanathan  
*Chairman*

Board of the Tea Research Institute of Ceylon

# TEA RESEARCH INSTITUTE OF CEYLON

BALANCE SHEET 31st DECEMBER 1970

1969		1969	
Rs	Rs	Rs	Rs
	<b>ACCUMULATED FUND</b>		<b>FIXED ASSETS</b>
15,802,871	Balance 31.12.69 ... ..	15,802,871	As per Schedule (1) ... ..
	Add: Excess of Income over Expenditure for the year ... ..	213,835	Additions less sales during the year ... ..
		16,016,706	
	<b>CAPITAL RESERVE</b>		21,224,735
4,410,936	Surplus on Revaluation of Assets ... ..	4,410,936	Less: Depreciation written off to 31.12.69 ... ..
			Depreciation written off during the year ... ..
	<b>CREDITORS AND PROVISIONS</b>		3,164,231
402,566	As per Schedule (7) ... ..	702,974	779,556
1,166,665	<b>GOVERNMENT LOAN</b> ... ..	999,998	3,943,787
	<b>ASIAN DEVELOPMENT BANK LOAN SCHEME</b>		
	National & Grindlays Bank Ltd. ... ..	30,050	
			21,960,123
			232,865
			23,431
			256,296
			477,363
			1,750,000
			547,054
			591,798
			212,608
			32,925
			276,284
			1,660,669
Rs 21,783,038		Rs 22,160,664	Rs 21,783,038
			Rs 22,160,664

**REPORT OF THE AUDITORS ON THE ACCOUNTS OF TEA RESEARCH INSTITUTE OF CEYLON.**

We have examined the accounts of the Tea Research Institute of Ceylon for the year ended 31st December 1970 and have obtained all the information and explanations required. In our view, proper books of accounts have been kept by the Institute as far as it appears from our examination of the books. We have examined the above Balance Sheet and the financial statements of accounts and are of the opinion that these have been properly drawn up so as to exhibit a true and fair view respectively of the affairs of the Institute as at 31st December 1970, and of the results of its operation for the year ended 31st December 1970. Observations arising from the audit are contained in our separate Report of even date.

Colombo, 12th October, 1971

SATCHITHANANDA, SCHOKMAN, WIJEYERATNE & CO. } AUDITORS.  
Chartered Accountants.

Signed S. PATHMANATHAN } On behalf of the Board  
C. CHANMUGAM } of the Tea Research  
L. H. FERNANDO } Institute of Ceylon.





TEA RESEARCH INSTITUTE OF CEYLON

FIXED ASSETS SCHEDULE 1970

Name of Account	Cost as at 31.12.69		Additions 1970		Cost as at 13.12.70		Accumulated Depreciation to 31.12.69		Rate	Depreciation 1970		Accumulated Depreciation 1970		Written down Value as at 31.12.70	
	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.		Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
St Coombs Estate Property	1,613,274.95		1,218.71		1,614,493.66										1,614,493.66
St Joachim Estate Property	1,245,761.19		8,614.56		1,254,375.75										1,254,375.75
Water Supply — St Coombs	274,376.15		5,648.83		280,024.98		103,104.45		10%	27,437.62		130,542.07			149,482.91
Water Supply — St Joachim	174,156.36		4,113.67		178,270.03		63,774.85		10%	17,415.64		81,190.49			97,079.54
Laboratories, Administration Block	598,836.41		68.20		598,904.61		53,936.37		2%	11,976.73		65,913.10			532,991.51
Administration — St Coombs	466,000.00				466,000.00		50,500.00		2%	9,320.00		59,820.00			406,180.00
Laboratory & Office — St Joachim	290,045.09		1,899.57		291,944.66		27,404.90		2%	5,800.90		33,205.80			258,738.86
Senior Staff Bungalows — St Coombs	2,353,644.25		12,448.40		2,366,128.65		234,616.89		2%	46,976.91		281,593.80			2,084,534.85
Senior Staff Bungalows — St Joachim	138,921.99				138,921.99		12,859.70		2%	2,778.44		15,638.14			123,283.85
Intermediate Staff Bungalows — St Coombs	721,214.72				721,214.72		72,112.37		2%	14,428.28		86,541.15			634,673.57
Intermediate Staff Bungalows — St Joachim	212,093.65				212,093.65		21,122.01		2%	4,241.86		25,363.87			186,729.78
Junior Staff Bungalows — St Coombs	2,274,086.62				2,274,086.62		204,665.35		2%	45,481.73		250,147.08			2,023,939.54
Junior Staff Bungalows — St Joachim	575,293.20				575,293.20		51,892.38		2%	11,505.86		63,398.24			511,894.96
Miscellaneous Buildings — St Coombs	1,172,293.95		22,711.54		1,195,005.49		102,979.68		2%	23,445.77		126,425.45			1,068,580.04
Miscellaneous Buildings — St Joachim	198,683.23		3,983.95		202,667.18		12,635.60		2%	3,973.63		16,609.23			186,057.95
Sundry Buildings — St Coombs Estate	951,632.67		10,497.58		962,130.25		91,747.97		2%	19,033.10		110,781.07			851,349.18
Sundry Buildings — St Joachim Estate	401,873.23		30,639.87		432,513.10		37,874.42		2%	8,037.34		45,911.76			386,601.34
Norris Memorial Hall	42,263.33		466.59		42,729.92		4,215.78		2%	845.26		5,061.04			37,668.88
Factory — St Coombs Estate	538,774.49		11,230.00		550,004.49		49,604.97		2%	10,775.49		60,380.46			489,624.03
Factory — St Joachim Estate	1,293,454.35				1,293,454.35		126,329.89		2%	25,869.09		152,198.98			1,141,255.37
<b>HANTANE SUB-STATION :</b>															
Laboratory and Office Buildings	36,456.43		3,407.18		39,863.61		3,552.75		2%	729.13		4,281.88			35,581.73
Junior Staff Bungalows	173,525.10				173,525.10		13,535.00		2%	3,467.50		17,002.50			156,522.60
Miscellaneous Buildings	61,933.54				61,933.54		4,477.25		2%	1,238.68		5,715.93			56,217.61
Furniture	36,844.22		675.00		37,519.22		12,830.87		10%	3,684.42		16,515.29			21,003.93
Office Equipment	12,658.00		2,430.00		15,088.00		3,997.35		10%	1,265.80		5,263.15			9,824.85
Laboratory Equipment & Machinery	49,157.62		3,218.03		52,375.65		14,844.14		10%	4,915.76		19,759.90			32,615.75
Water Supply—Hantane	12,205.28				12,205.28		2,489.93		10%	1,220.53		3,710.46			8,494.82
Electrical Installation—Hantane	10,274.72				10,274.72		2,054.94		10%	1,027.47		3,082.41			7,192.31
Property Account, Development	353,662.63		5,215.80		358,878.43										358,878.43
<b>PASSARA SUB-STATION :</b>															
Laboratory and Office Buildings	41,000.00				41,000.00		4,100.00		2%	820.00		4,920.00			36,080.00
Intermediate Staff Bungalows...	60,000.00				60,000.00		6,000.00		2%	1,200.00		7,200.00			52,800.00
Junior Staff Bungalows	57,298.92				57,298.92		5,374.74		2%	1,145.98		6,520.72			50,778.20
Furniture—Passara	27,163.50				27,163.50		8,438.10		10%	2,716.35		11,154.45			16,009.05
Office Equipment	6,601.25				6,601.25		2,202.26		10%	660.13		2,862.39			3,738.86
Laboratory Equipment and Machinery	21,614.69		2,202.00		23,816.69		6,106.40		10%	2,161.46		8,267.86			15,548.83
Water Supply	5,100.30				5,100.30		1,008.06		10%	510.03		1,518.09			3,582.21
Water Supply—Agratenne	10,728.95		7,988.24		18,717.19		1,518.77		10%	1,072.90		2,591.67			16,125.52
Property Account—Development, Agratenne	84,722.34		153,524.40		238,246.74										238,246.74
Junior Staff Bungalow—Agratenne	31,362.41		639.97		32,002.38		627.25		2%	627.25		1,254.50			30,747.88
Property Account (Development) Passara			1,453.31		1,453.31										1,453.31
<b>KOTTAWA SUB-STATION :</b>															
Laboratory and Office Buildings	14,000.00				14,000.00		1,400.00		2%	280.00		1,680.00			12,320.00
Junior Staff Bungalows	73,811.57				73,811.57		5,352.46		2%	1,476.23		6,828.69			66,982.88
Miscellaneous Buildings	91,202.08		16,352.71		107,554.79		7,427.90		2%	1,824.03		9,251.93			98,302.86
Water Supply	14,015.00				14,015.00		3,243.00		10%	1,401.50		4,644.50			9,370.50
Furniture	13,892.00				13,892.00		4,662.25		10%	1,389.20		6,051.45			7,840.55
Office Equipment	635.00				635.00		254.00		10%	63.50		317.50			317.50
Lab Equipment and Machinery	2,995.00				2,995.00		1,198.00		10%	299.50		1,497.50			1,497.50
Property Account	31,519.89		317.67		31,837.56										31,837.56
Furniture — St Coombs	673,643.94		2,907.18		676,551.12		251,075.68		10%	67,364.38		318,440.06			358,111.06
Furniture — St Joachim	186,537.68		6,533.50		193,071.18		62,992.90		10%	18,653.76		81,646.66			111,424.52
Electrical Installation — St Coombs	5,120.08		97.41		5,217.49		524.94		10%	512.01		1,036.95			4,180.54
Telephone — St Coombs	3,653.75		5,439.50		9,093.25		581.00		10%	365.38		946.38			8,146.87
Fixtures—Electricity, Low Country	172,971.70		1,387.16		174,358.86		66,793.68		10%	17,297.17		84,090.85			90,268.01
Fixtures—Telephone, Low Country	8,845.30				8,845.30		3,537.66		10%	884.53		4,422.19			4,422.19
Office Equipment — St Coombs	119,587.67		13,580.00		133,167.67		40,050.69		10%	11,958.77		52,009.46			81,158.21
Office Equipment — St Joachim	20,837.75		2,130.00		22,967.75		7,390.91		10%	2,083.78		9,474.69			13,493.06
Laboratory Equipment and Machinery—St Coombs	1,076,317.98		85,978.87		1,162,296.85		334,641.40		10%	107,631.76		442,273.16			720,023.69
Laboratory Equipment and Machinery—St Joachim	342,912.33		5,178.25		348,090.58		107,123.36		10%	34,291.22		141,414.58			206,676.00
Factory Machinery — St Coombs	203,256.75		99,527.20		302,783.95		72,339.98		10%	19,825.67		92,165.65			210,618.30
Furniture — St Coombs	28,385.00		963.75		29,348.75		10,722.00		10%	2,838.50		13,560.50			15,788.25
Office Equipment — St Coombs	4,145.00		534.60		4,679.60		1,572.50		10%	414.50		1,987.00			2,692.60
Factory Machinery — St Joachim	831,469.85		5,237.82		836,707.67		319,818.79		10%	83,146.97		402,965.76			433,741.91
Furniture — St Joachim	31,538.30		5,260.50		36,798.80		11,502.26		10%	3,153.83		14,656.09			22,142.71
Office Equipment — St Joachim	6,900.57				6,900.57		1,942.94		10%	670.05		2,632.99			4,267.58
Factory Electrification — St Joachim	94,305.00				94,305.00		37,722.00		10%	9,430.50		47,152.50			47,152.50
<b>VEHICLES :</b>															
St Joachim	15,240.00				15,240.00		15,240.00		25%			15,240.00			
St Coombs	414,341.17		159,580.01		573,921.18		318,871.57		25%	48,868.06		367,739.63			206,181.55
St Joachim—Low Country	113,665.22				113,665.22		61,713.89		25%	25,603.81		87,317.70			26,347.52
St Coombs			30,050.00		30,050.00				25%						30,050.00
<b>TOTALS :</b>															
	Rs 21,224,735.31		Rs 735,387.53		Rs 21,960,122.84		Rs 3,164,231.65			Rs 779,555.65		Rs 3,943,787.30			Rs 18,016,335.54

## SCHEDULE II

## TEA RESEARCH INSTITUTE OF CEYLON

## SUMMARY OF STOCKS AS AT 31st DECEMBER, 1970

1969					
95,988	General Stocks ...	...	...	113,102.38	
49,636	Electrical Stocks ...	...	...	48,919.40	
18,707	Stationery Stocks ...	...	...	22,228.17	
9,333	Rebuilt Tyres ...	...	...	7,966.34	
20,371	Motor Spares ...	...	...	31,376.25	
128	Water Filtration plant Chemical Stocks...			534.00	224,126.54
	<b>Tea at Prices since realised :</b>				
213,447	Colombo Sales...	...	...	224,817.32	
95	Local Sales ...	...	...	162.58	224,979.90
	<b>Low Country Station—Ratnapura :</b>				
47,217	General Stocks ...	...	...		30,502.15
	<b>Estate :</b>				
46,533	St Coombs ...	...	...	40,224.79	
31,536	St Joachim ...	...	...	27,220.83	67,445.62
<b>Rs</b>	<b>532,991</b>				<b>Rs 547,054.21</b>

## SCHEDULE III

## SUMMARY OF DEBTORS STAFF AS AT 31st DECEMBER, 1970

672	Kerosene Cooker Account ...	...	...	1,498.50	
42,666	Refrigerator Loan ...	...	...	40,943.27	
37,871	Loan Account ...	...	...	143,809.14	
6,441	Staff Recoveries ...	...	...	7,492.87	193,743.78
	<b>Low Country Station—Ratnapura</b>				
1,109	Recovery Account ...	...	...	913.09	
17,736	Loans ...	...	...	17,450.79	
500	Kottawa Loan Fund ...	...	...	500.00	18,863.88
<b>Rs</b>	<b>106,995</b>				<b>Rs 212,607.66</b>

## TEA RESEARCH INSTITUTE OF CEYLON

SUMMARY OF DEBTORS AND OTHER DEBIT BALANCES AS AT 31st DECEMBER  
1970

1969				
465,227	Principal Collector of Customs	...	289,611.25	
9,133	Other Debtors	... ..	12,913.39	
9,516	W. M. Appuhamy	... ..	7,871.83	
37	R. P. Arnolis Silva	... ..	273.64	
6,669	Advance Account	... ..	2,525.31	
45,014	Goods-in-transit	... ..	42,240.02	
72	Co-operative Society—TRI	... ..	530.68	
53,125	Prepaid Expenses	... ..	43,843.66	
2,479	Crown Agents	... ..	2,591.90	
18,579	Ceylon Association in London	... ..	20,952.02	
1,029	TRI Sports Club	... ..	832.75	
3,816	Scientific Advisory Committee — U.K.	... ..	—	
4,700	Accrued Interest	... ..	4,760.00	
66	Insurance Claims	... ..	1,828.02	
81	Gonakelle Group	... ..	1,863.29	
22	Dues Drs Sanderson & Kerr...	... ..	—	
3	Liyaratchchi...	... ..	—	
1,710	Shipping Claims	... ..	—	
15,723	Hantane Estate	... ..	14,417.42	
—	Mid Country Station	... ..	119.50	
—	Suspence Account	... ..	1,670.58	448,845.26
	<b>Low Country Station—Ratnapura :</b>			
424	Sports Club	... ..	332.49	
4,842	Prepaid Expenses	... ..	750.00	
19,001	Sundry Debtors	... ..	26,947.22	
15,536	Work-in-Progress	... ..	77,032.18	
29	D. M. Jayawardene	... ..	7.38	105,069.27
	<b>Estate Debtors :</b>			
29,658	St Coombs	... ..	21,008.57	
28,500	St Joachim	... ..	16,874.93	37,883.50
<b>Rs</b>	<b>734,991</b>			<b>Rs 591,798.03</b>

## SCHEDULE V

## TEA RESEARCH INSTITUTE OF CEYLON

## DEPOSITS ACCOUNT AS AT 31st DECEMBER 1970

1969			Rs	Cts	Rs	Cts
	Rs	Postmaster General :				
	225	Nuwara Eliya	225.00			
	665	Hatton	665.00			
	45	Kandy	45.00			
	80	Passara	80.00			
	—	Talawakelle	25.00			1,040.00
	500	Ceylon Cold Stores Ltd.	500.00			
	3,958	Ceylon Institute of Scientific & Industrial Research	3,958.03			
	240	Ceylon Oxygen Ltd.	240.00			
	150	Government Agent, Ratnapura	150.00			
	340	Shell Company of Ceylon Limited	200.00			
	500	TRI Co-operative Stores	500.00			
	22,783	Commonwealth Biological Control	22,932.87			
	2,001	Firestone	—			
	431	Low Country Station, Ratnapura	604.00			
	2,000	St Joachim Estate—A. R. M. Raman Chettiar	2,800.00			31,884.90
	<u>Rs</u>	<u>33,918</u>			<u>Rs</u>	<u>32,924.90</u>

**TEA RESEARCH INSTITUTE OF CEYLON**  
**SUMMARY OF CASH IN HAND AND BALANCES AT BANKS**  
**AS AT 31st DECEMBER 1970**

1969		Rs	Cts.	Rs	Cts.
	<b>On Current Account at Banks and in Transit :</b>				
	Tea Research Institute ... ..	183,277.	72		
552,871	Passara Station ... ..	2,514.	09		
11,302	On Transit—Passara Station ... ..				
11,413	Low Country Station, Ratnapura (Over-draft) ... ..			168,658.	53
44,180					
	<b>Petty Cash :</b>				
1,915	Tea Research Institute ... ..	4,886.	83		
86	Passara Station ... ..	1,760.	09		
4,539	Low Country Station, Ratnapura ... ..	3,617.	81		
13	Kottawa ... ..	3,028.	84	13,293.	57
	<b>Postage Stamps :</b>				
64	Tea Research Institute ... ..	82.	05		
19	Passara Station ... ..	3.	80	85.	85
	<b>Postal Franker :</b>				
600	Tea Research Institute ... ..	759.	05		
206	Low Country Station, Ratnapura ... ..	29.	22	788.	27
	<b>Estates Bank and Cash Account :</b>				
	<i>St Coombs :</i>				
53,616	Bank ... ..	30,539.	25		
999	Cash ... ..	158.	15		
9	Stamps ... ..			30,697.	40
	<i>St Joachim :</i>				
21,905	Bank ... ..	59,815.	69		
2,771	Cash ... ..	223.	52		
1	Stamps ... ..	-	80		
55,000	In Transit ... ..			60,040.	01
	<b>Cash Imprest with others :</b>				
570	Drivers ... ..	570.	00		
1,000	Hantane ... ..	2,000.	00		
—	Resident Engineer ... ..	150.	00	2,720.	00
<b>Rs</b>	<b>763,079</b>			<b>Rs</b>	<b>276,283.63</b>

## TEA RESEARCH INSTITUTE OF CEYLON

## SUMMARY OF CREDITORS AS AT 31st DECEMBER 1970

1969		Rs	Cts	Rs	Cts.
	Rs				
84,720	Sundry Suppliers ... ..	105,367	14		
54,202	Provision for Audit Fees & Expenses ... ..	41,000	00		
169	J. E. Cranham/Foster-Barham Retention				
7,060	E. J. Starey-Bequest ... ..	7,060	02		
190	Tender Deposits (Refundable) ... ..		80	00	
5,214	Senior Staff Provident Fund—Tolhurst ... ..	5,214	27		
2,940	Retention—Contractors ... ..				
290	Retention—Tolhurst ... ..	289	90		
852	Retention—Chenery ... ..	575	24		
273	Unpaid Wages—Passara ... ..				
12,900	Ministry of Scientific Research ... ..				
	Subscription for Publications Received in				
748	Advance ... ..				
7,000	Security Deposits ... ..	7,000	09		
11,883	Suspense Account ... ..				
94	K. Seevaratnam ... ..		93	50	
4,525	T.R.I. Junior Staff Medical Fund ... ..	4,214	29		
3,098	T.R.I. Staff Provident Fund ... ..	1,784	39		
—	Retention—Danthanarayana ... ..		294	72	
—	Retention—Samarasekera ... ..		759	98	
—	Provision for Government Loan ... ..	166,667	00		
—	Provision for Tea Control Dept. (Small Holdings Advisory Service) ... ..	175,000	00	515,400	45
40,370	Low Country Station—Ratnapura ... ..			25,541	77
	<b>Estate Creditors :</b>				
114,860	St Coombs ... ..	104,102	21		
51,178	St Joachim ... ..	57,929	04	162,031	25
<b>Rs</b>	<b>402,566</b>			<b>Rs</b>	<b>702,973.47</b>

## SCHEDULE VIII

**TEA RESEARCH INSTITUTE OF CEYLON**  
**INVESTMENTS AS AT 31st DECEMBER 1970**

<i>Nominal Value :</i>	<i>Balance at 31.12.69</i>	<i>Balance at 31.12.70</i>	<i>Market Rate</i>	<i>Value Amount</i>
15,000 3% Ceylon Government Loan 1973/78 ...	15,000.00	15,000.00	67/40	10,110.00
400,000 3% Ceylon Government Loan 1970/73 ...	400,000.00	400,000.00	94/10	376,400.00
	<u>Rs 415,000.00</u>	<u>Rs 415,000.00</u>		<u>Rs 386,510.00</u>

**UNITED KINGDOM GOVERNMENT SECURITIES**

£      s      d				
2,300 — 0 — 0	3½% War Loan ...	32,434.76	32,434.76	£ 35 <sup>13</sup> / <sub>16</sub>
2,063 — 18 — 1	4% Funding Loan ...	29,928.06	29,928.06	£ 98 <sup>3</sup> / <sub>4</sub>
		<u>Rs 62,362.82</u>	<u>Rs 62,362.82</u>	<u>Rs 40,867.10</u>
		<u>Rs 477,362.82</u>	<u>Rs 477,362.82</u>	<u>Rs 427,377.10</u>