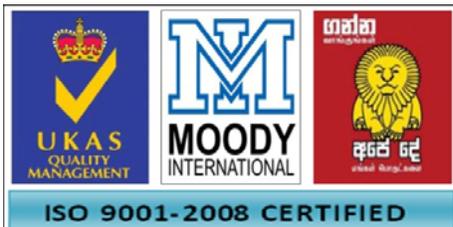


ANNUAL REPORT - 2013

CEY-NOR FOUNDATION LIMITED

NO 335, D. R. WIJEWARDENA MAWATHA
COLOMBO 10, SRI LANKA



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CORPORATE INFORMATION

Name of the Company	:	Cey-Nor Foundation Limited
Legal Form	:	Limited Liability Company incorporated in Sri Lanka under the Companies Act No: 17 of 1982 and subsequently under the Companies Act No: 7 of 2007
Registered Office	:	335, D R Wijewardena Mawatha, Colombo 10
Board of Directors	:	
		Mr B V Sarath Kumara de Silva Appointed as a Director & Chairman on 20-05-2010
		Mr K Ujith Anuradha Appointed as a Director & Managing Director on 20-05-2010
		Mr P A S Athula Kumara Appointed as a Director on 23-06-2010 and Treasury Representative
		Mr G D Gunadasa Appointed as a Director on 25-08-2010
		Mr M F K Shairaz Appointed as a Director on 25-08-2010
Company Secretary	:	A & A Associates (Pvt) Limited
Auditors	:	Gunasekara Ratnayake & Company Chartered Accountants 65/3 Chittampalam A Gardiner Mawatha Colombo 2
Bankers	:	Bank of Ceylon Hatton National Bank Peoples Bank Pan Asia Bank
Factories	:	Mattakkuliya Boatyard Beruwala Boatyard (Proposed) Karainagar Boatyard (Proposed)
Other Projects	:	Cey-Nor Orient Seafood Restaurant (Operating on a Management Agreement) Automobile Workshop (Operating on a Management Agreement)

OUR VISION

To be a market-leader in building of fishing and leisure craft and supply of fishnet / fishing gear in Sri Lanka and be an internationally recognized boat builder

OUR MISSION

Operating as an efficient and effective government-owned company which supplies high-standard fishing craft and fishing gear to clients at competitive prices

OUR OBJECTIVES

- To become a recognized exporter of fiberglass boats
- To become a fiberglass boat builder of international repute
- To be an investor in foreign lands in fiberglass boat building sector
- To be an effective contributor to the development of Fishing Industry in Sri Lanka by supplying high-quality products, namely fishing boats & fishing gear
- To be a provider of excellent customer services

HISTORY OF THE COMPANY

Cey-Nor Foundation Limited was incorporated as a Public Liability Company on 17 January 1990 to take over and carry on business of the Government-Owned Business Undertaking of Cey-Nor Development Foundation Limited, under the Conversion of Public Corporations or Government-Owned Business Undertaking into Public Companies Act No.23 of 1987.

Cey-Nor Development Foundation began operations in 1967 as a non-profit organization dedicated to enhancing education and welfare of the domestic fishing community.

Over the years, the organization has undergone several transformations as summarized below:

- 1967** - Cey-Nor Development Foundation was created and began operations, utilizing the aids received from NORGES GODTEMPLAR UNGDOMS FORBUND (NGU) - a Norwegian Non-Governmental Organization
- 1971** - Incorporated under the Companies Ordinance No. 51 of 1938 as a Public Company Limited by guarantee and was known as Cey-Nor Development Foundation Limited
- 1985** - Acquired by the Government of Sri Lanka under the Business Acquisition Act No: 38 and became the GOBU of Cey-Nor Development Foundation Limited
- 1990** - The GOBU of Cey-Nor Development Foundation ceased to exist with the application of the conversion of Public Corporations or GOBU Companies Act No. 23 of 1987

Cey-Nor Foundation Limited was incorporated under the Companies Act No.17 of 1982, to succeed the former GOBU of Cey-Nor Development Foundation Limited

The entire share capital of this new company (Rs. 40,000,000.00) has been allotted to the Secretary of the Government Treasury.

Chairman's Review

I am pleased to present the Annual Report of Cey-Nor Foundation Limited for the Financial year ended 31st December 2013 To the Cabinet of Ministers.



I am proud to say the year 2013 was profitable for Cey-Nor. Whilst profits were low, it was a huge turnaround from the position it was in for the past 5 years (before the present Board took over the Management) where there was an annual loss of around Rs 35million each year.

With guidance of Hon Minister of Fisheries & Aquatic Resources Development, the Board of Directors of Cey-Nor Foundation and hardworking staff Cey-Nor managed to show a huge improvement in year 2013.

I believe the profitability of 2013 is mainly due to the following factors:

- (a) Venturing into Marine Construction
- (b) Efficient staff management streamlining of processes resulted in a turnover of Rs 267million from 100 staff members. This is in comparison to previous years where Rs 325million was achieved from 354 members in 2011 in addition to efficient staff management, general improvements in cost management have resulted in a improved, net profit ratio for 2013
- (c) Reduced Cey-Nor staff members by 70% from 354 members to 100 members.

Cey-Nor Foundation has also shown a progressive profit trend in boat building for the year, earning a substantial sum which is given elsewhere in this report. A 45-foot boat with a trimaran hull, which could be propelled by fuel and wind

power both was built and exported to Somalia. Due to its economical operation and environmentally-friendly aspect, the company has received three more orders to be furnished in due course.

Towing the line of traditional business of the company, Cey-Nor was busy during the year furnishing a large order for canoes placed by Ministry of Fisheries & Aquatic Resources Development for the inland fishery sector, with its due contribution towards 90% in overall progress in this segment. The above achievements have a remarkable significance as they were taking place while the company was heavily engaged in boatyard upgrading and offshore construction activities throughout the year.

As a provision of ancillary services for users of Dikkowita Fishery harbour, Cey-Nor Foundation was assigned the task of putting up a fully-furnished workshop making use of the cutting edge technologies and equipment which is also capable of designing, planning and building boats of better quality, conforming to international standards. The project worth Rs. 250 million, for which Cabinet approval was received, lies in two phases, the first of which (river side) was completed and is ready for operation. An exclusive service provided by this facility is boat building in a humidity-controlled engineering environment.

Boat building of Cey-Nor Foundation has taken a new high with the introduction of an advanced software - Paramarine which has provisions to check for stability, Powering, Sea keeping structural strengthens & hull generation enabling the company to build flawless vessels. This eliminates the necessity of checking for faults and defects at a post production stage as they are identified and rectified at its initial phase even before building a craft commences, his brings about a large saving of time and money. Such improvements in boat building and streamlining of the cost structure would lay

a firm foundation for Cey-Nor to spearhead in capturing international markets for its products and services.

I wanted to expand Cey-Nor's service operation to include marine construction which utilizes my vast experience in the field of construction and Cey-Nor's existing facilities. As a result, I am proud to see the completed modernization of Dikovita fisheries harbor upgrading project. The completed Dikovita harbor is now deemed to be the best in South East Asia .

On the long-term, Cey-Nor will continue to work on marine construction activities. We have been awarded the construction of Maradana Anchorage in Beruwala for Rs 200 million and the Dikowita Landing Site for Rs 73million. This will have a boost in profitability for 2014.

Completion of these projects will improve Cey-Nor Foundation's brand image. Ministry of Fisheries & Aquatic Resources Development has placed confidence in Cey-Nor Foundation to function as consultants in finalizing specifications for procurement of mother vessels. Ministry has also relied on the expertise of Cey-Nor for building multi-day boats as per decision of *Mahinda Chinthanaya* affiliated to the fishery development in Sri Lanka.

Going forward, we are hoping to take the Cey-Nor brand to the world by obtaining contracts of boat building and marine construction projects outside Sri Lanka. If successful, this will prove to be a very lucrative foreign exchange earner to Sri Lanka and Cey-Nor .

Cey-Nor has approved. A new Deputy General Manager (Marketing) has been hired and new marketing communications have been designed to achieve the goal. The renovation and upgrading of our boat factories and purchase of

world class boat building software in 2013 had laid the foundation to make this possible.

I am proud to say year 2013 was a successful one for Cey-Nor Foundation and I wish to thank Hon Minister Dr Rajitha Senarathne for his guidance and unprecedented support to Cey-Nor. In addition, I want to thank my colleagues in the Ministry for assistance provided throughout the year in various matters both mundane and critical activities. I deeply appreciate my Board of Directors for their hard work and the leadership which has driven this organization out of troubled waters towards a most promising future. Last but not least I want to thank General Manager and all my staff members of Cey-Nor for their dedication, hard work and belief they had in the leadership team.

Thank You

Eng. B V Sarath Kumara de Silva

Chairman - Cey-Nor Foundation Limited

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 2013

1. Audited Accounts

for the year ended 31 December 2013

2. Financial Results

The Net Profit / (Loss) for the year is revealed in the Statement of Comprehensive Income on Page: **19**

3. State of Affairs

The state of the Company is set out on page: **20**

4. Principal Activities

The main activities of the company, which remained unchanged since the previous financial year, are as follows:

- Build, manufacture and sell fiberglass vessels and allied products
- Sole distributor for nylon fishnet and other allied products in Sri Lanka
- Operates workshops for repairs to fishing vessels, marine engines, marine and fishing equipment

In addition, the following activities have been introduced with effect from 2012

- Designing and planning of all types of sea-going vessels
- Engaged in civil construction activities involved in upgrading the existing boatyard facility to bring it up to international standard
- Engaged in offshore construction activities

5. Dividends

The Directors do not recommend declaring dividends for the year 2013

6. Directors interest and proposed contracts with the Company

None of the Directors had interest in contracts with the company during the period

7. Directors Interest in the shares of the company

None of the Directors held any shares in the company during the year ended 31 December 2013

8. *Substantial Share Holdings*

At the Balance Sheet date, Secretary to the Treasury held 100% of the company's issued share capital

9. *Charitable Contributions*

The Company did not make any contribution during the year for charitable or political purposes

10. *Change in Property, Plant & Equipment*

Movement in Property, Plant & Equipment during the year is set out in Schedule on Page: **33**

11. *Bank Facilities*

The Directors are confident that the company's Bankers who have continued to extend Bank facilities till end of the year will continue to provide them further on submission of security

12. *Appointment of Auditors*

Gunasekara Rathnayake & Company (Chartered Accountants) was nominated by the Auditor General and Recommended by Public Enterprises Department of General Treasury and appointed as Auditors at the 23rd Annual General Meeting of Cey-Nor Foundation Limited

13. *The Directors of the Company as at 31 December 2013:*

Mr B V Sarath Kumara de Silva - Chairman
Mr K Ujith Anuradha - Managing Director
Mr P A S Athula Kumara - Treasury Representative
Mr G D Gunadasa
Mr M F K Shairaz

By order of the Board

Signed
Eng B V Sarath Kumara de Silva
Chairman

Signed
A & A Associates (Pvt) Ltd
Company Secretary

ACHIEVEMENTS OF THE YEAR 2013

Manufacture of Fiberglass Boats & Allied Products

During the year under review, the company has manufactured three 45ft. *Shashimi* type boats to private customers in down south for use in whale-watching and other leisure activities. This Trimaran hull boat has a high demand and now the company has negotiated another 3 orders from non-corporate customers. Other larger boats of 55ft and 49 ½ ft were built only on orders.

The 45ft Trimarn hull fishing boat was successfully completed and exported to Somalia in mid March 2013. The buyer is Nedsom Foundation. As this boat has the facility to operate both on fuel power and wind power, it is economical and environmentally-friendly. This buyer introduced another customer from Somalia and they made firm orders for another three 45ft. fishing boats which will be exported to Somalia in June 2014.

During the year, the company manufactured a large number of canoes for the inland fishery sector. These orders were received mainly from Ministry of Fisheries & Aquatic Resources Development and various Provincial Councils island-wide. In addition, during the year, Cey-Nor manufactured quite a number of miscellaneous items such as fish boxes, ice boxes, paddle boats, weapon storage boxes, security huts, etc. The overall progress of boat manufacturing section of the company during the year has been 91%.

However, several factors had a direct bearing on the sales of fishing boat industry, such as consumer household income, fuel prices and increase in the cost of production, etc.

Upgrading of Boatyard

On 22 May 2013, the upgraded Boatyard Workshop of Cey-Nor Foundation was ceremonially opened by Hon. Minister of Fisheries and Aquatic Resources

Development with the participation of Hon. Deputy Minister of Fisheries & Aquatic Resources Development, Secretary and other officials of the Ministry. This upgraded workshop has the facility to carry out repairs of international standard on vessels making use of Dikkowita Fishery Harbour. This is apt to generate a substantial income when its operations commence in the near future. This will also make Cey-Nor Foundation Limited confident in offering enhanced overhaul and repair facilities to its customers with the newly-acquired equipment and technologies at its Mattakkuliya Boatyard – the only boatyard in the country equipped with the most modern technologies in the particular field, built at a cost of approximately Rs. 250 million.

Offshore Construction Activities

Cey-Nor foundation ventured into offshore construction activities during the year 2013 and earned an income of Rs. 86 million. The company can look forward to a better future, taking advantage of the newly gained experience by undertaking large-scale marine construction work involved in developing harbors, anchorages and landing sites. The company is currently engaged in two large-scale projects – Maradana Anchorage Project (Rs. 200 million) and Dikkowita Fishery Harbour landing site (Rs. 73 million) scheduled to be completed by December 2014.

Karainagar Boatyard

On 1 November 2011, Karaingar Boatyard in Jaffna peninsula was handed over to Cey-Nor Foundation by North Sea Limited which functions under Ministry of Traditional Industries & Small Enterprises Development. The transfer was effected on a Cabinet decision on 2010.10.13. This boatyard has been devastated during the time of Northern war and Cey-Nor Foundation Limited has plans to restructure it and commence operations shortly with the assistance of a local or international investor. Initially the government of Sri Lanka has allocated Rs.15 Million from 2014 Budget and Rs 200 Million from 2015 budget to facilitate fishermen in the Northern Province.

ISO Certification

Cey-Nor Foundation Limited has been successfully maintaining the ISO 9001: 2008 Certificate from year 2009 to date.

- **Manufacture of Fiberglass Boats & Allied Products**

Table 1

Type	Target for 2013 (units)	Achievement for 2013 (units)	Value Rs. (M)
491/2 ft Fiberglass Boat	01	-	-
45ft Sashimi Boat	03	02	26.84
Leisure Craft	05	02	1.60
Inland Fishery Canoe	450	436	18.25
Ferry			
18 ½ ft&19 ½ ft FRP Boat	95	79	11.85
Paddle Boat	04	04	0.63
Pallets	50	46	0.50
Fish Box / Ice Box	150	125	1.26
Floating Pier			
Miscellaneous Products (Weapon storage Boxes, Security Huts, Long Lines Instruments, etc.)	1175	1065	12.46
Total	1933	1759	73.39

- **Distribution of Multi-Filament Nylon Fishnets**

According to a policy decision taken by the government and with the approval of the Cabinet of Ministers, the two fishnet factories that operated under Cey-Nor Foundation Limited were handed over to Northsea Limited with effect from 1 November 2011.

According to the MOU signed between Cey-Nor Foundation Limited and Northsea Limited, Cey-Nor Foundation has been vested with the authority of being the Sole Agent for sale of fishnet manufactured at Weerawila and Lunuwila fishnet factories.

- Other Projects

1. ***Cey-Nor Orient Seafood Restaurant***

The Seafood Restaurant is operated by Orient Pearls Hotels Limited under a management agreement entered into in 1988. The investor, Orient Pearls Hotels Ltd, has converted their business strategy to generate only a marginal income. Cey-Nor Foundation is entitled to receive a monthly rental and share of profits from this project.

2. ***Automobile Workshop - Mattumagala***

This project is operated by Frontier Automobile Limited under a management agreement entered into in 2006.

- Human Resources

A total of 93 employees were on staff as at 31 December 2013 as shown in the table below:

Table 2

Location	Number of Employees
Head Office	51
Mattakkuliya Boatyard	31
Retail Outlets (Beruwala, Galle, Matara, Tangalle, Weerawila & Lunuwila)	09
Construction Projects	02
Total	93

The above employees' service category is described as follows.

- Permanent Staff - 76 Nos
- Casual Employees - 01 No.
- Contract Basis Employees - 15 Nos
- Trainee Employees - 01 No.

FINANCIAL PERFORMANCE IN 2013

The company recorded a net profit of Rs. 277,502.24 (after tax) for the year under review. The turnover of the company for the year was Rs. 267,097,142.90 and it is described as follows:

Table 3

Description	Turnover Rs. M	Net Profit Rs. M
1. Company Products	73,392,604.99	3,391,513.53
2. Other Operating Income	17,260,043.52	} (8,810,999.25)
3. Income from Trading Activities	113,045,648.74	
4. Income from Construction Works	63,398,845.65	5,696,987.96
Total Income	267,097,142.90	277,502.24

Table 4

Financial Highlights for the Last 5 Years

Rs. (M)

Description	2008	2009	2010	2011	2012	2013
Total Revenue	277.25	255.60	345.99	324.75	217.75	267.09
Gross Profit/(Loss)	21.05	21.34	34.45	51.22	57.19	73.83
Net Profit/(Loss) After Tax	(25.85)	(30.36)	(23.55)	(16.25)	(7.09)	0.27
Earnings Per Share	(6.46)	(7.59)	(5.89)	(4.06)	(1.77)	.070
Fixed Assets (Net Book Value)	80.66	346.97	338.56	274.19	287.58	309.50
Fixed Deposits	6.02	6.02	-	-	-	1.30
Current Assets	141.18	198.72	125.59	180.91	191.63	186.58
Current Liabilities	118.67	104.67	149.98	218.67	227.51	225.93
Non-Current Liabilities	100.91	97.96	95.31	71.64	28.50	46.93
Share Capital	40.00	40.00	40.00	40.00	40.00	40.00
Capital with other Reserves	8.59	255.67	232.12	178.09	231.55	231.55

Current Affairs & Future Plans

- ❖ The formalities for building fiberglass boats in Bangladesh under a Joint Venture have been finalized. Buildings for the boatyard have been completed and a boat mould has also been exported to Bangladesh. The foreign partner of this Joint Venture has informed that construction of boatyard has been completed. Accordingly, the first Board Meeting will be held in Bangladesh, with plans to commence production in 2014.
- ❖ The first *Sashimi* boat constructed by Cey-Nor was exported to Somalia
- ❖ A new venture will be explored with a view to expanding the Fiber Industry for production of floating restaurants, houseboats, etc.
- ❖ Marketing activities of the Company has been accelerated in 2012 to compete with the private sector. The management has taken an initiative to appoint Sales Agents and hold sales promotions island-wide to improve marketing activities
- ❖ A 250 million-Rupee project has been undertaken by Cey-Nor Foundation to upgrade its Mattakkuliya Boatyard with a fully-equipped modern workshop capable of providing repair and overhaul facilities to the vessels that make use of Dikkovita Fishery Harbour.
- ❖ For international recognition of its services, especially with a view to attracting overseas customers, Cey-Nor Foundation plans to obtain Lloyd Certificate for its boatyard. The process is underway for achieving this impressive status.



GUNASEKARA RATHNAYAKE & CO.

CHARTERED ACCOUNTANTS

65/3,
Sir Chittampalam A Gardiner Mw.
Colombo 02.

Tel : 011-2335194
Fax : 011-2473833
E-mail: komseky@gmail.com

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CEY-NOR FOUNDATION LIMITED

Report on the Financial Statements

We have audited the accompanying financial statement of Cey-Nor Foundation Limited, which comprise the statement of financial position as at December 31, 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended December 31, 2013 and the financial statement give a true and fair view of the Company's state of affairs as at December 31, 2013 and its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Section 151(2) of the Companies Act No. 07 of 2007.

Signed...

**Gunasekara Rathnayake & Co,
Chartered Accountants.
Colombo.**

30 September 2014

CEY-NOR FOUNDATION LTD**STATEMENT OF COMPREHENSIVE INCOME**

For the Year Ended 31 st December	Notes	2013 Rs.	2012 Rs.
Continuing Operations			
Revenue	3	73,392,604.99	63,443,453.78
Cost of Sales	4	(62,441,119.06)	(50,594,833.18)
Gross Profit/(Loss)		10,951,485.93	12,848,620.60
Gross Profit from Construction & Trading Activity	5	45,630,962.54	44,345,180.37
Other Operating Income	6	17,260,043.52	11,660,727.25
Selling and Distribution Expenses	7	(14,158,412.61)	(13,000,920.96)
Administrative Expenses	8	(47,299,258.69)	(50,079,616.44)
Other Operating Expenses	9	(1,098,055.49)	(137,164.01)
Operating Profit		11,286,765.20	5,636,826.81
Finance Costs	10	(10,727,241.55)	(9,776,318.68)
Finance Income	11	97,446.87	106,758.85
Profit before Tax from Continuing Operations		656,970.52	(4,032,733.02)
Extra Ordinary Expenses		-	(2,741,297.42)
		656,970.52	(6,774,030.44)
Income Tax Expenses	12	(379,468.28)	(321,475.47)
Profit for the Year from Continuing Operations		277,502.24	(7,095,505.91)
Discontinued Operations			
Loss after Tax for the Year from Discontinued Operations		-	-
Profit for the Year		277,502.24	(7,095,505.91)

STATEMENT OF FINANCIAL POSITION

As at 31st December		2013	2012	2011
	Notes	Rs.	Rs.	Rs.
Assets				
Non-Current Assets				
Property, Plant and Equipment	13	309,503,287.18	287,584,443.70	274,192,663.69
Capital-WIP		4,145,000.00	4,145,000.00	9,108,888.00
Investment-Sribangla Boats J/V		1,961,850.00	1,961,850.00	1,961,850.00
Investment Project-Fishing		2,239,404.26	2,239,404.26	2,239,404.26
		317,849,541.44	295,930,697.96	287,502,805.95
Current Assets				
Inventories	14	65,730,342.09	82,183,537.95	66,220,033.14
North Sea Ltd		38,845,840.65	38,845,840.65	38,845,840.65
Trade Debtors	15	51,898,367.73	42,770,099.10	48,973,707.79
Staff Debtors	16	1,673,599.47	1,337,423.80	2,179,993.00
Other Receivables	17	26,379,838.32	24,089,539.66	21,070,221.00
Call Deposits		1,300,000.00	1,300,000.00	1,000,000.00
Cash and Bank	18	752,925.18	1,112,276.56	2,626,015.86
		186,580,913.44	191,638,717.72	180,915,811.44
Total Assets		504,430,454.88	487,569,415.68	468,418,617.39
Equity and Liabilities				
Equity				
Stated Capital		40,000,000.00	40,000,000.00	40,000,000.00
Revenue Reserves		260,559,447.73	260,559,447.73	260,559,447.73
Capital Reserve		62,601,030.04	62,601,030.04	62,601,030.04
Retained Profit/(Loss)		(131,606,875.46)	(131,604,918.32)	(185,066,913.51)
Total Equity		231,553,602.31	231,555,559.45	178,093,564.26
Non-Current Liabilities				
Ministry Grant	19	2,078,392.40	2,078,392.40	2,078,392.40
Deferred Liabilities	20	44,425,160.73	25,389,761.48	9,012,594.08
Interest Bearing Borrowing	21	434,884.76	757,297.74	-
Tsunami Rehabilitation Program me		-	-	60,557,501.10
		46,938,437.89	28,225,451.62	71,648,487.58
Current Liabilities				
Interest Bearing Borrowing	22	322,411.11	275,936.71	-
Trade Creditors	23	49,603,067.45	45,077,649.64	55,612,473.00
Other Payables	24	81,897,545.88	81,420,718.36	90,252,192.04
Jaffna Compensation A/C		118,569.63	118,569.63	118,819.63
Income Tax Payables	25	(5,389,530.24)	3,237,242.11	2,546,806.64
Short Term Loans	26	63,209,065.34	54,530,838.34	42,923,650.91
Bank Overdraft	27	36,177,285.51	43,127,449.82	27,222,623.33
		225,938,414.68	227,788,404.61	218,676,565.55
Total Liabilities		272,876,852.58	256,013,856.23	290,325,053.13
Total Equity and Liabilities		504,430,454.88	487,569,415.68	468,418,617.39

The Accounting policies and notes from an integral part of the financial statements. We certify that the above financial statements have been prepared in compliance with the requirements of the companies Act No. 07 of 2007

Signed...H.D.D.Madhuka

Finance Manager

The Board of Directors is responsible for the preparation and preparation of these financial statements

Signature for and on behalf of the Board

Signed... Eng.B.V.Sarath Kumara de Silva

Director/ Chairman

Date : 26.05.2014

Signed... K.Ujith Anuradha

Director

Date : 26.05.2014

CEY-NOR FOUNDATION LTD

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2013

	Share Capital Rs.	Capital Reserve Rs.	Revaluation Reserve Rs.	Accumulated profit/(Loss) Rs.	Total Equity Rs.
Balance as at 1st of January 2012	40,000,000.00	62,601,030.00	260,559,447.00	(185,066,914.00)	178,093,563.00
Net Profit/ (Loss) for the Year	-	-	-	(7,095,506.00)	(7,095,506.00)
Prior Year Adjustment				60,278,042.30	
Balance as at 31st of December 2012	40,000,000.00	62,601,030.00	260,559,447.00	(131,884,377.70)	170,998,057.00
Net Profit for the Year				277,502.24	
Balance as at 31st of December 2014	40,000,000.00	62,601,030.00	260,559,447.00	(131,606,875.46)	170,998,057.00

CEY-NOR FOUNDATION LTD**CASH FLOW STATEMENT**

For the year ended 31st December 2013

(All Figures In Rupees)

	2013	2012
Cash Flows From Operating Activities		
Profit Before Taxation	656,970.52	(6,774,030.44)
Add: Depreciation	12,924,336.02	6,916,883.73
Provision for Gratuity	1,659,184.64	3,693,261.39
Interest Payment	10,449,152.19	9,458,181.61
Less: Profit on Sale of Fixed Assets	-	(436,520.00)
Prior Year Adjustments	(279,459.38)	368,709.06
Operating Profit Before Working Capital Changes	25,410,183.99	13,226,485.35
(Increase)/Decrease in Inventories	16,453,195.86	(15,963,504.81)
(Increase)/Decrease in Trade and Other Receivables	(20,760,983.59)	4,026,859.23
Increase/(Decrease) in Trade and Other Payables	5,002,245.33	(19,366,297.04)
Increase/(Decrease) in Diferred Income	18,867,642.25	-
Cash Generated From Operating Activities	44,972,283.84	(18,076,457.27)
Less: Investment Income	(97,446.87)	(106,758.85)
Interest Paid	(10,449,152.19)	(9,458,181.61)
Tax Paid	-	-
Gratuity Paid	(1,491,427.64)	(916,237.00)
Net Cash Generated From Operating Activities	32,934,257.14	(28,557,634.73)
Cash Flows From Investing Activities		
Sale/Purchase of Property, Plant & Equipment	(34,843,179.50)	4,963,888.00
Capital W.I.P.	-	(20,333,662.74)
Investment Income	97,446.87	106,758.85
Investment in Sri Bangla Boats (Pvt) Ltd.	-	461,520.00
Short-Term Loans	8,678,227.00	11,607,187.43
Net Cash Used in Investing Activities	(26,067,505.63)	(3,194,308.46)
Cash Flows From Financing Activities		
Government Grants	-	13,600,143.48
Payment to Lease Creditors	(275,938.58)	1,033,234.45
Net Cash Used in Financing Activities	(275,938.58)	14,633,377.93
Net Increase in Cash and Cash Equivalents	6,590,812.93	(17,118,565.26)
Cash and Cash Equivalent at the Beginning of the Period : Note B	(40,715,173.26)	(23,596,608.00)
Cash and Cash Equivalents at the End of the Period : Note A	(34,124,360.33)	(40,715,173.26)
	Note A	Note B
People's Bank-Queen Br.87847	322,135.76	374,176.84
H N B-16031	146,020.44	75,161.38
H N B-10002143	26,823.58	152,678.80
PanAsia Bank-135670117	2,941.80	3,941.80
Petty Cash Imprest A/C	160,000.00	165,000.00
HNB-City Office-39922	-	39,100.25
HNB-Tissamaharama	-	27,323.58
BOC-Tissamaharama	-	87,334.49
BOC-Wennappuwa	-	51,208.16
Peoples Bank Wennappuwa	-	41,351.26
Contra Entry A/C	3.60	-
Fuel Imprest	95,000.00	95,000.00
Call Deposits	1,300,000.00	1,300,000.00
BOC-72322913	(685,567.48)	(1,827,442.21)
BOC-Co.Br-1450	(35,491,718.03)	(41,300,007.61)
	(34,124,360.33)	(40,715,173.26)

CEY-NOR FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2013

1. Corporate Information
Domicile and Legal Form

Cey-Nor Foundation Limited is a limited liability Company incorporated and domiciled in Sri Lanka. The Registered Office of the Company is located at No. 335, D.R.Wijewardana Mawatha, Colombo-10. and the principal places of businesses are situated at Mattakkuliya, & Sales outlets at Matara, Galle, Tangalle and Peliyagoda.

Principal Activities and Nature of Operations

During the year, the principal activities of the Company were sale of imported and locally purchased fishing nets and sale of manufactured fishing boats and other fiber glass products.

1.3. Parent Enterprise

A 100% Government owned Company.

Number of Employees

The number of employees of the Company at the end of the year was 103

2. Summary of Significant Accounting Policies

General Policies

Basis of Preparation

The Statement of Financial Position, Statement of Comprehensive Income, Changes in equity and cash flows, together with accounting policies and notes (“financial statements”) of the Company as at 31st December 2012 and for the year then ended, comply with the Sri Lanka Accounting Standards.

These financial statements presented in Sri Lanka rupees have been prepared on a historical cost basis. No adjustment is made for inflationary factors affecting these financial statements.

2.1.2 Changes in Accounting Policies and Adoption of new and Revised Sri Lanka Accounting Standards during the year.

The accounting policies adopted are consistent with those of the previous financial year.

2.1.3 Comparative Information

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. Previous year figures and phrases have been rearranged wherever necessary to confirm to the current presentation.

2.1.4 Foreign Currency Transactions

All foreign exchange transactions are converted to Sri Lanka rupee, which is the reporting currency, at the rate of exchange prevailing at the time the transactions were effected. Monetary assets and liabilities denominated in foreign currencies are re-measured to Sri Lanka Rupee equivalents using year-end spot foreign exchange rates. The resulting gains and losses, if any, are accounted for in the income statement.

2.1.5 Taxation

Current Taxes

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 at the current rate applicable to this company

2.1.6 Events after the Balance Sheet Date

All material events after the balance sheet date have been considered and where necessary adjustments have been made in the financial statements.

2.1.7 Borrowing Costs

Borrowing costs are recognized as an expense in the period in which they are incurred.

2.2 Valuation of Assets and Their Measurement Bases

2.2.1 Inventories

Inventories are valued at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formulae:

Raw Materials	- At actual cost on first – in first – out basis
Manufactured Finished Goods	- At actual cost of direct materials, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity.
Work-in-Progress	- At actual cost of direct materials, direct labour and an appropriate proportion of fixed production overheads based on percentage completed.
Finished Goods Purchased	- At actual cost on first – in first – out basis
Other Stocks	- At actual cost on first – in first – out basis

2.2.2. Trade and Other Receivables

Trade and other receivables are stated at the amounts they are estimated to realize net of provisions for bad and doubtful debts.

Other receivables are stated at the amounts they are estimated to realize net of provision for bad and doubtful debts.

2.2.3. Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and without subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts, investments with short maturities, i.e. three months or less from the date of acquisition are also treated as cash equivalents.

Cash flow statement is reported based on indirect method.

2.2.4. Property, Plant and Equipment

a) Cost of Valuation

All items of property, plant and equipment are initially at cost. The cost of property, plant and equipment is the cost of purchase or construction together with incidental expenses thereon.

Where items of property, plant and equipment are subsequently revalued, the entire class of such asset is revalued. Revaluations are made with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair value at the balance sheet date. Subsequent to the initial recognition as an asset at cost, revalued property, plant and equipment are carried at the revalued amounts less any subsequent depreciation thereon. All other property, plant and equipment are stated at historical cost less depreciation.

When an asset is revalued, any increase in the carrying amount is credited directly to a revaluation surplus unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognised as an expense. In these circumstances the increase is recognised as income to the extent of the previous write down. When an assets carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expenses unless it reverses a previous increment relating to that asset, in which case it is changed against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of the same asset. Any balance remaining in the revaluation surplus in respect of the asset, is transferred directly to accumulated profits on retirement or disposal of the asset.

b) Restoration Costs

Expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance, is recognized as expense when incurred.

c) **Depreciation**

The provision for depreciation is calculated on cost for all property, plant and equipment in order to write off such amounts over the estimated useful lives. The depreciation rates used for Boat Yard and Lunuwila Factory differ as stated below:

Buildings	20 Years
Plant and machinery	10 Years
Furniture and fittings	05 Years
Tools and implements	08 Years
Office equipments	05 Years
Motor vehicles	04 Years
Boat moulds	05 Years
Factory equipments	08 Years
Leasehold Motor vehicles	04 Years

d) **Impairment of Assets**

The company assesses at each operating date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required the company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell it and its value is so determined for an individual asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognized in the income statement except that impairment losses in respect of property and equipment are recognized against the revaluation reserve to the extent that it reverses a previous revaluation surplus.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. Previously recognized impairment losses other than in respect of goodwill are reversed only if there has been an increase in the recoverable amount of the asset. Such increase is recognized to the extent of the carrying amount had no impairment losses been recognized previously.

2.3. Liabilities and Provisions

2.3.1. Retirement Benefit Obligations

a) **Defined Benefit Plan – Gratuity**

Gratuity is a Defined Benefit plan. The Company is liable to pay gratuity in terms of the relevant statute. In order to meet this liability, a provision is carried forward in the Balance Sheet, equivalent to an amount calculated based on a half month's salary of the last month of the financial year of all employees for each completed year of service, from the date of commencement of service. The

resulting difference between brought forward provision at the beginning of the year and the carried forward provision at the end of the year is dealt with in the income statement.

However, as per the payment of Gratuity Act No. 12 of 1983, this liability only arises upon completion of five (05) years of continued service. The gratuity liability is not funded nor actuarially valued. This item is grouped under Deferred Liabilities in the balance sheet.

b) Defined Contribution Plans – Employees’ Provident Fund and Employees’ Trust Fund

All employees who are eligible for Employees’ Provident Fund Contribution and Employees’ Trust Fund Contribution are covered by relevant contribution funds in line with respective statutes and regulations.

2.3.2 Capital Commitments and Contingencies

Capital commitments and contingent liabilities as at the balance sheet date are disclosed in the notes to the financial statements.

2.3.3 Provisions

Provisions are recognized in the balance sheet when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation.

2.4. Income Statements

2.4.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

a) Sale of Goods

Revenue from sale of goods is recognized when the significant risk and rewards of ownership of the goods have passed to buyer with the Company retaining neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

b) Interest

Interest income is recognized on an accrual basis.

c) Rental Income

Rental income is recognized on an accrual basis.

d) Other Income

Other income is recognized on an accrual basis.

e) Gains and Losses

Net gains and losses of a revenue nature on the disposal of property, plant and equipment are accounted for in the income statement, after deducting from proceeds on disposal, the carrying amount of the assets and related selling expenses on disposal of relevant property, plant and equipment. The amount

remaining in the revaluation reserve relating to that asset is transferred directly to accumulated profits.

2.4.2 Expenditure Recognition

- a) Expenses are recognized in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income statement in arriving at the profit for the year.

For the purpose of presentation of the income statement the company has adopted the function of expenses method, on the basis that it presents fairly the elements of the company's performance.

CEY-NOR FOUNDATION LTD**Notes to the Statement of Comprehensive Income**

For the year ended 31 st December	2013	2012
	Rs.	Rs.
Note 03 - Revenue		
Sale of Crafts - Local	57,016,974.36	63,502,605.63
Sale of Fishing Gears	63,667.06	-
Others	16,316,000.93	-
	73,396,642.35	63,502,605.63
Less: Sales Discounts	(4,037.36)	(59,151.85)
	73,392,604.99	63,443,453.78
Note 04 - Cost of Sale		
Opening Stock -Raw Materials	4,193,702.57	3,740,865.65
Opening Stock - WIP	24,373,784.58	20,768,196.01
Opening Stock -FG	4,987,968.16	6,625,335.22
	33,555,455.31	31,134,396.88
Add: Purchase of Raw Materials	36,231,527.02	34,393,442.46
Internal Transfers	694,456.83	-
	70,481,439.16	65,527,839.34
Add: Finish Goods Purchased - Direct	5,621,785.72	1,866,306.62
Finish Goods Internal Transfers	78,797.48	-
	76,182,022.36	67,394,145.96
Closing Stock - Raw Materials	(11,216,824.68)	(4,193,702.57)
Closing Stock - WIP	(13,009,484.51)	(24,373,784.58)
Closing Stock - FG	(4,379,958.16)	(4,987,968.16)
Cost of Material Consumed	47,575,755.01	33,838,690.65
Add: Direct Expenses		
Salaries & Wages	3,502,663.02	1,782,650.00
Allowance-DIR	1,504,055.55	328,354.50
Overtime-DIR	625,662.50	205,188.11
E.P.F-DIR	617,314.38	213,918.00
E.T.F-DIR	222,603.92	53,479.50
Gratuity-DIR	168,551.00	-
Sub Contract Charges	2,338,247.20	2,337,960.42
Prime Cost	56,554,852.58	38,760,241.18
Add: Production Overhead		
Salaries & Wages	1,879,670.00	6,054,049.81
Allowance	504,501.52	802,889.70
Overtime	253,020.38	940,357.90
E.P.F.	225,560.40	672,556.76
E.T.F.	56,390.10	234,908.54
Depreciation	2,313,443.94	2,181,386.35
Electricity	376,964.64	389,416.20
Maintenance of Building	32,978.00	-
Maintenance of Tools & Equipment	3,360.00	45,660.64
Maintenance of vehicles	-	13,890.00
Mould Constr.cost Transferred to Suspense A/C	-	170,217.60
Gratuity	-	326,058.50
Water	240,377.50	3,200.00
Cost of Production	62,441,119.06	50,594,833.18

CEY-NOR FOUNDATION LTD
Notes to the Statement of Comprehensive Income

For the year ended 31 st December	2013	2012
	Rs.	Rs.

Note 05 - Gross Profit from Construction & Trading Activity

Sales	113,045,648.74	83,747,468.87
Less: Cost of Sales	(85,540,761.13)	(70,588,392.73)
Gross Profit Activity	27,504,887.61	13,159,076.14
Revenue on Construction Work	63,398,845.65	58,800,654.76
Construction Cost	(45,272,770.72)	(27,614,550.53)
	18,126,074.93	31,186,104.23
	45,630,962.54	44,345,180.37

Note 06 - Other Operating Income

Rent Income	6,493,917.63	5,997,223.92
Sundry Income	1,132,912.67	435,364.21
Government Grants	9,633,213.22	3,753,542.12
Profit Margin on Restaurant	-	96,228.00
Gain on Disposal of fixed Assets	-	436,520.00
Fine & Surcharge	-	87,285.50
Exchange gain	-	854,563.50
	17,260,043.52	11,660,727.25

Note 07 -Selling and Distribution Expenses

Transport & Handling	713,689.37	1,927,800.33
Vehicle Repair & Maintained Cost	3,128,357.39	1,881,867.56
Sales Promotion	29,348.00	184,555.30
Sales Commission	2,477,744.13	1,060,363.19
Entertainment	267,906.98	494,353.27
Gift & Donation	1,011,276.29	562,500.00
Fuel & Lubricants	4,245,069.95	3,208,407.91
Tender Documents Charges	65,957.00	115,500.00
Stamp Duty	36,849.50	11,050.00
Vehicle Rent	480,334.00	-
External Hire Charges	607,590.00	-
Loading & Unloading Charges	800.00	-
Sub Contract	-	1,817,700.00
Selling Expenses/Bleaching & Paking Cost	-	133,000.00
Exhibition Expenses	-	115,000.00
Joint venture Project Expenses	-	256,250.00
Export Expenses	30,000.00	-
Advertisements	1,063,490.00	1,232,573.40
	14,158,412.61	13,000,920.96

CEY-NOR FOUNDATION LTD
Notes to the Statement of Comprehensive Income

For the year ended 31 st December	2013	2012
	Rs.	Rs.

Note 08 - Administrative Expenses

Salaries & Wages	19,184,743.61	18,690,584.47
E.P.F.Expense	2,292,982.27	2,242,697.44
E.T.F. Expense	573,245.56	560,674.55
Bonus	1,677.27	9,000.00
Gratuity	1,490,633.64	625,905.00
Telephone Charges	989,081.01	1,220,648.70
Casual Wages	6,592.36	-
Welfare Charges	1,061,699.61	1,014,760.90
Postage Charges	58,081.17	76,694.75
Allowances	4,020,461.57	4,111,015.89
Building Maintenance	298,544.98	133,833.16
Computer Maintenance	110,835.00	95,824.80
Office Equipment Maintenance	177,255.00	200,463.40
Water	214,582.17	257,376.84
Electricity	1,531,860.92	1,628,945.04
Printing & Stationery	1,725,192.75	1,316,642.52
Depreciation	1,279,414.44	3,575,507.98
Legal Fees	329,510.58	444,156.52
Insurance	821,999.08	683,655.18
Security Charges	3,522,192.60	2,649,491.93
Internet & E-mail Charges	127,217.58	82,852.48
Rates & Taxes	137,209.96	644,261.80
Cleaning & Sanitary	288,788.00	247,209.17
Rent Charges	699,000.00	609,000.00
Over Time	1,519,501.13	1,492,727.40
Licence & Registration	1,500,801.59	375,136.40
Auditors Remuneration	290,000.00	182,300.00
Director Remuneration	1,236,000.00	1,328,000.00
Medical Expenses	56,023.65	71,211.94
Training & Seminas	20,500.00	312,050.00
Travelling, Training & Seminas (Foreign)	108,180.00	2,716,039.00
Meals & Lodging	356,882.00	382,654.40
Surcharges/ Panelty	57,528.06	-
Internal Auditors Remuneration	-	560,000.00
Book & Periodicals	-	2,000.00
Maintenance of Furniture & Fittings	-	300.00
Miscellaneous Expenses	-	4,265.00
Transport Charges	-	612,188.43
I.S.O Expenses	-	77,166.00
Consultancy Charges	643,881.95	118,500.00
Travelling & Subsstance (Local)	567,159.18	723,875.35
	47,299,258.69	50,079,616.44

Note 09 - Other Expenses

Bank Charges & Commission	976,060.20	-
Lease Interest	121,995.29	137,164.01
	1,098,055.49	137,164.01

CEY-NOR FOUNDATION LTD
Notes to the Statement of Comprehensive Income

For the year ended 31 st December	2013	2012
	Rs.	Rs.
<u>Note 10- Finance Costs</u>		
Bank Charges & Commission	-	312,415.94
OD Interest	6,712,586.62	5,418,073.45
Overdue Interest	3,736,565.57	4,040,108.16
NBT	-	5,721.13
Bank Charges & Commission	278,089.36	-
	10,727,241.55	9,776,318.68
<u>Note 11 - Finance Income</u>		
Interest Income	97,446.87	106,758.85
	97,446.87	106,758.85
<u>Note 12 Income Tax Expenses</u>		
Tax on Taxable Income	379,468.28	321,475.47
Tax on Distributable Profits	-	-
	379,468.28	321,475.47

CEY-NOR FOUNDATION LTD

NOTES TO THE FINANCIAL POSITION

For the year ended 31st December 2013

Notes 13 - Property, Plant & Equipments

Cost /Revaluation	Balance As At 1st January 2013	Addition	Disposal	Balance As At 31st December 2013
Freehold Assets				
Land	250,000,000.00	-	-	250,000,000.00
Building	17,500,000.00	-	-	17,500,000.00
Machinery	-	3,145,000.00	-	3,145,000.00
Factory Equipments	2,505,304.10	148,267.65	-	2,653,571.75
Office Equipments	1,558,432.11	130,061.38	-	1,688,493.49
Computer	1,589,946.00	180,199.00	-	1,770,145.00
Furniture & Fittings	2,082,539.01	187,394.74	-	2,269,933.75
Tools & Equipment	12,419,089.79	21,848,051.83	-	34,267,141.62
Computer Software	264,500.00	-	-	264,500.00
Tractors & Trailers	290,000.00	2,500,000.00	-	2,790,000.00
Boat Moulds/Fishing vessels	4,036,743.61	5,614,204.90	-	9,650,948.51
Motor Vehicle	14,456,100.00	1,090,000.00	-	15,546,100.00
Leasehold Property				
Motor Vehicle	1,227,678.57	-	-	1,227,678.57
Tractors & Trailers	1,300,000.00	-	-	1,300,000.00
	309,230,333.19	34,843,179.50	-	344,073,512.69

Depreciation	Balance as at 1st January 2013	Dep. Charge for the Year	Disposal	Balance as at 31st December 2013
Freehold Assets				
Building	3,499,999.78	874,999.92	-	4,374,999.70
Machinery	-	131,041.65	-	131,041.65
Factory Equipments	1,220,671.01	323,380.42	-	1,544,051.43
Office Equipments	677,905.61	460,950.31	-	1,138,855.92
Computer	913,990.73	319,640.56	-	1,233,631.29
Computers Software	207,191.75	52,900.03	-	260,091.78
Tools & Equipment	380,641.32	5,994,368.32	-	6,375,009.64
Furniture & Fitting	1,212,195.90	866,742.95	-	2,078,938.85
Boat Mould	2,382,447.99	1,427,563.52	-	3,810,011.51
Tractors & Trailers	294,408.37	575,044.98	-	869,453.35
Motor Vehicle	9,044,904.33	1,590,783.72	-	10,891,454.42
Leasehold Property				
Motor Vehicle	255,766.37	306,919.64	-	562,686.01
Tractors & Trailers	1,299,999.96	-	-	1,299,999.96
	21,390,123.12	12,924,336.02	-	34,570,225.51
Net Book Value	287,840,210.07			309,503,287.18

CEY-NOR FOUNDATION LTD
NOTES TO THE FINANCIAL POSITION

For the year ended 31st December 2013	2013	2012
	Rs.	Rs.
<u>Note 14 Inventories</u>		
Stocks - Raw Materials	11,241,424.65	4,652,682.86
Stocks - Work In Progress	19,444,218.51	31,226,853.33
Stocks - FG Fishing Crafts	4,379,958.16	4,987,968.16
Stocks - FG Net & Fishing Gear	30,664,740.77	41,316,033.60
	65,730,342.09	82,183,537.95
<u>Note 15 Trade Receivables</u>		
Trade Debtors	58,290,857.85	49,162,589.22
Lees: Provision for Bad Debtors	(6,392,490.12)	(6,392,490.12)
	51,898,367.73	42,770,099.10
<u>Note 16 Staff Debtors</u>		
Fetival Advance	105,100.00	121,600.00
Book Loan	30,000.00	42,000.00
Telephone to Employees	7,500.00	-
Staff Debtors	1,530,999.47	1,173,823.80
	1,673,599.47	1,337,423.80
<u>Note -17 -Other Receivable</u>		
Advance - Material	1,571,133.96	176,402.36
Advance - Others	4,137,784.29	2,202,977.60
Pre Paid LC Charges	2,845,571.27	314,797.62
Other Receivable A/C	2,007,097.75	1,810,730.89
Pre Paid ESC Tax	841,388.02	9,287,757.79
Sub Contract	4,909,775.05	4,909,775.05
Refundable Deposits	539,000.00	544,000.00
Retention - Dikkovita Project	5,909,683.09	2,685,829.50
With Holding Tax	1,119,029.73	1,119,029.73
CEY- NOR Restaurant Receivable	542,877.16	542,877.16
Advances & Per Payments	-	344,586.96
Bank Gurntee	2,351,825.00	132,200.00
Anchorage Project A/C	(395,327.00)	18,575.00
	26,379,838.32	24,089,539.66
<u>Note 18 Cash and Bank</u>		
Peoples Bank - Queens Br. 87847	322,135.76	374,176.84
H N B - 16031	146,020.44	75,161.38
H N B - 10002143	26,823.58	152,678.80
Pan Asia Bank - 135670117	2,941.80	3,941.80
Petty Cash Imprest A/C	160,000.00	165,000.00
HNB-City Office-39922	-	39,100.25
HNB-Tissamaharama	-	27,323.58
BOC-Tissamaharama	-	87,334.49
BOC-Wennappuwa	-	51,208.16
Peoples Bank Wennappuwa	-	41,351.26
Contra Entry A/C	3.60	-
Fuel Imprest	95,000.00	95,000.00
	752,925.18	1,112,276.56

CEY-NOR FOUNDATION LTD
NOTES TO THE FINANCIAL POSITION

For the year ended 31st December 2013	2013	2012
	Rs.	Rs.
<u>Non Current Liabilities</u>		
<u>Note 19 - Ministry Grant</u>		
Boat Mould Advance - 55 Feet	20,000,000.00	20,000,000.00
Less: Suspense - 55 feet Boat Mould	(17,921,607.60)	(17,921,607.60)
	2,078,392.40	2,078,392.40
 <u>Note 20- Other Non - Deferred Liabilities</u>		
Balance at the Beginning of the Year		
Add: Provision for the Year	11,789,618.00	9,012,594.08
Gratuity - DIR	168,551.00	3,693,260.92
Gratuity - ADMIN	1,490,633.64	-
	13,448,802.64	12,705,855.00
Less: Payment during the year		
Transfer to North Sea Ltd	(1,491,427.64)	(916,237.00)
Gratuity Provision A/C	11,957,375.00	11,789,618.00
Differed Income	32,467,785.73	13,600,143.48
	44,425,160.73	25,389,761.48
 <u>Note21 -Interest Bearing Borrowing</u>		
Lease Creditor	464,254.00	862,187.87
Less -Interest In suspense	(29,369.24)	(104,890.13)
	434,884.76	757,297.74
 <u>Current Liabilities</u>		
<u>Note 22 - Lease Creditor</u>		
Lease Creditor	397,932.00	397,932.00
Less-Interest In Suspense	(75,520.89)	(121,995.29)
	322,411.11	275,936.71
 <u>Note 23 - Trade Creditors</u>		
	49,603,067.45	45,077,649.64
	49,603,067.45	45,077,649.64

CEY-NOR FOUNDATION LTD
NOTES TO THE FINANCIAL POSITION

For the year ended 31st December 2013	2013	2012
	Rs.	Rs.
<u>Note 24 - Other Payables</u>		
Accrued Expenses	3,016,546.47	3,016,546.47
EPF 20%	426,701.97	427,538.03
ETF 03%	64,005.28	60,739.19
GST A/C	650,625.86	650,625.86
Deposits	2,346,840.00	2,189,840.00
Stamp Duty	5,325.00	3,575.00
NSL A/C	1,691,290.75	1,691,290.75
Security C.F.H.C	1,144,306.45	1,144,306.45
WHT	3,368,451.75	3,368,451.75
Turnover Tax	243,597.89	243,597.89
VAT WHT	1,458,292.91	1,458,292.91
VAT	26,726,055.04	32,773,855.51
NBT	1,370,503.95	(367,987.99)
Bank Loan	(3,900.00)	72,073.05
Sales Advance	30,648,646.25	20,748,488.47
Receipt in Advance	131,764.71	684,800.00
Retention A/C	2,986,093.18	2,317,191.10
Retention from Northsea	1,379,837.56	191,575.07
Welfare Society	64,622.74	223,576.54
Trade Unions A/C	1,600.00	7,025.00
Welfare Fund	159,281.50	147,201.50
Mobilization Advance A/C	1,628,495.30	8,023,870.95
Salaries Controll A/C	2,075,580.98	2,182,759.18
Unclaimed Salaries & Wages	138,930.56	104,236.57
Payee A/C	(4,429.90)	3,557.10
Other Creditors	68,479.68	68,479.68
ESC Tax	-	(349,450.34)
Rate & Taxes	-	0.04
Auditors Remuneration	110,000.00	
Pre Paid LC Charges A/C	-	334,662.63
	81,897,545.88	81,420,718.36

Note 25 Income Tax Payable

Balance as at 1st January 2013	2,546,806.64	2,546,806.64
Income Tax for the Year	379,468.28	321,475.47
	2,926,274.92	2,868,282.11
Less: 2012 Tax Set off against ESC	(2,546,806.64)	
Less: Tax Credits		
ESC Paid		
2009/10	(2,004,795.00)	-
2010/11	(2,404,943.00)	-
2011/12	(810,327.00)	-
2012/13	(338,333.00)	(321,475.47)
2013/14	(210,420.52)	-
Income Tax Payable	(5,389,350.24)	2,546,806.64

CEY-NOR FOUNDATION LTD
NOTES TO THE FINANCIAL POSITION

For the year ended 31st December 2013	2013	2012
	Rs.	Rs.
<u>Note 26 Short Term Loan</u>		
Short Term Loans A/C	44,875,733.34	54,530,838.34
Term Loan-BOC	18,333,332.00	-
	<u>63,209,065.34</u>	<u>54,530,838.34</u>
<u>Note 27 Bank Overdraft</u>		
BOC-72322913	685,567.48	1,827,442.21
BOC-Co.Br-1450	35,491,718.03	41,300,007.61
	<u>36,177,285.51</u>	<u>43,127,449.82</u>

Comments on Auditors' Management Letter of Cey- Nor Foundation Limited

AUDITORS ACCOUNTS OF CEY- NOR FOUNDATION LIMITED FOR THE YEAR ENDED 31ST DECEMBER 2013.

The management has reviewed the observations made by you with regard to the audit of accounts for the pertinent year and our comments are as follows:

1. *Expenditure in areas outside the usual operational areas*

Cey-Nor Foundation Limited is a wholly state-owned business company which operates solely on revenue earned on its own without any grants from the General Treasury. As a means of optimizing the opportunities in promoting sales, traveling to areas outside its operational zones had become necessary. This involved in Cey-Nor participation in exhibitions such as *Deyata Kirula* and similar other public events sanctioned by the Ministry.

1. *Sharing of Profits with Cey-Nor Seafood Restaurant*

We have taken action for the lapse on the part of Cey-Nor Seafood Limited with a letter dated 22 April 2014, requesting them to submit the audited accounts for the year 2012/13 and await their response. A copy of our letter is attached for your information.

We hope the above provides explanations for the queries made in your letter.

Signed....

D G B Abeygunawardena
General Manager

Signed.....

H D Diani Madhuka
Finance Manager

• With Attachment