

**THE CO-OPERATIVE WHOLESAL
ESTABLISHMENT**

Financial Statements

**For the Year Ended
31.12.2013**

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THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
DIRECTORATE FOR THE YEAR – 2013

Chairman	- Mr. Eraj T. Fernando
Working Director	- Mr. K.M. M.Zakir
Directors	- Mrs. K.M .Kulathileka Director – (Treasury representative) Director General Dept. of Management Audit. General Treasury. Mr. J.M. Mangalatissa Addl. Secretary , (Planning & Development) Ministry of Co-operatives and Internal Trade Mr. M.G.S.M. Mohamed Jaward Mr. D.A. Buljans Mr. D.C.L. Lankathileka Mr. G. Sunil Santha Mr. W.D. Lionel Chandrasoma
Additional General Manager (Administration)	Mr. Vipula kithsiri Silva
Head of Finance	Mrs. M.B.N.N. Sajeewani
Auditors	Auditor General

Bankers

Bank of Ceylon
Peoples Bank
Commercial Bank
Hatton National Bank
Sampath Bank
Seylan Bank

Registered office

No. 27, Vauxhall Street,
Colombo - 2

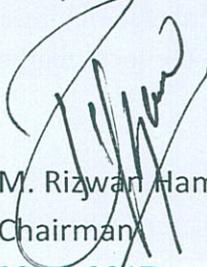
Message of the Chairman

On behalf of the Board of Directors of the Co-operative Wholesale Establishment. I am delighted to present the annual Audited Financial report for the year 2013 to be tabled in the Parliament of Sri Lanka.

Despite the financial difficulties faced by the CWE. We have made many achievements during my tenure of office, after being appointed as the chairman on 15th August 2015 to date, since the rental income is the main source of revenue, and employee related dues represent 75% of rental income. Therefore I myself closely monitored for the recovery of same and to cover the balance payment and expenses for the keep-up, to be earned through some other means.

With the guidance extended by the Hon, Minister of Industry & Commerce , sincere support of the Board of Directors and senior official. We had restarted Wholesale centers such as Kurunagala, Badulla, Matara, and Vauniya and supplied some of the essential food items to Lanka Sathosa by adopting the government introduced purchasing procedure. And Importing essential commodities specially rice in keeping with the policies of the government and being Controlled market price of the Rice. In addition to the said operation we are in the process of supplying Rice to Lanka Sathosa by purchasing the paddy from the Paddy Marketing Board on Treasury comfort.

Finally I take this opportunity to thank the His Excellency the President, Honourable Prime Minister and Hon. Rishad Bathiudeen, Minister of Industry and Commerce, Secretary and official of the Ministry of Industry and Commerce, official of the General Treasury and the Board of Directors for their valuable support and co-operation. Further I wish to place on record the support extended to the Board by all members of the staff of CWE, and the Trade Union who offered their co-operation.



M. Rizwan Hameem,
Chairman

23.11.2017

Report of the Directors of CWE for the Year Ends as at 31st December 2013

In terms of section 14 of Finance Act No. 38, the Board of Directors herewith presents the annual report of Corporative and Wholesale Establishment (CWE) for the year ends as at 31.12.2013.

General Matters:

Primary Activities

Corporative and Wholesale Establishment (CWE) (more populated as Sathosa) established by the Act No. 7 of 1949, started its business from 01st July 1950 utilizing the amount of One Million Rupees invested by the government.

At the beginning, the key objective of CWE was to play as a wholesale and retail establishment of selling essential consumer items.

However, subsequent to the volunteer compensation scheme presented in 2004 and 2006 due to the financial difficulties when involving in business activities for the well-being of the consumers and the farming community of Sri Lanka, it stands for facilitating Lanka Sathosa. Presently, CWE is engaged in the supply of rice processed in rice processingcentres, giving assistance to provide essential food items without any scarcity and supply of transport, security and packing services.

In addition, CWE directly contributes to control price hike, on the guidelines of the Cabinet Subcommittee on the Cost of Living.

01. Review of Business Activities

Under the comments of the Chairman, which is a part of the Directors' Report present status of the institution has been mentioned.

Accordingly, the major way of income generation now is giving the property of the institution to Lanka Sathosa and other public and private institutions on rent and it has been further developed by entering into new agreements.

In addition, actions will be taken to import rice on the instructions and financial facilities of the government with the objective of preventing the scarcity of rice in the local market and to control the rapid price hike.

It's due to be concerned towards the scarcity of rice in the local market in the future and also the importation of the other food items of which the price could be increased rapidly.

“Whole sale Outlets” introduced as a new concept, are run in the district of Vavuniya, Kurunegala and Badulla. While it is scheduled to be concerned in other districts too.

Being entered into Agent Business, business activities are performed for Lanka Sathosa outlets in the Colombo districts as the Marketing Agent of the “Milco” and as Marketing Agent of Milco products in the districts of Vavuniya, Kilinochchi and Jaffna.

02. Cadre Analysis as at 31.12.2013.

1. Executive	-	11
2. Clerical and parallel services	-	51
3. Other Supportive Services	-	<u>357</u>
		<u>419</u>

03. Cases file at the court against the institution as at 31.12.2013

Court	Cases filed as at 31.12.2012	Cases filed in 2013	Total number of cases filed during the year	Cases finalized in 2013	Cases that are being on trial
High court	11	02	15	03	12
District Court	11	02	13	03	10
Magistrate Court	13	03	16	05	11
Labour Tribunals	10	01	11	02	09
Labour Inquiries	08	-	08	-	08
Arbitrations	01	-	01	-	01
Lay by Cases	15	-	15	-	14
Appeal Cases	02	-	02	01	01

04. Concept of Continuation

Sathosa is in a position that financial assistance of loan granting agencies cannot be obtained due to accumulative losses that was Rs.8885 Million and deficits of working capital and the institution cannot bear the earlier prevailed financial liabilities. However, during the year under review, Sathosa rented out the non-operational buildings and removed the property to generate the additional money required for the present committee. Hence, it's apparent that the view of the director board is the continuous progression of trade affairs of the institute .Since the future and current liabilities lie on

the respective dates within a time period of 12 months from the date of signing these financial reports, it is prudent to prepare financial reports based on the continuous conception.

05. Auditors

In terms of the Finance Act No. 38 of 1971, to be read with Section 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka the auditor of the institute is the Auditor General of the Government.

06. Acknowledgement

We make this opportunity to pay gratitude to HE the President, Hon. Prime Minister, Hon. Minister of Industry and Commerce, Hon. Deputy Minister, Secretary to the Ministry and all the officers of the Ministry for giving valuable guidance and assistance and extend our sincere thanks to all the staff of the Ministry of Finance, General Treasury and other Ministries for their assistance given in the year under review.

Our most important resource is the staff. We wish to thank them for serving us during the year under review.

The Board of Directors extends thanks to their valued customers for being with us. Further, our appreciations are with various statutory institutions, private institutions and our bankers.

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT

Financial Statements
For the Year Ended
31 December 2013

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Note	Sub Note	Group		CWE	
			2013	2012	2013	2012
Revenue	3		316,407,129	324,175,737	159,362,757	217,220,666
Cost of Sales	4		(280,311,071)	(268,862,135)	(158,206,438)	(181,930,142)
Gross Profit			36,096,058	55,313,603	1,156,319	35,290,523
Other Operating Income	5		177,563,196	192,898,831	176,841,667	190,942,906
Profit from Paddy Operation	6		91,983,365	36,957,433	91,983,365	36,957,433
Administrative Expenses		8.1.1	(218,196,129)	(194,665,359)	(203,014,398)	(184,861,530)
Selling and Distribution Expenses		8.1.2	(14,820,464)	(18,422,373)	(14,780,709)	(18,410,373)
Provisions for Impairment	7		(38,746)	(378,003,569)	(38,746)	(378,003,569)
Profit / (Loss) from Operation			72,587,280	(305,921,434)	52,147,498	(318,084,610)
Net Finance Cost	9		(335,256,425)	(343,488,443)	(335,642,263)	(343,518,141)
Profit / (Loss) Before Taxation	10		(262,669,146)	(649,409,877)	(283,494,766)	(661,602,751)
Income Tax Expenses	11		(1,998,587)	(14,607,451)	-	(13,200,000)
Profit / (Loss) for The Year			(264,667,733)	(664,017,328)	(283,494,766)	(674,802,751)
Other Comprehensive Income			-	-	-	-
Total Comprehensive Income / (Expense) for the Year			(264,667,733)	(664,017,328)	(283,494,766)	(674,802,751)

Figures in brackets indicate deductions.

Notes to the Financial Statements on Pages 5 to 35 form an integral part of these Financial Statements.

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
STATEMENT OF FINANCIAL POSITION

(Expressed in Sri Lankan Rupees)

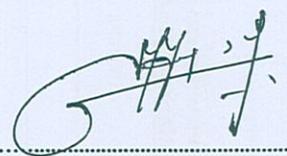
FOR THE YEAR ENDED 31 DECEMBER	Note	Group		CWE	
		2013	2012	2013	2012
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	12	1,105,344,675	944,052,941	1,104,570,852	943,638,120
Prepaid Leasehold Lands	13	1,650,792	1,691,219	1,650,792	1,691,219
Intangible Assets	14	1,312,335	1,073,403	1,312,335	1,073,403
Investment in Subsidiaries	15	-	-	20	20
Other Investments	16	19,195,032	9,923,720	9,923,720	9,923,720
Advance for Investment	17	121,708,711	121,708,711	121,708,711	121,708,711
Total Non-Current Assets		1,249,211,545	1,078,449,994	1,239,166,430	1,078,035,192
Current Assets					
Inventories	18	125,892,165	297,814,360	125,892,165	297,814,360
Trade and Other Receivables	19	1,139,985,844	901,260,861	1,113,886,305	879,514,438
Other Non-Financial Assets	20	1,450,143	2,050,834	1,450,143	2,050,834
Cash and Cash Equivalents	21	289,999,198	163,572,602	249,212,177	144,056,894
Total Current Assets		1,557,327,350	1,364,698,657	1,490,440,790	1,323,436,526
Total Assets		2,806,538,895	2,443,148,651	2,729,607,220	2,401,471,718
EQUITY AND LIABILITIES					
Equity					
Contributed Capital	22	1,056,590	1,056,590	1,056,590	1,056,590
Reserves	23	3,255,699,484	3,255,699,484	3,255,699,484	3,255,699,484
Retained Earnings		(10,937,099,763)	(10,664,071,861)	(10,966,855,498)	(10,675,103,629)
Total Equity		(7,680,343,689)	(7,407,315,787)	(7,710,099,424)	(7,418,347,555)
Non-Current Liabilities					
Payables to Treasury	24	7,526,980,466	7,203,167,798	7,526,980,466	7,203,167,798
Retirement Benefit Obligations	25	38,014,007	33,700,618	38,014,007	33,700,618
Bank Borrowings - (Non-Current Portion)	26	85,723,872	109,431,254	85,723,872	109,431,254
Finance Lease Obligation - (Non-Current Portion)	27	90,179,100	54,417,964	90,179,100	54,417,964
		7,740,897,445	7,400,717,634	7,740,897,444	7,400,717,634
Current Liabilities					
Trade and Other Payables	28	1,998,453,554	1,786,112,350	1,972,300,803	1,768,468,792
Bank Borrowings - (Current Portion)	26	542,327,325	510,682,404	542,327,325	510,682,404
Finance Lease Obligation - (Current Portion)	27	25,359,647	10,454,344	25,359,647	10,454,344
Other Non-Financial Liabilities	29	122,805,821	92,054,088	102,280,823	79,228,090
Bank Overdrafts	21	57,038,790	50,443,618	56,540,602	50,268,009
Total Current Liabilities		2,745,985,138	2,449,746,804	2,698,809,200	2,419,101,639
Total Equity and Liabilities		2,806,538,895	2,443,148,651	2,729,607,220	2,401,471,718

The Board of Directors is responsible for the preparation and presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards. These Financial statements were approved by the Board of Directors and signed on their behalf.


Head of Finance


Chairman

Date: 22.12.2015
Colombo.


Director

Figures in brackets indicate deductions.

Notes to the Financial Statements on Pages 5 to 35 form an integral part of these Financial Statements.

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
STATEMENT OF CHANGES IN EQUITY

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER 2013

Group	Contributed Capital	Capital Reserve	General Reserve	Loan Redemption Reserve	Vehicle Replacement Reserve	Revaluation Reserve	Restructuring Reserve	Retained Earnings	Total
Balance as at 01 January 2012	1,056,590	32,444,879	94,477,411	300,289,603	72,218,000	1,201,386,008	2,323,728,130	(10,541,072,880)	(6,514,734,807)
Prior Year Adjustment	-	-	-	-	-	-	-	3,093,775	3,093,775
Other Adjustment (Note I)	-	-	-	-	-	-	(542,164,547)	539,947,981	(2,216,566)
Loss on Disposal of Land / Buildings	-	-	-	-	-	(226,680,000)	-	(2,023,409)	(228,703,409)
Total Comprehensive Expense for the	-	-	-	-	-	-	-	(664,017,328)	(664,017,328)
Balance as at 31 December 2012	1,056,590	32,444,879	94,477,411	300,289,603	72,218,000	974,706,008	1,781,563,583	(10,664,071,861)	(7,406,578,335)
Prior Year Adjustment (Note II)	-	-	-	-	-	-	-	(8,360,169)	(8,360,169)
Total Comprehensive Expense for the	-	-	-	-	-	-	-	(264,667,733)	(264,667,733)
Balance as at 31 December 2013	1,056,590	32,444,879	94,477,411	300,289,603	72,218,000	974,706,008	1,781,563,583	(10,937,099,763)	(7,679,606,237)

Note I:

Based on Board decision the long outstanding credit balances which are not payables have been written back against restructuring reserve in the year 2010. Since the balances written back are in revenue nature it has been rectified by setting - off against the retained earnings in the current year.

Figures in brackets indicate deductions.

Notes to the Financial Statements on Pages 5 to 35 form an integral part of these Financial Statements.

**THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
STATEMENT OF CHANGES IN EQUITY**

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER 2013

CWE	Contributed Capital	Capital Reserve	General Reserve	Loan Redemption Reserve	Vehicle Replacement Reserve	Revaluation Reserve	Restructuring Reserve	Retained Earnings	Total
Balance as at 01 January 2012	1,056,590	32,444,879	94,477,411	300,289,603	72,218,000	1,201,386,008	2,323,728,130	(10,541,319,225)	(6,516,382,603)
Prior Year Adjustment	-	-	-	-	-	-	-	3,093,775	3,093,775
Other Adjustment (Note I)	-	-	-	-	-	-	(542,164,547)	539,947,981	(2,216,566)
Loss on Disposal of Land / Buildings	-	-	-	-	-	(226,680,000)	-	(2,023,409)	(228,703,409)
Total Comprehensive Expense for the	-	-	-	-	-	-	-	(674,802,751)	(674,802,751)
Balance as at 31 December 2012	1,056,590	32,444,879	94,477,411	300,289,603	72,218,000	974,706,008	1,781,563,583	(10,675,103,629)	(7,418,347,555)
Prior Year Adjustment (Note II)	-	-	-	-	-	-	-	(8,257,104)	(8,257,104)
Total Comprehensive Expense for the	-	-	-	-	-	-	-	(283,494,766)	(283,494,766)
Balance as at 31 December 2013	1,056,590	32,444,879	94,477,411	300,289,603	72,218,000	974,706,008	1,781,563,583	(10,966,855,498)	(7,710,099,424)

Note I:

Based on Board decision the long outstanding credit balances which are not payables have been written back against restructuring reserve in the year 2010. Since the balances written back are in revenue nature it has been rectified by setting - off against the retained earnings in the current year.

Note II:

In computing the paddy inventories, certain invoices relating to sale of rice to Lanka Sathosa Limited have been recorded twice in the inventory computation sheets. Consequently, the paddy inventories as at 31 December 2012 has been understated by Rs. 14,238,609/- and this has been corrected during the year,

The sales made to Lanka Sathosa Limited amounts to Rs. 7,787,533/- removed in the General Ledger has been corrected during the financial year.

In computing the paddy inventories, certain invoices relating to sale of rice to Lanka Sathosa Limited have not been considered in the year 2012. Consequently, the paddy inventories as at 31 December 2012 has been overstated by Rs. 30,283,246/- and this has been corrected during the year,

Figures in brackets indicate deductions.

Notes to the Financial Statements on Pages 5 to 35 form an integral part of these Financial Statements.

**THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
STATEMENT OF CASH FLOWS**

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Note	Group		CWE	
		2013	2012	2013	2012
Cash Flows from Operating Activities					
Profit / (Loss) Before Taxation		(262,669,146)	(649,409,877)	(283,494,766)	(661,602,751)
Adjustments for;					
Depreciation		57,551,234	39,814,737	57,424,617	39,759,876
Amortization of Intangible Assets		134,759	39,738	134,759	39,738
Amortization of Leasehold land		40,426	40,426	40,426	40,426
Provisions for Impairment		38,746	380,240,143	38,746	378,003,569
Net Profit on Disposal of Property, Plant and Equipment		(334,802)	(5,892,489)	(585,284)	(5,892,489)
Gratuity Charge for the Year		4,662,949	4,247,629	4,662,949	4,247,629
Interest Expenses		349,259,767	355,698,068	349,259,767	355,698,068
Interest Income		(14,003,341)	(5,268,872)	(13,617,503)	(5,239,174)
Operating Profit Before Working Capital Changes		134,680,592	119,509,503	113,863,712	105,054,893
Changes in Working Capital					
Inventories		171,922,195	(159,951,460)	163,665,091	(159,951,460)
Trade and Other Receivables		(247,123,898)	(600,511,501)	(234,410,613)	(585,021,147)
Other Non-Financial Assets		600,691	1,669,266	600,691	1,669,266
Trade and Other Payables		214,195,778	850,534,310	205,686,585	834,634,560
Other Non-Financial Liabilities		29,604,874	8,625,390	23,824,435	4,152,047
Cash Generated from / (used in) Operations		303,880,232	219,875,508	273,229,901	200,538,159
Taxes Paid		(851,728)	-	(771,702)	-
Gratuity Paid		(349,560)	(659,080)	(349,560)	(659,080)
Interest Paid		22,481,146	(6,638,471)	22,481,146	(6,638,471)
Net Cash Flow from / (used in) Operating Activities		325,160,089	212,577,958	294,589,785	193,240,609
Cash Flows from Investing Activities					
Acquisition of Property, Plant and Equipment		(127,650,950)	(23,401,247)	(126,914,850)	(23,050,767)
Acquisition of Intangible Assets		(373,690)	(1,040,500)	(373,690)	(1,040,500)
Proceeds from Disposals of Property, Plant and Equipment		1,075,284	7,844,089	1,075,284	7,844,089
Net Investment In Fixed Deposits / Interest Received		4,732,029	5,268,872	13,617,503	5,239,174
Net Cash used in Investing Activities		(122,217,326)	(11,328,786)	(112,595,752)	(11,008,004)
Cash Flows from Financing Activities					
Settlements of Borrowings		(39,402,461)	(37,700,000)	(39,402,461)	(37,700,000)
Loans Obtained		22,500,000	-	22,500,000	-
Settlements of Finance Lease		(66,208,880)	(15,777,175)	(66,208,880)	(15,777,175)
Department of Co-operative Development - Repayment		-	(200,000,000)	-	(200,000,000)
Net Cash Flow from / (used in) Financing Activities		(83,111,341)	(253,477,175)	(83,111,341)	(253,477,175)
Net Changes in Cash and Cash Equivalents During the Year		119,831,423	(52,228,003)	98,882,691	(71,244,571)
Cash and Cash Equivalents at Beginning of the Year		113,128,984	165,356,988	93,788,884	165,033,455
Cash and Cash Equivalents at End of the Year	21	232,960,407	113,128,984	192,671,576	93,788,884

Figures in brackets indicate deductions.

Notes to the Financial Statements on Pages 5 to 35 form an integral part of these Financial Statements.

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013

1 CORPORATE INFORMATION

1.1 REPORTING ENTITY

The Co-Operative Wholesale Establishment (CWE) is a public establishment established under the Co-Operative Wholesale Establishment Act No. 47 of 1949. The registered office and the principal place of business of the CWE are situated at No. 27, Vauxhall Street Colombo 02.

The consolidated financial statements of the CWE for the year ended 31 December 2013 comprise the financial information of the CWE and its subsidiaries (together referred to as the 'Group').

The CWE had 217 Permanent Carders, 27 Casual Workers and 96 Contract Workers and the group had at the end of the financial year.

1.2 Principal Activities and Nature of Operations

The principal activity of CWE is providing wholesale and retail facilities of essential food items to consumers in Sri Lanka, providing milling facilities and transport facilities to Lanka Sathosa Limited.

The principal activities of subsidiary companies are providing security and janitorial services and managing engineering & construction services.

There were no significant changes in the nature of the principal activities of the CWE and group during the financial year under review.

1.3 Reporting Date

CWE's financial reporting period ends on 31 December and financial reporting period of subsidiary companies ends on 31 March. CWE adjusts significant transactions and events, if any that occur between CWE's end of reporting period and reporting period end of subsidiary companies.

1.4 Date of Authorization for Issue

The Consolidated Financial Statements were authorized for issue by the Board of Directors on 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The consolidated financial statements of CWE have been prepared in accordance with Sri Lanka Accounting Standards. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of property, plant and equipment. The preparation of consolidated financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgments or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.27.

2.2 Changes in Accounting Policies

The changes in accounting policies set out have been applied consistently to the periods presented in the financial statements, unless otherwise indicated.

The presentation and classification of the financial statements of the previous year have been amended, where relevant, for better presentation and to be comparable with those of the current year. The impact on the reclassification is given in Note 34.

**2.3 Consolidation
Subsidiary**

Subsidiary is an entity over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiary is fully consolidated from the date on which control is transferred to the group. It is deconsolidated from the date that control ceases.

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013

The group applies the acquisition method to account for business combinations. The consideration transferred for the subsidiary formed is the fair values of the assets transferred, the liabilities incurred to equity interests issued by the group. The group recognizes any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. Losses incurred in subsidiaries are attributed to the non-controlling interest even if that results in a deficit balance.

Inter-entity transactions, balances, income and expenses on transactions between group entities are eliminated. Profits and losses resulting from Inter-entity transactions that are recognized in assets are also eliminated. Accounting policies of subsidiary have been changed where necessary to ensure consistency with the policies adopted by the group.

When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities are reclassified to profit or loss.

2.4 Foreign Currency Translation

2.4.1 Functional and Presentation Currency

Transactions and balances included in the financial statements are measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Sri Lanka Rupees (LKR), which is the group's presentation currency.

2.4.2 Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

Translation differences related to changes in amortized cost are recognized in the statement of comprehensive income.

2.5 Property, Plant and Equipment

Property, plant and equipment are initially recognized at cost including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Property, plant and equipment are stated at revalued amount less accumulated depreciation and any accumulated impairment losses. Property, plant and equipment acquired after revaluation are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as an asset, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated, depreciation on other assets is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

Assets Category	Years
Buildings	20 Years
Building's partition	10 Years
Plant & Machinery	10 Years
Motor Vehicles	05 Years
Furniture & Equipment	03 Years
Office Equipment	10 Years
Computer & Accessories	03 Years
Warehouse Equipment	10 Years
Other Equipment	10 Years
Tools	10 Years

Notes to the Financial Statements Continued

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013

An asset's carrying amount is been written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.6 Intangible Assets

Acquired computer software are capitalized on the basis of the costs incurred to acquire and bring to use the specific software and systems. Intangible assets acquired are stated at cost less accumulated amortization and accumulated impairment losses. These costs are amortized over their estimated useful lives, as follows:

Computer Software	10 Years
-------------------	----------

Costs associated with maintaining computer software are recognized as an expense as incurred.

2.7 Leasehold Lands

Land held under leases is initially measured at prepaid lease rental plus any initial direct costs incurred at the inception and subsequently the leasehold land is measured at cost accumulated amortization and accumulated impairment losses. The value of leasehold land is amortized over the lease period.

Leasehold land	50 Years
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2.8 Impairment of non-financial assets

At each end of reporting period, the group reviews the carrying amounts of its property, plant and equipment, intangible assets and investment in subsidiary to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the group determines the cash-generating unit (CGUs) and estimates the recoverable amount of the CGUs to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income.

2.9 Financial Assets & Liabilities

Financial assets and financial liabilities are recognized when the group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are measured initially at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss).

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets have expired or settled and the group has transferred substantially all risks and rewards of ownership of the financial assets to another party. The group derecognizes a financial liability when the obligation specified in the contract is discharged, is cancelled or expires.

At the end of each reporting period financial instruments are measured at amortized cost using the effective interest method.

At the end of each reporting period, the group assess whether there is objective evidence of impairment of any financial assets that are measured at cost or amortized cost. If there is objective evidence of impairment, the impairment loss is recognized in profit or loss immediately.

2.10 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using weighted average method.

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013

2.11 Trade Receivables

Trade receivables are amounts due from customers for sale of goods in the ordinary course of business. Collection is expected in the normal operating cycle of the business (within one year or less) and the receivables are classified as current assets. Trade receivables are recognized initially at fair value (invoice value) and subsequently measured at the original invoice value less provision for impairment.

The group assesses at the end of each reporting period whether there is objective evidence that trade receivables are impaired. Objective evidences of impairment for trade receivables include the group's past experience in collecting payments and number of default payments. Trade receivables are impaired and impairment losses are incurred, only if there is objective evidence of impairment. Trade receivables are assessed individually for impairment.

2.12 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, term deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less net of bank overdraft.

2.13 Contributed Capital

Contributed capital represents the initial capital paid out of the consolidated fund.

2.14 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due in the normal operating cycle of the business (within one year or less). If not, they are classified as non-current liabilities.

Trade payables are recognized initially at fair value (transaction price) and subsequently measured at the transaction price.

2.15 Government Grants

Grants from the government including non-monetary grants are recognized at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are recognized in the statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

Non-monetary grants are measured at carrying value of the non-monetary asset and account for both grant and asset at the carrying value.

2.16 Borrowings

The group's borrowings include term and hypothecation loans. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost using the effective interest method. Floating rate borrowings are measured in each subsequent period at amortized cost using floating interest rate (effective interest rate) prevailing in the period. Legal and documentation fees are recognized as transaction costs of the borrowings.

Foreign exchange gains and losses arising from measurement of carrying value of loans at amortized cost at each reporting period end are recognized in the statement of comprehensive income.

2.17 Payable to Treasury

Payable to Treasury comprise of Bonds issued by the Treasury on behalf of CWE which is born through the settlement of six commercial bank loans and interest payable accrued therewith issued in form Bonds to respective banks have also been undertaken to repay by the Treasury. The total liability undertaken by the Treasury on behalf of CWE has been stated at the carrying value of the present obligation as payable to the Treasury.

2.18 Borrowing Costs

Borrowing costs are recognized in the statement of comprehensive income in the period in which they are incurred.

2.19 Leases

The group leases certain property, plant and equipment. Leases of property, plant and equipment where the group has substantially all risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease

2.20 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of comprehensive income statement, except to the extent that it relates to items recognized in other comprehensive income. In this case, the tax is also recognized in other comprehensive income. The current income tax charge is calculated on the basis of the tax laws enacted at the reporting period end applicable for the group operate and generate taxable income. Management establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted at the reporting period end date and are expected to apply when the related deferred tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

2.21 Employee benefits

The group has both defined benefit and defined contribution plans.

(a) Defined Contribution plan

A defined contribution plan is a post employment benefit plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions. The contributions are recognized as employee benefit expense when they are due.

The group contributes 12% on gross emoluments of employee to Employee Provident Fund (EPF) and 3% on gross emoluments of employee to Employee Trust Fund (ETF).

(b) Defined benefit plan

The defined benefit plan entitles retired employee to receive payment equal of 1/2 month of final salary multiplied by the number of completed year of service. The defined benefit obligation is measured annually using 1/2 month of final salary multiplied by the number of completed year of service.

The retirement benefits obligation is not externally funded.

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013

(c) Short-term employee benefit

Short-term employee benefit obligations are measured on an undiscounted amount expected to be paid for related services provided by the employees.

2.22 Provisions and Contingent Liabilities

Provisions for legal claim and other operational expenses are recognized when the group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the group and amounts can be estimated reliably.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

All contingent liabilities are disclosed as a note to the financial statements unless the possibility of an outflow of resources is remote.

2.23 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for sale of goods in the ordinary course of group's activities, stated net of Value Added Taxes (VAT) and Nation Building Tax (NBT). The group recognizes revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the group.

The group applies the revenue recognition criteria set out below to each identifiable major types of revenue.

(a) Sale of Goods

Revenue arises from sale of goods is recognized at the point that the risks and rewards of the goods have passed to buyer, which is the point where goods are delivered from stores.

(b) Rendering of Services

Revenue is recognized in the period in which the services are rendered based on completion of job or transaction and assessed on the basis of the actual services rendered.

(c) Rent Income

Lease and rental income from rented properties is recognized on an accrual basis over the term of lease.

(d) Interest Income

Income is recognized using the effective interest method.

(e) Gain and Losses on Disposal of Property, Plant and Equipment

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive income.

(f) Dividend Income

Dividend income is recognized when the right to receive payment is established.

(g) Other Income

Other income is recognized on an accrual basis.

2.24 Expenses

Expenditures incurred in the running of the operation are to income in arriving at the profit for the reporting period.

2.25 Events Occurring after the Reporting Period

All material events after the reporting period have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the financial statements.

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THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013

2.26 Commitments

All material commitments at the reporting period end have been identified and disclosed in the notes to the financial statements.

2.27 Significant Accounting Estimates and judgments

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

I. The following are significant judgments in applying the accounting policies that have most significant effect on the financial statements.

(a) Recognition of Deferred Tax Assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

II. Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below:

(a) Useful life time of depreciable assets

Management reviews its estimate of the useful life time of depreciable assets at each reporting date, based on the expected economic utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

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FOR THE YEAR ENDED 31 DECEMBER

	Note	Group / CWE	
		2013	2012
6.3 Profit on Paddy Operation			
Management Fee		8,749,055	3,014,527
Milling Income		22,619,279	15,415,250
By-Product Income		16,945,732	12,730,688
Transport Reimbursement (Net)	6.4	(31,309,080)	(14,274,009)
Gain on Over Production		74,978,380	20,070,978
		91,983,365	36,957,433

Conversion Rate from Paddy to Rice

Conversion rates from grain to milled rice have been estimated by international rice research institute in Manila, it is estimated above 10 percent of paddy to rice is damaged and / or lost in processing storage and transport with the present methods and machinery.

It is Estimated that use in the old rice milling technology about 60 to 80 percent head yield is obtained with 10 / 25 broken and admixture of bran and husk. Whereas with modern techniques have the capacity to recover 68 - 72 percent of head rice with 5-7 percent broken. The rice research institute of the Ministry of Agriculture is recommending an average recovery of 67 percent. However for accounting, the recovery has been considered as 60 percent.

7 Provisions for Impairment	Group / CWE	
	2013	2012
Long-Term Investments - Sathosa Retails Limited	-	171,928,690
Trade Receivables	-	(12,583,276)
Rent Receivables	-	8,718,044
Amount Due from Related Entities	-	(31,974,206)
Deposits and Advances	38,746	29,653,693
Other Receivables	-	37,939,008
Statutory Receivables - National Security Levy (NSL)	-	174,321,615
	38,746	378,003,569

9 Net Finance Cost	Group		CWE	
	2013	2012	2013	2012
Finance Income				
On Fixed Deposits and Short-Term Deposits	13,979,845	5,185,960	13,594,007	5,156,262
On FCBU Account	23,495.95	63,473	23,496	63,473
On Staff Loans	-	19,440	-	19,440
	14,003,341	5,268,872	13,617,503	5,239,174
Finance Cost				
Overdraft Interest	607,099	104,647	607,099	104,647
On Treasury Bonds	323,812,668	323,812,668	323,812,668	323,812,668
On Borrowings	24,840,000	24,840,000	24,840,000	24,840,000
	349,259,767	348,757,315	349,259,767	348,757,315
	335,256,425	343,488,443	335,642,263	343,518,141

11 Income Tax Expenses				
Current Tax Expense for the Year	11.1	1,998,587	14,607,451	-
				13,200,000

11.1 Reconciliation Between the Current Tax Expense and the Product of Accounting Profit.

Accounting Profit Before Taxation	(262,669,146)	(649,409,877)	(283,494,766)	(661,602,751)
Aggregate of Disallowable Expenses	54,903,944	773,714,549	63,242,252	771,311,310
Aggregate of Allowable Expenses	(51,136,346)	(31,176,955)	(51,136,346)	(31,050,194)
Other / Exempted Income	(14,257,247)	(11,522,601)	(14,249,597)	(11,492,903)
Adjusted Business Profit / (Loss)	(273,158,795)	81,605,116	(285,638,457)	67,165,462
Other Income Liabe for Tax	26,073,671	5,205,399	13,594,007	5,175,701
Statutory Income	26,073,671	5,205,399	13,594,007	72,341,164
Tax Losses Utilized	(13,594,007)	(25,720,193)	(13,594,007)	(25,319,407)
Assessable Income / Taxable Income	12,479,664	(20,514,794)	-	47,021,756
Income Tax on Statutory Tax Rate of 28%	2,142	13,166,092	-	13,166,092
Income Tax on Statutory Tax Rate of 10% and 12%	1,247,966	1,407,451	-	-
Tax on Distributable Profits	228,479	-	-	-
Adjustment to Provision	520,000	33,908.20	-	33,908
Current Tax on Ordinary Activities for the Year	1,998,587	14,607,451	-	13,200,000
Tax Losses				
Loss Brought Forward	10,479,677,834	10,505,398,027	10,479,677,834	10,504,997,241
Loss Incurred During the Year	285,638,457	-	285,638,457	-
Loss Utilized	(13,594,007)	(25,720,193)	(13,594,007)	(25,319,407)
Loss Carried forward	10,751,722,283	10,479,677,834	10,765,316,290	10,479,677,834

Figures in brackets indicates deductions.

Notes to the Financial Statements Continued

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12 Property, Plant and Equipment Group	Lands	Buildings	Partitions	Plant and Machinery	Motor Vehicles	Furniture and Office Equipment	Computer Accessories	Warehouse Equipment	Tools and Equipment	Total
Balance as at 01 January 2012	955,510,235	331,897,935	2,868,090	88,290,606	49,982,949	60,980,434	78,387,902	50,152,557	53,790,159	1,671,860,867
Additions	-	4,540,952	1,660,582	3,442,975	64,122,450	7,210,323	1,230,551	-	1,313,414	83,521,247
Disposals - (Note 11.2)	(226,680,000)	(6,408,731)	-	-	(7,673,000)	-	-	-	-	(240,761,731)
Balance as at 31 December 2012	728,830,235	330,030,156	4,528,672	91,733,581	106,432,399	68,190,757	79,618,453	50,152,557	55,103,573	1,514,620,383
Additions	-	96,006,198	5,397,204	785,928	99,217,500	14,266,084	1,998,370	-	1,912,165	219,583,450
Disposals	-	-	-	-	(1,850,000)	(67,410)	(272,560)	-	-	(2,189,970)
Balance as at 31 December 2013	728,830,235	426,036,355	9,925,876	92,519,809	203,799,899	82,389,431	81,344,263	50,152,557	57,015,738	1,732,013,862
Depreciation										
Balance as at 01 January 2012	-	218,759,774	143,405	88,144,357	12,188,600	50,672,978	76,295,022	49,608,221	45,047,072	540,859,427
Charge for the Year	-	15,352,785	535,896	185,343	14,476,610	7,460,754	903,341	19,755	736,848	39,671,333
Charge for the Year	-	(143,405)	286,809	-	-	-	-	-	-	-
Disposals	-	(4,385,322)	-	-	(5,721,400)	-	-	-	-	(10,106,722)
Balance as at 31 December 2012	-	229,583,832	966,110	88,329,700	20,943,810	58,133,732	77,198,363	49,627,976	45,783,919	570,567,442
Charge for the Year	-	19,330,780	221,425	312,448	32,457,522	2,772,778	1,264,456	19,755	1,172,071	57,551,234
Disposals	-	-	-	-	(1,360,000)	(16,141)	(73,347)	-	-	(1,449,488)
Balance as at 31 December 2013	-	248,914,612	1,187,535	88,642,148	52,041,332	60,890,368	78,389,471	49,647,731	46,955,991	626,669,188
Net Carrying Values								Note	2013	2012
Land									728,830,235	728,830,235
Buildings									177,121,742	100,446,324
Partitions									8,738,342	3,562,562
Plant and Machinery									3,877,361	3,403,881
Motor Vehicles									151,758,567	85,488,589
Furniture and Office Equipment									21,499,062	10,057,024
Computer Accessories									2,954,791	2,420,090
Warehouse Equipment									504,826	524,581
Tools and Equipment									10,059,748	9,319,654
									<u>1,105,344,675</u>	<u>944,052,940</u>

Figures in brackets indicates deductions
Notes to the Financial Statements Continued

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
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(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER 2013

12 Property, Plant and Equipment Contd.....	Lands	Buildings	Partitions	Plant and Machinery	Motor Vehicles	Furniture and Office Equipment	Computer Accessories	Warehouse Equipment	Tools and Equipment	Total
Cost										
Balance as at 01 January 2012	955,510,235	331,897,935	2,868,090	88,290,606	49,982,949	60,969,243	78,265,662	50,152,557	53,768,075	1,671,705,352
Additions	-	4,540,952	1,660,582	3,442,975	64,122,450	7,210,323	(1,115,479)	-	1,313,414	81,175,217
Disposals - (Note 11.2)	(226,680,000)	(6,408,731)	-	-	(7,673,000)	-	-	-	-	(240,761,731)
Balance as at 31 December 2012	728,830,235	330,030,156	4,528,672	91,733,581	106,432,399	68,179,566	79,145,733	50,152,557	55,081,490	1,514,114,389
Additions	-	96,006,198	5,397,204	785,928	99,217,500	14,206,544	1,321,810	-	1,912,165	218,847,350
Disposals	-	-	-	-	(1,850,000)	-	-	-	-	(1,850,000)
Adjustment	-	114,827	-	-	-	-	-	-	-	114,827
Balance as at 31 December 2013	728,830,235	426,151,182	9,925,876	92,519,509	203,799,899	82,386,110	80,467,543	50,152,557	56,993,656	1,731,226,566
Depreciation										
Balance as at 01 January 2012		218,759,774	143,405	88,144,357	12,188,600	50,670,740	76,265,480	49,608,221	45,042,539	540,823,115
Charge for the Year		15,352,785	535,896	185,343	14,476,610	7,458,516	855,135	19,755	732,431	39,616,472
Adjusted to Retained Earnings		(143,405)	286,809	-	-	-	-	-	-	143,405
Disposals		(4,385,322)	-	-	(5,721,400)	-	-	-	-	(10,106,722)
Balance as at 31 December 2012		229,583,832	966,110	88,329,700	20,943,810	58,129,256	77,120,615	49,627,976	45,774,970	570,476,269
Charge for the Year		19,330,780	221,425	312,448	32,457,522	2,766,240	1,144,377	19,755	1,172,071	57,424,617
Disposals		-	-	-	(1,360,000)	-	-	-	-	(1,360,000)
Adjustment		114,827	-	-	-	-	-	-	-	114,827
Balance as at 31 December 2013		249,029,439	1,187,535	88,642,148	52,041,332	60,895,496	78,264,992	49,647,731	46,947,041	626,655,714
Net Carrying Values							Note	2013	2012	
Land										728,830,235
Buildings										177,121,742
Partitions										8,738,342
Plant and Machinery										3,877,361
Motor Vehicles							12.3			151,758,567
Furniture and Office Equipment										21,490,614
Computer Accessories										2,202,550
Warehouse Equipment										504,826
Tools and Equipment										10,046,614
										<u>1,104,570,852</u>
										<u>943,638,120</u>

11.1 Physical verification and valuation of the entirety of property, plant & equipment except motor vehicles has been initiated on 3 June 2015 and is being carried out. The outcome of this verification and valuation will be adopted on the accounts in the year 2014. It is envisaged that the verification exercise is being carried out to facilitate the financial statements to be presented in conform to the SLFRSs.

11.2 The property bearing assessment No.440 Union Place Colombo-02 vested with CWE, by a cabinet decision, has been handed over to the Colombo Divisional Secretariat in the year 2006. The land's carrying value as reported in the books of accounts in CWE amounting to Rs.226,680,000 representing the revalued amount as a result of revaluation, then carried out, has been adjusted to reflect the transfer. Similarly the building situated on the said property also has been adjusted accordingly. As a result the depreciation recognized from the year 2006 up to the year 2011 has been reversed (eliminated). The depreciation charge for the year on "Partitions" also includes denreciation for the year 2011.

11.3 The motor vehicles as classified above comprise of freehold and leasehold vehicles.

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12.3 Leasehold Assets Contd...					
Summary of Net Book Value					
Description	Balance as at 01 Jan. 2013	Additions	Balance as at 31 Dec. 2013		
Cost					
Motor Vehicles	70,720,000	97,205,000	167,925,000		
Depreciation					
Motor Vehicles	5,753,750	25,866,667	31,620,417		
Net Book Value	64,966,250		136,304,583		
13 Prepaid Leasehold Lands					
Summary of Net Book Value					
Description	Balance as at 01 Jan. 2013	Additions	Balance as at 31 Dec. 2013		
Initial Cost					
Prepaid Rental	2,311,930	-	2,311,930		
Amortization					
Prepaid Rental (Charge for the Year and Previous Years)	620,712	40,426	661,138		
Net Book Value	1,691,219		1,650,792		
Details of Land on Lease and Lease Arrangements :					
Name of the Lessor	Initial Amount (Rs.)	Payment Terms	Agreement No.	Remaining Lease Term	Date of Commencement
The Urban Development Authority of Sri Lanka	165,000	Rs. 1000 per Acre. Renewable Every 5 Year	861	31 Year	03 Nov. 1993
The Urban Development Authority of Sri Lanka	1,500,000	Rs. 1000 per Acre. Renewable Every 5 Year	884	35 Years	30 March 1998
14 Intangible Assets					
Summary of Net Book Value					
Description	Balance as at 01 Jan. 2013	Additions	Balance as at 31 Dec. 2013		
Cost					
Computer Software	1,149,462	373,690	1,523,152		
Depreciation					
Computer Software	76,059	134,759	210,818		
Net Book Value	1,073,403		1,312,335		
15 Investment in Subsidiaries					
	No. of Shares	Holding [%]	Group / CWE		
			2013	2012	
CWE Economic Centre Services (Pvt) Ltd (Formally known as CWE Security & Janitorial (Pvt) Ltd)	1	100%	10	10	
CWE Construction and Engineering (Private) Limited	1	100%	10	10	
			<u>20</u>	<u>20</u>	

Figures in brackets indicates deductions.

Notes to the Financial Statements Continued

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER		Note	Group		CWE	
			2013	2012	2013	2012
16	Other Investments					
	Available-for-Sale (AFS) Financial Assets					
	Quoted Shares	16.1	10	10	10	10
	Others					
	INGRIN Institute of Printing & Graphics Sri Lanka LTD (28% - 992,371 No of Shares)	15.2	9,923,710	9,923,710	9,923,710	9,923,710
	Sathosa Retails Limited	15.3	171,928,690	171,928,690	171,928,690	171,928,690
	Fixed Deposits		9,271,312	-	-	-
			191,123,722	181,852,410	181,852,410	181,852,410
	Provision for Impairment		(171,928,690)	(171,928,690)	(171,928,690)	(171,928,690)
			19,195,032	9,923,720	9,923,720	9,923,720
16.1	Quoted Shares		No. of Shares	Market Value		
				Per Share		
	Sathosa Motors PLC		2	259.10	518.20	445
15.2	In the year 1997, INGRIN Institute of Printing & Graphics - Sri Lanka LTD has been registered as a public unquoted company and the premises were given to the institute. 992,371 number of shares were issued at Rs.10 each in favour of CWE on 27.07.1999.					
15.3	A liquidator was appointed on 20.02.2007 to commence liquidation proceeding on Sathosa Retail Limited based on a court case No 182 / C.O filed in District court of Colombo. Accordingly, in the year 2013 the said company has been fully wound up. Hence impairment provision for entirety of the carrying value of the said investment has been recognised.					
17	Advance for Investment				Group / CWE	
					2013	2012
	Lanka Sathosa Limited				121,708,711	121,708,711
	The above represent cost of the capital assets given amounting to Rs 54.7 Mn and amount receivable as rent for the period from the year 2006 up to 31 March 2011 amounting Rs.66.9Mn, to/ from Lanka Sathosa Limited.					
18	Inventories				Group / CWE	
					2013	2012
	Finished Goods (Wholesale)				63,299,365	27,553,999
	Paddy Operation - Paddy with Millers & CWE Stores	6.1			54,428,258	253,054,635
	- Rice - CWE Stores	6.1			3,566,998	12,608,182
	General Stocks	18.1			4,597,545	4,597,545
					125,892,165	297,814,360
	The Crates stock remaining during the current year have not been recognized due to the fact that the stocks have not been purchased by CWE and belongs to the suppliers based on the working arrangements entered into between CWE and the suppliers.					
18.1	General Stocks					
	Building Department Stock				4,143,032	4,143,032
	Packing Materials				454,513	454,513
					4,597,545	4,597,545
19	Trade and Other Receivables				Group	
					2013	2012
	Trade Receivables	19.1	19.1.1	234,590,455	199,885,590	211,482,558
	Rent Receivables	19.2	19.2.1	111,895,938	87,104,696	111,895,938
	Project / Services Receivables	19.3	19.3.1	754,400,704	534,299,709	754,400,704
	Amount Due from Related Entities	19.4		2,996,842	44,854,713	2,996,842
	Deposits and Advances	19.5	19.5.1	691,316	-	691,316
	Staff Loans and Advances			7,154,191	7,392,305	7,039,117
	Short Term Advances			1,000,000	1,000,000	1,000,000
	Other Receivables	19.6	19.6.1	27,256,398	26,723,849	24,379,830
				1,139,985,844	901,260,861	1,113,886,305
						879,514,438

Figures in brackets indicates deductions
Notes to the Financial Statements Continued

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS

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(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Note	Sub Note	Group		CWE	
			2013	2012	2013	2012
19.1 Trade Receivables						
Current / Performing Balances			239,623,488	204,918,623	211,482,558	178,277,031
Long Outstanding Balances			1,803,438	1,803,438	1,803,438	1,803,438
			241,426,926	206,722,061	213,285,996	180,080,470
Provision for Impairment			(6,836,472)	(6,836,472)	(1,803,438)	(1,803,438)
			234,590,455	199,885,590	211,482,558	178,277,031

Current year impairment provision represents specifically identified long outstanding balances, a general provision made in the year 2008 against the total outstanding i.e., 10% on the total closing balance at that year now has been reversed.

19.2 Rent Receivables	Group / CWE	
	2013	2012
Current / Performing Balances	111,895,938	87,104,696
Long Outstanding Balances	77,257,552	77,257,552
	189,153,490	164,362,248
Provision for Impairment	(77,257,552)	(77,257,552)
	111,895,938	87,104,696

Current year impairment provision represents specifically identified long outstanding balances.

19.3 Project / Services Receivables	Group / CWE	
	2013	2012
Crates	5,307,962	7,596,030
Paddy Operation - Government Institutions	697,537,466	503,165,942
Department of Co-operative Development - (Funded Project)	16,256,915	16,432,131
Transport Services	35,298,360	7,105,605
	754,400,704	534,299,709

19.4 Amount Due from Related Entities	Group		CWE	
	2013	2012	2013	2012
Sathosa Retails Limited	99,785,694	142,408,758	99,785,694	142,408,758
Sathosa Retails Limited - Welisara	5,999,113	5,999,113	5,999,113	5,999,113
Sathosa Retails Limited - Debtor	5,093,913	5,093,913	5,093,913	5,093,913
Lanka Sathosa Limited	24,202,985	24,202,985	24,202,985	24,202,985
CWE Economic Centre Services (Pvt) Ltd (Formally known as CWE Security & Janitorial (Pvt) Ltd)	2,996,842	2,231,649	2,996,842	3,842,278
	138,078,547	179,936,418	138,078,547	181,547,048
Provision for Impairment	(135,081,705)	(135,081,705)	(135,081,705)	(135,081,705)
	2,996,842	44,854,713	2,996,842	46,465,342

Consequent to the winding up of Sathosa Retail Limited, CWE has received Rs. 42,623,064.07 in the year 2013 as a full and final settlement against the amounts due from Sathosa Retail Limited, reported as above. Since CWE has already made an adequate provision for impairment against total dues, the remaining balance irrecoverable amounting to Rs 110,878,720 arising from the liquidation has been accommodated from the provision made.

Provision for impairment also includes entire amount of Rs.24,202,985 receivable from Lanka Sathosa Limited.

19.5 Deposits and Advances	Group / CWE	
	2013	2012
Current / Performing Balances	691,316	-
Long Outstanding Balances	29,692,440	29,653,693
	30,383,756	29,653,693
Provision for Impairment	(29,692,440)	(29,653,693)
	691,316	-

19.6 Other Receivables	Group		CWE	
	2013	2012	2013	2012
Current / Performing Balances	27,256,398	26,723,849	24,379,830	25,129,105
Long Outstanding Balances	145,632,158	145,632,158	145,632,158	145,632,158
	172,888,556	172,356,007	170,011,988	170,761,263
Provision for Impairment	(145,632,158)	(145,632,158)	(145,632,158)	(145,632,158)
	27,256,398	26,723,849	24,379,830	25,129,105

Provision has been made for the entire amount shown as long outstanding balances.

Figures in brackets indicates deductions
Notes to the Financial Statements Continued

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
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(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER

		Group / CWE			
		2013	2012		
20 Other Non-Financial Assets					
Prepaid Expenses		1,450,143	2,050,834		
Statutory Receivables					
National Security Levy (NSL)		234,321,615	234,321,615		
		<u>234,321,615</u>	<u>234,321,615</u>		
Provision for Impairment		(234,321,615)	(234,321,615)		
		<u>1,450,143</u>	<u>2,050,834</u>		
21 Cash and Cash Equivalents					
		Group		CWE	
		2013	2012	2013	2012
Favorable Cash and Cash Equivalents Balance					
Current Accounts		38,041,543	17,687,724	22,259,143	9,119,360
Savings Accounts / Call Deposits		158,808,362	140,776,549	133,808,362	129,831,804
Fixed Deposits		79,350,892	-	79,350,892	-
Foreign Currency Accounts		3,146,741	3,076,435	3,146,741	3,076,435
Cash in Hand		10,651,660	2,031,895	10,647,040	2,029,295
		<u>289,999,198</u>	<u>163,572,602</u>	<u>249,212,177</u>	<u>144,056,894</u>
Unfavorable Cash and Cash Equivalents Balance					
Bank Overdrafts		(57,038,790)	(50,443,618)	(56,540,602)	(50,268,009)
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement		<u>232,960,407</u>	<u>113,128,984</u>	<u>192,671,576</u>	<u>93,788,884</u>
22 Contributed Capital				Group / CWE	
				2013	2012
Initial Capital Invested				<u>1,056,590</u>	<u>1,056,590</u>
23 Reserves					
Capital Reserve				32,444,879	32,444,879
General Reserve				94,477,411	94,477,411
Loan Redemption Reserve				300,289,603	300,289,603
Vehicle Replacement Reserve				72,218,000	72,218,000
Revaluation Reserve				974,706,008	974,706,008
Restructuring Reserve				1,781,563,583	1,781,563,583
				<u>3,255,699,484</u>	<u>3,255,699,484</u>
24 Payables to Treasury					
On Converted Loans	24.1			4,397,000,000	4,397,000,000
On CWE Treasury Bond Interest Payments	24.2			3,129,980,466	2,806,167,798
				<u>7,526,980,466</u>	<u>7,203,167,798</u>

In the year 2003 Government of Sri Lanka has undertaken to repay the loans, overdraft facilities and interest outstanding thereon of CWE payable to several government and private banks by issuing Bonds to the face value of Rs.4,397Mn. CWE has agreed that the interest payment referred to the aforesaid Bond liability will take the form of "Zero coupon CWE Bond" issued to the respective banks as the Bond holders for each such interest payments. The directive issued on 28 February 2008 by the Secretary to the Treasury, the Government has undertaken to settle the Bonds issued by CWE on account of interest payments. The Government has settled the CWE bond to the redemption value of 2,806 Mn as at 31 December 2012. The total CWE bonds undertaken to settle by the Government will be redeemed in November 2016.

Details of restructuring of CWE banking facilities and CWE bonds issued on account of interest undertaken for settlement by the Government are tabulated below.

24.1 Financial Institution	Rupees in Million					
	Total Liability		Total Restructured Liability	Restructured Liability		Profit on Restructuring
	Loans with Interest	Overdraft		To Bond	By Cash	
Bank of Ceylon (BOC)	1,852	-	1,852	1,700	100	52
HSBC	889	75	964	733	100	131
Peoples' Bank	932	52	984	625	100	259
Commercial Bank	778	-	778	600	100	78
Hatton National Bank						
PLC (HNB)	550	100	650	489	100	61
Seylan Bank	265	-	265	250	-	15
	<u>5,266</u>	<u>227</u>	<u>5,493</u>	<u>4,397</u>	<u>500</u>	<u>596</u>

Figures in brackets indicates deductions
Notes to the Financial Statements Continued

FOR THE YEAR ENDED 31 DECEMBER 2013

24.2 Financial Institution		Total CWE Bonds Issued		Total CWE Bonds Issued		
		As At	As At	As At	As At	
		31 Decce. 2013	31 Decce. 2012			
Bank of Ceylon (BOC)		1,251,948,000	1,126,753,200			
HSBC		539,810,520	485,829,468			
Peoples' Bank		460,275,000	414,247,500			
Commercial Bank		441,864,000	397,677,600			
Hatton National Bank PLC (HNB)		360,119,160	324,107,244			
Seylan Bank		184,110,000	165,699,000			
		3,238,126,680	2,914,314,012			
Settlements Made By CWE		(108,146,214)	(108,146,214)			
Settlements Made By the Government Treasury		3,129,980,466	2,806,167,798			
25 Retirement Benefit Obligations		Group / CWE				
		2013	2012			
Balance as at 01 January		33,700,618	30,112,068			
Charge for the Year		4,662,949	4,247,629			
Payments Made During the Year		(349,560)	(659,080)			
Balance as at 31 December		38,014,007	33,700,618			
26 Borrowings						
Hatton National Bank PLC (HNB)		5,000,000	17,000,000			
Peoples Bank		13,531,254	33,931,254			
Bank of Ceylon (BOC)		90,900,000	94,500,000			
Peoples Bank - Import Loan		207,050,943	207,050,943			
Accrued Interest		292,471,461	267,631,461			
Peoples Leasing and Finance Company PLC		19,097,539	-			
	26.1	628,051,197	620,113,658			
26.1 Movement of Borrowings						
Balance as at 01 April		620,113,658	657,813,658			
Loan Obtained		22,500,000	-			
Settlements Made		(39,402,461)	(37,700,000)			
Accrued Interest		24,840,000	-			
Balance as at 31 March		628,051,197	620,113,658			
Current Portion		542,327,325	510,682,404			
Non-Current Portion		85,723,872	109,431,254			
		628,051,197	620,113,658			
27 Finance Lease Obligations						
Gross Liability as at 01 January		96,896,501	32,642,845			
Obtained During the Year		135,291,755	86,563,656			
Adjustment		-	(6,532,825)			
Repayments During the Year		(66,208,880)	(15,777,175)			
Gross Liability at End of the Year		165,952,376	96,896,501			
Finance Charges Allocated to Future Periods		(50,413,629)	(32,024,193)			
Net Liability at End of the Year		115,538,746	64,872,308			
Current Portion		25,359,647	10,454,344			
Non-Current Portion		90,179,100	54,417,964			
		115,538,746	64,872,308			
28 Trade and Other Payables		Group		CWE		
	Note	Sub Note	2013	2012	2013	2012
Trade Payables	28.1	27.1.1	29,558,228	19,260,830	6,837,467	2,549,262
Project Payables	28.2	27.2.1	1,502,727,144	1,347,089,170	1,502,727,144	1,347,089,170
Amounts Due to Related Entities (CWE Construction and Engineering (Private) Limited)			2,000,000	-	(499,990)	10
Other Payables	28.3	27.2.1	412,158,739	390,823,392	412,158,739	390,823,392
Refundable Deposits		27.3.1	52,009,444	28,938,958	51,077,444	28,006,958
			1,998,453,554	1,786,112,350	1,972,300,803	1,768,468,792
28.1 Trade Payables						
Current / Performing Balances			7,416,032	2,796,535	3,826,819	(461,385)
Retention / to Subcontractors			19,131,548	13,453,648	-	-
Long Outstanding Balances			3,010,648	3,010,647	3,010,648	3,010,647
			29,558,228	19,260,830	6,837,467	2,549,262

Figures in brackets indicates deductions
Notes to the Financial Statements Continued

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FOR THE YEAR ENDED 31 DECEMBER

Group / CWE

2013 2012

		2013	2012
28.2	Project Payables		
	Paddy Operation - Paddy Purchase (Paddy Marketing Board)	943,845,630	962,585,013
	- Millers	156,511,100	70,643,179
	- Packing Material	46,902,168	12,757,032
	- Transport	7,595,950	10,657,962
	- Refundable Deposits (Millers)	3,000,000	3,000,000
	- Treasury Advances	254,149,693	254,149,693
	- Others	11,523,151	-
	Department of Co-operative Development - (Fund)	19,926,051	19,926,051
	Crates	8,130,601	13,370,241
	Other Projects	51,142,800	-
		1,502,727,144	1,347,089,170
28.3	Other Payables		
	Current / Performing Balances	28,555,782	7,220,435
	Long Outstanding Balances	383,602,957	383,602,957
		412,158,739	390,823,392

29	Other Non-Financial Liabilities	Sub Note	Group		CWE	
			2013	2012	2013	2012
	Accrued Expenses	28.1.1	41,119,204	27,369,673	28,795,583	18,544,490
	Statutory Payables					
	Value Added Tax (VAT)		60,108,044	44,774,935	55,822,126	42,678,474
	Stamp Duty Payable / PAYE and Other Duties		122,897	59,525	122,897	59,525
	Current Tax (Net of Tax Credits)		12,389,578	11,242,719	9,003,540	9,775,242
	Nation Building Tax (NBT)		9,066,098	8,607,236	8,536,677	8,170,358
			122,805,821	92,054,088	102,280,823	79,228,090

30 Capital and Other Commitments
There were no material capital expenditure or other financial commitments approved by the Board of Directors as at the reporting period end.

31 Events Occurring after Reporting Period
There were no events occurred, which required adjustments or disclosure in these financial statements between the 31 December reporting date and the date of authorisation.

32 Related Party Disclosures
The company's related parties includes Government of Sri Lanka, State-Owned Enterprises, Other Related Entities and key management personnel.

32.1 Transactions with Key Management Personnel (KMPs)

According to the Sri Lanka Accounting Standards LKAS.24 "Related Party disclosures" Key Management Personnel are those having responsibility for planning, directing and controlling the activities of the entity directly or indirectly. Accordingly, the Board of Directors, General Manager and Operational Managers have been classified as Key Management Personnel.

Transactions with Key Management Personnel	Group		CWE	
	2013	2012	2013	2012
Remuneration and Other Short-Term Employee Benefits	1,469,900	1,235,210	1,349,900	1,235,210

32.2 Related Party Transactions

Details of significant related party transactions that company carried out are as follows:

Transactions with Government of Sri Lanka and State-Owned Enterprises and Other Government Related Entities

The Government of Sri Lanka is only the capital holder of the company and thus has control over its operation. Accordingly company has considered the Government of Sri Lanka and other entities which are controlled, jointly controlled or significantly influenced by the Government of Sri Lanka (Government related entities) as related parties.

Related Parties	Nature of Transactions	Transaction Value (Rs.)	Amount Due from / (to)
Government of Sri Lanka	Rent Income (Performing)	29,574,620	29,693,359
	Treasury Bonds issued by CWE and Settled by Treasury	323,812,668	7,526,980,466
	Project Receivables - Crates	-	51,713
	Sales of Rice / Net Recovery	11,390,171	2,739,085
	Transport Services Rendered	-	128,070
	Other Receivables	-	100,000,000
	Other Payables on SRL	-	(200,000,000)

Figures in brackets indicates deductions
Notes to the Financial Statements Continued

FOR THE YEAR ENDED 31 DECEMBER 2012

Related Party Transactions Contd.....

Related Parties	Nature of Transactions	Transaction Value (Rs.)	Amount Due from / (to)
State-Owned Enterprises	Rent Income (Performing)	133,210,861	62,335,342
	Paddy Purchases	3,289,831,856	(943,845,630)
	Sale of Goods / Net Balance Recovery	25,248,499	198,542,685
	Sales of Rice	4,213,869,258	688,018,620
	Recoveries of Outstanding on Rice and Others	4,093,868,031	-
	Short-Term Loans	-	1,000,000
	Bank Current Accounts	-	20,321,970
	Savings Accounts / Call Deposits	-	3,077,100
	Settlement of Borrowings	39,402,461	-
	Loans Obtained / Interest Charged	47,340,000	(623,051,197)
	Settlement of Lease Obligations	50,936,846	(116,441,202)
	Purchases and Services Obtained	-	(631,383)
	Funding of MCPS Project	-	(19,926,051)
	Rent Deposits	-	(6,359,849)
Transport Services Rendered	37,488,448	(35,170,291)	
Local Government Bodies	Advances on Paddy / Rice Purchases	-	254,149,693
	Other Receivables	-	19,336,008
Other Government Related Entities	Project Receivables - Crates	1,311,005	2,857,362
	Project Receivables - MPCPS / Net Balance Recovery	175,216	16,256,915

Transactions with Other Related Entities (Including Subsidiaries)

Related Parties	Nature of Transactions	Transaction Value (Rs.)	Amount Due from / (to)
CWE Economic Services (Pvt) Ltd	Working capital requirements, Obtained security and Janitorial services.	1,713,000 608,236	2,996,842
Sathosa Retails Limited	Working capital requirements	-	110,878,720
Lanka Sathosa Limited	Working capital requirements	-	24,202,985

33 Litigation

There are several court cases pending as at the reporting date filed in favour / against CWE. The details of court cases pending are stated below.

Court	No. of Pending Cases
Supreme Court cases	2
Court of Appeal	2
Civil Appeal	3
Commercial High Court	3
High Court Cases	2
District Court	11
Magistrate Courts	2
Labour Department	6
Industrial Arbitration Cases	1
Labour Department Inquiries	7

The CWE may have contingent liabilities in respect of legal claims arising in the ordinary course of business. CWE will recognise such claims as and when those prove to be realised in the year in which the court decision is awarded by the respective courts. Hence, no provision has been made in the financial statements for legal claims if any, of the above cases. This position taken is in consistent with legal advices of the CWE's legal division.

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
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(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Group		CWE	
	2013	2012	2013	2012
4.1.1 Direct Expenses				
Clearing Charges	-	23,986	-	23,986
Custom Duty	33,199,610	3,955,050	33,199,610	3,955,050
Import Charges	1,392,415	5,558,512	1,392,415	5,558,512
Rice & Processing Charges	-	337,243	-	337,243
SLSI Charges	-	50,479	-	50,479
Weight Bridge Charges	160,822	166,950	160,822	166,950
Fumigation Expenses	297,344	134,979	297,344	134,979
Loading & Unloading Charges	1,752,835	1,074,647	1,752,835	1,074,647
Packing Materials	-	199,698	-	199,698
Cotton Thread Expenses	-	15,000	-	15,000
Stock Damages	-	307,649	-	307,649
Security Personnel Expenses	123,994,523	81,742,877	608,236	-
Telephone - walky-Yalky	657,154	369,985	-	-
Vehicle Allowance	-	378,500	-	-
Fuel Allowance	-	1,190,067	-	-
Telephone Allowance	403,487	130,667	403,487	-
Vehicle Maintenance	-	263,811	-	-
Printing & Statioery	287,134	240,934	-	-
Provision for Bad Debts	-	2,236,573	-	-
Security Travelling & Fuel	143,321	86,183	-	-
Security Consumables	237,470	93,386	-	-
Training Programme - Security Staff	47,200	27,700	-	-
Repair & Maintenance	170	23,688	-	-
Entertainment	245,154	27,096	-	-
ETF Surcharge	-	19,169	-	-
Transport	102,933	-	102,933	-
Insurance	56,475	-	-	-
Reimbursement Expenct(Ministry of Tra)	(180,000)	-	-	-
Security - Income	(2,775,732)	-	-	-
Bad Debts written off	-	101,356	-	-
	160,022,315	98,756,185	37,917,683	11,824,193

5.1.1 Direct Expenses - Transport Services

	Group / CWE	
	2013	2012
Fuel	15,256,067	9,581,688
Repair and Maintanance - Transport	4,878,267	3,558,152
Registration Charges - Transport	150,093	24,075
Insurance	1,249,006	340,028
Lease Interest	7,619,121	2,498,671
Depreciation	9,968,581	4,401,687
Salaries	6,014,805	2,608,580
Employees' Provident Fund	636,500	218,631
Employees' Trust Fund	159,125	54,658
Overtime	2,089,275	1,029,870
Casual Wages	338,037	336,451
Employees' Provident Fund	34,789	28,372
Employees' Trust Fund	8,697	7,093
Overtime	109,340	41,089
Salary - Daily Pay	3,463,707	3,254,560
Employees' Provident Fund	372,342	251,203
Employees' Trust Fund	93,086	62,801
Overtime	955,284	601,121
Insurance Claim Receipt	-	(9,150)
	53,396,122	28,889,581

Figures in brackets indicates deductions.
Notes to the Financial Statements Continued

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER		Group / CWE	
		2013	2012
6.1.1	Transport - Paddy Operation		
	Fuel		30,974,440
	Repair and Maintenance		17,034,111
	Rent Expenses		9,904,361
	Registration Charges		6,325,604
	Insurance		76,967,227
	Lease Interest		12,127,185
	Depreciation		304,735
	Salary - Daily Pay		42,800
	Employees' Provident Fund		2,535,860
	Employees' Trust Fund		604,494
	Overtime		15,469,124
	Casual Wages		4,442,082
	Employees' Provident Fund		20,239,241
	Employees' Trust Fund		7,825,222
	Overtime		12,211,876
	Salaries - Permanent Staff		4,637,475
	Employees' Provident Fund		1,292,288
	Employees' Trust Fund		388,677
	Overtime		323,072
	Salaries - Permanent Staff		97,169
	Employees' Provident Fund		4,241,861
	Employees' Trust Fund		1,830,880
	Overtime		686,318
	Salaries - Permanent Staff		598,135
	Employees' Provident Fund		70,632
	Employees' Trust Fund		50,440
	Overtime		17,658
	Salaries - Permanent Staff		12,610
	Employees' Provident Fund		221,993
	Employees' Trust Fund		73,047
	Overtime		7,032,375
	Salaries - Permanent Staff		5,785,884
	Employees' Provident Fund		755,967
	Employees' Trust Fund		446,584
	Overtime		188,992
			111,646
			1,939,517
			1,068,660
			185,377,536
			63,502,705
8.1.1	Administrative Expenses		
	Allowances	2,577,068	2,088,204
	Bonus	2,420,000	2,773,729
	Employees' Provident Fund	7,738,159	5,264,026
	Employees' Trust Fund	1,902,818	1,315,737
	Fuel Allowances	4,564,261	2,149,634
	Leave Encashments	2,114,679	1,951,492
	Professional Fee	1,273,024	1,064,650
	Director's Emoluments	-	120,000
	Staff Cost	121,150	12,694
	Overtime	10,712,162	6,100,834
	Salaries - Permant Staff	53,771,409	42,544,967
	Staff Treatment Expenses	1,638,535	1,389,679
	Uniform Allowance	96,599	153,900
	Accomadation Expenses	-	5,340
	Advertisements	1,030,911	926,484
	Renewal	32,461	471,694
	Audit and Tax Consultancy Fee	1,386,796	764,000
	Casual Wages	15,549,412	24,678,336
	Janitorial Service	-	-
	Data Processing Fee	-	46,467
	Consultancy Fee	-	105,769
	Depreciation	27,343,412	27,444,423
	Amotization of Intangible Assets	134,759	39,738
	Dialog Tv	75,287	86,702
	Director Allowances	390,500	151,500
	Board Meeting Expenses	-	4,310
	Director Fee	1,079,400	1,079,400
	Electricity	19,237,907	16,076,454
	Entertainment	409,095	415,047
	Fuel Charges	6,001	1,230,660
	Gratuity	4,662,949	4,247,629
	Amotization of Leasehold Lands	40,426	40,426
	Insurance	1,565,666	-
	Internet	8,645	102,851
	Labour Charges	-	1,112,089
	Licence Fee	155,063	252,141
	Luxary Tax	339,720	100,000
	Office Maintainance	-	242,879
	Panalty Charges	26,438	6,918
	P.A. Y.E.	5,921	8,398
	Periodical Expenses	84,380	40,905
	Balalnce C / F	162,495,014	146,610,106
			150,600,958
			139,675,425

Figures in brackets indicates deductions.

Notes to the Financial Statements Continued

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Note	Group		CWE	
		2012	2011	2012	2011
Balance B / F		162,495,014	146,610,106	150,600,958	139,675,425
Cleaning Expenses		837,374	-	2,060,410	-
Tools and Accessories		13,230	-	13,230	-
Over Provision / Under Provision		1,084,486	-	1,084,486	-
Photocopy		-	8,165	-	8,165
Postage		92,975	94,521	88,890	94,521
Printing & Stationery		2,228,878	1,613,211	2,226,898	1,544,463
Registration & Renewal Fees		-	569,566	-	569,566
Rent		1,155,000	2,195,824	675,000	2,195,824
Repair & Maintaince		9,433,702	14,570,770	9,408,917	14,568,370
Salaries - Casual Wages		525,538	4,556,716	525,538	4,556,716
Security		-	1,922,121	-	1,973,747
Staff Welfare		1,788,100	1,330,875	1,788,100	1,330,875
Subsistence Allowance		1,181,607	1,042,558	1,181,607	1,042,558
Supervisory Allowance		8,616	39,980	8,616	39,980
Secretarial Fee		90,000	90,000	-	-
Tax & Rates		8,091,011	7,205,342	8,091,011	7,205,342
Telephone		1,157,424	1,953,014	1,076,385	1,845,285
Local Training		92,875	56,000	92,875	56,000
Travelling Allowances		543,901	380,000	229,001	380,000
Travelling		-	269,933	-	-
Local Travelling		835,805	825,632	835,805	825,632
Vehicle Allowance - Senoir Executive		2,830,000	2,969,375	2,830,000	2,609,375
Water		1,669,290	1,114,678	1,668,674	1,114,678
Bank Charges		441,653	316,253	236,738	171,638
Donation		125,000	129,680	35,000	100,680
Vehicle Repair & Maintenance		104,328	-	-	-
Legal		5,113,158	1,147,996	5,113,158	1,147,996
NBT		2,830,553	2,708,861	111,603	870,710
Other Expenses		789,292	733,302	754,292	723,102
Audit & Management Comunity Allowance		4,750	20,500	4,750	20,500
Hotel Projects		-	171,427	-	171,427
Miscellaneous Expenses		52,175	11,854	-	11,854
Office Maintenance		29,000	6,400	29,000	6,400
Service Charges		-	700	-	700
Treatment Allowance		1,384	-	1,384	-
Credit Card Commission - Bank of Ceylon		3,443	-	3,443	-
Contract & Daily Pay Salary		11,550,050	-	11,550,050	-
Packing Charges		592,641	-	592,641	-
Petty Cash - Expenses		17,048	-	-	-
Consumable - Head Office		19,498	-	-	-
Surcharges		116,848	-	95,939	-
Loss Disposals of Fixed Assets		250,482	-	-	-
		218,196,129	194,665,359	203,014,398	184,861,530
8.1.2 Selling and Distribution Expenses					
Salary - Daily Pay		1,036,485	519,580	1,036,485	519,580
Employees' Provident Fund		110,901	35,395	110,901	35,395
Employees' Trust Fund		27,725	8,849	27,725	8,849
Overtime		120,575	-	120,575	-
Salaries Casual Wages		5,137,598	91,273	5,137,598	91,273
Employees' Provident Fund		532,996	7,082	532,996	7,082
Employees' Trust Fund		133,249	1,771	133,249	1,771
Overtime		642,154	-	642,154	-
Salaries - Permanent Staff		5,323,407	7,342,490	5,323,407	7,342,490
Employees' Provident Fund		647,024	567,789	647,024	567,789
Employees' Trust Fund		143,097	141,947	143,097	141,947
Overtime		925,499	700,970	925,499	700,970
Advertising		39,756	12,000	-	-
Treatment Allowance		-	8,993,227	-	8,993,227
		14,820,464	18,422,373	14,780,709	18,410,373

Figures in brackets indicates deductions.
Notes to the Financial Statements Continued

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Group		CWE	
	2013	2012	2013	2012
19.1.1 Trade Receivables				
Current Balances				
KEELS FOOD PRODUCTS PLC	1,032,236	1,032,236	1,032,236	1,032,236
LANKA SATHOSA LTD	198,542,685	184,394,353	198,542,685	173,294,186
ARPICO SUPER CENTRE	(746)	207,764	(746)	207,764
SRI LANKA COOPERATIVE MARKETING FEDERATION	682,353	580,464	682,353	580,464
THENUWARA TRADING (PVT) LTD	2,840,720	3,162,382	2,840,720	3,162,382
SRI LANKA PORTS AUTHORITY	3,709,710	-	3,709,710	-
SZECHUAN HOUSE	4,521,600	-	4,521,600	-
THE CO-OPERATIVE WHOLESALE ESTABLISHMENT	149,728	184,178	-	-
OTHER SECURITY AND JANITORIAL DEBTORS	28,145,202	15,357,247	154,000	-
	239,623,488	204,918,623	211,482,558	178,277,031
Long Outstanding Balances				
N N BANDARA	167,170	167,170	167,170	167,170
P. JAYANTHE	6,850	6,850	6,850	6,850
S.B DISSANAYAKA	2,336	2,336	2,336	2,336
SHIRAN ENTERPRISES	725,000	725,000	725,000	725,000
RUWANI FARM SHOP	392,296	392,296	392,296	392,296
SHALOM DRIED FISH	125,475	125,475	125,475	125,475
A.N.A TRADERS	163,812	163,812	163,812	163,812
ARCHIE FOODS PRODUCTS	10,500	10,500	10,500	10,500
CARGILLS CEYLON LTD	210,000	210,000	210,000	210,000
	1,803,438	1,803,438	1,803,438	1,803,438
	241,426,926	206,722,061	213,285,996	180,080,470
PROVISION FOR IMPAIRMENT	(6,836,472)	(6,836,472)	(1,803,438)	(1,803,438)
	234,590,455	199,885,590	211,482,558	178,277,031
19.2.1 Rent Receivables				
Current Balances				
A.A.J. ABEYSINGHA			87,659	148,169
ABANS LIMITED			6,351,661	5,244,675
ABANS RESTAURANT			926,681	1,235,574
ANTHONEY JERAD - RENT			38,096	44,288
ANUPAMA LOKUGONADUWA			32,671	32,673
BATA SHOE COMPANY			363,375	313,646
BHELCOM LANKA (PVT) LTD			914,528	346,417
CEYLON FERTILIZER COMPANY			22,277	7,426
CEYLON FISHERIES CO-OPERATION - RENT			141,266	137,358
CHULA SHANTHA			4,101	4,101
CONSUMER AFFAIRS AUTHORITY			5,329,529	2,726,364
CO-OPERATIVE INSURANCE - RENT			(2,123,524)	557,218
D D T AMARASEKARA - RENT			128,680	134,850
DEPARTMENT OF TEXTILE			135,789	135,789
G D SAMARASINGHA - RENT			18,630	6,668
G D WIMALADASA - RENT			7,178	12,281
ISHANA SPICE EXPORT			596,736	397,824
J. F. WARNAKULASOORIYA-RENT			28,514	40,578
K M M ALLIE - RENT			68,110	68,110
L M C THUSHARA DE MEL - RENT			122,922	98,338
LONDRY MART PVT LTD			63,805	63,805
M I M RASHMI - RENT			56,371	15,567
M.ANANDA PIYARATHNE - RENT			38,463	50,134
MAHAPOLA SCHOOLERSHIP FUND			5,339,471	43,636
MAXIES COMPANY - RENT			24,615	30,490
MINISTRY OF CO-OP. AND INTERNAL TRADE RNT			29,693,359	29,693,359
P R WEERASINGHA - RENT			82,070	41,035
PADDY MARKATING BOARD - RENT DEBTOR			26,254,546	14,326,793
PERERA AND SONS LTD			113,920	113,920
R.T. FOODS RENT			210,253	210,253
RATHNAPURAYA MPCS (RENT DEBTOR)			219	220
S. SIVA KUMAR			14,034	-
SRI LANKA BUREAU OF FOREIGN EMPLOYMENT			477,119	85,500
<i>Balance C / F</i>			75,563,126	56,367,056

Figures in brackets indicates deductions
Notes to the Financial Statements Continued

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Group / CWE	
	2013	2012
Balance B / F	75,563,126	56,367,056
STATE PHARMACIUTICAL CORPORATION	214,803	-
SATHOSA MOTORS	3,158,720	1,559,360
SHAMMI ABEYWICKRAMA - RENT	50,808	76,214
SHANTHA KUMARAGE - RENT	125,001	125,001
STATE PRINTING CORPORATION	69,721	-
STATE TRADING CORPORATION (SC)	445,814	445,814
SUPPIAH NARAYANSAMY - RENT	47,200	12,517
U R S SHANTHA - RENT	14,680	18,537
WESCO LIMITED	206,531	208,475
Y. M. DISSANAYAKA MANIKE	11,424	11,424
YOHAN SEBASTHIYAN - RENT	98,338	73,753
AGRICULTURAL AND AGRARIAN SER: BOARD	3,735,203	3,735,203
CANTEEN-C W E/BILL	115,729	98,810
CIC COMPANY LTD	(387,291)	(387,291)
CO-OPERATIVE DEVELOPMENT DEPT - RENT	2,586,128	2,486,128
KUMARAVELU	41,403	41,403
LANKA SATHOSA LTD	21,887,950	19,955,322
NATIONAL INSURANCE TRUST FUND	2,276,970	2,276,970
BENEDICTSONS (PVT) LTD	361,398	-
ORACLE TRADING LANKA (PVT) LTD.-RENT DR.	399,840	-
DEPARTMENT OF BUDGET	1	-
RTS FOODS	151,493	-
S.H CHANDRAPALA DE SILVA	693,213	-
THE LAUNDROMAT	27,735	-
	111,895,938	87,104,696
Long Outstanding Balances		
A K ISHAK	225,098	225,098
A K ISHAK - 02	9,016	9,016
A K ROHITHA	49,032	49,032
A SEKAR	101,222	101,222
A V K BANDULA	110,730	110,730
ABDUL HALIK	86,551	86,551
ADHIHETTI	73,688	73,688
ANJEEWA PUSHPAKUMARA	6,693	6,693
ANURADHA PAHIYANGALA	6,106	6,106
BANDULA AMARAWEEERA	50,490	50,490
CARAVAN FOODS	184,205	184,205
CHANDARA MOHAN	151,947	151,947
COLLECT CLEANERS LTD	42,000	42,000
D M DISSANAYAKA	2,194	2,194
D V WIMALASIRI	157,585	157,585
D W K HETTIARACHHI	7,545	7,545
DAMBULU VEGETABLE	96,224	96,224
DEVEA BURAIN	109,667	109,667
DIAMOND BEST FOOD	158,634	158,634
DUDLEY SIRISENA	44,738	44,738
ESSENTIAL COMMODITIES	326,337	326,337
G M ALL CEYLON EXCERSISE BOOK MANUFACT	87,763	87,763
G M KUMARASINGHA	91,935	91,935
G V SUBRAMANIAM	29,650	29,650
GOVISHKTHI RICE MILLING LTD	9,622	9,622
HOT BAKERS - MALIGAWATHTHA	635,204	635,204
J H D JAYAWARDHANA	25,273	25,273
J JALABDEEN	14,441	14,441
J S S FERNANDO	52,612	52,612
J SYRIL	5,589	5,589
JAGATH HEWAGE	70,774	70,774
JANAKI AMARASINGHA	53,172	53,172
K G WEERASINGHA	146,273	146,273
K K PREMARATHNE	23,624	23,624
K KARTHIKESU	219,629	219,629
K KARUPAIYA	30,386	30,386
K MAHINDA RATHNE	115,223	115,223
K W PIYASIRI	110,196	110,196
Balance C / F	3,721,069	3,721,069

Figures in brackets indicates deductions

Notes to the Financial Statements Continued

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Group / CWE	
	2013	2012
Balance B / F	3,721,069	3,721,069
K W PIYASIRI 02	16,915	16,915
KARUPUSAMI MASHWARAN	48,689	48,689
KOTHTHMALE BUDGET SHOP	119,464	119,464
KRISHAN PERERA	130,266	130,266
KRISHANTHA PERERA	69,501	69,501
LANKA BELL COMPANY LTD	613,410	613,410
M A M A KURESH	47,638	47,638
M M RATHNAYAKA	25,619	25,619
M S S N RAMS	164,052	164,052
M WIJEKUMAR	84,133	84,133
M WIJEKUMAR 02	99,998	99,998
METHSIRI WIJESINGHA	70,133	70,133
MUDITHA PERERA	49,295	49,295
N E T SUNDARAN	395,027	395,027
N PERINKAYGAN	74,405	74,405
NATIONAL LOTARIES BOARD	6,250	6,250
P K C RAJAPAKSHA	114,817	114,817
P T NADAN	140,963	140,963
PALITHA VITHANA	255,540	255,540
PRABATH THUSHARA	44,221	44,221
PRADEEP SAMPATH KUMARA	121,124	121,124
PRIYANTHA JAYALAL PERIES	79,290	79,290
R A C DE ALWIS	20,774	20,774
RAIGAM PRODUCTS	66,819	66,819
RATHNAYAKA	146,273	146,273
REX FERNANDO	140,485	140,485
RUWAN MADURAPPRIYA	72,541	72,541
SRLANKA ARMY	28,053,675	28,053,675
S C VEGETABLE SHOP	114,008	114,008
S FERNANDO	89,351	89,351
S K THENUWARA	99,658	99,658
S M MISNER	5,589	5,589
S RAGUNADAN	29,285	29,285
S SIWAM	98,104	98,104
SARATH PUSHPA KUMARA	46	46
SARDA RASAPUTHTHARAN	38,408	38,408
SPELMEN FERNANDO	12,096	12,096
SPICE ALLIED AND MARKE BOARD	74,870	74,870
SUDATH SAJNJEWA	51,472	51,472
THAIMANA SUNDARAM	69,842	69,842
THISSA WICKRAMASINGHA	4,854	4,854
UDAYA NIYATHAPALA	134,631	134,631
W A WIMALADASA	5,841	5,841
W A WIMALASIRI	6,704	6,704
W M A C WIJESORIYA	3,714	3,714
W M A PUSHPA KUMARA	18,737	18,737
W M A SARATH PUSHPA KUARA	65,295	65,295
W M WIMAL FERNANDO	42,491	42,491
W M WIMALADASA 02	13,683	13,683
WEST ESTERN PVT LTD	25,000	25,000
WIJESIRI GAMLATH	52,164	52,164
A V SIRIPALA	14,661	14,661
AGRICULTURE INSURANCE BOARD 2	8,323,071	8,323,071
ASHOKA EXPORT LTD	587,208	587,208
CEYLON ORIENT SEA FOODS	1,230,040	1,230,040
CEYLON SUISAN PVT LTD	499,032	499,032
COLOMBO GROCERY PVT LTD	569,934	569,934
D J SNACK BAR	36,000	36,000
DY MINISTER OFFICE	364,407	364,407
EVERY MARKETING (PVT) LTD	55,990	55,990
FOOD PROCURMENT AND MONTORING COMMITTEE	580,966	580,966
Balance C / F	48,309,538	48,309,538

Figures in brackets indicates deductions
Notes to the Financial Statements Continued

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Group / CWE	
	2013	2012
<i>Balance B / F</i>	48,309,538	48,309,538
INSTITUTE OF PRINT AND GRAPHIC	1,293,750	1,293,750
J MERKIDS	29,400	29,400
K A PRIYANTHA	10,378	10,378
K N A HARAS	54,667	54,667
K W A WEERASINGHA	82,421	82,421
K W A WEERASINGHA 02	138,642	138,642
K. ANADARAJAN	217,201	217,201
K. KASTHURIARACHCHI	200,929	200,929
LALITHA SANJEEWA	34,954	34,954
LANKA SPICE LTD	320	320
LANKA YOUTH BUSINESS PROMOTION	1,127,795	1,127,795
M M P D SILVA	28,391	28,391
M.M. AUFER	13,800	13,800
MALAYAGU SASHIKUMAR	2,042,336	2,042,336
MENDIS CO LTD	38,164	38,164
MINARAL SPRING SERVO DISTRIBUTORS	614,643	614,643
MINISTRY OF HEALTHCARE AND NUTRITION	2,768	2,768
MINISTRY OF TEXTILE DEVELOPMENT	1,959,090	1,959,090
MINISTRY OF TRADE AND COMMERCE	2,939,544	2,939,544
MOHANDAS	98,497	98,497
MUTHUVINAYAGAM	527	527
NATIONAL DEVELOPMENT BANK	88,200	88,200
ORBIT CARGO	839,500	839,500
P M CHITHRA	58,650	58,650
PARAMOUNT EXPORT	170,293	170,293
PETTHA ENTERPRISES	177,429	177,429
POLICE STATION - WELISARA	1,255,124	1,255,124
RAMBODA TEA ESTATE PVT LTD	6,393,375	6,393,375
RANGIRI DAMBULU AGRICULTURAL TRADERS	1,805,329	1,805,329
RATHNA MOTERS	22,168	22,168
S A KULAARDENA	19,650	19,650
S K FOODS	112,664	112,664
S T PARAMESHWARI	627,006	627,006
SECRETARY OFFICE	677,352	677,352
SHALOM ENTERPRISES	692,940	692,940
SIRIPALA AMARASINGHA	245,177	245,177
SKYLINE VENTURES	437,388	437,388
SRI LANKA NATIONAL CO-OP BOARD	91,814	91,814
T AMARASEKARA	207,287	207,287
T JOSEPHIN NALLTNY	16,066	16,066
THE MACCRTH INTERNATIONAL	604,343	604,343
THUSHARA DE ALWIS	903	903
V. KUMARAVELU	90,596	90,596
WALISARA FG STORES	7,000	7,000
POLICE STATION - KADANA	161,084	161,084
S.T. PARAMESHWARAN	4,800	4,800
WALISARA - BUDJET SHOP RENT	34,253	34,253
LANKA SALUSALA LIMITED	3,179,405	3,179,405
	77,257,552	77,257,552
	189,153,490	164,362,248
	(77,257,552)	(77,257,552)
	111,895,938	87,104,696
PROVISION FOR IMPAIRMENT		

Figures in brackets indicates deductions
Notes to the Financial Statements Continued

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Group / CWE	
	2013	2012
19.3.1 Project / Services Receivables		
Creates Receivables		
MANAGER - EMBILIPITIYA ECONOMIC CENTRE	-	1,224,588
MANAGER - NARAHENPITA ECONOMIC CENTRE	(318,957)	799,588
MANAGER - PILIYANDALA ECONOMIC CENTRE	(32,312)	32,313
MANAGER - RATHMALANA ECONOMIC CENTRE	-	346,335
MANAGER - WELISARA ECONOMIC CENTRE	-	616,001
MANAGER - DAMBULLA ECONOMIC CENTRE	443,861	443,861
MANAGER - VEYANGODA ECONOMIC CENTRE	588,333	588,333
MANAGER - KEPPETIPOLA ECONOMIC CENTRE	241,256	271,219
R.W. BANDARA - MANAGER N/E ECON. CENTRE	-	3,222,082
SL ARMY AGRICULTURAL PROJECT	51,713	51,713
MANAGER - NUWARA ELIYA ECONOMIC -PROJECT	1,935,182	-
CRATES SALES - CONTROL A/C	1	-
R A J H RUPASINGHA	799,588	-
SELVARAJ	73,275	-
G.G.D SOMILAS	616,001	-
K DAMMIKA	531,375	-
W L JAYARATHNE	32,313	-
W M ARUNA SHANTHA	346,335	-
	5,307,962	7,596,030
Paddy Operation		
SRI LANKA CONSUMER CO-OP FEDARATION SOCIETY	669,935	669,935
MINISTRY OF CO-OP. AND INTERNAL TRADE	2,739,085	14,129,256
LANKA SATHOSA LTD	684,609,601	488,366,752
REIMBURSEMENT A/C - PADDY MARKATING BOAR	9,518,846	-
	697,537,466	503,165,942
Department of Co-operative Development - (Funded)		
RECEIVABLES FROM MCPS	16,256,915	16,432,131
	16,256,915	16,432,131
Transport Services Provided		
LANKA SATHOSA LTD	35,170,291	6,977,536
MINISTRY OF MUSLIM RELIGIOUS AND CULTURA	128,070	128,070
	35,298,360	7,105,605
	754,400,704	534,299,709

19.6.1 Other Receivables	Group		CWE	
	2013	2012	2013	2012
Current Balances				
LC MARGIN A/C - DB1003LC1203988	5,968	5,968	5,968	5,968
PASSENGER GOODS CLEARING CENTRE	1,259,250	1,259,250	1,259,250	1,259,250
THE MAYOR, MUNICIPAL COUNCIL	5,985,150	5,985,150	5,985,150	5,985,150
STATE TRADING (CWE) - RECURRENT EX: REIM	10,116,136	6,660,000	10,116,136	6,660,000
ST. ANNES COLLAGE - KURUNAGALA (MAHAPOLA)	106,976	3,846,317	106,976	3,846,317
LEAKAGE RECOVERY	1,838,114	1,917,591	1,838,114	1,917,591
BUILDING MATIRIALS CO-OPERATION - LOAN	3,234,723	5,454,829	3,234,723	5,454,829
PADDY MARKETING BOARD - SECURITY	1,641,777	-	1,641,777	-
OTHERS	3,068,305	1,594,744	191,737	-
	27,256,398	26,723,849	24,379,830	25,129,105
Long Outstanding				
PRE PAYMENT AND ADVANCE	31,441,577	31,441,577	31,441,577	31,441,577
DISHONORED CHEQUE	3,830,707	3,830,707	3,830,707	3,830,707
DAY SHEET CONTROL A/C	1,375,438	1,375,438	1,375,438	1,375,438
EXESS DEBIT	32,842	32,842	32,842	32,842
POSTAGE AND PETTY CASH IMPREST	2,042,553	2,042,553	2,042,553	2,042,553
SMART CARD	(23,453)	(23,453)	(23,453)	(23,453)
CLAIM RECEIVABLE	6,932,494	6,932,494	6,932,494	6,932,494
DUES FROM TREASURY	100,000,000	100,000,000	100,000,000	100,000,000
	145,632,158	145,632,158	145,632,158	145,632,158
	172,888,556	172,356,007	170,011,988	170,761,263
PROVISION FOR IMPAIRMENT	(145,632,158)	(145,632,158)	(145,632,158)	(145,632,158)
	27,256,398	26,723,849	24,379,830	25,129,105

Figures in brackets indicates deductions
Notes to the Financial Statements Continued

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Group		CWE	
	2013	2012	2013	2012
27.1.1 Trade Payables				
Current Balances				
SWITZ LANKA (PVT) LTD	369,125	249,636	369,125	249,636
NOORANI ESTATES LIMITED	62,457	435,847	62,457	435,847
MAXIES & COMPANY (PVT) LTD	550,864	1,379,025	550,864	1,379,025
JENITORIAL AND OTHERS	3,589,213	3,247,920	-	-
RETENTION PAYABLE	11,121,583	11,121,583	-	-
SUB-CONTRACTORS	8,009,966	2,332,065	-	-
S.K.A.K.B. SAMARAWEEERA	273,460	-	273,460	-
SRI LANKA CO-OPERATIVE CONSUMER SOCIETY	102,726	-	102,726	-
SUNDRY CREDITOR - EQUIPMENT	14,800	-	14,800	-
AGROMA LANKA TRADING (PVT) LTD.,	78,396	-	78,396	-
CONFIFI CAPITAL (PVT) LTD	235,360	-	235,360	-
DART LANKA TRADING COMPANY	625,225	-	625,225	-
HARISCHANDRA MILLS (U & R TRADER)	46,348	-	46,348	-
KAJAMUHAN TRADING	9,604	-	9,604	-
LANKA CANNERIES (PVT) LTD.	137,557	-	137,557	-
LANKA SUGAR COMPANY (PVT) LTD.,	(4,520)	-	(4,520)	-
S.S. AGENCY	19,500	-	19,500	-
SERENDIB FLOUR MILLS (PVT) LTD.,	1,373,680	-	1,373,680	-
SUBASINGHE PRODUCTS	3,500	-	3,500	-
CEYLINCO INSURANCE PLC	17,109	-	17,109	-
FONTERRA BRANDS LANKA (PVT) LIMITED	(257,278)	-	(257,278)	-
GEEWAN ENTERPRISES	964,365	-	964,365	-
DJ PRODUCTS (PVT) LTD	212,802	-	212,802	-
CEYLON WEIGHING MACHINES LIMITED (SC)	150,749	-	150,749	-
SRI LANKA TELECOM PLC	10,968	-	10,968	-
STC GENERAL TRADING COOPERATION LTD	36,741	-	36,741	-
PULSES INDUSTRIES.	(2,206,282)	(2,828,782)	(2,206,282)	(2,828,782)
STATE TRADING(CO - OP WHOLESALERS EST) CO	631,383	404,457	631,383	404,457
WILSON TRADING COMPANY	368,182	(101,568)	368,182	(101,568)
OTHERS	-	10,000	-	-
	26,547,580	16,250,183	3,826,819	(461,385)
Long Outstanding				
CHILAW PLANTATION	600,000	600,000	600,000	600,000
HAJI HABIB COMPANY CEYLON LTD	225,000	225,000	225,000	225,000
J D VENTURES	6,892	6,892	6,892	6,892
STAR TRADING COMPANY PVT LTD	809,892	809,892	809,892	809,892
EXPOLANKA COMMODITIES LTD	(109,585)	(109,585)	(109,585)	(109,585)
GAYAN STORES	164,373	164,373	164,373	164,373
GREENWAY TRANSPORT PVT LTD	79,091	79,091	79,091	79,091
KUMARA ENTERPRISES	48,603	48,603	48,603	48,603
M MICHLE	55,350	55,350	55,350	55,350
MAKADURA FG STORES	1	1	1	1
N B FOODS	24,670	24,670	24,670	24,670
NEW BENSON TRADING	(4,312)	(4,312)	(4,312)	(4,312)
NIHOR ENTERPRISES	265,005	265,005	265,005	265,005
RANJITHA TRADERS	17,755	17,755	17,755	17,755
RELIC INTERNATIONAL	34,250	34,250	34,250	34,250
S E S FOOD PRODUCTS PVT LTD	714,807	714,807	714,807	714,807
SEWANAGALA SUGER INDUSTRY LTD	1,265,000	1,265,000	1,265,000	1,265,000
T G C TRADERS	17,226	17,226	17,226	17,226
W A N NUWAN KUMARA	132,025	132,025	132,025	132,025
YATIYANA STORES	(1,091,891)	(1,091,891)	(1,091,891)	(1,091,891)
JAYAS TRADING LTD	(243,505)	(243,505)	(243,505)	(243,505)
	3,010,648	3,010,647	3,010,648	3,010,647
	29,558,228	19,260,830	6,837,467	2,549,262

Figures in brackets indicates deductions
Notes to the Financial Statements Continued

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS

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(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Group / CWE	
	2013	2012
27.2.1 Project Payables		
Paddy Project Creditor		
ALEX RICE MILL - MILLING CHARGES	16,954	831,532
ASMATH RICE MILL	7,971,187	6,718,400
CAPTAIN RICE MILL - PADDY SUB CONTRACTS	4,158,313	7,727,211
CHANDRASIRI RICE MILL	2,999,305	2,229,669
CITY RICE MILL	615,558	894,719
PATHIRANA RICE MILL	-	3,895,320
DULARA RICE MILLS	1,856,942	780,934
FIRA INTERNATIONAL - PADDY SUB CONTRACT	2,628,947	1,214,542
HAKMANA RICE MILL - SUB CONTRACT	1,075,217	635,289
HARLIK RICE MILL	8,788,296	8,864,952
IRESHA RICE MILL	2,090,086	249,958
JAYARATHNE RICE MILL	1,634,086	2,043,167
KEYAS RICE MILL	1,624,790	1,493,354
KHALEEFA RICE MILL	14,512,083	6,204,014
M A R RICE MILL	5,076,284	2,869,624
MEGA RICE MILL	245,755	72,771
NAVEEN RICE MILL	5,058,732	2,019,087
NEW LANKA RICE MILL	1,411,392	810,459
NEW PMB RICE MILL	1,893,764	1,728,310
NEW STS RICE MILL	269,747	2,243,946
PATHUMA RICE MILL	2,966,983	534,290
PRAGATHEE RICE MILL	554,763	249,583
RATHNAYAKA RICE MILL	1,827,797	529,329
RICE LANKA PROCESSING LTD	11,077,166	5,444,594
SAMAN RICE MILL	2,439,727	1,074,072
SAMARASEKARA RICE MILL	1,526,416	677,870
SANJEEWA RICE MILL	2,346,457	2,103,502
SUPUNA RICE MILL	2,268,613	3,070,222
TORKY RICE MILL	2,773,530	1,892,466
YATTIYANA RICE MILL	336,819	1,539,992
FERVEES RICE MILL	585,217	-
M A S RICE MILL	98,285	-
SURESH RICE MILL	234,043	-
ALIYA RICE MILL	248,917	-
CHARMINE RICE MILL	111,233	-
DISSANAYAKE RICE MILL	726,091	-
GLOBEL RICE MILL	75,132	-
PMB - SUB CONTRACTED MILLS	62,386,471	-
	156,511,100	70,643,179
PACKING CHARGES PAYABLE A/C	46,902,168	12,757,032
TRANSPORT EX PAYABLE A/C - PADDY PROJECT	7,595,950	10,657,962
	211,009,218	94,058,172
PADDY MARKETING BOARD	943,845,630	962,585,013
PADDY MARKETING BOARD - OTHERS	11,523,151	-
REFUNDABLE DEPOSIT - RICE MILLS	3,000,000	3,000,000
TREASURY ADVANCE - PADDY	254,149,693	254,149,693
	1,423,527,692	1,313,792,878
Department of Co-operative Development - (Funded)		
COOPRATIVE DEPARTMENT	19,926,051	19,926,051
Creates	19,926,051	19,926,051
NILKAMAL ESWARAN PLASTIC (PVT)LTD	427,571	1,418,016
NIPPON PLASTIC INDUSTRIES	566,058	284,212
PHOENIX INDUSTRIES LTD	7,136,972	11,668,013
	8,130,601	13,370,241
Other Projects		
MALIYADEWA COLLEGE - KURUNEGALA	5,000,000	-
RICE EXPORT PROJECT 2013	46,142,800	-
	51,142,800	-
	1,502,727,144	1,347,089,170

Figures in brackets indicates deductions
Notes to the Financial Statements Continued

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Group / CWE	
	2013	2012
27.2.1 Other Payables		
Current Balances		
CONSTRUCTION PAYABLE A/C	22,902,481	3,380,291
SECURITY DEPOSIT FUND	2,846,929	2,846,929
STAR COMPUTER SYSTEMS (PVT) LTD (SC)	71,142	71,142
DESIGN POINT (PVT) LTD	2,642,739	(297,457)
CASE - 44013/MR-S.S. INTERNATIONAL	-	1,209,036
JANASETHA MARKETING SERVICES (JKM AGENT)	3,945	10,494
OTHERS	88,546	-
	28,555,782	7,220,435
Long Outstanding		
CALCULATION ERROR	1,050,494	1,050,494
CONSOLIDATED FUND	375,000	375,000
EXCESS COLLECTION	208,797	208,797
EXPENDITURE 1460402	941,821	941,821
FOOD COMMISSIONER DEPT	5,739,567	5,739,567
GIFT VOUCHER ISSUES	1,000	1,000
OTHERS	920	920
REMITTANCE CONTROLS	795,329	795,329
REVENUE	102,878,173	102,878,173
SUNDRY CREDITORS - SALARY	307,094	307,094
SURCHARGES	36,924	36,924
SUSPENSE	3,368,598	3,368,598
TRANSPORT FACILITY	45,496	45,496
UN IDENTIFIED OPENING BALANCE	1,050,493	1,050,493
VRS 1460307	436,761	436,761
FINES	3,030	3,030
BOOK KEEPING	66,363,460	66,363,460
PAYABLE AMONUT TO GOVT SL - SRL	200,000,000	200,000,000
	383,602,957	383,602,957
	412,158,739	390,823,392

27.2.1.1 The liability to Treasury has been derived as a result of settling Sathosa Retail Limited 's (SRL) liabilities in the following manner.

Liabilities of SRL

Creditors	655,000,000	655,000,000
Banks Liabilities - HSBC, Commercial Bank & HNB	225,000,000	225,000,000
	880,000,000	880,000,000

Mode of Settlement

Less :Sales Proceeds Received from SRL	(680,000,000)	(680,000,000)
Funded by the Treasury	200,000,000	200,000,000

27.3.1 Refundable Deposits	Group		CWE	
	2013	2012	2013	2012
A A ALIKHAN	4,999	4,999	4,999	4,999
A B M MUSTHAPA	15,000	15,000	15,000	15,000
A C ABDUL MAJEED	15,000	15,000	15,000	15,000
A C M AKEEL	5,000	5,000	5,000	5,000
A C S MOHOMAD	15,000	15,000	15,000	15,000
A M AMEEN	25,000	25,000	25,000	25,000
A M M NALEER	5,000	5,000	5,000	5,000
A N MUHAMMED	5,000	5,000	5,000	5,000
ALLIED HOTEL MANAGEMENT PVT LTD	24,600	24,600	24,600	24,600
ANANDA NANAYAKKARA	150,000	150,000	150,000	150,000
BARED INTERSHION PVT LTD	40,750	40,750	40,750	40,750
BRITAINIA CLEANING SERVICES PVT LTD	12,300	12,300	12,300	12,300
BROWNS AND COMPANY	15,000	15,000	15,000	15,000
C M MAHINDARATHNE	5,000	5,000	5,000	5,000
G N M NISTHAR	5,000	5,000	5,000	5,000
GLOBEL CREATION	1,090	1,090	1,090	1,090
H S L SENARATHNE	150,000	150,000	150,000	150,000
G H A DE SILVA	25,000	25,000	25,000	25,000
Balance C / F	518,739	518,739	518,739	518,739

Figures in brackets indicates deductions

Notes to the Financial Statements Continued

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

Group / CWE

FOR THE YEAR ENDED 31-DECEMBER

2013 2012

27.2.1 Other Payables

Current Balances

CONSTRUCTION PAYABLE A/ C	22,902,481	3,380,291
SECURITY DEPOSIT FUND	2,846,929	2,846,929
STAR COMPUTER SYSTEMS (PVT) LTD (SC)	71,142	71,142
DESIGN POINT (PVT) LTD	2,642,739	(297,457)
CASE - 44013/MR-S.S. INTERNATIONAL	-	1,209,036
JANASETHA MARKETING SERVICES (JKM AGENT)	3,945	10,494
OTHERS	88,546	-
	28,555,782	7,220,435

Long Outstanding

CALCULATION ERROR	1,050,494	1,050,494
CONSOLIDATED FUND	375,000	375,000
EXCESS COLLECTION	208,797	208,797
EXPENDITURE 1460402	941,821	941,821
FOOD COMMISSIONER DEPT	5,739,567	5,739,567
GIFT VOUCHER ISSUES	1,000	1,000
OTHERS	920	920
REMITTANCE CONTROLS	795,329	795,329
REVENUE	102,878,173	102,878,173
SUNDRY CREDITORS - SALARY	307,094	307,094
SURCHARGES	36,924	36,924
SUSPENSE	3,368,598	3,368,598
TRANSPORT FACILITY	45,496	45,496
UN IDENTIFIED OPENING BALANCE	1,050,493	1,050,493
VRS 1460307	436,761	436,761
FINES	3,030	3,030
BOOK KEEPING	66,363,460	66,363,460
PAYABLE AMONUT TO GOVT*SL - SRL	200,000,000	200,000,000
	383,602,957	383,602,957
	412,158,739	390,823,392

27.2.1.1 The liability to Treasury has been derived as a result of settling Sathosa Retail Limited's (SRL) liabilities in the following manner.

Liabilities of SRL

Creditors	655,000,000	655,000,000
Banks Liabilities - HSBC, Commercial Bank & HNB	225,000,000	225,000,000
	880,000,000	880,000,000

Mode of Settlement

Less :Sales Proceeds Received from SRL	(680,000,000)	(680,000,000)
Funded by the Treasury	200,000,000	200,000,000

27.3.1 Refundable Deposits

	Group		CWE	
	2013	2012	2013	2012
A A ALIKHAN	4,999	4,999	4,999	4,999
A B M MUSTHAPA	15,000	15,000	15,000	15,000
A C ABDUL MAJEED	15,000	15,000	15,000	15,000
A C M AKEEL	5,000	5,000	5,000	5,000
A C S MOHOMAD	15,000	15,000	15,000	15,000
A M AMEEN	25,000	25,000	25,000	25,000
A M M NALEER	5,000	5,000	5,000	5,000
A N MUHAMMED	5,000	5,000	5,000	5,000
ALLIED HOTEL MANAGEMENT PVT LTD	24,600	24,600	24,600	24,600
ANANDA NANAYAKKARA	150,000	150,000	150,000	150,000
BARED INTERSHION PVT LTD	40,750	40,750	40,750	40,750
BRITAINEA CLEANING SERVICES PVT LTD	12,300	12,300	12,300	12,300
BROWNS AND COMPANY	15,000	15,000	15,000	15,000
C M MAHINDARATHNE	5,000	5,000	5,000	5,000
G N M NISTHAR	5,000	5,000	5,000	5,000
GLOBEL CREATION	1,090	1,090	1,090	1,090
H S L SENARATHNE	150,000	150,000	150,000	150,000
G H A DE SILVA	25,000	25,000	25,000	25,000
Balance C / F	518,739	518,739	518,739	518,739

Figures in brackets indicates deductions
Notes to the Financial Statements Continued

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Group		CWE	
	2013	2012	2013	2012
Balance B / F	518,739	518,739	518,739	518,739
HALIN RICE MILL	5000	5,000	5,000	5,000
I.L. AHAMADULEBBE	5000	5,000	5,000	5,000
J.M. SUBAIEER	5000	5,000	5,000	5,000
K ADAMKANI	5000	5,000	5,000	5,000
L. MITHRAPALA	5390	5,390	5,390	5,390
M. SUNIL SHANTHA	5000	5,000	5,000	5,000
M.J.A. FAURD	457,500	457,500	457,500	457,500
M.S. AYUB	15,000	15,000	15,000	15,000
M.S.M. HARIS	5,000	5,000	5,000	5,000
MCRAN INTERNATIONAL TRADING COMPANY	195,840	195,840	195,840	195,840
N. JEEWARATHNAM	15,000	15,000	15,000	15,000
N.K.G.A. ASWIN	1,400,000	1,400,000	1,400,000	1,400,000
NOON INDUSTRIES	26,250	26,250	26,250	26,250
PROPLANKA (PVT) LTD	5,000	5,000	5,000	5,000
REFUNDABLE DEPOSIT - OTHER	14,841,377	14,841,377	14,841,377	14,841,377
REFUNDABLE DEPOSIT - RENT	19,170	19,170	19,170	19,170
ROYAL RICE MILL	20,000	20,000	20,000	20,000
S.M. MADURI	5,000	5,000	5,000	5,000
SABURDEEN	5,000	5,000	5,000	5,000
SAFNA RICE MILL	15,000	15,000	15,000	15,000
SOUTHERN RICE MILL	940,800	940,800	940,800	940,800
SRI LANKA FOOD LINK (PVT) LTD	1,000,000	1,000,000	1,000,000	1,000,000
TASMA INTERNATIONAL MULTY SERVICES	7,820	7,820	7,820	7,820
UNITED STORES	5,000	5,000	5,000	5,000
V.R. CHANDRASIRI	15,000	15,000	15,000	15,000
W. GUNAPALA	5,000	5,000	5,000	5,000
	19,547,886	19,547,886	19,547,886	19,547,886
TENDER DEPOSITS	23,369,709	299,223	23,369,709	299,223
	42,917,595	19,847,109	42,917,595	19,847,109
RENT ADVANCE	2,232,000	2,232,000	1,800,000	1,800,000
RENT DEPOSIT - STATE PHARMACEUTICAL CO-OPERATIVE	6,359,849	6,359,849	6,359,849	6,359,849
SECURITY DEPOSITS	500,000	500,000	-	-
	9,091,849	9,091,849	8,159,849	8,159,849
	52,009,444	28,938,958	51,077,444	28,006,958
28.1.1 Accrued Expenses				
SALARIES & ALLOWANCES CONTROLS	23,936,427	8,931,777	12,064,661	1,825,223
STAFF SALARY DEDUCTION	-	3,835,521	-	2,515,888
AUDIT FEES / TAX CONSULTANCY	2,693,796	2,014,000	2,533,796	1,871,000
ADVERTISING EXPENSES	252,000	252,000	252,000	252,000
BOUNUS EXPENSES	2,420,000	2,773,729	2,420,000	2,773,729
CASUAL WAGES	(465,683)	-	(465,683)	-
CLEANING / CONSUMABLES / OTHERS	159,227	142,750	142,750	142,750
ELECTRICITY	2,687,109	2,817,327	2,687,109	2,817,327
ENTERTAINMENT ALLOWANCE	39,431	45,000	39,431	45,000
FUEL ALLOWENCES	-	77,000	-	-
LEAVE ENCASHMENT A/C	2,114,679	1,951,492	2,114,679	1,951,492
LEGAL & PROFESSIONAL EXPENCES	458,230	495,334	458,230	495,334
OFFICE ONAMENT EXPENSES	6,000	35,000	6,000	2,000
OVER TIME PAYMENT	4,825,478	1,368,867	4,825,478	1,366,091
PRINTING & STATIONERY	104,832	95,767	104,832	95,767
RENT EXPENSES	23,137	246,000	23,137	216,000
REPAIRE AND MAINTANANCE	647,744	1,406,440	647,744	1,406,440
SECURITY CHARGES	62,838	64,551	62,838	64,551
SUBSISTANCE ALLOWANCE	46,700	31,648	46,700	31,648
TAX AND RATES	35,342	-	35,342	-
TELEPHONE ALLOWENCE	49,563	49,564	49,563	38,564
TELEPHONE EXPENSES	305,743	222,868	173,117	161,137
TRAVALING ALLOWANCE	-	21,284	-	21,284
TRAVELLING EXPENCES LOCAL	-	52,656	-	52,656
WATER	332,158	343,709	332,158	343,709
LICENCY FEES / OTHERS	384,451	95,389	241,700	54,900
	41,119,204	27,369,673	28,795,583	18,544,490

Figures in brackets indicates deductions

Notes to the Financial Statements Continued



TCM/C/CWE//1/13/20

20 September 2016

The Chairman,
Co-operative Wholesale Establishment

Report of the Auditor General on the Financial Statements of the Co-operative Wholesale Establishment for the year ended 31 December 2013 in terms of Section 14(2) (c) of the Finance Act, No. 38 of 1971.

The audit of financial statements of the Co-operative Wholesale Establishment for the year ended 31 December 2013 comprising the statement of financial position as at 31 December 2013 and the comprehensive income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 6 of the Co-operative Wholesale Establishment (Amendment) Act, No.12 of 1969. My comments and observations which I consider should be published with the Annual Report of the Corporation in terms of Section 14(2)(c) of the Finance Act, appear in this report. A detailed Report in terms of Section 13(7)(a) of the Finance Act was issued to the Chairman of the Corporation on 12 February 2016.

1:2 Management's Responsibility for the Financial Statements

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

1:4 Basis for Adverse Opinion

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

2. Financial Statements

2.1 Adverse Opinion

In my opinion, because of the significance of the matters described in paragraph 2.2 of this report, the financial statements do not give a true and fair view of the financial position of the Co-operative Wholesale Establishment as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Going Concern of the Establishment

It was observed that since the Corporation sustained continuous losses from the year 2000 up to the year under review, net assets had diminished up to a negative value of Rs.7,710,099,424 by 31 December 2013 and due to the existence of a long term bond liability totalling Rs.4,397,000,000 and continuously increasing current liabilities of Rs.2,698,809,200, the going concern of the Corporation without the Treasury or other Government financial assistance was uncertain.

2.2.2 Sri Lanka Accounting Standard

The following observations are made.

(a) Sri Lanka Accounting Standard 01

Even though income and expenditure shall not be set off unless required or permitted by accounting standards, having deducted financial income amounting to Rs.13,617,503 from the financial expenditure of Rs. 349,259,767, only the net value had been shown in the financial statements.

(b) Sri Lanka Accounting Standard 08

Since the useful life of non-current assets had not been reviewed annually, assets costing Rs.266,703,808 were further being used despite being fully depreciated. Action had not been taken to revise the resulting estimated error.

(c) Sri Lanka Accounting Standard 40

Although a sum of Rs.185,230,261 had been shown as the lease rent income in the income statement, buildings relevant to earn income had not been recognized under the investment property in the statement of financial position.

2:2:3 Accounting Deficiencies

The following observations are made

- (a) Due to the following deficiencies existed in the accounting system, the accuracy of the data and information included in the financial statements could not be established.
- i In the preparation of financial statements of the Corporation, the financial years end on 31 December and in case of its subsidiary companies, it ends on 31 March. In the preparation of financial statements of the group as at

31 December 2013, income, expenditure, assets and liabilities included in the financial statements prepared as at 31 March 2014 and audited by private auditors had been included in the consolidated financial statements without being considered the period of the financial year.

- ii As payment vouchers and receipts had not been properly entered in the cash book, the existence of unaccounted receipts and payments could not be ruled out in audit.
 - iii In comparing the trail balance and the financial statements of the year under review, a difference of Rs.299,798,933 was observed in 03 account balances. This affects the compatibility of the financial statements.
- (b) Action had not been taken to repay the loan amounting to Rs.275,000,000 granted by the General Treasury in the year 2006 for the purchase of commodities and it had been included in the restructuring reserve instead of being shown as payable loan.
- (c) In lieu of accrued audit fees amounting to Rs. 8,847,374 up to 31 December 2013, a sum of Rs.2,533,796 only had been shown as payable audit and tax consultation fees under current liabilities in the statement of financial position. Accordingly, current liabilities of Rs.6,313,578 had been omitted in the financial statements of the year under review.
- (d) In connection with a short term loan obtained by the Corporation from a state bank, a fine amounting to Rs.36,330,748 payable as at 31 December 2013 was revealed by the letter dated 03 September 2014 of the Manager of the relevant state bank and the total interest payable was Rs.177,296,762 and the interest relevant to the year was Rs.25,598,938. Action had not been taken either to bring it to accounts or adjust this balance during the year under review.

2.2.4 Unexplained Differences

- (a) Even though existence of a balance of Rs.1,587,080,892 payable to the Paddy Marketing Board by the Corporation was established by the financial statements of the Paddy Marketing Board of the year 2012, the payable amount had been shown as Rs.955,368,781 in the financial statements of the Corporation. Action

had not been taken either to settle this liability or clear the difference even by 31 December 2015.

- (b) Although the balance of the short term loan obtained by the Corporation from a state bank was Rs.207,050,943 by the end of the year under review, it was Rs. 157,097,942 according to the balance confirmation letter sent by the bank. This difference had not been recognized and settled.

2.2.5 Lack of Evidence for Audit

Since the evidence in connection with the following transactions was not made available, those could not be satisfactorily vouched or accepted in audit.

- (a) Evidence such as title deeds, registers of fixed assets, lease agreements, investment certificates and balance confirmation certificates relating to 9 balances of fixed assets accounts totalling Rs.1,853,174,034, six balances of liability accounts totalling Rs.9,734,102,875, four balances of revenue accounts totalling Rs.91,607,466, reserves amounting to Rs.1,781,563,583 and disposal of fixed assets amounting to Rs.1,850,000 shown in the financial statements.
- (b) Audited financial statements and schedules as at 31 December 2013 enabling to establish the income of Rs.157,044,372, non-current assets of Rs.10,045,115, current assets of Rs.66,886,560, equity of Rs.29,755,735, current liabilities Rs. 47,175,938, gross profit amounting to Rs. 34,939,739 and net profit amounting to Rs.18,827,033 shown in the financial statements relating to the other subsidiaries of the group.
- (c) The management had failed to specifically recognize 17 balances totalling Rs.183,602,957 shown as payables under current liabilities.

2.3 Accounts Receivable and Payable

The following observations are made

- (a) Action had not been taken to recover a sum of Rs.126,156,746 in respect of the assets existed in the Welisara Store Complex vested in the Lak Sathosa even by 30 March 2016.

- (b) The lease rent income older than four years and receivable to the Corporation from 149 institutions and individuals as at 31 December of the year under review amounted to Rs.77,257,552 and without being taken adequate measures to recover this amount even by December 2015, the total amount had been shown as provision for impairment in the financial statements.
- (c) Out of the bid security loan facilities granted to the Corporation by a state bank upon Treasury Security to import rice and wheat flour in the years 2004 and 2005, a sum of Rs.157,097,942 remained outstanding even by 31 December of the year under review.
- (d) Action had not been taken to recover a sum of Rs.71,561,640 receivable from Lanka Sathosa Company as annual rental and licence fee of foreign liquor for the year 2011 even by the end of the year under review.

2:4 Non-compliance with Laws, Rules, Regulations and Management Decisions

In terms of Section 2.2 (a) of the Co-operative Wholesale Establishment (Amendment) Act, No.31 of 1991, the funds of the Corporation could be invested only in the existing public companies. Contrary to that, having made a nominal investment of Rs.10 and established a public company named as Sathosa Economic Centre Services (Pvt.) Ltd., officers drawing salaries from the Corporation had been employed in that company.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the pre-tax net loss of the Corporation for the year ended 31 December 2013 amounted to Rs.283,494,766 as compared with the corresponding net loss of Rs.661,602,751 for the preceding year, thus indicating a decrease of the pre-tax net loss by Rs.378,107,985 in the year under review as compared with the preceding year. The decrease in the

provision for the impairment by Rs.377,964,823 had mainly given rise to the decrease of the loss.

3.2 Analytical Financial Review

(a) Comprehensive Income Statement

According to the Comprehensive Income Statement presented, several significant ratios are given below.

Profitability Ratio	2013	2012
- Gross Profit Ratio (Per cent)	0.7	16
- Net Profit Ratio (Per cent)	-178	-305

Decrease in the gross profit ratio by 15 per cent and the net profit ratio by 127 per cent in the year under review than the preceding year reflects an improvement of the overall process of the Corporation in the year under review as compared with the preceding year.

(b) Statement of Financial Position

According to the Statement of Financial Position presented, several significant ratios are given below.

Liquidity Ratios	2013	2012
Current Ratio	0.55:01	0.54:01
Quick Assets Ratio	0.50:01	0.42:01

(i) The current ratio and the quick assets ratio of the Corporation during the year under review were 0.55:1 and 0.50:01 respectively. Accordingly, it shows the inability to settle the short term liabilities or existence of a liquidity problem.

- (ii) Since the Corporation sustained continuous losses, the retained earnings had become negative value and equity capital being ceaselessly eroded, and high gearing position could be observed.

4. Operating Inefficiencies

4.1 Management Inefficiencies

The following observations are made

- (a) Thirty two stalls and store buildings owned by the Corporation had been vested in the Lanka Sathosa Company Ltd. on rent basis. Nevertheless, report of the Government Valuer had not been obtained on the building rent.
- (b) The Corporation had transferred assets amounting to Rs.51,718,227 to the Lanka Sathosa Company Ltd. by 03 November 2010, whereas no proper agreement had been entered into to obtain money or shares of the Company in lieu of them.
- (c) The Corporation had invested a sum of Rs.9,923,710 in the Ingrin Institute of Printing and Graphic Company in the year 1999. As the Company continuously sustained losses, it had been liquidated on 23 October 2006 on a court order. Accordingly, there was a risk regarding the recovery of invested amount.
- (d) Although the Corporation had invested a sum of Rs.171,928,690 in the Sathosa Retail Company in the year 1999, no dividends whatsoever had been received by the Corporation from the year 1999 to 2012.

4.2 Transaction of Contentious Nature

The following observations are made.

- (a) Having made a recruitment for a post of Working Director for which provisions had not been made in the Act passed for the establishment of the Corporation or by any other law and not included in the approved cadre of the Corporation, salaries and allowances totalling Rs.1,340,700

had been paid. Accordingly, that amount had grown up to Rs.4,691,272 by August 2015.

- (b) In the two stores obtained on rent of the Food Commissioner's Department situated in Hingurakgoda, the Corporation had constructed paddy mills at a cost of Rs.78,978,504 without the approval of the Food Commissioners Department.

4.3 Apparent Irregularities

The following observations are made.

- (a) An officer recruited during the year under review had been granted salary increments contrary to the existing rules and regulations and as such overpayment amounting to Rs.136,620 had been made. Accordingly, the overpayments made by September 2015 amounted to Rs.506,000.
- (b) Without being ensured the receipt of the goods amounting to Rs.105,725 purchased from the Building Materials Corporation Ltd in the years 2010 and 2011 by the Co-operative Wholesale Establishment, payments had been made in installments on 12 November 2012 and 03 December 2012 based on the photocopies of the invoices.
- (c) Without proper approval, the Corporation had sold canned fish totalling Rs. 8,660,782 comprising Rs.4,521,600 and Rs.4,139,182 in the year under review and the preceding year respectively on credit basis. The Corporation had failed to recover a sum of Rs. 5,946,320 out of the above amount, up to now.

4.4 Uneconomical Transactions

Despite being obtained the services of four Accountants and paid salaries and allowances of Rs.3,244,869 by the Corporation in the year 2015, services of a firm of Chartered Accountants had been obtained on the payment of Rs.1,227,041 for the preparation of financial statements of the years 2012 and 2013.

4.5 Restructuring Transactions

Restructuring of the Corporation had been commenced in the year 2003 and having reached an agreement with commercial banks to settle Rs.4.397 million out of the loan amount of Rs.5,493 million payable to 6 commercial banks as at 01 December 2003, Treasury Bonds maturing in 13 years had been issued to the relevant commercial banks in that respect.

Although it had been agreed to settle those Treasury Bonds in the year 2005 out of the money received from the sale of assets of the Corporation amounting to Rs.1,800 million through the Public Enterprises Reform Commission, pay half yearly interest for those Bonds, incur 50 per cent of the payable interest by the Treasury and to settle the remaining 50 per cent from the rental income received by hiring properties of the CWE to the CWE Retail Company, assets had not been vested in the Public Enterprises Reform Commission to settle liabilities arisen on the Bonds under the restructuring. However, the decision taken in terms of the Cabinet Decision No.04/0103/136/007/EPC/710 dated 03 February 2004 to dissolve and privatize the Corporation had been halted by the Cabinet Decision No.04/0892/012/001 dated 11 August 2004. Accordingly, a sum totalling Rs.4,597 million comprising the matured amount of Rs.4,397 million made up of with net present value of Rs.3,443 million of the Bonds as at 31 December 2013 under the 8.5 per cent discount factor and a discount amount of Rs.954 million and inclusive of Rs.200 million payable to the Treasury for settling loans in respect of the creditors of the CWE Retail Company and for the amounts further paid by the Treasury in respect of 03 out of the above 06 banks had been stated as liabilities in the financial statements.

The bond interest liability amounting to Rs.3,129,980,466 payable to the Treasury relating to this, had been stated as "Payable for CWE Bonds" under non-current liabilities in the financial statements.

Further, the Management had failed to establish from the Treasury as to whether the balance of Rs.200 million out of the Rs.4,597 million was an amount payable to the Treasury and due to a sum of Rs.66,363,460 being stated as restructuring under other creditors, the transaction relating to restructuring had not been properly disclosed or adjusted in the accounts and the restructuring amount had been stated as "Book Keepings" in the statement of financial position.

4.6 Build-up of a Fund for the Provision for the Employees' Gratuity.

In terms of the Payment of Gratuities Act No.12 of 1983, provisions amounting to Rs.38,014,007 had been made by the end of the year 2013 for the employees who retire or resign from the service, whereas allocated money had not been invested for facing future payments in respect of employees gratuity.

5. Accountability and Good Governance

5.1 Presentation of Financial Statements

Even though the financial statements of the Corporation should be furnished to audit within 60 days from the close of the year of accounts in terms of Section 6.5.1 of the Public Enterprises Circular No. PED/12 of 02 June 2003, the financial statements pertaining to the year under review had been furnished to audit on 21 August 2015, that is, after a delay of 17 months.

5.2 Corporate Plan

Although a Corporate Plan had been prepared to achieve the vision and the mission of the Corporation so as to cover the years from 2011 to 2013 in accordance with the paragraph 5 of the Public Enterprises Circular No. PED/12 of 02 June 2003, it had not been timely reviewed.

5.3 Action Plan

Action Plan relating to the year under review had not been prepared in terms of the Budget Circular No.142 dated 31 December 2008.

5.4 Internal Audit

Although there was an Internal Auditor, his supporting staff had not been appointed and therefore, an adequate audit had not been carried out in the Corporation. Neither an audit query nor a report had been furnished to the Government audit during the year under review.

5.5 Unresolved Audit Paragraphs

Reference to the Audit Report	Paragraph
(a) Paragraph 4.2-2011	Misplacement of electric motors of 12 "Container Machines" valued at Rs.5,097,455.
(b) Paragraph 4.8-2011	One hundred and forty rice processing machines valued at Rs.14,501,998 imported by the Corporation in September 2006 had remained idle even by November 2015.

6. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Corporation from time to time. Special attention is needed in respect of the following areas of control.

- (a) Accounting
- (b) Control of Fixed Assets
- (c) Stocks Control
- (d) Recovery of Rent income
- (e) Personnel Administration
- (f) Internal Audit
- (g) Legal Proceedings

H.M. Gamini Wijesinghe
Auditor General

Answers for the Auditor General's Report on Financial Statements of Co-operative Wholesale Establishment (CWE) as at 31st December 2013 in terms of the section 14(2) (c) of the Finance Act No. 38 of 1971

2.2 Comments on Financial Statements

2.2.1 Continuous Existence of the Organization

I wish to state that, although net assets have been indicated a minus value of Rs. 7.4 billion at 31.12.2012, subsequent to the revaluation of the property, plant and equipment of the institution it has been decreased up to Rs.2.1 billion by 31.12.2014. A bond value of Rs.4397 billion is available by 31.12.2012 and the General Treasury has issued bonds to make respective payments at the maturity of the bonds. Hence, General Treasury has taken measures to make payments at the maturity of the said bonds as per the agreement (A copy of the agreement has been attached herewith).

Although the value of current liabilities is Rs. 2.419 billion, current assets are of Rs. 1.323 billion.

Further, as per the Articles of Association at the commencement of Lanka Sathosa, CWE should be given the priority of purchasing goods through Lanka Sathosa and CWE started to issue canned fish, white raw rice, red raw rice, shopping bags, tea, brown sugar by 2015 based on that condition. Expedient measures have been taken to financially stabilize the institution without other financial aid of the government. Further, CWE will start the activities related to importing under the Treasury bonds from May 2016 in order to supply goods for Lanka Sathosa..

In addition, discussions with relevant stakeholders are in progress to export betel to Pakistan from May 2016.

2.2.2 Accounting Standards of Sri Lanka

(a), (b), International Accounting Standards (FIRST TIME ADOPTION) have been followed when preparing accounts as at 31.12.2014. I wish to inform that all assets, liabilities and accounts are presented on fair value and accounts of 2014 have been submitted for auditing in terms of the International Accounting Standards all the matters you have pointed out, have been corrected.

2.2.3 Accounting Deficiencies

- (a) (i) The reports audited with the Chartered Accountants; Dayananda Samarawickrama & Company have been attached as Annexure 01
- (ii) This situation has been corrected. As per the instructions of the Audit Division, each bank account is submitted to the Audit Division by filing in the order of sequential numbers while maintaining the relevant Ledger Account in the computer system separately from the year 2014.

- (iii) All receipts are correctly entered. The relevant basic financial documents have been submitted to the audit division by the financial division.
 - (iv) Answers will be provided having obtained relevant schedules.
- (b) CWE has imported wheat flour under 10 Million USD of bonds issued by General Treasury to the People's Bank and since CWE delayed settling payments of the People's Bank for that , General Treasury settled it by directly making the payment of Rs. 275 Mn. to the People's Bank in 2005. At that moment, respective Charge Account was "debited" while "credited" in the Restructuring Account. I wish to inform that regular accounting would be carried out after receiving relevant documents from People's Bank and the General Treasury.
- (c) It has become difficult to find the invoices in respect of accrued audit fees issued by the Auditor General's Department , in CWE. Hence, although the original documents related to accrued audit fees have been requested from the Auditor General's Department, they are yet to be received and they have not been entered into accounts. I wish to inform you that accounting will be done after receiving the relevant documents.
- (d) The rent to be received for the year 2011 has been "debited" to the account of Lanka Sathosa while "credited" to Rent Revenue Account "and rent has been charged through Lanka Sathosa .Further, shares will be released by Lanka Sathosa on behalf of the rent in arrears and transferring the assets of Sathosa from the year 2005 and shares of 22.7 Million has already been released for a part of rent in arrears. It has been indicated in the accounts of 2014.
- (f) Dealings associated with purchase of paddy and mud paddy seeds, deductions of rentals for stores given to the Paddy Marketing Board by Sathosa have been mentioned in the account of Paddy Marketing Board. As such a similar difference can be seen in the relevant accounts. As per the decisions taken at the Audit and Management Meeting, adjustments have been made so as to become payable amount and receivable amount less.

2.2.4 Unexplained changes

The reason for this difference is the changing of paddy price. Lanka Sathosa sold White Raw Rice, Nadu Rise and Samba Rice for the prices of each Kilogram as Rs.45/-, Rs.55/-,Rs.65/- respectively and the paddy stocks were issued to Lanka Sathosa reducing Rs. 2.50 per kilogram from that selling price. As per issuing paddy according to the decision of the Ministry on that prices, It was possible to pay for a kilo of paddy to the Paddy Marketing Board as follows by reducing all expenses.

1. White Raw Rice (1Kg)	Rs.: 21.50
2. Red Raw Rice (1Kg)	Rs: 22.25
3. Nadu Rise (1Kg)	Rs: 25.50
4. Samba Rice (1Kg)	Rs: 31.50

However, the Paddy Marketing Board has issued sales invoices to Sathosa based on their purchased prices of that paddy stocks later, Sathosa and Paddy Marketing Board tallied and corrected their accounts according to the above prices. The relevant documents are in the custody of Assistant Accountant Mr. Sampath Chandra Kumar in the finance division.

2.2.5 Receivable and Payable Accounts

- (a) Such handed over assets and rent in arrears worth Rs. 121 Mn. This consists of the receivable rent revenue and the value of fixed assets. Transactions on the removal of the fixed assets in the accounts of 2005 have been adjusted in respect of that. Further, all the receivable values have been stated under No. 17 "Advance for Investment" of the Financial Statements. However, assets were physically verified again, valued by the chartered valuers and entered into the accounts of 2014.
- (b) It is difficult to find copies of the agreement or invoices to recover this rent. But, Internal Auditor has sent balance confirmation letters to the to the parties that have ability of finding addresses to confirm the balances. However, Administrative Division is taking measures with regard to obtaining rent on revenue while I wish to inform you that actions are will be taken to obtain a report through Actg. General Manager to recover this debts in arrears.
- (c) The above answer (b)
- (d) People's Bank has granted loans on treasury bonds to import wheat flour in 2004 and 2005 and the financial statements of previous years indicate that import of wheat flour has occurred losses. Hence, it seems that these payments became residuum. However, People's Bank has sent balance confirmation letters giving evidence that Rs. 50 Mn has been paid to the General Treasury in 2014, but, although we requested details of the said payments they are yet to be received. Therefore, accounting on the payment of Rs. 50 Mn. has not been done in the Financial Statement.
- (e) Although fine has been included only in the letter of balance confirmation, it has not been accounted yet since we have not still received relevant calculations. Accrual interest has been entered into accounts annually.

2.2.6 Absence of evidence for Auditing

- (a) Action will be taken to submit relevant details to the Auditor.

Motor cars lease agreements have already been sent to the audit division and the documents pertaining to the stockaccounting will be sent along with it.
- (b) Replies will be made after an inspection

2.2.7 Non-compliance to the Rules and Regulations and the Management Decisions

- (a) This institution is a subsidiary company of CWE. Its accounts have been in cooperated with the accounts of CWE. Officers have been deployed for monitoring.
- (b)

- (I) Powers have been vested in terms of F.R. 135 .
- (ii) Actions have been taken as per F.R. 231 (1) and (2) .Details of the payment vouchers have not been attached are given in the files.
- (iii) Please refer 2.2.3 (a) ii .

Vouchers have been filed including the voucher No. given by the old AS 400 accounting system and the voucher No. given by the new Busycomputerized system.

- (iv) All the payments have been accounted in the cash book in the same month in terms of F.R. 262 (1) . Measures have been taken to enter the vouchers into accounts on the same day itself.
- (c) (i) Noted.
- (ii) I wish to inform you that information relevant to the stated Rs. 1,366,958/- will be sent soon after receiving from the Audit Division.

3 Financial Review

I paid attention. Noted that facts for further studies.

4 Operating Review

4.1 Management Inefficiencies

- (a) Economic Centre was a rent free building had been given to CWE and it has already been returned.
- (b) Carried out under the supervision of the Ministry. Ministry of Cooperative and Internal Trade hand the task of charging money for giving plastic umbrellas on credit basis.
- (c) I noted it.
- (d) A valuation has been obtained from a Chartered Valuer.
- (e) A committee has been appointed by Secretary to the Ministry of Cooperative and Internal Trade to settle the relevant situation and part of was issued. Lanka Sathosa has informed that, already appliedto issue the balance.
- (f) All EPF of 2012 has been paid.
- (g) Has taken action in this regard as per the instructions given by the COPE committee on 07.03.2014 and has been reported to the Secretary of the COPE with a copy to the Auditor General.

4.2 Controversial Transactions

- (a) It is difficult to submit an exact answer since the relevant post has not been mentioned. An approval has been granted by the Department of Management Services in April 2013 for an approved cadre to Sathosa.

- (b) Noted. Reply in future.

4.3 Visible irregularities

- (a) This was discussed at the Audit and Management Committee meeting of the Ministry and it is advised to suspend salary increments (Similar to the overpaid amount) which are to be received in future.
- (b) Replies will be made after an inspection.
- (c) A payment at the value of Rs.976,800.00 has been collected from the relevant sum in the year 2012. A payment at the value of Rs. 321,662.00 has been collected in the year 2013. A payment at the value of Rs.200,000.00 has been collected in the year 2014. A payment at the value of Rs.1,225,000.00 has been collected in the year 2015. Accordingly, A payment at the value of Rs. 2,723,462.00 has been collected and complains have been submitted to the Fraud Investigation Division under the numbers of IRR / 1223/2015 and IR / 64/1/2016 to recover the rest.

4.4 Non-economic transactions

Noted. Sathosa Retail Company has now been dissolved.

4.5 Transactions on Restructuring

Note No. 24 in the accounts of 2012 indicates the bond value as 4397, not as 4597. Since it was difficult to find a file or any other documents relevant to Rs.66 Mn, its values and payable parties have not been revealed and it has been included to other payments of the Financial Statement.

4.6 To build up a Fund for Gratuity of Employees

I noted and will carry out in 2016.

5 Accounting and Good Governance

5.1 Submission of the Financial Statements

Actions will be taken to submit its accounts as scheduled from the year 2015

5.2 Cooperative Plan

A corporate plan for the years 2013 – 2016 was prepared and it was handed over to the Audit Sections in the year 2013.

5.3 Action Plan

It was rectified as pointed out by the Government Audit Section in the year 2014.

5.4 Internal Auditing

All management reports submitted have been provided to the Superintendent of Government Audit, as case may be.

- (b) Noted. Reply in future.

4.3 Visible irregularities

- (a) This was discussed at the Audit and Management Committee meeting of the Ministry and it is advised to suspend salary increments (Similar to the overpaid amount) which are to be received in future.
- (b) Replies will be made after an inspection.
- (c) A payment at the value of Rs.976,800.00 has been collected from the relevant sum in the year 2012. A payment at the value of Rs. 321,662.00 has been collected in the year 2013. A payment at the value of Rs.200,000.00 has been collected in the year 2014. A payment at the value of Rs.1,225,000.00 has been collected in the year 2015. Accordingly, A payment at the value of Rs. 2,723,462.00 has been collected and complains have been submitted to the Fraud Investigation Division under the numbers of IRR / 1223/2015 and IR / 64/1/2016 to recover the rest.

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5.5 Audit Committees

Four Audit and Management committee meetings have been conducted during the year and the Superintendent of Government Audit have also participated for the same.

5.6 unsolved Audit Paragraphs

- (a) Having taken actions as per the instructions given by the COPE committee on 07.03.2014. on this matter, it has been reported to the secretary to the COPE committee with the copy to the Auditor General.
- (b) Technical Evaluation Report has been obtained from the Institute of Post-Harvest Technology (IPHT) in respect of machines of the Small Scale Rice Supplying and it is expected to have instructions given by the ministry on the course of actions to be taken relevant to this machines in due course.
- (c) The answers will be given in future.

6 System and Administration

I noted it.