THE CO-OPERATIVE WHOLESALE ESTABLISHMENT

Financial Statements

For the Year Ended
31.12.2014

CONTENTS

THE CO=OPERATIVE WHOLESALE ESTABLISHMENT
DIRECTORATE FOR THE YEAR - 2014

Chairman	- Mr. Eraj T. Fernando
Working Director	- Mr. K.M.M.Zakir
Directors	- Mrs. S.A.C. 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
Acting 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	27, Vauxhall Street, Colombo - 2

Chairman's Massage

On behalf of the Board of Directors of the Co-operative Wholesale Establishment I present the financial statement for the year ended 31st December, 2014.

The main source of income covered only the ¾ of the salary bill. Therefore we are compelled to generate more funds through other means, to meet the balance salary bill and for other keep-ups. Further the financial burden aggravated due to the pay hike introduced by the Budget speech.

With the prudence advise from the Hon. Minister of Industry & Commerce. We were able to supply some of the main essential food items to Lanka Sathosa by importing and purchasing locally and opened wholesale outlets at Badulla, Monaragala, Vauniya, Matara & Kurunegala after being appointed as the Chairman of the establishment on 15th August, 2015.

As directed by the cabinet appointed subcommittee on cost of living, we continued to purchase paddy from the Paddy Marketing Board and supplied rice to Lanka Sathosa and Mark fed at the price introduced by the government and we extended our fullest co-operation to distribute essential food items among the people those who are affected by the drought in the eastern province.

Finally, I take this opportunity to thank the His Excellency the President, Hounorable Prime Minister and Hounorable Rishard Baduideen, Ministry of Industry & Commerce, Ministers represented the Cost of Living Committee, Secretary to the Ministry, Official of the General Treasury and the Board of Directors for their sincere support and co-operation.

Further I wish to place on records the support extended to the Board by Senior Executives all members of the staff and the Trade Union who offered their fullest co-operation to up lift the establishment.

M.Rizwan Hameem
Chairman

28th February, 2018

Report of the Directors of CWE for the Year Ends as at 31st December 2014

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 31.12.2014.

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 western province.

02. Cadre Analysis as at 31.12.2014.

1. Executive - 16
2. Clerical and parallel services - 46
3. Other Supportive Services - 391

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03. Cases file at the court against the institution as at 31.12.2014

Court	Cases filed as at 31.12.2013	Cases filed in 2014	Total number of cases filed during the year	Cases finalized in 2014	Cases that are being on trial
High court	12	03	15	05	10
District Court	10	-	10	-	10
Magistrate Court	11	02	13	02	11
Labour Tribunals	09	03	12	03	09
Labour Inquiries	08	02	10	01	09
Arbitrations	01	-	01	-	01
Lay by Cases	14	-	14	01	13
Appeal Cases	01	01	02	-	02

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 Rs.864 million 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 SriLanka 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 (CWE)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Note	Sub Note	Group 2014	Group 2013	CWE 2014	CWE 2013
Revenue	3		429,819,532	316,407,129	257,147,311	159,362,757
Cost of Sales	4		(343,277,044)	(280,311,071)	(207,240,509)	(158,206,438)
Gross Profit			86,542,488	36,096,058	49,906,802	1,156,319
Other Operating Income	5		163,686,973	177,563,196	162,742,752	176,841,667
Profit from Paddy Operation	6		64,372,194	91,983,365	64,372,194	91,983,365
Administrative Expenses		7.1.1	(254,314,262)	(218,234,875)	(237,076,801)	(203,053,145)
Selling and Distribution Expenses		7.1.2	(18,550,802)	(14,820,464)	(18,550,802)	(14,780,709)
Profit / (Loss) from Operation			41,736,591	72,587,280	21,394,144	52,147,498
Deficit on Revaluation of Property, - - Plant and Equipment	10		(897,533)	-	(897,533)	-
Finance Income	8		17,288,120	14,003,341	15,737,320	13,617,505
Finance Cost	8		(350,205,586)	(349,259,767)	(350,205,586)	(349,259,767)
Profit / (Loss) Before Taxation			(292,078,408)	(262,669,146)	(313,971,655)	(283,494,766)
Income Tax Expenses	9		(798,320)	(1,998,587)	3,097,323	-
Profit / (Loss) for The Year			(292,876,729)	(264,667,733)	(310,874,332)	(283,494,766)
Other Comprehensive Income						
Surplus on Revaluation of Property, - Plant and Equipment	10		5,780,204,145	-	5,780,204,145	-
Total Comprehensive Income / (Expense) for the Year			5,487,327,416	(264,667,733)	5,469,329,813	(283,494,766)
Attributable to:						
Equity Holders of the Parent			5,487,327,416	(264,667,733)	5,469,329,813	(283,494,766)

Figures in brackets indicate deductions

Notes to the Financial Statements on Pages 5 to 44 form an integral part of these Financial Statements.

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT (CWE)
STATEMENT OF FINANCIAL POSITION

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Note	Group 2014	Group 2013	Group 01 January 2013	CWE 2014	CWE 2013	CWE 01 January 2013
ASSETS							
Non-Current Assets							
Property , Plant and Equipment	10	1,621,180,121	1,105,344,674	944,052,940	1,620,508,561	1,104,570,852	943,638,129
Investment Properties	11	5,431,143,677	-	-	5,431,143,677	-	-
Prepaid Leasehold Lands	12	1,610,367	1,650,792	1,691,219	1,610,367	1,650,792	1,691,219
Intangible Assets	13	2,783,575	1,312,335	1,073,403	2,783,575	1,312,335	1,073,403
Investment in Subsidiaries	14	-	-	-	20	20	20
Other Investments	16	57,855,665	19,195,032	9,923,720	32,722,560	9,923,720	9,923,720
Advance for Investment	17	98,909,871	121,708,711	121,708,711	98,909,871	121,708,711	121,708,711
Total Non-Current Assets		7,213,483,276	1,249,211,544	1,078,449,993	7,187,678,630	1,239,166,430	1,078,035,192
Current Assets							
Inventories	18	59,321,975	125,892,165	297,814,360	59,321,975	125,892,165	297,814,360
Trade and Other Receivables	19	507,259,771	1,139,985,844	901,260,861	478,856,749	1,113,886,305	879,514,438
Other Non-Financial Assets	20	2,566,837	1,450,143	2,050,834	2,566,837	1,450,143	2,050,834
Cash and Cash Equivalents	21	184,906,837	289,999,198	163,572,602	131,299,049	249,212,177	144,056,894
Total Current Assets		**754,055,422**	**1,557,327,350**	**1,364,698,657**	**672,024,609**	**1,490,440,790**	**1,323,436,526**
Total Assets		**7,967,538,698**	**2,806,538,894**	**2,443,148,651**	**7,859,703,240**	**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	1,056,590	1,056,590
Reserves	23	9,035,903,629	3,255,699,484	3,255,699,484	9,035,903,629	3,255,699,484	3,255,699,484
Retained Earnings		(11,203,718,322)	(10,937,099,763)	(10,664,071,861)	(11,250,846,892)	(10,966,855,498)	(10,675,103,629)
Total Equity		(2,166,758,103)	(7,680,343,689)	(7,407,315,787)	(2,213,886,674)	(7,710,099,424)	(7,418,347,555)
Non-Current Liabilities							
Payables to Treasury	24	7,850,793,134	7,526,980,466	7,203,167,798	7,850,793,134	7,526,980,466	7,203,167,798
Retirement Benefits Obligation	25	30,954,980	38,014,007	33,700,618	30,954,980	38,014,007	33,700,618
Bank Borrowings - (Non-Current Portion)	26	78,900,000	85,723,872	109,431,254	78,900,000	85,723,872	109,431,254
Finance Lease Obligation - (Non-Current Portion)	27	231,557,322	99,179,100	54,417,964	231,557,322	99,179,100	54,417,964
		8,192,205,436	7,749,897,445	7,400,717,635	8,192,205,436	7,740,897,444	7,400,717,635
Current Liabilities							
Trade and Other Payables	28	1,150,617,007	1,998,453,354	1,786,112,350	1,116,854,177	1,972,300,805	1,708,468,792
Bank Borrowings - (Current Portion)	26	543,199,242	542,327,325	510,682,404	543,199,242	542,327,325	510,682,404
Finance Lease Obligation - (Current Portion)	27	83,743,035	25,359,647	10,454,344	83,743,035	25,359,647	10,454,344
Other Non-Financial Liabilities	29	102,364,616	122,805,821	92,054,088	75,420,558	102,280,823	79,228,099
Bank Overdrafts	21	62,167,465	57,038,790	50,443,618	62,167,465	56,540,602	50,268,009
Total Current Liabilities		1,942,091,365	2,745,985,138	2,449,746,804	1,881,384,478	2,698,809,200	2,419,101,639
Total Equity and Liabilities		7,967,538,698	2,806,538,894	2,443,148,651	7,859,703,240	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

....
Director

Date : ....
Colombo.

Figures in brackets indicate deductions
Notes to the Financial Statements on Pages 5 to 44 form an integral part of these Financial Statements.

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT (CWE)
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Sri Lankan Rupees)

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 2013		**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)**	**(7,407,315,787)**
Prior Year Adjustment	(Note I)	-	-	-	-	-	-	-	(8,360,169)	(8.360,169)
Total Comprehensive Expense for the Year		-	-	-	-	-	-	-	(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)**	**(7,680,343,689)**
Prior Year Adjustment	(Note II)	-	-	-	-	-	-	-	26,258,170	26,258.170
Loss for the Year		-	-	-	-	-	-	-	(292,876,729)	(292,876,729)
Other Comprehensive Income	(Note 10)	-	-	-	-	-	5,780,204,145	-	-	5,780.204,145
Balance as at 31 December 2014		**1,056,590**	**32,444,879**	**94,477,411**	**300,289,603**	**72,218,000**	**6,754,910,153**	**1,781,563,583**	**(11,203,718,322)**	**(2,166,758,103)**

Note I:

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,

The correction of errors of expense and income relating to the previous year is Rs. 103,065/-.

Note II:

Prior year adjustment represents, unrecognized rent income from the Paddy Marketing Board for the period from the year 2005 to 2011, amounting to Rs. 32,830,020/- and correction of error in overstated rice income of Rs. 810,000/- relevent to the year 2013.

The correction of errors of expense and income relating to the previous year is Rs. 624,768/-.

Figures in brackets indicate deductions

Notes to the Financial Statements on Pages 5 to 44 form an integral part of these Financial Statements.

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT (CWE)
STATEMENT OF CHANGES IN EQUITY

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER 2014

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 2013		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 I)	-	-	-	-	-	-	-	(8,257,104)	(8,257,104)
Total Comprehensive Expense for the Year		-	-	-	-	-	-	-	(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)
Prior Year Adjustment	(Note II)	-	-	-	-	-	-	-	26,882,938	26,882,938
Loss for the Year		-	-	-	-	-	-	-	(310,874,332)	(310,874,332)
Other Comprehensive Income	(Note 10)	-	-	-	-	-	5,780,204,145	-	-	5,780,204,145
Balance as at 31 December 2014		1,056,590	32,444,879	94,477,411	300,289,603	72,218,000	6,754,910,153	1,781,563,583	(11,250,846,892)	(2,213,886,674)

Note I:
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,

The unrecognized petty cash expenses in the year ended 31 December 2013 had adjusted during the year as a prior year adjustment an amount of Rs. 5,137,082.

Note II:
Prior year adjustment represents, unrecognized rent income from the Paddy Marketing Board for the period from the year 2005 to 2011, amounting to Rs. 32,830,020/- and correction of error in overstated rice income of Rs. 810,000/- relevent to the year 2013.

Figures in brackets indicate deductions
Notes to the Financial Statements on Pages 5 to 44 form an integral part of these Financial Statements.

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT (CWE)
STATEMENT OF CASH FLOWS

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Note	Group 2014	Group 2013	CWE 2014	CWE 2013
Cash Flows from Operating Activities					
Profit / (Loss) Before Taxation		(292,078,408)	(262,669,146)	(313,971,655)	(283,494,766)
Adjustments for;					
Depreciation		81,534,639	57,551,234	81,331,336	57,424,617
Amortization of Intangible Assets		205,560	134,759	205,560	134,759
Amortization of Leasehold land		40,426	40,426	40,426	40,426
Provisions for Impairment		-	38,746	-	38,746
Net Profit on Disposal of Property, Plant and Equipment		-	(334,802)	-	(585,284)
Gratuity Charge for the Year		(6,088,211)	4,662,949	(6,088,211)	4,662,949
Deficit on Revaluation of Property, Plant and Equipment		897,533	-	897,533	-
Interest Expenses		382,719,794	349,259,767	382,719,794	349,259,767
Interest Income		(17,288,120)	(14,003,341)	(15,737,320)	(13,617,503)
Operating Profit Before Working Capital Changes		**149,943,213**	**134,680,592**	**129,397,464**	**113,863,712**
Changes in Working Capital					
Inventories		66,570,190	171,922,195	66,570,190	163,665,091
Trade and Other Receivables		658,984,242	(247,123,898)	661,932,494	(234,410,613)
Other Non-Financial Assets		(1,116,694)	600,691	(1,116,694)	600,691
Trade and Other Payables		(847,836,549)	214,195,778	(855,446,628)	205,686,585
Other Non-Financial Liabilities		2,188,425	47,159,874	(783,922)	41,379,435
Cash Generated from / (used in) Operations		**28,732,828**	**321,435,232**	**552,904**	**290,784,901**
Taxes Paid		(7,675,377)	(851,728)	(7,226,443)	(771,702)
Gratuity Paid		(970,816)	(349,560)	(970,816)	(349,560)
Interest Paid		(3,036,433)	(2,358,854)	(3,036,433)	(2,358,854)
Net Cash Flow from / (used in) Operating Activities		**17,050,202**	**317,875,089**	**(10,680,788)**	**287,304,785**
Cash Flows from Investing Activities					
Acquisition of Property, Plant and Equipment		(22,897,725)	(120,365,950)	(22,796,685)	(119,629,850)
Acquisition of Intangible Assets		(1,676,800)	(373,690)	(1,676,800)	(373,690)
Proceeds from Disposals of Property, Plant and Equipment		-	1,075,284	-	1,075,284
Net Investment In Fixed Deposits / Interest Received		1,426,327	4,732,029	15,737,320	13,617,503
Net Cash used in Investing Activities		**(23,148,198)**	**(114,932,326)**	**(8,736,165)**	**(105,310,752)**
Cash Flows from Financing Activities					
Settements of Borrowings		(29,308,440)	(39,402,461)	(29,308,440)	(39,402,461)
Loans Obtained		-	22,500,000	-	22,500,000
Settements of Finance Lease		(74,814,600)	(66,208,880)	(74,814,600)	(66,208,880)
Net Cash used in Financing Activities		**(104,123,040)**	**(83,111,341)**	**(104,123,040)**	**(83,111,341)**
Net Changes in Cash and Cash Equivalents During the Year		**(110,221,035)**	**119,831,423**	**(123,539,993)**	**98,882,691**
Cash and Cash Equivalents at Beginning of the Year		232,960,407	113,128,984	192,671,576	93,788,884
Cash and Cash Equivalents at End of the Year	21	122,739,372	232,960,407	69,131,583	192,671,576

Figures in brackets indicate deductions

Notes to the Financial Statements on Pages 5 to 44 form an integral part of these Financial Statements.

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 2014 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 .... 2016.

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 fair value of property, plant and equipment and investment properties. 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 2.30.

The group has prepared its financial statements for previous periods including the reporting period ended 31 December 2013 in accordance with SLAS. The financial statements are the Company's first SLFRS financial statements prepared in accordance with SLFRS 1 First-time Adoption of Sri Lanka Accounting Standards. The effect of the transition to SLFRSs on previously reported financial positions, financial performances and cash flows of the Company is given in Notes 35 to the financial statements.

2.2 Changes in Accounting Policies

The changes in accounting policies set out below have been applied consistently to the periods presented in the financial statements and to the opening SLFRS statement of financial position at the date of transition to SLFRSs, 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.

2.3 Basis of Consolidation

Subsidiaries are investees that are controlled by the Company. The Company 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company reassess whether it has control if there are changes to one or more of the elements of control.

There are no significant restrictions on the ability of subsidiaries to transfer funds to the Company (The Parent) in the form of cash dividend.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in the income statement. Any investment retained is recognized at fair value.

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.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units.

Non-controlling Interest

Non-controlling interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the consolidated income statement and statement of comprehensive income and as a component of equity in the consolidated statement of financial position, separately from equity attributable to the shareholders of the parent.

The Group elects the proportionate share of the recognized amount of the identifiable net assets, at the acquisition date to measure non-controlling interest.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary

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 of the group were carried at revalued amount in the statement of financial position. The group has elected revalued amount of property, plant and equipment as deemed cost at the date of the revaluation. Accordingly the property, plant and equipment are stated at deemed 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	03-60 Years
Buildings Improvement Leasehold Land	06-40 Years
Plant & Machinery	03-32 Years
Motor Vehicles	05 Years
Furniture & Fittings	02-20 Years
Office Equipment	02-13 Years
Computer Equipment	02-04 Years
Tools & Equipment	03-10 Years

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

2.8 Investment Properties

Investment properties held to earn rentals or for capital appreciation are measured initially at its cost.

Investment properties were carried at revalued amount in the statement of financial position. The group has considered revalued amounts of the Investment properties as deemed cost at the date of the revaluation. Accordingly, the Investment properties are stated at deemed cost less accumulated depreciation and amounts arising any accumulated impairment losses.

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

Investment Properties – Buildings	03-60 Years

2.9 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.

2.10 Financial Assets

(a) Classification

The group determines the classification of its financial assets at initial recognition and classifies its financial assets as follows:

I. Loans and receivables
II. Available for sale Financial Assets (AFS)

I. Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The group's loans and receivables comprise trade and other receivables, investments in term deposits, advances & refundable deposits, amounts due from related parties, loan to related party and cash and cash equivalents in the end of reporting period.

II. Available for sale Financial Assets (AFS)
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Available for sale financial assets comprise of long term quoted equity investments.

(b) Recognition and Initial Measurement

Financial assets classified as loans and receivables are recognized on the date on which the group originates the transaction. Other financial assets are recognized on the trade-date on which the group becomes a party to the contractual provision of the financial instrument.

A financial asset is measured initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership of the financial assets.

Notes to the Financial Statements Continued

(c) Subsequent Measurement

I. Loans and receivables
Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less provision for impairment.

II. Available for sale Financial Assets (AFS)
After initial recognition, quoted equity investments classified as AFS financial assets are measured at fair value. Changes in the fair value of AFS financial asset are recognized in other comprehensive income and presented as available for sale reserve in the statement of changes in equity. Unquoted equity investments, which are group's strategic investments are measured at cost less any Impairment losses, as currently its fair value cannot be estimated reliably.

(d) Impairment of financial Assets

I. Assets carried at amortized cost
The group assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

For loans and receivables carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the financial assets is reduced and the amount of the loss is recognized in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the statement of comprehensive income.

II. Available for sale Financial Assets (AFS)
The group assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. For quoted equity investments, a significant or prolonged decline in the fair value of the investments below its cost is also evidence that the assets are impaired. If any such evidence exists for the quoted investments, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognized in profit or loss is reclassified from equity to profit or loss as a reclassification adjustment. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available for sale are reversed through profit or loss. The amount of reversal is recognized in the other comprehensive income.

For unquoted equity investments, a significant or prolonged decline in the value of the investments below its cost is also evidence that the assets are impaired. If any such evidence exists for the unquoted investments, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

2.11 Fair Value Measurement

The Group measures financial instruments and certain non-financial assets at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

External valuers are involved for valuation of significant assets, such as investment properties and property, plant and equipment.

2.12 Inventories

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

2.13 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.

2.14 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.

2.15 Contributed Capital

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

2.16 Financial Liabilities

The group classifies financial liabilities into other financial liabilities. The group's other financial liabilities include trade and other payables, interest bearing loans amounts due to related parties. The other financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

2.17 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.

2.18 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.

2.19 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.

2.20 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.

2.21 Borrowing Costs

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

2.22 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

2.23 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.

2.24 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 group obligation in respect of defined benefit plans is the present value of the defined benefits obligation at the end of the reporting period. The defined benefits obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefits obligation is determined by discounting the estimated future benefits that employee have earned in return for their services in the current and prior period.

The retirement benefits obligation is not externally funded.

(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.

2.25 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.

Notes to the Financial Statements Continued

2.26 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.

2.27 Expenses

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

2.28 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.

2.29 Commitments

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

2.30 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:

Notes to the Financial Statements Continued

(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.

(b) Defined benefit plan

The present value of the defined benefit plan obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost and obligation for defined benefit plan including the discount rate are disclosed in the note 25 Any changes in these assumptions will impact the carrying amount of defined benefits obligation.

2.31 First time adoption of SLFRS/LKAS

The financial statements, for the reporting period ended 31December 2014, are the first financial statements prepared in accordance with Sri Lanka Accounting Standards (SLFRSs). Previous reporting periods including up to the reporting period ended 31 December 2013, the group prepared its financial statements in accordance with Sri Lanka Accounting Standards (SLAS).

In preparing these financial statements, the opening statement of financial position was prepared as at 1 January 2013, which is the date of transition to Sri Lanka Accounting Standards (SLFRSs). This note explains the principal adjustments made in restating its SLAS financial statements to SLFRSs financial statements for the reporting period as of 1 January2013, 31 December 2013.

I. Optional exemptions from the retrospective application

In preparing the first financial statements in accordance with Sri Lanka Accounting Standards (SLFRSs), the group has elected to apply following optional exemptions from the retrospective application of other Sri Lanka Accounting Standards (SLFRSs).

a. LKAS 27 Consolidated and Separate Financial Statements

The group has measured its investments in subsidiaries at cost, which is the carrying amount as per SLAS at the date of transition 1 January 2013.

b. Fair value or revaluation as deemed cost

Property, plant and equipment and investment properties of the group were carried at revalued amount in the statement of financial position. The Group has elected those revaluation amount as deemed cost at the date of the revaluation.

c. Designation of previously recognized financial instruments

The Group has designated both long term quoted and unquoted equity instruments as available-for-sale investments at the date of transition to Sri Lanka Accounting Standards (SLFRSs).

II. Following optional exemptions are not applicable to the group:

a. SLFRS 4 -Insurance contracts, since this application is not relevant to the group.
b. IFRIC 4 - Determining whether arrangement contains a lease, since the group does not have such arrangements.
c. LKAS 19 - Employee benefits, since the group measures its defined benefits obligation previously using formula method.
d. LKAS 21 -Cumulative translation differences, since the group does not have foreign operation.
e. Assets and liabilities of subsidiaries, associates and joint ventures, since the subsidiaries and associates have converged from SLASs to SLFRSs simultaneously with the group.
f. LKAS 32 - Compound financial instruments, since the group does not have compound financial instruments.
g. Decommissioning liabilities included in the cost of property, plant and equipment, since group does not have decommissioning liabilities relating to property, plant and equipment.
h. IFRIC 12 - Service Concession Arrangements, since the group does not have such arrangement.

Mandatory exceptions from retrospective application
In preparing the first financial statements in accordance with Sri Lanka Accounting Standards (SLFRSs), the group has elected to apply following mandatory exceptions from the retrospective application of other Sri Lanka Accounting Standards (SLFRSs).

I. Accounting Estimates
All accounting estimates at the date of transition to SLFRSs and as at 31 December 2013 are consistent with the estimates made in accordance with SLAS except the following.

a. The group re-estimates useful life time of some items of property, plant equipment, investment properties and intangible assets in accordance with SLFRSs to reflect conditions existed at the date of transition to SLFRSs and as at 31 December 2013.

II. Following mandatory exceptions are not applicable to the group:

a. Non- Controlling Interest
b. De-recognition of financial assets and financial liabilities.
c. Hedge Accounting.

2.32 Explanation of transition to SLFRSs
The accounting policies set out in note 2 have been applied in preparing the financial statements for the reporting period ended 31 December 2014 together with comparative information for the reporting period ended 31 December 2013 and opening SLFRS statement as at 1 January 2013 which is the transition date of SLFRSs for the group.

In preparing SLFRS financial statement of previous reporting periods, required adjustments have been made in accordance with Sri Lanka Accounting Standards (SLFRSs). The effect of the transition from SLASs to SLFRSs has been given in note 35.

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT (CWE)
NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Note	Sub Note	Group 2014	Group 2013	CWE 2014	CWE 2013
3 Revenue						
Whole Sale and Retail Revenue			257,147,311	159,362,757	257,147,311	159,362,757
Service Income (Labour Supplying)			160,158,746	143,747,538	-	-
Revenue on Sub-Contracting			12,513,475	13,296,833	-	-
			429,819,532	316,407,129	257,147,311	159,362,757
4 Cost of Sales						
Inventories as at 01 January			63,299,365	27,553,999	63,299,365	27,553,999
Purchases			197,175,576	156,034,122	197,175,576	156,034,122
Direct Expenses		4.1.1	137,981,047	160,022,315	1,944,512	37,917,683
Inventories as at 31 December			(55,178,943)	(63,299,365)	(55,178,943)	(63,299,365)
			343,277,044	280,311,071	207,240,509	158,206,438
5 Other Operating Income						
Profit on Transport Services	5.1		(67,079,295)	(14,947,674)	(67,079,295)	(14,947,674)
Rent Income			188,617,520	185,230,261	188,617,520	185,230,261
Profit on Disposal of Property, Plant and Equipment			-	585,284	-	585,284
Commission - Crates	5.2		-	89,958	-	89,958
Commission - Construction			289,922	-	289,922	-
Commission - Janitorial Service			497,610	-	-	-
Exchange Gain			59,804	46,810	59,804	46,810
Liquor Licensee			16,920,000	-	16,920,000	-
Management Fee			1,593,881	674,660	1,226,170	-
Others			22,787,532	5,883,897	22,708,632	5,837,027
			163,686,973	177,563,196	162,742,752	176,841,667

5.1 Profit on Transport Services

	Sub Note	Group / CWE 2014	Group / CWE 2013
Services Rendered		100,711,487	38,448,448
Direct Expenses	5.1.1	(167,790,782)	(53,396,122)
		(67,079,295)	(14,947,674)

5.2 Commission - Crates

	2014	2013
Revenue - Crates	-	1,311,005
Cost of Sales	-	(1,311,005)
	-	-

No commission has been received from Crates suppliers during the year since, the project operation has ceased.

6 Profit from Paddy Operation

	Note	Sub Note	Group / CWE 2014	Group / CWE 2013
Revenue (Rice)			1,049,439,609	4,213,869,258
Cost of Sales	6.1		(829,076,930)	(3,481,454,779)
			220,362,679	732,414,478
Direct Expenses				
Milling			98,889,400	423,004,603
Packing			22,399,303	48,994,706
Transport	6.2	6.1.1	38,563,550	185,377,536
			159,852,253	657,376,845
			60,510,426	75,037,633
By-Product Income			3,861,768	16,945,732
Profit on Paddy Operation	6.4		64,372,194	91,983,365

6.1 Cost of Sales

	Note	2014	2013
Inventories as at 01 January - (Rice)		3,566,998	12,608,182
Inventories as at 01 January - (Paddy)		54,428,258	253,054,635
Adjustment to Stocks (2012)		-	(16,044,637)
Purchases - Paddy		901,440,551	3,289,831,856
Stock Shortages	6.3	(130,358,876)	-
Inventories as at 31 December - (Paddy)		-	(54,428,258)
		829,076,930	3,485,021,777
Inventories as at 31 December - (Rice)		-	(3,566,998)
		829,076,930	3,481,454,779

6.2 Transport Reimbursement (Net)

	Sub Note	2014	2013
Expense Reimbursed from the Project		38,563,550	154,068,456
Expense Allocation	6.1.1	-	(185,377,536)
		38,563,550	(31,309,080)

6.3 At the completion of the paddy project, the millers who have not provided rice for the paddy purchase from CWE at the expected rate of conversation have been considered for litigation.

Figures in brackets indicates deductions

Notes to the Financial Statements Continued

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Note	Group / CWE 2014	Group / CWE 2013
6.4 Profit on Paddy Operation			
Management Fee		3,429,801	8,749,055
Milling Income		3,386,845	22,619,279
By-Product Income		3,861,768	16,945,732
Transport Reimbursement (Net)	6.2	38,563,550	(31,309,080)
Gain on Over Production		15,130,230	74,978,380
		64,372,194	**91,983,365**

Convertion Rate from Paddy to Rice

Conversion rates from grain to milled rice have been estimated by intarernational rice research institute in Manila, it is estimated above 10 precent 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 precent 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 precent of head rice with 5-7 precent 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.

8 **Finance Cost**

	Group 2014	Group 2013	CWE 2014	CWE 2013
Finance Income				
On Fixed Deposits and Short-Term Deposits	17,245,623	13,979,845	15,715,072	13,594,007
On FCBU Account	22,248	23,496	22,248	23,496
On Staff Loans	20,250	-	-	-
	17,288,120	14,003,341	15,737,320	13,617,503
Finance Cost				
Overdraft Interest / Credit Card Commission	587,265	607,099	587,265	607,099
On Treasury Bonds	323,812,668	323,812,668	323,812,668	323,812,668
On Borrowings	25,805,653	24,840,000	25,805,653	24,840,000
	350,205,586	349,259,767	350,205,586	349,259,767
	332,917,466	335,256,425	334,468,266	335,642,263

9 **Income Tax Expenses**

	Note	Group 2014	Group 2013	CWE 2014	CWE 2013
Current Tax Expense for the Year	9.1	6,755,787	1,998,587	2,860,143	-
Under / (Over) Provisions in Previous Year	29.1	(5,957,466)	-	(5,957,466)	-
		798,320	1,998,587	(3,097,323)	-

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

	Group 2014	Group 2013	CWE 2014	CWE 2013
Accounting Profit Before Taxation	(292,078,408)	(262,669,146)	(313,971,655)	(283,494,766)
Aggregate of Disallowable Expenses	120,147,355	54,903,944	118,670,306	87,379,636
Aggregate of Allowable Expenses	(96,436,907)	(51,136,346)	(96,217,774)	(76,392,746)
Other / Exempted Income / Adjustment on Subsidiary	(28,692,255)	(14,257,247)	(15,737,320)	(13,127,503)
Adjusted Business Profit / (Loss)	**(297,060,215)**	**(273,158,795)**	**(307,256,443)**	**(285,635,380)**
Other Income Liable for Tax	34,200,381	26,073,671	15,715,072	13,594,007
Statutory Income	**34,200,381**	**26,073,671**	**15,715,072**	**13,594,007**
Tax Losses Utilized	(5,500,275)	(13,594,007)	(5,500,275)	(4,757,902)
Assessable Income / Taxable Income	**28,700,105**	**12,479,664**	**10,214,797**	**8,836,105**
Income Tax on Statutory Tax Rate of 28%	5,269,926	2,476,251	2,860,143	2,474,109
Income Tax on Statutory Tax Rate of 10% and 12%	1,185,473	1,247,966	-	-
Tax on Distributable Profits	300,388	228,479	-	-
Adjustment to Provision	-	520,000	-	-
Current Tax on Ordinary Activities for the Year	**6,755,787**	**4,472,697**	**2,860,143**	**2,474,109**
Tax Losses				
Loss Brought Forward	**5,728,550,139**	**5,468,985,351**	**5,749,462,043**	**5,468,584,565**
Loss Incurred During the Year	307,256,443	273,158,795	307,256,443	285,635,380
Loss Utilized	(5,500,275)	(13,594,007)	(5,500,275)	(4,757,902)
Loss Carried forward	**6,030,306,306**	**5,728,550,139**	**6,051,218,210**	**5,749,462,043**

The tax reconciliation of previous year note 9.1 has restated to conform with the current year presentation.

9.2 **Deferred Taxation**

The deferred tax assets have not been recognized due to realization of tax benefits associate with the assets are insignificant and remote. The deferred tax liability arising on accelerated depreciation and revaluation has estimated to Rs. 385 Mn which is not substantiated to recognize in the financial statements comparing to deferred tax assets.

The unrecognized deferred tax assets at the reporting date	Group 2014	Group 2013	CWE 2014	CWE 2013
Arising on Brought Forward Tax Losses	1,688,485,766	1,603,994,039	1,694,341,099	1,609,849,372
Arising on Retirement Benefits Obligation	8,667,394	10,643,922	8,667,394	10,643,922
Arising on Impairment Provisions	224,657,698	224,210,177	222,800,928	222,800,928
Total	**1,921,810,858**	**1,838,848,138**	**1,925,809,421**	**1,843,294,221**

Figures in brackets indicates deductions.

Notes to the Financial Statements Continued

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT (CWE)
NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER 2014

10 Property , Plant and Equipment Group	Lands	Buildings	Building Improvements on Leased Lands	Plant and Machinery	Motor Vehicles	Furniture and Fittings	Computer Equipment	Tools and Equipment	Office Equipment	Total
Cost										
Balance as at 01 January 2013	728,830,235	334,558,828	-	146,815,071	106,432,399	68,190,757	79,618,452	50,152,557	22,084	1,514,620,383
Additions	-	101,403,403	-	2,698,093	99,217,500	14,266,084	1,998,370	-	-	219,583,450
Disposals	-	-	-	-	(1,850,000)	(67,410)	(272,560)	-	-	(2,189,970)
Adjustment	-	114,827	-	-	-	-	-	-	-	114,827
Balance as at 31 December 2013	728,830,235	436,077,058	-	149,513,165	203,799,899	82,389,431	81,344,262	50,152,557	22,084	1,732,128,690
Additions	-	9,049,261	-	7,642,878	226,309,426	2,483,409	3,722,177	-	-	249,207,151
Adjustment on Revaluation	-	(271,433,189)	-	(137,363,108)	-	(63,721,859)	(79,306,722)	(49,688,035)	-	(601,512,913)
Reclassification as per Valuation	-	-	-	-	-	(16,229,656)	-	-	16,229,656	-
Surplus / (Deficit) on Revaluations	4,481,545,837	829,835,850	377,610,203	67,313,025	-	23,798,022	(897,533)	101,208	-	5,779,306,612
Transferred to Investment Properties	(4,582,808,572)	(713,231,230)	(135,103,875)	-	-	-	-	-	-	(5,431,143,677)
Balance as at 31 December 2014	627,567,500	290,297,750	242,506,328	87,105,960	430,109,325	28,719,346	4,862,183	565,730	16,251,740	1,727,985,862
Depreciation										
Balance as at 01 January 2013		230,549,942	-	134,104,670	20,943,810	58,133,732	77,198,363	49,627,976	8,949	570,567,442
Charge for the Year		19,552,205	-	1,484,519	32,457,522	2,772,778	1,264,456	19,755	-	57,551,234
Disposals		-	-	-	(1,360,000)	(16,141)	(73,347)	-	-	(1,449,488)
Adjustment		114,827	-	-	-	-	-	-	-	114,827
Balance as at 31 December 2013		250,216,974	-	135,589,189	52,041,332	60,890,368	78,389,471	49,647,731	8,949	626,784,015
Charge for the Year		21,216,215	-	1,773,919	54,432,805	2,832,734	1,238,662	40,304	-	81,534,639
Adjustment on Revaluation		(271,433,189)	-	(137,363,108)	-	(63,721,859)	(79,306,722)	(49,688,035)	-	(601,512,913)
Balance as at 31 December 2014		-	-	-	106,474,137	1,244	321,412	-	8,949	106,805,741

Net Carrying Values	Note	2014	2013	01 Jan. 2013
Lands		627,567,500	728,830,235	728,830,235
Buildings		290,297,750	185,860,084	104,008,886
Building Improvements on Leased Lands		242,506,328	-	-
Plant and Machinery		87,105,960	13,923,976	12,710,401
Motor Vehicles		323,635,188	151,758,567	85,488,589
Furniture & Fittings		28,718,102	21,499,062	10,057,024
Computer Equipment		4,540,771	2,954,790	2,420,089
Tools and Equipment		565,730	504,826	524,581
Office Equipment		16,242,791	13,135	13,135
		1,621,180,121	1,105,344,674	944,052,940

Figures in brackets indicates deductions

Notes to the Financial Statements Continued

FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Sri Lankan Rupees)

10 Property, Plant and Equipment Contd.....

CWE

Cost	Lands	Buildings	Building Improvements on Leased Lands	Plant and Machinery	Motor Vehicles	Furniture and Fittings	Computer Equipment	Tools and Equipment	Office Equipment	Total
Balance as at 01 January 2013	728,830,235	334,558,828		146,815,071	106,432,399	68,179,566	79,145,733	50,152,557		1,514,114,389
Additions	-	101,403,403		2,698,093	99,217,500	14,206,544	1,321,810	-		218,847,350
Disposals	-	-	-	-	(1,850,000)	-	-	-	-	(1,850,000)
Adjustment	-	114,827	-	-	-	-	-	-	-	114,827
Balance as at 31 December 2013	728,830,235	436,077,058	-	149,513,165	203,799,899	82,386,110	80,467,543	50,152,557	-	1,731,226,566
Additions	-	9,049,261	-	7,642,878	226,309,426	2,474,809	3,629,737	-	-	249,106,111
Adjustment on Revaluation	-	(271,433,189)	-	(137,363,108)	-	(63,721,859)	(79,306,722)	(49,688,035)	-	(601,512,913)
Reclassification as per Valuation	-	-	-	-	-	(16,229,656)	-	-	16,229,656	-
Surplus / (Deficit) on Revaluations	4,481,545,837	829,835,850	377,610,203	67,313,025	-	23,798,022	(897,533)	101,208	-	5,779,306,612
Transferred to Investment Properties	(4,582,808,572)	(713,231,230)	(135,103,875)	-	-	-	-	-	-	(5,431,143,677)
Balance as at 31 December 2014	627,567,500	290,297,750	242,506,328	87,105,960	430,109,325	28,707,425	3,893,024	565,730	16,229,656	1,726,982,698
Depreciation										
Balance as at 01 January 2013		230,549,942	-	134,104,670	20,943,810	58,129,256	77,120,615	49,627,976	-	570,476,269
Charge for the Year		19,552,205	-	1,484,519	32,457,522	2,766,240	1,144,377	19,755	-	57,424,617
Adjusted to Retained Earnings		-	-	-	(1,360,000)	-	-	-	-	(1,360,000)
Adjustment		114,827	-	-	-	-	-	-	-	114,827
Balance as at 31 December 2013		250,216,974	-	135,589,189	52,041,332	60,895,496	78,264,992	49,647,731	-	626,655,714
Charge for the Year		21,216,215	-	1,773,919	54,432,805	2,826,363	1,041,730	40,304	-	81,331,336
Adjustment on Revaluation		(271,433,189)	-	(137,363,108)	-	(63,721,859)	(79,306,722)	(49,688,035)	-	(601,512,913)
Balance as at 31 December 2014		-	-	-	106,474,137	-	-	-	-	106,474,137

Net Carrying Values	Note	2014	2013	01 Jan. 2013
Lands		627,567,500	728,830,235	728,830,235
Buildings		290,297,750	185,860,084	104,008,886
Building Improvements on Leased Lands		242,506,328	-	-
Plant and Machinery		87,105,960	13,923,976	12,710,401
Motor Vehicles	10.2	323,635,188	151,758,567	85,488,589
Furniture & Fittings		28,707,425	21,490,614	10,050,310
Computer Equipment		3,893,024	2,202,550	2,025,117
Tools and Equipment		565,730	504,826	524,581
Office Equipment		16,229,656	-	-
		1,620,508,561	1,104,570,852	943,638,120

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

Figures in brackets indicates deductions.

10.2 Leasehold Assets Contd...

Description	Balance as at 01 Jan. 2014	Additions	Balance as at 31 Dece. 2014
Cost			
Motor Vehicles	167,925,000	226,309,426	394,234,426

Description	Balance as at 01 Jan. 2014	Charge for the Year	Balance as at 31 Dece. 2014
Depreciation			
Motor Vehicles	31,620,417	47,861,520	79,481,937
Net Book Value	136,304,583		314,752,489

10.3 Revaluation of Property, Plant and Equipment

Physical verification and valuation of the entirety of property, plant & equipment except motor vehicles have been carried out and the valuation report pertaining to properties and other classes of assets valued were released on 24 September 2015 and 07 october 2015 respectively.

The revaluation was done by M/s Ace Property and Business Consaltants (Pvt) Ltd., incorported valuers and the valuation reccomended were adopted in the financial statements of the current year.

The CWE has considered the revalued amount as deemed cost with effect from the effective date of revaluation i.e. 31 December 2014. Accordingly, property, plant and equipment subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

The valuation methodology used by the incorporated valuers for valuation is tabulated below.

Class of Property	Method of Valuation	Significant Unobservable Inputs
Lands	Market Comparison Basis	Estimated price per perch
Other Assets	Market Comparison Basis / Depreciated Replacement Cost	Estimated price per square foot / Adjustments on market values.
Paddy Mills	Profit Capacity and the Component Values of the Mills are Furnished	Discounting factors of Operational Income and Expenses of the Mills
Building Improvements in Lease Lands	Market Comparison Basis / Depreciated Replacement Cost	Estimated price per perch / Estimated price per square foot / Estimated rental value per square foot per month

11 Investment Properties

Group / CWE Cost	Lands	Buildings	Building Improvements	Total
Balance as at 01 January 2014	-	-	-	-
Transferred from Properry, Plant & Equipment	4,582,808,572	713,231,230	135,103,875	5,431,143,677
Balance as at 31 December 2014	4,582,808,572	713,231,230	135,103,875	5,431,143,677

Net Carrying Values	2014	2013	2012
Lands	4,582,808,572	-	-
Buildings	713,231,230	-	-
Building Improvements on Leased Lands	135,103,875	-	-
	5,431,143,677	-	-

The properties that were held to earn rentals or those have potential of capital appreciation recognized as investment properties. The classification of such are done in compliance with LKAS 40 and as recommended by the incorporated valuers.

Rental income earned from investment property by the Group amounts to Rs. 189 mn (2014 - Rs. 185 mn).

12 Prepaid Leasehold Lands

Summary of Net Book Value

Description	Balance as at 01 Jan. 2014	Additions	Balance as at 31 Dece. 2014
Initial Cost			
Prepaid Rental	2,311,930	-	2,311,930

Description	Balance as at 01 Jan. 2014	Charge for the Year	Balance as at 31 Dece. 2014
Amortization			
Prepaid Rental (Charge for the Year and Previous Years)	661,138	40,426	701,563
Net Book Value	1,650,792		1,610,367

Net Book Value	2014	2013	01 Jan. 2013
Net Book Value	1,610,367	1,650,792	1,691,219

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. Renevable Every 5 Year	861	31 Year	03 Nov. 1993
The Urban Development Authority of Sri Lanka	1,500,000	Rs. 1000 per Acre. Renevable Every 5 Year	884	35 Years	30 March 1998

13 Intangible Assets

Summary of Net Book Value

Description	Balance as at 01 Jan. 2014	Additions	Balance as at 31 Dace. 2014
Cost			
Computer Software	1,523,152	1,676,800	3,199,952

Description	Balance as at 01 Jan. 2014	Charge for the Year	Balance as at 31 Dece. 2014
Depreciation			
Computer Software	210,818	205,560	416,378
Net Book Value	1,312,335		2,783,575

14 Investment in Subsidiaries

	No. of Shares	Holding [%]	2014	Group / CWE 2013	01 Jan. 2013
CWE Economic Centre Services (Pvt) Ltd (Formally known as CWE Security & Janitorial (Pvt) Ltd)	1	100%	10	10	10
CWE Construction and Engineering (Private) Limited	1	100%	10	10	10
			20	20	20

The management financial statements of the subsidiaries are taken for the preparation of consolidated financial statements of the year ended 31 December 2014.

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Note	Group 2014	Group 2013	Group 01 Jan. 2013	CWE 2014	CWE 2013	CWE 01 Jan. 2013
16 Other Investments							
Available-for-Sale (AFS) Financial Assets							
Quoted Shares	16.1	10	10	10	10	10	10
Unquoted Shares							
INGRIN Institute of Printing & Graphics Sri Lanka LTD (28% - 992,371 No of Shares)	16.2	9,923,710	9,923,710	9,923,710	9,923,710	9,923,710	9,923,710
Sathosa Retails Limited	16.3	171,928,690	171,928,690	171,928,690	171,928,690	171,928,690	171,928,690
Lanka Sathosa Limited		22,798,840	-	-	22,798,840	-	-
Others		204,651,240	181,852,400	181,852,400	204,651,240	181,852,400	181,852,400
Fixed Deposits		25,133,105	9,271,312	-	-	-	-
		229,784,355	191,123,722	181,852,410	204,651,250	181,852,410	181,852,410
Provision for Impairment		(171,928,690)	(171,928,690)	(171,928,690)	(171,928,690)	(171,928,690)	(171,928,690)
		57,855,665	19,195,032	9,923,720	32,722,560	9,923,720	9,923,720

16.1 Quoted Shares

	No. of Shares	Market Value Per Share			
Sathosa Motors PLC	2	265	530	518	445

16.2 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.

16.3 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 2014	Group / CWE 2013	Group / CWE 01 Jan. 2013
Lanka Sathosa Limited	98,909,871	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. During the year 2014, CWE has been received shares for the value of Rs. 22 Mn.

18 Inventories

	Note	Group / CWE 2014	Group / CWE 2013	Group / CWE 01 Jan. 2013
Finished Goods (Wholesale)		55,178,943	63,299,365	27,553,999
Paddy Operation - Paddy with Millers & CWE Stores	6.1	-	54,428,258	253,054,635
Paddy Operation - Rice - CWE Stores	6.1	-	3,566,998	12,608,182
General Stocks	18.1	4,143,032	4,597,545	4,597,545
		59,321,975	125,892,165	297,814,360

18.1 General Stocks

	2014	2013	01 Jan. 2013
Building Department Stock	4,143,032	4,143,032	4,143,032
Packing Materials	-	454,513	454,513
	4,143,032	4,597,545	4,597,545

19 Trade and Other Receivables

	Note	Sub Note	Group 2014	Group 2013	Group 01 Jan. 2013	CWE 2014	CWE 2013	CWE 01 Jan. 2013
Trade Receivables	19.1	19.1.1	85,958,648	234,590,455	199,885,590	62,523,419	211,482,558	178,277,031
Rent Receivables	19.2	19.2.1	145,363,473	111,895,938	87,104,696	145,363,473	111,895,938	87,104,696
Project / Services Receivables	19.3	19.3.1	222,365,980	754,400,704	534,299,709	222,365,980	754,400,704	534,299,709
Amount Due from Related Entities	19.4		3,306,766	2,996,842	44,854,713	3,306,766	2,996,842	46,465,342
Deposits and Advances	19.5		2,603,961	691,316	-	2,603,961	691,316	-
Staff Loans and Advances			6,700,946	7,154,191	7,392,305	6,358,591	7,039,117	7,238,555
Short Term Advances			1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Other Receivables	19.6	19.6.1	39,959,998	27,256,398	26,723,849	35,314,559	24,379,830	25,129,105
			507,259,771	1,139,985,844	901,260,861	478,836,749	1,113,886,305	879,514,438

Figures in brackets indicates deductions
Notes to the Financial Statements Continued

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Note	Sub Note	Group 2014	Group 2013	Group 01 Jan. 2013	CWE 2014	CWE 2013	CWE 01 Jan. 2013

19.1 Trade Receivables

	Group 2014	Group 2013	Group 01 Jan. 2013	CWE 2014	CWE 2013	CWE 01 Jan. 2013
Current / Performing Balances	92,589,970	239,623,488	204,918,623	62,523,419	211,482,558	178,277,031
Long Outstanding Balances	1,803,438	1,803,438	1,803,438	1,803,438	1,803,438	1,803,438
	94,393,409	**241,426,926**	**206,722,061**	64,326,857	213,285,996	180,080,470
Provision for Impairment	(8,434,760)	(6,836,472)	(6,836,472)	(1,803,438)	(1,803,438)	(1,803,438)
	85,958,648	234,590,455	199,885,590	62,523,419	211,482,558	178,277,031

Provision has been made for the entire amount shown as long outstanding balances and certain identified balances of current balances in the subsidiaries.

19.2 Rent Receivables

	Group / CWE 2014	Group / CWE 2013	Group / CWE 01 Jan. 2013
Current / Performing Balances	145,363,473	111,895,938	87,104,696
Long Outstanding Balances	77,257,552	77,257,552	77,257,552
	222,621,025	**189,153,490**	**164,362,248**
Provision for Impairment	(77,257,552)	(77,257,552)	(77,257,552)
	145,363,473	111,895,938	87,104,696

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

19.3 Project / Services Receivables

	Note	Group / CWE 2014	Group / CWE 2013	Group / CWE 01 Jan. 2013
Crates		4,732,816	5,307,962	7,596,030
Paddy Operation - Government Institutions - Against Rice Purchases		19,282,083	697,537,466	503,165,942
Paddy Operation - Receivables from Millers (Net)	19.3A	90,323,664	-	-
Department of Co-operative Development - (Funded Project)		22,441,712	16,256,915	16,432,131
Transport Services		85,585,705	35,298,360	7,105,605
		222,365,980	754,400,704	534,299,709

19.3A Paddy Operation - Receivables from Millers (Net)

	2014	2013	01 Jan. 2013
Receivables from Millers (Supply of Paddy)	130,358,876	-	-
Payables Millers (Charges Relating Rice Supplied by Millers)	(40,035,212)	-	-
	90,323,664	-	-

19.4 Amount Due from Related Entities

	Group 2014	Group 2013	Group 01 Jan. 2013	CWE 2014	CWE 2013	CWE 01 Jan. 2013
Sathosa Retails Limited	99,785,694	99,785,694	142,408,758	99,785,694	99,785,694	142,408,758
Sathosa Retails Limited - Welisara	5,999,113	5,999,113	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	5,093,913	5,093,913
Lanka Sathosa Limited	24,202,985	24,202,985	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)	3,306,766	2,996,842	2,231,649	3,306,766	2,996,842	3,842,278
	138,388,471	**138,078,547**	**179,936,418**	138,388,471	138,078,547	181,547,048
Provision for Imapirment	(135,081,705)	(135,081,705)	(135,081,705)	(135,081,705)	(135,081,705)	(135,081,705)
	3,306,766	2,996,842	44,854,713	3,306,766	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. 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 liqudation has been accomadeted 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 2014	Group / CWE 2013	Group / CWE 01 Jan. 2013
Current / Performing	2,603,961	691,316	-
Long Outstanding Balances	29,692,440	29,692,440	29,653,693
	32,296,400	30,383,756	29,653,693
Provision for Imapirment	(29,692,440)	(29,692,440)	(29,653,693)
	2,603,961	691,316	-

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

19.6 Other Receivables

	Group 2014	Group 2013	Group 01 Jan. 2013	CWE 2014	CWE 2013	CWE 01 Jan. 2013
Current / Performing	39,959,998	27,256,398	26,723,849	35,314,559	24,379,830	25,129,105
Long Outstanding Balances	145,632,158	145,632,158	145,632,158	145,632,158	145,632,158	145,632,158
	185,592,156	**172,888,556**	**172,356,007**	**180,946,717**	**170,011,988**	**170,761,263**
Provision for Imapirment	(145,632,158)	(145,632,158)	(145,632,158)	(145,632,158)	(145,632,158)	(145,632,158)
	39,959,998	**27,256,398**	**26,723,849**	**35,314,559**	**24,379,830**	**25,129,105**

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

Figures in brackets indicates deductions

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT (CWE)
NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Group / CWE 2014	2013	01 Jan. 2013
20 Other Non-Financial Assets			
Prepaid Expenses	2,566,837	1,450,143	2,050,834
Statutory Receivables			
National Security Levy (NSL)	234,321,615	234,321,615	234,321,615
	234,321,615	234,321,615	234,321,615
Provision for Impairment	(234,321,615)	(234,321,615)	(234,321,615)
	2,566,837	1,450,143	2,050,834

21 Cash and Cash Equivalents

	Group 2014	2013	01 Jan. 2013	CWE 2014	2013	01 Jan. 2013
Favorable Cash and Cash Equivalents Balance						
Current Accounts	18,466,612	38,041,543	17,687,724	1,869,961	22,259,143	9,119,360
Savings Accounts / Call Deposits	8,571,021	158,808,362	140,776,549	8,571,021	133,808,362	129,831,804
Fixed Deposits	149,924,687	79,350,892	-	112,924,687	79,350,892	-
Foreign Currency Accounts	3,228,792	3,146,741	3,076,435	3,228,792	3,146,741	3,076,435
Cash in Hand	4,715,726	10,651,660	2,031,895	4,704,588	10,647,040	2,029,295
	184,906,837	289,999,198	163,572,602	131,299,049	249,212,177	144,056,894
Unfavorable Cash and Cash Equivalents Balance						
Bank Overdrafts	(62,167,465)	(57,038,790)	(50,443,618)	(62,167,465)	(56,540,602)	(50,268,009)
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	122,739,372	232,960,407	113,128,984	69,131,583	192,671,576	93,788,884

22 Contributed Capital		Group / CWE 2014	2013	01 Jan. 2013
Initial Capital Invested		1,056,590	1,056,590	1,056,590
23 Reserves				
Capital Reserve		32,444,879	32,444,879	32,444,879
General Reserve		94,477,411	94,477,411	94,477,411
Loan Redemption Reserve		300,289,603	300,289,603	300,289,603
Vehicle Replacement Reserve		72,218,000	72,218,000	72,218,000
Revaluation Reserve		6,754,910,153	974,706,008	974,706,008
Restructuring Reserve		1,781,563,583	1,781,563,583	1,781,563,583
		9,035,903,629	3,255,699,484	3,255,699,484
24 Payables to Treasury				
On Converted Loans	24.1	4,397,000,000	4,397,000,000	4,397,000,000
On CWE Treasury Bond Interest Payments	24.2	3,453,793,134	3,129,980,466	2,806,167,798
		7,850,793,134	7,526,980,466	7,203,167,798

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 3,454 Mn as at 31 December 2014. 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.

Rupees in Million

24.1 Financial Institution	Total Liability: Loans with Interest	Overdraft	Total Restructured Liability	Restructured Liability: To Bond	By Cash	Profit on Restructuring
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	550	100	650	489	100	61
Seylan Bank	265	-	265	250	-	15
	5,266	227	5,493	4,397	500	596

Figures in brackets indicates deductions
Notes to the Financial Statements Continued

24.2 Financial Institution

	Total CWE Bonds Issued As At 31 Dece. 2014	Total CWE Bonds Issued As At 31 Dece. 2013	Total CWE Bonds Issued As At 01 Jan. 2013
Bank of Ceylon (BOC)	1,377,142,800	1,251,948,000	1,126,753,200
HSBC	593,791,572	539,810,520	485,829,4[illegible]
Peoples' Bank	506,302,500	460,275,000	414,247,500
Commercial Bank	486,050,400	441,864,000	397,677,600
Hatton National Bank PLC	396,131,076	360,119,160	324,107,244
Seylan Bank	202,521,000	184,110,000	165,699,000
Settlements Made By CWE	3,561,939,348	3,238,126,680	2,914,314,012
Settlements Made By the Government Treasury	(108,146,214)	(108,146,214)	(108,146,214)
	3,453,793,134	3,129,980,466	2,806,167,798

25 Retirement Benefits Obligation

	Note	Group / CWE 2014	2013	01 Jan. 2013
Balance as at 01 January		38,014,007	33,700,618	30,112,068
Recognized in Comprehensive Income	25.1	(6,088,211)	4,662,949	4,247,629
Payments Made During the Year		(970,816)	(349,560)	(659,080)
Balance as at 31 December		30,954,980	38,014,007	33,700,618

25.1 Recognized in Comprehensive Income

	2014	2013	01 Jan. 2013
Current Service Cost	(6,088,211)	4,662,949	4,247,629
	(6,088,211)	4,662,949	4,247,629

The group has changed its basis used to measure the retirement benefits obligation to projected unit credit method using qualified actuarial consultant for the reporting period 2014 in compliance with LKAS 19 'Employee Benefit".

The interest cost can not be estimated and Actuarial Gain / Loss does not arise as the CWE has not done an actuarial valuation of the gratuity liabilities for the previous year.

25.2 The Principal Actuarial Valuation Assumptions used are as follows;

	Group / CWE 2014	2013	01 Jan. 2013
Discount Rate [%]	10	-	-
Salary Escalation Rate [%]	3	-	-
Retirement Age [Yrs]	60	-	-
Staff Turnover Factor [%] - up to 50 Years	2 and thereafter Zero	-	-

In addition to the above, demographic assumptions such as mortality, withdrawal and disability are considered for the actuarial valuation. The 2007 mortality table issued by the London Institute of Actuaries (A 1967/70 mortality table) has also been used in the valuation.

25.3 The sensitivity of the present value of retirement benefits obligation to changes in the weighted principle assumptions by 1% are:

The Principle Assumptions	Group / CWE Increase in 1%	Group / CWE Decrease 1%	Group / CWE (Rs.) Increase in 1%	Group / CWE (Rs.) Decrease 1%
Discount Rate [%]	(7.40)	8.33	28,665,403	33,533,301
Salary Escalation Rate [%]	7.85	(7.02)	33,383,946	28,782,369

26 Borrowings

	Note	2014	2013	01 Jan. 2013
Hatton National Bank PLC (HNB)		-	5,000,000	17,000,000
Peoples Bank		-	13,531,254	33,931,254
Bank of Ceylon (BOC)		84,900,000	90,900,000	94,500,000
Peoples Bank - Import Loan		207,050,943	207,050,943	207,050,943
Accrued Interest		315,827,946	292,471,461	267,631,461
Peoples Leasing and Finance Company PLC		14,320,353	19,097,539	-
	26.1	622,099,242	628,051,197	620,113,658

26.1 Movement of Borrowings

	2014	2013	01 Jan. 2013
Balance as at 01 April	628,051,197	620,113,658	657,813,658
Loan Obtained	-	22,500,000	-
Settlements Made	(29,308,440)	(39,402,461)	(37,700,000)
Accrued Interest	23,356,485	24,840,000	-
Balance as at 31 March	622,099,242	628,051,197	620,113,658

	2014	2013	01 Jan. 2013
Current Potion	543,199,242	542,327,325	510,682,404
Non-Current Potion	78,900,000	85,723,872	109,431,254
	622,099,242	628,051,197	620,113,658

FOR THE YEAR ENDED 31 DECEMBER

(Expressed in Sri Lankan Rupees)

	Group / CWE 2014	Group / CWE 2013	Group / CWE 01 Jan. 2013
27 Finance Lease Obligations			
Gross Liability as at 01 January	165,952,376	96,896,501	32,642,845
Obtained During the Year	308,434,351	135,291,755	86,563,656
Adjustment	-	-	(6,532,825)
Repayments During the Year	(74,814,600)	(66,208,880)	(15,777,175)
Gross Liability at End of the Year	399,572,126	165,952,376	96,896,501
Finance Charges Allocated to Future Periods	(84,271,769)	(50,413,629)	(32,024,193)
Net Liability at End of the Year	315,300,358	115,538,746	64,872,308
Current Portion	83,743,035	25,359,647	10,454,344
Non-Current Portion	231,557,322	90,179,100	54,417,964
	315,300,358	115,538,746	64,872,308

28 Trade and Other Payables

	Note	Sub Note	Group 2014	Group 2013	Group 01 Jan. 2013	CWE 2014	CWE 2013	CWE 01 Jan. 2013
Trade Payables	28.1	28.1.1	52,924,937	29,558,228	19,260,830	20,144,568	6,837,467	2,549,262
Project Payables	28.2	28.2.1	667,061,215	1,502,727,144	1,347,089,170	667,061,215	1,502,727,144	1,347,089,170
Amounts Due to Related Entities (CWE Construction and Engineering (Private) Limited)			73,913	2,000,000	-	23,452	(499,990)	10
Other Payables	28.3	28.2.1	400,967,992	412,158,739	390,823,392	400,967,992	412,158,739	390,823,392
Refundable Deposits		28.3.1	29,588,950	52,009,444	28,938,958	28,656,950	51,077,444	28,006,958
			1,150,617,007	1,998,453,554	1,786,112,350	1,116,854,177	1,972,300,803	1,768,468,792

28.1 Trade Payables

	Group 2014	Group 2013	Group 01 Jan. 2013	CWE 2014	CWE 2013	CWE 01 Jan. 2013
Current / Performing Balances - Trade	15,383,199	7,416,032	2,786,535	13,088,011	3,826,819	(461,385)
Retention / to Subcontractors	30,485,180	19,131,548	13,453,648		-	-
	45,868,379	26,547,580	16,240,183	13,088,011	3,826,819	(461,385)
Long Outstanding Balances	7,056,558	3,010,648	3,010,647	7,056,558	3,010,648	3,010,647
	52,924,937	29,558,228	19,250,830	20,144,568	6,837,467	2,549,262

28.2 Project Payables

	CWE 2014	CWE 2013	CWE 01 Jan. 2013
Paddy Operation - Paddy Purchase (Paddy Marketing Board)	274,121,687	943,845,630	962,585,013
- Millers	19,252,890	156,511,100	70,643,179
- Packing Material	10,191,665	46,902,168	12,757,032
- Transport	5,275,761	7,595,950	10,657,962
- Refundable Deposits	4,605,106	3,000,000	3,000,000
- Treasury Advances	254,149,693	254,149,693	251,149,693
- Others	11,523,151	11,523,151	-
Department of Co-operative Development -	19,926,051	19,926,051	19,926,051
Crates	7,731,857	8,130,601	13,370,241
Other Projects	60,283,353	51,142,800	-
	667,061,215	1,502,727,144	1,347,089,170

28.3 Other Payables

	CWE 2014	CWE 2013	CWE 01 Jan. 2013
Current / Performing Balances	17,365,035	28,555,782	7,220,435
Long Outstanding Balances	383,602,957	383,602,957	383,602,957
	400,967,992	412,158,739	390,823,392

29 Other Non-Financial Liabilities

	Sub Note	Group 2014	Group 2013	Group 01 Jan. 2013	CWE 2014	CWE 2013	CWE 01 Jan. 2013
Accrued Expenses	29.1.1	35,905,500	41,119,204	27,369,673	22,208,853	28,795,583	18,544,490
Statutory Payables							
Value Added Tax (VAT)		50,949,314	60,108,044	44,774,935	45,146,780	55,822,126	42,678,474
Stamp Duty Payable / PAYE and Other		225,682	122,897	59,525	226,682	122,897	59,525
Current Tax	29.1	5,512,522	12,389,578	11,242,719	(1,320,226)	9,003,540	9,775,242
Nation Building Tax (NBT)		9,771,599	9,066,098	8,607,236	9,158,469	8,536,677	8,170,358
		102,364,616	122,805,821	92,054,088	75,420,558	102,280,823	79,228,090

29.1 Current Tax

	CWE 2014	CWE 2013	CWE 01 Jan. 2013
Balance as at 01 April	9,003,540	9,775,242	-
Provision for the Year	2,860,143	-	13,200,000
Tax Credits Set-off (WHT / ESC)	(1,486,117)	(771,702)	(3,424,758)
Self Assessment Payments	(5,740,326)	-	-
Adjustment on Under / (Over) Provisions in Previous Year	(5,957,466)	-	-
Balance as at 31 March	(1,320,226)	9,003,540	9,775,242

The income tax liability has been reviewed and recomputed from the year of assessment of 2011/12 to 2014/15 and the resulting adjustment due to under / over provisions in previous years have been recognized in the profit or loss during the year. Accordingly, the amendments to be made in the tax returns filed with the Department of Inland Revenues is being initiated

Figures in brackets indicates deductions

FOR THE YEAR ENDED 31 DECEMBER 2014

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		
	2014	2013	01 Jan. 2013	2014	2013	01 Jan. 2013
Remuneration and Other Short-Term Employee Benefits	1,552,900	1,469,900	271,500	1,404,900	1,349,900	151,500

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)		26,841,137	2,852,223
	Treasury Bonds issued by CWE and Settled by Treasury		323,812,668	7,850,793,134
	Project Receivables - Crates		-	51,713
	Sales of Rice / Net Recovary		-	2,739,085
	Transport Services Rendered		-	128,070
	Other Receivables		-	100,000,000
	Other Payables on SRL	(Note 27.2.1A)	-	(200,000,000)
State-Owned Enterprises	Rent Income (Performing)		58,689,915	121,025,257
	Paddy Purchases		669,723,943	(274,121,687)
	Sale of Goods / Net Balance Recovary		145,049,429	53,493,256
	Sales of Rice		1,049,439,609	18,644,710
	Recovaries of Oustanding on Rice and Others		1,718,813,519	-
	Short-Term Loans		-	1,000,000
	Bank Current Accounts		-	(40,939,576)
	Savings Accounts / Call Deposits		-	3,229,457
	Settlement of Borrowings		29,308,440	-
	Loans Obtained / Interest Charged		23,356,485	(622,099,242)
	Settlement of Lease Obligations		55,678,362	(349,643,097)
	Purchases and Services Obtained		642,004	19,621
	Funding of MCPS Project		-	(19,926,051)
	Rent Deposits		-	(6,359,849)
	Transport Services Rendered		50,287,344	(85,457,635)
Local Government Bodies	Advances on Paddy / Rice Purchases		-	254,149,693
	Other Receivables		2,252,225	17,083,784
Other Government Related Entities	Project Receivables - Crates		351,269	3,208,631
	Project Receivables - MPCS / Net Balance Recovary		6,184,797	22,441,712

Transactions with Other Related Entities (Including Subsidiaries)

Related Parties	Nature of Transactions	Transaction Value (Rs.)	Amount Due from / (to)
CWE Economic Centre Services (Pvt) Ltd	Working capital requirements, Obtained security and Janitorial services.	309,924	3,306,766
Sathosa Retails Limited	Working capital requirements	-	110,878,720
Lanka Sathosa Limited	Working capital requirements	-	24,202,985

Figures in brackets indicates deductions

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 2014	2013	01 Jan. 2013
Supreme Court	4	2	2
Court of Appeal	3	2	-
Civil Appeal	5	3	-
Commecial High	4	3	3
High Court Cases	3	2	1
District Court	8	11	10
Magistrate Courts	4	2	2
Labour Department	14	6	2
Industrial Arbitration Cases	1	1	1
Labour Depatment Inquaries	8	7	7

The CWE may have contingent liabilities in respect of legal claims arising in the ordinary course of business. CWE will recognizes such claims as an when those prove to be realized 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.

34 Financial Instruments and Risk Management

The accounting classification of each category of financial instruments and their carrying amounts reported in the statement of financial position are stated below.

CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amount of the financial assets and liabilities reported in the statement of financial position are as follows.

The Carrying Values of Financial Assets and Liabilities		Group 2014	Group 2013	Group 01 January 2013	CWE 2014	CWE 2013	CWE 01 January 2013
FINANCIAL ASSETS							
Available-for-Sale Financial Assets	(AFS)						
Other Investments							
Quoted Shares	16	10	10	10	10	10	10
Unquoted Shares	16	204,651,240	181,852,400	181,852,400	204,651,240	181,852,400	181,852,400
		204,651,250	181,852,410	181,852,410	204,651,250	181,852,410	181,852,410

Available-for-sale (AFS) financial assets are stated at cost.

		Group 2014	Group 2013	Group 01 January 2013	CWE 2014	CWE 2013	CWE 01 January 2013
Loans and Receivables							
Advance for Investment	17	98,909,871	121,708,711	121,708,711	98,909,871	121,708,711	121,708,711
Fixed Deposits	16	25,133,105	9,271,312	-	-	-	-
Trade and Other Receivables	19	507,259,771	1,139,985,844	901,260,861	478,836,749	1,113,886,305	879,514,433
Cash and Cash Equivalents	21	184,906,837	289,999,198	163,572,602	131,299,049	249,212,177	144,056,894
		816,209,584	1,560,965,064	1,186,542,174	709,045,668	1,484,807,193	1,145,280,043

The loans and receivables are stated at carrying values as their carrying value approximates the fair value.

		Group 2014	Group 2013	Group 01 January 2013	CWE 2014	CWE 2013	CWE 01 January 2013
Total Financial Assets		1,020,860,834	1,742,817,474	1,368,394,584	913,696,918	1,666,659,603	1,327,132,453
FINANCIAL LIABILITIES							
Other Financial Liabilities							
Payables to Treasury	24	7,850,793,134	7,526,980,466	7,203,167,798	7,850,793,134	7,526,980,466	7,203,167,798
Bank Borrowings	26	622,099,242	628,051,197	620,113,658	622,099,242	628,051,197	620,113,658
Trade and Other Payables	28	1,150,617,007	1,998,453,554	1,786,112,350	1,116,854,177	1,972,300,803	1,768,468,792
Bank Overdrafts	21	62,167,465	57,038,790	50,443,618	62,167,465	56,540,602	50,268,009
Total Financial Liabilities		9,685,676,848	10,210,524,008	9,659,837,424	9,651,914,018	10,183,873,068	9,642,018,258

The financial liabilities are stated at amortized cost using the effective interest method.

34 Financial Instruments and Risk Management Contd...

Financial Risk Factors

The group has exposure to the following risks from its use of financial instruments.

01 Credit Risk
02 Liquidity Risk
03 Market Risk

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing these risks. The Group's overall risk management strategy seeks to minimize adverse effects from the unpredictability of financial markets on the Group's financial performance. Mechanisms adopted by group in managing eventual impact of such risks are given below.

The financial instruments of the group comprise of listed / unlisted equity investments, investments in term deposits, cash equivalents and bank borrowings (term loans and overdrafts) trade receivables and payables from its core business activities. The main purpose of investment in short-term deposits and borrowings is to raise and maintain liquidity for working capital of group operations. Investments in unlisted equity are strategic investments.

01 Credit Risk

Credit risk is the risk of financial loss to the group if counterparty fails to meet its contractual obligations. Credit risk arises principally from deposits held with banks and financial institutions, cash and cash equivalents (excluding cash in hand) and receivables from customers and related parties. The maximum risk exposures of financial assets that are subject to credit risk are equal to their carrying amounts.

Following table depicts the maximum risk exposure of financial assets reported as at 31 December 2014.

Risk Exposure to Financial Assets	Group 2014	Group 2013	Group 01 Jan. 2013	CWE 2014	CWE 2013	CWE 01 Jan. 2013
Other Investments	25,133,105	9,271,312	-	-	-	-
Cash and Cash Equivalents	180,191,112	279,347,538	161,540,707	126,594,461	238,565,138	142,027,598
Trade and Other Receivables	507,259,771	1,139,985,844	901,260,861	478,836,749	1,113,886,305	879,514,438
	712,583,988	**1,428,604,694**	**1,062,801,568**	**605,431,210**	**1,352,451,442**	**1,021,542,037**

Credit risk arising from other financial assets of the group comprises deposits held with banks, cash and cash equivalents. The group's exposure to credit risk arises from default in meeting contractual obligations of contractual parties, with a maximum exposure equal to the carrying amount of these financial instruments. The group manages its credit risks with regard to these financial instruments by mainly placing its funds with reputable financial institutions and state banks.

02 Liquidity Risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when due under both normal and unexpected conditions without incurring unacceptable losses.

Groups actively managed its financing cash flows to ensure all refinancing, repayment and investment needs with regard to the construction and acquisition of capital assets are satisfied.

The following table depicts the group's financial assets and liabilities maturity analysis as at 31 March 2015 based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Financial Assets and Liabilities	Group Carrying Amount (Rs.)	Group Within One Year	Group More than One Year	CWE Carrying Amount (Rs.)	CWE Within One Year	CWE More than One Year
Financial Assets						
Other Investments	57,855,665	-	57,855,665	32,722,560	-	32,722,560
Advance for Investment	98,909,871	-	98,909,871	98,909,871	-	98,909,871
Trade and Other Receivables	507,259,771	507,259,771	-	478,836,749	478,836,749	-
Cash and Cash Equivalents	184,906,837	184,906,837	-	131,299,049	131,299,049	-
Total Undiscounted Financial Assets	848,932,144	692,166,608	156,765,536	741,768,228	610,135,797	131,632,431

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

FOR THE YEAR ENDED 31 DECEMBER 2014

Financial Liabilities	Group Carrying Amount (Rs.)	Group Within One Year	Group More than One Year	CWE Carrying Amount (Rs.)	CWE Within One Year	CWE More than One Year
Payables to Treasury	7,850,793,134	-	7,850,793,134	7,850,793,134	-	7,850,793,134
Borrowings	622,099,242	543,199,242	78,900,000	622,099,242	543,199,242	78,900,000
Trade and Other Payables	1,150,617,007	1,150,617,007	-	1,116,854,177	1,116,854,177	-
Bank Overdrafts	62,167,465	62,167,465	-	62,167,465	62,167,465	-
Total Undiscounted Financial Liabilities	9,685,676,848	1,755,983,714	7,929,693,134	9,651,914,018	1,722,220,884	7,929,693,134
Net Undiscounted Financial Assets / (Liabilities)	(8,836,744,703)	(1,063,817,105)	(7,772,927,598)	(8,910,145,790)	(1,112,085,087)	(7,798,060,703)

03 **Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates which will affect the group's income or the carrying value of holdings of financial instruments.

Interest Rate Risk

The group's exposure to interest risk is the changes in market interest rates relate to the interest bearing borrowings with a fixed rate and bank deposits.

The group has bank balances including term deposits placed with reputable financial institutions and state banks. The group monitors interest rate risk by actively monitoring interest rate movements.

Currency Risk

The group has currency exposures arising from deposits held in bank in USD. Refer note 21.

35 Explanation of Transition to SLFRSs

Under the adoption of the SLFRSs the following reclassification of balances have made in compliance with SLFRSs. No re-measurement of balances have made through the adjustment of Equity.

I Property , Plant and Equipment

The CWE has valued its entire property, plant and equipment other than Motor Vehicles as at 31 December 2014, and recognized investment properties in compliance with the SLFRSs. However, due to lack of adequate information for the balances to be reclassified as Investment Properties and Property, plant and equipment, the reclassification have not been made for the year ended 31 December 2013 and 01 January 2013.

The detail of the previous revaluation reserves of Rs. 974,706,008/- had not been available in order to identify the realized reserves due to disposals of corresponding assets. Hence, no adjustments have made relating to the previous revaluation reserve.

The Intangible Assets (Computer Software) and the Prepaid Leasehold Lands which had been reported in the Property, plant and equipment under the previous SLASs have been reclassified as follows in compliance with the SLFRSs

Reclassified from	Reclassified to	As At 31 Dece. 2013	As At 01 Jan. 2013
Property , Plant and Equipment	Prepaid Leasehold Lands	1,650,792	1,691,219
	Intangible Assets	1,312,335	1,073,403

II Investment in Subsidiaries

The Consolidation Financial Statements have not been prepared under the previous SLASs and the investments made in Subsidiaries had been reported under Other Receivables. In compliance with the SLFRSs such investments have reclassified as "Investment In Subsidiaries" and the consolidated financial statements have prepared and presented from the date of Transition.

Reclassified from	Reclassified to	As At 31 Dece. 2013	As At 01 Jan. 2013
Trade and Other Receivables	Investment in Subsidiaries	20	20

III Available-for-Sale (AFS) Financial Assets

The long term strategic investments have been reclassified as "Available-for-Sale Financial Assets" in compliance with the SLFRSs.

Reclassified from	Reclassified to	As At 31 Dece. 2013	As At 01 Jan. 2013
Long Term Investments	Other Investments (Available-for-Sale (AFS) Financial Assets)	181,852,410	181,852,410

IV Retirement Benefits Obligation

The group has changed its basis used to measure the retirement benefits obligation to projected unit credit method using qualified actuarial consultant for the reporting period 2014 in compliance with LKAS 19 'Employee Benefit"

V Other Changes Due to Application of SLFRSs

Other than those mentioned above are relating to reclassification of balances to be compliance with SLFRSs.

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT (CWE)
NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Group 2014	Group 2013	CWE 2014	CWE 2013
4.1.1 Direct Expenses				
Clearing Charges	80,294	-	80,294	-
Custom Duty	-	33,199,610	-	33,199,610
Import Charges	52,777	1,392,415	52,777	1,392,415
Weight Bridge Charges	33,500	160,822	33,500	160,822
Fumigation Expenses	166,208	297,344	166,208	297,344
Loading & Unloading Charges	1,166,371	1,752,835	1,166,371	1,752,835
Security Personnel Expenses	131,575,600	123,293,934	-	608,236
Telephone - walky-Yalky	532,122	657,154		-
Fuel Allowance	1,612,845	-	-	-
Telephone Allowance	582,185	403,487	445,363	403,487
Printing & Stationery	345,485	287,134	-	-
Provision for Bad Debts	897,699	700,589	-	-
Security Travelling & Fuel / Allowance	550,187	143,321	-	-
Security Consumables	171,305	237,470	-	-
Training Programme - Security Staff	35,500	47,200	-	-
Repair & Maintenance	-	170	-	-
Entertainment	178,970	245,154	-	-
ETF Surcharge	-	-	-	-
Transport	-	102,933	-	102,933
Insurance	-	56,475	-	-
Reimburstment Expence(Ministry of Tra)	-	(180,000)	-	-
Security - Income	-	(2,775,732)	-	-
	137,981,047	**160,022,315**	**1,944,512**	**37,917,683**

5.1.1 Direct Expenses - Transport Services

	Group / CWE 2014	Group / CWE 2013
Fuel	46,230,507	15,256,067
Repair and Maintanance - Transport	14,782,628	4,878,267
Registration Charges - Transport / Hiring	454,828	150,093
Insurance	3,265,062	1,249,006
Lease Interest	32,514,209	7,619,121
Depreciation	30,207,822	9,968,581
Salaries - Permanent	18,226,681	6,014,805
Employees' Provident Fund	1,928,788	636,500
Employees' Trust Fund	482,197	159,125
Overtime	6,331,135	2,089,275
Casual Wages	1,024,355	338,037
Employees' Provident Fund	105,421	34,789
Employees' Trust Fund	26,355	8,697
Overtime	331,333	109,340
Salary - Daily Pay	10,496,083	3,463,707
Employees' Provident Fund	1,128,310	372,342
Employees' Trust Fund	282,077	93,086
Overtime	2,894,801	955,284
Insurance Claim Receipt	(2,921,810)	-
	167,790,782	53,396,122

Figures in brackets indicates deductions
Notes to the Financial Statements Continued

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER

		Group / CWE 2014	Group / CWE 2013
6.1.1	**Transport - Paddy Operation**		
	Fuel	-	30,974,440
	Repair and Maintanance	-	9,904,361
	Rent Expenses	-	76,967,227
	Registration Charges	-	304,735
	Insurance	-	2,535,860
	Lease Interest	-	15,469,124
	Depreciation	-	20,239,241
	Salary - Daily Pay	-	12,211,876
	Employees' Provident Fund	-	1,292,288
	Employees' Trust Fund	-	323,072
	Overtime	-	4,241,861
	Casual Wages	-	686,318
	Employees' Provident Fund	-	70,632
	Employees' Trust Fund	-	17,658
	Overtime	-	221,993
	Salaries - Permanent Staff	-	7,032,375
	Employees' Provident Fund	-	755,967
	Employees' Trust Fund	-	188,992
	Overtime	-	1,939,517
		-	185,377,536

		Group 2014	Group 2013	CWE 2014	CWE 2013
7.1.1	**Administrative Expenses**				
	Allowances	2,023,699	2,577,068	1,018,480	1,052,243
	Bonus	-	2,420,000	-	2,420,000
	Salaries - Permant Staff	55,049,704	53,771,409	48,118,248	46,702,684
	Employees' Provident Fund	9,862,070	7,738,159	9,032,225	7,412,072
	Employees' Trust Fund	2,485,899	1,902,818	2,278,438	1,821,297
	Overtime	16,259,084	10,712,162	16,015,918	10,566,435
	Casual Wages	1,949,073	15,549,412	1,949,073	15,549,412
	Contract & Daily Pay Salary	37,111,689	11,550,050	37,111,689	11,550,050
	Salaries - Casual Wages / Contract Wages / No Pay	570,786	525,538	570,786	525,538
	Depreciation	51,417,550	27,343,412	51,214,246	27,216,796
	Fuel Charges	12,361,670	6,001	12,361,670	6,001
	Repair & Maintaince	7,359,850	9,433,702	7,359,850	9,408,917
	Insurance	158,245	1,565,666	-	1,565,666
	Licence Fee	534,817	155,063	374,817	155,063
	Fuel Allowances	2,572,200	4,564,261	2,113,280	2,157,350
	Leave Encashments	2,400,130	2,114,679	2,400,130	2,114,679
	Professional Fee	2,635,347	1,273,024	2,635,347	1,248,024
	Other Staff Cost	24,600	121,150	-	121,150
	Staff Treatment Expenses	767,026	1,638,535	767,026	1,638,535
	Uniform Allowance	195,946	96,599	195,946	96,599
	Accomadation Expenses	1,700	-	1,700	-
	Advertisements	-	1,030,911	-	1,030,911
	Renewal / Membership Fee	44,595	32,461	28,500	32,461
	Audit and Tax Consultancy Fee	2,054,019	1,386,796	1,326,796	1,326,796
	Amotization of Intangible Assets	-	134,759	-	134,759
	Dialog Tv	52,775	75,287	52,775	75,287
	Director Allowances	325,500	390,500	325,500	270,500
	Director Fee	1,227,400	1,079,400	1,079,400	1,079,400
	Electricity	17,022,560	19,237,907	17,020,927	19,237,907
	Entertainment	346,529	409,095	337,040	409,095
	Gratuity	(6,088,211)	4,662,949	(6,088,211)	4,662,949
	Amotization of Leasehold Lands	40,426	40,426	40,426	40,426
	Internet	142,093	8,645	142,093	-
	Luxary Tax	409,720	339,720	409,720	339,720
	Panalty Charges	1,502	26,438	1,502	26,438
	P.A.Y.E.	28,196	5,921	28,196	5,921
	Periodical Expenses	66,620	84,380	66,620	84,380
	Balalnce C / F	**221,414,808**	**184,004,304**	**210,290,153**	**172,085,463**

Figures in brackets indicates deductions.

Notes to the Financial Statements Continued

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Note	Group 2012	Group 2011	CWE 2012	CWE 2011
Balalnce B / F		**221,414,808**	**184,004,304**	**210,290,153**	**172,085,463**
Cleaning Expenses		1,956,250	837,374	1,956,250	2,060,410
Tools and Accessories		141,801	13,230	141,801	13,230
Over Provision / Under Provision		(11,923,090)	1,084,486	(11,923,090)	1,084,486
Photocopy		3,050	-	3,050	-
Postage		37,784	92,975	37,784	88,890
Printing & Stationery		2,611,374	2,228,878	2,611,374	2,226,898
Registration & Renewal Fees		162,491	-	162,491	-
Rent Vehicle / Buildings		2,781,114	1,155,000	1,705,829	675,000
Security		2,958,815	-	2,958,815	-
Staff Welfare		3,683,125	1,788,100	3,683,125	1,788,100
Subsistance Allowance		1,853,381	1,181,607	1,629,881	1,181,607
Supervisory Allowance		-	8,616	-	8,616
Secretarial Fee		90,000	90,000	-	-
Tax & Rates		8,962,350	8,091,011	8,962,350	8,091,011
Telephone		1,589,737	1,157,424	1,493,536	1,076,385
Local Training		701,200	92,875	701,200	92,875
Travelling Allowances		3,913,602	543,901	3,012,714	229,001
Travelling / Transport		1,119,059	-	1,103,243	-
Local Travelling		976,321	835,805	976,321	835,805
Vehicle Allowance - Senoir Executive		-	2,830,000	-	2,830,000
Water		1,909,363	1,669,290	1,909,363	1,668,674
Bank Charges		499,478	441,653	249,423	236,738
Donation		307,009	125,000	296,509	35,000
Vehicle Repair & Maintenance		65,920	104,328	-	-
Legal		1,994,806	5,113,158	1,968,230	5,113,158
NBT		3,431,209	2,830,553	422,262	111,603
Other Expenses		634,188	841,467	505,583	754,292
Audit & Management Commity Allowance		84,750	4,750	84,750	4,750
Office Maintenance		32,000	29,000	32,000	29,000
Service Charges		870,535	-	870,535	-
Treatment Allowance		2,500	1,384	2,500	1,384
Credit Card Commission		10,516	3,443	10,516	3,443
Packing Charges		973,363	592,641	973,363	592,641
Petty Cash - Expenses		-	17,048	-	-
Consumable - Head Office		102,690	19,498	-	-
Surchages / Stamp Fee		204,265	116,848	152,440	95,939
Loss Disposals of Fixed Assets		-	250,482	-	-
Bad Debt Written Off		66,000	-	-	-
Hiring Charges		92,500	-	92,500	-
Provisions for Impairment - Deposits and Advances		-	38,746	-	38,746
		254,314,262	**218,234,875**	**237,076,801**	**203,053,145**

		Group 2012	Group 2011	CWE 2012	CWE 2011
7.1.2	**Selling and Distribution Expenses**				
	Salary - Daily Pay	1,036,485	1,036,485	1,036,485	1,036,485
	Employees' Provident Fund	110,901	110,901	110,901	110,901
	Employees' Trust Fund	27,725	27,725	27,725	27,725
	Overtime	120,575	120,575	120,575	120,575
	Salaries Casual Wages	5,137,598	5,137,598	5,137,598	5,137,598
	Employees' Provident Fund	532,996	532,996	532,996	532,996
	Employees' Trust Fund	133,249	133,249	133,249	133,249
	Overtime	642,154	642,154	642,154	642,154
	Salaries - Permanent Staff	5,323,407	5,323,407	5,323,407	5,323,407
	Employees' Provident Fund	647,024	647,024	647,024	647,024
	Employees' Trust Fund	143,097	143,097	143,097	143,097
	Overtime	925,499	925,499	925,499	925,499
	Advertising / Branding	3,770,093	39,756	3,770,093	-
		18,550,802	**14,820,464**	**18,550,802**	**14,780,709**

Figures in brackets indicates deductions.

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Group			CWE		
	2014	2013	01 Jan. 2013	2014	2013	01 Jan. 2013
19.1.1 Trade Receivables						
Current Balances						
KEELS FOOD PRODUCTS PLC	1,032,236	1,032,236	1,032,236	1,032,236	1,032,236	1,032,236
LANKA SATHOSA LTD	53,493,256	198,542,685	184,394,353	53,493,256	198,542,685	173,294,186
ARPICO SUPER CENTRE	(746)	(746)	207,764	(746)	(746)	207,764
SRI LANKA COOPERATIVE MARKETING FEDERATION	682,353	682,353	580,464	682,353	682,353	580,464
THENUWARA TRADING (PVT) LTD	2,840,720	2,840,720	3,162,382	2,840,720	2,840,720	3,162,382
SRI LANKA PORTS AUTHORITY	-	3,709,710	-	-	3,709,710	-
SZECHUAN HOUSE	4,321,600	4,521,600	-	4,321,600	4,521,600	-
THE CO-OPERATIVE WHOLESALE ESTABLISHMENT	1,965,950	149,728	184,178	-	-	-
OTHER SECUIRITY AND JANITORIAL DEBTORS	28,254,601	28,145,202	15,357,247	154,000	154,000	-
	92,589,970	239,623,488	204,918,623	62,523,419	211,482,558	178,277,031
Long Oustanding Balances						
N N BANDARA	167,170	167,170	167,170	167,170	167,170	167,170
P. JAYANTHE	6,850	6,850	6,850	6,850	6,850	6,850
S.B DISSANAYAKA	2,336	2,336	2,336	2,336	2,336	2,336
SHIRAN ENTERPRISES	725,000	725,000	725,000	725,000	725,000	725,000
RUWANI FARM SHOP	392,296	392,296	392,296	392,296	392,296	392,296
SHALOM DRIED FISH	125,475	125,475	125,475	125,475	125,475	125,475
A.N.A TRADERS	163,812	163,812	163,812	163,812	163,812	163,812
ARCHIE FOODS PRODUCTS	10,500	10,500	10,500	10,500	10,500	10,500
CARGILLS CEYLON LTD	210,000	210,000	210,000	210,000	210,000	210,000
	1,803,438	1,803,438	1,803,438	1,803,438	1,803,438	1,803,438
	94,393,409	241,426,926	206,722,061	64,326,857	213,285,996	180,080,470
PROVISION FOR IMPAIRMENT	(8,434,760)	(6,836,472)	(6,836,472)	(1,803,438)	(1,803,438)	(1,803,438)
	85,958,648	234,590,455	199,885,590	62,523,419	211,482,558	178,277,031
19.2.1 Rent Receivables						
Current Balances						
A.A.J. ABEYSINGHA				233,454	87,659	148,169
ABANS LIMITED				5,553,568	6,351,661	5,244,675
ABANS RESTAURANT				1,853,361	926,681	1,235,574
ANTHONEY JERAD - RENT				76,145	38,096	44,288
ANUPAMA LOKUGONADUWA				32,663	32,671	32,673
BATA SHOE COMPANY				363,375	363,375	313,646
BHELCOM LANKA (PVT) LTD				914,528	914,528	346,417
CEYLON FERTILIZER COMPANY				-	22,277	7,426
CEYLON FISHERIES CO-OPERATION - RENT				206,305	141,266	137,358
CHULA SHANTHA				4,101	4,101	4,101
CONSUMER AFFAIRS AUTHORITY				2,119,079	5,329,529	2,726,364
CO-OPERATIVE INSURANCE - RENT				16,642	(2,123,524)	557,218
D D T AMARASEKARA - RENT				163,375	128,680	134,850
DEPARTMENT OF TEXTILE				135,789	135,789	135,789
G D SAMARASINGHA - RENT				80,566	18,630	6,668
G D WIMALADASA - RENT				42,304	7,178	12,281
ISHANA SPICE EXPORT				596,736	596,736	397,824
J. F. WARNAKULASOORIYA-RENT				63,380	28,514	40,578
K M M ALLIE - RENT				68,110	68,110	68,110
L M C THUSHARA DE MEL - RENT				122,922	122,922	98,338
LONDRY MART PVT LTD				63,805	63,805	63,805
M I M RASHMI - RENT				104,289	56,371	15,567
M.ANANDA PIYARATHNE - RENT				99,737	38,463	50,134
MAHAPOLA SCHOOLERSHIP FUND				5,390,580	5,339,471	43,636
MAXIES COMPANY - RENT				27,542	24,615	30,490
MINISTRY OF CO-OP. AND INTERNAL TRADE RNT				2,852,223	29,693,359	29,693,359
P R WEERASINGHA - RENT				214,575	82,070	41,035
PADDY MARKATING BOARD - RENT DEBTOR				69,812,798	26,254,546	14,326,793
PERERA AND SONS LTD				113,920	113,920	113,920
R.T. FOODS RENT				340,325	210,253	210,253
RATHNAPURAYA MPCS (RENT DEBTOR)				439	219	220
S. SIVA KUMAR				9,356	14,034	-
SRI LANKA BUREAU OF FOREIGN EMPLOYMENT				682,677	477,119	85,500
STATE PHARMACIUTICAL CORPORATION				220,515	214,803	-
SATHOSA MOTORS				1,559,360	3,158,720	1,559,360
SHAMMI ABEYWICKRAMA - RENT				74,049	50,808	76,214
SHANTHA KUMARAGE - RENT				125,001	125,001	125,001
STATE PRINTING CORPORATION				66,365	69,721	-
STATE TRADING CORPORATION (SC)				445,814	445,814	445,814
SUPPIAH NARAYANSAMY - RENT				100,006	47,200	12,517
U R S SHANTHA - RENT				63,548	14,680	18,537
WESCO LIMITED				206,531	206,531	208,475
Y. M. DISSANAYAKA MANIKE				11,424	11,424	11,424
YOHAN SEBASTHIYAN - RENT				98,338	98,338	73,753
AGRICULTURAL AND AGRARIAN SER: BOARD				3,735,203	3,735,203	3,735,203
Balalnce C / F				99,064,823	83,741,369	62,633,354

Figures in brackets indicates deductions

Notes to the Financial Statements Continued

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Group / CWE		
	2014	2013	01 Jan. 2013
Balance B / F	99,064,823	83,741,369	62,633,354
CANTEEN-C W E/BILL	217,259	115,729	98,810
CIC COMPANY LTD	(387,291)	(387,291)	(387,291)
CO-OPERATIVE DEVELOPMENT DEPT - RENT	2,586,128	2,586,128	2,486,128
KUMARAVELU	32,103	41,403	41,403
LANKA SATHOSA LTD	39,438,582	21,887,950	19,955,322
NATIONAL INSURANCE TRUST FUND	2,276,970	2,276,970	2,276,970
BENEDICTSONS (PVT) LTD	-	361,398	-
ORACLE TRADING LANKA (PVT) LTD -RENT DR	599,760	399,840	-
DEPARTMENT OF BUDGET	-	1	-
RTS FOODS	151,493	151,493	-
S.H CHANDRAPALA DE SILVA	693,213	693,213	-
THE LAUNDROMAT	(3,413)	27,735	-
JAYASIRI HARDWARE - MONARAGALA	(1)	-	-
LANKA HOSPITALITY INVESTMENTS (PVT) LTD	1,201,929	-	-
UVA PROVINCIAL COUNCIL - BADULLE	(488,890)	-	-
WHEELS (PVT) LTD	(19,192)	-	-
	145,363,473	111,895,938	87,104,696
Long Outstanding Balances			
A K ISHAK	225,098	225,098	225,098
A K ISHAK - 02	9,016	9,016	9,016
A K ROHITHA	49,032	49,032	49,032
A SEKAR	101,222	101,222	101,222
A V K BANDULA	110,730	110,730	110,730
ABDUL HALIK	86,551	86,551	86,551
ADHIHETTI	73,688	73,688	73,688
ANJEEWA PUSHPAKUMARA	6,693	6,693	6,693
ANURADHA PAHIYANGALA	6,106	6,106	6,106
BANDULA AMARAWEERA	50,490	50,490	50,490
CARAVAN FOODS	184,205	184,205	184,205
CHANDARA MOHAN	151,947	151,947	151,947
COLLECT CLEANERS LTD	42,000	42,000	42,000
D M DISSANAYAKA	2,194	2,194	2,194
D V WIMALASIRI	157,585	157,585	157,585
D W K HETTIARACHHI	7,545	7,545	7,545
DAMBULU VEGETABLE	96,224	96,224	96,224
DEVEA BURAIN	109,667	109,667	109,667
DIAMOND BEST FOOD	158,634	158,634	158,634
DUDLEY SIRISENA	44,738	44,738	44,738
ESSENTIAL COMMODITIES	326,337	326,337	326,337
G M ALL CEYLON EXCERSISE BOOK MANUFACT	87,763	87,763	87,763
G M KUMARASINGHA	91,935	91,935	91,935
G V SUBRAMANIUM	29,650	29,650	29,650
GOVISHKTHI RICE MILLING LTD	9,622	9,622	9,622
HOT BAKERS - MALIGAWATHTHA	635,204	635,204	635,204
J H D JAYAWARDHANA	25,273	25,273	25,273
J JALABDEEN	14,441	14,441	14,441
J S S FERNANDO	52,612	52,612	52,612
J SYRIL	5,589	5,589	5,589
JAGATH HEWAGE	70,774	70,774	70,774
JANAKI AMARASINGHA	53,172	53,172	53,172
K G WEERASINGHA	146,273	146,273	146,273
K K PREMARATHNE	23,624	23,624	23,624
K KARTHIKESU	219,629	219,629	219,629
K KARUPAIYA	30,386	30,386	30,386
K MAHINDA RATHNE	115,223	115,223	115,223
K W PIYASIRI	110,196	110,196	110,196
K W PIYASIRI 02	16,915	16,915	16,915
KARUPUSAMI MASHWARAN	48,689	48,689	48,689
KOTHMALE BUDGET SHOP	119,464	119,464	119,464
KRISHAN PERERA	130,266	130,266	130,266
KRISHANTHA PERERA	69,501	69,501	69,501
LANKA BELL COMPANY LTD	613,410	613,410	613,410
M A M A KURESH	47,638	47,638	47,638
M M RATHNAYAKA	25,619	25,619	25,619
M S S N RAMS	164,052	164,052	164,052
M WIJEKUMAR	84,133	84,133	84,133
M WIJEKUMAR 02	99,998	99,998	99,998
METHSIRI WIJESINGHA	70,133	70,133	70,133
MUDITHA PERERA	49,295	49,295	49,295
N E T SUNDARAN	395,027	395,027	395,027
N PERINKAYGAN	74,405	74,405	74,405
NATIONAL LOTARIES BOARD	6,250	6,250	6,250
Balalnce C / F	5,735,864	5,735,864	5,735,864

Figures in brackets iudicates deductions

Notes to the Financial Statements Continued

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT (CWE)
NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Group / CWE 2014	2013	01 Jan. 2013
Balalnce B / F	5,735,864	5,735,864	5,735,864
P K C RAJAPAKSHA	114,817	114,817	114,817
P T NADAN	140,963	140,963	140,963
PALITHA VITHANA	255,540	255,540	255,540
PRABATH THUSHARA	44,221	44,221	44,221
PRADEEP SAMPATH KUMARA	121,124	121,124	121,124
PRIYANTHA JAYALAL PERIES	79,290	79,290	79,290
R A C DE ALWIS	20,774	20,774	20,774
RAIGAM PRODUCTS	66,819	66,819	66,819
RATHNAYAKA	146,273	146,273	146,273
REX FERNANDO	140,485	140,485	140,485
RUWAN MADURAPPRIYA	72,541	72,541	72,541
SRILANKA ARMY	28,053,675	28,053,675	28,053,675
S C VEGITABLE SHOP	114,008	114,008	114,008
S FERNANDO	89,351	89,351	89,351
S K THENUWARA	99,658	99,658	99,658
S M MISNER	5,589	5,589	5,589
S RAGUNADAN	29,285	29,285	29,285
S SIWAM	98,104	98,104	98,104
SARATH PUSHPA KUMARA	46	46	46
SARDA RASAPUTHTHARAN	38,408	38,408	38,408
SPELMEN FERNANDO	12,096	12,096	12,096
SPICE ALLIED AND MARKE BOARD	74,870	74,870	74,870
SUDATH SAJNJEEWA	51,472	51,472	51,472
THAIMANA SUNDARAM	69,842	69,842	69,842
THISSA WICKRAMASINGHA	4,854	4,854	4,854
UDAYA NIYATHAPALA	134,631	134,631	134,631
W A WIMALADASA	5,841	5,841	5,841
W A WIMALASIRI	6,704	6,704	6,704
W M A C WIJESORIYA	3,714	3,714	3,714
W M A PUSHPA KUMARA	18,737	18,737	18,737
W M A SARATH PUSHPA KUARA	65,295	65,295	65,295
W M WIMAL FERNANDO	42,491	42,491	42,491
W M WIMALADASA 02	13,683	13,683	13,683
WEST ESTERN PVT LTD	25,000	25,000	25,000
WIJESIRI GAMLATH	52,164	52,164	52,164
A V SIRIPALA	14,651	14,651	14,651
AGRICULTURE INSURANCE BOARD 2	8,323,071	8,323,071	8,323,071
ASHOKA EXPORT LTD	587,208	587,208	587,208
CEYLON ORIENT SEA FOODS	1,230,040	1,230,040	1,230,040
CEYLON SUISAN PVT LTD	499,032	499,032	499,032
COLOMBO GROCERY PVT LTD	569,934	569,934	569,934
D J SNACK BAR	36,000	36,000	36,000
DY MINISTER OFFICE	364,407	364,407	364,407
EVERY MARKETING (PVT) LTD	55,990	55,990	55,990
FOOD PROCURMENT AND MONTORING COMMITEE	580,966	580,966	580,966
INSTITUTE OF PRINT AND GRAPHIC	1,293,750	1,293,750	1,293,750
J MERKIDS	29,400	29,400	29,400
K A PRIYANTHA	10,378	10,378	10,378
K N A HARAS	54,667	54,667	54,667
K W A WEERASINGHA	82,421	82,421	82,421
K W A WEERASINGHA 02	138,642	138,642	138,642
K. ANADARAJAN	217,201	217,201	217,201
K. KASTHURIARACHCHI	200,929	200,929	200,929
LALITHA SANJEEWA	34,954	34,954	34,954
LANKA SPICE LTD	320	320	320
LANKA YOUTH BUSINESS PROMOTION	1,127,795	1,127,795	1,127,795
M M P D SILVA	28,391	28,391	28,391
M.M. AUFER	13,800	13,800	13,800
MALAYAGU SASHIKUMAR	2,042,336	2,042,336	2,042,336
MENDIS CO LTD	38,164	38,164	38,164
MINARAL SPRING SERVO DISTRIBUTOERS	614,643	614,643	614,643
MINISTRY OF HELTHCARE AND NUTRITION	2,768	2,768	2,768
MINISTRY OF TEXTILE DEVELOPMENT	1,959,090	1,959,090	1,959,090
MINISTRY OF TRADE AND COMMERCE	2,939,544	2,939,544	2,939,544
MOHANDAS	98,497	98,497	98,497
MUTHUVINAYAGAM	527	527	527
NATIONAL DEVELOPMENT BANK	88,200	88,200	88,200
ORBIT CARGO	839,500	839,500	839,500
P M CHITHRA	58,650	58,650	58,650
PARAMOUNT EXPORT	170,293	170,293	170,293
PETTHA ENTERPRISES	177,429	177,429	177,429
POLICE STATION - WELISARA	1,255,124	1,255,124	1,255,124
Balalnce C / F	61,826,953	61,826,953	61,826,953

Figures in brackets indicates deductions

Notes to the Financial Statements Continued

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT (CWE)
NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER			Group / CWE	
		2014	2013	01 Jan. 2013
Balalnce B / F		61,826,953	61,826,953	61,826,953
RAMBODA TEA ESTATE PVT LTD		6,393,375	6,393,375	6,393,375
RANGIRI DAMBULU AGRI TRADERS		1,805,329	1,805,329	1,805,329
RATHNA MOTERS		22,168	22,168	22,168
S A KULAARDENA		19,650	19,650	19,650
S K FOODS		112,664	112,664	112,664
S T PARAMESHWARI		627,006	627,006	627,006
SECRATORY OFFICE		677,352	677,352	677,352
SHALOM ENTERPRISES		692,940	692,940	692,940
SIRIPALA AMARASINGHA		245,177	245,177	245,177
SKYLINE VENTURES		437,388	437,388	437,388
SRI LANKA NATIONAL CO-OP BOARD		91,814	91,814	91,814
T AMARASEKARA		207,287	207,287	207,287
T JOSEPHIN NALLTNY		16,066	16,066	16,066
THE MACCRTH INTERNATIONAL		604,343	604,343	604,343
THUSHARA DE ALWIS		903	903	903
V. KUMARAVELU		90,596	90,596	90,596
WALISARA FG STORES		7,000	7,000	7,000
POLICE STATION - KADANA		161,084	161,084	161,084
S.T. PARAMESHWARAN		4,800	4,800	4,800
WALISARA - BUDJET SHOP RENT		34,253	34,253	34,253
LANKA SALUSALA LIMITED		3,179,405	3,179,405	3,179,405
		77,257,552	77,257,552	77,257,552
		222,621,025	189,153,490	164,362,248
PROVISION FOR IMPAIRMENT		(77,257,552)	(77,257,552)	(77,257,552)
		145,363,473	111,895,938	87,104,696
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 - DAMBULLA ECONOMIC CENTRE		443,861	443,861	443,861
MANAGER - VEYANGODA ECONOMIC CENTRE		588,333	588,[illegible]	588,333
MANAGER- KEPPETIPOLA ECONOMIC CENTRE		241,236	241,256	271,219
MANAGER - NUWARA ELIYA ECONOMIC -PROJECT		1,935,182	1,935,182	3,222,082
SL ARMY AGRICULTURAL PROJECT		51,713	51,713	51,713
CRATES SALES - CONTROL A/C		(21,2[illegible])	1	-
R A J H RUPASINGHA		-	799,588	-
SELVARAJ		-	73,275	-
G.G.D SOMILAS		616,001	616,001	616,001
K DAMMIKA		531,375	531,375	
W L JAYARATHNE		1	32,313	-
W M ARUNA SHANTHA		346,335	346,335	-
		4,732,816	5,307,962	7,596,030
Paddy Operation				
SRI LANKA CONSUMER CO-OP FEDARATION SOCIETY		669,935	669,935	669,935
MINISTRY OF CO-OP AND INTERNAL TRADE		2,739,085	2,739,085	14,129,256
LANKA SATHOSA LTD		15,235,691	684,609,601	488,366,752
REIMBURSEMENT A/C - PADDY MARKATING BOAR		-	9,518,845	-
MANOJ ALGAMA - HSBC		83,200	-	-
MRR RICE MILL		267	-	-
R A J H RUPASINGHA		480,631	-	-
SELWARAJ		73,275	-	-
		19,282,083	697,537,466	503,165,942

Paddy Operation - Receivables from Millers (Net)	Supply of Paddy	Charges	2014	2013	01 Jan. 2013
ANAS RICE MILL	1,867,627	1,163,744	703,883	-	-
KINAM RICE MILL (This balance has fully settled on 20 March 2015)	7,176,608	3,809,884	3,366,723	-	-
RUSDIYA RICE MILL (This balance has fully settled on 08 December 2015)	1,247,561	152,678	1,094,884	-	-
RICE LANKA PROCESSING LTD	82,377,648	31,077,166	51,300,482	-	-
KEYAS RICE MILL	3,765,473	1,624,790	2,140,683	-	-
MEGA RICE MILL	6,702,395	245,755	6,456,639	-	-
S G M RICE MILL	1,036,256	681,800	354,456	-	-
SURESH RICE MILL	700,935	572,242	128,693	-	-
MAJEED RICE MILL	13,149,362	387,839	12,761,523	-	-
NAVEEN RICE MILL	12,335,011	319,313	12,015,698	-	-
	130,358,876	40,035,212	90,323,664	-	-
			109,605,747	697,537,466	503,165,942

	2014	2013	01 Jan. 2013
Department of Co-operative Development - (Funded Project) - RECEIVABLES FROM MCPS	22,441,712	16,256,915	16,432,131
	22,441,712	16,256,915	16,432,131
Transport Services Provided			
LANKA SATHOSA LTD	85,457,635	35,170,291	6,977,536
MINISTRY OF MUSLIM RELIGEOUS AND CULTURA	128,070	128,070	128,070
	85,585,705	35,298,369	7,105,605
	222,365,980	754,400,704	534,299,709

Figures in brackets indicates deductions

Notes to the Financial Statements Continued

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT (CWE)
NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Group 2014	Group 2013	Group 01 Jan. 2013	CWE 2014	CWE 2013	CWE 01 Jan. 2013
19.6.1 Other Receivables						
Current Balances						
LC MARGIN	12,765,280	5,968	5,968	12,253,597	5,968	5,968
PASSENGER GOODS CLEARING CENTRE	1,259,250	1,259,250	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	5,985,150	5,985,150
STATE TRADING (CWE) - RECURRENT EX REIM	10,116,136	10,116,136	6,660,000	10,116,136	10,116,136	6,660,000
ST. ANNES COLLAGE - KURUNAGALA (MAHAPOLA	(2,122,752)	106,976	3,846,317	(2,122,752)	106,976	3,846,317
LEAKAGE RECOVERY	3,318,422	1,838,114	1,917,591	3,318,422	1,838,114	1,917,591
BUILDING MATIRIALS CO-OPERATION - LOAN	982,498	3,234,723	5,454,829	982,498	3,234,723	5,454,829
PADDY MARKETING BOARD - SECUIRITY	1,641,777	1,641,777	-	1,641,777	1,641,777	-
DILSHEE ENTERPRISES	(173)	-	-	(173)	-	-
FERNANDO	14,000	-	-	14,000	-	-
FINE - TRANSPORT - TR	(20,608)	-	-	(20,608.38)	-	-
OVER PAYMENT RECOVERY - TR	(34,836)	-	-	(34,836)	-	-
FUEL EXP. REIMBURSEMENT- MOBILE PROJECT	40,000	-	-	40,000	-	-
DEATH DONATION / OTHERS	4,133,755	3,068,305	1,594,744	-	191,737	-
FRANCHISE - MADHUSHIKA (KADAWATHA)	400,980	-	-	400,980	-	-
H Y ARIYARATHNA	137,481	-	-	137,481	-	-
J K P LILANI DE SILVA	493,411	-	-	493,411	-	-
LIYAKTA OFFICE SYSTEMS (PVT) LTD (SC)	10,210	-	-	10,210	-	-
OVEERA TRADING SOLUTIONS (PVT) LTD	254,363	-	-	254,363	-	-
S L M AMEER (IBRA SAMPA)	100,000	-	-	100,000	-	-
P A PIYADASA	484,585	-	-	484,585	-	-
PHYSICAL STOCK	1,069	-	-	1,069	-	-
	39,959,998	**27,256,398**	**26,723,849**	**35,314,559**	**24,379,830**	**25,129,105**
Long Outstanding						
PRE PAYMENT AND ADVANCE	31,441,577	31,441,577	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	3,830,707	3,830,707
DAY SHEET CONTROL A/C	1,375,438	1,375,438	1,375,438	1,375,438	1,375,438	1,375,438
EXESS DEBIT	32,842	32,842	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	2,042,553	2,042,553
SMART CARD	(23,453)	(23,453)	(23,453)	(23,453)	(23,453)	(23,453)
CLAIM RECEIVABLE	6,932,494	6,932,494	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	100,000,000	100,000,000
	145,632,158	**145,632,158**	**145,632,158**	**145,632,158**	**145,632,158**	**145,632,158**
	185,592,156	**172,888,556**	**172,356,007**	**180,946,717**	**170,011,988**	**170,761,263**
PROVISION FOR IMPAIRMENT	(145,632,158)	(145,632,158)	(145,632,158)	(145,632,158)	(145,632,158)	(145,632,158)
	39,959,998	**27,256,398**	**26,723,849**	**35,314,559**	**24,379,830**	**25,129,105**
28.1.1 Trade Payables						
Current Balances						
SWITZ LANKA (PVT) LTD	396,738	369,125	249,636	396,738	369,125	249,636
NOORANI ESTATES LIMITED	62,457	62,457	435,847	62,457	62,457	435,847
MAXIES & COMPANY (PVT) LTD	714,553	550,864	1,379,025	714,553	550,864	1,379,025
JENITORIAL AND OTHERS	2,295,189	3,589,213	3,247,920	-	-	-
RETENTION PAYABLE	11,121,583	11,121,583	11,121,583	-	-	-
SUB-CONTRACTORS	19,363,597	8,009,966	2,332,065	-	-	-
S K A K B SAMARAWEERA	-	273,460	-	-	273,460	-
SRI LANKA CO-OPERATIVE CONSUMER SOCIETY	102,726	102,726	-	102,726	102,726	-
SUNDRY CREDITOR - EQUIPMENT	-	14,800	-	-	14,800	-
AGROMA LANKA TRADING (PVT) LTD..	78,396	78,396	-	78,396	78,396	-
CONFIFI CAPITAL (PVT) LTD	235,360	235,360	-	235,360	235,360	-
DART LANKA TRADING COMPANY	45,880	625,225	-	45,880	625,225	-
HARISCHANDRA MILLS (U & R TRADER)	472,275	46,348	-	472,275	46,348	-
KAJAMUHAN TRADING	9,604	9,604	-	9,604	9,604	-
LANKA CANNERIES (PVT) LTD.	183,806	137,557	-	183,806	137,557	-
LANKA SUGAR COMPANY (PVT) LTD ,	-	(4,520)	-	-	(4,520)	-
S.S. AGENCY	19,500	19,500	-	19,500	19,500	-
SERENDIB FLOUR MILLS (PVT) LTD ,	-	1,373,680	-	-	1,373,680	-
SUBASINGHE PRODUCTS	1,498	3,500	-	1,498	3,500	-
CEYLINCO INSURANCE PLC	17,109	17,109	-	17,109	17,109	-
FONTERRA BRANDS LANKA (PVT) LIMITED	(257,357)	(257,278)	-	(257,357)	(257,278)	-
GEEWAN ENTERPRISES	1,197,449	964,365	-	1,197,449	964,365	-
DJ PRODUCTS (PVT) LTD	1,025,800	212,802	-	1,025,800	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 WHOLESALES EST) CO	(10,621)	631,383	404,457	(10,621)	631,383	404,457
WILSON TRADING COMPANY	-	368,182	(101,568)	-	368,182	(101,568)
Balance C/F	**37,075,540**	**26,547,580**	**16,240,183**	**4,295,171**	**3,826,819**	**(461,385)**

Figures in brackets indicates deductions
Notes to the Financial Statements Continued

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT (CWE)
NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Group 2014	Group 2013	Group 01 Jan. 2013	CWE 2014	CWE 2013	CWE 01 Jan. 2013
Trade Payables - Current Balances Contd...						
Balance B/F	37,075,540	26,547,580	16,240,183	4,295,171	3,826,819	(461,385)
A ONE TRADERS	284,722	-	-	284,722	-	-
AINKARANS TRADING	178,500	-	-	178,500	-	-
AMRO SUGARS	2,670,000	-	-	2,670,000	-	-
C & C FOOD PRODUCTS (PVT) LTD	25,623	-	-	25,623	-	-
DERTEX CORPORATION (PVT) LIMITED	(20,826)	-	-	(20,826)	-	-
GNANAM IMPORTS (PVT) LTD -TR. CR	615,000	-	-	615,000	-	-
LITTLE LION ASSOCIATES (PVT) LTD	227,808	-	-	227,808	-	-
MALAVANS	202,954	-	-	202,954	-	-
MC TIT ASSOCIATES	530,448	-	-	530,448	-	-
MELROSE	200,000	-	-	200,000	-	-
P.K. AMILA RANJITH (THE COCONUT)	(152)	-	-	(152)	-	-
SAHANA ENTERPRISES	266,175	-	-	266,175	-	-
SERENDIB FLOUR MILLS PVT LTD	931,200	-	-	931,200	-	-
SMART WHEELS PVT LTD	20,184	-	-	20,184	-	-
VILLAGE	105,144	-	-	105,144	-	-
B B S N CHAMARA PERERA	694	-	-	694	-	-
C.F. DE MEL & SONS (PVT) LTD	1,044,637	-	-	1,044,637	-	-
GASIC POLYMERS (PVT) LTD	821,050	-	-	821,050	-	-
S K A K B SAMARAWEERA	175	-	-	175	-	-
SHALOM ENTERPRISES - TP	689,505	-	-	689,505	-	-
	45,868,379	26,547,580	16,240,183	13,088,011	3,826,819	(461,385)
Long Outstanding						
CHILAW PLANTATION	600,000	600,000	600,000	600,000	600,000	600,000
HAJI HABIB COMPANY CEYLON LTD	225,000	225,000	225,000	225,000	225,000	225,000
J D VENTURES	1,004,732	6,892	6,892	1,004,732	6,892	6,892
STAR TRADING COMPANY PVT LTD	809,892	809,892	809,892	809,892	809,892	809,892
EXPOLANKA COMMODITIES LTD	(109,585)	(109,585)	(109,585)	(109,585)	(109,585)	(109,585)
GAYAN STORES	164,373	164,373	164,373	164,373	164,373	164,373
GREENWAY TRANSPORT PVT LTD	79,091	79,091	79,091	79,091	79,091	79,091
KUMARA ENTERPRISES	48,603	48,603	48,603	48,603	48,603	48,603
M MICHLE	55,350	55,350	55,350	55,350	55,350	55,350
MAKADURA FG STORES	1	1	1	1	1	1
N B FOODS	24,670	24,670	24,670	24,670	24,670	24,670
NEW BENSON TRADING	(4,312)	(4,312)	(4,312)	(4,312)	(4,312)	(4,312)
NIHOR ENTERPRISES	265,005	265,005	265,005	265,005	265,005	265,005
RANJITHA TRADERS	17,755	17,755	17,755	17,755	17,755	17,755
RELIC INTERNATIONAL	34,250	34,250	34,250	34,250	34,250	34,250
S É S FOOD PRODUCTS PVT LTD	714,807	714,807	714,807	714,807	714,807	714,807
SEWANAGALA SUGER INDUSTRY LTD	1,265,000	1,265,000	1,265,000	1,265,000	1,265,000	1,265,000
T G C TRADERS	17,226	17,226	17,226	17,226	17,226	17,226
W A N NUWAN KUMARA	132,025	132,025	132,025	132,025	132,025	132,025
YATIYANA STORES	(1,091,891)	(1,091,891)	(1,091,891)	(1,091,891)	(1,091,891)	(1,091,891)
JAYAS TRADING LTD	(243,505)	(243,505)	(243,505)	(243,505)	(243,505)	(243,505)
CEYLON WEIGHING MACHINES LIMITED - TP	150,749	-	-	150,749	-	-
PULSES SPLITTING &PROCESSING INDUSTRY-TP	2,661,219	-	-	2,661,219	-	-
SRI LANKA TELECOM PLC - TP	10,968	-	-	10,968	-	-
STATE TRADING(CO-OP WHOLESALES EST)CO-TP	(78,673)	-	-	(78,673)	-	-
STC GENERAL TRADING CO LTD - TP	(64,375)	-	-	(64,375)	-	-
WILSON TRADING COMPANY - TP	368,182	-	-	368,182	-	-
	7,056,558	3,010,648	3,010,647	7,056,558	3,010,648	3,010,647
	52,924,937	29,558,228	19,250,830	20,144,568	6,837,467	2,549,262

28.2.1 Project Payables	CWE 2014	CWE 2013	CWE 01 Jan. 2013
Paddy Project Creditor			
ALEX RICE MILL - MILLING CHARGES	16,954	16,954	831,532
ASMATH RICE MILL	842,111	7,971,187	6,718,400
CAPTAIN RICE MILL - PADDY SUB CONTRACTS	244,056	4,158,313	7,727,211
CHANDRASIRI RICE MILL	731,132	2,999,305	2,229,669
CITY RICE MILL	6,550	615,558	894,719
PATHIRANA RICE MILL	-	-	3,895,320
DULARA RICE MILLS	259,242	1,856,942	780,934
FIRA INTERNATIONAL - PADDY SUB CONTRACT	251,227	2,628,947	1,214,542
HAKMANA RICE MILL - SUB CONTRACT	141,387	1,075,217	635,289
HARLIK RICE MILL	87,455	8,788,296	8,864,952
IRESHA RICE MILL	218,177	2,090,086	249,958
JAYARATHNE RICE MILL	193,611	1,634,086	2,043,167
KEYAS RICE MILL	-	1,624,790	1,493,354
KHALEEFA RICE MILL	4,116	14,512,083	6,204,014
M A R RICE MILL	403,833	5,076,284	2,869,624
MEGA RICE MILL	-	245,755	72,771
Balance C/F	3,399,850	55,293,803	46,725,457

Figures in brackets indicates deductions
Notes to the Financial Statements Continued

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT (CWE)
NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Group / CWE 2014	2013	01 Jan. 2013
Project Payables Contd...			
Paddy Project Creditor			
Balance B/F	3,399,850	55,293,803	16,725,457
NAVEEN RICE MILL	-	5,058,732	2,019,087
NEW LANKA RICE MILL	84,148	1,411,392	810,459
NEW PMB RICE MILL	506,770	1,893,764	1,728,310
NEW STS RICE MILL	34,713	269,747	2,243,946
PATHUMA RICE MILL	535,522	2,966,983	534,290
PRAGATHEE RICE MILL	-	554,763	249,583
RATHNAYAKA RICE MILL	47,332	1,827,797	529,329
RICE LANKA PROCESSING LTD	-	11,077,166	5,444,594
SAMAN RICE MILL	156,851	2,439,727	1,074,072
SAMARASEKARA RICE MILL	69,970	1,526,416	677,870
SANJEEWA RICE MILL	-	2,346,457	2,103,502
SUPUNA RICE MILL	160,834	2,268,613	3,070,222
TORKY RICE MILL	1,447,916	2,773,530	1,892,466
YATIYANA RICE MILL	241,373	336,819	1,539,992
FERVEES RICE MILL	20,026	585,217	-
M A S RICE MILL	44,193	98,285	-
SURESH RICE MILL	-	234,043	-
ALIYA RICE MILL	98,853	248,917	-
CHARMINE RICE MILL	41,274	111,233	-
DISSANAYAKE RICE MILL	90,868	726,091	-
GLOBEL RICE MILL	24,922	75,132	-
SANJEEWA RICE MILL - PP	2,214,983	-	-
HARLICK RICE MILL - EXPORT PROJECT	(437,773)	-	-
SYURA RICE MILL - EXPORT PROJECT	1	-	-
TRANSPORT EX PAYABLE - EXPORT PROJECT	101	-	-
LANKA RICE MILL (ANU PURA)	58,899	-	-
NWA RANGIRI RICE MILL	9,892	-	-
PARANAMANA RICE MILL	21,058	-	-
PRAGATHI RICE MILL - PP	220,065	-	-
R.W. GUNAWARDANA RICE MILL	8,100	-	-
SENARATH RICE MILL	1,050	-	-
SITHU RICE MILL	61,557	-	-
W.H.G. GROUP (PVT) LTD	29,602	-	-
WASANA RICE MILL	87,888	-	-
GLOBEL TRADERS & DISTRIBUTOR	18,407	-	-
IBRHAM RICE MILL	29,940	-	-
INDIKA RICE MILL	59,880	-	-
ISMAIL RICE MILL	4,940	-	-
K.S.K. RICE MILL	19,681	-	-
KUMARASIGHE RICE MILL	142,760	-	-
LAKSHAN RICE MILL	29,484	-	-
ASRA RICE MILL	35,067	-	-
PMB - SUB CONTRACTED MILLS	9,631,893	62,386,471	-
	19,252,890	156,511,100	70,643,179
PACKING CHARGES PAYABLE A/C	10,191,665	46,902,168	12,757,032
TRANSPORT EX PAYABLE A/C - PADDY PROJECT	5,275,761	7,595,950	10,657,962
PADDY MARKETING BOARD	274,121,687	943,845,630	962,585,013
PADDY MARKETING BOARD - OTHERS	11,523,151	11,523,151	-
REFUNDABLE DEPOSIT - RICE MILLS	4,605,106	3,000,000	3,000,000
TREASURY ADVANCE - PADDY	254,149,693	254,149,693	254,149,693
	579,119,954	1,423,527,692	1,313,792,878
Department of Co-operative Development - (Funded Project)			
COOPRATIVE DEPARTMENT	19,926,051	19,926,051	19,926,051
	19,926,051	19,926,051	19,926,051
Creates			
NILKAMAL ESWARAN PLASTIC (PVT)LTD	329,338	427,571	1,418,016
NIPPON PLASTIC INDUSTRIES	265,548	566,058	284,212
PHOENIX INDUSTRIES LTD	7,136,972	7,136,972	11,668,013
	7,731,857	8,130,601	13,370,241
Other Projects			
MALIYADEWA COLLEGE - KURUNEGALA	-	5,000,000	-
RICE EXPORT PROJECT - DEBTORS	-	-	-
PURCHASE OF IMPORTED RICE - LANKA SATHOSA LTD	37,048,529	-	-
RICE EXPORT PROJECT	23,234,824	46,142,800	-
	60,283,353	51,142,800	-
	667,061,215	1,502,727,144	1,347,089,170

Figures in brackets indicates deductions
Notes to the Financial Statements Continued

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT (CWE)
NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER		Group / CWE 2014	2013	01 Jan. 2013
28.2.1 Other Payables				
Current Balances				
CONSTRUCTION PAYABLE A/ C		(13,698,590)	22,902,481	3,380,291
SECURITY DEPOSIT FUND		2,846,929	2,846,929	2,846,929
STAR COMPUTER SYSTEMS (PVT) LTD (SC)		-	71,142	71,142
DESIGN POINT (PVT) LTD		2,026,740	2,642,739	(297,457)
CASE - 44013/MR-S.S. INTERNATIONAL		-	-	1,209,036
JANASETHA MARKETING SERVICES (JKM AGENT)		(21,670)	3,945	10,494
MALIYADEWA COLLEGE - KURUNEGALA		5,000,000	-	-
RICHMOND COLLEGE - GALLE (MAHAPOLA SC)		(500,000)	-	-
MATRO ENGINEERING AND CONSTRUCTION PVT L		843,456	-	-
MINISTRY OF DEFENCE & URBAN DEVELOPMENT		(171,427)	-	-
SUNDRY CREDITOR - ACCSSORY AND TOOLS		15,360	-	-
SUNDRY CREDITOR - COMPUTER H/W		364,660	-	-
SOFT VISION TECHNOLOGY		1,740,000	-	-
SPAN CONSTRUCTION		16,843,437	-	-
SUNDRY CREDITOR - EQUIPMENT		2,060,299	-	-
SUNIL TRADERS		15,750	-	-
OTHERS		-	88,546	-
		17,365,035	28,555,782	7,220,435
Long Outstanding				
CALCULATION ERROR		1,050,494	1,050,494	1,050,494
CONSOLIDATED FUND		375,000	375,000	375,000
EXCESS COLLECTION		208,797	208,797	208,797
EXPENDITURE 1460402		941,821	941,821	941,821
FOOD COMMISSIONER DEPT		5,739,567	5,739,567	5,739,567
GIFT VOUCHER ISSUES		1,000	1,000	1,000
OTHERS		920	920	920
REMITTANCE CONTROLS		795,329	795,329	795,329
REVENUE		102,878,173	102,878,173	102,878,173
SUNDRY CREDITORS - SALARY		307,094	307,094	307,094
SURCHARGES		36,924	36,924	36,924
SUSPENSE		3,368,598	3,368,598	3,368,598
TRANSPORT FACILITY		45,496	45,496	45,496
UN IENTIFIED OPENING BALANCE		1,050,493	1,050,493	1,050,493
VRS 1460307		436,761	436,761	436,761
FINES		3,030	3,030	3,030
BOOK KEEPING		66,363,460	66,363,460	66,363,460
PAYABLE AMONUT TO GOVT SL - SRL	27.2.1A	200,000,000	200,000,000	200,000,000
		383,602,957	383,602,957	383,602,957
		400,967,992	412,158,739	390,823,392

27.2.1A The liability to Treasury has been derived as a result of settling Sathosa Retail Limited 's (SRL) liabilities in the following manner.

	2014	2013	01 Jan. 2013
Liabilities of SRL			
Creditors	655,000,000	655,000,000	655,000,000
Banks Liabilities - HSBC, Commercial Bank & HNB	225,000,000	225,000,000	225,000,000
	880,000,000	**880,000,000**	**880,000,000**
Mode of Settlement			
Less :Sales Proceeds Received from SRL	(680,000,000)	(680,000,000)	(680,000,000)
Funded by the Treasury	200,000,000	200,000,000	200,000,000

28.3.1 Refundable Deposits

	Group 2014	Group 2013	Group 01 Jan. 2013	CWE 2014	CWE 2013	CWE 01 Jan. 2013
A A ALIKHAN	4,999	4,999	4,999	4,999	4,999	4,999
A B M MUSTHAPA	15,000	15,000	15,000	15,000	15,000	15,000
A C ABDUL MAJEED	15,000	15,000	15,000	15,000	15,000	15,000
A C M AKEEL	5,000	5,000	5,000	5,000	5,000	5,000
A C S MOHOMAD	13,702	15,000	15,000	13,702	15,000	15,000
A M AMEEN	25,000	25,000	25,000	25,000	25,000	25,000
A M M NALEER	5,000	5,000	5,000	5,000	5,000	5,000
A N MUHAMMED	5,000	5,000	5,000	5,000	5,000	5,000
ALLIED HOTEL MANAGEMENT PVT LTD	24,600	24,600	24,600	24,600	24,600	24,600
ANANDA NANAYAKKARA	150,000	150,000	150,000	150,000	150,000	150,000
BARED INTERSHION PVT LTD	40,750	40,750	40,750	40,750	40,750	40,750
BRITAINEA CLEANING SERVICES PVT LTD	12,300	12,300	12,300	12,300	12,300	12,300
BROWNS AND COMPANY	15,000	15,000	15,000	15,000	15,000	15,000
C M MAHINDARATHNE	5,000	5,000	5,000	5,000	5,000	5,000
G N M NISTHAR	5,000	5000	5,000	5,000	5,000	5,000
GLOBEL CREATION	1,090	1090	1,090	1,090	1,090	1,090
H S L SENARATHNE	150,000	150000	150,000	150,000	150,000	150,000
G H A DE SILVA	25,000	25,000	25,000	25,000	25,000	25,000
Balance C / F	517,441	518,739	518,739	517,441	518,739	518,739

Figures in brackets indicates deductions
Notes to the Financial Statements Continued

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FOR THE YEAR ENDED 31 DECEMBER	Group 2014	Group 2013	Group 01 Jan. 2013	CWE 2014	CWE 2013	CWE 01 Jan. 2013
Balance B / F	517,441	518,739	518,739	517,441	518,739	518,739
HALIN RICE MILL	5,000	5,000	5,000	5,000	5,000	5,000
I.L. AHAMADULEBBE	5,000	5,000	5,000	5,000	5,000	5,000
J.M. SUBAIEER	5,000	5,000	5,000	5,000	5,000	5,000
K ADAMKANI	5,000	5,000	5,000	5,000	5,000	5,000
L. MITHRAPALA	5,390	5,390	5,390	5,390	5,390	5,390
M. SUNIL SHANTHA	5,000	5,000	5,000	5,000	5,000	5,000
M.J.A. FAURD	457,500	457,500	457,500	457,500	457,500	457,500
M.S. AYUB	15,000	15,000	15,000	15,000	15,000	15,000
M.S.M. HARIS	5,000	5,000	5,000	5,000	5,000	5,000
MCRAN INTERNATIONAL TRADING COMPANY	195,840	195,840	195,840	195,840	195,840	195,840
N. JEEWARATHNAM	15,000	15,000	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	1,400,000	1,400,000
NOON INDUSTRIES	26,250	26,250	26,250	26,250	26,250	26,250
PROPLANKA (PVT) LTD	5,000	5,000	5,000	5,000	5,000	5,000
REFUNDABLE DEPOSIT - OTHER	14,841,377	14,841,377	14,841,377	14,841,377	14,841,377	14,841,377
REFUNDABLE DEPOSIT - RENT	19,170	19,170	19,170	19,170	19,170	19,170
ROYAL RICE MILL	20,000	20,000	20,000	20,000	20,000	20,000
S.M. MADURI	5,000	5,000	5,000	5,000	5,000	5,000
SABURDEEN	5,000	5,000	5,000	5,000	5,000	5,000
SAFNA RICE MILL	15,000	15,000	15,000	15,000	15,000	15,000
SOUTHERN RICE MILL	940,800	940,800	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	1,000,000	1,000,000
TASMA INTERNATIONAL MULTY SERVICES	7,820	7,820	7,820	7,820	7,820	7,820
UNITED STORES	5,000	5,000	5,000	5,000	5,000	5,000
V.R. CHANDRASIRI	15,000	15,000	15,000	15,000	15,000	15,000
W. GUNAPALA	5,000	5,000	5,000	5,000	5,000	5,000
REFUNDABLE TENDER DEPOSIT-BROKEN RICE	927,534	-	-	927,534	-	-
	20,474,122	19,547,886	19,547,886	20,474,122	19,547,886	19,547,886
TENDER DEPOSITS	22,979	23,369,709	299,223	22,979	23,369,709	299,223
	20,497,101	42,917,595	19,847,109	20,497,101	42,917,595	19,847,109
RENT ADVANCE	1,800,000	1,800,000	2,232,000	1,800,000	1,800,000	1,800,000
RENT DEPOSIT - STATE PHARMACEUTICAL CO-OPERATIVE	6,791,849	6,791,849	6,359,849	6,359,849	6,359,849	6,359,849
SECUIRITY DEPOSITS	500,000	500,000	500,000	-	-	-
	9,091,849	9,091,849	9,091,849	8,159,849	8,159,849	8,159,849
	29,588,950	52,009,444	28,938,958	28,656,950	51,077,444	28,006,958

29.1.1 **Accrued Expenses**

	Group 2014	Group 2013	Group 01 Jan. 2013	CWE 2014	CWE 2013	CWE 01 Jan. 2013
SALARIES & ALLOWANCES CONTROLS	16,088,777	23,936,427	8,931,777	3,567,569	12,064,661	1,825,223
STAFF SALARY DEDUCTION	4,268,610	-	3,835,521	4,268,610	-	2,515,888
AUDIT FEES / TAX CONSULTANCY	4,168,342	2,693,796	2,014,000	3,860,592	2,533,796	1,871,000
ADVERTISING EXPENSES	105,464	252,000	252,000	105,464	252,000	252,000
BOUNUS EXPENSES	-	2,420,000	2,773,729	-	2,420,000	2,773,729
CASUAL WAGES	(455,534)	(465,683)	-	(455,534)	(465,683)	-
CLEANING / CONSUMABLES / OTHERS	219,093	159,227	142,750	77,750	142,750	142,750
ELECTRICITY	3,427,455	2,687,109	2,817,327	3,427,455	2,687,109	2,817,327
ENTERTAINMENT ALLOWANCE	42,831	39,431	45,000	42,831	39,431	45,000
FUEL ALLOWENCES	-	-	77,000	-	-	-
LEAVE ENCASHMENT A/C	2,355,713	2,114,679	1,951,492	2,355,713	2,114,679	1,951,492
LEGAL & PROFESSIONAL EXPENCES	201,450	458,230	495,334	201,450	458,230	495,334
OFFICE ONAMENT EXPENSES	23,200	6,000	35,000	23,200	6,000	2,000
OVER TIME PAYMENT	(3,476,795)	4,825,478	1,368,867	(3,496,022)	4,825,478	1,366,091
PRINTING & STATIONERY	430,205	104,832	95,767	430,205	104,832	95,767
RENT EXPENSES / HIRING	548,844	23,137	246,000	133,560	23,137	216,000
REPAIRE AND MAINTANANCE	5,640,730	647,744	1,406,440	5,640,730	647,744	1,406,440
SECURITY CHARGES	285,403	62,838	64,551	230,989	62,838	64,551
SUBSISTANCE ALLOWANCE	220,188	46,700	31,648	220,188	46,700	31,648
TAX AND RATES	(12,963)	35,342	-	(12,963)	35,342	-
TELEPHONE ALLOWENCE	35,505	49,563	49,564	35,505	49,563	38,564
TELEPHONE EXPENSES	372,835	305,743	222,868	135,415	173,117	161,137
TRAVALING ALLOWANCE	(127,160)	-	21,284	(127,160)	-	21,284
TRAVELLING EXPENCES LOCAL	164,190	-	52,656	164,190	-	52,656
WATER	554,661	332,158	343,709	554,661	332,158	343,709
LICENCY FEES / OTHERS	54,900	384,451	95,389	54,900	241,700	54,900
DIALOG TV BILL	1,798	-	-	1,798	-	-
INTERNATE & EMAIL CHARGES	71,555	-	-	71,555	-	-
LODGING CHARGES	6,116	-	-	6,116	-	-
STAFF WELFARE	475,942	-	-	475,942	-	-
TRANSPORT EXPENSES	64,240	-	-	64,240	-	-
TREATMENT ALLOWANCE	26,366	-	-	26,366	-	-
HIRING CHARGES	92,500	-	-	92,500	-	-
FUMIGATION EXPENSES	31,040	-	-	31,040	-	-
	35,905,500	41,119,204	27,369,673	22,208,853	28,795,583	18,544,490

Figures in brackets indicates deductions

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கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT

මගේ අංකය / எனது இல. / My No. TCM/C/CWE/1/14/06 — ඔබේ අංකය / உமது இல. / Your No. — දිනය / திகதி / Date 16 March 2017

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 2014 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 2014 comprising the statement of financial position as at 31 December 2014 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 20(1) of the Co-operative Wholesale Establishment Act (Cap 126) amended by 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 Establishment 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 Establishment on 23 February 2017.

1.2 Management's Responsibility for the Financial Statements

The 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.

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව. - இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை, இலங்கை. - No. 306/72, Polduwa Road, Battaramulla, Sri Lanka
+94-11-2887028-34 +94-11-2887223 oaggov@sltnet.lk www.auditorgeneral.gov.lk

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI-1000-1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Establishment's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Establishment's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and the extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

1.4 Basis for Adverse Opinion

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

2. Financial Statements

2.1 Adverse Opinion

In my opinion, because of the 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 2014 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

Since the Establishment sustained continuous losses from the year 2000 up to the year 2013, net assets had diminished to a negative value of Rs.7,710,099,424 as at the end of the preceding year and the negative value of net assets had decreased to Rs.2,213,886,674 due to the profit of Rs.5,780,204,145 generated as a result of revaluation of assets carried out in the year under review. It is observed according to the financial statements that since the existence of a long term bond liability totalling Rs.4,397,000,000 and current liabilities of Rs.1,881,384,478, the going concern of the Corporation without the Treasury or other Government financial assistance is uncertain.

2.2.2 Sri Lanka Financial Reporting Standards and Sri Lanka Accounting Standards

(a) **Sri Lanka Financial Reporting Standard 10**

Preparation of financial statements of the Corporation is carried out for the financial year ended 31 December and preparation of financial statements of its subsidiaries is carried out for the financial year ended 31 March. In the preparation of financial statements of the Group in the years 2012, 2013 and the year under review, consolidated financial statements had been prepared without adjusting the interference of the financial reporting period of the Corporation and Subsidiaries.

(b) Sri Lanka Accounting Standard 02

The Corporation had not carried out a physical stock verification for the stock valued at Rs.4,143,032 and identified the net realizable value as at the end of the year under review. As such, it was not possible to be satisfied with regard the value of that stock shown in the financial statements.

2.2.3 Accounting Deficiencies

The following observations are made.

(a) Instead of maintaining separate accounts for the Project on Mobile Sales Vehicles named "Gamata Saviya Sathosa Badiya" commenced in the year 2014 and identifying and accounting for the overall effect of the Project, the difference of Rs.140,730,116 between the value of the goods issued to sales vehicles by the Establishment and the value of goods returned to the Establishment by them had been identified as the income.

(b) Action had not been taken to repay the loan of Rs.275,000,000 granted by the General Treasury in the year 2006 for the purchase of trading commodities and that amount had been included in the Restructure Reserve and shown in the accounts instead of disclosing as a repayable loan.

(c) In respect of an accrued audit fees up to 31 December 2014 amounting to Rs.8,847,374, only a sum of Rs.3,860,592 had been shown as audit and tax consultation fees payable under current liabilities in the balance sheet. Accordingly, current liabilities of Rs.4,986,782 had been omitted from the financial statements of the year under review.

(d) Action had not been taken even by the end of the year under review to recover a sum of Rs.71,381,640 receivable from the Lanka Sathosa Company as annual lease rental and foreign liquor license fees for the year 2011 or to make provisions for bad debts.

(e) It was revealed from the letter of the Manager of a State Bank dated 03 September 2014 that the loan of Rs.155,058,221, the accrued penalty thereon amounting to Rs.39,444,946 and the accrued interest thereon amounting to Rs.188,975,005 remained payable as at 30 June 2014 on account of a short term loan obtained by the Establishment from a State Bank, and the interest computable for ensuing six months of the year 2014 amounted to Rs.11,678,242. However, action had not been taken either to account for or adjust this loan amount, accrued penalty and interest thereon during the year under review.

(f) The Establishment had invested a sum of Rs.171,928,690 in the Sathosa Retail Company in the year 2002 and that Company had been liquidated in the year 2013. However, the value of that investment had been further indicated in the financial statements of the Establishment.

2.2.4 Unexplained Differences

Even though existence of a balance of Rs.1,404,922,600 payable to the Paddy Marketing Board by the Establishment had been established by the financial statements of the Paddy Marketing Board of the year 2013, the amount payable to the Paddy Marketing Board had been shown as Rs.955,368,781 in the financial statements of the year 2013 of the Establishment. The amount receivable to the Establishment from the Paddy Marketing Board as lease rentals, the Rice Project and other, amounted to Rs.37,415,169 and no amount whatsoever had been indicated in the financial statements of the Paddy Marketing Board as payable to the Establishment. Action had not been taken even by 30 August 2016 to settle these differences.

2.2.5 Lack of Evidence for Audit

The evidence indicated against the following transactions was not made available and as such, those could not be satisfactorily vouched or accepted in Audit.

(a) Lack of evidence for 8 balances of Current Assets Accounts totalling Rs.508,343,750, six balances of Current and Non-current Liabilities Accounts totalling Rs.9,597,973,086 and balances of Income Accounts amounting to Rs.15,737,320 shown in the financial statements.

(b) Information for specific identification of 17 balances of accounts totalling Rs.183,602,957 shown under current liabilities as payables.

2.3 Accounts Receivable and Payable

Out of the trade and other receivable as at 31 December of the year under review totalling Rs.951,269,114, a sum of Rs.389,467,293 or 41 per cent had been shown in the financial statements as provision for impairment without taking adequate action to recover them.

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, 02 State Private Companies had been established by investing Rs.10 in a nominal share, and 04 officers drawing salaries from the Establishment had been deployed in the service.

2.5 Transactions not supported by Adequate Authority

The Establishment had sold canned fish valued at Rs.8,660,782 in two preceding years on credit basis without proper approval. The Establishment had failed to recover a sum of Rs.4,362,320 of that amount even by 20 August 2016.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the financial result of the Establishment for the year ended 31 December 2014 had been a deficit of Rs.310,874,332 as compared with the corresponding deficit of Rs.283,494,766 for the preceding year, thus indicating an increase in the deficit by Rs.27,379,566 in the year under review as compared with the preceding year. Even though the gross profit had increased by Rs.48,750,483, the decrease in the profit received from the Rice Processing Project and other income by Rs.27,611,171 and Rs.14,098,915 respectively and the increase in the administrative expenditure by Rs.34,023,656 had been the main reasons for the increase in the deficit.

3.2 Legal Action Initiated Against / by the Corporation

Thirty seven institutions and persons had filed cases in the Courts against the Establishment by the end of the year under review claiming compensation of Rs.43,779,466 and the Establishment had paid a compensation of Rs.3,483,122 therefor during the year under review. Further, the Establishment had filed cases in the Courts against 11 Institutions and persons claiming compensation of Rs.79,721,967 and out of that, a sum of Rs.20,475,250 had been recovered in the year under review.

4. Operating Review

4.1 Performance

Action had not been taken even to commence 3 activities planned to be commenced and implemented during the year under review and out of 08 "Farm Shops" planned to be established in the year under review, the number of shops commenced during the year had been only 01. Moreover, 100 mini Lorries for which provisions had not been made from the budget and not included in the Action Plan of the year under review, had been purchased at a cost of Rs.145,308,000 on lease basis.

4.2 Management Activities

The following observations are made.

(a) Thirty two trade stalls and store buildings owned by the Establishment had been transferred to the Lanka Sathosa Company Ltd. a State Company, on rental basis and a report of the Government Valuer had not been obtained on the building rent.

(b) The Establishment had transferred assets valued at Rs.54,722,228 to the Lanka Sathosa Company Ltd. whereas no proper agreement had been entered into for obtaining money or shares of the Company in lieu of them.

(c) Even though the Establishment had invested a sum of Rs.9,923,710 in a private Company in the year 1999, no dividends whatsoever had been received from the year 1999 to the year 2014 due to losses sustained continuously by the Company.

4.3 Transactions of Contentious Nature

The following observations are made.

(a) Recruitment had been made in the year 2011 for a post of Working Director for which provisions had not been made in the Incorporating Act of the Establishment or by any other law and not included in the approved staff of the Establishment and salaries and allowances amounting to Rs.5,781,732 had been paid from the year 2011 to 31 March 2016.

(b) Two stores of the Department of Food Commissioner had been obtained on rental basis and 02 paddy mills had been constructed at a cost of Rs.78,978,504 by the Establishment without the approval of that Department.

4.4 Uneconomic Transactions

Despite having four Accountants engaged in the service of the Establishment, a sum of Rs.1,843,980 had been paid on the approval of the Board of Directors to a firm of Chartered Accountants for the preparation of financial statements of the years 2012, 2013 and 2014.

4.5 Restructuring Transactions

Restructuring of the Establishment 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 of Rs.5,493 million payable to 6 commercial Banks as at 01 December 2003, Treasury Bonds maturing in 13 years had been issued thereon to the relevant commercial Banks.

Accordingly, a sum of Rs.4,597 million had been shown in the financial statements as total liabilities payable to the Treasury as at the end of the year under review, comprising a sum of Rs.4,397 million payable to the Treasury for the Treasury Bonds and Rs.200 million paid to the creditors of the CWE Retail Company and 03 Commercial Banks.

The bond interest liability amounting to Rs.3,453,793,134 payable to the Treasury as at the end of the year under review, had been stated as " Payable Interest for CWE Bonds" under non-current liabilities in the financial statements. The Management had failed to obtain confirmation from the Treasury whether a sum of Rs.200 million out of the sum of Rs.4,597 million payable, is actually receivable by the Treasury and it is clear that the transaction of restructuring had not been properly disclosed or adjusted by stating a sum of Rs.66,363,460 as restructurings under other Creditors. This value of restructuring had been indicated as bookkeeping in the financial statements of the year under review.

4.6 Staff Administration

The following observations are made.

(a) The total approved staff of the Corporation stood at 316 posts comprising 20 posts of the Management Grade, 51 posts of the Management Assistant Level and 245 posts of the Primary Level and the excess cadre and the number of vacancies as at the end of the year under review, had been 172 and 26 respectively.

(b) As the increments had been given to an officer recruited during the year 2012 contrary to the relevant laws and rules, a sum of Rs.159,390 had been overpaid during the year under review and the amount so overpaid from the year 2012 to 01March 2016, had been Rs.589,490.

5. Accountability and Good Governance

5.1 Presentation of Financial Statements

Even though the financial statements of the Establishment should be furnished to audit within 60 days after 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 only on 09 May 2016.

5.2 Corporate Plan

Even though a Corporate Plan had been prepared to achieve the vision and the mission of the Establishment so as to cover the years from 2013 to 2016 in terms of the Public Finance Circular No. 01/2014 of 17 February 2014, it had not been timely reviewed.

5.3 Action Plan

Even though the Action Plan for the year under review had been prepared in terms of the Public Finance Circular No. 01/2014 of 17 February 2014, the Human Resources Development Plan, Plan for Repayment of Loans and the Internal Audit Plan had not been included therein.

5.4 Internal Audit

Even though there was an Internal Auditor in the Establishment, his supporting staff had not been appointed and as such, an adequate audit had not been carried out in the Establishment. Neither an internal audit query nor a report had been furnished to audit during the year under review.

5.5 Unresolved Audit Paragraphs

Unresolved audit paragraphs are given below.

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 Establishment in September 2006 had remained idle even by 30 August 2016.

6. Systems and Controls

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

Areas of Systems and Controls	Observations
(a) Accounting	(i) Non-use of code numbers for the Ledger Accounts. (ii) Non-use of accurate Notes for Journal Entries. (iii) Improper attachment of Supporting Documents with vouchers.

(b)	Stock Control	Failure to conduct annual physical verification of stocks and to compute the current value of the stock.
(c)	Recovery of Rent income	Failure in taking adequate steps for the recovery of outstanding lease rent.
(d)	Staff Administration	Failure to fill vacancies.

H. M. Gamini Wijesinghe
Auditor General

Auditor General's Report on the Financial Statements of the Cooperative and Wholesale Establishment for the year ends as at 31st of December 2014 under section 14(2)(c) of Finance Act No. 38 of 1971.

This refers to the above mentioned draft report dated 06th December 2016.

2. Answers for each paragraph of that report are given below.

2.2.1 Continuation of the Institution

General Treasury has taken over the total commitment of bonds at the discussion held with the officers of General Treasury, Department of Public Enterprise, Central Bank of Sri Lanka, State Accounts Department, Ministry of Industry and Commerce and the Cooperative and Wholesale Establishment on the bonds that were to be matured on 14th November 2016 and the decisions made therein is attached herewith as Annexture 01.

2.2.3. Accounting Deficiencies

(a) Financial Statements of CWE Economic Centre Services (Pvt.) Ltd and CWE Construction and Engineering (Pvt.) Ltd. are prepared for the period from 01st April of the relevant year to 31st of March of the ensuing year and as per the SriLanka Accounting Standards No. 27 (Paragraph 23) balances as at 31st March 2015 of the said two institutions have been considered. Herewith attached Sri Lanka Accounting Standards No.27 as Annexture 02.

(b) The two trial balances obtained from the Computerized Accounting System stating the debit and credit balances as at 31.12.2013 and 31.12.2014 were sent to you with the letter No. CWE/GA/AQ/2016/09 dated 10.10.2016 in response of your audit query No. TCM/C/CWE/2016/09 dated 01.09.2016.

(c) Trial balances as at 31.12.2013 have ben accurately taken as the initial balance as at 01.01.2014. The reason for the differences between the balances as at 31st of December 2013 and 01st January 2014 is containing transactions as at 01st January 2014 in the Computerized Accounting System. Accurate balances received after making adjustments as at 01st January 2014 have been used in making financial statements.

Copies of the relevant two trial balances as at 31.12.2013 and 01.1.2014 explaining this status have been sent to you along with the letter No. CWE/GA/AQ/2016/09 dated 10.10.2016.

(c) The ledger balances herein mentioned have been stated as final ledger balances of 2013 and spelling mistakes were only in the name of the account when entering initial ledger balances of 2014 to the computer system. Balances of these accounts are accurate and the names of Accounts have been stated as follows.

Name as at 31.12.2013	Name as at 01.01.2014
Advance A/C	Advance A/C
Alahara MPCS	Elahara MPCS
Cobeyiganne Rice Mill PMB	Kobeigane Rice Mill PMB

(d) This project was started on 04th December 2014. The consumables purchased under this project were not provided only for the *Gamata Sawiya Sathosa Badiya* project. They have been delivered to Farm Shops as well. . Accordingly, the purchased goods and the income received by selling them have been accurately accounted. We have informed in this regard through the letter සාදු/විශ.විමසුම/2016 dated 15.09.2016 in response of your audit query No. TC/D/CWE/AQ/2015/C/52 dated 05th November 2015.

(e) Net realized value was identified through the verification of Physical stock as at 31.12.2014 .Relevant documents have been attached hereto as Annexture 03.

(f) CWE had imported wheat flour in 2005 utilizing the bank securities worth 10 Mn of USD issued to the People's Bank by the General Treasury. Since CWE delayed to settle the amount on importing wheat flour, General Treasury directly paid an amount of Rs. 275 Mn. to the People's Bank in 2005. At this occasion, CWE has made "Debit" the relevant Loan Account and made "Credit" the Restructuring Account and relevant documents have been requested from the General Treasury and measures will be taken to make necessary adjustments in the accounts of 2016.

(g) We have received relevant bills of the audit cost as at 31st of December 2014 and relevant adjustments will be made when preparing financial statements in 2016.

(h) The rental to be received for 2011 has been accounted as "Debit" to the Lanka Sathosa Account and "Credit" to the Rent Revenue Account while rental for the year has been charged by Lanka Sathosa. Further, CWE will issue shares to hand over CWE assets to settle rental in arrears remaining from 2005 onwards and shares of Rs. 22.7 Mn has already been issued. It has been specified in the accounts of 2014. Lanka Sathosa has agreed at the meeting of Committee on Public Enterprises to issue shares to settle the balance at the Annual General Meeting after receiving audited financial statements in 2013.

(i) Information has been requested in this regard from the People's Bank and herewith attached a copy of the letter as Annexture 04.

2.2.4 Unexplained Differences

(a) Since "Fixed Assets Category 3" has not been mentioned it is difficult to respond in this regard.

(b) As per the documents maintained by CWE, the outstanding payable to PMB has been accounted accurately. A letter has been sent to PMB requesting to confirm the balances and herewith attached a copy as Annexture 05.

2.2.5 No Evidence for Audit

(a) Relatedschedulesof eight balances of Asset Accounts are attached hereto. (Annexture - 06)
Relatedschedulesof six balances of Responsible Accounts are attached hereto. (Annexture - 07)
Relatedscheduleof the Income Account is attached hereto. (Annexture - 08)

(b) Related schedules of revenue, expenditure, non- current assets, current responsibilities, gross profit and net profit, are attached hereto. (Annexture – 09) .

(c) Relevant Schedule is attached herewith. (Annexture – 10)

2.3 Receivable and Payable Accounts

After studying matters on trade and other receivables Rs. 389,467,293 has been allocated for impairment.
Investigation reports on the project of obtaining processed rice from Amarasekara and Company; Chartered Accountants and purchasing rice from Lanka Sathosa have been obtained.

2.4 Noncompliance with rules regulations and Management Decisions

CWE Economic Centre Services (Pvt) Ltd that has made a nominal investment ofRs. 10/= is a 100% public company of CWE.

4. Operational Review

4.1 Management Inefficiencies

(a.) Ace Property and Business Consultants (pvt) Limitedwhich is professional institute of assessment has revaluated all the lands and buildings of CWE on 31st of December 2914 on the recommendation of the Chartered Accountants; Amarasekara & Company that has prepared the annual financial statements of CWE. We have replied your letter No. CWE/GA/INF/2016/23 dated 20th May 2016 through the letter dated 07th June 2016. A copy is attached hereto as Annexture 11.

In case the audit points out that the said revaluation is not sufficient it is expected to obtain a new report again inquiring the government valuer.

(b) These balances consist of all the receivables from Lanka Sathosa to CWE.The reply given for the paragraph 2.2.3 (g) is relevant for this as well.

(c) Sathosa Retail Ltd. (SRL) has been closed as per the decision dated 07th June 2013 of the case No. CO/182 of Colombo District Court after making necessary settlements. After the liquidation of this company Rs. 42 Mn. Has been paid to CWE.

(d) Sathosa Retail Ltd. (SRL) had been functioning during 2002 – 2005 and it was liquidated in 2005 because of its insolvent nature. There is no evidence that this institute earnedprofits to pay dividend for CWE.

4.2 Controversial Transactions

(a) A Working Director was in service from 2011 to 2016 and as per the provisions constituted in the Establishment of the Act a vice chairman was not appointed in the Establishment Act of the 2011 corporation. Although the designation was Working Director, he discharged the duties in post of Vice Chairman. Herewith attached a copy of the letter that has been submitted as the reply for the Audit Query. (Annexture – 12)

(b) CWE and the Food Commissioner's Department was under the same purview of a same Ministry. Accordingly, it is observed that this construction was taken place with the objective of utilizing public resources to the optimum level.

4.6 Raising a Fund for the provisions of Employee gratuity

Breakdown of employees' annual retirement is given below.

Year	No. of Retired Persons
2010	02
2011	-
2012	-
2013	-
2014	01
2015	-

Employee who will retire in the coming years is given below.

2016	04
2017	06
2018	07
2019	06

Accordingly, a sum of Rs. 2,000,000.00 is expected to be spent on 8 officers to pay pension for 8 officers. Hence, there is no risk in the payment of gratuity .However, measures are taken to invest the total amount to be invested for the total amount to be allocated with the increase of financial status.

6. Systems and Controls

(e) A "register of agreements" has been maintained from 2016 using serial numbers.

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(M. Rizwan Hameem

Chairman

Cooperative Wholesale Establishment