# ANNUAL REPORT 2012

COLOMBO COMMERCIAL FERTILIZERS LTD.

# VISION

To be the benchmark

of a well runs Government owned organization

by Positively contributing

towards the enhancement

of the Sri Lankan Agricultural industry

Through the swift manufacture

and distribution all agro related products and services.

## MISSION

To be the market leader whilst being the premier fertilizer distributer

and manufacturer in the country

and taking pride in participating

in the execution of the GOSL vision

on the agricultural sector,

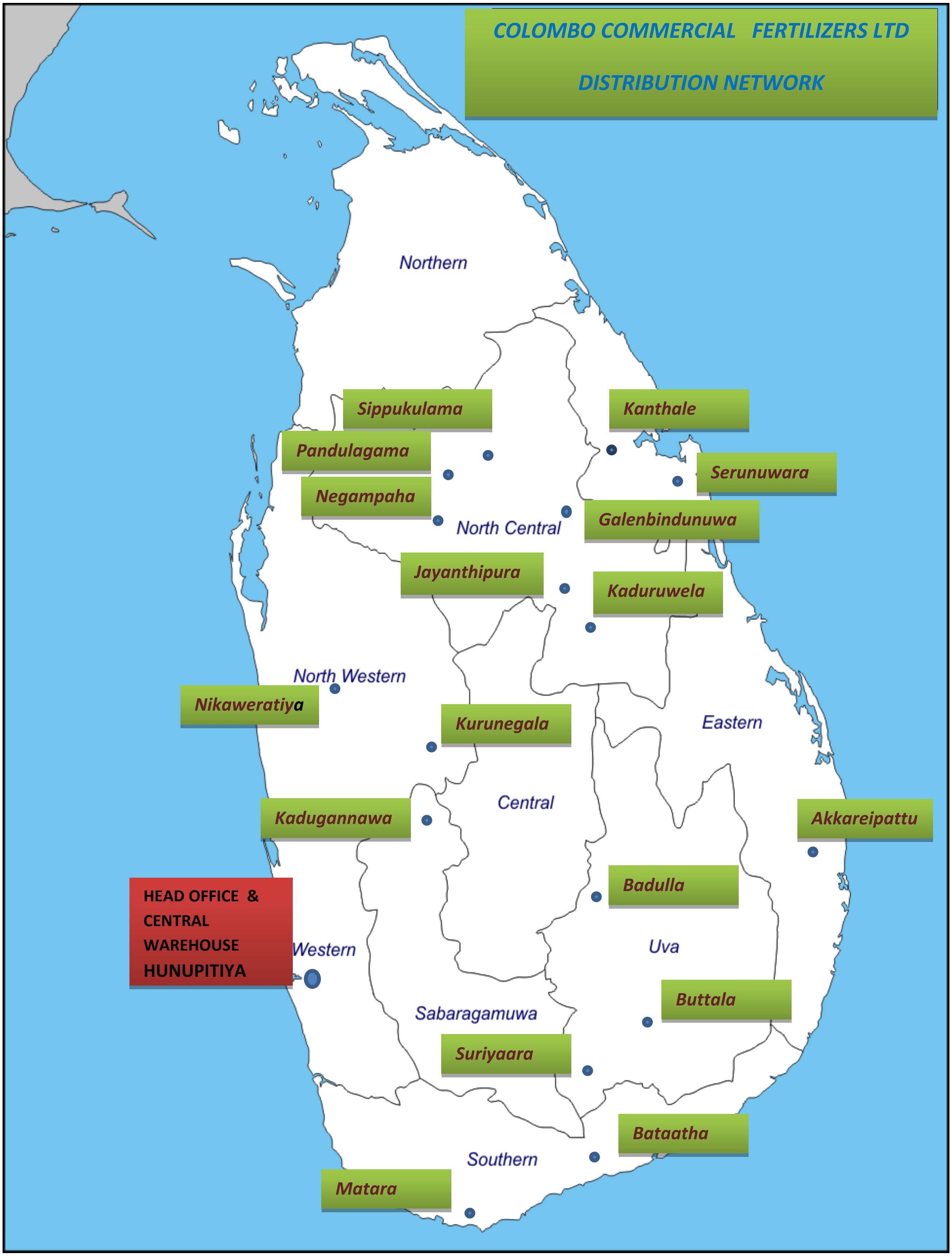
exploring avenues for self-sustainability

through product diversification,

focusing on delivering quality products,

and being receptive to

needs of all stake holders of the organization.


COLOMBO COMMERCIAL FERTILIZERS LTD
DISTRIBUTION NETWORK
Northern
Sippukulama
Kanthale
Pandulagama
Serunuwara
Negampaha
North Central
Galenbindunuwa
Jayanthipura
Kaduruwela
North Western
Nikaweratiya
Kurunegala
Eastern
Central
Kadugannawa
Akkareipattu
HEAD OFFICE & CENTRAL WAREHOUSE HUNUPITIYA
Badulla
Western
Uva
Buttala
Sabaragamuwa
Suriyaara
Bataatha
Southern
Matara

# CONTENTS

# CORPORATE INFORMATION

Under the Business acquisition Act. No. 35 of 1971, Colombo Commercial Company (Fertilizers) Ltd a company originally incorporated in United Kingdom was vested in Government of Sri Lanka on 14th January 1976. Since then this company was operated in the name of Government owned Business Undertaking of Colombo Commercial Company (Fertilizers) Limited.

The Company was converted to public company on 04th October 1989 under the Act. No. 23 of 1987 of Conversion of State Corporations or Business Undertakings into public companies and renamed as Colombo Commercial Fertilizers Ltd. At the time of conversion the total share capital was at Rs. 100,000,000 owning 10,000,000 shares at Rs. 10/= each by the Secretary to General Treasury.

This company was privatised under the policy of then Government and 90% of the shares were transferred to the private management on July 1994 leaving the balance 10% to be transferred to the employees However due to breach of contract between the General Treasury and the Private Management and subsequent labour unrest prevailed in the company, under Rehabilitation of Public Enterprises Act. No. 29 of 1996, shares of this company was revested in Government on 20th January 1997. Since then this company is under the direct supervision of the line Ministry and owned by the Treasury. During this Accounting period i.e. on 10th June 2011 Board of Directors was appointed in place of Competent Authority System.

| | | |
|---|---|---|
| ➢ NAME OF THE COMPANY | - | Colombo Commercial Fertilizers Limited. |
| ➢ COMPANY REGISTRATION NO. | - | P B 1631 |
| ➢ DATE OF INCORPORATION | - | 15th July 2011 |
| ➢ REGISTERED OFFICE& WAREHOUSE COMPLEX | - | Dalupitiya Road, Hunupitiya, Wattala. |
| ➢ CHAIRMAN | - | N.S.M. Samsudeen (Attorney at Low) |
| ➢ BANKERS | - | 1. Peoples' Bank - Corporate Branch Co.10<br>2. Peoples' Bank - Wattala.<br>3. Bank of Ceylon - Wattala. |
| ➢ AUDITORS | - | Auditor General |

## CHAIRMAN'S REVIEW

Colombo Commercial Company was a British owned company incorporated in the year 1872 in Great Britain in order to carry out its business operations in Ceylon (Sri Lanka). Since the year 1872, up to 1976, over a period of 100 years this company was managed and administered by the Britishers from the head office based in London. The entire Group of Colombo Commercial Company was vested in the Government in 1976 under the provisions of Business Undertaking (Acquisition) Act.No.35 of 1971 and this company was in operations as 'Government Owned Business Undertaking of Colombo Commercial Company (Fertilizers) Limited'. After the vesting, this company was managed and administered by the Competent Authority appointed by the Government of Sri Lanka.

During the year 1989 this Business Undertaking was incorporated as 'Colombo Commercial Fertilizers Limited' with an authorized and fully paid share capital of Rs. 100 million, owned by the Secretory to the Treasury under the provision of The Conversion of Public Corporations or Government Owned Business Undertakings into Public Companies Act No. 23 of 1987.

According to the 'Open Economy Policy' of the then Government, this company was also privatized as like, several other companies. During the year 1994, Colombo Commercial Fertilizers Limited was being privatized and the management was handed over to the private investor by issuing 90 % of shares, leaving the balance 10 % to be distributed among the employees of the company.

Due to the management disputes and labor unrest, the operation came to a standstill and subsequently shut down for a period of 2 years until the year 1997. However after several representations made by the employees to the Government this company was re-vested in the Government in 1997 under the provision of Rehabilitation of Public Enterprises Act No. 29 of 1996 and was again being managed and administered under the Competent Authority until the year 2011. Subsequently Board of Directors were appointed on $10^{th}$. June, the date falls within the period of this accounting year. At present the company is re-registered under the Companies Act No. 7 of 2007 for the purpose to carry on the business activities of import and distribution of chemical fertilizers.

As per the 'Mahinda Chinthana' program the company has been engaged in distribution of 35% of subsidized paddy fertilizers to the farmer community. Apart from the paddy fertilizer, from 21st. June 2011, the Colombo Commercial Fertilizers Limited has started distribution of fertilizer to the other crops also from our central warehouse and 17 regional stores as directed by the National Fertilizer Secretariat. This is an another event taken place during the accounting period under concern.

Accordingly we have distributed 148,000 mt. of paddy and other crop fertilizer during the period. Our turn over is Rs. 982 million which generated a net profit after tax: Rs. 161 million. During the financial year the Colombo Commercial Fertilizer Limited has paid a sum of Rs. 100 million being income tax to the Department of Inland Revenue. It is my privilege to inform that Colombo Commercial Fertilizers Limited has arranged to contribute to the Consolidated Fund a sum of Rs. 10 million being payment of dividend for the accounting year.

In line with 'Deyata Kirula 2011' held in Anuradhapura, Colombo Commercial Fertilisers Limited has constructed a fully-fledged warehousing complex at Seeppukulama, Mihintale at the cost of Rs. 13 million. Among other development activities, Colombo Commercial Fertilisers Limited has awarded tender for renovation of lorry parking area at the cost of Rs. 6 million and also invited quotations for the construction of three stoery building complex for it's Head Office at the cost of Rs.44 million during the financial year which are now in the verge of completion at the time of writing this massage.

I appreciate the co-operation and the contribution extended to me by the Board of Directors, Senior Managers, and Executives, Clerical and Allied Staff and all the employees of the company to achieve the targets of the company.

Specially, I take this opportunity to thank the Director, National fertilizer Secretariat and his staff for their continuous assistance, support and guidance extended in respect of planning fertilizer procurement for the smooth flow of distribution program without any short comings or much complaints. My thank also goes to the Director General, Department of

Treasury Operations and his Staff for their assistance to settle our LC bills on time. My thanks are also due to each and every stake holders of the company for their contribution towards the physical and financial progress of this company.

I am grateful to the honorable Minister of Agrarian Services and Wild Life, Secretary to the Ministry and all Officials and Staff members of the Ministry of Agrarian Services and Wild Life, who have extended their valuable guidance and assistance to discharge our duty for the betterment of farmer community and in general  the people of our country.

**COLOMBO COMMERCIAL FERTILIZERS LTD.**

**N.S.M.SAMSUDEEN (Attorney at Law)**

**CHAIRMAN**

My No - AF/A/CCF/FA/2011/12 06 March 2013

The Chairman,

Colombo Commercial Fertilizer Co. Ltd.

**Report of the Auditor General on the Financial Statements of the Colombo Commercial Fertilizer Co. Ltd. for the year ended 31 March 2012**

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The audit of financial statements of the Colombo Commercial Fertilizer Co. Ltd. for the year ended 31 March 2012, comprising the balance sheet as at 31 March 2012 and the 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(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka. My comments and observations which I consider should be published with the Annual Report of the Company.

**1.2 <u>Management's responsibility for the Financial Statements</u>**

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

## 1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with Sri Lanka Auditing Standards. Because of the matter described in the basis of Disclaimer of opinion paragraph, however I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit.

## 1.4 Basis for Disclaimer of Opinion

As a result of the matters described in paragraph 2.2.5 (a) of this report, I am unable to determine whether any adjustments might have been found necessary in respect of of recorded or unrecorded items and the elements making up the income statement of changes in equity and cash flow statement.

## 2. Financial Statements

## 2.1 Disclaimer Opinion

Because of the significant of the matters described in paragraph 2.2.5 (a) of this report I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

## 2.2 Comments on Financial Statements

### 2.2.1 Accounting Policies

According to the bad debts policy of the company, Loans for more than 5 years period of 2.5% should be made. Nevertheless, a sufficient provision for bad debts on debtors for more than 5 years, representing 63.7 per cent of the total debtor balance of Rs.36,428,942.

### 2.2.2 Accounting Deficiencies

The matters are as follows.

(a) As the closing stock had been valued at a rate of exchange different from the rate prevailed at the date of import of stock, the value of stock had been over stated by Rs.10,173,988.

(b) While rectifying the overstatement of subsidy by Rs.517,005,334 on the closing stock, it had been credited to the exchange loss account instead of being credited to the fertilizer subsidy account, the relevant accounts had been under stated by that amount.

(c) In settling imports bills during the year under review, instead of the imported value of fertilizer in the fertilizer import account, the value at the date of settling the import bills had been stated and as such the exchange loss incurred on change of exchange rate, amounting to rs.154,840,852 had not been disclosed in the financial statements.

(d) A stock of fertilizer valued at Rs.7,269,820 obtained in the year 2007 from a private firm an a credit basis, had been shown in the financial statements as purchased made in the year under review.

(e) A sum of Rs.1,237,639 had been reimbursed from the Treasury in excess of the interest and fines charged by the Bank on loans term loans for the period from May 2011 to February 2012 and this amount had been shown as an income in the financial statements of the year under review.

### 2.2.3 Unexplained differences

Twenty eight instances of disagreement between the debtors ledger balances and the confirmations were observed. The debtors had informed that according to their books there were nil balances relating to the debtor balances of Rs.14,611,538 in 23 instances out of them, and as such it could not be satisfied the correctness of these balances in audit.

### 2.2.4. Accounts receivable and Payable

Matters observed are as follows.

(a) The outstanding debtor balances of 150 debtors as at 31 March 2011 amounted to Rs.45,877,587 and action had not been taken to recover or to write off the balance of Rs.23,803,076 included therein brought forward prior to 1994.

(b) Even though a sum of rs.12,625,866 was due from 74 debtors remained for over 07 years and arisen after re-commencement of the fertilizer company in the year 1997, legal action had been taken to recover only a sum of Rs.5.833,063 due from 6 debtors.

(c) The loan balance recoverable from employees who had vacated their services, suspended their services and had been interdicted more than 18 years ago, amount to Rs.3,546,999.

### 2.2.5 Lack of evidence for audit

Evidence stated against the following items was not available for audit.

| Item | | Value | Evidence made available |
|---|---|---|---|
| ------ | | -------- | ------------------------------- |
| | | Rs. | |
| (a) | Stock of Fertilizer | 3,282,865,947 | Physical verification reports of stock |
| (b) | Lands | 90,000,000 | Deeds or other documents to confirm the legal ownership of the land |

### 2.2.6 Non-compliance with Laws, Rules, Regulations etc.

Non compliances observed in audit are given below.

| Reference to Laws, Rules etc. | Non-compliance |
|---|---|
| (a) Public Administration Circulars | |
| (i) Paragraph 9.3.1 of the circular No. PED/12 dated 02 June 2003 | Without having an approved scheme of recruitment, 15 had been recruited in the year under review. |
| (ii) Paragraph 1.5 of the Circular No. PED 12 of 02 June 2003 and Paragraph No. 8.3.5 of the circular No. 58(2) dated 15 September 2011 | - A monthly allowance of Rs.35,000 each had been paid to the Works Manager and the Transport Manager in respect of using private vehicles for official purposes who were not entitled for official vehicles. |
| | - Transport facilities had been provided to 6 officers to travel from home to office back who were not entitled to provide transport facilities to travel from home to office and rise versa and it was observed that those vehicles had been driven by those officers themselves. |
| (iii) Paragraph 8.3.3 of the circular No. PED/12 of 02 June 2003 | Without an approved scheme of incentives by the Treasury, a sum of Rs.8,178,899 had been paid as incentives been in the year 2011/12. |

| | | |
|---|---|---|
| (b) | Public Finance Circular No. PF/PE/9 dated 27 June 2000 and the Department of National Budget Circular NO. BD/PE/3/2000 dated 02 May 2000 | Although the approval of the Minister of Finance and the Minister in charge of the subject should be obtained before investing the money of the state companies in fixed deposits a sum of Rs.464,694,252 had been invested in fixed deposit in a State Bank without obtaining such approval. |
| (c) | Circular No. 4/5/1 dated 30 October 2009 of the National Fertilizer Secretariat | Although the subsidized fertilizer should not be sold on credit basis coconut fertilizer valued at Rs.282,960 had been issued to an individual on credit basis on 24 November 2011. |

## 3. Financial Review

### 3.1 Financial Results

According to the financial statements presented the operation of the company had resulted in a pre-tax net profit of Rs.264,859,852 as compared with a pre-tax net profit of Rs.326,513,860 thus observing a decrease in the Financial results by Rs.61,654,008.

Decrease in sales and other income by 13% had been the main reason for the decrease of financial results.

## 4. Operating Review

### 4.1 Management Inefficiencies

Matters observed are given below.

(a) The company had maintained 16 regional stores out of which written agreements had not been entered with 11 owners of those stores in respect of occupation of these stores.

(b) Even though an insurance premium of Rs.1,302,266 had been paid for the year 2011/2012 for the insurance of stores insurance indemnity of

Rs.455,621 in respect of stock losses incurred during the year under review could not be recovered, as the damages caused to the stores had not been repaired.

(c) Due to understatement of income for the year 2009/10, the additional income tax payable had been Rs.262,257,930. Action had not been taken to pay this money to the Department of Inland Revenue in updating the new income tax assessment.

(d) it was observed that 4 vehicles belonging to the Ministry of Agriculture had been given to the Fertilizer Company since more than 10 years and those vehicles had not been properly transferred to the company and such action had not been taken to identify these assets as the company`s assets.

## 4.2 Operating Inefficiencies

These was no proper system of import of subsidized fertilizer and maintenance of stock records. As the fertilizer was imported without being determined the minimum stock level, maximum stock level and re-order level, based on fertilizer requirement of each season excess stock of fertilizer was available in main stores of the company at the end of each season. For instance, the stock available at the end of each season in the main fertilizer stores in the year 2010 and 2011 observed as 37%, 78% and 46% approximately of Urea, M.O.P, and T.S.P. respectively from the next season`s requirement.

## 4.3 Idle and Underutilized Assets

Three fertilizer mixtures valued at Rs.3,750,000 with a capacity of mixing and manufacturing 480 Metric Tons per day had been installed in the stores complex but those three had not been utilized after the year 2008.

## 4.4 Resources of the Company given to other institutions

Contrary to the Public Enterprises Circular No. PED/12 dated 02 June 2003 (Para 8.3.9) 3 employees recruited to the staff of the company had been employed to the staff of the Line Ministry and salaries and wages amounting to Rs.757,862 had been paid to them during the year under review.

## 5. Accountability and Good Governance

### 5.1 Presentation of Financial Statements

According to the paragraph 6.5.1 of the Public Enterprises Circular No. PED/12 dated 02 June 2003, the financial statements should be presented to audit within 60 days after the closure of the year of accounts, the financial statements for the year 2011/2012 had been presented to audit after a delay of 5 months and 20 days on 21 November 2012.

## 6. Systems and Controls

Weaknesses in systems and controls observed in audit were brought to the attention of the Chairman of the company from time to time. Special attention is needed in respect of the following areas of control.

(a) Control and distribution of fertilizer stock
(b) Vehicles Control
(c) Recovery of outstanding debtors balances
(d) Contract Administration

H.A.S Samaraweera
Auditor General

**COLOMBO COMMERCIAL FERTILIZES LTD**

**FINAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012**

**BALANCE SHEET AS AT 31ST MARCH 2012**

| | NOTE | 2011/12 | 2010/11 |
|---|---|---|---|
| **ASSESTS** | | **Rs.** | **(RESTATED)** |
| **NON CURRENT ASSETS** | | | **Rs.** |
| REVALUATION ON 31st MARCH 2007 & ADDITION | 1 | 208,807,360 | 209,886,592 |
| CAPITAL WORK IN PROGRESS | | 12,153,192 | 413,001 |
| | | **220,960,551** | **210,299,594** |
| **CURRENT ASSETS** | | | |
| STOCKS | 2 | 3,618,217,941 | 2,724,807,244 |
| TRADE DEBTORS | 3 | 57,192,064 | 60,939,307 |
| STAFF LOANS AND ADVANCES | | 18,908,765 | 4,480,676 |
| OTHER DEBTORS | 4 | 9,623,253,668 | 12,952,130,700 |
| TAX RECEIVABLES | | 2,394,734 | 2,675,239 |
| DEPOSIT | | 452,109 | 407,109 |
| FIXED DEPOSITS | 5 | 677,694,252 | 801,672,463 |
| CASH AT BANK | 6 | 83,093,770 | 150,797,182 |
| | | **14,081,207,302** | **16,697,909,919** |
| **TOTAL ASSETS** | | **14,302,167,853** | **16,908,209,512** |
| **EQUITY AND LIABILITIES** | | | |
| **CAPITAL AND RESERVES** | | | |
| CAPITAL - (10000000 SHARE OF @ RS: 10/-) | | 100,000,000 | 100,000,000 |
| x CAPITAL RESERVE | | 1,683,685 | 1,683,685 |
| REVENUE RESERVE | | 30,691,298 | 30,691,298 |
| RECONSTRACTION AND REVALUE RESERVE | | 290,172,577 | 290,172,577 |
| RETAINED EARNINGS | | 922,772,774 | 768,443,422 |
| | | **1,345,320,333** | **1,190,990,981** |
| **NON CURRENT LIABILITIES** | | | |
| LONG TERM LOAN | | - | **3,586,937,069** |
| **CURRENT LIABILITIES** | | | |
| LONG TERM LOAN | | 3,586,937,069 | 4,326,000,000 |
| PROVISIONS | 7 | 3,481,592,566 | 2,543,546,413 |
| STATUTORY AND OTHER LIABILITIS | 8 | 1,958,922 | 3,879,127 |
| REFUNDABLE DEPOSIT | | 9,750,956 | 5,891,050 |
| CUSTOMER'S DEPOSITS & EXCESSES RECEIVED | | 10,634,395 | 17,685,271 |
| OTHER CURRENT LIABILITIES | 9 | 5,553,231,195 | 4,826,474,019 |
| INCOME TAX CONTROL | | 290,908,448 | 384,560,006 |
| ACCRUED EXPENSES | | 21,833,969 | 22,245,577 |
| | | **12,956,847,520** | **12,130,281,462** |
| **TOTAL EQUITY & LIABILITIES** | | **14,302,167,853** | **16,908,209,512** |

It is certified that the Financial Statements have been prepared in compliance with the requirements of

…………………………
Sgd.H.N. Ariyadasa
**FINANCE MANAGER**

The Board of Directors is responsible for preparation and presentation of these Financial Statements..
Signed for and on behalf of the Board by.

| | |
|---|---|
| …………………………… | …………………………… |
| Sgd. Mr.N.S.M. Samsudeen | Sgd.MrsJ.P.Priyangani Liyanage |
| **CHAIRMAN** | **DIRECTOR** |

20th November at Colombo.
The Accounting Plicies & notes on pages 25 to 50 through form an integral a part of the Financial Statement

**COLOMBO COMMERCIAL FERTILIZERS LTD**

**FINAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012**

**INCOME STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012**

| | NOTE | 2011/2012 | 2010/2011 |
|---|---|---|---|
| | | Rs | Rs |
| REVENUE | 10 | 982,118,071 | 1,070,227,931 |
| COST OF SALE | 11 | (655,542,628) | (760,931,218) |
| GROSS PROFIT | | 326,575,442 | 309,296,714 |
| OTHER INCOME | 12 | 89,726,189 | 164,561,950 |
| | | 416,301,631 | 473,858,663 |
| DISTRIBUTION COST | 13 | (36,387,233) | (17,118,229) |
| ADMINISTRATIVE EXPENSES | 14 | (73,359,044) | (60,127,424) |
| OTHER EXPENSES | 15 | (1,937,512) | (2,489,898) |
| FINANCE COST | 16 | (39,757,989) | (67,609,253) |
| **PROFIT ( LOSS) BEFORE TAX** | | **264,859,852** | **326,513,860** |
| INCOME TAX | | (104,076,773) | (115,883,449) |
| **NET PROFIT AFTER TAX** | | **160,783,079** | **210,630,411** |

The Accounting Plicies & notes on pages 25 to 50 through form an integral a part of the Financial Statement

## COLOMBO COMMERCIAL FERTILIZERS LTD.

### FINAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

### STATEMENT OF CHANGES IN EQUITY

| | SHARE CAPITAL Rs. | CAPITAL RESERVE Rs. | REVENUE RESERVE Rs. | RECONSTRUCTION REVALUAION RESERVE Rs. | RETAINED EARNINGS Rs. | TOTAL Rs. |
|---|---|---|---|---|---|---|
| RESTATED RETAINED BALANCE AT 31-03-2010 | 100,000,000 | 1,683,685 | 30,691,298 | 290,172,577 | 566,497,639 | 989,045,198 |
| PRIOR YEAR ADJUSTMENTS | - | - | - | - | (8,684,628) | (8,684,628) |
| | | | | | | - |
| NET PROFIT/LOSS FOR THE PERIOD | - | - | - | - | 210,630,411 | 210,630,411 |
| DIVIDEND | - | - | - | - | - | - |
| RETAINED BALANCE AT 31-03-2011 | 100,000,000 | 1,683,685 | 30,691,298 | 290,172,577 | 768,443,422 | 1,190,990,981 |
| PRIOR YEAR ADJUSTMENTS | - | - | - | - | 3,546,273 | 3,546,273 |
| | | | | | | - |
| NET PROFIT/LOSS FOR THE PERIOD | - | - | - | - | 160,783,079 | 160,783,079 |
| DIVIDEND | - | - | - | - | (10,000,000) | (10,000,000) |
| | | | | | | - |
| RETAINED BALANCE AT 31-03-2012 | **100,000,000** | **1,683,685** | **30,691,298** | **290,172,577** | **922,772,774** | **1,345,320,333** |

The Accounting Plicies & notes on pages 25 to 50 through form an integral a part of the Financial Statement

**COLOMBO COMMERCIAL FERTILIZERS LTD.**

**FINAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012**

| | 2011/12 | | 2010/11 |
|---|---|---|---|
| | Rs. | | Rs. |
| **CASH FLOWS FROM OPERATING ACTIVITIES`** | | | |
| NET PROFIT \ LOSS BEFORE TAXATION | 264,859,852 | | 326,513,860 |
| PRIOR YEAR ADJUSTMENT | (3,546,273) | | 8,684,628 |
| | **261,313,579** | | **335,198,488** |
| **ADJUSTMENTS FOR:** | | | |
| DEPRECIATION | 11,981,743 | | 12,800,031 |
| PROVISION: GRATIUTY | 2,716,892 | | 2,697,585 |
| BAD DEBTORS | 179,024 | | 858,581 |
| SUBSIDY ON CLOSING STOCK | 3,453,267,229 | | 2,528,049,308 |
| INTEREST INCOME | (59,820,500) | | (43,239,738) |
| INTEREST PAID | 38,372,930 | | 2,303,372 |
| EXCHANGE PROFIT | - | | (101,404,038) |
| EXCHANGE LOSS | 192,697,280 | | - |
| STOCK LOSS | - | | 2,090,570 |
| LAST YEAR SUBSIDY ON CLOSING STOCK - REMOVE | (2,528,049,308) | | (1,895,207,384) |
| | **1,372,658,869** | | **844,146,774** |
| DECREASE/INCREASE IN DIPOSIT | - | | - |
| DECREASE/INCREASE IN INVENTIORIES | (893,410,697) | | (652,244,685) |
| DECREASE/INCREASE IN TRADE DEBTORS | 3,747,243 | | 1,430,642 |
| DECREASE/ INCREASE IN OTHER DEBTORS | 3,328,877,032 | | 1,995,799,951 |
| DECREASE/ INCREASE IN STAFF LOAN | (14,428,089) | | 331,025 |
| DECREASE/ INCREASE IN CURRENT LIABILITIES | (402,706,793) | | 1,511,487,293 |
| DECREASE/ INCREASE IN CURRENT TAX RECEIVABLES | 280,505 | | 5,731,428 |
| **CASH GENERATED FROM OPERATIONS** | **3,395,018,070** | | **3,706,682,429** |
| GRATIUTY PAID | (67,685) | | (835,166) |
| INTEREST PAID | (38,372,930) | | (53,259,774) |
| **NET CASH FROM OPERATING ACTIVITIES** | | **3,356,577,455** | **3,652,587,489** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| INTEREST RECEIVED | 59,820,500 | | 43,239,738 |
| PURCHASE OF PROPERTY, PLANT AND EQUIPMENT | (11,142,510) | | (28,029,798) |
| **NET CASH USED IN INVESTING ACTIVITIES** | | **48,677,990** | **15,209,940** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| INCREASE IN LONG TERM LOAN | (3,586,937,069) | | (3,244,500,000) |
| DIVIDENDS PAID | (10,000,000) | | - |
| **NET CASH USED IN FINANCING ACTIVITIES** | | **(3,596,937,069)** | **(3,244,500,000)** |
| ACCUMILATED ERROR IN SUBSIDY | | - | 104,211,968 |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | | **(191,681,623)** | **527,509,396** |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** | | 952,469,645 | 424,960,249 |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | | **760,788,022** | **952,469,645** |

The Accounting Plicies & notes on pages 25 to 50 through form an integral a part of the Financial Statement

**COLOMBO COMMERCIAL FERTILZERS LIMITED**

**ACCOUNTING POLICIES.**

## 1. CORPORATE INFORMATION.

### 1.1 DOMICILE & LEGAL FORM.

The Colombo Commercial Fertilizers Limited is a Public limited company domiciled in Sri Lanka, registered under the companies Act No. 17 of 1982 and reregistered under the companies Act No. 7 of 2007. The registered office of the company is located at Hunupitiya, Wattala.

### 1.2 PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS.

The Principal activities of the company are Import of Fertilizer, purchase of local fertilizers, fertilizer mixing, packing and distributing Island wide.

### 1.3 THE NUMBER OF EMPLOYEES.

The number of employees at the end of financial year.

- Executive Staff – 22
- Clerical & Allied - 93
- Labour - 13

## 2. ACCOUNTING POLICIES.

### 2.1 GENERAL.

The financial statement of the Colombo Commercial Fertilizers Ltd have been prepared on historical cost basis in accordance with the Sri Lanka Accounting standards and applied consistently. Income and costs are accrued and recorded in the financial statement of the period to which they are related, where the appropriate policies are explained in the notes that follows.

## 2.2 POST BALANCE SHEET EVENTS.

All material post balance sheet events have been considered and where necessary adjustments or disclosures have been made in these financial statements.

## 2.3 BORROWING COST.

All borrowing costs have been recognised as an expense in the period in which they have incurred. According to SLAS 20 “Borrowing Costs”.

## 2.4 ASSETS AND BASIS OF THEIR VALUATION.

Assets classified as current Assets on the Balance Sheet, Cash and Bank balance and those which are expected to be realized in cash during the normal operating cycle or within one year from the Balance Sheet date, which ever is shorter.

### 2.4.1 PROPERTY, PLANT & EQUIPMENT.

Properties, Plant & Equipment are stated at cost of purchase or construction or revaluation together with any incidental expenses thereon. The assets are stated at cost less accumulated depreciation which is provided for on the basis specified in 2.4.2 below.

### 2.4.2 DEPRECIATION.

Depreciations is not charged on land. Depreciation on all other Property, Plant & Equipment is provided on the straight-line basis to write off the cost. The annual rates used for this purpose that are consistent with those of the previous year are:

| | % |
|---|---|
| Buildings | 5 |
| Office Equipment | 10 |
| Motor Vehicles | 20 |
| Plant & Machinery Lab Equipment | 20 |

Properties, Plant & Equipment are depreciated in “Exact calculation approach” accordance with SALS 18.

## 2.5 INVENTORIES.

Inventories are stated at cost, fertilizer stocks are interchangeable items then the cost is determined on first in first out basis and includes all expanding incidental to purchasing in the case of finished products cost includes all direct expenditure and production over heads based on a normal activity. In the event of the market price has reduced subsequently from original cost price, based on reduced price the cost of the inventory shall be stated. According to SLAS 05 “Inventories”.

## 2.6 DEBTORS AND RECEIVABLE.

Provision of bad debts 0.1% has been made debtors over one year and less than 05 years. Debtors over 05 years 2.5% on principal outstanding receivable are stated at the amounts they are estimated to realise.

## 2.7 INVESTMENTS.

Investments in REPOS and Fixed Deposits have been stated at cost. Incomes from such investments have been accounted on accrual basis.

## 2.8 CASH AND CASH EQUIVALENTS.

Cash & cash equivalents are defined as cash in hand, demand deposit & short term highly liquid investments which are readily convertible to know amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash & equivalents consist of cash in hand & deposits in banks and net of outstanding bank overdrafts. Investments with short term maturities i.e. three months or less from the date of acquisitions are also treated as cash equivalents and cash flows from investment activities are recorded using the indirect method.

## 2.9 LIABILITIES AND PROVISIONS.

All known liabilities as at the date of Balance sheet have been included in the Financial Statements and adequate provision has been made for liabilities which are known to exist but the amount of which cannot be determined accurately.

Liabilities classified as current liabilities in the balance sheet are those obligations payable on demand or within one year from the date of balance sheet.

Items classified as non–current liabilities are those obligations which expire beyond a period of one year from the date of balance sheet.

## 2.10 RETIREMENT BENEFIT OBLIGATION.

(a). Benefits Plan – Gratuity.

Provision is made in the Financial Statements for gratuities payable to all employees under the payment of Gratuity Act. No. 12 of 1983 for all employees who have completed more than one year of continuous service with the company. The gratuity liability is not externally funded or accrualy valued. This item is grouped under deferred liabilities in the balance sheet.

(b). Defined Contribution plan – Employees provident Fund & Employees Trust Fund.

All employees who are eligible for employees provident fund contributions and employees trust fund contribution are covered by relevant contribution fund in line with respective statutes and regulation. Employer's contributions to the defined contribution plans are recognised as an expense in the income statements when incurred.

## 2.11 GRANTS/SUBSIDIES

### FERTILIZER SUBSIDY

The subsidy is payable for the import of certain varieties of fertilizer, where maximum retail prices are fixed by the Ministry of Agriculture Development and Agrarian services. The subsidy entitlement is incorporated in the cost of sales.

## 2.12 TAXATION.

### INCOME TAX.

The company is liable to pay income tax at the rate of 28% on taxable profit under the Section 02 of the Inland Revenue Act. 10 of 2006.

## 2.13 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES.

All material commitments and contingent liabilities are considered and where necessary adjustments or disclosures are made in these financial statements.

## 2.14 TURNEOVER.

The turnover of the company represents the invoiced value of goods.

## 2.15 REVENUE RECOGNITION.

Revenue is recognized to the extent that its probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

**(a) Sales of goods**

Revenue from sales of goods is recognized when significant risks and rewards of ownership of the goods have passed to the buyer.

**( b) Interest**

Interest income is recognized as the interest accrues (taking into account the effective yield on the asset) unless the collectability is in doubt.

## 2.16 EXPENDITURE RECOGNITION.

### 2.16.1 REVENUE EXPENDITURE.

(a) The profit earned by the Company as shown in the Profit & Loss account is after providing for all known liabilities and for depreciation of property, Plant and Equipment.

### 2.16.2 CAPITAL EXPENDITURE.

Expenditure incurred for the purpose of, extending or improving assets of a permanent nature by means to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

Gain or losses of revenue nature, on the disposal of fixed assets have been accounted in the income statement.

## 2.17 COMPARATIVE FIGURES.

The comparative figures have been arranged where necessary to confirm to the current presentation.

## 2.18 FOREGIN CURRENCY TRANSACTIONS.

Transactions arising in foreign currencies are translated into Sri Lanka Rupees at the rate of exchange prevailing at the time the transactions were effected.

All monetary Assets & Liabilities in foreign currencies are translated into Sri Lanka Rupees at the rate of exchange prevailing at the date of Balance Sheet.

The resulting gains or losses arising are dealt with in the Income Statement. According to SLAS 21.

## 2.19 GOVERNMENT GRANTS.

All Government Grants including the fertilizer subsidy has been accounted in accordance with Sri Lanka Accounting Standard No. 24.

## 2.20 CONTINGENT ASSETS/LIABILITIES.

Necessary disclosures and provisions have been made on the Financial Statement in accordance with SLAS - 36.

## COLOMBO COMMERCIAL FERTILIZERS LTD .

### FINAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

**NOTE 01**

### FIXED ASSETS

| | | BALANCE 01.04.2011 | ADDITIONS/ (DISPOSALS) | TOTAL | D E P R E C I A T O N | | | | WRITTEN DOWN VALUE |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | RATE | ACCUMILATED | FOR THE YEAR | TOTAL | |
| | | Rs. | Rs. | Rs. | | Rs. | Rs. | Rs. | Rs. |
| 1 | LAND | 90,000,000 | - | 90,000,000 | 0.00% | - | - | - | 90,000,000 |
| 2 | BUILDINGS | 116,724,043 | - | 116,724,043 | 5.00% | 20,546,734 | 5,836,202 | 26,382,936 | 90,341,107 |
| 3 | PLANT & MACHINERY | 15,139,787 | 391,460 | 15,531,247 | 20.00% | 11,623,930 | 328,500 | 11,952,431 | 3,578,816 |
| 4 | MOTER VEHICLES | 25,080,503 | 9,996,000<br>(1,200,000) | 33,876,503 | 20.00% | 9,449,062 | 4,936,201 | 14,385,262 | 19,491,241 |
| 5 | OFFICE EQUIPMENT | 8,053,344 | 755,050 | 8,808,394 | 10.00% | 2,531,359 | 880,839 | 3,412,198 | 5,396,196 |
| | **TOTAL** | **254,997,678** | **9,942,510** | **264,940,188** | | **44,151,085** | **11,981,743** | **56,132,828** | **208,807,360** |

## COLOMBO COMMERCIAL FERTILIZES LTD

### FINAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

NOTE 02

### STOCK

| | 2011/12 Rs. | 2010/11 Rs. |
|---|---|---|
| **TRADING :-** | | |
| FERTILIZERS | 3,597,872,946 | 2,708,539,468 |
| **LESS:** PROVISION ON STOCK LOSS | (833,670) | - |
| GENERAL STORES ITEMS | 12,180,371 | 10,939,019 |
| PACKING MATERIALS | 7,526,984 | 4,418,008 |
| STATIONERY | 1,471,309 | 910,748 |
| **TOTAL** | **3,618,217,941** | **2,724,807,244** |

NOTE 03

### TRADE DEBTORS

| | 2011/12 Rs. | 2010/11 Rs. |
|---|---|---|
| DURING THE CURRENT YEAR | 2,555,447 | 9,757,520 |
| LESS THAN 5 YEARS | 11,314,758 | 15,064,715 |
| OVER 5 YEARS | 43,321,858 | 36,117,072 |
| **TOTAL** | **57,192,064** | **60,939,307** |

NOTE 04

### OTHER DEBTORS

| | 2011/12 Rs. | 2010/11 Rs. |
|---|---|---|
| ADVANCE PAYMENT & PRE PAYMENT | 10,950,015 | 19,439,024 |
| DEBTORS HEAD OFFICE | - | 328,130 |
| FIXED DEPOSIT INTEREST RECEIVABLE | 16,894,729 | 16,414,256 |
| OTHER DEBTORS | 18,016 | 18,016 |
| SUBSIDY RECEIVABLE | 9,329,236,477 | 12,810,345,675 |
| SUBSIDY RECEIVABLE (OTHER CROPS) | 201,851,275 | - |
| CEYLON SHIPPING CORPORATION LTD | 1,613,008 | - |
| INTEREST RECEIVABLE FROM TREASURY | 46,169,602 | 74,319,183 |
| CEYLON FERTILIZER COMPANY LTD | - | 7,348,884 |
| ETA LANKA (PVT) LTD | - | 7,269,820 |
| CCF WELFARE SOCIETY - LOAN | 20,000 | 37,500 |
| POST MASTER GENERAL | 47,357 | 21,029 |
| RENT RECEIVABLE | 47,184 | 147,959 |
| RECOVERY OF VEHICAL ACCIDENT LOSS A/C | - | 42,218 |
| SALAREIS CONTROL A/C | - | 0 |
| SHORT DELIVERY CLAIM A/C | 16,399,006 | 16,399,006 |
| SALARY ADVANCE | 7,000 | - |
| **TOTAL** | **9,623,253,668** | **12,952,130,700** |

## COLOMBO COMMERCIAL FERTILIZERS LTD.

### FINAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

**NOTE 05**

### FIXED DEPOSITS AND REPO INVESTMENT

| BANK | DEPOSIT NO. | 2011/12 AMOUNT RS. | 2010/11 AMOUNT RS. |
|---|---|---|---|
| **REPO INVESTMENTS** | | | |
| PEOPLES BANK | M11B-002658 | | 100,000,000 |
| PEOPLES BANK | M11B-000480 | | 25,000,000 |
| PEOPLES BANK | M11B-000592 | | 30,000,000 |
| PEOPLES BANK | M11B-001253 | | 75,000,000 |
| PEOPLES BANK | M11B-001393 | | 135,000,000 |
| PEOPLES BANK | M11B - 006447 | 20,000,000 | |
| PEOPLES BANK | M11B - 017091 | 45,000,000 | |
| PEOPLES BANK | M11B - 017159 | 15,000,000 | |
| PEOPLES BANK | M11B - 017467 | 30,000,000 | |
| PEOPLES BANK | 120119 | 40,000,000 | |
| PEOPLES BANK | 120458 | 28,000,000 | |
| PEOPLES BANK | 120834 | 35,000,000 | |
| **FIXED DEPOSITS** | | | |
| PEOPLES BANK | 004-60-01-00002113-2 | 16,717,396 | 15,530,686 |
| PEOPLES BANK | 004-60-01-00001570-0 | 16,726,942 | 15,409,436 |
| BANK OF CEYLON | 161820 | 100,000 | 100,000 |
| PEOPLES BANK | 222-60-01-00004312-3 | 74,216 | 69,925 |
| PEOPLES BANK | 222-60-01-00004618-4 | 71,712 | 66,079 |
| PEOPLES BANK | 222-60-01-00005139-1 | 67,331 | 62,042 |
| PEOPLES BANK | 222-60-01-00005140-8 | 67,331 | 62,042 |
| PEOPLES BANK | 222-60-01-00005141-7 | 67,331 | 62,042 |
| PEOPLES BANK | 222-60-01-00005142-6 | - | 62,042 |
| PEOPLES BANK | 222-60-01-00005144-4 | 67,331 | 62,042 |
| PEOPLES BANK | 222-60-01-00005143-5 | - | 62,042 |
| PEOPLES BANK | 222-60-01-00005145-3 | 67,331 | 62,042 |
| PEOPLES BANK | 222-60-01-00005146-2 | 67,331 | 62,042 |
| PEOPLES BANK | 004-60-01-00004902-3 | 107,650,000 | 100,000,000 |
| PEOPLES BANK | 004-60-01-00004907-8 | 322,950,000 | 300,000,000 |
| ASHCHARYA ITURUM | | - | 5,000,000 |
| **TOTAL** | | **677,694,252** | **801,672,463** |

### CASH AT BANK

| | 2011/12 AMOUNT RS. | 2010/11 AMOUNT RS. |
|---|---|---|
| PEOPLES BANK CORPORATE BRANCH A/C NO 004100170211270 | 24,851,232 | 35,097,379 |
| PEOPLES BANK CORPORATE BRANCH A/C NO 004100160204816 | 47,898,286 | (77,233) |
| PEOPLES BANK WATTALA A/C NO 004100160204816 | 5,971,257 | 109,322,157 |
| BANK OF CEYLON - WATTALA A/C NO 135670 | 2,657,382 | 4,245,557 |
| **SUB TOTAL** | **81,378,157** | **148,587,860** |
| PETTY CASH | 22,765 | 21,475 |
| REGIONAL STORES CONTINGENCY FUND | 1,692,848 | 2,187,848 |
| **TOTAL** | **83,093,770** | **150,797,182** |

## COLOMBO COMMERCIAL FERTILIZERS LTD

### FINAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011

**NOTE 07**

### PROVISION

| | 2011/12 Rs. | 2010/11 Rs. |
|---|---|---|
| PROVISION FOR GRATUITY | 17,240,904 | 14,591,697 |
| PROVISION FOR BAD DEBTORS ( 0.1% ) | 1,084,433 | 905,409 |
| SUBSIDY ON CLOSING STOCK | 3,261,119,301 | 2,528,049,308 |
| SUBSIDY ON CLOSING STOCK (OTHER CROPS) | 192,147,928 | - |
| PROVISION FOR DIVIDEND | 10,000,000 | - |
| **TOTAL** | **3,481,592,566** | **2,543,546,413** |

**NOTE 08**

### STATUTORY AND OTHER PAYABLE

| | 2011/12 Rs. | 2010/11 Rs. |
|---|---|---|
| SALARY ADVANCE | - | 500 |
| EMPLOYEES TRUST FUND | 1 | - |
| EMPLOYEES PROVIDENT FUND | 0 | 1 |
| STAMP FEES PAYABLE | 5,740 | 5,265 |
| WELFARE SOCIETY & DEATH DONATION | 17,750 | 9,770 |
| BACK WAGES PAYABLE | 1,015,461 | 3,863,561 |
| SUSPENSE ACCOUNT | - | 30 |
| UNION FEES PAYABLE | 3,360 | - |
| THIRD PARTY DEDUCTION | - | - |
| PAYE TAX PAYABLE | (9,600) | - |
| NBT PAYABLE | 241,209 | |
| EMPLOYEE SECURITY DEPOSIT | 685,000 | |
| **TOTAL** | **1,958,922** | **3,879,127** |

**NOTE 09**

### OTHER LIABILITIES

| | | 2011/12 Rs. | 2010/11 Rs. |
|---|---|---|---|
| 1 | BILLS PAYABLE ON L/C | 5,505,817,493 | 4,275,660,232 |
| 2 | REFUNDABLE CASH ON CASH SALE | - | 501,938 |
| 3 | LANKA SALT LTD | 591,880 | 1,009,677 |
| 4 | SHORT TERM LOAN | - | 474,982,988 |
| 5 | INTEREST PAYABLE-TREASURY | 46,169,602 | 74,319,183 |
| 8 | AUDIT FEES PAYABLE | 300,000 | - |
| 9 | CEYLON FERTILIZER COMPANY LTD | 352,220 | - |
| | **TOTAL** | **5,553,231,195** | **4,826,474,019** |

COLOMBO COMMERCIAL FERTILIZERS LTD.

FINAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

NOTE 10

FERTILIZER SALES

| STORES | 2011/12<br>Rs. | 2010/11<br>Rs. |
|---|---|---|
| Fertilizer Cash Sale-Subsidy | 413,629,805 | 62,177,520 |
| Fertilizer Cash Sale-Non Subsidy | 417,563 | 3,374,367 |
| Fertilizer Credit Sale-CCF | 29,074,293 | 337,917,875 |
| Fertilizer Credit Sale-Kurunegala | 28,656,727 | 36,890,436 |
| Fertilizer Credit Sale-Badulla | 3,981,120 | 6,753,230 |
| Fertilizer Credit Sale-Kadugannawa | 9,000,585 | 12,496,187 |
| Fertilizer Credit Sale-Galenbindunuwewa | 42,764,168 | 39,682,962 |
| Fertilizer Credit Sale-Matara | 12,969,135 | 15,198,117 |
| Fertilizer Credit Sale-Kanthale | 11,845,746 | 28,671,082 |
| Fertilizer Credit Sale-Negama | 51,224,681 | 54,974,546 |
| Fertilizer Credit Sale-Baticaloa | - | 5,691,917 |
| Fertilizer Credit Sale-Nikaweratiya | 59,933,171 | 67,511,565 |
| Fertilizer Credit Sale-Dehiattakandiya | 47,080,572 | 61,235,559 |
| Fertilizer Credit Sale-Buttala | 13,911,972 | 13,052,523 |
| Fertilizer Credit Sale-Bata Atha | 51,363,673 | 68,422,310 |
| Fertilizer Credit Sale-Akkaraipattu | 78,318,030 | 141,527,859 |
| Fertilizer Credit Sale-Sooriya Ara | 12,708,322 | 6,723,563 |
| Fertilizer Credit Sale-Weerawila | - | - |
| Fertilizer Credit Sale-Serunuwara | 16,404,894 | - |
| Fertilizer Credit Sale-Kaduruwela | 14,735,248 | 17,066,181 |
| Fertilizer Credit Sale-Jayanthipura | 49,067,623 | 61,274,796 |
| Fertilizer Credit Sale-Pandulagama | 26,752,426 | 29,585,336 |
| Fertilizer Cash Sale (Other Crops) H/O | 6,833,519 | - |
| Fertilizer Cash Sale (Other Crops)-Kurunegala | 720 | - |
| Fertilizer Cash Sale (Other Crops)-Badulla | - | - |
| Fertilizer Cash Sale (Other Crops)-Kadugannawa | 70,540 | - |
| Fertilizer Cash Sale (Other Crops)-Galenbindunuwewa | - | - |
| Fertilizer Cash Sale (Other Crops)-Matara | - | - |
| Fertilizer Cash Sale (Other Crops)-Kanthale | 172,620 | - |
| Fertilizer Cash Sale (Other Crops)-Negama | 4,200 | - |
| **Balance F/D** | **980,921,353** | **1,070,227,931** |

| | | |
|---|---|---|
| **Balance F/D** | **980,921,353** | **1,070,227,931** |
| Fertilizer Cash Sale (Other Crops)-Baticaloa | - | - |
| Fertilizer Cash Sale (Other Crops)-Nikaweratiya | 1,014,020 | - |
| Fertilizer Cash Sale (Other Crops)-Dehiattakandiya | 42,258 | - |
| Fertilizer Cash Sale (Other Crops)-Buttala | - | - |
| Fertilizer Cash Sale (Other Crops)-Bata Atha | - | - |
| Fertilizer Cash Sale (Other Crops)-Akkaraipattu | - | - |
| Fertilizer Cash Sale (Other Crops)-Sooriya Ara | 131,920 | - |
| Fertilizer Cash Sale (Other Crops)-Kaduruwela | 8,520 | - |
| Fertilizer Cash Sale (Other Crops)-Jayanthipura | - | - |
| Fertilizer Cash Sale (Other Crops)-Pandulagama | - | - |
| | **982,118,071** | **1,070,227,931** |

## COLOMBO COMMERCIAL FERTILIZERS LTD.

### FINAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

**NOTE 11**

### COST OF SALES

| | 2011/2012 Rs. | 2010/2011 Rs. |
|---|---|---|
| **COST OF PRODUCTION - FERTILIZER** | | |
| STOCK ON 01ST APRIL 2011 | 2,708,539,468 | 1,904,719,126 |
| **ADD** | | |
| PURCHASES | 8,704,220,755 | 8,206,225,763 |
| EXCHANGE LOSS | 192,697,280 | - |
| TRANSPORT CHARGES | 86,670,403 | 91,408,752 |
| | 11,692,127,906 | 10,202,353,641 |
| FERTILIZER SUBSIDY | (11,191,247,257) | (9,568,809,911) |
| SUBSIDY ON CLOSING STOCK | 3,453,267,229 | 2,528,049,308 |
| TAX (BTT) | - | 8,535,380 |
| NBT 2% | 9,819,743 | 662,084 |
| SOCIAL RESPONSIBILITY LEAVY | 1,803,452 | - |
| | 3,965,771,073 | 3,170,790,501 |
| **LESS** | | |
| STOCK ON 31ST MARCH 2012 | (3,597,872,946) | (2,708,539,468) |
| STOCK LOSS ON 31ST MARCH 2012 | - | (2,090,570) |
| **COST OF FERTILIZER CONSUMED** | **367,898,127** | **460,160,462** |
| **PACKING MATERIALS** | | |
| STOCK ON 01ST APRIL 2011 | 4,418,008 | 4,596,140 |
| **ADD** | | |
| PURCHASES | 3,352,759 | - |
| | 7,770,767 | 4,596,140 |
| **LESS** | | |
| STOCK ON 31ST MARCH 2012 | (7,526,984) | (4,418,008) |
| **COST OF PACKING MATERIAL CONSUMED** | **243,783** | **178,133** |
| **ADD** | | |
| DIRECT WAGES | 43,905,155 | 44,187,446 |
| REGIONAL STORES EXPENDITURE | 87,820,884 | 121,995,014 |
| TRANSPORT CHARGES | 121,803,583 | 101,928,946 |
| **PRIME COST** | **621,671,532** | **728,450,000** |
| **ADD** | | |
| **GENEARAL OVERHEADS** | | |
| SPARE PARTS | 1,612,188 | 3,359,792 |
| FACTORY OVERHEADS | 30,382,809 | 27,683,196 |
| LABORATORY OVERHEADS | 1,876,100 | 1,438,230 |
| **TOTAL OVERHEAD** | **33,871,096** | **32,481,218** |
| **COST OF SALE** | **655,542,628** | **760,931,218** |

## COLOMBO COMMERCIAL FERTILIZERS LTD.

### FINAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

**NOTE 12**

### OTHER INCOME

| | 2011/12<br>Rs. | 2010/11<br>Rs. |
|---|---|---|
| INTEREST RECEIVED | 59,820,500 | 43,239,738 |
| RENT RECEIVED | 988,194 | 1,053,308 |
| NON REFUNDABLE TENDER DEPOSIT | 493,800 | 259,000 |
| MISCELLANIOUS INCOME | 4,502,115 | 11,751 |
| SALE OF DISPOSABLE ITEMS | 617,565 | 81,472 |
| DISPATCH MONEY RECEIVED | 21,942,014 | 18,512,643 |
| EXCHANGE PROFIT | - | 101,404,038 |
| SALE OF FIXED ASSETS | 1,362,000 | - |
| | **89,726,189** | **164,561,950** |

**NOTE 13**

### SELLING AND DISTRIBUTION COST

| | 2011/12<br>Rs. | 2010/11<br>Rs. |
|---|---|---|
| SALES PROMOTION | 1,596,774 | 1,224,455 |
| RENT EXPENSES FOR STORES | 34,611,434 | 15,035,193 |
| BAD DEBTORS | 179,024 | 858,581 |
| | | - |
| | **36,387,233** | **17,118,229** |

**NOTE 14**

## ADMINISTRATION AND ESTABLISHMENT

| | 2011/12 Rs. | 2010/11 Rs. |
|---|---|---|
| HEAD OFFICE EXECUTIVE STAFF REMUNERATION | 11,895,555 | 10,416,891 |
| HEAD OFFICE CLERICAL STAFF REMUNERATION | 32,641,685 | 27,404,436 |
| HEAD OFFICE CASUAL / TRAINES REMUNERATION | 1,372,022 | 749,137 |
| GRATIUTY | 2,716,892 | 2,697,585 |
| BUILDING MAINTENANCE | 113,735 | 9,171 |
| ELECTRICITY | 55,854 | 40,600 |
| WATER BILL | 33,191 | 15,586 |
| TELEPHONE CHARGES | 908,748 | 885,177 |
| SECURITY CHARGES | 4,590,421 | 4,869,006 |
| STATIONERY | 1,237,634 | 1,228,966 |
| POSTAGE & TELEGRAM | 101,592 | 199,070 |
| LEGAL AND PROFESSIONAL CHARGES | 1,828,301 | 1,250,787 |
| MOTER VEHICAL MAINTENANCE | 4,653,327 | 3,831,600 |
| RENT FOR VEHICAL | 882,565 | 356,800 |
| RATES & TAXES | 33,439 | 18,552 |
| INSURANCE | 1,356,455 | 6,546 |
| OFFICE EQUIPMENT MAINTENANCE | 744,501 | 384,729 |
| TRAVELLING | 394,213 | 89,140 |
| AUDIT FEES | 548,747 | - |
| OTHER ADMINISTRATIVE EXPENCES | 33,744 | 422,397 |
| ENTERTAINTMENT & DONATION | 1,063,993 | 1,640,629 |
| BUILDING DEPRICIATION | 583,620 | 540,781 |
| OFFICE EQUIPMENT DEPRICIATION | 880,839 | 747,187 |
| LICENCE FEE | 29,333 | 14,425 |
| STOCK VERIFICATION EXPENCES | 670,954 | 546,901 |
| DIRECTORS ALLOWANCE | 1,505,150 | - |
| COMPANY REGISTRATION EXPENCES | - | 10,983 |
| ACCOMMODATION EXPENCES FOR OUT VISIT | 154,159 | 87,240 |
| STAFF SKILLS DEVELOPMENT EXPENSES | 50,500 | 11,100 |
| DIVI NEGUMA PROGRAME EXPENCES | - | 238,530 |
| INSURANCE FOR VEHICLE | 779,657 | 439,287 |
| FERTILIZER INSURANCE | - | 974,186 |
| STAFF WELFARE | 296,920 | - |
| PROCUREMENT EXPENCES | 629,451 | - |
| DEYATA KIRULA | 571,846 | - |
| **TOTAL** | **73,359,044** | **60,127,424** |

**NOTE 15**

## OTHER EXPENSES

| | 2011/12 Rs. | 2010/11 Rs. |
|---|---|---|
| STOCK LOSSES | 833,670 | 2,090,570 |
| GENERAL EXPENSES | 1,103,842 | 399,328 |
| DISPOSABLE OF FIXED ASSETS | - | - |
| | **1,937,512** | **2,489,898** |

**NOTE 16**

## FINANACE COST

| | 2011/2012<br>Rs. | 2010/2011<br>Rs. |
|---|---|---|
| BANK CHARGES | 1,385,059 | 14,333,829 |
| PENALTY CHARGES | - | 15,649 |
| OVERDRAFT INTEREST | 351,984 | 478,088 |
| SHORT TERM LOAN INTEREST | 20,479,028 | 11,260,621 |
| LONG TERM LOAN INTEREST | (1,237,639) | 2,303,372 |
| NON PAYMENT OF BILL VALUE INTEREST | 18,779,556 | 39,217,694 |
| | **39,757,989** | **67,609,253** |