

**THE CO-OPRETIVE WHOLESALE
ESTABLISHMENT**

Financial Statements

For the Year Ended

31.12.2019

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THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
Board of Directors and Executive Officers - 2019

Chairman	-	Mr. Mohamed Rizwan Hameem
Deputy Chairman	-	Mohamed Nazeer Nazeer
Directors	-	Mr. H.G. Sumanasinghe Director (Treasury representative) Director General, Dept. of Management Services Ministry of Finance & Mass Media
	-	Mr. K.D. Chitrapala Director (Ministry representative) Addl. Secretary (Public Enterprises & Restructuring) Ministry of Industry & Commerce, Resettlement of Protracted Displaced persons and Co- operative Development and Vocational Training & Skills Development) (FROM 30.04.2019)
	-	Mr. D. Jeewanadan (till end of May, 2019)
	-	Mr. M.S.K. Kumarawardena (Resigned with effect from 03.12.2019)
	-	Mr. P.L. Sirimanne (Resigned with effect from 03.12.2019)
	-	Mr. S.F.M. Rameez (Vacate office from month of July)
General Manager (Actg.)	-	Mr. Vipula Kithsiri Siva
Auditors	-	Auditor General

Bankers

- Bank of Ceylon
- Peoples Bank
- Commercial Bank
- Sampath Bank

Registered Office

- No. 27, Vouxhall , Colombo 02

Chairman's Message

I wish to present the Annual Report of the Co-operative Wholesale Establishment (CWE) prepared for the year ended as at 31st December 2019 inclusive of the financial statements on behalf of the Director Board of CWE.

The key objective of the Cooperative Wholesale Establishment is to avoid shortage of essential food items within the local market it is carried out with the intervention of the government. In achieving this objective the major intention of the institute is not to earn profit, but to fix a relief price for the public when purchasing goods and services. In achieving this, the institute has to face financial difficulties when taking fair measures towards farming community and the intervention of the treasury restrain such situations. CWE has been working during the last few decades and rendered a yeoman service to the farming community and general public as well.

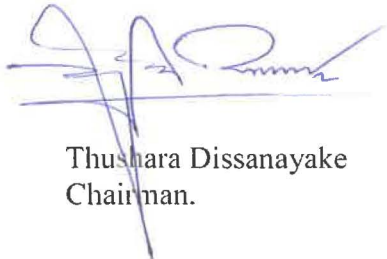
Under these circumstances, the institution has leased out its fixed assets to public or private sector institutes and substantially contributes to cover around 75% of employee salaries out of the rental being earned.

Lanka Sathosa Limited is providing transportation services, providing warehouse and outlet facilities for the company, and using the company's financial resources to build a modern store on the land owned by the company in the city of Dambulla. In addition to this, being able to start an organic / green product store in the Ministry building using the Government budget allocation was also an achievement of the institution.

The CWE has engaged in the national mission of playing the significant role of mediator between the government and the consumers of Sri Lanka.

Eventually, I take this an opportunity to extend my sincere thanks to H.E the President of Democratic Socialist Republic of Sri Lanka, Hon. Prime Minister, Hon. Minister of the Ministry of Trade, Commerce and Food Security and the Cabinet of Ministers. Further, I pay my gratitude to the Secretary and the officers of the Ministry of Trade, officers of the General Treasury and the members of the Board of Directors for their invaluable assistance.

Furthermore, I would like to take this an opportunity to thank the entire staff together with the Senior Executive Officers who urged make this process a success.



Thusara Dissanayake
Chairman.

Report of the Directors of Cooperative Wholesale Establishment for the Year ended as at 31st of December 2019

In terms of section 14 of Finance Act No. 38, the Board of Directors herewith present the annual report of Corporative and Wholesale Establishment (CWE) for the year ended as at 31.12.2019.

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 commodities.

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 more than 70 years, it stands for facilitating Lanka Sathosa. Presently, the institute is engaged in activities on the instructions of the Cabinet Sub - committee Cost of Living with the mediation of the government and services such as transport and storage facilities are provided.

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 described.

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

Built a modern store on the land belonging to the institution located in Dambulla city and used the financial resources of the institution and given it to Lanka Sathosa on lease basis, and using state budget allocations to start an organic / green store in the Ministry of Trade building led to increased income.

02. Cadre Analysis as at 31.12.2019

	<u>Permanent</u>	<u>Casual</u>	<u>Contract</u>
1. Executive	12	-	03
2. Clerical and parallel grades	36	01	03
3. Other supportive grades	<u>281</u>	<u>-</u>	<u>119</u>
	<u>329</u>	<u>01</u>	<u>125</u>

03. Cases filed against the institute as at 31.12.2019

Court	Cases filed as at 31.12.2018	Cases filed in 2019	Total number of cases filed in 2019	Cases finalized in 2019	Cases which are being further on trial
High Court	08	04	12	-	12
District Court	06	03	09	03	06
Magistrate Court	04	02	06	03	03
Labour Tribunal	04	01	05	02	03
Labour Inquiries	08	02	10	07	03
Arbitrations	01	-	-	-	01
Lay by cases	03	01	04	-	04
Appeal Cases	02	02	-	-	-

04. Going Concern Concept

Going Concern of the institute is assessed by the management of the institute and I wish to state that it could be satisfied with the available resources of the institute to continue business activities achieving the expected future goals.

Regular attention of the management is on the going concern of the corporation and I wish to state that every possible effort is taken to make use of resources to the maximum on the instructions on the Treasury and the Ministry of Trade.

05. Auditors

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

06. We make this opportunity to pay gratitude to H.E the President, Hon. Prime Minister, Hon. Minister of Trade, Commerce and Food security, 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.

We also extend our sincere thanks to Board of Directors for playing a main role for our valued customers being with us. Further, our appreciations are with various statutory institutions, private institutions and our bankers.

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Labour Inquiries	08	02	10	07	03
Arbitrations	01	-	-	-	01
Lay by cases	03	01	04	-	04
Appeal Cases	02	02	-	-	-

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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		Group		CWE	
		2019	2018	2019	2018
	Note				
Revenue	3	846,181,489	1,156,356,349	577,780,294	915,286,497
Cost of Sales	4	(787,188,377)	(861,206,800)	(577,594,587)	(647,359,927)
Gross Profit		58,993,112	295,149,549	185,707	267,926,570
Other Operating Income	5	(676,988,103)	(2,163,818,182)	(671,199,133)	(2,160,244,227)
Administrative Expenses	6	(377,303,849)	(369,256,211)	(331,008,833)	(342,156,038)
Selling and Distribution Expenses		(352,341)	(675,193)	-	-
Reversal / (Provision) for Impairment	33	-	154,800	-	154,800
Profit / (Loss) from Operation		(995,651,182)	(2,238,445,237)	(1,002,022,259)	(2,234,318,895)
Finance Income	7	12,281,097	4,155,785	2,983,096	748,663
Finance Cost	7	(4,008,815)	(2,874,785)	(4,008,815)	(2,874,785)
Profit / (Loss) Before Taxation		(987,378,899)	(2,237,164,237)	(1,003,047,978)	(2,236,445,017)
Income Tax Expense	8	(2,954,436)	(963,154)	-	-
Profit / (Loss) for The Year		(990,333,335)	(2,238,127,390)	(1,003,047,978)	(2,236,445,017)
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income / (Expense) for the Year		(990,333,335)	(2,238,127,390)	(1,003,047,978)	(2,236,445,017)
Attributable to:					
- Equity Holders of the Parent		(990,333,335)	(2,238,127,390)	(1,003,047,978)	(2,236,445,017)
- Non-Controlling Interest		-	-	-	-

Figures in brackets indicate deductions

Notes to the Financial Statements on Pages 6 to 41 form an integral part of these Financial Statements.



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

(Expressed in Sri Lankan Rupees)

AS AT 31 DECEMBER		2019	2018	2019	2018
	Note				
ASSETS					
Non-Current Assets					
Property , Plant and Equipment	9	1,121,184,359	1,165,685,430	1,117,669,020	1,163,127,527
Investment Properties	10	5,226,870,961	5,267,725,504	5,226,870,961	5,267,725,504
Capital Work-in-Progress		38,446,618	-	38,446,618	-
Right of Use Assets	11.1	1,408,237	-	1,408,237	-
Leasehold Lands	11.2	-	1,448,663	-	1,448,663
Intangible Assets	12	1,860,268	2,402,245	1,772,268	2,303,245
Investment in Subsidiaries	13	-	-	20	20
Other Investments	14	103,454,709	77,115,587	32,722,560	32,722,560
Advances for Investments	15	98,909,871	98,909,871	98,909,871	98,909,871
Total Non-Current Assets		6,592,135,023	6,613,287,300	6,517,799,555	6,566,237,390
Current Assets					
Inventories	16	10,100,506	153,520,484	10,100,506	153,520,484
Trade and Other Receivables	17	753,391,336	721,525,003	439,120,990	448,260,842
Receivables from Special Projects / Services	18.1	3,419,299,933	3,715,578,387	3,419,299,933	3,715,578,387
Receivable from the Treasury	19	297,544,962	297,544,962	297,544,962	297,544,962
Other Non-Financial Assets	20	4,889,659	2,751,294	4,889,659	2,751,295
Cash and Cash Equivalents	21	184,193,869	322,606,351	144,978,876	252,227,453
Total Current Assets		4,669,420,265	5,213,526,481	4,315,934,926	4,869,883,423
Total Assets		11,261,555,288	11,826,813,781	10,833,734,481	11,436,120,813
EQUITY AND LIABILITIES					
Equity					
Contributed Capital	22	4,398,056,590	4,398,056,590	4,398,056,590	4,398,056,590
Reserves	23	8,747,626,148	8,747,626,148	8,747,626,148	8,747,626,148
Retained Earnings (at debit)		(15,387,283,762)	(14,404,021,440)	(15,453,207,461)	(14,462,022,678)
Equity Attributable to Equityholders of the Parent		(2,241,601,023)	(1,258,338,702)	(2,307,524,722)	(1,316,339,940)
Non - Controlling Interest		-	-	-	-
Total Equity		(2,241,601,023)	(1,258,338,702)	(2,307,524,722)	(1,316,339,940)
Non-Current Liabilities					
Payables to Treasury	24	4,929,286,565	4,929,286,565	4,929,286,565	4,929,286,565
Retirement Benefits Obligation	25	58,346,758	45,830,608	48,191,645	38,780,130
Finance Lease Obligation - (Non-Current Portion)	27	-	48,125,291	-	48,125,291
Total Non-Current Liabilities		4,987,633,322	5,023,242,464	4,977,478,211	5,016,191,986
Current Liabilities					
Trade and Other Payables	28	657,314,166	591,120,258	394,136,744	336,839,499
Payables for Special Projects / Services	18.2	1,166,145,952	1,359,698,461	1,166,145,952	1,359,698,461
Bank Borrowings - (Current Portion)	26	6,217,557,972	5,648,183,221	6,217,557,972	5,648,183,221
Finance Lease Obligation - (Current Portion)	27	48,246,910	4,886,963	48,246,910	4,886,963
Other Non-Financial Liabilities	29	419,719,420	452,954,696	331,154,846	381,594,203
Bank Overdrafts	21	6,538,568	5,066,420	6,538,568	5,066,420
Total Current Liabilities		8,515,522,988	8,061,910,019	8,163,780,993	7,736,268,767
Total Equity and Liabilities		11,261,555,288	11,826,813,781	10,833,734,480	11,436,120,813

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.

Accountant

Chairman

Director

Director

Date :

Colombo.

Figures in brackets indicate deductions -

Notes to the Financial Statements on Pages 6 to 41 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 2019

Group	Contributed Capital	Capital Reserve	General Reserve	Loan Redemption Reserve	Vehicle Replacement Reserve	Revaluation Reserve	Restructuring Reserve	Retained Earnings (at bebit)	Total
Balance as at 01 January 2018	4,398,056,590	32,444,879	94,477,411	300,289,603	72,218,000	6,741,632,672	1,506,563,583	(12,161,588,393)	984,094,345
Prior Year Adjustments Note I	-	-	-	-	-	-	-	(4,305,657)	(4,305,657)
Total Comprehensive Expense for the	-	-	-	-	-	-	-	(2,238,127,390)	(2,238,127,390)
Balance as at 31 December 2018	4,398,056,590	32,444,879	94,477,411	300,289,603	72,218,000	6,741,632,672	1,506,563,583	(14,404,021,440)	(1,258,338,703)
Prior Year Adjustments Note I	-	-	-	-	-	-	-	7,071,013	7,071,013
Total Comprehensive Expense for the	-	-	-	-	-	-	-	(990,333,335)	(990,333,335)
Balance as at 31 December 2019	4,398,056,590	32,444,879	94,477,411	300,289,603	72,218,000	6,741,632,672	1,506,563,583	(15,387,283,762)	(2,241,601,026)

Note I:

Prior year adjustments represents, correction of carrying values of other un-recognised operational expenses relating to previous years.



Figures in brackets indicate deductions

Notes to the Financial Statements on Pages 6 to 41 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 2019

CWE	Contributed Capital	Capital Reserve	General Reserve	Loan Redemption Reserve	Vehicle Replacement Reserve	Revaluation Reserve	Restructuring Reserve	Retained Earnings (at bebit)	Total
Balance as at 01 January 2018	4,398,056,590	32,444,879	94,477,411	300,289,603	72,218,000	6,741,632,672	1,506,563,583	(12,220,333,960)	925,348,778
Prior Year Adjustments Note I	-	-	-	-	-	-	-	(5,243,701)	(5,243,701)
Total Comprehensive Expense for the	-	-	-	-	-	-	-	(2,236,445,017)	(2,236,445,017)
Balance as at 31 December 2018	4,398,056,590	32,444,879	94,477,411	300,289,603	72,218,000	6,741,632,672	1,506,563,583	(14,462,022,678)	(1,316,339,940)
Prior Year Adjustments Note I	-	-	-	-	-	-	-	11,863,194	11,863,194
Total Comprehensive Expense for the	-	-	-	-	-	-	-	(1,003,047,978)	(1,003,047,978)
Balance as at 31 December 2019	4,398,056,590	32,444,879	94,477,411	300,289,603	72,218,000	6,741,632,672	1,506,563,583	(15,453,207,461)	(2,307,524,722)

Note I:

Prior year adjustments represents, correction of carrying values of other un-recognised operational expenses relating to previous years.



Figures in brackets indicate deductions

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

(Expressed in Sri Lankan Rupees)

STATEMENT OF CASH FLOWS		Group		(Expressed in Sri Lankan Rupees)	
FOR THE YEAR ENDED 31 DECEMBER		2019	2018	2019	2018
	Note				
Cash Flows from Operating Activities					
Profit / (Loss) Before Taxation		(987,378,899)	(2,237,164,237)	(1,003,047,978)	(2,236,445,017)
Adjustments for;					
Depreciation		92,389,348	113,548,231	91,221,433	112,701,194
Amortization of Intangible Assets		541,977	470,391	530,977	470,391
Amortization of Leasehold land		40,426	(674,959)	40,426	(674,959)
Net Profit on Disposal of Property, Plant and Equipment		-	(2,733,000)	-	(2,733,000)
Gratuity Charge for the Year		14,315,399	7,301,023	14,288,634	537,402
Reversal / (Provision) for Impairment		-	(154,800)	-	(154,800)
Prior Year Adjustments		7,071,013	(4,305,657)	11,863,194	(5,243,701)
Interest Expense		4,008,815	2,874,785	4,008,815	2,874,785
Interest Income		(12,281,097)	(4,155,785)	(2,983,096)	(748,663)
Operating Profit / (Loss) Before Working Capital Changes		(881,293,019)	(2,124,994,007)	(884,077,595)	(2,129,416,368)
Changes in Working Capital					
Inventories		143,419,978	4,957,518,767	143,419,978	4,957,518,767
Trade and Other Receivables		(31,866,334)	1,009,609,152	9,139,852	940,847,596
Receivables / Payables from Special Projects / Services		102,725,945	(4,646,734,517)	102,725,943	(4,646,734,517)
Receivable from the Treasury		-	(144,506,782)	-	(144,506,782)
Other Non-Financial Assets		(2,138,365)	4,331,943	(2,138,364)	4,331,941
Trade and Other Payables		66,193,909	(422,520,421)	57,297,246	(347,531,756)
Other Non-Financial Liabilities		33,848,389	33,487,480	20,358,268	23,246,832
Cash Generated from / (used in) Operations		(569,109,496)	(1,333,808,385)	(553,274,673)	(1,342,244,286)
Taxes Paid		(70,038,101)	(39,651,122)	(70,797,624)	(34,650,583)
Gratuity Paid		(1,799,249)	(5,523,439)	(4,877,118)	(3,182,750)
Interest Paid		(3,914,633)	(574,922)	(3,914,633)	(574,922)
Net Cash used in Operating Activities		(644,861,480)	(1,379,557,867)	(632,864,049)	(1,380,652,541)
Cash Flows from Investing Activities					
Acquisition of Property, Plant and Equipment		(7,033,735)	(17,580,505)	(4,908,383)	(16,407,627)
Acquisition of Capital Working Progress		(38,446,618)	-	(38,446,618)	-
Proceeds from Disposals of Property, Plant and Equipment		-	2,733,000	-	2,733,000
Net Investment In Fixed Deposits / Interest Received		(14,058,024)	44,588	2,983,096	748,663
Net Cash used in Investing Activities		(59,538,377)	(14,802,917)	(40,371,905)	(12,925,964)
Cash Flows from Financing Activities					
Net Proceeds from Borrowings		569,374,751	1,331,392,572	569,374,751	1,331,392,572
Net Settlements of Finance Lease		(4,859,526)	(31,291,856)	(4,859,526)	(31,291,856)
Net Cash from Financing Activities		564,515,225	1,300,100,715	564,515,227	1,300,100,717
Net Changes in Cash and Cash Equivalents During the Year		(139,884,629)	(94,260,069)	(108,720,725)	(93,477,787)
Cash and Cash Equivalents at Beginning of the Year		317,539,931	411,800,000	247,161,033	340,638,820
Cash and Cash Equivalents at End of the Year	21	177,655,301	317,539,931	138,440,308	247,161,033

Figures in brackets indicate deductions

Notes to the Financial Statements on Pages 6 to 41 form an integral part of these Financial Statements.

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019 comprise the financial information of the CWE and its subsidiaries (together referred to as the 'Group').

The CWE had 436 employees at the Permanent Carders, 1 Casual Worker and 108 Contract Workers at the end of the reporting financial year.

The CWE had 353 employees at the Permanent Carders, 1 Casual Worker and 175 Contract Workers at the end of the previous financial year.

1.2 Principal Activities and Nature of Operations

1.2.1 Parent Company

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.

1.2.2 Subsidiary Companies

CWE Economic Centre Services (Pvt) Ltd

The principal activities of the Company is providing security and janitorial services.

CWE Construction and Engineering (Private) Limited

The principal activities of the Company is acceptance of Construction Projects awarded by the Government of Sri Lanka & execution of such constructions through subcontractors. In addition, Company engages in supplying of fixed assets (Generators, Coolers, Racks, Scales, Name boards, etc..) to Lanka Sathosa outlets island wide.

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. However, for the purpose of the consolidation, subsidiaries prepare separate financial statements for the period end 31 December.

1.4 Date of Authorization for Issue

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

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The consolidated and separate financial statements comprise the statement of financial position, statement of comprehensive income, Consolidated statement of changes in equity and statement of cash flows together with the notes ("Financial Statements") of the Group as at 31 December 2019 and for the year then ended, comply with the Sri Lanka Accounting Standards (SLFRSs / LKASs) as laid down by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 07 of 2007.

2.2. Management's Responsibility for financial statements

The Board of Directors is responsible for the preparation and presentation of the Financial Statements of the Group as per the provisions of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting Standards (SLFRSs / LKASs).



THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
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2.3. Foreign Currency Translation

2.3.1. Functional and Presentation Currency

Transaction and balances included in the financial statements of the Group and company 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 company's presentation currency.

2.3.2. 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.

2.4. Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard - LKAS 1 on 'Presentation of Financial Statements' and amendments thereto.

Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the Group and the Company. Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.5. Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to settle the liabilities simultaneously. Income and expenses are not offset in the income statement, unless required or permitted by Sri Lanka Accounting Standards (SLFRSs/LKASs) and as specifically disclosed in the Significant

2.6. Going Concern

The Management has made an assessment of its ability to continue as going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Management is not aware of any material uncertainties related to event or conditions that may cast significant doubt upon the Group's/Company's ability to continue to be prepared on a going concern basis.

2.7. Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis except for the following material items in the Statement of Financial Position.

- Property, Plant and Equipment and Investment Properties are measured at fair value.
- Financial Assets and Financial Liabilities that have been measured at fair value.
- Defined benefit obligation is measured at its present values, based on the projected unit credit method.

2.8. Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2019. Control is achieved when the Group is exposed, 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. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee,
- The ability to use its power over the investee to affect its returns.



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Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Group's voting rights and potential voting right.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. 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 noncontrolling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Loss of Control

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, noncontrolling interest and other components of equity while any resultant gain or loss is recognised in the income statement. Any investment retained is recognised at fair value.

The total profits and losses for the year of the Company and of its subsidiaries included in consolidation are shown in the consolidated income statement and consolidated statement of comprehensive income and all assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the consolidated statement of financial position.

Non-controlling Interest (NCI)

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 consolidated statement of cash flow includes the cash flows of the Company and its subsidiaries.

Transactions Eliminated on Consolidation

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.9. Use of Estimates and Judgments

The preparation of financial statements requires directors to make adjustments, assumptions and use assumptions in measuring items reported in the financial statements. These statements are based on management's knowledge of current facts and circumstances and assumptions based on such knowledge and exceptions of future events. Actual result may always differ from such estimates.

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 2.10.

2.10. 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.



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(a) Recognition of Deferred Tax Assets

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

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

(a) Useful Life Time of Depreciable Assets

Management reviews its estimate of the useful lifetime 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.

(c) Provision for Expected Credit Losses of Trade Receivables and Contract Assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

2.11. Comparative Information

The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Changes in Accounting Policies

The accounting policies adopted in the preparation of the Financial Statements are consistent with those followed in the previous financial year.

3.2. Financial Instruments

3.2.1. Financial Assets

a. Financial Instruments – Initial Recognition and Subsequent Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

I. Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVTOCI), and fair value through profit or loss.



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The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15. Refer to the accounting policies in section for the Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial Assets Measured at Amortized Cost

A financial asset that meets both the following condition is classified as a financial asset measured at amortized cost.

The financial asset is held within the Group's business model whose objective is to hold assets in order to collect contractual cash flows.

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction cost directly attributable to the asset. After initial recognition, carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Business model Assessment of Financial Assets

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:



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- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
 - how the performance of the portfolio is evaluated and reported to the Group's management
 - the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
 - how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
 - The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets -Assessment whether Contractual Cash Flows are Solely Payments of Principal and Interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

b. De-recognition of Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) the Group has transferred substantially all the risks and rewards of the asset, or
 - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset



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When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

c. Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt instruments, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

To determine if there is a change in default risk, following factors are considered;

- External credit rating of the financial asset
- Downgrade of internal credit rating
- Operating results, such as decrease in sales, decrease in working capital, asset deterioration and increase in leverage
- Reduced financial support from the parent company or associated companies
- Delinquencies (Overdue information)



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3.2.2. Financial Liabilities

a. Recognition and Measurement of Financial Liabilities

The Group recognizes financial debt when the Group becomes a party to the contractual provisions of the instruments. The measurement of financial debt is explained in (b) Classification of financial liabilities.

b. Classification of Financial Liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held – for – trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

c. De-recognition of Financial Liabilities

The Group derecognizes a financial liability when the financial liability is distinguished, i.e. when the contractual obligation is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

d. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.3. 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.

3.4. Assets and Bases of Their Valuation

Assets classified as current assets on the Statement of Financial Position are cash and bank balances and those which are expected to be realized in cash during the normal operating cycle or within one year from the Statement of Financial Position date, whichever is shorter.



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3.4.1. Property, Plant and Equipment

3.4.1.1. Recognition and measurement

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.

3.4.1.2. Subsequent expenditure and replacement

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.

3.4.1.3. Depreciation

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

3.4.1.4. Derecognition

The gains or losses arising on disposal or retirement of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment are recognized net within Other Income in the Statement of Profit or Loss.

3.4.2. 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:

Assets Category	Useful Lifetime
Investment Properties – Buildings	03-60 Years

3.4.3. 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.



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Assets Category	Lease Period
Leasehold Land	50 Years

3.4.4. 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:

Assets Category	Useful Lifetime
Computer Software	10 Years

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

3.4.5. 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.

3.4.6. Inventories

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

3.4.7. 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.

3.5. Contributed Capital

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

3.6. Liabilities and Provisions

All material liabilities as at the Statement of Financial Position date have been included in the financial statements and adequate provisions have 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 Statement of Financial Position are those which will fall due for payment on demand or within one year from the Statement of Financial Position date. Items classified as long term liabilities will be due for payment one year from the Statement of Financial Position date.

3.6.1. 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.



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3.6.2. Borrowings

The Group's borrowings include term and import credit 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.

3.6.3. 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.

3.6.4. Borrowing Costs

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

3.6.5. 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

3.6.6. 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.



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3.6.7. 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.

3.6.8. 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.

3.7. Statement of Profit or Loss and Other Comprehensive Income

3.7.1. Revenue Recognition

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control over a good or service to a customer. Revenue is presented net of value added tax (VAT), rebates and discounts and after eliminating intra-group sales.

As there was no significant impact on adoption of this standard, comparative information have not been re-stated, the specific criteria used for the purpose of recognition of revenue remains the same as preceding years. SLFRS 15 established a comprehensive framework for determining whether, how much and when to recognize revenue. Revenue is measured based on the consideration specified in a contract with a customer. Under SLFRS 15, the Group revenue is recognize when a customer obtain control of the goods or services. Standard also give guidelines for determining the timing of the transfer of control ie: at a point in time or over time requires judgement. Under SLFRS 15, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognition will not occur.



THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(a) Sale of goods

Revenue from sale of goods is recognized on accrual basis at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties and free maintenance). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

(b) Rendering of Services

Revenue from rendering of services is recognized by reference to the stage of completion of the transaction at the end of the reporting period irrespective of whether the service is billed. When another party is involved in providing goods or services to its customer, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Group is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. However, if the Group's role is only to arrange for another entity to provide the goods or services, then the Group is an agent and records the revenue at the net amount that it retains for its agency services.

3.7.2. Other Income

(c) Interest Income

Interest income is recognized using the effective interest method.

(d) Rental Income

Rental income from investment property that is leased to a third party under an operating lease is recognized in the statement of comprehensive income on a straight-line basis over the lease term.

(e) Dividend Income

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

3.7.3. Expenses

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

3.8. Statement of Cash Flows

Interest paid and dividend paid are classified as financing cash flows while interest received and dividend received are classified as investing cash flows, for the purpose of presentation of Cash Flow Statement which has been prepared using the "Indirect Method" in accordance with Sri Lanka Accounting Standard – LKAS 07 – Statement of Cash flows.

3.9. Events 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.

3.10. Commitments

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

3.11. Presentation

Assets and liabilities are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

Where appropriate, the significant accounting policies are disclosed in the succeeding notes.

3.12. Offsetting Income and Expenses

Income and expenses are not offset unless required or permitted by accounting standards.



THE CO-OPERATIVE WHOLESALE ESTABLISHMENT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3.13. Offsetting Assets and Liabilities

Assets and liabilities are offset and the net amount reported in the statement of financial position only where there is;

- a current enforceable legal right to offset the asset and the liability; and
- an intention to settle the liability simultaneously.

3.14. Sri Lanka Accounting Standards (SLFRS/LKAS) Issued but not yet Effective

The Institute of Chartered Accountants of Sri Lanka has issued a number of new standards that are effective for annual periods beginning after the current financial year. Accordingly, these standards have not been applied in preparing these financial statements and the Group plans to apply these standards as and when they become effective.

a. Amendments to LKAS 01 and LKAS 08: Definition of Material

The Institute of Chartered Accountants of Sri Lanka issued amendments to LKAS 01 Presentation of Financial Statements and LKAS 08 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material are not expected to have a significant impact on the Company's financial statements.



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

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER		Group		CWE	
	Note	2019	2018	2019	2018
3 Revenue					
Wholesale and Retail Revenue		577,780,294	915,286,497	577,780,294	915,286,497
Service Income (Labour Supplying)		255,702,008	237,577,009	-	-
Revenue on Sub-Contracting		12,699,186	3,492,843	-	-
		846,181,489	1,156,356,349	577,780,294	915,286,497
3.1 Disaggregation of Revenue from Contracts with Customers					
Products and Services Transferred at a Point in Time		590,479,480	918,779,340	577,780,294	915,286,497
Products and Services Transferred Over Time		255,702,008	237,577,009	-	-
		846,181,489	1,156,356,349	577,780,294	915,286,497
4 Cost of Sales					
Inventories as at 01 January		7,646,877	18,370,003	7,646,877	18,370,003
Purchases		559,989,300	682,279,157	559,989,300	682,279,157
Direct Expenses	4.1.1	221,175,310	222,040,357	11,581,521	8,193,483
Grant Received From Treasury		-	(53,835,840)	-	(53,835,840)
Inventories as at 31 December		(1,623,110)	(7,646,877)	(1,623,110)	(7,646,877)
		787,188,377	861,206,800	577,594,587	647,359,927
5 Other Operating Income					
Profit / (Loss) on Transport Services	5.1	(69,742,863)	(107,225,369)	(69,742,863)	(107,225,369)
Rent and Liquor License Income		247,669,663	226,132,028	254,268,885	230,716,982
Profit / (Loss) on Disposal of Property, Plant and Equipment		-	2,733,000	-	2,733,000
Packing / Parking and Others		2,508,455	5,597,948	2,508,455	5,597,948
Commission - Milco	5.2	-	16,495,190	-	16,495,190
Control Account - Janasarana Project	5.3	-	30,312	-	30,312
Local Rice Project	5.4	(7,236,321)	(334,751,502)	(7,236,321)	(334,751,502)
Imported Rice Project	5.5	(882,200,426)	(1,992,692,369)	(882,200,426)	(1,992,692,369)
Lanka Sathosa Stock - Sales		-	-	-	-
Maligawatte Parking Income		90,000	-	90,000	-
Surcharges - Salary Deduction		353,975	-	353,975	-
Wastage - Import Rice		16,024,501	-	16,024,501	-
Wastage - Other Items		7,199,187	-	7,199,187	-
Exchange Gain		25,410	722,208	25,410	722,208
By Products Sales		-	-	-	-
Others		8,320,318	19,140,373	7,510,065	18,129,373
		(676,988,103)	(2,163,818,182)	(671,199,133)	(2,160,244,227)
5.1 Profit / (Loss) on Transport Services				Group / CWE	
				2019	2018
Services Rendered				74,991,365	122,818,971
Direct Expenses	5.1.1			(144,734,228)	(230,044,340)
				(69,742,863)	(107,225,369)
5.2 Commission - Milco				Group / CWE	
				2019	2018
Revenue				-	32,649,558
Cost of Sales					
Inventories as at 01 January				-	10,003,763
Purchases				-	6,150,605
Inventories as at 31 December				-	-
				-	16,154,368
				-	16,495,190
5.3 Control Account - Janasarana Project				Group / CWE	
				2019	2018
Income				-	30,312
				-	30,312



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

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER		CWE	
	Note	2019	2018
5.4 Local Rice Project			
Revenue (Rice)		10,508,694	1,023,191,346
Cost of Sales	5.4.1	(18,094,458)	(1,072,322,058)
		(7,585,764)	(49,130,713)
Direct Expenses			
Normal (Loss) / Gain		3,741,634	(96,463,820)
Price Difference		(2,582,172)	-
NRV Adjustment - Wastage Stock		(1,296,176)	-
Milling Expense		-	(329,400,769)
Loading & Unloading		-	(5,340,237)
Cost of Polysac Bags		-	(3,575,600)
		(136,714)	(434,780,426)
		(7,722,478)	(483,911,139)
Other Income		486,157	4,652,854
Profit / (Loss) on Paddy Operation		(7,236,321)	(479,258,284)
Loss to be Reimbursed from the Treasury		-	144,506,782
Net Profit / (Loss) on Paddy Operation		(7,236,321)	(334,751,502)
5.4.1 Cost of Sales			
Inventories as at 01 January		12,608,414	43,855,440
Purchases		10,378,939	1,041,075,031
		22,987,353	1,084,930,472
Inventories as at 31 December - (Rice)		(4,892,895)	(12,608,414)
		18,094,458	1,072,322,058
5.5 Imported Rice Project			
		Group / CWE	
		2019	2018
Revenue (Rice)		20,114,276	6,662,460,864
Cost of Sales	5.5.1	(24,161,921)	(7,593,705,712)
		(4,047,645)	(931,244,848)
Other Income			
Reduction of Import Cost		-	9,805
Sundry Income		916,253	7
Receivable from Legal case		-	25,900,236
Refund - Stevedoring & Agency Fee from CSCO		-	6,028,355
S.G.S Shortage		-	9,660,961
		916,253	41,599,363
Direct Expenses			
Container Clearing		(2,583,138)	-
Warehouse Rent		(1,511,742)	(122,577,250)
Loading & Unloading		(2,147,670)	(44,945,787)
Interest Expenses		(872,797,145)	(896,127,168)
SLPA Charges		(29,340)	-
Fumigation Expenses		-	(26,688,639)
Rice Polishing Charges & Transport		-	(3,016,954)
Penalty Charges from Peoples' Bank		-	(3,718,675)
Exchange Loss - Performance Guarantee		-	(511,913)
Labor Charges		-	(350,000)
Purchases Pallet		-	(5,110,500)
		(879,069,035)	(1,103,046,885)
Loss on Imported Rice Operation		(882,200,426)	(1,992,692,369)
Loss to be Reimbursed from the Treasury		-	-
Net Loss on Imported Rice Operation		(882,200,426)	(1,992,692,369)
5.5.1 Cost of Sales			
Inventories as at 01 January - (Rice)		26,244,305	3,992,495,028
Purchases - Rice		-	3,627,454,989
		26,244,305	7,619,950,017
Inventories as at 31 December - (Rice)	- at Cost	(2,770,927)	(32,535,922)
	- NRV Adjustment	688,543	6,291,616
		(2,082,385)	(26,244,305)
		24,161,921	7,593,705,712



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

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER			Group	CWE		
	Note	Sub Note	2019	2018	2019	2018
6	Administrative Expenses					
		6.1.1	377,303,849	369,256,211	331,008,833	342,156,038
7	Net Finance Income					
	Finance Income					
			11,272,110	3,388,073	1,974,109	-
			1,008,987	767,713	1,008,987	748,663
			12,281,097	4,155,785	2,983,096	748,663
	Finance Cost					
			(4,008,815)	(2,874,785)	(4,008,815)	(2,874,785)
			(4,008,815)	(2,874,785)	(4,008,815)	(2,874,785)
			8,272,283	1,281,000	(1,025,718)	(2,126,122)
8	Income Tax Expense					
	29.1		2,954,436	963,154	-	-
			2,954,436	963,154	-	-

8.1 Deferred Taxation

The deferred tax assets have not been recognized due to realization of asset.



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

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER 2019

9	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 2018	627,567,500	290,297,750	242,506,328	75,288,960	323,287,850	36,814,168	9,033,032	2,663,108	18,760,818	1,626,219,514
	Additions	-	-	-	-	-	588,546	1,207,455	752,853	14,921,651	17,470,505
	Disposals	-	-	-	-	(1,563,475)	-	-	-	-	(1,563,475)
	Balance as at 31 December 2018	627,567,500	290,297,750	242,506,328	75,288,960	321,724,375	37,402,714	10,240,487	3,415,961	33,682,469	1,642,126,543
	Additions	-	1,129,633	-	-	1,164,450	1,018,984	814,884	472,730	2,433,054	7,033,735
	Balance as at 31 December 2019	627,567,500	291,427,383	242,506,328	75,288,960	322,888,825	38,421,698	11,055,371	3,888,690	36,115,523	1,649,160,278
Depreciation											
	Balance as at 01 January 2018		42,270,531	36,125,198	10,344,776	281,992,855	21,951,043	5,362,493	582,255	6,692,750	405,321,901
	Charge for the Year		14,082,177	12,041,733	3,420,626	32,003,569	5,029,051	2,070,099	417,258	3,618,175	72,682,688
	Disposals		-	-	-	(1,563,475)	-	-	-	-	(1,563,475)
	Balance as at 31 December 2018		56,352,708	48,166,931	13,765,402	312,432,949	26,980,094	7,432,591	999,513	10,310,925	476,441,114
	Charge for the Year		14,051,090	12,041,733	3,413,635	9,369,057	4,848,031	2,008,901	585,059	5,217,299	51,534,805
	Balance as at 31 December 2019		70,403,798	60,208,664	17,179,037	321,802,006	31,828,126	9,441,492	1,584,572	15,528,223	527,975,918
Net Carrying Values										2019	2018
	Lands									627,567,500	627,567,500
	Buildings									221,023,585	233,945,042
	Building Improvements on Leased Lands									182,297,664	194,339,397
	Plant and Machinery									58,109,923	61,523,558
	Motor Vehicles									1,086,819	9,291,426
	Furniture & Fittings									6,593,572	10,422,619
	Computer Equipment									1,613,878	2,807,895
	Tools and Equipment									2,304,118	2,416,448
	Office Equipment									20,587,300	23,371,544
										1,121,184,359	1,165,685,430

9.1 Property, Plant and Equipment of the Group with a cost of Rs.349,095,841 /- have been fully depreciated.

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

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER 2019

9 Property, Plant and Equipment Contd.....
CWE

	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 2018	627,567,500	290,297,750	242,506,328	75,288,960	323,287,850	35,927,121	6,615,169	2,663,108	18,483,742	1,622,637,527
Additions	-	-	-	-	-	229,239	552,985	752,853	14,872,551	16,407,627
Disposals	-	-	-	-	(1,563,475)	-	-	-	-	(1,563,475)
Balance as at 31 December 2018	627,567,500	290,297,750	242,506,328	75,288,960	321,724,375	36,156,359	7,168,154	3,415,961	33,356,293	1,637,481,679
Additions	-	1,129,633	-	-	1,164,450	635,205	484,685	472,730	1,021,680	4,908,383
Balance as at 31 December 2019	627,567,500	291,427,383	242,506,328	75,288,960	322,888,825	36,791,564	7,652,839	3,888,690	34,377,973	1,642,390,062
Depreciation										
Balance as at 01 January 2018		42,270,531	36,125,198	10,344,776	281,992,855	21,849,651	4,284,472	582,255	6,621,238	404,070,976
Charge for the Year		14,082,177	12,041,733	3,420,626	32,003,569	4,846,532	1,478,211	417,258	3,556,545	71,846,651
Disposals		-	-	-	(1,563,475)	-	-	-	-	(1,563,475)
Balance as at 31 December 2018		56,352,708	48,166,931	13,765,402	312,432,949	26,696,183	5,762,683	999,513	10,177,783	474,354,152
Charge for the Year		14,051,090	12,041,733	3,413,635	9,369,057	4,633,704	1,292,750	585,059	4,979,862	50,366,890
Balance as at 31 December 2019		70,403,798	60,208,664	17,179,037	321,802,006	31,329,887	7,055,433	1,584,572	15,157,645	524,721,042
Net Carrying Values										
									2019	2018
Lands									627,567,500	627,567,500
Buildings									221,023,585	233,945,042
Building Improvements on Leased Lands									182,297,664	194,339,397
Plant and Machinery									58,109,923	61,523,558
Motor Vehicles (Including Leasehold Assets)									1,086,819	9,291,426
Furniture & Fittings									5,461,677	9,460,176
Computer Equipment									597,406	1,405,471
Tools and Equipment									2,304,118	2,416,448
Office Equipment									19,220,328	23,178,510
									1,117,669,020	1,163,127,527

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

9.3 Property, Plant and Equipment of the CWE with a cost of Rs.348,956,141 /- have been fully depreciated.

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 2019

10 Investment Properties				
Group / CWE	Lands	Buildings	Building	Total
Cost			Improvements	
Balance as at 01 January 2019	4,582,808,572	713,231,230	135,103,875	5,431,143,677
Additions for the Year	-	-	-	-
Balance as at 31 December 2019	4,582,808,572	713,231,230	135,103,875	5,431,143,677
Depreciation				
Balance as at 01 January 2019		139,083,868	24,334,305	81,709,087
Charge for the Year		34,770,967	6,083,576	40,854,543
Balance as at 31 December 2019		173,854,835	30,417,881	204,272,716
Net Carrying Values			2019	2018
Lands			4,582,808,572	4,582,808,572
Buildings			539,376,395	574,147,362
Building Improvements on Leased Lands			104,685,994	110,769,570
			5,226,870,961	5,267,725,504

Rental income earned from investment property by the Group amounts to Rs. 254 mn (2018 - Rs. 230 mn).

11 Leasehold Land	2019	2018
11.1 Right of Use Assets		
As at 01 April	-	-
Transfers - (SLFRS 16 Initial Recognition)	1,448,663	-
Amortisation Expense	(40,426)	-
As at 31 March	1,408,237	-

Lease liabilities has not been recognised with respect to the leases as lease rentals have been paid in advance.

11.2 Lease Rentals Paid in Advance

Carrying Value of Prepaid Leasehold Land	2019	2018
Cost		
As At 01 April	2,311,930	2,311,930
Transfers - (SLFRS 16 Initial Recognition)	(2,311,930)	-
As At 31 March	-	2,311,930
Amortization		
As At 01 April	863,267	1,538,226
Transfers - (SLFRS 16 Initial Recognition)	(863,267)	-
Amortization for the Year	-	(674,959)
As At 31 March	-	863,267
Carrying Amount	-	1,448,663



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

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER 2019

Details of Land on Lease and Lease Arrangements :

Name of the Lessor	Initial Amount (Rs.)	Payment Terms	Agreement No.	Remaining Lease Term	Date of Commencement
The Urban Development Authority of Sri Lanka	165,000	Rs. 1000 per Acre. Renewable Every 5 Years	861	31 Year	03 Nov. 1993
The Urban Development Authority of Sri Lanka	1,500,000	Rs. 1000 per Acre. Renewable Every 5 Years	884	35 Years	30 March 1998

**12 Intangible Assets
Group**

Summary of Net Book Value Description	Balance as at 01 Jan. 2019	Additions	Balance as at 31 Dece. 2019
Cost			
Computer Software	4,433,962	-	4,433,962
Description	Balance as at 01 Jan. 2019	Charge for the Year	Balance as at 31 Dece. 2019
Amortization			
Computer Software	2,031,718	541,977	2,573,695
Net Book Value	2,402,245		1,860,268

CWE

Summary of Net Book Value Description	Balance as at 01 Jan. 2019	Additions	Balance as at 31 Dece. 2019
Cost			
Computer Software	4,323,962	-	4,323,962
Description	Balance as at 01 Jan. 2019	Charge for the Year	Balance as at 31 Dece. 2019
Amortization			
Computer Software	2,020,718	530,977	2,551,695
Net Book Value	2,303,245		1,772,268

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	
			2019	2018	2019	2018
	No. of Shares	Holding [%]				
13 Investment in Subsidiaries						
CWE Economic Centre Services (Pvt) Ltd	1	100%	-	-	10	10
CWE Construction and Engineering (Private) Limite	1	100%	-	-	10	10
			-	-	20	20

13.1 The Financial Statements of the above subsidiaries for the year end 31 December 2019 taken for consolidation were not audited.

14 Other Investments		Group		CWE	
	Note	2019	2018	2019	2018
Investments in Quoted Equity Instruments					
Quoted Shares	14.1	10	10	10	10
Investments in Unquoted Equity Instruments					
INGRIN Institute of Printing & Graphics Sri Lanka LTD (28% - 992,371 No of Shares)	14.2	9,923,710	9,923,710	9,923,710	9,923,710
Sathosa Retails Limited	14.3	171,928,690	171,928,690	171,928,690	171,928,690
Lanka Sathosa Limited		22,798,840	22,798,840	22,798,840	22,798,840
Others		204,651,240	204,651,240	204,651,240	204,651,240
Fixed Deposits		70,732,149	44,393,027	-	-
		275,383,399	249,044,277	204,651,250	204,651,250
Provision for Impairment		(171,928,690)	(171,928,690)	(171,928,690)	(171,928,690)
		103,454,709	77,115,587	32,722,560	32,722,560

14.1 Quoted Shares	No. of Shares	Market Value Per Share		
Sathosa Motors PLC	2	534.50	1,069	700

14.2 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. As an exchange of premises, 992,371 number of shares were issued at Rs.10 each at a consideration of Rs. 9,923,710/- in favour of CWE on 27.07.1999.

14.3 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.

15 Advances for Investments		Group / CWE	
		2019	2018
Lanka Sathosa Limited		98,909,871	98,909,871

The above represent cost or WDV 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 (LSL). Out of the total amount of Rs. 121.6 Mn, Rs. 22.7 Mn has been recognized as investment in shares of LSL.

16 Inventories		Group / CWE	
	Note	2019	2018
Finished Goods (Wholesale)		5,957,474	46,499,595
		5,957,474	46,499,595
Raw Material (Paddy Project)		-	102,877,856
General Stocks	16.1	4,143,032	4,143,032
		10,100,506	153,520,484
16.1 General Stocks			
Building Department Stock		4,143,032	4,143,032
		4,143,032	4,143,032

17 Trade and Other Receivables			Group		CWE	
	Note	Sub Note	2019	2018	2019	2018
Trade Receivables	17.1	17.1.1	203,285,116	154,772,773	105,000,303	107,233,126
Rent Receivables	17.2	17.2.1	241,550,017	244,092,393	241,550,017	244,092,393
Amount Due from Related Entities	17.3		178,737,082	216,277,574	25,069,537	23,366,109
Deposits and Advances	17.4		72,431,678	46,302,830	16,603,269	19,906,173
Staff Loans and Advances			12,686,432	14,131,717	12,686,432	13,778,525
Receivable From Legal Case			25,900,236	25,900,236	25,900,236	25,900,236
Short Term Advances			1,000,000	1,000,000	1,000,000	1,000,000
Other Receivables	17.5	17.5.1	17,800,775	19,047,480	11,311,196	12,984,281
			753,391,336	721,525,003	439,120,990	448,260,842

THE CO-OPERATIVE WHOLESALE ESTABLISHMENT (CWE)
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FOR THE YEAR ENDED 31 DECEMBER		Note	Sub Note	Group		CWE	
				2019	2018	2019	2018
17.1	Trade Receivables						
	Current / Performing Balances			210,570,001	162,057,658	105,000,303	107,233,126
	Long Outstanding Balances			6,214,481	6,214,481	6,214,481	6,214,481
				216,784,482	168,272,139	111,214,784	113,447,607
	Provision for Expected Credit	17.1 (a)		(13,499,366)	(13,499,366)	(6,214,481)	(6,214,481)
				203,285,116	154,772,773	105,000,303	107,233,126
17.1 (a)	Provision for Expected Credit Loss						
	Balance as at 01 January			13,499,366	13,654,166	6,214,481	6,369,281
	Charge / (Reversal) for the Year			-	(154,800)	-	(154,800)
	Balance as at 31 December			13,499,366	13,499,366	6,214,481	6,214,481
17.2	Rent Receivables						
	Current / Performing Balances			241,550,017	244,092,393	241,550,017	244,092,393
	Long Outstanding Balances			88,071,071	88,071,071	88,071,071	88,071,071
				329,621,087	332,163,463	329,621,087	332,163,463
	Provision for Impairment			(88,071,071)	(88,071,071)	(88,071,071)	(88,071,071)
				241,550,017	244,092,393	241,550,017	244,092,393
17.3	Amount Due from Related Entities						
	Sathosa Retails Limited			99,785,694	99,785,694	99,785,694	99,785,694
	Sathosa Retails Limited - Welisara			5,999,113	5,999,113	5,999,113	5,999,113
	Sathosa Retails Limited - Debtor			5,093,913	5,093,913	5,093,913	5,093,913
		17.3.1		110,878,720	110,878,720	110,878,720	110,878,720
	Provision for Impairment			(110,878,720)	(110,878,720)	(110,878,720)	(110,878,720)
				-	-	-	-
	Lanka Sathosa Limited			177,870,530	217,114,450	24,202,985	24,202,985
	Provision for Impairment			(24,202,985)	(24,202,985)	(24,202,985)	(24,202,985)
				153,667,545	192,911,465	-	-
	CWE Construction and Engineering (Private) Limited			19,623,810	16,407,893	19,623,810	16,407,893
	CWE Economic Centre Services (Pvt) Ltd			5,445,728	6,958,215	5,445,728	6,958,215
				178,737,082	216,277,574	25,069,537	23,366,109
17.3.1	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 liquidation has been accommodated from the provision made for						
17.4	Deposits and Advances			Group		CWE	
				2019	2018	2019	2018
	Other Deposits and Advances			68,411,054	42,282,205	12,582,644	15,885,549
	Terminal Handling Advances			4,020,624	4,020,624	4,020,624	4,020,624
	Long Outstanding Balances			29,692,440	29,692,440	29,692,440	29,692,440
				102,124,118	75,995,269	46,295,708	49,598,613
	Provision for Impairment			(29,692,440)	(29,692,440)	(29,692,440)	(29,692,440)
				72,431,678	46,302,830	16,603,269	19,906,173
17.5	Other Receivables			Group		CWE	
				2019	2018	2019	2018
	Current / Performing Balances			17,800,775	19,047,480	11,311,196	12,984,281
	Long Outstanding Balances			170,370,348	170,370,348	170,370,348	170,370,348
				188,171,122	189,417,828	181,681,544	183,354,628
	Provision for Impairment			(170,370,348)	(170,370,348)	(170,370,348)	(170,370,348)
		17.5.1		17,800,775	19,047,480	11,311,196	12,984,281



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

FOR THE YEAR ENDED 31 DECEMBER		2019	Group 2018	2019	CWE 2018
18 Special Projects / Services				Group / CWE	
	Sub Note			2019	2018
18.1 Receivables from Special Projects / Services					
Crates Receivables				4,732,816	4,732,816
Milco Project				22,257,955	22,459,571
Department of Co-Operative Development - (Funded Project Receivable)				17,065,544	16,037,352
Paddy Operation - Government Institutions - Against Rice Purchases				311,131,969	334,511,704
Paddy Operation - Receivables from Millers (Net)				72,211,564	72,211,564
Import Rice Project - Receivable				2,351,260,558	2,640,106,771
Drought Reliefe Project - Receivable				6,751,058	13,272,998
Rice Project				-	(57,280)
Transport Services				590,981,298	569,395,719
	18.1.1			3,376,392,763	3,672,671,216
Other Receivable - Farm Shop				338,177	338,177
Gamata Saviya Project - (DIMO Batta)				42,568,994	42,568,994
				3,419,299,933	3,715,578,387
18.2 Payables for Special Projects / Services					
Crates Payables	18.2.1			7,731,857	7,731,857
Milco Project - Milco (Pvt) Ltd				(453,497)	(453,497)
Department of Co-operative Development - (Funded Project Payable)				19,926,051	19,926,051
Import Rice Project - Payables				533,347	(9,127,614)
Paddy Operation Paddy Purchase (Paddy Marketing Board)				1,000,666,192	1,075,666,192
Millers - Payable / (Receivable) Net				47,753,691	47,753,691
Milling Chargers Payable				(58,078,698)	70,134,770.93
Packing Material				10,191,665	10,191,665
Transport				5,275,761	5,275,761
Refundable Deposits (Millers)				4,605,106	4,605,106
Other Paddy Operations				11,523,151	11,523,151
Other Projects Purchase of Imported Rice - LANKA SATHOSA LTD				77,231,474	77,231,474
Maize Project				16,442,700	16,442,700
Rice Export Project				22,797,153	22,797,153
				1,166,145,952	1,359,698,461



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

FOR THE YEAR ENDED 31 DECEMBER		Group		CWE	
	Note	2019	2018	2019	2018
19 Receivable from the Treasury					
Receivable from the Treasury - Import Rice	19.1	153,038,180	153,038,180	153,038,180	153,038,180
Receivable from the Treasury - Local Rice	19.2	144,506,782	144,506,782	144,506,782	144,506,782
Receivable from Treasury - Construction		-	-	-	-
		297,544,962	297,544,962	297,544,962	297,544,962
19.1	The amount represents the loss incurred by CWE during the year 2017, on sale of imported Rice at controlled price announced and stipulated by the Government.				
19.2	The amount represents the loss incurred on locally purchases rice sold at controlled price announced and stipulated by the Government. CWE yet to claim and recover the loss from the Treasury.				
20 Other Non-Financial Assets					
		2019	2018	2019	2018
Prepaid Expenses		2,721,955	2,721,955	2,721,955	2,721,955
Prepayment - Imports		2,167,704	29,340	2,167,704	29,340
Statutory Receivable					
National Security Levy (NSL)		234,321,615	234,321,615	234,321,615	234,321,615
		239,211,274	237,072,910	239,211,274	237,072,910
Provision for Impairment		(234,321,615)	(234,321,615)	(234,321,615)	(234,321,615)
		4,889,659	2,751,294	4,889,659	2,751,295
21 Cash and Cash Equivalents					
Favorable Cash and Cash Equivalents Balances		2019	2018	2019	2018
Cash at Bank					
Current Accounts		133,398,269	242,715,271	94,292,920	190,450,178
Savings Accounts / Call Deposits		20,990,191	50,244,539	20,905,870	32,163,356
Fixed Deposits		18,970,896	19,422,155	18,970,896	19,422,155
Foreign Currency Accounts		4,599,974	4,542,725	4,599,974	4,542,725
Cash in Hand					
Cash in Hand		3,394,793	3,228,555	3,369,471	3,195,933
Other Cash Clearing Accounts		2,839,745	2,453,107	2,839,745	2,453,107
		184,193,869	322,606,351	144,978,876	252,227,453
Unfavorable Cash and Cash Equivalents Balances					
Bank Overdrafts		(6,538,568)	(5,066,420)	(6,538,568)	(5,066,420)
Total Cash and Cash Equivalents for the Purpose of Statement of Cash Flow		177,655,301	317,539,931	138,440,308	247,161,033
22 Contributed Capital					
	Note	2019	2018	2019	2018
Initial Capital Invested				4,398,056,590	4,398,056,590
23 Reserves					
Capital Reserve				32,444,879	32,444,879
General Reserve				94,477,411	94,477,411
Loan Redemption Reserve				300,289,603	300,289,603
Vehicle Replacement Reserve				72,218,000	72,218,000
Revaluation Reserve				6,741,632,672	6,741,632,672
Restructuring Reserve				1,506,563,583	1,506,563,583
				8,747,626,148	8,747,626,148
24 Payables to Treasury					
On CWE Treasury Bond Interest Payments	24.1			4,101,418,470	4,101,418,470
On Settlement of Borrowings				98,718,402	98,718,402
On Loan Restructuring				275,000,000	275,000,000
On SRL	24.2			200,000,000	200,000,000
On Paddy Project - Advances				254,149,693	254,149,693
	24.3			4,929,286,565	4,929,286,565

In the year 2003 Government of Sri Lanka has undertaken to repay the loans, overdraft facilities and interest outstanding thereon payable by CWE 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 (converted into) "Zero coupon CWE Bond" issued to the respective banks as the Bond holder for each such interest payments. According to the directive issued on 28 February 2008 by the Secretary to the Treasury in this regard, the Government has undertaken to settle the Bonds issued by CWE on account of interest payments. Consequently, the Government has settled the CWE bonds to the redemption value of 4,101 Mn as at 31 December 2016.



THE CO-OPERATIVE WHOLESALE ESTABLISHMENT (CWE)
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FOR THE YEAR ENDED 31 DECEMBER 2019

24.1	Financial Institution			Total CWE Bonds Issued As At 31 Dec. 2019	Total CWE Bonds Issued As At 31 Dec. 2018	
	Bank of Ceylon (BOC)			1,627,532,400	1,627,532,400	
	HSBC			701,753,676	701,753,676	
	Peoples' Bank			598,357,500	598,357,500	
	Commercial Bank			574,423,200	574,423,200	
	Hatton National Bank PLC			468,154,908	468,154,908	
	Seylan Bank			239,343,000	239,343,000	
				4,209,564,684	4,209,564,684	
	Settlements Made By CWE			(108,146,214)	(108,146,214)	
	Settlements Made By the Government Treasury			4,101,418,470	4,101,418,470	
24.2	The liability to Treasury has been derived as a result of settling Sathosa Retail Limited's (SRL) liabilities in the following manner.					
	Liabilities of SRL					
	Creditors			655,000,000	655,000,000	
	Banks Liabilities - HSBC, Commercial Bank & HNB			225,000,000	225,000,000	
				880,000,000	880,000,000	
	Mode of Settlement					
	Less : Sales Proceeds Received from SRL			(680,000,000)	(680,000,000)	
	Funded by the Treasury			200,000,000	200,000,000	
24.3	Classification between current and non-current portion in the statement of financial position could not be ascertained as no reference or any other communication on repayment terms were available. Hence, the total balance has been reported under non-current liabilities as per management determination.					
25	Retirement Benefits Obligation	Note	Group	CWE		
			2019	2018	2019	2018
	Balance as at 01 January		45,830,608	44,053,023	38,780,130	41,425,477
	Recognized in Comprehensive Income	25.1	14,315,399	7,301,023	14,288,634	537,402
	Payments Made During the Year		(1,799,249)	(5,523,439)	(4,877,118)	(3,182,750)
	Balance as at 31 December		58,346,758	45,830,608	48,191,645	38,780,130
25.1	Recognized in Profit or Loss					
	Current Service Cost		1,656,065	9,022,614	2,709,104	2,527,002
	Interest Cost for the Year		4,674,722	4,493,408	3,594,918	4,225,399
	(Gain) / Loss arising from changes in the assumptions		7,984,612	(6,214,999)	7,984,612	(6,214,999)
			14,315,399	7,301,023	14,288,634	537,402
	The CWE has used internally generated module to measure the gratuity liability as there were no significant changes in the actuarial assumptions at the end of the reporting period.					
25.2	The Principal Actuarial Valuation / Management Assumptions used are as follows;			Group / CWE		
			2019	2018		
	Discount Rate [%]		9.3	11.58		
	Salary Escalation Rate [%]		2	3		
	Retirement Age [Yrs]		60	60		
	Staff Turnover Factor [%]		1	1		
26	Borrowings					
	Bank of Ceylon (BOC)			83,000,000		83,000,000
	Import Loan - People's Bank	26.1		5,765,181,973		5,524,771,060
	Accrued Interest			369,375,999		40,412,162
		26.2		6,217,557,972		5,648,183,221
26.1	Import Loan - People's Bank					
	As a result of the memorandum submitted by the Ministry of Finance, Economic and Policy Development dated 26 February 2020 in relating to obtain financial Assistance from the Government Treasury in settlement of Loans obtained from the Peoples' Bank on importation of Rice by CWE, the Cabinet Decision has been conveyed on 19 March 2020, approving the proposals incorporated therewith. The details on terms and conditions of converting the loans have not been disclosed pending confirmation from Peoples' Bank.					
26.2	Movement of Borrowings					
	Balance as at 01 January			5,648,183,221		4,316,790,649
	Loans Obtain During the Year			-		3,411,800,008
	Settlements Made by CWE			(40,412,162)		(2,092,804,325)
	Accrued Interest			609,786,913		12,396,890
	Balance as at 31 December			6,217,557,972		5,648,183,221
	Current Portion			6,217,557,972		5,648,183,221
	Non-Current Portion			-		-
				6,217,557,972		5,648,183,221

Figures in brackets indicates deductions

Notes to the Financial Statements Continued

Group / CWE

	2019	2018
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THE CO-OPERATIVE WHOLESALE ESTABLISHMENT (CWE)
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FOR THE YEAR ENDED 31 DECEMBER 2019

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 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. However, the parties whom involved with CWE for significant and direct transactions have only been disclosed.

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	
	2019	2018	2019	2018
Remuneration and Other Short-Term Employee Benefits	3,310,450	3,833,060	1,987,950	2,059,475

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 the capital holder of the company and thus has control over its operations. 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's Treasury	On CWE Treasury Bond Interest Payments Made	-	(4,101,418,470)
	Settlements of Peoples Bank - Import Loan	-	(98,718,402)
	Others	-	(729,149,693)
	Canned Fish - Loss to be Reimburse from Treasury	-	-
	Import Rice Project Loss to be Reimburse from Treasury	-	153,038,180
	Local Rice Project Loss to be Reimburse from Treasury	-	144,506,782

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	Security Service Obtained	7,633,273	
	Rent Income for the year	6,599,223	
	Payments Received	3,598,746	
	Payments Made - Security	6,122,735	5,445,728
CWE Construction and Engineering (Private) Limited	Rent Income for the year	2,040,404.24	
	Payments made for - Construction and Utilities	2,150,015.13	19,623,810
Sathosa Retails Limited	Working capital requirements	-	110,878,720
Lanka Sathosa Limited		<i>Amount Invoiced</i>	<i>Recoveries</i>
	Rent Receivables	153,757,642	148,051,474
	Milco Debtor	-	15,298,126
	Packeting Operation	2,493,312	7,589,145
	Import Rice Project - Lanka Sathosa	5,842,200	90,247,813
	SOU - (Canned Fish & Sugar)	583,527,444	527,177,426
	Trading - Paddy Project 2017	-	7,238,722
	Trade Creditor	-	-
	Transport Services Provided	67,260,446	41,004,492
	Rice Project - Lanka Sathosa		11,045,180
	Trade Receivables		53,493,256
	Amount Due from Related Parties		24,202,985
	Imported Rice		(77,231,474)
	Advances for Investments		98,909,871
			2,489,320,454
			2,513,046,608

Figures in brackets indicates deductions

Notes to the Financial Statements Continued



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

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33 Summary of Long Outstanding Balances

This note represents long outstanding balances of receivables and payables that are under various classification of accounts some of which balances have no year-on-year movement and have been considered for impairment.

Assets / Receivables	Note	Description	Amount Identified as Long Outstanding in the Year 2019	Group / CWE	
				2019	2018
Inventories	16	Inventories	-	4,143,032	4,143,032
Trade and Other Receivables	17	Trade Receivables	-	6,214,481	6,214,481
		Rent Receivables	-	88,071,071	88,071,071
		Amount Due from Related Entities	-	135,081,705	135,081,705
		Deposits and Advances	-	29,692,440	29,692,440
		Short Term Advances	-	1,000,000	1,000,000
		Other Receivables	-	170,370,348	170,370,348
			-	430,430,044	430,430,044
		Provision for Impairment			
		Trade Receivables	-	(6,214,481)	(6,214,481)
		Rent Receivables	-	(88,071,071)	(88,071,071)
		Amount Due from Related Entities	-	(135,081,705)	(135,081,705)
		Deposits and Advances	-	(29,692,440)	(29,692,440)
		Other Receivables	-	(170,370,348)	(170,370,348)
			-	(429,430,044)	(429,430,044)
			-	1,000,000	1,000,000
Receivables from Special Projects / Services	18.1	Crates		4,732,816	4,732,816
		Department of Co-operative Development - (Funded Project) - Receivables from MPCs		16,729,454	16,729,454
		Paddy Operation - Government Institutions - Against Rice Purchases		12,352,487	12,352,487
		Gamata Saviya Project - (DIMO)		43,057,505	43,057,505
				76,872,262	76,872,262
Other Non-Financial Assets	20	National Security Levy		234,321,615	234,321,615
		Provision for Impairment		(234,321,615)	(234,321,615)
				-	-
				82,015,295	82,015,295
Payables / Others	Note	Description	Amount Identified as Long Outstanding in the Year 2018	Group / CWE	
				2019	2018
Trade and Other Payables	28	Trade Payables	-	3,519,166	3,519,166
		Other Payables	-	187,678,063	187,678,063
		Refundable Deposits	-	11,944,722	11,944,722
				203,141,951	203,141,951
Payables for Special Projects / Services	18.2	Crates Payables		7,731,857	7,731,857
		Department of Co-operative Development - (Funded Project Payable)		19,926,051	19,926,051
		Paddy Purchase (Paddy Marketing Board)		274,121,687	274,121,687
		Packing Material		10,191,665	10,191,665
		Transport		5,275,761	5,275,761
		Refundable Deposits (Millers)		4,605,106	4,605,106
		Others		11,523,151	11,523,151
		Purchase of Imported Rice - Lanka Sathosa Limited		77,231,474	77,231,474
		Rice Export Project		22,797,153	22,797,153
				433,403,906	433,403,906

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)

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34 Litigation

There are no any litigations other than disclose below;

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	
	2019	2018
Supreme Court cases	1	1 ✓
Court of Appeal	-	2
Civil Appeal	-	1
Commercial High Court	5	1
High Court Cases	3	3
District Court	6	9 ✓
Magistrate Courts	6	6 ✓
Labour Department	5	4 ✓
Industrial Arbitration Cases	-	1 ✓
Labour Department Inquiries	10	10 ✓

The CWE may have contingent liabilities in respect of legal claims arising in the ordinary course of business. CWE will recognize 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.

- 34.1** The Municipal Treasurer's Department had appealed against CWE claiming an amount of Rs. 71.9 Mn relating to the recovery of Rate and Taxes. At the reporting date the amount has been disclosed as a contingent liability (Refer note no 28).

35 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		CWE	
Note	2019	2018	2019	2018	
FINANCIAL ASSETS					
Fair Value through Other Comprehensive Income					
Investment in Equity Securities					
Quoted Investment	14	10	10	10	10
Unquoted Investments	14	204,651,240	204,651,240	204,651,240	204,651,240
		204,651,250	204,651,250	204,651,250	204,651,250
Amortized Cost					
Fixed Deposits	14	70,732,149	44,393,027	-	-
Trade and Other Receivables	17	438,409,642	430,129,780	179,967,704	183,262,276
Receivable from the Treasury	19	297,544,962	297,544,962	297,544,962	297,544,962
Cash and Cash Equivalents	21	184,193,869	322,606,351	144,978,876	252,227,453
		990,880,622	1,094,674,121	622,491,543	733,034,691
Total Financial Assets		1,195,531,872	1,299,325,371	827,142,793	937,685,941

The Carrying Values of Financial Assets and Liabilities		Group		CWE	
Note	2019	2018	2019	2018	
FINANCIAL LIABILITIES					
Other Financial Liabilities					
Payables to Treasury	24	4,929,286,565	4,929,286,565	4,929,286,565	4,929,286,565
Bank Borrowings	26	6,217,557,972	5,648,183,221	6,217,557,972	5,648,183,221
Trade and Other Payables	28	657,314,166	591,120,258	394,136,744	336,839,499
Bank Overdrafts	21	6,538,568	5,066,420	6,538,568	5,066,420
Total Financial Liabilities		11,810,697,270	11,173,656,464	11,547,519,849	10,919,375,705

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



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

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER 2019

35 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 shares 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 2019 & 2018.

Risk Exposure to Financial Assets	Group		CWE	
	2019	2018	2019	2018
Fixed Deposits	70,732,149	44,393,027	-	-
Cash and Cash Equivalents	177,959,331	316,924,690	138,769,660	246,578,414
Receivables from Special Projects / Services	3,419,299,933	3,715,578,387	3,419,299,933	3,715,578,387
Trade and Other Receivables	438,409,642	430,129,780	179,967,704	183,262,276
	4,106,401,054	4,507,025,884	3,738,037,298	4,145,419,076

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 December 2019 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	Carrying Amount (Rs.)	Group		Carrying Amount (Rs.)	CWE	
		Within One Year	More than One Year		Within One Year	More than One Year
Financial Assets						
Other Investments	103,454,709	-	103,454,709	32,722,560	-	32,722,560
Advances for Investments	98,909,871	-	98,909,871	98,909,871	-	98,909,871
Trade and Other Receivables	753,391,336	753,391,336	-	439,120,990	439,120,990	-
Receivables from Special Projects / Services	3,419,299,933	3,419,299,933	-	3,419,299,933	3,419,299,933	-
Cash and Cash Equivalents	184,193,869	184,193,869	-	144,978,876	144,978,876	-
Total Undiscounted Financial Assets	4,559,249,718	4,356,885,139	202,364,580	4,135,032,230	4,003,399,799	131,632,431



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

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER 2019

Financial Liabilities	Carrying Amount (Rs.)	Group Within One Year	More than One Year	Carrying Amount (Rs.)	CWE Within One Year	More than One Year
Payables to Treasury	4,929,286,565	-	4,929,286,565	4,929,286,565	-	4,929,286,565
Borrowings	6,217,557,972	6,217,557,972	-	6,217,557,972	6,217,557,972	-
Trade and Other Payables	657,314,166	657,314,166	-	394,136,744	394,136,744	-
Payables for Special Projects / Services	1,166,145,952	1,166,145,952	-	1,166,145,952	1,166,145,952	-
Bank Overdrafts	6,538,568	6,538,568	-	6,538,568	6,538,568	-
Total Undiscounted Financial Liabilities	12,976,843,223	8,047,556,658	4,929,286,565	12,713,665,801	7,784,379,237	4,929,286,565
Net Undiscounted Financial						
Assets / (Liabilities)	(8,417,593,504)	(3,690,671,519)	(4,726,921,985)	(8,578,633,571)	(3,780,979,437)	(4,797,654,134)

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.



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

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER 2019

36 Individual Financial Statements of the Group**36.1 Individual Financial Position**

as at 31 December 2019

	Subsidiaries	
	CWE Economic Centre Services (Pvt) Ltd	CWE Construction and Engineering (Private) Limited
Property , Plant and Equipment	740,454	2,774,885
Other Investments	22,122,463	48,609,686
Total Non-Current Assets	22,862,916	51,472,571
Current Assets		
Trade and Other Receivables	49,653,607	264,616,739
Cash and Cash Equivalents	29,798,094	9,416,898
Total Current Assets	79,451,701	274,033,637
Total Assets	102,314,618	325,506,207
EQUITY AND LIABILITIES		
Equity		
Contributed Capital	10	10
Retained Earnings	48,510,226	17,413,469
Total Equity	48,510,236	17,413,479
Non-Current Liabilities		
Retirement Benefits Obligation	10,155,112	-
Total Non-Current Liabilities	10,155,112	-
Current Liabilities		
Trade and Other Payables	979,500	262,197,922
Other Non-Financial Liabilities	42,669,769	45,894,807
Total Current Liabilities	43,649,269	308,092,730
Total Equity and Liabilities	102,314,618	325,506,209

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 2019

36.2 Individual Statement of Profit or Loss And Other Comprehensive Income

for the Year Ended 31 December 2019	Subsidiaries	
	CWE Economic Centre Services (Pvt) Ltd	CWE Construction and Engineering (Private) Limited
Revenue	263,335,282	12,699,186
Cost of Sales	(209,593,790)	-
Gross Profit / (Loss)	53,741,492	12,699,186
Other Operating Income	66,000	744,252
Administrative Expenses	(42,171,335)	(18,356,176)
Profit / (Loss) from Operation	11,636,156	(5,265,079)
Finance Income	2,163,523	7,134,478
Profit / (Loss) Before Taxation	13,799,680	1,869,399
Income Tax Expense	(1,655,961)	(1,298,475)
Profit / (Loss) for The Year	12,143,718	570,924
Other Comprehensive Income	-	-
Total Comprehensive Income / (Expense) for the Year	12,143,718	570,924

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 2019

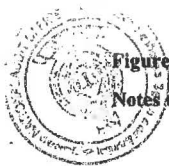
37 Explanation to Reclassification of Balances

Statement of Profit or Loss and Other Comprehensive
Income for the Year Ended 31 December

	Group		CWE	
	2018 Previously Reported	Reclassified	2018 Previously Reported	Reclassified
Revenue	1,156,356,349	-	1,156,356,349	915,286,497
Cost of Sales	(861,206,800)	-	(861,206,800)	(647,359,927)
Gross Profit	295,149,549	-	295,149,549	267,926,570
Other Operating Income	(2,163,818,182)	-	(2,163,818,182)	(2,160,244,227)
Administrative Expenses	(369,256,211)	-	(369,256,211)	(342,156,038)
Selling and Distribution Expenses	(675,193)	-	(675,193)	-
Provisions for Impairment	154,800	-	154,800	154,800
Profit / (Loss) from Operation	(2,238,445,237)	-	(2,238,445,237)	(2,234,318,895)
Finance Income	4,155,785	-	4,155,785	748,663
Finance Cost	(2,874,785)	-	(2,874,785)	(2,874,785)
Profit / (Loss) Before Taxation	(2,237,164,237)	-	(2,237,164,237)	(2,236,445,017)
Income Tax Expenses	(963,154)	-	(963,154)	(1,500,000)
Profit / (Loss) for The Year	(2,238,127,390)	-	(2,238,127,390)	(2,237,945,017)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income / (Expense) for the Year	(2,238,127,390)	-	(2,238,127,390)	(2,237,945,017)
Attributable to:				
- Equity Holders of the Parent	(2,238,127,390)	-	(2,238,127,390)	(2,237,945,017)
- Non-Controlling Interest	-	-	-	-

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 2019

37 Cond.....

Explanation to Reclassification of Balances	Group		CWE			
Statement of Financial Position for the Year Ended 31 December	2018 Previously Reported	Reclassified	2018 Reclassified	2018 Previously Reported	Reclassified	2018 Reclassified
ASSETS						
Non-Current Assets						
Property, Plant and Equipment	1,165,784,430	(99,000)	1,165,685,430	1,163,127,527	-	1,163,127,527
Investment Properties	5,267,725,504	-	5,267,725,504	5,267,725,504	-	5,267,725,504
Leasehold Lands	1,448,663	-	1,448,663	1,448,663	-	1,448,663
Intangible Assets	2,303,245	99,000	2,402,245	2,303,245	-	2,303,245
Investment in Subsidiaries	-	-	-	20	-	20
Other Investments	77,115,587	-	77,115,587	32,722,560	-	32,722,560
Advance for Investment	98,909,871	-	98,909,871	98,909,871	-	98,909,871
Total Non-Current Assets	6,613,287,300	-	6,613,287,300	6,566,237,389	-	6,566,237,390
Current Assets						
Inventories	153,520,484	-	153,520,484	153,520,484	-	153,520,484
Trade and Other Receivables	721,525,003	-	721,525,003	448,260,842	-	448,260,842
Receivables from Special Projects / Services	3,715,578,387	-	3,715,578,387	3,715,578,387	-	3,715,578,387
Receivable from the	297,544,962	-	297,544,962	297,544,962	-	297,544,962
Other Non-Financial Assets	2,751,294	-	2,751,294	2,751,295	-	2,751,295
Cash and Cash Equivalents	322,606,351	-	322,606,351	252,227,453	-	252,227,453
Total Current Assets	5,213,526,480	-	5,213,526,481	4,869,883,422	-	4,869,883,423
Total Assets	11,826,813,779	-	11,826,813,781	11,436,120,811	-	11,436,120,813
EQUITY AND LIABILITIES						
Equity						
Contributed Capital	4,398,056,590	-	4,398,056,590	4,398,056,590	-	4,398,056,590
Reserves	8,747,626,148	-	8,747,626,148	8,747,626,148	-	8,747,626,148
Retained Earnings	(14,404,021,440)	-	(14,404,021,440)	(14,462,022,678)	-	(14,462,022,678)
Total Equity	(1,258,338,702)	-	(1,258,338,702)	(1,316,339,940)	-	(1,316,339,940)
Non-Current Liabilities						
Payables to Treasury	4,929,286,565	-	4,929,286,565	4,929,286,565	-	4,929,286,565
Retirement Benefits Obligation	45,830,608	-	45,830,608	38,780,130	-	38,780,130
Finance Lease Obligation - (Non-Current Portion)	48,125,291	-	48,125,291	48,125,291	-	48,125,291
Total Non-Current Liabilities	5,023,242,464	-	5,023,242,464	5,016,191,986	-	5,016,191,986
Current Liabilities						
Trade and Other Payables	591,120,258	-	591,120,258	336,839,499	-	336,839,499
Payables for Special Projects / Services	1,359,698,461	-	1,359,698,461	1,359,698,461	-	1,359,698,461
Bank Borrowings - (Current Portion)	5,648,183,221	-	5,648,183,221	5,648,183,221	-	5,648,183,221
Finance Lease Obligation - (Current Portion)	4,886,963	-	4,886,963	4,886,963	-	4,886,963
Other Non-Financial Liabilities	452,954,695	-	452,954,695	381,594,201	-	381,594,201
Bank Overdrafts	5,066,420	-	5,066,420	5,066,420	-	5,066,420
Total Current Liabilities	8,061,910,017	-	8,061,910,020	7,736,268,765	-	7,736,268,767
Total Equity and Liabilities	11,826,813,779	-	11,826,813,781	11,436,120,811	-	11,436,120,813

Figures in brackets indicate deductions

Notes to the Financial Statements Continued



Sub Notes (Detailed Notes to the Financial Statements)

1



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

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Group		CWE	
	2019	2018	2019	2018
4.1.1 Direct Expenses				
Salary - Daily Pay / Allowances	3,589,958	3,876,252	3,589,958	3,876,252
Employees' Provident Fund	278,218	281,661	278,218	281,661
Employees' Trust Fund	69,555	70,415	69,555	70,415
Salaries Casual Wages	408,210	408,210	408,210	408,210
Employees' Provident Fund	30,048	30,600	30,048	30,600
Employees' Trust Fund	7,512	7,650	7,512	7,650
Salaries - Permanent Staff	101,438,503	2,161,573	1,879,647	2,161,573
Employees' Provident Fund	12,186,826	230,539	246,293	230,539
Employees' Trust Fund	2,991,448	57,635	61,573	57,635
Overtime	652,730	911,621	652,730	911,621
Telephone & Communication	109,678	235,773	109,678	-
Fuel Allowance	1,097,782	742,810	-	-
Transport, Transport Detection and Other Security	1,311,074	1,047,182	4,613	-
Salary Allowances	507,969	-	507,969	-
Casual Wages	14,000	-	14,000	-
Documentation Charges	750	-	750	-
Entertainment Allowance	24,000	-	24,000	-
Internet And Email Charges	162,774	-	162,774	-
Legal Expenses	5,000	-	5,000	-
Professional Charges	21,200	-	21,200	-
Registration & Renewal Fees	23,000	-	23,000	-
Staff Uniform Cost	8,700	-	8,700	-
Stamp Fees Expenses	100	-	100	-
Telephone Allowance	183,375	-	183,375	-
Traveling Allowance	795,281	-	795,281	-
Traveling Expenses - Local	230,379	-	230,379	-
Treatment Expenses - Staff	53,840	-	53,840	-
Uniform Allowance	450	-	450	-
Entertainment Expenses	93,178	-	93,178	-
Lodging Charges	51,699	-	51,699	-
Tender Allowances	2,500	-	2,500	-
Custom Duty	216,844	-	216,844	-
Port Clearing Charges	200,599	-	200,599	-
Delivery Order Charges	24,943	-	24,943	-
LC Commission	134,003	-	134,003	-
NRV Adjustment - Wastage Stock	1,344,740	-	1,344,740	-
Container Clearing	18,785	-	18,785	-
Loading & Unloading	94,777	-	94,777	-
S.G.S Survey Charges	30,600	-	30,600	-
Security Personnel Expenses / Special Allowances	1,782,767	211,449,877	-	-
Cost of Living - Operation	362,250	-	-	-
Printing and Stationary	96,580	-	-	-
Incentive / Overtime	89,599,125	-	-	-
Field Visit Expenses	131,050	-	-	-
Telephone Expenses	305,013	-	-	-
Surcharge	-	10,816	-	-
License Renewal	-	17,500	-	-
Accommodation Expense	483,499	81,500	-	-
Tare Deduction	-	157,329	-	157,329
Security Field Visit Expenses	-	258,914	-	-
Training Programmed - Security Staff	-	2,500	-	-
	221,175,310	222,040,357	11,581,521	8,193,483

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 2019

5.1.1	Direct Expenses - Transport Services	Group / CWE	
		2019	2018
	Fuel	27,793,336	50,804,742
	Repair and Maintenance / Other Expenses - Transport	12,125,257	19,864,541
	Insurance	1,934,115	-
	License Fees	200	350,775
	Salary Allowances	154,039	-
	Casual Wages	662,680	-
	Electricity Expenses	1,087,656	-
	Internet And Email Charges	41,121	-
	Office Maintenance Expenses	1,039,273	-
	Other Expenses	120,799	-
	Other Maintenance Expenses	195,998	-
	Periodicals Expenses	11,350	-
	Photocopy Expenses	10,105	-
	Postal Expenses	1,825	-
	Printing & Stationery	7,990	-
	Staff Uniform Cost	4,350	-
	Staff Welfare Expenses	86,256	-
	Telephone Allowance	76,914	-
	Telephone Expenses	70,722	-
	Traveling Allowance	320,000	-
	Traveling Expenses - Local	75,392	-
	Water Bill	520,701	-
	Entertainment Expenses	4,940	-
	Lease Interest	-	-
	Depreciation	-	32,003,569
	Salaries - Permanent	56,965,478	58,562,988
	Employees' Provident Fund	6,619,769	6,269,969
	Employees' Trust Fund	1,654,942	1,567,396
	Salary - Daily Pay	9,816,441	12,845,976
	Employees' Provident Fund	672,151	953,650
	Employees' Trust Fund	168,038	238,413
	Overtime	20,863,804	37,793,365
	Subsistence Allowance	1,628,587	3,170,356
	Transport Expenses	-	3,668,120
	GPS Charges / Transport Detection Charges	-	1,950,481
		144,734,228	230,044,340
6.1.1	Administrative Expenses	2019	2018
		2019	2018
	Allowances	4,809,139	6,526,863
	Salaries - Permanent Staff	101,857,711	98,599,862
	Employees' Provident Fund	13,819,766	12,859,902
	Employees' Trust Fund	3,521,934	3,215,119
	Cost of Living	2,132,490	2,465,796
	Overtime	19,707,728	21,474,401
	Casual Wages	2,385,420	3,849,686
	Salary - Casual Staff	-	-
	Incentives	-	77,250
	Staff Bonus Expenses	3,277,275	5,042,825
	Contract & Daily Pay Salary	11,135,454	21,306,520
	Depreciation	92,931,325	81,299,668
	Tax & Rates	18,551,434	5,839,492
		274,129,676	262,557,385
		246,610,182	237,667,920

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 2019	Note	Group		CWE	
		2019	2018	2019	2018
Balance B / F		274,129,676	262,557,385	246,610,182	237,667,920
Telephone Expenses		1,295,021	2,996,854	834,508	2,419,865
Repairs & Maintenance		3,017,727	1,381,070	2,871,842	930,394
Insurance		2,063,814	7,652,583	1,487,214	7,568,283
License Fee		686,760	20,000	686,760	-
Fuel Charges		-	-	-	-
Fuel Allowances		3,241,406	3,389,647	1,344,950	1,398,395
Fuel Cost		377,948	3,926,039	377,948	3,926,039
Inquiry Fees		51,300	50,000	51,300	50,000
Tender Allowances		83,250	373,750	83,250	373,750
Medical Treatment Expenses		4,013	-	4,013	-
Leave Encashments		4,288,823	4,158,979	4,288,823	4,158,979
Professional Fee		1,787,723	1,482,055	1,787,723	1,482,055
Staff Welfare		3,469,051	4,291,610	3,197,469	4,189,548
Tender Related Expenses		35,000	-	-	-
Uniform Allowance		51,987	53,179	51,987	53,179
Staff Uniform Cost		308,376	203,325	308,376	203,325
GPS Rental Expenses		1,212,394	-	1,212,394	-
Lodging Charges		111,100	165,770	111,100	165,770
Cleaning Expenses		3,014,980	2,299,205	2,831,675	2,134,322
Compensation Expenses		-	87,780	-	87,780
Renewal / Membership Fee		10,200	50,000	10,200	50,000
Audit and Tax Consultancy Fee		5,161,350	3,427,695	2,850,750	2,822,250
Internal Audit Fee		246,950	-	-	-
Agreement Fee		17,500	-	-	-
Ground Rent Expenses		224,350	176,117	224,350	176,117
Directors' / Chairmens' Allowances		1,355,500	2,033,835	325,500	567,000
Director Fee		1,954,950	1,799,225	1,662,450	1,492,475
Directors' Travelling Expense		33,000	39,000	-	-
Travelling Allowance		2,842,017	4,403,799	2,842,017	4,285,778
Transport Allowance		3,979,050	1,068,083	-	-
Entertainment Allowance		917,333	749,979	457,333	530,073
Expenses For Government Audit		391,437	480,000	391,437	480,000
Advertisement Expenses		1,903,063	943,903	1,788,713	893,128
Gratuity		14,315,399	7,301,024	14,288,634	537,402
Gratuity Expenses - Death		-	25,000	-	25,000
Amortization of Leasehold Lands		40,426	40,426	40,426	40,426
Internet and Email		1,938,785	1,450,317	1,938,785	1,450,317
Inventory Items		410,049	1,322,782	410,049	1,322,782
Penalty Charges		1,157,078	72,761	1,142,078	721
Packing Expenses		1,460	40,000	1,460	40,000
P.A.Y.E.		-	48,828	-	-
Periodical Expenses		73,520	88,750	73,520	88,750
Travelling Expenses		671,362	915,122	630,853	915,122
Training Program		105,866	-	-	-
Photocopy		15,717	20,903	15,717	20,903
Postage		99,003	109,397	89,933	104,302
Printing & Stationery		3,180,065	4,390,277	2,274,417	3,615,745
Registration & Renewal Fees		1,228,232	896,174	1,228,232	876,383
Membership Fees & Professional Fee		18,250	18,000	-	18,000
Rent Vehicle / Buildings		2,547,805	5,610,737	3,133,500	4,538,873
Vehicle Repair And Maintenance		-	-	-	-
Security		(85,003)	(3,263,542)	7,548,270	21,787,903
Telephone Allowance		1,410,033	1,369,826	788,515	1,154,601
Local Training		115,712	346,613	115,712	332,886
Non Refundable Tender Document Charges		20,000	51,170	-	-
Balance C / F		345,530,806	331,115,429	312,414,363	314,976,541

Figures in brackets indicates deductions.

Notes to the Financial Statements Continued



Notes to the Financial Statements Continued
NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

NOTES TO THE FINANCIAL STATEMENTS	Note	Group		CWE	
		2019	2018	2019	2018
Balance B / F		345,530,806	331,115,429	312,414,363	314,976,541
Subsistence Allowance		473,664	66,790	473,664	66,790
Stamp Fees Expenses		45,752	-	20,037	-
Documentation Charges		7,855	33,718	7,855	33,718
Electricity		11,153,789	17,481,419	11,009,402	17,304,710
Entertainment		509,051	905,669	509,051	905,669
Secretarial Fee		150,000	162,500	-	-
Special Allowance		90,312	-	-	-
Water		1,494,406	2,342,704	1,437,702	2,319,166
Bank Charges		970,835	1,222,668	593,344	658,626
Donation		22,500	10,000	22,500	10,000
Legal Expenses		1,878,578	779,308	1,692,638	728,150
NBT		6,410,828	5,149,578	-	-
Office Maintenance		870,857	3,207,711	617,592	3,087,379
Treatment Expenses - Staff		260,290	354,758	260,290	354,758
Consumable - Head Office		235,074	240,515	-	-
Surcharges / Stamp Fee		-	1,685	-	1,685
Travelling Expenses		361,631	253,386	62,052	56,621
Software Maintenance		64,250	-	-	-
News Papers & Periodicals		34,030	23,290	-	-
Procurement Committee Fees		581,000	102,500	-	-
Bank Error		-	7,000	-	7,000
Dialog TV Expenses		-	35,729	-	35,729
Vehicle Allowance		4,270,000	4,057,473	-	-
Surcharges & Panities		132,350	-	132,350	-
Fumigation Expenses		460,058	-	460,058	-
NBT Expenses		-	-	-	-
Weight Bridge Charges		5,200	-	5,200	-
Transport Expenses		515,186	-	515,186	-
Other Expenses		775,548	1,702,382	775,548	1,609,497
		377,303,849	369,256,211	331,008,833	342,156,038

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	
	2019	2018	2019	2018
17.1.1 TRADE RECEIVABLES				
CURRENT BALANCES				
LANKA SATHOSA LTD	53,493,256	53,493,256	53,493,256	53,493,256
DEPARTMENT OF MUSLIM RELIGIOUS & CULTURAL	9,500	9,500	9,500	9,500
UNIDO-EU TRADE RELATED ASSISTANCE	365,074	45,544	365,074	45,544
UVA PROVINCIAL COUNCIL BADULLA - TRADING	-	35,000	-	35,000
WAYAMBA CO-OPERATIVE FEDARATION LTD.	-	(26,904)	-	(26,904)
RANJITHA TRADERS	(1,235,950)	(1,235,950)	(1,235,950)	(1,235,950)
S D K UNITED AGRI VENTURES (PVT) LTD	(130,000)	(130,000)	(130,000)	(130,000)
SRI LANKA CO-OP MKT. FEDERATION - LOCAL	41,438,100	43,997,500	41,438,100	43,997,500
LANKA SATHOSA TRADING	11,045,180	11,045,180	11,045,180	11,045,180
THE CO-OPERATIVE WHOLESALE ESTABLISHMENT	64,307,301	12,878,875	-	-
SRI LANKA CO-OP CON. SOCIETY - PACKETING	15,143	-	15,143	-
OTHER SECURITRY AND JANITORIAL DEBTORS	41,262,398	41,945,658	-	-
	210,570,001	162,057,658	105,000,303	107,233,126
LONG OUTSTANDING BALANCES				
KEELS FOOD PRODUCTS PLC	1,032,236	1,032,236	1,032,236	1,032,236
SZCHUAN HOUSE	2,577,320	2,577,320	2,577,320	2,577,320
MATHUGAMA SHOP	119,880	119,880	119,880	119,880
ARPICO SUPER CENTRE	(746)	(746)	(746)	(746)
SRI LANKA COOPERATIVE MARKETING FEDERATION	682,353	682,353	682,353	682,353
N N BANDARA	167,170	167,170	167,170	167,170
P. JAYANTHE	6,850	6,850	6,850	6,850
S.B DISSANAYAKA	2,336	2,336	2,336	2,336
SHIRAN ENTERPRISES	725,000	725,000	725,000	725,000
RUWANI FARM SHOP	392,296	392,296	392,296	392,296
SHALOM DRIED FISH	125,475	125,475	125,475	125,475
A.N.A TRADERS	163,812	163,812	163,812	163,812
ARCHIE FOODS PRODUCTS	10,500	10,500	10,500	10,500
CARGILLS CEYLON LTD	210,000	210,000	210,000	210,000
	6,214,481	6,214,481	6,214,481	6,214,481
	216,784,482	168,272,139	111,214,784	113,447,607
PROVISION FOR IMPAIRMENT	(13,499,366)	(13,499,366)	(6,214,481)	(6,214,481)
	203,285,116	154,772,773	105,000,303	107,233,126

17.2.1 RENT RECEIVABLES	CWE / GROUP	
	2019	2018
CURRENT BALANCES		
A.A.J. ABEYSINGHA	4,735	4,735
ABANS LIMITED	2,338,140	4,593,060
ABANS RESTAURANT	2,055,600	2,111,400
ANTHONEY JERAD - RENT	99,251	89,007
ANUPAMA LOKUGONADUWA	65,762	50,319
AZATH SALLEY FOUNDATION	(2,898)	2,866,751
BENEDICTSONS (PVT) LTD	734,160	1,221,184
CEYLON FISHERIES CO-OPERATION - RENT	23,212	64,187
BHELCOM LANKA (PRIVATE) LTD	426,818	457,332
CONSUMER AFFAIRS AUTHORITY	17,034,424	12,632,187
D NIHAL	10,625	5,279
DEVELOPMENT LOTTERIES BOARD - APURA	13,518	17,595
U R S SHANTHA - RENT	65,288	77,052
BALANCE C / F	22,868,635	24,190,090



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

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Group / CWE	
	2019	2018
BALANCE B / F	22,868,635	24,190,090
UVA PROVINCIAL COUNCIL RENT - BADULLE	616,960	685,351
D D T AMARASEKARA - RENT	533,988	513,170
G D SAMARASINGHA - RENT	67,819	101,267
G D WIMALADASA - RENT	61,076	91,220
GNANAM IMPORTS (PVT) LTD - RENT	(30,840)	609,450
INTERNATIONAL TRADE CENTRE - 9TH FLOOR	280,690	286,708
J F WARNAKULASOORIYA - RENT	200,417	111,107
K G CHULARATHNA - RENT	37,259	93,771
K M K INTERNATIONAL (PVT) LTD	747,865	1,774,850
L A NIMAL ANURASIRI	3,575	3,996
L.H. UPUL PRIYANTHA MILK BAR - RAJAGIRIYA	80,825	80,444
LANKA CEMENT LIMITED PLC	1,656,119	1,497,764
LANKA SATHOSA LTD - RENT	104,412,665	98,706,497
M ANANDA PIYARATHNE - RENT	309,086	220,922
M H M ILYARS	14,930	34,896
M Y M FARHIM	-	103,144
M I M RASHMI - RENT	227,432	415,671
MAXIES COMPANY - RENT	75,596	76,767
MEDPRO GLOBAL (PRIVATE) LIMITED	1,619,901	3,803,439
MIN OF NATIONAL POLICIES & ECONOMIC AFFAIRS	2,539	6,753
MINISTRY OF COMMERCE (ITC)	136,773	78,521
MOBITEL (PVT) LTD - RENT	39,480	97,146
PADDY MARKETING BOARD - RENT	92,189,699	90,711,719
MINISTRY OF RURAL ECONOMIC AFFAIRS	644,499	641,084
MPCS - RATHNAPURA	199	147
N E A NANAYAKKARA	448,967	505,480
P R WEERASINGHA - RENT	385,628	338,450
SUPPIAH NARAYANSAMY - RENT	87,446	184,545
TYRE HOUSE TRADING (PVT) LTD	638,820	1,059,996
PROJECT PROSPECTS (PVT) LTD	335,160	763,555
RTS FOODS	935,064	539,666
STATE PRINTING CORPORATION	472,909	564,509
S SIVA KUMAR	26,904	14,410
S. K. R. MOULANA	153,146	133,018
SATHOSA MOTORS	6,453,000	14,229,000
SATHOSA SECURITY & GENERAL - RENT	9,861,626	6,861,149
SERENDIB INTERNATIONAL HOLDINGS(PVT) LTD	22,269	15,249
SHMMI ABEYWICKRAMA - RENT	331,650	398,864
SL CEMENT CORPORATION - RENT	1,882,162	1,983,747
STATE PHARMACEUTICALS CORPORATION	243,771	243,771
Y M DISSANAYAKA MANIKE	5,399	5,864
A K S K KULATHILAKA	103,212	-
CEYLON FISHERIES CO-OP. (AMPARA) - RENT	29,225	-
J A S P JAYASINGHE	2,119	-
MINISTRY OF INDUSTRY & COM. IDPS - RENT	930,339	-
MR. PRADHAN A. RANAGALA	24,444	-
PERERA AND SONS (BAKERS)	(1,194)	-
N.U.K.MEEDENIYA	65,536	-
UNIDENTIFIED DEPOSITS	(8,684,772)	(8,684,772)
	241,550,017	244,092,393
LONG OUTSTANDING BALANCES		
A K ISHAK	225,098	225,098
A K ISHAK - 02	9,016	9,016
ADHIHETTI	73,688	73,688
KARUPUSAMI MASHWARAN	48,689	48,689
BALANCE C / F	356,491	356,491

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	
	2019	2018
BALANCE B / F	356,491	356,491
KOTHPALE BUDGET SHOP	119,464	119,464
A K ROHITHA	49,032	49,032
A SEKAR	101,222	101,222
A V K BANDULA	110,730	110,730
ABDUL HALIK	86,551	86,551
ANJEEWA PUSHPAKUMARA	6,693	6,693
ANURADHA PAHIYANGALA	6,106	6,106
BANDULA AMARAWERA	50,490	50,490
CARAVAN FOODS	184,205	184,205
CHANDARA MOHAN	151,947	151,947
COLLECT CLEANERS LTD	42,000	42,000
D M DISSANAYAKA	2,194	2,194
D V WIMALASIRI	157,585	157,585
D W K HETTIARACHCHI	7,545	7,545
DAMBULU VEGETABLE	96,224	96,224
DEVA BURAIN	109,667	109,667
DIAMOND BEST FOOD	158,634	158,634
DUDLEY SIRISENA	44,738	44,738
ESSENTIAL COMMODITIES	326,337	326,337
G M ALL CEYLON EXERCISE BOOK MANUFACTURER	87,763	87,763
G M KUMARASINGHA	91,935	91,935
G V SUBRAMANIAM	29,650	29,650
GOVISHKTHI RICE MILLING LTD	9,622	9,622
HOT BAKERS - MALIGAWATHTHA	635,204	635,204
J H D JAYAWARDHANA	25,273	25,273
J JALABDEEN	14,441	14,441
J S S FERNANDO	52,612	52,612
J SYRIL	5,589	5,589
JAGATH HEWAGE	70,774	70,774
JANAKI AMARASINGHA	53,172	53,172
K G WEERASINGHA	146,273	146,273
K K PREMARATHNE	23,624	23,624
K KARTHIKESU	219,629	219,629
K KARUPAIYA	30,386	30,386
K MAHINDA RATHNE	115,223	115,223
K W PIYASIRI	110,196	110,196
K W PIYASIRI 02	16,915	16,915
KRISHAN PERERA	130,266	130,266
KRISHANTHA PERERA	69,501	69,501
LANKA BELL COMPANY LTD	613,410	613,410
M A M A KURESH	47,638	47,638
M M RATHNAYAKA	25,619	25,619
M S S N RAMS	164,052	164,052
PALITHA VITHANA	255,540	255,540
PRABATH THUSHARA	44,221	44,221
M WIJEKUMAR	84,133	84,133
M WIJEKUMAR 02	99,998	99,998
METHSIRI WIJESINGHA	70,133	70,133
MUDITHA PERERA	49,295	49,295
N E T SUNDARAN	395,027	395,027
R A C DE ALWIS	20,774	20,774
RAIGAM PRODUCTS	66,819	66,819
RUWAN MADURAPPRIYA	72,541	72,541
BALANCE C / F	6,115,104	6,115,104

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	
	2019	2018
BALANCE B / F	6,115,104	6,115,104
SRILANKA ARMY	28,053,675	28,053,675
N PERINKAYGAN	74,405	74,405
NATIONAL LOTARY BOARD	6,250	6,250
P K C RAJAPAKSHA	114,817	114,817
P T NADAN	140,963	140,963
PRADEEP SAMPATH KUMARA	121,124	121,124
PRIYANTHA JAYALAL PERIES	79,290	79,290
RATHNAYAKA	146,273	146,273
REX FERNANDO	140,485	140,485
S C VEGITABLE SHOP	114,008	114,008
S FERNANDO	89,351	89,351
S K THENUWARA	99,658	99,658
S M MISNER	5,589	5,589
S RAGUNADAN	29,285	29,285
S SIWAM	98,104	98,104
SARATH PUSHPA KUMARA	46	46
SARDA RASAPUTHTHARAN	38,408	38,408
SPELMEN FERNANDO	12,096	12,096
SPICE ALLIED AND MARKE BOARD	74,870	74,870
SUDATH SAJNJEEWA	51,472	51,472
THAIMANA SUNDARAM	69,842	69,842
THISSA WICKRAMASINGHA	4,854	4,854
UDAYA NIYATHAPALA	134,631	134,631
W A WIMALADASA	5,841	5,841
W A WIMALASIRI	6,704	6,704
W M A C WIJESORIYA	3,714	3,714
W M A PUSHPA KUMARA	18,737	18,737
W M A SARATH PUSHPA KUARA	65,295	65,295
W M WIMAL FERNANDO	42,491	42,491
W M WIMALADASA 02	13,683	13,683
WEST ESTERN PVT LTD	25,000	25,000
WIJESIRI GAMLATH	52,164	52,164
A V SIRIPALA	14,661	14,661
AGRICULTURE INSURANCE BOARD 2	8,323,071	8,323,071
ASHOKA EXPORT LTD	587,208	587,208
CEYLON ORIENT SEA FOODS	1,230,040	1,230,040
CEYLON SUISAN PVT LTD	499,032	499,032
COLOMBO GROCERY PVT LTD	569,934	569,934
D J SNACK BAR	36,000	36,000
DY MINISTER OFFICE	364,407	364,407
EVERY MARKETING (PVT) LTD	55,990	55,990
FOOD PROCURMENT AND MONITORING COMMITTEE	580,966	580,966
INSTITUTE OF PRINT AND GRAPHIC	1,293,750	1,293,750
J MERKIDS	29,400	29,400
K A PRIYANTHA	10,378	10,378
K N A HARAS	54,667	54,667
K W A WEERASINGHA	82,421	82,421
K W A WEERASINGHA 02	138,642	138,642
K. ANADARAJAN	217,201	217,201
K. KASTHURIARACHCHI	200,929	200,929
LALITHA SANJEEWA	34,954	34,954
LANKA SPICE LTD	320	320
LANKA YOUTH BUSINESS PROMOTION	1,127,795	1,127,795
MOHANDAS	98,497	98,497
MALAYAGU SASHIKUMAR	2,042,336	2,042,336
BALANCE C / F	53,640,829	53,640,829



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

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Group / CWE	
	2019	2018
BALANCE B / F	53,640,829	53,640,829
MENDIS CO LTD	38,164	38,164
M M P D SILVA	28,391	28,391
M.M. AUFER	13,800	13,800
MINARAL SPRING SERVO DISTRIBUTERS	614,643	614,643
MINISTRY OF HEALTHCARE AND NUTRITION	2,768	2,768
MINISTRY OF TEXTILE DEVELOPMENT	1,959,090	1,959,090
MINISTRY OF TRADE AND COMMERCE	2,939,544	2,939,544
S A KULAARDENA	19,650	19,650
MUTHUVINAYAGAM	527	527
POLICE STATION - WELISARA	1,255,124	1,255,124
RAMBODA TEA ESTATE PVT LTD	6,393,375	6,393,375
RANGIRI DAMBULU AGRI TRADERS	1,805,329	1,805,329
RATHNA MOTERS	22,168	22,168
NATIONAL DEVELOPMENT BANK	88,200	88,200
ORBIT CARGO	839,500	839,500
P M CHITHRA	58,650	58,650
PARAMOUNT EXPORT	170,293	170,293
PETTHA ENTERPRISES	177,429	177,429
S K FOODS	112,664	112,664
S T PARAMESHWARI	627,006	627,006
SECRETARY OFFICE	677,352	677,352
SHALOM ENTERPRISES	692,940	692,940
SIRIPALA AMARASINGHA	245,177	245,177
SKYLINE VENTURES	437,388	437,388
SRI LANKA NATIONAL CO-OP BOARD	91,814	91,814
T AMARASEKARA	207,287	207,287
T JOSEPHIN NALLTNY	16,066	16,066
THE MACCRTH INTERNATIONAL	604,343	604,343
THUSHARA DE ALWIS	903	903
V. KUMARAVELU	90,596	90,596
WALISARA FG STORES	7,000	7,000
POLICE STATION - KADANA	161,084	161,084
S.T. PARAMESHWARAN	4,800	4,800
WALISARA - BUDJET SHOP RENT	34,253	34,253
LANKA SALUSALA LIMITED	3,179,405	3,179,405
AGRICULTURAL AND AGRARIAN SER: BOARD	3,735,203	3,735,203
BATA SHOE COMPANY	363,375	363,375
BHELCOM LANKA (PVT) LTD	914,528	914,528
CANTEEN-C W E/BILL	244,548	244,548
CHULA SHANTHA	4,101	4,101
CIC LTD/ BILL	(387,291)	(387,291)
CO - OPERATIVE INSURANCE	10,220	10,220
CO-OPRATIVE DEVELOPMENT DEPARTMENT	2,586,128	2,586,128
DEPARTMENT OF TEXTILE - RENT	135,789	135,789
ISHANA SPICE EXPORT	596,736	596,736
K M M ALLIE - RENT	68,110	68,110
L M C THUSHARA DE MEL - RENT	122,922	122,922
LANKA HOSPITALITY INVESTMENTS (PVT) LTD	18,782	18,782
MINISTRY OF CO-OP. AND INTERNAL TRADE	(2,561,896)	(2,561,896)
NATIONAL INSURANCE TRUST FUND/B	2,276,970	2,276,970
ORACLE TRADING LANKA (PVT) LTD.-RENT DR.	525,000	525,000
S H CHANDRAPALA DE SILVA	693,213	693,213
SHANTHA KUMARAGE - RENT	125,001	125,001
SRI LANKA BUREAU OF FOREIGN EMPLOYMENT	859,292	859,292
THE LAUNDROMAT	60,392	60,392
BALANCE C / F	87,648,676	87,648,676

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

CWE

2019 2018

BALANCE B / F	87,648,676	87,648,676
V KUMARA VELU	32,103	32,103
WESCO LIMITED	206,531	206,531
WHEELS (PVT) LTD.	85,423	85,423
YOHAN SEBASTHIYAN - RENT	98,338	98,338
	88,071,071	88,071,071
	329,621,087	332,163,463
PROVISION FOR IMPAIRMENT	(88,071,071)	(88,071,071)
	241,550,017	244,092,393

17.5.1 OTHER RECEIVABLES**CURRENT BALANCES**

RENT ASSETS ON VAUNIYA TO BE RECOVERED FROM OWNER	2,325,385	2,805,385	2,325,385	2,805,385
LC MARGIN / BANK GUARANTEE	-	-	-	-
MINISTRY OF INDUSTRY & COMMERCE	1,823,176	3,150,617	1,823,176	3,150,617
MINISTRY OF NATIONAL POLICIES ECONOMIC AFFAIRS	140,000	140,000	140,000	140,000
RECEIVABLE FROM INVESTIGATION	6,814,747	7,006,753	6,814,747	7,006,753
DEATH DONATION / OTHERS	1,470,649	1,470,649	-	-
OTHER ADVANCES AND RECEIVABLES	5,041,014	4,614,635	22,083	22,083
SALARY REIMBURSEMENT FROM MINISTRY	195,805	-	195,805	-
UNIDENTIFIED DEPOSITS	(10,000)	(140,557.50)	(10,000)	(140,557.50)
	17,800,775	19,047,480	11,311,196	12,984,281

LONG OUTSTANDING

PASSENGER GOODS CLEARING CENTRE	1,259,250	1,259,250	1,259,250	1,259,250
CUSTOM DUTY RECEIVABLE	1,887,950	1,887,950	1,887,950	1,887,950
PHYSICAL STOCK	6,171	6,171	6,171	6,171
REIMBURSEMENT - TREASURY	1,500,000	1,500,000	1,500,000	1,500,000
THE MAYOR, MUNICIPAL COUNCIL	5,985,150	5,985,150	5,985,150	5,985,150
STATE TRADING (CWE) - RECURRENT EX: REIM	10,116,136	10,116,136	10,116,136	10,116,136
ST. ANNES COLLAGE - KURUNAGALA (MAHAPOLA)	(2,111,452)	(2,111,452)	(2,111,452)	(2,111,452)
FRANCHISE - MADHUSHIKA (KADAWATHA)	980	980	980	980
H Y ARIYARATHNA	137,481	137,481	137,481	137,481
LEAKAGE RECOVERY	3,318,422	3,318,422	3,318,422	3,318,422
BUILDING MATERIALS CO-OPERATION - LOAN	982,498	982,498	982,498	982,498
PADDY MARKETING BOARD - SECURITY	1,641,777	1,641,777	1,641,777	1,641,777
DILSHEE ENTERPRISES	(173)	(173)	(173)	(173)
FERNANDO	14,000	14,000	14,000	14,000
PRE PAYMENT AND ADVANCE	31,441,577	31,441,577	31,441,577	31,441,577
DISHONORED CHEQUES	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
EXCESS DEBITS	32,842	32,842	32,842	32,842
POSTAGE AND PETTY CASH IMPREST	2,042,553	2,042,553	2,042,553	2,042,553
SMART CARD	(23,453)	(23,453)	(23,453)	(23,453)
CLAIM RECEIVABLE	6,932,494	6,932,494	6,932,494	6,932,494
DUES FROM TREASURY	100,000,000	100,000,000	100,000,000	100,000,000
	170,370,348	170,370,348	170,370,348	170,370,348
	188,171,122	189,417,828	181,681,544	183,354,628
PROVISION FOR IMPAIRMENT	(170,370,348)	(170,370,348)	(170,370,348)	(170,370,348)
	17,800,775	19,047,480	11,311,196	12,984,281

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	
	2019	2018	2019	2018
18.1.1 RECEIVABLES FROM SPECIAL PROJECTS / SERVICES				
CREATES RECEIVABLES				
MANAGER - DAMBULLA ECONOMIC CENTRE			443,861	443,861
MANAGER - VEYANGODA ECONOMIC CENTRE			588,333	588,333
MANAGER- KEPPETIPOLA ECONOMIC CENTRE			241,256	241,256
MANAGER - NUWARA ELIYA ECONOMIC -PROJECT			1,935,182	1,935,182
SL ARMY AGRICULTURAL PROJECT			51,713	51,713
CRATES SALES - CONTROL A/C			(21,239)	(21,239)
G.G.D SOMILAS			616,001	616,001
K DAMMIKA			531,375	531,375
W L JAYARATHNE			1	1
W M ARUNA SHANTHA			346,335	346,335
			4,732,816	4,732,816
MILCO PROJECT				
MILCO DEBTORS - VAUNIYA			2,559,387	2,559,387
MILCO DEBTORS - JAFFNA			54,570	54,570
SATHOSA SECRRITY & GENERAL - MILCO DEBTOS			136,584	136,584
MILCO DEBTORS - KILINOCHCHI			242,400	242,400
MILCO DEBTORS - GAMPAHA			2,252,668	2,252,668
MILCO DEBTORS - KALUTARA			1,915,836	1,915,836
MILCO DEBTOR - COLOMBO LSL			15,096,511	
LANKA SATHOSA - MILLCO (COLOMBO)			-	15,298,126
			22,257,955	22,459,571
DEPARTMENT OF CO-OPERATIVE DEVELOPMENT - (FUNDED PROJECT)				
MPCS - MATARA			336,090	-
RECEIVABLES FROM MCPS			16,729,454	16,037,352
			17,065,544	16,037,352
PADDY OPERATION - GOVERNMENT INSTITUTIONS - AGAINST RICE PURCHASES				
SRI LANKA CONSUMER CO-OP FEDARATION SOCIETY			669,935	669,935
LANKA SATHOSA LTD			309,824,662	333,204,397
MANOJ ALGAMA - HSBC			83,200	83,200
MRR RICE MILL			267	267
R A J H RUPASINGHA			480,631	480,631
SELWARAJ			73,275	73,275
			311,131,969	334,511,704
PADDY OPERATION - RECEIVABLES FROM MILLERS (NET)				
ANAS RICE MILL			703,883	703,883
KINAM RICE MILL (THIS BALANCE HAS BEEN FULLY SETTLED ON 20 MARCH 2015)			(80,115)	(80,115)
RUSDIYA RICE MILL (THIS BALANCE HAS BEEN FULLY SETTLED ON 08 DECEMBER 2015)			(169,530)	(169,530)
RICE LANKA PROCESSING LTD			51,300,482	51,300,482
MEGA RICE MILL			6,456,639	6,456,639
S G M RICE MILL			104,456	104,456
NAVEEN RICE MILL			9,745,658	9,745,658
KEYAS RICE MILL			342,259	342,259
SURESH RICE MILL			(1,593)	(1,593)
MAJEED RICE MILL			3,809,425	3,809,425
KHALEEFA RICE MILL			-	-
OTHER PRIVATE MILLERS			-	-
			72,211,564	72,211,564

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	
	2019	2018	2019	2018
IMPORT RICE PROJECT - RECEIVABLE				
RAW GATES LANKA (PVT) LTD			118,011,334	118,011,334
W. R. WIJITHA			5,574,812	5,574,812
SRI LANKA CO-OP CON. SOCIETY - IMPORT			772,491,250	862,491,250
SRI LANKA CO-OP MKT. FEDERATION - IMPORT			-	114,440,600
LANKA SATHOSA - IMPORT RICE			1,455,183,163	1,539,588,776
			2,351,260,558	2,640,106,771
DROUGHT RELIFE PROJECT - RECEIVABLE				
MPCS KURUNEGALA			-	5,102,904
MPCS WELIGAMA			670,000	670,000
MULTI PURPOSE CO-OPERATIVE S. L - MATARA			-	336,090
MANNAR NORTH - MPCS (MANTHAI)			1,863,000	1,863,000
THUNUKKAI - MPCS			15,600	15,600
VAVUNIYA TAMIL (TOWN) -MPCS			28,224	28,224
VISHVAMADU - MPCS			723,944	723,944
MUSALI NORTH & SOUTH - MPCS			2,691,282	3,263,282
DIMBULAGALA - MPCS			(1,284,000)	(1,284,000)
MADU - MPCS			23,464	23,464
MANNAR TOWN - MPCS			-	510,947
MANNAR - WEST MPCS			1,237,680	1,237,680
MPCS - BATHTHARAMULLA			7,600	7,600
MPCS - KOLONNAWA			222,000	222,000
MPCS - MORATUWA			29,600	29,600
MURUNGAN NANATTAN - MPCS			522,664	522,664
			6,751,058	13,272,998
RICE PROJECT				
E.I.T GLOBAL - IMPORT RICE			-	(57,280)
			-	(57,280)
18.1.1 TRANSPORT SERVICES				
LANKA SATHOSA LTD - SOU			355,575,958	299,225,940
TRANSPORT SERVICES PROVIDED				
LANKA SATHOSA LTD			165,901,327	139,645,373
SRI LANKA CO-OP CON. SOCIETY			42,456	42,456
MINISTRY OF MAHAWELI AGRICULTURE IRRIGATION			6,210	-
OTHER TRANSPORT RECEIVABLES			69,455,347	130,481,949
			590,981,298	569,395,719
			3,376,392,763	3,672,671,216
18.2.1 PAYABLES FOR SPECIAL PROJECTS / SERVICES				
CREATES				
NILKAMAL ESWARAN PLASTIC (PVT)LTD			329,338	329,338
NIPPON PLASTIC INDUSTRIES			265,548	265,548
PHOENIX INDUSTRIES LTD			7,136,972	7,136,972
			7,731,857	7,731,857

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	
	2019	2018	2019	2018
28.1.1 TRADE PAYABLES				
CURRENT BALANCES				
AMBULA 2K FOODS PRODUCTS PVT. LTD	256,160	256,160	256,160	256,160
C.F. DE MEL & SONS (PVT) LTD	759,365	974,494	759,365	974,494
CONFIFI CAPITAL (PVT) LTD	392,782	392,782	392,782	392,782
D M D K HOLDINGS (PVT) LTD	1,250,744	2,793,423	1,250,744	2,793,423
FONTERRA BRANDS LANKA (PVT) LIMITED	(257,357)	(257,357)	(257,357)	(257,357)
Haji HABIB COMPANY CEYLON LTD	(30,000)	80,000	(30,000)	80,000
HAPPY COOK LANKA FOOD (PVT) LTD	20,989,015	4,431,415	20,989,015	4,431,415
MAXIES & COMPANY (PVT) LTD	64,685	64,685	64,685	64,685
PATHUMA RICE MILL	1,307,571	1,307,571	1,307,571	1,307,571
R.S. BERTRAM FERNANDO	-	214,300	-	214,300
RELIC INTERNATIONAL	(32,000)	(32,000)	(32,000)	(32,000)
RETENTION PAYABLE	23,319,744	21,392,668	-	-
STATE TRADING(CO - OP WHOLESALERS EST) CO	507,461	2,204,335	459,961	2,156,835
CONSTRUCTION PAYABLE	214,756,150	207,784,727	-	-
SUB-CONTRACTORS	24,122,029	24,122,029	-	-
SHANMUGAM STORES	1,125,000	1,125,000	1,125,000	1,125,000
LANKA SATHOSA - CREDITOR	11,997,140	11,997,140	11,997,140	11,997,140
FOOD COMMISSIONERS DEPARTMENT (RENT)	-	17,623,232	-	17,623,232
OTHER TRADE CREDITORS	-	1,835	-	-
LANKA SUGAR COMPANY (PVT) LTD.,	(12,870)	-	(12,870)	-
LANKA SUGAR COMPANY PVT LTD - PELWATTE	(29,015)	-	(29,015)	-
EWIS PERIPHERALS (PVT) LTD	64,400	-	64,400	-
FOOD COMMISSIONERS DEPARTMENT-(RENT)	19,360,205	-	19,360,205	-
HIFA TRADERS	268,732	-	268,732	-
LANKA POLYSACKS (PVT) LTD	1,540,000	3,477,600	1,540,000	3,477,600
	321,719,941	299,954,039	59,474,519	46,605,280
LONG OUTSTANDING				
AGROMA LANKA TRADING PVT LTD	78,396	78,396	78,396	78,396
C & C FOOD PRODUCTS (PVT) LTD	3,701	3,701	3,701	3,701
DART LANKA TRADING COMPANY	180,572	180,572	180,572	180,572
DJ PRODUCTS (PVT) LTD	654	654	654	654
GEWAAN ENGINEERING	1,197,449	1,197,449	1,197,449	1,197,449
KAJAMUHAN TRADING	9,604	9,604	9,604	9,604
NOORANI ESTATES LIMITED	62,457	62,457	62,457	62,457
P.K. AMILA RANJITH (THE COCONUT)	(152)	(152)	(152)	(152)
S.S. AGENCY	19,500	19,500	19,500	19,500
SMART WHEELS (PVT) LTD	20,184	20,184	20,184	20,184
SUBASINGHE PRODUCTS	1,498	1,498	1,498	1,498
SWITZ LANKA (PVT) LTD.,	246,636	246,636	246,636	246,636
VILLAGE	1,386	1,386	1,386	1,386
CHILAW PLANTATION	600,000	600,000	600,000	600,000
Haji HABIB COMPANY CEYLON LTD	225,000	225,000	225,000	225,000
J D VENTURES	6,937	6,937	6,937	6,937
STAR TRADING COMPANY PVT LTD	809,892	809,892	809,892	809,892
GAYAN STORES	164,373	164,373	164,373	164,373
KUMARA ENTERPRISES	48,603	48,603	48,603	48,603
RANJITHA TRADERS	17,755	17,755	17,755	17,755
RELIC INTERNATIONAL	34,250	34,250	34,250	34,250
T G C TRADERS	17,226	17,226	17,226	17,226
W A N NUWAN KUMARA	132,025	132,025	132,025	132,025
S E S FOOD PRODUCTS PVT LTD	714,807	714,807	714,807	714,807
BALANCE C / F	4,592,752	4,592,752	4,592,752	4,592,752

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	
	2019	2018	2019	2018
BALANCE B/F	4,592,752	4,592,752	4,592,752	4,592,752
SEWANAGALA SUGER INDUSTRY LTD	1,265,000	1,265,000	1,265,000	1,265,000
CEYLON WEIGHING MACHINES LIMITED - TP	150,749	150,749	150,749	150,749
N B FOODS	24,670	24,670	24,670	24,670
PULSES SPLITTING & PROCESSING INDUSTRY-TP	(2,828,782)	(2,828,782)	(2,828,782)	(2,828,782)
SRI LANKA TELECOM PLC - TP	10,968	10,968	10,968	10,968
STC GENERAL TRADING CO LTD - TP	(64,375)	(64,375)	(64,375)	(64,375)
WILSON TRADING COMPANY - TP	368,182	368,182	368,182	368,182
	3,519,166	3,519,166	3,519,166	3,519,166
	325,239,107	303,473,204	62,993,684	50,124,445

28.2.1 OTHER PAYABLES

CURRENT BALANCES

CONSTRUCTION PAYABLE A/C	(8,034,928)	(8,034,928)	(8,034,928)	(8,034,928)
CEYLON SHIPPING CORPORATION LIMITED	6,265,031	12,500,516	6,265,031	12,500,516
SKYLINE CONCEPTS	18,376,500	(5,115,853)	18,376,500	(5,115,853)
TESS (PVT) LTD	14,027,420	2,878,203	14,027,420	2,878,203
NELSON AUTO SERVICE	57,111	-	57,111	-
SECURITY DEPOSIT FUND	2,803,239	2,803,239	2,803,239	2,803,239
FLOOD DONATION PAYABLE	20,432	20,432	20,432	20,432
ACCESS NATURAL WATER (PVT) LTD	20,717	29,032	20,717	29,032
A.R. CONSTRUCTION	24,890	24,890	24,890	24,890
CARGILLS CEYLON LTD	(380,918)	(380,918)	(380,918)	(380,918)
MANNAR TOWN -MPCS	(510,947)	-	(510,947)	-
RUVINI FARM HOUSE	4,326	-	4,326	-
THARUL ANIMAL FEED PRODUCTIONS	3,878	-	3,878	-
DISTRICT COURT OF NEGOMGO	-	(22,080)	-	(22,080)
DIVISION SECRETARIAL PADIYATHALAWA	(150,338)	(150,338)	(150,338)	(150,338)
	32,526,414	4,552,193	32,526,414	4,552,193

LONG OUTSTANDING

CONSTRUCTION PAYABLE A/C	(8,393,084)	(8,393,084)	(8,393,084)	(8,393,084)
SUSPENSE ACCOUNT	(678,169)	(678,169)	(678,169)	(678,169)
DESIGN POINT (PVT) LTD	2,026,740	2,026,740	2,026,740	2,026,740
SPAN CONSTRUCTION	16,843,437	16,843,437	16,843,437	16,843,437
SUNIL TRADERS	15,750	15,750	15,750	15,750
CALCULATION ERROR	1,050,494	1,050,494	1,050,494	1,050,494
CONSOLIDATED FUND	375,000	375,000	375,000	375,000
EXCESS COLLECTION	208,797	208,797	208,797	208,797
EXPENDITURE 1460402	941,821	941,821	941,821	941,821
GIFT VOUCHER ISSUES	1,000	1,000	1,000	1,000
OTHERS	920	920	920	920
REMITANCE CONTROLS	795,329	795,329	795,329	795,329
REVENUE	102,878,173	102,878,173	102,878,173	102,878,173
SUNDRY CREDITORS - SALARY	307,094	307,094	307,094	307,094
SURCHARGES	36,924	36,924	36,924	36,924
SUSPENSE	3,368,597	3,368,597	3,368,597	3,368,597
TRANSPORT FACILITY	45,496	45,496	45,496	45,496
UNIDENTIFIED OPENING BALANCE	1,050,493	1,050,493	1,050,493	1,050,493
VRS 1460307	436,761	436,761	436,761	436,761
FINES	3,030	3,030	3,030	3,030
BOOK KEEPING	66,363,460	66,363,460	66,363,460	66,363,460
	187,678,063	187,678,063	187,678,063	187,678,063
	220,204,477	192,230,257	220,204,477	192,230,257

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	
		2019	2018	2019	2018
28.3.1 Refundable Deposits					
REFUNDABLE DEPOSITS	- LONG OUTSTANDING	11,944,722	11,944,722	11,944,722	11,944,722
	- CURRENT	16,039,085	9,566,623	16,039,085	9,566,623
TENDER DEPOSITS		3,038,907	988,979	3,038,907	988,979
RENT ADVANCE		432,000	432,000	-	-
SECURITY DEPOSITS / RENT DEPOSITS		500,000	500,000	-	-
		31,954,714	23,432,324	31,022,714	22,500,324
29.1.1 ACCRUED EXPENSES					
SALARIES & ALLOWANCES CONTROLS		17,789,320	19,506,556	16,839	38,311
EPF AND ETF PAYABLES		2,822,164	2,902,185	-	-
STAFF SALARY DEDUCTIONS		3,739,241	4,288,255	3,739,241	4,209,745
AUDIT FEES / TAX CONSULTANCY		22,220,087	20,745,737	20,097,687	19,545,437
ADVERTISING EXPENSES		126,765	-	126,765	-
ALLOWANCES		-	2,000	-	2,000
CASUAL WAGES / CONTRACT		1,547,556	3,247,942	1,547,556	3,247,942
CLEANING / CONSUMABLES / OTHERS		272,400	350,000	272,400	350,000
CHAIRMANS' TELEPHONE REIMBURSEMENT		-	5,193	-	-
CHAIRMANS' SALARIES & OTHER PAYABLES		14,250	14,275	-	-
CONSULTANCY FEES		1,542,115	1,281,642	-	-
DEATH DONATION PAYABLE		283,164	754,494	-	-
ELECTRICITY		2,782,706	2,801,674	2,760,924	2,779,335
LEAVE ENCASHMENT A/C		4,005,239	4,138,196	4,005,239	4,138,196
LEGAL & PROFESSIONAL EXPENSES		18,000	28,000	18,000	18,000
OVER TIME PAYMENT		4,240,192	4,345,929	4,201,225	4,297,457
PRINTING & STATIONERY		-	77,557	-	77,557
RENT EXPENSES / HIRING		13,087,519	9,835,531	642,020	401,333
REPAIRS AND MAINTANANCE		19,594	-	-	-
PAYE TAX PAYABLE		76,431	52,955	-	-
SUBSISTANCE ALLOWANCE		422,125	510,500	422,125	510,500
RATES AND TAXES		5,918,281	5,918,281	5,918,281	5,918,281
TAX CONSULTATION EXPENSE		10,000	-	-	-
TELEPHONE ALLOWANCE		120,047	94,808	68,928	94,808
TELEPHONE EXPENSES		259,353	283,628	114,619	117,276
TRAVELLING EXPENSES LOCAL		14,218	-	-	-
TELEPHONE ALLOWANCE		-	45,725	-	-
ADVERTISEMENT		-	57,375	-	-
BONUS		-	25,000	-	-
WATER		448,895	530,833	447,872	529,581
INTERNET & EMAIL CHARGES		254,051	213,806	254,051	213,806
INSURANCE		28,067	33,121	-	-
PENSION		5,397	21,765	5,397	21,765
ACCRUED DIALOG TV BILL		-	29,162	-	29,162
PROGRESSIVE WORKERS UNION		(100)	4,900	(100)	4,900
UNIDENTIFIED DEPOSIT		27,750	27,750	-	-
REFUNDABLE BID SECURITY		24,000	4,000	-	-
ASIA ASSET FINANCE PLC		6,690	-	6,690	-
FAIRFIRST INSURANCE LIMITED		(1,400)	-	(1,400)	-
ACCRUED SECURITY CHARGES		156,200	-	156,200	-
SALARY CONTROL - SECONDARY STAFF		2,113,433	-	27,000	-
PENSION CONTRIBUTION PAYABLES		19,279	-	19,279	-
LICENCE FEES / OTHERS		-	96,057	-	-
OTHER JENITORIAL		550,471	550,471	-	-
W.H.T.PAYABLE		222,436	-	-	-
OTHER ACCRUED EXPENSES		172,032	-	-	-
		85,357,967	82,825,301	44,866,839	46,545,390

Figures in brackets indicates deductions.

Auditor General's Report on the Consolidated Financial Statements of the Cooperative Wholesale Establishment and its subsidiaries for the year ended as at 31st of December 2019 and other legal and regulatory requirements in terms of Section 12 of the National Audit Act No. 19 of 2018

1. Financial Statements

1.1 Disclaimer of Opinion

The audit of the statement of financial position of the Cooperative Wholesale Establishment (corporation) and its subsidiaries (group) as at 31st of December 2019 and the statement of financial position as at 31st December 2020 and the Consolidated Financial Statement for the year ended as at 31st of December 2019 comprising the profit and losses and other comprehensive statement of income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of the provisions of section 6 of Cooperative Wholesale Establishment Act (Amendment) No 12 of 1969 and provisions of National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971 to be read in conjunction with Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka . My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

I do not state my opinion on the financial statements of the corporation and the group comprising its subsidiaries. Due to the significance of the facts given in the part on basis for disclaimer, I was unable to get sufficient and appropriate audit evidence to provide basis for an audit opinion in respect of these financial statements.

1.2 Basis for Disclaimer of Opinion

1.2.1 Non compliance with Sri Lanka Accounting Standards

(i) **Sri Lanka Accounting Standard (LKAS) 16 – Plant, Property and Equipment**

- (a) In terms of paragraph 51 of the standard, the residual value and the useful life of an asset shall be reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with LKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. However, residual value and useful life of written off value amounting Rs. 490,101,520 as at 31st of December 2021 of buildings, improvements of the buildings in leased lands, machinery, motor vehicles, furniture and fittings, computer accessories, tools and equipment and office equipment of the company had not been reviewed.
- (b) In terms of paragraph 79(b) of the standard, even though the gross carrying amount of any fully depreciated property, plant and equipment that is still in use have to be disclosed in financial statements, the carrying value of 44 machinery, 2071 furniture and fittings, 126 motor vehicles, 22 tools and equipment, 146 office equipment and 308 computers and computer accessories of the corporation that have been fully depreciated, but still in use had not been disclosed in financial statements.

(ii) **LKAS 37 – Allocations, Contingent Liabilities and Contingent Assets**

Even though an entity shall not recognize contingent assets in financial statements, assets amounting Rs. 25,900,236 which are expected to be received after a case which is being heard on misplacing of stocks under the imported rice project by the corporation had been recognized in financial statements.

1.2.2 Accounting Deficiencies

- (a) Even though building material stock amounting Rs. 4, 143,032 had been stated in financial statements as the inventory of the Building Department as at 31st of December 2019 from the year 2004 onwards, its physical existence

was not proved through audit evidence. However, inventory balance as at 31st of December 2019 had been overstated by that amount.

- (b) The corporation had not financially contributed on behalf of the share contribution of Lanka Sathosa Ltd. and the corporation had set off a total amount of Rs.121, 708,711 as Rs. 66,986,483 for the accumulated rental from 2005 to 2011, Rs 54,722,228 which is the value of fixed assets provided by the corporation to use as Lanka Sathosa outlets and warehouses. From this amount, an amount of Rs. 22,798,840 had been allocated by Lanka Sathosa Ltd. and the balance of Rs. 8,909,871 had been stated under long term assets in financial statements s investment advance. However, Lanka Sathosa Ltd. had not agreed the said amount and such allocations had not been made in the financial statements of Lanka Sathosa Ltd.
- (c) Even though the revaluated value of the Rs. 2,415,000,000 of the land which the head office and Sathosa Motors have been located, it had been accounted as Rs. 2,621,600,000 and as a result value of the lands and investment property had been overstated by Rs. 206,600,000.
- (d) Even though the revaluated amount of the warehouse of 2944sqft located in Matara is Rs. 3,532,800 its value had been accounted as Rs. 1,177,600 and as a result, value of the buildings had been understated by Rs. 2,355,200 in financial statements. Accordingly, depreciation of this asset applicable for this year had been understated by Rs. 306,176.
- (e) Due to accounting of Rs. 68,868,000 of 15 items relevant to development of a building located in Hingurakgoda at the revaluated value of Rs. 112,943,520, balance of the building improvement account of the buildings located in leased lands had been understated by Rs. 44,075,520. Accordingly, the depreciated value of the year amounting Rs. 1,763,021 had been understated in the accounts and the balance in depreciation account had been understated by Rs. 8,815,015.
- (f) The value of retaining provisions for rental relevant to building rental income received by the corporation from 05 institutes during the year under review had been understated by Rs. 1,420,091.
- (g) The interest income of Rs. 920,185 receivable for the year under review on behalf of fixed deposits and term deposits had not been accounted.

- (h) Even though interest income of the fixed deposits and terms deposits for the year under review was Rs. 3,812,579, as it was stated as Rs. 1,974,109, the interest income had been understated in financial statements by Rs. 1,838,470.
- (i) Since the mobilization advance of Rs. 38,446,618 paid to CWE Engineering and Construction Ltd. to renovate 13 warehouses of the corporation during the year under review had been accounted as work in progress, that amount had been overstated in the work in progress while it had been understated in the mobilization advance account.
- (j) During the year under review, since the amount of Rs. 16,024,500 earned by selling 345,084 kg of imported rice which cannot be used had been accounted not as an income relevant to the imported rice project, but as other income of the corporation and consequently, loss of the rice project had been overstated by that amount.
- (k) Since building rental had been invoiced based on the rates exceeding the rates of building rentals presented for audit, rental income of Rs. 1,239,956 of the year under review had been overstated in financial statements.
- (l) Even though receivable rental balance of the year under review was stated as Rs. 250,234,789, since showing a deduction of Rs. 8,684,772 in unrecognized deposits and including a minor balance totaling Rs. 34,932, Rs. 8,719,704 of rental had been understated in financial statements.
- (m) As per the financial statements, since expenses on building repairs were included in the rental balance receivable to the corporation as at 31st of December 2019 from CWE Construction and Engineering Company, rental balance receivable from that company had been overstated by Rs. 3,041,421.
- (n) The total amount of Rs. 6,538,568 which had been existing over 10 years as debit balances of two unrecognized inactive bank accounts and amounts related to payable accounts had been stated in financial statements as bank overdraft balance.
- (o) During the year under review, there were total liabilities amounting Rs. 2,307,524,723 exceeding all assets and current liabilities of Rs. 3,847,846,067 exceeding current assets of the corporation and consequently the corporation

was in the risk of handling liabilities using its assets and continuing going concern without being provided treasury grants.

(p) It was observed that the cash in hand of Rs. 3,129,264 which has existed from 2015 to the year under review is not physically available.

(q) The following observations were made in preparing consolidated financial statements.

(i) When preparing consolidated financial statements of the corporation, financial statements which were not approved and audited by the Board of Directors of CWE Securities and General Ltd. and CWE Construction and Engineering Ltd. had been used.

(ii) Income reserve of CWE Securities and General Ltd. amounting Rs. 12,143,718 had been stated under retained earnings in the consolidated financial statement. Accordingly, in the consolidated financial statement retained earnings had been overstated by Rs. 12,143,178 while income reserve was understated by Rs. 12,143,718.

(iii) The income of Rs. 7,633,273 which was received as by providing security services to the corporation by CWE Securities and General Ltd. had not been stated in the consolidated financial statement as the income of the group and it had been set off for administrative expenses of the group.

(r) Since some balances of debtors and creditors had been stated as minor balances in the financial statements, receivable balances and payable balances had been understated by Rs. 16,737,142 and Rs. 79,483,133 respectively.

1.2.3 Unavailability of evidence for audit

(a) Since evidence was not present for audit in respect of the following accounting balances totaling Rs. 3,792,313,049 as at 31st of December 2019 in the financial statements, could not be scrutinized or accepted satisfactorily.

Item	Value	Evidence not presented
(i) Balances payable to the treasury		

Settling of balances	98,718,402	Documents confirming the

	Restructuring of balances	275,000,000	value		
	Sathosa Retail Ltd.		Documents	confirming	the
	- Creditors	655,000,000	value		
	- Bank liabilities	225,000,000			
	- Value of received sales	680,000,000	Documents	confirming	the
	- On SRL	200,000,000	value		
	- On paddy project	254,149,693	Documents	confirming	the
	-		value of received sales		
			Documents	confirming	the
			value		
			Documents	confirming	the
(ii)	Long term arrears in debt balances of trade debtors	6,214,481	Ledger accounts, receipts, approval for impairment	invoices,	
(iii)	Long term arrears in debt balances of other debtors	170,370,348	Invoices, receipts, time analysis, approval for impairment		
(iv)	Other debtor – Gamata Saviya Project	42,568,994	Invoices, receipts		
(v)	Long term arrears in rental of debtors	88,071,071	Ledger accounts, receipts, time analysis	invoices,	
(vi)	Receivables from relevant parties				
	- Sathosa Retail Ltd.	110,878,720	Documents	on	receivable
			balances		
	- Lanka Sathosa Ltd.	24,202,985	Documents	on	receivable
			balances		
(vii)	Statutory receivable balances Nation Building Tax (NBT)	234,321,615	Documents	on	receivable
			balances		
(viii)	Long term arrears in balances of trade debtors	3,519,166	Invoices, payment details and time analysis		
(ix)	Long term arrears in balances of other debtors	187,678,063	Invoices, payment details, time analysis		
(x)	Payable Value Added Tax (VAT)	187,711,507	Calculations and payments		

(xi)	Deposits and advances – long term	29,692,440	Receipts of deposits
(xii)	Other investments – Sathosa Retail Ltd.	171,928,690	Documents confirming the value
(xiii)	Balance as at 01 st of January 2018	1,039,739	Renewal notices received from the bank in respect of fixed deposits.
(xiv)	Balances payable for special projects		

	Crate payables	7,731,857	Invoices, payment details, time analysis
		19,926,051	
	Department of Cooperative Development		Invoices, payment details, time analysis
	Miller Payables	47,753,691	Invoices, payment details, time analysis
	Packing materials	10,191,665	Invoices, payment details, time analysis
	Transport	5,275,761	Invoices, payment details, time analysis
	Refundable deposits (Millers)	4,605,106	Payment receipts
	Other paddy operations	11,523,151	Invoices, payment details, time analysis
	Maize project	16,442,700	Invoices, payment details, time analysis
	Rice Import Project	22,797,153	Invoices, payment details, time analysis

(b) As per the financial statements, even though expenditure on fuel was Rs. 28,171,284, according to the details on fuel consumption of each vehicle since, expenditure on fuel was Rs. 21,332,739 and a difference of Rs. 6,838,545 was observed.

(c) Even though the amount receivable to corporation from Lanka Sathosa Ltd. as at 31st of December of the year under review was Rs. 2,479, 639,195, as per the financial statements of Lanka Sathosa Ltd. the amount payable to the corporation as at 31st of December 2021 was Rs. 2,131,314,280 and a difference of Rs. 348,324,915 was observed.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Corporation is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Corporation.

1.4 Auditor's Responsibility on the Financial Statements

My responsibility is to issue the Auditor General's Report on the Financial Statements of the corporation based on the audit conducted in accordance with the Sri Lanka Accounting Standards. However, due to the facts explained under disclaimer on opinion; I was unable to obtain sufficient and appropriate audit evidence for an audit opinion in respect of these financial statements.

2. Report on other legal and regulatory requirements

Special provisions are included in the National Audit Act No. 19 of 2018 in respect of the following requirements.

- As per the requirements of section 12 (a) of the National Audit Act No. 19 of 2018, I was unable to obtain relevant information and explanations for audit and I could not determine whether the corporation had maintained proper financial reports as found out through my examination.

- As per the requirement of section 6(1) (c) (III) of the National Audit Act No. 19 of 2018 financial reports submitted by the corporation comply with the previous year.
- As per the requirement of the section 6(i) (c) (iv) of the National Audit Act No. 9 of 2018, except the observations made under 1.2.1 (ii) 1.2.2 (a),(b),(c),(d),(e) and (q) of the disclaimer on opinion in my report, the observations I made in the precedent year have been included in the financial statements. The action followed and evidences obtained and being limited to qualified matters, I made no attention to make the following statements.
- As per the requirement in section 12(d) of the National Audit Act No. 19 of 2018 whether any member of the governing body of such entity has any direct or indirect interest in any contract entered into by such entity.
- As per the requirement in section 12(f) of the National Audit Act No. 19 of 2018, except following observations taking action not complying with any applicable written law or other general or special directions issued by the governing body.

Reference to rules and regulations/ direction		Description
(a)	Financial Regulations Democratic Socialist Republic of Sri Lanka	
	(i) F.R. 103,104	(i) Of the due income in 2018 and 2019 on behalf of transport service of goods provided to the corporation by Lanka Sathosa Ltd., action had not been taken in respect of transport inferiors of Rs.19, 299,267 and action had not been taken in accordance with F.R.
		(ii) Action had not been taken in respect of 12 vehicle accidents taken place in 2019 following F.R.
(b)	Public Enterprise Circulars No. PED/03/2019 dated 09 th December 2019 and PED/03/2018 dated 07 th December 2018	Even though losses occurred in the precedent year, the corporation had paid bonus of Rs. 3,277,275 for the year under review.

- As per the requirement of section 12(g) of the National Audit Act No. 19 of 2018 the corporation has performed not complying with its powers, functions and duties.
 - As per the requirement of section 12(h) of the National Audit Act No. 19 of 2018 (h), the resources of the had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.
- (a) It was observed that the corporation had not entered into written agreements 27 times and not taking action to renew overdue lease agreements at 06 occasions.
 - (b) In the year under review 207796 sqft property of the corporation remained idle without being leased and as per the rental given in the asset revaluation report presented in 2015; the corporation lost an income of Rs. 80,401,440 annually since those buildings remained idle.
 - (c) Since the cost of a sqft was determined less than the prices given in the revaluation reports, a loss of Rs. 104,766,732 occurred to the corporation from the leased property in the year under review.
 - (d) The corporation lost an income of Rs. 19,299,267 of the invoiced value due to transport inferiors occurred in 2018 and 2019 of the transport service of goods provided to Lanka Sathosa Ltd. by the Corporation.

3. Other Audit Observations

- (a) The corporation had not taken action to recover the rental of Rs. 88,071,071 due for a long term and 100% had been allocated for impairment.
- (b) The corporation had not taken action to recover the balance of Rs. 64,538,436 which had been given under due trade balances.
- (c) The due balance of Rs. 24,202,985 which had been stated in financial statements to be recovered from related parties had not been recovered and allocations and 100% had been allocated for impairment.
- (d) Under the Imported Rice Project, the corporation had sold rice at the value of Rs. 436,164,234 to a private company in 2018 and the cheques received to settle the due amount Rs. 118,011,334 as at 31st of December 2018 had been dishonoured. The Corporation had obtained 02 bank bonds at the value of Rs. 100,000,000 when selling rice on credit basis and those bonds had not been verified as genuine documents. Further, even though the relevant company had not settled payments for a long time the company had continued

selling of rice and by 31st of December of the year under review, it was disclosed that these bank bonds were forged documents. The company had complained to the criminal Investigation Department in respect of these defaults and a case was heard in this regard at the Fort Magistrate.

- (e) In terms of section 6.5.1 of the Public Enterprise Circular No, PED/12 dated 02nd June 2003, even though the financial statements of the corporation had to be presented for audit within 60 days of the completion of the accounting year, financial statements of the year under review had been presented to the Auditor General on 06th January 2022 and the draft Annual Report had not been submitted.
- (f) The approved cadre of the corporation was 365 and as at 31st of December of the year under review, there was a surplus of 69 employees and 46 vacancies.
- (g) In financial statements it had been stated that Rs.5, 574,811 had to be recovered from buyers as at 31st of December 2019 on sale of imported rice. Since the buyers refused that they purchased rice on credit basis, the corporation had complained to the Criminal Investigation Department in this regard.
- (h) The amounts to be recovered from Lanka Sathosa Ltd. and Paddy Marketing Board to the corporation as at 31st of December of the year under review were Rs. 2,479,639,197 and Rs. 93,831,476 respectively while the corporation had to pay Rs. 89,228,614 and Rs.1,000,666,192 respectively to Lanka Sathosa Ltd. and Paddy Marketing Board. These recoverable and payable amounts have been stated in financial statements for a long time and the corporation had not made arrangements to recover that amount having agreed with the relevant institutes.

W.P.C.Wickramaratne
Auditor General

Auditor General
National Audit Office
Battaramulla

Auditor General's Report on Consolidated Financial Statements and other Legal and Regulatory Requirements of the Cooperative Wholesale Establishment (CWE) and its Subsidiaries as at 31st of December 2019 in terms of section 12 of the National Audit Act No. 19 of 2018

1. Financial Statements

1.1 Opinion

1.2 Basis for Opinion

1.2.1 Non-compliance with Sri Lanka Accounting Standards

LKAS 16:- Property, Plant and Equipment

- (a) In terms of the said accounting standard, improvements of the buildings owned by the establishment and the buildings in the leasehold lands and residual value and valuable lifetime of the machinery, motor vehicles, furniture, fittings, computer accessories, instruments, equipment and office equipment have to be reviewed in the financial statements.

Properties of the establishment have been scattered throughout the island and it's not practical to verify and get confirmed the assets such as furniture, computer accessories, at the end of every year. Subsequent to an asset estimate in 2021, relevant confirmations could be disclosed in the financial statements.

- (b) Carrying value of property, plant and equipment which have been totally depreciated but still in use have been disclosed in financial statements of 2019. Under accounting note 9.1, the carrying value of the totally depreciated fixed assets of the group including CWE has been stated as Rs. 349,095,841/-. Under the note 9.3, the carrying value of totally depreciated assets of the CWE has been stated as Rs. 348,956,141/-.

1.2.2 Accounting Deficiencies

(a) Even though the building material stock of Rs.4, 143,032 stated in the financial statements as at 31st of December 2017 has been stated in the financial statements as the stock of the Building Department since 2004, its physical existence was not confirmed by the audit evidence available to the audit. Accordingly, the stock balance as at 31st December 2017 was overstated by that amount. From 2020, arrangements have been made to reserve this balance for compensation.

(b) Approval of the Cabinet of Ministers has been received by the Cabinet Memorandum No. 11/1353/540/017 for the value of the inventory transferred to Lanka Sathosa by the Co-operative Wholesale Corporation and issue of shares for the accumulated due rent for the period up to 31.03.2011 for the fixed assets (warehouses and outlet buildings) which have been rented out taking into account as investment by the CWE to Lanka Sathosa. The issue of equity shares has been approved by the decision of the Council of Ministers No. 11/1353/540/017. (Annexure - 01)

Accordingly, a copy of Form 6 Annexure issued by Lanka Sathosa is also annexed herewith. (Annexure – 02).

As per the said cabinet decision since Sri Lanka Sathosa has issued Rs.22, 798,840/- shares to the CWE, several requests have been made to that institution to issue the remaining outstanding shares. I observe that not responding to those requests and not carrying out accounting by the institution shows not following the cabinet decision.

(c) All these assets have been revaluated in 2021 and accounted accurately from 2021.

(d) All these assets have been revaluated in 2021 and accounted accurately from 2021.

(e) All these assets have been revaluated in 2021 and accounted accurately from 2021.

(f) The accounting has been performed in the year 2019 according to the withholding tax certificates which have been sent to the finance division. I will make arrangements to make adjustments in the accounts of 2020 if withholding tax certificates have been issued for the year 2019 having examined in this regard with relevant institutes.

(g) From 2020, steps have been taken to enter the fixed deposit interest as per the balance confirmation letters issued by the bank.

(h) As stated under Circular No. SEC/2018/06 of the Inland Revenue Department on 18.04.2018, when paying interest on fixed and savings account balances by financial institutions, the withholding tax payable to the Inland Revenue Department on that income should be removed from the interest income and only the balance amount should be given to the customers.

Accordingly, based on the savings account maintained in the commercial account number 2030013001 by the CWE, the withholding tax will be deducted from the interest paid by the bank based on the balance of the and only the remaining interest income will be credited to the said account. However, according to the accounting standards, the total interest income earned in the financial statements should be accounted. Therefore, this income is accounted as follows.

Commercial Bank Account No. 2030013001	Debit
Due withholding tax amount	Debit
Interest Income Account	Credit

In this withholding balance, the amount of withholding tax payable to the Inland Revenue Department on the interest income earned by the establishment in 2019 has been shown. This amount of tax has been withheld by the bank and the withholding tax paid on it should be removed up to the total interest income when preparing the income tax documents of 2019. The balance of this withholding tax account is not incorrectly given in the financial statements and all these adjustments are accurately adjusted in the accounts.

- (i) An amount of Rs. 55,000/- was written off by the bank in 2018 as withholding tax on the amount of fixed deposit account numbers 74593601 / 74593584 operated by the Bank of Ceylon. This amount has been accounted in the WHT – Output account. This withheld amount has been deposited to Commercial Bank account No 1415160701 by two BOC cheques on 11.05.2018. Even though the party which deposited this amount could not be found, the relevant amount was accounted to the unidentified deposit account.

The said information was obtained from the Commercial Bank in 2019 and steps were taken to remove the tax amount withheld in 2018. However, by an oversight the amount to be credited to the WHT – Output account has been credited to the Receivable Retention account. This error has been rectified in the accounts of 2020 and Rs.55, 000/- has been removed from the WHT – Output account and the accounts have been corrected. I refer the details of the cheques related to the above transaction as Annexure-03 for audit.

- (j) Interest income of the year under review was Rs. 1,974,108.81. That amount has been accurately accounted.
- (k) Refurbishment of these warehouses has been completed by now and the invoices for the completion of work related to the refurbishment activities have not yet been sent to the CWE from Sathosa Construction Ltd.

This refurbishment has increased the effective life time of the warehouses and increased the value of the assets as well. Therefore, soon after the receipt of the relevant bills, I will take measures to remove the value to be capitalized from the work in progress account and debit the relevant asset account and debit the income account as minor repairs as expenses.

- (l) Measures have been taken to state this balance in the notes relevant to previous years in the accounts of 2020.
- (m) The fuel cost of 2019 was Rs.28, 171,284/-. That expense has been correctly accounted and all the payment vouchers related to this payment have been submitted for audit. Source documents together with documents on granting approval for payment have been included with the vouchers. A brief document on the manner which that the fuel expense has been prepared has been referred to the audit as Annexure-04.
- (n) As per the tax invoices included in the computerized accounting system, rental income of 2019 was Rs. 254,268,885/-.
- (o) The CWE has used Commercial Bank's account 1415160707 to deposit cheques and money on rental. Unidentified deposits amounting to Rs.8, 684,772/- herein stated have been deposited in the above account. Since that amount is not money received as trade income and as the outstanding loan balances from the debtors of the previous years, this amount has been removed from the debtors' rental balance and shown in the financial statements.
- (p) The ledger accounts which have been formed as a balance of Rs. 21,952,060/- has been indicated in the financial statements and the numbers of notes which accounts have been included accounts are given below.

- i. **CWE Construction & Engineering - Rs. 19,623,810**
Note No: - 32-2, Under Related Party Transactions
- ii. **Ministry Of Industry - Rs. 1,823,176**
Note No: 17-5-1, Under Other Receivables, Current Balances
- iii. **Ministry of National Blisses & Economics – Rs. 140,000**
Note No: 17-5-1, Under Other Receivables, Current Balances
- iv. **Unido EO Trade Related Assistance – Rs. 365,074**
Note No: 17-1-1, Trade Receivables, Current Balances

- (q) Even though balance confirmation letters have been sent to Lanka Sathosa Company, it has not responded to the establishment. (Annexure - 05). Therefore, it is not possible to do the balance confirmation. I will take action to get the balance confirmations in the next accounting year and to compare them.
- (r) The rental to be received from Sathosa Construction and Engineering Ltd. as at 11.12.2019 was Rs.19, 623,810/- as stated in the financial statements. The same amount is shown in the ledger accounts of 2019. The bill values submitted to reimburse the rental, electricity and water bills due from Sathosa Engineering Company for the year 2018 have also been included. Hence, this balance is accounted accurately.

(s) Observations made in respect of preparing consolidated financial statements

- (i) CWE Construction Ltd. has prepared its financial statements as at 31st of December and submitted them to the government audit division. Accordingly, financial statements they have provided as at 31.12.2019 have been forwarded to CWE to prepare consolidated accounts as per the approval of the board of directors. Those financial statements have been forwarded to the Audit Superintendent as well as per the approval of the Board of Directors.

Accordingly, approval of the Board of Directors has been received for the accounts submitted by CWE Construction Ltd. for the consolidated accounts of 2019. The institute has been instructed to forward you the approval. (Annexure - 06)

I forward the letters (Annexure - 07) informed by the CWE to submit financial statements to Sathosa Security Ltd. with the approval of the board of directors. However, the company has forwarded only its financial statements to prepare consolidated financial statements and I wish to inform that they have not forwarded us an approval of the board of directors obtained for that.

- (ii) Sathosa Security Ltd. has been enquired about this income reserve and no accurate information has been provided so far. This balance which has been prevailing from previous years has been indicated under retained earnings in the consolidated accounts.
 - (iii) As per the accounting standards, gratuity allocation is a non-current liability. This value is an allocation made from the profit for the expected value to be paid as gratuity for the coming 05 years. Accordingly, as it is as a long-term liability, it is a non-current liability. Although this was shown incorrectly in the financial statements of the subsidiary company, that oversight was identified in the consolidated accounts and reflected accurately in the accounts as per the accounting standards.
 - (iv) We observed the difference between the income of the establishment and the consumption of the subsidiary company and even though letters were sent confirming the balance to the subsidiary companies as at 31.12.2019, they have not responded to the establishment (Annexure - 08.) I will take action to identify the difference and compare the balances in future.
- (t) Of these balances, the balances that the buyers have paid more for the purchase of rice in the years 2017-2019 have been indicated. I will take action to get the necessary approvals to recognize and allocate the balances as income and adjust them in the next financial statements.

Meanwhile, the finance division does not have the source documents for comparing the long-term balances and I have taken measures to prepare the remaining balances correctly in future accounts. I will work to present the outstanding balances to the writing off committee in future.

1.2.3 Absence of evidence for audit

(i) Due balance from a judicial judgment Rs. 25,900,236

The documents on the way the calculations were made in this regard were submitted to the audit division during audit of financial statements in 2017. As per the report submitted by the internal audit division of the institute, the missing value of the rice bags is indicated in the accounts according to the cost calculated by us according to the written notice given by the general manager of the establishment about the quantity of rice bags missing in the rice project. Since a case is in the Criminal Investigation Department on this matter, this value is indicated in the financial statements as the balance due from a case.

(ii) Due balances to the Treasury

- Settlement of loans – Rs. 98,718,402

A confirmation letter in this regard was requested from the People's bank and will be submitted for audit soon after the receipt of that confirmation.

- Restructuring of loans – Rs. 275,000,000

The loan of Rs. 275,000,000/- granted by the Treasury in 2006 had been accounted as TR Loan – People's Bank under restructuring reserves from 2008 onwards.

Under accounting deficiencies in the Auditor General's report of 2016, it has been instructed to account for this amount as repayable debt. Accordingly, in presenting the accounts of 2017, we have precisely revised the account of 2016 and sent for audit. I would like to kindly inform you that there are no documents confirming the value related to these transactions made in 2006 in Sathosa finance division.

- SRL	- Creditors	- Rs. 655,000,000.00
	- Bank liabilities	- Rs. 225,000,000.00
	- Received sales	- Rs. 680,000,000.00

Sathosa Retail Ltd. was liquidated in 2003 and these balances have been disclosed in the financial statements since 2003. I hereby submit the documents held by the finance division as Annexure 09 to confirm the value of these transactions that were made 18 years ago.

- On SRL - Rs. 200,000,000.00

Sathosa Retail Ltd. was liquidated in 2003 and these balances have been disclosed in the financial statements from 2003 onwards. I would like to inform you that there are

no documents in the financial division to confirm the value of these transactions that were made 18 years ago.

- On Paddy Project - රු. 254,149,693.00

This balance is the balance to be paid by Sathosa Retail Company to the Paddy Marketing Board at the time of liquidation of the company and treasury bonds have been issued for that balance in 2003. After the maturity of these bonds, they were paid and released by the Treasury in 2016. I wish to inform that there are no documents in the financial division to confirm the value of these transactions.

(iii) Long term outstanding trade debtors' balance – Rs. 6,214,481

This balance has been formed from 14 long term debtor balances. Each ledger account given in this balance sheet has been referred for audit as notes to the accounts. Each of these ledger accounts are coming forward even before 2011 and the information related to those documents is currently not available in the finance division. I will take action to present the outstanding balances to the write-off committee in future.

(iv) Long term outstanding trade debtors' balance - impairment - Rs. 6,214,481/-

I will take action to examine whether these balances have been submitted to the Board of Directors for the approval of impairment and to inquire from the relevant division and to forward to the audit division if the approval has been obtained (Annexure -10)

(v) Long term outstanding balances of other debtors – Rs. 170,370,348/-

The information on the ledger account balances in which this balance has been formed is referred to the audit as notes to the accounts. These balances have been in the accounts from before 2011 and since only the ledger account balances from the year 2011 have been entered in the busy system that we are currently doing the accounting work it is not possible to check the ledger accounts of the previous years.

Since the account balances that have remained without changes have been in the accounts for a long time from 2011, I am taking the necessary action to deduct them from the accounts. Since the accounts division does not have the source documents to prove those balances, it is not possible to recover them. Hence, provisions have been made for impairment as per accounting standard number 36. I will work to present the outstanding balances to the writing off committee in future.

(vi) Long term outstanding other debtors' balances – impairment – Rs. 170,370,348/-

I will examine whether these balances have been submitted to the board of directors for the approval of impairment and enquire from the relevant divisions. If the approval has already been obtained, I will forward it to the audit division. (Annexure – 10)

(vii) Other Debtors – Gamata Saviva Project – Rs. 42,568,994/-

The information about the ledger account balances in which this balance is formed has been directed for audit as notes to the accounts. This project was carried out during the period 2014/2015. The invoices and receipts pertaining to this have been referred to the audit of those years. I will check whether those documents are available in the stores of the finance division and will make arrangements to submit them.

(viii) Long term Outstanding rent debtors – Rs. 88,071,071/-

Information on the ledger account balances in which this balance has been formed has been referred to the audit as notes to the accounts. These balances are given in the accounts from before 2011 and since only the ledger account balances from the year 2011 have been entered in the busy system which we are using for accounting at present, it is not possible to check the ledger accounts of previous years.

As the account balances which have remained unchanged since 2011 have been in the accounts for a long time, I am taking necessary steps to deduct them from the accounts. Since the accounts division does not have the source documents to prove the balances, it is not possible to recover them. Therefore, provisions have been made for impairment as per accounting standard 36.

(ix) Due balances from related parties

- Sathosa Retail Ltd.- Rs. 110,878,720/-

The said institution has been liquidated from 2003 and CWE has received only an amount of Rs. 42,623,064.07 in 2013 for this. Since it is not possible to recover the remaining amount of Rs.110, 878,720/-, the provisions for impairment in that regard have been made according to the accounting standard 36. I kindly inform you that CWE finance division does not currently have the documents related to the transactions which were made in the year 2003 and before. I will report this value to the write-off committee in future and take measures to write it off from the accounts.

- Lanka Sathosa Ltd. – Rs. 24,202,985/-

This balance has been stated in the financial reports 2010 as a balance due from Lanka Sathosa Limited under the current account balance of subsidiaries. Hence, only the ledger account balances from the year 2011 have been entered in the Busy system which is used for accounting at present, the finance division does not have the ledger accounts of the previous years and it is not possible to check them. Therefore, the finance division does not have adequate evidence to answer about the way this balance has been prepared. I will take action in future to report this value to the write-off committee in future and to write it off from the accounts.

(x) Due statutory balances – Nation Building Tax - Rs. 234,321,615/-

This is the total amount of National Security Tax paid by the establishment to the Inland Revenue Department 2001 onwards. This balance is shown in the accounts from 2003. This amount of tax paid could be deducted from future tax liabilities and is shown

continuously in the financial statements. However, the tax paid in any year has not been set off against the due tax credit. We enquired in this regard from the Inland Revenue Department and even though relevant tax documents were requested to set off the tax value paid, it was observed that those documents are not available in the CWE stores. I am sending the letters consists of facts in this regard as Annexure-11 for audit. No document is available in the finance division in this regard.

(xi) Long term outstanding debtors' balance Rs. 3,519,166/-

Information about the ledger account balances which this balance has been prepared is referred for audit as notes to the accounts. I kindly inform you that the establishment does not have any documents related to invoices for these balances. I will make arrangements to report this value to the write-off committee in future and to write it off from the accounts.

(xii) Long term outstanding creditors' balance – Rs. 187,678,063/-

Information about the ledger account balances in which this balance has been prepared is referred to the audit as notes to the accounts. These balances have been shown in the financial statements from before 2011. Since the accounts division does not have source documents for this, I will make arrangements to submit these balances to the write-off committee and to write them off from the accounts.

(xiii) Due VAT – Rs.187,711,507/-

This balance has been prepared with the total of the following account balances.

VAT Control	- 135,461,317.12
VAT Control – TP (2012)	- 9,023,053.29
VAT Output	- 43,227,135.88

Of these account balances, the amount of tax payable for the year 2019 in the VAT CONTROL account is Rs. 36,793,609.30. Since the total value invoiced as income by the establishment is not received as income, we have to pay VAT on the actual income received during the relevant period. Therefore, this account indicates an opening balance of Rs.98, 667,707.82 as at 01.01.2019. Further, in VAT Control – TP (2012), VAT Output accounts show a tax liability from previous years. From the total of these account balances, the balance of Rs.187,711,507.00 has been prepared and at present we are making reconciliations to pay VAT as per the information provided by the Inland Revenue Department and according to their returns, the relevant taxes have been paid up to the end of 2018. Hence, reconciliations are being made to pay due tax of 2019, I wish to inform that future accounting will be carried out as per precise information.

The relevant tax file is submitted herewith for audit.

(xiv) **Current Tax - Rs.91,035,989/-**

This balance has been calculated as follows.

	DR	CR
Default Tax 1995 – 2009	-	139,985,284
ECS Charges	37,957,954	-
INCOME TAX PAYABLE	-	7,389,359
WHT – Output	24,815,037	-
WITH HOLDING TAX		
RECEIVABLE	66,454	-
WHT – Input	-	6,500,790
	62,839,444	153,875,433

Payable as at 31.12.2019

91,035,989

The relevant tax file is submitted herewith for audit. Details on current tax calculations and payments have been included in the file.

(xv) **Offset tax credit - Rs. 70,797,624/-**

Documents and tax files on the way this balance has been formed will be referred for audit

(xvi) **Deposits and Advances**

Current balance- 6.12, 582,644/-

This balance has been formed as follows.

Rent deposits - Rs. 1,000,000/-

The rent deposits given by Sathosa to Anwer Hardware in 2016. This amount was disbursed under voucher PM16/706/00063 by the cheque bearing No. 707613 dated 06.04.2016. I will refer the related source documents to audit division in 2016.

➤ **Advances – Rs. 46,330/-**

Advances given to employees of the head office for emergency travel expenses, legal expenses, welfare expenses, etc. are accounted for in this account. The opening balance as at 01.01.2019 was Rs.130, 980.00. Advances of Rs.2, 205,513.20 had been made to employees during the year. These payments are included in the payment vouchers submitted for audit. Rs. 2,290,163.20 had been settled by the employees during the year. Accordingly, the advance amount further to be settled is Rs.46, 330.

➤ **Advances (others) - Rs. 311,770.89**

The opening balance of this account was Rs.32, 000.00. This money is the advance money given to the employees on the approval of the general manager on the recommendation of the divisional heads for the daily repairs, emergency purchasing without submitting invoices etc. of the institute. In 2019, Rs.117, 431,838.19 has been given as advance and as all payment vouchers are submitted for audit purposes, these payments have been given to the audit division of these advances, an amount of Rs.117, 152,067.30 has been settled from these advances on 31.12.2019. Accordingly, the remaining balance of the account is Rs.311, 770.89

➤ **Recoverable deposits (fuel) - Rs. 1,750,000/-**

The deposits made by CWE in the selected bodies to provide fuel for the Lorries of the Sathosa transport division. This balance has been formed as follows.

An amount of Rs.1,500,000/- has been paid to C.F. Paid to De Mel & Sons (Pvt) Ltd by cheque No. 636208 dated 01.01.2014 under Voucher No. PM14/707/0001.

On 08.06.2016 an amount of Rs.250, 000/- was paid to Kurunegala Nelson Auto Services by cheque number 707835 under voucher number PM16/706/00260.

➤ **Recoverable container deposits – Rs. 2,384,543.47**

This balance includes the recoverable container deposits paid by CWE to the shipping companies for the containers imported rice in 2017/2018. After carrying the relevant container to the warehouse and handing over the container to the shipping company's container warehouse and submitting the report to the shipping company, the shipping company will pay the deposit back to Sathosa. The file consists of information about the deposits thus kept has been forwarded to the audit division.

➤ **Rent deposits – Rs. 7,090,000/-**

The opening balance of this account is Rs. 115,000.00. In 2018, the deposit made for the warehouses acquired by the establishment to store imported rice was debited to the repayable advance account and it was correctly debited to the rent advance account in 2019. Accordingly, the balance of this account as at 31.12.2019 was Rs.7, 090,000.00.

- Long term balance Rs.29,692,440/-

The information about the ledger account balances from which this balance has been formed has been referred for audit in the previous year as well. These balances are shown in the accounts from before 2011 and since only the ledger account balances from 2011 have been entered in the Busy system which we are using for accounting at present it is impossible to check the ledger accounts of previous years.

As the account balances which have remained unchanged since 2011 have been in the accounts for a long time, I will make arrangements to write off them from the accounts. Since the accounts division does not have the sources and documents to prove those balances, it is not possible to recover them and provisions have been made for impairment.

(xvii) Other investments – Sathosa Retail Ltd. Rs.171, 928,690/-

Other Investments - Sathosa Retail Company - Rs.171, 928,690/-

These balances are shown in the financial statements from before 2011. I would like to inform that the source documents for this are not available in the accounts division.

(xviii) Balance of the recoverable interest account as at 01st January 2019 Rs. 1,039,739/-

The balance of this account is a balance which has been coming from the accounts of 2013. Receipt of interest of the year 2019 has been correctly adjusted.

(xix) Balances payable for special projects

- Crate payables - Rs. 7,731,857

This project has been implemented since 2011. At present, these documents are not available in the finance division. The related invoices and receipts have been referred for audit of those years.

- Milco (Pvt) Ltd. – Rs. (453,497)

This project was implemented 2016 - 2019 and all documents were submitted for audit. The related invoices and receipts have been referred for audit of those years.

- Cooperative Development Department - Rs. 19,926,051

This balance is shown in the accounts as a loan given by the Cooperative Development Department to CWE in 2011. A credit balance of Rs.19, 926,051.00 has been indicated in this account since 2012.

- Millers Payables - රු. 47,753,691

Among the balances included in this balance is Rs. 16,500,960/= balance is the balance that has come from before 2011. I will submit it to write off since there are no source documents regarding this balance. The remaining balances are the balances in the ledger accounts after 2011 to 2017. I will prepare these balances and show them in the accounts of the year 2021.

- Packing materials – Rs. 10,191,665

This project has been implemented from 2011 to 2014 and I wish to inform you that source documents are not available in the finance division.

- Transport - Rs. 5,275,761

This project has been implemented from 2011 to 2014 and I wish to inform you that source documents are not available in the finance division.

- Refundable deposits Rs. 4,605,106

This project has been implemented from 2011 to 2014 and I wish to inform you that source documents are not available in the finance division.

- Other Paddy Operations – Rs. 11,523,151

This project has been implemented from 2011 to 2014 and I wish to inform you that source documents are not available in the finance division.

- Maize Project – Rs. 16,442,700

This project has been implemented 2016-2017. The Ministry of Industry and Commerce which CWE came under paid 282,080,334.50 as Rs. 49,072,860 and 282,080,334.50 rupees were respectively paid in 2016 and 2017 by a cheque. That cheque was deposited into the Commercial 709 account and payments were made to the maize suppliers from that amount. Since the documents submitted by CIC Grain

were not original copies, the payment was retained by the payment office appointed for this project. I will forward the documents related to this project to the audit division. (Annexure – 12)

- Rice Export Project - Rs. 22,797,153

This project was implemented in 2013/2014.

Note -

A lot of old documents of CWE were destroyed due to the sudden fire that broke out on 07th floor of the CWE head office at night on 31.07.2013.

Due to that, I also mention that it is not possible to present some of the documents stated here (relevant to the period before 2013).

1.4.1 Report on other legal and regulatory requirements

(a) In the Financial Regulations of the Democratic Socialist Republic of Sri Lanka,

(i) as per F.R. 387

The establishment has never requested or submitted any overdraft facilities from a bank. Rs. 6,538,568 The balance shown as a bank overdraft in the cash book of the establishment is prepared from the total of the following bank account balances.

Commercial Bank 701 – Rs. 5,052,648.96	
Depot Bank	- Rs. 242,144.00
Sampath Bank	- Rs. 1,243,775.00

The Depot Bank account balance mentioned in this document is shown in the financial reports of the establishment 2007 onwards and the bank overdraft herein stated is Rs. 242,144.00 and this balance is a balance that has been included in the financial reports from 2008. From the observation of the financial records, it appears that no transaction has been made from this bank account since 2007. Therefore, I will check with the balance with the relevant bank regarding and take the necessary measures in future.

The Sampath Bank account herein stated was used for the transactions of the corporation before the year 2000 and the bank overdraft herein stated is a balance of Rs. 1,243,775.00 since 2008 and when observing financial reports it is observed that no transaction has been made from this bank account.

According to the balance confirmation letter given by the bank for Commercial Bank 701 account, the debit balance of that account is Rs.97,750.00 as at 31.12.2019 (Annexure - 13) Value of cheques at hand as at 31.12.2019 is Rs. 5,070,727.46 is (Attachment - 14).

Accordingly, even though the cheques were prepared for payment and entered in the cash book, they were not given to the suppliers for payment. Since the payments related to the accounting year must be accounted as at 31.12.2019 for that financial year all the payments were accounted in the year 2019 and since there was no money in the account, I wish to inform that those payments have been retained and the relevant payments were made in the manner that the money would be deposited in the year 2020.

In the bank confirmation as at 31.12.2019 since a debit balance is given, there is no balance to pay overdraft interest for a bank overdraft on that date. Hence, I wish to inform that since there is no balance to pay overdraft interest, overdraft facilities have not been obtained from the bank as per Financial Regulations - 387.

(i) Financial Regulations **103, 104**

- As per the requirement of section 12(f) National Audit Act;
 - i. It has been planned to make explanations to the Board of Directors to take action based on the explanations of the committee which has been appointed on low quality of roads.
 - ii. Action will be taken against CWE employees who are responsible based on the preliminary investigations that will be conducted in future in the same manner as they are working to get insurance compensation in respect of vehicle accidents.
- As per the requirement of section 12(h) National Audit Act;
 - (a) All the lease agreements to be prepared are completed rectifying the errors in respect of property lease agreements.
 - (b) Action is being taken to rent out presently available idle spaces as per the procurement procedures publishing newspaper advertisements.
 - (c) Even though the space at the head office has been given on rent basis to Consumer Affairs Authority at a low value, it is expected to sign lease agreements based on the specified valuation.
 - (d) The income lost due to following recommendations of the committee road low quality of roads will be recovered from the parties concerned.

1.5 Other audit observations

- (a) The establishment is duly paying assessment from 2014 onwards and the Colombo Municipal Council has issued a notice to the establishment to pay the assessment for the year 2008-2013. Since the establishment does not have to pay such due amount it has filed a case in the Court of Appeal against the Colombo Municipal Council for not taking legal action properly and the Colombo Municipal Council informed that before recovery of due assessment from CWE for 2008 – 2013, assessment should be settled having calculated it according to the property of CWE within the premises of Colombo Municipal Council. Court of Appeal to recover the high amount from the Sathosa Institute for the year 2008 - 2013. The property belonging to the Municipal Council has to pay the pro rata amount properly. Colombo Municipal Council has not submitted that information properly yet. I refer the case order related to that case (Annexure - 15) for audit.

- (b) This account has been maintained in the ledger accounts since 2012 and deposits paid on reclaiming basis by lessees who acquire properties of the establishment are accounted in it. This is a liability to the institute and it is a credit balance. However, the amount of Rs. 6,975,000.00 paid by the establishment for storing imported rice has been erroneously debited to this account and the closing balance of this account shows a debit value. Since this error has been corrected in 2019, this account again shows a credit balance of the value held by the establishment which is refundable to the suppliers. I refer the documents regarding the refundable deposits given to the establishment by the lessees to the audit division. The amount in the refundable rental deposit account as at 31.12.2019 was Rs. 2,748,670/-. Hereby I forward the information for audit.
- (c) Action has been taken to recover the arrears of rent. Even if the lessees do not pay the rent before the due date, arrangements have been made to recover them later.
- (d) As there is no source document or an original ledger of the corporation prior to the year 2011 to investigate the manner in which these ledger accounts have been prepared in relation to the rental herein mentioned, it is not possible to take any legal action to recover these balances. As the possibility of getting money for these long-standing balances is becoming deficient, provisions have been made for compensation as per the instructions given in Account Standard No. 36.
- (e) The warehouses of the establishment have been provided on rent basis and the respective lessees receive payments to the corporation based on the square feet. No lessee has made any excessive payment of the amount invoiced to him. Information about the changes presented by the audit division is given below. This invoice is issued by the service division and does not refer any lease agreement to the finance division. Hence, instructions were given from the service division to the audit division on the changes in the invoices made under the agreement.

- CWE Construction and Engineering Ltd. :

Invoices at the value of Rs. 192,900.00 have been issued by the service division for 1929 square feet for the month of January 2019 as Rs. 100/= each. Service division was instructed to provide information on the increased 734 square feet related to this invoice to the Audit division.

- Sathosa Security General Ltd.

From January to April 2019, 2726 square feet have been invoiced at Rs.160/- each. The invoiced monthly rental is Rs.436, 160/-.

Information related to the price increase is submitted by the service division to the audit division.

- **Project Unit of Rehabilitation of Displaced People**

The quantity of 2040 square feet as Rs. 102/- per month for 06 from January to June months which is 12,240 square feet from January to June has been invoiced. Information required for the price of Rs.102/- is submitted by the service division to the audit division.

- **Maxies Ltd.**

The quantity of 245.70 square feet has been invoiced as Rs.100/- per feet at the value of Rs.24, 570/- in January and February 2019. The relevant information is submitted by the service division to the audit division.

- **Lanka Sathosa Ltd.**

Information on the manner which rental of Lanka Sathosa was prepared is submitted by the service division to the audit division.

- **Mr. Ari Weerasinghe**

The quantity of 205 square feet has been invoiced as Rs.70/-, per month at the total value of Rs. 45,780/- as SL/REN/0245 and SL/REN/0244 in the month of May 2014. Relevant information is submitted by the service division to the audit division.

- **Benadics Groceries Ltd.**

The quantity of 6400 square feet for the months of October, November and December 2019 has been invoiced at Rs.57.48 per month at the value of Rs.367, 840/ per each. Relevant information in this regard is submitted to the audit division by the service division.

(f) Appointed as per the instructions of the Board of Directors and they will compare these balances with relevant institutes and to recover them.

(g) This balance has been stated in the financial reports of 2010 as a balance due from Lanka Sathosa Limited under the current account balance of the subsidiaries. Since only the ledger account balances from the year 2011 have been entered in the Busy system which is used for accounting at present, it is not possible to check the ledger accounts of the previous years. Therefore, the department does not have enough evidence to answer how this balance has been prepared.

Therefore, since it is not possible to recover the balance herein mentioned, the financial reports have been prepared by making provisions for impairment as indicated in the accounting standard No. 36.

(h) The due balance from Lanka Sathosa from the sale of imported rice is Rs.1, 455,183,162.98. In the year 2021, Rs.74, 889,456.25 was received from that amount and it was agreed in the meeting held on 08.03.2022 at the Ministry of Trade, Commerce and

Food Security to settle the remaining amount as Rs.25, 000,000.00 monthly in the first week of every month for 06 years and to make the first payment on 09.01.2022.

- (i) A complaint has been filed in the Fort Magistrate's Court and a civil case has also been filed in the Colombo Commercial High Court with respect to the fraud of Rs.118, 011,334/- committed by obtaining imported rice stock from the CWE , giving dishonoured cheques and providing a bank guarantee. The matter is under investigation.
- (j) There are instances that it is not possible to achieve the set goals due to changes that occur time to time. However, I have noted to avoid such situations in future.
- (k) I have noted the fact herein mentioned and will work to make corrections in this regard in the years to come. Accordingly, as mentioned, the consolidated plan will be reviewed time to time and arrangements have been made to include the relevant plans.
- (l) Agreed, I would like to inform you that due to the delay around one year in preparing the financial statements of Sathosa Construction and Engineering Ltd. which is a subsidiary of the CWE, for the years 2017, 2018, 2019 and preparing the consolidated accounts, the preparation of the financial statements of the CWE and submission for audit was delayed. From the year 2021, I will submit financial statements on the prescribed date.
- (m) There were no provisions in the year to fill the vacancies and all the recruitments were temporarily suspended due to government circulars. Further, although 69 employees have been stated as excessive number of employees of the institute, participation of all the employees have been obtained for projects and daily operations.
- (n) A complaint has been filed against W.R. Vijitha to the Criminal Investigation Department for selling imported rice and investigations have been started in connection with it. At present statements has been obtained. In addition, the Criminal Investigation Department has informed W.R. Vijitha to conduct a complete audit and submit an audit report related to the sale of rice and receipt of money and accordingly an independent audit is being conducted.
- (o) Agreed. This balance was examined and it is a balance that does not physically available in the establishment. All the receipts received by the establishment are debited to cash in hand account and credited to that account when the receipts are banked. This account has been shown in the ledger from the year 2011 and the balance as at 31.12.2015 is Rs. 3,326,158.72. When preparing accounts of 2016, only the major petty cash balance of Rs. 196,894.45 was removed from that account. The petty cash balance in hand was deposited in the Commercial Bank 701 account on 02.01.2016 and the 2015 petty cash balance was settled. Accordingly, the remaining petty cash account balance is shown as Rs.3, 129,264.27. These cash reconciliations were made and no further information could be found as the details are not entered in the journal entries and the entries were accounted by the then Head of the finance division. Therefore, action was taken to enter this balance in separate accounts and the cash in hand account was removed from the ledger.

- (p) According to the Co-operative Wholesale Establishment (Amendment) Act No. 31 of 1978, the establishment should fulfill the requirements of the Co-operative Societies. However, the corporation has not implemented any new commercial projects in the year 2019 and the sales and purchases of commercial projects have been made according to the instructions given by the government. I will take steps to inform the relevant parties in this regard when the projects are assigned to the establishment in future.
- (q) The amount to be received from the said organization as rental of the warehouses given to the Paddy Marketing Board as at 3.12.019 was Rs.92, 189,698.88. After September 2019, the Paddy Marketing Board had handed over the Sathosa warehouses. All the related documents have been forwarded to the institution and the balance reconciliation is in progress.

The amount due from Lanka Sathosa Ltd. as at 31.12.2019 was Rs. 2,479,639,196.86. Among these balances, that institute has paid Rs. 74,889,456.25 in 2021 for the amount of Rs. 1,455,183,162.98 was to be paid in 2017 to the establishment for the imported rice project. Of the Rs. 305,519,573.45 to be paid for local rice project of 2017, Rs. 185,573,213.07 has been paid by the said institution to the corporation in 2020 and 2021.

Lanka Sathosa has proposed a payment plan to pay the balance amount due for the sale of imported rice and local rice. In the meeting held at the Ministry of Trade, Commerce and Food Security on 03.08.2022, Lanka Sathosa agreed to pay Rs.25, 000,000.00 monthly to CWE for 06 years with effect from 01 September 2022. The amount to be paid by CWE to the Paddy Marketing Board for purchasing of paddy in 2017-2018 is Rs.721, 544,504.61. Since Lanka Sathosa has agreed to pay the money due for getting local rice from CWE from 01.09.2022 in installments. Hence, I will make arrangements to pay this amount from that money.

From the amount of Rs. 1,000,666,192.00, payable to Lanka Sathosa, Rs.11, 997,139.80 is due for the purchase of goods from Lanka Sathosa in 2017 and Rs.77, 231,474.00 for the purchase of goods in 2014. Since the amount of money to be received from Lanka Sathosa to CWE exceeds the above balance, I will take into account the payment plan presented by Lanka Sathosa to settle the said amount and to take future action. Further, the Board of Directors has appointed employees to settle and reconcile the balances from these institutions and they are performing the relevant work.

Accordingly, I wish to inform that the establishment has taken has already been taken measures to recover relevant balances and to make reconciliations.

Yours faithfully

Thushara Dissanayake, Attorney at law
Chairman
Cooperative Wholesale Establishment