Financial Statements of the Ceylon Petroleum Corporation (CPC) and the Consolidated Financial Statements of the CPC and its Subsidiary - 2012

1. Financial Statements

1.1 Qualified Opinion

(a) Qualified Opinion – Ceylon Petroleum Corporation

In my opinion, except for the effects of the matters described in paragraph 1.2 of this report, the financial statements give a true and fair view of the financial position of the Ceylon Petroleum Corporation as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

(b) Qualified Opinion – Group

In my opinion, except for the effects of the matters referred to in paragraph 1.2 of this report, the consolidated financial statements give a true and fair view of the financial position of the Ceylon Petroleum Corporation and its subsidiary as at 31 December 2012 and their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

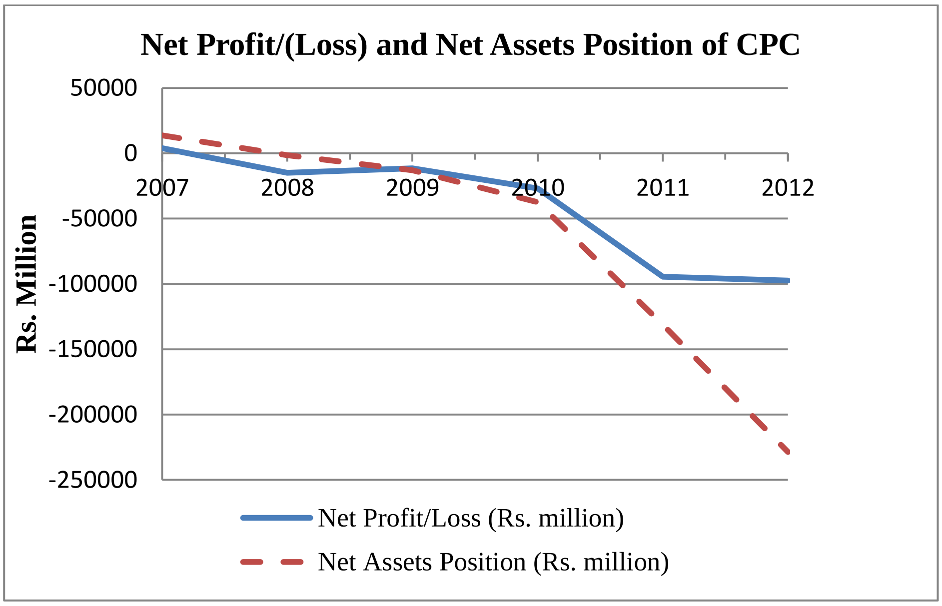
1.2 Comments on Financial Statements

1.2.1 Appropriateness of Going Concern Assumption

(a) Capital Erosion of the Corporation

The Corporation had sustained losses of Rs. 97,308 million for the year 2012 and had negative net assets position of Rs. 228,545 million as at the end of the year under review due to incurring heavy losses during the year under review and for the previous four years. Further, the negative impact on the losses incurred by the Corporation on Hedging transaction had caused to increase the loss of the Corporation for the year 2012 and as a result the net assets position was further eroded. Thus, the ability of the Corporation to continue as a going concern without the financial assistance from the General Treasury and other financial institutions is doubtful. The net profit/(loss) and the net assets position of the Corporation for the year under review and previous five years are depicted in the table and the chart given below.

Year	Net Profit/(Loss)	Net assets position as at the end of the year
	Rs. Mn.	Rs. Mn.
2007	3,984	13,568
2008	(14,952)	(1,416)
2009	(11,567)	(13,038)
2010	(26,923)	(39,952)
2011	(94,503)	(131,324)
2012	(97,308)	(228,545)



(b) Sector wise Consumption

Even though the domestic retail prices of petroleum products were revised upward in 2011 and 2012 in order to address these financial difficulties of the Corporation, the Corporation had continuously sustained losses.

The followings are the loss making products of Corporation for the year 2011 and 2012.

Sector	Total losses for the year ended 31 December	
	2012	2011
	Rs. Mn	Rs. Mn
Transport		
Petrol 90 Octane	(3,168)	-
Lanka Auto Diesel	(29,654)	(62,045)
Total loss from the sector	**(32,822)**	**(62,045)**
Power Generation		
Lanka Auto Diesel	(9,034)	-
Naphtha	(1,048)	(798)
Fuel Oil - 3500	(8,718)	(9,206)
Fuel Oil - 1500	(23,223)	(18,313)
Fuel Oil - 1500 (L/S)	(11,733)	(5,764)
Total loss from the sector	**(53,756)**	**(34,081)**
Aviation		
Avteur Local	(476)	(718)
Total loss from the sector	**(476)**	**(718)**
Industries		
Fuel Oil - 1500	(2,003)	(4,248)
Fuel Oil - 800	(904)	(1,790)
Ind. Kerosene	(364)	(832)
Total loss from the sector	**(3,271)**	**(6,870)**
Domestic		
LP Gas (K.G)	(377)	(224)
Kerosene	(3,525)	(6,886)
Total loss from the sector	**(3,902)**	**(7,110)**
Farmers		
Agro Chemicals	(2)	(5)
Total loss from the sector	**(2)**	**(5)**
Export		
Naphtha Export	(43)	(675)
Furnace 1500 Export	(70)	(329)
Total loss from the sector	**(113)**	**(1,004)**
Total Loss	**(94,342)**	**(111,833)**

According to the above table, other than Petrol 90 Octane in Transport Sector and Lanka Auto Diesel in Power Generation Sector, all other products have been making losses continuously during the years 2011 and 2012.

1.2.2 Non-compliance with Sri Lanka Accounting Standards (SLAS)

The following observations are made.

(a) As two third of the total shares of the Ceylon Petroleum Storage Terminal Ltd (CPSTL) is held by the Corporation, it should have prepared and presented consolidated financial statements for the year 2010 and onwards. However, the Corporation had prepared consolidated financial statements for the year 2011 based on unaudited financial statements of the CPSTL, and as a result, the convergence, in accordance with first time adoption of SLFRS 1, of the financial statements of group had also been made on the same basis which leads to the serious doubtfulness of the accuracy.

(b) According to the previous Sri Lanka Accounting Standards ("SLASs") applied before 1 January 2012, the Group should have recognized the gain on acquisition of the CPSTL (subsidiary) in profit or loss immediately. However, the business acquisition related gains of Rs. 2,485.6 million had not been recognized in profit or loss in accordance with SLFRSs and instead it had been shown as Reserves on Consolidation in the statement of financial position of the Group of the years 2012, 2011 and 2010.

(c) According to the notes to the financial statements, it was disclosed that Corporation had computed the retirement benefit costs using the projected unit credit method as recommended in LKAS 16. However, it was revealed that the Corporation had computed the retirement benefits using the software issued by the Institute of Chartered Accountants of Sri Lanka, which had been permitted only to small and medium size enterprises (SME). Accordingly, the requirement of provisions of gratuity as per the **LKAS 19 – Employee Benefits** had not been followed.

(d) According to the information made available it was observed that 08 court cases had been settled at a sum of Rs. 347.43 million, which unfavorable to the Corporation after the reporting period but before authorization of financial statements for issue. Further, there were some unsettled major court cases as at the end of the year under review. However, an appropriate provision or disclosures for legal obligations as at the end of the year under review had not been made in financial statements as required by **LKAS 37 – Provisions, Contingent Liabilities and Contingent Assets**.

1.2.3 Accounts Receivable and Payable

The details of the long outstanding balances of the Corporation as at end of the year 2012 with compared to the previous year are as follows.

Item	Total dues as at 31 December	
	2012	2011
	Rs.	Rs.
Dealers	947,723,789	790,349,862
Aviation	29,887,871,353	14,710,932,214
Power Plants	17,064,591,449	8,974,762,742
Government Consumers	48,600,291,544	90,024,815,525
Private Consumers	574,893,541	263,130,856
Agro Chemical	26,534,377	22,917,925
Lubricant	535,322,865	196,153,207
Others	74,544	87,773,021
Total	**97,637,303,460**	**115,070,835,353**

The following observations are made in this regard.

(a) Out of total outstanding balance of Rs. 97,637,303,460 as at 31 December 2012, a sum of Rs. 236,070,922 is outstanding for more than 3 years and out of which a sum of Rs. 158,526,585 had been settled by a Treasury bond issued during the year 2013. *(More details are in **Annexure 1**).*

(i) The legal action had been taken against 28 debtors who had sustained outstanding balances of Rs. 20,162,906 and supplying of petroleum products had also been stopped. At the meantime, the dealership of the above 13 customers with outstanding balances of Rs. 6,928,864, had been cancelled.

(ii) Further, a bad debt provision of Rs. 134,165 had been made for one customer who had an outstanding balance of Rs. 322,760 for over 5 years, and despite of such outstanding amount and bad debt provision, petroleum products had been continuously supplied to such customer.

(iii) There was a dispute over the amount of Rs. 13,958,506 with Maganeguma – Peliyagoda.

(b) Instances of providing credit facilities exceeding bank guarantees and credit limits during the year 2012 to 13 e-bank and 5 day credit dealers, 6 aviation customers and 2 power plant customers were observed in an audit test check. ***(Annexure 2)***

(c) According to the audit test check, it was observed that the Corporation had provided credit facilities aggregating Rs. 33,981.1 million to two dealers, a power plant customer and two aviation customers without bank guarantees during the year 2012.

(d) According to the Board decision dated 08 August 2006 and the letter dated 24 March 2008 of the Senior Deputy Finance Manager (Revenue) of the Corporation, an interest rate of 24 per cent per annum is required to be charged to the customers on overdue balances. However, it was revealed that such decision had not been properly implemented by the management of the corporation. The following observations are made in this regard.

(i) The System Application and Products (SAP) system of the Enterprise Resource Planning (ERP) system introduced and implemented by the CPSTL, which used by the Corporation for data processing and monitoring of stock levels, does not facilitate to calculate the interest charges on unsettled invoices over the credit period. Therefore, the Corporation had used to calculate the interest manually on unsettled invoices and to update the SAP System. Accordingly, it was observed that a proper system had not been designed and implemented by the Corporation to ensure the accuracy and completeness of interest charges on overdue balances.

(ii) At the audit test check revealed that the interest charges aggregating Rs. 154,156 on overdue balances of aviation customers for the year 2011 had been recognized as income for the year 2012. Such instances are included in ***Annexure 3***.

(e) Services had continuously been provided to Cheque on Delivery (COD) customers on hard cash basis without collecting the amount receivable due to lack of proper control over the collection of dues. For an example, some of COD customers, from whom a sum of Rs. 58,399,795 should have been recovered due to cheque returned had been categorizes into hard cash customers and provided services, instead of collecting dues from them. As a result, there is a default risk in amounts receivable. The following observations are also made in this connection.

(i) During the year 2012, there were 1,579 instances of cheque returns valued at Rs. 1,388,713,962 which is noted as an excessive amount.

(ii) Due to lack of proper control in this regard, it was revealed that customers had used such practice to manage their working capital. According to the audit examination carried out on cheque returns during the year under review, 213 such instances, with outstanding balance of Rs. 147.7 million with regard to eleven customers were observed.

1.2.4 Transactions not Supported by Adequate Authority

In terms of Section 8.3.3 of the Public Enterprise Circular No. PED/12 of 2 June 2003, bonus could be paid to employees out of the profit earned by the Corporation. Nevertheless, the Board of Directors had approved and paid bonus amounting to Rs. 147 million, Rs. 148 million, Rs. 179 million, Rs. 175.6 million and Rs. 220.9 million in the years of 2008, 2009, 2010, 2011 and 2012 respectively despite the losses occurred to the Corporation in these respective years.

1.2.5 Hedging Transactions

According to the Hedging transactions of the Ceylon Petroleum Corporation, the Corporation was cited as a party in the arbitration proceeding pertaining to hedging contracts entered into with several commercial banks. As such a sum of US dollars 60 million (Rs. 7,612 million) had been paid to the Standard Chartered Bank (SCB) on 3 June 2013 under the Deed of settlement entered between the parties. Further, a sum of US dollars 15.3 million had been incurred by the Corporation as legal and other charges. At the meantime, an arbitration award given in favor of the Corporation amounted to US dollars 1.3 million (Rs. 153 million) with regard to the transaction with the Citi Bank.

1.3 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following instances of non-compliance with Laws, Rules, Regulations and Management Decisions were observed in audit.

	Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance
(a)	Section 3.2 of the Public Enterprises Circular No. PED/12 of 2 June 2003 on Public Enterprises Guidelines for Good Governance.	The Board of Directors of the Corporation did not include at least one member in the field of Petroleum industry.
(b)	Finance Circular No. 124 dated 24 October 1997 of the Ministry of Finance and Planning.	Even though, covering up duties of a vacant post should be limited to a period of 03 months, 16 employees had been appointed for covering duties of vacant posts for the period ranging 02 months to 02 years to the end of the year under review.

2. Financial Review

2.1 Financial Result

According to the financial statements presented, the operation of the Corporation for the year under review had resulted in a net loss of Rs. 97,308 million as compared with the corresponding pre-tax net loss of Rs. 94,503 million for the preceding year, thus indicating a further deterioration of Rs**.** 2,805 million in the financial results.

The main contributory factors for the continuous financial losses and capital erosion of the Corporation were revealed as inefficiency of refinery operations with low margin, poor yields and frequent stoppages, and as a result importation of refined petroleum products to meet the demand of the country, export of Naphtha and furnace 1500, the provision of fuel to SriLankan Airlines Ltd and Mihin Lanka (Pvt.) Ltd at concessionary rates which were lower than the contract customer price, heavy losses occurred on Hedging transactions, Corporation's increased borrowings from the banking sector to finance its oil bills, inefficiencies in procurement process of petroleum products of the Corporation, provision of furnace oil at subsidized rate to Ceylon Electricity Board (CEB), lack of proper stock level maintenance program and storage facilities, payment of demurrages etc.

3. Operating Review

3.1 Operating Inefficiencies

The following observations are made.

(a) Inefficiency in Refinery Operations

Out of the country's current petroleum products demand approximately a one third is expected to be met from imported crude oil which undergoes the refining process locally in the refinery owned by the Corporation at Sapugaskanda. However, according to the Manufacturing Account of the Oil Refinery, the quantity of crude oil imported by the Corporation had decreased from 1,930,069 metric tons to 1,619,826 metric tons or by 16.1 per cent during the year under review as compared with the preceding year.

The Crude Oil intake per annum with compared to the budgeted quantity for the year 2012 and previous nine years are as follows.

Year	Quantity of Crude Oil intake (processed) for the Production		Difference	
	Budgeted	Actual	Quantity	Percentage
	(Metric Tons)	(Metric Tons)	(Metric Tons)	
2012	2,242,500	1,596,058	646,442	28.83
2011	2,415,000	2,003,607	411,393	17.03
2010	2,242,500	1,752,716	489,784	21.84
2009	2,415,000	2,005,915	409,085	16.94
2008	2,242,500	1,870,237	372,263	16.60
2007	2,415,000	1,899,079	515,921	21.36
2006	2,415,000	2,140,132	274,868	11.38
2005	2,277,000	1,977,751	299,249	13.14
2004	2,415,000	2,216,646	198,354	08.21
2003	2,242,500	2,023,605	218,895	09.76

The existing 45 years old refinery, which was commissioned in 1969, is not able to cater the increasing demand of petroleum products in the country and this refinery is operating with low margin when compared with the modern world refineries operating with advanced technologies including facilities to produce petroleum products at lower cost whereby maximizing the refinery operating efficiency. However, the Corporation was not yet able to implement the proposed Sapugaskanda Oil Refinery Expansion and Modernization (SOREM) Project in order to ensure that petroleum products are supplied to the market in a cost effective manner. *"As per the Chairman of the Corporation, even though the original design capacity of the Refinery is 6,900 Tons per day, now it is not possible to achieve this capacity due to the types of crude, downstream restrictions and more stringent product specifications. To operate the refinery more profitably, it is required to upgrade the low value bottoms to high value products and this has been addressed in the SOREM Project."*

(b) Provision of Fuel to SriLankan Airlines Ltd and Mihin Lanka (Pvt) Ltd at Concessionary Rates

Even though, SriLankan Airlines Ltd. and Mihin Lanka (Pvt) Ltd. were contract customers, Fuel had been issued to them at concessionary prices which were lower than the contract customer price and when compared with the contract customer price, the Corporation had incurred losses of Rs. 669.8 million and Rs. 456.6 million during the years of 2011 and 2012 respectively, on sale of

Aviation Turbine Fuel to the above companies at extraordinary concessionary prices. Details are as follows.

Name of the Company	Amount of Losses Incurred During the Year			
	2012		2011	
	US$ Mn	Rs. Mn	US$ Mn	Rs. Mn
SriLankan Airlines Ltd	3.29	423.97	5.47	627.16
Mihin Lanka (Pvt.) Ltd	0.25	32.58	0.38	42.61
Total	**3.54**	**456.55**	**5.85**	**669.77**

Despite providing fuel at concessionary prices to these two companies, the settlement of outstanding fuel bills are very poor and as a result, the outstanding balance had exceeded the approved credit limits. The outstanding balance as at end of the year under review and preceding two years are given below.

Name of the Company	Outstanding Balance as at 31 December		
	2012	2011	2010
	Rs.	Rs.	Rs.
SriLankan Airlines Ltd	25,890,118,810	12,351,426,871	541,542,674
Mihin Lanka (Pvt.) Ltd	3,416,102,041	1,227,020,419	361,235,191

The bank guarantee for credit sales provided by Mihin Lanka (Pvt) Ltd was amounted to US$ 200,000 (LKR 21,900,000) and accordingly, the credit limit also should be less than or equivalent to such amount to minimize the risk. However, the credit limit granted to such Company by the Corporation as at 31 December 2012 was Rs. 3,200,000,000 and the credit facilities provided by the Corporation at that date was Rs. 3,416,102,041. Accordingly, the credit limit granted by the Corporation had exceeded the bank guarantee (Rs. 21,900,000) by Rs. 3,178,100,000. At the meantime, the credit facilities provided by the Corporation to such company had exceeded the credit limit by Rs. 216,102,041 and the bank guarantee by Rs. 3,394,202,041. Accordingly, it was observed that out of the total outstanding balance of Rs. 3,416,102,041 as at end of the year under review, which not covered by the bank guarantee was an unsecured outstanding balance. However, SriLankan Airlines Ltd. and Mihin Lanka (Pvt) Ltd. had settled sums of Rs. 18.8 billion and Rs. 4.9 billion respectively by utilizing Treasury Bonds during the year 2013.

(c) Increase of Borrowings from the Banking Sector

The Corporation had increased its borrowings from the banking sector to finance its oil bills and it had resulted to increase the sustained losses of the Corporation and to erode further the net assets position of the Corporation. Further, it was observed that CPC had incurred a huge finance cost for the year ended 31 December 2012 with compared to the preceding years as depicted below which shows an increasing trend.

Year	Bank Borrowings as at 31 December	Finance Cost	Annual Loss on Ordinary Activities	Finance Cost as a Percentage of Loss from Ordinary Activities
		Rs. Mn	Rs. Mn	%
2012	399.52	18,359.68	89,569.18	20.5
2011	310.06	9,000.57	94,503.45	9.5
2010	168.02	6,858.90	26,922.82	25.5

The Corporation had exceeded the limits of the General Treasury indemnity issued to the banks on behalf of the Corporation to secure the foreign currency loans as at end of the year under review is given below.

Name of the Bank	Outstanding Amount as at 31 December 2012		Security – General Treasury Indemnity		Exceeded Amount over the Security	
	US$ Mn.	Rs. Mn.	US$ Mn.	Rs. Mn.	US$ Mn.	Rs. Mn.
Bank of Ceylon	1,789.39	230,741	900	115,938	889.39	114,803
People’s Bank	1,274.79	164,384	200	25,764	1,074.79	138,620

3.2 Management Inefficiency

The following observation is made.

No proper evaluation of the risk involved in linking the Corporation data base to Enterprise Resource Planning (ERP) system developed by the Ceylon Petroleum Storage Terminal Ltd with the assistance of the Indian Oil Company (the parent company), the major industry competitor of the Corporation, had been made by the Corporation. Since the Corporation has to commit significant amount of its resources (both capital and human) for this purpose, a proper and in-depth analysis of the impacts that would arise through this system integration should have been made with the assistance of experts in the field of Enterprise Resource Planning System. Further, it was observed that there was no agreement or a Memorandum of Understanding between the Corporation, Ceylon Petroleum Storage Terminal Limited and Lanka Indian Oil Company with regard to their respective responsibilities under this Project before implementation. It was also important to have an agreement/memorandum as a precautionary measure, taking into account the significant outlay of capital and human resources utilized by the Corporation to upgrade its equipment etc. to be compatible with the Enterprise Resource Planning System introduced by the Ceylon Petroleum Storage Terminal Limited.

3.3 Procurement of Petroleum Products

I have conducted a special audit on procurement of petroleum products by the Corporation during the period from 01 June 2011 to 30 June 2012 under the direction made by the Chairman of the Committee on Public Enterprises and the report had been tabled in Parliament in June 2013.

Accordingly, it was observed that the Corporation had sustained an estimated loss of Rs. 3.2 billion during the short period of 06 months from 01 January to 30 June 2012 due to inefficiencies such as lack of a comprehensive procurement plan, weaknesses in the procurement procedure, failure to carry out reliable laboratory tests on time, lack of coherence communication and preparedness to meet the challenge of a volatile market, overpayments, delays in placing orders for procurement of petroleum products, uneconomical blending of high and low octane petrol, etc. Such issues had created a negative impact on the reputation of the Corporation as well as the economy of the Country.

A brief summary of major issues highlighted in the above report relating to the year under review is given below.

Description	Value		
	US$	Ex. rate [1]/ Actual rate [2] Rs.	Rs.
Registration of suppliers without charging registration fees	7,200.00	130.0000 [2]	936,000
Loss sustained by the Corporation as a result of allowing the supplier (A Singapore based oil company) to use "Platts" prices for any five days in B/L month (BK/52/2011, BK/53/2011, BK/56/2011, BK/58/2011, BK/59/2011)	2,284,459.61	114.6035 [2]	261,807,074
Loss sustained by the Corporation due to deducting outturn quntity losses from invoice value of supplier (BK/10/2011)	-	-	16,438,314
Demurrage claimed by the suppliers due to operational inefficiencies and terminal constraints of Corporation	726,867.31	127.1608 [1]	92,429,029
Demurrage claimed by other ships which had arrived on time but unable to discharge due to delays in discharging process of the Corporation	136,644.10	127.1608 [1]	17,375,773
Demurrage payable due to delays in opening of Letters of Credit	31,366.67	127.1608 [1]	3,988,611
Loss sustained by the Corporation due to delays in signing agreement with the selected supplier to import of Fuel Oil, and as a result procurements made from other suppliers on urgent basis at higher premium to avoid power cuts. (BK/49/2011)	1,995,000.00	127.1608 [1]	253,685,796
Loss sustained by the Corporation as a result of changing of quantity basis Air to Vacuum basis (BK/011/062)	18,013.24	127.1608 [1]	2,290,578
Loss sustained by the Corporation due to sale of Auto Diesel instead of Low Sulphur Fuel Oil	-	-	1,614,148,800
CPC had incurred an estimated loss due to changing the basis for calculating DES Colombo price for Gas Oil in favour of the seller and the option of selection of the month (either B/L or delivery month) was up to the seller.	5,499,781.67	127.1608 [1]	699,356,637
Total			**2,962,456,612**

Ex. rate [1] – (Exchange rates):
Exchange rates according to the Central Bank Reports as at 31 December 2012
(Daily Indicative Rates of World Currencies – 31.12.2012)

Country	***Currency***	***Indicated Rate (Rs.)***
UK	*Pounds*	*205.4728*
USA	*Dollars*	*127.1608*

3.4 Assets Management

The following assets had been lying idle since the acquisition of those assets.

	Nature of the Asset	**Observation**
(a)	Wanathamulla – Halgahakumbura Land	This land had been acquired for Rs.10.6 million for the purpose of LP Gas Project and a Playground. However, it had not yet been utilized for the purpose.
(b)	Mahena Land	According to the correspondence made available, the Corporation had paid a sum of Rs. 0.625 million for the acquisition of this land. However, this land had not been accounted in the books of the Corporation, and is being used by the previous owner since 1986.

3.5 Human Resource Management

Vacancies in 349 posts of different categories of the cadre including 72 vacancies in the executive grades (including Manager Internal Audit, Commercial Manager, DGM Marketing) and 277 in the skilled, semi-skilled and unskilled services staff and excesses in 2 posts of clerical and allied grades were observed as at 31 December 2012 while 29 posts in all categories of the staff had been filled on contract basis, and out of which the Chief Internal Auditor has been working as the DGM Finance on acting basis since the mid of the year 2011. Even though, approval of the General Treasury and the Cabinet of Ministers had been granted in the year 2011 for recruitments of staff including the post of Finance Controller on contract basis, the management of the CPC had not taken necessary actions to fill such posts yet.

The cadre position of the Corporation as at 31 December 2012 is as follows.

Categories	Approved cadre	Actual cadre			Number of Vacancies/ (Excess)
		Number of Permanent Staff	Number of Contract Basis Staff	Total Staff	
Executive Grade	372	300	01	301	71
Clerical and Allied Grade	1,286	1,277	11	1,288	(2)
Skilled, Semi-skilled and Unskilled Grade	1,347	1,060	10	1,070	277
Total	3,005	2,637	22	2,659	346

4. Accountability and Good Governance

4.1 Delays in Presentation of Financial Statements

According to the Public Enterprises Circular No. PED/12 of 02 June 2003, the draft annual report and accounts should be rendered to the Auditor General within 60 days after the close of the financial year. However, the financial statements for the year under review had been submitted to the Auditor General only on 28 March 2014.

4.2 Budgetary Control

Significant variances were observed between the budgeted and the actual income and expenditure for the year under review, thus indicating that the budget had not been made use of as an effective instrument of management control.

5. Systems and Controls

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

(a) Property, Plant and Equipment
(b) Debtors and Other Receivables
(c) Trade Creditors and Other Payables
(d) Accounting
(e) Compliance with Laws, Rules, etc.
(f) Procurements
(g) Utilization of Resources
(h) Human Resources Management
(i) Assets Management
(j) Payment of Bonus

Annexure 1

Long Outstanding Debtor Balances as at 31 December 2012

Type of customer	Total	Less than 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	More than 5 Years
Dealers	**947,723,789**	921,264,713	6,732,321	5,147,824	20,140	36,770	14,522,021
Agro Chemical	**26,534,377**	17,949,328	239,809	0	1,660,066	58,379	6,626,795
Power Plants - CEB	**27,823,749,142**	21,680,771,075	6,142,978,067	0	0	0	0
Other Power Plants	**17,064,591,449**	17,064,591,449	0	0	0	0	0
Aviation	**29,887,871,353**	28,880,881,294	746,710,853	260,279,206	0	0	0
Govt. Customers	**20,776,542,402**	13,666,157,354	4,633,923,912	2,285,017,899	154,018,504	28,610,886	8,813,847
Private Consumers	**574,893,541**	318,430,503	34,035,329	200,724,194	14,090,475	0	7,613,039
Lubricant	**535,322,865**	491,957,482	15,775,077	27,590,306	0	0	0
Others	**74,544**	74,544	0	0	0	0	0
Grand Total	**97,637,303,460**	**83,042,077,741**	**11,580,395,369**	**2,778,759,429**	**169,789,185**	**28,706,036**	**37,575,701**

Annexure 2

Outstanding Balances Exceeding Bank Guarantees and Credit Limits

(i) E –Bank Dealers and 5 Day Credit Dealers

Account No	Bank Guarantee Value	Credit Limit	Outstanding Balance Date	Outstanding Balance Amount	Amount Exceeding Bank Guarantee
	Rs.	Rs.		Rs.	Rs.
100570	3,700,000	3,750,000	14/04/2012	3,853,519	153,519
			06/05/2012	4,384,967	684,967
			06/05/2012	5,340,308	1,640,308
			07/05/2012	4,384,967	684,967
100170	Nil	Special Credit	08/11/2012	12,077,416	12,077,416
			03/12/2012	12,097,026	12,097,026
			05/12/2012	7,716,050	7,716,050
			07/12/2012	8,673,517	8,673,517
100322	3,000,000	3,500,000	13/02/2012	3,594,132	594,132
			15/02/2012	4,469,136	1,469,136
			22/02/2012	5,156,400	2,156,400
			24/07/2012	4,477,317	1,477,317
			09/10/2012	4,449,328	1,449,328
			15/12/2012	4,451,419	1,451,419
100228	Nil	Special Credit	24/02/2012	8,534,743	8,534,743
			31/12/2012	6,565,809	6,565,809
100499	4,050,000	4,050,000	22/08/2012	4,114,480	64,480
			02/10/2012	4,120,952	70,952
			10/11/2012	4,175,389	125,389
			23/11/2012	4,858,341	808,341
100413	2,500,000	2,500,000	28/04/2012	3,422,259	922,259
			06/05/2012	3,532,991	1,032,991
			12/05/2012	3,823,723	1,323,723
			21/05/2012	3,378,540	878,540
100465	9,000,000	9,000,000	08/04/2012	10,202,499	1,202,499
			16/04/2012	9,816,169	816,169
			21/04/2012	9,819,174	819,174
			12/05/2012	10,134,921	1,134,921
100470	12,000,000	12,000,000	01/12/2012	13,333,063	1,333,063
			05/12/2012	13,213,162	1,213,162

			10/12/2012	14,475,690	2,475,690
			14/12/2012	14,805,945	2,805,945
			15/12/2012	13,664,948	1,664,948
			20/12/2012	16,142,007	4,142,007
			22/12/2012	16,847,812	4,847,812
			24/12/2012	16,379,924	4,379,924
100486	3,800,000	3,800,000	07/04/2012	4,638,705	838,705
			14/04/2012	4,798,056	998,056
			04/04/2012	5,538,741	1,738,741
			14/04/2012	6,221,511	2,421,511
			23/09/2012	6,953,453	3,153,453
100627	6,500,000	6,500,000	21/02/2012	6,527,489	27,489
			11/07/2012	8,259,243	1,759,243
100641	8,350,000	8,350,000	21/04/2012	8,819,628	469,628
			21/04/2012	9,560,313	1,210,313
			23/04/2012	8,630,787	280,787
			24/04/2012	8,559,657	209,657
			04/05/2012	9,282,732	932,732
			21/05/2012	8,618,372	268,372
			29/12/2012	8,714,253	364,253
100649		8,500,000	12/03/2012	12,000,531	3,500,531
			16/03/2012	12,342,201	3,842,201
			17/03/2012	12,789,571	4,289,571
			20/03/2012	13,405,045	4,905,045
			21/03/2012	15,113,775	6,613,775
			24/03/2012	16,195,135	7,695,135
		7,000,000	17/04/2012	16,305,404	9,305,404
			26/04/2012	17,448,706	10,448,706
			04/05/2012	19,208,571	12,208,571
100042	16,000,000	16,000,000	12/12/2012	16,011,046	11,046
			14/12/2012	16,011,046	11,046
			15/12/2012	17,495,056	1,495,056

(ii) Aviation Customers

Account No	Bank Guarantee Value Amount	Bank Guarantee Value Amount	Credit Limit	Outstanding Balance Date	Outstanding Balance Amount	Amount Exceeding Bank Guarantee
	USD	Rs.	Rs.		Rs.	Rs.
101111	1200,000	152,400,000	150,000,000	08/10/2012	169,979,077	17,579,077
				09/10/2012	186,277,677	33,877,677
				15/10/2012	189,382,875	36,982,875
				22/10/2012	174,675,600	22,275,600
				24/12/2012	155,635,106	3,235,106
				25/12/2012	167,907,863	15,507,863
				26/12/2012	159,936,810	7,536,810
101115		5,000,000	44,075,000	05/01/2012	62,676,239	15,451,239
		10,000,000	44,075,000	09/01/2012	69,506,634	22,281,634
	175,000	22,225,000	44,075,000	23/01/2012	76,858,684	29,633,684
		10,000,000	44,075,000	02/02/2012	83,428,580	36,203,580
			44,075,000	03/05/2012	77,861,285	30,636,285
			46,875,000	13/12/2012	64,134,559	16,909,559
			46,875,000	27/12/2012	71,954,789	24,729,789
			46,875,000	31/12/2012	67,279,933	20,054,933
103135	100,000	12,700,000	12,500,000	14/11/2012	13,783,373	1,083,373
				15/11/2012	14,498,435	1,798,435
				18/11/2012	15,187,219	2,487,219
103261	65,000	8,255,000	8,125,000	17/07/2012	9,201,616	946,616
				01/11/2012	11,766,876	3,511,876
				03/11/2012	12,330,675	4,075,675
				11/11/2012	22,599,988	14,344,988
103488	400,000	50,800,000	50,000,000	03/05/2012	53,366,559	2,566,559
				11/06/2012	53,578,947	2,778,947
101142	200,000	21,900,000	3,200,000,000	31/12/2012	3,416,102,041	3,394,202,041

(USD 1 = SLR 127 as at 31 December 2012)

(iii) Power Plant Customers

Account No	Bank Guarantee Value	Credit Limit	Outstanding Balance		Amount Exceeding Bank Guarantee
			Date	Amount	
	Rs.	Rs.		Rs.	Rs.
*102305	263,520,000	285,341,497	03/01/2012	285,048,104	21,528,104
		274,444,503	25/02/2012	274,922,393	10,924,503
			24/03/2012	271,947,348	8,427,348
101858	Nil *	8,700,000,000	31/12/2012	8,073,055,528	8,073,055,528

* There was an agreement between the Corporation and the power plant customer relating to credit facilities.

Annexure 3

Instances of interest charges on overdue balances of aviation customers for the year 2011 had been recognized as income for the year 2012.

Billing No	Invoice Date	Settlement Date	Credit Period	Invoice Value	Overdue Days		Overdue Interest	
					2011	2012	2011	2012
				Rs.			Rs.	Rs.
600842237	19/12/2011	6/1/2012	8 days	5,584,850.24	4	6	14,689	21,973
600848716	21/12/2011	11/1/2012	8 days	4,458,819.93	2	11	5,864	32,162
600848718	22/12/2011	11/1/2012	8 days	5,284,362.80	1	11	3,475	38,117
600843073	20/12/2011	6/1/2012	8 days	855,618.03	3	6	1,688	3,366
600841718	19/12/2011	6/1/2012	8 days	1,097,857.31	4	6	2,888	4,319
600839938	18/12/2011	6/1/2012	8 days	792,280.26	5	6	2,605	3,117
600839537	17/12/2011	6/1/2012	8 days	1,111,192.61	6	6	4,384	4,372
600846875	22/12/2011	13/1/2012	8 days	793,320.95	1	13	522	6,763
600845172	21/12/2011	13/1/2012	8 days	712,211.47	2	13	937	6,071
600841729	19/12/2011	2/1/2012	8 days	604,488.17	4	2	1,590	793
600843087	20/12/2011	2/1/2012	8 days	588,931.67	3	2	1,162	772
600845187	21/12/2011	2/1/2012	8 days	235,552.60	2	2	310	309
600846913	22/12/2011	2/1/2012	8 days	322,216.91	1	2	212	423
600841733	19/12/2011	9/1/2012	8 days	916,733.44	4	9	2,411	5,410
600846939	22/12/2011	10/1/2012	8 days	788,876.63	1	10	519	5,173
			8 days					
600838628	16/12/2011	12/1/2012	8 days	644,491.76	7	12	2,967	5,071
600839903	18/12/2011	12/1/2012	8 days	466,700.85	5	12	1,534	3,672
600839945	18/12/2011	12/1/2012	8 days	492,257.39	5	12	1,618	3,874
600845184	21/12/2011	12/1/2012	8 days	666,656.58	2	12	877	5,246
600824302	7/12/2011	13/1/2012	8 days	291,132.30	16	13	3,063	2,482
600826733	8/12/2011	13/1/2012	8 days	315,578.23	15	13	3,113	2,690
600828726	9/12/2011	13/1/2012	8 days	1,073,411.38	14	13	9,881	9,150
600829345	10/12/2011	13/1/2012	8 days	1,206,753.99	13	13	10,315	10,287
600829869	11/12/2011	13/1/2012	8 days	1,045,631.33	12	13	8,250	8,914
600831931	12/12/2011	13/1/2012	8 days	980,071.21	11	13	7,089	8,355
600832745	13/12/2011	13/1/2012	8 days	983,405.32	10	13	6,466	8,383
600835130	14/12/2011	13/1/2012	8 days	882,286.32	9	13	5,221	7,521
600836756	15/12/2011	13/01/2012	8 days	1,154,529.15	8	13	6,073	9,842
600836986	15/12/2011	13/01/2012	8 days	4,499,216.47	8	13	23,667	38,354
600838582	16/12/2011	13/01/2012	8 days	1,085,634.92	7	13	4,997	9,255
600839496	17/12/2011	13/01/2012	8 days	1,163,417.44	6	13	4,590	9,918
600839904	18/12/2011	13/01/2012	8 days	,136,749.15	5	13	3,737	9,690
600841675	19/12/2011	13/01/2012	8 days	1,127,859.72	4	13	2,966	9,615
600843044	20/12/2011	13/01/2012	8 days	1,130,082.07	3	13	2,229	9,633
600845133	21/12/2011	13/01/2012	8 days	1,147,759.78	2	13	1,509	9,784
600846766	22/12/2011	13/01/2012	8 days	1,125,538.16	1	13	740	9,595
Total							**154,156**	**324,471**
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