

MAHAWELI AUTHORITY OF SRI LANKA

ACCOUNTING POLICIES

1) General Project Valuation

The Financial Statements are prepared on a Historical Cost Basis.

2) Capital Project Valuation

- (a) Major capital works, completed and in progress are valued as certified by the Consultant Engineers up to 31st December 2005. In the case of small scale contracts, work done up to 31st December and paid as certified in January, 2006 have been accrued.
- (b) Due to the method of the execution of capital works, where a particular item may be divided in to a number of sub items and constructed under several small contracts, it is considered inappropriate to separately disclose completed contracts and ongoing contracts.
- (c) The administration costs of the MASL, Head Office and expenditure incurred by the Ministry of Mahaweli and River Basin Development and Rajarata Development relating to the work of the authority have been allocated to the projects as shown in the Notes to the Accounts. The allocation is pro-rate to the relevant expenditure during the year.
- (d) Expenditure in foreign currency is converted to rupees on the exchange rate prevailing on the value date of payments.

3) Depreciable Assets & Depreciation

The fixed assets disclosed in the Balance Sheet are only those relating to the Head Office and other operating units not directly carrying out capital projects and maintenance. The depreciable assets relating to agencies and operating units directly involved in capital projects and maintenance as disclosed in Notes (2), (3) & (4) to the Balance Sheet. All depreciable assets are shown at cost less accumulated depreciation to date. Depreciation is provided on the straight line method. Depreciation is not charged in the year of acquisition and depreciation for one year charged in the year of disposal. In the case of items (1) to (5) a 10% scrap value is allowed before applying the depreciation rates given below.

1) Motor Vehicles	- Lorries	10%	per annum
	- Passenger Vehicles	20%	per annum
2) Tractors, Earth Moving Equipment		12.5%	per annum
3) Trailer Browsers		10%	per annum
4) Mobile Cranes		5%	per annum
5) Fork Lift Wagons		6.25%	per annum
6) Furniture & Equipment		12.5%	per annum

No depreciation has been provided on land & buildings.

4) Transfer of Infrastructure to other Government Organizations

The power generation facilities at Bowatenna, Ukuwela, Victoria, Kotmale and Randenigala have been handed over to the CEB. The Building infrastructure for Schools, Hospitals, Postal Services and Police Stations have been handed over to the relevant authorities. These items have been physically handed over during the past have not been excluded from MASL books, except for power assets whose values have been reduced in the Balance Sheet. The special unit which was established by the MASL to document the details of all such items together with the related costs is continuing to work on this exercise.

5) Investments

Due to the different nature of the operations, the balance sheets of the Subsidiary/Associate Companies have not been consolidated. In the MASL Balance Sheet investments in these companies (Note 5) are stated at cost. All dividends received are remitted to the Treasury.

6) Advances to Contractors

The amount shown is the total paid less recoveries up to 31st December, 2005. In the case of advance paid in foreign currencies, the total paid less recoveries is converted to rupees at the rate of exchange ruling at the year end.

7) Creditors

In the case of unpaid amounts due for work certified up to 31st December 2005, the foreign component of the unpaid amounts are converted to rupees at the rate of exchange ruling at the year end.

8) Rupee Contributions from the Treasury

Consolidated Fund includes Food AID & Commodity Aid Counterpart Funds. The details of Counterpart Funds are shown in Note 7A.

9) Foreign Aid

The utilization of foreign Aid reported in the cumulative payments made by Donor Agencies up to 31st December 2005.

10) Mahaweli Development Board

The identified assets and liabilities of the Mahaweli Development Board as at 01.01.1984 were taken over by MASL. In terms of the Mahaweli Development Board (Repeal) Act No. 38 of 1983. In the years 1985, 1986, 1987, 1988, 1989, 1990, 1991 and 1992 MASL continued to take over the identified assets and liabilities of the Mahaweli Development Board. These assets and liabilities have been transferred to MECA (an agency of MASL) and consolidated in the accounts of MASL. A balance net amount of Rs. 638 (M) still remains to be identified and transferred. Steps have been taken to remove this unidentified MDB balance net amount Rs. 638 (m) note to the Balance Sheet with the approval of the General Treasury.

11) The balances of Current Assets and Current Liabilities of the Mahaweli Economic Agency (MEA), Mahaweli Engineering and Construction Agency (MECA) and EIED amalgamated with the MASL Head Office Accounts Unit. The Balance of these accounts are as given in the Final Accounts for the MEA and EIED for the year 1999.

12) Gratuity

Gratuity payable has been disclosed as a contingent liability in the Notes to the Balance Sheet upto 2002. Gratuity provision of Rs. 505,187 have been provided in the accounts for 2005.

MAHAWELI AUTHORITY OF SRI LANKA
BALANCE SHEET AS AT 31ST DECEMBER 2005

		Rs.(‘000)	Rs.(‘000)
FIXED ASSETS	(1)	213,978	181,655
		<hr/>	<hr/>
CAPITAL PROJECTS			
HEADWORKS			
	VICTORIA	6,176,046	6,176,046
	KOTMALE	6,574,697	6,574,697
	MADURUOYA	2,657,022	2,657,022
	RANDENIGALA	2,528,455	2,528,455
	POLGOLLA	224,753	224,753
	BOWATENNA	201,970	201,970
	UKUWELA POWERHOUSE	(17,615)	(17,615)
	MORAGAHAKANDA	62,028	62,028
	KANDAKADUWA	1,689	1,689
	KALUGANGA	36,746	36,746
	RESETTLEMENT OF EARTHSLIP VICTIMS	181,867	181,867
		<hr/>	<hr/>
	(2)	18,627,658	18,627,658
DOWNSTREAM			
	SYSTEM H	2,949,418	2,705,713
	SYSTEM A	19,258	19,258
	SYSTEM B(RB) MAIN CANAL	426,165	426,165
	SYSTEM B(LB) MAIN CANAL	5,398,264	5,398,264
	SYSTEM B(LB)	10,367,107	9,885,168
	SYSTEM C - MAIN CANAL	2,739,719	2,739,720
	SYSTEM C	11,022,156	10,734,691
	SYSTEM D	11,033	11,033
	SYSTEM G	948,100	908,401
	SYSTEM L	2,266,146	2,133,656
	UDAWALAWE (RB)	4,448,523	4,164,085
	UDAWALAWE (LB)	7,908,779	4,773,189
	MINIPE ANICUT & TBC	1,281,369	1,281,370
	ACCESS ROADS	650,581	650,581
	UMPD	1,148,775	1,075,186
	F&E	387,963	282,853
	DAP HEAD OFFICE	8,129	15,723
	HURULUWEWA	173,819	152,380
	MRRP PROJECT	5,630,760	5,817,412
	MCP PROJECT	1,287,625	1,300,631
	MUP PROJECT	2,418,286	1,925,504
	CONSULTANCY	17,892	17,892
	DAMBULLA BAKAMUNA ROAD	472,016	257,223
	VSHLI PROJECT	109,641	86,547
	KALAOYA RIVER BASIN PROJECT	71,761	20,582
	MEDIRIGIRIYA	16,540	
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	(3)	62,179,825	56,783,226

MAHAWELI AUTHORITY OF SRI LANKA
BALANCE SHEET AS AT 31ST DECEMBER 2005

		Rs.(‘000)	Rs.(‘000)
	HURULUWEWA FEEDER CANAL	4,818	4,818
	FISH BREEDING	194	194
	MAHAWELI ROAD REHABILITATION	8,870	8,870
	MEE OYA	<u>4,803</u>	<u>4,803</u>
		<u>18,685</u>	<u>18,685</u>
MAINTENANCE	(4)	<u>12,296,814</u>	<u>12,116,259</u>
INVESTMENT	(5)	21,148	21,148
WORKING CAPITAL			
CURRENT ASSETS	STOCK	302,710	289,308
	ADVANCE TO CONTRACTORS	420,562	371,304
	GENERAL TREASURY (O & M COLLEC)	60,838	60,838
	CURRENT ACCOUNT - CECB	8,448	8,448
	DEBTORS - OTHER ADVANCES	1,073,642	1,258,931
	BANK BALANCES & CASH	47,351	46,847
CURRENT LIABILITIES			
	CONTRACT RETENTION	(299,196)	(339,810)
	GRATIUTY	(505,187)	(415,409)
	CREDITORS	<u>(9,572,402)</u>	<u>(7,979,202)</u>
NET CURRENT ASSETS	(6)	<u>(8,463,234)</u>	<u>(6,698,745)</u>
	TOTAL	<u><u>84,894,874</u></u>	<u><u>81,049,886</u></u>

MAHAWELI AUTHORITY OF SRI LANKA
BALANCE SHEET AS AT 31ST DECEMBER 2005

Rs.(‘000) Rs.(‘000)

FINANCED BY

MAHAWELI FUND

CONTRIBUTION FROM THE TREASURY

RUPEE ALLOCATION

CONSOLIDATED FUND	(7)	46,324,310	44,071,545
REIM. FOREIGN AID	(8)	16,239,420	15,355,431
DIRECT FOREIGN AID	(9)	<u>30,525,573</u>	<u>29,817,339</u>
		93,089,303	89,244,315
ASSETS TRANSFERRED TO CEB		<u>(10,461,000)</u>	<u>(10,461,000)</u>
		82,628,303	78,783,315
OTHER CONTRIBUTIONS		19,755,	19,755
MAHAWELI DEVELOPMENT BOARD		1,977,534	1,977,534
RIVER VALLEY DEVELOPMENT BOARD		358,808	358,808
NATIONAL WATER SUPPLY AND DRAINAGE BOARD		(89,526)	(89,526)
		<u>84,894,874</u>	<u>81,049,886</u>



S.G. SOMASIRI
DY. DIRECTOR FINANCE
FOR DIRECTOR FINANCE
MAHAWELI AUTHORITY OF SRI LANKA



P. KORALEVIDANA
DIRECTOR GENERAL
MAHAWELI AUTHORITY OF SRI LANKA

MAHAWELI AUTHORITY OF SRI LANKA
 NOTES TO THE BALANCE SHEET AS AT 31ST DECEMBER 2005
 1. FIXED ASSETS - HEAD OFFICE UNITS

Rs.(‘000)

	H.O	P.M.U.	W.M.S	M.C.	M.R.R.P.	H.R.D.U	E.I.E.D.	M.E.A	MECA MC	TOTAL COST AS AT 31.12.05	ACCUMULATED DEPRECIATION AS AT 31.12.05	WRITTEN DOWN VALUE AS AT 31.12.05	WRITTEN DOWN VALUE AS AT 31.12.04
LAND & BUILDINGS	82,478			3,429			7,747	949		94,603	7,756	86,847	86,102
MOTOR VEHICLES	71,721	2,037	250	9086			15,453	13,168		111,715	72,860	38,855	4,837
PUSH CYCLES	4						2	10		16	15	1	2
FURNITURE, FIXTURES & FITTINGS	4,973	553	88	782	351	390	2,131	1,854		11,122	10,767	355	190
OFFICE EQUIPMENT INCLUDING COMPUTERS & OTHER MISCELLANEOUS EQUIPMENT	58,500	10,813	2,954	6,252	18,214	1,774	54,453	7,072		160,032	129,777	30,255	18,303
BOOKS & MAGAZINES	26	165	36	10		15				252	237	15	17
REHA. & IM. CAP. AS	135									135	118	17	34
ASSETS (MECA & MC)									193,847	193,847	136,214	57,633	72,170
	217,837	13,568	3,328	19,559	18,565	2,179	79,786	23,053	193,847	571,722	357,744	213,978	181,655

MAHAWELI AUTHORITY OF SRI LANKA

NOTES TO THE BALANCE SHEET AS AT 31ST DECEMBER 2005

2. HEAD WORKS

	Rs.(‘000)	Rs.(‘000)
	<u>2005</u>	<u>2004</u>
<u>VICTORIA</u>		
EQUIPMENT	225	225
DAM	3,555,255	3,555,255
DAM ELECTRICAL SYSTEM	30,708	30,708
TUNNEL	1,378,463	1,378,463
POWER HOUSE	364,521	364,521
HYDRO MECHANICAL EQUIPMENT	684,754	684,754
ELECTRO MECHANICAL EQUIPMENT	997,550	997,550
CONSULTANCY & PROJECT MANAGEMENT	750,216	750,216
LAND ACQUISITION	535,679	535,679
PERIPHERAL WORKS	1,128,437	1,128,437
TAXES & DUTIES	4,335	4,335
DEPRECIATION	6,995	6,995
ADMINISTRATION	44,908	44,908
	<hr/>	<hr/>
	9,482,046	9,482,046
LESS - ASSETS TRANSFERRED TO CEB	(3,306,000)	(3,306,000)
	<hr/>	<hr/>
TOTAL	6,176,046	6,176,046
	<hr/>	<hr/>
<u>KOTMALE</u>		
VEHICLES & EQUIPMENT	207	207
INITIAL WORKS	759,626	759,626
MAIN CIVIL WORKS	6,499,255	6,499,255
ELECTRO MECHANICAL EQUIPMENT	1,093,543	1,093,543
CONSULTANCY & PROJECT MANAGEMENT	679,771	679,771
LAND ACQUISITION	365,512	365,512
FINANCING COST	37,130	37,130
GEOLOGICAL INVESTIGATION	25,328	25,328
PERIPHERAL WORKS	549,319	549,319
TAXES & DUTIES	6,640	6,640
DEPRECIATION	7,744	7,744
ADMINISTRATION	50,619	50,619
	<hr/>	<hr/>
	10,074,695	10,074,695
LESS - ASSETS TRANSFERRED TO CEB	(3,500,000)	(3,500,000)
	<hr/>	<hr/>
TOTAL	6,574,697	6,574,695
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MAHAWELIAUTHORITY OF SRILANKA
NOTES TO THE BALANCE SHEET AS AT 31ST DECEMBER 2005
2. HEAD WORKS

	Rs.(‘000)	Rs.(‘000)
	2005	2004
<u>MADURUOYA</u>		
VEHICLES & EQUIPMENT	412	412
DAM	1,834,911	1,834,911
TUNNEL	468,732	468,732
HYDRO MECHANICAL EQUIPMENT	23,923	23,923
CONSULTANCY & PROJECT MANAGEMENT	215,179	215,179
PERIPHERAL WORKS	101,635	101,635
DEPRECIATION	3,708	3,708
ADMINISTRATION	8,522	8,522
TOTAL	<u>2,657,022</u>	<u>2,657,022</u>
<u>RANDENIGALA</u>		
VEHICLES & EQUIPMENT	730	730
MAIN CIVIL WORKS	3,488,923	3,488,923
MECHANICAL EQUIPMENT	422,093	422,093
HYDRO MECHANICAL EQUIPMENT	321,988	321,988
ELECTRO MECHANICAL EQUIPMENT	564,306	564,306
CONSULTANCY & PROJECT MANAGEMENT	536,611	536,611
LAND ACQUISITION	32,764	32,764
PERIPHERAL WORKS	592,104	592,104
TAXES & DUTIES	13,075	13,075
DEPRECIATION	15,866	15,866
ADMINISTRATION	39,995	39,995
	<u>6,028,455</u>	<u>6,028,455</u>
LESS - ASSETS TRANSFERRED TO CEB	(3,500,000)	(3,500,000)
TOTAL	<u>2,528,455</u>	<u>2,528,455</u>
<u>POLGOLLA</u>		
EQUIPMENT	1	1
DAM & CONTROL HOUSE	61,870	61,870
TUNNELS	101,864	101,864
IRRIGATION CANAL	2,674	2,674
ROADS	77	77
PROJECT MANAGEMENT	48,454	48,454
LAND ACQUISITION	6,075	6,075
PERIPHERAL WORKS	3,369	3,369
ADMINISTRATION	369	369
TOTAL	<u>224,753</u>	<u>224,753</u>

MAHAWELIAUTHORITY OF SRI LANKA
NOTES TO THE BALANCE SHEET AS AT 31ST DECEMBER 2005

2. HEAD WORKS

	Rs.(‘000)	Rs.(‘000)
	2005	2004
	<hr/>	<hr/>
<u>BOWATENNA</u>		
EQUIPMENT	1	1
DAM & CONTROL HOUSE	68,479	68,479
TUNNEL	89,126	89,126
ROADS	2,207	2,207
IRRIGATION CANAL	8,999	8,999
PROJECT MANAGEMENT	22,910	22,910
LAND ACQUISITION	5,812	5,872
PERIPHERAL WORKS	3,895	3,895
ADMINISTRATION	541	481
	<hr/>	<hr/>
TOTAL	201,970	201,970
	<hr/>	<hr/>
<u>UKUWELA POWER HOUSE</u>		
	137,385	137,385
LESS - ASSETS TRANSFERRED TO CEB	(155,000)	(155,000)
	<hr/>	<hr/>
	(17,615)	(17,615)
	<hr/>	<hr/>
<u>MORAGAHAKANDA</u>		
PRELIMINARY WORKS	21,522	21,522
CONSULTANCY	3,047	3,047
ADMINISTRATION	249	249
TEAMS	37,210	25,074
	<hr/>	<hr/>
TOTAL	62,028	49,892
	<hr/>	<hr/>
<u>KANDAKADUWA</u>		
PRELIMINARY	1,689	1,689
	<hr/>	<hr/>
<u>KALUGANGA</u>		
PRELIMINARY WORKS	36,746	36,746
ADMINISTRATION EXPENDITURE	0	0
	<hr/>	<hr/>
TOTAL	36,746	36,746
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MAHAWELI AUTHORITY OF SRI LANKA
NOTES TO THE BALANCE SHEET AS AT 31ST DECEMBER 2005
2. HEAD WORKS

	Rs.(‘000)	Rs.(‘000)
	2005	2004
	<hr/>	<hr/>
<u>RESETTLEMENT OF EARTHSLIP VICTIMS</u>		
VEHICLES	1,091	1,091
LAND & BUILDINGS	20,887	20,887
INFRASTRUCTURE DEVELOPMENT	16,443	16,443
ECONOMIC DEVELOPMENT	30	30
COMPENSATION	69,849	69,849
SETTLEMENT	71,791	71,791
OPERATION & MAINTENANCE OF EQP.	240	240
ADMINISTRATION EXPENDITURE	1,536	1,536
	<hr/>	<hr/>
	181,867	181,867
	<hr/>	<hr/>
TOTAL	18,627,658	18,615,521
	<hr/> <hr/>	<hr/> <hr/>

MAHAWELI AUTHORITY OF SRI LANKA
 NOTES TO THE BALANCE SHEET AS AT 31ST DECEMBER 2005
 3. DOWNSTREAM

Rs('000)

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	VEHICLES & MACHINERY	FEASIBILITY STUDIES/SURVEY & IRRIGATION CANAL	ROADS	BUILDINGS	LAND DEVELOPMENT SETTLEMENT AGRICULTURE	TAXES & DUTIES	O&M	ADMIN- STRATION	TOTAL AS AT 31.12.2005
SYSTEM H	4,764	590,580	278,305	470,558	519,212		722,384	363,616	2,949,419
SYSTEM A		18,411			758			89	19,258
SYSTEM B (RB) MAIN CANAL		398,880					936	26,349	426,165
SYSTEM B (LB) MAIN CANAL	4,654	5,062,242		959		18,172	42,546	269,691	5,398,264
SYSTEM B (LB)	53,457	2,282,752	575,396	1,016,029	671,830	123	2,663,612	3,103,908	10,367,107
SYSTEM C MAIN CANAL	472	2,508,084	1,901	7,869		3,518	58,235	159,640	2,739,719
SYSTEMC	106,523	2,073,508	845,313	853,828	1,167,677	8,837	3,699,372	2,267,098	11,022,156
SYSTEM G	7,996	185,205	21,795	129,828	98,415		284,232	220,629	948,100
SYSTEM D		11,014						19	11,033
SYSTEM L	3,624	520,015	236,203	239,676	272,909		528,344	465,375	2,266,146
UDA WALAWE (RB)	5,271	1,736,351	112,961	197,150	167,905		1,550,630	678,255	4,448,523
UDA WALAWE (LB)	110,347	2,132,051	813,529	253,520	3,662,388		304,671	632,273	7,908,779
MINIPE ANICUT & TBC		1,184,982		1,827			42,360	52,201	1,281,369
ACCESS ROADS	752		546,822	616		6,637	44,309	51,445	650,581
U M P D	13,843	173,403	120,578	73,524	100,694		503,073	163,659	1,148,774
F & E	12,687			8,782	32,349		217,780	116,365	387,963
D'LLA,K'WELA, BAKAMUNA, ROAD PROJ.	412	33,099	361,506		59,581		17,418		472,016
MRRP	9,494			3,808	3,246,336		2,371,122		5,630,760
MCP	51,187		114,411	3,952	959,498		158,577		1,287,625
MUP	112,221		4,589	36,406	2,003,198	186,346	75,526		2,418,286
DAP Head Office	552			4,458	(41,270)			44,389	8,129

MAHAWELI AUTHORITY OF SRI LANKA

NOTES TO THE BALANCE SHEET AS AT 31ST DECEMBER 2005

3. DOWNSTREAM

		Rs('000)								
		VEHICLES & MACHINERY	FEASIBILITY STUDIES/SURVEY & IRRIGATION CANAL	ROADS	BUILDINGS	LAND DEVELOPMENT SETTLEMENT AGRICULTURE	TAXES & DUTIES	O&M	ADMINI- STRATION	TOTAL AS AT 31.12.2005
216	CONSULTANCY		35					13,107	4,750	17,892
	HURULUWEWA	1,984	33,508	12,283	31,407	10,442		83,441	754	173,819
	VSHLI PROJECT	3,583	67,893					38,165		109,641
	MEDIRIGIRIYA	37			26	742		15,735		16,540
	KALAOYA RIVER BASIN PJ	2,318			37	26,613		42,793		71,761
	AS AT 31.12.2005	506,178	19,012,013	4,045,592	3,334,260	12,959,277	223,632	13,478,368	8,620,505	62,179,825
AS AT 31.12.2004	648,056	18,880,939	3,717,677	3,384,388	11,335,937	200,664	12,209,185	6,299,253	56,783,226	

MAHAWELI AUTHORITY OF SRI LANKA
NOTES TO THE BALANCE SHEET AS AT 31ST DECEMBER 2005
4. MAINTENANCE EXPENDITURE - CUMULATIVE

Rs. ('000)

	ROADS & BULD. INGS	EQUIP. & MOTOR VEHICLE	MAINT. OF BUILDINGS	MAINT. OF CAMPS	MAINT. OF EQUIPMENT VEHICLE	MAINT. OF HEADWORKS	MAINT. OF CANALS/TUNNELS & ROADS	AGRI- CULTURE	OPERATIONAL EXPENDITURE	ADMINIS- TRATION	TOTAL AS AT 31.12.05	TOTAL AS AT 31.12.04
VICTORIA	3,491	1,319	3,411	7,333	13,962	29,422	10,190		372,441	218,751	660,320	635,115
KOTMALE	44	486	2,602	5,665	13,010	19,784	9,585		244,965	137,058	433,199	397,828
MADURUOYA	825	3,261	2,536	8,174	6,378	34,542	10,730		222,195	133,002	421,643	421,419
RANDENIGALA		2,108	2,283	415	11,141	24,227	22,092		242,877	139,872	445,015	431,919
POLGOLLA	2,876	12,312	8,063	4,006	8,217	19,711	43,913		196,684	130,994	426,776	415,996
BOWATENNA	795	223	2,464	2,301	9,272	32,145	27,326		244,976	128,837	448,339	442,107
SYSTEMH	54,216	6,059	51,239		194,478		336,821	40,934	1,577,380	2,339,766	4,600,893	4,597,795
SYSTEM B	13,048		58,049		254,170		81,415	148,673	464,504	851,755	1,871,614	1,840,379
SYSTEM C	30,489	2,352	35,442		127,620		153,448	133,285	224,045	637,017	1,343,698	1,350,246
SYSTEMG									74,523	25,980	100,503	83,721
UDAWALAWE (RB)	7,390		22,747		117,153		47,862	7,780	111,146	178,592	492,670	499,643
UDAWALAWE (LB)	2,792		2,739		4,550		4,934	202		10,551	25,768	25,882
MINIPE	9,297	1,534	5,414	404	16,033	16,263	64,503		233,461	155,837	502,746	494,056
KOTMALE BASE WORK SHOP		473	70	3	2,654	672	98		30,126	8,254	42,350	42,350
HAO&M DIVISION H/O		2,113	307	338	24,662	78,368	35,187		308,328		449,303	411,148
MSO	677	2,488									3,165	2,741
HURULUWEWA									15,720	7,026	22,746	16,559
SYSTEM L									4,978	1,050	6,028	7,357
MEDIRIGIRIYA									39		39	
	125,940	34,729	197,366	28,639	803,300	255,134	848,104	330,874	4,568,387	5,104,342	12,296,815	12,116,261

MAHAWELI AUTHORITY OF SRI LANKA

NOTES TO THE BALANCE SHEET AS AT 31ST DECEMBER 2005

5. INVESTMENTS

	Rs.'000	
	2005	2004
RAJARATA FOOD PROCESSING CO. LTD.		
133,333 SHARES OF RS. 10/= EACH	1,333	1,333
MAHAWELI VENTURE CAPITAL CO.(PVT) LTD.		
980,000 SHARES OF RS 10/= EACH	9,800	9,800
MAHAWELI LIVESTOCK ENTERPRISES LTD.		
1,000,000 SHARES OF RS.10/= EACH	10,000	10,000
NATURAL RESOURCES MANAGEMENT SERVICES (PVT)LTD		
1,500 SHARES OF RS.10/= EACH	15	15
	<u>21,148</u>	<u>21,133</u>
	=====	=====

NOTE:

RAJARATA FOOD PROCESSING CO. LTD IS UNDER VOLUNTARY LIQUIDATION.
NO DIVIDENDS WERE RECEIVED FROM RAJARATA FOOD PROCESSING CO. LTD.,
MAHAWELI VENTURE CAPITAL CO., (PVT) LTD AND MAHAWELI LIVESTOCK ENTERPRISES LTD.

MAHAWELI AUTHORITY OF SRI LANKA
NOTES TO THE BALANCE SHEET AS AT 31ST DECEMBER 2005
6.WORKING CAPITAL

	STOCK	ADVANCES TO CONTRACTORS	DEBTORS	CASH	RETENTION	CREDITORS	Rs.(‘000) GRATIUTY	TOTAL AS AT 31.12.2005	TOTAL AS AT 31.12.2004
VICTORIA		1,359		9	(227)	(8,720)		(7,580)	(7,580)
KOTMALE		4,837	14,568	279	(1,142)	(4,268)		14,274	14,274
MADURUOYA		(5,941)						(5,941)	(5,941)
RANDENIGALA			236	9	(1,743)	(58)		(1,556)	(1,556)
SYSTEM H	10,881	60,224	54,497	953	(15,663)	(21,769)	(56,044)	33,079	36,055
SYSTEM B (RB) MAIN CANAL									
SYSTEM B (LB) MAIN CANAL									
SYSTEM B (LB)	87,730	42,074	86,850	4,668	(25,448)	(119,167)	(47,500)	29,207	46,332
219 SYSTEM C CANAL	0	1,573	251		(14,589)	(9)		(12,774)	(12,774)
SYSTEM C	101,116	23,238	145,434	6,172	(27,581)	(145,180)	(51,078)	52,121	72,538
SYSTEM G	5,424		18,157		(2)	(8,014)	(11,677)	3,887	(3,474)
SYSTEM L	8,720	13,453	35,023		(8,914)	(481,966)	(10,033)	(443,717)	(429,504)
UDA WALAWE (RB)	6,958		39,343	880	(764)	(19,955)	(66,366)	(39,903)	(27,353)
UDA WALAWE (LB)	3,868	153,966	199,792	81	(120,993)	(123,695)	(4,936)	108,084	169,181
MINIPE ANICUT & TBC	9	139	130			(13)		265	265
ACCESS ROADS		28,249	1,153		(5,694)	(58)		23,650	23,650
U M P D	32		6,474	0	(37)	(12,877)	(11,057)	(17,465)	(5,194)
F & E	306		5,132		(263)	(46)	(14,532)	(9,401)	(5,816)
MRRP	554	6,780	14,172		(9,368)	(15,892)		(3,754)	44,559
MCP		13,389	20,875	2,712	(37,933)	(8,142)		(9,098)	(12,131)
MUP		22,250	51,221		(5,947)	(641)	(7,973)	58,911	37,844
DAMBULLA K'WELA,BAKAMUNA	55	21,328	8,755		(17,451)	(63)	(2,295)	10,330	21,722

MAHAWELI AUTHORITY OF SRI LANKA**NOTES TO THE BALANCE SHEET AS AT 31ST DECEMBER 2005****6.WORKING CAPITAL**

	STOCK	ADVANCES TO CONTRACTORS	DEBTORS	CASH	RETENTION	CREDITORS	GRATIUTY	TOTAL AS AT 31.12.2005	Rs.(‘000) TOTAL AS AT 31.12.2004
LDD HEAD OFFICE			19,454			(4,900)		14,554	13,603
MASL HEAD OFFICE	8,655	21,845	290,187	24,777	(48)	(8,541,075)	(111,748)	(8,307,406)	(6,449,114)
MAINTENANCE	66,841	2,597	51,674	51	(2,926)	(40,066)	(88,410)	(10,238)	(300,891)
MORAGAHAKANDA				481				481	481
CONSULTANCY	6	9,203	2,035		(2,071)	(66)		9,107	9,107
HURULUWEWA	692		3,155		(103)	(658)	(8,734)	(5,648)	(3,263)
VSHLI PROJECT									1,927
MEDIRIGIRIYA			1,416			(4,537)	(4,645)	(7,767)	
KALAOYA RIVER BASIN PROJECT FIXED DEPOSIT& WORLD FOOD	863		3,658	6,279	(289)	(10,567)	(8,159)	(14,494) 6,279	(3,049) 8,078
TREASURY DEPOSIT (O & M COLLECTION)	302,709	420,564	1,073,642	47,351	(299,196)	(9,572,402)	(505,187)	(8,532,513)	(6,768,026)
C E C B			8,448					8,448	8,448
TOTAL	302,710	420,562	1,082,090	108,185	(299,196)	(9,572,402)	(505,187)	(8,463,227)	(6,698,740)

MAHAWELI AUTHORITY OF SRI LANKA
NOTES TO THE BALANCE SHEET AS AT 31ST DECEMBER 2005
7. CONSOLIDATED FUND

	Rs. '000
BALANCE AS AT 31ST DECEMBER 2004	44,071,545
ADD: CASH DRAWN DOWN FROM TREASURY (ACCORDING TO APPROPRIATE ACCOUNT)	5,234,438
LESS: TRANSFER TO TREASURY DEPOSITA/C(CASH RELEASED IN 1998)	97,648
ADJUSTMENT	(3,079,320)
	(2,252,765)
	<hr/> 46,324,310 <hr/> <hr/>

Note: This been due to an error in the preparation of the MRRP Project Account by showing DST account in the Mahaweli Authority Balance sheet which is now being corrected in the year 2004. Rs.3,079,320,000.00

MAHAWELI AUTHORITY OF SRI LANKA**NOTES TO THE BALANCE SHEET AS AT 31ST DECEMBER 2005****7A FOOD AID AND COMMODITY AID COUNTERPART FUNDS**

Rs. ('000)

PROJECT	SOURCE OF FOREIGN AID		CUMULATIVE UTILISATION AS AT 31.12.05	
			RECEIVED	TOTAL
VICTORIA	CANADA	FAC	356,399	
	JAPAN	CAC	108,924	465,323
KOTMALE	CANADA	FAC	224,015	
	JAPAN	CAC	147,772	371,787
MADURU OYA	CANADA	FAC	292,074	292,074
RANDENIGALA	EEC	FAC	112,537	112,537
SYSTEM H	JAPAN	CAC	114,813	114,813
SYSTEM B (RB) MAIN CANAL	EEC	CAC	5,703	
	CANADA	FAC	132,284	137,987
SYSTEM B (LB)	AUSTRALIA	FAC	312,690	
	CANADA	FAC	207,397	
	JAPAN	CAC	160,647	
	EEC	FAC	271,483	
	USAID	FAC	15,000	967,217
SYSTEM C MAIN CANAL	JAPAN	CAC	275,127	275,127
SYSTEM C	EEC	FAC	103,103	
	JAPAN	CAC	122,532	225,635
SYSTEM G	EEC	FAC	266,496	266,496
UDAWALAWE (RB)	USAID	FAC	79,480	79,480
MINIPE TBC	JAPAN	CAC	16,277	16,277
		TOTAL		3,324,753
NOTE:				
MCP	EU	FAC	859,520	859,520

MAHAWELI AUTHORITY OF SRI LANKA
NOTES TO THE BALANCE SHEET AS AT 31ST DECEMBER 2005
8. REIMBURSABLE FOREIGN AID

	(Rs. '000)
BALANCE AS AT 31ST DECEMBER 2004	15,355,431
FUNDS RECEIVED FROM TREASURY	883,989
	<hr/>
	16,239,420
	<hr/>

MAHAWELI AUTHORITY OF SRI LANKA
NOTES TO THE BALANCE SHEET AS AT 31ST DECEMBER 2005

8A. REIMBURSABLE FOREIGN AID

Rs.(‘000)

PROJECT	SOURCE OF FOREIGN AID	CUMULATIVE UTILISATION AS AT 31.12 2005		
		RECEIVABLE	RECEIVED	TOTAL
VICTORIA	USA	S S L	189,451	189,451
			189,451	189,451
KOTMALE	USA	S S L	83,499	83,499
			83,499	83,499
SYSTEM H	WORLD BANK	PL	210,633	210,633
	U S A	PL	19,993	19,993
	NETHERLANDS	PG	70,795	70,795
	U S A	S S L	240,197	240,197
	UNICEF	P G		
			541,618	541,618
SYSTEM B (LB)	EEC	P G	312,865	312,865
	USA	P G	110,441	110,441
	USA	PL	104,676	104,676
	OPEC	PL	174,668	174,668
	USA	S S L	234,370	234,370
	SAUDI ARABIA	PL	98,727	1,164,709
			98,727	2,101,729
				2,200,456
SYSTEM C MAIN CANAL	WORLD BANK		73,178	73,178
	JAPAN	PL	277,273	277,273
			350,451	350,451
SYSTEM C	WORLD BANK	PL	907,910	907,910
	KUWAIT	PL	93,155	1,481,398
	USA	P G	37,149	37,149
	EEC	P G	345,650	345,650
	USA	S S L	354,798	354,798
			93,155	3,126,905
				3,220,060

MAHAWELIAUTHORITY OF SRILANKA
NOTES TO THE BALANCE SHEET AS AT 31ST DECEMBER 2005
8A. REIMBURSABLE FOREIGN AID

Rs.(‘000)

PROJECT	SOURCE OF FOREIGN AID	CUMULATIVE UTILISATION AS AT 31.12 2005			
		RECEIVABLE	RECEIVED	TOTAL	
SYSTEM G	EEC	PG		33,332	33,332
	USA	S S L		15,567	15,567
				48,899	48,899
UDA WALAWE (LB)	OEFC	PL	55,170	1,576,307	1,631,477
UDA WALAWE (RB)	A D B	PL		463,171	463,171
				463,171	463,171
MINIPE TBC	WORLD BANK	PL		874,350	874,350
	USA	S S L		107,651	107,651
				982,001	982,001
ACCESS ROADS	ADB	PL		63,948	63,948
	USA	S S L		15,733	15,733
				79,681	79,681
U M P D	SIDA	PG		93,637	93,637
				93,637	93,637
MRRP	WORLD BANK	IDA 3058CE	251,421	4,588,623	4,840,044
VSHLI	WORLD BANK	IDA	18,665	58,261	76,926
MUP	JAPAN	JBIC	33,765	1,404,284	1,438,049
TOTAL			550,903	15,688,517	16,239,420

MAHAWELI AUTHORITY OF SRI LANKA
NOTES TO THE BALANCE SHEET AS AT 31ST DECEMBER 2005

9. UTILISATION OF FOREIGN AID

Rs,('000)

PROJECT	SOURCE OF FOREIGN AID		CUMULATIVE UTILISATION AS AT 31.12 2005		
			DIRECT	REIMBURSEMENTS	TOTAL
VICTORIA	U K	P G	4,101,683		4,101,683
	U K	PL	708,321		708,321
	FRG	P G			
	CANADA	F A C			
	JAPAN	C A C			
	USA	S S L		189,451	189,451
				4,810,004	189,451
KOTMALE	SWEDEN	P G	4,592,160		4,592,160
	SWEDEN	PL	811,444		811,444
	USA	PL	231		231
	CANADA	F A C			
	JAPAN	C A C			
	USA	S S L		83,499	83,499
				5,403,835	83,499
MADURUOYA	CANADA	PL	1,304,291		1,304,291
	CANADA	P G	140,964		140,964
	CANADA	F A C			
					1,445,255
RANDENIGALA	GERMANY	PL	3,994,085		3,994,085
	GERMANY	P G	62,969		62,969
	EEC	F A C			
					4,057,054
STAGE 1	WORLD BANK	PL	6,370		6,370

MAHAWELI AUTHORITY OF SRI LANKA

NOTES TO THE BALANCE SHEET AS AT 31ST DECEMBER 2005

9. UTILISATION OF FOREIGN AID

Rs,('000)

PROJECT	SOURCE OF FOREIGN AID	CUMULATIVE UTILISATION AS AT 31.12 2005			
		DIRECT	REIMBURSEMENTS	TOTAL	
SYSTEM H	WORLD BANK	PL	34,667	210,633	245,300
	U S A	PL	26,551	19,993	46,544
	CHINA	PL	6,826		6,826
	U K	PG	1,449		1,449
	U S A	PG	1,409		1,409
	NETHERLANDS	PG	5,227	70,795	76,022
	CANADA	PG	66,592		66,592
	PAKISTAN	PG	316		316
	UNDP	PG	936		936
	EEC	CAC	10		10
	JAPAN	CAC			
	U S A	SSL		240,197	240,197
	UNICEF	PG	207		207
			144,190	541,618	685,808
SYSTEM B (RB)	WORLD BANK	PL	3,625		3,625
MAIN CANAL	CANADA	PL	219,890		219,890
	CANADA	PG	24,647		24,647
	UNDP	PG	936		936
	EEC	CAC			
	CANADA	FAC			
			249,098		249,098
SYSTEM B (LB)	USA	PL	2,754,374		2,754,374
MAIN CANAL	USA	PG	1,995,246		1,995,246
	CANADA	PG	6,048		6,048
	WFP	PG	371		371
			4,756,039		4,756,039

MAHAWELI AUTHORITY OF SRI LANKA
NOTES TO THE BALANCE SHEET AS AT 31ST DECEMBER 2005

9. UTILISATION OF FOREIGN AID

Rs,(‘000)

PROJECT	SOURCE OF FOREIGN AID		CUMULATIVE UTILISATION AS AT 31.12 2005			
			DIRECT	REIMBURSEMENTS	TOTAL	
SYSTEM B (LB)	CANADA	P G	31,320		31,320	
	EEC	P G	74,688	312,865	387,553	
	PAKISTAN	P G	112		112	
	NEW ZEALAND	PG	46		46	
	USA	P G	46,388	110,441	156,829	
	USA	P L	117,473	104,676	222,149	
	UNDP	P G	3,660		3,660	
		OPEC	P L		174,668	174,668
		MARD	PG	1,523		1,523
		CANADA	F A C			
		JAPAN	C A C			
		EEC	F A C			
		USA	S S L		234,370	234,370
		SAUDI ARABIA	P L	6,730	1,263,436	1,270,166
	UNICEF	P G	149,525		149,525	
			431,465	2,200,456	2,631,921	
SYSTEM C	WORLD BANK	P L		73,178	73,178	
MAIN CANAL	JAPAN	P L	1,753,285	277,273	2,030,558	
	W F P	P G	276		276	
			1,753,561	350,451	2,104,012	
SYSTEM C	WORLD BANK	P L	174,006	907,910	1,081,916	
	KUWAIT	P L	361,097	1,574,553	1,935,650	
	USA	P L	17,784		17,784	
	JAPAN	P L	492,403		492,403	
	JAPAN	P G	214,327		214,327	
	CANADA	P G	7,029		7,029	
	USA	P G		37,149	37,149	
	NEW ZEALAND	P G	41		41	
	E E C	P G	59,262	345,650	404,912	
	UNDP	P G	936		936	
	USA	S S L		354,798	354,798	
	UNICEF	P G	33,894		33,894	
			1,360,779	3,220,060	4,580,839	

MAHAWELI AUTHORITY OF SRI LANKA

NOTES TO THE BALANCE SHEET AS AT 31ST DECEMBER 2005

9. UTILISATION OF FOREIGN AID

Rs.(‘000)

PROJECT	SOURCE OF FOREIGN AID		CUMULATIVE UTILISATION AS AT 31.12 2005		
			DIRECT	REIMBURSEMENTS	TOTAL
SYSTEM G	BELGIUM	P G	9,516		9,516
	EEC	P G		33,332	33,332
	USA	P L	3,506		3,506
	UNDP	P G	936		936
	USA	S S L		15,567	15,567
	EEC	F A C			
	WEP	P G	583		583
			14,541	48,899	63,440
UDA WALAWE	JAPAN	PG	1,061,284		1,061,284
	A D B	PL	160,412	463,171	623,583
	U S A	PL	4,466		4,466
	UNDP	P G	937		937
	JAPAN	PL	53,186		53,186
			1,280,285	463,171	1,743,456
MINIPE TBC	WORLD BANK	P L	19,742	874,350	894,092
	USA	S S L		107,651	107,651
	JAPAN	C A C			
			19,742	982,001	1,001,743
ACCESS ROADS	ADB	P L	277,373	63,948	341,321
	UNDP	P G	936		936
	USA	S S L		15,733	15,733
			278,309	79,681	357,990
WATER MGT.	NETHERLANDS	P L	9,052		9,052
	CANADA	P G	5,664		5,664
	UNDP	P G	2,237		2,237
			16,953		16,953

MAHAWELIAUTHORITY OF SRILANKA

NOTES TO THE BALANCE SHEET AS AT 31ST DECEMBER 2005

9. UTILISATION OF FOREIGN AID

Rs,(‘000)

PROJECT	SOURCE OF FOREIGN AID		CUMULATIVE UTILISATION AS AT 31.12 2005		
			DIRECT	REIMBURSEMENTS	TOTAL
EIED	USA	PL	26,441		26,441
		PG	508,566		508,566
			535,007		535,007
DA & DDP	NEWZEALAND NETHERLANDS EEC	PG	320		320
		PG	128		128
		PG	4,400		4,400
		4,848		4,848	
UMPD	ODA KOREAN FRG SIDA	PG	220		220
		PG	4,051		4,051
		PG	8,721		8,721
		PG		93,637	93,637
		12,992	93,637	106,629	
F & E	GERMANY		12,111		12,111
			12,111		12,111
MRRP	WORLD BANK			4,840,044	4,840,044
VSHLI	JSDF GRANT		42,531	76,926	119,457
			42,531	4,916,970	4,959,501
MCP			243,064		243,064
			243,064		243,064
Walawe LB	SLP 45 & 48		3,138,023	1,631,477	4,769,500
			3,138,023	1,631,477	4,769,500
MUP			509,516	1,438,049	1,947,565
			509,516	1,438,049	1,947,565
TOTAL			30,525,573	16,239,420	46,764,992
KOTMALE	SWEDEN	PG	188,560*		188,560

*Amount taken over from MDB

MAHAWELI AUTHORITY OF SRILANKA

NOTES TO THE BALANCE SHEET AS AT 31ST DECEMBER 2005

10. CONTINGENT LIABILITIES

RETIRING GRATUITIES


The contingent liability on account of Gratuity payable, to the staff which includes Gratuity accrued prior to the completion of the

Minimum period of service for eligibility is Rs. **505,187** (Rs.'000).

MAHAWELI AUTHORITY OF SRI LANKA
INCOME & EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2005

Annexure 11

	Schedule	2005	Rs.(000) 2004
Income			
Grant for Recurrent Expenses		1,091,005	814,646
Other Income	01	77,086	121,779
		1,168,091	936,424
<u>Less :Expenses</u>			
01. PERSONNEL EMOLUMENTS	02	1,064,040	806,739
02. TRAVELLING EXPENSES	03	20,257	21,568
03. SUPPLIES	04	35,675	43,559
04. MAINTENANCE EXPENDITURE	05	96,020	63,084
05. CONTRACTUAL SERVICES	06	62,031	59,968
06. OTHER EXPENSES	07	342,284	79,440
DEPRICIATTION		87,424	43,542
		1,707,731	1,117,900
Operating profit/(loss) Before Financing Cost		(539,640)	(181,475)
Less: Cost of Financing		---	---
Profit/(Loss) Before Tax		(539,640)	(181,475)
Less: Provision for Taxation		---	---
Excess of Income Over Expenditure		(539,640)	(181,475)


S.G.SOMASIRI
DY. DIRECTOR FINANCE
FOR DIRECTOR FINANCE
MAHAWELI AUTHORITY OF SRI LANKA


P. KORALEVIDANA
DIRECTOR GENERAL
MAHAWELI AUTHORITY OF SRI LANKA

CASH FLOW STATEMENT 2005**Rs' 000****2005****IN FLOWS**

OPERATING ACTIVITIES	1,168,091
INVESTING ACTIVITIES	2,676,897
FINANCIAL ACTIVITIES	---

 3,844,988

 =====
OUT FLOWS

OPERATING ACTIVITIES	1,620,307
INVESTING ACTIVITIES	2,224,681
FINANCING ACTIVITIES	---

 3,844,988

 =====

NET CASH FLOW (IN FLOW)	504
CASH AND CASH EQUIVALENT AT BEGINNING	46,847

CASH AND CASH EQUIVALENT AT END
47,351

 =====

ABBREVIATIONS

CAC	-COMMODITY AID COUNTERPART
CEB	-CEYLON ELECTRICITY BOARD
CECB	-CENTRAL ENGINEERING & CONSULTANCY BUREAU
EIED	-EMPLOYMENT, INVESTMENT & ENTERPRISE DEVELOPMENT
FAC	-FOOD AID COUNTERPART
HAO&M	-HEADWORKS ADMINISTRATION, OPERATION & MAINTENANCE DIVISION
H.O	-HEAD OFFICE
LDD	-LIVESTOCK DEVELOPMENT DIVISION
L & LD	-LANDS & LAND DEVELOPMENT
LB	-LEFT BANK
MASL	-MAHAWELI AUTHORITY OF SRI LANKA
MC	-MAHAWELI CENTRE
MD	-MAHAWELI DEVELOPMENT
MEA	-MAHAWELI ECONOMIC AGENCY
MECA	-MAHAWELI ENGINEERING & CONSTRUCTION AGENCY
MSO	-MAHAWELI SECURITY ORGANISATION
O&M	-OVERHEAD & MAINTENANCE
PG	-PROJECT GRANT
PL	-PROJECT LOAN
PMU	-PLANNING & MONITORING UNIT
RB	-RIGHT BANK
REV	-REHABILITATION OF EARTHSLIP VICTIMS
SSL	-SECTOR SUPPORT LOAN
TBC	-TRANS BASIN CANAL
WMS	-WATER MANAGEMENT SECRETARIAT
MRRP	- MAHAWELI RESTRUCTURING & REHABILITATION PROJECT
MCP	- MAHAWELI CONSOLIDATION PROJECT
MUP	- MAHAWELI UPGRADING PROJECT
DBRP	- DAMBULLA BAKAMUNA ROAD PROJECT
VSHLI	- VILLAGE SELF HELP LEARNING INITIATIVE