Sri Lanka State Trading (General) Corporation Ltd

ANNUAL REPORT

2023-2024

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VISION, MISSION & CORPORATE GOALS

Our Vision

To be the National Business Leader.

Our Mission

To supply all products and services required primarily by the
state sector to enhance its operational efficiency,
while catering to all other segments, maintaining stakeholder interests with a
view of supporting Sri Lanka to become the commercial hub of Asia.

Corporate Goals

To earn reasonable earning, contribute towards personnel and carrier development
and establish product leadership via specific brands.

GOALS, FUNCTIONS, SERVICES & PROGRESS DURING THE YEAR

Operational Goals

- Stabilizing the market through sale of diversified goods and services.
- Represent the reputed and trusted international brands in our country.
- Establishing a reputation through enhancing the revenue and profit of the organization.
- Achieving development targets through provision of state sector needs effectively.
- Initiate actions to fulfill the consumer needs through organizations main products.
- Improving production through continuous attention on the State Policies, Customers and Staff.

Operational Strategies

- Widening customer base & accessibility.
- Increasing products portfolio as per customer requirements.
- Web enabled business management and data management through enterprise resource planning system and procurement approval.
- Active and effective participation in main product categories.

Progress During the Year

Our core business revenue recorded a value of Rs. 12,132 Million. Other operating income during the year under review was Rs. 57 Million. The net profit before tax showed as Rs.1501 Million and total equity increased to Rs. 6170 Million during the year.

Number of employees of STC at the end of March 2024 was 300 numbers.

We planned to establish our own STC brands in partnership with manufacturing organizations and a range of products are in the pipeline.

CORPORATE INFORMATION

Name of the Company: Sri Lanka State Trading (General) Corporation Limited

Legal form: Sri Lanka State Trading (General) Corporation (STC) was established as a trade entity by Parliament Act No. 33 of 1970. It was enacted under the public companies Act No.17 of 1982 as Lanka General Trading Co. Ltd. The name of Lanka General Trading Co. Ltd was changed to Sri Lanka State Trading General Corporation Ltd on 01/10/2010 under the Companies Act No.07 of 2007.

During the 2023/2024 Financial Year, the company was adjunct to the Ministry of Finance, Economic, Stabilization and National Policies.

Chairman/Managing Director: Mr. Asiri Walisundara - (Joined 05.09.2022)

Board of Directors:

Mr. D. A .Hettiarachchi - (Joined 20.01.2020)
Mrs. G. Dahanayake - (Joined 05.02.2022)
Mr. T.A.D. Ranjith - (Reappointed 09.09.2022)
Mr. C. Peiris - (Joined12.11.2022)
Mr. K.R.S. Perera - (Joined 20.01.2023)
Mr. K. Sathyakumar` - (Joined 02.03.2022)

Company Secretary: A W Management Consultants (Pvt) Ltd

Auditor:

Auditor General
National Audit Office,
No. 306/72,
Polduwa Road,
Battaramulla.

Bankers:

People's Bank
NDB Bank
Sampath Bank
BOC

Registered office:

100, Nawam Mawatha,
Colombo 2,
Sri Lanka.
Telephone : +94 112 422341-4, +94 112 440880
Fax : +94 112 447970
Email : lankagen@sltnet.lk
Web : www.stc.lk

Company Registration No: PB 863

No. of Employees: 300 employees had been employed by the company at the year ended.

CHAIRMAN'S MESSAGE

I wish to present the Annual Report of Sri Lanka State Trading (General) Corporation Ltd for the year 2023/2024.

External Environmental Outlook

Sri Lanka was facing a severe economic crisis from 2022 and recorded a negative GDP growth. However the Sri Lankan economy showed signs of rebound in the second half of 2023 and at the beginning of 2023/2024 financial year negative growth of GDP was reduced. This economic recovery was bolstered by renewed macroeconomic stability, softening interest rates and easing of external sector pressure.

STC continuously supported government in prudent financial management and openness , restoring public trust and providing better public services to strengthen Sri Lanka Government to overcome the economic crisis.

Performance Review

At the time when the government was trying to boost the economy, I am pleased to inform, STC recorded the highest net profit before tax in its history, amounting to Rs. 1.5 billion in year 2023/2024 and profit after taxation was Rs.963 millions in 2023/2024 which is a 81% growth compared to the financial year 2022/2023. Similarly, the company's annual turnover reached Rs.12 billion, reflecting a 29% increase in comparison to the previous year, with a GP margin of 16%. Accurate and timely decisions taken by the Line Ministry, Chairman, Board of Directors and the STC Management led to this victory.

By fully leveraging the advantages of the varying interest rates of the economy, we were able to boost the net financial income up to Rs.205 million , through the implementation of measures such as increasing the investment in short-term investments and effectively managing the cash-flow of the company.

Further Steps were taken to dispose the obsolete and slow-moving stock items and strict adhering to the credit policy supported to minimize the credit period and strengthen the cash flow.

The Company had a staff strength of 300 as at March 31, 2024.

Social Responsibilities

STC has played an active role as the major trading arm of the government in stabilizing the prices of consumables in the retail market by way of ensuring the maintenance of prices at government controlled price levels. Further, STC has successively fullfilled the customer requirement to its maximum level even amidst an economic recession.

Future Plans for 2024 / 2025

- Importation and distribution of essential food items, as an when the government requires to stabilize the market prices and supply of essential food items.
- Achieve additional sales growth by introducing new products to the existing product portfolio.
- Increase turnover by expanding the customer base into more Government sector institutions and to more Private sector institutions.

While expecting support from my Senior Management and Staff Members for the betterment of the Organization I wish to extend my sincere appreciation for the visionary guidance provided by Hon. Minister of Finance and my fellow Members of the Board. I would also like to take this opportunity to thank our Bankers and all Stakeholders who have shared our journey throughout the financial year and look forward for their continuous support.

Asiri Walisundara

Chairman/Managing Director

DIRECTOR'S REPORT

The directors present their report to the members together with the audited financial statements and the balance sheet of State Trading (General) Corporation Limited for the financial year ended 31 March 2024.

Principal Activities

The Company Sri Lanka State Trading (General) Corporation Limited is principally engaged in trading activities mainly to state sector institutions for their office requirements. Our product portfolio includes office Supplies and Equipments, Home Appliances ,IT and Telecommunication Accessories ,Electrical & Electronic Accessories, Fast Moving Consumer Goods, Tyres and Vehicle Batteries, Agriculture Equipment and Tools ,Interior Designs and office furniture ,Chemicals ,Essential Foods and Duty Free Operation. Additionally Sri Lanka State Trading (General) Corporation Limited act as the main importer and distributor for commodities as an when Government requires to interfere in to the retail market for streamline the supply and prices of such items. The company has involved in importing Rice and Table eggs on such basis and successfully carried out the Process.

Directors

The directors of the Company in office at the date of this report areas stated in the Corporate Information to annual report.

Financial Results

The Financial results shows a positive growth its turnover and the Net profit for the year 2023/2024

	Turnover (Rs. Mn)	Gross Profit (Rs. Mn)	Net Profit before tax (Rs. Mn)
Financial Performance for year 2023/2024	12,132.03	1,967.21	1,498.93

Issue of Shares - 10 million ordinary shares at Rs.10/- each

There were No changes in the capital structure of the Company. No new shares have been issued during the period 2023/2024.

Dividend

An Interim Dividend of Rs.102.5 million has been paid for the financial year 2023/2024.

Reserves and provisions

During the Financial year 2023/2024 Land & Building, Office Equipment, Computers, Tools & Equipments and Furniture & Fittings have been revalued and it created a revaluation reserve of Rs. 3,615,021,487.

Impairment provisions have been made to the Financial Statements as per LKAS 36 for trading stocks and debtors. Accordingly, Debtors amounts over 5 years have been fully provided as impairment provisions and if any recovery is done ,corresponding adjustments will be made in the financial statements for the relevant year.

Audit and Management committee Meetings

There were Four Audit and Management Committee meetings during the year 2023/24 and a treasury representative on the board acted as the chairman of the committee and following are the members appointed and represented the Audit committee during 2023/2024

Name of the Director	Position of AMC
Mr. K.Sathyakumara	Chairman
Mr. Dulan Hettiarachchi	Member
Mrs. Gilma Dahanayaka	Member

The internal Audit plan covering the scope of Audit work was approved by the members of Audit and Management committee Meeting. The approved plan was periodically reviewed and summarized and to depict the progress.

Number of Employees

The Number of employees of the company as at the end of the financial year was 300 with a composition of HM 6 numbers, MM 8 numbers, JM 16 numbers and other grades 270 numbers.

Auditors

The Auditor General has been re-appointed by regulation to continue in office

Signed on behalf of the board of Directors

.... Chairman

.... Director

SENIOR MANAGEMENT & HEADS OF DIVISIONS

Senior Management	Name
Chairman / Managing Director	Mr. Asiri Walisundara
General Manager	Mrs. Chamila Iddamalgoda
Deputy General Manager - Marketing	Mr. M. N. Mahesh Mendis
Deputy General Manager - Finance	Mrs. I. M. D. K. Ilangasinghe
Deputy General Manager - Administration	Mr. Sandaruwan Perera
Assistant General Manager - Finance	Mr. Chathura Gayan Perera
Assistant General Manager - Administration	Mr. NIrosh Bandara

Head of Divisions

Chemical & Allied Division	
Manager	Mr. K.H. Gunawardana
Office Supply Division	
Manager	Mrs. Nimalka Ranasingha
Household & Recreational Division	
Manager	Mrs. Gayan Bogahawatta
ICT Division	
Asst. Manager	Mr. Maduka Bandara
Electrical & Electronic Division	
Asst. Manager	Mr. K. G. C. Janaka
Agricultural, Machinery & Equipment Division	
Manager	Mrs. Madushani Akurugoda
Construction, Hardware & Office furniture	
Asst. Manager	Mr. Anurudha Mahesh
Automotive Products division	
Asst. Manager	Mr. D. Pradeep Kumara
FMCG Division	
Asst. Manager	Mr. D. Pradeep Kumara

SENIOR MANAGEMENT & HEADS OF DIVISIONS

Head of Divisions	Name
Duty Free Shop	
Asst. Manager	Mr. K. G. C. Janaka
Procurement Division	
Manager	Mr. Dhanushka Pushpakumara
Finance Division	
Manager	Mrs. I. K. P. P. Perera
Manager (Actg.)	Mrs. P. R. D. Peiris
Asst. Manager	Miss. M. E. Ilipangamuwa
IT Division	
Senior Manager (Actg.)	Mr. Nirosh Bandara
Services & Supply Division	
Asst. Manager	Mrs. K. H. Anupama Peiris
Audit Division	
Asst. Manager - Internal Audit	Mrs. M. Madusha Amali Dias
Human Resources & Legal Division	
Legal Officer	Mrs. Lakmali Kularathne
Manager	Mrs. Dharshana Pathirana

Branches & Showrooms

01. Nawam Mawatha Showroom	No. 100, Nawam Mawatha, Colombo 02.
02. Kurunegala Showroom	No. 243/3/1, Puttalam Road, Kurunegala.
03. Kandy Showroom	No. 449, William Gopallawa Mawatha, Kandy.
04. Matara Showroom	No. 11, YMCA Building, Station Road, Matara.
05. Anuradhapura Showroom	No. 561-B, 38, 4th Lane, Anuradhapura.
06. Jaffna Showroom	No. 127, MPCS Building, KKS Road, Jaffna.
07. Batticaloa Showroom	No. 32A, 32B, New Kalmunai Road, Batticaloa.

OUR PRODUCT PORTFOLIO

Office Supplies and Equipment

Double A & Other Photocopy Papers, Boards, Papers Books, Files & Folders, Envelops, Of fice Bags & Brief cases, Pens & Pencils, White Boards & Markers, Scissors, Paper Knives & Paper Shredders, Calculators, Staplers & Punchers, CDs & DVDs, USB Drives and Other Stationeries.

Home Appliances

Aluminum Items, Porcelain Products, Nonstick Kitchenware, All kinds of Cleaning Products, Sports Goods, All kinds of Plastic Products, Cups & Saucers, Cutlery & Crockery, Kettles & Jugs, Racks & Trays, Vacuum Flasks, Water Filters & Purifiers, Pillows, Mattresses & Bed sheets, Rubber, Coir Carpets, Weighting Scales, Raincoats & Umbrellas, Tissues, Paper Serviettes & Other Paper Based Products, Wall Clocks.

IT & Telecommunication Accessories

Laptops, Desktop Computers, Printers, Fax Machines, Scanners, UPS, Photocopy Machines, Other Computer Accessories.

Electrical & Electronic Accessories

Air Conditioners, KDK Fans, Digital Cameras (Still, Video) & Flashlights, Multimedia Projectors & Screens, Indoor & Outdoor Speakers, Audio Amplifiers, Mixers & Microphones, Generators, Access Control Systems, CCTV Systems, Finger Scan Attendance Systems, Bulbs (CFL, Fluorescent) & Emergency Lights, Telephones, Wiring Accessories, Other Electrical Accessories.

OUR PRODUCT PORTFOLIO

FMCGs (Fast Moving Consumer Goods)

Homecare Products, Personal Care Products, Food Brands.

Tyres & Vehicle Batteries

EXIDE
APOLLO DUNLOP PIRELLI
YOKOHAMA NANKANG

Agricultural Equipment, Machinery Tools & Hardware

Barbed Wires, Bush Cutters, Grass Trimmers & Lawn Mowers, Welding Transformers, Kathy & Knives, All types of Power Tools, All types of Hand Tools, Water Pumps, Safety Equipment (Helmets, Gloves & Boots), Forks, Jumpers, Shovels & Rakes, Polythene Sealers, Fogging Machines.

OUR PRODUCT PORTFOLIO

Interior Design & Office Furniture

Steel Furniture (Chairs, Tables, Cupboards, Cabinets, Book Racks) Wooden Furniture (Chairs, Tables, Cupboards, Cabinets, Book Racks) Melamine Furniture (Chairs, Tables, Cupboards, Cabinets, Book Racks).

Chemicals

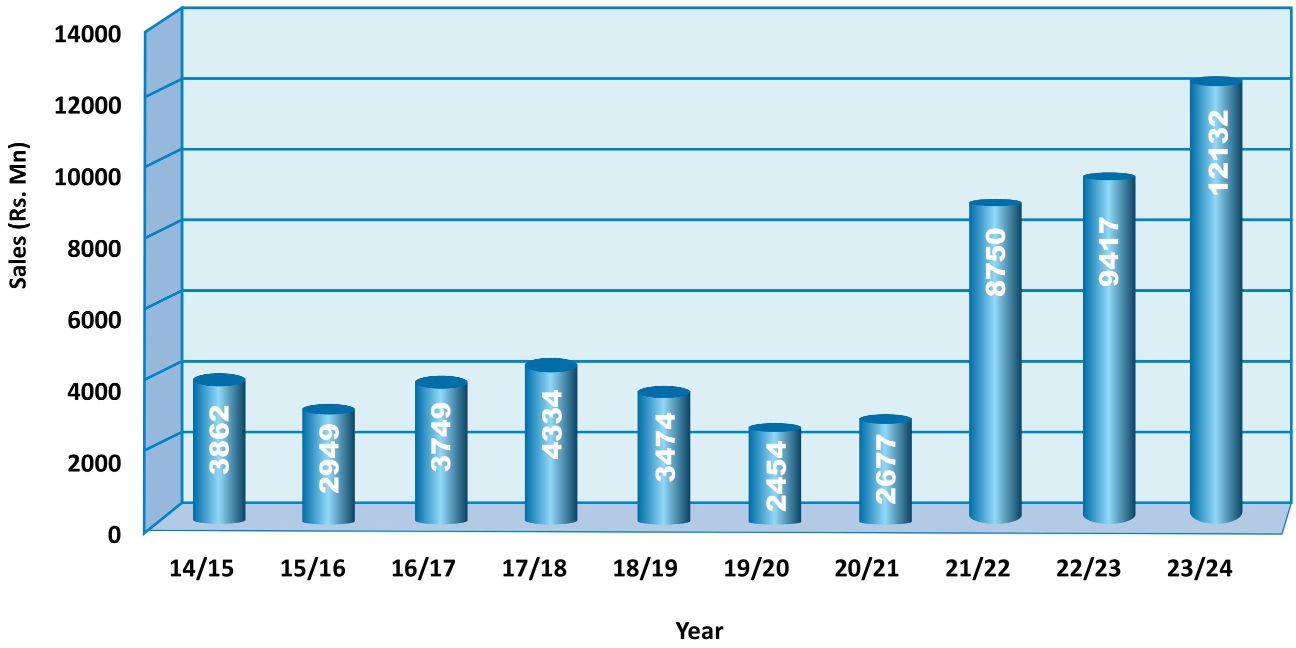
Industrial Chemicals, Laboratory Chemicals, Specialty Chemicals, Selected Explosive Chemicals.

Duty Free Shop

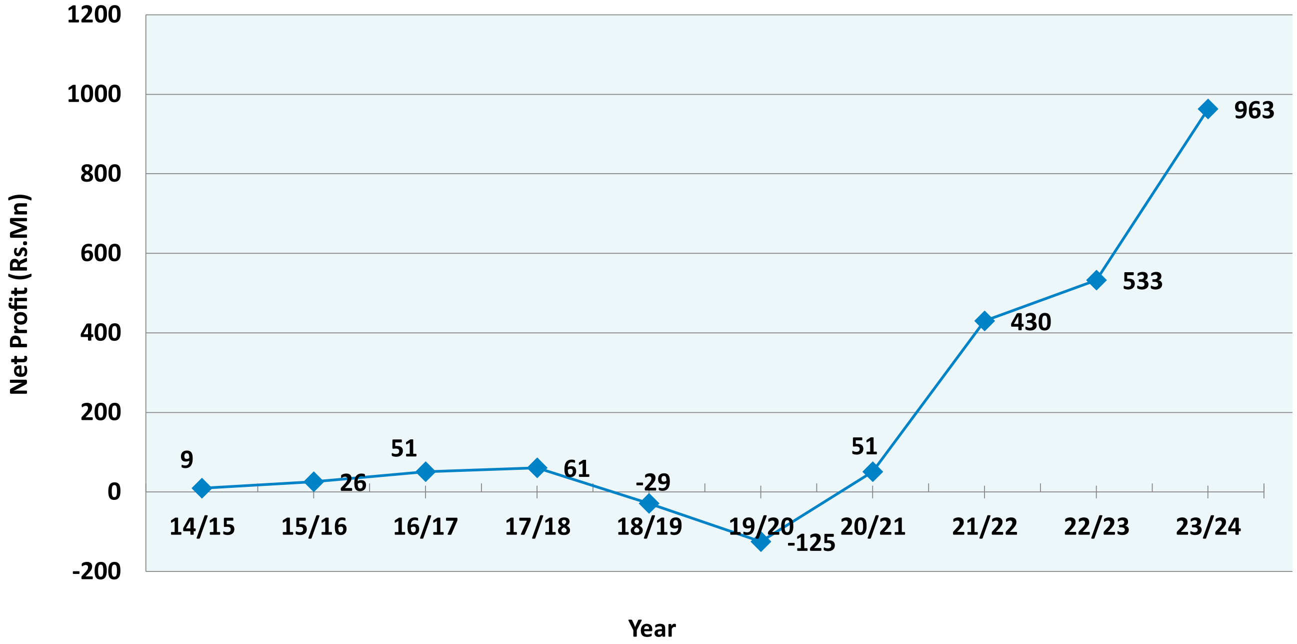
Facilitate the requirement of the diplomats and diplomatic missions.

BUSINESS REVIEW

Sales Growth (Rs. Mn)



Net Profit (after Tax) Growth (Rs. Mn)



EMPLOYMENT GENERATION

2019 - 2024

Numbers in Employment since 2019/2020 to 2023/2024

2019 - 2020

TOTAL EMPLOYEES 398

- ADMINISTARION AND OTHER RELATED EMPLOYEES **211**
- SALES EMPLOYEES **187**

2020 - 2021

TOTAL EMPLOYEES 374

- ADMINISTARION AND OTHER RELATED EMPLOYEES **169**
- SALES EMPLOYEES **205**

2021 - 2022

TOTAL EMPLOYEES 392

- ADMINISTARION AND OTHER RELATED EMPLOYEES **185**
- SALES EMPLOYEES **207**

2022 - 2023

TOTAL EMPLOYEES 336

- ADMINISTARION AND OTHER RELATED EMPLOYEES **154**
- SALES EMPLOYEES **182**

2023 - 2024

TOTAL EMPLOYEES 300

- ADMINISTARION AND OTHER RELATED EMPLOYEES **171**
- SALES EMPLOYEES **129**

CORPORATE GOVERNANCE

During the past year management of STC strived to rejuvenate governance structure and best business practices. In addition, STC has a separate Internal Audit Division and internal controls are in place to ensure a sound control environment. Further there is a separate Audit & Management Committee which reports to the Board of Directors.

Tender board is in place to monitor and control procurement mechanism in line with the Government procurement procedure.

Board Members

Chairman / MD
Mr. Asiri Walisundara
(Joined 05.09.2022)

- **Mr. K. Sathyakumar**
  Director
- **Mr. D. A. Hettiarachchi**
  Director
- **Mr. C. Peiris**
  Director
- **Mr. K.R.S. Perera**
  Director
- **Mrs. G. Dahanayake**
  Director
- **Mr. T. A. D. Ranjith**
  Director

Audit Committee Members

Mr. K. Sathyakumar
Chairman of the Committee

- **Mrs. G. Dahanayake**
  Director
- **Mr. D. J. Vidanachchi**
  Director

■ During the year 2023/ 2024, Thirteen (13) Board Meetings and Four (4) Audit Committee meetings have been conducted.

Availability of Business Managing Instruments

1) Corporate Plan 2022/2027
2) Annual Report 2022/2023
3) STC Procurement Procedures
4) STC Action Plan
5) STC Product Profile
6) STC Profile
7) STC Credit Sales Policy
8) STC Stock Control Policy
9) STC Approved carder

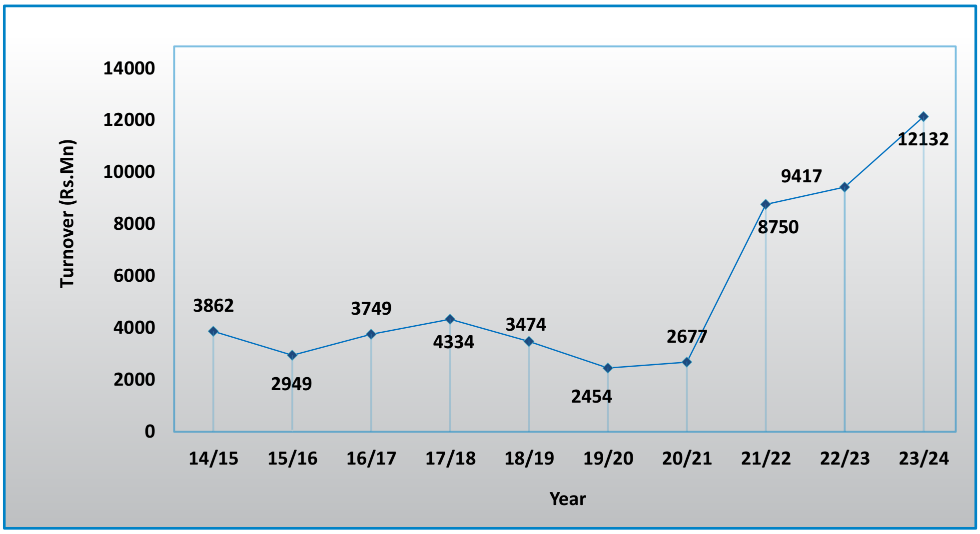
FINANCIAL HIGHLIGHTS

	2023/2024 (Rs.000'S)	2022/2023 (Rs.000'S)	Change% ↑ / ↓
Operation			
Turnover	12,132,030	9,416,776	29%
Earnings before Interest & Tax	1,293,575	383,501	237%
Profit before Taxation	1,498,934	731,165	105%
Profit after Taxation (Before re-valuation gain)	963,204	532,775	81%
Balance Sheet			
Non Current Assets	4,118,664	632,397	551%
Current Assets	4,457,573	4,213,431	6%
Current Liabilities	2,246,377	2,885,147	-22%
Non-Current Liabilities	160,198	178,433	-10%
Stated Capital & Reserves	6,169,663	1,782,247	246%
Cash Flow			
Net Cash generated from Operating Activities	- 1,078,218	153,186	-804%
Net Cash Used in Operating Activities	- 1,377,136	92,532	-1588%
Net Cash generated from Investing Activities	351,599	115,616	204%
Net Cash generated from Financing Activities	836,298	- 711,081	-218%
Per Share Data			
Earnings per share	97	54	80%
Net Assets per Share	617	178	246%
Return on Equity (ROE)	0.74	0.36	105%
Return on Assets (ROA)	0.68	0.12	468%
Key Ratios			
Gross Profit Ratio	16%	11%	5%
Net Profit Ratio	12%	8%	4%
Quick Ratio	1.50	0.95	58%
Current Ratio	1.98	1.46	36%
Gearing Ratio	0.19	0.07	176%

GRAPHICAL VIEW OF FINANCIAL HIGHLIGHTS

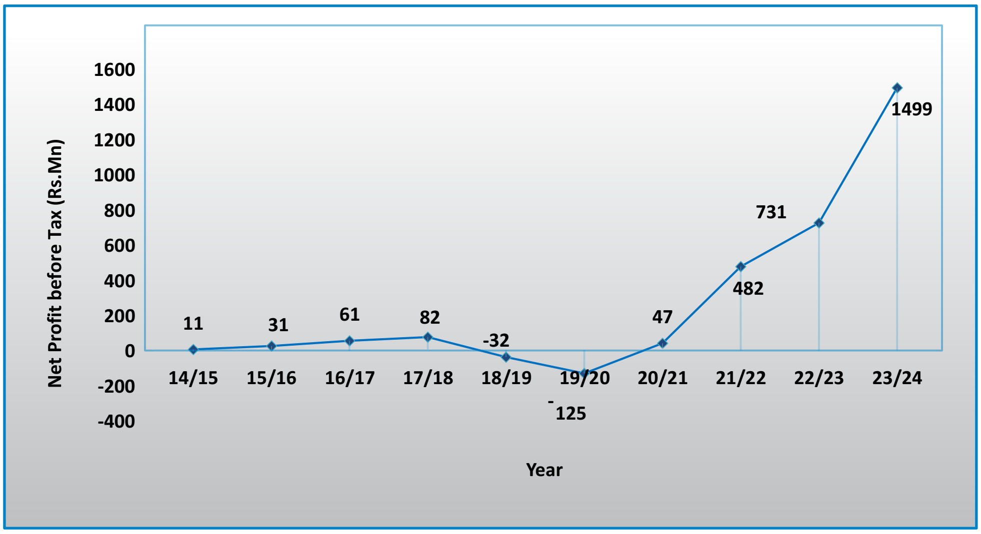
TURNOVER

Year	(Rs.Mn)
14/15	3862
15/16	2949
16/17	3749
17/18	4334
18/19	3474
19/20	2454
20/21	2677
21/22	8750
22/23	9417
23/24	12132



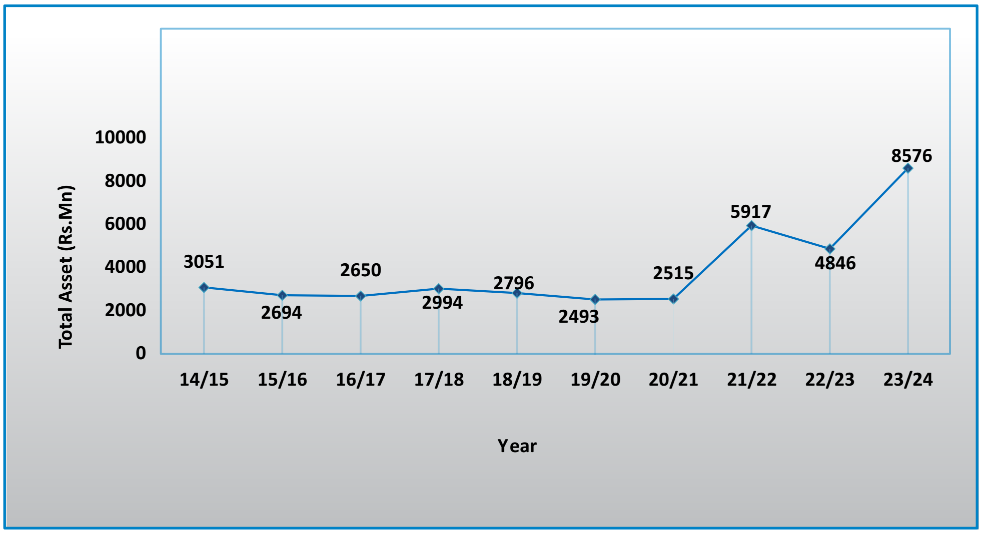
NET PROFIT BEFORE TAX

Year	(Rs.Mn)
14/15	11
15/16	31
16/17	61
17/18	82
18/19	-32
19/20	-125
20/21	47
21/22	482
22/23	731
23/24	1499



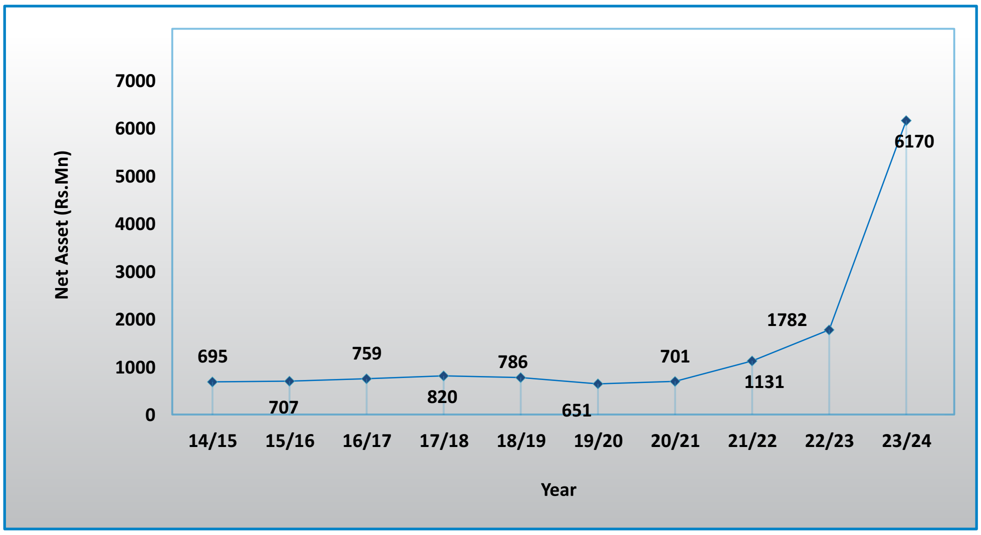
TOTAL ASSET

Year	(Rs.Mn)
14/15	3051
15/16	2694
16/17	2650
17/18	2994
18/19	2796
19/20	2493
20/21	2515
21/22	5917
22/23	4846
23/24	8576

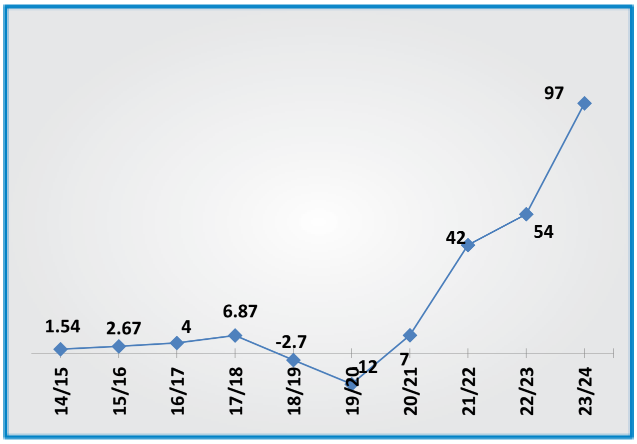


NET ASSETS

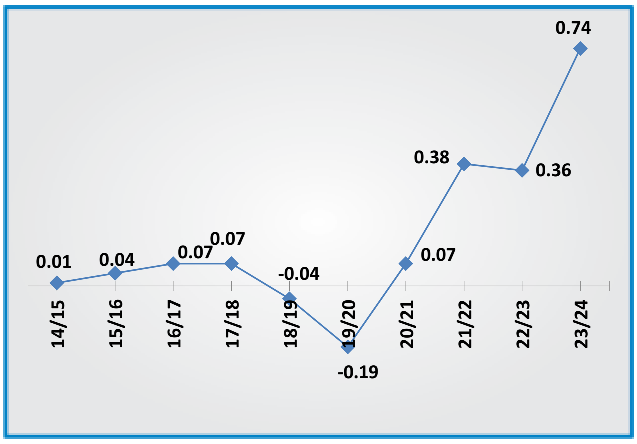
Year	(Rs.Mn)
14/15	695
15/16	707
16/17	759
17/18	820
18/19	786
19/20	651
20/21	701
21/22	1131
22/23	1782
23/24	6170



EPS (Rs)

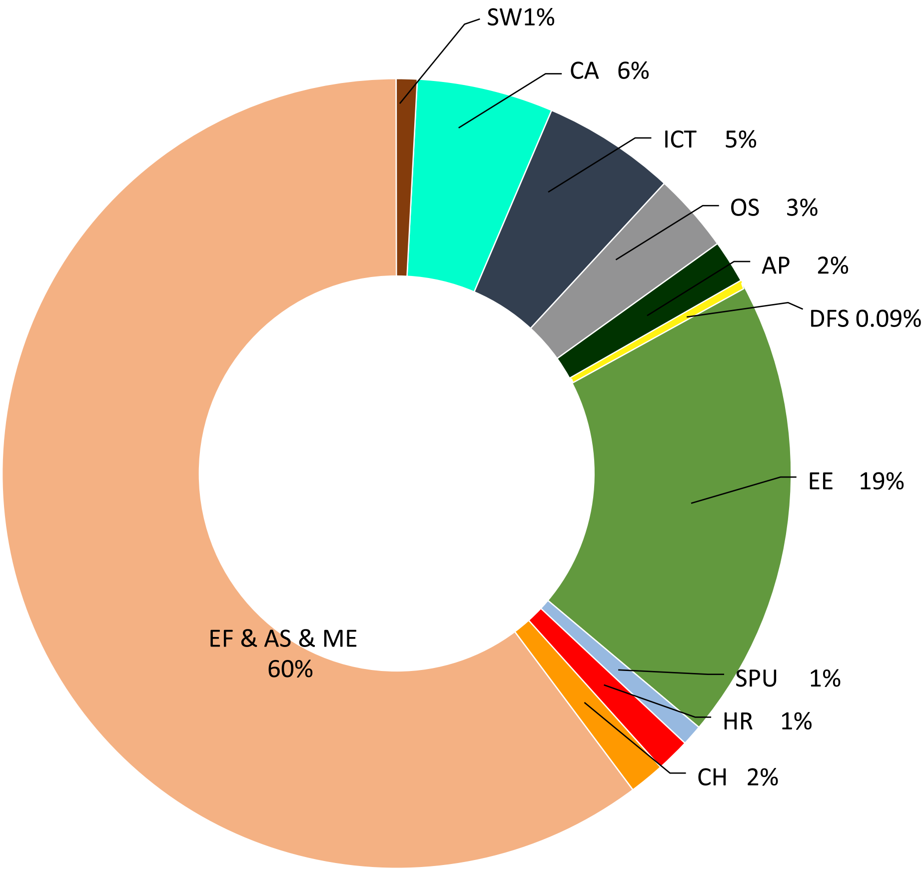


ROE (Rs)



DIVISIONAL PERFORMANCE OF STC

Revenue Drivers 2023-2024



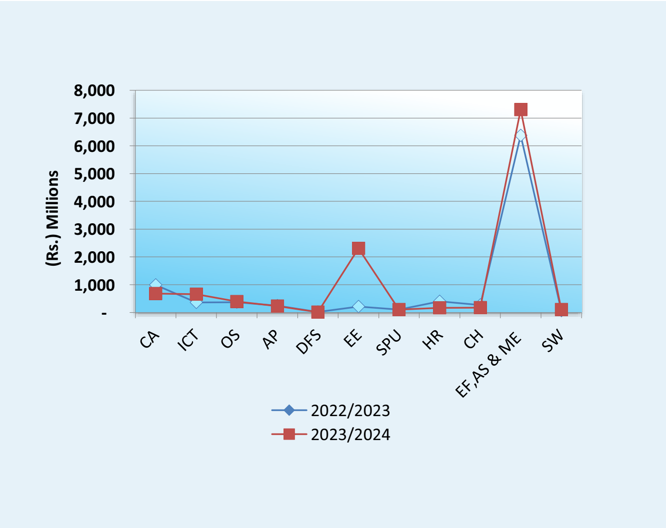
PERFORMANCE OF REVENUE DRIVERS 2023/2024

Division	Revenue	GP	GP %
Chemical & Allie (CA)	678,199,226	256,076,265	38%
ICT Products (ICT)	660,086,111	77,400,522	12%
Office Suppliers (OS)	393,593,416	72,604,137	18%
Automotive Products (AP)	229,435,930	36,052,117	16%
Duty Free Shop (DFS)	11,575,579	4,062,009	35%
Electricals & Electronics (EE)	2,307,097,373	417,224,615	18%
Special Project Unit (SPU)	103,543,497	18,048,362	17%
Household Products (HR)	167,150,581	25,508,804	15%
Construction & Hardware (CH)	175,294,346	22,639,130	13%
Essential Foods , Agricultural Supplies & Machinery & Equipments (EF,AS & ME)	7,302,373,880	1,015,679,940	14%
Swashakthi (SW)	103,679,769	21,916,044	21%
Total	**12,132,029,706**	**1,967,211,946**	**16%**

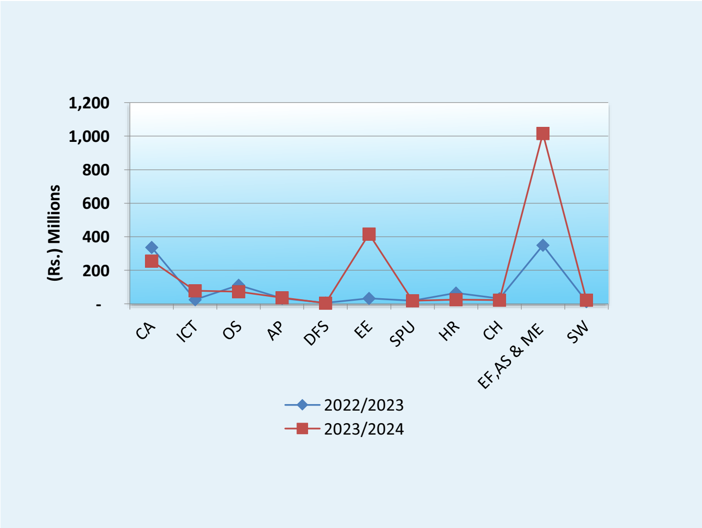
COMPARISON OF DIVISIONAL PERFORMANCE (2022-2023/2023-2024)

Dept	2022/2023		GP %	2023/2024		GP %	% ↑ / ↓		
	Sales	GP		Sales	GP		Sales	GP	GP %
CA	989,466,830	336,774,106	34%	678,199,226	256,076,265	38%	-31%	-24%	4%
ICT	358,777,332	24,780,251	7%	660,086,111	77,400,522	12%	84%	212%	5%
OS	372,467,640	110,702,911	30%	393,593,416	72,604,137	18%	6%	-34%	-11%
AP	242,593,285	32,367,653	13%	229,435,930	36,052,117	16%	-5%	11%	2.4%
DFS	19,268,522	6,009,146	31%	11,575,579	4,062,009	35%	-40%	-32%	4%
EE	213,499,779	32,480,523	15%	2,307,097,373	417,224,615	18%	981%	1185%	3%
SPU	105,450,290	17,868,546	17%	103,543,497	18,048,362	17%	-2%	1%	0%
HR	400,374,661	64,927,777	16%	167,150,581	25,508,804	15%	-58%	-61%	-1%
CH	268,200,300	31,077,606	12%	175,294,346	22,639,130	13%	-35%	-27%	1%
EF, AS & ME	6,378,694,690	349,158,110	5%	7,302,373,880	1,015,679,940	14%	14%	191%	8%
SW	67,982,942	13,112,918	19%	103,679,769	21,916,044	21%	53%	67%	2%
Total	**9,416,776,272**	**1,019,259,548**	**11%**	**12,132,029,706**	**1,967,211,946**	**16%**	**29%**	**93%**	**5.39%**

Divisional Revenue Comparison



Divisional Gross Profit Comparison



AUDITOR GENERAL'S REPORT

My No. : TAC/D/STC/F/A/2023/24/17

Date : 30th October 2024

Chairman
State Trading (General) Corporation Limited

Report of the Auditor General on the Financial Statements and on other Legal and Regulatory Requirements of the State Trading (General) Corporation Limited for the year ended 31 March 2024 in Terms of Section 12 of the National Audit Act No. 19 of 2018

1. Financial Statements

1.1 Qualified Opinion

The audit of the Financial Statements of the State Trading (General) Corporation Limited for the year ended 31st March 2024 comprising the Statement of Financial Position as at 31 March 2024 and the Statement of Comprehensive Income, Statement of Changes In Equity and the 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 in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with the provisions of the National Audit Act No. 19 of 2018. My report to Parliament in pursuance of the provisions of Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the section titled 'Basis for Qualified Opinion' in my Report, the accompanying Financial Statements give a true and fair view of the financial position of the company as at 31st March 2024 and its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

a) Although according to Paragraph 32 of Sri Lanka Accounting Standard 01 assets and liabilities cannot be set offwhen shown, the trade creditor balance of Rs. 373,351,128 had been set off against the receivable balance of Rs. 11,906,646 and the net value Rs. 361,444,482 had been shown as payable balance in Financial Statements.

b) Instead of showing net investments of Rs. 315,088,866 invested in fixed deposits and other short-term deposits under investment activities in the Cash Flow Statement, it had been shown under cash flows generated from financial activities contrary to Paragraph 16 of Sri Lanka Accounting Standard 07. In addition, owing to deducting the deferred incomes pertaining to government grants amounting to Rs. 24,437,682 twice when calculating the moneys generated from operational activities, those moneys had been understated by that amount.

c) According to Paragraph 42 of Sri Lanka Accounting Standard 08,material errors of the previous period should be corrected retrospectively and as per Paragraph 49, the details of such corrections should be revealed in the Financial Statements. Nevertheless, contrary to the provisions of the Standard concerned, the Company had credited exchange profits of Rs. 440,670,002and debited exchange losses amounting to Rs. 27,863,304 andexpenditure and stock losses amounting to Rs. 23,869,693 pertaining to import of rice in the previous year, to the sale cost of the year under review.

d) The deferred tax liability of Rs. 30,437,267 which should have been depicted under non-current liabilities in the Financial Statements as per Sri Lanka Accounting Standard 12 had been deducted from the non-current assets and shown as net deferred assets.

e) The methodology of accounting government grants had not been revealed in the Financial Statements as per Paragraph 39 of Sri Lanka Accounting Standard 20. In addition, instead of evenly distributing the value of the government grants over the useful life of the related assets and identifying it as a deferred income pertaining to the year under review, that income of Rs. 24,437,668 had been credited to the Assets Depreciation Account. As a result, the income and depreciation expenditure had been understated by that amount.

f) The expenditure of Rs. 4,285,347 borne for stocks of wine past expiry and cost of Rs. 42,351,980 borne for 22 warehouses of paddy purchased in the year 2015 to be distributed free of charge to government institutions had been debited to the sale cost of the year under review resulting in the gross profit being depicted Rs. 46,637,327 less.

g) As a result of showing Rs. 23,064,553, which is the total of the over-measurements and corrections ofstocks identified at physical verification of stocks, as a rectification of errors of the previous year and deducting it from the sale cost, the sale cost was overstated and gross profit was understated by that amount.

h) Instead of correctly identifying and accounting the direct deposits to banks by external parties totalling Rs. 2,820,094 during the period from 2017 to 2024, they had been shown under other creditors.

i) The income of Rs. 7,279,191 due towards the Company for sub-leasing part of the Rajavasa Building in Batticaloa to the Lanka Sathosa Limited had not been entered in accounts.

j) Although according to the transfers made to the Department of Inland Revenue the social security contribution tax expenditure had been Rs. 83,347,166, it had been depicted in Financial Statements as Rs. 86,942,743 resulting in a discrepancy of Rs. 3,595,577.

k) As the sale value was Rs. 12,643,327,250 according to the value added tax records and Rs. 12,132,029,706 according to the Financial Statements, a discrepancy of Rs. 511,297,543 existed in the values concerned. Purchase value was Rs. 3,733,542,154 according to value added tax records and Rs. 9,796,491,313 according to Financial Statements and hence a discrepancy of Rs. 6,062,949,159 existed in the values concerned.

I conducted my audit in accordance with the Sri Lanka Auditing Standards (SLAuSs). My responsibilities under those standards are further described in the section 'Auditor's Responsibilities for the Audit of the Financial Statements' of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for giving the qualified opinion.

1.3 Other Information Contained in the Annual Report of the Company for 2023/2024

The 'other information' means the information included in the Company's 2023/2024 Annual Report but is not included in the Financial Statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report. Management is responsible for the 'other information'.

My opinion on the Financial Statements does not cover the 'other information' and I do not express any form of assurance or opinion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially inconsistent.

When I read the Company's 2023/2024 Annual Report, if I conclude that there are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further uncorrected material misstatements exist those will be included in my report to Parliament in pursuance of provisions of Article 154 (6) of the Constitution that will be tabled in due course.`

1.4 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 Public Sector Accounting Standards, and for determining such internal controls as the management deem necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going-concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the company's financial reporting process.
As per Section 16(l) of the National Audit Act No. 19 of 2018, the company 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 company.

1.5 Auditor's Responsibilities for the Audit of the Financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a wholeare free from material misstatements, whether due to fraud or error, and to issue an auditor'sreport that includes my opinion. Reasonable assurance is a high level of assurance, but is not aguarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will alwaysdetect a material misstatement if it exists. Misstatements can arise from individual or collective effect of fraud or error and areconsidered material if they could be expected toinfluence the economic decisions of users made on the basis of these financial statements.

As an element of an audit in accordance with Sri Lanka Auditing Standards, I exercised professional judgment and maintained professional skepticism throughout the audit. I have also,

- Planned and implemented timely and appropriate audit procedures to identify and assess the risks of material misstatements that may occur in the financial statements, whether due to fraud or error, in finding a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtained an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, though not for the purpose of expressing an opinion on the effectiveness of the internal controls.

- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Concluded on the appropriateness of the use of the going-concern basis for accounting and based on the audit evidence obtained whether a material uncertainty exists relating to the events or conditions. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. However, the going concern may cease to continue due to future events or circumstances.

- Evaluated theoverall presentation of the Financial Statements including the disclosures and the fair inclusion of the transactions and events underlying the structure and the content of the Financial Statements.

- I communicate with those charged with govemance regarding significant audit findings, including any significant internal control deficiencies identified during my audit.

2. Report on Other Legal and Regulatory Requirements

2.1 National Audit Act, No. 19 of 2018 and the Companies Act No. 7 of 2007 includespecific provisions for the following requirements.

2.1.1 I obtained all the information and explanations except the effect of the matters highlighted in the part “Basis for the Qualified Opinion” of my report that are required for the audit as per the requirement in section 163 (2) of the Companies Act No. 7 of 2007 and Section 12 (a) of the National Audit Act, No. 19 of 2018and as far as appearing from my examination, proper accounting records have been kept by the Company.

2.1.2 The financial statements presented are consistent with the preceding year as per therequirement of section 6 (l) (d) (iii) of the National Audit Act, No. 19 of 20!8

2.1.3 The financial statements presented include all the recommendations made by me in theprevious year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act No. 19 of2018 except for the observations made in Paragraph 102 (a) of the section titled “Basis for the Qualified Opinion in my Report”.

2.2 Based on the procedures performed and evidence obtained and being within the confines of the material facts, nothing has come to my attention to state the following: —

2.2.1 that any member of the governing body of the Company has any direct orindirectinterest in any contract entered into by the Company which are out of the normal business as per the requirement of section 12(d) of the National Audit Act No. 19 2018.

2.2.2 that the Company has not complied with any applicable written law, or general and special directions issued by the governing body of the company as per the requirement of the National Audit Act No. 19 of 2018 except for the following observations : —

Reference to Laws, Rules and Directives	**Observations**
(a) Public Enterprise Circular No. PED 1/2015 dated 25th May 2015 and the letter of the Director General of the Department of Public Enterprises bearing No. PED/S/STC/03/11(i) and dated 5th October 2023	Monthly transport allowances amounting to Rs. 2,711,750 and Rs. 972,500 had been paid to 42 officers recruited on permanent basis and 09 officers recruited on contract basis respectively who were not entitled to official vehicles, contrary to the reimbursement basis approved by the Director General of the Department of Public Enterprises and to provisions of Circulars.
(b) Operational Manual for Public Enterprises introduced by the Public Enterprise Circular No. PED 01/2021 dated 16th November 2021 —	
(i) Paragraph 3.2 (i)	Employees had been paid Rs. 41,679,289 as festival allowances and incentives, Rs. 3,846,978 as reimbursement of medical expenses and Rs. 700,000 as death gratuities without Treasury approval.
(ii) Paragraph 6.7	Although an annual inventory survey should be conducted on fixed assets and stocks, a physical verification had not been conducted since 2017 on the existing fixed assets amounting to Rs. 977,631,425 as at the end of the year under review.
(c) Paragraph (iii) of Public Finance Circular No. 415 dated 6th May 2005	Although all government institutions that import goods by ship shall carry out cargo transport activities through the Ceylon Shipping Corporation Limited and when the freight charge of the Ceylon Shipping Corporation Limited is higher than the freight charge of the exporter, a disclaimer order should be obtained, when the sample audit inspection was conducted, it was unveiled that the shipping activity had been done through foreign shipping companies in 16 out of the 18 cases inspected and such disclaimer order had been obtained only on 2 occasions. As such, a foreign exchange outflow had occurred because US $ 22,479 had been paid to foreign shipping companies.

2.2.3 That action had been taken inconsistent with the powers and functions of the company as against the requirement laid down in Section 12 (g) of the National Audit Act No. 19 of 2018

2.2.4 That the resources of the company had not been procured according to the rules during the period and used frugally, efficiently and effectively, as per the requirement laid down in Section 12 (g) of the National Audit Act No. 19 of 2018, apart from the following observations :—

(a) Although a main and detailed procurement plan should be prepared in respect of the company's purchasing as per sections 4.2.1 (a) and (c) of the Procurement Guidelines, only a procurement expenditure estimate had been prepared in respect of capital purchases of the company during the year.

(b) Part of the company's outdoor premises had been tarmac-laid and carpeted by paying a private organization Rs. 3,144,025 and information technology equipment worth Rs. 98,550,332 had been purchased and installed for the need of the Ministry of Education, without following proper procurement procedures.

(c) Approval had been given by Cabinet Decision No. 22/2100/601/014/111 dated 3rd January 2023 to import eggs and during the year under review, 18,420,480 eggs worth Rs. 496,000,000 had been imported. The procurement activity had been carried out through a departmental procurement committee instead of a ministerial procurement committee that should be appointed as per Procurement Guideline 2.14.1 pertaining to purchases above Rs. 200 million. In addition, appointing a technical evaluation committee as per Procurement Guideline 2.4.8 and entering into a service supplier agreement as per Procurement Guideline 8.9.1 had not been carried out in clearing the imported eggs and storing them.

(d) A technical evaluation committee had not been appointed as per Procurement Guideline 2.8.4 for the procurement for repairing the duty free shop which had a contract value of Rs. 5,987,529.

2.3 Other Matters

(a) The company had imported 50 paddy storage cocoons costing Rs. 96,254,510 in the year 2015 and sold only 15 units of them. As in the year 2022, 15 units which had remained unsold for 7 years costing Rs. 25,026,173 and in the year under review 22 units costing Rs. 42,351,984 had been distributed free of charge among government institutions, the overall loss of the project had amounted to Rs. 67,378,157.

(b) The approved cadre of the Company was 315 and the actual number of employees stood at 286 but 77 vacancies including 10 of those at executive level existed as at 31st of March in the year under review, with a surplus of 48 employees in some of the categories.

(c) According to the Action Plan of the year under review, 04 of the activities planned for increasing incomes had been implemented but the increase of income was about 50% of that planned. Out of the 14 activities planned for enhancing the quantity of goods and services, 11 had not been implemented and as a result, the number of activities performed was 21% compared to the total number of activities. At the same time, the progress of the 2 projects, namely initial introduction to computers and introducing new items associated with computers, both for schoolchildren, was 17% and 4% respectively. Although it had been planned to introduce at least one item or one trader to the overseas market, it had failed.

(d) A rent agreement had been reached to give 08 Q-Shop sales outlets on rent basis to the Spices Corporation during the year under review, 03 sales outlets had not been handed over even as at the date of the audit on 25th July 2024. This resulted in a loss of Rs. 920,000 in rent income and the rent paid to external parties amounting to Rs. 480,000 was an unproductive expenditure. The Company had incurred a loss of Rs. 1,658,668 during the year under review through the Q-Shop Project.

(e) The trade debtor balance of Rs. 822,322,109 as at 31st of March of the year under review contained Rs. 133,352,935 made up of balances which have remained for 2 to 5 years and Rs. 177,479,439 made up of balances older than 5 years, which have not been recovered. In addition, other receivable balances amounting to Rs. 1,272,905,763 included a balance that had remained long unrecovered amounting to Rs. 13,421,973.

(f) The value of the advances received as at 31st of March in the year under review was Rs. 25,491,248and the value of the balances that had remained not settled for longer than 3 years was Rs. 7,837,353.

(g) In the creditor balance of Rs. 361,444,482 as at 31st of March in the year under review, the component of the balance not settled despite the expiration of 5 years or more was Rs. 90,514,335. In addition, action had not been taken to ascertain the accuracy and clear balances amounting to Rs. 15,789,605 that had remained for a long time contained in theother payable balances of Rs. 716,930,302.

(h) The stock amounting to Rs. 685,725,364 that remained in the warehouse as at 31st of March in the year under review included the value of stocks that had been remaining unmoved amounting to Rs. 155,109,130 and an appropriate methodology had not been established in the accounting system to identify the stocks that are nearing their expiry.

(i) Although the warehouse in Veyangoda, which had been obtained from the of Food Commissioner's Department on rent basis, had remained idle from February 2023 to February 2024, rents amounting to Rs. 2,400,000 had been paid for it.

(j) Although a building belonging to the Food Commissioner's Department had been obtained for the Rajavasa projects in Batticaloa on rent basis for the period from September 2021 to June 2023, its renovation work had not been completed even as at 30th July 2024, and as a result, the Rs. 5,720,000 paid to the Department concerned as rent was a wasteful expenditure.

(k) Although the party of the second part shall pay the electricity, water and telephone bills and service charges as per the lease agreement reached pertaining to the Rajavasa Showroom Project in Narahenpita during the year under review, the Company had borne Rs. 6,102,278 of it amounting to 48% of the income from it, and the net loss incurred by the project stood at Rs. 5,180,344. Although space is available to run 25 showrooms in the building concerned, only 11 of the 21 showrooms functioning there were run by government agencies. As such, the fundamental objective of the Project — “Providing facilities for consumers to obtain all products manufactured and sold by government institutions at affordable prices under one roof” — had not been reached.

(l) No lease agreement had been entered into since 1st January 2024 in respect of the land and the building located at Rajagiriya belonging to the Company, which had been given on lease to the Police Special Task Force; neither had the lease rent of Rs. 14,400,000 due for the period from January to August 2024 been recovered. In addition to that, permanent constructions had been carried out in violation of clause 08 of the agreement referred to above.

W.P.C. Wickramaratne
Auditor General

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH 2024

	Notes	2023/2024 Rs.	2022/2023 Rs.
Revenue	03	12,132,029,706	9,416,776,271
Cost of Sales		(10,164,817,761)	(8,397,516,723)
Gross Profit		1,967,211,946	1,019,259,548
Other Operating Income / (Expenses)	04	57,275,265	35,297,453
		2,024,487,211	**1,054,557,002**
Distribution Expenses	05	221,093,107	233,327,415
Administration Expenses	06	507,538,260	433,457,185
		728,631,367	**666,784,600**
Earnings Before Interest & Tax		**1,295,855,843**	**387,772,401**
Net Finance Income / (Expenses)	07	205,359,103	347,663,542
Profit / (Loss) Before Taxation		**1,501,214,947**	**735,435,943**
Taxation	08	(535,046,293)	(199,671,154)
Net Profit / (Loss) For the Year		**966,168,654**	**535,764,789**
Other Comprehensive Income			
Actuarial Gain / (Loss) on Employee Benefits		(2,280,886)	(4,271,080)
Tax on Other Comprehensive Income		(684,266)	1,281,324
Revaluation Gain on Assets		3,615,021,486	113,699,964
Other Comprehensive Income / (Loss) - Net of Tax		**3,612,056,334**	**110,710,208**
Total Comprehensive Income / (Loss) for the Year - Net of Tax		**4,578,224,988**	**646,474,998**
Basic Earnings / (Loss) per Share	09	97	54

The Accounting Policies and Explanatory Notes form an integral part of these Financial Statements.
(Figures in brackets indicate deductions.)

STATEMENT OF FINANCIAL POSITION

AS AT 31ST MARCH 2024

ASSETS	Notes	2023 / 2024 Rs.	2022 / 2023 Rs.
Non-Current Assets			
Property, Plant & Equipment	10	4,123,444,204	566,611,360
Intangible Assets	10a	8,025,000	9,330,001
Investments in Shares	11	20	20
Loans Given to Employees	12A	17,632,082	15,422,666
Net Deferred Tax Asset	17	(30,437,267)	41,032,830
Total Non Current Assets		**4,118,664,038**	**632,396,876**
Current Assets			
Inventories	13	1,089,692,167	1,467,189,374
Trade & Other Receivables	14	1,911,080,785	1,030,577,057
Loans Given to Employees - Current Maturity	12A	7,523,887	6,991,454
Short Term Investment in Fixed Deposits		1,358,308,950	1,668,700,000
Short Term Investment - Build up Margin -Peoples Bank		18,688,366	25,266,927
Short Term Investment - Build up Margin -NDB Bank		3,112,145	1,231,400
Cash & Cash Equivalents	15	69,166,814	13,474,352
Total Current Asset		**4,457,573,113**	**4,213,430,565**
Total Assets		**8,576,237,152**	**4,845,827,423**

EQUITY & LIABILITIES		2023 / 2024 Rs.	2022 / 2023 Rs.
Capital & Reserves			
Stated Capital 10,000,000 Ordinary Shares Rs. 10/- each		100,000,000	100,000,000
General Reserves		45,607,646	45,607,646
Revaluation Reserves		3,969,829,684	354,808,198
Other Reserves		(33,175,165)	(30,210,013)
Retained Earnings		2,087,400,340	1,312,041,000
Total Equity		**6,169,662,506**	**1,782,246,831**
Non-Current Liabilities			
Retirement Benefit Obligations	16	40,446,241	34,243,718
Government Grants Deffered Income A/C	21	119,751,820	144,189,502
Total Non-Current Laibilities		**160,198,062**	**178,433,220**
Current Liabilities			
Short Term Borrowings	18	791,639,266	13,600,000
Trade & Other Payables	19	1,103,866,032	2,765,607,414
Bank Overdrafts	20	350,871,279	105,939,957
Total Current Laibilities		**2,246,376,578**	**2,885,147,370**
Total Equity & Liabilities		**8,576,237,152**	**4,845,827,423**

The Accounting Policies and Explanatory Notes form an integral part of these Financial Statements.*(Figures in brackets indicate deductions.)*
These Financial Statements are in Compliance with the requirements of the Companies Act No.07 of 2007.

....
DGM Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Approved & Signed for and on behalf of the Board of Directors of Sri Lanka State Trading (General) Corporation Limited.

....
Chairman

Director

Date : 24.06.2024.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH 2024

	Stated Capital Rs.	Revaluation Reserves Rs.	General Reserves Rs.	Other Reserves Rs.	Retained Profit/(Loss) Rs.	Total Rs.
Balance as at 1st April 2022	100,000,000	241,108,234	45,607,646	(27,220,257)	771,724,662	1,131,220,285
Net Profit / (Loss) for the year	-	-	-		535,764,789	535,764,789
Net of actuarial Gain / (Loss) on Retirement Benefit Obligations & Net of Tax	-	-	-	(2,989,756)	-	(2,989,756)
Prior Year Adjustment					4,551,548	4,551,548
Revaluation During the Year		113,699,964				113,699,964
Balance as at 31st March 2023	**100,000,000**	**354,808,198**	**45,607,646**	**(30,210,013)**	**1,312,041,000**	**1,782,246,831**
Balance as at 01st April 2023	**100,000,000**	**354,808,198**	**45,607,646**	**(30,210,013)**	**1,312,041,000**	**1,782,246,831**
Net Profit / (Loss) for the year	-	-	-	-	966,168,654	966,168,654
Net of actuarial Gain / (Loss) on Retirement Benefit Obligations & Net of Tax	-	-	-	(2,965,152)	-	(2,965,152)
Prior Year Adjustment	-	-	-	-	(809,314)	(809,314)
Revaluation During the Year	-	3,615,021,486	-	-	-	3,615,021,486
Dividend Payments - Prior Years		-	-	-	(87,500,000)	(87,500,000)
Dividend Payments - Current Year					(102,500,000)	(102,500,000)
Balance as at 31st March 2024	**100,000,000**	**3,969,829,684**	**45,607,646**	**(33,175,165)**	**2,087,400,340**	**6,169,662,505**

The Accounting Policies and Explanatory Notes form an integral part of these Financial Statements.
(Figures in brackets indicate deductions.)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH 2024

	2023/2024 Rs.	2022/2023 Rs.
Cash Flow from Operating Activities		
Net Profit Before Taxation	1,501,214,947	735,435,943
Adjustments for		
Depreciation / Amortization	71,820,585	47,682,310
Interest Income	(272,189,109)	(370,461,238)
Government Grants Deffered Income	(24,437,682)	-
Trust Receipt Loan & Overdraft Interest	66,830,005	22,797,696
Disposal Profit / (Loss) of PPE	-	(2,352,197)
Provision of Audit fees	1,482,000	1,326,000
Stocks & Debts Written Off	503,478	-
Impairment of Debtors	68,461,383	105,281,937
Impairment of Stocks	(13,893,794)	(17,209,276)
Provision for Retirement Benefit Obligatios	11,918,676	6,623,591
Prior Year Adjustments	(809,314)	4,551,548
Operating Profit Before Working Capital Changes	**1,410,901,176**	**533,676,315**
(Increase) / Decrease in Inventories	391,391,002	47,986,935
(Increase) / Decrease in Trade Debtors	(984,598,930)	214,966,603
Increase / (Decrease) in Government Grants Deffered Income	(24,437,682)	(1,205,100)
(Increase) / Decrease in Imported Rice Price Subsidy Receivable	-	1,209,838,823
'Increase / Decrease in Easy Payment Loan Scheme	-	7,445
Increase / (Decrease) in Trade & Other Payables	(1,871,473,562)	(1,852,085,415)
Cash Generated From Operations	**(1,078,217,996)**	**153,185,605**
WHT Paid	(18,196,251)	(1,655,756)
Income Tax Paid	(272,724,531)	(43,182,162)
Gratuity Paid	(7,997,040)	(15,815,878)
Net Cash Used in Operating Activities	**(1,377,135,818)**	**92,531,809**
Cash Flows from Investing Activities		
Acquisition of Property, Plant & Equipment	(12,326,955)	(3,176,535)
Investment in Work in Progress	-	(34,766,180)
Disposal Proceed Received	-	100,000
Interest Received from Short Term Investments	363,925,785	153,458,665
Net Cash from in Investing Activities	**351,598,830**	**115,615,950**
Cash Flows from Financing Activities		
Investments in Fixed Deposits	310,391,050	(1,042,134,841)
Short Term Investment - Build up Margin -Peoples Bank	6,578,561	339,009,420
Short Term Investment - Build up Margin -NDB Bank	(1,880,745)	1,241,811
Net Loan Repayments & Proceeds	778,039,266	13,600,000
Trust Receipt Loan & Overdraft Interest Paid	(66,830,005)	(22,797,696)
Dividends Paid	(190,000,000)	-
Net Cash from Financing Activities	**836,298,128**	**(711,081,307)**
Net Increase / (Decrease) in Cash & Cash Equivalents	(189,238,861)	(502,933,548)
Cash & Cash Equivalents at the beginning of the year	(92,465,605)	410,467,943
Cash & Cash Equivalents at the End of the year - (Note A)	**(281,704,465)**	**(92,465,605)**

Note A - Analysis of Cash & Cash Equivalents

	As at 31.03.2024 Rs.	As at 31.03.2023 Rs.
Cash at Bank		
BOC (A/C No 8859546)	270,158	270,158
Sampath Bank (A/C No 000930000337)	1,218,404	1,354,218
Sampath Bank - DFS (A/C No 002930006974)	508,313	-
BOC (A/C No 1060)	681,790	93,358
People's Bank - Kurunegala	1,011,200	1,015,315
People's Bank - Matara	2,425,851	1,006,750
People's Bank - Kandy	1,824,267	1,312,850
People's Bank - Kalmunai	3,110,331	1,000,000
NDB (A/C - 101000160408)	235,845	478,506
People's Bank - Rice 180	377,929	614,901
People's Bank - Rice 004 1 002 7 0206579	51,951	81,951
National Savings Bank	26,204	25,474
Cash in Hand		
Petty Cash Imprest	643,586	873,019
Cash in Hand	56,780,985	5,216,191
Bank Overdrafts		
Sampath Bank - DFS (A/C No 002930006974)	-	131,660
People's Bank (A/C No - 004100120210918)	(350,871,279)	(105,939,957)
	(281,704,465)	**(92,465,605)**

The Accounting Policies and Explanatory Notes form an integral part of these Financial Statements.
(Figures in brackets indicate deductions.)

NOTES TO THE FINANCIAL STATEMENTS - 2023 /2024

1. GENERAL INFORMATION

Sri Lanka State Trading (General) Corporation Ltd is a limited liability Company, incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 100, Nawam Mawatha, Colombo 02.

The Company primarily involved in operating a trading business and is a Procurement agent for government institutions.

The staff strength of the company as at 31st March 2024 was 300. (2022/23 – 336)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

2.1.1 Statement of Compliance

The financial statements have been prepared in accordance with new Sri Lanka Accounting Standards (SLFRS / LKAS) as laid down by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the requirements of the Companies Act No. 07 of 2007.

2.1.2 Basis of measurement

The Financial Statements have been prepared on the historical cost basis except for the following material items in the statement of financial position.

(a) Defined benefit obligations are measured at its present value, based on the projected unit credit method prescribed in Sri Lanka Accounting Standard 19.

The Directors have made an assessment of the Company's ability to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation or cessation of trading.

2.1.3 Comparative Information

The previous year figures and phrases have been reclassified whenever necessary to conform to current year presentation.

2.1.4 Use of estimates and judgments

The preparation of the financial statements in conformity with SLFRS / LKAS requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in notes;

Note 16 - Retirement Benefit Obligations

No adjustments are made for inflationary factors affecting these Financial Statements.

Appropriate significant policies are explained in succeeding notes.

2.1.5 Foreign Currency Translation

(a) **Functional and presentation currency**

Items included in the financial statements the company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Sri Lanka Rupees (LKR), which is the Company's functional and presentation currency.

(b) **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. Monetary assets and liabilities balances are translated at year end exchange rate.

2.2 Assets and the basis of their valuation

2.2.1 Property, plant and equipment

2.2.2 Recognition and Measurement

The cost of an item of property, plant and equipment comprise its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the asset to the working condition for its intended use. This also includes cost of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Carrying amounts of property plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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.

Land and Buildings are accounted on the basis of revaluation done in 2024. Any Increases in the carrying amount is recognized in other comprehensive income and accumulated in equity in the asset revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revalution reserve of equity.

NOTES TO THE FINANCIAL STATEMENTS - 2023/2024

Land and building will be measured at fair value less accumulated depreciation on buildings and impairment charged subsequent to the date of the revaluation.

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss or at the revaluation whenever necessary. The revaluation has been done in 2024 and the values have been stated accorfingly.

2.2.3 Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

The costs of the day to day servicing of property, plant and equipment are recognized in profit or loss as incurred.

2.2.4 De-recognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on are derecognition within other income in profit or loss.

2.2.5 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives and rates of depreciation for the current and comparative periods are as follows:

Building	7.5%
Motor Vehicles	20%
Equipment	10%
Furniture & Fittings	10%
Computer	33.33%
Showroom Equipment	20%

Leasehold Building - Over the lease period or building depreciable period whichever is lower.

Depreciation method, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

2.2.6 Intangible assets

The computer software system was revalued at the end of 2022/2023. The future useful time of the software system has been estimated as 3 years. Based on the useful life the depreciation rate is assumed as follows.

Computer Software 33.33%

2.2.7 Financial assets - classification

The Company classifies its financial assets in the following categories; at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. During the reporting period and as at the reporting date the Company did not have financial asset classified as fair value through profit or loss, available for sale and held to maturity. All financial assets are initially recognized at fair value plus transaction cost.

2.2.8 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprises of 'trade and other receivables' and 'cash and cash equivalents' in the statements of financial position. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current .

Loans and receivables are subsequently carried at amortized cost using the effective interest method.

2.2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.2.10 Impairment of financial assets

Assets carried at amortized cost

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. "For loans and

NOTES TO THE FINANCIAL STATEMENTS - 2023/2024

receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognized in the income statement."

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of comprehensive income.

2.2.11 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

2.2.12 Inventories

(I) Inventories are stated at the lower of cost or net realizable value. Cost is determined by the Weighted Average method, Net realizable value is the estimate of the selling price in the ordinary course of business less the cost of completion and selling expenses. Physical verification has been carried out for the financial year end and damaged stock items have been identified and net realizable value accounted.

Stocks purchased over one year have been taken after providing an impairment provision of 5% of the total cost. Stocks purchased within one year has been taken at cost as the market price levels are higher than the cost prices.

(ii) The amount of inventories recognized as cost of sales in the Profit and Loss during the year is Rs. 10,164,817,761.

(iii) A provision for impairment of inventory is established on the basis of collective impairment of 5 % for inventories that are more than 1 year and damaged stock items have been included in full when there is objective evidence that the Company will not be able to realize all amounts stated in the inventory.

(iv) **Assets Pledged as Collateral**

1. Policy Statement :
Assets that have been as collateral for credit facilities are disclosed in the financial statements. The types os assets pledged, the carrying amounts, and the corresponding credit facilities are specified to provide clarity on the entity's financial commitments and risks.

2. Disclosure :

The following assets have been mortgaged to financial institutions for obtaining credit facilities:

a) Inventory

Name of Bank	Mortgage Amount (Rs.)
People's Bank	220,490,000
Sampath Bank	197,000,000
Bank of Ceylon	471,470,007

b) (i) Fixed Deposit

Name of Bank	Mortgage Amount (Rs.)
People's Bank	1,008,700,000

(ii) Build-up Margin

Name of Bank	Mortgage Amount (Rs.)
People's Bank	18,688,366
National Development Bank	3,112,145

3. Impact of Financial position :

The pledging of these assets does not affect their recognition in the financial statements. but it restricts the company's ability to dispose of the pledged assets until the associated liabilities are settled. The carrying amounts of these pledged assets as of the reporting dates are as follows.

- Inventory : Rs. 888,960,007.00
- Fixed Deposits : Rs. 1,008,700,000.00
- Build-up margin : Rs. 21,800,511.00

2.2.13 Trade Receivables

Company recognizes trade receivables as financial assets in its statement of financial position when, and only when, the Company has a contractual right to receive cash or another financial asset.

Trade receivables are amounts due from customers for commodities sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business) if longer, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivable is carried at anticipated realizable value and estimates are made for doubtful receivable based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

A provision for the impairment of trade receivables has been established based on the following criteria.

- A collective impairment of 5% is applied to debtors with outstanding balances for more than 5 years.

- A full impairment of 100% is applied to debtors with outstanding balance for more than 5 years.

In case where the outstanding amounts are subsequently recovered, corresponding adjustments are made to the financial statements for the relevant year.

NOTES TO THE FINANCIAL STATEMENTS - 2023/2024

2.2.14 Investments

(a) Long Term Investments

Investment held on long term basis is clarified as non-current investment and are measured at cost. The cost of investment is the cost of acquisitions inclusive of brokerage and cost of transaction.

(b) Short Term Investments

Short term investments are recognized at market value. Any gain or loss is recognized in the statement of comprehensive income.

2.2.15 Cash & Cash Equivalents

Cash & Cash Equivalent are defined as cash in hand, demand deposits and short term highly liquid investments. For the purpose of Cash Flow Statement, Cash & Cash Equivalent consist of Cash in hand deposits in banks net of outstanding bank overdrafts.

2.2.16 Stated Capital

The stated capital includes the total of all amounts received by the Company in respect of the issue of Shares.

The entity is fully owned by the Government of Sri Lanka and comes under the purview of The Ministry of Finance, economic stabilization and national policies.

2.2.17 Trade Payables

Company recognizes trade payables as financial liabilities in its statement of financial position when, and only when, the Company has a contractual obligation to deliver cash or another financial asset.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business) if longer, they are presented as non-current liabilities.
Trade payables are recognized initially at fair value.

2.2.18 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings using the effective interest method.

2.2.19 Accounting for Government Grants

Accounting for Government Grants activities have been done according to SLAS 20 and has disclosed under Note 21 to the accounts.

2.2.20 Income Tax

(a) Current Taxes

The provision for income tax is based in the results of the operation during the year according to the Inland Revenue Act no.24 of 2017 and amendments thereto.

(b) Deferred Taxation

Deferred taxation is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and carry forward of unused tax losses / credits can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

A deferred tax asset account has arisen due to brought forward tax losses in the past. This asset was not taken into accounts since recoverability of tax losses is beyond the normal time limits. However this has been disclosed in the notes.

(c) Turnover Based Taxes

Turnover based tax includes Value Added Tax (VAT) and Social Security Contribution Levy (SSCL).

2.2.21 Post-Employment Benefits

(a) Defined Benefit Plan

A defined benefit plan is a post - employment benefit plan other than a defined contribution plan. The liability recognized in the statement of financial position in respect of defined benefit plan is the future value of the defined benefit obligation at the reporting date.

Any gain and loss of the defined benefit obligation are charged or credited to statement of comprehensive income in the period in which they arise.

According to the payment of Gratuity Act No. 12 of 1983, the liability for the gratuity payment to an employee arises only on the completion of 05 years of continued service with the company.

Projected unit credit method prescribed in Sri Lanka Accounting Standard 19; Employee Benefits has been used to identify Deficit or Charge for the year and assumptions used are disclosed in Note No 16.

NOTES TO THE FINANCIAL STATEMENTS - 2023/2024

(b) Defined Contribution Plan – EPF & ETF

All employees who are eligible for the Employee Provident Fund (EPF) and Employees Trust Fund (ETF) contribution are covered by relevant contribution fund in line with respective statutes and regulation.

EPF & ETF covering the employees are recognized as expenses in the statement of comprehensive income in the period in which it is incurred.

2.2.22 Revenue Recognition

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes. The following specific recognition criteria must also be met before revenue is recognized.

(a) Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

(b) Rendering of Services

Revenue of the rendering of services are recognized in the accounting period in which the services are rendered or performed.

(c) Interest Income

Interest income is recognized on accrual basis.

(d) Other Income

Other income is recognized on accrual basis.

(e) Disposal of property, plant and equipment

Profit / (loss) from sale of property, plant and equipment is recognized in the period in which the sale occurs and the delivery order is issued.

2.2.23 Expenditure Recognition

(a) Revenue Expenditure

Expenses are recognized in the statement of comprehensive income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and the maintaining the capital assets in the state of efficiency, has been charged to revenue in arriving at the profit or loss for the year.

(b) Capital Expenditure

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

(c) Borrowing Costs

Borrowing costs directly attributable to acquisition, construction or production of assets that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that Company incurs in connection with the borrowing of funds.

(d) Net Finance Income / Cost

Finance income comprises interest income on funds invested and staff loans, and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognized on financial assets, borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

(e) Provisions for Bad Debts

Provisions are recognized when the company has present legal or constructive obligation as a result of past events. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. Recoverability of individual balances have been scrutinized and specific bad debts which were identified have been recognized as expenses.

2.2.24 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/ decisions of the other, irrespective of whether a price is being charged or not. The relevant details are disclosed in the Note 22 to the Financial Statements.

Transactions with Related Entities

There are no any related entities of Sri Lanka State Trading (General) Corporation Limited.

2.2.25 Statement of Cash Flows

Statement of cash flows has been prepared using "Indirect Method".

2.2.26 Segmental Information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's Management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The relevant details are disclosed in the respective notes to the Financial Statements.

2.2.27 Earning Per Share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the period.

2.2.28 Events after the Reporting Date

Events after the reporting date are events, favorable and unfavorable, that occur between the end of the reporting period and the date the financial statements were authorized for issue.

Those events have been considered and where necessary appropriate adjustments or disclosures have been made in the financial statements. There are no any events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.

2.2.29 Commitments and Contingencies

Commitments and contingencies as at the reporting date, is disclosed in Note 23 to the Financial Statements.

2.2.30 Responsibility for the Financial Statements

The board of directors of the company is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

NOTES TO THE FINANCIAL STATEMENTS - 2023/2024

NOTE 03 - REVENUE

	2023/2024 Rs.	2022/2023 Rs.
Gross Sales	12,136,979,917	9,441,056,400
Less : Sales Returns	(4,950,211)	(24,280,129)
Net Sales (Note 03.01)	**12,132,029,706**	**9,416,776,271**

Note 03.01 - Business Segments (Net Sales)

	2023/2024 Rs.	2022/2023 Rs.
Chemical & Allied	678,199,226	989,466,830
ICT Products	660,086,111	358,777,332
Office Suppliers	393,593,416	372,467,640
Automotive Products	229,435,930	242,593,285
Duty Free Shop	11,575,579	19,268,522
Electricals & Electronics	2,307,097,373	213,499,779
Special Project Unit	103,543,497	105,450,290
Household Products	167,150,581	400,374,661
Construction & Hardware	175,294,346	268,200,300
Essential Foods , Agricultural Supplies & Machinery & Equipments	7,302,373,880	6,378,694,690
Swashakthi	103,679,769	67,982,942
	12,132,029,706	**9,416,776,271**

Note 03.02 - Segmental Operating Results (Gross Profits)

	2023/2024 Rs.	2022/2023 Rs.
Chemical & Allied	256,076,265	336,774,106
ICT Products	77,400,522	24,780,251
Office Suppliers	72,604,137	110,702,911
Automotive Products	36,052,117	32,367,653
Duty Free Shop	4,062,009	6,009,146
Electricals & Electronics	417,224,615	32,480,523
Special Project Unit	18,048,362	17,868,546
Household Products	25,508,804	64,927,777
Construction & Hardware	22,639,130	31,077,606
Essential Foods , Agricultural Supplies & Machinery & Equipments	1,015,679,940	349,158,110
Swashakthi	21,916,044	13,112,918
	1,967,211,946	**1,019,259,548**

NOTES TO THE FINANCIAL STATEMENTS - 2023/2024

NOTE 04 - OTHER OPERATING INCOME

	2023/2024 Rs.	2022/2023 Rs.
Gain / (Loss) on Exchange - DFS	(1,914)	(22,478)
Miscellaneous Income **(Note 04.01)**	904,881	46,298
Rajawasa - Food Festival	141,000	-
S L Army - Commission Income	18,114,887	-
Profit on Sale of Fixed Assets	-	100,000
Profit on Asset transfer to Trading Stock	-	2,252,197
Rent Income - Q Shops	3,706,209	-
Rent Income - Rajawasa	12,810,202	12,221,436
Rent Income - Rajagiriya Premises	21,600,000	20,700,000
	57,275,265	**35,297,453**

(Note 04.01) - Miscellaneous Income

	2023/2024 Rs.	2022/2023 Rs.
Sale of Damages Items (Lot Sales)	904,881	-
Others	-	46,298
	904,881	**46,298**

NOTE 05 - DISTRIBUTION EXPENSES

	2023/2024 Rs.	2022/2023 Rs.
Sample Expenses	2,550,565	651,731
Tender Forms	1,160,631	479,230
Expenses of Registration of Suppliers	1,124,651	1,702,665
Stores & Showroom Rent	38,265,799	41,331,197
Lorry Hire /Transport	3,796,783	8,293,605
Servicing Charges	831,875	1,001,015
Sales Rep Commission	20,630,263	22,330,788
Debt Collection Commission	342,716	298,051
Trade Fair Expenses	1,513,730	-
License Fees - Selling	311,404	89,486
Telex/ Fax, Email Charges	9,328	-
Overseas Travelling	1,717,908	833,995
Trade Promotional Expenses	3,283,850	424,114
Advertising	1,955,116	1,035,463
Loading & Unloading Expenses	856,000	272,000
Disallowed VAT	233,466	-
Rice Import / Export Expenses	-	50,139,315
Stocks / Others shortages & Written Off A/C	251,739	-
Debtors /Stocks & Others Written Off A/C	643,075	-
Sales Promotion to Co-Operate Customers	41,919	-
Egg Import Expenses	-	44,090
SSCL - Social Security Contribution Levy Expenses	86,942,743	15,560,598
Imparement loss of Stocks	(13,831,834)	(16,441,863)
Imparement loss of Debtors	68,461,383	105,281,937
	221,093,107	**233,327,415**

NOTE 06 - ADMINISTRATIVE EXPENSES

	2023/2024 Rs.	2022/2023 Rs.
Salaries	143,993,622	153,859,687
EPF	21,012,654	23,658,608
ETF	4,202,532	4,734,438
Overtime & Special Allowances	21,407,791	25,309,490
New Year Festival Allowances/Incentive	41,679,289	6,430,000
Contract & Casual Employee Salaries	32,671,896	45,134,944
Staff Benefits Cost	1,522,167	1,006,898
Staff Welfare	4,637,000	2,687,961
Staff Medical Expenses	3,846,978	3,273,992
Staff Vehicle,Fuel,Transport,Professionel & Other Allowances	10,026,358	9,871,055
Uniforms	609,527	1,111,041
Labour Charges	26,500	15,900
Death Gratuity	700,000	200,000
Leave Encashments	7,979,687	8,083,390
Gratuity Provision	11,918,676	6,623,591
Travelling & Subsistence	4,889,369	4,757,801
Audit Fees	1,482,000	1,326,000
Professional & Consultancy Fees	621,298	100,000
Legal Fees	2,936,358	187,042
Secretarial & Other Expenses	9,004,184	1,882,119
Directors Salaries	880,000	954,665
Directors Fees	1,210,000	848,000
Board Meeting Expenses	124,128	88,868
Insurance - General	1,038,514	3,351,926
Rates & Taxes	3,958,100	5,012,285
License Fees	2,159,234	1,225,318
Telephone Charges	9,828,095	10,071,789
Electricity	31,833,428	21,047,835
Postage	2,592,483	849,939
Water	3,089,868	2,538,332
News Papers & Periodicals	473,913	171,090
Printing & Stationery	8,087,277	7,132,768
Maintenance - Building	10,237,927	6,611,701
Maintenance - Office Equipment	14,490,884	9,741,019
Maintenance - Stores Equipment	2,710,947	5,803,930
Maintenance - Show Rooms	5,598,914	6,326,311
Maintenance & Other Expenses - Rajawasa	13,373,192	5,842,130
Maintenance & Other Expenses - Q Shop	3,182,870	1,978,341
Maintenance - Motor Vehicles	9,137,248	9,076,889
Motor Vehicle Registration & Insurance	139,955	150,082
Fuel & Lubricant	8,332,168	7,932,222
Computer Management Fees	1,163,520	1,022,323
Computer Maintenance	-	1,596,730
Depreciation - Motor Vehicle	20,908,276	-
Depreciation - Plant & Equipment	3,864,543	3,927,450
Depreciation - Office Equipment - Computers	3,204,043	2,677,353
Depreciation - Furniture	5,634,630	6,016,600
Depreciation - Tools & Equipments	410,150	371,964
Depreciation of Showroom Equipments	2,182,007	2,182,007
Depreciation of Computer Software	3,110,000	-
Depreciation of Office/Showroom construction on Leasehold Premises & Rajawasa projects	8,069,254	8,069,254
Staff Training & Development Expenses	1,344,807	584,108
	507,538,260	**433,457,185**

NOTES TO THE FINANCIAL STATEMENTS - 2023/2024

NOTE 07 - NET FINANCE INCOME / (EXPENSE)

Interest Income	2023/2024 Rs.	2022/2023 Rs.
Interest Income on Short Term Deposits	269,485,510	368,285,283
Interest on Staff Loans	1,181,432	1,169,056
Un - winding of Pre-Paid Staff Benefits	1,522,167	1,006,898
	272,189,109	**370,461,238**
Finance Expenses		
Overdraft Interest	10,515,616	6,092,289
Trust Receipt Loan Interest	49,514,678	8,212,041
Bank Charges	6,799,711	8,493,365
	66,830,005	**22,797,696**
	205,359,103	**347,663,542**

NOTE 08 - INCOME TAX EXPENSE

	Note	2023/2024 Rs.	2022/2023 Rs.
Income Tax on Profits for the year - 2023/2024	08.01	470,884,734	-
Over provission made for Previous Year (2022/2023)		(6,624,272)	-
Income Tax on Profits for the year - 2022/2023		-	222,987,787
Income Tax on Profits for the year - 2021/2022		-	433,506
Income Tax paid for assesments		-	2,351,622
Deferred Tax Expense (Reversal)	08.02	70,785,831	(26,101,761)
		535,046,293	**199,671,154**

(Note 8.1) Reconciliation between Accounting Profit to Income Tax

For the year ended 31st March	**2023 / 2024 Rs.**	**2022 / 2023 Rs.**
Accounting Profit Before Taxation	1,501,214,947	735,435,943
Income From Investment Income	(269,485,510)	(368,285,283)
Aggregate Deduction not allowed	115,759,408	110,739,039
Aggregate Allowable Items	(47,358,577)	(31,742,224)
Adjusted Business Income	**1,300,130,268**	**446,147,475**
Investment Income	269,485,510	368,285,283
Assesable Income	**1,569,615,778**	**814,432,758**
Income Tax on Profits for the year @ 30%	**470,884,734**	**222,987,787**

(Note 8.2) Deferred Tax Expense / (Reversal)

Deferred tax expense / (reversal) arises from :	**2023 / 2024 Rs.**	**2022 / 2023 Rs.**
Charge / (Reversal) during the year for Deffered Tax Assets	73,330,854	(26,509,551)
Charge / (Reversal) during the year for Deffered Tax Liabilities	(1,860,757)	(873,534)
Charge / (Reversal) during the year for Acturial Loss	(684,266)	1,281,324
	70,785,831	**(26,101,761)**

NOTES TO THE FINANCIAL STATEMENTS - 2023/2024

NOTE 09 - EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	2023/2024 Rs.	2022/2023 Rs.
Net profit attributable to shareholders - (Rs.)	966,168,654	535,764,789
Weighted average number of ordinary shares in issue	10,000,000	10,000,000
Basic earnings / (Loss) per share (Rs.)	**97**	**54**

Diluted Earnings per Share

There were no potential dilutive ordinary shares outstanding at any time during the year ended 31st March 2024.
Therefore, Diluted Earnings per Share is same as Basic Earnings per Share reported above.

NOTES TO THE FINANCIAL STATEMENTS - 2023/2024

NOTE 10 - PROPERTY, PLANT & EQUIPMENT

	Freehold Land	Freehold Building	Expenditure incurred on Leasehold Building	Showroom Equipment	Motor Vehicles	Office Equipments	Computers	Tools & Equipments	Furniture & Fittings	Total
Cost / Revaluation	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at 01st April 2023	226,240,000	52,123,790	365,001,278	38,308,984	104,370,000	46,498,023	53,311,892	4,604,753	76,650,751	967,109,470
Revaluation Adjustments During the Year	3,416,360,000	107,568,460	-	-	-	(29,658,333)	(34,660,251)	(3,688,772)	(44,316,387)	3,411,604,717
Additions	-	-	-	-	-	402,710	7,077,789	263,019	2,778,437	10,521,955
As at 31st March 2024	**3,642,600,000**	**159,692,250**	**365,001,278**	**38,308,984**	**104,370,000**	**17,242,400**	**25,729,430**	**1,179,000**	**35,112,801**	**4,389,236,142**
Depreciation / Impairment										
As at 01st April 2023	-	52,123,787	194,941,634	15,253,086	-	26,674,231	49,505,520	2,706,206	59,293,658	400,498,122
Total Depreciation Transfer to Revaluation A/C 2023 / 2024	-	(52,123,787)	-	-	-	(30,538,775)	(52,709,563)	(3,116,356)	(64,928,289)	(203,416,770)
Depriciation Charge for the year	-	-	26,738,315	7,950,628	20,908,276	3,864,543	3,204,043	410,150	5,634,630	68,710,585
As at 31st March 2024	**-**	**0**	**221,679,949**	**23,203,714**	**20,908,276**	**(1)**	**0**	**(0)**	**(1)**	**265,791,937**
Carrying Value as at 01st April 2023	226,240,000	3	170,059,644	23,055,898	104,370,000	19,823,793	3,806,372	1,898,547	17,357,092	566,611,347
Carrying Value as at 31st March 2024	**3,642,600,000**	**159,692,250**	**143,321,328**	**15,105,270**	**83,461,724**	**17,242,402**	**25,729,430**	**1,179,000**	**35,112,801**	**4,123,444,205**

NOTE 10 a - Intangible Assets

	Computer Software	Total
Cost / Revaluation	Rs.	Rs.
As at 01st April 2023	9,330,000	9,330,000
Additions	1,805,000	1,805,000
As at 31st March 2024	**11,135,000**	**11,135,000**
Depreciation / Impairment		
As at 01st April 2023	-	-
Depriciation Charge for the year	3,110,000	3,110,000
As at 31st March 2024	**3,110,000**	**3,110,000**
Carrying Value as at 01st April 2023	9,330,000	9,330,000
Carrying Value as at 31st March 2024	**8,025,000**	**8,025,000**

NOTES TO THE FINANCIAL STATEMENTS - 2023/2024

NOTE 11 - INVESTMENTS IN SHARES

	2023/2024 Rs.	2022/2023 Rs.
STC Medical Ltd.	49,990	49,990
Less : Provision for Impairment of STC Medical Company Investment	(49,990)	(49,990)
	-	-
Ceylon Shipping Lines	20	20
	20	**20**

NOTE 12A - LOANS GIVEN TO EMPLOYEES

	Notes	2023/2024 Rs.	2022/2023 Rs.
Non - Current			
Loans given to employees	12.1	15,896,876	13,833,661
Pre paid Staff Benefits	12.2	1,735,207	1,589,005
		17,632,082	**15,422,666**
Current			
Loans given to employees	12.1	6,203,438	5,863,185
Pre paid Staff Benefits	12.2	1,320,449	1,128,269
		7,523,887	**6,991,454**
		25,155,969	**22,414,119**

NOTE 12.1 - LOANS GIVEN TO EMPLOYEES

	2023/2024 Rs.	2022/2023 Rs.
Balance at the beginning of the year	22,414,121	17,847,495
Loans granted	12,624,000	13,916,500
Loans recovered	(9,882,152)	(9,349,874)
	25,155,969	**22,414,121**
Transfer to prepaid staff benefit	(3,055,655)	(2,717,272)
Balance at the end of the year	**22,100,314**	**19,696,849**
Non Current	15,896,876	13,833,661
Current	6,203,438	5,863,185
	22,100,314	**19,696,846**

NOTE 12.2 - PREPAID STAFF BENEFITS

	2023/2024 Rs.	2022/2023 Rs.
Balance at the beginning of the year	2,719,483	1,490,942
Additions during the year	1,858,339	2,237,662
Amortization	(1,522,167)	(1,009,121)
Balance at the end of the year	**3,055,655**	**2,719,483**
Non Current	1,735,207	1,589,005
Current	1,320,449	1,128,269
	3,055,655	**2,717,274**

The Company provide loans to employees at concessionary rate. The fair value of the employee loans are determined by discounting expected future cash flows using market related rates for the similar loans . The differences between cost and fair value of employee loans are recognised as pre-paid staff benefits.These loans have been subsequently measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS - 2023/2024

NOTE 13 - INVENTORIES

	2023/2024 Rs.	2022/2023 Rs.
Closing Inventory	685,725,364	529,846,415
Goods in Transits	406,403,359	953,673,309
Impairment Provision for Damage & Slow Moving Stock	(2,436,556)	(16,330,350)
	1,089,692,167	**1,467,189,374**

NOTE 14 - TRADE & OTHER RECEIVABLES

	2023/2024 Rs.	2022/2023 Rs.
Trade Debtors	822,322,109	721,229,500
Impairment of debtors	(184,147,087)	(115,685,704)
	638,175,022	**605,543,796**
Other Receivables	5,400,000	13,902,500
Festival Advance	2,321,611	2,346,750
Electricity Deposits	1,192,000	879,500
Security Deposits - NSB	1,088,453	1,069,845
Container Deposits	7,471,000	45,000
Rent Deposits	18,237,962	21,428,789
Sundry Deposits	906,500	906,500
Port Authority - PVQ	50,000	50,000
Bid Bond Ac.	8,380	21,380
Prepayments	-	113,727,210
Advance to Staff on Petty Cash	44,500	48,500
L/Guaranty Margin - People's Bank	600,000	600,000
VAT Receivables	152,917,121	-
Interest Receivable	131,354,807	232,708,493
With Holding Tax Receivable	46,413	46,413
Ministry of Education	7,784,039	7,784,039
Advance on Sundry Expenses	905,053	1,111,953
Advance on Servises	-	203,195
Advance on Other Payments	4,517,081	4,517,081
Advance on Q Shop	33,080	34,260
Rent Advance Payment - Year 01	62,500	212,500
Security Deposits - Q Shops	191,128	191,128
WHT on Interest Receivable A/C	6,913,411	-
Shipping Guaranty Margin - People's Bank	52,511,747	-
Shipping Guaranty Margin - Sampath Bank	42,471,000	14,946,000
Staff Debtors - Salary Advance	46,250	46,250
Stock Shortages Recoverable A/C -Q Shops	-	185,397
David Pieris Mortor Co.Ltd	1,074,440	1,074,440
Scrap Battery Control A/C	-	299,923
Scienter Technologies (Pvt) Ltd	-	1,805,000
Ministry of Education - New	822,919,071	-
Rent Deposit - Spectra Intergrated Logistics	7,000,000	-
Loan / Hire purchases Rent,Insurance & Other Receivable	4,685,217	4,688,217
Reimbursement of Name Board - Rajawasa	153,000	153,000
	1,911,080,785	**1,030,577,057**

NOTES TO THE FINANCIAL STATEMENTS - 2023/2024

NOTE 15 - CASH HAND CASH EQUIVALENTS

	2023/2024 Rs.	2022/2023 Rs.
Cash at Bank		
BOC - (A/C No 8859546)	270,158	270,158
Sampath Bank - (A/C No 000930000337)	1,218,404	1,354,218
Sampath Bank - DFS (A/C No 002930006974)	508,313	131,660
BOC - (A/C No 1060)	681,790	93,358
NDB - New - Reg.Current (A/C - 101000160408)	235,845	478,506
People's Bank - Kurunegala	1,011,200	1,015,315
People's Bank - Kandy	1,824,267	1,312,850
People's Bank - Matara	2,425,851	1,006,750
People's Bank - Kalmunai	3,110,331	1,000,000
People's Bank - Rice 004 1 001 8 0206579	377,929	614,901
People's Bank - Rice 004 1 002 7 0206579	51,951	81,951
National Savings Bank	26,204	25,474
Petty Cash Imprest	643,586	873,019
Cash in Hand	56,780,985	5,216,191
	69,166,814	**13,474,352**

NOTES TO THE FINANCIAL STATEMENTS - 2023/2024

NOTE 16 - RETIREMENT BENEFIT OBLIGATIONS

	2023 / 2024 Rs.	2022 / 2023 Rs.
Balance at the beginning of the year	34,243,718	39,164,924
Provision made during the year	14,199,562	10,894,671
Payments made during the year	(7,997,040)	(15,815,878)
Balance at the end of the year	**40,446,241**	**34,243,718**

The Valuation method used by the management to value the benefit is the 'Projected Unit Credit Method', the method recommended by the Sri Lanka Accounting Standard No.19 ((LKAS - 19) ,'Employee Benefits'

The movement in the retirement benefit obligations over the year is as follows.	2023 / 2024 Rs.	2022 / 2023 Rs.
Interest Cost	3,834,731	4,660,438
Current Service Costs	8,083,945	1,963,154
Total included in the staff cost	**11,918,676**	**6,623,591**
Net Actuarial (Gain)/Loss recognized immediately	2,280,886	4,271,080
Total recognized in the comprehensive income	**14,199,562**	**10,894,671**

The Key Assumptions used by the management include the following	31.03.2024	31.03.2023
Rate of Interest	12%	12%
Rate of Increase of Salaries	2%	1%
Staff Turnover Factor	16%	13%
Retiring Age (Years)	60	60

The Company will continue as a going concern.

NOTE 17 - NET DEFFERED TAX LIABILITY (ASSET)

	2023 / 2024 Rs.	2022 / 2023 Rs.
Balance at the beginning of the year	(41,032,830)	(13,649,744)
Provision / (Reversal) for the year	71,470,097	(27,383,085)
Balance at the end of the year	**30,437,267**	**(41,032,830)**

Deferred tax is calculated on temporary differences between carrying value of fixed assets and tax written down value of such assets, as analysed by each taxable activity.

The reconciliation of tax effect arising from the timing differences related to carrying amounts of assets and liabilities of the statement of financial position is as follows:

	2023 / 2024 Rs.	2022 / 2023 Rs.
Provision for slow moving stocks	89,701,131	3,150,405
Provision for bad & doubtful debts	4,168,138	(32,209,184)
Employee Benefit Liability	(20,538,415)	(873,534)
Accelerated depreciation for tax purpose	(1,860,757)	2,549,227
	71,470,097	**(27,383,086)**

NOTE 18 - SHORT TERM BORROWINGS

	2023 / 2024 Rs.	2022 / 2023 Rs.
Current Liabilities		
Short Term		
T.R. Loans - Peoples Bank	45,200,000	
T.R. Loans - Bank of Ceylon	552,872,266	
T.R. Loans - Sampath Bank	193,567,000	13,600,000
Total Loan Liability	**791,639,266**	**13,600,000**

NOTES TO THE FINANCIAL STATEMENTS - 2023/2024

NOTE 19 - TRADE OTHER PAYABLES

	2023/2024 Rs.	2022/2023 Rs.
Trade Creditors	361,444,482	290,036,187
Foreign Import Liability	126,391,314	1,580,420,481
Accrued Expenses	68,274,950	52,040,751
VAT	-	2,909,027
Income Tax Payable	431,064,211	221,332,030
SSCL - Social Security Contribution Levy Payable	10,067,039	-
Other Creditors - Sundry	2,930,495	1,887,719
Audit Fees	1,482,000	2,652,000
Security Deposit - NSB	1,088,453	1,069,845
EPF	3,099,704	3,004,700
ETF	371,965	360,564
Staff Creditors - Re Banked Salaries etc.	1,291,875	714,355
Salary Deductions	477,678	366,178
Salary Deductions - Staff & Others	12,083	5,504
ABC Trade & Investment	1,041,629	1,041,629
Sala Enterprises	93,634	94,507
Abans (Pvt) Ltd	1,920,661	1,920,661
Refundable Tender Deposits	285,000	285,000
Withholding Tax Payable	18,333	27,500
Etisalat Credit Card Proceed	748,683	748,683
Free Issues Control A/C	109,584	109,584
Stamp Recoveries	21,875	24,975
Loan / Hire Purchases Advance	1,191,883	1,191,883
Creditor for Lease Equipment	118,310	118,310
Money Received for Year End Sales Promotional Exp.	-	1,641,069
Money Received for Jaffna SR	415,128	415,128
Insurance Payable for Loan / Hire Purchases	49,232	49,232
Stafford Mortor (Pvt) Ltd	28,000	28,000
Retention	3,880,091	4,213,981
Retention on Service Contracts	142,389	2,590,392
Settlement Account of loss of Revenue - Jaffna SR	238,765	238,765
Reimbersement of salary for DO - Ministry of Trade	-	642,394
Working Capital for Rice Importation	50,000,000	200,000,000
Mahapola Trade Fair Fund	730,000	-
Advance Received From Customers - New	25,491,248	382,400,423
Refundable Rent Deposit	1,455,000	-
Refundable Security Deposit- Rajawasa	292,167	-
Non Refundable Security Deposit- Rajawasa	7,598,173	11,025,956
	1,103,866,032	**2,765,607,414**

NOTES TO THE FINANCIAL STATEMENTS - 2023/2024

NOTE 20 - BANK OVERDRAFTS

	Rs.	Rs.
People's Bank - (A/ C No 004100120210918)	350,871,279	105,939,957
	350,871,279	**105,939,957**

NOTE 21 - Government Grant *Deffered* Income

	Government Grant Deffered Income A/C 1 Rs.	Government Grant *Deffered* Income A/C - 2 Rajawasa Rs.	Government Grant *Deffered* Income A/C - 4 Q Shop Contruction Exp Rs.	Government Grant *Deffered* Income A/C -5 Rajawasa Batticaloa Rs.	Total Rs.
Operning Balance	31,840,235	77,160,316	16,849,024	18,339,927	144,189,502
Total	**31,840,235**	**77,160,316**	**16,849,024**	**18,339,927**	**144,189,502**
Charged P & L A/.C 2023/2024	6,368,047	7,716,032	5,768,621	4,584,982	24,437,682
Balance	**25,472,188**	**69,444,285**	**11,080,402**	**13,754,945**	**119,751,820**

NOTE 22 - TRANSACTIONS WITH RELATED PARTIES

A) Transactions with Key Managerial Personnel

According to Sri Lanka Accounting Standards LKAS 24 - Related Party Disclosures, Key Management personnel, are those having authority and responsibility for planning,directing and controlling the activities of the entity. Accordingly, the Board of Directors (including Executive and Non-Executive Directors), Senior Managers of the Company who are in the very next level to the Board of Directors have been classified as Key Management Personnel of the Corporation.

(i) Loans to the Directors

No loans have been granted to the Directors of the Company.

(ii) Other Transactions with Key Management Personnel

There were no other transactions with key Managerial Personnel other than those disclosed in Note 22A to these Financial Statements.

NOTE 23 - CAPITAL COMMITMENTS

There were no contracted capital expenditure and contingencies approved by the Board of Directors as at 31st March 2024.

NOTE 24 - COMPARATIVE INFORMATION

To facilitate comparison, relevant balances pertaining to the previous year have been re-classified to conform to current year's classification.

NOTES TO THE FINANCIAL STATEMENTS - 2023/2024

NOTE 25 - FINANCIAL RISK MANAGEMENT

Overview

The Corporation has exposure to the following risks from its use of financial instruments:

* Credit Risk
* Liquidity Risk
* Market Risks (Including Currency Risk and Interest Rate Risk)

This note presents qualitative and quantitative information about the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and procedures for measuring and managing risk.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework. The Corporation's risk management policies are established to identify and analyze the risk faced by the Corporation's, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit Risk

Credit risk is the risk of financial Loss to the Corporation's if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's receivables from customers and investment securities. The company adopts an approved credit policy and closely monitor the customer receivables to minimize the risk.

Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Corporation's approach to managing this risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal or stressed conditions, without incurring unacceptable Losses or damages to the Company's reputation.

To measure and mitigate liquidity risk, the Corporation closely monitored its net operating cash flow, maintained a level of Cash and Cash equivalents and secured committed funding facilities from financial institutions.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, Interest rates, etc; will affect the Corporation's income or the value of its holdings of financial instruments. The objective of the market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the returns. The company takes measures to mitigate the risks by periodically evaluating the trends of the factors af fecting the pricing policy.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future Cash Flows of financial instruments fluctuate because of changes in market interest rates. The Corporation's exposure to the risk of changes in market interest rates relates primarily to the Corporation's long term debt obligation and Investments with floating Interest rates. However the Corporation does not have material long-term floating rate borrowings or deposits as at the reporting date which results a material interest rate risk.