

ANNUAL REPORT

2015/2016

Sri Lanka State Trading (General) Corporation Ltd.



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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 interest with a view of supporting Sri Lanka to become the commercial hub of Asia.

CORPORATE GOALS

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

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 product/ investment sectors
- Improving production through continuous attention on the State Policies , customers and the staff

Functions and Services

- Widening Customer Base & Access
- Opening of new showrooms in addition to present showrooms
- Increasing products portfolio as per customer requirements.
- Web enabled business management and data management through operational resource Planning system, procurement approval and human resource management.
- Active and effective participation in main product categories

Progress during the Year

Our core business revenue recorded a value of Rs.2,948 Million . STC was able to earn other operating income during the under review of Rs. 7.6 Million . The net profit after tax showed as Rs 25.9 Million. Total Equity increased to Rs.707 Mn during the year.

Number of employees of STC at end March 2016 was 393 numbers.

We planned to establish our own STC brands in partnership with manufacturing organizations. To name a few are STC photocopy papers and stationery items and STC General air conditioners etc . Many more products are in the pipeline.

CORPORATE INFORMATION

Name of the Company	Sri Lanka State Trading (General) Corporation Limited		
Legal form	The name from STC 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, Lanka General Trading Co. Ltd was enacted previously under the public companies Act No.17 of 1982 and prior to that the entity was known as the Sri Lanka State Trading (General) Corporation under the Sri Lanka State Trading Act No. 33 of 1970.The company was adjunct to the Ministry of Industry and Commerce.		
Chairman / Managing Director			
	Mr. Hussein Bhaila	Resigned	W.E.F 15.10.2015
	Dr. A M Jameel	- Joined	W.E.F 08.11.2015
Board Directors			
	Mr.L .Deen	- Joined	W.E.F 12.02.2015
	Mr. D Jeevanadan	- Joined	W.E.F 27.02.2015
	Mr.V Nitharsan	- Joined	W.E.F 27.02.2015
	Mrs.Ayanthi De Silva	- Resigned	W.E.F 01.12.2015
	Mr.T.V. Weerasena	- Joined	W.E.F 01.12.2015
	Mr. S. Illangathilake	-Joined	W.E.F 31. 12. 2015
	Mr. N. Vincendrarajan	-Joined	W.E.F.27.02.2015
	Mr. K.Ariyawansa	-Joined	W.E.F 25.03.2015
Board Secretary	Mr. K.G.S.P. Wijayaratne		
Company Secretary	K L Management Consultants (Pvt) Ltd		
Auditors	M/S Dayananda Samarawickrema & Co, Chartered Accountants, No. 20/26, Station Lane, Nugegoda.		
Bankers	People's Bank Bank of Ceylon NDB Bank Sampath Bank		
Registered office	PO Box 1686 100. Nawam Mawatha, Colombo-2, Sri Lanka. Telephone : 242 2341-3 Fax : 244 7970 E mail : lankagen@sltnet.lk Web: www.stcgeneral.Com		
Company Registration No	PB 863		
No of Employees	393 employees had been employed by the company at the year end.		

Chairman's Message

Market Overview

The year 2015/2016 proved challenging for Sri Lanka State Trading (General) Corporation Ltd (STC). The Parliamentary election which is due in every 5 years period took place in August 2015 with a political transition. Political uncertainty gradually allayed as the year progressed.

GDP growth rate recorded to be at 4.8 % which was far below the expectation. Percentage of net export of goods & Services over GDP was 7.4 % negative. This macro level indicators evidenced the economic slowdown during the year in the country.

STC had to face fierce competitive pressures and impact of contracting overall demand for goods and services during the year and followed by liquidity tightness in the market.

STC Progress during 2015-2016

STC business revenue recorded to a value of Rs.2,948 Million. In comparison with last year, this year sales have got reduced by 24 %. Majority of STC customer base represents public sector institutions and the macro economic factors in the country lead to the reduction of STC sales volume. However it was able to earn a sum of Rs 7.6 Mn as other operating income in the form of indenting commission. This is an increase of 60 % against the previous year. Despite reduction in sales volume, the management was able to curtail distribution expenses by 52 % than last year. Significant Interest Cost increase was due to obtaining Trust Receipt loans from banking institutions in order to manage the operating cash flows which got effected by delay of STC debtor collections. This is in the context that STC has to generate own cash flows not becoming a financial burden to the General Treasury.

With multi-faceted actions, the Net Profit after Tax was increased from Rs 9.3 Million of last year to Rs 25.9 Million of this year. This is an increase of 179 %. despite revenue decrease by 24 %.

Future Plan

I, with the support of board of directors have taken actions to dispose non moving stocks and initiating legal processes for long outstanding debts which have become a burden on overhead expenses & finance cost. Deemed vat applicability to STC as wholesale & Retail Business category is another major challenge to compete in the market.

We have already started establishing our own STC brands in partnership with manufacturing organizations in order to establish STC brand image in the market. To name a few are, STC photocopy papers and stationery items and STC General air conditioners etc. Many more products are in the pipeline

There is potential in the untapped markets both in the public sector & private sector. I have taken a marketing drive, meeting one to one with heads of such institutions and benefits in terms of sales orders were obtained & obtainable..

The above are only some strategies, which we implemented and we are confident that the net profit graph of STC will continue the upward trend from 2016 onwards.

Finally, I take this opportunity to place on records my appreciation to my colleagues in the board and the company secretary, Auditor General department, M/S Dayananda & Samarawicrama Chartered Accountants and Senior Management of STC for their valuable guidance and support extended.

Dr A M Jameel

Chairman / Managing Director

Senior Management & Heads of Divisions

Senior Management

Chairman / Managing Director
Working Director
General Manager
Deputy General Manager (Trading operational Administration)
Deputy General Manager (Human Resources & Transport)
Finance Manager
Asst. General Manager (Marketing)

Dr. A.M. Jameel
Mr. S.L. Deen
Mr. Perakum Wijayaratne
Mr. Upali Abeysekera
Mr. Upali Koralegedera
Mr. Meryl Nonis
Mrs. Chamila Iddamalgod

Heads of Divisions

Chemical & Allied Division	Deputy General Manager	Mr. Upali Abeysekera
Office Supply Division	Actg. Asst. Manager	Mrs. Seetha Jayanthi
Household & Recreational Division	Manager	Mr. Kusal Pathirana
ICT Division	Manager – ICT services Asst. Manager – Marketing Asst. Manager - Sales	Mr. Priyankara Aponsu Mr. Dharmarathne Dananjaya Ms. Anupama Peiris
Electrical & Electronic Division Swashakthi, Agricultural, Machinery & Equipment Division Construction , Hardware & Office furniture Automotive Products division FMCG Division Showroom Operation Duty Free Shop Procurement Division Finance Division	Actg. Senior Manager Asst. Manager Marketing Executive Manager Manager Manager Asst. Manager Senior Manager Finance Manager	Mr. Vipula De Silva Mrs. Madushani Akurugoda Mr. Anurudha Mahesh Mr. K.A. Somarathna Mr. A.S Chandrasiri Mr. Gayan Ranathunga Mr.Keneth Jayasundara Mr. Mahesh Mendis Mr. Meryl Nonis
IT Division Audit Division Human Resources Division	Actg. Senior Manager Accountant - Internal Audit Deputy General Manager	Mr. Nirosh Bandara Mrs. Nishanthi Mendis Mr. Upali Koralegedara

Branches & Showrooms

1) Nawam Mawatha Showroom	No. 100, Nawam Mawatha,Colombo 02.
2) Kurunegala Showroom	No. 243/3/1, Puttalam Road, Kurunegala
3) Kandy Showroom	No. 449, William Gopallawa Mawatha,Kandy.
4) Matara Showroom	No. 11, YMCA Building, Station Road,Matara
5) Anuradhapura Showroom	561-B , 38 4th Lane , Anuradhapura
6) Jaffna Showroom	No. 127, MPCS Building , KKS Road Jaffna.
7) Mount Lavinia Showroom	No. 103, Shopping Complex, Mt.Lavinia

OUR PRODUCT PORTFOLIO



Office Supplies and Equipments

Double A & Other photocopier papers, Boards, Papers Books, Files & Folders, Envelops, Office Bags & Briefcases, Pens & Pencils, Whiteboards & Markers, Scissors, Paper Knives & Paper Shredders, Calculators, Staplers & Punchers, Floppy Discketts, CDs & DVDs, USB Drives and Other Stationeries



Home Appliances

Aluminium Items, Porcelain Products, Nonstic Kitchenware, All kinds of Cleaning Products, Sports Goods, All kinds of Plastic Products, Cups & Saucers, Cutlary & Crockery, Kettles & Jugs, Racks & Trays, Vaccum Flasks, Water Filters & Purifiers, Pillows, Metresses & Bedsheets, 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
Personel Care Products
Food Brands



Tyres & EXIDE Batteries



Agricultural Equipments, Machinery Tools & Hardware

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



Motorbicycles

Motorcycles (100cc, 110cc, 125cc, 150cc, 180cc)
Scooters, Moped Cycles



Interior Design & Office Furnitures

Steel Furnitures (Chairs, Tables, Cupboards, Cabinets, Book Racks)

Wooden Furnitures (Chairs, Tables, Cupboards, Cabinets, Book Racks)

Melamine Furnitures (Chairs, Tables, Cupboards, Cabinets, Book Racks)



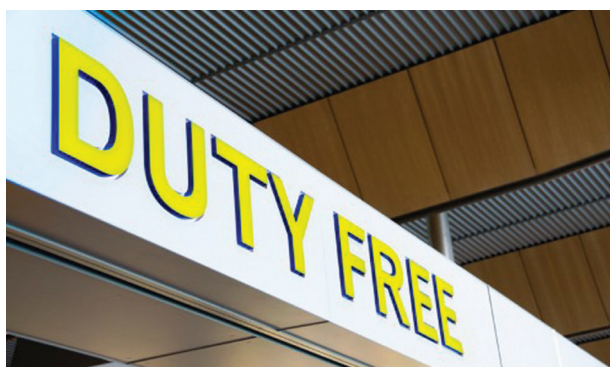
Chemicals

Industrial Chemicals

Laboratory Chemicals

Speciality Chemicals

Selected Explosive Chemicals

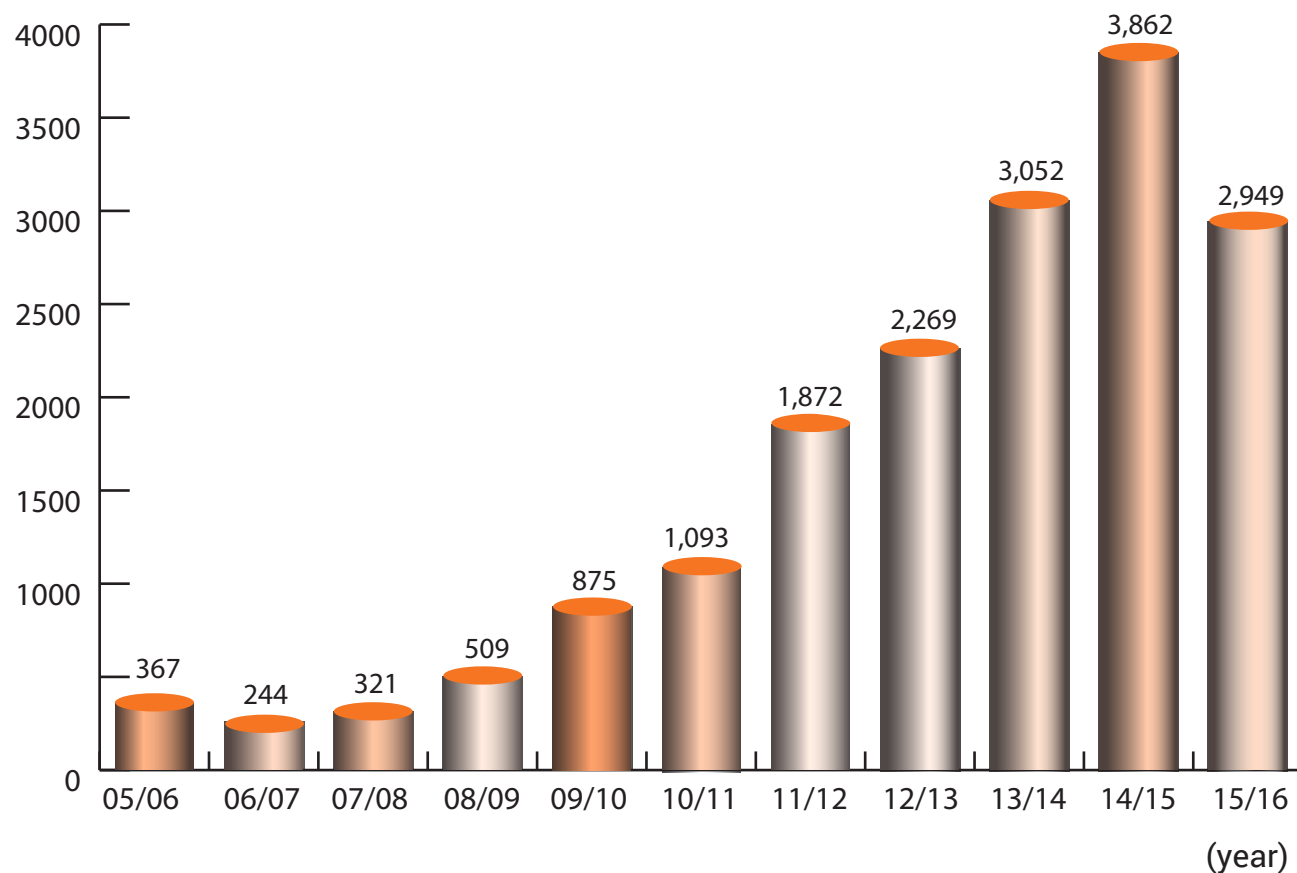


Duty Free Shop

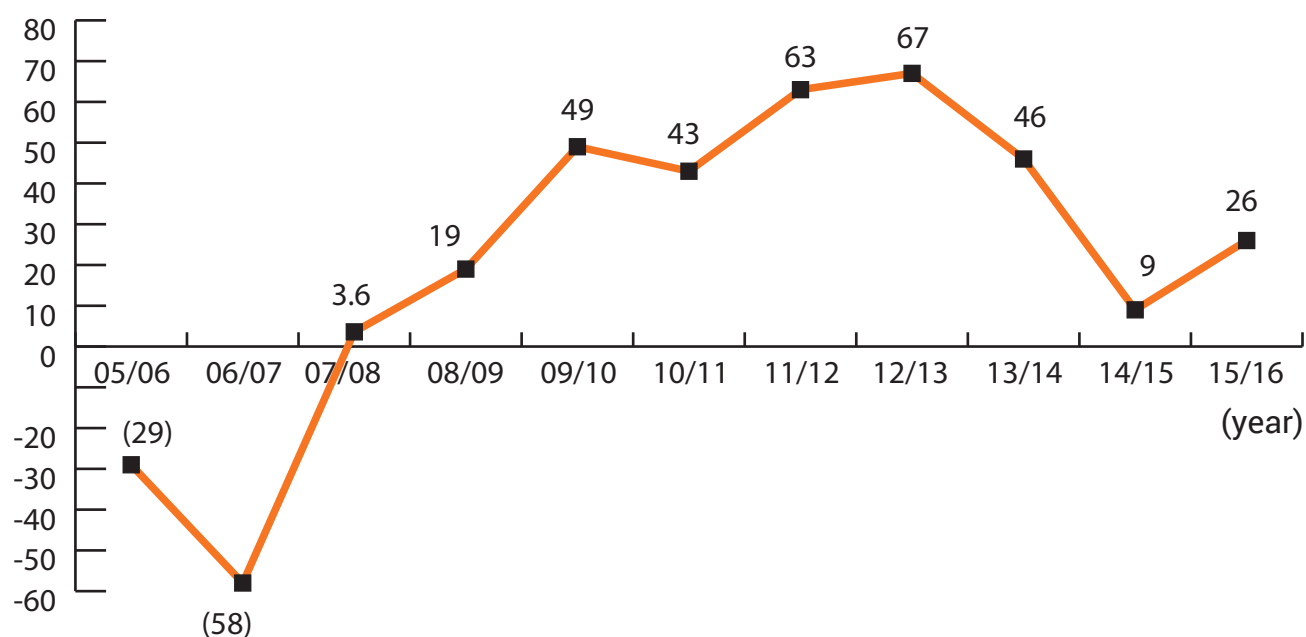
Facilitate the requirements of the diplomats and UN missions

BUSINESS REVIEW

Sales Growth (Rs.Mn.)



Net profit after tax growth (Rs.Mn.)



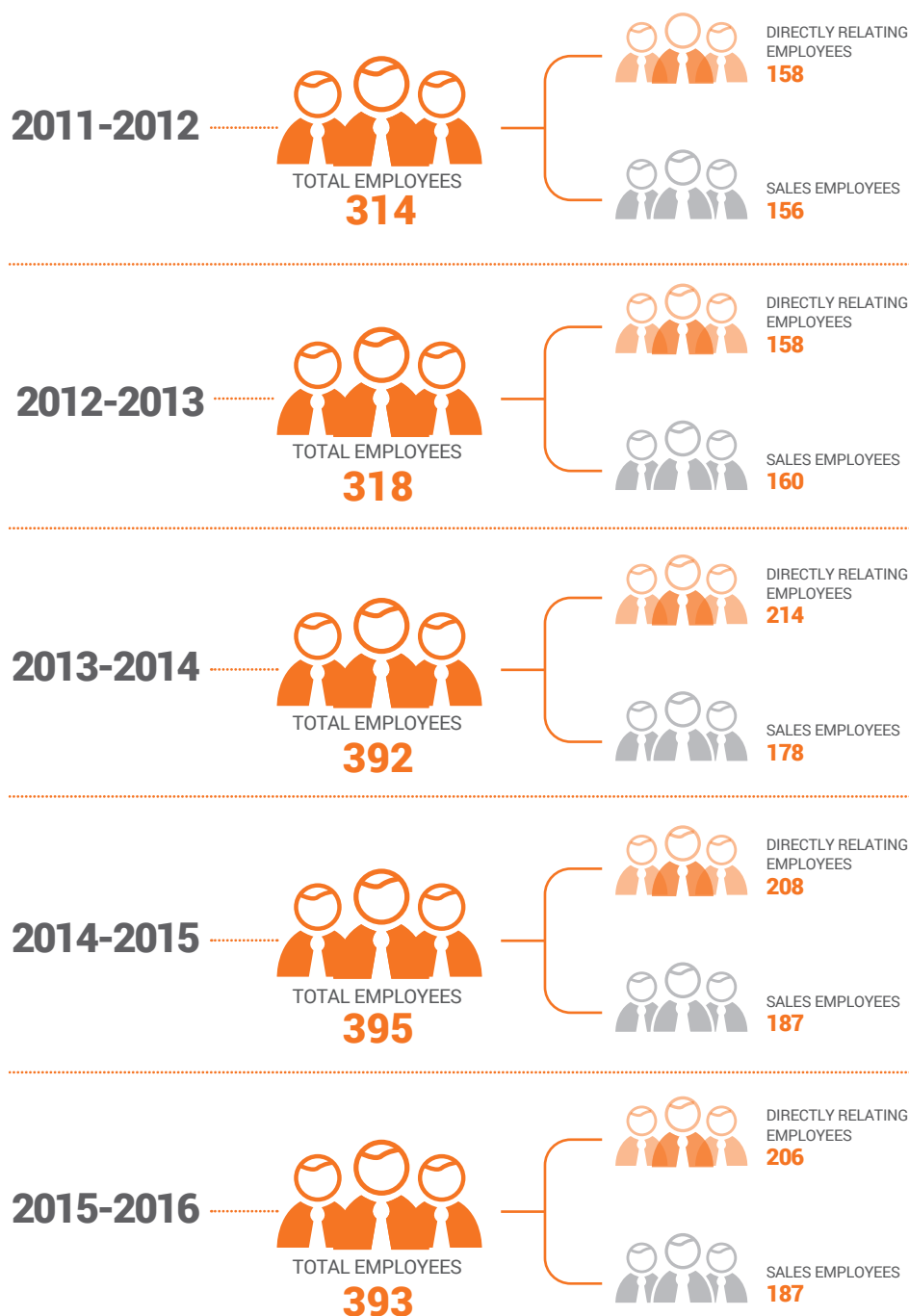
BRANCHES ALREADY IN OPERATION

BRANCHES TO BE OPENED

EMPLOYMENT GENERATION

2011 - 2016

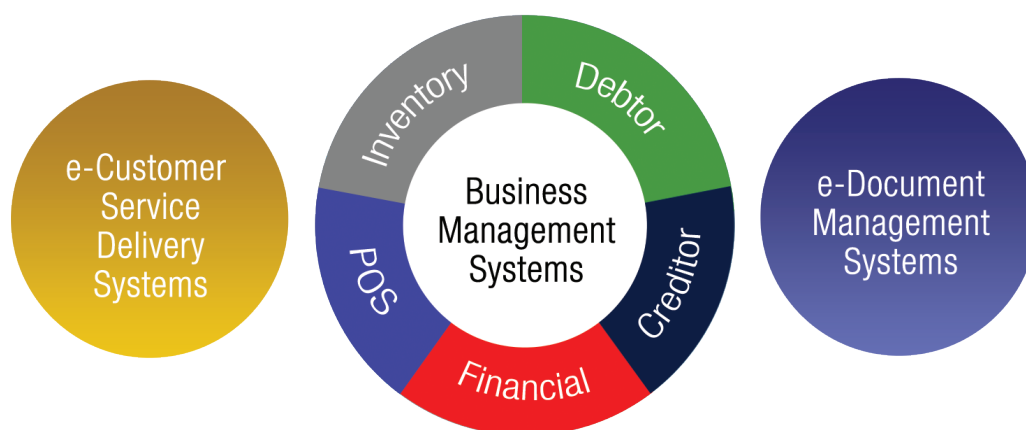
Numbers in Employment since 2011/2012 to 2015/2016



e - SERVICE DELIVERY SYSTEM

ERP Software Key Features

Enterprise Resource Planning (ERP) software provides a broad range of capabilities to support all critical back office functions with features for Inventory Management, Supply Chain Management, Human Resources, Financial Management, Customer Relationship Management and more. ERP software can improve core operations across an entire business.



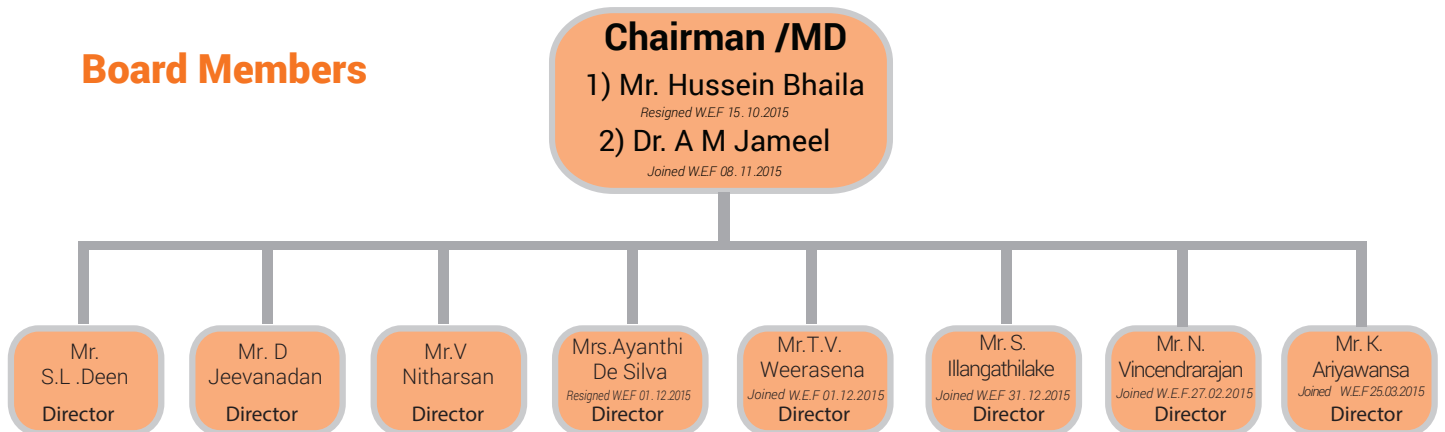
Benefits of ERP Software of STC

- Providing sales and operational planning with access to critical information automating business operations such as Invoicing, Purchase Orders within one system to improve forecasting accuracy and reduce inefficiencies.
- Avoidance of human errors and repetitive task.
- Effectively managing decision making at critical levels in the trading transactions.
- Increase access to valuable co-operate data that delivers a clear, global view of the business that drives continuing improvements statistics and establishes common performance metrics and measures to gain the health of the business.
- Support for streamline sourcing and procurement process which drive alignment to customer demands and also deliver a centralized buying model to reduce unauthorized and unnecessary expenses.
- It helps enhancing the customer satisfaction by providing the right feedback in time and also by facilitating the products and services within the specified time with great quality.
- Helps to utilize the resources optimally by conducting analysis and ensuring the resources are not wasted.
- Helps to streamline all the business functions into a unified system and facilitates easy and effective decision making.
- Ensures transparency within and outside organization, free flow of information and extremely effective reporting within the organization.
- Enterprise resource planning system ensures high data security and also enables the organization in scaling up the processes in the form of expansion.
- Helps the organization adapt to the changing business needs and technology.

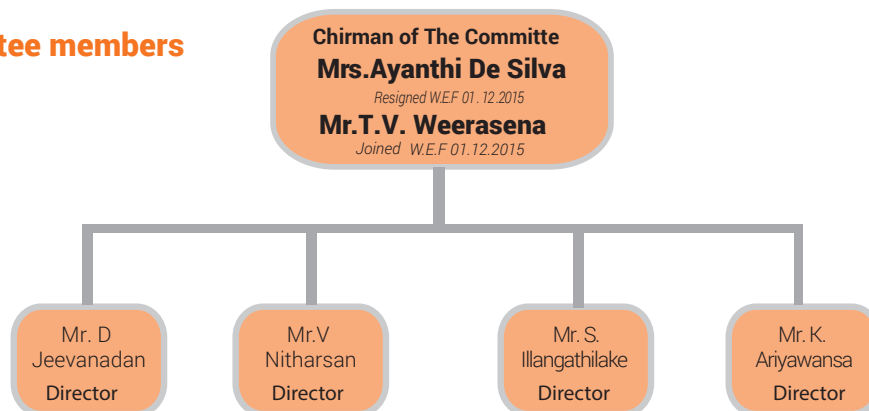
CORPORATE GOVERNANCE

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, headed by a qualified accountant and internal controls are in place to ensure a sound control environment. Further there is separate Audit Committee which reports to the Board of Directors.

Board Members



Audit Committee members



Availability of Business Managing Instruments



- 1) Corporate Plan 2011/12-2015/2016
- 2) Annual Report 2015/16
- 3) STC Procurement Procedures
- 4) STC Action Plan
- 5) STC Product Profile
- 6) STC Profile
- 7) STC Credit Sales Policy

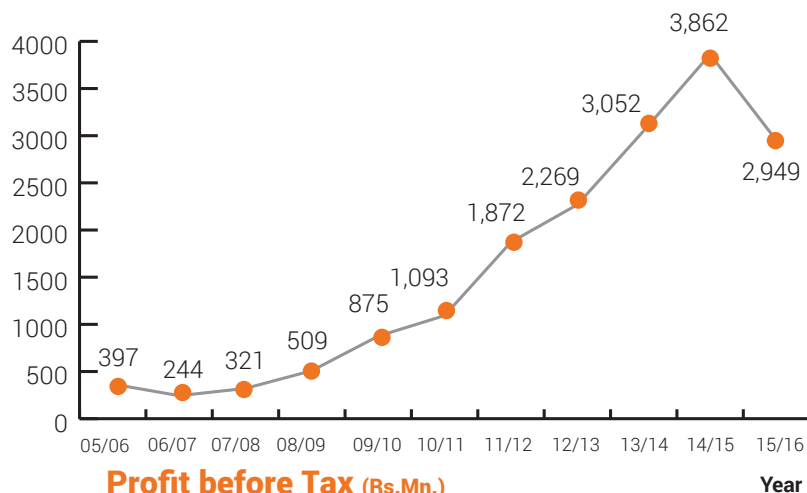
FINANCIAL HIGHLIGHTS

	2015/2016 (Rs. 000' S)	2014/2015 (Rs. 000' S)	Change (%)
Operation			
Turnover	2,948,592	3,861,940	-24%
Earnings before Interest & Tax	97,426	46,756	108%
Profit before Taxation	30,681	10,594	190%
Profit after Taxation	25,938	9,302	179%
Balance Sheet			
Non - Current Assets	541,216	589,301	-8%
Current Assets	2,145,948	2,461,894	-13%
Current Liabilities	1,940,228	2,308,233	-16%
Non - Current Liabilities	39,374	47,997	-18%
Stated Capital & Reserves	707,562	694,966	2%
Cashflow			
Net Cash generated from Operating Activities	275,898	(233,159)	-218%
Net Cash used in Operating Activities	267,401	(247,768)	-208%
Net Cash generated from Investing Activities	13,617	(130,140)	-110%
Net Cash generated from Financing Activities	(261,098)	(263,393)	-1%
Per Share Data			
Earnings per Share	2.67	1.54	73%
Net Assets per Share	70.76	69.50	2%
Key Ratios			
Gross Profit Ratio	19%	16%	18%
Net Profit Ratio	1%	0.24%	265%
Quick Ratio	0.79	0.68	15%
Current Ratio	1.11	1.07	4%
Gearing Ratio	1.01	1.27	-21%
Return on Equity (ROE)	0.04	0.01	174%
Return on Assets (ROA)	0.009	0.003	159%

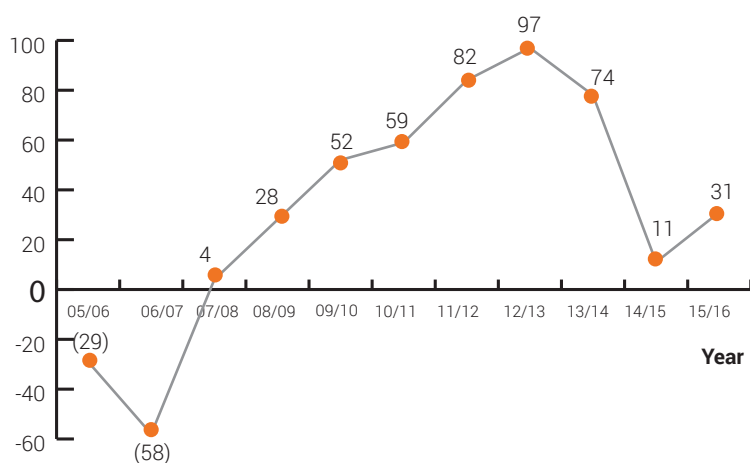
Graphical View

Year	Turnover (Rs. Mn.)
05/06	367
06/07	244
07/08	321
08/09	509
09/10	875
10/11	1,093
11/12	1,872
12/13	2,269
13/14	3,052
14/15	3,862
15/16	2,949

Turnover View (Rs.Mn.)

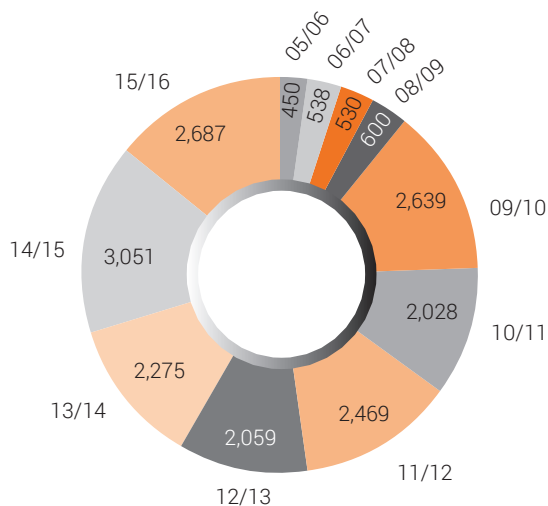


Year	Profit before Tax (Rs. Mn.)
05/06	(29)
06/07	(58)
07/08	4
08/09	28
09/10	52
10/11	59
11/12	82
12/13	97
13/14	74
14/15	11
15/16	31



Year	Total Assets (Rs. Mn.)
05/06	450
06/07	538
07/08	530
08/09	600
09/10	2,639
10/11	2,028
11/12	2,469
12/13	2,059
13/14	2,275
14/15	3,051
15/16	2,687

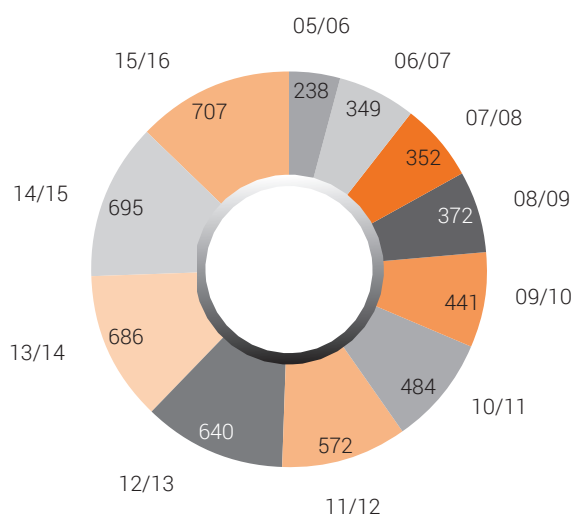
Total Assets (Rs.Mn.)



Graphical View

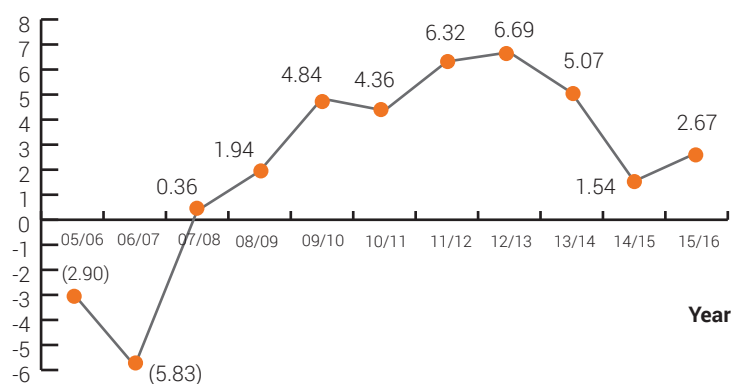
Total Equity (Rs. Mn)

Year	Total Equity (Rs. Mn.)
05/06	238
06/07	349
07/08	352
08/09	372
09/10	441
10/11	484
11/12	572
12/13	640
13/14	686
14/15	695
15/16	707



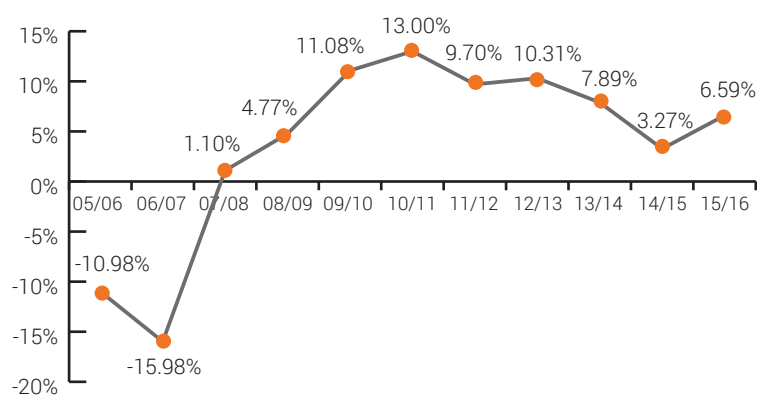
Year	EPS (Rs.Mn)
05/06	(2.90)
06/07	(5.83)
07/08	0.36
08/09	1.94
09/10	4.84
10/11	4.36
11/12	6.32
12/13	6.69
13/14	5.07
14/15	1.54
15/16	2.67

Earning per Share (Rs. Mn)

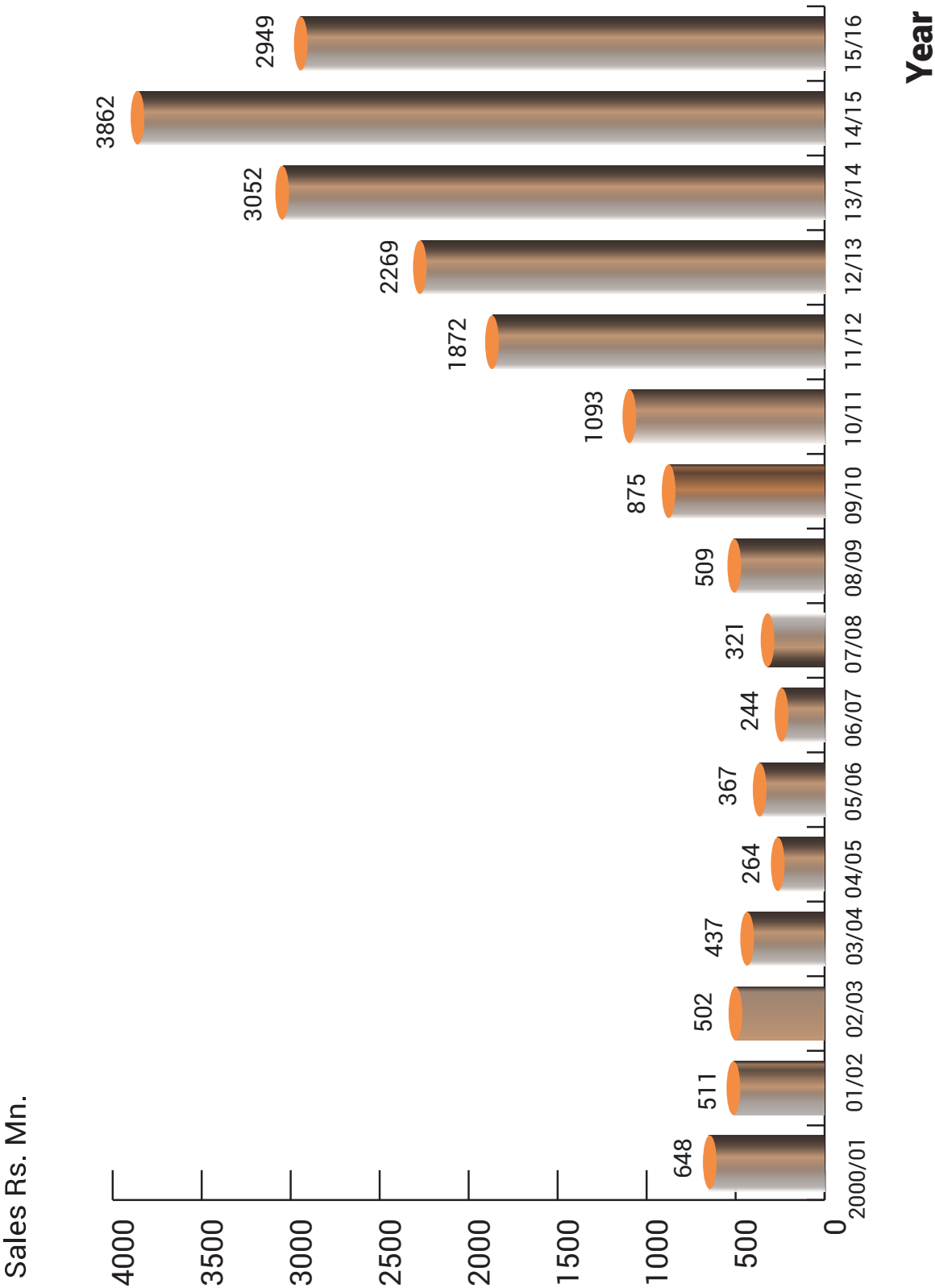


Year	ROCE (%)
05/06	-10.98%
06/07	-15.98%
07/08	1.10%
08/09	4.77%
09/10	11.08%
10/11	13.00%
11/12	9.70%
12/13	10.31%
13/14	7.89%
14/15	3.27%
15/16	6.59%

Return on Capital Employed (%)

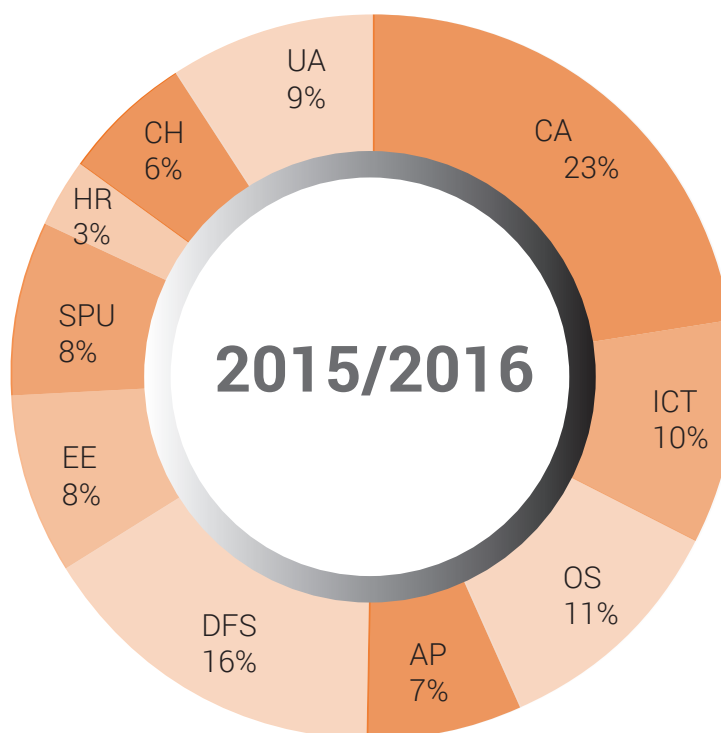


REVENUE GRAPH
2000/2001 to 2015/2016



DIVISIONAL PERFORMANCE OF STC 2015/ 2016

REVENUE DRIVERS



Division		Revenue (Rs.)
Chemical & Allied	CA	684,409,277.00
Information Technology	ICT	291,718,746.00
Office Supplies	OS	323,132,412.00
Automotive Products	AP	199,908,372.00
Duty Free Shop	DFS	467,062,407.00
Electrical & Electronic	ELD	236,212,463.00
Special Project Unit	SPU	225,483,961.00
Household Requirements	HR	90,283,656.00
Construction & Hardware	CH	169,940,840.00
Unallocated (Others)	UA	260,440,200.00
		2,948,592,334.00

Dayananda Samarawickrema & Co.,

CHARTERED ACCOUNTANTS

Partners

H.G.Dayananda FCA

K.G.Chandana Kumara ACA

Consultant

T.H.Dharmasena FCA , BA

No. 20/26, Station Lane,

Nugegoda, Sri Lanka.

Tele : 2854614, 2809650, 2822940

Fax : 2820112

E mail : dsandco@sltnet.lk

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SRI LANKA STATE TRADING (GENERAL) CORPORATION LTD

Report on the Financial Statements

We have audited the accompanying Financial Statements of **Sri Lanka State Trading (General) Corporation Limited** which comprises the Statement of Financial Position as at 31st March 2016 and the statement of Comprehensive Income, Statement of Change in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with the Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair 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.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

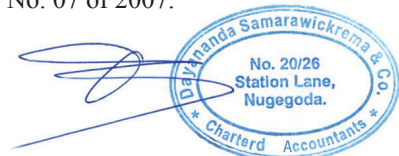
We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the company maintained proper accounting records for the year ended 31st March 2016 and the Financial Statements give a true and fair view of the companies state of affairs as at 31st March 2016 and its Profits and Cash Flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

In our opinion, these financial statements also comply with the requirements of Section 151 (2) of the Companies Act No. 07 of 2007.



Dayananda Samarawickrema & Co.
Chartered Accountants,
Nugegoda.
31.10.2016

Statement of comprehensive income

For the year ended 31st March 2016

		2015/2016	2014/2015
	Notes	Rs.	Rs.
Revenue	03	2,948,592,334	3,861,939,755
Cost of Sales		(2,388,634,449)	(3,242,781,217)
Gross Profit		559,957,885	619,158,538
Other Operating Income	04	7,649,790	4,786,720
		567,607,675	623,945,258
Distribution Expenses	05	(88,554,576)	(183,678,919)
Administration Expenses	06	(385,630,480)	(388,659,957)
		(474,185,056)	(572,338,876)
Earnings Before Interest & Tax		93,422,619	51,606,382
Net Finance Income / (Expenses)	07	(62,002,058)	(34,870,457)
Profit Before Taxation		31,420,561	16,735,925
Income Tax Expenses / (Reversal)	08	(4,742,718)	(1,291,720)
Net Profit For the Year		26,677,843	15,444,206
Other Comprehensive Income			
Actuarial Gain / (Loss) on employee benefits	18	(739,455)	(6,142,412)
Total Other Comprehensive Income		(739,455)	(6,142,412)
Total Comprehensive Income for the Year		25,938,388	9,301,793
Basic Earnings Per Share	09	2.67	1.54

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

Statement of financial position

For the year ended 31st March 2016

ASSETS

Non-Current Assets

Property, Plant & Equipmen	10	Rs.	530,246,053	Rs.	575,891,758
Investments in Shares	11		20		20
Loans Given to Employees	12A		6,146,873		6,772,154
Easy Payments Scheme	12B		4,823,475		6,637,387
Total Non Current Assets			541,216,421		589,301,319

Current Assets

Inventories	13		622,150,159		892,186,552
Trade & Other Receivables	14		663,405,062		780,172,146
Loans Given to Employees	12A		3,428,276		3,734,995
Easy Payment Loan Scheme	12B		7,156,590		4,071,777
Imported Rice Price Subsidy Receivable	15		450,594,190		396,625,946
Short Term Investment in Fixed Deposit			380,122,597		358,773,901
Cash & Cash Equivalents	16		19,091,474		26,329,105
			2,145,948,348		2,461,894,422

Total Assets

2,687,164,769 **3,051,195,741**

EQUITY & LIABILITIES

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			241,108,236		241,108,234
Other Reserves			(14,864,106)		(14,124,651)
Retained Earnings			335,710,477		322,374,838
Total Equity			707,562,253		694,966,067

Non-Current Liabilities

Interest Bearing Liabilities	17		6,620,436		17,298,486
Retirement Benefit Obligations	18		39,743,459		34,477,390
Net Deferred Tax Liabilities / (Assets)	19		(6,989,688)		(3,779,279)
			39,374,207		47,996,597

Current Liabilities

Income Tax Payable			4,092,791		4,636,880
Short Term Borrowings	20		835,117,763		970,148,971
Interest Bearing Liabilities	17		10,720,491		6,947,767
Trade & Other Payables	21		771,806,241		980,851,254
Bank Overdrafts	22		318,491,023		345,648,205
			1,940,228,309		2,308,233,077

Total Equity & Liabilities

2,687,164,769 **3,051,195,741**


The Accounting Policies and Explanatory Notes form an integral part of these Financial Statements.


(Figures in brackets indicate deductions.)

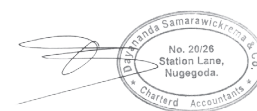
These Financial Statements are in Compliance with the requirements of the Companies Act No.07 of 2007


.....
Finance Manager

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


.....
Chairman / Managing Director
31st October 2016


.....
Director



Statement of changes in equity

For the year ended 31st March 2016

	Stated Capital Rs.	General Reserves Rs.	Revaluation Reserves Rs.	Other Reserves Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1st April 2014	100,000,000	45,607,646	241,108,236	(7,982,239)	306,930,633	685,664,276
Net Profit for the year					15,444,205	15,444,205
Actuarial Gain / (Loss) on employee benefits				(6,142,412)	-	(6,142,412)
Balance as at 31st March 2015	100,000,000	45,607,646	241,108,236	(14,124,651)	322,374,838	694,966,069
Balance as at 01st April 2015	100,000,000	45,607,646	241,108,236	(14,124,651)	322,374,838	694,966,069
Prior Year Adjustment	-	-	-	-	(8,342,204)	(8,342,204)
Net Profit for the year	-	-	-	-	26,677,843	26,677,843
Actuarial Gain / (Loss) on employee benefits	-	-	-	(739,455)	-	(739,455)
Proposed Gross Dividend	-	-	-	-	(5,000,000)	(5,000,000)
Balance as at 31st March 2016	100,000,000	45,607,646	241,108,236	(14,864,106)	335,710,477	707,562,253

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 2016

Cash Flow from Operating Activities
Net Profit Before Taxation

Adjustments for

Lease Interest
Depreciation / Amortization
Interest Income
Trust Receipt Loan & Overdraft Interest
Provision for Gratuity
Prior Year Adjustments
Stocks & Debts Written Off
Disposal Profit
Operating Profit Before Working Capital Changes

(Increase) / Decrease in Inventories
(Increase) / Decrease in Trade Debtors
(Increase) / Decrease in Imported Rice Price Subsidy Receivable
(Increase) / Decrease in Easy Payment Scheme
Increase / (Decrease) in Trade & Other Payables

Cash Generated From Operations

WHT Paid
Income Tax Paid
Gratuity Paid

Net Cash Used in Operating Activities

Cash Flows from Investing Activities

Acquisition of Property, Plant & Equipment
Investment in Work In Progress
Interest Received
Disposal Proceed Received

Net Cash from Investing Activities

Cash Flows from Financing Activities

Investments in Fixed Deposits
Net Loan Repayments & Proceeds
Trust Receipt Loan & Overdraft Interest
Lease Rentals Paid
Dividends Paid

Net Cash from Financing Activities

Net Increase / (Decrease) in Cash & Cash Equivalents
Cash & Cash Equivalents at the beginning of the year
Cash & Cash Equivalents at the End of the year - (Note A)

Note A - Analysis of Cash & Cash Equivalents

Cash at Bank

Bank of Ceylon (A/C No - 008859546)
Sampath Bank (A/C No - 000930000337)
Bank of Ceylon (A/C No - 1060)
Nation Development Bank (A/C No - 106340003864)
Peoples Bank - Matara (A/C No - 032 1001 6003 7019)
People's Bank - Kandy (A/C No - 003100190206579)

Cash in Hand

Petty Cash Imprest
Cash in Hand

Bank Overdrafts

People's Bank (A/C No - 004100120210918)
Nation Development Bank (A/C No - 101000160408)
Peoples Bank - Kurunegala (A/C No - 226 100100206579)
Sampath Bank (A/C No - 002930006974)

2015/2016
Rs.

2014/2015
Rs.

31,420,561	16,735,925
4,112,509	5,092,728
60,255,398	43,004,963
(29,703,530)	(27,351,677)
88,742,969	57,129,406
4,526,614	3,358,401
(8,342,204)	-
418,937	-
(40,498)	-
151,390,756	97,969,746
270,036,393	(350,599,425)
118,718,817	(191,144,652)
(53,968,244)	(72,461,562)
(1,270,901)	(10,572,687)
(209,008,601)	293,649,468
275,898,220	(233,159,112)
(2,862,336)	(3,248,015)
(5,634,881)	(11,361,138)
-	-
267,401,003	(247,768,265)
(15,592,969)	(61,358,159)
-	(99,595,727)
28,683,797	30,813,550
526,000	-
13,616,828	(130,140,336)
(21,348,696)	(25,118,536)
(135,031,208)	357,036,730
(88,742,969)	(57,129,406)
(10,975,407)	(11,395,913)
(5,000,000)	-
(261,098,280)	263,392,875
19,919,551	(114,515,726)
(319,319,100)	(204,803,374)
(299,399,549)	(319,319,100)
As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
386,371	1,067,338
65,916	2,372,943
20,597	20,847
3,063,015	2,033,634
1,066,692	1,264,897
303,367	(1,241,135)
413,063	415,316
13,772,453	14,749,672
(307,390,918)	(339,041,284)
(1,393,201)	(5,365,786)
(168,048)	130,406
(9,538,856)	4,274,052
(299,399,549)	(319,319,100)

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

Notes to the Financial Statements

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 2016 is 393. (2014/15 – 395)

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.

The Financial statements were authorised for issue by the Board of Directors on the 31st October 2016.

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 recognised in the financial statements is included in notes;

Note 18 – 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 bases 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 2006. However Land and Building were not revalue thereafter although Sri Lanka Accounting Standards required to do so since positive benefit of revaluing Land and Building may not be materialized dispute substantial cost to be incurred further there is no negative impact likely appearing in the above financial standards.

Notes to the Financial Statements

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss. Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment charged subsequent to the date of the revaluation. Where land and buildings are subsequently revalued, any increases in the carrying amount is recognised 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 revaluation reserve statement of equity, any excess and all other decreases are charged to the statement of comprehensive income.

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 derecognised.

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

2.2.4 Derecognition

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 derecognition are recognised 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%
Computers	33.33%
Leasehold Building	Over the lease period

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

2.2.6 Capital Work In progress

Capital expenses incurred during the year which are not completed as at the Reporting date are shown as Capital Work – In – Progress whilst the capital assets which have been completed during the year and put to use have been transferred to Property ,Plant and Equipment .

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 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."

Notes to the Financial Statements

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.

II The amount of inventories recognized as cost of sales in the Profit and loss during the year is Rs 2,388,634,449

III The general provision is made where necessary for slow moving the defective inventories. Management policy of making provision for slow moving and non moving inventories which was consistently used are as follows.

Age of Inventories	Percentage provided
1 to 2 years	25%
2 to 3 years	50%
3 to 4 years	75%
More than 4 years	100%

IV The following inventory values have been mortgage to financial institution as at letter for credit facilities.

Name of Bank	Mortgage Amount (Rs.)
People's Bank	178,000,000
Sampath Bank	147,000,000
N D B	160,000,000

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 impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the contractual right.

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 Industry & Commerce.

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 amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Notes to the Financial Statements

2.2.19 Accounting for leases

The Company leases certain property, plant and equipment. Leases of property, plant and equipment, where the Company has substantial risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the commencement of the lease at lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables.

The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

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.10 of 2006 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 recognised 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 realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised 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.

Brought forward tax losses in the past has not taken as a differed tax assets This amounts to a sum of Rs 232,171,358/= 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 Nation Building Tax (NBT).

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 18.

(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 recognised

(a) Sale of goods

Revenue from the sale of goods is recognised 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 an accrual basis.

(d) Other Income

Other income is recognized on an accrual basis.

(e) Disposal of property, plant and equipment

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

Notes to the Financial Statements

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 acquiring, extending or improving Assets of a permanent nature by means of which to carry on the business or for the purpose of increasing capacity of the 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 capitalised 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 recognised 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 recognised on financial assets, borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised 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, Management policy of making general provision for bad debts which was consistently used are as follows.

* Age of debtors remained outstanding up to 2 years for which no settlements received subsequently 25% of debtor value has been provided.

* Age of debtors remained outstanding more than 2 years for which no settlements received subsequently – 100% of debtor value has been provided.

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 24 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 24 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

NOTE 03 - REVENUE

Gross Sales
Less : Sales Returns
Net Sales (Note 03.01)

2015/2016	2014/2015
Rs.	Rs.
2,953,320,441	3,865,380,141
(4,728,107)	(3,440,386)
2,948,592,334	3,861,939,755

Note 03.01 - Business Segments (Net Sales)

Chemical & Allied
ICT Products
Office Suppliers
Automotive Products
Duty Free Shop
Electricals & Electronics
Special Project Unit
Household Products
Construction & Hardware
Unallocated (Others)

2015/2016	2014/2015
Rs.	Rs.
684,409,277	708,516,471
291,718,746	615,724,919
323,132,412	419,423,462
199,908,372	214,639,899
467,062,407	307,089,572
236,212,463	304,034,685
225,483,961	266,433,079
90,283,656	300,182,510
169,940,840	493,743,644
260,440,200	232,151,514
2,948,592,334	3,861,939,755

Note 03.02 - Segmental Operating Results (Gross Prof)

Chemical & Allied
ICT Products
Office Suppliers
Automotive Products
Duty Free Shop
Electricals & Electronics
Special Project Unit
Household Products
Construction & Hardware
Unallocated (Others)

2015/2016	2014/2015
Rs.	Rs.
209,351,249	194,216,811
26,653,088	64,142,278
37,219,471	51,598,398
16,556,514	17,998,558
152,948,254	93,857,291
34,712,629	45,681,509
20,097,423	19,514,125
14,114,096	44,918,894
14,958,261	49,811,691
33,346,900	37,418,983
559,957,885	619,158,538

NOTE 04 - OTHER OPERATING INCOME

	Note	2015/2016	2014/2015
		Rs.	Rs.
Foreign Exchange Gain		139,665	165,354
SL Army - Canvas Shoes		4,673,462	750,646
Interest on Easy Payment Scheme		2,391,619	752,459
Miscellaneous Income	04.01	323,165	131,181
CIC Seed Commission		-	175,449
Police Head Quarters		-	2,325,133
Registration of Suppliers		-	24,000
Income from Loans Granted		-	462,498
Disposal of Fixed Assets		40,498	-
Discount / Commission Other Income for Loan/Lease		58,500	-
Cheque Return Penalty Income Lease/Loan		3,500	-
Overdue Interest Income Lease/Loan		19,381	-
		7,649,790	4,786,720

(Note 04.01) - Miscellaneous Income

	2015/2016	2014/2015
	Rs.	Rs.
Sale of Damages Items	31,838	101,707
Return Interest Cheques	291,327	13,924
Others	-	834
Vista Advertising - HP Commission	-	14,716
	323,165	131,181

Notes to the Financial Statements

NOTE 05 - DISTRIBUTION EXPENSES

	2015/2016	2014/2015
	Rs.	Rs.
Sales Incentives	4,685,324	19,145,354
Reimbursement of Sales Expenses	12,319,624	11,101,545
Reimbursement of Debt Collection Expenses	1,033,634	1,031,844
Sample Expenses	1,681,532	1,392,063
Tender Forms	596,943	594,732
Expenses of Registration of Suppliers	2,409,769	2,349,346
Stores & Showroom Rent	31,574,381	52,807,796
Sales Outlet Expenses	4,531	540,600
Lorry Hire /Transport	1,067,728	5,535,059
Servicing Charges	1,697,278	8,177,994
License Fees - Selling	577,914	441,580
Overseas Travelling	71,800	2,620,072
Trade Promotional Expenses	409,697	20,136,557
Advertising	3,026,526	5,743,479
Gift Vouchers	17,000	(14,668)
Disallowed VAT	2,044,347	11,587,172
Nation Building Tax	23,316,652	33,148,087
Sales Promotion to Co-Operate Customers	215,551	1,720,616
Loading & Unloading Expenses	697,524	2,661,057
Trade Fair Expenses	687,884	-
Stocks / Others Written Off	342,022	-
Bad & Doubtful Debts	76,915	-
Impairment of Debtors	-	63,276
Panchikawatta Disposal Loss	-	2,875,358
Telex/ Fax, Email Charges	-	20,000
	88,554,576	183,678,919

NOTE 06 - ADMINISTRATIVE EXPENSES

	2015/2016	2014/2015
	Rs.	Rs.
Directors Salaries	1,487,625	1,152,000
Directors Fees	108,860	178,200
Board Meeting Expenses	98,870	27,270
Salaries	70,258,686	50,489,795
EPF	18,353,153	17,843,307
ETF	3,494,880	3,568,663
Overtime & Special Allowances	26,103,476	22,224,163
Staff Vehicle & Fuel Allowance	11,908,952	17,311,279
New Year Festival Allowances	12,127,298	11,525,060
Casual Employee Salaries	71,032,342	73,991,412
Labor Charges	3,642,647	14,165,765
Leave Encashment	4,371,017	3,734,421
Gratuity Provision	4,526,614	3,358,401
Staff Welfare	4,995,117	4,806,657
Staff Medical Expenses	1,900,946	1,667,029
Family Welfare Assistance	2,373,000	2,170,000
Un -winding pre paid Staff Costs	434,518	453,493
Uniforms	261,405	951,080
Travelling & Subsistence	3,012,922	3,571,314
Audit Fees	148,900	148,900
Professional & Consultancy Fees	220,842	45,000
Legal Fees	28,716	1,281,319
Insurance - General	977,897	1,732,095
Rates & Taxes	5,329,132	2,495,182
License Fees	396,352	789,563
Telephone Charges	10,960,211	14,756,711
Electricity	12,839,086	13,494,341
Postage	1,025,403	1,200,236
Water	1,710,724	1,720,857
News Papers & Periodicals	212,637	233,017
Printing & Stationery	10,256,617	21,573,579
Maintenance - Buildings	533,639	147,519
Maintenance - Office Equipments	6,000,600	12,150,316
Maintenance - Stores Equipments	2,811,112	711,085
Maintenance - Showrooms	6,692,972	2,785,989
Maintenance - Motor Vehicles	3,896,399	2,746,514
Motor Vehicle Registration & Insurance	1,102,972	98,961
Fuel & Lubricant	3,890,692	7,233,152
Computer Management Fees	60,588	305,178
Computer Maintenance	222,064	3,742,830
Depreciation - Building	3,839,219	3,839,219
Depreciation - Motor Vehicle	7,865,798	9,663,098
Depreciation - Plant & Equipment	13,362,811	13,509,788
Depreciation - Furniture	6,914,390	4,703,390
Depreciation - Tools & Equipments	115,730	93,144
Amortization of Deferred Expense in Kandy Showroom	28,157,451	11,196,324
Hire of Vehicles	3,710,305	8,496,790
Bank Charges	9,270,925	11,927,959
Staff Training & Development Expenses	253,648	587,395
Secretarial & Other Expenses	55,739	-
Surcharges	315,413	17,159
Parking Expenses	1,959,168	1,959,168
Certification Of Documents & Other Expenses	-	84,870
	385,630,480	388,659,957

Notes to the Financial Statements

NOTE 07 - NET FINANCIAL INCOME / (EXPENSE)

Interest Income

	2015/2016 Rs.	2014/2015 Rs.
Interest Income on Short Term Deposits	29,703,530	25,975,876
Interest on Savings Account	-	75,049
Interest on Staff Loans	715,372	847,259
Un - winding of Pre-Paid Staff Benefits	434,518	453,493
	30,853,420	27,351,677

Interest Expense

Overdraft Interest	25,388,572	22,787,440
Trust Receipt Loan Interest	63,354,397	34,341,966
Lease Interest	4,112,509	5,092,728
	92,855,478	62,222,134
	(62,002,058)	(34,870,457)

NOTE 08 - INCOME TAX EXPENSES / (REVERSAL)

Note

	2015/2016 Rs.	2014/2015 Rs.
Income Tax on Profits for the Current Year	7,953,128	6,686,063
Deemed Dividend Tax	-	1,188,681
Deferred Tax Expenses / (Reversal)	(3,210,410)	(6,583,024)
	4,742,718	1,291,720

Note 8.1 - Reconciliation between Accounting Profit to Income Tax For the year ended 31st March

	2015/2016 Rs.	2014/2015 Rs.
Accounting Profit Before Taxation	31,420,561	16,735,925
Income From Other Sources	(30,418,902)	(26,898,184)
Aggregate Disallowable Items	69,926,068	53,697,148
Aggregate Allowable Items	(57,648,121)	(33,696,464)
Adjusted Business Profit	13,279,606	9,838,424
Total Statutory Income	43,698,508	36,736,608
Utilization of carry forward tax losses	(15,294,478)	(12,857,813)
Taxable Income	28,404,030	23,878,795
Income Tax on Profits for the year	7,953,128	6,686,063

The unutilized tax loss carried forward as at the reporting date amounted to Rs.232,171,358/= (2014/15 -Rs 247,465,836/=).

Note 8.2 - Deferred Tax Expense / (Reversal)

Deferred tax expense / (reversal) arises from :

Accelerated Depreciation for Tax Purpose

Employee Benefit Liability

2015/2016	2014/2015
Rs.	Rs.
(1,735,910)	(3,922,796)
(1,474,500)	(2,660,228)
(3,210,410)	(6,583,024)

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.

	2015/2016	2014/2015
	Rs.	Rs.
Net profit attributable to shareholders - (Rs)	26,677,843	15,444,205
Weighted average number of ordinary shares in issue	10,000,000	10,000,000
Basic earnings per share (Rs Cts)	2.67	1.54

Diluted Earnings per Share

There were no potential dilutive ordinary shares outstanding at any time during the year ended 31st March 2016. Therefore, Diluted Earnings per Share is same as Basic Earnings per Share reported above.

Notes to the Financial Statements

NOTE 10 - PROPERTY, PLANT & EQUIPMENT

Cost / Revaluation	Freehold Land	Freehold Building	Expenditure incurred on Leasehold Building	Motor Vehicles	Office Equipments	Computers	Tools & Equipments	Furniture & Fittings	Capital Work In Progress	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at 01st April 2015	226,240,000	51,189,589	55,981,620	82,997,565	10,052,604	37,513,584	931,439	47,033,897	214,514,128	726,454,426
Additions / Transfer In	-	-	194,444,594	156,390	1,669,236	10,408,261	225,858	23,202,758	-	230,107,097
Disposals / Transfer Out	-	-	-	-	-	-	-	(1,092,751)	(214,514,128)	(215,606,879)
As at 31st March 2016	226,240,000	51,189,589	250,426,214	83,153,955	11,721,840	47,921,845	1,157,297	69,143,904	-	740,954,644
Depreciation / Impairment										
As at 01st April 2015	-	40,409,031	11,374,690	62,839,178	2,341,609	23,929,328	213,862	9,454,970	-	150,562,668
Charge for the year	-	3,839,219	28,157,451	7,865,798	1,172,184	12,190,627	115,729	6,914,390	-	60,255,398
Disposals during the year	-	-	-	-	-	-	-	(109,475)	-	(109,475)
As at 31st March 2016	-	44,248,250	39,532,141	70,704,976	3,513,793	36,119,955	329,591	16,259,885	-	210,708,591
Carrying Value as at 01st April 2015	226,240,000	10,780,558	44,606,930	20,158,387	7,710,995	13,584,256	717,577	37,578,927	214,514,128	575,891,758
Carrying Value as at 31st March 2016	226,240,000	6,941,339	210,894,073	12,448,979	8,208,047	11,801,890	827,706	52,884,019	-	530,246,053

NOTE 11 - INVESTMENTS IN SHARES

	2015/2016	2014/2015
	Rs.	Rs.
Ceylon Shipping Lines	20	20
	20	20

NOTE 12 A - LOANS GIVEN TO EMPLOYEES

	Note	2015/2016	2014/2015
		Rs.	Rs.
Non - Current			
Loans given to employees	12.1	5,787,365	6,367,896
Pre paid Staff Benefits	12.2	359,508	404,258
		6,146,873	6,772,154
Current			
Loans given to employees	12.1	3,088,762	3,376,686
Pre paid Staff Benefits	12.2	339,514	358,309
		3,428,276	3,734,995
		9,575,150	10,507,149

NOTE 12.1 - LOANS GIVEN TO EMPLOYEES

Balance at the beginning of the year	10,507,148	9,993,273
Loans granted	3,437,350	5,041,100
Loans recovered	(4,369,349)	(4,527,225)
	9,575,149	10,507,148
Transfer to prepaid staff benefit	(699,022)	(762,567)
Balance at the end of the year	8,876,127	9,744,581
Non Current	5,787,365	6,367,896
Current	3,088,762	3,376,686
	8,876,127	9,744,582

NOTE 12.2 - PREPAID STAFF BENEFITS

Balance at the beginning of the year	762,567	686,682
Additions during the year	370,974	529,378
Amortization	(434,518)	(453,493)
Balance at the end of the year	699,023	762,567
Non Current	359,508	404,258
Current	339,514	358,309
	699,022	762,567

The Corporation provides a loans to employees at concessionary rates. The fair value of the employee loans are determined by discounting expected future cash flows using market related rates for the similar loans. The difference between cost and fair value of employee loans is recognized as pre paid staff benefits. These loans have been subsequently measured at amortized cost.

Sri Lanka State Trading Corporation	7%	7%
Market Interest Rate	12%	12%

Notes to the Financial Statements

NOTE 12 B - EASY PAYMENT LOAN SCHEME

	Note	2015/2016 Rs.	2014/2015 Rs.
Non - Current			
Gross Investment	12.3	5,298,363	7,787,246
Less : Unearned Finance Income	12.4	(474,888)	(1,149,859)
Current		4,823,475	6,637,387
Gross Investment	12.3	8,792,446	5,866,971
Less : Unearned Finance Income	12.4	(1,635,856)	(1,795,194)
		7,156,590	4,071,777
		11,980,065	10,709,164

NOTE 12.3 - GROSS INVESTMENT

	2015/2016 Rs.	2014/2015 Rs.
Balance at the beginning of the year	10,709,163	136,476
Gross Investment during the year	8,218,661	12,479,870
Less : Rentals Received	(6,947,757)	(1,907,183)
	11,980,067	10,709,163
Add : Unearned Finance income	2,110,742	2,945,054
Balance at the end of the year	14,090,809	13,654,217
Non - Current	5,298,363	7,787,246
Current	8,792,446	5,866,971
	14,090,809	13,654,217

NOTE 12.4 - UNEARNED FINANCE INCOME

Balance at the beginning of the year	2,945,054	59,664
Additions during the year	1,557,309	3,637,849
Less : Interest income for the year	(2,391,619)	(752,459)
Balance at the end of the year	2,110,744	2,945,054
Non - Current	474,888	1,149,859
Current	1,635,856	1,795,194
	2,110,744	2,945,053

NOTE 13 - INVENTORIES

	2015/2016 Rs.	2014/2015 Rs.
Closing Inventory	582,071,378	830,667,613
Goods in Transits	42,738,342	64,178,500
Impairment for Damage & Slow Moving Stocks	(2,659,561)	(2,659,561)
	622,150,159	892,186,552

NOTE 14 - TRADE & OTHER RECEIVABLES

	2015/2016	2014/2015
	Rs.	Rs.
Trade Debtors	481,539,784	644,869,859
Impairment of Debtors	(4,360,787)	(4,360,787)
	477,178,997	640,509,072
Sundry Debtors	8,865	774,659
Festival Advance	975,500	33,000
Staff Debtors - Salary Advance	441,270	958,529
Electricity Deposits	140,000	140,000
Security Deposits - NSB	998,980	950,765
Rent Deposits	22,229,025	27,859,511
Sundry Deposits	506,500	494,500
Port Authority - PVQ	50,000	50,000
Prepayments	8,973,901	4,842,435
Advance to Staff on Petty Cash	9,000	13,000
L/Guaranty Margin - People's Bank	600,000	600,000
Interest Receivable	13,886,075	12,866,342
Suspended VAT A/C	234,470	320,922
Ministry of Education	7,784,039	7,784,039
Advance on Sundry Expenses	662,208	4,169,614
Tender & Other Deposits	169,000	83,800
Build Up Margin A/C	116,920,586	52,577,201
Advance on Services	2,023,170	73,160
VAT Receivables	2,854,734	15,418,919
David Peiris Motor Company	1,074,440	1,074,440
Loan / Lease Rent & Insurance Receivable	774,829	150,885
Shipping Guaranty Margin - People's Bank	392,392	-
Advance on Other Payments	4,517,081	-
Income Tax Receivable	-	4,275,243
With Holding VAT Receivable	-	1,024,484
Deemed Dividend Tax Over Payment - 2011/2012	-	683,476
Other Receivables	-	2,444,150
	663,405,062	780,172,146

NOTE 15 - IMPORTED RICE DISTRIBUTION OPERATION

	2015/2016	2014/2015
	Rs.	Rs.
Imported Rice Distribution - Price Subsidy Receivable B/F	396,625,946	324,164,384
Add : Interest for the year	53,968,244	72,461,562
Less : Received during the Year	-	-
Imported Rice Distribution - Price Subsidy Receivable C/F	450,594,190	396,625,946

Notes to the Financial Statements

NOTE 16 - CASH & CASH EQUIVALENTS

		2015/2016	2014/2015
		Rs.	Rs.
Cash at Bank			
Bank of Ceylon	(A/C No - 0008859546)	386,371	1,067,338
Sampath Bank	(A/C No - 000930000337)	65,916	2,372,943
Sampath Bank	DFS - (A/C No - 002930006974)	-	4,274,052
Bank of Ceylon	(A/C No - 1060)	20,597	20,847
National Development Bank - S/A	(A/C No - 106340003864)	3,063,015	2,033,634
Peoples Bank - Matara	(A/ C No - 032 1001 6003 7019)	1,066,692	1,264,897
Peoples Bank - Kurunegala	(A/C No -226 100100206579)	-	130,406
People's Bank - Kandy	(A/C No - 003100190206579)	303,367	-
Cash in Hand			
Petty Cash Imprest		413,063	415,316
Cash in Hand		13,772,453	14,749,672
		19,091,474	26,329,105

NOTE 17 - INTEREST BEARING LIABILITIES - LEASES

	Isuzu Crew Cabs	Avanza Wagon	Nissan Jeep	ALTO Car	Total
	LK - 0018	KU - 7071		KY 6145	
	LK - 0024	KU - 7072	KX - 9352	KY 6148	
	Rs.	Rs.	Rs.	Rs.	Rs.
Lease Creditor					
Balance as at 01st April 2015	2,587,689	8,818,225	17,093,184	4,312,500	32,811,598
Add : New Leases obtained during the year	-	-	-	-	-
Less : Rentals paid	(2,150,806)	(3,518,788)	(4,273,296)	(1,032,517)	(10,975,407)
Balance as at 31st March 2016	436,883	5,299,437	12,819,888	3,279,983	21,836,191
Interest in Suspense					
Balance as at 01st April 2015	318,344	2,232,968	4,987,324	1,026,709	8,565,345
Add : New Leases obtained during the year	-	-	-	-	-
Less : Charged to P & L	(308,582)	(1,349,660)	(2,006,871)	(404,968)	(4,070,081)
Balance as at 31st March 2016	9,762	883,308	2,980,453	621,741	4,495,264
Interest Bearing Liabilities - Non Current					
Balance as at 31st March 2015	395,667	4,407,625	9,839,435	2,655,759	17,298,486
Balance as at 31st March 2016	427,121	2,761,018	2,711,882	720,415	6,620,436
Interest Bearing Liabilities - Current					
Balance as at 31st March 2015	1,873,678	2,177,632	2,266,425	630,032	6,947,767
Balance as at 31st March 2016	-	1,655,111	7,127,553	1,937,827	10,720,491

NOTE 18 - RETIREMENT BENEFIT OBLIGATIONS

	2015/2016	2014/2015
	Rs.	Rs.
Balance at the beginning of the year	34,477,390	24,976,576
Provision made during the year	5,266,069	9,500,813
Payments made during the year	-	-
Balance at the end of the year	39,743,459	34,477,390

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'

	2015/2016	2014/2015
	Rs.	Rs.
The movement in the retirement benefit obligations over the year is as follows.		
Interest Cost	2,413,417	1,748,360
Current Service Costs	2,113,197	1,610,041
Total included in the staff cost [Note 06]	4,526,614	3,358,401
Net Actuarial (Gain)/Loss recognized immediately	739,455	6,142,412
Amount Recognized in the statement of other comprehensive income	739,455	6,142,412
Total recognized in the comprehensive income	5,266,069	9,500,813

The Key Assumptions used by the management include the following**Financial Assumptions**

	2015/2016	2014/2015
Rate of Interest	7%	7%
Rate of Increase of Salaries	2%	2%
Staff Turnover Factor	3%	3%
Retiring Age (Years)	60	60
The Corporation will continue as a going concern.		

NOTE 19 - NET DEFERRED TAX LIABILITY / (ASSET)

	2015/2016	31.03.2015
	Rs.	Rs.
Balance at the beginning of the year	(3,779,279)	2,803,745
Provision / (Reversal) for the Year	(3,210,409)	(6,583,024)
Balance at the end of the year	(6,989,688)	(3,779,279)

Deferred tax is calculated on temporary differences between carrying value of fixed assets and tax written down value of such assets, as analyzed 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:

	Rs.	Rs.
Provision for slow moving stocks	(744,677)	(744,677)
Provision for bad & doubt ful debts	(1,221,020)	(1,221,020)
Employee Benefit Liability	(11,128,169)	(9,653,669)
Accelerated depreciation for tax purpose	6,104,178	7,840,088
	(6,989,688)	(3,779,279)

Notes to the Financial Statements

NOTE 20 - SHORT TERM BORROWINGS

	31.03.2016 Rs.	31.03.2015 Rs.
T.R. Loans - Peoples' Bank	121,801,685	287,563,682
T.R. Loans - Bank of Ceylon - 1060 / 8859546	459,813,464	459,813,464
T.R. Loans - Nation Development Bank	-	138,612,155
T.R. Loans - Sampath Bank	253,502,614	84,159,670
	835,117,763	970,148,971

NOTE 21 - TRADE & OTHER PAYABLES

	31.03.2016 Rs.	31.03.2015 Rs.
Trade Creditors	423,954,547	545,254,263
Foreign Import Liability	86,759,547	247,328,184
Import Rice Interest	174,955,874	120,987,630
NBT	2,509,947	2,518,278
VAT	16,215,677	10,911,330
Audit Fees	149,000	148,900
Security Deposit - NSB	998,980	950,765
EPF	2,505,345	2,420,668
ETF	298,395	290,481
Staff Creditors - Re Banked / Unclaimed Salaries etc.	684,872	184,120
Salary Deductions	383,236	456,567
Staff Recreation Fund	488,105	488,105
ABC Trade & Investment	1,703,454	985,452
Abans (Pvt) Ltd	1,920,661	1,920,661
Accrued Expenses	32,922,953	32,408,282
Stamp Recoveries	21,800	17,450
Stamp Duty Payable - Easy Payment	8,210	55,726
Sundry Creditors	150,344	30,650
Etisalat Credit Card Proceeds	748,683	748,683
Abayarama Rent Payable	15,560,000	8,780,000
Loan Lease Advance	266,648	132,724
Loan Lease Insurance Payable	11,332	8,416
Creditor for Loan Equipment	660,899	1,471,511
Free Issues Control AC	585,862	231,681
Sala Enterprises	127,055	248,570
Deemed Dividend Tax	-	1,872,157
Scrap Battery Control A/C	401,220	-
Stafford Motor (Pvt) Ltd	28,000	-
Retentions Retained	955,197	-
Money Received from Credit Card Customers	830,398	-
Dividend Payable	4,500,000	-
Dividend Tax Payable	500,000	-
	771,806,241	980,851,254

NOTE 22 - BANK OVERDRAFTS

		31.03.2016	31.03.2015
		Rs.	Rs.
People's Bank	(A/C No - 004100120210918)	307,390,918	339,041,284
Nation Development Bank	(A/C No - 101000160408)	1,393,201	5,365,786
People's Bank - Kandy	(A/C No - 003100190206579)	-	1,241,135
Peoples Bank - Kurunegala	(A/C No -226 100100206579)	168,048	-
Sampath Bank	DFS - (A/C No - 002930006974)	9,538,856	-
		318,491,023	345,648,205

NOTE 23 - 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 Corporation, 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 Corporation.

(ii) Compensation paid to Key Management Personnel

	2015/2016	2014/2015
	Rs.	Rs.
Short Term Employment Benefits	13,302,259	14,430,217
Long Term Employee Benefits	-	562,552

(iii) Other Transactions with Key Management Personnel

There were no other transactions with key Managerial Personnel other than those disclosed in Note 23 (A) to these Financial Statements.

NOTE 24 - CAPITAL COMMITMENTS

There was no contracted capital expenditure approved by the Board of Directors as at the 31st March 2016.

NOTE 25 - EVENTS AFTER THE REPORTING PERIOD

No events have occurred after the reporting date, which would require adjustments to or disclosure in the financial statements.

NOTE 26 - COMPARATIVE INFORMATION

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

NOTE 27 - 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, 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 Corporation's activities.

Credit Risk

Credit risk is the risk of financial Loss to the Corporation if a customer or counter party to a financial instrument fails to meet its contractual obligation, and arises principally from the Corporation's receivables from customers and investment securities.

The carrying amount of financial assets represents the maximum exposure to credit risk at the reporting date was as follows

Notes to the Financial Statements

NOTE 27 - FINANCIAL RISK MANAGEMENT

	31.03.2016	33 31.03.2015
	Rs.	Rs.
Loans and Receivables		
Loans Given to Employees	9,575,149	10,507,149
Easy Payment Loan Scheme	11,980,065	10,709,164
Imported Rice Price Subsidy Receivable	450,594,190	396,625,946
Short Term Investment in Fixed Deposits	380,122,597	358,773,901
Trade & Other Receivables	663,405,062	780,172,146
Cash and Cash Equivalents	19,091,474	26,329,105
	1,534,768,537	1,583,117,411

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 damage 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.

The carrying amount of financial assets represents the maximum exposure to liquidity risk at the reporting date was as follows,

	31.03.2016	31.03.2015
	Rs.	Rs.
Non-derivative financial liabilities		
Interest Bearing Liabilities- Lease	17,340,927	24,246,253
Income Tax Payable	4,092,791	4,636,880
Short Term Borrowings	835,117,763	970,148,971
Trade and Other payables	771,806,241	980,851,254
Bank Overdraft	318,491,023	345,648,205
	1,946,848,745	2,325,531,563

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.

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.



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