

**Sri Lanka State Trading
(General) Corporation Ltd.**

**Final Accounts
2023-2024**

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SRI LANKA STATE TRADING (GENERAL) CORPORATION LTD
NO. 100, NAWAM MAWATHA, COLOMBO 02.

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
		<u>2,024,487,211</u>	<u>1,054,557,002</u>
Distribution Expenses	05	221,093,107	233,327,415
Administration Expenses	06	507,538,260	433,457,185
		<u>728,631,367</u>	<u>666,784,600</u>
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.)

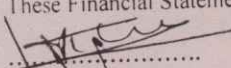
SRI LANKA STATE TRADING (GENERAL) CORPORATION LTD
NO. 100, NAWAM MAWATHA, COLOMBO 02.

STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2024

	Notes	2023/2024 Rs.	2022/2023 Rs.
ASSETS			
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
		4,457,573,113	4,213,430,565
Total Assets		8,576,237,152	4,845,827,423
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		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 Deferred Income A/C	21	119,751,820	144,189,502
Long Term Borrowings	18	-	-
		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
		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.


.....
Chairman

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.


.....
Director

Date :



Ariyaratne
Chairman / Managing Director
Sri Lanka State Trading (General) Corporation Ltd.
Ministry of Finance, Economic Stabilisation and
National Policies
No.100, Nawam Mawatha, Colom. 02.

SRI LANKA STATE TRADING (GENERAL) CORPORATION LTD
NO. 100, NAWAM MAWATHA, COLOMBO 02.

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 1 st 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				(2,989,756)		(2,989,756)
Net of actuarial Gain / (Loss) on Retirement Benefit Obligations & Net of Tax					4,551,548	4,551,548
Prior Year Adjustment		113,699,964				113,699,964
Revaluation During the Year		354,808,198	45,607,646	(30,210,013)	1,312,041,000	1,782,246,831
Balance as at 31 st 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)	966,168,654	966,168,654
Net Profit / (Loss) for the year						(2,965,152)
Net of actuarial Gain / (Loss) on Retirement Benefit Obligations & Net of Tax					(809,314)	(809,314)
Prior Year Adjustment		3,615,021,486				3,615,021,486
Revaluation During the Year						
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	1,501,214,947	735,435,943
Net Profit Before Taxation		
Adjustments for	71,820,585	47,682,310
Depreciation / Amortization	(272,189,109)	(370,461,238)
Interest Income	(24,437,682)	-
Government Grants Deferred Income	66,830,005	22,797,696
Trust Receipt Loan & Overdraft Interest	-	(2,352,197)
Disposal Profit / (Loss) of PPE	1,482,000	1,326,000
Provision of Audit fees	503,478	-
Stocks & Debts Written Off	68,461,383	105,281,937
Impairment of Debtors	(13,893,794)	(17,209,276)
Impairment of Stocks	11,918,676	6,623,591
Provision for Retirement Benefit Obligations	(809,314)	4,551,548
Prior Year Adjustments	1,410,901,176	533,676,315
Operating Profit Before Working Capital Changes	391,391,002	47,986,935
(Increase) / Decrease in Inventories	(984,598,930)	214,966,603
(Increase) / Decrease in Trade Debtors	(24,437,682)	(1,205,100)
Increase / (Decrease) in Government Grants Deferred Income	-	1,209,838,823
(Increase) / Decrease in Imported Rice Price Subsidy Receivable	-	7,445
Increase / Decrease in Easy Payment Loan Scheme	(1,871,473,562)	(1,852,085,415)
Increase / (Decrease) in Trade & Other Payables	(1,078,217,996)	153,185,605
Cash Generated From Operations	(18,196,251)	(1,655,756)
WHT Paid	(272,724,531)	(43,182,162)
Income Tax Paid	(7,997,040)	(15,815,878)
Gratuity Paid	(1,377,135,818)	92,531,809
Net Cash Used in Operating Activities	(12,326,955)	(3,176,535)
Cash Flows from Investing Activities		
Acquisition of Property, Plant & Equipment	-	(34,766,180)
Investment in Work in Progress	-	100,000
Disposal Proceed Received	363,925,785	153,458,665
Interest Received from Short Term Investments	351,598,830	115,615,950
Net Cash from Investing Activities	310,391,050	(1,042,134,841)
Cash Flows from Financing Activities		
Investments in Fixed Deposits	6,578,561	339,009,420
Short Term Investment - Build up Margin - Peoples Bank	(1,880,745)	1,241,811
Short Term Investment - Build up Margin - NDB Bank	778,039,266	13,600,000
Net Loan Repayments & Proceeds	(66,830,005)	(22,797,696)
Trust Receipt Loan & Overdraft Interest Paid	(190,000,000)	-
Dividends Paid	836,298,128	(711,081,307)
Net Cash from Financing Activities	(189,238,861)	(502,933,548)
Net Increase / (Decrease) in Cash & Cash Equivalents	(92,465,605)	410,467,943
Cash & Cash Equivalents at the beginning of the year	(281,704,465)	(92,465,605)
Cash & Cash Equivalents at the End of the year - (Note A)		
Note A - Analysis of Cash & Cash Equivalents	As at 31.03.2024 Rs.	As at 31.03.2023 Rs.
Cash at Bank	270,158	270,158
BOC (A/C No 8859546)	1,218,404	1,354,218
Sampath Bank (A/C No 000930000337)	508,313	-
Sampath Bank - DFS (A/C No 002930006974)	681,790	93,358
BOC (A/C No 1060)	1,011,200	1,015,315
People's Bank - Kurunegala	2,425,851	1,006,750
People's Bank - Matara	1,824,267	1,312,850
People's Bank - Kandy	3,110,331	1,000,000
People's Bank - Kalmunai	235,845	478,506
NDB (A/C - 101000160408)	377,929	614,901
People's Bank - Rice 180	51,951	81,951
People's Bank - Rice 004 1 002 7.0206579	26,204	25,474
National Savings Bank	643,586	873,019
Cash in Hand	56,780,985	5,216,191
Petty Cash Imprest		
Cash in Hand		131,660
Bank Overdrafts		
Sampath Bank - DFS (A/C No 002930006974)	(350,871,279)	(105,939,957)
People's Bank (A/C No - 004100120210918)	(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.)

SRI LANKA STATE TRADING (GENERAL) CORPORATION LTD

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 of 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.

NOTES TO THE FINANCIAL STATEMENTS– 2023/2024

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 labor, 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 revaluation reserve of equity. Land and buildings 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 accordingly.

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 de-recognition are recognized 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%
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 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 has been taken after providing an impairment provision of 5% of the total cost. Stocks purchases 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 amounts stated in the inventory.

IV. Assets Pledged as Collateral

1. Policy Statement:

Assets that have been pledged as collateral for credit facilities are disclosed in the financial statements. The types of 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:

NOTES TO THE FINANCIAL STATEMENTS- 2023/2024

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) Fixed Deposits and Build-up Margin

i) Fixed Deposits

Name of Bank	Mortgage Amount (Rs.)
People's Bank	1,008,700,000.00

ii) Build-up Margin

Name of Bank	Mortgage Amount (Rs.)
People's Bank	18,688,366.00
National Development Bank	3,112,145.00

3. Impact on 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 date 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 1 year.
- A full impairment of 100% is applied to debtors with outstanding balances for more than 5 years.

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

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.

2.2.15 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 Trade.

2.2.16 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.

2.2.17 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.

2.2.18 Accounting for Government Grants

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

2.2.19 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 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.

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).

2.2.20 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.

(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.

2.2.21 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.

SRI LANKA STATE TRADING (GENERAL) CORPORATION LTD

NOTES TO THE FINANCIAL STATEMENTS– 2023/2024

(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.

2.2.22 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 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.

2.2.23 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.

2.2.24 Statement of Cash Flows

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

2.2.25 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.

2.2.26 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.

2.2.27 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.

2.2.28 Commitments and Contingencies

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

2.2.28 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 marking 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	9,441,056,400.41
Less : Sales Returns	(4,950,211)	(24,280,129.19)
Net Sales (Note 03.01)	<u>12,132,029,706</u>	<u>9,416,776,271</u>

Note 03.01 - Business Segments (Net Sales)

	Rs.	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
	<u>12,132,029,706</u>	<u>9,416,776,271</u>

Note 03.02 - Segmental Operating Results (Gross Profits)

	Rs.	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
	<u>1,967,211,946</u>	<u>1,019,259,548</u>

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
	<u>57,275,265</u>	<u>35,297,453</u>

(Note 04.01) - Miscellaneous Income

	Rs.	Rs.
Sale of Damages Items (Lot Sales)	904,881	-
Others	-	46,298
	<u>904,881</u>	<u>46,298</u>

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
Impairment loss of Stocks	(13,831,834)	(16,441,863)
Impairment loss of Debtors	68,461,383	105,281,937
	<u>221,093,107</u>	<u>233,327,415</u>

NOTES TO THE FINANCIAL STATEMENTS - 2023/2024

NOTE 06 - ADMINISTRATIVE EXPENSES

	2023/2024	2022/2023
	Rs.	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,Professional & 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
	<u>507,538,260</u>	<u>433,457,185</u>

NOTES TO THE FINANCIAL STATEMENTS - 2023/2024

NOTE 07 - NET FINANCE INCOME / (EXPENSE)

	2023/2024 Rs.	2022/2023 Rs.
Interest Income		
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
	<u>272,189,109</u>	<u>370,461,238</u>
Finance Expenses		
Overdraft Interest	10,515,616	6,092,289
Trust Receipt Loan Interest	49,514,678	8,212,041
Festival Loan Interest	-	-
Bank Charges	6,799,711	8,493,365
	<u>66,830,005</u>	<u>22,797,696</u>
	<u>205,359,103</u>	<u>347,663,542</u>

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 provision made for Previous Year (2022/2023)		(6,624,272.50)	-
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)
		<u>535,046,293</u>	<u>199,671,154</u>

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

	2,024	2,023
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	<u>1,300,130,268</u>	<u>446,147,475</u>
Investment Income	269,485,510	368,285,283
Assesable Income	<u>1,569,615,778</u>	<u>814,432,758</u>
Income Tax on Profits for the year @ 30%	<u>470,884,734</u>	<u>222,987,787</u>

(Note 8.2) Deferred Tax Expense / (Reversal)

Deferred tax expense / (reversal) arises from :

	Rs.	Rs.
Charge / (Reversal) during the year for Deferred Tax Assets	73,330,854	(26,509,551)
Charge / (Reversal) during the year for Deferred Tax Liabilities	(1,860,757)	(873,534)
Charge / (Reversal) during the year for Acturial Loss	(684,266)	1,281,324
	<u>70,785,831</u>	<u>(26,101,761)</u>

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	2022/2023
Net profit attributable to shareholders - (Rs. Cts.)	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. Cts.)	<u>97</u>	<u>54</u>

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

Cost / Revaluation As at 01 st April 2023 Revaluation Adjustments During the Year Additions As at 31 st March 2024	Freehold Land	Freehold Building	Expenditure incurred on Leasehold Building	Showroom Equipment	Motor Vehicles	Office Equipments	Computers	Tools & Equipments	Furniture & Fittings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	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
	3,416,360,000	107,568,460	-	-	-	(29,658,333)	(34,660,251)	(3,688,772)	(44,316,387)	3,411,604,717
						402,710	7,077,789	263,019	2,778,437	10,521,955
	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 01 st April 2023 Total Depreciation Transfer to Revaluation A/C 2023 / 2024		52,123,787 (52,123,787)	194,941,634	15,253,086	-	26,674,231 (30,538,775)	49,505,520 (52,709,563)	2,706,206 (3,116,356)	59,293,658 (64,928,289)	400,498,122 (203,416,770)
Depreciation Charge for the year As at 31 st March 2024		0	26,738,315	7,950,628	20,908,276	3,864,543	3,204,043	410,150	5,634,630	68,710,585
Carrying Value as at 01 st April 2023	226,240,000		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 31 st 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

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NOTES TO THE FINANCIAL STATEMENTS - 2023/2024

NOTE 10 a - Intangible Assets

Cost / Revaluation	Computer Software	Total
	Rs.	Rs.
As at 01 st April 2023	9,330,000	9,330,000
Additions	1,805,000	1,805,000
As at 31 st March 2024	<u>11,135,000.00</u>	<u>11,135,000</u>
Depreciation / Impairment		
As at 01 st April 2023	-	-
Depriciation Charge for the year	3,110,000	3,110,000
As at 31 st March 2024	<u>3,110,000</u>	<u>3,110,000</u>
Carrying Value as at 01 st April 2023	9,330,000	9,330,000
Carrying Value as at 31 st March 2024	<u>8,025,000</u>	<u>8,025,000</u>

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)
	<u>20</u>	<u>20</u>
Ceylon Shipping Lines	<u>20</u>	<u>20</u>

NOTE 12A - LOANS GIVEN TO EMPLOYEES

		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
		<u>17,632,082</u>	<u>15,422,666</u>
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
		<u>7,523,887</u>	<u>6,991,454</u>
		<u>25,155,969.0</u>	<u>22,414,119.9</u>

NOTE 12.1 - LOANS GIVEN TO EMPLOYEES

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)
	<u>25,155,969</u>	<u>22,414,121</u>
Transfer to prepaid staff benefit	(3,055,655)	(2,717,272)
Balance at the end of the year	<u>22,100,314</u>	<u>19,696,849</u>
Non Current	15,896,876	13,833,661
Current	6,203,438	5,863,185
	<u>22,100,314</u>	<u>19,696,846</u>

NOTE 12.2 - PREPAID STAFF BENEFITS

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	<u>3,055,655</u>	<u>2,719,483</u>
Non Current	1,735,207	1,589,005
Current	1,320,449	1,128,269
	<u>3,055,655</u>	<u>2,717,274</u>

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)
	<u>1,089,692,167</u>	<u>1,467,189,374</u>

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)
	<u>638,175,022</u>	<u>605,543,796</u>
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
Rent Advance Payment - Year 01	33,080	34,260
Security Deposits - Q Shops	62,500	212,500
WHT on Interest	191,128	191,128
WHT on Interest Receivable A/C	-	-
Shipping Guaranty Margin - People's Bank	6,913,411	-
Shipping Guaranty Margin - Sampath Bank	52,511,747	-
Staff Debtors - Salary Advance	42,471,000	14,946,000
Stock Shortages Recoverable A/C -Q Shops	46,250	46,250
David Pieris Mortor Co.Ltd	-	185,397
Scrap Battery Control A/C	-	1,074,440
Scienter Technologies (Pvt) Ltd	1,074,440	1,074,440
Ministry of Education - New	-	299,923
Rent Deposit - Spectra Intergrated Logistics	822,919,071	1,805,000
Loan / Hire purchases Rent,Insurance & Other Receivable	7,000,000	-
Reimbursement of Name Board - Rajawasa	4,685,217	4,688,217
	153,000	153,000
	<u>1,911,080,785</u>	<u>1,030,577,057</u>

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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	2022/2023
	Rs.	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	<u>40,446,241</u>	<u>34,243,718</u>

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	2022/2023
	Rs.	Rs.
Interest Cost	3,834,731	4,660,438
Current Service Costs	8,083,945	1,963,154
Total included in the staff cost	<u>11,918,676</u>	<u>6,623,591</u>
Net Actuarial (Gain)/Loss recognized immediately	2,280,886	4,271,080
Amount Recognized in the statement of other comprehensive income	<u>2,280,886</u>	<u>4,271,080</u>
Total recognized in the comprehensive income	<u>14,199,562</u>	<u>10,894,671</u>

The Key Assumptions used by the management include the following

Financial Assumptions	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 DEFERRED TAX LIABILITY (ASSET)

	2023/2024	2022/2023
	Rs. Cts.	Rs. Cts.
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	<u>30,437,267</u>	<u>(41,032,830)</u>

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:

		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
	<u>71,470,097</u>	<u>(27,383,086)</u>

NOTE 18 - SHORT TERM BORROWINGS

	2023/2024	2022/2023
	Rs.	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 Contro 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
Reimbursement 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
	<u>1,103,866,032</u>	<u>2,765,607,414</u>

NOTE 20 - BANK OVERDRAFTS

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

SRI LANKA STATE TRADING (GENERAL) CORPORATION LTD.

NO. 100, NAWAM MAWATHA, COLOMBO 02.

NOTES TO THE FINANCIAL STATEMENTS - 2023/2024

NOTE 21 - Government Grant Deferred Income

	Government Grant Deferred Income A/C 1		Government Grant Deferred Income A/C - 2 Rajawasa		Government Grant Deferred Income A/C - 4 Q Shop Construction Exp		Government Grant Deferred Income A/C - 5 Rajawasa Batticaloa		Total	
	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
Operating Balance	31,840,235		77,160,316		16,849,024		18,339,926.70		144,189,502.06	
Total	31,840,235.42		77,160,316.42		16,849,023.52		18,339,926.70		144,189,502.06	
Charged P & L A/C 2023/2024	6,368,047		7,716,032		5,768,621		4,584,981.68		24,437,681.57	
Balance	25,472,188.34		69,444,284.78		11,080,402.35		13,754,945.02		119,751,820.49	

NOTES TO THE FINANCIAL STATEMENTS - 2023/2024

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 22(A) to these Financial Statements.

NOTE 23 - CAPITAL COMMITMENTS

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

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.

NOTES TO THE FINANCIAL STATEMENTS - 2023/2024

NOTE 26 - FINANCIAL RISK MANAGEMENT (Contd..)

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 affecting 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.