

Unaudited



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இலங்கை ஆயுள்வேத மருந்துகள் கூட்டுத்தாபனம்
Sri Lanka Ayurvedic Drugs Corporation



FINANCIAL STATEMENT FOR YEAR ENDING / YEAR OF ASSESSMENT

2023



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ISO 9001:2015 Certified Company

SRI LANKA AYURVEDIC DRUGS CORPORATION
STATEMENT OF FINANCIAL POSITION

As at	Note	31.12.2023 Rs.	Restated 31.12.2022 Rs.	Restated 31.12.2021 Rs.
ASSETS				
Non Current Assets				
Property, Plant and Equipment	04	1,080,561,174	1,139,137,832	1,074,320,574
Work in Progress	05	12,778,376	16,436,521	12,144,410
Staff Loans	06.A	12,647,221	15,954,838	15,340,657
Deferred Taxation	17	-	1,804,601	1,804,601
		<u>1,105,986,771</u>	<u>1,173,333,792</u>	<u>1,103,610,241</u>
Current Assets				
Inventories	07	612,798,291	321,268,547	260,290,018
Staff Loans	06.B	18,224,190	17,458,468	12,600,406
Gold Stocks		1,841,645	5,561,695	15,400,257
Margin Account		105,908,646	31,245,792	19,310,111
Miscellaneous Deposits	08	3,756,765	3,321,765	3,247,740
Short Term Investments in Fixed Deposits	09	112,189,375	112,131,811	177,860,172
Trade Debtors	10	81,173,248	145,603,836	109,665,691
Excess Cash Received from Trade Creditors		-	273	273
Pre-payments & Advances	11	14,752,864	8,757,301	19,898,891
Saving Account-People's Bank		14,452,333	7,030,637	6,291,745
Cash & Cash Equivalents	12	117,647,086	77,035,724	95,466,715
		<u>1,082,744,442</u>	<u>729,415,850</u>	<u>720,032,019</u>
Total Assets		<u>2,188,731,212</u>	<u>1,902,749,641</u>	<u>1,823,642,260</u>
FUNDS & LIABILITIES				
Contributions				
Subscribed Capital		5,000,000	5,000,000	5,000,000
		<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
External Contributory				
General Treasury	13	281,375,386	300,828,384	320,316,114
W.H.O.		3,994,341	3,994,341	3,994,341
Ayurvedic Experimental Institute		761,274	761,274	761,274
		<u>286,131,001</u>	<u>305,583,999</u>	<u>325,071,729</u>
Reserves				
Capital Reserves	14	1,923,741	1,923,741	1,923,741
Revaluation Reserves		834,232,183	830,812,289	766,658,227
Other Reserves		(20,510,938)	-	-
Revaluation Reserve of Gold Stock		-	3,720,050	13,558,612
Foreign Exchange Escalations Reserves		18,323	19,523	19,523
Retained Earnings		590,502,061	453,736,832	494,483,508
		<u>1,406,165,370</u>	<u>1,290,212,435</u>	<u>1,276,643,611</u>
Total Funds		<u>1,697,296,370</u>	<u>1,600,796,434</u>	<u>1,606,715,341</u>
Liabilities				
Non-Current Liabilities				
Allocation for Provisions	15	23,967,056	16,773,300	8,474,657
Bank Loans- People's Bank		12,000,000	16,333,334	20,333,334
Retirement Benefit Obligations	16	44,495,114	35,461,706	33,286,336
Sales Agent Assurance Fund - Local		3,903,612	5,701,000	-
Sales Agent Assurance Fund - Foreign		130,768	-	-
Deferred Taxation	17	6,736,400	-	-
		<u>91,232,950</u>	<u>74,269,340</u>	<u>62,094,327</u>
Current Liabilities				
Trade Creditors		245,096,925	149,673,262	77,872,028
Excess Cash Received From Trade Debtors		512,633	499,286	494,867
Accrued Expenses	18	38,193,071	32,035,761	35,908,373
Other Current Liabilities	19	26,693,918	18,564,247	14,235,824
Provision for Taxation	20	73,408,625	7,911,311	7,321,500
National Health Development Fund		12,296,720	15,000,000	15,000,000
Bank Loan - People's Bank		4,000,000	4,000,000	4,000,000
		<u>400,201,892</u>	<u>227,683,867</u>	<u>154,832,592</u>
Total Funds & Liabilities		<u>2,188,731,212</u>	<u>1,902,749,641</u>	<u>1,823,642,260</u>

The Board of Directors are responsible for the preparation and presentation of these Financial Statements.

Signed on behalf of the Board, Board of directors approved accounts on 28th February 2024, with decision number : 14606

Chairman

Managing Director

Board Member

General Manager AGM Finance (Acting)

Date 2024.02.29

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

SRI LANKA AYURVEDIC DRUGS CORPORATION

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 st December 2023				
	Note	2023 Rs.	Restated 2022 Rs.	Restated 2021 Rs.
Sales	23	1,215,283,637	935,892,860	800,223,256
Less: Cost of Sales	24	<u>756,212,888</u>	<u>722,935,119</u>	<u>609,653,508</u>
Gross Profit		459,070,750	212,957,741	190,569,748
Other Income	25	<u>42,226,122</u>	<u>33,357,523</u>	<u>25,818,526</u>
		501,296,871	246,315,264	216,388,274
Less: Administration & Establishment Expenses	26	177,499,487	184,922,843	152,912,174
Sales & Distribution Expenses	27	<u>121,898,062</u>	<u>103,527,768</u>	<u>83,628,234</u>
		299,397,549	288,450,611	236,540,408
Surplus from Operating Activities		201,899,323	(42,135,347)	(20,152,134)
Net Financial Income / (Expenses)	28	<u>16,186,960</u>	<u>16,346,860</u>	<u>2,423,184</u>
Net Surplus Before Tax		218,086,282	(25,788,488)	(17,728,950)
Less: Income Tax Expenses	29	76,884,979	589,810	-
Net Surplus after Tax		141,201,303	(26,378,298)	(17,728,950)
Other Comprehensive Income				
Revaluation Gain / (Loss) of fixed Assets		-	58,704,062	-
Actuarial Gain / (Loss) of Gratuity Provision		<u>(20,510,938)</u>	<u>-</u>	<u>-</u>
Total Other Comprehensive Income for the year		(20,510,938)	58,704,062	-
Total Comprehensive Income for the year		<u>120,690,365</u>	<u>32,325,764</u>	<u>(17,728,950)</u>

The Significant Accounting Policies and Notes form an Integral part of these Financial Statements.
Figures in brackets indicate deductions.

SRI LANKA AYURVEDIC DRUGS CORPORATION
STATEMENT OF COST OF PRODUCTION

For the year ended 31st December 2023

		Restated	Restated
	Note	2022	2021
		Rs.	Rs.
Consumption of Raw Materials			
Opening Stock		96,004,550	85,399,305
Add: Purchases		653,026,763	412,494,594
		<u>749,031,312</u>	<u>497,893,900</u>
Less: Closing Stock		97,935,062	96,004,550
Cost of Consumption of Raw Materials		<u>651,096,251</u>	<u>401,889,350</u>
Consumption of Packing Materials			
Opening Stock		39,356,268	16,364,357
Add: Purchases		60,613,803	72,563,300
		<u>99,970,072</u>	<u>88,927,657</u>
Less: Closing Stock		28,099,379	39,356,268
Cost of Consumption of Packing Materials		<u>71,870,693</u>	<u>49,571,389</u>
Cost of Consumption of Burn Oil			
Opening Stock		2,568,000	1,059,750
Add: Purchases		68,174,213	66,049,522
		<u>70,742,213</u>	<u>67,109,272</u>
Less: Closing Stock		1,624,950	2,568,000
Cost of Consumption of Burn Oil		<u>69,117,263</u>	<u>64,541,272</u>
Direct Labor Expenditure	21	138,168,177	119,866,376
Prime Cost		<u>930,252,383</u>	<u>635,868,386</u>
Factory Overhead Cost			
Indirect Expenses	22	129,651,595	108,655,904
Add: Opening Unfinished		20,691,648	21,926,628
Less: Closing Unfinished		21,234,120	20,691,648
		<u>129,109,123</u>	<u>109,890,884</u>
Total Manufacturing Cost of the year carried forward to the Statement of Comprehensive Income		<u>1,059,361,507</u>	<u>745,759,270</u>
		<u>646,461,574</u>	<u>646,461,574</u>

The Significant Accounting Policies and Notes form an Integral part of these Financial Statements.
Figures in brackets indicate deductions.

SRI LANKA AYURVEDIC DRUGS CORPORATION

STATEMENT OF CASH FLOWS

For the year ended 31st December 2023

	2023 Rs.	Restated 2022 Rs.	Restated 2021 Rs.
Cash Flow from Operating Activities			
Net Surplus Before Taxation	218,086,282	(25,788,488)	(17,728,950)
Adjustments for			
Allocations for Provisions	7,193,755	8,298,643	(6,451,954)
Depreciation of PPE	63,131,002	57,091,291	54,438,222
Amortization Treasury Funds (Depreciation)	(19,452,999)	(19,487,730)	(20,702,438)
Employee Benefit Adjustments	7,140,077	4,522,773	6,608,505
Prior Year Adjustments	(4,436,074)	(8,918,378)	(1,034,492)
Amortization Anuradhapura Building Agreement	-	-	497,321
Investment in Fixed Deposits- Non cash Amount	2,506,031	(9,555,896)	-
	<u>274,168,075</u>	<u>6,162,215</u>	<u>15,626,214</u>
Profit before changing the working capital			
Increase / (Decrease) Inventories	(291,529,744)	(60,978,530)	(51,918,851)
Increase / (Decrease) Staff Loans	2,541,895	(5,472,244)	1,665,928
Increase / (Decrease) Pre-payments & Advances	(5,995,563)	11,141,590	(2,540,487)
Increase / (Decrease) Miscellaneous Deposits	(435,000)	(74,025)	(354,000)
Increase / (Decrease) Trade Debtors	64,430,589	(35,938,145)	4,299,974
Increase / (Decrease) Margin Account	(74,662,854)	(11,935,681)	1,809,960
Increase / (Decrease) Excess cash received from Trade Creditors	273	-	4,765
Increase / (Decrease) Trade Creditors	95,423,662	71,801,234	24,238,864
Increase / (Decrease) Other Current Liabilities	8,129,671	4,328,424	2,273,722
Increase / (Decrease) Accrued Expenses	6,157,310	(3,872,613)	12,088,923
Increase / (Decrease) Excess cash received from Trade Debtors	13,347	4,419	53,758
Increase/ (Decrease) Sales Agent Assurance Fund - Local	(1,797,388)	5,701,000	-
Increase/ (Decrease) Sales Agent Assurance Fund - Foreign	130,768	-	-
Increase / (Decrease) Foreign Exchange Reconciliation Reserves	(1,200)	-	-
Increase / (Decrease) Revaluation reserve	3,419,894	-	-
Increase/ (Decrease) National Health Development Fund	(2,703,280)	-	-
	<u>77,290,456</u>	<u>(19,132,355)</u>	<u>7,248,770</u>
Less: Gratuity Paid	(18,617,608)	(2,347,402)	(7,869,670)
Tax Paid	(2,846,664)	-	(1,958,583)
Net Cash flows from Operating Activities	<u>55,826,184</u>	<u>(21,479,758)</u>	<u>(2,579,483)</u>
Cash flows from Investment Activities			
Acquisition of PPE	(4,554,344)	(63,204,487)	(40,867,359)
Investment in Work in Progress	3,658,145	(4,292,111)	1,808,795
Investment in Fixed Deposits	(2,563,595)	75,284,257	(13,347,996)
Net cash flow from Investment Activities	<u>(3,459,793)</u>	<u>7,787,659</u>	<u>(52,406,560)</u>
Cash flow from Financial Activities			
Cash Received from Treasury	-	-	23,500,000
Obtained / (Repayments) Bank Loan	(4,333,333)	(4,000,000)	(3,666,667)
Net cash flow from Financial Activities	<u>(4,333,333)</u>	<u>(4,000,000)</u>	<u>19,833,333</u>
Net Increase / (Decrease) in Cash & Cash Equivalents	<u>48,033,058</u>	<u>(17,692,099)</u>	<u>(35,152,710)</u>
Cash & Cash Equivalent at beginning of year	<u>84,066,361</u>	<u>101,758,461</u>	<u>136,911,170</u>
Cash & Cash Equivalent at end of year	<u>132,099,419</u>	<u>84,066,361</u>	<u>101,758,461</u>
As at 31st December			
	2023 Rs.	2022 Rs.	2021 Rs.
Peoples' Bank- Gangodawila- A/C No. 97100-182315453	29,548,576	4,739,076	12,170,097
Peoples' Bank- Gangodawila- A/C No. 97100-272315453	12,267,723	10,674,353	16,304,546
Peoples' Bank- Gangodawila- A/C No. 97100-362315453	45,107,253	40,774,959	-
Peoples' Bank- Gangodawila- A/C No. 97200-432315453	23,770,220	12,925,761	6,800,903
People's Bank-Gangodawila- Saving A/C	14,452,333	7,030,637	6,291,745
People's Bank- Gangodawila - A/C No. 097-4023-62315453	129,568	-	-
Bank of Ceylon- Corporate - A/C No.00001209	5,928,747	5,721,575	59,991,169
Bank of Ceylon- Corporate Branch- A/C No.87653784	895,000	2,200,000	200,000
	<u>132,099,419</u>	<u>84,066,361</u>	<u>101,758,461</u>

The Significant Accounting Policies and Notes form an Integral part of these Financial Statements.

Figures in brackets indicate deductions.

SRI LANKA AYURVEDIC DRUGS CORPORATION
STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2023

	Restated		Prior Year Adjustments	Exchange Loss	Amortization of Treasury fund- (Note 13.1)	Actuarial Gain / (Loss)	Net Surplus for the year	Balance as at 31.12.2023
	Rs.	Rs.						
Stated Capital	5,000,000	-	-	-	-	-	-	5,000,000
General Treasury	300,828,384	-	-	-	(19,452,999)	-	-	281,375,386
W.H.O	3,994,341	-	-	-	-	-	-	3,994,341
Ayurvedic Experimental Institute	761,274	-	-	-	-	-	-	761,274
Capital Reserves	1,923,741	-	-	-	-	-	-	1,923,741
Revaluation Reserve - Gold Stock	3,720,050	(3,720,050)	-	-	-	-	-	-
Revaluation Reserve - Land	517,677,685	-	-	-	-	-	-	517,677,685
Revaluation Reserve - Building	161,457,187	-	-	-	-	-	-	161,457,187
Revaluation Reserve - Machinery Equipments	53,431,185	-	-	-	-	-	-	53,431,185
Revaluation Reserve - Water Supply Equipments	14,678,456	-	-	-	-	-	-	14,678,456
Revaluation Reserve - Laboratory Equipments	476,874	-	-	-	-	-	-	476,874
Revaluation Reserve - Motor Vehicles	82,772,470	-	-	-	-	-	-	82,772,470
Revaluation Reserve - Inventory	1,927,561	-	-	-	-	-	-	1,927,561
Revaluation Reserve - Office Equipments	(3,419,894)	3,419,894	-	-	-	-	-	-
Revaluation Reserve - Before Year 2017	1,810,765	-	-	-	-	-	-	1,810,765
Foreign Currency Escalation Reserves	19,523	-	-	(1,200)	-	-	-	18,323
Other Reserves	-	-	-	-	-	(20,510,938)	-	(20,510,938)
Retained Earnings	453,736,832	(4,436,074)	-	-	-	-	-	590,502,061
Total	1,600,796,434	(4,736,230)	(1,200)	(1,200)	(19,452,999)	(20,510,938)	141,201,303.42	1,697,296,370

****Restatement of Financial Statements for the year 2022**

Financial Statements for the year 2022 have undergone a restatement due to identified material errors during the period. As per the requirements of LKAS 08 Accounting Policies, Changes in Accounting Estimates and Errors to ensure the accuracy and reliability of the information provided, immediate corrective measures have been implemented. The financial statements have been thoroughly reviewed to rectify these issues and Comparative Figures have been restated retrospectively and effects of the restatement are summarized below,

	Rs.
Retained Earnings as per Financial statements before the Restatements	485,984,039
Restatement Adjustments due to Stocks	(26,797,208)
Restatement Adjustments due to Revaluation Reserves	(5,450,000)
Retained Earnings as per Financial Statement after the Restatement	453,736,832

**SRI LANKA AYURVEDIC DRUGS CORPORATION
NO 94, OLD KOTTAWA ROAD, NAWINNA, MAHARAGAMA.
NOTES TO THE FINANCIAL STATEMENTS – 2023**

1. GENERAL INFORMATION

Sri Lanka Ayurvedic Drugs Corporation (SLADC) was incorporated in 1969 by the government extra ordinary gazette notification No.14853/1 dated 11 May 1969 under the provision of State Industrial Corporation Act.No. 49 of 1957. The registered office of the Corporation is located at No.94,Old Kottawa Road,Nawinna,Maharagama.

Principal Activities and Nature of Operations

The principal activities of the Corporation is manufacturing of Ayurvedic Drugs and Pharmaceuticals and Marketing those to government hospitals, Ayurvedic Physicians and the private sector.

The staff strength of the SLADC as at 31st December 2023 is 378 (2022-355)

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes (“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 Financial Regulations formulated by Sri Lankan Government.

The financial statements were authorized for issue by the board of directors on the 28th February 2024. (Board decision number: 14606)

2.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis.

No adjustments have been made for inflationary factors in the financial statements.

2.3 Going Concern

Board of Directors have made an assessment of the SLADC’s ability to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation or cessation of Corporation’s activities.

2.4 Comparative Information

The presentation and classification of the financial statements of the previous years have been amended where relevant for better presentation and to be comparable with those of the current year.

2.5 Use of Estimates and Judgments

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards (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.

Judgments and estimates are based on historical experience, trends and other factors including expectations that are believed to be reasonable under the circumstances. Accordingly, the actual results may differ from these judgments and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis to ensure the validity of the same. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements are included in the following notes:

Note 16- Measurement of Defined Benefit Obligation.

Note 17 - Deferred Taxation

2.6 Foreign Currency Transaction

(a) Functional and Presentation Currency

Items included in these financial statements of the corporations 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 Corporation'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.

03. SIGNIFICANT ACCOUNTING POLICIES.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Assets and the Bases of their Valuation

Assets classified as current assets in the Statement of Financial Position are cash, bank balances and those which are expected to be realized in cash during the normal operating cycle of the Corporation's business, or within one year from the reporting date, whichever is shorter. Assets other than current assets are those which the Corporation intends to hold beyond a period of one year from the reporting date.

3.1.1 Property, Plant and Equipment

3.1.1.1 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.

Gains and losses on disposal of an item of property, plant and equipment are determined as different between the proceeds from disposal and the carrying amount of property, plant and equipment, and are recognized under other income in the statement of comprehensive income.

3.1.1.2 Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation 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 recognised in profit or loss as incurred.

3.1.1.3 Derecognition

The carrying amount of an item of property, plant and equipment is derecognised 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 & loss.

3.1.1.4 Renovation cost of Anuradhapura building

Renovation cost of Anuradhapura building is recognized as expense through the period of 5years. (Property has been transferred to SLADC for the period of 5 years)

3.1.1.5 Bad and doubtful debt

Bad Debt

Bad debt recognizes as an expense in the profit and loss account when certain that amount cannot be recovered

Doubtful debt

Doubtful debts provision made it outstanding balances remain more than previous five years.

3.1.1.6 Borrowing Cost

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use

or sale, are capitalized as a part of the asset. The amounts of the borrowing costs which are eligible for capitalization are determined in accordance with the in LKAS 23 - Borrowing Costs.

Borrowing costs that are not capitalized are recognized as expenses in the period in which they are incurred and charged to the Statement of Comprehensive Income.

3.1.1.7 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 Corporation will obtain ownership by the end of the lease term. Land is not depreciated. There are no leased assets relating to this corporation.

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

Assets Category	Useful Life (Years)	Depreciation Rate (%)
Building	20 Years	5%
Machinery	06.66 Years	15%
Water Supply Equipments	06.66 Years	15%
Laboratory Equipments	06.66 Years	15%
Office Equipments	10 Years	10%
Motor Vehicles	05 Years	20%
Tools & Equipments	03 Years	33.33%

Depreciation of an asset begins when it is available for use whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

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

3.1.1.8 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.

3.1.1.9 Financial Instruments - Initial Recognition and Subsequent Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the company commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

1. Financial assets at amortized cost (debt instruments)
2. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
3. Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
4. Financial assets at fair value through profit or loss.

However, the classification of the financial assets of the company is limited to financial assets at amortized cost (debt instruments) and financial assets designated at FVOCI (equity instruments).

Financial Assets at Amortized Cost (Debt Instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

*The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and

*The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes trade and other receivables, cash and bank and loans granted to related parties.

Financial Assets Designated at Fair Value through OCI (Equity Instruments)

Upon initial recognition, the company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as Finance income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its listed equity investments under this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognized (i.e., removed from the Company's statement of financial position) when:

*The rights to receive cash flows from the asset have expired, Or

*The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either

(a) The Company has transferred substantially all the risks and rewards of the asset, or

(b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Impairment of Financial Assets

The Company recognizes an allowance for Expected Credit Losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

The company considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, and other financial liabilities.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and Borrowings

This is the category most relevant to the company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Derecognition

Financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of Profit or Loss.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Financial Risk Management

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 obligations, and arises principally from the Corporation's receivables from customers and related parties.

The Corporation establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

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 liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation.

3.1.1.10 Inventories

Inventories are measured at the lower of cost and net realizable value. Company did not value the stocks by using the NRV. Because company did not sell produces less than the market value during the year. The cost of inventories includes expenditure incurred in acquiring the inventories, Production or conversion cost and other costs incurred in bringing them to their existing location and condition. Company uses FIFO formula for value the raw materials and finished goods in the head office and Sales centers.

3.1.1.11 Trade Receivables

The Corporation recognizes trade receivables as financial assets in its statement of financial position when, and only when, the Corporation 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) they are classified as current assets. If not, they are presented as non-current assets.

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.

3.2.6 Capital Commitments and Contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non occurrence of uncertain future events, which are beyond the Company's control.

All material Capital Commitments and Contingent Liabilities are disclosed in Note 29.

3.3 Statement of Comprehensive Income

For the purpose of presentation of the Statement of Comprehensive Income the directors are of the opinion that function of expenses method presents fairly the elements of the Company's performance, and hence such presentation method is adopted in line with the provisions of LKAS 1 – Presentation of Financial Statements.

3.3.1 Revenue Recognition

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

(a) Sale of goods

Revenue from the sale of goods is 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 effective interest method.

(d) Other Income

Other income is recognized on an accrual basis.

(e) Disposal of Property, Plant and Equipments

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.

3.3.2 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) Net Finance Income / Expenses

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.

(d) Tax Expense

Income Tax expense comprises current and deferred tax. Income tax expense is recognized in Statement of Comprehensive Income except to the extent that it relates to items recognized directly in equity, when it is recognized in equity.

Current Taxes

Current tax expense for the current and comparative periods are measured at the amount paid or expected to be payable to the Commissioner General of Inland Revenue on taxable income for the respective year of assessment computed in accordance with the provisions of the Inland Revenue Act No 24 of 2017 as amended by subsequent legislation enacted or substantively enacted by the reporting date.

Component	2023
Tax Rate	30%
Current Tax Expenses	76,884,979

Deferred Taxation

Deferred taxation is recognized using the Balance Sheet liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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.

The relevant details are disclosed in the Note 18 & 30 to the Financial Statements.

3.4 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.

Transactions with related entities

There are no any related entities of Sri Lanka Ayurvedic Drugs Corporation.

3.5 Statement of Cash Flows

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

3.6 Earnings per Share

The Company presents Basic Earnings per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

3.7 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.

3.8 Responsibility for the Financial Statements

The Board of Directors of SLADC 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.

3.9 Related party Disclosers

The corporation stated transactions in the ordinary course of business with the parties who are defined as related parties in Sri Lanka Accounting Standard – LKAS 24(Related Party Disclosures), the details of which are as follows.

Emoluments (Rs.)	1589 Mr.Anura Athulath mudali Chairman	1496 Mrs.Sagala Abewickk rama Former Chairman	1541 Mr.P.L.G Sanjeewa Kanchana Managing Director	1497 Mr.L.R. D.Shantha Kumara Former MANaging Director	1500 Mr.P.D. Dhammik a General Manger	1436 Mr.M.G. Gayan Thakshila AGM - Finance	1131 Mr.K.D. M.Arjuna Chndrsek ara AGM- Factory	1005 Mrs.Dama yanthi Kodikara Chief Medical Officer
Basic Salary	637,000	320,000	775,746	34,666	1,253,772	874,010	1,205,944	1,050,298
Cost of Allowance	-	-	-	-	93,600	62,400	93,600	93,600
Budget Allowance	40,000	20,000	57,333	2,666	60,000	40,000	60,000	60,000
Professional Allowance	-	-	-	-	36,000	24,000	180,000	60,000
SLADC Allowance	48,000	24,000	60,000	6,000	72,000	48,000	72,000	72,000
Fuel Allowance	377,870	238,525	582,465	33,253	625,530	333,155	498,410	498,410
Travelling Allowance	-	-	-	-	600,000	400,000	600,000	600,000
Telephone Allowance	48,000	24,000	68,800	2,266	51,000	30,000	45,000	45,000
Special Allowance	-	-	-	-	-	-	81,720	64,692
Incentives (Production & Attendance)	-	94,835	-	-	263,562	130,017	266,175	294,575
	1,150,870	721,360	1,544,344	78,851	3,055,464	1,941,582	3,102,849	2,838,575

Chairman and Managing Director currently obtained company vehicle, driver except the above mention amount.

Long term benefits

Gratuity is allowed for higher management except Chairman and Managing Director.

SRI LANKA AYURVEDIC DRUGS CORPORATION
NOTES TO THE FINANCIAL STATEMENTS - 2023
NOTE 04 - PROPERTY, PLANT & EQUIPMENT

	Land		Building		Machinery		Water Supply Equipments		Laboratory Equipments		Office Equipments		Motor Vehicles		Tools & Equipments		Total Assets		
	Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		
Cost																			
Balance as at 1st January 2023	636,000,000		466,188,397		161,081,568		16,526,742		808,430		43,260,231		59,736,967		8,617,864		1,392,220,199		
Additions	-		-		939,774		-		259,844		2,318,465		-		1,036,261		4,554,343.54		
Balance as at 31st December 2023	636,000,000		466,188,397		162,021,341		16,526,742		1,068,274		45,578,696		59,736,967		9,654,125		1,396,774,542		
Accumulated Depreciation																			
Balance as at 1st January 2023	-		111,004,412		101,348,770		14,353,703		701,789		16,121,211		4,189,771		5,362,711		253,082,367		
Charge for the Year 2023	-		23,309,420		20,256,286		1,725,984		93,921		4,365,979		11,947,393		1,432,019		63,131,001.95		
Balance as at 31st December 2023	-		134,313,832		121,605,056		16,079,686		795,711		20,487,190		16,137,164		6,794,730		316,213,369		
Carrying Value as at 31st December 2022	636,000,000		355,183,985		59,732,797		2,173,039		106,641		27,139,021		55,547,196		3,255,153		1,139,137,832		
Carrying Value as at 31st December 2023	636,000,000		331,874,565		40,416,285		447,055		272,564		25,091,506		43,599,803		2,859,395		1,080,561,174		

Note: Nine Vehicles have not been revaluated in the year 2022 as per the Management decision. The respective number of the vehicles, Which was not revaluated are 32-3256, 150-1601, 26 SRI 7911, 67-1213, RV-9467, Tailor with bowser -738452, Tailor with bowser 738453, Tailor & Bowser.

SRI LANKA AYURVEDIC DRUGS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - 2023

As at	31.12.2023	31.12.2022	31.12.2021
	Rs.	Rs.	Rs.
NOTE 05 - WORK IN PROGRESS			
New Store Complex-Pathiragoda	9,486,265	12,144,410	12,144,410
Other Work in Progress Expenses	3,292,111	4,292,111	-
	<u>12,778,376</u>	<u>16,436,521</u>	<u>12,144,410</u>
	Rs.	Rs.	Rs.
NOTE 06 - STAFF LOANS			
06.1- Loans given to employees			
Balance at the beginning of the year	33,413,306	27,941,063	29,606,990
Loans granted during the year	19,750,000	24,852,195	19,407,066
Loans recovered during year	22,291,895	19,629,951	21,072,994
	<u>30,871,411</u>	<u>33,413,306</u>	<u>27,941,063</u>
Transfer to prepaid staff benefits	(1,617,104)	-	-
Balance at the end of the year	<u>30,871,411</u>	<u>33,413,306</u>	<u>27,941,063</u>
06.2-Prepaid Staff Benefits			
Balance at the beginning of the year	-	-	-
Additions the during the year	4,156,127	-	-
Amortization	(2,539,023)	-	-
Balance at the end of the year	<u>1,617,104</u>	<u>-</u>	<u>-</u>
06.A-NON CURRENT ASSETS			
Loans Given to Employees	12,458,336	-	-
Pre Paid Staff Benefit	188,885	-	-
	<u>12,647,221</u>	<u>-</u>	<u>-</u>
06.B-CURRENT ASSETS			
Loans Given to Employees	16,795,970	-	-
Pre Paid Staff Benefit	1,428,219	-	-
	<u>18,224,190</u>	<u>-</u>	<u>-</u>
Total	<u>30,871,411</u>	<u>33,413,306</u>	<u>27,941,063</u>

The Corporation provides loans to employees at concessionary rates. These loans are fair valued at initial recognition using level 2 inputs. 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 the cost and fair value of employee loans is recognized as prepaid staff benefits. The employee loans are classified as loans and receivables and subsequently measured at amortized cost. The loans given to employees are secured and interest is charged at the following rates.

	Distress	Distress	Distress
Sri Lanka Ayurvedic Drugs Corporation	4.2%	4.2%	4.2%
Market Interest Rate	12%	12%	12%

SRI LANKA AYURVEDIC DRUGS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - 2023

As at	31.12.2023	31.12.2022	31.12.2021
	Rs.	Rs.	Rs.
NOTE 07 - INVENTORIES			
Raw Materials Stock	97,935,062	96,004,550	85,399,305
Finished Drugs Stock	452,862,514	151,251,372	129,032,821
Packing Material	28,099,379	39,356,268	16,364,357
Work in Progress	21,234,120	20,691,648	21,926,628
Stationary Stock	2,305,647	1,546,884	2,166,399
Store 13- Other Stock	2,558,727	7,359,738	4,179,768
Burn Oil Stock	1,624,950	2,568,000	1,059,750
Machinery Spare Parts Stock	6,177,893	2,490,087	160,989
	<u>612,798,291</u>	<u>321,268,547</u>	<u>260,290,018</u>

		Rs.	Rs.	Rs.
NOTE 08 - MISCELLANEOUS DEPOSITS				
Sales Centre Rent Deposits	8.1	2,441,000.00	1,781,000	2,171,975
Store Rent Deposits	8.2	292,500.00	517,500	517,500
Telephone Deposits		26,765.00	26,765	26,765
Fuel Deposits	8.3	700,000.00	700,000	235,000
Legal Deposits	8.4	262,000.00	262,000	262,000
Other Deposits	8.5	10,500.00	10,500	10,500
Electricity Deposits		24,000.00	24,000	24,000
		<u>3,756,765.00</u>	<u>3,321,765</u>	<u>3,247,740</u>

		Rs.	Rs.	Rs.
NOTE 08.1 - SALES CENTRE RENT DEPOSITS				
Galle Sales Centre		195,000	195,000	195,000
Monaragala Poshana Mandiraya -(COA)		36,000	36,000	36,000
Aluthgama Sales Centre		-	-	421,000
Matale Sales Centre		-	-	1,189,975
Embilipitiya Sales Centre		330,000	330,000	330,000
Kiribathgoda Sales Centre		1,040,000	1,040,000	-
Kandy Sales Centre		180,000	180,000	-
Anuradhapura Sales Centre		660,000	-	-
		<u>2,441,000</u>	<u>1,781,000</u>	<u>2,171,975</u>

		Rs.	Rs.	Rs.
NOTE 08.2 - STORE RENT DEPOSITS				
No.007 Store- Mr.Chaminda Jayanath		100,000	100,000	100,000
No.006 Store- Mrs. G.T.Pemawathi		96,500	96,500	96,500
Monaragala Collecting Centre-Mr.M.G.A.Layanal		-	225,000	225,000
Beruwala Sales Centre-Beruwala Multy Corporative Society		96,000	96,000	96,000
		<u>292,500</u>	<u>517,500</u>	<u>517,500</u>

SRI LANKA AYURVEDIC DRUGS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - 2023

As at	31.12.2023	31.12.2022	31.12.2021
	Rs.	Rs.	Rs.
NOTE 08.3 - FUEL DEPOSITS			
Corporative Society Limited-Maharagama	300,000	300,000	35,000
Petro Gas (Pvt) Ltd -Maharagama	-	-	100,000
Corporative (Pvt) Ltd-Anuradhapura	50,000	50,000	50,000
Corporative Society Limited-Nikawaratiya	150,000	150,000	50,000
Maharagama Auto Care Centre	200,000	200,000	-
	<u>700,000</u>	<u>700,000</u>	<u>235,000</u>
	Rs.	Rs.	Rs.
NOTE 08.4 -LEGAL DEPOSITS			
District Court- Colombo	252,000	252,000	252,000
Paul & Rathnayaka Company	10,000	10,000	10,000
	<u>262,000</u>	<u>262,000</u>	<u>262,000</u>
	Rs.	Rs.	Rs.
NOTE 08.5 -OTHER DEPOSITS			
Ceylon Electricity Board (Sales Centre- Jaffna)	1,500	1,500	1,500
Ceylon Electricity Board (Sales Centre- Monaragala)	1,500	1,500	1,500
National Water Supply & Distribution Board	2,500	2,500	2,500
Ceylon Electricity Board (Floating Market)	3,000	3,000	3,000
Ceylon Electricity Board (Railway Station)	2,000	2,000	2,000
	<u>10,500</u>	<u>10,500</u>	<u>10,500</u>
	Rs.	Rs.	Rs.
NOTE 09- SHORT TERM INVESTMENTS IN FIXED DEPOSITS			
People's Bank-097-6001-0000032235	-	-	3,553,851
People's Bank-097-6001-0000057253	-	2,735,886	2,444,352
People's Bank-097-6001-000129729	-	-	2,898,895
People's Bank-097-6001-000210783	-	55,239,726	-
People's Bank-097-6001-000218455	-	26,567,123	-
People's Bank-097-6001-000258857	25,000,000	-	-
People's Bank-097-6001-000258795	25,000,000	-	-
People's Bank-097-6001-000258802	32,000,000	-	-
BOC-89224367 (Note 09.1)	30,189,375	27,589,075	-
BOC-8868064	-	-	2,979,382
BOC-82822094	-	-	61,538,777
BOC-82822290	-	-	104,444,915
	<u>112,189,375</u>	<u>112,131,811</u>	<u>177,860,172</u>
	Rs.	Rs.	Rs.
Note 09.1-Fixed Deposit of Bank of Ceylon (AC-89224367) have been kept for the Gratuity Purpose.			
	Rs.	Rs.	Rs.
NOTE 10 - TRADE DEBTORS			
Trade Debtors	83,680,320	148,120,041	109,953,373
Less- Provision for Bad and Doubtful Debts	2,507,072	2,516,204	287,682
	<u>81,173,248</u>	<u>145,603,836</u>	<u>109,665,691</u>

SRI LANKA AYURVEDIC DRUGS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - 2023

As at		31.12.2023 Rs.	31.12.2022 Rs.	31.12.2021 Rs.
NOTE 11 - PRE PAYMENTS & ADVANCES				
General Advances	11.1	292,171	169,408	337,549
Rent Advances		271,126	271,126	271,126
Receivable Loss for Officer's		-	-	67,824
Sales Income Receivable	11.2	72,782	55,800	1,971,447
Petty Cash Advances		115,739	76,530	62,917
Festival Advances		193,000	173,000	115,500
Capital Work in Progress - Advances to WHO		3,000,000	3,000,000	3,000,000
General Expenses Advance		8,362,165	5,006,437	14,072,528
Salary Advance		5,000	5,000	-
Receivable Interest Income - Fixed Deposits		761,681	-	-
Employee Deposits		1,679,200	-	-
		<u>14,752,864</u>	<u>8,757,301</u>	<u>19,898,891</u>

NOTE 11.1 - GENERAL ADVANCES

	Rs.
930-Mr.Asitha Perera	3,500
819-Mr.W.M.Rathnapala	15,000
757-Mr.Sarath Jayananda Rajapaksha	11,000
1085-Mr.Hemantha Kasthuriarachchi	20,000
1123-Mr.Padeep Basnayaka	10,000
1213-Mr.Shiwantha perea	15,000
1206-Mr.Shashi Kelum Hettiarachchi	2,000
1387-Mr.H.B.Tharanga Deshappriya	3,055
1413-Mr.Sriyantha Thisera	48,139
1431-Mrs.Tilani Wijesinghe	12,000
1427-Mr.Ramidu Wijerathne	14,899
1490-Mr.Chinthaka chaturanga	10,000
1517-Mrs.G.H.S.W.Jayasekara	34,954
1449-Mr.Chinthaka Gunathilaka	9,750
1512-Mr.Pramadutiha Eranga	18,995
1523-Miss.Achini Irosha Kulasooriya	39,880
1217-Mr.C.M.Namal Chandrasekara	8,000
1221-Mr.Wasantha wijaya	16,000
	<u>292,171</u>

NOTE 11.2 - SALES INCOME RECEIVABLE

	Rs.	Rs.	Rs.
Wijerama Sales Centre	93	46,792	16,649
Anuradhapura Mobile	-	-	521,890
Kandy Sales Centre	-	8,411	-
Badulla Sales Centre	12,059	-	11,743
Jaffna Sales Centre	-	-	1,250,953
Galle Sales Centre	-	-	5,376
Pettah Sales Centre	-	-	12,760
Nawinna Sales Centre	2,015	75	39,273
Monaragala Sales Centre	31	-	-
<i>C/F to next page</i>	<u>14,197</u>	<u>55,278</u>	<u>1,858,643</u>

SRI LANKA AYURVEDIC DRUGS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - 2023

As at

	31.12.2023	31.12.2022	31.12.2021
	Rs.	Rs.	Rs.
NOTE 11.2 - SALES INCOME RECEIVABLE			
<i>B/F from Previous page</i>	14,197	55,278	1,858,643
Matara Sales Centre	53,422	-	17,283
Borella Sales Centre	-	406	-
Matale Sales Centre	-	-	12,500
Ja-Ela Sales Centre	4,100	-	75,000
Diyathalaya Sales Centre	-	-	-
Western Provincial Council Sales Centre	-	-	1,654
Beruwala Sales centre	990	81	3,590
Narahenpita Sales Centre	-	36	2,778
Embilipitiya Sales Centre	73	-	-
	<u>72,782</u>	<u>55,800</u>	<u>1,971,447</u>
	Rs.	Rs.	Rs.

NOTE 12 - CASH & CASH EQUIVALENTS

People's Bank- Gangodawila - A/C No. 097-1001-82315453	29,548,576	4,739,076	12,170,097
People's Bank- Gangodawila - A/C No. 097-1002-72315453	12,267,723	10,674,353	16,304,546
People's Bank- Gangodawila - A/C No. 097-1003-62315453	45,107,253	40,774,959	-
People's Bank- Gangodawila - A/C No. 097-2004-32315453	23,770,220	12,925,761	6,800,903
People's Bank- Gangodawila - A/C No. 097-4023-62315453	129,568	-	-
Bank of Ceylon- Corporate - A/C No.1209	5,928,747	5,721,575	59,991,169
Bank of Ceylon- Corporate - A/C No.87653784	895,000	2,200,000	200,000
	<u>117,647,086</u>	<u>77,035,724</u>	<u>95,466,715</u>

NOTE 13 - EXTERNAL CONTRIBUTORIES**General Treasury**

The accumulated fund includes the total of all amounts received from Government in respect of the financing of fixed assets less the amortized value of the depreciable assets purchased from such grants. Government grants is recognize as per capital approach.

	Rs.	Rs.	Rs.
NOTE 13.1 - AMORTIZATION OF GRANTS			
Land and Building	12,231,826	12,231,826	11,083,823
Machinery	7,217,335	7,252,066	9,614,777
Laboratory Equipment	3,838	3,838	3,838
	<u>19,452,999</u>	<u>19,487,730</u>	<u>20,702,438</u>

World Health Organization (WHO) & Ayurvedic Experimental Institute

This includes grants received for advancement of operations of the Corporation.

NOTE 14 - RESERVES**Revaluation of Gold Stock**

Gold Stock value is based on Cost or NRV which ever is lower method. As per the details of Cey Bank gold shop, Market value of the Gold Stock is Rs.25,017,966/-on 14/11/2023. (772g x Rs.32,407/-)

Revaluation of Motor Vehicles

Motor vehicle had been revaluated in the year 2022. Few Motor Vehicles did not revaluated as per the Management decision.

SRI LANKA AYURVEDIC DRUGS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - 2023

Capital Reserves

Corporation held Capital Reserves for the purpose of maintain high level of financial position and to recover losses due to sale of asset with a loss.

Foreign Exchange Reserves

Foreign Exchange Reserve held to recover for the foreign currency losses .

Other Reserves

Other Reserves solely comprises the Actuarial (Gain) / Loss arisen from the Actuarial Valuation of the Employee Benefits.

As at	31.12.2023	31.12.2022	31.12.2021
	Rs.	Rs.	Rs.
NOTE 15- ALLOCATION FOR PROVISIONS			
Audit Fees	7,540,800	7,783,800	2,443,260
Stock Verification	-	-	920,059
Expired & Damaged Goods	15,640,683	8,670,825	4,343,168
HNDF 10% Contribution	785,573	318,676	768,171
	<u>23,967,056</u>	<u>16,773,300</u>	<u>8,474,657</u>
	Rs.	Rs.	Rs.

NOTE 16 -RETIREMENT BENEFIT OBLIGATIONS

The amounts recognized in the statement of financial position are determined as follows:

Balance at the beginning of the year	35,461,706	33,286,336	34,547,501
Add-Provision for the year	27,651,015	4,522,773	6,608,505
Less-Payments during the year	18,617,608	2,347,402	7,869,670
Liability in the Statement of Financial Position	<u>44,495,114</u>	<u>35,461,706</u>	<u>33,286,336</u>

The movement in the defined benefit obligation over the year is as follows:

	Rs.	Rs.	Rs.
Balance at the beginning of the year	35,461,706	33,286,336	34,547,501
Current Service Cost	2,884,672	4,522,773	6,608,505
Interest Cost	4,255,405	-	-
Actuarial Loss /(Gain)	20,510,938	-	-
Payments / Payable during the year	(18,617,608)	(2,347,402)	(7,869,670)
Balance as at the end of the year	<u>44,495,114</u>	<u>35,461,706</u>	<u>33,286,336</u>
	Rs.	Rs.	Rs.

The amounts recognized in the statement comprehensive income are as follows:

Current Service Cost	2,884,672	-	-
Interest Cost	4,255,405	-	-
Total Included in the Staff Cost	<u>7,140,077</u>	-	-
Actuarial Loss /(Gain)	20,510,938	-	-
Total included in Statement Comprehensive Income	<u>27,651,015</u>	<u>4,522,773</u>	<u>6,608,505</u>

SRI LANKA AYURVEDIC DRUGS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - 2023

NOTE 16 -RETIREMENT BENEFIT OBLIGATIONS

The key assumptions used by the managements are as follows.

As at	31.12.2023	31.12.2022	31.12.2021
	Rs.	Rs.	Rs.
Financial Assumptions			
Rate of Interest (net of tax)	12.00%	-	-
Expected Salary Increment	2.00%	-	-
Demographic Assumptions			
Staff Turnover Factor	9.66%	-	-
Retirement age	60 Years	60 Years	60 Years

The corporation will continue in business as a going concern.

NOTE 17 -DEFERRED TAX LIABILITIES / (ASSETS)

	Rs.	Rs.	Rs.
The amounts recognized in the statement of financial position are determined as follows:			
Balance at the beginning of the year	(1,804,601)	-	-
Charged / (Reversed) during the year (29.3)	8,541,001	-	-
Balance at the end of the year	6,736,400	-	-

17.1 Recognized Deferred Tax Assets & Liabilities/ (Assets)

Deferred Tax assets and liabilities are attributable to the following originations of temporary differences

	Rs.	Rs.	Rs.
Taxable/ (Deductible) Temporary Differences:			
Property, Plant & Equipment	66,949,781	-	-
Retirement Benefit Obligations	(44,495,114)	-	-
	22,454,667	-	-
Applicable Tax Rate	30%	-	-
Net Deferred Tax Liabilities	6,736,400	-	-

The Corporation recognized Deferred Tax Assets of Rs. 13,348,534/- as at the reporting date, as the management is confident that the Deferred Tax assets would be realized in the future due to the availability of Taxable Profits in the future. Moreover, Deferred Tax Liabilities recognized as at reporting date is Rs. 20,084,934. Accordingly Net Deferred Tax Liabilities as at December 31st, 2023 is Rs. 6,736,400/- (Net Deferred Tax Assets as at 31.12.2022 - Rs.1,804,601/-).

SRI LANKA AYURVEDIC DRUGS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - 2023

For the year ended	31.12.2023	31.12.2022	31.12.2021
	Rs.	Rs.	Rs.
NOTE 26.2 - ADMINISTRATIVE SECURITY EXPENSES			
Salaries & Wages	4,659,530	6,294,069	5,476,988
Overtime Expenses	2,405,946	2,437,659	5,469,233
Attendance Incentives	213,600	276,900	167,100
Production Incentives	1,585,935	1,550,301	1,465,809
EPF	455,808	638,144	606,084
ETF	113,952	159,437	151,521
Bonus Expenses	-	-	108,000
Medical Leave Expenses	138,776	270,551	242,006
Employee Retirement Benefits	174,148	-	-
	<u>9,747,695</u>	<u>11,627,062</u>	<u>13,686,740</u>
NOTE 27 - SELLING & DISTRIBUTION EXPENSES			
Salaries & Wages (Stores)	4,562,375	5,513,868	5,059,962
Attendance Allowances	412,500	373,200	208,600
Production Allowances	2,642,665	1,958,805	1,730,070
Overtime Expenses	7,893,800	6,684,423	7,992,258
Medical Leave Payments	248,241	187,238	280,662
Bonus Expenses	-	-	121,500
EPF (Stores)	437,463	543,440	559,049
ETF (Stores)	111,603	135,860	142,012
Motor Vehicle Maintenance	3,111,809	3,734,888	1,539,249
Motor Vehicle Insurance	290,949	223,552	212,288
Travelling Expenses	1,555,550	1,366,861	1,262,776
Motor Vehicle Fuel Expenses	6,302,744	5,569,616	2,512,134
General Expenses	1,538,136	3,342,354	138,594
Advertisement Expenses	1,592,019	1,180,018	1,167,789
Transport Expenses	11,400	29,850	10,350
Employee Retirement Benefits	1,020,011	630,320	-
Donations	1,567,478	605,599	579,069
Depreciation - Motor Vehicles	11,947,393	4,507,130	7,379,445
Welfare Expenses	5,850	8,350	40,735
Telephone Expenses	121,186	128,429	168,816
Motor Vehicle License Fees	30,320	61,054	54,468
Laboratory Expenses	273,881	138,817	837,825
Legal Fees - S/D	102,800	138,583	145,066
Damaged & Expired goods	6,969,858	4,327,657	-
Selling & Distribution - Sales Centre Expenses	27.1 48,168,120	45,423,325	40,188,952
Sales Promotion Expenses	724,986	86,290	265,245
Non Operational Expenses-Herbal Garden	27.2 20,254,924	16,628,239	11,031,319
	<u>121,898,062</u>	<u>103,527,768</u>	<u>83,628,234</u>

SRI LANKA AYURVEDIC DRUGS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - 2023

For the year ended	31.12.2023	31.12.2022	31.12.2021
	Rs.	Rs.	Rs.
NOTE 27.1 - SELLING & DISTRIBUTION -Sales Centre Expenses			
Salaries & Wages	18,324,798	20,147,892	18,498,915
Attendance Incentives	1,130,400	1,078,000	727,275
Production Incentives	7,257,211	5,468,011	5,742,014
Medical Leave Expenses	776,565	870,757	944,375
Overtime Expenses	944,622	871,119	715,307
Rent Expenses	11,016,128	10,167,701	7,769,010
Building Maintenance	248,722	13,350	150,564
EPF	1,854,537	1,964,035	2,006,678
ETF	452,103	493,936	535,115
Welfare Expenses	573,473	468,014	578,254
Consultancy Expenses	3,828,200	2,338,100	1,101,350
Traveling & Meal Allowances	251,109	102,839	60,198
Telephone Expenses	264,415	319,601	310,320
General Expenses	280,845	194,662	123,038
Water Expenses	199,485	179,179	90,254
Electricity Expenses	523,823	408,150	130,992
Cleaning Expenses	61,200	172,500	64,500
Stationery Expenses	71,970	53,516	45,490
Bonus Expenses	-	-	508,950
Postage	40,440	49,014	40,614
Rates & Taxes	38,652	28,150	34,955
Transport Expenses	29,423	34,800	10,785
	<u>48,168,120</u>	<u>45,423,325</u>	<u>40,188,952</u>
	Rs.	Rs.	Rs.
NOTE 27.2 - Non Operational Expenses-Herbal Garden			
Nikawaratiya Herbal Garden	9,506,480	8,334,598	5,063,034
Dangolla Herbal Garden	9,400,424	6,493,306	4,430,717
Medawachchiya Herbal Garden	1,348,021	1,800,335	1,537,568
	<u>20,254,924</u>	<u>16,628,239</u>	<u>11,031,319</u>
	Rs.	Rs.	Rs.
NOTE 28 - NET FINANCIAL INCOME / (EXPENSES)			
Financial Income			
Interest on Fixed Deposits & Savings Accounts	16,126,082	19,552,429	11,656,606
Interest on Staff Loan	1,199,152	1,083,224	1,041,339
Unwinding of Prepaid Staff Benefits (Note 06.2)	2,539,023	-	-
	<u>19,864,257</u>	<u>20,635,653</u>	<u>12,697,945</u>
Financial Expenses			
Bank Charges	256,878	124,452	599,518
Bank Loan Interest	3,269,589	3,712,895	4,186,301
Financial Expenses	-	318,676	5,384,085
Electronic Card Commission Charges	150,831	132,771	104,857
	<u>3,677,297</u>	<u>4,288,793</u>	<u>10,274,762</u>
Net Financial Income / (Expenses)	<u>16,186,960</u>	<u>16,346,860</u>	<u>2,423,184</u>

SRI LANKA AYURVEDIC DRUGS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - 2023

NOTE 29 - INCOME TAX EXPENSES

29.1 Current Taxes

The Corporation in terms of the Inland Revenue Act No 24 of 2017 profit & income from ordinary course of business is liable at the rate of 30% as per the first schedule to this act.

For the year ended 31 st December	2023	2022	2021
	Rs.	Rs.	Rs.
On the Current year Income Tax (Note 29.2)	68,343,978	589,810	-
Deferred Tax Expenses / (Reversal) (Note 29.3 & 17)	8,541,001	-	-
	<u>76,884,979</u>	<u>589,810</u>	<u>-</u>
	Rs.	Rs.	

29.2 Reconciliation between Accounting Profit to Income Tax

Accounting Profit Before Taxation	218,086,282	1,008,720	(14,500,336)
Income from Other Sources & Exempt Income	<u>(36,778,233)</u>	-	<u>(11,656,606)</u>
	181,308,049	1,008,720	(26,156,942)
Aggregate Disallowable Items	79,584,117	49,770,765	41,131,261
Aggregate Allowable Items	<u>(50,404,141)</u>	<u>(40,539,721)</u>	<u>(36,350,673)</u>
Loss Claimed Against Investment Income	-	-	-
Business Income	<u>210,488,025</u>	<u>10,239,764</u>	<u>(21,376,354)</u>
Investment Income	17,325,234	-	11,656,606
Assessable Income	<u>227,813,260</u>	<u>10,239,764</u>	<u>(9,719,748)</u>
Unrelieved Business Losses Claimed	-	(9,719,748)	-
Taxable Income	<u>227,813,260</u>	<u>520,016</u>	<u>-</u>
Income Tax for the year	<u>68,343,978</u>	<u>589,810</u>	<u>-</u>

29.3 Deferred Tax

Provision has been made for deferred taxation under the liability method in respect of temporary differences arising from carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purpose as described in Note 29. Difference arising from the deferred tax liability has been recognized in the Financial Statements during the year.

	Rs.	Rs.	Rs.
Deferred Tax Expense / (Income) arises from :			
Accelerated Depreciation for Tax Purpose	23,798,982	-	-
Employee Benefit Liability	<u>(15,257,981)</u>	-	-
	<u>8,541,001</u>	<u>-</u>	<u>-</u>

NOTE 30 - EARNINGS PER SHARE

The calculation of the earnings per share is based on Profit attributable to ordinary shareholders for the year divided by the weighted average number of ordinary shares outstanding during the year.

30.1 Basic Earnings per Share

	Rs.	Rs.	Rs.
Profit attributable to Ordinary Shareholders (Rs. Cts)	141,201,303	(26,378,298)	(17,728,950)
Weighted average number of ordinary shares	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Earnings Per Shares (Rs. Cts.)	<u>282</u>	<u>(53)</u>	<u>(35)</u>

SRI LANKA AYURVEDIC DRUGS CORPORATION**NOTES TO THE FINANCIAL STATEMENTS - 2023****30.2 Diluted Earnings per Share**

There were no potential dilutive ordinary shares outstanding at any time during the year ended 31st December 2023. Therefore diluted earnings per share is same as basic earnings per share reported above.

NOTE 31 - CAPITAL COMMITMENTS & CONTINGENCIES

The Corporation had no Material Capital Commitments & Contingencies outstanding as at the Reporting date except for below mentioned items.

The outcome of following Litigation cases are pending as at the reporting date.

Complainer	Other party of Case	Case Number	Court
SLADC	Wijaya News Papers Limited	DMR 06125/19	District Court of Colombo
SLADC	D.A.P.Premarathne	37705	District Court of Rathnapura
D.A.P.Premarathne	SLADC	ALT/9/2023	Labor Court-Homagama
H.R.B.Sriyantha Thisera	SLADC	33/1633/2022	Labor Court-Homagama
M.D.Ajith Dewappriya	SLADC	33/1652/2022	Labor Court-Homagama
M.W.M.S.Rohana Wijesundara	SLADC	23/KU/10296/2018	Labor Court-Kurunagala

NOTE 32 - FINANCIAL RISK MANGEMENT**Overview**

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

- * Credit risk
- * Liquidity 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 Corporations' 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.

SRI LANKA AYURVEDIC DRUGS CORPORATION**NOTES TO THE FINANCIAL STATEMENTS - 2023**

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

As at	2023	2022	2021
	Rs.	Rs.	Rs.
Receivables			
Staff Loans	18,224,190	17,458,468	12,600,406
Gold Stocks	1,841,645.00	5,561,695	15,400,257
Margin Account	105,908,646	31,245,792	19,310,111
Miscellaneous Deposits	3,756,765	3,321,765	3,247,740
Short Term Investments in Fixed Deposits	112,189,375	112,131,811	177,860,172
Trade Debtors	81,173,248	145,603,836	109,665,691
Pre-payments & Advances	14,752,864	8,757,301	19,898,891
Cash and Cash Equivalents	117,647,086	77,035,724	95,466,715
	<u>455,493,818</u>	<u>401,116,392</u>	<u>453,449,983</u>

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 corporation'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 intuitions.

As at	Rs.	Rs.	Rs.
Non-derivative financial liabilities			
Bank Loan	16,000,000	16,333,334	20,333,334
Trade Creditors	245,096,925	149,673,262	77,872,028
Accrued Expenses	38,193,071	32,035,761	35,908,373
Tender Security Deposit	21,631,366	15,076,310	10,681,746
Payable Deposits	1,064,472	1,003,187	1,159,707
Payable Employee Security Deposits	1,679,200	267,815	358,768
	<u>323,665,034</u>	<u>214,389,670</u>	<u>146,313,956</u>