

# **State Development & Construction Corporation**

*"Pioneers in Infrastructure Construction"*

## **FINANCIAL STATEMENTS FOR THE YEAR - 2024**

**Ministry of Transport, Highways, Ports & Civil Aviation**



**STATE DEVELOPMENT & CONSTRUCTION CORPORATION**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER**

		<b>2024</b>	<b>2023</b> Restated
<i>(All amounts are in Sri Lanka Rupees)</i>	Note		
Revenue	01	430,287,055	218,615,272
Cost Of Sales	02	(976,448,849)	(1,193,507,544)
<b>Gross Profit / (Loss)</b>		<b>(546,161,795)</b>	<b>(974,892,272)</b>
Other Income	03	98,371,541	105,806,349
<b>Profit / (Loss) Before Operating Expenses</b>		<b>(447,790,254)</b>	<b>(869,085,923)</b>
Administrative Expenses	04	(153,975,469)	(209,428,866)
Other Expenses	05	(603,932,387)	(935,627,307)
<b>Results From Operating Activities</b>		<b>(1,205,698,111)</b>	<b>(2,014,142,097)</b>
Financial Income	06	6,423,190	154,766,003
Financial Expenses	06	(211,731,020)	(386,852,490)
<b>Profit Before Tax</b>		<b>(1,411,005,940)</b>	<b>(2,246,228,583)</b>
Tax Expenses	07	-	163,388,607
<b>Profit For The Year</b>		<b>(1,411,005,940)</b>	<b>(2,082,839,976)</b>
<b>Other Comprehensive Income</b>			
Defined Benefit Plan Actuarial Gain/ (Loss)	17.01	(85,990,174)	(23,542,523)
Revaluation Gain/ (Loss)		-	-
Tax On Other Comprehensive Income		-	-
<b>Other Comprehensive Income Net of Tax</b>		<b>(85,990,174)</b>	<b>(23,542,523)</b>
<b>Total Comprehensive Income</b>		<b>(1,496,996,114)</b>	<b>(2,106,382,499)</b>

The Significant Accounting Policies and Notes on pages 05 to 38 form an integral part of these Financial Statements.


STATE DEVELOPMENT & CONSTRUCTION CORPORATION  
STATEMENT OF FINANCIAL POSITION  
AS AT 31<sup>ST</sup> DECEMBER

		2024	2023 Restated	2022 Restated
(All amounts are in Sri Lanka Rupees)				
Note				
<b>ASSETS</b>				
<b>Non - Current Assets</b>				
Property, Plant & Equipment	08	1,459,480,466	1,560,629,214	1,668,197,743
Capital Work in Progress	08.01	97,453	6,075,567	6,075,566
Investments In Government Owned Companies	09	-	-	-
Deferred Tax Assets	11.02	-	-	103,612,894
<b>Total Non Current Assets</b>		<b>1,459,577,919</b>	<b>1,566,704,781</b>	<b>1,777,886,203</b>
<b>Current Assets</b>				
Inventories	12	513,367,907	592,454,299	675,836,601
Other Investments, Including Derivatives	10	5,776,817	2,050,064	98,652,577
Income Tax Assets	13.01	-	-	138,538,712
Trade & Other Receivables	14	1,076,768,816	1,392,354,001	3,399,690,268
Cash & Cash Equivalents	15	799,300,044	185,273,951	285,120,536
<b>Total Current Assets</b>		<b>2,395,213,584</b>	<b>2,172,132,315</b>	<b>4,597,838,695</b>
<b>Total Assets</b>		<b>3,854,791,503</b>	<b>3,738,837,096</b>	<b>6,375,724,898</b>
<b>EQUITY &amp; LIABILITIES</b>				
<b>Capital &amp; Reserves</b>				
Capital		16,671,650	16,671,650	16,671,650
Capital Grant		51,140,000	51,140,000	51,140,000
Capital Reserves		6,629,760	6,629,760	6,629,760
Government Grant		118,322,004	152,417,502	180,519,262
Revaluation Reserve		1,145,768,139	1,145,768,139	1,146,143,425
Treasury Funds for Equity contribution		911,480,000	-	-
Retained Earnings		(6,812,523,943)	(5,315,527,828)	(3,209,145,329)
<b>Total Equity</b>		<b>(4,562,512,390)</b>	<b>(3,942,900,777)</b>	<b>(1,808,041,232)</b>
<b>Non - Current Liabilities</b>				
Loans & Borrowings	16	1,807,624,907	1,808,012,039	1,565,734,288
Retirement Benefit Obligation	17	52,557,116	66,137,831	58,983,584
Deferred Tax Liabilities	11.01	-	-	267,001,501
<b>Total Non Current Liabilities</b>		<b>1,860,182,023</b>	<b>1,874,149,870</b>	<b>1,891,719,374</b>
<b>Current Liabilities</b>				
Income Tax Liability	13.02	11,209,644	16,209,644	17,878,698
Trade & Other Payables	18	6,471,851,478	5,717,134,833	5,857,801,511
Loans & Borrowings	16	-	-	282,515,292
Bank Overdrafts	19	74,060,748	74,243,525	133,851,255
<b>Total Current Liabilities</b>		<b>6,557,121,870</b>	<b>5,807,588,003</b>	<b>6,292,046,756</b>
<b>Total Equity &amp; Liabilities</b>		<b>3,854,791,503</b>	<b>3,738,837,095</b>	<b>6,375,724,898</b>

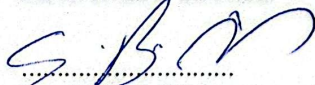
The Significant Accounting Policies and Notes on pages 05 to 38 form an integral part of these Financial Statements.

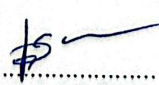
It is certified that the Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (LKASs and SLFRSs) issued by the Institute of Chartered Accountants of Sri Lanka.


  
Jayani Mayadunne  
Deputy General Manager-Finance  
20<sup>th</sup> June 2025

  
Eng. W.A.D.R. Shantha Kumara  
General Manager  
20<sup>th</sup> June 2025

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Signed for and on behalf of the Board.

  
Eng. (Dr.) S.B. Wijekoon  
Chairman  
20<sup>th</sup> June 2025

  
Eng. L.G. Lalith Priyantha Silva  
Director  
20<sup>th</sup> June 2025

  
Eng. W.V.P.S Aruna  
Director  
20<sup>th</sup> June 2025

STATE DEVELOPMENT & CONSTRUCTION CORPORATION  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2024  
(All amounts are in Sri Lanka Rupees)

	Capital	Capital Grant	Capital Reserve	Revaluation Reserve	Government Grant	Treasury Funds for Equity contribution	Retained Profit / (Loss)	Total Equity
<b>Balance As At 1st January 2022 - As restated in year 2023</b>	16,671,650	51,140,000	6,629,760	656,256,375	216,660,477	-	(2,689,069,831)	(1,741,711,569)
Effect Of Prior Year Transactions - Adjusted in year 2024 (Note 26-A)	-	-	-	-	-	-	(677,835,754)	(677,835,754)
<b>Balance As At 1st January 2022 - Restated in year 2024</b>	16,671,650	51,140,000	6,629,760	656,256,375	216,660,477	-	(3,366,905,585)	(2,419,547,323)
Profit For The Year -Restated in year 2024 (Note 26-A)	-	-	-	-	-	-	139,714,088	139,714,088
Revaluation	-	-	-	489,887,050	(735,714)	-	-	489,151,336
Amount Of Government Grant Recognised as Income During The Year - Restated in year 2024 (Note 26-A)	-	-	-	-	(35,405,500)	-	-	(35,405,500)
Other Comprehensive Income	-	-	-	-	-	-	18,046,167	18,046,167
<b>Balance As At 31st December 2022 - Restated in year 2024</b>	16,671,650	51,140,000	6,629,760	1,146,143,425	180,519,262	-	(3,209,145,329)	(1,808,041,232)
Effect Of Prior Year Transactions - Adjusted in year 2024 (Note 27-B)	-	-	-	-	-	-	-	-
Profit For The Year - Restated in year 2024 (Note 27-B)	-	-	-	-	-	-	(2,082,839,976)	(2,082,839,976)
Received during the year	-	-	-	-	7,000,000	-	-	7,000,000
Revaluation Adjustment	-	-	-	(375,287)	-	-	-	(375,287)
Amount of Government Grant Recognised as Income During The Year -Restated in year 2024 (Note 26-B)	-	-	-	-	(35,101,760)	-	-	(35,101,760)
Other Comprehensive Income	-	-	-	-	-	-	(23,542,523)	(23,542,523)
<b>Balance As At 31st December 2023 - Restated in year 2024</b>	16,671,650	51,140,000	6,629,760	1,145,768,139	152,417,502	-	(5,315,527,828)	(3,942,900,777)
<b>Balance As At 31st December 2023 as previously stated</b>	16,671,650	51,140,000	6,629,760	1,145,768,139	189,474,257	-	(4,671,354,410)	(3,261,670,605)
Effect Of Prior Year Transactions - Adjusted in year 2024 (Note 26)	-	-	-	-	(37,056,754)	-	(644,173,418)	(681,230,172)
<b>Balance As At 31st December 2023 - Restated in year 2024</b>	16,671,650	51,140,000	6,629,760	1,145,768,139	152,417,503	-	(5,315,527,828)	(3,942,900,777)
Treasury Funds for Equity contribution	-	-	-	-	-	911,480,000	-	911,480,000
Profit For The Year	-	-	-	-	-	-	(1,411,005,940)	(1,411,005,940)
Amount of Government Grant Recognised as Income During The Year	-	-	-	-	(34,095,500)	-	-	(34,095,500)
Other Comprehensive Income	-	-	-	-	-	-	(85,990,174)	(85,990,174)
<b>Balance As At 31st December 2024</b>	16,671,650	51,140,000	6,629,760	1,145,768,139	118,322,003	911,480,000	(6,812,523,943)	(4,562,512,391)

The Significant Accounting Policies and Notes on pages 05 to 38 form an integral part of these Financial Statements.

**STATE DEVELOPMENT & CONSTRUCTION CORPORATION**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER**

	<b>2024</b>	<b>2023</b> Restated	<b>2022</b> Restated
<i>(All amounts are in Sri Lanka Rupees)</i>			
	Note		
<b>Cash Flow From Operating Activities</b>			
Profit / (Loss) Before Tax	(1,411,005,940)	(2,246,228,583)	41,618,436
<b>Adjustments For ;</b>			
Depreciation	104,528,807	111,076,890	110,285,049
Staff Pre Paid Cost	-	-	-
Provision For Defined Benefit Plan	6,768,979	9,232,283	47,060,571
Capital WIP transferred th P&L	443,403	-	-
(Gain)/Loss On Disposal Of Property, Plant & Equipment	(1,166,278)	(15,863,459)	(9,063,963)
(Gain)/Loss On Translation Of Foreign Currency Loans	-	-	(68,669,722)
Impairment Loss On Trade & Other Receivables	84,150,083	758,804,008	86,781,117
Interest In Suspense			-
ESC Written Off Expense			-
Finance Expenses	211,731,020	386,852,490	122,150,767
Deferred Income	(34,095,500)	(35,101,760)	(17,375,337)
Provision For Slow & Non Moving Stock	(973,911)	(912,193)	(359,238)
Government Grant Received	-	-	-
Finance Income	(6,423,190)	(154,766,003)	(8,018,943)
<b>Operating Profit / (Loss) Before Working Capital Changes</b>	<b>(1,046,042,527)</b>	<b>(1,186,906,328)</b>	<b>304,408,737</b>
(Increase) / Decrease In Inventory	80,060,303	93,423,654	(228,304,052)
(Increase) / Decrease In Trade & Other Receivables	224,194,864	1,184,228,292	(118,033,574)
(Increase) / Decrease In Purchases & Sub Contract Advances	7,588,958	192,797,221	130,344,241
Increase / (Decrease) In Advances & Retention	(82,734,727)	(255,860,790)	(365,430,236)
Increase / (Decrease) In Trade & Other Payables	535,233,767	(125,853,920)	548,059,801
<b>Cash Generated From / (Used In) Operations</b>	<b>(281,699,362)</b>	<b>(98,171,871)</b>	<b>271,044,917</b>
Finance Cost Paid	1,714,042	(163,373,381)	(140,935,703)
Gratuity Paid	(17,567,326)	(8,051,636)	(21,787,932)
Tax Paid	(5,283,756)	(2,788,422)	-
<b>Net Cash Flow From / (Used In) Operating Activities</b>	<b>(302,836,401)</b>	<b>(272,385,310)</b>	<b>108,321,282</b>
<b>Cash Flows From / (Used In) Investing Activities</b>			
Acquisition Of Property, Plant & Equipment	(1,433,359)	(5,942,149)	(46,277,850)
Proceeds From Disposal Of Property, Plant & Equipment	4,754,290	15,792,804	20,384,242
Withdrawal/(Investment) In Fixed Deposits	(3,726,753)	96,602,513	(68,652,577)
Finance Income Received	6,358,225	165,930,829	3,475,835
<b>Net Cash Flow From / (Used In) Investing Activities</b>	<b>5,952,403</b>	<b>272,383,997</b>	<b>(91,070,351)</b>
<b>Cash Flows From / (Used In) Financing Activities</b>			
Repayment Of Loans & Borrowings	(387,131)	(40,237,542)	(46,917,100)
Proceeds From Borrowings	-	-	50,329,828
Government Grant Received	911,480,000	-	-
Repayment Of Finance Leases	-	-	-
<b>Net Cash Flow From / (Used In) Financing Activities</b>	<b>911,092,869</b>	<b>(40,237,542)</b>	<b>3,412,728</b>
<b>Net Increase / (Decrease) In Cash &amp; Cash Equivalents</b>	<b>614,208,870</b>	<b>(40,238,854)</b>	<b>20,663,659</b>
Cash & Cash Equivalents At The Beginning Of The Year	111,030,426	151,269,281	130,605,622
<b>Cash &amp; Cash Equivalents At The End Of The Year</b>	<b>725,239,296</b>	<b>111,030,426</b>	<b>151,269,281</b>

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The Significant Accounting Policies and Notes on pages 05 to 38 form an integral part of these Financial Statements.



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## CORPORATE INFORMATION

### 1.1 General

State Development & Construction Corporation is incorporated under the Industrial Corporation Act No. 49 of 1957 and domiciled in Sri Lanka. The registered office and the principal place of business of the Corporation are located at No. 07, Borupana Road, Rathmalana. The principal construction activities of the Corporation have been decentralized regionalize Precast Concrete Production & Sales Centers located in Ratmalana, Bopitiya, Weragantota, Lunugamwehera & Madawachchiya.

### 1.2 Comparative Information

The accounting policies adopted are consistent with those used in previous financial year. Certain prior year figures and phrases have been rearranged whenever necessary to conform to the current year presentation.

### 1.3 Principal Business Activities

The principal business activities of the Corporation are construction contracts, manufacturing of precast concrete products for construction requirements and undertaking of contracts for precast concrete products, sale of concrete, products installation and maintenance of traffic light signal systems.

### 1.4 Number of Employees

The number of employees at the end of the year was 459. On 31<sup>st</sup> December 2024 206nos Permanent staff retired through a Voluntary Retirement Scheme (VRS).

### 1.5 Date of Authorization for Issue

The Financial Statements were authorised for issue by the Board of Directors on 20<sup>th</sup> June 2025.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 General Accounting Policies

#### 2.1.1 Basis of Preparation

The Financial Statements of State Development & Construction Corporation comprises Statement of Financial Position, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity, Accounting Policies and Notes to the Financial Statements. These financial statements are prepared in accordance with the Sri Lanka Accounting Standards (SLFRS /LKAS) and Interpretations laid down by the Institute of Chartered Accountants of Sri Lanka.

The effect of the transition to SLFRS/LKAS on previously reported financial positions, financial performances and cash flows of the Corporation is given in the notes to the financial statements.



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

### 2.1.2 Going Concern

Due to the economic crisis faced by the country in early 2022, construction industry was badly affected mostly in the form of contract postponement or cancellation. The significant devaluation of the national currency versus the US dollar had a detrimental impact on the sector since it has created an additional expense.

As a consequence of the financial crisis, the Corporation was adversely impacted and generated a net loss of Rs.2,082 Mn during the year 2023 and Rs. 1,411 Mn. Thereby the accumulated loss of the Corporation has amounted to Rs.6,812 Mn as at 31<sup>st</sup> December 2024 resulting a serious loss of capital of the corporation.

The Board further notes that this loss is mainly due to the following:

- ✓ All SD&CC clients are government, hence, the bills have to be funded through the General Treasury of Sri Lanka. Due to the financial crisis in year 2022, release of funds for the construction work has been curtailed heavily, with the issue of National Budget Circulars 03/2022, 09/2022 and hence, SD&CC's financial situation has deteriorated drastically.
- ✓ Due to this reason 195 rural bridge projects and 34 construction projects, which were awarded to SD&CC are temporally on hold or suspended. In addition, 119 rural bridge projects which were to be awarded to SD&CC was suspended. The total amount of work lost is Rs. 7,855.63 million.

Though the construction industry is slowly reviving in Sri Lanka, it has not reached to a satisfactory level up to now. Projects currently awarded to SD&CC are not sufficient to sustain financially and earn profits. As a result of this, SD&CC has not been able to acquire projects on a competitive basis.

**However, considering the positive developments taken place and the support of the Government, the Board of Directors believe that there is no material uncertainty related to the events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. The financial statements for the year ended 31<sup>st</sup> December 2024, have been prepared on a going concern basis.**

Amidst this, Cabinet paper no 24/1684/608/032-I, a Memorandum dated 2024-08-21 by the Ministry of Transport & Highways on "Amalgamation of SD&CC with Road Development Authority (RDA)" was approved by the Cabinet of Ministers on 2024-09-02. However, no action has been taken for this amalgamation up to now.





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### **2.1.3 Foreign Currency Translation**

All foreign exchange transactions are converted in to Sri Lanka Rupees, which is the reporting currency, at the rate of exchange prevailing at the time the transaction was affected. Monetary assets and liabilities denominated in foreign currencies are translated to Sri Lanka Rupee equivalents using year-end spot foreign exchange rates. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in profit or loss, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation, in which case exchange differences are recognized in other comprehensive income and accumulated in the foreign exchange reserve along with the exchange differences arising on the retranslation of the foreign operation.

### **2.1.4 Related Party Relationships**

The Corporation has a subsidiary relationship with Fujima State Corporation (Pvt.) Ltd, in the past. Consolidated accounts are not prepared and investment in the subsidiary company is recorded at cost due to practical difficulties in preparing consolidated accounts.

### **2.1.5 Taxation**

#### **(a) Current Tax**

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No.10 of 2006 and amendments thereto.

#### **(b) Deferred Tax**

Deferred Tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets & liabilities for the financial reporting purpose and amounts used for tax purpose. Deferred tax is measured at the tax rate that is expected to apply to temporary differences when they are reversed the liability is settled, based on the laws that have been enacted by the reporting date.

Deferred tax assets are recognized to the extent that is probable that future taxable profits will be available against which such timing difference can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that is no longer probable that the related tax benefit will be realized.

Deferred tax is separately calculated for the construction activities and other activities of the Corporation due to different tax rates applicable on those activities.

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



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### **2.1.6 Borrowing Costs**

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

## **2.2 Valuation of Assets& Liabilities and Their Bases of Measurement**

### **2.2.1 Property, Plant and Equipment**

#### **Cost and Valuation**

All items of property, plant and equipment are initially recorded at cost. The cost of property, plant and equipment is the cost of acquisition or construction together with any expenses incurred in bringing the asset to its working condition for its intended use. Subsequent to the initial recognition as an asset at cost, revalued assets are carried at revalued amounts less any subsequent depreciation thereon. All other property, plant and equipment are stated at cost less accumulated depreciation and/or accumulated impairment losses. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

#### **Subsequent Expenditure**

Expenditure incurred to replace a component of an item of property, plant & equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from the originally assessed standard of performance, is recognised as an expense when incurred.

#### **Revaluation**

Where items of property, plant and equipment are subsequently revalued, the entire classes of such assets are revalued at fair value. Revaluations are done with sufficient regularity. When an asset is revalued, any revaluation surplus is recognized in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the statement of comprehensive income, in which case the increase is recognized in the statement of comprehensive income. Any revaluation deficit that offsets a previous surplus in the same asset is directly offset against the surplus in the revaluation reserve and any excess recognized as an expense. Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the asset sold is transferred to retained earnings.



### **Impairment**

The carrying value of property, plant & equipment are reviewed for impairment annually or when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indications exist and where the carrying values exceeds the estimated recoverable amount, the assets are written down to the recoverable amount. Impairment losses are recognized in the statement of comprehensive income unless it reverses a previous revaluation surplus for the same asset.

### **Depreciation**

Provision for depreciation is calculated by using straight-line method on the cost or valuation of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic lives of such assets. The estimated useful lives of assets are as follows:

<b>Type of Asset</b>	<b>Years</b>
Land	Over Prolonged Period
Buildings	Over 20 Years
Office Equipment	Over 10 Years
Plant & Machinery	Over 10 Years
Motor Vehicles	Over 05 Years
Computers & Accessories	Over 10 Years
Other Assets	Over 10 Year

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

### **Derecognition**

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the income statement in the year the asset is derecognized.

## **2.2.2 Leases**

### **a) Finance Leases**

Property, plant and equipment on finance leases, which effectively transfer to the Corporation substantially all the risks and benefits incidental to ownership of the leased items, are capitalized and disclosed as finance leases at their cash price and depreciated over the period the Corporation is expected to benefit from the use of the leased assets. The corresponding principal amount payable to the lessor is shown as a liability. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the outstanding balance of the liability. The interest payable over the period of the lease is transferred to an interest in suspense account. The interest element of the rental obligations pertaining to each financial year is charged to the statement of comprehensive income over the period of lease.



The interest applicable for the year calculated using Internal Rate of Return (IRR) method has been charged to statement of comprehensive income.

The cost of improvements on leasehold property is capitalized if the criteria are met, disclosed as leasehold improvement under property plant and equipment, and depreciated over the estimated useful lives of the improvements.

#### **b) Operating Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term are classified as operating leases.

Rentals paid under operating leases are recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

### **2.2.3 Financial Instruments**

#### **1. Financial Assets**

##### **Initial Recognition and Measurement**

Financial assets within the scope of SLFRS 9 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets, as appropriate and determine the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The financial assets include cash and short-term deposits, trade receivables and other financial assets.

##### **Subsequent Measurement**

The subsequent measurement of financial assets depends on their classification as follows:

#### **a) Financial Assets at Fair Value Through Profit or Loss**

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.



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**b) Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate method (EIR), less impairment loss. Amortised 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 amortisation is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income. Short term receivables are measured at cost.

**Staff Loans**

Staff loans are considered as financial assets under the loans and receivables in the statement of financial position of the Corporation. Staff Loans are measured at fair value using market interest rates that prevailed at the grant date. The difference between the fair value and loan amount is amortized over the term of the loan. Interest income is accrued using market interest rate.

**Trade Receivables**

Trade receivables of the corporation includes construction debtors, retentions, liquidated damage receivables and concrete yard debtors which fall under the category of 'Loans and Receivables' under SLFRS 15 are recorded at the transaction price, which is the amount of consideration given or received. Impairment provision on debtors is calculated at the end of each reporting period based on the past cash settlement patterns of the debtors and default probability ratio, impairment loss/(reverse) recognized in statement of comprehensive income.

**Held-To-Maturity Investments**

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Corporation has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the Effective Interest Rate method less impairment. Gains and losses are recognised in the statement of comprehensive income when the held-to-maturity investments are derecognised or impaired.

**c) Available-For-Sale Financial Investments**

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised initially in other comprehensive income and accumulated under available for sale reserve in equity,



except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest rate method are recognised in the statement of comprehensive income. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the statement of comprehensive income when the financial asset is derecognised.

### **Derecognition**

The Corporation derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Corporation is recognised as a separate asset or liability.

### **Impairment of Financial Assets**

The Corporation assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. The impairment loss is identified in the statement of comprehensive income.

## **2. Financial Liabilities**

### **Initial Recognition and Measurement**

Financial liabilities within the scope of SLFRS 9 are recognised when, and only when, the Corporation becomes a party to the contractual provisions of the financial instrument.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, and other financial liabilities carried at amortised cost. This includes directly attributable transaction costs.

Financial liabilities of the Corporation include trade and other payables, loans & borrowings, bank overdrafts.

### **Subsequent Measurement**

The measurement of financial liabilities depends on their classification as follows;

#### **Financial Liabilities at Fair Value through Profit or Loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term and gains or losses are recognised in the statement of comprehensive income.



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### **Loans and Borrowings and Other Financial Liabilities**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortisation process. Amortised 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 amortisation is included in finance costs in the statement of comprehensive income.

Short term liabilities of the Corporation such as trade and other payables, advances & deposits and accruals are measured at cost.

### **Derecognition**

A 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

### **3. Fair Value of Financial Instruments**

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

#### **2.2.4 Impairment of Assets**

At each reporting date property plant & equipment, other assets and investments are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in statement of comprehensive income. Similarly, at each reporting date inventories are assessed for impairment by comparing the carrying amount of each item of inventory with its selling price less costs to complete and sell. If an item of inventory is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in statement of comprehensive income.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior



years. A reversal of an impairment loss is recognised immediately in statement of comprehensive income

## 2.2.5 Investments

### a) Current Investments

Current investments are stated at cost, it includes cost of acquisition, brokerages fees, duties and bank fees.

Unrealized gains and losses on current investments carried at market value i.e. reduction to market value and reversals of such reductions required to reflect current investments at the lower of cost and market value, are credited or charged to statement of comprehensive income.

### b) Associate Company Investments

Investments in associate companies are accounted for on the equity method, whereby the share of profit of the associates attributable to the company is accounted for as income and the value of the investment (which was initially recognized at cost) adjusted by a like amount.

## 2.2.6 Inventories

Corporation recognized inventory once significant risks and rewards of ownership on goods obtained by the entity. Inventories are valued at lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of the business, less the estimated selling expenses. The cost of inventory is based on the specific identification basis and includes expenditures incurred in acquiring inventories and bringing them to their existing location and condition.

Raw Materials	- At actual cost on first-in first-out basis.
Finished Goods -Concrete Products	- At actual cost
Work-in-progress	- At the cost of direct materials, direct labours and an appropriate proportion of fixed production overheads based on normal operating capacity.
Consumables & Spares	- At actual cost on First in First out basis

## 2.2.7 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short





maturity, i.e. three months or less from the date of acquisition are also treated as cash equivalents.

#### **2.2.8 Recognition of Due from Customer and Due to Customer**

The gross amount due from customers for contract work is the net amount of;

- a) Costs incurred plus recognized profit: less
- b) The sum of recognized losses and progress billings

For all contracts in progress for which costs incurred plus recognized profits (less recognized losses) exceed progress billings.

The gross amount due from customers for contract work is the net amount of;

- a) Costs incurred plus recognized profit: less
- b) The sum of recognized losses and progress billings

For all contracts in progress for which progress billings exceed costs incurred plus recognized profit.

#### **2.2.9 Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote. Contingent assets are disclosed, where inflow of economic benefit is probable.

#### **2.3 Liabilities and Provisions**

Liabilities are recognized in the statement of financial position when there is a present obligation arising from a past event, the settlement of which is expected to result in an outflow of resources embodying economic benefits. Obligations payable at the demand of the creditor or within one year of the reporting date are treated as current liabilities in the statement of financial position. Liabilities payable after one year from the reporting date are treated as non-current liabilities in the statement of financial position.

A provision is recognized in the statement of financial position when the Corporation has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits for which a reliable estimate could be made is required to settle the obligation.



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### 2.3.1 Retirement Benefit Obligations

#### a) Defined Benefit Plan – Gratuity

Gratuity is a Defined Benefit Plan. The Corporation is liable to pay gratuity in terms of the relevant statute. In order to meet this liability, a provision is carried forward in the statement of financial position, equivalent to an amount calculated using formula method prescribed in LKAS 19.

#### b) Defined Contribution Plan - Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulation.

## 2.4. Revenue

### 2.4.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Corporation, the revenue and associated costs incurred or to be incurred can be reliably measured and after transferring significant risks and rewards of ownership of the services provided or goods have been transferred to the customers and there is no effective control over the output. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

#### a) Construction Revenue

The revenue from construction contract is recognized on a percentage completion method as per SLFRS 15.

The stage of completion of a contract has been determined by the proportion of the contract costs incurred for the work performed to date bear the estimated total contract costs.

#### b) Sale of Goods

Revenue from sale of goods are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer with the Corporation retaining neither a continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

#### c) Interest

Interest income is recognized on a time apportioned basis.

#### d) Rental and Other Income

Rental income is recognized on accrual basis.

#### e) Gains & Losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non-current assets, including investments, are accounted for in the statement of comprehensive income, after deducting from the proceeds on disposal, the



carrying amount of such assets and the related selling expenses. Gains and losses are arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis. Any losses arising from guaranteed rentals are accounted for in the year of incurring the same. A provision is recognized if the best estimate indicates a loss.

## **2.5 Expenditure Recognition**

Expenses are recognized in the statement of comprehensive income on the basis of a direct association between the costs incurred and the earnings of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency have been charged to the statement of comprehensive income. For the purpose of presentation of the statement of comprehensive income, the “function of expenses” method has been adopted, on the basis that it presents fairly the elements of the Corporation’s performance.

## **2.6 Comparatives**

Where necessary, comparative figures have been adjusted to conform with the changes in presentation in the current year.

## **2.7 Events Occurring After the Reporting Date**

All material events after reporting date have been considered, disclosed and adjusted where appropriate.

## **2.8 Segment Information**

The Corporation identifies its segments based on the criteria, given in the SLFRS 8 and relevant disclosures are made in the financial statement notes. Construction, Concrete Yard and Mechanical & Others are segments identified by the Corporation.

## **2.9 Government Grant**

Government Grants including non-monetary grants at fair value shall not be recognized until there is reasonable assurance that:

- (a) The entity will comply with the conditions attached to them &
- (a) The grants will be received

Grants are recognised as Deferred Income and is recognised in profit or loss on a systematic basis over the useful life of the asset.

## **2.10 Treasury Funds for Equity contribution**

Equity contribution given by the General Treasury for the Compensation and Gratuity payment of employees who retired through the Voluntary Retirement Scheme (VRS) of Rs. 683 Mn, unpaid EPF with Surcharge of Rs. 111 Mn and Salary payment during October – December 2024 of Rs. 117.48 Mn.

**STATE DEVELOPMENT & CONSTRUCTION CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER**

		<b>2024</b>	<b>2023</b>
	Note		Restated
<b>NOTE 01 - REVENUE</b>			
Construction Income		70,412,666	(298,608,357)
External Sales - Concrete Yards		105,930,642	197,145,186
Internal Sales - Concrete Yards		4,121,050	71,149,795
Traffic Light Systems & Work Services		230,677,279	248,928,647
Vehicle Maintenance & Service by Work Shop		19,145,418	-
<b>Total</b>		<b>430,287,055</b>	<b>218,615,272</b>

**NOTE 02 - COST OF SALES**

**Operating Expenses**

Employee Benefits	04.01	395,418,787	374,925,033
Cement		15,528,306	25,205,165
Sand		4,441,928	6,921,500
Metal		13,376,083	12,408,268
Steel		80,103,560	51,050,794
Timber		4,727,308	2,924,181
Fuel & Lubricants		43,404,642	56,370,886
Explosive & Blasting Materials		-	4,045
Ready Mix Concrete		27,837,713	25,402,241
Concrete Products		6,495,762	71,789,293
Machinery & Vehicle Spare Parts		13,907,521	11,964,290
Stationery Consumption		1,092,701	1,107,372
Tar Consumption		1,484,640	2,387,828
Electrical Spare Parts Consumption		61,518,699	52,495,496
Pipes & Drainages Items Consumption		1,163,394	1,671,879
Other Stocks		61,549,586	54,998,499
Earth Gravel		1,811,950	2,908,900
Works Services		206,210	59,525
Capital Item Expenditure - RDA		-	373,852
Legal Charges		-	17,250
Hire Charges		9,720,420	24,542,422
Transport Charges (Material)		102,497	581,720
Transport Charges (Others)		168,605	459,795
Storage Charges		3,000	8,500
Vehicle Insurance		519,571	1,030,752
Depreciation On Plant, Machinery & Equipment		54,295,219	54,457,393
Depreciation On Motor Vehicles		23,369,415	22,882,108
Depreciation On Computers, Accessories & Software		1,193,474	1,509,277
Repairs & Maintenance -Plant, Machinery & Equipment		504,905	523,490
Repairs & Maintenance - Vehicles (Work Shop)		3,101,903	2,619,482
Repairs & Maintenance -Plant, Machinery & Equipment (Transport)		-	-
Repairs & Maintenance -Plant, Machinery & Equipment (Other)		4,230,162	3,056,668
Registration & Licence Fees		660,161	843,494
Sub Contracts		94,744,993	156,207,741
Liquidation Damages		4,325,715	1,427,255
Assignments		11,582,567	16,356,737
Charges For Bonds		9,779,992	10,699,099
Claimed Bond Charges		6,898,212	-
Telephone - Sites		818,788	1,531,994
Postage & Telex - Sites		77,475	114,628

**STATE DEVELOPMENT & CONSTRUCTION CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER**

	2024	2023
(All amounts are in Sri Lanka Rupees)		Restated
Note		
Printing & Stationery - Sites	312,374	505,114
Travelling - Sites	6,445,735	5,530,815
Entertainment	764,093	675,005
Stamp Fees - Sites	3,210	4,359
Rent - Sites	7,230,620	11,363,016
Electricity - Sites	9,180,734	12,109,913
Computer	80,510	4,500
Water - Sites	3,342,645	1,866,784
Tender Fees -Sites	152,164	161,564
Security Expenses - Sites	-	261,000
Welfare & Recreation - Sites	23,826	314,775
Liquidation Damages - Construction	-	7,165
Insurance All Risk Policy - Sites	42,800	953,344
Newspapers & Periodicals - Sites	37,940	40,075
Sundry Expenses- Sites	1,404,814	2,597,247
Consultancy & Professional Fees	235,395	446,815
Building Repairs -Sites	434,365	-
Service Charges - Sites	1,459,911	3,575,368
Testing Charges -Sites	1,352,601	1,303,951
Advertisements	-	-
Repairs & Maintenance - Office Equipment	108,600	24,500
Rates & Taxes	860,383	2,417,770
Impairment provision for Slow & Non Moving Stock	(973,911)	(912,193)
Personal Accident Insurance	40,973	32,144
<b>Sub Total</b>	<b>992,705,645</b>	<b>1,097,121,883</b>
Add - Opening Stock	192,942,766	289,328,427
Less - Closing Stock	(209,199,562)	(192,942,766)
<b>Cost Of Sales</b>	<b>976,448,849</b>	<b>1,193,507,544</b>

**NOTE 03 - OTHER INCOME**

Transport Hire Charges	14,937,160	31,650,608
Machinery Hire Charges	-	364,900
Deferred Income	34,095,500	35,101,760
Consultancy Fee	4,617,590	5,462,386
Sundry Income	14,118,473	32,860,209
Income from Knowledge Enhancing Programmes	-	11,739
Government Grant Received For Salaries	-	-
Insurance Income	587,089	289,900
Income On Rent	28,842,250	13,500
Training Income	7,200	1,473,000
Foreign Exchange Gain/ (Loss)	-	(17,285,112)
Profit On Disposal Of Property, Plant & Equipment	1,166,278	15,863,459
<b>Total</b>	<b>98,371,541</b>	<b>105,806,349</b>

**STATE DEVELOPMENT & CONSTRUCTION CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER**

		<b>2024</b>	<b>2023</b>
	Note		Restated
<b>NOTE 04 - ADMINISTRATIVE EXPENSES</b>			
Employee Benefits	04.01	107,679,221	147,770,871
Telephone		1,098,045	1,615,664
Postage & Telex		135,258	78,510
Printing & Stationery		445,535	4,182
Travelling & Subsistence		431,038	458,219
Entertainment		632,266	603,390
Advertising		546,093	136,080
Legal Charges		417,089	785,001
Audit Fees		789,537	900,000
Rate & Taxes		582,669	177,888
Electricity		988,828	901,435
Computer Expenses		180,719	243,808
Rental - GPS Tracking		-	-
Establishment Expenses		-	2,300
Depreciation - Land & Buildings		7,889,594	7,612,859
Depreciation - Furniture & Fixture, Office & Welfare		6,832,539	9,426,049
Depreciation - Computer Accessories & Software		795,649	1,012,708
Depreciation - Other Assets		10,152,917	14,176,496
Water		353,260	1,106,383
Non Refundable Tender Fees		-	209,000
Service Charges		63,450	251,820
Sundry Expenses		2,852,227	4,735,445
Consultancy & Professional Fees		192,075	-
Welfare & Recreation Expenses		-	151,250
Repairs & Maintenance - Land & Buildings		64,837	1,258,647
Repairs & Maintenance - Furniture & Fixtures		99,450	-
Repairs & Maintenance - Other Assets		43,150	142,862
Insurance Contractors All Risk Policy		-	8,000
Newspapers & Periodicals		5,440	185,420
Steel Consumption		-	-
Timber Consumption		-	-
Fuel Consumption		2,847,206	4,368,312
Stationery		1,727,995	2,765,093
Electrical Items Consumption		242,740	214,081
Water Supply Items		66,939	47,118
Other Stocks Consumption		1,667,041	2,279,725
Sub Contract Labour		2,935,217	4,094,766
Repairs - Light Vehicles		271,166	108,250
Fixed Assets Revaluation Charges		-	246,600
Bond Charges - Head Office		-	96,154
Assignment - Head Office		933,279	1,184,016
Training & Development - Head Office		3,000	70,466
Revaluation Loss		-	-
Donation		10,000	-
<b>Total</b>		<b>153,975,469</b>	<b>209,428,866</b>

STATE DEVELOPMENT & CONSTRUCTION CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER

(All amounts are in Sri Lanka Rupees)

	Note	2024	2023 Restated
<b>NOTE 04 . 01 - EMPLOYEE BENEFIT EXPENSES</b>			
<b><u>Operating Expenses</u></b>			
Salaries & Wages -Permanent		249,750,676	217,893,718
Overtimes -Permanent		26,053,762	27,166,399
Employees' Provident Fund - Permanent Staff		22,722,327	20,012,647
Employees' Trust Fund -Permanent Staff		5,680,582	5,003,162
Salaries & Wages -Casual Staff		25,059,276	1,436,455
Overtime -Casual staff		-	117,136
Employees' Provident Fund -Casual Staff		2,198,760	131,061
Employees' Trust Fund -Casual Staff		549,690	32,765
Sub Contract Labour		48,002,313	43,310,721
Salaries Training		-	-
Workmen Compensation		3,897,736	4,755,710
Encashment Of Leave		-	308,992
Bonus Payment		-	-
Incentive Payments		132,715	194,511
Professional Subscription		6,292	31,872
Salaries - Contract		9,981,711	47,940,576
Overtime - Contract		290,716	1,211,650
Employees' Provident Fund - Contract		873,784	4,302,127
Employees' Trust Fund - Contract		218,446	1,075,532
<b>Sub Total</b>		<b>395,418,787</b>	<b>374,925,033</b>
<b><u>Administrative Expenses</u></b>			
Defined Benefit Pension Cost	17.01	6,768,979	9,232,283
Directors Fees	21.02	406,400	479,850
Chairman's Remuneration	21.02	900,000	1,200,000
Salaries & Wages		83,320,898	78,362,415
Overtime		5,641,355	6,753,793
Employees' Provident Fund		7,986,377	7,440,867
Employees' Trust Fund		1,978,469	1,858,458
EPF Surcharges		162,750	42,343,205
ETF Surcharges		117,247	-
Professional Subscription		296,746	-
Gratuity Surcharges		-	-
Death Donation		100,000	100,000
Bonus Payment		-	-
<b>Sub Total</b>		<b>107,679,221</b>	<b>147,770,871</b>
<b>Total Employee Benefit Expenses</b>		<b>503,098,008</b>	<b>522,695,904</b>

STATE DEVELOPMENT & CONSTRUCTION CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER

	2024	2023
(All amounts are in Sri Lanka Rupees)		Restated
<b>NOTE 05 - OTHER EXPENSES</b>		
Impairment Loss On Trade Receivables	84,150,083	758,804,008
VAT Penelty	66,235,378	161,626,428
SSCL Penelty Charges	298,685	-
SSCL Expenditure	3,543,360	12,918,647
Compensation on VRS	447,788,302	-
Bank Charges	1,916,580	2,278,226
<b>Total</b>	<b>603,932,387</b>	<b>935,627,307</b>
<b>NOTE 06 - FINANCIAL INCOME &amp; FINANCIAL EXPENSES</b>		
<b><u>Financial Income</u></b>		
Interest Income On Treasury Bonds	-	143,183,051
Interest Income On Available-For-Sale Financial Assets	2,693,191	2,364,911
Interest Income On Held - To - Maturity Investments	3,047,041	8,860,464
Interest Income On Loans & Receivables	682,958	357,576
<b>Total Finance Income Recognized In Profit Or Loss</b>	<b>6,423,190</b>	<b>154,766,003</b>
<b><u>Financial Expenses</u></b>		
Interest On Bank Overdrafts	9,474,689	22,823,699
Interest Expense on Financial Liabilities Measured At Amortized Cost	202,256,331	359,295,447
Other Financial Expenses	-	4,733,344
<b>Total Financial Expenses Recognized In Profit Or Loss</b>	<b>211,731,020</b>	<b>386,852,490</b>
<b>NOTE 07 - TAX EXPENSES</b>		
<b><u>Current Tax Expense</u></b>		
Current Tax On Profits For The Year		
Adjustment For Under Provision In Prior Periods		
<b>Total Current Tax</b>	-	-
<b><u>Deferred Tax Expense</u></b>		
Change In Recognized Taxable Temporary Differences	-	(163,388,607)
Change In Recognized Deductible Temporary Differences	-	-
<b>Total Tax Expenses On Continuing Operations</b>	<b>-</b>	<b>(163,388,607)</b>

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**STATE DEVELOPMENT & CONSTRUCTION CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT 31<sup>ST</sup> DECEMBER 2024**

*(All amounts are in Sri Lanka Rupees)*

**NOTE 08 - PROPERTY, PLANT AND EQUIPMENT**

**Cost or Valuation**

Description	Note	Land	Buildings	Office Equipment	Computers, Accessories & Software	Plant & Machineries	Motor Vehicles	Other Assets	Total
Balance as at 1 <sup>st</sup> January 2023		654,812,513	152,257,174	42,238,778	17,479,850	618,443,845	283,370,000	107,909,239	1,876,511,399
Additions				486,349	61,100		11,200,000	1,194,700	12,942,149
Disposals				(7,000)		(380,000)			(387,000)
Adjustment				(79,583)				(9,072,481)	(9,152,064)
Balance as at 31 <sup>st</sup> December 2023		654,812,513	152,257,174	42,638,544	17,540,950	618,063,845	294,570,000	100,031,458	1,879,914,484
Additions			5,534,712	412,188	120,000	36,764	-	864,407	6,968,072
Disposals			-	(42,000)	-	(4,830,000)	(650,000)	-	(5,522,000)
Adjustment			-	-	(102,000)	-	-	-	(102,000)
Balance as at 31 <sup>st</sup> December 2024		654,812,513	157,791,886	43,008,732	17,558,950	613,270,609	293,920,000	100,895,865	1,881,258,556

812,701,851.38

**Accumulated Depreciation**

Description	Note	Land	Buildings	Office Equipment	Computers, Accessories & Software	Plant & Machineries	Motor Vehicles	Other Assets	Total
Balance as at 1 <sup>st</sup> January 2023			105,500,987	9,378,091	2,505,009	54,450,001	22,682,128	13,797,439	208,313,655
Depreciation charge for the year			7,612,859	9,426,049	2,521,985	54,457,393	22,882,108	14,176,496	111,076,890
Disposals						(82,369)			(82,369)
Adjustment				(16,066)				(6,840)	(22,906)
Balance as at 31 <sup>st</sup> December 2023		-	113,113,846	18,788,074	5,026,994	108,825,025	45,564,236	27,967,095	319,285,270
Depreciation charge for the year			7,889,595	6,832,539	1,989,123	54,295,219	23,369,415	10,152,917	104,528,807
Disposals			-	(19,366)	-	(1,818,644)	(160,451)	-	(1,998,462)
Adjustment			-	-	(37,525)	-	-	-	(37,525)
Balance as at 31 <sup>st</sup> December 2024		-	121,003,441	25,601,246	6,978,592	161,301,599	68,773,200	38,120,012	421,778,090

Description	Note	Land	Buildings	Office Equipment	Computers, Accessories & Software	Plant & Machineries	Motor Vehicles	Other Assets	Total
Balance as at 31 <sup>st</sup> December 2023		654,812,513	39,143,328	23,850,470	12,513,956	509,238,820	249,005,764	72,064,363	1,560,629,214
Balance as at 31 <sup>st</sup> December 2024		654,812,513	36,788,446	17,407,486	10,580,358	451,969,010	225,146,800	62,775,854	1,459,480,466

(Contd...)

**STATE DEVELOPMENT & CONSTRUCTION CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31<sup>ST</sup> DECEMBER 2024**

*(All amounts are in Sri Lanka Rupees)*

**NOTE 08.01 - CAPITAL WORKING PROGRESS**

Description	CONSTRUCTION OF MOULD HOUSE 812	TOTAL
<b>Cost</b>		
Balance As at 1 <sup>st</sup> January 2024	97,452	97,452
Additions	-	-
Transfers to Building	-	-
Transferred to Building Maintainance	-	-
<b>Total</b>	<b>97,452</b>	<b>97,452</b>
<b>Accumulated Depreciation</b>		
Depreciation 1st January 2024	-	-
Depreciation charge for the year	-	-
Depreciation for Transfers	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Balance As at 31<sup>st</sup> December 2024</b>	<b>97,452</b>	<b>97,452</b>

Carrying Amounts	Capital Work in Progress	Land	Buildings	Office Equipment	Computers, Accessories & Software	Plant & Machineries	Motor Vehicles	Other Assets	Total
At 31 <sup>st</sup> December 2023	6,075,567	654,812,513	39,143,328	23,850,470	12,513,956	509,238,820	249,005,764	72,064,363	1,566,704,781
At 31 <sup>st</sup> December 2024	97,452	654,812,513	36,788,446	17,407,486	10,580,358	451,969,010	225,146,800	62,775,854	1,459,577,918

**STATE DEVELOPMENT & CONSTRUCTION CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT 31<sup>ST</sup> DECEMBER 2024**

*(All amounts are in Sri Lanka Rupees)*

**NOTE 8.02 - REVALUATION OF LANDS AND BUILDINGS**

The Land & Buildings at No. 07, Hector Kobekaduwa Mawatha, Colombo 07 were revalued for Rs. 317.54 Mn and Rs. 37.99 Mn respectively based on the valuation method of Contractor's Principal on 28.03.2005 by an Incorporated Valuer. The effect of this revaluation has been incorporated in to the accounts as at 31.12.2005.

**New Values of Land & Buildings as at 19.05.2025.**

Location	Year of Valuation	Valuation Amount (Rs. Mn)	Extent	Expected Market Value (Rs. Mn)	Remarks
Ratmalana Complex	2004	308.13	1679.3p	9,236	Valuation is based on market rate for year 2024 *
Gregory Avenue	2005	317.54	140.12p	3,222	
Bopitiya Yard	2004	9.64	1600.0p	1,360	
Peliyagoda	2018	19.5	79.27p	277	
<b>Total</b>		<b>654.91</b>		<b>14,095</b>	

\* Values are approximately and valuation to be done through Government Valuer.

**NOTE 8.03 - REVALUATION OF MOTOR VEHICLE**

Values of Office Equipment, Plant & Machinery, Motor Vehicles, Computer Accessories & Software and Other Assets were revalued at Rs. 41,099,500, Rs. 601,549,000 , Rs. 282,575,000 , Rs. 16,889,000 and Rs. 86,114,000 respectively as at 01.01.2022.

**NOTE 8.04 - FIXED ASSETS NOT INCLUDED IN THE ACCOUNTS**

The following properties have not been taken into the books of accounts as at 31<sup>st</sup> December 2024, since SD&CC does not have the ownership of the properties.

Location		Land Area	Buildings	Value (Rs.)
Weragantota		4 Acres & 8 perches	8	11,850,463
Peradeniya	Block 01	89.5 perches	2	
Peradeniya	Block 02	12.7 perches	1	13,990,875
Medawachchiya		1 Acre & 32perches	8	11,024,473
Polwatta - Ratmalana		113.5 perches	1	29,000,000
Lunugamwehera		5 Acres	2	2,674,988
Kalahagala		2 Acres	-	-
Medawachchiya		1 Acre & 112 perches	3	1,100,000
Weeravila		132.2 perches	-	-
<b>Total</b>				<b>69,640,799</b>

Peliyagoda land has been taken for Colombo - Katunayaka Expressway "Golden Gate Kalani Bridge" at Peliyagoda.

**STATE DEVELOPMENT & CONSTRUCTION CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT 31ST DECEMBER**

*(All amounts are in Sri Lanka Rupees)*

	Note	2024	2023 Restated	2022 Restated
<b>NOTE 9 - INVESTMENTS IN GOVERNMENT OWNED COMPANIES</b>				
Devcoshowa (Pvt) Ltd	20	9,210,740.00	9,210,740	9,210,740
<b>Sub Total</b>		9,210,740	9,210,740	9,210,740
Provision For Investments		(9,210,740)	(9,210,740)	(9,210,740)
<b>Total</b>		-	-	-
<b>NOTE 10 - OTHER INVESTMENTS</b>				
<b><u>Non - Current Investments</u></b>				
		-	-	-
<b>Total</b>		-	-	-
<b><u>Current Investments</u></b>				
Fixed Deposits		5,776,817	2,050,064	98,652,577
<b>Total</b>		5,776,817	2,050,064	98,652,577
<b>Total Investment</b>		5,776,817	2,050,064	98,652,577
<b>NOTE 11 - DEFERRED TAX ASSETS &amp; LIABILITIES</b>				
At The Beginning Of The Year		-	(163,388,607)	(25,032,718)
Transfer To / (From) Income Statements		-	163,388,607	(138,355,889)
<b>At The End Of The Year</b>		-	-	<b>(163,388,607)</b>
<b>NOTE 11.01 - DEFERRED TAX LIABILITIES</b>				
Capital Allowances For Tax Purpose		-	-	267,001,501
Retirement Benefit Obligation		-	-	-
<b>Total</b>		-	-	<b>267,001,501</b>
<b>NOTE 11.02 - DEFERRED TAX ASSETS</b>				
Capital Allowances For Tax Purpose		-	-	103,612,894
Retirement Benefit Obligation		-	-	-
<b>Total</b>		-	-	<b>103,612,894</b>
<b>Net Tax Assets / (Liabilities)</b>		-	-	<b>(163,388,607)</b>

SD&CC determines that there will be no future taxable profit to recover the Deferred Tax Asset / (Deferred Tax Liability), hence deferred tax asset/ (liability) is not recognized, due to their non recoverability, which has arisen as a result of expected future taxable losses.

**STATE DEVELOPMENT & CONSTRUCTION CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT 31ST DECEMBER**

*(All amounts are in Sri Lanka Rupees)*

	<b>2024</b>	<b>2023</b>	<b>2022</b>
	Note	Restated	Restated
<b>NOTE 12 - INVENTORIES</b>			
Cement	785,291	1,049,333	3,081,591
Sand	590,786	1,817,248	1,451,394
Metal	3,318,634	13,600,812	16,221,567
Steel	50,524,981	87,691,294	128,824,131
Timber	1,335,526	4,244,805	5,482,359
Fuel & Lubricants	1,118,033	3,106,090	2,953,256
Explosive & Blasting Materials	221,795	221,795	233,339
Concrete Items	11,097,766	13,376,116	16,120,152
Vehicle Spare Parts	10,796,731	15,534,483	13,881,691
Stationery	1,666,697	1,824,886	2,001,047
Tar	1,984,915	3,916,376	4,416,140
Electrical Goods	20,936,749	26,698,675	31,163,453
Pipes & Drainage Items	2,265,095	3,602,674	4,229,646
Other Stock Items	139,955,979	153,689,288	143,212,914
Earth Gravel Stock	1,044,000	2,262,399	3,724,449
Fabrication	653,500	1,630,100	1,630,100
Finished Goods - Concrete Items	202,699,834	188,404,084	278,113,510
Finished Goods - Metal Products	6,499,728	4,389,709	11,065,944
Steel RDA	615	-	552,461
Stock Adjustments	58,247,704	68,744,494	11,740,011
	<b>515,744,358</b>	<b>595,804,661</b>	<b>680,099,156</b>
Provision for Slow & Non Moving stock	(2,376,451)	(3,350,362)	(4,262,555)
<b>Total</b>	<b>513,367,907</b>	<b>592,454,299</b>	<b>675,836,601</b>

**NOTE 13 - INCOME TAX ASSETS & LIABILITIES**

**NOTE 13.01 - INCOME TAX ASSETS**

With Holding Tax On Projects	128,336,127	128,336,127.28	128,336,127
With Holding Tax On Interest	8,483,798	8,200,041.97	7,080,674
With Holding Tax On Rent	3,121,911	3,121,910.88	3,121,911
<b>Total</b>	<b>139,941,837</b>	<b>139,658,080.13</b>	<b>138,538,712</b>
Provision for WHT	(139,941,837)	(139,658,080)	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>138,538,712</b>

**NOTE 13.02 - INCOME TAX LIABILITIES**

Provision For Tax	11,209,644	16,209,644	17,878,698
<b>Total</b>	<b>11,209,644</b>	<b>16,209,644</b>	<b>17,878,698</b>

**STATE DEVELOPMENT & CONSTRUCTION CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT 31ST DECEMBER**

*(All amounts are in Sri Lanka Rupees)*

	Note	2024	2023 Restated	2022 Restated
<b>NOTE 14 - TRADE &amp; OTHER RECEIVABLES</b>				
Trade Debtors	14.01	643,839,212	848,378,172	2,588,062,420
Retention	14.02	360,076,469	461,499,927	548,160,657
Sundry Debtors	14.03	32,103,069	31,211,388	16,252,297
Loans & Advances	14.04	652,635	2,505,745	2,132,419
Advances On Purchases & Sub Contracts	14.05	22,429,419	24,541,616	218,429,116
Other Advances & Deposits	14.06	17,668,013	24,217,153	26,653,359
<b>Total</b>		<b>1,076,768,816</b>	<b>1,392,354,001</b>	<b>3,399,690,268</b>

**Non Current Trade & Other Receivables**

Current Trade & Other Receivables		1,076,768,816	1,392,354,001	3,399,690,268
<b>Total</b>		<b>1,076,768,816</b>	<b>1,392,354,001</b>	<b>3,399,690,268</b>

**NOTE 14.01 - TRADE DEBTORS**

Construction Debtors		93,790,720	141,085,437	489,000,342
Concrete Yard Debtors		63,838,861	69,341,348	52,635,175
Traffic Light System Debtors		95,772,318	88,988,211	34,884,101
Asphalt Debtors		54,600.00	54,600	1,622,511
Provision for Doubtful Debtors	23	(72,477,461.54)	(59,815,047)	(97,062,624)
Due From Customers		1,026,563,264.56	1,167,538,886	2,100,741,098
Provision for Due From Customers	23	(577,439,100.08)	(572,581,372)	(7,470,670)
Trade Creditors - Debit balances		13,736,010	13,766,110	13,712,487
<b>Total</b>		<b>643,839,212</b>	<b>848,378,172</b>	<b>2,588,062,420</b>

**NOTE 14.02 - RETENTION**

Retention - Construction		574,128,774	644,309,109	643,090,355
Provision for Retention - Construction	23	(297,296,098)	(234,517,679)	(171,357,072)
Liquidated Damages Receivables		264,262,681	227,897,971	224,491,761
Provision for Liquidated Damages Receivables	23	(181,018,888)	(176,189,474)	(148,064,387)
<b>Total</b>		<b>360,076,469</b>	<b>461,499,927</b>	<b>548,160,657</b>

**NOTE 14.03 - SUNDRY DEBTORS**

Security Deposits Of Employees		978,856	967,185	925,434
Salaries & Wages Control Account		-	-	-
Interest Receivable		88,618	23,653	11,188,478
Rent Receivable		4,245,500	4,245,500	4,295,500
Sundry Debtors		393,520	433,520	351,521
Sundry Creditors - Debit balances		31,108,991	29,152,139	2,058,023
Provision For Sundry Debtors	23	(4,712,416)	(3,610,610)	(2,566,659)
Ready Mixed Debtors (Devcoshowa)	20	25,313,897	30,602,842	34,802,842
Provision For Ready Mixed Debtors	23	(25,313,897)	(30,602,842)	(34,802,842)
<b>Total</b>		<b>32,103,069</b>	<b>31,211,388</b>	<b>16,252,297</b>

**STATE DEVELOPMENT & CONSTRUCTION CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT 31ST DECEMBER**

*(All amounts are in Sri Lanka Rupees)*

		<b>2024</b>	<b>2023</b>	<b>2022</b>
	Note		Restated	Restated
<b>NOTE 14.04 - LOANS AND ADVANCES</b>				
Prepaid Cost On Distress Loans		-	-	-
Salaries & Wages Advances		83,200	482,469	605,664
Festival Advances		-	91,250	118,000
Travelling Advances		420,181	512,031	313,735
Distress Loans		2,649,997	5,947,189	4,361,321
Bicycle Loan		-	-	-
Special Advance		100,000	-	330,000
Salary Advance - Casual Employees		(10,000)	-	-
Salary Advances - Contract Employees		69,014	69,014	49,014
Medical Insurance		(1,381,876)	(3,376,242)	(2,537,120)
Provision For Loans & Advances	23	(1,277,880)	(1,219,965)	(1,108,194)
<b>Total</b>		<b>652,635</b>	<b>2,505,745</b>	<b>2,132,419</b>

**NOTE 14.05 - ADVANCES ON PURCHASES & SUB CONTRACTS**

Letter Of Credit Margin Account		11,289,519	11,289,519	11,289,519
Purchase Advances - Head Office		561,202	240,317	1,043,265
Purchase Advances - Sites		23,590,197	21,652,757	183,997,651
Purchase Advances - Construction		-	-	3,802,323
Purchase Advances - Concrete Yard		7,040,351	9,224,652	10,565,361
Sundry Advances		12,813,656	12,816,958	16,841,287
MPCS Polonnaruwa		-	-	-
Service Advance		-	-	76,806
Purchase Advances - Peliyagoda (CE)		2,170,000	2,170,000	21,484,694
Sub Contract Advances		15,299,042	15,299,042	15,299,042
Advances Control Account		-	-	-
Provision For Advances on Purchase & Sub Contract	23	(50,334,547)	(48,151,628)	(45,970,831)
<b>Total</b>		<b>22,429,419</b>	<b>24,541,616</b>	<b>218,429,116</b>

**NOTE 14.06 - OTHER ADVANCES AND DEPOSITS**

Tender Deposits (Refundable)		199,875	199,875	199,875
Other Deposit		2,484,958	2,484,958	2,484,958
Fuel Deposit -Amithirigala 992		2,350,000	2,400,000	2,400,000
Telephone Deposits		8,000	8,000	8,000
Electricity Board Deposits		2,876,640	3,031,290	3,131,750
Deposit-Construction Project		240,000	240,000	240,000
Water Deposit		870,554	725,661	740,661
Deposit - Land - UDA		70,000	70,000	70,000
House Rent Deposit		762,400	802,400	928,000
Fuel Deposit - Weeragantota		90,000	90,000	90,000
Fuel Deposit - Rattanapitiya		-	-	-
Fuel Deposit - Head Office - Transport		300,100	300,100	300,100
Fuel Deposit - CME		415,000	415,000	415,000
Fuel Deposit - Katugastota WP -		4,421	4,421	4,421
Fuel Deposit Control A/C		5,884,010	11,648,739	13,067,868
Fuel Deposit - Mawanella Aranayake Road		400,000	400,000	400,000
Fuel Deposit - Kegalle -Rambukkana Road		300,000	300,000	300,000
Fuel Deposit - Negombo General Hospital		300,000	300,000	300,000
Fuel Deposit - Sengaloya		300,000	300,000	300,000
Fuel Deposit - Pannegamuwa Weekly fair		50,000	50,000	50,000
Fuel Deposit - Yatiyantota Deraniyagala Road		1,300,000	1,300,000	1,300,000
Fuel Deposit - Medawachchiya		150,000	150,000	150,000

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(All amounts are in Sri Lanka Rupees)

		2024	2023	2022
	Note		Restated	Restated
Fuel Deposit - Polonnaruwa		1,000,000	1,000,000	1,000,000
Fuel Deposit - 980		400,000	400,000	400,000
Fuel Deposit - Galpottagama & Thanthirimale-		49,993	49,993	49,993
Fuel Deposit - Manick Farm -Chettikulam		200,000	200,000	200,000
Other Deposit - Rathkinda		10,000	10,000	10,000
Fuel Deposit - Road close to Talaimannar		134,051	134,051	134,051
Fuel Deposit - Bopitiya Quarry Crusher -		655,000	655,000	655,000
Fuel Deposit - Monaragala		7,726	7,726	7,726
MPCS - Moratuwa		250,000	250,000	250,000
Fuel Deposit - Ulapane		600,000	600,000	600,000
Fuel Deposit - Blumendhal		11,534	11,534	11,534
Fuel Deposit - Lunugamwehera Concrete Yard		100,000	100,000	60,000
Fuel Deposit - Muwagama		3,000	3,000	3,000
Fuel Deposit - Hekitta		44,573	44,573	-
Provision For Other Advances And Deposits	23	(5,153,824)	(4,469,169)	(3,608,579)
<b>Total</b>		<b>17,668,013</b>	<b>24,217,153</b>	<b>26,653,359</b>

**NOTE 15 - CASH & CASH EQUIVALENTS**

**Cash at Bank**

Bank Of Ceylon - 80524651 (651)	-	-	153,277,878
Bank Of Ceylon - 84446216-(216)	-	-	110,268
People's Bank - Ratmalana - 080101091101178 (91)	-	-	3,820,790
Bank Of Ceylon - 84446221(221)	-	-	11,286
Bank Of Ceylon - 82786331 (331)	-	-	17,065
Sampath Bank 1860000985 (985)	-	-	4,511
Bank Of Ceylon - 682972	4,207,745	1,216,978	520,075
Bank Of Ceylon - -9826701	-	-	-
Margin Account - Sampath Bank	-	-	-
Bank Of Ceylon Peradeniya - 1274460	-	-	-
Bank Of Ceylon - 683202 (202)	76,786,654	42,958,828	409,002
People's Bank - Ratmalana - 080100381101178 (38)	-	2,658,683	1,307,275
People's Bank - Ratmalana - 080100471101178 (47)	-	-	1,646,941
People's Bank - Ratmalana - 080100291101178 (29)	-	-	260,462
Bank Of Ceylon - 0080490546 (546)	-	-	15,341
Bank Transfer HO	-	-	-
Bank Transfer Site	-	-	-
Bank Of Ceylon - 6510876	5,479	64,293	21,668
Bank Of Ceylon - 86654175 (175)	43,688,535	10,100	19,718
People's Bank - Ratmalana 080101361101178 (136)	-	141,064	1,827,580
People's Bank - Ratmalana 080101181101178 (118)	-	1,601,056	2,097,468
Pan Asia Bank - 101100630	-	19,241	1,971
Bank Of Ceylon -87643673 (673)	-	-	24,148
Bank Of Ceylon -87643690 (690)	-	-	21,458
Bank Of Ceylon - 82786425 (425)	15,000	15,000	49,007
Bank Of Ceylon -87643685 (685)	-	-	109,119
People's Bank - 080101271101178 (127)	-	153,302	23,778,893
Sampath Bank - 1860000365	-	-	-
Sampath Bank - 001860000 349 (349)	925	4,127	26,848
Bank of Ceylon - 683116(116)	-	-	-
Bank Of Ceylon -0087159349 (9349)	-	-	176,088
Bank Of Ceylon -0087159466 (9466)	-	-	191,003
Bank Of Ceylon - 87948734	15,000	15,000	15,000
Bank Of Ceylon - 87948785	29,983	29,983	29,983



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(All amounts are in Sri Lanka Rupees)

	2024	2023	2022
		Restated	Restated
Bank Of Ceylon - 87948798	15,000	15,000	19,000
Bank Of Ceylon - 683116 (116)	15,000	15,000	25,135
Bank Of Ceylon - 683114 (114)	66,565	2,134,933	-
People's Bank - 080101721101178 (72)	-	832,828	33,810
People's Bank - 080101811101178 (181)	-	512,999	-
People's Bank - 080101541101178 (54)	-	777,087	156,763
People's Bank - 080101451101178 (45)	188,449	563,537	1,305,045
People's Bank - 080101901101178 (90)	-	700,920	74,295
People's Bank - 080101631101178 (63)	-	451,967	50,000
Bank Of Ceylon - 88497527 (7527)	-	-	15,503
Bank Of Ceylon - 88497541 (7541)	-	-	15,000
Bank of Ceylon 92246693(693)	501,059,045	-	-
Saving Deposits	161,095,108	120,505,533	87,574,689
<b>Sub Total</b>	<b>787,188,489</b>	<b>175,397,459</b>	<b>279,060,087</b>
<b>Cash in Hand - Petty Cash</b>			
Rathmalana C\Y - Petty Cash	425,950	39,135	217,184
Construction & Head Office	11,677,535	9,830,304	5,838,247
Peradeniya Sales Centre	-	3,801	3,801
Mechanical Division	8,070	3,252	1,217
<b>Sub Total</b>	<b>12,111,555</b>	<b>9,876,492</b>	<b>6,060,449</b>
<b>Total</b>	<b>799,300,044</b>	<b>185,273,951</b>	<b>285,120,536</b>
Unfavourable Cash & Cash Equivalents	19 (74,060,748)	(74,243,525)	(133,851,255)
<b>Total Cash &amp; Cash Equivalents for the purpose of Cash Flow Statement</b>	<b>725,239,296</b>	<b>111,030,426</b>	<b>151,269,281</b>

**NOTE 16 - LOANS & BORROWINGS**

Balance As At The Beginning Of The Year	1,808,012,039	1,848,249,580	1,844,836,852
Borrowings During The Year	-	-	50,329,828
<b>Total</b>	<b>1,808,012,039</b>	<b>1,848,249,580</b>	<b>1,895,166,680</b>
Repaid During The Year	387,131	40,237,542	46,917,100
<b>Net</b>	<b>1,807,624,907</b>	<b>1,808,012,039</b>	<b>1,848,249,580</b>
Repayable Within One Year	-	-	282,515,292
Repayable After One Year	1,807,624,907.41	1,808,012,039	1,565,734,288
<b>Total Loans &amp; Borrowings</b>	<b>1,807,624,907</b>	<b>1,808,012,039</b>	<b>1,848,249,580</b>

No installment have been paid for the loan facilities deffered. The corresponding interest expenses have been recognised in the financial statements.

**STATE DEVELOPMENT & CONSTRUCTION CORPORATION**  
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*(All amounts are in Sri Lanka Rupees)*

	<b>2024</b>	<b>2023</b>	<b>2022</b>
		Restated	Restated

**NOTE 16.01 - ASSETS PLEDGED**

**Property Indicated In Note. 08**

Land at Colombo 7 - Land has been pledged against a loan facility (Rs. 186 Mn & Rs.90 Mn), a bond & guarantee facility (Rs. 200 Mn) and an overdraft facility (Rs. 70 Mn) in Sampath Bank.

Land at Rathmalana - Land has been pledged against loan facility (Rs. 528,416 Mn) & bond guarantee facility (Rs. 1,050 Mn) in Bank of Ceylon.

Land at Peliyagoda - Land has been pledged against loan facilities (Rs. 84 Mn) in Housing Development Finance Corporation (HDFC).

**NOTE 16.02 - LOAN MORTGAGE DETAILS**

<b>Bank Name</b>	<b>Loan Balance</b>	<b>Security</b>
Sampath Bank	247,636,750	Colombo 7 Land
Bank of Ceylon (BOC)	518,603,745	Ratmalana Land
Bank of Ceylon (BOC)	990,611,019	Treasury Gurantee
Housing Development Finance Corporation (HDFC)	29,973,393	Peliyagoda Land
Construction Guarantee Fund (CGF)	20,800,000	
	<b>1,807,624,907</b>	

**NOTE 17 - RETIREMENT BENEFIT OBLIGATIONS**

Balance As At The Beginning Of The Year	66,137,831	58,983,584	59,408,198
Opening Balance Correction	-	(82,986)	-
Cancel Payment	-	-	82,985
Charges To / (Reverse From) Income Statement 17.01	92,759,154	32,774,806	21,280,333
Payment/payables During The Year	(106,339,869)	(25,537,573)	(21,787,932)
<b>Balance As At End Of The Year</b>	<b>52,557,116</b>	<b>66,137,831</b>	<b>58,983,584</b>

**NOTE 17.01 - PROVISION MADE DURING THE YEAR**

Interest Cost	3,312,244	5,201,056	22,701,861
Current Service Costs	3,456,735	4,031,227	24,358,710
<b>Sub Total</b>	<b>6,768,979</b>	<b>9,232,283</b>	<b>47,060,571</b>
Net Actuarial (Gain) / Loss Recognized Immediately	85,990,174	23,542,523	(25,780,239)
<b>Total</b>	<b>92,759,154</b>	<b>32,774,806</b>	<b>21,280,332</b>

**NOTE 18 - TRADE & OTHER PAYABLES**

Trade Payables	18.01	2,041,866,029	1,749,640,211	1,642,652,957
Value Added Tax	18.02	1,700,283,254	1,628,991,174	1,523,812,767
Sundry Payables	18.03	1,993,244,271	1,514,612,427	1,662,505,857
Employee Benefit Payables	18.04	174,503,679	181,587,749	130,679,906
Refundable Advances & Retentions	18.05	558,451,345	641,186,072	897,046,862
Refundable Deposits	18.06	3,502,901	1,117,200	1,103,162
<b>Total</b>		<b>6,471,851,478</b>	<b>5,717,134,833</b>	<b>5,857,801,511</b>

**Non Current Trade & Other Payables**

Current Trade & Other Payables		6,471,851,478	5,717,134,833	5,857,801,511
<b>Total</b>		<b>6,471,851,478</b>	<b>5,717,134,833</b>	<b>5,857,801,511</b>

**STATE DEVELOPMENT & CONSTRUCTION CORPORATION**  
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*(All amounts are in Sri Lanka Rupees)*

	<b>2024</b>	<b>2023</b>	<b>2022</b>
		Restated	Restated
<b>NOTE 18.01 - TRADE PAYABLES</b>			
Trade Creditors	205,787,109	197,313,235	329,758,500
ESC Control AC	-	-	-
ESC Payable	67,498,764	67,498,764	101,228,248
SSCL Payable	40,354,626	28,018,377	5,526,209
ESC Penelty Payable	33,729,484	33,729,484	-
NBT Penelty Payable	1,057,254	1,057,254	806,722
VAT Penelty Payable	1,267,343,861	1,201,108,483	1,015,287,355
SSCL Penelty payable	298,685	-	-
Nation Building Tax	6,105,229	6,091,713	6,342,105
Payment Received Material - Sites	90,648,218	148,299,668	152,315,384
Unfavourable Debtor Balances	-	1,000,000	-
Dues to Customers	329,042,799	65,523,233	31,388,434
<b>Total</b>	<b>2,041,866,029</b>	<b>1,749,640,211</b>	<b>1,642,652,957</b>
<b>NOTE 18.02 - VALUE ADDED TAX</b>			
Value Added Tax Control Account	1,700,283,254	1,628,991,174	1,523,812,767
<b>Total</b>	<b>1,700,283,254</b>	<b>1,628,991,174</b>	<b>1,523,812,767</b>
<b>NOTE 18.03 - SUNDRY PAYABLES</b>			
Sundry Creditors	950,285,893	898,724,046	901,647,315
Refundable Deposits	3,943,770	4,091,210	9,668,304
Loan Interest Payable	804,641,871	591,196,809	367,717,701
Loan Capital Areas Payable	-	-	-
Bill Discounting	-	-	322,347,178
Audit Fee Payable	14,178,978	13,389,441	12,489,441
Letter of Credit	-	-	40,598,604
SSCL	-	-	504,795
Government Valuation Department	7,210,920	7,210,920	7,532,520
Refundable Loan	-	-	-
VRS Payable	212,982,839	-	-
<b>Total</b>	<b>1,993,244,271</b>	<b>1,514,612,427</b>	<b>1,662,505,857</b>
<b>NOTE 18.04 - EMPLOYEE BENEFIT PAYABLES</b>			
Salaries & Wages Payable - Permanent	6,681,808	6,236,150	316,927
Salaries & Wages Payable - Contract	1,309,039	1,108,573	6,865,902
Salaries & Wages Payable - Casual	2,883,757	-	191,871
Gratuity Payable	106,341,467	17,568,923	-
PAYE Payable	469,726	133,925	47,305
Stamp fees Payable	30,350	30,350	-
Cash Abatements -Control Account	462,340	5,780	2,253,055
Flood Relief Advance	-	-	-
EPF Surcharge Payable	49,528,746	49,528,746	11,410,428
Employees' Provident Fund	5,587,247	105,960,573	107,548,404
Employees' Trust Fund	761,897	567,426	1,598,712
Medical Insurance	447,303	447,303	447,303
<b>Total</b>	<b>174,503,679</b>	<b>181,587,749</b>	<b>130,679,906</b>

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**AS AT 31ST DECEMBER**

*(All amounts are in Sri Lanka Rupees)*

	<b>2024</b>	<b>2023</b>	<b>2022</b>
Note		Restated	Restated
<b>NOTE 18.05 - REFUNDABLE ADVANCES &amp; RETENTIONS</b>			
Mobilization Advances From Clients	488,376,522	615,820,256	839,075,420
On Account Payments	1,058,351	1,058,351	8,684,946
Advances Against Orders -Concrete Yards	50,056,471	24,307,465	49,149,606
Advances Against Orders -Asphalt Plant	-	-	136,890
Rent Received in Advance - Gregory's office	18,960,000	-	-
<b>Total</b>	<b>558,451,345</b>	<b>641,186,072</b>	<b>897,046,862</b>
<b>NOTE 18.06 - REFUNDABLE DEPOSITS</b>			
Security Deposits - Employees	973,472	967,200	953,162
Refundable Deposit - Welfare Building	370,000	150,000	150,000
Tender Deposits payable	2,159,429	-	-
<b>Total</b>	<b>3,502,901</b>	<b>1,117,200</b>	<b>1,103,162</b>
<b>NOTE 19 - BANK OVERDRAFTS</b>			
Bank Of Ceylon - 82410946	-	-	24,965,503
Bank Of Ceylon - 82786425	-	-	-
Bank Of Ceylon - 75416320	-	-	21,286,918
Bank Of Ceylon - 683114 (114)	-	-	26,429
Sampath Bank - 1860000195 (195)	-	-	1,816,892
Sampath Bank - 1860000241	74,060,748	74,243,525	69,860,914
Pan Asia Bank - 101100630	-	-	-
Bank Of Ceylon -87643682 (682)	-	-	12,198,332
People's Bank 080101271101178 (1012)	-	-	33,500
People's Bank - 080101811101178 (181)	-	-	3,662,766
Bank Of Ceylon - 84446216-(216)	-	-	-
<b>Total</b>	<b>74,060,748</b>	<b>74,243,525</b>	<b>133,851,255</b>

**STATE DEVELOPMENT & CONSTRUCTION CORPORATION**  
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**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER**

*(All amounts are in Sri Lanka Rupees)*

	<b>2024</b>	<b>2023</b>	<b>2022</b>
Note		Restated	Restated

**NOTE 20 - RELATED PARTIES**

Corporation has entered into a Joint Venture agreement with Mass Trust Holdings (Pvt) Ltd. to form a Company, Fujima State Corporation (Pvt) Ltd. SD&CC owns 51% of the authorized share capital of this Company and Mass Trust Holdings (Pvt) Ltd. 49% . Mr. A.V.P.V. Pandithasekara, Chairman of SD&CC as at the reporting date is a Director of Fujima Sate Corporation (Pvt) Ltd.

Devcoshowa (Pvt) Ltd. is a fully owned subsidiary of the Sate Development and Construction Corporation. However, Board of Directors independent from SD&CC had being managing the company's affairs since the year 1997. Currently, the entire operation of the Company has been closed down and in the process of liquidation

**Related Party Balances In Statement Of Financial Position**

Investment In Devcoshowa (Pvt) Ltd	9	9,210,740	9,210,740	9,210,740
Ready Mixed Debtors (Devcoshowa)	14.3	25,313,897	30,602,842	34,802,842

**NOTE 21 - TRANSACTIONS WITH RELATED PARTIES**

**NOTE 21.01 - TRANSACTIONS WITH PARENT / SUBSIDIARIES/ASSOCIATES**

<u>Company</u>	<u>Transactions</u>			
Devcoshowa	Cash Receipts	-	-	-
(Pvt) Ltd	Cash Payments	-	-	-
	<b>Total</b>	-	-	-

**NOTE 21.02 - TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL**

Salaries To Key Management Personnel	4.01	1,306,400	1,679,850	2,041,248
<b>Total</b>		<b>1,306,400</b>	<b>1,679,850</b>	<b>2,041,248</b>

**NOTE 22 - BANK GUARANTEES**

SD&CC has obtained Bank Guarantees through BOC, for project work, by providing non-cash securities.

<u>Bank Guarantee Security</u>	<u>Value as at 2024.12.31 (Rs.)</u>
Ratmalana land	318,475,047
Directors Indemnity	363,590,801
<b>Total</b>	<b>682,065,847</b>

SD&CC has no previous experience of these bank guarantees being encashed by the clients. Hence, no provision was made for he same.

**NOTE 23 - PROVISION FOR DEBTORS & OTHER RECEIVABLES**

Provision has been made for Note 14.1 trade/ doubtful debtors (except due from customers), Note 14.2 retention and liquidated damages based on the age analysis.

Provision has been made for 'Due from customers', for the closed sites balance of Rs: 527,536,415.13 at a rate of 100% and for the on going sites at a rate of 10% for the current year.

Provision of 3% has been made for all other receivables in Note 14.3, 14.4, 14.5, & 14.6.

**STATE DEVELOPMENT & CONSTRUCTION CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2024**  
*(All amounts are in Sri Lanka Rupees)*

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**NOTE 24 - EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

There were no material events occurring after the reporting date that require adjustments to or disclosure in the financial statements.

**NOTE 25 - CONTINGENT LIABILITIES**

**The following cases instituted against the Corporation are currently being adjudicated before court.**

- (a) Appeal court Case No. 736/ 2023. The Plaintiffs instituted this action against the Corporation, claiming to lift up the mandatory retirement scheme in age 55. An appeal was preferred to Appeal Court by the Plaintiffs and currently being adjudicated before court.
- (b) Rathmalana Labor Tribunal Case No. 32/RM/18-28/2023. The outsourced labourers of Traffic Light systems instituted the above action against the Corporation claiming compensations for stop the service and have suggest to accept a reasonable compensations offer by the Corporation. Case is currently being adjudicated before court. Attorney General advice is pending for the case.
- (c) Walasmulla magistrate court labour cases 06 Nos. 8973, 88974, 88975, 88976, 88977, 88978 to be paid Rs. 1,731,870.00 of labour salaries.
- (d) District court of Mt.Lavinia Case No. 1617/2024/SPL. The plaintiff Sathuta Industry (Pvt) Ltd claims that money is due from the SD&CC for the Construction work done that amount is Rs. 14,211,398.28. Case is currently being adjudicated before court.
- (e) Distric Court of Mt.lavinia case No. 8729/24/M. The plaintiff Bitulink Emulsion (Pvt) Ltd claims the money is due from the SD&CC for purchasing material that amounting is Rs. 20,000,000.00. Case is currently being adjudicated before court.
- (f) Labour Department matter – labour commissioner General has noticed to pay the amount of Rs. 3,663,934.62 as EPF contribution with surcharges of period 2012/04- 2013/08 for labours under contract also Rathranapura Concrete Yard.

**NOTE 26 - PRIOR YEAR ADJUSTMENT & RESTATEMENT OF FINANCIAL STATEMENT AS AT 31.12.2023**

Period	Government Grants (Rs.)	Retained Profit (Rs.)
Year 2021 & before	-	(677,835,754)
Year 2022	(18,765,877)	18,765,877
Year 2023	(18,290,877)	14,896,459
<b>Total</b>	<b>(37,056,754)</b>	<b>(644,173,418)</b>

**STATE DEVELOPMENT & CONSTRUCTION CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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*(All amounts are in Sri Lanka Rupees)*

**NOTE 26 -A**

i) Prior year adjustment amounting to Rs. 677,835,754 under the Retained Profit / (Loss) of the Statement of Changes in Equity, includes the effect of following adjustments with respect to the years prior to year 2022.

	(Net) Adjustment (Rs.)	Adjustment
Recognition of unrecognised liabilities and receivables due to omission / disallowed VAT input taxes / issue of assessments by IRD etc		
<b><u>Trade &amp; Other Payable</u></b>		
VAT Control A/c	276,126,550	Debit
VAT Penelty	110,499,027	Debit
Mobilization Advances From Clients	(10,943,092)	Credit
Loan Interest Payable	367,717,701	Debit
<b><u>Trade &amp; Other Receivable</u></b>		
Retention - Construction	(7,547,563)	Credit
Liquidated Damages	5,311,000	Debit
Provision for Impairment- Retention - Construction	1,630,715	Debit
Provision for Impairment- Liquidated Damages Receivables	(203,942)	Credit
<b><u>Income Tax Liabilities</u></b>		
Provision For Tax	(64,754,641)	Credit
<b>Total</b>	<b><u>677,835,754</u></b>	

ii) **Government Grants and the Profit For the Year -2022** restated by the recognition of Government Grant amount of Rs. 18,765,877 , which has not been recognised as income during the Year 2022 due to an oversight. As a result, the profit of Rs. 120,948,211 of year 2022 was restated to Rs.139,714,088.

**NOTE 26 -B**

Government Grants and the Profit For the Year - 2023 restated by the recognition of Government Grant amount of Rs. 18,290,877 , which has not been recognised as income during the Year 2023 due to an oversight. Further, VAT Penelty payable amounted to Rs. 3,394,418 due to issue of assesment by IRD has been recognised as expense by restating the loss of the year 2023. As a result, the loss of Rs. 2,097,736,435 of year 2023 was restated to Rs.2,082,839,976.

STATE DEVELOPMENT & CONSTRUCTION CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
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(All amounts are in Sri Lanka Rupees)

2024

2023

NOTE 28 - SEGMENT INFORMATION

	Note	Construction	Concrete Yard	Traffic Light Systems & Work Services	Other	Total	Construction	Concrete Yard	Traffic Light Systems & Work Services	Other	Total
<b>Segment Income and Expenses</b>											
Revenue	1	70,412,666	110,051,692	249,822,697	-	430,287,055	(298,608,357)	268,294,981	248,928,647		218,615,272
Cost Of Sales	2	(523,122,227)	(194,129,360)	(116,632,505)	(142,564,757)	(976,448,849)	(629,667,273)	(306,485,055)	(127,358,454)	(129,996,762)	(1,193,507,544)
<b>Gross Profit</b>		<b>(452,709,561)</b>	<b>(84,077,668)</b>	<b>133,190,192</b>	<b>(142,564,757)</b>	<b>(546,161,794)</b>	<b>(928,275,630)</b>	<b>(38,190,074)</b>	<b>121,570,193</b>	<b>(129,996,762)</b>	<b>(974,892,272)</b>
Other Income	3	11,080,811	35,605,373	711,891	50,973,465	98,371,541	28,533,567	32,676,593	2,294,668	42,301,521	105,806,349
Administrative Expenses	4	(9,163,817)	(4,900,998)	(757,203)	(139,153,451)	(153,975,469)	(10,811,863)	(6,119,919)	(2,315,848)	(190,181,236)	(209,428,866)
Other Expenses	5	(80,395,560)	(2,638,545)	(2,093,727)	(518,804,555)	(603,932,387)	(596,703,506)	(1,983,124)	(20,462,188)	(316,478,489)	(935,627,307)
Financial Income	6	-	-	-	6,423,190	6,423,190	-	-	86,169	154,679,834	154,766,003
Financial Expenses	6	-	-	-	(211,731,020)	(211,731,020)	(75,950,918)	(20,280)	-	(310,881,292)	(386,852,490)
<b>Profit Before Tax</b>		<b>(531,188,127)</b>	<b>(56,011,839)</b>	<b>131,051,153</b>	<b>(954,857,128)</b>	<b>(1,411,005,940)</b>	<b>(1,583,208,350)</b>	<b>(13,636,804)</b>	<b>101,172,994</b>	<b>(750,556,424)</b>	<b>(2,246,228,583)</b>
<b>Segment Assets</b>											
<b>Non-Current Assets</b>											
Property, Plant & Equipment	8	-	-	-	1,459,577,918	1,459,577,918	-	-	-	1,566,704,781	1,566,704,781
Investments In Government	9	-	-	-	-	-	-	-	-	-	-
Owned Companies		-	-	-	-	-	-	-	-	-	-
Deferred Tax Assets	11.2	-	-	-	-	-	-	-	-	-	-
<b>Current Assets</b>											
Inventories	12	173,783,039	251,461,154	64,214,871	23,908,843	513,367,907	250,790,871	252,246,061	59,869,316	29,548,052	592,454,299
Other Investments, Including	10	-	-	-	5,776,817	5,776,817	-	-	-	2,050,064	2,050,064
Derivatives		-	-	-	-	-	-	-	-	-	-
Income Tax Assets	13.1	-	-	-	-	-	-	-	-	-	-
Trade & Other Receivables	14	904,590,337	40,703,616	83,174,302	48,300,563	1,076,768,817	1,200,307,309	69,341,348	88,988,211	33,717,133	1,392,354,001
Cash & Cash Equivalents	15	11,834,083	4,634,619	5,479	782,825,863	799,300,044	2,217,153	5,519,979	64,293	177,472,526	185,273,951
<b>Total Assets</b>		<b>1,090,207,459</b>	<b>296,799,389</b>	<b>147,394,651</b>	<b>2,320,390,004</b>	<b>3,854,791,503</b>	<b>1,453,315,333</b>	<b>327,107,388</b>	<b>148,921,820</b>	<b>1,809,492,556</b>	<b>3,738,837,096</b>
<b>Segment Liabilities</b>											
<b>Non-Current Liabilities</b>											
Loans & Borrowings	16	-	-	-	1,807,624,907	1,807,624,907	-	-	-	1,808,012,039	1,808,012,039
Retirement Benefit Obligation	17	-	-	-	52,557,116	52,557,116	-	-	-	66,137,831	66,137,831
Deferred Tax Liabilities	11.1	-	-	-	-	-	-	-	-	-	-
<b>Current Liabilities</b>											
Trade & Other Payables	18	2,041,866,029	-	-	(121,317,296)	1,920,548,733	5,717,134,834	-	-	(3,926,691,133)	1,790,443,701
Loans & Borrowings	16	-	-	-	-	-	-	-	-	-	-
Bank Overdrafts	19	-	-	-	74,060,748	74,060,748	-	-	-	74,243,525	74,243,525
<b>Total Liabilities</b>		<b>2,041,866,029</b>	<b>-</b>	<b>-</b>	<b>1,812,925,475</b>	<b>3,854,791,504</b>	<b>5,717,134,834</b>	<b>-</b>	<b>-</b>	<b>(1,978,297,738)</b>	<b>3,738,837,096</b>