

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

Unaudited Financial Statements 2024

**Final Accounts**

**2024-2025**



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Unaudited Financial Statements 2024

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

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2025

	Notes	2024/2025 Rs.	2023/2024 Rs.
Revenue	03	8,649,701,629	12,132,029,706
Cost of Sales		<u>(7,752,450,156)</u>	<u>(10,164,817,761)</u>
<b>Gross Profit</b>		<b>897,251,473</b>	<b>1,967,211,946</b>
Other Operating Income / ( Expenses )	04	<u>43,685,073</u>	<u>57,275,265</u>
		<u>940,936,546</u>	<u>2,024,487,211</u>
Distribution Expenses	05	206,794,875	221,093,107
Administration Expenses	06	<u>501,974,494</u>	<u>507,538,260</u>
		<u>708,769,369</u>	<u>728,631,367</u>
<b>Earnings Before Interest &amp; Tax</b>		<b>232,167,177</b>	<b>1,295,855,843</b>
Net Finance Income / ( Expenses )	07	<u>134,834,974</u>	<u>205,359,103</u>
<b>Profit / ( Loss ) Before Taxation</b>		<b>367,002,151</b>	<b>1,501,214,947</b>
Taxation	08	<u>(110,203,286)</u>	<u>(535,046,293)</u>
<b>Net Profit / ( Loss ) For the Year</b>		<b><u>256,798,864</u></b>	<b><u>966,168,654</u></b>
<b>Other Comprehensive Income</b>			
Actuarial Gain / (Loss) on employee benefits		(13,404,492)	(2,280,886)
Tax on Other Comprehensive Income		(4,021,347)	(684,266)
Revaluation Gain on Assets		-	3,615,021,486
<b>Other Comprehensive Income / ( Loss ) - Net of Tax</b>		<u>(17,425,839)</u>	<u>3,612,056,334</u>
<b>Total Comprehensive Income / ( Loss ) for the Year - Net of Tax</b>		<b><u>239,373,025</u></b>	<b><u>4,578,224,988</u></b>
<b>Basic Earnings / ( Loss ) per Share</b>	09	<b><u>26</u></b>	<b><u>97</u></b>

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

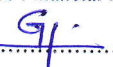


SRI LANKA STATE TRADING (GENERAL) CORPORATION LTD  
NO. 100, NAWAM MAWATHA, COLOMBO 02.

STATEMENT OF FINANCIAL POSITION  
AS AT 31<sup>ST</sup> MARCH 2025

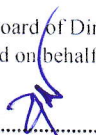
ASSETS	Notes	2024/2025 Rs.	2023/2024 Rs.
<b>Non-Current Assets</b>			
Property, Plant & Equipment	10	4,062,345,363	4,123,444,204
Intangible Assets	10A	5,134,969	8,025,000
Investments in Shares	11	20	20
Loans Given to Employees	12A	16,398,546	17,632,082
<b>Total Non Current Assets</b>		<b>4,083,878,898</b>	<b>4,149,101,306</b>
<b>Current Assets</b>			
Inventories	13	1,714,810,729	1,089,692,167
Trade & Other Receivables	14	1,444,587,067	1,922,987,431
Loans Given to Employees - Current Maturity	12A	8,100,152	7,523,887
Short Term Investment in Fixed Deposits		1,179,701,397	1,358,308,950
Short Term Investment - Build up Margin -Peoples Bank		18,477,015	18,688,366
Short Term Investment - Build up Margin -NDB Bank		4,911,359	3,112,145
Cash & Cash Equivalents	15	14,941,986	69,166,814
		<b>4,385,529,706</b>	<b>4,469,479,759</b>
<b>Total Assets</b>		<b>8,469,408,605</b>	<b>8,618,581,066</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Capital &amp; Reserves</b>			
Stated Capital 10,000,000 Ordinary Shares Rs. 10/- each		100,000,000	100,000,000
General Reserves		45,607,646	45,607,646
Revaluation Reserves		3,969,829,684	3,969,829,684
Other Reserves		(50,601,004)	(33,175,165)
Retained Earnings		2,128,030,229	2,087,400,340
<b>Total Equity</b>		<b>6,192,866,556</b>	<b>6,169,662,506</b>
<b>Non-Current Liabilities</b>			
Retirement Benefit Obligations	16	54,023,776	40,446,241
Net Deferred Tax Liabilities	17	18,150,392	30,437,267
Government Grants Deferred Income A/C	21	95,314,139	119,751,820
Deemed VAT Payable	22	81,962,048	-
		<b>249,450,354</b>	<b>190,635,329</b>
<b>Current Liabilities</b>			
Short Term Borrowings	18	681,590,754	791,639,266
Trade & Other Payables	19	955,832,766	1,115,772,679
Bank Overdrafts	20	310,490,939	350,871,279
Deemed VAT Payable	22	79,177,229	-
		<b>2,027,091,688</b>	<b>2,258,283,224</b>
<b>Total Equity &amp; Liabilities</b>		<b>8,469,408,605</b>	<b>8,618,581,066</b>

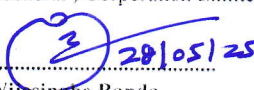
These Financial Statements are in Compliance with the requirements of the Companies Act No 07 of 2007.

  
Chathura Dayarathne  
AGM Finance

  
Chamila Iddamalagoda  
General Manager

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

  
Ravindra Fernando  
Chairman

  
R.M. Wijesinghe Banda  
Director

Date : 28/05/2025

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



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

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2025

	Stated Capital Rs.	Revaluation Reserves Rs.	General Reserves Rs.	Other Reserves Rs.	Retained Profit/(Loss) Rs.	Total Rs.
Balance as at 1 <sup>st</sup> April 2023	100,000,000	354,808,198	45,607,646	(30,210,013)	1,312,041,000	1,782,246,831
Net Profit / (Loss) for the year	-	-	-	-	966,168,654	966,168,654
Net of actuarial Gain / (Loss) on Retirement Benefit Obligations & Net of Tax	-	-	-	(2,965,152)	-	(2,965,152)
Prior Year Adjustment	-	-	-	-	(809,314)	(809,314)
Revaluation During the Year	-	3,615,021,486	-	-	-	3,615,021,486
Dividend Payments - Prior Years	-	-	-	-	(87,500,000)	(87,500,000)
Dividend Payments - Current Year	-	-	-	-	(102,500,000)	(102,500,000)
Balance as at 31 <sup>st</sup> March 2024	100,000,000	3,969,829,684	45,607,646	(33,175,165)	2,087,400,340	6,169,662,505
Balance as at 01 <sup>st</sup> April 2024	100,000,000	3,969,829,684	45,607,646	(33,175,165)	2,087,400,340	6,169,662,507
Net Profit / (Loss) for the year	-	-	-	-	256,798,864	256,798,864
Net of actuarial Gain / (Loss) on Retirement Benefit Obligations & Net of Tax	-	-	-	(17,425,839)	-	(17,425,839)
Prior Year Adjustment	-	-	-	-	2,470,301	2,470,301
Provision for Proposed Dividend - Prior Year	-	-	-	-	(47,500,000)	(47,500,000)
Dividend Payment - Current Year	-	-	-	-	(10,000,000)	(10,000,000)
Deemed VAT Expenses - Prior Year	-	-	-	-	(161,139,276)	(161,139,276)
Balance as at 31 <sup>st</sup> March 2025	100,000,000	3,969,829,684	45,607,646	(50,601,004)	2,128,030,230	6,192,866,556

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



STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31ST MARCH 2025

	2024/2025 Rs.	2023/2024 Rs.
<b>Cash Flow from Operating Activities</b>		
Net Profit Before Taxation	367,002,151	1,501,214,947
<b>Adjustments for</b>		
Depreciation / Amortization	84,877,520	71,820,585
Interest Income	(169,754,831)	(272,189,109)
Government Grants Deffered Income	(24,437,682)	(24,437,682)
Trust Receipt Loan & Overdraft Interest	37,963,539	66,830,005
Provision for Deemed VAT	(161,139,276)	-
Proposed Dividends	(47,500,000)	-
Disposal Profit / ( Loss ) of PPE	1,521,628	-
Stocks & Debts Written Off	-	503,478
Impairment of Debtors	3,250,185	68,461,383
Impairment of Stocks	2,386,465	(13,893,794)
Provision for Retirement Benefit Obligatios	6,414,775	11,918,676
Prior Year Adjustments	2,470,301	(809,314)
<b>Operating Profit Before Working Capital Changes</b>	<u>103,054,775</u>	<u>1,409,419,176</u>
(Increase) / Decrease in Inventories	(627,505,027)	391,391,002
(Increase) / Decrease in Trade Debtors	411,190,313	(996,505,576)
Increase / ( Decrease ) in Government Grants Deffered Income	-	(24,437,682)
Increase / (Decrease) in Deemed VAT Payable	161,139,276	-
(Increase) / Decrease in Staff Loans Given	657,269	-
Increase / (Decrease) in Trade & Other Payables	167,716,803	(1,858,084,916)
<b>Cash Generated From Operations</b>	<u>216,253,409</u>	<u>(1,078,217,996)</u>
WHT Paid	(11,854,014)	(18,196,251)
Income Tax Paid	(442,314,209)	(272,724,531)
Gratuity Paid	(6,241,733)	(7,997,040)
<b>Net Cash Used in Operating Activities</b>	<u>(244,156,547)</u>	<u>(1,377,135,818)</u>
<b>Cash Flows from Investing Activities</b>		
Acquisition of Property, Plant & Equipment	(23,890,277)	(12,326,955)
Disposal Proceeds Received	1,480,000	-
Interest Received from Short Term Investments	233,714,698	363,925,785
<b>Net Cash from in Investing Activities</b>	<u>211,304,421</u>	<u>351,598,830</u>
<b>Cash Flows from Financing Activities</b>		
Net (Investments) / Realization in Fixed Deposits	178,607,552	310,391,050
Short Term Investment - Build up Margin -Peoples Bank	211,351	6,578,561
Short Term Investment - Build up Margin -NDB Bank	(1,799,214)	(1,880,745)
Net of Loan Repayments & Proceeds	(110,048,512)	778,039,266
Trust Receipt Loan & Overdraft Interest Paid	(37,963,539)	(66,830,005)
Dividends Paid	(10,000,000)	(190,000,000)
<b>Net Cash from Financing Activities</b>	<u>19,007,638</u>	<u>836,298,128</u>
Net Increase / (Decrease) in Cash & Cash Equivalents	(13,844,488)	(189,238,860)
Cash & Cash Equivalents at the beginning of the year	(281,704,465)	(92,465,605)
Cash & Cash Equivalents at the End of the year - (Note A)	<u>(295,548,953)</u>	<u>(281,704,465)</u>
<b>Note A - Analysis of Cash &amp; Cash Equivalents</b>		
	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
<b>Cash at Bank</b>		
BOC ( A/C No 8859546)	270,158	270,158
Sampath Bank (A/C No 000930000337)	98,913	1,218,404
Sampath Bank - DFS ( A/C No 002930006974)	8,140	508,313
BOC (A/C No 1060)	-	681,790
People's Bank - Kurunegala	2,065,577	1,011,200
People's Bank - Matara	1,669,667	2,425,851
People's Bank - Kandy	2,067,648	1,824,267
People's Bank - Kalmunai	1,000,000	3,110,331
NDB (A/C - 101000160408)	102,123	235,845
People's Bank - Rice 004 1 001 8 0206579	317,929	377,929
People's Bank - Rice 004 1 002 7 0206579	10,851	51,951
National Savings Bank	26,919	26,204
<b>Cash in Hand</b>		
Petty Cash Imprest	427,767	643,586
Cash in Hand	6,876,295	56,780,985
<b>Bank Overdrafts</b>		
People's Bank (A/C No - 004100120210918)	(115,101,831)	(350,871,279)
BOC - A/C No.1060	(195,389,109)	-
	<u>(295,548,953)</u>	<u>(281,704,465)</u>

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



# SRI LANKA STATE TRADING (GENERAL) CORPORATION LTD

## NOTES TO THE FINANCIAL STATEMENTS– 2024/2025

### 1. GENERAL INFORMATION

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

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

The staff strength of the company as at 31<sup>st</sup> March 2025 was 285. (2023/24 – 300).

### 2. SUMMARY OF SIGNIFIACANT ACCOUNTING POLICIES.

#### 2.1 Basis of Preparation

##### 2.1.1 Statement of Compliance

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

##### 2.1.2 Basis of measurement

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

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

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

##### 2.1.3 Comparative Information

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



**2.1.4 Use of estimates and judgments**

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

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

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

Note 16 – Retirement Benefit Obligations

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

Appropriate significant policies are explained in succeeding notes.

**2.1.5 Foreign Currency Translation**

**(a) Functional and presentation currency**

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

**(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income. Monetary assets and liabilities balances are translated at year end exchange rate.

**2.2 Assets and the basis of their valuation**

**2.2.1 Property, Plant and Equipment**

**2.2.2 Recognition and Measurement**

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

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

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

Carrying amounts of property plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Land and Buildings are accounted on the basis of revaluation done in 2024. Any increases in the carrying amount is recognized in other comprehensive income and accumulated in equity in the asset revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revaluation reserve of equity. Land and buildings will be measured at fair value less accumulated depreciation on buildings and impairment charged subsequent to the date of the revaluation.

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

**2.2.3 Subsequent Costs**

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

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



**NOTES TO THE FINANCIAL STATEMENTS– 2024/2025**

**2.2.4 De-recognition**

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

**2.2.5 Depreciation**

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

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

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

Building	7.5%
Motor Vehicles	20%
Equipment	10%
Furniture & Fittings	10%
Computers	33.33%
Showroom Equipment	20%
Leasehold Building	Over the lease period or building depreciable period whichever is lower .

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

**2.2.6 Intangible Assets**

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

Computer software 33.33%

**2.2.7 Financial assets- classification**

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

**2.2.8 Loans and receivables**

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

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

**2.2.9 Offsetting financial instruments**

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

**2.2.10 Impairment of financial assets**

**Assets carried at amortized cost**

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. "For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

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

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



**2.2.11 Impairment of non-financial assets**

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

**2.2.12 Inventories**

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

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

**II** The amount of inventories recognized as cost of sales in the Profit and loss during the year is Rs 7,752,450,156.

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

**IV. Assets Pledged as Collateral**

**1. Policy Statement:**

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

**2. Disclosure:**

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

# SRI LANKA STATE TRADING (GENERAL) CORPORATION LTD

## NOTES TO THE FINANCIAL STATEMENTS– 2024/2025

### a) Inventory

Name of Bank	Mortgage Amount (Rs.)
Sampath Bank	114,000,000
NDB Bank	130,000,000

### b) Fixed Deposits and Build-up Margin

#### i) Fixed Deposits

Name of Bank	Mortgage Amount (Rs.)
People's Bank	1,019,100,000.00

#### ii) Build-up Margin

Name of Bank	Mortgage Amount (Rs.)
People's Bank	18,477,015.00
National Development Bank	4,911,359.00

### 3. Impact on Financial Position:

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

- Inventory: Rs. 244,000,000.00
- Fixed Deposits: Rs. 1,019,100,000.00
- Build-up Margin: Rs. 23,388,374.00

### 2.2.13 Trade Receivables

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

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



**NOTES TO THE FINANCIAL STATEMENTS– 2024/2025**

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

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

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

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

**2.2.14 Investments**

**(a) Long Term Investments**

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

**(b) Short Term Investments**

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

**2.2.15 Cash & Cash Equivalents**

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

**2.2.15 Stated Capital**

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

The entity is fully owned by the Government of Sri Lanka and comes under the purview of The Ministry of Trade.

**2.2.16 Trade Payables**

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as

# SRI LANKA STATE TRADING (GENERAL) CORPORATION LTD

## NOTES TO THE FINANCIAL STATEMENTS– 2024/2025

current liabilities if payment is due within one year or less (or in the normal operating cycle of the business) if longer, they are presented as non-current liabilities. Trade payables are recognized initially at fair value.

### 2.2.17 Borrowings

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

### 2.2.18 Accounting for Government Grants

Accounting for Government Grants for activities have been done according to SLAS 20 Government grants are recognized when there is reasonable assurance that the entity will comply with the conditions attached to them and that the grants will be received.

Grants related to income are recognized in profit or loss over the period necessary to match them with the related costs they are intended to compensate.

Government grants related to the acquisition or construction of property, plant, and equipment are accounted for using the netting-off method, whereby the grant is deducted from the cost of the related asset at initial recognition. The effect of the grant is recognized in profit or loss over the useful life of the asset through reduced depreciation expense.

### Income Tax

#### (a) Current Taxes

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

#### (b) Deferred Taxation

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

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



**NOTES TO THE FINANCIAL STATEMENTS– 2024/2025**

deductible temporary differences and carry forward of unused tax losses / credits can be utilized.

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

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

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

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

**(c) Turnover Based Taxes**

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

**2.2.20 Post Employment Benefits**

**(a) Defined Benefit Plan**

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

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

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

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

**(b) Defined Contribution Plan – EPF & ETF**

**NOTES TO THE FINANCIAL STATEMENTS– 2024/2025**

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

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

**2.2.21 Revenue Recognition**

**Revenue recognition**

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

**(a) Sale of goods**

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

**(b) Rendering of Services**

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

**(c) Interest Income**

Interest income is recognized on accrual basis.

**(d) Other Income**

Other income is recognized on accrual basis.

**(e) Disposal of property, plant and equipment**

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

**2.2.22 Expenditure Recognition**

**(a) Revenue Expenditure**

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



**(b) Capital Expenditure**

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

**(c) Borrowing Costs**

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

**(d) Net Finance Income / Cost**

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

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

**(e) Provisions for Bad Debts**

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

**2.2.23 Related Party Transactions**

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

The relevant details are disclosed in the Note 22 to the Financial Statements.

**Transactions with Related entities .**

# SRI LANKA STATE TRADING (GENERAL) CORPORATION LTD

## NOTES TO THE FINANCIAL STATEMENTS– 2024/2025

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

### 2.2.24 Statement of Cash Flows

Statement of cash flows has been prepared using “Indirect Method”

### 2.2.25 Segmental Information

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

### 2.2.26 Earning Per Share

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

### 2.2.27 Events After the Reporting Date

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

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

### 2.2.28 Commitments and Contingencies

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

### 2.2.28 Responsibility for the Financial Statements

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



**2.2.29 Accounting Policy on Provisions**

**Provisions** are recognized when the Corporation has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability

**Provision for Legal Settlement (Deemed VAT Dispute)**

The Corporation is currently involved in a legal dispute with the Inland Revenue Department regarding Deemed VAT for the years **2012 and 2013**, filed under Case No. **Tax 62/23 CA** in the Court of Appeal. The total assessed VAT in dispute amounts to **Rs. 275,006,952.00**, detailed as follows:

- Rs. 67,694,135.00
- Rs. 62,973,684.00
- Rs. 60,783,067.00
- Rs. 83,556,066.00

Discussions are ongoing with the Inland Revenue Department to settle the matter **excluding any penalty amounts**. The capital component of the Deemed VAT amounts to **Rs. 161,139,276.00**, for which a **100% provision** has been made.

Management has decided to settle the matter in stages, beginning in the next financial year, based on ongoing discussions and internal assessments. Accordingly, a provision has been recognized in the current financial statements. As the matter relates to the financial years 2012/2013, the provision has been adjusted against the **prior year's Profit and Loss Account**, in accordance with **LKAS 37 – Provisions, Contingent Liabilities and Contingent Assets**, to reflect the expected outflow of economic resources.

**Provision Recognized: Rs. 161,139,276.00**

This provision is subject to revision depending on the final outcome of the settlement negotiations or the court's judgment.

**SRI LANKA STATE TRADING (GENERAL) CORPORATION LTD**

**NOTES TO THE FINANCIAL STATEMENTS— 2024/2025**

**2.2.30 The ongoing cases of Sri Lanka State Trading (General) Corporation Ltd**

Case No	Court	Pailiff	Defendant	Nature	Amount ,
31895/2014	Magistrate Court Fort	STC	Asela Rajakaruna	Misappropriation of corporation funds. (Motorcycle project)	Rs. 11,688,117.00
6165/2017	Magistrate Court Fort	STC	Mamdi prabakaran (newsun Trading)	Misappropriation of corporation goods (Laptop repair)	Rs. 1,739,500.00
3149/22/DMR	District Court Colombo	The Office Shop (PVT) LTD	STC	Money recovery (Toner transaction)	Rs. 1,887,259.43
229/2019/DMR	District Court Colombo	STC	Sala Enterprises	Money recovery (Sales of 150 laptops)	Rs. 3,159,189.50
3657/2020/DMR	District Court Colombo	STC	K.S.Gunawardena (PVT) Ltd (PV 863)	Money recovery (LED panel)	Rs. 2,898,411.68
937/19/M	District Court Kesbewa	STC	S.K.Kumara (S.K. Holdings)	Money recovery (LED panel)	Rs. 3,052,500.00
WC/F/687/2018 Colombo	Labour Compensation Court Narahenpita	H.A. Shamali Priyadarshani	STC and others	Accidend during the work compensation	Rs. 100,000.00
Tax 62/23 CA	Court of appeal	STC	Inland Revenue Department	Deemed VAT	Rs. 67,694,135.00 Rs. 62,973,684.00 Rs. 60,783,067.00 Rs. 83,556,066.00
1101/SCM	Colombo District Court	STC	Gayan Ranathunga	Money Recovery	Rs. 4,97,529.00



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NOTES TO THE FINANCIAL STATEMENTS - 2024/2025

NOTE 03 - REVENUE

	2024/2025 Rs.	2023/2024 Rs.
Gross Sales	8,650,538,851	12,136,979,917
Less : Sales Returns	(837,222)	(4,950,211)
Net Sales (Note 03.01)	<u>8,649,701,629</u>	<u>12,132,029,706</u>

Note 03.01 - Business Segments (Net Sales)

	Rs.	Rs.
Chemical & Allied	1,263,693,019	678,199,226
ICT Products	988,771,257	660,086,111
Office Suppliers	534,928,051	393,593,416
Automotive Products	213,870,543	229,435,930
Duty Free Shop	1,215,532	11,575,579
Electricals & Electronics	278,967,805	185,825,373
Fast Moving Consumer Goods	109,009,685	127,302,765
Household Products	328,282,822	167,150,581
Construction & Hardware	301,071,664	175,294,346
Agricultural Supplies & Machinery & Equipments	331,926,152	198,860,067
Swashakthi	112,259,109	103,679,769
<b>Total - Normal Revenue</b>	<b>4,463,995,639</b>	<b>2,931,003,163</b>
<b><u>Essential Foods &amp; Special Projects</u></b>		
Smart Board	1,043,589,750	-
Army Cloth	9,838,010	2,121,272,000
Egg	772,856,125	6,512,855,285
Yellow Maize	-	566,899,258
Urud Dhal	431,749,125	-
Rice	1,002,639,126	-
Salt	925,033,854	-
<b>Total - Essential Foods &amp; Special Projects</b>	<b>4,185,705,990</b>	<b>9,201,026,543</b>
<b>Grand Total</b>	<b><u>8,649,701,629</u></b>	<b><u>12,132,029,706</u></b>

NOTES TO THE FINANCIAL STATEMENTS - 2024/2025

NOTE 04 - OTHER OPERATING INCOME

	2024/2025	2023/2024
	Rs.	Rs.
Gain / ( Loss ) on Exchange - DFS	(8,620)	(1,914)
Miscellaneous Income ( Note 04.01 )	446,074	904,881
Rajawasa - Food Festival	86,000	141,000
S L Army - Commission Income	-	18,114,887
Profit / (Loss ) on Sale of Fixed Assets	(1,521,628)	-
Rent Income - Q Shops	4,487,033	3,706,209
Rent Income - Rajawasa Batticalo	1,937,250	-
Rent Income - Rajawasa	16,658,963	12,810,202
Rent Income - Rajagiriya Premises	21,600,000	21,600,000
	<u>43,685,073</u>	<u>57,275,265</u>

( Note 04.01 ) - Miscellaneous Income

	Rs.	Rs.
Sale of Damages Items ( Lot Sales )	446,074	904,881
	<u>446,074</u>	<u>904,881</u>

NOTE 05 - DISTRIBUTION EXPENSES

	2024/2025	2023/2024
	Rs.	Rs.
Sample Expenses & Testing Charges	5,956,357	2,550,565
Tender Forms	1,216,374	1,160,631
Expenses of Registration of Suppliers	2,370,421	1,124,651
Stores & Showroom Rent	41,622,019	38,265,799
Lorry Hire /Transport	33,326,289	3,796,783
Servicing Charges	834,997	831,875
Sales Rep Commission	27,110,448	20,630,263
Debt Collection Commission	1,123,464	342,716
Trade Fair Expenses	504,000	1,513,730
License Fees - Selling	1,034,018	311,404
Telex/ Fax. Email Charges	10,832	9,328
Overseas Travelling	336,800	1,717,908
Trade Promotional Expenses	3,645,140	3,283,850
Advertising	2,756,321	1,955,116
Loading & Unloading Expenses	354,704	856,000
Disallowed VAT	-	233,466
Stocks / Others shortages & Written Off A/C	-	251,739
Debtors /Stocks & Others Written Off A/C	-	643,075
Sales Promotion to Co-Operate Customers	285,618	41,919
SSCL - Social Security Contribution Levy Expenses	75,519,211	86,942,743
Imparement Loss of Stocks	2,386,465	(13,831,834)
Imparement Loss of Debtors	6,401,397	68,461,383
	<u>206,794,875</u>	<u>221,093,107</u>



NOTES TO THE FINANCIAL STATEMENTS - 2024/2025

NOTE 06 - ADMINISTRATIVE EXPENSES

	2024/2025	2023/2024
	Rs.	Rs.
Salaries	165,948,308	143,993,622
EPF	24,030,424	21,012,654
ETF	4,807,938	4,202,532
Overtime & Special Allowances	21,882,275	21,407,791
New Year Festival Allowances/Incentive	14,994,223	41,679,289
Annual Bonus	5,180,000	-
Contract & Casual Employee Salaries	33,108,394	32,671,896
Staff Benefits Cost	1,892,266	1,522,167
Staff Welfare	5,890,940	4,637,000
Staff Medical Expenses	8,815,474	3,846,978
Staff Vehicle ,Fuel,Transport,Professional & Other Allowances	11,043,405	10,026,358
Uniforms	789,100	609,527
Labour Charges	151,860	26,500
Death Gratuity	200,000	700,000
Leave Encashments	9,497,982	7,979,687
Gratuity Provision	6,414,775	11,918,676
Travelling & Subsistence	5,494,292	4,889,369
Audit Fees	1,380,000	1,482,000
Professional & Consultancy Fees	710,834	621,298
Legal Fees	4,033,790	2,936,358
Secretarial & Other Expenses	86,176	9,004,184
Directors Allowances	845,298	880,000
Directors Fees	1,184,810	1,210,000
Board Meeting Expenses	144,695	124,128
Insurance - General	725,590	1,038,514
Rates & Taxes	2,408,936	3,958,100
License Fees	1,849,711	2,159,234
Telephone Charges	9,286,021	9,828,095
Electricity	21,492,456	31,833,428
Postage	2,624,012	2,592,483
Water	3,717,810	3,089,868
News Papers & Periodicals	423,431	473,913
Printing & Stationery	7,662,815	8,087,277
Maintenance - Building	9,974,314	10,237,927
Maintenance - Office Equipment	11,788,585	14,490,884
Maintenance - Stores Equipment	4,287,232	2,710,947
Maintenance - Show Rooms	5,114,491	5,598,914
Maintenance & Other Expenses - Rajawasa	4,666,538	13,373,192
Maintenance & Other Expenses - Q Shop	837,710	3,182,870
Maintenance - Motor Vehicles	11,111,945	9,137,248
Motor Vehicle Registration & Insurance	902,439	139,955
Fuel & Lubricant	11,246,402	8,332,168
Computer Management Fees	638,428	1,163,520
Depreciation - Building	12,071,570	-
Depreciation - Motor Vehicle	20,851,149	20,908,276
Depreciation - Plant & Equipment	1,761,006	3,864,543
Depreciation - Office Equipment - Computers	8,722,153	3,204,043
Depreciation - Furniture	3,600,791	5,634,630
Depreciation - Tools & Equipments	642,191	410,150
Depreciation of Showroom Equipments	681,193	2,182,007
Depreciation of Computer Software	4,040,531	3,110,000
Depreciation of Office/Showroom construction on Leasehold	8,069,254	8,069,254
Premises & Rajawasa projects	2,248,530	1,344,807
Staff Training & Development Expenses		
	<b>501,974,494</b>	<b>507,538,260</b>

NOTES TO THE FINANCIAL STATEMENTS - 2024/2025

NOTE 07 - NET FINANCE INCOME / (EXPENSE)

	2024/2025 Rs.	2023/2024 Rs.
<b>Interest Income</b>		
Interest Income on Short Term Deposits	169,754,831	269,485,510
Interest on Staff Loans	1,151,416	1,181,432
Un - winding of Pre-Paid Staff Benefits	1,892,266	1,522,167
	<u>172,798,513</u>	<u>272,189,109</u>
<b>Finance Expenses</b>		
Overdraft Interest	9,858,212	10,515,616
Trust Receipt Loan Interest	11,693,092	49,514,678
Bank Charges	16,412,235	6,799,711
	<u>37,963,539</u>	<u>66,830,005</u>
	<u>134,834,974</u>	<u>205,359,103</u>

NOTE 08 - INCOME TAX EXPENSE

	Note	2024/2025 Rs.	2023/2024 Rs.
Income Tax on Profits for the year - 2024/2025	08.01	126,511,509	470,884,734
Over provision made for Previous Year (2022/2023)		-	(6,624,273)
Deferred Tax Expenses / ( Reversal )	08.02	(16,308,223)	70,785,831
		<u>110,203,286</u>	<u>535,046,293</u>

(Note 8.1) Reconciliation between Accounting Profit to Income Tax

For the year ended 31st March

	2025	2024
Accounting Profit Before Taxation	367,002,151	1,501,214,947
Income From Investment Income	(169,754,831)	(269,485,510)
Aggregate Deduction not allowed	101,795,044	115,759,408
Aggregate Allowable Items	(47,092,164)	(47,358,577)
Adjusted Business Income	<u>251,950,199</u>	<u>1,300,130,268</u>
Investment Income	169,754,831	269,485,510
Assesable Income	<u>421,705,031</u>	<u>1,569,615,778</u>
Income Tax on Profits for the year @ 30%	<u>126,511,509</u>	<u>470,884,734</u>

(Note 8.2) Deferred Tax Expense / ( Reversal)

Deferred tax expense / ( reversal ) arises from :

	Rs.	Rs.
Charge / ( Reversal ) during the year for Deffered Tax Assets	(5,764,255)	73,330,854
Charge / ( Reversal ) during the year for Deffered Tax Liabilities	(6,522,620)	(1,860,757)
Charge / ( Reversal ) during the year for Acturial Loss	(4,021,347)	(684,266)
	<u>(16,308,223)</u>	<u>70,785,831</u>

NOTE 09 - EARNINGS PER SHARE

Basic earnings per share

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

	2024/2025	2023/2024
Net profit attributable to shareholders - ( Rs. Cts. )	256,798,864	966,168,654
Weighted average number of ordinary shares in issue	10,000,000	10,000,000
Basic earnings / ( Loss ) per share (Rs. Cts.)	<u>26</u>	<u>97</u>

Diluted Earnings per Share

There were no potential dilutive ordinary shares outstanding at any time during the year ended 31st March 2025. Therefore, Diluted Earnings per Share is same as Basic Earnings per Share reported above.



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NOTES TO THE FINANCIAL STATEMENTS - 2024/2025

NOTE 10 - PROPERTY, PLANT & EQUIPMENT

	Freehold Land		Expenditure incurred on Leasehold Building		Showroom Equipment		Motor Vehicles		Office Equipments		Computers		Tools & Equipments		Furniture & Fittings		Total	
	Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.			Rs.
<b>Cost / Revaluation</b>																		
As at 01 <sup>st</sup> April 2024	3,642,600,000		159,692,250		365,001,278		38,308,984		104,370,000		17,242,400		25,729,430		1,179,000		35,112,801	4,389,236,142
Additions	-		3,253,100		-		-		-		1,067,490		1,571,000		14,328,894		2,519,292	22,739,777
Cost of Disposal of Fixed Assets	-		-		-		(6,942,740)		-		-		-		-		-	(6,942,740)
<b>As at 31<sup>st</sup> March 2025</b>	<b>3,642,600,000</b>		<b>162,945,351</b>		<b>365,001,278</b>		<b>31,366,244</b>		<b>104,370,000</b>		<b>18,309,891</b>		<b>27,300,430</b>		<b>15,507,894</b>		<b>37,632,092</b>	<b>4,405,033,179</b>
<b>Depreciation / Impairment</b>																		
As at 01 <sup>st</sup> April 2024	-		-		221,679,949		23,203,714		20,908,276		-		-		-		-	265,791,939
Depreciation Charge for the year	-		12,071,570		26,738,315		6,449,814		20,851,149		1,761,006		8,722,153		642,191		3,600,791	80,836,989
Assets	-		-		-		(3,941,112)		-		-		-		-		-	(3,941,112)
<b>As at 31<sup>st</sup> March 2025</b>	<b>-</b>		<b>12,071,569.99</b>		<b>248,418,263.52</b>		<b>25,712,415.72</b>		<b>41,759,425.43</b>		<b>1,761,006.35</b>		<b>8,722,153.38</b>		<b>642,190.52</b>		<b>3,600,791.01</b>	<b>342,687,815.92</b>
Carrying Value as at 01 <sup>st</sup> April 2024	3,642,600,000		159,692,250		143,321,329		15,105,270		83,461,724		17,242,400		25,729,430		1,179,000		35,112,801	4,123,444,203
<b>Carrying Value as at 31<sup>st</sup> March 2025</b>	<b>3,642,600,000</b>		<b>150,873,781</b>		<b>116,583,014</b>		<b>5,653,828</b>		<b>62,610,575</b>		<b>16,548,884</b>		<b>18,578,276</b>		<b>14,865,704</b>		<b>34,031,301</b>	<b>4,062,345,363</b>

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**NOTES TO THE FINANCIAL STATEMENTS - 2024/2025**

**NOTE 10 A - INTANGIBLE ASSETS**

	<b>Computer Software</b>	<b>Total</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Cost / Revaluation</b>		
As at 01 <sup>st</sup> April 2024	11,135,000	11,135,000
Additions	1,150,500	1,150,500
<b>As at 31<sup>st</sup> March 2025</b>	<u>12,285,500.00</u>	<u>12,285,500</u>
<b>Depreciation / Impairment</b>		
As at 01 <sup>st</sup> April 2024	3,110,000	3,110,000
Depreciation Charge for the year	4,040,531	4,040,531
<b>As at 31<sup>st</sup> March 2025</b>	<u>7,150,531</u>	<u>7,150,531</u>
Carrying Value as at 01 <sup>st</sup> April 2024	8,025,000	8,025,000
<b>Carrying Value as at 31<sup>st</sup> March 2025</b>	<u>5,134,969</u>	<u>5,134,969</u>

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NOTES TO THE FINANCIAL STATEMENTS - 2024/2025

NOTE 11 - INVESTMENTS IN SHARES

	2024/2025 Rs.	2023/2024 Rs.
STC Medical Ltd.	49,990	49,990
Less : Provision for Impairment of STC Medical Company Investment	<u>(49,990)</u>	<u>(49,990)</u>
	-	-
Ceylon Shipping Lines	<u>20</u>	<u>20</u>
	<u>20</u>	<u>20</u>

NOTE 12A - LOANS GIVEN TO EMPLOYEES

		2024/2025 Rs.	2023/2024 Rs.
<b>Non - Current</b>			
Loans given to employees	12.1	14,863,000	15,896,876
Pre paid Staff Benefits	12.2	<u>1,535,546</u>	<u>1,735,207</u>
		<u>16,398,546</u>	<u>17,632,082</u>
<b>Current</b>			
Loans given to employees	12.1	6,766,643	6,203,438
Pre paid Staff Benefits	12.2	<u>1,333,509</u>	<u>1,320,449</u>
		<u>8,100,152</u>	<u>7,523,887</u>
		<u>24,498,700</u>	<u>25,155,969</u>

NOTE 12.1 - LOANS GIVEN TO EMPLOYEES

Balance at the beginning of the year	25,155,969	22,414,121
Loans granted	10,794,000	12,624,000
Loans recovered	<u>(11,451,269)</u>	<u>(9,882,152)</u>
	24,498,700	25,155,969
Transfer to prepaid staff benefit	<u>(2,869,056)</u>	<u>(3,055,655)</u>
Balance at the end of the year	<u>21,629,645</u>	<u>22,100,314</u>
	14,863,000	15,896,876
Non Current	6,766,643	6,203,438
Current	<u>21,629,645</u>	<u>22,100,314</u>

NOTE 12.2 - PREPAID STAFF BENEFITS

Balance at the beginning of the year	3,055,655	2,719,483
Additions during the year	1,705,666	1,858,339
Amortization	<u>(1,892,266)</u>	<u>(1,522,167)</u>
Balance at the end of the year	<u>2,869,055</u>	<u>3,055,655</u>
	1,535,546	1,735,207
Non Current	1,333,509	1,320,449
Current	<u>2,869,055</u>	<u>3,055,655</u>

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

NOTES TO THE FINANCIAL STATEMENTS - 2024/2025

NOTE 13 - INVENTORIES

	2024/2025 Rs.	2023/2024 Rs.
Closing Inventory	1,436,293,035	685,725,364
Goods in Transits	283,340,715	406,403,359
Impairment Provision for Damage & Slow Moving Stock	(4,823,021)	(2,436,556)
	<u>1,714,810,729</u>	<u>1,089,692,167</u>

NOTE 14 - TRADE & OTHER RECEIVABLES

	2024/2025 Rs.	2023/2024 Rs.
Trade Debtors	1,436,998,718	822,322,109
Impairment of debtors	(187,397,271)	(184,147,087)
	<u>1,249,601,447</u>	<u>638,175,022</u>
Other Receivables	74,000	-
Festival Advance	1,875,222	2,321,611
Electricity Deposits	1,192,000	1,192,000
Security Deposits - NSB	1,112,163	1,088,453
Container Deposits	3,692,500	7,471,000
Rent Deposits	16,171,296	18,237,962
Sundry Deposits	906,500	906,500
Port Authority - PVQ	50,000	50,000
Bid Bond Ac.	8,380	8,380
Prepayments	2,756,371	-
Advance to Staff on Petty Cash	-	44,500
L/Guaranty Margin - People's Bank	600,000	600,000
VAT Receivables	14,972,841	152,917,121
Interest Receivable	67,394,940	131,354,807
With Holding Tax Receivable	46,413	46,413
Ministry of Education	7,784,039	7,784,039
Advance on Suppliers	44,008,616	11,906,646
Advance on Sundry Expenses	313,000	905,053
Advance on Other Payments	3,052,500	4,517,081
Advance on Q Shop	-	33,080
Rent Income Receivable	18,513,370	5,400,000
Rent Advance Payment - Batticaloa	212,500	62,500
Rent Advance Payment - Anuradhapura	916,667	-
Security Deposits - Q Shops	191,128	191,128
WHT on Interest	-	-
WHT on Interest Receivable A/C	3,547,077	6,913,411
Shipping Guaranty Margin - People's Bank	-	52,511,747
Shipping Guaranty Margin - Sampath Bank	-	42,471,000
Staff Debtors - Salary Advance / Others	271,982	46,250
David Pieris Mortor Co.Ltd	1,074,440	1,074,440
Scrap Battery Control A/C	444,700	-
Ministry of Education - New	-	822,919,071
Rent Deposit - Spectra Intergrated Logistics	-	7,000,000
Loan / Hire purchases Rent Receivable	3,649,976	4,685,217
Reimbursement of Name Board - Rajawasa	153,000	153,000
	<u>1,444,587,067</u>	<u>1,922,987,431</u>



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**NOTES TO THE FINANCIAL STATEMENTS - 2024/2025**

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**NOTE 15 - CASH HAND CASH EQUIVALENTS**

	2024/2025 Rs.	2023/2024 Rs.
<b>Cash at Bank</b>	<b>270,158</b>	270,158
BOC - ( A/C No 8859546)	<b>98,913</b>	1,218,404
Sampath Bank - (A/C No 000930000337)	<b>8,140</b>	508,313
Sampath Bank - DFS ( A/C No 002930006974)	-	681,790
BOC - (A/C No 1060)	<b>102,123</b>	235,845
NDB - New - Reg.Current (A/C - 101000160408)	<b>2,065,577</b>	1,011,200
People's Bank - Kurunegala	<b>2,067,648</b>	1,824,267
People's Bank - Kandy	<b>1,669,667</b>	2,425,851
People's Bank - Matara	<b>1,000,000</b>	3,110,331
People's Bank - Kalmunai	<b>317,929</b>	377,929
People's Bank - Rice 004 1 001 8 0206579	<b>10,851</b>	51,951
People's Bank - Rice 004 1 002 7 0206579	<b>26,919</b>	26,204
National Savings Bank	<b>427,767</b>	643,586
Petty Cash Imprest	<b>6,876,295</b>	56,780,985
Cash in Hand		
	<b>14,941,986</b>	69,166,814

NOTES TO THE FINANCIAL STATEMENTS - 2024/2025

NOTE 16 - RETIREMENT BENEFIT OBLIGATIONS

	2024/2025 Rs.	2023/2024 Rs.
Balance at the beginning of the year	40,446,241	34,243,718
Provision made during the year	19,819,266	14,199,562
Payments made during the year	(6,241,733)	(7,997,040)
Balance at the end of the year	<u>54,023,776</u>	<u>40,446,241</u>

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

The movement in the retirement benefit obligations over the year is as follows.

	2024/2025 Rs.	2023/2024 Rs.
Interest Cost	3,394,830	3,834,731
Current Service Costs	<u>3,019,830</u>	<u>8,083,945</u>
Total included in the staff cost	6,414,660	11,918,676
Net Actuarial (Gain)/Loss recognized immediately	<u>13,404,492</u>	<u>2,280,886</u>
Total recognized in the comprehensive income	<u>19,819,151</u>	<u>14,199,562</u>

The Key Assumptions used by the management include the following

Financial Assumptions	31.03.2025	31.03.2024
Rate of Interest	9%	12%
Rate of Increase of Salaries	2%	2%
Staff Turnover Factor	9%	16%
Retiring Age (Years)	60	60

The Company will continue as a going concern.

NOTE 17 - NET DEFERRED TAX LIABILITY ( ASSET )

	2024/2025 Rs. Cts.	2023/2024 Rs. Cts.
Balance at the beginning of the year	30,437,267	(41,032,830)
Provision / ( Reversal ) for the Year	<u>(12,286,875)</u>	<u>71,470,097</u>
Balance at the end of the year	<u>18,150,392</u>	<u>30,437,267</u>

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

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

	Rs.	Rs.
Provision for slow moving stocks	(715,940)	89,701,131
Provision for bad & doubtful debts	(975,055)	4,168,138
Employee Benefit Liability	(4,073,260)	(20,538,415)
Accelerated depreciation for tax purpose	<u>(6,522,620)</u>	<u>(1,860,757)</u>
	<u>(12,286,875)</u>	<u>71,470,097</u>

NOTE 18 - SHORT TERM BORROWINGS

	2024/2025 Rs.	2023/2024 Rs.
<b>Current Liabilities</b>		
<b>Short Term</b>		
T.R. Loans - Peoples' Bank	296,260,000	45,200,000
T.R. Loans - Bank Of Ceylon	385,330,754	552,872,266
T.R. Loans - Sampath Bank	-	193,567,000
<b>Total Loan Liability</b>	<u>681,590,754</u>	<u>791,639,266</u>



## NOTES TO THE FINANCIAL STATEMENTS - 2024/2025

NOTE 19 - TRADE OTHER PAYABLES	2024/2025 Rs.	2023/2024 Rs.
Trade Creditors	420,373,077	373,351,129
Foreign Import Liability	163,454,396	126,391,314
Accrued Expenses	97,249,167	68,274,950
Dividend Payable	47,500,000	-
Income Tax Payable	103,407,495	431,064,211
SSCL - Social Security Contribution Levy Payable	3,497,543	10,067,039
Other Creditors - Sundry	-	2,930,495
Audit Fees	1,380,000	1,482,000
Security Deposit - NSB	1,112,163	1,088,453
EPF	3,233,266	3,099,704
ETF	387,992	371,965
Staff Creditors - Re Banked Salaries etc.	1,444,479	1,291,875
Salary Deductions	912,918	477,678
Salary Deductions - Staff & Others	19,200	12,083
ABC Trade & Investment	1,041,629	1,041,629
Sala Enterprises	93,634	93,634
Abans (Pvt) Ltd	1,920,661	1,920,661
Refundable Tender Deposits	205,000	285,000
Withholding Tax Payable	135,663	18,333
Etisalat Credit Card Proceed	748,683	748,683
Free Issues Contro A/C	-	109,584
Stamp Recoveries	46,050	21,875
Loan / Hire Purchases Advance	1,191,883	1,191,883
Creditor for Lease Equipment	-	118,310
Money Received for Jaffna SR	-	415,128
Insurance Payable for Loan / Hire Purchases	-	49,232
Stafford Mortor (Pvt) Ltd	28,000	28,000
Retention	5,295,917	3,880,091
Retention on Service Contracts	240,849	142,389
Settlement Account of Jaffna SR	-	238,765
Working Capital for Rice Importation	50,000,000	50,000,000
<i>Mahapola Trade Fair Fund</i>	730,000	730,000
Advance Received From Customers - New	38,611,310	25,491,248
Credit Card Online Payment A/C	120,795	-
Refundable Rent Deposit - Q Shops / Others	1,425,000	1,455,000
Refundable Security Deposit- Rajawasa	2,427,822	292,167
Security Deposit- Rajawasa	7,598,173	7,598,173
	<b>955,832,766</b>	<b>1,115,772,679</b>

## NOTE 20 - BANK OVERDRAFTS

	Rs.	Rs.
People's Bank - A/ C No 004100120210918	115,101,831	350,871,279
BOC - A/C No.1060	195,389,109	-
	<b>310,490,939</b>	<b>350,871,279</b>

SRI LANKA STATE TRADING (GENERAL) CORPORATION LTD  
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NOTES TO THE FINANCIAL STATEMENTS - 2024/2025

NOTE 21 - GOVERNMENT GRANT DEFERRED INCOME

	Government Grant Deferred Income A/C 1	Government Grant Deferred Income A/C - 2 Rajawasa	Government Grant Deferred Income A/C - 4 Q Shop Construction Exp	Government Grant Deferred Income A/C - 5 Rajawasa Batticaloa	Total
	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.
Opening Balance as at 01.04.2024	25,472,188	69,444,285	11,080,402	13,754,945.02	119,751,820.49
Government Grant					
Total	25,472,188.34	69,444,284.78	11,080,402.35	13,754,945.02	119,751,820.49
Charged P & L A/C 2024/2025	6,368,047	7,716,032	5,768,621	4,584,981.68	24,437,681.57
Closing Balance as at 31.03.2025	19,104,141.26	61,728,253.14	5,311,781.18	9,169,963.34	95,314,138.92



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NOTES TO THE FINANCIAL STATEMENTS - 2024/2025

NOTE 22 - DEEMED VAT LIABILITY

	2024/2025	2023/2024
	Rs.	Rs.
Provision made during the year	161,139,276	-
Payments made during the year	-	-
<b>Balance at the end of the year</b>	<u>161,139,276</u>	<u>-</u>
Current Liability	79,177,229	-
Non Current Liability	81,962,048	-
<b>Total</b>	<u>161,139,276</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS - 2024/2025

NOTE 23 - TRANSACTIONS WITH RELATED PARTIES

**A) Transactions with Key Managerial Personnel**

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

**(i) Loans to the Directors**

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

**(ii) Other Transactions with Key Management Personnel**

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

**NOTE 24 - CAPITAL COMMITMENTS**

There were no contracted capital expenditure and contingencies approved by the Board of Directors as at the 31st March 2025.

**NOTE 25 - COMPARATIVE INFORMATION**

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

**NOTE 26 - FINANCIAL RISK MANAGEMENT**

**Overview**

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

- \* Credit risk
- \* Liquidity risk
- \* Market risks (Including currency risk and interest rate risk)

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

**Risk Management Framework**

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



**NOTES TO THE FINANCIAL STATEMENTS - 2024/2025**

**NOTE 27 - FINANCIAL RISK MANAGEMENT (Contd..)**

**Credit Risk**

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

**Liquidity Risk**

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

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

**Market Risk**

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

**Interest Rate Risk**

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