

ANNUAL REPORT

2014-2015

Sri Lanka State Trading (General) Corporation Ltd.



TABLE OF CONTENTS

Vision , Mission & Corporate Goals	04
Goals, Functions, Services & Progress during the year	05
Corporate Information	06
Chairman's Message	07
Senior Management & Heads of Divisions	08
Product Portfolio	09-11
Business Review	12
Island wide Branch Net Work	13
Employment Generation	14
e-Service Delivery System	15
Corporate Governance.....	16
Financial Highlights	17
Graphical View of Financial Highlights	18-20
Performance by Divisions	21
Auditor's Report	22
Income Statement	23
Balance Sheet	24
Statement of Changes in Equity	25
Cash Flow Statement	26
Notes to the Financial Statements	27-45

VISION, MISSION & CORPORATE GOALS

OUR VISION

To be the National Business Leader.

OUR MISSION

To supply all products and services required primarily by the state sector to enhance its operational efficiency, while catering to all other segments, maintaining stakeholder interest with a view of supporting Sri Lanka to become the commercial hub of Asia.

CORPORATE GOALS

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

Goals

- Stabilizing the market through sale of diversified goods and services
- Represent the reputed and trusted international brands in our country
- Establishing a reputation through enhancing the revenue and profit of the organization
- Achieving development targets through provision of state sector needs effectively
- Initiate actions to fulfill the consumer needs through organizations main product investment sectors
- Improving production through continuous attention on the Government, customers and the staff

Functions and Services

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

Progress during the Year

Our core business revenue recorded a value of Rs.3,862 Million with an increase of 21% in comparison to last year. STC was able to earn other operating income during the under review of Rs. 4.8 Million .The net profit before tax recorded to a value of Rs10.6 Million. In comparison with previous year, the net profit before tax declined from Rs 74 Mn despite revenue increase of 21% due to many reasons. Management drive of STC got severely disturbed due to the change took place in chairmanship and composition of board of directors soon after the Presidential election in January 2015. Since STC customer base represents mostly from public sector institutions , there were hardly any sales orders and receiving of payments for previous debts during the period from January 2015 until settling down the parliament election. Therefore trading Inventory of STC got held up and debtors outstanding got increased significantly. Multiplier impact lead to increase in overall overhead expenses of STC out of control. Although increase in administrative cost by 36 % , Distribution expenses by 27 % and finance cost by 39 times , Management of STC was able to achieve a net profit of Rs 10.6 Mn during the Year.

Number of employees of STC at end March 2015 was 395 numbers.

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

CORPORATE INFORMATION

Name of the Company	Sri Lanka State Trading (General) Corporation Limited		
Legal form	The name from STC General Trading Co. Ltd was changed to Sri Lanka State Trading General Corporation Ltd. on 01/10/2010 under the Companies Act No.07 of 2007, Lanka General Trading Co. Ltd was enacted previously under the public companies Act No.17 of 1982 and prior to that the entity was known as the Sri Lanka State Trading (General) Corporation under the Sri Lanka State Trading Act No. 33 of 1970.The company was adjunct to the Ministry of Co-operatives and Internal Trade.		
Chairman / Managing Director	Mr. Pradeep Gunawardane	- Resigned	W.E.F 09.01.2015
	Mr. Husein Baila	- Resigned	W.E.F 15.10.2015
	Dr. A M Jameel	- Joined	W.E.F 08.11.2015
Board Directors	Mr. B.M.C.K Basnayake	- Resigned	W.E.F 09.01.2015
	Mr.Ranjith Caldera	- Resigned	W.E.F 09.01.2015
	Mrs.S.A.C Kulathilaka	- Resigned	W.E.F 09.01.2015
	Mrs. P.M Perera	- Resigned	W.E.F 09.01.2015
	Mr.E.L Rajapaksa	- Resigned	W.E.F 09.01.2015
	Mr.S.L .Deen	- Joined	W.E.F 12.02.2015
	Mr. D Jeevanadan	- Joined	W.E.F 27.02.2015
	Mr.V Nitharsan	- Joined	W.E.F 27.02.2015
	Mrs.Ayanthi De Silva	- Resigned	W.E.F 03.11.2015
	Mr.T.V. Weerasena	- Joined	W.E.F 01.12.2015
Board Secretary	Mr. K.G.S.P. Wijyaratne		
Company Secretary	K L Management Consultants (Pvt) Ltd		
Auditors	M/S Dayananda Samarawickrema & Co, Chartered Accountants, No. 20/26, Station Lane, Nugegoda. Appointed by Department of Auditors General.		
Bankers	People's Bank Bank of Ceylon NDB Bank Sampath Bank		
Registered office	PO Box 1686 100. Nawam Mawatha, Colombo-2, Sri Lanka. Telephone : 242 2341-3 Fax : 244 7970 E mail : lankagen@sltnet.lk Web: www.stcgeneral.Com		
Company Registration No	PB 863		
No of Employees	395 employees had been employed by the company at The year ended.		

Chairman's Message

Although I was not in office during the year, I present audited annual accounts and brief description about performance during the year from April 2014 to March 2015 as per the information provided by the Senior Management.

Progress during 2014-2015

STC business revenue recorded a value of Rs.3,862 Million with an increase of 21% in comparison with last year. STC was able to earn other operating income during the year under review of Rs. 4.8 Million. The net profit before tax recorded as Rs10.6 Million. In comparison with previous year, the Net Profit before Tax declined substantially from Rs 74 Million due to many reasons despite revenue increase by 21 %.

There were so many changes in the management drive, faced unexpected business challenges due to the change took place in Chairmanship and Composition of Board of Directors soon after Presidential election in January 2015. Since STC customer base represents mostly from public sector institutions, there were hardly any sales orders and receiving of payments for previous debts during the period from January 2015 until settling down the parliament election. Therefore trading Inventory got held up and debtors outstanding got increased significantly. Multiplier impact lead to increase in overall overhead expenses of STC. Although increase in administrative cost by 36 %, Distribution expenses by 27 % and finance cost by 39 times, Management of STC was able to achieve a net profit of Rs 10.6 Mn during the year.

Future Plan

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

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

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

Re-negotiating with banking institutions about existing credit facilities have brought desired results in 2016 onwards by reducing interest rates.

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

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

Dr A M Jameel
Chairman Managing Director

Senior Management & Heads of Division

Senior Management

Chairman / Managing Director	Dr. A.M. Jameel
Working Director	Mr S.L. Deen
General Manager	Mr. Perakum Wijyaratne
Deputy General Manager (Trading operational Administration)	Mr. Upali Abeysekera
Deputy General Manager (Human Resources & Transport)	Mr. Upali Koralegedera
Finance Manager	Mr. Meryl Nonis
Asst. General Manager (Marketing)	Mrs. Chamila Iddamalgod

Head of Divisions

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

Branches & Showrooms

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

OUR PRODUCT PORTFOLIO



Office Supplies and Equipments

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



Home Appliances

Aluminium Items, Porcelain Products, Nonstic Kitchenware, All kinds of Cleaning Products, Sports Goods, All kinds of Plastic Products, Cups & Saucers, Cutlary & Crockery, Kettles & Jugs, Racks & Trays, Vaccum Flasks, Water Filters & Purifiers, Pillows, Metresses & Bedsheets, Rubber, Coir Carpets, Weighting Scales, Raincoats & Umbrellas, Tissues, Paper Serviettes & Other paper based products, Wall clocks



IT & Telecommunication Accessories

Laptops, Desktop Computers, Printers, Fax Machines, Scanners, UPS, Photocopy Machines, Other Computer Accessories



Electrical & Electronic Accessories

Air Conditioners, KDK Fans, Digital Cameras (Still, Video) & Flashlights, Multimedia Projectors & Screens, Indoor & Outdoor Speakers, Audio Amplifiers, Mixers & Microphones, Generators, Access Control Systems, CCTV Systems, Finger Scan Attendance Systems, Bulbs (CFL, Fluorescent) & Emergency Lights, Telephones, Wiring Accessories, Other Electrical Accessories

OUR PRODUCT PORTFOLIO



FMCGs (Fast Moving Consumer Goods)

Homecare Products
Personel Care Products
Food Brands



Tyres & EXIDE Batteries



Agricultural Equipments, Machinery Tools & Hardware

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



Motorbicycles

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

OUR PRODUCT PORTFOLIO



Interior Design & Office Furnitures

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



Chemicals

Industrial Chemicals
Laboratory Chemicals
Speciality Chemicals
Selected Explosive Chemicals

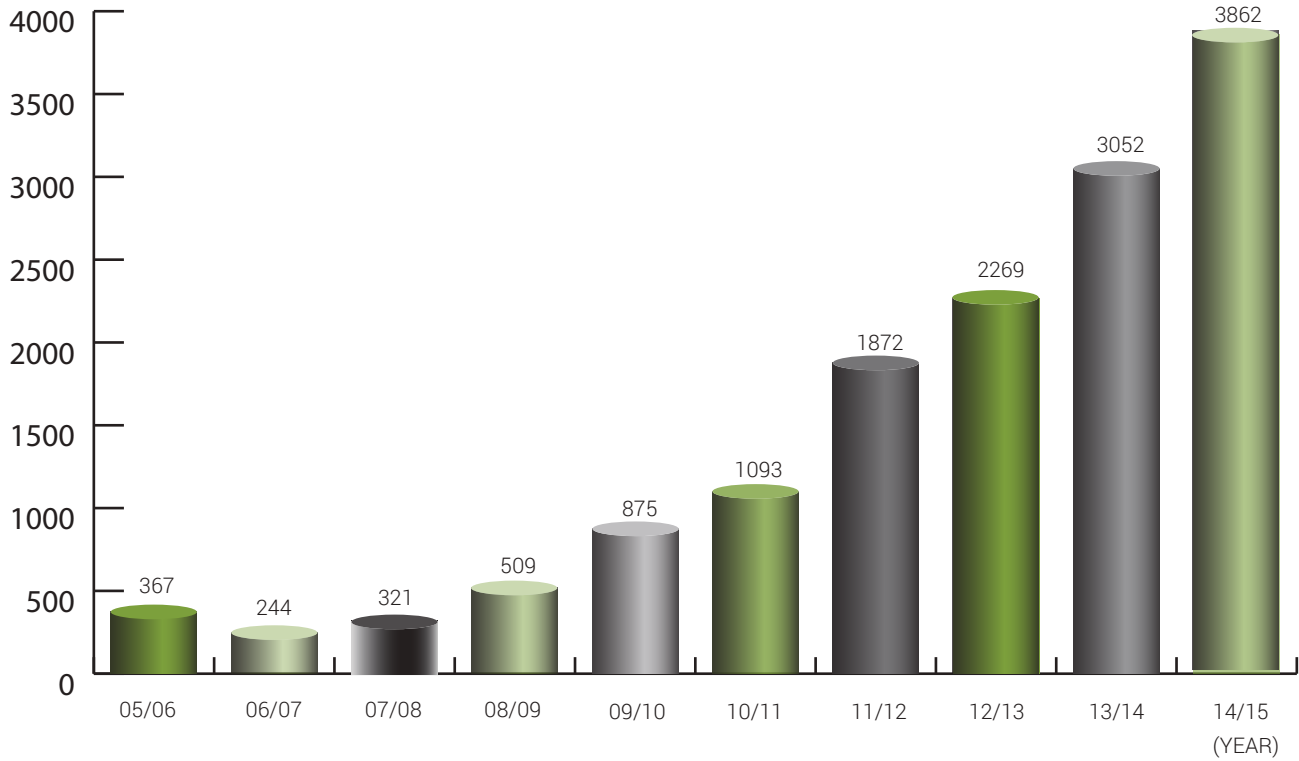


Duty Free Shop

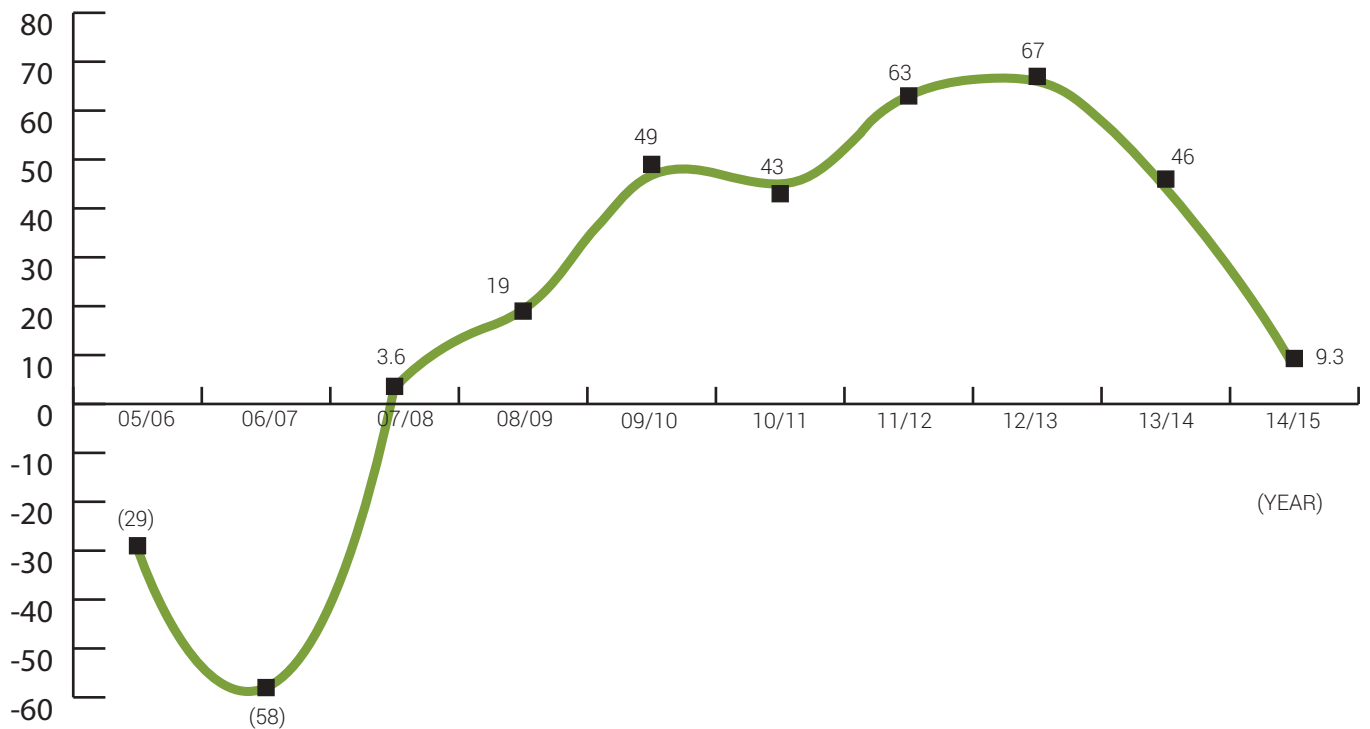
Facilitate the requirement of the diplomats and diplomatic missions

BUSINESS REVIEW

Sales Growth (Rs.Mn.)



Net profit after tax growth (Rs.Mn.)



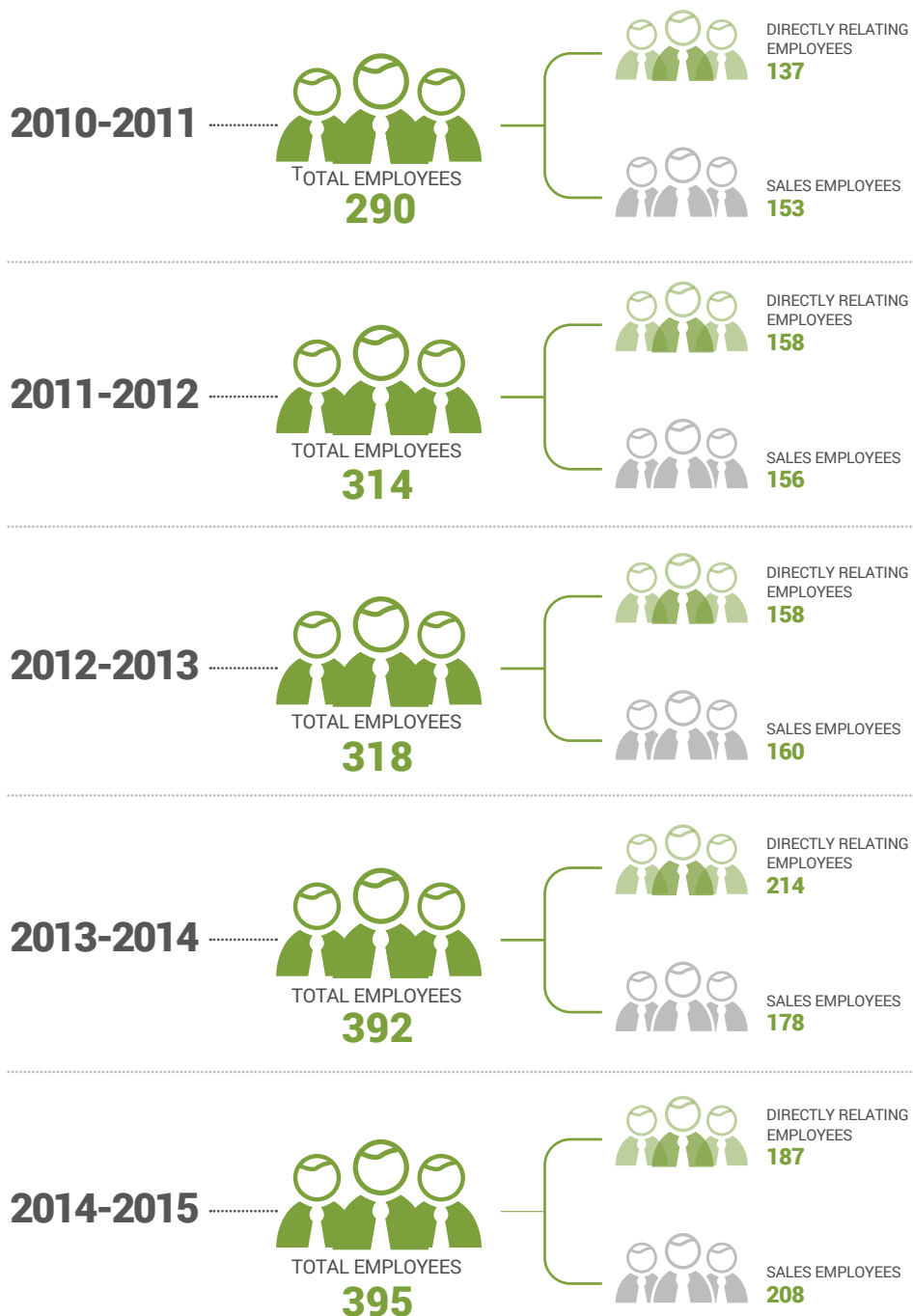
ISLAND-WIDE BRANCH NETWORK



EMPLOYMENT GENERATION

2010 - 2015

Numbers in Employment since 2010/2011 to 2014/2015



e - SERVICE DELIVERY SYSTEM

ERP Software Key Features

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



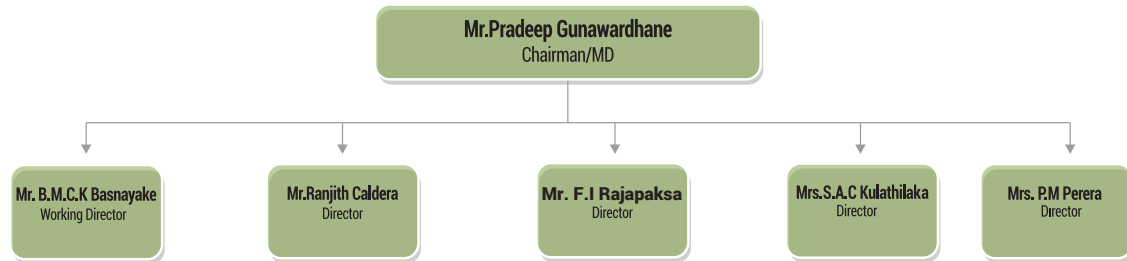
Benefits of ERP Software of STC

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

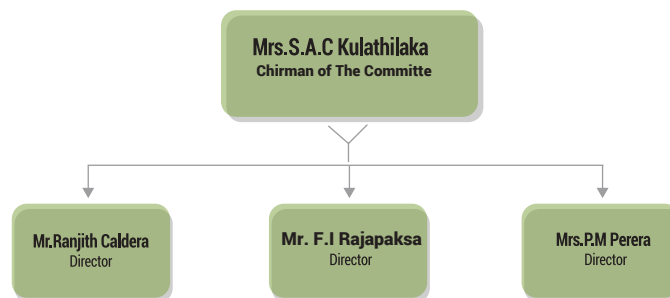
CORPORATE GOVERNANCE

During the past year management of STC strived to rejuvenate governance structure and best business practices. In addition STC has a separate Internal Audit Division, headed by a qualified accountant and internal controls are in place to ensure a sound control environment. Further there is separate Audit Committee which reports to the Board of Directors.

Board members



Audit Committee members



Availability of Business Managing Instruments



- 1) Corporate Plan 2011/12-2015/2016
- 2) Annual Report 2014/15
- 3) STC Procurement Procedures
- 4) STC Action Plan
- 5) STC Product Profile
- 6) STC Profile
- 7) STC Credit Sales Policy

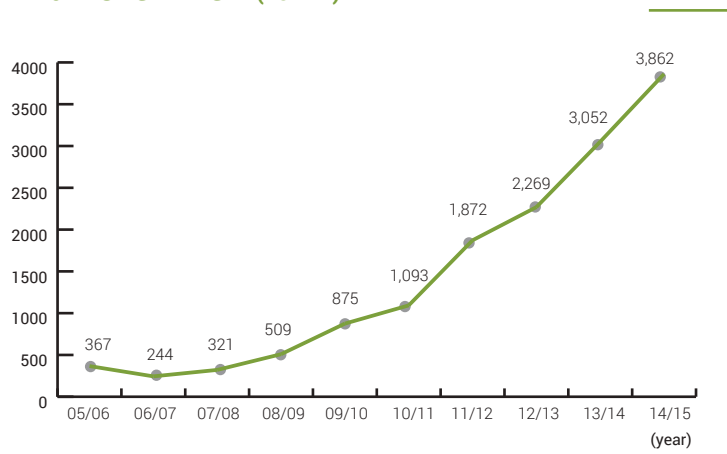
FINANCIAL HIGHLIGHTS

	2014/2015 (Rs. 000's)	2013/2014 (Rs. 000's)	Change (%)
Operation			
Turnover	3,861,940	3,052,009	21%
Earnings before Interest & Tax	45,464	81,216	-79%
Profit before Taxation	10,594	74,094	-599%
Profit after Taxation	9,302	46,041	-395%
Balance Sheet			
Non - Current Assets	589,301	460,722	22%
Current Assets	2,461,894	1,814,105	26%
Current Liabilities	2,308,233	1,540,613	33%
Non - Current Liabilities	47,997	48,550	-1%
Stated Capital & Reserves	694,966	685,664	1%
Cashflow			
Net Cash generated from Operating Activities	(233,159)	438,725	288%
Net Cash used in Operating Activities	(247,768)	403,115	263%
Net Cash generated from Investing Activities	(130,140)	(135,798)	-4%
Net Cash generated from Financing Activities	(263,393)	(382,273)	-45%
Per Share Data			
Earnings per Share	1.54	5.07	-229%
Net Assets per Share	69.50	68.57	1%
Key Ratios			
Gross Profit Ratio	16%	16%	--
Net Profit Ratio	0.27%	2.43%	-785%
Quick Ratio	0.68	0.83	-21%
Current Ratio	1.07	1.18	-10%
Gearing Ratio	0.52	1.10	-112%
Return on Equity (ROE)	0.01	0.07	-423%
Return on Assets (ROA)	0.003	0.02	-473%

Graphical View

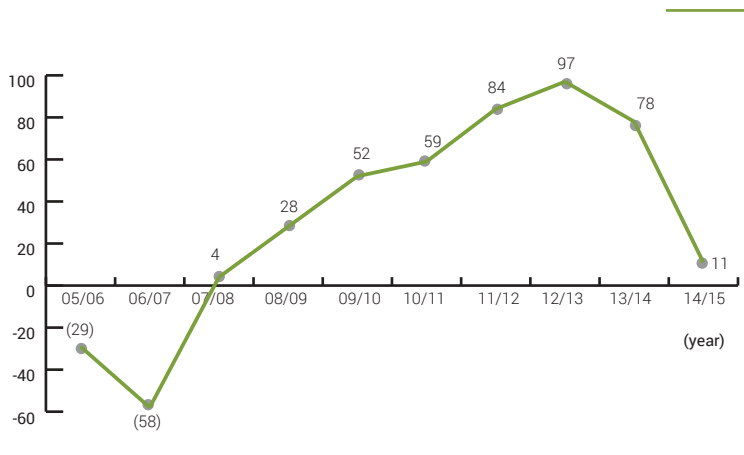
Turnover View (Rs.Mn.)

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



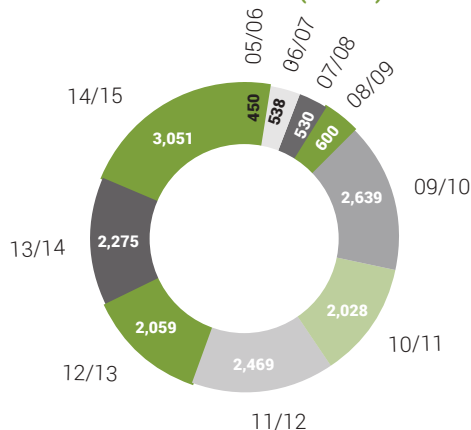
Profit before Tax (Rs.Mn.)

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



Total Assets (Rs.Mn.)

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

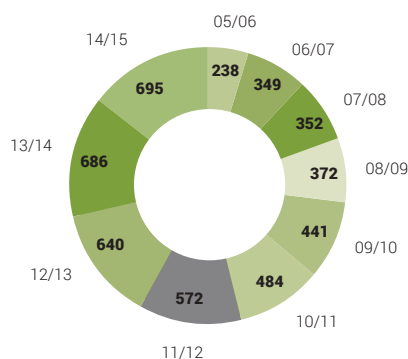


Graphical View

Year Total Equity (Rs. Mn.)

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

Total Equity (Rs. Mn)



Year EPS (Rs. Mn)

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

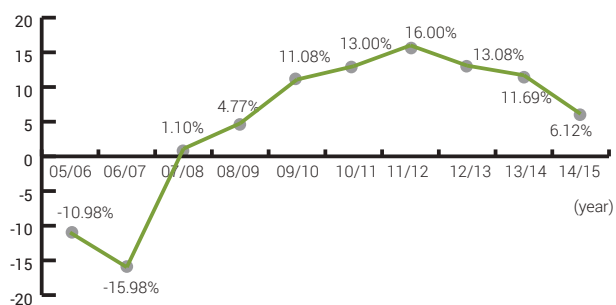
Earning per Share (Rs. Mn)



Year ROCE (%)

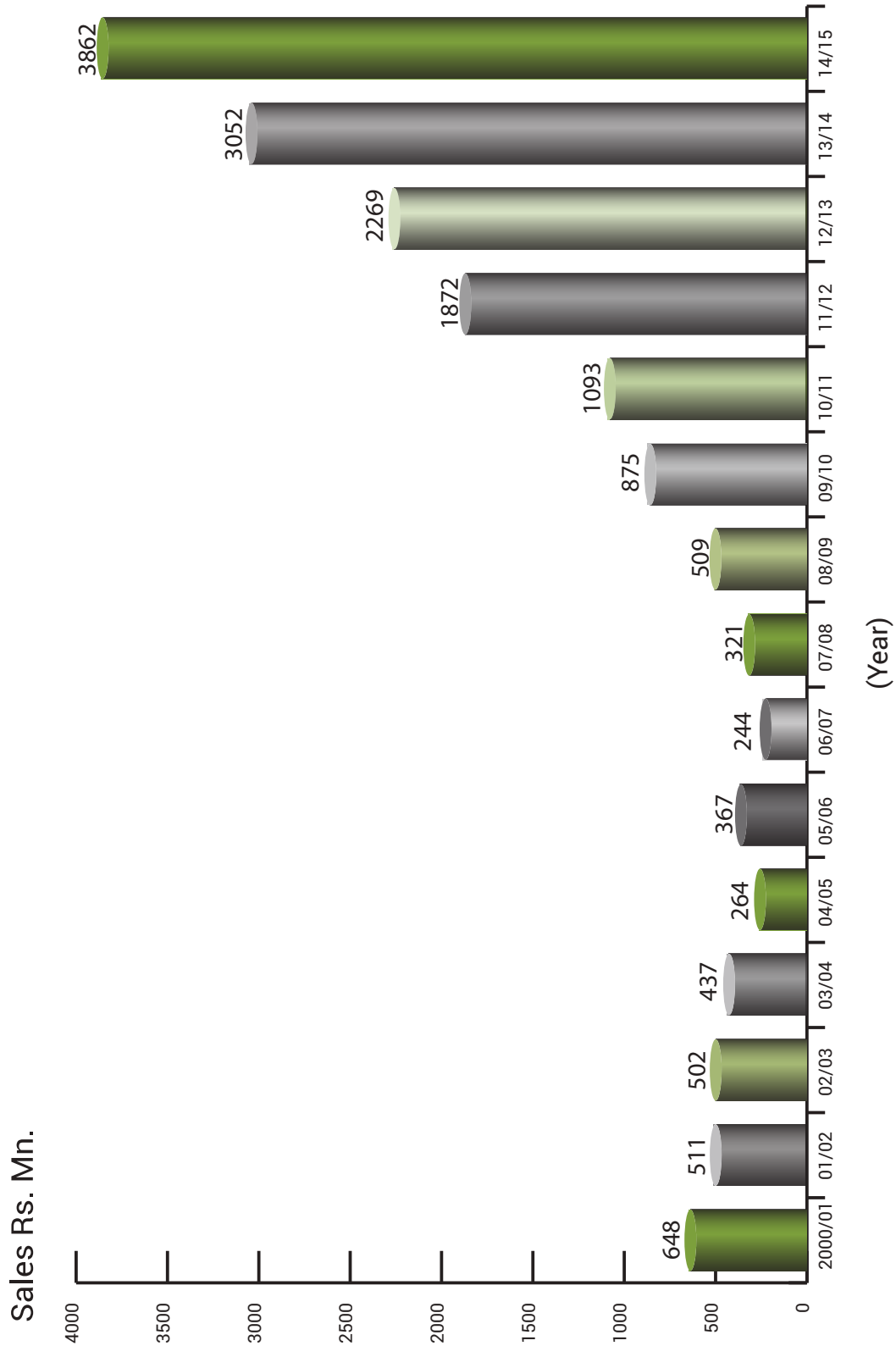
Year	ROCE (%)
05/06	-10.98%
06/07	-15.98%
07/08	1.10%
08/09	4.77%
09/10	11.08%
10/11	13.00%
11/12	16.00%
12/13	13.08%
13/14	11.69%
14/15	6.12%

Return on Capital Employed (%)



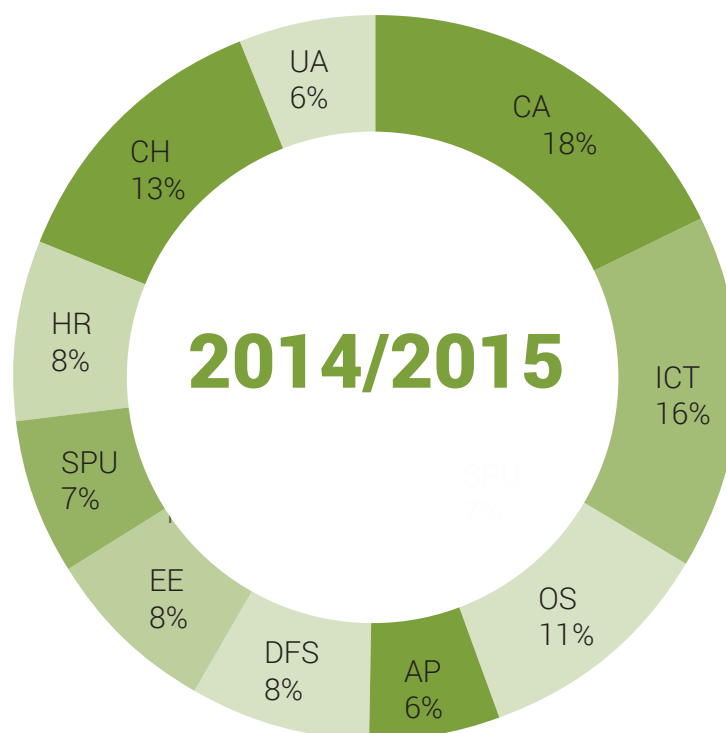
Revenue Graph

2000/2001 to 2014/2015



DIVISIONAL PERFORMANCE OF STC 2014/ 2015

REVENUE DRIVERS



Division	Revenue (Rs.)
Chemical & Allied	708,516,471.00
Information Technology	615,724,919.00
Office Supplies	419,423,462.00
Automotive Products	214,639,899.00
Duty Free Shop	307,089,572.00
Electrical & Electronic	304,034,685.00
Special Project Unit	266,433,079.00
Household Requirements	300,182,510.00
Construction & Hardware	493,743,644.00
Unallocated (Others)	232,151,514.00
	3,861,939,755.00

Dayananda Samarawickrema & Co.,

CHARTERED ACCOUNTANTS

Partners

H.G. Dayananda F.C.A.

J. Rajasuriya F.C.A., B.A.

P.D.G. Ravinatha A.C.A.

K.G. Chandana Kumara A.C.A.

No. 20/26, Station Lane,

Nugegoda, Sri Lanka.

Tele : 2854614, 2809650, 2822940

Fax : 2820112

E mail : dsandco@sltnet.lk

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying Financial Statements of Sri Lanka State Trading (General) Corporation Limited which comprises of Financial Position as at 31st March 2015 and the statement of Comprehensive Income, Statement of Change in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Scope of Audit and Basis of Opinion

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

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

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

Opinion

In our opinion, so far as appears from our examination, the company maintained proper accounting records for the year ended 31st March 2015 and the Financial Statements give a true and fair view of the companies state of affairs as at 31st March 2015 and its Profits and Cash Flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

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



Dayananda Samarawickrema & Co.

Chartered Accountants,

Nugegoda.

10.11.2015

Statement of comprehensive income

For the year ended 31st March 2015

	Notes	2014/2015		2013/2014	
		Rs.	Cts	Rs.	Cts
Revenue	03	3,861,939,755		3,052,008,860	
Cost of Sales		(3,242,781,217)		(2,551,877,551)	
Gross Profit		619,158,538		500,131,309	
Other Operating Income		4,786,720		14,327,232	
		623,945,258		514,458,541	
Distribution Expenses	05	(183,678,919)		(144,242,207)	
Administration Expenses	06	(388,659,957)		(284,352,722)	
		(572,338,876)		(428,594,929)	
Earnings Before Interest & Tax		51,606,382		85,863,612	
Net Finance Income / (Expenses)	07	(34,870,456)		(7,122,146)	
Profit Before Taxation		16,735,926		78,741,466	
Income Tax Expenses	08	(1,291,720)		(28,053,788)	
Net Profit For the Year		15,444,206		50,687,678	
Other Comprehensive Income					
Actuarial Gain / (Loss) on employee benefits	18	(6,142,412)		(4,646,910)	
Other Comprehensive Income - Net of Tax		(6,142,412)		(4,646,910)	
Total Comprehensive Income for the Year		9,301,794		46,040,768	
Basic Earnings per Share	09	1.54		5.07	

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

Statement of financial position

		2014/2015	2013/2014
		Rs. Cts	Rs. Cts
Non-Current Assets			
Property, Plant & Equipment	10	575,891,758	454,192,835
Investments in Shares	11	20	20
Loans Given to Employees	12A	6,772,154	6,428,986
Easy Payment Loan Scheme	12B	6,637,387	100,652
Total Non Current Assets		589,301,319	460,722,493
Current Assets			
Inventories	13	892,186,552	541,587,127
Trade & Other Receivables	14	780,172,146	593,003,243
Loans Given to Employees - Current Maturity	12A	3,734,995	3,564,287
Easy Payment Loan Scheme - Current Maturity	12B	4,071,777	35,824
Imported Rice Price Subsidy Receivable	15	396,625,946	324,164,384
Short Term Investment in Fixed Deposits		358,773,901	333,655,365
Cash & Cash Equivalents	16	26,329,105	18,094,798
		2,461,894,422	1,814,105,028
Total Assets		3,051,195,741	2,274,827,521
EQUITY & LIABILITIES			
Capital & Reserves			
Stated Capital 10,000,000 Ordinary Shares Rs. 10/- each		100,000,000	100,000,000
General Reserves		45,607,646	45,607,646
Revaluation Reserves		241,108,234	241,108,236
Other Reserves		(14,124,651)	(7,982,239)
Retained Earnings		322,374,838	306,930,633
Total Equity		694,966,067	685,664,276
Non-Current Liabilities			
Interest Bearing Liabilities	17	17,298,486	20,769,568
Retirement Benefit Obligations	18	34,477,390	24,976,576
	19	(3,779,279)	2,803,745
Net Deferred Tax Liabilities (Assets)		47,996,597	48,549,889
Current Liabilities			
Income Tax Payable	20	4,636,880	11,046,128
Short Term Borrowings	17	970,148,971	613,112,241
Interest Bearing Liabilities	21	6,947,767	6,029,870
Trade & Other Payables	22	980,851,254	687,526,945
		345,648,205	222,898,172
Bank Overdrafts		2,308,233,077	1,540,613,356
Total Equity & Liabilities		3,051,195,741	2,274,827,521

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

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


Finance Manager

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


Chairman / Managing Director
10th November 2015


Director



Statement of changes in equity

For the year ended 31st March 2015

	Stated Capital Rs. Cts	Revaluation Reserves Rs. Cts	General Reserves Rs. Cts	Other Reserves Rs. Cts	Retained Profit/(Loss) Rs. Cts	Total Rs. Cts
Balance as at 1 st April 2013	100,000,000	241,108,236	45,607,646	(3,335,329)	256,242,961	639,623,514
Net Profit / (Loss) for the year	-	-	-	-	50,687,672	50,687,672
Actuarial Gain / (Loss) on Retirement Benefit Obligations	-	-	-	(4,646,910)	-	(4,646,910)
Balance as at 31 st March 2014	100,000,000	241,108,236	45,607,646	(7,982,239)	306,930,633	685,664,276
Balance as at 01 st April 2014	100,000,000	241,108,236	45,607,646	(7,982,239)	306,930,633	685,664,276
Net Profit / (Loss) for the year	-	-	-	-	15,444,205	15,444,205
Actuarial Gain / (Loss) on Retirement Benefit Obligations	-	-	-	(6,142,412)	-	(6,142,412)
Balance as at 31 st March 2015	100,000,000	241,108,234	45,607,646	(14,124,651)	322,374,838	694,966,069

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 2015.	2014/2015 Rs. Cts	2013/2014 Rs. Cts
Cash Flow from Operating Activities		
Net Profit Before Taxation	16,735,925	78,741,461
Adjustments for		
Lease Interest	5,092,728	3,653,164
Depreciation / Amortization	43,004,963	29,424,115
Interest Income	(27,351,677)	(38,828,826)
Trust Receipt Loan & Overdraft Interest	57,129,406	42,297,808
Bad & Doubtful Debts	-	(1,713,472)
Provision for Gratuity	3,358,401	2,488,333
Operating Profit Before Working Capital Changes	97,969,747	116,062,583
(Increase) / Decrease in Inventories	(350,599,425)	(171,566,157)
(Increase) / Decrease in Trade Debtus	(191,144,652)	(220,558,244)
(Increase) / Decrease in Imported Rice Price Subsidy Receivable	(72,461,562)	378,071,981
(Increase) / Decrease in Easy Payment Loan Scheme	(10,572,687)	(136,476)
Increase / (Decrease) in Trade & Other Payables	293,649,469	336,851,043
Cash Generated From Operations	(233,159,110)	438,724,730
WHT Paid	(3,248,015)	(3,588,109)
Income Tax Paid	(11,361,138)	(30,906,976)
Gratuity Paid	-	(1,114,476)
Net Cash Used in Operating Activities	(247,768,264)	403,115,169
Cash Flows from Investing Activities		
Acquisition of Property, Plant & Equipment	(61,358,159)	(35,460,081)
Investment in Work in Progress	(99,595,727)	(137,349,785)
Interest Received	30,813,550	37,012,016
Net Cash from in Investing Activities	(130,140,336)	(135,797,850)
Cash Flows from Financing Activities		
Investments in Fixed Deposits	(25,118,536)	(32,267,092)
Net Loan Repayments & Proceeds	357,036,730	(298,145,333)
Trust Receipt Loan & Overdraft Interest	(57,129,406)	(42,297,808)
Lease Rentals Paid	(11,395,913)	(9,563,132)
Net Cash from Financing Activities	263,392,875	(382,273,365)
Net Increase / (Decrease) in Cash & Cash Equivalents	(114,515,725)	(114,956,046)
Cash & Cash Equivalents at the beginning of the year	(204,803,374)	(89,847,328)
Cash & Cash Equivalents at the End of the year - (Note A)	(319,319,099)	(204,803,374)
Note A - Analysis of Cash & Cash Equivalents	As at	As at
	31.03.2015	31.03.2014
	Rs. Cts.	Rs. Cts.
Cash at Bank		
BOC (A/C No 008859546)	1,067,338	1,180,170
Sampath Bank (A/C No 000930000337)	2,372,943	204,498
Sampath Bank - DFS (A/C No 002930006974)	4,274,052	4,255,737
BOC (A/C No 1060)	20,847	21,847
NDB Call A/C (A/C No. - 106340003864)	2,033,634	1,089,588
People's Bank - Kurunegala	130,406	-
People's Bank - Matara	1,264,897	-
Cash in Hand		
Petty Cash Imprest	415,316	341,830
Cash in Hand	14,749,672	11,001,128
Bank Overdrafts		
People's Bank (A/C No - 004100120210918)	(339,041,284)	(222,242,040)
People's Bank - Kandy (A/C No - 03100190206579)	(1,241,135)	-
NDB (A/C - 101000160408)	(5,365,786)	(656,132)
	(319,319,100)	(204,803,374)

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

Notes to the Financial Statements

1. GENERAL INFORMATION

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

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

The staff strength of the company as at 31st March 2015 is 395. (2013/14 – 392)

2. SUMMARY OF SIGNIFICANT

ACCOUNTING POLICIES.

2.1 Basis of Preparation

2.1.1 Statement of Compliance

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

The Financial statements were authorised for issue by the Board of Directors on the 10th November 2015.

2.1.2 Basis of measurement

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

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

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

2.1.3 Comparative Information

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

2.1.4 Use of estimates and judgments

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

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

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

Note 18 – Retirement Benefit Obligations
No adjustments are made for inflationary factors affecting these Financial Statements.

Appropriate significant policies are explained in succeeding notes.

2.1.5 Foreign Currency Translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

2.2 Assets and the bases of their valuation

2.2.1 Property, plant and equipment

2.2.2 Recognition and Measurement

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

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

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

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

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

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

Notes to the Financial Statements

asset are charged against the revaluation reserve statement of equity, any excess and all other decreases are charged to the statement of comprehensive income.

2.2.3 Subsequent Costs

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

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

2.2.4 Derecognition

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

2.2.5 Depreciation

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

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

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

Building	7.5%
Motor Vehicles	20%
Equipment	10%
Furniture & Fittings	10%
Computers	33.33%
Leasehold Building	Over the lease period

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

2.2.6 Capital work In progress

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

2.2.7 Financial assets- classification

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

2.2.8 Loans and receivables

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

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

2.2.9 Offsetting financial instruments

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

2.2.10 Impairment of financial assets

Assets carried at amortized cost

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

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

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

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

2.2.11 Impairment of non-financial assets

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

2.2.12 Inventories

I Inventories are stated at the lower of cost or net realizable value. Cost is determined by the Weighted Average method, Net realizable value is the estimate of the selling price in the ordinary course of business less the cost of completion and selling expenses.

II The amount of inventories recognized as cost of sales in the Profit and loss during the year is Rs. 3,282,781,217

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

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

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

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

2.2.13 Trade Receivables

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

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

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

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

2.2.14 Investments

(a) Long Term Investments

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

(b) Short Term Investments

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

2.2.15 Cash & Cash Equivalents

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

2.2.16 Stated Capital

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

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

2.2.17 Trade Payables

Company recognizes trade payables as financial liabilities in its statement of financial position when, and only when, the Company has a contractual obligation to deliver cash or another financial asset. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business) if longer, they are presented as non-current liabilities. Trade payables are recognized initially at fair value.

2.2.18 Borrowings

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

2.2.19 Accounting for leases

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

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Notes to the Financial Statements

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

2.2.20 Income Tax

(a) Current Taxes

The provision for income tax is based in the results of the operation during the year according to the Inland Revenue Act no.10 of 2006 and amendments thereto.

(b) Deferred Taxation

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

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

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

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

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

A deferred tax asset account has arisen due to brought forward tax losses in the past. This amounts to a sum of Rs 247,465,836/=. This asset was not taken into accounts since recoverability of tax losses is beyond the normal time limits. However this has been disclosed in the notes.

(c) Turnover Based Taxes

Turnover based tax includes Value Added Tax (VAT) and Nation Building Tax (NBT).

2.2.21 Post Employment Benefits

(a) Defined Benefit Plan

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

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

According to the payment of Gratuity Act No. 12 of 1983, the liability for the gratuity payment to an employee arises only on the completion of 05 years of continued service with the company. Projected unit credit method prescribed in Sri Lanka Accounting Standard 19; Employee Benefits has been used to identify Deficit or Charge for the year and assumptions used are disclosed in Note No 18.

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

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

2.2.22 Revenue Recognition

Revenue recognition

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

(a) Sale of goods

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

(b) Rendering of Services

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

(c) Interest Income

Interest income is recognized on an accrual basis.

(d) Other Income

Other income is recognized on an accrual basis.

(e) Disposal of property, plant and equipment

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

2.2.23 Expenditure Recognition

(a) Revenue Expenditure

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

(b) Capital Expenditure

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

(c) Borrowing Costs

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

(d) Net Finance Income / Cost

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

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

(e) Provisions for Bad Debts

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

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

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

2.2.24 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/ decisions of the other, irrespective of whether a price is being charged or not. The relevant details are disclosed in the Note 23 to the Financial Statements.

Transactions with Related Entities

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

2.2.25 Statement of Cash Flows

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

2.2.26 Segmental Information

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

2.2.27 Earning Per Share

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

2.2.28 Events After the Reporting Date

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

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

2.2.29 Commitments and Contingencies

Commitments and contingencies as at the reporting date, is disclosed in Note 24 to the Financial Statements.

2.2.30 Responsibility for the Financial Statements

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

Notes to the Financial Statements

NOTE 03 - REVENUE	2014/2015	2013/2014
	RS. Cts.	RS. Cts.
Gross Sales	3,865,380,141	3,056,148,037
Less : Sales Returns	(3,440,386)	(4,139,177)
Net Sales (Note 03.01)	3,861,939,755	3,052,008,860
	2014/2015	2013/2014
	RS. Cts.	RS. Cts.
Note 03.01 - Business Segments (Net Sales)		
Chemical & Allied	708,516,471	693,769,311
ICT Products	615,724,919	467,681,377
Office Suppliers	419,423,462	357,650,887
Automotive Products	214,639,899	189,269,651
Duty Free Shop	307,089,572	229,800,783
Electricals & Electronics	304,034,685	204,572,856
Special Project Unit	266,433,079	205,493,861
Household Products	300,182,510	235,468,034
Construction & Hardware	493,743,644	341,289,804
Unallocated (Others)	232,151,514	127,012,296
	3,861,939,755	3,052,008,860
	2014/2015	2013/2014
	RS. Cts.	RS. Cts.
Note 03.02 - Segmental Operating Results (Gross Prof)		
Chemical & Allied	194,216,811	181,134,920
ICT Products	64,142,278	43,509,804
Office Suppliers	51,598,398	40,446,115
Automotive Products	17,998,558	16,264,760
Duty Free Shop	93,857,291	71,565,585
Electricals & Electronics	45,681,509	47,279,810
Special Project Unit	19,514,125	14,133,963
Household Products	44,918,894	30,477,406
Construction & Hardware	49,811,691	36,022,150
Unallocated (Others)	37,418,983	19,296,796
	619,158,538	500,131,309

NOTE 04 - OTHER OPERATING INCOMES

	2013/2014	2012/2013
	RS. Cts.	RS. Cts.
David Pieris Motor Company (Bajaj) - Commission	-	1,276,850
Sales Commissions	-	1,408,570
Forieign Exchange gain	165,354	286,493
CIC Seed commission	175,449	323,894
Income from School Uniform Project	-	186,835
Miscellaneous Income (Note 04.01)	131,181	217,549
Double A Commission	-	1,336,256
Police Head Quarters	2,325,133	895,730
Unimo Enterprises (Commission for Tyres)	-	952,830
S L Army - Canvas Shoes	750,646	1,112,320
Over Provision of Bad & Doubtful Debts	-	1,713,472
Income of Registration of Suppliers	24,000	-
Intrest on Easy Payment Scheme	752,459	-
Income from Loans granted	462,498	-
Sales Discount - Unilever	-	4,616,433
	4,786,720	14,327,232

(Note 04 01) Miscellaneous Income	2014/2015	2013/2014
	RS. Cts.	RS. Cts.
Sale of Damages Items	101,707	176,572
Return Interest Cheques	13,924	1,010
Difference of Price - Suppliers	-	19,087
Others	834	20,880
Vista Advertising - HP Commission	14,716	-
	131,181	217,549

Notes to the Financial Statements

NOTE 05 - DISTRIBUTION EXPENSES

	2014/2015 RS. Cts.	2013/2014 RS. Cts.
Sales Incentives	19,145,354	19,871,166
Sample Expenses	1,392,063	1,755,382
Tender Forms	594,732	534,527
Expenses of Registration of Suppliers	2,349,346	1,542,556
Stores & Showroom Rent	52,807,796	27,665,980
Sales Outlet Expenses	540,600	-
Panchikawatte Disposal Loss	2,875,358	-
Lorry Hire /Transport	5,535,059	2,888,191
Servicing Charges	8,177,994	12,326,440
Reimbursement of Sales Expenses	11,101,545	11,650,310
Reimbursement of Debt Collection Expenses	1,031,844	-
Trade Fair Expenses	-	1,199,383
License Fees - Selling	441,580	343,130
Telex/ Fax, Email Charges	20,000	3,353
Overseas Travelling	2,620,072	5,922,685
Trade Promotional Expenses	20,136,557	11,526,070
Advertising	5,743,479	9,922,884
Gift Vouchers	(14,668)	27,657
Loading & Unloading Expenses	2,661,057	152,388
Disallowed VAT	11,587,172	10,120,058
Nation Building Tax	33,148,087	26,485,869
Impairment of Debtors	63,276	-
Sales Promotion to Co-Operate Customers	1,720,616	203,378
Dealer Commissions	-	100,800
	183,678,919	144,242,207

NOTE 06 - ADMINISTRATIVE EXPENSES

	2014/2015	2013/2014
	RS. Cts.	RS. Cts.
Salaries	50,489,795	45,707,660
EPF	17,843,307	15,020,623
ETF	3,568,663	3,010,265
Overtime & Special Allowances	22,224,163	21,278,524
New Year Festival Allowances	11,525,060	8,975,870
Casual Employee Salaries	73,991,412	55,590,114
Un winding Prepaid Staff Costs	453,493	442,011
Staff Welfare	4,806,657	4,356,214
Staff Medical Expenses	1,667,029	1,786,835
Staff Vehicle & Fuel Allowance	17,311,279	7,346,666
Family Welfare Assistance	2,170,000	2,037,000
Uniforms	951,080	370,332
Labour Charges	14,165,765	7,630,241
Leave Encashments	3,734,421	3,122,468
Gratuity Provision	3,358,401	2,488,333
Travelling & Subsistence	3,571,314	2,280,419
Audit Fees	148,900	148,900
Professional & Consultancy Fees	45,000	205,622
Legal Fees	1,281,319	560,442
Certification Of Documents & Other Expenses	84,870	84,901
Directors Salaries	1,152,000	1,260,000
Directors Fees	178,200	99,000
Board Meeting Expenses	27,270	36,450
Insurance - General	1,732,095	960,901
Rates & Taxes	2,495,182	2,057,097
License Fees	789,563	129,494
Telephone Charges	14,756,711	9,223,594
Electricity	13,494,341	10,709,843
Postage	1,200,236	997,642
Water	1,720,857	1,386,862
News Papers & Periodicals	233,017	110,551
Printing & Stationery	21,573,579	6,941,743
Maintenance - Building	147,519	798,225
Maintenance - Office Equipment	12,150,316	9,408,688
Maintenance - Stores Equipment	711,085	756,084
Maintenance - Show Rooms	2,785,989	2,483,368
Maintenance - Motor Vehicles	2,746,514	2,461,150
Motor Vehicle Registration & Insurance	98,961	944,759
Fuel & Lubricant	7,233,152	5,827,499
Computer Management Fees	305,178	826,490
Computer Maintenance	3,742,830	1,073,731
Depreciation - Building	3,839,219	3,839,219
Depreciation - Motor Vehicle	9,663,098	13,733,997
Depreciation - Plant & Equipment	13,509,788	8,431,027
Depreciation - Furniture	4,703,390	3,178,298
Depreciation - Tools & Equipments	93,144	63,207
Amortization of Deferred Expense in Kandy Showroom	11,196,324	178,366
Hire of Vehicles	8,496,790	2,123,244
Bank Charges	11,927,959	8,990,675
Staff Training & Development Expenses	587,395	822,888
Surcharges	17,159	88,422
Parking Expenses	1,959,168	1,966,768
	388,659,957	284,352,722

Notes to the Financial Statements

NOTE 07 - NET FINANCE INCOME (EXPENSES)

	2014/2015 RS. Cts.	2013/2014 RS. Cts.
Interest Income		
Interest Income on Short Term Deposits	25,975,876	37,669,134
Interest on savings account	75,049	35,938
Interest on Staff Loans	847,259	681,741
Un - winding of Pre-Paid Staff Benefits	453,493	442,011
	27,351,677	38,828,825
Interest Expense		
Overdraft Interest	22,787,440	10,685,108
Trust Receipt Loan Interest	34,341,966	31,612,700
Lease Interest	5,092,728	3,653,164
	62,222,134	45,950,972
	(34,870,457)	(7,122,146)

NOTE 08 - INCOME TAX EXPENSES

	2014/2015 RS. Cts.	2013/2014 RS. Cts.
Income Tax on Profits for the year <i>(Note 08.01)</i>	6,686,063	16,671,606
Income Tax on Profits for the year - 2009/2010	-	8,547,768
Deemed Dividend Tax	1,188,681	2,702,523
Deferred Tax Expense <i>(Note 08.02)</i>	(6,583,024)	131,891
	1,291,720	28,053,788

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

	2014/2015 RS. Cts.	2013/2014 RS. Cts.
Accounting Profit Before Taxation	16,735,925	78,741,461
Income From Other Sources	(26,898,184)	(38,386,815)
Aggregate Disallowable Items	53,697,148	42,962,632
Aggregate Allowable Items	(33,696,464)	(30,101,861)
Adjusted Business Profit	9,838,425	53,215,416
Total Statutory Income	36,736,609	91,602,231
Utilisation of carry forward tax losses	(12,857,813)	(32,060,781)
Taxable Income	23,878,796	59,541,451
Income Tax on Profits for the year	6,686,063	16,671,606

The unutilised tax loss carried forward as at the reporting date amounted to Rs.247,465,836/= (2013/14 -Rs 260,323,649/=).

(Note 8.2) Deferred Tax Expense / (Reversal)

<i>Deferred tax expense / (reversal) arises from :</i>	2014/2015 RS. Cts.	2013/2014 RS. Cts.
Accelerated depreciation for tax purpose	(3,922,796)	1,337,933
Provision for bad & doubtful debts	-	479,772
Employee Benefit Liability	(2,660,228)	(1,685,814)
	(6,583,024)	131,891

NOTE 09 - 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.

	2014/2015 RS. Cts.	2013/2014 RS. Cts.
Net profit attributable to shareholders - (Rs. Cts.)	15,444,205.23	50,687,672.00
Weighted average number of ordinary shares in issue	10,000,000.00	10,000,000.00
Basic earnings per share (Rs. Cts.)	1.54	5.07

There were no potential dilutive ordinary shares outstanding at any time during the year ended 31st March 2015. Therefore, Diluted Earnings per Share is same as Basic Earnings per Share reported above.

NOTE 10 - PROPERTY, PLANT & EQUIPMENT

Cost / Revaluation	Freehold Land	Freehold Building	Expenditure incurred on Leasehold Building	Motor Vehicles	Office Equipments	Computers	Tools & Equipments	Furniture & Fittings	Capital work in progress	Total
	Rs.Cts.	Rs.Cts.	Rs.Cts.	Rs.Cts.	Rs.Cts.	Rs.Cts.	Rs.Cts.	Rs.Cts.	Rs.Cts.	Rs.Cts.
As at 01 st April 2014	226,240,000	51,189,589	5,350,987	78,385,200	7,895,496	22,924,435	632,062	31,782,986	137,349,785	561,750,540
Additions / Transfer In	-	-	50,630,633	4,612,365	2,157,108	14,589,149	299,377	15,250,911	99,595,727	187,135,270
Disposal / Transfer Out	-	-	-	-	-	-	-	-	(22,431,384)	(22,431,384)
As at 31 st March 2015	226,240,000	51,189,589	55,981,620	82,997,565	10,052,604	37,513,584	931,439	47,033,897	214,514,128	726,454,426
Depreciation / Impairment										
As at 01 st April 2014	-	36,569,812	178,366	53,176,080	1,336,349	11,424,800	120,718	4,751,580	-	107,557,705
Charge for the year	-	3,839,219	11,196,324	9,663,098	1,005,260	12,504,528	93,144	4,703,390	-	43,004,963
As at 31 st March 2015	-	40,409,031	11,374,690	62,839,178	2,341,609	23,929,328	213,862	9,454,970	-	150,562,668
Carrying Value as at 01 st April 2014	226,240,000	14,619,777	5,172,621	25,209,120	6,559,147	11,499,635	511,344	27,031,406	137,349,785	454,192,835
Carrying Value as at 31 st March 2015	226,240,000	10,780,558	44,606,930	20,158,387	7,710,995	13,584,256	717,577	37,578,927	214,514,128	576,891,758

Notes to the Financial Statements

NOTE 11 - INVESTMENTS IN SHARES

	2014/2015 RS. Cts.	2013/2014 RS. Cts.
Ceylon Shipping Lines	20.00	20.00
	20.00	20.00

NOTE 12A - LOANS GIVEN TO EMPLOYEES

		2014/2015 RS. Cts.	2013/2014 RS. Cts.
Non - Current			
Loans given to employees	12.1	6,367,896	6,070,272
Pre paid Staff Benefits	12.2	404,258	358,714
		6,772,154	6,428,986
Current			
Loans given to employees	12.1	3,376,686	3,236,319
Pre paid Staff Benefits	12.2	358,309	327,968
		3,734,995	3,564,287

NOTE 12.1 - LOANS GIVEN TO EMPLOYEES

Balance at the beginning of the year		9,993,273	9,272,511
Loans granted		5,041,100	5,480,210
Loans recovered		(4,527,225)	(4,759,448)
		10,507,148	9,993,273
Transfer to prepaid staff benefit		(762,567)	(686,682)
Balance at the end of the year		9,744,581	9,306,591
Non Current		6,367,896	6,070,272
Current		3,376,686	3,236,319
		9,744,582	9,306,591

NOTE 12.2

Balance at the beginning of the year		686,682	592,002
Additions during the year		529,378	536,691
Amortization		(453,493)	(442,011)
Balance at the end of the year		762,567	686,682
Non Current		404,258	358,714
Current		358,309	327,968
		762,567	686,682

The Company provides a 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 is recognised as pre paid staff benefits. These loans have been subsequently measured at amortised cost.

Sri Lanka State Trading Corporation
Market Interest Rate

7%	7%
12%	12%

NOTE 12B- EASY PAYMENT LOAN SCHEME

		2014/2015	2013/2014
		RS. Cts.	RS. Cts.
Non - Current			
Gross Investment	12.3	7,787,246	128,892
Less : Unearned Finance Income	12.4	(1,149,859)	(28,240)
		6,637,387	100,652
Current			
Gross Investment	12.3	5,866,971	67,248
Less : Unearned Finance Income	12.4	(1,795,194)	(31,424)
		4,071,777	35,824
		10,709,163	136,476
NOTE 12.3 - Gross Investment			
Balance at the beginning of the year		136,476	-
Gross Investment during the year		12,479,870	151,640
Less : Rentals Received		(1,907,183)	(15,164)
		10,709,163	136,476
Add : Unearned Finance income		2,945,054	59,664
Balance at the end of the year		13,654,217	196,140
Non - Current		7,787,246	128,892
Current		5,866,971	67,248
		13,654,217	196,140
NOTE 12.4 - Unearned Finance Income			
Balance at the beginning of the year		59,664	-
Additions during the year		3,637,849	59,664
Less : Interest income for the year		(752,459)	-
Balance at the end of the year		2,945,054	59,664
Non - Current		1,149,859	28,240
Current		1,795,194	31,424
		2,945,054	59,664
		2014/2015	2013/2014
		RS. Cts.	RS. Cts.
NOTE 13 - INVENTORIES			
Closing Inventory		830,667,613	405,992,907
Goods in Transits		64,178,500	138,253,781
Impairment for Damage & Slow Moving Stock		(2,659,561)	(2,659,561)
		892,186,552	541,587,127

Notes to the Financial Statements

NOTE 14 - TRADE & OTHER RECEIVABLES

	2014/2015	2013/2014
	RS. Cts.	RS. Cts.
Trade Debtors	644,869,859	489,690,279
Impairment of debtors	(4,360,787)	(4,360,787)
	640,509,072	485,329,492
Other Receivables	2,444,150	-
Commission Receivables	-	614,205
Festival Advance	33,000	1,136,000
Electricity Deposits	140,000	140,000
Security Deposits - NSB	950,765	904,194
Container Deposits	-	140,000
Rent Deposits	27,859,511	25,429,511
Sundry Deposits	494,500	1,665,500
Sundry Debtors	774,659	-
Port Authority - PVQ	50,000	50,000
Prepayments	4,842,435	6,843,138
Advance to Staff on Petty Cash	13,000	11,000
L/Guaranty Margin - People's Bank	600,000	600,000
VAT Receivables	15,418,919	-
Interest Receivable	12,866,342	16,328,215
Income Tax Receivable	4,275,243	4,275,243
With Holding Vat Receivable	1,024,484	1,024,484
Suspended VAT A/C	320,922	490,704
Ministry of Education	7,784,039	7,784,039
Advance on Sundry Expenses	4,169,614	181,817
Advance on Servises	73,160	73,160
Tender & Other Deposits	83,800	200,000
Build up Margin A/C	52,577,201	7,500,000
Shipping Guaranty Margin - People's Bank	-	20,609,846
Control A/C of Gift Vouchers	-	101,477
Sala Enterprises	-	9,933,066
STC Welfare Society	-	600,000
Deemed Dividend Tax Over Payment - 2011/2012	683,476	683,476
Staff Debtors - Salary Advance	958,529	354,676
David Pieris Mortor Co.Ltd	1,074,440	-
Loan / Lease Rent & Insurance Receivable	150,885	-
	780,172,146	593,003,243

NOTE 15 - IMPORTED RICE DISTRIBUTION OPERATION

	2014/2015	2013/2014
	RS. Cts.	RS. Cts.
Imported Rice Distribution - Price Subsidy Receivable B/F	324,164,384	702,236,365
Add: Interest For the year	72,461,562	-
Less : Received During the year	-	(378,071,981)
Imported Rice Distribution - Price Subsidy Receivable C/F	396,625,946	324,164,384

NOTE 16 - CASH HAND CASH EQUIVALENT

		2014/2015 RS. Cts.	2013/2014 RS. Cts.
Cash at Bank			
BOC	(A/C No 8859546)	1,067,338	1,180,170
Sampath Bank	(A/C No 000930000337)	2,372,943	204,498
Sampath Bank - DFS	(A/C No 002930006974)	4,274,052	4,255,737
BOC	(A/C No 1060)	20,847	21,847
NDB	(A/C - 106340003864)	2,033,634	1,089,588
People's Bank - Kurunegala	(A/C - 226100100206579)	130,406	-
People's Bank - Matara	(A/C - 032100160037019)	1,264,897	-
Cash in Hand			
Petty Cash Imprest		415,316	341,830
Cash in Hand		14,749,672	11,001,128
		26,329,105	18,094,798

NOTE 17 - INTEREST BEARING LIABILITIES - LEASES

	Toyota Camry Car WPKJ - 8289		Isuzu Crew Cabs LK - 0018 / LK - 0024		Avanza Wagon KU - 7071 / KU - 7072		Nissan Jeep WPKX 9352		ALTO Car KY 6145 / KY 6148		TTotal	
	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
Lease Creditor												
Balance as at 01st April 2014	923,856		4,752,766		12,345,517		21,010,372		-		39,032,511	
Add : New Leases Obtained during the year	-		-		-		-		5,175,000		5,175,000	
Less : Rentals Paid	(923,856)		(2,165,077)		(3,527,292)		(3,917,188)		(862,500)		(11,395,913)	
Balance as at 31st March 2015	-		2,587,689		8,818,225		17,093,184		4,312,500		32,811,598	
Interest in Suspense												
Balance as at 01st April 2014	40,812		993,944		4,042,756		7,155,561		-		12,233,073	
Add : New Leases Obtained during the year	-		-		-		-		1,425,000		1,425,000	
Less : Charge to P & L	(40,812)		(675,600)		(1,809,788)		(2,168,237)		(398,291)		(5,092,728)	
Balance as at 31st March 2015	-		318,344		2,232,968		4,987,324		1,026,709		8,565,345	
Interest Bearing Liabilities - Non Current												
Balance as at 31st March 2014	-		2,252,174		6,585,259		11,932,135		-		20,769,568	
Balance as at 31st March 2015	-		395,667		4,407,625		9,839,435		2,655,759		17,298,486	
Interest Bearing Liabilities - Current												
Balance as at 31st March 2014	883,044		1,506,648		1,717,502		1,922,676		-		6,029,870	
Balance as at 31st March 2015	-		1,873,678		2,177,632		2,266,425		630,032		6,947,767	

Notes to the Financial Statements

NOTE 18 - RETIREMENT BENEFIT OBLIGATIONS

	2014/2015 RS. Cts.	2013/2014 RS. Cts.
Balance at the beginning of the year	24,976,576	18,955,809
Provision made during the year	9,500,813	7,135,243
Payments made during the year	-	(1,114,476)
Balance at the end of the year	34,477,390	24,976,576

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.

	2014/2015 RS. Cts.	2013/2014 RS. Cts.
Interest Cost	1,748,360	1,269,343
Current Service Costs	1,610,041	1,218,990
Total included in the staff cost [Note 06]	3,358,401	2,488,333
Net Actuarial (Gain)/Loss recognized immediately	6,142,412	4,646,910
Amount Recognized in the statement of other comprehensive income	6,142,412	4,646,910
Total recognized in the comprehensive income	9,500,813	7,135,243

The Key Assumptions used by the management include the following

Financial Assumptions	2014/2015	2013/2014
Rate of Interest	7%	7%
Rate of Increase of Salaries	2%	2%
Staff Turnover Factor	3%	3%
Retiring Age (Years)	60	60

The Company will continue as a going concern.

NOTE 19 - NET DEFERRED TAX LIABILITY/ (ASSET)

	2014/2015 RS. Cts.	2013/2014 RS. Cts.
Balance at the beginning of the year	2,803,745	2,671,854
Provision / (Reversal) for the Year	(6,583,024)	131,891
Balance at the end of the year	(3,779,279)	2,803,745

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

	2014/2015 RS. Cts.	2013/2014 RS. Cts.
Provision for slow moving stocks	(744,677)	(744,677)
Provision for bad & doubtful debts	(1,221,020)	(1,221,020)
Employee Benefit Liability	(9,653,669)	(6,993,441)
Accelerated depreciation for tax purpose	7,840,088	11,762,883
	(3,779,279)	2,803,745

NOTE 20 - SHORT TERM BORROWINGS

	2014/2015 RS. Cts.	2013/2014 RS. Cts.
T.R. Loans - Peoples' Bank	287,563,682	107,510,757
T.R. Loans - Sampath Bank	84,159,670	14,704,600
T.R. Loans - BOC - 1060	459,813,464	459,813,464
T.R. Loans - NDB	138,612,155	31,083,420
	970,148,971	613,112,241

NOTE 21 - TRADE & OTHER PAYABLE

	2014/2015 RS. Cts.	2013/2014 RS. Cts.
Trade Creditors	545,254,263	391,597,433
Foreign Import Liability	247,328,184	192,559,814
Import Rice Interest	120,987,630	48,526,067
NBT	2,518,278	2,811,874
Accrued Expenses	32,408,282	30,199,572
VAT	10,911,330	5,241,351
SRL Payable	-	-
Sundry Creditors	30,650	-
Audit Fees	148,900	168,900
Security Deposit - NSB	950,765	904,194
EPF	2,420,668	2,429,298
ETF	290,481	291,516
Staff Creditors - Re Banked/Unclaimed Salaries etc.	184,120	840,545
Staff Creditors - STC Welfare Society	-	392,055
Salary Deductions	456,567	233,173
Staff Recreation Fund	488,105	250,000
ABC Trade & Investment	985,452	2,220,088
Sala Enterprises	248,570	-
Abans (Pvt) Ltd	1,920,661	4,742,663
MAX Durakathana	-	35,387
Sudharshi Hall - Collection A/C	-	98,699
Deemed Dividend Tax	1,872,157	3,386,000
Scrap Battery Control A/C	-	251,530
Etisalat Credit Card Proceed	748,683	-
Free Issues Contro A/C	231,681	-
Stamp Recoveries	17,450	16,675
Loan / Lease Advance	132,724	-
Stamp Duty Payable - Easy Payment	55,726	2,120
Creditor for Loan Equipment	1,471,511	-
Loan Lease Insurance Payable	8,416	-
Abayarama Rent Payable A/C	8,780,000	-
Etisalat (Pvt) Ltd	-	327,991
	980,851,254	687,526,945

NOTE 22 - BANK OVERDRAFTS

	2014/2015 RS. Cts.	2013/2014 RS. Cts.
People's Bank (A/ C No 004100120210918)	339,041,284	222,242,040
People's Bank - Kandy (A/ C No 003100190206579)	1,241,135	-
NDB (A/C - 101000160408)	5,365,786	656,132
	345,648,205	222,898,172

Notes to the Financial Statements

NOTE 23 - TRANSACTIONS WITH RELATED PARTIES

A) Transactions with Key Managerial Personnel

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

(i) Loans to the Directors

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

(ii) Compensation paid to Key Management Personnel

	2014/2015 RS. Cts.	2013/2014 RS. Cts.
Short Term Employment Benefits	5,714,064	5,579,323
Long Term Employee Benefits	562,552	483,885

(iii) Other Transactions with Key Management Personnel

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

NOTE 24 - CAPITAL COMMITMENTS

There were no contracted capital expenditure approved by the Board of Directors as at the 31st March 2015..

NOTE 25 - EVENTS AFTER THE REPORTING PERIOD

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

NOTE 26 - COMPARATIVE INFORMATION

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

NOTE 27 - FINANCIAL RISK MANAGEMENT

Overview

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

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

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

Risk Management Framework

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

Credit Risk

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

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

Loans and Receivables	2014/2015 RS. Cts.	2013/2014 RS. Cts.
Loans Given to Employees	10,507,149	9,993,273
Easy Payment Loan Scheme	10,709,163	136,476
Imported Rice Price Subsidy Receivable	396,625,946	324,164,384
Short Term Investment in Fixed Deposits	358,773,901	333,655,365
Trade & Other Receivables	780,172,146	593,003,245
Cash and Cash Equivalents	26,329,105	18,094,797
	1,583,117,410	1,279,047,540

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.

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

Non-derivative financial liabilities	2014/2015 RS. Cts.	2013/2014 RS. Cts.
Interest Bearing Liabilities- Lease	24,246,253	26,799,438
Income Tax Payable	4,636,880	11,046,128
Short Term Borrowings	970,148,971	613,112,241
Trade and Other payables	980,851,254	687,526,945
Bank Overdraft	345,648,205	222,898,172
	2,325,531,563	1,561,382,924

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, Interest rates, etc; will affect the Corporation's income or the value of its holdings of financial instruments. The objective of the market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the returns.

Interest Rate Risk

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

