



Sri Lanka State Trading (General) Corporation Ltd.

**ANNUAL REPORT
2017-2018**

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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 interests with a view of supporting Sri Lanka to become the commercial hub of Asia.

Corporate Goals

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

GOALS, FUNCTIONS, SERVICES & PROGRESS DURING THE YEAR

Operational 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 products.
- ☐ Improving production through continuous attention on the State Policies , customers and the staff

Operational Strategies

- ☐ Widening Customer Base & Accessibility .
- ☐ Increasing products portfolio as per customer requirements.
- ☐ Web enabled business management and data management through operational resource planning system and procurement approval.
- ☐ Active and effective participation in main product categories

Progress during the Year

Our core business revenue recorded a value of **Rs.4,334 Million** . STC was able to earn other operating income during the year under review of **Rs.18 Million** . The net profit before tax showed as **Rs 82.3 Million**. Total Equity increased to **Rs.820 Mn** during the year.

Number of employees of STC at end March 2018 was **452** 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 of 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 Industry and Commerce.

Chairman / Managing Director : Mr.Hussein A. Bhaila - (joined W.e.f. 20.6.2018)
Dr. A M Jameel - (Resigned W.e.f. 08.6.2018)

Board of Directors : Mr. S. L. Deen
Mr. D. Jeevanadan
Mr. V. Nitharsan
Mr. T. V. Weerasena
Mr. S. Illangathilake
Mr. K. Ariyawansa

Company Secretary : K L Management Consultants (Pvt) Ltd

Auditors : Auditor General
National Audit Office,
No. 306/72, Polduwa Rd ,
Battaramulla.

Bankers : People's Bank
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 : 452 employees had been employed by the company at the year ended.

CHAIRMAN'S MESSAGE

I wish to present the annual report of Sri Lanka State Trading (General) Corporation Ltd for the year 2017/2018.

External Environmental outlook

GDB Growth rate during the year 2017/2018 further declined from 4.4% to 3.2%. Agricultural sector recorded a negative growth rate of 0.8% while industry and services sector have increased by 3.2% and 3.1% respectively. This year too adverse weather condition prevailed from floods to droughts. This caused great disaster to people in many part of country contracting overall demand. Inflation during this year reduced from 6.7% to 5.3%. Although, it was expected the economy to progress better during 2017/2018, it did not take place. Therefore, fierce competition continued in the market place. Despite the external environment factors being more challenging, STC was able to manage the business performance to be on positive growth.

STC Progress during 2017-2018

The total business revenue recorded as 4,334 Mn with growth of 15.6% compared to the previous year of 2016/2017.

This revenue increase contributed from product division namely household products, OS divisions and Automotive products etc. Although it was expected to increase Chemical and Allied products, this division showed negative growth of 4%. However, Information Technology division increased the revenue by 12%. Gross profit during the year recorded to be Rs. 788 Mn with a growth of 20% than the previous year. Gross profit margin percentage during the year was at 18.1% whereas it was 17.5% in the previous year. Other operating income was Rs. 18 Mn against the previous year of Rs. 12 Mn. Total expenses of distribution and administration was Rs. 640 Mn with an increase by Rs 63 Mn than the previous year. This is mainly due to increasing salaries, stores /showrooms rents and impairment loss of stock. Net interest expenses was Rs. 78 Mn during the year against Rs. 48 Mn in the previous year. This is an increase of 62%, mainly due to increase in market interest rates and additional finance obtained from banking institutions to finance sales increase of Rs. 586 Mn. Net profit after a tax recorded as Rs. 61 Mn against the previous year net profit after tax of Rs. 51 Mn. This is an increase of 20% than the previous year. Earnings per share increase from Rs. 4.00 to Rs. 6.87 during the year of 2017/18. Staff strength stands to 452 numbers as at 31st March 2018

Future Plans

While continuous attention on the customer needs and supply chain dynamics, studies were carried out to introduce STC branded products to optimize the "STC brand image". STC customer base represents 70% from public sector institutions, marketing efforts were taken to penetrate to potential untapped customers. Various management actions designed to address long outstanding debts and non moving inventories to convert into cash in-flows.

I take this opportunity to thank the Hon. Minister, Ministry of Industry & Commerce, my fellow members in the board, our bankers, Customers, business partners and the management team who have been supportive in the achievement of the above progress.

Hussein A. Bhaila
Chairman / Managing Director

SENIOR MANAGEMENT & HEADS OF DIVISIONS

Senior Management

	Name
Chairman / Managing Director	Mr.H.A.Bhaila
Working Director	Mr S.L. Deen
General Manager	Mrs. Chamila Iddamalgod
Finance Manager	Mr. Meryl Nonis

Head of Divisions

Chemical & Allied Division

Asst. Manager Mr. K.H.Gunawardana

Office Supply Division

Asst. Manager Mrs. Seetha Jayanthi

Household & Recreational Division

Asst.Manager Miss.N.P.Ranasinghe

ICT Division

Asst. Manager - Sales Ms. Anupama Peiris

ICT Services Division

Manager – ICTServices Mr.M.I.M.Azhar
Asst. Manager – ICT services Mr. K.G.C.Janaka

Electrical & Electronic Division

Manager Mr. K.L.Pathirana

Agricultural, Machinery & Equipment Division

Asst. Manager Mrs. Madushani Akurugoda

Battery Division

Manager Mrs.D.K.Jasooriya

Construction , Hardware & Office furniture

Asst. Manager Mr. Anurudha Mahesh

Automotive Products division

Assit.Manager Mrs.S.De Silva

SENIOR MANAGEMENT & HEADS OF DIVISIONS

Head of Divisions

FMCG Division

Officer in Charge

Name

Mr.D.P.Kumara

Marketing Divisions

Actg. Senior Manager

Mr. Vipula De Silva

Special Projects & Marketing

Asst. Manager

Miss. Mihiri Herath

Showroom Operation

Manager

Mr. Gayan Ranathunga

Duty Free Shop

Act. Manager

Mr. Keneth Jayasundara

Procurement Division

Senior Manager

Mr. Mahesh Mendis

Finance Division

Finance Manager

Mr. Meryl Nonis

IT Division

Actg. Senior Manager

Mr. Nirosh Bandara

Audit Division

Manager - Internal Audit

Miss. Lalani Samudra

Human Resources & Legal Division

Legal Officer

Mrs. R.S.D.Rathnayaka

Branches & Showrooms

Kurunegala Showroom

No. 243/3/1, Puttalam Road, Kurunegala.

Kandy Showroom

No. 449, William Gopallawa Mawatha, Kandy.

Matara Showroom

No. 11, YMCA Building, Station Road, Matara.

Anuradhapura Showroom

No. 561-B, 38 4th Lane, Anuradhapura

Jaffna Showroom

No. 127, MPCS Building, KKS Road, Jaffna

Sainthamaruthu Showroom

No. 452, Main Street, Sainthamaruthu.

Polonnaruwa Showroom

No. 75/B, 2 Alapara, Kaduruwela.

Seilency Shopping Arcade

Economic Center, Narahenpita.

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 Diskettes, 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, Cutlery & 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
- Personal 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

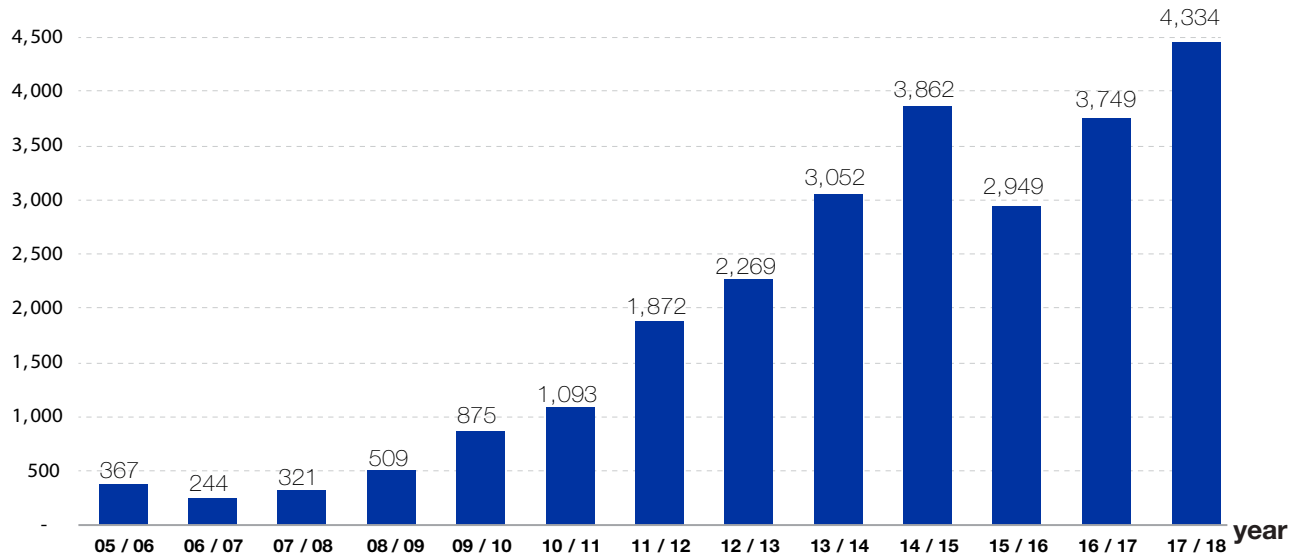


Duty Free Shop

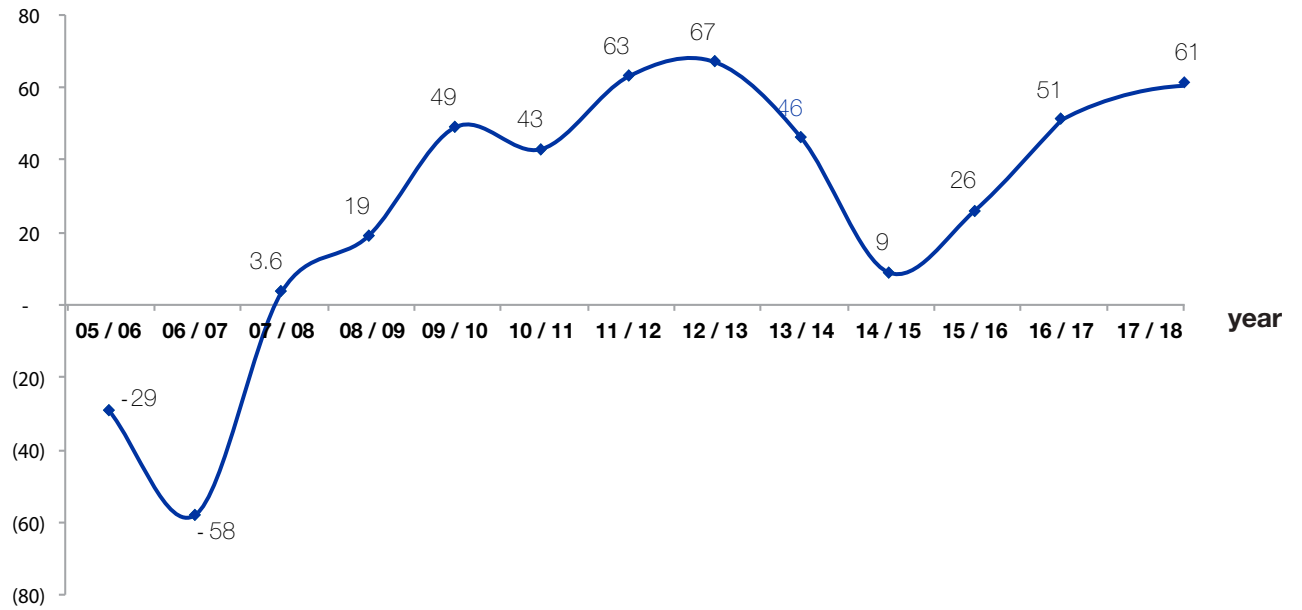
Facilitate the requirement of the diplomats and diplomatic missions

BUSINESS REVIEW

Sales Growth (Rs. Mn)



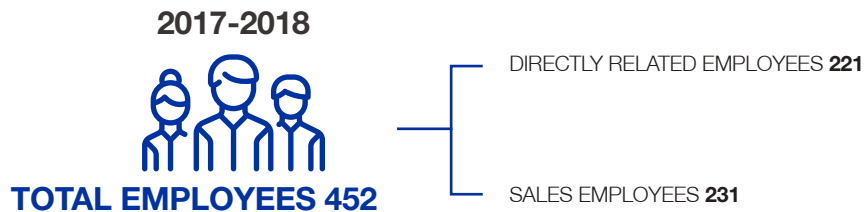
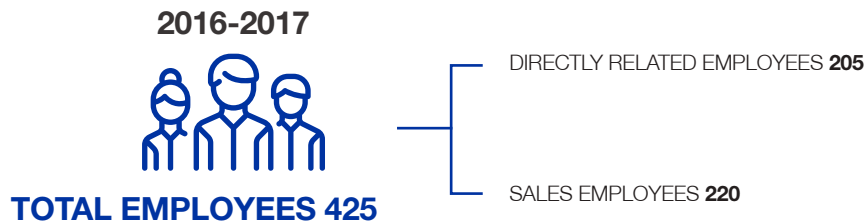
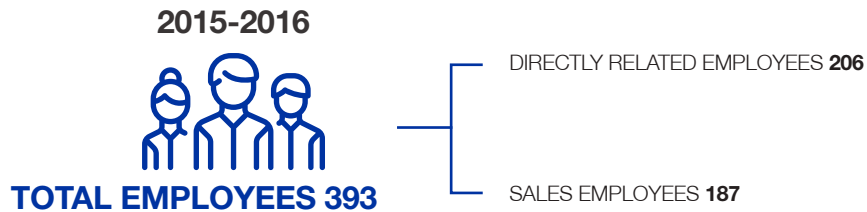
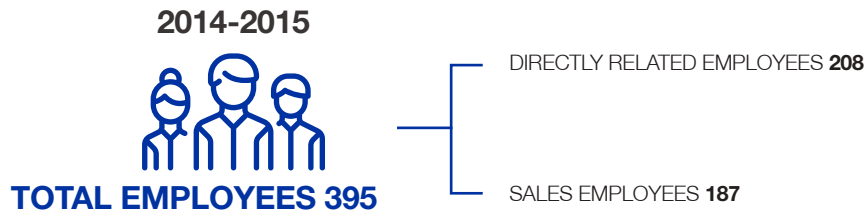
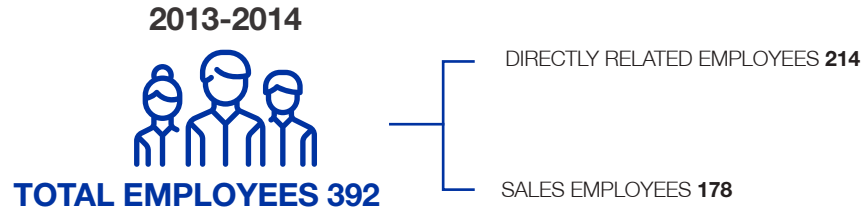
Net Profit After Tax Growth (Rs. Mn)



EMPLOYMENT GENERATION

2013 - 2018

Numbers in Employment since 2013/2014 to 2017/2018



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.



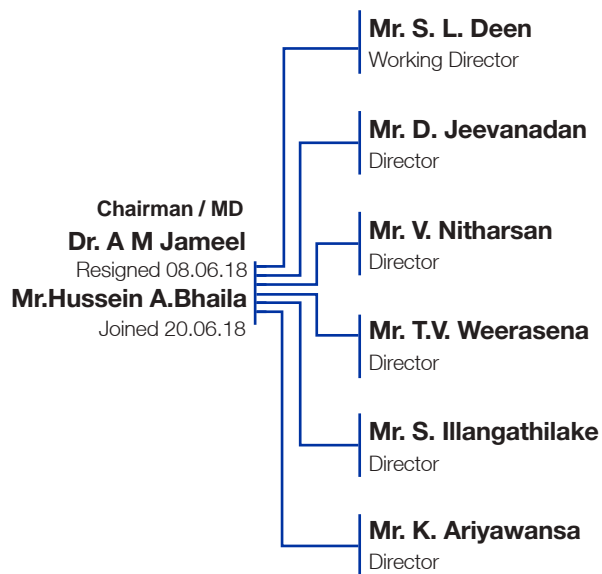
Benefits of ERP Software of STC

- ☐ 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.

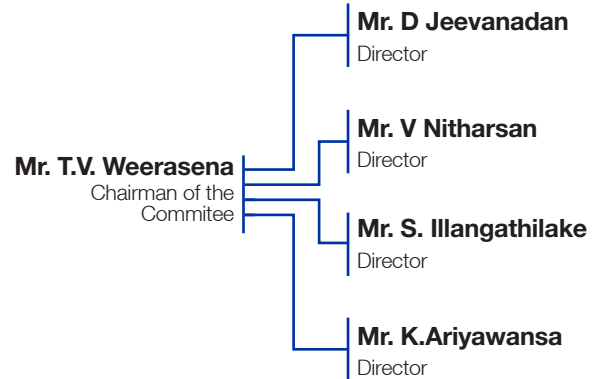
CORPORATE GOVERNANCE

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 and internal controls are in place to ensure a sound control environment .Further there is a separate Audit & Management Committee which reports to the Board of Directors

Board members



Audit Committee Members



Availability of Business Managing Instruments



- 1) Corporate Plan 2011/12-2015/16
- 2) Annual Report 2016/17
- 3) STC Procurement Procedures
- 4) STC Action Plan
- 5) STC Product Profile
- 6) STC Profile
- 7) STC Credit Sales Policy

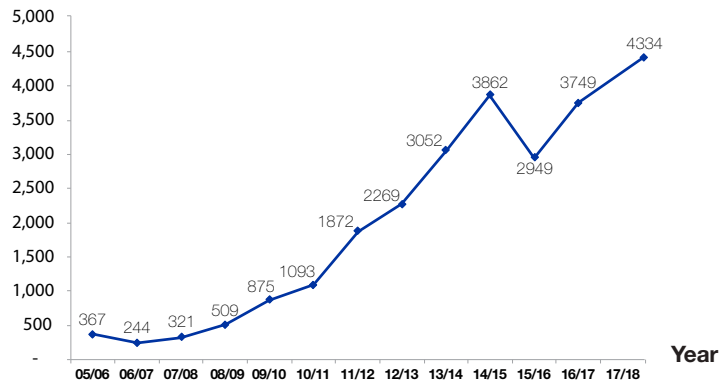
FINANCIAL HIGHLIGHTS

	2017 / 2018 (Rs. 000 'S)	2016 / 2017 (Rs. 000 'S)	Change (%)
Operation			
Turnover	4,334,175	3,748,665	16%
Earnings before interest & Tax	160,705	109,116	47%
Profit before Taxation	82,333	61,177	35%
Profit after Taxation	61,434	51,503	19%
Balance Sheet			
Non Current Assets	471,022	493,965	-5%
Current Assets	2,523,316	2,156,171	17%
Current Liabilities	2,045,097	1,763,470	16%
Non-Current Liabilities	128,742	127,600	1%
Stated Capital & Reserves	820,500	759,065	8%
Cashflow			
Net Cash generated from Operating Activities	47,302	92,053	-49%
Net Cash Used in Operating Activities	24,607	80,043	-69%
Net Cash generated from Investing Activities	36,700	28,340	29%
Net Cash generated from Financing Activities	(109,340)	(117,706)	-7%
Per Share Data			
Earnings per share	7	4	75%
Net Assets per Share	82.05	75.91	8%
Key Ratios			
Gross Profit Ratio	18%	18%	1%
Net Profit Ratio	1%	1%	0%
Quick Ratio	0.81	0.76	0.05
Current Ratio	1.23	1.22	0.01
Gearing Ratio	1.63	1.57	0.06
Return on Equity (ROE)	0.07	0.07	0.01
Return on Assets (ROA)	0.022	0.019	0.002

GRAPHICAL VIEW OF FINANCIAL HIGHLIGHTS

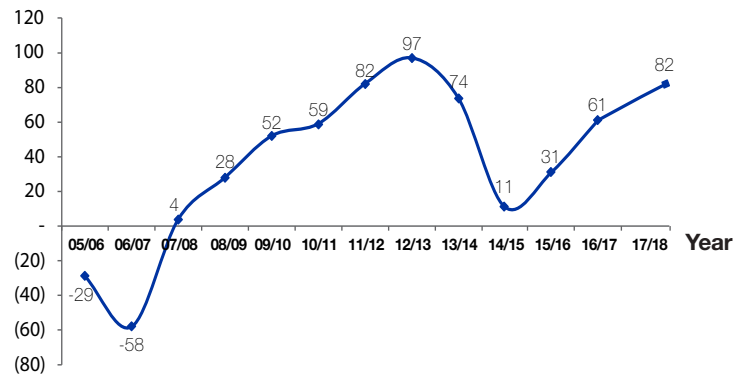
Year	Turnover (Rs.Mn)
05 / 06	367
06 / 07	244
07 / 08	321
08 / 09	509
09 / 10	875
10 / 11	1,093
11 / 12	1,872
12 / 13	2,269
13 / 14	3,052
14 / 15	3,862
15 / 16	2,949
16 / 17	3,749
17 / 18	4,334

Turnover (Rs.Mn)



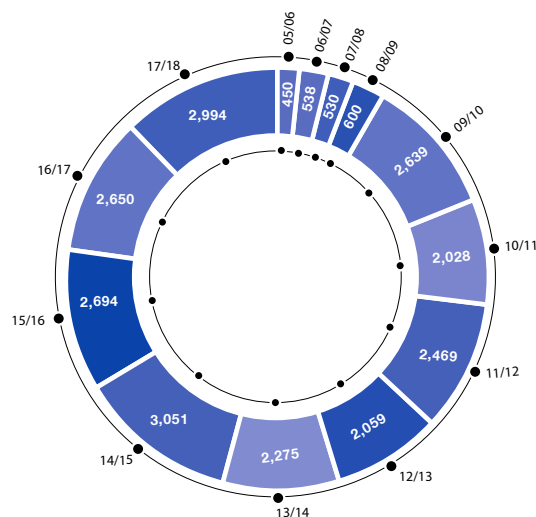
Year	Profit before Tax (Rs.Mn)
05 / 06	(29)
06 / 07	(58)
07 / 08	4
08 / 09	28
09 / 10	52
10 / 11	59
11 / 12	82
12 / 13	97
13 / 14	74
14 / 15	11
15 / 16	31
16 / 17	61
17 / 18	82

Profit before Tax (Rs.Mn)

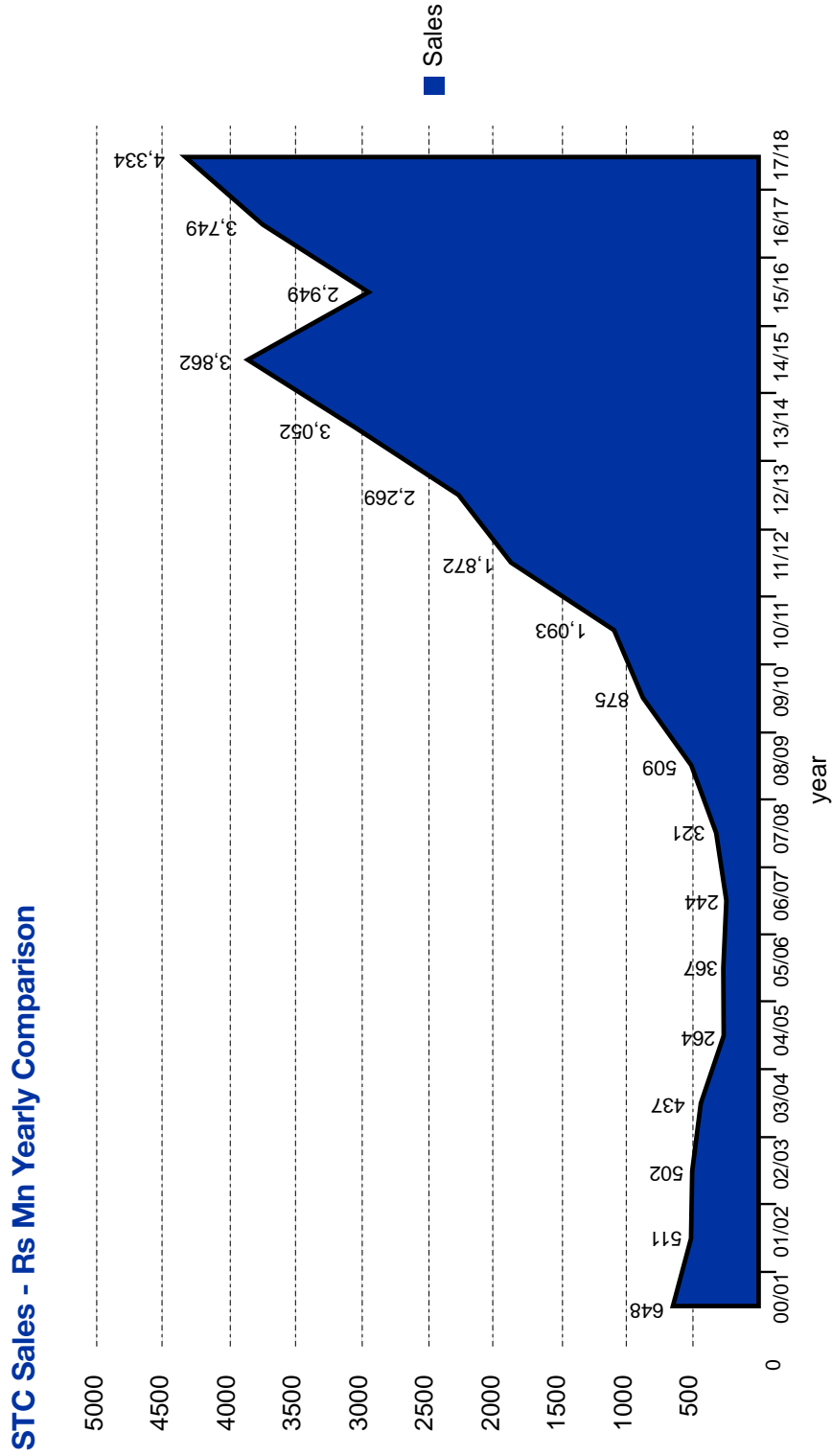


Year	Total Assets (Rs.Mn)
05 / 06	450
06 / 07	538
07 / 08	530
08 / 09	600
09 / 10	2,639
10 / 11	2,028
11 / 12	2,469
12 / 13	2,059
13 / 14	2,275
14 / 15	3,051
15 / 16	2,694
16 / 17	2,650
17 / 18	2,994

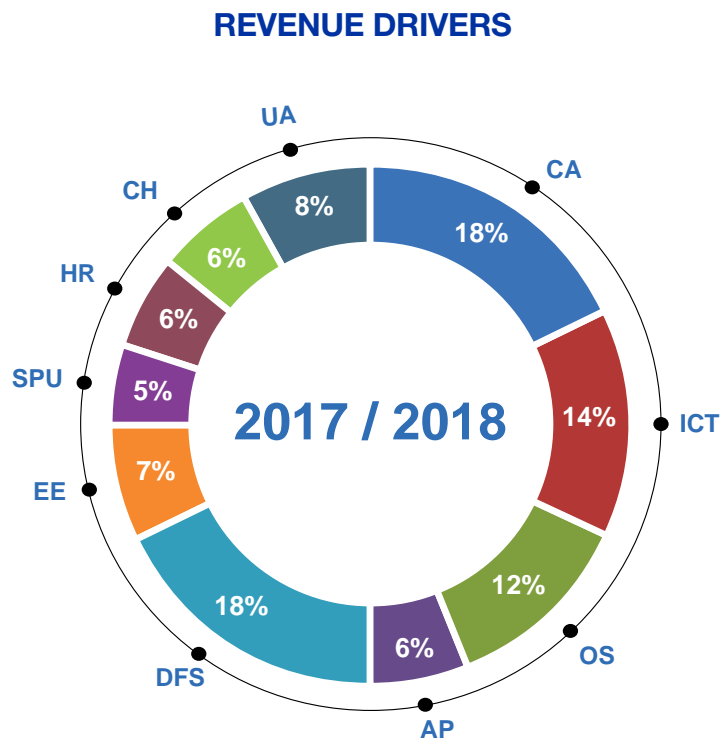
Total Assets (Rs.Mn)



REVENUE GRAPH 2000/2001 to 2017/2018



DIVISIONAL PERFORMANCE OF STC 2017/2018



Division	Revenue (Rs.)
Chemical & Allied	767,934,157
ICT Products	604,046,918
Office Suppliers	532,512,338
Automotive Products	257,081,798
Duty Free Shop	783,301,510
Electricals & Electronics	297,487,998
Special Project Unit	216,406,431
Household Products	259,173,624
Construction & Hardware	271,006,723
Unallocated (Others)	345,223,678
	4,334,175,175.00



ජාතික විගණන කාර්යාලය

தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය }
எனது இல }
My No }

TCM/E/STC/2017/18FA

මගේ අංකය }
உமது இல }
Your No }

දිනය }
திகதி }
Date }

30 th October 2018

To the Shareholders of the
Sri Lanka State Trading (General) Corporation Ltd

Report of the Auditor General on the Financial Statements of the Sri Lanka State Trading (General) Corporation Ltd for the year ended 31 March 2018

The audit of the financial statements of Sri Lanka State Trading (General) Corporation Ltd ("The Company") for the year ended 31st March 2018 comprising the statement of financial position as at 31 March 2018 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these Financial Statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether financial statements are free from material misstatement.

The audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Sri Lanka State Trading (General) Corporation Ltd as at 31 March 2018 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards

Report on Other Legal and Regulatory Requirements

As required by Section 163 (2) of the Companies Act No. 07 of 2007, I state the followings:

- The basis of opinion and scope and limitations of the audit are as stated above.
- In my opinion:
 - I have obtained all, the information and explanations that were required for the audit and, as far as appears from my examination, proper accounting records have been kept by the Company.
 - The financial statements of the Company, comply with the requirements of section 151 Of the companies Act, No. 07 of 2007.

Report to Parliament

My report to Parliament in pursuance of provisions in Article 154(6) of the Constitution will be table
In due course.

H.M. Gamini Wijesinghe
Auditor General

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH 2017

	Notes	2017/2018 Rs. Cts	2016/2017 Rs. Cts
Revenue	03	4,334,175,176	3,748,665,254
Cost of Sales		(3,545,687,204)	(3,090,336,662)
Gross Profit		788,487,971	658,328,592
Other Operating Income / (Expenses)	04	18,016,165	12,220,822
		806,504,136	670,549,414
Distribution Expenses	05	144,680,192	112,456,769
Administration Expenses	06	495,474,830	464,968,460
		640,155,022	577,425,229
Earnings Before Interest & Tax		166,349,114	93,124,185
Net Finance Income / (Expenses)	07	(78,371,967)	(47,938,698)
Profit Before Taxation		87,977,147	45,185,487
Income Tax Expense	08	(19,318,944)	(5,196,600)
Net Profit For the Year		68,658,203	39,988,886
Other Comprehensive Income			
Actuarial Gain / (Loss) on employee benefits		(5,643,597)	15,992,170
Deffered tax Charge		(1,580,207)	(4,477,808)
Other Comprehensive Income - Net of Tax		(7,223,804)	11,514,362
Total Comprehensive Income for the Year - Net of Tax		61,434,399	51,503,249
Basic Earnings per Share	09	6.87	4.00

STATEMENT OF FINANCIAL POSITION

AS AT 31ST MARCH 2017

ASSETS	Notes	2017 / 2018		2016 / 2017	
		Rs.	Cts	Rs.	Cts
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	10	452,319,189		475,084,106	
Investments in Shares	11		20		20
Loans Given to Employees	12A	8,581,931		7,729,096	
Easy Payment Loan Scheme	12B	2,071,322		2,712,937	
Net Deferred Tax Asset	18	8,049,773		8,438,473	
Total Non Current Assets		471,022,235		493,964,631	
Current Assets					
Inventories	13	872,108,293		813,863,775	
Trade & Other Receivables	14	1,151,728,078		903,544,453	
Loans Given to Employees - Current Maturity	12A	4,457,856		3,601,876	
Easy Payment Loan Scheme	12B	3,555,187		6,253,428	
Short Term Investment in Fixed Deposits		447,008,574		407,447,815	
Cash & Cash Equivalent	15	44,458,562		21,459,321	
		2,523,316,550		2,156,170,669	
Total Assets		2,994,338,782		2,650,135,297	
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		241,108,234	
Other Reserves		(10,573,548)		(3,349,743)	
Retained Earnings		444,357,568		375,699,364	
Total Equity		820,499,900		759,065,500	
Non-Current Liabilities					
Interest Bearing Liabilities	16	169,638		4,991,716	
Retirement Benefit Obligations	17	29,317,174		24,217,549	
Government Grants Deferred Income A/C		41,488,114		-	
Long Term Borrowings	19	57,766,780		98,390,380	
		128,741,706		127,599,645	
Current Liabilities					
Income Tax Payable		10,661,017		9,123,171	
Short Term Borrowings	19	876,075,376		752,143,787	
Interest Bearing Liabilities	16	4,916,092		5,715,692	
Trade & Other Payables	20	752,228,973		666,304,515	
Bank Overdrafts	21	401,215,719		330,182,987	
		2,045,097,176		1,763,470,151	
Total Equity & Liabilities		2,994,338,782		2,650,135,297	

The Accounting Policies and Explanatory Notes 7 through 30 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
14 September 2017
Colombo

Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH 2018

	Stated Capital		Revaluation Reserves		General Reserves		Other Reserves		Retained Profit/(Loss)		Total	
	Rs.	Cts	Rs.	Cts	Rs.	Cts	Rs.	Cts	Rs.	Cts	Rs.	Cts
Balance as at 1st April 2016	100,000,000		241,108,234		45,607,646		(14,864,106)		335,710,478		707,562,253	
Net Profit / (Loss) for the year		-		-		-		-	39,988,886		39,988,886	
Actuarial Gain / (Loss) on Retirement Benefit Obligations		-		-		-	11,514,362				11,514,362	
Balance as at 31st March 2017	100,000,000		241,108,234		45,607,646		(3,349,743)		375,699,364		759,065,502	
Balance as at 01st April 2017	100,000,000		241,108,234		45,607,646		(3,349,743)		375,699,364		759,065,502	
Net Profit / (Loss) for the year		-		-		-		-	68,658,203		68,658,203	
Actuarial Gain / (Loss) on Retirement Benefit Obligations		-		-		-	(7,223,804)				(7,223,804)	
Balance as at 31st March 2018	100,000,000		241,108,234		45,607,646		(10,573,548)		444,357,568		820,499,900	

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH 2018

	2017 / 2018 Rs. Cts.	2016 / 2017 Rs. Cts.
Cash Flow from Operating Activities		
Net Profit Before Taxation	87,977,147	45,185,487
Adjustments for		
Lease Interest	1,356,246	2,565,776
Depreciation / Amortization	48,527,351	49,330,926
Interest Income	(69,093,040)	(52,025,742)
Trust Receipt Loan & Overdraft Interest	146,108,760	99,964,440
Disposal Profit / (Loss) of PPE	(19,991)	19,833,225
Stocks & Debts Written Off	5,503,360	(6,932,572)
Impairment of Debtors	(3,391,900)	7,056,371
Impairment of Stocks	8,965,684	-
Provision for Retirement Benefit Obligations	4,151,134	6,383,794
Operating Profit Before Working Capital Changes	230,084,753	171,361,705
(Increase) / Decrease in Inventories	(67,210,202)	(191,713,616)
(Increase) / Decrease in Trade Debtors	(244,500,423)	(235,663,682)
(Increase) / Decrease in Government Grants Deferred Income	41,488,114	-
(Increase) / Decrease in Imported Rice Price Subsidy Receivable	-	450,594,190
(Increase) / Decrease in Easy Payment Loan Scheme	2,487,691	3,013,700
Increase / (Decrease) in Trade & Other Payables	84,952,199	(105,539,259)
Cash Generated From Operations	47,302,131	92,053,037
WHT Paid	(6,244,215)	(4,473,607)
Income Tax Paid	(11,756,131)	(1,619,206)
Gratuity Paid	(4,695,106)	(5,917,536)
Net Cash Used in Operating Activities	24,606,680	80,042,688
Cash Flows from Investing Activities		
Acquisition of Property, Plant & Equipment	(25,768,594)	(17,475,150)
Disposal Proceed Received	26,150	1,078,700
Interest Received from Short Term Investments	62,442,153	44,736,066
Net Cash from Investing Activities	36,699,709	28,339,616
Cash Flows from Financing Activities		
Investments in Fixed Deposits	(39,560,760)	(27,325,218)
Net Loan Repayments & Proceeds	83,307,989	15,416,406
Trust Receipt Loan & Overdraft Interest Paid	(146,108,760)	(96,512,051)
Lease Rentals Paid	(6,978,349)	(9,285,556)
Net Cash from Financing Activities	(109,339,880)	(117,706,419)
Net Increase / (Decrease) in Cash & Cash Equivalents	(48,033,491)	(9,324,115)
Cash & Cash Equivalents at the beginning of the year	(308,723,665)	(299,399,551)
Cash & Cash Equivalents at the End of the year - (Note A)	(356,757,157)	(308,723,665)
	As at 31.03.2018	As at 31.03.2017
	Rs. Cts.	Rs. Cts.
Note A - Analysis of Cash & Cash Equivalents		
Cash at Bank		
BOC (A/C No 8859546)	270,658	270,658
Sampath Bank (A/C No 000930000337)	491,890	1,336,457
Sampath Bank - DFS (A/C No 002930006974)	(10,826,465)	(23,041,483)
BOC (A/C No 1060)	20,347	20,347
NDB Call A/C (A/C No. - 106340003864)	5,424,230	4,207,040
People's Bank - Kurunegala	1,692,691	80,975
People's Bank - Matara	6,806,415	977,219
People's Bank - Kandy	3,765,446	-
People's Bank - Polonnaruwa	1,157,094	-
People's Bank - Kalmunai	663,731	967,159
Cash in Hand		
Petty Cash Imprest	572,551	575,537
Cash in Hand	23,593,507	12,644,243
Bank Overdrafts		
People's Bank (A/C No - 004100120210918)	(380,942,013)	(299,836,278)
People's Bank - Kandy	-	379,686
NDB (A/C - 101000160408)	(9,447,240)	(7,305,226)
	(356,757,157)	(308,723,666)

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

NOTES TO THE FINANCIAL STATEMENTS - 2017/2018

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 2018 was 452. (2016/17 – 425)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

2.1 Basis of Preparation

2.1.1 Statement of Compliance

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

2.1.2 Basis of measurement

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

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

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

2.1.3 Comparative Information

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

2.1.4 Use of estimates and judgments

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

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

Information about significant areas of estimation, uncertainty and judgments in applying accounting policies that have the most significant effect on the amounts 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

NOTES TO THE FINANCIAL STATEMENTS - 2017/2018

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 revalued thereafter although Sri Lanka Accounting Standards required to do so since positive benefit of revaluing Land and Building may not be materialized despite substantial cost to be incurred on revaluing. 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 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 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 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 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.

2.2.7 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.

2.2.8 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.

NOTES TO THE FINANCIAL STATEMENTS - 2017/2018

2.2.9 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.

2.2.10 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).

2.2.11 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.
- II The amount of inventories recognized as cost of sales in the Profit and loss during the year is Rs 3,545,687,204 .
- 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 in full when there is objective evidence that the Company will not be able to realized all amounts status in the inventory.

IV The following inventory values have been mortgaged to financial institutions as for credit facilities , provided.

Name of Bank	Mortgage Amount (Rs.)
People's Bank	183,600,000
Sampath Bank	150,000,000
NDB	153,600,000

2.2.12 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 on the basis of collective impairment of 5 % for debtors, outstanding more than 1 year and in full 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.

NOTES TO THE FINANCIAL STATEMENTS - 2017/2018

2.2.13 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.

2.2.14 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 Industry & Commerce.

2.2.16 Trade Payables

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business) if longer, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value.

2.2.17 Borrowings

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

2.2.18 Accounting for 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.

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.

2.2.19 Income Tax

(a) Current Taxes

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

NOTES TO THE FINANCIAL STATEMENTS - 2017/2018

(c) Turnover Based Taxes

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

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 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.

2.2.21 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 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.

2.2.22 Expenditure Recognition

(a) Revenue Expenditure

Expenses are recognized in the statement of comprehensive income on the basis of a direct association between the cost incurred and the earning of specific items

of income. All expenditure incurred in the running of the business and the maintaining the capital assets in the state of efficiency, has been charged to revenue in arriving at the profit or loss for the year.

(b) Capital Expenditure

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

(c) Borrowing Costs

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

(d) Net Finance Income / Cost

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

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

NOTES TO THE FINANCIAL STATEMENTS - 2017/2018

(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 24 to the Financial Statements.

Transactions with Related Entities

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

2.2.24 Statement of Cash Flows

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

2.2.25 Segmental Information

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

2.2.26 Earning Per Share

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

2.2.27 Events After the Reporting Date

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

Those events have been considered and where necessary appropriate adjustments

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

2.2.28 Commitments and Contingencies

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

2.2.29 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 - 2017/2018

NOTE 03 - REVENUE

	2017 / 2018		2016 / 2017	
	Rs.	Cts.	Rs.	Cts.
Gross Sales	4,335,976,898		3,749,906,151	
Less : Sales Returns	(1,801,723)		(1,240,897)	
Net Sales (Note 03.01)	4,334,175,176		3,748,665,254	

Note 03.01 - Business Segments (Net Sales)

	2017 / 2018		2016 / 2017	
	Rs.	Cts.	Rs.	Cts.
Chemical & Allied	767,934,157		802,835,738	
ICT Products	604,046,918		538,744,353	
Office Suppliers	532,512,338		405,719,257	
Automotive Products	257,081,798		203,975,820	
Duty Free Shop	783,301,510		732,388,586	
Electricals & Electronics	297,487,998		277,175,889	
Special Project Unit	216,406,431		219,095,103	
Household Products	259,173,624		145,476,571	
Construction & Hardware	271,006,723		210,690,438	
Unallocated (Others)	345,223,678		212,563,499	
	4,334,175,176		3,748,665,254	

Note 03.02 - Segmental Operating Results (Gross Profits)

	2017 / 2018		2016 / 2017	
	Rs.	Cts.	Rs.	Cts.
Chemical & Allied	246,604,335		220,726,926	
ICT Products	46,678,195		42,454,884	
Office Suppliers	53,616,357		45,406,031	
Automotive Products	18,889,668		16,606,886	
Duty Free Shop	277,264,230		220,447,652	
Electricals & Electronics	34,722,307		34,872,222	
Special Project Unit	16,218,823		15,226,951	
Household Products	32,333,881		16,659,230	
Construction & Hardware	24,742,990		20,511,987	
Unallocated (Others)	37,417,186		25,415,822	
	788,487,971		658,328,591	

NOTE 04 - OTHER OPERATING INCOMES

	2017 / 2018		2016 / 2017	
	Rs.	Cts.	Rs.	Cts.
Gain / (Loss) on Exchange	16,240		(40,260)	
Miscellaneous Income (Note 04.01)	63,491		158,392	
Department Of Police - Commission	3,080,780		-	
S L Army - Commission	12,707,368		12,931,110	
Income of Registration of Suppliers	685,813		927,000	
Earned Income & Other Income - Loan / Hire Purchases	1,442,481		2,062,646	
Documentation Income - Loan / Hire Purchases	-		139,350	
Sale of Fixed Assets Loss - Abayarama Office	-		(3,962,375)	
Sale of Fixed Assets	19,991		4,960,000	
	18,016,165		12,220,822	

NOTES TO THE FINANCIAL STATEMENTS - 2017/2018

(Note 04.01) - Miscellaneous Income	2017 / 2018		2016 / 2017	
	Rs.	Cts.	Rs.	Cts.
Sale of Damages Items	63,391		123,295	
Testing Charges	-		33,300	
Others	-		1,797	
	63,391		158,392	

NOTE 05 - DISTRIBUTION EXPENSES	2017 / 2018		2016 / 2017	
	Rs.	Cts.	Rs.	Cts.
Sales Incentives	27,253,955		17,656,994	
Sample Expenses	2,505,553		1,982,325	
Tender Forms	2,982,159		1,747,986	
Expenses of Registration of Suppliers	4,837,837		2,646,539	
Stores & Showroom Rent	29,877,954		17,853,296	
Abayarama Rent A/C (Narahenpita Office)	-		2,064,500	
Lorry Hire /Transport	9,084,296		2,014,096	
Servicing Charges	3,461,777		2,391,141	
Reimbursement of Sales Expenses	14,813,869		10,854,476	
Reimbursement of Debt Collection Expenses	1,682,082		1,038,361	
Trade Fair Expenses	53,165		498,510	
License Fees - Selling	438,456		622,113	
Overseas Travelling	204,623		2,702,456	
Trade Promotional Expenses	5,290,248		2,617,810	
Advertising	5,044,701		4,710,911	
Gift Vouchers	-		224,500	
Loading & Unloading Expenses	88,436		108,687	
Disallowed VAT	2,523,163		2,371,896	
Nation Building Tax	26,615,850		28,170,680	
Bad & Doubtful Debts	70,424		123,799	
Sales Promotion to Co-Operate Customers	2,277,860		2,999,322	
Imparement loss of Stocks	8,965,684		-	
Imparement loss of Debtors	(3,391,900)		7,056,371	
	144,680,192		112,456,769	

NOTES TO THE FINANCIAL STATEMENTS - 2017/2018

	2017 / 2018		2016 / 2017	
	Rs.	Cts.	Rs.	Cts.
Salaries	131,058,213		96,463,822	
EPF	25,715,756		21,120,947	
ETF	5,145,201		4,217,228	
Overtime & Special Allowances	40,788,685		29,756,970	
New Year Festival Allowances	16,523,446		13,379,789	
Contract & Casual Employee Salaries	60,505,052		69,728,038	
Staff Benefits Cost	490,696		433,523	
Staff Welfare	6,134,382		6,591,904	
Staff Medical Expenses	2,855,983		1,706,031	
Staff Vehicle & Fuel Allowance	16,454,366		11,482,557	
Family Welfare Assistance	3,570,000		2,513,000	
Uniforms	1,387,853		1,356,163	
Labour Charges	2,976,520		2,911,677	
Death Gratuity	300,000		-	
Leave Encashments	5,685,541		4,699,592	
Gratuity Provision	4,151,134		6,383,794	
Travelling & Subsistence	5,112,367		3,990,494	
Audit Fees	226,960		226,860	
Professional & Consultancy Fees	979,900		540,000	
Legal Fees	275,832		248,308	
Secretarial & Other Expenses	410,000		339,534	
Directors Salaries	1,740,000		1,740,000	
Directors Fees	348,500		374,000	
Board Meeting Expenses	15,065		23,970	
Insurance - General	2,356,607		1,660,645	
Rates & Taxes	2,954,725		3,198,813	
License Fees	365,297		635,758	
Telephone Charges	14,366,476		12,772,626	
Electricity	14,414,405		14,447,674	
Postage	1,679,691		1,169,637	
Water	2,016,490		1,879,067	
News Papers & Periodicals	60,810		146,495	
Printing & Stationery	9,516,595		10,147,877	
Maintenance - Building	145,922		749,437	
Maintenance - Office Equipment	11,939,700		8,093,459	
Maintenance - Stores Equipment	5,715,209		9,761,565	
Maintenance - Show Rooms	11,256,481		22,675,499	
Maintenance - Motor Vehicles	5,824,475		4,586,752	
Motor Vehicle Registration & Insurance	286,441		237,401	
Fuel & Lubricant	5,676,136		5,790,845	
Computer Management Fees	244,768		62,883	
Computer Maintenance	3,027,882		1,839,485	
Depreciation - Building	1,661,084		1,782,417	
Depreciation - Motor Vehicle	4,364,829		8,286,758	
Depreciation - Plant & Equipment	10,293,020		7,599,451	
Depreciation - Furniture	6,889,736		6,451,458	
Depreciation - Tools & Equipments	331,296		223,455	
Depreciation of Office/Showroom construction on Leasehold Premises	24,987,386		24,987,386	
Impairment Loss of Abayarama office under Lease hold Buiding category.	-		10,630,782	
Impairment Loss of Gigabite Netwok,Partition & Water Tank of Abayarama office under Computer & Fittings category	-		5,245,028	
Hire of Vehicles	5,681,570		4,263,605	
Bank Charges	13,231,833		12,024,785	
Staff Training & Development Expenses	283,920		1,393,542	
Surcharges	1,254,690		36,504	
Parking Expenses	1,795,904		1,959,168	
	495,474,830		464,968,460	

NOTES TO THE FINANCIAL STATEMENTS - 2017/2018

NOTE 07 - NET FINANCE INCOME / (EXPENSE)

	2017 / 2018		2016 /2017	
	Rs.	Cts.	Rs.	Cts.
Interest Income				
Interest Income on Short Term Deposits	67,834,169		50,967,599	
Interest on Staff Loans	768,175		624,620	
Un - winding of Pre-Paid Staff Benefits	490,696		433,523	
	69,093,040		52,025,742	
Interest Expense				
Overdraft Interest	37,582,837		31,426,878	
Trust Receipt Loan Interest	108,525,924		65,971,787	
Lease Interest	1,356,246		2,565,776	
	147,465,006		99,964,440	
	(78,371,967)		(47,938,698)	

NOTE 08 - INCOME TAX EXPENSE

	Note	2017 / 2018		2016 /2017	
		Rs.	Cts.	Rs.	Cts.
Income Tax on Profits for the year - 2017/2018	08.01	16,905,232		11,123,192	
Income Tax on Profits for the year - 2012/2013		1,242,004		-	
Income Tax on Profits for the year - 2014/2015		1,390,956		-	
Deemed Dividend Tax		972,259		-	
Deferred Tax Expense	08.02	(1,191,507)		(5,926,592)	
		19,318,944		5,196,600	

(Note 8.1) Reconciliation between Accounting Profit to Income Tax

For the year ended 31st March

	2018		2017	
	Rs.	Cts.	Rs.	Cts.
Accounting Profit Before Taxation	87,977,147		45,185,487	
Income From Other Sources	(68,602,344)		(51,592,219)	
Aggregate Disallowable Items	64,653,702		72,561,500	
Aggregate Allowable Items	(59,744,958)		(53,282,273)	
Adjusted Business Profit	24,283,547		12,872,495	
Total Statutory Income	92,885,891		61,116,444	
Utilisation of carry forward tax losses	(32,510,062)		(21,390,755)	
Taxable Income	60,375,829		39,725,689	
Income Tax on Profits for the year @ 28%	16,905,232		11,123,193	

The unutilised tax loss carried forward as at the reporting date amounted to Rs.178,270,541/- (2016/17 -Rs 210,780,603/-).

(Note 8.2) Deferred Tax Expense / (Reversal)

Deferred tax expense / (reversal) arises from :

	2018		2017	
	Rs.	Cts.	Rs.	Cts.
Charge / (Reversal) during the year for Deffered Tax Assets	(2,451,769)		(3,820,256)	
Charge / (Reversal) during the year for Deffered Tax Liabilities	1,260,262		(2,106,336)	
	(1,191,507)		(5,926,592)	

NOTES TO THE FINANCIAL STATEMENTS - 2017/2018

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.

	2017 / 2018		2016 / 2017	
	Rs.	Cts.	Rs.	Cts.
Net profit attributable to shareholders - (Rs. Cts.)	68,658,203.32		39,988,886.44	
Weighted average number of ordinary shares in issue	10,000,000.00		10,000,000.00	
Basic earnings per share (Rs. Cts.)		6.87		4.00

Diluted Earnings per Share

There were no potential dilutive ordinary shares outstanding at any time during the year ended 31st March 2018.
Therefore, Diluted Earnings per Share is same as Basic Earnings per Share reported above.

NOTES TO THE FINANCIAL STATEMENTS - 2017/2018

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		Total	
	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.		Rs.
As at 01st April 2017	226,240,000		51,189,589		234,575,891		86,036,875		18,560,466		46,114,836		2,254,452		65,039,584		730,011,693	
Additions			934,202		-		172,473		12,149,331		7,553,804		1,059,003		3,899,781		25,768,594	
Cost of Disposal of Fixed Assets								15,000					500		42,000		57,500	
As at 31st March 2018	226,240,000		52,123,790		234,575,890.89		86,209,348		30,694,797		53,668,640		3,312,956		68,897,365		755,722,786	
Depreciation / Impairment																		
As at 01st April 2017	-		46,030,667		61,263,270		78,991,733		5,331,240		41,037,500		553,047		21,720,129		254,927,586	
Depreciation Charge for the year	-		1,661,084		24,987,386		4,364,829		3,069,480		7,223,541		331,296		6,889,736		48,527,351	
Cum. Depreciation of Disposals of Fixed Assets								14,999				350			35,992		51,341	
As at 31st March 2018	-		47,691,751		86,250,656		83,356,562		8,385,720		48,261,041		883,992		28,573,874		303,403,597	
Carrying Value as at 01st April 2017	226,240,000		5,158,922		173,312,621		7,045,142		13,229,226		5,077,336		1,701,406		43,319,455		475,084,105	
Carrying Value as at 31st March 2018	226,240,000		4,432,039		148,325,234		2,852,786		22,309,076		5,407,599		2,428,963		40,323,491		452,319,189	

NOTES TO THE FINANCIAL STATEMENTS - 2017/2018)

NOTE 11 - INVESTMENTS IN SHARES

	2017 / 2018		2016 / 2017	
	Rs.	Cts.	Rs.	Cts.
STC Medical Ltd.	49,990.00		49,990.00	
Less : Provision for Impairment of STC Medical Company Investment	(49,990.00)		(49,990.00)	
	-		-	
Ceylon Shipping Lines	20.00		20.00	
	20.00		20.00	

NOTE 12A - LOANS GIVEN TO EMPLOYEES

	Note	2017 / 2018		2016/2017	
		Rs.	Cts.	Rs.	Cts.
Non - Current					
Loans given to employees	12.1	8,015,155		7,234,995	
Pre paid Staff Benefits	12.2	566,776		494,101	
		8,581,931		7,729,096	
Current					
Loans given to employees	12.1	4,011,154		3,199,879	
Pre paid Staff Benefits	12.2	446,702		401,997	
		4,457,856		3,601,876	
		13,039,787		11,330,972	

NOTE 12.1 - LOANS GIVEN TO EMPLOYEES

Balance at the beginning of the year		11,330,971		9,575,149	
Loans granted		6,572,851		6,421,378	
Loans recovered		(4,864,037)		(4,665,556)	
		13,039,785		11,330,971	
Transfer to prepaid staff benefit		(1,013,476)		(896,097)	
Balance at the end of the year		12,026,309		10,434,874	
Non Current					
		8,015,155		7,234,995	
Current					
		4,011,154		3,199,879	
		12,026,309		10,434,874	

NOTE 12.2 - PREPAID STAFF BENEFITS

Balance at the beginning of the year		896,097		699,023	
Additions during the year		608,075		630,597	
Amortization		(490,696)		(433,523)	
Balance at the end of the year		1,013,476		896,097	
Non Current					
		566,776		494,101	
Current					
		446,701		401,996	
		1,013,477		896,097	

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	7%
Market Interest Rate	12%

NOTES TO THE FINANCIAL STATEMENTS - 2017/2018

NOTE 12 B - EASY PAYMENT LOAN SCHEME

	Note	2017 / 2018		2016 / 2017	
		Rs.	Cts.	Rs.	Cts.
Non - Current					
Gross Investment	12.3	2,299,237		3,019,848	
Less : Unearned Finance Income	12.4	(227,915)		(306,911)	
		2,071,322		2,712,937	
Current					
Gross Investment	12.3	4,240,375		7,268,050	
Less : Unearned Finance Income	12.4	(685,190)		(1,014,624)	
		3,555,187		6,253,428	
		5,626,509		8,966,365	

NOTE 12.3 - Gross Investment

Balance at the beginning of the year		8,966,365		11,980,067	
Gross Investment during the year		4,974,634		5,725,863	
Less : Rentals Received		(8,314,490)		(8,739,565)	
		5,626,509		8,966,365	
Add : Unearned Finance income		913,105		1,321,535	
Balance at the end of the year		6,539,614		10,287,900	
Non - Current		2,299,237		3,019,848	
Current		4,240,375		7,268,050	
		6,539,612		10,287,898	

NOTE 12.4 - Unearned Finance Income

Balance at the end of the year		1,321,535		2,110,744	
Additions during the year		1,177,030		1,281,572	
Less : Interest income for the year		(1,585,460)		(2,070,780)	
Balance at the end of the year		913,105		1,321,535	
Non - Current		227,915		306,912	
Current		685,190		1,014,624	
		913,105		1,321,536	

NOTE 13 - INVENTORIES

	2017 / 2018		2016/2017	
	Rs.	Cts.	Rs.	Cts.
Closing Inventory	821,082,524		773,989,275	
Goods in Transits	62,651,015		42,534,061	
Provision for Damage & Slow Moving Stock	(11,625,245)		(2,659,561)	
	872,108,293		813,863,775	

NOTES TO THE FINANCIAL STATEMENTS - 2017/2018)

NOTE 14 - TRADE & OTHER RECEIVABLES

	2017 / 2018		2016 / 2017	
	Rs.	Cts.	Rs.	Cts.
Trade Debtors	898,985,241		675,300,544	
Impairment of debtors	(8,025,258)		(11,417,158)	
	890,959,983		663,883,386	
Festival Advance	2,728,000		2,600,500	
Electricity Deposits	163,000		140,000	
Security Deposits - NSB	1,031,266		1,036,965	
Rent Deposits	17,958,185		19,733,185	
Sundry Deposits	506,500		506,500	
Sundry Debtors	-		165,781	
Port Authority - PVQ	50,000		50,000	
Bid Bond Ac.	-		11,600	
Prepayments	366,108		15,984,829	
Advance to Staff on Petty Cash	52,000		37,750	
L/Guaranty Margin - People's Bank	600,000		600,000	
VAT Receivables	143,958		1,370,011	
Interest Receivable	25,509,624		20,117,608	
Suspended VAT A/C	1,240,734		699,386	
Ministry of Education	7,784,039		7,784,039	
Advance on Sundry Expenses	1,983,449		880,615	
Advance on Services	666,185		2,860,869	
Advance on Other Payments	4,517,081		4,517,081	
Tender & Other Deposits	367,025		122,500	
Rent Advance Payment - Year 01	15,000		30,000	
Build up Margin A/C	190,933,790		150,613,803	
WHT on Interest	-		4,473,607	
Shipping Guaranty Margin - People's Bank	-		1,832,576	
Control A/C of Gift Vouchers	-		4,250	
Staff Debtors - Salary Advance	33,000		201,420	
David Pieris Mortor Co.Ltd	1,074,440		1,074,440	
Flood Relief Collection AC	263,085			
Loan / Hire purchases Rent,Insurance & Other Receivable	2,781,626		2,211,754	
	1,151,728,078		903,544,453	

Note about debtor impairment is to be included under the Notes to the Financial Statements.

Management of STC has decided to account the impairment loss of debtors on the basis of collective impairment criteria and percentage of 5 % has been calculated of the debts which the age is over 1 year period.

NOTE 15 - CASH HAND CASH EQUIVALENTS

	2017 / 2018		2016 / 2017	
	Rs.	Cts.	Rs.	Cts.
Cash at Bank				
BOC (A/C No 8859546)	270,658		270,658	
Sampath Bank (A/C No 000930000337)	491,890		1,336,457	
BOC (A/C No 1060)	20,347		20,347	
NDB (A/C - 106340003864)	5,424,230		4,207,040	
People's Bank - Kurunegala	1,692,691		80,975	
People's Bank - Kandy	3,765,446		379,686	
People's Bank - Matara	6,806,415		977,219	
People's Bank - Kalmunai	663,731		967,159	
People's Bank - Polonnaruwa	1,157,094		-	
Petty Cash Imprest	572,551		575,537	
Cash in Hand	23,593,507		12,644,243	
	44,458,562		21,459,321	

NOTES TO THE FINANCIAL STATEMENTS - 2017/2018

NOTE 16 - INTEREST BEARING LIABILITIES - LEASES

	Avanza Wagon KU - 7071		Nissan Jeep WPKX 9352		ALTO Car KY 6148		Total	
	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
Balance as at 01st April 2017	1,764,067		8,543,935		2,242,633		12,550,635	
Less : Rentals Paid	(1,764,067)		(4,179,292)		(1,034,990)		(6,978,349)	
Balance as at 31st March 2018	-		4,364,643		1,207,643		5,572,286	

Interest in Suspense

Balance as at 01st April 2017	117,032	1,419,039	307,156	1,843,227
Less : Charge to P & L	(117,032)	(1,028,404)	(211,235)	(1,356,671)
Balance as at 31st March 2018	-	390,635	95,921	486,556

**Interest Bearing Liabilities -
Non Current**

Balance as at 31st March 2018	-	-	169,638	169,638
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**Interest Bearing Liabilities -
Current**

Balance as at 31st March 2018	-	3,974,008	942,084	4,916,092
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NOTE 17 - RETIREMENT BENEFIT OBLIGATIONS

	2017 / 2018		2016 / 2017	
	Rs.	Cts.	Rs.	Cts.
Balance at the beginning of the year	24,217,549		39,743,461	
Provision made during the year	9,794,731		(9,608,376)	
Payments made during the year	(4,695,106)		(5,917,536)	
Balance at the end of the year	29,317,174		24,217,549	

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.

	2017 / 2018	2016 / 2017
	Rs.	Rs.
Interest Cost	2,477,383	4,821,187
Current Service Costs	1,673,751	1,562,607
Total included in the staff cost	4,151,134	6,383,794
Net Actuarial (Gain)/Loss recognized immediately	5,643,597	(15,992,170)
Total recognized in the comprehensive income	9,794,731	(9,608,376)

The Key Assumptions used by the management include the following

Financial Assumptions	31.03.2018	31.03.2017
Rate of Interest	12%	13%
Rate of Increase of Salaries	1%	1%
Staff Turnover Factor	2%	3%
Retiring Age (Years)	60	60

The Company will continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS - 2017/2018

NOTE 18 - NET DEFERRED TAX LIABILITY (ASSET)

	2017 / 2018		2016 / 2017	
	Rs.	Cts.	Rs.	Cts.
Balance at the beginning of the year	(8,438,473)		(6,989,688)	
Provision / (Reversal) for the Year	(1,191,507)		(5,926,592)	
Provision / (Reversal) for the Year	1,580,207		4,477,808	
Balance at the end of the year	(8,049,773.07)		(8,438,473)	

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:

	2017 / 2018		2016 / 2017	
	Rs.	Cts.	Rs.	Cts.
Provision for slow moving stocks	(3,255,069)		(744,677)	
Provision for bad & doubtful debts	(2,247,072)		(3,196,804)	
Employee Benefit Liability	(6,628,602)		(6,780,914)	
Accelerated depreciation for tax purpose	4,080,970		2,283,922	
	(8,049,773)		(8,438,473)	

NOTE 19 - SHORT TERM BORROWINGS

	2017 / 2018		2016 / 2017	
	Rs.	Cts.	Rs.	Cts.
Non current Liabilities				
T.R. Loans - Peoples' Bank	48,182,000		63,806,000.00	
T.R. Loans - Sampath Bank -Lease	9,584,780		34,584,380.00	
	57,766,780		98,390,380.00	
Current Liabilities				
Long Term				
T.R. Loans - Peoples' Bank	15,624,000		15,624,000.00	
T.R. Loans - Sampath Bank -Lease	24,999,600		24,999,600.00	
	40,623,600		40,623,600.00	
Short Term				
T.R. Loans - Peoples' Bank	350,107,546		366,211,533.83	
T.R. Loans - Sampath Bank	340,847,314		341,344,253.42	
T.R. Loans - NDB Bank	144,496,916		3,964,400.00	
T.R. Loans - BOC - 1060 / 8859546				
	835,451,776		711,520,187.25	
	876,075,376		752,143,787.25	
Total Loan liability	933,842,156		850,534,167.25	

NOTES TO THE FINANCIAL STATEMENTS - 2017/2018

NOTE 20 - TRADE OTHER PAYABLES

	2017 / 2018		2016 / 2017	
	Rs.	Cts.	Rs.	Cts.
Trade Creditors	563,476,351		489,020,178	
Foreign Import Liability	112,322,682		97,473,145	
NBT	1,989,486		2,709,814	
Accrued Expenses	38,610,801		49,610,322	
VAT	14,636,240		11,131,575	
Other Creditors - Sundry	1,638,548		511,777	
Audit Fees	453,920		226,960	
Security Deposit - NSB	1,031,266		1,036,965	
EPF	3,588,728		3,439,185	
ETF	430,647		413,555	
Staff Creditors - Re Banked Salaries etc.	781,065		796,485	
Salary Deductions	617,580		501,184	
Salary Deductions - Staff & Others	57,244		101,529	
Staff Recreation Fund	488,105		488,105	
ABC Trade & Investment	1,041,629		1,041,629	
Sala Enterprises	95,507		127,055	
Abans (Pvt) Ltd	1,920,661		1,920,661	
Deemed Dividend Tax	972,259		-	
Refundable Tender Deposits	5,000		-	
Scrap Battery Control A/C	115,200		9,350	
Etisalat Credit Card Proceed	748,683		748,683	
Free Issues Contro A/C	1,004,115		829,163	
Stamp Recoveries	32,650		30,075	
Loan / Hire Purchases Advance	167,984		354,816	
Stamp Duty Payable - Hire Purchases	-		3,540	
Creditor for Lease Equipment	13,500		344,247	
Money Received for Year End Sales Promotional Exp.	5,054,907		1,690,656	
Money Received for Jaffna SR	358,568		-	
Repair Charges Fund Account	-		246,860	
Insurance Payable for Loan / Hire Purchases	56,098		56,098	
Stamp Duty Payable for Loan / Hire Purchases	3,090		-	
Stafford Mortor (Pvt) Ltd	28,000		28,000	
Retention	2,098,458		1,181,093	
Retention on Service Contracts	421,127		175,810	
Scienter Technologies (Pvt) Ltd	(2,031,125)		56,000	
	752,228,973		666,304,515	

NOTES TO THE FINANCIAL STATEMENTS - 2017/2018

NOTE 21 - BANK OVERDRAFTS

	2017 / 2018		2016 / 2017	
	Rs.	Cts.	Rs.	Cts.
People's Bank (A/C No 004100120210918)	380,942,013		299,836,278	
Sampath Bank - DFS (A/C No 002930006974)	10,826,465		23,041,483	
NDB (A/C - 101000160408)	9,447,240		7,305,226	
	401,215,719		330,182,987	

NOTE 22 - TRANSACTIONS WITH RELATED PARTIES**A) Transactions with Key Managerial Personnel**

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

(i) Loans to the Directors

No loans have been granted to the Directors of the Company

(ii) Other Transactions with Key Management Personnel

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

NOTE 23 - CAPITAL COMMITMENTS

There were no contracted capital expenditure approved by the Board of Directors as at the 31st March 2018.

NOTE 24 - EVENTS AFTER THE REPORTING PERIOD

Shifting STC head office premises from No: 100, Nawam Mawatha, Colombo 2 to Narahenpita Economic Center after the Balance Sheet date

Management of STC are of the opinion that shifting STC head office from present location at No 100, Nawam Mawatha to Narahenpita Economic center will take place since STC present location falls under the Megapolis national project demarcated area and to make use the unutilised space area, available at Narahenpita Mega showroom of which monthly payment of lease rentals have been paying. However revaluation of present STC land & building will be done to strengthen the STC balance sheet when new development takes place.

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 - 2017/2018

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.

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.

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.
