



FINANCIAL STATEMENT 2023

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA



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STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

STATEMENT OF FINANCIAL POSITION

As at 31st December	NOTE	2023 Rs.	2022 (Restated) Rs.
ASSETS			
Property Plant and Equipment	16	2,070,517,703	2,104,965,728
Right-of-use Assets	17	49,721,211	52,875,747
Lease Assets paid in Advance	18	20,509,274	21,286,748
Capital Work in Progress		69,984,764	42,266,490
Intangible Assets -Software	19	5,171,925	6,748,551
Income Tax recoverable		544,142,004	131,250,268
Deferred Tax Assets	20	246,077,652	237,125,035
Total Non- Current Assets		3,006,124,532	2,596,518,567
Current Assets			
Inventories - SPC	21	6,921,501,200	3,189,711,730
Stock in Transit - DHS	22	2,341,523,485	40,000,547
Trade & Other Receivables	23	40,055,755,700	45,650,222,340
Prepayments	24	112,469,093	50,797,070
Cash and Cash Equivalents	25	5,539,030,064	5,613,777,091
Total Current Assets		54,970,279,543	54,544,508,777
Total Assets		57,976,404,075	57,141,027,344
EQUITY AND LIABILITIES			
Contributed Capital	31	59,055,258	59,055,258
Retained Earnings		12,655,250,361	11,750,474,544
Revaluation Reserves		71,350,931	71,350,931
General Reserves	32	66,061,447	66,061,447
Total Equity		12,851,717,997	11,946,942,180
Non- Current Liabilities			
Retirement Benefit Obligation	26	417,463,649	457,544,429
Lease Liabilities	17.1	36,604,255	38,781,989
Long Term Loan	27	5,529,455,540	7,508,388,884
Total Non- Current Liabilities		5,983,523,444	8,004,715,302
Current Liabilities			
Trade and Other Payables	28	18,522,668,138	19,249,279,868
Lease Liabilities	17.1	22,921,431	23,252,962
Current Financial Liabilities	29	18,616,639,731	15,937,903,698
Long Term Loans	27	1,978,933,334	1,978,933,334
Total Current Liabilities		39,141,162,633	37,189,369,862
Total Equity & Liabilities		57,976,404,075	57,141,027,344

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

Approved and signed for and on behalf of the Board by,

.....
U. Ajith Mendis Chairman	M. L. Subasinghe Arachchi Managing Director	K.M.D.R. Dasanayake General Manager	Nishanthi Devasurendra Actg. D G M - Finance

The accounting policies and notes on pages 5 to 46 form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

	Contributed Capital Rs.	General Reserves Rs.	Revaluation Reserve Rs.	Accumulated Profit Rs.	Total Rs.
Balance as at 01st January 2021	59,055,258	66,061,447	-	11,533,877,223	11,658,993,928
Tax paid for the Y/A 2019/2020				(192,401,778)	(192,401,778)
Tax paid for the Y/A 2020/2021				(140,846,355)	(140,846,355)
Total Comprehensive Income for the year					
Net Profit for the year				2,384,563,878	2,384,563,878
Correction of incorrectly understated storage charges receivables from the Medical Supplies Division (net)				31,852,134	31,852,134
Tax paid for the Y/A 2021/2022				(121,640,334)	(121,640,334)
Gain/ losses on defined benefit plan (Note 26.3)				57,438,433	57,438,433
Balance as at 31st December 2021	59,055,258	66,061,447	-	13,552,843,202	13,677,959,907
Balance as at 01st January 2022	59,055,258	66,061,447	-	13,552,843,202	13,677,959,907
Total Comprehensive Income for the year					
Treasury Levy Paid				(350,000,000)	(350,000,000)
Net Profit for the year				644,723,214	644,723,214
Revaluation gain on P.P.E (Motor Vehicles)			71,350,931	-	71,350,931
Gain/ losses on defined benefit plan (Note 26.3)				86,102,461	86,102,461
* Correction of understated direct settlements made by World Bank and ADB (net) -(Note a)				(64,350,060)	(64,350,060)
*Change in accounting policy in accounting MSD deductions (net)- (Note b)				132,024,320	132,024,320
*Correction of understated overdraft interest (net)- (Note c)				(2,250,868,593)	(2,250,868,593)
Balance as at 31st December 2022	59,055,258	66,061,447	71,350,931	11,750,474,545	11,946,942,180
Balance as at 01st January 2023	59,055,258	66,061,447	71,350,931	11,750,474,545	11,946,942,180
Total Comprehensive Income for the year					
Net Profit for the year				792,684,131	792,684,131
Gain/ losses on defined benefit plan (Note 26.3)				112,091,686	112,091,686
Balance as at 31st December 2023	59,055,258	66,061,447	71,350,931	12,655,250,361	12,851,717,997

Note (a)

Following errors have been rectified by restating the financial statement 2022 as given below:

	Value Rs	Tax effect average (30% & 25%) Rs.	Net Bal Rs.
(a) Correction of erroneously understated supplier payments made by the World Bank and Asian Development Bank on behalf of the Medical Supplies Division. Net effect due to foreign exchange difference (Note 36.1)	(87,254,318)	22,904,258	(64,350,060)
(b) Correction of erroneously understated MSD deductions for short supplies, quality failure, administration charges, etc, by considering it as a direct expenditure. (Note 36.2)	179,016,027	(46,991,707)	132,024,320
(c) Correction of understated overdraft interest due to recording as receivable in the year 2022. (Note 36.3)	(3,052,025,211)	801,156,618	(2,250,868,593)
	(2,960,263,502)	777,069,169	(2,183,194,333)

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December	Note	SPC OPERATIONS 2023 Rs.	DHS OPERATIONS 2023 Rs.	TOTAL OPERATIONS 2023 Rs.	TOTAL OPERATIONS 2022 (Restated) Rs.
Income	7	11,748,300,868	62,953,629,802	74,701,930,671	50,918,966,607
Less					
Direct Expenses - MSD	8		59,704,762,266	59,704,762,266	38,337,733,487
Cost of Sales - SPC	9	7,722,963,410		7,722,963,410	7,758,197,644
Cost of Production - ORS	10	141,530,099		141,530,099	118,067,057
Gross Profit/ Surplus		3,883,807,359	3,248,867,537	7,132,674,896	4,704,968,419
Add: Other Operating Income	11	162,221,838	439,228,168	601,450,006	107,109,942
Less					
Administrative Expenses	12	1,663,637,878	757,684,340	2,421,322,218	2,059,292,460
Other Operating Expenses	13	507,967,843	249,939,463	757,907,306	1,979,136,740
Operating Profit		1,874,423,476	2,680,471,901	4,554,895,377	773,649,162
Less: Finance Expenses	14	16,181,396	3,274,305,937	3,290,487,333	3,066,139,074
Add: Finance Income (Staff Loan)		7,816,715	-	7,816,715	7,643,459
Profit Before Tax		1,866,058,795	(593,834,036)	1,272,224,760	(2,284,846,453)
Income Tax Expenses	15	598,584,109	(119,043,480)	479,540,629	(614,351,014)
Profit After Tax		1,267,474,686	(474,790,556)	792,684,131	(1,670,495,438)
Other Comprehensive Income:					
Revaluation gain on P.P.E (Motor Vehicles)		35,675,465	35,675,465	71,350,931	71,350,931
Gain/ Losses on defined benefit plan	26	49,320,342	62,771,344	112,091,686	86,102,461
Total comprehensive income for the year		1,352,470,493	(376,343,746)	976,126,748	(1,513,042,047)

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

STATEMENT OF CASH FLOW

For the year ended 31st December	NOTE	2023	2022
		Rs.	(Restated) Rs.
Cash flow from operating activities			
Net profit before taxation,		1,272,224,760	(2,284,846,453)
Adjustments for:			
Depreciation	16	52,952,833	99,046,156
Impairment/ adjustment for P.P.E	16	-	4,226,358
Gratuity provision for the year	26.3	111,720,011	95,592,723
Lease amortisation	18	777,474	777,474
Profit/loss on disposal of fixed assets		-	(1,634,771)
Amortisation charges (software)	19	1,771,117	1,299,862
Unrealized profit	7	(12,305,457)	(7,013,753)
Lease Interest (Osusala)		12,411,244	12,819,529
Amortisation of (ROU) Assets		27,428,158	28,712,905
Bad debt recoveries -SPC	11	-	2,026,781
Provision for bad debts -DHS	13	180,335,734	451,738,502
Stock losses	13	1,227,912	430,137
Provision for damaged & outdated stock - SPC	13	291,745,815	60,402,156
Provision for damaged & outdated stock DHS	13	40,224,769	69,863,409
Interest expenses	14	3,274,891,468	3,052,165,328
Operating profit before working capital changes		5,255,405,838	1,585,606,342
Increase/Decrease in trade and other receivable	23	5,414,130,905	(154,210,368)
Increase/Decrease in deposit & prepayments	24	(61,672,023)	(8,891,364)
Increase/Decrease in inventories		(4,012,457,740)	(847,124,481)
Increase/Decrease in Goods in Transit	22	(2,341,747,707)	826,879,098
Increase/Decrease in trade & Other payables	28	(726,611,730)	9,478,744,398
Increase/Decrease in Deferred Income		-	(1,471,313)
Cash generated from operations		3,527,047,542	10,879,532,312
Income tax paid		(901,384,981)	(687,931,172)
Surcharge tax paid		-	(692,831,419)
Treasury Levy/ Dividend paid		-	(350,000,000)
Gratuity paid	26	(39,709,106)	(22,119,094)
Interest paid	14	(3,274,891,468)	(3,052,165,328)
Cash flow before extraordinary items		(4,215,985,555)	(4,805,047,013)
Net cash from operating activities		(688,938,013)	6,074,485,299
Cash flow from investing activities			
Purchase of property, plant and equipment	16	(18,504,808)	(54,142,634)
Increase/Decrease in work in progress		(27,718,274)	(3,955,130)
Computer Software	19	(194,490)	(5,481,140)
Disposal of fixed assets		-	3,086,775
Net cash used in investing activities		(46,417,573)	(60,492,129)
Cash flow from financing activities			
Repayment of long term loan	27	(1,978,933,344)	(1,978,933,334)
Payments of Lease rent		(39,194,131)	(38,586,571)
Net cash used in financing activities		(2,018,127,475)	(2,017,519,905)
Net increase in cash and cash equivalents		(2,753,483,061)	3,996,473,265
Cash and cash equivalents at beginning of period		(10,324,126,607)	(14,320,599,871)
Cash and cash equivalents at end of period (Note A)		(13,077,609,667)	(10,324,126,607)
Note A : Cash and cash equivalents			
		2023	2022
		Rs.	Rs.
Cash in hand & at bank	25	5,539,030,064	5,613,777,091
Bank overdraft	29	(18,616,639,731)	(15,937,903,698)
Cash and cash equivalents		(13,077,609,667)	(10,324,126,607)

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

01. REPORTING ENTITY

1.1 Domicile & Legal Form

State Pharmaceuticals Corporation is a Government Corporation incorporated in 1971 under the State Industrial Corporations Act No. 49 of 1957 and domiciled in Sri Lanka. It is a Government Corporation located at No 75, Sir Baron Jayathilake Mawatha, Colombo 01. Presently operating its functions at “Mehewara Piyasa” No 41, Kirula Road, Colombo 05.

1.2. Financial period

The financial period of the Corporation represents a twelve month period from 1 January 2023 to 31 December 2023.

1.3. Principal activities and nature of operations

The main functions are,

- a) Import, Purchase, Sales & Distribution of Pharmaceuticals and Health Care Items in the open market
- b) Import & Supply Pharmaceuticals and Health Care Items to the Department of Health Services
- c) Manufacturing and Marketing range of items including Jeevaneer, Glucose & Benzyl Benzoate Cream
- d) Providing sample tests and laboratory services

2. BASIS OF PREPARATION

2.1. Statement of compliance

The principle accounting policies adopted in preparation of Financial Statements are given under the Note 3-6 & such policies have been consistently applied, unless otherwise stated. The financial statements of the Corporation have been prepared in accordance with Sri Lanka Accounting Standards (commonly referred as “SLFRS”/ “LKAS”) laid down by the Institute of Chartered Accountants of Sri Lanka. These financial statements comprise of the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto.

2.2. Responsibility for financial statements

The Board of Directors of the Corporation acknowledges their responsibility for the financial statements. Any amendment to Financial Statements after issue lies with Board of Directors.

2.3 Approval of financial statements

The financial Statements were approved by the Board of Directors of the Corporation and authorized for issue on 06.03.2024.

2.4. Basis of measurement

The Financial Statements of the Corporation have been prepared on the historical cost basis and applied consistently except for the following material items stated in the Statement of Financial Position.

- Equipment, Furniture, Computers and Motor Vehicles which are measured at revalued amounts being the fair value of revaluation.
- Retirement benefit obligations measured based on actuarial valuation.

Where appropriate, the specific policies are explained in the succeeding notes.

2.5 Functional and Presentation Currency

The Corporation’s financial statements are presented in Sri Lankan Rupees which is the organization’s functional and presentation currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Corporation, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re measurement of monetary items denominated in foreign currency at period-end exchange rates are recognized in profit or loss.

2.6. Comparative information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period for all amounts reported in the financial statements, in order to enhance the understanding of the financial statements of the current period and to improve comparability. The comparative information has been reclassified where ever necessary to conform with the current year’s classification in order to provide a better presentation.

2.7. Statement of Cash flows

The Statement of Cash Flows has been prepared by using the direct method in accordance with the Sri Lanka Accounting Standard – LKAS 7 (Statement of Cash Flows), whereby gross cash receipts and gross cash payments of operating activities, financing activities and investing activities have been recognized.

2.8. Significant Accounting Judgments, Estimates and Assumptions.

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Corporation accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods effected.

Information about assumptions and estimation uncertainties that have significant effect on the amounts recognized in the financial statements is included in following notes;

Note 25 - Recognition of deferred tax assets/liabilities

Note 21 - Provisions for impairment.

Note 24 - Measurement of retirement benefit obligations; key actuarial assumptions.

Note 18 - Leases

Note 16 - Fair value measurement of Equipment, Furniture, Computers and Motor Vehicles

Provisions: Provisions are recognized when Corporation has present legal or constructive obligation as a result of past event considering probability & based on reliable estimation.

2.9. Measurement of Fair Values

A number of the Corporation's accounting policies and disclosures require the measurement of fair value for both financial and non-financial assets and liabilities. The current economic crisis in Sri Lanka has resulted in significant volatility in the financial markets. However the corporation did not require reclassifying any of its financial assets as a result of the significant volatility created by the current economic crisis.

The Corporation regularly reviews significant unobservable inputs and valuation adjustments when applicable. If third party information is used to Measure fair values, The Corporation assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of

SLFRSs/LKASs, including the level in the fair value hierarchy in which such valuations should be classified.

Further, the external valuers are involved for valuation of significant assets; Selection criteria for external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The Corporation decides, after discussions with the external valuers, which valuation techniques and inputs to use for individual assets.

When measuring the fair value of an asset or liability, the Corporation uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices)
- Level 3: Inputs for the asset or liabilities that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement. Transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. The Corporation does not hold any assets require fair value through P&L or fair value through OCI at present.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Significant Accounting Policies

The Accounting Policies applied by the Corporation are, unless otherwise stated, consistent with those used in the previous year. Previous year's figures and phrases have been rearranged, wherever necessary, to conform to the current year's presentation.

3.2 Going Concern

In determining the basis of preparing the financial statements for the year ended 31 December 2023, based on available information, the management has assessed the existing and anticipated effects of the economic crisis of the Country on the Corporation and the appropriateness of the use of the going concern basis.

After evaluating wide range of factors such as Disruptions in the Pharmaceutical supply, significant changes in demand and their effects for the working capital and resulting liquidity issues that affect the going concern in the operations and the Board is not aware of any material uncertainties that may cast significant doubt upon the corporation's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on going concern basis.

In determining the above significant management judgments, estimates and assumptions the impact of the economic crisis has been considered as of reporting date and specific considerations have been disclosed under the relevant notes.

3.3. New Accounting Standards issued during the year/Changes to already existing Accounting Standards

There were no new accounting standards issued by the Institute of Chartered Accountants of Sri Lanka during the year ended 31st December 2023. The amendments to the following existing Sri Lanka Accounting Standards which were effective from 01st January 2024 did not have a material impact on the Financial Statements.

- Amendment to IFRS 16 Leases on sale and leaseback
- Amendment to IAS 1 – Non-current liabilities with covenants
- Amendment to IAS 7 and IFRS 7 - Supplier finance
- IFRS S1, 'General requirements for disclosure of sustainability - related financial information
- IFRS S2, 'Climate-related disclosures'
- Amendments to IAS 21 - Lack of Exchangeability (01.01.2025)

3.4 Property Plant and Equipment

3.4.1 Basis of recognition

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Corporation and the cost of the asset can be measured reliably.

3.4.2. Basis of measurement

Items of property, plant and equipment are measured at cost/revaluation less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site at which they are located and capitalised borrowing costs.

Subsequent costs

The cost of replacing a component of an item of property, plant or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are recognized in the income statement as incurred.

Cost model

The Corporation applies the cost model to all property, plant and equipment except Equipment, Furniture Fittings, Computers and Motor Vehicles; and is recorded at cost of purchase together with any incidental expenses thereon less any accumulated depreciation and accumulated impairment losses.

Revaluation model

The Corporation revalues its motor vehicles which are measured at its fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

On revaluation, any increase in the revaluation amount is credited to the revaluation reserve in equity unless it off sets a previous decrease in value of the same asset that was recognised in the statement of profit or loss. A decrease in value is recognised in the statement of profit or loss where it exceeds the increase previously recognised in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to retained earnings and is not taken into account in arriving at the gain or loss on disposal.

Equipment, Furniture and Computers are measured at fair value. Furniture, Equipment and Computers were re-valued by Mr. J.M. Senanayaka Bandara, Govt. Deputy Chief Valuer (Rtd.) as at 31.12.2015.

3.4.3. Depreciation

Depreciation is recognized in the Statement of Profit or Loss on a straight-line basis over the estimated useful lives of an item of property, plant & equipment, in reflecting the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives of Property, Plant and Equipment are as follows.

Buildings	20- 40 years
Plant & Machinery	8 years
Motor Vehicles	10 years
Bicycles	6 to 7 years
Furniture & Fittings	10 years
Computers	4 years
Equipment	5 years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognized. The asset’s residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end and adjusted in accordance with LKAS 8.

Accordingly, the residual value and useful life of the already depreciated Furniture Fittings, Equipment, and Computers were reviewed, and estimated errors were corrected prospectively. This effect of the depreciation account for the year is given below,

Current period	Rs.	17.5	Million
Future periods	Rs.	38.8	Million
Redundant items derecognized	Rs.	33.5	Million

3.4.4. De-recognition

An item of property, plant & equipment is de-recognized upon disposal of or when no future economic benefits are expected from its use or disposal. Gains and losses arising on de-recognition of assets are determined by comparing the proceeds from the disposal with the carrying amount of property, plant & equipment and are recognized net within “Other Income” in profit or loss.

3.4.5 Impairment of non-financial assets

The Corporation continues its operations through alternate working arrangements, whilst strictly adhering to and supporting government directives. Property, Plant and Equipment (PPE) is not significantly under-utilised. The Management believes that it has adequate liquidity and business plans to continue to its operation whilst mitigating the risks associated with the economic crisis situation in the Country and concluded that no impairment is required on Plant and Equipment at the reporting date.

3.5 Capital work in progress

Capital expenses incurred during the year, which are not capitalized as at the balance sheet date are shown as Capital work in progress, whilst the capital assets which have been capitalized during the year and put to use have been transferred to Property Plant & Equipment.

3.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The Corporation’s intangible assets are amortized using the straight-line method to write down the cost over its estimated useful economic lives.

3.7 Leases

Leases are recognized as right-of-use (“ROU”) asset and a corresponding liability at the date on which the leased asset is available for use by the Corporation. The Corporation has leases for the Osusala buildings, Stores facilities and some IT equipment. With the exception of short term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

(a) ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

(b) Lease liabilities

In accordance with provisions of SLFRS 16, lease liabilities were recognised and measured at the present value of the remaining lease payments, discounted using the lessee's increment borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, Security and conditions.

The Corporation presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in comprehensive income.

(c) Re-measurement of lease liabilities

The Corporation is also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rates take effect, the lease liability is re measured and adjusted against the ROU assets.

(d) Lease payments not recognized as a liability

The Corporation has elected not to recognize a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred.

3.8 Taxation

3.8.1 Current taxation

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the Taxation Authorities in respect of the current as well as prior years. The tax rate and tax laws used to compute the amounts are those that are enacted or substantially enacted by the Balance Sheet date. Accordingly, provision for taxation is made on the basis of the profit for the year as adjusted for taxation purposes in accordance with the provision of the Inland Revenue Act No: 24 of 2017 and the Amendments thereto, the rates specified in the act. Provision for the current year taxation made according to the accounting profit subject to the rate specified by act.

3.8.2 Deferred taxation

In respective of each type of temporary differences recognized in the Balance Sheet, were considered for the Deferred Tax Liabilities and Assets. Mainly, in Financial Statements Fixed Assets, Provision for Retiring Gratuity, Impairment on debtors, Provision for disputed items were considered. Deferred Tax Assets & Liabilities are measured at the Income Tax Rate.

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 sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

3.9 Inventories

Inventories are recognized at cost or net realizable value, whichever is lower after making due allowance for obsolete and slow-moving items which are valued at 'First in first out' basis. Stocks at Osusala outlets were measured, excluding the stock transfer margin which was worked out using an average margin of stock transferred from the Main stores to the Osusala outlet.

The Corporation's Pricing Committee decides the price of drugs based on formula while considering market prices.

3.9.1 Measurement of inventories

Cost of Inventories – ORS

Raw Materials

Cost of purchases together with any incidental expenses.

Work In progress

Raw material cost and variable manufacturing expenses in full.

Finished Goods

Raw material cost and variable manufacturing expenses in full.

3.10 Cash & Cash Equivalents

Cash and cash equivalents comprise cash in hand and at bank, Treasury bill investments, other short-term highly liquid investments with original maturities of twelve months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

3.11 Research costs

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss when incurred.

4 LIABILITIES AND PROVISIONS

4.1 Retirement Benefit Obligations

4.1.1 Defined benefit plan – Retirement Gratuity

The Corporation is liable to pay Gratuity in terms of the Payment of Gratuity Act No.12 of 1983. The liability for gratuity to an employee arises only on completion of five years of continued service with the Corporation. This Liability recognized in the balance sheet represents the present value of the defined benefit obligations at the balance sheet date estimated using the projected unit credit method. These benefits are not externally funded.

The Corporation recognizes all actuarial gains and losses arising from defined benefit plans immediately in the other comprehensive income.

An actuarial valuation was carried out by Mr. M. Poopalanathan, AIA, of Messrs.' Actuarial and Management Consultants (Pvt) Ltd., a firm of professional actuaries as at 31st December 2023. The assumptions based on which the results of the actuarial valuation were determined, are included in Note 26 to the financial statements.

4.1.2 Defined Contribution Plans- Employee Provident Fund & Employee Trust Fund

The Corporation contributes to Employees' Provident Fund contribution and Employees' Trust Fund contribution is covered by relevant contribution funds in line with respective regulation. Obligations for contributions to the plans covering the employees are recognized as an expense in the income statement.

Employees' Provident Fund

The Corporation and Employees contribute to provident fund at 12% and 10% respectively on fixed salary except travelling allowance.

Employees' Trust Fund

The Corporation contributes 3% on fixed salary except travelling allowance, to the Employees' Trust Fund.

5. INCOME STATEMENT

For the purpose of presentation of the Income Statement, the function of expenses method is adopted as it represents fairly the elements of corporation performance.

5.1 Revenue Recognition

The Corporation recognizes and measures revenue under five step approaches as per SLFRS 15- Revenue from Contracts with customers. Measurement of revenue is based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Corporation recognizes revenue when the performance obligations are satisfied.

In the comparative period, revenue is recognized on an accrual basis when it is probable that the economic benefits will flow to the Corporation and the revenue and associated costs incurred or to be incurred 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.

5.1.1 Nature of goods and service

The following is a description of the principal activities from which the Corporation generates its revenue and the respective revenue recognition policies.

i. Revenue from importing and trading pharmaceutical and health care items

The Corporation recognizes revenue from following sources;

Customer	Nature, Timing of satisfaction of performance obligation and significant payment terms
Distributors/ Franchises	<p>The Corporation recognized revenue monthly at the point the customer takes possession of the products. The products are sold to the Distributors at W/S prices determined by the Corporation will be notified to the Distributor from time to time. The products once sold to the Distributor will not be taken back by the Corporation or exchanged for other products unless they are spoilt or discolored at the time of issue or where the wrong products were issued to the Distributor by an error.</p> <p>An irrevocable unconditional Bank Guarantee for a sum equivalent to the value of products intended to purchase should be provided in favour of the State Pharmaceuticals Corporation. The Bank Guarantee should be valid from the date of commencement of the agreement and it should be in full force during the continuance of this agreement.</p>
Forces/ Government Hospitals/ Private Hospitals	<p>The Corporation recognized revenue monthly at the point the customer is delivered with the products. The products are sold at prices determined by the Corporation which will be notified to the customer from time to time. The products once sold will not be taken back by the Corporation or exchanged for other products unless they are spoilt or discolored at the time of issue or where the wrong products were issued by an error.</p>

ii. Revenue from supply of Pharmaceuticals and health care items to the Department of Health services.

The revenue is recognized at the point the products are transferred to the Department of Health Services. The products once sold will not be taken back by the Corporation or exchanged for other products unless they are spoilt or discolored at the time of issue or where the wrong products were issued by an error.

iii. Production of Pharmaceuticals and health care items

The Corporation mainly engages in manufacturing and marketing of pharmaceuticals items namely,

- Jeevani
- Glucose
- Benzyl Bensovate Cream

based on requirement Corporation may repack certain other items.

The sales of manufacture goods are recognized at the point the products are transferred to the customers. The products once sold will not be taken back by the Corporation or exchanged for other products unless they are spoilt or discolored at the time of issue or where the wrong products were issued by an error.

The following specific recognition criteria are also evaluated by the Corporation before revenue is recognized:

5.1.2 Sale with a right of return

The Corporation transfers the control of the product to customers with the right to return if:

- The products sold are close to expiry
- Products are spoilt or discolored at the time of issue
- Issue of wrong products due to an error

Such sale of products with a right to return shall be recognized by the Corporation as;

- Revenue for the transferred products in the amount of consideration to which the Corporation expects to be entitled a refund liability; and
- An asset (and corresponding adjustment to cost of sales) for its right to recover products from customers on settling the refund liability.

At the end of each reporting period, the Corporation shall update its assessment of amounts for which it expects to be entitled in exchange for the transferred products and a corresponding change is made to the transaction price if necessary.

The Corporation shall update the measurement of the refund liability at the end of each reporting period for changes in expectations about the amount of refunds. The Corporation recognizes corresponding adjustments as revenue (or reductions of revenue).

An asset recognized for the Corporation's right to recover products from a customer on settling a refund liability shall initially be measured by reference to the former carrying amount of the less any expected costs to recover those products. At the end of each reporting period, the Corporation shall update the measurement of the asset arising from changes in expectations about products to be returned.

5.2 Other Income

Other income is recognized on an accrual basis.

5.3 Claims Receivable from Suppliers

Claims receivable from suppliers for Short Supplies and Damages have not been recognized in the Financial Statement due to uncertainty of the outcome. However, when the realization of income is virtually certain, the claim is recognized in the income statement.

There were pending supplier claims worth Rs 3,544 Million at the end of the year 2023. (From 01.01.2018 to 31.12.2023)

5.4 Expenses

All expenditures incurred in the running of the business have been charged to income in arriving at the profit for the year. Repairs and renewals are charged to profit and loss in the year in which the expenditure is incurred.

5.4.1 Financial Expenses

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. The corporation's finance expenses comprise of overdraft interest, letter of credit opening expenses & credit facility agreement charges.

5.4.2 Allocation between overheads

Overheads have been allocated between SPC & DHS based on percentage after analyzing the activities involved.

In the Financial Statements, Overheads allocation method is as follows.

	<u>DHS</u>	<u>SPC</u>
(a) Personnel emoluments	56%	44%
(b) Travelling expenses	10%	90%
(c) Supplies and requisites	25%	75%
(d) Repairs and maintenance	50%	50%
(e) Transportation, communication utilities & other services	50%	50%
(f) Research cost	65%	35%
(g) OD interest	Actual	Actual

6 FINANCIAL INSTRUMENTS- INITIAL

RECOGNITION AND SUBSEQUENT MEASUREMENT

6.1 Initial Recognition and Measurement

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provision of the instrument. Regular way purchases and sales of financial assets are recognized on trade- date, the date on which the Corporation commits to purchase or sell the asset.

At initial recognition, the Corporation measures a financial asset or financial liability at its fair value plus or minus in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability.

6.1.1 Financial Assets

6.1.1.1 Classification and subsequent measurement

The Corporation classifies its financial assets in the following measurement categories

- Fair Value through Profit and Loss (FVPL)
- Fair Value through Other Comprehensive Income (FVOCI); or
- Amortized cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective. Classification and subsequent measurement of debt instruments depend on:

- i. The Corporation's business model for managing the asset; and
- ii. The cash flow characteristics of the asset.

Based on these factors, the Corporation classifies its debt instruments into one of the following three measurement categories:

6.1.1.1.1 Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at amortized cost. Interest income from these financial assets is included in the "Other Operating Income" using the effective interest rate method. The Corporation currently holds cash in hand and bank, staff loans, trade receivables and short term treasury bills under this category.

6.1.1.1.2 Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amounts are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in the profit or loss statement. Interest income from these financial assets is included in "Other Operating income" using effective interest rate method. Currently the Corporation does not hold any financial asset under this category.

6.1.1.1.3 Fair value through profit or loss

Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not a part of a hedging relationship is recognized in profit or loss presented in the profit or loss statement in the period which it arises, unless it arises from debt

instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in the profit and loss statement. Interest income from these financial assets is included in "Other Operating income" using effective interest rate method. Currently the Corporation does not hold any financial asset under this category.

- **Business model:**

The business model reflects how the Corporation manages the assets in order to generate cash flows. That is, whether the Corporation's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Corporation in determining the business model for a group of assets include past experience on how cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

- **Solely Payments of Principal and Interest (SPPI):**

Where the business model is to hold assets to collect contractual cash flow or to collect contractual cash flows and sell, the Corporation assesses whether the financial instruments cash flows represent solely payments of principal and interest (the SPPI test). In making this assessment, the Corporation considers whether the contractual cash flows are consistent with the basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Corporation reclassifies debt investments when and only when its business model for managing those assets changes. The re classification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

6.1.1.2 Impairment

The Corporation assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortized cost and FVOCI. The Corporation recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating range of possible outcomes
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Probability of Default (PD), Loss Given Default (LGD) computed as at 31.12.2023 & Economic Factor Adjustment (EFA) considered in the computation of “provision for impairment on trade receivables” for the Corporation as at 31st December 2023 have led to increase the such provision significantly. Natures of dues were considered in EFA to arrive at a reasonable provision. As updated GDP information not available in world Economic outlook previous years’ EFA has been considered.

Impairment of trade receivables have been calculated based on the advisory services provided by the ‘‘Moore Stephan Aiyar’’ in adoption of SLFRS 09. Accordingly, incurred loss on provision for impairment of trade receivables are calculated, based on loss rate derived from probability of default (PD) & accordingly, expected credit loss (ECL) is calculated by adjusting economic factor Adjustment (EFA).

Debt balances for impairment have been fully provided if the such balances are long outstanding & its recoveries are highly doubtful. EFA has not been adjusted for such provision.

Impairment calculations have been done based on significant impairment & collective impairment under 4 categories given below.

- Significant collective impairment - (Government sector debtors – Forces, Government Hospitals)
- Other collective impairment- (Government Sector others & Private sector debtors)
- Highly significant Customers (Debtors with long outstanding dues & under litigation)
- Specific impairment on MSD debts.

The probability of default (PD) is calculated considering MSD debt balance as a ratio of the total MSD sales for a given year & use historical data (yearly balance) for this purpose. Loss rate is derived based on the outstanding balance. When obtaining the outstanding balance, term loan received (as per note 27 to the financial statements) has been considered as a receipt since we received the same in settlement of MSD outstanding.

6.1.1.2.1 Measurement of the Expected Credit Loss (ECL) allowance

The measurement of expected credit loss allowance for financial assets measured at amortized cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward looking scenarios for each type of product/ market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

The judgements and estimates made by the Corporation for ECL measurement is as follows;

- Expected credit loss is the discounted product of the Probability of Default (PD), Loss Given Default (LGD) and Economic Factor Adjustment (EFA). PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months or over the remaining lifetime of the obligation.
- LGD represents the Corporation's expectation of the extent of loss on a defaulted exposure. LGD is computed on lifetime basis, where Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.
- The Corporation forecasts the economic growth for 5 years basing historical Economic growth data for 11 years and the economic factor adjustment (EFA) is arrived by using a weighted probability of the impact of growth on the Corporation. The economic growth of Sri Lanka is used for EFA as the main factor impacting growth of the Corporation due to the nature of the major customers.

6.1.1.3 De-recognition

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) Corporation transfers substantially all the risks and rewards of ownership, or (ii) the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and the control of assets.

The Corporation enters into transactions where it retains the contractual rights to receive cash flows from the assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as "pass through" transfers that result in de-recognition if the Corporation:

- Has no obligation to make payments unless it collects equivalent amounts from the assets;
- Is prohibited from selling or pledging the assets; and
- Has an obligation to remit any cash it collects from other assets without material delay.

6.1.2 Financial Liabilities

6.1.2.1 Classification and subsequent measurement

In both current and prior period, financial liabilities are classified as subsequently measured at amortized cost, except for Financial Liabilities at fair value through profit and loss. This classification is applied to derivatives, financial liabilities held for trading and other financial liabilities designated as such at initial recognition.

Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially in profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge an accounting mismatch in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss. The Corporation's financial liabilities include trade and other payables, bank overdrafts.

6.1.2.2 De-recognition

A financial liability is de-recognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

6.2 Measurement methods

Amortized cost and Effective Interest Rate

The amortized cost is the amount at which the financial asset or financial liability is measure at initial recognition less the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortized cost before any impairment allowance) or to the amortized cost of a financial liability

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

7 REVENUE

For the year ended 31st December	2023	2022
	Rs.	Rs.
Revenue - SPC		
Bulk trading	3,688,759,178	1,931,939,808
ORS sales	247,579,960	142,735,292
Osusala sales (Note 30)	7,398,681,385	7,834,498,737
Provision for Unrealized Profit	(12,305,457)	(7,013,753)
Credit Insurance	-	1,471,313
Claims Received from Suppliers/Un-claimed bills	425,585,803	42,217,721
Total	11,748,300,868	9,945,849,118
Revenue - DHS		
Import supplies	37,139,542,684	27,257,000,998
Local supplies	23,865,788,809	12,827,156,588
Import of vaccines	715,016,213	141,465,149
CPU supplies	-	65,452,439
Additional charges	229,558,155	130,650,127
Claims Received from Suppliers/Un-claimed bills	999,329,773	525,708,055
Penalties on delayed Supplies	4,394,168	25,684,133
Total	62,953,629,802	40,973,117,489
Total Revenue	74,701,930,671	50,918,966,607

7.1 SALE WITH A RIGHT OF RETURN

The Sales returns experienced by the Corporation are immaterial in comparison to sales generated. However, the Corporation shall monitor the probability of occurrence of sales returns and the requirement to adjust any material impact of such.

8 COST OF SALES / DIRECT EXPENSES - DHS

For the year ended 31st December	2023	2022
	Rs.	Rs.
Revenue	62,953,629,802	40,973,117,489
DIRECT COST		
C & F value of DHS supplies	33,110,183,701	24,249,130,219
Custom duties & taxes	1,282,883,195	623,715,657
Cost of local supplies	23,030,867,265	12,333,881,836
CPU purchases to DHS	-	62,935,038
Deductions for short supplies, quality failure, administration charges, etc.	1,857,719,786	153,710,506
Total	59,281,653,946	37,423,373,256
OTHER DIRECT COST		
Clearing charges (Bank charges, Stamp fee , Commission & LC chg.	790,295,377	672,352,293
Landing charges	87,269,024	56,653,061
Import licenses fee	143,797,308	225,355,423
Total	1,021,361,708	954,360,778
TOTAL COST	60,303,015,654	38,377,734,033
Less: Stock in transit	598,253,389	40,000,547
Direct expenses/ Cost of sales	59,704,762,266	38,337,733,487
Gross profit/surplus	3,248,867,537	2,635,384,003

NOTES TO THE FINANCIAL STATEMENTS

9 COST OF SALES -SPC

For the year ended 31st December	BULK TRADING Rs.	OSUSALA TRADING Rs.	TOTAL TRADING SPC-2023 Rs.	TOTAL TRADING SPC-2022 Rs.
Stock In trade at the beginning of the year	822,010,839	2,156,818,710	2,978,829,549	2,312,402,281
Add :				
Imported drugs	8,562,345,308		8,562,345,308	2,705,749,515
Consumables for the laboratory	1,123,695		1,123,695	179,555
Local purchases (SPC tenders)	738,405,660		738,405,660	1,120,740,016
Laboratory testing chg.	-	-	-	-
C.P.U - Purchases	846,415,265		846,415,265	246,734,447
Local purchases (Osusalas) (Note 30.1)	-	1,728,571,817	1,728,571,817	4,411,664,961
Transfers (Note 30.1)	(4,250,715,849)	4,250,715,849	-	-
STOCK AVAILABLE FOR SALES	6,719,584,917	8,136,106,376	14,855,691,292	10,797,470,775
Less: Stock In trade at end of the year	5,031,595,970	2,101,131,912	7,132,727,882	3,039,273,131
COST OF SALES & TRANSFERS	1,687,988,947	6,034,974,464	7,722,963,410	7,758,197,644

10 COST OF MANUFACTURING GLUCOSE, JEEWANEE AND BB CREAM

For the year ended 31st December	2023 Rs.	2022 Rs.
Opening stock of raw materials	1,814,570	854,087
Add: purchases of raw materials	55,146,793	45,063,530
Less: closing stock of raw materials	4,615,220	1,814,570
Cost of raw materials consumed	52,346,143	44,103,047
Add: Manufacturing cost (Note 10.1)	89,341,640	74,430,841
Production cost of goods	141,687,783	118,533,888
ORS TRADING		
For the year ended 31st December	2023 Rs.	2022 Rs.
Opening stock (finished goods)	466,831	-
Add: Production cost of goods	141,687,783	118,533,888
Less: Closing stock (finished goods)	624,515	466,831
Cost of sale	141,530,099	118,067,057
Sales	247,579,960	142,735,292
Less: Cost of sale	141,530,099	118,067,057
Gross profit	106,049,861	24,668,235

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NOTES TO THE FINANCIAL STATEMENTS

10.1 MANUFACTURING COST

For the year ended 31st December	2023	2022
	Rs.	Rs.
Salaries & wages	31,828,468	33,541,526
Overtime.	1,856,718	1,947,238
Uniforms.	37,800	238,730
Insurance for staff	457,199	1,032,110
Provident fund (EPF & ETF).	3,098,520	4,018,216
Annual bonus	480,000	600,000
Attendance bonus	575,100	640,200
Annual incentive bonus	5,276,759	1,857,267
Staff welfare	1,047,915	1,122,214
Medical expenses	435,622	463,697
Power	3,750,580	2,905,316
Depreciation	5,330,181	9,349,596
Repairs & maintenance	7,066,825	3,893,673
Packing materials used	28,099,952	12,821,059
Total	89,341,640	74,430,841

11 OTHER OPERATING INCOME

For the year ended 31st December	2023	2022
	Rs.	Rs.
SPC		
Sales of tender forms.	73,538,030	22,590,813
Rent received	9,179,815	704,339
Treasury bill interest	22,089,532	13,166,696
Scrap sales	447,225	125,645
Interest income	14,806,064	35,369,962
Miscellaneous income	25,991,764	27,541,591
Pre qualification charges	-	2,251,750
Stock excesses	1,044,516	397,021
Sample testing income		2,366,194
Foreign exchange gain/loss	13,586,389	-
Prescriber	4,925	6,700
Training expence recoveries	709,297	
Int. on returned cheques/ delays	824,281	954,460
Profit on disposal of fixed assets	-	1,634,771
Total	162,221,838	107,109,942
DHS		
Foreign exchange gain	439,228,168	-
Total	439,228,168	-
Grand Total	601,450,006	107,109,942

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

12 ADMINISTRATIVE EXPENSES

For the year ended 31st December	SPC TRADING			TOTAL	TOTAL	TOTAL	TOTAL
	OSUSALAS	O.R.S.	BULK	TRADING SPC	TRADING DHS	TRADING 2023	TRADING 2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
PERSONNEL EMOLUMENTS							
Salaries, Wages & Allowances.	575,282,746	-	328,625,946	903,908,693	418,251,204	1,322,159,897	1,115,517,732
Overtime.	31,883,063	-	7,656,939	39,540,002	5,104,626	44,644,628	44,210,206
Staff training expenses.	-	-	297,649	297,649	378,826	676,475	2,197,822
Uniforms.	5,568,223	-	1,089,888	6,658,110	1,387,130	8,045,240	6,823,746
Insurance for staff	7,201,429	-	4,808,416	12,009,845	6,119,803	18,129,648	15,762,542
Provident fund (EPF & ETF).	55,715,136	-	30,833,179	86,548,315	39,242,228	125,790,544	128,745,333
Annual bonus	7,155,982	-	3,945,582	11,101,563	5,021,649	16,123,212	17,235,541
Monthly attendance bonus.	9,777,000	-	4,404,620	14,181,620	5,605,880	19,787,500	18,912,079
Sports club expenses	-	-	371,890	371,890	473,315	845,205	1,481,367
Annual per inc. bonus.	85,939,303	-	49,010,726	134,950,029	62,377,288	197,327,317	69,253,459
Gratuity. (Note 26.3)	-	-	49,156,805	49,156,805	62,563,206	111,720,011	95,592,723
Land/ Housing loan interest	3,227,257	81,506	1,964,774	5,273,537	2,500,622	7,774,159	8,582,635
SPC Anniversary payment	-	-	2,469,368	2,469,368	3,142,832	5,612,200	3,769,005
Total	781,750,138	81,506	484,635,783	1,266,467,427	612,168,609	1,878,636,036	1,528,084,190
TRAVELING EXPENSES							
Overseas travelling expenses- others.	-	-	29,180	29,180	3,242	32,422	-
Local travelling expenses - others.	1,281,484	5,170	2,191,908	3,478,562	243,545	3,722,107	3,928,436
Total	1,281,484	5,170	2,221,088	3,507,742	246,788	3,754,529	3,928,436
SUPPLIES & REQUISITES							
Printing & stationery.	10,814,624	1,643,626	11,946,388	24,404,638	3,982,129	28,386,767	45,599,003
Board meeting expenses.	-	-	84,594	84,594	28,198	112,793	42,160
Entertainment - others.	-	-	710,561	710,561	236,854	947,414	356,772
Repairs to motor vehicles.	-	-	11,091,155	11,091,155	3,697,052	14,788,207	12,237,093
Fuel & lubricants.	-	-	14,395,943	14,395,943	4,798,648	19,194,591	17,421,703
License fees of motor vehicles.	-	-	176,783	176,783	58,928	235,711	194,454
Total	10,814,624	1,643,626	38,405,425	50,863,674	12,801,808	63,665,482	75,851,185
REPAIRS & MAINTENANCE							
Buildings.	3,229,400	-	7,383,853	10,613,253	7,383,853	17,997,107	12,208,021
Furniture, fittings & equipment	5,244,104	-	4,922,945	10,167,049	4,922,945	15,089,994	8,292,235
Computer	2,419,694	-	4,736,906	7,156,599	4,736,906	11,893,505	10,331,827
Total	10,893,198	-	17,043,704	27,936,902	17,043,704	44,980,605	30,832,082

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

12 ADMINISTRATIVE EXPENSES

For the year ended 31st December	SPC TRADING			TOTAL	TOTAL	TOTAL	TOTAL
	OSUSALAS	O.R.S.	BULK	TRADING	TRADING	TRADING	TRADING
	SPC	DHS	2023	2022			
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
TRANSPORTATION, COMMUNICATION UTILITIES & OTHER SERVICES							
Rent/Amortization of ROU Assets (Note 17.2)	34,050,863	-	2,487,402	36,538,265	-	36,538,265	33,376,314
Rent - "Mehewarapiyasa"	-	-	6,450,000	6,450,000	6,450,000	12,900,000	12,850,000
Lease rent amortization	618,474	-	160,000	778,474	-	778,474	779,474
Rates & taxes.	1,360,767	-	1,820,704	3,181,471	1,820,704	5,002,175	5,484,161
Water bills	1,498,255	153,585	878,488	2,530,328	878,488	3,408,815	2,529,766
Electricity.	47,380,735	-	21,446,565	68,827,299	21,446,565	90,273,864	46,655,834
Fuel for Generator	1,135,045	-	-	1,135,045	-	1,135,045	3,676,005
Postage, Telegrams & Telephones.	2,766,644	44,893	10,594,899	13,406,436	10,594,899	24,001,335	20,201,387
Trade subscriptions, Periodicals & Publications.	665,485	-	280,544	946,029	280,544	1,226,573	785,415
Professional charges.	-	-	2,543,633	2,543,633	2,543,633	5,087,265	2,693,683
Insurance.	-	-	2,485,632	2,485,632	2,485,632	4,971,263	3,273,174
Press notification.	-	-	6,087,465	6,087,465	14,204,085	20,291,550	13,856,480
Security services.	31,356,807	266,013	4,280,047	35,902,866	4,280,047	40,182,914	44,974,657
Depreciation	13,133,545	-	17,244,554	30,378,099	17,244,554	47,622,653	89,309,528
Amortisation- Computer Software	1,050,248	-	720,869	1,771,117	-	1,771,117	1,299,862
License fees for drugs.	2,405,945	-	46,793,612	49,199,557	-	49,199,557	26,113,952
Sundry expenses.	84,027	-	314,810	398,837	148,146	546,983	264,650
Directors fees.	-	-	320,000	320,000	320,000	640,000	590,000
Audit fees.	-	-	1,667,400	1,667,400	1,667,400	3,334,800	2,326,215
Tender board expenses.	-	-	4,378,926	4,378,926	10,217,494	14,596,420	19,679,746
Staff welfare.	23,847,689	-	13,131,498	36,979,187	16,712,816	53,692,003	46,066,785
Staff medical expenses.	5,588,174	-	3,243,764	8,831,938	4,128,426	12,960,364	13,508,232
Donations	-	-	124,130	124,130	-	124,130	495,596
Holiday bungalow expenses	-	-	-	-	-	-	2,962
Head office shifting expenses	-	-	-	-	-	-	29,802,689
Total	166,942,703	464,490	147,454,940	314,862,134	115,423,432	430,285,565	420,596,567
TOTAL ADMINISTRATIVE Ex	971,682,147	2,194,792	689,760,939	1,663,637,878	757,684,340	2,421,322,218	2,059,292,460

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

13 OTHER OPERATING EXPENSES

For the year ended 31st December	SPC TRADING			TOTAL	TOTAL	TOTAL	TOTAL
	OSUSALAS	O.R.S.	BULK	TRADING SPC	TRADING DHS	TRADING 2023	TRADING 2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
SELLING & DISTRIBUTION EXPENSES							
Sales promotion expenses.	-	-	9,808,999	9,808,999	-	9,808,999	14,077,674
Transport charges.	-	-	18,550,111	18,550,111	-	18,550,111	10,996,784
Provision for bad debts	-	-	5,552,339	5,552,339	174,783,396	180,335,734	453,765,283
Discount on osusala sales	-	-	21,267,762	21,267,762	-	21,267,762	20,739,517
Additional discounts	-	-	133,811,593	133,811,593	-	133,811,593	69,691,568
Value Added Tax	-	-	7,090,332	7,090,332	21,270,997	28,361,329	15,668,372
Stock losses	-	-	1,227,912	1,227,912	-	1,227,912	430,137
Pro. for outdated & damaged drugs	8,095,709	-	283,650,106	291,745,815	-	291,745,815	60,402,156
Pro. for outdated & damaged drugs - DHS	-	-	-	-	40,224,769	40,224,769	69,863,409
Stamp fee	-	-	378,600	378,600	-	378,600	452,625
Setting up expenses	-	-	326,495	326,495	-	326,495	2,037,077
Storage charges	-	-	-	-	10,876,847	10,876,847	16,378,729
Foreign exchange gain/loss	-	-	-	-	-	-	1,207,283,296
Sundry packing materials.	17,964,915	-	242,370	18,207,285	-	18,207,285	11,782,369
TOTAL	26,060,624	-	481,906,618	507,967,243	247,156,008	755,123,250	1,953,568,995
RESEARCH & DEVELOPMENT							
Drugs for testing	-	-	600	600	1,115	1,716	9,515
Testing charges for samples DHS	-	-	-	-	469,462	469,462	-
Testing charges for samples	-	-	-	-	-	-	219,239
TOTAL	-	-	600	600	470,578	471,178	228,754
(c) Legal Compensation	-	-	-	-	2,312,878	2,312,878	25,338,990
TOTAL OTHER OPERATING EXPENSES	26,060,624	-	481,907,219	507,967,843	249,939,463	757,907,306	1,979,136,740

14 FINANCE EXPENSES

For the year ended 31st December	SPC TRADING			TOTAL	TOTAL	TOTAL	TOTAL
	OSUSALAS	O.R.S.	BULK	TRADING SPC	TRADING DHS	TRADING 2023	TRADING 2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
O/D interest	-	-	585,531	585,531	3,274,305,937	3,274,891,468	3,052,165,328
Lease interest charge for the year (Note 17.2)	-	-	12,411,244	12,411,244	-	12,411,244	12,819,529
Bank charges	-	-	3,184,621	3,184,621	-	3,184,621	1,154,217
TOTAL FINANCE COST	-	-	16,181,396	16,181,396	3,274,305,937	3,290,487,333	3,066,139,074

NOTES TO THE FINANCIAL STATEMENTS

15 MAJOR COMPONENT OF TAX EXPENSES

For the year ended 31st December	2023	2023	2023	2022
	SPC	DHS	Total	Total
	Rs.	Rs.	Rs.	Rs.
Current tax expenses (Note 15.1)	603,060,417	(114,567,172)	488,493,245	-
Over/Under provision in respect of previous years		-	-	(537,557,856)
Adj. Deferred tax Income/Expenses relating to the origination -		-	-	(76,793,158)
- and reversal of temporary differences (Note 20)	(4,476,308)	(4,476,308)	(8,952,616)	
Tax expenses	598,584,109	(119,043,480)	479,540,629	(614,351,014)

15.1 RECONCILIATION OF ACCOUNTING PROFIT TO INCOME TAX EXPENSES

For the year ended 31st December	2023	2023	2023	2022
	SPC	DHS	Total	Total
	Rs.	Rs.	Rs.	Rs.
Profit Before Tax	1,866,058,795	(593,834,036)	1,272,224,760	(2,284,846,453)
Disallowable expenses	448,248,271	300,137,802	748,386,073	1,109,761,779
Qualifying payments	(304,105,676)	(88,194,340)	(392,300,015)	(217,471,663)
Taxable Income	2,010,201,391	(381,890,574)	1,628,310,817	(1,392,556,337)
Income Tax @ 30%	603,060,417	(114,567,172)	488,493,245.20	-
Income tax on current year profit	603,060,417	(114,567,172)	488,493,245	-
Over/Under provision in respect of previous years	-	-	-	(537,557,856)
Adj. Deferred tax Income/Expenses relating to the origination -				
and reversal of temporary differences (Note 20)	(4,476,308)	(4,476,308)	(8,952,616)	(76,793,159)
Tax expenses	598,584,109	(119,043,480)	479,540,629	(614,351,014)
Effective Tax Rate %	29.78		-	-

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

16 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings	Motor Vehicles	Delivery Cycles	Furniture & Fittings	Equipment	Plant & Machinery	Computers	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
COST OF DEEMED COST									
At 1 January 2022	1,199,639,630	744,784,444	165,947,731	34,100	112,936,330	197,817,567	46,454,370	122,520,480	2,590,134,651
Additions	-	-	-	-	4,549,703	26,372,060	-	23,220,872	54,142,634
Adjustments	-	(9,187,915)	-	-	61,762	4,458,693	-	54,070	(4,613,390)
Revaluation	-	-	10,102,269	-	-	-	-	-	10,102,269
Disposals	-	-	(2,500,000)	-	-	(190,989)	-	-	(2,690,989)
At 31 December 2022	1,199,639,630	735,596,529	173,550,000	34,100	117,547,794	228,457,331	46,454,370	145,795,422	2,647,075,176
Additions	-	303,452	-	-	4,755,453	4,241,929	1,667,500	7,536,474	18,504,808
Disposals	-	-	-	-	-	-	-	-	-
At 31 December 2023	1,199,639,630	735,899,982	173,550,000	34,100	122,303,247	232,699,260	48,121,870	153,331,896	2,665,579,984
DEPRECIATION & IMPAIRMENT									
At 1 January 2022	-	142,602,617	62,312,298	34,100	46,124,564	146,677,829	33,789,560	74,397,002	505,937,971
Depreciation charge for the year	-	18,554,224	17,379,658	-	11,566,261	25,487,590	4,956,537	21,101,886	99,046,156
Disposals	-	-	(1,088,294)	-	-	(150,691)	-	-	(1,238,985)
Adjustments	-	(678,723)	-	-	(521,540)	809,070	-	4,161	(387,032)
Revaluation	-	-	(61,248,662)	-	-	-	-	-	(61,248,662)
At 31 December 2022	-	160,478,119	17,355,000	34,100	57,169,285	172,823,798	38,746,097	95,503,049	542,109,448
Depreciation charge for the year	-	18,788,261	17,355,000	-	11,747,040	32,381,966	4,952,116	24,096,039	109,320,422
Adjustments	-	(701,365)	-	-	-	(35,938,544)	(739,393)	(18,988,287)	(56,367,589)
Revaluation	-	-	-	-	-	-	-	-	-
At 31 December 2023	-	178,565,015	34,710,000	34,100	68,916,325	169,267,220	42,958,821	100,610,801	595,062,282
NET BOOK VALUE									
At 31 December 2023	1,199,639,630	557,334,966	138,840,000	-	53,386,922	63,432,040	5,163,049	52,721,095	2,070,517,703
At 31 December 2022	1,199,639,630	575,118,411	156,195,000	-	60,378,509	55,633,533	7,708,273	50,292,373	2,104,965,728
At 31 December 2021	1,199,639,630	602,181,826	103,635,433	-	66,811,766	51,139,738	12,664,810	48,123,477	2,084,196,680

NOTES TO THE FINANCIAL STATEMENTS

17 Right-of -use Assets

As at 31st December	Land and Building 2023 RS.	Land and Building 2022 RS.
Carrying amount at the beginning of the year	52,875,747	44,133,149
Contracts terminated during the year	(97,907)	-
Additions during the year	24,371,529	37,455,503
Amortization during the year (Note No 17.2)	(27,428,158)	(28,712,905)
Carrying amount at the end of the year	49,721,211	52,875,747

17.1 Lease Liability**Obligation to Make the Lease Payments**

As at 31st December	2023 RS.	2022 RS.
Gross Lease Liabilities - Minimum Lease Payments	78,688,779	84,511,868
Obligations under Lease		
No later than One Year	31,406,430	32,667,634
Later than one year but no later than five years	46,201,257	48,865,562
Later than five years	1,081,091	2,978,672
	78,688,779	84,511,868
Future finance charges on leases	(19,163,093)	(22,476,917)
The present value of lease liabilities	59,525,686	62,034,951
<i>The present value of lease liabilities is classified as:</i>		
Current Liabilities	22,921,431	23,252,962
Non-current Liabilities	36,604,255	38,781,989

17.2 Amounts recognized in profit & loss

	2023 Rs.	2022 Rs.
Amortization of "Right-of-Use" (ROU) Assets for the Year	27,428,158	28,712,905
Expenses not included in the measurement of lease liabilities - short-term lease, variable lease payments, low-value assets etc.	9,110,107	4,663,409
Administration Expenses (Note 12)	36,538,265	33,376,314
Interest paid/payable for lease liabilities (Note 14)	12,411,244	12,819,529

NOTES TO THE FINANCIAL STATEMENTS

18 Lease Assets paid in advance

As at 31st December		2023	2022
		RS.	RS.
Ratmalana Land	99 year	8,920,000	9,080,000
Osusala Badulla (Bus Stand)	50 year	3,106,350	3,221,400
Osusala Badulla (CWE)	33 year	3,519,697	3,728,788
Osusala Nugegoda	30 year	4,963,227	5,256,560
Total rent paid in advance		20,509,274	21,286,748

Lease rentals paid in advance represents operating leases stated at cost/revaluation less accumulated amortisation. Such carrying amounts are amortised over the remaining lease period or useful life of the leasehold property whichever is shorter.

19 Intangible Assets - Computer Software

	2023	2022
	Rs.	Rs.
Cost		
As at the beginning of the year	6,748,551	2,567,274
Acquisition/Incurred during the year	194,490	5,481,140
As at the end of the year	6,943,042	8,048,414
Amortisation		
Amortisation charge for the year	1,771,117	1,299,862
Carrying Amount		
As at the end of the year	5,171,925	6,748,551

20 DEFERRED TAX ASSETS/ LIABILITIES

	Balance 1st January 2023	Recognised in profit & loss	Balance 31st December 2023	Balance 1st January 2022	Recognised in profit & loss	Balance 31st December 2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
On Property plant & equipment	134,649,396	13,282,675	147,932,071	105,616,327	29,033,069	134,649,396
Deferred tax liability	134,649,396	13,282,675	147,932,071	105,616,327	29,033,069	134,649,396
On Retirement benefit obligation	(137,263,329)	12,024,234	(125,239,095)	(112,841,583)	(24,421,746)	(137,263,329)
Provision for disputed items	(234,511,103)	(34,259,525)	(268,770,628)	(153,106,622)	(81,404,481)	(234,511,103)
Deferred tax Assets	(371,774,432)	(22,235,291)	(394,009,722)	(265,948,204)	(105,826,227)	(371,774,432)
Net Deferred Tax Assets/ Liability	(237,125,035)	(8,952,616)	(246,077,652)	(160,331,877)	(76,793,158)	(237,125,035)

Deferred income tax is provided using a principal tax rate of - 30%

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

21 TRADING STOCK

2023

2022

As at 31st December	Bin Balance	Stock Adj.	Trading Stock in Hand	Prov. for Damaged & Outdated Stock	Prov. for Unrealized Profit	Stock (as at 31st Dec)	Bin Balance	Stock Adj.	Trading Stock in Hand	Prov. for Damaged & Outdated Stock	Prov. for Unrealized Profit	Stock (as at 31st Dec)
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Stock in Transit	43,925,437	-	43,925,437	-	-	43,925,437	191,846,910	-	191,846,910	-	-	191,846,910
Bulk Stores	5,031,595,970	491,278	5,032,087,249	485,056,825	851,766	4,546,178,658	874,150,693	104,364	874,255,056	396,478,899	-	477,776,158
Trading Stock Osusala (NOTE 30.4)	2,101,131,912	553,238	2,101,685,150	16,692,095	76,467,074	2,008,525,981	2,165,122,438	292,657	2,165,415,096	8,596,386	65,013,383	2,091,805,327
Finished Products- ORS	624,515	-	624,515	-	-	624,515	466,831	-	466,831	-	-	466,831
Raw Materials -ORS	4,615,220	-	4,615,220	-	-	4,615,220	1,814,570	-	1,814,570	-	-	1,814,570
Total	7,181,893,053	1,044,516	7,182,937,570	501,748,920	77,318,840	6,603,869,810	3,233,401,442	397,021	3,233,798,463	405,075,285	65,013,383	2,763,709,796
SUNDRY STOCKS												
Printing Stationery	22,193,699	-	22,193,699	-	-	22,193,699	24,652,179	-	24,652,179	-	-	24,652,179
Packing Materials	63,010,937	-	63,010,937	-	-	63,010,937	54,632,647	-	54,632,647	-	-	54,632,647
Miscellaneous Stocks	22,423,649	-	22,423,649	-	-	22,423,649	2,482,427	-	2,482,427	-	-	2,482,427
Total	107,628,286	-	107,628,286	-	-	107,628,286	81,767,253	-	81,767,253	-	-	81,767,253
Disputed items	210,003,105	-	210,003,105	-	-	210,003,105	344,234,681	-	344,234,681	-	-	344,234,681
Total	7,499,524,444	1,044,516	7,500,568,960	501,748,920	77,318,840	6,921,501,200	3,659,403,376	397,021	3,659,800,398	405,075,285	65,013,383	3,189,711,730

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

22 STOCKS IN TRANSIT - DHS

As at 31st December	2023	2022
	Rs.	Rs.
Stock in Transit	598,253,389	40,000,547
Add: Disputed Items - DHS		
Disputed stock as at 31.12.23	2,122,819,524	362,024,648
Disputed balances as at 31.12.23	14,603,745	14,603,745
Total Transit Value	2,735,676,657	416,628,940
Less: Provision for unsalable		
Carrying amount at the beginning	376,628,393	307,759,412
Provision for the period	40,224,769	74,138,326
Amount used/Charged against the provision	(22,699,990)	(5,269,345)
Carrying amount at the end of the period	394,153,172	376,628,393
Goods in Transit - DHS	2,341,523,485	40,000,547

The Corporation made 100% provision for disputed items when they were rejected by DHS due to quality failure, damage, and short self-life and remained in the stores with no movement for more than 12 months.

23 TRADE AND OTHER RECEIVABLES

As at 31st December	2023	2022
	Rs.	Rs.
Total Dues From DHS (Note 23.1)	38,853,759,374	43,956,072,699
Trade Debtors (Note 23.1)	1,175,411,631	1,488,412,962
Staff Loans (Note 23.1)	93,475,546	102,788,825
Other Staff Advances (Note 23.1)	249,770	234,105
Deposits and Advances (Note 23.1)	1,906,375,600	2,211,244,050
Other Receivables & Recoverable (Note 23.1)	368,691,817	58,342,002
Total	42,397,963,738	47,817,094,643
Less: Provision for bad & doubtful debts	2,342,208,038	2,166,872,304
Trade and Other Receivables	40,055,755,700	45,650,222,340

23.1 DEBTORS ANALYSIS

As at 31st December	2023	2022
	Rs.	Rs.
TOTAL DUES FROM DHS		
Local Purchase on DHS Tenders	920,317	920,317
DHS Turnover Tax & Custom Duty	51,927,472	51,927,472
Purchase Clearing - DHS	158,744,103	158,744,103
Department of Health Services *	38,642,167,482	43,744,480,807
Total	38,853,759,374	43,956,072,699

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

23.1 DEBTORS ANALYSIS - Cont.

As at 31st December	2023	2022
	Rs.	Rs.
TRADE DEBTORS		
Distributors	380,182,684	291,029,393
Private Sector Organizations	90,434,301	84,817,845
Forces	504,598,941	795,977,477
Franchise Osusalas	33,305,177	30,502,324
Authorized retailer	1,569,254	1,068,791
Hospitals- Government	81,439,670	190,400,296
Hospitals- Private	22,095,779	16,494,597
Government Dept. & Corporations	31,949,923	48,218,335
Disputed Debtors - Government Sector	16,947,075	16,964,658
Disputed Debtors - Private Sector	2,448,776	2,499,196
Debtors under litigation	10,440,051	10,440,050
Total	1,175,411,631	1,488,412,962
STAFF LOANS		
Welfare fund	186,697	-
Staff Loan	93,288,849	102,788,825
Total	93,475,546	102,788,825
OTHER STAFF ADVANCES		
Cycle Loans	-	5,585
Festival Advance	249,770	228,520
Total	249,770	234,105
DEPOSITS AND ADVANCES		
Advance Payments to Suppliers	1,852,190,090	424,423,099
General Advance	1,583,938	1,421,501
Marginal Deposit -DHS	52,601,573	1,785,399,450
Total	1,906,375,600	2,211,244,050
OTHER RECEIVABLES & RECOVERABLE		
General Treasury - Term Loan Interest	35,269,296	-
Sundry Debtors	12,287,503	13,813,461
E Channeling control A/c	25,556	25,556
Insurance Claim Receivables	917,538	689,077
Claim receivable from supplier	306,753,939	29,816,825
Agency Commission Receivable	13,437,985	13,997,082
Total	368,691,817	58,342,002
TOTAL DEBTORS AND OTHER RECEIVABLES	42,397,963,738	47,817,094,643

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

23.2 DEBTORS ANALYSIS - Cont.

(Rs.Million)

Age Analysis -DHS

	Over 5 Years	4 to 5 Years	3 to 4 Years	2 to 3 Years	1 to 2 Years	Less Than 1 Year	Total
DHS - Outstanding	16,038	10,684	6,335	18,310	(7,627)	(5,098)	38,642
Deductions -Claim from Suppliers	-	-	-	-	-	-	-
Import, Local & Custom duty	211	-	-	-	-	-	211
	16,249	10,684	6,335	18,310	(7,627)	(5,098)	38,853

Age Analysis -SPC

	OVER 5 YEARS	1 TO 5 YEARS	184 - 365 Days	93 - 184 Days	32 - 92 Days	0 - 31 Days	Grand Total
Trade Debtors	32	30	113	151	399	450	1,175

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

24 PREPAYMENTS

As at 31st December	2023	2022
	Rs.	Rs.
Pre- Payments	65,791,193	9,969,284
Employee Security Investments	441,636	441,636
Deposits - Postal Franking Machine	691,462	558,682
Pre paid Staff Expenses	16,465,051	13,236,966
Advance Payments to Port Authority	169,512	817,247
Miscellaneous Deposits	11,774,281	11,460,231
Container Deposits - SPC	3,424,792	2,293,340
Container Deposits - DHS	13,711,166	12,019,684
Total	112,469,093	50,797,070

25 CASH AND CASH EQUIVALENTS

As at 31st December		2023	2022
		Rs.	Rs.
People's Bank	A/C 90210892	263,517,780	208,085,618
Commercial Bank	A/C 150701	2,585,789	602,065
Bank of Ceylon	A/C -1438	593,303,032	717,022,793
Bank of Ceylon	A/C -1425	284,367,810	-
Bank of Ceylon	A/C -70556680	3,288,713,416	1,305,750,630
Bank of Ceylon	A/C -84740710	13,114,154	13,012,796
Standard Chartered Bank	A/C 1171968 01	9,778,196	12,900,562
Commercial bank	A/C -150401	55,007	55,007
Sampath Sanhida	A/C 10218	4,242,342	5,827,630
Bank of Ceylon	A/C -0087595324	162,550,999	89,879,740
* People's bank	A/C -07-0204137	415,656,088	2,583,991,755
National Savings Bank	A/C-100640401196	41,506	40,344
Bank of Ceylon - Marging Account		366,100,096	565,192,224
Investments			
Treasury Bill - Credit Insurance Scheme		90,605,151	74,865,927
Treasury Bill - Supplier Convention		43,495,173	35,685,473
Petty Cash Impress - Control		903,524	864,526
Total		5,539,030,064	5,613,777,091

26 EMPLOYEE RETIREMENT GRATUITY

As at 31st December	2023	2022
	Rs.	Rs.
Gratuity opening balance	457,544,430	470,173,261
Interest Cost (Note 26.3)	82,357,997	54,069,925
Past Service Cost	-	7,346,532.00
Current Service Cost (Note 26.3)	29,362,014	34,176,266
Actuarial Gain /Loss (Note 26.3)	(112,091,686)	(86,102,461)
Benefit paid/ payables during the year	(39,709,106)	(22,119,094)
Total	417,463,649	457,544,429

An actuarial valuation was carried out by Mr. M. Poopalanathan, AIA, of Messrs.' Actuarial and Management Consultants (Pvt) Ltd., a firm of professional actuaries as at 31st December 2023.

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS

26.1 The principal actuarial valuation assumptions used are as follows:

As at 31st December	2023	2022
Discount %	13% p.a.	18% p.a.
Future salary increase %	10% p.a.	15% p.a.
Allowance increase %	11% p.a.	18% p.a.
Retiring age	60 Years	60 Years
Staff Turnover Factor	3.0%	2.0%

26.2 Sensitivity Analysis

A one percentage change in the assumptions would have the following effects to employee defined benefit plan - gratuity

As at 31 December	Present Value of Defined Benefit Obligation 2023	Present Value of Defined Benefit Obligation 2022
Discount Rate:		
1% Increase	387,485,480	421,278,807
1% Decrease	451,673,248	499,278,667
Salary Escalation Rate (Including Allowances):		
1% Increase	452,031,091	499,236,085
1% Decrease	386,713,671	420,746,024

26.3 The amounts recognized in the Income Statement are as follows,

As at 31st December	2023 Rs.	2022 Rs.
Past Service Cost	-	7,346,532
Current service cost	29,362,014	34,176,266
Interest charges for the year	82,357,997	54,069,925
Actuarial gain/loss charged	-	-
Gratuity include in the staff cost (Note 12)	111,720,011	95,592,723
Actuarial gain/loss - OCI	(112,091,686)	(86,102,461)
Total	(371,675)	9,490,262

27 LONG TERM LOANS

As at 31st December	Bank of Ceylon Rs.	People's Bank Rs.	Total value Rs.
Loan amount	5,876,000,000	6,000,000,000	11,876,000,000
Balance as at 01.01.2023	4,570,222,218	4,917,100,000	9,487,322,218
Total Paid	979,333,344	999,600,000	1,978,933,344
Balance as at 31.12.2023	3,590,888,874	3,917,500,000	7,508,388,874
Balance to be paid			
Not later than one year	979,333,334	999,600,000	1,978,933,334
Later than one year	2,611,555,540	2,917,900,000	5,529,455,540

The Government Treasury has arranged the above Term loans in enabling SPC to maintain its liquidity within the already approved overdraft facility limits and undertake to settle the same with interest. The Corporation repaid the loan as the settlements received from the Treasury.

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

28 TRADE AND OTHER PAYABLES

As at 31st December	2023	2022
	Rs.	Rs.
Accrued charges & provision	629,577,120	224,116,822
Interest received in advance - Government Treasury		13,602,763
Creditors control	3,322,051,399	5,208,767,562
Special order advance	982,510	21,134,366
Customer advance	1,496,035	1,010,236
Security deposits	628,001	630,001
Salaries control	5,169,321	18,681,594
Bank bills payable - SPC	252,691,688	375,003,996
Bank bills payable - DHS	14,120,040,975	13,239,790,836
Interest on cash security deposits	104,248	102,529
Tender deposits	11,063,916	4,368,977
Loans & other recoveries (staff)	14,980,812	15,628,273
Gratuity payable	12,842,225	76,247
P.A.Y.E	580,590	-
Seva Vanitha	178,530	103,280
Welfare fund	-	469,774
Contributed Staff welfare	7,947,745	7,947,745
Fund for Evaluation of Sinopharm Vaccine *	3,693,550	3,727,518
Fund for Covid 19 relief assistance**	8,027,301	8,027,301
Cash Deposit in lieu of Bank Guarantee	18,481,413	11,147,101
Agency commission	72,186,077	55,700,423
Value added tax	39,944,683	39,242,523
Total	18,522,668,138	19,249,279,868

* Ceyoka Pvt Ltd granted 7.5 million to conduct Sinopharm post-marketing surveillance research and related activities. The Corporation is carrying out research and related activities. The balance remaining as at 31st December 2023 is given above.

**The Government of Pakistan granted Rs. 8 million to utilize as relief assistance for Covid 19. This fund will be utilized for the requirements related to Covid -19 pandemic in the year 2024.

29 CURRENT FINANCIAL LIABILITIES

As at 31st December	2023	2022
	Rs.	Rs.
Bank of Ceylon A/C -1435	8,691,229,735	7,844,581,222
Bank of Ceylon A/C -1425	-	83,539,088
People's bank A/C -90210929	9,925,409,996	8,009,783,388
Total	18,616,639,731	15,937,903,698

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

30 OSUSALA INCOME

For the year ended 31st December 2023	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA
	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING
	Col.07	Col.04	Col.01	KANDY	NUGEGODA	AVISS.	RATNAPURA	MINU.	PANADURA	GALLE	MATARA	KURUNEGALA	AMPARA	HAMBANTOTA
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Sales	1,032,492,234	623,763,215	352,442,527	284,152,197	143,993,229	81,830,528	130,960,488	60,932,813	204,456,262	142,287,864	121,400,109	256,077,581	126,593,072	110,630,322
Cost of Sales (Note 30.1)	848,480,813	513,996,210	295,063,739	227,981,494	118,688,037	66,560,040	116,413,230	49,360,966	168,135,216	117,792,067	99,224,797	214,261,027	101,967,489	91,563,227
Gross Profit on Sales & Transfers	184,011,421	109,767,005	57,378,788	56,170,704	25,305,192	15,270,488	14,547,258	11,571,847	36,321,045	24,495,797	22,175,312	41,816,554	24,625,583	19,067,095
ADMINISTRATIVE EXPENSES (Note 30.2)														
Personnel Expenses	103,992,925	21,049,043	19,226,890	35,882,839	20,304,594	15,263,370	17,995,376	9,973,291	19,030,541	22,950,546	21,027,453	25,791,591	11,437,528	10,803,946
Travelling Expenses	49,103	100,750	57,968	23,694	2,746	61,470	69,080	67,929	29,470	14,200	2,100	3,540	10,025	8,718
Supplies & Requisites	1,264,690	153,488	552,018	399,121	258,791	49,017	265,901	311,282	416,055	258,264	107,138	221,213	52,451	98,581
Repairs & Maintenance	2,166,102	445,080	315,261	261,586	306,273	203,280	224,627	185,713	220,560	435,135	284,943	343,539	152,668	227,507
Transportation, Communication, Utilities & Other	17,464,577	4,324,833	2,499,093	5,072,484	3,811,697	2,669,921	3,584,259	3,001,345	4,721,856	3,666,259	4,245,152	6,036,810	2,950,927	2,485,411
OTHER OPERATING EXPENSES (Note 30.3)														
Selling & Distribution Expenses	2,439,598	2,173,633	2,493,279	1,420,445	1,253,396	223,932	602,829	269,289	1,131,111	589,928	558,576	649,875	81,726	334,789
TOTAL OVERHEADS	127,376,996	28,246,827	25,144,511	43,060,169	25,937,496	18,470,991	22,742,071	13,808,850	25,549,592	27,914,333	26,225,362	33,046,568	14,685,325	13,958,952
NET PROFIT/(LOSS)	56,634,425	81,520,177	32,234,277	13,110,535	(632,304)	(3,200,503)	(8,194,813)	(2,237,003)	10,771,454	(3,418,536)	(4,050,050)	8,769,986	9,940,258	5,108,143

30.1 COST OF SALES

Stock in Trade - at the beginning of the year	295,199,121	144,678,064	123,690,485	91,264,422	45,400,399	15,982,238	29,601,357	25,008,734	72,900,337	36,691,163	53,883,866	101,305,642	22,493,669	46,039,574
Local purchases	391,046,947	245,848,708	136,900,144	44,461,000	54,425,969	14,849,186	25,469,168	8,030,390	56,823,675	36,941,405	10,982,189	49,390,541	3,001,528	32,141,150
Transfers	415,315,597	303,106,165	151,390,118	166,954,756	66,393,108	54,288,205	94,186,003	37,635,169	108,496,584	81,388,491	72,114,831	127,267,139	108,138,075	51,464,134
STOCKS AVAILABLE FOR SALE	1,101,561,665	693,632,937	411,980,747	302,680,178	166,219,475	85,119,629	149,256,528	70,674,293	238,220,596	155,021,059	136,980,887	277,963,322	133,633,272	129,644,858
Stock in trade at year end (Note 30.4)	253,080,852	179,636,727	116,917,008	74,698,685	47,531,438	18,559,589	32,843,298	21,313,328	70,085,380	37,228,993	37,756,090	63,702,296	31,665,783	38,081,632
COST OF SALES & TRANSFERS	848,480,813	513,996,210	295,063,739	227,981,494	118,688,037	66,560,040	116,413,230	49,360,966	168,135,216	117,792,067	99,224,797	214,261,027	101,967,489	91,563,227

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

30 OSUSALA INCOME

For the year ended 31st December 2023	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	SATHOSA	OSU SALA	OSU SALA	OSU SALA	OSU SALA
	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	OUTLETS	TRADING	TRADING	TRADING	TRADING
	A'PURA	MAHARAGAMA	J. PURA	KARAPITIYA	NEGOMBO	BADULLA- CWE	DIYATHALAWA	JAFFNA	POLONNARUWA	RATMALANA	TANGALLE	RAGAMA	BANDARAGAMA	FORT
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Sales	137,412,695	168,130,296	277,680,377	136,691,319	112,426,600	116,390,838	59,770,197	90,459,939	150,884,813	29,693,680	196,206,374	160,801,381	61,454,923	100,571,405
Cost of Sales (Note 30.1)	105,741,692	138,126,047	224,161,457	114,330,185	90,649,676	92,755,375	49,574,007	73,098,503	125,403,659	23,975,584	164,598,797	135,936,232	49,258,693	82,024,865
Gross Profit on Sales & Trnsfers	31,671,003	30,004,249	53,518,920	22,361,134	21,776,924	23,635,463	10,196,189	17,361,436	25,481,155	5,718,097	31,607,577	24,865,149	12,196,230	18,546,539
ADMINISTRATIVE EXPENSES (Note 30.2)														
Personnel Expenses	14,666,126	20,585,004	35,965,665	20,109,790	14,940,812	15,655,769	8,157,929	9,817,378	14,562,676	4,378,642	15,519,905	15,744,731	9,649,540	11,703,339
Travelling Expenses	1,600	1,358	13,467	11,880	3,760	18,550	-	146,370	7,270	22,810	15,921	41,790	4,432	26,055
Supplies & Requisites	181,269	157,203	392,419	144,377	265,407	92,722	395,536	42,370	97,651	13,180	33,580	176,927	251,589	108,830
Repairs & Maintenance	51,141	299,054	315,017	340,692	117,744	141,066	21,895	185,977	249,508	20,132	306,685	312,838	112,329	151,289
Transportation, Communication, Utilities & Other	3,029,087	4,181,106	5,678,586	4,176,525	3,432,196	2,555,841	1,187,968	2,028,980	3,631,362	424,583	3,071,115	3,593,454	1,607,520	3,050,097
OTHER OPERATING EXPENSES (Note 30.3)														
Selling & Distribution Expenses	299,544	337,841	853,041	301,159	514,617	472,069	157,700	87,537	611,996	82,848	148,968	470,938	279,137	95,519
TOTAL OVERHEADS	18,228,766	25,561,566	43,218,195	25,084,422	19,274,536	18,936,016	9,921,028	12,308,611	19,160,463	4,942,195	19,096,173	20,340,677	11,904,547	15,135,130
NET PROFIT/(LOSS)	13,442,237	4,442,682	10,300,725	(2,723,288)	2,502,388	4,699,447	275,161	5,052,825	6,320,691	775,901	12,511,404	4,524,471	291,683	3,411,410

30.1 COST OF SALES

Stock in Trade - at the bigining of the year	21,249,774	60,590,658	53,995,260	38,324,010	18,908,649	34,190,052	16,942,659	35,813,191	38,804,581	9,208,728	44,044,753	52,496,286	13,185,689	21,361,932
Local purchases	21,655,043	35,077,465	89,510,776	20,355,460	20,377,928	15,737,464	8,472,372	21,984,161	28,627,913	4,188,549	4,213,294	22,077,406	11,492,772	18,111,250
Transfers	80,320,627	101,325,037	140,423,607	92,874,566	72,701,434	74,371,014	39,658,821	56,069,212	98,885,373	17,332,064	173,886,859	101,670,179	40,783,419	63,935,147
STOCK AVAILABLE FOR SALE	123,225,443	196,993,159	283,929,643	151,554,035	111,988,011	124,298,529	65,073,852	113,866,563	166,317,867	30,729,341	222,144,906	176,243,872	65,461,881	103,408,329
Stock In trade at year end (Note 30.4)	17,483,751	58,867,112	59,768,186	37,223,851	21,338,335	31,543,154	15,499,844	40,768,061	40,914,209	6,753,758	57,546,109	40,307,639	16,203,188	21,383,463
COST OF SALES & TRANSFERS	105,741,692	138,126,047	224,161,457	114,330,185	90,649,676	92,755,375	49,574,007	73,098,503	125,403,659	23,975,584	164,598,797	135,936,232	49,258,693	82,024,865

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

30 OSUSALA INCOME

For the year ended 31st December 2023	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA
	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING
	BORELLA	EMBILIPITIYA	KDY-RAILWAY	GAMPAHA	NAGODA	BERUWALA	PILIYANDALA	NINTHAVUR	AKKARAIPATTU	MONARAGALA	PERADENIYA	ANAMADUWA	KDU	DAMBULLA
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Sales	54,256,780	57,138,976	92,417,263	136,579,664	112,458,540	76,568,669	81,416,783	41,548,912	45,347,647	#####	169,981,222	27,330,070	57,024,275	96,576,099
Cost of Sales (Note 30.1)	43,213,448	44,755,343	73,125,494	113,707,281	93,987,152	63,086,168	67,102,707	34,757,829	37,922,560	84,440,185	133,775,799	21,678,342	49,564,861	76,656,441
Gross Profit on Sales & Trnsfers	11,043,332	12,383,632	19,291,769	22,872,383	18,471,387	13,482,501	14,314,077	6,791,083	7,425,088	16,463,827	36,205,423	5,651,728	7,459,414	19,919,658
ADMINISTRATIVE EXPENSES (Note 30.2)														
Personnel Expenses	7,977,634	11,040,478	11,206,822	14,061,767	10,542,539	11,198,527	10,126,751	8,071,305	7,591,181	10,248,982	13,161,550	4,166,818	7,299,607	11,448,662
Travelling Expenses	-	85,170	4,840	31,500	15,900	-	1,772	5,400	16,231	4,324	11,194	3,540	38,120	37,196
Supplies & Requisites	24,786	183,014	106,831	308,302	425,419	49,021	182,623	70,076	31,214	281,694	630,834	4,331	195,498	211,552
Repairs & Maintenance	268,116	121,105	101,432	282,680	85,414	119,795	115,567	12,490	19,847	32,090	114,116	12,215	84,500	120,348
Transportation, Communication, Utilities & Other	970,415	2,475,046	1,604,482	2,923,338	2,052,599	2,391,007	3,087,574	2,015,785	2,083,421	2,272,780	1,647,515	1,785,202	828,146	3,095,985
OTHER OPERATING EXPENSES (Note 30.3)														
Selling & Distribution Expenses	88,293	216,757	259,873	380,085	212,052	262,511	267,424	198,508	212,245	154,592	323,544	193,246	583,970	257,904
TOTAL OVERHEADS	9,329,244	14,121,570	13,284,281	17,987,673	13,333,923	14,020,860	13,781,711	10,373,564	9,954,138	12,994,461	15,888,753	6,165,352	9,029,841	15,171,646
NET PROFIT/(LOSS)	1,714,089	(1,737,938)	6,007,488	4,884,710	5,137,464	(538,359)	532,366	(3,582,481)	(2,529,050)	3,469,365	20,316,670	(513,624)	(1,570,427)	4,748,012

30.1 COST OF SALES

Stock in Trade - at the bigining of the year	14,993,008	18,202,292	19,317,441	47,712,307	30,138,494	20,002,387	23,701,425	11,329,223	11,684,609	26,840,865	22,123,918	7,959,134	31,337,665	35,457,275
Local purchases	7,100,218	6,982,225	8,255,088	18,666,336	25,449,858	10,993,234	14,312,498	2,431,125	4,707,150	13,626,036	28,815,463	3,272,080	24,051,580	13,160,882
Transfers	32,230,895	40,994,732	65,316,467	104,021,129	83,968,643	48,018,677	54,508,907	32,607,161	30,933,238	64,866,664	109,431,603	24,492,781	25,345,513	63,363,668
STOCK AVAILABLE FOR SALE	54,324,120	66,179,248	92,888,997	170,399,772	139,556,994	79,014,298	92,522,829	46,367,509	47,324,996	105,333,566	160,370,985	35,723,995	80,734,759	111,981,825
Stock In trade at year end (Note 30.4)	11,110,672	21,423,905	19,763,503	56,692,491	45,569,842	15,928,130	25,420,123	11,609,680	9,402,437	20,893,380	26,595,186	14,045,652	31,169,898	35,325,384
COST OF SALES & TRANSFERS	43,213,448	44,755,343	73,125,494	113,707,281	93,987,152	63,086,168	67,102,707	34,757,829	37,922,560	84,440,185	133,775,799	21,678,342	49,564,861	76,656,441

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

30 OSUSALA INCOME

For the year ended 31st December 2023	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	REGIONAL	OSUSALA
	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	STORES	TOTAL TRADING
	MATALE	B.S.BADULLA	MATHUGAMA	NARAHENPITA	MADAWACHCHIYA	PITAKOTTE	HORANA	HOMAGAMA	NITTAMBUWA	KANDY	ACTIVITIES
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Sales	113,789,414	38,146,413	77,660,877	17,914,940	33,502,157	102,158,396	58,135,569	76,209,010	48,548,893	212,479,528	7,398,681,385
Cost of Sales (Note 30.1)	86,231,366	30,141,841	63,623,049	14,522,715	28,622,479	84,315,788	47,283,515	63,936,934	39,262,633	140,137,412	6,034,974,464
Gross Profit on Sales & Trnsfers	27,558,048	8,004,571	14,037,828	3,392,225	4,879,677	17,842,608	10,852,054	12,272,076	9,286,260	72,342,116	1,363,706,921
ADMINISTRATIVE EXPENSES (Note 30.2)											
Personnel Expenses	8,668,872	7,474,564	7,823,166	4,094,925	4,722,385	10,319,655	7,132,831	9,597,326	6,414,497	11,172,057	781,750,138
Travelling Expenses	850	27,896	12,010	66,300	41,510	1,300	1,675	580	2,600	55,520	1,281,484
Supplies & Requisites	142,397	100,737	282,969	715	53,713	177,343	122,210	242,137	72,792	153,345	10,814,624
Repairs & Maintenance	46,264	52,325	63,801	59,886	282,693	80,595	84,712	77,658	21,080	236,830	10,893,198
Transportation, Communication, Utilities & Other	2,447,657	1,612,287	2,612,677	979,991	2,783,862	4,102,816	2,601,903	4,238,435	3,107,309	5,039,425	166,942,703
OTHER OPERATING EXPENSES (Note 30.3)											
Selling & Distribution Expenses	267,907	119,863	245,769	158,929	1,148,397	103,784	139,298	305,373	263,841	207,903	25,507,386
TOTAL OVERHEADS	11,573,947	9,387,672	11,040,391	5,360,745	9,032,560	14,785,494	10,082,630	14,461,509	9,882,119	16,865,079	997,189,533
NET PROFIT/(LOSS)	15,984,101	(1,383,101)	2,997,437	(1,968,521)	(4,152,883)	3,057,114	769,424	(2,189,433)	(595,858)	55,477,037	366,517,388

30.1 COST OF SALES

Stock in Trade - at the bigining of the year	17,456,496	13,642,018	23,262,122	8,710,146	35,657,569	39,998,210	18,965,190	24,959,501	19,963,835	70,148,285	2,156,818,710
Local purchases	17,011,049	6,502,212	24,325,248	1,436,329	(8,186,588)	32,672,319	10,310,743	16,388,520	14,094,360	-	1,728,571,817
Transfers	79,688,084	29,648,351	50,372,953	8,978,359	22,675,304	51,948,392	39,046,458	47,116,668	37,664,286	111,101,183	4,250,715,849
STOCK AVAILABLE FOR SALE	114,155,629	49,792,581	97,960,324	19,124,835	50,146,285	124,618,921	68,322,391	88,464,690	71,722,480	181,249,468	8,136,106,376
Stock In trade at year end (Note 30.4)	27,924,263	19,650,740	34,337,275	4,602,120	21,523,805	40,303,133	21,038,876	24,527,756	32,459,847	41,112,056	2,101,131,912
COST OF SALES & TRANSFERS	86,231,366	30,141,841	63,623,049	14,522,715	28,622,479	84,315,788	47,283,515	63,936,934	39,262,633	140,137,412	6,034,974,464

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

30.2 OSUSALA -OVERHEADS

For the year ended 31st December 2023	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA
	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING
	Col.07	Col.04	Col.01	KANDY	NUGEGODA	AVISSAWELLA.	RATNAPURA	MINUWANGODA	PANADURA	GALLE	MATARA	KURUNEGALA	AMPARA	H. TOTA
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
A. ADMINISTRATIVE Ex														
PERSONNEL EMOLUMENTS														
Salaries, Wages & Allowances.	75,509,779	15,686,541	14,392,561	26,868,658	14,679,760	11,284,825	13,593,773	7,526,168	14,625,124	17,459,489	15,801,255	19,066,888	8,365,986	7,715,508
Overtime.	5,278,398	865,339	516,228	1,226,943	1,105,294	421,695	427,062	291,332	512,702	392,595	320,798	1,056,952	565,706	833,718
Uniforms.	793,126	166,510	160,300	271,158	170,920	104,993	110,362	68,225	122,066	143,961	133,656	175,429	81,609	70,321
Insurance for staff	1,086,931	172,864	178,620	256,754	261,851	110,575	115,799	107,108	130,457	243,091	209,145	209,330	43,426	92,000
Provident fund (E.P.F & E.T.F)	7,301,202	1,512,180	1,433,156	2,686,742	1,404,004	1,100,563	1,323,415	734,648	1,398,089	1,714,650	1,561,472	1,866,235	773,827	767,254
Annual bonus	1,000,000	180,000	166,000	267,851	200,000	140,000	160,000	80,000	140,000	200,000	200,000	240,000	120,000	100,000
Annual per inc. bonus.	11,636,127	1,981,543	2,155,025	3,459,134	2,259,115	1,740,172	2,011,766	1,000,591	1,793,811	2,502,760	2,380,468	2,828,035	1,326,024	1,104,245
Housing loan interest	226,361	207,317	-	433,249	-	157,295	-	61,418	68,142	-	160,560	2,223	-	-
Attendance bonus	1,161,000	276,750	225,000	412,350	223,650	203,250	253,200	103,800	240,150	294,000	260,100	346,500	160,950	120,900
Total	103,992,925	21,049,043	19,226,890	35,882,839	20,304,594	15,263,370	17,995,376	9,973,291	19,030,541	22,950,546	21,027,453	25,791,591	11,437,528	10,803,946
TRAVELLING EXPENSES														
Local travelling expenses	49,103	100,750	57,968	23,694	2,746	61,470	69,080	67,929	29,470	14,200	2,100	3,540	10,025	8,718
Total	49,103	100,750	57,968	23,694	2,746	61,470	69,080	67,929	29,470	14,200	2,100	3,540	10,025	8,718
SUPPLIES & REQUISITES														
Printing & stationery.	1,264,690	153,488	552,018	399,121	258,791	49,017	265,901	311,282	416,055	258,264	107,138	221,213	52,451	98,581
Total	1,264,690	153,488	552,018	399,121	258,791	49,017	265,901	311,282	416,055	258,264	107,138	221,213	52,451	98,581
REPAIRS & MAINTENANCE														
Buildings.	1,102,320	211,050	43,153	113,947	79,558	28,303	46,415	24,931	37,885	114,271	140,179	61,539	17,625	29,523
Furniture, fittings & equipment	487,766	165,175	199,814	52,168	226,714	172,978	103,799	93,428	114,320	242,154	75,410	209,142	65,688	117,430
Computer	576,016	68,855	72,295	95,471	-	2,000	74,412	67,355	68,355	78,711	69,355	72,857	69,355	80,555
Total	2,166,102	445,080	315,261	261,586	306,273	203,280	224,627	185,713	220,560	435,135	284,943	343,539	152,668	227,507
TRANSPORTATION, COMMUNICATION UTILITIES & OTHER SERVICES														
Rent/Amortization of ROU Assets	-	-	-	337,818	-	410,500	30,681	435,600	1,583,421	1,140,000	1,743,798	1,957,060	288,000	577,841
Lease rent amortization	-	-	-	-	294,333	-	-	-	-	-	-	-	-	-
Rates & taxes.	381,160	225,086	193,250	78,825	121,205	14,086	8,850	3,000	6,050	19,992	35,685	-	3,000	11,638
Water bills	318,054	43,692	41,020	70,731	41,020	28,286	136,037	3,814	25,259	43,247	30,285	66,976	26,193	32,079
Electricity.	7,147,558	1,591,346	864,000	1,259,176	1,579,917	832,966	1,895,067	630,265	1,149,360	962,283	1,006,254	1,349,775	1,106,259	794,296
Fuel for Generator	16,500	1,645	-	-	56,605	13,960	73,370	34,865	10,760	-	18,300	132,860	8,400	40,270
Postage, Telegrams & Telephones.	203,268	54,497	66,801	58,836	85,221	45,731	49,062	56,255	48,539	48,445	47,343	86,570	68,039	53,957
Depreciation	1,162,750	417,260	144,331	212,964	331,929	239,661	344,303	99,130	672,399	-	-	269,046	544,622	94,384
Amortisation- Computer Software	-	-	-	-	38,898	38,898	-	-	-	-	-	-	-	-
Trade subscriptions, Periodicals & Publications.	104,010	750	14,580	34,840	42,180	37,370	14,520	24,200	17,580	37,960	40,820	-	-	-
Security services.	4,320,434	1,159,685	463,044	1,600,175	465,876	464,103	455,782	1,145,933	466,740	470,483	470,603	1,146,667	456,942	445,976
License fees for drugs.	48,331	48,494	48,544	48,558	48,331	47,416	48,558	48,331	88,604	40,376	55,696	48,544	45,510	40,093
Sundry expenses.	-	3,000	-	750	-	700	-	2,125	3,050	2,000	2,055	2,000	450	900
Staff welfare.	2,990,124	626,278	483,524	1,091,079	546,050	391,244	414,993	442,827	515,093	766,474	635,345	812,422	328,513	333,978
Staff medical expenses.	772,389	153,099	180,000	278,733	160,132	105,000	113,035	75,000	135,000	135,000	158,968	164,890	75,000	60,000
Total	17,464,577	4,324,833	2,499,093	5,072,484	3,811,697	2,669,921	3,584,259	3,001,345	4,721,856	3,666,259	4,245,152	6,036,810	2,950,927	2,485,411
TOTAL ADMINISTRATIVE COST	124,937,398	26,073,194	22,651,231	41,639,724	24,684,100	18,247,057	22,139,242	13,539,560	24,418,481	27,324,405	25,666,787	32,396,692	14,603,599	13,624,164

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

30.2 OSUSALA -OVERHEADS

For the year ended 31st December 2023	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	SATHOSA	OSU SALA	OSU SALA	OSU SALA	OSU SALA
	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	OUTLET	TRADING	TRADING	TRADING	TRADING
	A.PURA	MAHARAGAMA	J.PURA	KARAPITIYA	NEGOMBO	BADULLA-CWE	DIYATHALAWA	JAFFNA	POLONNARUWA	RATMALANA	TAGALLE	RAGAMA	BANDARAGAMA	FORT
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
A. ADMINISTRATIVE COST														
PERSONNEL EMOLUMENTS														
Salaries, Wages & Allowances.	10,677,755	15,253,516	25,367,481	14,983,435	10,811,519	11,188,109	6,130,990	7,329,948	10,875,408	3,290,855	11,419,163	11,344,267	7,333,430	8,806,957
Overtime.	668,423	585,389	2,048,187	511,196	706,952	776,422	407,917	392,485	559,973	27,739	357,186	728,463	315,184	158,633
Uniforms.	107,889	147,115	251,722	127,657	100,368	113,919	56,651	72,010	101,193	25,198	124,018	128,918	60,595	87,325
Insurance for staff	3,700	304,100	493,472	324,851	44,543	244,852	-	-	99,090	91,425	166,739	713,094	37,228	127,779
Provident fund (E.P.F & E.T.F)	1,038,319	1,458,632	2,456,535	1,493,874	995,628	1,102,823	432,761	676,975	1,070,352	322,325	1,124,370	1,073,514	664,309	833,242
Annual bonus	139,000	200,000	359,000	180,000	143,388	120,000	80,000	100,000	120,000	40,000	123,388	120,000	80,000	120,000
Annual per inc. bonus.	1,571,049	2,338,952	4,207,088	2,253,367	1,939,664	1,654,301	926,460	1,128,210	1,567,910	527,100	1,815,438	1,366,418	1,022,893	1,383,438
Housing loan interest	259,741	-	305,481	9,810	-	282,093	-	-	-	-	205,403	47,757	-	31,465
Attendance bonus	200,250	297,300	476,700	225,600	198,750	173,250	123,150	117,750	168,750	54,000	184,200	222,300	135,900	154,500
Total	14,666,126	20,585,004	35,965,665	20,109,790	14,940,812	15,655,769	8,157,929	9,817,378	14,562,676	4,378,642	15,519,905	15,744,731	9,649,540	11,703,339
TRAVELLING EXPENSES														
Local travelling expenses	1,600	1,358	13,467	11,880	3,760	18,550	-	146,370	7,270	22,810	15,921	41,790	4,432	26,055
Total	1,600	1,358	13,467	11,880	3,760	18,550	-	146,370	7,270	22,810	15,921	41,790	4,432	26,055
SUPPLIES & REQUISITES														
Printing & stationery.	181,269	157,203	392,419	144,377	265,407	92,722	395,536	42,370	97,651	13,180	33,580	176,927	251,589	108,830
Total	181,269	157,203	392,419	144,377	265,407	92,722	395,536	42,370	97,651	13,180	33,580	176,927	251,589	108,830
REPAIRS & MAINTENANCE														
Buildings.	17,268	54,800	5,145	55,298	33,237	24,692	17,195	46,342	65,077	8,578	78,174	24,249	33,293	20,035
Furniture, fittings & equipment	23,265	176,899	241,818	217,799	17,152	49,019	400	72,280	117,076	11,554	117,265	201,936	11,682	63,900
Computer	10,608	67,355	68,055	67,595	67,355	67,355	4,300	67,355	67,355	-	111,246	86,652	67,355	67,355
Total	51,141	299,054	315,017	340,692	117,744	141,066	21,895	185,977	249,508	20,132	306,685	312,838	112,329	151,289
TRANSPORTATION, COMMUNICATION, UTILITIES & OTHER SERVICES														
Rent.	777,399	1,647,905	1,440,000	1,406,063	1,090,841	-	524,882	-	-	-	-	437,035	-	1,200,000
Lease rent amortization	-	-	-	-	-	209,091	-	-	-	-	-	-	-	-
Rates & taxes.	13,545	14,300	-	13,703	11,000	10,273	-	6,250	12,700	-	79,409	-	-	-
Water bills	24,673	10,423	-	28,203	28,198	22,921	14,344	-	79,051	-	13,501	31,794	20,692	6,481
Electricity.	1,004,136	1,082,637	1,526,892	1,287,904	1,125,268	810,155	73,833	973,295	1,297,720	-	1,144,480	1,006,602	533,334	568,311
Fuel for Generator	28,974	22,360	-	63,990	4,000	53,440	-	-	10,180	-	8,400	3,060	37,820	3,425
Postage, Telegrams & Telephones.	71,125	49,465	48,974	77,904	64,271	70,465	36,127	59,070	72,815	14,020	66,051	55,774	41,684	43,039
Depreciation	-	97,182	94,692	-	-	230,747	117,513	73,475	560,069	214,213	641,151	153,312	139,371	328,768
Amortisation- Computer Software	38,898	-	-	-	-	-	38,898	-	-	-	38,898	-	-	-
Trade subscriptions, Periodicals & Publications.	-	38,090	51,510	-	17,400	-	-	37,690	-	-	15,180	-	17,220	-
Security services.	455,782	464,460	1,133,717	460,631	459,384	458,808	-	455,782	1,129,313	-	451,804	1,159,685	449,256	448,391
License fees for drugs.	47,524	68,272	41,705	48,558	48,494	38,381	55,691	44,128	37,712	37,898	63,991	45,510	45,669	43,161
Sundry expenses.	-	1,177	1,270	1,273	1,850	2,000	-	-	4,000	-	-	-	260	11,500
Staff welfare.	462,031	534,849	1,009,826	653,539	496,288	529,561	258,761	304,289	307,804	119,554	464,648	565,683	262,333	307,022
Staff medical expenses.	105,000	149,987	330,000	134,758	85,202	120,000	67,919	75,000	120,000	-	122,500	135,000	59,881	90,000
Total	3,029,087	4,181,106	5,678,586	4,176,525	3,432,196	2,555,841	1,187,968	2,028,980	3,631,362	424,583	3,071,115	3,593,454	1,607,520	3,050,097
TOTAL ADMINISTRATIVE COST	17,929,222	25,223,725	42,365,154	24,783,264	18,759,919	18,463,947	9,763,329	12,221,074	18,548,467	4,859,347	18,947,205	19,869,740	11,625,410	15,039,610

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

30.2 OSUSALA -OVERHEADS

For the year ended 31st December 2023	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA
	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING
	BORELLA	EMBILIPITTIYA	KDY- RAILWAY	GAMPAHA	NAGODA	BERUWALA	PILYANDALA	NINTHAVUR	AKKARAPATTU	MONARAGALA	PERADENIYA	ANAMADUWA	KDU	DAMBULLA
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
A. ADMINISTRATIVE COST														
PERSONNEL EMOLUMENTS														
Salaries, Wages & Allowances.	5,958,608	8,332,326	8,057,317	10,537,632	8,018,070	7,796,328	7,213,100	6,044,230	5,470,866	7,653,809	9,728,627	3,087,726	5,227,608	8,438,675
Overtime.	208,111	362,523	729,274	535,056	180,120	734,336	550,673	351,614	497,796	449,026	530,445	254,986	88,432	492,639
Uniforms.	57,896	73,120	79,180	100,390	72,565	77,120	66,850	59,966	60,521	61,001	92,709	28,338	40,067	93,429
Insurance for staff	94,929	76,076	55,347	21,503	63,585	36,700	124,212	-	28,975	20,722	157,444	23,950	101,561	35,007
Provident fund (E.P.F & E.T.F)	556,987	797,433	791,069	999,884	762,985	767,809	859,191	563,326	531,792	738,254	971,631	275,067	496,817	838,905
Annual bonus	80,000	100,000	100,000	120,000	100,000	140,000	100,000	80,000	80,000	100,000	120,000	27,851	83,306	120,000
Annual per inc. bonus.	931,703	1,198,350	1,156,413	1,513,990	1,156,768	1,491,584	1,073,975	877,368	810,981	1,114,720	1,329,905	424,200	1,140,420	1,289,606
Housing loan interest	-	-	83,121	42,663	21,946	-	-	-	-	-	36,688	-	53,746	-
Attendance bonus	89,400	100,650	155,100	190,650	166,500	154,650	138,750	94,800	110,250	111,450	194,100	44,700	67,650	140,400
Total	7,977,634	11,040,478	11,206,822	14,061,767	10,542,539	11,198,527	10,126,751	8,071,305	7,591,181	10,248,982	13,161,550	4,166,818	7,299,607	11,448,662
TRAVELLING EXPENSES														
Local travelling expenses	-	85,170	4,840	31,500	15,900	-	1,772	5,400	16,231	4,324	11,194	3,540	38,120	37,196
Total	-	85,170	4,840	31,500	15,900	-	1,772	5,400	16,231	4,324	11,194	3,540	38,120	37,196
SUPPLIES & REQUISITES														
Printing & stationery.	24,786	183,014	106,831	308,302	425,419	49,021	182,623	70,076	31,214	281,694	630,834	4,331	195,498	211,552
Total	24,786	183,014	106,831	308,302	425,419	49,021	182,623	70,076	31,214	281,694	630,834	4,331	195,498	211,552
REPAIRS & MAINTENANCE														
Buildings.	152,824	12,075	5,906	13,252	17,317	11,920	24,295	11,740	5,847	25,862	37,572	9,715	76,993	73,918
Furniture, fittings & equipment	47,937	41,675	95,407	266,703	68,097	107,875	91,272	-	14,000	920	76,544	-	7,027	46,430
Computer	67,355	67,355	119	2,725	-	-	-	750	-	5,308	-	2,500	480	-
Total	268,116	121,105	101,432	282,680	85,414	119,795	115,567	12,490	19,847	32,090	114,116	12,215	84,500	120,348
TRANSPORTATION, COMMUNICATION, UTILITIES & OTHER SERVICES														
Rent.	-	654,022	-	989,914	505,648	859,924	1,238,322	463,172	666,314	563,388	591,322	556,466	302,657	870,524
Lease rent amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rates & taxes.	-	10,287	-	5,000	-	6,700	-	-	-	-	26,011	3,000	-	8,140
Water bills	-	14,897	2,376	-	24,322	10,734	32,893	17,384	-	10,858	-	15,885	-	35,479
Electricity.	-	634,167	446,466	772,968	617,831	506,982	840,422	524,403	503,605	498,841	207,191	340,283	180,000	733,415
Fuel for Generator	-	19,210	-	24,830	10,060	13,912	33,060	49,455	26,905	24,500	3,480	26,800	-	22,157
Postage, Telegrams & Telephones.	22,370	30,426	83,740	46,273	58,839	30,355	45,024	40,012	54,953	76,900	36,511	62,857	20,294	49,998
Depreciation	202,313	140,006	-	-	-	-	-	57,440	-	-	51,128	-	-	358,288
Amortisation- Computer Software	-	-	38,898	38,898	38,898	38,898	38,898	38,898	38,898	38,898	38,898	38,898	38,898	38,898
Trade subscriptions, Periodicals & Publications.	-	-	-	-	-	-	-	-	-	-	34,265	17,340	-	-
Security services.	467,605	457,183	471,760	460,853	457,407	452,756	444,694	455,782	449,474	455,782	-	454,157	-	455,766
License fees for drugs.	45,438	69,630	45,384	44,188	49,737	48,208	18,492	35,628	48,044	48,001	32,384	42,911	37,801	58,094
Sundry expenses.	-	10,217	350	-	1,870	2,200	-	-	-	150	1,800	16,100	200	-
Staff welfare.	172,981	360,000	440,643	473,020	212,987	345,337	305,768	258,611	238,653	480,462	549,524	180,505	202,097	360,438
Staff medical expenses.	59,708	75,000	74,865	67,396	75,000	75,000	90,000	75,000	56,575	75,000	75,000	30,000	46,198	104,789
Total	970,415	2,475,046	1,604,482	2,923,338	2,052,599	2,391,007	3,087,574	2,015,785	2,083,421	2,272,780	1,647,515	1,785,202	828,146	3,095,985
TOTAL ADMINISTRATIVE COST	9,240,950	13,904,813	13,024,408	17,607,588	13,121,871	13,758,349	13,514,287	10,175,056	9,741,893	12,839,869	15,565,209	5,972,106	8,445,872	14,913,743

NOTES TO THE FINANCIAL STATEMENTS

30.2 OSUSALA -OVERHEADS

For the year ended 31st December 2023	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	REGIONAL	OSUSALA
	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	STORES	TOTAL TRADING
	MATALE	B.S.BADULLA	MATHUGAMA	NARAHENPITA	MADAWACHCHIYA	PITAKOTTE	HORANA	HOMAGAMA	NIITAMBUWA	KANDY	ACTIVITIES
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
A. ADMINISTRATIVE COST											
PERSONNEL EMOLUMENTS											
Salaries, Wages & Allowances.	6,568,116	5,773,657	5,890,290	2,877,460	3,615,405	7,104,278	5,143,600	6,811,937	4,496,602	8,047,331	575,282,746
Overtime.	338,329	206,131	261,202	241,267	206,789	845,669	198,408	617,582	477,537	466,207	31,883,063
Uniforms.	45,621	44,007	37,797	27,898	41,607	78,294	49,536	61,151	43,622	98,319	5,568,223
Insurance for staff	6,800	24,293	31,373	121,424	-	49,602	18,334	21,575	94,456	124,737	7,201,429
Provident fund (E.P.F & E.T.F)	608,116	551,313	543,668	268,729	340,565	686,724	492,063	697,394	430,108	824,211	55,715,136
Annual bonus	61,570	60,000	60,000	40,000	40,000	100,000	44,628	100,000	60,000	120,000	7,155,982
Annual per inc. bonus.	934,271	753,963	726,845	449,147	431,668	1,066,599	968,236	1,160,337	703,297	1,353,853	85,939,303
Housing loan interest	-	-	181,390	-	-	220,488	119,026	-	9,874	-	3,227,257
Attendance bonus	106,050	61,200	90,600	69,000	46,350	168,000	99,000	127,350	99,000	137,400	9,777,000
Total	8,668,872	7,474,564	7,823,166	4,094,925	4,722,385	10,319,655	7,132,831	9,597,326	6,414,497	11,172,057	781,750,138
TRAVELLING EXPENSES											
Local travelling expenses	850	27,896	12,010	66,300	41,510	1,300	1,675	580	2,600	55,520	1,281,484
Total	850	27,896	12,010	66,300	41,510	1,300	1,675	580	2,600	55,520	1,281,484
SUPPLIES & REQUISITES											
Printing & stationery.	142,397	100,737	282,969	715	53,713	177,343	122,210	242,137	72,792	153,345	10,814,624
Total	142,397	100,737	282,969	715	53,713	177,343	122,210	242,137	72,792	153,345	10,814,624
REPAIRS & MAINTENANCE											
Buildings.	13,221	10,029	13,345	50,963	28,835	13,517	21,654	5,080	15,390	44,050	3,229,400
Furniture, fittings & equipment	33,043	42,296	50,456	8,923	251,858	67,079	63,058	17,003	5,690	192,780	5,244,104
Computer	-	-	-	-	2,000	-	-	55,575	-	-	2,419,694
Total	46,264	52,325	63,801	59,886	282,693	80,595	84,712	77,658	21,080	236,830	10,893,198
TRANSPORTATION, COMMUNICATION, UTILITIES & OTHER SERVICES											
Rent.	902,655	-	512,494	446,563	614,099	1,509,009	642,431	1,439,265	1,045,678	1,648,153	34,050,863
Lease rent amortization	-	115,050	-	-	-	-	-	-	-	-	618,474
Rates & taxes.	6,250	-	4,500	-	-	-	18,871	3,000	3,000	3,000	1,360,767
Water bills	17,956	16,296	-	-	-	27,611	7,696	10,960	26,536	39,399	1,498,255
Electricity.	364,505	281,807	646,227	10,000	731,007	974,791	509,343	1,096,462	587,214	769,719	47,380,735
Fuel for Generator	5,550	58,280	41,790	-	46,500	15,595	3,560	14,075	14,130	38,012	1,135,045
Postage, Telegrams & Telephones.	34,854	38,617	39,421	26,029	39,834	35,151	44,921	20,510	27,465	57,944	2,766,644
Depreciation	206,146	235,084	490,005	263,339	530,793	602,110	514,899	818,354	667,340	813,028	13,133,545
Amortisation- Computer Software	38,898	38,898	38,898	38,898	38,898	38,898	38,898	38,898	38,898	38,898	1,050,248
Trade subscriptions, Periodicals & Publications.	40,660	-	-	-	-	-	-	-	-	27,320	665,485
Security services.	455,782	462,058	461,009	-	458,584	461,314	461,165	445,232	462,322	1,146,667	31,356,807
License fees for drugs.	43,181	43,889	44,009	56,110	46,329	26,927	39,496	46,126	27,318	36,540	2,405,945
Sundry expenses.	670	1,600	2,000	-	2,000	-	1,470	-	1,040	2,000	84,027
Staff welfare.	270,551	305,708	287,324	94,052	260,818	351,409	274,471	260,797	178,658	328,746	23,847,689
Staff medical expenses.	60,000	15,000	45,000	45,000	15,000	60,000	44,683	44,756	27,711	90,000	5,588,174
Total	2,447,657	1,612,287	2,612,677	979,991	2,783,862	4,102,816	2,601,903	4,238,435	3,107,309	5,039,425	166,942,703
TOTAL ADMINISTRATIVE COST	11,306,040	9,267,809	10,794,623	5,201,816	7,884,163	14,681,710	9,943,331	14,156,136	9,618,278	16,657,176	971,682,147

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

30.3 OTHER OPERATING EXPENSES

For the year ended 31st December 2023	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA
	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING
	Col.07	Col.04	Col.01	KANDY	NUGEGODA	AVISS.	RATNAPURA	MINU.	PANADURA	GALLE	MATARA	KURUNEGALA	AMPARA	HAMBANTOTA
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Stock adj. (Excess/ Shortage)- Note 30.4	(215,381)	(38,048)	(10,494)	10,598	10,384	1,280	(138,455)	(18,545)	7,559	(42,864)	26,585	(3,548)	(12,559)	(3,286)
Outdated & damages Note 30.4	469,226	1,570,611	1,327,266	690,352	157,814	34,392	297,873	51,569	219,609	273,366	59,122	45,290	-	197,271
Sundry packing materials.	2,185,754	641,070	1,176,507	719,494	1,085,197	188,261	443,411	236,265	903,943	359,426	472,869	608,133	94,285	140,804
Total	2,439,598	2,173,633	2,493,279	1,420,445	1,253,396	223,932	602,829	269,289	1,131,111	589,928	558,576	649,875	81,726	334,789

For the year ended 31st December 2023	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	SATHOSA	OSU SALA	OSU SALA	OSU SALA	OSU SALA
	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	OUTLETS	TRADING	TRADING	TRADING	TRADING
	A'PURA	MAHARAGAMA	J.PURA	KARAPITIYA	NEGOMBO	BADULLA- CWE	DIYATHALAWA	JAFFNA	POLONNARUWA	RATMALANA	TANGALLE	RAGAMA	BANDARAGAMA	FORT
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Stock adj. (Excess/ Shortage) Note 30.4	(3,222)	(26,488)	(8,406)	(8,699)	(42,923)	(7,524)	25,610	(4,255)	966	(26,078)	(11,144)	(20,694)	(9,286)	(7,462)
Outdated & damages Note 30.4	-	25,995	12,193	15,706	9,168	40,329	84,160	-	2,510	8,186	28,071	-	3,192	-
Sundry packing materials.	302,766	338,334	849,255	294,152	548,372	439,263	47,930	91,792	608,520	100,740	132,042	491,632	285,231	102,981
Total	299,544	337,841	853,041	301,159	514,617	472,069	157,700	87,537	611,996	82,848	148,968	470,938	279,137	95,519

For the year ended 31st December 2023	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA
	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING
	BORELLA	EMBILIPITIYA	KDY-RAILWAY	GAMPAHA	NAGODA	BERUWALA	PILIYANDALA	NINTHAVUR	AKKARAPATTU	MONARAGALA	PERADENIYA	ANAMADUWA	KDU	DAMBULLA
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Stock adj. (Excess/ Shortage) Note 30.4	(498)	(5,106)	(3,895)	13,835	(32,813)	(3,548)	1,939	31,104	15,204	(25,917)	276	2,224	38,247	(4,411)
Outdated & damages Note 30.4	8,673	32,424	54,221	53,058	3,737	38,283	42,879	105,335	47,878	14,599	4,550	91,302	154,786	57,943
Sundry packing materials.	80,118	189,439	209,548	313,192	241,128	227,776	222,606	62,069	149,163	165,910	318,718	99,719	390,937	204,372
Total	88,293	216,757	259,873	380,085	212,052	262,511	267,424	198,508	212,245	154,592	323,544	193,246	583,970	257,904

For the year ended 31st December 2023	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	REGIONAL	OSUSALA
	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	STORES	TOTAL TRADING
	MATALE	B.S.BADULLA	MATHUGAMA	NARAHENPITA	MADAWACHCHIYA	PITAKOTTE	HORANA	HOMAGAMA	NITTAMBUWA	KANDY	ACTIVITIES
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Stock adj. (Excess/ Shortage) Note 30.4	(10,551)	11,346	29,245	(700)	(467)	2,937	(8,211)	(1,262)	(25,834)	-	(553,238)
Outdated & damages Note 30.4	164,081	54,123	40,383	103,600	1,066,228	28,673	6,277	32,073	75,376	191,957	8,095,709
Sundry packing materials.	114,377	54,394	176,141	56,029	82,636	72,174	141,233	274,562	214,299	15,946	17,964,915
Total	267,907	119,863	245,769	158,929	1,148,397	103,784	139,298	305,373	263,841	207,903	25,507,386

* Excess Balance with out excess 553,238
26,060,624

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

30.4 OSUSALA TRADING STOCK

2023

2022

As at 31st December	Bin Balance	Stock Adj.	Trading Stock in Hand	Prov. for Damaged & Outdated Stock	Prov. for Unrealized Profit	Stock	Bin Balance	Stock Adj.	Trading Stock in Hand	Prov. for Damaged & Outdated Stock	Prov. for Unrealized Profit	Stock
Location	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Colombo 07	253,080,852	215,381	253,296,233	1,945,116	5,593,529	245,757,588	295,772,724	191,558	295,964,283	1,475,890	3,737,105	290,751,288
Colombo 04	179,636,727	38,048	179,674,774	1,570,611	5,078,586	173,025,577	145,381,624	7,168	145,388,793	-	2,647,625	142,741,168
Colombo 01	116,917,008	10,494	116,927,502	1,818,299	3,234,258	111,874,945	124,095,901	85,617	124,181,518	491,032	1,959,233	121,731,252
Kandy	74,698,685	(10,598)	74,688,086	2,008,070	2,903,690	69,776,326	92,568,463	13,677	92,582,140	1,317,718	2,904,155	88,360,267
Nugegoda	47,531,438	(10,384)	47,521,054	279,067	1,195,844	46,046,143	45,556,536	(34,884)	45,521,652	121,253	797,004	44,603,395
Avissawella	18,559,589	(1,280)	18,558,309	35,233	757,293	17,765,783	15,990,999	(7,920)	15,983,079	842	667,040	15,315,198
Rathnapura	32,843,298	138,455	32,981,753	355,929	1,360,354	31,265,470	29,773,182	(113,769)	29,659,413	58,057	745,142	28,856,214
Minuwangoda	21,313,328	18,545	21,331,872	54,401	958,549	20,318,922	25,023,349	(11,783)	25,011,566	2,832	1,199,343	23,809,391
Panadura	70,085,380	(7,559)	70,077,821	364,426	2,964,251	66,749,144	72,943,719	101,436	73,045,155	144,818	2,792,514	70,107,823
Galle	37,228,993	42,864	37,271,856	367,798	1,362,836	35,541,222	36,747,329	38,266	36,785,595	94,432	1,235,170	35,455,993
Matara	37,756,090	(26,585)	37,729,506	104,559	1,527,584	36,097,363	53,855,343	73,960	53,929,303	45,437	1,289,464	52,594,402
Kurunegala	63,702,296	3,548	63,705,843	230,871	2,375,511	61,099,461	101,493,913	(2,689)	101,491,224	185,581	3,639,806	97,665,837
Ampara	31,665,783	12,559	31,678,343	231,208	1,639,131	29,808,004	22,709,639	15,238	22,724,877	231,208	1,188,003	21,305,666
Hambantota	38,081,632	3,286	38,084,918	204,441	1,356,652	36,523,825	46,045,003	1,741	46,046,743	7,170	1,681,796	44,357,777
Anuradhapura	17,483,751	3,222	17,486,973	13,500	870,496	16,602,978	21,262,583	691	21,263,274	13,500	1,084,710	20,165,064
Maharagama	58,867,112	26,488	58,893,599	43,886	2,289,681	56,560,032	60,576,551	31,999	60,608,549	17,892	1,648,660	58,941,998
Jayawardanapura	59,768,186	8,406	59,776,593	67,602	1,825,209	57,883,781	54,058,932	(8,262)	54,050,670	55,410	1,309,643	52,685,617
Karapitiya	37,223,851	8,699	37,232,550	36,343	1,589,172	35,607,035	38,335,140	9,507	38,344,647	20,637	1,152,816	37,171,194
Negombo	21,338,335	42,923	21,381,258	14,324	895,811	20,471,123	18,862,475	51,330	18,913,805	5,156	431,916	18,476,733
Badulla - CWE	31,543,154	7,524	31,550,678	211,846	1,321,467	30,017,364	34,419,157	(57,589)	34,361,569	171,517	1,052,728	33,137,324
Diyathalawa	15,499,844	(25,610)	15,474,235	144,074	782,663	14,547,498	17,002,573	-	17,002,573	59,914	744,481	16,198,178
Jaffna	40,768,061	4,255	40,772,316	905	2,127,564	38,643,847	35,807,249	6,847	35,814,096	905	1,489,923	34,323,268
Polonnaruwa	40,914,209	(966)	40,913,243	7,790	1,921,251	38,984,202	38,813,743	(3,883)	38,809,861	5,279	2,026,696	36,777,885
Ratmalana	6,753,758	26,078	6,779,836	15,808	275,462	6,488,566	9,231,754	(15,404)	9,216,350	7,622	408,336	8,800,393
Tangalle	57,546,109	11,144	57,557,253	51,134	3,114,855	54,391,264	44,063,824	3,993	44,067,816	23,063	2,464,952	41,579,800
Ragama	40,307,639	20,694	40,328,334	-	1,868,419	38,459,915	52,484,950	11,337	52,496,286	-	2,013,785	50,482,501

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

30.4 OSUSALA TRADING STOCK

2023

2022

As at 31st December	Bin Balance	Stock Adj.	Trading Stock in Hand	Prov. for Damaged & Outdated Stock	Prov. for Unrealized Profit	Stock	Bin Balance	Stock Adj.	Trading Stock in Hand	Prov. for Damaged & Outdated Stock	Prov. for Unrealized Profit	Stock
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bandaragama	16,203,188	9,286	16,212,474	4,542	746,597	15,461,335	13,180,493	6,546	13,187,039	1,350	517,124	12,668,565
Fort - Station	21,383,463	7,462	21,390,925	-	776,156	20,614,769	21,345,010	16,921	21,361,932	-	629,332	20,732,600
Borella	11,110,672	498	11,111,170	32,473	399,253	10,679,444	15,015,039	1,768	15,016,808	23,800	428,401	14,564,607
Embilipitiya	21,423,905	5,106	21,429,011	91,942	953,134	20,383,935	18,260,491	1,318	18,261,810	59,518	546,129	17,656,163
KDY-Railway	19,763,503	3,895	19,767,398	127,577	911,931	18,727,891	19,391,433	(636)	19,390,797	73,356	798,426	18,519,015
Gampaha	56,692,491	(13,835)	56,678,656	123,983	2,773,201	53,781,473	47,837,502	(54,270)	47,783,232	70,925	2,576,115	45,136,192
Nagoda	45,569,842	32,813	45,602,654	79,297	1,957,981	43,565,376	30,178,873	35,181	30,214,054	75,560	1,219,067	28,919,427
Beruwala	15,928,130	3,548	15,931,679	42,062	769,290	15,120,327	20,003,110	3,056	20,006,166	3,779	925,135	19,077,252
Piliyandala	25,420,123	(1,939)	25,418,183	55,929	1,036,683	24,325,572	23,716,299	(1,824)	23,714,475	13,050	943,891	22,757,533
Ninthavur	11,609,680	(31,104)	11,578,577	244,355	526,458	10,807,764	11,491,947	(23,704)	11,468,243	139,020	549,483	10,779,740
Akkaraipattu	9,402,437	(15,204)	9,387,233	86,856	395,337	8,905,040	11,728,999	(5,412)	11,723,587	38,979	502,861	11,181,748
Monaragala	20,893,380	25,917	20,919,297	103,399	1,129,505	19,686,393	26,908,195	21,471	26,929,665	88,800	1,523,195	25,317,670
Peradeniya	26,595,186	(276)	26,594,910	6,517	1,021,546	25,566,847	22,123,295	2,591	22,125,885	1,967	764,921	21,358,997
Anamaduwa	14,045,652	(2,224)	14,043,428	136,887	630,936	13,275,605	8,010,601	(5,883)	8,004,719	45,585	425,210	7,533,923
Kotalawala defence Academy	31,169,898	(38,247)	31,131,651	210,252	849,988	30,071,410	31,521,440	(128,308)	31,393,132	55,467	761,836	30,575,830
Dambulla	35,325,384	4,411	35,329,795	210,361	1,674,587	33,444,848	35,608,503	1,190	35,609,693	152,417	1,764,074	33,693,201
Matale	27,924,263	10,551	27,934,815	215,119	1,301,255	26,418,440	17,498,469	9,065	17,507,534	51,038	650,944	16,805,552
Badulla Bus stand	19,650,740	(11,346)	19,639,394	230,803	882,845	18,525,746	13,819,700	(1,001)	13,818,699	176,680	541,670	13,100,348
Mathugama	34,337,275	(29,245)	34,308,030	74,792	1,128,434	33,104,804	23,288,497	8,034	23,296,531	34,409	814,025	22,448,097
Narahenpita	4,602,120	700	4,602,820	139,768	184,087	4,278,966	8,748,731	(2,417)	8,746,314	36,168	384,060	8,326,086
Medawachchiya	21,523,805	467	21,524,272	1,066,703	1,126,685	19,330,885	35,658,346	(303)	35,658,043	474	2,032,017	33,625,552
Pitakotte	40,303,133	(2,937)	40,300,197	43,641	1,189,921	39,066,635	40,015,201	(2,023)	40,013,178	14,967	1,185,104	38,813,106
Horana	21,038,876	8,211	21,047,087	7,577	836,572	20,202,938	18,925,724	40,767	18,966,490	1,300	718,364	18,246,826
Homagama	24,527,756	1,262	24,529,018	35,063	1,036,336	23,457,619	24,987,206	(24,714)	24,962,491	2,990	900,131	24,059,370
Nittambuwa	32,459,847	25,834	32,485,682	82,679	1,038,240	31,364,763	19,961,675	9,462	19,971,137	7,302	599,820	19,364,014
Regional Stores Kandy	41,112,056	-	41,112,056	3,062,278	-	38,049,778	73,021,006	(2,399)	73,018,606	2,870,321	-	70,148,285
Total	2,101,131,912	553,238	2,101,685,150	16,692,095	76,467,074	2,008,525,981	2,165,122,438	292,657	2,165,415,096	8,596,386	65,013,383	2,091,805,327

NOTES TO THE FINANCIAL STATEMENTS

31. CAPITAL

There is no change in the Authorized Capital during the year ended 31st December 2023

CONTRIBUTED CAPITAL

Contributed Capital is made up by government grants amounting to Rs 59,055,258 as at 31 Dec 2023.

32. GENERAL RESERVE

General Reserve	2023	2022
Balance as at 31 st December	Rs. 66,061,447/-	Rs. 66,061,447/-

General Reserve of the Corporation has been created out of the profits prior to year 1992, so as to meet future contingencies and not create for any specific purpose.

33. LIABILITIES AND PROVISIONS

The following legal cases are pending as of 31st December 2023, and the Corporation has been advised by the legal counsel that it is only possible, but not probable that the action will succeed. Accordingly, no provision has been made in these financial statements.

33.1. Contingent liabilities

The Corporation is a defendant in seven cases where legal actions instituted by stakeholders of entities involved, claiming Rs.220 million These cases are being contested by the corporation and no provision has been made in the financial statements.

33.1.1 LT Application No. LT4/G/28/2016 (Labour Tribunal Galle – Mr. H.C.R Pieris)

A case was filed in Labour Tribunal by an employee against the dismissal of his employment.

33.1.2 LT Application No. 13/59/2017 (Labour Tribunal No 13. – Mr. M.N. Nayanajith)

The case was filed in Labour Tribunal Colombo by an employee against the dismissal of his employment.

33.1.3 Consumer Affairs Authority (Galle) Vs SPC –45913

The Case has been filed in the Magistrat Courts, Galle against SPC by the Consumer Affairs Authority for a labelling issue.

33.1.4 Sadaleka Amila Bashini Senanayaka Vs SPC and Others – 4/2017/Writ

Above mentioned Petitioner has filed a writ application to quash the procedure followed and all decisions made by the Seethawaka Urban Council, re-enact all written and verbal agreements and contracts that has made with the petitioner and issue a writ to make all necessary arrangements to handover the possession of the premises given to the petitioner by the Urban Council.

33.1.5 Scott-Edill Advance Research Laboratory & Education Ltd. VS SPC

Above Arbitration has been filed by the above mentioned supplier for nonpayment of USD 611,460.00 (Rs Million 198/-) due to Product withdrawal.

33.1.6 Vitromed Health Care, India Vs SPC

Above mentioned Supplier has initiated arbitration for encashment of performance bond values USD 39,578/- (LKR 12.8 Million) and USD 29,692.50 (LKR 9.6 Million).

33.2 The corporation is the plaintiff in four Cases claiming Rs Million 20.8 with legal interest for the damages.

33.2.1 Osusala – Negombo - Case No. L 30202

Rs Million 3.9 Cash loss reported at Rajya Osusala Negombo as a result of misappropriation of Osusala Funds by the Cashier. This contingent asset was not recognized in the Financial Report as the realization was not certain.

33.2.2 SPC Vs Nestor Pharmaceuticals Limited, India

A case has been filed by SPC against the M/S Nestor Pharmaceuticals Limited, India for not settling the Debit Note value USD 41,896 (Rs Million 13.5) against quality failures reported in their supplies.

33.2.3 SPC Vs Unibios Laboratories Ltd, India and Others

This case has been filed by SPC against the above-mentioned supplier for not settling the Debit Note value USD 10,604.80 (Rs Million 3.4) against quality failures reported in their supplies.

33.3 Financial Commitments

Document credit established for purchases of pharmaceuticals as at 31.12.2023 amounts to Rs.15,657 million

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Corporation's principal financial liabilities comprise of borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Corporation's operations. The Corporation has trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Corporation is exposed to credit risk and liquidity risk. The Corporation's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

Credit risk

Trade receivables

Customer credit risk is managed by each business unit.

	2023	2022
SPC	Rs. 1,175,411,631	Rs. 1,488,412,962
DHS	Rs. 38,642,167,482	Rs. 43,744,480,807

The requirement for impairment is analyzed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The Corporation obtains bank guarantees as security for distributors, Franchised Osusalas & Authorized Retailers. In addition, a premium is charged from clients who wish to buy on credit in excess of the bank guarantee limit.

Liquidity risk

The Corporation's objective is to maintain a balance between continuity of funding and flexibility through the use of bank. The table below summarizes the maturity profile of the Corporation's financial liabilities based on contractual undiscounted payments.

Year ended 31 December 2023:	(Rs)	Maturity
Interest-bearing loans and borrowings	18,616,639,730	OD – Payable on demand
Long Term Loans	7,508,388,874	Repayable within 60 months
Trade and other payables	18,522,668,138	Usually 03 months

Year ended 31 December 2022:	(Rs)	Maturity
Interest-bearing loans and borrowings	15,937,903,697	OD – Payable on demand
Long Term Loans	9,487,322,218	Repayable within 60 months
Trade and other payables	19,249,279,868	Usually 03 months

	2023 Rs	2022 Rs
Interest-bearing loans and borrowings	18,616,639,730	15,937,903,697
Long Term Loans	7,508,388,874	9,487,322,218
Trade and other payables	18,522,668,138	19,249,279,868
Less: cash and short-term deposits	(5,539,030,063)	(5,613,777,091)
Net debt	39,108,666,679	39,060,728,692
Equity		
Capital and net debt	39,167,721,937	39,119,783,950

35. RELATED PARTY TRANSACTIONS

35.1 Transactions with State and State Controlled Entities

In the normal course of its operations, the Corporation enters into transactions with related parties. Related parties include the Government of Sri Lanka (State: as the ultimate owner of the Corporation), various government departments, and State controlled entities. Particulars of transactions, and arrangements entered into by the Corporation with the State and State controlled entities which are individually significant and for other transactions that are collectively, but not individually significant are as follows:

Nature of the Transaction	2023	2022
Transactions:	RS	RS
Sales -	62,953,629,802	40,973,117,489
Outstanding Balances:		
Receivable from Medical Supplies Division	38,642,167,482	43,744,480,807
Receivable from Forces	504,598,941	795,977,477
Receivable from Government hospitals	81,439,669	190,400,296
Receivable from Other Government Institutions	31,949,923	48,218,335

35.2 Key Management Compensation

The Corporation's key management personnel include the Board of Directors, Minister of Health Sri Lanka and the Secretary to the Ministry of Health.

	2023	2022
	RS	RS
Short term employment benefits	2,521,774	3,658,236

36. RESTATEMENT OF FINANCIAL REPORT 2022

36.1 World Bank and Asian Development Bank direct settlements

The Corporation Corrected understated supplier payments directly made by the World Bank and Asian Development Bank on behalf of the Medical Supplies Division. This error has been corrected restating the financial report 2022 as given below,

	Rs.
Trade Creditors	
Asian Development Bank	83,770,130
World Bank	6,222,656,530
Receivable from DHS	<u>(6,393,680,978)</u>
Foreign exchange gain/loss	87,254,318

36.2 MSD Deductions

The correction is relevant to the recorded MSD deductions on short supplies, damages, quality failure, administration charges, & etc. 100% provision has already been made thereon & periodically charged to the profit & loss account. Hence, there is no effect on the profitability of the previous years. However, replacements included in the provision in respect of these deductions remain as it is in the respective accounts. This revision has made fair presentation in the Financial Report.

The net effect has been worked out as given below.

	2022	2021 & Prior periods
	Rs.	Rs.
MSD deductions	153,710,506	1,272,342,783
Provision for MSD deduction	(153,710,506)	(1,272,342,783)
Replacement received	<u>179,016,027</u>	-
	179,016,027	-

36.3 Overdraft Interest

The Corporation recorded the overdraft interest relevant to DHS operation as receivable from the Treasury, based on the letter issued by the Secretary – Ministry of Health. Subsequently, the matter has been forwarded to the Cabinet. The Cabinet of Ministers has been forwarded to the Secretary to the Treasury to obtain a directive for the same. In response to that, the Secretary to the Treasury has informed that there is no adequate budgetary allocation to reimburse the said overdraft interest and to take action within the entity itself to manage such cost. Hence, OD interest relevant to the year 2022 has been considered as expenditure.

37. EVENTS AFTER THE BALANCE SHEET DATE

All the material events after the balance sheet date have been considered and appropriate adjustment and disclosures have been made in to the financial statement, where necessary.