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இலங்கை அரசு மருந்தகக் கூட்டுத்தாபனம்  
**State Pharmaceuticals Corporation of Sri Lanka**

**2021**

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ஆண்டு அறிக்கை  
**Annual Report**

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# ANNUAL REPORT 2021



STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

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**YOUR HEALTH IS OUR CONCERN**

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## OUR VISION

To become the prime partner in developing a healthier Nation

## OUR MISSION

To be the leading healthcare organization serving the general public of Sri Lanka by providing safe, effective and high-quality medical products and health services at affordable prices, while promoting the usage of generic drugs.

## OUR GOALS

Services to the people is foremost  
Quality and safety  
Integrity never to be compromised  
Reliable partner and effective team player  
Passion for performance excellence  
Innovation, the lifeblood

## OUR SLOGAN

Your health is our concern

## STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

### FINANCIAL HIGHLIGHTS

DESCRIPTION	2021 Rs: ' 000 '	2020 Rs: ' 000 '	Variation (%)	2019 Rs: ' 000 '
Revenue - SPC	9,446,822	8,798,047	7.4	8,924,850
Supplies to DHS	70,811,344	54,323,565	30.4	42,959,659
<b>Total Revenue</b>	<b>80,258,166</b>	<b>63,121,612</b>	<b>27.1</b>	<b>51,884,510</b>
Gross Trading Profit SPC	2,224,536	2,249,676	(1.1)	2,279,155
Gross Surplus DHS	4,542,116	3,415,073	33.0	2,717,507
<b>Gross Surplus</b>	<b>6,766,652</b>	<b>5,664,749</b>	<b>19.5</b>	<b>4,996,662</b>
Other Income	88,531	287,363	(69.2)	91,441
Administrative Expenses	(1,967,159)	(1,753,834)	(12.2)	(1,619,555)
Other Operating Expenses	(1,158,051)	(962,078)	(20.4)	(971,096)
Finance Cost	(10,555)	(10,588)	0.3	(10,763)
Overdraft Interest	(569,624)	(686,878)	17.1	(317,470)
Finance Income	6,943	6,890	(0.8)	6,875
<b>Profit Before Tax</b>	<b>3,156,737</b>	<b>2,545,624</b>	<b>(24.0)</b>	<b>2,176,094</b>
Defined Benefit Plan	57,438	(191,755)	130.0	(1,926)
Taxation	(772,172)	(576,401)	(34.0)	(512,224)
<b>Total Comprehensive Income</b>	<b>2,442,003</b>	<b>1,777,468</b>	<b>(37.4)</b>	<b>1,661,944</b>
Retained Earnings	14,650,681	12,208,679	20.0	10,431,211
Contributed Capital & Reserve	125,117	125,117	-	125,117
Non Current Assets	2,351,604	2,329,488	0.9	2,277,480
Current Assets	56,585,320	39,087,956	44.8	31,550,527
Non Current Liabilities	9,904,471	11,908,162	16.8	294,459
Current Liabilities	34,256,654	17,175,486	(99.5)	22,977,220
Net Current Assets	22,328,666	21,912,470	1.9	8,573,307
<b>Ratios</b>				
Gross Profit Ratio (%) SPC	23.5	25.6		25.5
Gross Profit Ratio (%) DHS	6.4	6.3		6.3
Gross Surplus to Sales (%)	8.4	9.0		9.6
Return on Capital Employed (%)	10.5	7.7		23.0
Interest Cover ( times)	6.5	4.7		7.9
Equity to total Assets ( times)	1:4.02	1:3.3		1:3.2
Turnover to Capital Employed (time)	3.25:1	2.6:1		4.8:1
Current Ratio ( time )	1:1.6	1:2.7		1:1.3
Liquidity Ratio ( time )	1:1.6	1:2.1		1:1.2
Stock Turnover Ratio -SPC ( time )	2.75	2.32		2.35
<b>OTHER INFORMATION</b>				
Number of Employees	948	956		971
Earning per Employee ( Rs.)	3,329	2,663		2,241
Sales per Employee ( Rs. )	84,660	66,027		53,434

## Board of Directors & Corporate Information

### Board of Directors

#### **Dr. D.S. Samarasinghe - Acting Chairman**

Dr. D.S. Samarasinghe holds an MBBS degree from the University of Peradeniya and L.L.B (Bachelor of Law) Degree from the Open University of Sri Lanka. He joined the Government Medical Service of Sri Lanka in 2010 and served as a Medical Officer in the Base Hospital-Karawanella, Base Hospital-Mawanella and National Hospital-Kandy.

He joined the State Ministry of Production, Supply & Regulation of Pharmaceuticals in December 2020 and served as the Head of the Research & Procurement Division.

He was a member of the Board of Directors of the State Pharmaceuticals Manufacturing Corporation in 2021.

Dr. Samarasinghe was appointed as the Managing Director of the State Pharmaceuticals Corporation with effect from 15th November 2021. He has been serving as the Acting Chairman of the State Pharmaceuticals Corporation since December 2021.

#### **Dr A.K.S.B. de Alwis - Director**

Dr. Sunil De Alwis, the Additional Secretary Medical Services of Ministry of Health since July 2018, is involved with policy making, strategic planning, and act as a technical advisor pertaining to the medical services in the Ministry of Health, Sri Lanka.

He has obtained his first degree from Lvov, State Medical Institute of Republic of Ukraine (former Soviet Union) in 1987. Then he joined the Government Medical Service of Sri Lanka as a Medical Officer. Later he obtained his Master degree in Community Medicine (1996) and Doctorate in Medical Administration (2006) from Post Graduate Institute of Medicine, University of Colombo.

Dr. De Alwis has also served a Director of Provincial General Hospital-Rathnapura, Provincial Director of Health Services of North Western Province and the Director of the National Program for Tuberculosis Control and Chest Diseases, the Deputy Director General of Health Services (Education, Training and Research) in the Ministry of Health.

He is also a member of Board of Management of the Post Graduate School of Medical Sciences, University of Peradeniya and the chairperson of the examination board of MD (Medical Administration) in Post Graduate Institute of Medicine, Acting Chairman of the prestigious Ceylon Medical College Council and member of Committee on Medical Education in University Grant Commission of Sri Lanka. He serves as the focal point for Policy and Coordination Committee of the UNDP/UNFPA/UNICEF/WHO/World Bank Special Program of Research, Development and Research Training in Human Reproduction.

Dr. Alwis also has enormous experience working with Health related International Agencies. He has obtained several awards as an appreciation from Sri Lankan and International agencies for his contribution to the health service, including national awards for productivity in several occasions and award from Asia Pacific Action Alliance on Human Resources for Health (AAAH) in 2018 and 2020.

#### **Mr Hirenya de Mel- Director**

Mr Hirenya de Mel is a senior finance professional with extensive experience in diversified business industry domains over 25 years and holds a Post Graduate Diploma in Business Administration & Financial Management from the Institute of Chartered Accountants and Certified Accountants membership. Having started his career at B. R. de Silva & Company (Chartered Accountants) in which he gained the exposure of auditing key Business Industry domains, he went to hold the position of Group Manager Commercial & Financial Affairs in a private establishment for nearly a decade. Currently, he is holding a senior position in Market Development and Expansion related to Government Enterprise Business Strategy at a leading listed Telecom operator in Sri Lanka and His experience with the current employer spans over 15 years. He is passionate and possesses extensive multiple expertise in Financial Management, Financial Services initiatives Corporate Planning and Reporting in particular including Corporate Governance, Risk Management, Sustainability, Capital Management and Compliance.

#### **M.R.V.R.Meeपुरa- Director**

FCA, MF&BE (University of Adelaide), MBS (University of Colombo), BSc HRM (USJ).

Mr. Meeपुरa, Additional Director General to the Department of Fiscal Policy counts over 23 years of experience in the public sector. He is currently serving as a director of the Ceylon Electricity Board and LTL Holdings (Pvt) Ltd. Previously he had been serving as a director/Treasury representative to the Chilaw Plantations Limited, Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB), Sugar Cane Research Institute, Hector Kobbekaduwa Agrarian Research and Training Institute and National youth Crop.

#### **Prof. Bawantha Gamage**

MBBS, Dip in Lap Surgery(Strasbourg),FAMASI,MS,FCSSL,FRCS(Eng)

Prof. Bawantha Gamage is a professor in Surgery, Faculty of Medical Sciences University of Sri Jayewardenepura and a Consultant Surgeon, Colombo South Teaching Hospital. He is the Secretary General SAARC Surgical Care Society and the President Sri Lanka Association of Minimal Access & Digital Surgeons

## STATE PHARMACEUTICALS CORPORATION OF SRI LANKA CORPORATE INFORMATION

### Board of Directors

Dr. Prasanna Gunasena	Chairman	(Till 02.12.2021)
Mr. L.R. Jayakody	Managing Director	(Till 15.11.2021)
Dr. U.D.S. Samarasinghe	Actg.Chairman	(From 03.12.2021)
Dr. U.D.S. Samarasinghe	Managing Director	(From 15.11.2021)
Dr. A.K.S.B De Alwis	Director	
Prof. B.D. Gamage	Director	
Mr. B. Gunaratne	Director	
Mr. Hiranya De Mel	Director	
Mrs. D.C.W. Hapugoda	Director	(Till 01.03.2021)
Mr. M.R.V.R Meepura	Director	(From 02.03.2021)

### Audit Committee

Mr. M.R.V.R Meepura	Chairman
Mr. Hiranya De Mel	Director
Dr. Sunil De Alwis	Director

### Auditors

Auditor General,  
National Audit Office,  
No.306/72,  
Polduwa Road, Battaramulla.

### Bankers

#### Bank of Ceylon

Corporate Branch, Bank of Ceylon Mawatha, Colombo 1.

#### People's Bank

International Division, P O Box 437, ANCL. Bldg.  
D R Wijewardana Mawatha, Colombo 10.

#### Standard Chartered Bank

P O Box 112, 37 York Street, Colombo 1.

#### Commercial Bank of Ceylon Ltd.

City Office, 98 York Street, Colombo 1.

### Registered Office

No.75 Sir Baron Jayatillake Mawatha, Colombo 1.

### Date of Incorporation

September 22, 1971

## STATE PHARMACEUTICALS CORPORATION OF SRI LANKA MANAGEMENT TEAM

### Mr. K M D R Dassanayake - General Manager



Mr. Dinusha Dassanayake joined the SPC as a Management Trainee on 01/12/1999 and presently holds the General Manager's position w.e.f 01/06/2009. Before appointing as the General Manager He served in HR, Administration, Legal & Commercial Divisions of the Corporation and hold Deputy General Manager Positions in respective Departments. He is a graduate of B.com (Special) in International Trade, from the University of Sri Jayawardenapura. He holds a Masters degree in International Cooperation Specializing International Commercial Law from Nagoya University, Japan. He is an attorney-at-Law. He has also obtained Post Attorney Diploma in International Trade Law from Institute of Advance Legal Studies of Sri Lanka Law College and an Accredited Commercial Mediator.

### Mr Suneth Sudasinghe - Deputy General Manager (Marketing)



Mr. Sudasinghe is a capable, results oriented performer who has proven records in the corporate world. He is a professional Marketer having more than twenty two years of experience in various Industries. He is a dynamic character in the corporate world and has contributed to turn around and built many conglomerates. Commencing his carrier in 1997 as a Trainee Sales Executive, he has held several positions in the industry including Sales Manager, Marketing Manager, Assistant General Manager, General Manager, Chief Commercial officer up to now.

Mr. Sudasinghe possess BSc. Marketing Management (Special) Degree from the University of Sri-Jayawardeneapura, Master of Business Administration (MBA) from the University of Rajarata, and Financial Qualification of Certified Management Accountants (CMA) Australia from Institute of Certified Management Accountants. He is a Fellow member of the Association of Business Executives (ABE) in the United Kingdom, Associated member of Sri-Lanka Institute of Marketing and Member of Institute of Management of Sri-Lanka.

### Mr.W.A.K.P. Warna Kumara - Deputy General Manager (Procurement & Imports- Surgical & Laboratory)



Commander (Ret.) WAKP Warna Kumara joined SPC on the 02nd of August 2021 as Deputy General Manager Procurement & Imports (Surgical & Laboratory). Over the last 21 years, he has held various roles in procurement, logistics, and supply chain management for the Sri Lanka Navy. He holds a BCom degree and MBA in Logistics Management from Kotelawala Defence University and a MSc in Procurement Logistics & Supply Chain Management from University of Bedfordshire, U.K. Also he has followed Long Logistics & Management Course and Command & Staff Course. He is currently a member of the Chartered Institute of Logistics & Transport, Institute of Supplies and Material Management and humanitarian Logistics Association -UK.

## MANAGEMENT TEAM- Cont.

### **Mrs. Nimmika Thusari - Deputy General Manager (Human Resources & Administration)**



Mrs. M.R. Nimmika Thushari joined the SPC as Deputy General Manager ( HR & Administration) with effect from 01.08.2018 She holds a Bachelor of Science ( Human Resources) Special Degree from the University of Sri Jayawardanepura, Post Graduate Diploma in Human Resources Advancement and Master of Human Resources Management from the University of Colombo. She has more than 20 years' experience in the field of Human Resources Management and Administration.

### **Mrs. Ayanthi Alwis – Deputy General Manager (Procurement & Imports - Pharmaceuticals)**



Mrs. A H Alwis the Deputy General Manager Procurement & Import Pharmaceuticals, holds a Bachelor of Science Management Degree ( General) and Master of Business Administration from the University of Sri Jayawardanapura. She is further a Diploma holder in Public Procurement and Contract Administration from SLIDA.

She coordinates and manage procurement activities of the four units falls under her purview meeting challenging time frames.

### **Ms. Hiranya Sammandapperuma - Deputy General Manager (Finance)**



Mrs Hiranya Sammandapperuma joined the SPC as the Management Accountant on 01<sup>st</sup> July 2007. She has more than 23 years' experience in the field of financial management, Management Accounting & Auditing. She is an Associate Member of Institute of Chartered Accountants of Sri lanka. (ICASL) & Certified Management Accountants of Sri Lanka (CMA) & awaiting Membership of Association of Chartered Certified Accountants ( ACCA- UK).

She obtains Bachelor of Business Administration with honors, specialization in finance, from University of Colombo in 2001. She is holder of MBA from University of Colombo.

## STATE PHARMACEUTICALS CORPORATION OF SRI LANKA MANAGEMENT TEAM - Senior Management

Mrs. W.A.S.D.K Perera	D G M – Marketing	(Till 05.05.2021)
Mrs. P Dasanayake	D G M – Procurement & Imports ( Surgical)	(Till 05.05.2021)
Mrs. K.G.C Shanthimala	D G M – Tech, Lab & Production	(Till 02.11.2021)
Mrs. A.H. Alwis	Manager – Post Delivery Operation	(Till 01.06.2021)
Mrs. P.K. Wijeratne	Manager - Quality Assurance Laboratory	
Mr. M.A.V.I. Kumarasiri	Field Manager (Monitoring of Distribution Systems)	
Mr. D.P. Ajith Liyanage	Manager - Management Information Systems	
Mr. P.K.R. Fernando	Manager Wharf	
Miss. C.S.Withanage	Manager -Sales	(Till 06.06.2021)
Miss. C.S.Withanage	Manager -CPU	(From 07.06.2021)
Mrs. D.N.Devasurendra	Accountant – Revenue /Actg, D G M – Finance	
Mrs. P.A.U.Wijewardana	Legal Officer & Secretary to the Board	
Mr. P.M.B.R.Somathilaka	Manager – Production	
Mr. A.P. Hapangama	Accountant - Financial Accounting	
Ms. M.K.A.P. Gunathilake	Manager – Promotion & Publicity	(Till 04.03.2021)
Mr. D.G. D. J. Pushpakumara	Manager – Stores & Inventory Control	
Mrs.L.W.Damayanthi	Accountant – Salaries	
Mrs.M.A.S. Karunaratne	Accountant - Rajya Osusala	
Mr. D.K.A.P. Dassanayake	Manager – Administration	
Mr. K.D.F.N.Perera	Manager – Sales	
Mr.B.A.K. Madusanka	Manager – Human Resources	
Mrs. D.D.S. Tharangamala	Manager – Procurement	
Mrs. R. P. Withanage	Manager – Procurement	
Mrs. K.G.S. Perera	Accountant – Payment	
Mr. M.A.D.S.S. Munasinghe	Manager – Imports	
Mr. C.U.M.M. Bandara	Manager- Stores & Inventory Control	
Mr. M.K.C. Krishantha	Manager – Rajya Osusala	
Mr.W. Jayantha	Manager – R.O.S Colombo 07.	
Miss.B.D.K. Fernando	Manager – CPU	(Till 31.05.2021)
Mr.M.R.M. Rifkhan	Manager – Imports	(Till 16.12.2021)
Mr.M.R.M. Rifkhan	Manager – Rajya Osusala	(From 17.12.2021)
Mrs.E.M.H.N.T.K. Ekanayake	Manager – Technical	
Mr. H.N.J.Indunil	Internal Auditor	
Mr. W.A.T Premawardhane	Manager – Rajya Osusala	
Ms. I.G.W.S Wimalasena	Manager- Research & New Projects	(From 22.02.2021)
Mr. P.A.S. Pathirana	Accountant – Stock & Pricing	(From 01.04.2021)
Mrs. E.K.P.A. Priyadarshani	Manager – Promotion & Publicity	(From 15.07.2021)

## CHAIRMAN'S MESSAGE - 2021



It is a great privilege for me to present the Annual Report of the State Pharmaceuticals Corporation (SPC) for the year 2021. During the period under review, SPC, being the sole importer of Pharmaceuticals and Healthcare Items for the Department of Health Services to ensure timely and continuous supply of quality assured pharmaceuticals and healthcare items to the government hospitals, has completed its 50<sup>th</sup> year successfully.

The year 2021 was immensely challenging as we have to combat the challenges thrown at us by the Covid-19 pandemic. We faced operational challenges due to restricted movement and disrupted supply lines during the whole period of the pandemic in 2021. Being at the forefront of the pharmaceutical sector, SPC has been contributing in its capacity to fight the pandemic since day one and we continued to do our main focus in operation “service to the nation” by offering vaccines and quality assured pharmaceuticals and healthcare items at affordable prices to the people of the country.

The operational activities of “SPC” are two pronged as supply of medicines and healthcare items to Medical Supplies Division and to sell in the open market through our Rajya Osusala outlets and distributor channel. During the year, the open market operation has recorded sales increase of 7.4% and supply to Medical Supplies Division was enhanced by 30.04% over 2020 amidst limited allocations for Medical Supplies. Profit before Tax was Rs.3.1billion which is a growth of 24% as against the year 2020.

Due to the long term impacts of global pandemic, the role of SPC in years to come will be more challenging with new initiatives to moving towards local manufacturing and economical slow-downs which can be seen from both global and local perspectives.

I sincerely pay my gratitude to the Hon. State Minister of State Ministry of Supply and Regulation of Pharmaceuticals, Secretary to the State Minister, Officials of the State Ministry, Officials of Ministry of Finance for their assistance and support. I would also like to extend my gratitude to my Board Members, Management Team and all the staff members of SPC for their support and hard work during these difficult time that has enabled us to come this far.

A handwritten signature in black ink, appearing to read 'D.S.', written in a cursive style.

Dr. D.S. Samarasinghe  
Actg. Chairman

## FINANCIAL AND OPERATIONAL REVIEW

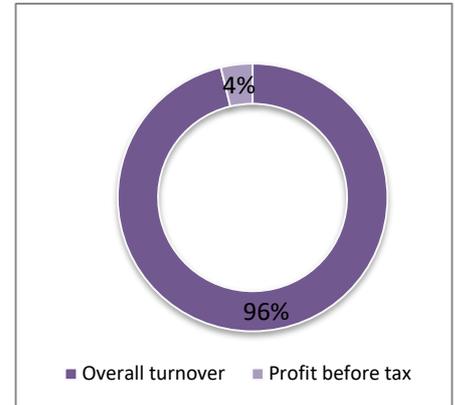
SPC is the key importer of Healthcare items to the ‘Medical Supplies Division’ to ensure the continuous supply of quality-assured Pharmaceuticals and Healthcare items to Government Hospitals. SPC also imports and sell in the open market through, our own Rajya Osusala Outlets, Franchised Osusala outlets & Distributors, to cover the entire island. SPC has delivered satisfactory performance during the year under review, in spite of emergency measures taken across the country to control the spread of the COVID-19 pandemic from March 2020 onwards.

### FINANCIAL PERFORMANCE

#### Overall Performance

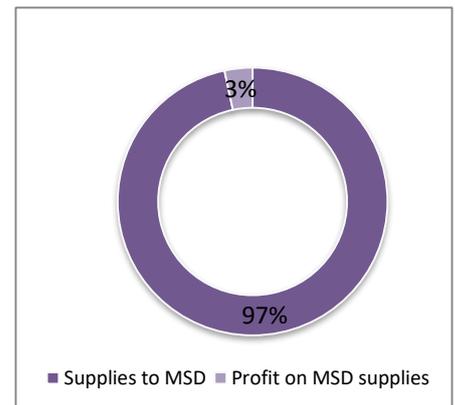
During the year under review, SPC has recorded the highest ever turnover of Rs.80,258 million including a turnover on Covid Vaccine amounting to Rs.13,887 million. This is an increase of 27% as against the previous year turnover of Rs.63,121 million.

Profit before Tax was Rs. 3,156 million in the year 2021. This is an increase of 24% as against the previous year figure of Rs. 2,545 million. This increase in profit was mainly due to an increase in supplies to the Medical Supplies Division upon their order requirements.



#### Supplies to Medical Supplies Division

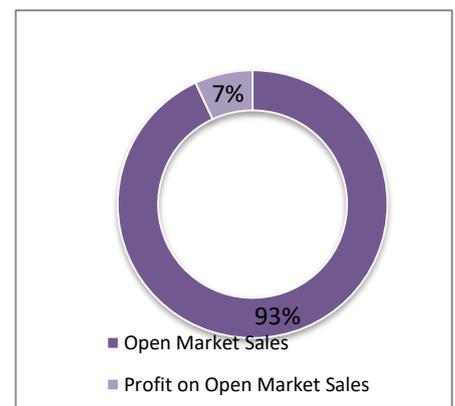
Healthcare items supplied to the ‘Medical Supplies Division’ was Rs.70,811 million during the year, as against Rs.54,323 million in the year 2020. This is an increase of 30%. The above value includes Rs. 13,887 million worth of Covid 19 Vaccines imported and supplied to the Medical Supplies Division. During the year under review, profit before tax was Rs.2,450 Million which is a significant increase of 51 % over the PBT of Rs. 1,615 Million recorded in 2020. However, it is to emphasize that we charged a special service charge on the supply of Vaccines only to meet the relevant expenses.

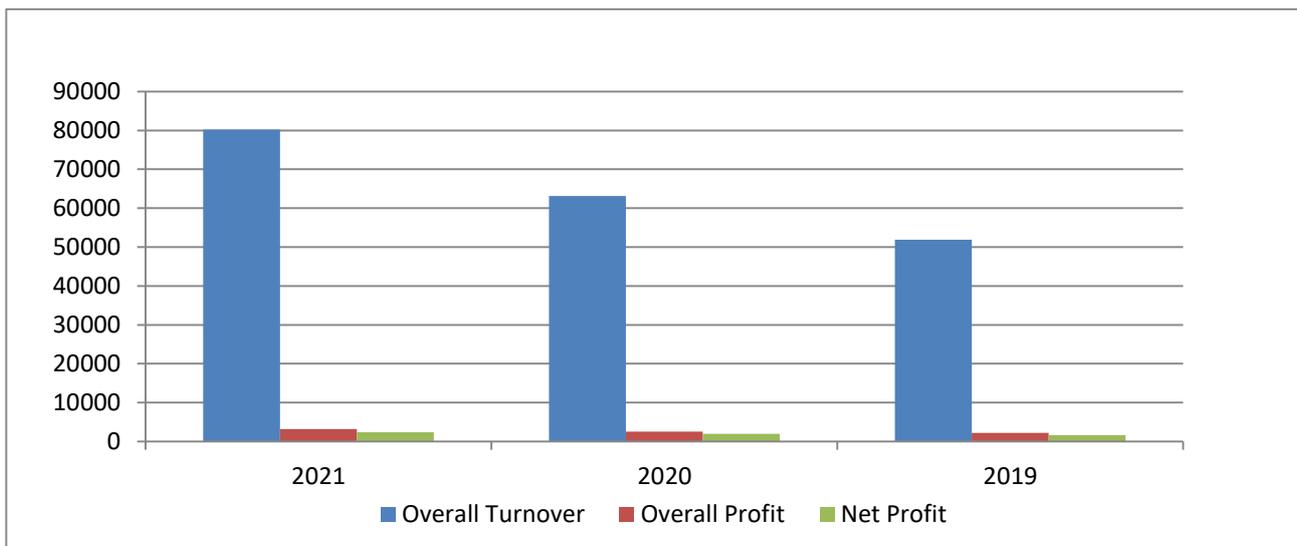


#### Open Market Operation

The COVID-19 pandemic has significantly changed the demand for pharmaceuticals and health care items. SPC successfully met this challenge and ensured the availability of Pharmaceuticals and Health care items in the market.

The Turnover of Open Market Operation has been recorded as Rs.9,446 million during the year 2021. It is an increase of 7% in comparison with the Turnover of Rs. 8,798 million recorded in 2020. The main reasons were increasing the demand for pharmaceuticals and health care items and expanding SPC distribution channel by establishing three new Rajya Osusala outlets. Profit before Tax was Rs.705 million in the year 2021. This is a decrease of (24%) as against the previous year figure of Rs. 929 million.





## TAXATION

The Corporation has paid Rs.698.6 million as Income tax to the Government Treasury.

## SALES & TRADE PROMOTIONS

SPC established three new Rajya Osuslala Outlets at Madawachchiya, Pitakotte, and Horana during the year 2021. At the end of the year, there were altogether 50 Rajya Osusala Outlets, 51 Distributors 107 Franchised and Authorized Retailers covering the entire island, to ensure the availability of SPC drugs, in all corners of the country. In order to provide effective and efficient service to the general public during curfew, The Corporation continued the mechanism of home-delivery essential drugs through Rajya Osusala Outlets during the year 2021.

## TECHNICAL & LABORATORY

SPC continued its commitment to maintaining and upgrading the quality standard of the Quality Assurance Laboratory. All SPC drugs are tested in four stages “Tender Samples”, “Pre Shipment Samples”, “Pre Distribution Samples” and “Market complaints”, to maintain the quality standards of the pharmaceuticals supplied by the SPC, all the time.

## HUMAN RESOURCES DEVELOPMENT

During the year under review total workforce was 1085, out of which 137 are trainees in order to provide better and safer working conditions for employees, the Corporation provides them with a transport facility during the lockdown. Although some of the Annual events were given up, staff welfare benefits, which prevailed in the Corporation before 2020, were continued during the year 2021 too.

## CORPORATE SOCIAL RESPONSIBILITY

As part of our Corporate Social Responsibility SPC continues to offer a 5% discount on Pharmaceuticals purchased for Children under 05 years of age, Pregnant Mothers and Senior Citizens (Over 55 Years).

## FUTURE

SPC continue to successfully fulfill its prime objective of “serving the nation with a wide range of safe, effective and quality assured health care products at reasonable prices” and at the same time, operates this Corporation as a profit earning entity.

## ANNUAL REPORT OF THE BOARD OF DIRECTORS

The directors of the State Pharmaceuticals Corporation present herewith the audited financial statements for the year ended 31 December 2021.

The Financial Statements of the Corporation was submitted to the Auditor General in accordance with Section 6.5.1 of Public Enterprises Guidelines, issued by the Director General of the Department of Public Enterprises in the General Treasury.

### FORMATION

State Pharmaceuticals Corporation (SPC) was established under Section 2 of State Industrial Corporations Act No. 49 of 1957 by the Gazette notification published in the Government Gazette No.14976/8 of 22nd September 1971, under an order made by the Minister of Industries and Scientific Affairs with the approval of the Government of Sri Lanka. The initial capital of the corporation was Rupees one million.

### ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the financial statements are given on the pages 18 to 30. There were no changes to the accounting policies adopted by the Corporation during the year under review.

### RESULTS

The results for the year and the Changes in Equity are set out in the Comprehensive Income Statement and in the Statement of Changes in Equity.

### REVIEW OF BUSINESS

The state of affairs of the Corporation as at 31 December 2021 is set out in the Statement of Financial Position and assessment of the Corporation during the financial year is given in the Financial & Operational Review of the Annual Report.

### PROPERTY, PLANT & EQUIPMENT

The movements in Property, Plant & Equipment during the year are set out in Note No.16 to the financial statements. The value shown therein is not materially different from its current market value.

### MAIN ACTIVITIES

Main activities of the Corporation are,

- Import, Purchase, Sales & Distribution of Pharmaceuticals and Health Care Items in the open market.
- Import & Supply Pharmaceuticals and Health Care Items to the Department of Health Services.
- Manufacturing and Marketing Jeevanee, Glucose & Benzyl Bensovate Cream.
- Providing medical tests and laboratory services.

Activities of the Corporation have not changed materially from the last financial year.

### RESERVES

Total reserves of the Corporation and its composition has been given in the Statement of Changes in Equity.

### DIRECTORS

Directors of the corporation as at 31<sup>st</sup> December 2021 were as follows,

Dr. U.D.S. Samarasinghe	Actg. Chairman/MD	(From 03.12.2021)
Dr. U.D.S. Samarasinghe	Managing Director	(From 15.11.2021)
Prof. B.D. Gamage	Director	
Dr. A.K.S.B De Alwis	Director	
Mr. Hiranya De Mel	Director	
Mr. B. Gunaratne	Director	
Mr. M.R.V.R Meepura	Director	(From 02.03.2021)

**AUDIT COMMITTEE**

Audit committee of the Corporation is constituted in accordance with the provisions of Public Enterprises Guidelines for good governance.

**CORPORATE GOVERNANCE/INTERNAL CONTROL**

The Corporation has put in place systems and procedures to ensure the implementation of sound corporate governance principles. The Audit Committee report is given in page No13

**EMPLOYMENT**

SPC continued to implement appropriate Human Resource Management policies and practices to enhance employee's skills.

**STATUTORY PAYMENTS**

All statutory payments to the Government and the employees have been paid promptly.

**ENVIRONMENTAL PROTECTION**

The Corporation has not engaged in any activities which would be detrimental to the environment.

**CONTRIBUTION TO THE GOVERNMENT**

The Corporation has paid Rs.698.6 million by the way of Income tax to the Government Treasury.

**CORPORATE SOCIAL RESPONSIBILITY**

During the year the Corporation contributed Rs. 1,066,944/- for charitable purpose.

**POST BALANCE SHEET EVENTS**

No events have occurred since the Balance Sheet date, which would require adjustments to, or disclosure in, the financial statements.

**AUDITORS**

Auditor General carried out the Audit of the Financial Statement of the State Pharmaceuticals Corporation of Sri Lanka for the financial year ended 31<sup>st</sup> December 2021.

**By Order of the Board**

.....  
**Anuradha Wijayawardana**

Legal Officer /Secretary to the Board

## REPORT OF THE AUDIT COMMITTEE

### Constitution of the Audit Committee

The Audit Committee consists of Three Non-Executive Directors of the Board. The Director who represents the General Treasury would function as Chairman of the Committee. During the Financial year ended 31<sup>st</sup> December 2021, followings members attended to the Meetings of the Audit Committee.

<b>Mr. M. R.V.R Meepura</b>	<b>- Chairman</b>
<b>Mr. Hiranya De Mel</b>	<b>- Member</b>
<b>Dr. Sunil De Alwis</b>	<b>- Member</b>

Chief Accountant of the State Ministry of Production Supply and Regulations of Pharmaceuticals and Audit Superintendent of Government Audit Branch of SPC participated the Committee Meetings as Observers. Board Secretary and the Internal Auditor functioned as the Secretary to the Committee and Convener respectively.

### The Functions of the Audit Committee

The main functions of the Audit Committee are to review and monitor internal controls of the Corporation and assist the Board of Directors by reviewing and making recommendations on all aspects of audit and financial activities of the Corporation. During the year under review, the Committee attended to following matters.

1. Review and evaluate the internal control systems and recommend modifications where necessary.
2. Review and approve Internal Audit Plan for the year 2021.
3. Review Internal Auditor's reports, and monitor management's responsiveness to the findings and recommendations of the Internal Auditor.
4. Review External Auditors Audit Queries and the matters raised by them in the reports in terms of section 13(7) (a) and 14 (2) (c) of the Finance Act No. 38 of 1971.
5. Review of implementation of recommendations of the Committee of Public Enterprises (COPE).

### Internal Audit Division

Under the guidance of the Audit Committee, an approved Internal Audit work plan was carried out by the Internal Audit Division of the Corporation during the year under review. Further, the Internal Audit Division conducted Financial and System Audit to eliminate inefficient procedures, improve the internal controls, minimize the losses and possible instances of frauds and errors.

### Meetings

During the year 2021, two Audit Committee meetings were held. The Committee has submitted its comments on the identified deficiencies to the Management. Accordingly, the remedial measures have been taken to rectify the identified deficiencies.



.....  
**Mr. M. R.V.R Meepura**  
**Chairman of the Audit Committee**

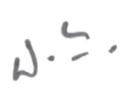
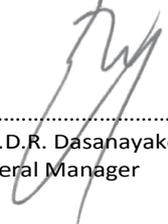
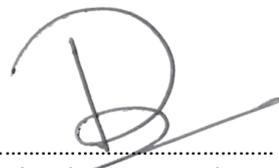
## STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

## STATEMENT OF FINANCIAL POSITION

As at 31st December	NOTE	2021 Rs.	2020 Rs.
<b>ASSETS</b>			
Property Plant and Equipment	16	2,084,196,680	2,008,431,794
Right-of-use Assets	17	44,133,149	41,966,690
Lease Assets paid in Advance	18	22,064,222	22,841,696
Capital Work in Progress		38,311,359	120,667,085
Intangible Assets -Software	19	2,567,274	2,800,662
Deferred Tax Assets	20	160,331,877	132,780,568
<b>Total Non- Current Assets</b>		<b>2,351,604,561</b>	<b>2,329,488,495</b>
<b>Current Assets</b>			
Inventories - SPC	21	2,396,405,789	2,751,097,855
Stock in Transit - DHS	22	936,743,053	1,314,756,504
Trade & Other Receivables	23	52,098,808,812	33,695,827,140
Prepayments	24	41,905,706	100,917,075
Cash and Cash Equivalents	25	1,111,456,668	1,225,357,866
<b>Total Current Assets</b>		<b>56,585,320,029</b>	<b>39,087,956,440</b>
<b>Total Assets</b>		<b>58,936,924,589</b>	<b>41,417,444,935</b>
<b>EQUITY AND LIABILITIES</b>			
Contributed Capital	31	59,055,258	59,055,258
Retained Earnings		14,650,681,709	12,208,679,398
General Reserves	32	66,061,447	66,061,447
<b>Total Equity</b>		<b>14,775,798,414</b>	<b>12,333,796,103</b>
<b>Non- Current Liabilities</b>			
Retirement Benefit Obligation	26	470,173,261	495,666,216
Lease Liabilities	17.1	28,587,360	27,851,418
Long Term Loan	27	9,405,711,108	11,384,644,444
<b>Total Non- Current Liabilities</b>		<b>9,904,471,729</b>	<b>11,908,162,078</b>
<b>Current Liabilities</b>			
Trade and Other Payables	28	16,164,216,448	16,131,036,325
Income tax Payable		576,606,572	475,495,889
Deferred Income		1,471,313	1,799,766
Lease Liabilities	17.1	21,759,130	19,870,218
Current Financial Liabilities	29	15,432,056,540	55,929,000
Long Term Loans	27	2,060,544,444	491,355,556
<b>Total Current Liabilities</b>		<b>34,256,654,446</b>	<b>17,175,486,753</b>
<b>Total Equity &amp; Liabilities</b>		<b>58,936,924,589</b>	<b>41,417,444,935</b>

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,

		
Dr. U.D.S. Samarasinghe Actg. Chairman	K.M.D.R. Dasanayake General Manager	Nishanthi Devasurendra Actg. Deputy General Manager - Finance

The accounting policies and notes on pages 5 to 49 form an integral part of the financial statements.

## STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

**STATEMENT OF CHANGES IN EQUITY**

	Contributed Capital Rs.	General Reserves Rs.	Accumulated Profit Rs.	Total Rs.
Balance as at 01st January 2019	59,055,258	66,061,447	8,769,268,475	8,894,385,180
<b>Total Comprehensive Income for the year</b>				
Net Profit for the year			1,663,869,219	1,663,869,219
Gain/ losses on defined benefit plan ( Note 26.3)			(1,926,328)	(1,926,328)
<b>Balance as at 31st December 2019</b>	<b>59,055,258</b>	<b>66,061,447</b>	<b>10,431,211,366</b>	<b>10,556,328,071</b>
Balance as at 01st January 2020	59,055,258	66,061,447	10,431,211,366	10,556,328,071
<b>Total Comprehensive Income for the year</b>				
Net Profit for the year			1,969,223,517	1,969,223,517
Gain/ losses on defined benefit plan ( Note 26.3)			(191,755,485)	(191,755,485)
<b>Balance as at 31st December 2020</b>	<b>59,055,258</b>	<b>66,061,447</b>	<b>12,208,679,398</b>	<b>12,333,796,103</b>
Balance as at 01st January 2021	59,055,258	66,061,447	12,208,679,398	12,333,796,103
<b>Total Comprehensive Income for the year</b>				
Net Profit for the year			2,384,563,878	2,384,563,878
Gain/ losses on defined benefit plan ( Note 26.3)			57,438,433	57,438,433
<b>Balance as at 31st December 2021</b>	<b>59,055,258</b>	<b>66,061,447</b>	<b>14,650,681,709</b>	<b>14,775,798,414</b>

## STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31st December	Note	SPC OPERATIONS 2021 Rs.	DHS OPERATIONS 2021 Rs.	TOTAL OPERATIONS 2021 Rs.	TOTAL OPERATIONS 2020 Rs.
<b>Income</b>	<b>7</b>	<b>9,446,822,118</b>	<b>70,811,344,509</b>	<b>80,258,166,627</b>	<b>63,121,611,706</b>
<b>Less</b>					
Direct Expenses - MSD	8		66,269,228,066	66,269,228,066	50,908,491,858
Cost of Sales - SPC	9	7,085,466,342		7,085,466,342	6,435,740,565
Cost of Production - ORS	10	136,819,315		136,819,315	112,630,601
<b>Gross Profit/ Surplus</b>		<b>2,224,536,461</b>	<b>4,542,116,443</b>	<b>6,766,652,904</b>	<b>5,664,748,681</b>
<b>Add: Other Operating Income</b>	<b>11</b>	<b>88,531,203</b>	<b>-</b>	<b>88,531,203</b>	<b>287,363,124</b>
<b>Less</b>					
Administrative Expenses	12	1,321,886,163	645,273,292	1,967,159,456	1,753,833,505
Other Operating Expenses	13	281,495,234	876,556,403	1,158,051,637	962,078,319
<b>Operating Profit</b>		<b>709,686,266</b>	<b>3,020,286,748</b>	<b>3,729,973,014</b>	<b>3,236,199,981</b>
<b>Less: Finance Expenses</b>	<b>14</b>	<b>10,685,438</b>	<b>569,494,709</b>	<b>580,180,147</b>	<b>697,466,041</b>
<b>Add: Finance Income ( Staff Loan)</b>		<b>6,943,197</b>	<b>-</b>	<b>6,943,197</b>	<b>6,890,528</b>
<b>Profit Before Tax</b>		<b>705,944,024</b>	<b>2,450,792,039</b>	<b>3,156,736,063</b>	<b>2,545,624,468</b>
Income Tax Expenses	15	172,681,633	599,490,551	772,172,185	576,400,951
<b>Profit After Tax</b>		<b>533,262,391</b>	<b>1,851,301,488</b>	<b>2,384,563,878</b>	<b>1,969,223,517</b>
<b>Other Comprehensive Income:</b>					
Gain/ Losses on defined benefit plan	26	25,272,911	32,165,522	57,438,433	(191,755,485)
<b>Total comprehensive income for the year</b>		<b>558,535,301</b>	<b>1,883,467,010</b>	<b>2,442,002,311</b>	<b>1,777,468,032</b>

## STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

## STATEMENT OF CASH FLOW

For the year ended 31st December	NOTE	2021	2020
		Rs.	Rs.
<b>Cash flow from operating activities</b>			
Net profit before taxation,		3,156,736,063	2,545,624,468
<b>Adjustments for:</b>			
Depreciation	16	81,750,446	91,262,460
Impairment/ adjustment for P.P.E	16	6,640,642	
Gratuity provision for the year	26.3	73,805,510	64,645,469
Lease amortisation	18	777,474	777,474
Profit/loss on disposal of fixed assets		(1,854,296)	-
Amortisation charges (software)	19	816,860	700,166
Unrealized profit	7	(9,068,148)	(1,125,679)
Lease Interest ( Osusala)		8,455,972	8,326,647
Amortisation of (ROU) Assets		26,149,892	23,400,940
Bad debt recoveries -SPC	11	(15,654,623)	
Provision for bad debts -DHS	13	493,742,965	597,927,077
Stock losses	13	319,034	1,137,164
Provision for damaged & outdated stock - SPC	13	128,932,861	103,644,268
Provision for damaged & outdated stock DHS	13	28,505,210	93,389,052
Interest expenses	14	569,624,426	695,204,980
<b>Operating profit before working capital changes</b>		<b>4,549,680,288</b>	<b>4,224,914,486</b>
Increase/Decrease in trade and other receivable	23	(18,896,724,637)	(6,994,123,808)
Increase/Decrease in deposit & prepayments	24	59,011,369	(46,985,921)
Increase/Decrease in inventories		234,508,319	(52,733,861)
Increase/Decrease in Goods in Transit	22	349,508,241	(1,127,422,755)
Increase/Decrease in trade & Other payables	28	33,180,124	(162,702,829)
Increase/Decrease in Deferred Income		(328,453)	338,297
<b>Cash generated from operations</b>		<b>(13,655,510,128)</b>	<b>(4,158,716,390)</b>
Income tax paid		(698,612,812)	(553,746,299)
Gratuity paid	26	(41,860,032)	(15,687,456)
Interest paid	14	(569,624,426)	(695,204,980)
<b>Cash flow before extraordinary items</b>		<b>(1,310,097,270)</b>	<b>(1,264,638,735)</b>
<b>Net cash from operating activities</b>		<b>(14,965,607,397)</b>	<b>(5,423,355,125)</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	16	(167,278,573)	(30,493,744)
Increase/Decrease in work in progress		82,355,726	(22,735,539)
Computer Software	19	(583,471)	(3,500,828)
Disposal of fixed assets		4,976,896	-
<b>Net cash used in investing activities</b>		<b>(80,529,422)</b>	<b>(56,730,111)</b>
<b>Cash flow from financing activities</b>			
Proceeds from long-term borrowing	27	-	11,876,000,000
Repayment of long term loan		(409,744,448)	-
Payments of Lease rent		(34,147,469)	(29,993,739)
<b>Net cash used in financing activities</b>		<b>(443,891,917)</b>	<b>11,846,006,261</b>
Net increase in cash and cash equivalents		(15,490,028,737)	6,365,921,025
<b>Cash and cash equivalents at beginning of period</b>		<b>1,169,428,866</b>	<b>(5,196,492,160)</b>
<b>Cash and cash equivalents at end of period (Note A)</b>		<b>(14,320,599,871)</b>	<b>1,169,428,866</b>
<b>Note A : Cash and cash equivalents</b>			
		2021	2020
		Rs.	Rs.
Cash in hand & at bank	25	1,007,854,541	1,128,932,855
Treasury bill investment	25	103,602,127	96,425,011
Bank overdraft	29	(15,432,056,540)	(55,929,000)
<b>Cash and cash equivalents</b>		<b>(14,320,599,871)</b>	<b>1,169,428,866</b>

## 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.

##### 1.2. Financial period

The financial period of the Corporation represents a twelve month period from 1 January 2021 to 31 December 2021.

##### 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 .....April 2022.

#### 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.

- Furniture, Equipment and Computers 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.

## 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

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 COVID-19 pandemic 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 pandemic.

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.

Significant valuation issues are reported to the Audit Committee. 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 2021, based on available information, the management has assessed the existing and anticipated effects of COVID-19 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 Directors were satisfied that the Corporation has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

In determining the above significant management judgments, estimates and assumptions the impact of the COVID 19 pandemic 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 31<sup>st</sup> December 2021. The amendments to the following existing Sri Lanka Accounting Standards which were effective from 01<sup>st</sup> January 2022 did not have a material impact on the Financial Statements.

- Onerous Contracts - (Amendments to IAS 37)
- The IASB issued "Annual Improvements to IFRS Standards 2018–2020"
- Property, Plant and Equipment — (Amendments to IAS 16)

### 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

Property, Plant and Equipment other than equipment, furniture and computers is stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Corporation derecognize the replaced parts, and recognizes the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the income statement as incurred.

Equipment, Furniture and Computers are measured at fair value. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation surplus is recorded in Other Comprehensive Income and credited to the asset revaluation reserve in equity.

#### 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	3 to 17 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.

#### 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 COVID-19 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 respect 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. The management has decided that no adjustment is required on deferred tax assets as response to expected reduction of tax expenses due to COVID-19 pandemic.

### **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.

#### **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 2021. 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 gross salary except travelling allowance.

#### Employees' Trust Fund

The Corporation contributes 3% on gross 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 approach 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 prices determined by the Corporation will be notified to the Distributor from time to time.</p> <p>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.</p> <p>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 engages in manufacturing and marketing of pharmaceuticals items namely,

- Jeevani
- Glucose
- Benzyl Bensovate Cream

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 transfer 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 Additional Storage Charges, Demurrages, 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 1984.2 million at the end of the year 2021. (From 01.01.2017 to 31.12.2021)

## 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.

	<b><u>DHS</u></b>	<b><u>SPC</u></b>
(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 reclassification 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.

Due to the impact of COVID 19 Pandemic situation, Probability of Default (PD), Loss Given Default (LGD) computed as at 31.12.2021 & Economic Factor Adjustment (EFA) considered in the computation of “provision for impairment on trade receivables” for the Corporation as at 31st December 2021 have led to increase the such provision significantly. This disclosure is based on the “COVID - 19 Pandemic: Guidance Notes on the Implications on Financial Reporting” issued by the institute of chartered accountants of Sri Lanka

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

## NOTES TO THE FINANCIAL STATEMENTS

## 7 REVENUE

For the year ended 31st December	2021	2020
	Rs.	Rs.
<b>Revenue - SPC</b>		
Bulk trading	2,952,076,633	2,981,077,812
ORS sales	159,003,516	134,564,549
Osusala sales ( Note 30)	6,270,536,152	5,615,646,408
Provision for Unrealized Profit	(9,068,148)	(1,125,679)
Credit Insurance	2,850,703	2,880,235
Claims Received from Suppliers	71,423,261	65,003,766
<b>Total</b>	<b>9,446,822,118</b>	<b>8,798,047,091</b>
<b>Revenue - DHS</b>		
Import supplies	24,299,943,685	29,313,911,102
Local supplies	29,156,290,884	18,510,516,508
Import of vaccines ( Note 7.1)	13,887,481,786	-
CPU supplies	2,765,069,155	5,952,835,591
Claims Received from Suppliers	570,472,023	398,088,092
Penalties on delayed Supplies	132,086,976	148,213,322
<b>Total</b>	<b>70,811,344,509</b>	<b>54,323,564,615</b>
<b>Total Revenue</b>	<b>80,258,166,627</b>	<b>63,121,611,706</b>

## 7.1 IMPORT AND SUPPLY OF COVID 19 VACCINES BY THE CORPORATION

Vaccine	Cost and Freight Charges	Service Charges (4%)	Total
	Rs.	Rs.	Rs.
<b>Importaion of Vaccines - Funded by GOSL</b>			
Service charges on Imports handling			
Sinopharm	-	1,128,184,292	1,128,184,292
Pfizer	-	129,131,934	129,131,934
	-	<b>1,257,316,226</b>	<b>1,257,316,226</b>
<b>Importaion of Vaccines - Funded by SPC</b>			
Sinopharm	10,957,247,800	438,289,912	11,395,537,713
Sputnik V	665,869,661	26,634,786	692,504,447
Covidshield	521,272,500	20,850,900	542,123,400
<b>Total</b>	<b>12,144,389,961</b>	<b>485,775,598</b>	<b>12,630,165,560</b>
<b>Total</b>	<b>12,144,389,961</b>	<b>1,743,091,824</b>	<b>13,887,481,786</b>

## 7.2 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.

## NOTES TO THE FINANCIAL STATEMENTS

## 8 COST OF SALES / DIRECT EXPENSES - DHS

For the year ended 31st December	2021	2020
	Rs.	Rs.
<b>Revenue</b>	<b>70,811,344,509</b>	<b>54,323,564,615</b>
<b>DIRECT COST</b>		
C & F value of DHS supplies	21,964,064,214	27,265,309,832
Custom duties & taxes	752,126,279	631,465,369
Cost of local supplies	28,171,554,257	17,799,064,813
CPU purchases to DHS	2,658,720,341	5,723,880,376
Import of vaccine ( Note 7.1)	12,144,389,961	
<b>Total</b>	<b>65,690,855,053</b>	<b>51,419,720,390</b>
<b>OTHER DIRECT COST</b>		
Clearing charges ( Bank charges, Stamp fee , Commission & LC chg.	987,060,371	485,821,427
Landing charges	97,182,364	60,287,195
Import licenses fee	191,506,861	126,640,396
Deductions on supplies - CPU	-	12,393,755
<b>Total</b>	<b>1,275,749,596</b>	<b>685,142,773</b>
<b>TOTAL COST</b>	<b>66,966,604,648</b>	<b>52,104,863,163</b>
Less: Stock in transit	697,376,583	1,196,371,305
Direct expenses/ Cost of sales	66,269,228,066	50,908,491,858
<b>Gross profit/surplus</b>	<b>4,542,116,443</b>	<b>3,415,072,757</b>

## 9 COST OF SALES -SPC

For the year ended 31st December	BULK	OSUSALA	TOTAL	TOTAL
	TRADING	TRADING	TRADING	TRADING
	Rs.	Rs.	SPC-2021	SPC-2020
			Rs.	Rs.
Stock In trade at the beginning of the year	1,432,873,377	1,280,058,686	2,712,932,063	2,707,619,897
<b>Add :</b>				
Imported drugs	2,399,883,034		2,399,883,034	2,577,032,563
Consumables for the laboratory	3,297,618		3,297,618	4,481,303
Local purchases (SPC tenders)	1,893,636,859		1,893,636,859	1,425,224,619
C.P.U - Purchases	247,218,409		247,218,409	331,857,819
Local purchases (Osusalas) ( Note 30.1)	-	2,270,752,265	2,270,752,265	2,206,092,540
Transfers ( Note 30.1)	(3,007,962,686)	3,007,962,686	-	-
<b>STOCK AVAILABLE FOR SALES</b>	<b>2,968,946,611</b>	<b>6,558,773,637</b>	<b>9,527,720,248</b>	<b>9,252,308,742</b>
Less: Stock In trade at end of the year	1,139,665,189	1,302,588,718	2,442,253,906	2,816,568,177
<b>COST OF SALES &amp; TRANSFERS</b>	<b>1,829,281,422</b>	<b>5,256,184,920</b>	<b>7,085,466,342</b>	<b>6,435,740,565</b>

## NOTES TO THE FINANCIAL STATEMENTS

**10 COST OF MANUFACTURING GLUCOSE, JEEWANEE AND BB CREAM**

For the year ended 31st December	2021	2020
	Rs.	Rs.
Opening stock of raw materials	1,148,181	2,056,396
<b>Add:</b> purchases of raw materials	55,319,722	35,333,552
<b>Less:</b> closing stock of raw materials	854,087	1,148,181
<b>Cost of raw materials consumed</b>	<b>55,613,816</b>	<b>36,241,767</b>
<b>Add:</b> Manufacturing cost (Note 10.1)	80,145,514	77,017,327
<b>Production cost of goods</b>	<b>135,759,330</b>	<b>113,259,094</b>

**ORS TRADING**

For the year ended 31st December	2021	2020
	Rs.	Rs.
Opening stock ( finished goods)	1,059,986	431,493
<b>Add:</b> Production cost of goods	135,759,330	113,259,094
<b>Less:</b> Closing stock ( finished goods)	-	1,059,986
<b>Cost of sale</b>	<b>136,819,315</b>	<b>112,630,601</b>
Sales	159,003,516	134,564,549
Less: Cost of sale	136,819,315	112,630,601
<b>Gross profit</b>	<b>22,184,201</b>	<b>21,933,948</b>

**10.1 MANUFACTURING COST**

For the year ended 31st December	2021	2020
	Rs.	Rs.
Salaries & wages	34,793,626	29,856,247
Overtime.	3,686,724	3,012,006
Uniforms.	20,400	618,556
Insurance for staff	551,461	367,197
Provident fund (EPF & ETF).	4,115,649	3,531,798
Annual bonus	432,000	432,000
Attendance bonus	797,250	890,400
Annual incentive bonus	2,293,866	2,274,321
Staff welfare	1,409,532	1,271,183
Medical expenses	459,359	479,352
Power	4,184,953	4,208,003
Depreciation	10,763,486	12,708,553
Repairs & maintenance	3,988,416	1,629,287
Packing materials used	12,648,792	15,738,424
<b>Total</b>	<b>80,145,514</b>	<b>77,017,327</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 11 OTHER OPERATING INCOME

For the year ended 31st December	2021	2020
	Rs.	Rs.
<b>SPC</b>		
Sales of tender forms.	68,321,136	79,922,549
Rent received	53,336	678,122
Treasury bill interest	4,787,139	6,234,105
Scrap sales	54,385	106,836
Fund management income	4,438,930	33,616,653
Miscellaneous income	4,193,070	10,533,743
Holiday bungalow income	149,425	343,125
Pre qualification charges	-	1,268,250
Sample testing income	2,149,560	2,414,553
Foreign exchange gain/loss	-	20,929,804
Prescriber	12,125	
Supplier Convention	-	175,000
Int. on returned cheques/ delays	2,517,801	2,444,472
Profit on disposal of fixed assets	1,854,296	-
<b>Total</b>	<b>88,531,203</b>	<b>158,667,212</b>
<b>DHS</b>		
Foreign exchange gain/loss	-	128,695,911
<b>Total</b>	<b>-</b>	<b>128,695,911</b>
<b>Grand Total</b>	<b>88,531,203</b>	<b>287,363,124</b>

## 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 2021	TRADING 2020
PERSONNEL EMOLUMENTS	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Salaries, Wages & Allowances.	463,353,737	-	277,887,788	741,241,525	353,675,366	1,094,916,891	956,389,952
Overtime.	31,588,344	-	9,587,663	41,176,008	6,391,775	47,567,783	57,056,172
Staff training expenses.	-	-	248,820	248,820	316,680	565,500	570,460
Uniforms.	3,127,759	-	764,026	3,891,784	972,396	4,864,180	5,187,027
Insurance for staff	6,337,994	-	5,594,174	11,932,168	7,119,858	19,052,026	12,818,910
Provident fund (EPF & ETF).	54,341,008	-	33,126,387	87,467,395	42,160,856	129,628,252	112,123,647
Annual bonus	5,076,113	-	3,144,661	8,220,774	4,002,296	12,223,070	12,147,515
Monthly attendance bonus.	10,164,850	-	5,320,260	15,485,110	6,771,240	22,256,350	25,303,270
Sports club expenses	-	-	355,281	355,281	452,176	807,457	422,730
Annual per inc. bonus.	29,234,692	-	17,923,863	47,158,554	22,812,189	69,970,743	67,071,626
Gratuity. ( Note 26.3)	-	-	32,474,424	32,474,424	41,331,086	73,805,510	64,645,469
Land/ Housing loan interest	3,836,663	74,503	2,264,951	6,176,117	2,882,665	9,058,782	8,608,338
SPC Anniversary payment	-	-	668,536	668,536	850,864	1,519,400	3,508,258
Death gratuity	-	-	-	-	-	-	748,394
<b>Total</b>	<b>607,061,160</b>	<b>74,503</b>	<b>389,360,834</b>	<b>996,496,497</b>	<b>489,739,448</b>	<b>1,486,235,945</b>	<b>1,326,601,769</b>
<b>TRAVELING EXPENSES</b>							
Overseas travelling expenses- others.	-	-	-	-	-	-	104,375
Local travelling expenses - others.	716,128	650	5,833,133	6,549,912	648,126	7,198,038	18,214,056
<b>Total</b>	<b>716,128</b>	<b>650</b>	<b>5,833,133</b>	<b>6,549,912</b>	<b>648,126</b>	<b>7,198,038</b>	<b>18,318,431</b>
<b>SUPPLIES &amp; REQUISITES</b>							
Printing & stationery.	8,012,594	571,274	12,120,737	20,704,604	4,040,246	24,744,850	23,476,387
Board meeting expenses.	-	-	20,291	20,291	6,764	27,055	33,945
Entertainment - others.	-	-	199,466	199,466	66,489	265,955	280,646
Repairs to motor vehicles.	-	-	8,840,453	8,840,453	2,946,818	11,787,271	10,609,224
Fuel & lubricants.	-	-	10,802,811	10,802,811	3,600,937	14,403,748	15,383,858
License fees of motor vehicles.	-	-	152,519	152,519	50,840	203,359	212,466
<b>Total</b>	<b>8,012,594</b>	<b>571,274</b>	<b>32,136,278</b>	<b>40,720,145</b>	<b>10,712,093</b>	<b>51,432,238</b>	<b>49,996,525</b>
<b>REPAIRS &amp; MAINTENANCE</b>							
Buildings.	2,315,515	-	4,072,282	6,387,798	4,072,282	10,460,080	8,679,314
Furniture, fittings & equipment	3,363,382	-	1,523,095	4,886,477	1,523,095	6,409,572	11,849,634
Computer	148,328	-	4,747,124	4,895,452	4,747,124	9,642,576	7,947,938
<b>Total</b>	<b>5,827,225</b>	<b>-</b>	<b>10,342,502</b>	<b>16,169,726</b>	<b>10,342,502</b>	<b>26,512,228</b>	<b>28,476,886</b>

## 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
	Rs.	Rs.	Rs.	SPC	DHS	2021	2020
				Rs.	Rs.	Rs.	Rs.
<b>TRANSPORTATION, COMMUNICATION UTILITIES &amp; OTHER SERVICES</b>							
Rent/Amortization of ROU Assets (Note 17.2)	28,561,831	-	2,265,981	30,827,812	-	30,827,812	27,699,588
Rent - "Mehewarapiyasa"	-	-	4,200,000	4,200,000	4,200,000	8,400,000	-
Lease rent amortization	617,474	-	160,000	777,474	-	777,474	778,474
Rates & taxes.	893,113	-	582,890	1,476,002	582,890	2,058,892	2,132,183
Water bills	944,834	103,896	563,900	1,612,629	563,900	2,176,529	2,106,552
Electricity.	21,162,940	-	13,976,573	35,139,514	13,976,573	49,116,087	48,408,501
Postage, Telegrams & Telephones.	2,456,142	46,058	6,652,597	9,154,797	6,652,597	15,807,395	16,770,636
Trade subscriptions, Periodicals & Publications.	234,890	-	153,910	388,800	153,910	542,710	500,420
Professional charges.	-	-	5,330,160	5,330,160	5,330,160	10,660,320	976,783
Insurance.	-	-	1,732,344	1,732,344	1,732,344	3,464,687	4,813,542
Press notification.	-	-	5,585,342	5,585,342	13,032,464	18,617,805	14,653,743
Security services.	24,047,983	605,722	6,163,984	30,817,689	6,163,984	36,981,673	36,112,345
Depreciation	28,972,932	-	21,007,014	49,979,946	21,007,014	70,986,959	78,553,908
Amortisation- Computer Software	816,860	-	-	816,860	-	816,860	700,166
License fees for drugs.	1,222,524	-	9,762,633	10,985,156	-	10,985,156	16,401,049
Sundry expenses.	96,277	-	210,234	306,511	98,934	405,444	431,922
Directors fees.	-	-	330,000	330,000	330,000	660,000	620,000
Audit fees.	-	-	663,203	663,203	663,203	1,326,405	2,570,595
Tender board expenses.	-	-	7,211,424	7,211,424	16,826,656	24,038,080	11,310,200
Staff welfare.	23,080,972	-	24,209,006	47,289,979	30,811,463	78,101,442	46,830,337
Staff medical expenses.	5,745,410	-	3,550,769	9,296,179	4,519,160	13,815,339	13,417,244
Donations	-	-	1,066,944	1,066,944	-	1,066,944	3,683,694
Holiday bungalow expenses	-	-	824,098	824,098	1,048,852	1,872,950	968,016
Head office shifting expenses	-	-	6,137,023	6,137,023	6,137,023	12,274,045	-
<b>Total</b>	<b>138,854,182</b>	<b>755,675</b>	<b>122,340,026</b>	<b>261,949,883</b>	<b>133,831,124</b>	<b>395,781,008</b>	<b>330,439,895</b>
<b>TOTAL ADMINISTRATIVE Ex</b>	<b>760,471,288</b>	<b>1,402,102</b>	<b>560,012,774</b>	<b>1,321,886,163</b>	<b>645,273,292</b>	<b>1,967,159,456</b>	<b>1,753,833,505</b>

## 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 2021	TRADING 2020
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>							
Sales promotion expenses.	-	-	12,265,573	12,265,573	-	12,265,573	6,866,117
Prescriber	-	-	-	-	-	-	1,324,509
Transport charges.	-	-	9,702,181	9,702,181	-	9,702,181	13,189,923
Provision for bad debts	-	-	(15,654,623)	(15,654,623)	493,742,965	478,088,341	597,927,077
Discount on osusala sales	-	-	12,655,394	12,655,394	-	12,655,394	9,391,436
Additional discounts	-	-	90,007,660	90,007,660	-	90,007,660	106,742,654
Value Added Tax	-	-	2,371,449	2,371,449	7,114,348	9,485,797	10,295,700
Stock losses	-	-	319,034	319,034	-	319,034	1,137,164
Stock adj. (Excess/Shortage)	558,069	-	(13,991)	544,078	-	544,078	(8,154)
Pro. for outdated & damaged drugs	13,186,667	-	115,746,194	128,932,861	-	128,932,861	103,644,268
Pro. for outdated & damaged drugs - DHS	-	-	-	-	28,505,210	28,505,210	93,389,052
Stamp fee	-	-	420,275	420,275	-	420,275	460,200
Setting up expenses	-	-	3,545,499	3,545,499	-	3,545,499	318,630
Storage charges	-	-	-	-	12,098,013	12,098,013	4,741,451
Foreign exchange gain/loss	-	-	22,963,591	22,963,591	333,365,043	356,328,633	-
Sundry packing materials.	12,444,986	-	45,293	12,490,279	-	12,490,279	11,685,156
<b>TOTAL</b>	<b>26,189,722</b>	<b>-</b>	<b>254,373,529</b>	<b>280,563,252</b>	<b>874,825,579</b>	<b>1,155,388,830</b>	<b>961,105,182</b>
<b>RESEARCH &amp; DEVELOPMENT</b>							
Drugs for testing	-	-	5,516	5,516	10,245	15,761	20,759
Testing charges for samples	-	-	922,525	922,525	1,713,262	2,635,787	934,342
Drugs for sample	-	-	3,941	3,941	7,318	11,259	18,036
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>931,982</b>	<b>931,982</b>	<b>1,730,825</b>	<b>2,662,807</b>	<b>973,137</b>
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>26,189,722</b>	<b>-</b>	<b>255,305,512</b>	<b>281,495,234</b>	<b>876,556,403</b>	<b>1,158,051,637</b>	<b>962,078,319</b>

## 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 2021	TRADING 2020
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
O/D interest	-	-	129,717	129,717	569,494,709	569,624,426	686,878,333
Lease interest charge for the year ( Note 17.2)	-	-	8,455,972	8,455,972	-	8,455,972	8,326,647
Bank charges	-	-	2,099,749	2,099,749	-	2,099,749	2,261,061
<b>TOTAL FINANCE COST</b>	<b>-</b>	<b>-</b>	<b>10,685,438</b>	<b>10,685,438</b>	<b>569,494,709</b>	<b>580,180,147</b>	<b>697,466,041</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 15 MAJOR COMPONENT OF TAX EXPENSES

For the year ended 31st December	2021	2020
	Rs.	Rs.
Current tax expenses (Note 15.1)	799,307,372	664,702,039
Over/Under provision in respect of previous years	416,123	12,423,221
Adj. Deferred tax Income/Expenses relating to the origination - - and reversal of temporary differences ( Note 20)	(27,551,310)	(100,724,309)
<b>Tax expenses</b>	<b>772,172,185</b>	<b>576,400,951</b>

### 15.1 RECONCILIATION OF ACCOUNTING PROFIT TO INCOME TAX EXPENSES

For the year ended 31st December	2021	2020
	RS.	RS.
Profit Before Tax	3,156,736,063	2,545,624,468
Disallowable expenses	350,131,154	382,266,378
Qualifying payments	(176,419,835)	(158,299,018)
<b>Taxable Income</b>	<b>3,330,447,382</b>	<b>2,769,591,828</b>
Income Tax @ 24%	799,307,372	664,702,039
Tax on Distributable Profit 25% ( net)	-	-
<b>Income tax on current year profit</b>	<b>799,307,372</b>	<b>664,702,039</b>
Over/Under provision in respect of previous years	416,123	12,423,221
Adj. Deferred tax Income/Expenses relating to the origination - and reversal of temporary differences (Note 20)	(27,551,310)	(100,724,309)
<b>Tax expenses</b>	<b>772,172,185</b>	<b>576,400,951</b>
<b>Effective Tax Rate %</b>	<b>24.5</b>	<b>22.6</b>

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## 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.
<b>COST OF DEEMED COST</b>									
<b>At 1 January 2020</b>	<b>1,199,639,630</b>	<b>624,417,636</b>	<b>172,047,731</b>	<b>39,150</b>	<b>93,034,323</b>	<b>177,762,629</b>	<b>46,454,370</b>	<b>93,247,720</b>	<b>2,406,643,189</b>
Additions	-	-	-	-	8,680,980	8,508,713	-	13,304,052	30,493,744
Disposals	-	-	-	-	-	-	-	-	-
<b>At 31 December 2020</b>	<b>1,199,639,630</b>	<b>624,417,636</b>	<b>172,047,731</b>	<b>39,150</b>	<b>101,715,303</b>	<b>186,271,342</b>	<b>46,454,370</b>	<b>106,551,772</b>	<b>2,437,136,933</b>
Additions	-	127,007,450	-	-	11,420,277	12,882,138	-	15,968,708	167,278,573
Adjustments	-	(6,640,642)	-	-	-	-	-	-	(6,640,642)
Disposals	-	-	(6,100,000)	(5,050)	(199,250)	(1,335,913)	-	-	(7,640,213)
<b>At 31 December 2021</b>	<b>1,199,639,630</b>	<b>744,784,444</b>	<b>165,947,731</b>	<b>34,100</b>	<b>112,936,330</b>	<b>197,817,567</b>	<b>46,454,370</b>	<b>122,520,480</b>	<b>2,590,134,651</b>
<b>DEPRECIATION &amp; IMPAIRMENT</b>									
<b>At 1 January 2020</b>	<b>-</b>	<b>108,000,216</b>	<b>49,392,973</b>	<b>36,751</b>	<b>25,817,130</b>	<b>89,054,761</b>	<b>23,371,804</b>	<b>41,769,043</b>	<b>337,442,678</b>
Depreciation charge for the year	-	16,556,083	8,082,440	2,342	9,780,263	35,618,156	5,218,554	16,004,622	91,262,460
Disposals	-	-	-	-	-	-	-	-	-
<b>At 31 December 2020</b>	<b>-</b>	<b>124,556,299</b>	<b>57,475,413</b>	<b>39,092</b>	<b>35,597,393</b>	<b>124,672,917</b>	<b>28,590,358</b>	<b>57,773,665</b>	<b>428,705,139</b>
Depreciation charge for the year	-	18,046,318	7,936,885	58	10,646,557	23,298,089	5,199,202	16,623,337	81,750,446
Disposals	-	-	(3,100,000)	(5,050)	(119,386)	(1,293,177)	-	-	(4,517,613)
<b>At 31 December 2021</b>	<b>-</b>	<b>142,602,617</b>	<b>62,312,298</b>	<b>34,100</b>	<b>46,124,564</b>	<b>146,677,829</b>	<b>33,789,560</b>	<b>74,397,002</b>	<b>505,937,971</b>
<b>NET BOOK VALUE</b>									
<b>At 31 December 2021</b>	<b>1,199,639,630</b>	<b>602,181,826</b>	<b>103,635,433</b>	<b>-</b>	<b>66,811,766</b>	<b>51,139,738</b>	<b>12,664,810</b>	<b>48,123,477</b>	<b>2,084,196,680</b>
<b>At 31 December 2020</b>	<b>1,199,639,630</b>	<b>499,861,336</b>	<b>114,572,318</b>	<b>58</b>	<b>66,117,909</b>	<b>61,598,425</b>	<b>17,864,011</b>	<b>48,778,106</b>	<b>2,008,431,794</b>
<b>At 31 December 2019</b>	<b>1,199,639,630</b>	<b>516,417,420</b>	<b>122,654,758</b>	<b>2,399</b>	<b>67,217,193</b>	<b>88,707,869</b>	<b>23,082,565</b>	<b>51,478,677</b>	<b>2,069,200,510</b>

Fully Depreciated but still in Use -

The cost of fully-depreciated property, plant and equipment of the Corporation which are still in use amounted to Rs.128.8 million as at 31st December 2021.

## NOTES TO THE FINANCIAL STATEMENTS

### 17 Right-of -use Assets

As at 31st December	Land and Building 2021 RS.	Land and Building 2020 RS.
Carrying amount at the beginning of the year	41,966,690	54,672,686
Contracts terminated during the year	(5,001,564)	-
Additions during the year	33,317,914	10,694,945
Amortization during the year ( Note No 17.2)	(26,149,892)	(23,400,940)
Carrying amount at the end of the year	<b>44,133,149</b>	<b>41,966,690</b>

### 17.1 Lease Liability

#### Obligation to Make the Lease Payments

As at 31st December	2021 RS.	2020 RS.
Gross Lease Liabilities - Minimum Lease Payments	<b>65,275,719</b>	<b>60,500,961</b>
<b>Obligations under Lease</b>		
No later than One Year	27,800,709	25,596,815
Later than one year but no later than five years	31,691,489	31,854,496
Later than five years	5,783,521	3,049,650
	<b>65,275,719</b>	<b>60,500,961</b>
Future Finance Charges on Leases	(14,929,229)	(12,779,325)
The present value of lease liabilities	<b>50,346,490</b>	<b>47,721,636</b>

*The present value of lease liabilities is classified as:*

Current Liabilities	21,759,130	19,870,218
Non-current Liabilities	28,587,360	27,851,418

### 17.2 Amounts recognized in profit & loss

	2021 Rs.	2020 Rs.
Amortization of "Right-of-Use" (ROU) Assets for the Year	26,149,892	23,400,940
Expenses not included in the measurement of lease liabilities - short-term lease, variable lease payments, low-value assets etc.	4,677,920	4,298,647
Administration Expenses ( Note 12)	<b>30,827,812</b>	<b>27,699,588</b>
Interest paid/payable for lease liabilities (Note 14)	<b>8,455,972</b>	<b>8,326,647</b>

## NOTES TO THE FINANCIAL STATEMENTS

**18 Lease Assets paid in advance**

As at 31st December		2021	2020
		RS.	RS.
Ratmalana Land	99 year	9,240,000	9,400,000
Osusala Badulla ( Bus Stand )	50 year	3,336,450	3,451,500
Osusala Badulla ( CWE )	33 year	3,937,879	4,146,970
Osusala Nugegoda	30 year	5,549,893	5,843,226
<b>Total rent paid in advance</b>		<b>22,064,222</b>	<b>22,841,696</b>

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**

	2021	2020
	Rs.	Rs.
<b>Cost</b>		
As at the beginning of the year	2,800,662	-
Acquisition/Incurred during the year	583,471	3,500,828
As at the end of the year	3,384,134	3,500,828
<b>Amortisation</b>		
Amortisation charge for the year	816,860	700,166
<b>Carrying Amount</b>		
As at the end of the year	2,567,274	2,800,662

**20 DEFERRED TAX ASSETS/ LIABILITIES**

	Balance 1st January 2021	Recognised in profit & loss	Balance 31st December 2021	Balance 1st January 2020	Recognised in profit & loss	Balance 31st December 2020
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
On Property plant & equipment	101,411,527	4,204,800	105,616,327	120,005,219	(18,593,692)	101,411,527
<b>Deferred tax liability</b>	<b>101,411,527</b>	<b>4,204,800</b>	<b>105,616,327</b>	<b>120,005,219</b>	<b>(18,593,692)</b>	<b>101,411,527</b>
On Retirement benefit obligation	(118,959,892)	6,118,309	(112,841,583)	(71,386,761)	(47,573,131)	(118,959,892)
Provision for disputed items	(115,232,203)	(37,874,419)	(153,106,622)	(80,674,717)	(34,557,486)	(115,232,203)
<b>Deferred tax Assets</b>	<b>(234,192,095)</b>	<b>(31,756,110)</b>	<b>(265,948,204)</b>	<b>(152,061,478)</b>	<b>(82,130,617)</b>	<b>(234,192,095)</b>
<b>Net Deferred Tax Assets/ Liability</b>	<b>(132,780,568)</b>	<b>(27,551,309)</b>	<b>(160,331,877)</b>	<b>(32,056,259)</b>	<b>(100,724,309)</b>	<b>(132,780,568)</b>

Deferred income tax is provided using a principal tax rate of 24%

## NOTES TO THE FINANCIAL STATEMENTS

## 21 TRADING STOCK

2021

2020

As at 31st December	2021						2020					
	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	92,976,346	-	92,976,346	-	-	<b>92,976,346</b>	34,321,694	-	34,321,694	-	-	<b>34,321,694</b>
Bulk Stores	1,139,665,189	(13,991)	1,139,679,180	331,367,239	-	<b>808,311,941</b>	1,531,716,016	(1,966)	1,531,717,983	206,719,236	-	<b>1,324,998,747</b>
Trading Stock Osusala ( NOTE 30.4)	1,302,588,718	558,069	1,302,030,649	13,421,353	57,999,630	<b>1,230,609,666</b>	1,284,852,160	(6,188)	1,284,858,348	8,764,486	48,931,482	<b>1,227,162,381</b>
Finished Products- ORS	-	-	-	-	-	-	1,059,986	-	1,059,986	-	-	<b>1,059,986</b>
Raw Materials -ORS	854,087	-	854,087	-	-	<b>854,087</b>	1,148,181	-	1,148,181	-	-	<b>1,148,181</b>
<b>Total</b>	<b>2,536,084,339</b>	<b>544,078</b>	<b>2,535,540,262</b>	<b>344,788,592</b>	<b>57,999,630</b>	<b>2,132,752,040</b>	<b>2,853,098,037</b>	<b>(8,154)</b>	<b>2,853,106,191</b>	<b>215,483,721</b>	<b>48,931,482</b>	<b>2,588,690,988</b>
<b>SUNDRY STOCKS</b>												
Printing Stationery	13,583,130	-	13,583,130	-	-	<b>13,583,130</b>	19,511,265	-	19,511,265	-	-	<b>19,511,265</b>
Packing Materials	32,179,317	-	32,179,317	-	-	<b>32,179,317</b>	29,450,479	-	29,450,479	-	-	<b>29,450,479</b>
Miscellaneous Stocks	2,410,257	-	2,410,257	-	-	<b>2,410,257</b>	1,605,671	-	1,605,671	-	-	<b>1,605,671</b>
<b>Total</b>	<b>48,172,704</b>	<b>-</b>	<b>48,172,704</b>	<b>-</b>	<b>-</b>	<b>48,172,704</b>	<b>50,567,414</b>	<b>-</b>	<b>50,567,414</b>	<b>-</b>	<b>-</b>	<b>50,567,414</b>
Disputed items	215,481,045	-	215,481,045	-	-	215,481,045	111,839,453	-	111,839,453	-	-	111,839,453
<b>Total</b>	<b>2,799,738,089</b>	<b>544,078</b>	<b>2,799,194,011</b>	<b>344,788,592</b>	<b>57,999,630</b>	<b>2,396,405,789</b>	<b>3,015,504,905</b>	<b>(8,154)</b>	<b>3,015,513,059</b>	<b>215,483,721</b>	<b>48,931,482</b>	<b>2,751,097,855</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 22 STOCKS IN TRANSIT - DHS

As at 31st December	2021	2020
	Rs.	Rs.
Stock in Transit	697,376,583	1,196,371,305
<b>Add: Disputed Items - DHS</b>		
Disputed stock as at 31.12.21	532,522,137	383,035,656
Disputed balances as at 31.12.21	14,603,745	14,603,745
Less: Provision for unsalable	307,759,412	279,254,202
<b>Goods in Transit - DHS</b>	<b>936,743,053</b>	<b>1,314,756,504</b>

### 23 TRADE AND OTHER RECEIVABLES

As at 31st December	2021	2020
	Rs.	Rs.
Total Dues From DHS (Note 23.1)	52,850,871,522	34,424,918,066
Trade Debtors (Note 23.1)	1,311,824,059	1,426,074,422
Staff Loans (Note 23.1)	102,539,049	98,557,382
Other Staff Advances (Note 23.1)	168,362	133,318
Deposits and Advances (Note 23.1)	930,423,705	378,600,914
Other Receivables & Recoverable (Note 23.1)	49,486,746	53,789,554
<b>Total</b>	<b>55,245,313,443</b>	<b>36,382,073,656</b>
Less: Provision for bad & doubtful debts	3,146,504,631	2,686,246,516
<b>Trade and Other Receivables</b>	<b>52,098,808,812</b>	<b>33,695,827,140</b>

#### 23.1 DEBTORS ANALYSIS

As at 31st December	2021	2020
	Rs.	Rs.
<b>TOTAL DUES FROM DHS</b>		
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 *	52,639,279,630	34,213,326,174
<b>Total</b>	<b>52,850,871,522</b>	<b>34,424,918,066</b>

\* This amount includes dues on vaccines supplies of Rs. 8,287,488,935

## NOTES TO THE FINANCIAL STATEMENTS

## 23.1 DEBTORS ANALYSIS - Cont.

As at 31st December	2021	2020
	Rs.	Rs.
<b>TRADE DEBTORS</b>		
Distributors	306,034,520	307,968,435
Sales Representatives	1,801,066	49,470
Private Sector Organizations	108,352,167	77,885,618
Forces	650,306,321	706,184,859
Franchise Osusalas	38,186,325	35,616,110
Authorized retailer	1,355,947	1,973,725
Hospitals- Government	92,390,446	140,042,955
Hospitals- Private	13,701,955	21,072,070
Government Dept. & Corporations	69,938,268	105,330,015
Disputed Debtors - Government Sector	17,018,470	17,042,441
Disputed Debtors - Private Sector	2,298,524	2,468,674
Debtors under litigation	10,440,050	10,440,050
<b>Total</b>	<b>1,311,824,059</b>	<b>1,426,074,422</b>
<b>STAFF LOANS</b>		
Staff Loan	102,539,049	98,557,382
<b>Total</b>	<b>102,539,049</b>	<b>98,557,382</b>
<b>OTHER STAFF ADVANCES</b>		
Cycle Loans	1,092	6,048
Festival Advance	167,270	127,270
<b>Total</b>	<b>168,362</b>	<b>133,318</b>
<b>DEPOSITS AND ADVANCES</b>		
Advance Payments to Suppliers	928,520,613	378,322,305
General Advance	1,903,092	278,609
<b>Total</b>	<b>930,423,705</b>	<b>378,600,914</b>
<b>OTHER RECEIVABLES &amp; RECOVERABLE</b>		
Sundry Debtors	7,661,127	7,659,459
E Channeling control A/c	25,556	25,556
Insurance Claim Receivables	427,850	376,131
Claim receivable from supplier	27,445,979	32,353,085
Agency Commission Receivable	13,926,234	13,375,322
<b>Total</b>	<b>49,486,746</b>	<b>53,789,554</b>
<b>TOTAL DEBTORS AND OTHER RECEIVABLES</b>	<b>55,245,313,443</b>	<b>36,382,073,656</b>

## 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	2,814	440	2,259	7,323	2,725	35,587	51,148
Deductions -Claim from Suppliers	771	3	33	267	323	94	1,491
Import, Local & Custom duty	211	-	-	-	-	-	211
	<b>3,796</b>	<b>443</b>	<b>2,292</b>	<b>7,590</b>	<b>3,048</b>	<b>35,681</b>	<b>52,850</b>

**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	22	75	30	437	322	426	1,312

**NOTES TO THE FINANCIAL STATEMENTS****24 PREPAYMENTS**

<b>As at 31st December</b>	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
Pre- Payments	8,710,858	57,883,654
Employee Security Investments	441,636	441,636
Deposits - Postal Franking Machine	642,867	645,982
Pre paid Staff Expenses	1,461,832	4,927,979
Advance Payments to Port Authority	2,087,016	9,840,446
Miscellaneous Deposits	9,937,671	10,689,571
Container Deposits - SPC	2,992,840	2,231,340
Container Deposits - DHS	15,630,986	14,256,467
<b>Total</b>	<b>41,905,706</b>	<b>100,917,075</b>

**25 CASH AND CASH EQUIVALENTS**

<b>As at 31st December</b>		<b>2021</b>	<b>2020</b>
		<b>Rs.</b>	<b>Rs.</b>
People's Bank	A/C 90210892	194,123,584	504,465,182
People's Bank	A/C -90210929		319,835,973
Bank of Ceylon	A/C -1438	700,446,327	101,103,104
Bank of Ceylon	A/C -1425	73,426,324	-
Bank of Ceylon	A/C -1435	-	179,977,132
Bank of Ceylon	A/C -70556680	14,015,325	5,422,167
Bank of Ceylon	A/C -84740710	9,487,002	8,781,842
Standard Chartered Bank	A/C 1171968 01	12,009,435	7,985,743
Commercial bank	A/C -50401	55,007	55,007
Sampath Sanhida	A/C 10218	3,458,937	558,082
<b>Investments</b>			
Treasury Bill - Credit Insurance Scheme		71,107,605	67,866,844
Treasury Bill - Supplier Convention		32,494,522	28,558,167
Petty Cash Impress - Control		832,600	748,622
<b>Total</b>		<b>1,111,456,668</b>	<b>1,225,357,866</b>

**26 EMPLOYEE RETIREMENT GRATUITY**

<b>As at 31st December</b>	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
Gratuity opening balance	495,666,216	254,952,718
Interest Cost ( Note 26.3)	39,653,297	26,770,035
Current Service Cost ( Note 26.3)	34,152,213	37,875,434
Actuarial Gain /Loss ( Note 26.3)	(57,438,433)	191,755,485
Benefit paid/ payables during the year	(41,860,032)	(15,687,456)
<b>Total</b>	<b>470,173,261</b>	<b>495,666,216</b>

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 2021.

## NOTES TO THE FINANCIAL STATEMENTS

**26.1** The principal actuarial valuation assumptions used are as follows:

As at 31st December	2021	2020
Discount %	11.5% p.a.	8% p.a.
Future salary increase %	8% p.a.	5% p.a.
Allowance increase %	13% p.a.	10% p.a.
Retiring age	62 Years	60 Years
Staff Turnover Factor	1.0%	1.2%

### 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	Present Value of Defined Benefit Obligation
	2021	2020
Discount Rate:		
1% Increase	418,380,223	447,062,131
1% Decrease	531,831,152	553,340,453
Salary Escalation Rate ( Including Allowances):		
1% Increase	531,073,139	552,247,284
1% Decrease	418,068,189	447,040,772

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

As at 31st December	2021	2020
	Rs.	Rs.
Current service cost	34,152,213	37,875,434
Interest charges for the year	39,653,297	26,770,035
Actuarial gain/loss charged	-	-
<b>Gratuity include in the staff cost (Note 12)</b>	<b>73,805,510</b>	<b>64,645,469</b>
Actuarial gain/loss - OCI	(57,438,433)	191,755,485
<b>Total</b>	<b>16,367,077</b>	<b>256,400,954</b>

## 27 LONG TERM LOANS

As at 31st December	Bank of Ceylon Rs.	People's Bank Rs.	Total value Rs.
<b>Loan amount</b>	<b>5,876,000,000</b>	<b>6,000,000,000</b>	<b>11,876,000,000</b>
Balance as at 01.01.2021	5,876,000,000	6,000,000,000	11,876,000,000
Total Paid	326,444,448	83,300,000	409,744,448
Balance as at 31.12.2021	5,549,555,552	5,916,700,000	11,466,255,552
<b>Balance to be paid</b>			
Not later than one year	1,060,944,444	999,600,000	2,060,544,444
Later than one year	4,488,611,108	4,917,100,000	9,405,711,108

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.

**NOTES TO THE FINANCIAL STATEMENTS****28 TRADE AND OTHER PAYABLES**

<b>As at 31st December</b>	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
Accrued charges & provision	258,664,030	265,336,649
Interest received in advance - Government Treasury	10,539,637	3,338,346
Creditors control	1,234,484,964	1,806,608,220
Special order advance	21,134,366	21,134,366
Customer advance	1,786,212	423,915
Security deposits	632,319	595,319
Salaries control	10,826,943	9,172,466
Bank bills payable - SPC	158,322,166	193,274,287
Bank bills payable - DHS	14,331,273,201	13,694,107,219
Interest on cash security deposits	93,753	79,311
Tender deposits	4,714,939	3,898,039
Loans & other recoveries (staff)	17,344,694	40,286,215
Gratuity payable	76,247	76,247
Seva Vanitha	103,280	103,280
Welfare fund	67,772	553,993
MD/Chairman's contribution to Staff welfare	7,485,436	3,447,151
Fund for Evaluation of Sinopharm Vaccine *	7,500,000	-
Fund for Covid 19 relief assistance**	8,027,301	-
Cash Deposit in lieu of Bank Guarantee	6,578,234	12,476,419
Agency commission	47,482,819	42,272,275
Value added tax	37,078,134	33,852,607
<b>Total</b>	<b>16,164,216,448</b>	<b>16,131,036,325</b>

\* Ceyoka Pvt Ltd granted 7.5 million to conduct Sinopharm post-marketing surveillance research and related activities. Surveillance research and related activities have been commenced in December 2021, but no payments have been released.

\*\*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 2022.

**29 CURRENT FINANCIAL LIABILITIES**

<b>As at 31st December</b>		<b>2021</b>	<b>2020</b>
		<b>Rs.</b>	<b>Rs.</b>
Bank of Ceylon	A/C -1435	7,307,382,123	-
Bank of Ceylon	A/C -1425	-	20,333,562
People's bank	A/C -90210929	8,104,710,269	-
Commercial bank	A/C -150701	19,964,147	35,595,438
<b>Total</b>		<b>15,432,056,540</b>	<b>55,929,000</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 30 OSUSALA INCOME

For the year ended 31st December 2021	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	1,067,216,865	645,261,911	248,855,014	300,003,713	142,180,186	78,261,180	100,493,737	53,154,108	146,769,852	128,755,232	105,991,228	253,298,217	150,159,625	77,451,629
Cost of Sales (Note 30.1)	890,751,365	558,526,653	206,567,879	249,778,760	121,271,363	64,632,505	85,981,033	42,270,125	121,112,922	107,993,564	87,830,291	221,643,914	122,369,543	66,903,664
<b>Gross Profit on Sales &amp; Trnsfers</b>	<b>176,465,500</b>	<b>86,735,258</b>	<b>42,287,135</b>	<b>50,224,953</b>	<b>20,908,823</b>	<b>13,628,675</b>	<b>14,512,704</b>	<b>10,883,984</b>	<b>25,656,930</b>	<b>20,761,668</b>	<b>18,160,938</b>	<b>31,654,303</b>	<b>27,790,082</b>	<b>10,547,965</b>
<b>ADMINISTRATIVE EXPENSES ( Note 30.2)</b>														
Personnel Expenses	83,496,548	20,383,831	16,573,027	30,793,078	18,159,071	11,806,090	13,971,730	8,214,079	15,399,846	17,603,580	17,664,936	18,519,122	8,987,789	8,213,969
Travelling Expenses	11,767	28,071	25,280	14,450	882	19,850	41,000	59,265	28,700	25,444	2,520	6,000	3,370	1,530
Supplies & Requisites	970,045	292,290	256,767	300,873	226,292	139,665	204,956	133,986	216,164	259,750	119,758	241,331	104,619	45,959
Repairs & Maintenance	1,065,677	169,451	215,112	179,571	131,642	144,097	171,276	97,868	88,544	88,279	149,822	234,479	338,388	51,863
Transportation, Communication, Utilities & Other	14,061,414	3,838,039	2,384,237	4,617,708	3,517,360	2,820,558	2,959,992	2,426,325	3,500,867	3,338,421	3,217,316	5,552,658	2,234,278	2,102,039
<b>OTHER OPERATING EXPENSES (Note 30.3)</b>														
Selling & Distribution Expenses	3,245,028	844,059	1,393,610	2,156,400	643,987	222,722	383,719	200,406	409,293	385,252	220,164	1,329,141	162,954	118,340
<b>TOTAL OVERHEADS</b>	<b>102,850,479</b>	<b>25,555,742</b>	<b>20,848,033</b>	<b>38,062,079</b>	<b>22,679,234</b>	<b>15,152,983</b>	<b>17,732,673</b>	<b>11,131,930</b>	<b>19,643,413</b>	<b>21,700,726</b>	<b>21,374,515</b>	<b>25,882,731</b>	<b>11,831,398</b>	<b>10,533,700</b>
<b>NET PROFIT/(LOSS)</b>	<b>73,615,021</b>	<b>61,179,517</b>	<b>21,439,103</b>	<b>12,162,874</b>	<b>(1,770,411)</b>	<b>(1,524,308)</b>	<b>(3,219,969)</b>	<b>(247,946)</b>	<b>6,013,517</b>	<b>(939,058)</b>	<b>(3,213,578)</b>	<b>5,771,572</b>	<b>15,958,684</b>	<b>14,265</b>

## 30.1 COST OF SALES

Stock in Trade - at the bigining of the year	178,292,044	104,776,498	73,941,272	69,491,056	35,520,195	15,821,935	22,798,776	13,892,443	38,037,742	21,067,569	15,947,490	63,389,880	29,129,484	24,535,342
Local purchases	683,113,147	406,594,827	125,219,302	71,547,365	52,478,196	14,564,848	30,208,000	9,552,372	51,182,256	37,369,046	37,348,501	56,101,696	14,619,349	20,561,168
Transfers	203,165,900	152,452,923	69,827,525	168,959,422	62,998,771	49,081,966	55,812,210	37,331,834	70,120,130	73,789,588	64,647,600	158,617,095	101,765,350	46,208,827
<b>STOCKS AVAILABLE FOR SALE</b>	<b>1,064,571,091</b>	<b>663,824,247</b>	<b>268,988,099</b>	<b>309,997,843</b>	<b>150,997,162</b>	<b>79,468,749</b>	<b>108,818,987</b>	<b>60,776,649</b>	<b>159,340,127</b>	<b>132,226,202</b>	<b>117,943,591</b>	<b>278,108,671</b>	<b>145,514,182</b>	<b>91,305,337</b>
Stock in trade at year end (Note 30.4)	173,819,726	105,297,595	62,420,220	60,219,083	29,725,799	14,836,244	22,837,954	18,506,524	38,227,205	24,232,638	30,113,300	56,464,757	23,144,640	24,401,673
<b>COST OF SALES &amp; TRANSFERS</b>	<b>890,751,365</b>	<b>558,526,653</b>	<b>206,567,879</b>	<b>249,778,760</b>	<b>121,271,363</b>	<b>64,632,505</b>	<b>85,981,033</b>	<b>42,270,125</b>	<b>121,112,922</b>	<b>107,993,564</b>	<b>87,830,291</b>	<b>221,643,914</b>	<b>122,369,543</b>	<b>66,903,664</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 30 OSUSALA INCOME

For the year ended 31st December 2021	OSU SALA	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	
	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	OUTLETS	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.	Rs.
Sales	122,173,713	130,242,167	209,533,959	123,100,426	103,662,253	105,097,535	44,779,214	88,432,666	133,142,514	15,886,513	164,583,733	143,035,745	53,685,364	54,346,598	
Cost of Sales (Note 30.1)	101,329,294	109,468,475	172,946,605	104,971,896	87,855,423	86,130,274	37,477,544	76,438,241	112,734,586	12,553,093	139,874,229	121,096,819	43,933,225	45,228,271	
<b>Gross Profit on Sales &amp; Trnsfers</b>	<b>20,844,419</b>	<b>20,773,691</b>	<b>36,587,354</b>	<b>18,128,530</b>	<b>15,806,830</b>	<b>18,967,261</b>	<b>7,301,670</b>	<b>11,994,424</b>	<b>20,407,929</b>	<b>3,333,420</b>	<b>24,709,504</b>	<b>21,938,926</b>	<b>9,752,139</b>	<b>9,118,327</b>	
<b>ADMINISTRATIVE EXPENSES ( Note 30.2)</b>															
Personnel Expenses	11,716,164	15,536,700	34,249,681	16,241,967	12,018,078	12,131,809	7,209,177	8,653,722	11,139,185	4,110,520	11,990,769	12,921,054	8,580,826	9,051,667	
Travelling Expenses	1,100	670	350	7,150	-	8,526	-	9,510	4,000	3,170	7,240	47,850	11,640	18,600	
Supplies & Requisites	149,063	285,807	616,888	105,792	141,693	263,683	84,522	169,504	126,326	23,328	119,361	105,153	125,569	115,416	
Repairs & Maintenance	108,268	103,342	50,889	160,539	144,920	245,212	7,680	86,391	65,852	625	171,160	150,609	113,529	46,488	
Transportation, Communication, Utilities & Other	3,298,614	3,648,610	5,780,229	3,854,625	3,012,250	2,795,226	916,996	1,321,668	2,565,224	440,212	2,448,918	3,074,845	1,265,749	2,339,366	
<b>OTHER OPERATING EXPENSES (Note 30.3)</b>															
Selling & Distribution Expenses	676,497	162,524	637,148	312,293	291,991	190,872	36,337	120,934	235,288	167,203	291,737	393,952	66,252	130,538	
<b>TOTAL OVERHEADS</b>	<b>15,949,706</b>	<b>19,737,653</b>	<b>41,335,186</b>	<b>20,682,365</b>	<b>15,608,933</b>	<b>15,635,329</b>	<b>8,254,711</b>	<b>10,361,729</b>	<b>14,135,875</b>	<b>4,745,057</b>	<b>15,029,185</b>	<b>16,693,462</b>	<b>10,163,564</b>	<b>11,702,074</b>	
<b>NET PROFIT/(LOSS)</b>	<b>4,894,713</b>	<b>1,036,038</b>	<b>(4,747,832)</b>	<b>(2,553,836)</b>	<b>197,897</b>	<b>3,331,933</b>	<b>(953,041)</b>	<b>1,632,696</b>	<b>6,272,054</b>	<b>(1,411,637)</b>	<b>9,680,319</b>	<b>5,245,464</b>	<b>(411,425)</b>	<b>(2,583,747)</b>	

## 30.1 COST OF SALES

Stock in Trade - at the bigining of the year	17,448,608	41,167,471	46,425,423	27,915,467	15,964,335	19,006,230	8,185,859	23,602,936	25,844,362	3,183,178	26,546,185	23,252,740	9,859,348	13,070,853
Local purchases	30,619,863	49,140,271	89,848,156	27,212,176	34,246,659	26,741,775	12,823,198	29,229,278	24,447,804	3,550,314	16,259,294	33,256,979	15,608,062	11,384,092
Transfers	72,536,185	53,625,738	75,429,567	75,702,969	50,959,037	62,863,840	29,152,490	52,747,157	87,530,181	9,498,640	126,652,035	89,631,856	28,533,785	32,166,395
<b>STOCK AVAILABLE FOR SALE</b>	<b>120,604,656</b>	<b>143,933,480</b>	<b>211,703,145</b>	<b>130,830,612</b>	<b>101,170,031</b>	<b>108,611,846</b>	<b>50,161,547</b>	<b>105,579,371</b>	<b>137,822,348</b>	<b>16,232,131</b>	<b>169,457,514</b>	<b>146,141,575</b>	<b>54,001,194</b>	<b>56,621,341</b>
Stock In trade at year end (Note 30.4)	19,275,362	34,465,005	38,756,540	25,858,716	13,314,608	22,481,572	12,684,003	29,141,130	25,087,762	3,679,039	29,583,284	25,044,756	10,067,969	11,393,070
<b>COST OF SALES &amp; TRANSFERS</b>	<b>101,329,294</b>	<b>109,468,475</b>	<b>172,946,605</b>	<b>104,971,896</b>	<b>87,855,423</b>	<b>86,130,274</b>	<b>37,477,544</b>	<b>76,438,241</b>	<b>112,734,586</b>	<b>12,553,093</b>	<b>139,874,229</b>	<b>121,096,819</b>	<b>43,933,225</b>	<b>45,228,271</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 30 OSUSALA INCOME

For the year ended 31st December 2021	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	PILYANDALA	NINTHAVUR	AKKARAI PATTU	MONARAGALA	PERADENIYA	ANAMADUWA	KDU	DAMBULLA
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Sales	47,484,739	42,135,586	73,382,192	109,362,274	84,670,438	66,725,769	55,967,655	31,606,039	46,017,520	72,690,057	116,719,222	22,882,110	46,122,717	58,773,597
Cost of Sales (Note 30.1)	39,657,482	35,411,223	61,866,094	92,009,124	72,963,256	54,881,047	46,713,558	26,256,653	39,154,391	61,957,309	97,908,623	19,266,091	39,483,851	47,755,203
<b>Gross Profit on Sales &amp; Trnsfers</b>	<b>7,827,257</b>	<b>6,724,362</b>	<b>11,516,099</b>	<b>17,353,151</b>	<b>11,707,182</b>	<b>11,844,722</b>	<b>9,254,098</b>	<b>5,349,386</b>	<b>6,863,129</b>	<b>10,732,748</b>	<b>18,810,600</b>	<b>3,616,019</b>	<b>6,638,866</b>	<b>11,018,394</b>
<b>ADMINISTRATIVE EXPENSES ( Note 30.2)</b>														
Personnel Expenses	7,626,068	8,103,314	8,171,462	11,021,395	8,015,600	7,852,240	9,023,120	6,339,200	5,442,351	7,870,622	9,711,503	3,537,206	5,892,758	8,989,080
Travelling Expenses	910	76,330	2,000	44,290	2,750	840	3,200	500	-	19,550	2,166	4,140	50,280	27,600
Supplies & Requisites	78,468	16,657	87,647	131,647	73,544	119,444	97,617	21,010	64,974	152,514	220,882	106,229	110,768	201,543
Repairs & Maintenance	141,121	136,362	28,379	55,959	28,419	78,292	63,496	8,615	29,499	52,323	53,372	40,024	12,921	124,921
Transportation, Communication, Utilities & Other	1,040,010	2,089,889	2,025,244	3,010,084	2,274,374	2,885,571	3,221,646	2,248,981	2,238,939	2,596,689	2,317,395	2,265,110	886,615	3,002,594
<b>OTHER OPERATING EXPENSES (Note 30.3)</b>														
Selling & Distribution Expenses	160,295	503,428	235,258	610,354	136,054	169,251	156,474	223,753	469,533	292,981	384,865	588,561	295,804	4,575,640
<b>TOTAL OVERHEADS</b>	<b>9,046,871</b>	<b>10,925,980</b>	<b>10,549,989</b>	<b>14,873,729</b>	<b>10,530,741</b>	<b>11,105,639</b>	<b>12,565,553</b>	<b>8,842,059</b>	<b>8,245,297</b>	<b>10,984,679</b>	<b>12,690,183</b>	<b>6,541,270</b>	<b>7,249,146</b>	<b>16,921,379</b>
<b>NET PROFIT/(LOSS)</b>	<b>(1,219,614)</b>	<b>(4,201,618)</b>	<b>966,109</b>	<b>2,479,421</b>	<b>1,176,440</b>	<b>739,083</b>	<b>(3,311,455)</b>	<b>(3,492,672)</b>	<b>(1,382,168)</b>	<b>(251,931)</b>	<b>6,120,417</b>	<b>(2,925,251)</b>	<b>(610,281)</b>	<b>(5,902,985)</b>

## 30.1 COST OF SALES

Stock in Trade - at the bgining of the year	6,747,395	13,774,732	13,004,237	23,415,647	22,279,065	9,604,574	21,619,828	6,133,645	10,728,375	15,334,542	15,915,144	6,851,252	12,328,083	24,863,487
Local purchases	12,096,479	9,405,491	11,079,456	20,130,427	12,043,071	12,788,319	13,348,959	4,355,969	6,203,775	10,229,322	26,073,378	5,993,747	31,963,209	9,764,257
Transfers	30,142,293	22,809,859	49,111,337	81,232,094	59,995,833	44,110,890	27,836,639	22,573,991	32,975,267	52,488,156	70,624,657	12,258,625	14,050,832	38,043,288
<b>STOCK AVAILABLE FOR SALE</b>	<b>48,986,166</b>	<b>45,990,082</b>	<b>73,195,029</b>	<b>124,778,167</b>	<b>94,317,970</b>	<b>66,503,783</b>	<b>62,805,427</b>	<b>33,063,605</b>	<b>49,907,416</b>	<b>78,052,021</b>	<b>112,613,179</b>	<b>25,103,623</b>	<b>58,342,124</b>	<b>72,671,032</b>
Stock In trade at year end ( Note 30.4)	9,328,684	10,578,859	11,328,935	32,769,043	21,354,714	11,622,736	16,091,869	6,806,953	10,753,025	16,094,712	14,704,556	5,837,532	18,858,273	24,915,829
<b>COST OF SALES &amp; TRANSFERS</b>	<b>39,657,482</b>	<b>35,411,223</b>	<b>61,866,094</b>	<b>92,009,124</b>	<b>72,963,256</b>	<b>54,881,047</b>	<b>46,713,558</b>	<b>26,256,653</b>	<b>39,154,391</b>	<b>61,957,309</b>	<b>97,908,623</b>	<b>19,266,091</b>	<b>39,483,851</b>	<b>47,755,203</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 30 OSUSALA INCOME

For the year ended 31st December 2021	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	REGIONAL	OSUSALA
	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	STORES	TOTAL TRADING
	MATALE	B.S.BADULLA	MATHUGAMA	NARAHENPITA	MADAWACHCHIYA	PITAKOTTE	HORANA	KANDY	ACTIVITIES
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Sales	89,597,369	23,536,860	52,994,079	11,188,736	5,547,831	11,735,006	4,791,553	207,049,905	6,270,536,152
Cost of Sales (Note 30.1)	74,680,330	18,304,174	43,246,024	8,599,277	4,844,724	10,065,379	3,804,313	157,685,240	5,256,184,920
<b>Gross Profit on Sales &amp; Trnsfers</b>	<b>14,917,039</b>	<b>5,232,686</b>	<b>9,748,055</b>	<b>2,589,459</b>	<b>703,107</b>	<b>1,669,627</b>	<b>987,241</b>	<b>49,364,665</b>	<b>1,014,351,232</b>
<b>ADMINISTRATIVE EXPENSES ( Note 30.2)</b>									
Personnel Expenses	6,985,117	5,435,319	5,716,727	2,276,322	1,200,213	2,149,499	1,158,484	9,205,545	607,061,160
Travelling Expenses	2,170	9,282	4,470	10,400	690	1,080	4,000	61,545	716,128
Supplies & Requisites	259,082	30,010	83,645	27,428	7,623	10,843	-	166,460	8,012,594
Repairs & Maintenance	78,696	25,252	40,231	12,234	9,108	3,750	6,720	215,957	5,827,225
Transportation, Communication, Utilities & Other	2,740,069	1,630,318	2,316,565	821,782	600,722	839,890	393,968	4,073,984	138,854,182
<b>OTHER OPERATING EXPENSES (Note 30.3)</b>									
Selling & Distribution Expenses	413,279	694,991	330,794	131,459	8,981	46,891	-	332,437	26,189,722
<b>TOTAL OVERHEADS</b>	<b>10,478,413</b>	<b>7,825,171</b>	<b>8,492,433</b>	<b>3,279,624</b>	<b>1,827,337</b>	<b>3,051,953</b>	<b>1,563,171</b>	<b>14,055,929</b>	<b>786,661,010</b>
<b>NET PROFIT/(LOSS)</b>	<b>4,438,626</b>	<b>(2,592,485)</b>	<b>1,255,622</b>	<b>(690,165)</b>	<b>(1,124,230)</b>	<b>(1,382,326)</b>	<b>(575,931)</b>	<b>35,308,736</b>	<b>227,690,221</b>

## 30.1 COST OF SALES

Stock in Trade - at the bigining of the year	16,117,465	8,150,102	15,119,320	3,964,823	-	-	-	25,992,250	1,280,058,686
Local purchases	21,030,074	5,267,630	17,711,557	2,488,376	4,447,820	12,672,464	6,830,493	-	2,270,752,265
Transfers	51,835,224	13,944,212	27,407,330	6,470,991	13,291,496	11,184,267	7,825,620	155,940,772	3,007,962,686
<b>STOCK AVAILABLE FOR SALE</b>	<b>88,982,763</b>	<b>27,361,943</b>	<b>60,238,206</b>	<b>12,924,190</b>	<b>17,739,316</b>	<b>23,856,731</b>	<b>14,656,113</b>	<b>181,933,022</b>	<b>6,558,773,637</b>
Stock In trade at year end (Note 30.4)	14,302,433	9,057,769	16,992,183	4,324,913	12,894,591	13,791,352	10,851,800	24,247,782	1,302,588,718
<b>COST OF SALES &amp; TRANSFERS</b>	<b>74,680,330</b>	<b>18,304,174</b>	<b>43,246,024</b>	<b>8,599,277</b>	<b>4,844,724</b>	<b>10,065,379</b>	<b>3,804,313</b>	<b>157,685,240</b>	<b>5,256,184,920</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 30.2 OSUSALA -OVERHEADS

For the year ended 31st December 2021	OSU SALA													
	TRADING													
	Col.07	Col.04	Col.01	KANDY	NUGEGODA	AVISSAWELLA.	RATNAPURA	MINUWANGODA	PANADURA	GALLE	MATARA	KURUNEGALA	AMPARA	H. TOTA
	Rs.													
<b>A. ADMINISTRATIVE Ex</b>														
<b>PERSONNEL EMOLUMENTS</b>														
Salaries, Wages & Allowances.	62,696,442	15,223,929	12,950,525	23,252,047	13,690,854	9,151,556	11,088,530	6,492,395	12,027,181	13,993,907	13,821,070	14,194,364	6,696,032	6,080,316
Overtime.	5,466,878	1,165,154	611,262	1,469,580	1,086,413	370,457	333,454	270,810	511,847	410,055	312,746	991,543	803,937	734,729
Uniforms.	464,920	117,688	92,786	158,075	102,186	65,024	66,621	35,149	71,018	88,584	88,857	94,541	41,465	48,160
Insurance for staff	1,028,675	389,821	114,025	433,343	288,332	91,643	160,506	20,748	202,811	178,390	385,769	199,264	-	21,332
Provident fund (E.P.F & E.T.F)	7,508,119	1,804,307	1,563,207	2,788,317	1,629,024	1,078,974	1,315,786	748,155	1,368,524	1,641,076	1,592,900	1,644,021	783,917	735,597
Annual bonus	732,994	162,000	148,500	255,150	157,500	94,500	108,000	63,338	121,500	135,000	148,500	162,000	66,431	67,500
Annual per inc. bonus.	4,190,216	928,322	830,972	1,470,813	885,062	565,717	653,892	396,565	723,332	813,074	868,789	915,314	428,007	374,685
Housing loan interest	160,754	260,960	-	476,754	-	176,570	4,941	61,820	83,982	3,544	146,605	8,926	-	-
Attendance bonus	1,247,550	331,650	261,750	489,000	319,700	211,650	240,000	125,100	289,650	339,950	299,700	309,150	168,000	151,650
<b>Total</b>	<b>83,496,548</b>	<b>20,383,831</b>	<b>16,573,027</b>	<b>30,793,078</b>	<b>18,159,071</b>	<b>11,806,090</b>	<b>13,971,730</b>	<b>8,214,079</b>	<b>15,399,846</b>	<b>17,603,580</b>	<b>17,664,936</b>	<b>18,519,122</b>	<b>8,987,789</b>	<b>8,213,969</b>
<b>TRAVELLING EXPENSES</b>														
Local travelling expenses	11,767	28,071	25,280	14,450	882	19,850	41,000	59,265	28,700	25,444	2,520	6,000	3,370	1,530
<b>Total</b>	<b>11,767</b>	<b>28,071</b>	<b>25,280</b>	<b>14,450</b>	<b>882</b>	<b>19,850</b>	<b>41,000</b>	<b>59,265</b>	<b>28,700</b>	<b>25,444</b>	<b>2,520</b>	<b>6,000</b>	<b>3,370</b>	<b>1,530</b>
<b>SUPPLIES &amp; REQUISITES</b>														
Printing & stationery.	970,045	292,290	256,767	300,873	226,292	139,665	204,956	133,986	216,164	259,750	119,758	241,331	104,619	45,959
<b>Total</b>	<b>970,045</b>	<b>292,290</b>	<b>256,767</b>	<b>300,873</b>	<b>226,292</b>	<b>139,665</b>	<b>204,956</b>	<b>133,986</b>	<b>216,164</b>	<b>259,750</b>	<b>119,758</b>	<b>241,331</b>	<b>104,619</b>	<b>45,959</b>
<b>REPAIRS &amp; MAINTENANCE</b>														
Buildings.	934,774	129,696	175,092	146,990	75,949	25,516	13,388	13,860	31,005	59,515	21,399	43,820	2,836	7,938
Furniture, fittings & equipment	45,856	38,605	40,020	32,581	55,693	118,581	157,888	83,758	56,539	24,660	127,973	190,659	333,902	43,925
Computer	85,048	1,150	-	-	-	-	-	250	1,000	4,104	450	-	1,650	-
<b>Total</b>	<b>1,065,677</b>	<b>169,451</b>	<b>215,112</b>	<b>179,571</b>	<b>131,642</b>	<b>144,097</b>	<b>171,276</b>	<b>97,868</b>	<b>88,544</b>	<b>88,279</b>	<b>149,822</b>	<b>234,479</b>	<b>338,388</b>	<b>51,863</b>
<b>TRANSPORTATION, COMMUNICATION UTILITIES &amp; OTHER SERVICES</b>														
Rent/Amortization of ROU Assets	-	-	-	337,818	-	410,500	184,986	453,420	1,453,142	1,025,000	1,125,574	1,898,012	-	602,173
Lease rent amortization	-	-	-	-	293,333	-	-	-	-	-	-	-	-	-
Rates & taxes.	358,164	152,460	138,600	69,375	59	3,300	9,350	1,000	5,800	32,388	18,935	-	3,000	11,638
Water bills	109,200	37,045	24,067	57,187	24,067	20,410	122,092	3,614	17,133	25,682	22,379	50,840	20,054	13,324
Electricity.	3,078,924	884,319	450,000	635,711	889,483	397,500	811,130	249,750	447,538	494,455	421,583	761,084	609,239	376,774
Postage, Telegrams & Telephones.	241,114	52,593	91,512	39,277	74,154	38,284	33,312	57,579	47,871	50,390	44,847	60,565	71,460	43,398
Depreciation	2,991,323	908,281	566,373	669,873	765,431	860,650	656,596	181,825	667,858	293,779	408,473	617,309	666,866	246,848
Amortisation- Computer Software	-	-	-	-	38,898	38,898	-	-	-	-	-	-	-	-
Trade subscriptions, Periodicals & Publications.	-	-	2,520	14,910	19,020	11,750	13,620	8,500	13,830	14,490	13,170	-	-	7,320
Security services.	3,780,817	963,798	393,032	1,300,530	390,741	374,128	354,168	927,198	391,049	411,892	386,113	938,636	356,901	354,168
License fees for drugs.	25,289	26,682	28,437	26,682	27,745	26,763	25,289	25,779	24,092	26,270	24,866	25,205	23,902	26,270
Sundry expenses.	24,500	9,340	9,032	3,230	110	22,654	5,954	-	-	5,648	320	-	1,014	434
Staff welfare.	2,599,066	596,145	481,796	1,178,883	799,565	510,720	623,495	446,027	297,554	808,428	565,165	1,060,205	394,341	343,398
Staff medical expenses.	853,018	207,376	198,868	284,232	194,754	105,000	120,000	71,632	135,000	150,000	185,891	140,803	87,500	76,294
<b>Total</b>	<b>14,061,414</b>	<b>3,838,039</b>	<b>2,384,237</b>	<b>4,617,708</b>	<b>3,517,360</b>	<b>2,820,558</b>	<b>2,959,992</b>	<b>2,426,325</b>	<b>3,500,867</b>	<b>3,338,421</b>	<b>3,217,316</b>	<b>5,552,658</b>	<b>2,234,278</b>	<b>2,102,039</b>
<b>TOTAL ADMINISTRATIVE COST</b>	<b>99,605,451</b>	<b>24,711,683</b>	<b>19,454,422</b>	<b>35,905,679</b>	<b>22,035,247</b>	<b>14,930,260</b>	<b>17,348,953</b>	<b>10,931,524</b>	<b>19,234,120</b>	<b>21,315,473</b>	<b>21,154,352</b>	<b>24,553,590</b>	<b>11,668,444</b>	<b>10,415,361</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 30.2 OSUSALA -OVERHEADS

For the year ended 31st December 2021	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.
<b>A. ADMINISTRATIVE COST</b>														
<b>PERSONNEL EMOLUMENTS</b>														
Salaries, Wages & Allowances.	8,611,203	12,158,238	24,521,493	12,590,337	9,279,728	9,046,079	5,447,487	6,737,574	8,451,821	3,102,904	9,027,568	9,832,140	6,754,340	7,314,241
Overtime.	847,221	557,567	2,903,413	759,149	686,885	859,032	523,372	408,820	694,025	124,999	358,402	633,354	358,857	100,100
Uniforms.	65,341	81,660	169,461	72,707	54,138	55,842	35,021	49,805	63,583	14,979	60,439	66,692	40,290	51,943
Insurance for staff	-	120,795	507,095	192,875	109,319	101,669	-	-	71,756	184,833	255,012	202,589	31,674	25,298
Provident fund (E.P.F & E.T.F)	1,025,090	1,409,694	2,966,443	1,462,397	1,054,586	1,049,877	640,316	789,461	991,597	364,559	1,065,153	1,152,130	746,194	847,867
Annual bonus	94,500	135,000	295,538	121,500	94,500	94,500	59,850	81,000	95,006	40,500	103,838	108,000	67,500	81,000
Annual per inc. bonus.	512,673	762,346	1,716,640	732,112	558,322	541,911	373,082	439,613	565,597	232,446	599,397	610,183	405,319	460,705
Housing loan interest	350,286	-	620,149	30,540	-	191,500	-	-	-	-	326,560	73,117	1,452	30,713
Attendance bonus	209,850	311,400	549,450	280,350	180,600	191,400	130,050	147,450	205,800	45,300	194,400	242,850	175,200	139,800
<b>Total</b>	<b>11,716,164</b>	<b>15,536,700</b>	<b>34,249,681</b>	<b>16,241,967</b>	<b>12,018,078</b>	<b>12,131,809</b>	<b>7,209,177</b>	<b>8,653,722</b>	<b>11,139,185</b>	<b>4,110,520</b>	<b>11,990,769</b>	<b>12,921,054</b>	<b>8,580,826</b>	<b>9,051,667</b>
<b>TRAVELLING EXPENSES</b>														
Local travelling expenses	1,100	670	350	7,150	-	8,526	-	9,510	4,000	3,170	7,240	47,850	11,640	18,600
<b>Total</b>	<b>1,100</b>	<b>670</b>	<b>350</b>	<b>7,150</b>	<b>-</b>	<b>8,526</b>	<b>-</b>	<b>9,510</b>	<b>4,000</b>	<b>3,170</b>	<b>7,240</b>	<b>47,850</b>	<b>11,640</b>	<b>18,600</b>
<b>SUPPLIES &amp; REQUISITES</b>														
Printing & stationery.	149,063	285,807	616,888	105,792	141,693	263,683	84,522	169,504	126,326	23,328	119,361	105,153	125,569	115,416
<b>Total</b>	<b>149,063</b>	<b>285,807</b>	<b>616,888</b>	<b>105,792</b>	<b>141,693</b>	<b>263,683</b>	<b>84,522</b>	<b>169,504</b>	<b>126,326</b>	<b>23,328</b>	<b>119,361</b>	<b>105,153</b>	<b>125,569</b>	<b>115,416</b>
<b>REPAIRS &amp; MAINTENANCE</b>														
Buildings.	1,650	23,102	2,752	89,707	29,570	90,493	7,680	12,826	19,436	625	47,460	13,472	20,974	9,380
Furniture, fittings & equipment	106,618	79,940	48,137	62,256	115,351	154,719	-	73,565	44,416	-	123,700	137,137	92,555	36,708
Computer	-	300	-	8,576	-	-	-	-	2,000	-	-	-	-	400
<b>Total</b>	<b>108,268</b>	<b>103,342</b>	<b>50,889</b>	<b>160,539</b>	<b>144,920</b>	<b>245,212</b>	<b>7,680</b>	<b>86,391</b>	<b>65,852</b>	<b>625</b>	<b>171,160</b>	<b>150,609</b>	<b>113,529</b>	<b>46,488</b>
<b>TRANSPORTATION, COMMUNICATION, UTILITIES &amp; OTHER SERVICES</b>														
Rent.	777,399	1,779,194	1,790,000	1,419,643	1,143,048	-	456,314	-	-	-	-	475,327	-	996,000
Lease rent amortization	-	-	-	-	-	209,091	-	-	-	-	-	-	-	-
Rates & taxes.	9,146	-	-	13,703	9,900	5,500	-	5,500	-	-	10,273	-	-	-
Water bills	14,290	7,508	-	19,097	32,529	24,757	7,761	-	18,840	-	21,696	17,802	19,332	12,030
Electricity.	560,968	544,219	876,674	707,589	465,981	403,189	29,594	288,003	605,594	-	600,098	475,143	221,874	247,763
Postage, Telegrams & Telephones.	64,853	37,871	46,362	62,852	55,050	63,637	22,881	39,974	68,704	16,389	63,687	47,099	53,704	41,343
Depreciation	807,673	414,694	492,591	505,810	216,887	949,762	17,687	177,383	599,870	221,226	771,365	238,599	186,831	317,825
Amortisation- Computer Software	38,898	-	-	-	-	-	-	-	-	38,898	-	-	-	-
Trade subscriptions, Periodicals & Publications.	-	13,020	27,280	14,100	4,140	-	-	14,530	-	-	3,930	-	6,900	-
Security services.	354,447	388,332	963,798	371,154	375,903	466,483	-	350,068	878,402	-	353,888	963,798	357,152	361,757
License fees for drugs.	29,604	25,033	26,763	28,806	26,328	26,763	25,033	23,689	24,739	10,728	29,502	23,902	26,328	26,270
Sundry expenses.	450	686	-	2,240	-	1,000	100	500	230	-	440	-	-	-
Staff welfare.	547,252	288,269	1,246,834	574,582	580,374	530,944	291,283	332,022	263,845	127,970	477,740	698,175	318,627	226,377
Staff medical expenses.	93,635	149,783	309,928	135,049	102,111	114,100	66,344	90,000	105,000	25,000	116,298	135,000	75,000	110,000
<b>Total</b>	<b>3,298,614</b>	<b>3,648,610</b>	<b>5,780,229</b>	<b>3,854,625</b>	<b>3,012,250</b>	<b>2,795,226</b>	<b>916,996</b>	<b>1,321,668</b>	<b>2,565,224</b>	<b>440,212</b>	<b>2,448,918</b>	<b>3,074,845</b>	<b>1,265,749</b>	<b>2,339,366</b>
<b>TOTAL ADMINISTRATIVE COST</b>	<b>15,273,209</b>	<b>19,575,129</b>	<b>40,698,038</b>	<b>20,370,073</b>	<b>15,316,942</b>	<b>15,444,457</b>	<b>8,218,375</b>	<b>10,240,795</b>	<b>13,900,587</b>	<b>4,577,855</b>	<b>14,737,448</b>	<b>16,299,510</b>	<b>10,097,312</b>	<b>11,571,536</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 30.2 OSUSALA -OVERHEADS

For the year ended 31st December 2021	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.
<b>A. ADMINISTRATIVE COST</b>														
<b>PERSONNEL EMOLUMENTS</b>														
Salaries, Wages & Allowances.	5,988,963	6,426,913	6,090,243	8,527,543	6,348,429	5,749,197	6,919,590	4,833,772	4,094,481	6,143,011	7,447,674	2,587,666	4,429,630	6,956,609
Overtime.	248,028	239,954	580,218	556,151	260,108	699,830	275,610	497,542	367,059	451,021	467,364	304,415	179,558	414,108
Uniforms.	40,161	38,560	50,064	65,499	40,211	41,560	46,702	35,461	29,970	43,960	52,046	20,367	24,819	47,055
Insurance for staff	95,889	61,360	75,671	10,757	25,436	90,000	288,041	-	32,508	5,845	-	8,250	118,437	-
Provident fund (E.P.F & E.T.F)	690,957	745,599	724,197	958,444	718,424	690,655	832,072	536,193	481,738	682,425	876,647	293,660	528,647	831,960
Annual bonus	67,500	67,500	67,500	81,000	67,500	67,500	78,750	54,000	54,000	67,500	80,888	36,000	47,250	77,513
Annual per inc. bonus.	377,871	389,541	379,931	496,056	378,916	353,899	418,705	287,733	266,946	363,911	509,890	224,898	280,450	417,755
Housing loan interest	-	24,387	49,888	136,496	22,077	-	-	-	-	-	94,145	-	186,767	134,582
Attendance bonus	116,700	109,500	153,750	189,450	154,500	159,600	163,650	94,500	115,650	112,950	182,850	61,950	97,200	109,500
<b>Total</b>	<b>7,626,068</b>	<b>8,103,314</b>	<b>8,171,462</b>	<b>11,021,395</b>	<b>8,015,600</b>	<b>7,852,240</b>	<b>9,023,120</b>	<b>6,339,200</b>	<b>5,442,351</b>	<b>7,870,622</b>	<b>9,711,503</b>	<b>3,537,206</b>	<b>5,892,758</b>	<b>8,989,080</b>
<b>TRAVELLING EXPENSES</b>														
Local travelling expenses	910	76,330	2,000	44,290	2,750	840	3,200	500	-	19,550	2,166	4,140	50,280	27,600
<b>Total</b>	<b>910</b>	<b>76,330</b>	<b>2,000</b>	<b>44,290</b>	<b>2,750</b>	<b>840</b>	<b>3,200</b>	<b>500</b>	<b>-</b>	<b>19,550</b>	<b>2,166</b>	<b>4,140</b>	<b>50,280</b>	<b>27,600</b>
<b>SUPPLIES &amp; REQUISITES</b>														
Printing & stationery.	78,468	16,657	87,647	131,647	73,544	119,444	97,617	21,010	64,974	152,514	220,882	106,229	110,768	201,543
<b>Total</b>	<b>78,468</b>	<b>16,657</b>	<b>87,647</b>	<b>131,647</b>	<b>73,544</b>	<b>119,444</b>	<b>97,617</b>	<b>21,010</b>	<b>64,974</b>	<b>152,514</b>	<b>220,882</b>	<b>106,229</b>	<b>110,768</b>	<b>201,543</b>
<b>REPAIRS &amp; MAINTENANCE</b>														
Buildings.	19,534	29,922	10,321	8,190	6,604	8,865	10,588	2,810	10,605	11,375	3,532	2,680	5,490	38,960
Furniture, fittings & equipment	121,587	106,440	11,038	47,769	21,815	69,427	52,908	5,805	17,904	40,948	49,840	6,129	7,431	85,961
Computer	-	-	7,020	-	-	-	-	-	990	-	-	31,215	-	-
<b>Total</b>	<b>141,121</b>	<b>136,362</b>	<b>28,379</b>	<b>55,959</b>	<b>28,419</b>	<b>78,292</b>	<b>63,496</b>	<b>8,615</b>	<b>29,499</b>	<b>52,323</b>	<b>53,372</b>	<b>40,024</b>	<b>12,921</b>	<b>124,921</b>
<b>TRANSPORTATION, COMMUNICATION, UTILITIES &amp; OTHER SERVICES</b>														
Rent.	-	634,122	209,611	1,077,841	677,310	829,990	1,230,560	555,213	554,827	584,212	526,984	582,887	-	766,694
Lease rent amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rates & taxes.	-	3,000	6,440	5,000	-	-	-	-	-	-	6,182	-	-	5,500
Water bills	-	10,648	5,968	-	13,223	17,254	33,132	15,619	-	6,235	-	14,409	-	19,484
Electricity.	-	240,984	223,977	326,848	281,422	293,189	389,457	268,780	204,986	264,764	139,048	258,596	165,000	332,855
Postage, Telegrams & Telephones.	30,810	41,451	66,867	35,624	54,342	23,858	38,152	41,215	40,558	61,840	26,374	39,340	22,034	59,993
Depreciation	335,250	371,289	659,759	511,555	518,070	809,500	735,962	590,474	733,086	786,786	1,041,946	662,236	347,821	995,307
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.	-	1,190	1,060	-	-	-	-	-	-	-	-	6,780	-	-
Security services.	354,132	357,518	376,995	375,312	353,330	352,801	374,091	354,168	352,743	354,168	-	355,936	-	358,634
License fees for drugs.	24,246	23,360	26,682	25,289	25,263	20,229	25,955	24,056	22,468	20,670	25,376	23,902	23,902	25,244
Sundry expenses.	-	-	1,500	375	-	-	-	914	-	-	-	-	55	465
Staff welfare.	205,572	323,808	332,488	532,395	222,517	427,852	270,655	299,646	236,074	404,117	422,896	252,127	251,038	293,990
Staff medical expenses.	90,000	82,520	75,000	80,949	90,000	72,000	84,784	60,000	55,300	75,000	89,691	30,000	37,867	105,531
<b>Total</b>	<b>1,040,010</b>	<b>2,089,889</b>	<b>2,025,244</b>	<b>3,010,084</b>	<b>2,274,374</b>	<b>2,885,571</b>	<b>3,221,646</b>	<b>2,248,981</b>	<b>2,238,939</b>	<b>2,596,689</b>	<b>2,317,395</b>	<b>2,265,110</b>	<b>886,615</b>	<b>3,002,594</b>
<b>TOTAL ADMINISTRATIVE COST</b>	<b>8,886,577</b>	<b>10,422,552</b>	<b>10,314,732</b>	<b>14,263,375</b>	<b>10,394,687</b>	<b>10,936,388</b>	<b>12,409,079</b>	<b>8,618,306</b>	<b>7,775,764</b>	<b>10,691,698</b>	<b>12,305,318</b>	<b>5,952,709</b>	<b>6,953,342</b>	<b>12,345,739</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 30.2 OSUSALA -OVERHEADS

For the year ended 31st December 2021	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	REGIONAL	OSUSALA
	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	STORES	TOTAL TRADING
	MATALE	B.S.BADULLA	MATHUGAMA	NARAHENPITA	MADAWACHCHIYA	PITAKOTTE	HORANA	KANDY	ACTIVITIES
<b>A. ADMINISTRATIVE COST</b>								<b>Rs.</b>	<b>Rs.</b>
<b>PERSONNEL EMOLUMENTS</b>									
Salaries, Wages & Allowances.	5,598,492	4,355,503	4,442,081	1,673,020	911,573	1,594,946	909,568	7,090,534	463,353,737
Overtime.	246,815	173,278	279,350	169,808	112,347	249,707	100,295	361,721	31,588,344
Uniforms.	25,259	26,817	25,970	5,700	800	2,800	800	46,211	3,127,759
Insurance for staff	31,393	20,298	13,637	2,575	-	-	3,200	137,123	6,337,994
Provident fund (E.P.F & E.T.F)	632,622	492,999	483,012	201,269	94,513	156,640	76,128	844,918	54,341,008
Annual bonus	54,000	40,500	40,500	18,000	10,069	15,750	6,750	81,000	5,076,113
Annual per inc. bonus.	300,836	247,325	238,146	119,880	52,161	84,956	37,742	452,041	29,234,692
Housing loan interest	-	-	104,632	42,869	-	-	-	31,647	3,836,663
Attendance bonus	95,700	78,600	89,400	43,200	18,750	44,700	24,000	160,350	10,164,850
<b>Total</b>	<b>6,985,117</b>	<b>5,435,319</b>	<b>5,716,727</b>	<b>2,276,322</b>	<b>1,200,213</b>	<b>2,149,499</b>	<b>1,158,484</b>	<b>9,205,545</b>	<b>607,061,160</b>
<b>TRAVELLING EXPENSES</b>									
Local travelling expenses	2,170	9,282	4,470	10,400	690	1,080	4,000	61,545	716,128
<b>Total</b>	<b>2,170</b>	<b>9,282</b>	<b>4,470</b>	<b>10,400</b>	<b>690</b>	<b>1,080</b>	<b>4,000</b>	<b>61,545</b>	<b>716,128</b>
<b>SUPPLIES &amp; REQUISITES</b>									
Printing & stationery.	259,082	30,010	83,645	27,428	7,623	10,843	-	166,460	8,012,594
<b>Total</b>	<b>259,082</b>	<b>30,010</b>	<b>83,645</b>	<b>27,428</b>	<b>7,623</b>	<b>10,843</b>	<b>-</b>	<b>166,460</b>	<b>8,012,594</b>
<b>REPAIRS &amp; MAINTENANCE</b>									
Buildings.	7,827	4,865	8,886	1,164	7,608	3,750	5,325	55,712	2,315,515
Furniture, fittings & equipment	70,869	20,387	31,345	10,370	1,500	-	1,395	156,770	3,363,382
Computer	-	-	-	700	-	-	-	3,475	148,328
<b>Total</b>	<b>78,696</b>	<b>25,252</b>	<b>40,231</b>	<b>12,234</b>	<b>9,108</b>	<b>3,750</b>	<b>6,720</b>	<b>215,957</b>	<b>5,827,225</b>
<b>TRANSPORTATION, COMMUNICATION, UTILITIES &amp; OTHER SERVICES</b>									
Rent.	902,655	-	512,494	409,349	172,478	377,252	88,353	1,541,450	28,561,831
Lease rent amortization	-	115,050	-	-	-	-	-	-	617,474
Rates & taxes.	5,900	-	-	-	-	-	-	3,000	893,113
Water bills	12,175	8,350	-	-	-	3,254	1,152	41,197	944,834
Electricity.	193,952	133,673	318,484	-	122,451	96,229	27,001	347,064	21,162,940
Postage, Telegrams & Telephones.	47,181	47,261	29,015	44,151	6,874	3,971	9,125	55,339	2,456,142
Depreciation	769,988	640,160	738,595	210,711	131,048	198,547	126,187	638,969	28,972,932
Amortisation- Computer Software	38,898	38,898	38,898	38,898	-	-	-	38,898	816,860
Trade subscriptions, Periodicals & Publications.	13,560	-	-	-	-	-	-	9,270	234,890
Security services.	355,284	361,616	360,157	-	68,334	72,683	74,533	927,198	24,047,983
License fees for drugs.	24,056	23,902	23,902	10,244	23,902	23,902	23,902	15,321	1,222,524
Sundry expenses.	1,130	-	-	-	1,570	256	2,130	-	96,277
Staff welfare.	317,081	240,716	250,020	78,428	69,065	63,795	41,585	336,028	23,080,972
Staff medical expenses.	58,209	20,692	45,000	30,000	5,000	-	-	120,251	5,745,410
<b>Total</b>	<b>2,740,069</b>	<b>1,630,318</b>	<b>2,316,565</b>	<b>821,782</b>	<b>600,722</b>	<b>839,890</b>	<b>393,968</b>	<b>4,073,984</b>	<b>138,854,182</b>
<b>TOTAL ADMINISTRATIVE COST</b>	<b>10,065,135</b>	<b>7,130,181</b>	<b>8,161,639</b>	<b>3,148,165</b>	<b>1,818,356</b>	<b>3,005,062</b>	<b>1,563,171</b>	<b>13,723,491</b>	<b>760,471,288</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 30.3 OTHER OPERATING EXPENSES

For the year ended 31st December 2021	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	(149,189)	(187,927)	868,325	4,608	(952)	(7,183)	24,786	8,278	(58,063)	(39,981)	(25,875)	556	(5,601)	4,754
Outdated & damages Note 30.4	1,214,847	565,302	494,442	1,413,748	339,866	110,746	144,510	29,843	17,160	79,348	10,544	635,101	37,052	59,747
Sundry packing materials.	2,179,369	466,683	30,843	738,043	305,072	119,159	214,423	162,285	450,196	345,886	235,495	693,485	131,503	53,839
<b>Total</b>	<b>3,245,028</b>	<b>844,059</b>	<b>1,393,610</b>	<b>2,156,400</b>	<b>643,987</b>	<b>222,722</b>	<b>383,719</b>	<b>200,406</b>	<b>409,293</b>	<b>385,252</b>	<b>220,164</b>	<b>1,329,141</b>	<b>162,954</b>	<b>118,340</b>

For the year ended 31st December 2021	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	(271)	(39,895)	23,781	(13,247)	(33,102)	30,667	-	(2,153)	321	21,980	(4,948)	(8,451)	(9,053)	(13,068)
Outdated & damages Note 30.4	15,149	15,839	211,046	117,725	40,681	99,119	3,788	-	14,342	86,589	177,080	-	6,021	5,780
Sundry packing materials.	661,619	186,581	402,320	207,814	284,411	61,086	32,549	123,087	220,625	58,634	119,606	402,402	69,284	137,826
<b>Total</b>	<b>676,497</b>	<b>162,524</b>	<b>637,148</b>	<b>312,293</b>	<b>291,991</b>	<b>190,872</b>	<b>36,337</b>	<b>120,934</b>	<b>235,288</b>	<b>167,203</b>	<b>291,737</b>	<b>393,952</b>	<b>66,252</b>	<b>130,538</b>

For the year ended 31st December 2021	OSU SALA													
	TRADING													
	BORELLA	EMBILIPITIYA	KIDY-RAILWAY	GAMPAHA	NAGODA	BERUWALA	PILIYANDALA	NINTHAVUR	AKKARAIPATTU	MONARAGALA	PERADENIYA	ANAMADUWA	KDU	DAMBULLA
	Rs.													
Stock adj. (Excess/ Shortage) Note 30.4	(8,830)	26,393	47,284	156,835	(71,187)	(6,693)	50,019	19,193	31,587	(12,056)	(1,475)	(8,613)	4,544	(55,550)
Outdated & damages Note 30.4	94,456	271,591	127,331	98,510	73,419	7,976	28,941	140,282	140,125	71,669	8,395	392,124	113,449	4,412,492
Sundry packing materials.	74,669	205,445	60,643	355,009	133,822	167,967	77,515	64,277	297,822	233,368	377,944	205,049	177,811	218,698
<b>Total</b>	<b>160,295</b>	<b>503,428</b>	<b>235,258</b>	<b>610,354</b>	<b>136,054</b>	<b>169,251</b>	<b>156,474</b>	<b>223,753</b>	<b>469,533</b>	<b>292,981</b>	<b>384,865</b>	<b>588,561</b>	<b>295,804</b>	<b>4,575,640</b>

For the year ended 31st December 2021	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	REGIONAL	OSUSALA
	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	STORES	TOTAL TRADING
	MATALE	B.S.BADULLA	MATHUGAMA	NARAHENPITA	MADAWACHCHIYA	PITAKOTTE	HORANA	KANDY	ACTIVITIES
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Stock adj. (Excess/ Shortage) Note 30.4	(4,573)	5,169	(4,251)	741	465	9,995	-	(10,028)	558,069
Outdated & damages Note 30.4	64,480	609,633	148,791	94,554	-	1,748	-	341,285	13,186,667
Sundry packing materials.	353,372	80,188	186,254	36,165	8,516	35,148	-	1,180	12,444,986
<b>Total</b>	<b>413,279</b>	<b>694,991</b>	<b>330,794</b>	<b>131,459</b>	<b>8,981</b>	<b>46,891</b>	<b>-</b>	<b>332,437</b>	<b>26,189,722</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 30.4 OSUSALA TRADING STOCK

2021

2020

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	173,819,726	(149,189)	173,968,914	1,214,847	3,689,263	<b>169,064,805</b>	179,397,981	(288,054)	179,686,035	354,010	3,797,646	<b>175,534,380</b>
Colombo 04	105,297,595	(187,927)	105,485,521	784,236	3,819,129	<b>100,882,156</b>	104,829,274	(20,773)	104,850,047	73,550	2,922,044	<b>101,854,453</b>
Colombo 01	62,420,220	868,325	61,551,895	510,194	2,192,022	<b>58,849,678</b>	74,189,314	(103,324)	74,292,638	351,366	2,502,055	<b>71,439,218</b>
Kandy	60,219,083	4,608	60,214,475	1,413,748	2,497,779	<b>56,302,948</b>	70,084,407	(11,279)	70,095,686	604,630	2,751,029	<b>66,740,027</b>
Nugegoda	29,725,799	(952)	29,726,751	339,866	1,220,942	<b>28,165,943</b>	35,874,185	89,891	35,784,294	264,099	1,085,603	<b>34,434,593</b>
Avissawella	14,836,244	(7,183)	14,843,427	110,746	833,048	<b>13,899,633</b>	15,920,941	(2,124)	15,923,065	101,130	656,198	<b>15,165,737</b>
Rathnapura	22,837,954	24,786	22,813,168	144,510	1,189,906	<b>21,478,752</b>	21,990,164	135,102	21,855,062	96,267	1,093,140	<b>20,665,656</b>
Minuwangoda	18,506,524	8,278	18,498,246	29,843	1,233,535	<b>17,234,869</b>	13,735,057	(159,772)	13,894,829	2,386	783,322	<b>13,109,120</b>
Panadura	38,227,205	(58,063)	38,285,268	17,160	2,015,366	<b>36,252,743</b>	38,102,748	5,614	38,097,134	59,393	1,729,868	<b>36,307,874</b>
Galle	24,232,638	(39,981)	24,272,619	79,348	1,362,158	<b>22,831,113</b>	21,136,337	11,625	21,124,712	57,143	971,811	<b>20,095,758</b>
Matara	30,113,300	(25,875)	30,139,176	10,544	1,164,637	<b>28,963,994</b>	16,017,282	41,092	15,976,189	28,699	863,846	<b>15,083,644</b>
Kurunegala	56,464,757	556	56,464,201	635,101	3,300,175	<b>52,528,925</b>	63,597,482	3,513	63,593,969	204,089	2,650,712	<b>60,739,168</b>
Ampara	23,144,640	(5,601)	23,150,240	37,052	1,470,893	<b>21,642,296</b>	29,154,452	(6,122)	29,160,573	31,090	1,683,546	<b>27,445,937</b>
Hambantota	24,401,673	4,754	24,396,920	59,747	1,277,794	<b>23,059,378</b>	24,537,812	(16,670)	24,554,482	19,140	1,113,264	<b>23,422,078</b>
Anuradhapura	19,275,362	(271)	19,275,633	15,149	1,104,512	<b>18,155,972</b>	17,579,492	(19,822)	17,599,314	150,706	1,009,629	<b>16,438,979</b>
Maharagama	34,465,005	(39,895)	34,504,900	15,839	1,491,651	<b>32,997,410</b>	41,211,822	(10,572)	41,222,394	54,922	1,470,386	<b>39,697,085</b>
Jayawardanapura	38,756,540	23,781	38,732,759	211,046	1,153,729	<b>37,367,983</b>	46,560,343	(14,507)	46,574,850	149,427	1,274,480	<b>45,150,943</b>
Karapitiya	25,858,716	(13,247)	25,871,963	117,725	1,298,017	<b>24,456,220</b>	27,965,381	(4,591)	27,969,972	54,505	1,190,877	<b>26,724,591</b>
Negombo	13,314,608	(33,102)	13,347,710	40,681	576,772	<b>12,730,257</b>	15,917,021	(51,351)	15,968,372	4,036	545,446	<b>15,418,890</b>
Badulla - CWE	22,481,572	30,667	22,450,905	99,119	1,047,162	<b>21,304,623</b>	19,171,106	46,103	19,125,003	118,773	754,040	<b>18,252,190</b>
Diyathalawa	12,684,003	-	12,684,003	3,788	655,560	<b>12,024,656</b>	8,241,244	-	8,241,244	55,385	497,702	<b>7,688,158</b>
Jaffna	29,141,130	(2,153)	29,143,283	-	1,535,604	<b>27,607,679</b>	23,598,955	(5,195)	23,604,150	1,214	915,910	<b>22,687,026</b>
Polonnaruwa	25,087,762	321	25,087,441	14,342	1,668,689	<b>23,404,410</b>	25,857,082	(5,547)	25,862,629	18,267	1,315,021	<b>24,529,341</b>
Ratmalana	3,679,039	21,980	3,657,059	86,589	193,967	<b>3,376,503</b>	3,249,408	-	3,249,408	66,230	159,538	<b>3,023,640</b>
Tangalle	29,583,284	(4,948)	29,588,233	177,080	1,799,959	<b>27,611,194</b>	26,690,501	(8,093)	26,698,594	152,409	1,488,774	<b>25,057,411</b>
Ragama	25,044,756	(8,451)	25,053,207	-	1,462,915	<b>23,590,292</b>	23,250,249	(2,491)	23,252,740	-	1,144,448	<b>22,108,292</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 30.4 OSUSALA TRADING STOCK

2021

2020

As at 31st December	2021						2020					
	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	10,067,969	(9,053)	10,077,021	6,021	595,806	<b>9,475,195</b>	9,865,180	(1,127)	9,866,307	6,959	496,608	<b>9,362,739</b>
Fort - Station	11,393,070	(13,068)	11,406,138	5,780	542,888	<b>10,857,470</b>	13,063,743	(15,843)	13,079,586	8,733	448,830	<b>12,622,023</b>
Borella	9,328,684	(8,830)	9,337,515	94,456	440,191	<b>8,802,869</b>	6,847,881	14,185	6,833,696	86,302	301,096	<b>6,446,298</b>
Embilipitiya	10,578,859	26,393	10,552,466	271,591	542,311	<b>9,738,564</b>	13,974,916	60,793	13,914,123	139,391	656,100	<b>13,118,631</b>
KDY-Railway	11,328,935	47,284	11,281,651	127,331	610,899	<b>10,543,421</b>	13,177,368	18,947	13,158,421	154,184	596,011	<b>12,408,226</b>
Gampaha	32,769,043	156,835	32,612,208	98,510	2,145,813	<b>30,367,884</b>	23,694,031	201,687	23,492,344	76,698	1,304,702	<b>22,110,945</b>
Nagoda	21,354,714	(71,187)	21,425,901	73,419	1,368,416	<b>19,984,065</b>	22,314,724	(9,040)	22,323,764	44,698	1,187,447	<b>21,091,618</b>
Beruwala	11,622,736	(6,693)	11,629,428	7,976	698,045	<b>10,923,407</b>	9,602,194	(5,287)	9,607,482	2,907	437,784	<b>9,166,790</b>
Piliyandala	16,091,869	50,019	16,041,850	28,941	1,018,742	<b>14,994,168</b>	21,723,102	28,875	21,694,227	74,399	1,052,737	<b>20,567,091</b>
Ninthavur	6,806,953	19,193	6,787,760	140,282	413,224	<b>6,234,253</b>	6,370,501	31,067	6,339,434	205,789	375,415	<b>5,758,230</b>
Akkaraipattu	10,753,025	31,587	10,721,439	140,125	636,730	<b>9,944,584</b>	10,835,246	2,378	10,832,868	104,493	523,037	<b>10,205,338</b>
Monaragala	16,094,712	(12,056)	16,106,768	71,669	1,014,271	<b>15,020,828</b>	15,379,663	(23,741)	15,403,404	68,862	885,447	<b>14,449,095</b>
Peradeniya	14,704,556	(1,475)	14,706,031	8,395	778,640	<b>13,918,996</b>	15,924,667	(16,210)	15,940,878	25,734	749,939	<b>15,165,204</b>
Anamaduwa	5,837,532	(8,613)	5,846,145	392,124	248,958	<b>5,205,062</b>	7,609,073	6,897	7,602,176	750,925	277,823	<b>6,573,428</b>
Kotalawala defence Academy	18,858,273	4,544	18,853,729	113,449	477,417	<b>18,262,863</b>	12,394,991	18,223	12,376,768	48,685	398,282	<b>11,929,802</b>
Dambulla	24,915,829	(55,550)	24,971,378	4,412,492	1,124,726	<b>19,434,160</b>	28,391,630	67,145	28,324,485	3,460,998	1,097,763	<b>23,765,723</b>
Matale	14,302,433	(4,573)	14,307,006	64,480	756,686	<b>13,485,841</b>	16,080,995	(38,261)	16,119,255	1,791	664,501	<b>15,452,963</b>
Badulla Bus stand	9,057,769	5,169	9,052,600	609,633	417,499	<b>8,025,468</b>	8,384,840	37,739	8,347,101	196,999	430,008	<b>7,720,094</b>
Mathugama	16,992,183	(4,251)	16,996,434	148,791	827,986	<b>16,019,656</b>	15,149,487	15,908	15,133,579	14,259	677,617	<b>14,441,702</b>
Narahenpita	4,324,913	741	4,324,172	94,554	226,582	<b>4,003,036</b>	-	-	-	-	-	-
Medawachchiya	12,894,591	465	12,894,126	-	814,311	<b>12,079,815</b>	-	-	-	-	-	-
Pitakotte	13,791,352	9,995	13,781,357	1,748	558,363	<b>13,221,245</b>	-	-	-	-	-	-
Horana	10,851,800	-	10,851,800	-	485,942	<b>10,365,859</b>	-	-	-	-	-	-
Regional Stores Kandy	24,247,782	(10,028)	24,257,810	341,285	-	<b>23,916,525</b>	26,207,886	(3,177)	26,211,063	218,814	-	<b>25,992,250</b>
<b>Total</b>	<b>1,302,588,718</b>	<b>558,069</b>	<b>1,302,030,648.71</b>	<b>13,421,353</b>	<b>57,999,630</b>	<b>1,230,609,666</b>	<b>1,284,852,160</b>	<b>(6,188)</b>	<b>1,284,858,348</b>	<b>8,764,486</b>	<b>48,931,482</b>	<b>1,227,162,381</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 31. CAPITAL

There is no change in the Authorized Capital during the year ended 31<sup>st</sup> December 2021

#### CONTRIBUTED CAPITAL

Contributed Capital is made up by government grants amounting to Rs 59,055,258 as at 31 Dec 2021.

### 32. GENERAL RESERVE

General Reserve	2021	2020
Balance as at 31 <sup>st</sup> 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 31<sup>st</sup> December 2021, and the Corporation has been advised by the legal council 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 twelve cases where legal actions instituted by stakeholders of entities involved, claiming Rs.13, 443,391/- and Rs. 4,791,767/- (interest for delay payment). 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 and the case was laid by due to the pending Magistrate Court case regarding the same matter.

##### 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 Magistrate Courts, Galle against SPC by the Consumer Affairs Authority for a labelling issue.

##### 33.1.4 Kopran Limited India Vs SPC

The above-mentioned supplier has initiated arbitration against SPC to recover the withheld amount from the supplier from ongoing other contracts signed between SPC and the Supplier.

##### 33.1.5 Court of Appeal (Writ) Application No.400/2018- Markss HCL (Pvt) Ltd vs SPC & Others

The Case has been filed by supplier Markss HCL pvt Ltd, Colombo 5 (The bidder) against the decision of the tender board.

##### 33.1.6 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.

##### 33.1.7 Mr G H Chanaka Vs SPC

An application was filed by Management Assistant (Pharmacist) Mr. G H Chanaka against the vacation of the post of the application.

##### 33.1.8 Yaden International ( Pvt) Ltd vs SPC

The above-mentioned supplier has initiated Arbitration against SPC to recover the withheld amount from the supplier from ongoing other contracts signed between SPC and the Supplier.

##### 33.1.9 Steps Construction (Pvt) Ltd vs SPC

Steps Construction (Pvt) Ltd has initiated Arbitration against SPC to recover Rs. 13,443,391.23 ( with VAT) and Rs. 4,791,767.50 ( Interest for delay payment) due to them for the construction of proposed Oral Rehydration Sault (ORS) Factory.

## NOTES TO THE FINANCIAL STATEMENTS

### 33.1.10 Case No. CA/WRIT/181/2021 – Fresenius Medical Care (Pvt) Ltd. vs SPC

The case has been filed by the supplier Fresenius Medical Care (Pvt) Ltd to challenge the award given to the successful bidder.

### 33.1.11 Case No. CA/WRIT/264/2021 – LK Pharmaceuticals (Pvt) Ltd vs SPC

The case has been filed by the supplier L K Pharmaceuticals (Pvt) Ltd to mandamus and prohibition seeking writs of certiorari.

### 33.1.12 Case No. CA/WRIT/589/2021 – CIC Holding (Pvt) Ltd vs SPC

The case has been filed by the supplier CIC Holding (Pvt) Ltd to challenge the award given to the successful bidder.

33.2 The corporation is the plaintiff in four Cases claiming Rs 12,253,965.64 with legal interest for the damages.

#### 33.2.1 Osusala – Negombo - Case No. L 30202

Rs. 3,863,609.77 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 (LKR 4,813,512/-) 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 (LKR 1,207,885.59) against quality failures reported in their supplies.

#### 33.2.4 Lloyed Pharmaceuticals – Case No. 6799 M

SPC filed a case in district court Kalutara against the distributor Lloyed Pharmaceuticals to recover the outstanding dues of Rs. 2,368,958.28.

### 33.3 Financial Commitments

Document credit established for purchases of pharmaceuticals as at 31.12.2021 amounts to Rs.15,572 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.

	2021	2020
SPC	Rs. 1,311,824,059	Rs. 1,426,074,422
DHS	Rs. 52,639,279,630	Rs. 34,213,326,174

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 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.

<b>Year ended 31 December 2021:</b>	<b>(Rs)</b>	<b>Maturity</b>
Interest-bearing loans and borrowings	569,624,426	OD – Payable on demand
Long Term Loans	11,466,255,552	Repayable within 72 months
Trade and other payables	16,164,216,448	Usually 03 months

<b>Year ended 31 December 2020:</b>	<b>(Rs)</b>	<b>Maturity</b>
Interest-bearing loans and borrowings	55,929,000	OD – Payable on demand
Long Term Loans	11,876,000,000	Repayable within 84 months
Trade and other payables	16,131,036,325	Usually 03 months

	<b>2021</b>	<b>2020</b>
	<b>Rs</b>	<b>Rs</b>
Interest-bearing loans and borrowings	569,624,426	55,929,000
Long Term Loans	11,466,255,552	11,876,000,000
Trade and other payables	16,164,216,448	16,131,036,325
Less: cash and short-term deposits	(1,111,456,668)	(1,225,357,866)
Net debt	27,088,639,758	26,837,607,459
<b>Equity</b>		
Capital and net debt	41,864,438,172	39,171,403,562

## 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:

<b>Nature of the Transaction</b>	<b>2021</b>	<b>2020</b>
<b>Transactions:</b>	<b>RS</b>	<b>RS</b>
Sales -	70,811,344,509	54,323,564,615
<b>Outstanding Balances:</b>		
Receivable from Medical Supplies Division	52,639,279,630	34,213,326,174
Receivable from Forces	650,306,321	706,184,859
Receivable from Government hospitals	92,390,446	140,042,955
Receivable from Other Government Institutions	69,938,268	105,330,015

### 35.2 Key Management Compensation

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

	<b>2021</b>	<b>2020</b>
	<b>RS</b>	<b>RS</b>
Short term employment benefits	4,653,785	4,038,290

## 36. 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.

My No.- MSU/A/SPC/1/21/56/21/56

Date : 29 August 2022

Chairman,

State Pharmaceuticals Corporation of Sri Lanka

**Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the State Pharmaceuticals Corporation of Sri Lanka for the year ended 31 December 2021 in terms of Section 12 of the National Audit Act No. 19 of 2018.**

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**1. Financial Statements**  
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**1.1 Qualified Opinion**  
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The audit of the financial statements of the State Pharmaceuticals Corporation of Sri Lanka for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Corporation as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

## 1.2 Basis for Qualified Opinion

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- (a) According to paragraph 69 of Sri Lanka Accounting Standard 1, 03 fund accounts established for 03 specific purposes total amounting to Rs. 23,012,737 as at 31 December 2021 were disclosed as current liabilities instead of being disclosed as non-current liabilities.
- (b) Although the accounting policies used in the measurement of stocks, including the cost formula used, are required to be disclosed in the financial statements in accordance with Sri Lanka Accounting Standard 2, that disclosures were not made regarding the remaining stocks in pharmacies.
- (c) Fixed assets which cost Rs. 128,816,986 have been fully depreciated due to non-review of residual value and useful life for non-current assets annually as per paragraph 51 of Sri Lanka Accounting Standard 16, but those were continued to be used. Accordingly, the estimated error had not been revised in accordance with Sri Lanka Accounting Standard 8.
- (d) Although Rs. 28,505,210 was reserved for the year under review according to the policy of making an allocation equal to the total value of the stocks that have not been resolved for more than a year, the required disclosures in the financial statements according to paragraph 84 of Sri Lanka Accounting Standard 37 had not been made in that regard.
- (e) Although the difference between the cost of the remaining stocks of the pharmacies and the exchange value of those stocks as at 31 December 2021 should be adjusted as unearned income, only Rs. 57,999,630 equal to 7.8 percent of the stock exchange value was allocated as unearned profits without identifying the cost of the remaining stocks.
- (f) Accrued expenses of Rs. 372,590 had not been accounted as at 31 December 2021.
- (g) The non-accounted value of purchases and sales was Rs. 4,844,109 as at 15 June 2022, which was the date of audit due to that the invoices along with the good receiving notes for the medical supplies purchased from 02 suppliers and supplied to the Medical Supplies Division in the previous year and the year under review have not been

received by the corporation and as a result, the related service fee income of Rs. 193,764 was not accounted.

- (h) According to the information submitted for the audit, it was not disclosed about the receivable additional cost of Rs. 122,150,821 which had to be spent for the medical supplies that had to be purchased from local markets due to the delay of the main order issued to the suppliers from the Medical Supplies Division during the period from the year 2016 to 2021 was collected from the relevant suppliers. Further, the information about the additional cost incurred by the surgical division for that period was not submitted for the audit.
- (i) 95.6 percent of the total debtors or Rs. 52,850,871,522 should have been received from the Medical Supplies Division as at 31 December 2021 according to the financial statements, but the balance on that day was Rs. 25,514,277,913 according to the accounts of the Ministry of Pharmaceutical products, supply and regulation and according to the balance confirmation sent by that State ministry, the balance was Rs. 47,166,179,357. No reasons were given for the difference of Rs. 27,336,593,609 and Rs. 5,684,692,165 respectively.
- (j) According to the accounts of 06 trade creditors who had submitted balance confirmations as at 31 December 2021, the balance was Rs. 47,401,353 and the confirmed balance was Rs. 158,249,299 and due to that there was a net difference of Rs. 110,847,946.
- (k) Although the cost of defective, expired and damaged medical supplies as at 31 December 2021 from medical supplies purchased for sale by pharmacies during the period from the year 1996 to 2021 was Rs. 215,481,045 according to the financial statements, the cost was only Rs. 195,248,445 according to the physical stock verification report on that day and due to that there was a difference of Rs. 20,232,600. The reason for the change was identified as a stock shortage, but the necessary adjustments were not made in the financial statements.
- (l) Although the book value of fixed assets of computers, equipment, furniture and fittings was Rs. 269,710,414 as at 31 December 2021 according to the financial statements, the value was only Rs. 263,538,233 on that day according to the fixed assets

register and due to that, there was a difference of Rs. 6,172,181. No reasons were given for the difference.

- (m) The total sales income in the year under review was Rs. 79,490,401,811 according to the financial statements, but that figure was Rs. 79,284,922,368 according to the performance reports submitted for audit by the marketing division and due to that, there was a difference of Rs. 205,479,443. No reasons were given for the difference.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **1.3 Other information included in the Corporation's 2021 Annual Report.**

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The other information comprises the information included in the Corporation's 2021 Annual Report but does not include the financial statements and my auditor's report thereon, which I have obtained prior to the date of this auditor's report. Management is responsible for the other information.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work I have performed on the other information that I have obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## **1.4 Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the corporation's financial reporting process.

As per Sub Section 16(1) of the National Audit Act No. 19 of 2018, the fund is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the corporation.

## **1.5 Auditor's Responsibility for the Audit of the Financial Statements**

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My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## 2. Report on Other Legal and Regulatory Requirements

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2.1 The specific provisions were included about the following requirements in the National Audit Act, No. 19 of 2018.

2.1.1 Except for the effects of the matters described in the basis for Qualified Opinion section of my report, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Corporation as per the requirement of section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 The financial statements presented includes all the recommendations made by me in the previous year except the audit observations of 1.2(b),(c) and (e) described in the basis for Qualified Opinion section of my report as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

2.2 Based on the procedures performed and evidence obtained was limited to matters that are material, nothing has come to my attention.

2.2.1 Whether that any member of the governing body of the Corporation has any direct or indirect interest in any contract entered into by the Corporation which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.

2.2.2 Whether that the Corporation has not complied with any applicable written law, general and special directions issued by the governing body of the corporation as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018.

<b>Reference to Laws, Rules and Regulations</b>	<b>Observation</b>
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(a) Finance Act No. 38 of 1971 -----	
(i) Section 10(5) of the Public Enterprises Letter No. PED/A/REV/1/15(ii) dated 16 December 2021	The net surplus income remaining after the appropriations mentioned in the Act shall be credited to the consolidated fund in each year and the Corporation should credit Rs. 350 million to the consolidated fund during the year under review according to the letter of the Department of Public Enterprises. However, only Rs. 128 million had been sent to the treasury for credit to the consolidated fund for the year under review until 20 July 2022 and the remaining amount to be sent was not disclosed in the financial statements.
(ii) Section 14(3)	Although the annual report prepared for a particular year should be submitted to the parliament before more than 10 months from the beginning of the following year, along with other related documents, the annual reports for the 03 years of 2018, 2019 and 2020 have not been prepared and submitted to the parliament as at the date of this report.
(b) Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka -----	
(i) Financial Regulations 103,104 and 105	The cost of Rs. 191,865,426 expired stock in the previous year and the year under review as at 31

- December 2021 and expired stock in the year under review and the cost of Rs. 40,711,703 quality failure stock in the previous year and the year under review as at that date had not been act in accordance with the financial regulations.
- (ii) Financial Regulations 395 (c) and (f) Although a bank reconciliation statement should be prepared before the 15<sup>th</sup> day of the following month in relation to the status of the transaction at the end of each month, bank reconciliations related to Bank of Ceylon current account were prepared after a delay of 02 months and bank reconciliation statements for the last 9 months from December 2021 were not prepared in relation to Sampath Bank current account. Also delays in preparation of bank reconciliations were not informed to the Accounting Officer.
- (iii) Financial Regulations 571 The sum of Rs. 349,926, which was more than 02 years from the date of deposit, had not been settled or credit as at 31 December 2021.
- (iv) Financial Regulations 756 and 757 (2) Although the fixed assets should be surveyed annually and copies of the survey reports submitted to the Auditor General, the survey reports for the year under review had not been submitted for audit even as at 05 June 2022.
- (c) Public Enterprises Circular No. 95 dated 14 June 1994 Rs. 70,631,972 for remaining annual leave and Rs. 70,917,585 as performance incentives per

employee per month during the year under review were paid to the staff without obtaining treasury approval.

- (d) Public Enterprises circulars No. PED/03/2018 dated 07 December 2018 and No. PED/03/2021 dated 15 December 2021. Although the provisions of this circular are not applicable to the corporation having a collective agreement, bonus allowances of Rs. 12,472,594 were paid to each employee at Rs. 13,500 for the year under review according to the provisions of this circular.
- (e) Paragraph 4.3 of the Guidelines on Corporative Governance of the Public Enterprises Department Circular No. 01/2021 dated 16 November 2021. Although the corporation shall appoint a risk management committee to calculate the impact of financial and non-financial risks on the business operations on the institution and take appropriate measures to mitigate the risks affecting the functioning of the institution, the said committee had not been appointed until 31 May 2022.
- (f) Treasury Circular No. IAI/2002/02 dated 28 November 2022. A fixed assets register according to the circular provisions was not maintained for the computer accessories and software with a cost of Rs. 122,520,480 as at 31 December 2021.
- 2.2.3 That the powers, duties and functions of the corporation have not been acted upon as per the requirement mentioned in Section 12 (g) of the National Audit Act No. 19 of 2018.
- 2.2.4 According to the requirement mentioned in Section 12 (h) of the National Audit Act No. 19 of 2018, apart from the following observations, the corporation's resources have not been procured and used in accordance with the relevant rules in a timely manner, efficiently and effectively.
- (a) The contract registration certificate under the Public Contracts Act was not obtained from the supplier in 03 instances of purchase of medicines at a cost of

Rs. 373,196,150 during the year under review and regarding the appointment of Technical Evaluation Committees, a technical evaluation committee consisting of only three people was appointed instead of 05 member technical evaluation committee to evaluate procurements exceeding Rs. 50 million.

- (b) Recognizing it as an urgent caused by the Covid-19 epidemic, the procurement was carried out based on the price quote by one supplier following the direct purchase method and without any technical evaluation and Rs. 14,270,000 was spent for the purchasing of 10,000 Safety Goggles at Rs. 1,400 per each and 200 Safety Goggles at Rs. 1,350 each in the year 2020 for the sale of the Corporation. An advance of 20 percent of the total value of the contract can be paid as per Guideline 5.4.4 of the Government Procurement Guidelines, but on the contrary, Rs. 07 million was paid to the supplier as an advance of 50 percent. Although Seals Safety Goggles should have been supplied as per the quotation, purchase order and goods receiving note submitted by the supplier, instead, a physical audit inspection revealed that 10,200 Swimming Goggles had been provided. Only 54 out of 10,200 Swimming Goggles were sold at Rs. 1,610 each due to purchase without proper identification of need and without proper sales forecast and physical inspections conducted on 9 November and 24 November 2021 revealed that 9,945 Swimming Goggles with a total cost of Rs. 13,915,700 were remained and there was a shortage of 201 Goggles with a total cost of Rs. 281,400.
- (c) 5,000 sets of Personal Protective Equipment (PPE) with a cost of Rs. 21,492,357 had been purchased in the year 2020 for the need of the Medical Supplies Division. The Medical Supplies Division or the corporation had not prepared requirement specifications for PPE kits and the purchase of was made on the Profoma invoice submitted by one supplier without any kind of quotation and technical evaluation. Out of the 5,000 PPE sets that were ordered, a stock of 2,000 sets had been received by the corporation and sent to the Medical Supplies Division, but the relevant stock receiving was refused by stating that only "Isolation Gown" was supplied and the order submitted by the Medical Supplies Division was mentioned as "PPE Set". Despite that, the second stock consisting of Rs. 3,000 sets of PPE was also received from the supplier and sent to the Medical Supplies Division, but the same stock was rejected for the same reason as mentioned earlier. The Corporation had incurred a loss of Rs. 29,621,717 due to the inability to recover Rs. 21,492,357 and service fee of Rs. 8,129,360 from the Medical Supplies Division. It was observed

that 4,997 sets of PPE were in stock and there was a shortage of 03 sets during the year under review.

- (d) The Medical Supplies Division had purchased 1,560 units of Papaverine HCL vaccine 60mg/2ml at a cost of Rs. 68,595,384 which was identified as the requirement of the year 2021. As only one bidder had submitted bids according to the international open competitive bids made by the corporation for this procurement and the bid for one unit was Rs. 40,868.98 even though the estimated price of a vaccine unit was Rs. 255.07, the prices should have been called again, but the procurement committee of the department had approved the purchase of 3,125 vaccine units for Rs. 127,715,569 at Rs. 40,868.98 per unit without doing that. Although a technical evaluation committee of 05 members should be appointed by the Ministry of health to evaluate procurements exceeding Rs. 50 million according to the procedure followed by the corporation regarding the appointment of technical evaluation committees, a technical evaluation committee appointed by the corporation consisting of only 03 members had evaluated the bids. Although the Medical Supplies Division had informed that the order should be placed after considering the existing stock level before opening the letters of credit or after obtaining the approval of the Medical Supplies Division, the Corporation had not done accordingly. Also, due to the annual use is 650 vaccine units according to the decision of the departmental procurement committee, letters of credit should have been opened only for 40 percent of the total amount of vaccine units or 1,250 vaccine units, but letters of credit of Rs. 68,727,298 had been opened for 1,563 vaccine units beyond the approval of the departmental procurement committee. Out of 1,560 vaccine units purchased on 18 July 2021, 1,421 vaccine units were remained by 20 August 2022 and it was observed that they will expire in February 2023. The contract had not been registered under the General contracts Act No. 03 of 1987 and the registration certificate had not been obtained to the corporation.

### 2.3 Other Matters

- (a) Standard operating procedures were not prepared for the marketing process of the corporation.

- (b) Although it had expected a sales target of Rs. 10,673,503,000 through corporation sales for the year under review, a sales target of Rs. 1,242,551,008, which was 11 percent of the expected target, could not be achieved due to the actual sales, were only Rs. 9,430,951,992. Also, a sales target of Rs. 127,913,984,000 was expected for the Medical Supplies Division, but a sales target of Rs. 57,803,549,737, which was 45 percent of the expected target, had not been achieved due to the actual sales were only Rs. 70,110,434,263. The Chairman informed that the reasons for this were the Covid 19 epidemic situation as well as the postponement of some orders to the next years and the fully cancellation of some orders by the Medical Supplies Division.
- (c) The Corporation had purchased 90,000 units of Famotidine tablets USP (40 mg) in size (10\*10) packs at a cost of Rs. 12,483,155 during the year under review. It was confirmed that the expiry date of 02 batches of drugs received at the warehouse had been changed with a pen. According to the recommendation given by the Quality Deficiency Committee on 27 October 2021, all categories of this medicine were not rejected and withdrawn. As there were only 9,376 packaging units saved with a cost of Rs. 1,300,467 which is expiry date had been changed by 05 January 2022, it was observed that expired medicines had been sold even on the date of receiving the supply. The late charges of Rs. 914,057 to be charged for the 22 days delay related to this supply had not been recovered until the date of this report.
- (d) Due to the average monthly sales requirement was 1,159 packing units, the annual sales requirement was 13,908 packing units, but despite that, although 40,000 packaging units were to be received to the corporation from a previous order, regardless of that, 72,000 packaging units of Levofloxacin tablets (500 mg) in size (3\*10) were ordered and 36,000 packaging units were purchased at Rs. 5,522,480 for the sale of the corporation in the year 2019. 9,902 packaging units that had been procured from a previous order and 22,357 packaging units out of 36,000 packaging units had failed to be sold by 28 February 2022 and at that time, a loss of Rs. 5,242,790 had been incurred due to that the 45,092 packaging units had been expired. But the responsible parties were not identified and necessary steps were not taken.
- (e) 09 items of medicines which had been purchased for sale by the corporation, but retained without issuing for sale due to deficiencies in the conditions, with a total cost of Rs. 4,938,039 had already expired on 22 April 2022. The Corporation had incurred

a loss of Rs. 4,938,039 due to not taking proper measures at the right time regarding those stocks.

- (f) Due to that the stocks of medical supplies which had been purchased for the Medical Supplies Division during the period of 17 years from the year 2005 to the year 2021, but retained due to the refusal of acceptance by that division and the stocks of medical supplies which had a total cost of Rs. 345,248,597 were stored in private warehouses, the total additional storage cost incurred by the corporation during that period was Rs. 19,805,997. It was also observed that storage cost is increasing day by day due to that no arrangements have been made for proper disposal of those stocks.
- (g) Due to the lack of sufficient storage facilities in the storage complex of the Medical Supplies Division, 28 folders related to 28 indents imported by the corporation in the years 2021 and 2022 were retained in a private warehouse for a period of 06 months from 20 August 2021 to 21 February 2022 and the Corporation had paid Rs. 48,278,583 as storage cost for those 06 months. But, this additional cost which had to be incurred by the corporation was not recovered from the Medical Supplies Division.
- (h) Due to supply of quality failure and damaged drugs and under supply of drugs to Medical Supplies Division, it had failed to charge the money until 30 June 2022 for the debit notes of Rs. 943,753,927 that had been issued by 31 December 2021 to recover the cost, administrative fees and the cost of destroying the stock from the suppliers. Out of that, Rs. 71,031,227 was to be recovered from blacklisted suppliers and due to that, recovery was in an uncertain situation.
- (i) According to the financial statements, the total cost of drugs that had been purchased for sale by the corporation but failed, expired and damaged as at 01 January 2021 was Rs. 215,481,045 and the total cost of failed, expired and damaged drugs was Rs. 128,932,861 during the year under review. Out of the total cost of Rs. 40,711,703, Rs. 25,043,872 in the previous year and the year under review had not been collected from the suppliers even on 01 June 2022. Also, the total loss incurred by the corporation due to the expiry and damage of drugs in the previous year and the year under review was Rs. 191,865,426.
- (j) Out of 50 pharmacies owned by the corporation, 26 pharmacies had incurred losses of Rs. 53,239,900 during the year under review. The loss of 10 pharmacies had increased

from 15 percent to 175 percent compared to last year. Furthermore, 04 pharmacies of Rathnapura, Sri Jayawardhanapura hospital, Bandaragama and Monaragala which had earned profits in the previous year, had made losses in the year under review. It was also observed that the profit received in the reviewed year had decreased from 5.7 percent to 7,411 percent of 09 pharmacies in comparison with the profit received in the previous year. The Chairman informed that the cause of this was the Covid 19 epidemic.

- (k) Dambulla pharmacy, which had the highest loss of Rs. 5,902,985 in the year under review, had a loss of Rs. 4,896,404 in the last year. Damage or expiration of medical supplies of Rs. 3,460,998 and Rs. 4,412,492 respectively in the years 2020 and 2021 was the main cause for such loss. This situation was caused by that the sales forecasts of the drugs did not correctly identify the annual requirement and did not focus on the high stock levels of drugs with low sales percentage and transfer them to the pharmacies with high sales.
- (l) There was no numerical change in pharmacy staff during the year under review as compared to the previous year, but staff expenses in 32 pharmacies had increased in the range of 10 percent to 32 percent. 12 pharmacies were losses incurred during the year under review. Also, the staff expenses of the Sri Jayawardhanapura hospital pharmacy had increased by Rs. 4,760,913 in the reviewed year compared to the previous year and it had directly affected the loss of that pharmacy. The Chairman was informed that, according to the collective agreement, the increase in staff salaries during the year under review and the decrease in income due to the Covid 19 epidemic situation was the reason for this.
- (m) Due to the stock of oxygen purchased for the Medical Supplies Division was directly supplied to the hospitals by the relevant supplier during the year under review, as the invoices with the stamp certifying that they were delivered to the Medical Supplies Division were not received from the Corporation, the Corporation had failed to issue the relevant debit notes. Due to this, the advance of Rs. 169,260,160 paid to the supplier had not been settled by 31 May 2022.
- (n) According to the physical stock survey reports of pharmacies as at 31 December 2021, the stock surplus was Rs. 4,850,246 and the stock shortage was Rs. 5,408,315 and it

was Rs. 5,943,386 and Rs. 5,937,198 respectively in previous year. Although errors in the preparation of sales invoices and stock packaging, errors in the computer system, deficiencies from the staff, inconsistencies with the amount contained in the label due to the release of small quantities of pills and capsules in stock packaging and issuing were recognized as the reasons for the stock shortages and surpluses, steps were not taken to identify the necessary measures to reduce those errors and act according to the Financial Regulations.

- (o) According to the physical stock survey reports of the Rathmalana warehouse premises and 50 pharmacies as at 31 December 2021, it was observed that due to that a large number of unsalable goods were kept in the warehouse premises without being destroyed, it was not possible to use the warehouse space efficiently. It was also observed that there are differences between the unit value of the data system and the physical unit value due to unsalable drug items that were identified in the previous year are seen in the stock report of the reviewed year, some drug stock items as well as unsalable drug stock items have not been updated in the data system, inability to identify slow-moving, expired and obsolete stocks as pharmacies do not conduct time analysis of drug items, inability to identify existing stocks as pharmacies do not maintain stock records regularly, the warehouse premises were not used efficiently when storing stock in pharmacies due to the insufficient storage facilities of Narahenpita pharmacy and Colombo 01 pharmacy, a large amount of stock was kept outside the warehouse, the stock kept outside was not covered securely, and the access of outsiders to the area was not restricted and some items of the Colombo 01 pharmacy were sold without issuing invoices. But, appropriate measures were not taken to correct the deficiencies.
- (p) According to time analysis of remaining stock available for sale in Rathmalana warehouse as at 31 December 2021, 98 items with a total cost of Rs. 79,233,418 were items that would expire in the year 2022 with a very short shelf life. Out of that 74 items costing Rs. 43,502,964 were unsold stock for more than a year.
- (q) Due to the cost of 10 indents imported by the Corporation and handed over to the Medical Supplies Division during the period from 2016 to 11 February 2022 was Rs. 35,759,829 due to non-completion of stock bulk containers, low consignment load was rejected by the Medical Supplies Division. It had to incur a storage cost of Rs.

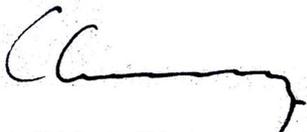
1,171,122 only for a period of one year for storing the stock folders related to those 10 items due to that the Corporation did not act immediately to complete these deficiencies.

- (r) It was observed that the Medical Supply Management System (MSMIS), which was introduced since the year 2015 for the management of medical supplies, was not utilized properly and the computer system provided the facility to update the status of each step from ordering the medicine to the time of receiving the stock, but the information related to the order was not entered into the system due to a technical problem that existed from 07 years. Also, since the information related to the order was stored by the Corporation through other computer spreadsheets (Excel), the date of technical evaluation of a tender, the date of procurement committee decisions, the date of opening of letters of credit etc. were not easily available to check who is responsible for the delay in the procurement and it was observed that it takes more time to make decisions as well as to know the information regarding the current progress of the order. Although the Medical Supplies Division submits the order lists related to the respective year to the Corporation through this computer system with a lead time of 11 months, it was observed that the Corporation had not immediately started the procurement activities related to those orders, delayed in the initiation of the procurement activities until the written copies of the order list were received by the Corporation and it took more than 18 days to send the written copies of the orders issued to the Corporation through the computer system to the import division of the corporation and only after that the procurement activities were initiated and due to that, process of issuing and receiving orders had been spent a considerable time out of the supply period of 11 months.
- (s) The Corporation use 14 Management Information Systems (MIS) for its operational and administrative functions and a contract agreement had been entered with the expectation of implementing a new enterprise resource planning system in order to fulfill the tasks performed by 12 systems through one system, but the contract was terminated on 20 February 2020 due to poor performance as failure to select a suitable contractor. 497 units of 09 computer accessories were purchased at a cost of Rs. 32,360,230 in the years 2018 and 2019 for the implementation of this project and out of that, 375 units of 09 items whose unused cost was Rs. 26,107,265 for project work had been released for use in other functions of the corporation. Also, 122 units of 06

items of computer and accessories which were purchased for this project costing Rs. 6,252,965 remained unused in the warehouse even on the audited date of 09 June 2022. Although the number of users using the 12 systems currently used is 324, the number of users expected to use the new system was 1,399 and due to that, the inability to implement this project had severely affected the activities of the all departments of the Corporation.

- (t) In the year 2015, Rs. 724,936 was paid for the installation of an elevator for Colombo 07 pharmacy and it is still indicated under unfinished work until 31 December 2021, but even after a period of 07 years, the installation work of the elevator has not been completed.
- (u) Accrued expenses as at 31 December 2021 were Rs. 258,664,030 and out of that, Rs. 132,073,302 had not been settled by 31 May 2022 and out of that, Rs. 9,941,920 were unsettled balances from 02 to 04 years old.
- (v) The cost of disputed goods in transit for the years 2007, 2008, 2009 and 2012 was Rs. 2,000,577 and custom fee of Rs. 12,603,168 were not recovered from the relevant parties.
- (w) The container deposits were Rs. 18,623,825 as at 31 December 2021 and out of that, Rs. 6,972,805 had failed to be recovered between 02 and 14 years. Out of these, from the deposits of Rs. 5,738,822 related to the period from the year 2007 to 2015, no amount had been recovered in the year 2021.
- (x) Although the sale amount should be recovered from the respective trade debtors within a period of 30 to 45 days from the date of sale as per the policy of the corporation, Rs. 22,379,496 to be received from private, public and semi government institutions for more than 05 years and Rs. 26,871,871 for between 01 and 05 years included in the trade debtor balance of Rs. 1,311,824,058 as at 31 December 2021 have failed to be collected. Legal actions were taken only to recover the loan balance of Rs. 10,440,050, which was more than 05 years old out of that, only Rs. 2,368,958 were disclosed in the financial statements.

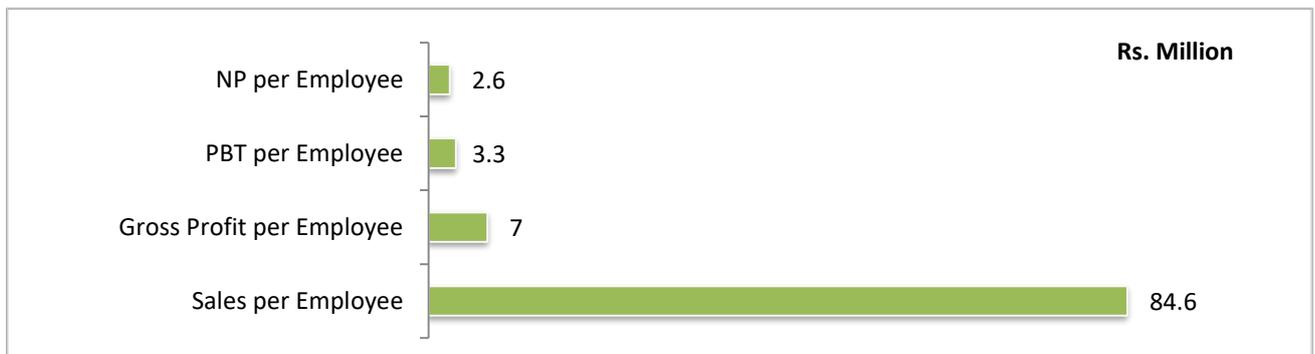
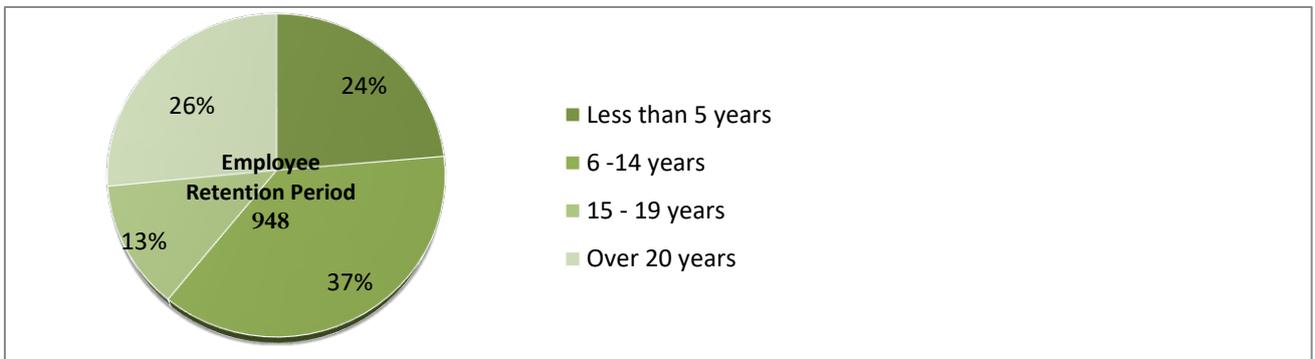
- (y) Out of Rs. 52,850,871,522 to be received from the Medical Supplies Division as at 31 December 2021, Rs. 211,591,892 between years 12 and 23 and Rs. 3,585,361,405 between 6 and 14 years had failed to be recovered.
- (z) Out of Rs. 14,621,370 to be charged from the parliament complex as at 31 December 2021, Rs. 9,044,298 had failed to be collected for more than 05 years.
- (aa) Out of Rs. 1,217,075,558 to be paid to trade creditors as at 31 December 2021, Rs. 115,005,985 had not been settled for more than a year.
- (bb) Out of the balance of the bank bill account payable on 31 December 2021 was Rs. 14,489,595,367, Rs. 708,416,751 consisted of 100 percent letter of credit value and retained money that had not been paid to suppliers for more than 02 years, but action was not taken to settle that.
- (cc) Out of Rs. 21,134,366 special order advances as at 31 December 2021, Rs. 982,510 is an unsettled balance of more than 10 years from the Family Health Bureau and the rest consisted of a balance of Rs. 20,151,856 received from UNICEF, more than 2 years old, but it had not been settled.
- (dd) Out of various debtors amounting to Rs. 7,661,127 as at 31 December 2021, Rs. 5,678,711 had failed to be recovered from between 24 and 05 years.
- (ee) Out of Rs. 928,520,614 receivable advances from the suppliers as at 31 December 2021, Rs. 3,495,102 had failed to be charged from between 06 and 14 years.
- (ff) Although agent commission is payable only to the relevant agent, when Rs. 550,912 was paid as agent commission to the respective agent during the year under review, it was also paid to the respective supplier.



Sgd: W.P.C. Wickramaratne

Auditor General

## Human Resources Analysis



**STATE PHARMACEUTICALS CORPORATION OF SRI LANKA**  
**TEN YEAR SUMMARY - INCOME STATEMENT**

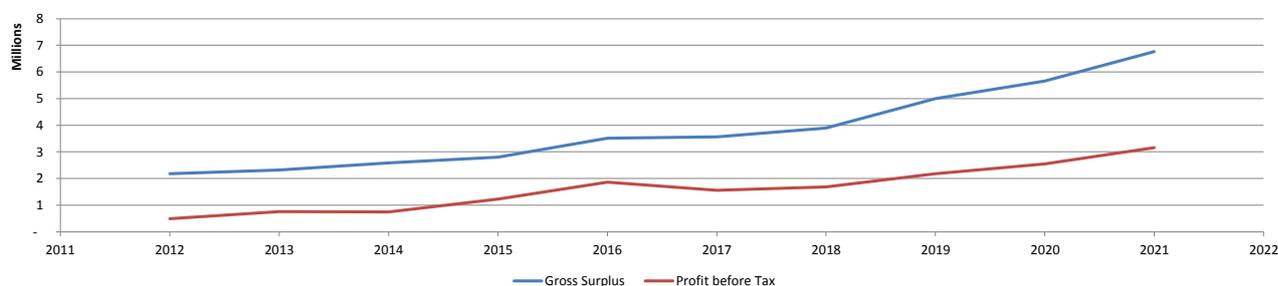
RS,'000'

**Turnover**

Description	2021 RS.	2020 RS.	2019 RS.	2018 RS.	2017 RS.	2016 RS.	2015 RS.	2014 RS.	2013 RS.	2012 RS.
Turnover - SPC	9,446,822	8,798,047	8,924,850	7,458,320	6,593,401	6,127,478	5,286,876	4,865,151	4,320,300	4,283,232
Turnover - DHS	70,811,345	54,323,565	42,959,660	31,436,986	25,970,290	26,127,912	19,176,807	17,269,008	16,815,666	16,608,492
<b>Total Turnover</b>	<b>80,258,167</b>	<b>63,121,612</b>	<b>51,884,510</b>	<b>38,895,306</b>	<b>32,563,691</b>	<b>32,255,390</b>	<b>24,463,683</b>	<b>22,134,159</b>	<b>21,135,966</b>	<b>20,891,724</b>
Gross Trading Profit - SPC	2,224,536	2,249,676	2,279,155	1,772,559	1,680,368	1,656,938	1,410,722	1,247,074	1,136,403	991,541
Gross Surplus - DHS	4,542,116	3,415,072	2,717,507	2,125,052	1,887,026	1,850,650	1,386,731	1,333,198	1,185,004	1,193,214
<b>Gross Surplus</b>	<b>6,766,653</b>	<b>5,664,749</b>	<b>4,996,662</b>	<b>3,897,611</b>	<b>3,567,394</b>	<b>3,507,588</b>	<b>2,797,453</b>	<b>2,580,272</b>	<b>2,321,407</b>	<b>2,184,755</b>

**Overheads**

Other Income	88,531	287,363	91,441	73,072	53,004	43,085	51,259	25,738	17,537	15,105
Administrative Expenses	(1,967,159)	(1,753,834)	(1,619,555)	(1,532,485)	(1,288,183)	(1,101,435)	(1,057,970)	(969,744)	(786,904)	(670,635)
Other Operating Expenses	(1,158,052)	(962,078)	(971,096)	(691,967)	(741,459)	(580,843)	(563,357)	(749,825)	(791,794)	(745,230)
<b>Operating Profit</b>	<b>3,729,973</b>	<b>3,236,200</b>	<b>2,497,452</b>	<b>1,746,231</b>	<b>1,590,756</b>	<b>1,868,392</b>	<b>1,227,385</b>	<b>886,441</b>	<b>760,246</b>	<b>783,995</b>
Finance Cost	(10,556)	(10,588)	(10,763)	(1,512)	(1,295)	(1,071)	(1,599)	(124)	(227)	(17)
Overdraft Interest	(569,624)	(686,878)	(317,470)	(67,406)	(35,199)	(5,434)	(734)	(149,659)	(1,384)	(290,877)
<b>Total Overheads</b>	<b>(3,705,391)</b>	<b>(3,413,378)</b>	<b>(2,918,884)</b>	<b>(2,293,370)</b>	<b>(2,066,136)</b>	<b>(1,688,783)</b>	<b>(1,623,660)</b>	<b>(1,869,352)</b>	<b>(1,580,309)</b>	<b>(1,706,759)</b>
Finance Income	6,943	6891	6,875	7,436	5,765	5,721	5,086	4,896	4,357	3,959
<b>Profit before Tax</b>	<b>3,156,736</b>	<b>2,545,624</b>	<b>2,176,094</b>	<b>1,684,749</b>	<b>1,560,027</b>	<b>1,867,608</b>	<b>1,230,137</b>	<b>741,554</b>	<b>762,992</b>	<b>497,060</b>
Taxation	772,172	576,401	512,225	756,823	470,595	625,863	610,539	192,145	320,008	205,282
<b>Net Profit for the period</b>	<b>2,384,564</b>	<b>1,969,224</b>	<b>1,663,869</b>	<b>927,926</b>	<b>1,089,432</b>	<b>1,241,744</b>	<b>619,598</b>	<b>549,409</b>	<b>442,984</b>	<b>291,778</b>
Defined benefits plan	57,438	191,755	(1,926)	30,453	(59,575)	10,049	239,887	(212,044)	(31,574)	(14,281)
<b>Total comprehensive Income</b>	<b>2,442,002</b>	<b>2,160,979</b>	<b>1,661,943</b>	<b>958,380</b>	<b>1,029,856</b>	<b>1,251,794</b>	<b>859,485</b>	<b>337,365</b>	<b>411,410</b>	<b>277,497</b>

**RATIOS**

Gross Profit Ratio - SPC (%)	23.55	25.57	25.5	23.8	25.5	27.04	26.68	25.63	26.3	23.15
Gross Profit Ratio - DHS (%)	6.41	6.29	6.33	6.76	7.27	7.08	7.23	7.72	7.05	7.18
Gross Surplus to Sales (%)	8.43	8.97	9.63	10.02	10.96	10.87	11.44	11.66	10.98	10.46
Annual Sales Growth (%) - SPC	7.37	(1.42)	19.66	13.12	7.60	15.90	8.67	12.61	0.9	(10.88)
Annual Sales Growth (%) - DHS	30.35	26.45	36.65	21.05	(0.60)	36.25	11.05	2.6	1.2	32.1
Total Sales Growth (%)	27.15	21.66	33.40	19.44	0.96	31.85	10.52	4.72	1.17	20.24

**STATE PHARMACEUTICALS CORPORATION OF SRI LANKA**  
**TEN YEAR SUMMARY - STATEMENT OF FINANCIAL POSITION**

Rs. "000"

Description	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
<b>Contributed Capital &amp; Reserves</b>	<b>125,117</b>	<b>125,117</b>	<b>125,117</b>	<b>125,117</b>	<b>125,117</b>	<b>125,117</b>	<b>125,117</b>	<b>125,117</b>	<b>125,117</b>	<b>125,117</b>
<b>Current Assets</b>										
Inventories - SPC	2,396,406	2,751,098	2,802,020	2,754,287	1,798,403	2,009,502	2,364,091	1,385,477	1,703,222	1,231,857
Stocks in Transit - DHS	936,743	1,314,756	280,723	286,587	630,130	540,693	788,342	528,710	809,462	734,963
Trade and other receivables	52,098,809	33,682,452	27,299,630	16,319,413	7,901,244	4,521,175	3,051,445	2,370,323	8,881,602	11,113,022
Deposits & Prepayments	41,906	100,917	53,931	61,219	57,979	37,614	33,046	37,964	32,948	24,073
Cash in Hand & at Bank	1,111,457	1,225,358	1,114,223	1,021,185	312,050	244,947	790,525	801,717	1,200,667	216,359
<b>Total Current Assets</b>	<b>56,585,320</b>	<b>39,074,581</b>	<b>31,550,527</b>	<b>20,442,691</b>	<b>10,699,807</b>	<b>7,353,931</b>	<b>7,027,449</b>	<b>5,124,191</b>	<b>12,627,901</b>	<b>13,320,274</b>
<b>Current Liabilities</b>										
Trade and other Payables	16,164,216	16,117,661	16,293,739	10,423,896	3,996,134	2,657,620	3,347,410	2,235,194	3,649,362	3,032,684
Income tax payables	576,607	475,496	352,117	438,060	337,976	519,770	397,758	180,617	290,045	191,440
Deferred Income	1,471	1,800	1,461	1,345	927	1,103	1,005	748	889	1,292
Lease Liabilities	21,759	19,870	19,187							
Current Financial Liabilities	15,432,057	55,929	6,310,716	2,639,033	1,361,444	39,703	56,689	78,739	6,254,353	7,896,709
Long Term Loans	2,060,544	491,355								
<b>Total Current Liabilities</b>	<b>34,256,654</b>	<b>17,162,111</b>	<b>22,977,220</b>	<b>13,502,334</b>	<b>5,696,481</b>	<b>3,218,196</b>	<b>3,802,862</b>	<b>2,495,298</b>	<b>10,194,649</b>	<b>11,122,125</b>
Non Current Assets	2,351,605	2,329,488	2,277,480	2,225,337	2,179,335	2,166,630	2,156,615	2,138,973	1,858,832	1,698,279
Non Current Liabilities	9,904,472	11,908,162	294,459	271,308	264,651	192,213	233,394	372,220	158,803	124,558
<b>Net Assets</b>	<b>14,775,798</b>	<b>12,333,796</b>	<b>10,556,328</b>	<b>8,894,386</b>	<b>6,918,010</b>	<b>6,110,152</b>	<b>5,147,807</b>	<b>4,395,646</b>	<b>4,133,281</b>	<b>3,771,870</b>

**RATIOS**

Fixed Assets Turnover ( times )	1:34.3	1:27.1	1:22.78	1:17.48	1:14.94	1:14.89	1:11.34	1:10.35	1:11.37	1:12.3
Current Ratio ( times )	1.65	2.28	1:1.37	1:1.51	1:1.88	1:2.29	1:1.85	1:2.05	1:1.24	1:1.2
Liquidity Ratio ( times )	0.96	2.11	1:1.24	1:1.29	1:1.45	1:1.49	1:1.02	1:1.29	1:0.99	1:1.02
Interest Cover ( times )	6.45	4.66	7.85	25.99	45.32	344.69	1676.94	5.95	552.29	2.71
Stock Turnover Ratio ( times ) SPC	2.75	2.36	2.39	2.5	2.58	2.04	2.07	2.34	2.17	2.97

## SALES NETWORK

### HEAD OFFICE

State Pharmaceuticals Corporation of Sri Lanka

75, Sir Baron Jayatillake Mawatha,

Colombo 1, Sri Lanka

Telephone: 011-2320356 – 9 Fax: 011-2447118 Website: [www.spc.lk](http://www.spc.lk) Email: [spc@spc.lk](mailto:spc@spc.lk)

<b>SALES UNIT</b> 109, Kandawala Estate, Ratmalana. Tel.011-2632288 Fax: 011-2632962	<b>STORES</b> 109, Kandawala Estate, Ratmalana. Tel.011-2634318 Fax:011-2636715	<b>ORS UNIT</b> 109, Kandawala Estate, Ratmalana. Tel.011-2622334	<b>KANDY STORES</b> 10/B/1, Hewaheta Road, Thennekumbura, Kandy. Tel. 081-2240274	<b>MARKETING &amp; SALES DEPARTMENT</b> 26 <sup>th</sup> floor, "Mehewarapiyasa" Kirula Road, Narahenpita. Tel.011-2430778, 011- 2328507, 011-2320356-9
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### RAJYA OSU SALA OUTLETS

<b>Osusala – Akkaripattu</b> No.74, T.D.02 Main Street, Akkaripattu. Tel.067-2057625	<b>Osusala – Ampara</b> Temple Junction, D. S. Senanayaka Mawatha, Ampara. Tel.063-2223088	<b>Osusala – Anamaduwa</b> Opposite Bus Stand, Uswawa Road, Anamaduwa Tel. 032- 2263999	<b>Osusala – Anuradhapura</b> Bank Street, Anuradhapura. Tel.025-2222181	<b>Osusala – Avissawella</b> G 33/34/35, Central Bus Stand, Avisawella. Tel.036-2222501
<b>New Osusala - Badulla</b> CWE Building, Bandarawela Road, Badulla. Tel.055- 2229837	<b>Osusala – Badulla (II)</b> Bus- stand, Badulla. Tel.055- 2224700	<b>Osusala – Bandaragama</b> Hospital Premises, Horana Road, Bandaragama. Tel.038-2288671	<b>Osusala – Beruwala</b> MPCS Building, Galle Road, Beruwala. Tel.034- 2278578	<b>Osusala –Borella</b> Lady Ridgway Premises, Borella. Tel.011-2697660
<b>Osusala - Colombo 1</b> 75, Sir Baron Jayatillake Mawatha, Colombo 1. Tel.011-2328046	<b>Osusala - Colombo 4</b> 85, Galle Road, Colombo 4. Tel.011-2587128	<b>Osusala - Colombo 7</b> 255, Dharmapala Mawatha, Colombo 7. Tel.011-2694716, 011-2672293	<b>Osusala – Dambulla</b> 46/A, Kurunegala Junction, Dambulla Tel.066- 2285133	<b>Osusala –Diyathalawa</b> Main Street, Diyathalawa. Tel.055- 3551624
<b>Osusala – Embilipitiya</b> 102, Pallegama, Embilipitiya. Tel. 047-2261177	<b>Osusala – Fort</b> Fort Railway Station, Fort. Tel. 011-2336926	<b>Osusala - Galle</b> 61A Wakwella Road, Galle. Tel.091-2234726	<b>Osusala – Gamapaha</b> 266, Colombo Road Gampaha. Tel.033-2234516	<b>Osusala - Hambantota</b> No.3 Barrack Street, Hambantota. Tel.047-2222163
<b>Osusala – Horana</b> Shop No 1,2nd Stage, Central Bus Stand, Horana. Tel. 034-2205333	<b>Osusala – Ja'pura</b> Sri Jayawardhanapura General Hospital, Sri Jayawardhanapura. Tel.011-2779414	<b>Osusala – Jaffna</b> 149A, K.K.S Road, Jaffna. Tel. 021- 2219262	<b>Osusala - Kandy</b> 14A Lamagara Mawatha, Kandy. Tel.081-2225175	<b>Osusala – (Kandy Railway)</b> Kandy Railway Station, Kandy. Tel.081-2225176
<b>Osusala – Karapitiya</b> 175,Hiribura Road, Karapitiya. Tel.091- 2226947	<b>Osusala – K.D.U</b> Kothalawala Difence Univercity Hospital Premises, Werahara. Tel.011-2044595	<b>Osusala – Kurunegala</b> 28. Weerathunga Bldg. Bauddhaloka Mawatha. Kurunegala. Tel.037-2230840	<b>Osusala – Madawachchiya</b> No.50,Kandy Road,Medawachchiya. Tel.025-2121040	<b>Osusala – Maharagama</b> 71/9 Alwis Building Old Road, Maharagama. Tel.011-2745640
<b>Osusala – Matale</b> No 110, Darmapala Mawatha, Mathale. Tel.066- 2220126	<b>Osusala - Matara</b> 23B Charikaramaya Anagarika Dharmapala Mawatha, Matara. Tel.041-2231871	<b>Osusala – Mathugama</b> No 126, Kaluthara Road, Mathugama. Tel.034-2248861	<b>Osusala-Minuwangoda</b> 24. Old Town hall Bldg, Colombo Road, Minuwangoda. Tel.011-2295120	<b>Osusala - Monaragala</b> 31, Pothuwil Road, Monaragala. Tel.055-2277712
<b>Osusala – Nagoda</b> 313, Mathugama Road, Nagoda, Kalutara. Tel.034-2222818	<b>Osusala – Narahenpita</b> No. 44, Economic Center, Narahenpita Tel. 011-2055284	<b>Osusala – Negombo</b> 134, Colombo Road, Negombo. Tel.031-2228599	<b>Osusala – Ninthavur</b> No. 40, Main Street, Nintavur. Tel.067- 2058208	<b>Osusala - Nugegoda</b> 145A/1, S de S Jayasinghe Mawatha, Nugegoda. Tel.011-2856641
<b>Osusala - Panadura</b> 159, M.P.C.S Bldg, Galle Road, Panadura. Tel.038-2234767	<b>Osusala - Peradeniya</b> 1157,Gatambe, Peradeniya. Tel.081-2386045	<b>Osusala - Piliyandala</b> 1A/21, Vidyala Mawatha, Piliyandala. Tel. 011- 2613640	<b>Osusala – Pitakotte</b> 326,Kotte Road, Pitakotte. Tel.011-2099444	<b>Osusala – Polonnaruwa</b> Hospital Junction, Kaduruwela Road, Polonnaruwa. Tel.027-2225465
<b>Osusala – Ragama</b> No.61A, Mahabage Road, Ragama. Tel. 011-2955219	<b>Osusala – Ratmalana</b> Mega Sathosa, Golumadama Junction, Galle Road, Rathmalana. Tel. 011-3043789	<b>Osusala - Ratnapura</b> 32 Nanda Ellawala Mawatha, Ratnapura. Tel.045-2223014	<b>Osusala – Tangalla</b> No.8, Indipokunugoda Road, Tangalla. Tel. 047-2241221	

The background features a grid of squares in various shades of blue. Overlaid on this grid are several hexagonal shapes in different colors and sizes, some solid and some outlined, creating a molecular or geometric pattern.

**State Pharmaceuticals Corporation of Sri Lanka**  
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