

V E C V LANKA (PVT) LTD
FINANCIAL STATEMENTS TOGETHER
WITH AUDITOR'S REPORT
FOR THE YEAR ENDED
31ST MARCH 2018

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VECV LANKA (PVT) LIMITED

Opinion

We have audited the financial statements of VECV Lanka (Pvt) Limited ("the Company") which comprise the statement of financial position as at 31st March 2018, and the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st March 2018, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standard for Small and Medium Sized Entities (SLFRS for SMEs).

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in accordance with Code of Ethics issued by The Institute of Chartered Accountants of Sri Lanka, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The management is responsible for the other information. The other information comprises the Director's report for the year ended 31st March 2018, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this fact.

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

Management is responsible for the preparation and fair presentation of financial statements in accordance with Sri Lanka Accounting Standard for Small and Medium Sized Entities (SLFRS for SMEs), and for such internal control as management determines 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 Company'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 intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3991



SJMS ASSOCIATES

Chartered Accountants

20th April 2018

V E C V LANKA (PVT) LTD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2018

	Note	2017/2018 Rs.	2016/2017 Rs.
Income			
Revenue from operations	5	1,705,788,952	1,557,822,540
Other income	6	<u>5,137,986</u>	<u>7,628,566</u>
Total revenue		1,710,926,938	1,565,451,106
Expenses			
Cost of finished goods sold		1,552,879,156	1,432,954,634
Employee benefit expense		12,065,196	14,748,676
Finance costs	7	8,751,159	6,565,121
Depreciation expense		497,682	443,621
Other expenses		68,354,124	62,340,921
Foreign exchange loss		-	5,945,766
Total expenses		<u>1,642,547,317</u>	<u>1,522,998,739</u>
Profit before taxation	8	68,379,621	42,452,367
Taxation	9	(21,339,312)	(13,919,119)
Profit for the period		<u>47,040,309</u>	<u>28,533,249</u>

The accounting policies and notes from 1 to 24 form an integral part of these financial statements.



V E C V LANKA (PVT) LTD
STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2018

Assets	Note	31.03.2018	31.03.2017
		Rs.	Rs.
Non current assets			
Property, plant and equipment	10	2,722,363	3,085,346
Deferred tax assets	11	1,111,855	8,707,281
		<u>3,834,219</u>	<u>11,792,627</u>
Current assets			
Inventories	12	482,961,852	380,744,741
Trade and other receivables	13	18,592,597	50,899,283
Amounts due from parent company	14	4,472,386	654,358
Current tax assets	15	-	3,898,108
Cash and cash equivalents	16	53,891,500	27,291,016
		<u>559,918,334</u>	<u>463,487,506</u>
Total assets		<u>563,752,553</u>	<u>475,280,134</u>
Equity & liabilities			
Shareholders equity			
Stated capital	17	126,816,970	126,816,970
Accumulated profit/ (losses)		18,112,846	(28,927,463)
Total equity		<u>144,929,816</u>	<u>97,889,507</u>
Current liabilities			
Amounts due to parent company	18	344,244,039	363,696,193
Other payables	19	18,361,406	13,694,434
Short term loans	20	50,000,000	-
Current tax liability	15	844,781	-
Bank overdrafts	21	5,372,512	-
Total current liabilities		<u>418,822,737</u>	<u>377,390,627</u>
Total equity & liabilities		<u>563,752,553</u>	<u>475,280,134</u>

I certify that these financial statements have been prepared in accordance with the requirements of the Companies Act No. 7 of 2007.

.....
Head of Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements.
 Approved for and signed for on behalf of the Board.

.....
Director
 20th April 2018

.....
Director
 20th April 2018

The accounting policies and notes from 1 to 24 form an integral part of these financial statements.



V E C V LANKA (PVT) LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2018

	Stated capital Rs.	Accumulated profit/(losses) Rs.	Total Rs.
Balance as at 01.04.2016	126,816,970	(57,460,712)	69,356,258
Profit for the year	-	28,533,249	28,533,249
Balance as at 31.03.2017	<u>126,816,970</u>	<u>(28,927,463)</u>	<u>97,889,507</u>
Profit for the year	-	47,040,309	47,040,309
Balance as at 31.03.2018	<u>126,816,970</u>	<u>18,112,846</u>	<u>144,929,816</u>

The accounting policies and notes from 1 to 24 form an integral part of these financial statements.



V E C V LANKA (PVT) LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2018

	31.03.2018	31.03.2017
	Rs.	Rs.
Cash flows from operating activities		
Profit/ (loss) before taxation	68,379,621	42,452,367
Adjustment for;		
Depreciation	497,682	443,621
Operating loss before working capital changes	<u>68,877,303</u>	<u>42,895,988</u>
Increase in inventories	(102,217,111)	(102,331,549)
Decrease/ (increase) in trade and other receivables	32,306,686	(44,604,358)
(Increase)/ decrease in amounts due from parent company	(3,818,028)	19,138,437
Increase/ (decrease) in amounts due to parent company	(19,452,154)	189,805,949
Increase in other payable	4,666,972	3,564,235
Cash generated from operations	<u>(19,636,331)</u>	<u>108,468,702</u>
Income taxes paid	(9,000,997)	(7,789,114)
Net cash flows used in operating activities	<u>(28,637,328)</u>	<u>100,679,588</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(134,700)	(1,386,624)
Net cash from investing activities	<u>(134,700)</u>	<u>(1,386,624)</u>
Cash flows from financing activities		
Short term loan obtained during the period	50,000,000	-
Short term loan settled	-	(115,000,000)
Net cash from financing activities	<u>50,000,000</u>	<u>(115,000,000)</u>
Increase/ (decrease) in cash and cash equivalents	21,227,972	(15,707,036)
Cash and cash equivalents at the beginning of the year	27,291,016	42,998,052
Cash and cash equivalents at the end of the year	<u>48,518,988</u>	<u>27,291,016</u>
Cash and cash equivalent comprises		
Cheque in hand	53,891,500	15,704,200
Bank balance	(5,372,512)	11,586,816
	<u>48,518,988</u>	<u>27,291,016</u>

The accounting policies and notes from 1 to 24 form an integral part of these financial statements.



VECV LANKA (PVT) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018

1. Corporate information

1.1 Domicile and legal form

VECV Lanka (Pvt) Ltd is a private limited liability Company, incorporated and domiciled in Sri Lanka on 9th April 2013. The registered office of the Company is located at No 385, Level 1, The Landmark Building, Galle Road, Colombo 03, Sri Lanka.

1.2 Principal activity and nature of operations

The principal activity of the Company is to carry on the business of import and sale its range of commercial vehicles and spare parts for the local market. The Company commenced commercial operations on 31st May 2013.

1.3 Parent company

The Company's parent undertaking is VE Commercial Vehicles Ltd, which is incorporated and domiciled in India.

1.4 Date of authorisation for issue

The financial statements were authorised for issue by the Board of Directors on 20th April 2018.

1.5 Comparative financial information

The accounting policies have been consistently applied by the company with those of the previous financial year in accordance with Section 3 of SLFRS for SMEs - Financial statement presentation. Further, comparative information is reclassified wherever necessary to comply with the current presentation.

2. Basis of preparation

2.1 Statement of compliance

The financial statements of the Company (statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows together with accounting policies and notes) are prepared in accordance with Sri Lanka Accounting Standard for Small and Medium sized Entities (SLFRS for SMEs) as issued by The Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No.07 of 2007.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise stated in the financial statements. The financial statements are presented in Sri Lanka Rupees (Rs.) rounded to the nearest rupee.

2.3 Translation of foreign currency transactions

The functional currency of the Company is Sri Lankan Rupees (Rs.). Transactions in foreign currencies are initially recorded in the functional currency using the spot rate at the date of the transaction. Foreign currency monetary items at the reporting date are translated using the closing rate. All exchange differences arising on settlement are recognised in profit or loss.



3. Significant accounting judgements estimates and assumptions

The preparation of financial statements of the company requires the application of certain critical accounting assumptions relating to the future. Further, it requires the management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods. Hence, actual experience and results may differ from these judgments and estimates.

In the process of applying the company's accounting policies, management has made the following judgments, estimates and assumptions which have the most significant effect on the amounts recognized in the financial statements:

a) Taxation

The company is subject to income taxes and other taxes. Significant judgment is required to determine the total provision for current, deferred and other taxes.

The company recognized assets and liabilities for current, deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income, deferred and tax amounts in the period in which the determination is made.

b) Useful life-time of the property, plant and equipment

The company reviews the residual values, useful lives and methods of depreciation of assets as at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

c) Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Company. Therefore, the financial statements continue to be prepared on the going concern basis.

4. Summary of significant accounting policies

4.1 Revenue and expenditure recognition

4.1.1 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of return, trade discounts and sales taxes.

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- The Company has transferred significant risks and rewards of ownership of the goods to the buyer.
- The Company retaining, neither a continuing managerial involvement to the degree usually associated with ownership nor an effective control over the goods sold.
- The amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.



4.1.2 Interest income

Interest income is recognised on an accrual basis.

4.1.3 Expenditure recognition

Expenses are recognized in the statement of comprehensive income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to revenue in arriving at the profit/(loss) for the period.

For the purpose of presentation of statement of comprehensive income, the Directors are of the opinion that the nature of expenses method present fairly the elements of the company's performance, hence such presentation method is adopted.

4.2 Taxation

Income Tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of comprehensive income.

4.2.1 Current tax

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue in respect of the current period and any adjustment to tax payable in respect of prior periods. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the reporting date.

4.2.2 Deferred tax

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred income 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 income tax asset to be utilized. Income tax relating to items recognized directly in equity is recognized in equity.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current liabilities and when they relate to income taxes levied by the same taxation authority and intends to settle them on a net basis.

4.3 Non financial assets

4.3.1 Property, plant and equipment

Recognition and measurement

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



Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following useful lives are used for the depreciation of property, plant and equipment:

Category of asset	Depreciation rate %
Office Equipment	17.39%-37.5%
Furniture & Fittings	8.28%
Computer Equipment	7.5% - 41.38%

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

On disposal, the difference between the net disposal proceeds and the carrying amount of the item sold is recognised in profit or loss, and included in “other income” or “other operating expenses”.

Impairment of non-financial assets

At each reporting date, property, plant and equipment, is reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss for a non-financial asset other than goodwill subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4.4 Inventories

Stock-in-trade is valued at the lower of cost and net realisable value. Cost of inventories are determined based on actual cost and inventory handling charges.

4.4.1 Goods in transit

Inventory items shipped, but not received by the company as at the reporting date are treated as goods-in-transit. In such situation estimates are made for unpaid bills in order to value goods-in-transit.

4.5 Financial assets

Receivables are initially recognised at the transaction price. At the end of each reporting period, the carrying amounts of receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

4.6 Financial liabilities

Financial liabilities are initially recognized at the transaction price (including transaction costs). Interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method.



4.7 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, and deposits in bank net of outstanding bank overdrafts.

4.8 Investments in fixed deposits

Deposits with banks are initially recognised at the transacted price and these assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

At the end of each reporting period, the carrying amounts of financial assets are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

4.9 Stated capital

Ordinary shares are classified as equity.

4.10 Liabilities and provisions

All known liabilities as at the reporting date have been provided in the preparation of the financial statements.

4.10.1 Defined Contribution Plan – Employees’ Provident Fund and Employees’ Trust Fund

All employees (excluding expatriate employees) are eligible to Employees’ Provident Fund Contributions and Employees’ Trust Fund Contribution in line with respective statutes and regulations. The company contributes 12% of gross emoluments of employees to an approved Provident Fund and 3% of gross emoluments of employees to the Employees’ Trust Fund.

4.10.2 Provisions

Provisions are recognized when the company has a present obligation as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.



	2017/2018 Rs.	2016/2017 Rs.
5. Revenue from operations		
Sale of goods	1,705,788,952	1,557,822,540
	<u>1,705,788,952</u>	<u>1,557,822,540</u>
6. Other income		
Commission	5,032,088	7,628,566
Foreign exchange gain	105,898	-
	<u>5,137,986</u>	<u>7,628,566</u>
7. Finance costs		
Bank charges	6,251,114	3,627,363
Overdraft interest	2,001,073	247,940
Loan interest	498,972	2,689,817
	<u>8,751,159</u>	<u>6,565,121</u>
8. Profit before taxation		
The profit/ (loss) before taxation is stated after charging all expenses including the following:		
Salaries	2,893,863	3,354,642
Employees provident fund	325,425	333,768
Employees trust fund	81,362	83,448
Cost of living & other allowance	6,994,026	5,981,122
Pay as you earn taxes	695,000	3,730,696
Auditors remuneration	508,055	458,570
Depreciation	497,682	443,621
Legal & professional charges	2,739,089	1,012,548
9. Taxation		
Provision for the period (Note 9.1)	13,743,886	9,387,349
Deferred tax (Note 11)	7,595,426	4,531,770
	<u>21,339,312</u>	<u>13,919,119</u>
9.1 A reconciliation between tax expenses and the product of accounting profit/(loss) multiplied by the applicable tax rate:		
Accounting profit as per income tax computation	<u>68,379,621</u>	<u>42,452,367</u>
Tax at the applicable tax rate of 28%	19,146,294	11,886,663
Tax effect on expenses that are not deductible in determining taxable profits	2,230,734	2,801,599
Tax effect on expenses that are deductible in determining taxable profit	(232,589)	(246,186)
Tax effect on losses claimed during the year	(7,400,554)	(5,054,726)
Income tax expenses at the effective income tax rate	<u>13,743,886</u>	<u>9,387,349</u>
Statutory tax rate	<u>28%</u>	<u>28%</u>
Effective tax rate	<u>20.10%</u>	<u>22.11%</u>

The tax losses carried forward at the end of the period amounts to Rs.6,155,584/- (31st March 2017 - Rs./- 32,586,133)



10. Property, Plant & Equipment

	Computer equipment Rs.	Office equipment Rs.	Furniture & fixtures Rs.	Total Rs.
Cost				
Balance as at 01.04.2016	608,108	234,095	1,853,377	2,695,580
Additions during the period	1,386,624	-	-	1,386,624
Balance as at 31.03.2017	1,994,732	234,095	1,853,377	4,082,204
Additions during the period	-	-	134,700	134,700
Transfer between asset classes	109,460	(109,460)	-	-
Balance as at 31.03.2018	2,104,192	124,635	1,988,077	4,216,904
Accumulated depreciation				
Balance as at 01.04.2016	191,336	68,304	293,597	553,237
Charges for the period	300,669	25,633	117,319	443,621
Balance as at 31.03.2017	492,005	93,937	410,916	996,858
Charges for the period	337,036	31,850	128,796	497,682
Transfer between asset class	66,549	(66,549)	-	-
Balance as at 31.03.2018	895,590	59,239	539,712	1,494,541
Net book value				
Written down value as at 31.03.2018	1,208,602	65,396	1,448,365	2,722,363
Written down value as at 31.03.2017	1,502,727	140,158	1,442,461	3,085,346



	31.03.2018 Rs.	31.03.2017 Rs.
11. Deferred tax		
The gross movement on the deferred income tax account is as		
Balance at the beginning of the period	8,707,281	13,239,051
Origination/ (reversal) of temporary differences	<u>(7,595,427)</u>	<u>(4,531,770)</u>
Balance at the end of the period	<u>1,111,855</u>	<u>8,707,281</u>
Deferred tax asset comprises of :		
Accelerated depreciation for tax purpose	(611,709)	(416,836)
Carried forward tax losses	<u>1,723,564</u>	<u>9,124,117</u>
Net deferred tax assets	<u>1,111,855</u>	<u>8,707,281</u>
Tax rate used	28%	28%
12. Inventories		
Vehicles	331,390,011	335,895,792
Goods in transit	<u>151,571,841</u>	<u>44,848,949</u>
	<u>482,961,852</u>	<u>380,744,741</u>
13. Trade and other receivables		
Trade debtor - Senok Commercial Vehicles (Pvt) Ltd	11,591,200	39,321,200
Refundable deposits	1,552,480	1,287,980
Advance to employees	1,200,891	121,872
Prepayments	989,797	672,045
Rent advances	1,556,121	2,740,371
Receivable from Sri Lanka Customs due to excess payments	<u>1,702,108</u>	<u>6,755,815</u>
	<u>18,592,597</u>	<u>50,899,283</u>
14. Amounts due from parent company		
VE Commercial Vehicles Ltd	<u>4,472,386</u>	<u>654,358</u>
	<u>4,472,386</u>	<u>654,358</u>
The above balance is receivable on demand.		
15. Current tax assets/(liability)		
Balance at the beginning of the period	3,898,108	5,496,343
Provision for the period	(13,743,886)	(9,387,349)
Tax credits : Economic service charges	<u>9,000,997</u>	<u>7,789,114</u>
Balance at the end of the period	<u>(844,781)</u>	<u>3,898,108</u>
16. Cash and cash equivalents		
Cheques in hand	53,891,500	15,704,200
ICICI Bank	-	11,586,816
	<u>53,891,500</u>	<u>27,291,016</u>



	31.03.2018	31.03.2017
	Rs.	Rs.
17. Stated capital		
Issued & fully paid-		
12,681,697 number of ordinary shares fully paid	<u>126,816,970</u>	<u>126,816,970</u>
18. Amounts due to parent company		
VE Commercial Vehicles Ltd	<u>344,244,039</u>	<u>363,696,193</u>
	<u>344,244,039</u>	<u>363,696,193</u>
The above balance is repayable on demand.		
19. Other payables		
Nations building tax	986,906	776,023
Pay as you earn taxes	348,434	350,000
Economic service charges	-	2,661,014
Sundry creditors	9,767,365	4,810,767
Accrued expenses	<u>7,258,700</u>	<u>5,096,630</u>
	<u>18,361,406</u>	<u>13,694,434</u>
20. Short term loans		
ICICI Bank	<u>50,000,000</u>	<u>-</u>
21. Bank overdrafts		
ICICI Bank	<u>5,372,512</u>	<u>-</u>
22. Capital commitments and contingent liabilities		
There were no capital commitments or contingent liabilities as at the end of the period.		
23. Events after the reporting period		
There were no significant events after the reporting period that require adjustments to or disclosures in the financial statements.		



24. Related party disclosures

24.1 Transactions with key management personnel

Related parties include key managerial personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the company and its related companies. Such key managerial persons include the Board of Directors of the company.

Compensation to key management personnel are as follows:

	2017/2018 Rs.	2016/2017 Rs.
Short term employee benefits	<u>1,710,500</u>	<u>-</u>

24.2 Amounts due to and due from parent company

Related party	Nature of relationship	Nature of transaction	Transaction value (Rs.)	Outstanding balance as at 31.03.2017 (Rs.)
VE Commercial Vehicles Ltd.	Parent Company	Purchase of finished goods	(1,337,742,541)	(344,244,039)
		Warranty claims - Receivable	33,964,260	(2,783,701)
		Sharing of expenses	5,045,552	4,472,386



V E C V LANKA (PVT) LTD

**DETAILED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018**

V E C V LANKA (PVT) LTD
DETAILED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018

	31.03.2018 Rs.	31.03.2017 Rs.
1. Cost of finished goods sold		
Inventories at the beginning of the period	335,895,792	215,972,980
Add: purchases during the year	1,548,373,375	1,552,877,446
Less: inventories at the end of the period	<u>(331,390,011)</u>	<u>(335,895,792)</u>
	<u>1,552,879,156</u>	<u>1,432,954,634</u>
2. Employee benefits expense		
Salaries	2,893,863	3,354,642
Employees Provident Fund	325,425	333,768
Employees Trust Fund	81,362	83,448
Pay as you earn taxes	695,000	3,730,696
Cost of living & other allowance	6,994,026	5,981,122
Conveyance allowance	1,075,520	1,265,000
	<u>12,065,196</u>	<u>14,748,676</u>
3. Other expenses		
Staff welfare	1,859,770	2,091,910
Car rental	1,880,094	2,680,000
Boarding and lodging	247,521	70,145
Cleaning expenses	355,778	242,700
Water charges	36,837	31,132
Rates, taxes and license fee	289,088	66,249
Computer accessories	149,800	183,550
Courier charges	98,587	121,132
Electricity	415,641	405,273
Printing and stationery	57,768	151,333
Data communication	200,707	197,042
Conveyance expenses	1,435,078	1,789,077
Telephone charges	77,737	83,885
Mobile phone charges	422,343	470,258
Rent	13,459,340	12,679,240
Legal and professional charges	2,739,089	1,012,548
Insurance	1,279,236	1,028,456
Books and periodicals	31,670	26,550
Nations building tax expenses	9,006,685	6,398,517
Auditors remuneration	508,055	458,570
Sales promotion	22,825,080	18,454,939
Business promotion	941,934	117,228
Depot handling charges	4,770,638	4,638,524
Foreign travelling	1,062,752	923,529
Vehicle repair charges	2,067,034	1,730,535
Dealer incentives	560,601	4,340,515
Warranty claims	1,575,261	1,948,084
	<u>68,354,124</u>	<u>62,340,921</u>



	31.03.2018	31.03.2017
	Rs.	Rs.
4. Accrued expenses		
Employees Provident Fund	38,538	46,356
Employees Trust Fund	4,477	6,954
Telephone	10,000	15,000
Data communication	10,000	15,000
Sales promotion	3,837,427	1,556,806
Professional fees	362,944	76,000
Auditors remuneration	329,906	326,607
Depot handling charges	371,461	418,446
Cellular phone expenses	50,000	40,000
Incentives-vehicle	550,600	1,781,326
Other payable	7,650	-
Pantry expenses	5,000	3,000
Warranty claims	569,144	622,000
Conveyance expenses	20,000	10,000
Staff welfare	15,000	10,000
Fuel charges	10,000	10,000
Value added tax payable	-	76,060
Stamp duty	-	6,075
Transit expenses	-	77,000
Books and periodicals	3,000	-
Vehicle repair expenses	302,181	-
Foreign travel expenses	259,400	-
Water and sewage	3,000	-
Loan interest	498,972	-
	<u>7,258,700</u>	<u>5,096,630</u>

