KAPRUKA DOT COM (PRIVATE) LIMITED

FINANCIAL STATEMENTS

31 MARCH 2021

Building a better working world

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF KAPRUKA DOT COM (PRIVATE) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kapruka Dot Com (Private) Limited which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, 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 of the Company for the period ended 31 March 2021 are prepared in all material respects, in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). 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 Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

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 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 SLAuSs 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.

(Contd...2/)

Partners: H M A Jayesinghe FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA W R H De Silva ACA ACMA Ms. Y A De Silva FCA Ms. K R M Fernando FCA ACMA N Y R L Fernando ACA W K B S P Fernando FCA FCMA Ms. L K H L Fonseka FCA D N Gamage ACA ACMA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA A A J R Perera ACA ACMA Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA

Principals: G B Goudian ACMA Ms. P S Paranavitane ACMA LLB (Colombo) T P M Ruberu FCMA FCCA C A Yalagala ACMA

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As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional scepticism 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.

Ernst & Young

26 October 2021
Colombo

Kapruka Dot Com (Private) Limited

STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Note	2021.03.31 Rs.	2020.03.31 Rs.	2019.04.01 Rs.
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	3	521,137,058	455,007,710	416,973,142
Right-of-use Assets	4	25,157,391	10,754,443	15,216,049
Intangible Assets	5	1,881,471	2,390,353	2,184,358
Other Non-current Financial Assets	7	4,450,000	16,867,621	-
		552,625,920	485,020,127	434,373,549
Current Assets				
Inventories	8	66,046,462	77,038,373	52,569,926
Trade & Other Receivables	9	70,857,551	53,587,037	43,254,737
Amounts Due From Related Parties	10	115,180,012	126,725,680	138,153,903
Deposits & Prepayments	12	8,027,549	7,163,284	4,749,368
Income Tax Receivable		-	263,296	-
Short Term Investments	6	12,856,835	18,784,356	17,668,606
Cash & Cash Equivalents	11	75,080,415	113,919,016	33,004,997
		348,048,824	397,481,042	289,401,537
Total Assets		900,674,744	882,501,169	723,775,086
EQUITY AND LIABILITIES				
Capital and Reserves				
Stated Capital	13	272,500,028	5,000,000	5,000,000
Revaluation Reserve		150,999,423	132,338,485	123,044,725
Retained Earnings		89,477,555	46,639,996	26,114,357
Total Equity		512,977,006	183,978,481	154,159,082
Non-Current Liabilities				
Interest Bearing Loans and Borrowings	14	130,901,024	134,410,374	99,912,983
Retirement Benefit Obligation	15	17,151,943	13,633,252	9,534,755
Deferred Tax Liability	23.2	52,201,524	53,883,274	79,048,364
		200,254,491	201,926,900	188,496,102
Current Liabilities				
Interest Bearing Loans and Borrowings	14	90,920,072	24,255,595	22,552,978
Trade & Other Payables	16	34,153,346	49,632,103	28,492,369
Amounts Due To Related Party	18	911,231	327,748,728	301,282,987
Advances Received From Customers		18,916,396	79,332,515	6,081,949
Income Tax Payable		17,110,569	-	5,486,508
Provisions and Accrued Expenses	17	25,431,632	15,626,845	17,223,111
		187,443,246	496,595,786	381,119,902
Total Equity and Liabilities		900,674,744	882,501,169	723,775,086

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

....
Financial Manager

The Board of Directors are responsible for these financial statements. Signed for and on behalf of the Board by;

.... Director

.... Director

The accounting policies and notes on pages 07 through 42 form an integral part of these financial statements.

26 October 2021
Colombo

ERNST & YOUNG Chartered Accountants COLOMBO

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2021

	Note	2021 Rs.	2020 Rs.
Revenue from Contracts with Customers	19	968,041,555	730,163,787
Cost of Sales		(614,496,168)	(492,769,932)
Gross Profit		353,545,387	237,393,855
Other Income	20	14,244,760	18,132,329
Administrative Expenses		(122,998,190)	(96,388,054)
Selling and Distribution Expenses		(174,581,290)	(155,496,019)
Finance Costs	21	(1,782,173)	(1,856,276)
Profit before tax		68,428,494	1,785,835
Income Tax (Expense)/Reversal	23	(24,135,210)	20,249,572
Profit for the year		44,293,284	22,035,407
Other Comprehensive Income			
Other Comprehensive Income that will not be reclassified to Profit or Loss in subsequent periods			
Actuarial Gain/(Loss) on Retirement Benefit Obligation	15	(1,754,881)	(2,657,347)
Revaluation Gain/(Loss) on Land		14,880,000	12,908,000
Income Tax on Other Comprehensive Income	23.2	4,080,094	(2,466,661)
Other Comprehensive Income for the year, net of tax		17,205,213	7,783,992
Total Comprehensive Income for the year, net of Tax		61,498,497	29,819,399
Earnings Per Share	24	10.12	44.07

The accounting policies and notes on pages 07 through 42 form an integral part of these financial statements.

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Kapruka Dot Com (Private) Limited

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
As at 01 April 2019	5,000,000	123,044,725	26,114,357	154,159,082
Profit For The Year	-	-	22,035,407	22,035,407
Acturial Gain/(Loss) on Retirement Benefit Obligations	-	-	(2,657,347)	(2,657,347)
Revaluation Gain/(Loss) on Land	-	12,908,000	-	12,908,000
Income Tax on Other Comprehensive Income	-	(3,614,240)	1,147,579	(2,466,661)
As at 31 March 2020	5,000,000	132,338,485	46,639,996	183,978,481
Profit For The Year	-	-	44,293,284	44,293,284
Issuance of Shares	267,500,028	-	-	267,500,028
Acturial Gain/(Loss) on Retirement Benefit Obligations	-	-	(1,754,881)	(1,754,881)
Revaluation Gain/(Loss) on Land	-	14,880,000	-	14,880,000
Income Tax on Other Comprehensive Income	-	3,780,938	299,156	4,080,094
As at 31 March 2021	272,500,028	150,999,423	89,477,555	512,977,006

The accounting policies and notes on pages 07 through 42 form an integral part of these financial statements.

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STATEMENT OF CASH FLOW

Year ended 31 March 2021

	Note	2021 Rs.	2020 Rs.
Cash Flows From Operating Activities			
Profit /(Loss) Before Income Tax Expense		68,428,494	1,785,835
Adjustments for,			
Interest Expenses		1,643,054	1,676,933
Interest Income	20	(3,264,197)	(3,759,318)
Disposal Gain		(60,000)	(339,915)
Depreciation of Property, Plant & Equipment	3	19,662,377	38,125,944
Depreciation of Right-of-use Assets	4	7,156,542	4,461,606
Foreign Currency Exchange Gain	20	(10,920,563)	(13,308,687)
Amortization for Intangible Assets	5	508,882	495,387
Allowance for Doubtful Debts		4,538,017	-
Provision for Slow Moving Inventory		5,832,037	-
Provision for Retirement Benefit Obligations	15	2,000,410	1,806,150
Operating Profit before Working Capital Changes		95,525,053	30,943,935
(Increase) / Decrease in Inventory		5,159,873	(24,468,447)
(Increase) / Decrease Trade & Other Receivables		(21,579,267)	(9,411,303)
(Increase) / Decrease in Deposits & Prepayment		(864,264)	(2,413,917)
Increase / (Decrease) in Trade Creditors		(5,673,971)	19,543,469
Increase / (Decrease) in Customer Advance		(60,416,120)	73,250,567
(Increase) / Decrease in Amount Due to Related Parties		(59,337,469)	26,465,742
(Increase) / Decrease in Amount Due From Related Parties		11,545,666	11,428,224
Cash Flows from Operations		(35,640,499)	125,338,270
Interest Paid		(1,219,648)	(1,063,175)
Income Tax Paid		(4,362,998)	(13,131,983)
Retirement Benefit Obligation	15	(236,600)	(365,000)
Net Cash Flows from Operating Activities		(41,459,745)	110,778,112
Cash Flows Used in Investing Activities			
Acquisition of Property, Plant and Equipment	3	(70,911,724)	(64,421,034)
Acquisition of Intangible Assets	4	-	(701,382)
Advance Payment for Leased Assets		(6,891,990)	-
Sale Proceed on Disposal of Property, Plant and Equipment		60,000	1,508,437
Interest Income		3,034,933	2,838,321
Repayment of Finance Lease		(8,014,187)	(7,081,899)
Gross Investment in Fixed Deposits		5,927,521	(1,115,750)
Investment in Other Financial Assets		12,417,621	(16,867,621)
Net Cash Flows Used in Investing Activities		(64,377,826)	(85,840,928)
Cash Flows Used in Financing Activities			
Proceeds From Interest Bearing Loans & Borrowings		212,237,090	57,693,065
Repayment of Interest Bearing Loans & Borrowings		(173,314,916)	(14,625,027)
Net Cash Flow Used in / Generated from Financing Activities		38,922,174	43,068,038
Effect of Exchange Rate Changes on Cash and Cash Equivalents		10,920,563	13,308,687
Net Increase/(Decrease) in Cash and Cash Equivalents		(55,994,834)	81,313,909
Cash and Cash Equivalents at the Beginning of the Year	11	113,750,271	32,436,362
Cash and Cash Equivalents at the End of the Year	11	57,755,437	113,750,271

The accounting policies and notes on pages 07 through 42 form an integral part of these financial statements.

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1. CORPORATE INFORMATION

1.1 General

Kapruka Dot Com (Private) Limited, ("Company") is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at Vijaya Kumarathunga Mawatha, Colombo 05.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company were to provide Electronic Commerce Services.

The Company is preparing towards an Initial Public Offer of Shares to be listed in the Colombo Stock Exchange and is in the process of completing administrative and regulatory procedures in connection with the same.

1.3 Parent Enterprise and Ultimate Parent Enterprise

Kapruka Dot Com (Private) Limited does not have an identifiable parent undertaking of its own.

1.4 Date of Authorization for Issue

The financial statements of Kapruka Dot Com (Private) Limited for the year ended 31 March 2021 were authorized for issue in accordance with a resolution of the Board of Directors on 26 October 2021.

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2. BASIS OF PREPARARTION

The Financial Statements have been prepared on a historical cost basis. The Financial Statements are presented in Sri Lankan Rupees except when otherwise indicated.

2.1 Statement of Compliance

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka and are in compliance with the Companies Act No 07 of 2007.

2.2 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements.

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Company. Understandability of the financial statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.3 First Time Adoption of Sri Lanka Accounting Standards

These financial statements, for the year ended 31 March 2021, are the first the Company has prepared in accordance with Sri Lanka Accounting Standards comprising of SLFRSs and LKASs (SLFRS). For periods up to and including the year ended 31 March 2021, the Company prepared its financial statements in accordance with Sri Lanka Accounting Standard for Small and Medium-sized Entities (SLFRS for SME's).

Accordingly, the Company has prepared financial statements that comply with SLFRS applicable as at 31 March 2021, together with the comparative period data for the year ended 31 March 2021, as described in the summary of significant accounting policies. In preparing the financial statements, the Company's opening statement of financial position was prepared as at 1 April 2019, the Company's date of transition to SLFRS.

This note explains the principal adjustments made by the Company in restating its SLFRS for SME financial statements, including the statement of financial position as at 1 April 2019 and the financial statements as of, and for the year ended 31 March 2020.

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2.3.1 Reconciliation of Equity as at 1 April 2019 (Date of Transition to SLFRS/LKAS)

	Notes	As Per SLFRS for SME's	Reclassification and Remeasurement	As Per SLFRS/LKAS 01.04.2019
Assets				
Non-current assets				
Property, Plant and Equipment	A&E	250,683,814	166,289,328	416,973,142
Right-of-use Assets	B	-	15,216,049	15,216,049
Intangible Assets		2,184,358	-	2,184,358
		252,868,173	181,505,377	434,373,549
Current assets				
Inventories		52,569,926	-	52,569,926
Trade & Other Receivables		43,254,737	-	43,254,737
Amounts Due From Related Parties		138,153,903	-	138,153,903
Deposits & Prepayments		4,749,368	-	4,749,368
Short Term Investments		17,668,606	-	17,668,606
Cash & Cash Equivalents		33,004,997	-	33,004,997
		289,401,537	-	289,401,537
Total Assets		**542,269,710**	**181,505,377**	**723,775,086**
Equity and Liabilities				
Stated Capital		5,000,000	-	5,000,000
Revaluation Reserve	A	30,126,380	92,918,345	123,044,725
Retained Earnings	A,C,D,E	(12,670,832)	38,785,189	26,114,357
Total Equity		22,455,548	131,703,535	154,159,082
Non-current liabilities				
Interest Bearing Loans and Borrowings	B	92,466,259	7,466,724	99,912,983
Retirement Benefit Obligation	C	8,075,875	1,458,880	9,534,755
Deferred Tax Liability	D	40,629,900	38,418,463	79,048,364
		141,172,033	47,324,068	188,496,102
Current liabilities				
Interest Bearing Loans and Borrowings	B	20,075,204	2,477,775	22,552,978
Trade & Other Payables		28,492,369	-	28,492,369
Amount Due To Related Party		301,282,987	-	301,282,987
Advance Received From Customers		6,081,949	-	6,081,949
Income Tax Payable		5,486,508	-	5,486,508
Provisions and Accrued Expenses		17,223,111	-	17,223,111
		378,672,128	2,477,775	381,119,902
Total Liabilities and Equity		**542,269,710**	**181,505,377**	**723,775,086**

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2.3.2 Reconciliation of Equity as at 31 March 2020

	Notes	As Per SLFRS for SME's	Reclassification and Remeasurement	As Per SLFRS/LKAS 31.03.2020
Assets				
Non-current assets				
Property, Plant and Equipment	**A&E**	262,732,018	192,275,692	455,007,710
Right-of-use Assets	**B**	-	10,754,443	10,754,443
Intangible Assets		2,390,353	-	2,390,353
Other Non-current Financial Assets		24,870,830	(8,003,209)	16,867,621
		289,993,201	195,026,927	485,020,127
Current assets				
Inventories		77,038,373	-	77,038,373
Trade & Other Receivables		53,587,037	-	53,587,037
Amount Due From Related Parties		126,725,680	-	126,725,680
Deposits & Prepayments		7,163,284	-	7,163,284
Income Tax Receivable		263,296	-	263,296
Short Term Investments		18,784,356	-	18,784,356
Cash & Cash Equivalent		105,915,807	8,003,209	113,919,016
		389,477,833	8,003,209	397,481,042
Total Assets		**679,471,033**	**203,030,136**	**882,501,169**
Equity and Liabilities				
Stated Capital		5,000,000	-	5,000,000
Revaluation Reserve	**A**	28,935,687	103,402,798	132,338,485
Retained Earnings	**A,C,D,E**	632,783	46,007,213	46,639,996
Total Equity		34,568,470	149,410,012	183,978,481
Non-current liabilities				
Interest Bearing Loans and Borrowings	**B**	129,939,910	4,470,464	134,410,374
Retirement Benefit Obligation	**C**	9,547,250	4,086,002	13,633,252
Deferred Tax Liability	**D**	11,795,874	42,087,400	53,883,274
		151,283,034	50,643,867	201,926,900
Current liabilities				
Interest Bearing Loans and Borrowings	**B**	21,279,334	2,976,261	24,255,595
Trade & Other Payables		49,632,103	-	49,632,103
Amount Due To Related Party		327,748,728	-	327,748,728
Advance Received From Customers		79,332,515	-	79,332,515
Provisions and Accrued Expenses		15,626,845	-	15,626,845
		493,619,528	2,976,261	496,595,786
Total Liabilities and Equity		**679,471,033**	**203,030,140**	**882,501,169**

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2.3.3 Reconciliation of Total Comprehensive Income for the year ended 31 March 2020

	Notes	As Per SLFRS for SME's	Reclassification and Remeasurement	As Per SLFRS/LKAS
Revenue		689,647,037	40,516,750	730,163,787
Cost of Sales		(492,769,932)	-	(492,769,932)
Gross Profit		196,877,105	40,516,750	237,393,855
Other Income		58,649,079	(40,516,750)	18,132,329
Administrative Expenses	**B&C**	(96,491,356)	103,303	(96,388,054)
Selling and Distribution Expenses		(155,496,019)	-	(155,496,019)
Finance Costs	**B&E**	(12,877,732)	11,021,455	(1,856,276)
Profit Before Tax		(9,338,923)	11,124,758	1,785,835
Income Tax (Expense)/Reversal	**D**	21,451,848	(1,202,276)	20,249,572
Profit for the Year		12,112,925	9,922,482	22,035,407
Other Comprehensive Income				
Actuarial Gain/(Loss) on Post Employment Benefit Liability	**C**	-	(2,657,347)	(2,657,347)
Fair Value Gain on Revaluation of Land	**A**	-	12,908,000	12,908,000
Income Tax on Other Comprehensive Income		-	(2,466,661)	(2,466,661)
Other Comprehensive Income for the year, net of tax		**-**	**7,783,992**	**7,783,992**
Total Comprehensive Income for the year, net of Tax		**12,112,925**	**17,706,474**	**29,819,399**

Notes

A Property, Plant and Equipment

The Company has elected to measure Land at fair value at the date of transition to SLFRS. At the date of transition to SLFRS, the aggregate of those fair values was Rs. 170,895,452 (31 March 2020 : Rs. 183,803,452). This amount has been recognized in the Revaluation Reserve.

The gain on revaluation recognized in the statement of other comprehensive income for the year ended 31 March 2020 amounted to Rs. 12,908,000.

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B Right-of-use Assets/Lease liability

Under SLFRS for SMEs, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under SLFRS, as explained in Note 2.3.11, a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At the date of transition to SLFRS, the Company measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to SLFRS. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments. As a result, the Company recognised an increase of Rs. 17,317,443 (31 March 2020: Rs. 6,468,141) of lease liabilities included under interest-bearing loans & borrowings and Rs. 15,216,049 (31 March 2020: Rs. 4,461,606) of right-of-use assets.

Under SLFRS for LKAS, assets held under finance leases were capitalized and included in property, plant and equipment. Under SLFRS, they are presented under right-of-use assets. At the date of transition to SLFRS, Rs.5,291,550 (31 March 2020: Rs. 3,848,400) was reclassified from property, plant and equipment to right-of-use assets.

C Retirement Benefit Obligation

Under SLFRS for SME, the Company previously recognized retirement benefit obligations on a simplified method. Under SLFRS/LKAS, the Company engaged an actuary in order to establish the liability as at the transition date. As a result, the Company recognised an increase of Rs. 1,458,880 (31 March 2020: Rs. 4,086,002) of Retirement Benefit Obligation and Retained Earnings on the transition date.

Consequently, the charge recognized in the statement of profit or loss relating to retirement benefit obligations decreased by Rs. 30,225 and actuarial loss of Rs. 2,627,122 was recognized in other comprehensive income for the year ended 31 March 2020.

D Deferred Tax Liability

Transitional adjustments reflected in A, B and C resulted in various temporary differences. According to the accounting policies in Note 24.2, the Company recognized the tax effects of such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

E Borrowing Cost

The Company has applied LKAS 23 Borrowing Costs and capitalized borrowing costs relating to all qualifying assets after the date of transition.

The Company started the construction of a new Building in January 2019. This project is expected to be completed in December 2021. The carrying amount of the Building at 31 March 2021 was Rs. 195,055,835 (2020: Rs. 144,133,258 and 1 April 2019: Rs. 88,541,648). The Building is financed by a third party in a common arrangement. The amount of borrowing cost capitalised on the date of transition was Rs. 685,426 (2020: Rs. 12,320,640).

Consequently, finance costs recognized in profit or loss for the year ended 31 March 2020 decreased by Rs. 11,635,214.

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2.4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. 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 affected in future periods.

The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods, if the revision affects both current and future.

Fair value of Land

The Company measures the land (classified as property, plant and equipment) at revalued amounts, with changes in fair value being recognised in OCI. The lands were valued by reference to transactions involving properties of a similar nature, location and condition.

The Company engaged a valuation specialist to assess fair values as at 1 April 2019, 31 March 2020 and 31 March 2021 for the lands. The key assumptions used to determine the fair value of the properties are provided in Note 3.2 to the Financial Statements.

Going Concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on a going concern basis.

Taxation

Uncertainties exist with respect to the interpretation of complex tax regulation, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and the complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establish provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on upon the likely timing and the level of future taxable profits together as with future tax planning strategies.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.5.1 Revenue from Contracts with Customers

The Company, as explained in Note 1.2, is in the business of fulfilling orders placed by customers through its online platform, Kapruka.com. The fulfilment of orders are predominantly trade nature transactions for which the Company acts as principal, in addition to which the Company also generates revenue through provision of services such as delivery.

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a) Sale of Goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery. Transactions entered with retail customers are generally settled in advance or at the point of delivery whilst transactions with corporate customers are settled within a credit period of 60 to 90 days.

In determining the transaction price for the sale of goods and the services the Company considers the effects of variable consideration the existence of significant financing, non-cash considerations and consideration payable to customer (if any). However,

- The Company does not offer discounts, warranties or incentives to its customers.
- The Company does not receive long-term advances from its customers for the services which entails a financing element.
- The period between the transfer of the promised service to the customer and when the customer pays for that good will be one year or less

b) Rendering of Services

Revenue from rendering of services, particularly relating to delivery are identified as performance obligations satisfied at a point in time and is recognized at the point of delivery.

c) Presentation and disclosure requirements

As required for the financial statements, the Company disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

d) Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial instruments – initial recognition and subsequent measurement.

e) Contract Liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.5.2 Expenditure Recognition

Expenses are recognized in the statement of profit or loss on the basis of a direct association between the cost incurred and the earnings of specific items of income.

All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year.

Repairs and renewals are charged to statement of profit or loss in the year in which the expenditure is incurred.

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2.5.3 Finance Income and Finance Costs

Finance income comprises interest income on funds invested. Interest income is recognised based on the EIR in the Statement of Profit or Loss.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and losses on hedging instruments that are recognised in the statement of profit or loss.

The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2.5.4 Borrowing Cost

Borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of that asset. The amounts of the borrowing costs which are eligible for capitalisation are determined in accordance with the in LKAS 23 - Borrowing Costs. The amount so capitalised and the capitalisation rates are disclosed in the Financial Statements.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

2.5.5 Fair Value Measurement

The Company measures financial instruments such as financial assets at fair value through profit or loss, and non-financial assets such as Land, at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarized in the Note 29

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as Land. Involvement of external values is decided upon annually by the. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.5.6 Property, Plant and Equipment

The Company applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of the services or for administration purpose and are expected to be used for more than one year.

Basis of recognition

Property, plant and equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Company and cost of the asset can be reliably measured.

Basis of measurement

Items of property, plant & equipment including construction in progress are measured at cost net of accumulated depreciation and accumulated impairment losses, if any, except for land which is measured at fair value.

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Owned assets

The cost of property, plant & equipment includes expenditure that is directly attributable to the acquisition of the asset. The cost of self- constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and includes the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

Revaluation of land is done with sufficient frequency to ensure that the fair value of the land does not differ materially from its carrying amount, and is undertaken by professionally qualified valuers.

Any revaluation surplus is recorded in Other Comprehensive Income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the Statement of Profit or Loss, the increase is recognised in the Statement of Profit or Loss. A revaluation deficit is recognised in the Statement of Profit or Loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Subsequent costs

The cost of replacing a component of an item of property, plant & equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised in accordance with the derecognition policy given below.

The costs of the repair and maintenance of property, plant & equipment are recognised in the Statement of Profit or Loss as incurred.

Derecognition

The carrying amount of an item of property, plant & equipment is derecognised on disposal; or when no future economic benefits are expected from its use. Any gains and losses on derecognition are recognised (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) in the Statement of Profit or Loss. Gains are not classified as revenue.

Depreciation

The Provision for depreciation is calculated on the cost or valuation of fixed assets in order to write off such amounts over the estimated useful lives by equal instalments as follows:

Buildings	50 Years
Motor Vehicle	4 Years
Computers	4 Years
Furniture & Fittings	5 Years
Office Equipment	4 Years
Machinery & Equipment	4 Years
Computer Software	10 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 derecognised. The asset's residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end and adjusted prospectively, if appropriate.

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2.5.7 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in comprehensive income in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

2.3.5 Inventories

Inventories are stated at the lower of cost and selling price less costs to complete and sell. Cost is calculated using the Weighted Average Cost (WAC) method. Cost includes direct materials and a portion of manufacturing overhead cost based on normal operating capacity.

The cost incurred in bringing inventories to its present location and conditions are accounted using the following cost formulae.

Trading Items	-	At actual cost on weighted average basis.
Finished Goods	-	At actual cost on weighted average basis.
Raw Materials	-	At actual cost on weighted average basis.

2.3.6 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

2.3.6.1 Financial Assets

a) Financial Assets - Initial Recognition and Subsequent Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company’s initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

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In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories;

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order
  to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables and amounts due from related parties.

Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

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Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The Company’s financial assets at fair value through profit or loss include investment in quoted equity instruments and investment in un-quoted equity instruments under other non-current financial assets.

c) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a company of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired or;
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either

  (a) the Company has transferred substantially all the risks and rewards of the asset, or
  (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company’s continuing involvement in the asset. In that case, the Company also recognises an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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d) Impairment of Financial Assets

Further disclosure relating to impairment of financials assets are also provided in the following notes:

- Disclosures for significant assumptions
- Trade receivables, including contract assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.3.6.2 Financial liabilities

a) Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts, derivatives and amounts due to related parties.

b) Subsequent Measurement

The measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the Statement of Profit or Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss so designated at the initial date of recognition, and only if criteria of SLFRS 9 are satisfied. The Company has not designated any financial liability at fair value through profit or loss.

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Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Profit or Loss.

c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.3.6.3 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if;

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.3.6.4 Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques.

Such techniques may include:
- Using recent arm's length market transactions.
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

2.3.7 Trade payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into Sri Lankan Rupees using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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2.3.8 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.3.9 Retirement Benefit Obligations

The company has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separate entity. A defined benefit plans define an amount of pension benefit that an employee will receive on retirement, based on the years of service and compensation.

Defined Contribution Plans – Employees' Provident Fund and Employees' Trust Fund

All employees are eligible for Employees' Provident Fund and Employees' Trust Fund contributions in line with the prevalent statutes and regulations. The company contributes 12% and 3% of gross employee emoluments to EPF and ETF respectively.

Defined Benefit Plans - Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated internally by the Company. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 15. Any changes in these assumptions will impact the carrying amount of defined benefit obligations. The gratuity liability is not funded in the planned assets.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 on employee benefits. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

2.3.10 Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event. Where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.3.11 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2.3.11.1 Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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2.3.11.2 Right-of-Use Assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Right-of-Use Assets **-** 1 to 4 years (approximated)

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.3.11.3 Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2.3.12 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The provision for Income Tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act.

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Deferred Taxation

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all temporary differences, except:

- Where the deferred tax liability arises from an asset or liability in a transaction that affects neither the accounting profit nor the taxable profit.
- Deferred tax assets are recognized for all deductible differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:
- Where the deferred tax assets relating to deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor the taxable profit.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the deferred tax assets to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the assets are realized or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of Comprehensive Income is recognised outside the Statement of Comprehensive Income. Deferred tax items are recognised in correlation to the underlying transaction either in the Statement of Comprehensive Income or Statement of Other Comprehensive Income.

Sales Tax

Revenues, expenses and assets are recognized net of the amount of sales tax, except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable

Receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.6 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The following SLFRS have been issued by the Institute of Chartered Accountants of Sri Lanka that have an effective date in the future and have not been applied in preparing these financial statements.

SLFRS 17: Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace IFRS 4 Insurance Contracts (SLFRS 4). SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

SLFRS 17 is effective for annual reporting periods beginning on or after 01 January 2023.

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Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 – Interest Rate Benchmark Reform (Phase 1 & 2)

The amendments to SLFRS 9 & LKAS 39 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

IBOR reforms Phase 2 include number of reliefs and additional disclosures. Amendments supports companies in applying SLFRS when changes are made to contractual cashflows or hedging relationships because of the reform.

These amendments to various standards are effective for the annual reporting periods beginning on or after 01 January 2021.

Amendments to SLFRS 16 - COVID – 19 Related Rent Concessions

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 Pandemic.

As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from Covid-19 related rent concession the same way it would account for the change under SLFRS16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 01 June 2020.

Amendments to SLFRS 3

The amendments update SLFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to SLFRS 3 a requirement that, for obligations within the scope of LKAS 37, an acquirer applies LKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to LKAS 16

In March 2021, the ICASL adopted amendments to LKAS16-Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

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Onerous Contracts - Costs of Fulfilling a Contract – Amendments to LKAS 37

In March 2021, the ICASL adopted amendments to LKAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

Amendments to LKAS 1: Classification of Liabilities as Current or Non-current

In March 2021, ICASL adopted amendments to paragraphs 69 to 76 of LKAS 1 which specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
• What is meant by a right to defer settlement
• That a right to defer must exist at the end of the reporting period
• That classification is unaffected by the likelihood that an entity will exercise its deferral right
• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively.

None of the new or amended pronouncements are expected to have a material impact on the consolidated financial statements of the Company in the foreseeable future.

3. PROPERTY, PLANT AND EQUIPMENT

Gross Carrying Amounts	Land	Buildings	Motor Vehicle	Computers	Furniture & Fittings	Office Equipment	Machinery & Equipment	Building in the Course of Construction	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At Cost/Revaluation									
As at 1st April 2019	227,332,000	41,940,112	76,409,395	5,633,643	4,376,604	9,954,072	2,143,539	88,541,648	456,331,013
Additions	-	-	2,934,750	1,417,425	1,917,690	2,559,558	-	55,591,610	64,421,034
Revaluation	12,908,000	-	-	-	-	-	-	-	12,908,000
Disposals made during the year	-	-	(1,100,000)	(66,250)	-	(138,858)	-	-	(1,305,108)
As at 31 March 2020	240,240,000	41,940,112	78,244,145	6,984,818	6,294,295	12,374,773	2,143,539	144,133,258	532,354,940
Additions	-	-	16,572,002	2,251,367	89,114	1,076,664	-	50,922,576	70,911,724
Revaluation	14,880,000	-	-	-	-	-	-	-	14,880,000
Disposals made during the year	-	-	(100,000)	-	-	-	-	-	(100,000)
As at 31 March 2021	255,120,000	41,940,112	94,716,147	9,236,185	6,383,409	13,451,437	2,143,539	195,055,835	618,046,664

Depreciation	Land	Buildings	Motor Vehicle	Computers	Furniture & Fittings	Office Equipment	Machinery & Equipment	Building in the Course of Construction	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At Cost/Revaluation									
As at 1st April 2019	-	5,987,294	25,812,974	1,323,452	1,215,407	4,323,253	695,491	-	39,357,871
Charge for the year	-	838,744	28,787,399	2,242,366	1,925,681	3,702,599	629,156	-	38,125,944
Disposals made during the year	-	-	(29,167)	(24,045)	-	(83,374)	-	-	(136,585)
As at 31 March 2020	-	6,826,038	54,571,206	3,541,773	3,141,088	7,942,478	1,324,647	-	77,347,229
Charge for the year	-	838,744	13,893,185	1,670,228	985,041	1,909,421	365,757	-	19,662,377
Disposals made during the year	-	-	(100,000)	-	-	-	-	-	(100,000)
As at 31 March 2021	-	7,664,782	68,364,391	5,212,001	4,126,129	9,851,899	1,690,405	-	96,909,605

As at 01 April 2019	227,332,000	35,952,818	50,596,421	4,310,191	3,161,197	5,630,819	1,448,048	88,541,648	416,973,142
As at 31 March 2020	240,240,000	35,114,074	23,672,939	3,443,045	3,153,207	4,432,295	818,892	144,133,258	455,007,710
As at 31 March 2021	255,120,000	34,275,330	26,351,756	4,024,184	2,257,280	3,599,538	453,135	195,055,835	521,137,058

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3. PROPERTY, PLANT AND EQUIPMENT (Contd...)

3.1 During the financial period, Company has acquired Property, Plant and Equipment to the aggregate value Rs. 70,911,724 (2020 - Rs. 64,421,034) Cash payments amounting to Rs.70,911,724 (2020 - Rs. 64,421,034) were made during the period for acquisition of Property, Plant and Equipment.

3.2 As part of the company's impairment assessment over Property Plant and Equipment, the Company engaged W.A.T.I.P Jayathilaka an accredited independent valuer, to determine the fair value of its land. Fair value is determined by reference to market-based evidence. Valuations are based on active market prices, adjusted for any difference in the nature, location or condition of the specific property. Valuations (Level 3) have been carried out effective 1 April 2019, 31 March 2020 and 31 March 2021 as reflected in the below note.

Description	Valuation Technique	Significant Unobservable Input	Range Rs. 31 March 2021	Range Rs. 31 March 2020	Range Rs. 01 April 2019	Fair Value Rs. 31 March 2021	Fair Value Rs. 31 March 2020	Fair Value Rs. 01 April 2019
Land	Market Approach	Price per Perch	6,000,000 - 5,350,000	5,000,000 - 5,750,000	4,750,000 - 5,350,000	255,120,000	240,240,000	227,332,000

4. LEASES

4.1 Right of Use Asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability (present value of future lease payments discounted using the Company's incremental borrowing rate) adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The movement of Right of Use Lease assets of the Company is as follows;

At Gross Value	**Land/Building Udahamulla Rs.**	**Land/Building Nawala Rs.**	**Land/Building Raththanapitiya Rs.**	**Motor Vehicles Rs.**	**Total Rs.**
As at 01.04.2019	-	-	-	5,772,600	5,772,600
Recognized on first time adoption As at 01.04.2019	4,478,001	3,389,727	2,056,771	-	9,924,499
Balance As at 31.03.2020	4,478,001	3,389,727	2,056,771	5,772,600	15,697,099
Additions	-	-	-	14,667,500	14,667,500
Advance Payment for Leases	-	-	-	6,891,990	6,891,990
Balance As at 31.03.2021	4,478,001	3,389,727	2,056,771	27,332,090	37,256,589

Depreciation	**Land/Building Udahamulla Rs.**	**Land/Building Nawala Rs.**	**Land/Building Raththanapitiya Rs.**	**Motor Vehicles Rs.**	**Total Rs.**
As at 01.04.2019	-	-	-	481,050	481,050
Recognized on first time adoption As at 01.04.2019	-	-	-	-	-
Charge for the year	1,414,106	753,273	851,078	1,443,150	4,461,606
Balance As at 31.03.2020	1,414,106	753,273	851,078	1,924,200	4,942,656
Charge for the year	1,414,106	753,273	851,078	4,138,086	7,156,542
Balance As at 31.03.2021	2,828,211	1,506,545	1,702,156	6,062,286	12,099,198

Net book values	**Land/Building Udahamulla Rs.**	**Land/Building Nawala Rs.**	**Land/Building Raththanapitiya Rs.**	**Motor Vehicles Rs.**	**Total Rs.**
Balance As at 01.04.2019	4,478,001	3,389,727	2,056,771	5,291,550	15,216,049
Balance As at 31.03.2020	3,063,896	2,636,454	1,205,694	3,848,400	10,754,443
Balance As at 31.03.2021	1,649,790	1,883,181	354,616	21,269,804	25,157,391

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4. INITIAL APPLICATION OF SLFRS 16 - LEASES (Contd...)

4.2 Lease Liability/Lease Creditor

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate can not be readily determined, the Company's incremental borrowing rate. The movement of Lease creditor for the period is as follows;

	Land/Building				
	Udahamulla Rs.	**Nawala Rs.**	**Raththanapitiya Rs.**	**Motor Vehicles Rs.**	**Total Rs.**
As at 01.04.2019	-	-	-	7,392,944	7,392,944
Recognized on first time adoption As at 01.04.2019	4,478,001	3,389,727	2,056,771	-	9,924,499
Interest Expense Recognised in Profit or Loss	274,727	218,976	120,055	755,302	1,369,061
Repayment of Liability	(1,430,000)	(776,533)	(885,000)	(3,990,366)	(7,081,899)
Balance As at 31.03.2020	3,322,729	2,832,170	1,291,826	3,402,578	10,849,303
Additions	-	-	-	14,667,500	14,667,500
Interest Expense Recognised in Profit or Loss	187,510	174,561	61,336	913,890	1,337,296
Repayment of Liability	(1,573,000)	(866,667)	(960,000)	(4,614,521)	(8,014,187)
Balance As at 31.03.2021	1,937,238	2,140,064	393,162	13,455,557	17,926,021

		Land/Building				
		Udahamulla Rs.	**Nawala Rs.**	**Raththanapitiya Rs.**	**Motor Vehicles Rs.**	**Total Rs.**
As at 01.04.2019	Amount repayable within 1 year	1,155,273	557,557	764,945	3,990,366	6,468,141
	Amount repayable after 1 year	3,322,729	2,832,170	1,291,826	3,402,578	10,849,303
		4,478,001	3,389,727	2,056,771	7,392,944	17,317,443
As at 31.03.2020	Amount repayable within 1 year	1,385,490	692,106	898,664	2,041,700	5,017,961
	Amount repayable after 1 year	1,937,238	2,140,064	393,162	1,360,878	5,831,342
		3,322,729	2,832,170	1,291,826	3,402,578	10,849,303
As at 31.03.2021	Amount repayable within 1 year	1,646,935	785,586	393,162	5,549,654	8,375,337
	Amount repayable after 1 year	290,303	1,354,478	-	7,905,904	9,550,684
		1,937,238	2,140,064	393,162	13,455,557	17,926,021

5. INTANGIBLE ASSETS

Computer Software

	2021.03.31 Rs.	**2020.03.31 Rs.**	**2019.04.01 Rs.**
5.1 Cost			
As at 1st April	6,323,777	5,622,395	5,035,665
Additions	-	701,382	586,730
Total Gross Carrying Amount As at 31 March	6,323,777	6,323,777	5,622,395
5.2 Amortization			
As at 1st April	3,933,424	3,438,037	3,034,764
Amortization for the year	508,882	495,387	403,273
As at 31 March	4,442,306	3,933,424	3,438,037
5.3 Net Book Value	1,881,471	2,390,353	2,184,358

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6. SHORT TERM INVESTMENT IN FIXED DEPOSIT

	2021.03.31 Rs.	2020.03.31 Rs.	2019.04.01 Rs.
Nations Trust Bank PLC	12,856,835	11,284,356	10,168,606
Siyapatha Finance PLC	-	7,500,000	7,500,000
	12,856,835	18,784,356	17,668,606

7. OTHER NON CURRENT FINANCIAL ASSETS

7.1 Quoted Investments

	Institution	No.of Units	2021.03.31 Rs.	2020.03.31 Rs.	2019.04.01 Rs.
Investment in Commercial Papers	LOLC Holdings PLC	-	-	7,967,621	-
			-	7,967,621	-

7.2 Non-Quoted Investments

		No. of Shares	2021.03.31 Rs.	2020.03.31 Rs.	2019.04.01 Rs.
Convertible Preference Shares	Grasshoppers (Pvt) Ltd	8,900	8,900,000	8,900,000	-
Less : Provision for Impairment			(4,450,000)	-	-
		8,900	4,450,000	8,900,000	-
			4,450,000	16,867,621	-

8. INVENTORIES

	2021.03.31 Rs.	2020.03.31 Rs.	2019.04.01 Rs.
Trading Items	58,039,404	58,976,401	35,684,480
Finish Goods	453,223	-	215,754
Raw Materials	13,385,873	18,061,972	16,669,692
	71,878,500	77,038,373	52,569,926
Less: Provision for Slow Moving Inventory	(5,832,037)	-	-
	66,046,462	77,038,373	52,569,926

9. TRADE AND OTHER RECEIVABLES

	2021.03.31 Rs.	2020.03.31 Rs.	2019.04.01 Rs.
Trade Receivables	20,918,304	27,176,646	29,092,279
Less: Allowance for Expected Credit Losses	(4,196,527)	-	-
	16,721,778	27,176,646	29,092,279
Staff Debtors	189,756	958,599	1,312,521
Welfare Receivable	149,500	1,104,315	629,973
Advance Payments to Suppliers	53,106,691	21,107,865	10,847,677
Interest Receivable	229,264	920,997	933,991
ESC Receivable	-	2,232,136	-
VAT Receivable	-	-	438,295
Other Receivables	460,562	86,478	-
	70,857,551	53,587,037	43,254,737

10. AMOUNT DUE FROM RELATED PARTIES

	Relationship	2021.03.31 Rs.	2020.03.31 Rs.	2019.04.01 Rs.
Kapruka Web Solutions (Private) Limited	Affiliate	5,795,983	3,102,442	2,026,115
Java Lounge (Private) Limited	Affiliate	71,875,587	74,451,643	79,086,508
Kapruka Global Shop (Private) Limited	Affiliate	26,936,979	42,593,986	43,849,753
Grasshoppers (Private) Limited	Affiliate	7,921,472	3,061,472	1,588,690
Kapruka Productions (Private) Limited	Affiliate	2,410,175	3,516,136	11,602,838
Lexington Residencies (Private) Limited	Affiliate	69,900	-	-
Superbox (Private) Limited	Affiliate	169,916	-	-
		115,180,012	126,725,680	138,153,903

The above amounts are unsecured and have no credit periods attached to the same.

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11. CASH AND CASH EQUIVALENTS

		2021.03.31	2020.03.31	2019.04.01
11.1	**Favorable Cash and Cash Equivalents Balance**			
	Cash and Bank Balances	75,080,415	113,919,016	33,004,997
11.2	**Unfavorable Cash and Cash Equivalent Balances**			
	Bank Overdraft	(17,324,978)	(168,745)	(568,635)
	Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement	57,755,437	113,750,271	32,436,362

12. DEPOSITS AND PREPAYMENTS

	2021.03.31 Rs.	2020.03.31 Rs.	2019.04.01 Rs.
Office Insurance	126,859	123,064	87,626
Service Agreement	451,438	446,890	505,908
Advertisement	42,866	30,611	27,792
Medical and Workman Insurances	128,537	117,374	131,745
Prepayment For Vehicle Insurance	918,058	1,243,870	954,290
Rent Deposits	4,267,745	3,132,995	2,142,995
Refundable Deposits	95,500	95,500	95,500
Assessments Tax	151,209	151,209	58,425
Prepayment For Membership Fee	419,878	414,128	183,003
Investment - Head Office	658,095	658,095	558,333
	8,027,549	7,163,284	4,749,368

13. STATED CAPITAL

	2021		2020		2019	
	Number	Rs.	Number	Rs.	Number	Rs.
Fully Paid Ordinary Shares						
Balance at the Beginning of the Year	500,000	5,000,000	500,000	5,000,000	500,000	5,000,000
Issued During The Year	3,876,812	267,500,028	-	-	-	-
Balance at the End of the Year	4,376,812	272,500,028	500,000	5,000,000	500,000	5,000,000

14. INTEREST BEARING LOANS AND BORROWINGS

	2021.03.31			2020.03.31			2019.04.01		
	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.
Bank Loans (14.1)	65,219,756	121,350,339	186,570,096	19,068,890	128,579,032	147,647,922	15,516,203	89,063,680	104,579,883
Lease Liabilities	8,375,337	9,550,684	17,926,021	5,017,961	5,831,342	10,849,303	6,468,141	10,849,303	17,317,443
Bank Overdraft	17,324,978	-	17,324,978	168,745	-	168,745	568,635	-	568,635
	90,920,072	130,901,024	221,821,095	24,255,595	134,410,374	158,665,969	22,552,978	99,912,983	122,465,961

14.1 Loans and Borrowings

	As at 01.04.2019 Rs.	New Loans Obtained Rs.	Repayment Rs.	Exchange (Gain)/Loss Rs.	As at 01.04.2020 Rs.	New Loans Obtained Rs.	Repayment Rs.	Exchange (Gain)/Loss Rs.	As at 31.03.2021 Rs.
Union Bank of Colombo PLC	99,548,530	46,415,396	(9,593,673)	11,277,669	147,647,922	204,782,300	(170,231,875)	(2,045,209)	180,153,137
Nations Trust Bank PLC	5,031,354	-	(5,031,354)	-	-	9,500,000	(3,083,041)	-	6,416,959
	104,579,884	46,415,396	(14,625,027)	11,277,669	147,647,922	214,282,300	(173,314,916)	(2,045,209)	186,570,096

15. RETIREMENT BENEFIT OBLIGATIONS - GRATUITY

	2021.03.31 Rs.	2020.03.31 Rs.
Balance as at the Beginning of the Year	13,633,252	9,534,755
Current Service Cost	1,387,139	1,312,019
Interest Cost	613,271	494,131
Acturial (Gain)/Loss	1,754,881	2,657,347
Payments During the Year	(236,600)	(365,000)
Balance at the End of the Year	17,151,943	13,633,252

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15. RETIREMENT BENEFIT OBLIGATIONS - GRATUITY (Contd...)

An actuarial valuation of the retirement gratuity payable was carried out as at 1 April 2019, 31 March 2020 and 31 March 2021 internally by the Company using the "Projected Unit Credit Method (PUC)", the method recommended by the Sri Lanka Accounting Standard - LKAS 19 on "Employee Benefits".

15.1 The Principal Assumptions used in determining Defined Benefit Obligation are shown below:

	2021.03.31	2020.03.31	2019.04.01
Discount Rate	6.75%	6.39%	9.33%
Salary Increment	6.00%	8.61%	6.00%
Staff Turnover	20.20%	19.40%	35.75%
Retirement Age	60 Years	60 Years	60 Years

15.2 A Sensitivity was carried out as follows,

	Effect on Comprehensive Income Increase / (reduction)		Effect on employee benefit obligation Increase / (reduction) in the Liability	
	Rs.		Rs.	
	+ 1 %	- 1 %	+ 1 %	- 1 %
Sensitivity to Discount Rate				
31 March 2021	574,191	(606,497)	(574,191)	606,497
31 March 2020	552,900	(585,045)	(552,900)	585,045
1 April 2019			(218,839)	226,521
Sensitivity to Salary Increment Rate				
31 March 2021	(605,040)	583,498	605,040	(583,498)
31 March 2020	(567,379)	546,804	567,379	(546,804)
1 April 2019			231,542	(227,703)

16. TRADE AND OTHER PAYABLES

		2021.03.31	2020.03.31	2019.04.01
		Rs.	Rs.	Rs.
Trade Creditors -	Related Parties (Note 16.1)	-	3,032,419	7,429,086
	Others	34,153,346	46,599,684	21,063,282
		34,153,346	49,632,103	28,492,369

16.1 Trade Payables - Related Parties

	2021.03.31	2020.03.31	2019.04.01
	Rs.	Rs.	Rs.
Kapruka Productions (Pvt) Ltd	-	2,235,353	5,444,625
Kapruka Global Shop (Pvt) Ltd	-	797,066	38,182
Java Lounge (Pvt) Ltd	-	-	1,946,280
	-	3,032,419	7,429,086

The above amounts are unsecured and have no credit periods attached to the same.

17. PROVISIONS AND ACCRUED EXPENSES

	2021.03.31	2020.03.31	2019.04.01
	Rs.	Rs.	Rs.
Provisions	998,112	669,598	6,163,406
Accrued Expenses	24,433,520	14,957,248	11,059,705
	25,431,632	15,626,845	17,223,111

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18. AMOUNT DUE TO RELATED PARTY

	Relationship	2021.03.31 Rs.	2020.03.31 Rs.	2019.04.01 Rs.
Kapruka LLC	Affiliate	-	324,772,411	300,278,273
Kapruka Goodwill Foundation	Affiliate	911,231	2,976,317	1,004,713
		911,231	327,748,728	301,282,987

The above amounts are unsecured and have no credit periods attached to the same.

19. REVENUE FROM CONTRACTS WITH CUSTOMERS

19.1 Disaggregation of Revenue

	2021 Rs.	2020 Rs.
Sale of Goods		
Cakes	301,286,157	219,815,331
Flowers	98,022,885	126,023,739
Fruit Gift Items	45,129,905	38,583,572
Other Gift Items	446,248,780	295,133,366
Merchandising	343,057	3,893,691
	891,030,785	683,449,699
Rendering of Services		
Delivery Income	70,945,512	40,516,750
Other services	6,065,259	6,197,338
	77,010,771	46,714,088
	968,041,555	730,163,787

19.2 Revenue from Customer Segments

	2021 Rs.	2020 Rs.
Retail Customers	934,556,641	679,670,963
Corporate Customers	33,484,914	50,492,824
	968,041,555	730,163,787

19.3 Contract balances

	2021 Rs.	2020 Rs.
Trade Receivables	16,721,778	27,176,646
Contract Liabilities	18,916,396	79,332,515

Contract liabilities include advances received from customers to deliver related goods or services

20. OTHER INCOME

	2021 Rs.	2020 Rs.
Profit on Disposal of Assets	60,000	339,915
Interest Income	3,264,197	3,759,318
Vehicle Rent Income	-	720,000
Exchange Gain	10,920,563	13,308,687
Other Income	-	4,408
	14,244,760	18,132,329

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21. FINANCE COST

	2021 Rs.	2020 Rs.
Overdraft Interest	72,136	103,893
Bank Loan Interest	233,622	203,980
Leasing Interest	1,337,296	1,369,061
Other Finance Expenses	139,120	179,343
	1,782,173	1,856,276

22. PROFIT/(LOSS) FROM BEFORE TAX

Stated after Charging /(Crediting)

	2021 Rs.	2020 Rs.
Included in Direct Expense		
Depreciation	365,757	629,156
Included in Administrative Expenses		
Employees Benefits including the following		
- Defined Benefit Plan Costs - Gratuity	2,000,410	1,836,376
- Defined Contribution Plan Costs - EPF & ETF	2,369,890	2,571,029
Directors' Fee and Emoluments	8,776,786	9,650,882
Depreciation	8,930,773	9,206,676
Allowance for Expected Credit Losses	4,196,527	-
Auditors Remuneration	600,000	442,186
Included in Selling and Distribution Costs		
Depreciation	13,893,185	30,230,549
Advertising and Promotional Expenses	131,912	109,121

23. INCOME TAX EXPENSE

	2021 Rs.	2020 Rs.
Current Income Tax		
Current Income Tax Charge (23.1)	22,352,177	6,974,551
Under/(Over) Provision of current taxes in respect of prior years	(615,310)	407,628
	21,736,867	7,382,179
Deferred Tax Charge /(Reversal) (23.2)	2,398,343	(27,631,750)
Income Tax Expense reported in the Income Statement	24,135,210	(20,249,572)

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23. INCOME TAX EXPENSE (Contd…)

23.1 A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows :

	2021 Rs.	2020 Rs.
Accounting Profit/(Loss) Before Tax	68,428,494	1,785,835
Aggregate Disallowed Income	(5,012,497)	(13,399,061)
Aggregate Disallowed Expenses	51,393,319	67,301,724
Aggregate Allowed Income	-	-
Aggregate Allowable Expenses	(24,939,443)	(22,464,485)
Business Income	89,869,873	33,224,013
Income From Other Sources	3,264,197	3,732,414
Total Statutory/Assessable Income	93,134,071	36,956,427
Less: Qualifying payments	-	-
Assessable Income / Taxable Income	93,134,071	36,956,427
Income Tax at 28% on Taxable Profit	-	7,760,850
Income Tax at 24% on Taxable Profit	22,352,177	2,217,386
Current Income Tax Expense	22,352,177	9,978,235

23.2 Deferred Tax

	Statement of Financial Position			Statement of Comprehensive Income		Income Statement	
	2021 Rs.	2020 Rs.	2019 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Deferred Tax Liability							
Accelerated Depreciation on Property, Plant and Equipment	9,305,288	6,262,179	34,455,759	-	-	3,043,109	(28,193,580)
Revaluation on Properties and Equipements	47,684,028	51,464,967	47,850,727	(3,780,938)	3,614,240	-	-
Leases	1,735,529	-	-	-	-	1,735,529	-
	58,724,845	57,727,145	82,306,485	(3,780,938)	3,614,240	4,778,638	(28,193,580)
Deferred Tax Assets							
Defined Benefit Plans	(4,116,466)	(3,817,311)	(2,669,731)	(299,156)	(1,147,579)	-	-
Allowance for Expected Credit	(1,007,166)	-	-			(1,007,166)	-
Provision for Slow Moving	(1,399,689)	-	-	-	-	(1,399,689)	-
Leases	-	(26,561)	(588,390)			26,561	561,830
	(6,523,322)	(3,843,871)	(3,258,122)	(299,156)	(1,147,579)	(2,380,295)	561,830
				(4,080,094)	2,466,661	2,398,343	(27,631,750)
Net Deferred Tax Liabilities	52,201,524	53,883,274	79,048,364				

The deferred tax has been computed at the effective tax rate of 24% (2020 & 2019 - 28%)

Revised income tax rates were proposed to the Inland Revenue Act, No. 24 of 2017 and was implemented with effect from January 01, 2020. CA Sri Lanka issued Guideline on Application of Tax Rates in Measurement of Current Tax and Deferred Tax in LKAS 12 Income Tax to provide an interpretation on the application of tax rates. Consequent to the change in tax rate from 28% to 24%, a charge of Rs. 585,790 was recognized in the income statement and a reversal of Rs. 7,261,260 was recognized in the statement of other comprehensive income.

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24. EARNINGS PER SHARE

24.1 Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

24.2 The following reflects the Income and Share data used in the Basic Earnings Per Share computations.

Amount Used as the Numerator:	**2021 Rs.**	**2020 Rs.**
Profit for the Year	44,293,284	22,035,407
Net Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share	44,293,284	22,035,407

Number of Ordinary Shares Used as Denominator:	**2021 Number**	**2020 Number**
Weighted Average number of Ordinary Shares	4,376,812	500,000
Earnings Per Share	**10.12**	**44.07**

25. COMMITMENTS AND CONTINGENCIES

Capital Expenditure Commitments

The company has commitment for construct of Building incidental to the ordinary course of business as at 31st march 2021.

	2021 Rs.	**2020 Rs.**
Contracted but not provided for	180,153,137	195,747,314
	180,153,137	195,747,314

26. ASSETS PLEDGED

The following assets have been pledged as security for liabilities:

Nature of Assets	**Nature of Liability**	**Carrying Amount Pledged 2021 Rs.**	**2020 Rs.**	**Included Under**
Land (31.08 Perches Land)	1.32 Mn USD Loan from Union Bank 225 Mn LKR Loan from Union Bank	41,521,750	41,521,750	Land
NTB Savings Account	9.5 Mn LKR Covid Loan from Nations Trust Bank	8,397,618	-	Cash and Cash Equivalents

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27. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

27.1

Relationship	Affiliate Company		Affiliate Company		Affiliate Company		Affiliate Company		Affiliate Company		Affiliate Company		Affiliate Company		Affiliate Company		Affiliate Company	
Name of the Entity	**Kapruka Web Solutions (Pvt) Ltd**		**Java Lounge (Pvt) Ltd**		**Kapruka Global Shop (Pvt) Ltd**		**Kapruka Goodwill Foundation (Pvt) Ltd**		**Kapruka Productions (Pvt) Ltd**		**Grasshoppers (Pvt) Ltd**		**Kapruka LLC**		**Superbox**		**Lexington Residencies (Pvt) Ltd**	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Nature of the Transaction	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
As at 01 April	3,102,442	2,026,115	74,451,643	79,086,508	41,735,902	43,849,753	(2,976,317)	(1,004,713)	1,280,782	11,602,838	3,016,173	1,588,690	(324,772,411)	(300,278,273)	-	-	-	-
Services Rendered	(5,875,000)	(2,400,000)	(21,356,225)	(12,340,362)	(3,357,452)	1,122,353	(1,462,217)	-	(109,467,779)	(120,971,879)	-	-	-	(24,494,138)	-	-	-	-
Share Issue	-	-	-	-	-	-	-	-	-	-	-	-	267,500,028	-	-	-	-	-
Payments Made/Received	7,295,000	3,100,000	12,353,103	(37,569,471)	(7,921,425)	(4,377,867)	2,297,170	(3,986,423)	103,119,642	88,873,914	4,500,000	(483,537)	-	-	-	-	-	-
Consultancy Charges	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-	-
Expenses Incurred on behalf	1,273,541	376,328	6,427,065	45,274,968	(3,520,046)	1,141,662	1,230,133	2,014,819	7,477,529	21,775,910	385,312	1,911,020	52,272,383	-	169,916	-	69,900	-
Exchange (Gain) /Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March	5,795,983	3,102,442	71,875,587	74,451,643	26,936,979	41,735,902	(911,231)	(2,976,317)	2,410,175	1,280,782	7,901,485	3,016,173	(5,000,000)	(324,772,411)	169,916	-	69,900	-
As at 31 March																		
Amounts Receivables	5,795,983	3,102,442	71,875,587	74,451,643	26,936,979	42,593,986	-	-	2,410,175	3,516,136	7,901,485	3,016,173	-	-	169,916	-	69,900	-
Amounts Payables	-	-	-	-	-	(858,084)	(911,231)	(2,976,317)	-	(2,235,353)	-	-	-	(324,772,411)	-	-	-	-
	5,795,983	3,102,442	71,875,587	74,451,643	26,936,979	41,735,902	(911,231)	(2,976,317)	2,410,175	1,280,783	7,901,485	3,016,173	-	(324,772,411)	169,916	-	69,900	-

27.2 Transactions with Key Management Personnel of the Company

The Key Management Personnel of the Company are the members of its Board of Directors.

Key Management Personnel Compensation	**2021**	**2020**
	Rs.	**Rs.**
Short Term Employee Benefits	10,786,405	11,144,335
Post Employment and Termination Benefits	159,912	294,911
	10,946,317	11,439,246

28. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no significant events occurring after the reporting date that require adjustments to or disclosure in the financial statements.

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29. FAIR VALUE MEASUREMENT

The fair value is the price that would be received to sell an assets or paid to transfer a liability in an orderly transaction between market participants of the measurement date.

29.1 Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments and certain non-financial asset that are carried in the Financial Statements.

	Carrying Amount		Fair Value	
	2021	**2020**	**2021**	**2020**
Financial Assets	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Equity instrument designated at fair value through profit or loss				
- Un-Quoted equity shares	8,900,000	8,900,000	8,900,000	8,900,000
Other financial instruments designated at fair value through profit or loss				
- Money Market Funds	-	7,967,621	-	7,967,621
Financial Assets Carried at Amortized Costs				
- Trade and Other Receivables	70,857,551	53,587,037	70,857,551	53,587,037
- Amount Due From Related Parties	115,180,012	126,725,680	115,180,012	126,725,680
Cash and Short Term Deposits	87,937,251	132,703,372	87,937,251	132,703,372
Total	282,874,813	329,883,709	282,874,813	329,883,709
Non-Financial Assets				
Land	255,120,000	240,240,000	255,120,000	240,240,000
Total	255,120,000	240,240,000	255,120,000	240,240,000
Financial Liabilities				
Interest-bearing Loans and Borrowings				
- Obligations under Finance Leases	13,455,557	3,402,578	13,455,557	3,402,578
- Long Term Loans	130,901,024	134,410,374	130,901,024	134,410,374
- Short Term Loans and Bank Overdraft	90,920,072	24,255,595	90,920,072	24,255,595
Trade and Other Payables	34,153,346	49,632,103	34,153,346	49,632,103
Amount Due to Related parties	911,231	327,748,728	911,231	327,748,728
Total	270,341,229	539,449,378	270,341,229	539,449,378

29.2 The following methods and assumptions were used to estimate the fair values:

Cash and short term deposits, trade and other receivables, amounts due to/from related parties and trade payables approximate their carrying amounts largely due to the short term maturities of these instruments.

Long term loans and financial leases approximate their carrying amount as majority of the loan portfolio consist of loans obtained at variable interest rates.

29.3 Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments and non financial assets by valuation technique:
Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 March the Company held the following financial assets and other non-financial assets carried at fair value in the Statement of Financial Position:

Fair value measurement hierarchy for assets as at 31 March 2021:

		Fair Value Measurement Using			
	Date of valuation Total	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Property Plant & Equipment					
Land	31 March 2021	240,240,000	-	-	240,240,000
Investments					
Investment In Non-Quoted Shares		4,450,000	-	-	4,450,000
Total		244,690,000	-	-	244,690,000

During the reporting period ended 31 March 2021 there were no transfers between Level 1 fair value measurements

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30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company’s principal financial liabilities, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company’s operations and to provide guarantees to support its operations. The Company has loans and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk.

The Company’s senior management oversees the management of these risks. The senior management is supported by the Board of Directors (BOD) that advises on financial risks and the appropriate financial risk governance framework for the Company. BOD provides assurance to the Company’s senior management that the Company’s financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and Company risk appetite. It is the Company’s policy that all activities for risk management purposes are required to be approved by Board of Directors of Kapruka Dot Com (Pvt) Ltd.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

30.1 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits and available-for-sale investments.

The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity’s financial performance.

30.1.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company’s exposure to the risk of changes in market interest rates relates primarily to the Company’s long-term debt obligations with fixed interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company’s policy is to maintain an appropriate balance between fixed and variable rate borrowings.

30.1.2 Interest Rate Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company’s profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase / decrease in basis points	Increase / decrease Rate	Effect on profit before tax LKR
As at 31 March 2021	+ 50	+ 0.5%	(900,766)
	- 50	- 0.5%	900,766
As at 31 March 2020	+ 50	+ 0.5%	(738,240)
	- 50	- 0.5%	738,240
As at 01 April 2019	+ 50	+ 0.5%	(497,743)
	- 50	- 0.5%	497,743

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

30.1.3 Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company’s exposure to the risk of changes in foreign exchange rates relates primarily to the import of raw materials, finished goods and packing materials.

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30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

30.1.4 Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in USD rate	Effect on profit before tax LKR
As at 31 March 2021	+ 5%	979,913
	- 5%	(979,913)
As at 31 March 2020	+ 5%	1,741,036
	- 5%	(1,741,036)
As at 01 April 2019	+ 5%	644,217
	- 5%	(644,217)

30.2 Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

30.2.1 Trade Receivables

Customer credit risk is managed by each company subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on the established credit risk evaluation policy and individual credit limits are defined in accordance with this assessment.

Outstanding customer receivables are regularly monitored.

Minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data.

Management has assessed the existing and anticipated effect of COVID -19 on recoverability of trade and other receivable and concluded that Company don't have significant doubt on recoverability of trade and other receivable. Therefore, no incremental impairment allowance has been recognised.

The Aging Analysis of Trade Receivables is as follows:

As at 31 March	Total	Neither past due nor impaired	0-60 days	60-180 days	180-365 days	> 365 days
Balance as at 31 March 2021	20,918,304	4,613,990	1,990,249	5,561,874	3,085,259	5,666,932
Balance as at 31 March 2020	27,176,646	2,162,096	4,324,192	10,486,289	9,970,798	233,270
Balance as at 1 April 2019	48,012,758	11,678,779	10,813,684	24,006,379	865,095	648,821

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30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

30.2.2 Cash Deposits

Credit risk from balances with banks is managed in accordance with the Company treasury policy. Investments of surplus funds are made only with approved counterparties as per this policy.

30.3 Liquidity Risk

The Company monitors its risk to a shortage of funds by setting up a minimum liquidity level. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and finance leases. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Year ended 31 March 2021	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Bank Loans	-	17,324,978	65,219,756	121,350,339	-	203,895,074
Lease Liability	-	2,093,834	6,281,503	9,550,684	-	17,926,021

Year ended 31 March 2020	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Bank Loans	-	168,745	19,068,890	134,410,374	-	153,648,008
Lease Liability	-	1,254,490	3,763,470	5,831,342	-	10,849,303

Year ended 31 March 2019	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Bank Loans	-	568,635	15,516,203	89,063,680	-	105,148,518
Lease Liability	-	997,592	5,470,549	10,849,303	-	17,317,443

Management has assessed the existing and anticipated effect of COVID -19 on liquidity of the Company to settle liabilities when it is due and management are satisfied that the Company don't have significant concerns relating to the Company's liquidity.

30.3.1 Capital Management

Capital includes ordinary shares. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

As at 31 March	2021	2020	2019
Debt/Equity Ratio	43%	86%	79%

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KAPRUKA DOT COM (PRIVATE) LIMITED

DETAILED EXPENDITURE STATEMENT
YEAR ENDED 31 MARCH 2021

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STATEMENT - I

COST OF SALES - DIRECT EXPENSES

	2021 Rs.	2020 Rs.
Purchase Expenses	2,157,282	2,227,086
Direct Salaries and Wages	17,784,096	18,940,761
Employee's Provident Fund	1,323,859	1,322,103
Employee's Trust Fund	328,717	330,526
Staff Transport	156,143	412,658
Electricity	6,063	4,893
Water	30,660	6,899
Machinery Depreciation	365,757	629,156
Out Labour Expenses	1,297,154	1,165,381
	23,449,731	25,039,462

STATEMENT - II

SELLING AND DISTRIBUTION EXPENSES

	2021 Rs.	2020 Rs.
Salaries and Allowances	42,610,117	50,188,056
Employee's Provident Fund	3,892,140	5,195,649
Employee's Trust Fund	972,897	1,298,912
Fuel Expenses	13,863,554	13,438,584
Advertisement	131,912	109,121
Packing and Printing	1,112,878	1,709,776
Repair and Maintenance Motor Vehicles	4,457,069	4,089,639
Distribution Expenses	54,243,226	36,340,616
Insurance and License Renewal	1,539,694	1,678,632
Sample Test Expenses	-	102,113
Rental Car Expenses	-	4,025
Other Expenses	2,240,565	1,134,008
Depreciation	13,893,185	28,787,399
Depreciation of Right-of-use Assets	4,138,086	1,443,150
Staff Welfare	1,327,058	2,924,460
Staff Entertainment	373,500	521,588
Staff Transport	453,573	1,063,460
Staff Training and Motivation	-	181,554
Travelling	614,958	511,249
Out Labour Expenses	2,905,641	1,916,840
Sales Commission	-	392,701
Allowance for Expected Credit Loss	4,538,017	-
Bad Debt Write-off	1,721,554	-
Business Promotion Expenses	19,099,693	1,524,954
Print and Stationary	451,973	939,534
	174,581,290	155,496,019

ERNST & YOUNG
Chartered Accountants
COLOMBO

Kapruka Dot Com (Private) Limited

DETAILED INCOME STATEMENT

Year ended 31 March 2021

STATEMENT - III

ADMINISTRATIVE EXPENSES	**2021 Rs.**	**2020 Rs.**
Salaries and Allowances	22,167,709	22,057,821
Employee's Provident Fund	1,895,133	2,056,692
Employee's Trust Fund	474,757	514,337
Gratuity Expenses	2,000,410	1,806,150
Directors' Fee and Emoluments	8,776,786	9,650,882
Audit Fee	600,000	442,186
Electricity	3,330,661	3,719,506
Office Fire and Burglary Insurances	131,546	141,119
Office Security	1,427,880	1,196,490
Office Maintenance	1,349,255	1,579,080
Office Rent	900,800	915,500
Donation	38,184	30,280
Bonus	5,121,785	-
Postage expenses	209,144	315,818
Water expenses	196,551	238,267
Telephone expenses	5,675,114	6,213,080
Stationary	684,291	904,215
Staff Welfare	8,248,557	6,371,160
Staff Entertainment	695,393	857,439
Office Equipment Maintenance	1,474,640	1,651,990
Professional fee	2,551,295	3,434,956
Depreciation	5,912,316	9,206,676
Depreciation of Right-of-use Assets	3,018,456	3,018,456
Staff Training and Motivation	153,820	186,934
Rent and Rates	201,581	108,828
Fuel	599,201	658,309
Staff Transport	1,015,262	497,624
Travelling	540,053	1,066,937
Other Expenses	3,190,433	1,798,226
IT Equipment Maintenance	359,616	260,123
Legal Fees	774,782	256,364
Repair and Maintenance Motor Vehicles	912,506	1,669,049
Out Labour Expenses	1,076,500	224,514
Bank Charges	12,308,916	5,821,983
Nation Building Tax Expenses	-	3,593,236
License and Renewals	1,132,994	877,000
Recreation Club Expenses	3,283,500	2,635,359
Inventory Write-Off	-	411,468
Provision for Slow Moving Inventory	5,832,037	-
Technical Expenses	7,548,737	-
Write-off of ESC Receivable	2,737,589	-
Impairment of Investment in Convertible Preference Shares	4,450,000	-
	122,998,190	96,388,054

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