

REDINGTON SL (PRIVATE) LIMITED

**FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR'S REPORT**

**FOR THE YEAR ENDED
31 MARCH 2024**

INDEPENDENT AUDITOR'S REPORT Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Redington SL (Private) Limited ("the Company"), which comprise the statement of financial position as at 31 March 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2024, and of its financial performance and its cash flows for the year ended 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 ethical requirements of the Code of Ethics issued by CA Sri Lanka ("Code of Ethics") that are relevant to our audit of the financial statements, 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.

Other Information

Management is responsible for the other information. The other information generally comprises the information included in the Directors report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As management does not present any other information and we were not provided with any, we have nothing to report in this regard.

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.

As part of an audit in accordance with SLAuSs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

Report on Other Legal and Regulatory Requirements

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

Deloitte Associates

Deloitte Associates
Chartered Accountants
Colombo
3 May 2024



REDINGTON SL (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024

	Note	2023/2024 LKR	2022/2023 LKR
Revenue	4	1,488,248,959	897,709,485
Cost of sales	5	<u>(1,282,890,416)</u>	<u>(668,138,973)</u>
Gross profit		205,358,543	229,570,512
Other income	6	93,965,265	82,632,812
Operating expenses			
Administrative expenses		(91,904,384)	(78,984,966)
Distribution expenses		(58,068,352)	(62,929,632)
Other expenses		(6,532,941)	(153,548,957)
Finance expenses	7	<u>(9,064,251)</u>	<u>(4,721,958)</u>
Profit before tax	8	133,753,880	12,017,811
Income tax	9	(33,197,874)	4,927,686
Profit for the year		<u>100,556,006</u>	<u>16,945,497</u>
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Re-measurement (loss) / gain on defined benefit plan (net of tax)		(932,295)	803,927
Total comprehensive income		<u>99,623,711</u>	<u>17,749,424</u>
Earning per share			
Earning per share - basic	10	<u>35.3</u>	<u>6.0</u>

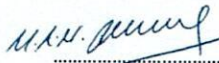
The accounting policies and notes from 1 to 28 form an integral part of these financial statements.



REDINGTON SL (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

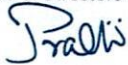
	Note	31.03.2024 LKR	31.03.2023 LKR
Assets			
Non-current assets			
Property and equipment	11	9,278,478	13,480,530
Right of use of asset	13	12,923,150	885,153
Intangible assets	12	107,837	131,702
Deferred tax asset	14	104,358,596	48,735,626
Total non-current assets		<u>126,668,061</u>	<u>63,233,011</u>
Current assets			
Inventories	15	189,175,820	64,815,566
Trade and other receivables	16	649,510,000	189,288,722
Income tax receivable	17	-	25,185,934
Deposits, advances and prepayments		34,010,985	8,484,019
Cash in hand and at bank	18	80,639,261	107,236,172
Total current assets		<u>953,336,066</u>	<u>395,010,413</u>
Total assets		<u>1,080,004,127</u>	<u>458,243,424</u>
Equity and liabilities			
Capital and reserves			
Stated capital	19	28,441,000	28,441,000
Retained earnings		385,783,674	286,159,963
Total equity		<u>414,224,674</u>	<u>314,600,963</u>
Non-current liabilities			
Retirement benefit obligations - Gratuity	20	9,076,647	5,592,495
Lease liability	13	919,219	-
Total non-current liabilities		<u>9,995,866</u>	<u>5,592,495</u>
Current liabilities			
Trade and other payables	21	369,143,937	90,309,600
Amount due to a related party	22	255,668,516	46,806,902
Lease liability	13	12,109,052	933,464
Income tax payable	17	13,049,990	-
Derivative financial instruments	23	5,812,092	-
Total current liabilities		<u>655,783,587</u>	<u>138,049,966</u>
Total liabilities		<u>665,779,453</u>	<u>143,642,461</u>
Total equity and liabilities		<u>1,080,004,127</u>	<u>458,243,424</u>

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



Namal Peiris
Senior Manager - Finance & Accounts

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board of Directors by the following on 3 May 2024.



Prabhu Krishnamoorthy
Director





Pankaj Lamba
Director

The accounting policies and notes from 1 to 28 form an integral part of these financial statements.



**REDINGTON SL (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2024**

	Stated capital LKR	Retained earnings LKR	Total equity LKR
Balance as at 1 April 2022	28,441,000	268,410,539	296,851,539
Total comprehensive income for the year	-	17,749,424	17,749,424
Balance as at 31 March 2023	<u>28,441,000</u>	<u>286,159,963</u>	<u>314,600,963</u>
Total comprehensive income	-	99,623,711	99,623,711
Balance as at 31 March 2024	<u><u>28,441,000</u></u>	<u><u>385,783,674</u></u>	<u><u>414,224,674</u></u>

The accounting policies and notes from 1 to 28 form an integral part of these financial statements.



REDINGTON SL (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2023/2024 LKR	2022/2023 LKR
Cash flows from operating activities			
Profit before tax		133,753,881	12,017,812
Adjustments for:			
Finance costs		3,328,835	1,172,715
Interest income		(7,361,446)	(43,841,010)
Reversal for expected credit loss (net)	8	(27,285,241)	(5,165,365)
Discount on lease rental	6	-	(94,500)
Lease interest	13.2	3,198,854	-
Impairment reversal on inventories	15.1	-	(3,597,775)
Depreciation and amortization	11	5,728,218	5,125,983
Disposal loss of property and equipment		49,283	-
Depreciation of rights of use of assets	13.1	12,173,452	11,525,706
Loss on fair value of derivative financial instruments	8	5,812,091	-
Retirement benefit costs - Gratuity	20	2,302,352	1,571,721
Operating profit / (loss) before working capital changes		<u>131,700,279</u>	<u>(21,284,713)</u>
(Increase) / decrease in inventories		(124,360,254)	46,576,232
Increase in trade and other receivables		(432,936,037)	(2,071,813)
Increase in advance, deposits and prepayments		(25,526,965)	(1,764,362)
Increase / (decrease) in trade and other payables		278,834,338	(83,156,482)
Increase / (decrease) in amount due to a related party		208,861,615	(893,756,374)
Cash generated from / (used in) operations		<u>36,572,976</u>	<u>(955,457,512)</u>
Income tax paid	17	(50,185,366)	-
Interest paid		(3,328,835)	(1,172,715)
Interest received	6	7,361,446	43,841,010
Gratuity paid	20	(150,050)	(1,048,227)
Net cash used in operating activities		<u>(9,729,829)</u>	<u>(913,837,444)</u>
Cash flows from investing activities			
Purchase of property and equipment	11	(1,551,586)	(15,445,412)
Net cash used in investing activities		<u>(1,551,586)</u>	<u>(15,445,412)</u>
Cash flows from financing activities			
Lease settlements during the year	13.2	(13,527,692)	(11,043,836)
Security deposit given for lease		(1,787,804)	-
Net cash used in financing activities		<u>(15,315,496)</u>	<u>(11,043,836)</u>
Net decrease in cash and cash equivalents during the year		(26,596,911)	(940,326,689)
Cash and cash equivalents at the beginning of the year		<u>107,236,172</u>	<u>1,047,562,861</u>
Cash and cash equivalents at the end of the year		<u><u>80,639,261</u></u>	<u><u>107,236,172</u></u>



The accounting policies and notes from 1 to 28 form an integral part of these financial statements.

REDINGTON SL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

1. General information

1.1 Reporting entity

Redington SL (Private) Limited, is a limited liability company incorporated on 28 October 2009 and domiciled in Sri Lanka. The registered office and the principal place of the company is located at No.65C, Dharmapala Mawatha, Colombo 07, Sri Lanka.

1.2 Principal activities and nature of operations

Redington SL (Private) Limited is an authorized wholesale distributor of information technology products, accessories and software in Sri Lanka.

1.3 Parent entity and ultimate parent entity

The parent undertaking and controlling party is Redington Distribution (Pte) Ltd which is incorporated at Singapore and holds 100% of the issued share capital of the company as at the statement of financial position date and the ultimate parent company is Redington (India) Limited.

1.4 Date of authorisation for issue

The financial statements of Redington SL (Private) Limited for the year ended 31 March 2024 were authorised for issue on 3 May 2024.

2. Preparation of financial statements

2.1 Basis of preparation

These financial statements are prepared on a historical cost basis except for loss allowances on account of bad debts, inventory damages and obsolescence and recognition of fair value gains and losses on foreign exchange forward contracts. Further, revenue and costs are accrued and recorded in the financial statements of the period to which they relate.

No adjustment is made for inflationary factors affecting these financial statements.

2.2 Statement of compliance

These financial statements comply with Sri Lanka Accounting Standards (LKASs and SLFRSs) issued by the Institute of Chartered Accountants of Sri Lanka.

2.3 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with LKASs and SLFRSs requires management to make judgements, estimates and assumptions that influence the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. In the selection and application of the company's accounting policies, which are described below, the directors are required to make judgements and assumptions and use assumptions in measuring items reported in the financial statements. These estimates are based on management's knowledge of current facts and circumstances, and assumptions based on such knowledge and expectations of future events. Actual results may differ from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods as well if the revision affects both current and future periods.



REDINGTON SL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

2. Preparation of financial statements – (contd.)

The line items which reflect the most significant effect due to accounting judgements, estimates and assumptions are as appended below:

2.3 Significant accounting judgements, estimates and assumptions (contd.)

a) Provision for expected credit losses of trade receivables

The company reviews its trade receivables at each reporting date and assesses whether an allowance should be recorded in profit or loss. In particular, management's judgement is required in the estimation of loss allowance.

b) Retirement benefit obligations

The cost of defined benefit obligation is determined using the projected unit credit method. This involves making assumptions on discount rates, future salary increases and staff turnover. In determining the appropriate discount rates, management considers the interest rates over government bonds. Future salary increases are based on expected future inflation rates. The key assumptions used are disclosed in Note 19.1. Owing to the long-term nature of these plans, such estimates are subject to uncertainty.

c) Impairment of inventories

The company reviews its inventories at each reporting date and assesses whether an allowance should be recorded in profit or loss. In particular, management's judgement is required in the estimation of the impairment.

Revisions to accounting estimates are dealt with in accordance with Sri Lanka Accounting Standard (LKAS) 8, Accounting Policies, Changes in Accounting Estimates and Errors.

2.4 Going concern

When preparing the financial statements taking into account all available information about the future, the directors have made an assessment on the ability of the company to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation, cessation of trading or materially curtailing the scale of operations.

2.5 Functional and presentation currency

In determining the functional currency of the entity, the management is of the view that the currency which most faithfully represents the economic effect of the underlying transactions, events and conditions is Sri Lankan Rupees which is also the presentation currency.

2.6 Transactions in foreign currencies

All transactions in currencies other than the functional currency are recorded in Sri Lankan rupees, using the exchange rate prevailing at the time of effecting the transactions. At each date of the statement of financial position, monetary assets and liabilities denominated in foreign currencies are re-translated to Sri Lankan Rupee equivalents at the exchange rate prevailing on that date. Monetary liabilities for which forward exchange contracts are available, as at the date of statement of financial position are re-translated at the exchange rate prevailing on that date. Non-monetary assets and liabilities denominated in foreign currencies are not re-translated. Exchange differences arising on the settlement of monetary items and re-translation of monetary items, are recognised in profit or loss in the year in which they arise.

2.7 Comparative information

The accounting policies applied by the Company are in consistent with those used in the previous year. Previous year's figures and phrases are rearranged wherever necessary to conform to the current year's presentation.

REDINGTON SL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

3. Summary of material accounting policies
3.1 Valuation of assets and their bases of measurement

3.1.1 Property and equipment

(a) Cost

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. All items of property and equipment are initially recorded at cost. Subsequent expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature by means of which to carry on the business or to increase the earning capacity of the business is treated as capital expenditure. The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The carrying amount of an item of property and equipment is derecognized on disposal or when no further economic benefits are expected from its use or disposal.

(b) Depreciation

Provision for depreciation is calculated using the straight-line method on the cost of property and equipment other than freehold land in order to allocate the depreciable amount over the estimated useful life of such assets. The estimated useful lives of assets are as follows:

	Years
Computer and related accessories	05
Furniture and fittings	04

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

3.1.2 Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3.1.3 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.



REDINGTON SL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

3. Summary of material accounting policies – (contd.)

3.1.4 Inventories

Inventories are valued at each statement of financial position date at the lower of their weighted average cost and net realisable value. Cost includes all expenses incurred in bringing inventories to their present condition and location. These generally include purchase cost, freight and clearing charges and applicable taxes. Net realizable value represents the estimated selling price for inventories less at estimated cost of completion and cost necessary to make the sales.

3.1.5 Financial assets

The company initially recognises trade and other receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the company becomes a party to the contractual provisions of the instruments.

The company derecognises a financial asset when the contractual rights to cash flows from the asset expire, or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The company has only trade and other receivables, foreign exchange forward contracts and cash and bank balances as financial assets.

3.1.5.1 Trade and other receivables

Trade and other receivables are financial assets with fixed or determinable payment that are not quoted in an active market. Thus, assets are at amortised cost and are stated at the amounts they are estimated to be realized, after recognizing a loss allowance, if any.

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The company measures loss allowances at an amount equal to lifetime ECL, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data: –

- Significant financial difficulty of customer;
- A breach of contract such as a default or being more than 365 days past due;
- The restructuring of a trade receivable by the Company on terms that the Company would not consider otherwise;
- It is probable that the customer will enter bankruptcy or other financial reorganization.

REDINGTON SL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

3. Summary of material accounting policies – (contd.)

3.1 Valuation of assets and their bases of measurement – (contd.)

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

3.1.6 Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term liquid investments, which are 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, deposits in bank and short-term investments.

3.2 Liabilities and provision

3.2.1 Financial liabilities

The company initially recognises financial liabilities on the trade date at which the company becomes a party to the contractual provisions of the instrument. The company derecognises a financial liability discharged or cancelled or expired.

The company has the following financial liabilities: loans and borrowings, bank overdrafts, amounts due to related parties and trade payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, those financial liabilities are measured at amortised cost using the effective interest method.

Generally, the original equipment manufacture (OEM) warrants the products distributed by the company and these are assurance warranties provided in the normal course of business relating to product performance. The company generally, does not independently warrant the product it distributes.

3.2.2 Retirement benefit obligations

Defined benefit plan – Gratuity

The Defined Benefit Obligation recognized in the statement of financial position represents the present value of the Defined Benefit Obligation at the reporting date estimated using the projected unit credit method.

Provision has been made in the financial statements for retiring gratuities from the first year 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 five years of continued service.

The company's obligations under the said Act is determined based on the projected unit credit method carried out by an actuarial valuer.

Gains and losses through re-measurements of the defined benefit liability are recognized in other comprehensive income and not reclassified to profit and loss in subsequent periods.

The gratuity obligation is not externally funded nor actuarially valued. This liability is grouped under non-current liabilities in the statement of financial position.

**REDINGTON SL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

3. Summary of material accounting policies – (contd.)

3.2.3 Defined contribution plans

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

3.2.4 Leases

The company recognizes a right-of-use asset and a lease liability which is measured at the present value of the lease payments that are payable on that date. In calculating the present value of lease payments, the company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Upon initial recognition, the company applies the cost model for the right-of-use asset and depreciates the asset from the commencement date to the end of the useful life of the underlying asset. Where the right does not transfer the ownership of the asset, the company depreciates it from commencement date to the earlier of the end of the useful life of the right-of-use asset or end of the lease term. In addition, interest expense on the lease liability is recognized in the profit or loss. Right of use assets are subject to impairment.

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 re-measured and if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The company applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.2.5 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

3.2.6 Capital commitments and contingencies

Capital commitments and contingent liabilities as at the statement of financial position date are disclosed in the respective notes to the financial statements.

3.2.7 Promotional funds

Funds received from suppliers for the purpose of promoting their brand is set off against relevant expenses. Amounts unutilised at each statement of financial position date are treated as liabilities.



REDINGTON SL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

3. Summary of material accounting policies – (contd.)

3.3 Income statement

3.3.1 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable on sale of products in the ordinary course of business. Revenue is shown of net value added tax and discounts. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and revenue can be reliably measured. Under SLFRS 15, revenue is recognized upon satisfaction of the performance obligation. Revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

3.3.2 Expenditure recognition

Expenses are recognized on an accrual basis. All expenditure incurred in the running of the business and in maintaining the property and equipment in a state of efficiency has been charged to revenue in arriving at the profit or loss for the year. For the purpose of presentation of the income statement, the “function of expenses” method has been adopted, on the basis that it presents fairly the elements of the company's performance.

3.3.3 Current income taxes

Current income tax is based on the elements of income and expenditure as reported in the financial statements and is computed in accordance with provisions of the Inland Revenue Act No. 24 of 2017 which is the principal enactment as amended by the Inland Revenue (Amendment) Act No. 45 of 2022 and any subsequent amendments thereto enacted (or substantively enacted) as at the end of the reporting period.

3.3.4 Deferred tax

Deferred tax is provided using the liability method, on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credit and unused tax losses only, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the unused tax credits carried forward, of and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recoverable.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realized or liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted as at the statement of financial position. Deferred tax relating to items recognized directly in equity is recognized equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

REDINGTON SL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

	2023/2024 LKR	2022/2023 LKR
4. Revenue		
Gross Revenue	1,907,171,887	1,299,518,035
Adjustments to revenue	(418,922,928)	(401,808,550)
Turnover	<u>1,488,248,959</u>	<u>897,709,485</u>
5 Cost of Sales		
Inventories at the beginning of the year	76,642,070	110,319,780
Purchase during the year	1,759,317,965	1,060,762,710
Adjustments (Note 5.1)	(441,077,604)	(426,301,447)
Closing stock at the year end	(111,992,015)	(76,642,070)
Cost of sales	<u>1,282,890,416</u>	<u>668,138,973</u>
5.1	Adjustments include rebates, net accounting and stock obsolescence.	
6. Other income		
Service income	74,049,082	34,624,115
Unrealized exchange gain	10,037,345	-
Interest income from deposit	7,361,446	43,841,010
Miscellaneous income	2,517,392	4,073,187
Discount on lease rental	-	94,500
	<u>93,965,265</u>	<u>82,632,812</u>
7. Finance expenses		
Loan interest	129,981	845,946
Bank charges	5,735,416	3,549,243
Lease interest	3,198,854	111,921
Overdraft interest	-	214,848
	<u>9,064,251</u>	<u>4,721,958</u>
8. Profit before tax		
Profit before tax is stated after charging all expenses including the following:		
Staff costs (Note 8.1)	96,316,454	87,225,821
Depreciation and amortisation	5,728,218	5,125,983
Auditor's remuneration	351,028	425,941
Expected credit losses allowances on financial assets	(27,285,241)	(5,165,365)
Impairment reversal on inventories	-	(3,597,775)
Fair value loss on forward exchange contract	5,812,091	-
Amortization on right of use of assets	12,173,452	11,522,043
Foreign exchange loss	437,398	153,548,957



REDINGTON SL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

	2023/2024 LKR	2022/2023 LKR
8. Profit before tax - (contd.)		
8.1 Staff costs		
Salaries	38,454,567	28,127,735
Staff allowances	47,309,649	39,766,849
Employees' Provident Fund and Employees' Trust Fund	5,768,185	4,219,163
Bonus	320,471	42,688
Staff welfare	2,161,233	576,843
Voluntary staff retirement expenses	-	12,920,822
Retirement benefit cost	2,302,349	1,571,721
	<u>96,316,454</u>	<u>87,225,821</u>
9. Income tax expense		
9.1 Income tax recognised in profit or loss		
Current income tax (Note 9.2)	-	-
Deferred tax reversal	(55,223,415)	(4,927,686)
Under provision of prior year tax liability (Note 9.4)	74,957,749	-
Provision for delayed payment interest (Note 9.4)	13,463,540	-
Total income tax expense recognised in the current year	<u>33,197,874</u>	<u>(4,927,686)</u>
9.2 Reconciliation between accounting profit and taxable income		
Profit before tax	133,753,880	12,017,812
Income tax expense calculated at 30% (FY 2022/2023 - 24% and 30%)	40,126,164	3,875,451
Tax effect of expenses that are deductible in determining taxable profit	(5,424,781)	(4,459,433)
Tax effect of expenses that are not deductible in determining taxable profit	1,352,708	4,262,614
Tax effect of tax losses and tax credit utilized in the current year	(36,047,501)	(8,768,232)
Tax effect of previously unrecognised and unused tax losses and deductible temporary differences now recognised as deferred tax assets	(6,590)	5,089,600
Income tax expense recognized in profit or loss	<u>-</u>	<u>-</u>

9.3 As per paragraphs 46 and 47 of LKAS 12, current tax liabilities (assets) and deferred tax liabilities (assets) should be determined based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The Inland Revenue (Amendment) Act No 45 of 2022 which is certified by the Speaker on 19th December 2022 pursuant to which the standard rate of Income Tax is increased to 30% from 24% w.e.f. 1st October 2022. The increase in income tax rate to 30% in mid year would result in two tax rates being applicable for the Year of Assessment 2022/23. Since Company's Financial Year is from April to March, it would be 24% for the first 6 months and balance at 30% for the next 6 months.



REDINGTON SL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

9. Income tax expense - (contd.)

9.4 Based on the public ruling on foreign exchange gain and losses issued by the Inland Revenue Department in July 2023, the Company has reassessed its treatment of such gains and losses in the prior years for income tax. Accordingly, the Company has amended its income tax computations for Y/A 2022/2023 and 2021/2022 and has recorded the expense arising from the under provision for the prior year liabilities.

The Company has also made a provision for the interest payable for the delayed payment of income tax for Y/A 2022/2023 and 2021/2022.

	2023/2024	2022/2023
	LKR	LKR
9.5 Tax losses carried forward		
Tax losses brought forward from previous year	12,346,858	23,853,884
Tax loss from amendment of prior year liabilities (Note 9.4)	323,975,311	-
Tax loss for the period	-	32,333,983
Tax loss claimed during the year	<u>(120,158,337)</u>	<u>(43,841,009)</u>
Tax losses carried forward for future years	<u><u>216,163,832</u></u>	<u><u>12,346,858</u></u>

9.6 Income tax recognised in other comprehensive income

Current tax	-	-
Re-measurement gain / (loss) on defined benefit plan (net of tax)	399,555	(185,522)
	<u>399,555</u>	<u>(185,522)</u>

10. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

Profit attributable to ordinary shareholders	100,556,006	16,945,498
Weighted average number of shares in issue during the year	2,845,000	2,845,000
Basic earnings per share	<u>35.3</u>	<u>6.0</u>



REDINGTON SL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

	Furniture and fittings	Computers and office equipment	Total
	LKR	LKR	LKR
11. Property and equipment			
Freehold assets			
Cost			
Balance as at 1 April 2022	9,108,352	13,605,528	22,713,880
Additions during the year	-	15,445,412	15,445,412
Balance as at 31 March 2023	9,108,352	29,050,940	38,159,292
Additions during the year	-	1,551,586	1,551,586
Disposals during the year	(582,952)	(4,506,018)	(5,088,970)
Balance as at 31 March 2024	<u>8,525,400</u>	<u>26,096,508</u>	<u>34,621,908</u>
Accumulated depreciation			
Balance as at 1 April 2022	9,061,082	10,601,458	19,662,540
Charge for the year	31,001	4,985,221	5,016,222
Balance as at 31 March 2023	9,092,083	15,586,679	24,678,762
Charge for the year	5,067	5,699,286	5,704,353
Elimination on disposals during the year	(581,902)	(4,457,783)	(5,039,685)
Balance as at 31 March 2024	<u>8,515,248</u>	<u>16,828,181</u>	<u>25,343,429</u>
Written down value			
Balance as at 31 March 2024	<u>10,152</u>	<u>9,268,326</u>	<u>9,278,478</u>
Balance as at 31 March 2023	<u>16,269</u>	<u>13,464,261</u>	<u>13,480,530</u>
		31.03.2024	31.03.2023
		LKR	LKR
12. Intangible assets - Computer software			
Cost			
Balance at the beginning of the year		6,167,059	6,167,059
Disposals during the year		(244,080)	-
Balance at the end of the year		<u>5,922,979</u>	<u>6,167,059</u>
Amortization			
Balance at the beginning of the year		6,035,357	5,925,598
Amortization for the year		23,865	109,759
Disposals during the year		(244,080)	-
Balance at the end of the year		<u>5,815,142</u>	<u>6,035,357</u>
Carrying amount		<u>107,837</u>	<u>131,702</u>



REDINGTON SL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

	31.03.2024	31.03.2023
	LKR	LKR
13. Right of use of asset and lease liability		
13.1 Right of use of buildings		
Balance at the beginning of the year	885,153	12,316,359
Additions during the year	24,211,449	90,837
Less: Amorization for the year	(12,173,452)	(11,522,043)
Balance at the end of the year	12,923,150	885,153
13.2 Lease liability		
Balance at the beginning of the year	933,464	11,977,300
Add: Leases obtained during the year	22,423,645	90,837
Less: Settlements during the year	(13,527,692)	(11,707,038)
Discount on lease rent	-	(94,500)
Interest during the year	3,198,854	666,865
Balance at the end of the year	13,028,271	933,464
13.3 These right of use of buildings have been acquired by the company on lease for administrative purposes as well as for storage of goods.		
13.4 Lease liability: payable within one year	12,109,052	933,464
Lease liability: payable after one year	919,219	-
	13,028,271	933,464
14. Deferred tax asset		
Balance at the beginning of the year	48,735,626	43,622,419
Deferred tax recognized during the year		
- Profit or loss	55,223,415	4,927,685
- Other comprehensive income	399,555	185,522
Balance at the end of the year	104,358,596	48,735,626
14.1 The closing deferred tax asset balance relates to the following:		
Property and equipment	461,167	81,219
Retirement benefit obligation	2,722,994	1,677,749
Right of use of assets	31,536	14,493
Provision for expected credit losses	31,524,584	39,710,157
Impairment of inventory	6,011,488	3,547,951
Fair value of forward exchange contracts	1,743,627	-
Net unrealized exchange gain/loss	(3,011,203)	-
Carried forward tax losses	64,874,403	3,704,057
	104,358,597	48,735,626



REDINGTON SL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

	31.03.2024 LKR	31.03.2023 LKR
15. Inventories		
Inventories	111,992,015	76,642,071
Less: Impairment of inventory (Note 15.1)	(20,038,294)	(11,826,505)
Goods in transit	97,222,099	-
	<u>189,175,820</u>	<u>64,815,566</u>
15.1 Movement in allowance for impairment of inventory		
Balance at the beginning of the year	11,826,505	15,424,280
Impairment allowance / (reversal) made during the period	8,211,789	(3,597,775)
Balance at the end of the year	<u>20,038,294</u>	<u>11,826,505</u>
16. Trade and other receivables		
Trade receivables	761,891,953	332,317,521
Unbilled revenue	20,225,554	16,722,226
Less: Provision for expected credit losses (Note 16.1)	(139,628,748)	(166,913,991)
	642,488,759	182,125,756
Other receivables (Note 16.2)	5,609,745	6,616,847
Staff receivables	1,411,496	546,119
	<u>649,510,000</u>	<u>189,288,722</u>
16.1 Movement of provision for expected credit loss		
Balance at the beginning of the year	(166,913,991)	(172,079,355)
Recognized during the year	-	(19,119,902)
Reversed during the year	27,285,243	24,285,266
Balance at the end of the year	<u>(139,628,748)</u>	<u>(166,913,991)</u>
16.2 Other receivables		
Reimbursable expenses	3,023,001	4,270,200
Receivable from vendors	2,586,744	2,346,647
	<u>5,609,745</u>	<u>6,616,847</u>
17. Income tax (receivable) / payable		
Balance at the beginning of the year	(25,185,934)	(25,092,782)
Self assessment payments made during the year	(49,864,966)	-
Under provision of prior year tax liability	88,421,290	-
WHT receivables	(320,400)	(93,152)
	<u>13,049,990</u>	<u>(25,185,934)</u>



REDINGTON SL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

		31.03.2024	31.03.2023
		LKR	LKR
18.	Cash in hand and at bank		
	Cash in hand	622,959	219,360
	Cash at bank (Note 18.1)	80,016,302	107,016,812
		<u>80,639,261</u>	<u>107,236,172</u>
18.1	Cash at bank		
	National Development Bank PLC - Call deposit	8,013,240	65,043,960
	National Development Bank PLC - Current account	-	393,322
	National Development Bank PLC - USD account	63	69
	Sampath Bank PLC - Current account	24,671,284	6,948,847
	Hatton National Bank PLC - Current account	8,260,084	14,810,899
	MCB Bank - Current account	501,770	500,770
	MCB Bank - Call deposit	25,238	25,994
	MCB Bank - USD account	39,567	45,152
	Citi Bank Sri Lanka - Call deposit	-	738
	Citi Bank Sri Lanka - Current account	19,469,639	10,050,677
	HSBC Bank Sri Lanka - USD account	125,065	1,879,856
	HSBC Bank Sri Lanka - Call deposit	17,860,934	7,034,889
	Habib Bank Sri Lanka - Current account	281,238	281,639
	Standard Chartered Bank - Current account	768,180	-
		<u>80,016,302</u>	<u>107,016,812</u>
19.	Stated capital		
		No. of shares	
	Issued and fully paid ordinary shares	2,845,000	
		<u>28,441,000</u>	<u>28,441,000</u>
20.	Retirement benefit obligation - Gratuity		
	Balance at the beginning of the year	5,592,495	5,687,409
	Interest cost	1,006,650	654,052
	Charge for the year	1,295,700	917,666
	Actuarial (gain) / losses on obligations	1,331,852	(618,405)
	Payments during the year	(150,050)	(1,048,227)
	Balance at the end of the year	<u>9,076,647</u>	<u>5,592,495</u>
20.1	The principal assumptions used for this purpose are as follows :		
	Discount rate per annum	12%	18%
	Annual salary increment rate	10%	15%
	Retirement age	60	60



REDINGTON SL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

20. Retirement benefit obligation - Gratuity - (contd.)

20.2 Sensitivity of assumptions employed in the actuarial valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the profit or loss and statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

Increase/ (decrease) in the rate	Discount rate		Salary increment rate	
	1%	(1%)	1%	(1%)
Sensitivity effect on income statement increase/ (decrease) in the profit for the year	8,798,436	9,374,910	9,418,635	8,752,372
Sensitivity effect on employment benefit obligation increase/ (decrease) in the	(8,798,436)	(9,374,910)	(9,418,635)	(8,752,372)

	31.03.2024	31.03.2023
	LKR	LKR
21. Trade and other payables		
Trade payables (Note 21.1)	314,999,467	43,635,836
Other payables	16,895,149	14,445,549
Advances	8,837,535	7,470,371
Accrued expenses	28,411,787	24,757,844
	<u>369,143,938</u>	<u>90,309,600</u>
21.1 Trade payables		
IBM World Trade Corporation	25,220,610	2,589,163
HP Indigo Ltd	41,778,497	30,648,946
VMware International Ltd	236,522,685	6,255,401
Oracle Corporation Singapore Pte Ltd	8,307,934	1,372,586
Amazon Web Services, Inc	1,180,430	2,544,507
Veeam Software GmbH	1,989,311	225,233
	<u>314,999,467</u>	<u>43,635,836</u>
22. Amount due to a related party		
Redington Distribution (Pte) Ltd	<u>255,668,516</u>	<u>46,806,901</u>



REDINGTON SL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

	31.03.2024	31.03.2023
	LKR	LKR
23. Derivative financial instruments		
a) Fair value of forward exchange contracts	5,812,091	-

23.1 Total value of commitment to purchase as of 31 March 2024 is USD 1,133,234 (31 March 2023 - Nil).

24. Banking facilities obtained and securities pledged

a) The company has obtained the following facilities from National Development Bank PLC.

Facility	Limit	Interest rate	Repayment terms	Security
Overdraft	Rs. 15Mn	Weekly AWPLR + 2% per annum, revised	On demand	Primary mortgage bond for LKR 225,000,000 over stocks and book debts of the company.
Letters of credit	Rs. 150Mn	N/A	Sight/ Usance -210 days (Maximum)	
Post import finance	Rs. 150Mn	Weekly AWPLR + 2% per annum, revised monthlv	Acceptances 210 days maximum	
Short term loans	Rs. 150Mn	To be negotiated at the time of granting	90 Days maximum	
Forward exchange contracts	Rs. 500Mn	N/A	365 days maximum	

b) The company has obtained the following facilities from The Hongkong and shanghai Banking Corporation Ltd

Facility	Limit	Interest rate	Repayment terms	Security
Overdraft	Rs. 25Mn	Standing Lending Facility (SLF) + 5%	On demand	Corporate guarantee issued by Redington Distribution (Pte) Ltd
Import Line	Rs. 225Mn	Standing Lending Facility (SLF) + 3%	Combine Limit a) Letter of Credit Sight/Usance 135 Days b) Post import Loans 75 days	



REDINGTON SL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

25. Related party transactions

The company had the following transactions with its immediate parent entity, Redington Distribution (Pte) Ltd, Singapore, during the current financial year.

Nature of transactions	2023/2024	Balance as at	2022/2023	Balance as at
	LKR	31.03.2024 LKR	LKR	31.03.2023 LKR
Purchase of information technology products	857,643,332	255,668,516	297,067,891	46,806,901
Settlements made	598,174,028		1,409,162,647	
Service income received	73,378,281		32,489,325	

All outstanding balances are unsecured and repayable on demand. No guarantees have been issued or received in respect of any related party balances.

26. Commitments and contingencies

There are no contingent liabilities or capital commitments as at the reporting date.

26.1 Litigation claims filed by the company

The company had initiated legal actions to recover monies receivable from several customers as detailed below.

Cases filed under Magistrate court- Colombo

Case No.	Amounts due as at 31.03.2024 LKR
20755	850,000
15686/15687	721,498
20751/20752/20754	723,870
2431/MR	1,711,100
4437/M/21	562,500
61964/965/966/620430/431/432/433/63098/099/64174/175/176	2,344,923
CHC/317/2021	33,222,533
DMR 00435/22	1,271,280
DMR 789/2020	12,178,275
DMR/00436/22	1,276,000
DMR/03463/22	1,212,084
DMR/1821/23	8,244,000
DMR/318/21	6,272,628
DMR/3464/22	1,591,000



27. Events after the reporting date

No significant events have taken place since the date of the statement of financial position that require adjustments to or disclosure in these financial statements.

REDINGTON SL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

	31.03.2024	31.03.2023
	LKR	LKR
28. Financial instruments		
28.1 Categories of financial instruments		
<i>Financial assets</i>		
At amortised cost	730,149,261	296,524,894
At fair value	-	-
<i>Financial liabilities</i>		
At amortized cost	621,787,011	129,646,130
At fair value	13,028,271	933,464

Carrying values of financial assets and liabilities that have a short term maturity such as trade and other receivables and payables, other financial assets and liabilities, cash and cash equivalents are reasonable approximation of their fair value. Therefore, a fair value hierarchy is not applicable.

28.2 Financial risk management objectives and policies

Financial instruments held by the company, principally comprise of cash, trade and other receivables, trade and other payables, loans and borrowings. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the company.

Financial risk management of the company is carried out based on guidelines established by the finance division which comes under the purview of the Board of Directors of the company.

The finance division identifies, evaluates and mitigates financial risk in close co-operation with the Parent's finance department. The parent company provides guidelines for overall risk management, as well, covering specific areas such as credit risk, investment of excess liquidity, interest rate risk and foreign currency risk.

28.3 Credit risk

Credit risk is the risk that the 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 trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

The company trades only with recognised, creditworthy third parties. It is the company's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the company, such as cash and cash equivalents, the company's exposure to credit risk arises from default of the counterparty. The company manages its operations to avoid any excessive concentration of counterparty risk and the company takes all reasonable steps to ensure that the counterparties fulfil their obligations.

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts.

The requirement for impairment is analysed at each reporting date on an individual basis for major customers. In order to mitigate settlement and operational risks related to cash and cash equivalents, the company uses several banks with acceptable ratings for its deposits.



REDINGTON SL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

	31.03.2024	31.03.2023
	LKR	LKR
27. Financial instruments (contd.)		
28.3 Credit risk (contd.)		
(a) The maximum exposure to credit risk at the reporting date		
Cash and short term deposits (Note 18.1)	80,016,302	107,016,812
Trade and other receivables (Note 16)	649,510,000	189,288,722
	729,526,302	296,305,534

b) Cash and short term deposits

The company limits its exposure to credit risk by keeping its call deposits with selected bankers with board approval.

The company held cash at bank of Rs. 80.6 Mn as at 31 March 2024 (31 March 2023 - LKR 107.23. Mn) which represents its maximum credit exposure on these assets. The cash balance is held with financial institutions which have better rankings.

c) The ageing of trade receivables at the reporting date

	Gross receivables		Loss allowance		Carrying value	
	2024	2023	2024	2023	2024	2023
	LKR	LKR	LKR	LKR	LKR	LKR
Not due	196,289,737	123,701,648	-	-	196,289,737	123,701,648
0-30 days	407,626,574	31,836,828	-	-	407,626,574	31,836,828
31-60 days	8,119,334	18,831,738	-	8,966,683	8,119,334	9,865,055
61-90 days	4,955,223	2,923,597	-	2,923,597	4,955,223	-
91-180 days	6,962,542	4,799,205	1,690,205	4,799,205	5,272,336	-
181-360 days	3,301,692	4,839,996	3,301,692	4,839,996	-	-
More than 360	134,636,853	145,384,508	134,636,853	145,384,508	-	-
Total	761,891,954	332,317,521	139,628,750	166,913,990	622,263,204	165,403,531

28.4 Liquidity risk

The company's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the company has available funds to meet its medium term capital and funding obligations and to meet any unforeseen obligations. The company holds cash and undrawn committed facilities to enable the company to manage its liquidity risk.

The company monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of both the company's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans and overdrafts.



REDINGTON SL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

28. Financial instruments (contd.)

28.4 Liquidity risk (contd.)

a) The following are the liquidity profile of the financial liabilities at its carrying value :

31 March 2024		Liquidity profile			
	Carrying amount LKR	1-3 months LKR	3-6 Months LKR	6-12 months LKR	above 12 months LKR
Trade and other payables	360,306,403	360,306,403	-	-	-
Amount due to a related party	255,668,516	255,668,516	-	-	-
Lease liability	12,109,052	12,109,052	-	-	919,219
	628,083,971	628,083,971	-	-	919,219

31 March 2023		Liquidity profile			
	Carrying amount LKR	1-3 months LKR	3-6 Months LKR	6-12 months LKR	above 12 months LKR
Trade and other payables	82,839,229	82,839,229	-	-	-
Amount due to a related party	46,806,901	46,806,901	-	-	-
Lease liability	933,464	3,369,789	-	-	-
	130,579,594	133,015,919	-	-	-

28.5 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.

Changes in foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

a) 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 deposits held with floating interest rates.

If interest rates had been higher/lower by 100 basis points and all other variables were held constant, the profit before tax for the year ended 31 March 2024 would increase/decrease by Rs. 442,192/- (2022/23-Rs. 9.2Mn)

This is attributable to the company's exposure to interest rates on variable rates of interest.

b) 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 has exposure to foreign currency risk where it has cash flows in foreign currency transactions which are affected by foreign exchange movements.

The company is exposed to fluctuations in the value of the US Dollar (USD) against the Sri Lankan rupee (LKR). The company's functional currency is LKR, in which most of the transactions are denominated, and all other currencies are considered foreign currencies for reporting purposes.

If foreign exchange rates had been higher/lower by 100 basis points and all other variables were held constant, the profit before tax for the year ended 31 March 2024 would decrease by Rs. 5.4 Mn. (2022/23-Rs. 10.3Mn)



REDINGTON SL (PRIVATE) LIMITED

**DETAILED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

REDINGTON SL (PRIVATE) LIMITED
DETAILED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

	31.03.2024	31.03.2023
	LKR	LKR
1. Other payables		
Value Added Tax payable	4,703,215	3,445,579
WHT payable	7,421,044	7,019,025
Ceylinco General Insurance Limited	508,017	62,747
Radiant Logistics Colombo Pvt Ltd	121,168	922,768
Pay As You Earn payable	1,109,856	1,076,318
Stamp duty payable	650	525
Speedlink Cargo Service Pvt Ltd	55,765	63,395
Social Security Contribution Levy payable	2,540,290	1,807,644
Salary payable	27,101	47,548
Miscellaneous suppliers	408,043	-
	<u>16,895,149</u>	<u>14,445,549</u>
2. Accrued expenses		
Employees' Provident Fund payable	716,193	438,901
Employees' Trust Fund payable	107,429	65,835
Performance allowance payable	17,248,343	12,373,705
Amerasekera & Co	440,000	245,640
Equity One PLC	430,000	300,000
M.S.M. Fahim	240,000	150,375
Incentive payables to dealers	6,773,717	6,858,827
Incentive payables to employees	-	2,342,404
JDC Printing	1,076,382	1,076,382
Deloitte Associates	412,307	424,000
Speed Mark Security Pvt Ltd	109,438	98,786
Secretarial House (Pvt) Ltd	145,513	-
Staff bonus payable	342,971	121,000
Other accrued expenses	369,494	261,989
	<u>28,411,787</u>	<u>24,757,844</u>



REDINGTON SL (PRIVATE) LIMITED
DETAILED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

	2023/2024 LKR	2022/2023 LKR
3. Administrative expenses		
Salaries	17,371,838	12,314,872
Staff allowances	24,619,268	17,461,290
Employees' Provident Fund	2,084,621	1,447,908
Employees' Trust Fund	521,155	361,813
Voluntary staff retirement expenses	-	12,920,822
Bonus (Admin)	232,077	38,438
Travelling	2,608,672	302,158
Lease amortization (Admin)	8,836,027	7,981,434
Staff welfare	2,161,233	576,843
Depreciation and amortization	5,728,218	5,125,983
Audit fee	351,028	425,941
Broadband and VPN expenses	244,843	374,620
Consultancy fee	2,760,042	1,114,756
Conveyance reimbursement	120,000	160,000
Courier charges	38,599	127,210
Electricity	4,049,267	2,714,884
Entertainment	681,608	322,627
Foreign travel	-	2,282,016
Gratuity	2,302,349	1,571,721
Insurance	1,225,866	1,202,695
Janitorial expenses	444,000	396,000
Legal fee	1,219,596	2,804,775
Miscellaneous expenses	37	324,998
Mobile reimbursement	128,239	146,258
Office expenses	1,564,436	1,150,332
Postage and stamp duties	253,190	5,775
Printing and stationery	262,690	338,195
Rates and taxes	26,790	26,456
Repairs and maintenance	290,942	174,560
Subscription	3,083,200	2,513,564
Sponsorship	7,153,231	1,047,000
Telephone charges	1,388,543	1,150,427
Water	103,496	78,595
Loss on disposal of property and equipment	49,283	-
	<u>91,904,384</u>	<u>78,984,966</u>



REDINGTON SL (PRIVATE) LIMITED
DETAILED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

	2023/2024	2022/2023
	LKR	LKR
4. Distribution expenses		
Salaries	21,082,729	15,812,863
Staff allowance	22,690,381	22,305,559
Employees' Provident Fund	2,529,927	1,927,421
Employees' Trust Fund	632,482	482,021
Incentives to partners	739,438	1,580,000
Bonus	88,394	4,250
Conveyance reimbursement	850,400	878,000
Delivery expenses	950,620	800,200
Disallowed input VAT	538,807	478,414
Fuel	-	9,000
Food and lodging	974,142	127,500
Local travel	817,823	523,138
Mobile reimbursement	496,162	515,001
Reversal of provision for expected credit losses	(27,285,241)	(5,165,365)
Lease amortization	3,337,425	3,540,609
WHT	1,542,131	6,919,479
Sales promotion	2,769,042	-
Social Security Contribution Levy	23,875,872	11,065,409
Security charges	1,302,726	1,187,888
Miscellaneous expenses	135,092	(61,755)
	<u>58,068,352</u>	<u>62,929,632</u>
5. Other expenses		
Realised exchange loss	437,398	153,548,957
Fair value loss from forward exchange contract	5,812,091	-
Stock adjustment	283,452	-
	<u>6,532,941</u>	<u>153,548,957</u>
6. Deposits, advances and prepayments		
Prepayments	2,675,727	2,852,577
Refundable deposits	4,817,222	5,805,042
Director of customs	26,691,636	-
Provision for refundable deposit	(173,600)	(173,600)
	<u>34,010,985</u>	<u>8,484,019</u>

