



SRI LANKA RETAILERS' ASSOCIATION

Driving Retail Excellence



# ANNUAL REPORT

## 2017-2018

# **SRI LANKA RETAILERS' ASSOCIATION**

## **Office Bearers for 2017/2018**

<b>Chairman</b>	- Mr. Hussain Sadiq
<b>Vice Chairman</b>	- Mr. Sidath Kodikara
<b>Vice Chairman</b>	- Mr. Murali Prakash

## **Executive Council**

Mr. Hussain Sadique  
Mr. Sidath Kodikara  
Mr. Murali Prakash  
Mr. Infiyaz Ali  
Mr. Charitha Subasinghe  
Mr. Dinesh Perera  
Mr. Ajith Amarasekara  
Mr. Asoka Pieris  
Ms. Kaushalya Perera  
Ms. Ruvini Kariyawasam  
Mr. Dulith Herath

## **Founder Convener & Head of Business SLRA**

Mr. Leonard Michael Perera

## **Secretariat**

The Ceylon Chamber of Commerce  
No. 50, Navam Mawatha  
Colombo 02.

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## Members of the Association

### ***General Members:***

ABANS PLC  
ABC TRADE & INVESTMENTS (PVT) LTD  
AVIRATE (PVT) LTD  
BATA SHOE COMPANY OF CEYLON LTD  
CARGILLS FOODS COMPANY (PVT) LTD  
CEYLON LEATHER PRODUCTS PLC  
COOL PLANET (PVT) LTD  
COTTON COLLECTIONS (PVT) LTD  
D SAMSON & SONS (PVT) LTD  
D.R. INDUSTRIES (PRIVATE) LIMITED  
DANKOTUWA PORCELAIN PLC  
DIGITAL COMMERCE LANKA (PVT) LTD  
EXCLUSIVE LINES (PVT) LTD  
FASHION BUG PRIVATE LIMITED  
GAMMA PIZZAKRAFT LANKA (PVT) LTD  
HAMEEDIA STORES (PVT) LTD  
HARCOURTS PHARMACY (PVT) LTD  
HEALTHGUARD PHARMACY LIMITED  
JAGRO (PVT) LTD  
JAYKAY MARKETING SERVICES (PVT) LTD  
KANDY KADAWATHA  
KAPRUKA. COM (PVT) LTD  
KAYMU LANKA (PVT) LTD  
LAUGFS SUPERMARKETS (PVT) LTD  
MJF EXPORTS (PVT) LTD

MLESNA CEYLON (PVT) LTD  
MYDEAL.LK (PVT) LTD  
NOLIMIT  
PERERA & SONS (BAKERS) LTD  
SHIRT WORKS (PRIVATE) LIMITED  
SINGER (SRI LANKA) PLC  
SOFTLOGIC RETAIL (PVT) LTD  
STONE N STRING (PVT) LTD  
SWARNAMAHAL JEWELLERS LTD  
THE FACTORY OUTLET (PVT) LTD  
THILAKAWARDHANA TEXTILES (PVT) LTD  
VISION CARE OPTICAL SERVICES (PRIVATE) LIMITED  
VOGUE JEWELLERS (PVT) LTD

### ***Sub Members***

LAUGFS PETROLEUM (PVT) LTD.

### ***New Members***

KIDDIES & TOYS INTERNATIONAL (PVT) LTD  
ROYAL LANKA AGENCIES (PVT) LTD  
SPAR SL PRIVATE LIMITED

# Report of the Association for the period April 1, 2017 to March 31, 2018

## Introduction, Vision and Objectives

### Formation

Sri Lanka Retailers' Association (Guarantee) Limited was incorporated in 2016 as a Company Limited by Guarantee. SLRA currently represents 9 Retail sectors which are: FMCG; Clothing, Fashion & Jewelry; Shelter & Housing; Household & Consumer Durables; Footwear & Accessories; E-Commerce; Mobility; Entertainment, Restaurants & QSR; and Healthcare & Wellness, and comprising of 30+ leading retailers.

The Sri Lanka Retailer's Association (SLRA) entered into a MOU with Ceylon Chamber Of Commerce on 29th of September 2016, to provide the Association's secretarial services, other required services, support, co-operation and assistance to achieve the Association's objectives and goals. The MOU was signed between the Ceylon Chamber of Commerce and the Sri Lanka Retailer's Association.

The objective of this Association is to harness the resources of the Organized Retail industry to a common platform to promote and facilitate the futuristic Innovation, Growth and Global outreach. SLRA has an ambitious Vision to "Achieve Retail Excellence" and it strives to be the 'Voice of the Retail industry in Sri Lanka'.

The common objective of the Association is as follows;

- ★ *Facilitating clear Policy on the Retail industry*
- ★ *Be Catalyst for Budget proposals*
- ★ *Develop the Retail Trade in line with the Development (Key stakeholder) changes of the Country.*
- ★ *Bring in Uniformity to Standardization.*
- ★ *Create an image as a preferred industry for employment.*
- ★ *Developing the Retail industry expertise in people.*
- ★ *Instill Global Best Practices in the Retail Industry*

SLRA hopes to organize and engage in retail based programmes, seminars/ training sessions in a bid to provide knowledge for both employers and employees currently involved in the

retail sector, paving the way for global outreach and acting as a stepping stone in establishing Sri Lanka Retail in the International arena.

## **Membership and the Executive Council**

The Association consisted of 39 members during the period April 2017 to March 2018.

The following changes took place during the period under review.

### **Executive Council**

<b>Chairman</b> Hameedia	-	Mr. Husain Sadiq
<b>Vice Chairman</b> Cargills( Ceylon ) PLC	-	Mr. Sidath Kodikara
<b>Vice Chairman</b> Ambeon Capital & Ambeon Holdings PLC	-	Mr. Murali Prakash
<b>General Secretary</b> Healthguard Pharmacy Ltd.	-	Mr. Infiyaz Ali
<b>Treasurer</b> John Keells Holdings PLC	-	Mr. Charitha Subasinghe
<b>Asst. Secretary</b> Abans PLC	-	Mr. Mr. Dinesh Perera
<b>Asst. Treasurer</b> Swarnamahal Jewellers	-	Mr. Ajith Amarasekera
<b>Sector Chair-Durables Households &amp; Consumer Electronics</b>	-	Mr. Asoka Pieris
<b>Sector Chair - Fashion, Footwear &amp; Jewellery</b>	-	Ms. Kaushalya Perera
<b>Sector Chair - Entertainment, Restaurant &amp; QSR</b>	-	Ms. Ruvini Kariyawasam
<b>Sector Chair-Ecommerce Sector</b>	-	Mr. Dulith Herath



## Activities for - 2017/2018

### ▪ RETAIL ACADEMY

One of the main concepts for forming this Association was to further promote and nourish the retail industry in Sri Lanka, by means of launching a Retail Academy in the coming years. This facilitates educating the retail sector employees with the latest trends in the local/global market, and also acts as the foundation of knowledge for individuals who are interested to work in this sector.



To act as a stepping stone towards this initiative, SLRA hopes to organize and engage in retail based seminars/ training sessions to provide knowledge for both employers and employees currently involved in the retail sector.

The consumer behavior is changing beyond ordinary due to both technology & changing habits especially the newer generations. The trends & future needs of retail industry together with the pace at which the change is taking place could be damaging to local industries if not addressed timely. With over 3 million new retail space expected to take root in Sri Lanka over the next 3 to 5 years, the retailing landscape is bound to change significantly. The speed of change and the depth of change could mean the need for higher and agile responses from local retailers. Even otherwise the need to have a world class retail sector, as envisioned by SLRA would require the HR in retail to be above par. These broadly drives the need for a well carved out retailer academy. The key goal of SLRA in forming such an academy is to enhance retail man power in Sri Lanka.

#### ▪ SLRA - SENSEI RETAIL LEADERSHIP EXCELLENCE PROGRAMME

SLRA organized this program under the umbrella of the envisaged Retail Academy. This was organized in partnership with Sensei Lanka, who agreed to design and conducted this program with a 03 month post follow up session. Prior to the commencement of the workshop, SLRA officially launched the Sri Lanka Retailers' Academy. Mr. Suresh Sebastian, the Retail Academy Project Chairman launched the Retail Academy and spoke about its objectives of developing retail professionals.

This auspicious event was graced by several of the Executive Committee and Founder Members of SLRA.

A program for a 3 month duration with a 3 day workshop; 2 day in-class training and 1 day excursion training program was designed by Ranjan De Silva to cater to this in order to nourish the retail skills and knowledge of the executive and middle level employees in the retail sector. This was held from 22nd to 24th May 2017 at Movenpick Hotel, Colombo.

The sessions of the workshop was to enrich knowledge and share experience by top retailers in Sri Lanka and the identified individuals were Messrs. Rohantha Athukorale, Krishan Balendra, Asoka Pieris, Murali Prakash, Hussain Sadique, Nasser Majeed, Nalaka Umagiliya and Dulith Herath.

The workshop attracted over 50 individuals.





#### ▪ MEMBERS' FELLOWSHIP

A gathering of SLRA members held on the 5th May 2017 at Colombo Courtyard in the presence of Hon. John Amaratunga as the Chief Guest, together with Mr. Dinesh Weerakkody and few other invitees from the Ministry of Tourism.



#### ▪ INITIATING THE GREEN RETAIL

In a bid to contribute to the reduction of environmental pollution occurring due to the wide usage of polythene, plastic and Styrofoam, the Sri Lanka Retailers' Association (SLRA) intends

coordinating with the relevant authorities in order to initiate a green retail practice that could prevent this hazardous pollution.

Amidst the usefulness and convenience of polythene bags, it contributes towards the huge level of non-degradable waste which poses a threat to mankind, animals and environment.

We believe that establishing a green retail program in the retail outlets where the retailers can begin practice of refuse, reduce, reuse and recycle of polythene usage, this could become the initial step towards creating a greener retail environment in Sri Lanka.

In the meantime, we make a humble request to the consumers to begin refusal of polythene bags and bring your own bags while shopping.

SLRA ensures to continue working towards creating a greener environment and requests the support of the local consumers in this regard.

#### ▪ SRI LANKA RETAIL FORUM

SLRA organized its first ever Sri Lanka Retail Forum which was the first and foremost retail forum organized in Sri Lanka and also it is one of the flagship events SLRA has lined up for year 2017. The Retailers' Forum will take place on the 12th and 13th of September 2017 at the Cinnamon Grand Hotel, focusing on addressing areas that will take the retail industry forward in Sri Lanka.

The Retail Forum focused mainly on the emerging trends of retail both locally and globally, and concentrated to find answers to current burning issues in the industry and share innovative best practices of retail. This forum was graced by top local and international retail expert speakers and invitees from across the globe who shared their industry knowledge with the local veterans.

SLRA representing all leading retailers, are convinced that the Forum an event of immense benefit to the entire retail industry in Sri Lanka.

The Ceylon Chamber of Commerce, who act as the Secretariat of SLRA undertaken the management of the entire Forum from conceptualization to complete event management and the post-forum feedback. An agreement in this regard signed between SLRA and The Ceylon Chamber of Commerce on 5th May 2017 at the Ceylon Chamber of Commerce premises. Mrs. Dhara Wijayatilake, CEO of The Ceylon Chamber of Commerce and Mr. Hussain Sadique, Chairman of SLRA will sign this agreement on behalf of the two parties.





#### ▪ SLRA MEMBER LOYALTY PROGRAMME

As means of providing benefits to all SLRA members, the Association introduced a membership loyalty program where all employees working in every SLRA member company would enjoy

those benefits. SLRA is currently in the process of finalizing this initiative and all members would enjoy these benefits no sooner the project is completed.

Mr Mehraj Sally, Group Director/ CMO of Mydeal.lk headed this initiative together with a few other SLRA members.



#### ▪ 1<sup>st</sup> ANNUAL GENERAL MEETING

The 1<sup>st</sup> Annual General meeting of the Sri Lanka Retailers' Association was held on October 17, 2017 at the Ramada Hotel, Colombo where Mr. Ranjit Page, Deputy Chairman and CEO of Cargills (Ceylon) PLC graced this event as the Chief Guest and being the Guest of Honour Hon. Sagala Ratnayaka, Minister of Law and Order and Southern Development was also in attendance.

Mr. Hussain Sadique Deputy Managing Director, Hameedia was re-elected as the Chairman of the Sri Lanka Retailers' Association and Mr. Murali Prakash, Group Managing Director | CEO, Ambeon Capital & Ambeon Holdings PLC and Mr. Sidath Kodikara, CEO, Cargills Foods PLC were elected as Vice Chairmen of the Association together with rest of the Executive Council comprising of Mr. Infiyaz Ali, General Manager, Healthguard Pharmacy Ltd., Mr. Charitha Subasinghe, Vice President, John Keels Group, Mr. Dinesh Perera, Deputy Director, Abans PLC., Mr. Ajith Amarasekara CEO, Swarnamahal Jewellers, Mr. Asoka Pieris, CEO, Singer Sri Lanka PLC., Ms. Kaushalya Perera, Director, D. Samson & Sons (Pvt) Ltd.

A networking session was organized afterwards for the interaction between the members of the Association and Invitees.







**Caption from left to right:** Mr. Murali Prakash, Group Managing Director |CEO, Ambeon Capital & Ambeon Holdings PLC, Honour Hon. Sagala Ratnayaka, Minister of Law and Order and Southern Development, Mr. Ranjit Page, Deputy Chairman and CEO of Cargills (Ceylon) PLC, Mr. Hussain Sadique Deputy Managing Director, Hameedia, Mr. Sidath Kodikara, CEO, Cargills Foods PLC



**Caption from left to right:** Mr. Asoka Pieris, CEO, Singer Sri Lanka PLC, Mr. Infiyaz Ali, General Manger, Healthguard Pharmacy Mr. Murali Prakash, Group Managing Director |CEO, Ambeon Capital & Ambeon Holdings PLC, Mr. Ajith Amarasekara CEO, Swarnamahahal Jewellers, Mr.nrad Perera, HOB of SLRA, Mr. Hussain Sadique Deputy Managing Director, Hameedia, Mr. Ranjit Page, Deputy Chairman and CEO of Cargills (Ceylon) PLC, Honour Hon. Sagala Ratnayaka, Minister of Law and Order and Southern Development, Mr. Sidath Kodikara, CEO, Cargills Foods PLC, Mr Haroos Razark, Drector, Hameedia, Mr. Damitha Ginigaddarge ,Managing Director My Deal.lk

#### ▪ COLOMBO INTERNATIONAL SHOPPING FESTIVAL

Sri Lanka Retailers' Association (SLRA) aims to harness the resources of the Organized Retail industry to a common platform to promote Innovation and Growth in retailing. With the vision of "Achieving retail excellence" and its inclusive approach of being the "Voice of the Retail Industry in Sri Lanka", SLRA commenced its flagship activity for 2017 under the guidance of Hon. Minister of Finance, Mr. Ravi Karunanayake.



In a bid to make Sri Lanka a Retail hub, SLRA will organize the first ever International shopping festival in Sri Lanka that would have a dedicated time period during the year where tourists will visit Sri Lanka primarily for shopping thus establishing Sri Lanka as a shopping hub and attracting a new segment of tourists to Sri Lanka.

During this period other tourists already in Sri Lanka too would be offered opportunities to buy products and these will include products traditionally purchased by tourists visiting Sri Lanka.

The Project Chairman of this event, Mr. Asoka Peiris together with other SLRA members are working in collaboration with the Ministry of Tourism Development and Christian Religious Affairs and other key stakeholders to make this project a reality.



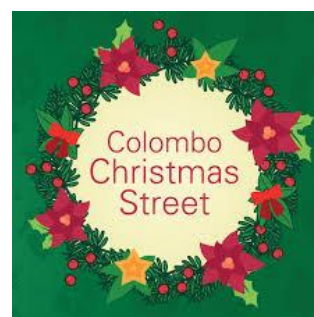


**Caption from left to right:** Mr. Nauseer Ahamed, CFO of The Factory Outlet, Ms. Kaushalya Perera, Director of DSI, Ms. Rifka Ziyad, Senior Manager of KPMG, Mr. Suresh Perera, Principal – Tax & Regulatory of KPMG, Mr. Ajith Amarasekera, CEO of Swarnamahahal Jewellers, Mr. Hussain Sadique, Deputy Managing Director of Hameedia and Chairman of SLRA, Mr. Ravi Karunanayake, Hon. Minister of Finance, Mr. Asoka Peiris, Group CEO of Singer and Convener of Shopping Festival, Mr. Nasser Majeed, CEO of Softlogic Retail, Mr. Leonard Perera, Founder Convener & Head of Business, Mr. Tony Bastiansz, Marketing Manager of Exclusive Lines, Mr. Mehraj Sally, Group Director of Mydeal.lk



## ▪ **COLOMBO CHRISTMAS STREET017**

The Colombo Christmas Street event was successfully held last year from the 21st to 23rd December 2017 at the Greenpath, Colombo which comprised of Trade & Food Stalls, Family Entertainment, Choir & Gospel music, Live Bands & Music which created an atmosphere of true Christmas spirit of the season in parallel with Government initiated X'mas Fest held at the Arcade, Independence Square.



Sri Lanka attracts large groups of tourists plus expats during the period of December and January and many of them look forward to celebrating the season of Christmas. In Sri Lanka whilst Christians celebrate the occasion, almost all other religious groups enjoy the Christmas festivities. The government has initiated a Christmas festival year 2017 in the city of Colombo with many activities and seeks the support of the corporate sector to facilitate same.

The Event was given wide publicity in the media and exclusively covered by Sri Lanka Rupavahini / SLBC which is also partnering this event and this will be advertised in and around the City extensively to attract seasonal shoppers and family entertainment during the season

Minimum of 70 Trade Stalls comprising of Corporate VIP / SME / Pop-up Stalls were operate offering Christmas shoppers a variety of goods at bargain/discounted prices and value offers. Minimum 30 food stalls including Chill out lounge. This were offer a range of cuisine to suit children and travelers who visit the venue. Up to 2 choirs performed per day from 4.30 pm to 6.30pm. Live band music together with guest artistes performed from 7.30pm - 10.30pm. DJ Music will be played throughout the day.

#### ▪ MEMBER'S FFELLOWSHIP AT RAMADA

The SLRA members Fellowship gathered on May 3, 2018 at Ramada Hotel Colombo with guests ranging from elite business community.



▪ **“IS YOUR HR FUTURE DRIVEN?” SRI LANKA RETAIL ACADEMY CONDUCTS 1<sup>ST</sup> HR BREAKFAST FORUM**

Sri Lanka Retailers Association’s Retail Academy. The objective of this programme was to create a Forum for networking opportunities with the HR fraternity in dealing with issues, challenges and opportunities in the Retail industry.

Mr. Murali Prakash, Vice President of SLRA mentioned stated that “In this endeavor SLRA Retail Academy aims at identifying the gaps between talent availability and Retail Industry requirements and strive to bridge this gap through Capacity Building and Human Talent Development.”

The expert speakers M/s Shakthi Ranatunga, Group Human Resource Director of MAS Holdings (Private) Limited and Dulith Herath, Founder and Chairman of kapruka.com will be sharing their insights on “The Future of HR- Challenges and Opportunities” and “Leadership in the changing techno economy and competitive environment” respectively, in a bid to groom Retail Professionals and formulate the ‘HR Forum’ under Sri Lanka Retailers’ Association’s Retail Academy.

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## Outlook for 2019/20

Retail will see more innovation and Evolution!

The year 2018 has been an inflexion point for the retail industry in Sri Lanka. With economic growth manifested through 3.2-3.4 percent in GDP, we are at a point where consumption growth will witness not just increased penetration in existing categories but also the launch of a number of new products and categories in Sri Lanka. The Sri Lankan retail sector plays an important role towards achieving profitable and socially responsible growth.

Retail Industry continues to be the engine of the economy. It is the machinery that enables trade and services and uplifts rural economic activity. Considering its scope and breath it is important to understand the impact of retail to the national economy. Retail plays vital role in three key areas:

### 1. GDP

Nearly 1/3 of Sri Lanka's GDP, with sales value exceeding US 30Bn, is comprised of activities directly related to retail. In addition, A.T. Kearney's Global Retail Development Index™ 2017, ranks Sri Lanka 12<sup>th</sup> for Retail investment potential among Top 30 countries. This relates to foreign direct investment potential of the country. The presence of new large format retail malls is a clear sign of this investment potential.

### 2. Employment

Retail also plays a vital role in employment generation. According to the Sri Lanka Labor force Statistics nearly 14% of the employment population is engaged in some form of retail activity. With more organized retail appearing more formal employment creation will occur which contributes to the economy of the country.

### 3. Tourism

Another important factor to consider would be the impact retail has on the tourism industry. With Sri Lanka being named as the No 1. Destination to visit by Lonely Planet tourism arrivals and spends are certain to increase. Retail can play an important role in increasing spends and arrivals by positioning Sri Lanka as shopping destination in addition to being known for its cultural and natural diversity.

The Government and the retailers Industry need to work together to put Sri Lanka on the retail map. For this to happen, certain imperatives should be achieved, such as training and retaining of talent, developing and leveraging the right know-how, driving scale and investment in back-end using collaborative platforms and decreasing bureaucracy and legal hurdles in every step of the chain.

### **Retails Inclusive Approach towards Growth**

There are several aspects to inclusion – economic inclusion is about fair income and opportunity for growth, social inclusion is about non-discrimination and integration with the society, financial inclusion is about access to channels of savings, borrowing and remittances, and so on.

To enable the retail industry as a key driver of inclusion, organized retail plays a crucial role. Organized retail impacts a cross section of key stakeholders such as consumer, producer and employee. Employees benefit when organized retailers recruit and develop work and bring them into the formal employment sector. Organized retail can help improve income for producers by increasing price realization and providing opportunities for growth that may not otherwise have been available to them. Consumers are provided with an assurance of quality, increased affordability and wider choice. This cumulatively allows the Government to be a facilitator, gain greater transparency and control through the supply chain and higher tax revenue.

Another contributor to the retail industry is the growing (MAC) which earns enough to afford goods that offer convenience and luxury, such as air conditioners, imported shampoos and cosmetics. Consumers are highly loyal to brands, but they are also budget and quality conscious.

### **The Year Ahead**

The coming year is going to see many facets of retailing changing. These changes will play an important role in development of the country. Retailing standards, consumer experience, choice, store formats, and much more will continue to improve during the next year.

Organized retail will slowly increase its presence and penetration. More small and medium retail outlets and regional modern trade outlets are appearing across many retail sectors such as FMCG, Fashion and Consumer Durables. Appearance of more retail global brands will also continue with the rise of malls.

Higher End malls are also coming up. Shopping experience and shopping habits will certainly change with approximately 2.5Mn Square Feet of new mall space being added in the next 2 years.

A modern tool for shopping, relevant in today's world, is the mobile internet. Sri Lankan retailers has immense potential for mobile-centric e-commerce strategies to engage with consumers. It is a challenge for companies to establish a lasting competitive advantage and market leadership, but it is essential to study the Sri Lankan consumer patterns closely, scale-up on the ground presence and transforming their organization.

The emergence and growing dominance of technology in retail will be yet another catalyst for change in the retail dynamics of Sri Lanka. Advancement in automation, data analytics and e-commerce is set to further improve and enhance consumer experience. The retail industry is reshaping from the conventional Brick and Mortar channels towards Omni channels that focuses on agility, speed and responsiveness of the market and consumers. Consumers are engaging in Digital retailing and e-commerce and are seeking the convenience and choice offered by e-commerce platforms. Retailer's will continue to offer convenient solutions to build and grow this market space as they increase their reach through this channel. This modern retail channel is likely to become more important as they become more available and closer to the country's growing concentration of middle and affluent class households. The net result would be better shopping experiences for consumers.

In this backdrop of change, growth and challenges the SLRA aims to play the vital role in synergizing the efforts of all retailers and partners to develop this industry in an inclusive manner. SLRA aims to play a energetic role in facilitating these developments and changes. Furthermore, the SLRA hopes to engage with all stake holders of the industry in shaping the landscape of the retail industry.

With this solid foundation laid out in establishing SLRA as the apex body for the retail, it is now time to further strengthen and consolidate the initiatives of the Association. In this respect, the SLRA will be embarking on some key initiatives to sustain and grow the retail industry:

All of this and much more are planned for the coming years.

1. Building Credibility and Recognition.
2. Government Advocacy and engagement.
3. Retail Capacity building.
4. Retail Sustainability.
5. Retail Intelligence.
6. Retail Hub.

It is indeed a time of change and evolution in retail. The SLRA aims to be at the forefront in leading these changes and developments in the industry through these above initiatives.

## **Circulars**

The Members were alerted on the following subjects through circulars: -

- Notice of SLRA SENSEI leadership Programme
- Notice of the 1<sup>st</sup> Annual General Meeting
- Subscriptions for 2018/2019

## **Secretariat**

The Ceylon Chamber of Commerce provided secretarial service to the Association during the period under review.

## **Accounts**

M/s. K P M G Ford Rhodes, Thornton & Co. were elected auditors of the Association. The Audited statement of the Accounts of the Council for the period 2017/2018 is annexed.

*By order of the Executive Council.*

*For Secretary*





KPMG  
(Chartered Accountants)  
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## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF THE RETAILERS ASSOCIATION (GUARANTEE) LIMITED

#### Report on the Financial Statements

##### Opinion

We have audited the financial statements of Retailers Association (Guarantee) Limited ("the Company"), which comprise the statement of financial position as at 31 March 2018, and statements of income and expenditure, statement of changes in accumulated fund, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

##### Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditors' 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.

##### Other Information

Board is responsible for the other information. These Financial statements do not comprise other information.

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.

KPMG, a Sri Lankan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

M.R. Mihular FCA	P.Y.S. Perera FCA	C.P. Jayatilake FCA
T.J.S. Rajakarier FCA	W.W.J.C. Perera FCA	Ms. S. Joseph FCA
Ms. S.M.B. Jayasekara ACA	W.K.D.C. Abeyratne FCA	S.T.D.L. Perera FCA
G.A.U. Karunaratne FCA	R.M.D.B. Rajapakse FCA	Ms. B.K.D.T.N. Rodrigo FCA
R.H. Rajan ACA	M.N.M. Shameel ACA	Ms. C.T.K.N. Perera ACA
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA		

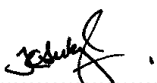
**SRI LANKA RETAILERS' ASSOCIATION (GUARANTEE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**

*As at 31 March,*

		2018	2017
	Note	<u>Rs.</u>	<u>Rs.</u>
<b>Assets</b>			
<b>Current assets</b>			
Inventory		12,150	13,793
Subscription receivable		185,000	25,000
Other receivables and Prepayments	2	1,052,428	-
Short term investments	3	5,686,161	1,002,355
Cash and cash equivalents	4	41,279	1,769,765
<b>Total current assets</b>		<u><b>6,977,018</b></u>	<u><b>2,810,913</b></u>
<b>Total assets</b>		<u><b>6,977,018</b></u>	<u><b>2,810,913</b></u>
<b>Funds and liabilities</b>			
<b>Fund</b>			
Accumulated fund		6,009,858	943,823
		<u><b>6,009,858</b></u>	<u><b>943,823</b></u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Subscription received in advance	5	101,250	270,000
Payable of inaugural expenses to Hameedia Stores (Pvt) Ltd	9	-	1,368,000
Advance received for HR workshop		60,000	-
Accrued expenses	6	158,870	130,000
Income tax payable	8	647,040	99,090
<b>Total liabilities</b>		<u><b>967,160</b></u>	<u><b>1,867,090</b></u>
<b>Total funds and liabilities</b>		<u><b>6,977,018</b></u>	<u><b>2,810,913</b></u>

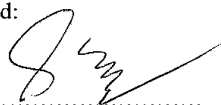
The financial statements are to be read in conjunction with the related notes, which form an integral part of these financial statements of the Company.

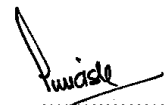
I certify that these financial statements are prepared in compliance with the requirements of the companies Act No. 07 of 2007.

  
 .....  
 Charitha Subasinghe  
 Treasurer

The Board of Directors is responsible for the preparation and presentation of these financial statements in accordance with SLFRS for SMEs.

Approved and signed for and on behalf of the Board of Directors of Sri Lanka Retailers' Association (Guarantee) Limited:

  
 .....  
 Hussain Sadique  
 President

  
 .....  
 Murali Prakash  
 Vice President

26 June 2018  
 Colombo

**SRI LANKA RETAILERS' ASSOCIATION (GUARANTEE) LIMITED**  
**STATEMENT OF INCOME AND EXPENDITURE**

*For the year ended 31 March,*

	Note	2018 <u>Rs.</u>	2017 <u>Rs.</u>
<b>Income</b>			
Entrance fee		220,000	1,925,000
Membership subscription		1,678,750	1,600,000
Investment income		310,109	28,985
Interest income from savings		392	9,587
Colombo christmas street		3,678,227	3,514,791
Sensei retail leadership programme		1,384,050	-
Retail academy		2,000	-
Retailers forum 2017		14,196,298	-
Colombo international shopping festival		4,507,976	-
<b>Total income</b>		<b>25,977,802</b>	<b>7,078,363</b>
<b>Expenditure</b>			
Printing, photocopy and stationery		76,375	14,935
Secretarial fee		433,007	211,523
Postage and courier charges		8,402	1,940
Telephone and fax		1,497	22,099
Use of multi media project at meeting		7,481	7,481
Consultancy fee for KPMG on shopping festival budget proposal		-	157,971
Colombo christmas street 2016		3,356,646	3,602,600
Sensei retail leadership programme		923,325	-
Retail academy		2,794	-
Retailers forum 2017		9,656,161	-
Colombo international shopping festival		3,634,990	-
Company seal		-	3,000
Professional expenses		-	115,000
Annual general meeting		638,315	-
Audit fee		60,000	60,000
Entertainment and refreshments		115,567	23,030
salary		1,136,140	1,400,000
EPF		30,600	-
Credit card commission		1,000	-
Website expenses		25,532	130,200
Purchase of a mobile phone		29,370	-
Retail leadership summit India		27,325	-
Newsletter		-	8,400
Sundry expenses		188,706	30,298
Sponsorship		5,000	-
Payment for press releases		-	90,000
SLRA incorporation fees		-	122,000
SLRA LOGO design		-	28,303
Photography		-	2,500
Bank charges		39	4,170
<b>Total expenditure</b>		<b>20,358,272</b>	<b>6,035,450</b>
<b>Surplus before tax</b>		<b>5,619,530</b>	<b>1,042,913</b>
Tax expense	7	(553,495)	(99,090)
<b>Surplus for the year</b>		<b>5,066,035</b>	<b>943,823</b>

The financial statements are to be read in conjunction with the related notes, which form an integral part of these financial statements.

**SRI LANKA RETAILERS' ASSOCIATION (GUARANTEE) LIMITED**  
**STATEMENT OF CHANGES IN ACCUMULATED FUND**

*For the year ended 31 March,*

	<b>Accumulated Fund Rs.</b>
<b>Balance as at 01 April 2016</b>	-
Surplus for the period	943,823
<b>Balance as at 31 March 2017</b>	<b><u>943,823</u></b>
<b>Balance as at 01 April 2017</b>	<b>943,823</b>
Surplus for the period	5,066,035
<b>Balance as at 31 March 2018</b>	<b><u>6,009,858</u></b>

The financial statements are to be read in conjunction with the related notes, which form an integral part of these financial statements of the Company.

**SRI LANKA RETAILERS' ASSOCIATION (GUARANTEE) LIMITED**  
**STATEMENT OF CASH FLOWS**

*For the year ended 31 March,*

	<b>2018</b>	<b>2017</b>
	<b><u>Rs.</u></b>	<b><u>Rs.</u></b>
<b>Cash flows from operating activities</b>		
Surplus before tax	5,619,530	1,042,913
<i>Adjustment for;</i>		
Investment income	(310,109)	(28,985)
<b>Operating cash flows before working capital changes</b>	<b>5,309,421</b>	<b>1,013,928</b>
<i>Changes in;</i>		
Inventory	1,643	(13,793)
Subscription receivable	(160,000)	(25,000)
Other receivables and pre payments	(1,052,428)	-
Subscription received in advance	(168,750)	270,000
Income received for HR workshop	60,000	-
Accrued expenses	28,870	130,000
Payable of inaugural expenses to Hameedia	(1,368,000)	1,368,000
<b>Cash flows generated from operating activities</b>	<b>2,650,756</b>	<b>2,743,135</b>
Income tax paid	-	-
<b>Net cash flows generated from operating activities</b>	<b>2,650,756</b>	<b>2,743,135</b>
<b>Cash flows from investing activities</b>		
Investment income received	120,758	26,630
Net investments during the year	(4,500,000)	(1,000,000)
<b>Net cash flows used in investing activities</b>	<b>(4,379,242)</b>	<b>(973,370)</b>
Net increase in cash and cash equivalents	(1,728,486)	1,769,765
Cash and cash equivalents at the beginning of the year	1,769,765	-
<b>Cash and cash equivalents at the end of the year (Note 4)</b>	<b>41,279</b>	<b>1,769,765</b>

The financial statements are to be read in conjunction with the related notes, which form an integral part of these financial statements.

**SRI LANKA RETAILERS' ASSOCIATION (GUARANTEE) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**

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*For the year ended 31 March 2018,*

**1. Accounting policies**

**1.1 Corporate information**

The Sri Lanka Retailers' Association (Guarantee) limited is incorporated as a company limited by Guarantee since 3 July 2017 Under the Company's Act No.7 of 2007. In the event of Company wound up the liability of members is limited to Rs.1,000/- per member. The registered office of the Company is located at 50, Nawam Mawatha, Colombo 2.

**Principal activities and nature of operations**

The objective of the Company to promote, foster and protect the retail commerce of Sri Lanka in general and the commercial interests of the Sri Lanka Retailers' Association in particular by obtaining by every means the redress of acknowledged grievances and the removal of undesirable restrictions;

**1.2 Basis of preparation**

The financial statements have been prepared on the historical cost basis. No adjustments have been made for inflationary factors in the financial statements.

**(a) Functional and presentation currency**

These financial statements are presented in Sri Lankan Rupees, which is the Company's functional currency.

**(b) Use of estimates and judgments**

The preparation of financial statements in conformity with Sri Lanka Accounting Standard for Small and Medium Sized Entities (SLFRS for SMEs) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these 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 the financial year or in the period of the revision and future periods if the revision affects both current and future financial years.

**1.3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**(a) Inventories**

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

**SRI LANKA RETAILERS' ASSOCIATION (GUARANTEE) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**

*For the year ended 31 March 2018,*

**1. Accounting policies (Continued)**

**1.3 Significant accounting policies (Continued)**

**(b) Investments**

Investments are recognized on amortized cost.

**(c) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

For the purpose of the statement of cash flow, cash and cash equivalents comprises current account with The Ceylon Chamber of Commerce.

**Cash flow statement**

Cash flow statement has been prepared using the indirect method.

**(d) Liabilities and provisions**

Liabilities are recognized in the balance sheet when there is a present obligation as a result of past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits.

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

**(e) Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured on an accrual basis. Revenue is measured at the fair value of the consideration received or receivable. Investment income on fixed deposits is recognized using effective interest rate applicable for the period. The following specific criteria are used for the purpose of recognition or revenue.

**i. Membership Fee and Other charges**

Membership subscription fee and other charges are recognized on an accrual basis when the new financial starts.

**ii. Income from events**

Income from event is recognized on the completion of such programme.

**(f) Expenditure**

All expenditure incurred in the operations of the business and in maintaining the capital assets in a state of efficiency have been charged to income in arriving at the Company's surplus for the year.

**(g) Events occurring after the reporting date**

All material post balance sheet events have been considered, disclosed and adjusted where applicable.

**(h) Commitments and contingencies**

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Company's control.

Commitments and contingent liabilities are disclosed in Notes to the financial statements.

**SRI LANKA RETAILERS' ASSOCIATION (GUARANTEE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

*As at 31 March,*

	<b>2018</b>	<b>2017</b>
	<b><u>Rs.</u></b>	<b><u>Rs.</u></b>
<b>2 Other receivables and prepayments</b>		
HR workshop	200	-
Colombo Christmas Street	129,252	-
Receivable from Colombo Shopping Festival	922,976	-
	<b><u>1,052,428</u></b>	<b><u>-</u></b>
<b>3 Short term investments</b>		
Fixed deposit - NDB	5,686,161	1,002,355
	<b><u>5,686,161</u></b>	<b><u>1,002,355</u></b>
<b>4 Cash and cash equivalents</b>		
Current account - HNB	-	107,547
Saving account - HNB	-	25,000
Current account with The Ceylon Chamber of Commerce	41,279	1,637,218
	<b><u>41,279</u></b>	<b><u>1,769,765</u></b>
Some of the receipts and payments of the Company are done through the current accounts of The Ceylon Chamber of Commerce. Therefore the balance reflects the cash and cash equivalents which will be payable		
<b>5 Subscription received in advance</b>		
Mlesna Ceylon (private) limited	-	45,000
Jaykay Marketing Services (private) limite	-	45,000
Perera & Sons (Bakers) limite	-	45,000
Hameedia Stores (private) limite	-	45,000
Vision Care Optical Services (private) limite	-	45,000
Singer (Sri Lanka) PLC	-	45,000
Gamma Pizzakraft Lanka (private) limite	41,250	-
Kaymu Lanka (private) limite	26,250	-
ABC trade	33,750	-
	<b><u>101,250</u></b>	<b><u>270,000</u></b>
<b>6 Accrued expenses</b>		
Retainer fee	20,000	70,000
Audit fee	120,000	60,000
Colombo International Shopping festival	18,870	-
	<b><u>158,870</u></b>	<b><u>130,000</u></b>
<b>7 Income tax expense</b>		
Provision for the year	547,950	99,090
Under/ over provision in respect of prior years	-	-
WHT paid	5,545	-
	<b><u>553,495</u></b>	<b><u>99,090</u></b>
<b>8 Income tax payable</b>		
Balance at the beginning of the year	99,090	-
Income tax paid during the year	-	-
Provision for the year	547,950	99,090
<b>Balance at the end of the year</b>	<b><u>647,040</u></b>	<b><u>99,090</u></b>

8.1 The Association is liable for income tax expense under the Section 101(2) of the Inland Revenue Act No.10 of 2006 at the rate of 10%. Accordingly, the Association is liable for income tax on business profit or



**SRI LANKA RETAILERS' ASSOCIATION (GUARANTEE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

*For the year ended 31 March,*

**9 Related party transactions**

**9.1 Transaction with key management personnel**

The Company considers its Board of Directors as the key management personnel of the Company. There are no key management personnel transactions during the period.

**9.2 Transactions with related parties**

Name of the company	Nature of the transaction	Transaction amount 2018	Transaction amount 2017	Balance outstanding as at 31 March 2018	Balance outstanding as at 31 March 2017
Hameedia Stores (Private) limited (Common Director)	Payments made for the Retainer onbehalf of the Company	1,250,000	-		
	Payments made for professional works onbehalf of the Company	115,000	-		
	Payments made for company seal onbehalf of the Company	3,000	-	-	1,368,000

**10 Number of employees**

Number of employees of the Association as at 31 March 2018 is one. (2017 : 1)

**11 Events occurring after the reporting date**

Subsequent to the reporting date, no circumstances have arisen which would require adjustment to or disclosures in the financial statements.

**12 The Board of Director's responsibility for financial reporting**

The Board of Directors responsible for the preparation and presentation of these financial statements in accordance with SLFRS for SMEs.

**13 Approval of financial statements**

These financial statements were approved by The Board of Directors and authorized for issue on 26 June 2018.

## Notes