



SRI LANKA RETAILERS' ASSOCIATION
Driving Retail Excellence

SRI LANKA RETAILERS' ASSOCIATION

**ANNUAL REPORT
2021-2022**



SRI LANKA RETAILERS' ASSOCIATION

Office Bearers for 2021/2022

President	Mr. Murali Prakash
Vice President	Mr. Charitha Subasinghe
Vice President	Mr. Infiyaz Ali

Executive Council

Ms. Kaushalya Perera

Mr. Mahesh Wijewardena

Mr. Hussain Sadique

Mr. Sidath Kodikara

Mr. Dinesh Perera

Mr. Ajith Amarasekera

Mr. Asoka Pieris

Ms. Ruvini Kariyawasam

Mr. Dulith Herath

Mr. Rakhil Fernando

Secretariat

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

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1. Members of the Association

General Members

ABANS PLC

ABC TRADE & INVESTMENTS (PVT) LTD

AKBAR BROTHERS (PVT) LTD

AVIRATE (PVT) LTD

BATA SHOE COMPANY OF CEYLON LTD

CARGILLS FOODS COMPANY (PVT) LTD

CATCHME.LK (PVT) LTD

COOL PLANET (PVT) LTD

D SAMSON & SONS (PVT) LTD

D.R. INDUSTRIES (PRIVATE) LIMITED

DANKOTUWA PORCELAIN PLC

DRTV PRODUCTS (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

JAYKAY MARKETING SERVICES (PVT) LTD

KAPRUKA. COM (PVT) LTD

KAYMU LANKA (PVT) LTD

KIDDIES & TOYS INTERNATIONAL (PVT) LTD

LAUGFS SUPERMARKETS (PVT) LTD

LEATHER COLLECTION (PVT) LTD

MJF EXPORTS (PVT) LTD

MLESNA CEYLON (PVT) LTD

NOLIMIT

PERERA & SONS (BAKERS) LTD

RICHARD PIERIS DISTRIBUTORS LTD

ROYAL LANKA AGENCIES (PVT) LTD

SAMUDRA CONSOLIDATED (PVT) LTD

SHIRT WORKS (PRIVATE) LIMITED

SINGER (SRI LANKA) PLC

SOFTLOGIC RETAIL (PVT) LTD

SPAR SL PRIVATE LIMITED

SPRING AND SUMMER FASHION COLLECTION (PVT) LTD

STONE N STRING (PVT) LTD

SWARNAMAHAL JEWELLERS LTD

THILAKAWARDHANA TEXTILES (PVT) LTD

VISION CARE OPTICAL SERVICES (PRIVATE) LIMITED

VOGUE JEWELLERS (PVT) LTD

Associated members

INTERNATIONAL DISTILLERS LIMITED

LION BREWERY (CEYLON) PLC

General Members (Small and Medium)

NAVAVI (PVT) LTD

Sub Members

COTTON COLLECTIONS (PVT) LTD

LAUGFS PETROLEUM (PVT) LIMITED

2. Report of the Association for the period April 1, 2021 to March 31, 2022

1.1.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.

3.2.Membership and the Executive Council

The Association consisted of 47 members during the period April 2021 to March 2022.

The following changes took place during the period under review.

Executive Council

President Smaay Global and Gadget Widgets Pvt.	-	Mr. Murali Prakash
Vice President John Keells Holdings PLC	-	Mr. Charitha Subasinghe
Vice President Healthguard Pharmacy Ltd.	-	Mr. Infiyaz Ali
General Secretary D. Samson & Sons (Pvt) Ltd.	-	Ms. Kaushalya Perera
Treasurer Singer Sri Lanka PLC	-	Mr. Mahesh Wijewardena
Asst. Secretary Abans PLC	-	Mr. Dinesh Perera
Asst. Treasurer	-	Mr. Ajith Amarasekera
Sector Chair-Durables Households & Consumer Electronics Cargills PLC	-	Mr. Asoka Pieris
Sector Chair - Entertainment, Restaurant & QSR Perera & Sons Bakers (Pvt) Ltd	-	Ms. Ruvini Kariyawasam
Sector Chair-Ecommerce Sector Kapruka.com Pvt Ltd	-	Mr. Dulith Herath
Council Member Kaymu Lanka Pvt Ltd.	-	Mr. Rakhil Fernando
Founder President Hameedia	-	Mr. Hussain Sadique



*Standing L to R: Mr. Dinesh Perera, Mr. Asoka Pieris, Mr. Mahesh Wijewardene, Ms. Ruvini Kariyawsam
Mr. Dulith Herath
Sitting L to R: Ms. Kaushalya Perera, Mr. Charitha Subasinghe, Mr. Murali Prakash, Mr. Hussain Sadique,
Mr. Infiyaz Ali*

4. Activities for year 2022

4.1. The 5th Annual General Meeting of Sri Lanka Retailers' Association

The 5th Annual General Meeting of the Sri Lanka Retailers' Association (SLRA) was held on 11th January 2022 as a virtual meeting.

Office bearers for the Year 2021/2022 : Mr. Murali Prakash; Group Managing Director & CEO, Ambeon Capital & Ambeon Holdings PLC is the President of SLRA, and Mr. Charitha Subasinghe; CEO, Jay Kay Marketing Services Pvt Ltd, Mr. Infiyaz Ali; CEO, Healthguard Pharmacy Pvt Ltd. serve as the Vice Presidents.

The newly appointed Executive Council for the year 2020/21: General Secretary Ms. Kaushalya Perera; Director, D. Samson & Sons (Pvt) Ltd, Asst. General Secretary – Mr. Dinesh Perera; Director, Abans PLC, Treasurer – Mr. Mahesh Wijewardena; CEO, Singer Sri Lanka PLC, Asst. Treasurer – Mr. Ajith Amarasekara, Sector Chair; Durables including Households & Consumer Electronics – Mr. Asoka Pieris;

Director, Cargills Ceylon PLC and Hatton National Bank PLC, Sector Chair; E commerce- Mr. Dulith Herath; Founder, Kapruka.com (Pvt) Ltd, Sector Chair; Entertainment, Restaurant & QSR- Ms. Ruvini Kariyawasam; Corporate Manager, Perera & Sons Bakers (Pvt) Ltd, Founder President- Mr. Hussain Sadique; Deputy Managing Director, Hameedia, Past President, Mr. Sidath Kodikara, Council Member- Mr. Rakhil Fernando; Managing Director, Kaymu Lanka (Pvt) Ltd.

4.2. Local retail industry: the hardest hit by the FOREX crisis called for solutions

- Retail industry constitutes 23% of the country's GDP and is hardest hit by the ongoing FOREX crisis
- The wider eco system of employees, suppliers, farmers and consumers of Sri Lanka impacted by the ongoing crisis and is pushing businesses to the brink of collapse
- Goods for sale, raw materials and basic product availability hampered due to the increasing pressure on imports
- Retail sector hugely invested recently for development of Sri Lanka's retail landscape
- Calls on the government to bring about measures to alleviate the crisis for the industry considering the wider economic impact on eco system.

The retail industry has been under tremendous pressure to deliver during the past one and a half years, mainly owing to closures and disruptions due to the pandemic. The situation has been exacerbated since mid-2021 due to increasing pressure on imports, which has been a core requirement for many retail businesses. The retail industry in Sri Lanka plays a vital role in the country's economy and it is pertinent to note that the national retail sales in Sri Lanka are approximately USD 13 Bn. As a growing industry over the past years, it accounts for about 23% of the country's GDP. This industry also represents 14% of the labour market, with more than 1,100,000 people being employed within this sector in Sri Lanka. Additionally, the overall retail industry contributes significantly to the economic value chain of the country in many ways.

The current FOREX crisis and the resultant import restrictions have pushed many of these businesses to the brink of collapse. Consumer durables, clothing and related industries are a case in point where there had been product shortages regularly due to the inability to gather adequate foreign exchange through the banks to fund imports and fulfill local requirements. The situation is moving from bad to worse, with many large entities struggling to keep their branches and facilities open due to a lack of goods for sale. If this continues, it is likely to result in the closure of stores, severely impacting the livelihood of many directly and indirectly dependent on these businesses. This could eventually lead to significant job losses and impact the local economy and result in wider social issues.

Retail is an integral part of the tourism industry and building Sri Lanka as a destination of choice. Notwithstanding, the business losses to thousands of retailers and the affiliated industries such as rental properties currently occupied by these entities, logistics and related businesses providing infrastructure support to several others, such as advertising to service affiliates, would be hard-pressed to survive given the sudden drop in volumes. Education and communication are another two key industries that have been impacted by the FOREX crisis and they too require essential products including computers and communication equipment, which could end up beyond the means of the average citizen both due to the short supply of these goods and increasing cost of imports.

As an industry that contributes heavily with over 25% of GDP and large numbers in employment, a preferred status should be accorded to facilitate FOREX requirements through the banking sector. This would be of national importance given the magnitude of the industry and its contribution toward the overall wellbeing of the economy. The impact of the FOREX crisis on this industry, however, has seen an escalation of grey market activities. This escalation and the establishment of an unorganised business sector could have not only severely impact government coffers but create unmanned parallel imports as well.

The Sri Lanka Retailers' Association (SLRA) calls on the government and authorities to effectively bring about a system to facilitate the sector's business continuity through a planned set of actions. One option to consider would be an allocation of FOREX to this sector based on what is available for a given month; thus, there is a particular element of certainty on imports and to manage the uncertainty that prevails currently, to be better. It is also imperative that authorities work out modalities to address the situation where FOREX availability improves soon.

The Sri Lanka Retailers' Association (SLRA) was established in 2015, which aims to harness the resources of the organized retail industry to a common platform to promote growth, innovation, and global outreach. The association currently consists of 50 corporate members, comprising the organized sector, with over 5000 outlets across 9 sectors in the retail industry.

4.3. Sri Lanka Retailers' Association (SLRA) appeals for cost-sharing from Business Partners

- Lease and rental reductions
- Support towards cost sharing

The Sri Lanka Retailers' Association (SLRA), the apex body for organised retail in Sri Lanka, has issued a communique requesting landlords, lessors, and business partners to reduce leases and rentals for the Association's membership.

President of SLRA, Mr. Murali Prakash appealed to landlords and lessors to provide a 50% concession on rentals and leases on all forms of physical infrastructure on properties leased and rented by SLRA members for the next one year. Furthermore, the association appeals to all business partners to share other costs where possible, to ensure that the sector, as a whole, is sustainable through these difficult times to safeguard the entire ecosystem.

The unfavourable forex situation has plunged many retail businesses into a new low after battling the COVID-19 pandemic for over two years with reduced operability. This has significantly eroded the business sustainability, given that most retailers heavily rely on imported products and raw material. The ongoing dollar crisis could continue to significantly reduce the revenues, impede growth and impact all operational levels to a point where maintaining physical infrastructure would be challenging. Increasing the cost base has further dampened the condition.

Due to this situation, there is a sense of urgency for the retailers to forge partnerships and implement cost sharing in all areas to wade through the challenges. SLRA believes that retailers and their business partners could overcome such adverse conditions only through a shared vision. If they stand together, all costs can be shared and the businesses could continue to operate. The alternative would force retailers to consider reduced business locations, which could hurt many landlords and business partners and result in zero income. A similar impact will befall other business partners, should retail customer points are reduced. Therefore, it is in the interest of everyone, that a shared cost strategy is established.

SLRA is optimistic that landlords, lessors, and other business partners would share part of the costs through reduced rentals and other cost-sharing options; thus, striving to create a better tomorrow. It also understands the impact this would have on the lessors and landlords and other business partners and suppliers. However, the industry needs to stay afloat for all parties to benefit in the future, and therefore a collective action is indeed the way forward.

Retailers have endlessly supported the local economy during good and bad times, and this is an exception where they need support from all business partners. Retail accounts for over one-third of the GDP and over 15% of the employment in Sri Lanka. Vibrant retail is an essential part of a healthy and robust economy. Hence, it is imperative that all parties come together to support the retailers at this juncture for the nation's greater good.

4.4. Members of the Sri Lanka Retailers' Association raise growing concerns about the state of the retail sector

Members of the Sri Lanka Retailers' Association (SLRA) continued to raise growing concerns about the plight of the local economy and the impacts of the current economic conditions on the retail industry. They addressed their concerns and questions to a panel of experts at the recently concluded SLRA

Members' Forum. The SLRA Members' Forum is an exclusive networking forum designed to bring together leaders in the retail industry with stakeholders in both private and public sectors of retail in Sri Lanka.

The event was organized by the Executive Committee of the Sri Lanka Retailers' Association, and attended by Chief Guest Dr. Roshan Perera, an Economist, Public Policy Specialist and Senior Research Fellow at the Advocata Institute, and Guest of Honor Mr. Shiran Fernando, Chief Economist of the Ceylon Chamber of Commerce.

Mr. Murali Prakash, President of the Sri Lanka Retailers' Association, addressed the attendees on the SLRA's strategies implemented to create a better understanding of the retail sector, its challenges, and the necessity for special support among the authorities. "We at SLRA strive to keep member interest at the forefront. Our strategy was to engage the authorities on multiple levels, to bring about an understanding of retail trade, thereby enacting retail-friendly action. While we've had some success on the way, given the current externalities and issues faced by the sector, we would collectively and individually continue to push for a greater understanding of the sector with policymakers. Retail is an ecosystem that spreads throughout the length and breadth of the country cutting across social strata and should be preserved for the greater good of the nation and its future", he said.

Chief Guest Dr. Roshan Perera then addressed the audience about the economic challenges brought about by the prevailing economic crisis in Sri Lanka and how best to navigate through them. She highlighted the features of the crisis such as high inflation rates, unsustainable fiscal deficits, external sector pressures and more, which need to be immediately addressed in order to stabilize the economy. Dr. Perera also highlighted the path of economic recovery that the government has put forward and the targets they have set in the medium term.

"Over the past year, we have seen an unprecedented level of inflation. This is due to monetary supply, domestic shock due to agriculture, external shocks such as the depreciation of the currency, the war in Ukraine which impacted food and energy prices, tax increases and more. However, it is forecasted that the inflation rate will gradually reduce in the near and thus it was announced that the current level of inflation is to be maintained. Such has to be deemed a priority, as any gains from economic growth will dissipate due to the high living costs", she said.

Mr. Shiran Fernando, Chief Economist of the Ceylon Chamber of Commerce, also addressed many of the key issues brought about by the prevailing economic conditions, such as the increase in tariffs, tax changes and more. "The pandemic shed a spotlight on many countries like Sri Lanka who have had fiscal and current account deficits and are currently enduring similar economic struggles. It is important that we endure and overcome the current crisis for the betterment of the country. We have pushed reforms such as State-Owned Enterprise Reform, Land or Labor Reform and more. We

need to hold our policymakers accountable for the process so that these reforms are taken forward”, he stated.



SLRA member's Forum 2022

4.5. The Sri Lanka Retailers' Association urged immediate action to revitalise retail sector

The Sri Lanka Retailers' Association (SLRA), the apex body of organised retail in Sri Lanka, has raised growing concern about current standing of the local retail sector. If the retail sector collapses completely, it will greatly affect its larger eco system that depends on retail, penetrating deep into the length and breadth of the country. The financial and social repercussions will be unprecedented and the loss of employment alone, will be disastrous.

The local retail sector accounts for over 30% of the national GDP and 14% of direct employment in the work force. Over 10% percent of households in Sri Lanka depend on employment in the retail sector. A large section of the employment in this sector includes sales, cashiers, and lower mid-segment jobs, which are vital to keeping the country's economy afloat, and providing deeper penetration of income streams across the country as well.

Currently, many small and medium scale businesses are either closing down, or preparing for eventual foreclosure, while their larger counterparts continue to navigate through the prevailing conditions, under stress. SMEs account for 52% of the local GDP and the sector is currently in dire need of funding in order to stay afloat. However, those funds are difficult to obtain due to interest rates of up to 34%, which diminishes their margins greatly. Additionally, given the import restrictions and inability to bring in adequate forex to the country, the future looks bleak for the whole sector. Especially, as

prices of food and other essentials would skyrocket as any smaller players would have to operate at much higher costs than normal.

Mr. Murali Prakash, President of the SLRA, commented on the current situation. “It is important that we come together with authorities, policymakers and stakeholders and work towards replenishing the local retail sector, as it is the backbone of our economy. The SLRA cannot stress enough the importance of making the retail sector a priority, as without it, the economy would further dwindle, as other sectors that depend on retail will also collapse.”

The Social Security levy charged on basic essential items have further increased the burden on consumers. SLRA recommends to exclude the levy on basic essentials to provide relief to the consumers.

The SLRA urges the government and authorities to set up a system to facilitate the continuation of the retail sector business through a planned set of actions. A 100% failproof framework based on monthly availability that could be considered to rejuvenate the retail sector would ensure imports and provide a means of managing the current uncertainty in the country. The SLRA also advocates transparency on how retailers should operate amidst the current crisis. It is imperative that frequent discussions by key authorities are taken place on a timely basis, as it is the only means of ensuring the survival of the local retail sector.

4.6. Redefining the Future of Retail at the Sri Lanka Retail Forum 2023

The Sri Lanka Retailers’ Association organised the annual retail forum under the theme ‘Redefining Retail: Future Proofing the Forward Journey’ on 1st March at the Cinnamon Grand Hotel. The Forum will address the challenges faced by the retail industry and foster constructive dialogue on leveraging emerging trends and navigating the economic crisis.

The Forum was opened by Mr. Murali Prakash, President of SLRA, who addressed the importance of navigating the challenges faced by the retail industry and the imperative need to foster constructive dialogue by multiple experts from varying fields in the retail sector, on leveraging emerging trends, technology and navigating the prevailing economic crisis.

He said, “The theme and content of this forum was formulated by taking all of these extreme and uncertain situations into account. We may not find all the answers to the questions we have, but this forum is sure to build wisdom and knowledge, and provide insights into trends, opportunities, and actions. We also believe that networking and idea generation, would bring about the positive thinking needed to navigate these difficult times”.

As the retail sector is one of the most impacted by the prevailing crisis, the Forum was designed and implemented to facilitate urgent dialogue on leveraging all plausible courses through current turbulent economic conditions. It also explored global macro trends and how they can be best utilised in a national context and saw multiple discussions on sustainable operations to help ensure industry stability and growth.

The Sri Lanka Retailers Forum 2023 also consisted of multiple sponsors and event partners, including John Keells Holdings PLC as Platinum Sponsor, and Abans PLC as Gold Sponsor. Bronze Sponsors included Damro, DSI, Healthguard Pharmacy, Singer Sri Lanka, Unilever, Union Assurance PLC, and Online Shopping Partner Daraz. Event Partners included The Ceylon Chamber of Commerce, Bata, Celcius, Dankotuwa, Hameedia, Nestle Lanka, SPAR Supermarkets, and Insight Partner Breakthrough Intelligence. Digital Banners were provided by Perera & Sons and Ceylon Biscuits limited.



3. Circulars

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

- Subscriptions for 2021/2022
- Invite to KKCL AW20 Stylecast at Mumbai
- Lease and Rental Reductions for SLRA Membership
- New research report on Online Retailing in Sri Lanka
- 5th Annual General Meeting Notice
- Sri Lanka Retail Forum: Redefining Retail - Future Proofing Forward Journey

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 201/2020 is annexed.

By order of the Executive Council.

For Secretary

4. Audited Accounts for the FY 2021/2022

**SRI LANKA RETAILERS' ASSOCIATION
(GUARANTEE) LIMITED**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2022**



KPMG
(Chartered Accountants)
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Colombo 00300, Sri Lanka.

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF SRI LANKA RETAILER'S ASSOCIATION (GUARANTEE) LIMITED

Report on the audit of the Financial Statements

Opinion

We have audited the financial statement of The Sri Lanka Retailer's Association (Guarantee) Limited ("the Company"), which comprise the statement of financial position as at 31 March 2022, the statement 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 2022, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards 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 *Auditor's Responsibilities for the Audit of the Financial Statement* 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

The Board of Directors 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.

Responsibilities of the Board of Directors and Those Charged with Governance for the Financial Statement

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with SLFRS for SMEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless Board of Directors 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.

KPMG, a Sri Lankan Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

P.Y.S. Perera FCA	C.P. Jayatilake FCA	T.J.S. Rajakarier FCA
W.J.C. Perera FCA	Ms. S. Joseph FCA	Ms. S.M.B. Jayasekara FCA
W.K.D.C. Abeyrathne 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 FCA
M.N.M. Shameel FCA	Ms. C.T.K.N. Perera ACA	A.M.R.P. Alahakoon ACA
Ms. P.M.K.Sumanasekara FCA		

Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, W.A.A. Weerasekara CFA, ACMA, MRICS



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.

A further description of the auditor's responsibilities for the audit of the financial statements is located at Sri Lanka Accounting and Auditing Standard web site at: <http://slaasc.com/auditing/auditorsresponsibility.php>. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

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


CHARTERED ACCOUNTANTS

Colombo, Sri Lanka
18 October 2022

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

As at 31 March,

	Note	2022 Rs.	2021 Rs.
Assets			
Non current assets			
Property, plant and equipment	2	56,129	107,011
Intangible assets	3	25,417	43,491
Total non current assets		81,546	150,502
Current assets			
Inventory		17,550	18,700
Subscription receivable	4	225,000	635,000
Other receivables and prepayments		-	750,000
Short term investments	5	20,924,059	16,806,322
Cash and cash equivalents	6	1,147,616	941,235
Total current assets		22,314,225	19,151,257
Total assets		22,395,771	19,301,759
Funds and liabilities			
Fund			
Accumulated fund		20,815,633	18,428,947
		20,815,633	18,428,947
Liabilities			
Current liabilities			
Subscription received in advance		730,000	640,000
Accrued expenses	7	260,000	86,000
Income tax payable	9	590,138	146,812
Total liabilities		1,580,138	872,812
Total funds and liabilities		22,395,771	19,301,759

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.


 Mahesh Wijewardene
 Treasurer
 Sri Lanka Retailer's Association (Guarantee) Limited

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:


 Murali Prakash
 President
 Sri Lanka Retailer's Association (Guarantee) Limited


 Charitha Subasinghe
 Vice President
 Sri Lanka Retailer's Association (Guarantee) Limited

30 August 2022
 Colombo

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

For the year ended 31 March,

	Note	2022 <u>Rs.</u>	2021 <u>Rs.</u>
Income			
Entrance fee		110,000	210,000
Membership subscription		2,185,000	2,095,000
Investment income		1,024,379	809,227
Retailers forum		5,396,650	-
Webinar income		25,000	-
Total income		<u>8,741,029</u>	<u>3,114,227</u>
Expenses			
Printing, photocopy and stationery		6,882	29,557
Secretarial fee		500,148	476,280
Postage and courier charges		2,600	3,706
Use of multi media project at meetings		-	2,295
Retailers forum		2,038,290	14,000
Provision for doubtful subscription receivables		910,000	270,000
Professional expenses		-	79,000
Annual general meeting		-	2,500
Audit fee		58,575	58,272
Entertainment and refreshments		-	5,040
Retainer fee		-	133,796
FAFRA membership		168,945	156,209
FAPRA HOD meeting		-	143,248
FAPRA ED online meeting		-	131,795
Software expenses		-	27,896
Website expenses		11,735	10,224
Tax advisory services		10,500	14,500
Zoom charges		57,037	-
Sundry expenses		24,100	31,616
PR expenses		165,000	-
Digital retainer fee		377,000	-
Professional consultancy fees		385,473	-
Communication cost		24,000	24,000
Webinar expenses		6,000	25,000
Write-off membership subscription		-	225,000
Amortization		18,074	10,747
Depreciation		50,882	50,870
Write off of other receivables and prepayments		750,000	-
Total expenditure		<u>5,565,241</u>	<u>1,925,551</u>
Surplus before tax		<u>3,175,788</u>	<u>1,188,676</u>
Tax expense	8	(789,102)	(186,438)
Surplus for the year		<u>2,386,686</u>	<u>1,002,238</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.

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

For the year ended 31 March,

	Accumulated Fund Rs.	Total Rs.
Balance as at 01 April 2020	17,426,709	17,426,709
Surplus for the year	1,002,238	1,002,238
Balance as at 31 March 2021	18,428,947	18,428,947
Surplus for the year	2,386,686	2,386,686
Balance as at 31 March 2022	20,815,633	20,815,633

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,

	2022	2021
	<u>Rs.</u>	<u>Rs.</u>
Cash flows from operating activities		
Surplus before tax	3,175,788	1,188,676
<i>Adjustment for;</i>		
Deprecation	50,882	50,870
Amortization	18,074	10,747
Investment income	(1,024,379)	(809,227)
Operating cash flows before working capital changes	<u>2,220,365</u>	<u>441,066</u>
<i>Changes in;</i>		
Inventory	1,150	1,150
Subscription receivable	410,000	(185,000)
Other receivables and pre payments	750,000	3,037,500
Subscription received in advance	90,000	595,000
Accrued expenses	174,000	16,500
Cash flows generated from operating activities	<u>3,645,515</u>	<u>3,906,216</u>
Income tax paid	(345,776)	(786,474)
Net cash flows generated from operating activities	<u>3,299,739</u>	<u>3,119,742</u>
Cash flows from investing activities		
Purchase of intangible assets	-	(54,238)
Investment income received	1,024,379	815,398
Investment of short term investment	(4,117,737)	(13,132,087)
Withdrawal of short term investment	-	3,132,087
Net cash flows used in investing activities	<u>(3,093,358)</u>	<u>(9,238,840)</u>
Net increase / (decrease) in cash and cash equivalents	206,381	(6,119,098)
Cash and cash equivalents at the beginning of the year	<u>941,235</u>	<u>7,060,333</u>
Cash and cash equivalents at the end of the year (Note 6)	<u>1,147,616</u>	<u>941,235</u>
Note 6		
Current account with The Ceylon Chamber of Commerce	<u>1,147,616</u>	<u>941,235</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.

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

For the year ended 31 March 2022,

1. Accounting policies

1.1 Corporate information

The Sri Lanka Retailers' Association (Guarantee) Limited ("the Company") 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 would 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.

1.2 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.

1.3 Statement of compliance

The financial statements have been prepared in accordance with Sri Lanka Accounting Standards for Small and Medium sized Entities (SLFRS for SME).

1.4 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 statement.

(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 Standards 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.

1.5 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 (GURANTEE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022,

1.5 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 financial statement when there is a present obligation as a result of past events, the settlement of which is expected to result in an outflow of resource 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 recognized 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.

(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) Taxation

The liability for taxation has been computed in accordance with the Inland Revenue Act No 24 of 2017 and its amendments thereto.

Taxation for the current and previous periods to the extent unpaid is recognized as a liability in the financial statements. When the amount of taxation already paid in respect of current and prior periods exceed the amount due for those periods the excess is recognized as an asset in the financial statements.

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

For the year ended 31 March 2022,

1.5 Significant accounting policies (Continued)

(h) Events occurring after the reporting date

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

(k) 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 contingencies liabilities are disclosed in Notes to the financial statements.

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

As at 31 March,

2 Property, plant and equipment	Computer	Office equipment	Total
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
Cost			
Balance as at 1 April 2021	146,000	22,208	168,208
Additions during the year	-	-	-
Disposals during the year	-	-	-
Balance as at 31 March 2022	146,000	22,208	168,208
Accumulated depreciation			
Balance as at 1 April 2021	54,745	6,452	61,197
Charge for the year	48,662	2,220	50,882
Disposals during the year	-	-	-
Balance as at 31 March 2022	103,407	8,672	112,079
Carrying value as at 31 March 2022	42,593	13,536	56,129
Carrying value as at 31 March 2021	91,255	15,756	107,011
3 Intangible assets		2022	2021
		<u>Rs.</u>	<u>Rs.</u>
Cost			
Balance as at 1 April		54,238	-
Additions during the year		-	54,238
Balance as at 31 March		54,238	54,238
Accumulated amortization			
Balance as at 1 April		10,747	-
Charge for the year		18,074	10,747
Balance as at 31 March		28,821	10,747
Carrying value as at 31 March		25,417	43,491
4 Subscription receivable			
Subscription receivable		1,405,000	905,000
Less: Provision for doubtful subscription receivables		(1,180,000)	(270,000)
		225,000	635,000
5 Short term investments			
Fixed deposit - National Development Bank		20,924,059	16,806,322
		20,924,059	16,806,322
6 Cash and cash equivalents			
Current account with The Ceylon Chamber of Commerce		1,147,516	941,135
HNB current account		100	100
Cash and cash equivalents for the purpose of statement of cash flows		1,147,616	941,235

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 by The Ceylon Chamber of Commerce.

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

As at 31 March,

	2022	2021
	Rs.	Rs.
7 Accrued expenses		
Audit fee	60,000	57,000
Tax advisory service	15,500	29,000
Retainer fee	70,000	-
Professional consultancy fees	114,500	-
	260,000	86,000
8 Income tax expense		
Provision for the year	789,102	294,469
Over provision in respect of previous year	-	(108,031)
	789,102	186,438
9 Income tax payable		
Balance at the beginning of the year	146,812	746,848
Over provision in respect of previous year	-	(108,031)
Income tax paid during the year	(198,964)	(147,657)
Income tax paid for previous years	(146,812)	(638,817)
Provision for the year	789,102	294,469
Balance at the end of the year	590,138	146,812

9.1 The Company is liable for income tax expense under Inland Revenue Act No 24 of 2017 and its subsequent amendments. Accordingly, the Company is liable for income tax on business income at 14% and investment income at 24%.

10 Number of employees

Number of employees of the Company as at 31 March 2022 is NIL. (2021 : 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 impact of COVID - 19

The Corona - Virus outbreak since early 2020 has brought about additional uncertainties in operating environment but has not significantly impacted the entity's operations subsequent to the financial year end. The entity has a strong cash position and positive net assets position. Hence the entity is satisfied of the ability of continuing its operations for the foreseeable future.

13 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.

14 Approval of financial statements

These financial statements were approved by The Board of Directors and authorized for issue on 30 August 2022.