

**V E C V LANKA (PVT) LTD**  
**FINANCIAL STATEMENTS**  
**TOGETHER WITH AUDITOR'S REPORT**  
**FOR THE YEAR ENDED**  
**31 MARCH 2024**

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF V E C V LANKA (PRIVATE) LIMITED**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of V E C V Lanka (Private) Limited ("the Company"), which comprise the statement of financial position as at 31 March 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements 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 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 *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. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. At the date of this auditor's report, other information was not made available to us.

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.

**Responsibilities of Management and those charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of financial statements in accordance with Sri Lanka Accounting Standard for Small and Medium-sized Entities (SLFRs for SMEs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with Sri Lanka Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 the internal control that we identified 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**  
Chartered Accountants  
Colombo  
18 April 2024



**V E C V LANKA (PVT) LTD**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 MARCH 2024**

		31.03.2024	31.03.2023
		Rs.	Rs.
	Note		
<b>Income</b>			
Revenue from operations	5	-	-
Other income	6	<u>22,290,431</u>	<u>527,345</u>
<b>Total revenue</b>		22,290,431	527,345
<b>Expenses</b>			
Cost of finished goods sold		-	-
Employee benefit expense		5,480,596	5,385,114
Finance costs	7	50,860	46,777
Depreciation expense		126,414	207,844
Other expenses		4,880,402	6,292,742
Foreign exchange loss		680,451	(2,269,069)
<b>Total expenses</b>		<u>11,218,723</u>	<u>9,663,408</u>
Profit / loss before taxation	8	11,071,708	(9,136,063)
Taxation	9	-	-
<b>Profit / loss for the year</b>		<u><u>11,071,708</u></u>	<u><u>(9,136,063)</u></u>

The accounting policies and notes from 1 to 20 form an integral part of these financial statements.





**V E C V LANKA (PVT) LTD**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE PERIOD ENDED 31 MARCH 2024**

Assets	Note	31.03.2024 Rs.	31.03.2023 Rs.
<b>Non current assets</b>			
Property, plant and equipment	10	526,266	652,681
		<u>526,266</u>	<u>652,681</u>
<b>Current assets</b>			
Trade and other receivable	11	1,925,000	1,489,037
Amounts due from parent company	12	16,302,919	940,234
Current tax assets	13	-	-
Cash and cash equivalent	14	2,732,789	7,544,047
		<u>20,960,707</u>	<u>9,973,318</u>
<b>Total assets</b>		<u>21,486,974</u>	<u>10,625,998</u>
<b>Equity and liabilities</b>			
<b>Shareholders equity</b>			
Stated capital	15	126,816,970	126,816,970
Accumulated profits / losses		<u>(106,997,928)</u>	<u>(118,069,636)</u>
<b>Total equity</b>		<u>19,819,042</u>	<u>8,747,334</u>
<b>Current liabilities</b>			
Other payables	16	1,667,932	1,878,665
<b>Total current liabilities</b>		<u>1,667,932</u>	<u>1,878,665</u>
<b>Total equity and liabilities</b>		<u>21,486,974</u>	<u>10,625,998</u>

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

.....  
**Head of Finance**

The Board of Directors is responsible for the preparation and presentation of these financial statements.  
Approved for and signed for on behalf of the Board on 18 April 2024.

.....  
**Director**



.....  
**Director**

The accounting policies and notes from 1 to 20 form an integral part of these financial statements.

**V E C V LANKA (PVT) LTD**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2024**

	<b>Stated capital Rs.</b>	<b>Accumulated losses Rs.</b>	<b>Total Rs.</b>
Balance as at 31.03.2022	126,816,970	(108,933,573)	17,883,397
Loss for the year	-	(9,136,063)	(9,136,063)
Balance as at 31.03.2023	<u>126,816,970</u>	<u>(118,069,636)</u>	<u>8,747,334</u>
Profit for the year	-	11,071,708	11,071,708
Balance as at 31.03.2024	<u><u>126,816,970</u></u>	<u><u>(106,997,928)</u></u>	<u><u>19,819,042</u></u>

The accounting policies and notes from 1 to 20 form an integral part of these financial statements.





**V E C V LANKA (PVT) LTD**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

	Note No	31.03.2024 Rs.	31.03.2023 Rs.
<b>Cash flows from operating activities</b>			
Profit / (loss) before taxation		11,071,708	(9,136,063)
<b>Adjustment for;</b>			
Interest	7	-	13,387
Depreciation	10	126,414	207,844
Impairment provision		-	653,102
<b>Operating profit / (loss) before working capital changes</b>		11,198,122	(8,261,730)
 (Increase ) / decrease in trade and other receivables		(435,963)	1,828,393
(Increase ) / (decrease) in amounts due from parent company		(15,362,684)	16,932,766
Increase / (decrease) in other payable		(210,733)	1,024,748
<b>Cash generated from operations</b>		(4,811,258)	11,524,177
 Interest expenses	7	-	(13,387)
<b>Net cash flows from operating activities</b>		(4,811,258)	11,510,790
 <b>Cash flows from investing activities</b>			
Sale of property, plant and equipment		-	-
<b>Net cash from investing activities</b>		-	-
 <b>Cash flows from financing activities</b>			
<b>Net cash flows from financing activities</b>			
 Increase in cash and cash equivalents		(4,811,258)	11,510,789
Cash and cash equivalents at the beginning of the year		7,544,047	(3,966,742)
Cash and cash equivalents at the end of the year		2,732,789	7,544,047
 <b>Cash and cash equivalent comprises</b>			
Cash at bank		2,732,789	7,544,047
		2,732,789	7,544,047

The accounting policies and notes from 1 to 20 form an integral part of these financial statements.



**V E C V LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

**1. Corporate information**

**1.1 Domicile and legal form**

VECV Lanka (Pvt) Ltd is a private limited liability company, incorporated and domiciled in Sri Lanka on 9th April 2013. The registered office of the company is located at 385, Level 1, The Landmark Building, Galle Road, Colombo 03.

**1.2 Principal activity and nature of operations**

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

**1.3 Parent company**

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

**1.4 Date of authorization for issue**

The financial statements were authorized for issue by the Board of Directors on 18 April 2024.

**1.5 Comparative financial information**

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

**2. Basis of preparation**

**2.1 Statement of compliance**

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

**2.2 Basis of measurement**

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

**2.3 Translation of foreign currency transactions**

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





**V E C V LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

**3. Significant accounting judgements estimates and assumptions**

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

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

**3.1 Taxation**

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

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

**3.2 Useful life-time of the property, plant and equipment**

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

**3.3 Going concern**

The company has accumulated losses amounting to Rs. 106,997,928 as at the reporting date. Due to import restrictions on vehicles the company doesn't have any inventory in the market for selling purpose.

However the Directors have made an assessment and are confident of the company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations. After considering various factors like the current and potential demand for commercial vehicles which is the backbone for any economic development and present enquiries in hand the board feels confident to continue operations in Sri Lanka and remain ready for future opportunities in the market. During the year the company has earned a substantial amount of commission income from the parent company by providing services to other group companies. Further, the parent company has confirmed that it will provide the required financial assistance to continue in the business therefore these financial statements have been prepared on a going concern basis.





**V E C V LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

**4. Summary of significant accounting policies**

**4.1 Revenue and expenditure recognition**

**4.1.1 Revenue recognition**

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

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

- The company has transferred significant risks and rewards of ownership of the goods to the buyer.
- The company retaining, neither a continuing managerial involvement to the degree usually associated with ownership or an effective control over the goods sold.
- The amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably. associated with the transaction will flow to the entity; and

**4.1.2 Interest income**

Interest income is recognized on an accrual basis.

**4.1.3 Expenditure recognition**

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

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

**4.2 Current tax assets and liabilities**

**4.2.1 Tax expenses**

Income tax expense represents the sum of the tax currently payable and the deferred tax movement for the current period. The tax currently payable on the taxable profit for the year.

**4.2.2 Current tax**

Current tax for current and prior periods, is to the extent unpaid, recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset, limited to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.





**V E C V LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

**4. Summary of significant accounting policies - (contd.)**

**4.2 Current tax assets and liabilities - (contd.)**

**4.2.3 Deferred tax**

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax assets are recognized for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits, limited to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognized in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be released or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

**4.3 Non financial assets**

**4.3.1 Property, plant and equipment**

**Recognition and measurement**

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

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

<b>Category of asset</b>	<b>Depreciation rate %</b>
Office equipment	17.39%-37.5%
Furniture and fittings	8.28%
Computer equipment	7.5% - 41.38%

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

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





**V E C V LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

**4. Summary of significant accounting policies - (contd.)**

**4.3 Non financial assets - (contd.)**

**4.3.1 Property, plant and equipment - (contd.)**

**Impairment of non-financial assets**

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

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

**4.4 Inventories**

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

**4.5 Financial assets**

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

**4.6 Financial liabilities**

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

**4.7 Cash and cash equivalents**

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

**4.8 Stated capital**

Ordinary shares are classified as equity.

**4.9 Liabilities and provisions**

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





**V E C V LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

**4. Summary of significant accounting policies - (contd.)**

**4.10.1 Defined contribution plan – Employees’ Provident Fund and Employees’ Trust Fund**

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

**4.10.2 Provisions**

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

**4.11 Impairment of assets**

At each reporting date, the company assesses whether there is any indications that any asset (property, plant and equipment) may be impaired. If there is an indications of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in the profit or loss.

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory with its selling price less costs to complete and sell. If an item of inventory is impaired, its carrying amount is reduced to its selling price less cost to complete and sell, and an impairment loss is recognized immediately in the profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount (selling price less cost to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset in the prior years. A reversal of impairment losses allocated to goodwill, the reversal of which is prohibited by the standard.

**4.12 Commitments and contingencies**

All discernible risks are accounted for in determining the amount of all known liabilities. The contingencies and capital commitments for which the company is liable severally or otherwise is also included with appropriate disclosures.

Contingent liabilities are possible obligations whose existence will be confirmed only by the uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognized in the statement of financial position but are disclosed unless they are remote.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognized in the statement of financial position but are disclosed in the financial statements.

**4.13 Events after the reporting period**

All material events after the reporting date are considered and where necessary adjustments are made in the financial statements.





**V E C V LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

	31.03.2024 Rs.	31.03.2023 Rs.
<b>5. Revenue from operations</b>		
Sale of goods	-	-
Incentives from VE Commercial Vehicles Ltd	-	-
	<u>-</u>	<u>-</u>
<b>6. Other income</b>		
Commission	22,290,431	-
Other miscellaneous income	-	527,345
	<u>22,290,431</u>	<u>527,345</u>
<b>7. Finance expense</b>		
Bank charges	50,860	33,390
Loan interest	-	13,387
	<u>50,860</u>	<u>46,777</u>
<b>8. Profit before taxation</b>		
The profit before taxation is stated after charging all expenses including the following:		
Salaries	851,903	704,052
Employees provident fund	102,230	84,491
Employees trust fund	25,559	22,588
Cost of living and other allowance	1,134,081	1,128,552
Auditors remuneration	238,500	200,000
Depreciation	126,414	207,844
Legal and professional charges	635,546	804,699
	<u>-</u>	<u>-</u>





**V E C V LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

**9. Taxation**

Provision for the period ( <i>Note 9.1</i> )	-
Deferred tax ( <i>Note 9.2</i> )	-

**9.1 A reconciliation between tax expenses and the product of accounting loss multiplied by the applicable tax rate:**

	31.03.2024 Rs.	31.03.2023 Rs.
Accounting profit / (loss) as per income tax computation	<u>11,071,708</u>	<u>(9,136,063)</u>
Tax at the applicable tax rate of 30% ( 2022/23 -30% )	3,321,512	(2,740,819)
Tax effect on expenses that are not deductible in determining taxable profits	1,009,269	1,040,783
Tax effect on expenses that are deductible in determining taxable profits	-	(731,602)
Brought forward tax losses claimed during the year	(4,330,781)	
Tax effect on adjusted taxable losses carried forward to the next year	-	(2,431,639)
Income tax expenses at the effective income tax rate	<u>-</u>	<u>-</u>
Statutory tax rate	30%	30%

**9.2 Deferred tax**

The gross movement on the deferred income tax account is as follows:

Balance at the beginning of the period	-	-
Origination / (reversal) of temporary differences	-	-
Balance at the end of the period	-	-

**Deferred tax asset comprises of :**

Accelerated depreciation for tax purposes	(157,880)	(195,804)
Adjusted carried forward tax losses as per tax computation	26,417,711	20,798,739
<b>Net deferred tax assets</b>	26,259,831	20,602,935
<b>Net unrecognised deferred tax assets due to an uncertainty on future taxable profits</b>	(26,259,831)	(20,602,935)
<b>Net recognised deferred tax assets</b>	-	-
<b>Tax rate used</b>	30%	30%



**V E C V LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

**10. Property, plant and equipment**

	Computer equipment Rs.	Office equipment Rs.	Furniture & fixtures Rs.	Total Rs.
<b>Cost</b>				
Balance as at 31.03.2022	2,262,192	124,635	1,494,097	3,880,924
Additions during the year	-	-	-	-
Balance as at 31.03.2023	2,262,192	124,635	1,494,097	3,880,924
Additions during the year	-	-	-	-
Balance as at 31.03.2024	<u>2,262,192</u>	<u>124,635</u>	<u>1,494,097</u>	<u>3,880,924</u>
<b>Accumulated depreciation</b>				
Balance as at 31.03.2022	2,112,758	109,195	798,447	3,020,400
Depreciation during the year	107,763	1,872	98,209	207,844
Balance as at 31.03.2023	2,220,521	111,066	896,656	3,228,243
Depreciation during the year	26,333	1,872	98,209	126,414
Balance as at 31.03.2024	<u>2,246,854</u>	<u>112,938</u>	<u>994,866</u>	<u>3,354,658</u>
<b>Net book value</b>				
Written down value as at 31.03.2024	<u>15,338</u>	<u>11,697</u>	<u>499,231</u>	<u>526,266</u>
Written down value as at 31.03.2023	<u>41,671</u>	<u>13,569</u>	<u>597,441</u>	<u>652,681</u>





**V E C V LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

	31.03.2024	31.03.2023
	Rs.	Rs.
<b>11. Trade and other receivable</b>		
Prepayments	-	189,037
Rent advances and deposit	1,925,000	1,300,000
Other receivables	472,257	472,257
Impairment provision	(472,257)	(472,257)
	<u>1,925,000</u>	<u>1,489,037</u>
<b>12. Amounts due from parent company</b>		
VE Commercial Vehicles Ltd	<u>16,302,919</u>	<u>940,234</u>
	<u>16,302,919</u>	<u>940,234</u>
The above balance is receivable on demand and free of interest		
<b>13. Current tax assets</b>		
Balance at the beginning of the period		-
Provision for the period		-
Tax credits : Economic service charges	180,845	180,845
Impairment Provision	(180,845)	(180,845)
Balance at the end of the period	<u>-</u>	<u>-</u>
<b>14. Cash and cash equivalent</b>		
Bank balance	<u>2,732,789</u>	<u>7,544,047</u>
	<u>2,732,789</u>	<u>7,544,047</u>
Bank overdraft	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>15. Stated capital</b>		
Issued and fully paid-		
12,681,697 number of ordinary shares fully paid	<u>126,816,970</u>	<u>126,816,970</u>
<b>16. Other payables</b>		
Pay as you earn taxes	906,873	1,399,735
Sundry creditors	151,946	21,864
Accrued expenses	609,113	457,065
	<u>1,667,932</u>	<u>1,878,665</u>



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**17. Capital commitments and contingent liabilities**

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be readily measured as defined in Section 21 on 'Provisions, contingent liabilities and contingent assets'. Contingent liabilities are not recognized in the statement of financial position but are disclosed unless its occurrence is remote.

There were no material capital commitments and/or contingent liabilities as at the reporting date, which required adjustments to or disclosures in the financial statements except the following :

- Maturity profile of operating lease:	31.03.2024	31.03.2023
within 1 year	1,625,000	1,560,000
1 to 5 years	390,000	390,000

**18. Events after the reporting period**

There were no significant events after the reporting period that require adjustments to or disclosure in the financial statements.

**19. Disclosure on current economic crisis**

The depletion of foreign reserves has put restrictions on imports and affected supplies. Company had to cease its operations due to government restrictions on the import of vehicles however the management has continued with the company in a dormant state with the expectation of reviving its vehicle selling business once import restrictions are lifted by the government. Further the parent company has confirmed that it will provide the required financial assistance to continue the Company.

**20. Related party disclosures**

**20.1 Transactions with key management personnel**

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

Compensation to key management personnel are as follows:

	2023/2024	2022/2023
	Rs.	Rs.
Short term employee	-	-





**V E C V LANKA (PVT) LTD**  
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**FOR THE YEAR ENDED 31 MARCH 2024**

**20. Related party disclosures - (contd.)**

**20.2 During the period the company had the following transactions with the related parties at agreed commercial terms**

<b>Related Party</b>	<b>Nature of Relationship</b>	<b>Nature of Transaction</b>	<b>Transaction Value (Rs.) 2023/ 2024</b>
VE Commercial Vehicles Ltd.	Parent Company	Reimbursement of warranty claims incurred on behalf of parent	59,208
		Sharing of expenses	7,139,139
		Reimbursement of TDS expenses	6,288,859
		Commission income	22,290,431



**V E C V LANKA (PVT) LTD**

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



**V E C V LANKA (PVT) LTD**  
**DETAILED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

	31.03.2024 Rs.	31.03.2023 Rs.
<b>1. Cost of finished goods sold</b>		
Inventories at the beginning of the period	-	-
Add: purchases during the year / period	-	-
Less: inventories at the end of the period	-	-
	<u>-</u>	<u>-</u>
<b>2. Employee benefits expense</b>		
Salaries	851,903	704,052
Employees Provident Fund	102,230	84,491
Employees Trust Fund	25,559	22,588
Pay as you earn taxes	3,005,404	3,205,431
Other allowance	1,134,081	1,128,552
Conveyance allowance	361,419	240,000
	<u>5,480,596</u>	<u>5,385,114</u>
<b>3. Other expenses</b>		
Staff welfare	288,147	451,770
Water charges	38,066	30,754
Rates and taxes	198,126	873,288
Computer accessories	45,990	125,250
Courier charges	10,352	19,504
Electricity	595,673	318,795
Printing and stationery	40,766	4,125
Data communication	72,278	64,058
Conveyance expenses	247,854	336,801
Telephone charges	38,280	35,683
Mobile phone charges	57,951	96,971
Rent	2,079,000	2,049,640
Legal and professional charges	635,546	739,480
Insurance	223,867	340,886
Books and periodicals	-	200
Auditors remuneration	238,500	200,000
Sales promotion	25,000	23,500
Business promotion	4,020	21,654
Depot handling charges	-	234,400
Warranty goodwill	40,986	325,986
	<u>4,880,402</u>	<u>6,292,742</u>



**V E C V LANKA (PVT) LTD**  
**DETAILED NOTES TO THE FINANCIAL STATEMENTS**  
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	31.03.2024	31.03.2023
	Rs.	Rs.
<b>4. Accrued expenses</b>		
Employees Provident Fund	14,198	11,734
Employees Trust Fund	2,130	1,760
Water and sewage	3,279	2,398
Telephone	2,840	2,768
Data communication	4,866	4,742
Professional fees	173,448	102,199
Auditors remuneration	238,500	200,000
Warranty claims	63,836	-
Cellular phone expenses	6,000	8,000
Conveyance expenses	1,600	950
Staff welfare	12,200	10,487
Fuel charges	16,000	32,000
Stamp fee	975	900
Electricity payable	69,240	79,128
	<u>609,113</u>	<u>457,065</u>

