AMANTE LANKA (PRIVATE) LIMITED

Financial Statements

For the year ended 31 December, 2023

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF AMANTE LANKA (PRIVATE) LIMITED

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Amante Lanka (Private) Limited ("the Company"), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion
We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of 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
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 when its become available 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 Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Muzawwir Manzeer
DELOITTE ASSOCIATES
Chartered Accountants
Colombo
10 April 2024

AMANTE LANKA (PRIVATE) LIMITED

Statement of profit or loss

For the year ended 31 December 2023

	Note	2023 Rs.	2022 Rs.
Revenue from contracts with customers	1.	1,218,900,345	855,268,735
Cost of sale of goods	2(b)	(809,471,207)	(476,514,773)
Gross profit		**409,429,138**	**378,753,962**
Distribution expenses	2(b)	(254,652,538)	(138,398,708)
Administrative expenses	2(b)	(180,554,603)	(150,657,798)
Other income	2(e)	3,000,000	5,229,288
Other gains	2(a)	50,318	30,316
Operating profit		**(22,727,685)**	**94,957,060**
Finance income	2(d)	46,819,713	41,042,304
Finance cost	2(d)	(11,574,410)	(2,436,995)
Finance income / (cost) - net		35,245,303	38,605,309
Profit before income tax		**12,517,618**	**133,562,369**
Income tax expense	3(a)	-	-
Profit for the year		**12,517,618**	**133,562,369**
Earning per share - basic	14(b)	0.02	0.18

AMANTE LANKA (PRIVATE) LIMITED

Statement of other comprehensive income
For the year ended 31 December 2023

	Note	2023 Rs.	2022 Rs.
Profit / loss for the year		12,517,618	133,562,369
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements of retirement benefit obligations	5(d)	(1,736,091)	(527,796)
Other comprehensive income for the year		**(1,736,091)**	**(527,796)**
Total comprehensive income for the year		**10,781,527**	**133,034,573**

AMANTE LANKA (PRIVATE) LIMITED

Statement of financial position

As at 31 December 2023

	Note	31.12.2023	31.12.2022
		Rs.	**Rs.**
ASSETS			
Non current assets			
Property, plant and equipment	5(a)	61,192,012	23,919,350
Right-of-use assets	5(f)	98,799,010	17,618,956
Intangible assets	5(b)	211,434	189,984
Total non current assets		**160,202,456**	**41,728,290**
Current assets			
Inventories	5(c)	856,728,178	452,542,293
Trade and other receivables	4(b)	408,037,268	241,375,837
Other current assets	5(e)	258,316,356	444,223,490
Cash and cash equivalents	4(c)	281,862,054	747,648,907
Total current assets		**1,804,943,856**	**1,885,790,527**
Total assets		**1,965,146,312**	**1,927,518,817**
LIABILITIES			
Non current liabilities			
Retirement benefit obligations	5(d)	7,889,627	9,638,465
Lease liabilities	5(f)	87,131,452	333,945
Total non current liabilities		**95,021,079**	**9,972,410**
Current liabilities			
Trade and other payables	4(d)	310,333,897	370,353,774
Lease liabilities	5(f)	16,800,069	15,959,270
Contract liability	5(g)	3,279,613	2,339,515
Total current liabilities		**330,413,579**	**388,652,559**
Total liabilities		**425,434,658**	**398,624,969**
Net assets		**1,539,711,654**	**1,528,893,848**
EQUITY			
Capital and reserves			
Stated capital	6(a)	2,761,313,210	2,761,313,210
Preference share capital		206,790,300	206,754,021
Accumulated loss	6(b)	(1,428,391,856)	(1,439,173,383)
Total equity		**1,539,711,654**	**1,528,893,848**

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

Deepak Kumar Jain
Group Chief Executive Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were approved for issue by the Board of Directors on 10 April 2024.

A P Silva
Director

K A S Muditha
Director

AMANTE LANKA (PRIVATE) LIMITED

Statement of changes in equity
For the year ended 31 December 2023

	Note	Stated capital Rs.	Preference share capital Rs.	Accumulated loss Rs.	Total equity Rs.
Balance as at 1 January 2022		**2,761,313,210**	**-**	**(1,572,207,956)**	**1,189,105,254**
Profit for the year		-	-	133,562,369	133,562,369
Other comprehensive loss		-	-	(527,796)	(527,796)
Total comprehensive income for the year		-	-	133,034,573	133,034,573
Issue of shares during the year		-	206,754,021	-	206,754,021
Balance as at 31 December 2022		**2,761,313,210**	**206,754,021**	**(1,439,173,383)**	**1,528,893,848**
Balance as at 1 January 2023		2,761,313,210	206,754,021	(1,439,173,383)	1,528,893,848
Profit for the year		-	-	12,517,618	12,517,618
Other comprehensive loss		-	-	(1,736,091)	(1,736,091)
Total comprehensive income for the year		**-**	**-**	**10,781,527**	**10,781,527**
Issue of shares during the year		-	36,279	-	36,279
Balance as at 31 December 2023		**2,761,313,210**	**206,790,300**	**(1,428,391,856)**	**1,539,711,654**

AMANTE LANKA (PRIVATE) LIMITED

Statement of cash flows

For the year ended 31 December 2023

	Note	31 December 2023 Rs.	31 December 2022 Rs.
Cash flows from operating activities			
Cash used in operations	7	(429,322,242)	(396,815,409)
Gratuity paid	5(d)	(6,046,939)	(3,068,020)
Interest paid	2(d)	(8,316,577)	(2,436,995)
Net cash outflow from operating activities		**(443,685,758)**	**(402,320,424)**
Cash flows from investing activities			
Payment for property, plant and equipment	5(a)	(48,683,175)	(13,396,226)
Payment for software		(250,000)	-
Sub lease rental income received	2(e)	3,000,000	5,229,288
Interest received	2(d)	46,819,713	40,601,672
Net cash inflow from investing activities		**886,538**	**32,434,734**
Cash flows from financing activities			
Issue of Preference shares during the year		36,279	206,754,021
Principal elements of lease payments	5(f)	(23,023,912)	(15,164,070)
Net cash inflows from financing activities		**(22,987,633)**	**191,589,951**
Net (decrease) / increase in cash and cash equivalents for the year		**(465,786,853)**	**(178,295,739)**
Movement in cash and cash equivalents			
At beginning of year	4(c)	747,648,907	925,944,646
(Decrease) / increase in cash and cash equivalents		(465,786,853)	(178,295,739)
At end of the year	4[c(i)]	**281,862,054**	**747,648,907**

AMANTE LANKA (PRIVATE) LIMITED
Notes to the financial statements
For the year ended 31 December 2023

	2023 Rs.	2022 Rs.
1. Revenue from contracts with customers		
Dealer and distribution sales	901,409,809	663,333,720
Retail sales	317,490,536	191,935,015
	1,218,900,345	**855,268,735**

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts, for goods supplied, stated net of discounts, provisions, sales returns and Value Added Tax (VAT). The Company recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefit will flow to the entity; and when specific criteria has been met for each of the Company's activity, as described below. The Company bases its estimates of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifications of each arrangement.

(a) Sale of goods - wholesale

The Company sells a range of women's garments in the wholesale market. Sales are recognised when the performance obligation is satisfied, being when the products are delivered to the customer. The customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Consignment sales

Consignment sales are recognised by the Company only when the performance obligation is satisfied by the consignee (dealer) to the final consumer (secondary sales).

(b) Sale of goods - retail

The Company operates in five exclusive boutique outlets and amante Online platform retailing women's garments. Revenue from the sale of goods is recognized when the respective retail outlet makes a sale to the final customer.

AMANTE LANKA (PRIVATE) LIMITED
Notes to the financial statements (Contd.)
For the year ended 31 December 2023

1. Revenue from contracts with customers (contd.)

	2023 Rs.	2022 Rs.
(c) Liabilities related to contracts with customers		
Contract liabilities – loyalty liability	210,542	30,147
Contract liabilities – gift vouchers	2,283,891	1,709,368
Contract liabilities – gift vouchers-ECOM	785,180	600,000
Total current contract liabilities	**3,279,613**	**2,339,515**

(i) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year.

	2023 Rs.	2022 Rs.
Revenue recognised that was included in the contract		
Liability balance at beginning of year	2,339,515	1,484,695
Issue of contract liabilities	4,333,420	3,277,000
Redemption during the year	(3,393,322)	(2,422,180)
Liability balance at end of year	**3,279,613**	**2,339,515**

The Company operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to discount on future purchases. A contract liability for the award points is recognised at the time of the sale. Revenue is recognised when the points are redeemed or when it is no longer probable that the points under the programme will be redeemed.

A contract liability is recognised until the points are redeemed or expired.

In general, all loyal customers will earn Rs 1 for every Rs 200 sales transaction they carry out with the Company.

2. Other income and expense items

This note provides a breakdown of the items included in 'other income', 'other gains / (losses), 'finance income and costs' and an analysis of expenses by nature. Information about specific profit and loss items (such as gains and losses in relation to financial instruments) is disclosed in the related statement of financial position notes.

	2023 Rs.	2022 Rs.
(a) Other gains		
Sale of scrapped inventory	50,318	30,316
	50,318	**30,316**

AMANTE LANKA (PRIVATE) LIMITED

Notes to the financial statements (Contd.)
For the year ended 31 December 2023

2. Other income and expense items - (contd.)

(b) Expenses by nature

Cost of sales

	2023 Rs.	2022 Rs.
Cost of goods sold	806,989,819	480,233,516
Other cost of sales / (reversal of costs)	1,560,000	(3,718,743)
Stock write-off (reversal)/provision)	921,388	-
	809,471,207	**476,514,773**
Administrative expenses		
Auditor's remuneration	1,690,000	881,888
Depreciation [Note 5(a)]	11,410,514	5,845,286
Amortization charge [Note 5(b)]	228,550	444,977
Depreciation charge of right-of-use assets [Note 5(f)]	29,482,163	18,163,787
Staff cost excluding directors emoluments [Note 2(c)]	89,197,081	83,889,132
Other maintenance	4,428,321	2,331,691
Foreign travel	1,249,460	998,027
Rent	1,838,013	-
Fees and charges	6,177,097	6,799,935
Electricity	4,122,242	1,695,848
Telecommunication	2,543,278	2,139,447
Other administrative expenses	28,187,884	27,467,780
	180,554,603	**150,657,798**
Distribution expenses		
Warehouse related expenses	81,693,925	40,196,851
Sponsorships	889,598	1,218,000
Advertising and sales promotion	99,943,025	44,599,320
Staff cost [Note 2(c)]	59,600,703	52,384,537
Bad and doubtful debts	12,525,287	-
	254,652,538	**138,398,708**
Total of cost of sales, distribution and administrative expenses	**1,244,678,348**	**765,571,279**

(c) Staff costs

	2023 Rs.	2022 Rs.
Salaries and wages	87,211,172	81,568,860
Defined contribution plans	7,983,621	7,486,659
Defined benefit obligations [Note 5(d)]	2,562,009	2,316,416
Bonus for executives and above employees	9,670,295	11,556,785
Vehicle rent	10,654,800	9,917,733
Sales Incentives for executives and above employees	14,531,524	15,576,339
Other benefits	16,184,364	7,850,877
	148,797,785	**136,273,669**

The number of employees as at the financial position date was 96 (2022 - 55).

AMANTE LANKA (PRIVATE) LIMITED
Notes to the financial statements (Contd.)
For the year ended 31 December 2023

			2023 Rs.	2022 Rs.
2.	**Other income and expense items - (contd.)**			
(d)	**Net finance (cost) / income**			
	Exchange gains		-	440,632
	Interest income		46,819,713	40,601,672
	Finance income		**46,819,713**	**41,042,304**
	Interest expense		(217)	(874,182)
	Interest expense for lease liability	5(f)	(8,316,360)	(2,908,409)
	Interest expense for lease liability last year reversal		-	1,345,596
	Exchange loss		(3,257,833)	-
	Finance cost		**(11,574,410)**	**(2,436,995)**
	Net finance income / (cost)		**35,245,303**	**38,605,309**
(e)	**Other income**			
	Sub-lease rental income		**3,000,000**	5,229,288
			3,000,000	**5,229,288**
3.	**Income tax expense**			
(a)	**Current tax**			
	Current tax on profits for the year		-	-
	Total current tax expense		-	-
	Over provision in respect of previous years		-	-
	Super gain taxes		-	-
	Income tax expense		**-**	**-**
(b)	**Reconciliation of accounting profit to income tax expense**			
	Profit before taxation		12,517,618	133,562,369
	Non business income			
	Aggregate disallowable expenses		68,393,193	43,712,780
	Aggregate allowable expenses		(100,038,921)	(84,248,533)
	Business income		(19,128,110)	93,026,616
	Income from other sources		46,819,713	40,601,672
	Tax loss claimed during the year		(27,691,603)	(133,628,288)
	Total statutory loss			
	Income tax charged at 30%		-	-
(c)	**Tax losses**			
	Tax loss brought forward		(1,072,215,397)	(1,205,843,685)
	Loss deducted during the year		27,691,603	133,628,288
	Tax loss carried forward		**(1,044,523,794)**	**(1,072,215,397)**

AMANTE LANKA (PRIVATE) LIMITED
Notes to the financial statements (Contd.)
For the year ended 31 December 2023

	2023	2022
	Rs.	Rs.
3. Income tax expense - (contd.)		
(d) Deferred tax liability		
Balance at beginning of year	-	-
Origination and reversal of temporary difference	-	
- Recognised in profit or loss	-	-
- Recognised in other comprehensive income	-	-
Balance as at end of year	**-**	**-**

Deferred tax assets have not been recognised in respect of carried forward tax losses at the year end, since it is not probable that future taxable profit will be adequate to utilize the available tax losses fully in the foreseeable future. Therefore no deferred tax asset has been recognized as at 31 December 2023.

4. Financial assets and financial liabilities

This note provides information about the financial instruments in Amante Lanka (Private) Limited . including:

- an overview of all financial instruments held by the Company
- specific information about each type of financial instrument
- Material accounting policy information
- information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.

The Company holds the following financial instruments:

Financial instruments by category

	Note	31.12.23	31.12.22
		Rs.	Rs.
(a) Financial instruments			
Financial assets			
Financial assets at amortised cost			
Trade receivables	4(b)	385,943,458	238,988,040
Intercompany receivables	4(b)	22,093,810	2,387,797
Cash and cash equivalents	4(c)	281,862,054	747,648,907
		689,899,322	**989,024,744**
Financial liabilities			
Liabilities at amortised cost			
Trade and other payables*	4(d)	257,325,294	293,898,950
Intercompany payable	4(d)	53,008,603	76,454,824
Lease liabilities	5(f)	103,931,521	16,293,215
Contract liabilities	5(g)	3,279,613	2,339,515
		417,545,031	**388,986,504**

* Non-financial liabilities are excluded from the trade payables balance, as this analysis is required only for financial instruments.

AMANTE LANKA (PRIVATE) LIMITED

Notes to the financial statements (Contd.)
For the year ended 31 December 2023

4. Financial assets and financial liabilities - (contd.)

(a) Financial instruments - (contd.)

The Company's exposure to various risks associated with the financial instruments is discussed in note 9. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned in page 12.

	31.12.23 Rs.	31.12.22 Rs.
(b) Trade and other receivables		
Trade receivables	414,826,996	255,346,291
Receivables from related parties [Note 13(c)]	22,093,810	2,387,797
Less: Loss allowance [Note 9.1(b)]	(28,883,538)	(16,358,251)
	408,037,268	**241,375,837**

(i) Classification as trade receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business from wholesale customers only. Trade receivables are generally due for settlement within 30 - 60 days and therefore are all classified as current. The Company's impairment and other Material accounting policy information for trade and other receivables are outlined in notes 9.1(b).

(ii) Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

(iii) Impairment and risk exposure

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables as mentioned. The Company holds collateral as security only for few specific customers.

	31.12.23 Rs.	31.12.22 Rs.
(c) Cash and cash equivalents		
Cash at bank and in hand	**281,862,054**	**747,648,907**

AMANTE LANKA (PRIVATE) LIMITED

Notes to the financial statements (Contd.)
For the year ended 31 December 2023

4. Financial assets and financial liabilities (contd.)

(i) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	31.12.23	31.12.22
	Rs.	Rs.
Cash at bank	281,236,143	747,198,963
Cash in hand	625,911	449,944
Total of favorable balance	**281,862,054**	**747,648,907**
Balances per statement of cash flows	**281,862,054**	**747,648,907**

(ii) Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable within 24 hours notice with no loss of interest.

	31.12.23	31.12.22
	Rs.	Rs.
(d) Trade and other payables		
Payables to related parties [Note 13(d)] .	53,008,603	76,454,824
Payroll tax and other statutory liabilities	37,582,287	25,806,164
Accrued expenses and other payables	219,743,007	268,092,786
	310,333,897	**370,353,774**

Accrued expenses and other payables mainly consist of Trade payables of LKR 114,926,255 (2022 - LKR 7,081,055), accruals of LKR 62,509,531 (2022 - LKR 48,361,098), Payable to vendors on purchase of inventory amounting to LKR 12,647,996 (2022 - LKR 261,260,909) and bonus provision of LKR NIL (2022 - LKR 12,237,113), Non-Trade Payable of LKR 29,659,225.

Trade payables are unsecured and are usually paid within the credit period of related Business channel.

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

AMANTE LANKA (PRIVATE) LIMITED

Notes to the financial statements (Contd.)
For the year ended 31 December 2023

4. Financial assets and financial liabilities (contd.)

(e) Borrowings

	31.12.23		31.12.22	
	Current Rs.	**Total Rs.**	**Current Rs.**	**Total Rs.**
Unsecured				
Bank overdrafts	Nil	Nil	Nil	Nil
Total unsecured borrowings	Nil	Nil	Nil	Nil
Total borrowings	**Nil**	**Nil**	**Nil**	**Nil**

AMANTE LANKA (PRIVATE) LIMITED

Notes to the financial statements

For the year ended 31 December 2023

5. Non-financial assets and liabilities

This note provides information about the Company's non-financial assets and liabilities, including:

- property, plant and equipment [Note 5(a)]
- intangible assets [Note 5(b)]
- inventories [Note 5(c)]
- employee benefit obligations [Note 5(d)]
- other current assets [note 5(e)]
- leases [note 5(f)]
- contract liabilities [note 5(g)]

Material accounting policy information

Information about determining the fair value of the assets and liabilities, including judgements and estimation uncertainty involved is presented in note 8.

	Office equipment Rs.	Computer equipment Rs.	Furniture and fittings Rs.	Visual merchandise Rs.	Motor vehicles Rs.	Total Rs.
(a) Property and equipment						
At 31 December 2021						
Cost	7,035,340	24,474,884	89,588,823	10,492,608	309,999	131,901,654
Accumulated depreciation	(6,936,190)	(23,390,282)	(74,404,165)	(10,492,608)	(309,999)	(115,533,244)
Net book amount	**99,150**	**1,084,602**	**15,184,658**	**-**	**-**	**16,368,410**
Year ended 31 December 2022						
Opening net book amount	99,150	1,084,602	15,184,658	-	-	16,368,410
Additions	659,858	8,278,499	4,457,869	-	-	13,396,226
Depreciation charge [Note 2(b)]	(144,354)	(1,303,935)	(4,396,997)	-	-	(5,845,286)
Closing net book amount	**614,654**	**8,059,166**	**15,245,530**	**-**	**-**	**23,919,350**
At 31 December 2022						
Cost	7,695,198	32,753,383	94,046,692	10,492,608	309,999	145,297,880
Accumulated depreciation	(7,080,544)	(24,694,217)	(78,801,162)	(10,492,608)	(309,999)	(121,378,530)
Net book amount	**614,654**	**8,059,166**	**15,245,530**	**-**	**-**	**23,919,350**
Year ended 31 December 2023						
Opening net book amount	614,654	8,059,166	15,245,530	-	-	23,919,350
Additions	2,276,552	1,346,500	41,456,793	3,603,330		48,683,175
Depreciation charge [Note 2(b)]	(318,933)	(2,542,787)	(8,112,318)	(436,475)		(11,410,513)
Net book amount	2,572,273	6,862,879	48,590,005	3,166,855	-	61,192,012
At 31 December 2023						
Cost	9,971,750	34,099,883	135,503,485	14,095,938	309,999	193,981,055
Accumulated depreciation	(7,399,477)	(27,237,004)	(86,913,480)	(10,929,083)	(309,999)	(132,789,043)
Net book amount	**2,572,273**	**6,862,879**	**48,590,005**	**3,166,855**	**-**	**61,192,012**

Property, plant & equipment fully depreciated as at 31 December 2023, but, still in use, are as follows : Computer equipment LKR 23,287,968 (2022- 23,096,360), Furniture & fittings LKR74,315,889.64 (2022 - 68,086,324), ERP/Computer Software LKR 47,873,163 , Motor Vehicles LKR 309,999 (2022 - 309,999) and Office equipment LKR 6,992,839.74 (2022 - 6,449,492.94).

AMANTE LANKA (PRIVATE) LIMITED
Notes to the financial statements (Contd.)
For the year ended 31 December 2023

5. Non-financial assets and liabilities (contd.)

(a) Depreciation methods and useful lives

All property, plant and equipment is recognised at historical cost less depreciation and impairment.

Depreciation is calculated using the straight-line method to allocate costs or revalued amounts, net of their residual values, over estimated useful life time. In the case of leasehold improvements and certain leased plant and equipment, the lease period, or the estimated useful life, whichever is lower has been considered in calculating depreciation. Estimated useful life times are as follows:

	31.12.23	**31.12.22**
Leasehold buildings	30 years	30 years
Furniture and fittings	5 years	5 years
Office equipment	5 years	5 years
Computer equipment	4 years	4 years
Computer software	4 years	4 years
Motor vehicles	4 years	4 years
Visual merchandise	3 years	3 years
Boutique fittings	1 - 2 years	1 - 2 years

See note 17(j) for the other Material accounting policy information relevant to property, plant and equipment.

(b) Intangible assets

	Computer software Rs.
Year ended 31 December 2022	
Opening net book amount	634,961
Amortisation charge	(444,977)
Closing net book amount	**189,984**
At 31 December 2022	
Cost	48,088,315
Accumulated amortisation and impairment	(47,898,331)
Net book amount	**189,984**
Year ended 31 December 2023	
Opening net book amount	**189,984**
Additions	**250,000**
Amortisation charge	**(228,550)**
Closing net book amount	**211,434**
At 31 December 2023	
Cost	**48,338,315**
Accumulated amortisation and impairment	**(48,126,881)**
Net book amount	**211,434**

Amortization of LKR 228,550 (2022 - LKR 444,977) is included in 'administrative expenses' in the income statement.

AMANTE LANKA (PRIVATE) LIMITED
Notes to the financial statements (Contd.)
For the year ended 31 December 2023

5. Non-financial assets and liabilities (contd.)

Amortisation methods and useful lives

Intangible assets wholly consist of acquired computer software and license. Acquisition cost of computer software is capitalised and amortised using the straight-line method over the useful life of 4 years.

	31.12.23 Rs.	31.12.22 Rs.
(c) Inventories		
Current assets		
Inventories at premises - Warehouse	792,169,101	421,385,570
Inventories at premises - Consignment stock locations	23,556,850	15,120,094
Inventories at premises - Racecourse boutique	11,704,232	13,457,590
Inventories at premises - Boutique located at Kandy City Centre	7,898,198	7,564,662
Inventories at premises - Marino Mall Boutique	8,679,147	5,487,960
Inventories at premises - Cool Planet Mall	10,957,955	-
Inventories at premises - Negombo	12,236,278	-
	867,201,761	463,015,876
Less: specific provision for consignment stock count differences	-	-
Less: specific provision for slow moving inventories	(10,473,583)	(10,473,583)
	856,728,178	**452,542,293**

(i) Details of the movement of provision for slow moving inventories are as follows;

At beginning of year	10,473,583	13,621,365
Provision made during the year	-	387,277
Write-offs through provisions made	-	(3,535,059)
	10,473,583	**10,473,583**

(i) Assigning costs to inventories

The cost of individual items is determined using weighted average cost.

(ii) Amounts recognised in profit or loss

Inventories consumed and recognised as an expense in cost of sales during the year ended 31 December 2023 amounted to LKR 806,989,819 (2022 – LKR 480,233,516).

(d) Retirement benefit obligations

The movement in the defined benefit obligations over the year is as follows :

	31.12.23 Rs.	31.12.22 Rs.
At beginning of year	9,638,465	9,862,274
Current service cost	827,086	1,231,565
Interest cost	1,734,924	1,084,850
Losses arising from changes in the assumptions	1,736,091	527,796
Contributions paid	(6,046,939)	(3,068,020)
At end of year	**7,889,627**	**9,638,465**

AMANTE LANKA (PRIVATE) LIMITED
Notes to the financial statements (Contd.)
For the year ended 31 December 2023

5. Non-financial assets and liabilities (contd.)

(d) Retirement benefit obligations (contd.)

The amounts recognised in the income statement are as follows :

	31.12.23	**31.12.22**
	Rs.	**Rs.**
Current service cost	827,086	1,231,566
Interest cost	1,734,924	1,084,850
Recognised in income statement [Note 2(c)]	**2,562,010**	**2,316,416**

Losses from remeasurement of retirement benefit obligation is as follows:

Loss / (gain) from change in financial assumptions	1,736,091	527,796
Recognised in other comprehensive statement	**1,736,091**	**527,796**

This obligation which is not externally funded and based on gratuity formula method as specified by the Institute of Chartered Accounts of Sri Lanka. The principal assumptions used for this purpose are as follows:

	31.12.23	**31.12.22**
Discount rate per annum	13.75%	18%
Annual salary increment rate	10%	15%
Retirement age	60 years	60 years

Sensitivity of assumptions used in the actuarial valuation

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

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

	31.12.23	**31.12.22**
	Rs.	**Rs.**
Effect on liability due to the discount rate increased by 1%	7,618,325	8,995,146
Effect on liability due to the discount rate decreased by 1%	8,182,558	10,365,316
Effect on liability due to the salary escalation rate increased by 1%	8,206,813	10,401,321
Effect on liability due to the salary escalation rate decreased by 1%	7,591,484	8,954,636

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

AMANTE LANKA (PRIVATE) LIMITED
Notes to the financial statements (Contd.)
For the year ended 31 December 2023

5. Non-financial assets and liabilities (contd.)

(d) Retirement benefit obligations (contd.)

Risk exposure
Through its defined benefit pension plan the Company is exposed to a number of risks, the most significant of which are detailed below:

Changes in bond yield rates
A decrease in government bond yield rates will increase plan liabilities.

Inflation risks
Some of the Company's pension obligations are linked to salary inflation, and higher inflation will lead to higher liabilities.

Life expectancy
The plan main obligation is to provide benefits to each member, so that it increases his life expectancy resulting in an increase in liabilities.

	31.12.23 Rs.	31.12.22 Rs.
(e) Other current assets		
Prepayments and other receivables	47,912,682	23,741,950
Supplier advances	210,403,674	420,481,540
	258,316,356	**444,223,490**

(f) Leases

(i) Amounts recognised in the balance sheet
The statement of financial position shows the following amounts relating to leases:

	31.12.23	31.12.22
Right-of-use assets		
Buildings	98,799,010	17,618,956
	98,799,010	**17,618,956**
Lease liabilities		
Current	**16,800,069**	**15,959,270**
- Buildings	16,800,069	15,959,270
Non-current	**87,131,452**	**333,945**
- Buildings	87,131,452	333,945
	103,931,521	**16,293,215**

Additions of the right-of-use assets during the financial year 2023 amounted to LKR 110,675,900

AMANTE LANKA (PRIVATE) LIMITED
Notes to the financial statements (Contd.)
For the year ended 31 December 2023

5. Non-financial assets and liabilities (contd.)

(f) Leases (contd.)

(ii) Amounts recognised in the statement of profit or loss

The statement of comprehensive income shows the following amounts relating to leases:

	2023 Rs.	31.12.22 Rs.
Depreciation charge of right-of-use assets		
Buildings	29,482,163	18,163,787
Interest expense (included in finance cost)	8,316,360	2,908,409
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	Nil	Nil
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	Nil	Nil
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)	Nil	Nil
The total cash outflow for leases were,	(23,023,912)	(15,164,070)

(iii) The Company's leasing activities and how these are accounted for

The Company has leased out an office building and Five owned retail stores. Rental contracts are typically made for fixed periods of 2 to 5 years, but may have extension options as described in (vi) below.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee has elected not to separate lease and non-lease components. However the Company, instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

AMANTE LANKA (PRIVATE) LIMITED
Notes to the financial statements (Contd.)
For the year ended 31 December 2023

5. Non-financial assets and liabilities (contd.)

(f) Leases (contd.)

(iii) The Company's leasing activities and how these are accounted for (Contd.)

Lease payments to be made under reasonably certain extended options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(vi) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

Extension and termination options are included in the lease agreement. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The extension and termination options held are exercisable by both the Company and by the respective lessor.

AMANTE LANKA (PRIVATE) LIMITED
Notes to the financial statements (Contd.)
For the year ended 31 December 2023

5. Non-financial assets and liabilities (contd.)

(f) Leases (contd.)

(v) Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of the building and premises, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically r to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and bu required to replace the leased asset.
- Extension option in the lease have not been included in the lease liability, because the Company has determ replace the assets without significant cost or business disruption.

	31.12.23	31.12.22
	Rs.	Rs.
(g) Contract liabilities		
The movement in the deferred income over the year is as follows :		
Gift voucher liability	3,069,071	2,309,368
Loyalty liability	210,542	30,147
	3,279,613	**2,339,515**
At beginning of year	2,339,515	1,484,695
Deferred during the year	4,333,420	3,277,000
Credited to income statement	(3,393,322)	(2,422,180)
At end of year	**3,279,613**	**2,339,515**
Current portion	**3,279,613**	**2,339,515**

AMANTE LANKA (PRIVATE) LIMITED

Notes to the financial statements (Contd.)
For the year ended 31 December 2023

6. Equity

(a) Stated capital

	Shares	Values
Ordinary shares - Fully paid	744,856,040	2,761,313,210
Preference shares	55,728,846	206,754,021
As at 31 December 2022	**800,584,886**	**2,968,067,231**

	Shares	Values
Ordinary shares - Fully paid	744,856,040	2,761,313,210
Preference shares	55,728,846	-
Preference shares issued during the year	9,779	36,279
As at 31 December 2023	**800,594,665**	**2,761,349,489**

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of shares held and amounts paid.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. All the ordinary shares are held by Reliance Retail Ventures Limited as at 31 December 2023.

During the year 2023, Amante Lanka (Private) Limited issued 9,779 number of preference shares at the value of LKR 36,279 to Reliance Retail Ventures Limited. These preference shares are entitled to a dividend of 0.01% and are non cumulative, convertible, and redeemable at the option of the issuer.

(b) Accumulated losses

Movement in accumulated losses is as follows:

	31.12.23 Rs.	31.12.22 Rs.
At beginning of year	(1,439,173,383)	(1,572,207,956)
Profit for the year	12,517,618	133,562,369
Other comprehensive (expenses) / income for the year	(1,736,091)	(527,796)
At end of year	**(1,428,391,856)**	**(1,439,173,383)**

AMANTE LANKA (PRIVATE) LIMITED
Notes to the financial statements (Contd.)
For the year ended 31 December 2023

7. Cash flow information

Cash used in operations

Reconciliation of profit before income tax to (cash used in) operations:

Profit before income tax	12,517,618	133,562,369
Adjustments for:		
Depreciation on property, plant and equipment [Note 5(a)]	11,410,514	5,845,286
Gain from reversal of lease liability	-	(2,878,483)
Provision for defined benefit obligations [Note 5(d)]	2,562,010	2,316,416
Provision for bad debts	12,525,287	-
Interest expense [Note 2(d)]	8,316,577	2,436,995
Sub lease rental income 2(e)]	(3,000,000)	(5,229,288)
Interest income [Note 2(d)]	(46,819,713)	(40,601,672)
Amortisation of intangible assets [Note 5(b)]	228,550	444,977
Amortisation charge of right-of-use assets	29,482,163	18,163,787
Changes in working capital		
- Decrease in inventory	(404,185,885)	(379,562,441)
- Increase in trade and other receivables	(179,186,717)	(140,900,949)
- Decrease in other current asset	185,907,134	(290,830,485)
- Increase / (decrease) in trade and other payables	(60,019,877)	299,563,259
- Increase contract liability	940,097	854,820
Cash used in operations	**(429,322,242)**	**(396,815,409)**

AMANTE LANKA (PRIVATE) LIMITED
Notes to the financial statements (Contd.)
For the year ended 31 December 2023

8. Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in notes 3 and 5 together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

Significant estimates and judgements

The areas involving significant estimates or judgements are:

- Estimation of current tax payable and current tax expense – [Note 3(b)]
- Estimated useful life of intangible asset – [Note 5(b)]
- Estimation of defined benefit pension obligation – [Note 5(d)]
- Impairment of assets - [Note 9(b)]

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

9. Financial risk management

This note explains the Company's exposure to financial risks and how these risks could affect the Company's future financial performance. Current year comprehensive income information has been included where relevant to add further context.

Risk	**Exposure arising from**	**Measurement**	**Management**
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in USD	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Credit risk	Cash and cash equivalents, trade receivables	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

AMANTE LANKA (PRIVATE) LIMITED
Notes to the financial statements (Contd.)
For the year ended 31 December 2023

9. Financial risk management (contd.)

The Company's risk management is carried out by a central treasury department (the Group treasury) under policies approved by the board of directors. The Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

9.1 Financial risk factors

The Company is exposed to a variety of financial risks. These include credit risks, interest rate risks and liquidity risks. Based on our economic outlook and the Company's exposure to these risks, the Board of the Company approves various risk management strategies from time to time.

(a) Market risk

(i) Foreign exchange risk

The Company is sensitive to the fluctuations in exchange rates and is principally exposed to fluctuations in the value of the United States Dollar (USD) against the Sri Lankan Rupee (LKR). The Company's functional currency is LKR in which most of the transactions are denominated, and all other currencies are considered foreign currencies for reporting purposes. Certain bank balances, trade and other payables and borrowings are denominated in foreign currencies.

The Company's Financial Statements which are presented in Sri Lankan Rupees, are affected by foreign exchange fluctuations through both translation risk and transaction risk. Changes in foreign currency exchange rates may affect the Company's pricing of products sold and materials purchased in foreign currencies. In particular, strengthening of the Sri Lankan Rupee against the United States Dollar can have adverse effects on the Company's operating results through its impact on overheads incurred in Sri Lanka.

The table below shows the Company's sensitivity to reasonable possible change in exchange rate of LKR against USD, assessed by the Company, while all other variables are held constant. The USD is the major currency in which Company's financial liabilities are denominated after the Company's presentation and document currency - LKR. The movement in exchange rate is not deemed to have a material effect on equity.

Sensitivity of the exchange rate of LKR against USD

	2023 Increase / decrease in income LKR	2022 Increase / decrease in income LKR
10% increase / decrease	(11,492,625)	(708,106)
15% increase / decrease	(24,134,514)	(1,487,022)
20% increase / decrease	(38,040,590)	(2,343,829)

The Company uses currency forwards to manage its currency risk. Risk management policies are recommended by the Group. Treasury is approved by the Board of Directors.

AMANTE LANKA (PRIVATE) LIMITED
Notes to the financial statements (Contd.)
For the year ended 31 December 2023

9. Financial risk management (contd.)

9.1 Financial risk factors (contd.)

(b) Credit risk
The credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to foreign customers, including outstanding receivables and committed transactions.

(i) Risk management
Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by line management.

Sales to individual customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

(ii) Impairment of financial assets
The Company has the following financial asset that is subject to the expected credit loss model:

Trade receivables from the sale of inventory
While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables
The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a life time expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 12 month before 31 December 2023 or 1 January 2024 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of the countries in which it sells its services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

AMANTE LANKA (PRIVATE) LIMITED
Notes to the financial statements (Contd.)
For the year ended 31 December 2023

9. Financial risk management (contd.)
9.1 Financial risk factors (contd.)

(b) Credit risk (contd.)

The closing loss allowances for trade receivables and contract assets as at 31 December 2023 reconcile to the opening loss allowances as follows:

	Trade receivables	
	31.12.23	**31.12.22**
Opening loss allowance as at 1 January	16,358,250	16,776,878
Increase in loss allowance recognised in comprehensive income during the year	12,525,287	-
Write off during the year	-	(418,628)
At 31 December	**28,883,537**	**16,358,250**

(iii) Significant estimates and judgements

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables above.

(iv) Net impairment losses on financial and contract assets recognised in profit or loss

During the year, the following gains/(loss) were recognised in comprehensive income in relation to impaired financial assets:

	31.12.23	**31.12.22**
	Rs.	**Rs.**
Impairment losses		
- movement in loss allowance for trade receivables	12,525,287	-
Net impairment losses on financial and contract assets	**12,525,287**	**-**

The above impairment losses, LKR 12,525,287 (2022– LKR NIL) relate to receivables arising from contracts with customers.

The credit risk arises from trade and other receivables which are mainly consist of local customers.

AMANTE LANKA (PRIVATE) LIMITED
Notes to the financial statements (Contd.)
For the year ended 31 December 2023

9. Financial risk management (contd.)
9.1 Financial risk factors (contd.)

(b) Credit risk (contd.)

Bank balance
The Company limits its exposure to credit risk on bank balances by maintaining balances with reputable and credit worthy bank having high credit ratings.

	31.12.23 Rs.	31.12.22 Rs.
Cash at bank and short-term bank deposits (Fitch ratings)		
A	234,190,344	393,049,546
AAA	211,403	800,838
AA-	46,834,396	354,041,499
Total	**281,236,143**	**747,891,883**

Commercial Bank PLC	A
Standard Chartered Bank	AAA
The Hongkong and Shanghai Banking Corporation	AA-

AMANTE LANKA (PRIVATE) LIMITED
Notes to the financial statements (Contd.)
For the year ended 31 December 2023

9. Financial risk management (contd.)

(c) Liquidity risk

Cash flow forecasting is performed by the Finance Division. The Finance Division monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company’s debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions.

The note 9(d) analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

(d) Contractual maturities of financial liabilities

	Less than 6 months	6 – 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Fair value adjustment	Carrying amount (assets) / liabilities
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At 31 December 2023								
Non-derivatives								
Trade and other payables	257,325,294	-	-	-	-	257,325,294	-	257,325,294
Intercompany payable	53,008,603	-	-	-	-	53,008,603	-	53,008,603
Lease liabilities	8,204,598	8,595,471	14,606,465	56,417,983	16,107,004	103,931,521	-	103,931,521
Contract liability	3,279,613	-	-	-	-	3,279,613	-	3,279,613
Total non-derivatives	**321,818,108**	**8,595,471**	**14,606,465**	**56,417,983**	**16,107,004**	**417,545,031**	**-**	**417,545,031**
At 31 December 2022								
Trade and other payables	293,898,950	-	-	-	-	268,341,964	-	268,341,964
Intercompany payable	76,454,824	-	-	-	-	76,454,824	-	76,454,824
Lease liabilities	8,424,485	7,534,785	333,945	-	-	16,293,215	-	16,293,215
Contract liability	2,339,515	-	-	-	-	2,339,515	-	2,339,515
Total non-derivatives	**381,117,774**	**7,534,785**	**333,945**	**-**	**-**	**363,429,518**	**-**	**363,429,518**

AMANTE LANKA (PRIVATE) LIMITED

Notes to the financial statements (Contd.)

For the year ended 31 December 2023

10. Contingent liabilities and contingent assets

There were no contingent income or liabilities that existed as at the statement of financial position date.

11. Commitments

(a) Capital commitments

There were no material capital commitments outstanding at the statement of financial position date.

12. Events after the reporting period

No significant events have occurred since the statement of financial position date, which would require adjustments to, or disclosure in the financial statements.

13. Related party transactions

(a) Parent entities

The Company is controlled by the following entities:

Name	Type	Place of incorporation	Ownership interest as at 31 December	
			2023	**2022**
Reliance Retail Ventures Limited	Immediate Parent	Sri Lanka	**100%**	**100%**

Ultimate parent of the company is Reliance Industries Limited India

The following transactions occurred with related parties:

(b) Related party transactions during the year

	Relationship	Nature of the Transaction	2023 Rs.	2022 Rs.
Purchase of goods / services				
Amante Exports (Private) Limited	Affiliate	Purchase of Goods	62,643,540	145,314,863
		Expense Reimbursment	4,086,249	-
			66,729,789	**145,314,863**
Sale of goods / services				
Amante India (Private) Limited	Affiliate	Sales of Goods	-	121,472
Amante Exports (Private) Limited	Affiliate	Sales of Goods	21,661,172	14,558,235
		Expense Reimbursment	6,227,346	-
			27,888,518	**14,679,707**
Receipts from related parties				
Amante Exports (Private) Limited	Affiliate	Receipts from	7,183,827	20,067,372
			7,183,827	**20,067,372**

AMANTE LANKA (PRIVATE) LIMITED
Notes to the financial statements (Contd.)
For the year ended 31 December 2023

13. Related party transactions (contd.)

(b) Related party transactions during the year contd.)

		Relationship		2023 Rs.	2022 Rs.
	Payments made to related parties				
	Amante Exports (Private) Limited	Affiliate	Payment Made	90,176,010	25,306,683
				90,176,010	**25,306,683**
(c)	**Receivables from related parties**				
	Amante India (Private) Limited	Affiliate	Receivables	-	1,227,886
	Amante Exports (Private) Limited	Affiliate	Receivables	21,864,603	1,159,911
	Total receivables from related parties			**21,864,603**	**2,387,797**
(d)	**Payables to related parties**				
	Amante Exports (Private) Limited	Affiliate	Payables	53,008,603	76,454,824
	Total payables to related parties			**53,008,603**	**76,454,824**

14. (a) Basic earning per share

Total basic earning / (loss) per share attributable to the ordinary equity holders of the Company [Note 14(b)]	0.02	0.18

(b) Reconciliations of profit / (losses) used in calculating basic earning / (loss) per share

Basic earning/ (loss) per share		
Profit / (loss) attributable to the ordinary equity holders of the Company used in calculating basic earning / (loss) per share:	12,517,618	133,562,369
Weighted average number of ordinary shares	744,856,040	744,856,040
Profit / (loss) per share	0.02	0.18

15. Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

AMANTE LANKA (PRIVATE) LIMITED

Notes to the financial statements (Contd.)
For the year ended 31 December 2023

16. General information

Amante Lanka (Private) Limited, is a company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 532/1A, Sirikotha Lane, Colombo 03, Sri Lanka. With effect from 24 January 2023, the Company's registered office and principle place address has been changed to No 180, Bauddahaloka Mawatha, Colombo 04, Sri Lanka. The principal activity of the Company is buying and selling of women's lingerie in Sri Lanka.

17. Material accounting policy information

Material accounting policy information adopted in the preparation of these financial statements are set out below.

(a) Basis of preparation

(i) **Compliance with SLFRS/LKAS**

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards ("SLFRS"s), Sri Lanka Accounting Standards ("LKAS"s), relevant interpretations of the Standing Interpretations Committee ("SIC") and International Financial Reporting Interpretations Committee ("IFRIC"). Sri Lanka Accounting Standards further comprises of Statements of Recommended Practices (SoRPs), Statements of Alternate Treatments (SoATs) and Financial Reporting Guidelines issued by the Institute of Chartered Accountants of Sri Lanka. These financial statements have been prepared under the historical cost convention except for financial assets and liabilities which are measured at fair value. The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's Material accounting policy information. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's financial statements are disclosed in note 8 to the financial statements.

New and amended Sri Lanka Accounting Standards that are effective for the current year

In the current year, a number of amendments to Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

01. SLFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to SLFRS 17)
02. Amendments to LKAS 1 Presentation of Financial Statements and SLFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies.
03. Amendments to LKAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
04. Amendments to LKAS 12 Income Taxes— International Tax Reform—Pillar Two Model Rules.
05. Amendments to LKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

AMANTE LANKA (PRIVATE) LIMITED
Notes to the financial statements (Contd.)
For the year ended 31 December 2023

17. Material accounting policy information (contd.)

(a) Basis of preparation (contd.)

(i) **Compliance with SLFRS/LKAS (Contd.)**
New and revised Sri Lanka Accounting Standards in issue but not yet effective
At the date of authorisation of these financial statements, the Company has not applied the following new and revised Sri Lanka Accounting Standards that have been issued but are not yet effective.

Accounting Standards	Description
01.Amendments to SLFRS 10 and LKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
02.Amendments to LKAS 1	Classification of Liabilities as Current or Non-current / Non-current Liabilities with Covenants
03. Amendments to LKAS 7 and SLFRS 7	Supplier Finance Arrangements
04. Amendments to SLFRS 16	Lease Liability in a Sale and Leaseback

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

(b) Going concern
The directors have, at the time of approving the financial statements, a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

(c) Foreign currency translation

(i) Foreign currency transactions are accounted for using the exchange rates prevailing at the date of the transactions or valuations where items are re-measured. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in the income statement. Such balances are translated at year end exchange rates.

(ii) The functional currency is Sri Lanka Rupees since the Company uses Sri Lanka Rupees in majority of its transactions such as sales, purchases and purchases of property, plant and equipment.

(d) Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The specific Material accounting policy information for the Company's main types of revenue are explained in note 1.

AMANTE LANKA (PRIVATE) LIMITED

Notes to the financial statements (Contd.)
For the year ended 31 December 2023

17. Material accounting policy information (contd.)

(e) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate of the jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period by the inland revenue. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(i) Current taxes

Provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act.

(ii) Deferred income taxes

Deferred tax is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

Deferred income tax asset are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax asset and liabilities are offset when there is a legally enforceable right to offset current tax asset against current tax liabilities. When the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority.

(f) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(g) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

AMANTE LANKA (PRIVATE) LIMITED
Notes to the financial statements (Contd.)
For the year ended 31 December 2023

17. Material accounting policy information (contd.)

(h) Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. See note 4(b) for further information about the Company's accounting for trade receivables and note 9(iii) for a description of the Company's impairment policies.

(i) Inventories

Inventories are stated at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. The cost of finished goods is determined using the weighted average method. It excludes borrowing costs. Goods in transit are valued at actual cost. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(j) Property, plant and equipment

The Company's accounting policy for land and buildings is explained in note 5(a). All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to comprehensive income during the reporting period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are recognized, net of tax, in comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognized in comprehensive income, the increase is first recognized in comprehensive income. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to comprehensive income. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to comprehensive income and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

The depreciation methods and periods used by the Company are disclosed in note 5(a).

The asset's residual value and useful life is reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in comprehensive income. When revalued assets are sold, it is Company policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

AMANTE LANKA (PRIVATE) LIMITED
Notes to the financial statements (Contd.)
For the year ended 31 December 2023

17. Material accounting policy information (contd.)

(k) Intangible assets

(i) **Software & licenses**
Costs associated with maintaining software programmes are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalized development costs are recorded as intangible assets and amortized from the point at which the assets are ready for use.

(ii) Amortization methods and periods
Refer to note 5(b) for details about amortization methods and periods used by the Company for intangible assets.

(l) Trade and other payables
These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

(m) Provisions
Provisions for legal claims, service warranties and make good obligations are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

AMANTE LANKA (PRIVATE) LIMITED

Notes to the financial statements (Contd.)
For the year ended 31 December 2023

17. Material accounting policy information (Contd.)

(n) Employee benefits

(i) Defined benefit obligations

A defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plan define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the statement of financial position date together with adjustments for unrecognized past-service costs. The defined benefit obligation is calculated using the formula method recommenced by the Institute of Chartered Accountants of Sri Lanka which is based on the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using yield rates of government treasury bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Remeasurement gains / (losses) of defined benefit obligations arising from the experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in income, unless the change to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case the past service costs are amortized on straight line basis over the vesting period.

(ii) Defined contribution plans

All employees of the Company in Sri Lanka are members of the Employees' Provident Fund and Employees' Trust Fund, to which the Company contributes 12% and 3% respectively, of such employees' basic or consolidated wage or salary.

(iii) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Company.

(o) Stated capital

Ordinary shares of the Company are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any company purchases the Company’s equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company’s equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company’s equity holders.

AMANTE LANKA (PRIVATE) LIMITED

Notes to the financial statements (Contd.)
For the year ended 31 December 2023

17. Material accounting policy information (contd.)

(p) Profit / (loss) per share

Basic profit / (loss) per share

Basic profit / (loss) per share is calculated by dividing:

- the profit / (loss) attributable to owners of the Company
- by the weighted average number of ordinary shares outstanding during the financial year

(q) Investments and other financial assets

(i) **Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and

- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in comprehensive income or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) **Recognition and derecognition**

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(iii) **Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

AMANTE LANKA (PRIVATE) LIMITED

Notes to the financial statements (Contd.)
For the year ended 31 December 2023

17. Material accounting policy information (contd.)

(q) Investments and other financial assets (contd.)

(iii) **Measurement (contd.)**

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent sole payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in comprehensive income and presented in other gains/(loss) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent sole payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to comprehensive income and recognized in other gains/(loss). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(loss) and impairment expenses are presented as separate line item in the statement of comprehensive income.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in comprehensive income as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(loss) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

AMANTE LANKA (PRIVATE) LIMITED
Notes to the financial statements (Contd.)
For the year ended 31 December 2023

17. Material accounting policy information (contd.)

(q) Investments and other financial assets (contd.)

(iv) **Impairment**

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see note 9(b) for further details.

Comparatives figures, when necessary, have been adjusted to conform with changes in presentation in the current year.