

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2020

OF

**NINA LANKA CONSTRUCTION TECHNOLOGIES
(PVT) LTD**

REGISTERED ADDRESS;

No 116/10,
ROSMEAD PLACE,
COLOMBO 07,

DINITWAY PARTNERS
Chartered Accountants
Colombo.



INDEPENDENT AUDITOR'S REPORT

**TO THE SHAREHOLDERS OF NINA LANKA CONSTRUCTION TECHNOLOGIES
(PVT) LTD**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nina Lanka Construction Technologies (Pvt) Ltd, which comprise the statement of financial position as at March 31, 2020, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2020, and of its financial performance and 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standard for Small and Medium-sized Entities "SLFRS for SMEs", and for such internal controls as the management determines are 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, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Report on Other Legal and Regulatory Requirements

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



DINITWAY PARTNERS

CHARTERED ACCOUNTANTS

Colombo.

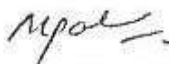
May 29, 2020.



STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31st March

	Notes	2020 LKR	2019 LKR
Revenue	3	1,980,132	7,086,733
Cost of Sales	4	(6,860,989)	(6,366,617)
Gross Income		(4,880,857)	720,116
Administrative Expenses	5	(2,934,187)	(2,471,147)
Results from Operating Activities		(7,815,044)	(1,751,031)
Finance Expenses	6	(130,093)	(2,224,589)
Profit / (Loss) before Tax		(7,945,136)	(3,975,620)
Tax Expense		-	-
Profit / (Loss) after Tax		(7,945,136)	(3,975,620)



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Figures in brackets indicate deductions.

Notes to the Financial Statements from Pages 7 to 13 form an integral part of these Financial Statements.




STATEMENTS OF FINANCIAL POSITION

As at 31 March 2020

	Notes	2020 LKR	2019 LKR
ASSETS			
Non-Current Assets			
		-	-
Current Assets			
Inventories	7	1,894,299	1,261,855
Trade and Other Receivables	8	10,626,286	11,581,077
Cash and Cash Equivalents	9	3,151,250	9,100,278
Total Current Assets		15,671,835	21,943,210
TOTAL ASSETS		15,671,835	21,943,210
EQUITY AND LIABILITIES			
Equity			
Stated Capital	10	15,850,000	15,850,000
Retained Earnings		(6,557,581)	1,387,555
Total Equity		9,292,419	17,237,555
Current Liabilities			
Trade and Other Payables	11	6,379,416	4,705,655
Total Current Liabilities		6,379,416	4,705,655
TOTAL EQUITY AND LIABILITIES		15,671,835	21,943,210

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.


.....
Head of Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and signed for and on behalf of the Board of Directors of the company,


.....
Director


.....
Director

19 May, 2020
Colombo,

Audit Report on Page 1 and 2

Figures in brackets indicate deductions.

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STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31st March

	Stated Capital LKR	Retained Earnings LKR	Total Equity Rs. LKR
Balance as at 31st March 2018	3,500,000	5,363,175	8,863,175
Issue of Shares	12,350,000	-	12,350,000
Profit / (Loss) for the period	-	(3,975,620)	(3,975,620)
Balance as at 31 March 2019	15,850,000	1,387,555	17,237,555
Profit / (Loss) for the period	-	(7,945,136)	(7,945,136)
Balance as at 31st March 2020	15,850,000	(6,557,581)	9,292,419



Audit Report on Page 1 and 2

Figures in brackets indicate deductions.

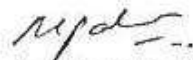
Notes to the Financial Statements from Pages 7 to 13 form an integral part of these Financial Statements.



STATEMENTS OF CASH FLOWS

For the Year Ended 31st March

	Notes	2020 LKR	2019 LKR
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit / (Loss) before Taxation		(7,945,136)	(3,975,620)
<i>Adjustments For:</i>			
Profit on sale of Fixed Assets		-	(23,501)
Bad Debt		748,259	-
Operating Profit before Working Capital Changes		(7,196,877)	(3,999,121)
(Increase) / Decrease in Inventories		(632,443)	1,251,631
(Increase) / Decrease in Trade and other Receivables		206,532	(1,312,097)
Increase / (Decrease) in Trade and Other Payables		1,673,761	(2,094,071)
Income Tax paid during the year		-	(517,820)
Net Cash from Operating Activities		(5,949,028)	(6,671,479)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
Investment in Fixed Deposit		-	(2,500,000)
Sale of Fixed Assets		-	500,000
Net Cash used in Investing Activities		-	(2,000,000)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES			
Issue of Shares		-	12,350,000
Net Cash from (used in) Financing Activities		-	12,350,000
Net Increase / (Decrease) in Cash & Cash Equivalents		(5,949,028)	3,678,521
Cash & Cash Equivalents at the beginning of the year		9,100,278	2,921,757
Cash & Cash Equivalents at the end of the year		3,151,250	6,600,278
Analysis of Cash & Cash Equivalents			
Cash & Bank Balances	9		
Cash at Bank		3,142,245	6,599,990
Cash in hand		9,005	288
		3,151,250	6,600,278



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Figures in brackets indicate deductions.

Notes to the Financial Statements from Pages 7 to 13 form an integral part of these Financial Statements.




NINA LANKA CONSTRUCTION TECHNOLOGIES (PVT) LTD

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2020

1. CORPORATE INFORMATION**1.1. General**

Nina Lanka Construction Technologies (Private) Limited ("the Company") is in the business of waterproofing services. It offers end-to-end solutions in waterproofing. The Company has its major presence across the construction spectrum - including residential, commercial, industrial, and institutional and Infrastructure segments. The registered office of the Company and the principal place of business is located at No 116/10, Rosmead Place, Colombo 07. The Company was incorporated on February 20, 2017. The Company is subsidiary of Nina Waterproofing Systems Pvt Ltd.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1. Basis of Preparation**

These financial statements have been prepared in accordance with the Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka. These financial statements are prepared on the historical cost basis in accordance with Generally Accepted Accounting Principles and the Sri Lanka Accounting Standards for SMEs. No adjustment is made for inflationary factors affecting these accounts.

The said financial statements are presented in Sri Lankan Rupees which is the company's functional currency.

Comparative Information

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

2.2. Going Concern

When preparing the financial statements the Management has assessed the ability of the Company to continue as a going concern. The Management has its reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company does not foresee a need for liquidation or cessation of operations, taking into account all available information about future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

2.3. Taxation**Current Taxes**

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed accordance with the provisions of the Inland Revenue Act No. 24 of 2017.



NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2020

2.4. Financial Instruments*(i) Financial Assets**(a) Trade and Other Receivable*

Trade and other receivable are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

*(ii) Financial Liabilities**(a) Trade and Other Payables*

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade Payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

(b) Liabilities and Provisions

All known liabilities as at the balance sheet date have been included in the financial statements. A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

2.5 Foreign Currency Translation**2.5.1 Functional and Presentation Currency**

Transaction and balances included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Sri Lanka Rupees (LKR), which is the company's presentation currency.

2.5.2 Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

Translation differences related to changes in amortized cost are recognized in the statement of comprehensive income.



NINA LANKA CONSTRUCTION TECHNOLOGIES (PVT) LTD

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2020

2.6 Property, Plant and Equipment**(a) Cost**

Property, Plant and Equipment are stated cost less accumulated depreciation and any accumulated impairment losses. Replacement or major inspection costs are capitalized when incurred and if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

(b) Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of Property, Plant and Equipment. All other expenditure is recognized in the Income Statement as an expense as incurred.

(c) De-recognition

An item of Property, Plant and Equipment is derecognized upon disposal when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of asset is calculated as the difference between the net disposal proceeds and the carrying amount.

(d) Capital Work-in-Progress

Capital work-in-progress represents the accumulated cost of materials and other costs directly related to the construction of an asset. Capital Work-in-progress is transferred to the respective asset accounts at the time it is substantially completed and ready for its intended use.

2.7 Inventories

Inventories are stated at the lower cost and net realizable value. Raw materials, consumables, work in progress and spares are stated at cost.

The cost includes purchase price of raw materials, consumables and spares determined using the weighted average cost method and actual cost.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognized immediately in profit or loss.

2.8 Income Statement**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 trade discounts and sales taxes. The following specific criteria are used for the purpose of recognizing of revenue.



NINA LANKA CONSTRUCTION TECHNOLOGIES (PVT) LTD
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2020

2.9 Expenditure Recognition

- (a) 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 the 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 income in arriving at the profit/(loss) for the year.

2.10 Events occurring after the Reporting Period

The directors monitor events closely and where necessary adjustments or disclosures are made in the current Financial Statements in respect of material post balance sheet events as appropriate.


2.11 Contingent Liabilities

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

2.12 Statement of Cash Flow

The cash flow statement has been prepared by using Indirect Method in accordance with the SLFRS for SME Section 7 on Cash flow statements.

The Indirect Method discloses the profit or loss adjusted by the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March

	2020 LKR	2019 LKR
3 REVENUE		
Construction Income	1,878,427	7,049,054
Interest Received from Bank	101,704	14,178
Profit on Sale of Assets	-	23,501
	<u>1,980,132</u>	<u>7,086,733</u>
4 COST OF SALES		
Opening Stock	1,261,855	2,513,486
Add : Purchases	2,477,307	2,070,532
Direct Overheads	4.1 5,016,126	3,044,454
	<u>8,755,288</u>	<u>7,628,472</u>
Less: Closing Stock	(1,894,299)	(1,261,855)
	<u>6,860,989</u>	<u>6,366,617</u>
4.1 DIRECT OVERHEADS		
Site Staff Salaries & Wages	4,540,782	2,051,762
Site Expenses	475,344	992,692
	<u>5,016,126</u>	<u>3,044,454</u>
5 ADMINISTRATIVE EXPENSES		
Travelling and Conveyance Expense	322,057	746,487
Rent Expense	895,058	1,234,100
Audit Fees	23,000	23,000
Site Office expense	306,645	417,560
Legal & Professional Fees	639,167	50,000
Bad Debts	748,259	-
	<u>2,934,187</u>	<u>2,471,147</u>
6 FINANCE EXPENSES		
Bank Charges	72,820	194,393
Exchange Loss	57,273	2,030,197
	<u>130,093</u>	<u>2,224,589</u>

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2020

		2020	2019
		LKR	LKR
7 INVENTORIES			
Raw Materials		1,894,299	1,261,855
		<u>1,894,299</u>	<u>1,261,855</u>
8 TRADE AND OTHER RECEIVABLES			
Trade Debtors	8,417,363		
Less : Provision for Bad Debt	<u>748,259</u>		
Net Trade Debtors		7,669,104	8,070,758
Retention Receivable		2,957,182	2,957,182
Interest Receivables		-	14,178
Debtors Uncertified Work		-	538,959
		<u>10,626,286</u>	<u>11,581,077</u>
9 CASH AND CASH EQUIVALENTS			
Cash at Bank		3,142,245	6,599,990
Fixed Deposit		-	2,500,000
Petty Cash		9,005	288
		<u>3,151,250</u>	<u>9,100,278</u>

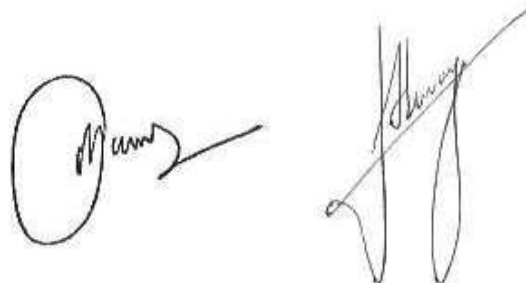
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NOTE TO THE FINANCIAL STATEMENTS

As at 31 March 2020

	2020 LKR	2019 LKR
11 STATED CAPITAL		
Issued and Fully Paid		
1,585,000 Equity Shares @ LKR 10/-	<u>15,850,000</u>	<u>15,850,000</u>
12 TRADE AND OTHER PAYABLES		
Trade Creditors	2,497,817	824,056
Mobilisation Advance Received	3,858,599	3,858,599
Audit Fees Payable	23,000	23,000
	<u>6,379,416</u>	<u>4,705,655</u>
13 CAPITAL COMMITMENTS / CONTINGENCIES		
No known commitments / contingent liabilities exist as at the Statement of Financial Position date.		
14 EVENTS AFTER THE REPORTING PERIOD		
There have been no material events occurring after the Statement of Financial Position date that require adjustments or disclosures in the Financial statements .		

Schedule A

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NINA LANKA CONSTRUCTION TECHNOLOGIES (PRIVATE) LIMITED
TIN :101 008 282 - 0000
YEAR OF ASSESSMENT 2019/2020
CALCULATION OF ASSESSABLE INCOME FROM BUSINESS

	Note	
Net Profits / (Loss) as per Accounts		(7,945,136)
Less: Income from Other Sources & Exempt Income		
Interest Income		101,704
Add Disallowable Expenses -	Bad Debt	748,259
Less Allowable Expenses		-
Adjusted Business Loss for the Year		<u>(7,095,173)</u>



DINITWAY PARTNERS
Chartered Accountants

