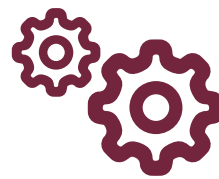


# The Colombo Fort Land & Building PLC

Annual Report 2020/21





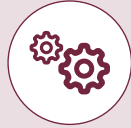
Industrial Products



Motors



Consumer Products



Services



Leisure



Investments



Plantations



Manufacturing



Property Rental

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# Group Financial Highlights

Financial Performance - For the year ended 31st March,		2021	2020	Change %
Revenue - Consolidated	Rs. million	43,232	36,231	19
Gross Profit	Rs. million	8,617	5,240	64
Share of Results of Associates (Net of Tax)	Rs. million	(24.1)	9.1	(363)
Profit before Interest & Tax (EBIT)	Rs. million	3,097	(453)	783
Profit/(Loss) before Tax	Rs. million	493	(3,709)	113
Profit/(Loss) for the Year	Rs. million	(55)	(3,706)	99
Profit/(Loss) Attributable to-				
Owners of the Company	Rs. million	(517)	(2,201)	76
Non Controlling Interest	Rs. million	463	(1,505)	131
Financial Position - As at 31st March,		2021	2020	Change %
Total Assets	Rs. million	49,895	46,609	7
Total Shareholders' Funds	Rs. million	2,817	2,939	(4)
Non Controlling Interest	Rs. million	3,706	3,020	23
Total Equity	Rs. million	6,523	5,958	9
Total Debt	Rs. million	20,369	20,173	1
Total Capital Employed	Rs. million	26,892	21,277	26
Net Assets per Share	Rs.	12.79	13.34	(4)
Market/Shareholder Information - As at 31st March,		2021	2020	Change %
Number of Shares in Issue	million	220	220	-
Market Price of Share	Rs.	12.90	7.10	82
Market Capitalisation	Rs. million	2,838	1,562	82
Price Earnings Ratio (PER)	No. of times	(5)	(1)	(823)
Key Financial Ratios - As at 31st March,		2021	2020	Change %
Gross Profit Margin	%	19.93	14.46	38
EBIT Margin	%	7.16	(1.25)	673
Interest Cover	No. of times	1.19	(0.14)	954
Net Profit Margin	%	(0.13)	(10.23)	99
Earnings per Share	Rs.	(2.35)	(11.94)	80
Return on Capital Employed	%	11.52	(2.13)	641
Return on Equity	%	(0.84)	(62.21)	99
Debt Ratio	%	86.93	87.22	-
Total Assets Turnover	No. of times	1.15	1.29	(10)
Current Ratio	No. of times	0.39	0.61	(36)
Dividend payout Ratio	No. of times	(0.13)	(0.03)	408

# Chairman's Review

On behalf of the Board of Directors it gives me great pleasure to present to you the Annual Report and the Audited Financial Statements for the year ended 31st March 2021.

The outbreak of COVID-19 adversely impacted the local economy with lockdown measures and other health and safety protocols imposed in mid-March 2020 to combat the pandemic. Further eroding the economic recovery prospects during 2020 which was already suppressed with 2019 Easter attacks. Consequently, the deepest recession since independence was recorded as the GDP growth of the country plunged to a negative 3.6% in 2020 compared to the positive 2.3% recorded in the previous year with unemployment rate rising above 5% following business closures reflecting subdued consumer and investor sentiments.

On the positive side, the financial regulator and the Government implemented proactive and timely measures to revive the economy through debt moratoriums and concessionary loan schemes for impacted individuals and businesses. An accommodative monetary policy aimed at stimulating the economy through multiple reductions in the policy rates and statutory reserves ratio led to sustained reductions in market interest rates. The import restrictions imposed by the Government stabilised the exchange rate for the most part of the year with intermittent volatilities at the beginning of the pandemic and towards the end of the year. Further, the headline inflation moved broadly in the desired range of 4%-6% during the year 2020 while core inflation remained low throughout the year.

Amidst such unprecedented challenges the Group recorded a turnover of Rs. 43.2 billion during the year under review compared to a turnover of Rs. 36.2 billion in the previous year. The Group concluded the year with a net loss of Rs. 54.6 million compared to a net loss of Rs. 3.7 billion reported in the previous year. At Company level, the net loss stood at Rs. 75.3 Million during the year under review mainly on account of the provisions carried out relating to fall in value of investments and receivables.

Despite the COVID-19 pandemic generating a gamut of challenges and impacting the consumer sentiment, private consumption and economic activity, we witnessed resilience and growth in sectors including FMCG, industrial products and plantation, while also prioritizing the health and safety of all stakeholders, particularly the employees in our Group. The Group's strategic initiatives driven towards improving market share in the above segments through brand building and promotional initiatives coupled with realigning the distribution network, directly attributed to this strong growth in top-line during the year under review.

Measures undertaken to optimise tea production including initiation of mechanical harvesting processes to overcome the shortage of workers and stringent cost reduction models adopted to streamline operational expense base directly attributed to the favorable performance of the Group's plantation sector. While we witnessed an increase in daily wages for estate workers, we are confident in meeting the additional expenditure in wages with the improved productivity expected from adopting above measures.

The automobile industry experienced yet another challenging year as the curtailment of importation of commercial vehicles and motor vehicles for personal use came within the restrictions imposed on

non-essential goods drastically impacting the performance of the Group's main brand, Mazda, performing below expectations. We believe our decision to dispose Kia Motors (Lanka) Limited in August 2019 enabled us to mitigate our risk exposure in the automobile segment and thereby reduced the potential losses the Group might have incurred in the short term given the current dynamics in the industry.

The tourism industry too witnessed its steepest decline with the tourist arrivals declining 73% compared 2019 as a result of the ongoing pandemic. Travel restrictions imposed by the Government with a full closure of the airport and termination of all passenger flights from mid-March 2020 narrowed the recovery prospects for the industry which was already suffering from the effects of Easter attacks. The weak leisure sector performance was driven by low occupancy levels witnessed across all our properties despite the use of the properties for mandatory quarantining purpose for repatriation efforts.

2020 was a challenging year for all of us. Although we have adapted to the new normal, the year ahead will be yet another challenging one for most of our business sectors across the Group on account of many negative externalities prevailing in this highly disruptive business landscape. Curtailment of importation of automobiles, chemical fertilizers and pesticides will adversely affect the respective business models whilst the unprecedented currency devaluation will challenge our overall business model. While it's too early to ascertain the full scale of this outbreak, we are of the view that it could take at least two-and-a-half years for international tourism to return to pre-pandemic levels. Nevertheless, we will continue to capitalize on numerous strategic initiatives in pursuit of sustained growth whilst managing liquidity, capital efficiency and cost rationalization as key areas of focus.

As such, we seek to gain market share and improve profitability across all our existing business verticals. We intend to unveil new brands in our FMCG and Industrial segments and to re-invest in extending the life of our existing brands which we are confident, will enable us to strengthen our brand equity. As part of our risk divestment initiatives, we are overseeing strategies to partner with a globally renowned organic pest management solution provider to invest in research and development and to realign and relaunch a safe crop protection solution to the farmer community. A culmination of these strategies will support our future growth and generate value for you, our shareholders, and for the people of this country.

In conclusion, I wish to extend my sincere appreciation to my colleagues on the Board for their wise counsel and guidance in determining the strategic direction of the Group. I am humbled by the loyalty of our treasured employees, customers, many business partners and our valued shareholders for their trust and confidence placed in our business as we forge ahead in our endeavors.

**A Rajaratnam**  
*Chairman*

*6th October, 2021*

# Directors' Profiles

## **A. Rajaratnam - Chairman**

*FCA*

Mr. A. Rajaratnam having joined the Board in 1994, was appointed Chairman of the Company in November 2011. He also serves as Chairman of C M Holdings PLC in addition to holding other Directorships within the Group.

## **S.D.R. Arudpragasam - Deputy Chairman**

*FCMA (U.K.)*

Mr. S.D.R. Arudpragasam joined the Board in the year 2000 and was appointed Deputy Chairman in November 2011. He serves as Chairman of several subsidiaries of The Colombo Fort Land & Building PLC. Mr. Arudpragasam also holds the position of Chairman, Lankem Ceylon PLC and functions as Chairman/ Managing Director of E.B. Creasy & Company PLC, in addition to serving on the Boards of other companies in The Colombo Fort Land & Building PLC Group.

## **Anushman Rajaratnam – Group Managing Director**

*B.Sc (Hons.), CPA, MBA*

Mr. Anushman Rajaratnam joined the Board in November 2011. He joined the Board of Lankem Ceylon PLC in 2005 and served as the Company's Managing Director from 2009 until December 2016. He relinquished that position in December 2016 to take up the role as the Group Managing Director of The Colombo Fort Land & Building PLC in January 2017. In addition, he serves on the Boards of several subsidiary companies of the CFLB Group. Prior to joining the CFLB Group, he worked overseas for a leading global Accountancy Firm.

## **A.M. de S. Jayaratne - Director**

*B.Sc. (Econ.), FCA (Eng. and Wales), FCA (ICASL)*

Mr. A.M. de S. Jayaratne joined the Board in 2005. He was a former Chairman of Forbes & Walker Limited, Colombo Stock Exchange, Ceylon Chamber of Commerce and The Finance Commission. He also served as Sri Lanka's High Commissioner in Singapore. Mr. Jayaratne is a Director of several listed and unlisted Companies.

## **R. Seevaratnam - Director**

*B.Sc. (Lond.), FCA (Eng. and Wales), FCA (ICASL)*

Mr. R. Seevaratnam was appointed to the Board in 2009. He is a fellow member of The Institute of Chartered Accountants of England and Wales and Sri Lanka and holder of a General Science Degree from the University of London. He was a former senior partner of KPMG. Mr. Seevaratnam is a Director of several listed and unlisted companies.

## **C.P.R. Perera – Director**

Mr. C.P.R. Perera was appointed to the Board in May 2013. He serves on the Boards of several subsidiaries of the CFLB Group and also holds directorships in other private and public companies. He is a past Chairman of the Sri Lanka Tea Board, Sri Lanka Insurance Corporation, PERC and Bank of Ceylon. He retired as Chairman of Forbes & Walker Ltd. and its subsidiary companies in June 2005 after almost 44 years of service. He presently functions as the Chairman of Ceylon Tea Brokers PLC. Mr. Perera has served as a Committee Member of the Ceylon Chamber of Commerce, The Planters Association of Ceylon, and on the Committee of Management of the Ceylon Planters Provident Society.

## **P.M.A. Sirimane – Group Finance Director**

*FCA, MBA*

Mr. P.M.A. Sirimane was appointed to the Board in May 2017 and currently serves in the capacity of Group Finance Director, CFLB. He joined the E.B. Creasy Group in October, 2009 and was appointed to the Board in November 2009. Amongst other senior positions he has functioned as Managing Director/CEO of Mercantile Leasing Limited, Group Finance Director of United Tractor & Equipment Limited, Chief Financial Officer, Sri Lanka Telecom Limited and Director SLT Hong Kong Limited. He has served as a Member of several Committees of the Institute of Chartered Accountants of Sri Lanka and was an ex officio member of the International Leasing Association.

Mr. Sirimane also serves on the Boards of several subsidiaries of The Colombo Fort Land & Building Group.

He is a Fellow of the Institute of Chartered Accountants of Sri Lanka and also holds a Masters in Business Administration from the University of Swinburne, Victoria, Australia.

## **Sanjeev Rajaratnam – Director**

*B.Sc., CA*

Mr. Sanjeev Rajaratnam was appointed to the Board in May 2017. He holds a Bachelor of Science Degree in Business Administration from Boston College, U.S.A. and is a member of the Institute of Chartered Accountants in Australia. He was appointed Joint Managing Director of E.B. Creasy & Company PLC in April 2018 and holds other Directorships in The Colombo Fort Land & Building Group.

# Risk Management Review

## OVERVIEW

Risk management involves identifying potential risks faced by the Group and implementing proper risk management techniques to mitigate such risks.

The Colombo Fort Land & Building Group PLC is involved in a diverse range of business activities. Whilst this diversification provides a hedge against the positive correlation of business and environmental risks, it also exposes the Group to a wider range of risks and opportunities. Therefore, a disciplined approach to risk management is important in order to ensure successful execution of strategic objectives and to express acceptance towards risk management which has been adequately compensated.

## COMPANY'S APPROACH TO RISK

Risk management is an important function of our Group. The Group reviews and assesses significant risks on a regular basis and has implemented an oversight programme to ensure that there is a system of internal controls in place. It is more important to identify risks that may prevent a business from realising its potential, and to manage them in order to minimise adverse effects and maximise positive outcomes.

The risk management process involves identifying the risks, analysing and evaluating the risks and treating such risks by taking steps to reduce and eliminate the losses which may be faced by the Group. As a part of the Risk Management process, at the Group level, the Board reviews its strategies, processes, procedures and guidelines on a continuous basis to effectively identify, assess and respond to such risks.

The Group assesses risk at the individual transaction level and evaluates aggregated risk at the customer, industry, geographic and collateral-type levels, where appropriate. Risk assessment and risk management are the responsibilities of management. The risk infrastructure is designed to identify, evaluate and mitigate risks within each of the following categories;

## RISK FACTORS

### Strategic Risk

Strategic risk relates to the Group's future business plans and strategies, and includes risks associated with the markets and industries in which the Group operates, demand for products and services, competitor threats, technology and product innovation, mergers and acquisitions and public policy.

### Operational Risk

Operational risk relates to the risk arising from the execution of business operations. The Group has established sound internal control systems in all its operations and continuously reviews and monitors those procedures to ensure accountability and transparency in all its operations.

The Group faces a number of operational risks on an ongoing basis, including: Stock management; Supply chain management; Key supplier failure; and IT security. The Group is continuously focusing on improving its controlling and monitoring processes to ensure smooth functioning of all its operations.

### Financial Risk

Financial risk relates to the ability to meet financial obligations and mitigate credit risk, liquidity risk and exposure to broad market risks, including volatility in foreign currency exchange rates, interest rates and commodity prices. Liquidity risk is the risk of being unable to accommodate liabilities at maturity, fund asset growth and meet contractual obligations through access to funding at reasonable market rates. Credit risk is the risk of financial loss arising from a customer or counterparty failing to meet contractual obligations.

### Legal and Compliance

Legal and compliance risk relates to changes in the Government and regulatory environment, compliance requirements with policies and procedures, including those relating to financial reporting, environmental health and safety and intellectual property risks. Government and regulatory risk is the risk that the Government or Regulators' actions which will impose additional cost or cause the Group to change its business models or practices.

### New Business and Acquisitions

Innovation is encouraged across CFLB businesses and activities. Therefore, it is important that all elements of new business initiatives are well understood before commencement. All new business initiatives must be approved by all Directors prior to commencement. The new business approval process is a formal process whereby all relevant risks (e.g. market, credit, equity, legal, compliance, taxation, accounting, operational and systems issues) are reviewed to ensure that the transaction or operation can be managed properly and will not create unknown or unwanted risks for CFLB in the future.

### Credit Risk

Credit Risk is defined as the risk of a counterparty failing to complete its contractual obligations when they fall due. The consequent loss is either the amount of the loan being unpaid, or the loss incurred in replacing a trading contract with a new counterparty.

### Business Risk

New entrants into the markets and the intensification of competition from existing players in these markets, variation in consumer spending patterns and effects of the weather conditions for seasonal businesses are the significant business risks that the Group encounters.

# Corporate Governance

The Colombo Fort Land & Building PLC's (CFLB) Corporate Governance policy has ensured transparency and accountability towards our valuable stakeholders. The core objective of all Corporate Governance rules and regulations is to ensure that the interests of all stakeholders are reasonably safeguarded. Thus, the Board strives to take all possible steps to comply with best practices on Corporate Governance as it builds trust among stakeholders and establishes a basis for responsible conduct.

Our values have been applicable at all levels and this guarantees the business transparency towards our valuable stakeholders and corporate society.

## THE BOARD

### Board Composition

The Board comprises of one Executive Director and seven Non-Executive Directors of whom three are Independent. The Directors possess the necessary expertise in the fields of finance, corporate management and audit exposure with varied business and professional experience in order to direct, lead and control the Company's business activities successfully.

**Mr. A. Rajaratnam** - *Chairman - Non-Executive*

**Mr. S.D.R. Arudpragasam** - *Deputy Chairman - Non-Executive*

**Mr. Anushman Rajaratnam** - *Group Managing Director - Executive*

**Mr. A.M. de S. Jayaratne** - *Independent Non-Executive*

**Mr. R. Seevaratnam** - *Independent Non-Executive*

**Mr. C.P.R. Perera** - *Independent Non-Executive*

**Mr. P.M.A. Sirimane** - *Group Finance Director - Non-Executive*

**Mr. Sanjeev Rajaratnam** - *Non-Executive*

### Decision Making of the Board

The Board discusses matters relating to formulation and implementation of sound business strategies, ensuring an effective system to secure integrity of information, internal controls and risk management.

In addition to the decisions taken at Board Meetings, matters are referred to the Board and decided by resolutions in writing. The Board collectively and the Directors individually, act in accordance with the laws of the country, which are applicable to the business enterprise.

### Board Responsibilities

- Formulation of short and long term strategies towards sustainable growth.
- Enhancing shareholder value.
- Identifying principal risks of the business.
- Overseeing systems of internal control.
- Approval of interim and annual financial statements.
- Ensuring compliance with laws and regulations.
- Authorising all material contracts, acquisitions or disposal of subsidiaries and approving capital projects.

### Company Secretary and Independent Professional Advice

The Company and all the Directors may seek advice from Corporate Managers & Secretaries (Private) Limited (CMSL) who are qualified to act as Secretaries as per the provisions of the Companies Act No. 07 of 2007. CMSL assists the Board in ensuring that Board procedures are followed and that relevant rules and regulations are complied with. The Board in discharging its duties seeks independent professional advice from external parties when necessary.

### Chairman's Role

The Chairman is a Non-Executive Director and is responsible for steering the Board to preserve order and to facilitate the effective discharge of Board functions. He conducts Board proceedings in a manner which always ensures the following:

- The effective participation of Directors.
- Encourages an effective contribution from Directors within their respective capabilities, for the benefit of the Company.
- Ascertains the views of Directors on issues under consideration.

The Board is in complete control of the Company's affairs and is alert to its obligation to all shareholder and other stakeholders.

### Financial Acumen

The Board includes seven finance professionals who possess the knowledge and competence to offer the Board the necessary guidance on matters of finance.

### Board Balance

Except for one Executive Director all Directors on the Board are Non-Executives of whom, three are Independent Directors. The Directors with a blend of experience in the fields of finance, business management and audit exposure possessing a high standing of integrity and business acumen, constitute a balanced Board. This enables individual Directors to make a significant contribution towards the Board's decision making process. Further, the balanced structure of the Board makes the strategic decision making process more effective which ultimately facilitates build up of sustainable value for shareholders and all its other stakeholders.

Independent Directors on the Board have declared that they are Independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgements. All Non-Executive Directors have also submitted signed and dated declarations of their independence or non-independence to the Board.

The Board makes a determination annually as to the independence or non-independence of each Non-Executive Director based on such declarations made on the defined criteria and other information available to the Board. The names of Directors determined to be "Independent" are set out in the Annual Report.



Mr. A.M. de S. Jayaratne, Mr. C.P.R. Perera and Mr. R. Seevaratnam are Directors of several subsidiaries of The Colombo Fort Land & Building PLC. Mr. A.M. de S. Jayaratne and Mr. C.P.R. Perera have served on the Board of some subsidiaries for a period exceeding nine years. These Independent Directors are also on the Boards of certain companies which has a significant shareholding in another and also serve on the Boards of some companies of which majority of the Directors serve on the Board of another, within the CFLB Group of companies. Mr. A.M. de S. Jayaratne and Mr. R. Seevaratnam have served on the Board of the Listed Entity for over a period of nine years. However, the Board having taken into consideration all other circumstances listed in the Rules pertaining to the Criteria for Defining Independence is of the view that the said Directors are nevertheless Independent.

### **Nomination Committee and Appointments to the Board**

There is a formal and transparent procedure for the appointment of new Directors to the Board, which is in accordance with the recommendations made by the Nomination Committee, in consultation with the Chairman and in compliance with the provisions of the Articles of Association of the Company and the Rules on Corporate Governance.

The Nomination Committee comprises of Mr. A.M. de S. Jayaratne, Chairman, Mr. R. Seevaratnam, Independent Non-Executive Directors and Mr. S.D.R. Arudpragasam, Non-Executive Director.

Upon the appointment of a new Director to the Board, the Company makes the required disclosures to the shareholders by making announcements to the Colombo Stock Exchange.

### **Re-election of Directors**

The Company's Articles of Association require two of the Directors in Office (other than those appointed to the Office of Chairman, Chief Executive, Managing or Joint Managing Director) to retire at each Annual General Meeting. The Directors to retire in each year are those who have been longest in office since their last election or appointment. Retiring Directors are eligible for re-election by the shareholders.

## **DIRECTORS' REMUNERATION**

### **Remuneration Committee and the Remuneration Procedure**

The Remuneration Committee comprises of Mr. A.M. de S. Jayaratne, Chairman, Mr. R. Seevaratnam, Independent Non-Executive Directors and Mr. S.D.R. Arudpragasam, Non-Executive Director.

All managerial and secretarial services are provided by Corporate Managers & Secretaries (Private) Limited to whom a fee is paid.

The Remuneration Committee Report is set out on page 15 of this report.

## **RELATIONS WITH SHAREHOLDERS**

### **Constructive use of Annual General Meeting (AGM) and Conduct of General Meetings**

The Board makes use of the Annual General Meeting/General Meetings to communicate with shareholders and does encourage their active participation. The Board considers the AGM/General Meetings as an opportunity to communicate and maintain an appropriate dialogue with its shareholders and welcomes their suggestions. It also enables shareholders to meet and discuss Company matters with the Directors.

### **Major Transactions**

There have been no transactions during the year under review which fall within the definition of "Major Transactions" under Section 185 of the Companies Act No. 07 of 2007.

## **ACCOUNTABILITY AND AUDIT**

### **Financial Reporting and Going Concern**

The Board undertakes the responsibility for the preparation and presentation of financial statements and ensures that they are prepared and presented in accordance with the Sri Lanka Accounting Standards adopted by The Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 07 of 2007. The Board values the timely publication of annual and quarterly results and other price-sensitive information enabling shareholders to make effective economic decisions and strives to take all possible steps to comply with the statutory requirements and procedures laid down by the Colombo Stock Exchange and the Securities and Exchange Commission with regard to those publications.

The Annual Report of the Board of Directors presents a balanced and understandable assessment of the Company's financial position, performance and future prospects.

The Directors, after making necessary inquiries and reviews of the Company's financial performance, position, future cash flows and potential borrowing facilities, have a reasonable expectation that the Company has adequate resources to continue as "a going concern" in the foreseeable future. Further, the Directors do not intend either to liquidate or cease its operations and therefore, the "going concern assumption" adopted in the preparation of the financial statements is appropriate.

All statutory and material declarations are highlighted in the Annual Report of the Board of Directors.

### **Compliance with Legal Requirements**

The Board is conscious of its responsibility to the shareholders, the Government and the Society in which it operates and is unequivocally committed to upholding ethical behaviour in conducting its business. The Board strives to ensure that the Company and its Subsidiaries comply with the laws and regulations of the Country.

# Corporate Governance contd.

## Internal Control

The Company maintains a sound internal control system to safeguard the shareholders' investment and the Company's assets. The Board is responsible for ensuring the Company has in place an effective system of internal controls and periodical reviews are conducted to identify any deviations that may need corrective action. The observations of the Audit Committee are reported to the Board for appropriate action.

## Audit Committee

The Audit Committee for the financial year ended 31st March, 2021 comprised of three Non-Executive Directors of whom two were Independent. The Chairman of the Committee is an Independent Non-Executive Director. The members of the Committee possess financial and industry experience to assist the Board in discharging its duties effectively.

The Report of the Audit Committee is set out on pages 12 and 13 of this Annual Report.

## Related Party Transactions Review Committee

The Related Party transactions are disclosed in Note 31 on pages 120 to 126.

The Report of the Related Party Transactions Review Committee appears on page 14.

The Company's compliance status with Sections 7 and 9 of the Colombo Stock Exchange Listing Rules on Corporate Governance which is mandatory for listed entities is disclosed on pages 8 to 11.

## ADHERENCE TO THE CORPORATE GOVERNANCE RULES OF THE COLOMBO STOCK EXCHANGE FOR LISTED COMPANIES

CSE Rule No.	Subject	Applicable Requirement Status	Compliance	Applicable Section in the Annual Report
7.10.1 (a)	Non-Executive Directors	Two or at least one third of the total number of Directors should be Non- Executive Directors.	Complied	Corporate Governance
7.10.2 (a)	Independent Directors	Two or one third of Non-Executive Directors, whichever is higher, should be Independent.	Complied	Corporate Governance
7.10.2 (b)	Independent Directors	Each Non-Executive Director should submit a declaration of Independence / Non-Independence in the prescribed format.	Complied	Corporate Governance
7.10.3 (a)	Disclosure relating to Directors	The Board shall annually make a determination as to the Independence or Non-Independence of each Non-Executive Director and names of Independent Directors should be disclosed in the Annual Report.	Complied	Corporate Governance
7.10.3 (b)	Disclosure relating to Directors	The basis for the Board to determine a Director is Independent, if criteria specified for Independence is not met.	Complied	Corporate Governance
7.10.3 (c)	Disclosure relating to Directors	A brief resume of each Director should be included in the Annual Report containing information on the nature of his/her expertise in relevant functional areas.	Complied	Directors' Profiles
7.10.3 (d)	Disclosure relating to Directors	Provide a brief resume of new Directors appointed to the Board with details specified in Rule 7.10.3(a), (b) and (c) mentioned above.	Not Applicable	No appointments during the year
7.10.5	Remuneration Committee	A Listed Company shall have a Remuneration Committee in conformity with the following; (a) Composition (b) Function (c) Disclosure in the Annual Report	Complied	Corporate Governance and Remuneration Committee Report
7.10.6	Audit Committee	The Company shall have an Audit Committee.	Complied	Corporate Governance and Audit Committee Report

CSE Rule No.	Subject	Applicable Requirement Status	Compliance	Applicable Section in the Annual Report
7.10.6 (a)	Composition of Audit Committee	<ul style="list-style-type: none"> <li>▪ Shall comprise of a minimum of two Independent Non- Executive Directors or Non-Executive Directors a majority of whom shall be Independent, which ever shall be higher.</li> <li>▪ A Non-Executive Director shall be appointed as the Chairman of the Committee.</li> <li>▪ Unless otherwise determined by the Audit Committee the Chief Executive Officer and the Chief Financial Officer shall attend Audit Committee Meetings.</li> <li>▪ The Chairman of the Audit Committee or one member should be a member of a professional accounting body.</li> </ul>	<p>Complied</p> <p>Complied</p> <p>Complied</p> <p>The Group Managing Director and the Group Finance Director attend meetings</p> <p>Complied</p>	Audit Committee Report
7.10.6 (b)	Audit Committee Functions	<p>Functions shall include;</p> <p>a) Overseeing the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with Sri Lanka Accounting Standards.</p> <p>b) Ensuring Compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements.</p> <p>c) Overseeing the processes to ensure that the internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards.</p> <p>d) Assessment of the Independence and performance of the External Auditors.</p> <p>e) Making recommendations to the Board pertaining to appointment, re-appointment and removal of External Auditors, and approving the remuneration and terms of engagement of External Auditors.</p>	<p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p>	Audit Committee Report
7.10.6 (c)	Disclosure in the Annual Report	<p>a) Names of Directors comprising the Audit Committee.</p> <p>b) The Audit Committee shall make a determination of the Independence of the Auditors and disclose the basis for such determination.</p> <p>c) The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance with their functions.</p>	<p>Complied</p> <p>Complied</p> <p>Complied</p>	Audit Committee Report
9.1	Related Party Transactions - Shareholder Approval	The Listed entity shall obtain prior approval from the shareholders by way of a Special Resolution for the Related Party Transactions listed below;		
9.1.1	Non-Recurrent Transactions	<p>In the event of non recurrent transactions;</p> <p>(a) Any Related Party Transaction of a value equal to, or more than:</p> <p>i. 1/3 of the Total Assets of the entity as per the latest Audited Financial Statements of the entity;</p> <p>or</p> <p>ii. 1/3 of the Total Assets of the entity as per the latest Audited Financial Statements of the entity, when aggregated with other non-recurrent transactions entered into with the same Related Party during the same financial year.</p>	<p>Not Applicable</p> <p>Not Applicable</p>	<p>Not Applicable</p> <p>Not Applicable</p>

## Corporate Governance contd.

CSE Rule No.	Subject	Applicable Requirement Status	Compliance	Applicable Section in the Annual Report
9.1.2	Recurrent Transactions	<p>(a) Any recurrent Related Party Transaction of value equal to, or more than</p> <p>i. 1/3 of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity consolidated group revenue of the Entity as per the latest Audited Financial Statements of the entity:</p> <p>or</p> <p>ii. 1/3 of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity consolidated group revenue of the entity as per the latest Audited Financial Statements of the entity, when aggregated with other recurrent transactions entered into with the same Related Party during the same financial year.</p> <p>and</p> <p>iii. the transactions are not in the ordinary course of the business and in the opinion of the Related Party Transactions Review Committee, are on terms favourable to the Related Party than those generally available to the public</p>	<p>Not Applicable</p> <p>Not Applicable</p> <p>Not Applicable</p>	<p>Not Applicable</p> <p>Not Applicable</p> <p>Not Applicable</p>
9.2	Related Party Transactions Review Committee	A listed Company shall have a Related Party Transactions Review Committee (RPTRC) in Conformity with the following:		
9.2.1	Review of Transactions	Except for transactions set out in Rule 9.5, all other Related Party Transactions should be reviewed by the Related Party Transactions Review Committee	Complied	Related Party Transactions Review Committee Report
9.2.2	Composition	<p>The Committee shall comprise a combination of Non-Executive Directors and Independent Non- Executive Directors and may also include Executive Directors at the option of the Listed Entity.</p> <p>One Independent Non-Executive Director shall be appointed as Chairman.</p>	<p>Complied</p> <p>Complied</p>	Related Party Transactions Review Committee Report
9.2.3	Related Party Transactions Review Committee of the Parent Company	In a situation where both the parent company and the subsidiary are Listed Entities, the RPTRC of the parent company may be permitted to function as the RPTRC of the Subsidiary. However, if the Parent Company is not a Listed Entity, then RPTRC of the Parent Company is not permitted to act as the RPTRC of the subsidiary. The Subsidiary shall have a separate RPTRC.	Not Applicable	Not Applicable
9.2.4	Committee Meetings	The Committee shall meet at least once a calendar quarter	Complied	Related Party Transactions Review Committee Report
	Documentation of minutes	The Committee shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.	Complied	Related Party Transactions Review Committee Report
9.2.5	Professional and Expert Advice	Directors of the Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions, and where necessary, they should obtain appropriate professional and expert advice from an appropriately qualified person.	Complied	Related Party Transactions Review Committee Report

CSE Rule No.	Subject	Applicable Requirement Status	Compliance	Applicable Section in the Annual Report
9.3	Disclosures			
9.3.1	Immediate Disclosures	<p>i. The Listed Entity shall make an immediate announcement to the exchange: of any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements.</p> <p>or</p> <p>of the latest transaction if the aggregate value of all Non- Recurrent Related Party Transactions entered into with the same Related Party during the same Financial year amounts to 10% of the equity or 5% of the total assets whichever is lower, of the entity as per the latest Audited Financial Statements.</p> <p>ii. Listed entity shall disclose subsequent non-recurrent transactions which exceeds 5% of the equity of the entity, entered into with the same Related Party during the financial year.</p>	Not Applicable	All the Non- Recurrent transactions were below the disclosure threshold
9.3.2	Disclosure in the Annual Report	<p>a) Disclosure of Non-Recurrent Related Party Transactions if aggregate value of the Non- Recurrent Related Party Transactions exceeds 10% of the equity or 5% of the Total Assets, whichever is lower, of the Listed Entity as per the latest Audited Financial Statements, the information must be presented in the Annual Report in accordance with the prescribed format under 9.3.2 (a) of the Listing Rules.</p> <p>b) Disclosure of Recurrent Related Party Transactions If the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/ income (or equivalent term in the Income Statement and in the case of group entity consolidated revenue) as per the latest Audited Financial Statements. The Listed entity must disclose the aggregate value of Recurrent Related Party Transactions entered into during the financial year in the Annual Report in accordance with the prescribed format under 9.3.2 (b) of the Listing Rules.</p> <p>c) Report by the Related Party Transactions Review Committee</p> <p>d) A declaration by the Board of Directors in the Annual Report as an affirmative statement of the compliance with these Rules pertaining to Related Party Transactions or a negative statement in the event the Entity has not entered into any Related Party Transaction/s.</p>	<p>Not Applicable</p> <p>Not Applicable</p> <p>Complied</p> <p>Complied</p>	<p>All the Non- Recurrent transactions were below the disclosure threshold</p> <p>All the Recurrent transactions were below the disclosure threshold</p> <p>Related Party Transactions Review Committee Report</p> <p>Related Party Transactions Review Committee Report and Annual Report of the Board of Directors</p>
9.4	Acquisition and Disposal of Assets from/ to Related Parties			
9.4.1		The Listed Entity nor any of its subsidiaries without obtaining prior approval from the shareholders by way of a special resolution, should not acquire or dispose of from / to any Related Party an asset/assets amounting to value which exceeds 1/3 of the total assets of the Entity (a substantial asset) as per latest Audited Financial Statements	Not Applicable	Not Applicable
9.4.4		The members of the Related Party Transactions Review Committee should obtain competent independent advice from independent professional experts with regard to the value of the substantial assets of the Related Party Transaction under consideration.	Not Applicable	Not Applicable
9.4.5		The competent independent advice obtained in terms of Rule 9.4.4 above should be circulated with the notice of meeting to obtain the shareholder approval as set out in Rule 9.4.1 above.	Not Applicable	Not Applicable

# Audit Committee Report

The responsibilities of The Colombo Fort Land & Building PLC's Audit Committee are governed by the Rules and Regulations which are approved and adopted by the Board. The Board fulfils its overall responsibility to the shareholders in relation to the integrity of the Company's financial reporting process in accordance with the Companies Act and other legislative reporting requirements including adequacy of disclosures in the financial statements in accordance with the Sri Lanka Accounting Standards.

## Role of the Audit Committee

The role of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities in relation to the integrity of the financial statements of the Company and the Group.

The Audit Committee reviews and advises the Company to ensure that the Financial Reporting system is in adherence with the Sri Lanka Accounting Standards and other regulatory and statutory requirements. It also reviews the adequacy of internal controls and the business risks and the independence of the Company's External Audit function.

The Audit Committee has reviewed and discussed the Group's quarterly and annual financial statements prior to publication. The review included ascertaining compliance of same with the Sri Lanka Accounting Standards, the appropriateness and changes in accounting policies and material judgemental matters. The Committee also discussed with the External Auditors and management, any matters communicated to the Committee by the External Auditors in their reports to the Committee on the audit for the year.

The Committee also reviews the financial reporting system adopted by the Group in the preparation of its Quarterly and Annual Financial Statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and compliance thereof with the Sri Lanka Accounting Standards laid down by The Institute of Chartered Accountants of Sri Lanka. The methodology included obtaining statement of compliance by the Heads of Finance and Directors-in-Charge of subsidiaries. The Committee recommends the Financial Statements to the Board of Directors for its deliberation and issuance. The Committee in its evaluation of the Financial Reporting System also recognised the adequacy of the content and the quality of routine management information and reports forwarded to its members.

The Committee's responsibilities pertain to the Group as a whole and in discharging its responsibilities, the Committee places reliance on the work of other Audit Committees in the Group without prejudicing the independence of those Committees. However, to the extent, and in a manner it considers appropriate, the Committee provides feedback to those entities for their consideration and necessary action.

## Composition

The Audit Committee for the financial year ended 31st March, 2021 comprised of three Non-Executive Directors of whom two were independent. The Chairman of the Committee, Mr. R. Seevaratnam, an Independent Non-Executive Director, is a Fellow member of the Institute of Chartered Accountants of Sri Lanka (FCA) and England & Wales. The members of the Committee are named below.

**Mr. R. Seevaratnam** - *Chairman - Independent Non-Executive*

**Mr. A.M. de S. Jayaratne** - *Member - Independent Non-Executive*

**Mr. S.D.R. Arudpragasam** - *Member - Non-Executive*

The Committee has a blend of experience in the commercial sector with financial expertise, audit exposure and high standing of integrity and business acumen in order to carry out their role efficiently and effectively.

The Company's Secretaries, Corporate Managers & Secretaries (Private) Limited function as the Secretaries to the Audit Committee.

## Meetings and Attendance

The Audit Committee has met on six occasions during the financial year ended 31st March, 2021 and the attendance was as follows:

Mr. R. Seevaratnam - *Chairman* (6/6)

Mr. A.M. de S. Jayaratne (6/6)

Mr. S.D.R. Arudpragasam (6/6)

Representatives from Corporate Managers & Secretaries (Private) Limited, Managers & Secretaries, the Group Managing Director, the Group Finance Director and other Directors and Senior Managers from the Group are invited to the meetings as and when required. The proceedings of the Audit Committee are regularly reported to the Board.

## Terms of Reference

The Committee is governed by specific terms of reference set out in the Audit Committee Charter. The Committee focuses on the following objectives in discharging its responsibilities taking into consideration the terms of reference together with the requirements of the Listing Rules of the Colombo Stock Exchange.

- a) Risk Management.
- b) Efficiency of the system of internal controls.
- c) Independence and objectivity of the External (Statutory) Auditors.
- d) Appropriateness of the principal accounting policies used.
- e) Financial Statement integrity.

## Compliance

The Audit Committee reviewed the activities and the financial affairs of the Company and its Subsidiaries and the financial reporting system adopted in the preparation of the Quarterly and Annual Financial Statements to ensure reliability of the processes, appropriateness and consistency of the accounting policies and methods adopted in order to comply with the requirements of the Sri Lanka Accounting Standards (SLFRS/LKAS), the Companies Act No. 07 of 2007 and other relevant statutory and regulatory requirements. The Committee also reviewed the quarterly and year end Financial Statements and have recommended their adoption to the Board of Directors.

## Group Internal Audit

The Committee assessed the adequacy of existing internal controls and risk management procedures and has recommended to the Board additional controls and risk mitigating strategies that could be implemented to strengthen the existing internal control system.

Further, the Committee has reviewed the routine operations of the Company and assessed the future prospects of its business operations and accordingly ensures that the going concern assumption used in the preparation of the financial statements, is appropriate.

A few companies of the Group have outsourced the internal audit function in order to strengthen the internal control measures.

## External Audit

The Company has appointed KPMG, Chartered Accountants as its External Auditor for the financial year ended 31st March, 2021 and the services provided by them are segregated between audit/ assurance services and other advisory services such as tax consultancy. The Committee has reviewed the progress and conduct of the statutory audit function and discussed the audit related issues with the Auditors. KPMG Chartered Accountants has also issued a declaration as required by the Companies Act No.7 of 2007, that they do not have any relationship or interest in any of the Companies in the Group which may have a bearing on the independence of their role as Auditors. The Committee has also negotiated with the External Auditors on the quantum of their fees and incidental expenses.

The Committee after evaluating the independence and performance of the External Auditors has recommended to the Board the reappointment of KPMG, Chartered Accountants, for the financial year ending 31st March, 2022 subject to the approval of the Shareholders at the Annual General Meeting of the Company.

## Conclusion

The Audit Committee is satisfied that the effectiveness of the organisational structure of the Group and Company in the implementation of the accounting policies and operational controls provide reasonable assurance that the affairs of the Group and Company are managed in accordance with accepted policies and that assets are properly accounted for and adequately safeguarded.



**R. Seevaratnam**  
Chairman  
Audit Committee

6th October, 2021



# Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee (RPTRC) is entrusted with the responsibility of ensuring that the interests of the Shareholders are taken into consideration when entering into a Related Party Transaction.

## Composition

The Related Party Transactions Review Committee of the Company comprises of the following members:

Mr. R. Seevaratnam	- Chairman	- Independent Non-Executive Director
Mr. A.M. de S. Jayaratne	- Member	- Independent Non-Executive Director
Mr. S.D.R. Arudpragasam	- Member	- Non-Executive Director

The Company's Secretaries, Corporate Managers & Secretaries (Private) Limited, functions as the Secretaries to the Related Party Transactions Review Committee.

## Meetings of the Committee

Except for the first quarter, the RPTRC has met in the 2nd, 3rd and 4th quarters during the financial year ended 31st March 2021. The Committee has met on five occasions and the attendance was as follows:

Mr. R. Seevaratnam	- Chairman	(5/5)
Mr. A.M. de S. Jayaratne		(5/5)
Mr. S.D.R. Arudpragasam		(5/5)

In addition to these Meetings on several occasions Related Party Transactions were referred to the RPTRC and have been reviewed and recommended by Resolutions in writing inclusive of a resolution passed during the first quarter of the financial year which the Committee for the purpose hereof construe as equivalent to meetings being held.

The activities and views and proceedings of meetings of the Related Party Transactions Review Committee are duly documented and minuted and submitted to the Board of Directors.

## Functions of the Committee:

- To identify the persons/entities considered to be Related Parties.
- Review all proposed Related Party Transactions. (Except for transactions which are exempted)
- Advise Management on Related Party Transactions and where necessary direct the transactions for Board approval / Shareholder approval as deemed appropriate.
- Obtain updates on previously reviewed Related Party Transactions from Senior Management and approve any material changes.
- Establish guidelines for Senior Management to follow ongoing dealings with Related Parties.
- Review and assess on an annual basis the transactions for Compliance against the Committee guidelines.
- Ensuring that immediate market disclosures and disclosures in the Annual Report are made as required by the applicable rules and regulations.

## Conclusion

The Related Party Transactions Review Committee has reviewed the Related Party Transactions entered into during the financial year under review and has communicated its comments and observations to the Board of Directors.

The Board of Directors have also declared in the Annual Report that there were no recurrent or non-recurrent related party transactions which exceeded the respective thresholds mentioned in Section 9 of the Colombo Stock Exchange Listing Rules and that the Company has complied with the requirements of the Listing Rules on Related Party Transactions.



**R. Seevaratnam**

*Chairman*

*Related Party Transactions Review Committee*

6th October, 2021



# Remuneration Committee Report

The Remuneration Committee of The Colombo Fort Land & Building PLC consists of the following members:

Mr. A.M. de S. Jayaratne - *Chairman / Independent Non-Executive*

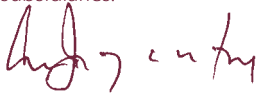
Mr. R. Seevaratnam - *Member / Independent Non-Executive*

Mr. S.D.R. Arudpragasam - *Member / Non-Executive*

The main function of the Remuneration Committee is to assist the Board in developing and administering an equitable and transparent method for setting policy on the overall human resources strategy of the Group.

The Company does not have any employees and as such does not require the Remuneration Committee to decide on Executive compensation. The individual Group Companies have their own Remuneration Committees.

The Remuneration Committee meets on the same day as the Audit Committee of CFLB only if it is required, to give guidance and recommendations to any of the Remuneration Committees of its subsidiaries.



**A.M. de S. Jayaratne**

*Chairman*

*Remuneration Committee*

6th October, 2021

# Annual Report of the Board of Directors

The Board of Directors of The Colombo Fort Land & Building PLC present their Report on the affairs of the Company together with the Audited Financial Statements for the year ended 31st March, 2021.

The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007, and the Colombo Stock Exchange Listing Rules and are guided by recommended best practices.

## GENERAL

The Company was re-registered on 3rd July, 2008 as required under the Companies Act No. 07 of 2007.

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Company together with those of its subsidiary companies have been described in the Notes to the Financial Statements in this Annual Report. A review of the Company's business and its performance during the year with comments on financial results is contained in the Chairman's Review which together with the Financial Statements reflects the state of affairs of the Company.

The Directors to the best of their knowledge and belief confirm that the Company has not engaged in any activities that contravene laws and regulations.

## FINANCIAL STATEMENTS

The Financial Statements of the Company are given on pages 26 to 143.

## INDEPENDENT AUDITORS' REPORT

The Independent Auditors' Report on the Financial Statements is given on pages 20 to 25.

## ACCOUNTING POLICIES

The accounting policies adopted in the preparation of Financial Statements are given on pages 31 to 47.

## INTEREST REGISTER

### Directors' Interest in Transactions

The Directors have made general disclosures as provided for in Section 192(2) of the Companies Act No. 07 of 2007. These have been entered in the Interest Register which is maintained by the Company. The Company carries out transactions in the ordinary course of business with entities in which a Director of the Company is a Director and the said transactions are disclosed in Note 31 'Related Party Transactions', on pages 120 to 126.

The Directors have no direct or indirect interest in any other contract or proposed contract with the Company.

### Directors' Interest in Shares

Directors of the Company who have an interest in the shares of the Company are required to disclose their shareholdings and any acquisitions/disposals to the Board in compliance with Section 200 of the Companies Act.

Details pertaining to Directors' direct shareholdings are set out below:

Name of Director	No. of shares as at 31.03.2021	No. of shares as at 31.03.2020
A. Rajaratnam	-	5,690
S.D.R. Arudpragasam	176,000	176,000
A.M. de S. Jayaratne	666	666
R. Seevaratnam	-	-
Anushman Rajaratnam	75,555	1,000,666
C.P.R. Perera	10,000	10,000
S. Rajaratnam	1,076,133	1,000,133
P.M.A. Sirimane	-	-

## DIRECTORS' REMUNERATION

Key management personnel compensation in respect of the Company for the financial year 2020/2021 is given in Note 7 to the Financial Statements on page 49.

## CORPORATE DONATIONS

No donations were made by the Company during the year.

## DIRECTORATE

The names of the Directors who held office during the financial year are given below and are profiled on page 4.

Mr. A. Rajaratnam	- Chairman
Mr. S.D.R. Arudpragasam	- Deputy Chairman
Mr. Anushman Rajaratnam	- Group Managing Director
Mr. A.M. de S. Jayaratne	
Mr. R. Seevaratnam	
Mr. C.P.R. Perera	
Mr. P.M.A. Sirimane	- Group Finance Director
Mr. Sanjeev Rajaratnam	

In terms of Articles 85 and 86 of the Articles of Association Mr. P.M.A. Sirimane and Mr. Sanjeev Rajaratnam retire by rotation and being eligible offer themselves for re-election.

Mr. A.M. de S. Jayaratne who is over seventy years of age retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. A. Rajaratnam who is over seventy years of age retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. R. Seevaratnam who is over seventy years of age retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. C.P.R. Perera who is over seventy years of age retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. S.D.R. Arudpragasam, having attained seventy years of age retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting

## **CORPORATE GOVERNANCE**

The Corporate Governance Principles adhered to by the Company are given on pages 6 to 11.

## **AUDITORS**

The Financial Statements of the Company for the year have been audited by Messrs. KPMG, Chartered Accountants, who retire at the forthcoming Annual General Meeting. The retiring Auditors have expressed their willingness to continue as Auditors of the Company and are recommended for reappointment. A resolution to reappoint them and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting. They were paid Rs. 1,224,700/- (2019/2020 - Rs. 1,134,000/-) as audit fees by the Company. In addition, they were paid Rs. 164,864/- (2019/2020 - Rs. 152,650/-) by the Company for non-audit related work, which consists mainly of fees for tax compliance services.

As far as the Directors are aware the Auditors do not have any relationship (other than that of an Auditor) with the Company. The Auditors do not have any interest in the Company.

## **REVENUE**

The revenue of the Company for the year was Rs. 122.53 million (2019/2020 - Rs. 133.14 million).

## **RESULTS**

The Company made a net loss before tax of Rs. 86.28 million against a loss of Rs. 43.81 million in the previous year. The detailed results are given in the Statement of Profit or Loss & Other Comprehensive Income on page 26.

## **INVESTMENTS**

The Cost of Investments in Quoted Securities held as at 31st March, 2021 were Rs. 1,229.27 million (2019/2020 - Rs. 1,226.59 million) and the Market Value of such Investments were Rs. 5,503.51 million (2019/2020 - Rs. 1,898.47 million). The detailed investment portfolio is given in Note 15, 16 and 17 to the Financial Statements on pages 71 to 92.

## **PROPERTY, PLANT & EQUIPMENT**

During 2020/2021, the Company invested Rs. 0.3 million in Property, Plant & Equipment (2019/2020 - Rs. 2.93 million). Further, your Directors are of the opinion that the net amounts at which Property, Plant & Equipment appear in the Statement of Financial Position, are not greater than their market value as at 31st March, 2021.

## **STATED CAPITAL**

In compliance with the Companies Act No. 07 of 2007, the Financial Statements reflect the Stated Capital of the Company. The Stated Capital is the total of all amounts received by the Company in respect of issue of shares.

The Stated Capital of the Company as at 31st March, 2021 was Rs. 730,368,050/- represented by 220,336,805 issued and fully paid Ordinary Shares.

## **Private Placement of Shares**

The Company on 6th May 2021, allotted 3,247,000 and 16,416,195 ordinary shares at Rs. 10/- per share to Corporate Holdings (Pvt.) Ltd., and Financial Trust Ltd., respectively by way of a Private Placement which was approved by the shareholders of the Company at an Extraordinary General Meeting held on 6th May 2021. The proceeds of this issue was utilized for the settlement of debts due to Corporate Holdings (Pvt.) Ltd., and Financial Trust Ltd., amounting to Rs. 32,470,000/- and R.164,161,950/- respectively.

Consequent to the private placement of shares the stated capital was increased to Rs. 927,000,000/- represented by 240,000,000 issued ordinary shares.

## **RESERVES**

The total reserves of the Company as at 31st March, 2021 amounted to Rs. 968.56 million (2019/20 - Rs. 1,041.59 million). The Reserves comprise, Property Development Reserve of Rs. 10 million (2019/2020 - Rs. 10 million), General Reserve of Rs. 0.5 million (2019/2020 - Rs. 0.5 million), Available for Sale Reserve of Rs. 2.96 million (2019/2020 - Rs. 0.67 million) and the accumulated profit of Rs. 955.1 million (2019/2020 - Rs. 1030.42 million). The movements are shown in the Statement of Changes in Equity in the Financial Statements.

## **TAXATION**

In terms of the Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto the Company is liable to pay income tax at the rate of 24% on Profits and 14% on Dividend Income for the Year of Assessment 2020/2021. The details of the Income Tax Computation are given in Note 8 to the Financial Statements on pages 50 to 52.

## **RELATED PARTY TRANSACTIONS**

During the financial year there were no recurrent or non-recurrent related party transactions which exceeded the respective thresholds mentioned in Section 09 of the Colombo Stock Exchange Listing Rules and the Company has complied with the requirements of the Listing Rules on Related Party Transactions.

The Related Party Transactions presented in the Financial Statements are disclosed in Note 31 from pages 120 to 126.

## **SHARE INFORMATION**

Information relating to earnings, net assets, market value per share and share trading is given on pages 145 and 146.

# Annual Report of the Board of Directors contd.

## EVENTS AFTER THE REPORTING DATE

No Circumstances have arisen since the Reporting date that would require adjustments to or disclosure in the Financial Statements other than those disclosed in Note 38 to the Financial Statements on pages 137 to 139.

## CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital Commitments and Contingent Liabilities as at the Reporting date are disclosed in Notes 35 and 36 to the Financial Statements on pages 132 to 134.

## EMPLOYMENT POLICY

All operational services are provided by Corporate Managers & Secretaries (Private) Limited, Managers and Secretaries, to whom a fee is paid.

## SHAREHOLDERS

It is the Company's policy to endeavour to ensure equitable treatment to its shareholders.

## STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments due to the Government have been paid or where relevant, provided for.

## ENVIRONMENTAL PROTECTION

The Group's business activities can have direct and indirect effects on the environment. It is the Group's policy to minimise any adverse effect its activities have on the environment and to promote co-operation and compliance with the relevant authorities and regulations. The Directors confirm that the Group has not undertaken any activities which have caused or are likely to cause detriment to the environment.

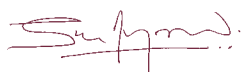
## INTERNAL CONTROL

The Directors acknowledge their responsibility for the Company's system of internal control. The system is designed to give assurance regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information generated.

## GOING CONCERN

The Directors, after making necessary inquiries and reviews of the Company's future prospects and risks, cash flows and borrowing facilities, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the Financial Statements.

For and on behalf of the Board,



S.D.R. Arudpragasam

Director



Anushman Rajaratnam

Director

By Order of the Board,



Corporate Managers & Secretaries (Private) Limited

Managers & Secretaries

Colombo

6th October, 2021

The graphic features a stylized bar chart with five bars of increasing height. Above the chart, there are two circles connected by a horizontal line, with lines extending upwards to a table-like structure with three rows and two columns. A large magnifying glass is positioned over the top right of the chart, focusing on the text 'Rs.'. The entire graphic is rendered in a dark red color on a lighter red background.

Rs.

# Financial Statement

## Financial Statements

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# Independent Auditor's Report



KPMG  
(Chartered Accountants)  
32A, Sir Mohamed Macan Markar Mawatha,  
P. O. Box 186,  
Colombo 00300, Sri Lanka.

Tel +94 - 11 542 6426  
Fax +94 - 11 244 5872  
+94 - 11 244 6058  
Internet www.kpmg.com/lk

## TO THE SHAREHOLDERS OF THE COLOMBO FORT LAND & BUILDING PLC Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of The Colombo Fort Land & Building PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2021, 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 a summary of significant accounting policies and other explanatory information as set out on pages 31 to 143 of the Annual Report.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2021, and of their financial performance and 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 Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### 01. Management Assessment of the Going Concern, Impairment of Investments in Subsidiaries and Goodwill – Company & Group

Refer note 14.1, 15 and 37 to the financial statements and accounting policies note 3.3.5.2

### Risk Description

The Group incurred loss of Rs 55 Mn for the year ended 31 March 2021 and as at that date the Group current liabilities exceed its current assets by Rs. 8,990 Mn. As disclosed in Note 37 to the financial statements, this is mainly due to the fact that some of the subsidiaries of the Group namely Consolidate Tea Plantations Limited, Union Commodities (Private) limited, Lankem Ceylon PLC and Kotagala Plantations PLC have incurred a net loss of Rs. 1,128 Mn, Rs. 315 Mn, Rs. 255 Mn and Rs. 202 Mn respectively during the year ended 31 March 2021 and as of that date, accumulated losses of those subsidiaries amounted to Rs. 1,177 Mn, Rs. 1,195 Mn, Rs. 1,074 Mn and Rs. 1,270 Mn respectively. However, the directors have determined that use of the going concern basis of accounting is appropriate in preparing the financial statements. Their assessment of the going concern was based on the feasibility of management plans and cash flow forecasts.

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M.R. Mihular FCA	P.Y.S. Perera FCA	C.P. Jayatilake FCA
T.J.S. Rajakarier FCA	W.W.J.C. Perera FCA	Ms. S. Joseph FCA
Ms. S.M.B. Jayasekara ACA	W.K.D.C. Abeyratne FCA	S.T.D.L. Perera FCA
G.A.U. Karunaratne FCA	R.M.D.B. Rajapakse FCA	Ms. B.K.D.T.N. Rodrigo FCA
R.H. Rajan FCA	M.N.M. Shameel ACA	Ms. C.T.K.N. Perera ACA
A.M.R.P. Alahakoon ACA		

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



Further, as at 31 March 2021, the Group recorded Rs. 529 Mn as goodwill and the Company recorded Rs. 1,226 Mn as investments in subsidiaries. As required by relevant accounting standards, as at 31 March 2021 the management performed an impairment assessment on goodwill by allocating it to the respective cash generating units and performed the impairment assessment for investments in subsidiaries with indicators of impairment and determined their recoverable amounts based on value-in-use calculations.

Due to the inherent uncertainty involved in forecasting and discounting cash flows, which are the basis of the Group's assessment of the Group's ability to continue as a going concern, recoverability of investment in subsidiaries and impairment of goodwill, this is one of the key judgment areas that our audit is concentrated in.

#### **Our audit procedures included,**

- Obtaining an understanding of management's impairment assessment process.
- Evaluating the indications of possible impairment of investments in subsidiaries and goodwill.
- Assessing the credibility of business plan and cash flow forecasts which were used by the management for the assessment of recoverability of the investments in subsidiaries and goodwill.
- Assessing whether the estimates reflected the latest economic conditions pursuant to the COVID 19 outbreak.
- Evaluating the going concern of the Group and the significant components and assessing the implication on the Group financial statements through discussion with the component auditors.
- Obtaining the forecasted cash flows of the subsidiaries and assessing the reasonableness of the discounted cash flow models, principles and accuracy of the forecasts and challenging the assumptions used and the valuation technique applied.
- Evaluating the adequacy of the Group's going concern disclosures, recoverability of investment in subsidiary and impairment of Goodwill in the financial statements.

#### **02. Measurement of Biological Assets – Group**

Refer note 10.4 & 10.6 to the financial statements and accounting policies note 3.10.9.

#### **Risk Description**

The Group has recognised bearer biological assets in the amount of Rs. 5,471 Mn and consumable biological assets in the amount of Rs 2,950 Mn.

#### **Consumable Biological Assets**

The commercially cultivated timber trees on estates managed by the Group are classified as consumable biological assets and are measured at each reporting date at fair value less estimated cost to sell at harvest. The trees younger than 5 years (if any) are carried at cost less impairment as the fair value cannot be reliably measured. The valuation of consumable biological assets requires significant levels of judgments and technical expertise in selecting appropriate valuation models and assumptions. Management engaged a subject matter expert who is an incorporated valuer and a member of The Institute of Valuers of Sri Lanka to perform an independent valuation of the consumer biological assets of the Group as at reporting date.

#### **Bearer Biological Assets**

Bearer biological assets mainly include mature and immature tea fields. Inappropriate transfer from immature to mature plantations has a significant impact on the carrying value of the bearer plants and the reported profits as capitalization of costs will cease from the point of transfer and the mature plantations are depreciated over the useful lives of the plants. As per the industry practice, transfer of immature plantations to mature plantation fields happens at the point of commencement of commercial harvesting. The actual point of which commercial harvesting could start depends on the soil condition, weather patterns and plant breed.

We considered measurement of biological assets as a key audit matter because the valuation of consumable biological assets involved significant judgments exercised by the management and external valuation expert and were subjected to significant level of estimation uncertainty. Further, immature to mature transfer of bearer biological assets require management to exercise their judgement in determining the point at which a plant is deemed ready for commercial harvesting.



**Our audit procedures for Consumable Biological Assets included,**

- Evaluating the competence, qualifications, capabilities and objectivity of the independent valuer.
- Obtaining estate wise census books of timber trees and comparing the number of timber trees recorded in the census book with the valuation report to ensure the completeness and accuracy of the data. We also evaluated the accuracy of valuation formula contained in the valuation report.
- Assessing the key assumptions and methodology used in the valuation, in particular the discount rate, estimated height and average market price by comparing with industry norms that are generally accepted in determining volume of timber.
- Verifying the mathematical accuracy of the consumable biological assets valuation.

**Our audit procedures for Bearer Biological Assets included,**

- Assessing the processes and controls in place to ensure proper identification of the expenses to be capitalized relating to immature plantations.
- Validating the significant amounts capitalized (including capitalized labour and other acceptable costs) by examining related invoices, capital expenditure authorizations and other corroborative evidences.
- Assessing if the timely transfers from respective immature to matured plantation categories are made focusing on ageing profile of immature plantations.
- Reviewing the ageing profile of the immature biological assets as of the reporting date to ensure that triggers of impairment (if any) are duly identified, assessed for probable impairment losses and duly accounted for in the financial statements.

Assessing the adequacy of the disclosure relating to biological assets in the financial statements, including the description and appropriateness of the inherent degree of subjectivity and the key assumptions.

**03. Valuation of Retirement Benefit Obligations – Group**

Refer note 28 to the financial statements and accounting policy for note 3.6.

**Risk Description**

The Group has recognised retirement benefit obligations in the amount of Rs. 3,910 Mn as at 31 March 2021.

The valuation of the Group's retirement benefit obligation requires significant judgment and estimation to be applied across numerous assumptions, including salary increases and discount rate. Minor changes in those assumptions could have a significant effect on the financial performance and financial position of the Group. Management engaged an independent actuary to assist them in the estimation of the Retirement benefit obligation.

We considered the estimation of the retirement benefit obligation to be a key audit matter due to the magnitude of the amounts recognized in the financial statements as well as estimation uncertainty involved in determining the amounts.

**Our audit procedures included,**

- Assessing the competency, objectivity and capabilities of the independent actuary engaged by the Group.
- Testing the samples of the employees' details used in the computation to the human resource records and performed re-computation of the post-employment benefit liabilities with the assistance of our internal valuation specialist.
- Evaluating the reasonableness of the total annual salaries used in the computation by comparing to the historical data.
- Assessing reasonableness of the other key assumptions used in the valuation, in particular the discount rate, inflation rate and future salary increment rate.
- Assessing the adequacy of the disclosures made in the financial statements including sensitivity analysis.





#### 04. Recoverability of Deferred Tax Assets on Accumulated Tax Losses – Group

Refer note 18 & 27 to the financial statements and accounting policy for note 3.9.2.

##### Risk Description

The Group has recorded deferred tax assets of Rs. 862 Mn and Rs.505 Mn as at 31 March 2021 on deductible temporary differences arising from accumulated tax losses.

In recognizing this deferred tax asset, the management has considered expected utilization or recovery in the future through generation of future taxable profits by the Group entities or set off against deferred tax liabilities. This consideration involves significant judgment and estimates of the management in respect of assessing the sufficiency of future taxable profits and the probability of such future taxable profits being generated by the entities within the Group.

The recoverability of the deferred tax asset on accumulated tax losses was significant to our audit because it involves significant management judgments based on the assumptions that are affected by expected future business strategies.

##### Our audit procedures included,

- Assessing the Group's approach for evaluating the likelihood of the recoverability of deferred tax assets on accumulated tax losses.
- Challenging the key assumptions included in forecasting the future taxable profits after considering the accumulated unutilized tax losses by comparing the key inputs used in the forecasts, including future revenue growth, management of operating costs with historical performance of the entities.
- Assessing the appropriateness of the approval for the forecasts used by the management.
- Assessing the adequacy of disclosures in the financial statements as required by the relevant accounting standards.

#### 05. Carrying Value of Inventories – Group

Refer note 19 to the financial statements and accounting policies for note 3.2.9

##### Risk Description

The Group has recognized inventories amounting to Rs. 7,919 Mn as at 31 March 2021.

The Group has significant amount of inventory and judgment is exercised with regard to categorisation of stocks as obsolete and/or slow moving to be considered for provision; estimates are then involved in arriving at provisions against cost in respect of slow moving and obsolete inventories to arrive valuation based on lower of cost and net realizable value. Given the level of judgements and estimates involved this is considered to be a key audit matter.

##### Our audit procedures included,

- Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls over inventory valuation and identify slow moving and obsolete inventories;
- Comparison of inventory levels, by product group, to sales data to corroborate whether slow moving and obsolete inventories had been appropriately identified and challenge the categorisation as obsolete or slow moving;
- On sample basis, physically verify the inventories as at reporting date;
- Assessing the realisations of inventories during the period and after the period end, in particular of clearance categories, and compare these to the expected recoveries for inventory categorized as obsolete and/or slow moving at the period end date;
- assessing whether the accounting policies had been consistently applied and the adequacy of the disclosures in respect of the judgement and estimation made in respect of inventory provisioning;



## 06. Revenue recognition

Refer note 04 to the financial statements and accounting policies for note 3.8.1.

### Risk Description

The Group recorded revenue of Rs. 43,232 Mn and out of that Rs.13,767 Mn amount of revenue is derived from E.B. Creasy & Company PLC and its subsidiaries for the year ended 31 March 2021.

E.B. Creasy & Company PLC and its subsidiaries recognise Revenue from sale of goods when control has been transferred to the buyer; and is measured net of trade discounts.

Based on the business model, there are many different types of revenues, arising from different types of transactions and events with customers.

In addition, the subsidiary considers revenue as an important element in the preparation of budgets and measuring management performance. These factors could create an incentive for revenue to be recognised prior to control being transferred.

Considering above factors, we identified revenue recognition of the subsidiary as a key audit matter based on the significant judgment involved in determining point of recognition and inherent risk.

### Our audit procedures included:

- evaluating the appropriateness of the Group's revenue recognition policies, including the recognition, measurement and classification criteria as well as disclosure requirements as per SLFRS 15.
- obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls over the revenue recognition and measurement.
- obtaining an understanding of and assessing the design, implementation and operating effectiveness of key IT application controls over revenue, in addition to evaluating the integrity of the general IT control environment.
- performing test of details over revenue by inspecting a sample of invoices and credit notes in order to ensure revenue is recognised and measured in accordance with the contractual terms of the contract and the Group accounting policies.
- On a sample basis, comparing specific revenue transactions recorded before and after the financial year end with the underlining goods delivery notes and/or invoices to assess whether the related revenue had been recognized in the correct financial period.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### 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 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group'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.

As part of an audit in accordance with SLAuSs, 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 and the Group'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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### 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.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2599.

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka  
06 October 2021

# Statement of Profit & loss & Other Comprehensive Income

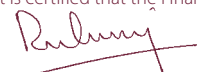
For the year ended 31st March,	Notes	GROUP		COMPANY	
		2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Revenue	4	43,231,519	36,230,793	122,529	133,140
Cost of Sales		(34,614,034)	(30,990,847)	-	-
<b>Gross Profit</b>		<b>8,617,485</b>	<b>5,239,946</b>	<b>122,529</b>	<b>133,140</b>
Other Income	5.1	1,455,289	1,656,034	86,368	41,817
Distribution Expenses		(2,668,847)	(2,473,164)	-	-
Administrative Expenses		(3,691,892)	(4,051,786)	(74,861)	(70,330)
Other Expenses	5.2	(590,995)	(833,379)	(205,117)	(68,049)
Finance Income	6	49,709	43,710	52,016	26,263
Finance Costs	6	(2,653,495)	(3,299,118)	(67,211)	(106,656)
Net Finance Cost	6	(2,603,786)	(3,255,408)	(15,195)	(80,393)
Share of Results of Equity Accounted Investees, Net of Tax	16.1	26,461	1,168	-	-
Share of Results of Joint Venture, Net of Tax	16.2	(50,516)	7,963	-	-
<b>Profit/(Loss) before Tax</b>	<b>7</b>	<b>493,199</b>	<b>(3,708,626)</b>	<b>(86,276)</b>	<b>(43,815)</b>
Income Tax Expense	8	(547,871)	2,377	10,960	(609)
<b>Profit/(Loss) for the Year</b>		<b>(54,672)</b>	<b>(3,706,249)</b>	<b>(75,316)</b>	<b>(44,424)</b>
<b>Other Comprehensive Income</b>					
<b>Items that will not be reclassified to Profit or Loss</b>					
Actuarial Gains/(Losses) on Defined Benefit Plans		34,350	19,494	-	-
Tax on Other Comprehensive Income		349,207	27,346	-	-
Share of Other Comprehensive Income of Equity Accounted Investees (Net of tax)		211,045	(148,703)	-	-
Revaluation of Land		47,200	-	-	-
<b>Items that are or may be reclassified to Profit or Loss</b>					
Available-for-Sale Financial Assets -Reclassified to profit or loss		-	-	-	-
Change in Value of FVOCI Financial Assets		32,428	(65,925)	2,287	(38)
Exchange Differences on Translation of Foreign Operations		(60)	(8,877)	-	-
Other Comprehensive Income/(Loss) for the Year Net of Tax		674,170	(176,665)	2,287	(38)
<b>Total Comprehensive Income/(Loss) for the Year</b>		<b>619,498</b>	<b>(3,882,914)</b>	<b>(73,029)</b>	<b>(44,462)</b>
<b>Profit/(Loss) Attributable to:</b>					
Owners of the Company		(517,483)	(2,201,313)	(75,316)	(44,424)
Non - Controlling Interest		462,811	(1,504,936)	-	-
<b>Profit/(Loss) for the Year</b>		<b>(54,672)</b>	<b>(3,706,249)</b>	<b>(75,316)</b>	<b>(44,424)</b>
<b>Total Comprehensive Income Attributable to:</b>					
Owners of the Company		(109,995)	(3,100,616)	(73,029)	(44,462)
Non - Controlling Interest		729,493	(782,298)	-	-
<b>Total Comprehensive Income/ (Loss) for the Year</b>		<b>619,498</b>	<b>(3,882,914)</b>	<b>(73,029)</b>	<b>(44,462)</b>
Deficit per Share (Rs.)	9	(2.35)	(11.93)	(0.34)	(0.24)

The Notes from pages 31 to 143 form an integral part of these Financial Statements.  
Figures in brackets indicate deductions.

# Statement of Financial Position

As at 31st March,	Notes	GROUP		COMPANY	
		2021 Rs:'000	2020 Rs:'000	2021 Rs:'000	2020 Rs:'000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, Plant and Equipment	10	21,480,578	21,784,218	8,657	11,721
Biological Assets	10.6	2,949,827	2,653,128	-	-
Leasehold Property	11	816,819	849,011	-	-
Right to use of Assets	12	726,284	794,343	-	-
Investment Property	13	2,250,388	2,309,313	803,296	800,821
Intangible Assets	14	565,919	851,817	-	-
Investments in Subsidiaries	15	-	-	1,226,010	1,388,512
Investments in Associates	16.1	416,815	179,309	95,775	95,819
Investment in Joint Venture	16.2	291,249	341,765	-	-
Other Financial Assets	17	707,555	641,431	3,287	993
Employee Benefits	28	67,997	58,885	-	-
Deferred Tax Assets	18	690,732	785,553	-	-
<b>Total Non-Current Assets</b>		<b>30,964,163</b>	<b>31,248,773</b>	<b>2,137,025</b>	<b>2,297,866</b>
<b>Current Assets</b>					
Inventories	19	7,919,221	6,536,676	-	-
Produce of bearer Biological Assets	10.5	15,381	3,629	-	-
Trade & Other Receivables	20	8,284,554	7,168,505	33,560	34,754
Amounts due from Related Parties	31	164,353	161,442	130,496	266,123
Loans Given to Related Parties	31	-	-	379,900	167,000
Income Tax Recoverable		104,262	194,453	-	-
Other Financial Assets	17.3	819,144	450,876	2,992	-
Cash & Cash Equivalents	21	1,564,270	784,923	178,044	227,518
<b>Total Current Assets</b>		<b>18,871,185</b>	<b>15,300,504</b>	<b>724,992</b>	<b>695,395</b>
Assets Held for Sale	22	60,000	60,000	-	-
<b>Total Assets</b>		<b>49,895,348</b>	<b>46,609,277</b>	<b>2,862,017</b>	<b>2,993,261</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity Attributable to Equity Holders of the Parent</b>					
Stated Capital	23	730,368	730,368	730,368	730,368
Capital Reserves	24	20,058	20,058	10,000	10,000
Reserves		2,066,618	2,188,358	958,561	1,031,590
<b>Equity Attributable to Owners of the Company</b>		<b>2,817,044</b>	<b>2,938,784</b>	<b>1,698,929</b>	<b>1,771,958</b>
Non - Controlling Interest		3,706,309	3,019,296	-	-
<b>Total Equity</b>		<b>6,523,353</b>	<b>5,958,080</b>	<b>1,698,929</b>	<b>1,771,958</b>
<b>Non-Current Liabilities</b>					
Loans and Borrowings	25	9,318,695	9,052,878	10,000	54,004
Deferred Income-Capital Grants	26	526,525	547,933	-	-
Deferred Tax Liabilities	27	1,755,729	2,135,040	179,109	195,869
Employee Benefits	28	3,909,536	3,573,209	-	-
Rent Received In Advance	29	-	9,582	-	-
<b>Total Non-Current Liabilities</b>		<b>15,510,485</b>	<b>15,318,642</b>	<b>189,109</b>	<b>249,873</b>
<b>Current Liabilities</b>					
Trade & Other Payables	30	12,088,393	9,773,056	38,334	63,921
Amounts due to Related Parties	31	952,670	735,660	709,013	659,959
Loans and Borrowings	25	11,049,971	11,120,219	35,698	53,383
Rent Received in Advance	29	8,323	8,888	8,323	8,888
Income Tax Payable		460,144	339,740	48,028	48,028
Bank Overdraft	21	3,302,009	3,354,992	134,583	137,251
<b>Total Current Liabilities</b>		<b>27,861,510</b>	<b>25,332,555</b>	<b>973,979</b>	<b>971,430</b>
<b>Total Liabilities</b>		<b>43,371,995</b>	<b>40,651,197</b>	<b>1,163,088</b>	<b>1,221,303</b>
<b>Total Equity and Liabilities</b>		<b>49,895,348</b>	<b>46,609,277</b>	<b>2,862,017</b>	<b>2,993,261</b>
Net Asset per Share (Rs.)		12.79	13.34	7.71	8.04

It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



M.V.M. Paulraj  
Director

Corporate Managers & Secretaries (Private) Limited

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,



S.D.R. Arudpragasam  
Director



Anushman Rajaratnam  
Director

Colombo  
6th October, 2021

The Notes on pages 31 to 143 form an integral part of these Financial Statements.  
Figures in brackets indicate deductions.

# Statement of Changes in Equity

GROUP	Equity Attributable to Equity Holders of the Parent										
	Stated Capital	Property Development Reserve	Capital Redemption Reserve Fund	FVOCI Reserve	General Reserve	Foreign Currency Translate Reserve	Revaluation Reserve	Accumulated Profit / (Loss)	Total	Non-Controlling Interest	Total
	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000
Balance as at 31st March, 2019	327,000	15,190	4,868	991,096	84,453	1,433	2,868,970	1,236,009	5,529,019	4,220,461	9,749,480
Adjustment of Initial Application of SLFRS 16	-	-	-	-	-	-	-	107,013	107,013	68,614	175,407
Adjusted Balance as at 31st March, 2019	327,000	15,190	4,868	991,096	84,453	1,433	2,868,970	1,343,022	5,636,032	4,288,855	9,924,887
Profit / (Loss) for the year	-	-	-	-	-	-	-	(2,201,313)	(2,201,313)	(1,504,936)	(3,706,249)
Other Comprehensive Income for the Year	-	-	-	99,299	-	(8,877)	-	(989,725)	(899,303)	722,638	(176,665)
Reclassification of Foreign Currency Translation Reserve	-	-	-	-	-	(3,295)	-	3,295	-	-	-
Allotment of Right Issue shares	403,368	-	-	-	-	-	-	-	403,368	-	403,368
Adjustment on KIA Sale	-	-	-	-	-	-	(304,823)	304,823	-	(408,640)	(408,640)
Subsidiary Dividend to Non-Controlling Interest	-	-	-	-	-	-	-	-	-	(78,621)	(78,621)
Balance as at 31st March, 2020	730,368	15,190	4,868	1,090,396	84,453	(10,739)	2,564,147	(1,539,898)	2,938,784	3,019,296	5,958,080
Profit / (Loss) for the year	-	-	-	-	-	-	-	(517,483)	(517,483)	462,811	(54,672)
Other Comprehensive Income for the Year	-	-	-	32,428	-	(60)	47,200	327,920	407,488	266,682	674,170
Subsidiary Dividend to Non-Controlling Interest	-	-	-	-	-	-	-	-	-	(54,224)	(54,224)
Effect of Changes in Percentage in Subsidiaries	-	-	-	-	-	-	-	(11,745)	(11,745)	11,745	-
Balance as at 31st March, 2021	730,368	15,190	4,868	1,122,823	84,453	(10,799)	2,611,347	(1,741,206)	2,817,044	3,706,309	6,523,353
COMPANY	Stated Capital	Property Development Reserve	General Reserve	FVOCI Reserve	Accumulated Profit / (Loss)	Total					
	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000					
Balance as at 31st March, 2019	327,000	10,000	501	709	1,074,842	1,413,052					
Loss for the year	-	-	-	-	(44,424)	(44,424)					
Allotment of Rights Issue Shares	403,368	-	-	-	-	403,368					
Remeasuring of other non-current financial assets	-	-	-	(38)	-	(38)					
Balance as at 31st March, 2020	730,368	10,000	501	671	1,030,418	1,771,958					
Loss for the year	-	-	-	-	(75,316)	(75,316)					
Remeasuring of other non-current financial assets	-	-	-	2,287	-	2,287					
Balance as at 31st March, 2021	730,368	10,000	501	2,958	955,102	1,698,929					

The Notes from pages 31 to 143 form an integral part of these Financial Statements.  
Figures in brackets indicate deductions.

# Statement of Cash Flows

For the year ended 31st March,	Notes	GROUP		COMPANY	
		2021 Rs:'000	2020 Rs:'000	2021 Rs:'000	2020 Rs:'000
<b>Cash Flows from Operating Activities</b>					
Profit before Working Capital Changes	A	4,833,160	1,582,407	28,049	34,517
(Increase)/Decrease in Inventories		(1,569,205)	(69,266)	-	-
(Increase)/Decrease in Trade & Other Receivables		(1,282,448)	574,774	(5,224)	(17,085)
(Increase)/Decrease in Amounts due from Related Parties		(2,911)	(149,866)	93,233	(153,283)
Increase/(Decrease) in Trade & Other Payables		2,334,287	2,512	(19,239)	3,774
Increase/(Decrease) in Amounts due to Related Parties		217,010	(290,175)	10,554	(98,133)
<b>Cash Generated from Operating Activities</b>		<b>4,529,893</b>	<b>1,650,386</b>	<b>107,373</b>	<b>(230,210)</b>
Income Tax Paid		(133,043)	(331,127)	-	-
Interest Expenses Paid		(2,653,495)	(3,208,396)	(69,698)	(105,373)
Gratuity Paid		(223,808)	(91,688)	-	-
Rent Income Received		8,323	38,834	29,982	38,086
<b>Net Cash Generated from/(used in) Operating Activities</b>		<b>1,527,870</b>	<b>(1,941,991)</b>	<b>67,657</b>	<b>(297,497)</b>
<b>Cash Flows from Investing Activities</b>					
Acquisition of Property, Plant & Equipment, Investment Property & Biological Assets		(1,234,695)	(1,383,899)	(6,323)	(2,931)
Acquisition of Intangible Assets		(9,967)	(1,987)	-	-
Proceeds from Disposal of Property, Plant & Equipment		395,128	432,526	-	-
Loans given to Related Parties		-	-	(212,900)	(70,000)
Acquisition /Disposal of Subsidiaries and Equity Accounted Investments		-	858,966	115	(2,170)
Acquisition of FVTPL financial assets		(13,848)	(18,685)	(7,638)	-
Proceeds from Disposal of FVTPL financial assets		18,503	1,454	8,187	-
Net Disposal/Acquisition of Other Investments		(33,697)	(87,924)	-	-
Interest Income Received		49,709	43,710	52,498	25,928
Dividend Income Received		71,510	148,625	75,213	37,322
<b>Net Cash Generated from/(used in) Investing Activities</b>		<b>(757,357)</b>	<b>(7,214)</b>	<b>(90,848)</b>	<b>(11,851)</b>
<b>Cash Flows from Financing Activities</b>					
Capital Grants Received		9,902	5,779	-	-
Increase/(Decrease) in Other Short-Term Loans		(73,541)	802,929	-	-
Increase/(Decrease) in Loan Due to Related Parties		-	-	38,500	29,500
Proceeds from Rights Issue		-	403,368	-	403,368
Repayment of Lease Rentals		(190,484)	(251,318)	(1,990)	(2,171)
Receipt of Interest-bearing Borrowings		2,258,303	4,895,310	-	-
Redemption of Debenture		(39,688)	(221,719)	-	-
Repayment of Interest-bearing Borrowings		(1,848,451)	(4,018,408)	(60,125)	(45,533)
Dividend Paid to Non Controlling Interests		(54,224)	(78,621)	-	-
<b>Net Cash Generated from/(used in) Financing Activities</b>		<b>61,817</b>	<b>1,537,320</b>	<b>(23,615)</b>	<b>385,164</b>
Net Increase/(Decrease) in Cash & Cash Equivalents		832,330	(411,885)	(46,806)	75,816
Cash & Cash Equivalents at the beginning of the year	21	(2,570,069)	(2,158,184)	90,267	14,451
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>21</b>	<b>(1,737,739)</b>	<b>(2,570,069)</b>	<b>43,461</b>	<b>90,267</b>

The Notes from pages 31 to 143 form an integral part of these Financial Statements  
Figures in brackets indicate deductions.



# Statement of Cash Flows contd.

For the year ended 31st March,	GROUP		COMPANY	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
<b>Note A</b>				
<b>Profit before Working Capital Changes</b>				
Profit Before Tax	493,199	(3,708,626)	(86,276)	(43,815)
<b>Adjustments for ;</b>				
Depreciation and Amortisation	1,423,014	1,626,055	6,912	6,571
Dividend Income	(71,510)	(145,308)	(75,213)	(37,319)
Amortisation of Rent Income	(18,470)	(55,168)	(30,547)	(39,362)
Interest Expense	2,653,495	3,299,118	67,211	106,656
Amortisation of Intangible Assets	27,980	38,181	-	-
Amortisation of Capital Grants	(31,310)	(11,768)	-	-
Gain on Disposal of Property, Plant & Equipment	(55,796)	(77,094)	-	-
Exchange Loss on Translation of Foreign Currency Loan	37,486	28,391	-	-
Interest Income	(49,709)	(43,710)	(52,016)	(26,263)
Provision for Retirement Gratuity	598,559	581,995	-	-
Share of (Profit)/Loss of Equity Accounted Investees	(26,461)	(1,168)	-	-
Share of results of Joint Ventures	50,516	(7,963)	-	-
Net Gain on Disposal of Financial Assets at FVTPL	-	-	(835)	-
(Gain) / Loss on Disposal of Investments in Subsidiaries and Associates	-	(294,280)	(72)	-
Change in Fair Value of Financial assets classified as FVTPL	(370,171)	134,706	(2,712)	-
Impairment of Other Financial Assets non current	-	-	-	-
Provision for/(Reversal of) Impairment fall in Value of Investments	-	-	162,502	47,081
Impairment Loss/(Reversal of Impairment Loss)				
on Trade & Other Receivables	78,190	438,473	-	-
Impairment Loss/(Reversal of Impairment Loss)				
on Related Party Receivables	2,411	83,175	42,394	20,968
Change in Fair Value of Biological Assets	(308,343)	(500,600)	-	-
Write off / (write back) during the year	(26,228)	109,994	136	-
Impairment/(Reversal of Impairment Loss) on Inventories	186,660	104,025	-	-
Creditors No Longer Payable Written Back	(18,950)	(97,854)	-	-
Impairment of Goodwill	267,885	82,994	-	-
Reversal of Provision for Bad Debts on Trade Receivables	(9,287)	(1,161)	-	-
Unclaimed Dividend Written Back	-	-	(3,435)	-
	4,833,160	1,582,407	28,049	34,517



# Notes to the Financial Statements

## 1. REPORTING ENTITY

The Colombo Fort Land & Building PLC is a public limited liability company incorporated and domiciled in Sri Lanka. The registered office and principal place of business of the Company is located at No. 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1.

The ordinary shares of the Company are listed on the Colombo Stock Exchange. In the Annual Report of the Board of Directors and in the financial statements, 'the Company' refers to The Colombo Fort Land & Building PLC as the Parent Company and 'the Group' refers to the Companies whose accounts have been consolidated therein.

The principal activities of the Company include real estate and property development, management of an investment portfolio and provision of management services. The Companies within the Group are engaged in;

- a) Real estate and property development.
- b) Manufacture and marketing of chemicals, paints, hardware, building materials and packaging.
- c) Manufacture and marketing of consumer disposables, food & beverage products and marketing and distribution of pharmaceuticals.
- d) Marketing of motor vehicles & accessories and providing vehicle maintenance services.
- e) Tourist hotels and inbound tour operations.
- f) Production, processing and marketing of tea, rubber and desiccated coconut and cultivation and sale of palm oil.
- g) Management of investment portfolios.
- h) Provision of management services.

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

The financial statements of the Company and the consolidated financial statements of the Group have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs/LKASs) adopted by The Institute of Chartered Accountants of Sri Lanka (CA) and the requirements of the Companies Act No.07 of 2007 and Sri Lanka Accounting and Auditing Standards Act No.15 of 1995.

The financial statements of the Company and the consolidated financial statements of the Group comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash flows together with the Accounting Policies and Notes to the financial statements.

The financial statements of the Group and the Company for the year ended 31st March, 2021 were authorised for issue by the Board of Directors on 6th October, 2021.

### 2.2 Basis of Measurement

The consolidated financial statements have been prepared on an accrual basis and under the historical cost basis, except for measurement of the following material items in the Statement of Financial Position:

- Derivative financial instruments are measured at fair value.
- Non-derivative financial instruments at fair value through profit or loss are measured at fair value.
- Non-derivative Financial instruments at fair value through Other Comprehensive Income are measured at fair value.
- Class of land under Property, Plant & Equipment is valued under Revaluation model. (Note 10.3)
- Biological assets (managed timber) are measured at fair value less costs to sell. (Note 10.5)
- Defined benefit assets are measured at the present value of the defined benefit obligations. (Note 28)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date.

When measuring fair value of an asset or liability, the Group uses observable market data as far as possible. Fair Values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

Level 1 inputs : are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 inputs : are inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 inputs : are inputs that are not based on observable market data (unobservable inputs).

If inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

### 2.3 Functional and Presentation Currency

The financial statements are presented in Sri Lankan rupees, which is the Group's functional currency. All financial information presented in Sri Lankan rupees has been rounded to the nearest thousand, except when otherwise indicated.

### 2.4 Key Accounting Judgements and Estimates

The preparation of financial statements of the Group and the Company in conformity with SLFRSs/LKASs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities at the reporting date. Judgments and estimates are based on historical experience and other factors including

# Notes to the Financial Statements contd.

expectations that believe to be reasonable under circumstances. Actual results may differ from those estimates and judgmental decisions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

## 2.4.1 Impact of COVID-19 Pandemic

The COVID-19 pandemic and its effect on the global economy have impacted our customers, operations and Group performance. The outbreak necessitated governments to respond at unprecedented levels to protect the health of the population, local economies and livelihoods. It has affected different regions at different times and at varying degrees and there remains a risk of subsequent waves of infection. Thus the pandemic has significantly increased the estimation uncertainty in the preparation of these financial statements including:

- The extent and duration of the expected economic downturn and the duration taken for the global economy to recover from the downturn.
- The extent and duration of the disruption to business arising from the actions of governments, businesses and consumers to contain the spread of the virus.
- The effectiveness of the measurement taken by the authorities to support business and consumers through this disruption and economic downturn.

The Group has made various accounting estimates in these financial statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31st March 2021 about future events that the Directors believe are reasonable in the circumstances. There is a considerable degree of judgment involved in preparing these estimates. The underlying assumptions are also subject to uncertainties which are often outside the control of the Group. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements. The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to fair value measurement and the assessment of the recoverable amount of non-financial assets.

Further information on the key judgments and estimates that we consider material to the financial statements are contained within each relevant note to the financial statements.

## 2.4.2 Judgements

Judgments, estimates and assumptions made by management in the application of SLFRSs/LKASs that could have a significant effect on the financial statements are mentioned below.

	Policy No.	Note No.
Valuation of Property, Plant and Equipments	3.2.1	10
Valuation of Leasehold Property	3.10.1	11
Valuation of Intangible Assets	3.2.8	14
Deferred Tax	3.9.2	27 and 18
Valuation of Employee Benefit Liabilities	3.6	28
Valuation of Biological Assets	3.10.9	10.6
Leases	3.2.5	12
Provisions, Contingent Assets and Liabilities	3.7	36

## 2.5 Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

## 2.6 Comparative Information

Comparative information has been reclassified to conform to the current year's presentation, where necessary. Except when a standard permits or requires otherwise, comparative information is disclosed in respect of the previous period. Where the presentation or classification of items in the financial statements are amended, comparative amounts are reclassified unless it is impracticable.

## 2.7 Going Concern

In preparing these financial statements, the management has assessed the existing and anticipated effect of the COVID-19 on the Group and the appropriateness of the use of the going concern basis of preparation giving special attention on short to medium term economic outlook.

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for a foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

## Current versus Non-Current Classification

The Group presents assets and liabilities in the Statement of Financial Position based on Current / Non-Current classification. An asset is Current when it is expected to be realized or intended to be sold or consumed in the normal operating cycle and held primarily for the purpose of trading or expected to be realized within twelve months after the reporting period or is Cash or Cash Equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as Non-Current Assets.

A liability is Current when it is expected to be settled in the normal operating cycle and is held primarily for the purpose of trading and is due to be settled within twelve months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting date.

All other liabilities are classified as Non-Current Liabilities.

## 2.8 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Income Statement, unless required or permitted by Sri Lanka Accounting Standards and as specifically disclosed in the Significant Accounting Policies of the Company.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

#### Amendments to Definition of a Business - SLFRS 3

The Group has initially adopted Definition of a Business (Amendments to SLFRS 3) from 1st April 2020. This amendment is applicable for the acquisitions made on or after 1st April 2020 in assessing whether it had acquired a business or group of assets. The details of accounting policies are set out in note 3.1 to these financial statements. The Group did not acquire any subsidiary during the year ended 31st March 2021, as a result the impact of the application of this amended standard was limited to the changes in the significant accounting policies disclosed.

#### Other amended standards

A number of other new standards were also effective from 01st April 2020 but they do not have a material impact effect on the Group's financial statements.

The accounting policies set out from Note 3.1 onwards have been applied consistently for all periods presented in the financial statements by the Group and Company.

### 3.1 Basis of Consolidation

The consolidated financial statements (referred to as the 'Group') comprise of the financial statements of the Group, its Subsidiaries and the Group's interest in equity accounted investees.

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is

met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it;

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences, recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss in the Statement of Profit or Loss and Other Comprehensive Income.
- Reclassifies the Parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

The Group measures goodwill at the acquisition date as the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquiree, plus if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interests at fair value, or at their proportionate share of the recognised amount of the identifiable net assets, at the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition - date fair value and recognises the resulting gain or loss, if any, in the Statement of Profit or Loss and Other Comprehensive Income.

# Notes to the Financial Statements contd.

## 3.1.1 Acquisitions of Non-Controlling Interest

Acquisitions of non-controlling interests are accounted for as transactions with owners, in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

## 3.1.2 Subsidiaries

Subsidiaries are those entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Group considers all relevant facts and circumstances in assessing whether it has power over an investee which includes; the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Entities that are subsidiaries of another entity which is a subsidiary of the company are also treated as subsidiaries of the company. The financial statements of subsidiaries are included in the consolidated financial statements from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date when such control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group

The following companies in which the Group's effective holding is less than 50% have been consolidated as the group has the practical ability to direct the relevant activities of these entities, unilaterally.

Company Name	Holding
Muller and Phipps (Ceylon) PLC	30.73%
Laxapana Batteries PLC	40.96%
Marawila Resorts PLC	35.91%
C.W. Mackie PLC	37.86%
Agarapatana Plantations Limited	40.58%
Lankem Developments PLC	44.24%
Sigiriya Village Hotels PLC	42.66%
Beruwala Resorts PLC	46.36%
York Arcade Holdings PLC	49.99%
Ceylon Tapes (Pvt) Ltd	42.33%

## Loss of Control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity relating to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss in the Statement of Profit or Loss and Other Comprehensive Income. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as a FVOCI financial asset depending on the level of influence retained.

## 3.1.3 Investments in Equity Accounted Investees (Associates and Jointly Controlled Entities)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Joint ventures are arrangements in which the Group has joint control and have rights to the net assets of the arrangement. The Group has Joint Control in a venture when there is contractually agreed sharing of control of the venture and the decisions about the relevant activities of the venture require the unanimous consent of the parties sharing control.

Associates and Joint ventures are treated as equity accounted investees and are accounted for using the equity method.

Under the equity method Investments in equity-accounted investees are recognised initially at cost, which includes transaction costs. The carrying amount of the investment is adjusted at each reporting date to recognise changes in the Group's share of net assets of the equity-accounted investees arising since the acquisition date. Goodwill relating to the equity-accounted investees is included in the carrying amount of the investment. Dividends declared by the equity-accounted investees are recognised against the equity value of the Group's investment.

The income statement reflects the Group's share of the results of operations of the equity accounted investees. When there is a change recognised directly in the Other Comprehensive Income or equity of the entity, the Group recognises its share of any changes, when applicable, in the statement of profit or loss and Other Comprehensive Income or the changes in equity. Unrealised gains

and losses resulting from transactions between the Group and the equity-accounted investees are eliminated to the extent of the interest in the equity-accounted investees.

The Group's share of profit or loss of equity accounted investees is shown on the face of the income statement and represents profits or loss after tax of the entity.

Adjustments are made if necessary, to the financial statements of the equity accounted investees to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its equity accounted investee. The Group determines at each reporting date whether there is any objective evidence that the investment in the equity accounted investee is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the equity-accounted investees and its carrying value and recognises the amount in 'share of losses of an equity accounted investee' in the income statement.

Upon loss of significant influence over the associate or the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the equity accounted investee disposed and the fair value of the retaining investment and the proceeds from disposal is recognised in the income statement.

#### **Non-Controlling Interest**

Non-controlling interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit or loss for the year in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and as a component of equity in the Consolidated Statement of Financial Position, separately from the Parent's shareholders' equity.

Summarised financial information in respect of subsidiaries that have non-controlling interests that are material to the reporting entity (i.e., the Group) is disclosed separately when applicable.

#### **3.1.4 Other Long-Term Investments**

Investment in companies where the Group's holding is less than 20% and where the Group does not exercise significant influence and/or control over the financial and operating policies/decisions are accounted for on the basis stated in Note 3.4 below. The income from these investments is recognised only to the extent of dividend received.

#### **3.1.5 Profits and Losses**

The total profits and losses of the Company and its subsidiaries for the period are included in the consolidation. The proportion of the profit or loss after taxation attributable to non-controlling interest shareholders of the subsidiaries is shown as a component of profit for the period in the Consolidated Statements of Comprehensive Income.

#### **3.1.6 Assets and Liabilities**

All assets and liabilities of the Company and its subsidiaries are included in the Consolidated Statement of Financial Position. Non-controlling interest which represents the proportion of interest attributable to non-controlling interest of subsidiaries in the net assets employed by the Group is disclosed as a component of equity in the Consolidated Statement of Financial Position, separately from the Parent shareholders' equity.

#### **3.1.7 Transactions Eliminated on Consolidation**

All intra group balances and transactions, income and expenses and profits and losses resulting from intra group transactions that are recognised in assets, liabilities, income and expenses are eliminated in preparing the consolidated financial statements.

#### **3.1.8 Reporting Date**

All subsidiaries and equity accounted investees of the Group have a common financial year as the Parent Company other than Sunquick Lanka Property (Private) Limited. Whose financial year ends on 31st December. Group incorporates the results of Sunquick Lanka Property (Private) Limited up to 31st March in the Group's financial statements.

#### **3.1.9 Foreign Currency Transactions**

All foreign currency transactions are translated to Sri Lankan Rupees at the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into local currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between the amortised cost in Sri Lankan Rupees at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

### **3.2 Property, Plant & Equipment**

#### **3.2.1 Recognition and Measurement**

Items of property, plant & equipment except freehold land are measured at cost less accumulated depreciation and accumulated impairment losses. From 31 March 2019, freehold land of the Group is recognised at revalued amount and such revaluation will be assessed once in three years.



# Notes to the Financial Statements contd.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- The cost of materials and direct labour
- Any other costs directly attributable to bringing the assets to a working condition for their intended use
- When the entity has an obligation to remove the asset or restore the site an estimate of the costs of dismantling and removing the items and restoring the site on which they are located
- Capitalised borrowing costs

When parts of an item of property, plant & equipment have different useful lives, they are accounted for as separate items (major components) of property, plant & equipment.

Any gain or loss on disposal of an item of property, plant & equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Upon transition to SLFRSs/LKASs the Group elected to apply the optional exemption to use the previous revaluation as deemed cost on 1st April, 2011, the date of transition.

### 3.2.2 Subsequent Expenditure

The cost of replacing part of an item of property, plant & equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised in accordance with the derecognition policy given below. The costs of the day-to-day servicing of property, plant & equipment are recognised in profit or loss as incurred.

### 3.2.3 Derecognition and Depreciation

Items of property, plant & equipment are derecognised upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the Statement of Profit or Loss and Other Comprehensive Income in the year the asset is derecognised.

#### Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of each part of an item of property, plant & equipment. Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets. Freehold land is not depreciated.

Depreciation of an asset begins when it is available for use whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held-for-sale and the date that the asset is derecognised. Provision for depreciation is calculated by using a straight-line method on the cost or valuation of all property, plant & equipment, other than freehold land, in order to write off such amounts over the estimated useful economic life of such assets.

The estimated useful lives of assets are as follows:

Assets	Years
Freehold Buildings	10-40
Plant & Machinery	04 - 13 1/3
Motor Vehicles	04-05
Office Equipment	08-10
Furniture & Fittings	08-10
Computer Equipment	04-05
Sanitation, Water Supply and Electricity	20
Mature Plantations - Tea	33 1/3
Mature Plantations - Rubber	20
CTC Machinery	20
Freehold Buildings on Leasehold Lands	Over the lease period or estimated useful life whichever is shorter
Linen, Cutlery & Crockery	On replacement basis /4 years

The useful life and residual value of assets are reviewed, and adjusted if required, at the end of each financial year.

### 3.2.4 Finance Leases

Property, plant & equipment on finance leases, which effectively transfer to the Group substantially all the risk and benefits incidental to ownership of the leased items, are classified as leasehold assets under the property, plant & equipment and stated at an amount equal to the lower of their fair value and the present value of minimum lease payments at the inception of the lease, less the accumulated depreciation. Depreciation is made over the remaining lease or the useful life of the asset, whichever is shorter.

### 3.2.5 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SLFRS 16. This policy is applied to contracts entered into, on or after 1 April 2019.

#### 3.2.5.1.1 As a Lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Group entities uses its incremental borrowing rate as the discount rate.

The Group entities determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in "Right-of-use" assets and lease liabilities in interest bearing loans and borrowings in the statement of Financial Position.

### Short term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### 3.2.5.1.2 As a Lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risk and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic useful life of the asset.

When the Group is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies sub-lease as an operating lease.

The Group recognises lease payments received under operating leases as rental income on a straight-line basis over the lease term as part of 'other income'. Generally, the accounting policies to the Group as a lessor in the comparative period were not different from SLFRS 16.

### Short term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### 3.2.6 Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not held for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

# Notes to the Financial Statements contd.

Upon transition to SLFRSs/LKASs the Group elected to apply the optional exemption to use fair value as at the date of transition, 1st April 2011 as deemed cost. Consequently, investment property is measured at deemed cost less accumulated depreciation and any impairment losses. Depreciation is recognised on a straight-line basis over the estimated useful life of the investment property.

Investment properties are derecognised when disposed of, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognised in the Statement of Profit or Loss and Other Comprehensive Income in the year of retirement or disposal. Transfers are made to and from investment property only when there is a change in use in accordance with the criteria listed in LKAS 40 - Investment Property.

Where Group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant & equipment in the consolidated financial statements, and accounted for in accordance with LKAS 16 - Property, Plant & Equipment.

### 3.2.7 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred except those that are directly attributable to the acquisition, construction or production of a qualifying asset that takes a substantial period of time to get ready for its intended use or sale, where it is capitalised as a part of the cost of that asset.

### 3.2.8 Intangible Assets

An intangible asset is initially recognised at cost, if it is probable that future economic benefit will flow to the enterprise, and the cost of the asset can be measured reliably.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life, from the date that they are available for use and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with finite useful life is reviewed at least once at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level.

### Goodwill

Goodwill arising on an acquisition represents the excess of the cost of acquisition over the fair value of net assets acquired. Goodwill is measured at cost less accumulated impairment losses.

Gain from bargain purchase arising on an acquisition represents the excess of the fair value of the net assets acquired over the cost of acquisition. Gain from bargain purchase is recognised immediately in the Statement of Profit or Loss and Other Comprehensive Income.

### Software

All computer software cost incurred, which are not internally related to associate hardware, which can be clearly identified, reliably measured and its probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category of intangible assets.

### 3.2.9 Inventories

Inventories are measured at lower of cost and estimated net realisable value.

In general, cost is determined on weighted average basis other than in Candy Delights Limited whose cost of inventory is determined on first-in, first out basis (FIFO).

The cost includes all expenses incurred in acquiring the inventories and bringing them to their existing condition. In the case of finished products, cost includes all direct expenditure and production overheads based on the normal level of activity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated selling expenses and where applicable, cost of conversion from their existing state to the finished condition.

Provision is made for obsolete, slow moving and defective inventories where necessary.

Goods in transit are determined based on actual cost.

### 3.2.10 Assets Held for Sale

Before the classification as held-for-sale, non-current assets and liabilities in the disposal group are measured in accordance with relevant SLFRSs. Non-current assets and disposal groups classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets are classified as held for distribution when the Company/Group committed to distribute the assets or disposal group to its owners.

Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.



### 3.3 Financial Instruments

#### 3.3.1 Recognition and Initial Measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provision of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### 3.3.2 Classification and subsequent measurement

##### 3.3.2.1 Financial Assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity instrument; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

#### Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

# Notes to the Financial Statements contd.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permit or requires prepayment at an annual amount that substantially represent the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

## Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

### 3.3.2.2 Financial Liabilities

#### Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

### 3.3.2.3 Derivative Financial Instruments

Derivatives are initially recognised at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

## 3.3.3 De-recognition

### 3.3.3.1 Financial Assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the, contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

### 3.3.3.2 Financial Liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

## 3.3.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## 3.3.5 Impairment

### 3.3.5.1 Non-derivative Financial Assets

The Group recognises loss allowances for Expected Credit Loss (ECL) on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group measures loss allowance at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equals to life time ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligation to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

#### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

#### Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data;

- significant financial difficulty of the borrower;
- a breach of contract such as default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

#### Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

#### Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 90 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### 3.3.5.2 Non-financial Assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indicator exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

# Notes to the Financial Statements contd.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 3.4 Cash and Cash Equivalents

Cash and cash equivalents comprise of cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short term commitments.

## 3.5 Stated Capital

### Ordinary Shares

Ordinary shares are classified as equity. As per the Companies Act No. 07 of 2007, Section 58 (1), stated capital in relation to a Company means the total of all amounts received by the Group or due and payable to the Group in respect of the issue of shares and in respect of call in arrears.

## 3.6 Employee Benefits

### Defined Benefit Plans - Retirement Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted.

The defined benefit obligation is calculated annually by independent qualified actuaries using Project Unit Credit method (PUC) as recommended by LKAS 19 - Employee Benefits. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows.

The actuarial gain or losses arising from defined benefit plans are recognised immediately in Other Comprehensive Income.

However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for the gratuity payment to an employee arises only on the completion of 5 years of continued service.

Provisions has not been made for gratuity in the accounts of the Company as per LKAS 19 - 'Employee Benefits', since the Company did not employ any staff. All staff related services are provided by Corporate Managers & Secretaries (Pvt) Ltd.

## Defined Contribution Plan - Employees' Provident Fund & Employees' Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. All employees who are eligible for Provident Fund Contributions and Trust Fund Contributions are covered by relevant contribution funds in line with respective statutes and regulations.

Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Contribution for Employees Provident Fund and Employees Trust Fund have not been made since the Company does not employ any staff.

## 3.7 Provisions, Contingent Assets and Contingent Liabilities

Provisions are made for all obligations present, legal or constructive obligations existing as at the reporting date when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote.

Contingent assets are disclosed, where inflow of economic benefit is probable.

## 3.8 Statement of Profit or Loss and Other Comprehensive Income

### 3.8.1 Revenue Recognition

As per SLFRS 15, Revenue from contracts with customers, revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes.

The nature and timing of the satisfaction of performance obligations in contract with customers, including significant payment terms, and the related revenue recognition policies are given below:

### Sale of Goods

Customers obtain control of products when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Invoices are usually payable within 30/60/90 days based on the product category

### Rendering of Services

Revenue from rendering of services is recognized in the accounting period in which the services are rendered or performed.

### Revenue from Hotel Services

Apartment revenue is recognised on the rooms occupied on a daily basis and food and beverage and other hotel related sales are recognised at the point of sale.

#### 3.8.1.1 Other Sources of Revenue

##### Dividend Income

Dividend Income is recognised in the Statement of Profit or Loss on the date when the entities right to receive payment is established.

##### Finance Income

Finance income comprises interest income on funds invested (including Financial Assets at FVTPL), gains on the disposal and Fair Value Gains on Financial Assets at fair value through Profit or Loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

##### Rental Income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

Other Income - Other income recognised based on the actual basis. Gains and losses of a revenue nature on the disposal of Property, Plant and Equipment and other non-current assets are recognised by comparing the net sales proceeds with the carrying amount of the corresponding asset and are recognised net within 'other income' in the Statement of Profit or Loss.

#### 3.8.2 Expenditure Recognition

All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to Statement of Profit or Loss and Other Comprehensive Income in arriving at the profit for the year. Expenditure incurred for the purpose of acquiring and extending or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

For the purpose of presentation of the Statement of Profit or Loss and Other Comprehensive Income, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company and the Group's performance.

#### 3.8.3 Finance Income and Finance Costs

Finance income comprises interest income on funds invested (including Financial Assets at FVTPL). Interest income is recognised as it accrues in the Statement of Profit or Loss and Other Comprehensive Income, using the effective interest method.

Finance costs comprise of all interest and other costs incurred in connection with borrowings, and are recognised as an expense in the period in which they are incurred, unless they are incurred in respect of qualifying assets in which case it is capitalised.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

### 3.9 Income Tax Expenses

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity, or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

#### 3.9.1 Current Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date and any adjustments to tax payable in respect of previous years.

The 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, No.24 of 2017.

#### 3.9.2 Deferred Tax

Deferred taxation is the tax attributable to the temporary differences that arise when taxation authorities recognise and measure assets and liabilities with rules that differ from those used in the financial statements.

Deferred tax is provided using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, unused tax credits and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, the unused tax credits and tax losses carried forward can be utilised.

Deferred tax is not recognised for the following temporary differences:

- Taxable temporary differences arising on the initial recognition of goodwill
- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects either accounting or taxable profit
- Temporary differences related to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are



## Notes to the Financial Statements contd.

reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Tax withheld in dividend income from subsidiaries and associates is recognised as an expense in the consolidated Statement of Profit or Loss and Other Comprehensive Income at the same time as the liability to pay the related dividend is recognised.

Deferred tax assets and liabilities recognised by individual companies within the Group are disclosed separately as assets and liabilities in the Group Statement of Financial Position and are not offset against each other.

### 3.10 Accounting Policies Which are Specific to the Business of Plantation Companies

The plantation companies in the Group adopt certain accounting policies, which differ from that of the Group since the nature of operation of the plantation companies is significantly different from that of the rest of the Group. Those accounting policies of plantation companies that significantly vary from the rest of the Group are given below:

#### 3.10.1 Leasehold Properties

Leasehold properties comprise of leasehold rights of assets (bare lands and immovable lease assets) taken over from Janatha Estate Development Board (JEDB) / Sri Lanka State Plantation Corporation (SLSPC) on a long term basis.

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The leasehold rights of assets taken over from JEDB/SLSPC are amortised in equal amounts over the shorter of the remaining lease periods and the useful lives as follows:

Description of the Property	No. of Years
Bare Land of JEDB/SLSPC	53
Land Development Cost (Improvement to Land)	30
Buildings	25
Plant and Machinery	15
Water Projects and Sanitation	20-30
Mature Plantations - Tea	30
Mature Plantations - Rubber	30
Mature Plantations - Others	25
Road and Bridges	40
Fences and Securities	20
Machinery	15
Power Augmentation	20
Vested Tea	30

#### 3.10.2 Permanent Land Development Costs

Permanent land development costs are those costs incurred to make major changes to land contours to build new access roads and other major infrastructure development. Such expenditure on leasehold land has been capitalised and amortised over the remaining lease period. Permanent impairments to land development costs are charged to the Statement of Profit or Loss and Other Comprehensive Income in full or reduced to the net carrying amounts of such asset in the year of occurrence after ascertaining the loss.

#### 3.10.3 Limited Life Land Development Costs (Mature and Immature Plantations)

The cost of new planting, replanting, inter-planting and crop diversification incurred between the time of field development and being ready for commercial harvesting are classified as immature plantations. Further, the general charges incurred on the plantation are apportioned on the labour days spent on respective replanting and new planting, and capitalised on the immature areas. The remaining portion of the general charges is charged to the Statement of Profit or Loss and Other Comprehensive Income in the year in which it is incurred. No depreciation is provided for immature plantation.

The total expenditure incurred on perennial crops (Tea & Rubber) which come into bearing during the year have been transferred to mature plantations and depreciated over its useful life time. No depreciation has been charged on mature plantations in the year of transfer. Permanent impairments to land development costs are charged to the Statement of Profit or Loss and Other Comprehensive Income in full or reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

#### 3.10.4 Borrowing Costs

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale, are capitalised as a part of the asset.

Borrowing costs that are not capitalised are recognised as expenses in the period in which they are incurred and charged to the Statement of Profit or Loss and Other Comprehensive Income.

The amounts of the borrowing costs which are eligible for capitalisation are determined in accordance with LKAS 23 – “Borrowing Costs”.

Borrowing costs incurred in respect of specific loans that are utilised for field development activities have been capitalised as a part of the cost of the relevant immature plantation. The capitalisation will cease when the crops are ready for commercial harvest.

#### 3.10.5 Infilling Cost on Bearer Biological Assets

Where Infilling results in an increase in the economic life of the relevant field beyond its previously assessed standard of performance, the costs are capitalized and depreciated over the useful life at rates applicable to mature plantations. Infilling costs that are not capitalized have been charged to the Statement of Comprehensive Income in the year in which they are incurred.

### 3.10.6 Inventories

Finished Goods Manufactured from Agricultural Produce of Biological Assets.

These are valued at the lower of cost and estimated net realisable value, after making due allowance for obsolete and slow moving items. Net realisable value is the estimated selling price at which stocks can be sold in the ordinary course of business after allowing for cost of realisation and/or cost of conversion from their existing state to saleable condition.

Input Material Limited)	At average cost (Agarapatana Plantations At actual cost on FIFO basis (Kotagala Plantations PLC)
Growing Crop-Nurseries	At the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads less provision for overgrown plants.
Spares & Consumables Produce Stocks	At actual cost on FIFO basis. Estimated realisable price or since realised price or cost

### 3.10.7 Grants and Subsidies

Grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is set up as deferred income. Where the Group receives non-monetary grants, the asset and that grant are recorded at nominal amounts and are released to the Statement of Profit or Loss and Other Comprehensive Income over the expected useful life of the relevant asset by equal annual instalments.

### 3.10.8 Retirement Benefit Obligations

The Retirement Benefit Plan adopted is as required under the Payment of Gratuity Act No.12 of 1983 to eligible employees. This item is grouped under Retirement Benefit Obligations in the Statement of Financial Position.

#### All Workers and Staff

Provision of gratuity for all workers and staff is on actuarial basis, using the Projected Unit Credit (PUC) method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates 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 liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised as income and expense in the period in which they arise. Past service costs are recognised immediately in the Statement of Profit or Loss and Other Comprehensive Income.

The actuarial valuation was carried out by a professionally qualified Actuaries as disclosed in Note 27.

The Group expects to carry out actuarial valuation every year. The key assumptions used by the actuary include the following.

- Rate of Interest - 6% - 10% p.a.
- Salary Increment Rate - Staff 7.5% - 10% per annum Workers 5.68% once in two years
- Retirement Age - Staff 60 years Workers 55 to 60 years
- Daily Wage Rate - Rs. 700/- for workers

### 3.10.9 Biological Assets

Biological assets are classified as mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications. Tea, rubber, other plantations and nurseries are classified as biological assets.

Biological assets are further classified as bearer biological assets and consumable biological assets. Bearer biological asset includes tea trees, those that are not intended to be sold or harvested, however used to grow for harvesting agricultural produce from such biological assets. Consumable biological assets include managed timber that are to be harvested as agricultural produce or sold as biological assets.

The entity recognise the biological assets when, and only when, the entity controls the assets as a result of past event, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – Property Plant & Equipment.

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting and fertilizing etc. incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on bearer biological assets (Tea) which comes into bearing during the year, is transferred to mature plantations.

The managed timber is measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of timber trees are measured using Discounted Cash Flow (DCF) method taking into consideration the current market prices of timber, applied to expected timber content of a tree at maturity by an independent professional valuer.

# Notes to the Financial Statements contd.

The Main Variables in DCF Model Concerns;

Variable	Comment
Currency valuation	Rs.
Timber content	Estimated based on the girth, height and considering the growth and present age of the trees of each species in different geographical regions, factoring all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company approved by the Forestry Department.
Economic useful Life	Estimated based on normal life span of each species by factoring the forestry plan of the Company approved by the Forestry Department.
Selling price	Estimated based on prevailing Sri Lankan market prices. Factor all the conditions to be fulfilled in bringing the trees into saleable condition.
Discount Rate	Future cash flows are discounted at the rate of 10.5%, 11.5% & 12.5% (2019/20- 13%, 14% & 15%)

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

The gain or loss arising on initial recognition of biological assets at fair value less cost to sell and from a change in fair value less cost to sell of biological assets are included in the Statement of Profit or Loss and Other Comprehensive Income for the period in which it arises.

Impairments to biological assets are charged to the Profit or Loss Statement in full and reduced to the net carrying amounts of such asset in the year of occurrence after ascertaining the loss.

### 3.11 Statement of Cash Flows

The Statement of Cash Flows has been prepared using 'indirect method'. Interests paid are classified as operating cash flows while dividends paid are classified as financing cash flows. Interests and dividends received are classified as investing cash flows for the purpose of presentation of Statement of Cash Flows.

For the purpose of Statement of Cash Flows, cash & cash equivalents consist of cash at bank and in hand and short term deposits net of outstanding bank overdrafts.

### 3.12 Segmental Reporting

A segment is a distinguishable component of an enterprise that is engaged in either providing products or services (Business Segments) or in providing products or services within a particular economic environment (Geographic Segment) which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's business activities. The business segment has been identified as the primary segment of the Group as there are no distinguishable components to be identified as geographical segments for the Group. The business segments are reported based on the Group's management and internal reporting structure.

### 3.13 Related Party Transactions

Disclosures have been made in respect of the transactions between parties who are defined as related parties as per Sri Lanka Accounting Standards (LKAS) 24 – Related Party Disclosures.

### 3.14 Earnings per Share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

### 3.15 Events after the Reporting Period

All material occurring events after the reporting period have been considered and appropriate adjustments to or disclosures have been made in the financial statements.

### 3.16 Operating Profit

Operating profit is the result generated from the continuing principal revenue producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity accounted investees and income taxes.

### 3.17 Financial Risk Management Policies

The Group's principal financial liabilities comprise of loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has loan and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Group also holds debt and equity instruments and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management monitors these risks. The Group's senior management is supported by an Audit Committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The Audit Committee provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and group risk appetite.

The Group's objectives, policies and processes for measuring and managing risk from financial instruments and the management of capital are reported separately in Note 33.6 in conformity with Sri Lanka Financial Reporting Standards.



### 3.18 Directors responsibilities

The Board of Directors of the Company is responsible for the preparation and presentation of Consolidated Financial Statements as per the provisions of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards (SLFRSs/ LKASs). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### 3.19 New and Amended Standards Issued but not Effective as at the Reporting Date

#### 3.19.1 Standards Issued but not yet Effective

A number of new standards and amendments to standards and amendments are effective for annual periods beginning after the current financial year and earlier application is permitted; however, the Group has not early adopted them in preparing these financial statements.

The following amended standards are not expected to have a significant impact on the Group's financial statements.

#### ▪ Property, Plant and Equipment: Proceeds before Intended Use (Amendments to LKAS 16)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

#### ▪ Reference of Conceptual Framework (Amendments to SLFRS 3 – Business Combination)

The amendments update an outdated reference to the Conceptual Framework in SLFRS 3 without significantly changing the requirements in the standard.

#### ▪ Classification of Liabilities as Current or Non-current (Amendments to LKAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

#### ▪ Onerous Contracts - Cost of fulfilling the contract (Amendments to LKAS 37)

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

#### ▪ Interest benchmark reform phase 2 (Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16)

The amendments in Interest Rate Benchmark Reform clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

#### ▪ COVID-19 related concessions (Amendments to SLFRS 16)

Introduces an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance.

The practical expedient applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2021.

#### SLFRS 17 Insurance Contracts and amendments of SLFRS 17 Insurance Contracts

SLFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. SLFRS 17 introduces a new measurement model for insurance contracts and becomes effective in 2023.

#### Annual Improvements to SLFRS Standards issued during 2018-2020

IFRS issued improvements to standards issued during the period 2018 to 2020 with improved clarifications and amendments to IFRS 1, IFRS 9, IFRS 9 and IAS 41.

#### 3.19.2 Changes in accounting standards

The following amendments and improvements do not have a significant impact on the Group's financial statements.

- Amendments to SLFRS 3: Definition of a Business.
- Amendments to LKAS 1 and LKAS 8: Definition of Material.
- Conceptual Framework for Financial Reporting.

# Notes to the Financial Statements contd.

## 4. REVENUE

For the year ended 31 March,	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000

### 4.1 Summary

Gross Revenue	44,665,217	37,454,789	122,529	133,140
Less: Revenue Related Taxes	(1,433,698)	(1,223,996)	-	-
<b>Net Revenue</b>	<b>43,231,519</b>	<b>36,230,793</b>	<b>122,529</b>	<b>133,140</b>

### 4.2 Business Segment Analysis

Trading of Consumer Products	28,541,333	24,196,876	-	-
Trading of Industrial Products	11,731,201	9,740,952	-	-
Leisure	431,708	1,171,437	-	-
Plantations	7,498,494	5,898,442	-	-
Others	1,345,873	1,030,466	122,529	133,140
	49,548,609	42,038,173	122,529	133,140
Inter-Segment Revenue	(6,317,090)	(5,807,380)	-	-
<b>Net Revenue</b>	<b>43,231,519</b>	<b>36,230,793</b>	<b>122,529</b>	<b>133,140</b>

## 5. OTHER INCOME / (EXPENSES)

For the year ended 31st March,	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000

### 5.1 Other Income

Gain on Disposal of Property, Plant and Equipment	55,796	77,094	-	-
Dividend Income	71,510	145,308	75,213	37,319
Sale of Rubber Trees	38,489	284,543	-	-
Sale of Timber & Scrap	50,348	43,363	-	-
Amortisation of Grants and Subsidies (Note 26)	31,310	11,768	-	-
Net Gain on Disposal of Subsidiaries / Associates	-	294,280	-	-
Commission Income	8,470	6,116	600	600
Profit on sale of Financial Assets at fair value through profit or loss	-	-	907	-
Reversal of Impairment Loss on Trade and other Receivables	9,287	1,161	-	-
Creditors No Longer Payable Written Back	18,950	97,854	-	-
Change in Fair Value of Biological Assets (Note 10.6.1)	308,343	500,600	-	-
Rental Income	172,975	168,535	-	-
Gain on Financial Assets at fair value through profit or loss	372,923	-	2,712	-
Sundry Income	316,888	25,412	6,936	3,898
	1,455,289	1,656,034	86,368	41,817

### 5.2 Other Expenses

Loss on Financial Assets at fair value through profit or loss	-	134,706	-	-
Net Impairment/(reversal) of Inventories	186,660	104,025	-	-
Write off/Impairment of Trade and Other Receivables	78,190	438,473	-	-
Impairment of Goodwill (Note 14.1.2)	267,885	82,994	-	-
Impairment loss / (Reversal) on Property Plant and Equipment (Note 10.1)	(26,228)	15,281	-	-
Impairment/ (Reversal) of Investment in Subsidiaries	-	-	162,502	47,081
Impairment of Related Party Receivables	-	-	10	3,470
Others	84,488	57,900	221	-
Expected Credit Loss	-	-	42,384	17,498
	590,995	833,379	205,117	68,049

## 6. NET FINANCE COST

For the year ended 31st March,	GROUP		COMPANY	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
<b>Finance Income</b>				
Interest Income	49,709	43,710	52,016	26,263
<b>Total</b>	<b>49,709</b>	<b>43,710</b>	<b>52,016</b>	<b>26,263</b>
<b>Finance Costs</b>				
Interest on Short-Term Loans - Related Parties	-	-	50,126	73,658
Interest on Loans	1,734,662	2,358,921	4,056	21,612
Interest on Finance Lease Obligation	100,806	57,369	427	700
Interest on JEDB/SLPC Estate Lease (Note 25.1)	92,766	91,526	-	-
Debenture Interest	36,757	85,876	-	-
Interest on Bank Overdraft	400,454	460,280	12,602	10,686
Other Interest	71,189	118,790	-	-
Net Gain on Translation of Foreign Currency	257,838	248,117	-	-
Amount Capitalised	(40,977)	(121,761)	-	-
<b>Total</b>	<b>2,653,495</b>	<b>3,299,118</b>	<b>67,211</b>	<b>106,656</b>
<b>Net Finance Cost</b>	<b>2,603,786</b>	<b>3,255,408</b>	<b>15,195</b>	<b>80,393</b>

## 7. PROFIT/(LOSS) BEFORE TAXATION

Is stated after charging all expenses including the following:

For the year ended 31st March,	GROUP		COMPANY	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
<b>Audit Services</b>				
KPMG	28,033	26,821	1,225	1,134
Other Auditors	13,486	16,816	-	-
<b>Non-Audit Services</b>				
KPMG	2,960	6,301	164	153
Other Auditors	12,516	8,496	-	-
Amortisation of Intangible assets (Note 14.2 & 14.3)	27,980	38,181	-	-
Depreciation and amortisation (Note 7.1)	1,423,013	1,626,055	6,912	6,571
Directors Remuneration	455,485	471,529	11,400	11,400
Staff Cost (Note 7.2)	8,369,549	8,090,084	-	-
Donations	275	10,933	50	50

### 7.1 Depreciation and Amortisation

Property, Plant & Equipments (Note 10.1 & 10.2)	1,238,594	1,463,113	3,380	3,159
Leasehold Properties (Note 11)	46,424	45,860	-	-
Right of use Assets (Note 12)	119,147	92,743	-	-
Investment Properties (Note 13)	18,848	24,339	3,532	3,412
	<b>1,423,013</b>	<b>1,626,055</b>	<b>6,912</b>	<b>6,571</b>

### 7.2 Staff Costs

Salaries and Wages	6,864,034	6,629,364	-	-
Defined Contribution Plan Cost - EPF & ETF	906,956	878,725	-	-
Defined Benefit Plan Cost - Retiring Gratuity	598,559	581,995	-	-
	<b>8,369,549</b>	<b>8,090,084</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements contd.

## 8. INCOME TAX EXPENSE

For the year ended 31st March,	GROUP		COMPANY	
	2021 Rs:'000	2020 Rs:'000	2021 Rs:'000	2020 Rs:'000
<b>Current Income Tax Expense</b>				
Taxation on Profit for the Year (Note 8.1)	438,031	214,785	5,800	-
Under Provision on Taxation in respect of previous years	72,006	62,948	-	-
	<b>510,037</b>	<b>277,733</b>	<b>5,800</b>	<b>-</b>
<b>Deferred Tax Expense</b>				
Origination/(Reversal) of Temporary Differences	37,834	(280,110)	(16,760)	609
	<b>547,871</b>	<b>(2,377)</b>	<b>(10,960)</b>	<b>609</b>

### 8.1 Taxation on Profit for the Year

#### Reconciliation of Accounting Profit to Income Tax Expense

Profit / (Loss) before Tax	493,199	(3,708,626)	(86,276)	(43,815)
Intra-Group Adjustments	45,653	(647,556)	-	-
	<b>538,852</b>	<b>(4,356,182)</b>	<b>(86,276)</b>	<b>(43,815)</b>
Aggregate Disallowed Expenses	5,477,668	3,939,487	219,617	88,310
Aggregate Allowable Items	(2,608,133)	(1,334,721)	(125,400)	(38,199)
Tax Exempt (Income)/Loss	90,039	(83,442)	(24,335)	(37,318)
Statutory (Income)/Loss	3,498,426	(1,834,858)	(16,394)	(31,023)
Other Source of Income	(513,660)	628,710	100,717	26,263
Tax Losses utilised during the year	(1,462,802)	(74,104)	(59,293)	(26,263)
Taxable Income/(Loss)	<b>1,521,964</b>	<b>(1,280,253)</b>	<b>41,424</b>	<b>(31,023)</b>
Income Tax @ 28%	-	152,721	-	-
Income Tax @ 24%	227,851	21,477	-	-
Income Tax @ 10 % & 12%	-	18,305	-	-
Income Tax @ 14%	42,425	11,756	5,800	-
Income Tax at Other Rates	167,755	10,526	-	-
<b>Current Income Tax Expenses</b>	<b>438,031</b>	<b>214,785</b>	<b>5,800</b>	<b>-</b>
Tax Losses B/F	15,903,748	12,338,105	40,872	36,112
Adjustment in respect of prior year	250,444	542,961	2,027	-
Tax Loss during the year	975,324	3,096,786	16,394	31,023
Tax Loss utilised	(1,462,802)	(74,104)	(59,293)	(26,263)
<b>Tax Loss C/F</b>	<b>15,666,714</b>	<b>15,903,748</b>	<b>-</b>	<b>40,872</b>

### 8.2 Income Tax Expense

In accordance with the Inland Revenue Act No. 24 of 2017 and amendments thereto, The Colombo Fort Land & Building PLC and its subsidiaries and equity accounted investees which are resident in Sri Lanka are liable to tax on their adjusted profits at 24% and on Dividend Income received from resident companies at 14%. (other than in respect of companies / activities set out in notes 8.2.1 and 8.2.2 below).

Tax status of companies in the Group which are;

- enjoying income tax exemptions (Note 8.2.1)
  - enjoying concessionary tax rates (Note 8.2.2)
- on profit/income earned from ordinary activities of business.

### 8.2.1 Companies exempted from Income Tax

Company	Activity	Statute	Period
Ceyflex Rubber Limited	Taxable profit	Board of Investments of Sri Lanka Law No.4 of 1978, Section 17	The income tax would be exempted up to year of assessment 2020/21.

### 8.2.2 Companies liable to tax at concessionary rates

Company	Activity	Statute	Period
E.B.Creasy & Company PLC	Profit/Income earned by Manufacturing Companies	With effect from 1st of January 2020 Manufacturing Companies were liable to tax at 18% as per the Notice PN/IT/2020-03 (Revised) of 18.02.2020.	Indefinite
Waverly Power (Private) Limited	Generating electricity for the National Grid	14% under Inland Revenue Amendment Act No. 10 of 2021	Indefinite
Kotagala Plantations PLC	Profits from agricultural undertaking	14% under Inland Revenue Act No. 24 of 2017	Indefinite
Beruwala Resorts PLC	Hotel operations	14% under Inland Revenue Act No. 24 of 2017	Indefinite
Galle Fort Hotel Limited	Hotel operations	14% under Inland Revenue Act No. 24 of 2017	Indefinite
Marawila Resorts PLC	Hotel operations	14% under Inland Revenue Act No. 24 of 2017	Indefinite
Sigiriya Village Hotels PLC	Hotel operations	14% under Inland Revenue Act No. 24 of 2017	Indefinite
Lak Kraft (Private) Limited	Hotel operations	14% under Inland Revenue Act No. 24 of 2017	Indefinite
Sherwood Holidays Limited	Hotel operations	14% under Inland Revenue Act No. 24 of 2017	Indefinite
Lanka Special Steels Limited	Manufacturing, Importing an Exporting galvanised wire.	18% under BOI Law No. 04 of 1978 and in terms of the Agreement Registration Number 322.	Indefinite

The income earned from activities other than mentioned above are liable to income tax at the rate of 24%.

### 8.2.3 Agarapatana Plantations Limited

Based on the Inland Revenue Amendment Act No. 10 of 2021, Agarapatana Plantations Limited is exempted to pay income tax on profit from its business of "Agro Farming" for a period of 5 years with effect from 1st April 2019. However, this exemption was not applied in the computation of taxable profit/(loss) from business during the year ended 31st March 2020 since the amendment Act was not substantively enacted as at 31st March 2020.

As per the guideline on "Application of tax rates in measurement of current tax and deferred tax in LKAS 12" issued by the Institute of Chartered Accountants of Sri Lanka on 23rd April 2021, Agarapatana Plantations Limited has applied this exemption in calculating the provision for income tax for the year ended 31st March 2021. Additionally, the resulting adjustment on the exempt losses for the year ended 31st March 2020 is adjusted during the year ended 31st March 2021.

**8.3** Lankem Paints Limited, Lankem Chemicals Limited, Lankem Research Limited, Lankem Consumer Products Limited, Lankem Export Limited, Nature's Link Limited, Sun Agro Farms Limited, Sun Agro Food Limited, Lankem Technology Services Limited, Associated Farms (Private) Limited, and Lankem Agrochemicals Limited were non-operative during the year.

### 8.4 Changes Applicable to the Group Under Inland Revenue Act No. 24 of 2017

**8.4.1** Deferred tax expenses on companies resident in Sri Lanka are calculated based on tax rates specified in the Inland Revenue Act No. 24 of 2017, which are expected to be applied to the temporary difference when they reverse. As per provision of Inland Revenue Act No. 24 of 2017, deferred tax is recognized on the revaluation surplus on freehold land.

#### 8.4.2 Revaluation Surplus on freehold land

The group elected to apply the optional exception to use the previous revaluation as deemed cost on 1st April 2011, the date of SLFRS transition. The pre transition revaluation surplus was transferred to retained earnings as at that date. As per section 6 and Chapter IV of the Inland Revenue Act No. 24 of 2017, freehold lands used for business or investment purpose would be liable to tax at the time of realization. Accordingly, deferred tax is recognised on the revaluation surplus of freehold lands which are treated as capital assets used in the business for tax purpose. In accordance with Sri Lanka Accounting Standards, the deferred tax impact has been charged to retained earnings as the related surplus has been previously added to retained earnings.

Freehold lands which are treated as investment assets for tax purposes would not be considered for deferred tax, since the Act requires deemed cost of the assets to be equal to market value as at 30th September 2017.

## Notes to the Financial Statements contd.

### 8.4.3 Tax loss Carried forward

As per the Gazette notification issued in relation to the transitional provisions, any unclaimed losses as at 31st March 2018, is deemed to be a loss incurred for the year of assessment commencing on or after 1st April, 2018 and shall be carried forward up to 6 years. Accordingly the Group has evaluated the recoverability of unclaimed losses through taxable profit forecasts and deferred tax assets have been recognized accordingly.

### 8.4.4 Disallowed Finance Cost

As per the Subsection (3) of Section 18 of the Inland Revenue Act No. 24 of 2017, finance cost for which a deduction is denied as a result of Subsection (1) of the same section, may be carried forward and treated as incurred during any of following six years of assessment, only to the extent of any unused limitation in Subsection (2) of the same section for the year. Accordingly, the Group has evaluated the recoverability of unclaimed finance costs and assets have been recognized.

### 8.4.5 Deferred Taxation

Deferred tax has been computed by using the tax rate of 24% for the Company and subsidiaries which are liable for income tax at the standard rate for the year of assessment 2020/21.

### 8.5 Deferred Tax Assets/Liabilities

Deferred tax has been computed by using applicable tax rates liable for income tax for the Company and subsidiaries for the year of assessment 2020/21.

- (i) No Provision has been made for deferred tax in the Financial Statements of Imperial Hotels Limited, as no material temporary differences have arisen during the year which are expected to reverse in the future.
- (ii) No Deferred tax assets have been recognised in the Financial Statements of subsidiaries, namely, Kotagala Plantations PLC, Colombo Fort Hotels Limited, Lankem Ceylon PLC, Lankem Exports (Private) Limited, Lankem Consumer Products Limited, Lankem Research Limited, Lankem Paints Limited, Lankem Chemicals Limited, Lankem Technology Services (Private) Limited, Associated Farms Limited, Kelani Valley Canneries Limited, SunAgro Foods Limited, SunAgro Farms Limited, Muller & Phipps (Ceylon) PLC, Lankem Developments PLC, Ceytra Limited and Ceymac Rubber Limited in respect of tax losses carried forward because it is not probable that future taxable profit will be available against which these companies can utilise the benefit therefrom. The tax losses carried forward are as follows;

Unrecognised Deferred Tax Assets	2021 Rs. Mn.	2020 Rs. Mn.
Agarapatana Plantations Limited	-	151.0
Colombo Fort Hotels Limited	-	1.4
Lankem Ceylon PLC	308.0	408.1
Lankem Developments PLC	23.3	25.3
Lankem Exports (Private) Limited	7.5	8.7
Lankem Consumer Products Limited	53.9	53.8
Lankem Research Limited	4.0	3.8
Lankem Chemicals Limited	0.7	0.8
Lankem Paints Limited	23.8	23.4
Kelani Valley Canneries Limited	53.6	81.1
Muller & Phipps (Ceylon) PLC	18.7	21.4
SunAgro Foods Limited	38.9	121.1
SunAgro Farms Limited	14.0	16.7
Lankem Technology Services (Private) Limited.	0.1	0.1
Ceymac Rubber Company Limited	7.0	6.8
Associated Farms Limited	5.2	6.0
Ceytra (Private) Limited	12.4	14.2
Kotagala Plantations PLC	359.2	334.8

## 9. BASIC EARNINGS / (DEFICIT) PER SHARE

Basic Loss per share is based on the Loss for the year attributable to equity holders of the Company / Group divided by weighted average number of Ordinary Shares in Issue during the year.

There were no potentially dilutive ordinary shares outstanding at any time during the year, hence diluted earnings per share is equal to the basic earnings per share.

For the year ended 31st March,	GROUP		COMPANY	
	2021	2020	2021	2020
Loss attributable to Equity Holders of the Company (Rs:'000)	(517,483)	(2,201,313)	(75,316)	(44,424)
Weighted Average Number of Ordinary Shares (No:'000)	220,337	184,438	220,337	184,438
<b>Deficit Per Share (Rs.)</b>	<b>(2.35)</b>	<b>(11.93)</b>	<b>(0.34)</b>	<b>(0.24)</b>
<b>Weighted Average Number of Ordinary Shares</b>				
Number of Shares in issue as at 01st April, 2020	220,337	180,000	220,337	180,000
Number Shares Issued due to Rights Issue	-	4,438	-	4,438
<b>Weighted Average Number of Ordinary Shares as at 31st March, 2021</b>	<b>220,337</b>	<b>184,438</b>	<b>220,337</b>	<b>184,438</b>

## 10. PROPERTY, PLANT & EQUIPMENT

### 10.1 Group

	Balance as at 31.03.2020	Revaluation of Land	Additions during the Year	Disposals/ Write-off/ Transfers during the Year	Balance as at 31.03.2021
Cost	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000
Land (Access Roads)	69,315	-	-	-	69,315
<b>Freehold</b>					
Land (Note 10.3)	9,241,677	1,000	77,044	-	9,319,721
Buildings	5,118,764	-	100,789	(89,498)	5,130,055
Mature/Immature Plantations (Note 10.4)	7,183,663	-	374,674	(196,282)	7,362,055
Plant & Machinery	5,777,161	-	140,099	(132,980)	5,784,280
Motor Vehicles	1,439,088	-	11,102	(45,239)	1,404,951
Office Equipments	878,443	-	64,295	(4,449)	938,289
Furniture and Fittings	969,631	-	24,732	(5,861)	988,502
	30,677,742	1,000	792,735	(474,309)	30,997,168
<b>Leasehold</b>					
Buildings	15,649	-	-	-	15,649
Plant & Machinery	69,177	-	-	-	69,177
Motor Vehicles	29,957	-	-	(5,357)	24,600
	114,783	-	-	(5,357)	109,426
Capital WIP (a)	477,461	-	24,732	(35,507)	885,700
<b>Total Cost/Valuation</b>	<b>31,269,986</b>	<b>1,000</b>	<b>1,236,481</b>	<b>(515,173)</b>	<b>31,992,294</b>



## Notes to the Financial Statements contd.

	Balance as at 31.03.2020	Charge for the Year	Disposals/ Write-off during the Year	Balance as at 31.03.2021
	Rs:'000	Rs:'000	Rs:'000	Rs:'000
<b>Accumulated Depreciation</b>				
Land (Access Roads)	23,186	11,351		34,537
<b>Freehold</b>				
Buildings	1,390,464	377,823	(27,868)	1,740,419
Mature/Immature Plantations (Note 10.4)	1,657,327	234,085		1,891,412
Plant & Machinery	3,656,906	414,293	(106,258)	3,964,941
Motor Vehicles	1,162,021	81,794	(38,715)	1,205,100
Office Equipments	727,826	62,887	(3,933)	786,780
Furniture and Fittings	770,972	47,157	(4,288)	813,841
	9,388,702	1,229,390	(181,062)	10,437,030
<b>Leasehold</b>				
Buildings	6,135	974	-	7,109
Plant & Machinery	37,315	-	-	37,315
Motor Vehicles	15,520	8,230	(5,357)	18,393
	58,970	9,204	(5,357)	62,817
<b>Total Depreciation</b>	<b>9,447,672</b>	<b>1,238,594</b>	<b>(186,419)</b>	<b>10,499,847</b>
		Additions		
<b>Carrying Value</b>	21,822,314			21,492,446
Impairment	(38,096)	26,228		(11,868)
<b>Total Carrying Value of Property, Plant &amp; Equipment</b>	<b>21,784,218</b>	-		<b>21,480,578</b>

Note: The cost of fully depreciated Property Plant and equipment of the group which are still in use as at 31st March 2021 is Rs. 2,665 million (2019/2020 - Rs. 2,253 million)

The Group has assessed its Property, Plant & Equipment for impairment where indications are identified. Based on such assessment, provision for impairment Rs. 12 million has been recognised.

### a) Capital Work in Progress

#### E. B. Creasy & Company PLC

The Capital Work In Progress represents projects in progress in home care division of the Company and rooftop solar projects at Laxapana Batteries PLC.

#### C. W. Mackie PLC

The Capital work-in progress balance represent the cost incurred by Sunquick Lanka Property (Private) Limited on the project to improve the production capacity of the factory rented out to Sunquick Lanka (Private) Limited under the supervision of Co-Ro A/S, Denmark. Accordingly, the Company has capitalised the improvements made to land and buildings in the design stage of the project as at the financial year end.

- b) Each company in the Group has evaluated both internal and external indications of impairment of long lived assets and has not identified presence of any of such indications at the end of the financial year. However as the equipment was sold during the year ended 31st March 2021, the respective impairment provision has been reversed.
- c) Property, Plant & Equipment pledged as securities in obtaining loans have been disclosed in Note 25.5 and 21.1.2 to these Financial Statements.

## 10.2 Company

Cost / Valuation	Balance as at 01.04.2020 Rs.'000	Additions during the Year Rs.'000	Disposals during the Year Rs.'000	Transfers during the Year Rs.'000	Balance as at 31.03.2021 Rs.'000
<b>Freehold</b>					
Plant & Machinery	2,698	-	-	-	2,698
Motor Vehicle	15,019	-	-	-	15,019
Office Equipment	12,258	316	-	-	12,574
Furniture and Fittings	10,480	-	-	-	10,480
	40,455	316	-	-	40,771
<b>Leasehold</b>					
Motor Vehicle	12,500	-	-	-	12,500
	12,500	-	-	-	12,500
<b>Total Cost</b>	<b>52,955</b>	<b>316</b>	<b>-</b>	<b>-</b>	<b>53,271</b>

Accumulated Depreciation	Balance as at 01.04.2020 Rs.'000	Charge for the Year Rs.'000	Disposals during the Year Rs.'000	Transfers during the Year Rs.'000	Balance as at 31.03.2021 Rs.'000
<b>Freehold</b>					
Plant & Machinery	137	360	-	-	497
Motor Vehicle	15,019	-	-	-	15,019
Office Equipment	10,874	407	-	-	11,281
Furniture and Fittings	9,690	113	-	-	9,803
	35,720	880	-	-	36,600
<b>Leasehold</b>					
Motor Vehicle	5,514	2,500	-	-	8,014
	5,514	2,500	-	-	8,014
<b>Total Accumulated Depreciation</b>	<b>41,234</b>	<b>3,380</b>	<b>-</b>	<b>-</b>	<b>44,614</b>
<b>Total Carrying Value of Property, Plant &amp; Equipment</b>	<b>11,721</b>				<b>8,657</b>

Note: The cost of fully depreciated Property, Plant and equipment of the Company which are still in use as at 31st March, 2021 was Rs. 34.04 million (2019/2020 - Rs. 33.96 million).

## 10.2 Impairment Company/Group

In light of current operational and economic conditions due to the ongoing COVID-19 pandemic, the Group has reassessed the expected future business performance relating to cash generating units where the management has concluded that the recoverable value of CGUs exceeds its carrying values.

## Notes to the Financial Statements contd.

### 10.3 Group

The portfolio of Lands in the Group consist of the following.

Company Name	Location	Extent Perches	No. of Buildings	Name of the Valuer	Latest Valuation	Cost Rs.'000	Market Value Rs.'000	Carrying Value Rs.'000
<b>Marawila Resorts PLC</b>								
Land	Marawila	4,347	52	Mr. P.P.T. Mohideen Chartered Valuer	31.03.2019	880,948	1,180,700	1,180,700
<b>Sigiriya Village Hotels PLC</b>								
Land	Mankani, Trincomalee	1,322	-	Mr. P.P.T. Mohideen Chartered Valuer	31.03.2019	176,245	206,994	206,994
<b>Galle Fort Hotel (Private) Limited</b>								
Land	Galle Fort, Galle.	78	8	Mr. P.P.T. Mohideen Chartered Valuer	30.06.2020	336,676	1,262,960	1,262,960
<b>Beruwala Resorts PLC</b>								
Land	Moragalla, Beruwala.	3	-	Mr. P.P.T. Mohideen Chartered Valuer	31.03.2019	267	267	267
<b>B.O.T. Hotel Services (Private) Limited</b>								
Land	Kaparathota Road, Waligama.	491	1	Mr. P.P.T. Mohideen Chartered Valuer	31.03.2019	361,805	525,550	525,550
<b>Lankem Development PLC</b>								
Land	Maguruwila Road, Gonawala.	86	-	Mr. P.P.T. Mohideen Chartered Valuer	31.03.2019	6,950	19,800	19,800
<b>Union Commodities (Private Limited)</b>								
Land	No. 79, Biyagama Road, Talwatta, Kelaniya	611	12	Mr. P.B. Kalugalagedara	31.03.2019	255,920	459,579	459,579
	No. 120/9, Maya Mawatha, Kiribathgoda	11	-	Mr. P.B. Kalugalagedara	31.03.2019	1,000	3,150	3,150
<b>Teacom (Private) Limited</b>								
Land	Paddy Land- Ranawiru JA Chaminda Mawatha	1,016	-	Mr. P.B. Kalugalagedara	31.03.2019	3,000	12,700	12,700
<b>Lankem Ceylon PLC</b>								
Land	St. Anthony's Road, Ekala, Kuriduwatta.	476	12	Mr. P.P.T. Mohideen Chartered Valuer	31.01.2019	60,600	381,080	381,080
Land	Maguruwila Road, Gonawala.	868	10	Mr. P.P.T. Mohideen Chartered Valuer	31.01.2019	43,198	525,134	525,134
Land	Maduramaduru, Vembu, Puttlam	1,431	2	Mr. P.P.T. Mohideen Chartered Valuer	31.01.2019	40,979	30,000	30,000
<b>E B Creasy &amp; Company PLC</b>								
Land	Sri Sangaraja Mawatha, Colombo 10.	238	2	Mr. P.P.T. Mohideen Chartered Valuer	31.03.2019	453,000	2,925,000	2,925,000
<b>Candy Delight Limited</b>								
Land	Ekala, Ja-Ela.	160	-	Mr. P.B. Kalugalagedara Chartered Valuer	31.03.2019	32,000	68,000	68,000
<b>Laxapana Batteries PLC</b>								
Land	Homagama.	577	4	Mr. P.P.T. Mohideen	31.03.2019	101,675	439,450	439,450
<b>C.W. Mackie PLC</b>								
Land	Scan Bottling Plant Munagama, Horana.	485	4					
<b>Ceymac Rubber Company Limited</b>								
Land	Industrial Estate Aramanagolla, Horana.	800	11	Mr. K.T.D. Tissera	31.03.2019	296,968	744,057	744,057
Land	Thebuwana, Narthupana	850	8					
<b>Kelani Valley Canneries Limited</b>								
Land	Kaluaggala, Hanwella	355	7					

Company Name	Location	Extent Perches	No. of Buildings	Name of the Valuer	Latest Valuation	Cost Rs.'000	Market Value Rs.'000	Carrying Value Rs.'000
CM Holdings PLC Colonial Motors (Ceylon) Limited								
Land	41/35, Nagahamulla Road, Thalagama, Battaramulla	133	2	Mr. N.B.S.A. Nanayakkara Chartered Valuer	25.03.2019	67,246	226,000	226,000
J.F. Packaging Limited								
Land	Minuwangoda Road, Kotugoda	350	4	Mr. P.P.T. Mohideen Chartered Valuer	31.03.2019	42,199	295,800	295,800
Ceylon Tapes (Private) Limited								
Land	Samagi Mawatha, Ja-ela	45	3	Mr. P.P.T. Mohideen Chartered Valuer	31.03.2019	11,250	13,500	13,500
<b>Total</b>								<b>9,319,721</b>

#### 10.4 Immature/Mature Plantations - Bearer Biological Assets

As at 31st March,	31.03.2021 Rs.'000	31.03.2020 Rs.'000
Agarapatana Plantation Limited (APL)	2,235,532	2,232,461
Kotagala Plantation PLC (KPPLC)	3,235,111	3,293,873
	5,470,643	5,526,334

##### 10.4.1 Mature/Immature Plantations- Bearer Biological Assets

	Mature Plantations			Immature Plantations			Total	Total
	Tea Rs'000	Rubber Rs'000	Other Rs'000	Tea Rs'000	Rubber Rs'000	Other Rs'000	31.03.2021 Rs'000	31.03.2020 Rs'000
<b>Cost</b>								
At the beginning of the year	3,460,865	2,071,944	495,875	486,529	574,830	93,618	7,183,661	7,226,386
Additions/Transfer in	9,424	110,264	76,595	74,365	74,784	29,244	374,676	1,133,869
Transfer out	-	-	-	(9,424)	(110,264)	(76,594)	(196,282)	(1,081,881)
Writing Off during the year	-	-	-	-	-	-	-	(94,713)
<b>At the end of the year</b>	<b>3,470,289</b>	<b>2,182,208</b>	<b>572,470</b>	<b>551,470</b>	<b>539,350</b>	<b>46,268</b>	<b>7,362,055</b>	<b>7,183,661</b>
<b>Depreciation</b>								
At the beginning of the year	725,649	834,516	97,162	-	-	-	1,657,327	1,419,722
Charge for the year	103,824	103,625	26,636	-	-	-	234,085	237,605
Writing Off during the year	-	-	-	-	-	-	-	-
<b>At the end of the year</b>	<b>829,473</b>	<b>938,141</b>	<b>123,798</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,891,412</b>	<b>1,657,327</b>
<b>Carrying Value as at 31.03.2021</b>	<b>2,640,816</b>	<b>1,244,067</b>	<b>448,672</b>	<b>551,470</b>	<b>539,350</b>	<b>46,268</b>	<b>5,470,643</b>	<b>-</b>
<b>Carrying Value as at 31.03.2020</b>	<b>2,735,216</b>	<b>1,237,428</b>	<b>398,713</b>	<b>486,529</b>	<b>574,830</b>	<b>93,618</b>	<b>-</b>	<b>5,526,334</b>

- a) These are investments in mature/immature plantations since the formation of the respective companies. The assets (including plantation assets) taken over by way of estate leases as given in the Note 11.1 and 11.2 to the Financial Statements. Further, investment in Immature Plantations taken over by way of leases are shown in the above Note. When such plantations become mature, the additional investments made since taking over to bring them to maturity are transferred from Immature to Mature under this Note. A corresponding movement, from Immature to Mature, in respect of the investment undertaken by JEDB/SLSPC on the same plantation prior to the leases are shown under Note 11.2 to the Financial Statements.

The Bearer Biological Assets are measured at cost less accumulated depreciations and accumulated impairment losses, if any, in terms of LKAS 16 - "Property Plant and Equipment.

## Notes to the Financial Statements contd.

- b) Borrowing costs of Kotagala Plantations PLC, a subsidiary, amounting to Rs. 9.1 million (2019/20- Rs. 17.1 million) on tea and Rs. 60.0 million (2019/20- Rs. 73.8 million) on Rubber incurred on term loans and overdrafts utilised to finance replanting expenditure of tea and rubber have been capitalised. The average rate of interest for capitalisation was 11.79% (2019/20 - 15.45%). Capitalisation will cease when crops are ready for harvest.
- c) Borrowing costs of Agarapatana Plantations Limited, a subsidiary, amounting to Rs. 25.2 million (2019/20- Rs. 30.9 million) have been capitalised as part of the cost of the immature plantations. The average rate of interest for capitalisation was 9.51% (2019/20 - 12.34%). Capitalisation will cease when crops are ready for harvest.
- d) Other Immature Plantations include other crops such as Cinnamon, Coconut, etc. and carried at cost less impairment.

### 10.5 Fair Value gain on growing produce of bearer Biological Assets

As at 31st March,	2021 Rs.'000	2020 Rs.'000
At the beginning of the year	3,629	10,974
Change in Fair value less cost to sell	11,752	(7,345)
<b>At the end of the year</b>	<b>15,381</b>	<b>3,629</b>

### 10.6 Consumer Biological Assets

As at 31st March,	2021 Rs.'000	2020 Rs.'000
At the beginning of the year	2,653,128	1,988,592
Expenses on new planting (Net of Harvest)	8,457	(3,150)
Transfer from Consumable Assets- Immature	-	159,741
Decreased due to harvesting	(8,349)	-
Gain arising from changes in fair value for the year	296,591	507,945
	<b>2,949,827</b>	<b>2,653,128</b>

Kotagala Plantations PLC and Agarapatana Plantations Limited has recognised managed trees as biological assets.

#### Kotagala Plantations PLC (KPPLC)

Managed trees include commercial timber plantations cultivated on estates. The cost of immature trees upto 5 years from planting are treated as approximate fair value particularly on the grounds of little biological transformation has taken place and impact of the biological transformation on price is not material. When such plantations become mature, the additional investment since taking over to bring them to maturity are transferred from Immature to mature.

The fair value of managed trees was ascertained by Mr.A.A.M Fathihu, (FIV), Incorporated Valuer.

#### Key assumptions used in valuation are as follows,

Variable	Comment
Timber Content (Cu. Ft. 2,903,877)	Estimated based on the girth, height and considering the growth and present age of the trees of each species in different geographical regions, factoring all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company approved by the Forestry Department.
Economic Useful Life	Estimated based on normal life span of each species by factoring the forestry plan of the Company approved by the Forestry Department.
Selling Price (Rs. 260- Rs. 800)	Estimated based on prevailing Sri Lankan market prices factoring all the conditions to be fulfilled in bringing the trees in to saleable condition.
Discount rate	Future cash flows are discounted at the rate of 10.5%, 11.5% & 12.5% (2019/20 - 13% - 15%)

The board of directors established that the fair value of consumable biological assets of the Company is comprised of only managed trees which fall under the purview of the forestry management plan of the company, since LKAS 41 is only applicable for managed agricultural activity in terms of the ruling issued by The Institute of Chartered Accountants of Sri Lanka.

During the year ended 31st March 2021, a physical verification of timber was carried out by the management covering all the estates and the actual number of trees available in the estates was ascertained. The actual number of commercially cultivated managed timber trees available as per the physical verification is included within the fair value of timber (consumable biological assets) for the year ended 31st March, 2021.

The Company is exposed to the following risks relating to its timber plantations.

#### Regulatory and environmental risks

The Company is subject to laws and regulations in Sri Lanka. The Company has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

#### Supply and demand risk

The Company is exposed to risks arising from fluctuations in the price and sales volume of timber. When possible, the Company manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis to ensure that the Company's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

#### Climate and other risks

The Company's timber plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Company has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys.

#### Agarapatana Plantations Limited (APL)

Managed timber plantation was measured at fair value and the corresponding gains/losses are recognised in the statement of profit and loss each year.

Managed trees include commercial timber plantations cultivated on estates. The cost of Immature trees is treated as approximate fair value particularly on the grounds of little biological transformation has taken place and impact of the biological transformation on price is not material.

The fair value of managed trees was ascertained by the Independent, Incorporated Valuer Mr.A.A.M Fathihu, (FIV), for the current year in accordance with LKAS 41 - "Agriculture" using Discounted Cash Flow (DCF) method.

#### 10.6.1 Measurement of Fair Value

- The Future cash flows are determined by reference to current timber prices
- The fair value measurement for the consumable biological assets has been categorized as level 3 fair value based on inputs to the valuations used. Breakdown of the total gains recognized in respect of level 3 fair values of biological assets are given below.

As at 31st March,	Group	
	2021 Rs. `000	2020 Rs. `000
Change in fair value of consumable biological assets (Note 10.6)	296,591	507,945
Change in fair value of growing produce of bearer biological assets (Note 10.5)	11,752	(7,346)
	<b>308,343</b>	<b>500,600</b>

## Notes to the Financial Statements contd.

c) Following table shows the valuation techniques in measuring level 3 fair value of consumable biological assets as well as significant unobservable inputs used.

### Kotagala Plantations PLC (KPPLC)

Type	Valuation Technique used	Significant unobservable inputs	Inter relationship between Key unobservable inputs and fair value measurements
Mature Timber Mature timber older than 5 years with GBH > 18 inches	<p><b>Discounted Cash Flows</b> The Valuation model considers present value of future cash flows expected to be generated by the plantation from the timber content of managed timber plantation on a tree-per tree basis.</p> <p><b>Expected Cash flows are discounted using a high risk adjusted rate of;</b> 10.5%- Trees age to harvest 5 years or below 11.5% - Trees age to harvest 6- 14 years 12.5% - Trees age to harvest 15 years or above comprising a risk free rate of 7.5%</p>	<p><b>Determination of Timber content (Cu. Ft. 2,903,877)</b> Species planted in separate blocks as at Reporting date have been identified by a qualified forestry officer of the Company and the timber content has been estimated based on the age and current cubic content.</p> <p><b>Determination of Price of Timber (Rs. 260 - Rs. 800)</b> Trees have been valued as per current timber prices per cubic meter which is the recent selling price of a cubic meter of the specific species.</p>	<p>The estimated fair value at the time of harvesting each specific species is sensitive to the following variables;</p> <p>The estimated timber content The estimated price per cubic meter The estimated selling related costs The estimated maturity age The risk adjusted discounting rate</p>

### Agarapatana Plantations Limited (APL)

Type	Valuation Technique used	Significant unobservable inputs	Inter relationship between Key unobservable inputs and fair value measurements
Mature Timber	<p><b>Discounted Cash Flows</b> The valuations, as presented in the external valuation model based on net present values, takes into account the long term exploitation of the timber plantations.</p> <p><b>Expected Cash flows are discounted using ;</b> 10.5%- Trees age to harvest 5 years or below 11.5% - Trees age to harvest 6- 15 years 11.5% - Trees age to harvest 15 years or above</p>	<p>Optimum Rotation (Maturity) - 25 years</p> <p>Volume at Rotation - 19.4- 88.5 cu.ft.</p> <p>Price per cu.ft. - Rs. 265/- to Rs. 860/-</p>	<p>Lower the rotation period, higher the fair value</p> <p>Higher the volume, higher the fair value</p> <p>Higher the price per cu.ft. higher the fair value.</p> <p>Higher the discount rate ,the lesser the fair value</p>

The valuations, as presented in the external valuation models based on net present values, take into account the long term exploitation of the timber plantations. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realisable value. The Board of Directors retains their view that commodity markets are inherently volatile and that long term price projections are highly unpredictable. Hence, the sensitivity analysis regarding selling price and discount rate variations as included in this note allows every investor to reasonably challenge the financial impact of the assumptions used in the LKAS 41 against his own assumptions.

The biological assets of Agarapatana Plantations Limited are mainly cultivated in leased lands. When measuring the fair value of the biological assets it was assumed that these concessions can and will be renewed at normal circumstances. Timber content expects to realise in future, included in the calculation of the fair value and takes into account the age of the timber plants and not the expiration date of the lease.



## 10.6.2 Sensitivity Analysis

### Sensitivity analysis on sales price and discounted Rate

The Future cash flows are determined by reference to current timber prices and the fair value measurement.

#### a) Sensitivity variation-sales price

Values as appearing in the Statement of Financial Position are very sensitive to price changes with regard to the average sales prices applied. Simulations made for timber show that a rise or decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets:

	10%	-10%
Sensitivity effect on the carrying value of Biological Assets Rs.(000)	295,335	(295,335)

#### b) Sensitivity variation-discount rate

Values as appearing in the Statement of Financial Position are very sensitive to changes of the discount rate applied. Simulations made for timber trees show that a rise or decrease by 1% of the estimated discount rate has the following effect on the net present value of biological assets:

	1%	-1%
Sensitivity effect on the net present value of Biological Assets Rs.(000)	(122,101)	132,520

## 11. LEASEHOLD PROPERTY

	Balance as at 31.03.2020	Additions During the Year	Balance as at 31.03.2021
Cost	Rs:'000	Rs:'000	Rs:'000
<b>Leasehold Right to Bare Land of JEDB/SLSPC Estates (Note 11.1)</b>			
Kotagala Plantations PLC (Note 11.1.a)	816,596	14,232	830,828
Agarapatana Plantations Limited (Note 11.1.b)	341,588	-	341,588
	1,158,184	14,232	1,172,416
<b>Immovable Leased Assets of JEDB/SLSPC Estates (Other than Bare Land) (Note 11.2)</b>			
Kotagala Plantations PLC (11.2.a)	448,322	-	448,322
Agarapatana Plantations Limited (11.2.b)	265,748	-	265,748
	714,070	-	714,070
<b>Other Leasehold Assets</b>			
SunAgro Farms Limited (11.4)	2,555	-	2,555
	2,555	-	2,555
<b>Total Cost</b>	<b>1,874,809</b>	<b>14,232</b>	<b>1,889,041</b>

## Notes to the Financial Statements contd.

	Balance as at 31.03.2020 Rs:'000	Charge for the Year Rs:'000	Balance as at 31.03.2021 Rs:'000
<b>Accumulated Depreciation</b>			
<b>Leasehold Right to Bare Land of JEDB/SLSPC Estates</b>			
Kotagala Plantations PLC (Note 11.1.a)	192,055	25,298	217,353
Agarapatana Plantations Limited (Note 11.1.b)	179,004	6,503	185,507
	371,059	31,801	402,860
<b>Immovable Leased Assets of JEDB/SLSPC Estates (Other than Bare Land)</b>			
Kotagala Plantations PLC (11.2.a)	417,297	8,416	425,713
Agarapatana Plantations Limited (11.2.b)	234,887	6,207	241,094
	652,184	14,623	666,807
<b>Other Leasehold Assets</b>			
SunAgro Farms Limited (11.4)	2,555	-	2,555
	2,555	-	2,555
<b>Total Depreciations</b>	<b>1,025,798</b>	<b>46,424</b>	<b>1,072,222</b>
<b>Carrying Value</b>	<b>849,011</b>	<b>-</b>	<b>816,819</b>

Following assets are classified as receivable from the Urban Development Authority of Sri Lanka

Description	2021 Rs. `000
Property Plant and equipment	10,334
Leasehold Right to Bare Land	5,713
Immovable leased assets	48
Bearer Biological assets	118,807
<b>Total</b>	<b>134,902</b>

### 11.1 Leasehold Right to Bare Land of Janatha Estate Development Board (JEDB)/Sri Lanka State Plantation Corporation (SLSPC) Estates.

#### a) Kotagala Plantations PLC

The leases of all 23 estates have been executed and will be retroactive from 22nd June, 1992. The leasehold rights to land on all these estates have been taken into the books of the Company as at 22nd June, 1992 immediately after formation of the Company, in terms of the ruling obtained from the Urgent Issues Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka based on the existing accounting standards. For this purpose, the Board decided at its meeting held on 8th March, 1995 that these bare lands would be revalued, at the value established for these lands, by the valuation Specialist Mr.D.R.Wickramasinghe, just prior to the formation of the Company. The value taken into the 22nd June, 1992, Statement of Financial Position and the amortisation of leasehold rights up to 31st March, 2021 are as follows.

Millewa estate was acquired by the Urban development authority of Sri Lanka on the 26th of October 2017. During the financial year 2018/19 Leasehold right to bare land was written off since the company no longer has control of the said estate.

Cost/Valuation	Life of the Asset	As at 22.06.1992 Rs'000	Remeasurement During the Year	Balance 31.03.2021 Rs'000	Balance 31.03.2020 Rs'000
Right to use the Land of JEDB/SLSPC Estates	53 years	358,928	14,232	830,828	816,596

Amortisation	Balance as at 31.03.2020 Rs'000	Charge for the Year Rs'000	Balance as at 31.03.2021 Rs'000	Carrying Value as at 31.03.2021 Rs'000	Carrying Value as at 31.03.2020 Rs'000
	192,055	25,298	217,353	613,475	624,541

#### b) Agarapatana Plantations Limited

Right -of-use asset-Land" was previously accounted under Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka dated 21 August 2013. However, SLFRS 16 – Leases was applicable with effect from 01 January 2019 and therefore ,above "Right -of-use asset-Land" has accounted in accordance with such standard with effect from 01 January 2019. "Right -of-use asset-Land" have been executed for all estates for a period of 53 years. The unexpired period of the lease as at Statement of Financial Position date is 24 years.

This Right -of-use asset-Land is amortized over the remaining lease term or useful life of the right whichever is shorter and is disclosed under non-current assets.

Description	Cost / valuation as at 22.06.1992 Rs'000	Accumulated Amortisation 01.04.2020 Rs'000	Amortisation During the Year Rs'000	Accumulated Amortisation 31.03.2021 Rs'000	Carrying Value as at 31.03.2021 Rs'000	Carrying Value as at 31.03.2020 Rs'000
Leasehold right to bare land of JEDB/ SLSPC Estates	341,588	179,004	6,503	185,507	156,081	162,585

## Notes to the Financial Statements contd.

### 11.2 Immovable Leased Assets of JEDB/SLSPC Estates (Other than Bare Land)

#### a) Kotagala Plantations PLC

The leases of all the 23 estates have been executed and will be retroactive from 22nd June 1992. The leasehold rights to land on all these estates have been taken into the books of the Company as at 22nd June 1992 immediately after formation of the Company, in terms of the ruling obtained from the Urgent Issue Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka based on then existing accounting standards. For this purpose, the Board decided at its meeting held on 8th March 1995 that these bare lands would be revalued, at the value established for these lands, by the valuation Specialist Mr. D R Wickramasinghe, just prior to the formation of the Company. The value taken into 22nd June, 1992, statement of Financial Position and the amortisation of leasehold rights upto 31st March 2021 are as follows.

Revaluation	Life of the Asset	As at 22.06.1992 Rs.'000	Balance 31.03.2020 Rs.'000	Balance 31.03.2021 Rs.'000
Land Development Cost	30 years	6,712	6,360	6,360
Buildings other than Worker housing	25 years	26,519	25,174	25,174
Plant & Machinery	15 years	8,757	8,757	8,757
Water Projects and Sanitations	30 years	8,688	8,688	8,688
Mature Plantations				
- Tea	30 years	69,767	227,655	227,655
- Rubber	30 years	61,138	163,548	163,548
- Others	25 years	-	8,140	8,140
Immature Plantations				
- Tea		158,960	-	-
- Rubber		126,898	-	-
- Others		8,140	-	-
		475,579	448,322	448,322

Amortisation	Balance as at 01.04.2020 Rs.'000	Charge for the Year Rs.'000	Balance as at 31.03.2021 Rs.'000	Carrying Value As at 31.03.2021 Rs.'000	Carrying Value As at 31.03.2020 Rs.'000
Land Development Cost	5,894	212	6,106	254	466
Buildings other than Worker Housing	25,174	-	25,174	-	-
Plant & Machinery	8,757	-	8,757	-	-
Water Projects and Sanitations	8,044	289	8,333	355	644
Mature Plantations					
- Tea	199,694	7,589	207,283	20,372	27,961
- Rubber	163,548	-	163,548	-	-
- Others	6,186	326	6,512	1,628	1,953
	417,297	8,416	425,713	22,609	31,024

Investment in Immature Plantations at the time of handing over to the Company by way of estate leases are shown under Immature Plantations as at 22nd June, 1992. Further investment in such plantations to bring them to maturity are shown under Note 10.4.

## b) Agarapatana Plantation Limited

All the leases executed as at the reporting date will be retroactive to 22nd June 1992, the date of formation of the Company. The board decided at its meeting on 8th March 1995 that these assets would be taken at their book values as they appear in the books of JEDB/SLSPC on the day immediately preceding the date of formation of the Company. These assets are taken into the balance sheet as at 22nd June 1992 and depreciated as follows:

Description	Revaluation as at 22.06.1992  Rs.'000	Transfers/ Immature to Mature  (Adjustments) Rs.'000	Value as at 01.04.2020 Rs.'000	Accumulated Depreciation 01.04.2020 Rs.'000	Depreciation for the Year Rs.'000	Accumulated Depreciation 31.03.2021 Rs.'000	Carrying Value As at 31.03.2021 Rs.'000	Carrying Value As at 31.03.2020 Rs.'000
Improvement to Land	5,406	-	5,406	5,002	181	5,183	223	404
Unimproved Land	998	-	998	-	-	-	998	998
Roads and Bridges	677	-	677	470	17	487	190	207
Buildings	62,634	-	62,634	62,634	-	62,634	-	-
Fences and Securities	49	-	49	49	-	49	-	-
Machinery	8,823	(621)	8,202	8,202	-	8,202	-	-
Water Supply	6,158	-	6,158	6,158	-	6,158	-	-
Power Augmentation	972	-	972	972	-	972	-	-
Coffee, Pepper, Cardamom	305	-	305	-	-	-	305	305
Mature Plantations	37,457	141,636	179,093	150,249	5,968	156,217	22,876	28,844
Vested Tea	1,223	-	1,223	1,120	41	1,161	62	103
Immature Plantations	141,636	(141,636)	-	-	-	-	-	-
Other Vested Assets	31	-	31	31	-	31	-	-
	266,369	(621)	265,748	234,887	6,207	241,094	24,654	30,861

Investment in Plantations assets which were immature at the time of handing over to the Company by way of estate leases are shown under Immature Plantations (revalued as at 22nd June, 1992).

However, since then all such investments in Immature Plantations attributable to JEDB/SLSPC period have been transferred to Mature Plantations. These mature tea were classified as bearer biological assets in terms of LKAS 41 - Agriculture. The carrying value of the bearer biological assets leased from JEDB/SLSPC is recognised at cost less amortisation. Further investments in such plantations to bring them to maturity are shown in Note 10.4.

### 11.3 Ceyflex Rubber Limited

Ceyflex Rubber Limited, a subsidiary of the Company, has entered into a Lease agreement with the Board of Investment of Sri Lanka to hold the land for a period of 50 years commencing from 12th May 2016 to 11th May 2066 for a sum of USD 40,000 of non refundable lease premium and an annual ground rent of USD 5,000 per annum. The carrying value of lease rentals paid in advance was transferred to right-of-use asset in accordance with provisions in SLFRS - 16.

### 11.4 Sun Agro Farms Limited

Sun Agro Farms Limited, a subsidiary of the Company acquired an agricultural land on 21st June, 2010 on a 29 year lease from the Department of Buddhist Affairs and this was amortized over the period of lease. However, the balance was impaired as at 31st March 2017.

# Notes to the Financial Statements contd.

## 12. RIGHT-OF-USE ASSET

As at 31st March,	GROUP		COMPANY	
	2021 Rs:'000	2020 Rs:'000	2021 Rs:'000	2020 Rs:'000
<b>Cost</b>				
Balance as at Beginning of the Year	911,550	-	-	-
Transfer of right-of-use assets on initial application of SLFRS 16	-	103,729	-	-
Recognition of right-of-use assets on initial application of SLFRS 16	3,074	716,462	-	-
Adjusted balance at Beginning of the Year	914,624	820,191	-	-
Additions during the year	45,750	91,359	-	-
<b>Balance as at end of the Year</b>	<b>960,374</b>	<b>911,550</b>	<b>-</b>	<b>-</b>
<b>Accumulated Depreciation</b>				
Balance as at Beginning of the Year	117,207	-	-	-
Transfer of right-of-use assets on initial application of SLFRS 16	(22,557)	4,171	-	-
Recognition of right-of-use assets on initial application of SLFRS 16	20,293	20,293	-	-
Adjusted balance at Beginning of the Year	114,943	24,464	-	-
Depreciation charge of the right-of-use assets for the year	119,147	92,743	-	-
<b>Balance as at end of the Year</b>	<b>234,090</b>	<b>117,207</b>	<b>-</b>	<b>-</b>
<b>Total Carrying Value</b>	<b>726,284</b>	<b>794,343</b>	<b>-</b>	<b>-</b>

### (i) C. W. Mackie PLC

C. W. Mackie PLC has taken certain land and buildings on lease. In terms of the Grant to the Company dated 22 September 1964 under the Crown Lands Ordinance, premises No.34 and 36, D. R. Wijewardena Mawatha, Colombo 10 has been leased for a period of 60 years, 8 months and 10 days (being the residue of the unexpired term under Indenture of Lease by the Crown dated 10 June 1925 granting the Company a 99 year lease of the premises from the said date). At the time of handing over the possession of the premises, the Company is not entitled to any compensation in respect of the land, buildings or improvements thereon.

### (ii) Beruwala Resorts PLC

Beruwala Resorts PLC, a subsidiary, have constructed building on a land which was leased out from Sri Lanka Tourism Development Authority for 30 years commencing from 1st August, 2007. The lease period will expire on 31st July, 2037.

### (iii) Sigiriya Village Hotels PLC

Sigiriya Village PLC, a subsidiary, have constructed building on a land which was leased out from Sri Lanka Tourism Development Authority for 30 years commencing from 2nd September, 2009. The lease period will expire on 1st September 2039.

### 13. INVESTMENT PROPERTY

As at 31st March,	GROUP		COMPANY	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
<b>Cost</b>				
Balance as at Beginning of the Year	2,468,447	2,108,234	816,719	816,035
Prior year Asdjustment	-	-	-	-
Transfers from Property Plant and Equipment	(46,085)	360,213	-	-
Additions during the year	-	-	-	684
Balance as at end of the Year	2,422,362	2,468,447	816,719	816,719
<b>Accumulated Depreciation</b>				
Balance as at Beginning of the Year	159,134	134,795	15,898	12,486
Charge for the Year	18,848	24,339	3,532	3,412
Balance as at end of the Year	177,982	159,134	19,430	15,898
Carrying Value	2,244,380	2,309,313	797,289	800,821
Capital Work in Progress	6,008	-	6,007	-
<b>Total Carrying Value (Note 13.1)</b>	<b>2,250,388</b>	<b>2,309,313</b>	<b>803,296</b>	<b>800,821</b>

#### 13.1 Group

Company	Location	Extent	Carrying Value Rs.'000	Fair Value
The Colombo Fort land and Building PLC	York Arcade Building, Leyden Bastian Road, Colombo 01.	156,436 Sq ft	803,296	2,998 Mn
C. W. Mackie PLC	No. 36, D R Wijewardena Mw, Colombo 10	57,158 Sq ft	14,382	270.8 Mn
Sunquick Lanka Properties (Private) Limited	Munagama , Horana	128,774 Sq ft	173,877	275 Mn
Union Commodities (Private) Limited	No.79 , Biyagama Road, Talwatta, Kelaniya.	38,287 Sq ft	6,600	136 Mn
C M Holdings PLC	297,Colvin R De Silva Mw, Colombo 02.	31,757 Sq ft	965,675	2,670Mn
C M Holdings PLC	497/C Pannipitiya Road, Pelawatta	109.2P	102,206	363Mn
Imperial Hotels Limited	Halloluwa, Katugastota	6A,1R,36P	157,144	480 Mn
Sigiriya Village	Trincomalee	8A,1R, 2.3P	24,407	24 Mn
Laxapana Batteries PLC	Homagama Town centre, Panagoda, Godagama	7P	2,800	3.3 Mn
			<b>2,250,388</b>	

#### C. W. Mackie PLC

C. W. Mackie PLC has rented out a part of C.W. Mackie building complex and the value of land and buildings of that portion has been classified as investment property and accounted on "Cost Model" as required by LKAS 40 – Investment Property. The above investment property is situated at No. 36, D. R. Wijewardena Mawatha, Colombo 10. and the extent of the building is 57,158 square feet.

#### C M Holdings PLC

The company and the Group has initially accounted for the investment property at cost, and subsequently accounted for it under the cost model in accordance with the policy adopted by its ultimate parent. The investment property is depreciated using a straight line method over its estimated useful life of 20 years. Valuation of the land and buildings under Investment Property of the Company carried out by Chartered Valuation Surveyor Mr. P.P.T.Mohideen.

#### Imperial Hotels Ltd

As a result of change in the company's business plan, Land recognised as Property , Plant and Equipment previously has been classified as Investment Property and accounted on "Cost Model" as required by LKAS 40 - Investment Property. The company intends to hold the land for capital appreciation. The above investment property is situated at Halloluwa, Katugastota and the extent of the land is 6 A, 1 R & 36 P. The carrying amount of Investment Property as at 31st March 2021, amounted to Rs. 157.1 Mn.

As per the valuation carried out by Mr. P.P.T. Mohideen, Chartered Valuation Surveyor, fair value of investment property as at 31st March 2021 is Rs. 480 Mn.



# Notes to the Financial Statements contd.

## Sigiriya Village Hotels PLC

During the year, as a result of a change in the Company's business plan, land previously recognised under property, plant and equipment has been classified as investment property and accounted under "Cost Model" as required by LKAS 40 – Investment Property. The Company intends to hold the land for capital appreciation. The above investment property is situated in Trincomalee and the extent of the land is 8 A, 1 R & 2.3 P.

### 13.2 Company

Investment properties of the Company consists of land amounting to Rs. 621.62 million (2020 - Rs. 621.62) and building amounting to Rs. 175.67 million (2020 - Rs. 179.20 million) as at the reporting date. The Company has adopted the cost model to value the investment properties.

Location	Extent Perches	Carrying Value Rs.'000	Fair Value Rs.'000
Fort - Colombo	153	797,289	2,997,900

The properties of the Company were valued by an independent valuer, Mr. P.P.T. Mohideen, Chartered Valuation Surveyor, B.Sc. (Hons) Estate Management & Valuation, Executive Diploma in Business Administration, FIV (Sri Lanka) and MRICS (England) and the fair value of the investment properties as at 31st March, 2019 was Rs. 3.0 billion.

The Rental Income earned by the Company from the said Properties amounted to Rs. 122.53 million (2020 - Rs. 133.14 million).

Direct Operating Expenses incurred by the Company amounted to Rs. 28.91 million (2020 - Rs. 28.82 million) and this consists of Rs. 5.06 million (2020 - Rs. 4.44 million) relating to premises which are vacant.

The Investment Property is depreciated using the straight-line method over its estimated useful life of 99 years and 44 years for the premises situated at Sir Baron Jayatilake Mawatha and Leyden Bastian Road, respectively.

As at the reporting date there were no contractual obligations to purchase, construct or develop the investment properties or for repairs, maintenance, and enhancement.

The Company has executed a Tertiary Mortgage Bond for Rs. 100.0 million and a Quaternary Mortgage Bond for Rs. 87.5 million over the property at No. 53-1/1, 53-2/1 and 57, Sir Baron Jayatilake Mawatha, Colombo – 1 belonging to the Company for the facilities granted to the Company.

The Company reviewed the carrying values of Investment property as at the reporting date, to assess the impact of COVID-19 pandemic would have on the company assets and determined that no impairment is necessary, as the Company has evaluated their business continuity plans and is satisfied that it has taken necessary steps to safeguard the assets.

## 14. INTANGIBLE ASSETS

As at 31st March,	GROUP	
	2021 Rs.'000	2020 Rs.'000
Goodwill on Acquisition (Note 14.1)	529,377	797,262
Trade Mark (Note 14.2)	7,790	550
Computer software (Note 14.3)	28,752	54,005
	565,919	851,817

### 14.1 Goodwill

At the beginning of the Year	797,262	880,256
Acquisition of Subsidiary	-	-
Impairment of Goodwill (Note 14.1.2)	(267,885)	(82,994)
At the end of the Year (Note 14.1.1)	529,377	797,262

#### 14.1.1 Goodwill on Acquisition

This represents the excess of the cost of acquisition of the net assets of the following Companies. The aggregated carrying amount of goodwill allocated to each company is as follows:

As at 31st March,	GROUP	
	2021 Rs.'000	2020 Rs.'000
C. W. Mackie PLC	92,778	92,778
Galle Fort Hotel (Private) Limited	-	267,885
Ceylon Tapes Limited	14,190	14,190
Lanka Special Steel Limited	21,696	21,696
J.F.Packaging Limited	263,442	263,442
Sherwood Holidays Limited	27,070	27,070
Kiffs (Private) Limited	85,202	85,202
Alliance Five (Private) Limited	24,999	24,999
	529,377	797,262

#### 14.1.2 Impairment of Goodwill

Based on impairment assessment, the following goodwill were impaired during the year 2019/ 2020 and 2020/21.

For the year ended 31st March,	GROUP	
	2021 Rs.'000	2020 Rs.'000
Galle Fort Hotel (Private) Limited	267,885	-
Lankem Developments PLC	-	5,503
Lankem Tea and Rubber Plantations (Private) Limited	-	51,766
Agarapathana Plantations Limited	-	16,385
Sunagro Lifescience Limited	-	125
Lankem Paints Limited	-	3,528
Lankem Chemicals Limited	-	3,428
Candy Delights Limited	-	2,259
	267,885	82,994

For the purpose of impairment testing, goodwill acquired from business combinations have been allocated to cash generating units (CGU) that is expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated have been tested for impairment annually, and whenever there is an indication that the unit may be impaired by comparing the carrying amount of the unit including the goodwill, with the recoverable amount of the unit. If the carrying amount of the unit exceeds the recoverable amount of the unit and the goodwill allocated to that unit has been regarded as impaired. The impairment loss has been allocated to reduce the carrying amount of any goodwill allocated to the CGU and then to other assets of the unit.

Carrying value of Goodwill as at the reporting date has been tested for impairment and no additional impairment losses were identified as at the reporting date other than details relating to goodwill impairment to date is disclosed above.

Methods used in estimating recoverable amounts are given below;

- (i) Business Growth - Based on historical growth rate & business plan
- (ii) Inflation - Based on current inflation & the percentage of the total cost subjected to the inflation
- (iii) Discount Rate - Average market borrowing rate adjusted for risk premium
- (iv) Margin - Based on current margin & business plan

# Notes to the Financial Statements contd.

## 14.1.3 Recoverable values measured with reference to the value in use

Investee	Significant unobservable inputs	Value of the inputs
Ceylon Tapes (Pvt) Ltd.	Average Growth Rate Discount Rate (range) Term	11% 13% - 15% 5 years (terminal value thereafter)
JF Packaging Ltd.	Average Growth Rate Discount Rate (range) Term	10% 10% - 12% 5 years (terminal value thereafter)
Kiffs (Pvt) Ltd.	Average Growth Rate Discount Rate (range) Term	13% 10% - 12% 5 years (terminal value thereafter)
Alliance Five (Pvt) Ltd.	Average Growth Rate Discount Rate (range) Term	12% 10% - 12% 5 years (terminal value thereafter)
Sherwood Holidays Ltd.	Average Growth Rate Discount Rate (range) Term	4% 12% - 14% 5 years (terminal value thereafter)
Lanka Special Steels Limited	Average Growth Rate Margin Discount Rate Term	10% for first 5 years and 3% terminal growth rate Current Margin WACC of 10% 5 years (terminal value thereafter)

## 14.1.4 Recoverable values measured with reference to the fair value less cost to sell

Investee	Significant unobservable inputs	Value of the inputs
C.W. Mackie PLC	Adjusted NAV	Rs. 80 - Rs. 90

As at 31st March,	GROUP	
	2021 Rs:'000	2020 Rs:'000

## 14.2 Trade Mark

### Cost

As at the beginning of the Year	14,741	14,461
Additions during the Year	8,649	280
<b>As at the end of the Year</b>	<b>23,390</b>	<b>14,741</b>

### Amortisation

As at the beginning of the Year	14,191	14,072
Amortised during the year	1,409	119
<b>At the end of the Year</b>	<b>15,600</b>	<b>14,191</b>
<b>Carrying Value</b>	<b>7,790</b>	<b>550</b>

As at 31st March,	GROUP	
	2021 Rs:'000	2020 Rs:'000

### 14.3 Computer Software

#### Cost

As at the beginning of the Year	213,920	228,896
Additions during the Year	1,318	1,707
Disposal of Subsidiary	-	(16,683)
<b>As at the end of the Year</b>	<b>215,238</b>	<b>213,920</b>

#### Amortisation

As at the beginning of the Year	159,915	136,174
Disposal of Subsidiary	-	(14,321)
Amortised during the year	26,571	38,062
<b>At the end of the Year</b>	<b>186,486</b>	<b>159,915</b>
<b>Carrying Value</b>	<b>28,752</b>	<b>54,005</b>

#### Trade Mark

##### Darley Butler & Company Limited

During the year 2015/2016, Darley Butler & Company Limited has purchased the agency right of Intas Pharmaceuticals Limited for a consideration of Rs.13 Million which was amortised over 03 Years.

During the year 2020/2021, an amount of Rs. 7,804,878/- was paid to Brown & Company PLC to acquire the agency right of Unosource Pharma Ltd by Darley Butler & Co, Ltd. which is amortised over 03 years.

#### Computer Software

Additions during the year relate to Software.

### 15. INVESTMENTS IN SUBSIDIARIES

As at 31st March,	Group	Company	No. of Shares	Cost	Market	No. of Shares	Cost	Market
	Holding	Holding		2021	Value		2020	2020
	2021	2021	2021	2021	2021	2020	2020	2020
	%	%		Rs:'000	Rs:'000		Rs:'000	Rs:'000

#### 15.1 Company

##### 15.1.1 Quoted Investments

Beruwala Resorts PLC	49.51	0.01	30,000	32	24	30,000	32	18
C M Holdings PLC	65.55	63.49	9,649,850	550,183	800,938	9,649,850	550,183	410,119
E.B. Creasy & Company PLC	59.90	52.99	134,319,915	35,228	4,083,325	1,343,610	35,228	1,097,595
Lankem Ceylon PLC	65.06	44.31	15,000,000	568,126	406,500	15,000,000	568,126	256,500
Marawila Resorts PLC	40.97	0.66	1,510,000	7,173	2,869	1,510,000	7,173	1,661
Muller & Phipps (Ceylon) PLC	30.72	0.02	60,030	91	66	60,030	91	36
York Arcade Holdings PLC	49.99	49.27	369,495	4,963	52,838	369,495	4,963	22,909
				1,165,796	5,346,560		1,165,796	1,788,838

## Notes to the Financial Statements contd.

As at 31st March,	Group Holding 2021 %	Company Holding 2021 %	No. of Shares 2021	Cost 2021 Rs.'000	Market Value 2021 Rs.'000	No. of Shares 2020	Cost 2020 Rs.'000	Market Value 2020 Rs.'000
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### 15.1.2 Unquoted Investments

Agarapatana Plantations Limited	41.48	2.75	6,455,458	27,577	-	6,455,458	27,577	-
C.F. Travels Limited	100.00	100.00	1,500,000	15,000	-	1,500,000	15,000	-
Capital Leasing Company Limited	55.83	55.83	473,000	4,733	-	473,000	4,733	-
Colombo Fort Group Services (Pvt) Ltd	100.00	100.00	10,000	100	-	10,000	100	-
Colombo Fort Holdings Limited	100.00	100.00	3,500,000	35,000	-	3,500,000	35,000	-
Colombo Fort Properties Limited	100.00	99.70	1,000	10	-	1,000	10	-
Lankem Plantation Holdings Limited	83.38	52.44	21,500,000	240,500	-	21,500,000	240,500	-
Transways (Private) Limited	100.00	30.00	14,998	150	-	14,998	150	-
				323,070	-		323,070	-
Total Cost				1,488,866			1,488,866	
Less: Provision for Impairment in Value of Investments (Note15.2)				(262,856)			(100,354)	
<b>Carrying Value of Investment in Subsidiaries</b>				<b>1,226,010</b>			<b>1,388,512</b>	

### 15.1.3 Preference Shares

As at 31st March,	No. of Shares 2021	Cost 2021 Rs.'000	Market Value 2021 Rs.'000	No. of Shares 2020	Cost 2020 Rs.'000	Market Value 2020 Rs.'000
Transways (Private) Limited	103,110	1,031	-	103,110	1,031	-
Voyages Ceylon (Private) Limited	1,500,000	15,000	-	1,500,000	15,000	-
York Hotel Management Services Limited	650,000	6,500	-	650,000	6,500	-
York Tours Limited	318,000	3,180	-	318,000	3,180	-
<b>Total</b>		25,711			25,711	
Less: Provision for impairment in Value of Investments		(25,711)			(25,711)	
<b>Total</b>		-			-	

### 15.2 Provision for Impairment in Value of Investments

As at 31st March,	2021 Rs.'000	2020 Rs.'000
<b>Quoted Investments</b>		
Muller & Phipps (Ceylon) PLC	55	55
Beruwala Resorts PLC	14	14
Marawila Resorts PLC	5,512	5,512
	<b>5,581</b>	<b>5,581</b>
<b>Unquoted Investments</b>		
C.F. Travels Limited	15,000	15,000
Capital Leasing Company Limited	1,615	1,615
Colombo Fort Properties Limited	10	10
Consolidated Tea Plantations Limited	240,500	77,998
Transways (Private) Limited	150	150
	<b>257,275</b>	<b>94,773</b>
	<b>262,856</b>	<b>100,354</b>

### 15.3 Group Companies Investment in Subsidiaries

Investor	Investee	% Holding		No. of Shares	
		2021	2020	2021	2020
<b>As at 31st March,</b>					
E. B. Creasy & Company PLC	Lankem Ceylon PLC	32.42%	32.42%	10,974,635	10,974,635
	Laxapana Batteries PLC	68.38%	51.58%	45,282,378	20,114,838
	Darley Butler & Co. Limited	100.00%	100.00%	9,999,964	9,999,964
	Candy Delights Limited	100.00%	100.00%	570,000	570,000
	Filmpak Limited	100.00%	100.00%	150,000	150,000
	Group Three Associates Limited	100.00%	100.00%	1,200	1,200
	*E.B.Creasy Ceylon (Private) Limited (Formerly known as Island Consumer Suppliers (Private) Limited)	100.00%	100.00%	120,000	120,000
	Corporate Systems Limited	100.00%	100.00%	10,000	10,000
	E B Creasy Logistic Limited	100.00%	100.00%	50,000	50,000
	Imperial Hotels Limited	0.14%	0.14%	19,825	19,825
	Muller & Phipps (Ceylon) PLC	51.26%	51.26%	145,061,773	145,061,773
	Lanka Special Steel Limited	100.00%	100.00%	1,823,074	1,823,074
	Ceyflex Rubber Limited	100.00%	100.00%	7,100,000	7,100,000
	Darley Butler & Company Limited	Lankem Ceylon PLC	1.59%	1.59%	536,614
Laxapana Batteries PLC		0.00%	0.00%	6	6
Agarapatana Plantations Limited		1.72%	2.37%	5,575,908	5,575,908
Marawila Resorts PLC		0.00%	0.00%	188	188
York Arcade Holdings PLC		0.60%	0.60%	4,500	4,500
Candy Delights Limited	Lankem Ceylon PLC	0.07%	0.07%	23,337	23,337
	York Arcade Holdings PLC	0.33%	0.33%	2,500	2,500
*E.B.Creasy Ceylon (Private) Limited (Formerly known as Island Consumer Suppliers (Private) Limited)	Consolidated Tea Plantations Limited	0.00%	0.00%	1	1
	Sigiriya Village Hotels PLC	0.69%	0.69%	62,162	62,162
	Marawila Resorts PLC	0.07%	0.07%	156,000	156,000
	Colombo Fort Hotels Limited	6.91%	6.91%	9,344,800	9,344,800
	Beruwala Resorts PLC	0.01%	0.01%	30,000	30,000
	C M Holdings PLC	0.63%	0.63%	95,640	95,640
	Lankem Ceylon PLC	0.00%	0.00%	536	536
	York Arcade Holdings PLC	0.27%	0.27%	2,000	2,000
Creasy Plantation Management Limited	41.00%	41.00%	122,993	122,993	
Muller & Phipps (Ceylon) PLC	Pettah Pharmacy (Private) Limited	100.00%	100.00%	2,033,618	2,033,618
Pettah Pharmacy (Private) Limited	Colombo Fort Hotels Limited	0.94%	0.94%	1,275,200	1,275,200
	Beruwala Resorts PLC	0.01%	0.01%	30,000	30,000
Lankem Ceylon PLC	Lankem Development PLC	2.07%	2.07%	2,480,626	2,444,068
	Sigiriya Village Hotels PLC	0.00%	23.12%	-	2,083,760
	Marawila Resorts PLC	7.23%	7.23%	16,478,829	16,478,829
	Colombo Fort Hotels Limited	68.85%	68.85%	93,173,043	93,173,043
	Consolidated Tea Plantations Limited	47.56%	47.56%	19,500,001	19,500,001
	Lankem Tea and Rubber Plantations (Private) Limited	1.00%	1.00%	8,342	8,342
	Lankem Plantation Services Limited	60.00%	60.00%	179,993	179,993
	Lankem Exports Limited	100.00%	100.00%	10,000	10,000
	Lankem Paints Limited	100.00%	100.00%	2,000,000	2,000,000
	Lankem Consumer Products Limited	100.00%	100.00%	2,000,000	2,000,000
	Lankem Chemicals Limited	100.00%	100.00%	2,000,000	2,000,000
	Lankem Research Limited	100.00%	100.00%	250,007	250,007
	SunAgro LifeScience Limited	100.00%	100.00%	626,000	626,000
	SunAgro Farms Limited	100.00%	100.00%	1,200,000	1,200,000
	Associated Farms Limited	100.00%	100.00%	55,398	55,398
	Kotagala Plantations PLC	0.00%	1.46%	-	1,100,221

## Notes to the Financial Statements contd.

Investor	Investee	% Holding		No. of Shares	
		2021	2020	2021	2020
<b>As at 31st March,</b>					
Lankem Ceylon PLC contd.	C. W. Mackie PLC	55.36%	55.34%	19,923,525	19,916,811
	Lankem Technology Services Limited	100.00%	100.00%	4,999,995	4,999,995
	SunAgro Foods Limited	0.00%	100.00%	-	4,999,994
	C M Holdings PLC	2.18%	2.23%	331,547	338,547
	Waverly Power (Private) Limited	43.59%	43.59%	3,400,000	3,400,000
	J.F. Packaging Limited	100.00%	100.00%	1,204,068	673,151
	Natures Link (Private) Limited	100.00%	100.00%	5,000,000	5,000,000
	Agrapatana Plantation Limited	0.54%	0.75%	1,760,204	1,760,204
Consolidated Tea Plantations Limited	Lankem Tea and Rubber Plantations (Private) Limited	98.98%	98.98%	826,088	826,088
	Kotagala Plantations PLC	45.03%	48.11%	33,873,980	36,187,500
	Lankem Developments PLC	49.80%	49.80%	59,762,295	59,762,295
	Union Commodities (Private) Limited	70.00%	70.00%	5,600,000	5,600,000
Lankem Tea and Rubber Plantations (Private) Limited	Colombo Fort Hotels Limited	8.58%	8.58%	11,608,591	11,608,591
	Kotagala Plantations PLC	21.74%	23.93%	16,355,110	18,003,937
Lankem Developments PLC	Marawila Resorts PLC	0.00%	0.14%	-	312,500
	Kotagala Plantations PLC	0.00%	0.12%	-	90,000
	Agarapatana Plantations Limited	72.43%	61.87%	235,394,302	145,394,302
	Waverly Power (Private) Limited	56.41%	56.41%	4,400,000	4,400,000
Colombo Fort Hotels Limited	Beruwala Resorts PLC	65.58%	65.58%	393,497,345	393,497,345
	Imperial Hotels Limited	34.08%	34.08%	4,921,506	4,921,506
	Marawila Resorts PLC	41.06%	41.06%	93,624,955	93,624,955
	Sigiriya Village Hotels PLC	41.16%	41.16%	3,704,274	3,704,274
	Galle Fort Hotel (Private) Limited	100.00%	100.00%	10,384,214	10,384,214
	Lak Kraft (Private) Limited	99.11%	99.11%	222	222
	Sherwood Holidays Limited	100.00%	100.00%	7,791,920	7,791,920
	BOT Hotel Services Limited	31.32%	31.32%	18,008,162	18,008,162
Sigiriya Village Hotels PLC	Marawila Resorts PLC	7.46%	7.46%	17,000,000	17,000,000
	Beruwala Resorts PLC	14.23%	14.23%	85,384,000	85,384,000
	Colombo Fort Hotels Limited	0.02%	0.02%	24,000	24,000
	Imperial Hotels Limited	31.16%	31.16%	4,500,000	4,500,000
Marawila Resorts PLC	Beruwala Resorts PLC	0.01%	0.01%	30,000	30,000
	Colombo Fort Hotels Limited	0.64%	0.64%	866,258	866,258
Beruwala Resorts PLC	B.O.T. Hotel Services (Private) Limited	68.68%	68.68%	39,491,798	39,491,798
York Hotel Management Services Limited	Colombo Fort Hotels Limited	0.02%	0.02%	24,000	24,000
Agarapatana Plantations Limited	Beruwala Resorts PLC	0.22%	0.22%	1,300,000	1,300,000
	Union Commodities (Private) Limited	15.00%	15.00%	1,200,000	1,200,000
Kotagala Plantations PLC	Agarapatana Plantations Limited	5.33%	7.38%	17,333,333	17,333,333
	Imperial Hotels Limited	31.16%	31.16%	4,500,000	4,500,000
	Union Commodities (Private) Limited	15.00%	15.00%	1,199,999	1,199,999
	Rubber & Allied Products (Colombo) Limited	100.00%	100.00%	5,991	5,991
C. W. Mackie PLC	Ceymac Rubber Company Limited	98.72%	98.72%	3,148,551	3,148,551
	Ceytra (Private) Limited	62.82%	62.82%	1,884,600	1,884,600
	Sunquick Lanka Properties (Pvt) Ltd	51.00%	51.00%	3,070,000	3,070,000
	Kelani Valley Canneries Limited	54.14%	88.23%	30,351,222	30,351,222



Investor	Investee	% Holding		No. of Shares	
		2021	2020	2021	2020
<b>As at 31st March,</b>					
C M Holdings PLC	Colonial Motors (Ceylon) Limited	100.00%	100.00%	16,499,998	16,499,998
	E. B. Creasy & Company PLC	3.94%	3.94%	10,000,000	100,000
	York Arcade Holdings PLC	0.00%	0.00%	28	28
	Union Investments (Private) Limited.	100.00%	100.00%	4,999,999	4,999,999
	Colombo Fort Hotels Limited	14.05%	14.05%	19,014,348	19,014,348
	Marawila Resorts PLC	0.44%	0.44%	1,000,000	1,000,000
	Lankem Ceylon PLC	0.47%	0.47%	160,000	160,000
	Beruwala Resorts PLC	0.01%	0.01%	30,000	30,000
	Guardian Asset Management Limited	75.00%	75.00%	1,199,995	1,199,995
Union Investments (Private) Limited	E. B. Creasy & Company PLC	6.61%	6.61%	16,770,000	167,700
	York Arcade Holdings PLC	0.00%	0.00%	35	35
	Guardian Asset Management Limited	18.75%	18.75%	300,000	300,000
	Lankem Ceylon PLC	0.04%	0.04%	12,000	12,000
	Lankem Developments PLC	2.08%	6.79%	2,500,000	8,150,000
	Agarapatana Plantations Limited	0.08%	0.11%	250,000	250,000
	C.W. Mackie PLC	2.81%	2.81%	1,010,000	1,010,000
Guardian Asset Management Limited	Guardian Trustees Limited	99.99%	99.99%	59,993	59,993
	Kotagala Plantation PLC	0.00%	0.00%	279	279
	Muller & Phipps (Ceylon) PLC	0.00%	0.00%	500	500
	Laxapana Batteries PLC	0.00%	0.00%	600	300
	E. B. Creasy & Company PLC	0.00%	0.00%	7,200	72
	Colombo Investment Trust PLC	0.00%	0.00%	143	143
	Colombo Fort Investments PLC	0.00%	0.00%	83	83
	Lankem Developments PLC	0.00%	0.00%	296	296
	Lankem Ceylon PLC	1.18%	1.18%	400,300	400,300
	C M Holdings PLC	0.00%	0.00%	185	185
	Marawila Resorts PLC	0.00%	0.00%	640	640
	C.W. Mackie PLC	0.00%	0.00%	100	100
York Arcade Holdings PLC	C M Holdings PLC	0.47%	0.47%	71,707	71,707
	Imperial Hotels Limited	3.46%	3.46%	500,000	500,000
C.F Travels Limited	York Tours Limited	100.00%	100.00%	51,200	51,200
	American Lloyd Travels Limited	96.54%	96.54%	1,013,706	1,013,706
	Union Travels Limited	85.99%	85.99%	42,993	42,993
	Voyages Ceylon (Private) Limited	74.43%	74.43%	454,930	454,930
Colombo Fort Holdings Limited	York Hotel Management Services Limited	100.00%	100.00%	60,000	60,000
	Union Group (Private) Limited	87.90%	87.90%	54,500	54,500
	Transways (Private) Limited	70.00%	70.00%	35,000	35,000
Union Group (Private) Limited	Lankem Ceylon PLC	0.01%	0.01%	3,500	3,500
J.F. Packaging Limited	Ceylon Tapes (Private) Limited	0.00%	100.00%	-	980,000
	Kiffs (Pvt) Ltd	0.00%	100.00%	-	440,001
	Alliance Five (Pvt) Ltd	0.00%	100.00%	-	649,750
	Sunagro Foods Limited	100.00%	0.00%	4,999,994	-
Sunagro Foods Limited	Ceylon Tapes (Private) Limited	100.00%	0.00%	980,000	-
	Kiffs (Pvt) Ltd	100.00%	0.00%	440,001	-
	Alliance Five (Pvt) Ltd	100.00%	0.00%	649,750	-

# Notes to the Financial Statements contd.

## 15.4 Subsidiary Companies of the Group

The details of Subsidiaries in which The Colombo Fort Land & Building PLC held an indirect interest, are set out below:

Indirect Subsidiaries As at 31st March,	Effective Holdings (%)	
	2021	2020
Agarapatana Plantations Limited	38.59	38.73
American Lloyd Travels Limited	96.54	96.54
Associated Farms Limited	65.06	65.06
B.O.T. Hotel Services (Private) Limited	54.52	54.52
C.W. Mackie PLC	37.86	37.85
Ceylon Tapes limited	42.33	42.33
Corporate Systems Limited	59.87	59.87
Candy Delights Limited	59.91	59.91
Creasy Plantation Management Limited	24.56	24.56
Darley Butler & Company Limited	59.91	59.91
E. B. Creasy Logistics Limited	59.90	59.91
Filmpack Limited	59.91	59.91
Group Three Associates (Private) Limited	59.91	59.91
Guardian Trustees Limited	61.41	61.44
E.B.Creasy Ceylon (Private) Limited (Formerly known as Island Consumer Suppliers (Private) Limited)	59.91	59.91
J.F.Packaging Limited	65.06	65.06
Kotagala Plantations PLC	55.63	60.97
Lanka Special Steels (Lanka) Limited	59.91	59.91
Lankem Agrochemicals Limited	65.06	65.06
Lankem Chemicals Limited	65.06	65.06
Lankem Consumer Products Limited	65.06	65.06
Lankem Developments PLC	44.24	47.32
Lankem Exports (Private) Limited	65.06	65.06
Lankem Paints Limited	65.06	65.06
Lankem Plantation Services Limited	39.04	39.04
Lankem Research Limited	65.06	65.06
Lankem Tea & Rubber Plantations (Private) Limited	83.18	83.18
Laxapana Batteries PLC	40.96	30.90
SunAgro Farms Limited	65.06	65.06
SunAgro LifeScience Limited	65.06	65.06
Union Group (Private) Limited	87.90	87.90
Union Travels Limited	85.99	85.99
Voyages Ceylon (Private) Limited	74.43	74.43
York Hotel Management Services Limited	99.99	99.99
Imperial Hotels Limited	53.15	54.78
York Tours Limited	99.99	99.99

## 16. INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

	Holding %	No. of Shares	Balance as at 2021	Market Value 2021	Holding %	No. of Shares	Balance as at 2020	Market Value 2020
As at 31st March,	2021	2021	Rs:'000	Rs:'000	2020	2020	Rs:'000	Rs:'000

### 16.1 Investments in Associates

#### 16.1.1 Group

##### Quoted Investments

Colombo Fort Investments PLC (CFIL)	15.97	1,103,603	48,217	72,617	16.32	1,103,603	98,826	60,698
Colombo Investment Trust PLC (CITL)	11.46	784,430	42,681	78,051	11.70	785,880	77,084	47,939
			90,897	150,668			175,910	108,637

##### Unquoted Investments

Capital Investments Limited (CIL)	46.67	3,499,930	92,050		46.67	3,499,930	157,861	
Unrealised profit on disposal of shares to equity accounted investee			(3,638)				(3,609)	
Balance as at 1st April			179,309				330,162	
Statement of Profit or Loss			26,461				1,168	
Other Comprehensive Income			211,045				(148,704)	
Share of Results of Equity Accounted Investees (Net of Tax) for the Year			237,505				(147,536)	
Dividend Paid during the Year			-				(3,317)	
<b>Carrying Value of Investments in Equity Accounted Investees</b>			<b>416,815</b>				<b>179,309</b>	

- a. Market value of quoted investments as at 31st March, 2021 was Rs. 150 million (Rs. 108 million - 31st March, 2020) for the Group and Company. The Director's valuation of unquoted associate investment amounted to Rs. 92 million as at 31st March, 2021 (Rs. 157 million - 31st March, 2020) for the Group and Company as well.
- b. Summarised Financial Information of Equity Accounted Investees

	GROUP				GROUP			
	CFIL	CITL	CIL	Total	CFIL	CITL	CIL	Total
As at 31st March,	2021 (000)'				2020 (000)'			
<b>Assets &amp; Liabilities</b>								
Total Assets	1,349,275	1,226,751	340,278	1,539,325	639,727	685,668	213,930	1,539,325
Total Liabilities	(20,849)	(20,185)	(13,154)	(69,691)	(25,984)	(27,550)	(16,158)	(69,692)
<b>Net Assets</b>	<b>1,328,426</b>	<b>1,206,566</b>	<b>327,125</b>	<b>2,862,117</b>	<b>613,743</b>	<b>658,118</b>	<b>197,772</b>	<b>1,469,633</b>

# Notes to the Financial Statements contd.

## Summary of the Statement of Profit or Loss

For the year ended 31st March,	CFIL	CITL	CIL	Total	CFIL	CITL	CIL	Total
	2021 (000)'				2020 (000)'			
Revenue	17,222	17,116	1,042	35,380	12,515	18,967	347	31,829
Cost of Investment Disposed		(1,725)		(1,725)		(5,964)		(5,964)
FV through Profit or Loss	102,040	65,827		167,867	(7,251)	398		(6,853)
Other Operatin Income	6	19		25	4,287	20		4,307
	119,268	81,237	1,042	201,547	9,551	13,421	347	23,319
Administrative Expenses	(4,052)	(4,227)	(449)	(8,728)	(3,238)	(2,764)	(323)	(6,325)
Other Operating Expenses	(187)	(4)		(191)	(267)		-	(267)
Profit From Operations	115,029	77,006	593	192,628	6,046	10,657	24	16,727
Net Finance Cost	(2,353)	(2,638)	(220)	(5,211)	(3,269)	538	(910)	(3,641)
Profit Before Tax	112,676	74,368	373	187,417	2,777	11,195	(886)	13,086
Income Tax Expenses	(1,371)	-	(32)	(1,403)	(1,111)	-	-	(1,111)
<b>Net Profit for the year</b>	<b>111,305</b>	<b>74,368</b>	<b>341</b>	<b>186,014</b>	<b>1,666</b>	<b>11,195</b>	<b>(886)</b>	<b>11,975</b>
Other Comprehensive income for the period, Net of Tax	603,970	474,395	129,011	1,207,376	(303,353)	(297,852)	(137,890)	(739,095)
<b>Total Comprehensive income for the period</b>	<b>715,275</b>	<b>548,763</b>	<b>129,352</b>	<b>1,393,390</b>	<b>(301,687)</b>	<b>(286,657)</b>	<b>(138,776)</b>	<b>(727,120)</b>

c. The Colombo Fort Land and Building PLC has neither contingent liabilities nor capital commitments in respect of its associates.

### 16.1.2 Company

	Holding %	No. of Shares	Cost As at 2021 Rs:'000	Carrying Value As at 2021 Rs:'000	No. of Shares 2020	Cost As at 2020 Rs:'000	Carrying Value As at 2020 Rs:'000
As at 31st March,	2021	2021	2021	2021	2020	2020	2020
<b>Quoted Investments</b>							
Colombo Fort Investments PLC	15.97	1,103,603	36,613	72,617	1,103,603	36,613	60,698
Colombo Investment Trust PLC	11.46	784,430	23,813	78,051	785,880	23,857	47,939
			60,426	150,668		60,470	108,637
<b>Unquoted Investments.</b>							
Capital Investments Limited	46.67	3,499,930	35,349	-	3,499,930	35,349	-
			35,349	-		35,349	-
<b>Carrying Value of Investments in Equity Accounted Investees</b>			<b>95,775</b>			<b>95,819</b>	

### 16.2 Investment in Joint Venture

As at	31.03.2021 Rs:'000	31.03.2020 Rs:'000
Sunquick Lanka (Private) Limited	291,249	341,765
	291,249	341,765

The Company has a 49% interest in Sunquick Lanka (Private) Limited, a joint venture formed for the purpose of manufacturing, processing and marketing Co-Ro A/S, Denmark products in the form of concentrates and ready-to-drink (RTD) products marketed under 'Sunquick' brand.

The Group's interest in Sunquick Lanka (Private) Limited is accounted for using the equity method in the Consolidated Financial Statements. Summarised financial information of the joint venture and reconciliation with the carrying amount of the investment in the Financial Statements are set out below:

#### Summary of the Statement of Financial Position

As at	31.03.2021	31.03.2020
	Rs.'000	Rs.'000

#### Summary of the Statement of Profit or Loss

Revenue	1,038,131	1,264,116
Operating Expenses	(1,076,276)	(1,168,291)
Other Operating income	15,426	4,085
Finance Income	9,899	-
Finance Cost	(95,213)	(32,642)
Income tax	4,940	(51,017)
Other Comprehensive	(211)	-
Total comprehensive income / (expense) for the year	(103,304)	16,251
Share of Profit / (loss) for the year	(50,516)	7,963

#### Summarised Statement of Financial Position

Non-Current Assets	978,664	635,497
Current Assets	1,148,860	1,105,448
Non-Current Liabilities	469,461	55,276
Current Liabilities	1,063,888	988,189
Equity	594,175	697,480
Carrying amount of the investments	291,249	341,765

#### Equity Reconciliation

Carrying Value as at 1st April	341,765	333,802
Investment made during the year	-	-
Share of profit / (loss)	(50,516)	7,963
Carrying Value as at 31st March	291,249	341,765

#### 17. OTHER FINANCIAL ASSETS - NON CURRENT

	Notes	GROUP		Notes	COMPANY	
		Carrying Value 2021 Rs.'000	Carrying Value 2020 Rs.'000		Carrying Value 2021 Rs.'000	Carrying Value 2020 Rs.'000
As at 31st March,						
Quoted Investments - Financial Assets at FVOCI	17.1.1	152,242	81,000	17.2.1	3,287	993
Unquoted Investments - Financial Assets at FVOCI	17.1.2	336,879	337,529		-	-
Unit Trusts	17.1.3	225,504	221,317		-	-
Foreign Exchange Forward Contract	17.1.4	-	8,655		-	-
		714,625	648,501		3,287	993
Less : Provision for Impairment in Value of Investment *		(7,070)	(7,070)		-	-
		707,555	641,431		3,287	993

\* Impairment relates to Dutch Dairy international (Private) limited, Far Eastern Exports Limited and Srilanka Institute of Nanotechnology (Private) limited .

# Notes to the Financial Statements contd.

## 17.1 Group

As at 31st March,	No. of Shares 2021	Cost 2021 Rs:'000	Carrying Value 2021 Rs:'000	No. of Shares 2020	Cost 2020 Rs:'000	Carrying Value 2020 Rs:'000
<b>17.1.1 Quoted Investments</b>						
<b>Diversified Holdings</b>						
Arpico Finance Company PLC	333	11	60	333	11	42
Asia Capital PLC	100	-	1	100	-	-
Central Finance Company PLC	10	-	1	10	-	1
Ceylon Guardian Investment Trust PLC	174	2	21	174	2	12
Ceylon Investment PLC	471	3	30	463	3	13
Colombo Fort Investments PLC	84	2	6	81	2	5
Colombo Investment Trust PLC	145	2	14	140	2	9
First Capital Holdings PLC	3,600	11	196	3,600	11	82
Lanka Orix Leasing Company Holding PLC	800	1	234	800	1	73
Lanka Ventures PLC	100	1	5	100	1	4
LB Finance PLC	4,624	3	219	1,156	3	139
Merchant Bank of Sri Lanka & Finance PLC	67	1	-	67	1	-
Nation Lanka Finance PLC	625	5	-	625	5	-
People's Leasing & Finance PLC	10,000	180	127	10,000	180	126
People's Merchant Finance PLC	270	4	2	270	4	2
Selinsing PLC	36	9	29	36	9	25
SMB Leasing PLC	3,610	3	1	3,610	3	1
The Indo Malay PLC	5	1	6	5	1	5
<b>Total</b>		<b>239</b>	<b>952</b>		<b>239</b>	<b>539</b>
<b>Energy</b>						
Lanka IOC PLC	800	22	15	800	22	13
<b>Total</b>		<b>22</b>	<b>15</b>		<b>22</b>	<b>13</b>
<b>Food &amp; Staples Retailing</b>						
CT Holdings PLC	223	7	38	223	7	36
Cargills (Ceylon) PLC	343	9	81	343	9	58
Ceylon & Foreign Traders PLC	10,000	5	32	10,000	5	32
Tess Agro PLC	2,053	2	1	2,053	2	1
<b>Total</b>		<b>23</b>	<b>152</b>		<b>23</b>	<b>126</b>
<b>Food Beverage &amp; Tobacco</b>						
Agalawatte Plantations PLC	100	1	3	100	1	2
Bairaha Farms PLC	100	1	14	100	1	8
Balangoda Plantations PLC	310	5	3	310	5	3
Bogawantalawa Tea Estate PLC	46	-	1	46	-	1
Browns Investments PLC	6,000	19	33	6,000	19	11
Bukit Darah PLC	10	3	3	10	3	2
Carson Cumberbatch PLC	191	10	53	191	10	30
Ceylon Grain Elevators PLC	10	-	1	10	-	-
Ceylon Tobacco Company PLC	7	-	7	7	-	7
Convenience Foods (Lanka) PLC	90	1	112	90	1	30
Ceylon Beverage Holdings PLC	276	6	215	276	6	220
Ceylon Cold Stores PLC	64	1	40	64	1	42
Dilmah Ceylon Tea Company PLC	80	3	51	80	3	42
Distilleries Company of Sri Lanka PLC	118	1	2	118	1	2
Hapugastenne Plantations PLC	300	5	4	300	5	3

As at 31st March,	No. of Shares 2021	Cost 2021 Rs.'000	Carrying Value 2021 Rs.'000	No. of Shares 2020	Cost 2020 Rs.'000	Carrying Value 2020 Rs.'000
Hatton Plantation PLC	12,000	52	105	12,000	52	50
Horana Plantations PLC	120	2	2	120	2	3
Kahawatte Plantations PLC	531	9	16	531	9	19
Keells Food Products PLC	219	11	36	219	11	24
Kegalle Plantations PLC	200	6	20	200	6	7
Kelani Valley Plantations PLC	400	7	16	200	7	16
Lanka Milk Foods (CWE) PLC	133	3	20	133	3	10
Madulsima Plantations PLC	200	5	2	200	4	-
Malwatte Valley Plantations PLC	2,000	2	26	2,000	2	8
Maskeliya Plantations PLC	2,300	42	25	2,300	42	15
Melstacorp PLC	400	1	18	400	1	9
Namunukula Plantations PLC	1,200	22	221	1,200	22	94
Nestle Lanka PLC	40	4	46	40	4	40
Renuka Foods PLC	20	-	-	20	-	-
Tea Smallholder Factories PLC	142	3	6	142	3	3
Talawakelle Tea Estates PLC	1,400	15	53	700	15	28
Three Acre Farms PLC	19	-	4	19	-	2
Udapussellawa Plantations PLC	200	4	4	200	4	4
Watawala Plantations PLC	10,284	45	588	10,215	44	205
<b>Total</b>		<b>289</b>	<b>1,750</b>		<b>287</b>	<b>941</b>

#### Health Care Equipment & Services

Asiri Hospital Holdings PLC	2,660	6	68	2,660	6	45
Asiri Surgical Hospital PLC	1,499	4	21	1,499	4	13
Durdans Hospitals PLC-Non-Voting	130	2	12	130	2	9
Durdans Hospitals PLC - Voting	130	3	13	130	3	10
E - Channelling PLC	1,162	2	6	1,162	2	4
Nawaloka Hospitals PLC	26,666	20	131	26,666	20	77
PC House PLC	1,000	11	-	1,000	11	-
Singhe Hospital PLC	1,000	3	2	1,000	3	1
The Lanka Hospital Corporation PLC	100	2	4	100	2	3
<b>Total</b>		<b>53</b>	<b>257</b>		<b>53</b>	<b>163</b>

#### Insurance

Amana Takaful PLC	402	9	3	402	9	1
Ceylinco Insurance PLC	22	-	46	22	-	39
HNB Assurance PLC	600	3	36	200	3	24
Janashakthi Insurance Company PLC	1,800	56	54	1,800	56	41
Softlogic Life Insurance PLC	1,000	1	31	1,000	1	25
<b>Total</b>		<b>69</b>	<b>170</b>		<b>69</b>	<b>130</b>



# Notes to the Financial Statements contd.

As at 31st March,	No. of Shares 2021	Cost 2021 Rs.'000	Carrying Value 2021 Rs.'000	No. of Shares 2020	Cost 2020 Rs.'000	Carrying Value 2020 Rs.'000
<b>Automobiles &amp; Components</b>						
Kelani Tyres PLC	360	2	28	360	2	12
Total		2	28		2	12
<b>Banks</b>						
Commercial Bank of Ceylon PLC-Voting	314	15	27	307	14	18
DFCC Bank PLC	16,482	431	982	21,180	1,631	1,613
Hatton National Bank PLC-Voting	10	-	1	10	-	1
Housing Development Finance Corporation Bank of Sri Lanka	100	4	3	100	4	2
National Development Bank PLC	6,637	550	536	6,332	550	440
Nations Trust Bank PLC	12,696	293	719	12,696	287	843
Pan Asia Banking Corporation PLC	3,000	24	42	3,000	24	24
Sampath Bank PLC	915	25	49	305	25	36
Seylan Bank PLC-Non-Voting	206	5	9	200	5	4
Seylan Bank PLC-Voting	8	-	-	8	-	-
The Finance Company PLC	120	8	-	120	8	-
Union Bank of Colombo PLC	100	3	1	100	3	1
Vanik Incorporation PLC-Non-Voting	-	-	-	10	-	-
Vanik Incorporation PLC-Voting	-	-	-	100	-	-
Total		1,358	2,369		2,551	2,982
<b>Capital Goods</b>						
ACL Cables PLC	1,152	2	41	576	2	18
Aitken Spence PLC	555	10	31	555	10	17
Colombo Dockyard PLC	15	-	1	284	2	1
Hayleys PLC	90	1	5	9	1	1
Hemas Holdings PLC	161,143	8,162	13,492	161,772	8,162	11,233
John Keells Holdings PLC	192	11	29	192	11	22
Lanka Ashok Leyland PLC	90	1	76	90	1	63
Lanka Tiles PLC	260	1	48	52	1	3
Lanka Walltiles PLC	165	4	31	33	4	1
Renuka Holdings PLC- Voting	164	1	2	164	1	2
Renuka Holdings PLC- Non Voting	1,180	17	17	1,180	17	11
Richard Peiris & Company PLC	3,705	2	62	3,705	2	29
Royal Ceramics Lanka PLC	10,896	114	2,801	10,896	114	609
Sierra Cables PLC	2,600	8	15	2,600	8	6
The Colombo Fort Land & Building PLC	5,800,333	14,174	74,824	5,089,930	9,173	43,502
Unisyst Engineering PLC	180	3	1	90	3	1
Brown & Company PLC	100	3	16	100	3	4
Lanka Ceramic PLC	7	1	1	7	1	1
Total		22,515	91,493		17,516	55,524
<b>Commercial &amp; Professional Services</b>						
Gestetner of Ceylon PLC	754	16	63	754	16	69
Paragon Ceylon PLC	100	1	4	100	1	6
Total		17	67		17	75

As at 31st March,	No. of Shares 2021	Cost 2021 Rs.'000	Carrying Value 2021 Rs.'000	No. of Shares 2020	Cost 2020 Rs.'000	Carrying Value 2020 Rs.'000
<b>Consumer Durabi &amp; Apperal</b>						
Abans Electrical PLC	240	10	38	240	10	14
Dankotuwa Porcelain PLC	166	3	2	166	3	1
Hayleys Fabric PLC	818	7	12	409	7	4
Hayleys Fibre PLC	315	2	15	105	2	9
Regnis (Lanka) PLC	60	1	3	30	1	2
Ambeon holdings PLC	1,002	2	17	1,002	2	8
Kelsey Developments PLC	337	4	14	155	-	9
Singer Industries (Ceylon) PLC	170	1	8	85	1	5
Blue Diamond Jewellery Worldwide PLC	22	-	-	22	-	-
<b>Total</b>		<b>30</b>	<b>109</b>		<b>26</b>	<b>52</b>
<b>Consumer Services</b>						
Aitken Spence Hotel Holdings PLC	140	2	8	140	2	2
Amaya Leisure PLC	554	2	10	277	2	7
Asian Hotels & Properties PLC	200	1	7	200	1	6
Browns Beach Hotels PLC	150	-	2	150	-	1
Ceylon Hotels Corporation PLC	534	2	6	534	2	5
Citrus Leisure PLC	53	1	-	53	1	-
Dolphin Hotels PLC	125	1	3	125	1	2
Eden Hotel Lanka PLC	800	2	8	200	2	3
Galadari Hotels (Lanka) PLC	100	-	1	100	-	1
Hotel Sigiriya PLC	14,000	65	-	14,000	65	-
Hunas Falls Hotels PLC	450	19	69	450	19	63
John Keells Hotels PLC	1,506	5	14	1,506	5	10
Mahaweli Reach Hotels PLC	100	1	1	100	1	1
Palm Garden Hotels PLC	56	3	1	56	3	1
Pegasus Hotels of Ceylon PLC	1,093	37	32	1,093	37	21
Renuka City Hotel PLC	600	148	136	600	148	114
Royal Palms Beach Hotels PLC	475	12	6	475	12	6
Trans Asia Hotels PLC	400	1	-	400	1	-
Tal Lanka Hotels PLC	100	-	1	100	-	1
The Kingsbury PLC	1,374	3	8	687	3	6
The Fortress Resorts PLC	500	5	6	500	5	4
The Lighthouse Hotel PLC	100	1	3	100	1	2
The Nuwara Eliya Hotels Company PLC	12	4	12	12	4	10
Touchwood Investments PLC	-	1	-	2,400	1	-
<b>Total</b>		<b>316</b>	<b>334</b>		<b>316</b>	<b>266</b>

# Notes to the Financial Statements contd.

As at 31st March,	No. of Shares 2021	Cost 2021 Rs.'000	Carrying Value 2021 Rs.'000	No. of Shares 2020	Cost 2020 Rs.'000	Carrying Value 2020 Rs.'000
<b>Materials</b>						
ACL Plastics PLC	100	3	25	100	3	12
ACME Printing and Packaging PLC	10,300	256	67	1,112,307	3,456	3,011
Bogala Graphite Lanka PLC	200	1	5	200	1	2
Chemanax PLC	177	2	14	35,194	2,002	1,268
Chevron Lubrications Lanka PLC	12,400	180	1,116	12,400	180	663
CIC Holdings PLC	4,320	29	1,176	4,239	29	148
Dipped Products PLC	860	2	40	86	2	5
Haycarb PLC	270	1	25	27	1	4
Industrial Asphalts (Ceylon) PLC	45,000	1	18	10	1	3
J.L. Morison Sons & Jones Ceylon PLC- Non-Voting	60	17	-	60	17	-
J.L. Morison Sons & Jones Ceylon PLC- Voting	200	4	-	200	4	-
Lanka Aluminium Industries PLC	50	-	1	10	-	0
Lanka Cement PLC	100	-	-	100	-	0
Piramal Glass Ceylon PLC	3,428	6	38	3,428	6	11
Richard Peiris Exports PLC	92	3	34	92	3	18
Samson International PLC	50	1	7	50	1	4
Swisstek (Ceylon) PLC	500	-	54	100	-	3
Tokyo Cement Company (Lanka) PLC- Voting	772,052	30,000	51,496	655,235	30,000	14,742
<b>Total</b>		<b>30,506</b>	<b>54,116</b>		<b>35,706</b>	<b>19,894</b>
<b>Real Estate</b>						
C.T. Land Development PLC	167	1	5	167	1	3
City Housing & Real Estate Co. PLC	180	1	1	180	1	1
Colombo Land & Development Company PLC	1,400	2	34	1,200	6	19
Commercial Development PLC	600	6	64	600	6	46
East West Properties PLC	1,200	6	12	1,200	6	7
Equity Two PLC	100	1	5	337	4	5
On'ally Holdings PLC	155	-	4	300	2	4
Overseas Realty (Ceylon) PLC	300	2	5	30	2	4
Serendib Land PLC	30	2	81	204	1	35
Seylan Developments PLC	204	1	3	204	1	2
Standard Capital PLC	400	17	24	400	17	22
<b>Total</b>		<b>39</b>	<b>238</b>		<b>47</b>	<b>147</b>
<b>Retailing</b>						
Diesel & Motors Engineering PLC	6	-	3	6	-	2
Hunters & Company PLC	24	1	14	24	1	8
John Keells PLC	336	2	24	336	2	14
Odel PLC	100	2	2	100	2	2
Singer Sri Lanka PLC	270	3	5	90	3	2
RIL Properties PLC	6,666	53	44	6,666	53	27
Sathosa Motors PLC	66	2	15	66	2	17
The Autodrome PLC	100	2	7	100	2	6
<b>Total</b>		<b>65</b>	<b>114</b>		<b>65</b>	<b>78</b>

As at 31st March,	No. of Shares 2021	Cost 2021 Rs.'000	Carrying Value 2021 Rs.'000	No. of Shares 2020	Cost 2020 Rs.'000	Carrying Value 2020 Rs.'000
<b>Telecommunication Services</b>						
Dialog Axiata PLC	100	2	1	100	2	1
Sri Lanka Telecom PLC	200	3	7	200	3	4
<b>Total</b>		<b>5</b>	<b>8</b>		<b>5</b>	<b>5</b>
<b>Utilities</b>						
Panasian Power PLC	1,000	3	4	1,000	3	2
Resus Energy PLC	1,353	21	33	1,293	16	26
Vallibel Power Erathna PLC	3,000	8	22	3,000	8	16
Vidullanka PLC	2,042	2	11	2,042	2	8
<b>Total</b>		<b>34</b>	<b>70</b>		<b>29</b>	<b>52</b>
<b>Total Quoted Investments</b>		<b>55,582</b>	<b>152,242</b>		<b>56,973</b>	<b>81,000</b>
<b>17.1.2 Unquoted Investments</b>						
Asia Pacific Golf Courses Limited	2,500	250	250	2,500	250	250
Ceylon Biscuits Limited	5,041,680	30	329,423	5,041,680	30	321,508
Dacrael Ceylon Limited	1	-	-	1	-	-
Dutch Dairy International Limited	125,000	5,400	5,400	125,000	5,400	5,400
Far Eastern Exports Limited	160,500	1,775	1,742	160,500	1,670	1,742
Fortland Finance Limited	31,500	318	-	31,500	318	-
International Manufacturers Company Limited	3,300	23	23	3,300	23	23
Srilanka Institute of Nanotechnology (Private) limited	3,814,182	50,040	31	3,814,182	50,105	8,596
York Conventions (Private) Limited	1	10	10	1	10	10
<b>Total</b>		<b>57,846</b>	<b>336,879</b>		<b>57,806</b>	<b>337,529</b>
<b>17.1.3 Unit Trusts</b>						
Ceybank Unit Trust	13,580,829	138,708	221,586	13,580,829	138,708	216,737
Comtrust Equity Fund	-	-	-	94,856	1,835	1,232
Pyramid Unit Trust	87,321	2,447	3,918	87,321	2,447	3,348
<b>Total</b>		<b>141,155</b>	<b>225,504</b>		<b>142,990</b>	<b>221,317</b>
<b>17.1.4 Other Investments</b>						
Foreign Exchange Forward Contract		-	-		8,655	8,655
<b>Total</b>		<b>-</b>	<b>-</b>		<b>8,655</b>	<b>8,655</b>

\* Sector classification and market value per share are based on the official valuation list published by the Colombo Stock Exchange.

# Notes to the Financial Statements contd.

## 17.2 Company

As at 31st March,	No. of Shares 2021	Cost 2021 Rs:'000	Carrying Value 2021 Rs:'000	No. of Shares 2020	Cost 2020 Rs:'000	Carrying Value 2020 Rs:'000
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### 17.2.1 Quoted Investments

#### Diversified Financials

People's Leasing Company PLC	10,788	190	127	10,302	184	125
The Finance Company PLC	100	8	-	100	8	-
<b>Total</b>		<b>198</b>	<b>127</b>		<b>192</b>	<b>125</b>

#### Food Beverage & Tobacco

Ceylon Beverage Holdings PLC	226	1	176	226	1	181
<b>Total</b>		<b>1</b>	<b>176</b>		<b>1</b>	<b>181</b>

#### Capital Goods

Royal Ceramics Lanka PLC	10,890	114	2,799	10,890	114	609
<b>Total</b>		<b>114</b>	<b>2,799</b>		<b>114</b>	<b>609</b>

#### Food Beverage & Tobacco

Namunukula Plantations PLC	1,000	15	185	1,000	15	78
<b>Total</b>		<b>15</b>	<b>185</b>		<b>15</b>	<b>78</b>

<b>Total</b>		<b>328</b>	<b>3,287</b>		<b>322</b>	<b>993</b>
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Sector classification and market value per share are based on the official valuation list published by the Colombo Stock Exchange.

The Company and the Group have valued their Equity Securities at the price on the last day of trading for the year ended 31st March, 2021.

## 17.3 Other Financial Assets-Current

	Notes	GROUP		Notes	COMPANY	
		Carrying Value 2021 Rs:'000	Carrying Value 2020 Rs:'000		Carrying Value 2021 Rs:'000	Carrying Value 2020 Rs:'000
Financial assets classified as FVTPL						
Quoted Investments - Financial Assets at FVTPL	17.3.1	810,023	445,008	17.3.3	2,992	-
Unit Trusts - Financial Assets at FVTPL	17.3.2	9,121	5,868		-	-
		<b>819,144</b>	<b>450,876</b>		<b>2,992</b>	<b>-</b>
Less : Provision for Impairment in Value of Investment		-	-		-	-
		<b>819,144</b>	<b>450,876</b>		<b>2,992</b>	<b>-</b>

The movement of the financial assets at fair value through profit or loss is as follows;

	GROUP	
	Carrying Value 2021 Rs.'000	Carrying Value 2020 Rs.'000
<b>As at 31st March,</b>		
Investment in Unit Trust	5,868	6,729
Equity Investments	445,008	561,623
	<b>450,876</b>	<b>568,352</b>
<b>Additions</b>		
Investment in Unit Trust	501	-
Equity Investments	13,347	18,685
	<b>13,848</b>	<b>18,685</b>
<b>Disposals</b>		
Equity Investments	(18,503)	(1,454)
	<b>(18,503)</b>	<b>(1,454)</b>
<b>Market Fair value changes</b>		
Investment in Unit Trust	2,752	(860)
Equity Investments	370,171	(133,846)
	<b>372,923</b>	<b>(134,706)</b>
<b>At the end of the year</b>		
Investment in Unit Trust	9,121	5,868
Equity Investments	810,023	445,008
	<b>819,144</b>	<b>450,876</b>

GROUP	No. of Shares	Cost	Carrying Value	No. of Shares	Cost	Carrying Value
	2021	2021	2021	2020	2020	2020
		Rs.'000	Rs.'000		Rs.'000	Rs.'000
<b>As at 31st March,</b>						

### 17.3.1 Quoted Investments

#### Automobiles & Components

Kelani Tyres PLC	160	1	12	160	1	5
<b>Total</b>		<b>1</b>	<b>12</b>		<b>1</b>	<b>5</b>

#### Banks

##### Commercial Bank of Ceylon PLC-

Non-Voting	116,955	4,325	9,193	114,002	4,097	6,669
Commercial Bank of Ceylon PLC-Voting	1,082,922	40,189	92,589	1,005,274	33,758	60,417
Hatton National Bank PLC- Non-Voting	58,601	2,497	5,696	57,107	2,297	5,728
Hatton National Bank PLC-Voting	313,070	15,135	39,447	306,223	14,063	32,184
Development Finance Corporation of Ceylon PLC	111,482	7,498	6,644	105,802	7,478	6,412
National Development Bank PLC	23,116	1,034	1,868	22,892	1,011	1,515
Nations Trust Bank PLC	162,082	4,299	8,963	162,082	4,299	10,244
Pan Asia Banking Corporation PLC	467,100	4,703	6,539	467,100	4,703	3,784
Sampath Bank PLC	364,260	11,698	19,597	121,420	11,698	14,449
Seylan Bank PLC-Non-Voting	412,380	8,141	18,044	399,454	7,742	12,946
Union Bank of Colombo PLC	100	3	1	374,100	7,685	3,030
<b>Total</b>		<b>99,521</b>	<b>208,581</b>		<b>98,831</b>	<b>157,378</b>

## Notes to the Financial Statements contd.

GROUP	No. of Shares	Cost	Carrying Value	No. of Shares	Cost	Carrying Value
As at 31st March,	2021	2021	2021	2020	2020	2020
		Rs.'000	Rs.'000		Rs.'000	Rs.'000
<b>Capital Goods</b>						
ACL Cables PLC	144,000	1,485	5,170	72,000	1,485	2,239
Browns & Company PLC	28,900	2,745	4,487	28,900	2,745	1,214
Colombo Dockyard PLC	16,380	927	1,171	16,380	927	598
Dunamis Capital PLC	-	-	-	60,875	419	1,382
Hayleys PLC	1,000,160	2,373	60,810	100,016	2,373	12,362
Hemas Holdings PLC	21,653	432	1,806	21,653	430	1,217
John Keells Holdings PLC	69,137	5,686	10,267	69,137	5,686	7,978
Kelani Cables PLC	400	7	45	400	7	21
Lanka Tiles PLC	25,000	630	4,644	25,000	630	1,253
Lanka Walltiles PLC	100,000	3,947	18,848	100,000	3,947	4,110
MTD Walkers PLC	-	-	-	68,845	4,000	-
Renuka Holdings PLC-Voting	-	-	-	1,147,000	5,850	2,179
Richard Peiris & Company PLC	4,740	11	80	4,740	11	37
Sierra Cables PLC	824,000	1,515	4,697	824,000	1,515	1,730
Vallibel One PLC	109,012	2,600	5,134	104,000	2,600	1,248
<b>Total</b>		<b>22,356</b>	<b>117,159</b>		<b>32,625</b>	<b>37,568</b>
<b>Consumer Durabi &amp; Apperal</b>						
Dankotuwa Porcelain PLC	52,500	414	541	52,500	414	236
Hayleys Fabric PLC	17,180	194	242	8,590	194	75
Hayleys Fibre PLC	1,467	21	70	489	21	43
Regnis (Lanka) PLC	275,706	2,464	13,537	137,853	2,464	8,244
Singer Industries (Ceylon) PLC	165,360	844	7,392	82,680	844	5,201
Teejay Lanka PLC	10,000	150	400	10,000	150	233
<b>Total</b>		<b>4,088</b>	<b>22,182</b>		<b>4,088</b>	<b>14,031</b>
<b>Consumer Services</b>						
Aitken Spence Hotel Holdings PLC	100,625	1,856	3,039	100,625	1,856	1,519
Amaya Leisure PLC	134,886	2,335	2,401	67,443	2,335	1,686
Asian Hotels & Properties PLC	72,000	989	2,693	72,000	989	2,088
Ceylon Hotels Corporation PLC	10,478	254	111	10,478	254	89
Dolphin Hotels PLC	20,000	275	490	20,000	275	366
Eden Hotel Lanka PLC	350,000	7,006	3,640	350,000	7,006	5,390
Galadari Hotels PLC	7,000	60	54	7,000	60	43
Hikkaduwa Beach Resort PLC	33,742	675	179	33,742	675	108
John Keells Hotels PLC	530,416	8,907	5,040	530,416	8,907	3,553
Palm Garden Hotels PLC	15,164	711	390	15,164	711	273
Pegasus Hotels of Ceylon PLC	22,666	499	662	22,666	499	433
Renuka City Hotel PLC	12,740	897	2,882	12,740	897	2,433
Royal Palms Beach Hotels PLC	15,700	629	225	15,700	629	199
Serendib Hotels PLC-Non-Voting	31,250	296	278	31,250	296	344
Tal Lanka Hotels PLC	19,500	182	240	19,500	182	150
Tangerine Beach Hotels PLC	11,400	348	461	11,400	348	400
The Fortress Resorts PLC	50	1	1	50	1	0
The Lighthouse Hotel PLC	114,800	1,948	3,249	114,800	1,948	2,755
<b>Total</b>		<b>27,868</b>	<b>26,032</b>		<b>27,868</b>	<b>21,831</b>



GROUP	No. of Shares	Cost	Carrying Value	No. of Shares	Cost	Carrying Value
As at 31st March,	2021	2021	2021	2020	2020	2020
		Rs.'000	Rs.'000		Rs.'000	Rs.'000
<b>Diversified Financials</b>						
Alliance Finance Company PLC	80,000	353	3,960	80,000	353	2,752
Central Finance PLC	39,728	821	3,206	39,134	774	3,170
Ceylon Guardian Investments PLC	151,420	1,518	18,170	151,420	1,518	10,872
Ceylon Investment PLC	607,159	3,308	38,676	595,848	2,862	17,339
Guardian Capital Partners PLC	113,000	8,253	3,221	113,000	8,253	2,113
Lanka ORIX Finance PLC	99,250	620	556	99,250	620	218
Lanka ORIX Leasing Company PLC	399,000	3,283	116,508	394,000	939	35,775
Lanka Ventures PLC	339,700	11,403	16,509	339,700	11,405	12,229
Merchant Bank of Sri Lanka & Finance PLC	124,879	8,170	874	124,879	8,170	699
Nation Lanka Finance PLC	11,250	68	8	11,250	68	8
Orient Finance PLC	-	-	-	610,320	13,193	-
People's Merchant Bank PLC	1,500	27	11	1,500	27	13
<b>Total</b>		<b>37,824</b>	<b>201,699</b>		<b>48,179</b>	<b>85,189</b>
<b>Energy</b>						
Lanka IOC PLC	174,600	5,418	3,317	174,600	5,418	2,759
<b>Total</b>		<b>5,418</b>	<b>3,317</b>		<b>5,418</b>	<b>2,759</b>
<b>Food &amp; Staples Retailing</b>						
Cargills (Ceylon) PLC	146,057	4,386	34,323	146,057	4,386	24,830
<b>Total</b>		<b>4,386</b>	<b>34,323</b>		<b>4,386</b>	<b>24,830</b>
<b>Food Beverage &amp; Tobacco</b>						
Browns Investments PLC	706,000	1,933	3,883	706,000	1,933	1,341
Bukit Darah PLC	548	121	181	548	121	99
Carson Cumberbatch PLC	664	81	185	664	81	103
Ceylon Cold Stores PLC	9,320	178	5,794	9,320	178	6,105
Ceylon Grain Elevators PLC	30,000	302	3,540	30,000	302	1,206
Dilmah Ceylon Tea Company PLC	1,428	86	909	1,428	86	758
Ceylon Tobacco Company PLC	3,500	140	3,429	3,500	140	3,500
Hatton Plantations PLC	432,000	-	3,758	432,000	-	1,814
Keells Food Products PLC	3,570	174	580	3,570	174	386
Lanka Milk Foods (CWE) PLC	133	4	20	133	4	10
Melstacorp PLC	10,000	652	440	-	-	-
Nestle Lanka PLC	4,700	404	5,389	4,700	404	4,753
Renuka Agri Foods PLC	91,560	307	320	91,560	307	174
Renuka Foods PLC -Voting	132,743	4,294	1,686	223,770	4,294	3,066
Renuka Foods PLC -Non Voting	1,914	24	20	1,914	24	16
Sunshine Holdings PLC	2,136	24	57	712	24	27
Three Acre Farms PLC	25,000	216	4,988	25,000	216	2,000
Watawala Plantations PLC	364,201	495	20,796	364,201	495	7,284
<b>Total</b>		<b>9,435</b>	<b>55,975</b>		<b>8,783</b>	<b>32,642</b>
<b>Health Care Equipment &amp; Services</b>						
Asiri Hospital Holdings PLC	353,000	895	9,002	353,000	895	6,001
Asiri Surgical Hospital PLC	112,500	277	1,553	112,500	277	1,013
Ceylon Hospitals PLC (Durdans)-Voting	13,330	300	1,186	13,330	300	1,066
The Lanka Hospital Corporation PLC	33,000	489	1,436	33,000	489	908
<b>Total</b>		<b>1,961</b>	<b>13,177</b>		<b>1,961</b>	<b>8,987</b>

## Notes to the Financial Statements contd.

GROUP	No. of Shares	Cost	Carrying Value	No. of Shares	Cost	Carrying Value
As at 31st March,	2021	2021	2021	2020	2020	2020
		Rs.'000	Rs.'000		Rs.'000	Rs.'000
<b>Insurance</b>						
Amana Takaful PLC	75,000	753	525	75,000	753	330
HNB Assurance PLC	300,000	1,309	17,790	300,000	1,308	12,100
Softlogic Life Insurance PLC	100,000	284	3,050	100,000	284	2,470
<b>Total</b>		<b>2,346</b>	<b>21,365</b>		<b>2,346</b>	<b>14,900</b>
<b>Materials</b>						
ACME Printing and Packaging PLC	-	-	-	59,474	2,300	294
Bogala Graphite Lanka PLC	11,200	37	267	11,200	37	115
Chemane PLC	17,700	1,558	1,361	17,700	1,558	708
Chevron Lubrications Lanka PLC	20,000	387	1,800	20,000	387	1,070
Dipped Products PLC	350,240	1,562	16,251	35,024	1,562	1,996
Haycarb PLC	3,450	10	321	345	10	55
Lanka Cement PLC	5,000	39	13	5,000	39	13
Pelwatta Sugar Industries PLC	-	-	-	5,000	96	-
Piramal Glass Ceylon PLC	-	-	-	250,000	1,400	825
Richard Peiris Exports PLC	40,600	1,066	15,184	40,600	1,066	7,746
Tokyo Cement Company (Lanka) PLC- Voting	235,478	20,473	15,706	87,109	160	1,960
Tokyo Cement Company (Lanka) PLC- Non-Voting	455,500	4,099	27,603	578,770	22,641	11,909
Union Chemicals Lanka PLC	100	1	72	100	1	40
<b>Total</b>		<b>29,232</b>	<b>78,578</b>		<b>31,258</b>	<b>26,732</b>
<b>Real Estate</b>						
C.T. Land Development PLC	3,333	14	90	3,333	14	68
Colombo Land & Development Company PLC	522,460	4,783	12,539	522,460	4,783	7,158
East West Properties PLC	48,000	338	475	48,000	338	278
Equity Two PLC	25,200	217	1,366	25,200	217	1,142
Property Development PLC	8,000	133	934	8,000	133	1,042
Touchwood Investments PLC	600,000	10,601	-	600,000	10,601	-
<b>Total</b>		<b>16,086</b>	<b>15,404</b>		<b>16,086</b>	<b>9,687</b>
<b>Retailing</b>						
John Keells PLC	20,000	383	1,400	20,000	383	860
Singer Sri Lanka PLC	6,000	3	104	2,000	3	40
United Motors Lanka PLC	34,881	334	2,013	34,881	334	1,584
Odel PLC	1,500	23	28	1,500	23	29
<b>Total</b>		<b>742</b>	<b>3,545</b>		<b>742</b>	<b>2,512</b>
<b>Telecommunications Services</b>						
Dialog Axiata PLC	15,000	224	195	15,000	224	128
<b>Total</b>		<b>224</b>	<b>195</b>		<b>224</b>	<b>128</b>
<b>Transportation</b>						
Expolanka Holdings PLC	20,000	1,135	894	-	-	-
<b>Total</b>		<b>1,135</b>	<b>894</b>		<b>-</b>	<b>-</b>

GROUP	No. of Shares	Cost	Carrying Value	No. of Shares	Cost	Carrying Value
As at 31st March,	2021	2021	2021	2020	2020	2020
		Rs.'000	Rs.'000		Rs.'000	Rs.'000
<b>Utilities</b>						
Panasian Power PLC	29,200	88	105	29,200	88	73
Resus Energy PLC	148,887	2,990	3,603	142,250	2,812	2,874
Vallibel Power Erathna PLC	39,017	86	289	39,017	86	211
Vidullanka PLC	652,053	1,030	3,586	652,053	1,030	2,673
Total		4,194	7,583		4,016	5,831
<b>Total Financial Assets at FVTPL</b>		<b>266,819</b>	<b>810,023</b>		<b>286,813</b>	<b>445,008</b>

### 17.3.2 Unit Trusts

Bartleet Transcapital (Pvt) Ltd	10,000	200	200	10,000	200	200
Ceybank Unit Trust	318,639	5,037	7,326	318,639	5,037	4,805
National Equity Fund	12,000	120	385	12,000	120	256
NDB Wealth Growth & Income Fund	15,826	291	710	15,826	291	607
NDB Wealth Money Plus Fund	21,044	500	501	-	-	-
<b>Total Unit Trusts</b>		<b>6,148</b>	<b>9,121</b>		<b>5,648</b>	<b>5,868</b>

COMPANY	No. of Shares	Cost	Carrying Value	No. of Shares	Cost	Carrying Value
As at 31st March,	2021	2021	2021	2020	2020	2020
		Rs.'000	Rs.'000		Rs.'000	Rs.'000

### 17.3.3 Quoted Investments

#### Banks

Commercial Bank of Ceylon PLC-Voting	35,000	2,720	2,992	-	-	-
Total		<b>2,720</b>	<b>2,992</b>			

## 17.4 Financial Assets and Liabilities by Fair Value Hierarchy - Group

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs with significant effect on the recorded fair values are observable, either directly or indirectly.

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Group held the following financial instruments carried at fair value in the statement of financial position:

As at 31st March,	Level 1		Level 2		Level 3	
	2021	2020	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Quoted Investments - Financial Assets at FVOCI	152,242	81,000	-	-	-	-
Quoted Investments - Financial Assets at FVTPL	810,022	445,008	-	-	-	-
Unquoted Investments - Financial Assets at FVOCI	-	-	-	-	336,879	337,529
Unit Trusts - Financial Assets at FVOCI	225,504	221,317	-	-	-	-
Unit Trusts - Financial Assets at FVTPL	9,121	5,868	-	-	-	-
Share Warrants	-	-	-	-	-	-

# Notes to the Financial Statements contd.

Level	Type	Valuation technique	Significant unobservable inputs	Inter-relation between significant unobservable inputs and fair value measurements
Level 3	Equity securities	Cash flow valuation	Cash inflows and outflows related to investments Discount rate applicable to relevant investments	Change in cashflow assumption would increase/ (decrease) value of investment. The estimated fair value of investment would change if discount rate changes.

## 17.5 Financial Assets and Liabilities by Fair Value Hierarchy - Company

The Company uses the fair value hierarchy given above for determining and disclosing the fair value of financial instruments.

The Company held the following financial instruments carried at fair value in the statement of financial position:

As at 31st March,	Level 1		Level 2		Level 3	
	2021 Rs:'000	2020 Rs:'000	2021 Rs:'000	2020 Rs:'000	2021 Rs:'000	2020 Rs:'000
Quoted Investments - Financial Assets at FVOCI	3,287	993	-	-	-	-
Quoted Investments - Financial Assets at FVTPL	2,992	-	-	-	-	-

## 18. DEFERRED TAX ASSETS

As at 31st March,	GROUP		COMPANY	
	2021 Rs:'000	2020 Rs:'000	2021 Rs:'000	2020 Rs:'000
Balance at the beginning of the Year	785,553	462,906	-	-
Adjustment of Initial application of SLFRS 9	-	-	-	-
Amount recognised in changes in equity due to initial application of SLFRS 16	-	1,775	-	-
	785,553	464,681	-	-
Disposal of Subsidiary	-	(6,950)	-	-
Recognised in Profit/Loss	(154,535)	325,211	-	-
Recognised in Other Comprehensive Income	14,694	2,611	-	-
Transfer to/ From Deferred Tax Liabilities (Note 27)	45,022	-	-	-
<b>Balance at the end of the Year</b>	<b>690,732</b>	<b>785,553</b>	<b>-</b>	<b>-</b>

### 18.1 Deferred Tax Composition - Group

Property Plant and Equipment	(446,383)	(327,772)	-	-
Lease Liability	10,735	24,859	-	-
Right of use Assets	(12,290)	(22,808)	-	-
Defined Benefit Obligations	103,440	92,616	-	-
Impairment of Debtors	170,106	176,183	-	-
Impairment of Inventory	2,921	(35,561)	-	-
Tax loss carried forward	862,203	878,036	-	-
<b>Deferred Tax Assets</b>	<b>690,732</b>	<b>785,553</b>	<b>-</b>	<b>-</b>

## 19. INVENTORIES

As at 31st March,	GROUP		COMPANY	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Raw Materials	2,701,741	1,990,378	-	-
Growing Crop-Nurseries	18,075	35,164	-	-
Consumable Stock	16,647	23,586	-	-
Work- in -Progress	190,029	194,836	-	-
Finished Goods	4,681,236	3,507,066	-	-
Motor Vehicles	1,394	63,477	-	-
Right to recover finish goods	315,886	234,411	-	-
Goods-in-Transit	334,865	768,218	-	-
	<b>8,259,873</b>	<b>6,817,136</b>	-	-
Less: Net provision for Obsolete Inventories	(340,652)	(280,460)	-	-
	<b>7,919,221</b>	<b>6,536,676</b>	-	-

## 20. TRADE AND OTHER RECEIVABLES

As at 31st March,	GROUP		COMPANY	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Trade Debtors	7,274,055	6,437,841	15,926	12,927
Less: Impairment Loss on Trade Receivable *	(718,049)	(673,701)	-	-
	<b>6,556,006</b>	<b>5,764,140</b>	<b>15,926</b>	<b>12,927</b>
Other Receivables	860,597	467,951	15,781	19,904
Deposits & Prepayments	445,772	371,131	1,853	1,923
Staff Loan	140,893	133,892	-	-
Other Tax Recoverable (Note -20.1)	281,286	431,391	-	-
	<b>1,728,548</b>	<b>1,404,365</b>	<b>17,634</b>	<b>21,827</b>
	<b>8,284,554</b>	<b>7,168,505</b>	<b>33,560</b>	<b>34,754</b>

\* The amount written off during the financial year amounts to Rs. 33.8 Million.

### 20.1 Other Tax Recoverable

WHT Recoverable	16,123	14,242	-	-
NBT Recoverable	8,919	9,124	-	-
VAT Recoverable	160,937	128,677	-	-
ESC Recoverable	94,043	262,323	-	-
Other Tax Recoverable	1,264	17,025	-	-
	<b>281,286</b>	<b>431,391</b>	-	-

# Notes to the Financial Statements contd.

## 21. CASH AND CASH EQUIVALENTS

As at 31st March,	GROUP		COMPANY	
	2021 Rs:'000	2020 Rs:'000	2021 Rs:'000	2020 Rs:'000
<b>Favourable Balance</b>				
Fixed Deposits	277,492	279,874	159,459	158,951
Cash at Bank	1,269,345	490,407	18,577	68,559
Cash in Hand	17,433	14,642	8	8
	<b>1,564,270</b>	<b>784,923</b>	<b>178,044</b>	<b>227,518</b>
Bank Overdraft	(3,302,009)	(3,354,992)	(134,583)	(137,251)
<b>Cash &amp; Cash Equivalents as per the Statement of Cash Flows</b>	<b>(1,737,739)</b>	<b>(2,570,069)</b>	<b>43,461</b>	<b>90,267</b>

### 21.1 Security Details Over Bank Overdraft Facilities

#### 21.1.1 Company

The bank overdraft facility of the Company is secured over the fixed deposit of Rs. 153 million.

#### 21.1.2 Group

##### E.B.Creasy & Company PLC

- The bank overdraft facility of Hatton National Bank PLC is secured by existing primary concurrent floating mortgage totaling to Rs. 36.2 million over land & building situated at No. 98, Sri Sangaraja Mawatha, Colombo 10.  
Existing tertiary mortgage bond totaling to Rs. 100 Mn over property at No. 98, Sri Sangaraja Mawatha, Colombo 10.
- The bank overdraft facilities of Sampath Bank PLC is secured by Lankem Ceylon PLC shares to the value Rs. 20 million lodged in the custodial accounts.
- The bank overdraft facilities of Bank of Ceylon is secured by 2.5 million numbers of Lankem Ceylon PLC shares.
- The bank overdraft facilities of DFCC Bank is secured by a tri-partite agreement for Rs. 50 million entered in to between the bank, the Company and the stock broker to assign up to 10,000,000 ordinary shares of Laxapana Batteries PLC held by the Company in favours of DFCC Bank PLC.

##### Candy Delights Limited

The bank overdraft is secured on the land, buildings and stocks at Unit Three - Industrial Estate, Ekala, Ja-Ela

##### Agarapatana Plantations Limited

Bank overdraft facilities of Agarapatana Plantations Limited, a subsidiary of the Company are secured by pledging the following:

- Primary mortgage over leasehold rights to bare land and building of Glenanore and Haputale Estates including machinery fixed at each of these estates (facility amount Rs. 200 million) from Bank of Ceylon .
- Primary mortgage over leasehold rights to bare land and building of Torrington Estate , Stock in trade ,Movable Assets , Book Debts and Corporate Guarantee from Lankem Development PLC (facility amount Rs160 million) from Indian Bank.
- Deposit of original title deeds and plan relating to Dambetenne Estate (facility amount Rs. 20 million) from Commercial Bank of Ceylon PLC.

##### Kotagala Plantations PLC

Bank overdraft facilities obtained from Seylan Bank PLC (facility amount Rs. 50 million) and Standard Chartered Bank (facility amount Rs. 250 Million) of Kotagala Plantations PLC, a subsidiary of the Company, are secured by pledging the following,

- Primary mortgages over leasehold rights of the estate lands and buildings, fixed and floating assets of Yulliefield and Chrystlers Farm Estates.  
Primary mortgages over leasehold rights of the estate lands and buildings of Sorana Estates.
- Primary mortgages over leasehold rights of the estate lands and buildings, fixed and floating assets of Hedigalle and Eduragala Estates.

## 22. ASSETS HELD FOR SALE

As at 31st March,	GROUP	
	2021 Rs.'000	2020 Rs.'000
Leased land held-for-sale (Note 22.1)	60,000	60,000
	60,000	60,000

### 22.1 Lankem Ceylon PLC

Lankem Ceylon PLC, a subsidiary, has classified its lease rights at Nawam Mawatha and Kandathoduwawa, Puttalam as held for Sale since the Board of Directors has decided to proceed with selling the asset. Indicative values/proceeds of lands are Rs. 60 Million as at 31st March 2021.

## 23. STATED CAPITAL

As at 31st March,	2021		2020	
	Number of Shares	Value of Shares Rs.'000	Number of Shares	Value of Shares Rs.'000
Fully-Paid Ordinary Shares				
At the beginning of the Year	220,336,805	730,368	180,000,000	327,000
Number Shares Issued due to Rights Issue	-	-	40,336,805	403,368
At the end of the Year	220,336,805	730,368	220,336,805	730,368

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per individual present at meetings of the shareholders or one vote per share in the case of a poll.

## 24. CAPITAL RESERVES

	Property Development Reserve Rs.'000	Capital Redemption Reserve Fund Rs.'000	Total Rs.'000
Group			
Balance as at 31.03.2020	15,190	4,868	20,058
Balance as at 31.03.2021	15,190	4,868	20,058
Company			
Balance as at 31.03.2020	10,000	-	10,000
Balance as at 31.03.2021	10,000	-	10,000

### 24.1 Nature and the Purpose of Reserves

#### 24.1.1 Property Development Reserve

Represents the amount set aside for future development of properties.

#### 24.1.2 Capital Redemption Reserve Fund

The amount set aside out of retained earnings for redemption of preference shares.

#### 24.1.3 Financial Assets at FVOCI

The amount set aside out of retained profits for the changes in the fair value of investments classified as FVOCI.

#### 24.1.4 Foreign Currency Translation Reserve

The Foreign Currency Translation Reserve represents the differences between translated values of assets and liabilities of foreign operations at the exchange rate as at reporting date and historical rate.



# Notes to the Financial Statements contd.

## 24.1.5 Revaluation Reserve

The Revaluation reserve relates to freehold lands which have been revalued by the Group.

## 24.1.6 General Reserve

General reserve is the reserve set aside for general purposes.

## 25. LOANS & BORROWINGS

As at 31st March,	GROUP		COMPANY	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
<b>Payable after one year</b>				
Lease Obligation - JEDB/SLSPC (Note 25.1.1)	654,723	644,670	-	-
Lease Obligation- Others (Note 25.2.1)	681,253	650,357	-	1,518
Loans - Others (Note 25.3)	7,638,121	7,318,447	10,000	52,486
Debentures (Note 25.4)	344,598	439,404	-	-
	<b>9,318,695</b>	<b>9,052,878</b>	<b>10,000</b>	<b>54,004</b>
<b>Payable within one year</b>				
Lease Obligation - JEDB/SLSPC (Note 25.1.1)	3,502	2,369	-	-
Lease Obligation - Others (Note 25.2.1)	141,939	156,597	1,698	1,744
Loans - Others (Note 25.3)	3,552,314	3,590,614	34,000	51,639
Debentures (Note 25.4)	73,995	18,877	-	-
Trust receipt Loans (Note 25.6)	2,768,525	3,076,876	-	-
Other Short Term Loans	4,509,696	4,274,886	-	-
	<b>11,049,971</b>	<b>11,120,219</b>	<b>35,698</b>	<b>53,383</b>
	<b>20,368,666</b>	<b>20,173,097</b>	<b>45,698</b>	<b>107,387</b>

### 25.1 Lease Obligation - JEDB/SLSPC

At The beginning of the year	647,039	356,073	-	-
Impact due to initial application of SLFRS 16	-	293,200	-	-
Adjusted Balance at the beginning of the year	647,039	649,273	-	-
Interest Charge for the year	92,766	91,527	-	-
Payments made during the Year	(81,580)	(93,761)	-	-
Less: Finance cost applicable for future Period	-	-	-	-
<b>Net Lease Obligations (Note 25.1.1)</b>	<b>658,225</b>	<b>647,039</b>	<b>-</b>	<b>-</b>

#### 25.1.1 Leasehold rights can be analysed as follows

Payable within one year	3,502	2,369	-	-
Payable within two to five years	19,761	11,654	-	-
Payable after five years	634,962	633,017	-	-
	<b>658,225</b>	<b>647,039</b>	<b>-</b>	<b>-</b>

<b>Net lease obligations payable after one year</b>	<b>654,723</b>	<b>644,670</b>	<b>-</b>	<b>-</b>
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#### Amounts Recognised in Profit and Loss

Interest charged during the year	92,766	91,527	-	-
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#### Amounts Recognised in Cash Flow

Payments made during the year	(81,580)	(93,761)	-	-
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## Kotagala Plantations PLC

**25.1.2** Net obligation to lessor represents amounts payable to JEDB/SLSPC in relation to the estates leased by Kotagala Plantations PLC and Agarapatana Plantations Limited.

### 25.1.3 Kotagala Plantations PLC

In terms of the amendment of leases, Rs. 22.2 million is payable each year as lease rental, commencing from 22.06.1996 till the end of the lease on 21.06.2045. This amount is to be inflated annually by the Gross Domestic Product (GDP) deflater in the form of contingent rent.

	GROUP		COMPANY	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
<b>25.2 Lease Creditors - Others</b>				
Balance at the beginning	806,954	114,102	3,798	5,969
Adjustment Due to Initial application of SLFRS 16	99,053	751,962	-	-
Adjusted Balance at the beginning of the year	906,007	866,064	3,798	5,969
Leases acquired during the Year	26,155	101,911	-	-
Payments made during the Year	(108,905)	(160,217)	(1,990)	(2,171)
	823,257	807,758	1,808	3,798
Less: Interest in Suspense	(65)	(804)	(110)	(537)
<b>Balance at the end</b>	<b>823,192</b>	<b>806,954</b>	<b>1,698</b>	<b>3,261</b>

#### 25.2.1 Analysis of Lease Obligations by Year of Repayment

##### Lease Obligations Repayable within One Year from Year End

Gross Liability	141,994	156,799	1,808	2,171
Less : Interest in Suspense	(55)	(202)	(110)	(427)
<b>Net Lease Obligations Repayable within One Year from Year End</b>	<b>141,939</b>	<b>156,597</b>	<b>1,698</b>	<b>1,744</b>

##### Lease Obligations Repayable after one year

Gross Liability	681,263	650,959	-	1,628
Less : Interest in Suspense	(10)	(602)	-	(110)
<b>Net Lease Obligations Repayable within Two to Five Years</b>	<b>681,253</b>	<b>650,357</b>	<b>-</b>	<b>1,518</b>

##### Amounts Recognised in Profit and Loss

Interest charged during the year	100,806	57,369	427	700
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##### Amounts Recognised in Cash Flow

Payments made during the year	(108,905)	(160,217)	(1,990)	(2,171)
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### 25.3 Term Loans

Balance at the beginning	10,909,061	10,853,733	104,125	149,658
Loans obtained during the Year	2,057,605	4,036,466	-	-
Re-Schedule During the year	34,674	-	-	-
Effect of Exchange Fluctuations	37,546	37,270	-	-
Payments made during the Year	(1,848,451)	(4,018,408)	(60,125)	(45,533)
Balance at the end	11,190,435	10,909,061	44,000	104,125
Payable within one Year	(3,552,314)	(3,590,614)	(34,000)	(51,639)
<b>Payable after one Year</b>	<b>7,638,121</b>	<b>7,318,447</b>	<b>10,000</b>	<b>52,486</b>

# Notes to the Financial Statements contd.

**25.4** Kotagala Plantations PLC a Subsidiary has issued Rs. 500 Mn rated secured redeemable listed Debentures. The details are as follows;

## 25.4.1 Rated Secured Redeemable Listed Debentures - after the restructur

Debenture Type	Year of Issue	Original Year of Redemption	Restructured Period (Capital Repayment)	Colombo Stock Exchange Listing	Issued Value	Interest Payable Frequency	Interest Rate %	Outstanding Balance as at 31st March	
								31/03/2021 Rs'000	31/03/2020 Rs'000
C	2014	2020	From 2020 to 2025	Unlisted	Rs. 250Mn	Monthly	7.50	231,123	250,000
D1 - D6	2014	2021	From 2021 to 2026	Listed	Rs. 250Mn	Annually	7.50	250,000	250,000
								<b>481,123</b>	<b>500,000</b>
Debentures held by related Companies of the Group								<b>(62,530)</b>	<b>(41,719)</b>
Debentures Non related								<b>418,593</b>	<b>458,281</b>

## Trading at Colombo Stock Exchange

Debenture Type	Highest Value (Rs.)	Lowest Value (Rs.)	Last Traded Value (Rs.)
C	Not traded	Not traded	Not traded
D1 - D6	Not traded	Not traded	Not traded

## 25.5 Assets Pledged as Security Against Interest Bearing Borrowings

	Company/ Lender	Balance as at 31.03.2021 Rs. million	Balance as at 31.03.2020 Rs. million	Interest Rate %	Terms of Repayment	Security Pledged
The Colombo Fort Land & Building PLC	Sampath Bank PLC	24.00	48.00	AWPLR + 2.5	Five equal annual instalments of Rs. 24 million commencing from December, 2017.	Lien over 1,500,000 C M Holdings PLC shares, 14,200,000 E.B. Creasy & Company PLC shares and 2,200,000 Lankem Ceylon PLC shares owned by the Company.
	Commercial Bank of Ceylon PLC Term Loan I	20.00	55.00	AWPLR + 3	Twenty equal quarterly instalments of Rs. 5 million each.	Leeway of Rs. 62.50 million available in existing Tertiary Mortgage Bond No.371 dated 12.03.2015 for Rs. 100 million and Quaternary Mortgage Bond for Rs. 87.50 million over the property at No.53- 1/1, 53-2/1 and 57, Sir Baron Jayathilaka Mawatha, Colombo 01 belonging to the Company.
	L B Finance PLC	-	1.12	12.5	In 36 monthly instalments of Rs. 124,119/- each together with interest payable monthly on reducing balance of capital.	
		<b>44.00</b>	<b>104.12</b>			
E.B. Creasy & Company PLC	Sampath Bank PLC Term Loan I	51.54	69.57	AWPLR + 3	Each sub loans to be paid in 60 monthly installments along with interest.	Loan agreement for respective sub loan amounts and mortgage over respective machinery to be imported and installed at the factory premises at Millewa estate Millewa.
	Sampath Bank PLC Term Loan II	4.05	5.45	6.0% p.a	In 71 equal monthly instalments of Rs. 117,000/- and a final instalment Rs. 186,000/-.	Term loan Agreement for Rs. 8,493,000/- and a promissory Note for Rs. 8,493,000/-.

	Company/ Lender	Balance as at 31.03.2021 Rs. million	Balance as at 31.03.2020 Rs. million	Interest Rate %	Terms of Repayment	Security Pledged
E.B. Creasy & Company PLC contd.	Commercial Bank of Ceylon PLC Term Loan I	-	14.83	AWPLR + 1	In 25 equal monthly installments of Rs. 1,670,000/- each and a final installment Rs. 1,470,000/-.	Primary Mortgage Bond for Rs. 100 Million over the machinery.
	Commercial Bank of Ceylon PLC Term Loan II	36.60	64.80	AWPLR + 3	In 44 equal monthly installments of Rs. 2,350,000/- each and a final installment Rs. 1,350,000/-	Primary Mortgage Bond to be executed for Rs. 140 million over machinery.
	Nations Trust Bank PLC Term Loan I	-	4.15	AWPLR + 1.25	In 30 equal monthly installments of Rs. 4,167,000/- each and a final capital installment of Rs. 4,151,000/-.	Loan agreement for Rs. 200 million.
	Nations Trust Bank PLC Term Loan II	-	3.70	AWPLR + 2	In 32 equal monthly installments of Rs. 1,950,000/- each and a final capital installment of Rs. 1,750,000/-.	Term loan agreement for Rs. 70 million.
	Nations Trust Bank PLC Term Loan III	6.65	11.48	AWPLR + 3	46 equal monthly instalments of Rs. 702,000/- and final instalment of Rs. 708,000/-.	Term loan agreement for Rs. 33 million.
	DFCC Bank	48.09	100.00	AWPLR + 2.5	36 equal monthly instalments after a grace period of 01 month from the date of first disbursement.	A promissory note for Rs. 200 million.
		<b>146.93</b>	<b>273.98</b>			
E. B. Creasy Logistics Limited	Sampath Bank PLC Term Loan I	2.50	5.49	16.5% p.a	Repayable over 48 equal monthly instalments of Rs. 307,604/-.	Mortgage executed over movable machinery and racking equipment import under facility.
	Sampath Bank PLC Term Loan II	0.97	1.79	16.5% p.a	Repayable over 48 equal monthly instalments of Rs. 88,510/-.	
	Sampath Bank PLC Term Loan III	0.60	1.22	16.5% p.a	Repayable over 48 equal monthly instalments of Rs. 65,201/-.	
		<b>4.07</b>	<b>8.50</b>			
Muller & Phipps (Ceylon) PLC	Hatton National Bank PLC	37.50	84.04	AWPLR + 1.5	In 24 equal monthly instalments of Rs. 3.75 million each.	Letter of awareness from Muller & Phipps (Ceylon) PLC.
		<b>37.50</b>	<b>84.04</b>			

## Notes to the Financial Statements contd.

	Company/ Lender	Balance as at 31.03.2021 Rs. million	Balance as at 31.03.2020 Rs. million	Interest Rate %	Terms of Repayment	Security Pledged
Lankem Ceylon PLC	Sampath Bank PLC Term Loan I	60.11	60.11	AWPLR+2	In 60 monthly instalments in following manner after a grace period of 12 months. 1-12 months - Rs. 0.25 million, 13-24 months - Rs. 0.625 million, 25- 36 months - Rs. 0.750 million, 37-48 months - Rs. 0.875 million, 49-59 months - Rs. 2.71 million 60th month Rs. 0.302 million per month, interest to be serviced separately on monthly basis.	Term Loan Agreement of Rs. 60.11 million.  Term Loan Agreement of Rs. 189.888 million.  Hypothecation bond over stocks and book debts of Pannala Rs. 450 million.
	Sampath Bank PLC Term Loan II	189.88	189.89	AWPLR+2	In 60 monthly installments in following manner after a grace period of 12 months. 1-12 months - Rs. 0.75 million, 13-24 months - Rs. 1.875 million, 25-36 months - Rs. 2.250 million, 37-48 months - Rs. 2.625 million, 49-59 months - Rs. 8.130 million 60th month Rs. 10.458million per month, interest to be serviced separately on monthly basis.	Corporate guarantee of E.B. Creasy & Company PLC Rs. 250 million.
	Commercial Bank of Ceylon PLC Term Loan I	26.84	26.80	AWPLR+3	In December 2017 Existing loan was convert to new reschedulement facility. Repayable in 55 equal monthly of Rs. 0.96 million and a final instalment of Rs. 0.76 million together with interest.	Primary Mortgage for Rs. 200 million over land at Ja-ela & Gonawala.  Secondary Mortgage Bond No. 528 dated 07-04-1998 for Rs. 50 million executed over above property.
	Commercial Bank of Ceylon PLC Term Loan II	138.40	138.40	AWPLR+3	In December 2017 Existing loan was convert to new reschedulement facility. In 57 monthly installments of Yr -1 equal instalments Rs. 0.5 million Yr -2 equal instalments Rs. 2 million Yr -3 equal instalments Rs. 3 million Yr -4 equal instalments Rs. 5 million Yr -5 equal instalments Rs. 5.5 million for 8 months and a final instalment of Rs. 4.4 million together with interest payable monthly on reducing balance of capital.	Tertiary Mortgage Bond for Rs. 307 million over above property.  Additional Mortgage Bond for Rs. 400 million over stocks and assignment of book debts to be executed by the Company.  Corporate guarantee of E.B. Creasy & Company PLC Rs. 382 Million

	Company/ Lender	Balance as at 31.03.2021 Rs. million	Balance as at 31.03.2020 Rs. million	Interest Rate %	Terms of Repayment	Security Pledged
Lankem Ceylon PLC contd.	Commercial Bank of Ceylon PLC Term Loan III	32.80	32.80	AWPLR+3	In 60 monthly instalments of Yr -1 equal instalments of Rs. 0.5 million Yr -2 equal instalments of Rs. 2 million Yr- 3 equal instalments of Rs. 3 million Yr- 4 equal instalments of Rs. 5 million Yr -5 equal instalments of Rs. 6 million for 11 months and a final instalment of Rs. 8 million together with interest payable monthly on reducing balance of capital.	Primary Mortgage for Rs. 200 million over land at Ja-ela & Gonawala.  Secondary Mortgage Bond No. 528 dated 07- 04-1998 for Rs. 50 million executed over above property.
	Commercial Bank of Ceylon PLC Term Loan IV	91.50	91.50	AWPLR+3	In 60 monthly instalments of Yr -1 equal instalments of Rs. 0.5 million Yr -2 equal instalments of Rs. 1 million Yr- 3 equal instalments of Rs. 1.5 million Yr- 4 equal instalments of Rs. 2 million Yr -5 equal instalments of Rs. 4 million for 11 months and a final instalment of Rs. 8.5 million together with interest payable monthly on reducing balance of capital.	Tertiary Mortgage Bond for Rs. 307 million over above property.  Additional Mortgage Bond for Rs. 400 million over stocks and assignment of book debts to be executed by the Company.
	Commercial Bank of Ceylon PLC Term Loan V	164.00	164.00	AWPLR+3	In 60 monthly instalments of Yr -1 equal instalments of Rs. 0.2 million Yr -2 equal instalments of Rs. 0.7 million Yr -3 equal instalments of Rs. 1.3 million Yr -4 equal instalments of Rs. 2 million Yr -5 equal instalments of Rs. 6 million for 11 months and a final instalment of Rs. 8 million together with interest payable monthly on reducing balance of capital.	Corporate guarantee of E.B. Creasy & Company PLC Rs. 382 Million
	Commercial Bank of Ceylon PLC Term Loan VI	72.80	72.80	AWPLR+3	In 60 monthly instalments of Yr - 1 equal instalments of Rs. 0.1 million Yr - 2 equal instalments of Rs. 0.4 million Yr - 3 equal instalments of Rs. 0.6 million Yr - 4 equal instalments of Rs. 1 million Yr - 5 equal instalments of Rs. 1.2 million for 11 months and a final instalment of Rs. 1.6 million together with interest payable monthly on reducing balance of capital.	
	Peoples' Bank	515.00	545.00	AWPLR+3.5	In May 2018 Existing loan Rs. 555 Mn was converted to new reschedulement facility. Repayable over 43 monthly installments.	Mortgage over stocks and Book debts on crystallization basis.
	National Development Bank	191.19	227.64	9.85	Payable over 48 monthly instalments inclusive of 6 months grace period.	Mortgage over stocks and Book debts.
	Bank of Ceylon	315.83	288.00	AWPLR+1.5	In 60 monthly installments inclusive of 12 Months Grace Period.	Assignment over public quoted shares 16,000,000 of C.W.Mackie PLC.

## Notes to the Financial Statements contd.

	Company/ Lender	Balance as at 31.03.2021 Rs. million	Balance as at 31.03.2020 Rs. million	Interest Rate %	Terms of Repayment	Security Pledged
Lankem Ceylon PLC contd.	Central Finance Co. PLC	12.84	14.42	17.5	In February 2021 existing loan was convert to new. In 24 monthly equal instalments of Capital & Interest Rs. 0.640 Mn each.	Mortgage and special power of Attorney of 10 No. of Double cab vehicle Promissory Note.
	Union Bank Term Loan I	16.50	22.00	AWPLR+2.5	In 36 monthly instalments of Yr - 1 equal instalments of Rs. 0.75 million Yr - 2 equal instalments of Rs. 1 million Yr - 3 equal instalments of Rs. 1.5 million for 11 months and a final instalment of Rs. 2.5 million. together with interest payable monthly on reducing balance of capital.	Pledge over trading shares for Rs. 121 milliion held in slash Account. Shares given below; C.W.Mackie 2,137,526 No. of Shares Marawilla Resorts PLC 11,023,676 No. of Shares, Lankem Development PLC 2,480,626 No. of Shares.
	Union Bank Term Loan II	65.00	67.40	AWPLR+2.5	In 60 monthly instalments of Yr - 1 to Yr - 3 Rs. 0.6 million Yr - 4 Rs. 2.45 million Yr - 5 Rs. 2.45 million for 11 months and a final instalment of Rs. 2.05 million. together with interest payable monthly on reducing balance of capital.	
	Nations Trust Bank	274.11	274.10	-	In Sep 19 Existing loan of Rs. 275 million was convert to new reschedule facility. In 36 monthly installments of 12 monthly instalments Rs. 0.5 million, 6 monthly instalments of Rs. 1.00 million, 6 monthly instalments of Rs. 5.00 million, 11 monthly instalments of Rs. 20 million and final instalments of Rs. 14.11million interest to be serviced separately on monthly basis.	Mortgage over stocks and Book debts of Rs. 300 million.  Letter of comfort from The Colombo Fort Land & Building PLC.
	Hatton National Bank	403.20	403.90	AWPLR+1.5	In 99 monthly instalments with 11 month grace period and 18 monthly instalments Rs. 0.2 million, 12 monthly instalments of Rs. 0.5 million, 12 monthly instalments of Rs. 1.0 million, 12 monthly instalments of Rs. 5 million, 12 monthly instalments of Rs. 7.5 million, 12 monthly instalments of Rs. 10 million, 9 monthly instalments of Rs. 12.5 million, and final installments of Rs. 0.9 million.	Letter of awareness/ comfort from Colombo Fort Land & Building PLC
	Peoples Leasing & Finance PLC	71.73	74.20	-	In 48 monthly instalments in following manner. 1st 12 Months - Rs. 0.50 million, 2nd 12 Months - Rs. 1.00 million, Balance in equal instalment with in period of 24 months.	Security Cheques (roll over) for Rs. 79.24 million and Promissory Note of Rs. 79.24 million.

	Company/ Lender	Balance as at 31.03.2021 Rs. million	Balance as at 31.03.2020 Rs. million	Interest Rate %	Terms of Repayment	Security Pledged
Lankem Ceylon PLC contd.	Pan Asia Banking Corporation PLC	158.00	158.00	11	Repayable with in 6 years with a grace period of 12 months.	Floating mortgage bond for Rs, 150.00 Mn over stocks stored at Lankem Paint factory Horncastle Estate, Kanuwara, Ja-Ela together with an assignment over book debts (Mortgage bond no. 313 of 20/11/2008)
	Siyapatha Finance PLC I	13.87	-		Payable over 48 Monthly instalemnets.	Corporate Guarantee from J.F.Packaging Ltd for Rs. 14.5 Million.
	Siyapatha Finance PLC II	157.50	-	AWPLR+1	Payable over 96 Monthly instalemnets	Corporate Guarantee from J.F.Packaging Ltd for Rs. 157.59 Million.
		2,971.10	2,850.96			
Kelani Valley Canneries Limited	Commercial Bank of Ceylon PLC	-	2.74	AWPLR + 3		Mortgage bond over the machinery valued Rs. 3 million and motor vehicle valued Rs. 1.7 million at Kaluaggala, Hanwellla.
		-	2.74			
Beruwala Resorts PLC	Cargills Bank PLC Term Loan USD	195.97	187.97	LIBOR + 3.5%		Primary mortgage over land and buildings of BOT Hotel Services Ltd. situated at Weligama.
	Cargills Bank PLC Term Loan SLR	87.40	62.60	AWPLR + 2		Mortgage executed over brand new high capacity laundry machinery manufactured in the USA worth of Rs. 20 million for the Term Loan from Cargills Bank Ltd
		283.37	250.57			
Sigiriya Village Hotels PLC	Sampath Bank PLC	167.86	143.54		Repayable over 35 monthly instalments.	Mortgage over leasehold rights of the land in Sigiriya.
		167.86	143.54			
Marawila Resorts PLC	Commercial Bank of Ceylon PLC Term Loan I - III	112.61	93.56	AWPLR + 3	To be repaid on maturity date in May 2023.  To be repaid on maturity date in December 2022.  To be repaid on maturity date in August 2024.	Floating mortgage Bond No: CTY/MBO/17/06/03 dateds 10/08/2017 for Rs. 25 million obtained over assignment of book debts totaling US\$ 5.37 million over the Hotel premises at Marawila.
Marawila Resorts PLC	Commercial Bank of Ceylon PLC Term Loan IV	246.66	223.98	3 Months LIBOR + 4.15	To be repaid on maturity date which is June 2024.	Floating Primary Mortgage Bond for Rs. 120 million to be obtained over the property situated at "Club Palm Bay". Thalwilawella, Marawila morefully depicted as Lots 03 to 09 in Plan No. 5656 dated 16.10.2016 drawn by Mr. W S S A Fernando (L/S) in extent of A 24: R:0 P 2.7 owned by Marawila Resorts PLC.



## Notes to the Financial Statements contd.

	Company/ Lender	Balance as at 31.03.2021 Rs. million	Balance as at 31.03.2020 Rs. million	Interest Rate %	Terms of Repayment	Security Pledged
Marawila Resorts PLC contd.	Saubagya Loan	22.22	-	4 p.a.	Repayble within 17 equal installment of Rs. 1,388,889/- plus interest after 6 months grace period.	Lien over the Savings Account No. 7000012576 for Rs. 5,715,722/- in the name of Marawila Resorts PLC. Floating Moratge Bond No. CTY /MBD/17/06/03 dated 10/08/2017 for 25,000,000 obtaiend over assignments of book debts. Floating Primary Mortgage Bond No 5484 dated 26/03/2019 for 120,000,000 obtained over the property situated in Marawila. Insurance Policy No FFC2016 - 4155 from Alliance Insurance Limited for Rs 1.4 Billion obtained in the joint name of the owner of the property and the bank covering the risk of fire, SRCC, Malcious dameges and natural perils.
		381.49	317.54			
Galle Fort Hotel (Private) Limited	Cargills Bank PLC Term Loan I	20.68	20.68	AWPLR + 1.95	Repayable over 38 equal monthly instalments of Rs. 0.53 Million together with interest.	Primary mortgage bond over property for Rs. 35 Mn and 0.775Mn USD, mentioned as Lot X in the plan no 130 situated at Fort Village in the gramasewa division of Fort 96D in the district of Galle.
	Cargills Bank PLC Term Loan II	58.79	55.72	LIBRO + 4.4	Repayable over 38 equal monthly insatlmnts of USD 7,574 and a final instalment of USD 7,568 together with monthly interest.	
	Cargills Bank PLC Term Loan III	37.41	35.45	LIBRO + 4.0	Repayable over 40 equal monthly insatlmnts of USD 4,584 and a final instalment of USD 4,614 together with monthly interest.	
		25.00	-	LIBRO + 4.4	Repayable over 23 equal monthly instalments of Rs. 1.04 milllion and a final instalment of Rs. 1.03 milllion together with interest.	
Galle Fort Hotel (Private) Limited	Cargills Bank PLC Term Loan IV	25.00	-	LIBRO + 4.4	Repayable over 23 equal monthly instalments of Rs. 1.04 million and a final instalment of Rs. 1.03 million together with interest.	Primary mortgage bond over property for Rs. 35 Mn and 0.775Mn USD, mentioned as Lot X in the plan no 130 situated at Fort Village in the gramasewa division of Fort 96D in the district of Galle.
		1.09	-	LIBRO + 4.4	Repayable over 5 equal monthly	
		0.81	-	LIBRO + 4.4	instalments of US \$ 1348 Million and a final	
		1.61	-	LIBRO + 4.4	instalment of US \$ 1348 together with	
		1.05	-	LIBRO + 4.4	interest.	
		1.39	-	LIBRO + 4.4	Repayable over 6 equal monthly	
		0.88	-	LIBRO + 4.4	instalments of US \$ 872 together with interest.	
	173.71	111.85				
York Hotel Management Services Limited	Commercial Bank of Ceylon PLC	0.78	1.28	PLR + 3 p.a		Corporate guarantee from The Colombo Fort Land & Building PLC for Rs. 20 million.
		0.78	1.28			

	Company/ Lender	Balance as at 31.03.2021 Rs. million	Balance as at 31.03.2020 Rs. million	Interest Rate %	Terms of Repayment	Security Pledged
Kotagala Plantations PLC	National Development Bank PLC Term Loan I	23.58	23.58	AWPLR+5	Payable in 63 equal monthly instalments of Rs. 2,030,000/- with a first instalment of Rs. 2,110,000/-.	Primary Mortgage over the lease hold right, building & machinery of estates already mortgaged to NDB namely Stonycliff, Vogan, Gikiyanakande & Dalkieth.
	National Development Bank PLC Term Loan II	23.58	23.58	AWPLR+8		
	National Development Bank PLC Term Loan III	30.32	30.32		Payable in 56 equal monthly instalments of \$7,306 with a first instalment of \$7,318.98.	
	National Development Bank PLC Term Loan IV	21.84	20.91	LIBOR + 8	Payable in 56 equal monthly instalments of \$8,000 with a first instalment of \$7,000.	
	National Development Bank PLC Term Loan V	21.84	20.91	LIBOR + 11		
	National Development Bank PLC Term Loan VI	21.84	20.91		Payable in 56 equal monthly instalments of \$7,306 with a first instalment of \$7,318.98.	
	Sampath Bank PLC Term Loan	388.80	403.70	AWPLR+3.5	Payable in 71 equal monthly instalments of Rs. 6,950,000 and final instalment of Rs. 6,550,000 with a capital grace period of 12 months.	Primary Mortgage Bond for Rs. 500 million over leasehold rights of Drayton and Kelliewatte Estates in Nuwara Eliya together with factory building therein.
	People's Bank Term Loan I	177.00	177.00	AWPLR + 3	Repayable within 60 instalments of Rs. 3,157,777/- each.	Primary Mortgage Bonds over Leasehold rights of all those estate plantation and premises of Mayfield Estate situated in the village of dimbula and Ukutile in the Nuwara Eliya Pattu in Kotmale Korale in the district of Nuwara Eliya, Central province.
	People's Bank Term Loan II	73.00	73.00	AWPLR+3 if delayed AWPLR+5	Repayable within 60 instalments of Rs. 1,725,000/- each.	
	People's Bank Term Loan III	39.00	-		Payable within 1 year	
	Standard Chartered Bank	13.77	13.77	SLIBOR+3.5	Payable within 2 years and 10 months.	Primary Mortgage Bond over leasehold rights of Hedigalle and Eduragala Estates together with factory building therein.
	Standard Chartered Bank Packing credit loan	71.34	71.34			
	State Mortgage Bank	-	2.81	19	Repayment in 72 equal monthly instalments of Rs. 111,240/- commencing after the date of disbursement of the loan.	10 vehicles offered as security.
Cey Bank Asset Management Limited Commercial Paper	230.63	224.92	16.5	Repayable as per the Commercial Paper maturity date.	-	

## Notes to the Financial Statements contd.

	Company/ Lender	Balance as at 31.03.2021 Rs. million	Balance as at 31.03.2020 Rs. million	Interest Rate %	Terms of Repayment	Security Pledged
Kotagala Plantations PLC contd.	Sri Lanka Tea Board Term Loan I	10.56	20.10	5	Repayable within 36 instalments of Rs. 1,301,221/- each.	-
	Sri Lanka Tea Board Term Loan II	10.00	21.25	AWPLR +1	Repayable within 36 monthly instalments of Rs. 1,250,000/- each.	-
	Sri Lanka Tea Board Term Loan III	27.45	30.02			
	Forbes & Walker Limited	30.00	64.00	19	Repayable within 30 monthly instalments of Rs. 5,000,000/- each.	The realised and unrealised values of the stock of the teas catalogued and to be catalogued with broker.
	John Keels	5.65	-	19	Repayable within 30 monthly instalments of Rs. 5,000,000/- each.	The realised and unrealised values of the stock of the teas catalogued and to be catalogued with broker.
	Seylan Bank Loan	88.00	88.00	16	Repayable within 72 months with following installements 12 instalment of Rs. 400,000 + Interest 12 instalment of Rs. 600,000 + Interest 12 instalment of Rs. 1,000,000 + Interest 12 instalment of Rs. 1,500,000 + Interest 12 instalment of Rs. 2,250,000 + Interest 11 instalment of Rs. 2,500,000 + Interest and final instalment of Rs. 3,500,000	Primary Mortgage over leasehold rights of the estate lands and buildings, fixed and floating assets of Hedigalle and Eduragala Estates
		1,308.20	1,330.12			
Agarapatana Plantations Limited	Sampath Bank PLC Term Loan	409.65	424.99	AWPLR + 3.5	71 instalments of Rs. 6,950,000/- and a final instalment of Rs. 6,550,000/- commencing from 26.04.2019.	Mortgage over leasehold rights over the estate land & factory building of Diyagama West Estate.
	Seylan Bank PLC Term Loan	44.16	45.35	16	84 equal instalments commencing from 30.11.2018.	Mortgage over leasehold rights over the estate land & building, fixed & floating assets of Diyagama East Estate.
	Bank of Ceylon Term Loan I	42.34	49.50	AWPLR + 1.5	First and Second instalments of Rs. 416,667/- and 60 instalments of Rs. 4,054,598/- commencing from December, 2015.	Additional mortgage over lease hold rights of Glenanore and Haputale Estates including machinery fixed at each of these estates.
	Bank of Ceylon Term Loan II	158.33	162.50	AWPLR + 2.5	48 monthly instalments commencing from 12.06.2019	Tri partite agreement with borrower, bank and the tea broker - John Keels PLC and Corporate Guarantee from Lankem Ceylon PLC.
	Bank of Ceylon Term Loan III	250.00	250.00	AWPLR + 3.5	72 monthly installements commencing from 03.05.2020 including six months of grace period for the capital	Tri partite agreement with borrower, bank and the tea broker John Keels PLC.
	Bank of Ceylon Term Loan IV	50.00	50.00	AWPLR + 3	72 monthly installements commencing from 03/05/2020 including six months of grace period for the capital	A primary mortgage over leasehold rights of Glenanore and Haputale Estates including machinery fixed each of these estate.

	Company/ Lender	Balance as at 31.03.2021 Rs. million	Balance as at 31.03.2020 Rs. million	Interest Rate %	Terms of Repayment	Security Pledged
Agarapatana Plantations Limited contd.	Commercial Bank of Ceylon PLC Term Loan	164.16	172.80	AWPLR + 3	84 monthly instalments commencing from 05.09.2016.	Duly accepted Letter of Offer supported by Board Resolution. General Terms and conditions relating to Term Loans. Deposit of original title deeds and plan relating of the Dambettenne Estate.
	People's Leasing & Finance PLC Term Loan I	7.50	8.80	17.5	60 monthly instalments commencing from 10.11.2018.	Original Certificates of Registration of the vehicles and Fixed Deposit No. 82218547.
	People's Leasing & Finance PLC Term Loan II	5.57	7.12	20	36 monthly installments commencing from 20.11.2019	
	People's Leasing & Finance PLC Term Loan III	7.04	8.83	20	36 monthly installments commencing from 20.11.2019	
	People's Leasing & Finance PLC Term Loan IV	3.67	4.77	20	36 monthly installments commencing from 20.11.2019	
	People's Leasing & Finance PLC Term Loan V	4.49	5.16	20	36 monthly installments commencing from 20.11.2019	
	Seylan Merchant Bank I	16.92	23.51	20	36 monthly installements commencing from 13/04/2020	Original Certificates of Registration of the vehicles
	Seylan Merchant Bank II	14.68	21.20	18	36 monthly installements commencing from 10/03/2020	
	Sri Lanka Tea Board Term Loan I	11.15	28.33	AWPLR +1	36 monthly instalments commencing from August 2017.	
	Sri Lanka Tea Board Term Loan II	33.45	39.97	5	36 monthly instalments commencing from August 2017.	
		1,223.11	1,302.83			
Lankem Tea & Rubber Plantations (Private) Limited	National Development Bank PLC Term Loan	30.89	44.99		84 monthly instalments commencing from 01.04.2014.	6,900,787 Shares held by Lankem Tea & Rubber Plantations (Pvt) Limited in Kotagala Plantations PLC and 4,537,500 Shares held by Consolidated Tea Plantations Ltd in Kotagala Plantations PLC have been pledged to NDB Bank for a Term Loan granted by NDB bank.
	People's Leasing & Finance PLC	1.93	2.15			Promissory Notes worth Rs. 25 million have been pledged.
	Union Bank PLC	31.88	32.57			
		64.70	79.71			

## Notes to the Financial Statements contd.

	Company/ Lender	Balance as at 31.03.2021 Rs. million	Balance as at 31.03.2020 Rs. million	Interest Rate %	Terms of Repayment	Security Pledged
Waverley Power (Private) Limited	Sampath Bank PLC I	37.50	44.99		96 monthly installements.	Loan agreement for Rs. 25 million.  Primary mortgage bond for Rs. 25 million over the entirety of shares issued by the company, supported by an irrevocable Power of Attorney.
	Sampath Bank PLC II	88.20	95.50		96 monthly installments commencing one month after the date of first disbursement.	Loan agreement for Rs. 125 Million.
	Sampath Bank PLC III	4.20	-		12 monthly installments commencing from date of grant	Loan agreement for Rs. 4.2 Million.
		<b>129.90</b>	140.49			
Consolidated Tea Plantations Limited	National Development Bank PLC	10.58	30.42	AWPLR + 8	84 monthly instalments..	7,475,940 Ordinary Shares of Kotagala Plantations PLC (2,223,980 Shares held by Consolidated Tea Plantations Ltd and 5,251,960 shares held by Lankem Tea & Rubber Plantations (Pvt) Ltd. ) have been pledged to NDB Bank for a Term Loan granted by NDB bank.
		<b>10.58</b>	30.42			
Union Commodities (Private) Limited	Commercial Bank of Ceylon PLC	837.76	843.60	AWPLR + 1.5	Each loan to be repaid within a maximum period of 90 days or at the time of receipt of Export proceeds whichever is earlier.	Primary concurrent Mortgage bond over book debts of the Company and the stocks. The sales contract for each order to be submitted within one week from the disbursement of the Pre- shipment loan.
	DFCC Bank PLC	333.41	187.15	LIBOR + 4.5	Each loan to be settled within a period of 90 days form the date of disbursement of or at the time of negotiation /purchase of relative export documents, whichever is earlier.	Primary concurrent Mortgage bond for Rs. 100 million and book debts of the company with an insurance policy over stocks assigned in favour of the bank and existing demand Promissory note from Union Commodities (Private) Limited to the value of Rs. 195 million.
	Hatton National Bank PLC Term Loan I	19.85	-	6	To be repaid over a period of 03 years in 35 equal monthly installments of USD 3,120- each and a final installment of USD 3,035/-.	Existing Mortgage bond to be retained until all facilities are retained in full.
	Hatton National Bank PLC Term Loan II	1,328.23	1,278.70	LIBOR + 5	To be paid in 119 months ending November 2029.	Registered Primary Floating Mortgage Bond for USD 6.7 million over commercial property including immovable property at Biyagama Road Thalwatte, Kelaniya. Including Buildings and every thing standing thereon.

	Company/ Lender	Balance as at 31.03.2021 Rs. million	Balance as at 31.03.2020 Rs. million	Interest Rate %	Terms of Repayment	Security Pledged
Union Commodities (Private) Limited contd.	Hatton National Bank PLC Term Loan III	226.96	218.50	LIBOR + 5	To be paid in 119 months ending November 2029.	Registered Primary Floating Mortgage Bond for USD 1.2 million over movable machinery at Biyagama Road Thalwatte Kelaniya.
	Hatton National Bank PLC Term Loan IV	-	1.48	LIBOR + 4	To be settled immediately.	
	National Development Bank PLC I	145.33	294.38	6.5	Maximum 90 days from which date make it consistent with other disclosures.	Primary Concurrent pari pasu mortgage bond over stock and book debts in favour of the Hangkong and Shanghai Bankers Corporation.
	National Development Bank PLC II	149.13	-	6.5	Capital shall be repaid in 23 equal monthly instalments of USD.31,226/-, followed by 01 instalment of USD.31,221/57	Primary Concurrent pari pasu mortgage bond over stock and book debts.
		3,040.67	2,823.81			
JF Packaging Limited	Sampath Bank PLC Term Loan I	98.26	98.58		Repayable over 5 years in 60 monthly instalments 1 year Rs. 322,500/- 2 year Rs. 1,000,000/- 3 year Rs. 1,750,000/- 4 year Rs. 2,250,000/- 5 year Rs. 3,000,000/-.	Corporate guarantee of Lankem Ceylon PLC for Rs. 98,870,000/- & mortgage over shares of Alliance Five (Pvt) Ltd.
	Sampath Bank PLC Term Loan II	24.93	25.17		Repayable over 5 years in 60 monthly instalments 1 year Rs. 125,000/- 2 year Rs. 250,000/- 3 year Rs. 450,000/- 4 year Rs. 575,000/- 5 year Rs. 738,800/-.	
	Sampath Bank PLC Term Loan III	2.56	2.66		Repayable over 5 years in 60 monthly instalments of Rs. 47,500/-.	Mortgage over Dry laminating machine and related equipment.
	Sampath Bank PLC Term Loan IV	24.25	24.50		Repayable over 2 years in 24 monthly instalments 1 year Rs. 125,000/- 2 year Rs. 1,958,400/- and a final instalment of Rs. 1,957,600/-.	
	Sampath Bank PLC Term Loan V	3.53	3.92		Repayable over 2 years in 23 equal monthly instalments of Rs. 196,700/- and a final instalment of Rs. 195,900/-.	
	Bank of Ceylon Term Loan I	120.57	122.57		Repayable over 4 years in 48 equal monthly instalments of Rs. 3,125,000/-.	Primary mortgage of land, building and machinery situated at No. 306,
	Bank of Ceylon Term Loan II	69.97	71.97		Repayable over 6 years in 72 equal monthly instalments of Rs. 2,083,333/-.	Minuwangoda Road, Kotugoda.
	Bank of Ceylon Term Loan III	-	238.33		Repayable over 5 years in 60 equal monthly instalments of Rs. 5,416,667/-.	
	Bank of Ceylon Term Loan IV	99.64	102.67		Repayable over 5 years in 60 equal monthly instalments of Rs. 2,333,333/-.	

## Notes to the Financial Statements contd.

	Company/ Lender	Balance as at 31.03.2021 Rs. million	Balance as at 31.03.2020 Rs. million	Interest Rate %	Terms of Repayment	Security Pledged
JF Packaging Limited contd.	Bank of Ceylon Term Loan V	306.65	-		Repayable in 1-12 months Rs. 12,500,000/- & 13-24 months Rs. 16,179,000/-.	Mortgage over stocks and book debts held at factory premises at No.306, Minuwangoda Road, Kotugoda.
	Bank of Ceylon Term Loan VI	39.26	-		Repayable over 2 years in 24 equal monthly installments of Rs 1,870,000/-.	
	Bank of Ceylon Term Loan VII	236.38	-		Repayable over 6 years in 72 monthly instalments, 01-12month - Rs.500,000/- 13-24month -Rs.1,000,000 /- 25-36month- Rs.3,283,000/- 37-48month-Rs.4,283,000/- 49-60month-Rs.5,033,000/- , 61-72month- Rs.5,599,000/-.	Primary mortgage of Land, building and machinery situated at No. 306, Minuwangoda Road, Kotugoda.
	Nations Trust Bank PLC	103.67	105.13		Repayable over 4 years 16 installment - Rs. 1,000,000/- 32 installment -Rs. 3,300,000/-	Mortgage over stocks and book debts held at factory premises at No.306, Minuwangoda Road, Kotugoda.
	Siyapatha Finance PLC	88.67	-		Repayable in 1-36 months Rs. 2,000,000/- & Final installments Rs. 58,825,202/-.	Corporate guarantee from Ceylon Tapes (Pvt) Ltd and a loan agreement for Rs. 100,000,000/-.
			1,218.34	795.50		
Candy Delights Limited	Hatton National Bank PLC Term Loan I	37.61	44.16	AWPLR + 2	To be repaid in 48 equal monthly instalments of Rs. 1.25 million.	Primary Floating Mortgage Bond for Rs. 60 million over the new movable machinery and equipment imported at a cost of Rs. 82 million and installed at Candy Delights Limited; Unit 3, Industrial Estate, Ekala.
	Hatton National Bank PLC Term Loan II	53.79	65.12	AWPLR + 2	To be repaid in 48 equal monthly instalments of Rs. 1.875 million.	Registered Primary Floating Mortgage Bond for Rs. 120 Million over land, immovable machinery situated at No. 26, Agaradaguru Mawatha, Ekala and everything standing thereon (including the existing buildings and/ or the buildings which are to be constructed in the future together with any further developments, modifications thereto) with all fixtures, fittings, services and such other rights attached.
		91.40	109.28			
SunAgro Foods Limited	Sampath Bank PLC	10.19	9.60		In 25 monthly installments of Rs. 100,000/- each for first 12 months, Rs. 200,000/- each for next 12 months and a final installment of Rs. 6,400,000/- on 26th day of each month commencing from September 2019.	Loan agreement and Corporate Guarantee from Lankem Ceylon PLC amounting to Rs. 10 Mn.
		10.19	9.60			

	Company/ Lender	Balance as at 31.03.2021 Rs. million	Balance as at 31.03.2020 Rs. million	Interest Rate %	Terms of Repayment	Security Pledged
Sunagro Lifescience Limited contd.	Commercial Bank of Ceylon PLC	84.70	127.06		In 12 instalments of Rs. 0.4 Million , 12 instalments of Rs. 1 million, 12 instalments of Rs. 2.5 million, 12 instalments of Rs. 4.5Million, 12 instalments of Rs. 5.5 Million and final payment Rs. 667,014.	Corporate guarantee from Lankem Ceylon PLC amounting to Rs. 100 million.
	People's Leasing & Finance PLC Term Loan	41.86	46.86		In 12 instalments of Rs. 0.5 Million, 12 instalments of Rs. 1 Million and Blance Equal instalments within next 24 months.	Security Cheques (roll over) for Rs. 53.86 million and Promissory Note of Rs. 53.86 million.
	Peoples Leasing & Finance PLC - Short Term Loan	162.96	153.02		Monthly Repayment Rs. 150,000.	Security cheque to be lodged with People's Leasing Finance PLC for Rs. 154,972,027 Promissory Note of Rs. 154,972,027 & Corporate guarantee of Lankem Ceylon PLC to the value of Rs. 154,972,027.
	Siyapatha Finance	43.43	48.74		Monthly payments as per the schedule given by the Siyapatha Finance.	Lankem Ceylon PLC for Rs. 50 million corporate guarantee.
			332.95	375.68		
Lanka Special Steel Limited	Commercial Bank of Ceylon PLC	58.13	71.90	AWPLR + 1.5	In 59 equal monthly instalment of Rs. 1,530,000/- and a final instalment of a Rs. 1,519,145/-.	Primary mortgage bond for Rs. 91.8 million over wire drawing plant with accessories.
	DFCC Bank PLC	7.29	19.79	AWPLR + 1.5	In 24 equal monthly instalments of Rs. 1,041,667/- each.	Primary mortgage bond for Rs. 25 million over movable machinery in the plant & a mortgage for Rs. 300 million over stocks in the plant.
		65.42	91.69			
Ceyflex Rubber Limited	Nations Trust Bank PLC	15.83	27.68	AWPLR + 3	In 47 equal monthly instalments of Rs. 2,700,000/- each and a final installment of Rs. 3,100,000/- after a grace period of 6 months.	Primary mortgage bond for Rs. 150 million over Rights under the Board of Investments Agreement No.28 dated 12/05/2016, Buildings and Machinery on the project property at Horana Export Processing Zone. Simple lodgment of 100,000 Nos (unquoted) shares of Ceyflex Rubber Limited owned by E. B. Creasy & Company PLC.
		15.83	27.68			



## Notes to the Financial Statements contd.

	Company/ Lender	Balance as at 31.03.2021 Rs. million	Balance as at 31.03.2020 Rs. million	Interest Rate %	Terms of Repayment	Security Pledged
Kiffs (Private) Limited	National Development Bank PLC Loan I	4.01	5.00		Repayable over 4 years in equal monthly capital of Rs. 156,250/-.	Primary Mortgage over equipment located at No.179/6, Ragama Road, Kadawatha.
	National Development Bank PLC Loan II	-	10.00		Repayable over 2 months	Primary mortgage over owned by Kiffs (Pvt) Ltd located at No.179/6, Ragama Road, Kadawatha.
	National Development Bank PLC Loan III	25.00	-		Repayable over 18 months in equal monthly capital of Rs. 1,388,889/-.	Corporate Guarantee of J.F.Packaging Limited.
		29.01	15.00			
Alliance Five (Private) Limited	Bank of Ceylon	29.53	-		Repayable over 18 months in equal capital of Rs. 1,640,555/-.	Corporate guarantee from J.F.Packaging Limited.
		29.53				
C.W. Mackie PLC	Commercial Bank of Ceylon PLC	119.94	191.71			Primary and secondary concurrent mortgage over stocks and book debts
	Hatton National Bank	18.20	-			Corporate Guarantee from C.W. Mackie PLC.

### 25.6 Trust Receipt Loans

The Group has obtained following Trust Receipt Loans.

As at 31st March,	GROUP	
	2021 Rs.'000	2020 Rs.'000
E. B. Creasy & Company PLC	537,707	480,710
Lankem Ceylon PLC	1,393,610	1,285,776
Darley Butler & Company Limited	388,575	439,567
Laxapana Batteries PLC	42,205	63,657
Candy Delights Limited	8,024	4,473
Sun Agro Life Science Limited	-	128,645
J F Packageing Limited	345,988	674,080
Pettah Pharmacy (Pvt) Limited	52,416	138,468
	2,768,525	3,076,876

- **E.B. Creasy & Company PLC**

The Company's trust receipt loans are secured by existing mortgage bonds to banks over the property situated at No. 98, Sri Sangaraja Mawatha, Colombo 10 and stocks in trade and assignments of book debts.

- **Darley Butler & Company Limited**

Trust receipt loans are secured by existing mortgage bonds to banks over the property situated at No. 98, Sri Sangaraja Mawatha, Colombo 10 and stocks in trade and assignments of book debts.

- **Pettah Pharmacy (Pvt) Limited**

Trust receipt loans are secured by existing mortgage bonds to banks over pharmaceutical stocks in trade and assignments of book debts.

- **Candy Delights Limited**

Trust Receipt loan is secured by floating charge on imported inventories at Unit Three Industrial Estate, Ekala, Ja- Ela and book debt.

### Laxapana Batteries PLC

Company/ Lender	Facility No.	Interest	Outstanding as at 31.03.2021 Rs. 000	Outstanding as at 31.03.2020 Rs. 000	Terms of Repayment	Security Pledged
Sampath Bank PLC	Revolving Trust Receipt loan of Rs. 80 million.	AWPLR + 1.25	22,587	23,938	Each loan to be settled within 120 days from the date of grant.	Existing Primary Mortgage bond of Rs. 95.9 million over the property situated in Panagoda, Homagama.
DFCC Bank PLC	Revolving Trust Receipt loan of Rs. 100 million.	AWPLR + 2	19,618	39,719	Each loan to be settled within 120 days from the date of grant.	Mortgage for Rs. 110 million over stocks kept at Company premises at Panagoda, Homagama and warehouse At Sapugaskanda.
			42,205	63,657		

\* The portion of the loan-term loan repayable within one year from the reporting date is shown as Current Liabilities.

## 26. DEFERRED INCOME - CAPITAL GRANTS

As at 31st March,	GROUP		COMPANY	
	2021 Rs:'000	2020 Rs:'000	2021 Rs:'000	2020 Rs:'000
Balance at the beginning of the Year	547,933	553,922	-	-
Additions during the Year	9,902	5,779	-	-
Amortised during the Year	(31,310)	(11,768)	-	-
<b>Balance at the end of the Year (Note 26.1)</b>	<b>526,525</b>	<b>547,933</b>	<b>-</b>	<b>-</b>

### 26.1 Balance at the end of the Year

Kotagala Plantations PLC	323,403	330,309	-	-
Agarapatana Plantations Limited	197,099	203,196	-	-
SunAgro Foods Limited	-	8,948	-	-
C.W. Mackie PLC	1,755	952	-	-
E B Creasy & Company PLC	4,268	4,528	-	-
	526,525	547,933	-	-

### 26.2 The Group's utilisation of funds received is as below:

#### E B Creasy and Company PLC

The Company received a grant of Rs. 5.2 million during the year ended 31st March 2018 in relation to setting up of a solar roof top power project on net metering basis under ADB funded clean energy and network efficiency improvement projects.

#### Kotagala Plantations PLC

##### i) Asian Development Bank - Plantation Reform Project (ADB-PRP)

The funds received are utilised for construction of Staff Quarters, Water Projects, Latrines, Farm Roads and purchase of Forestry Equipment.

##### ii) Plantation Development Support Program (PDSP)

The funds received are utilised for construction of Dispensaries, Staff Quarters, Water Projects and upgrading Crèches.

##### iii) Plantation Human Development Trust (PHDT)

The funds received are utilised for construction of Worker Housing, Water Projects and purchase of an Ambulance.

# Notes to the Financial Statements contd.

## iv) Others

### a) Ministry of Livestock Development and Estate Infrastructure

The funds received are utilised for construction of Community Centres, Agency Post Offices and upgrading Farm Roads and Crèches.

### b) Sri Lanka Tea Board

Funds received are utilised for the construction of the CTC Tea Factory at Mount Vernon Estate.

### c) Sri Lanka Tea Board

Funds received are utilised for replanting.

The amounts spent are capitalised under the relevant classification of Property, Plant & Equipment and the corresponding grant component is reflected under deferred grants and subsidies and amortised over useful life span of the asset.

## Agarapatana Plantations Limited

The Agarapatana Plantations Ltd., has received funding from the Plantation Housing and Social Welfare Trust, Asian Development Bank, Plantation Reform Project and Ministry of Livestock Development for the development of worker welfare facilities such as re-roofing of line rooms, latrines, water supply and sanitation etc. The funds received from Sri Lanka Tea Board are utilised for Tea replanting. The amounts spent are included under the relevant classification of Property, Plant and Equipment and the grant component is reflected under deferred Income.

## SunAgro Foods Limited

The Company has received grants from the USAID/ CORE project amounting to Rs. 27.49 million for the purpose of establishing an out grower cereal cultivation with 1,000 farmers and to set up a processing facility for cereal legume mixture manufacturing in the Trincomalee District. However, the Company has disposed the plant acquired through this grant during the year ended 31st March 2021, So, the grant has been fully written-back to the Statement of Profit Loss as the Board of Directors of the Company is in the view that the Company has fulfilled all the deliverables with regard to the grant as at 31st March 2021. Therefore the carrying amount has been written-back during the year ended 31st March 2021.

## Kelani Valley Canneries Limited

Kelani Valley Canneries Limited (KVC) has been awarded a government grant in December 2016 from Industrial Development Board of Ceylon, amounting to Rs. 500,000/- for the acquisition of fully automated jam cup filling machine which was total cost of Rs. 1.3 million. During the year, the company has received Rs. 702,375/- related the above said grant. The grant was received under the scheme with the aim of facilitating Micro Small and Medium Enterprise's (MSME) engaged in food based products by supporting them with funds needed to acquire new technology or purchase modern machinery to enhance the quality or productivity of their production. The government grant recognised as deferred income is being amortised over the useful life of the machinery.

The Company shall not sell, assign, pledge, mortgage, gift, let or rent the machinery for a period of five years from the date of purchase of the machinery.

## 27. DEFERRED TAX LIABILITIES

As at 31st March,	GROUP		COMPANY	
	2021 Rs:'000	2020 Rs:'000	2021 Rs:'000	2020 Rs:'000
Balance at the beginning of the Year	2,135,040	2,281,509	195,869	195,260
Prior Year Adjustment	(56,598)			
Disposal of Subsidiary	-	(163,837)	-	-
Amount recognised in changes in equity due to initial application of SLFRS 16	-	(2,999)	-	-
Origination/(Reversal) of Temporary Differences Recognised in Profit / (Loss) for the Year	(116,701)	45,101	(16,760)	609
Origination/(Reversal) of Temporary Differences Recognised in the Statement of Other Comprehensive Income	(251,035)	(24,734)	-	-
Transfer from Deferred Tax Assets (Note 18)	45,022	-	-	-
<b>Balance at the end</b>	<b>1,755,729</b>	<b>2,135,040</b>	<b>179,109</b>	<b>195,869</b>

As at 31st March,	GROUP		COMPANY	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000

### 27.1 Deferred Tax Composition - Group

Property Plant and Equipment	1,901,887	2,336,571	29,919	33,258
Revaluation Surplus on Land	760,591	1,228,381	149,190	174,055
Right to use Assets	63,494	104,821		
Lease Liability	(60,324)	(83,453)		
Defined Benefit Obligations	(387,023)	(478,684)	-	-
Impairment of Inventory	344	1,232		
Impairment of Debtors	(16,748)	(28,290)	-	-
Impairment of Financial Assets	(1,593)	(19,353)		
Tax loss carried forward	(504,900)	(926,185)	-	(11,444)
<b>Deferred Tax Assets</b>	<b>1,755,729</b>	<b>2,135,040</b>	<b>179,109</b>	<b>195,869</b>

### 28. EMPLOYEE BENEFITS

As at 31st March,	GROUP		COMPANY	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Fair Value of Plan Assets (Note 28.1)	67,997	58,885	-	-
Present Value of the Funded Obligations (Note 28.2)	314,698	264,395	-	-
Present Value of the Unfunded Obligations (Note 28.4)	3,594,838	3,308,814	-	-
<b>Total Present Value of Retirement Benefit Obligations</b>	<b>3,909,536</b>	<b>3,573,209</b>	<b>-</b>	<b>-</b>

#### 28.1 Fair Value of Plan Assets

##### Movements in Fair Value of Plan Assets

Fair Value of Plan Assets at the beginning of the Year	58,885	56,143	-	-
Contribution Paid to the Plan Assets	13,358	13,025	-	-
Expected Return on Plan Assets	5,612	5,785	-	-
Benefits Paid by the Plan	(6,765)	(12,415)	-	-
Actuarial Losses	(3,093)	(3,653)	-	-
<b>Fair Value of Plan Assets as at 31st March</b>	<b>67,997</b>	<b>58,885</b>	<b>-</b>	<b>-</b>

#### 28.2 Present Value of the Funded Obligations

##### Movement in Present Value of Funded Obligations

Present value of Defined Benefit Obligations as at 1st April	264,395	226,022	-	-
Provision for the Year (Note 28.2.1)	49,240	44,401	-	-
	313,635	270,423	-	-
Inter-Company Liability Transfers	-	(3,476)	-	-
Benefits paid by the Plan	(31,636)	(22,560)	-	-
Actuarial Losses (Note 28.2.1)	32,699	20,008	-	-
<b>Present Value of Defined Benefit Obligations as at 31st March</b>	<b>314,698</b>	<b>264,395</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements contd.

As at 31st March,	GROUP		COMPANY	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
<b>28.2.1 Expenses Recognised in the Statement of Comprehensive Income</b>				
Current Service Cost	22,143	18,409	-	-
Interest Cost	27,097	25,992	-	-
Provision for the Year	49,240	44,401	-	-
Actuarial Losses	32,699	20,008	-	-
	<b>81,939</b>	<b>64,409</b>		

## 28.3 Present Value of Net Obligations

Fair Value of Plan Assets	67,997	58,885	-	-
Present Value of Funded Obligations	(314,698)	(264,395)	-	-
Present Value of Net Funded Obligations	(246,701)	(205,510)	-	-

As at 31st March,	GROUP		COMPANY	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000

## 28.4 Present Value of the Unfunded Obligation

### Movement in Present Value of Unfunded Obligation

Present value of Defined Benefit Obligations as at 1st April	3,308,814	2,913,207	-	-
Disposal of Subsidiaries	-	(39,570)	-	-
Provision for the year	554,931	543,379	-	-
	<b>3,863,745</b>	<b>3,417,016</b>		
Inter-company Liability Transfers				
Benefits paid by the Plan	(198,765)	(65,042)	-	-
Actuarial (Gains)/Losses	(70,412)	(43,160)	-	-
Present value of Defined Benefit Obligations as at 31st March	<b>3,594,838</b>	<b>3,308,814</b>		

### 28.4.1 Expenses Recognised in the Statement of Comprehensive Income

Current Service Cost	225,308	206,913	-	-
Interest Cost	329,623	336,466	-	-
Provision for the Year	554,931	543,379	-	-
Actuarial Losses	(70,412)	(43,160)	-	-
	<b>484,789</b>	<b>500,219</b>		

#### i) Agarapatana Plantations Limited

According to the valuation done based on the full actuarial valuation carried out by a professionally qualified actuary firm M/s. Actuarial and Management Consultants (Pvt) Ltd as at 31st March 2021, the liability is Rs. 1,557 million (2020 - Rs. 1,531 million). If the Company had provided for gratuity for all employees on the basis of 14 days wages for workers and a half month salary for staff for each completed year of service for the year ended 31st March 2021, the liability would have been Rs 1,679 million (2020 - Rs. 1,700 million ) Hence, there is a contingent liability of Rs. 122 million (2020 - Rs. 168 million) which would crystallise only if the Company ceases to be a going concern.

#### ii) Kotagala Plantations PLC

The actuarial valuation had been carried out by Messrs. Actuarial & Management Consultants (Private) Limited. According to the valuation the gratuity liability on employees of the Company as at 31st March 2021 is Rs. 886.61 million (2020 - Rs. 873.81 million).

#### iii) Marawila Resorts PLC

The actuarial valuations have been carried out by professionally qualified actuaries Messers Priyal S Goonetilleke and Associates for retiring gratuity of staff as at 31st March 2021. The actuarial present value of the accrued benefits as at 31st March 2021 is Rs. 12.36 million (2020 - Rs. 11.61 million). This item is grouped under Retirement Benefit Obligation in the Statement of Financial Position. The liability is not externally funded.

**iv) Sigiriya Village Hotels PLC**

Actuarial Valuation has been carried out as at 31st March , 2021 by Mr. Piyal Goonatilleka, Fellow of the Society of actuaries (USA).The valuation method used by the actuary was "Projected Unit Credit Method". The actuarial present value of the accrued benefits as at 31st March 2021 is Rs. 14.87 million (2020 - Rs. 17.92 million). This item is grouped under Retirement Benefit Obligation in the Statement of Financial Position. The liability is not externally funded.

**v) Beruwala Resorts PLC**

Actuarial Valuation has been carried out as at 31st March , 2021 by Mr. Piyal Goonatilleka, Fellow of the Society of actuaries (USA). The actuarial present value of the accrued benefits as at 31st March 2021 is Rs. 13.99 million (2020 - Rs. 12.01 million). This item is grouped under Retirement Benefit Obligation in the Statement of Financial Position. The liability is not externally funded.

**vi) C.W. Mackie PLC**

The retirement benefit obligations as at 31 st March, 2021 is based on actuarial valuation carried out by Messrs. Piyal S Goonethilleke, Fellow of the Society of Actuaries (USA) , Member of American Academy of Actuaries, Consulting Actuary of Messrs. Piyal Goonetilleke and Associates and appropriate adjustments have been effected in the financial statements.

The liability as at 31st March, 2021 of the C.W. Mackie group was Rs. 167.03 million (2020 - Rs. 121.83 million).

**vii) J.F. Packaging Limited**

The retirement benefit obligations as at 31st March 2021 is based on actuarial valuation carried out by Messrs. Actuarial and Management Consultants (Private) Limited. As per which liability as at 31st March 2021 was Rs. 22 million (2020 - Rs. 15.97 million).

**viii) Lankem Ceylon PLC**

An actuarial valuation has been carried out as at 31st March 2021 by Messrs. Actuarial and Management Consultants (Private) Limited. as required by the Sri Lanka Accounting Standard 19 'Employee Benefits'.

Plan Assets of the Company are held by an approved external gratuity fund where it invests in insurance scheme amounting to Rs. 4.1 Million as at the date of Statement of Financial Position.

The valuation method used by the actuary is the 'Project Unit Credit Method', the method recommended by Sri Lanka Accounting Standard 19 'Employee Benefits'.

**ix) C M Holdings PLC - Group**

Defined Benefit Obligation of Colonial Motors (Ceylon) Limited is determined through an actuarial valuation carried out internally for the year ended 31 March 2021.

**x) E.B. Creasy & Company PLC**

An actuarial valuation has been carried out as at 31st March 2021 by Messrs. Piyal. S. Goonathilake & Associates (Actuarial Valuer) as required by the Sri Lanka Accounting Standard LKAS 19 - 'Employee Benefits'.

The actuarial present value of the accrued benefits as at 31st March 2021 is Rs. 645.97 million (2020 - Rs. 521.35 million). The liability is not externally funded.

**xi) Darley Butler & Company Limited**

An actuarial valuation has been carried out by Mr. Piyal S. Goonetilleke, a professional actuary, as at 31st March 2021. The Projected Unit Credit method has been used in determining the valuation. As per which liability as at 31st March 2021 was Rs. 260.75 million (2020 - Rs. 174.25 million).

## Notes to the Financial Statements contd.

### xii) Present Value of the Unfunded Obligations

LKAS 19 - 'Employee benefits' requires to apply Projected Unit Credit Method to make a reliable estimate of the Obligation in order to determine the present value of the retirement benefit obligation. The key assumptions were made in arriving at the retirement benefit obligation as at 31st March 2021 in respect of following companies are stated below:

Company Name	Expected Salary Increment Rate	Discount Rate	Retirement Age Years	Liability as at 31.03.2021 Rs. million
Marawila Resorts PLC	7.5%	7.7%	55	12.36
Sigiriya Village Hotels PLC	7.5%	7.7%	55	14.87
Laxapana Batteries PLC	10%	7.5%	55	6.15
Lankem Ceylon PLC	8%	10%	55	143.40
Ceylon Tapes (Private) Limited	10%	7.5%	55	9.00
JF Packaging Limited	10%	7.5%	55	22.00
E.B. Creasy & Company PLC	10%	7.5%	55	645.97
E.B. Creasy Logistics Limited	10%	7.5%	55	3.42
Pattah Pharmacy (Private) limited	10%	7.5%	55	10.63
Beruwala Resorts PLC	7.5%	7.7%	55	13.99
BOT Hotel Services (Private) Limited	7.5%	7.7%	55	0.53
Galle Fort Hotel (Private) Limited	5%	8.5%	55	2.88
Darley Butler & Company Limited	10%	7.5%	55	260.75
Candy Delights Limited	10%	7.5%	55	14.61
SunAgro Life Science Limited	7.5%	10%	55	3.70
Lankem Paints Limited	7.5%	10%	55	15.30
Lanka Special Steels Limited	10%	7.5%	55	26.29
Sherwood Holidays Limited	10%	6.1%	60	2.30
Alliance Five (Private) Limited	10%	7.5%	55	6.70
Kiffs (Private) Limited	10%	7.5%	55	7.60
C M Holdings PLC - Group Colonial Motors (Ceylon) Limited	0%	8%	55	6.56
C.W. Mackie PLC - Group	10%	8.0%	Management & Allied staff - 60, other staff - 55	167.03
Kotagala Plantations PLC	Workers - 5.68% increase p.a and other categories of staff - 10% p.a.	7.5%	60	886.61
Agarapatana Plantations Limited	Workers - 5.68% increase p.a and other categories of staff - 10% p.a.	7.5%	60	1,557.60
Ceyflex Rubber Limited	10%	7.5%	55	272.00

xiii) No provision has been made for Retiring Gratuity in the accounts of The Colombo Fort Land & Building PLC, York Arcade Holdings PLC, Colombo Fort Holdings Limited, Capital Leasing Company Limited, Transways (Private) Limited, Union Group (Private) Limited and C.F. Travels (Private) Limited as these companies do not employ any staff. All operational services such as accountancy, secretarial and personnel are provided by Corporate Managers & Secretaries (Private) Limited to whom a fee is paid.

### 28.5 Sensitivity of Assumptions Employed in Actuarial Valuation

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

As at 31st March, Consolidated	2021		2020	
	Increase Rs:'000	Decrease Rs:'000	Increase Rs:'000	Decrease Rs:'000
<b>Movement by 1%</b>				
Discount Rate	(1,126,021)	1,329,665	(1,992,174)	1,525,866
Future salary scale	1,337,462	(1,130,243)	995,848	(1,524,788)

### 29. RENT RECEIVED IN ADVANCE

As at 31st March,	GROUP		COMPANY	
	2021 Rs:'000	2020 Rs:'000	2021 Rs:'000	2020 Rs:'000
Balance at the beginning of the Year	18,470	34,805	8,888	10,164
Received during the Year	8,323	38,833	29,982	38,086
Amount Recognised as Income during the Year	(18,470)	(55,168)	(30,547)	(39,362)
Balance at the end of the Year	8,323	18,470	8,323	8,888
Amount falling due within one Year	(8,323)	(8,888)	(8,323)	(8,888)
Amount falling due after one Year	-	9,582	-	-

### 30. TRADE & OTHER PAYABLES

As at 31st March,	GROUP		COMPANY	
	2021 Rs:'000	2020 Rs:'000	2021 Rs:'000	2020 Rs:'000
Trade Payables	5,079,052	2,817,212	-	-
Other Payables	5,222,793	4,966,371	15,602	15,650
Accrued Expenses	796,075	810,988	13,650	31,897
Bills Payables	447,239	673,581	-	-
Advance Received	395,467	355,193	-	-
Security Deposit	117,285	105,319	6,589	10,442
Unclaimed Dividend	30,481	44,392	2,493	5,932
	12,088,393	9,773,056	38,334	63,921



# Notes to the Financial Statements contd.

## 31. RELATED PARTY TRANSACTIONS

As at 31st March,	GROUP		COMPANY	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
<b>31.1 Amounts due from Related Parties</b>				
<b>Subsidiaries</b>				
Agarapatana Plantations Limited	-	-	92,904	83,835
American Lloyd Travels Limited	-	-	200	-
Beruwala Resorts PLC	-	-	1,485	608
C.F.Travels Ltd	-	-	150	-
Colombo Fort Hotels Limited	-	-	175,122	155,727
Transways (Pvt) Ltd	-	-	32,799	-
Kotagala Plantations PLC	-	-	-	71,279
Lankem Ceylon PLC	-	-	5,847	37,343
Consolidated Tea Plantations Limited	-	-	149,789	12,716
Sigiriya Village Hotels PLC	-	-	2,212	1,255
Union Commodities (Private) Limited	-	-	100,918	90,529
Colombo Fort Group Services (Private) Limited	-	-	5,616	4,250
York Hotel Management Servicers Limited	-	-	384	456
	-	-	567,426	457,998
<b>Less: Transferred to Loan given to Related Parties</b>				
Agarapatana Plantations Limited	-	-	(66,930)	-
Colombo Fort Hotels Limited	-	-	(75,500)	(70,000)
Consolidated Tea Plantations Limited	-	-	(105,070)	(7,000)
Transways (Pvt) Ltd.	-	-	(32,400)	-
Union Commdodities (Pvt) Ltd	-	-	(100,000)	(90,000)
	-	-	(379,900)	(167,000)
Less: Impairment Loss - Related Parties (Note 31.1.1)	-	-	(67,258)	(24,875)
	-	-	120,268	266,123
<b>Other Related Parties</b>				
Capital Finance Limited	346	346	-	-
CWM Hotel Holdings Ltd	81,939	81,939	-	-
Corporate Managers & Secretaries (Private) Limited	23,742	5,868	10,228	-
York Conventions (Private) Limited	5,580	5,531	3,480	3,470
Far Eastern Exports (Colombo) Limited	363	213	-	-
Property & Investment Holdings Limited	137,600	150,000	-	-
Others	1,544	1,895	-	-
	251,114	245,792	13,708	3,470
Less: Impairment Loss - Related Parties (Note 31.1.1)	(86,761)	(84,350)	(3,480)	(3,470)
	164,353	161,442	10,228	-
<b>Total Amounts due from Related Parties</b>	<b>164,353</b>	<b>161,442</b>	<b>130,496</b>	<b>266,123</b>

As at 31st March,	GROUP		COMPANY	
	2021 Rs:'000	2020 Rs:'000	2021 Rs:'000	2020 Rs:'000
<b>31.1.1 Impairment Loss</b>				
<b>Subsidiaries</b>				
Colombo Fort Hotels Limited	-	-	9,338	7,213
Consolidated Tea Plantations Limited	-	-	48,699	716
Lankem Ceylon PLC	-	-	287	2,075
Agarapatana Plantations Ltd	-	-	3,704	7,382
Kotagala Plantations PLC	-	-	-	5,427
York Hotel Management Services (Pvt) Ltd.	-	-	166	144
Union Commodities (Pvt) Ltd	-	-	1,977	1,866
Colombo Fort Group Services (Pvt) Ltd	-	-	66	15
Sigiriya Village Hotels PLC	-	-	44	15
Beruwala Resorts PLC	-	-	106	22
Transways (Pvt) Ltd.	-	-	2,714	-
C.F.Travels Ltd	-	-	67	-
American Lloyd Travels Ltd.	-	-	90	-
	-	-	67,258	24,875
<b>Other Related Parties</b>				
CWM Hotel Holdings Ltd	81,939	81,939	-	-
Property & Investment Holdings Limited	3,468	1,057	-	-
York Conventions (Private) Limited	188	188	3,480	3,470
Others	1,166	1,166	-	-
	86,761	84,350	3,480	3,470
	86,761	84,350	70,738	28,345

# Notes to the Financial Statements contd.

As at 31st March,	GROUP		COMPANY	
	2021 Rs:'000	2020 Rs:'000	2021 Rs:'000	2020 Rs:'000
<b>31.2 Amounts due to Related Parties</b>				
<b>Subsidiaries</b>				
C M Holdings PLC	-	-	222,220	224,394
Capital Leasing Co. Limited	-	-	2,752	3,106
Carplan Limited	-	-	-	10
Colombo Fort Holdings Limited	-	-	40,468	41,192
Colombo Fort Properties (Pvt) Ltd	-	-	580	780
Creasy Platation Management Limited	-	-	4,583	4,583
E.B. Creasy & Co PLC	-	-	6,000	18
Guardian Assets Management Limited	-	-	2,861	22,861
Kotagala Platations PLC	-	-	1,243	-
Lankem Platations Services Limited	-	-	4,583	4,583
Union Investments (Private) Limited	-	-	6,748	6,748
York Arcade Holdings PLC	-	-	75,856	71,067
Imperial Hotels Limited	-	-	4,224	5,749
Union Commodities (Pvt) Ltd	-	-	35,000	35,000
	-	-	407,118	420,091
<b>Associates</b>				
Colombo Fort Investments PLC	1,804	2,904	1,804	2,904
Colombo Investment Trust PLC	4,503	5,503	4,503	5,503
	6,307	8,407	6,307	8,407
<b>Affiliates</b>				
Consolidated Holdings (Pvt) Limited	2,420	2,344	2,420	2,344
Corporate Holdings (Private) Limited	37,118	35,672	33,630	32,184
Corporate Managers & Secretaries (Private) Limited	106,861	40,295	55,000	20,596
Ceylon Tea Brokers PLC	65,830	53,196	-	-
York Conventions (Private) Limited	2,920	2,920	-	-
Financial Trust Limited	269,965	242,053	204,538	176,337
Sunquick Lanka (Private) Limited	461,115	350,323	-	-
Others	134	450	-	-
	946,363	727,253	295,588	231,461
<b>Total Amounts due to Related Parties</b>	<b>952,670</b>	<b>735,660</b>	<b>709,013</b>	<b>659,959</b>
Interest-bearing Borrowings (Note31.2.1)	200,900	165,900	497,900	459,400
Non-interest-bearing Borrowings	751,770	569,760	211,113	200,559
	952,670	735,660	709,013	659,959

As at 31st March,	GROUP		COMPANY	
	2021 Rs:'000	2020 Rs:'000	2021 Rs:'000	2020 Rs:'000

### 31.2.1 Interest-bearing Borrowings

#### Subsidiaries

C M Holdings PLC			190,000	184,500
Colombo Fort Holdings Limited	-	-	22,000	24,000
Union Commodities (Pvt) Ltd	-	-	35,000	35,000
York Arcade Holdings PLC	-	-	50,000	50,000
	-	-	297,000	293,500

#### Other Related Parties

Consolidated Holdings (Private) Limited	800	800	800	800
Corporate Holdings (Private) Limited	15,100	15,100	15,100	15,100
Corporate Managers & Secretaries (Private) Limited	55,000	20,000	55,000	20,000
Financial Trust Limited	130,000	130,000	130,000	130,000
	200,900	165,900	200,900	165,900
	200,900	165,900	497,900	459,400

The above amounts due from/to Related Parties are receivable/payable "on demand". Interest is charged on the balance transferred to interest bearing receivable /payable at market rate (AWPLR + premium) as per the negotiations between the Related Parties.

### 31.3 Transactions with Related Parties

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS) 24 - 'Related Party Disclosures', the details of which are reported below:

As at 31st March,	GROUP		COMPANY	
	2021 Rs:'000	2020 Rs:'000	2021 Rs:'000	2020 Rs:'000

#### Subsidiaries

(Receiving)/Rendering of Services	-	-	(5,891)	(4,457)
Loans (Taken)/Given	-	-	12,400	(106,500)
Interest (Expenses)/Income	-	-	10,067	(19,447)
Dividend (Paid)/Received	-	-	75,052	34,041
Rent (Taken)/Given	-	-	22,110	24,636
Guarantee Commission (Taken)/Given	-	-	600	624
(Received)/Payment of Outstanding Balances	-	-	64,830	328,064
Advance (Taken)/Given			15,650	(21,734)

#### Associates

Interest (Expenses)/Income	-	(7,527)	-	(7,527)
Dividend (Paid)/Received	7,586	(1,865)	-	3,220
(Received)/Payment of Outstanding Balances	2,100	107,481	2,100	(107,481)
Transfer (Into) / Out of Current Account	1,050	1,050	-	-
Disposal (Acquisition) of Shares	(691)	98,536	116	97,830

## Notes to the Financial Statements contd.

As at 31st March,	GROUP		COMPANY	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
<b>Related Parties</b>				
(Purchases)/Sales of Goods	846,141	976,541	-	-
(Received)/Payment of Rendering of Services	(865,922)	(676,098)	(13,444)	28
Interest (Expenses)/Income	(18,671)	(25,125)	(18,671)	(25,125)
Loans (Taken)/Given	(35,000)	(56,700)	(35,000)	(24,152)
(Received)/Payment of Outstanding Balances	36,521	73,282	36,521	40,734
Advances Taken/Given	(23,800)	-	(23,800)	-

### 31.4 Terms and Conditions of Transactions with Related Parties

Transactions with related parties are carried out in the ordinary course of the business at commercial rates. Outstanding balances at year end are unsecured and no interest was charged during the year. Interest on balance transferred to interest-bearing liabilities are charged at market rate.

### 31.5 Recurrent and Non-Recurrent Related Party Transactions

During the year there were no Non-Recurrent transactions and Recurrent transactions for the Company, which exceeded the disclosure thresholds mentioned in Section 9 of the Colombo Stock Exchange Rules.

### 31.6 Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard LKAS 24 - 'Related Party Disclosures', Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, Key Management Personnel include the members of the Board of Directors (Including Executive and Non Executive Directors) of The Colombo Fort Land & Building PLC and its subsidiary companies.

#### (a) Loans to Key Management Personnel

No loans have been given to Key Management Personnel during the year.

#### (b) Key Management Personnel Compensation

Details of compensation for Executive and Non-Executive Directors are disclosed below:

As at 31st March,	GROUP		COMPANY	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Short-Term Employee Benefits	455,485	471,529	11,400	11,400

#### (c) Key Management Personnel Shareholding of the Company

The shareholdings of the Directors are disclosed on page 16 of this Annual Report.

#### (d) Transactions with Close Family Members

There were no transactions with close family members during the year.

**31.7 The Directors of the Company are also Directors of the following companies:**

Name of the Company	Relationship	Name of the Director											
		Mr. A. Rajaratnam	Mr. S.D.R. Arudpragasam	Mr. A.M. de S. Jayaratne	Mr. R. Seevaratnam	Mr. Anushman Rajaratnam	Mr. C.P.R. Perera	Mr. P. M. A. Sirimane	Mr. S. Rajaratnam				
The Colombo Fort Land & Building PLC	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Agarapatana Plantations Limited	Subsidiary		✓			✓							
American Lloyd Travels Limited	Subsidiary												
Beruwala Resorts PLC	Subsidiary		✓										✓
C M Holdings PLC	Subsidiary	✓	✓	✓									✓
C. F. Travels Limited	Subsidiary												✓
Capital Leasing Company Limited	Subsidiary		✓								✓		
Colombo Fort Group Services (Private) Limited	Subsidiary		✓								✓		
Colombo Fort Holdings Limited	Subsidiary	✓											✓
Colombo Fort Hotels Limited	Subsidiary		✓										✓
Colombo Fort Properties (Private) Limited	Subsidiary	✓											
Consolidated Tea Plantations Limited	Subsidiary	✓	✓	✓									
Cresy Plantation Management Limited	Subsidiary	✓	✓										
Darley Butler & Company Limited	Subsidiary		✓	✓								✓	✓
E. B. Creasy Milk Foods Limited	Subsidiary		✓										✓
E.B. Creasy & Company PLC	Subsidiary	✓	✓	✓								✓	✓
Guardian Asset Management Limited	Subsidiary		✓										
Kotagala Plantations PLC	Subsidiary		✓	✓									
Lankem Ceylon PLC	Subsidiary		✓									✓	
Lankem Plantation Services Limited	Subsidiary	✓	✓										
Lankem Tea & Rubber Plantations (Private) Limited	Subsidiary	✓	✓										
Marawila Resorts PLC	Subsidiary		✓										✓
Muller & Phipps (Ceylon) PLC	Subsidiary		✓									✓	✓
Sun-Agro Foods Limited	Subsidiary		✓										
Sun-Agro LifeScience Limited	Subsidiary		✓										
Sigiriya Village Hotels PLC	Subsidiary		✓										✓
Sunquick Lanka (Private) Limited	Subsidiary		✓										
Transways (Private) Limited	Subsidiary		✓										
Union Investments (Private) Limited	Subsidiary	✓	✓	✓									✓
Voyages Ceylan (Private) Limited	Subsidiary		✓										✓
York Arcade Holdings PLC	Subsidiary	✓	✓	✓									✓
York Hotel Management Services Limited	Subsidiary		✓										✓
Imperial Hotels Limited (Formerly known as York Hotels (Kandy) Limited)	Subsidiary		✓										✓
York Tours Limited	Subsidiary												

# Notes to the Financial Statements contd.

Name of the Company	Relationship	Name of the Director							
		Mr. A. Rajaratnam	Mr. S.D.R. Arudpragasam	Mr. A.M. de S. Jayaratne	Mr. R. Seevaratnam	Mr. Anushman Rajaratnam	Mr. C.P.R. Perera	Mr. P. M. A. Sirimane	Mr. S. Rajaratnam
Capital Investments Limited	Associate	✓	✓						
Colombo Fort Investments PLC	Associate	✓	✓	✓					✓
Colombo Investment Trust PLC	Associate	✓	✓	✓					✓
Capital Finance Limited	Related Company	✓							
Ceylon Tea Brokers PLC	Related Company							✓	
Consolidated Holdings (Private) Limited	Related Company	✓	✓						
Corporate Holdings (Private) Limited	Related Company								
Corporate Managers & Secretaries (Private) Limited	Related Company								
Far Eastern Exports (Colombo) Limited	Related Company		✓					✓	
Financial Trust Limited	Related Company	✓							✓
Property & Investment Holdings (Private) Limited	Related Company		✓						✓
York Conventions (Private) Limited	Related Company								

Mr. P.M.A. Sirimane resigned from the Board of Agarapatana Plantations Limited w.e.f 31.03.2021

Mr. Anushman Rajaratnam was appointed to the Board of Consolidated Tea Plantations Limited on 27.01.2021

Mr. A.M. de.S Jayaratne was appointed to the Board of Consolidated Tea Plantations Limited on 27.01.2021

Mr. S. Rajaratnam was appointed to the Board of Muller & Phipps (Ceylon) PLC on 15.06.2021

## 32. COMPARATIVE INFORMATION

To facilitate comparison and where relevant, balance pertaining to the previous year have been re-classified, as necessary. However, such reclassifications did not have any effect on the net profit or equity of the comparative year.

## 33. FINANCIAL INSTRUMENTS

### Financial Risk Management

#### Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents qualitative and quantitative information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks.

#### Risk Management Framework

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyses the risk faced by the Group, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

### 33.1 Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligation, and arises principally from the Group's receivables from customers, investment and forward contracts.

Group's credit exposure is closely monitored. Credit given is reviewed worth the predetermine approval procedures and contractual agreement made for every high value transaction.

#### 33.1.1 Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows;

As at 31st March,	GROUP		COMPANY	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Trade and Other Receivables	7,557,496	7,039,684	31,707	32,830
Amount due from Related Companies	164,353	245,792	581,134	461,468
Cash & Cash Equivalents	1,546,837	770,281	178,036	227,510
	9,268,686	8,055,757	790,877	721,808

The ageing of amount due from related companies as at the reporting date was as follows;

	GROUP				COMPANY			
	Gross		Impairment		Gross		Impairment	
	31.03.2021 Rs.'000	31.03.2021 Rs.'000	31.03.2020 Rs.'000	31.03.2020 Rs.'000	31.03.2021 Rs.'000	31.03.2021 Rs.'000	31.03.2020 Rs.'000	31.03.2020 Rs.'000
Past due 0-365 days	-	-	-	-	240,315	(53,367)	260,527	-
More than one year	251,114	(86,761)	245,792	(84,350)	340,819	(17,371)	200,941	(28,345)
	251,114	(86,761)	245,792	(84,350)	581,134	(70,738)	461,468	(28,345)



# Notes to the Financial Statements contd.

## 33.2 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding of netting agreements.

As at 31st March	GROUP							
	2021				2020			
	Carrying Amount Rs.'000	Contractual Cash Flows Rs.'000	Less than 1 year Rs.'000	More than 1 year Rs.'000	Carrying Amount Rs.'000	Contractual Cash Flows Rs.'000	Less than 1 year Rs.'000	More than 1 year Rs.'000
<b>Non- Derivative Financial Liabilities</b>								
Loans and Borrowings	20,368,666	20,368,666	11,049,971	9,318,695	20,173,097	20,173,097	11,120,219	9,108,206
Other Liabilities	468,467	468,467	468,467	-	358,210	358,210	348,628	9,582
Trade & other payables	12,556,859	12,556,859	12,556,859	-	8,606,875	8,606,875	8,606,875	-
Amounts due to Related Party	952,670	952,670	952,670	-	735,660	735,660	735,660	-
Bank overdraft	3,302,009	3,302,009	3,302,009	-	3,354,992	3,354,992	3,354,992	-
<b>Total</b>	<b>37,648,671</b>	<b>37,648,671</b>	<b>28,329,976</b>	<b>9,318,695</b>	<b>33,228,834</b>	<b>33,228,834</b>	<b>24,166,374</b>	<b>9,062,460</b>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

As at 31st March	COMPANY							
	2021				2020			
	Carrying Amount Rs.'000	Contractual Cash Flows Rs.'000	Less than 1 year Rs.'000	More than 1 year Rs.'000	Carrying Amount Rs.'000	Contractual Cash Flows Rs.'000	Less than 1 year Rs.'000	More than 1 year Rs.'000
<b>Non- Derivative Financial Liabilities</b>								
Loans and Borrowings	45,698	45,698	35,698	10,000	107,387	107,387	53,383	54,004
Other Liabilities	56,351	56,351	56,351	-	56,916	56,916	56,916	-
Trade & other payables	24,683	24,683	24,683	-	32,024	32,024	32,024	-
Amounts due to Related Party	709,013	709,013	709,013	-	659,959	659,959	659,959	-
Bank overdraft	134,583	134,583	134,583	-	137,251	137,251	137,251	-
<b>Total</b>	<b>970,328</b>	<b>970,328</b>	<b>960,328</b>	<b>10,000</b>	<b>993,537</b>	<b>993,537</b>	<b>939,533</b>	<b>54,004</b>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

## 33.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates etc. will affect the Group's income or the value of its holdings of financial instruments. The objective of the market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the returns.

## 33.4 Currency Risk

The Group is exposed to currency risk on purchases and borrowings that are denominated in a currency other than the functional currency which is Sri Lankan Rupees.

### Sensitivity Analysis

A strengthening or weakening of Sri Lankan Rupee, as indicated below, against the other currencies at 31st March 2021 would have increased/ (decreased) the equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

Increase /(Decrease) in Exchange rate As at 31 March	Effect on Profit before Tax	
	2021 Rs.'000	2020 Rs.'000
Dollar (USA) + 10%	(233,506)	(297,120)
Dollar (USA) - 10%	233,506	297,120
Euro +10%	(10,169)	(2,609)
Euro -10%	10,169	2,609
Great Britain Pound +10%	(298)	1,439
Great Britain Pound -10%	298	(1,439)
Yen (Japan) +10%	(1,133)	(2,083)
Yen (Japan) -10%	1,133	2,083

### 33.5 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in the market interest rate relates primarily to Group's long term debt obligations and investments with floating interest rates. The Group utilises various financial instruments to manage exposures to interest rate risks arising due to financial instruments. However, the company does not have material long term floating rate borrowings or deposits as at the reporting date which results a material interest rate risk.

The following table demonstrates the Group sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the profit before tax.

As at 31 March	Effect on Profit before Tax	
	2021 Rs.'000	2020 Rs.'000
Variable rate instrument (1% decrease)	194,114	148,876
Variable rate instrument (1% Increase)	(194,114)	(148,876)

### 33.6 Capital Management

The Board's policy is to maintain a strong capital base so as to maintain shareholder, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends paid out to ordinary shareholders.

Bank Overdrafts with variable interest rates are used to manage the working capital requirements of the Group. Major projects are financed by funds received from long term borrowings as well as reserves of the Group.

The Group's debt to equity ratio at the end of the reporting period was as follows:

As at 31st March,	GROUP		COMPANY	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Total Liabilities	43,371,994	40,651,197	1,163,088	1,221,303
Less: Cash and Cash Equivalents	1,564,270	784,923	178,044	227,518
Net Debt	41,807,724	39,047,274	985,044	993,785
Total Equity	2,828,569	5,958,080	1,698,929	1,771,958
Net Debt to Equity Ratio	1492%	669%	58%	56%

There were no changes in the Group's approach to capital management during the year and the Group is not subject to externally imposed capital requirements.

# Notes to the Financial Statements contd.

## 33.7 Fair Values

### Fair Values Versus Carrying Amounts

The fair values of financial assets and liabilities, together with the carrying amounts in the Statement of Financial Position, are as follows:

#### Group

As at 31st March, 2021		Investments Classified as Financial Assets	Investments Classified as Financial Assets	Financial Assets at Amortised cost	Financial Liabilities at Amortised Cost	Total Carrying Value	Fair Value
	Note	FVTOCI Rs.	FVTPL	Rs.	Rs.	Rs.	Rs.
Investment in Equity Securities	17.1	489,121	-	-	-	489,121	489,121
Unit trust	17.1	225,504	-	-	-	225,504	225,504
Trade & Other Receivables	20	-	-	8,284,554	-	8,284,554	8,284,554
Amounts due from Related Parties	31	-	-	164,353	-	164,353	164,353
Other financial assets	16	-	819,144	-	-	819,144	819,144
Cash & Cash Equivalents	21	-	-	1,564,270	-	1,564,270	1,564,270
		714,625	819,144	10,013,177	-	11,546,946	11,546,946
Trade & Other Payables	30	-	-	-	12,088,392	12,088,392	12,088,392
Amounts due to Related Parties	31	-	-	-	952,670	952,670	952,670
Loans and Borrowings	25	-	-	-	20,368,666	20,368,666	20,368,666
Bank Overdraft	21	-	-	-	3,302,009	3,302,009	3,302,009
Other liabilities		-	-	-	994,992	994,992	994,992
		-	-	-	37,706,729	37,706,729	37,706,729

#### Company

31st March, 2021		Investments Classified as Financial Assets	Investments Classified as Financial Assets	Financial Assets at Amortised cost	Financial Liabilities at Amortised Cost	Total Carrying Value	Fair Value
	Note	FVTOCI Rs.	FVTPL	Rs.	Rs.	Rs.	Rs.
Investment in Equity Securities	17	3,287	2,992	-	-	6,279	6,279
Loans Due from Related Parties	31	-	-	379,900	-	379,900	379,900
Trade & Other Receivables	20	-	-	33,560	-	33,560	33,560
Amounts due from Related Parties	31	-	-	201,234	-	201,234	201,234
Cash & Cash Equivalents	21	-	-	178,036	-	178,036	178,036
		3,287	2,992	792,730	-	799,009	799,009
Loans & Borrowings	25	-	-	-	45,698	45,698	45,698
Bank Overdraft	21	-	-	-	134,583	134,583	134,583
Trade and Other Payables	30	-	-	-	24,683	24,683	24,683
Amounts due to Related Parties	31	-	-	-	709,013	709,013	709,013
Other Liabilities		-	-	-	56,351	56,351	56,351
		-	-	-	970,328	970,328	970,328

### 34. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES NOT CARRIED AT FAIR VALUE

For financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values. Further, other borrowed funds with a variable interest rate are also considered to be carried at fair value.

#### Assets and liabilities (excluding financial assets and liabilities) measured at fair value - Recurring

Asset / Liability	Valuation technique	Significant unobservable inputs	Sensitivity of the input to the fair value	Level 1	Level 2	Level 3
<b>Biological assets</b>						
Gain arising from changes in fair value.	<p><b>Discounted cash flows</b> The valuation model considers present value of future net cash flows expected to be generated by the plantation from the timber content of managed timber plantation on a tree-per-tree basis .</p> <p>Expected cash flows are discounted using a risk-adjusted discount rate of 16.3% comprising a risk premium of 3.8%. Trees have been valued as per the current timber prices per cubic meter which is the recent selling price of a cubic meter of the specific species.</p>	<p><b>Determination of timber content</b> Species planted in separate blocks as at the reporting date have been identified by a qualified forestry officer of the company and the timber content has been estimated based on the age and current cubic content. the estimated fair value at the time of harvesting each specific species is sensitive to the following variables, - the estimated timber content.</p> <p><b>Determination of price of timber</b> Trees have been valued as per the current timber prices per cubic meter which is the recent selling price of a cubic meter of the specific species.</p>	<p>The estimated fair value at the time of harvesting each specific species is sensitive to the following variables,</p> <ul style="list-style-type: none"> <li>▪ estimated timber content</li> <li>▪ the estimated timber prices per cubic meter</li> <li>▪ the estimated selling related costs.</li> <li>▪ the estimated maturity age</li> <li>▪ the risk-adjusted discount rate.</li> </ul>	-	-	456 mn

#### Assets and liabilities for which fair values are disclosed - Recurring

Asset / Liability	Valuation technique	Significant unobservable inputs	Level 1	Level 2	Level 3
<b>Property Plant and Equipment</b>					
- Freehold land and buildings	<b>Market comparable method</b>				
	<p>This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.</p>	Price per perch /Per Square Feet	-	-	9,320 mn

# Notes to the Financial Statements contd.

Asset / Liability	Valuation technique	Significant unobservable inputs	Level 1	Level 2	Level 3
<b>Investment property</b>					
- Freehold land and buildings	<b>Market comparable method / Income Method</b>				
	Market comparable method: This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.	Price per perch / Per Square Foot and Cash flows from Investment property discounted at an appropriate rate	-	-	7,219 mn
	Income Method: The net income generated by the property is used in conjunction with certain factors is used to calculate its fair value.				

## 35. CAPITAL AND FINANCIAL COMMITMENTS

### 35.1 Company

The Company had no material capital or financial commitments as at the date of the Statement of Financial Position.

### 35.2 Group

The Group had no significant capital or financial commitments as at the reporting date other than those disclosed below:

#### 35.2.1 Agarapatana Plantations Limited

	31.03.2021	31.03.2020
	Rs. Million	Rs. Million
Field Development	99.6	97.3
Machinery & Factory Development	153.4	204.2

## 36. CONTINGENT LIABILITIES / ASSETS

There are no material contingent liabilities / assets outstanding as at the date of the Statement of Financial Position, other than those disclosed below:

### 36.1 Company

The Company has issued Corporate Guarantees for the borrowings by the subsidiary companies as indicated below,

Financial Institutions/Companies	Name of the Company	31.03.2021	31.03.2020
		Rs.'000	Rs.'000
Commercial Bank of Ceylon PLC	American Lloyd Travels Limited	10,000	10,000
Commercial Bank of Ceylon PLC	York Hotel Management Limited	20,000	20,000
		30,000	30,000

## 36.2 Group

### 36.2.1 Contingent Liabilities

#### (i) E.B.Creasy & Company PLC

Contingent liabilities in relation to guarantees issued by E. B. Creasy & Company PLC to financial institutions on behalf of its Subsidiaries and Associate to obtain facilities from Financial Institutions, were as follows:

	31.03.2021	31.03.2020
	Rs.'000	Rs.'000
Darley Butler & Company Limited	460,000	460,000
Ceyflex Rubber Limited	64,353	64,353
Lankem Ceylon PLC	832,000	832,000
	1,356,353	1,356,353

#### (ii) Lanka Special Steels Limited

Lanka Special Steels Limited has given a guarantee of Rs. 15,500,000/- to Sri Lanka Customs and USD 10,000/- to Bureau of Indian Standards, which were outstanding as at 31st March 2021.

#### (iii) Lankem Ceylon PLC

Lankem Ceylon PLC has issued Corporate Guarantees for borrowings obtained by the related companies and letters of comfort as indicated below as at 31st March 2021.

	31.03.2021	31.03.2020
	Rs.'000	Rs.'000
Darley Butler & Company Limited	260,000	260,000
Galle Fort Hotels Limited	-	-
Lankem Development PLC	62,080	62,080
SunAgro Foods Limited	120,000	120,000
SunAgro LifeScience Limited	404,972	404,972
Agarapatana Plantations Limited	200,000	200,000
J.F.Packaging (Private) Limited	546,870	546,870
	1,593,922	1,593,922

Comfort letters are provided for SunAgro Foods Ltd., SunAgro Farms Ltd., Lankem Consumer Products Ltd., Lankem Exports (Pvt) Ltd., Lankem Research Limited, Lankem Technology Services Ltd., Lankem Chemicals Ltd., Lankem Paints Ltd. and Nature's Link Limited and Marawila Resorts PLC by Lankem Ceylon PLC.

#### (iv) C.W. Mackie PLC

The following contingent liabilities exist as at the reporting date on account of the letters of comfort and guarantees given by the Company:

As at 31st March,	2021	2020
	Rs. Million	Rs. Million
Ceymac Rubber Company Limited	99	99
Ceytra (Private) Limited	8	8
Kelani Valley Canneries Limited	90	90
Sunquick Lanka Properties (Private) Limited	90	-
Ceymac Rubber Company Limited	85	80
Kelani Valley Canneries Limited	57	65
	429	342

These corporate guarantee have been provided for Hatton National Bank PLC and Commercial Bank of Ceylon PLC on behalf of the subsidiary companies Ceymac Rubber Company Limited, Ceytra (Private) Limited, Kelani Valley Canneries Limited and Sunquick Lanka Properties (Private) Limited for short-term loan facilities/temporary bridging short-term loan facility, where repayment terms are less than 12 months.

# Notes to the Financial Statements contd.

## (v) Agarapatana Plantations Limited Gazetted Increase in Daily Wage Rate

In the past, wages of the Plantation workers were negotiated between Trade Unions and Regional Plantation Companies (RPCs), once in every two years and a Collective Agreement was signed between the parties. However, the last wage negotiations between the parties were not successful and therefore, the matter was referred to the Wages Board by the Minister of Labour. Consequently The Wages Board without considering objections of the RPCs decided the daily wage rate of Tea /Rubber workers as Rs 1,000/- per day and gazetted its decision on 05th March 2021.

Therefore, a "Writ Application" was instituted by the RPC's in the Court of Appeal seeking an interim order, staying and /or suspending the operation of the Gazette issued by The Wages Board, but the Hon Judges of the Court of Appeal declined to issue an interim order but directed the respondents to file objections and the RPC's (Petitioners) to file Counter Objections. As at the date of the Statement of Financial Position, the above matter is under the purview of the Court of Appeal and, therefore the final decision is pending.

Having discussed with independent legal experts and based on the information available, the Directors are of the view that in the event of an unforeseen verdict unfavorable to the Company from the above court case, the contingent liability on retirement benefit obligation would be Rs. 572 Mn and of which Rs. 30 Mn need to be charged to Profit or Loss and Rs. 542 Mn to be charged under Other Comprehensive Income for the year ended 31 March 2021. However, no provisions have been made in the financial statements for the year ended 31 March 2021 in this regard.

## (vi) Kotagala Plantations PLC

The Ceybank and the National Savings Bank filed an action in the year 2020 against the Company, in which Company intends to set off the commercial paper liability owed to Cey Bank Asset Management Ltd against the Unit Trust Investments with the same party valued as of May 19, 2020 listed market price of the Units. The difference will be settled to Cey bank Asset management Ltd no sooner the set off is decided by Cey Bank Asset Management Ltd in due course.

The Company is confident of a successful completion of this action favourably whilst making a cross claim against the Plaintiffs. However upon reaching the settlement proposed by the Company, the proceeds from the Unit Trust Investments will be utilised to settle the commercial paper and the balance will also be settled in due course. The case is still going on and the next hearing will be on 11th November 2021.

## Contingent Liability on Retirement Benefit Obligation wage rate change:

In the past wages of the Plantation workers were negotiated between Trade Unions and Regional Plantation Companies (RPCs), once in every two years and a Collective Agreement was signed between the parties. However, the last wage negotiations between the parties were not successful and therefore, the matter was referred to the Wages Board by the Minister of Labour. Consequently, The

Wages Board without considering objections of the RPC's decided the minimum daily wage of Rs. 1,000/- comprising of a minimum daily wage of Rs. 900/- and a budgetary relief allowance of Rs. 100/- for workers in tea and rubber growing and manufacture trade and gazetted its decision on 5th March 2021.

However, RPCs instituted a "Writ Application" in the Court of Appeal seeking an interim order, staying and/or suspending the operation of the decision of the Wages Board, but the Honorable Judges of the Court of Appeal issued notice on the Respondents of the case and was not inclined to issue an interim order and the Respondents were directed to file Objections and RPCs were directed to file Counter Objections. The matter was taken for argument at the Court of Appeal on 5th May 2021, counsel for RPCs conducted his oral submission. The matter was postponed for respondent's submissions.

As this matter is under the purview of the Court of Appeal at the time of approval of these financial statements, the Board of Directors of the Company concurred with the independent legal experts and decided to continue using the same daily wage rate used in the previous year for the estimation of the benefits to be paid as gratuity at retirement in the calculation of Retirement Benefit Obligations as at 31st March 2021.

In the event Court of Appeal issues an unfavorable judgement to RPCs, the retirement Benefit obligation as at 31st March 2021 may be increased by Rs. 302 Mn resulting in an additional charge of Rs. 18 Mn to the profit or loss and an additional charge of Rs. 284 Mn to the other comprehensive income for the year ended 31st March 2021. No provisions have been made in the financial statements for the year ended 31st March 2021 in this regard.

## 37. GOING CONCERN

### Company

The Company incurred a loss of Rs. 75.3 million for the year ended 31st March 2021 and Rs. 44.4 million for the year ended 31st March, 2020. In both years the Company has achieved profits from operations and provisions made in the accounts for fall in value of investments in Subsidiaries (as mentioned in Note 5.2) has resulted in a net loss. The Board expects that these Investments will turnaround in the future with improved profitability, reversing the impairments recognized.

### Group

The Group a loss of Rs. 54 million (2020 - Rs. 3.7 billion) and the Company has incurred a loss of Rs. 75 million (2020 - Rs. 44 million) respectively for the year ended 31 March 2021. Further, the Group and the Company have reported accumulated reserves of Rs. 6.5 billion (2020 - Rs. 2.2 billion) and Rs. 1.6 billion (2020 - Rs. 1 billion) respectively and current liabilities exceeded the current assets by Rs. 9 billion (2020 - Rs. 10 billion) and Rs. 248 million (2020 - Rs. 0.28 billion) respectively as at 31 March 2021. However, the management envisages that implementation of new strategic plan focusing on core-business of the company and expansion of operations of Subsidiaries will help to establish long term sustained profitability in the business sectors in which the Group and the Company operate.



Thus, the Directors are of the view that the Group and the Company would be able to continue as a going concern in the foreseeable future.

Directors of the below Subsidiary Companies are confident that the financial position of the following subsidiaries of the Group will significantly improve during the year 2020/21 as a result of expected better financial performance. Accordingly, the Directors of the Companies are of the view that the below Subsidiaries are able to continue as a going concern and the Financial Statements have been prepared on the assumption on the basis that the Companies are going concern.

Therefore, the Board of Directors of the Company has determined that the use of going concern assumption in the preparation of financial statements of the Company for the year ended 31st March 2021 is appropriate.

#### (i) Agarapatana Plantations Limited (APL)

APL reported a Gross Profit of Rs. 170.6 Million and Net Profit of Rs. 189.6 Million during the year ended 31st March 2021 (2020 net of loss: Rs. 1,211.9). Its current liabilities exceeds its current assets by Rs. 2,060 Million as of 31st March 2021 (2020: Rs. 2,321 Million).

After reviewing the financial position and cash flow of APL, the Board of Directors are of the view that APL has adequate resources to continue its operation well into the foreseeable future. The directors of the Company are confident that the financial position of the APL will significantly improve during the year 2021/22 based on the following action plans appended below.

- i. To enhance fertilizer applications and thereby achieving a significant improvement to the yield as well as quality, is expected during the 2nd half of the current year. A separate Broker funding in the form of a revolving short term loan has been negotiated to meet this requirement.
- ii. Negotiations are underway with a bank to raise a working capital facility of Rs. 200 Mn at a reduced interest rate under the COVID -19 conditions, whereby the current AWPLR being around 5.6% the lending rate would be around 8% (AWPLR+2.5%), which would thus be a very competitive rate to replace the monthly Broker borrowings at 14%. In order to facilitate the granting of this new loan, Bank has fully recovered the outstanding capital balance of Rs. 42 Mn of Rs. 245 Mn loan through the proceeds available at Escrow A/C of the bank. Company will receive the 1st tranche of this loan amounting Rs. 75Mn during September 2021.
- iii. The management has committed to bring in significant savings in the cost of harvesting by introducing machine plucking, with an increase in the production at a reduced labour cost which accounts for 60% of the COP. In this regard the management has strategized for 30% of the plucking extent to be mechanized within the next this regard the management has strategized for 30% of the plucking extent to be mechanized within the next two years. The Company has hired a specialized Consultant in this filed full time under mechanization who will be responsible for training and implementation The APL has successfully implemented the first phase of the mechanized plucking

during the year 2020/2021, whereby almost 113 machines are in operation and will be increased by another 400 machines by the end of March 2022. Machine plucking operates by way of two pluckers per machine, harvesting at the rate of 35 to 50 Kgs per plucker per day, with a norm of 30 to 40 Kgs and the over kilos are paid at Rs. 30/-, whereas manual plucking brings 16 Kgs per plucker with a norm of 18 Kgs and the over kilos are paid at Rs. 40/- . APL has lost a fair amount of workers due to retirement etc and as such, currently the required plucking rounds are unable to be implemented due to shortage of workers, which will be mitigated by mechanized plucking.

- iv. The management of APL has issued a stringent operational policy on labour management that are to be strictly observed by the Estate management, whereby each and every estate should keep up to the total labour cost at 60% of the total COP, by way of deploying labour efficiently in terms of labour allocation to plucking rounds and other related works considering lean vs cropping periods whilst meeting the projected crop.
- v. The board of directors of Lankem Tea & Rubber Plantations (Pvt) Ltd, Managing Agents has decided to extend the moratorium placed on Management Fees for the coming financial year too.
- vi. Further during the year 2020/21 the parent company supported the increase in equity capital amounting to Rs.360Mn by way of a Private Placement to strengthen the balance sheet and shall continue extending similar financial assistance should the need arise.

#### (ii) Lankem Developments PLC

Lankem Developments PLC, a subsidiary's current liabilities exceeds its current assets by Rs. 348.8 Million. Its accumulated losses as of 31st March 2021 was Rs. 880.8 Million (2020: Rs. 921.1 Million). Further, the Company's net assets are less than the half of its stated capital resulting in a serious loss of capital situation as of 31st March 2021. These factors raised concerns over the appropriateness of the use of going concern assumption of the preparation of financial statements of the Company. However, the Board of Directors of the Company has determined that the use of going concern assumption in the preparation of financial statements of the Company for the year ended 31st March 2021 is appropriate based on the following factors.

the Company's principal operation is to manage its investments portfolio. Carrying amount of the investment in Agarapathana Plantations Limited ("APL") represents approximately 95% of the carrying value of the Company's investment in subsidiaries. The Company has recognized a reversal of Rs. 45.9 Mn on the impairment of its investment in APL for the year ended 31st March 2021.

The management of APL has taken several steps to improve its profitability which comprises of investment initiatives on mechanization relating to plucking process to overcome the issue of worker shortage and proper application of agricultural inputs details of which are described in Note 37 (i). Actions taken by the management of APL together with the positive market conditions have already resulted in a substantial improvement in the operational results of APL for the year ended 31st March 2021.



## Notes to the Financial Statements contd.

As such, a further reversal of the impairment provision made against the investment in subsidiary APL will make an improvement in the future profitability and the accumulated loss situation of the Company. Additionally, the Board has already negotiated with related parties to whom the Company has short term payable balances with regard to the settlement of them in a manner that would not affect the liquidity situation of the Company.

### (iii) Wavely Power (Pvt) Limited

The Board of Directors also believe that the 'Wavely Power (Pvt) Ltd, a subsidiary of the group, operates in the power generation sector, which has reported net assets of Rs. 84.9 Mn as at 31st March 2021. will continue to perform well and further improves the Company and group net assets in coming years. WPL is currently having a power purchase agreement with CEB for 20 years.

### (iv) Kotagala Plantations PLC

The Board of Directors have made an assessment of the Group's ability to continue as a going concern and they do not intend either to liquidate or to cease trading.

The Group has incurred a loss of Rs. 226 Mn during the year ended 31st March 2021 (2019/20- Rs. 920 Mn) and as of that date, accumulated losses amounted to Rs. 1,245 Mn (2019/20- Rs. 1,074 Mn). Further, the Group's current liabilities exceeded its current assets by Rs. 3,506 Mn as at the reporting date (2019/20- Rs. 3,267 Mn). The current liabilities of the Group include loans and borrowings amounting to LKR 757 Mn which are due within 12 months from 31st March 2021 (2019/20 668 Mn).

Notwithstanding this, the Financial Statements has been prepared on the going concern basis because the board of directors have assessed the sources of funding available to the Group, and firmly believe that the Group can continue as a going concern for the foreseeable future.

In assessing the appropriateness of the use of going concern basis of accounting in the preparation of financial statements the Board of Directors conducted a comprehensive review of the Company's affairs including, but not limited to:

- The cash flow forecast of the Company for the period up to next 12 months.
- Revenue and profitability forecasts for the Company for not only the next financial year, but beyond 31st March 2021, and
- The Board has approved and Issued 263,287,500 Ordinary Shares at a price of Rs. 3/- per share by way of Right Issue.
- The continued support of the ultimate parent company. Through this letter of support dated 2nd September 2021 ultimate parent company undertake to provide unconditional financial assistance to the Company to ensure that it can pay its debts as and when they fall due and payable.

As a consequence of the above, the Board of Directors believe that the Group will be able to continue as a going concern into the foreseeable future and, accordingly, the Financial Statements of the Group have been prepared on a going concern basis without

making adjustment that may be required to the recorded assets and the classification of liabilities if the Group is unable to continue as a going concern.

### (v) Lankem Ceylon PLC

The Group and the Company have incurred a loss of Rs. 1,046 million (2020: Rs. 1,025 million) and Rs. 255 million (2020: Rs. 565 million) respectively for the year ended 31st March 2021. Further, the Group and the Company have reported accumulated losses of Rs. 2,254 million (2020: Rs. 1,280 million) and Rs. 1,074 million (2020: Rs. 815 million) respectively and current liabilities exceed the current assets by Rs. 2,237 million (2020: Rs. 2,436 million) and Rs. 2,104 million (2020: Rs. 2,231 million) respectively as at 31st March 2021.

Number of new strategic initiatives focusing on improving the financial performance of the Company and Group were implemented during the year ended 31st March 2021 to improve the financial status of the Group which is evident through the significant increase in operational results of the Group and Company.

The management further envisages that with the continuation of implemented new strategic initiatives focusing on core-businesses of the Company and the group and implementation of new planned initiatives and expansion of operations of subsidiaries will help to establish long term improved profitability in the business sectors in which the Group and the Company operates. Some of initiatives implemented by the Company/Group subsequent to the reporting date are disclosed in Note 38 to these financial statements.

Thus, the Board of Directors are of the view that the Group and the Company are able to continue as going concern in the foreseeable future and accordingly, the consolidated financial statements have been prepared on going concern basis.

### (vi) Consolidated Tea Plantations Limited

The financial statements of the Company have been prepared on the assumption that the Company is a going concern. However, the company's current liabilities exceeded its current assets by Rs. 571,832,388/- (2020 Rs. 471,153,469/-) and net assets are less than half of the stated capital of the company which is a serious loss of capital as per section 220 of the companies Act No 07 of 2007. The directors are of the opinion that the financial supporting from related parties discussed below will mitigate this situation.

- Consolidated Tea Plantations Limited (CTPL) is a strategic intermediary investment company of its Parent namely The Colombo Fort Land and Buildings PLC (CFLB)
- Main business activity of CTPL is to manage portfolio of strategic investments under it with financial backing of CFLB.
- The Board of Directors of The Colombo Fort Land and Buildings PLC (CFLB) by way of its letter dated 17 September 2021, have entered into a binding commitment to provide the necessary level of financial support to Consolidated Tea Plantations Limited to enable it to pay its obligations as they become due, and believes The Colombo Fort Land and Buildings PLC (CFLB) has the financial resources to fulfill that commitment.

- Further, Board of Directors of Consolidated Tea Plantations Limited noted that Company's current liabilities as at 31 March 2021 comprised with amounts due to related companies and those companies are within the control of The Colombo Fort and Land buildings PLC and therefore, CFLB as the Controlling Parent to those companies would be able to direct those companies to provide the necessary level of financial support to Consolidated Tea Plantations Limited as and when required by deferring those liabilities as they become due.

Having considered all above, the Board of Directors is satisfied that the company has sufficient capital to continue in operational existence for the foreseeable future and confident that there are no material uncertainties relating to events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

#### (vii) Lankem Tea & Rubber Plantations (Pvt) Ltd

The financial statements of the Company have been prepared on the assumption that the Company is a going concern. However, as of the Statement of Financial Position date, the company's current liabilities exceeded its current assets by Rs. 169,960,448/- (2020 – Rs. 132,083,339/-) and also the Company's main revenue source of management fee is derived from Agarapathana Plantations Ltd and Kotagala Plantations PLC. However, due to unfavorable market and industry conditions faced by the plantation companies, the board of directors of the Company has resolved to suspend the charging of management fee on a temporary basis. Therefore, Company is mainly depending on the support from borrowings from the financial institutions and related parties and the Board of Director are confident that Company could continue for a foreseeable future with that support.

#### (viii) Union Commodities (Pvt) Ltd

The Board of Directors have made an assessment of the Group's ability to continue as a going concern and they do not intend either to liquidate or to cease trading.

The Group has incurred a loss of Rs. 273 Mn during the year ended 31st March 2021 (2019/20: Rs. 442 Mn). Further, the Group's current liabilities exceeded its current assets by Rs. 667 Mn (2019/20: Rs. 584 Mn).

Notwithstanding this, the Financial Statements has been prepared on the going concern basis due to the reliance on a letter of support, provided by the Directors of Colombo Fort Land and Building PLC, the Ultimate Parent Company. Through this letter of support the Directors of Colombo Fort Land and Building PLC undertake to provide financial assistance to the Company to ensure that it can pay its debts as and when they fall due and payable. This undertaking is provided for a minimum of 12 months period from the date of signing the Financial Statements for the year ended 31st March 2021. Therefore, the Financial Statements are prepared on a going concern basis.

In assessing the appropriateness of the use of going concern basis of accounting in the preparation of financial statements the Board of Directors conducted a comprehensive review of the Company's affairs including, but not limited to:

- The cash flow forecast of the Company for the period up to next 05 years
- The Company's ability of settling the outstanding bank loans, lease rental, statutory payables and other liabilities when they fall due and payable.
- Revenue and profitability forecasts for the Company for not only the next financial year, but beyond 31st March 2021

### 38. EVENTS OCCURRING AFTER THE REPORTING DATE

Subsequent to the reporting period, no circumstances have arisen that would require adjustments to/or disclosure in the financial statements other than those disclosed below.

#### 38.1 Company

##### Private Placement of Shares

The Colombo Fort Land & Building PLC (Company) allotted on 6th May 2021, 3,247,000 and 16,416,195 ordinary shares at Rs. 10/- per share to Corporate Holdings (Pvt.) Ltd., and Financial Trust Ltd., respectively by way of a Private Placement which was approved by the shareholders of the Company at an EGM held on 6th May 2021. The proceeds of this Issue was utilized for the settlement of debts due to Corporate Holdings (Pvt.) Ltd., and Financial Trust Ltd., amounting to Rs. 32,470,000/- and Rs. 164,161,950/- respectively.

#### 38.2 Group

##### (i) E.B Creasy & Company PLC

##### Dividend

The Directors have recommended the payment of a First and Final dividend of Rs. 1.00 per share for the year ended at 31st March, 2021 which will be declared at the Annual General Meeting to be held on 11th November 2021. In accordance with the Sri Lanka Accounting Standard 10 – "Events Occurring after the Reporting Date", this proposed First and Final dividend has not been recognised as a liability in the Financial Statements for the year ended 31st March 2021.

##### Purchase of Property

On 24th September 2021, the Company purchased a property situated at Gonawala, Sapugaskanda (Depicted in Plan as "Alubogahawatta" and "Batadombagahawatta") containing a total extent of A5-R1-P27.90 from Lankem Ceylon PLC, a Related Company for a total consideration of Rs.600 Million for expansion of production facilities.

##### Dilution of Equity Holding

The Company's and Group's stakes in Lankem Ceylon PLC were diluted to 18.89% and 19.98% respectively with effect from 30th June 2021. As such, the Group ceased recognition of investment in Lankem Ceylon PLC as an equity accounted investee with effect from 30th June 2021, and classified the same as fair value through Other Comprehensive Income.

##### Acquisition of Equity Investment in ACME Printing & Packaging PLC

On 7th and 9th September, 2021 the Company acquired 8, 200,000 shares of Acme Printing & Packaging PLC at a price of Rs. 12/- per share for a total consideration of Rs. 98.4 Million. The total shares

# Notes to the Financial Statements contd.

held by E.B.Creasy & Co PLC in Acme Printing and Packaging PLC represents 19.97 % of the issued shares of Acme Printing & Packaging PLC.

## (ii) Laxapana Batteries PLC

### Dividend

The Company, on 01st April 2021 declared the payment of an Interim dividend of Rs. 1/- per share to the Ordinary Shareholders registered in the books of the Company as at 12th April 2021.

Said Dividend was paid to the shareholders on 6th May 2021.

## (iii) Kotagala Plantations PLC (KPPLC)

### Gazette Notification on Cultivation of Oil Palm

The Government of Sri Lanka through its gazette notification 2222/13 dated 5th April 2021 has directed to systematically remove the Oil Palm cultivation and nurseries already launched and utilize about 10% of the land under Oil Palm cultivation yearly for rubber planting or any other cultivation conducive to conservation of water resources. The Company is in the process of evaluating the impact of the same to the financial statements of the Company.

Since the gazette notification was issued subsequent to the reporting date, the Company considered the requirements as per the above gazette notification as a non adjusting event in accordance with LKAS 10 "Events after reporting date". KPPLC jointly along with all other RPCs have filed a petition on the 3rd May 2021 at the Supreme Court of Sri Lanka, objecting to the aforementioned Gazette notification."

## Rights Issue

KPPLC made a Rights Issue of 263,287,500 Ordinary Shares at a price of Rs. 3/- per Share to the holders of the Issued Ordinary Shares of the Company as at the end of trading on 19th July 2021, in the proportion of Seven (7) new Ordinary Shares for every Two (2) existing issued Ordinary Shares held in the Capital of the Company. The Issue closed on 17th August 2021. The issue was fully subscribed and the consideration received was Rs. 789,862,500/-.

Subsequent to the Rights Issue of shares the Company's Stated Capital amounts to Rs. 1,571,362,510/- represented by 338,512,500 Ordinary Shares.

A part of the proceeds from the Rights Issue was utilised to settle funds amounting to Rs. 564.3 Mn already advanced by the major shareholders to support the working capital requirements of the company. The balance funds amounting to Rs. 225.5 million raised will be utilised to further support the working capital needs of the ongoing operations of the company.

## (iv) Lankem Ceylon PLC (LCPLC)

### Sale of Property

The company has disposed the property situated at Gonawala, Sapugaskanda (Depicted in Plan as "Alubogahawatta" and "Batadombagahawatta") containing a total extent of A5-R1-P27.90 to "Related Company" E.B. Creasy & Company PLC for a total consideration of Rs. 600 Mn. This transaction was completed on 24th September 2021.

## Rights Issue

The Company made a Rights Issue of 33,853,200 Ordinary Shares at a price of Rs. 20/- per Share to the holders of the Issued Ordinary Shares of the Company as at the end of trading on 28th April 2021, in the proportion of One (1) new Ordinary Share for every One (1) existing issued Ordinary Share held in the Capital of the Company. The Issue closed on 4th June 2021. The total number of Shares subscribed for on the Rights Issue was 17,617,557 and the total consideration received was Rs. 352,351,140/-.

The purpose of the Rights Issue was to raise funds amounting to Rs. 677,064,000/- for Working Capital Requirements and the total Proceeds were utilized to settle working capital related liabilities relating to short term loans and creditors. Due disclosure on the utilization of proceeds was made to the Colombo Stock Exchange on 15th July 2021.

Subsequent to the Rights Issue of shares the Company's Stated Capital amounted to Rs. 1,282,697,140/- represented by 51,470,757 Ordinary Shares.

## Change in government policy on importation of chemical fertilizers and Pesticides.

The importation of chemical fertilizers and pesticides has been banned indefinitely, according to the Gazette No. 2226/48, published on May 6, 2021. The gazette was issued in response to the Sri Lankan Government's policy directive to increase the use of organic fertilizer and biopesticides in agricultural activities.

The Company is currently strengthening its organic fertilizer and biopesticide supply chains to meet demand in accordance with Government policy. Clarifications on specific aspects related to policy implementation are yet under discussion with the relevant authorities, and the Company is working to realign its strategies accordingly. As there is currently a lack of clarity in the practical implementation of the policy direction, it would be premature to estimate any potential financial implications arising from this policy change.

## Acquisition of Equity Stake in ACME Printing & Packaging PLC

Lankem Ceylon PLC acquired 3,235,795 shares constituting 7.86% of the total number of Ordinary Voting shares in issue of ACME Printing & Packaging PLC as at 16 th September 2021.

Subsequent to the purchase of 8,000,000 Ordinary Voting shares of ACME Printing & Packaging PLC by E B Creasy & Company PLC on the 7 th September 2021, Lankem Ceylon PLC and parties Acting in Concert namely E B Creasy & Company PLC, Mr. S.D.R. Arudpragasam, Union Commodities (Pvt) Ltd, Colombo Fort Investments PLC, The Colombo Fort Land & Building PLC and Colombo Investment Trust PLC together held more than 30% of the shareholding in ACME Printing & Packaging PLC . As at 16 th September 2021 Lankem Ceylon PLC and parties Acting in Concert hold 13,240,084 Ordinary Voting shares in ACME Printing & Packaging PLC constituting 32.17% of the shares in issue. Accordingly, Lankem Ceylon PLC is in the process of making a mandatory offer to purchase 27,921,829 Ordinary voting shares constituting 67.83% of shares in issue of ACME Printing & Packaging PLC (ACME).

#### (v) C.W.Mackie PLC

##### Dividend

The Directors of C. W. Mackie PLC have recommended the payment of a first and final dividend of Rs. 7/- per ordinary share amounting to Rs. 251,919,892/- for the year ended 31 March 2021 which was approved by the shareholders at the Annual General Meeting held on 18 August 2021. In accordance with the Sri Lanka Accounting Standard 10 (LKAS 10) "Events after the Reporting Period", this proposed dividend has not been recognised as a liability as at 31 March 2021.

### 39. DISCLOSURE ON COVID 19 IMPACT

On 11 March 2020 the World Health Organization declared the coronavirus outbreak a pandemic, and the Sri Lankan government declared a state of emergency. Responding to the potentially serious threat the COVID – 19 presents to public health, the Sri Lankan government authorities have taken measures to contain the outbreak, including introducing restrictions on the cross-borders movement of people, entry restrictions on foreign visitors and the 'lock-down' of certain industries, pending further developments. In particular, airlines, suspended international transport of people, schools, universities, restaurants, cinemas, theaters and museums and sport facilities, retailers excluding food retailers, grocery stores and pharmacies were closed. Some businesses in the country have also instructed employees to remain at home and have curtailed or temporarily suspended business operations.

The wider economic impacts of these events include: - Disruption to business operations and economic activity in the country, with a cascading impact on both upstream and downstream supply chains; - Significant disruption to businesses in certain sectors, both within Sri Lanka and in markets with high dependence on a foreign supply chain as well as export-oriented businesses with high reliance on foreign markets. The affected sectors include trade and transportation, travel and tourism, entertainment, manufacturing, construction, retail, insurance, education and the financial sector; - Significant decrease in demand for non-essential goods and services; - An increase in economic uncertainty, reflected in more volatile asset prices and currency exchange rates.

In order to mitigate the risks resulting from potential adverse scenarios, Management implemented the measures, which notably include:

- Implementation of work from home program on a rotational basis for a significant group of administrative employees;
- Strict health care & safety measures have been introduced and adopted among the employees in Tea Factories, fields and offices including social distancing;
- Continue to proceed with e-auction mechanism which has been introduced by Colombo Tea Traders' Association (CTTA).

##### Plantation Sector

The Government granted relief measures in term of Bank Loan moratorium for a period of 12 months from April, 2020 through the Circular No. 5 of Central Bank of Sri Lanka which helped the

companies greatly during the period. Similar concessions were extended during 2020/21.

The entity operates in Plantation Sector that has not been significantly affected by the outbreak of COVID- 19 and over the company realised relatively stable, and it's operations including supplies were uninterrupted.

Further, deferment of Capital expenditures, cancellation of Company events, restructuring of overhead, were several measures taken by the Company to conserve cash during the lock down period and the Company has applied for COVID-19 debt moratoriums introduced by the Central bank of Sri Lanka for existing term loans.

As per the management's preliminary assessment over future business plans after incorporating the potential impact of COVID-19 outbreak and is of the view that the range of possible outcomes considered at arriving this judgment does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the business continuity of the Company.

##### Investment Holding

With regard to the investments, there may not be a significant change in judgement used in the determining the fair value of the investments due to impact of the COVID-19. The impairment of investments were tested as per the accounting standards and necessary provisions were made to the financial statements.

##### Leisure Sector

The Group operates in the leisure sector that has been significantly affected by the outbreak. Stringent measures taken by the health authorities in the country compelled the sector to temporary close operations at hotels owned. A limited number of employees particularly assigned to mandatory maintenance services were called on to report to work with the plan of resuming the operations no sooner the climate is conducive for the same. The management took several measures to ease the financial burden particularly related to the management of working capital of this sector. These measures include,

- Continuation of quarantine business until the normalcy arise
- Negotiating with the supplies on the settlement of supplier payables.
  - & Freezing of non -essential capital expenditure

The leisure sector has been granted with the moratorium of six months period ending September, 2021 to service the exiting debts. In addition, the Company intends to obtain a extension to the present moratorium period by further six months up to March, 2022.

The Group expects that the tourism industry of the country will bounce back sooner the travel restrictions are lifted. Accordingly, the Group is of the view that the leisure sector which is temporarily set back will generate adequate profits in the future.

# Notes to the Financial Statements contd.

## Trading Sector

The Group's retail sector mainly comprises of sale of paint, pesticides, agro-chemicals, consumer goods, pharmaceuticals items, confectionery product, batteries, CFL and LED bulbs, manufactures of steel related products and value added latex sports brands.

The COVID-19 outbreak since early 2020 has brought about additional uncertainties in the Group's operating environment. Curfew restrictions imposed as a measure to control the spread of the pandemic caused disruptions to the business operation. However, the Group's overall business was not significantly impacted. No significant increase in credit risk was identified in the respect of receivable.

As the situation is evolving, the effect of the outbreak is subject to uncertainty, with the full range of possible effects still unknown. However, the management is vigilant on social and economic variables, and will continue to monitor and assess the impact and likelihood of both risks and opportunities.

## 40. NON CONTROLLING INTERESTS IN SUBSIDIARIES

The following table summarises the information relating to subsidiaries that have material non controlling interest (NCI), before any intra-group eliminations.

	2021			2020		
	Trading Companies	Leisure and Other	Plantation	Trading Companies	Leisure and Other	Plantation
Revenue	40,272,534	1,655,052	7,498,494	33,937,828	2,068,763	5,898,442
Operating Profit / (Loss)	3,738,217	(89,911)	(316,900)	501,376	(116,042)	(1,474,012)
Finance Cost	(1,743,316)	(191,079)	(654,886)	(2,235,331)	(183,805)	(756,479)
Income Tax	(582,038)	(19,006)	42,212	14,001	8,391	(19,406)
Profit/ Loss After Tax	1,412,863	(299,996)	(929,574)	(1,719,954)	(291,456)	(2,249,897)
Total Comprehensive Income	2,596,190	(238,675)	(921,689)	(1,652,467)	(345,700)	(1,225,774)
Profit/ (Loss) allocated to NCI	994,348	(155,817)	(64,391)	(666,183)	(164,422)	(508,597)
Non Current Assets	13,590,020	4,702,017	10,006,336	12,768,635	4,784,041	10,102,379
Current Assets	22,266,811	2,216,129	3,302,236	18,034,142	2,208,504	1,489,600
<b>Total Assets</b>	<b>35,856,831</b>	<b>6,918,146</b>	<b>13,308,572</b>	<b>30,802,776</b>	<b>6,992,545</b>	<b>11,591,979</b>
Non Current Liabilities	8,037,731	1,606,469	5,745,160	7,402,542	1,651,163	6,282,278
Current Liabilities	22,866,154	3,476,720	10,966,325	20,616,913	3,049,668	8,750,313
<b>Total Liabilities</b>	<b>30,903,885</b>	<b>5,083,189</b>	<b>16,711,485</b>	<b>28,019,455</b>	<b>4,700,831</b>	<b>15,032,591</b>



## Names of Significant Subsidiaries With Material Non Controlling Interest (NCI)

Trading Companies As at 31st March,	Principal Place of Business	NCI Effective Holding	
		2021	2020
E. B. Creasy & Company PLC	No .98, Sri Sangaraja Mawatha, Colombo 10	40.09%	40.09%
Lankem Ceylon PLC	No. 98, Sri Sangaraja Mawatha, Colombo 10	34.94%	34.94%
Colonial Motors (Ceylon) Limited	No. 449, Negambo Road, Peliyagoda	44.17%	34.45%
C M Holdings PLC	297, Union Place, Colombo 02	34.48%	34.45%
Muller & Phipps (Ceylon) PLC	No .98, Sri Sangaraja Mawatha, Colombo 10	69.27%	69.27%
Pettah Pharmacy (Private) Limited	No .98, Sri Sangaraja Mawatha, Colombo 10	69.27%	69.27%
E. B. Creasy Logistics Limited	No .98, Sri Sangaraja Mawatha, Colombo 10	40.10%	40.09%
Darley Butler & Company Limited	No .98, Sri Sangaraja Mawatha, Colombo 10	40.09%	40.09%
Candy Delights Limited	No .98, Sri Sangaraja Mawatha, Colombo 10	40.09%	40.09%
Laxapana Batteries PLC	No .98, Sri Sangaraja Mawatha, Colombo 10	59.04%	69.10%
C. W. Mackie PLC	No.36, D.R.Wijewardena Mawatha, Colombo 10	62.14%	69.10%
Lankem Paints Limited	No. 98, Sri Sangaraja Mawatha , Colombo 10	34.94%	34.94%
Lanka Special Steels Limited	No. 53A, Ward Place, Colombo 07	40.09%	40.11%
Ceylon Tapes (Private) Limited	No. 10/2 Raja Mawatha, Kanuwana, Ekala, Ja-ela	16.62%	34.94%
JF Packaging Limited	No. 306, Minuwangoda Road, Kotugoda	34.94%	34.94%
<b>Leisure and Other</b>			
Sigiriya Village Hotels PLC	Sigiriya	57.34%	57.44%
Marawila Resorts PLC	Thalwilawella, Thoduwawa, Marawila	64.09%	61.58%
Colombo Fort Hotels Limited	8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01	34.15%	34.94%
Galle Fort Hotel (Private) Limited	Galle	34.15%	34.14%
Beruwala Resorts PLC	Moragalla, Beruwala	50.64%	50.65%
BOT Hotel Services (Private) Limited	Kapprathota, Weligama	45.48%	45.48%
Waverly Power (Private) Limited	Agarapatana - Nuwara Eliya District.	46.68%	44.88%
<b>Plantation</b>			
Kotagala Plantations PLC	53-1/1, Sir Baron Jayatilaka Mawatha, Colombo 01	44.37%	39.05%
Agarapatana Plantations Limited	53-1/1, Sir Baron Jayatilaka Mawatha, Colombo 01	59.42%	58.52%
Lankem Development PLC	No .98, Sri Sangaraja Mawatha, Colombo 10	55.76%	52.68%
Lankem Tea & Rubber Plantations (Private) Limited	53-1/1, Sir Baron Jayatilaka Mawatha, Colombo 01	16.82%	16.82%

# Notes to the Financial Statements contd.

## 41. OPERATING SEGMENTS

As at 31st March,	Trading of Consumer Products		Trading of Industrial Products		Leisure		Plantations		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000
Revenue	28,541,333	24,196,876	11,731,201	9,740,952	431,708	1,171,437	7,498,494	5,898,442	1,345,873	1,030,466	49,548,609	42,038,173
Inter Segments	(5,950,904)	(5,456,190)	(83,790)	(76,547)	(1,029)	(1,568)	-	(133)	(281,367)	(272,942)	(6,317,090)	(5,807,380)
Revenue from External Customers	22,590,429	18,740,686	11,647,411	9,664,405	430,679	1,169,869	7,498,494	5,898,309	1,064,506	757,524	43,231,519	36,230,793
Segment Results after Eliminations	2,106,258	591,244	667,680	(112,487)	(153,149)	113,046	857,438	(872,205)	(357,186)	(181,947)	3,121,040	(462,349)
Gain from Bargain Purchase	-	-	-	-	-	-	-	-	-	-	-	-
Finance Expenses	(911,245)	(1,250,784)	(832,071)	(984,547)	(115,356)	(127,270)	(654,886)	(756,479)	(90,228)	(136,328)	(2,603,786)	(3,255,408)
Share of Results of Associate	-	-	-	-	-	-	-	-	26,461	1,168	26,461	1,168
Share of Results of Joint Venture	(50,516)	7,963	-	-	-	-	-	-	-	-	(50,516)	7,963
Profit Before Tax	(1,144,496)	(651,577)	(164,391)	(1,097,034)	(268,505)	(14,224)	202,552	(1,628,684)	(420,953)	(317,106)	493,199	(3,708,626)
Taxation	(410,589)	(90,934)	(171,449)	104,935	(1,770)	12,345	42,212	(19,406)	(6,275)	(4,563)	(547,871)	2,377
Profit for the Year	733,908	(742,511)	(335,840)	(992,100)	(270,275)	(1,879)	244,764	(1,648,090)	(427,228)	(321,669)	(54,672)	(3,706,249)
Equity Holders of the Parent	356,542	(604,719)	(682,509)	(797,158)	(31,588)	148,150	290,171	(633,318)	(450,099)	(314,268)	(517,483)	(2,201,313)
Non Controlling Interest	377,365	(137,792)	346,669	(194,941)	(238,687)	(150,029)	(45,407)	(1,014,772)	22,931	(7,402)	462,811	(1,504,936)
<b>Total</b>	<b>733,908</b>	<b>(742,511)</b>	<b>(335,840)</b>	<b>(992,100)</b>	<b>(270,275)</b>	<b>(1,879)</b>	<b>244,764</b>	<b>(1,648,090)</b>	<b>(427,228)</b>	<b>(321,669)</b>	<b>(54,672)</b>	<b>(3,706,249)</b>
Depreciation and amortisation	425,700	384,722	251,804	250,720	124,917	150,667	568,270	706,824	52,323	40,380	1,423,013	1,533,313
Property, Plant & Equipments - Additions	530,923	556,834	142,956	169,070	81,115	54,127	470,584	1,602,586	10,905	4,209	1,236,986	2,309,189
<b>Non-Current Assets</b>												
Property, Plant & Equipment	7,117,501	6,998,989	3,250,613	3,100,623	4,767,589	4,778,988	6,015,410	6,538,270	330,822	367,348	21,480,578	21,784,218
Leasehold Properties	-	-	-	-	-	-	816,817	849,009	-	2	816,819	849,011
Right to use of Assets	529,124	619,569	134,891	115,018	41,390	43,719	-	-	20,879	16,037	726,284	794,343
Investment Properties	1,180,823	1,238,245	84,716	237,401	181,551	181,551	-	-	803,297	800,822	2,250,388	2,309,312
Biological Assets	-	-	-	-	-	-	2,949,827	2,653,128	-	-	2,949,827	2,653,128
Investment in Associates & Joint Venture	291,249	341,765	-	-	-	-	-	-	416,815	179,309	708,064	521,074
Other Long-Term Investments	474,173	399,050	2,271	18,751	213	179	225,639	221,714	5,258	1,737	707,555	641,431
Retirement Benefit Obligations - Plan Assets	35,228	30,371	32,769	28,514	-	-	-	-	-	-	67,997	58,885
Deferred Tax Assets	397,672	436,320	278,025	316,787	-	-	-	-	15,035	32,446	690,732	785,553
	10,025,770	10,064,309	3,783,285	3,817,094	4,990,743	5,004,437	10,007,693	10,262,121	1,592,106	1,397,701	30,398,245	30,396,956

#### 41. OPERATING SEGMENTS (CONTD)

As at 31st March,	Trading of Consumer Products		Trading of Industrial Products		Leisure		Plantations		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000
Goodwill	-	-	-	-	-	-	-	-	-	-	529,377	797,262
Income Tax Recoverable	49,160	135,167	44,636	49,450	677	714	4,164	4,164	5,625	4,953	104,262	194,448
<b>Non-Current Liabilities</b>												
Interest-Bearing Borrowings	2,495,159	2,456,662	3,389,474	2,731,436	804,518	702,051	2,479,995	2,777,229	149,549	385,500	9,318,695	9,052,878
Capital Grants	5,233	14,000	790	428	-	-	570,502	533,505	-	-	526,525	547,933
Deferred Tax Liabilities	671,478	823,639	83,072	76,208	496,785	514,703	299,691	565,744	204,703	154,746	1,755,729	2,135,040
Retirement Benefit Obligations	1,105,387	853,107	281,676	241,515	46,919	47,392	2,444,972	2,405,800	30,582	25,395	3,909,536	3,573,209
Rent Received in Advance	-	9,582	-	-	-	-	-	-	-	-	-	9,582
	4,277,257	4,156,990	3,755,012	3,049,587	1,348,222	1,264,146	5,475,160	6,282,278	384,834	565,641	15,510,485	15,318,642
<b>Current Liabilities</b>												
Income Tax Payables	155,974	84,976	92,474	43,260	38,460	34,320	93,848	85,317	79,388	91,866	460,144	339,740



# Group Financial Summary

As at 31st March,	SLFRS									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
						Restated	Restated	Restated		
<b>TRADING RESULTS</b>										
Group Revenue	43,231,519	36,230,793	41,689,356	43,293,386	41,016,474	36,860,104	35,384,600	35,029,794	29,918,015	31,771,237
Profit/(Loss) before Tax	493,199	(3,708,626)	(3,360,071)	(155,716)	(916,447)	(518,466)	85,726	53,749	1,596,841	2,757,954
Income Tax Expense	(547,871)	2,377	195,450	(152,561)	(161,816)	(161,751)	(334,213)	(329,384)	(396,877)	(649,892)
Profit/(Loss) for the Period	(54,672)	(3,706,249)	(3,164,621)	(308,277)	(1,078,263)	(680,217)	(248,487)	(275,635)	1,199,964	2,108,062
Other Comprehensive Income	674,170	(176,665)	4,884,082	(227,573)	339,965	224,102	58,039	(142,790)	(229,597)	(1,762,361)
<b>Attributable to :</b>										
Equity Holders of the Parent	(109,995)	(3,100,616)	511,909	(609,384)	(740,430)	(236,610)	208,795	(94,546)	647,598	(129,352)
Non - Controlling Interest	729,494	(782,299)	1,207,552	73,534	2,132	(219,505)	(399,243)	(323,879)	322,769	475,052
	619,498	(3,882,914)	1,719,461	(535,850)	(738,298)	(456,115)	(190,448)	(418,425)	970,367	345,701
<b>CAPITAL EMPLOYED</b>										
Stated Capital	730,368	730,368	327,000	327,000	327,000	327,000	327,000	327,000	327,000	327,000
Capital Reserves	20,058	20,058	20,058	20,058	20,058	20,058	20,058	20,058	20,058	20,058
Revenue Reserves	2,066,618	2,188,358	5,181,961	4,779,872	6,539,747	7,358,967	7,717,790	7,477,502	7,477,502	7,196,989
	2,817,044	2,938,784	5,529,019	5,126,930	6,886,805	7,706,025	8,064,848	7,824,560	7,824,560	7,544,047
Non - Controlling Interest	3,706,309	3,019,296	4,220,461	3,159,291	4,003,925	4,246,250	4,443,556	4,993,804	4,993,804	5,411,705
Total Equity	6,523,353	5,958,080	9,749,480	8,286,221	10,890,730	11,952,275	12,508,404	12,818,364	12,818,364	12,955,753
Total Debt	23,670,675	23,528,089	21,652,546	22,893,299	19,675,316	18,135,808	15,064,936	12,477,962	12,477,962	8,932,057
	30,194,028	29,486,169	31,402,026	31,179,520	30,566,046	30,088,084	27,573,340	25,296,326	25,296,326	21,887,810
<b>ASSETS EMPLOYED</b>										
Property, Plant & Equipment	21,480,578	21,784,218	24,526,759	19,330,577	19,440,906	18,989,573	18,522,474	16,039,000	16,039,000	12,816,158
Other Non-Current Assets	9,483,585	9,464,555	7,147,281	5,699,579	4,761,462	4,485,260	4,384,477	3,569,478	3,569,478	3,929,215
Current Assets	18,871,185	15,300,504	16,999,784	19,512,494	17,493,433	17,012,222	16,728,532	15,832,651	15,832,651	12,560,110
Assets Held for Sale	60,000	67,365	67,365	60,000	207,956					
Liabilities Net of Debt	(27,861,510)	(25,332,555)	(25,292,317)	(24,671,381)	(21,143,353)	(19,478,040)	(17,480,580)	(15,287,631)	(15,287,631)	(10,319,085)
	22,033,840	21,284,087	23,448,873	19,931,269	20,760,404	21,009,015	22,154,903	20,153,498	20,153,498	18,986,398
<b>CASH FLOW</b>										
<b>Net Cash Generated from/ (used in) :</b>										
Operating Activities	1,527,870	(1,941,991)	1,684,826	(484,935)	726,188	(1,904,014)	(1,386,736)	1,643,947	(542,829)	2,522,199
Investing Activities	(757,357)	(7,214)	(1,179,861)	(2,238,075)	(1,887,804)	(1,400,615)	(3,421,836)	(1,345,360)	(3,089,110)	(2,911,007)
Financing Activities	61,818	1,537,321	(1,392,370)	2,999,320	1,264,414	2,303,916	2,278,260	217,398	1,810,567	553,817
<b>INVESTOR'S INDICATORS</b>										
Earnings/(Loss) per Share (Rs.)	(2.35)	(12.08)	(12.08)	(2.78)	(4.89)	(1.73)	0.32	(0.83)	4.12	7.03
Net Asset/(Liability) per Share (Rs.)	15.65	30.72	30.72	28.48	38.26	42.81	44.80	43.47	43.47	41.91
Price Earnings Ratio (Times)	(5.49)	(1.12)	(1.12)	(6.91)	(3.70)	(11.28)	79.83	-30.73	7.04	5.97
<b>KEY INDICATORS</b>										
Market Value per Share (Rs.)	12.90	7.10	13.50	19.20	18.10	19.50	25.20	25.50	29.00	33.90
Market Capitalisation (Rs.'000)	2,842,345	2,430,000	2,430,000	3,456,000	3,258,000	3,510,000	4,536,000	4,590,000	5,220,000	6,102,000
Current Ratio (Times)	0.39	0.40	0.40	0.49	0.51	0.53	0.62	1.04	1.04	1.20
Interest Cover	1.19	0.03	0.03	0.94	0.57	0.67	1.06	1.03	2.40	4.56

# Share Information

## Distribution of Shareholding

No. of Shares Held	As At 31st March 2021			As At 31st March 2020		
	No. of Shareholders	Total Holding	Holding %	No. of Shareholders	Total Holding	Holding %
1 - 1,000	1,286	412,769	0.19	1,323	433,725	0.20
1,001 - 10,000	787	3,217,104	1.46	803	3,158,489	1.43
10,001 - 100,000	246	7,203,470	3.27	244	7,326,173	3.32
100,001 - 1,000,000	61	17,412,825	7.90	45	14,276,765	6.48
Over 1,000,000	24	192,090,637	87.18	25	195,141,653	88.57
	2,404	220,336,805	100.00	2,440	220,336,805	100.00

## Analysis of Ordinary Shareholders

	As At 31st March 2021			As At 31st March 2020		
	No. of Shareholders	Total Holdings	%	No. of Shareholders	Total Holdings	%
Individuals	2248	35,581,705	16.15	2,263	26,953,289	12.23
Institutions	156	184,755,100	83.85	177	193,383,516	87.77
	2,404	220,336,805	100.00	2,440	220,336,805	100.00

## PUBLIC HOLDING

The percentage of shares held by the public as at 31st March 2021 was 35.25% ( 2020 – 34.50% )

## PUBLIC SHAREHOLDERS

The number of Public Shareholders as at 31st March 2021 were 2,384 (2020 – 2,420)

## FLOAT ADJUSTED MARKET CAPITALISATION

The applicable option under Colombo Stock Exchange Rule 7.13.1 on Minimum Public Holding is Option 5 and the Float Adjusted Market Capitalisation as at 31st March 2021 was Rs. 1,001,926,536.54

## MARKET VALUE OF SHARES

	2020/2021 Rs.	2019/2020 Rs.
Highest	20.00	18.90
Lowest	6.80	7.10
Year end	12.90	7.50

## NET ASSETS PER SHARE

	Rs.
31.03.2021	7.71
31.03.2020	8.04

## Share Information contd.

### TWENTY MAJOR SHAREHOLDERS

Position	Full Name of Shareholder	31st March 2021		31st March 2020	
		No.of Shares	Share Percentage	No.of Shares	Share Percentage
1	Property and Investment Holdings (Pvt) Ltd	43,094,178	19.56%	44,299,690	20.11%
2	Colombo Investment Trust PLC	30,112,969	13.67%	30,112,969	13.67%
3	Colombo Fort Investments PLC	26,668,586	12.10%	26,668,586	12.10%
4	Capital Investments Ltd	19,484,375	8.84%	19,484,375	8.84%
5	Sampath Bank PLC/ Dr. T. Senthilverl	15,410,442	6.99%	6,922,023	3.14%
6	Corporate Holdings (Pvt) Ltd A/C No.02	9,099,080	4.13%	9,099,080	4.13%
7	Financial Trust Ltd	7,335,226	3.33%	7,311,280	3.32%
8	Sampath Bank PLC/Mr. Arunasalam Sithampalam	5,700,000	2.59%	8,126,040	3.69%
9	Seylan Bank PLC/Senthilverl Holdings (Pvt) Ltd	4,350,785	1.97%	5,361,804	2.43%
10	Union Investments (Pvt) Ltd	4,300,000	1.95%	4,300,000	1.95%
11	Commercial Bank of Ceylon PLC/ Property & Investment Holdings (Pvt) Ltd	3,600,000	1.63%	3,600,000	1.63%
12	Commercial Bank of Ceylon PLC/Capital Investments Ltd	3,600,000	1.63%	3,600,000	1.63%
13	Associated Electrical Corporation Ltd	2,036,466	0.92%	1,543,866	0.70%
14	Mr. Nandadeva Perera	2,013,038	0.91%	700,000	0.32%
15	Corporate Holdings (Pvt) Ltd A/C No.01	1,978,265	0.90%	1,978,265	0.90%
16	Jacey Trust Services (Pvt) Ltd-Account No 01	1,858,500	0.84%	1,858,500	0.84%
17	Mr. Radhakrishnan Maheswaran	1,800,000	0.82%	1,800,000	0.82%
18	Miss Andal Radhakrishnan	1,800,000	0.82%	1,800,000	0.82%
19	Miss Meenambigai Priyadarshini Radhakrishnan	1,800,000	0.82%	1,800,000	0.82%
20	C M Holdings PLC	1,500,000	0.68%	1,500,000	0.68%
	Total	187,541,910	85.10%	181,866,478	82.54%



# Notes

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# Notice of Meeting

Notice is hereby given that the One Hundred and Twenty Second Annual General Meeting of The Colombo Fort Land & Building PLC will be held on 11th November 2021 at 4.15 p.m. and conducted as a Virtual Meeting from 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, and the business to be brought before the meeting will be:

1. To receive and consider the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March, 2021 with the Report of the Auditors thereon.
2. To re-elect Mr. P.M.A. Sirimane who retires by rotation in accordance with Articles 85 and 86 of the Articles of Association, as a Director.
3. To re-elect Mr. S. Rajaratnam who retires by rotation in accordance with Articles 85 and 86 of the Articles of Association, as a Director.
4. To reappoint Mr. A.M. de S. Jayaratne, as a Director. As Mr. A.M. de S. Jayaratne is over 70 years of age, Special Notice has been received from a shareholder of the intention to pass a Resolution, which is set out below in relation to his reappointment. (See Note No. 04).
5. To reappoint Mr. A. Rajaratnam, as a Director. As Mr. A. Rajaratnam is over 70 years of age, Special Notice has been received from a shareholder of the intention to pass a Resolution, which is set out below in relation to his reappointment. (See Note No. 05).
6. To reappoint Mr. R. Seevaratnam, as a Director. As Mr. R. Seevaratnam is over 70 years of age, Special Notice has been received from a shareholder of the intention to pass a Resolution, which is set out below in relation to his reappointment. (See Note No. 06).
7. To reappoint Mr. C.P.R. Perera, as a Director. As Mr. C.P.R. Perera is over 70 years of age, Special Notice has been received from a shareholder of the intention to pass a Resolution, which is set out below in relation to his reappointment. (See Note No. 07).
8. To reappoint Mr. S.D.R. Arudpragasam as a Director. As Mr. S.D.R. Arudpragasam has attained seventy years of age, Special Notice has been received from a shareholder of the intention to pass a resolution which is set out below in relation to his reappointment (see Note No.8).
9. To authorise the Directors to determine contributions to Charities.
10. To reappoint Messrs. KPMG, Chartered Accountants as Auditors and to authorise the Directors to determine their remuneration.

By Order of the Board,  
**Corporate Managers & Secretaries (Private) Limited**  
*Managers & Secretaries*

Colombo  
06th October, 2021

## Notice of Meeting contd.

### Note:

1. A member is entitled to appoint a Proxy to attend and vote in his/her stead and a Proxy need not be a member of the Company. A Form of Proxy is enclosed with this Report. The instrument appointing a Proxy must be completed and deposited at the Registered Office of the Company, not less than forty- eight hours before the time fixed for the meeting.
2. Members are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to represent them and vote on their behalf. Members are advised to complete the Form of Proxy and their voting preferences on the specified resolutions to be taken up at the meeting and submit the same to the Company in accordance with the instructions given on the reverse of the Form of Proxy.
3. Please refer the "Circular to Shareholders" dated 06th October, 2021 for further instructions relating to the Annual General Meeting and for joining the Meeting virtually.
4. The Company has received Special Notice from a shareholder of the Company giving notice of the intention to move the following Resolution regarding the reappointment of Mr. A.M. de S. Jayaratne, as an Ordinary Resolution at the Annual General Meeting of the Company:  
"Resolved –  
That Mr. A.M. de S. Jayaratne who is eighty one years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to the said Director, Mr. A.M. de S. Jayaratne."
5. The Company has received Special Notice from a shareholder of the Company giving notice of the intention to move the following Resolution regarding the reappointment of Mr. A. Rajaratnam, as an Ordinary Resolution at the Annual General Meeting of the Company:  
"Resolved –  
That Mr. A. Rajaratnam who is eighty years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to the said Director, Mr. A. Rajaratnam."
6. The Company has received Special Notice from a shareholder of the Company giving notice of the intention to move the following Resolution regarding the reappointment of Mr. R. Seevaratnam, as an Ordinary Resolution at the Annual General Meeting of the Company:  
"Resolved –  
That Mr. R. Seevaratnam who is seventy eight years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to the said Director, Mr. R. Seevaratnam."
7. The Company has received Special Notice from a shareholder of the Company giving notice of the intention to move the following Resolution regarding the reappointment of Mr.C.P.R. Perera as an Ordinary Resolution at the Annual General Meeting of the Company:  
"Resolved –  
That Mr. C.P.R. Perera who is seventy seven years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to the said Director, Mr. C.P.R. Perera."
8. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution regarding the reappointment of Mr. S.D.R. Arudpragasam as an Ordinary Resolution at the Annual General Meeting of the Company:  
Resolved –  
"That Mr. S.D.R. Arudpragasam who has attained seventy years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director, Mr. S.D.R. Arudpragasam ."
9. In the event the Company is required to take any further action in relation to the meeting due to the COVID-19 Pandemic, and / or any communications, guidelines, directives or orders issued by the Government of Sri Lanka, Notice of such action shall be given by way of an announcement to the Colombo Stock Exchange.

# Form of Proxy

I/We ..... of .....  
 .....  
 being a member/members of THE COLOMBO FORT LAND & BUILDING PLC hereby appoint .....  
 ..... of .....  
 ..... whom failing

- |                                       |                            |
|---------------------------------------|----------------------------|
| 1. Alagarajah Rajaratnam              | of Colombo or failing him, |
| 2. Sri Dhaman Rajendram Arudpragasam  | of Colombo or failing him, |
| 3. Ajit Mahendra de Silva Jayaratne   | of Colombo or failing him, |
| 4. Ranjeevan Seevaratnam              | of Colombo or failing him, |
| 5. Anushman Rajaratnam                | of Colombo or failing him, |
| 6. Chrisantha Priyange Richard Perera | of Colombo or failing him, |
| 7. Parakrama Maithri Asoka Sirimane   | of Colombo or failing him, |
| 8. Sanjeev Rajaratnam                 | of Colombo,                |

as my/our proxy to represent me/us, to speak and to vote on my/our behalf at the One Hundred and Twenty Second Annual General Meeting of the Company to be held on 11th November 2021 and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting.

	For	Against
1. To receive and consider the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2021 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. P.M.A. Sirimane, who retires by rotation in terms of Articles 85 and 86 of the Articles of Association, as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. Sanjeev Rajaratnam who retires by rotation in terms of Articles 85 and 86 of the Articles of Association, as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
4. To reappoint Mr. A.M. de S. Jayaratne, as a Director. As Mr. A.M. de S. Jayaratne is over 70 years, Special Notice has been received from a shareholder of the Intention to pass a Resolution, which is set out in the Notice of Meeting.	<input type="checkbox"/>	<input type="checkbox"/>
5. To reappoint Mr. A. Rajaratnam as a Director. As Mr. A. Rajaratnam is over 70 years, Special Notice has been received from a shareholder of the Intention to pass a Resolution, which is set out in the Notice of Meeting.	<input type="checkbox"/>	<input type="checkbox"/>
6. To reappoint Mr. R. Seevaratnam as a Director. As Mr. R. Seevaratnam is over 70 years, Special Notice has been received from a shareholder of the Intention to pass a Resolution, which is set out in the Notice of Meeting.	<input type="checkbox"/>	<input type="checkbox"/>
7. To reappoint Mr. C.P.R. Perera as a Director. As Mr. C.P.R. Perera is over 70 years, Special Notice has been received from a shareholder of the Intention to pass a Resolution, which is set out in the Notice of Meeting.	<input type="checkbox"/>	<input type="checkbox"/>
8. To reappoint Mr. S.D.R. Arudpragasam as a Director. As Mr. S.D.R. Arudpragasam has attained the age of 70 years, Special Notice has been received from a shareholder of the Intention to pass a Resolution, which is set out in the Notice of Meeting.	<input type="checkbox"/>	<input type="checkbox"/>
9. To authorize the Directors to determine contributions to charities.	<input type="checkbox"/>	<input type="checkbox"/>
10. To reappoint Messrs KPMG, Chartered Accountants, as Auditors and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

As witness my/our hand(s) this ..... day of, 2021.

.....  
 Signature of Shareholder

## Note:

- A proxy need not be a member of the Company.
- Please indicate with an X in the space provided how your proxy is to vote. If there is in the view of the proxy holder doubt (by reason of the way in which the instructions contained in the proxy have been completed) as to the way in which the Proxy holder should vote, the Proxy holder shall vote as he thinks fit.
- Instructions as to completion appear on the reverse hereof;



#### **INSTRUCTIONS AS TO COMPLETION OF FORM OF PROXY**

1. To be valid, this Form of Proxy must be deposited at the Registered Office of the Company No. 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, not less than 48 hours before the time appointed for the holding of the meeting.
2. In perfecting the Form of Proxy, please ensure that all details are legible.
3. Please indicate clearly how your Proxy is to vote on the resolution. If no indication is given the Proxy at his discretion may vote as he thinks fit.
4. In the case of Corporate Members, the Form of Proxy must be under seal or under the hand of an Authorised Officer or Attorney.
5. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of the same, or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy.

# Corporate Information

## Board of Directors

**A. Rajaratnam** - *Chairman*

FCA

(Alternate - Anushman Rajaratnam)

**S.D.R. Arudpragasam** - *Deputy Chairman*

FCMA (U.K.)

**Anushman Rajaratnam** - *Group Managing Director*

B.Sc.(Hons.), CPA, MBA

**A.M. de S. Jayaratne**

B.Sc. (Econ.), FCA (Eng. & Wales), FCA (ICASL)

**R. Seevaratnam**

B.Sc. (Lond.), FCA (Eng. & Wales), FCA (ICASL)

**C.P.R. Perera**

**P.M.A. Sirimane** - *Group Finance Director*

FCA, MBA

**S. Rajaratnam**

B.Sc., CA

## Name of the Company

The Colombo Fort Land & Building PLC

## Legal Form

A Quoted Company with limited liability, incorporated under the provisions of the Joint Stock Companies Ordinance 1861 & 1888 on 30th April, 1895 and re-registered under the Companies Act No. 07 of 2007 on 3rd July, 2008.

## Company No.

PQ172

## Registered Office

No. 8-5/2, Leyden Bastian Road,  
York Arcade Building, Colombo 01.

## Stock Exchange Listing

The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka.

## Bankers

Commercial Bank of Ceylon PLC

Standard Chartered Bank

Hatton National Bank PLC

Indian Bank

Sampath Bank PLC

## Auditors

Messrs. KPMG, Chartered Accountants

## Legal Advisers

Julius & Creasy

Attorneys-at-Law

## Tax Advisors

Messrs. KPMG, Chartered Accountants

## Managers & Secretaries

Corporate Managers & Secretaries (Private) Limited

No. 8-5/2, Leyden Bastian Road,

York Arcade Building, Colombo 1.

Tel: 011 2344485 - 9

Concept & Designed by



**The Colombo Fort Land & Building PLC**

Annual Report 2020/21