



MAJESTIC CITY



CT LAND DEVELOPMENT PLC  
ANNUAL REPORT 2019 | 2020



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## Fast Food and Drinks



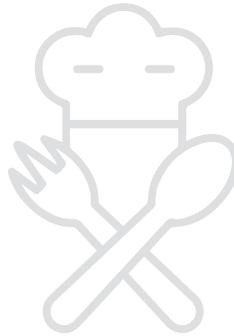
INTERNATIONAL  
FRANCHISE  
RESTAURANT



FOOD ZONE



Supermarket



EXCLUSIVE INTERNATIONAL  
BRANDS AND UPMARKET  
FASHION BOUTIQUES



MULTIPLEX WITH  
FOUR SCREENS



Wide Array of Products



Banks and ATMs

**CT Land Development PLC is the owning company of Majestic City, Sri Lanka's premier shopping mall-cum-entertainment complex, the vision of the founding Chairman, the late Mr. Albert A. Page.**

The sprawling complex is over 250,000 sq ft with three floors of shopping space sited around a spacious and airy atrium. It is ingeniously lit by day through a massive skylight which provides a panoramic view of the upper floors of the building to make shopping a pleasure.

The Atrium is also utilised as a venue to stage variety entertainment shows, exhibitions and trade promotion displays while the complex consists of a diverse range of shops offering famous brands and a galactic array of products.

## FINANCIAL SPOTLIGHT

Year ended 31st March	Company				2018
	2020 Rs. '000	% Change	2019 Rs. '000	% Change	
<b>Operating Results</b>					
Revenue	559,710	-5.9%	594,634	5.2%	565,115
Results from Operating Activities	315,335	-44.7%	569,772	3.5%	550,686
Finance Cost	(6,975)	702.6%	(869)	21.3%	(716)
Share of Profit-Equity Accounted Investee	(48,853)	47.4%	(33,142)	91.9%	(17,266)
Profit before Taxation	259,507	-51.6%	535,761	0.6%	532,704
Profit after Taxation	187,330	-54.6%	412,228	0.5%	410,012
<b>Total Comprehensive Income for the year</b>	<b>179,184</b>	<b>-57.0%</b>	<b>416,515</b>	<b>2.5%</b>	<b>406,199</b>
<b>ASSETS</b>					
Non Current Assets	4,743,616	11.6%	4,249,510	5.5%	4,027,301
Current Assets	207,781	-57.6%	490,566	50.2%	326,668
<b>Equity and Liabilities</b>					
Stated Capital	1,982,500	0.0%	1,982,500	0.0%	1,982,500
Reserves	1,959,185	-0.2%	1,962,814	20.6%	1,627,549
Deferred Liabilities	560,058	13.7%	492,790	5.5%	467,040
Security Deposits	233,064	-6.5%	249,370	17.2%	212,725
Current Liabilities	216,590	311.8%	52,602	-18.0%	64,155
<b>Key Indicators</b>					
Earnings per Share (Rs.)	2.31	-54.6%	5.07	0.5%	5.05
Net Assets per Share (Rs.)	48.51	-0.1%	48.56	9.3%	44.43
Market Price per Share (Rs.)	20.40	-28.2%	28.40	-8.7%	31.10
<b>Others</b>					
Market Capitalisation (Rs. '000)	1,657,500	-28.2%	2,307,500	-8.7%	2,526,875
Price Earnings Ratio (times)	8.85	58.1%	5.60	-9.2%	6.16
Dividends per Share (Rs.)	2.25	125.0%	1.00	-71.4%	3.50
Interest Cover (times)	45.21	-93.1%	655.60	-14.8%	769.11
Current Ratio (times)	0.96	-89.7%	9.33	83.3%	5.09
Dividend Yield (%)	11.03	213.3%	3.52	-68.7%	11.25
Equity to Total Assets (%)	79.61	-4.4%	83.23	0.4%	82.91
Number of Shares in Issue ('000)	81,250	0.0%	81,250	0.0%	81,250



Net Assets

**Rs.3.9 Bn**



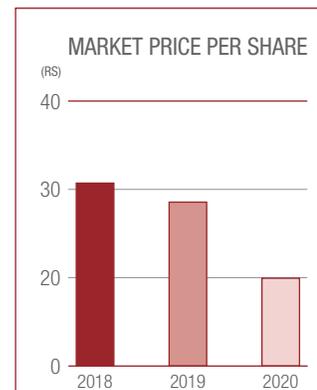
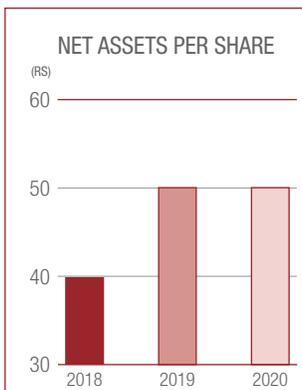
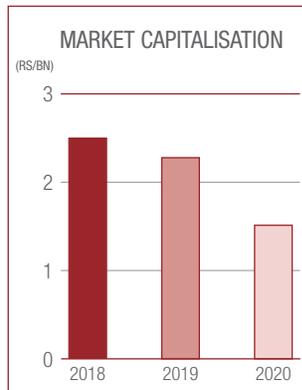
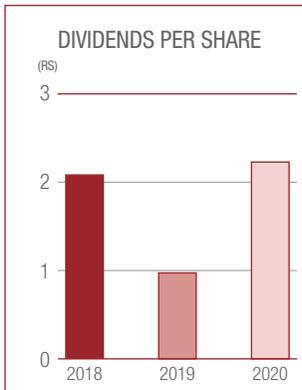
Profit For The Year

**Rs.187.3 Mn**



Market Capitalisation

**Rs.1.7 Bn**



# CHAIRMAN'S MESSAGE

The financial year 2019/2020 was a very challenging one due to the twin effects of the multiple bomb attacks in April 2019 and the COVID-19 pandemic towards the end of the reporting year. The COVID-19 pandemic has largely been contained in Sri Lanka but the economic impact continues to be felt across several economic sectors.



Profit For The Year

Rs. **187.3** Mn



Net Assets

Rs. **3.9** Bn

I am pleased to present to you the Annual Report and Audited Financial Statements of CT Land Development PLC for the year ended 31st March 2020.

## REVIEW OF OPERATIONS

As was the case with many of the companies in Sri Lanka, the financial year 2019/2020 was a very challenging year due to the twin effects of the multiple bomb attacks in April 2019 and the COVID-19 pandemic towards the end of the reporting year. Both occurrences caused a drop in consumer sentiment which in turn impacted discretionary spending. Many of the outlets located at Majestic City (MC) were affected. Although the Company extended rental waivers and discounted rentals, several tenants opted to cease operations at the MC mall. At the reporting date rented shop space amounts to 77% of the total rentable space.

Despite the adversity in April, 2020 the Board of Directors of the Company resolved to proceed with the refurbishment of Majestic City, taking the view that the downturn felt at that time would soon reverse and Majestic City would once again attract tenants and customers and continue in its path as one of the premier malls in Colombo. The refurbishment cost already incurred is Rs. 360 Mn and it is expected to be completed by November 2020. We are confident that the investment in the refurbishment and upgrade of the MC mall will continue to hold the mall among the most sought after shopping and entertainment destinations.

Although there were signs of improvement through the festive season of 2019 the COVID-19 pandemic has again adversely affected the recovery. The Company immediately shut down the complex from mid March, 2020 onwards, and again offered zero and reduced rental schemes to tenants to enable them to cope with the present downturn and mitigate their losses to some extent.

## FINANCIAL RESULTS

The Company recorded revenues of Rs. 559.7 mn, a decline of 5.9% compared to the previous year, and other operating income streams also showed similar declines. The reduction in revenue and other operating income, together with increased operating expenses (9.5% over the previous year) resulted in the operating profits declining by Rs. 254 Mn compared to the previous year. Further, the change in fair value of the Investment Property for the year was lower than last year by Rs. 171.2 mn and losses and impairments on investments in associate companies amounted to Rs. 51 Mn. Accordingly, the profit for the year after tax amounted to Rs. 187.3 Mn compared to Rs. 412.2 Mn in the previous year, a decline of 54.6 %.

**APPROPRIATIONS**

The Company paid an interim dividend of Rs. 1.00 per share on 12th December 2019 from the profits of the current year. The Directors are pleased to recommend a final dividend of Rs. 0.75 per share, subject to shareholder approval at the forthcoming Annual General Meeting. The proposed final dividend has not been reflected as a liability in the Financial Statements.

**OUTLOOK**

The COVID-19 pandemic has largely been contained in Sri Lanka. However, the economic impact continues to be felt across several economic sectors. Although customer patronage of the Majestic City has improved in the last few months, the business volumes have not rebounded as yet. The Company continues to closely monitor the business volumes on a day to day basis to assist the tenants where required and ensure sustainability.

A temporary downward rental restructuring strategy is being formulated in order to move forward strategically and to maintain the current occupancy levels. The Company is cautiously optimistic that the actions proposed will stabilise the economic standing of the tenants, strengthen the bonds of goodwill and also lead to improved profitability for the Company after the year 2022/23 by the implementation of such a strategy.

**ACKNOWLEDGEMENTS**

On behalf of the Board of Directors, I wish to place on record my sincere thanks to our tenants, bankers for their continued support and most importantly to customers of the Majestic City for their continued patronage. I also wish to thank my colleagues on the Board and staff for their cooperation and assistance throughout the year.

Finally, I wish to thank the shareholders of the Company for their continued support.

*(Signed.)*  
R Selvaskandan  
Chairman  
02nd October 2020

# BOARD OF DIRECTORS

## **MR. R. SELVASKANDAN**

*Chairman, Independent Non-Executive Director*

Mr. R. Selvaskandan is an Attorney-at-Law (SL) and Solicitor (England & Wales and Hong Kong) and was a senior partner of a leading law firm in Hong Kong prior to joining the property sector of the CT Holdings Group. He is a Director of CT Holdings PLC, Deputy Chairman of CT Properties Limited and a Director of other Companies within the CT Holdings Group. He is also a Partner of Varners, a Law firm based in Sri Lanka. He has more than 35 experience in legal practice and management in Sri Lanka, UK and Hong Kong.

## **MR. A. T. P. EDIRISINGHE**

*Independent Non-Executive Director*

Mr. A. T. Priya Edirisinghe is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, Fellow Member of the Chartered Institute of Management Accountants (UK), and holds a Diploma in Commercial Arbitration. He was the Senior Partner of Bakertilly Edirisinghe & Co., Chartered Accountants and currently serves as its Consultant/Advisor. He is the Managing Director of PE Management Consultants (Pvt) Ltd. He counts over 50 years' experience in both public practice and in the private sector. He serves on the Boards of a number of other listed and non-listed companies where in some companies he also serves as the Chairman/Member of the Audit Committee, Related Party Transactions Review Committee and Remuneration Committee. Mr. Edirisinghe is the Chairman of the Company's Audit Committee and Related Party Transactions Review Committee and a Member of the Remuneration Committee.

## **MR. J. C. PAGE**

*Deputy Chairman/Managing Director, Executive Director*

Mr. J. C. Page is also the Deputy Chairman of Ceylon Theatres (Pvt.) Ltd. and a Director of CT Holdings PLC. He is also a Director of several other Companies within the CT Holdings Group. He has over 35 years of Management experience in the private sector.

## **MR. L. R. PAGE**

*Non-Executive Director*

Mr. Louis Page is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants (UK). He is the Chairman of the CT Holdings Group of Companies. He has also held a number of Board and Senior Management positions in several overseas public companies and public institutions.

## **MRS. M. G. PERERA**

*Finance Director, Executive Director*

Mrs. Mignonne Perera is an Associate Member of the Chartered Institute of Management Accountants, UK and possesses over 35 years of experience in the manufacturing, trading and service sectors. She has held several key positions within the Group companies of CT Holdings PLC, including Directorships, since joining the subsidiary, Millers PLC in 1992.

## **DR. T. SENTHILVERL**

*Independent Non-Executive Director*

Dr. Senthilverl is a Director of many quoted public Companies including Vidullanka PLC, CW Mackie PLC, Amana Takaful PLC, SMB Leasing PLC, The Finance Company PLC, FLC Hydro Power PLC and Nawaloka Hospitals PLC. He also has wide experience in projection, construction and management of irrigation tanks and development of industrial turnkey projects, air and sea cargo, logistics and trading.

**MR. SUNIL MENDIS***Independent Non-Executive Director*

Deshamanya Sunil Mendis was formerly the Chairman of Hayleys Group, and a former Governor of the Central Bank of Sri Lanka. He possesses over 50 years of wide and varied commercial experience, most of which has been in very senior positions. Mr. Mendis is the Chairman of the Company's Remuneration Committee and a Member of the Company's Audit Committee and Related Party Transactions Review Committee. He also serves on the boards of several other Group companies.

**MR. S.C. NILES***Non-Executive Director*

Mr. Sanjay Niles is an Associate Member of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants, UK. He is also a Director of the parent company, CT Holdings PLC as well as other companies within the group.

**MR. V. R. PAGE***Non-Executive Director*

Mr. V. Ranjit Page possesses over 35 years of management experience with expertise in food retailing, food service, and manufacturing, having introduced the concept of supermarketing to the Sri Lankan masses. He also serves on the boards of several other companies, and is the Deputy Chairman/Managing Director of the parent company, CT Holdings PLC.

# CORPORATE GOVERNANCE

The Corporate Governance requirements of listed companies are set out in Section 7.10 of the Listing Rules of the Colombo Stock Exchange. The Directors hereby confirm that the Company is in compliance with the said section of the Listing Rules as at 31st March 2020.

Subject	Compliance Status	Remarks
<p><b>1. Non-Executive Directors</b></p> <p>a) The Board shall include at least two Non-Executive Directors; or one third of the total number of directors whichever is higher.</p>	Complied	The Board of Directors consists of 9 directors of whom 7 are Non-Executive Directors.
<p><b>2. Independent Directors</b></p> <p>a) Two or one-third of Non-Executive Directors appointed to the Board of Directors, whichever is higher, shall be independent.</p> <p>b) The Board shall require each non-executive director to submit a declaration annually of his/her independence or non-independence in the prescribed format.</p>	Complied	4 directors out of the seven Non-Executive Directors are independent.
<p><b>3. Disclosures relating to Directors</b></p> <p>a) The Board shall make a determination annually as to the independence or non-independence of each Non-Executive Director and set out in the Annual Report, the names of the Directors who are deemed to be 'Independent'.</p> <p>b) In the event a director does not qualify as 'Independent' but if the Board, taking account of all the circumstances, is of the opinion that the Director is nevertheless 'Independent', the Board shall specify the criteria not met and the basis for its determination in the Annual Report.</p> <p>c) The Board shall publish in its Annual Report, a brief Resume of each Director on its Board.</p> <p>d) Upon appointment of a New Director to its Board, the Company shall forthwith provide to the Exchange, a Brief Resume of such Director for dissemination to the public.</p>	Complied	Dr. T. Senthilvel, Mr. A.T.P. Edirisinghe, Mr. R. Selvaskandan and Mr. Sunil Mendis are Independent Directors of the Company.
	Complied	Mr. A.T.P. Edirisinghe, Dr. T. Senthilvel and Mr. R. Selvaskandan have served the Board for more than 9 years. Further, Mr. R. Selvaskandan, Mr. A.T.P. Edirisinghe and Mr. Sunil Mendis serve as Directors of the Holding Company, CT Holdings PLC, as well as other group companies.
	Complied	Dr. T. Senthilvel has a significant shareholding of 11.5% in the Company. The Board of Directors, having considered their credentials and integrity has resolved that they are deemed independent.
	Complied	Disclosed in the Annual Report.
	Complied	Not applicable.

Subject	Compliance Status	Remarks
<p><b>4. Remuneration Committee</b></p> <p>a) A listed company shall have a Remuneration Committee comprising a minimum of two independent Non-Executive Directors or exclusively by Non-Executive Directors, a majority of whom shall be independent, whichever is higher.</p> <p>b) One non-executive director shall be appointed as Chairman of the Committee by the Board.</p> <p>c) The Remuneration Committee shall recommend the remuneration payable to Executive Directors and the Chief Executive Officer, to the Board.</p> <p>d) The Annual Report should set out the names of Directors comprising the Remuneration Committee, contain a Statement of the Remuneration Policy and set out the aggregate remuneration paid to Executive and Non-Executive Directors.</p>	<p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p>	<p>The Remuneration Committee consists of three independent Non-Executive Directors.</p> <p>The chairman of the Remuneration Committee is an Independent Non-Executive Director.</p> <p>Disclosed in the Remuneration Committee Report.</p> <p>Disclosed under Corporate Information and in the Remuneration Committee report. Remuneration paid to directors is disclosed in Notes to the Financial Statements.</p>
<p><b>5. Audit Committee</b></p> <p>a) A listed company shall have an Audit Committee comprising a minimum of two independent Non-Executive Directors or exclusively by Non-Executive Directors, a majority of whom shall be independent, whichever is higher.</p> <p>b) One non-executive director shall be appointed as Chairman of the Committee by the Board.</p> <p>c) Unless otherwise determined by the Audit Committee, the Chief Executive Officer and Chief Financial Officer of the listed company shall attend audit committee meetings.</p> <p>d) The Chairman or one member of the committee should be a member of a recognised professional accounting body.</p> <p>e) The Annual Report should set out the names of directors comprising the Audit Committee.</p> <p>f) The Committee shall make a determination of the independence of the Auditors and shall disclose the basis for such determination in the Annual Report.</p> <p>g) The Annual Report shall contain a report by the Audit Committee, setting out the manner of compliance, during the period to which the Annual Report relates.</p>	<p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p>	<p>The Audit Committee consists of three independent Non-Executive Directors.</p> <p>The Chairman of the Audit Committee is an Independent Non-Executive Director.</p> <p>The Deputy Chairman/Managing Director and Finance Director attend all Audit Committee meetings, except in the case of an inability to attend.</p> <p>The Chairman of the Committee is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and Chartered Institute of Management Accountants, UK.</p> <p>Disclosed under Corporate Information and in the Audit Committee Report.</p> <p>Disclosed in the report of the Audit Committee.</p> <p>Disclosed in the report of the Audit Committee.</p>

## CORPORATE GOVERNANCE (CONTD...)

Subject	Compliance Status	Remarks
<p><b>6. Related Party Transactions Review Committee</b></p> <p>a) A listed company shall have a Related Party Transactions Review Committee comprising a combination of Non-Executive and independent Non-Executive Directors. The composition of the Committee may also include Executive Directors, at the option of the Listed Entity.</p> <p>b) One independent non-executive director shall be appointed as Chairman of the Committee by the Board.</p> <p>c) The Committee shall meet at least once a calendar quarter and shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.</p> <p>d) The Listed Entity shall ensure that neither the Listed Entity nor any of its subsidiaries, acquires a substantial asset (exceeds 1/3 of the Total Assets) from, or disposes of a substantial asset to, any Related Party of the Entity without obtaining the approval of the shareholders of the Entity by way of a Special Resolution".</p> <p>e) 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 or 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>f) The Listed Entity shall disclose subsequent non-recurrent transactions which exceed 5% of the Equity of the Entity, entered into with the same Related Party during the financial year.</p>	<p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p>	<p>The Related Party Transactions Review Committee consists of three independent Non-Executive Directors.</p> <p>The Chairman of the Related Party Transactions Review Committee is an independent Non-Executive Director.</p> <p>The Committee met 4 times during the year under review. The Company Secretary functions as the Secretary to the Committee and ensures that the minutes of the meetings are properly documented and communicated to the Board of Directors.</p> <p>Not applicable.</p> <p>Not applicable</p> <p>Not Applicable</p>

Subject	Compliance Status	Remarks
g) The Listed Entity must disclose the aggregate value of recurrent Related Party Transactions entered into during the financial year in its Annual Report, if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/ income as per the latest Audited Financial Statements unless the transactions entered into are recurrent, of revenue or trading nature and are necessary for day-to-day operations of a Listed Entity or its subsidiaries.	Complied	Disclosed in the Notes to the Financial Statements.
h) The Annual Report shall contain a report by the Related Party Transactions Review Committee, in the prescribed format, setting out the manner of compliance.	Complied	Disclosed in the report of the Related Party Transactions Review Committee.
i) 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. A person who is in the same group of the Listed Entity or who has a significant Interest in or financial connection with the Listed Entity or the relevant Related Party shall not be eligible to give such advice.	Complied	Not applicable.

# RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transactions Review Committee of CT Land Development PLC consists of three Non-Executive Directors. The members and the details of their participation at meetings of the Committee are as follows:

Name	Non-Executive Directors	Meetings Held	Attendance at Meetings
Mr. A. T. P. Edirisinghe - Chairman	Independent	4	4
Mr. S. Mendis	Independent	4	3
Mr. R. Selvaskandan	Independent	4	4

The Managing Director and Finance Director are ex-officio members of the Committee. The Company Secretary functions as the Secretary of the Committee.

The Committee is tasked with:-

- a) Reviewing Related Party Transactions,
- b) Calling for supporting documents and/or justification of the terms and conditions of such transactions and,
- c) Identifying and reporting on recurrent and non-recurrent transactions with related parties in line with the applicable CSE Rules.
- d) Obtaining quarterly declarations of Directors with regard to significant shareholding/ownership in group companies and companies outside of the group.

The policy adopted by the Committee is to ensure that transactions within its purview are consistent with the RPT code of the SEC.

The Committee noted that there were no non-recurrent transactions with related parties during the year. It also noted that in respect of recurrent transactions, the transactions were in the ordinary course of business, there were no changes to practices followed over the years and general terms and conditions applicable to rental agreements entered into with related parties are similar to those entered into with non-related parties taking into account, if any, due consideration of factors such as the long-term nature of the occupancy, anchor tenancies, the extent and location of the area occupied and the ability of the entity concerned to attract customers into the complex. The observations of the Committee have been communicated to the Board of Directors.

The details of the recurrent transactions entered into with Related Parties are disclosed in Note 32 to the Financial Statements.

*(Signed.)*

**A.T.P. Edirisinghe**

*Chairman – Related Party Transactions Review Committee*

02nd October 2020

# THE REMUNERATION COMMITTEE REPORT

The Remuneration Committee of CT Land Development PLC consists of the following Non-Executive Directors

Name	Non-Executive Directors
Mr. Sunil Mendis - Chairman	Independent
Mr. A.T.P. Edirisinghe	Independent
Mr. R. Selvaskandan	Independent

The Deputy Chairman/Managing Director of the Company may also be invited to join in the deliberations as required.

The Committee is tasked with studying and recommending appropriate remuneration packages for the Executive Directors in line with applicable market values. The Committee also maintains the process of consultation with regard to the setting up of remuneration / compensation structures. After deliberations, its recommendations are forwarded for approval to the Board of Directors.

The Committee is authorised to carry out periodic reviews to ensure that remuneration is in line with market conditions.

The Committee met once during the year.

*(Signed.)*

**Sunil Mendis**

*Chairman – Remuneration Committee*

02nd October 2020



## FINANCIAL REPORTS

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# ANNUAL REPORT OF THE BOARD OF DIRECTORS

In compliance with the provisions of the Companies Act No. 07 of 2007, the Directors present their report on the state of affairs of the Company together with the Audited Financial Statements for the year ended 31st March 2020. The report also provides information as required by the Listing Rules of the Colombo Stock Exchange, best Accounting Practices and other disclosures deemed relevant to the stakeholders of the Company.

## PRINCIPAL ACTIVITY

The principal activity of the Company is property development as approved by the Urban Development Authority.

## REVIEW OF OPERATIONS

The Chairman's Statement appearing on page 6 of the Annual Report gives a review of the operations carried out and the performance of the Company during the current financial year, and forms an integral part of this report.

## FINANCIAL STATEMENTS

The Audited Financial Statements of the Company for the financial year ended 31st March 2020 are given on pages 26 to 29 and form an integral part of the Annual Report.

## ACCOUNTING POLICIES

The Accounting Policies adopted in preparation of the Financial Statements are given on pages 30 to 41

## PROPERTY, PLANT & EQUIPMENT & INVESTMENT PROPERTY

The movement of property, plant and equipment is shown in Note 14 to the Financial Statements. Investment property as shown in Note 17 is stated at market value as at 31st March 2020. The current effective capital value of the investment property increased to Rs. 4.17 Bn which sum the Board has adopted as the fair value of the

investment property in accordance with LKAS 40 and, arising therefrom, the fair value gain on investment property of Rs. 42.2 Mn is recorded in the Statement of Comprehensive Income for the year ended 31st March 2020.

## STATED CAPITAL

The Stated Capital of the Company as at 31st March 2020 was Rs. 1.98Bn (2019-Rs. 1.98Bn) comprising 81.25 Mn ordinary (voting) shares (2019 – 81.25Mn).

## DIRECTORS

The directors indicated on page 8 have been Directors of the Company throughout the year under review.

Mr. V.R. Page and Ms. M.G. Perera retire under Articles 103 and 104 of the Articles of Association of the Company and being eligible, offer themselves for re-election.

Pursuant to sections 210 and 211 of the Companies Act No. 7 of 2007 Mr. L.R. Page, Dr. T. Senthilvel, Mr. A.T.P. Edirisinghe and Mr. Sunil Mendis who are over 70 years of age offer themselves for re-election. The re-election of the retiring Directors has the unanimous support of the other Directors.

Details of attendance at meetings:-

Name	Board Meetings		General Meetings	
	Attended	Held	Attended	Attended
Mr. R. Selvaskandan	4	4	1	1
Mr. J. C. Page	4	1	1	0
Ms. M. G. Perera	4	4	1	1
Mr. A. T. P. Edirisinghe	4	4	1	1
Mr. Sunil Mendis	4	3	1	1
Mr. S. C. Niles	4	4	1	1
Mr. L. R. Page	4	0	1	1
Mr. V. R. Page	4	3	1	1
Dr. T. Senthilvel	4	4	1	1

## DIRECTORS' INTERESTS IN CONTRACTS/RELATED PARTY TRANSACTIONS

The Directors' interests in Contracts of the Company are included in Note 32 to the Financial Statements under Related Party Transactions.

The Related Party Transactions Review Committee appointed by the Board was tasked with reviewing Related Party Transactions, calling for supporting documents and/or justification of the terms and conditions of such transactions, and the identifying and reporting on recurrent and non-recurrent transactions with related parties in line with the applicable CSE Rules. The Directors have declared their interests to the Related Party Transactions Review Committee appointed by the Board. The Directors have no direct or indirect interest in any other contract or proposed contract of the Company.

The said Committee has informed the Board that there were no non-recurrent transactions with related parties during the year. It also noted that in respect of recurrent transactions, the transactions were in the ordinary course of business, there were no changes to practices followed over the years and general terms and conditions applicable to rental agreements entered into with Related Parties are similar to those entered into with non-related parties taking into account, if any, due consideration of factors such as the long term nature of the occupancy, anchor tenancies, the extent and location of the area occupied and the ability of the entity concerned to attract customers into the complex.

The Directors hereby confirm that the Company is in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange in respect of Related Party Transactions entered into by the Company during the year.

### REGISTER INTERESTS

The Company maintains an Interests Register conforming to the provisions of the Companies Act No. 7 of 2007.

### DIVIDENDS

An Interim Dividend of Rs. 1.00 per share was paid to shareholders, for the year ended 31st March 2020 on 12th December 2019. The Board has recommended a final dividend of Rs. 0.75 per share amounting to Rs. 60.9 Million

### DIRECTORS' SHAREHOLDINGS

The interests of the Directors in the shares of the Company at the Balance Sheet date were as follows.

	As at 31.03.2020	As at 31.03.2019
R. Selvaskandan	-	-
J.C. Page	1,018,007	1,018,007
M.G. Perera	-	-
A.T.P. Edirisinghe	-	5,000
Sunil Mendis	-	-
S.C. Niles	3,333	3,333
L.R. Page	447,478	447,478
V.R. Page	-	-
Dr. T. Senthilvel	4,385,417	9,381,718
	5,854,235	10,855,536

## ANNUAL REPORT OF THE BOARD OF DIRECTORS (CONTD...)

**DONATIONS**

During the year the Company made charitable donations amounting to Rs. 194,170/- (2019-Rs. 314,000/-).

**STATUTORY PAYMENTS**

All statutory payments due to the Government of Sri Lanka and on behalf of employees have been made or accrued as at the reporting date.

**GOING CONCERN**

The Directors are satisfied that the Company has adequate resources to continue its operations in the foreseeable future. The Financial Statements of the Company have accordingly been prepared on a going concern basis.

**AUDITORS**

Messrs. KPMG, Chartered Accountants retire at the end of the meeting and have expressed their willingness to be re-appointed. A resolution to re-appoint them as Auditors and to authorise the Directors to determine their remuneration will be proposed at the General Meeting of the Company in terms of Section 158 of the Companies Act No. 7 of 2007.

The fees paid to the Auditors are disclosed in Note 9 to the Financial Statements.

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an auditor) with the Company.

For and behalf of the Board of Directors

*(Signed.)*  
R. Selvaskandan  
*Chairman*

*(Signed.)*  
A.T.P. Edirisinghe  
*Director*

*(Signed.)*  
Charuni Gunawardana  
*Secretary*

Colombo  
02nd October 2020

# STATEMENT OF DIRECTORS' RESPONSIBILITY

## **MAINTENANCE OF ACCOUNTING RECORDS**

Under the provisions of the Companies Act No. 07 of 2007 ("the Act"), every company is required to maintain accounting records which correctly record and explain the Company's transactions, and will at any time enable the financial position of the Company to be determined with reasonable accuracy, enable the Directors to prepare Financial Statements in accordance with the Act and also enable the Financial Statements of the Company to be readily and properly audited.

## **PREPARATION OF FINANCIAL STATEMENTS OF THE COMPANY AND GROUP**

The Act places the responsibility on the Board of Directors to ensure that Financial Statements are prepared within the prescribed time period in conformity with the Act. Such Financial Statements of a Company shall give a true and fair view of the state of affairs of the Company as at the reporting date and the profit or loss or income and expenditure, as the case may be, of the Company for the accounting period ending on that reporting date.

## **DIVIDENDS**

In the event of any distribution of dividends, the Board of Directors are required to satisfy themselves that the Company will, immediately after the relevant distribution is made, satisfy the solvency test, provided that such a certificate is obtained from the auditors.

## **ANNUAL REPORT**

The Board of Directors is required to prepare an Annual Report on the affairs of the Company during the accounting period ending on the reporting date in the prescribed format and circulate the same to every shareholder of the Company within the time frame prescribed in the Act.

## **INDEPENDENT AUDIT**

The Act requires the Company to appoint an Auditor to audit the Financial Statements of the Company for the reporting period. Accordingly, M/s KPMG presently function as the Auditors of the Company. Their responsibility with regard to the Financial Statements as auditors of the Company are set out in the Independent Auditor's Report set out on Page 23.

## **MANAGEMENT**

The Directors are responsible for the proper management of the resources of the Company. The internal control system has been designed and implemented to obtain reasonable but not absolute assurance that the Company is protected from undue risks, frauds and other irregularities.

## **COMPLIANCE**

Considering the present financial position of the Company and the foreseeable future, the Directors have adopted the going concern basis for the preparation of these Financial Statements.

The Directors confirm that:

- (a) The Company is in compliance with the requirements of the Act as aforementioned.
- (b) These Financial Statements have been prepared in accordance with the requirements of the Companies Act No. 07 of 2007 and applicable Sri Lanka Accounting Standards, which have been consistently applied and supported by reasonable and prudent judgements and estimates.
- (c) The Company has satisfied the solvency test, in respect of dividends declared during the year.
- (d) The Company is in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange in respect of the Related Party Transactions entered in to by the company during the year.
- (e) All statutory payments have been made up to date.

The Directors are satisfied that the control procedures within the Company operated effectively during the year.

By Order of the Board of Directors

*(Signed.)*

**Charuni Gunawardana**  
*Company Secretary*  
 02nd October 2020

# AUDIT COMMITTEE REPORT

The Audit Committee of C T Land Development PLC is appointed by the Board of Directors of the Company and reports directly to the Board. It consists of three Non-Executive Directors. The Chairman of the Audit Committee is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka. The composition of the members of the Audit Committee satisfies the criteria as specified in the Standards on Corporate Governance for listed Companies. The members and the details of their participation at meetings of the Committee are as follows:

Name	Non-Executive Directors	Meetings Held	Attendance at Meetings
Mr. A. T. P. Edirisinghe – Chairman	Independent	4	4
Mr. S. Mendis	Independent	4	3
Mr. R. Selvaskandan	Independent	4	4

The Audit Committee is empowered to examine all matters pertaining to the financial affairs of the Company and assist the Board of Directors in effectively discharging their duties. The Committee also reviews the process of external reporting of financial information to ensure compliance with presentation and disclosure requirements in accordance with the prevailing legal and accounting framework and best practice.

The Audit Committee also reviews the adequacy and proper continuous functioning of the Internal Control Procedures of the Company to obtain reasonable assurances that the Financial Statements accurately reflect the state of affairs of the Company and the results for the period to which it relates. Independent internal audit reports are reviewed periodically and discussed with management with a view to further strengthening the internal control environment within the Company.

The Committee is also empowered to liaise directly with the External Auditors of the Company and study all matters brought to the attention of the Management by the External Auditors. The Committee met with the External Auditors once, to review matters pertaining to the Financial Statements of the previous year. In addition, where required, the quarterly Financial Statements were circulated, discussed and recommended to the Board prior to Board approval. In all instances, the Audit Committee obtained relevant declarations from relevant key officials stating that the respective Financial Statements are in conformity with the applicable Accounting Standards, Company Law and other Statutes including Corporate Governance Rules and that the presentation of such Financial Statements are consistent with those of the previous quarter or year as the case may be and listing any departures from financial reporting, statutory requirements and Group policies, if any.

The Managing Director and/or the Finance Director attend all Audit Committee meetings and other Senior Managers attend such meetings as and when requested to do so by the Audit Committee.

The Company Secretary acts as the Secretary to the Committee.

The Audit Committee is of the opinion that the control procedures and environment within the Company provide reasonable assurance regarding the monitoring of the operations, accuracy of the Financial Statements and safeguarding of assets of the Company.

The Audit Committee has assessed the independence and performance of the External Auditors, M/s. KPMG, Chartered Accountants, and recommends to the Board of Directors that they be reappointed as Auditors of the Company for the year ending 31st March 2021, subject to the approval by the shareholders at the Annual General Meeting.

*(Signed.)*

**A.T.P. Edirisinghe**  
*Chairman – Audit Committee*

02nd October 2020

# INDEPENDENT AUDITORS' 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](http://www.kpmg.com/lk)

## To the Shareholders of CT Land Development PLC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of CT Land Development PLC ("the Company"), which comprise the statement of financial position as at 31 March 2020, 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 26 to 64.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the

Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics 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.

#### Emphasis of Matter

We draw attention to Note 26.2 of the Financial Statements wherein the Company has considered all land held and used in business as Investment Assets. Based on our understanding of the Inland Revenue Act No. 24 of 2017 and legal advice provided by the expert, there is significant judgement involved in determining whether the lands held by the entity and used in business are to be considered as capital assets or investment assets due to the uncertainties that exist with respect to the interpretation of the application. In the event the Company's position is not held by the Authorities, the impact on the Company's statement of profit or loss is disclosed in Note 26.2 to the financial statements. Our opinion is not modified in respect of this matter.

#### Key Audit Matters

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

#### 01. Valuation of Investment Property

##### Risk Description

As described in Note 17 (accounting policy and note to the accounts) the Company has recognised investment property at Rs. 4,173 Mn (2019: Rs. 4,019 Mn). Management's assessment of fair value of investment property is based on valuations performed by a qualified independent property valuer in accordance with recognised industry standards. Valuation of investment property is considered a Key Audit Matter due to the materiality of the carrying amount (84% of total assets) and the subjective nature of property valuations using level 3 assumptions which depend on the nature of property, its location and expected future net rental values, market yields, value per square foot, market price per

KPMG, a Sri Lankan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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. Abeyrathne FCA	S.T.D.L. Perera FCA
G.A.U. Karunaratne FCA	R.M.D.B. Rajapakse FCA	Ms. B.K.D.T.N. Rodrigo FCA
R.H. Rajan FCA	M.N.M. Shameel ACA	Ms. C.T.K.N. Perera ACA
A.M.R.P. Alahakoon ACA		
<b>Principals</b> - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. P.M.K. Sumanasekara FCA		

# INDEPENDENT AUDITORS' REPORT (CONTD...)



perch, capitalisation rates and comparable market transactions. A change in the key assumptions will have a significant impact to the valuation.

## Our audit procedures included,

- Assessing the objectivity, independence, competence and qualifications of the external valuer.
- Assessing the key assumptions applied and conclusions made in deriving the fair value of the properties and comparing the fair value of properties with evidence of current market values. In addition, assessing the appropriateness of the valuation methodologies with reference to recognised industry standards.
- Discussions with the management and the external valuer in relation to the possible impact on the key assumptions and the resulting valuation due to COVID 19 pandemic.
- Assessing the adequacy of disclosures made in the financial statements in relation to fair value of investment property.

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

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

## Auditors' 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 auditors' 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's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that



may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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.

*(Signed.)*

**CHARTERED ACCOUNTANTS**  
Colombo, Sri Lanka  
02nd October, 2020

# STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the Year ended 31st March	Note	Company	
		2020 Rs. '000	2019 Rs. '000
Revenue	6	559,710	594,634
Other Income	7	68,967	246,261
Personnel Costs	8	(108,154)	(90,948)
Depreciation and Amortisation		(15,876)	(7,275)
Other Operating Costs		(189,312)	(172,900)
<b>Results from Operating Activities</b>	9	<b>315,335</b>	569,772
Finance Costs	10	(6,975)	(869)
Share of Loss of Equity Accounted Investee, net of tax	19	(48,853)	(33,142)
<b>Profit before Taxation</b>		<b>259,507</b>	535,761
Income Tax Expenses	11.1	(72,177)	(123,533)
<b>Profit for the Year</b>		<b>187,330</b>	412,228
<b>Other Comprehensive Income</b>			
<i>Items that will not be Reclassified to Profit or Loss</i>			
Remeasurement of Defined Benefit Liability	25	(6,400)	6,740
Tax on Other Comprehensive Income		1,792	(1,887)
Equity Accounted Investee-Share of OCI, net of tax	19	613	(566)
Change in Fair Value of Long Term Investments	20	(4,151)	-
<b>Other Comprehensive Income/(Loss) for the Year</b>		<b>(8,146)</b>	4,287
<b>Total Comprehensive Income for the year</b>		<b>179,184</b>	416,515
Earnings per Share (Rs.)	12	2.31	5.07

Figures in brackets indicate deductions

The Notes on pages 30 to 64 form an integral part of these Financial Statements.

# STATEMENT OF FINANCIAL POSITION

As at 31st March	Note	Company	
		2020 Rs. '000	2019 Rs. '000
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, Plant and Equipment	14	74,948	48,670
Right of Use Assets	15.1	48,447	-
Intangible Assets	16	5,425	5,620
Investment Property	17	4,173,000	4,019,228
Capital Work-in-progress	18	247,289	16,968
Investment in Equity Accounted Investee	19	115,356	75,722
Other Financial Assets	20	79,151	83,302
		<b>4,743,616</b>	<b>4,249,510</b>
<b>Current Assets</b>			
Trade and Other Receivables	21	153,644	89,297
Income Tax Receivables	30	9,911	-
Short Term Investments	22	44,180	346,276
Cash and Cash Equivalents	23	46	54,993
		<b>207,781</b>	<b>490,566</b>
<b>Total Assets</b>		<b>4,951,397</b>	<b>4,740,076</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated Capital	24	1,982,500	1,982,500
Retained Earnings		1,952,770	1,952,248
Fair Value through OCI Reserve		6,415	10,566
		<b>3,941,685</b>	<b>3,945,314</b>
<b>Non Current Liabilities</b>			
Retirement Benefit Obligations	25	50,402	37,895
Lease Liabilities	15.2	49,099	-
Deferred Tax Liabilities	26	460,557	454,895
Security Deposits	27	175,102	165,392
Deferred Interest	28	57,962	83,978
		<b>793,122</b>	<b>742,160</b>
<b>Current Liabilities</b>			
Trade and Other Payables	29	32,108	33,527
Income Tax Payables	30	-	19,028
Lease Liabilities	15.2	5,909	-
Bank Overdraft	23	178,573	47
		<b>216,590</b>	<b>52,602</b>
<b>Total Liabilities</b>		<b>1,009,712</b>	<b>794,762</b>
<b>Total Equity and Liabilities</b>		<b>4,951,397</b>	<b>4,740,076</b>

The Notes on pages 30 to 64 form an integral part of these financial statements.  
The Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

(Signed)  
Ms. M.G. Perera  
Finance Director

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.  
The Financial Statements have been approved by the Board on 02nd October, 2020, in Colombo.  
Signed for and on behalf of the Board.

(Signed)  
R. Selvaskandan  
Chairman

(Signed)  
A.T.P.Edirisinghe  
Director

## STATEMENT OF CHANGES IN EQUITY

	Company			Total
	Stated Capital	Retained Earnings	Fair Value Through OCI Reserve	
	Rs.'000	Rs.'000	Rs.000	
Balance as at 01st April 2018	1,982,500	1,616,983	10,566	3,610,049
Profit for the Year	-	412,228	-	412,228
<b>Other Comprehensive Income</b>				
- Defined Benefit Plan Actuarial Gains net of Tax	-	4,853	-	4,853
- Share of OCI of Equity Accounted Investee, net of Tax	-	(566)	-	(566)
<b>Total Comprehensive Income</b>	-	<b>416,515</b>	-	<b>416,515</b>
Dividends Paid	-	(81,250)	-	(81,250)
Transactions with owners of the company	-	(81,250)	-	(81,250)
<b>Balance as at 31st March 2019</b>	<b>1,982,500</b>	<b>1,952,248</b>	<b>10,566</b>	<b>3,945,314</b>
Profit for the Year	-	187,330	-	187,330
<b>Other Comprehensive Income</b>				
- Defined Benefit Plan Actuarial Losses net of tax	-	(4,608)	-	(4,608)
- Share of OCI of Equity Accounted Investee, net of Tax	-	613	-	613
- Change in Fair Value of Long Term Investment	-	-	(4,151)	(4,151)
<b>Total Comprehensive Income</b>	-	<b>183,335</b>	<b>(4,151)</b>	<b>179,184</b>
Dividends Paid	-	(182,813)	-	(182,813)
Transactions with owners of the company	-	(182,813)	-	(182,813)
<b>Balance as at 31st March 2020</b>	<b>1,982,500</b>	<b>1,952,770</b>	<b>6,415</b>	<b>3,941,685</b>

Figures in brackets indicate deductions

The Notes on pages 30 to 64 form an integral part of these financial statements.

# STATEMENT OF CASH FLOW

For the year ended 31st March	Note	Company	
		2020 Rs'000	2019 Rs'000
<b>Cash flow from Operating Activities</b>			
Profit before Tax		259,507	535,761
<b>Adjustments for:</b>			
Depreciation and Amortisation	14,16	13,094	7,275
Amortization on Right of Use Assets	15.1	2,782	-
Change in Fair Value of Investment Property	17.1	(42,280)	(213,528)
Change in Fair Value of Short-term Investments	22	(22,904)	1,757
Impairment Allowance for Long-term Investments	7	2,126	1,651
Dividend Received		-	(34,163)
Provision for Defined Benefit Obligations	25.1(a)	6,107	5,959
Provision for Impairment of Trade Receivables		3,614	-
Share of Loss-Equity Accounted Investee	19	48,853	33,142
Interest Expenses on Leases	15.2	6,579	-
Gain on Disposal of PPE	7	(5,052)	-
Interest Income	7	(857)	(1,978)
Interest Expense	10	6,975	869
		278,544	336,745
<b>Changes In;</b>			
Trade and Other Receivables		(67,961)	17,958
Trade and Other Payables		239	(6,064)
Security Deposits		(16,306)	36,645
<b>Cash generated from Operating Activities</b>		<b>194,516</b>	<b>385,284</b>
Interest Paid		(6,975)	(869)
Retirement Benefits Paid	25	-	(763)
Income Tax Paid	30	(93,662)	(100,293)
<b>Net Cash generated from Operating Activities</b>		<b>93,879</b>	<b>283,359</b>
<b>Cash Flow from Investing Activities</b>			
Acquisition of Property, Plant and Equipment	14	(5,437)	(28,527)
Proceeds from Sale of Property, Plant and Equipment		5,636	-
Expenses incurred on Capital WIP		(375,408)	(16,968)
Purchase from Intangible Assets	16	(729)	(5,821)
Dividend Received		-	34,163
Interest Received		857	1,978
Investments - Equity Accounted Investee	19	(90,000)	-
Proceeds from Short-term Investments	22	325,000	-
Purchase of Short-term Investments	22	-	(155,000)
<b>Net Cash generated from / (Used in) Investing Activities</b>		<b>(140,081)</b>	<b>(170,175)</b>
<b>Cash Flows from Financing Activities</b>			
Dividends Paid		(181,096)	(82,350)
Payment of Lease Liabilities	15.2	(6,175)	-
<b>Net Cash Used In Financing Activities</b>		<b>(187,271)</b>	<b>(82,350)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents during the Year		(233,473)	30,834
Cash and Cash Equivalents at the Beginning of the Year		54,946	24,112
<b>Cash and Cash Equivalents at the End of the Year (Note 23)</b>		<b>(178,527)</b>	<b>54,946</b>

Figures in brackets indicate deductions

The Notes on pages 30 to 64 form an integral part of these Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. REPORTING ENTITY

CT Land Development PLC (“the Company”) is a “Public Quoted Company” with limited liability incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The Company’s registered office is situated at No 10, Station Road, Colombo 04.

The staff strength of the Company as at 31 March 2020 is 30 (2019 - 30).

The Company is in the business of development of property, administration and maintenance.

The Company’s immediate and ultimate parent is CT Holdings PLC, which is a quoted public limited liability Company domiciled in Sri Lanka and listed in the Colombo Stock Exchange.

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

The Financial Statements of the Company which comprise the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flow and Notes thereto have been prepared in accordance with the Sri Lanka Accounting Standards (LKASs and SLFRSs) laid down by the Institute of Chartered Accountants of Sri Lanka, and the requirements of the Companies Act No. 7 of 2007.

### 2.2 Approval of Financial Statements by Directors

The Company’s Financial Statements were authorised for issue by the Board of Directors in accordance with the resolution of the Directors on 02nd October 2020.

### 2.3 Basis of Measurement

The Financial Statements have been prepared on a historical cost basis and accounting policies are applied consistently with no adjustments being made for inflationary factors affecting the Financial Statements, except for the following;

- Investment property are measured at cost at the time of acquisition and subsequently at fair value.
- The liability for defined benefit obligation is recognised as the present value of the defined benefit obligation.
- Short-term investments in Unit Trusts are measured at fair value.
- Other financial assets are measured at fair value.

### 2.4 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees, which is the Company’s functional currency. All financial information presented in Sri Lankan Rupees has been rounded up to the nearest thousands, unless stated otherwise.

### 2.5 Presentation of Financial Statements

The assets and liabilities of the Company presented in its Statement of Financial Position are grouped by nature and listed in an order that reflects their liquidity and maturity pattern.

Assets and liabilities are offset and the net amount is reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the Statement of Profit or Loss and

Other Comprehensive Income unless required or permitted by an Accounting Standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

### 2.6 Key accounting judgements and estimates

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

#### 2.6.1 Impact of COVID-19 Pandemic

The ongoing COVID-19 pandemic has increased the uncertainties of estimates used in the preparation of these Financial Statements.

These estimation uncertainties are associated with:

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

The impact of the COVID-19 pandemic on accounting estimates is discussed under the relevant Notes to these Financial Statements.

### 2.6.2 Judgements

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements are described in the relevant notes.

- Note 14 – Property, Plant and Equipment
- Note 17 – Investment Property
- Note 25 – Measurement of Defined Benefit Obligation
- Note 26 – Deferred Taxation

### 2.6.3 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 March 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 25 - Measurement of defined benefit obligations: key actuarial assumptions;
- Note 17 - Determination of fair value of investment property: key valuation assumptions;
- Note 19 - Equity-accounted investees: whether the Company has significant influence over an investee; and
- Note 37 - Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

### 2.7 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES

Except for the changes below, the Company has consistently applied the accounting policies to all periods presented in these Financial Statements.

#### Changes in Significant Accounting Policies

The Company has applied SLFRS 16 with an initial application date of 1 April 2019. As a result, the Company has changed its accounting policy for lease contracts as detailed below. A number of other new standards also effective from 1 April 2019, do not have a material effect on the Company's Financial Statements.

#### SLFRS 16 – “Leases”

The Company applied SLFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018/19 is not restated – i.e. it is presented as previously reported, under LKAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SLFRS 16 have not been applied to comparative information.

#### Definition of a Lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under SLFRS 16, the Company now assesses whether a contract is or contains a lease based on the definition of lease, as explained in Note 3.9.

#### As a Lessee

As a lessee, the Company mainly leases properties. As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to the ownership of the underlying asset to the Company. Under SLFRS 16, the Company recognises right-of-use asset and lease liabilities for all of its leases. i.e these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

However, for leases of property the Company has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

On transition for the lease, lease liabilities were measured at the present value of remaining lease payments, discounted at the Company's incremental borrowing rate as at 01 April 2019. Right-of-use assets at the date of initial application for leases previously classified as an operating lease applying LKAS 17 are measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position immediately before the date of initial application.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used the following practical expedient when applying SLFRS 16 to leases previously classified as operating leases under LKAS 17:

## NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

- applied a single discount rate to a portfolio of leases with similar characteristics;
- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

### Impact on Financial Statements

The impact on transition is summarised below.

At 1 April 2019	Note	Rs.'000
Right-of-use assets	15.1	51,229
Lease liabilities	15.2	54,604
Trade and Other Payables	15.1	(3,375)

When measuring the lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 April 2019. Incremental borrowing rate is 12%.

At 1 April 2019	Rs.'000
Operating lease commitments as at 31 March 2019 as disclosed under LKAS 17 in the Company's Financial Statements	153,136
Recognition exemption for leases of low-value assets	-
Impact of discounting using incremental borrowing rate as at 01 April 2019	(98,532)
Recognition exemption for leases with less than 12 months of lease term at transition	-
Lease liability recognised at 1 April 2019	54,604

### 3.1 Financial Instruments

#### 3.1.1 Financial Assets Initial Recognition and Measurement

The Company initially recognises trade receivables and debt securities issued when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions 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.

#### Classification and Subsequent Measurement of Financial Assets

On initial recognition, financial assets are classified as amortised cost; FVOCI (Fair value through OCI) debt investment; FVOCI - equity investment; or FVTPL (Fair value through profit or loss).

Financial assets are not reclassified subsequent to their initial recognition unless the Company 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 FVTPL:

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

The Company's financial assets classified under amortised cost includes trade and other receivable.

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 flow and selling financial assets; and
- its contractual terms give rise on specified dates to cash flow 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 Company 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 Company 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.

#### Re-classification of Financial Assets

Re-classification of financial assets is required if the Company changes its business model for managing those financial assets. Re-classification is applied prospectively from the date of the re-classification.

#### De-recognition of Financial Assets

On de-recognition of a financial asset in its entirety, the difference between: The carrying amount (measured at the date of de-recognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognised in profit or loss.

#### Impairment of Financial Instruments and Contract Assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI;

And the Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month 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 allowances for trade receivables is always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company 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 Company's historical experience and informed credit assessment and including forward looking information.

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

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

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

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 Company 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 flow due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

#### 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.

### 3.1.2 Financial Liabilities

Financial Liabilities are initially recognised only when the Company becomes a party to the contractual provisions of the financial instrument. All financial liabilities are recognized initially at fair value. The Company's financial liabilities include trade and other payables. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost. A

## NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

financial liability is derecognised only when it is extinguished - i.e. when the obligation specified in the contract is discharged or cancelled or expires.

### De-recognition

The Company de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also de-recognises a financial liability when its terms are modified and the cash flow of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

## 3.2 Property, Plant and Equipment

### 3.2.1 Recognition and Measurement

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

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

- the cost of materials and direct labour.
- any other costs directly attributable to bringing the asset to a working condition for their intended use.
- and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

### 3.2.2 Subsequent Costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance is expensed as incurred.

### 3.2.3 De-recognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain and loss arising from de-recognition of an item of property, plant & equipment is included in profit and loss when the item is derecognised.

When replacement costs are recognized in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognised. Major inspection costs are capitalised. At each such capitalization, the remaining carrying amount of the previous cost of inspection is derecognised.

### 3.2.4 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

	Depreciation	Useful Life
Buildings	2%	50
Plant and Machinery-Light, A/C Equipment	10%	10
Plant and Machinery - Other	5%	20
Furniture and Equipment	10%	10
IT Equipment	25%	04
Motor Vehicles	25%	04
Right of Use Assets	5.6%	18

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

### 3.3 Intangible Assets

#### 3.3.1 Basis of Recognition

An intangible asset is recognized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

#### 3.3.2 Measurement

The cost of an intangible asset comprises of its purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use.

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

#### 3.3.3 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in Statement of Profit or Loss as incurred.

#### 3.3.4 Amortisation

Amortisation is recognised in the Statement of Profit or Loss and other comprehensive income on a straight line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful life for intangible assets held by the Company is as follows:

	Amortisation	Useful Life
Website	50%	2 years
Improvement of Leasehold property	10%	10 years

### 3.4 Identification and Measurement of Impairment

#### 3.4.1 Non-derivative financial assets

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

For trade receivables (Net balance), the Company applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

At each reporting date the Company assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. If there is objective evidence (such as significant financial difficulty of the obligor, breach of contract, or it becomes probable that the debtor will enter bankruptcy), the asset is tested for impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition). An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flow discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in a provision account.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. Impaired debts are derecognised when they are assessed as uncollectible.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

### 3.4.2 Impairment of Non-Financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flow are 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.

For the purpose of impairment testing, assets that cannot be tested individually 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 CGU.

The Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

### 3.5 Equity Accounted Investee

Equity accounted investees are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50% of the voting power of another entity. Equity accounted investee is accounted for using the equity method. The Financial Statements include the Company's share of income and expenses and equity movements of equity accounted investee from the date that significant influence commences until the date significant influence ceases. When the Company's share of losses exceeds its investment in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has incurred obligations or has made payments on behalf of the investee.

A listing of the Company's equity accounted investees is set out in Note 19 to the Financial Statements.

### 3.6 Investment Property

Investment properties are those which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value. An external, independent valuation Company, having an appropriate recognized professional qualification and recent experience in the location and category of property being valued, values the portfolio every year. The fair values are based on open market value, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Valuations reflect, where appropriate; the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property.

It has been assumed that whenever rent reviews or lease renewals are pending with anticipated reversionary increases, all notices and where appropriate counter notices have been served validly and within the appropriate time.

Any gain or loss arising from a change in fair value is recognized in profit or loss. Rental income from investment property is accounted for as described in the accounting policy.

When an item or property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognized directly in equity if it is a gain. Upon disposal of the item, the gain is transferred to retained earnings. Any loss arising in this manner is recognised in profit or loss immediately.

If an investment property becomes owner occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

When the Company begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property, which is measured based on fair value model, and is not reclassified as property, plant and equipment during the redevelopment.

### 3.7 Investment Property under Development

Property that is being constructed or developed for future use as investment property is classified as investment property under development (development projects) and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property. At the date of transfer, the difference between fair value and cost is recorded as income in profit or loss.

All costs directly associated with the purchase and construction of a property and all subsequent capital expenditure for the development qualifying as acquisition costs are capitalized. Related borrowing costs are recognized in profit or loss as they are incurred.

### 3.8 Liabilities and Provisions

#### 3.8.1 Dividend payable

Provision for final dividends is recognized at the time the dividend recommended and declared by the Board of Directors, is approved by the shareholders. Interim dividends payable is recognized when the Board approves such dividend in accordance with the Companies Act No. 7 of 2007.

#### 3.8.2 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### 3.9 Leases

The Company has applied SLFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under LKAS 17 and

IFRIC 4. The details of accounting policies under LKAS 17 and IFRIC 4 are disclosed separately if they are different from those under SLFRS 16 and the impact of changes is disclosed in Note 3.

#### 3.9.1 Policy Applicable from 1 April 2019

At inception of a contract, the Company 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 Company uses the definition of a lease in SLFRS 16.

This policy is applied to contracts entered into, on or after 1 April 2019.

##### 3.9.1.1 As a Lessee

At commencement or on modification of a contract that contains a lease component, the Company 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 Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company 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 Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company 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 Company uses its incremental borrowing rate as the discount rate.

The Company 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

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- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties early termination of a lease unless the Company 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 Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company 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.

Short term leases and leases of low-value assets

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

### 3.9.1.2 As a Lessor

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

When the Company 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 Company 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 Company considers certain indicators such as whether the lease is for the major part of the economic useful life of the asset.

When the Company 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 Company applies the exemption described above, then it classifies sub-lease as an operating lease.

The Company recognises lease payments received under operating leases as rental income on a straight-line basis over the lease term as part of 'revenue'.

Generally, the accounting policies to the Company as a lessor in the comparative period were not different from SLFRS 16.

### 3.9.2 Policy Applicable before 1 April 2019

For contracts entered into before 1 April 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfillment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement has conveyed the right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

#### 3.9.2.1 As a Lessee

In the comparative period, as a lessee the Company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Company's Statement of Financial Position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

### 3.9.2.2 As a Lessor

When the Company acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Company made an overall assessment of whether the lease transferred substantially all of the risk and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Company considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

### 3.10 Stated Capital - Ordinary Shares

Company's stated capital comprises of ordinary shares, which are classified as equity.

### 3.11 Employee Benefits

#### 3.11.1 Defined Benefit Plan

Defined Benefit Plan is a post-employment benefit plan other than defined contribution plan. The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the statement of financial position date. The defined benefit obligation is calculated annually by independent actuaries, using projected unit credit method, as recommended by LKAS 19 Employee Benefit. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that apply to the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The assumptions based on which the results of the actuarial valuation were determined are included in the Note 25 to the Financial Statements.

This liability is not externally funded and the item is grouped under non-current liabilities in the statement of financial position. However, under the Payment of Gratuity Act No. 12 of 1983 the liability to an employee arises only on completion of five years of continued service.

The Company recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and expenses related to defined benefit plans in staff expenses in profit or loss.

#### 3.11.2 Defined Contribution Plan

Defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay any further amounts. Obligations for contributions to Employees Provident Fund and Employees Trust Fund covering all employees are recognised as an expense in the Statement of Comprehensive Income, as incurred.

##### (a) Employees' Provident Fund

The Company and employees contribute 12% and 8% respectively on the salary of each employee to the Employees' Provident Fund.

##### (b) Employees' Trust Fund

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund. The total amount recognised as an expense to the Company for contribution to ETF is disclosed in the Note 8 to the Financial Statements.

##### (c) Short-Term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

### 3.12 Commitments and Contingencies

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

### 3.13 Turnover

The turnover of the Company represents the gross rental, service charge, car park income, promotional income, play zone income and sundry income.

#### 3.13.1 Rental Income

Rental income from investment property leased out under operating lease is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

**3.13.2 Service Charge and Car Park Income**

Service charge and car park income are recognised on accrual basis in the profit or loss.

**3.14 Other Income****3.14.1 Dividends**

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities.

**3.14.2 Others**

Other income is recognised on an accrual basis. Net gains and losses of a revenue nature on the disposal of plant and equipment and other non-current assets including investments have been accounted for in profit or loss, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

**3.15 Expenses**

Expenses are recognized in profit or loss as they are incurred, in the period to which they relate on an accrual basis.

**3.16 Finance Costs**

Finance costs comprise of interest expense on borrowings, interest on overdrafts and other charges.

**3.17 Income Tax Expenses****3.17.1 Current taxes**

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 and subsequent amendments thereon.

**3.17.2 Deferred Taxation**

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity. 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 is not recognized for the undistributed profits of associates as the Company has control over the dividend policy of its associates and distribution of those profits.

Deferred tax assets are 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.

**3.17.3 Offsetting of Tax Assets and Liabilities**

Current and deferred tax assets and liabilities are offset only to the extent that they relate to income taxes imposed by the same taxation authority, there is a legal right and intentions to settle on a net basis and it is allowed under the tax law.

**3.18 Earnings per Share**

The Company presents basic and diluted 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.

**3.19 Statement of Cash Flow**

The Statement of Cash Flows has been prepared using the "Indirect Method" of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard 07 - Statement of Cash Flow. Cash and cash equivalents include notes and coins on hand, balances with banks, money at call and short notice with less than three months maturity from the date of acquisition.

**3.20 Events occurring after the Reporting Period**

All material events after the reporting date have been considered and where appropriate, adjustments or disclosures have been made in respective Notes to the Financial Statements.

**3.21 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.

#### **4. DIRECTORS' RESPONSIBILITY STATEMENT**

Board of Directors is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards. 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.

Company does not expect the following new Accounting standards, amendments and interpretations that will become effective for future accounting periods will have a significant impact on the Financial Statements.

- Amendments to references to conceptual framework in Sri Lanka Financial Reporting Standards.
- Definition of a Business (Amendments to SLFRS 3)
- Definition of Material (Amendments to LKAS 1 and LKAS 8)

#### **5. NEW AND AMENDED STANDARDS ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE**

The Institute of Chartered Accountants of Sri Lanka has issued number of new Sri Lanka Accounting Standards (SLFRSs/ LKASs) and amendments that are effective for annual periods beginning after the current financial year. Accordingly, these standards have not been applied in preparing these Financial Statements and the Company plans to apply these standards if applicable as and when they become effective.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

For the Year ended 31st March	Company	
	2020 Rs. '000	2019 Rs. '000
<b>6. Revenue</b>		
Rental Income	441,367	464,853
Service Charges	58,561	68,550
Car Park Income	15,340	19,048
Promotional Income	32,013	37,674
Play Zone Income	4,491	-
Sundry Income	7,938	4,509
	<b>559,710</b>	<b>594,634</b>

**7. OTHER INCOME**

Change in Fair Value of Investment Property	42,280	213,528
Change in Fair Value of Short Term Investments (Note 22)	22,904	(1,757)
Impairment Allowance for Long Term Investments	(2,126)	(1,651)
Gain/(Loss) on Disposal of PPE	5,052	-
Interest Income-Money Market	857	1,978
Dividend Income	-	34,163
	<b>68,967</b>	<b>246,261</b>

**8. PERSONNEL COSTS**

Salaries and Wages	70,130	58,325
Contribution to Employees' Provident Fund	7,126	6,036
Contribution to Employees' Trust Fund	1,782	1,509
Provision for Staff Retirement Benefits (Note 25.1)	6,107	5,959
Other	23,009	19,119
	<b>108,154</b>	<b>90,948</b>

**9. RESULTS FROM OPERATING ACTIVITIES**

Results from operating activities are stated after deducting all operating expenses including the following:

Directors Fees	11,520	11,620
Audit Fees	560	484
Related Services	131	133
Legal and Secretarial Fees	1,897	1,081
Professional Fees	903	985

For the Year ended 31st March	Company	
	2020 Rs. '000	2019 Rs. '000
<b>10. FINANCE COSTS</b>		
Interest on Bank Overdraft	6,975	869
	<b>6,975</b>	<b>869</b>
<b>11. INCOME TAX EXPENSES</b>		
<b>11.1 Tax recognised in the Statement of Comprehensive Income</b>		
a) Current Tax		
Current Year (Note 11.2)	64,723	98,124
	<b>64,723</b>	<b>98,124</b>
b) Deferred Tax Expense		
Origination of Taxable Temporary Differences (Note 26.1)	7,454	25,409
	<b>7,454</b>	<b>25,409</b>
<b>Total Tax Expense</b>	<b>72,177</b>	<b>123,533</b>
<b>11.2 Reconciliation of Accounting Profit and Taxable Income</b>		
Profit before Tax	259,507	535,761
Add: Disallowable Expenses	76,912	52,432
Less: Allowable Expenses	(62,957)	(26,000)
Less: Income from Other Sources		
Dividend Income	-	(34,163)
Interest Income-Money Market	(857)	(1,979)
Change in Fair Value of Investment Property	(42,280)	(213,528)
<b>Business Income</b>	<b>230,325</b>	<b>312,523</b>
<b>Income from Other Sources</b>	<b>857</b>	<b>37,940</b>
<b>Statutory Income</b>	<b>231,182</b>	<b>350,463</b>
<b>Assessable Income</b>	<b>231,182</b>	<b>350,463</b>
Less: Deductions	(30)	(20)
<b>Total Taxable Income</b>	<b>231,152</b>	<b>350,443</b>
Tax Liability		
Tax Expense at 28% (2019-28%)	64,723	98,124
<b>Total Taxable Liability</b>	<b>64,723</b>	<b>98,124</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

For the Year ended 31st March	Company	
	2020 Rs. '000	2019 Rs. '000

**11.3 Reconciliation of Effective Tax Rate**

Income Tax Using the Domestic Tax Rate	28%	72,662	150,013
Disallowable Expenses	29%	21,535	14,682
Change in Fair Value of Investment Property	-16%	(11,838)	(59,788)
Allowable Expenses	-24%	(17,628)	(7,280)
Interest Income - Money Market	0%	240	10,623
Income from Other Sources	0%	(240)	(554)
Dividend Income	0%	-	(9,566)
Deductions	0%	(8)	(6)
Other Temporary Differences		7,454	25,409
Total Income Tax Expenses (Note 11.1)	28%	72,177	123,533

**12. EARNINGS PER SHARE**

The calculation of the Earnings per share is based on the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares in issue during the year.

For the Year ended 31st March	2020	2019
Profit attributable to Ordinary Shareholders of the Company (Rs'000)	187,330	412,228
Weighted Average no. of Ordinary Shares (Nos. '000)	81,250	81,250
Earnings per Share (Rs.)	2.31	5.07

Diluted Earnings per Share is same as computed above.

**13. DIVIDENDS PER SHARE**

Dividends per Share is based on the dividends paid during the year covered by the Financial Statements.

Final 2018/19 - Rs. 1.25 per Share (final 2017/2018-NULL) (Rs. '000)	101,563	-
Interim 2019/20 - Rs. 1.00 per Share (2018/19 - Rs. 1.00 per Share) (Rs. '000)	81,250	81,250
	182,813	81,250
Dividends per Share (Rs.)	2.25	1.00
Dividend Payout Ratio (%)	97.6%	19.7%

**14. PROPERTY, PLANT AND EQUIPMENT**

	Company						Total 2020 Rs. '000	Total 2019 Rs. '000
	Buildings	Furniture and Equipment	IT Equipment	Motor Vehicles	Plant and Machinery			
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000			
<b>Cost/ Valuation</b>								
As at 01st April	11,222	26,473	3,684	47,161	22,956	<b>111,496</b>	82,968	
Additions	-	6,413	7,010	-	25,609	<b>39,032</b>	28,527	
Disposals	-	(16,327)	(2,598)	(14,732)	(9,922)	<b>(43,579)</b>	-	
<b>As at 31st March</b>	<b>11,222</b>	<b>16,559</b>	<b>8,096</b>	<b>32,429</b>	<b>38,643</b>	<b>106,949</b>	<b>111,495</b>	
<b>Accumulated Depreciation</b>								
As at 01st April	5,407	23,321	2,996	20,187	10,915	<b>62,826</b>	55,750	
Charge for the year	224	1,291	940	7,956	1,759	<b>12,170</b>	7,075	
Disposals	-	(16,317)	(2,598)	(14,732)	(9,348)	<b>(42,995)</b>	-	
<b>As at 31st March</b>	<b>5,631</b>	<b>8,295</b>	<b>1,338</b>	<b>13,411</b>	<b>3,326</b>	<b>32,001</b>	<b>62,825</b>	
<b>Carrying Value</b>								
31st March 2020	5,591	8,264	6,758	19,018	35,317	74,948	-	
31st March 2019	5,815	3,152	688	26,974	12,041	-	48,670	

**14.1** Property, Plant and Equipment includes fully depreciated assets having a gross amount of Rs. 0.9 Mn (2019 - Rs. 41 Mn).

**14.2** No property, plant and equipment were pledged by the Company as security for facilities obtained from Banks.

**14.3** As per the policy and especially due to the impact the Covid-19 Pandemic could have on Company assets, the Company reviewed the carrying values of property, plant and equipment as at the reporting date and determined that no impairment is necessary. The Company has evaluated its business continuity plans and is satisfied that all necessary steps have been taken to safeguard its assets.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

**15. LEASES**

The leasehold land at No. 12, Station Road, Colombo 04 which is being used as a Car Park by the Company was reclassified as a Right of Use Leased Asset with effect from 01st April 2019 in conformity with LKAS 16.

**15.1 Right of Use Assets**

Cost	Company	
	2020 Rs. '000	2019 Rs. '000
Balance as at 01st April	-	-
Recognition of Right of Use Assets on initial application of SLFRS 16	54,604	-
Transfer of previous years LKAS adjustment	(3,375)	-
Adjusted Balance as at 01st April	51,229	-
Additions	-	-
Balance as at 31st March	51,229	-
<b>Accumulated Depreciation</b>		
Balance as at 01st April	-	-
Amortisation	2,782	-
Balance as at 31st March	2,782	-
<b>Carrying amounts</b>		
As at 31 March	48,447	-
<b>15.2 Lease Liabilities</b>		
As at 1st April	-	-
Recognition of Lease Liabilities on initial application of SLFRS 16	54,604	-
Adjusted Balance as at 01st April	54,604	-
Expense for the year	6,579	-
Less: Payments made during the year	(6,175)	-
As at 31st March	55,008	-
<b>Lease liabilities included in the Statement of Financial Position;</b>		
Current	5,909	-
Non - Current	49,099	-
	55,008	-
<b>Maturity Analysis - Contractual undiscounted Cash Flow</b>		
Less than one year	6,300	-
Upto two years	6,484	-
Upto five years	20,371	-
More than five years	113,806	-
Total undiscounted Liabilities as at 31 March	146,961	-

**15.3. Amounts recognised in Profit or Loss**

For the year ended 31st March	Company	
	2020 Rs. '000	2019 Rs. '000
<i>2019/2020 - Leases under SLFRS 16</i>		
Amortisation of Right-of-Use Assets	2,782	-
Interest expense on lease liabilities	6,579	-
	9,361	-
<i>2018/2019 - Operating leases under LKAS 17</i>		
Lease expense	-	8,912
	-	8,912

**15.4 Amounts recognised in Statement of Cash Flows**

Total Cash Outflow for Leases	(6,175)	-
	(6,175)	-

**16. INTANGIBLE ASSETS**

	Company	
	2020 Rs. '000	2019 Rs. '000
<b>Cost</b>		
Balance as at 01st April	5,870	50
Additions	729	5,820
Balance as at 31st March	6,599	5,870
<b>Accumulated Amortisation</b>		
Balance as at 01st April	250	50
Amortisation	924	200
Balance as at 31st March	1,174	250
<b>Carrying amounts</b>		
As at 31 March	5,425	5,620

## NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

**17. INVESTMENT PROPERTY****17.1 Reconciliation of Carrying Amount**

	Land		Buildings		Total	
	2020 Rs. '000	2019 Rs. '000	2020 Rs. '000	2019 Rs. '000	2020 Rs. '000	2019 Rs. '000
As at 01 April	2,434,808	2,225,954	1,584,420	1,579,746	4,019,228	3,805,700
Additions	-	-	111,492	-	111,492	-
Fair value gain	46,875	208,854	(4,595)	4,674	42,280	213,528
As at 31 March	2,481,683	2,434,808	1,691,317	1,584,420	4,173,000	4,019,228

Investment Property comprises a number of commercial properties that are leased to third parties and to a number of related companies. Each of the leases contains a maximum period of 4 years. Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

In accordance with LKAS 40, a property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Company holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

The Company has considered the impact of the COVID-19 Pandemic when determining the fair value of the Investment Property.

Changes in fair values are recognised as gains in profit or loss and included in Other Income (Note 7).

**17.2 Measurement of Fair Values****17.2.1 Fair Value Hierarchy**

The carrying amount of investment property is the fair value of property as determined by an external, independent property valuer, having an appropriate recognised professional qualification and recent experience in the location and the category of the property being valued. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Company's investment property.

The fair value measurement for the investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

### 17.2.2 Valuation Technique and Significant Unobservable Input

Address	Extent	Name of the Valuer	Date of Valuation	Market Value Rs. '000s
No 10, Station Road, Colombo 04	1A-2R-17.25P (70,036 Sqft)	Mr.T Weeratne (Incorporated Valuer)	31st March 2020	4,173,000

Description Investment Property	Fair Value at 31st March 2020 Rs. '000s	Valuation Technique(s)	Square Feet / Perch		Unobservable Inputs	Valued at
Land	2,481,683	Income Approach - Estimated rental for lettable total area on each floor	Front Land	0A-2R-35P	Price per perch	Rs. 10.5 Mn per perch
			Rear Land	0A-3R-22.25P	Price per perch	Rs. 8.6 per perch
Building (1)	1,691,317		Floor Area	277,514 Sq.ft	Price per perch	Rs. 6,000 per Sq.ft
	4,173,000					

#### Significant Unobservable Inputs

Voids-10%; Annual Outgoings, rates and insurance-45%; Capitalisation-5.4%; Income per SqFt - According to agreements with tenants.

#### Inter-relationship between Key Unobservable Inputs and Fair Value Measurements

The estimated fair value would increase / decrease if Voids rate was lower / higher, Capitalization rate was higher / lower, Annual outgoings, rates and insurance was lower / higher.

## 18. CAPITAL WORK-IN-PROGRESS

	Company	
	2020 Rs.'000	2019 Rs.'000
Balance as at 01st April	16,968	-
Addition	375,408	16,968
Transfer to Investment Property/Property, Plant and Equipment	(145,087)	-
Balance as at 31st March	247,289	16,968

## NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

**19. INVESTMENT IN EQUITY ACCOUNTED INVESTEE**

The Company's investment in its associate is Rs.225 Mn (2019-Rs.135 Mn). The following table analyses, in aggregate, the carrying amount and share of profit and OCI of the associate.

	Company	
	2020 Rs.'000	2019 Rs.'000
As at 1st April	75,722	109,430
Shares Purchased during the year	90,000	-
Share of Loss	(48,853)	(33,142)
Share of OCI/(Expense)	613	(566)
Impairment Provision	(2,126)	-
<b>As at 31st March</b>	<b>115,356</b>	<b>75,722</b>

The Company's share of Loss in its equity accounted investee for the year was Rs.48.2 Mn (2019 - Rs. 33.7 Mn).

During the year, the Company did not receive any dividend from its equity accounted investee (2019-Nil).

Summary of financial information for the equity accounted investee, is as follows;

**CEYLON THEATRES (PVT) LTD**

Ownership - 45% (2019 - 45%)

Current Assets	79,243	63,454
Non-Current Assets	543,578	289,359
<b>Total Assets</b>	<b>622,821</b>	<b>352,813</b>
Current Liabilities	183,085	154,830
Non-Current Liabilities	183,389	34,435
<b>Total Liabilities</b>	<b>366,474</b>	<b>189,265</b>
<b>Net Assets</b>	<b>256,347</b>	<b>163,548</b>
Income	349,110	441,393
Expenses	(456,310)	(516,299)
<b>Total Comprehensive Loss</b>	<b>(107,200)</b>	<b>(74,906)</b>
<b>Company Share of Loss</b>	<b>(48,240)</b>	<b>(33,708)</b>

**20. OTHER FINANCIAL ASSETS**

	No. of Shares	% Share	Company	
			2020 Rs.'000	2019 Rs.'000
CT Properties Ltd.	11,500,000	4.6%		
As at 01st April			83,302	84,953
Change in Fair Value			(4,151)	(1,651)
As at 31st March			79,151	83,302

Unquoted shares of CT Properties Ltd. are classified as Fair Value Through Other Comprehensive Income assets.

Based on the valuation of the investment carried out at the reporting date, a fair value loss of Rs.4.2 Mn (2019-Rs. 1.7 Mn) was recognised for the current financial year.

**21. TRADE AND OTHER RECEIVABLES**

	Company	
	2020 Rs.'000	2019 Rs.'000
As at 31st March		
<b>Trade Receivables</b>		
Related	20,506	7,424
Others	70,342	42,906
Total	90,848	50,330
Other Receivables	68,892	41,449
	159,740	91,779
Less: Provision for impairment	(6,096)	(2,482)
	153,644	89,297

The Company re-evaluated recoverability of trade receivable balances in the light of the COVID-19 pandemic and specific provisions were made where necessary.

**22. SHORT-TERM INVESTMENTS**

	Company			
	2020		2019	
	No. of Units	Rs. '000	No. of Units	Rs. '000
Balance as at 01st April	31,057	346,276	17,581	193,034
Purchase	-	-	13,476	155,000
Disposal	(27,530)	(325,000)	-	-
FV Gain / (Loss)	-	22,904	-	(1,757)
Balance as at 31st March	3,527	44,180	31,057	346,276

## NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

**23. CASH AND CASH EQUIVALENTS**

As at 31st March	Company	
	2020 Rs.'000	2019 Rs.'000
Cash and Bank Balances	46	54,993
Bank Overdrafts	(178,573)	(47)
Cash and Cash Equivalents in the Statement of Cash Flow	(178,527)	54,946

**24. STATED CAPITAL**

	Company			
	No. of Shares 2020	Rs.'000 2019	2020 Rs.'000	2019 Rs.'000
On Issue as at 01st April	81,250,000	81,250,000	1,982,500	1,982,500
Issued during the year	-	-	-	-
Closing balance as at 31st March	81,250,000	81,250,000	1,982,500	1,982,500

The holders of ordinary shares are entitled to one vote per individual present at meetings of the shareholders and one vote per share in case of a poll and are also entitled to receive dividends as declared from time to time.

**25. RETIREMENT BENEFIT OBLIGATIONS**

As at 31st March	Company	
	2020 Rs.'000	2019 Rs.'000
Liability for Defined Benefit Obligations as at 1st April	37,895	39,439
Current Service Cost	1,939	1,621
Interest Cost	4,168	4,338
Actuarial (Gain) / Loss immediately recognised	6,400	(6,740)
Payments made	-	(763)
Liability for Defined Benefit Obligations as at 31st March	50,402	37,895

**25.1 Amount Recognized in the Statement of Comprehensive Income**

Current Service Cost	1,939	1,621
Interest Cost	4,168	4,338
Provision for Staff Retirement Benefit (Note 8)	6,107	5,959

## 25.2 Amount Recognised in Other Comprehensive Income

	Company	
	2020 Rs.'000	2019 Rs.'000
Actuarial (Gain)/Loss arising from;		
- Experience Adjustment	5,895	(3,391)
- Financial Assumptions	505	(3,380)
- Demographic Assumptions	-	31
	<b>6,400</b>	<b>(6,740)</b>

## 25.3 Actuarial Assumptions

The following are the principal actuarial assumptions at the reporting date

Retirement Age (Years)	55 / 65	55 / 65
Rate of Discount	11.0%	11.0%
Salary Increment Rate	10.0%	10.0%

An actuarial valuation of the Employee Benefit Obligation was carried out as at 31st March 2020 by a firm of professional actuaries. The valuation method used by the actuaries was the "Projected Unit Credit Method", the method recommended by the Sri Lanka Accounting Standard (LKAS 19) "Employee Benefits".

### 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 affect the defined benefit obligation by the amounts shown below.

Assumption	31st March 2020		31st March 2019	
	Increase Rs.000	Decrease Rs.000	Increase Rs.000	Decrease Rs.000
Discount Rate (Change by 1%)	(1,056)	1,155	(1,193)	1,300
Salary Increment Rate (Change by 1%)	748	(674)	1,362	(1,268)

## NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

**26. DEFERRED TAX LIABILITIES**

As at 31st March	Company							
	Temporary Difference		Assets		Liabilities		Net	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Investment Property - Land	417,423	370,554	-	-	41,742	37,055	41,742	37,055
Investment Property - Building	1,536,424	1,515,006	-	-	430,199	424,202	430,199	424,202
Property, Plant & Equipment	21,500	17,025	-	-	6,020	4,767	6,020	4,767
Intangible Assets	905	633	-	-	253	177	253	177
Defined Benefit Obligations	(50,402)	(37,895)	(14,113)	(10,611)	-	-	(14,113)	(10,611)
Bad Debt Provision	(6,096)	(2,482)	(1,707)	(695)	-	-	(1,707)	(695)
Lease Liabilities	(6,561)	-	(1,837)	-	-	-	(1,837)	-
Net Deferred Tax (Assets)/Liabilities	1,913,193	1,862,841	(17,657)	(11,306)	478,214	466,201	460,557	454,895

**26.1 Movement in Deferred Tax balances during year**

	2019-2020				2018-2019			
	Balance as at 01st April Rs.'000	Recognised in Profit or Loss Rs.'000	Recognised OCI Rs.'000	Balance as at 31st March Rs.'000	Balance as at 01st April Rs.'000	Recognised in Profit or Loss Rs.'000	Recognised in OCI Rs.'000	Balance as at 31st March Rs.'000
	Investment Property - Land	37,055	4,687	-	41,742	16,170	20,885	-
Investment Property - Building	424,202	5,997	-	430,199	416,272	7,930	-	424,202
Property, Plant and Equipment	4,767	1,253	-	6,020	6,895	(2,128)	-	4,767
Intangible Assets	177	76	-	253	-	177	-	177
Defined Benefit Obligations	(10,611)	(1,710)	(1,792)	(14,113)	(11,043)	(1,455)	1,887	(10,611)
Bad Debt Provision	(695)	(1,012)	-	(1,707)	(695)	-	-	(695)
Lease Liabilities	-	(1,837)	-	(1,837)	-	-	-	-
As at 31st March	454,895	7,454	(1,792)	460,557	427,599	25,409	1,887	454,895

**26.2 Deferred Tax on Land**

The Inland Revenue Act No. 24 of 2017 and new tax rates including capital gains taxes are effective from 01st April 2018. Accordingly the income tax charge for the year ended 31st March 2020 has been computed on rates applicable in the year of assessment 2019/20. The provision for deferred tax as at 31st March 2020 has been calculated at rates and on capital gains applicable post 01st April 2018, on the same basis as the previous year.

Due to uncertainties that exist on the interpretation of the new law relating to freehold land for tax purposes, significant judgement was exercised to determine the provision required for deferred taxes on capital gains applicable to freehold land.

Having sought independent professional legal advice, the Company is of the view that the freehold land used in the business falls under the category "Investment Assets" and accordingly deferred tax has been provided on the related gain on revaluation. In the event it is deemed that freehold land be considered as "Capital Assets used in the business", the Company would have to make an additional deferred tax charge as follows;

For the year ended 31st March	Company	
	2020 Rs. '000	2019 Rs. '000
<b>Statement of profit or loss and other comprehensive income</b>		
Unrecognised through profit or loss	8,437	37,594
	<b>8,437</b>	<b>37,594</b>
<b>As at 31st March</b>	<b>2020</b>	<b>2019</b>
	<b>Rs. '000</b>	<b>Rs. '000</b>
<b>Statement of financial position</b>		
Unrecognised through profit or loss	635,206	626,769
	<b>635,206</b>	<b>626,769</b>
<b>As at 31st March</b>	<b>2020</b>	<b>2019</b>
	<b>Rs. '000</b>	<b>Rs. '000</b>
<b>27. SECURITY DEPOSITS</b>		
Related Companies	5,275	4,664
Others	169,827	160,728
	<b>175,102</b>	<b>165,392</b>
<b>28. DEFERRED INTEREST</b>		
On Security Deposits Received	57,962	83,978
	<b>57,962</b>	<b>83,978</b>
<b>29. TRADE AND OTHER PAYABLES</b>		
Trade Creditors	14,330	23,862
Other Payables	340	310
Dividends Payable	8,456	6,739
Accrued Expenses	8,982	2,616
	<b>32,108</b>	<b>33,527</b>
<b>30. INCOME TAX (RECEIVABLES)/PAYABLES</b>		
As at 1st April	19,028	21,197
Less: Payments made during the year	(93,662)	(100,293)
Provision made during the year	64,723	98,124
As at 31st March	(9,911)	19,028

## NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

**31. FINANCIAL RISK MANAGEMENT**

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This Note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these Financial Statements.

**Risk Management Framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board consists of seven Non-Executive Directors including four independent Directors with wide financial and commercial knowledge and experience.

The Board discharges its governance responsibility through the Board of Directors and the Audit Committee. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Audit Committee is responsible for monitoring compliance with the Company's risk management policies and procedures.

**Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligation, and arise principally from the Company's receivables from customers.

The maximum exposure to credit risk at the reporting date was as follows;

	Company	
	2020 Rs.'000	2019 Rs.'000
Trade and Other Receivables	110,988	75,379
Cash and Cash Equivalents	46	54,993
Short Term Investments	44,180	346,276

**Management of Credit Risk****Trade and Other Receivables**

The Company has a well-established credit control policy and process to minimize credit risk. Customers are categorised according to segments and credit limits have been fixed as per the security deposits given by the respective customer. Transactions will be started only when the Company receives the security deposit from the customers and further invoicing will be done only for the customers whose outstanding balance do not exceed the security deposit.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each tenant.

The Board of Directors has established a credit policy under which each new tenant is analysed individually for creditworthiness. The Company's review includes review of financial position and bank references.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

The aging of gross trade receivables at the reporting date are as follows;

	Company	
	2020 Rs.'000	2019 Rs.'000
Below 31 days	25,523	29,183
31 - 62 days	29,846	14,465
63 - 93 days	18,832	5,905
94 - 124 days	10,581	514
Over 125	6,066	263
	<b>90,848</b>	<b>50,330</b>

#### Impairment losses

The movement in the provision for impairment in respect of trade receivables during the year was as follows.

	Company	
	2020 Rs.'000	2019 Rs.'000
As at 1st April	2,482	2,482
Impairment loss recognised	3,614	-
As at 31st March	<b>6,096</b>	<b>2,482</b>

The Company believes that the unimpaired amounts that are past due by more than 45 days are still collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk. Based on the Company's monitoring of customer credit risk, the Company believes that, except as indicated above, no impairment allowance is necessary in respect of trade receivables not past due.

#### Cash and Cash Equivalents

The Company held cash and cash equivalents of Rs. 46,062 at 31st March 2020 (2019- Rs. 54.9Mn), which represents its maximum credit exposure on these assets.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

**Corporate Guarantee**

A Corporate Guarantee has been given by the Company to Commercial Bank of Ceylon PLC, which has granted banking facilities not exceeding Rs.25,000,000 (Rs.25 Mn) to Ceylon Theatres (Pvt) Ltd secured by the corporate guarantee given by the Company.

**Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest.

**The maturity analysis of Liabilities**

As at 31st March 2020	Carrying Value	Contractual Maturity	Contractual Cash Flow			
			Current	Non-Current		
			Up to 1 year	Up to 2 years	Up to 5 years	Above 5 years
	Rs. 000	Rs. 000	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s
Bank Overdrafts	178,573	178,573	178,573	-	-	-
Trade and Other Payables	14,670	14,670	14,670	-	-	-
Lease Liabilities	55,008	146,961	6,300	6,484	20,371	113,806

As at 31st March 2019	Carrying Value	Contractual Maturity	Contractual Cash Flow			
			Current	Non-Current		
			Up to 1 year	Up to 2 years	Up to 5 years	Above 5 years
	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s
Bank Overdrafts	47	47	47	-	-	-
Trade and Other Payables	24,172	24,172	24,172	-	-	-

**Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**Currency Risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates.

**Operational Risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to management within the Company. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards;
- Risk mitigation, including insurance when this is effective.

### Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital, which the Company defines as Results from Operating Activities divided by Total Shareholders' Equity. The Company also monitors the level of dividends to ordinary shareholders.

The Company's debt to adjusted capital ratio at the end of the reporting period was as follows.

	2020 Rs. '000s	2019 Rs. '000s
Total liabilities	1,009,712	794,762
Less: cash and cash equivalents	(46)	(54,993)
Net debt	1,009,666	739,769
Total equity	3,941,685	3,945,314
Net debt to equity ratio at 31 March	0.26	0.19

There were no changes in the Company's approach to capital management during the year. The Company wishes to raise additional capital to invest in more diversified investments to mitigate the future operational risks.

### Accounting Classification and Fair Values

The following table shows the carrying amounts and fair values of the financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

31st March 2020	Note	Carrying Amounts (Rs.'000)					Fair Values (Rs.'000)			
		FVTPL Rs.'000	FAMAAC Rs.'000	FVTOCI Rs.'000	OFL Rs.'000	Total Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000
<b>Financial Assets Measured at Fair Value</b>										
Other Financial Assets	20	-	-	79,151	-	79,151	-	-	79,151	79,151
Short Term Investments	22	44,180	-	-	-	44,180	-	44,180	-	44,180
		44,180	-	79,151	-	123,331	-	44,180	79,151	123,331
<b>Financial Assets Not Measured at Fair Value</b>										
Trade and Other Receivables	21	-	153,644	-	-	153,644	-	-	-	-
Cash and Cash equivalents	23	-	46	-	-	46	-	-	-	-
		-	153,690	-	-	153,690	-	-	-	-
<b>Financial Liabilities Measured at Fair Value</b>										
Security Deposits	27	-	-	-	175,102	175,102	-	-	175,102	175,102
<b>Financial Liabilities Not Measured at Fair Value</b>										
Trade and Other Payables*	29	-	-	-	23,126	23,126	-	-	-	-
Bank Overdraft/(Secured)	23	-	-	-	178,573	178,573	-	-	-	-
		-	-	-	201,699	201,699	-	-	-	-
<b>31st March 2019</b>										
<b>Financial Assets Measured at Fair Value</b>										
Other Financial Assets	20	-	-	83,302	-	83,302	-	-	83,302	83,302
Short-term Investments	22	346,276	-	-	-	346,276	-	346,276	-	346,276
		346,276	-	83,302	-	429,578	-	346,276	83,302	429,578
<b>Financial Assets Not Measured at Fair Value</b>										
Trade and Other Receivables	21	-	89,297	-	-	89,297	-	-	-	-
Cash and Cash Equivalents	23	-	54,993	-	-	54,993	-	-	-	-
		-	144,290	-	-	144,290	-	-	-	-
<b>Financial Liabilities Measured at Fair Value</b>										
Security Deposits	27	-	-	-	165,392	165,392	-	-	165,392	165,392
<b>Financial Liabilities Not Measured at Fair Value</b>										
Trade and Other Payables*	29	-	-	-	30,911	30,911	-	-	-	-
Bank Overdraft/(Secured)	23	-	-	-	47	47	-	-	-	-
		-	-	-	30,958	30,958	-	-	-	-

\* Accrued Expenses that are not Financial Liabilities are not included

Following valuation technique was used by the Company in measuring Level 3 fair values, and the significant unobservable inputs used for the valuation.

Category	Valuation Technique	Significant unobservable inputs	Sensitivity of the input to the fair value
Other Financial Assets	Net Assets Basis	Carrying value of assets and liabilities adjusted for market participant assumptions.	Variability of inputs are insignificant to have an impact on fair values

FVTPL - Fair Value through Profit or Loss

FVTOCI - Fair Value Through OCI

FAMAAC - Financial Assets measured at Amortised Cost

OFL - Other Financial Liabilities

## 32. RELATED PARTY TRANSACTIONS

### Parent and the Ultimate Controlling Party

The Company is a subsidiary of CT Holdings PLC, the ultimate parent, which owns 67.9% of the controlling interest of the Company.

### 32.1 Transactions, Arrangements and Agreements involving Key Management Personnel (KMP) and their close family members (CFM);

According to Sri Lanka Accounting Standard 24 - Related Party Disclosures, Key Management Personnel are those having authority for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors has been classified as Key Management Personnel of the Company.

Close Family Members (CFM) of a KMP are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity. They may include;

- (a) the individual's domestic partner and children;
- (b) children of the individual's domestic partner; and
- (c) dependents of the individual or the individual's domestic partner

CFM are related parties to the entity. There were no transactions other than those disclosed below with CFM during the year

The following Directors are Directors of CT Holdings PLC as well.

Mr. R. Selvaskandan  
 Mr J.C.Page  
 Mr A.T.P. Edirisinghe  
 Mr L. R. Page  
 Mr. Sunil Mendis  
 Mr. S. C. Niles

#### a. Loans given to Key Management Personnel

There are no loans given to Directors or Key Management Personnel during the year.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

## b. Key Management Personnel compensation for the period comprised of the following.

For the year ended 31st March	Company	
	2020 Rs.'000	2019 Rs.'000
Short term employee benefits	41,165	32,550
Post employment benefits	-	-
	<b>41,165</b>	<b>32,550</b>

## c. Key Management Personnel and Directors' transactions

Directors of the company control 7.21% of the voting shares of the company.

A number of key management personnel and their related parties hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Company during the year. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel of related entities on an arm's length basis.

There are no other transactions and outstanding balances with key management personnel except for the items mentioned in Note No. 32.1(b).

### 32.2 The aggregate value of transactions and outstanding balances related to Related Parties are as follows.

Parties Accommodated	Relationship	Transaction	Transaction Value for the year ended 31st March				Balance outstanding as at 31st March - Due From / (Due To)	
			Rs.'000	2020 % of Total Revenue	Rs.'000	2019 % of Total Revenue	2020 Rs.'000	2019 Rs.'000
Ceylon Theatres (Pvt) Ltd	Group Company	Rental and Service Charges	22,511	4.5%	23,298	4.4%	14,536	7,424
		Security Deposit	-	-	-	-	(2,011)	(2,011)
		Investment in Shares	90,000	-	-	-	-	-
CT CLSA Securities (Pvt) Ltd	Group Company	Rental and Service Charges	8,889	1.8%	8,896	1.7%	-	-
		Security Deposit	-	-	-	-	(780)	(780)
CT CLSA Capital (Pvt) Ltd	Group Company	Rental and Service Charges	1,456	0.3%	1,586	0.3%	133	-
		Security Deposit	-	-	-	0.0%	(128)	(128)
Comtrust Asset Management (Pvt) Ltd	Group Company	Rental and Service Charges	3,361	0.7%	3,364	0.6%	310	-
		Security Deposit	-	-	-	-	(295)	(295)
		Short Term Investment	(325,000)	-	153,243	-	44,180	346,276
CT CLSA Holdings Ltd	Group Company	Income from Investment	-	-	34,163	-	-	-
		Rental and Service Charges	3,802	0.8%	3,675	0.7%	315	-
Cargills Foods Co. (Pvt) Ltd	Group Company	Security Deposit	-	-	-	-	(334)	(334)
		Rental and Service Charges	25,360	5.1%	26,152	4.9%	3,207	-
Cargills Food Processors (Pvt) Ltd	Group Company	Security Deposit	-	-	-	-	(2,249)	(2,249)
		Purchases	76	-	-	-	(10)	-
Cargills Agrifoods Ltd	Group Company	Rental and Service Charges	13,272	2.7%	14,346	2.7%	2,004	-
		Security Deposit	-	-	-	-	(1,234)	(1,234)
Cargills Quality Conf. (Pvt) Ltd	Group Company	Purchases	41	-	34	-	-	-
Millers Ltd	Group Company	Purchases	5	-	5	-	-	-
		Services Provided	530	-	627	-	(46)	(49)

The rental and service charges are from the related parties who have occupied the investment property. The terms and conditions of the Related Party transactions are general terms applicable to all tenants taking into consideration factors such as the long term nature of the occupancy, the extent and location of the area occupied and the ability of the entity concerned to attract customers into the complex.

### 33. LITIGATION AND CLAIMS

There is no litigation and no claims against the Company as at the reporting date.

### 34. EMPLOYEE AND INDUSTRIAL RELATIONS ISSUES

There are no Employee and Industrial Relations issues as at the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

### 35. THE COVID-19 PANDEMIC ISSUES

The COVID-19 Pandemic has become far more than a health crisis and it is affecting societies and economies at their core due to the prolonged global economic downturn and travel restrictions. Sri Lankan businesses, especially those directly or indirectly dependent on tourism have been quite adversely affected with the limited opportunities available to diversify in the short term.

This has been a double blow for most tenants at Majestic City as they had not recovered sufficiently from the adverse impact of the multiple bomb attacks in the country on 21st April 2019. It is also not possible at present to predict the recovery period as this will depend to a great extent on the relaxation of travel restrictions and the recovery period of countries from which tourists come to Sri Lanka.

The Company is at present considering a temporary downward rental restructure in order to move forward strategically and to maintain the current occupancy levels of the mall.

### 36. EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Company recommends a final dividend of Rs. 0.75 per share for the year ended 31st March 2020, to be approved at the Annual General Meeting.

The Company has signed a Maintenance and Service Agreement with Messrs. Ceyline Engineering Services (Pvt) Ltd effective from 01st July 2020 under which it will manage the maintenance and other services provided by the engineering division of the Company.

No other circumstances have arisen since the reporting date which would require adjustments to or disclosure in the Financial Statements other than those disclosed above.

### 37. COMMITMENTS AND CONTINGENCIES

Contracts amounting to Rs.360.8 Mn were awarded as a part of the Company's refurbishment programme. The upgrading and extension of the Food Zone was completed at a cost of Rs. 78 Mn on 30th November 2019 and the Airconditioning works amounting to Rs. 173 Mn were completed on 31st July 2020. The Electrical and other works are still in progress and are expected to be completed by November 2020. The value of work completed as at 31st March 2020 has been capitalised and the value of partly completed works are included under Capital Work-In-Progress.

The Deputy Commissioner of Inland Revenue has made an additional assessment of Income Tax for the year ended 31st March 2018 of Rs. 49.5 Mn on the company and also imposed a penalty of Rs. 29.6 Mn by considering the difference between the total value of credits in the Company's current account and the declared revenue as undeclared revenue. The Company's Financial Statements have been prepared on an accruals basis as per generally accepted accounting principles and have been duly audited and reported on by the Auditors. The declared revenue of the Company according to its Financial Statements is accurate and the assumption made by the Deputy Commissioner that all deposits other than fund transfers need to be considered as revenue cannot be accepted. A full reconciliation between the Company's declared revenue and the total value of deposits credited to our Bank Account has been carried out and included in an appeal made to the CGIR through its Tax Consultants.

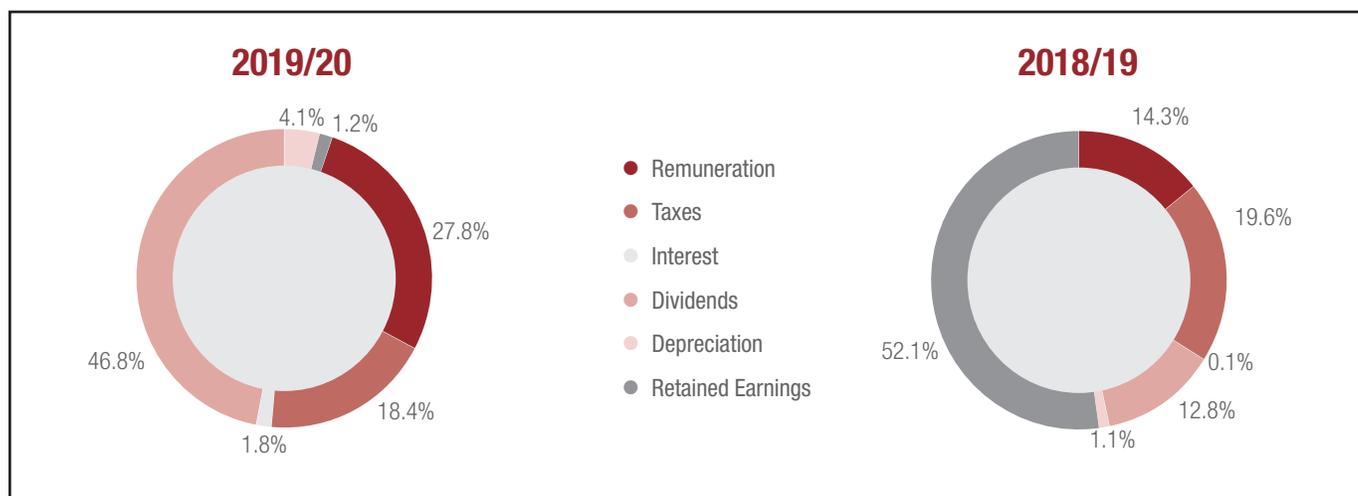
No adjustments have been made in the Financial Statements in this regard as the management of the Company believes that there is no likelihood of an unfavourable outcome.

## STATEMENT OF VALUE ADDED

Year ended 31st March	Company			
	2020		2019	
	% of Total	Rs. '000	% of Total	Rs. '000
<b>Creation of Value Added</b>				
Revenue		559,710		594,634
Operating Expenses		(189,312)		(172,900)
Value Added from Operations		370,398		421,734
Other Income		28,813		34,384
Change in Fair Value of Investment Property		42,280		213,528
Share of Profit/(Loss) of Equity Accounted Investee		(48,853)		(33,142)
Impairment-Investment in Equity		(2,126)		(1,651)
<b>Total Value Added</b>		<b>390,512</b>		<b>634,853</b>
<b>Distribution of Value Added</b>				
<b>To Associates</b>				
Salaries, Wages and related costs	27.70	108,154	14.33	90,948
<b>To Government</b>				
as Income Taxes	16.57	64,723	15.46	98,124
as Deferred Taxes	1.91	7,454	4.00	25,409
		72,177		123,533
<b>To Lenders of Capital</b>				
as Interest	1.79	6,975	0.14	869
<b>To Shareholders</b>				
as Dividends	46.81	182,813	12.80	81,250
<b>Retained for Growth</b>				
Depreciation	4.07	15,876	1.15	7,275
Retained Earnings	1.16	4,517	52.13	330,978
		20,393		338,253
	100.00	390,512	100.00	634,853

## STATEMENT OF VALUE ADDED

Year ended 31st March	Company			
	2020		2019	
	% of Total	Rs. '000	% of Total	Rs. '000
<b>Distribution of Value Added</b>				
Remuneration	27.7%	108,154	14.3%	90,948
Taxes	18.4%	72,177	19.6%	123,533
Interest	1.8%	6,975	0.1%	869
Dividends	46.8%	182,813	12.8%	81,250
Depreciation	4.1%	15,876	1.1%	7,275
Retained Earnings	1.2%	4,517	52.1%	330,979
	100.0%	390,512	100.0%	634,853



# SHAREHOLDER AND INVESTOR INFORMATION

## 1. STOCK EXCHANGE LISTING

The issued ordinary shares of CT Land Development PLC are listed with the Colombo Stock Exchange.

## 2. DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	31st March 2020				31st March 2019			
	Shareholders		Holdings		Shareholders		Holdings	
	Number	%	Number	%	Number	%	Number	%
1-1,000	1,617	61.0	451,386	0.6	1,598	60.8	442,445	0.5
1,001-10,000	843	31.8	2,606,434	3.2	833	31.7	2,563,234	3.2
10,001-100,000	163	6.1	4,126,377	5.1	167	6.4	4,060,200	5.0
100,001-1,000,000	23	0.9	7,438,008	9.2	24	0.9	7,585,533	9.3
1,000,001-Over	5	0.2	66,627,795	82.0	5	0.2	66,598,588	82.0
	2,651	100.0	81,250,000	100.0	2,627	100.0	81,250,000	100.0

## 3. ANALYSIS OF SHAREHOLDERS

Categories of Shareholders	31st March 2020				31st March 2019			
	Non-Residents	Residents	Total	%	Non-Residents	Residents	Total	%
Individuals	1,018,817	11,852,716	12,871,533	15.8	1,090,177	11,841,402	12,931,579	15.9
Institutions and Corporate Holdings	304,391	68,074,076	68,378,467	84.2	314,468	68,003,953	68,318,421	84.1
	1,323,208	79,926,792	81,250,000	100.0	1,404,645	79,845,355	81,250,000	100.0

# SHAREHOLDER AND INVESTOR INFORMATION (CONTD...)

## 4. TOP 20 SHAREHOLDERS

The holdings of the top 20 shareholders as at 31st March 2020 is given below:-

As at	31st March 2020		31st March 2019	
	Number of shares	%	Number of shares	%
1 CT Holdings PLC	55,139,348	67.9%	55,139,348	67.9%
2 Seylan Bank PLC/Senthilveri Holdings (Pvt) Ltd	5,033,275	6.2%	-	0.0%
3 Sampath Bank PLC/Dr. T. Senthilveri	4,346,725	5.3%	4,346,725	5.3%
4 Mr. A.A. Page	1,090,440	1.3%	1,090,440	1.3%
5 Mr. J.C. Page	1,018,007	1.3%	1,018,007	1.3%
6 Mrs. C.K. Muttukumaru	860,007	1.1%	860,007	1.1%
7 Tudawe Brothers Limited	835,175	1.0%	835,175	1.0%
8 E.W. Balasuriya & Co. (Pvt) Ltd	692,302	0.9%	692,302	0.9%
9 Merrill J Fernando & Sons (Pvt) Limited	654,225	0.8%	654,225	0.8%
10 Mrs. T. Selvaratnam	626,355	0.8%	626,355	0.8%
11 Mr. A.M. Weerasinghe	553,809	0.7%	553,809	0.7%
12 Mrs. J.N. Mather	451,030	0.6%	451,030	0.6%
13 Mr. L.R. Page	447,478	0.6%	447,478	0.6%
14 Mr. P.G.K. Fernando	274,415	0.3%	274,415	0.3%
15 Mr. S. Srikanthan	193,000	0.2%	223,000	0.3%
16 Bank of Ceylon A/c Ceybank Century Growth Fund	188,354	0.2%	161,344	0.2%
17 Mrs. M.P.R. Silva	173,663	0.2%	168,121	0.2%
18 Dr. A.C. Visvalingam	169,053	0.2%	169,053	0.2%
19 Orit Apparels Lanka (Pvt) Ltd	166,667	0.2%	166,667	0.2%
20 Hallsville Trading Group Inc.	161,058	0.2%	161,058	0.2%
Seylan Bank PLC/Thirugnanasambandar Senthilveri	-	0.0%	5,004,068	6.2%
	<b>73,074,386</b>	<b>89.9%</b>	<b>73,042,627</b>	<b>89.9%</b>
Others (2,631 Shareholders as at 31st March 2020)	<b>8,175,614</b>	<b>10.1%</b>	<b>8,207,373</b>	<b>10.1%</b>
<b>TOTAL</b>	<b>81,250,000</b>	<b>100.0%</b>	<b>81,250,000</b>	<b>100.0%</b>

## 5. SHARE VALUATION

The market value of each Ordinary share on 31st March 2020 was Rs. 20.40 (2019-Rs. 28.40). The highest and lowest values recorded during the year ended 31st March 2020 were Rs. 35.20 and Rs. 20.00 respectively. The highest value was recorded on 29th July 2019 and the lowest value was recorded on 20th March 2020.

**6. SHARE TRADING**

For the year ended 31st March	2020	2019
No. of Transactions	1,100	884
No. of Shares Traded	5,581,039	490,257
Value of Shares Traded (Rs.)	154,067,232	14,369,873

**7. DIVIDENDS**

An Interim Dividend of Rs. 1.00 per share was paid on 12th December 2019. The Directors have recommended a Final Dividend of Rs. 0.75 per share subject to approval of the shareholders at the Annual General Meeting.

**8. PUBLIC HOLDING**

The percentage of shares held by the public as at 31st March 2020 (2,619 shareholders) was 17.36% (31st March 2019 - 2,612 shareholders holding 17.35%).

The Float adjusted Market Capitalisation of the Company as at 31st March 2020 was Rs. 287.7 Mn (31/03/2019 - Rs. 396.8 Mn).

According to the Minimum Listing Requirements of the Dir Savi Board of the CSE on which the Company is listed, the public holding % should be 10% and the number of shareholders should be 200. The Company is in compliance with these requirements as per Option 2 of clause 7.13.1 (b).

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty Seventh Annual General Meeting of the Company will be held at the Sri Lanka Foundation Institute, No.100, Independence Square, Colombo 07 on Friday, 23rd October 2020 at 9.00 am in order to:

1. Receive and consider the Report of the Directors and the Statement of Accounts for the year ended 31st March 2020 with the Report of the Auditors thereon.
2. Declare a Dividend as recommended by the Directors.
3. Re-elect Directors who are due to retire by rotation and are eligible for re-election:
  - (a) Mr. V. R. Page
  - (b) Ms. M.G. Perera
4. Re-elect Mr. L.R. Page who is over 70 years of age as a Director.
5. Re-elect Mr. A.T.P. Edirisinghe who is over 70 years of age as a Director.
6. Re-elect Mr. Sunil Mendis who is over 70 years of age as a Director.
7. Re-elect Dr.T. Senthilvel who is over 70 years of age as a Director.
8. Authorise the Directors to determine the remuneration of the Auditors, Messrs. KPMG, who are deemed reappointed as auditors at the General Meeting of the Company in terms of Section 158 of the Companies Act No. 7 of 2007.

By order of the Board,

*(Signed.)*  
**Charuni Gunawardana**  
*Secretary*  
*Colombo*

16th September 2020

## Notes:

- a. Given that the health, safety and well-being of our Members is of paramount importance to us, Members are encouraged to vote by Proxy through the appointment of the Chairman of the Board of Directors of the company to represent them and vote on their behalf. Shareholders are advised to complete the Form of Proxy and indicate 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.
- b. A member is entitled to appoint a proxy to attend and vote at the meeting in his or her stead and the proxy need not be a member of the Company.
- c. A Form of Proxy is enclosed for this purpose.
- d. In the event the Company is required to take any further action in relation to the Meeting in the best interests of the attendees in the context of the COVID-19 pandemic, and/or any communication, guidelines, directives or orders issued by the Government of Sri Lanka, Notice of such action shall be given by way of additional announcements made to the Colombo Stock Exchange.

# FORM OF PROXY

For use at the Thirty Seventh Annual General Meeting

I / We .....  
of .....  
..... being a member/members of CT Land Development PLC hereby appoint  
..... of  
whom failing ..... of  
..... or failing him/her the Chairman of the Meeting as my/our proxy to represent me/  
us and to vote on my/our behalf at the Thirty Seventh Annual General Meeting of the Company to be held on 23rd October 2020 and at any adjournment there of  
and at every Poll which may be taken in consequence thereof in the manner indicated below.

Ordinary Resolutions (The resolutions are as indicated in the Notice of Meeting in the Annual Report)

Resolution No.	1	2	3(a)	3(b)	4	5	6	7	8
For									
Against									

.....  
Signature of Shareholder (s)

.....  
Date

## NOTES:

- Strike out whichever is not desired
- Instructions as to completion are set out on the reverse hereof.
- A Proxy holder need not be a member of the company
- Please indicate how you wish your vote to be cast by placing an "X" in the space provided. If no indication is given, or if there is, in the view of the proxy holder, any doubt (by reason of the manner 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 in his/her discretion may vote as he/she thinks fit.

**INSTRUCTIONS AS TO COMPLETION OF THE FORM OF PROXY:**

1. To be valid, the completed Form of Proxy should be deposited at the Registered Office of the company at No. 10, Station Road, Colombo 04 not less than 48 hours before the time appointed for holding the meeting.
2. In perfecting the form, please ensure that all details are legible. If you wish to appoint a person other than the Chairman as your Proxy, please fill in your full name and address and the name and address of the Proxy holder and sign in the space provided and fill in the date of the signature.
3. The instrument appointing a Proxy shall, in the case of an individual, be signed by the appointer or by his Attorney and in the case of a limited liability company must be executed under its Common Seal or in such other manner prescribed by its Articles of Association or other constitutional documents.
4. If the Proxy Form is signed by an Attorney, the relevant Power of Attorney or a notorially certified copy thereof, should also accompany the completed Form of Proxy, if it has not already been registered with the Company.
5. In the case of joint holders, only one needs to sign. The votes of the senior holder who tenders a vote will alone be counted.
6. In the case of non-resident Shareholders, the stamping will be attended to upon return of the completed form of proxy to Sri Lanka.

# CORPORATE INFORMATION

## Legal Form

A quoted public company with limited liability incorporated under the Companies Act No. 17 of 1982 on 09th March 1983 and re-registered under the Companies Act No. 07 of 2007.

## Registration No.

P Q 159

## Registered Office

10, Station Road, Colombo 4

## Contact Details

Tel: 011 2588827, 2508673-4

Fax: 011 2592427

E-mail: [info@majesticcity.lk](mailto:info@majesticcity.lk)

Web: [www.majesticcity.lk](http://www.majesticcity.lk)

## Stock Exchange Listing

Colombo Stock Exchange

## Board of Directors

Mr. R. Selvaskandan (Chairman)

Mr. J.C. Page (Deputy Chairman/Managing Director)

Ms. M.G. Perera (Finance Director)

Mr. A. T. P. Edirisinghe

Mr. Sunil Mendis

Mr. S.C. Niles

Mr. L.R. Page

Mr. V.R. Page

Mr. T. Senthilvel

## Company Secretary / Legal Consultant

Ms. Charuni Gunawardana

## Management

Mr. J.C. Page (Deputy Chairman/Managing Director)

Ms. M.G. Perera (Finance Director)

Ceyline Engineering Services (Pvt) Ltd

Mr. A.C. Hewage (Accounts Executive)

## Audit Committee

Mr. A. T. P. Edirisinghe (Chairman)

Mr. Sunil Mendis

Mr. R. Selvaskandan

## Remuneration Committee

Mr. Sunil Mendis (Chairman)

Mr. A. T. P. Edirisinghe

Mr. R. Selvaskandan

## Related Party Transactions Review Committee

Mr. A. T. P. Edirisinghe (Chairman)

Mr. Sunil Mendis

Mr. R. Selvaskandan

## Auditors

KPMG Chartered Accountants

## Tax Consultants

KPMG Chartered Accountants

## Bankers

Cargills Bank Ltd

Commercial Bank of Ceylon Ltd

Peoples Bank

## Holding Company

C T Holdings PLC

Concept & Designed by



Printed by Printel (Pvt) Ltd



CT LAND DEVELOPMENT PLC  
10, STATION ROAD, COLOMBO 4.