

*35th*



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# Notice of Meeting

**NOTICE** is hereby given that the Thirty Fifth Annual General Meeting of SERENDIB LAND PLC will be held at Hotel Renuka, No. 328, Galle Road, Colombo 03 on 29th September 2016 at 4.00 p.m. for the following purposes:

1. To receive and consider the Audited Financial Statements for the Year Ended 31st March 2016, together with the Reports of the Directors' and Auditors' thereon.
2. Directors
  - (i) To re-elect Ms. Gajendrakumar G. Ponnambalam as a Director, who retires by rotation at the Annual General Meeting in terms of Article 98 of the Company's Articles of Association.
  - (ii) To elect Mr. Ramesh Schaffter as a Director, who retires at the Annual General Meeting in terms of Article 103 of the Company's Articles of Association.
  - (iii) To re-appoint as a Director Dr. Brahman Sivaprakasapillai, who is 80 years old and who vacates his office in terms of Section 210 of the Companies Act No. 7 of 2007 (the Act).

Notice is hereby given to propose the undernoted Ordinary Resolution in compliance with Section 211 of the Act, in relation to his re-appointment.

**"RESOLVED THAT** Dr. Brahman Sivaprakasapillai, who is 80 years of age be and is hereby re-appointed a Director of the Company and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Dr. Brahman Sivaprakasapillai"

- (iv) To re-appoint as a Director Mr. Segarajasingham Nagendra who is 77 years old and who vacates his office in terms of Section 210 of the Companies Act No. 7 of 2007 (the Act).

Notice is hereby given to propose the undernoted Ordinary Resolution in compliance with Section 211 of the Act, in relation to his re-appointment.

**"RESOLVED THAT** Mr. Segarajasingham Nagendra who is 77 years of age be and is hereby re-appointed a Director of the Company

and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mr. Segarajasingham Nagendra".

- (v) To re-appoint as a Director Dr. (Mrs) Vijayalakshmi Sivaprakasapillai who is 75 years old and who vacates her office in terms of Section 210 of the Companies Act No. 7 of 2007 (the Act).

Notice is hereby given to propose the undernoted Ordinary Resolution in compliance with Section 211 of the Act, in relation to her re-appointment.

**"RESOLVED THAT** Dr. (Mrs) Vijayalakshmi Sivaprakasapillai who is 75 years of age be and is hereby re-appointed a Director of the Company and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Dr. (Mrs) Vijayalakshmi Sivaprakasapillai"

- (vi) To re-appoint as a Director Dr. Jayanta Mootatam by Swaminathan who is 75 years old and who vacates his office in terms of Section 210 of the Companies Act No. 7 of 2007 (the Act).

Notice is hereby given to propose the undernoted Ordinary Resolution in compliance with Section 211 of the Act, in relation to his re-appointment.

**"RESOLVED THAT** Dr. Jayanta Mootatam by Swaminathan who is 75 years of age be and is hereby re-appointed a Director of the Company and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Dr. Jayanta Mootatam by Swaminathan"

- (vii) To re-appoint as a Director Mr. Thirunavukarasu Someswaran who is 73 years old and who vacates his office in terms of Section 210 of the Companies Act No. 7 of 2007 (the Act).

Notice is hereby given to propose the undernoted Ordinary Resolution in compliance with Section 211 of the Act, in relation to his re-appointment.

**"RESOLVED THAT** Mr. Thirunavukarasu Someswaran who is 73 years of age be and is hereby re-appointed a Director of the Company and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mr. Thirunavukarasu Someswaran".

3. To declare a First and Final Dividend of Rs. 25/- for the Year Ended 31st March, 2016, as recommended by the Directors.
4. To re-appoint the retiring Auditors M/s KPMG Chartered Accountants, to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration.

**BY ORDER OF THE BOARD**

**JACEY & COMPANY**

Secretaries

COLOMBO

10th August, 2016.

**Notes:**

A shareholder is entitled to appoint a Proxy to attend and vote instead of himself and a Proxy need not be a shareholder of the Company.

A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at the Registered Office of the Company, 9/5, Thambiah Avenue, Colombo 07, not less than forty eight hours before the time fixed for the meeting.

# Corporate Information

## Board of Directors

**Mr. S. Nagendra**

Chairman

**Dr. (Mrs.) Y. Ponnambalam**

Director

**Mr. Gajendrakumar G. Ponnambalam**

Director

**Dr. B. Sivaprakasapillai**

**(Alternate: Ms. S. De Lanerolle)**

Director

**Dr. (Mrs.) V. Sivaprakasapillai**

**(Alternate: Ms. D. Sivaprakasapillai)**

Director

**Dr. (Ms.) M. Ponnambalam**

**(Alternate: Dr. (Mrs.) Y. Ponnambalam)**

Director

**Dr. J. M. Swaminathan**

Director

**Mr. T. Someswaran**

Director

**Mr. Ramesh Schaffter**

Director

## Audit Committee

**Mr. T. Someswaran**

Chairman

**Mr. S. Nagendra**

**Dr. J. M. Swaminathan**

## Registered Office

9/5, Thambiah Avenue, Colombo 07.

## Secretaries

**Jacey & Company**

9/5, Thambiah Avenue, Colombo 07.

## Accountants

**Accounting Consultancy and Solutions (Pvt) Ltd.**

212, De Saram Place, Colombo -10.

## Auditors

**KPMG**

Chartered Accountants

P.O. Box 186, Colombo 03.

## Bankers

**Union Bank of Colombo PLC**

**DFCC Vardhana Bank**

# Profiles of Board of Directors

## **Mr. Sega Nagendra**

Chairman / Non-Executive, Independent Director

**Mr. Sega Nagendra**, CCMi (UK), MBA (UK), FCMi (SL).

He was a former Senior Director of Carson Cumberbatch PLC and several of its Subsidiaries and Associate Companies. Senior Director and Consultant of CML - MTD Construction Ltd, Executive Chairman - Travelserve Ltd and Travelon Ltd and Director and Chairman of several Public Listed and Private Companies. He was a Former Committee Member of Transport, Highways and Aviation of the Monitoring & Progress Division of the Ministry of Policy Development and Implementation.

He was also the Past President of Skat International Colombo (International Association of Travel and Tourism Professionals) and the Past Secretary of Skat International Asian Area Region and Past President of the Pacific Asia Travel Association, Sri Lanka Chapter. Mr. Nagendra was the Former Past President of the Sri Lanka Benelux Business Council and Sri Lanka Pakistan Business Council and present Council member. Further he was the Past Executive Committee Member of the Ceylon Chamber of Commerce and former Chairman of the Import Section of the Ceylon Chamber of Commerce. Mr. Nagendra was the Past President of Chartered Management Institute - UK, Sri Lanka Chapter.

Companion of the Chartered Management Institute, U.K. Master of Business Administration U.K. and Fellow of the Institute of Certified Professional Managers, Sri Lanka.

## **Dr. J. M. Swaminathan**

Non Executive, Independent Director

**Dr. J. M. Swaminathan** holds LLB (Ceylon), LL.M., M. Phil. (Colombo) and LL.D. (Honoris Causa) Degrees and is an Attorney-at-Law. He has been in the legal profession for over 50 years. He is the Precedent Partner of Messrs. Julius & Creasy and is a Member of the Law Commission of Sri Lanka and Former Member of the Council of Legal Education. He is also a Member of the Company Law Advisory Commission and Intellectual Property Law Advisory Commission. He is a Member of the Board of the Faculty of Law of the University of Colombo. He also serves as a Member of the Legal Cluster of the National Council for Economic Development. He is a Visiting Lecturer and an Examiner at the Faculty of Law, University of Colombo and was a Lecturer at the Institute of Advanced Legal Studies Unit of the Sri Lanka Law College and was also a Faculty Member for the LL.M. Courses of the University of Wales and LL.M. Colombo and serves on the Boards of several public and private companies.

## **Dr. (Mrs.) Y. Ponnambalam**

Non-Executive, Non-Independent Director

**Dr. (Mrs.) Y. Ponnambalam** is a Medical Doctor (Retired) and a Director of Gee Gee Properties (Pvt) Ltd and Getanjali Gajaluckshmi (Pvt) Ltd.

## **Dr. B. Sivaprakasapillai**

Non-Executive, Non-Independent Director

**Dr. B. Sivaprakasapillai** is a retired Engineer and a Director of Githajali Group (Pvt) Ltd.

## **Dr. (Mrs.) V. Sivaprakasapillai**

Non-Executive, Non-Independent Director

**Dr. (Mrs.) V. Sivaprakasapillai**, is a Retired Physician and a Director of Gitanjali Group (Pvt) Ltd.

## **Mr. G. G. Ponnambalam**

Non-Executive, Non-Independent Director

**Mr. G. G. Ponnambalam** is an Attorney-at-Law and a Director of Gee Gee Properties (Pvt) Ltd and Getanjali Gajaluckshmi (Pvt) Ltd.

## **Dr. (Mrs.) M. Ponnambalam**

Non-Executive, Non-Independent Director

**Dr. (Mrs.) M. Ponnambalam** is an Ophthalmologist qualified in UK and also a Director of Gee Gee Properties (Pvt) Ltd and Getanjali Gajaluckshmi (Pvt) Ltd.

## **Mr. T. Someswaran**

Non-Executive, Independent Director

**Mr. T. Someswaran** a Chartered Accountant, in practice for more than 35 years and retired from the post of Senior Partner of SJMS Associates, a Firm of Accountants which is associated with Deloitte's in Sri Lanka. He is also a Fellow member of CMA and a member of its Governing Council. Mr. Someswaran serves on the Audit committee of the Institute of Chartered Accountants of Sri Lanka and Serendib Land PLC. He also serves on the Boards of CleanCo Lanka Ltd., Pan Asia Power PLC, Esna Power (Pvt) Ltd., ECSAT (Equality-based Community Support & Training), Institute for Development of Commercial Law & Practice. Mr. Someswaran is a member of the Sri Lanka Institute of Directors and Organization for Professional Associations (OPA). He also serves as the Chairman of the Center for Advancement of Resource Mobilization (CARM).

## Profiles of Board of Directors

He holds numerous memberships and honorary positions to help strengthen the capacity of charitable and non-profit organizations as well as philanthropic projects and activities. Mr. Someswaran has substantial experience in auditing, organizational development, leadership & partnership building and is passionate about networking & linking organizations to facilitate positive social change and development, with specific focus on governance, accounting ethics and resource mobilization.

### **Mr. Ramesh Schaffter**

Non-Executive, Non-Independent Director

**Mr. Ramesh Schaffter** is a Director of Janashakthi Insurance PLC and a Fellow member and Former Council Member of the Chartered Institute of Management Accountants Sri Lanka and an Associate Member of the Chartered Institute of Marketing. Ramesh is a versatile personality who has over 25 years experience in Finance and Marketing. He served as the Secretary to the Board of Janashakthi for 22 years since the inception of the company in 1994 and was appointed to the Board in 2004. He has served on the Boards of several public listed and unlisted companies as well as being the immediate past President of Habitat for Humanity Sri Lanka, an NGO engaged in providing housing for low income families. He also serves as a Director of World Vision Lanka.

# Chairman's Review



On behalf of the Board of Directors, I take pleasure in welcoming you to the 35th Annual General Meeting of Serendib Land PLC. It is my privilege to present to you the Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March 2016.

## **Sri Lankan - Economy**

Sri Lanka's economy recorded a growth of 4.8% in the year 2015 in comparison to the growth of 4.9% during the previous year. The inflation based on Consumers' Price Index, remained below mid-single digit levels, supported by the downward adjustment of prices of several key consumer items, favourable supply side developments in the domestic and international markets and well contained inflation expectation.

All three Sectors of the economy contributed to real economic growth in 2015. Service Activities accounting for 56.6% of Gross Domestic Product (GDP) showed a growth of 5.3%, which was as a result of the strengthening growth of Financial Services, Real Estate Activities, Transport Activities and Wholesale and Retail Trade. Industry Activities, which account for 26.2 per cent of GDP, grew by 3.0 per cent, mainly supported by the growth in Manufacturing Activities, despite the minor slowdown in Construction and Mining and Quarrying Activities. Agriculture Services which account for 7.9% of the GDP, expanded by 5.5%, despite the contraction in Fishing, growing of Rubber and Tea.

Although the Interim Budget for 2015 expected a sharp reduction in the budget deficit during the year 2015, a number

of developments challenged fiscal management, hindering the envisaged fiscal consolidation path.

The unemployment rate increase to 4.6% during the year 2015 Compared to 4.3% recorded in the previous year amidst a marginal increase in labour force participation particularly by Females.

The years 2014 and 2015 were strong years for Sri Lanka, with rapid infrastructure developments and International Investments in prime locations. Several architectural marvels such as the Altair, Clearpoint Residencies Destiny, Fairway SkyGardens and the Colombo Lotus Tower began gaining attention while One Galle Face, ITC Colombo One and Avic Astoria were being introduced for the first time.

The country's social indicators continued to improve, enabling the country to maintain its foremost position in terms of social development amongst emerging markets and regional peers.

The economy is expected to return to a high growth path in the medium term, given that appropriate policies will come in to play.

# Chairman's Review

## Real Estate/ Property Development Sector

The Real Estate sector in Sri Lanka has now matured in many of the traditionally popular geographic areas whilst other emerging spots are driving the overall market in an upward direction. Prices have not dropped in any area on the Western Province, however some of the high-priced suburbs like Colombo 07 have now reached a peak. Legislation may play some part in the leveling out. For instance, there are new Urban Development Authority (UDA) laws that enforce restrictions on the height limits of new constructions in some exclusive areas.

However, as the Colombo Central areas level out, property development is showing a pattern of outward expansion, moving from one development center to the next as it expands. New spots are born and others maturing as prices respond to higher demand for land property that is within commutable distance to the commercial center.

With the current diversifying market, the big-time property developers in the sector are said to be active, buying up land and constructing apartment complexes, many of which are exclusive. The demand for luxury condominiums are mainly driven by a small section of the local buyers and Sri Lankan nationals living overseas.

The demand for commercial property also adds considerable value to the sector. Sound economic growth ensures a good demand for warehouses, showroom and office space as commercial entities look to expand. Much of the lure in this sector is a function of population density of any given area.

## Financial Performance

During the year under review the Company recorded a turnover of Rs. 16,128,000/- and a profit before taxation of Rs. 13,630,446/- compared with a turnover of Rs. 15,987,000/- and the profit before taxation of Rs. 67,936,940/- (including revaluation gain) in the previous year. A clarification on the steep drop in the Profit for the period under review is stated in Page No. 19 to the Financial Statements.

A provision for Rs. 1,801,794/- has been made for taxation for the year under review.

## DIRECTORATE

The Board of Directors of the Company comprises of Nine (09) Non-Executive Directors. The Directors on the Board maintain a balanced representation of Major Shareholders and the minority groups and are eminent and competent persons with years of experience in Corporate Administration and Financial Management.

Mr. Indika Prematunga, Nominee Director of AIA Insurance Lanka PLC, resigned as a Director of the Company with effect from 09<sup>th</sup> February, 2016. On behalf of the Board, I wish to place on record my sincere appreciation and gratitude to Mr. Prematunga who was a Director of the company over a period of three (03) years, for his valuable contribution extended as a Director of the company.

## Dividend

The Directors have pleasure in recommending a First and Final Dividend of Rs. 25/= per share for the year ended 31<sup>st</sup> March, 2016.

## Appreciation

I wish to thank Jacey & Company, who acted as our Company Secretaries, and Accounting Consultancy and Solutions (Pvt) Ltd who continued to provide Accounting Services for their excellent service and valuable contribution. I wish to thank our valued tenant AIA Insurance Lanka PLC for the support and cooperation extended to us and for maintaining the property in its present condition.

I wish to thank my colleagues on the Board whose valued contribution, continued support and guidance proved to be of immense value. I also wish to thank the members of the Board Audit Committee, for their role, in monitoring the affairs of the Company.

Finally on behalf of the Board I wish to place on record my sincere appreciation and gratitude to our valuable shareholders for their understanding, continued faith and confidence and trust placed on us which had been a constant source of great strength.



**Segha Nagendra**  
Chairman

10th August, 2016.

# Statement of Directors' Responsibilities

## **Directors' Responsibilities for the Preparation of Financial Statements**

This Statement of Directors' Responsibilities is to be read in conjunction with the Auditors' Report and is made to distinguish the respective responsibilities of the Directors and of the Auditors in relation to the Financial Statements contained in this Annual Report.

The Directors of your Company are required by the Companies Act No.7 of 2007 to prepare Financial Statements which give a true and fair view of the state of affairs of the Company as at the end of the financial year.

The Directors confirm that the Financial Statements of the Company for the year ended 31st March, 2016 included in the Annual Report have been prepared in accordance with the Sri Lanka Accounting Standards and the Companies Act No.7 of 2007. In preparing the Financial Statements, the Directors have selected the appropriate accounting policies and have applied them consistently. Reasonable and prudent judgments and estimates have been made and applicable accounting standards have been followed and the Financial Statements have been prepared on a going concern basis.

The Directors are of the view that adequate funds and other resources are available within the Company for the Company to continue in operation for the foreseeable future.

The Directors have taken all reasonable steps expected of them to safeguard the assets of the Company and to establish appropriate systems of internal controls in order to prevent, deter and detect any fraud, misappropriation or other irregularities.

The Directors have also taken all reasonable steps to ensure that the Company maintains adequate and accurate accounting books of record which reflect the transparency of transactions and provide an accurate disclosure of the Company's financial position.

As required by Section 56(2) of the Companies Act No.7 of 2007, the Board of Directors have confirmed that the Company, based on the information available, satisfy the Solvency Test, immediately after the proposed Final Dividend distribution, which is to be declared by the Shareholders at the Annual General Meeting.

The Directors are required to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspection they consider appropriate for the purpose of enabling them to give their Audit Report. The Directors are of the view that they have discharged their responsibilities in this regard.

## **Compliance Report**

The Directors confirm that, to the best of their knowledge, all taxes and levies payable by the Company and all other known statutory obligations as at the Balance Sheet date have been paid or provided for in the Financial Statements.

## **By Order of the Board**

**JACEY & COMPANY**  
Secretaries

Colombo

10th August, 2016.

# Report of the Directors

The Directors have pleasure in presenting to shareholders their Report together with the Audited Financial Statements of the Company for the Year Ended 31st March, 2016.

The details set out herein provide the information required by the Companies Act, No. 07 of 2007 and other necessary information required by the Listing Rules of Colombo Stock Exchange.

## Principal Activities

The principal activity of the Company is leasing of office premises for commercial purposes.

## Changes to the Nature of Business

There was no material change to the nature of the business of the Company during the Financial Year Ended 31st March, 2016.

## Review of Operation

A review of the operations of the Company during the financial year are described in the Chairman's Review on page 06.

## Directors' Responsibility for the Financial Statements

The Directors are responsible for preparing and presenting the financial statements, which are set-out on pages 19 to 36. The financial statements have been prepared in accordance with the Sri Lanka Accounting Standards as laid down by the Institute of Chartered Accountants of Sri Lanka. A Statement of Directors' Responsibilities is set out on page 08 of this Report.

## Going Concern

The Directors have adopted the "Going Concern Concept" in the preparation of the financial statements.

## Investment Properties

The details relating to the movement in Investment Properties are given in Note 11.

## Financial Statements

The Financial Statements for the year ended 31st March, 2016 are set out on pages 19 to 36 in the Annual Report. The Turnover of the Company during the year was Rs.16,128,000/- (2015 - Rs.15,987,000/-) The Profit before Taxation amounted to Rs. 13,630,446/- (2015 - 67,936,940/-).

## Auditors' Report

The Auditors' Report which is an integral part of the Financial Statements prepared for the Accounting period ended 31st March, 2016 is set out in the page 18 in the Annual Report.

## Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except as required by the new or revised standards mandatory to be adopted in the current financial year. A Summary of significant Accounting Policies is set out on Pages 23 to 28 of the Annual Report.

## Board of Directors

All the Directors of the Company held office through out the year. The Board of the Directors of the Company During the period under review is as follows :

Mr. S. Nagendra	- Chairman
Dr. (Mrs.) Y. Ponnambalam	- Director
Mr. Gajendrakumar G. Ponnambalam	- Director
Dr. (Ms.) M. Ponnambalam (Alternate: Dr. (Mrs.) Y. Ponnambalam)	- Director
Dr. B. Sivaprakasapillai (Alternate: Ms. S. De Lanerolle)	- Director
Dr. (Ms.) V. Sivaprakasapillai (Alternate: Ms. D. Sivaprakasapillai)	- Director
Dr. J. M. Swaminathan	- Director
Mr. T Someswaran	- Director
Mr. Indika Prematunga (Resigned w.e.f. 09/02//2016)	- Director
Mr. Ramesh Schaffter (Appointed w.e.f. 11/05/2016)	- Director

In terms of Articles 98 of the Articles of Association of the Company, Mr. Gajendrakumar G. Ponnambalam retires by rotation and being eligible offers himself for re-election. The Directors recommend his re-election.

In terms of Articles 103 of the Articles of Association of the Company, Mr. Ramesh Schaffter retires and being eligible offers himself for election. The Directors recommend his election.

Dr. Brahman Sivaprakasapillai, who is 80 years of age vacates his office in terms of the provisions of Section 210 of the Companies Act No. 7 of 2007.

Notice is given by the Company to its shareholders of the intention to move an Ordinary Resolution for the re-appointment of Dr. Brahman Sivaprakasapillai as a Director of the Company, in terms of the provisions of Section 211 of the

## Report of the Directors

Companies Act No.7 of 2007 and is referred to in the Notice convening the Annual General Meeting.

Mr. Segarajasingham Nagendra, who is 77 years of age, vacates his office in terms of the provisions of Section 210 of the Companies Act No. 7 of 2007.

Notice is given by the Company to its shareholders of the intention to move an Ordinary Resolution for the re-appointment of Mr. Segarajasingham Nagendra as a Director of the Company, in terms of the provisions of Section 211 of the Companies Act No.7 of 2007 and is referred to in the Notice convening the Annual General Meeting.

Dr. (Mrs.) Vijayalakshmi Sivaprakasapillai who is 75 years of age, vacates her office in terms of the provisions of Section 210 of the Companies Act No. 7 of 2007.

Notice is given by the Company to its shareholders of the intention to move an Ordinary Resolution for the re-appointment of Dr. (Mrs.) Vijayalakshmi Sivaprakasapillai as a Director of the Company, in terms of the provisions of Section 211 of the Companies Act No.7 of 2007 and is referred to in the Notice convening the Annual General Meeting.

Dr. Jayanta Mootatamby Swaminathan who is 75 years of age, vacates his office in terms of the provisions of Section 210 of the Companies Act No. 7 of 2007.

Notice is given by the Company to its shareholders of the intention to move an Ordinary Resolution for the re-appointment of Dr. Jayanta Mootatamby Swaminathan as a Director of the Company, in terms of the provisions of Section 211 of the Companies Act No.7 of 2007 and is referred to in the Notice convening the Annual General Meeting. Mr. Thirunavukarasu Someswaran who is 73 years of age, vacates his office in terms of the provisions of Section 210 of the Companies Act No. 7 of 2007.

Notice is given by the Company to its shareholders of the intention to move an Ordinary Resolution for the re-appointment of Mr. Thirunavukarasu Someswaran, as a Director of the Company, in terms of the provisions of Section 211 of the Companies Act No.7 of 2007 and is referred to in the Notice convening the Annual General Meeting.

### Interest Register

An Interest Register is required to be maintained in terms of the Companies Act No.7 of 2007, which came into effect on 03 May, 2007.

Directors' Interest in Contracts with the Company are disclosed in Note 18 to the Financial Statements for the period under review.

### Directors Shareholding

The shares held by the Directors at the beginning and at the end of the financial year were as follows. The Articles of Association of the Company do not stipulate a share qualification for Directors.

	31.03.16	01.04.15
Mr. S. Nagendra	257	257
Dr. (Mrs.) Y. Ponnambalam	-	-
Mr. Gajendrakumar G. Ponnambalam	-	-
Dr. (Ms.) M. Wimalendran	-	-
Dr. B. Sivaprakasapillai	-	-
Dr. (Ms.) V. Sivaprakasapillai	30,267	30,267
Dr. J. M. Swaminathan	-	-
Mr. T Someswaran	-	-
Mr. Indika Premathunga	-	-

### Secretaries

Jacey & Company provides Company Secretarial Services to the Company.

### Corporate Governance

The Company complies with the Corporate Governance Rules set out in the Listing Rules of the Colombo Stock Exchange and also key areas of the code of Best Practice for Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka. Corporate Governance Report for the period under review is set out in page 12 to 14 of this Report.

### Stated Capital

There has been no change in the Stated Capital of the Company during the year under review. The Stated Capital of the Company as at 31st March, 2016 was Rs.36,000,000/-, consisting of 360,000 Ordinary shares. The Shares of the Company are listed on the Colombo Stock Exchange.

### Shareholders

The total shareholder base of the Company as at 31st March 2016 was 259 (2015 -259). The distribution of the shareholding and a listing of the 20 major shareholders are given under Investor Information on page 38.

# Report of the Directors

## Dividend

The Directors recommended the payment of a First & Final Dividend of Rs. 25/- per Share for the Financial Year ended 31st March, 2016. A statement of Solvency in terms of Section 56 (2) of the Companies Act No.7 of 2007 has been obtained from the Companies Auditors confirming that the Company will, immediately after the distribution is made to satisfy the solvency test.

## Employment

The Company has no employees. The financial management of the Company is entrusted to Accounting Consultancy and Solutions (Pvt) Ltd, it is operated and managed by two retired senior partners of Ernst & Young, Chartered Accountants of Sri Lanka.

## Statutory Payments

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments in relation to the government had been made up to date.

## Events After the Reporting Date

No circumstances have arisen since the reporting date, which would require adjustment to, or disclosure in the financial statements.

## Directors' Remuneration and other Benefits

The Information pertaining to the Directors' Fees during the year under review is disclosed in Note 06 to the Financial Statements.

## Auditors

The financial statements for the period under review have been audited by Messrs KPMG. Rs. 224,640/- payable by the Company as Audit Fee for the year ended 31st March, 2016. In addition KPMG provides Tax Consultancy Services to the Company. M/s KPMG have expressed their willingness to continue in office and a Resolution to re-appoint them and to authorize the Directors to determine their remuneration will be proposed at the Annual General Meeting.

## Auditors' Relationship with the Company

M/S KPMG has also provided Tax Consultancy Services to the Company, during the period under review.

## By Order Of the Board



**S. Nagendra**

Director

**J. M. Swaminathan**

Director

**Jacey & Company**

Secretary

10th August, 2016.

# Corporate Governance

Corporate Governance is the system by which Companies are directed, managed and controlled by the Management in the best interest of the Shareholder.

The Board of Directors is responsible for the Governance of the Company whilst the Shareholders' role in Governance is to appoint the Directors and the Auditors and to satisfy themselves that an appropriate governance structure is in place.

## **Compliance with the Code of Best Practice**

The Company currently complies with key areas of the Code of Best Practice for Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Listing Rules of the Colombo Stock Exchange.

## **Board of Directors**

The Board of Directors takes responsibility for good governance of the Company. The Board of Directors comprises of nine members. All Directors function as Non-Executive Directors. One Director retires by rotation at each Annual General Meeting and is eligible for re-appointment.

The Directors collectively possess a wide range of aptitude, skill, knowledge and experience, in managing companies.

During the period under review, the Financial Management of the Company was handled by Accounting Consultancy & Solutions (Pvt) Ltd.

The Board meets periodically with the Staff of the Accountants of the Company, to review the performance of the Company and the financial statements for the period. Decisions relating to Capital Expenditure and investments require the approval of the Board.

The Directors are responsible for preparing and presenting the financial statements which have been prepared in accordance with the Sri Lanka Accounting Standards and in accordance with the requirements of the Colombo Stock Exchange. Maximum information is provided to shareholders and full disclosure is made subject to only sensitive information which could directly impact the business of the Company.

## **Board Sub-Committees**

The Board has appointed an Audit Sub-Committee & Related party transaction review committee to scrutinize areas under its purview and ensure application of controls over affairs of the Company, mainly the financial management of the Company. The Audit Sub-Committee examines the quarterly financial statements of the Company and discusses necessary steps to be taken in order to better manage the finances of the Company.

The Board has not appointed a Remuneration Committee as the Company does not have Executive Directors and Key Management Personnel, who are remunerated by the Company.

Report of the Audit Committee is set out in the page 15 of the Annual Report.

The Board has not appointed a Remuneration Committee as the Company does not have Executive Directors and Key Management Personnel, who are remunerated by the Company.

## **Company Secretaries**

Jacey & Company provides Company Secretarial services to the Company.

The Company Secretaries play a key role in compliance matters by ensuring that the Company complies with the requirements of the Companies Act, the Colombo Stock Exchange and other regulatory bodies. The Secretaries also ensure that Board procedures are followed and information is provided to shareholders on a timely basis.

## **Compliance with Legal Requirements**

All Directors have access to the advice and services of the Company Secretaries as well as to the Financial Information of the Company, and makes every endeavor to ensure that the Company complies with Laws and Regulations. Additionally, checks and controls are in place to ensure that the policies of the Board are complied with.

## Corporate Governance

The manner and the extent to which the Company has applied the principles of good Corporate Governance practices during the period under review is set out in the table below

Rule No.	Subject	Applicable Requirement	Compliance Status	Details
7.10.1	Non-Executive Directors	At least 1/3 of the total number of Directors should be Non-Executive Directors	Complied	All Directors are Non-Executive Directors
7.10.2	Independent Directors	2 or 1/3 of Non-Executive Directors, whichever is higher should be independent  Each Non-Executive Director should submit a declaration of Independence/Non-Independence in the prescribed format	Complied  Complied	3 of the Nine Non-Executive Directors are independent  All Directors have submitted the Declarations.
7.10.3	Disclosure Relating to Directors	a) Names of Independent Directors should be disclosed in the Annual Report  b) In the event a Director does not qualify as "Independent Director" as per criteria provided by CSE Listing Rules, if the Board, taking into consideration 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	Complied	Please refer Information pertaining to the Directors on page 05 of the Annual Report  The Independent Directors have met the criteria for defining independence as per Rule 7.10.4 of the Listing Rules.
7.10.5	Remuneration Committee	A listed Company shall have a Remuneration Committee	The Board of Directors is aware of the requirement of appointing a Remuneration Sub-Committee.  However the Company does not have Executive Directors or Key management Personnel, who are remunerated by the Company.  Financial Management Functions of the Company have been entrusted to Accounting Consultancy and Solutions (Pvt) Ltd and the Fees for the services rendered by the said Company are determined by the Board of Directors of the Company.	The Board has not established a Remuneration Committee

Rule No.	Subject	Applicable Requirement	Compliance Status	Details
7.10.6	Audit Committee	The Company shall have an Audit Committee.	Complied	The Board has constituted an Audit Committee.
7.10.6(a)	Composition of Audit Committee	a) Shall comprise of non-executive Directors a majority of whom shall be independent.	Complied	Audit Committee consists of three Non-Executive Independent Directors.
		b) The chairman of the Audit Committee or one member should be a member of a professional accounting body.	Complied	Chairman of the Audit Committee is a member of a Professional Accounting Body.
7.10.6(b)	Audit Committee Functions	Should be as outlined in the section 7 of the Listing Rules.	Complied	
7.10.6(c)	Disclosure in the Annual Report Relating to the Audit Committee	a) Names of the Directors comprising the Audit Committee.	Complied	Please refer Information of the Board of Directors and the Board-sub Committees on page 10 of the Annual Report.
		b) The Audit Committee shall make a determination of the independence of the Auditors and disclose such determination.	Complied	Please refer to Audit Committee Report on page 15 of the Annual Report.
		c) The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance of the functions.	Complied	

# Audit Committee Report

## Composition of the Committee

Audit Committee comprises of three Independent Non-Executive Directors. The committee is chaired by Mr. T. Someswaran who is a fellow member of Chartered Accountants of Sri Lanka and a Retired Senior Partner of SJMS Associates.

Members of the Board appointed Audit Committee are;

### **Mr. T. Someswaran** Chairman

A fellow member of Chartered Accountants of Sri Lanka and a Retired Senior Partner of SJMS Associates.

### **Mr. S. Nagendra**

A Companion Member of Chartered Institute of Management (UK), MBA (UK) and retired Senior Director of Carsons Cumberbatch PLC and Fellow of the Institute of Professional Management in Sri Lanka.

### **Dr. J. M. Swaminathan**

Attorney-at-Law, Senior Partner of M/S Julius and Creasy

## Role of the Committee

The Audit Committee is empowered to review and monitor the financial reporting process of the Company, in order to assure that adequate safeguards are in-place to provide true and reliable financial information to the stakeholders of the Company. The duties of the Committee include a detailed review of the financial statements, monitoring Financial Management Functions and making recommendation with regard to adequacy of Financial Management procedures, disclosure of accounting policies, discussions with the External Auditors and Tax Consultants and compliance with the requirement laid down by regulatory authorities.

## Meetings

During the year under review, the Committee held four (04) meetings, one (01) in each quarter. The proceedings of the Audit Committee Meetings are reported to the Board of Directors. The representatives of Accounting Consultancy and Solutions (Pvt) Ltd (ACSPL), who carry out the Financial Management Functions of the Company, attend the meetings by invitation.

During the year, the Committee reviewed and discussed the Quarterly Financial Statements, the Draft Financial Statements of the Company, Report on Solvency of the Company and communication from the External Auditors of the Company and other various compliance requirements.

The Committee directs and monitors representatives

of ACSPL, Accountants of the Company on Financial Management of the Company. The Committee obtains regular updates from the Accountants on utilization of funds of the Company and provides guidance on efficient Treasury Management and investments.

The Committee has instructed the Accountants of the Company to liaise independently with M/S KPMG, Chartered Accountants, Auditors to the Company. At the conclusion of the Annual Audit of the Company, the Accountants have been requested to explain to the Committee, the methodology and policies/standards adopted in the audit and the findings of the Audit. The Committee has received a Declaration from the External Auditors of the Company, as required by the Companies Act No 7 of 2007, confirming that they do not have any relationship or interest in the Company, which may have a bearing on their independence, within the definition of the Code of Conduct and Ethics of the Institute of Chartered Accountants of Sri Lanka.

The Committee has recommended to the Board of Directors that M/s KPMG be reappointed as the Auditors of the Company for the financial year ending 31st March, 2017 subject to the approval of the Shareholders at the Annual General Meeting.

## Conclusion

The Committee is of the view that based on the Report submitted by the External Auditors, subsequent to the Audit carried out by them on the Financial Statement of the Company for the period ended 31st March, 2016 adequate controls and procedures are in place to provide a reasonable assurance to the stakeholders that the financial position of the Company is adequately monitored and secured.

**T. Someswaran**  
Chairman-Audit Committee

10th August, 2016.

# Financial Reports

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# 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  
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+94 - 11 244 6058  
+94 - 11 254 1249  
+94 - 11 230 7345  
Internet : www.lk.kpmg.com

## TO THE SHAREHOLDERS OF SERENDIB LAND PLC

### Report on the Financial Statements

We have audited the accompanying financial statements of Serendib Land PLC, ("the Company"), which comprise the statement of financial position as at March 31, 2016, statements of profit or loss and other comprehensive income, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information as set-out on page 19 to 36.

### Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

- The basis of opinion and scope and limitations of the audit are as stated above.
- In our opinion 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, the financial statements of the Company, comply with the requirements of section 151 of the Companies Act.

### CHARTERED ACCOUNTANTS

10th August, 2016  
Colombo, Sri Lanka.

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  
T.J.S. Rajakarier FCA  
Ms. S.M.B. Jayasekara ACA  
G.A.U. Karunaratne FCA  
R.H. Rajan ACA  
P.Y.S. Perera FCA  
W.W.J.C. Perera FCA  
W.K.D.C. Abeyrathne FCA  
R.M.D.B. Rajapakse FCA  
C.P. Jayatilake FCA  
Ms. S. Joseph FCA  
S.T.D.L. Perera FCA  
Ms. B.K.D.T.N. Rodrigo FCA  
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA

# Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March	Note	2016 Rs.	2015 Rs.
Revenue	5	16,128,000	15,987,000
Direct expenses		(891,972)	(808,073)
<b>Gross profit</b>		<b>15,236,028</b>	15,178,927
Change in fair value of investment property	11	-	54,135,000
Administrative expenses		(2,637,733)	(2,051,590)
<b>Profit from operations</b>	<b>6</b>	<b>12,598,295</b>	67,262,337
Net finance income	7	1,032,151	674,603
<b>Profit before taxation</b>		<b>13,630,446</b>	67,936,940
Income tax expense	8	(1,801,794)	(1,764,169)
<b>Profit for the year</b>		<b>11,828,652</b>	66,172,771
<b>Other comprehensive income for the year</b>			
Net change in the fair value of financial assets- available for sale		(151,900)	-
<b>Total comprehensive income for the year</b>		<b>11,676,752</b>	66,172,771
<b>Basic earnings per share (Rs.)</b>	<b>9</b>	<b>32.86</b>	183.81

The annexed notes to the financial statement form an integral part of these financial statements.  
*Figures in brackets indicate deductions.*

# Statement of Financial Position

As at 31st March

	Note	2016 Rs.	2015 Rs.
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	11	305,295,000	305,295,000
<b>Total non current assets</b>		<b>305,295,000</b>	<b>305,295,000</b>
<b>Current assets</b>			
Other receivables	12	788,786	755,075
Short term investment	13	11,635,628	12,829,372
Financial Assets- Available for sales	14	3,633,000	-
Cash and cash equivalents	15	5,097,016	246,285
<b>Total current assets</b>		<b>21,154,430</b>	<b>13,830,732</b>
<b>TOTAL ASSETS</b>		<b>326,449,430</b>	<b>319,125,732</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital	16	36,000,000	36,000,000
Retained earnings		165,271,660	162,443,008
Available for sale assets reserve		(151,900)	-
Other reserve		95,647,700	95,647,700
<b>TOTAL EQUITY</b>		<b>296,767,460</b>	<b>294,090,708</b>
<b>Non current liabilities</b>			
Deferred tax liabilities	17	23,184,000	23,184,000
<b>Total non current liabilities</b>		<b>23,184,000</b>	<b>23,184,000</b>
<b>Current liabilities</b>			
Current taxation		427,915	874,495
Other payables	18	530,700	352,000
Dividend payable		2,203,846	607,111
Bank overdraft	15	3,335,509	17,418
<b>Total current liabilities</b>		<b>6,497,970</b>	<b>1,851,024</b>
<b>TOTAL LIABILITIES</b>		<b>29,681,970</b>	<b>25,035,024</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>326,449,430</b>	<b>319,125,732</b>

The annexed notes to the financial statements form an integral part of these financial statements.

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



**D. Madampitiya**  
Chief Financial Officer

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

Approved and signed for and on behalf of the Board.



**S. Nagendra**  
Director



**J.M. Swaminathan**  
Director

10th August, 2016.  
Colombo

# Statement of Changes In Equity

For the year ended 31st March 2016

	Stated Capital Rs.	Other Reserve Rs.	Retained Earnings Rs.	Available for Sale Assets Reserve Rs.	Total Rs.
<b>Balance as at 01st April 2014</b>	36,000,000	-	200,917,937	-	236,917,937
Profit for the year	-	-	66,172,771	-	66,172,771
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	36,000,000	-	267,090,708	-	303,090,708
<b>Transactions with the equity owners, recorded directly in equity and distribution to equity owners</b>					
Dividends to equity holders	-	-	(9,000,000)	-	(9,000,000)
Transfer of unrealized gains and losses on investment property	-	95,647,700	(95,647,700)	-	-
<b>Balance as at 31st March 2015</b>	36,000,000	95,647,700	162,443,008	-	294,090,708
<b>Balance as at 01st April 2015</b>	36,000,000	95,647,700	162,443,008	-	294,090,708
Profit for the year	-	-	11,828,652	-	11,828,652
Other comprehensive income	-	-	-	(151,900)	(151,900)
<b>Total comprehensive income for the year</b>	36,000,000	95,647,700	174,271,660	(151,900)	11,676,752
<b>Transactions with the equity owners, recorded directly in equity and distribution to equity owners</b>					
Dividends to equity holders	-	-	(9,000,000)	-	(9,000,000)
<b>Balance as at 31st March 2016</b>	36,000,000	95,647,700	165,271,660	(151,900)	296,767,460

Figures in brackets indicate deductions.

## Note 01

During last year Company has transferred the fair value gains and loses on investment property from year 2008 amounting to Rs. 95,647,700 from retained earnings to the other reserve.

The annexed notes to the financial statements form an integral part of these financial statements.

# Statement of Cash Flows

For the year ended 31st March

	2016	2015
	Rs.	Rs.
<b>Cash flow from operating activities</b>		
Profit before taxation	13,630,446	67,936,940
Adjustments for:		
Interest income	(1,032,151)	(674,603)
Change in fair value of investment property	-	(54,135,000)
<b>Operating cash flows before working capital changes</b>	<b>12,598,295</b>	13,127,337
<b>Changes in working capital</b>		
Increase/ (decrease) in other receivables	(33,712)	(9,054)
Increase/ (decrease) in other payables	1,775,435	(90,750)
<b>Cash generated from operation</b>	<b>14,340,018</b>	13,027,533
Current Tax paid	(2,158,774)	(1,602,180)
<b>Net cash generated from operating activities</b>	<b>12,181,244</b>	11,425,353
<b>Cash flows from investing activities</b>		
Net Decrease in Short term Investments	1,407,560	(2,893,087)
Interest received	728,734	448,176
Investments of Shares	(3,784,900)	-
<b>Net cash used in investing activities</b>	<b>(1,648,606)</b>	(2,444,911)
<b>Cash flows from financing activities</b>		
Dividend paid	(9,000,000)	(8,924,494)
<b>Net cash used in financing activities</b>	<b>(9,000,000)</b>	(8,924,494)
<b>Net increase in cash and cash equivalents</b>	<b>1,532,639</b>	55,948
Cash and cash equivalents at the beginning of the year	228,868	172,920
<b>Cash &amp; cash equivalent at the end of the year (Note 15)</b>	<b>1,761,507</b>	228,868

The annexed notes to the financial statements form an integral part of these financial statements.  
*Figures in brackets indicate deductions.*

# Notes to the Financial Statements

## 1 REPORTING ENTITY

### 1.1 Domicile and Legal Form

Serendib Land PLC (the "Company"), is a public, limited liability company incorporated on 16th October 2008 and domiciled in Sri Lanka and presently regulated under the Companies Act No. 07 of 2007. The Registered Office and the principal place of business of the Company are located at No. 9/5, Thambiah Avenue, Colombo 07.

### 1.2 Principal Activities and Nature of Operations

The principal activity of the Company is renting and development of properties.

There were no significant changes in the nature of principal activities of the Company during the financial year.

### 1.3 Parent Enterprise and Ultimate Parent Enterprise

There is no distinguishable enterprise to be identified as parent Company.

### 1.4 Number of Employees

The Company did not have its own employees during the year. The Management and finance functions of the Company have been outsourced.

## 2 BASIS OF PREPARATION

### 2.1 Statement of Compliance

The Statement of Financial Position, Statement of Comprehensive Income, Changes in Equity and Cash Flow Statement, together with the notes, (the "Financial Statements") of the Company as at 31st March 2016 and for the period then ended have been prepared in accordance with new Sri Lanka Accounting Standards (SLAS) prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS), promulgated by the Institute of Chartered Accountants of Sri Lanka and complies with the requirements of the Companies Act No 07 of 2007.

### 2.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis and applied consistently which no adjustments being made for inflationary factors affecting the financial statements, except for the following material items in the statement of financial position:

- Available for sale financial assets are measured at fair value;
- Investment property which is measured at fair value.

### 2.3 Comparative Information

The previous year figures and phrases have been reclassified whenever necessary to conform to current year presentation.

### 2.4 Functional and Presentation Currency

All values presented in the Financial Statements are in Sri Lankan Rupees and rounded to the nearest rupee value.

### 2.5 Use of Estimate and Judgment

The preparation of the Financial Statements in conformity with SLAS's requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- ❑ Current Taxation (Note 3.2.a)
- ❑ Deferred Tax Assets/Liabilities (Note 3.2.b)
- ❑ Provisions (Note 3.7)
- ❑ Impairment of assets (Note 3.5)

# Notes to the Financial Statements

## 3 SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Foreign Currency Translations

Transactions in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of available for-sale equity instruments, which are recognized in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

### 3.2 Income Tax Expenses

Income tax expense comprises of current & deferred tax expense recognized in the statement of comprehensive income.

#### a) Current Taxation

The Company's liability to taxation has been computed in accordance with the provisions of the Inland Revenue Act No 10 of 2006 and amendments thereto.

#### b) Deferred Taxation

Deferred taxation is provided using the balance sheet liability method, providing for

temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected realization or settlement of assets and liabilities using tax rate enacted at the reporting date.

A Deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. 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 realized.

## ASSETS AND BASES OF THEIR VALUATION

Assets classified as current assets in the statement of financial position are cash and those, which are expected to be realized in cash during the normal operating cycle of the Company or within one year from the reporting date whichever is shorter. Assets other than current assets are those, which the Company intends to hold beyond a period of one year from the reporting date.

### 3.3 Investment Property

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

Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein is recognized in profit or loss.

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

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

### Determining Fair Value

An external, independent valuer, having appropriate recognized professional qualifications and recent experience in the location and category of property being valued, values the company's investment property portfolio every 3 year. In financial periods within that period the fair value is determined by the directors.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the 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.

## 3.4 Financial Instruments

### 3.4.1 Non-Derivative Financial Assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and

rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### a) Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise other receivables, short term investments and cash & cash equivalents.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

### b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for-sale and that are not classified in any of the previous categories. The Company's investments in equity securities and certain debt securities are classified as available-for-sale financial assets.

## Notes to the Financial Statements

Available for sale financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, are recognised in other comprehensive income and presented within equity in the available for sale assets reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

### 3.5 Impairment of Assets

#### 3.5.1 Financial Assets (Including Receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company considers evidence of impairment for receivables at specific asset level. All receivables are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### 3.5.2 Non-Financial Assets

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

of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit 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 flows 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. 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.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods is 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 amortization, if no impairment loss had been recognized.

### LIABILITIES AND PROVISIONS

Liabilities classified as Current Liabilities in the statement of financial position are those obligations payable on demand or within one year from the reporting date. Items classified as non-current liabilities are those obligations, which expire beyond a period of one year from the reporting date.

All known liabilities have been accounted for in preparing the Financial Statements. Provision and liabilities are recognized when the Company has a legal or constructive

obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

### 3.6 Non-Derivative Financial Liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company doesn't have any non-derivative financial liabilities.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

### 3.7 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

## STATEMENT OF COMPREHENSIVE INCOME

### 3.8 Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

#### a. Rental Income

Revenue represents the rental income derived from letting of the Company's premises. Rental income is accrued on a time proportion basis.

#### b. Other Income

Other income is recognized on an accrual basis.

### 3.9 Finance Income and Expense

Interest income and expenses are recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial asset or liabilities (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liabilities. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

### 3.10 Expenditure Recognition

Expenditure is recognized in the financial statements as they are incurred and recognized on an accrual basis.

#### a) Operating Expenses

All expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency has been

# Notes to the Financial Statements

charged to the statement of Comprehensive Income.

## b) Borrowing Cost

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

## 3.11 Cash Flow Statement

The Cash Flow Statement has been prepared using the Indirect Method of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard (LKAS) 7, Statement of Cash Flows.

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in-hand, balances with banks and short term deposits with banks.

## 4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE

### 4.1 Standards issued but not yet adopted

A number of new standards and amendments to standards which have been issued but not yet effective as at the Reporting date have not been applied in preparing these Financial Statements. Accordingly, these Accounting Standards have not been applied in preparing these financial statements.

#### 4.11 Standards issued but not yet adopted which are not expected to have an impact

The following new or amended standards are not expected to have an impact of the Company's financial statements.

- SLFRS 14 Regulatory Deferral Accounts – effective from 01st January 2016
- Agriculture: Bearer Plants (Amendments to LKAS 16 and LKAS 41) – effective from 01st January 2016

#### 4.12 Standards issued but not yet adopted which may not have significant impact

The following new or amended standards are not expected to have a significant impact of the Company's financial statements.

New or amended standards	Summary of the requirements	Possible impact on financial statement
SLFRS 15 Revenue from Contracts with Customers	SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, and LKAS 11 Construction Contracts.	The Company is assessing the potential impact on its financial statements resulting from the application of SLFRS 15.
	SLFRS 15 is effective for annual reporting periods beginning on or after 1st January 2018.	
SLFRS 9 Financial Instruments	SLFRS 9, issued in 2014, replaces the existing guidance in LKAS 39 Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments. It also carries forward the guidance on recognition and derecognition of financial instruments from LKAS 39.	The Company is assessing the potential impact on its financial statements resulting from the application of SLFRS 9.
	Effective date of SLFRS 9 is 1st January 2018.	

## Notes to the Financial Statements

For the year ended 31st March

	2016	2015
	Rs.	Rs.
<b>5. REVENUE</b>		
Rental income from investment properties	16,128,000	15,987,000
	<b>16,128,000</b>	<b>15,987,000</b>
<b>6. PROFIT FROM OPERATIONS</b>		
Profit from operations is stated after charging all expenses including the following:		
Director's fee	540,000	540,000
Accounting fee	572,459	510,560
Secretarial fee	172,803	212,859
Auditors' remuneration		
- Statutory audit	224,640	185,000
- Non Audit Services	234,501	205,029
The Company did not employ any staff during the year.		
<b>7. NET FINANCE INCOME</b>		
<b>Finance income</b>		
Interest income	1,032,151	674,603
<b>Net finance income</b>	<b>1,032,151</b>	<b>674,603</b>
<b>8. INCOME TAX EXPENSE</b>		
Current taxation on profits for the year	1,801,794	1,764,169
Under provision in respect of previous years	-	-
	<b>1,801,794</b>	<b>1,764,169</b>
<b>Tax reconciliation statement</b>		
Profit before tax	13,630,446	67,936,940
Interest income	(1,032,151)	(674,603)
Change in fair value of investment property	-	(54,135,000)
Disallowable expenses	8,298	-
Statutory income from business	12,606,593	13,127,337
Non-business income	1,032,151	674,603
Difference of non taxable income	-	-
Taxable income	<b>13,638,744</b>	<b>13,801,940</b>
Income tax @ 12% (2015 - 12%)	1,512,791	1,575,280
Income tax @ 28% (2015 - 28%)	289,003	188,889
<b>Taxation on profits</b>	<b>1,801,794</b>	<b>1,764,169</b>

In terms of the provisions of the Inland Revenue Act No 10 of 2006 and amendments thereto, generally, companies are liable for tax at 28% (2015 - 28%). Since the business profit of the Company is below Rs. 750 Mn the Company is entitled to a concessionary tax rate of 12% (2015- 12%) on operational profits.

Deferred tax has been computed using tax rate of 28%.

## Notes to the Financial Statements

### 9. EARNINGS PER SHARE

The earnings per share is based on the net profit after taxation for the year attributable to ordinary shareholders divided by the weighted average number of ordinary shares issued during the year.

For the year ended 31st March

	2016	2015
	Rs.	Rs.
Profit after taxation attributable to ordinary shareholders (Rs.)	11,828,652	66,172,771
Weighted average number of ordinary shares	360,000	360,000
<b>Earnings per share (Rs.)</b>	<b>32.86</b>	<b>183.81</b>

### 9.1 Diluted Earnings Per Share

There was no potential dilution as at year end. Therefore, diluted earnings/ (loss) per share is the same as basic earnings/ (loss) per share shown above.

For the year ended 31st March

	2016	2015
	Rs.	Rs.

### 10. DIVIDEND PER SHARE

Proposed dividend	9,000,000	9,000,000
Weighted average number of ordinary shares	360,000	360,000
<b>Dividend per ordinary share</b>	<b>25</b>	<b>25</b>

### 11. INVESTMENT PROPERTIES

	Land Rs.	Building Rs.	Total Rs.
Balance as at 01 April 2014	168,360,000	82,800,000	251,160,000
Fair Value Gain	54,135,000	-	54,135,000
<b>Balance as at 31 March 2015</b>	<b>222,495,000</b>	<b>82,800,000</b>	<b>305,295,000</b>
Balance as at 01 April 2015	222,495,000	82,800,000	305,295,000
Fair Value Gain	-	-	-
<b>Balance as at 31 March 2016</b>	<b>222,495,000</b>	<b>82,800,000</b>	<b>305,295,000</b>

#### 11.1 Investment properties

Location	Extent	Carrying amount of investment property	No. of Buildings
No.75, Kumaran Rathnam Road, Slave Island, Colombo 02			
- Land	20.2 p	128,500,000	-
- Building	20,000 sq.ft	82,800,000	1
No.72, Kew Road, Slave Island, Colombo 02			
- Land	12.0 p	66,000,000	-
No.70, Kew Road, Slave Island, Colombo 02			
- Land	1.93 p	10,615,000	-
No.20, Sri Murugan Street, Colombo 2			
- Land	3.16 p	17,380,000	-

## Notes to the Financial Statements

### 11.2 Valuation

Investment Property comprises Land owned by the Company and a Building constructed by the Company on land obtained on a 99 year lease from 1982.

The fair value of land No 20, 70 and 72 were assessed using the open market value as at 31st March 2015 at the rate of Rs. 5,500,000 per perch.

The fair value of the land and building was based on a valuation made by Mr. P.B. Kalugalagedara (F.I.V.); an Incorporated Valuer & Assessor, Associate Institute of Valuers, Sri Lanka as at 31st March 2015.

The fair value of land and building No 75 as at 31st March 2015 was assessed using both open market value and income approach. The fair value of land and building based on the rental income at the discount rate of 5.5% for 64 years was Rs. 214,047,458 and The fair value of land and buildings based on the open market value was Rs. 211,300,000 at the rate of Rs.6,500,000 per perch. However, lowest value has been taken for the accounts.

The fair value of land No 20, 70 and 72 were assessed using the open market value as at 31st March 2015 at the rate of Rs. 5,500,000 per perch.

Investment property, yielded rental income of Rs.16,128,000/- (2015 - Rs.15,987,000/-). Directors are of the view that the fair value of investment property remains unchanged as at the reporting date.

As at 31st March	2016 Rs.	2015 Rs.
<b>12. OTHER RECEIVABLES</b>		
Prepayments	788,786	629,044
WHT receivable	-	126,031
	<b>788,786</b>	<b>755,075</b>
<b>13. SHORT TERM INVESTMENTS</b>		
Fixed deposits	11,635,628	12,829,372
	<b>11,635,628</b>	<b>12,829,372</b>
<b>14. FINANCIAL ASSETS- AVAILABLE FOR SALES</b>		
Invest in Shares	3,784,900	-
Adjustment for Falling value of shares	(151,900)	-
	<b>3,633,000</b>	-

	2016			2015		
	Carrying value Rs.	Cost Rs.	Market Price Rs.	Carrying value Rs.	Cost Rs.	Market Price Rs.
Quoted Investments						
Bukit Darah PLC	3,784,900	3,784,900	3,633,000	-	-	-

## Notes to the Financial Statements

	2016	2015
	Rs.	Rs.
<b>15. CASH AND CASH EQUIVALENTS</b>		
Cash at bank	5,097,016	246,286
Cash and cash equivalents	5,097,016	246,286
Bank overdraft	(3,335,509)	(17,418)
Cash and Cash Equivalent as per the cash flow statement	1,761,507	228,868

### 16. STATED CAPITAL

#### Issued & fully paid

360,000 Ordinary shares	36,000,000	36,000,000
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The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### 17. DEFERRED TAX LIABILITIES

	2016	2015
	Rs.	Rs.
As at 31st March		
Deferred tax liability (Note 17.1)	23,184,000	23,184,000

#### 17.1 Deferred Tax Liability

Balance at the beginning of the year	23,184,000	23,184,000
Amount originating during the year	-	-
Balance at the end of the year	23,184,000	23,184,000

Deferred tax liabilities are attributable to the following:

	2016		2015	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.
Deferred Tax Liabilities				
Investment property (arising due to fair value of investment property)	82,800,000	23,184,000	82,800,000	23,184,000

### 18. OTHER PAYABLES

	2016	2015
	Rs.	Rs.
For the year ended 31st March		
Valuation fees payable	-	75,000
Audit fees payable	198,500	185,000
Accounting fee payable	40,000	35,000
Secretarial fee payable	126,000	42,000
Listing Fees Payable	15,000	15,000
Directors fee Payables	151,200	-
	530,700	352,000

## Notes to the Financial Statements

### 19. RELATED PARTY TRANSACTIONS

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standards - 24 Related Party Disclosures, the details of which are reported below.

#### Key Management Personnel ("KMP")

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities directly or indirectly. Accordingly the KMP include members of the Board of Directors of the Company.

#### (a) Transactions with Key Management Personnel

For the year ended 31st March	2016	2015
	Rs.	Rs.
<b>(a).1 Compensation to KMPs</b>		
Short term employment benefits	540,000	540,000
<b>Total</b>	<b>540,000</b>	<b>540,000</b>

#### (b) Transactions with Key Management Personnel ("KMP")

Name of Related Party	Relationship	Nature of Transaction	Transaction during the	
			2016	2015
			Rs.	Rs.
AIA Insurance PLC	Affiliated Company	Rental income	16,128,000	15,987,000

### 20. FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair values of financial assets and liabilities, together with the carrying amounts of which are shown in the statement of financial position, are as follows :

As at 31st March	2016		2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Assets carried at amortized cost</b>				
Cash at bank	5,097,016	5,097,016	246,286	246,286
Short term investment	11,635,628	11,635,628	12,829,372	12,829,372
	<b>16,732,644</b>	<b>16,732,644</b>	<b>13,075,658</b>	<b>13,075,658</b>
<b>Liabilities carried at amortized cost</b>				
Dividend payable	2,203,846	2,203,846	607,111	607,111
Bank overdraft	3,335,509	3,335,509	17,418	17,418
	<b>5,539,355</b>	<b>5,539,354</b>	<b>624,528</b>	<b>624,528</b>

# Notes to the Financial Statements

The methods and assumptions used to estimate the fair values of the financial instruments not carried at fair value are as follows:

(a) Cash and cash equivalents and bank overdraft – The fair value of cash and cash equivalents and bank overdraft approximate their carrying amount due to the relatively short maturity of the financial instruments.

(b) Other receivables and other payables – The fair value of other receivables and other payables approximate their carrying amount due to the relatively short maturity of the financial instruments.

(c) Short term investments – The fair value of short term investments approximate their carrying amount due to the relatively short maturity of the financial instruments.

## **21. FINANCIAL RISK MANAGEMENT**

### **21.1 Overview**

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

1. Credit Risk
2. Liquidity Risk
3. Market Risk
4. Operational Risk

#### **Introduction and overview**

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 this financial statement.

### **21.2 Risk Management Framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze 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 and the Company's activities. 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.

### **21.3 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 obligations, and arises principally from the Company's receivables from customers and investment securities.

#### **21.3.1 Exposure to Credit Risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was;

## Notes to the Financial Statements

As at 31st March

	2016	2015
	Rs.	Rs.
Short term investment	<b>11,635,629</b>	<b>12,829,372</b>
Other Receivables	<b>788,786</b>	<b>755,075</b>
Cash at bank	<b>5,097,016</b>	<b>246,286</b>

### 21.4 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.

	Contractual Un-discounted Cash Flows					
	Carrying amount Rs.	6 months or less Rs.	6-12 Months Rs.	1-2 Years Rs.	2-5 Years Rs.	
Non current assets	<b>305,295,000</b>	-	-	-	-	<b>305,295,000</b>
Current assets	<b>21,154,430</b>	<b>21,154,430</b>	-	-	-	-
Equity	<b>296,767,460</b>	-	-	-	-	<b>296,767,460</b>
Non Current Liabilities	<b>23,184,000</b>	-	-	-	-	<b>23,184,000</b>
Current Liabilities	<b>6,497,970</b>	<b>6,497,970</b>	-	-	-	-

### Management of Liquidity Risk

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 Company's policy is to hold cash and un-drawn overdraft facilities at a level sufficient to ensure that the Company has available funds to meet its liabilities.

### 21.5 Market Risk

'Market risk' is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

#### 21.5.1 Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. As protection against exchange rate fluctuations, the Company backs its commitments in local currency. The Company has not invested nor borrowed in foreign currencies. The Company does not use any derivative financial instruments to hedge the risk. The currency risk attached to financial instruments is minimal as it represents local currency.

#### 21.5.2 Interest Rate Risk

Interest rate risk is the risk to the Company's earnings and economic value of equity ("EVE") arising from adverse movements in interest rates.

The interest rate risk attached to financial instrument is minimal as it represent the Company does not have any interest bearing borrowing as at the reporting date.

## Notes to the Financial Statements

### 21.6 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 behavior. Operational risks arise from all of the Company's operations.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Board of directors. This responsibility is supported by the development of overall Company standards for the management of operational risk.

### 22. CAPITAL COMMITMENTS

The Company does not have any significant Capital Commitments outstanding as at the reporting date which require adjustments or disclosure in the financial statements.

### 23. CONTINGENT LIABILITIES

The Company does not have any significant Contingent Liabilities outstanding as at the reporting date which require disclosure in the Financial Statements.

### 24. LITIGATION AND CLAIMS

There were no litigations and claims as at the reporting date that require adjustments or disclosures in the Financial Statements.

### 25. COMPARATIVE FIGURES

Where necessary information has been restated to conform to the current year's presentation and classification.

### 26. EVENTS OCCURRING AFTER THE REPORTING DATE

Directors have recommended the payment of a final dividend of Rs. 25/= per share for the year ended 31st March 2016, which require the approval of the shareholders at the Annual General Meeting to be held on 29th September, 2016.

The Boards of Directors confirm that the company has satisfied the solvency test in accordance with Section 57 of the Companies Act No 07 of 2007.

The proposed final dividend exceeds the minimum distribution mandated by the Inland Revenue Act No. 10 of 2006 and therefore 15% deemed dividend tax, will not be imposed on the Company.

Other than that, no circumstances have been arisen since the reporting date which would require adjustments to financial statements.

### 27. OPERATING LEASE COMMITMENTS

The company entered into lease agreement with Urban Development Authority for lease of land for a period of 99 years ending 01/04/2081

The operating lease rentals are payable as follows.

	2016	2015
	Rs.	Rs.
Less than one year	100	100
Between one & five years	500	500
More than five years	6,000	6,100

### 28. DIRECTORS' RESPONSIBILITY

The Board of Directors acknowledge the responsibility for true and fair presentation of these financial statements in accordance with the Sri Lanka Accounting Standards and the requirements of the Companies' Act No. 07 of 2007.

# Investor Information

## SHARE CAPITAL

Stated Capital - Rs.36,000,000 divided into 360,000 Ordinary shares

The issued Ordinary Shares of Serendib Land PLC are listed on the Colombo Stock Exchange.

## SHARE DISTRIBUTION

No of Shares Held	31.03.2016			31.03.2015		
	No of Shareholders	Total Holding	% of Total Shares	No of Shareholders	Total Holding	% of Total Shares
Upto 1,000	247	14,918	4.14	247	14,918	4.14
1,001 5,000	6	12,623	3.51	6	12,623	3.51
5,001 10,000	0	0	0	0	0	0
10,001 50,000	2	55,981	15.55	2	55,981	15.55
50,001 100,000	4	276,478	76.80	4	276,478	76.80
	259	360,000	100	259	360,000	100

## SHARE TRADING

	31st March, 2016	31st March, 2015
	Rs.	Rs.
Highest Traded Price	2,300.00 (30.12.2015)	1,290.00 (24.02.2015)
Lowest Trade Price	1,090.00 (11.06.2015)	850.00 (25.06.2014)
Last Traded Price	2,118.80 (11.03.2016)	1,150.00 (20.03.2015)

The Public Holding percentage as at 31st March 2016 was 7.58% of the issued shares.

Number of Public Share Holding as at 31st March 2016 is 252.

## PUBLIC HOLDING

As at 31st March, 2016, the public holding of the Company was 7.58% of its total number of shares (2015 -7.58%) and the market capitalization of the Company was Rs.762,768,000/-.

However, as per the new Listing Rules of the Colombo Stock Exchange the Company is required to maintain:

- I. a minimum public holding of 20% of its total Ordinary voting Shares in the hands of a minimum of 750 public shareholders; or
- II. a market capitalization of Rs.500,000,000/- of its public holding in the hands of a minimum number of 500 public shareholders whilst maintaining a minimum public holding of 10%.

As stipulated in the said Listing Rules the Company is also required to have 15% of its total Ordinary voting Shares in the hands of a minimum number of 500 public shareholders on or before 31st December, 2015 and bring the public holding to 20% on or before 31st December, 2016.

The Company is in the process of determining the best course of action to be adopted in order to comply with the aforesaid requirement.

## DIVIDEND

A Final Dividend of Rs.25/- share has been proposed for payment on 10th October, 2016. (2015 - Rs.25/-)

## Investor Information

The twenty major shareholders as at 31st March, 2016 with comparative figures for 2015 were as follows:

20 Major Shareholders	31.03.2016		20 Major Shareholders	31.03.2015	
	Shares	%		Shares	%
Gee Gees Properties (Pvt) Ltd	76,735	21.32	Gee Gees Properties (Pvt) Ltd	76,735	21.32
Gitanjali Gajaluckshmi (Pvt) Ltd	76,697	21.30	Gitanjali Gajaluckshmi (Pvt) Ltd	76,697	21.30
Gitanjali Group (Pvt) Ltd	67,992	18.89	Gitanjali Group (Pvt) Ltd	67,992	18.89
AIA Insurance Lanka PLC – A/C No.2	55,054	15.29	AIA Insurance Lanka PLC – A/C No.2	55,054	15.29
Dr (Mrs) V. Sivaprakasapillai	30,267	8.41	Dr (Mrs) V. Sivaprakasapillai	30,267	8.41
AIA Insurance Lanka PLC – A/C No.3	25,714	7.14	AIA Insurance Lanka PLC – A/C No.3	25,714	7.14
Mr. O. D. Liyanage	4,033	1.12	Mr. O. D. Liyanage	4,033	1.12
Mrs. S. Z. Ossman	2,200	0.61	Mrs. S. Z. Ossman	2,200	0.61
Mr. A. Saverimuttu	1,900	0.53	Mr. A. Saverimuttu	1,900	0.53
Ossman Associates (Pvt) Ltd	1,779	0.49	Ossman Associates (Pvt) Ltd	1,779	0.49
Ms. N. Gunatileke	1,499	0.42	Ms. N. Gunatileke	1,499	0.42
Mr. G.C.W. De Silva	1,212	0.34	Mr. G.C.W. De Silva	1,212	0.34
Mr. K. T. Wickremaratne	750	0.21	Mr. K. T. Wickremaratne	750	0.21
Colombo Investment Trust PLC	642	0.18	Colombo Investment Trust PLC	642	0.18
DR. M.S.P. Wijenayake	555	0.15	DR. M.S.P. Wijenayake	555	0.15
Mr. G C Goonetilleke	540	0.15	Mr. A. L. Weerasinghe	534	0.15
Mr. A. L. Weerasinghe	534	0.15	Mrs. A. N. De Mel	534	0.15
Mrs. A. N. De Mel	534	0.15	Mr. G C Goonetilleke	516	0.14
Mrs. E. Shinya	514	0.14	Mrs. E. Shinya	514	0.14
Mr. B.G.S. De Silva	514	0.14	Mr. B.G.S. De Silva	514	0.14
	<b>349,665</b>	<b>97.13</b>		<b>349,641</b>	<b>97.12</b>
Shares held by the balance Shareholders	<b>10,335</b>	<b>2.87</b>	Shares held by the balance Shareholders	<b>10,359</b>	<b>2.88</b>
	<b>360,000</b>	<b>100</b>		<b>360,000</b>	<b>100</b>

# Company Performance - Five Year Summary

Year ended 31st March	2016	2015	2014	2013	2012
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Trading Results</b>					
Rental Income	16,128,000	15,987,000	13,140,000	13,005,000	11,520,000
Total Revenue	16,128,000	15,987,000	13,140,000	13,005,000	11,520,000
Direct Cost	(891,972)	(808,073)	(844,074)	(844,074)	(833,198)
Gross Profit	15,236,028	15,178,927	12,295,926	12,160,926	10,686,802
Fair Value Gain	-	54,135,000	-	-	17,777,834
Total Operating Expenses	(2,637,733)	(2,051,590)	(1,988,367)	(1,767,752)	(1,485,120)
Profit from Operating Activities	12,598,295	67,262,337	10,307,559	10,393,174	26,979,516
Net Finance (Exp)/Income	1,032,151	674,603	1,116,294	591,621	222,441
Net profit before Tax	13,630,446	67,936,940	11,423,853	10,984,795	27,201,957
Income Tax	(1,801,794)	(1,764,169)	(1,362,422)	(1,375,222)	7,373,531
Net profit after Tax	11,828,652	66,172,771	10,061,431	9,609,573	34,575,488
<b>Balance Sheet</b>					
<b>Assets</b>					
Investment Property	305,295,000	305,295,000	251,160,000	251,160,000	251,160,000
<b>Current Assets</b>					
Short term investment	11,635,628	12,829,372	9,709,858	6,813,059	2,967,018
Trade and Other Receivables	788,786	755,074	746,020	670,557	1,711,586
Available for sales at Reserve	3,633,000	-	-	-	-
Cash and Cash Equivalents	5,097,016	246,286	330,856	1,593,240	1,933,314
	21,154,430	13,830,732	10,786,734	9,076,856	6,611,918
<b>Total Assets</b>	<b>326,449,430</b>	<b>319,125,732</b>	<b>261,946,734</b>	<b>260,236,856</b>	<b>257,771,918</b>
<b>Equity and Liabilities</b>					
Stated Capital	36,000,000	36,000,000	36,000,000	36,000,000	36,000,000
Accumulated Profit/(Loss)	165,271,660	162,443,008	200,917,937	199,854,378	197,444,804
Financial assets-available for sale reserve	(151,900)	-	-	-	-
Other reserve	95,647,700	95,647,700	-	-	-
<b>Total Equity</b>	<b>296,767,460</b>	<b>294,090,708</b>	<b>236,917,937</b>	<b>235,854,378</b>	<b>233,444,804</b>
<b>Non Current Liabilities</b>					
Deferred tax Liability	23,184,000	23,184,000	23,184,000	23,184,000	23,184,000
<b>Total Non Current Liabilities</b>	<b>23,184,000</b>	<b>23,184,000</b>	<b>23,184,000</b>	<b>23,184,000</b>	<b>23,184,000</b>
<b>Current Liabilities</b>					
Trade & Other Payables	3,866,209	369,418	600,686	703,540	689,332
Tax Payable	427,915	874,495	712,506	41,138	-
Dividend Payable	2,203,846	607,111	531,605	453,800	453,782
<b>Total Current Liabilities</b>	<b>6,497,970</b>	<b>1,851,024</b>	<b>1,844,797</b>	<b>1,198,478</b>	<b>1,143,114</b>
<b>Total Equity &amp; Liabilities</b>	<b>326,449,430</b>	<b>319,125,732</b>	<b>261,946,734</b>	<b>260,236,856</b>	<b>257,771,918</b>
Earnings per Share	32.86	183.81	27.95	26.69	96.04
Dividend per Share	25.00	25.00	25.00	25.00	20.00
Dividend Pay out ratio (%)	76.09	13.60	89.45	93.67	20.83
Net Assets Value per share	824.35	816.92	658.11	655.15	648.46
Share Value (High)	2,298.00	1,290.00	1,848.90	3,000.00	2,500.00
Share Value (Low)	1,650.00	1,000.00	780.10	1,105.00	1,250.00
Current Ratio	3.49	7.47	5.85	7.57	5.78
Return on Equity (%)	3.99	22.50	4.25	4.07	14.81
Total Debt to Total Assets (%)	-	-	-	-	-
Debt/Equity Ratio	-	-	-	-	-



# Form of Proxy

**Serendib Land PLC**

No 9/5, Thambiah Avenue,  
Colombo 07.

I/ We .....

of.....Being a shareholder/ shareholders of Serendib Land PLC, hereby appoint,

..... of .....

whom failing MR. SEGA NAGENDRA, Chairman whom failing Dr. (Ms) Y. Ponnambalam, whom failing Mr. G.G. Ponnambalam, whom failing, Dr. (Ms) M. Ponnambalam, whom failing Dr. B. Sivaprakasapillai, whom failing Dr. (Mrs) V. Sivaprakasapillai, whom failing Dr. J. M. Swaminathan whom failing Mr. T Someswaran, whom failing Mr. Ramesh Schaffter as my/our Proxy to vote and \*.....as indicated hereunder for me/us and on my/our behalf at the Thirty Fifth Annual General Meeting of the Company to be held on 29th September, 2016 at 4.00 p.m. and at any adjournment thereof.

	<b>For</b>	<b>Against</b>
1. To receive and consider the Audited Financial Statements for the Year Ended 31st March 2016, together with the Reports of the Directors' and Auditors' thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. Directors		
I. To pass the Ordinary Resolution numbered 2 (i) set out in the Notice of Meeting of the Annual General Meeting	<input type="checkbox"/>	<input type="checkbox"/>
II. To pass the Ordinary Resolution numbered 2(ii) set out in the Notice convening the Annual General Meeting	<input type="checkbox"/>	<input type="checkbox"/>
III. To pass the Ordinary Resolution numbered 2 (iii) set out in the Notice of Meeting of the Annual General Meeting	<input type="checkbox"/>	<input type="checkbox"/>
IV. To pass the Ordinary Resolution numbered 2 (iv) set out in the Notice of Meeting of the Annual General Meeting	<input type="checkbox"/>	<input type="checkbox"/>
V. To pass the Ordinary Resolution numbered 2 (v) set out in the Notice of Meeting of the Annual General Meeting	<input type="checkbox"/>	<input type="checkbox"/>
VI. To pass the Ordinary Resolution numbered 2 (vi) set out in the Notice of Meeting of the Annual General Meeting	<input type="checkbox"/>	<input type="checkbox"/>
VII. To pass the Ordinary Resolution numbered 2 (vii) set out in the Notice of Meeting of the Annual General Meeting	<input type="checkbox"/>	<input type="checkbox"/>
3. To declare Rs. 25/- per share as a Final Dividend for the Year Ended 31st March, 2016 as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint the retiring Auditors M/s KPMG, Chartered Accountants to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

As witness my/our hand this ..... day of ..... Two Thousand and Sixteen.

.....  
Signature of Shareholder

**Notes:**

If you wish your Proxy to speak at the Meeting you should insert the words "to speak and" in the place indicated with an asterisk and initial such insertion.

Please indicate with an "x" in the space provided how your Proxy is to vote. If there is in the view of the Proxy holder doubt (by reason of the way in which the instructions contained in the Proxy have been completed) as to the way in which the Proxy holder should vote, the Proxy holder shall vote as he thinks fit.

A Proxy holder need not be a member of the Company

Instructions as to completion appear on the reverse hereof.

## Form of Proxy

### **INSTRUCTIONS FOR COMPLETION**

1. To be valid this Form of Proxy must be deposited at the Registered Office of the Company at No.9/5, Thambiah Avenue, Colombo 7 not less than 48 hours before the time appointed for the holding of the Meeting.
2. The full name and address of the Proxyholder and of the Shareholder appointing the Proxyholder should be entered legibly in the Form of Proxy.
3. If you wish to appoint a person other than the Chairman (or failing him, one of the Directors) as your Proxy, please insert the relevant details at 1 overleaf and initial against this entry.
4. In the case of a Company/ Corporation, the proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.
5. If the Proxy Form is signed by an Attorney, the relevant Power of Attorney or a notarially certified copy thereof, should also accompany the completed Form of Proxy if it has not already registered with the Company.

**SERENDIB LAND PLC**  
9/5, Thambiah Avenue, Colombo 07, Sri Lanka.