

HOUSING AND CONSTRUCTION LANKA (PRIVATE) LIMITED
HORANA

FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST MARCH, 2018



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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF HOUSING & CONSTRUCTION LANKA (PRIVATE) LIMITED**

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the Financial Statements of Housing & Construction Lanka (Private) Limited ("the Company"), which comprise the statement of financial position as at 31st March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our Report, the accompanying Financial Statements of the Company give a true and fair view of the financial position of the Company as at 31st March 2018, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standard for Small and Medium-sized Entities (SLFRS for SMEs).

Basis for Qualified Opinion

The sum of Rs. 1,232,185/- payable to Horana Regional Secretarial appearing in the statement of financial position which has been brought forward from previous years still remains in the accounts.

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our Report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our Report.

Key Audit Matter	How Our Audit Address the Key Audit Matter
Work-in-progress amounting to Rs. 109,069,881/- has been written-off due to its nature to the income statement during the current financial year.	Our audit procedures focused on the approval procedures followed by the Board of Directors through Board Resolution. We obtained understanding of the processes for these approval. We have also assessed the adequacy of the disclosures to the Financial Statements relating to the work-in-progress written-off.

Responsibilities of the Management and Those Charged with Governance

Management is responsible for the preparation Financial Statements that give a true and fair view in accordance with Sri Lanka Accounting Standard for Small and Medium-sized Entities (SLFRS for SMEs), and for such internal control as management determines, is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance

Partners : Saman Sri Lal FCA, FCMA, FMAAT, MBA(USQ), T. A. Ratnayake B.Sc. (B. Ad.), FCA, FSCMA, K. A. D. Cyril Chandraratne ACA, SAT

with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud and error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

As part of an audit in accordance with Sri Lanka Auditing Standards (SLAuSs), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

Ratnayake T A & Co
CHARTERED ACCOUNTANTS
Colombo
10th July, 2018

HOUSING AND CONSTRUCTION LANKA (PRIVATE) LIMITED
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31ST MARCH, 2018

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	Note	2017/2018 Rs.	2016/2017 Rs.
Revenue	3	3,800,000	1,423,200
Other Operating Income	4	7,320,872	1,217,083
		<u>11,120,872</u>	<u>2,640,283</u>
Cost of Sales	5	(2,753,676)	(556,586)
General Construction Overheads	6	(3,922)	(80,636)
Gross Income		<u>8,363,274</u>	<u>2,003,060</u>
Marketing Expenses	7	(52,500)	(12,900)
Administration Expenses	8	(112,053,298)	(2,910,712)
Other Operating Expenses	9	-	(2,555,687)
		<u>(112,105,798)</u>	<u>(5,479,299)</u>
Profit from Operations		<u>(103,742,523)</u>	<u>(3,476,239)</u>
Finance Expenses	10	(2,250)	(8,708)
Net Profit before Taxation		<u>(103,744,773)</u>	<u>(3,484,946)</u>
Current Tax Provision		-	-
Net Profit for the year		<u>(103,744,773)</u>	<u>(3,484,946)</u>
Other Comprehensive Income		-	-
Total Comprehensive Income		<u>(103,744,773)</u>	<u>(3,484,946)</u>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 17 form an integral part of these financial statements.

10th July, 2018

Horana



HOUSING AND CONSTRUCTION LANKA (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2018

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	Note	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	11	27,465	34,331
		<u>27,465</u>	<u>34,331</u>
Current Assets			
Inventories	13	-	111,823,557
Deposits & Prepayments	15	177,250	177,250
Cash & Cash Equivalents	16	425,125	1,664,314
Total Current Assets		<u>602,375</u>	<u>113,665,121</u>
TOTAL ASSETS		<u>629,840</u>	<u>113,699,452</u>
EQUITY AND LIABILITIES			
Equity			
Stated Capital	17	100,981,000	100,981,000
Accumulated Profit		(101,826,240)	1,918,533
Total Equity		<u>(845,240)</u>	<u>102,899,533</u>
Non-Current Liabilities			
Deferred Tax Liabilities	18	1,546	1,546
		<u>1,546</u>	<u>1,546</u>
Current Liabilities			
Trade and Other Payables	19	1,473,535	10,798,373
Total Current Liabilities		<u>1,473,535</u>	<u>10,798,373</u>
Total Liabilities		<u>1,475,081</u>	<u>10,799,919</u>
TOTAL EQUITY AND LIABILITIES		<u>629,840</u>	<u>113,699,452</u>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 17 form an integral part of these financial statements.

Certification

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

.....
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.
Approved and signed for and on behalf of the Board.

.....
Director

10th July, 2018
Horana

.....
Director



HOUSING & CONSTRUCTION LANKA (PRIVATE) LIMITED
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31ST MARCH 2018

	Stated Capital Rs.	Accumulated Profit Rs.	Total Rs.
Balance as at 01 st April, 2016	100,981,000	5,403,479	106,384,479
Net profit for the Year	-	(3,484,946)	(3,484,946)
Balance as at 31 st March, 2017	100,981,000	1,918,533	102,899,533
Balance as at 01 st April, 2017	100,981,000	1,918,533	102,899,533
Net profit for the Year	-	(103,744,773)	(103,744,773)
Balance as at 31 st March, 2018	100,981,000	(101,826,241)	(845,240)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 17 form an integral part of these financial statements.

10th July, 2018
 Horana



HOUSING AND CONSTRUCTION LANKA (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2018

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	2017/2018 Rs.	2016/2017 Rs.
Cash Flows from Operating Activities		
Net Profit/(Loss) before Taxation	(103,744,773)	(3,484,946)
Adjustment:		
Depreciation	6,866	8,583
Operating Profit before Working Capital Changes	(103,737,906)	(3,476,364)
Working Capital Changes		
(Increase)/Decrease in Inventories	111,823,557	439,072
(Increase)/Decrease in Trade and Other Receivables	-	75,000
(Increase)/Decrease Deposits & Prepayment	-	-
Increase/(Decrease) Trade & Other Payable	(9,324,838)	(2,151,535)
Cash Generated from Operations	(1,239,189)	(5,113,827)
Less:		
Income Tax Paid	-	(438,387)
WHT Paid	-	-
Net Cash Flow from/(Used in) Operating Activities	(1,239,189)	(5,552,214)
Cash Flow from Investing Activities	-	-
Net Cash Flow from Investing Activities	-	-
Cash Flow from Financing Activities		
Dividend Paid	-	-
Net Cash Flow from/(Used in) Financing Activities	-	-
Net Decrease in Cash and Cash Equivalents	(1,239,189)	(5,552,213)
Cash and Cash Equivalents at the Beginning of the Year	1,664,314	7,216,527
Cash and Cash Equivalents at the End of the Year	425,125	1,664,314
	31.03.2018	31.03.2017
	Rs.	Rs.
At the Beginning		
Cash at Bank	1,660,565	7,162,216
Cash in Hand	3,749	54,311
	1,664,314	7,216,527
At the End		
Cash at Bank	419,467	1,660,565
Cash in Hand	5,658	3,749
	425,125	1,664,314

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 17 form an integral part of these financial statements.

10th July, 2018
Horana



1. CORPORATE INFORMATION

1.1 General

The Company is a limited liability Company incorporated and domiciled in Sri Lanka. The Registered Office of the Company is located at No. A-222, Perth Paradise, Gurugoda, Horana. The principal place of business is at the same place.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company were selling of developed plots and constructed Luxury Apartments.

1.3 Parent Enterprise

The Company's parent undertaking is Ansal Housing & Construction Ltd (previously known as Ansal Housing & Construction Ltd) which holds 100 % of shares of Housing & Construction Lanka (Pvt) Ltd.

1.4 Date of Authorization for Issue

The financial of statements for the year ended 31st March, 2017 were authorized for issue in accordance with a resolution of the Board of Directors on 18th May, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 General Accounting Policies

2.1.1 Basis of Preparation

These financial statements presented in Sri Lanka Rupees have been prepared under the historical cost basis in accordance with generally accepted accounting principles and the standards laid down by the Institute of Chartered Accountants of Sri Lanka.

2.1.2 Statement of Compliance

The statement of financial position, Statement of comprehensive income, Changes in Equity and Cash Flows, together with Accounting Policies and Notes ("Financial Statements") of the company as at 31st March, 2017 and for the year then ended, comply with the Sri Lankan Accounting Standard for Small and Medium-sized Entities issued by the Institute of Chartered Accountants of Sri Lanka.

2.1.3 Going Concern

The directors have made an assessment of the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease trading.

2.1.4 Comparative Information

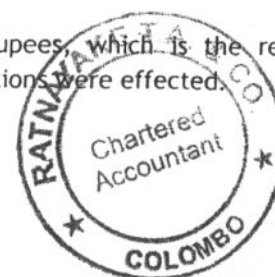
The accounting policies have been consistently applied by the company and are consistent with those of the previous year. The previous years figures and phrases have been rearranged wherever necessary to conform to the current year's presentation.

2.1.5 Changes in Accounting Policies

The Accounting Policies adopted are consistent with those of the previous financial year.

2.1.6 Foreign Currency Translation

All foreign exchange transactions are converted to Sri Lanka Rupees which is the reporting currency, at the rates of exchange prevailing at the time the translations were effected.



Monetary assets and liabilities denominated in foreign currencies are translated to Sri Lanka Rupee equivalents using year end spot foreign exchange rates, the resulting gains or losses are accounted in the statement of comprehensive income.

Non monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The resulting gain or loss is accounted in the statement of comprehensive income.

2.1.7 Materiality and Aggregation

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

2.1.8 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Company's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at reporting date.

2.2 Assets and Bases of Their Valuation

2.2.1 Property, Plant and Equipment

a) Cost

Property, plant and equipment is recorded at cost less accumulated depreciation and less any impairment in value.

b) Depreciation

Provision for depreciation is calculated by using written down value method of all property, plant and equipment other than leasehold land, in order to write off such amounts over the estimated useful lives of such assets.

The useful lives are as follows:

Motor Vehicles	4 years
Office Equipment	5 years
Furniture & Fittings	5 Years
Site Equipment	5 years

Depreciation of assets begins when it is available for use.

Freehold land is not depreciated.

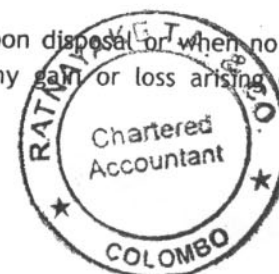
The asset's residual values, useful lives and methods of depreciation are reviewed and adjusted if appropriate at each financial year.

c) Restoration Costs

Expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance is recognized as an expense when incurred.

d) De-Recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-



recognition of the asset is calculated as the difference between the net disposal proceeds and the carrying amount.

2.2.1 Impairment of Assets

An asset is impaired when its carrying amounts exceeds its recoverable amount. Any impairment loss is recognized immediately in the statement of comprehensive income.

2.2.2 Impairment of Non Financial Assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If such indication exists or when annual impairment testing for an asset is required the company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating units fair value less costs to sell and its value in use and determined for an individual asset, unless the asset's does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 assessment of the time value of money and the risk specific to the asset. These calculations are collaborated by valuation multiples, quoted share prices or other available fair value indicators.

Impairment losses of continuing operations are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognized in equity upto the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot "exceed" the carrying amount that would have been determined, net of depreciation had, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

2.2.3 Inventories

Inventories are valued at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formula.

Finished Goods
Lower of cost or net realizable Value
Work-in-Progress



At the cost of direct materials and direct labour.

2.2.4 Financial Instruments
Financial Assets

Trade and Other Receivables, Investments, Amounts due from Related Parties and Cash and Cash Equivalents

These financial assets are recognized initially at the transaction price. Subsequently they are measured at amortized cost using the effective interest method, less provision for impairment. Sales are made on normal credit terms and trade receivables do not bear interest. Where there is objective evidence that the carrying amounts of receivables are not recoverable, an impairment loss is recognized in profit or loss.

Other Short-Term Financial Assets

Other short-term financial assets comprise refundable deposits and prepaid expenses. They are recognized initially at transaction price. Subsequently they are measured at cost, less provision for impairment

Financial Liabilities

The Company's financial liabilities include trade and other payables and amounts due to related parties. Financial liabilities are recognized initially at transaction price. After initial recognition they are measured at amortized cost using the effective interest method. Trade payables are on normal credit terms and do not bear interest.

De-recognition

Financial assets are derecognized only when

- a) The contractual rights to the cash flows from the financial assets expire or are settled, or
- b) Transfer to another party substantially all of the risk and rewards of ownership.

Financial liabilities are derecognized when the obligation specified in the contract is discharged, is cancelled or expires.

Impairment of Financial Assets

At the end of the each reporting period, all financial assets are assessed whether there is any objective evidence of impairment. If there is objective evidence of impairment, impairment loss is recognized in the statement of comprehensive income immediately.

2.2.5 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.



For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand and deposits in banks net of outstanding bank overdrafts. Investment with short term maturities i.e. three months or less from the date of acquisitions are also treated as cash equivalents.

The cash flow statements are reported based on the indirect method.

2.3 Liabilities and Provisions

2.3.1 Liabilities

Liabilities stated under current liabilities in the statement of financial position are those expected to fall due within one year from the reporting date. Items stated as long term liabilities are those expected to fall due at point of time after one year from the reporting date.

2.3.2 Provisions

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

2.3.2.1 Retirement Benefit Obligations

2.3.2.1.1 Defined Contribution Plans - EPF and ETF

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with respective statutes and regulations. The company contributes 12% and 3% of gross emoluments of employees to the Employees' Provident Fund and to the Employees' Trust Fund respectively.

2.3.2.2 Taxation

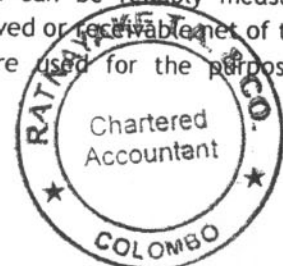
a) Current Taxes

The company has entered into an agreement with the board of investment of Sri Lanka under section 17 of the BOI Law No.04 of 1978. Provision has not been made for taxation as the activities of the company are exempted for the period of (06) years reckoned from the year of assessment in which the enterprise commences to make profit or any year of assessment not later than 02 years reckoned from the date of commencement of commercial operations whichever year is earlier as may be specified in a certificate issued by the Board.

2.4 Statement of Comprehensive Income

2.4.1 Revenue Recognition

- a) Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue and associated costs incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.



Sale of Apartments

Revenue is recognized on apartment sales when the risks and rewards of ownership have passed to the buyers.

b) **Other Income**

Other income is recognized as the accrued on a time basis (taking into account the effective yield on the asset) unless collectability is in doubt.

2.4.2 Expenditure Recognition

a) Expenses are recognized in the statement of comprehensive income on the basis of a direct association between the cost incurred and the earning of specific items of income. All the expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

b) For the purpose of presentation of the statement of comprehensive income the directors are of the opinion that function of expenses method presents fairly the elements of the company's performance and hence, such presentation method is adopted.

c) **Interest**

Interest income is recognized as the interest accrued on a time basis (taking into account the effective yield on the asset) unless collectability is in doubt.

d) **Dividend**

Dividend income is recognized when the shareholder's right to receive payment has been established.

e) **Others**

Other income is recognized on an accrual basis.

2.5 Events after the Reporting Date

All material events occurring after the reporting date have been considered and where necessary, adjustments to or disclosures have been made in the respective notes to the accounts.

2.6 Contingencies & Unrecognized Contractual Commitments

Contingencies are possible assets or obligation that arise from past events and would be confirmed only on the occurrence or non occurrence of uncertain future events, which are beyond the company's control which is described in note No.16 to the financial statements.



	2017/2018 Rs.	2016/2017 Rs.
3. REVENUE		
Plots	-	1,423,200
Houses	3,800,000	-
	<u>3,800,000</u>	<u>1,423,200</u>
4. OTHER INCOME		
Forfeited Amount	-	1,217,083
Other Income	14,300	-
Contractors Payable Write-Off	7,306,572	-
	<u>7,320,872</u>	<u>1,217,083</u>
5. COST OF SALES		
Land Improvement & Construction Cost	<u>2,753,676</u>	<u>556,586</u>
6. GENERAL CONSTRUCTION OVERHEADS		
Site Security Expenses	-	40,000
Site Maintenance	-	24,663
Site Expenses - Survey	-	4,845
General Expenses - Site	-	3,675
Miscellaneous Expenses	1,000	3,800
Depreciation	2,922	3,653
	<u>3,922</u>	<u>80,636</u>
7. MARKETING EXPENSES		
Vehicle Maintenance	52,500	3,900
Fuel Expenses	-	9,000
	<u>52,500</u>	<u>12,900</u>
8. ADMINISTRATIVE EXPENSES		
Salaries & Wages - Local Staff	979,097	1,344,000
EPF	117,492	161,280
ETF	29,373	40,320
Fees & Subscription	-	64,939
Leave Encashment	163,858	-
Internet Charges	50	12,028
Conveyance & Transport	30,270	8,800
Photocopies & Printing	870	3,583
News papers & Magazine	120	-
WIP-Write Off	109,069,881	-
Bonus	-	112,000
Telephone	6,580	110,101
Electricity	33,305	122,648
Water	-	43,943



	2017/2018 Rs.	2016/2017 Rs.
8. ADMINISTRATIVE EXPENSES Cont.		
Staff Welfare	124,046	7,900
Printing & Stationery	5,418	6,243
Postage & Delivery Charges	143,220	138,830
Rent - (Office)	120,000	138,000
Repairs & Maintenance	-	10,500
Office Maintenance	1,157	9,465
Computer Maintenance	1,500	-
Professional Fee	136,615	337,291
Parking Fee	4,860	-
Rate & Taxes	6,900	-
Travelling Expenses	676,500	-
Worker Compensation	-	9,000
Secretary Fee	34,012	80,682
Ex-Gratia	-	20,000
Audit Fee	25,000	55,000
Depreciation	3,944	4,930
Gratuity	339,230	69,230
	<u>112,053,298</u>	<u>2,910,712</u>
9. OTHER OPERATING EXPENSES		
Annual Return Charges	-	200
Penalty On Late VAT Deposits	-	10,691
London Court - L C I A	-	2,544,796
	<u>-</u>	<u>2,555,687</u>
10. FINANCE COST		
Bank Charges	2,250	8,708
	<u>2,250</u>	<u>8,708</u>



HOUSING AND CONSTRUCTION LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT & EQUIPMENT

Description of Assets	COST				DEPRECIATION				W.D.V.	
	Balance as at 01.04.2017 Rs.	Additions During the Year Rs.	Disposals During the Year Rs.	Balance as at 31.03.2018 Rs.	Balance as at 01.04.2017 Rs.	For the Year Rs.	On Disposal Rs.	Balance as at 31.03.2018 Rs.	Balance as at 31.03.2017 Rs.	
Motor Vehicle	401,335	-	-	401,335	401,335	-	-	401,335	-	
Furniture & Fittings	1,640,058	-	-	1,640,058	1,620,339	3,944	-	1,624,283	19,719	
Office Equipment	917,229	-	-	917,229	917,229	-	-	917,229	-	
Site Equipment	1,261,329	-	-	1,261,329	1,246,716	2,923	-	1,249,639	14,612	
	4,219,950	-	-	4,219,950	4,185,619	6,866	-	4,192,485	27,465	
										34,331



	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.
13. INVENTORIES		
Work in Progress at 1st April 2017		
Land Capital Cost & Stamp Duty	8,301,916	8,320,254
Land Improvement & Construction cost	103,521,641	103,942,375
	<u>111,823,557</u>	<u>112,262,629</u>
Add :		
Improvement & Construction Cost During the Year	13.1 -	117,514
	<u>111,823,557</u>	<u>112,380,143</u>
Less :		
Land Capital Cost & Stamps Duty	(9,733)	(18,338)
Improvements & Construction Cost	(2,743,943)	(538,248)
WIP Write Off	(109,069,881)	-
	<u>-</u>	<u>111,823,557</u>
BALANCE CARRIED FORWARD		
Land Capital Cost & Stamp Duty		
Balance at 1st April 2017	8,301,916	8,320,254
Less :		
Charged to Profit of the Year	(9,733)	(18,338)
Write-Off	(8,292,183)	-
	<u>-</u>	<u>8,301,916</u>
Land Improvement & Construction cost		
Balance at 1st April 2017	103,521,641	103,942,375
Add :		
Improvement & Construction	-	117,514
	<u>103,521,641</u>	<u>104,059,889</u>
Less :		
Charged to Profit of the Year	(2,743,943)	(538,248)
	<u>100,777,698</u>	<u>103,521,641</u>
Write-Off	(100,777,698)	-
	<u>-</u>	<u>111,823,557</u>



	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.
13.1 IMPROVEMENT & CONSTRUCTION COST		
Storm Water Drain	-	-
Earth Work	-	-
House Construction	-	189,164
Swimming Pool	-	-
Septic Tank & Soakage	-	-
	-	189,164
Others		
Development A/c	-	-
Horticulture Expenses	-	-
Labor Charges	-	12,600
Architect Fee	-	-
Contractor Payable	-	31,173
	-	43,773
	-	232,937
Less :		
Reimbursement (Various Charges)	-	(115,423)
	-	117,514
15. DEPOSITS & PREPAYMENT		
Other Deposit	2,250	2,250
Deposit With National Water Board	175,000	175,000
	177,250	177,250
16. CASH & CASH EQUIVALENTS		
Bank Balances		
Commercial Bank A/C No. 1220000591	403,515	1,644,363
State Bank of India - A/C No. 400432	15,952	16,202
Petty Cash Imprest	5,658	3,749
	425,125	1,664,314
17. STATED CAPITAL		
Fully Paid up Ordinary Shares 10,098,100 No of Ordinary Shares	100,981,000	100,981,000
18. DEFFERRED TAX LIABILITIES		
Provision for Differd Tax Liability	1,546	1,546
	1,546	1,546



	2017/2018	2016/2017
	Rs.	Rs.
19. TRADE & OTHER PAYABLES		
Other Creditors	19.1 1,232,185	3,064,985
Accrued Expenses	19.2 241,350	416,125
Contractors Payable	19.3 -	7,306,572
VAT Payable	-	10,691
	<u>1,473,535</u>	<u>10,798,373</u>
19.1 OTHER CREDITORS		
Deposits Received from Customers	-	1,800,000
Retention Payable	-	32,800
Horana Regional Secretarial - Revenue Tax	1,232,185	1,232,185
	<u>1,232,185</u>	<u>3,064,985</u>
19.2 ACCRUED EXPENSES		
EPF	61,420	44,800
ETF	9,213	6,720
Salary - Local Staff	24,017	102,480
Audit Fee Payable	25,000	55,000
Payee Tax Payable	3,080	1,120
Secretarial Chargers	6,000	-
Water	86,610	86,610
Electricity	10	7,395
Bonus Payable	26,000	112,000
	<u>241,350</u>	<u>416,125</u>
19.3 BALANCE WORK PROVISION		
Balance as at 01.04.2016	7,306,572	7,275,399
Add :		
Provision during the year	-	31,173
Less:		
Write Off	(7,306,572)	-
	<u>-</u>	<u>7,306,572</u>
20. TAXATION		
Balance at 1st April 2017	-	438,387
Add:		
Provision for the year	20.1 -	-
	-	438,386.81
Less :		
Income Tax Paid	-	(438,387)
WHT	-	-
	<u>-</u>	<u>-</u>



	2017/2018 Rs.	2016/2017 Rs.
20.1 Tax Provision		
Provision for Income Tax	-	-
Provision/ (Reversal) for Deferred Tax	-	-
Balance for Previous Year	-	-
	-	-

21. Contingent Liability

21.1 The land allocated by BOI for the company for development is on leasehold for 10 years.
 The liability position of the lease is as follows.

Total area allocated :1046 Acres.

Total lease at Rs.75,185.75 per Acre: Rs.78,644.34

Lease applicable to the area 863 Acre (to be handed over in future by steps) is Rs.64,885,336.77

21.2 Sub Lease balance

It is resolved to treat the disputed sub lease advance of Rs.10,000,000 as Income of financial years as below subject to the probable reversal of the same in case of any adverse judgment through any legal proceedings.

2001/2002	Rs.4,000,000
2012/2003	Rs.4,000,000
2013/2004	Rs.2,000,000



HOUSING AND CONSTRUCTION LANKA (PRIVATE) LIMITED
TAX COMPUTATION
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Rs.

Net Profit as per Account		(103,744,773)
Less :		
Contract Payable Write-Off	7,306,572	(7,306,572)
		(111,051,346)
Add:		
Disallowable Expenses		
Secretary Fee	34,012	
Depreciation	6,866	
Gratuity	339,230	
WIP Write-Off	109,069,881	
Annual Return Surcharges Surcharge	-	109,449,989
		(1,601,357)
Less:		
Depreciation Allowances on Additions to the Property, Plant & Equipment		
2009/2010		
Office Equipment		
12.5% of Rs. 27,250	3,406	
Site Equipments		
12.5% of Rs. 13,950	1,744	
2010/2011		
Office Equipment		
12.5% of Rs. 43,680	5,460	
Site Equipments		
12.5% of Rs. 34,250	4,281	
2011/2012		
Office Equipment		
12.5% of Rs. 14,400	1,800	
2013/2014		
Office Equipment		
33 1/3% of Rs. 21,740	7,246	
Site Equipments		
33 1/3% of Rs. 24,100	8,033	(31,970)
Adjusted Trade (Loss)		(1,633,327)

