

**MSBR LAND HOLDING (PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31st MARCH 2021**

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MSBR LAND HOLDING (PRIVATE) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MSBR Land Holding (Private) Limited ("the Company"), which comprise the statement of financial position as at 31st March 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes set out on pages 3 to 13.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31st March 2021 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 Opinion

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

Other Information

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

Management is responsible for the other information. These financial statements do not include any other information.

Responsibilities of Management and Those Charged with Governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with 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 financial reporting process.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF MSBR LAND HOLDING (PRIVATE) LIMITED (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SLAuS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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.

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka
XX November 2023

MSBR LAND HOLDING (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION

<i>As at 31 March,</i>		2021	2020
	Note	<u>Rs.</u>	<u>Rs.</u>
Assets			
Non-current assets			
Investment property	4	<u>2,265,000,000</u>	2,079,999,000
Total non-current assets		<u>2,265,000,000</u>	2,079,999,000
Current assets			
Amounts due from related companies	5	-	500,000
Cash and cash equivalents	6	<u>525,450</u>	-
Total current assets		<u>525,450</u>	500,000
Total assets		<u>2,265,525,450</u>	2,080,499,000
Equity and liabilities			
Equity			
Stated capital	7	2,080,513,400	2,080,513,400
Retained earnings / (Accumulated losses)		<u>165,835,804</u>	(353,572)
Total equity		<u>2,246,349,204</u>	2,080,159,828
Current liabilities			
Amounts due to related companies	8	261,372	226,372
Accrued expenses	9	473,229	110,000
Bank overdraft	6	-	2,800
Deferred tax liability	14	<u>18,441,645</u>	-
Total current liabilities		<u>19,176,246</u>	339,172
Total equity and liabilities		<u>2,265,525,450</u>	2,080,499,000

The financial statements are to be read in conjunction with the related notes, which form an integral part of these financial statements of the Company.

I certify that the financial statements have been prepared in accordance 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 in accordance with SLFRS for SMEs.

Approved and signed for and on behalf of the Board of Directors :

.....
Director

.....
Director

14th November 2023
Colombo

MSBR LAND HOLDING (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March,

	Note	2021 <u>Rs.</u>	2020 <u>Rs.</u>
Revenue		-	-
Cost of sales		-	-
Other Income	10	185,001,000	-
Gross Profit		185,001,000	-
Administrative expenses	11	(363,229)	(336,372)
Operating loss		184,637,771	(336,372)
Finance expenses	12	(6,750)	(13,500)
Profit/(loss) before tax		184,631,021	(349,872)
Income tax expense	13	(18,441,645)	-
Profit/(loss) for the year		166,189,376	(349,872)

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form an integral part of these financial statements of the Company.

MSBR LAND HOLDING (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March,

	Stated capital	(Accumulated losses) /Retained earnings	Total
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
Balance as at 1 st April 2019	2,080,013,400	(3,700)	2,080,009,700
Share issue	500,000	-	500,000
Loss for the year	-	(349,872)	(349,872)
Balance as at 31 st March 2020	<u>2,080,513,400</u>	<u>(353,572)</u>	<u>2,080,159,828</u>
Balance as at 1st April 2020	2,080,513,400	(353,572)	2,080,159,828
Revaluation of Assets	-	-	-
Profit for the year	-	166,189,376	166,189,376
Balance as at 31st March 2021	<u>2,080,513,400</u>	<u>165,835,804</u>	<u>2,246,349,204</u>

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form an integral part of these financial statements of the Company.

MSBR LAND HOLDING (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS

For the year ended 31 March,

	Note	2021 Rs.	2020 Rs.
Cash flows from operating activities			
Profit/(loss) before tax		184,631,021	(349,872)
(Increase) / decrease in amounts due from fair value gain	4	(185,001,000)	-
(Increase) / decrease in amounts due from related companies	5	500,000	(500,000)
Increase / (decrease) in amounts due to related company	8	35,000	226,372
Increase /(decrease) in accrued expenses	9	363,229	110,000
Cash used in operations		528,250	(513,500)
Cash flows from investing activities			
Share issues		-	500,000
Net cash generated from investing activities		-	500,000
Net decrease/increase in cash and cash equivalents		528,250	(13,500)
Cash and cash equivalents at the beginning of the year		(2,800)	10,700
Cash and cash equivalents at the end of the year	6	525,450	(2,800)

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form an integral part of these financial statements of the Company.

MSBR LAND HOLDING (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021,

1. Accounting policies

1.1 Reporting entity

MSBR Land Holding (Private) Limited, (“the Company”) is a limited liability Company, incorporated and domiciled in Sri Lanka. The registered office and principal place of business of the Company is located at 129/7A, Duwa Road, Baddagana, Pitte Kotte.

The Company has incorporated on 3rd September 2018 and the statement of comprehensive income has been prepared for the period from 1st April 2020 to 31st March 2021, being the second financial period for the entity.

Principal activities and nature of operations

The Company carries on the business of an investment holding company.

1.2 Basis of preparation

(a) Statement of compliance

The financial statements of the Company comprise statement of financial position, statement of profit and loss, statement of changes in equity and statement of cash flows and notes to the financial statements. These statements are prepared in accordance with Sri Lanka Accounting Standard for Small and Medium-sized entities (SLFRS for SMEs) laid down by the Institute of Chartered Accountants of Sri Lanka.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis. No adjustments have been made for inflationary factors in the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Sri Lankan Rupees, which is the Company’s functional currency.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with SLFRS for SMEs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The 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 if the revision affects only the financial year or in the period of the revision and future periods if the revision affects both current and future financial years.

MSBR LAND HOLDING (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021,

1.3 Significant accounting policies

(a) Investment Property

Investment property is properly held either to earn rental income or for capital appreciation or for 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 initially measured at cost and subsequently at its fair value with the changes in the fair value going through profit and loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

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

(b) Statement of cash flows

Statement of cash flows has been prepared using the indirect method.

(c) Liabilities

Liabilities are recognized in the statement of financial position when there is a present obligation as a result of past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits. Obligations payable on demand or within one year of the reporting date are treated as current liabilities in the statement of financial position. Liabilities payable after one year from the reporting date are treated as non-current liabilities in the statement of financial position.

(d) Expenses

The profit/ loss earned by the Company before taxation as shown in the statement of comprehensive income is after making provision for all known liabilities.

All expenditure incurred in running of the business and in maintaining the capital assets in a state of efficiency has been charged to revenue in arriving at the profit/ loss for the period.

(e) Finance expense/Finance income

The finance expense comprises of bank charges and overdraft interest charges.

There is no finance income during the year.

(f) Events occurring after the reporting date

There were no material events which occurred after the reporting date, which require adjustments or disclosures in the financial statements.

(g) Commitments and contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Company's control.

MSBR LAND HOLDING (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021,

(h) Cash and cash equivalents

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.

(i) Related party transactions

Disclosure has been made as per the requirements of Sri Lanka Accounting Standard for SMEs (SLFRS for SMEs) section 33 in respect of transactions in which one party has the ability to control or exercise significant influence over financial and operating policies/decisions of the other, irrespective of whether the price is charged or not.

MSBR LAND HOLDING (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

As at 31 March,

	2021	2020
	<u>Rs.</u>	<u>Rs.</u>
4 INVESTMENT PROPERTY		
4.1 Balance as at the beginning of the year	2,079,999,000	2,079,999,000
Change in fair value	185,001,000	-
Balance as at the end of the year	<u>2,265,000,000</u>	<u>2,079,999,000</u>

The carrying amount of investment property is the fair value of property as determined by an external, independent property valuer, having an appropriate recognized professional qualification and recent experience in the location and the category of the property being valued.

The fair value measurement for the investment properties has been categorized as a level 3 fair value based on the inputs to the valuation technique used.

Location	Extent	Cost Rs.	No. of Lands
Mirrisa Village, Weligama Korale District of Matara, Southern Province	11 Acres and 25 Perch	2,079,999,000	01

As at 31 March,

	2021	2020
	<u>Rs.</u>	<u>Rs.</u>
5 AMOUNTS DUE FROM RELATED COMPANIES		
Odakyu Lanka (Private) Limited	-	479,000
Makepeace (Private) Limited	-	21,000
	<u>-</u>	<u>500,000</u>

6 CASH AND CASH EQUIVALENTS

Favorable Balances

NDB Bank - 101000737691

525,450	-
<u>525,450</u>	<u>-</u>

Unfavorable Balances

NDB Bank - 101000737691

-	2,800
<u>-</u>	<u>2,800</u>

	No of shares		2021	2020
	2021	2020	<u>Rs.</u>	<u>Rs.</u>
7 STATED CAPITAL				
Balance as at the beginning of the year	25,000	20,000	2,080,513,400	2,080,013,400
Issue of shares during the year	-	5,000	-	500,000
Balance as at the end of the year	<u>25,000</u>	<u>25,000</u>	<u>2,080,513,400</u>	<u>2,080,513,400</u>

8 AMOUNTS DUE TO RELATED COMPANY

Odakyu Lanka (Private) Limited

261,372	226,372
<u>261,372</u>	<u>226,372</u>

9 ACCRUED EXPENSES

Accrued audit fee

259,229 110,000

Accrued valuation fee

139,000 -

Accrued tax fee

20,000 -

Accrued secretarial charges

55,000 -

<u>473,229</u>	<u>110,000</u>
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MSBR LAND HOLDING (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

As at 31 March,

	2021	2020
	<u>Rs.</u>	<u>Rs.</u>
10 OTHER INCOME		
Fair value gain from investment property	185,001,000	-
	<u>185,001,000</u>	<u>-</u>
11 ADMINISTRATIVE EXPENSES		
Secretarial charges	55,000	138,900
Valuation fee	139,000	-
Audit fee	149,229	178,472
Tax fee	20,000	19,000
	<u>363,229</u>	<u>336,372</u>
12 FINANCE EXPENSES		
Bank charges	6,750	13,000
Over draft interest	-	500
	<u>6,750</u>	<u>13,500</u>
13 INCOME TAX EXPENSES		
Deferred tax expense	18,441,645	-
	<u>18,441,645</u>	<u>-</u>
13.1 Reconciliation of accounting loss to income tax expense		
Loss before taxation	184,770,021	(349,872)
Less : Non taxable income	(185,001,000)	-
	<u>(230,979)</u>	<u>(349,872)</u>
Add : Aggregate disallowed expenses	-	500
Less : Aggregate allowable expenses	-	(500)
Taxable loss from business	<u>(230,979)</u>	<u>(349,872)</u>
13.2 Tax loss carried forward		
Tax loss brought forward	(353,572)	(3,700)
Unrelieved loss for the year	(230,979)	(349,872)
Tax loss carried forward	<u>(584,551)</u>	<u>(353,572)</u>
14 Deferred tax liability		
Balance at 1 April	-	-
Recognition to profit or loss during the year	18,441,645	-
Balance as at 31 st March	<u>18,441,645</u>	<u>-</u>

	2021		2020	
	(Taxable) / deductible temporary difference	Tax effect	(Taxable) / deductible temporary difference	Tax effect
	Rs.	Rs.	Rs.	Rs.
On revaluation gain	185,001,000	18,500,100	-	-
On accumulated tax losses	(584,551)	(58,455)	-	-
	<u>184,416,449</u>	<u>18,441,645</u>	<u>-</u>	<u>-</u>

As at 31 March 2021,

15 LITIGATIONS AND CLAIMS

There are no litigations and claims against the company as at the reporting date.

16 COMMITMENTS AND CONTINGENCIES

There are no material contingent liability or commitment as at the reporting date which should be disclosed in the financial statements.

17 EVENTS OCCURRING AFTER THE REPORTING DATE

There are no material events occurring after the reporting date which require adjustments to or disclosures in the financial statements.

18 BOARD OF DIRECTORS RESPONSIBILITY

The Board of Directors of the company are responsible for the preparation and presentation of the financial statements.

19 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Key management personnel comprises the Directors of the company having authority and responsibility for planning, directing and controlling the activities of the Company.

20 IMPACT ON COVID - 19 PANDEMIC

In light of the ongoing COVID-19 situation, the Company has assessed its going concern and a summarized disclosure of its assessment is provided below.

Even though the COVID-19 pandemic is affecting the businesses in the country at large, there is no impact of COVID-19 on the MSBR Land Holding (private) Limited subsequent to the year end since the company is still not engaging in operations and continue to hold the same land.

MSBR LAND HOLDING (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021,

21 Related Party Disclosures

21.1 Transaction with Related Parties

Name of the Company	Relationship	Nature of the Transactions	Amount		Outstanding as at 31 March	
			2021 LKR	2020 LKR	2021 LKR	2020 LKR
Odakyu Lanka (Private) Limited	Shareholder	Consideration receivable from issue of shares	-	479,000		
		Payments made by Settlements	(514,000)	(226,372)	(261,372)	252,628
Makepeace (Private) Limited	Parent	Consideration receivable from issue of shares	-	21,000		
		Settlements	(21,000)	-	-	21,000

21.2 Transactions with Key Management Personnel

According to the Sri Lanka Accounting Standards for Small and Medium-sized entities "Related Party Disclosures", Key Management Personnel (KMP) are those having authority and responsibility for planning, directing and controlling the activities of the Entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Accordingly, the Board of Directors (including Executive and Non executive Directors) has been classified as KMP of the Company. The Company has not made any payment to Key Management Personnel during the year.