Walkers Tours

Sri Lanka's Premier Destination Management Company

2020/21 ANNUAL REPORT

CELEBRATING 50 YEARS OF WALKERS TOURS

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MANAGEMENT SYSTEM CERTIFICATION DNV ISO 9001 · ISO 14001

QUALITY SYSTEM CERTIFICATION DNV·GL ISO 9001:2008

WALKERS TOURS LIMITED

Annual Report

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WALKERS TOURS LIMITED

NOTICE OF MEETING

NOTICE is hereby given that the Fifty Third (53rd) Annual General Meeting (Meeting) of Walkers Tours Limited (Company) will be held as a virtual meeting on 06th August 2021 at 11.30 a.m.
The business to be brought before the Meeting will be to:

1. Read the notice convening the Meeting.

2. Receive and consider the Annual Report of the Board of Directors, the Statement of Accounts for the year ended 31st March 2021 and the Auditors Report thereon.

3. Re-elect as a Director, Mr. S. Rajendra who retires in terms of Article 89 of the Articles of Association of the Company.

4. Re-elect as a Director, Mr. C. L. P. Gunawardane who retires in terms of Article 89 of the Articles of Association of the Company.

5. Re-appoint Messrs. Ernst & Young, Chartered Accountants, as Auditors and to authorise the Directors to determine their remuneration.

6. Consider any other business of which due notice has been given in terms of the relevant laws and regulations.

In the event the Company is required to take any further action in relation to the Meeting, in the best interests of the Meeting attendees due to the COVID-19 pandemic; and/or any communications, guidelines, directives or orders issued by the Government of Sri Lanka, notice of such action shall be given by way of a publication on the Company website https://www.walkerstours.com.

By order of the Board
KEELLS CONSULTANTS (PRIVATE) LIMITED
Secretaries

Colombo
05th July 2021

Notes:

1. A Member unable to attend is entitled to appoint a Proxy to attend and vote in his/her place.
2. A Proxy need not be a member of the Company.
3. A Member wishing to vote by Proxy at the Meeting may use the Form of Proxy enclosed herein.
4. Members are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to vote on their behalf and to include their voting preferences on the resolutions to be taken up at the Meeting in the Form of Proxy.
5. In order to be valid, the completed Form of Proxy must be lodged at No.117, Sir Chittampalam A Gardiner Mawatha, Colombo 2 or forwarded to the email address: keellsconsultants@keells.com or Fax No. 011 2439037 not less than 48 hours before the Meeting.
6. A vote can be taken on a show of hands or by a poll. If a poll is demanded, each share is entitled to one vote. Votes can be cast in person, by proxy or corporate representatives. In the event an individual Member and his/her proxy holder are both present at the Meeting, only the Member's vote is counted. If the proxy holder's appointor has indicated the manner of voting, only the appointor's indication of the manner to vote will be used.
7. Instructions as to attending the virtual Meeting are attached.

WALKERS TOURS LIMITED

CORPORATE INFORMATION

Name of the Company
Walkers Tours Limited

Company Registration No.
PB 249

Legal Form
Public Unquoted Company with Limited Liability

Year of Commencement of Business
02nd December 1969

Registered Office
No. 117, Sir Chittampalam A. Gardiner Mawatha, Colombo 02.

Directors
Mr. S. Rajendra
Mr. I. N. Amaratunga
Mr. C. L. P. Gunawardane

Secretaries
Keells Consultants (Private) Limited
No. 117, Sir Chittampalam A. Gardiner Mawatha, Colombo 02.

Principal Bankers
Deutsche Bank AG
Hongkong & Shanghai Banking Corporation Ltd.
Nations Trust Bank PLC
Citi Bank N.A.
Commercial Bank of Ceylon PLC
Hatton National Bank PLC
Bank of Ceylon
Standard Chartered Bank (Sri Lanka) Ltd.
DFCC Bank PLC
People’s Bank

Auditors
Messrs. Ernst & Young
Chartered Accountants,
P O Box 101, Colombo.
Tel: 011 2 463500
Fax: 011 2 697369
E-mail: eysl@lk.ey.com

WALKERS TOURS LIMITED

Annual Report of the Board of Directors

The Board of Directors has pleasure in presenting the Fifty Third (53rd) Annual Report of your Company together with the Audited Financial Statements for the year ended 31st March 2021.

Principal Activities

The principal activity of the Holding Company is operating Inbound Tours, and this has remained unchanged.

Going Concern

In determining the basis of preparing the financial statements for the year ended 31st March 2021, based on available information, the management has assessed the prevailing and anticipated effects of COVID-19 on the Group and Company and the appropriateness of the use of the going concern basis.

The Group recorded accumulated negative reserves of LKR 109,959,449 due to the declined operational performance caused by COVID-19 pandemic and Easter bomb attack.

However, the management has identified and executed following steps to reduce further losses.

1. Exploring other revenue opportunities
2. Implementing effective cost reduction initiatives
3. Appropriate working capital management

Also, given the financial strength of the Company and the Holding Company, the Group is able to pay its debts as and when they fall due. Moreover, management has identified that the Group possess adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements."

In determining the above significant management judgements, estimates and assumptions, the impact of the COVID-19 pandemic has been considered as of the reporting date and specific considerations have been disclosed under the relevant notes.

Accounting Policies

Details of the accounting policies have been discussed in Notes 17 to 48 to the Financial Statements. There have been no changes in the accounting policies adopted by the Group during the year under review.

Responsibility of Directors for the Financial Statements

The Directors are responsible for the preparation of the Financial Statements so that they present a true and fair view of the state of affairs of the Group. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards (SLFRS/LKAS), Companies Act, the Sri Lanka Accounting and Auditing Standards.

Revenue

Revenue generated by the Group for the year ended 31st March 2021 amounted to Rs. 77 Million (2020 - Rs. 2,439 Million).

WALKERS TOURS LIMITED

Financial Statements

The Financial Statements of the Group are set out on pages 11 to 48 of the Annual Report and the Auditor's Report thereon is set out in pages 9 & 10.

	Group		Company	
	Rs.	**Rs.**	**Rs**	**Rs**
Results and Appropriation	**2021**	**2020**	**2021**	**2020**
The profit/(loss) after tax	(213,244,728)	(131,840,906)	(213,242,316)	(131,519,991)

Dividends

There was no dividend declared for the financial year ended 31st March 2021. However, if a dividend is declared, it is preceded by a confirmation from the Board of Directors that the Group will satisfy the requirements of Section 56 (2) of the Companies Act No. 7 of 2007, and that it will also satisfy the solvency test in accordance with Section 57 of the Companies Act No. 7 of 2007. The Board will also obtain a certificate from the Auditors, prior to recommending the dividend.

Property, Plant & Equipment

The book value of property, plant and equipment as at the balance sheet date amounted to Rs. 17.7 Million (2020 - Rs. 23.2 Million) for the Group.

Capital expenditure for the year amounted to Rs. 9.7 Million (2020 - Rs. 15.5 Million).

Details of property, plant and equipment and their movements are given in Note 15 & 16 to the Financial Statements on page 37 & 39 of this Report.

Stated Capital

The total stated capital of the Group as at 31st March 2021 was Rs. 51,374,200 (2020 - Rs. 51,374,200). The Stated Capital of the Group comprises of 3,812,007 Ordinary Shares fully paid up.

Reserves

Total negative reserves as at 31st March 2021 for the Company amounted to Rs. 110 Million (2020 – Positive reserves Rs. 106 Million). The movement of reserves during the year is disclosed in the Statement of Changes in Equity on page 14.

	Group		Company	
	Rs	**Rs**	**Rs**	**Rs**
	2021	**2020**	**2021**	**2020**
Profit & Loss Account for the year ended				
Profit/(loss) before interest after providing for All known liabilities, bad and doubtful debts and Depreciation on Property, Plant and Equipment	(209,190,056)	(135,529,150)	(209,187,644)	(135,208,235)
Interest paid	(32,244,926)	(3,163,096)	(32,244,926)	(3,163,096)
Profit/(loss) before Tax	(241,434,982)	(138,692,246)	(241,432,570)	(138,371,331)
Provision for taxation including deferred tax	28,190,254	6,851,340	28,190,254	6,851,340
Profit/(loss) after Tax	(213,244,728)	(131,840,906)	(213,242,316)	(131,519,991)
Minority Interest	369	319,989	-	-
Actuarial gain/(loss) on defined benefit plans	(3,622,868)	5,648,934	(3,622,868)	5,648,934
Tax effect from actuarial gain/(loss) on defined benefit plans	507,202	(790,851)	507,202	(790,851)
Balance brought forward from the previous year	106,400,576	233,063,410	103,302,543	229,964,451
The amount available for appropriation	**(109,959,449)**	**106,400,576**	**(113,055,439)**	**103,302,543**
Interim Dividend paid	-	-	-	-
Balance to be carried forward next year	**(109,959,449)**	**106,400,576**	**(113,055,439)**	**103,302,543**

Interests Register
The Group has maintained an Interests Register as contemplated by the Companies Act No. 7 of 2007.

Interests in Contracts
The Directors have all made a general disclosure to the Board of Directors as permitted by Section 192 [2] of the Companies Act No. 7 of 2007 and no additional interests have been disclosed by any Director.

Share Dealings
There have been no disclosures of share dealings as at 31st March 2021.

Directors

The Directors of the Company as at 31st March 2021 were as follows.

Mr. S. Rajendra – Chairman
Mr. C. L. P. Gunawardane
Mr. I. N. Amaratunga

Messrs. J. R. Gunaratne and J. G. A. Cooray resigned from the Board of Directors of the Company on 31st December 2020 and 9th March 2021 respectively. Messrs. S. Rajendra and C. L. P. Gunawardane were appointed as Directors of the Company with effect from 31st December 2020 and are eligible for re-election in terms of Article 89 of the Articles of Association of the Company.

Directors Shareholding in the Group
The shareholdings of the Directors and their spouses in the Company are set out below:

	As at 31.03.2021	**As at 31.03.2020**
Mr. S. Rajendra	Nil	Nil
Mr. I. N. Amaratunga	Nil	Nil
Mr. C. L. P. Gunawardane	Nil	Nil

Directors Remuneration
Details of the remuneration and other benefits received by the Directors are set out in page 33 of the Financial Statements

Employment
The Group has an equal opportunity policy and these principles are enshrined in specific selection, training, development and promotion policies, ensuring that all decisions are based on merit. The John Keells Group practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status or physical disability.
The number of persons employed by the Group as at 31st March 2021 was 126 (2020 – 179).

Statutory Payments
The Directors to the best of their knowledge are satisfied that all statutory payments in relation to the Government, other regulatory institutions and the employees have been either duly paid or appropriately provided for in the Financial Statements. The tax position of the Group is disclosed in Note 14 to the Financial Statements.

Supplier Policy

The Group applies an overall policy of agreeing and clearly communicating terms of payment as part of the commercial agreements negotiated with suppliers, and endeavors to pay for all items properly charged in accordance with these agreed terms. As at 31st March 2021, the trade and other payables of the Group amounted to Rs. 144 Million (2020 - Rs. 459 Million).

Environmental Protection

The Company complies with the relevant environmental laws, regulations and endeavors to comply with best practices applicable.

Risk Management and Internal Control

The Board confirms that there is an ongoing process for identifying, evaluating and managing any significant risks faced by the Company. Risk assessment and evaluation takes place as an integral part of the annual strategic planning cycle and the principal risks and mitigating actions in place are reviewed regularly by the Board. The Board, through the involvement of the risk and control department takes steps to gain assurance of the effectiveness of control systems in place.

Events Occurring After Balance Sheet Date

There have been no events subsequent to the reporting date, which require disclosure in the financial statements, but the Group has been closely monitoring the impact of the development of COVID-19 on the Group's business operations. The Group has taken numerous measures for the safety of staff employed, adhering to all Government and Health Authority rules and guidelines and also closely monitoring the liquidity positions and has been serving the existing debt requirements while managing the working capital requirements.

As the situation evolves, the Group will keep its risk management measures under continual review, and proactively take measures to ensure that business operations continue as seamlessly as possible.

Auditors

The Financial Statements for the year have been audited by Messrs. Ernst & Young (Chartered Accountants).

The details of fees paid to the Auditors are set out in Note No.12 to the Financial Statements in page No.33 and as far as Directors are aware, the Auditors do not have any other relationship with the Company.

Annual Report
The Board of Directors approved the Financial Statements as at 31st March 2021, on 27th April, 2021.

Annual General Meeting
The Annual General Meeting will be held as a virtual meeting on 06th August, 2021 at 11.30 a.m. The Notice of the Annual General Meeting appears on pages 2.

Signed for and on behalf of the Board

Director ……………………………… **Director**………………………………

By Order of the Board

……………………………
Keells Consultants (Private) Limited
Secretaries,
05th July 2021

Building a better
working world

Ernst & Young
Chartered Accountants
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Colombo 10
Sri Lanka

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AdeS/HPA/DM

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF WALKERS TOURS LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Walkers Tours Limited ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at 31 March 2021, and income statement, 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, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2021, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the 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.

Responsibilities of management and those charged with governance for the financial statements

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

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

Those charged with governance are responsible for overseeing the financial reporting process of both Company and Group.

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.

Partners: W R H Fernando FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H De Silva ACA ACMA W K B S P Fernando FCA FCMA Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayesinghe FCA FCMA Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA A A J R Perera ACA ACMA Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA

Principals: G B Goudian ACMA T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

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

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

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

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.

Ernst & Young

27 April 2021
Colombo

Walkers Tours Limited

INCOME STATEMENT

Year ended 31 March

In Rs.	Note	GROUP 2021	GROUP 2020	COMPANY 2021	COMPANY 2020
Revenue from contracts with customers	**9**	**77,657,640**	2,439,165,447	**77,657,640**	2,439,165,447
Cost of sales		**(126,048,886)**	(2,266,620,632)	**(126,048,886)**	(2,266,620,632)
Gross profit/(loss)		**(48,391,246)**	172,544,815	**(48,391,246)**	172,544,815
Other operating income	**10.1**	**23,811,380**	46,729,377	**23,811,380**	46,729,377
Selling and distribution expenses		**(26,584,902)**	(126,196,811)	**(26,584,902)**	(126,196,811)
Administrative expenses		**(216,627,223)**	(266,328,652)	**(216,624,811)**	(265,916,948)
Other operating expenses	**10.2**	**(2,894,573)**	(10,842,697)	**(2,894,573)**	(10,842,697)
Results from operating activities		**(270,686,564)**	(184,093,968)	**(270,684,152)**	(183,682,264)
Finance cost	**11**	**(32,244,926)**	(3,163,096)	**(32,244,926)**	(3,163,096)
Finance income	**11**	**61,496,508**	48,564,818	**61,496,508**	48,474,029
Loss before tax	**12**	**(241,434,982)**	(138,692,246)	**(241,432,570)**	(138,371,331)
Tax expense	**14**	**28,190,254**	6,851,340	**28,190,254**	6,851,340
Loss for the year		**(213,244,728)**	(131,840,906)	**(213,242,316)**	(131,519,991)
Attributable to					
Equity holders of the parent		**(213,244,359)**	(131,520,917)		
Minority Interest		**(369)**	(319,989)		
		(213,244,728)	(131,840,906)		
Loss per share	**13**	**(55.94)**	(34.50)	**(55.94)**	(34.50)

Figures in brackets indicate deductions.
The accounting policies and notes as set out in pages 17 to 48 form an integral part of these financial statements.

ERNST & YOUNG
Chartered Accountants
COLOMBO

Walkers Tours Limited

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March

In Rs.	Note	GROUP 2021	GROUP 2020	COMPANY 2021	COMPANY 2020
Loss for the year		**(213,244,728)**	(131,840,906)	**(213,242,316)**	(131,519,991)
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Currency translation of foreign operations		**-**	(4,814)	**-**	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Actuarial gain/(loss) on defined benefit plans	28	**(3,622,868)**	5,648,934	**(3,622,868)**	5,648,934
Tax effect on Actuarial gain/(loss) on defined benefit plans	14.3	**507,202**	(790,851)	**507,202**	(790,851)
Other comprehensive income/(loss) for the period, net of tax		**(3,115,666)**	4,853,269	**(3,115,666)**	4,858,083
Total comprehensive income/(loss) for the year, net of tax		**(216,360,394)**	(126,987,637)	**(216,357,982)**	(126,661,908)

Attributable to :	2021	2020
Equity holders of the parent	(216,360,024)	(126,666,911)
Non-controlling interests	(369)	(320,726)
	(216,360,393)	(126,987,637)

The accounting policies and notes as set out in pages 17 to 48 form an integral part of these financial statements.

ERNST & YOUNG
Chartered Accountants
COLOMBO

STATEMENT OF FINANCIAL POSITION

As at 31 March

In Rs.	Note	GROUP 2021	GROUP 2020	COMPANY 2021	COMPANY 2020
ASSETS					
Non-current assets					
Property, plant and equipment	15.	**17,678,356**	23,223,259	**17,678,356**	23,223,259
Intangible assets	16.	**31,094,117**	30,527,470	**31,094,117**	30,527,470
Investments in subsidiary	17.	**-**	-	**-**	-
Other non-current financial assets	18.	**18,826,282**	30,420,914	**18,826,282**	30,420,914
Deferred tax asset	14.	**36,452,970**	18,614,620	**36,452,970**	18,614,620
Other non-current assets	19.	**4,096,984**	7,305,919	**4,096,984**	7,305,919
		108,148,709	110,092,182	**108,148,709**	110,092,182
Current assets					
Inventories	20.	**709,609**	1,520,615	**709,609**	1,520,615
Trade and other receivables	21.	**12,153,391**	609,833,502	**12,153,391**	609,833,502
Amounts due from related parties	31.1	**14,546,931**	14,543,982	**14,546,931**	14,543,982
Other current assets	22.	**71,404,631**	109,419,441	**71,404,631**	109,419,441
Short term investments	23.	**393,301,216**	430,847,466	**393,301,216**	430,847,466
Cash in hand and at bank		**97,584,744**	110,126,851	**97,584,744**	110,041,662
		589,700,522	1,276,291,857	**589,700,522**	1,276,206,668
Total assets		**697,849,231**	1,386,384,039	**697,849,231**	1,386,298,850
EQUITY AND LIABILITIES					
Stated capital	24.	**51,374,200**	51,374,200	**51,374,200**	51,374,200
Revenue reserves	24.1	**(109,959,449)**	106,400,576	**(113,055,439)**	103,302,543
Other components of equity	24.2	**90,285,242**	84,486,042	**93,317,567**	87,518,367
		31,699,993	242,260,818	**31,636,328**	242,195,110
Non Controlling Interests		**(63,665)**	(63,336)	**-**	-
Total equity		**31,636,328**	242,197,482	**31,636,328**	242,195,110
Non-current liabilities					
Interest bearing borrowings	26.	**149,704,576**	123,466,464	**149,704,576**	123,466,464
Other deferred liabilities	27.	**-**	13,492,184	**-**	13,492,184
Employee benefit liabilities	28.	**59,174,180**	51,437,116	**59,174,180**	51,437,116
		208,878,756	188,395,764	**208,878,756**	188,395,764
Current liabilities					
Trade and other payables	29.	**144,375,058**	459,390,998	**144,375,058**	459,308,181
Amounts due to related parties	31.2	**9,730,956**	73,058,153	**9,730,956**	73,058,153
Income tax liabilities	14.	**137,213,808**	149,709,251	**137,213,808**	149,709,251
Interest bearing borrowings	26.	**100,637,656**	100,987,664	**100,637,656**	100,987,664
Other current liabilities	30.	**64,039,017**	94,691,481	**64,039,017**	94,691,481
Bank overdrafts		**1,337,652**	77,953,246	**1,337,652**	77,953,246
		457,334,147	955,790,793	**457,334,147**	955,707,976
Total equity and liabilities		**697,849,231**	1,386,384,039	**697,849,231**	1,386,298,850

I certify that the financial statements comply with the requirements of the Companies Act No. 7 of 2007.

....
Chief Financial Officer

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the Board by ,

....
Director **Director**

The accounting policies and notes as set out in pages 17 to 48 form an integral part of these financial statements.

27 April 2021
Colombo

ERNST & YOUNG
Chartered Accountants
COLOMBO

STATEMENT OF CHANGES IN EQUITY

Group

In Rs.	Stated capital	Exchange Translation Reserve	Employee Share Option plan reserve	Revenue reserve	Total	Non Controlling Interest	Total equity
As at 31 March 2019	**51,374,200**	**(3,028,248)**	**76,864,848**	**233,063,410**	**358,274,212**	**257,390**	**358,531,601**
Loss for the year	-	-	-	(131,520,917)	(131,520,917)	(319,989)	(131,840,906)
Other comprehensive income/(loss)	-	(4,077)	-	4,858,083	4,854,006	(697)	4,853,309
Total comprehensive income/(loss)	-	(4,077)	-	(126,662,834)	(126,666,910)	(320,686)	(126,987,596)
Share based payments	-	-	10,653,519	-	10,653,519	-	10,653,519
As at 31 March 2020	**51,374,200**	**(3,032,325)**	**87,518,367**	**106,400,576**	**242,260,821**	**(63,296)**	**242,197,522**
Loss for the year	-	-	-	(213,244,359)	(213,244,359)	(369)	(213,244,728)
Other comprehensive income/(loss)	-	-	-	(3,115,666)	(3,115,666)	-	(3,115,666)
Total comprehensive income/(loss)	-	-	-	(216,360,025)	(216,360,025)	(369)	(216,360,394)
Share based payments	-	-	5,799,200	-	5,799,200	-	5,799,200
As at 31 March 2021	**51,374,200**	**(3,032,325)**	**93,317,567**	**(109,959,449)**	**31,699,996**	**(63,665)**	**31,636,328**

Company

In Rs.	Stated capital	Employee Share Option plan reserve	Revenue reserve	Total equity
As at 31 March 2019	**51,374,200**	**76,864,848**	**229,964,451**	**358,203,499**
Loss for the year	-	-	(131,519,991)	(131,519,991)
Other comprehensive income	-	-	4,858,083	4,858,083
Total comprehensive income	-	-	(126,661,908)	(126,661,908)
Share based payments	-	10,653,519	-	10,653,519
As at 31 March 2020	**51,374,200**	**87,518,367**	**103,302,543**	**242,195,110**
Loss for the year	-	-	(213,242,316)	(213,242,316)
Other comprehensive income/(loss)	-	-	(3,115,666)	(3,115,666)
Total comprehensive income/(loss)	-	-	(216,357,982)	(216,357,982)
Share based payments	-	5,799,200	-	5,799,200
As at 31 March 2021	**51,374,200**	**93,317,567**	**(113,055,439)**	**31,636,328**

Figures in brackets indicate deductions.
The accounting policies and notes as set out in pages 17 to 48 form an integral part of these financial statements.

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Walkers Tours Limited

STATEMENT OF CASH FLOWS

Year ended 31 March

		GROUP		COMPANY	
In Rs.		**2021**	2020	**2021**	2020
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Profit/(Loss) Before Working Capital Changes	**Note A**	**(221,214,552)**	(54,819,278)	**(221,212,140)**	(52,750,397)
(Increase) / Decrease in Inventories		**811,006**	1,326,283	**811,006**	1,326,283
(Increase) / Decrease in Trade and other receivables		**591,587,368**	725,738,368	**591,587,368**	725,738,368
(Increase) / Decrease in Amounts due from related parties		**(2,948)**	26,842,412	**(2,948)**	26,842,412
(Increase) / Decrease in Other current assets		**47,973,106**	213,141,588	**47,973,106**	213,069,956
Increase / (Decrease) in Trade and other payables		**(315,015,900)**	(545,922,198)	**(314,933,123)**	(545,922,197)
Increase / (Decrease) in Amounts due to related parties		**(63,327,197)**	(156,953,022)	**(63,327,197)**	(156,953,022)
Increase / (Decrease) in Other current liabilities		**(33,660,419)**	(241,805,717)	**(33,660,419)**	(240,430,220)
CASH GENERATED FROM / (USED IN) OPERATIONS		**7,150,463**	(32,451,564)	**7,235,652**	(29,078,817)
Interest Received		**44,745,694**	47,349,680	**44,745,694**	47,349,680
Finance Expenses		**(90,238)**	(600,252)	**(90,238)**	(600,252)
Tax Paid		**-**	(5,610,172)	**-**	(5,610,172)
Gratuity Paid & Transfers	**28**	**(10,600,003)**	(1,192,563)	**(10,600,003)**	(1,192,563)
Net Cash Flow from /(used in) Operating Activities		**41,205,916**	7,495,128	**41,291,105**	10,867,876
CASH FLOWS FROM /(USED IN) INVESTING ACTIVITIES					
Purchase Property, Plant and Equipment/ Intangible assets	**15 & 16**	**(9,778,238)**	(15,481,646)	**(9,778,238)**	(15,481,646)
(Purchase)/Disposal of short term investments (net)	**23**	**(10,604,338)**	(242,023,222)	**(10,604,338)**	(242,023,222)
Proceeds from Sale of Property, Plant and Equipment		**449,300**	100,232	**449,300**	100,232
Net Cash Flow from/(Used in) investing activities		**(19,933,276)**	(257,404,636)	**(19,933,276)**	(257,404,636)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES					
Proceeds from long term borrowings	**26.**	**-**	250,000,000	**-**	250,000,000
Net Cash Flow from/(Used in) financing activities		**-**	250,000,000	**-**	250,000,000
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**21,272,640**	90,493	**21,357,829**	3,463,240
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**220,997,849**	270,736,302	**220,912,660**	267,278,366
Unrealized gain on foreign currency valuation		**(5,349,741)**	(49,828,946)	**(5,349,741)**	(49,828,946)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**236,920,748**	220,997,849	**236,920,748**	220,912,660
ANALYSIS OF CASH AND CASH EQUIVALENTS					
Favourable Balances					
Cash and Bank		**97,584,744**	110,126,851	**97,584,744**	110,041,662
Short Term Investments	**23**	**140,673,656**	188,824,244	**140,673,656**	188,824,244
Unfavourable Balances					
Bank Overdrafts		**(1,337,652)**	(77,953,246)	**(1,337,652)**	(77,953,246)
Cash and Cash Equivalents		**236,920,748**	220,997,849	**236,920,748**	220,912,660
Note A					
Operating Profit/(Loss) Before Working Capital Changes					
Loss Before Tax		**(241,434,982)**	(138,692,246)	**(241,432,570)**	(138,371,331)
Adjustments for:					
Interest Income	**11**	**(61,496,508)**	(48,474,029)	**(61,496,508)**	(48,474,029)
Finance Cost	**11**	**32,244,926**	3,163,096	**32,244,926**	3,163,096
Depreciation of Property, Plant and Equipment	**15**	**7,385,962**	8,592,202	**7,385,962**	8,588,529
Amortisation of intangible assets	**16**	**7,029,353**	8,060,421	**7,029,353**	8,060,421
(Profit) / Loss on Sale of Property, Plant and Equipment		**(108,122)**	1,667,956	**(108,122)**	1,650,446
Provision for impairment losses on investment in subsidiaries		**-**	-	**-**	1,769,149
Provision for impairment of debtors		**6,092,744**	34,280,018	**6,092,744**	34,280,018
Unrealized gain/(loss) on foreign exchange (net)		**5,349,741**	49,828,946	**5,349,741**	49,828,946
Gratuity provision and related costs	**28.**	**14,714,199**	14,171,096	**14,714,199**	14,171,096
Share based payment expenses	**25.**	**5,799,200**	10,653,519	**5,799,200**	10,653,519
(Increase)/Decrease in prepaid staff cost		**3,208,935**	1,929,743	**3,208,935**	1,929,743
		(221,214,552)	(54,819,278)	**(221,212,140)**	(52,750,397)

Figures in brackets indicate deductions

The accounting policies and notes as set out in pages 17 to 48 form an integral part of these financial statements.

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INDEX TO THE NOTES

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1 CORPORATE INFORMATION

Reporting entity

Walkers Tours Limited is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02.

Consolidated financial statements

The financial statements for the year ended 31 March 2021, comprise "the Company" referring to Walkers Tours Limited as the holding Company and "the Group" referring to the companies that have been consolidated therein.

Approval of financial statements

The financial statements for the year ended 31 March 2021 were authorized for issue by the Board Directors on 27 April 2021.

Principal activities and nature of operations of the holding company

The principal activity of the Holding Company is operating Inbound Tours.

Statement of compliance

The financial statements which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flow, together with the accounting policies and notes (the "financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the Companies Act No. 7 of 2007.

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2 BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis and under the historical cost convention except for derivative financial instruments, fair value through profit or loss financial assets and fair value through other comprehensive income financial assets that have been measured at fair value.

Going Concern

In determining the basis of preparing the financial statements for the year ended 31 March 2021, based on available information, the management has assessed the prevailing and anticipated effects of COVID-19 on the Group and Company and the appropriateness of the use of the going concern basis.

The Group recorded accumulated negative reserves of LKR 109,959,449 due to the declined operational performance caused by COVID-19 pandemic and Easter bomb attack.

However, the management has identified and executed following steps to reduce further losses.
1. Exploring other revenue oppurtunities
2. Implementing effective cost reduction initiatives
3. Appropriate working capital management

Also, given the financial strength of the Company and the Holding Company, the Group is able to pay its debts as and when they fall due. Moreover, management has identified that the Group possess adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements."

In determining the above significant management judgements, estimates and assumptions, the impact of the COVID-19 pandemic has been considered as of the reporting date and specific considerations have been disclosed under the relevant notes.

Presentation and functional currency

The consolidated financial statements are presented in Sri Lankan Rupees (LKR), which is the primary economic environment in which the holding Company operates. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency.

The following subsidiary is using different functional currency other than Sri Lankan Rupees (LKR).

Serene Holidays Private Limited – Indian Rupee (INR)

Each material class of similar items is presented cumulatively in the consolidated Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard-LKAS 1 on 'Presentation of Financial Statements'.

Basis of consolidation
Accounting policy

The consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 31 March 2021. The financial statements of the subsidiary is prepared in compliance with the Group's accounting policies unless otherwise stated.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Subsidiaries

Subsidiaries are those enterprises controlled by the parent.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The financial statements of the subsidiary is prepared for the same reporting period as the parent Company, which is 12 months ending 31 March, using consistent accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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2 BASIS OF PREPARATION (Contd...)

Loss of control

If the Group loses control over a subsidiary, it de-recognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The total profits and losses for the year of the Company and of its subsidiaries included in consolidation are shown in the consolidated income statement and consolidated statement of comprehensive income and all assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the consolidated statement of financial position.

Non-controlling interest (NCI)

Non-controlling interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the consolidated income statement and statement of comprehensive income and as a component of equity in the consolidated statement of financial position, separately from equity attributable to the shareholders of the parent.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Changes in accounting policies

The accounting policies adopted by the Group are consistent with those of the previous financial year.

Comparative information

The presentation and classification of the financial statements of the previous years have been amended, where relevant for better presentation and to be comparable with those of the current year.

Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities accordingly.

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4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements of the Group require the management to make judgements, estimates and assumptions, which may affect the amounts of income, expenditure, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the financial statements have been discussed in the individual notes of the related financial statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes to the financial statements. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The line items which have most significant effect on accounting, judgements, estimate and assumptions are as follows;

· Taxes	Note 14
· Fair value of financial instruments	Notes 7 & 8
· Capital management	Note 6.4
· Financial risk management & policies	Note 6
· Impairment of non-financial assets	Note 18
· Share-based payments	Note 25
· Employee Benefit Liability	Note 28
· Going Concern Basis	Note 2

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The Company performed impairment testing for non-current assets with the indicators of impairment in accordance with the accounting policies stated in Note 15 Property, Plant and equipment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amounts of cash generating units are the higher of asset's fair value less costs of disposals and value in use. These calculations require the use of estimates, assumptions and judgements. Value in use calculations were based on cash flow projections as at 31 March 2021. The cash flow projections are derived from the approved business plan and assumptions. The key assumptions used in determining the value in use calculations were - occupancy rates, room revenue, food revenue and beverage revenue. The discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium.

The Company assesses the fair value of its property, plant and equipment based on valuations determined by independent qualified valuers' best estimate based on the market conditions that prevailed, which in the valuers' considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

In view of the cash flow projections, no provision for impairment losses is considered necessary after reviewing the impairment assessment.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.
The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible.

Where this is not feasible, a degree of judgment is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 25.

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4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Contd...)

Taxes

The Group is subject to income tax and other taxes including VAT. Significant judgment was required to determine the total provision for current, deferred and other taxes due to the uncertainties that exists with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements.

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. Accordingly, based on reasonable estimates the Group establishes the provisions to be made during the financial year.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Employee benefit liability

The employee benefit liability of the Group is based on the actuarial valuation carried out by Independent actuarial specialist. The actuarial valuations involve making assumptions about discount rates and future salary increases. Considering the complexity of the valuation, the underlying assumptions and its long term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Details of the key assumptions used in the estimate are contained in Note 28.

Foreign currency translation

Foreign currency transactions and balances

The consolidated financial statements are presented in Sri Lanka Rupees (LKR), which is the presentation currency.

The functional currency is the currency of the primary economic environment in which the entities of the Group operate.

All foreign exchange transactions are converted to functional currency, at the rates of exchange prevailing at the time the transactions are effected.

Monetary assets and liabilities denominated in foreign currency are retranslated to functional currency equivalents at the spot exchange rate prevailing at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The gain or loss arising on translation of non-monetary items is treated in line with the recognition of gain or loss on changing fair value of the item.

Foreign operations

The statement of financial position and income statement of overseas subsidiaries and joint ventures which are deemed to be foreign operations are translated to Sri Lanka rupees at the rate of exchange prevailing as at the reporting date and at the average annual rate of exchange for the period respectively.

The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the income statement.

The Group treated goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition as assets and liabilities of the parent. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

5 CHANGES IN ACCOUNTING STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

Changes in Accounting Standards

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020

Amendments to IFRS 16 COVID-19 Related Rent Concessions

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under SLFRS 16, if the change were not a lease modification. The Company has applied practical expedient for COVID-19 related rent concessions.

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

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

6 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has trade and other receivables, and cash and short-term deposits that arise directly from its operations. . The Group's principal financial liabilities comprise of amount due to related parties, trade and other payables and borrowings. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the Group.

6.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, such as cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty. The Group manages its operations to avoid any excessive concentration of counterparty risk and the Group takes all reasonable steps to ensure the counterparties fulfil their obligations.

The Group's exposure to credit risk is influenced by the individual characteristics of each customer. The individual receivable balances were re-assessed, specific provisions were made wherever necessary, existing practice on the provisioning of trade receivables were re-visited and adjusted to reflect the rearrangement of homogeneous groups which the COVID-19 outbreak has affected different types of customers. Receivable balances are monitored on an ongoing basis to minimise bad debt risk and to ensure default rates are kept very low whilst the improved operating environment itself during the financial year has resulted in improved collections.

6.1.1 Credit risk exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without consideration of collateral, if available).Following table shows the maximum risk positions.

Group
As at 31 March

		2021						2020					
		Other non current financial assets	**Cash in hand and at bank**	**Trade and other receivables**	**Other investments**	**Amounts due from related parties**	**Total**	Other non current financial assets	Cash in hand and at bank	Trade and other receivables	Other investments	Amounts due from related parties	Total
Deposits with bank	**6.1.2**	**-**	**-**	**-**	**393,301,216**	**-**	**393,301,216**	-	-	-	430,847,466	-	430,847,466
Loans to executives	**6.1.3**	**18,826,282**	**-**	**8,219,928**	**-**	**-**	**27,046,210**	30,420,914	-	9,285,150	-	-	39,706,064
Trade and other receivables	**6.1.4**	**-**	**-**	**3,933,463**	**-**	**-**	**3,933,463**	-	-	600,548,352	-	-	600,548,352
Amounts due from related parties	**6.1.5**	**-**	**-**	**-**	**-**	**14,546,931**	**14,546,931**	-	-	-	-	14,543,982	14,543,982
Cash in hand and at bank	**6.1.6**	**-**	**97,584,744**	**-**	**-**	**-**	**97,584,744**	-	110,126,851	-	-	-	110,126,851
Total credit risk exposure		**18,826,282**	**97,584,744**	**12,153,391**	**393,301,216**	**14,546,931**	**536,412,564**	30,420,914	110,126,851	609,833,502	430,847,466	14,543,982	1,195,772,715
Financial Assets at fair value through OCI		**-**	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-	-
Total equity risk exposure		**-**	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-	-
Total		**18,826,282**	**97,584,744**	**12,153,391**	**393,301,216**	**14,546,931**	**536,412,564**	30,420,914	110,126,851	609,833,502	430,847,466	14,543,982	1,195,772,715

Company
As at 31 March
In Rs.

		2021						2020					
	Notes	**Other non current financial assets**	**Cash in hand and at bank**	**Trade and other receivables**	**Other investments**	**Amounts due from related parties**	**Total**	Other non current financial assets	Cash in hand and at bank	Trade and other receivables	Other investments	Amounts due from related parties	Total
Deposits with bank	**6.1.2**	**-**	**-**	**-**	**393,301,216**	**-**	**393,301,216**	-	-	-	430,847,466	-	430,847,466
Loans to executives	**6.1.3**	**18,826,282**	**-**	**8,219,928**	**-**	**-**	**27,046,210**	30,420,914	-	9,285,150	-	-	39,706,064
Trade and other receivables	**6.1.4**	**-**	**-**	**3,933,463**	**-**	**-**	**3,933,463**	-	-	600,548,352	-	-	600,548,352
Amounts due from related parties	**6.1.5**	**-**	**-**	**-**	**-**	**14,546,931**	**14,546,931**	-	-	-	-	14,543,982	14,543,983
Cash in hand and at bank	**6.1.6**	**-**	**97,584,744**	**-**	**-**	**-**	**97,584,744**	-	110,041,662	-	-	-	110,041,662
Total credit risk exposure		**18,826,282**	**97,584,744**	**12,153,391**	**393,301,216**	**14,546,931**	**536,412,564**	30,420,914	110,041,662	609,833,502	430,847,466	14,543,982	1,195,687,526
Financial Assets at fair value through OCI		**-**	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-	-
Total equity risk exposure		**-**	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-	-
							-						-
Total		**18,826,282**	**97,584,744**	**12,153,391**	**393,301,216**	**14,546,931**	**536,412,564**	30,420,914	110,041,662	609,833,502	430,847,466	14,543,982	1,195,687,526

6.1.2 Deposits with bank - Short term investment

Deposits with bank mainly consist of short term fixed deposits and repo investments. As at 31 March 2021, fixed deposits and repo investments, which comprise 100% (2020 - 100%) for the Group, respectively, were rated "A" or better

As at 31 March

	2021		2020	
Credit rating	**Rs.**	**Rating % of total**	Rs.	Rating % of total
A+	**256,175,838**	**65.1%**	348,957,379	81.0%
AA-	**137,125,378**	**34.9%**	81,890,087	19.0%
Total	**393,301,216**	**100%**	430,847,466	100%

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6.1.3 Loans to executives

Loans to executive portfolio is largely made up of vehicle loans which are given to staff at assistant manager level and above. The respective business units have obtained the necessary Power of Attorney/promissory notes as collateral for the loans granted

In Rs.	GROUP 2021	GROUP 2020	COMPANY 2021	COMPANY 2020

6 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

6.1.4 Trade and other receivables

	GROUP 2021	GROUP 2020	COMPANY 2021	COMPANY 2020
Neither past due nor impaired	**468,533**	384,540,672	**468,533**	384,540,672
Past due but not impaired – Days				
30–60	**40,692**	171,228,187	**40,692**	171,228,187
61–90	**-**	27,944,966	**-**	27,944,966
91–120	**-**	8,128,356	**-**	8,128,356
121–180	**216,091**	11,466,952	**216,091**	11,466,952
> 181	**60,133,991**	57,968,083	**60,133,991**	57,968,083
Gross carrying value	**60,859,307**	661,277,216	**60,859,307**	661,277,216
Less: impairment provision	**(56,925,844)**	(60,728,864)	**(56,925,844)**	(60,728,864)
Total	**3,933,463**	600,548,352	**3,933,463**	600,548,352

The Group has obtained customer deposit from major customers/corporate clients by reviewing their past performance and credit worthiness, as collateral.

The requirement for an impairment is analysed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The assessment is based on actual incurred historical data.

The Group's simplified Expected Credit Loss model is based on the provision metrics which allowed to use under the practical expedient of SLFRS 9. The Company's exposure to credit risk is influenced by the individual characteristics of each customer. The individual receivable balances were re-assessed, specific provisions were made wherever necessary, existing practice on the provisioning of trade receivables were re-visited and adjusted to reflect the rearrangement of homogeneous groups which the COVID-19 outbreak has affected different types of customers. Receivable balances are monitored on an ongoing basis to minimize bad debt risk and to ensure default rates are kept very low whilst the improved operating environment itself during the financial year has resulted in improved collections.

6.1.5 Amounts due from related parties

The Group balance consists of the balance from affiliate companies and parent.

6.1.6 Credit risk relating to cash and cash equivalents

In order to mitigate the concentration, settlement and operational risks related to cash and cash equivalents, the Group consciously manages the exposure to a single counterparty taking into consideration, where relevant, the rating or financial standing of the counterparty, where the position is reviewed as and when required, the duration of the exposure in managing such exposures and the nature of the transaction and agreement governing the exposure.

Respective credit ratings of banks which cash balances held are as follows;

Bank	**2021**	2020
Citibank N.A.	**AAA**	AAA
Hong Kong and Shanghai Banking Corporation Ltd	**AAA**	A+
Standard Chartered Bank	**AAA**	AAA
Bank of Ceylon	**AA-**	AA+
Peoples Bank	**AA-**	AA+
Commercial Bank of Ceylon PLC	**AA-**	AA
Nations Trust Bank PLC	**AA-**	A
DFCC Bank PLC	**A**	B
Hatton National Bank PLC	**A+**	AA-
Deutsche Bank AG	**BBB+**	BBB

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6.2 Liquidity Risk

The Group's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the Group has available funds to meet its short and medium term capital and funding obligations, including organic growth and acquisition activities, and to meet any unforeseen obligations and opportunities. The Group holds cash and undrawn committed facilities to enable the Group to manage its liquidity risk.

The Group monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of both the Group's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

6.2.1 Net (debt)/cash

In Rs.	GROUP 2021	GROUP 2020	COMPANY 2021	COMPANY 2020
Short term investments	**393,301,216**	430,847,466	**393,301,216**	430,847,466
Cash in hand and at bank	**97,584,744**	110,126,851	**97,584,744**	110,041,662
Total liquid Assets	**490,885,960**	540,974,317	**490,885,960**	540,889,128
Bank overdrafts	**1,337,652**	77,953,246	**1,337,652**	77,953,246
Total liabilities	**1,337,652**	77,953,246	**1,337,652**	77,953,246
Net (debt)/cash	**489,548,308**	463,021,071	**489,548,308**	462,935,882

6 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

6.2.2 Liquidity risk management

The mixed approach combines elements of the cash flow matching approach and the liquid assets approach. The Group attempts to match cash outflows in each time bucket against a combination of contractual cash inflows plus other inflows that can be generated through the sale of assets, repurchase agreement or other secured borrowing.

The Group has implemented a mixed approach that combines elements of the cash flow matching approach and the liquid assets approach. The business unit matched cash outflows in each time bucket against the combination of contractual cash inflows plus other inflows that can be generated through the sale of assets, repurchase agreement, or other secured borrowings.

The Group continued to place emphasis on ensuring that cash and undrawn committed facilities are sufficient to meet the short, medium and long-term funding requirements, unforeseen obligations as well as unanticipated opportunities. Constant dialogue between Group companies and banks regarding financing requirements, ensures that availability within each single borrower limit is optimised by efficiently reallocating under-utilised facilities within the Group.

The Government of Sri Lanka offered certain relief measures including a moratorium on repayment of loans and concessionary working capital facilities for eligible industries. The Group qualified for such relief measures and it helped ease the financial position further during the financial year.

The daily cash management processes at the business units include active cash flow forecasts and matching the duration and profiles of assets and liabilities, thereby ensuring a prudent balance between liquidity and earnings.

Maturity analysis

The table below summarizes the maturity profile of the Group's financial liabilities at 31 March 2021 based on contractual undiscounted payments.

Financial Liability	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total
Interest bearing borrowings	113,575,543	96,716,304	48,358,152	-	-	-	258,649,999
Amounts due to related parties	9,730,956	-	-	-	-	-	9,730,956
Trade and other payables	144,375,058	-	-	-	-	-	144,375,058
Bank overdrafts	1,337,652	-	-	-	-	-	1,337,652
	269,019,209	96,716,304	48,358,152	-	-	-	414,093,665

6.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market prices comprise of the following types of risk:
* Currency risk
* Interest rate risk
* Equity price risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The sensitivity analyses in the following sections relate to the position as at 31 March in 2021 and 2020.

The analyses excludes the impact of movements in market variables on the carrying values of other post-retirement obligations, provisions, and the non-financial assets.

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2021 and 2020.

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6 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

6.3.1 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has exposure to foreign currency risk where it has cash flows in overseas operations and foreign currency transactions which are affected by foreign exchange movements. Based on the suggestions made by Group treasury the Board of Directors takes decisions on whether to hold, sell, or make forward bookings of foreign currency.

The Sri Lankan Rupee witnessed significant volatility during 2020/21 on the back of the COVID-19 pandemic and macro-economic pressures. The Group adopted prudent measures, as and when required, to manage the financial impacts arising from currency fluctuations by matching liabilities with corresponding inflows and entering into forward exchange rate agreements, where applicable.

Effects of currency transactions on other financial instruments

		GROUP		COMPANY	
	Increase/ (decrease) in exchange rate (USD)	**Effect on Equity (LKR)**	**Effect on profit before tax (LKR)**	**Effect on Equity (LKR)**	**Effect on profit before tax (LKR)**
2021	**6.71%**	**-**	**3,994,313**	**-**	**3,994,313**
	-6.71%	**-**	**(3,994,313)**	**-**	**(3,994,313)**
2020	3.22%	-	17,939,953	-	17,939,953
	-3.22%	-	(17,939,953)	-	(17,939,953)

6.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relate primarily to the Group's long-term debt obligations with floating interest rates.

The global outbreak of the COVID-19 pandemic has resulted in reductions in policy rates and monetary easing policies by Central Bank of Sri Lanka which has resulted in a sharp reduction in lending rates. The Group has managed the risk of increased interest rates by having a balanced portfolio of borrowings at fixed and variable rates.

The table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of Group's profit before tax (through the impact on floating rate borrowings).

Rupee borrowings	**Increase/ (decrease) in basis points**	**Effect on profit before tax**
2021	**+411**	**5,269,645**
	-411	**(5,269,645)**
2020	+308	-
	-308	-

The assumed spread of basis points for the interest rate sensitivity analysis is based on the currently observable market.

6.4 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares, have a rights issue or buy back of shares.

Group has funded its operations through share capital and working capital borrowings.

Group/Company

	2021	2020
Debt / Equity	**7.91**	1.98

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7 FAIR VALUE MEASUREMENT AND RELATED FAIR VALUE DISCLOSURES

7.1 Fair value measurement

Fair value related disclosures for financial instruments and nonfinancial assets that are measured at fair value or where fair values are only, disclosed are reflected in this note. Aside from this note, additional fair value related disclosures, including the valuation methods, significant estimates and assumptions are also provided in:

- Disclosures for valuation methods, significant estimates and assumptions Note 8.3
- Financial instruments (including those carried at amortised cost) Note 8

Accounting Policy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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8 FINANCIAL INSTRUMENTS AND RELATED POLICIES

8.1 Financial assets

Initial recognition and measurement

Financial assets within the scope of SLFRS 9 are classified as amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. This assessment is referred to as the SPPI test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories.
• Financial assets at amortised cost
• Financial assets at fair value through OCI with recycling of cumulative gains and losses
• Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
• Financial assets at fair value through profit or loss

The subsequent measurement of Group's financial assets depends on their classification as follows:

Financial assets at amortised cost
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The Group measures financial assets at amortised cost if both of the following conditions are met:

☐ The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
And
☐ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is de-recognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables and short term investments.

Financial assets at fair value through OCI
Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through OCI. The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

• The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling
And
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the income statement.

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8 FINANCIAL INSTRUMENTS AND RELATED POLICIES (Contd...)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an acetermined by indep

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Financial assets - derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets

From 1 April 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and fair value through OCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

8.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

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8 FINANCIAL INSTRUMENTS AND RELATED POLICIES (Contd…)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. When the carrying amount of an asset or CGU 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 assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

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8 FINANCIAL INSTRUMENTS AND RELATED POLICIES (Contd...)

8.3 Financial Assets And Liabilities By Categories
Group

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 9.

Financial assets by categories	**Financial assets at amortised cost**		**Financial assets at fair value through OCI**		**Total**	
As at 31 March In Rs.	**2021**	2020	**2021**	2020	**2021**	2020
Financial instruments in non-current assets						
Other non-current financial assets	**18,826,282**	30,420,914	**-**	-	**18,826,282**	30,420,914
Financial instruments in current assets						
Trade and other receivables	**12,153,391**	609,833,502	**-**	-	**12,153,391**	609,833,502
Amounts due from related parties	**14,546,931**	14,543,982	**-**	-	**14,546,931**	14,543,982
Short term investments	**393,301,216**	430,847,466	**-**	-	**393,301,216**	430,847,466
Cash in hand and at bank	**97,584,744**	110,126,851	**-**	-	**97,584,744**	110,126,851
Total	**536,412,564**	1,195,772,715	**-**	-	**536,412,564**	1,195,772,715

Financial liabilities by categories	**Financial liabilities measured at amortized cost**		**Financial liabilities fair value through profit and loss**		**Total**	
As at 31 March In Rs.	**2021**	2020	**2021**	2020	**2021**	2020
Financial instruments in non-current liabilities	**149,704,576**	123,466,464	-	-	**149,704,576**	123,466,464
Financial instruments in current liabilities						
Trade and other payables	**144,375,058**	459,390,998	-	-	**144,375,058**	459,390,998
Current portion of borrowing	**100,637,656**	100,987,664	-	-	**100,637,656**	100,987,664
Amounts due to related parties	**9,730,956**	73,058,153	**-**	-	**9,730,956**	73,058,153
Bank overdrafts	**1,337,652**	77,953,246	**-**	-	**1,337,652**	77,953,246
Total	**405,785,898**	834,856,525	**-**	-	**405,785,898**	834,856,525

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8 FINANCIAL INSTRUMENTS AND RELATED POLICIES (Contd...)

Company

Financial assets by categories

As at 31 March In Rs.	Financial assets at amortised cost 2021	2020	Financial assets at fair value through OCI 2021	2020	Total 2021	2020
Financial instruments in non-current assets						
Other non-current financial assets	**18,826,282**	30,420,914	**-**	-	**18,826,282**	30,420,914
Financial instruments in current assets						
Trade and other receivables	**12,153,391**	609,833,502	**-**	-	**12,153,391**	609,833,502
Amounts due from related parties	**14,546,931**	14,543,982	**-**	-	**14,546,931**	14,543,982
Short term investments	**393,301,216**	430,847,466	**-**	-	**393,301,216**	430,847,466
Cash in hand and at bank	**97,584,744**	110,041,662	**-**	-	**97,584,744**	110,041,662
Total	**536,412,564**	1,195,687,526	**-**	-	**536,412,564**	1,195,687,527

Financial liabilities by categories

As at 31 March In Rs.	Financial liabilities measured at amortized cost 2021	2020	Financial liabilities fair value through profit and loss 2021	2020	Total 2021	2020
Financial instruments in non-current liabilities	**149,704,576**	123,466,464	**-**	-	**149,704,576**	123,466,464
Financial instruments in current liabilities						
Trade and other payables	**144,375,058**	459,308,181	**-**	-	**144,375,058**	459,308,181
Interest bearing borrowings	**100,637,656**	100,987,664	**-**	-	**100,637,656**	100,987,664
Amounts due to related parties	**9,730,956**	73,058,153	**-**	-	**9,730,956**	73,058,153
Bank overdrafts	**1,337,652**	77,953,246	**-**	-	**1,337,652**	77,953,246
Total	**405,785,898**	834,773,709	**-**	-	**405,785,898**	834,773,709

The fair value of financial liabilities does not significantly vary from the value based on the amortised cost methodology.

The management assessed that, cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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

The following methods and assumptions were used to estimate the fair values:

The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Fair value of the unquoted ordinary shares has been estimated using a Discounted Cash Flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

Accounting judgements, estimates and assumptions - Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible.

Where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

9 REVENUE

Accounting Policies

Contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Services transferred over time

Under SLFRS 15, the Group determines at contract inception whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied over time, the Group recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

Disaggregation of revenue

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	GROUP		COMPANY	
In Rs.	**2021**	2020	**2021**	2020
Services transferred over time	**77,657,640**	2,439,165,447	**77,657,640**	2,439,165,447
	77,657,640	2,439,165,447	**77,657,640**	2,439,165,447

Group's Value Added Tax of Rs.2.5 Mn (2019/2020 - Rs. 219 Mn) has been deducted in arriving at Revenue.

Contract balances

Contract assets

Contract assets are the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer, with rights that are conditional on some criteria other than the passage of time. Upon satisfaction of the conditions, the amounts recognised as contract assets are reclassified to trade receivables.

Contract liabilities

Contract liabilities are the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or the amount is due) from the customer. Contract liabilities include long-term advances received to deliver services, short-term advances received to render certain services as well as transaction price allocated to unexpired service warranties.
Contract liabilities of the Company have been disclosed in trade and other payables and other current liabilities in Note 30 and 31 respectively.

Performance obligations and significant judgements

The Company's performance obligations and significant judgements are summarised below:

In providing destination management services, the entity acts as the principal. Customer receives and consumes the benefits of the entity's performance, as and when the service is performed. Therefore, revenue is recognised at gross over the period, based on the output method. The timing and the amount of cashflow will vary according to the agreements.

Transaction price shall comprise of supplier fee and company mark-up, summing up to be the Gross Service fee. The advance payments are recognised as a liability. Upon provision of the services, the liability is set off and revenue is recognised over the period.

10 OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

Accounting Policies

Gains and losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non-current assets, including investments, are accounted for in the income statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a Group of similar transactions, which are not material are aggregated, reported and presented on a net basis.

Other income

Other income is recognised on an accrual basis.

		GROUP		COMPANY	
	In Rs.	**2021**	2020	**2021**	2020
10.1	**OTHER OPERATING INCOME**				
	Exchange Gain	**20,647,909**	43,369,559	**20,647,909**	43,369,559
	Sundry Income	**3,163,471**	3,359,818	**3,163,471**	3,359,818
		23,811,380	46,729,377	**23,811,380**	46,729,377
10.2	**OTHER OPERATING EXPENSES**				
	Bank Charges	**2,894,573**	8,343,446	**2,894,573**	8,343,446
	Nation Building Tax	**-**	2,499,251	**-**	2,499,251
		2,894,573	10,842,697	**2,894,573**	10,842,697

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11 NET FINANCE INCOME

Accounting Policies

Finance income

Finance income comprises dividend income, fair value gains on financial assets at fair value through profit or loss that are recognised in income statement.

Interest income is recorded as it accrues using the EIR, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Dividend

Dividend income is recognised when the Group's right to receive the payment is established.

Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables) that are recognised in the income statement.

Interest expense is recorded as it accrues using the EIR, which is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability.

	GROUP		COMPANY	
In Rs.	**2021**	2020	**2021**	2020
FINANCE INCOME				
Interest Income	**61,496,508**	48,564,818	**61,496,508**	48,474,029
Total Finance Income	**61,496,508**	48,564,818	**61,496,508**	48,474,029
FINANCE COST				
Interest on Short Term Borrowings	**32,244,926**	3,163,096	**32,244,926**	3,163,096
Total Finance Cost	**32,244,926**	3,163,096	**32,244,926**	3,163,096
Net Finance Income/ (Cost)	**29,251,582**	45,401,722	**29,251,582**	45,310,933

12 LOSS BEFORE TAX

Accounting Policies

Expenditure recognition

Expenses are recognised in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All 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 the income statement.

For the purpose of presentation of the income statement, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Group's performance.

Profit Before Tax is stated after charging all expenses including the following;

	GROUP		COMPANY	
In Rs.	**2021**	2020	**2021**	2020
Remuneration to Executive Directors	**10,949,454**	12,923,076	**10,949,454**	12,923,076
Remuneration to Non Executive Directors	**480,000**	900,000	**480,000**	900,000
Staff Expenses	**244,856,366**	297,330,863	**244,856,366**	297,328,773
Audit Fee	**705,573**	1,023,260	**705,573**	783,970
Defined Contribution Plan Cost - EPF and ETF	**20,786,917**	24,138,960	**20,786,917**	24,138,960
Defined Benefit Plan Cost	**9,229,275**	9,005,660	**9,229,275**	9,005,660
Depreciation of property, plant and equipment	**7,385,962**	8,592,202	**7,385,962**	8,588,529
Amortisation of intangible assets	**7,029,353**	8,060,421	**7,029,353**	8,060,421
Provision for Bad Debts	**6,092,744**	34,280,018	**6,092,744**	34,280,018
(Gain)/Loss on sale of Property, Plant and Equipment	**108,122**	2,581,442	**108,122**	2,581,442

13 BASIC LOSS PER SHARE

Accounting Policies

Basic EPS is calculated by dividing the profit/(loss) for the year attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the year.

Amount used as the Numerator				
Loss Attributable to Ordinary Equity Holders of the Parent	**(213,244,359)**	(131,520,917)	**(213,242,316)**	(131,519,991)
Amount used as the Denominator				
Weighted Average Number of Ordinary Shares	**3,812,007**	3,812,007	**3,812,007**	3,812,007
Basic Loss Per Share	**(55.94)**	(34.50)	**(55.94)**	(34.50)

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14. TAXES

Accounting Policies

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realised or liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

The Group recognizes a deferred tax asset on unused tax losses which is expected to reduce the future tax expense. The Group 's risk management strategy involved implementation of the business continuity plans as a response to COVID -19 pandemic.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

· Where the sales tax incurred on a purchase of a asset or service is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

· Where receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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14 TAXES (Contd...)

Tax Expenses

In Rs.	GROUP 2021	GROUP 2020	COMPANY 2021	COMPANY 2020
Current Income tax				
Current tax charge	**-**	2,692,909	**-**	2,692,909
Under/(Over) provision of current tax of previous years	**(10,859,106)**	6,582,946	**(10,859,106)**	6,582,946
Deferred income tax				
Relating to origination and reversal of temporary difference	**(17,331,148)**	(16,127,195)	**(17,331,148)**	(16,127,195)
	(28,190,254)	(6,851,340)	**(28,190,254)**	(6,851,340)

The Inland Revenue (Amendment) Bill, to amend the Inland Revenue Act, No. 24 of 2017, incorporating announcements implemented by the Inland Revenue Circular Nos. PN/IT/2020-03 (Revised) and PN/IT/2021-01 was Gazetted on 18 March 2021.

As the Bill has been Gazetted and also printed by order of Parliament as of the reporting date, the Group's management, having applied significant judgment have concluded the provisions of the Inland Revenue (Amendment) Bill to be substantially enacted, and have relied upon the income tax rates specified therein to calculate the income tax liability and deferred tax provision for the 2020/21 financial year of the Group.

14.1 Reconciliation between current tax charge and the accounting profit

	GROUP 2021	GROUP 2020	COMPANY 2021	COMPANY 2020
Profit /(loss) Before Tax	**(241,434,982)**	(138,692,246)	**(241,432,570)**	(138,371,331)
Exempt profits/ (losses)	**192,486,203**	-	**192,483,791**	-
Income not liable for income tax	**(4,792,926)**	-	**(4,792,926)**	-
Accounting Profit /(loss) Liable to Income Tax	**(53,741,705)**	(138,692,246)	**(53,741,705)**	(138,371,331)
Disallowable Expenses	**41,021,462**	76,624,148	**41,021,462**	76,624,148
Allowable Expenses	**(33,767,029)**	(31,906,577)	**(33,767,029)**	(31,906,577)
Tax losses not utilised	**46,487,272**	104,874,212	**46,487,272**	104,874,212
Taxable Income	**-**	10,899,538	**-**	11,220,453
Income tax charged at				
Standard Rate 24%	**-**	2,692,909	**-**	2,692,909
Current tax charges	**-**	2,692,909	**-**	2,692,909

14.2 Reconciliation between Tax Expense and the Product of Accounting Profit /(loss)

	GROUP 2021	GROUP 2020	COMPANY 2021	COMPANY 2020
Adjusted accounting profit/(loss) chargeable to Income taxes	**(53,741,705)**	(138,692,246)	**(53,741,705)**	(138,371,331)
Tax effect on chargeable profits	**(7,523,839)**	(20,339,256)	**(7,523,839)**	(20,339,256)
tax effect on non-deductible expenses	**1,050,653**	6,904,970	**1,050,653**	6,904,970
Net effect of deferred tax in respect of prior years	**(10,857,963)**	-	**(10,857,963)**	
Under/(Over) provision of current tax of previous years	**(10,859,105)**	6,582,946	**(10,859,105)**	6,582,946
Tax Expense	**(28,190,254)**	(6,851,340)	**(28,190,254)**	(6,851,340)

14.3 Deferred Tax Expense

	GROUP 2021	GROUP 2020	COMPANY 2021	COMPANY 2020
Accelerated Depreciation for tax purposes	**(205,052)**	(366,789)	**(205,052)**	(366,789)
Others (ROU assets/Liabilities, Trade receivables etc)	**(9,859,206)**	-	**(9,859,206)**	-
Retirement Benefit Obligations	**(315,300)**	(302,983)	**(315,300)**	(302,983)
Deferred Tax Asset recognized on account of carry forward tax losses	**(6,951,590)**	(15,457,423)	**(6,951,590)**	(15,457,423)
Deferred tax charge / (Reversal) to Income statement	**(17,331,148)**	(16,127,195)	**(17,331,148)**	(16,127,195)
Actuarial gain/losses on defined benefit plans	**(507,202)**	790,851	**(507,202)**	790,851
Total Deferred Tax Charge / (Reversal)	**(17,838,350)**	(15,336,344)	**(17,838,350)**	(15,336,344)

Deferred tax has been computed at 14%. (2020 -14%)

14.4 Deferred Tax Assets

	GROUP 2021	GROUP 2020	COMPANY 2021	COMPANY 2020
At the beginning of the year	**18,614,620**	3,278,276	**18,614,620**	3,278,276
Charge/(Reversal) during the year	**17,838,350**	15,336,344	**17,838,350**	15,336,344
At the end of the year	**36,452,970**	18,614,620	**36,452,970**	18,614,620
The closing Deferred Tax (Asset)/Liability is made up as follows:				
Accelerated Depreciation for Tax Purposes	**(2,210,045)**	(2,131,449)	**(2,210,045)**	(2,131,449)
Employee tax benefit	**6,394,796**	6,079,497	**6,394,796**	6,079,497
Deferred Tax Asset recognized on account of carry forward tax losses	**22,409,013**	14,666,573	**22,409,013**	14,666,573
Others	**9,859,206**	-	**9,859,206**	-
	36,452,970	18,614,620	**36,452,970**	18,614,620

14.5 Income Tax Payable

	GROUP 2021	GROUP 2020	COMPANY 2021	COMPANY 2020
At the beginning of the year	**149,709,251**	175,339,418	**149,709,251**	175,339,418
Charge for the year	**-**	2,692,909	**-**	2,692,909
Payments, adjustments and set off against refunds	**(12,495,443)**	(28,323,076)	**(12,495,443)**	(28,323,076)
At the end of the year	**137,213,808**	149,709,251	**137,213,808**	149,709,251

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15. PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

Basis of recognition

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

Basis of measurement

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.
The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Derecognition

An item of property, plant and equipment are derecognized upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

Depreciation

Depreciation is calculated by using a straight-line method on the cost of all property, plant and equipment, in order to write off such amounts over the estimated useful economic life of such assets.

The estimated useful life of assets is as follows:

Asset Category	**Years**
Plant and machinery	10
Furniture and fittings	2 - 8
Computer equipment	2 - 5
Office equipment	2 - 6
Motor vehicle	5 - 15

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

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In Rs.

15. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Motor Vehicles	**Furniture & Fittings**	**Office Equipments**	**Computer Equipments**	**Plant & Machinery**	**Leasehold Property**	**Total 2021**	Total 2020
Cost								
At the beginning of the year	1,422,210	23,238,610	7,776,595	29,372,182	2,497,836	1,915,532	**66,222,964**	65,767,983
Additions	-	1,034,418	-	1,147,820	-	-	**2,182,238**	9,273,885
Disposals	-	(612,450)	(393,535)	(1,447,923)	-	-	**(2,453,908)**	(8,818,904)
Exchange translation differences	-	(42,531)	-		-	-	**(42,531)**	-
At the end of the year	**1,422,210**	**23,618,048**	**7,383,060**	**29,072,079**	**2,497,836**	**1,915,532**	**65,908,763**	66,222,964
Accumulated Depreciation								
At the beginning of the year	964,954	17,126,494	6,150,874	17,331,479	1,409,944	15,963	**42,999,707**	41,458,172
Charge for the year	142,221	1,942,015	590,879	4,447,396	225,140	38,311	**7,385,962**	8,592,202
Disposals	-	(363,445)	(393,536)	(1,355,750)	-	-	**(2,112,729)**	(7,050,716)
Exchange translation differences	-	(42,531)	-	-	-	-	**(42,531)**	49
At the end of the year	**1,107,175**	**18,662,533**	**6,348,218**	**20,423,125**	**1,635,084**	**54,274**	**48,230,407**	42,999,707
Carrying Value								
As at 31 March 2021	**315,035**	**4,955,515**	**1,034,842**	**8,648,954**	**862,753**	**1,861,258**	**17,678,356**	**-**
As at 31 March 2020	457,256	6,112,116	1,625,720	12,040,704	1,087,893	1,899,569	-	23,223,259

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15. PROPERTY, PLANT AND EQUIPMENT (Contd...)

COMPANY

In Rs.	**Motor Vehicles**	**Furniture & Fittings**	**Office Equipments**	**Computer Equipments**	**Plant & Machinery**	**Leasehold Property**	**Total 2021**	Total 2020
Cost								
At the beginning of the year	1,422,210	23,196,080	7,776,595	29,372,180	2,497,836	1,915,532	**66,180,433**	65,725,453
Additions	-	1,034,418	-	1,147,820	-	-	**2,182,238**	9,273,885
Disposals		(612,450)	(393,535)	(1,447,923)	-	-	**(2,453,908)**	(8,818,904)
At the end of the year	**1,422,210**	**23,618,048**	**7,383,060**	**29,072,077**	**2,497,836**	**1,915,532**	**65,908,763**	66,180,433
Accumulated Depreciation								
At the beginning of the year	964,954	17,083,963	6,150,874	17,331,479	1,409,943	15,963	**42,957,175**	41,436,872
Charge for the year	142,221	1,942,015	590,879	4,447,396	225,140	38,311	**7,385,962**	8,588,529
Disposals	-	(363,445)	(393,536)	(1,355,750)	-	-	**(2,112,730)**	(7,068,226)
At the end of the year	**1,107,175**	**18,662,533**	**6,348,218**	**20,423,125**	**1,635,083**	**54,274**	**48,230,407**	42,957,175
Carrying Value								
As at 31 March 2021	**315,035**	**4,955,515**	**1,034,842**	**8,648,952**	**862,754**	**1,861,258**	**17,678,356**	-
As at 31 March 2020	457,256	6,112,117	1,625,720	12,040,702	1,087,894	**1,899,569**	-	23,223,259

Intangible assets

Accounting Policy

Basis of recognition
An Intangible asset is recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

Basis of measurement
Intangible assets acquired separately are measured on initial recognition at cost.

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

Internally generated intangible assets, excluding capitalised development costs, are not capitalised, and expenditure is charged against income statement in the year in which the expenditure is incurred.

Useful economic lives, amortization and impairment

The useful lives of intangible assets are assessed as either finite or indefinite lives. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end and such changes are treated as accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

Purchased software
Purchased software is recognised as intangible assets and is amortised on a straight line basis over its useful life.

Software license
Software license costs are recognised as an intangible asset and amortised over the period of expected future useful life.

Asset Category	**Years**
Software	3 – 5

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16. INTANGIBLE ASSETS

	Group			Company		
	2021	**2021**	2020	**2021**	**2021**	2020
	Rs.	**Rs.**	Rs.	**Rs.**	**Rs.**	Rs.
Cost	**Software Licenses**	**Total**	Total	**Software Licenses**	**Total**	Total
At the beginning of the year	80,363,398	**80,363,398**	74,155,637	80,363,398	**80,363,398**	74,155,637
Additions	7,596,000	**7,596,000**	6,207,761	7,596,000	**7,596,000**	6,207,761
Disposals	(35,604,735)	**(35,604,735)**	-	(35,604,735)	**(35,604,735)**	-
At the end of the year	52,354,663	**52,354,663**	80,363,398	52,354,663	**52,354,663**	80,363,398
Accumulated amortisation						
At the beginning of the year	49,835,928	**49,835,928**	41,775,506	49,835,928	**49,835,928**	41,775,506
Charge for the year	7,029,353	**7,029,353**	8,060,421	7,029,353	**7,029,353**	8,060,421
Disposals	(35,604,735)	**(35,604,735)**	-	(35,604,735)	**(35,604,735)**	-
At the end of the year	21,260,546	**21,260,546**	49,835,927	21,260,546	**21,260,546**	49,835,928
Net Book Value	31,094,117	**31,094,117**	30,527,470	31,094,117	**31,094,117**	30,527,470

17. INVESTMENTS IN SUBSIDIARY

Accounting Policy

The investments in subsidiaries in the separate financial statements are accounted for at cost less impairment which is charged to the income statement. Income from these investments is recognized only to the extent of dividend received.

As at 31 March In Rs.			**GROUP 2021**	**GROUP** 2020	**COMPANY 2021**	**COMPANY** 2020
INVESTMENTS IN SUBSIDIARIES	**No. of**	**Holding**				
Carrying value	**Shares**	**%**				
Unquoted Investments						
Serene Holidays (Pvt) Ltd	169,375	85%				
At the beginning of the year			-	-	-	1,769,149
Impairment made during the year			-	-	-	(1,769,149)
At the end of the year			-	-	-	-

Serene Holidays (Pvt) Ltd, incorporated in India was a subsidiary of Walkers Tours Ltd. The Company has applied for the strike off on 12 March 2021.

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			GROUP		COMPANY	
	In Rs.		**2021**	2020	**2021**	2020
18.	**OTHER NON CURRENT FINANCIAL ASSETS**	**Note**				
	Loans & Receivables	**18.1**	**18,826,282**	30,420,914	**18,826,282**	30,420,914
			18,826,282	30,420,914	**18,826,282**	30,420,914
18.1	**Loans & Receivables**					
	Loans to executives	**21.1.1**	**18,826,282**	30,420,914	**18,826,282**	30,420,914
			18,826,282	30,420,914	**18,826,282**	30,420,914
19.	**OTHER NON CURRENT ASSETS**					
	Prepaid staff loan benefit		**4,096,984**	7,305,919	**4,096,984**	7,305,919
			4,096,984	7,305,919	**4,096,984**	7,305,919

20. INVENTORIES

Accounting Policy

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price less estimated costs of completion and the estimated costs necessary to make the sale.

	Stationery Stock & Consumable		**709,609**	1,520,615	**709,609**	1,520,615
			709,609	1,520,615	**709,609**	1,520,615
21.	**TRADE AND OTHER RECEIVABLES**					
	Loans & Receivables	**21.1**	**12,153,391**	609,833,502	**12,153,391**	609,833,502
			12,153,391	609,833,502	**12,153,391**	609,833,502
21.1	**Loans & Receivables**					
	Trade receivables		**3,933,463**	600,548,352	**3,933,463**	600,548,352
	Loans to Executives	**21.1.1**	**8,219,928**	9,285,150	**8,219,928**	9,285,150
			12,153,391	609,833,502	**12,153,391**	609,833,502
21.1.1	**Loans to Executives**					
	At the beginning of the year		**39,706,064**	43,642,322	**39,706,064**	43,642,322
	Loans Granted/transfers		**2,575,000**	11,875,000	**2,575,000**	11,875,000
	Loans Recovered		**(6,932,585)**	(9,564,546)	**(6,932,585)**	(9,564,546)
	Settlements		**(8,302,269)**	(6,246,712)	**(8,302,269)**	(6,246,712)
	At the end of the year		**27,046,210**	39,706,064	**27,046,210**	39,706,064
	Receivable within one year		**8,219,928**	9,285,150	**8,219,928**	9,285,150
	Receivable after one year		**18,826,282**	30,420,914	**18,826,282**	30,420,914
			27,046,210	39,706,064	**27,046,210**	39,706,064

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In Rs.		GROUP 2021	GROUP 2020	COMPANY 2021	COMPANY 2020
22. OTHER CURRENT ASSETS					
Advances		**21,899,461**	51,116,558	**21,899,461**	51,116,558
Other Receivables		**3,598,861**	5,291,779	**3,598,861**	5,291,779
Tax & Other Refunds		**45,906,309**	53,011,104	**45,906,309**	53,011,104
		71,404,631	109,419,441	**71,404,631**	109,419,441
23. SHORT TERM INVESTMENTS					
Bank deposits (more than 3 months and less than 1 year)		**252,627,560**	242,023,222	**252,627,560**	242,023,222
		252,627,560	242,023,222	**252,627,560**	242,023,222
Bank deposits (less than 3 months)		**140,673,656**	188,824,244	**140,673,656**	188,824,244
Reported for cash flow		**140,673,656**	188,824,244	**140,673,656**	188,824,244
		393,301,216	430,847,466	**393,301,216**	430,847,466
24. STATED CAPITAL AND OTHER COMPONENT IF EQUITY					
Issued and Fully Paid	**No. of Shares**				
At the beginning of the year	3,812,007	**51,374,200**	51,374,200	**51,374,200**	51,374,200
At the end of the year	3,812,007	**51,374,200**	51,374,200	**51,374,200**	51,374,200
24.1 REVENUE RESERVES		**2021**	2020	**2021**	2020
Accumulated Profit/(loss)		**(109,959,449)**	106,400,576	**(113,055,439)**	103,302,543
		(109,959,449)	106,400,576	**(113,055,439)**	103,302,543
24.2 OTHER COMPONENTS OF EQUITY		**GROUP**		**COMPANY**	
Exchange Translation Reserve		**(3,032,325)**	(3,032,325)	**-**	-
Employee Share Benefit Plan Reserve		**93,317,567**	87,518,367	**93,317,567**	87,518,367
		90,285,242	84,486,042	**93,317,567**	87,518,367

25. SHARE-BASED PAYMENT PLANS

Accounting Policy

Employee share option

Employees of the Group receive remuneration in the form of share-based payment whereby employees render services as consideration for equity instruments (equity-settled transactions).

The Group applies SLFRS 2 Share Based Payments in accounting for employee remuneration in the form of shares from 2014/15 financial year onwards.

Equity-settled transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in the share base payment plan reserve.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled award and the new award are treated as if they were a modification of the original award, as described in the previous paragraph.

25. SHARE-BASED PAYMENT PLANS (Contd...)

25.1 Employee Share Option Scheme

Under the John Keells Group's Employees share option scheme (ESOP), share options of the parent are granted to senior executives of the Company with more than 12 months of service. The exercise price of the share options is equal to the 30 day volume weighted average market price of the underlying shares on the date of grant. The share options vest over a period of four years and is dependent on a performance criteria and a service criteria. The performance criteria being a minimum performance achievement of "Met Expectations" and service criteria being that the employee has to be in employment at the time the share options vest. The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options were granted.

The contractual term for each option granted is five years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options.

25.2 Share-Based Payment Plans

The expense recognized for employee services received during the year is shown in the following table:

	Group/Company	
	2021	2020
Expense arising from equity-settled share-based payment transactions	**5,799,200**	10,653,519
Total expense arising from share-based payment transactions	**5,799,200**	10,653,519

Movements in the year

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2021		2020	
	No.	**WAEP**	No.	WAEP
Outstanding at the beginning of the year	**1,469,201**	**154.05**	1,662,948	158.00
Granted during the year	**126,700**	**132.86**	145,000	136.97
Adjusted - sub division	**(90,000)**	**142.83**	(37,844)	146.75
Transfers in / (out)	**(62,783)**	**158.86**	7,386	173.25
Expired during the year	**(307,358)**	**152.31**	(308,289)	168.65
Outstanding at 31 March	**1,135,760**	**152.78**	1,469,201	154.05
Exercisable at the end of the year	**689,920**	**156.72**	854,207	154.25

Fair value of the share option and assumptions

The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options were grated.

The valuation takes into account factors such as stock price, expected time to maturity, exercise price, expected volatility of share price, expected dividend yield and risk free interest rate.

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26. INTEREST BEARING BORROWINGS

In Rs.	GROUP/Company 2021	2020
26.1 Movement		
At the beginning of the year	**224,454,128**	-
Loans obtained	**-**	250,000,000
Repayments	**-**	-
Adjustments for concession & accrued interest	**25,888,104**	(25,545,872)
At the end of the year	**250,342,232**	224,454,128
Repayable within one year	**100,637,656**	100,987,664
Repayable after one year		
Repayable between one and five years	**149,704,576**	123,466,464
Repayable after five years	**-**	-
	149,704,576	123,466,464
	250,342,232	224,454,128

	Lending institution	Nature of facility	Interest rate and security	Repayment terms	Carrying Value of Collaterals	2021	2020
Security and repayment terms	DFCC Bank	Working Capital Loan	3.46% per annum (Subsidised by the Government 10.4% per annum) For deferred period - 364-days TB plus 1 percent margin Promissory note issued by Walkers Tours Limited	Repayable in 23 monthly instalments after a grace period of 1 month from the date of first disbursement. However, The Central Bank of Sri Lanka (CBSL) offered a debt moratorium on capital and interest for Covid-19 affected business and it was extended until 30th September 2021.	-	**250,342,232**	224,454,128

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			GROUP		COMPANY	
	For the year ended 31 March **In Rs.**		**2021**	2020	**2021**	2020
27.	**OTHER DEFERRED LIABILITIES**					
	Government Subsidy	27.1	**-**	13,492,184	**-**	13,492,184
			-	13,492,184	**-**	13,492,184
27.1	**Government Subsidy**					
	At the beginning of the year		**26,984,368**	-	**26,984,368**	-
	Subsidy received		**-**	28,108,716	**-**	28,108,716
	Amortisation		**(10,484,230)**	(1,124,349)	**(10,484,230)**	(1,124,349)
	At the end of the year		**16,500,138**	26,984,368	**16,500,138**	26,984,368
	Amounts expected to be amortised within one year		**16,500,138**	13,492,184	**16,500,138**	13,492,184
	Amounts expected to be amortised after one year		**-**	13,492,184	**-**	13,492,184
			16,500,138	26,984,368	**16,500,138**	26,984,368

Government subsidy on interest has been received for the working capital loan obtained from DFCC bank during March 2020. There are no unfulfilled conditions or contingencies attached to the subsidy as at the reporting date.

28. RETIREMENT BENEFIT OBLIGATIONS

Accounting Policy

Employee defined benefit plan - gratuity

The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the reporting date using the projected unit credit method. Any actuarial gains or losses arising are recognized immediately in other comprehensive income.

Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service. The obligation is not externally funded.

Employee contribution plans - EPF/ETF

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. The Company contributes the defined percentages of gross emoluments of employees to an approved Employees' Provident Fund and to the Employees' Trust Fund respectively, which are externally funded.

Other long term employee benefits

A new Long-Term Incentive Plan (LTI) has been launched for senior management; upon achievement of strategic targets. The liability recognised in the statement of financial position is the present value of long term incentive plan as at the reporting date.

	GROUP		COMPANY	
	2021	2020	**2021**	2020
Employee defined benefit plan - gratuity				
At the beginning of the year	**43,424,980**	41,260,817	**43,424,980**	41,260,817
Interest Cost	**4,776,748**	4,332,386	**4,776,748**	4,332,386
Current Service Cost	**4,452,527**	4,673,274	**4,452,527**	4,673,274
Payments & Transfers	**(10,600,003)**	(1,192,563)	**(10,600,003)**	(1,192,563)
Actuarial (Gain)/Loss on obligation	**3,622,868**	(5,648,934)	**3,622,868**	(5,648,934)
At the end of the year	**45,677,120**	43,424,980	**45,677,120**	43,424,980
Other long term employee benefits				
Current service cost	**13,497,060**	8,012,136	**13,497,060**	8,012,136
At the end of the year	**13,497,060**	8,012,136	**13,497,060**	8,012,136
	59,174,180	51,437,116	**59,174,180**	51,437,116

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28. RETIREMENT BENEFIT OBLIGATIONS (Contd..)

The employee benefit liability of the Group is based on the actuarial valuations carried out by Messrs. Actuarial & Management Consultants (Pvt) Ltd., actuaries.

The table below summarizes the maturity profile of the Group's financial liabilities at 31 March 2021 based on contractual undiscounted payments.

The principal assumptions used in determining the cost of employee benefits were:	**2021**	2020
Discount rate	**8%**	11.0%
Future salary increases	**8%**	8%

28.1 Sensitivity of assumptions used

If a one percentage point change in the assumptions it would have the following effects:

	Discount rate		**Salary increment**	
	2021	2020	**2021**	2020
	Rs.	Rs.	**Rs.**	Rs.
Effect on the defined benefit obligation liability				
Increase by one percentage point	**2,100,643**	1,960,330	**(2,394,290)**	(2,294,199)
Decrease by one percentage point	**(2,306,700)**	(2,142,583)	**2,220,741**	2,131,604

28.2 Maturity analysis of the payments

The following payments are expected on employee benefit liabilities in future years.

	2021	2020
	Rs.	Rs.
Within the next 12 months	**5,402,612**	5,577,590
Between 1 and 2 years	**9,437,281**	9,468,459
Between 2 and 5 years	**16,638,086**	15,447,664
Between 5 and 10 years	**8,734,468**	8,764,014
Beyond 10 years	**5,464,673**	4,167,253
Total expected payments	**45,677,120**	43,424,980

The average duration of the defined benefit plan obligation at the end of the reporting period is 5.17 years (2020 - 5.2 years)

29. TRADE AND OTHER PAYABLES

	Note	**GROUP**		**COMPANY**	
		2021	2020	**2021**	2020
		Rs.	Rs.	**Rs.**	Rs.
Trade and other payable	**30.1**	**144,375,058**	459,390,998	**144,375,058**	459,308,181
		144,375,058	459,390,998	**144,375,058**	459,308,181

29.1 Trade Payable

Trade Payables	**4,652,736**	58,566,742	**4,652,736**	58,566,742
Accrued expenses and provisions	**117,636,304**	375,826,541	**117,636,304**	375,743,724
Other payable	**22,086,018**	24,997,715	**22,086,018**	24,997,715
	144,375,058	459,390,998	**144,375,058**	459,308,181

30. OTHER CURRENT LIABILITIES

Other taxes and statutory payments		**4,114,184**	22,701,203	**4,114,184**	22,701,203
Other deferred liabilities	**27.1**	**16,500,138**	13,492,184	**16,500,138**	13,492,184
Advance Received		**43,424,695**	58,498,094	**43,424,695**	58,498,094
		64,039,017	94,691,481	**64,039,017**	94,691,481

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For the year ended 31 March In Rs.		GROUP 2021	GROUP 2020	COMPANY 2021	COMPANY 2020

31. RELATED PARTY DISCLOSURES

31.1 Amounts due from related parties

Ultimate parent		**68,921**	89,413	**68,921**	89,413
Companies under common control		**14,478,010**	14,454,569	**14,478,010**	14,454,569
Total	**31.6**	**14,546,931**	14,543,982	**14,546,931**	14,543,982

31.2 Amounts due to related parties

Ultimate parent		**3,092,208**	4,699,972	**3,092,208**	4,699,972
Companies under common control		**6,638,748**	68,358,181	**6,638,748**	68,358,181
Total	**31.7**	**9,730,956**	73,058,153	**9,730,956**	73,058,153

31.3 Transactions with related parties

Ultimate parent					
Rendering/(Receiving) of Services		**(37,700,118)**	(49,442,136)	**(37,700,118)**	(49,442,136)
Companies under common control					
Rendering/(Receiving) of Services		**(23,472,768)**	(306,196,189)	**(23,472,768)**	(306,196,189)
		(61,172,885)	(355,638,325)	**(61,172,885)**	(355,638,325)

31.4 Transactions with Key Management Personnel

Key management personnel includes, Board of directors of the Group and John Keells Holdings PLC.

Short-term employee Benefits				**11,429,454**	13,823,076
Post employment benefits				**267,500**	620,020
Share based payments				**1,708,047**	1,021,794

31.5 Terms and conditions of transactions with related parties

Transactions with related parties are carried out in the ordinary course of the business. Outstanding current account balances other than loans at year end are unsecured, interest free and settlement occurs in cash. Loans are given at predetermined terms and interest rates.

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32. RELATED PARTY DISCLOSURES (Contd...)

As at 31 March In Rs.			GROUP 2021	GROUP 2020	COMPANY 2021	COMPANY 2020
31.6	**Amounts Due from Related Parties**	**Relationship**				
	Asian Hotels and Properties Ltd	Affiliate	**856,733**	-	**856,733**	-
	Ceylon Holiday Resorts Ltd	Affiliate	**546,395**	168,070	**546,395**	168,070
	Habarana Lodge Ltd	Affiliate	**5,000**	20,485	**5,000**	20,485
	Sancity Hotels & Properties Limited	Affiliate	**37,252**	-	**37,252**	-
	Cinnamon Holidays (Pvt) Ltd	Affiliate	**108,418**	539,596	**108,418**	539,596
	John Keells Holdings PLC	Parent	**68,921**	89,413	**68,921**	89,413
	John Keells Maldivian Resorts (Pvt) Ltd	Affiliate	**-**	44,587	**-**	44,587
	Hikkaduwa Holiday Resorts (Pvt) Ltd	Affiliate	**73,178**	-	**73,178**	-
	John Keells Logistics Pvt Ltd	Affiliate	**7,657**	-	**7,657**	-
	Trans Asia Hotels PLC	Affiliate	**15,473**	-	**15,473**	-
	Cinnamon Hotel Management Ltd	Affiliate	**629,690**	2,032,955	**629,690**	2,032,955
	Habarana Walk Inn Ltd	Affiliate	**-**	40,573	**-**	40,573
	Whittall Boustead (Travel) Ltd	Affiliate	**2,790,205**	8,063,002	**2,790,205**	8,063,002
	Yala Village (Pvt) Ltd	Affiliate	**10,300**	106,200	**10,300**	106,200
	Whittall Boustead (Pvt) Ltd	Affiliate	**-**	152,539	**-**	152,539
	Infomate (Pvt) Ltd	Affiliate	**-**	83,034	**-**	83,034
	Beruwala Holiday Resorts (Pvt) Ltd	Affiliate	**858,720**	-	858,720	-
	Saffron Aviation (Pvt) Ltd	Affiliate	**8,538,989**	3,203,528	**8,538,989**	3,203,528
			14,546,931	14,543,982	**14,546,931**	14,543,982
31.7	**Amounts Due to Related Parties**	**Relationship**				
	Asian Hotels and Properties Ltd	Affiliate	**-**	7,081,579	**-**	7,081,579
	Ceylon Holiday Resorts Ltd	Affiliate	**102,432**	449,093	**102,432**	449,093
	DHL Keells (Pvt) Ltd	Affiliate	**-**	58,027	**-**	58,027
	Habarana Lodge Ltd	Affiliate	**-**	5,427,107	**-**	5,427,107
	Habarana Walk Inn Ltd	Affiliate	**-**	3,909,026	**-**	3,909,026
	Hikkaduwa Holiday Resort (Pvt) Ltd	Affiliate	**-**	4,261,578	**-**	4,261,578
	John Keells Holdings PLC	Parent	**3,092,208**	4,699,972	**3,092,208**	4,699,972
	John Keells PLC	Affiliate	**-**	6,000	**-**	6,000
	John Keells Office Automation (Pvt) Ltd	Affiliate	**-**	108,958	**-**	108,958
	Kandy Walk Inn Ltd	Affiliate	**-**	5,774,720	**-**	5,774,720
	Mackinnons Travel (Pvt) Ltd	Affiliate	**157,350**	254,567	**157,350**	254,567
	Trans Asia Hotels PLC	Affiliate	**3,254,511**	12,806,007	**3,254,511**	12,806,007
	Trinco Holiday Resorts (Pvt) Ltd	Affiliate	**-**	522,464	**-**	522,464
	Whittall Boustead (Travel) Ltd	Affiliate	**883**	1,713,379	**883**	1,713,379
	Yala Village (Pvt) Ltd	Affiliate	**34,000**	5,369,270	**34,000**	5,369,270
	Infomate (Pvt) Ltd	Affiliate	**502,323**	1,123,730	**502,323**	1,123,730
	Keells Consultants (Pvt) Ltd	Affiliate	**58,687**	1,877	**58,687**	1,877
	Keells Realtors Ltd	Affiliate	**423,718**	385,200	**423,718**	385,200
	Cinnamon Hotel Management Ltd	Affiliate	**304,083**	471,655	**304,083**	471,655
	John Keells Computer Services (Pvt) Ltd	Affiliate	**137,828**	106,951	**137,828**	106,951
	Beruwala Holiday Resorts (Pvt) Ltd	Affiliate	**1,309,535**	17,096,373	**1,309,535**	17,096,373
	Hikkaduwa Holiday Resort (Pvt) Ltd	Affiliate	**-**	166,478	**-**	166,478
	Sancity Hotels & Properties Ltd	Affiliate	**-**	306,784	**-**	306,784
	Cinnamon Holidays (Pvt) Ltd	Affiliate	**-**	279,138	**-**	279,138
	Whittall Boustead (Pvt) Ltd	Affiliate	**353,398**	678,222	**353,398**	678,222
			9,730,956	73,058,153	**9,730,956**	73,058,153

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32. CONTINGENT LIABILITIES

Accounting Policy

32.1 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote. A contingent liability recognised in a business combination is initially measured at its fair value.

Subsequently, it is measured at the higher of: the amount that would be recognised in accordance with the general guidance for provisions above (LKAS 37), or the amount initially recognised, less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition (LKAS 18). Contingent assets are disclosed where inflow of economic benefit is probable.

There are no significant contingent Liabilities as at the reporting date.

33. CAPITAL AND OTHER COMMITMENTS

There were no material capital commitments as at the reporting date.

34. EVENTS AFTER THE REPORTING PERIOD

There have been no events subsequent to the reporting date, which require disclosure in the financial statements, but the Group has been closely monitoring the impact of the development of COVID-19 on the Group's business operations. The Group has taken numerous measures for the safety of staff employed, adhering to all Government and Health Authority rules and guidelines and also closely monitoring the liquidity positions and has been serving the existing debt requirements while managing the working capital requirements.

As the situation evolves, the Group will keep its risk management measures under continual review, and proactively take measures to ensure that business operations continue as seamlessly as possible.

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