## **ABANS FINANCE PLC**

## **AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

#### STATEMENT OF COMPREHENSIVE INCOME 2020 2019 Year Ended 31st March Rs. '000 Rs. '000 2,037,876 1,978,548 1.838.845 1,820,102 Interest Income Interest Expenses (876,732) (860, 326)**Net Interest Income** 962,113 959,776 Fee and Commission Income 185.760 144,729 Fee and Commission Expenses (13.633)(74,074,)**Net Fee and Commission Income** 172,126 70,655 Net Gain/(Loss) from Trading 241 206 13.029 13.511 Other Operating Income (net) **Total Operating Income** 1,147,509 1,044,149 Credit Loss Expense on Financial Assets (333.254)(301,981) and Other Losses **Net Operating Income** 814,256 742,168 **Operating Expenses** (269.968)(239.637)Personnel Costs Depreciation and Amortization (68.917)(26,955)Other Operating Expenses (239,636)(294,414)Operating Profit before Taxes on Financial Services 235,734 181,161 Taxes on Financial Services (81,786) (70,282)**Profit before Taxation from Operations** 153,949 110,880 Provision for Income Taxation (50.522)(87.158)Profit for the Year 103,427 23,721 Other Comprehensive Income (OCI) Items that will not be reclassified to profit or loss Actuarial Gains/(Losses) on Defined Benefit Plan (235)3,317 Deferred Tax effect of above (929)66

#### STATEMENT OF FINANCIAL POSITION

As At 31st March	2020 Rs. '000	2019 Rs. '000	
Assets			F
Cash and Bank Balances	146,942	263,518	T
Placement with Banks	204,354	249,659	
Repurchase Agreements	279,143	281,537	- 1 '
Loans and Advances	1,920,096	2,127,781	י ן
Lease Rentals Receivable and Stock Out on Hire		5,261,624	1
Equity Instruments at Fair Value through OCI	80	80	
Debt Instruments at Amortized Cost	225,421	235,914	
Other Financial Assets	96,488	171,437	
Real Estate Stock	39,313	50,793	
Other Non Financial Assets	63,953	64,153	
Property, Plant and Equipment	70,333	85,288	(
Intangible Assets	29,339	32,759	1
Right of Use Assets	81,250		
Deferred Tax Assets	45,074	35,767	-
Total Assets	9,056,114	8,860,311	H
<b>Liabilities</b> Due to Banks	809,673	511,760	F
Due to Customers	5,148,142	5,792,967	
Other Borrowed Funds	649,837	420,594	F
Other Financial Liabilities	720,063	555,894	
Other Non Financial Liabilities	23,791	18,742	- 1 '
Current Tax Liabilities	47,854	8,822	/
Retirement Benefit Liability	19,435	17,471	F
Total Liabilities	7,418,796	7,326,250	/
Shareholders' Funds			
Stated Capital	1,121,413	1,121,413	П
Statutory Reserve Fund	133,669	112,984	
Retained Earnings	382,236	299,663	
Total Shareholders' Funds	1,637,318	1,534,060	- 1 '
Total Shareholders Tanas	1,037,310	1,55 1,666	
Total Liabilities and Shareholders' Funds	9,056,114	8,860,311	
Commitments and Contingencies	_	119,300	

#### **KEY PERFORMANCE INDICATORS**

INDICATORS 31st MARCH	2020	2019
Regulatory Capital Adequacy		
Core Capital (Tier 1 Capital) Rs. '000	1,562,905	1,465,534
Total Capital Base Rs. '000	2,252,794	2,161,828
Tier 1 Capital Ratio % (Minimum 6.5% w.e.f. 01.07.2019)	14.30	13.94
Total Capital Ratio % (Minimum 10.5% w.e.f. 01.07.2019)	20.61	20.56
Capital Funds to Total Deposit Liabilities Ratio (Minimum 10%)	31.80	26.48
Asset Quality (Quality Of Loan Portfolio)		
Gross Non Performing Accommodations, Rs. '000*	1,894,702	1,483,826
Gross Non Performing Accommodations, Ratio (%)*	21.59	18.02
Net Non Performing Accommodations, Ratio (%)*	4.52	5.76
*Computed as per the CBSL Guidelines		
Profitability		
Interest Margin (%)	10.74	10.77
Return on Average Assets (%) (Before Tax)	1.72	1.24
Return on Average Equity (%) (After Tax)	6.51	1.53
Regulatory Liquidity (Rs. '000)		
Required Minimum Amount of Liquid Assets	516,672	581,246
Available Amount of Liquid Assets	739,627	1,037,945
Required Minimum Amount of Government Securities	454,839	454,839
Available Amount of Government Securities	504,564	496,992
Memorandum Information		
Number of Employees	375	383
Number of Branches	10	10
Number of Service Centers	13	13

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

#### Tharumini Bulegoda (Sgnd)

**Chief Accountant** 

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

Rashmika Nissanga (Sgnd)

Rusi Pestonjee (Sgnd) Director

Director

26 June 2020 Colombo



Other Comprehensive Profit/(Loss) for the

Total Comprehensive Income for the Year

Basic Earnings Per Share (Rs.)

Year, Net of Tax

Ernst & Young Chartered Accountants 201 De Saram Place P.O. Box 101 Colombo 10 Sri Lanka

(169)

103,258

1.55

2,388

26,109

0.36

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**EXTRACTED FROM THE STATUTORY FINANCIAL STATEMENTS** INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ABANS FINANCE PLC

Report on the audit of the financial statements

We have audited the financial statements of Abans Finance PLC ("the Company"), which comprise of the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

nying financial statements give a true and fair view of the financial nocition of the Company as at 31 March 2020, and of its financial performance and it

cash flows for the year then ended in accordance with Sri Lanka Accounting Standards

## **Basis for opinion**

Income

e fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appro basis for our opinion.

### Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were

addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for
the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we
have 6.46 lb down which are sufficiently according to the first of the

#### How our audit addressed the key audit matter Key audit matter To assess the reasonableness of the allowance for impairment, our audit procedures (among others) were designed to obtain sufficient and appropriate audit evidences, including the following: Allowance for impairment of loans and leases:

Our audit considered impairment for Loans and Leases as a key audit matter. Significant judgements and assumptions were used by the management to determine the impairment allowance and complex calculations were involved in its estimation. Probable impacts of COVID -19 outbreak on the economically impacted customers and related government relief measures on the key assumptions, the higher level of estimation uncertainty involved, and materiality of the amounts reported in the company's financial statements, underpinned our basis for

considering it as a Key Audit Matter. As at 31 March 2020, loans and advances, and receivables from lease and hire purchase (net of impairment) amounted to Rs. 1,920 Million (Note 20) and Rs. 5,854 Million (Note 21) respectively net of total allowance for impairment of LKR 957.6 Million (Note 20.1 and 21.1). These collectively contributed 86% to the Company's

The allowance for impairment (both specific and collective) of these financial assets is estimated by management. Assumptions used by management in this calculation are inherently judgemental. Note 40.4.1 (e) to the financial statements describes the sensitivity of key assumptions.

Management's use of significant judgements relating to the impacts of the evolving COVID-19 pandemic on the Company.

Management has assessed the impact of the evolving COVID-19 pandemic on its business and financial statements of the Company as disclosed in Note 2.10.

We considered such management's assessment in the wake of the evolving COVID-19 pandemic as a key audit matter, since it involved the use of significant management judgments and estimates considering future events, circumstances and impacts on cash flows, based on available information

The nature of the significant assumptions involved, are disclosed in Note 2.10 to the financial statements.

-We evaluated the design and operating effectiveness of key internal controls over estimation of impairment for loans and leases, which included assessing the level of oversight, review and approval of impairment policies by the Board Audit Committee and management.

- We test checked the underlying calculations and data used in such calculations on a sample

- In addition to the above, focused procedures were performed as follows For those individually assessed for impairment

• we assessed the main criteria used by t criteria used by the management for determining whether ar

 where impairment indicators existed, we assessed the reasonableness of man-estimated future recoveries including the expected future cash flows, discount rate valuation of collateral held.

 $\bullet$  we also assessed the impact of overarching economic conditions in Sri Lanka and govern relief packages on future cash flows.

For those collectively assessed for impairment

• we tested the completeness of the underlying information used in the impairment calculation by agreeing details to the source documents and information in IT system.

 we also considered the reasonableness of macro-economic factors used by comparing them
with publicly available data and information sources. Our considerations included assessing the
appropriateness of the weightages assigned to possible economic scenarios. - We assessed the adequacy of the related financial statement disclosures as set out in note(s) 20

Our audit procedures included the following; - We gained an understanding of significant judgements used by the management related to the impact of the COVID-19 pandemic on the business of the Company.

- We obtained an understanding of the procedures adopted by the management to manage and

mitigate the prevailing business interruption which are disclosed in note 2.10.

- We evaluated the sensitivity of the projected available funding by considering assumed os together with reasonable changes to the key assumption - We inspected the facility agreements for the company's other borrowed funds and assessed the Company's compliance with the covenants in understanding the availability of adequate  $^{\circ}$ 

- We reviewed the adequacy of the disclosures made in Notes 2.10, 41.2, 41.4.1, 41.4.2, 41.5, 41.6, 41.6.3.1, and 42.1 in the financial statements.

#### Other information included in the 2020 Annual Report

Other information consists of the information included in the Company's 2020 Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2020 Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

As part of an audit in accordance with SLAuSs, we exercise professional judgement and maintain professional scepticism throughout the audit. We

1. 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.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

### **Report on Other Legal and Regulatory Requirements**

A member firm of Errort & Young Crebat Limited

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 action of the companies and the information and explanations of the companies and the information and explanation and explanatiaudit and, as far as appears from our examination, proper accounting records have been kept by the Company

 $CA Sri \ Lanka \ membership \ number \ of the \ engagement \ partner \ responsible \ for \ signing \ this \ independent \ auditor's \ report \ is \ 1697.$ 



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26 June 2020



# අබානස් ෆිනෑනස් පී එල් සී

# 2020 මාර්තු 31 දිනෙන් අවසන් වර්ෂය සඳහා විගණනය කරන ලද මූලූ පුකාශන

විස්තිර්ණ ආදායම් පුස	ාගනය		මූලප තත්වය පිලිබඳ පුකාශය		කාර්යප සාධන දර්ශකයන්			
මාර්තු 31 දිනනේ අවසන් වර්ෂය සඳහා	2020 (රු'000)	2019 (රු'000)	මාර්තු 31 දිනට	2020 (රු'000)	2019 (රු'000)	අයිතම මාර්තු 31	2020	
ආදායම	2,037,876	1,978,549	වත්කම්			නියාමන පුාග්ධන පුමාණාත්මතාවය		T
			මුදල් හා බැංකු ශේෂයන්	146,942	263,518	මූලික පුාග්ධනය (පළමු පෙළ පුාග්ධනය) රු.000.	1,562,905	
පොලි ආදායම	1,838,845	1,820,102	බැංකුවල ඇති තැන්පතු	204,354	249,659	මුළු පුාග්ධන පදනම (රු.000.)	2,252,794	
පොලි වියදම	(876,732)	(860,326)	පුතිම්ලදි ගැනිම් ගිවිසුම්	279,143	281,537	පළමු පෙළ පුාග්ධන අනුපාතය, අවදානම මත බර තැබූ වත්කම්		
ශ්ද්ධ පොලි ආදායම	962,113	959,776	ණය හා අත්තිකාරම්	1,920,096	2,127,781	වලින් පුතිශතයක් ලෙස (අවම 6.5% 01-07-2019 සිට)	14.30	
			ලැබීය යුතු කල්බදු වාරික සහ කුලි පදනම මත			මුළු පුාග්ධන අනුපාතය, අවදානම මත බර තැබු වත්කම් වලින්		
ගාස්තු හා කොමිස් ආදායම	185,760	144,729	කුලියට ගැනීම	5,854,328	5,261,624	පුතිශතයක් ලෙස (අවම 10.5% 01-07-2019 සිට)	20.61	
ගාස්තු හා කොමිස් වියදම	(13,634)	(74,074)	වෙනත් විස්තීරණ ආදායම් මගින් සාධාරණ අගයට			පාග්ධන අරමුදල් අනුපාතය, මුළු තැන්පතු වලින් පුතිශතයක් ලෙස		
ශුද්ධ ගාස්තු හා කොමිස් ආදායම	172,126	70,655	නම් කල ස්කන්ධ උපකරණ	80	80	(අවම 10%)	31.80	
	0.44		කුමක්ෂය පිටීවැය යටතේ වන ණය උපකරණ	225,421	235,914			+
වෙළඳාම් කටයුතු වලින් ලද ශුද්ධ ලාභය / (අලාභය)	241	206	වෙනත් මුලප වත්කමි	96,488	171,437	වත්කම් වල ගුණාත්මකභාවය (ණය කළඹේ ගුණාත්මකභාවය)		ــــــ
වෙනත් මෙහෙයුම් ආදායම් (ශුද්ධ)	13,029	13,511	තට්ස දේපල	39,313	50,793			
	4 4 4 7 5 0 0	1044440	වෙනත් මුලුප නොවන වත්කමි	63,953	64,153	දළ අතිය ණය පුමාණය (රු.000.)	1,894,702	
මුඵ මෙතෙයුම් ආදායම	1,147,509	1,044,149	දේපල පිරියත හා උපකරණ	70,333	85,288	දළ අඛ්ය ණය අනුපාතය (%)	21.59	
	(222.254)	(224 224 )	අස්පෘශෘ වත්කම්	29,339	32,759	ශුද්ධ අකුිය ණය අනුපාතය (%)	4.52	
ණය හා හානිකරණය වෙනුවෙන් පුතිපාදනය කිරිමි	(333,254)	(301,981-)	භාවිත අයිති වත්කම් ම මිමි	81,250	25.767	(ශුි ලංකා මහ බැංකුවේ උපදෙස් අනුව ගණනය කරන ලදි -)		
	011256	742.160	විලම්බ්ත බදු වත්කම්	45,074	35,767	0.10		┿
ශුද්ධ මෙතෙයුම් ආදායම	814,256	742,168	මුළු වත්කම්	9,056,114	8,860,311	ලාතදායිත්ව <b>ය</b>		₩
-0			S				4074	
මෙතෙයුම් වියදම්	(260.060)	(220.627)	වගකිම්	000 673	511.760	පොළි ආදායම් ව්යදම් පරතරය වත්කම් වලින් පුතිශතයක් ලෙස	10.74	
සේවක මණ්ඩල වියදම්	(269,968)	(239,637)	බැංකුවලට ගෙවිය යුතු දැ	809,673	511,760	වත්කම් මත පුතිලාභය % (බුදු පෙර)	1.72	
කෂයවීම් හා තුමක්ෂයවීම්	(68,917)	(26,955)	ගනුදෙනුකරුවන්ට ගෙවිය යුතු ද	5,148,142	5,792,967	පුාග්ධනය මත පුතිලාභය % (බදු පසු)	6.51	
වෙනත් මෙහෙයුම් වියදමි	(239,636)	(294,414)	නිකුත් කරන ලද ණය මෙවලම සහ අනෙකුත් ණය	640.027	420 504			+
			ලබා ගත් අරමුදල්	649,837	420,594	නියාමන දුවශිලතාවය (රු. 000)		₩
වකතුකල අගය මත බද්දට හා ණය ආපසු ගෙවීමේ	225 724	101.161	වෙනත් මුලප වගකිම්	720,063	555,894			
බද්දට පෙර මෙහෙයුම් ලාත/(අලාත)	235,734	181,161	වෙනත් මූලුප නොවන වගකිමි	23,791	18,742	අවම දුවශීල වත්කම් අවශ්‍යතාවය	516,672	
	(04.706)	(70,202)	වත්මන් බදු වගකිමි	47,854	8,822	පවතින දුවශීල වත්කම් ශේෂය	739,627	
මූලප සේවාවන් මත බදු හා ණය ආපසු ගෙවීමේ අය බද්ද	(81,786)	(70,282)	ව්ශාම පුතිලාභ වගකිම්	19,435	17,471	අවම රාජන සුරැකුම්පත් අවශනතාවය	454,839	
	452040	110,000	මුළු වගකිමි	7,418,796	7,326,250	පවතින රාජන සුරැකුම්පත් ශේෂය	504,564	
බදු පෙර මෙහෙයුම් ලාභය	153,949	110,880	along along any along an			.0		+
	(50.533)	(07.150)	ස්කන්ධ	1 101 410	1,121,413	වෙනත් තොරතුරු		₩
ආදායම් බදු සදහා වෙන් කිරිමි	(50,522) 103,427	(87,158) 23,721	වුකාශත පුාගයනය වුනවස්ථාපිත සංචිත අරමුද,ල	1,121,413 133,669	1,121,413	and the second second	275	
වර්ෂය සදහා ලානය	103,427	23,721	රදවා ගත් ඉපයුම් සංචිතය	382,236	299,663	සේවක ගණන ශාඛා ගණන	375 10	
වෙනත් විස්තිර්ණ ආදායම්			මුළු ස්කන්ධ පාග්ධනය	1,637,318	1,534,060	සේවා මධපස්ථාන ගණන	13	
ලාතය තෝ අලාතය යටතට නොගැනෙන ශුද්ධ			මුළු සකුමුසු ව්ලාස්මුස	1,037,316	1,554,000	කෙවා මධ්නත්වාන භාණන	13	
වෙනත් විස්තර්ණ අලාභය			   මුළු වගකිම් හා ස්කන්ධ පුාග්ධනය	9,056,114	8,860,311			
නිෂ්චිත පුතිලාභ සැලසුම් මත ආයු ගණන ලාභය / (අලාභය)	(235)	3,317	මිල පුරාකම හා සක්මස ව්යාස්මස	9,030,114	0,000,311			
ආයු ගණන ලාභය / (අලාභය) මත වීලම්හිත බදු	(233)	(929)	   අසම්භාවප වගකීම් හා බැදිම්	_	119,300			
වර්ෂය සදහා වෙනත් විස්තිර්ණ ලාභය / අලාභ (බදු පසු)	(169)	2,388		-	119,300			
	(109)	2,300						
වර්ෂය සදහා වූ මුළු විස්තිර්ණ ආදායම	103,258	26,109	මෙම මූලප පුකාශය 2007 අංක 07 දරණ සම	ාගම් පනතේ විධි	ව්ධාන අනුව පි	ළියෙල කරන ලදී.		
වනපාර කොටසක මූලික ඉපයුම : (රු)	1.55	0.36	තරුමිණි බුලේගොඩ (අත්සන් කළේ) පුධාන ගණකාධිකාරී					

මෙම මූලුප පුකාශන පිළියෙල කිරීම හා ඉදිරිපත් කිරීම සම්බන්ධයෙන් සමාගමේ අධ්පක්ෂ මණ්ඩලය වගකීමට බැඳේ. අධ්පක්ෂ මණ්ඩලය වෙනුවෙන් අත්සන් කලේ

රුසී පෙස්ටොන්පි (අත්සන් කළේ) අධපකෂ 2020 ජූනි 26 කොළඹ දීය

රශමික නිසසංග (අතසන කලේ) අධපකෂ

1,465,534 2,161,828

> 13.94 20.56 26.48

1,483,826 18.02 5.76

> 10.77 1.24

581,246 1,037,945 454,839 496,992

> 10 13



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### **EXTRACTED FROM THE STATUTORY FINANCIAL STATEMENTS**

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ABANS FINANCE PLC

We have audited the financial statements of Abans Finance PLC ("the Company"), which comprise of the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significan

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

## **Basis for opinior**

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 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.

### **Key audit matters**

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

### Key audit matter

### Allowance for impairment of loans and leases:

Our audit considered impairment for Loans and Leases as a key audit matter. Significant judgements and assumptions were used by the management to determine the impairment allowance and complex calculations were involved in its estimation. Probable impacts of COVID -19 outbreak on the economically impacted customers and related government relief measures on the key assumptions, the higher level of estimation uncertainty involved, and materiality of the amounts reported in the company's financial statements, underpinned our basis for onsidering it as a Key Audit Matter.

As at 31 March 2020, loans and advances, and receivables from lease and hire purchase (net of impairment) amounted to Rs. 1,920 Million (Note 20) and Rs. 5,854 Million (Note 21) respectively net of total allowance for impairment of LKR 957.6 Million (Note 20.1 and 21.1). These collectively contributed 86% to the Company's total assets.

The allowance for impairment (both specific and collective) of these financial assets s estimated by management. Assumptions used by management in this calculation are inherently judgemental. Note 40.4.1 (e) to the financial statements describes the sensitivity of key assumptions.

Management's use of significant judgements relating to the impacts of the evolving COVID-19 pandemic on the Company.

Management has assessed the impact of the evolving COVID-19 pandemic on its

We considered such management's assessment in the wake of the evolving COVID-19 pandemic as a key audit matter, since it involved the use of significant

The nature of the significant assumptions involved, are disclosed in Note 2.10 to the

#### How our audit addressed the key audit matter

To assess the reasonableness of the allowance for impairment, our audit procedures (among others) were designed to obtain sufficient and appropriate audit evidences, including the following:

- We test checked the underlying calculations and data used in such calculations on a sample

- In addition to the above, focused procedures were performed as follows

For those individually assessed for impairment:
• we assessed the main criteria used by the management for determining whether an

 where impairment indicators existed, we assessed the reasonableness of management's eries including the expected future cash flows, discount rates and the

we compared the actual recoveries against previously estimated amounts of future recoveries.

we also assessed the impact of overarching economic conditions in Sri Lanka and government relief packages on future cash flows.

For those collectively assessed for impairment:

• we tested the completeness of the underlying information used in the impairment calculations by agreeing details to the source documents and information in IT system.

we also considered the reasonableness of macro-economic factors used by comparing them
with publicly available data and information sources. Our considerations included assessing the
appropriateness of the weightages assigned to possible economic scenarios.

- We assessed the adequacy of the related financial statement disclosures as set out in note(s) 20 and 21.

- We gained an understanding of significant judgements used by the management related to the impact of the COVID-19 pandemic on the business of the Company.

- We obtained an understanding of the procedures adopted by the management to manage and mitigate the prevailing business interruption which are disclosed in note 2.10 - We evaluated the sensitivity of the projected available funding by considering assumed

scenarios together with reasonable changes to the key assumptions

- We inspected the facility agreements for the company's other borrowed funds and assessed the Company's compliance with the covenants in understanding the availability of adequate

- We reviewed the adequacy of the disclosures made in Notes 2.10, 41.2, 41.4.1, 41.4.2, 41.5, 41.6, 41.6.3.1, and 42.1 in the financial statements.

#### Other information included in the 2020 Annual Report

Other information consists of the information included in the Company's 2020 Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2020 Annual Report is expected to be made available to us after the date of this auditor's report

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereor

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

### 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 quarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgement and maintain professional scepticism throughout the audit. We

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

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

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the properties of the propertiesfinancial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefitsof such communication.

### Report on Other Legal and Regulatory Requirements

A member firm at Errort & Young Crobal Limited

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 action of the companies and the information and explanations that were required for the companies and the information and explanations that were required for the companies and the information and explanations that were required for the companies and the information and explanations that were required for the companies and the information and explanations that were required for the companies and the information and explanations that were required for the companies and the information and explanations that were required for the companies and the information and explanations are the companies and the companies are the companies are the companies and the companies are the companies are the companies and the companies are the companies and the companies are the companies are the companies are the companies are the companies and the companies are the companies araudit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1697.



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26 June 2020 Colombo



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# அபான்ஸ் பினான்ஸ் பிஎல்சி

2020 மார்ச் 31 ஆம் திகதியுடன் முடிவுற்ற ஆண்டிற்கான கணக்காய்வு செய்யப்பட்ட நிதிக்கூற்றுக்கள்.

மார்ச் 31இல் முடிவுற்ற காலப்பகுதிக்கானது <b>2020</b> (ரு 000) (ரி வருமானம் 2,037,876 வட்டி வருமானம் 1,838,845 (876,732) <b>தேறிய வட்டி வருமானம்</b> 962,113	2019 5 "000) 1,978,548 1,820,102 (860,326)
வட்டி வருமானம் 1,838,845 வட்டிச் செலவினங்கள் (876,732)	1,820,102
வட்டிச் செலவினங்கள் (876,732)	
	959,776
கட்டணம் மற்றும் தரகு வருமானம் 185,760 கட்டணம் மற்றும் தரகு செலவினங்கள் (13,633) <b>தேறிய கட்டணம் மற்றும்</b>	144,729 (74,074)
தரகு வருமானம் 172,126	70,655
நிதியியல் முதலீடுகள் மூலமான தேறிய இலாபம்/(நட்டம்) 241 ஏனைய தொழிற்பாட்டு வருமானம் (தேறியது) 13,029	206 13,511
மொத்த தொழிற்பாட்டு வருமானம் 1,147,509	1,044,149
கடன்கள், வருமதிகள் மீதான தேறிய பெறுமதி குறைப்பு (333,254)	(301,981)
தேறிய தொழிற்பாட்டு வருமானம் 814,256	742,168
<b>தொழிற்பாட்டு செலவீனங்கள்</b> ஆளணிச் செலவுகள் (269,968) பெறுமானத் தேய்வு மற்றும் அருவச்	(239,637)
சொத்துக்கள் மீதான பெறுமதி குறைப்பு (68,917) ஏனைய தொழிற்பாட்டு செலவீனங்கள் (239,636)	(26,955) (294,414)
நிதிச்சேவைக்கான பெறுமதிகூட்டப்பட்ட வரிக்கு முன்னரான தொழிற்பாட்டு இலாபம் / (நட்டம்)	181,161
இலாபம் / (நட்டம்) நிதிச்சேவைக்கான பெறுமதி கூட்டப்பட்ட வரி (81,786)	(70,282)
வரிக்கு முன்னரான இலாபம் 153,949	110,880
வருமான வரிக்கான ஏற்பாடு (50,522)	(87,158)
ஆண்டுக்கான இலாபம் 103,427	23,721
ஏனைய அனைத்தையும் உள்ளடக்கிய வருமானம்	
இலாப நட்டங்களிற்கு மீள்வகைபடுத்த கூடிய ஏனைய அனைத்தையும் உள்ளடக்கிய வருமானம் வரையறுக்கப்பட்ட நலதிட்டங்களின்	
கணிப்பீட்டு இலாபம் / நட்டம் (235) பிற்போடப்பட்ட வரி 66 வருடத்திற்கான வரி நீங்கலான	3,317 (929)
ஏனைய அனைத்தையும் உள்ளடக்கிய வருமானம் (169)	2,388
வருடத்திற்கான மொத்த அனைத்தையும் உள்ளடக்கிய வருமானம் 103,258	26,109
பங்கொன்றுக்கான உழைப்பு (ரு)	0.36

நிதியியல் நிலைமைக்கூற்று			
மார்ச் 31ஆம் திகதியில் உள்ளவாறான	<b>2020</b> (ரு"000)	<b>2019</b> (低"000)	
சொத்துக்கள்			
காசு மற்றும் வங்கி மீதிகள் வங்கிகளுடனான வைப்புக்கள்	146,942 204,354	263,518 249,659	
மீள்கொள்வனவுக்கான ஒப்பந்தங்கள் (அரச பிணையங்கள்)	279,143	281,537	
வாடிக்கையாளருக்கான கடன் மற்றும் முற்பணங்கள்	1,920,096	2,127,781	
நிதிக்குத்தகைகள் மற்றும் வாடகைக் கொள்வனவுகள்	5,854,328	5,261,624	
பங்குமுதலீடுகள் நியாயமான பெறுமதியில்	80	80	
தேய்வுப் பெறுமதியிலுள்ள கடன் சாதனங்கள் ஏனைய நிதிச் சொத்துக்கள் மெய் ஆதன இருப்புக்கள்	225,421 96,488 39,313	235,914 171,437 50,793	
ஏனைய நிதிசாராச் சொத்துக்கள் ஆதனம், பொறிகள் மற்றும்	63,953	64,153	
ஆதனம், பொற்கள் மற்றும் உபகரணங்கள் அருவச் சொத்துக்கள்	70,333 29,339	85,288 32,759	
அருவச சொத்துக்கள் பயன்படுத்துவதற்குரிமையுள்ள சொத்துக்கள்	81,250	-	
பிற்போடப்பட்ட வரிச் சொத்துக்கள் மொத்தச் சொத்துக்கள்	45,074 <b>9,056,114</b>	35,767 <b>8,860,311</b>	
பொறுப்புக்கள்		2,000,011	
வங்கிகளுக்குச் செலுத்தப்பட வேண்டியவை	809,673	511,760	
வாடிக்கையாளர்களுக்கு செலுத்தப்பட வேண்டியவை ஏனைய கடன்கள்	5,148,142 649,837	5,792,967 420,594	
ஏனைய நிதியியல் பொறுப்புக்கள் ஏனைய நிதிசாராப்	720,063	555,894	
பொறுப்புக்கள் நடப்பு வரிப் பொறுப்புக்கள் இளைப்பாற்று நலதிட்டங்களின் பொறுப்புகள் மொத்தப் பொறுப்புக்கள்	23,791 47,854 19,435 <b>7,418,796</b>	18,742 8,822 17,471 <b>7,326,250</b>	
<b>ച</b> നിയെല്ലാൽയെ	. ,	.,020,200	
கூறப்பட்ட மூலதனம்	1,121,413	1,121,413	
நியதிச் சட்ட ஒதுக்கம்	133,669	112,984	
பகிரப்படாத வருவாய்கள்	382,236	299,663	
மொத்த உரிமையாண்மை	1,637,318	1,534,060	
மொத்த பொறுப்புக்களும் உரிமையாண்மையும்	9,056,114	8,860,311	
கடப்பாடுகளும் நிகழத்தக்கவைகளும்		119,300	

தெரிவு செய்யப்பட்ட செயற்பாட்(	டு குறிகா	ர <b>்</b> டிகள்
மார்ச் 31ஆம் திகதியில் உள்ளவாறான	2020	2019
ஒழுங்குபடுத்தும் மூலதன போதுமை		
கரு மூலதனம் (படி 1 மூலதனம்) ரூபா "000" மொத்த மூலதன அடித்தளம் ரூபா "000" கரு மூலதனம் போதுமை விகிதம் இடர்நேர்வு	1,562,905 2,252,794	1,465,534 2,161,828
நிறையேற்றப்பட்ட சொத்துக்களின் % (ஆகக்குறைந்த மூலதன போதுமை வீதம் 6.5%)"	14.3	13.94
மொத்த மூலதனப் போதுமை விகிதம், இடர்நேர்வு நிறையேற்றப்பட்ட சொத்துக்களின் % (ஆகக்குறைந்த மூலதன போதுமை வீதம் 10.5%)"	20.61	20.56
மூலதன நிதியத்திற்கு வைப்புப் பொறுப்புக்கள் விகிதம் (ஆகக்குறைந்த 10%)	31.80	26.48
சொத்துக்களின் தரம் (கடன்களின் தரம்)		
மொத்தசெயற்படா கடன்கள் ரூபா "000" * மொத்தசெயற்படா கடன்கள் வீதம் % *	1,894,702	1,483,826
தேறிய செயற்படா கடன்கள் வீதம் % *	21.59	18.02
* இலங்கை மத்திய வங்கியின் விதிகளுக்கமைய கணிக்கப்பட்டது	4.52	5.76
இலாபத்தன்மை <b></b>		
வட்டி இலாப எல்லை (வருடாந்தமாக்கியது)	10.74	10.77
சொத்துக்களின் மீதான வருவாய் % (வரிக்கு முன்)	1.72	1.24
பங்குதாரரின் மொத்த உரிமையாண்மை மீதான வருவாய் (வரிக்குப் பின்)	6.51	1.53
ஒழுங்குபடுத்தும் திரவத்தன்மை		
தேவையான திரவச் சொத்துக்களின் குறைந்தபட்ச தொகை	516,672	581,246
கிடைக்கக்கூடிய திரவச் சொத்துக்களின் தொகை தேவையான அரச பிணையங்களின் குறைந்தபட்ச	739,627	1,037,945
தொகை	454,839	454,839
கிடைக்கக்கூடிய அரச பிணையங்களின் தொகை	504,564	496,992
குறிப்பாணைத் தகவல்கள்		
ஊழியா்களின் எண்ணிக்கை கிளைகளின் எண்ணிக்கை	375	383
களைகளான எண்ணாககை சேவை நிலையங்களின் எண்ணிக்கை	10	10
அடகு நிலையங்களின் எண்ணிக்கை	13 -	13 -

இந்த நிதிக் கூற்றுக்கள் 2007 ஆம் ஆண்டு 7ஆம் இலக்க கம்பனிச் சட்டத்திற்கிணங்கும் வகையில் தயாரிக்கப்பட்டுள்ளது.

தருமினி புளேகொட (ஒப்பம்) பிரதம கணக்காளர்

இந்த நிதியறிக்கைகளின் தயாரிப்புக்கும் வழங்கலுக்குமான பொறுப்பு பணிப்பாளர்கள் சபையைச் சார்ந்ததாகும். சபைக்காகவும் சபையின் சார்பிலும் கையொப்பமிடுவோர்.

ருஷி பெஸ்டோன்ஜி (ஒப்பம்) 2020 ஜுன் 26 கொழும்பில் ரஷ்மிக நிஸ்ஸங்க (ஒப்பம்)



Ernst & Young Chartered Accountants 201 De Saram Place P.O. Box 101 Colombo 10 Sri Lanka

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ey.com

## **EXTRACTED FROM THE STATUTORY FINANCIAL STATEMENTS**

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ABANS FINANCE PLC

## We have audited the financial statements of Abans Finance PLC ("the Company"), which comprise of the statement of financial position as at 31 March 2020, and the statement of

comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and its

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

### Key audit matters

Key audit matter

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

How our audit addressed the key audit matter

Key audit matter	now our audit addressed the key audit matter
Allowance for impairment of loans and leases:	To assess the reasonableness of the allowance for impairment, our audit procedures (among others) were designed to obtain sufficient and appropriate audit evidences, including the following:
Our audit considered impairment for Loans and Leases as a key audit matter. Significant judgements and assumptions were used by the management to determine the impairment allowance and complex calculations were involved in its	-We evaluated the design and operating effectiveness of key internal controls over estimation of impairment for loans and leases, which included assessing the level of oversight, review and approval of impairment policies by the Board Audit Committee and management.
estimation. Probable impacts of COVID -19 outbreak on the economically impacted customers and related government relief measures on the key assumptions, the	- We test checked the underlying calculations and data used in such calculations on a sample basis.
higher level of estimation uncertainty involved, and materiality of the amounts	- In addition to the above, focused procedures were performed as follows:
reported in the company's financial statements, underpinned our basis for considering it as a Key Audit Matter.	For those individually assessed for impairment:  • we assessed the main criteria used by the management for determining whether an impairment event had occurred.
As at 31 March 2020, loans and advances, and receivables from lease and hire purchase (net of impairment) amounted to Rs. 1,920 Million (Note 20) and Rs. 5,854	where impairment indicators existed, we assessed the reasonableness of management's estimated future recoveries including the expected future cash flows, discount rates and the valuation of collateral held.
Million (Note 21) respectively net of total allowance for impairment of LKR 957.6 Million (Note 20.1 and 21.1). These collectively contributed 86% to the Company's	• we compared the actual recoveries against previously estimated amounts of future recoveries.
total assets.	• we also assessed the impact of overarching economic conditions in Sri Lanka and government relief packages on future cash flows.
The allowance for impairment (both specific and collective) of these financial assets	For those collectively assessed for impairment:
is estimated by management. Assumptions used by management in this calculation are inherently judgemental. Note 40.4.1 (e) to the financial statements	• we tested the completeness of the underlying information used in the impairment calculations by agreeing details to the source documents and information in IT system.
describes the sensitivity of key assumptions.	we also considered the reasonableness of macro-economic factors used by comparing them with publicly available data and information sources. Our considerations included assessing the appropriateness of the weightages assigned to possible economic scenarios.
	-We assessed the adequacy of the related financial statement disclosures as set out in note(s) 20 and 21.
Management's use of significant judgements relating to the impacts of the evolving COVID-19 pandemic on the Company.	Our audit procedures included the following;
Management has assessed the impact of the evolving COVID-19 pandemic on its	- We gained an understanding of significant judgements used by the management related to the impact of the COVID-19 pandemic on the business of the Company.
business and financial statements of the Company as disclosed in Note 2.10.	-We obtained an understanding of the procedures adopted by the management to manage and mitigate the prevailing business interruption which are disclosed in note 2.10.
We considered such management's assessment in the wake of the evolving COVID-19 pandemic as a key audit matter, since it involved the use of significant	- We evaluated the sensitivity of the projected available funding by considering assumed scenarios together with reasonable changes to the key assumptions.
management judgments and estimates considering future events, circumstances and impacts on cash flows, based on available information.	- We inspected the facility agreements for the company's other borrowed funds and assessed the Company's compliance with the covenants in understanding the availability of adequate funding.

## Other information included in the 2020 Annual Report

Other information consists of the information included in the Company's 2020 Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2020 Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

### Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with SLAuSs, we exercise professional judgement and maintain professional scepticism throughout the audit. We

- 1. 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
- 2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- 3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by
- 4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits

## Report on Other Legal and Regulatory Requirements

A member firm of Errort & Young Chilor Limited

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1697.



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26 June 2020



financial statements

The nature of the significant assumptions involved, are disclosed in Note 2.10 to the

We reviewed the adequacy of the disclosures made in Notes 2.10, 41.2, 41.4.1, 41.4.2, 41.5, 41.6

41.6.3.1, and 42.1 in the financial statements.