



# EXCELLING TASKS

RAMBODAL FALLS HOTEL  
ANNUAL REPORT 2020/2021

*The period under review has seen us remain not just resolute but resilient too. With our foundation of quality, excellent service and value system centered on quality without compromise, we remain undeterred.*

*The supremacy of true Sri Lankan hospitality intertwines care, understanding, warmth and friendliness; and at The Ramboda Falls PLC, we are built upon these values to recommence the way our stakeholders experience the unique hospitality of our nation. Come what may, we are mindful and prepped to take on the road ahead. Our effort will remain fixated on the silver lining—being the best we can be, in any possibility.*

# FINANCIALS AT A GLANCE

**Profit after Tax** Rs. (24,094,845)

**Revenue** Rs. 14,024,885

For the year ended 31 <sup>st</sup> March	2021(Rs.000)	2020(Rs.000)
Revenue	14,025	110,235
Profit before Tax	(25,861)	12,769
Profit after Tax	(24,095)	8,097

## Financial position

Share holders' funds	391,105	414,574
Total Assets	476,310	499,472

## Per Ordinary share

Earnings/(Loss) per share	(1.2)	0.4
Net Asset per share	19.6	20.7

## Ratio

Gross profit (%)	18	58
Net profit/ (Loss) (%)	(171.8)	7.3
Return on shareholders fund	(6.2)	2
Return on Assets %	(5.1)	1.6

# *Our Hotels*

## **Ramboda Falls Hotel**

*Enjoy Unique Nature and Breath of fresh air at Hill country...*

The Ramboda falls hotel is an ideal holiday resort, discern for both local and international clientele. Located in one of the most idyllic settings in the hill country facing the magnificent view of Ramboda falls while surrounded by three other major water falls equipped with 45 luxury rooms, restaurant & bar, coffee shop and a food court.

## **Muwan Palassa Resort**

*Feel the Beauty of Simplistic Living...*

Muwan Palassa Resort is an eco-friendly bird watching paradise surrounded by nature and lush greeneries providing traditional village experience and facing the Polonnaruwa- Habarana main road, including 18 luxury rooms, restaurant, swimming pool and play ground.

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## *Our Vision*

To be a leading, attractive hotel in the hill country known for providing excellent service with unique adventures.

## *Our Mission*

To become the best choice in the hill country for its food, services and lodging catered toward nature lovers, frequent travelers and of honeymooners alike.

## *Our Core Values*

- Best interest of all stake holders
- Passion for good customer service
- Driven by innovation
- Teamwork
- Loyalty
- Exceed expectations





## Chairman's Statement

### Dear Stakeholder,

On behalf of the Board of Directors, it gives me great pleasure to welcome you to the Annual General Meeting of Ramboda Falls PLC and I'm pleased to present to you the 8<sup>th</sup> Annual Report and Audited Financial Statements for the year ended 31<sup>st</sup> March 2021.

### Performance

The Ramboda Falls PLC has seen a negative impact on its overall profitability. The turbulent operating environment of the year saw Ramboda Falls PLC recording a significant decline in revenue to Rs14 Mn from Rs110 Mn which was achieved in the previous financial year. The Company recorded a decrease of Rs.32 Mn in net profit, against a net profit of Rs.8.1 Mn in the previous year.

### Industry Overview of Sri Lanka Tourism

Due to the pandemic situation of Sri Lanka, the Government imposed travel restrictions with a full closure of the airport and termination of all passenger flights from mid-March 2020. As a result, total tourist arrivals during the period January to December 2020 amounted to 507,704, a decline of 73% compared to the total tourist arrivals in 2019. While Sri Lanka reopened its borders to international tourists on 21<sup>st</sup> January 2021, arrivals during the first quarter of

2021 remained subdued reflecting the lower demand globally for international travel. The sharp increase in COVID-19 positive cases from late April 2021 due to the

emergence of a third wave in the country and resultant border and mobility restrictions imposed by the Government in May 2021 has further slowed down short-term recovery prospects for the industry. Given the strategic importance of the tourism sector to the Sri Lankan economy, the Government has extended several relief measures including concessionary funding and loan moratoriums, moratoriums on Sri Lanka Tourism Development Authority (SLTDA) registered land leases, and concessions on payment of levies to support the recovery of the industry. Sri Lanka Tourism was one of the first in the Asian region to prepare and issue a detailed COVID-19 Health Protocol for the industry which also received the Safe Travel stamp from World Travel & Tourism Council.

### Overview of the Financial Year

As I reflect back on 2020, there is no doubt that the last 12 months have been one of the most difficult periods our industry has ever faced. While we recognized that the probability of a demand shock grew increasingly likely as we entered our twelfth year of the lodging recovery, we could not have



scripted a more challenging period for the industry than the global health pandemic that caused demand. Furthermore, our financial performance reflected the continued stress of a global crisis that began at the end of the last financial year. The Ramboda falls PLC ended the year reporting an overall loss of Rs.24 Mn on revenue of Rs.14 Mn.

### The Way Forward

The world -economic impact of COVID-19 in the past year has been tremendous, particularly for the tourism industry which repeatedly bore the brunt of it. The closure of borders, followed by their conditional re-opening were far from adequate to propel the industry into recovery.

Ensuring the safety of our employees and guests remains a key priority. We continue to take proactive action to mitigate the risk of a spread of the COVID-19 virus, in compliance with the guidelines and regulations stipulated by the health authorities, whilst continuing to rollout additional voluntary and precautionary measures. Ramboda falls Rapid Response Team implemented with stringent health and safety protocols in line with the guidelines issued by the World Health Organization and the Government of Sri Lanka. The Ramboda Falls hotel received the '**Safe & Secure**' certification awarded by SLTDA.

As a truly Sri Lankan hospitality brand, we will focus mainly on a local-market strategy to generate revenue. Ramboda Falls PLC has experienced significant financial difficulties during

the first half of the year, however, we have evaluated the impact on the business and taken

steps to implement cost minimization strategies in order to sustain our business while providing value to the industry as well as our stakeholders.

### Acknowledgements

In conclusion, I take this opportunity to thank my colleagues on the Board for their invaluable guidance and constant support.

I also wish to convey my deep appreciation to our management team and staff for their untiring effort, commitment and drive.

Finally, I wish to convey my sincere appreciation to all our stakeholders including our tour operator partners, guests and shareholders for their continued support.

Mr. Takashi Igarashi  
Chairman  
15<sup>th</sup> September 2021



# Board of Directors

## **Mr. Takashi Igarashi - Chairman**

Mr. Takashi Igarashi 66 years of age, commenced his business life in 1983. His main industry of work was in the trading business for exporting vehicles and heavy machineries to New Zealand and Australia. He developed an account administration system for collecting bills and also started a business providing services in New Zealand that deals with Japanese exporters. He also established a legal service firm in New Zealand. In 1996, Mr. Igarashi started the test plantation in Watawara and exported plants to Japan successfully.

In 2011, Mr. Igarashi established New World Securities (PVT) Ltd., a trading member firm of the Colombo stock exchange as a funder and chairman. Mr. Igarashi is also the chairman of NWS Holdings (PVT) Ltd., NWS Management Services (PVT) Ltd. That led to his acquisition of Expo Lanka PLC by Sagawa Holdings Limited which has a top market share in the logistics sector in Japan. Moreover, Mr. Igarashi holds other directorships including in Pan Asia Banking Corporation PLC and Prime Ocean Foods (PVT) Ltd.

## **Mr. Sasanka Sigera - Managing Director**

Mr. L. Sasanka Sigera, 59 years of age, after completing his education, began his career at Lanka Oberoi in Colombo (presently known as Cinnamon Grand Hotel owned by John Keells Holdings) in the accounts division and later worked at Ramada Renaissance Hotel in Colombo (presently named Cinnamon Lakeside) for thirteen years as an Executive in the accounts field. With his hard work and enthusiasm, he now holds the position of Managing Director having been in the hotel industry for 33 years. He is an active member of the Lions Club of Enderamulla and was a former president of the club in 2004/05.

## **Mr. Ananda Karunaratne Executive Director**

Mr. I.J. Ananda Karunaratne, 60 years of age, became an Accounts Executive in Starline Shipping and Trading Company. He then joined Tharindu Enterprises as its Manager. Later, he became a managing partner of Ajanee Enterprises. He was then employed as the Managing Director of Marco International (Pvt) Ltd, a company that manufactured garments for the export market. He was a partner of Sikano International and was able to initially start Ramboda Falls Hotel. He too is an active member of the Lions Club.

**Mr. Daylamudalige Don Sunil**  
**Independent Non- Executive Director**

Mr. Daylamudalige Don Sunil, 59 years of age, is a focused, committed individual, who upon successfully completing the GCE Advance Level, was selected to University of Sri Jayawardanapura in year 1981. He completed his higher education and graduated in 1985 with a Second Class degree in Bachelor of Commerce (Special).

While engaging in his higher education, he was able to pass the licentiate exam conducted by the Institute of Chartered Accountants SL in 1981. He is also a member in the Association of Accounting Technicians of Sri Lanka (AAT).

He is a dedicated and compassionate professional, who specializes in accounting and commerce - he received training as an audit trainee for two years in Tissa Weerasingham & Sothiyalingam Co. (Chartered Accountants), in order to enhance his professional career. Then, he joined to Toppan Moore Co. (Pvt) Ltd, a pioneer company for computer forms, for the post of Assistant Accountant for one year. Following that, he served as an Accountant for two years in House and property Traders Limited, Real Estate Company.

Upon expanding the professional experience in his career, he then took over his family business which he still operates while preparing and handling the financial statement, by himself, successfully since 1991 to date. For this, he uses the experience and knowledge he gained.

**Mr. Peter A Stewart - Executive Director**

Peter A. Stewart has been working across Asia for the past 20 years in the adventure & travel industry. He has pioneered first hand, many activities in the region and worked in Nepal, Bhutan and Sri Lanka. He is a resource person and guest speaker for PATA travel trade shows on the topic of adventure tourism in Asia. He has conducted many international sporting events with major network

coverage in 2003. He pioneered Hot Air Ballooning in Sri Lanka and also Commercial Rock Climbing in the first Rock Climbing Wall in Colombo and later built walls for International Schools and a mobile wall for island wide climbing competitions.

He conducts corporate training programs for Sri Lanka's top multi-nationals and takes them on high adventure excursions across the island integrating business and self-development lessons to the experiences.

He is the owner of Himalayan Mountain Bike Nepal - the pioneer of mountain biking in the region (Est. 1988). He has worked alongside other experts in their endeavors to advance other extreme adventure activities and has contributed to the 'adventure chapters' of five travel books including Lonely Planet and one in Sri Lanka.

**Mr. P Sarathchandra Non-Executive Director**

Mr. P. Sarathchandra, has obtained a Bachelor's Degree in Chemical and Process Engineering and a PG Diploma in (ENV) Engineering from the University of Moratuwa. He is a Chartered Engineer, a member of Institute of Engineers Sri Lanka and Lanka Building service Engineers Association and a consultant of Cleaner Production and Waste Water Treatments in Central Environmental Authority. He was a Senior Chemical and Process Engineer at United Tractor and Equipment Ltd, Director in Fnance and Administration and Director of Environment and Process Engineering at Trittech Engineers (Pvt) Ltd. He is also the Managing Director of Natural Products Holdings (Pvt) Ltd. and holds directorships at Trittech Marketing International (Pvt) Ltd and Get In To Lanka (Pvt) Ltd.

**Mr V.N.D. Wickramasinghe -****Independent Non- Executive Director**

Mr. V. N. D. Wickramasinghe, has obtained a Bachelor's Degree in Civil Engineering from the University of Moratuwa. He is a member of Institute of Engineers Sri Lanka and Project Managers Association. He was a Site Manager at Pet Packaging (Pvt) Ltd and General Manager of Elemech Engineers (Pvt) Ltd. He also holds Directorships at Natural Products Holdings (Pvt) Ltd, Trittech Engineers (Pvt) Ltd, Trittech Marketing Int. (Pvt) Ltd and Get In To Lanka (Pvt) Ltd.

**Mr. W.G Dhanapala- Alternative Director**

Mr. Walvita Gamage Dhanapala after completing his higher education, joined the Government Service in 1977. He had participated in management training at the Local Government Training Institute at Embilipitiya, while serving in the Government Service. Thereafter, he joined Sri Lanka Customs in 1989 as an Assistant Superintendent of Customs. He has participated in both local and overseas trainings for Customs related matters. Later, he was elevated to the positions of Deputy Superintendent of Customs and Superintendent of Customs, respectively. After completing a term of 38 years in Government Service, he retired in 2015 as a Superintendent of Customs.

# Goals and Strategies

The long-term sustainability of the Company is dependent on the goals and strategies; we have clear targets that we pursue to create sustainable value over the short, medium and long terms. Even in this crisis period, we are focused on achieving the breakeven, minimizing operating costs and increasing occupancy ratio and revenue of the hotel by promoting through local mediums - via social media and TV programs (Facebook promotions and TV program) and focusing on sustainable development and to nourish the environment and encourage people to be more ecologically responsible.

We continue to take proactive action to mitigate the risk of a spread of the COVID-19 virus, in compliance with the guidelines and regulations stipulated by the health authorities, The Ramboda Falls hotel management team created a safe environment for staff and guest with implement safety protocols in line with the guidelines issued by the Health Organizations and SLTDA and we are also proud to be first and only hotel in Ramboda to receive the **'Safe & Secure'** certification awarded by SLTDA.

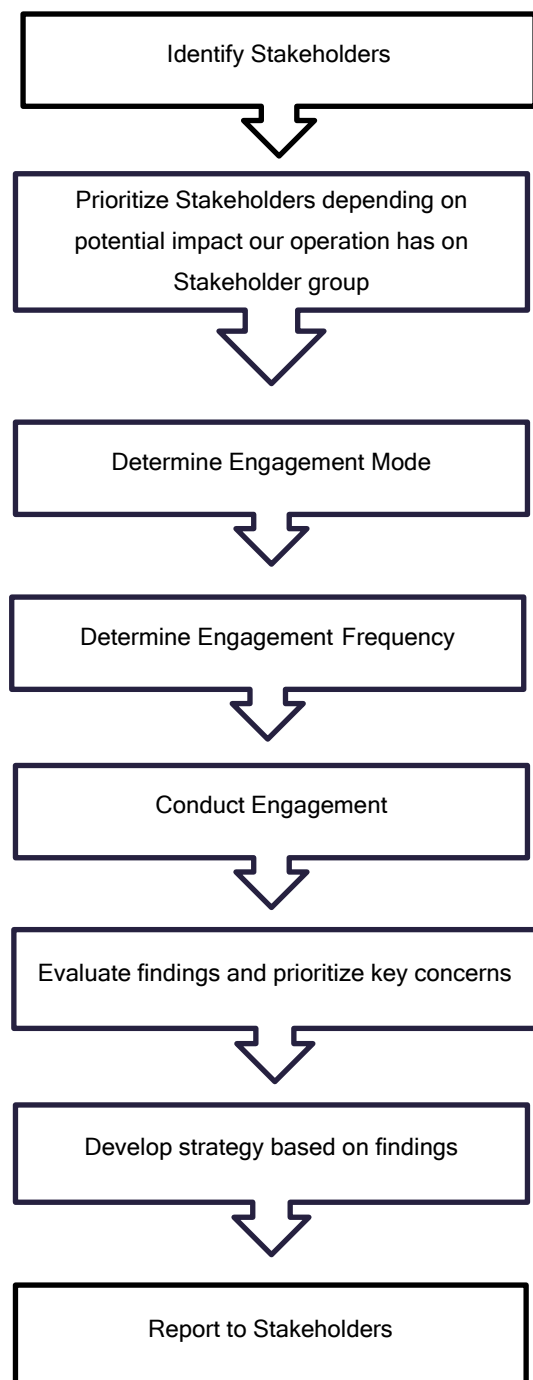
Our strategies not only focus on the above goals, but are set to enhance each and every aspect of our business in order to face **Excelling Task**, whilst delivering value to all our stake holders.



## How We Engage with our Stakeholders

The success of Ramboda Falls brand depends on how relevant we are in an increasingly competitive and rapidly evolving environment. How we remain relevant is by constantly engaging with our stakeholders to understand their requirements and concerns. Formal and informal mechanisms are in place for the engagement with each of the stakeholders on an ongoing basis and they are reviewed regularly to ensure that the most effective mechanisms are in place for each stakeholder.

# Our Stakeholder Engagement Process



Shareholders	Employees
<b>Mode of frequency of Engagement</b>	
<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Annual Report and Quarterly Updates</li> <li>• Website (ongoing)</li> <li>• Open Door Policy for Investors (Ongoing)</li> </ul>	<ul style="list-style-type: none"> <li>• Staff Meetings (Ongoing)</li> <li>• Annual Performance Appraisal</li> <li>• Employee Surveys (Quarterly)</li> <li>• Collective Agreements (Ongoing)</li> </ul>
<b>Key Topics and Concerns Raised</b>	
<ul style="list-style-type: none"> <li>• Financial Performance</li> <li>• Sustainable Growth</li> <li>• Corporate Governance &amp; Ethics</li> <li>• Risk Management</li> </ul>	<ul style="list-style-type: none"> <li>• Opportunities for Growth</li> <li>• Attractive Remuneration and Benefits</li> <li>• Training &amp; Development</li> <li>• Job Security</li> <li>• Performance Management</li> <li>• Health &amp; Safety Considerations</li> </ul>
<b>Strategic Response</b>	
Performance is guided by a clear business strategy developed in response to market trends	We continue to deliver on our Peoples Promises in order to attract and retain the best talent.

# Risk Management

*The COVID-19 pandemic, including the resulting economic slowdown, travel restrictions and decrease in demand for our hotel, has adversely impacted and disrupted its functions, and is expected to continue to significantly impact and disrupt our business's financial performance and condition, operating results and cash flows.*



The Financial Year under review was deeply impacted by the COVID-19 Global Pandemic, where the first quarter was almost at a standstill with the first wave of the pandemic and the third quarter was affected with the second wave and lastly, in the fourth quarter, once again with the third wave of the pandemic, which to this date is far from over. The recurring effects have resulted in serious loss of business and the third wave of the pandemic has proved the magnitude of the devastation it can cause to both human lives and economies of the world. With this report we aim to highlight the risks involved and the mitigations taken to lessen the impact of the risks whilst staying true to the core business acumen.

## Risk Governance

The risk function comes under the overall supervision of the Ramboda falls PLC Board of Directors, who recognize that they are responsible for providing returns to shareholders, which is consistent with the responsible assessment and mitigation of risks. The Board is aware of any internal control systems contain inherent limitations and therefore, the Board takes appropriate action to minimize such situations.

The Company maintains a comprehensive system to identify, measure and mitigate risks.

Both risk and internal control functions work in sync to ensure that the risks are identified in a timely manner and necessary mitigatory steps are taken immediately.

The three main objectives of Internal Controls of the Company are,

1. Ensuring the reliability of Financial Reporting.
2. Improving the effectiveness and the efficiency of Hotel Operations.
3. Compliance with the Laws and Regulations.

## Risk Management Processes

Today's businesses work in an increasingly dynamic yet challenging environment and are influenced by many external factors, some of which are not controllable. These different spheres include governmental, financial, social, technological, industrial, legal and environmental factors etc.

The following aspects are perceived as the most dynamic risks and therefore, are proactively managed and monitored by the senior management.

## Risk Management

Risk Factor	Potential Impact	Mitigating Actions
<b>1. Health &amp; Safety Risk</b>		
<p>Covid-19 Global Pandemic</p> <div data-bbox="167 493 560 543" style="border: 1px solid black; padding: 5px; margin: 10px 0;">Risk Assessment</div> <p><b>Impact</b> - High  <b>Likelihood</b> - High  <b>Net Risk Assessment</b> - High <math>\Delta</math></p>	<ul style="list-style-type: none"> <li>• Vulnerable business climate may affect the system which can cause severe challenges on revenue segments.</li> </ul>	<ul style="list-style-type: none"> <li>• Follow latest guidance and recommendations of government, global health agencies (i.e. WHO) and public health officials on the implementation of appropriate health and safety measures for staff and guests.</li> <li>• Adhere to safe and secure guidelines issued by SLTDA.</li> <li>• Rigorous cost management techniques have been introduced to minimize the losses.</li> <li>• Business Continuity Plan (BCP) is in place.</li> </ul>
<b>2. Business Risk</b>		
<p>Prevailing uncertainty on the business activities and risk of the Company not being able to meet its financial obligations as they fall due.</p> <div data-bbox="167 1581 560 1644" style="border: 1px solid black; padding: 5px; margin: 10px 0;">Risk Assessment</div> <p><b>Impact</b> - High  <b>Likelihood</b> - High  <b>Net Risk Assessment</b> - High</p>	<ul style="list-style-type: none"> <li>• Cost increases due to continuously improving product quality standards in line with competitors.</li> <li>• Anticipated price pressure following increase in inventory.</li> </ul>	<p><b>Preventive</b> - Pricing, refurbishment, retention of talent, training and development of staff, product and service upgrades are carried out to be competitive with industry counterparts. Persistent efforts to preserve margins through operational excellence and cost management.</p> <p><b>Detective</b> - Pricing strategies are scrutinized with competitor pricing and other available offers.</p> <p><b>Corrective</b> - Monitoring of guest reviews and rankings, increased marketing efforts including social media strategies and review of pricing strategies.</p>
<b>3. Shift in Source Market</b>		



## Competition Risk

### Risk Assessment

Impact - High  
Likelihood - High  
Net Risk Assessment - High

- Pressure on disposable income of customers' which can hamper the business volumes.
- Revenue reduction in rooms and food & beverage outlet due to limitation of number of pax gathered at a single location (cause by the enforcement of the Government and Regulatory bodies from time to time.
- Discounted offers are floated to keep the cash flow moving.
- Proactive measures have been taken in order to maintain brand standards, health and safety standards and ensure high levels of customer satisfaction.
- Closely monitor industry trends and competitor activity and strategies by reviewing respective market share and performance on a daily basis.

## 4. Information Technology and Cyber Risk

Cyber Security/Information Technology Systems.

### Risk Assessment

Impact - High  
Likelihood - Average  
Net Risk Assessment - Average

- Threat of losing information of the hotel and compromising guest privacy.
- Hotel level initiatives to increase the awareness among the staff members.
- E-mails are protected through dual factor authentication.
- Implemented store backup in to external hard in once a week.

## 5. Financial risks

Credit and Liquidity Risk

### Risk Assessment

Impact - Low  
Likelihood - Low  
Net Risk Assessment - Low

- Exposure and losses due to default of settlement by debtors
- Inability to meet financial commitments on due dates.
- Increased cost of debt.
- **Preventive** - Stringent credit policy and controls to mitigate the impact of default, regular review of credit limits. Capital investments are planned in a manner which would not adversely impact on the cashflows and gearing status.
- **Detective** - Ongoing monitoring against collection targets with progressive action, regular review mechanisms to monitor the Company's performance against budgets.
- **Corrective** - Regular internal audits.

## 6. Country Risk

Attacks on economic nerve centers & civilians may disrupt the peace and tranquility. Imposition of Travel adversaries against Sri Lanka.

### Risk Assessment

**Impact** - High  
**Likelihood** - Average  
**Net Risk Assessment** - Average

• Vulnerability to acts of terrorism leading to travel warnings to tourists which results in lower occupancy. Possible damage to property and equipment and high risk of safety of guests and staff

• Increase security checks on vehicles and guests.  
 • Business interruption insurance cover in place.  
 • Property all risk insurance in place.  
 • Business Continuity Plan (BCP) in place.

## 7. Talent Attraction and Retention

Ongoing challenges in the industry has resulted in employees looking for alternative employment, locally and internationally.

### Risk Assessment

**Impact** - High  
**Likelihood** - High  
**Net Risk Assessment** - High

• Challenges in maintaining service quality.  
 • Increased costs associated with new recruitments.  
 • Impact on Company's competitive edge and brand loyalty.

• Ongoing savings in talent and capability development.  
 • Continuous efforts in associate development program.  
 • Salary benchmarking to the industry.  
 • No pay-cuts were introduced but a supporting allowance was provided for associates.

## 8. Impacts on Local Community

Our operations impact the communities around our properties through employment generation, environmental bearings and factors among others.

### Risk Assessment

**Impact** - Decrease  
**Likelihood** - Decrease  
**Net Risk Assessment** - Low

• Inadequate engagement and inability to fully fulfil the expectations of the surrounding communities can lead to reputational losses, community unrest and ultimately impact our social license to operate.

• Maintaining a high level of engagement with neighboring communities.  
 • Creating opportunities for the youth in the local communities.  
 • Sponsorships and donations for cultural, religious and other projects in the communities.

# Report of the Directors on the State of Affairs of the Company

The Board of Directors is pleased to present their Report and the Audited Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2021. The details set out herein provide pertinent information required by the Companies Act, No.7 of 2007 and the Colombo Stock Exchange Listing Rules, and are guided by recommended best accounting practices.

## Review of the Year

The Chairman's Review describes the Company's affairs and mentions important events of the year.

## Principal Activity

The Company owns & operates Ramboda Falls Hotel which carries leisure & hospitality services.

## Financial Statements

The financial statements of the Company are given on pages 34 to 80.

## Auditor's Report

The Auditor's report on the financial statements is given on pages 30 to 33.

## Accounting Policies and Changes during the Year

Standards (LKAS/SLFRS) laid down by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Company's Act No 07 of 2007. The significant Accounting Policies adopted in the preparation of the Financial Statements of the Company are given on pages 38 to 80 of the Annual Report.

## Directors Interest

None of the Directors had a direct or indirect interest in any contracts or proposed contracts with the Company, other than as disclosed in Note 23 to the financial statements.

## Directors Remuneration and Other Benefits

Directors' remuneration in respect of the Company for the financial year ended, 31<sup>st</sup> March 2021 is given in Note 7 to the financial statements.

## Directors' Shareholding as at 31.03.2021

Name of the Director	No of share as at 31. 03.2021	% of Holding
Mr. Takashi Igarashi	100,000	0.5
Mr. L.S. Sigera	7,080,700	35.4
Mr. I.J.A. Karunaratna	7,080,700	35.4
Mr. P. Sarathchandra	20,000	0.1
Mr. V.N.D. Wickramasinghe	20,000	0.1
Mr. D.D. Sunil	999	0

**Auditors**

The financial statements for the year ended 31st March 2021 have been audited by KPMG, Chartered Accountants, who express their willingness to continue in office. In accordance with the Companies Act No.07 of 2007, a resolution relating to their re- appointment and authorizing the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

The Auditors KPMG, Chartered Accountants were paid Rs.335,000 as audit fees by the Company. As far as the Directors are aware, the Auditors do not have any relationship (other than that of an Auditor) with the Company other than those disclosed above. The Auditors also do not have any interest in the Company.

**Property, Plant and Equipment**

An analysis of the property, plant and equipment of the Company, additions and disposals made during the year and depreciation charged during the year are set out in Note 11 to the financial statements.

**Capital Commitments**

There are no material capital commitments that would require disclosures in the financial statements.

**Stated Capital**

The Stated Capital of the Company is Rs.100 Mn.

**Reserves**

Total reserves as at 31st March 2021 amount to Rs.291 Mn comprising of retained earnings. Movements are shown in the Statement of Changes in Equity in the Financial Statements.

**Employment Policies**

The Company is an equal-opportunity employer without any discrimination.

**Taxation**

The tax position of the Company is given in Note 9 to the Financial Statements.

**Shareholding**

The number of registered shareholders of the Company as at 31st March, 2021 was 598. The distribution and analysis of shareholdings are given on page No. 82.

**Major Shareholders**

Major shareholders/option holders of the Company as at 31st March 2021, together with an Analysis are given on pages No. 82.

Statutory Payments the Directors to the best of their knowledge and belief are satisfied that all statutory payments in relation to the government and the employees have been made on time.

**Environment Health and Safety**

Health and safety of guests, and employees were a key concern and stringent safe & secure protocols were adhered at all three locations (Main Entrance, Hotel lobby, Restaurant).

**Corporate Governance/Internal Control**

The Company has put in place systems and procedures to ensure the implementation of sound corporate governance principles. The Audit Committee Report and the Remuneration Committee Report are given in page No. 25 and page No. 26.

**Contingent Liabilities**

There is no contingent liabilities and capital commitments outstanding as at 31st March, 2021 given Note 26 and 27 to the financial statements.

**Subsequent to the reporting Date**

Subsequent to the reporting date, no circumstances have arisen which would require adjustments to the accounts. Significant events subsequent to the reporting date which in the opinion of the Directors require disclosure are described in Note 25 to the financial statements.

**Annual General Meeting**

Annual General Meeting of Ramboda Falls PLC will be held online via a virtual platform on Thursday 28th October 2021 at 10.00 am

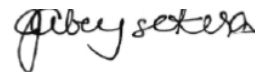
For and on behalf of the Board of Directors of Ramboda Falls PLC,



Director



Director



SSP Cooperate  
Service (PVT) Ltd.  
Secretaries

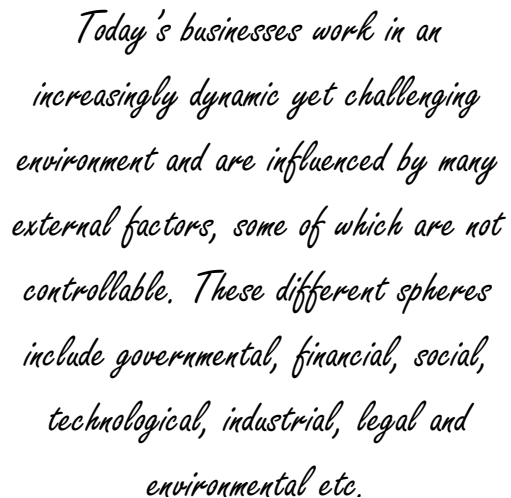
# Management Discussion and Analysis

## Global Tourism

The COVID-19 pandemic impacted the global growth to decline compared to a positive growth of in 2019. The closure of the border by 76% of the countries led to the collapse of the global tourism industry with international tourist arrivals declining sharply by 74%. According to UNWTO majority of destinations worldwide kept their borders completely closed for international tourism due to the COVID-19 Global Pandemic and world tourist arrivals dropped by 74% from 1.5 Billion in 2019 to 381 Million in 2020. Asia and the Pacific region were most impacted with a decline of 84% in tourist arrivals compared to a growth of 4% in 2019. The fall in international travel has estimated a loss of USD 1.3 trillion in export revenues.

## Sri Lanka Tourism

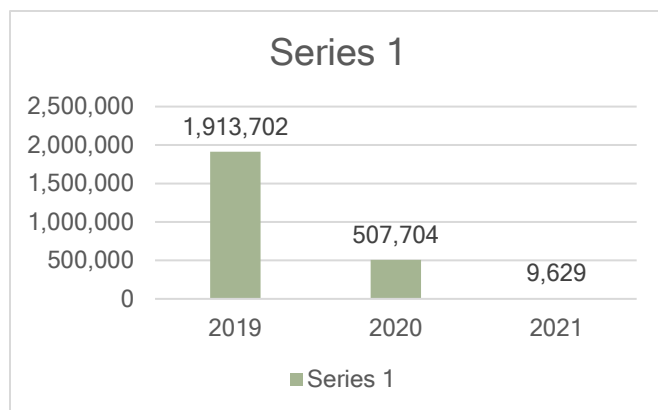
The tourism industry was a significant contributor to the national economy contributing over 5% to GDP growth in 2017 and 2018. The industry was impacted in 2019 by the Easter Sunday terror attacks and in 2020 by the COVID-19 pandemic. The government acted swiftly in mid-March 2020 to prevent the spread of the virus by closing borders for international tourists and imposing an island-wide lock-down which was eased in May 2020. While overall economic activities resumed and recovered in the 3rd and 4th quarters of 2020, economic output in 2020 contracted by 3.6% due to the impact of the pandemic compared to a positive growth of 2.3% in 2019. Tourist arrivals plunged from 1.914 million in 2019 to 0.508 million in 2020 a reduction of 74%. Hotels in Sri Lanka re-opened for the domestic market in July 2020 albeit at discounted prices.



*Today's businesses work in an increasingly dynamic yet challenging environment and are influenced by many external factors, some of which are not controllable. These different spheres include governmental, financial, social, technological, industrial, legal and environmental etc.*

At the hotel, the restaurant and banquet activities recommenced with diminished capacity in compliance with the health and safety measures implemented. Sri Lanka opened the borders to international tourists on 21st January 2021 with defined restrictions, attracting tourists from non-traditional source markets and later from traditional source markets as well. Accommodative monetary policy resulted in a significant decrease in policy interest rates by over 200 bps during the year. Moratoria initially extended to the tourism industry in the aftermath of the terror attacks in 2019 April, were extended till 30th September 2021. Central Bank of Sri Lanka also introduced Saubhagya loan COVID-19 reconnaissance working capital facility for several industries including the tourism sector. Meanwhile, several other measures such as the waiver of SLTDA's annual registration fee to all tourist establishments and moratoriums on utility bill payments have also been implemented to support the tourism sector.

## Tourist Arrival



**2019 - 1,913,702**

**2020 - 507,704**

**2021 - 9,629 in Q1**

## Developments

With the opening up of the tourist industry by lifting border restrictions and the curtailment of COVID-19 spread through the global vaccination process, the hotel is confident of the revival of the tourism industry. The Ramboda Falls PLC will continue to grow alternative business of outdoor catering whilst maintaining banquet and restaurant business. The refurbishment of front office lobby, restaurant and kitchen and public are at a cost of Rs6.8 million which was not completed at the reporting date, contributing to the attractiveness and positive outlook of the hotel.

## Our Response of the Outbreak of the COVID-19 pandemic

The health and safety of our employees and guests will continue to be our utmost priority. Therefore, we will ensure all mandated social distancing protocols and implement the guidelines issued by health organization and SLTDA.

## Enhanced Commercial Operations

Improving our commercial operations through revenue management was a key focus during the year. We continued to drive online sales and social media promotion through our own website and Facebook pages. Meanwhile, we are increasingly adopting a more data driven approach to sales and marketing decisions in order to maximize revenue by accurately predicting customer behavior. We are currently working on developing a customized data analytics program with an external consultant which will further enhance our sales prediction capabilities.

## Shifts in Source Markets

With the COVID-19 pandemic expected to significantly impact the economies of several of our key source markets including Russia, India, China, UK, and the EU region, we continue to review our marketing strategies and customer value proposition to attract a more diverse guest base from non-traditional markets. We will however continue to engage closely with our key markets in order to ensure that when the situation normalizes, we will continue to be a top choice for travelers.

## Changing Needs of Travelers

We will continue to pay close attention to global trends in order to proactively respond to evolving needs of the future travelers.

## Develop People Capability

Ramboda Falls PLC has an equal opportunity policy in respect of employment and these principles are enshrined in specific selection, training, development and promotion policies, ensuring that all decisions are based on merit. The Company practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status or physical disability.





# Corporate Governance

Ramboda Falls PLC continues to be committed to conducting the Company's business ethically and in accordance with high standards of good Corporate Governance. We set out below the Corporate Governance practices adopted and practiced by RFL against the background of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Rules set out in Section 7 of the Colombo Stock Exchange's Listing Rules.

Ramboda Falls PLC has a unitary Board. The authority of each Director is exercised at Board Meetings where the Board acts collectively. The Board of Directors are the ultimate governing body of the Company. Their leadership skills, directions provided and controls put in place, ensure the achievement of the objectives of the Company set out in the Corporate Plan and the Budget which aims to satisfy the expectations of the shareholders.

## Executive Directors

- Mr. Liyanage Sasanka Sigera
- Mr. Imiyage Jagath Ananda Karunaratna
- Mr. Peter A Stewart

## Non-Executive Directors

- Mr. Takashi Igarashi
- Mr. P. Sarathchandra

## Independent Non-Executive Directors

- Mr. D.D Sunil
- Mr. V.N.D. Wickramasinghe

## Alternative Director

- Mr. W.G. Danapala

The Board comprises of seven directors out of which two Directors are Non-Executives and the other two Directors are Independent. The Board has determined that two Non- Executive Directors satisfy the criteria for "independence" set out in the Listing Rules. Non-Executive Directors' profiles reflect their caliber and the weight their views carry in Board deliberations.

## Company Secretary

SSP Corporate Services (Pvt) Limited functions as secretaries to the Board. They ensure that appropriate Board processes are adopted, board procedures and applicable rules and regulations adhered to and a proper record of all proceedings of Board meetings are maintained.

## Financial Reporting

The Board of Directors confirm that the Financial Statements for the year ended 31<sup>st</sup> March 2021, of Ramboda Falls PLC have been prepared in accordance with the Sri Lanka Financial Reporting Standards and the Companies Act No. 07 of 2007. The Company has duly complied with all the reporting requirements prescribed by the regulatory authorities including the Colombo Stock Exchange and the Registrar of Companies. Financial Statements of the Company were audited by KPMG, Chartered Accountants. The Independent Auditors' Report on the Financial Statements for the year ended 31<sup>st</sup> March 2021 is presented on Page No 30 to 33 of this Annual Report.

## Supply of Information

Directors are provided with quarterly reports on performance and such other reports & documents as are necessary. The Directors confirm that to the best of their knowledge all taxes & dues payable by the Company and contribution levies and taxes payable on behalf of and in respect of the employees of the Company and all other known statutory dues payable as at the date of Financial Position have been paid or are provided for in the accounts.

## Information Technology

The Hotel has introduced a financial information/IT System which has increased the effectiveness and efficiency in the provision of management information, and has implemented a comprehensive IT policy which strengthens control over hotel's IT system and ensure unauthorized access and data loss is prevented.

## Going Concern

The Directors, after making necessary inquiries and reviews including reviews of the budget for the ensuing year, capital expenditure requirements, future prospects and risks, cash flows and borrowing facilities, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the Financial Statements.

## Meeting & Attendance

Attendance at the Board meetings and other committee meeting is given below.

Director	Attendance			
	Board Meetings	Audit Committee	Remuneration Committee	RPT Committee
Mr.Takashi Igarshi	1/1	N/A	N/A	N/A
Mr.L.S. Sigera	1/1	N/A	N/A	N/A
Mr.I.J.A. Karunarathna	1/1	N/A	N/A	N/A
Mr.D.D. Sunil	1/1	1/1	1/1	1/1
Mr.P.Sarathchandra	1/1	1/1	1/1	1/1
Mr. Peter A Stewart	N/A	N/A	N/A	N/A
Mr.V.N.D. Wickramasinghe	1/1	1/1	1/1	1/1
Mr. W.G. Danapala	1/1	N/A	N/A	N/A

## Audit Committee

The Audit Committee consists of three members Two Independent Directors and one Non-Executive Director. Audit Committee members are as follows: Mr. D. D. Sunil - Independent Non- Executive Director, Mr. P. Sarathchandra - Non-Executive Director, Mr. V.N.D. Wickramasinghe - Independent Non-Executive Director the Audit Committee, help the Company to achieve a balance between conformance and performance. The Audit Committee recommends the appointment and fees of the External Auditors, having considered their independence and performance. The Audit Committee Report appears on Page 25 of this Report.

## Remuneration Committee

The Company has its own remuneration committee. The committee consists of Two Independent Directors and one Non-Executive Director The remuneration committee report appears on page No. 26 of this report.

## Related Party Transaction Committee

The RPT Committee comprises of Two Independent Directors and one Non-Executive Director. The members of the Related Party Committee are as follows: Mr. D. D. Sunil - Independent Non-Executive Director, Mr. P. Sarathchandra - Non-Executive Director, Mr. V.N.D. Wickramasinghe - Independent Non-Executive Director. The RPT committee report appears on page No. 27 of this report.

## Cooperate Governance

7.2.1.(a)	Non-Executive Directors	At least one third of the total number of Directors should be Non-Executives.	Complied
7.10.2 (a)	Independent Directors	Two or one third of Non-Executive Directors, whichever is higher should be Independent.	Complied
7.10.2(b)	Independent Directors	Each Non-Executive Director should submit a declaration of independence non-independence in the prescribed format.	Complied
7.10.3(a)	Disclosure relating to Directors	The board shall annually determine the independence or otherwise of the NED. Names of ID should be disclosed in the Annual Report.	Complied
7.10.3(b)	Disclosure relating to Directors	The basis for the Board to determine a Director is Independent when the criteria specified for independence is not met.	Complied
7.10.3©	Disclosure relating to Directors	A brief resume of each Director should be included in the Annual Report including their areas of Expertise.	Complied
7.10.3(d)	Disclosure relating to Directors	Provide a brief resume of new Directors appointed to the Board with details specified I 7.10.3(a, b, c & d) to the CSE.	Complied
7.10.5(a)	Composition of Remuneration Committee	Shall comprise of minimum of two Independent Non-Executive Directors or of Non-Executive Directors a majority of whom shall be Independent.	Complied
7.10.5(b)	Remuneration Committee	The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and Executive Directors.	Complied
7.10.5(c)	Disclosure in the Annual report relating to Remuneration Committee	Names of Directors comprising the Remuneration Committee. Statement of remuneration policy. Aggregated remuneration paid to Executive and Non-Executive Directors.	Complied
7.10.5(d)	Remuneration Committee	A Listed Company shall have a Remuneration Committee.	Complied
7.10.6	Audit Committee	The Company shall have an Audit Committee.	Complied
7.10.6(a)	Composition of Audit Committee	Shall comprise of Non-Executive Directors a majority of whom will be Independent.	Complied
9.2.2	Composition	Two Independent Non-Executive Directors and one Non-Executive Director.	Complied
9.3.2	Related Party Transactions Review Committee	Report by the Related Party Transactions Review Committee.	Complied
	Disclosure in the Annual Report	A declaration by the Board of Directors.	Complied

# Audit Committee Report

## Membership and Appointment

The Audit Committee comprises of three members Two Independent Directors and one Non-Executive Director. Audit Committee members are as follows: Mr. D. D. Sunil - Independent Non- Executive Director, Mr. P. Sarathchandra - Non-Executive Director, Mr. V.N.D. Wickramasinghe - Independent Non-Executive Director. The Chairmen of Audit committee is Mr. D.D. Sunil, The Chairman and other members bringing wide-ranging financial, commercial and management experience to the work of the Audit Committee,

## Meetings

Due to the several factors of COVID 19 pandemic, lockdown situation of the country and also time to time the members of the committee and the senior management of the hotel having to be in quarantine, Therefore Audit Committee met only once in this year, with The General Manager and the Accountant attend meetings under a standing invitation. The Chairman of the Board and other Directors were able to attend meetings of the Committee under the practice that any Director may attend any meeting of a Board Committee provided that they have no conflict of interest in respect of business to be discussed.

- ❖ Discussed and planned that the funds in the Company Reserves to be utilized to run operations.
- ❖ Reviewed the processes of reducing overhead costs.
- ❖ Audit Committee analyzed that there is a breakdown of the internal control systems due to the reduction of employees and planned to run smooth operations and quality service with minimum of experienced staff.

## Terms of Reference

The Terms of Reference of the Audit Committee, which includes the Objectives of the Committee and the detailed Work Plan were tabled and approved at an audit committee meeting.

## Financial Statements

The Committee considered reports from the Accountant, and annual financial statements. It also considered reports from the external auditors, KPMG on the scope and outcome of the annual audit. The review is based on the compliance with the Sri Lanka Accounting Standards and the other related legislation.

## During the period under review the Committee,

- ❖ Audit Committee noted that the Revenue has dropped considerably due to the current Covid 19 Pandemic compared to the previous year.

## External Auditors

The Audit committee stated that there will be no changes to the Auditors. The Committee reviewed the services provided by KPMG to evaluate their independence and objectivity. It also reviewed and approved the Scope of non-audit services provided by KPMG, to ensure that there was no impairment of independence. The Committee approved the fees for audit services provided by KPMG and confirmed the wording of the recommendations put forward by the Board to the shareholders on the appointment, and retention of the external auditors.

## Audit Committee Effectiveness

The Audit Committee conducts a review of its effectiveness annually and concluded this year that it was effective and capable of fulfilling its objectives.

*D D Sunil*  
*Chairman Audit Committee*  
*15<sup>th</sup> September 2021*

# Remuneration Committee Report

The Remuneration Committee comprises of Two Independent Non-Executive Directors and one Non-Executive Director. The members of the Committee are as follows: Mr. D. D. Sunil - Independent Non-Executive Director, Mr. P. Sarathchandra - Non-Executive Director, Mr. V.N.D. Wickramasinghe - Independent Non-Executive Director. The Chairman of Remuneration committee is Mr. D.D. Sunil. The two Non-Executive Independent Directors are independent of management and free from any business or other relationship, which can otherwise interfere with the exercising of their independent judgment. The Managing Director of the Company attends the meetings by invitation. Due to the travel restriction situation of the country, and time to time members and hotel senior management having to be in quarantine, Committee met only once in this year. The Company's policy on remuneration is to attract the best available talent and also to motivate and retain the services of the performers in the Company. This policy ensures that, the internal equity and fairness between various employees is maintained and that no discrimination is practiced on account of gender, age, ethnicity or religion.

However due to the restricted operation of the hotel and considering the current financial situation of the Company, The Managing Director informed the Committee that they were compelled to reduce the number of staff and reduction of the salaries for all employees in the different categories by up to 65%. It was placed on record that the Directors have opted not to obtain any remuneration benefits from March 2020 onwards due to the revenue drop. Furthermore, the Committee recommended to the management to consider offering additional benefits to the staff, once the situation returns to normalcy. as the Company also recognizes the life style of all employees and cost of living and inflation as well as industry norms.

*D.D.Sunil*  
*Chairman*  
*Remuneration Committee*  
*15<sup>th</sup> September 2021*

# Related Party Transaction Committee

The Related party Transaction Review Committee comprises of Two Independent Directors and one Non-Executive Director. The members of the Related Party Committee are as follows: Mr. D. D. Sunil - Independent Non - Executive Director, Mr. P. Sarathchandra - Non-Executive Director, Mr. V.N.D. Wickramasinghe - Independent Non-Executive Director. The Chairman of Related party Transaction Committee is a Mr. D.D. Sunil. Directors are independent of management and free from any business or other relationship, which can otherwise interfere with the exercise of their independent judgment. According to Rule 9.2.4 of the CSE Listings Rules, it is required for the Related Party Transactions Review Committee to meet at least once in a calendar quarter but due to the country travel restriction and time to time members and hotel senior management having to quarantine, Committee met only once in this year.

The duties of the Committee:

- Review in advance all proposed related party transactions of the Company.
- Seek any information the Committee requires from management, employees or external parties, with regard to any transaction entered into with a related party.
- Obtain knowledge or expertise to assess all aspects of proposed related party transactions, where necessary.
- To recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
- To monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.
- Meet with the management, Internal Auditors/External Auditors as necessary to carry out the assigned duties.
- To review the economic and commercial substance of both recurrent/non-recurrent related party transactions.

## Decisions and Summary of Proceedings

- There were no matters arising from the previous minutes to be taken up for discussion.
- The Chairman of the Related Party Transactions Review Committee noted that there were no related party transactions disclosed during the period 2020 /2021.
- The Committee made recommendations to the Board wherever approval of the Board was required to proceed with such related party transactions and also set guidelines for then senior management to follow with regard to on-going related party transactions.

## Declaration by the board of directors

During the year, the Company did not have any related party transactions which required the approval of the shareholders or immediate market disclosure under the rules. The related party transactions are disclosed in note 23 on page 75 of the financial statements.

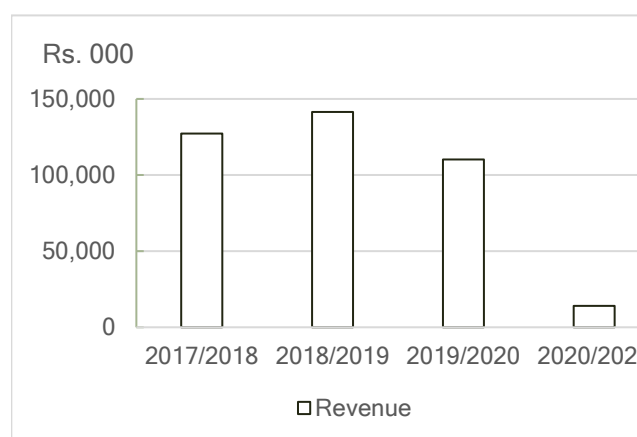
*D.D. Sunil,  
Chairman,  
Related party Transaction Committee  
15<sup>th</sup> September 2021,*

# Financial Review

Ramboda Falls PLC's detailed Financial Review should be read in concurrence with the Audited Financial Statements of the Company for the financial period ended 31st March 2021.

## Revenue

The Ramboda Falls PLC achieved Rs.14million revenue for the year under review with a narrow decrease compared to year 2020 though it was disastrous mainly due to the COVID-19 impact. Several improved strategies were used for cost management. (Refer the Managing Director's review).

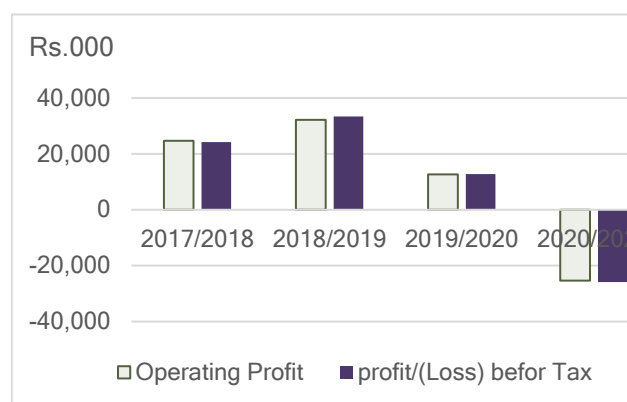


## Market Value per Share

Ramboda falls PLC Market value per share as of 31.03.2021 was Rs. 16.10 compared to the last year Rs. 15.60

## Operating Profit

Impact to the revenue for the year directly affected the Ramboda Falls PLC's profit, as the hotel was compelled to reduce the selling rates in order to increase occupancy after the global travel and tourism continued to be restricted due to the Covid 19 pandemic.



## Assets / Liabilities

The Company has recorded a non-current asset of Rs. 466.5 Mn at the end of the financial year and noncurrent liabilities stood at Rs. 63.7 Mn. The respective current asset and current liabilities of the Company stood at Rs. 10 Mn and Rs. 21 Mn respectively, which show the resilience of the Company in the short term. Due to the low gearing level of the Company, it was able to maintain high interest cover ratio during the period. This positive financial situation will reduce the long-term risk of the Company and this position will provide an additional



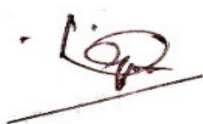
## Statement of Director's Responsibilities for Preparing the Financial Statements

The Board of Directors is responsible for preparing and presenting the Financial statements, which are set out on page 34 to 80. As per the provisions of the Companies Act, No. 7 of 2007, the Directors are required to prepare the Financial statements for each financial year giving a true and fair view of the state of affairs of the Company as at the end of the financial year. In preparing the financial statements, the Directors have selected appropriate accounting policies and applied them in a consistent manner. Such policies are supported by reasonable and prudent judgment and all applicable Accounting Standards have been followed. The Directors are also confident that the Company has adequate resources to continue operation, and have applied the going concern basis in preparing these Financial Statements. Furthermore, the Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company and to ensure that the financial statements presented comply with the requirements of the Companies Act, No. 7 of 2007.

Furthermore, the Directors confirm that, after the review of the Company's Business Plan for the financial year 2021/2022, including cash flows and borrowing facilities, they are of the view that the Company has adequate resources to continue in operation and accordingly, have applied a going concern basis in preparing the financial statements.

The Directors have taken adequate measures to safeguard the assets of the Company and in that context to have proper regard to the establishment of appropriate systems of internal control with a view toward prevention and detection of fraud and other irregularities.

For and on behalf of the Board of Directors of Ramboda Falls PLC,



***L.S. Sigera***  
***Director***



***I.J.A. Karunaratna***  
***Director***

***15<sup>th</sup> September 2021***

# Independent Auditors Report



KPMG  
(Chartered Accountants)  
32A, Sir Mohamed Macan Markar Mawatha,  
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## To the Shareholders of Ramboda Falls PLC Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Ramboda Falls PLC ("the Company"), which comprise the statement of financial position as at 31<sup>st</sup> March 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 34 to 80.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31<sup>st</sup> 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 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 basis for our opinion.

### Key Audit Matters

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

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


**01. Management assessment of the Company's ability to continue as going concern.**

Refer Accounting Policies in Note 2.7 and 29 to the financial statements

Risk Description	Our Response
<p>The Company incurred a net loss of Rs. 24,094,845/- during the year ended 31<sup>st</sup> March 2021 and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 11,637,735/-. Notwithstanding that, the financial statements have been prepared on a going concern basis. In adopting the going concern basis of preparation of the financial statements, the directors have reviewed the Company's cash flow projections prepared by the management. The cash flow projections were based on management's assumptions and estimation of future cash inflows and outflows, also taking into consideration the impact of COVID-19 related estimate uncertainty.</p> <p>Note 29 to the financial statements, describes the impact of COVID-19 outbreak to the current year financial statements and possible effects to the Company's, future prospects, performance and cash flows. Further, the management considered it appropriate to adopt the going concern basis of accounting in preparing financial statements and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.</p> <p>We identified the management assessment of the Company's ability to continue as going concern as a key audit matter because the cash flow projections referred to above involves consideration of future events and circumstances which are inherently uncertain, and effect of those uncertainties may significantly impact the resulting accounting estimates. Therefore, the assessment requires the exercise of significant management judgement in assessing future cash inflows and outflows which could be subject to potential management bias.</p>	<p>Our audit procedures included,</p> <ul style="list-style-type: none"> <li>• Obtaining the Company's cash flow projections covering period of not less than twelve months from the reporting period end date and challenging these key assumptions used in preparing the projections.</li> <li>• Evaluating the sensitivity of the projected available cash by considering downside scenarios together with reasonably plausible changes to the key assumptions and considering whether there were any indicators of management bias in the selection of the assumptions.</li> <li>• Inspecting the facility agreements for the Company's long-term loans to identify any financial covenants or similar terms and assessing the implication of these on the Company's liquidity.</li> <li>• Assessing the adequacy of disclosures in the financial statements in relation to the potential impact of COVID-19 to the Company's ability to continue as going concern with reference to the requirements of the prevailing accounting standards.</li> </ul>



## Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our Auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do 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 material misstatement, whether due to fraud or error.

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

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

## 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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

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**

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 2618.

**CHARTERED ACCOUNTANTS**

Colombo, Sri Lanka  
15<sup>th</sup> September 2021

**RAMBODA FALLS PLC****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31<sup>ST</sup> MARCH**

	<b>Note</b>	<b>2021 Rs.</b>	<b>2020 Rs.</b>
Revenue	<b>5</b>	<b>14,024,885</b>	110,235,455
Cost of Sales		<b>(11,527,083)</b>	(46,406,233)
<b>Gross Profit</b>		<b>2,497,802</b>	63,829,222
Other Operating Income	<b>6</b>	<b>1,158,909</b>	4,606,655
Administration & Other Expenses		<b>(28,603,142)</b>	(52,963,616)
Marketing & Selling Expenses		<b>(403,577)</b>	(2,833,693)
<b>Profit/(Loss) From Operations</b>	<b>7</b>	<b>(25,350,008)</b>	12,638,568
Finance Income	<b>8.1</b>	<b>469,643</b>	1,024,972
Finance Expenses	<b>8.2</b>	<b>(980,288)</b>	(894,570)
<b>Net Finance Income/(Expense)</b>	<b>8</b>	<b>(510,645)</b>	130,402
<b>Profit/(Loss) Before Taxation</b>		<b>(25,860,653)</b>	12,768,970
Income Tax Expenses	<b>9</b>	<b>1,765,808</b>	(4,671,790)
<b>Profit/(Loss) for the year</b>		<b>(24,094,845)</b>	8,097,180
<b>Other comprehensive Income / (Expense)</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement of Defined Benefit Obligation		<b>728,093</b>	667,146
Related tax on Remeasurement of Define Benefit Obligation		<b>(101,933)</b>	(93,400)
<b>Total Other Comprehensive Income</b>		<b>626,160</b>	573,746
<b>Total Comprehensive Income/(Expenses)</b>		<b>(23,468,685)</b>	8,670,926
<b>Earnings/(Loss) Per Share</b>	<b>10</b>	<b>(1.20)</b>	0.40

*The accounting policies and notes on pages 38 through 80 form an integral part of the Financial Statement  
Figures in brackets indicate deductions.*

**RAMBODA FALLS PLC****STATEMENT OF FINANCIAL POSITION****AS AT 31<sup>ST</sup> MARCH**

	<b>Note</b>	<b>2021 Rs.</b>	<b>2020 Rs.</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	<b>11</b>	<b>466,344,472</b>	474,832,125
Intangible Asset	<b>12</b>	<b>116,302</b>	162,302
<b>Total Non Current Assets</b>		<b>466,460,774</b>	474,994,427
<b>Current Assets</b>			
Inventories	<b>13</b>	<b>904,865</b>	2,045,721
Trade & Other Receivables	<b>14</b>	<b>3,738,220</b>	10,247,339
Cash & Cash Equivalents	<b>15</b>	<b>5,205,791</b>	12,184,788
<b>Total Current Assets</b>		<b>9,848,876</b>	24,477,848
<b>TOTAL ASSETS</b>		<b>476,309,650</b>	499,472,275
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated Capital	<b>16</b>	<b>100,000,020</b>	100,000,020
Revaluation Reserve		<b>208,816,572</b>	208,816,572
Retained Earnings		<b>82,288,278</b>	105,756,963
<b>Total Equity</b>		<b>391,104,870</b>	414,573,555
<b>Non-Current Liabilities</b>			
Retirement Benefit Obligation	<b>17</b>	<b>5,557,080</b>	5,453,059
Interest Bearings Loans & Borrowings	<b>18</b>	<b>4,856,345</b>	2,476,860
Deferred Tax Liability	<b>19</b>	<b>53,304,744</b>	55,724,807
<b>Total Non-Current Assets</b>		<b>63,718,169</b>	63,654,726
<b>Current Liabilities</b>			
Trade & Other Payables	<b>20</b>	<b>12,648,839</b>	15,952,568
Interest Bearings Loans & Borrowings	<b>18</b>	<b>6,966,053</b>	3,301,634
Income Tax Payable	<b>21</b>	<b>327,825</b>	1,123,293
Dividend Payable		<b>652,627</b>	652,627
Bank overdraft	<b>15</b>	<b>891,267</b>	213,872
<b>Total Current Liabilities</b>		<b>21,486,611</b>	21,243,994
<b>Total Liabilities</b>		<b>85,204,780</b>	84,898,720
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>476,309,650</b>	499,472,275

**Net assets per share** **19.56** 20.73

*The accounting policies and notes on pages 38 through 80 form an integral part of the Financial Statements.  
These Financial Statements have been prepared in compliance with the requirements of the Companies Act No (*



.....  
Kasun Wickramage  
**Finance Manager**

*The Board of Directors is responsible for the preparation and fair presentation of these Financial Statements.  
Approved and signed for and on behalf of the Board of Directors of Ramboda Falls PLC.*



.....  
L. S. Sigera  
**Director**



.....  
I. J. A. Karunarathna  
**Director**

**15<sup>th</sup> September 2021**



**RAMBODA FALLS PLC****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021**

	<b>Stated Capital Rs.</b>	<b>Revaluation Reserve Rs.</b>	<b>Retained Earnings Rs.</b>	<b>Total Equity Rs.</b>
Balance as at 01 <sup>st</sup> April 2019	100,000,020	210,566,572	105,336,037	415,902,629
<b>Total comprehensive income for the Year</b>				
Profit for the year	-	-	8,097,180	8,097,180
Other comprehensive income	-	-	573,746	573,746
Realization on Revalued assets diposal	-	(1,750,000)	1,750,000	-
<b>Total comprehensive income for the period</b>	-	(1,750,000)	10,420,926	8,670,926
Transactions with owners				
Dividend Paid	-	-	(10,000,000)	(10,000,000)
Total transactions with owners	-	-	(10,000,000)	(10,000,000)
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>100,000,020</b>	<b>208,816,572</b>	<b>105,756,963</b>	<b>414,573,555</b>
<b>Balance as at 01<sup>st</sup> April 2020</b>	<b>100,000,020</b>	<b>208,816,572</b>	<b>105,756,963</b>	<b>414,573,555</b>
<b>Total comprehensive expenses for the Year</b>				
Loss for the year	-	-	(24,094,845)	(24,094,845)
Other comprehensive income	-	-	626,160	626,160
<b>Total comprehensive expenses for the year</b>	-	-	<b>(23,468,685)</b>	<b>(23,468,685)</b>
<b>Balance as at 31<sup>st</sup> March 2021</b>	<b>100,000,020</b>	<b>208,816,572</b>	<b>82,288,278</b>	<b>391,104,870</b>

*The accounting policies and notes on pages 38 through 80 form an integral part of the Financial Statements.  
Figures in brackets indicate deductions.*

**RAMBODA FALLS PLC****STATEMENT OF CASH FLOW****FOR THE YEAR ENDED 31<sup>ST</sup> MARCH,**

	<b>Note</b>	<b>2021 Rs.</b>	<b>2020 Rs.</b>
<b>Cash Flows from Operating Activities</b>			
Profit/(Loss) before taxation		(25,860,653)	12,768,970
<b>Adjustments for:</b>			
Depreciation on property, Plant & Equipment	7	15,353,725	14,533,303
Amortisation of Intangible Assets	7	46,000	48,279
Provision for Employee Benefits	17.1	832,114	968,086
Finance Cost	8.2	980,288	894,570
Finance Income	8.1	(409,625)	(923,895)
Profit on Sales of Property Plant & Equipment	6	-	(1,987,115)
Provision/(Reversal) For Bad Debts	14.1	152,654	286,474
Inventory Written off	7	-	113,760
<b>Operating (Loss)/Profit before Working Capital Changes</b>		<b>(8,905,497)</b>	<b>26,702,432</b>
Decrease in Inventories		1,140,856	2,165,010
Decrease in Trade & other Receivables		5,928,103	1,389,760
Increase in Trade & other Creditors		(3,303,729)	(4,959,029)
<b>Cash (Used in)/generated from operations</b>		<b>(5,140,267)</b>	<b>25,298,173</b>
Interest Paid		(114,212)	(894,570)
Income tax paid	21	(1,123,293)	(3,644,795)
Gratuity Paid	17	-	(208,362)
<b>Net cash (Used in)/generated from operating activities</b>		<b>(6,377,772)</b>	<b>20,550,446</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	11	(70,387)	(15,116,328)
Purchase of Capital Work in Progress	11	(6,795,685)	(17,129,844)
Purchase of intangible assets	12	-	(150,000)
Sales of Property Plant & Equipment		-	2,791,764
Interest received		409,625	923,895
<b>Net cash used in investing activities</b>		<b>(6,456,447)</b>	<b>(28,680,513)</b>
<b>Cash flows from financing activities</b>			
Borrowings obtained	18.1	5,500,000	-
Repayment of Interest Bearing Borrowings	18.1	(250,000)	-
Principal Payment under Finance Lease Liabilities	18.4	(72,173)	(3,486,862)
Dividend Paid		-	(9,932,810)
<b>Net cash generated from/(used in) financing activities</b>		<b>5,177,827</b>	<b>(13,419,672)</b>
<b>Net Decrease in Cash &amp; Cash Equivalents</b>		<b>(7,656,392)</b>	<b>(21,549,738)</b>
<b>Cash &amp; Cash Equivalents at the Beginning of the Year</b>		<b>11,970,916</b>	<b>33,520,654</b>
<b>Cash &amp; Cash Equivalents at the End of the Year</b>	15	<b>4,314,524</b>	<b>11,970,916</b>
<b>Analysis of cash and cash equivalents</b>			
Cash at bank	15	3,941,740	11,089,936
Cash in hand		1,264,051	1,094,852
Bank Overdraft		(891,267)	(213,872)
		<b>4,314,524</b>	<b>11,970,916</b>

The accounting policies and notes on pages 38 through 80 form an integral part of the Financial Statements.

Figures in brackets indicate deductions.

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021****1. CORPORATE INFORMATION****1.1. Domicile and Legal Form**

Ramboda Falls PLC, ("The Company") is a Company domiciled in Sri Lanka. The shares of the Company have a primary listing on the Colombo Stock Exchange. The address of the registered office and the principal place of the business is situated No. 76, Rock Fall Estate, Nuwaraeliya Road, Ramboda.

**1.2. Principal activities and nature of operations**

The Principle activity of the Company is hoteliering and leisure related activities. There were no significant changes in the nature of the principal activities of the Company during the financial year under review.

**1.3. Parent enterprise and ultimate parent enterprise**

There is no significant parent company and Company has a related party relationship with its Directors.

**1.4. Number of employees**

The Number of employees of the Company at the end of the year was 41 (2019/20 - 52)

**1.5. Responsibilities for financial statements and approval of financial statements**

The board of directors is responsible for preparation and presentation of the financial statements of the Company as per the provision of Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards. The directors' responsibility over financial statements for the year ended 31<sup>st</sup> March 2021 is set out in detail in the statement of directors' responsibility.

The financial statements of the Company of the year ended 31<sup>st</sup> March 2021 were authorized for issue in accordance with resolution of the Board of Directors on 15<sup>th</sup> September 2021.

**2. BASIS OF PREPARATION****2.1. Statement of compliance**

The Financial Statements of the Company which comprise of the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive income, Statement of Changes in Equity and Statement of Cash Flows have been prepared in accordance with Sri Lanka Accounting Standards (hereinafter referred to as SLFRS / LKASs) as issued by the Institute of Chartered Accountants of Sri Lanka, and in compliance with the requirements of the Company's Act No. 07 of 2007 and Sri Lanka Accounting and Auditing Standards Act No.15 of 1995. These Financial Statements, except for information on cash flows have been prepared following the accrual basis of accounting.

The Company did not adopt any inappropriate accounting treatment, which is not in compliance with the requirements of the SLFRSs and LKASs, regulations governing the preparation and presentation of the Financial Statements.

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021****2.2. Basis of measurement**

The financial statements have been prepared on an accrual basis and under the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the financial statements, except for the following material items in the statement of financial position;

Item	Basis of Measurement	Note Number
Freehold land and buildings	Measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair values at the date of revaluation	11
Defined Benefit Obligations	Measured at the present value of the defined benefit obligation	17

**2.3. Functional and Presentation Currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entities operate ('the functional Currency'). These Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional currency. All financial information presented in Sri Lankan Rupee has been rounded to the nearest rupee.

**2.4. Use of estimates and judgments**

The preparation of the financial statements in conformity with LKAS/SLFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the Amounts recognized in the Financial Statements included in following notes

Critical accounting assumptions and estimation uncertainties	Note
Fair value of land and buildings	2.4.1
Useful lifetime of the property, plant and equipment	2.4.2
Impairment on non-financial assets	3.2.4.6.3
Measurement of defined benefit obligation: key actuarial assumptions	2.4.3
Provisions for liabilities, commitments and contingencies	3.2.10
Impairment measurement of financial assets: determination of inputs into the ECL measurement model, including key assumptions and incorporation of forward-looking information	3.2.4.6.1
Deferred Taxation and Current Taxation	3.2.14

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021****2.4.1.Fair value of land and buildings**

The Company measures land and buildings at revalued amounts with changes in fair value being recognised in Equity through Other Comprehensive Income (OCI). Valuations are performed every five years to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. The Company engages independent professional valuer Mr P.P.T Mohideen, Chartered Valuation Surveyor to assess fair value of land and buildings in terms of Sri Lanka Accounting Standard on “Fair Value Measurement” (SLFRS13). Based on the valuation techniques and inputs used, land and building were classified at level 3 in the fair value hierarchy.

The valuation techniques, significant unobservable inputs, key assumptions used to determine the fair value of the land and building are provided in Note 11.10 and 11.11.

**2.4.2.Useful lifetime of the property, plant and equipment**

The Company reviews the residual values, useful lives, and methods of depreciation of property, plant and equipment at each reporting date. Judgement of the Management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty. Refer Note 3.2.1.4 for more details.

**2.4.3.Measurement of defined benefit obligation**

The cost of defined benefit obligation is determined using internally generated formula. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates, etc. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Refer Note 17.3 for the assumptions used to determine defined benefit obligations. Sensitivity analysis to key assumptions is disclosed in Note 17.4.

**2.5. Measurement of fair values**

A number of the Company’s accounting policies and disclosures require the measurement of fair values, for both financial and non- financial assets and liabilities.

Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, Company assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021****2.5. Measurement of fair values (Contd.)**

Level 3: Inputs for the asset or liability that are not based on observable market data. (Unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumption made in measuring fair value is included in note 22.

**2.6. Materiality and aggregation**

Each material class of similar items is presented separately in the 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' and amendments to the LKAS 1 on 'Disclosure Initiative'.

Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the Company. Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

**2.7. Going Concern**

The Company has incurred a net loss of Rs. 24,094,845/- during the year ended 31st March 2021 (2019/2020 Profit - Rs. 8 Mn.). Further, the Company's current liabilities exceeded its current assets by Rs. 11,637,735/- as at the reporting date.

The Ramboda Falls PLC operates in the tourism sector that has been significantly affected by the COVID - 19 outbreaks. The global spread of the virus, and severe counter measures taken by the Government of Sri Lanka in the forms of travel restrictions, quarantine, and curfew periods forced all the hotels to be temporarily shut down. These measures required the Company to establish new strategic ways to continue its operations.

In preparing these financial statements, based on available information, the management has assessed judgements, estimates, assumptions, existing and anticipated effects of COVID-19 on the Company in determining the appropriateness of the use of the going concern basis. Further, in determining the going concern, the management performed multiple stress tested scenarios considering cost management practices, ability to secure additional funding to finance the adverse effects to the cash flows, ability to secure required human resources, expected revenue streams, credit and collection management practices and ability to defer non-essential capital expenditures.

Management has determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern. Accordingly, the Directors are satisfied that the Company has sufficient funds to continue its operations for the foreseeable future. Therefore, the Financial Statements of the Company continued to be prepared on a going concern basis.

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021****2.8. Comparative Information**

Comparative information including quantitative, narrative, and descriptive information is disclosed in respect of the previous period in the Financial Statements to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability. The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

**2.9. Offsetting**

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position, only when there is a legally enforceable 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. Income and expenses are not offset in the income statement, unless required or permitted by Sri Lanka Accounting Standards and as specifically disclosed in the Significant Accounting Policies of the Company.

**2.10. Rounding**

The amounts in the Financial Statements have been rounded-off to the nearest rupees, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard - LKAS 1 on 'Presentation of Financial Statements'.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The Company have consistently applied the accounting policies to all periods presented in these financial statements.

**3.1. Foreign currency****3.1.1. Functional Currency and Presentation Currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entities operate ('the functional Currency'). These Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional currency.

**3.1.2. Foreign currency transactions**

In preparing the Financial Statements, transactions in currencies other than the entity's functional currency (foreign currency) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions.

At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the closing rate.

Non-monetary items measured at fair value are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items measured at historical cost are translated at the rates prevailing on the date of transaction.

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021****3.1.2. Foreign currency transactions (Contd.)**

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences which are recognized in other comprehensive income.

**3.2. Assets and the Bases of Their Valuation**

Assets classified as current assets in the Statement of Financial Position are cash, bank balance and those which are expected to be realised in cash during the normal operating cycle of the Company's business or within one year from the date of the Statement of Financial Position whichever is earlier. Assets other than current assets are those which the Company intends to hold beyond the period of one year from the reporting date.

**3.2.1. Property, plant and equipment****3.2.1.1. Recognition and measurement****3.2.1.1.1. Basis of recognition**

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

**3.2.1.1.2. Basis of measurements**

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to the working condition of its intended use. This also includes costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that asset. When parts of an item of Property, Plant and Equipment (major components) have different useful lives, they are accounted for as separate items of property, plant and equipment.

**3.2.1.2. Subsequent measurement**

The Company applies the Revaluation Model for the entire class of freehold land and freehold building and Other assets for measurement after initial recognition. Such properties are carried at revalued amounts, being their fair value at the date of revaluation, less any subsequent accumulated depreciation on buildings and other assets and any accumulated impairment losses charged subsequent to the date of valuation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of each reporting period. If the fair values of land and Buildings and



**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021**

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**3.2.1.2 Subsequent measurement (Contd.)**

Other assets do not change other than by a significant amount at each reporting period, the Company will revalue such land every five years.

Any surplus arising on the revaluation is recognized in other comprehensive income except to the extent that the surplus reverses a previous revaluation deficit on the same asset recognized in income statement, in which case the credit to that extent is recognized in income statement. Any deficit on revaluation is recognized in income statement except to the extent that it reverses a previous revaluation surplus on the same asset, in which case the debit to that extent is recognized in other comprehensive income. Therefore, revaluation increases, and decreases cannot be offset, even within a class of assets.

External, independent qualified valuers having appropriate experience in valuing properties in locations of properties being valued, value the land and Buildings and other assets owned by the Company based on market values, this 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 details of land valuation are disclosed in Note No. 11.10 and 11.11 to the financial statements.

**3.2.1.3. Subsequent cost**

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

**3.2.1.4. Depreciation**

The Company provides depreciation from the date the assets are available for use up to the date of disposal, at the following rates on a straight-line basis over the periods appropriate to the estimated useful lives of the different types of assets. Depreciation on revalued classes of assets is based on the remaining useful life of the assets at the time of the revaluation. Land is not depreciated.

Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is recognised as an expense in the Income statement.

Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021****3.2.1.4. Depreciation (Contd.)**

<b>Asset Category</b>	<b>No of Years</b>
Buildings - freehold	70
Plant and machinery	05 - 08
Motor vehicles	08 - 10
Office equipment	04 - 08
Furniture, fittings	10-20
Computer equipment's	04 - 08
Cutlery, crockery and glassware	03

**3.2.1.5. Derecognition**

An item of property, plant and equipment is derecognized upon disposal of or when no future economic benefits are expected from its use or disposal. The gains or losses arising on derecognition (disposal or retirement) of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognized net within 'other income' in the Statement of profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

**3.2.1.6. Capital work-in-progress**

Capital work-in-progress represents the accumulated cost of materials and other costs directly related to the construction of an asset. Capital work-in-progress is transferred to the respective asset accounts at the time it is substantially completed and ready for its intended use.

**3.2.2.Right to use Assets**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in SLFRS 16.

**3.2.2.1 As a lessee**

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021****3.2.2.1 As a lessee (Contd.)**

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'Property, Plant and equipment' and lease liabilities in 'Interest Bearings Loans & Borrowings' in the statement of financial position.

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021****3.2.3. Intangible assets****3.2.3.1. Recognition and measurement**

An intangible asset is an identifiable non monetary asset without physical substance held for use in the production or supply goods or other services, rental to others or for administrative purposes. An intangible asset is initially recognised at cost, if it is probable that future economic benefit will flow to the enterprise, and the cost of the asset can be measured reliably. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

**3.2.3.2. Computer software**

All computer software costs incurred, licensed for use by the Company, which are not integrally related to associated hardware, which can be clearly identified, reliability measured and that they will lead to future economic benefits, are included in the Financial Position under the category intangible assets and carried at cost less accumulated amortisation and any accumulated impairment losses.

**3.2.3.3. Subsequent Expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

**3.2.3.4. Amortisation**

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives and amortization rates are as follows:

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively, where necessary.

Asset Category	No of Years
Computer Software	05

**3.2.3.5. De-recognition**

An intangible asset is de-recognised on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gains or losses arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss when the asset is derecognized.

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021****3.2.4. Financial instruments****3.2.4.1. Recognition and initial measurement**

Trade receivable and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company become a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**Financial Assets****3.2.4.2. Classification and subsequent measurement**

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company change its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL.

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets classified under amortised cost includes trade and other receivable, and cash and cash equivalents.

A debt investment is measured at FVOCI if it meets both of the following conditions and it not designated as at FVTPL.

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021****3.2.4.2 Classification and subsequent measurement (Cont.)**

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Financial assets - Business model assessment**

The Company make an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets.
- How the performance of the portfolio is evaluated and reported to the Company's management.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- How managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectation about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**Financial Assets - Assessment whether contractual cash flows are solely payments of principal and interest**

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value for money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs. (e.g. liquidity risk and administrative costs), as well as a profit margin,

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021****Financial Assets - Assessment whether contractual cash flows are solely payments of principal and interest (Contd.)**

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual cash flows such that it would not meet this condition. In marking this assessment, the company consider:

- Contingent events that would change the amount or timing of cash flows.
- Terms that may adjust the contractual coupon rate, including variable-rate features.
- Prepayment and extension features; and
- Terms that limit the company's claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**Financial assets - subsequent measurement and gains and losses:**

<b>Financial assets at FVTPL</b>	<b>These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.</b>
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021****3.2.4.3. Financial Liabilities - Classification, subsequent measurement and gain and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**3.2.4.4. Derecognition****Financial asset**

The Company derecognize a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred in which the Company neither transfer nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enter into transactions whereby they transfer assets recognized in its statement of financial position but retain either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

**Financial liabilities**

The Company derecognize a financial liability when its contractual obligation are discharged or cancelled, or expire. The company derecognize a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

**3.2.4.5. Offsetting**

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently have a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.



**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
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**3.2.4.6. Impairment****3.2.4.6.1. Non-derivative financial assets**

The Company recognise loss allowances for ECLs on financial assets measured at amortised cost.

The Company measure loss allowances at an amount equal to lifetime ECLs. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 120 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

**Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021****3.2.4.6.2. Credit-impaired financial assets**

At each reporting date, the Company assess whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data: -

- Significant financial difficulty of the borrower or issuer.
- a breach of contract such as a default or being more than 90 days past due.
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise.
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

**3.2.4.6.3. Non-financial assets**

The carrying amount of the Company's non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. An impairment loss is recognized if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount.

Impairment losses are recognized in Profit or Loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
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**3.2.5. Inventories**

Inventories are recognized at cost and net realizable value whichever is lower after making due allowance for obsolete and slow-moving items.

The cost of inventories is based on a weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

**3.2.6. Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of its short-term commitments.

Bank overdrafts are shown under current liabilities. For purpose of Cash Flow, Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as components of cash and cash equivalent.

**3.2.7. Share capital**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are approved.

**3.2.8. Employee benefits****3.2.8.1. Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

**3.2.8.2. Defined contribution plans - employees' Provident fund and employees' trust fund**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively and is recognized as an expense in profit and loss in the periods during which services are rendered by employees.

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The Company net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefits that employees have earned in current and prior periods and discounting that amount.

The calculation of defined benefit obligation is performed annually by using the internally generated formula. Re-measurement of the net defined benefit liability, which comprise of actuarial gains and losses are recognized immediately in OCI. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined liability, taking in to account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

The liability is not externally funded.

**3.2.8.4. Termination benefits**

Termination benefits are recognized as an expense when the Company is demonstrably committed, without a realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

**3.2.9. Provisions**

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

**3.2.10. Contingent liabilities and contingent assets**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021****3.2.10. Contingent liabilities and contingent assets (Contd.)**

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company. The Company does not recognize contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME****3.2.11. Revenue**

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control over the goods or services to a customer.

The following table provide information about the nature and timing of the satisfaction of performance obligation in contracts with customers, including payment terms, and related revenue recognition policies.

Type of service	Nature and timing of the satisfaction of performance obligation
Provision of accommodation	The main obligation in the customer contract is to provide rooms for guests. accommodation. This is represented in the Room Revenue reported in the financial statements. Revenue under this segment is recognised on the rooms occupied on a daily basis over the period of the stay. Invoice is raised to customer on completion of the duration of the stay.
Provision of Food and beverage	The following services are rendered under this performance obligation:  i) Provision of BB/HB/FB meal for guests occupying the hotels which is part and partial of the contract entered into. Revenue is recognized at the time of sale and invoice to the customers on the completion of the duration of the stay.  ii) Provision of extra food and beverages - Revenue is recognised at the time of sale and invoice to the customers at the time of consumption.
Provision of Laundry, Telephone, etc	These services are provided to customers as they are implied as business practices in the industry and create a valid expectation of the customer. Revenue is recognised at the time of provision of service and invoice is raised at the time of service is consumed.

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
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Other income is recognised on an accrual basis. Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other noncurrent assets, including investments, are accounted for in the statement of profit or loss and comprehensive income, 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.

**3.2.11.2. Ramboda Hydro power profit share**

Hydro power profit share which has arisen as a result of lease agreement between the Company (lessor) and Ramboda Falls Hydro (Private) Limited (lessee). Whereas the company is seized and possessed and otherwise well and sufficiently entitled channel path dedicated in plan No.105 dated 16th November 2008 made by K.W.R.L.S Premakumara Ranasinghe. Whereas the lessee has agreed to lease for a 40 years period the said channel path and all other infrastructure currently held possessed and enjoyed by the lessor in the said channel path together with the rights of access to the enter the said channel path. And whereas it has been agreed that it will be leased irrevocably for a period of 40 years commencing from 17<sup>th</sup> September 2010 and ending on 16th September 2050.

The lessee has agreed with lessor to remit 5% of the profit after the expiry of one year from the date of commercial commencement of the Hydro power project. The said Hydro power project has been commercially commenced on 2014/15 financial year and the 5% of profit has been paid from the financial year ended 2015/16.

**3.2.12. Expenditure recognition**

Expenses are recognised in the statement of profit or loss and other comprehensive income 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 profit or loss.

**3.2.13. Finance income and finance costs**

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in income statement, using the effective interest method.

Finance expenses comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in income statement using the effective interest method. However, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the asset.

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
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**3.2.14. Income tax expense**

Income tax expense comprises both current and deferred tax. Income tax expense is recognised in income statement except to the extent that it relates to items recognised directly in equity, in which case is recognised in the statement of comprehensive income or statement of changes in equity, in which case it is recognised directly in the respective statements.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

**3.2.14.1. Current taxation**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

**3.2.14.2. Deferred taxation**

Deferred Tax is recognised by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred Tax is not recognised for, temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary difference to the extent that it is probable that future taxable profit will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary difference is insufficient to recognised a deferred tax asset in full, then future taxable profits, adjusted for reversal of existing temporary differences, are considered, based on the business plans. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reduction are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates in enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
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In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events.

New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

**3.2.15. Cash flow statement**

Interest paid and dividend paid are classified as financing cash flows while interest received and dividend received are classified as investing cash flows, for the purpose of presentation of Cash Flow Statement which has been prepared using the “Indirect Method” of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard LKAS 7.

**3.2.16. Earnings per share (EPS)**

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

**3.2.17. Events after the reporting period**

All material and important events which occur after the Reporting date have been considered and disclosed in notes to the financial statements.

**3.2.18. Dividends on ordinary shares**

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Company’s shareholders. Interim dividends are deducted from equity when they are declared and are no longer at the discretion of the Company.

**3.2.19. Segment Reporting**

The Company in the hospitality industry and cannot segment its products and services. The Company manages hotels in two principal geographical areas, Ramboda and Polonnaruwa. In presenting segmental information segment revenue and assets are based on the geographical locations of the assets. The primary segment is considered to be the geographical segments based on the Company’s management and internal reporting structure.

Segmental information analyzed by geographical segments is disclosed in Note 05 to the financial statements.



**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021****4. NEW STANDARDS AND CHANGES TO ACCOUNTING STANDARDS NOT EFFECTIVE AS AT THE REPORTING DATE**

A number of new standards and amendments to standards are effective for annual periods beginning after 1st April 2021 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

- **COVID-19-Related Rent Concessions (Amendment to SLFRS 16).**

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. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession.

The practical expedient will only apply if

- the revised consideration is substantially the same or less than the original consideration.
- the reduction in lease payments relates to payments due on or before 30 June 2021; and
- no other substantive changes have been made to the terms of the lease

The amendment applies to annual reporting periods beginning on or after 01<sup>st</sup> June 2020. The Company does not anticipate this amended to have a significant impact on the Company's financial statements.

- **Interest Rate Benchmark Reform - Phase 2 (Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16)**

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 relating to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and
- hedge accounting.

The amendments will require the Company to disclose additional information about the entity's exposure to risks arising from interest rate benchmark reform and related risk management activities. The Company is in the process of assessing the impact of this standard on its accounting and reporting. This amendment is effective for annual periods beginning on or after 1<sup>st</sup> January 2021.

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021****4 NEW STANDARDS AND CHANGES TO ACCOUNTING STANDARDS NOT EFFECTIVE AS AT THE REPORTING DATE (CONTD.)**

- **Property, Plant and Equipment: Proceeds before Intended Use (Amendments to LKAS 16).**

This amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendment applies to annual reporting periods beginning on or after 1<sup>st</sup> January 2022.

- **Onerous contracts - Cost of Fulfilling a Contract (Amendments to LKAS 37)**

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1<sup>st</sup> January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The Company does not anticipate this amended to have a significant impact.

- **Annual Improvements to SLFRS Standards 2018-2020.**

As part of its process to make non-urgent but necessary amendments to accounting Standards, the IASB International Accounting Standards Board (the Board) has issued the Annual Improvements to IFRS Standards 2018-2020. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Key Aspects covered is as follow:

**I. SLFRS 1 First-time Adoption of International Financial Reporting Standards**

This amendment simplifies the application of SLFRS 1 for a subsidiary that becomes a first-time adopter of SLFRS Standards later than its parent

**II. SLFRS 9 Financial Instruments**

This amendment clarifies that - for the purpose of performing the "10 per cent test" for derecognition of financial liabilities - in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021**

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**4 NEW STANDARDS AND CHANGES TO ACCOUNTING STANDARDS NOT EFFECTIVE AS AT THE REPORTING DATE (CONTD.)**

- **Classification of Liabilities as Current or Non-current (Amendments to LKAS 1).**

The amendments in Classification of Liabilities as Current or Noncurrent (Amendments to LKAS 1) affect only the presentation of liabilities in the statement of financial position not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those item

The Key amendments are as follows:

- the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The standard also clarifies that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendment applies to annual reporting periods beginning on or after 1<sup>st</sup> January 2023

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH**

	2021 Rs.	2020 Rs.
<b>5 REVENUE</b>		
<b>5.1 Revenue Streams</b>		
Restaurant Sales	6,997,040	52,639,495
Beverage & Liquor Sales	332,432	11,454,930
Room Sales	6,682,121	45,815,960
Other Revenue	13,292	325,070
<b>Total Revenue</b>	<b>14,024,885</b>	<b>110,235,455</b>

5.1.1 Revenue classified as 'other revenue' above, mainly comprise revenue generated from Tobacco sales and Laundry sales.

	2021 Rs.	2020 Rs.
<b>5.1.2 Timing of Revenue Recognition</b>		
Products transferred at a point in time	14,024,885	110,235,455
	<b>14,024,885</b>	<b>110,235,455</b>

**5.2 Segmental Information**

The Company manages hotels in two principal geographical areas, Ramboda and Polonnaruwa. In presenting segmental information segment revenue and assets are based on the geographical locations of the assets. The primary segment is considered to be the geographical segments based on the Company's management and internal reporting structure.

Geographical locations	Ramboda		Polonnaruwa		Total	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>(a) Segment Revenue</b>						
Revenue	11,835,693	107,479,569	2,189,192	2,755,886	14,024,885	110,235,455
Cost of Sales	(9,848,918)	(45,460,921)	(1,678,165)	(945,312)	(11,527,083)	(46,406,233)
<b>Segment Results</b>	<b>1,986,774</b>	<b>62,018,648</b>	<b>511,027</b>	<b>1,810,574</b>	<b>2,497,802</b>	<b>63,829,222</b>
Other Income	1,158,909	4,606,655	-	-	1,158,909	4,606,655
Administrative Expenses	(23,510,141)	(50,543,094)	(5,093,001)	(2,420,522)	(28,603,142)	(52,963,616)
Marketing & Selling Expenses	(392,512)	(2,824,369)	(11,065)	(9,324)	(403,577)	(2,833,693)
<b>Profit/(Loss) from Operating Activities</b>	<b>(20,756,968)</b>	<b>13,257,840</b>	<b>(4,593,040)</b>	<b>(619,272)</b>	<b>(25,350,008)</b>	<b>12,638,568</b>
Net Finance Income	(510,645)	130,402	-	-	(510,645)	130,402
<b>Profit/(Loss) from Operations before Income Tax</b>	<b>(21,267,613)</b>	<b>13,388,242</b>	<b>(4,593,040)</b>	<b>(619,272)</b>	<b>(25,860,653)</b>	<b>12,768,970</b>
Income Tax Expense	1,765,808	(4,671,790)	-	-	1,765,808	(4,671,790)
<b>Profit/(Loss) from Operations after Income Tax</b>	<b>(19,501,805)</b>	<b>8,716,452</b>	<b>(4,593,040)</b>	<b>(619,272)</b>	<b>(24,094,845)</b>	<b>8,097,180</b>
<b>Capital Expenditure</b>	<b>6,866,072</b>	<b>24,123,173</b>	<b>-</b>	<b>8,122,999</b>	<b>6,866,072</b>	<b>32,246,172</b>
<b>Depreciation / Amortisation</b>	<b>11,775,195</b>	<b>13,460,057</b>	<b>3,624,530</b>	<b>1,121,525</b>	<b>15,399,725</b>	<b>14,581,582</b>
<b>(b) Geographical segment analysis of assets and liabilities</b>						
<b>Non Current Assets</b>	<b>413,856,529</b>	<b>418,765,657</b>	<b>52,604,245</b>	<b>56,228,770</b>	<b>466,460,774</b>	<b>474,994,427</b>
<b>Current Assets</b>	<b>9,071,824</b>	<b>24,141,491</b>	<b>777,052</b>	<b>336,357</b>	<b>9,848,876</b>	<b>24,477,848</b>
<b>Total Assets</b>	<b>422,928,353</b>	<b>442,907,148</b>	<b>53,381,297</b>	<b>56,565,127</b>	<b>476,309,650</b>	<b>499,472,275</b>
<b>Non Current Liabilities</b>	<b>62,994,928</b>	<b>63,229,479</b>	<b>723,241</b>	<b>425,247</b>	<b>63,718,169</b>	<b>63,654,726</b>
<b>Current Liabilities</b>	<b>20,421,140</b>	<b>20,378,541</b>	<b>1,065,471</b>	<b>865,452</b>	<b>21,486,611</b>	<b>21,243,994</b>
<b>Total Liabilities</b>	<b>83,416,068</b>	<b>83,608,020</b>	<b>1,788,712</b>	<b>1,290,699</b>	<b>85,204,780</b>	<b>84,898,720</b>

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH**

<b>6. OTHER OPERATING INCOME</b>	<b>2021 Rs.</b>	<b>2020 Rs.</b>
Shop Rent - Gem, Spa & Tea	-	338,967
Profit on disposal of property plant and equipment	-	1,987,115
Green Leaf Sales	<b>414,597</b>	341,879
Income from land lease (Note 6.1)	<b>728,926</b>	1,732,035
Elevator & Shuttle Service Income	<b>15,386</b>	206,659
	<b>1,158,909</b>	<b>4,606,655</b>

**6.1 Income from land lease**

During the financial year, the Company has recorded Rs.728,926/- (2019/2020 - Rs. 1,732,035/-) as land lease income which has arisen as a result of lease agreement between the Company (lessor) and Ramboda Hydro (Private) Limited (lessee).

According, to the said lease agreement the Company has agreed to lease the channel path (dedicated in plan no.105 dated 16th November 2008 made by K.W.R.L.S Premakumara Ranasinghe) for a 40 years period with all other infrastructure currently held, possessed and enjoyed by the lessor in the said channel path together with the rights of access to enter the said channel path. And whereas it has been agreed that it will be leased irrevocably for a period of 40 years commencing from 17th Septemebr 2010 and ending on 16th September 2050.

The Lesee as consideration has agreed with lessor to remit 5% of the profit after the expiry of one year from the date of commercial commencement of the Hydro power project. The said Hydro power project has been commercially commenced on 2014/15 financial year and the 5% of profit has been paid on the profit recorded by lessee.

**7. PROFIT/(LOSS) FROM OPERATIONS**

	<b>2021 Rs.</b>	<b>2020 Rs.</b>
<i>Profit/(Loss) from operations is stated after charging all expenses including the following:</i>		
Directors Remuneration	-	5,526,864
Auditors Remuneration	<b>335,000</b>	446,250
Depreciation on property, plant and equipment	<b>15,353,725</b>	14,533,303
Amortization of intangible assets	<b>46,000</b>	48,279
Impairment Provision for Trade Receivables	<b>152,654</b>	286,474
Donation	<b>1,285</b>	114,458
Inventory Written off during the year	-	113,760
<b>Staff costs :</b>		
Salaries wages	<b>8,901,656</b>	21,341,478
Employees Provident Fund	<b>761,337</b>	2,053,391
Employees Trust Fund	<b>184,247</b>	513,348
Provision for employee benefits	<b>832,114</b>	968,086

**8. NET FINANCE INCOME/(EXPENSE)**

<b>8.1 Finance Income</b>	<b>2021 Rs.</b>	<b>2020 Rs.</b>
Interest Income on savings accounts	<b>409,625</b>	923,895
Exchange Gain	<b>60,018</b>	101,077
	<b>469,643</b>	<b>1,024,972</b>
<b>8.2 Finance Expenses</b>		
Interest expenses on Bank Overdraft	-	185
Interest expenses on Finance Lease	<b>872,269</b>	894,385
Interest expenses on bank borrowings	<b>108,019</b>	-
	<b>980,288</b>	<b>894,570</b>
<b>Net finance Income /(Expenses)</b>	<b>(510,645)</b>	<b>130,402</b>

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH**

	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>9. INCOME TAX EXPENSE/(BENEFIT)</b>		
<b>9.1 Income tax expense recognised in the Income Statement</b>		
Current tax expense (Note 9.2)	273,252	1,753,190
Under Provision in respect of previous years	482,936	-
Deferred tax charge/(reversed) during the year (Note 19.2)	(2,521,996)	2,918,600
	<b>(1,765,808)</b>	<b>4,671,790</b>
<b>9.2 Reconciliation between the accounting profit and the profit for the tax purposes</b>		
Accounting (Loss)/Profit before taxation	(25,860,653)	12,768,970
Income not form a part of Business Profit	(1,138,551)	(2,757,007)
Aggregate disallowable expenses	17,440,257	17,130,511
Aggregate allowable expenses	(15,269,576)	(17,275,619)
<b>Assessable Loss from Business</b>	<b>(24,828,523)</b>	<b>9,866,855</b>
<b>Assessable Interest Income</b>	<b>1,138,551</b>	<b>2,655,930</b>
<b>Taxable Income</b>	<b>1,138,551</b>	<b>12,522,785</b>
<b>Income tax charged at</b>		
Concessionary rate @ 14%	-	1,753,190
Tax on Statutory Income @ 24%	273,252	-
<b>Total Current tax expense</b>	<b>273,252</b>	<b>1,753,190</b>

**9.3 Income tax provisions applicable**

The income tax provision for the Company is computed in accordance with the Bill to amend the Inland Revenue Act No. 24 of 2017, which was issued on 18 March 2021. The Bill has been passed in the Parliament and Certified by the Honorable Speaker on 13th May 2021 and it incorporates all the income tax proposals announced to date and implemented by way of guidelines issued by the Inland Revenue Department at the instruction of the Ministry of Finance. CA Sri Lanka through a guideline issued on "Application of Tax Rates in Measurement of Current Tax and Deferred Tax in LKAS 12" dated 23 April 2021 has acknowledged that an Inland Revenue (Amendment) Bill which is presented to the Parliament for the first reading is 'Substantively enacted' as per LKAS 12 – Income Tax and the proposed tax rules and rates given in the Inland Revenue (Amendment) Bill can be used to measure the current tax and deferred tax.

Accordingly, the Company is liable for taxation at the rate of 14%, on its profits derived from "promotion of tourism". Income Tax for any other income is computed at 24%.

<b>9.4 Tax Losses Carried Forward</b>	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
Tax Losses brought forward	-	-
Tax Losses during the Year	24,828,523	-
Utilization of tax losses	-	-
Tax Losses carried forward	<b>24,828,523</b>	<b>-</b>

**10. EARNINGS/(LOSS) PER SHARE**

The calculation of the Earnings /(Loss) per share has been derived by dividing profit/(Loss) attributable to equity shareholders of Company by the weighted average number of ordinary shares in issue during the year and calculated as follows :

The following reflects the earnings and share data used for the computation of "Basic earnings per share".

<b>For the year ended 31<sup>st</sup> March</b>	<b>2021</b>	<b>2020</b>
Profit/(Loss) attributable to the ordinary equity holders	(24,094,845)	8,097,180
Weighted average number of ordinary shares outstanding at the beginning of the year	20,000,000	20,000,000
<b>Earnings/(Loss) per share (Rs.)</b>	<b>(1.20)</b>	<b>0.40</b>

**10.1 Diluted Earnings per share**

There were no potentially dilutive ordinary shares as at 31<sup>st</sup> March 2021 and there have been no transactions involving ordinary shares or potential ordinary shares as at the reporting date which would require restatement of EPS.

**10.2 Dividend Per Share**

<b>For the year ended 31<sup>st</sup> March</b>	<b>2021</b>	<b>2020</b>
Gross dividend	-	10,000,000
Number of shares	20,000,000	20,000,000
<b>Dividend per share (Rs.)</b>	<b>-</b>	<b>0.50</b>

**RAMBODA FALLS PLC**

**NOTES TO THE STATEMENT OF FINANCIAL POSITION**

AS AT 31<sup>ST</sup> MARCH 2021

**11. PROPERTY, PLANT & EQUIPMENT**

	Freehold Land	Freehold Building	Motor Vehicle	Furniture & Fittings	Cutlery Crockery Glassware & Linen	Office Equipment	Plant & Machinery	Capital Work in Progress	Right of use Assets Vehicle	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>COST/REVALUATION</b>										
Balance as at 1 <sup>st</sup> April 2019	176,999,980	224,630,753	6,633,429	12,794,518	3,533,516	1,216,230	12,836,436	18,837,819	26,699,994	484,182,675
Additions during the Year	-	4,448,567	470,000	1,869,710	603,015	447,000	5,028,035	17,129,844	5,250,000	35,246,171
Transfers during the Year	-	22,530,218	-	2,024,770	-	-	6,368,703	(30,923,691)	-	-
Disposals during the Year	-	-	(1,985,750)	-	-	-	-	-	-	(1,985,750)
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>176,999,980</b>	<b>251,609,538</b>	<b>5,117,679</b>	<b>16,688,998</b>	<b>4,136,531</b>	<b>1,663,230</b>	<b>24,233,174</b>	<b>5,043,972</b>	<b>31,949,994</b>	<b>517,443,096</b>
Additions during the Year	-	-	-	70,387	-	-	-	6,795,685	-	6,866,072
<b>Balance as at 31<sup>st</sup> March 2021</b>	<b>176,999,980</b>	<b>251,609,538</b>	<b>5,117,679</b>	<b>16,759,385</b>	<b>4,136,531</b>	<b>1,663,230</b>	<b>24,233,174</b>	<b>11,839,657</b>	<b>31,949,994</b>	<b>524,309,168</b>
<b>ACCUMULATED DEPRECIATION</b>										
Balance as at 1 <sup>st</sup> April 2019	-	12,744,477	2,457,454	4,270,854	1,676,309	403,830	3,108,846	-	4,596,999	29,258,769
Charge for the year	-	4,768,300	876,812	1,693,929	1,267,494	179,782	2,353,902	-	3,393,084	14,533,303
Disposals during the year	-	-	(1,181,101)	-	-	-	-	-	-	(1,181,101)
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>-</b>	<b>17,512,777</b>	<b>2,153,165</b>	<b>5,964,783</b>	<b>2,943,803</b>	<b>583,612</b>	<b>5,462,748</b>	<b>-</b>	<b>7,990,083</b>	<b>42,610,971</b>
Charge for the year	-	5,432,811	554,210	1,570,880	676,644	175,179	2,950,251	-	3,993,750	15,353,725
<b>Balance as at 31<sup>st</sup> March 2021</b>	<b>-</b>	<b>22,945,588</b>	<b>2,707,375</b>	<b>7,535,663</b>	<b>3,620,447</b>	<b>758,791</b>	<b>8,412,999</b>	<b>-</b>	<b>11,983,833</b>	<b>57,964,696</b>
<b>Carrying Amount as at 31<sup>st</sup> March 2021</b>	<b>176,999,980</b>	<b>228,663,950</b>	<b>2,410,304</b>	<b>9,223,722</b>	<b>516,084</b>	<b>904,439</b>	<b>15,820,175</b>	<b>11,839,657</b>	<b>19,966,161</b>	<b>466,344,472</b>
<b>Carrying Amount as at 31<sup>st</sup> March 2020</b>	<b>176,999,980</b>	<b>234,096,761</b>	<b>2,964,514</b>	<b>10,724,215</b>	<b>1,192,728</b>	<b>1,079,618</b>	<b>18,770,426</b>	<b>5,043,972</b>	<b>23,959,911</b>	<b>474,832,125</b>

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS****AS AT 31<sup>ST</sup> MARCH 2021****11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)****11.1 Property, plant and equipment under construction**

Capital work in progress represents the amount of expenditure recognised under property, plant and equipment during the construction of capital assets.

**11.2 Title restriction on property, plant and equipment**

There are no restrictions that existed on the title of the PPE of the Company as at the reporting.

**11.3 Acquisition of property, plant and equipment during the year**

During the financial year, the Company acquired PPE to the aggregate value of Rs. 6.8 million (2019/2020 - Rs. 32.2 million) by means of cash.

**11.4 Capitalisation of borrowing cost**

There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year 2020/2021 (2019/2020 – Nil).

**11.5 Temporarily Idle property, plant and equipment**

There are no temporarily idle property, plant or equipment as at the reporting date. (2019/2020 - Nil)

**11.6 Impairment of property, plant and equipment**

The Board of Directors has assessed the potential impairment loss of PPE as at 31 March 2021 by considering the impact from the COVID-19 pandemic as well. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date in respect of PPE (2019/2020 - Nil).

**11.7 Fully depreciated property, plant and equipment in use**

Property, plant and equipment includes fully depreciated assets with a cost of Rs. 6,831,946/- (31 March 2020 - Rs. 4,138,235/-) which were in use during the year.

**11.8 Property, plant and equipment pledged as security for liabilities**

There are no property, plant and equipment pledged as security against borrowings.

**11.9 Revaluation of land, buildings and other assets**

The Company uses the revaluation model of measurement of land, buildings and other assets. The Company has engaged with independent expert valuers to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence of transaction prices for similar properties. Valuations are based on open market prices, adjusted for any difference in the nature, location, or condition of the specific property. These valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The date of the most recent revaluation was carried out on 31<sup>st</sup> December 2016. As a result of the COVID-19 outbreak in Sri Lanka during the year ended 31<sup>st</sup> March 2021, a reassessment of the valuation was obtained by the same independent professional valuers who determined no significant change to the revalued carrying amount provided as at 31<sup>st</sup> December 2016.



**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS**AS AT 31<sup>ST</sup> MARCH 2021**11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)****11.10 The details of freehold Land and Building and Other Assets which are stated at valuation are as follows,**

Location	Square Feet	Method of Valuation	Effective date of Valuation	Name of the Independent Valuer	Revalued Amount	Net Book Value before revaluation	Revaluation Gain
<b>Freehold Building</b>							
No.76, Rock Fall Estate, Nuwara-Eliya Road, Ramboda	27,305 sq.ft.	Contractor's Method of valuation	31-12-2016	Mr. P.P.T Mohideen, an independent valuer, Chartered Valuation Surveyor, fellow member of Royal Institute of Chartered surveyors of the United Kingdom and fellow member of the institute of Valuers in Sri Lanka.	206,000,000	122,113,062	83,886,938
<b>Freehold Land</b>							
No.76, Rock Fall Estate, Nuwara-Eliya Road, Ramboda	09A-1R-32P	Market Approach	31-12-2016		169,000,000	113,400,000	55,600,000
<b>Other Assets*</b>							
* Other assets includes vehicles, furniture & fittings, office equipment and plant & machineries.	N/A	Contractor's Method of valuation	31-12-2016		23,716,516	28,930,944	(5,214,428)

**11.11 Fair value measurement****(a) Fair value hierarchy**

The fair value of the freehold Land and Building and Other Assets was determined by an external independent property valuer, having appropriate recognized professional qualifications and experience in the category of the property being valued. The valuer provides the fair value of the property. Based on the valuation techniques used it has been classified under Level 3 in fair value hierarchy.

**(b) Valuation techniques and significant unobservable inputs used in measuring fair value**

The following table shows the valuation techniques used in measuring fair value, as well as the significant unobservable inputs used.

Valuation techniques	No of buildings	Significant unobservable inputs	Range of Estimates for unobservable inputs	Interrelationship between key unobservable inputs & fair value measurements
<b>Freehold Building</b>	10	Estimated constructed cost per square feet	Rs. 3,250 - Rs. 12,000 (Estimated Price per Square Foot)	Positive correlation sensitivity
<b>Contractor's Method of valuation</b>				Estimated fair value would increase/ (decrease) if price per Square Foot would increase / (decrease).
<b>Freehold Land</b>		Market value per perch	Rs. 240,000	Positive correlation sensitivity
<b>Market Approach</b>				Estimated fair value would increase/(decrease) if price per perch would increase /(decrease).

**Contractor's Method of valuation**

The valuation method considers the cost of producing substitute property with equal utility, by calculating the current cost of replacing the subject improvements and subtracting an approximate amount for depreciation.

**Market Approach**

This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property. In this process outlier transactions, indicative of particular motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.

**11.12 If property, plant and equipment were stated on the historical cost basis, their net book amounts would be as follows :**

	Freehold Land	Buildings
<b>As at 31 March 2020</b>		
Cost	10,967,078	102,518,932
Accumulated depreciation	-	(52,721,109)
<b>Carrying value</b>	<b>10,967,078</b>	<b>49,797,823</b>
<b>As at 31 March 2021</b>		
Cost	10,967,078	102,518,932
Accumulated depreciation	-	(60,908,835)
<b>Carrying value</b>	<b>10,967,078</b>	<b>41,610,097</b>

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS****AS AT 31<sup>ST</sup> MARCH,**

	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>12. INTANGIBLE ASSETS</b>		
<b>Cost</b>		
Balance as at 1 <sup>st</sup> April	<b>1,860,000</b>	1,710,000
Additions during the Year	-	150,000
<b>Balance as at 31<sup>st</sup> March</b>	<b>1,860,000</b>	<b>1,860,000</b>
<b>Accumulated Amortization</b>		
Balance as at 1 <sup>st</sup> April	<b>1,697,698</b>	1,649,419
Amortization during the year	<b>46,000</b>	48,279
<b>Balance as at 31<sup>st</sup> March</b>	<b>1,743,698</b>	<b>1,697,698</b>
<b>Net Book Value</b>	<b>116,302</b>	<b>162,302</b>

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS****AS AT 31<sup>ST</sup> MARCH**

	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>13. INVENTORIES</b>		
Food	237,194	1,199,043
Bar stock	203,281	314,912
House keeping	150,603	252,562
Stationery	67,921	75,578
Building Maintenance	245,866	203,626
	<b>904,865</b>	<b>2,045,721</b>
<b>14. TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	3,245,185	8,997,471
Provision For Bad Debtors (Note 14.1)	(529,207)	(376,553)
	<b>2,715,978</b>	<b>8,620,918</b>
Advance and Prepayment	501,240	668,598
Tax Receivables	16,014	430,940
Other receivables	504,988	526,883
	<b>3,738,220</b>	<b>10,247,339</b>
<b>14.1 Provision for impairment of trade receivables</b>		
Balance at beginning of the year	376,553	90,079
Provision made during the year	152,654	286,474
Balance as at the end of the year	<b>529,207</b>	<b>376,553</b>
<b>14.2 Other Receivables Suspense</b>		
Other Receivables Suspense (Note 14.2.1)	3,046,670	3,046,670
Provision for Other Receivables Suspense	(3,046,670)	(3,046,670)
Balance as at the end of the year	<b>-</b>	<b>-</b>
<b>14.2.1</b> There is an ongoing investigation by the Special Investigation Crime Bureau ("SCIB") - Nuwara - Eliya at the Helboda Magistrate Court bearing the case no, B04/17 on the complaint made by the management against the former employee for cheating and missappropriation of funds of the Company.		
SCIB has launched an investigation on this fraud and have recorded statements from suspect, Bank and some witnesses and progress of their investigation were reported to the said case.		
Suspect, former accountant was arrested by the SCIB - Nuwara Eliya and he was produced before the Helboda Magistrate Court. He was enlarged on bail.		
Due to non-completion of the investigations, formal charge sheet against the said suspect is not yet filed by the end of 31st March 2021. However, estimated loss for the Company is Rs.3,046,670 which is fully provisioned during the year 2016/2017.		
<b>15. CASH &amp; CASH EQUIVALENTS</b>	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
Cash at Bank	3,941,740	11,089,936
Cash in Hand	1,264,051	1,094,852
Total cash and cash equivalents	<b>5,205,791</b>	<b>12,184,788</b>
Bank overdraft	(891,267)	(213,872)
<b>Net cash and cash equivalents for the cash flow statement purpose</b>	<b>4,314,524</b>	<b>11,970,916</b>

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS****AS AT 31<sup>ST</sup> MARCH****16. STATED CAPITAL**

	<b>2021</b>		<b>2020</b>	
	<b>Number of shares</b>	<b>Value of shares Rs.</b>	<b>Number of shares</b>	<b>Value of shares Rs.</b>
Fully paid ordinary shares	<b>20,000,000</b>	<b>100,000,020</b>	20,000,000	100,000,020
	<b>20,000,000</b>	<b>100,000,020</b>	20,000,000	100,000,020

**16.1 Rights, preferences and restrictions of classes of capital**

The holders of ordinary share are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

**16.2 Revaluation reserve**

Revaluation reserve relates to the result of surplus on revaluation of land, buildings and other assets of the Company net of related tax.

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS****AS AT 31<sup>ST</sup> MARCH**

	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>17. RETIREMENT BENEFIT OBLIGATION</b>		
Balance at the beginning of the year	<b>5,453,059</b>	5,360,481
Current service costs	<b>640,427</b>	740,033
Interest Cost	<b>191,687</b>	228,053
Actuarial gain on defined benefit obligations	<b>(728,093)</b>	(667,146)
Payments made during the year	-	(208,362)
<b>Liability for defined benefit obligations as at 31<sup>st</sup> March</b>	<b>5,557,080</b>	5,453,059

**17.1 The amounts recognized in the statement of profit or loss are as follows;**

Current service costs	<b>640,427</b>	740,033
Interest cost	<b>191,687</b>	228,053
	<b>832,114</b>	968,086

**17.2 The amount recognised in the statement of other comprehensive income is as follows;**

Actuarial gain on defined benefit obligations	<b>728,093</b>	667,146
	<b>728,093</b>	667,146

**17.3 The gratuity liability as at 31st March 2021 for the company is made based on the internally generated formula. The principal assumptions made are given below;**

	<b>2021</b>	<b>2020</b>
Discount rate	<b>7.0%</b>	9.5%
Rate of Salary Increment	<b>3.0%</b>	8.0%
Staff Turnover Factor	<b>15.5%</b>	24.5%
Retirement age	<b>55 years</b>	55 years
Retirement benefit obligation of Ramboda Falls PLC is not funded externally.		

**17.4 Sensitivity of assumptions used**

	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
A quantitative sensitivity analysis for significant assumptions as at 31 <sup>st</sup> March is, as shown below:		
<b>Increase /(decrease) in discount rate</b>		
+1%	<b>(138,937)</b>	(97,837)
-1%	<b>148,216</b>	102,413
<b>Increase /(decrease) in salary Increment rate</b>		
+1%	<b>152,636</b>	102,894
-1%	<b>(145,521)</b>	(100,070)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS****AS AT 31<sup>ST</sup> MARCH**

RS AT 31 MARCH

	2021 Rs.	2020 Rs.		
18. INTEREST BEARING LOANS AND BORROWINGS				
Current Liability				
Bank borrowings (Note 18.1)	3,233,363	-		
Finance Lease Liability (Note 18.4)	3,732,690	3,301,634		
	6,966,053	3,301,634		
Non-current Liability				
Bank borrowings (Note 18.1)	2,016,637	-		
Finance Lease Liability (Note 18.4)	2,839,708	2,476,860		
	4,856,345	2,476,860		
Total borrowings	11,822,398	5,778,494		
18.1 Movement in Loans And Borrowings				
	2021 Rs.	2020 Rs.		
Balance at the beginning of the year	-	-		
Loans received during the year	5,500,000	-		
Loan repayments during the year	(250,000)	-		
Balance at the end of the year	5,250,000	-		
Current	3,233,363	-		
Non-current	2,016,637	-		
Total Bank borrowings balance at the end of the year	5,250,000	-		
18.2 Maturity Analysis of Loans And Borrowings				
Within 1 year	3,233,363	-		
Between 1 and 2 years	1,650,050	-		
Between 2 and 5 years	366,587	-		
	5,250,000	-		
18.3 The Details the bank borrowings as at the reporting date are as follows :				
Loan Description	Loan Amount	Grant Date	Instalment Amount	Interest p.a.
Hatton National Bank (Loan 1- LKR 4.5 Mn)	4,500,000	Aug-20	250,000	4% Per Annum
Hatton National Bank (Loan 2- LKR 1 Mn)	1,000,000	Feb-21	33,333	4.75% Per Annum
18.4 Movement in Finance Lease Liability			2021 Rs.	2020 Rs.
Balance at the beginning of the year			5,778,494	6,265,356
New leases obtained during the year			-	3,000,000
Repayment during the year			(72,173)	(3,486,862)
Interest Payable on Finance Lease			866,077	-
Balance at the end of the year			6,572,398	5,778,494
Current			3,732,690	3,301,634
Non-current			2,839,708	2,476,860
Total Finance Lease balance at the end of the year			6,572,398	5,778,494
18.5 Maturity Analysis of Finance Lease Liability				
Within 1 year			3,732,690	3,301,634
Between 1 and 2 years			1,023,653	923,653
Between 2 and 5 years			1,816,055	1,553,207
			6,572,398	5,778,494
18.6 Hatton National Bank PLC Lease				

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS****AS AT 31<sup>ST</sup> MARCH**

	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>19. DEFERRED TAXATION</b>		
<b>19.1 DEFERRED TAX LIABILITY</b>		
Balance at the beginning of the year	<b>55,724,807</b>	52,712,807
Amount recognized/(reversed) during the year - (Note 19.2)	<b>(2,420,063)</b>	3,012,000
Balance at the end of the year	<b>53,304,744</b>	55,724,807
<b>19.2 Amount recognized during the year</b>	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
Amount recognized/(reversed) during the year - Other Comprehensive Income	<b>101,933</b>	93,400
Amount recognized/(reversed) during the year - Profit and Loss	<b>(2,521,996)</b>	2,918,600
<b>Total amount recognized during the year</b>	<b>(2,420,063)</b>	3,012,000

**19.3 Analysis of recognised deferred tax assets / liabilities in the Statement of Financial Position**

	<b>2021</b>		<b>2020</b>	
	<b>Temporary Difference</b>	<b>Tax Effect</b>	<b>Temporary Difference</b>	<b>Tax Effect</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
<b>Deferred tax liabilities on,</b>				
Property, Plant and Equipment	<b>386,834,455</b>	<b>54,156,824</b>	403,863,945	56,540,952
	<b>386,834,455</b>	<b>54,156,824</b>	403,863,945	56,540,952
<b>Deferred tax assets on,</b>				
Retirement benefit obligation	<b>5,557,080</b>	<b>777,991</b>	5,453,059	763,428
Impairment provision for Trade receivable	<b>529,207</b>	<b>74,089</b>	376,553	52,717
	<b>6,086,287</b>	<b>852,080</b>	5,829,612	816,146
<b>Net recognised deferred tax liability</b>	<b>380,748,168</b>	<b>53,304,744</b>	398,034,334	55,724,807

**19.4 Unrecognised deferred tax assets on tax losses**

The Company has not recognized deferred tax asset amounting to Rs. 3,475,993/- arising on carried forward tax losses amounting to Rs. 24,828,523/- as it is not probable that the future taxable profits will be adequate to utilize the available tax losses in the foreseeable future (2019/2020- Nil).

- 19.5** As per the Inland Revenue Act, No 24 of 2017 which is effective from the year of assessment 2018/19, the Company is liable to pay income tax at the rate of 14% for its business income, as the Management of the Company has assessed that the Company predominantly engaged in an undertaking for the promotion of tourism.

Any gains on realization from disposal of lands used in the business are liable for taxation under the business income of the entity. Accordingly, the realization gains shall be the amount by which the sum of the consideration received on the asset that exceeds the acquiring cost and any accumulated allowable costs incurred on improvement thereon at the time of the realization.

The Company has recognized a revaluation reserve on freehold land amounting to Rs. 166,032,902/- as at 31st December 2016, which is considered as the potential gain liable for taxation as at the Balance Sheet date on future realization. Accordingly, the Company has recognized a deferred tax liability of Rs. 23,244,606/- pertaining to revaluation reserve on freehold lands which is computed at the substantively enacted corporate tax rate of 14%.

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31<sup>ST</sup> MARCH****20. TRADE AND OTHER PAYABLES**

	2021 Rs.	2020 Rs.
Trade payables	2,055,029	6,348,678
Welfare Fund	-	38,639
VAT Payable	364,878	359,736
Accrued expenses	10,228,932	9,205,515
	<b>12,648,839</b>	<b>15,952,568</b>

**21. INCOME TAXATION PAYABLES**

	2021 Rs.	2020 Rs.
Balance as at 01 <sup>st</sup> April	1,123,293	3,246,869
Under/(Over) in respect of previous years	482,936	-
Withholding and Other Credits	(428,363)	(231,971)
Income Tax Provision for the year	273,252	1,753,190
Income Tax payments	(1,123,293)	(3,644,795)
<b>Balance as at 31<sup>st</sup> March</b>	<b>327,825</b>	<b>1,123,293</b>

**22. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT**

Financial instruments measured subsequently on the ongoing basis either at fair value or amortized cost. The summary of significant accounting policies describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognized.

The following is a description of how fair values are determined for financial instruments that are recorded at fair value using valuation techniques. These incorporate the company's estimate of assumptions that a market participant would make when valuing the instruments. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques.

Level 1 : category of financial assets that are measured in whole or in part by reference to published quotes in an active market

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The table below shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is reasonable approximation of fair value.

As at 31st March 2021	Note	Financial Assets at Amortised cost	Financial Liabilities at Amortised cost	Total	Fair Value			Total
					Level 1	Level 2	Level 3	
<b>Financial Assets</b>								
Trade and other receivables	14	3,738,220	-	3,738,220	-	-	-	-
Cash and cash equivalents	15	5,205,791	-	5,205,791	-	-	-	-
		<b>8,944,011</b>	<b>-</b>	<b>8,944,011</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial Liabilities</b>								
Interest bearing borrowings	18	-	11,822,398	11,822,398	-	-	-	-
Trade payables	20	-	2,055,029	2,055,029	-	-	-	-
Provisions and other payables	20	-	10,593,810	10,593,810	-	-	-	-
Bank overdraft	15	-	891,267	891,267	-	-	-	-
		<b>-</b>	<b>25,362,503</b>	<b>25,362,503</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As at 31st March 2020</b>	<b>Note</b>	<b>Financial Assets at Amortised cost</b>	<b>Financial Liabilities at Amortised cost</b>	<b>Total</b>	<b>Fair Value</b>			<b>Total</b>
					<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Financial Assets</b>								
Trade and other receivables	14	10,247,339	-	10,247,339	-	-	-	-
Cash and cash equivalents	15	12,184,788	-	12,184,788	-	-	-	-
		<b>22,432,126</b>	<b>-</b>	<b>22,432,126</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial Liabilities</b>								
Interest bearing borrowings	18	-	5,778,494	5,778,494	-	-	-	-
Trade payables	20	-	6,348,678	6,348,678	-	-	-	-
Provisions and other payables	20	-	9,603,890	9,603,890	-	-	-	-
Bank overdraft	15	-	213,872	213,872	-	-	-	-
		<b>-</b>	<b>21,944,934</b>	<b>21,944,934</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**23. RELATED PARTY TRANSACTIONS**

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS 24) - "Related party disclosures",

**23.1 Transactions with Key Management Personnel (KMP)**

According to Sri Lanka Accounting Standard (LKAS 24) - "Related party disclosures", Key Management personnel (KMP) are those having authority and responsibility for planning and controlling the activities of the entity. Accordingly, the Directors of the Company (including executive and non-executive directors) and their immediate family members have been classified as Key Management Personnel of the Company.

**Key Management Personnel Compensation****As at 31<sup>st</sup> March**

	2021 Rs.	2020 Rs.
Short term employee benefits	-	4,416,200
Cash benefits	-	1,110,664
Total	-	5,526,864

No other transactions have taken place during the year, except as disclosed above, between the Company and its related parties.



**RAMBODA FALLS PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021**

**24. FINANCIAL RISK MANAGEMENT**

**Overview**

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

1. Credit risk
2. Liquidity risk
3. Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout this financial statement.

**Risk management framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the risk management policies to identify and analyze the risks face by the Company and set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly, and aim to develop a disciplinary constructive control environment, in which all employees understand their roles and obligations through training, management standards and procedures.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risk face by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the result of which are reported to the Audit Committee. The committee reports regularly to the board of directors on its activities.

The board of Directors reviews, verifies, agree the policies for managing each type of risk which are summarized below.

**24.1 Credit Risk**

The Company trades only with recognized, creditworthy third parties. It is the Company'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 Company's exposure to bad debts is not significant.

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

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. Based on the review of their past performance and credit worthiness the Company has obtained deposits and advances from its major customers.

The requirement for impairment is analyzed at each reporting date on an individual basis for major customers. In order to mitigate settlement and operational risks related to cash and cash equivalents, the Company uses several banks with acceptable ratings for its deposits.

**24.1.1 The maximum exposure to credit risk at reporting date**

The Company's maximum exposure to credit risk as at the year end based on the carrying value of financial assets in the statement of financial position is given below. There were no off balance sheet exposure as at the year end date.

**As at 31<sup>st</sup> March**

	<b>2021 Rs.</b>	<b>2020 Rs.</b>
Trade Receivables	<b>2,715,978</b>	8,620,918
Cash at Bank	<b>3,941,740</b>	11,089,936
	<b>6,657,718</b>	19,710,854

**Mitigation of Credit Risk**

**Trade Receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry in which customers operate, as these factors may have an influence on credit risk.

The Company has established a credit policy under which each customer is analysed individually for creditworthiness, before the Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring specific approval; these limits are reviewed annually.

The aging of trade receivables as at the end of the reporting period that were not impaired as follows.

**Impairment of receivables**

Impairment for trade receivables is established based on expected credit loss method. The main component of this allowance is a specific loss component that relates to individually significant exposures based on aging of the outstanding's. The loss rate calculated based on the historical provision matrix is adjusted based on the future calibrated probability of default and the loss given default. Forward looking factors that affect customer default rates and macro economic data such as GDP is considered in calculating the probability of default.

**Age analysis of trade receivables**

**As at 31<sup>st</sup> March**

**Not due 0-30 days**

**Past due:**

- 1-30 days
- 31-60 days
- 61-90 days
- 91-120 days
- 121 above

**Total Trade receivables**

<b>Gross Receivables</b>		<b>Impairment Allowance</b>		<b>Carrying Value</b>	
<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
-	-	-	-	-	-
<b>10,000</b>	2,308,811	-	-	<b>10,000</b>	2,308,811
-	3,217,942	-	-	-	3,217,942
-	1,842,322	-	-	-	1,842,322
<b>21,050</b>	1,251,843	-	-	<b>21,050</b>	1,251,843
<b>3,214,135</b>	376,553	<b>529,207</b>	376,553	<b>2,684,928</b>	-
<b>3,245,185</b>	8,997,471	<b>529,207</b>	376,553	<b>2,715,978</b>	8,620,918

A provisions of Rs. 529,207/- have been made by the Company as impairment of trade receivables as at the year end (2019/2020 - Rs.376,553/-).

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021****24. FINANCIAL RISK MANAGEMENT (CONTD.)****Cash & Cash Equivalents**

The Company held cash at bank of Rs. 3.9 Mn as at 31 March 2021 (31 March 2020 - Rs.11.0 Mn) which represent its maximum credit exposure on these assets. The cash equivalents are held with bank and financial institutions counterparties, which have better rankings.

**24.2 Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the company has available funds to meet its medium term capital and funding obligations and to meet any unforeseen obligations. The Company holds cash and undrawn committed facilities to enable the company to manage its liquidity risk.

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

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans and overdrafts.

**The following are the contractual maturities of the financial liabilities at its carrying value:**

The following are the remaining contractual maturities of the financial liabilities at the reporting date.

**As at 31<sup>st</sup> March 2021**

	Carrying amount	Contractual cash flows			
		Total	Less than 1 Year	1-2 years	2-5 years
Interest Bearing Borrowings	11,822,398	12,443,873	7,318,846	2,928,896	2,196,131
Trade Payables	2,055,029	2,055,029	2,055,029	-	-
Bank overdraft	891,267	891,267	891,267	-	-
	14,768,693	15,390,170	10,265,142	2,928,896	2,196,131

**As at 31<sup>st</sup> March 2020**

	Carrying amount	Contractual cash flows			
		Total	Less than 1 Year	1-2 years	2-5 years
Interest Bearing Borrowings	5,778,494	6,592,523	3,723,742	1,147,941	1,720,840
Trade Payables	6,348,678	6,348,678	6,348,678	-	-
Bank Overdraft	213,872	213,872	213,872	-	-
	12,341,044	13,155,073	10,286,292	1,147,941	1,720,840

**Management of liquidity risk**

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company has access to approved short-term financing facilities from commercial banks if required.

The Company monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables and it is estimated that the maturity of trade receivables as at the reporting date would occur in sufficient quantity and timing, given the historical trends, and currently available information which would enable the Company to meet its contractual obligations.

**RAMBODA FALLS PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021**

**24. FINANCIAL RISK MANAGEMENT (CONTD.)**

**24.3 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates affecting the Company's Income or the value of its holding instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. All such transactions are carried out within the guidelines set by the Company Management.

Market risk comprise of the following types of risk:

- I. Interest rate risk
- II. Currency risk
- III. Commodity price risk
- IV. Equity price risk

**24.3.1 Currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument fluctuating, due to changes in foreign exchange rates.

The Company, as at the reporting date, holds 'Financial Instruments' denominated in currencies other than its functional/presentation currency, hence does not get exposed to currency risk arising from transaction of such balances in to the functional /presentation currency, which is Sri Lankan Rupee except for the following.

	2021	2020
HNB Foreign currency account (USD)	5,880	263

The company's exposure to currency risk as at the reporting date are as follows.

Conversion rate	198	187
Net Foreign Currency Cash and cash Equivalents in LKR	<u>1,161,921</u>	<u>49,192</u>
Impact of increase in 5% USD rate - USD denominated borrowings - gain / (loss)	<u>58,096</u>	<u>2,460</u>
Impact of decrease in 5% USD rate - USD denominated borrowings - gain / (loss)	<u>(58,096)</u>	<u>(2,460)</u>

Effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

**24.3.2 Interest rate risk**

Interest rate risk mainly arises as a result of the Company having interest sensitive assets and liabilities which are directly impacted by changes in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The management monitors the sensitivities on regular basis and ensures that such risks are managed on a timely manner.

**Interest rate risk profile**

At the end of the reporting period, the interest rate profile of the Company's interest bearing financial instruments was as follows. There is no variable interest risk in the company.

As at 31 <sup>st</sup> March 2021	Fixed rate interest	Variable rate interest	Variable interest Loan Balance	Effect on Profit before Tax	
				Impact of 1% increase	Impact of 1% decrease
Financial liabilities					
Interest-bearing borrowings	980,288	-	-	-	-

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021****25. EVENTS OCCURRING AFTER THE REPORTING DATE**

There have been no events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements

**26. CAPITAL MANAGEMENT POLICIES AND PROCEDURES**

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services in a way that reflects the level of risk involved in providing those goods and services.

The Company monitors capital on the basis of the carrying amount of equity plus its subordinated loan, less cash and cash equivalents as presented in the statement of financial position.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or re-lease the property to reduce debt.

**27. CONTINGENT LIABILITIES**

There have been no Contingent Liabilities and Capital Commitments outstanding as at the reporting date.

**28. DIRECTORS RESPONSIBILITIES**

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

**29. IMPACT OF COVID-19 PANDEMIC TO THE FINANCIAL STATEMENTS**

The Company has assessed the possible impact of COVID-19 in preparation of the financial statements, including but not limited to its assessment of liquidity and going concern assumption, recoverable values of its financial and non-financial assets and impact on revenues and costs. The Company has considered internal and external sources of information and has performed sensitivity analysis on the assumptions used and based on current estimates, expects to recover the carrying amount of the assets. The impact of Covid-19 may be different from that estimated as at the date of these financial results and the Company will continue to closely monitor any material changes to future economic conditions.

The business has been impacted during the period on account of COVID-19. The Company witnessed softer revenues due to the lockdown imposed during the first two months of the year and the Company's hotel had to be shut down. With the unlocking of restrictions, the Company's hotel have been opened and business is expected to gradually improve. During the final quarter, the Company witnessed some signs of recovery of demand, as compared to previous quarters.

The Management is confident that the Company will have sufficient resources to continue for a future period. Management concluded that the range of possible outcomes considered at arriving at this judgment does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The Company has evaluated implications to financial statements due to the COVID-19 outbreak considering the key areas in the Financial Statements for the year ended 31 March 2021 as disclosed below.

- Financial instruments
- Impairment of assets
- Going concern – (Refer Note 2.7)

**RAMBODA FALLS PLC****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021****29. IMPACT OF COVID-19 PANDEMIC TO THE FINANCIAL STATEMENTS (CONTD.)****29.1 Financial instruments****29.1.1 Impairment of financial assets (ECL)**

The Company considered the Probability of Default (PD), Loss Given Default (LGD) and Macro Economic Factors in order to estimate the Expected Credit Loss (ECL) as at 31 March 2021. There were no material changes to the existing impairment model compared to previous year though it was realigned to reflect the revised credit ratings of the instruments.

**29.1.2 Credit risk**

To respond the credit risk under COVID-19 pandemic, the management has established following credit risk policy,

- Internal Limits were set on limiting investments rated below BBB+

**29.1.3 Liquidity risk**

The Company has taken action to mitigate the impact on liquidity due to COVID-19 pandemic, including reducing capital expenditure and operating expenditure. Further the Company revisited its investment strategy and provide guideline to make investments in low-risk investments. In addition to that the Company regularly monitor cash inflows and outflows through cash flow matching approach. The Company holds cash to manage the Company's liquidity risk.

**29.1.4 Interest rate risk**

The global outbreak of the novel COVID-19 epidemic has resulted in consecutive reductions in policy rates and monetary easing policies by Central Bank of Sri Lanka.

The Company monitors its interest rate risk exposure through periodic reviews of asset and liability positions. Additionally, estimates of cash flows and the impact of interest rate fluctuations are modelled and reviewed every quarter.

**29.1.5 Foreign exchange risk**

The Sri Lankan Rupee witnessed a sharp depreciation against the US Dollar from March 2020 on the back of economic turmoil in global, regional, and local markets resulting from the COVID-19 pandemic. The Company exposed to foreign currency-denominated transactions are adversely impacted due to fluctuations in exchange rates.

The Company regularly analyses the market condition of foreign exchange and analyse the utilisation of cash flows.

Further the Company regularly reviews the timing of foreign currency cash in flows and outflows and takes decisions on whether to reinvest the foreign cash flows or utilise to make the foreign currency payments.

**29.2 Impairment of non-financial assets**

This assessment has become more critical with the COVID-19 condition and measurement of recoverable amount involves certain level of estimates and judgment. The Board of Directors has assessed the potential impairment loss on non-financial assets due to COVID-19 pandemic. The assessment was carried out through multiple scenario basis, up to date available information and business continuity plan. Based on the assessment, the Company has not identified any indications of Impairment due to impact on COVID-19 pandemic as at the reporting date.

# Investors Information

The information presented here is meant to give you, the reader, a clear picture of our share holder profile and related demographics as well as performance of shareholders in the market.

## The Distribution of Share Holders as at 31. 03.2021

Shareholding category	2021			2020		
	No. of Shareholders	No of Shares	%	No of Share holders	No of Shares	%
1 to 1,000	483	72,506	0.36	462	63,714	0.31
1,001 to 10,000	79	277,700	1.39	83	286,365	1.44
10,001 to 100,000	29	715,696	3.58	29	715,823	3.58
100,001 to 1,000,000	3	1,046,814	5.23	3	1,046,814	5.23
Over 1,000,000	4	17,887,284	89.44	4	17,887,284	89.44
Total	<b>598</b>	<b>20,000,000</b>	<b>100.00</b>	<b>581</b>	<b>20,000,000</b>	<b>100%</b>

## Share Price Movements during the year

Market Price	Quarter Ended				Year Ended	
	30.06.2020	30/09/2020	31/12/2020	31/03/2021	31.03.2021	31.03.2020
Highest Rs.	17.90	18.00	21.80	21.70	21.80	21.00
Lowest Rs.	15.00	15.10	15.10	16.00	15.00	15.00
Closing Rs.	17.90	18.00	20.60	16.10	16.10	15.60

## Categories of share Holders

Category/ No of shareholders	2021	2020
Individual	<b>584</b>	564
Institutions	<b>14</b>	17
Total	<b>598</b>	581

Float adjusted market capitalization as at 31st March 2021

**Rs. 91,731,376**

Total No of Shareholders representing the public Holding

**592**

## Share Holdings as at 31st March

Share Holding	2021			2020		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
Public Holding	592	5,697,601	28.488%	575	5,697,601	28.488%
Directors Holding	6	14,302,399	71.512%	6	14,302,399	71.512%
Total	598	20,000,000	100%	581	20,000,000	100%

The float adjusted market capitalization as at 31st March 2021 is Rs. 91.7 million and minimum public holding requirement is compliant with option-2 as per Sec 7.13.1 (b) of the Listing Rule of CSE.

## 20 Major Shareholders of the Company as at 31st March, 2021

No	Name of Shareholder	No of share	Shareholding %
1	Mr. L S Sigera	7,080,700	35.4
2	Mr. I J A Karunarathna	7,080,700	35.4
3	Miss. S H Karunarathna	1,925,884	9.63
4	Mr. P D Panagoda	1,800,000	9.00
5	Mrs. P K Amaradasa	650,823	3.25
6	Dr. G D S Gamage	205,861	1.03
7	Mrs. Hng Poh Gin	190,130	0.95
8	Mr. Takashi Igarashi	100,000	0.50
9	Mr. P G G S Yapa	98,179	0.49
10	Miss. R M I P Ranasinghe	30,692	0.15
11	Mr. G C Goonetilleke	30,500	0.15
12	Mr. N A Withana	26,200	0.13
13	Mr. C A D S Woodward	25,000	0.13
14	Mr. P N C Gomes	25,000	0.13
15	Mr. S Ishizuka	24,679	0.12
16	Mr. K Jayawila	24,384	0.12
17	Mr. H M K Banda	24,310	0.12
18	Mr. R M N K Ranasinghe	24,085	0.12
19	Assetline Leasing Company Ltd	21,530	0.11
20	Mrs. S C R Thambimuttu	20,827	0.10
	Others  Total	19,409,474	97.05
		590,526	2.95
		20,000,000	100

## Ten Year Summery

	2021/20	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12
<b>TRADING RESULTS</b>										
Revenue Rs. (000)	14,025	110,235	141,449	127,305	125,334	118,853	105,980	83,753	86,286	70,025
Profit before income Tax Rs. (000)	25,861	12,769	33,351	24,221	16,609	26,773	28,402	18,002	23,907	11,639
Income Tax Rs. (000)	(1,766)	(4,671)	8,203	(5,985)	(2,765)	(3,223)	(3,689)	(5,942)	(369)	(1,732)
Profit after taxation Rs. (000)	24,095	8,097	25,147	18,236	13,844	23,550	24,713	12,060	23,538	9,907
<b>SHARE CAPITAL AND RESERVES</b>										
Stated Share capital Rs. (000)	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Reserves Rs. (000)	291,105	314,573	315,902	300,512	317,634	189,334	174,486	159,681	158,572	135,034
Share holder 's Funds Rs. (000)	391,105	<b>414,573</b>	<b>415,902</b>	<b>400,512</b>	<b>417,634</b>	<b>289,334</b>	<b>274,487</b>	<b>259,681</b>	<b>258,572</b>	<b>233,370</b>
<b>ASSETS EMPLOYED</b>										
Current Assets Rs. (000)	9,849	24,477	50,520	39,290	43,440	38,407	35,032	13,839	27,285	10,560
Current Liabilities Rs. (000)	(21,487)	(21,243)	(28,861)	(24,593)	(25,926)	(26,701)	(32,537)	(27,494)	(23,014)	(20,583)
Non-Current Assets Rs. (000)	466,461	474,994	454,984	446,803	432,055	302,845	297,159	298,780	279,930	280,490
Long term Liabilities Rs. (000)	(63,718)	(63,654)	(60,741)	(60,988)	(31,934)	(25,217)	(25,167)	(25,444)	(25,629)	(37,096)
<b>RATIOS &amp; STATISTICS</b>										
Number of Shares Rs. (000)	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Basic Earnings /(Loss) per share	(1.2)	0.4	1.26	0.91	0.69	1.18	1.24	0.6	1.18	0.5
Net Assets Value per share Rs.	19.56	20.7	20.80	20.02	20.88	14.47	13.72	12.98	12.93	11.67
Current Ratio (Times)	0.46	1.15	1.75	1.60	1.68	1.44	1.08	0.50	1.19	0.51
Dividend Payout Ratio	-	1.25	0.40	0.55	0.72	0.42	0.40	0.83	0.42	-
Dividend Paid per share Rs.	-	0.5	0.50	0.50	0.50	0.50	0.50	0.50	0.50	-



## Corporate Information

Name of the Company	Ramboda Falls PLC
Status & Legal Form	A quoted Public Company with limited liability incorporated in Sri Lanka
Company Registration No.	PV/PB 8234 PQ
VAT Registration No.	114173339-7000
Registered Office	No.76, Rock Fall Estate, Nuwara-Eliya Road, Ramboda, Sri Lanka. Web: <a href="http://www.rambodafalls.com">www.rambodafalls.com</a> Email: rambodafall@gmail.com
Board of Directors	Mr. Takashi Igarashi - Chairman Mr. Liyanage Sasanka Sigera - Managing Director Mr. Imiyage Jagath Ananda Karunarathna Mr. Peter A. Stewart Mr. P. Sarathchandra Mr. V. N. D. Wickramasinghe Mr. D. D. Sunil Mr. W. G. Dhanapala (Alternative Director)
Secretaries & Registrars	SSP Corporate Services (Pvt) Limited, No. 101, Inner Flower Road, Colombo 03
External Auditor	KPMG, Chartered Accountants, 32A, Sir Mahamed Macan Markar Mawatha, P O Box 186, Colombo 03.
Internal Auditor	Wannigama Associates Chartered Accountants No. 41/25/111, Sampathpura, Watareka, Meegoda
Bankers	Hatton National Bank PLC Sampath Bank PLC

**RAMBODA FALLS PLC****Notice of Meeting**

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF RAMBODA FALLS PLC WILL BE HELD AS A VIRTUAL MEETING ON 28<sup>TH</sup> OCTOBER 2021 AT 10.00 A.M.

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*AGENDA*

1. To receive and consider the Annual Report of the Board of Directors on the State of Affairs of the Company and the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2021 with the Report of the Auditors thereon.
2. To re-elect Mr. Imiyage Jagath Ananda Karunaratne who in terms of Articles 85 of the Articles of Association of the Company retires by rotation at the Annual General Meeting as a Director.
3. To re-elect Mr. Viraj Nishantha Deepal Wickremasinghe who in terms of Articles 85 of the Articles of Association of the Company retires by rotation at the Annual General Meeting as a Director.
4. To re-appoint M/s. KPMG, Chartered Accountants as Auditors to the Company for the ensuing year and authorize the Directors to determine their remuneration.
5. To authorize the Directors to determine donations for the year 2021 / 2022.

BY ORDER OF THE BOARD OF  
RAMBODA FALLS PLC  
S S P CORPORATE SERVICES (PRIVATE) LIMITED

## SECRETARIES

Colombo

Date: 22<sup>nd</sup> September 2021

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of him/her. Such Proxy need not be a member of the Company.
2. A Form of Proxy accompanies this notice.

The completed Form of Proxy should be deposited at the Registered Office of the Company at No.76, Rock Fall Estate, Nuwara Eliya Road, Ramboda **not later than 48 hours before the time appointed for the meeting.**

## RAMBODA FALLS PLC

## FORM OF PROXY

I/We\*.....holder of National Identity Card No.....of.....

.....being a member/\*members of Ramboda Falls PLC hereby appoint Mr/Ms holder of National Identity Card No.....of.....or failing him/her.

|                                           |                           |
|-------------------------------------------|---------------------------|
| Mr. Takashi Igarashi                      | of Colombo or failing him |
| Mr. Liyanage Sasanka Sigera               | of Colombo or failing him |
| Mr. Imiyage Jagath Ananda Karunaratne     | of Colombo or failing him |
| Mr. Peter Stewart                         | of Colombo or failing him |
| Mr. Pathirannehalage Sarathchandra        | of Colombo or failing him |
| Mr. Deyalamudalige Don Sunil Mudalige     | of Colombo or failing him |
| Mr. Viraj Nishantha Deepal Wickremasinghe | of Colombo                |

as my/\*our Proxy to represent me/\*us and to vote as indicated below on my/\*our behalf at the Annual General Meeting of the Company to be held as a Virtual Meeting on 28<sup>th</sup> October 2021 at 10.00 a.m. and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid Meeting.

|                                                                                                                                                                                                                                                 | <u>FOR</u>               | <u>AGAINST</u>           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| 1. To receive and consider the Annual Report of the Board of Directors on the State of Affairs of the Company and the Consolidated Financial Statements for the year ended 31 <sup>st</sup> March 2021 with the Report of the Auditors thereon. | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. To re-elect Mr. Imiyage Jagath Ananda Karunaratne who in terms of Articles 85 of the Articles of Association of the Company retires by rotation at the Annual General Meeting as a Director.                                                 | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. To re-elect Mr. Viraj Nishantha Deepal Wickremasinghe who in terms of Articles 85 of the Articles of Association of the Company retires by rotation at the Annual General Meeting as a Director.                                             | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. To re-appoint M/s. KPMG, Chartered Accountants as Auditors to the Company for the ensuing year and authorize the Directors to determine their remuneration.                                                                                  | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. To authorize the Directors to determine donations for the year 2021 / 2022.                                                                                                                                                                  | <input type="checkbox"/> | <input type="checkbox"/> |

As witness my/our hand/this ..... day of ..... Two Thousand and Twenty-One.

Signature .....

**Note:**

Instructions as to completion appear on the reverse hereto. Please delete the inappropriate words, and mark 'X' in the appropriate cages to indicate your instructions as to voting.

A proxy need not be a member of the Company.

## INSTRUCTIONS AS TO COMPLETION OF FORM OF PROXY

1. Kindly perfect the Form of Proxy by filling in legibly your full name and address, your instructions as to voting, by signing in the space provided and filling in the date of signature.
2. Please indicate with an 'X' in the cages provided how your proxy is to vote on the Resolutions. If no indication is given the Proxy in his/her discretion may vote as he/she thinks fit.
2. The completed Form of Proxy should be deposited at the Registered Office of the Company, No.76, Rock Fall Estate, Nuwara Eliya Road, Ramboda not less than 48 hours before the time appointed for holding the meeting.
3. If the form of proxy is signed by an attorney, the relative Power of Attorney should accompany the completed Form of Proxy for registration, If such Power of Attorney has not already been registered with the Company.

**Note:**

If the shareholder is a Company or body corporate, Section 138 of the Companies Act No. 07 of 2007 applies to shareholders of Ramboda Falls PLC and Section 138 provides for representation of Companies at meeting of other Companies. A Corporation, whether a Company within the meaning of this Act or not, may where it is a member of another corporation, being a company within the meaning of this Act, by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company. A person authorised as aforesaid shall be entitled to exercise the same power on behalf of the Corporation which it represents as that Corporation could exercise if it were an Individual shareholder of that other Company.





[www.rambodafalls.com](http://www.rambodafalls.com)