

Our Ref: 1996 / A816 / SB / KA

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FINANCIAL STATEMENTS OF
WELWORTH LANKA HOLDING (PVT) LTD.
FOR THE YEAR ENDED
31ST MARCH 2014

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF WELWORTH LANKA HOLDING (PVT) LTD.

We have audited the accompanying Financial Statements of **WELWORTH LANKA HOLDING (PVT) LTD**, which comprise the Statement of Financial Position as at 31st March 2014, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flow for the year then ended, and a Summary of Significant Accounting Policies and other explanatory Notes, as exhibited on pages 2 to 11.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standard applicable to Small and Medium – sized Entities (SLFRS for SMEs). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31st March 2014 and the financial statements give a true and fair view of the Company's Financial Position as at 31st March 2014 and its financial performance and Cash Flows for the year then ended in accordance with Sri Lanka Accounting Standard applicable to Small and Medium – sized Entities.

Report on Other Legal and Regulatory Requirements

These Financial Statements also comply with the requirements of Section 151 (2) of the Companies Act No. 07 of 2007.

Kreston MNS & Co
**CHARTERED ACCOUNTANTS
COLOMBO**

12/05/2014

SB/KA/bn

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Partners

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Ms Sivaselvi Balachandran, FCA, FCMA
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STATEMENT OF FINANCIAL POSITION AS AT

		31.03.2014 Rs.	31.03.2013 Rs.
ASSETS			
Non Current Assets			
Investments in Subsidiary	4	214,999,980.00	129,999,980.00
		<u>214,999,980.00</u>	<u>129,999,980.00</u>
Current Assets			
Amounts due from Related Company	5	3,806,142.75	50,956,142.75
Amount due from Directors		20.00	20.00
Advance given for Allotment of Shares	6	-	27,700,000.00
Cash and Cash Equivalents	8	1,705.95	14,287.55
		<u>3,807,868.70</u>	<u>78,670,450.30</u>
Total Assets		<u>218,807,848.70</u>	<u>208,670,430.30</u>
EQUITY & LIABILITIES			
Equity			
Stated Capital	9	216,030,000.00	182,030,000.00
Retained Profit		(2,722,218.90)	(2,281,981.30)
		<u>213,307,781.10</u>	<u>179,748,018.70</u>
Current Liabilities			
Amount due to Related Company	10	5,263,425.00	28,678,425.00
Other Payables	11	236,642.60	243,986.60
		<u>5,500,067.60</u>	<u>28,922,411.60</u>
Total Equity & Liabilities		<u>218,807,848.70</u>	<u>208,670,430.30</u>

The Notes on pages 6 to 11 form an Integral part of these Financial Statements.

I certify that the above Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.




Finance Officer

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

Signed for and on behalf of the Board by

1.



Directors

2.



Date :

12/05/2014



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED

		31.03.2014 Rs.	31.03.2013 Rs.
Operating Income			
Administrative Expenses		(440,237.60)	(247,271.80)
Operating Profit / (Loss) before Tax	12	(440,237.60)	(247,271.80)
Tax expense	13	-	-
Profit / (Loss) after Tax		(440,237.60)	(247,271.80)
Other comprehensive income		-	-
		-	-
Total comprehensive income for the year		(440,237.60)	(247,271.80)

The Accounting Policies and the Notes on pages 6 to 11 form an Integral part of these Financial Statements.



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH 2014

	Stated Capital Rs.	Retained Profit Rs.	Total Rs.
Balance as at 31st March 2012	182,030,000.00	(2,034,709.50)	179,995,290.50
Profit / (Loss) for the year	-	(247,271.80)	(247,271.80)
Other Comprehensive Income for the year	-	-	-
Balance as at 31st March 2013	182,030,000.00	(2,281,981.30)	179,748,018.70
Shares issued during the year	34,000,000.00	-	34,000,000.00
Profit / (Loss) for the year	-	(440,237.60)	(440,237.60)
Other Comprehensive Income for the year	-	-	-
Balance as at 31st March 2014	216,030,000.00	(2,722,218.90)	213,307,781.10

The Accounting Policies and the Notes on pages 6 to 11 form an Integral part of these Financial Statements.



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED

		31.03.2014 Rs.	31.03.2013 Rs.
	Note		
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) before Tax		(440,237.60)	(247,271.80)
Adjustments:		-	-
Operating Profit / (Loss) before Changes in Working Capital		<u>(440,237.60)</u>	<u>(247,271.80)</u>
Increase / (Decrease) in Other Payables	11	<u>(7,344.00)</u>	111,468.40
Cash Generated from / (used in) Operations		<u>(7,344.00)</u>	111,468.40
Net Cash from / (used in) Operating Activities		<u>(447,581.60)</u>	<u>(135,803.40)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Investment in Subsidiary	4	<u>(57,300,000.00)</u>	-
Net Cash from / (used) in Investing Activities		<u>(57,300,000.00)</u>	<u>-</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of Shares	7	34,000,000.00	-
Amount received from (Paid to) related Company	5	47,150,000.00	(7,220,000.00)
Amount received from (Paid to) related Company	10	(23,415,000.00)	7,250,000.00
		<u>57,735,000.00</u>	<u>30,000.00</u>
Net Increase / (Decrease) in Cash & Cash Equivalents		<u>(12,581.60)</u>	<u>(105,803.40)</u>
Cash & Cash Equivalents at the beginning of the year		14,287.55	120,090.95
Cash & Cash Equivalents at the end of the year	8	<u>1,705.95</u>	<u>14,287.55</u>

The Accounting Policies and the Notes on pages 6 to 11 form an Integral part of these Financial Statements.



NOTES TO FINANCIAL STATEMENTS

NOTE 1 – CORPORATE INFORMATION

Welworth Lanka Holding (Pvt) Ltd (Formerly Puravankara Holding Lanka (Pvt) Ltd) is a Private Limited liability Company incorporated under the Companies Act No. 07 of 2007 (PB 8705) and domiciled in Sri Lanka. The address of its registered office and principal place of business is No. Level 8, East Tower, World Trade Centre, Echelon Square, Colombo 01. The Company was first registered on 01st December 2006.

* The principal shareholder is Puravankara Projects Limited – India, which holds 99.99% of the shares of Welworth Lanka Holding (Pvt) Ltd.

The principal activity of Welworth Lanka Holding (Pvt) Ltd is holding Investments.

NOTE 2 - GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH SRI LANKA ACCOUNTING STANDARD FOR SMALL AND MEDIUM SIZED ENTITIES (SLFRS FOR SMES)

The Financial Statements of the Company for the year ended 31st March 2014 have been prepared in accordance with the Sri Lanka Accounting Standard for Small and Medium-sized Entities (SLFRS for SMEs) issued by the Institute of Chartered Accountants of Sri Lanka. They are presented in Sri Lankan Rupees (Rs), which is also the functional currency of the Company.

The Directors have made an assessment of the Company's ability to continue as a going concern in the foreseeable future, and they do not intend either to liquidate or cease operations.

NOTE 3 - SUMMARY OF ACCOUNTING POLICIES

NOTE 3.1 - OVERALL CONSIDERATIONS

The significant accounting policies that have been used in the preparation of these Financial Statements are summarised below. These accounting policies have been used throughout all periods presented in the financial statements.

NOTE 3.2 - FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognized in profit or loss.

Non-monetary items that are measured at historical cost are not retranslated. Non-monetary items that are measured at fair value are translated at the exchange rates at the date fair value was determined.

NOTE 3.3 - EVENTS OCCURRING AFTER REPORTING DATE

All material events occurred after the reporting date have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the Financial Statements.



NOTES TO FINANCIAL STATEMENTS (CONTD.)

NOTE 3.4 – REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and value added taxes.

NOTE 3.5 - BORROWING COSTS

All borrowing costs are expensed in the period in which they are incurred.

NOTE 3.6 – EXPENDITURE

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

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

NOTE 3.7 - FINANCIAL INSTRUMENTS

Financial Assets

Other receivables and cash and cash equivalents

These financial assets are recognised initially at the transaction price.

Other Receivables

At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

Financial Liabilities

The Company's financial liabilities include Amounts due to Related Company and other payables. Financial liabilities are recognised initially at transaction price. After initial recognition they are measured at amortised cost using the effective interest method. Trade payables are on normal credit terms and do not bear interest.

NOTE 3.8 - INCOME TAXES

Tax expense recognised in profit or loss comprises the current tax not recognised in other comprehensive income or directly in equity.

Current Taxes

The provision for income tax is based on the elements of the income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and amendments thereto.



WELWORTH LANKA HOLDING (PVT) LTD.

NOTES TO FINANCIAL STATEMENTS (CONTD.)

NOTE 3.9 – EQUITY AND RESERVES

The total amount received by the Company or due and payable to the Company in respect of the issue of shares are referred to as "Stated Capital".

NOTE 3.10 - PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Provisions are made for all obligations existing as at the reporting date when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow.

All contingent liabilities are disclosed as a note to the Financial Statements unless the outflow of resources is remote.

All contingent assets are disclosed where inflow of economic benefits is probable.

NOTE 3.11 – CAPITAL COMMITMENTS

Capital commitments of the company are disclosed in the respective notes to the Financial Statements.



NOTES TO FINANCIAL STATEMENTS (CONTD.)

NOTE 9 - STATED CAPITAL

The stated Capital of the Company consists only of fully paid ordinary shares

All ordinary shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholder meetings of the company. All shares rank equally with regard to the Company's residual assets.

	31.03.2014 Rs.	31.03.2013 Rs.
Number of Ordinary Shares issued & fully paid		
Balance on 1st April	18,203,000	18,203,000
Shares issued during the year	3,400,000	-
Balance on 31st March	21,603,000	18,203,000
Stated Capital		
Balance on 1st April	182,030,000.00	182,030,000.00
Shares issued during the year	34,000,000.00	-
Balance on 31st March	216,030,000.00	182,030,000.00

NOTE 10 - AMOUNT DUE TO RELATED COMPANY

Puravankara Projects Limited - India	5,263,425.00	28,678,425.00
	5,263,425.00	28,678,425.00

NOTE 11 - OTHER PAYABLES

Financial Liabilities

Kreston MNS & Co. - Audit Fees	87,964.80	79,968.00
- Tax Return filing charges	31,987.20	28,560.00
- Accounting Fees	50,265.60	46,185.60
- Additional Accounting Fees	-	22,848.00
Em En Es Assignments(Pvt)Ltd-Secretarial Charges	66,425.00	66,425.00
	236,642.60	243,986.60

NOTE 12 - OPERATING PROFIT / (LOSS) BEFORE TAX

is stated after charging all expenses including

Audit Fees	87,964.80	79,968.00
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NOTE 13 - TAXATION

Income Tax

The Company is liable to Income Tax @ 28% on Taxable Income.
However income tax has not been provided in view of the assessable loss for the year.



NOTES TO FINANCIAL STATEMENTS (CONTD.)

NOTE 14 - EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No Circumstances have arisen since the Statement of Financial Position date which require adjustments to or disclosure in the Financial Statements.

NOTE 15 - CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no Significant Contingent Assets and contingent Liabilities as at 31 March 2014

NOTE 16 - RELATED PARTY TRANSACTIONS

Details of Related Party Transactions are given below.

	31.03.2014 (Rs.)	31.03.2013 (Rs.)
Advance received for allotment of Shares from Puravankara Projects Ltd - India	10,585,000	6,250,000
Shares allotted to Puravankara Projects Ltd - India	34,000,000	-
Investment in Shares of Welworth Lanka (Pvt) Ltd	85,000,000	-
Advance given to Welworth Lanka (Pvt) Ltd	10,150,000	7,220,000



SCHEDULES

31.03.2014

31.03.2013

Rs.

Rs.

SCH 1 - ADMINISTRATIVE EXPENSES

Secretarial Charges	96,020.00	66,425.00
Tax Fees	31,987.20	28,560.00
Audit Fees	87,964.80	79,968.00
Stamp Duty on Issue of Shares	170,000.00	-
Bank Charges	4,000.00	1,000.00
Accounting Charges	50,265.60	46,185.80
Additional Accounting Charges(For change of Accounts format to comply with SLFRS for SME's)	-	22,848.00
PAYE Return filling charges	-	2,285.00
	<u>440,237.60</u>	<u>247,271.80</u>

SCH 2 - CASH AT BANK

HNB - A/C No. 003010381061

1,705.9514,287.55

YEAR OF ASSESSMENT 2013 / 2014

Rs.

Loss as per Accounts

(440,238)

Add : Disallowed Expense

Stamp Duty on Share issue

170,000

Assessable / Taxable Income

(270,238)

Income Tax Loss brought forward from Y/A 2012/2013

2,009,506

Income tax loss for the year

270,238

Income Tax loss carried forward to Y/A 2014/2015

2,279,744



ANNEXURES

ANNEX 1 - LIST OF SHAREHOLDERS AS AT 31.03.2014

Name	No. of Shares
Mr. Ravi Puravankara	01
Puravankara Project Limited - India	21,602,999
	<u>21,603,000</u>

