

People's Leasing Havelock Properties Limited - 2024/2025

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the People's Leasing Havelock Properties Limited ("the Company") for the year ended 31 March 2025 comprising the statement of financial position as at 31 March 2025 and the statement of Profit or Loss & 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 material accounting policy information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. My comments and observations which I consider should be report to Parliament appear in this report. To carry out this audit I was assisted by a firm of Chartered Accountants in public practice.

In my opinion, the accompanying financial statements of the Company gives a true and fair view of the financial position of the Company as at 31 March 2025, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 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.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Company.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards 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 Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

The scope of the audit also extended to examine as far as possible, and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Company, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Company has complied with applicable written law, or other general or special directions issued by the governing body of the Company;
- Whether the Company has performed according to its powers, functions and duties; and

- Whether the resources of the Company had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a profit before tax of Rs. 293,163,105 and the corresponding profit in the preceding year amounted to Rs. 316,622,687. Therefore a deterioration amounting to Rs. 23,459,582 of the financial result was observed. This deterioration was mainly due to the decrease in fair value gain on investment property, which declined from Rs.300, 000,000 in 2024 to Rs.200, 000,000 in 2025.

2.2 Trend Analysis of major Income and Expenditure items

The following table summarizes the financial results of the Company in the year under review and the preceding four years period.

Year	2024/2025	2023/2024	2022/2023	2021/2022	2020/2021
	Rs.	Rs.	Rs.	Rs.	Rs.
Company					
Revenue	257,349,114	256,118,345	243,940,282	218,497,787	205,376,300
Variance	1,230,769	12,178,063	25,442,495	13,121,487	(15,929,533)
Increase/(Decrease) %	0.48%	4.99%	11.64%	6.39%	-7.20%
Direct Operating Expenses	34,489,649	28,193,542	24,075,352	15,213,270	12,529,047
Variance	6,296,107	4,118,190	8,862,082	2,684,223	(3,805,958)
Increase/(Decrease) %	22.33%	17.11%	58.25%	21.42%	-23.30%
Finance Expense	125,036,427	203,802,400	282,544,036	96,816,990	108,973,512
Variance	(78,765,973)	(78,741,636)	185,727,046	(12,156,522)	(42,834,054)
Increase/(Decrease) %	-38.65%	-27.87%	191.83%	-11.16%	-28.22%
Administrative Expenses	5,580,726	7,807,140	9,030,405	4,746,727	3,006,621
Variance	(2,226,414)	(1,223,265)	4,283,678	1,740,106	2,168,609
Increase/(Decrease) %	-28.52%	-13.55%	90.24%	57.88%	258.78%
Income tax Expense	61,927,003	111,187,629	45,694,410	-	-
Variance	(49,260,626)	65,493,219	45,694,410	-	(25,419)
Increase/(Decrease) %	-44.30%	143.33%			-100.00%
Net Profit for the year	231,236,102	205,435,058	182,774,284	101,720,800	80,867,120
Variance	25,801,044	22,660,774	81,053,484	20,853,680	30,525,056
Increase/(Decrease) %	12.56%	12.40%	79.68%	25.79%	60.64%
Profit Before Tax	293,163,105	316,622,687	228,468,694	101,720,800	80,867,120
Variance	(23,459,582)	88,153,993	126,747,894	20,853,680	30,550,475
Increase/(Decrease) %	-7.41%	38.58%	124.60%	25.79%	60.72%

2.2 Ratio Analysis

According to the information made available, certain important ratios of the company for the year under review and the preceding year are given below.

Company Specific Ratio	2024/25	2023/24	2022/23	2021/22	2020/21
ROA (%)	6.56	6.2	6.13	3.83	3.04
ROE (%)	11.78	11.87	11.98	7.57	6.51
Gross Profit Ratio (%)	86.6	88.99	90.13	93.04	93.9
Net Profit Ratio (%)	89.85	80.21	74.93	46.55	39.38
Debt to Equity Ratio (Times)	0.8	0.91	0.96	0.98	0.94
Current Ratio (Times)	0.27	0.2	0.16	0.18	0.2