

## **1. Financial Statements**

### **1.1 Opinion**

The audit of the financial statements of the People's Leasing Property Development 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.

## 1.5 Related Parties and Related Party Transactions not disclosed

Audit Issue	Management Comment	Recommendation
It was observed that an amount of Rs.4,931,450, receivable from related parties was remained outstanding since 05 years period. Actions have not been taken by the company to reassess the receivable amount to ensure the recoverability.	The Finance Division will make attempts to recover the outstanding balances from the respective related parties. Any unrecoverable amounts will be written off accordingly.	The Company should strengthen its monitoring controls over related party balances by implementing periodic reconciliations, establishing clear settlement timelines, and obtaining written confirmations from related parties to ensure the accuracy and recoverability of such receivables.

## 2. Financial Review

### 2.1 Financial Result

The operating result of the year under review amounted to a profit of Rs. 322,456,892 and the corresponding profit in the preceding year amounted to Rs. 466,635,621. Therefore, a deterioration amounting to Rs. 144,178,729 of the financial result was observed. The reasons for the deterioration are the decline in fair value gain on investment properties, which declined from Rs. 450,000,000 in 2024 to Rs. 250,000,000 in 2025, coupled with an increase in finance costs and lower gross profit margins.

### 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.
<b>Company</b>					
<b>Revenue</b>	<b>294,289,593</b>	<b>291,836,948</b>	<b>282,508,820</b>	<b>278,685,975</b>	<b>282,256,000</b>
Variance	2,452,645	9,328,128	3,822,845	(3,570,025)	(18,211,810)
Increase/(Decrease) %	0.84%	3.30%	1.37%	-1.26%	-6.06%
<b>Direct Operating Expenses</b>	<b>51,517,245</b>	<b>59,518,979</b>	<b>30,267,751</b>	<b>39,658,899</b>	<b>29,802,297</b>
Variance	(8,001,734)	29,251,228	(9,391,148)	9,856,602	(8,765,673)
Increase/(Decrease) %	-13.44%	96.64%	-23.68%	33.07%	-22.73%
<b>Administrative Expenses</b>	<b>10,426,179</b>	<b>12,327,211</b>	<b>8,717,109</b>	<b>7,740,185</b>	<b>6,748,709</b>

Variance	(1,901,032)	3,610,102	976,924	991,476	(3,960,436)
Increase/(Decrease) %	-15.42%	41.41%	12.62%	14.69%	-36.98%
<b>Income tax Expense</b>	<b>83,026,495</b>	<b>130,181,871</b>	<b>125,318,083</b>	<b>63,524,187</b>	<b>35,527,961</b>
Variance	(47,155,376)	4,863,788	61,793,896	27,996,226	(34,424,447)
Increase/(Decrease) %	-36.22%	3.88%	97.28%	78.80%	-49.21%
<b>Net Profit for the year</b>	<b>322,456,892</b>	<b>466,635,621</b>	<b>398,310,971</b>	<b>240,622,829</b>	<b>182,498,790</b>
Variance	(144,178,729)	68,324,650	157,688,142	58,124,039	(60,422,746)
Increase/(Decrease) %	-30.90%	17.15%	65.53%	31.85%	-24.87%
<b>Profit Before Tax</b>	<b>405,483,387</b>	<b>596,817,492</b>	<b>523,629,054</b>	<b>304,147,016</b>	<b>218,026,751</b>
Variance	(191,334,105)	73,188,438	219,482,038	86,120,265	(94,847,193)
Increase/(Decrease) %	-32.06%	13.98%	72.16%	39.50%	-30.31%

### 2.3 Ratio Analysis

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

<b>Company Specific Ratio</b>	<b>2024/25</b>	<b>2023/24</b>	<b>2022/23</b>	<b>2021/22</b>	<b>2020/21</b>
ROA (%)	8.35	13.25	13.01	8.88	7.03
ROE (%)	11.48	18.52	19.13	13.37	10.94
Gross Profit Ratio (%)	82.49	79.61	89.29	85.77	89.44
Net Profit Ratio (%)	109.57	159.9	140.99	86.34	64.66
Debt to Equity Ratio (Times)	0.37	0.4	0.47	0.51	0.37
Current Ratio (Times)	1.28	2.9	1.12	1.64	3.01