



Thinking **BIG**

JFS Holdings
Annual Report 2019/20

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Thinking **BIG**

“Let your plans be dark and impenetrable as night,
and when you move, fall like a thunderbolt.”

- Sun Tzu

Over 8 years of JFS journey, we have catered to four main sectors which started from the recruitment. The company has been rapidly growing with the strengths of talented visionary leadership and employees. The core values of the company create the path for becoming a diversified holding company with sustainable development without limiting into one sector by thinking at a large space. With the inspiration of “Thinking Big”, we are confident that we can diversify more into other sectors while creating value for customers and satisfying our stakeholders to become a listed company.

About Our Report



INTRODUCTION

We are pleased to present our first Annual Report in accordance with the Sri Lanka Accounting Standards for Small and Medium Sized Enterprises (SLFRS for SME's) for the year ended on 31 March 2020. This report provides material information regarding our strategy, business model, our economic environment, material risks and financial performance for the year ended on 31 March 2020 and outlook.

TARGET GROUP

The primary objectives of this report are to provide comprehensive information about our economic environment, risk associate with them, our strategic focus, and financial information to all stakeholders of the company for the period under review.

EXTERNAL ASSURANCE

External assurance on the financial statements of this report has been provided by B.A.C.K. Balasuriya & Company, Chartered Accountants.

BOUNDARY AND SCOPE

This Integrated Annual Report covers the performance of JFS Holdings (Private) Limited for the 12 months period ended on 31 March 2020.

FEEDBACK, FURTHER INFORMATION AND SUGGESTIONS

We welcome your valuable comments, inquiries, and suggestions on this report.

Contact details,

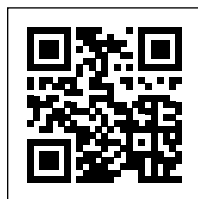
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This Annual Report is also available on our website:

<https://jfs Holdings.com/annual-report19/20/>



Further, you could access this report on the following formats:



About Us



VISION

To be the largest conglomerate in Sri Lanka by 2040.



MISSION

We create smiles in the faces of our consumers and make all customers loyal to our brands, whilst adding value to our Employees, Shareholders, and Society.



VALUES

- Thinking BIG
- Right Innovation
- Empowering Talents
- Doing Right Things

The story of JFS began 08 years ago, marking the extravagant start of a path breaking corporate entity on 12 July 2012. The Company primarily operates in four business sectors having bound with the corporate ethics, transparency, rich culture, and professionalism.

Since inception, the Company has grown rapidly to become a force to be reckoned within the industries it has its presence. Its meteoric rise within a short period of 08 years of operation has been nothing short of awe-inspiring. The backbone of the success story of the Company is its talented and dedicated employees and the visionary leadership which directs the Company towards its vision. Our management philosophy is solely depending on the sustainability of the business. The Company's sustainability is further enriched by our core values of thinking BIG, right innovation, empowering talents, and doing right things. The Company is reaching to key strategic objective of being a listed company by 2022 and being aligning its operations towards the regulatory requirements of a listed entity.

PERFORMANCE OF THE COMPANY

REVENUE

Rs. 172.7 Mn

TOTAL ASSETS

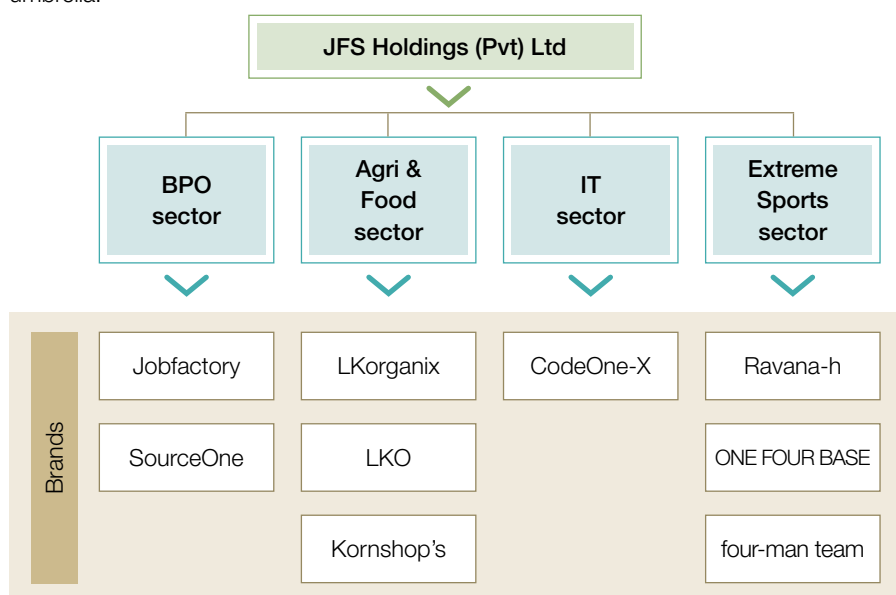
Rs. 54.2 Mn

The Company has recorded Rs. 172.7 million revenue during the financial year 2019/20 posting a mammoth growth of 78% compared to the previous financial year. Our untiring effort over eight years has reflected in our financials. The conscious financial management ensured our stability by obtaining Rs. 54.2 million asset base with a growth of 35% over previous year.

[+ Read more on page 16](#)

OUR PRESENCE

The Company has diversified in to four business sectors and nine brands under its umbrella:



[+ Read more on pages 4 to 6](#)

About Us

Sectors



BPO SECTOR

This sector currently generates nearly Rs.70 million revenue yearly, including over 0.1 million USD remittances from five overseas BPO operations.

About Brands



One of the leading executive search brands in the Country operating since 2012. Currently holds a valid license to deploy executives overseas by the Sri Lanka Bureau of Foreign Employment. Currently signed service agreements with more than 50 local and overseas clients in various fields including ICT, Insurance, Banks, Finance / Leasing, FMCG, BPO, Construction, Leisure, and Apparel etc. The brand is popular among the clients for the best screening, coordination between client and candidate and more than all, for its highly ethical business approach.



As one of the finest BPO brands in Sri Lanka operating since 2014, SourceOne offers you unrivalled expertise, experience, resources, and a unique global network. SourceOne is providing solutions for the corporate partners to minimise their employee headcount, automate the non-core business processes and mitigate their risk. Our outsourcing scope has stretched into process outsourcing, HR outsourcing, professional staff outsourcing and offshore staff outsourcing. Over six years of corporate experience, enabled us to deliver consistently high levels of performance, at the scale you need. We cooperate with clients to achieve measurable business outcomes such as higher levels of employee engagement and productivity. SourceOne provides its service to more than 15 local and global giants.



AGRI / FOOD SECTOR

Agri/Food sector currently generates revenue through two business operations; e-commerce platform (LKorganix) and processed food (LKO). The proposed massive project on corn products (Kornshop's) such as corn flour, flakes, baby corn is underway and to be commissioned in 2023.



LKorganix is a comprehensive e-commerce platform dedicated to certified organic and natural food. This amazing platform was developed and maintained by CodeOne-X; the ICT business entity of JFS.

This common platform accommodates small and medium farmers providing certified organic/SLGAP (SL Good Agricultural Practices) and natural products to reach the potential customers and supported with an effective supply chain to deliver on-time. Key feature of this is that the customers can choose the right products and request the delivery to their doorstep.

Sectors



AGRI / FOOD SECTOR

About Brands



The processed kurakkan flour is produced under LKO brand and sold through our e-commerce platform and distributed under two main channels; retail, and supermarket. JFS is highly geared on high-quality approach than pricing as we always deliver the best to our customers.

Now kurakkan flour is distributed in Western Province and with the establishment of “know how” JFS will take the edge through differentiation and distribute all over the country. We are nearly aiming at Rs.50 million revenue generation through LKO by 2022.

Kornshop's

This brand is yet to start its active operation as part of the country's initiative to minimise imports and encouraging exports. 250 acres of lands in Polonnaruwa, Welikanda of Mahaweli “B” sector yet to be acquired on 30 years lease to harvest corn/finger millet and to accommodate the processing plant. Operations will hopefully start by end of 2021 and aiming to generate Rs. 500 million revenue annum by 2025.



IT SECTOR

As JFS always believes the cyber space since its inception, there is a high favour on the IT sector. All our IT requirement is being handled by this sector and providing IT services to few IT giants in Sri Lanka and overseas. Currently generating over Rs. 80 million revenue per annum.

CodeOne-X

CodeOne-X is in operation since 2018 and mainly provides IT outsourcing services, Web/ Mobile App Developments and Search Engine Optimization (SEO) to the clients all over the world. CodeOne-X has its corporate office in Colombo with an active branch in Tallinn, Estonia (EU) as well.

All the mobile apps, websites, and e-commerce platforms of JFS brands were developed by CodeOne-X. Search Engine Optimization (SEO) is also maintained by CodeOne-X since inception.

About Us

Sectors



EXTREME SPORTS SECTOR

JFS holding involved with extreme sports since 2015. Currently, JFS has a fair knowledge on how it expands to the country and globally. Initially we were in providing the extreme sports services to customers, but now moved into providing gears and accessories too.

About Brands



Ravana-h is a premium paintball brand that aiming to name as the first Sri Lankan paintball provider to the USD 20 billion worth of paintball industry in the world. The Company currently sells paintball markers and related accessories including balls to 70% of the local market and planning to re-exporting of paintballs to the global market in 2021. However, re-export planning was affected by the COVID – 19 pandemic.



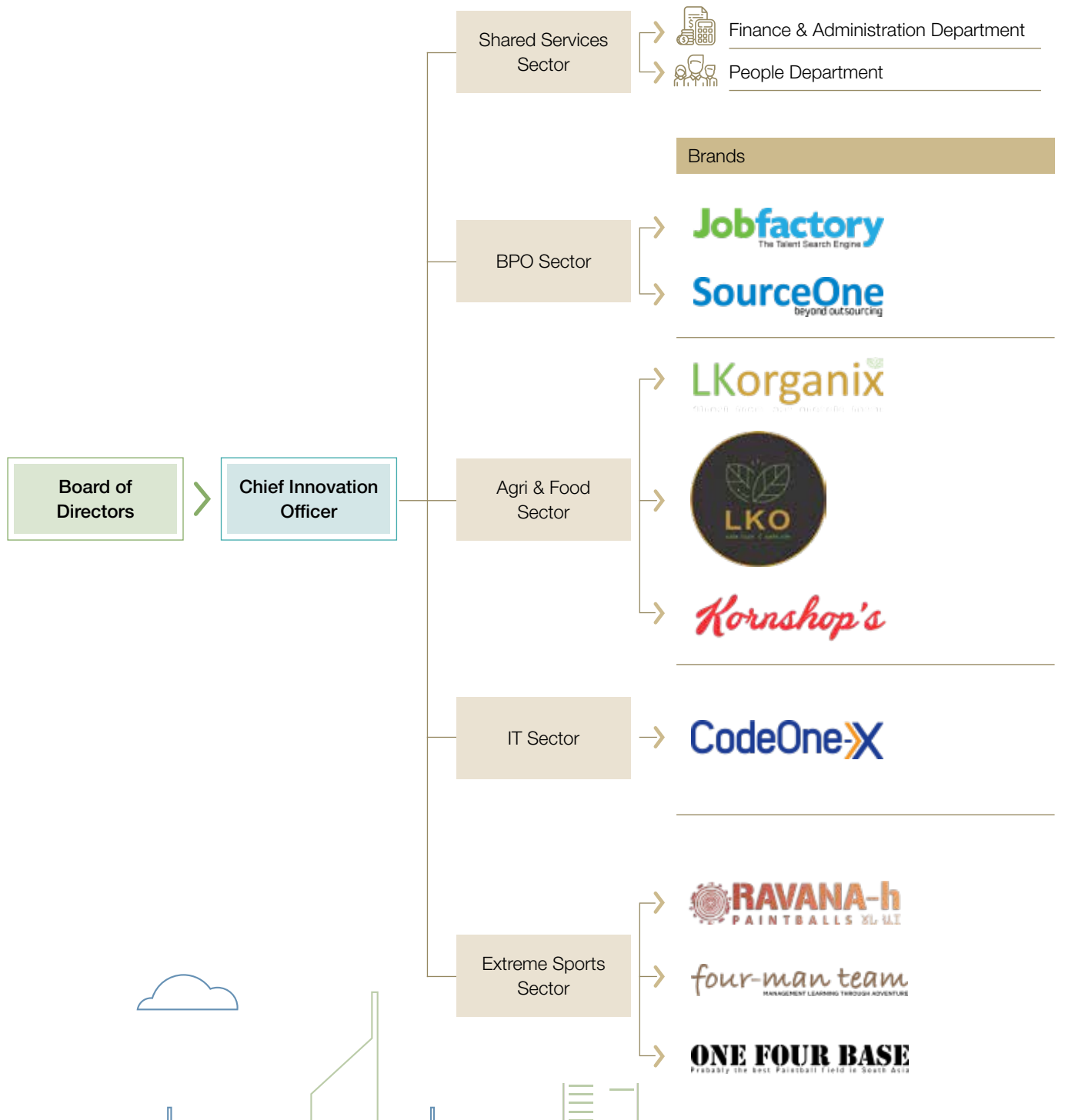
four-man team is one of the finest outbound training entities in Sri Lanka. We provide well architected, unique, safe, affordable, and a full package of education along with excitement and adventure. Our training programs are flowing through interesting activities such as Paintball, Whitewater Rafting, and Camping etc. We ensure that our training programs will help the participants to enhance their knowledge on business management, leadership, strategic management, and team building etc. Over seven years, four-man team has conducted many successful training programs for well recognized corporate organizations, schools, and universities in Sri Lanka.

ONE FOUR BASE

Probably the Best Paintball Field in South Asia

“Paintball”, the third largest extreme sport in the world worth 20 billion USD, is not a new thing for the lovers of adventure games in Sri Lanka. We pointed out the demand for paintball in Sri Lanka and started our paintball brand, ONE FOUR BASE in 2015 and became the largest paintball service provider in the country. Our paintball sessions are conducted by well-trained personnel, who are experts in adventurous games. We own best branded markers (guns), gears, jackets, and exclusive battlefields to uplift the game experience more thrilling and safer. Our members will convey all the information related to customers’ inquiries and providing unbroken coordination until the very end. We will alter features, hours of the game according to customers’ requirements by protecting the safety at the top level.

Organizational Structure



Our History

- Launches the Company on 12 July 2012 - Job Factory (Pvt) Ltd.
- Incorporates Monsoon Leisure and Adventure Lanka (Pvt) Ltd

2012

- Collects the first ever USD payments
- Relocates office to Depanama, Pannipitiya

2013

- Incorporates SourceOne Lanka (Pvt) Ltd
- Obtains the license from SLBFE to carryout overseas deployments

2014

- Moving away from typical outsourcing
- Introduces Employee Share Option

2017

- Formulates a new business strategy under three sectors, BPO, Sports and IT.
- Amalgamates SourceOne and Monsoon with Job Factory (Pvt) Ltd.

2016

- Obtains board approval to amalgamate the companies.
- Successfully completes the biggest CSR project of the Company which is Rebuilding "JOTHIYA", Early Childhood Development Center in 2015

2015

- Appoints two advisers to the board
- Received the merit award by the National chamber of commerce

2018

- Records profit after tax of Rs 03 million
- Becomes the largest Paintball sports entity in the country

2019

- Enters in to Agri Business sector introducing a homemade e-commerce platform for organic goods.
- Launches LKO and Kornshop's brands.

2020

Financial Highlights



REVENUE

Rs. 172.7 Mn

2018/19 – Rs. 97.1 Mn ▲ 78%



PROFIT AFTER TAX

Rs. 15.9 Mn

2018/19 – Rs. 3.1 Mn ▲ 422%



RETURN ON EQUITY

82.7%

2018/19 – 31.3% ▲ 164%



TOTAL ASSETS

Rs. 54.2 Mn

2018/19 – Rs. 40.3 Mn ▲ 35%



NET ASSETS PER SHARE

Rs. 24.4

2018/19 – Rs. 10.1 ▲ 141%



ECONOMIC VALUE GENERATED

Rs. 171.8 Mn

2018/19 – Rs. 101.7 Mn ▲ 71%

	Measurement	2020	2019	Change %
Income Statement - Highlights				
Revenue	Rs. Million	172.7	97.1	78
Operating Profit	Rs. Million	19.5	4.8	306
Profit Before Tax	Rs. Million	18.2	4.1	343
Profit After Tax	Rs. Million	15.9	3.1	422
Economic Value Generated	Rs. Million	174.1	101.8	71
Economic Value Distributed	Rs. Million	154.6	95.8	61
Gross Profit Margin	%	21.1	21.6	(2)
Earnings Per Share (Basic)	Rs.	14.31	2.74	422
Return on Assets (ROA)	%	33.8	6.9	390
Return on Capital Equity (ROE)	%	82.7	31.3	164
Statement of Financial Position - Highlights				
Total Assets	Rs. Million	54.2	40.3	35
Total Debt	Rs. Million	26.9	28.9	(7)
Debt / Equity*	%	64.1	166.8	(62)
Net Assets Per Share	Rs.	24.4	10.1	141
Assets Turnover	No. of times	3.6	2.2	64
Current Ratio	No. of times	2.0	1.3	54
Quick Assets Ratio	No. of times	1.9	1.1	73

* Debt included interest bearing borrowings and bank overdraft only



“Victory comes from finding opportunities
in problems.”

- *Sun Tzu*

Chairman's Message



“

Despite of adverse external environment the company was keep focusing on its core business with proactive measures. As a result, JFS recorded 78% growth in revenue reaching to Rs. 172.7 Million during the year”.

Dear Shareholders,

I am pleased to present the 1st Annual Report and the financial statements of the Company for the financial year ended on 31 March 2020. This report has been prepared in accordance with the Sri Lanka Accounting Standards for Small and Medium Sized Enterprises (SLFRS for SME's), issued by the Institute of Chartered Accountants of Sri Lanka. I trust our report will provide you with an in-depth understanding of the company's value creation process and the strategies in place to manage the diverse portfolio of businesses towards driving sustainable growth, particularly in terms of navigating our businesses through the current pandemic.

It gives me immense pleasure to share with achievements and progress we have made during the past year and the prospects. I am delighted to share that, JFS has recorded Rs. 172.7 million revenue during the year, and recorded profit after tax of Rs. 15.9 million recording a growth of 78% over previous year. Company's profit after tax reached to Rs 15.9 million which is 422% growth compared to 2018/19. Total assets grew by 35%, turning the value of the assets to Rs. 54.2 million.

EXCEPTIONAL COMPANY PERFORMANCE DESPITE POOR ECONOMIC PERFORMANCE

Financial Performance



REVENUE GROWTH

78%



PROFIT AFTER TAX

Rs. 15.9 Mn



TOTAL ASSETS

Rs. 54.2 Mn

The year 2019/20 was a challenging year for Sri Lanka, resulting in real GDP growth limited to 2.7% with Easter Sunday attacks, contractionary fiscal policies and political uncertainty and severe impact of the new Covid-19 pandemic in early 2020. Even though company's core business also affected during the financial year, JFS being a company having lower risks on statutory obligations and fraudulent taxation, kept fighting the battle bit harder than in good times. Our empowered employees, especially the ExCo has taken the challenge to their shoulders together and worked out the heads proper which resulted in JFS arriving at substantial financial performance.

Chairman's Message

As a strategic move in reaching our dream of becoming a public entity, JFS has restructured and appointed four sector leaders to drive the business. The plan is to establish a separate business entity for each sector reaching the clearly set objectives and goals communicated in writing to each. Share distribution of each entity will be amongst the sector head and the JFS where the Company has taken the Call Option too. This brand-new exercise has mitigated the risk of losing the focus of the board during an early unrelated diversification.

LKorganix and LKO (breakfast cereal) were launched as two decisive new brands as part of the major restructuring JFS did. The existing HR professional was promoted to the level of Chief People Officer empowering her to take many people decisions when aligning people for the bottom-line.

CSR JOURNEY TO CREATE A BETTER WORLD

During the financial year, the company expanded its helping hands to Udagama Kanishta Vidyalaya; one of the schools situated at the borders of Western and Sabaragamuwa provinces under the group's CSR philosophy of "Sharing as and when we earn". The focus of our CSR activities continues to be on six key areas, namely, Child Education, Health, Environment, Community/Livelihood development, Arts and Culture and Disaster Relief. These projects have been inspired and sustained over time, by our CSR vision "Empowering the Nation for Tomorrow". Our commitment to CSR is detailed on page 30 of this report.

CORPORATE GOVERNANCE

The Company takes into account the developments in the regulatory, business and internal environments like in driving improvements towards achieving the highest standards of governance enabling the Company to ensure that it carries out its business in a responsible manner leading to long term sustainability of the organization. Comprehensive details on Corporate Governance and Risk Management is provided on pages 41 and 42.

"As a strategic move in reaching our dream of becoming a public entity, JFS has restructured and appointed four sector leaders to drive the business. The plan is to establish a separate business entity to each sector reaching the clearly set objectives and goals communicated in writing to each."

FUTURE OUTLOOK

JFS is on the drive of reaching its short-term goal; to get listed on the second board of Colombo Stock Exchange by 2022 having obtained the equity of Rs. 100 Million. Our target is to find capital for our expansions, especially on the Food and Sports Sectors by listing CSE. By 2022, we will have our own factory for breakfast cereal, leased out corn and grams fields of nearly 300 acres and export paintballs to USA.

ACKNOWLEDGEMENTS

As I have reiterated on numerous occasions, our business is all about people. The Management, ExCo and staff of the Company have done a fantastic job, yet again, and set the stage for an exciting and prosperous future of the Company. I greatly appreciate my fellow Directors for their support and guidance throughout. Also the advisers to the board for contributing effectively. I have the fullest confidence that our collective effort will ensure a great success in years to come.



Madhushan Raigamage
Chairman

31 August 2020



“He will win who knows when to fight and
when not to fight”

- *Sun Tzu*

Operational Performance Review



The fiscal year 2019-20 was punctuated with Easter bomb attack in the opening month and COVID 19 pandemic outbreak in the closing month. What unfolded in between was a creditable performance of the businesses of JFS.”

OVERVIEW

The fiscal year 2019-20 was punctuated with the Easter bomb attack in the opening month and COVID 19 pandemic outbreak in the closing month. What unfolded in between was a creditable performance of the businesses of JFS. During the year company expanded its operations further by venturing to a new business segment; Agriculture and Food. Given up certain non-productive operations and right sized the structure. Expanded the IT operations increasing the resources by 200%. Pitched extreme sports to its best amongst certain top corporates in the country.

ECONOMIC REVIEW

Sri Lanka is a lower-middle-income country with a GDP per capita of USD 3,852 (2019) and a total population of 21.8 million. Following 30 years of civil war that ended in 2009, the economy grew at an average of 5.3 percent during the period 2010-2019, reflecting a peace dividend and a determined policy thrust towards reconstruction and growth; although growth slowed down in the last few years.

The economy is transitioning from a predominantly rural-based economy towards a more urbanized economy oriented around manufacturing and services. Social indicators rank among the highest in South Asia and compare favorably with those in middle-income countries.

RECENT ECONOMIC DEVELOPMENT

After growing by 2.3 percent in 2019, the economy contracted by 1.6 percent y-o-y in the first quarter of 2020. The contraction, a first in 19 years, was driven by weak performances of construction, textile, mining, and tea industries. Against this backdrop, the COVID-19 health crisis is believed to have impacted economic activity severely since the first quarter. High frequency indicators suggest that growth has faltered in the second quarter, as curfews impeded economic activity and global demand remained weak. The Central Bank introduced a refinancing facility and a credit guarantee scheme to encourage commercial banks to increase lending.

However, the COVID-19 crisis is believed to have triggered sharp jobs and earnings losses. Informal workers, about 70 percent of the workforce, are particularly vulnerable as they lack employment protection or paid leave. The apparel industry, which employs about half a million workers, has reportedly cut significant jobs. While agricultural production is expected to be largely undisrupted, weak external demand likely impacted export-oriented subsectors and wages.

BPO SECTOR



Sri Lanka having a knowledgeable workforce and getting ranked within the top 20 destinations to outsource a Biz process by A T KEARNEY the leading global consultancy firm expects to bring USD 05 billion through BPO services by 2022. Even though the IT segment of the BPO industry is growing rapidly, Non-IT segment too got a boost by the COVID 19 pandemic during 2019/20 financial year.

With the havoc caused due to the pandemic outbreak, there is a positive biz growth for BPO sector whereas it may keep growing further. With the changes to the foreign policy in the country, Chinese companies will invest in many fields where there are small and medium tryouts too. JFS will take the opportunity and focuses on Chinese SMEs to start business without a legal entity in Sri Lanka. JFS will be tying up with RUIHAN, a Chinese BPO company for BPO expansions.

BPO sector has performed in line with the company strategy despite the dropping of certain business accounts not adding the required profit margins. JFS will continue to work on the strategy of grabbing a few more overseas accounts to the portfolio especially from Singapore and China.

AGRI / FOOD SECTOR



There is no common e-commerce platform for organic products in Sri Lanka and hence LKorganix is in a blue ocean where there is a high potential to perform better. There are many organic vendors operating in the country in small and medium scale now who do not have a proper channel to reach to the potential customers.

“The economy is transitioning from a predominantly rural-based economy towards a more urbanized economy oriented around manufacturing and services. Social indicators rank among the highest in South Asia and compare favorably with those in middle-income countries.”

The Agri sector is booming during the post pandemic due to the import restrictions imposed by the government. The latest fiscal policy changes are mostly in favor of Agricultural business ventures. Taking those to an advantage, JFS is increasing its food range products like Kurakkan (Finger Millet) and Corn products to the market during the next 12 months aggressively.

There could be many new entrants to the market which certainly a threat and challenge for LKO but we will keep producing the best products to the consumers where our unique business tactics will continue to be in force.

LKO will be on an aggressive drive of producing 5 tons of kurakkan flour per month by end of next financial year hopefully.

ICT SECTOR



ICT being the fourth largest foreign exchange earning industry in Sri Lanka, it is growing rapidly especially for software development and infrastructure. There are nearly 500 ICT service providers where few big players own the market share of more than 80 percent as of now. ICT outsourcing being getting popular amongst those large companies getting a rapid growth during the post pandemic era. Small Web/App development and Search Engine optimization is a few of the needs of the new startups which JFS has identified properly in addition to the ICT outsourcing. The risk we meet during ICT outsourcing will be mitigated by having an option to deploy additional resources for the ICT work at any given time.

During the financial year, ICT sector has outperformed beating all other three sectors and established its position in the industry proper.

EXTREME SPORTS SECTOR



There are many adventure and outbound training facilitators in the country where four-man team (FMT) will continue to focus on the middle top market segment. ONE FOUR BASE, being the largest Paintball Field having the facility to accommodate 80 players at once will continue to maintain the same status where there will be 50 new markers joining the fleet during the next financial year.

Ravana-h is in a blue ocean in Sri Lankan Paintball market facilitating Paintballs, Gears, and all Accessories to the other market players as of now. An e-commerce platform with the facility of online payment will be launched by 01 January 2021 focusing local and African continent initially.

The paintball and few other accessories will be made in Sri Lanka and/or reexport to the target destinations from China and Taiwan.

Financial Review

Financial Highlights



REVENUE

Rs. 172.7 Mn

2018/19 – Rs. 97.1 Mn ▲ 78%



PROFIT BEFORE TAX

Rs. 18.2 Mn

2018/19 – Rs. 4.1 Mn ▲ 343%



PROFIT AFTER TAX

Rs. 15.9 Mn

2018/19 – Rs. 3.1 Mn ▲ 422%



EARNINGS PER SHARE

Rs. 14.31

2018/19 – Rs. 2.74 ▲ 422%



RETURN ON EQUITY

82.7%

2018/19 – 31.3% ▲ 164%



TOTAL ASSETS

Rs. 54.2 Mn

2018/19 – Rs. 40.3 Mn ▲ 35%



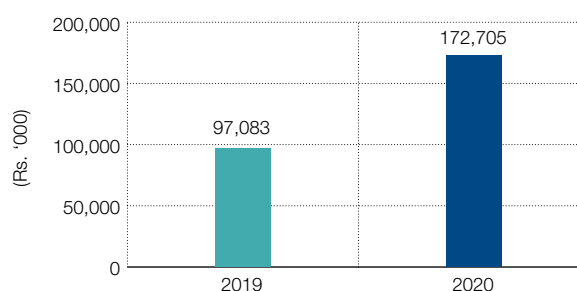
The Company recorded sustainable financial performance during the period under review. Our extraordinary financial performance validates our strategies executed and provide comfort of reaching our vision.

OVERVIEW

The Company's financial capital includes equity funds and debt funds, of which equity funds consist of share capital, retained earnings whereas debt funds comprises of short-term and long-term borrowings. Well management of the Company's financial capital enhances the sustainable value creation of the Company. The following explain how the company has been utilized its financial resources efficiently and effectively during the period under review.

ANALYSIS OF KEY ELEMENTS IN THE STATEMENT OF COMPREHENSIVE INCOME

Revenue



The highest contributors to revenue were the IT and BPO services provided to the clients. Revenue of the Company for the year ended on 31st March 2020 increased by 78% to Rs. 172.7 million from Rs. 97.1 million in the year earlier. The company embarked on providing IT services to the clients as a diversification strategy which in turn contributed to the growth of the company.

Revenue composition of the Company for the year ended on 31 March 2020 and 2019 is as follows,

For the year ended 31 March	2020		2019	
	Rs. Mn	%	Rs. Mn	%
Revenue from,				
Information Technology Services	82.5	47.8	-	0
Outsourcing Services	69.6	40.3	72.6	74.8
Foreign Services	9.1	5.3	10.8	11.1
FMT Service	8.3	4.8	6.7	6.9
Recruitment Services	2.4	1.4	6.3	6.5
Other Services	0.8	0.4	0.7	0.7
Total	172.7	100	97.1	100

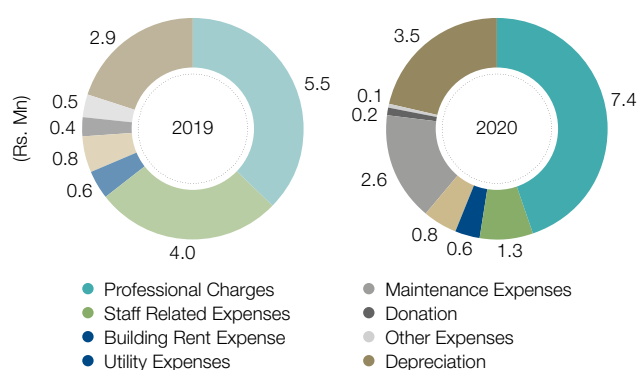
NET FINANCE COST

Net finance cost increased to Rs.1.3 million in 2020 from Rs. 0.7 million in 2019 recording an increase of 84%. This increase was mainly due to decrease in finance income higher than the decreased in finance cost during the period under review. Finance cost and finance income considerably decreased by 49% and 71% respectively compared to the previous period. The adverse fluctuation of foreign exchange rates led to decreases in finance income. Further, the decreases in borrowing cost by Rs. 1.6 million and interest expenses on lease agreements by Rs. 0.8 million of the year under review also has led to a decrease in net finance cost compared to the year earlier.

Administration expenses have increased by 12% to Rs. 16.6 million for the year ended on 31 March 2020 from Rs. 14.7 million in the previous year. This was mainly due to office renovation exercised, giving a new outlook to the Company premises and investing in professional advice to the Board. Professional charges and maintenance expenses have increased by Rs. 1.9 million and Rs. 2.2 million respectively while staff related expenses decreasing by Rs. 2.8 million which is led to a partially offset the increase in administrative expenses. Decrease in gratuity expenses is the main factor which contributed to a reduction in overall staff related expenses for the year ended on 31 March 2020.

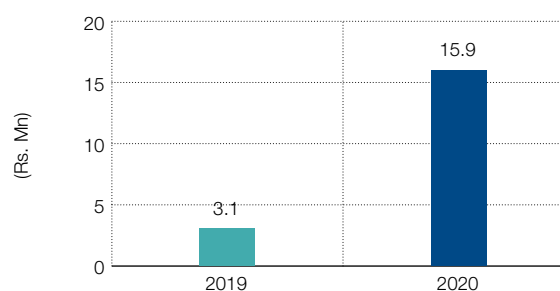
ADMINISTRATION EXPENSES

Composition of Administration Expenses



The company was able to manage its administration expenses better by improving expense ratio to 10% from 15% recorded previous year.

Profit After Taxation (PAT)



The Company recorded a net profit of Rs. 15.9 million which is 422% increase over the previous year ended on 31 March 2019. The main contributory factor was an increase in gross profit by Rs. 15.5 million as a result of an increase in revenue. Earnings per share have been raised to Rs. 14.31 from Rs. 2.74 in 2019 generating an attractive return to shareholders.

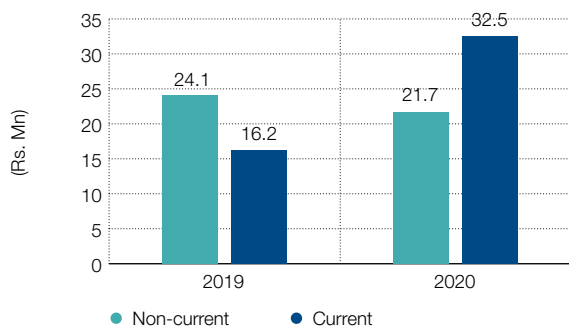
Financial Review

ANALYSIS OF KEY ELEMENTS IN THE STATEMENT FINANCIAL POSITION

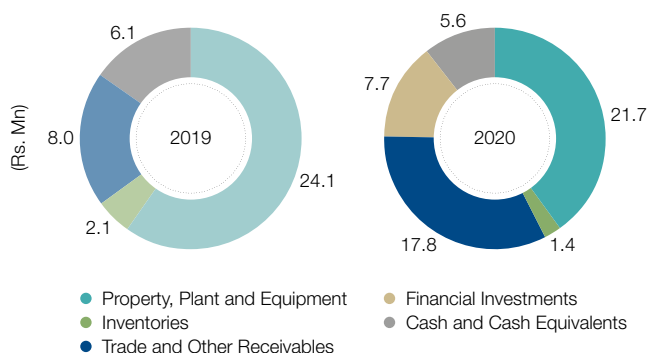
Assets

“Total asset base of the company has significantly increased by 35% sustaining its future”

Total Assets

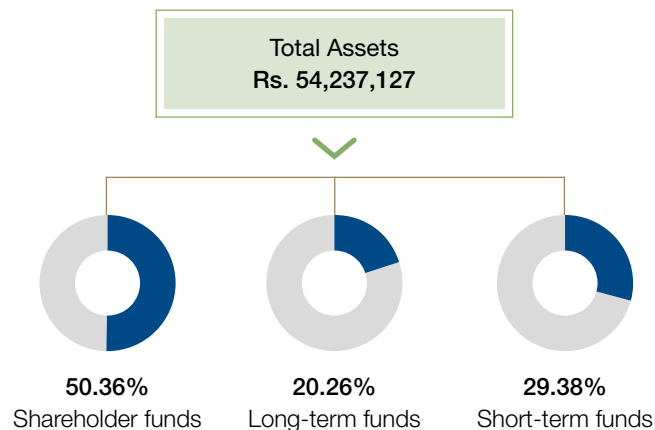


Composition of Total Assets

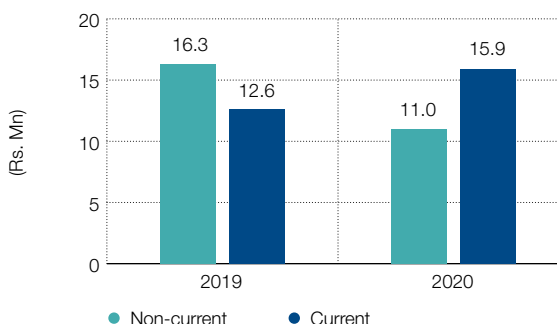


Total assets of the Company grew by 35% during the year to reach Rs. 54.2 million at the year ended on 31 March 2020 compared to Rs. 40.3 million as at previous year end, a remarkable growth of Rs. 13.9 million during the year. This noteworthy increase in assets was mainly due to an increase in Trade and Other Receivables and financial investments by Rs. 9.9 million and Rs. 7.7 million, respectively. However, this increase was partially offset by the decrease in PPE and inventory by Rs.2.4 million and Rs.0.8 million during the period under review.

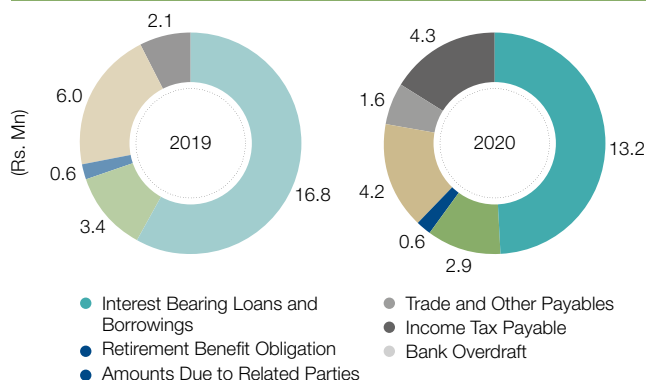
Total assets of the Company were funded as follow,



Total Liabilities

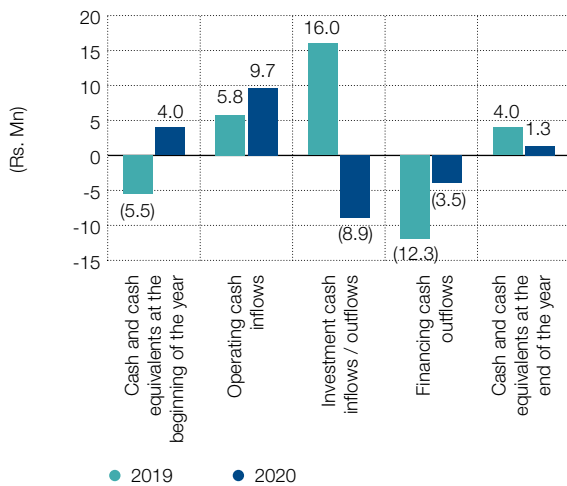


Composition of Total Liabilities



The decrease in total liabilities by 7% to Rs. 26.9 million in 2020 from Rs. 29.0 million in 2019 is primarily due to a decrease in lease liabilities by Rs 4.2 million from previous year. The reduction in lease liabilities partially offset by an increase in bank overdraft facilities by Rs 2.1 million approximately.

Cash Flow



Cash and cash equivalents in the statement of financial position comprise cash on hand, demand deposits and other short-term highly liquid investments with original maturities of

three months or less, and net of outstanding bank overdrafts. As at 31 March 2020, cash and cash equivalents in the statement of cash flow decreased by Rs.2.7 million, to Rs. 1.3 million. During the period under review, net cash flows generated from operating activities was Rs. 9.7 million which is 69% growth compared to the comparative year.

Significant cash outflows in investment activities represent the new investments in fixed deposits in banks of Rs. 7.7 million. Further, net cash close from financing activities was an outflow of Rs. 3.5 million, primarily due to settlement of interest-bearing loans and borrowings during the current period.

ECONOMIC VALUE-ADDED STATEMENT (EVA)

The Company's approach to value creation is reinforced with strategies focusing on operational excellence and sustainability. This approach is not short-term but looks to long-term value creation by incorporating a triple bottom line, sustainable business practices. The Company's value creation to its key stakeholders is summarised in below figures.

Economic Value Generated

Rs. 174.1 Mn
2018/19 – Rs. 101.8 Mn

REVENUE

Rs. 172.7 Mn
2018/19 – Rs. 97.1 Mn

OTHER REVENUE

Rs. 1.4 Mn
2018/19 – Rs. 4.7 Mn

Economic Value Distributed to,

Rs. 154.6 Mn
2018/19 – Rs. 95.8 Mn

EMPLOYEES

Rs. 116.9 Mn
2018/19 – Rs. 67.9 Mn

SERVICES PROVIDERS

Rs. 21.7 Mn
2018/19 – Rs. 18.8 Mn

GOVERNMENT

Rs. 16.0 Mn
2018/19 – Rs. 9.1 Mn

Economic Value Retained

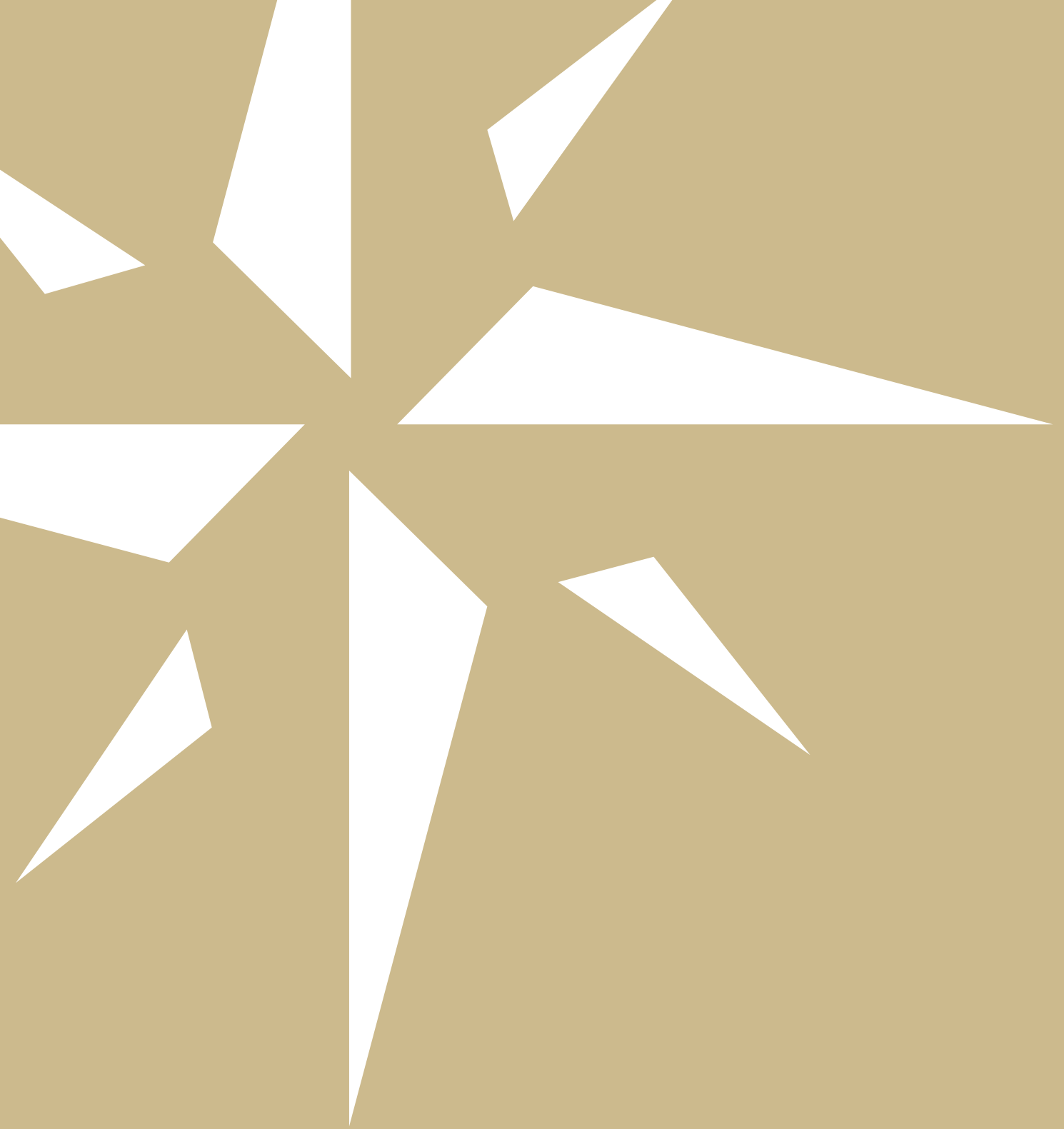
Rs. 19.5 Mn
2018/19 – Rs. 6.0 Mn

IN DEPRECIATION

Rs. 3.6 Mn
2018/19 – Rs. 2.9 Mn

IN RETAINED EARNING

Rs. 15.9 Mn
2018/19 – Rs. 3.1 Mn



“Treat your men as you would your own beloved sons.
And they will follow you into the deepest valley”

- Sun Tzu

Human Capital



63.6% & 32.5%

Y AND Z GEN EMPLOYEES

90.3%

OF EMPLOYEES ON FTC

205

TOTAL NO. OF EMPLOYEES

48.5%

FEMALE EMPLOYEES



259

NO OF NEW RECRUITMENTS

+

03

NO OF PEOPLE INITIATIVES

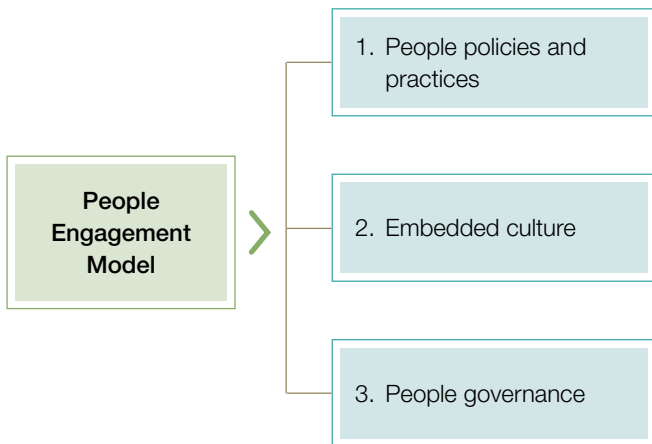
Human Capital

JFS believes that in the current business context human capital has been considered as the most important and value adding resource for a business.

For us, our employees are not just a team of people who works for salary. They are the pulse of our past, present, and future. That is why we always take care of our members more than anything. People policies, procedures, culture, and leadership facilitate every single input that requires for its people development. We are not just cared about professional development, we care about the personality, leadership, educational and social development of our people.

We have tried out many people development initiatives as a payback for the support that they provide us to be successful in our business.

JFS Holding's Employee Engagement Model has been developed with the long- term ultimate objective of creating a productive and innovative workforce as detailed below.



1. PEOPLE POLICIES AND PRACTICES

Our people policies and practices have been crafted to respond to the matters our people care most about. Accordingly, our policies evolved over the years to cater “Gen Y” majority who contribute to the growth of the company, mostly going the extra-mile.

Hiring

Despite the certain mismatches carried by Y and Z Gen people, JFS looked at the factor positively and tried out its unique method to hire Y and Z Gen candidates mostly as Interns without a fear where certain other steps are being carried out to inject them the core values and retain the best talents. It is obviously the Talent Management Strategy of the Company. We are well ahead in attracting potential profiles.

JFS follows a very stringent process and comprehensive tools in the selection, which led the company to enjoy a talented pool of Y and Z Gen game changers. A comprehensive and unique process is carried out to assess the background of the joining employees prior and after onboarding each candidate.



Case Study



“A better workplace with better experience can make an intern’s future brighter than it designed. Before starting my internship at JFS my only goal was to secure a good Graduation position at the end of the internship. I never thought that the same workplace will change my life upside down.”

Nirmala Dasanayake, Sector Head – BPO

Nirmala Dasanayake the Head of the BPO sector of JFS, was joined JFS on 23 July 2012 as a Trainee (Intern) just 11 days after the company inauguration.

Nirmala being a Y Gen employee, was hired and molded for core values by JFS. Nirmala went through a couple of selection tests before getting hired to JFS even at that time. At first, her job role was limited to the basic operational activities and Nirmala was given assignments one after another in which JFS has identified her ability to stretch rapidly and potential to grow fast.

Nirmala was trained under the Chief Executive, to sharpen her skills in communication, negotiation, forecasting, decision making, leadership, and business strategies.

At present, Nirmala is one of the key roles of JFS with more authority and influence. We have transformed an Intern to a sector head within 08 years with great exposure to the corporate world.

"I didn't have many expectations when I was joining JFS being a Y Gen applicant. My only intention was to complete the internship and secure a job in the government sector after a couple of years where I shall get back to my hometown and work peacefully. The inner side of my talent was recognized and explained to me by the CEO and then only I realized my energy.

-Nirmala Dasanayake-

People Development

Paid Leave for Paper Qualifications

We always believe to continues learning as the learning never ends. As part of the TNA process in the people department, we encourage our people to obtain more professional qualifications where the Company offers them paid leave for studies and exams in return.



Outbound Training

We selected OBT as our main method of transforming people, because it gives a different experience to the participants whilst role playing and relating those with practical scenarios. As our OBT programs are being conducted by our own OBT brand "four-man team", it is highly effective to understand the exact need of each individual and design the program accordingly. We believe that, developing our people through training will not only provide career advancement and/or professional development but also help our people to use their experience in personal lives.

Career Development Dialogue

Rather than blaming the current education system for not providing what corporates want, JFS maintains continuous development dialogue with the people who want to go the extra mile. As part of this very important exercise led by the people department of JFS, we encourage certain talents to switch their careers despite their basic qualifications are completely in the opposite direction. This is much easier when we hire people as raw cases and start injecting our core values to them. When we find the correct talent in them, we offer the switch to the talent and take care of the progress.



Case Study



"When I first stepped into JFS as an intern on 17th September 2014, I have never imagined having a long exciting, and enjoyable journey with JFS Holdings. Just after a few months of joining, I was appointed to the Strategic team and handed over the responsibilities of system innovations related to the IT field. It was like something new for me but suddenly, I felt like it, I was in the right place and I'm going to get "what I love to do". So, I am delighted about it"

**Isuru Liyanage, Head of IT sector
Co-founder (CodeOne-X)**

Always education cannot decide what people are capable of and their interests.

Isuru Liyanage joined JFS in 2014 as an Intern, who was following a Business Management degree. He was placed in the Global Recruitment unit to assist the executive of the unit. In the beginning, he had to deal with the documentation work of global recruitment like maintaining and updating all the records and files. Then he slightly started to practice global recruitment and do necessary arrangements collaborating with the Bureau of Foreign Employment. He was keen on his job and always stepped forward to help his colleagues whenever they needed assistance in IT.

Human Capital

His supervisors and the management noticed that Isuru is interested in IT and technical matters and has good, updated knowledge about the field. Whenever management seeks suggestions on IT services, equipment, and processes, he was able to provide better suggestions. Therefore, after a year of observation, JFS management has decided to elevate him to the system innovation unit appointing as an Executive – System Innovation to get the best use of his technological and strategic skills. In a small period, almost within a year, Isuru got promoted as the Senior Executive and went to east Europe for his Masters. Isuru was rehired as the Head of IT Sector and is the Co-founder of CodeOne-X. Currently, he is responsible for reaching CodeOne-X clients with impressive and worthy IT products, providing the necessary technological infrastructure to enhance the business and performance development of colleagues, developing and maintaining websites of JFS brands and IT Security.

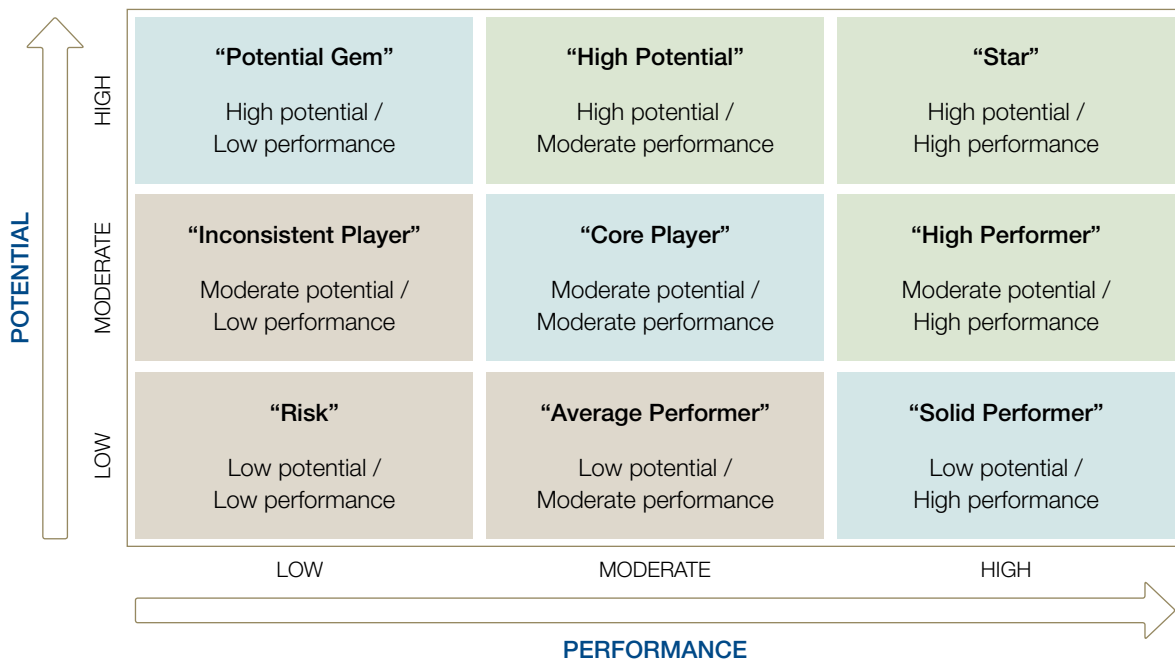
“The closest reason that I love JFS is, its innovative work environment supported by its rich Culture. It has driven me to be more determined to seek out and shift my career with positive changes. Those new experiences have made me to learn and reason out to believe that I can make a difference.

-Isuru Liyanage-

Performance Management

The Company fosters a strong performance-driven culture by making the talent pool scale up in their career progression as well as ensures that all employees undergo regular appraisals. JFS does a mixed type of appraisals to its people and to certain layers/levels 360 degree appraisal to make the performance based culture more transparent.

The appraisals are mainly focusing on 02 aspects, KRAs, and value creation. We are confident that our culture automatically boosts our employees to perform well along with a noticeable improvement in their attitude. Everyone is put through a 9 x box talent matrix where JFS believes that a star performer with the right attitude is the best asset a company can have. Our continuous people development efforts have resulted in securing certain shifts in the talent matrix. Therefore, we are using our performance management mechanism to encourage and ensure to strengthen our belief.





Case Study



"We carried out the Talent Management exercise in 2019 for the first time where all the employees were put across the Talent Matrix of Potential vs Performance. There we found the fact that Rukmal could become a Star in the company and need to improve his focus and the potential a bit. People Division was in hand in hand with Rukmal for nearly 12 months and finally he became the mastermind behind the brand Ravana-h; the one of the sports brands of JFS"

Rifka Aniff, Chief People Officer



Case Study



"I have started my journey with JFS in March 2016 as a Trainee and now it's almost 5 years. In the beginning, I was attached to the recruitment arm of the company, Jobfactory. Becoming a Talent Acquisition Professional is not that easy but my curiosity directed me and my confidence supported me to overcome those obstacles in my path."

Rukmal Jayakody – Sector Head, Sports

Rukmal is a proud product of Ananda College, Colombo and completed his graduate studies of BSc (Hons) in Business and Management Studies at ICBT affiliated to Cardiff Metropolitan University, UK. Later he got the opportunity to lead the recruitment team by providing coaching and assistance to the team members wherever necessary. He got the opportunity to work parallelly to another business unit upon his request.

Currently, Rukmal performs as Head of the Sports Sector managing a few brands like Ravana-h, ONE FOUR BASE and four-man team. Rukmal has completed his Higher National Diploma specializing in Human Resource Management at HRMI and a Google Certificate holder in basic Digital Marketing concepts and finding new areas to explore.

"We have a rich learning culture at JFS; I believe that learning empowers people to find new ways to succeed. Now I am the Head of the Sports sector and JFS Holdings has recognized the light inside me which helped to summon my inner talent and true potential. I'm really happy where I am today and feel that I'm ready to change further. Learning, Growing and Shaping myself with the organization, will lead to expand both our horizons in a win-win way."

-Rukmal Jayakody-

Rewards and Recognition

People who go the extra mile contributing directly towards value creation are acknowledged and rewarded in multiple ways. JFS always tried to strike a balance between the financial and non-financial rewards. This has been a great support to stop our young people from being materialistic, but feel and understand their strength, value and importance of their contribution.

The Company believes that money is not the best unit to measure some contributions of our people and the recognition, care and empowerment can raise them to the next level of their lives.



Case Study



"We have got appreciations, rewards at every time not only when we succeed, but when at least we tried to succeed. We were honored each and every time when we received an appreciation letter. But one day an announcement dragged the whole ExCo team into an extreme surprise."

Medhani Weerasinghe – Head, Agri & Food Sector

Human Capital

JFS has been always uplifted its people’s lives into a different level. We know that our people factor is the key drive that took us to this level and will take us to the next level as well. As a recognition for the dedication of the identified and contributing talents, we decided to issue the first set of shares to eight of them.

Current Agri and Food Sector Head, Medhani joined the company as a part time employee worked from home.

She is one of the first employees who got the privilege to become an employee shareholder. JFS issued its first shares to its employees as an act of paying gratitude for the commitment and dedication. We believe that having a set of employee shareholders will make a great impact on company’s bottom-line finally and will continue to strengthen the employee shareholder base further.

JFS is proud to mention that we have done something greater to our employees, even though still we are a company with 08 years of history.

“When the management announced that I am selected to be one of the employee shareholders, I felt very special about me. I realized that I have done something for the company which valuable for its business. It encouraged me to do more and more to the company. Not only me, I can encourage my team also to work hard, because we are sure that our future is bright with JFS.”

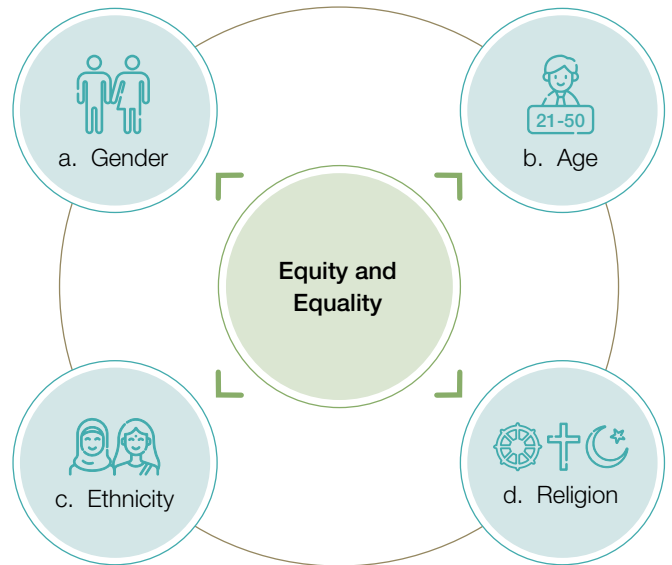
-Medhani Weerasinghe-

Fair pay and other benefits

The remuneration is set at a level that can attract, motivate and retain high quality talent. Remuneration is commensurate with each employee’s level of expertise and contribution and is aligned with the Company’s performance. JFS has set lucrative salary bands and a very attractive incentive structure to keep employees motivated to perform beyond the expectations.

Equity and Equality

JFS being an entity believing in sustainability since inception, always kept on maintaining equity and equality in terms of gender, age, ethnicity and religion.



2. OUR CULTURE

The Company has insisted on a people-centric friendly work culture since its inception investing in its core values which resulted in experiencing today’s outcome where everyone believes in stretching further and develop with the Company’s economy. That created a strong bond amongst people. The board and the management encourage an open-door concept to build strong relationships with people. The company carries out many people engagement activities that bring everyone together.

Core Values

- Thinking BIG
- Right Innovation
- Empowering Talents
- Doing Right Things

Thinking BIG, Inspiring People to think BIG

The board always wants JFS people to think BIG as we drive to achieve a BIG vision of becoming the largest conglomerate in Sri Lanka by 2040. Certain things which were too BIG when JFS was small are now does not look like BIG. This annual report itself is an initiative to inspire people that we need to think BIG in order to achieve BIG things.



Doing right things, People led CSR

Doing right things will bring certain risks lower. JFS encourages its people to do right things as always. CSR is one of the key activities used to inject the value of doing right things.

JFS carries out CSR activities at least once in six months with the participation of its employees. We encourage our people to volunteer for these activities and reward during the appraisal process in order to make it a rewarding initiative for them. This value creation certainly supported creating the open and transparent Company culture people enjoying right now.

Right Innovation, encouraging People to Innovate small

We empowered our people for innovation which is key driver of our success. Accordingly, all the brands own by JFS were invented by our own people. This provide sense of pride for individuals who contribute to it and improve loyalty towards the company. Some of them were rewarded time to time for their creativity and innovation.



Doing right things, Green Force Club

Green Force is a club among JFS people that encourages them to do something better for the environment. From Green force, we mainly focus on energy saving and environmental pollution. Through our Green Force Club, we let our members come out with their new initiatives, creations, ideas, processes to save the environment. They should submit a proposal to the Green Force committee and get the approval before they initiate. After the initiation, JFS will observe the continuation and the result of the initiative for several months. If the project brings better results the team or the individual will be rewarded and/or appreciated by the management. This too supported our people to continue to do right things.

Empowering People, Biz Diversification

The major restructuring was planned at aiming JFS employees empowering to take decisions. JFS's unique structure which falls in between flat and moderate models has given the lifeline to existing employee empowered culture since inception.



Human Capital

People Initiatives

JFS has taken certain people initiatives to keep employees happily engaged with the Company. Most importantly employees are empowered to initiate and lead and organize every event conducted so far at JFS.

Employee entertainment is an important factor that helps to keep the people engaged with the company. JFS tries to get rid of the monotonous life that our employees are living, through employee entertainment events like Year-end and Christmas party, Birthday celebrations, Annual Trip, day-outs etc.



Recreational Club

A well organized club for recreation is in existence which will take care of the recreational activities of the people of JFS. Members and the company equally contribute to the fund. Further Company's other income diverted to the Recreational club as a company policy.



Year-end Party

JFS has continued to organize this event since 2016 and last year we did it at Summerfield, Kottawa. All employees and consultants including their families were invited to this event. This gives an amazing booster to every one of JFS to finish the calendar year and reenergize to finish the financial year better.



Annual Trip

We used to bring all employees and families out for three or two nights to break the monotonous of routine work. Highly energizing event and the beauty is our employees do organize the event which resulting them to accept this as their event finally.



Birthday Celebrations

We do not miss any opportunity to celebrate even a small achievement with its people. It can be a great morale booster to give the staff something to look forward. It will help workers feel respected and part of something greater. Having something in common to look forward to will encourage companionship among employees and give them something in common to speak about, regardless of the department in which they work, their seniority level, or their interests.



Day outing

Minimum one or two day-outing sessions do happen in JFS a year. Funded by the Recreation club.

3. PEOPLE GOVERNANCE

HR governance structure ensures that we balance Corporate Governance, the interests of our employees with the interests of all other stakeholders. The people department of JFS oversees implementing the people strategy and reports to the Board on its activities regularly.

Reports to the Board

Chief people officer submits the paper on people to the Board on monthly basis prior to the monthly board meeting covering the entry-exit, payroll impact, statutory payments, anything related to employee relations etc.

Statutory Payment

JFS has followed the country's labour law since its inception and complied with all statutory payments on time. There is no single complaint received to the labour department since 2012 to the date on any employee matter which we consider as the best indicator of our people relations.

Whistleblowing

All stakeholders including employees shall report any unusual thing happening in the company ensuring the confidentiality as spelled out in the whistleblowing process which was introduced in 2018. No complaint received to the committee since then.

Non-Harassments

Harassments to employees including sexual are being covered by the people department's non-harassments policy and employees shall seek covert assistance for the grievance if any.

Future People Outlook

Right Sizing

With the strategic decision of dropping certain BPO operations we may end up with an employee count less than 100 and would maintain it as the upper point until we become a large company in terms of revenue generation. This will certainly have an impact on the risk and the employee liabilities like gratuity etc.

Employee Mix

JFS will continue to maintain a healthy ratio of permanent and fixed term contract employees as continued since its inception. This will enable the company to minimize the employee risk again.

Retention Secrets

Our own and unique development initiatives will ensure that JFS will be able to retain the talents that we want.

Talent Management

JFS will continue its talent management exercise and invest on the star talents. Investing in potential stars will also continue as number one priority of the people department.

Employee Shares

Share percentage of JFS employees will be increased initially to 2% by 2021 and further 3% in 2022 when reaching the next goal, achieving Rs. 100 million equity.

Employees to the Board

Upon reaching the business objectives offered to sector heads, JFS will continue to absorb them to the Board.

Corporate Social Responsibility



The management and the staff have come forward to help the people in need by launching a chain of CSR projects. There are two main parameters we monitor regular basis to evaluate effectiveness of our CSR projects.”

JFS's value creation model acknowledges the importance of being a responsible business and sharing value built within the organization among our society in which we operate. The management and the staff have come forward to help the people in need by launching a chain of CSR projects. There are two main parameters we monitor regular basis to evaluate the effectiveness of our CSR projects.

1. BEING A RESPONSIBLE BUSINESS

The Company adheres to high ethical business practices. The corporate culture has been developed on the fundamentals of ethics, integrity, honesty, and courage. We comply with all legal and regulatory requirements of the country and make every effort to improve the transparency of our business. The Company's strong corporate governance practices ensure that the company operates in a socially responsible manner.

2. INVESTING ON OUR COMMUNITY (CSR ACTIVITIES)

Our CSR strategy focuses on a progressive model which enables us to contribute to society through Child Education, Health and Environment.

Child Education

A Good education is the only way to eradicate poverty. In Sri Lanka, there are many people who suffer from poverty. JFS took a long-term vision to fight against the poverty in Sri Lanka by providing helping hands to children, who's education is affected due to financial difficulties. We believe our investment in these less-fortunate children's education to flourish their future is invaluable.

Shoe Donation to Udagama Kanishta Vidyalaya

Aligning with our CSR strategy we donated shoes accompanied by stationary for the children, who are studying in the most underprivileged primary schools in the Colombo District. Udagama Kanishta Vidyalaya is located approximately 15 km off from Padukka bordering Labugama, Kalatuwawa reservoirs, in the boundaries of the Western and

Sabaragamuwa provinces. The living standards of the villagers are below the minimum, whereas most depend on toddy tapping and making Kithul Jaggery. Brand new school shoes were donated to the entire school with the support of a donor who partially supported with expenditures.



Scholarship for Children's of War Heroes

JFS' attempt to recognize the war heroes and offered two scholarships for the children of two soldiers killed in action during the thirty-year war existed in Sri Lanka. This donation was arranged on the request of the Commanding Officer of the Gajaba Regiment through the 3rd Battalion of the Gajaba Regiment.



Refurbishment of Pre School in Badulla District

JFS has taken a decision to help a preschool to fulfill the basic education necessities of the kids. "JOTHIYA", Early Childhood Development Centre was rebuilt, furnished and declared open on 16 July 2015 in line with the third year anniversary celebrations of JFS. JOTHIYA is the only preschool located in Maliththa Gramasewaka division of Hali-Ela divisional secretariat area in Badulla district, which is one of the most underprivileged areas in literacy and education in Sri Lanka. Managing the project from a distance of 200 km was the

biggest challenge JFS faced during the project. A brand-new building of nearly 1000 sq. ft. was constructed and donated to manage two newly furnished classrooms for 44 kids.



Donating Study Equipment to Udagama Kanishta Vidyalaya

JFS donated study desks and chairs to the school. Lack of standard size desk and chairs for the Grade 4-5 children was one of the major issues that the school staff was facing. This was a major issue that led the students to continue their studies in an uncomfortable circumstance. JFS staff full heartedly engaged with the CSR project from contacting the equipment suppliers to painting the desks and chairs by themselves, just to see the happy face of the children of Udagama Kanishta Vidyalaya. In addition to the study equipment, JFS arranged a few gifts for the students too. JFS was treated with a beautiful talent show of the kids and a delicious meal from the parents and school staff.



Colour Wash and Renovate Dharmapala Kanishta Vidyalaya, Pannipitiya

JFS has tried out a different activity as the Annual CSR project and the project was to colour wash and renovate a selected school. We selected Dharmapala Kanishta Vidyalaya, which

located in Depanama, Pannipitiya having 62 students including few differently able pupils. The only purpose to select this school was the lower facilities of the school, even though it belongs to the Colombo district. Highly passionate JFS staff and volunteers were engaged in the project for two days and completed the project, giving a better studying space for the students.

Health

Health is a basic need of humans. We are lucky to have free health in Sri Lanka being a developing country. There are millions of people who purely depend on free health in our country and JFS decided to contribute towards the improvement of free health assuming it is our responsibility to give something back to our society.

Donation to the Lady Ridgeway Hospital

The first ever large-scale donation of JFS was donating cardiac related surgical equipment for the Cardiothoracic Unit of Lady Ridgeway Hospital, Colombo. The donation was suggested by the administration department of the hospital when the company approached Lady Ridgeway Hospital to response a patient having financial difficulties for cardiac surgery with the aim of saving a life. Medical equipment was donated to the hospital and handed over to Mr. Rathnasiri Hewage, Director of Lady Ridgeway Hospital.



Donation and the Theatre Cleaning Program

The management and the staff of JFS decided to exercise the Lady Ridgeway CSR Project annually. According to that decision, JFS donated medical equipment to the hospital in 2014. At the second Lady Ridgeway CSR, JFS was able to do a one-day theatre cleaning program with the permission of the hospital's management. This time, few volunteer participants stretched their helping hands to the Company for the cleaning program. This program was purely conducted as a part of JFS's profit-sharing principles, and the company will continue sharing its profit even in the future.

Corporate Social Responsibility



Environment

E-Waste management

E-waste is viewed as an underestimated problem, as it is still uncertain about the long-term effect of this kind of waste on the planet. Several e-waste recycling facilities have been established as an attempt to protect humanity and the earth. This may harm a region's soil. Most of the e-waste products contain a whole range of precious materials such as tin, nickel, zinc, copper, and so on and release toxic heavy metals as e-waste breaks down. All the waste products are to be specially treated, separated and remove safely. If e-waste is properly recycled, these materials and parts can be recycled and reused endlessly.

As a socially responsible corporate entity in Sri Lanka we considered the underestimated problem needs to be ended right away and set an example for many others. A company in the modern world cannot operate without electric gadgets and keeping the non-usable devices take lots of space but, cannot be disposed of without special treatment either. We could find several companies involved in this recycling process and finally worked with Green Links Lanka which is Sri Lanka's leader in electronic waste treatment and the only business that can provide the e-waste with a complete solution.



"We do not waste even an envelope reaching out to JFS without using for the second time. It is a habit and part and parcel of our rich culture."

Rifka Aniff, Chief People Officer

Wastepaper Management

JFS doesn't want to miss a single chance to perform its social responsibility since inception. The concept is to manage the waste papers of JFS and its employees at home. Through this initiative, all the JFS employees were educated regarding the impact that wastepaper and paper products doing to the earth and encouraged to help the project team to collect possible wastepaper products within the organization. Now it has become a habit amongst the employees which reflects its rich culture and care for the earth.



"As a habit we do take printouts when there is a necessity only. Otherwise we manage most of the cases electronically. When there is print we do not miss to take it on both sides"

Sachini Ananda, Assistant Manager

Managing waste reduces our reliance on landfills while also significantly cutting down the many factors that adversely impact our environment. Recycling papers, the need to cut trees, which in turn reduces energy consumption. Also, recycling reduces human carbon footprints on earth. Recycling waste has generated many new opportunities for out-of-box thinkers to serve mother earth or enter the business world with unique products. If this eco-friendly approach is embraced by more entities, we could expect a less polluted, safe world soon.

JFS has given wastepaper bulks to the collectors 08 times as of now and the average weight of each close to 12 kg in weight. We always tried to encourage the recycled product sellers in our level such as using seasonal greeting cards made of recycled papers, using boxes made of recycled paper to pack Agri and Sports items.

Future Outlook

As a company we want to invest in a large CSR project where we could measure the impact and the outcome on completion. In that context whilst sharing profits through Child Education, Health and Environment. JFS will launch a project named "Help Cancer" where we host a comprehensive e platform to link the cancer patients who need a helping hand with the donors. Already we are working on the system development on www.helpcancer.lk domain.



“Don’t fail against the world, use it.
Flexibility is the operative principle in the art of war.”

- Sun Tzu

Board of Directors



MADHUSHAN RAIGAMAGE

Director / Chairman

(Founder of JFS and serves the Board since its inception)

Skills, Experience:

He left the Army prematurely and worked as a people manager for two Blue-chip companies and has over 13 years of people management experience. Madhushan was awarded the “Best HR Practitioner” in 2012 by the Chartered Institute of Personnel Management, where he obtained his Professional Qualification in HR as well as he won a Merit Award, at the “Entrepreneur Awards – 2017 (Western Province)” under Service Sector (Large Category). He obtained an MBA in Business Administration from the Postgraduate Institute of Management (PIM), affiliated with the University of Sri Jayewardenepura.



CHAMALI DILRUKSHI

Director

(Member of the Board since 2013)

Skills, Experience:

Chamali, having a humble beginning in her career at JFS, has contributed in many ways especially during difficult times. Currently taking care of certain operational activities of JFS. With her outstanding inherent people management ability, she has supported the board in taking many crucial people decisions. In addition to the operational responsibilities, she looks for Leisure and Plantation Opportunities for the company, which is not yet considered as two new sectors of JFS and yet to generate revenue in 2024 onwards.

Advisors to the Board of Directors



PRASANNA BELPAGE

Finance Advisor

(Providing advisory services since 2018)

Skills, Experience:

Prasanna has obtained his MBA in Business Administration from PIM (Postgraduate Institute of Management), affiliated with the University of Sri Jayawardanapura. He is an associate member of the prestigious institutes; the Institute of Chartered Accountants of Sri Lanka, and Chartered Institute of Management Accountants. He counts over two decades of experience in the fields of general management, financial management and he is currently acting as the Chief Finance Officer and a Member of the Management Committee of Trade Promoters (Private) Limited, the agent for cummins generators for Sri Lanka and Maldives.



NILANTHA PERERA

People Advisor

(Advises the JFS Board of Directors since 2018)

Skills, Experience:

Nilantha has over 25 years of experience in a few leading companies in Sri Lanka. He obtained his bachelor's degree in Human Resource Management (Special) from the University of Sri Jayawardenapura and holds two master's degrees in Business Administration and Business Studies from Postgraduate Institute of Management, and the University of Colombo respectively. He is a professional member of the Chartered Institute of Personnel Management, Postgraduate Institute of Management Alumni, and the Institute of Chartered Professional Managers in Sri Lanka. Also, he received many appreciations and rewards from the corporate fraternity for the contribution and HR initiatives did at the workplaces like Ceylinco Insurance and Orient Finance PLC.

Advisors to the Board of Directors



ROHAN MAPATUNA

ICT Advisor

(Advises the JFS Board of Directors since 2018)

Skills, Experience:

He holds a Master of Business Administration (MBA), Post Graduate Institute of Management (PIM - University of Sri Jayawardanepura). He obtained his bachelor's degree in Computer Science & Engineering from the University of Moratuwa.

Rohan Mapatuna has over 15 years of experience in leading IT companies in Sri Lanka. Rohan is the founder of Ceyloan TechTranz Solutions (Private) Limited one of the IT SMEs providing software development solutions to Sri Lankan and international clients. He has global experience with enterprise system study and system implementations in the US, Middle East, and India.



SAVINDA KALUBOWILA

Advisor

Skills, Experience:

Savinda has obtained his bachelor's degree in Mechanical Engineering from the University of Moratuwa. He holds a Master of Business Administration (MBA) from the Post Graduate Institute of Management (PIM – University of Sri Jayawardanepura). Savinda has over 12 years of Engineering and Management experience in large Sri Lankan and Australian organizations. Currently, he is working as a Mechanical Reliability Engineer for SOUTH32, a major mining and metal producing company in Australia.

Executive Committee



NIRMALA DASANAYAKE

Head of BPO Sector

Skills, Experience:

She holds bachelor's degree in Human Resource Management (Special) from the University of Sri Jayawardanepura. She has over eight years of experience in people management.



ISURU LIYANAGE

Head of IT Sector

Skills, Experience:

He holds bachelor's degree of Science in Management from University College Dublin and currently reading for his master's degree in Business Entrepreneurship at University of Tallinn.



MEDHANI WEERASINGHE

Head of Agri and Food Sector

Skills, Experience:

She holds a bachelor's degree in estate management and valuation (Special) from the University of Sri Jayawardanepura.



NIMMI KAUSHALYA

Head of Administration

Skills, Experience:

She holds a bachelor's degree in Arts from the University of Kaleniya.

Executive Committee



RIFKA ANIFF

Chief People Officer

Skills, Experience:

She obtained her professional qualification in HR from the Chartered Institute of Personnel Management, Sri Lanka. Currently, following the Bachelor's degree of Science in Psychology and Counselling in NIBM, affiliating with the Coventry University of UK.



RUKMAL JAYAKODY

Head of Extreme Sports Sector

Skills, Experience:

Rukmal obtained his bachelor's degree in Business and Management Studies from ICBT affiliated with Cardiff Metropolitan University, UK.



YOHAN JAYALALA

Chief Accounting Officer

Skills, Experience:

He is an Associate Member of the Institute of Chartered Accountants of Sri Lanka. He obtained his bachelor's degree in Business Administration from the University of Sri Jayawardenapura. Yohan is an Audit Partner of Priyosh & Company (Chartered Accountants), one of the Audit & Consultancy firms in Sri Lanka providing Audit & Assurance and Business Consultancy services to clients in various industries.

Management Committee



ISHARA KEPPETIPOLA

Ishara is currently reading for his chartered qualifications in Human Resource Management at the Chartered Institute of Personnel Management, Sri Lanka and currently plays the role of second line support to the Agri/Food sector.



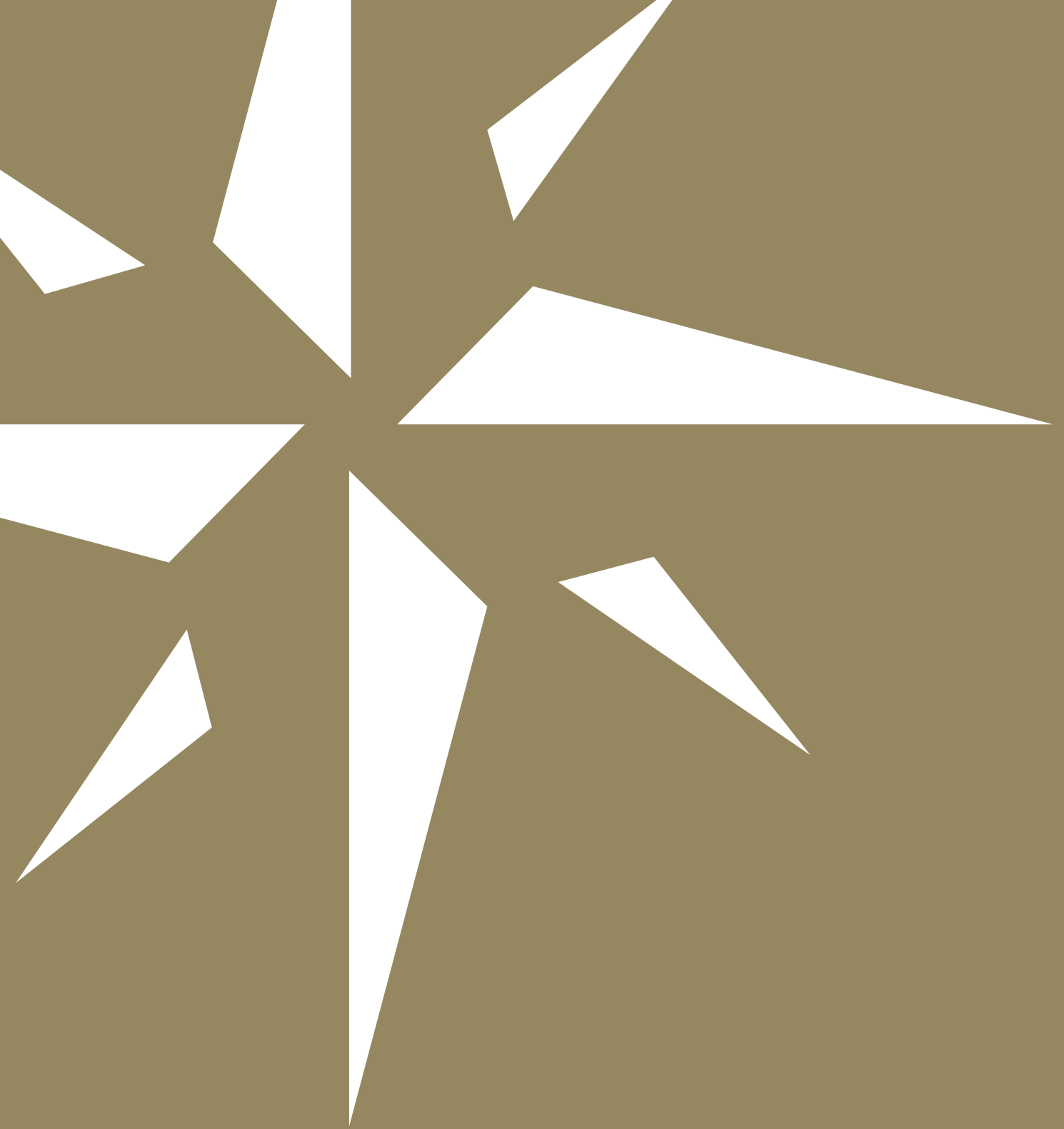
RAVEEN ATHUKORALA

Raveen is qualified in CCNA and studying for CCNE and holds professional qualifications in E-Commerce and Linux System Administration from the University of Colombo, School of Computing.



SACHINI ANANDA

Sachini is studying for chartered qualifications in Accounting at the Institute of Chartered Accountants of Sri Lanka and currently plays the role of second-line support to the BPO sector.



“If you know the enemy and know yourself,
you need not fear the result of a hundred battles.”

- Sun Tzu

Corporate Governance



JFS is conscious of the need to maintain an appropriate mix of skills and experience in the Board through a regular review of its composition in ensuring that the skills representation is in alignment with current and future needs of the company.”

EXECUTIVE SUMMARY

We believe sustainable management is an important precautionary approach to economic, social and environmental risk management. The Company applies the precautionary principles mainly in two ways,

- Compliance review with the applicable laws and regulatory requirements and operational policies and procedures
- Obligation to take anticipatory action to prevent destruction of any kind.

The corporate governance framework at JFS Holdings is built on the core principles of accountability, participation and transparency which is essential for the creation, enhancement and maintenance of a sustainable business model.

Accordingly, the company has placed a well-structured corporate governance framework, which has been adopted across all business units and is integral in maintaining and enhancing sustainable shareholder value. In addition to the “triggers” which ensure compliance with mandatory requirements, the company has also established its own set of internal benchmarks, processes and structures in meeting accepted best practices in governance.

BOARD SKILLS

Collectively, the Board brings in a wealth of diversified exposure in the fields of Management, Business Administration and Human Resources. All directors possess the skills,

expertise and knowledge complemented with a high sense of integrity and independent judgment. Further details of their qualifications and experience are provided on page 34 of this Annual Report.

INDEPENDENT PROFESSIONAL ADVICE

From time to time an individual director of the company may wish to seek legal or other independent advice to strengthen the decision making. Independent professional advice sessions are coordinated through the Board Secretary as and when requested.

Independent professional advice sessions are call by the secretary at the events on,

- When an existing director seeks advice on decision making, duties and professional development with the permission of the chairman of the Board.
- When Board decide to provide advice and mentor a newly appointed director to the Board. Board will decide who will be the advisor according to the newly appointed director’s capabilities and competencies.

There are main three advisors to the Board that covers the areas of the corporate affair and business expansion, human capital management and corporate finance. A brief description on advisors to the Board are available under Board of Directors, advisors to the Board section.

Risk Management



Effective risk management is a key component of the Company’s strategic model and it assists in achieving sustainable development of the Company. The Board of Directors has overall responsibility for implementing effective risk management process within the Company.”

The board of directors of the Company holds ultimate responsibility of implementing effective risk management process and risk culture within the Company. The executive members of the Company have given their fullest support in establishing an effective risk management process within the Company. The board of directors and executive committee closely monitor internal and external environment of the Company to identify the potential risk that could affect to the Company’s operations.

RISK MANAGEMENT OBJECTIVES

The primary objectives of the Company’s risk management function are,

- to develop effective strategies to overcome the identified risk within the Company.

- to periodically evaluate the risk exposures on an ongoing basis
- to minimize the financial and other negative consequences of losses
- to provide high quality services to customers
- to encourage the firm to be better prepared to achieve its long term and short-term targets.

RISK MANAGEMENT PROCESS

Our risk management process includes five activities as display in the below graph.



RISK RATING

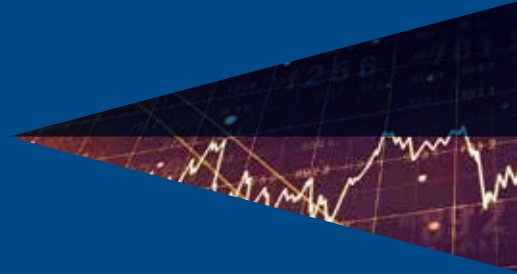
Type of risk	Overall Rating	Probability of Occurrence	Severity of Impact
Issues concerning employees	●	●	●
Ineffective accounting and information systems	●	●	●
Risk of frauds	●	●	●
Project failures	●	●	●
Liquidity and cash management	●	●	●
Currency risk	●	●	●
Credit risk	●	●	●

● High ● Moderate ● Medium ● Low

SUMMARY OF PRINCIPAL RISKS

The details of principal risk, potential impact and mitigation actions are given in the below table.

Risk	Potential Impact	Actions to Mitigate
Issues concerning Employees		
<ul style="list-style-type: none"> • Employees' unrest • Shortage of skilled / unskilled Staff • Lower staff productivity • Out migration 	<ul style="list-style-type: none"> • Loss of revenue • Low productivity / high cost of employee • Lower bottom line • Inhibit growth prospects 	<ul style="list-style-type: none"> • Recognition and rewarding of associates • Regular meetings to handle grievances and training & development programs • Improvement of working conditions, facilities • Employee welfare and employee bonding activities through company's CSR strategy
Ineffective Accounting and Information Systems		
<ul style="list-style-type: none"> • Inaccurate information • System failures • Loss of data • System security 	<ul style="list-style-type: none"> • Wrong reporting • Loss of reputation • Penalties • Wrong decision making • Loss of investor confidence 	<ul style="list-style-type: none"> • Sound system of internal controls • Qualified & experienced finance staff • Based backups • Updating of Anti-virus, firewall etc.
Risk of Frauds		
<ul style="list-style-type: none"> • Theft • Misappropriation of assets • Misstatements of financial statements 	<ul style="list-style-type: none"> • Loss of revenue / profits • Impact on corporate reputation 	<ul style="list-style-type: none"> • Sound internal controls • Pre-employment screening • Sound control environment
Liquidity and Cash Management		
<ul style="list-style-type: none"> • Possibility of running out of cash 	<ul style="list-style-type: none"> • Inability to faster response to market opportunities 	<ul style="list-style-type: none"> • Better monitoring of cash flows of the company • Availability of short-term borrowing facilities to the company at all times • Sourcing of funding requirements through many financial institutions • Maintaining of liquidity and quick ratio
Credit Risk		
<ul style="list-style-type: none"> • Credit risk 	<ul style="list-style-type: none"> • Loss of collection • Adverse impact to liquidity ratio 	<ul style="list-style-type: none"> • Developing and implementing credit policies • Following stringent assessment procedures to ensure credit worthiness of the customers prior to the granting of credit • Closely monitoring the debtor balances, lying action plans and determining the same are under control





“Strategy without tactics is the slowest route to victory. Tactics without Strategy is the noise before defeat.”

- Sun Tzu

Financial Statements

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Annual Report of the Board of Directors

The Board of Directors take pleasure in presenting the 1st Annual Report together with Audited Financial Statements of the Company for the financial year ended on 31 March 2020.

Principal Activities

The principal activities of the company are Providing Services Related to Human Resource, Business Process Outsourcing, Training and Agriculture and IT Services. There were no significant changes in the nature of the principal activities during the financial year under review. The Company has not engaged in any activities, which contravene laws and relevant regulations.

Corporate Vision, Mission and Values

The Corporate Vision, Mission and Values are provided on page 3 of this report. The Directors and all the employees of the Company conduct their activities with the highest level of ethical standards and integrity in achieving the aspiration and purpose.

Review of business performance

A review of the financial performance, operational performance and outlook of the Company are contained in page 16, 14 and 12 of this report.

Summary of Financial Results

For the year ended 31 March	2020 Rs.	2019 Rs.
Revenue	172,704,732	97,083,261
Gross Profit	36,417,881	20,950,031
Profit after Tax	15,981,627	3,062,158

Financial Statements

The Financial Statements for the period ended on 31 March 2020 have been prepared in accordance with the Sri Lanka Accounting Standards for Small and Medium Sized Enterprises (SLFRS for SME's), issued by the Institute of Chartered Accountants of Sri Lanka. The duly signed financial statements are provided on pages 49 to 52 and the Auditors' Report on the financial statements is provided on pages 47 to 48 of this Annual Report.

Accounting Policies

The details of accounting policies adopted by the Company in preparing these financial statements are mentioned in Page 51 to 63. There have been no changes in the accounting policies adopted by the Company during the year under review. The Board of Directors, Advisors to the Board, Executive Members and Management Committee and their brief profiles are provided on page 34 to 39 of this report.

Directors' Shareholding

The Directors' individual shareholdings in the Company are as follows,

No of Shares as at	31 March 2020	31 March 2019
Mr. R. A. I. Madhushan	773,237	773,237
Ms. T. C. Dilrukshi	334,450	334,450

Auditors

B.A.C.K. Balasuriya & Co, Chartered Accountants served as the Auditors of the Company. The Auditors do not have any interest in the Company other than providing Audit services. A sum of Rs. 43,500.00 is payable by the Company as at 31 March 2020.

Stated Capital

The stated capital of the Company as at 31 March 2020 is Rs. 11,171,830/- representing 1,117,183 ordinary shares.

Donations

Total donations made by the Company during the year ended on 31 March 2020 is Rs. 165,313 (2019 - Rs. 25,000).

Property Plant and Equipment

Details of property, plant and equipment and changes during the year are given in Note 59 of the Financial Statements.

Land Holdings

The Company does not own any freehold land or buildings.

Employment

The staff strength of the Company as at 31 March 2020 is 205 (2019 – 232)

Event After the Reporting Date

No circumstances had arisen, since the balance sheet date which would require adjustments to, or disclosure, in the financial statements.

This Annual Report is signed for and on behalf of the Board of Directors by:



Chairman



Director



Secretaries

31 August 2020

Independent Auditor's Report



B.A.C.K. Balasuriya & Co.
CHARTERED ACCOUNTANTS

1033/3, Pothuarawa Road,
Malabe.
Voice : +94 112 562205 / +94 117 209096
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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF J F S HOLDINGS (PRIVATE) LIMITED

Opinion

We have audited the financial statements of J F S Holdings (Private) Limited, which comprise the statement of financial position as at 31 March 2020 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 March 2020, and its financial performance and its 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) that are relevant to our audit of the financial statements, and we have fulfilled our other 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements 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.

Auditors' 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 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.



Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT (Contd...)

- 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 audit's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence 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 company 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 audit. We remain solely responsible for our audit opinion.

We communicate with these 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.

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 explanation 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 5042.


30th September 2020
Malabe



Statement of Comprehensive Income

For the year ended 31 March	Note	Page	2020 Rs.	2019 Rs.	Change %
Revenue	4	55	172,704,732	97,083,261	78
Direct Expenses	5	55	(136,286,851)	(76,133,229)	79
Gross Profit			36,417,881	20,950,032	74
Other Operating Income			200,064	535,842	(63)
Administration Expenses	6	56	(16,574,294)	(14,745,797)	12
Selling and Distribution Expenses			(522,053)	(1,927,784)	(73)
Profit from Operating Activities			19,521,597	4,812,293	306
Finance Income	7	56	1,186,936	4,142,840	(71)
Finance Expenses	8	57	(2,461,459)	(4,836,749)	(49)
Net Finance Cost			(1,274,522)	(693,909)	84
Profit Before Tax	9	57	18,247,075	4,118,384	343
Income Tax Expense	10	57	(2,265,448)	(1,056,226)	114
Profit for the Year			15,981,627	3,062,158	422
Other Comprehensive Income, Net of Tax			-	-	-
Total Comprehensive Income for the Year, Net of Tax			15,981,627	3,062,158	422
Basic Earnings Per Share	11	58	14.31	2.74	422
Dividend Per Share			-	-	

Figures in brackets indicate deductions.

All financial information presented in Sri Lankan Rupees has been rounded to the nearest rupee.

The accounting policies and notes on pages 53 to 68 form an integral part of these financial statements.

Statement of Financial Position

For the year ended 31 March	Note	Page	2020 Rs.	2019 Rs.
ASSETS				
Non Current Assets				
Property, Plant and Equipment	12	58	21,726,882	24,137,101
			21,726,882	24,137,101
Current Assets				
Inventories	13	60	1,326,399	2,099,847
Trade and Other Receivables	14	60	17,808,386	7,926,847
Financial Investments	15	61	7,741,442	-
Cash and Cash Equivalents	16	62	5,634,018	6,144,275
			32,510,244	16,170,969
Total Assets			54,237,126	40,308,071
EQUITY AND LIABILITIES				
Capital and Reserves				
Stated Capital	17	61	11,171,830	11,171,830
Retained Earnings			16,139,330	157,703
Total Equity			27,311,160	11,329,533
Non Current Liabilities				
Interest Bearing Loans and Borrowings	18	63	7,405,625	12,311,527
Retirement Benefit Obligation	19	64	2,948,033	3,391,199
Amounts Due to Related Parties	22	65	636,820	636,820
			10,990,478	16,339,546
Current Liabilities				
Trade and Other Payables	20	65	4,197,750	6,030,590
Income Tax Payable	21	65	1,628,352	21,446
Interest Bearing Loans and Borrowings	18	63	5,813,370	4,440,668
Bank Overdraft	16	62	4,296,016	2,146,288
			15,935,488	12,638,991
Total Equity and Liabilities			54,237,126	40,308,071

The accounting policies and notes on pages 53 to 68 form an integral part of these financial statements.
All financial information presented in Sri Lankan Rupees has been rounded to the nearest rupee.
I certify that these Financial Statements are in accordance with the requirements of the Companies Act No. 7 of 2007.



Chief Financial Officer / Accountant

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
signed on behalf of the Board;



Director



Director

Colombo
31 August 2020

Statement of Changes in Equity

For the year ended 31 March	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 April 2018	11,171,830	(2,904,455)	8,267,376
Profit for the year	-	3,062,158	3,062,158
Other comprehensive income	-	-	-
Balance as at 31 March 2019	11,171,830	157,703	11,329,533
Profit for the year	-	15,981,627	15,981,627
Other comprehensive income	-	-	-
Balance as at 31 March 2020	11,171,830	16,139,330	27,311,160

Figures in brackets indicate deductions.

All financial information presented in Sri Lankan Rupees has been rounded to the nearest rupee.

The accounting policies and notes on pages 53 to 68 form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 March	Note	Page	2020 Rs.	2019 Rs.
Cash Flows from / (Used in) Operating Activities				
Profit before taxation			18,247,075	4,118,384
Adjustments for;				
Finance Income	7	56	(1,186,936)	(4,142,840)
Finance Expenses	8	57	2,461,459	4,836,749
Provision / (Reversal) for Retiring Gratuity	19	64	(173,166)	3,391,199
Disposal Gains			-	(247,664)
Depreciation	6.1	56	3,533,276	2,903,854
Operating Profit Before Working Capital Changes			22,881,708	10,859,681
(Increase) / Decrease in Inventories	13	60	773,448	(2,099,847)
(Increase) / Decrease in Trade and Other Receivables	14	60	(9,881,539)	(4,989,356)
Increase / (Decrease) in Trade and Other Payables	20	65	(1,832,840)	3,149,330
Cash Generated from Operations			11,940,778	6,919,809
Finance Income	7	56	1,186,936	4,142,840
Finance Cost Paid	8	57	(2,461,459)	(4,836,749)
Retiring gratuity paid	19	64	(270,000)	-
Tax paid			(658,542)	(455,319)
Net Cash Flows from Operating Activities			9,737,713	5,770,581
Cash Flows from / (Used in) Investment Activities				
Acquisition of Property, Plant and Equipment	12	58	(1,123,057)	(519,080)
Disposal Proceed from Property, Plant and Equipment	12	58	-	1,835,000
Acquisition of Financial Assets Held to Maturity			(7,741,442)	14,648,309
Net Cash Flows from / (Used in) Investment Activities			(8,864,499)	15,964,229
Cash Flows from / (Used in) Financing Activities				
Increase / (Decrease) Interest Bearing Loans and Borrowings			(3,533,200)	(12,272,030)
Increase / (Decrease) Amounts Due to Related Parties			-	500
Net Cash Flows Used in Financing Activities			(3,533,200)	(12,271,530)
Net Increase / (Decrease) in Cash and Cash Equivalents			(2,659,986)	9,463,280
Cash and Cash Equivalents at the Beginning of the Year			3,997,987	(5,465,293)
Cash and Cash Equivalents at the end of the Year			1,338,002	3,997,987
Cash and Cash Equivalents as at 31 March 2020				
Cash at Bank - Favorable Balance			5,623,669	6,138,448
Cash at Bank - Overdraft			(4,296,016)	(2,146,288)
Cash In Hand			10,349	5,827
			1,338,002	3,997,987

Figures in brackets indicate deductions.

All financial information presented in Sri Lankan Rupees has been rounded to the nearest rupee

The accounting policies and notes on pages 53 to 68 form an integral part of these financial statements.

Notes to the Financial Statements

1 Corporate Information

1.1 Reporting Entity

J F S Holdings (Private) Limited is a Private Limited Liability Company incorporated in Sri Lanka 2012 under the Companies Act No. 7 of 2007. The registered office of the Company is located at No.193/3/2A, Borella Road, Depanama, Pannipitiya.

1.2 Principal Activities and The Nature of Operations

The principal activities of the Company are providing services related to Human Resource, Business Process Outsourcing, Training and Agriculture and IT Services. There were no significant changes in the nature of the principal activities during the financial year under review.

1.3 Number of Employees

The staff strength of the Company as at 31 March 2020 is 205 (2019 was 232).

Corporate information is given in page 70 of this Annual Report.

1.4 Financial Period

The financial period of the Company represents a twelve months period from 1 April to 31 March.

2 Basis Of Preparation

2.1 Statement of Compliance

The Financial Statements of J F S Holdings (Private) Limited comprises of the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, Accounting Policies and Notes to the Financial Statements. These Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards for Small and Medium Sized Enterprises (SLFRS for SME's) laid down by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 07 of 2007.

2.2 Going Concern

In assessing whether the going concern assumption is appropriate, management considers all available information about the future including existing and anticipated effects of COVID-19 pandemic, which is at least, but is not limited to twelve months from the reporting period such as factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing before the management can satisfy themselves that the going concern basis is appropriate.

Based on the available information and after due consideration of the range and likelihood of outcomes, the management is satisfied that the Company has the resources and ability to continue its business into the foreseeable future and they do not intend either to liquidate or to cease trading. Furthermore, management is not aware of any material uncertainties that may cast doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

2.3 Approval of Financial Statements

The Financial Statements for the year ended on 31 March 2020 were authorised for issue by the Board of Directors on 31 August 2020.

2.4 Responsibility for Financial Statements

The Board of Directors is responsible for the preparation and presentation of these Financial Statements as per the provisions of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards.

2.5 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except for the retirement benefit obligation which is recognised as the present value of the defined benefit obligation.

2.6 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees (LKR) which is the functional currency. All financial information presented in Sri Lankan Rupees has been rounded to the nearest rupee, unless stated otherwise.

There was no change in the Company's presentation and functional currency of the primary economic environment in which the Company operates during the year under review.

2.7 Use of Estimates and Judgments

The preparation of financial statements in conformity with the Sri Lanka Accounting Standards for Small and Medium Sized Enterprises (SLFRS for SME's) require 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 accounting estimates are recognised prospectively.

Notes to the Financial Statements

The items which have most significant effect on accounting judgements, estimate, and assumptions are as follows,

- Going Concern Basis
- Revenue Recognition
- Provision for Impairment of Trade Receivables
- Leases
- Employee Benefit Liabilities
- Impairment of Non-Financial Assets
- Provisions and Contingent Liabilities
- Useful Life Time of Property, Plant and Equipment

2.8 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2.9 Comparative Information

The presentation and classification of the Financial Statements of the previous year have been amended, where relevant for better presentation and to be comparable with those of the current year.

3 Summary Significant Accounting Policies

The significant accounting policies set out below have been applied consistently to all periods presented in the Financial Statements of the Company.

Accounting Policy	Note	Page
Statement of Comprehensive Income		
Foreign Currency Transactions	3.1	54
Provisions	3.2	54
Revenue Recognition	4	55
Expenditure Recognition	5	55
Finance Income	7	56
Finance Expenses	8	57
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Earnings Per Share	11	58
Statement of Financial Position		
Property, Plant and Equipment	12	58
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Trade and Other Receivables	14	60
Financial Investments	15	61
Cash and Cash Equivalents	16	61
Share Capital	17	62
Interest Bearing Loans and Borrowings	18	63
Retirement Benefit Obligation	19	64
Trade and Other Payables	20	65

3.1 Foreign Currency Transactions

All foreign currency transactions are translated into the functional currency (LKR) at the exchange rate at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest, impairment and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

3.2 Provisions

A provision is recognised 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.

4 Revenue

Accounting Policy

Revenue from the services in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised. Revenue excludes value added taxes or other sales taxes.

(a) Rendering of Services

Revenue from rendering of services is recognised when the Company satisfies all performance obligations by transferring a promised service to the customer.

(b) Other Operating Income

Other operating income is recognised on an accrual basis

For the year ended March	2020 Rs.	2019 Rs.
Revenue from,		
Outsourcing Services	69,611,693	72,643,615
Supply of Information Technology Services	82,496,905	-
Recruitment Services	2,354,835	6,281,724
FMT Service	8,340,992	6,670,228
Foreign Services	9,128,239	10,766,840
Other Services	772,069	720,853
	172,704,732	97,083,261

5 Direct Expenses

Accounting Policy**Expenditure Recognition**

Expenses are recognised in the Statement of Comprehensive Income on the basis of a direct association between the cost incurred and the earnings 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 have been charged to the Statement of Comprehensive Income. For the purpose of presentation of the Statement of Comprehensive Income, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company's performance.

For the year ended 31 March	2020 Rs.	2019 Rs.
Direct Labor Expenses	128,729,240	71,527,576
Direct Materials Cost	572,079	1,030,573
Direct Recruitments Expenses	1,604,299	728,856
FMT Expenses	3,287,690	2,454,629
Stock Adjustment	1,112,825	-
Other Direct Expenses	980,718	391,595
	136,286,851	76,133,229

Notes to the Financial Statements

6 Administration Expenses

Refer Note 5 for Accounting Policy

For the year ended 31 March	Note	2020 Rs.	2019 Rs.
Professional Charges		7,334,729	5,493,588
Staff Related Expenses		1,281,653	4,032,270
Building Rent Expense		645,000	600,000
Utility Expenses		822,872	772,839
Maintenance Expenses		2,623,374	439,969
Donation		165,313	25,000
Other Expenses		168,077	478,278
Depreciation	6.1	3,533,276	2,903,854
		16,574,294	14,745,797

For the year ended 31 March	2020 Rs.	2019 Rs.
6.1 Depreciation		
Motor Vehicle	2,707,643	1,301,520
Office Equipment	343,872	756,566
Computers and Accessories	240,458	336,120
Furniture and Fittings	5,898	237,598
Website	150,856	187,500
FMT Equipment	84,549	84,549
	3,533,276	2,903,853

7 Finance Income

Accounting Policy

Finance Income

Interest income is recorded as it accrues using the effective interest rate (EIR) method, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the Statement of Comprehensive Income.

Exchange gain or loss on foreign currency transactions are recognised in according to the Note 3.1 and it was included in finance income in the Statement of Comprehensive Income

For the year ended 31 March	Note	2020 Rs. '000	2019 Rs. '000
Interest Income from Savings Account		90,944	303,618
Interest Income from Fixed Deposits		117,394	-
Exchange Gains		978,599	3,839,222
		1,186,936	4,142,840

8 Finance Expenses**Accounting Policy****Finance Expenses**

The Company's finance cost include lease interest expense and other interest expenses. Interest expense is recognised in the Statement of Comprehensive Income using the effective interest rate method(EIR).

For the year ended 31 March	Note	2020 Rs. '000	2019 Rs. '000
Interest Expenses on Lease Liabilities		1,844,035	2,630,883
Other Interest Expenses		617,424	2,205,866
		2,461,459	4,836,749

9 Profit Before Tax

For the year ended 31 March	Note	2020 Rs. '000	2019 Rs. '000
Profit before tax is stated after charging all expenses including the followings;			
Costs of Employee Benefits			
Defined Contribution Plan Cost - EPF		10,975,712	6,405,244
Defined Contribution Plan Cost - ETF		2,743,929	1,601,311
Training Expenses		349,933	262,167
Salaries and Wages		113,917,798	63,521,021
Auditors Remuneration & Other Expenses			
Audit Fee		80,500	68,500
Depreciation of Property, Plant and Equipment		3,533,276	2,903,853
Donations		165,313	25,000

10 Income Tax Expense**Accounting Policy****Taxation****(a) Current Tax**

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted on the reporting date, and any adjustment to tax payable in respect of previous years.

Accordingly, provision for taxation is made on the basis of the accounting profit for the year as adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act and subsequent gazette notifications. According to the Inland Revenue Act, the Company is liable for current tax at 14% (for other income 24%)

For the year ended 31st March,	Note	2020 Rs. '000	2019 Rs. '000
Current Tax Expense for the Year		2,265,448	1,056,226
(Over) / Under Provision for Prior Year		-	-
		2,265,448	1,056,226

Notes to the Financial Statements

11 Basic Earnings Per Share

Basic Earnings Per Share 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.

For the year ended 31 March	2020	2019
Profit for the Year Attributable to Ordinary Shareholders (Rs.)	15,981,627	3,062,158
Weighted Average Number of Ordinary Shares as at 31 March	1,117,183	1,117,183
	14.31	2.74

12 Property, Plant and Equipment

Accounting Policy

Property, Plant and Equipment

(a) Basis of Recognition

Property, plant and equipment are tangible items that are held for use in the production or supply of services, for rental to others or for administrative purposes and are expected to be used during more than one year period. Property, plant and equipment are recognised as an assets if it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably.

(b) Basis of measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to a working condition for its intended use and cost incurred subsequently excluding the costs of day-to-day servicing.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

(c) Cost Model

The Company applies cost model for all property, plant and equipment and are stated at cost less accumulated depreciation and accumulated impairment loss.

(d) Subsequent cost

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are recognised in the Statement of Comprehensive Income as expenses.

(e) Depreciation

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in the Statement of Comprehensive Income. Land is not depreciated.

Accounting Policy

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows.

Assets category	Estimated useful life
Website	04 Years
Office Equipment	04 Years
Furniture and Fittings	04 Years
Computers and Accessories	04 Years
Motor Vehicles	10 Years
FMT Equipment	04 Years

Depreciation of an asset begins from the date it is available for use and depreciation ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognised. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Derecognition

An item of property, plant and equipment is derecognised upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the Statement of Comprehensive Income in the year the asset is derecognised.

(g) Leased Assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased assets are measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

The cost of improvements to or on leased property is capitalised, and depreciated over the unexpired period of the lease or the estimated useful lives of improvements, whichever is shorter.

	Furniture and Fittings Rs.	Computers and Accessories Rs.	Office Equipment Rs.	Motor Vehicle Rs.	Website Rs.	FMT Equipment Rs.	Total Rs.
As at 01 April 2019							
Cost	995,334	1,770,050	2,528,146	27,076,434	750,000	338,197	33,458,160
Accumulated Depreciation	(995,334)	(1,347,487)	(1,222,176)	(5,148,196)	(517,295)	(90,572)	(9,321,059)
Carrying amount as at 01 April 2019							
	-	422,563	1,305,970	21,928,238	232,705	247,625	24,137,101
Movement during the year							
Additions	33,378	639,129	450,550	-	-	-	1,123,057
Depreciation Charge	(5,898)	(240,458)	(343,872)	(2,707,643)	(150,856)	(84,549)	(3,533,276)
Disposal	-	-	-	-	-	-	-
As at 31 March 2020							
Cost	1,028,712	2,409,179	2,978,696	27,076,434	750,000	338,197	34,581,217
Accumulated Depreciation	(1,001,232)	(1,587,945)	(1,566,048)	(7,855,839)	(668,151)	(175,121)	(12,854,336)
Carrying amount as at 31 March 2020							
	27,480	821,234	1,412,648	19,220,595	81,849	163,076	21,726,882

Notes to the Financial Statements

12.1 Fully-Depreciated Property, Plant and Equipment

The cost of fully-depreciated property, plant and equipment of the Company which are still in use is as follows:

As at 31 March	2020 Rs.	2019 Rs.
Furniture and Fittings	995,334	809,645
Computer and Accessories	965,960	705,100
Office Equipments	1,208,770	1,208,770
	3,170,064	2,723,515

13 Inventories

Accounting Policy

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is generally determined by reference to weighted average cost. Net realisable value is the estimated selling price less estimated costs of completion and the estimated costs necessary to make the sale.

As at 31 March	2020 Rs.	2019 Rs.
Paintball Guns	1,120,359	1,120,359
Paintballs	206,040	979,488
	1,326,399	2,099,847

14 Trade and Other Receivables

Accounting Policy

Trade and Other Receivables

(a) Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and trade receivables do not bear interest. If collection is expected within one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional and subsequently measured at cost less provision for impairment. 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 the Statement of Comprehensive Income.

(b) Other Receivables

Other receivable represents the Company's right to an amount of consideration that is unconditional. The Company has recognised other assets when the right to receive the payment has established.

As at 31 March	2020 Rs.	2019 Rs.
Trade Receivables	12,800,052	6,471,613
Prepayments	801,464	460,963
Loans and Advance to Employee	1,386,810	967,630
Other Loans	2,652,825	-
Interest Receivables	117,394	-
Other Receivables	49,841	26,641
	17,808,386	7,926,847

15 Financial Investments

Accounting Policy

Financial Investments

(a) Initial Recognition and Measurement

The Company initially recognises loans and advances, deposits on the date on which they are originated. All other financial instruments are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

The Company's principal financial assets comprise fixed deposits, trade and other financial receivables and cash and cash equivalents. A financial asset initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition. A trade receivable without a significant financing component is initially measured at the transaction price. The fair value of a financial instrument at initial recognition is generally its transaction price.

(b) Classification

In accordance with LKAS 39; "Financial Instruments: Recognition and Measurement" the financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Company has the positive intention and ability to hold it to maturity. Accordingly, the Company classified fixed deposits under held to maturity financial assets category.

(c) Subsequent Measurement

The Company's financial assets (Held to Maturity) subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Such assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment.

(d) Derecognition

Financial Investments are derecognised when the right to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

As at 31 March	Maturity Date	2020 Rs.	2019 Rs.
Held To Maturity			
Fixed Deposits			
Hatton National Bank PLC	11-May-20	3,053,942	-
Sampath Bank PLC	12-May-20	4,687,500	-
		7,741,442	-

All these deposits are denominated in foreign currency and were translated into the functional currency at the exchange rate at the reporting date. The gains or losses on foreign currency conversion are recognised in the Statement of Comprehensive Income.

Notes to the Financial Statements

16 Cash and Cash Equivalents

Accounting Policy

Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts, if any.

As at 31 March	2020 Rs.	2019 Rs.
Favourable Balances		
Cash at Bank	3,017,622	2,436,098
Other cash equivalents	2,606,047	3,702,350
Cash in hand	10,349	5,827
Cash and Cash Equivalents in the Statement of Financial Position	5,634,018	6,144,275
Unfavourable Balances		
Bank Overdrafts	(4,296,016)	(2,146,288)
Cash and Cash Equivalents in the Statement of Cash Flows	1,338,002	3,997,987

17 Stated Capital

Accounting Policy

Stated Capital

Equity instruments are measured at the fair value of the cash or other resources received or receivable, If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

As at 31 March	2020 Rs.	2019 Rs.
Ordinary Shares (No of Ordinary Shares- 1,117,183)	11,171,830	11,171,830
	11,171,830	11,171,830

Holders of ordinary shares are entitled to receive dividends as declared from time to time, and are eligible to one vote per share at the General Meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

18 Interest Bearing Loans and Borrowings**Accounting Policy****Interest Bearing Loans and Borrowings**

Borrowings are recognised initially at the transaction price (that is, the present value of cash payable and transaction costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognised based on the effective interest method and is included in finance costs. If settlement is due within one year or less, they are classified as current liabilities. If not, they are presented as non-current liabilities in the Statement of Financial Position. Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

As at 31 March	Note	2020 Rs.	2019 Rs.
Non Current Liabilities			
Lease Liabilities		6,405,625	11,311,527
Other Borrowings	18.1	1,000,000	1,000,000
		7,405,625	12,311,527
Current Liabilities			
Lease Liabilities		5,123,061	4,440,668
Bank borrowings		690,309	-
		5,813,370	4,440,668
		13,218,995	16,752,195

18.1 Other Borrowings**Payable to Mr. M. L. A. De Silva**

Mr. M. L. A. De Silva was an initial shareholder of the Company Monsoon Leisure and Adventure Lanka (Private) Limited and he has transferred his total shareholding of 10 number of shares to Job Factory (Private) Limited at a consideration of Rs.1.15Mn; which was assumed as a liability of the Company and subsequently, the investment has not been cancelled upon amalgamation of the companies without any payment consideration.

Notes to the Financial Statements

19 Retirement Benefit Obligation

Accounting Policy

Retirement Benefit Obligation

(a) Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Statement of Comprehensive Income in the period when related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Employees' Provident Fund

The Company and employees contribute 12% and 8% respectively on the salary of each employee to the Employees' Provident Fund.

Employees' Trust Fund

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund.

(b) Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The gratuity provision has carried forward in the Statement of Financial Position based on the calculation under Gratuity Formula. The following principal assumptions has been used in determine the cost of employee benefits.

Salary Increment	8%
Rate of Discount	10%
Staff Turnover	4%
Retirement Age	55 Years

As at 31 March	2020 Rs.	2019 Rs.
At the Beginning of the Year	3,391,199	-
Provision / (Reversal)	(173,166)	3,391,199
Benefits Paid	(270,000)	-
At the end of the Year	2,948,033	3,391,199

20 Trade and Other Payables**Accounting Policy****Trade and Other Payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. These liabilities are recorded at the amounts that are expected to be paid.

As at 31 March	2020 Rs.	2019 Rs.
Staff Related Payables	1,108,102	1,767,632
Government Levies	1,855,123	2,983,166
Professional Fees	533,712	983,601
Rent Payable	150,000	45,000
Other Liabilities and Accruals	550,814	251,190
	4,197,751	6,030,589

21 Income Tax Payable

Refer Note 10 for Accounting Policy

As at 31 March	2020 Rs.	2019 Rs.
At the Beginning of the Year	21,446	-
Provision made During the Year	2,265,448	1,056,226
Payments	(24,746)	(2,500)
Claimable Tax Credits		
Economic Service Charges	(631,131)	(1,017,099)
Withholding Tax	(2,665)	(15,181)
	1,628,352	21,446

22 Related Party Transactions

The Company carried out transactions in the ordinary course of business on arm's length basis with parties who are defined as related parties as per the Sri Lanka Accounting Standards.

22.1 Key Management Personnel Information

Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. Accordingly, the members of the Board of Directors of the Company have been classified as Key Management Personnel.

Name of the Director

Mr. R. A. I. Madhushan

Ms. T. C. Dilrukshi

Notes to the Financial Statements

22.2 Transactions with Related Parties Terms and Conditions

Transactions with related parties are carried out in the ordinary course of the business at commercial rates. Outstanding balances at the year end are unsecured and no interest was charged during the year (2019 - Nil).

Summary of the Transactions

Name of The Related Party	Nature of Interest	Nature of Transaction	Amount (Paid) Received Rs.	Receivable/ (Payable) Balance as at 31.03.2020 Rs.	Receivable/ (Payable) Balance as at 31.03.2019 Rs.
Mr. R.A.I.Madhushan	Director	Conversion of payable against share issue	-	(636,820)	(636,820)

23 Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyses the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect the changes in market conditions and the Company's activities.

The Company has exposure to the following risks from financial instruments,



23.1 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investments.

The carrying amount of financial assets represent the maximum credit risk exposure. The maximum exposure to credit risk as of 31 March 2020 and 2019 are present in below.

As at 31 March	2020 Rs.	2019 Rs.
Financial Investments	7,741,442	-
Trade Receivables	12,800,052	6,471,613
Loans and Advance	4,039,635	967,630
Interest Receivable	117,394	-
Cash and Cash Equivalents	5,634,018	6,144,275
	30,332,541	13,583,518

Response to Credit Risk

- The Company's investment policy to diversification of bank deposits and cash at bank. The bank deposits held with the Hatton National Bank PLC and Sampath Bank PLC which are rated "A+" and "A" respectively by Fitch Ratings Lanka Ltd. As at 31 March 2020, the Company hold cash and cash equivalents in the banks, which are rated "A" or above
- The credit policy of the Company is regularly reviewed by the senior management and take necessary actions to change to reflect the changes in the risk environment.
- The Company implemented credit policies and procedures, with credit approval authorities delegated from the Board of Directors.
- Regularly monitor trade receivables and get hold of necessary actions to recover long outstanding balances.

23.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises from mismatches in the timing and amounts of cash flows, which is inherent to the Company's operations and investments.

The following are the contractual maturities of financial assets and financial liabilities.

	As at 31 March 2020			As at 31 March 2019		
	Carrying Value Rs.	One Year or Less Rs.	More Than one Year Rs.	Carrying Value Rs.	One Year or Less Rs.	More Than one Year Rs.
Financial Assets						
Financial Investments	7,741,442	7,741,442	-	-	-	-
Trade Receivables	12,800,052	12,800,052	-	6,471,613	6,471,613	-
Loans and Advance	4,039,635	4,039,635	-	967,630	967,630	-
Interest Receivables	117,394	117,394	-	-	-	-
Cash and Cash Equivalents	5,634,018	5,634,018	-	6,144,275	6,144,275	-
	30,332,541	30,332,541	-	13,583,518	13,583,518	-
Financial Liabilities						
Lease Liabilities	11,528,686	5,123,061	6,405,625	15,752,195	4,440,668	11,311,527
Other Borrowings	1,000,000	-	1,000,000	1,000,000	-	1,000,000
Amounts Due to Related Parties	636,820	-	636,820	636,820	-	636,820
Bank Borrowings	690,309	690,309	-	-	-	-
Trade and Other Payables	4,197,751	4,197,751	-	6,030,589	6,030,589	-
Bank Overdraft	4,296,016	4,296,016	-	2,146,288	2,146,288	-
	22,349,582	14,307,137	8,042,445	25,565,892	12,617,545	12,948,347

Response to Liquidity Risk

- Review cash flow projections regularly
- Availability of overdraft facilities to be used to fulfil short term and emergency funding requirements.
- Diversification of financial assets portfolio.
- Maintaining sufficient cash balances and short-term investments to accomplish expected obligations
- Appropriate strategies have been implemented to closely monitor trade receivables and minimised trade payable period.

Notes to the Financial Statements

23.3 Market Risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk,



Currency Risk

The Company's exposure to foreign currency risk at the end of the reporting period is as follows,

As at 31 March	2020 Rs.	2019 Rs.
USD Investments		
Fixed Deposits	7,741,442	-
Cash and Cash Equivalents	4,883,868	4,187,421
EURO Investments		
Cash and Cash Equivalents	533,573	497,874
	13,158,883	4,685,295

Interest Rate Risk

As at the reporting date the Company has not holds floating rate financial assets and financial liabilities. Therefore, the Company has not exposed to Interest rete risk as at the reporting date.

Equity Price Risk

At the reporting date the Company has not exposed to Equity price risk.

24 Contingent Liabilities

There are no contingent liabilities as at the reporting date that require to disclosure in these financial statements.

25 Capital Commitments

There are no capital commitments as at the reporting date that require to disclosure in these financial statements.

26 Event After the Reporting Date

No circumstances had arisen, since the balance sheet date which would require adjustments to, or disclosure, in the financial statements other the following,

The Company has been closely monitoring the impact of the development of COVID 19 on the Company's business operations. Despite the many challenges, the Company has been operating its business strictly in conformity with Government guidelines and directives issued from time to time with regard to the implementation of curfew, work from home arrangements and other measures that concern the health and safety of all stakeholders.

The Company will continue to monitor the impacts from the COVID 19 outbreak on its operations and proactively take measures to ensure the business continues as seamlessly as possible and the Board of Directors satisfied that the Company has enough resources and ability to continue in business for the foreseeable future. In addition to that, the company has been taken several actions, risk mitigation strategies and other developments to minimise the adverse impacts from COVID-19 pandemic.

Corporate Information

Name of the Company

JFS Holdings (Private) Limited

Legal Form

The Company is a Private Limited Liability Company
Incorporated in 2012 under the Companies Act No. 7 of 2007

Company Registration Number

PV 84601

Board of Directors

Mr. R. A. I. Madhushan
Ms. T. C. Dilrukshi

Registered Office/Head Office

No. 193/3, 2A, Borella Road, Depanama, Pannipitiya.

Telephone

0115 927 723 - 5 / 0115 927 914

Website

www.jfsholdings.com

Auditors

B A C K Balasooriya & CO., (Chartered Accountants)
No. 1033/3, Pothuarawa Road, Malabe.
Telephone – (+94) 112 562 205

Bankers

- Sampath Bank PLC
- Hatton National Bank PLC
- Commercial Bank of Ceylon PLC

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