Ceylon Hotels Corporation PLC

ANNUAL REPORT 2019/20

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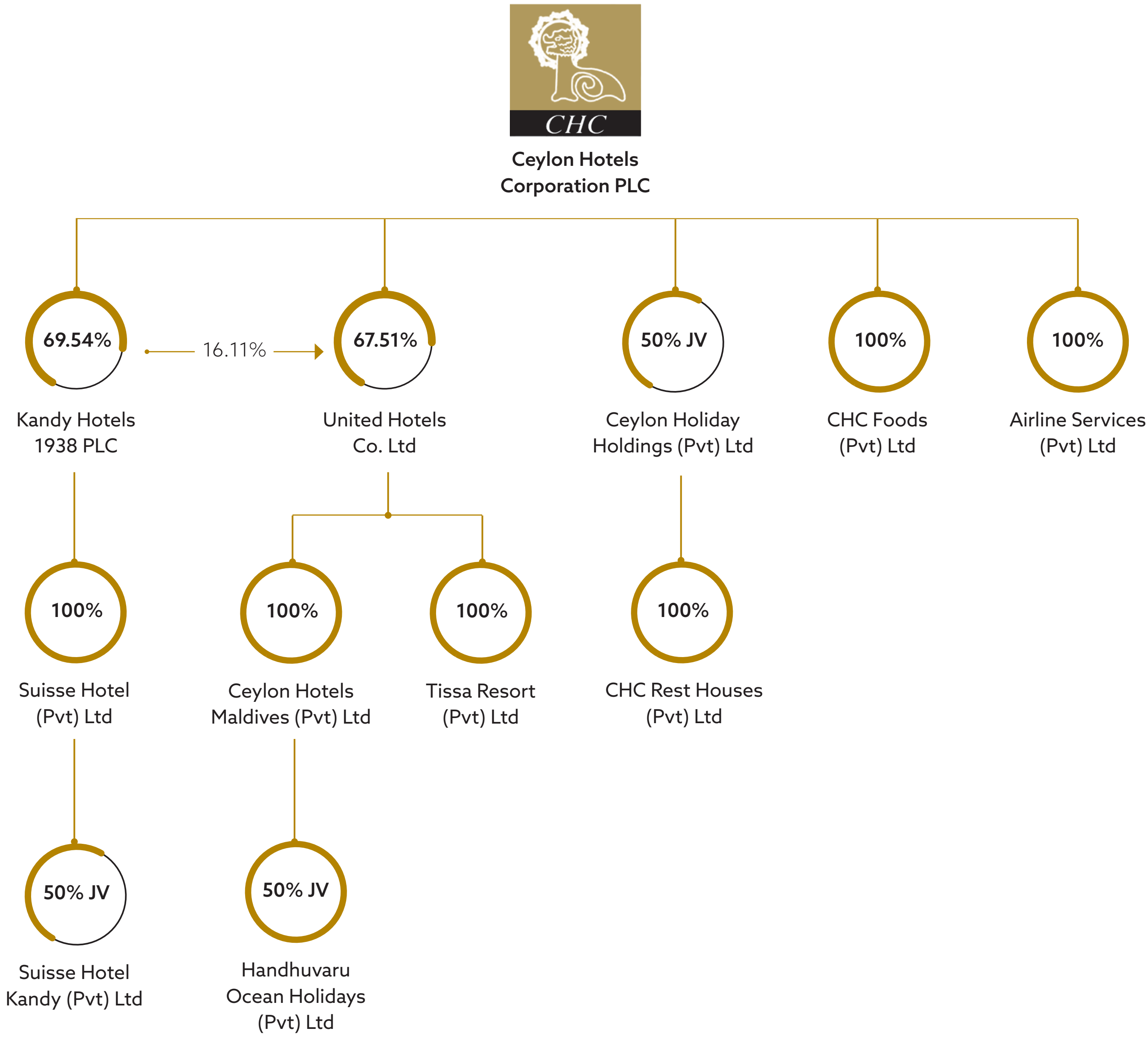
Group Structure

As at 31st March 2020



Group Financial and Operational Highlights

Performance for the year ended 31st March	2020 Rs.	2019 Rs.
Revenue	1,023,144,024	1,633,511,759
Earnings before interest, tax , depreciation & amortization (EBITDA)	(41,567,843)	765,774,824
Profit / (Loss) before tax (PBT)	(436,897,690)	256,424,411
Profit/(Loss) after tax (PAT)	(413,875,374)	210,713,377
Profit / (Loss) attributable to equity holder of the company	(348,868,078)	205,718,278
Earnings / (Losses) per Share	(1.94)	1.14
Financial Position as at 31st March		
Total Assets	12,425,114,634	11,414,608,701
Total Debt	1,602,865,287	1,702,881,901
Net Assets	9,529,220,976	8,632,318,776
Net Assets attributable to equity holders	7,327,653,498	6,682,985,845
Net Current Assets	1,101,850,584	907,868,628
No of Ordinary Shares in Issue	180,030,942	180,030,942
Net Assets per Ordinary Share	40.70	37.12
Debt to Equity ratio (Times)	0.17	0.20
Debt/Total Assets	12.90%	14.92%
Current Ratio (Times)	3.53	1.86
Market/Shareholder information as at 31st March		
Closing Market price per share	8.50	9.20
Market Capitalization	1,530,263,007	1,656,284,666

Chairman's Review

Given these unprecedented level of uncertainties in the local and global environment, your Group has prioritized to operate a leaner business model, where cost structures are being regularly evaluated to navigate through these turbulent times.

I am pleased to present the annual report and the audited financial statements for the year ended 31st March 2020. However, the financial year witnessed unprecedented challenges that had an adverse impact on the local as well as the global travel and tourism industry.

GLOBAL TOURISM

International tourist arrivals reached 1.5 billion arrivals in 2019 according to the United Nations World Tourism Organization (UNWTO). All regions showed positive growth in tourist arrivals with the strongest growth being recorded in the Middle East (+8%) and Asia Pacific (+5%) regions.

With the escalation of the COVID-19 outbreak to a global pandemic, the world is currently facing a global health, social and economic emergency with the travel and tourism sector being one of the worst affected with strict containment measures such as lockdowns, travel restrictions, airport closures and border closures being implemented. Given these unprecedented measures taken to contain the COVID-19 pandemic, UNWTO is estimating international tourist arrivals to decline by 70% in 2020 and would result in the end of a 10-year period of sustained growth in international tourism with International tourism receipts expected to decline by more than US$ 1 trillion.

SRI LANKA TOURISM

The start of 2019 looked promising for Sri Lanka tourism with Lonely Planet ranking Sri Lanka as the number 1 destination, UNILAD named Sri Lanka the #1 destination for 2019, Travel and Leisure rated Sri Lanka as the "World's Best Island" to visit in 2019 and BBC ranked Sri Lankan cuisine as the #1 food trend for 2019. Sri Lanka tourism also commenced several promotional activities along with these positive reviews to entice more travelers to visit the country. And as a result tourist arrivals grew during the first 3 months of 2019.

However, in the aftermath of the 'Easter Attacks', the industry went through a sharp downturn due to bookings cancellations, flight cancellations, and the imposition of travel advisories by almost all the major tourist source markets due to security concerns surrounding the country. As a result, islandwide occupancies plummeted to 13% in the first quarter of FY 2019/2020. Despite this setback, the industry was showing signs of a recovery towards the latter part of 2019 due to the aggressive promotional strategies and the combined efforts of all its stakeholders. This is evident through the improvement in month on month tourist arrivals numbers from May 2019 (-70.8%) to December 2019 (-4.5%).

Overall Tourist Arrivals to Sri Lanka declined by 18% in 2019 reaching only 1,913,702 arrivals compared to 2,333,796 arrivals recorded in 2018. Arrivals from all major markets witnessed a decline in 2019, excluding tourist arrivals from Russia where arrivals increased by 34.2%. India continues to remain the largest tourist source market for Sri Lanka followed by United Kingdom, China and Germany.

GLOBAL COVID-19 PANDEMIC

Since the beginning of 2020, tourist arrivals to Sri Lanka saw a declining trend with the spread of the COVID-19 outbreak across the world. In February, tourist arrivals from China saw a significant decline of more than 90%, which is a vital source market segment for the hotel sector.

Starting from mid-March 2020, following the identification of COVID-19 patients in Sri Lanka, the Government declared a state of "work from home" for the general public. These measures were further strengthened from 20th March 2020 onwards, where an islandwide curfew was imposed excluding certain services that were categorized as Essential. As a further step, the international airport was also closed for all inward international

Chairman's Review

commercial passenger flights. As a result of these events, the 4th quarterly earnings or FY2019/2020 were severely impacted which is otherwise the best performing quarter in a financial year.

The COVID-19 pandemic and the containment measures have impacted the Local and Global Travel and Tourism Industry the hardest. Zero tourist arrivals have been recorded since April 2020 and a timeline for the reopening of the airport for inbound international tourists remains uncertain.

A resumption in domestic travel and tourism started once the lockdown measures were relaxed in Sri Lanka as the spread of the COVID -19 virus was successfully managed due to the leadership of H.E. President of Sri Lanka and the measures taken by the taskforce on prevention of COVID-19 outbreak. Therefore, the Group is currently dependent on local tourism, banquets, events and restaurant businesses, however, the domestic travel segment is also vulnerable to any resurgence in COVID-19 within Sri Lanka. Competition among local players also remain intense in a heavily discounted market as domestic travelers have several travel options available in the prevailing market conditions. The Group has also offered some of its hotels as paid quarantine facilities primarily for Sri Lankans returning from abroad.

PERFORMANCE REVIEW

Whilst the Group faced several challenges during the financial year, it continued its strategy of revisiting the existing business models of its leisure property portfolio as a part of its efforts to optimize the overall performance of the Group. As a part of this initiative, operations management of some of the smaller rest houses were brought under third party operators with a fixed income model until the external environment is more conducive for the Group to upgrade and reposition the properties as has been done with some of the resthouses over the last few years.

The Group's quick service restaurant business segment continued its restructuring phase by downsizing its outlet count during the financial year, recording an operating loss of Rs 54 million in FY 2019/ 2020 (which includes a non-recurring impairment of Rs 39.1 million related to the outlets that were closed) compared to an operating loss of Rs 72 million during the previous financial year.

The consolidated revenue recorded by the group for the period under review was Rs 1,023.1 million, compared to the 1,633.5 million recorded in the previous financial year, which is a decline of 37% as a result of the external challenges mentioned above. The group recorded an operating loss of Rs 232.8 million for the year under review compared to an operating profit of Rs 536.7 Mn recorded last year.

An impairment of Rs 105.4 million for the year under review was recorded based on the fair value decline of its investments in one of its joint venture undertakings due to the valuation impact resulting from the adverse external environment. Further Rs 39.1 million was recorded as a non-recurring impairment of assets, which mainly consists of impairments related to the closure of outlets of the quick service restaurant segment. Whereas, during the previous financial year's operating profit included the recognition of a non- recurring gain of Rs 354.6 Mn, that arose from the joint venture investment held by the Group's subsidiary Ceylon Hotels Maldives (Pvt) Limited.

However, after adjusting for non-recurring gains and losses, the Group recorded an operating loss of Rs 88.4 million during FY 2019/2020 compared to an operating profit of Rs 182.1 million recorded during the previous financial year.

Overall, the Group recorded a Loss before tax of Rs. 436.9 million during the financial year under review compared to a profit before tax of Rs 256.4 million during the previous financial year. Loss after tax for the group for the year ended 31st March 2020 was Rs 413.9 million compared to a profit after tax of 210.7 million recorded during the previous financial year.

The Shareholder's Equity of the Group attributable to equity holders increased from Rs 6,683 million in 2018/2019 to Rs 7,327 million in 2019/2020 as a result of the revaluation of gain recorded from the leisure properties in the Group.

Overall gearing levels of the Group were 17% as at 31st March 2020. The Group availed itself of the Capital and Interest debt moratoriums along with working capital support as per the directions of the Central Bank of Sri Lanka post Easter Attacks, from April 2019 to March 2020, which got extended by another year as a part of the concessions granted during the beginning of the COVID-19 pandemic in 2020.

The net finance costs of the Group declined from Rs 106.5 millon to Rs 85.8 million in FY 2019/ 2020. The declining trend in the overall interest rates in the country will have a positive impact on the servicing of interest commitments for the coming financial year.

Further details pertaining to the group performance is given in the section 'Management Discussion and Analysis'.

OUTLOOK

Given the severity of the COVID-19 pandemic, the outlook for the financial year 2020/ 2021 is negative with the financial performance expected to see a significant decline due to the prevailing low room occupancy levels. Industry prospects continue to be challenging as a resumption of global travel and tourism is dependent on multiple external factors such as the continuous containment of the virus, prevention of any re-emergence through second waves, lifting of border restrictions, and removal of requirement for quarantine during a tourist visit and / or after returning to a tourists' home country. All the above factors will drive the decision making process of tourists prior to making any future plans about global travel.

Therefore, until a vaccine or proper treatment is found, global tourism is unlikely to witness a recovery and will continue to focus on the domestic travel segment with a focus on its restaurants, events and banquets businesses. However, the domestic travel segment is also vulnerable to any resurgence in COVID-19 within Sri Lanka.

Given these unprecedented level of uncertainties in the local and global environment, your Group has prioritized to operate a leaner business model, where cost structures are being regularly evaluated to navigate through these turbulent times in order minimize the operating losses.

The Group has repositioned itself for a change in hospitality trends, where customers will prioritize health, safety and hygiene standards as a core part of their expectations, whilst also exploring opportunities to realign its leisure assets to better serve guests in a transformed world.

APPRECIATION

The Company is thankful to the leadership of H.E. President of Sri Lanka, the Task Force on prevention of COVID-19 outbreak, and is mostly grateful to the healthcare providers, Tri-forces, police and all other authorities for their efforts and sacrifices made to manage this crisis.

The Company is also grateful to the timely financial support provided by the Central Bank of Sri Lanka post Easter Attacks and at the start of the COVID–19 pandemic through debt moratoriums and working capital support.

The Board of Directors and the Management would like to place on record of their appreciation to the Group Chairman, Mr. Sanjeev Gardiner for his Leadership.

I also wish to thank my Fellow Directors for their guidance and counsel and thank the associates of the Company for their endurance and co-operation during these very difficult times.

I also would like to thank our valued Guests, Travel Agents, Suppliers, Bankers, Auditors, Secretaries and our Shareholders for their continued support at all times.

(Sgd.)
Lakshman Samarasinghe
Chairman

20th November 2020

Board of Directors

MR. SANJEEV GARDINER

Mr. Sanjeev Gardiner was appointed to the Board of Ceylon Hotels Corporation PLC in 1996 and he is the Chairman and Chief Executive Officer of the Gardiner Group of Companies which includes the Galle Face Hotel Co Limited, Galle Face Hotel 1994 (Pvt) Ltd, Ceylon Hotels Holdings (Pvt) Ltd (holding Company of Ceylon Hotels Corporation PLC) The Kandy Hotels Company (1938) PLC and, United Hotels Company Limited which owns The Surf (Bentota), The Safari (Tissa) and The Lake (Polonnaruwa). He is also the Chairman of Ambeon Capital PLC, Ambeon Holdings PLC, and Millennium I.T. E.S.P. (Pvt) Ltd and is a Director on the Board of Dankotuwa Porcelain PLC, among its other companies. He is also a Director of Cargills (Ceylon) PLC since 1994 and has been a senior Director of Ceylon Hotels Corporation PLC since 1996.

Mr. Gardiner counts over 30 years of management experience in a diverse array of businesses. He holds a Bachelor's Degree in Business from the Royal Melbourne Institute of Technology, Australia and, a Bachelor's Degree in Business (Banking and Finance) from Monash University, Australia.

In addition to his work in the corporate sector, Mr. Gardiner is also a Director and Council member of Helpage Sri Lanka and a member of many other charitable institutions.

MR. LAKSHMAN SAMARASINGHE

Mr. Samarasinghe was appointed to the Board of Ceylon Hotels Corporation PLC in 2005.

As a Director of Galle Face Hotel Co. Ltd for over 42 years and a Director of all Group Companies for over 4 decades, Mr. Samarasinghe is the longest serving Director of the Company and counts for over 50 years of Management experience. He possess a wealth of knowledge and has proven to be an invaluable member of the Company.

Mr. Samarasinghe served as an Executive Director of Autodrome PLC for a period of 20 years thereafter continued as a Non-Executive Director until 2007 when he opted to retire under the Stock Exchange rules.

He was appointed as the Chairman of Ceylon Hotels Corporation PLC in July 2005 and has continued in that capacity for 15 consecutive years. He is also Director of The Kandy Hotels Co. (1938) PLC and other subsidiary companies of the Ceylon Hotels Corporation PLC.

MR. PRIYANTHA MADDUMAGE

Mr. Maddumage was appointed to the board of Ceylon Hotels Corporation PLC in 2005.

Mr. Priyantha Maddumage holds a Bachelor of Commerce Special Degree from the University of Sri Jayawardenapura and a Master of Business Management from Edith Cowan University in Australia and counts over 27 years of Finance Management experience.

He is a Fellow member of the Institute of Chartered Accountants of Sri Lanka, The National Institute of Accountants of Australia, CPA Australia and Institute of Certified Management Accountants of Sri Lanka and also a Fellow member of Institute of Certified Professional Managers of Sri Lanka.

Mr. Maddumage serves as a Director in all subsidiary Companies of Ceylon Hotels Corporation PLC. Currently, Mr. Maddumage is the Group Chief Investment Officer of the Galle Face Group of Companies.

MR. MANGALA BOYAGODA

Mr. Mangala Boyagoda has many years of experience in the fields of Banking and Treasury Management having worked at DFCC Bank, Standard Chartered Bank, Union Bank and Bank of Ceylon.

He is the Chairman of Wealth Lanka Management (Pvt) Limited. He also functions as Director of Wealth Trust Securities Limited, SAFE Holdings (Pvt) Limited, Asset Trust Management (Pvt) Limited, Dankotuwa Porcelain PLC, Ceylinco General Insurance Limited, Sierra Construction (Pvt) Limited, Cargills Bank Limited, Royal Fernwood Porcelain Limited, Faber Capital (Pvt) Limited, United Hotel Co. Limited, C. A. Crushing (Pvt) Limited, Sri Lanka Gateway Industries (Pvt) Limited, Chemanex PLC, Asset Holding Pvt Ltd and Dhamma Parami Trust. Mr. Boyagoda holds a MBA from Irish University – European Union.

MR. KUVERA DE ZOYSA

Kuvera de Zoysa, was admitted as an Attorney- at- Law of the Supreme Court of Sri Lanka in 1993 and as a President's Counsel in 2012. He holds an LL.M. in International Trade Law from the University of Wales. He has considerable experience in the areas of corporate and commercial law, banking law, international trade law, investment law, insurance law, maritime security law, corporate/commercial based litigation and arbitration and sports law. Mr. de Zoysa has spearheaded many IPOs, and provided legal opinions and strategic and value adding advisory services on diverse commercial and corporate transactions including restructurings and public private partnerships. He has also successfully appeared in many landmark litigation and arbitration matters involving complex corporate and commercial legal matters both locally and internationally. He has served as Chairman/ Director on the Boards of many companies, both listed and unlisted and further served on Board appointed audit, legal, risk management, remuneration and executive credit committees of leading corporates. He currently sits on the boards of leading institutions in the financial and leisure sector in Sri Lanka.

MR. AJITH DEVASURENDRA

Mr Ajith Devasurendra was appointed to the Board of Ceylon Hotels Corporation PLC as a Non-Executive Director in September 2015. Mr. Devasurendra has been in the financial services industry in Sri Lanka and counts over 36 years' of experience both in Sri Lanka and overseas. As one of the pioneers in money markets, he was able to bring new dimensions to the local money market industry. He acted as a consultant to Price Water House Coopers, Mumbai - India, on an USAID project. Mr. Devasurendra is the Chairman of South Asia Textiles Limited, EON Tech (Pvt) Ltd, Deputy Chairman of Ambeon Holding PLC & Dankotuwa Porcelain PLC.

MR. RANIL PATHIRANA

Mr Ranil Pathirana was appointed to the Board of Ceylon Hotels Corporation PLC as a Non-Executive Director in January 2016. He is a Director of Hirdaramani Apparel Holdings (Private) Limited, Hirdaramani Leisure Holdings (Private) Limited and Hirdaramani Investment Holdings (Private) Limited which are the holding companies of the Hirdaramani Group. He is also the Managing Director for Hirdaramani International Exports (Pvt) Limited, a Director of Star Packaging (Private) Limited and Windforce (Private) Limited. Mr. Pathirana is a Non-Executive Director of Sampath Bank PLC, BPPL Holdings PLC, ODEL PLC & Alumex PLC. He is a Fellow Member of the Chartered Institute of Management Accountants, UK and holds a Bachelor of Commerce Degree from the University of Sri Jayewardenepura.

MR. WASANTHA WIMALAWEERA

Mr. Wasantha Wimalaweera was appointed to the Board in September 2015. Counting more than 18 years in the fields of Auditing, Taxation and Finance, he has been the Head of the Finance and Capital Markets division of the Employee's Trust Fund Board for the last eight years. In his professional career, Mr. Wasantha Wimalaweera has gained in-depth experience in managing investments, and has specialised in services such as portfolio management and corporate valuations. His expertise has generated significant value to the Employees' Trust Fund Board in transforming its outdated and archaic accounting system into a modern financial reporting system in keeping with international standards. Mr. Wasantha Wimalaweera is a Fellow of the Institute of Chartered Accountants of Sri Lanka and holds a Bachelor of Commerce Special Degree with a Second Upper Division pass from the University of Jayawardenapura, Sri Lanka.

MR. KAMANTHA AMARASEKERA

Mr. Kamantha Amarasekera is an eminent tax consultant and the senior tax and legal Partner of Amarasekera & Company – a leading tax consultancy firm in the Country. He is a member of the Institute of Chartered Accountants of Sri Lanka and is an Attorney at Law of the Supreme Court of Sri Lanka. He graduated in Business Administration from the University of Sri Jayawardenapura. Mr. Kamantha Amarasekera is also a Director of Associated Ceat (Pvt) Ltd., Lanka Milk Food (CWE) PLC, Madulsima Plantation PLC, Balangoda Plantation PLC, Eden Hotels PLC, Confifi Hotels Holdings PLC, Finco Holding Ltd., Browns Investment PLC, Hydropower Freelanka PLC, Freelanka Capital Holdings PLC, Palm Garden Hotels PLC, Environmental Resource PLC, and Suisse Hotel Kandy (Pvt) Ltd. He is an Independent Non-Executive Director of the Company.

MR. SHALIKE KARUNASENA

Mr. Shalike Karunasena presently serves as the Group Chief Financial Officer of the Galle Face Hotels Group of Companies. Mr. Karunasena has over 20 years of experience in Financial Management, Treasury and Strategy in the fields of Commodities Trading, Overseas Plantations, Refining & Manufacturing and Leisure/ Hospitality with over 15 years of Senior Management experience functioning within the South-East Asian Region. He is a Fellow of the Chartered Institute of Management Accountants, UK.

MR. REVANTHA DEVASURENDRA

(Alternate Director to Mr Ajith Devasurendra)

Mr Revantha Devasurendra appointed Board of Ceylon Hotels Corporation PLC in August 2020. Mr. Revantha Devasurendra holds a bachelor of arts with honours in industrial economics from the University of Nottingham and a certificate in Hotel Real Estate Investments and Asset Management from Cornell University's School of Hotel Administration. Presently, Mr. Devasurendra is the Chief Executive Officer of Cyril Rodrigo Restaurants (Private) Limited and holds directorships in Navitas Investments (Private) Limited, C H C Investments (Private) Limited, Ceylon Hotels Investments (Private) Limited, United Hotels Company (Private) Limited, Live is to Travel (Private) Limited, British Ceylon Capital (Private) Limited, Wild Ceylon (Private) Limited and Nidanwala Watta (Private) Limited.

Management Discussion and Analysis

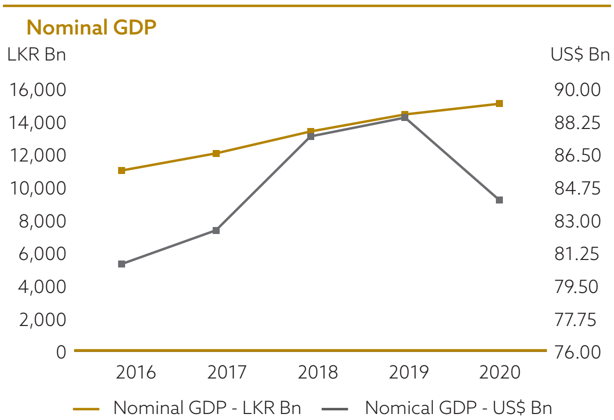
The Ceylon Hotels Corporation Group revenue reached Rs 1,023.1 million during the financial year 2019 / 2020, compared to Rs 1,633.5 Mn during the previous year. Group performance was adversely affected due to two major factors, 1) Drop in tourist arrivals after the Easter Attacks and 2) the Global COVID-19 pandemic which impacted the 4th quarter earnings.

ECONOMIC ENVIRONMENT

Sri Lankan Economy

Gross Domestic Product

Total Gross Domestic Product (nominal) of Sri Lanka crossed the Rs. 15 trillion mark in 2019 albeit the real GDP growth rate slowed down further to 2.3% from 3.3% recorded in 2018. The Agriculture sector witnessed a sharp slowdown with a growth rate of 0.6%, whereas the industry and the services sectors grew at 2.7% and 2.3% respectively. However, the GDP measured in US$ indicated a negative growth rate, with total GDP (nominal) declining from US$ 88.4 billion to US$ 84.0 billion. The per capita GDP has also declined accordingly, dropping to US$ 3,852 from US$ 4,079. This was primarily due to the rapid depreciation in the Sri Lanka Rupee in 2019 where the annual average US$ to LKR rate increased from 162.54 in 2018 to 178.78 in 2019, which was an increase of 10%.



Source: CBSL

COVID-19 Impact on GDP

The Sri Lankan economic output, worker remittances, exports and earnings from tourism are expected to be adversely affected due to the impact from the global COVID-19 pandemic. The stringent lock down measures that were imposed as a response to contain the pandemic has resulted in a slowdown in economic activity specially from March 2020 onwards.

Trade Account, Worker Remittances and Tourism Earnings

Total imports to the country decreased by 10.3% from US$ 22.23 billion in 2018 to US$ 19.94 billion in 2019. However, total exports from Sri Lanka grew marginally by 0.4% from US$ 11.89 billion in 2018 to US$ 11.94 billion in 2019. As a result, the trade deficit reduced by 2.35 billion from US$ 10.34 billion to US$ 7.99 billion.

However, earnings from tourism were adversely affected after the Easter Attacks, with a decline of 17.7% from US$ 4.38 billion in 2018 to US$ 3.60 billion in 2019. Worker Remittances also followed a similar trend with inflows amounting to US$ 6.72 billion in 2019 compared to US$ 7.02 billion in 2018.

Given the COVID-19 pandemic, demand for export products such as textiles and garments from major markets such as the USA and EU have seen a decline, however overall export earnings have remained resilient specially during the period from July 2020 – Sep 2020, supported by export earnings from rubber based products, coconut based products, tea and other agri products. Inflows from worker remittances have also remained at a healthy level despite the drop in crude oil prices and job layoffs taking place globally. Tourism is one of the hardest hit industries with a sharp decline in earnings as unprecedented travel restrictions are put in place as a containment measure to slow the spread of the virus.

Interest Rates

The policy interest rates of the Central Bank of Sri Lanka have come down since March 2019 with the slowdown experienced in the beginning of 2020 being a key factor. The standing deposit facility rate dropped from 8% to 4.5% by July 2020. Similarly, the standing lending facility rate declined from 9% to 5.5%. This relaxing of monetary policy was further supported with the Bank rate being reduced to 8.5% (July 2020) from 15% in March 2019 and the statutory reserve requirement was reduced from 5.0% in March 2019 to 2.0% by June 2020.

The average weighted prime lending rate (AWPR) also followed suit with a year on year drop of 299 basis points from March 2019 (12.23%) to March 2020 (9.35%).

INDUSTRY ENVIRONMENT

Sri Lanka Tourism

Total Arrivals from January to December 2019 declined to 1,913,702 tourists from 2,333,796 recorded in 2018, which was a 18% decline. The primary reasons for the decline was the adverse industry impact that resulted from Easter Attacks, which resulted in bookings cancellations, flight cancellations and travel advisories. Despite this setback, the industry was in a recovery mode from the second half of 2019, due to the aggressive promotional strategies and the combined efforts of all its stakeholders although in a price discounted environment.

Unfortunately, the recovery got disrupted from the beginning of 2020, with the escalation of the COVID-19 outbreak across the world. In February, tourist arrivals from China saw a sharp drop of more than 90%, which is a significant source market segment for the hotel portfolio of your company. The movement in tourist arrivals during the financial year is depicted in the below table.

		Arrivals	YoY Change
2019	January	244,239	+2%
2019	February	252,033	+7%
2019	March	244,328	+5%
2019	April	166,975	-7%
2019	May	37,802	-71%
2019	June	63,072	-57%
2019	July	115,701	-47%
2019	August	143,587	-28%
2019	September	108,575	-27%
2019	October	118,743	-22%
2019	November	176,984	-10%
2019	December	241,663	-5%
2020	January	228,434	-6%
2020	February	207,507	-18%
2020	March	71,370	-71%

Source: SLTDA

Tourist Arrivals by Country of Residence

India continued to remain as the single largest contributor of tourists to Sri Lanka followed by UK and China. Almost all the top ten tourist source markets showed a decline in arrivals during 2019 with the exception being Russia, which showed a strong performance with a growth of 34% in total tourist arrivals. China dropped from being the second largest source market to the third position as tourist arrivals from China continued to slow down declining by 37% during the year.

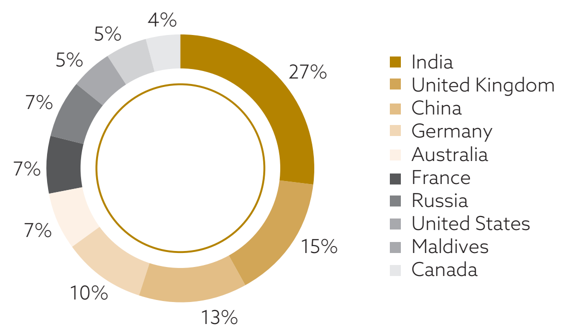
The overall decline from the Top Ten markets was in line with the total decline in tourist arrivals at 18% and the composition of tourist arrivals from the top 10 markets continue to remain at 68% of tourist arrivals which is the same as 2018.

	2018	2019	YOY Change
India	424,887	355,002	-16%
United Kingdom	254,176	198,776	-22%
China	265,965	167,863	-37%
Germany	156,888	134,899	-14%
Australia	110,928	92,674	-16%
France	106,449	87,623	-18%
Russia	64,497	86,549	+34%
United States	75,308	68,832	-9%
Maldives	76,108	60,278	-21%
Canada	52,681	48,729	-8%
Top Ten Markets	1,587,887	1,301,225	-18%
Top 10 markets % of Total Arrivals	68.0%	68.0%	
Total Arrivals	2,333,796	1,913,702	-18%

Source: SLTDA

Market Share of Top Tourist Source Markets:

Nominal GDP



Source: SLTDA

Management Discussion and Analysis

Tourism Earnings

Tourism earnings recorded a negative growth rate of 17.7% in 2019 recording US$ 3.6 billion compared to US$4.4 billion recorded in 2018. Tourism earnings are expected to decline sharply in 2020 as tourist arrivals have stalled due to the travel restrictions and lockdown measures that are in place to contain the spread of the COVID-19 pandemic. Given that tourism earnings accounted for 4.3% of Gross Domestic Product in 2019 and has a multiplier effect, loss in tourism earnings have negatively impacted the overall economic activity levels in Sri Lanka.

Room Supply

As per the Sri Lanka Tourism Development Authority (SLTDA) there were 2,529 registered establishments providing tourist accommodation with a total room inventory of 40,365. However, as per industry sources, this number could be greater due to the many unregulated establishments that are yet to be brought under SLTDA registration, which presents many challenges for the registered tourist accommodation providers.

Employment in Tourism

The industry continues to be an integral part of the Sri Lanka economy providing employment to 402,607 people as at 2019 with 173,592 being directly employed and 229,015 being indirectly employed as per the Sri Lanka Tourism Development Authority. Given that Sri Lanka had labour force of 8.18 million as at the 4th quarter of 2019 (source: department of census and statistics), with the tourism industry accounting for 4.9% of the total labour force.

OVERVIEW OF FINANCIAL AND OPERATIONAL PERFORMANCE

Revenue and operating results

The Ceylon Hotels Corporation Group revenue reached Rs 1,023.1 million during the financial year 2019/2020, compared to Rs 1,633.5 million during the previous year. Group performance was adversely affected due to two major factors, 1) Drop in tourist arrivals after the Easter Attacks and 2) the Global COVID-19 pandemic which impacted the 4th quarter earnings.

Room revenue of the Group decreased from Rs 723.0 million in FY 2018/2019 to Rs 466.5 million in FY 2019/2020, which is a decline of 35%. The food and beverage revenue decreased from Rs 846 million to Rs 465.3 million, which is a decline of 45%. Other Income recorded a increase with a revenue of Rs 91.3 million compared to Rs 64.4 million recorded during the previous financial year.

The Gross Profit of the Group declined from Rs 1,174.7 million to Rs 727.4 million on a year on year basis, however, the overall the gross profit margin declined only marginally from 71.9 % to 71.0 % in FY 2019/2020.

Group Administrative expenses declined from Rs 921.6 million to Rs 762.0 million as stringent cost control measures were implemented during the financial year in order to improve on the cost efficiency of the overall business operation and these measures were further strengthened with the escalation of the COVID-19 pandemic. Group Distribution expenses reduced from Rs 72.6 million during the previous financial year to Rs 61.2 million in FY 2019/2020.

The group recorded an operating loss of Rs 232.8 million for the year under review compared to an operating profit of Rs 536.7 million recorded last year. An impairment of Rs 105 million for the year under review was recorded based on the fair value decline of its investments in one of its joint venture undertakings due to the valuation impact resulting from the adverse external environment, further Rs 39.1 million was recorded as a non-recurring impairment of assets ,which mainly consists of impairments related to the closure of outlets of the quick service restaurant segment. Whereas, during the previous financial year's operating profit included the recognition of a non- recurring gain of Rs 354.6 million, that arose from the joint venture investment held by the Group's subsidiary Ceylon Hotels Maldives (Pvt) Limited.

However, after adjusting for non-recurring gains and losses, the Group recorded an operating loss of Rs 88.4 million during FY 2019/2020 compared to an operating profit of Rs 182.1 million recorded during the previous financial year.

Overall, the Group recorded a Loss before tax of Rs. 436.9 million during the financial year under review compared to a profit before tax of Rs 256.4 million during the previous financial year. Loss after tax for the group for the year ended 31st March 2020 was Rs 413.9 million compared to a profit after tax of 210.7 million recorded during the previous financial year.

The net finance costs of the Group declined from Rs 106.5 million to Rs 85.8 million in FY 2019/ 2020. The declining trend in the overall interest rates in the country will have a positive impact on the servicing of interest commitments for the coming financial year.

Financial Position

Total Assets

The total assets of the group increased from Rs 11.4 billion to Rs 12.4 billion during the financial year, due to the gain of Rs 1.6 billion that resulted from the revaluation of the properties within the Group.

Borrowings

Total interest bearing borrowings (including bank OD) of the Group as at 31st March 2020 was Rs 1,602 million compared to Rs 1,702 million during the previous financial year. The debt to equity ratio was 17% as at the financial year end vis a vis 20 % during FY 2018/2019. The Group availed itself of the Capital and Interest debt moratoriums along with working capital support as per the directions of the Central Bank of Sri Lanka post Easter Attacks, from April 2019 to March 2020, which got extended by another year as a part of the concessions granted during the beginning of the COVID-19 pandemic in 2020.

Net Assets of the Group increased to Rs 9.5 billion as at 31st March 2020 compared to Rs 8.6 billion during the previous financial year as a result of the revaluation gains recorded from the leisure properties in Kandy.

Performance analysis of subsidiaries and joint ventures

United Hotels Company Limited.

The United Hotels Company Limited ("UHC") are the owners of EKHO Surf, EKHO Safari, EKHO Lake House, the Lake Hotel and joint owners of the Anbaraa Island in Maldives.

UHC at a Company level recorded a total revenue of Rs 376.9 million for the financial year under review compared to Rs 525.0 million recorded the previous year. As a result of this sharp decline in Revenue, Company recorded an operating loss of Rs. 50.6 million for the financial year ended 31st March 2020, compared an operating profit of Rs 70.4 million recorded last year.

The Kandy Hotels Company (1938) PLC

The Kandy Hotels Company (1938) PLC ("KHC") are the owners of the Queens Hotel and Hotel Suisse. KHC at a Company level recorded a total revenue of Rs 410.7 million for the financial year ended 31st March 2020 compared to Rs 703.5 million recorded last year, a sharp decline of 41.6%. Accordingly, Company operating profit for the year under review also declined to Rs.33.7 million, compared Rs 224.6 million recorded last year. Company Net Profit for the year under review was Rs 26.9 Million, compared to Rs 175.4 million in FY 2018/2019.

Net Assets of KHC increased to Rs 8.0 billion as at 31st March 2020 compared to Rs 7.0 billion during the previous financial year as a result of the revaluation gain on Kandy properties.

CHC Foods (Pvt) Limited

CHC Foods (Pvt) Limited recorded a total revenue of Rs 144.4 million for the financial year ended 31st March 2020 compared to Rs 277.8 million recorded last year, as decline of 48%.

The quick service restaurant business segment continued its restructuring phase by downsizing its outlet count during the financial year which resulted in an improved performance with the business segment reducing its operating losses to Rs 54.4 million in FY 2019/ 2020 (which includes a non-recurring impairment of Rs 39.1 million related to the outlets that were closed) compared to an operating loss of Rs 71.6 million during the previous financial year.

Joint Ventures

Suisse Hotel Kandy (Pvt) Limited

Suisse Hotel Kandy (Pvt) Limited owners of the joint venture OZO hotel, Kandy recorded a loss of Rs 198.5 million during FY 2019/2020. This loss is attributable to the decline in Revenue by 51% that occurred during the financial year which reflects the similar external challenges faced by the other hotels during the financial year.

CHC Rest Houses (Pvt) Limited

Share of loss from the company's joint venture undertaking, CHC Rest Houses (Pvt) Limited reduced to Rs 12 million compared to a loss of Rs 29 million recorded during the previous financial year. The operations management of some of the smaller rest houses were brought under third party operators with a fixed income model until the external environment becomes conducive for the Group to upgrade and reposition the properties as has been done in the recent past with some of the rest houses, which resulted in a positive outcome to the Group.

Outlook

Impact from the COVID-19 global pandemic

The outlook for the financial year 2020/ 2021 is negative with the financial performance projected to see a sharp decline. This situation will continue until borders remain closed for tourists.

Therefore, until a concrete solution in terms of a vaccination or treatment is found, international travel restrictions are unlikely to return to normalcy. Ceylon Hotels Corporation continue to rely on the domestic travel segment during this uncertain phase which also presents several challenges as the domestic travel segment is also vulnerable to resurgences of COVID-19 within Sri Lanka.

Given these market conditions, the Company continues to operate a lean business model whilst also prioritizing on health, safety and hygiene standards which is a core part of traveler expectations.

Annual Report of the Board of Directors on the Affairs of the Company

The Board of Directors have pleasure in presenting the Annual Report for the year ended 31st March 2020 on the affairs of the Company. Details setout herein provide the pertinent information required by the Companies Act No.7 of 2007, Listing Rules of the Colombo Stock Exchange(CSE) and recommended best accounting practices.

1. PRINCIPAL ACTIVITY THE COMPANY AND ITS SUBSIDIARIES

The principal activity of the Company is holding investments in companies that are engaged in the hospitality trade.

Direct subsidiary companies of the group are listed below.

1. CHC Foods (Private) Limited
2. The Kandy Hotels Co. (1938) PLC
3. United Hotels Company Limited
4. Airline Services (Private) Limited

2. ANNUAL REPORT

The Board of Directors on 20th November 2020, approved the Company's financial statements together with the reviews which form part of the Annual Report. The appropriate number of copies of the Report would be submitted to the Colombo Stock Exchange, Sri Lanka Accounting and Auditing Standards Monitoring Board and the Registrar General of Companies within the given time frames.

3. REVIEW OF THE YEAR

Chairman's review on pages 6 to 7 describes the Company's affairs and mentions important events that occurred during the year and up to the date of this report. The Management Discussion & Analysis on pages 10 to 13 elaborates the financial results of the Company and the Group. These reports together with the audited financial statements reflect the state of the affairs of the Company and the Group.

4. FINANCIAL RESULTS

The financial statements which include consolidated statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the notes to the financial statements of the Company & Group for the year ended 31st March 2020 are set out on pages 38 to 107 of the Annual Report.

The net profit after tax of the Group was Rs. 413.9 Mn on a turnover of Rs. 1,023.1 Mn for the year ended 31st March 2020 compared to net loss after tax Rs. 210.7 Mn on a turnover of Rs. 1,633.5 Mn in FY 2018/2019.

5. AUDITORS REPORT

The Auditors' Report on the financial statements is given on pages 34 to 37 of this Annual Report.

6. FINANCIAL STATEMENTS

The financial statements prepared in compliance with the requirements of Section 151 of the Companies Act No 7 of 2007 are given on pages 38 to 107 in this annual report.

For the Year Ended 31 March,	Group		Company	
	2020	2019	**2020**	2019
	Rs.	Rs.	**Rs.**	Rs.
Profit attributable to the Equity Holders	**(348,868,078)**	205,718,278	**(74,274,806)**	(35,365,556)
Profit brought forward from previous year	**1,675,342,000**	1,347,681,705	**107,912,439**	152,746,891
Adjustment on initial application of SLFRS 09	**-**	(5,129,261)	**-**	(9,959,091)
Adjustment on initial application of SLFRS 16	**9,432,418**	-	**-**	-
Other Comprehensive Income	**1,190,724**	(194,332)	**707,755**	490,195
Transfer of excess depreciation on revaluation	**111,294,224**	69,229,691	**-**	-
Disposal of subsidiaries	**-**	58,035,919	**-**	-
Retained Earnings carried forward	**1,448,391,288**	1,675,342,000	**34,345,388**	107,912,439

7. SIGNIFICANT ACCOUNTING POLICIES

The details of the accounting policies adopted by the Company in preparation of the financial statements and the impact thereon, of changes in the Sri Lanka Accounting Standard made during the year are disclosed on pages 52 to 63 of the Annual Report. There were no changes in Accounting policies adopted by the Company during the year under review other than those disclosed in the financial statements.

8. RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the financial statements so that they present a true and fair view of the state of affairs of the Company. The Directors are of the view that these financial statements have been prepared in conformity with the requirements of the Companies Act No.07 of 2007, the Sri Lanka Accounting and Auditing Standard Act and the Continuing Listing Rules of the Colombo Stock Exchange.

9. DIVIDENDS

The Board of Directors do not recommend a dividend for the year ended 31st March 2020.

10. EFFECT OF COVID 19 ON THE BUSINESS AND OPERATIONS

The tourist arrivals to Sri Lanka dropped by 70.8% in March 2020 vis a vis March 2019 as almost all countries imposed travel restrictions and the government of Sri Lanka imposed various travel restrictions and guidelines for the tourism sector. Zero to low levels of arrivals are expected until these measures are relaxed. The outlook for the financial year 2020/ 2021 is negative with the financial performance projected to see a sharp decline. Prospects in the medium term also remain challenging as a resumption of global travel and tourism is dependent on multiple external factors such as the successful containment of the virus, reduced risks of a second wave, lifting of border restrictions without the need to get quarantined and an appetite towards global travel. A resumption in travel and tourism has started within local borders prior to the commencement of any international travel. Therefore, the industry would have to depend on the local travel and leisure market until global travel returns to normalcy.

The Group is also gearing itself for a change in hospitality trends, where customers will prioritize health, safety and hygiene standards as a core part of their expectations. Further, we are actively looking at realigning the leisure assets to explore new opportunities that could provide alternative streams of revenue in the short term and is also evaluating options to align its leisure properties to better serve guests in a transformed world.

The Group's businesses have been stress tested under multiple scenarios to determine their ability to sustain with available cash resources and banking facilities.

Companies of the Group obtained debt service moratoriums for the existing loans of the Company from the bankers in line with concessions announced by the Central Bank of Sri Lanka. The Company also obtained Working Capital Loans under the same scheme.

11. GOING CONCERN

The Board of Directors has made an assessment of the Company's ability to continue as a going concern considering all the current internal and external environmental factors including the business impact on the overall tourism industry due to the impact of Easter Sunday attacks and the Covid-19 pandemic.

The Directors are confident that the Company has adequate resources to continue business operations. Accordingly, the Directors consider that it is appropriate to adopt the going concern basis in preparing the Financial Statements.

12. STATED CAPITAL AND RESERVES

The Company's stated capital as at 31st March 2020 was Rs.362,610,821/- represented by 180,030,942 ordinary shares and 1,200,000 preference shares @ 6%.

The total capital and reserves for the group stood at Rs. 9,529 Mn as at 31st March 2020 (2019 - Rs. 8,632 Mn.).

13. SHAREHOLDERS' FUNDS

Total reserves of the Group with stated capital as at 31st March 2020 was Rs. 7,328 Mn (2019: Rs. 6,682 Mn) comprising of retained earnings of Rs. 1,448 Mn (2019: Rs. 1,675 Mn) and other reserve of Rs. 5,517 Mn (2019: Rs. 4,645 Mn). The movements are shown in the Statement of Changes in Equity given on pages 42 to 43 of the annual report.

14. PROPERTY, PLANT & EQUIPMENT

The Company has not incurred capital expenditure during the year under review (2019 - Rs. 14,500). The movements in property, plant and equipment during the year are set out in Note 14 to the financial statements on pages 69 to 74.

15. EXTENTS, LOCATIONS, VALUATIONS AND THE NUMBER OF BUILDINGS OF THE COMPANY'S LAND HOLDINGS AND INVESTMENT PROPERTIES.

Freehold land and building of the group was revalued by an independent professional valuer in 2020. The valuation basis/techniques and the assumptions used there in have been deliberated and agreed by the management. The details of freehold land valuation are given in Note 14 on pages 69 to 74 to the financial statements.

Annual Report of the Board of Directors on the Affairs of the Company

16. INVESTMENTS

Details of long-term Investments held by the Company are given in Note 17 to the financial statements on pages 75 to 79.

16.1 Impairment Testing

All assets classes have been tested for impairment and Group/company has made the provisioning where necessary. Details of which are given in this financial statements enclosed.

17. STATUTORY PAYMENTS

To the best of their knowledge and belief, the Directors are satisfied that all statutory payments in relation to the Government and to the employees have been settled to date or are provided for in the books of the company.

18. CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

The Contingent Liabilities and Capital Commitment made on account of capital expenditure as at 31st March 2020 are given in Note 38 to the financial statements on page 95 of the annual report.

19. POST BALANCE SHEET EVENTS

Significant events that have occurred after the balance sheet date which would have any require adjustments are disclosed in Note 39 of the financial statements on page 95 of the annual report.

20. CONTRIBUTIONS TO CHARITY

There were no donations made during the year by the Company and the sum of contributions made to charities by the Group during the financial year ended 31 March 2020 amounting to Rs. 241,095 (2019 - Rs. 1,193,482).

21. MATERIAL FORESEEABLE RISKS

Risk Management is embedded in the day to day management of the Company and is also part of the corporate governance processes.

22. MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS OF THE COMPANY

The Company assesses the importance and impact of each stakeholders and accordingly relevant managerial actions are implemented. Being in the leisure sector, the company has wider stakeholder groups who can be significantly affected by its business activities. The Company gives important considerations to its relationship with employees and other stakeholder groups within the market place. Accordingly material issues that can substantially affect the company and its sustainability over the short, medium and long terms are determined through a process material effect on the company that would the company.

23. DIRECTORS AS AT 31 MARCH 2020

The Board of Directors of Ceylon Hotels Corporation PLC comprise 10 Directors and 04 of them served as Independent Non- Executive Directors. The qualification and experience of the Directors are given on pages 8 to 9 of the Annual Report.

The names of the Directors who held office during the year under review are as follows:

Name of the Director	Status
Mr Lakshman Samarasinghe - Chairman	Non Independent Executive Director
Mr Sanjeev Gardiner	Non Independent Executive Director
Mr Priyantha Maddumage	Non Independent Executive Director
Mr Kuvera De Zoysa	Independent Non Executive Director
Mr Mangala Boyagoda	Independent Non Executive Director
Mr Kamantha Amarasekera	Independent Non Executive Director
Mr Wasantha Wimalaweera	Independent Non Executive Director
Mr Ajith Devasurendra	Non Independent Non Executive Director
Mr Ranil Pathirana	Non Independent Non Executive Director
Mr Shalike Karunasena	Non Independent Executive Director

The name of the Directors of subsidiary companies are given below:

Name of the Company	Name of the Directors
CHC FOODS (PRIVATE) LIMITED	Mr Lakshman Samarasinghe
	Mr Athula Iddawala
	Mr Priyantha Maddumage

Name of the Company	Name of the Directors
THE KANDY HOTELS CO. (1938) PLC	Mr Sanjeev Gardiner
	Mr Charitha Ratwatte
	Mr Lakshman Samarasinghe
	Mr Priyantha Maddumage
	Mr Lakshman Sirimanne
	Mr Ranjith Gunatilleke
	Mr Nahil Wijesuriya
	Mr Chandra Mohotti
	Mr Nilanga Dela
	Mr Shalike Karunasena (Alternate Director to Mr Priyantha Maddumage)
UNITED HOTELS COMPANY LIMITED	Mr Sanjeev Gardiner
	Mr Lakshman Samarasinghe
	Mr Priyantha Maddumage
	Mr Kuvera De Zoysa
	Mr Mangala Boyagoda
	Mr Revantha Devasurendra
AIRLINE SERVICES (PRIVATE) LIMITED	Mr Sanjeev Gardiner
	Mr Lakshman Samarasinghe
	Mr Priyantha Maddumage

Mr Lakshman Samarasinghe retires in terms of section 210 of the Companies Act No.07 of 2007, and to be re elected as a Director of the Company for a further period of one year from the conclusion of the Annual General Meeting and that the age limit stipulated in section 210 of the Companies Act No. 07 of 2007 shall not be applicable.

The ordinary resolution with regard to the re- election of Mr. Lakshman Samarasinghe has been moved by the company to be proposed at the forthcoming Annual General Meeting and is stated in the Notice of Meeting.

In terms of Article 30 (1) of the Articles of Association 1/3 of the Directors retire by rotation at every Annual General Meeting (AGM). Article 30 (2) provides that the Director to retire by rotation at an AGM shall be the Director who (being subject to retirement by rotation) have been longest in office, since their last re-election or appointment.

Accordingly Messrs Ajith Devasurendra, Ranil Pathirana and Shalike Karunasena retires in terms of Article 30 (2) of the Articles of Association. Mr. Lakshman Samarasinghe retire in terms of section 210 of the Companies Act No.07 of 2007 (Act). Resolutions have been moved by the company to re-elect said Directors and are set out in the notice of Annual General Meeting.

Messrs Kuvera De Zoysa and Mangala Boyagoda have completed 09 years as Independent Non-Executive Directors. The Board of Directors assessed the status of the two Directors, and was of the view that their independence are not impaired and deemed to be nevertheless independent, under Listing Rule 7.10.3 (b), and therefore suitable to continue serving as Independent Directors.

24. BOARD SUB COMMITTEE

In line with the Corporate Governance Code of Colombo Stock Exchange, following three board sub committees function for the group of companies.

1. Audit Committee
2. Remuneration Committee
3. Related Party Transactions Review Committee

Composition and function of each subcommittee are given on pages 29 to 34 of the corporate governance section of this Annual Report.

24.1 Audit Committee

Following are the names of the Directors comprising the Audit Committee of the Company:

1. Mr Kuvera De Zoysa (Chairman)
2. Mr Mangala Boyagoda
3. Mr Kamantha Amarasekara
4. Mr Ranil Pathirana

Annual Report of the Board of Directors on the Affairs of the Company

The Audit Committee met 3 times during the year and the report of the Audit Committee on page 36 set out the manner of compliance by the Company in accordance with the requirements of the Rule 7.10.6 (c) of the Rules of the Colombo Stock Exchange on Corporate Governance.

23.2 Remuneration Committee

Following are the Directors comprising the Remuneration Committee of the Company.

1. Mr Kuvera De Zoysa (Chairman)
2. Mr Mangala Boyagoda
3. Mr Ranil Pathirana

The primary objective of the Remuneration Committee is to lead and establish a formal and transparent procedure for the development of a remuneration policy and the establishment of a remuneration structure. The report of the Remuneration Committee is given on page 30 of the annual report.

23.3 Related Party Transactions Review Committee

Related Party Transactions Review Committee comprised of following Directors:

1. Mr Kuvera de Zoysa (Chairman)
2. Mr Mangala Boyagoda
3. Mr Kamantha Amarasekara
4. Mr Ranil Pathirana

The committee met three times during the financial year 2019/2020.

23.3.1 Non-recurrent related party transactions

There were no any non-recurrent related party transactions which aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Group as per 31st March 2019 audited financial statements, which required additional disclosures in the 2019/20 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on

Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

23.3.2 Recurrent Related Party transactions

There were no any recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31st March 2019 audited financial Statements, which required additional disclosures in the 2018/19 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

The report of the Related Party Transactions Review Committee is given on page 32 in the Annual Report.

23.3.3 Directors' declaration on related party transactions

The Directors declare that they are in compliance with section 9 of the listing rules of the CSE pertaining to Related Party Transactions during the financial year ended 31st March 2020. The Directors of the Company declare that there were no related party transactions required to be disclosed under the listing rules of the CSE other than disclosed in the financial statements.

24. DIRECTORS DEALINGS WITH THE SHARES OF THE COMPANY:

Directors shareholding in the company as at 31st March 2020 are as follows:

Name of the Director	Shareholding
Mr Lakshman Samarasinghe	5,590
Mr Sanjeev Gardiner	NIL
Mr Priyantha Maddumage	01
Mr Kuvera De Zoysa	NIL
Mr Mangala Boyagoda	NIL
Mr Kamantha Amarasekera	NIL
Mr Wasantha Wimalaweera	NIL
Mr Ajith Devasurendra	NIL
Mr Ranil Pathirana	NIL
Mr Shalike Karunasena	NIL

As at 31st March 2020, there were 6,931 registered shareholders. The percentage of shares held by the public as per the Colombo Stock Exchange rules as at 31st March 2020 was 28.62% representing 6,923 ordinary shareholders in the company.

25. DIRECTORS' MEETINGS

Details of the attendance at meetings of the Board of Directors are given below.

Name of the Director	Board Meetings
Mr Lakshman Samarasinghe	3/3
Mr Sanjeev Gardiner	1/3
Mr Priyantha Maddumage	2/3
Mr Kuvera de Zoysa	2/3
Mr Mangala Boyagoda	3/3
Mr Kamantha Amarasekera	0/3
Mr Wasantha Wimalaweera	1/3
Mr Ajith Devasurendra	3/3
Mr Ranil Pathirana	1/3
Mr Shalike Karunasena	3/3

26. DECLARATION BY THE DIRECTORS

The Board of Directors declare as follows:

(1) the Company has not engaged in any activity which contravenes laws and regulations

(2) All material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested;

(3) The Company has made all endeavors to ensure the equitable treatment of Shareholders;

(4) the business is a going concern, with supporting assumptions or qualifications as necessary; and they have conducted a review of the internal controls, covering financial, operational and compliance controls and risk management, and have obtained reasonable assurance of their effectiveness and successful adherence therewith and, if it is unable to make any.

27. INTEREST REGISTERS

In terms with the Companies Act No.07 of 2007, the Company maintained an Interest Register. The Board of Directors has duly disclosed their directorships in related companies and share dealing with the company and related companies at Board meetings.

The related party transactions and Directors' interest in contracts and proposed contracts with the company are also disclosed in Note 41 to the financial statements.

28. REMUNERATION OF DIRECTORS

Remuneration received by the Directors is set out in Note 11 to the financial statements on page 65.

29. DIRECTORS INTEREST IN CONTRACTS

The Directors' interest in contracts and proposed contracts with the company are disclosed in Note 41 to the financial statements.

30. INFORMATION ON EARNINGS, NET ASSETS AND MARKET VALUE

Information relating to earnings and net assets is given in "Group Financial and Operational Highlights" on page 4.

Information on market value per share movement and the number of shares represented by the stated capital of the company is given in the section on "Investor Information" on pages 108 to 111.

31. SUBSTANTIAL SHAREHOLDING

Names of the twenty largest shareholders and their respective holdings as at 31st March 2020 are given in the section on "Investor Information" on pages 108 to 111 in the annual report.

32. AUDITORS RELATIONSHIP

Messrs KPMG Chartered Accountants who are willing to continue in office are recommended for re-appointment, at a remuneration to be decided by the Board of Directors.

The fees paid to auditors are disclosed in Note 11 to the financial statements.

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an auditor) with the company other than those disclosed above. The auditors also do not have any interest in the Company or its Group Companies. They confirm that they are independent in accordance with the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

33. ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 21st December 2020 at 10.00 am via audio visual technology.

34. ACKNOWLEDGEMENT OF THE CONTENT OF THE REPORT

As required by the section 168(1)(k) of the Companies Act No. 07 of 2007, the Board of Directors do hereby acknowledge the content of this Annual Report.

Signed in accordance with the resolution of the Board of Directors.

For and on behalf of the Board

(Sgd.)
Lakshman Samarasinghe
Chairman

(Sgd.)
Shalike Karunasena
Director

By Order of the Board,

Accounting Systems Secretarial Services (Private) Limited,
Secretaries to the Company,

20th November 2020

Statement of Directors' Responsibility for the Preparation of Financial Statements

The responsibility of the Directors, in relation to the Financial Statements of Ceylon Hotels Corporation PLC (CHC) and its subsidiaries is set out in this Statement.

In terms of Sections 150 (1), 151, 152 and 153 (1) & (2) of the Companies Act No. 07 of 2007, the Directors of CHC are responsible for ensuring that the CHC keep proper books of account of all the transactions and prepare Financial Statements that give a true and fair view of the financial position of the CHC and its subsidiaries, as at end of each financial year and of the financial performance of CHC for each financial year and place them before a general meeting. The Financial Statements comprise of the Statement of Financial Position as at 31st March 2020, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended and Notes thereto.

Accordingly, the Directors confirm that the Financial Statements of the CHC and the Group give a true and fair view of:

(a) the financial position of the CHC as at Reporting date;

and

(b) the financial performance of the CHC for the financial year ended on the Reporting date.

In terms of Section 150(1)(b) and Section 152(1)(b) of the Companies Act these Financial Statements of the CHC have been certified by the CHC's Financial Controller, the Officer responsible for their preparation. In addition, the Financial Statements of the CHC and the Group have been signed by two Directors of the CHC on 20th November 2020 as required by the Sections 150 (1) (c) and 152 (1) (c) of the Companies Act and other regulatory requirements. In terms of Section 148 (1) of the Companies Act, the Directors are also responsible for ensuring that proper accounting records which correctly record and explain the CHC's transactions are maintained to facilitate proper audit of the Financial Statements. Accordingly the Directors have taken reasonable steps to ensure that the CHC and the Group maintain proper books of account and review the financial reporting system through the Board Audit Committee.

The Board of Directors also approves the Interim Financial Statements prior to their release to the Colombo Stock Exchange, upon a review and recommendation by the Board Audit Committee.

The Directors confirm that these Financial Statements for the year ended 31st March 2020, prepared and presented in this Annual Report are in agreement with

a) appropriate accounting policies selected and applied in a consistent manner and material departures if any have been disclosed and explained.

b) all applicable accounting standards that are relevant, have been followed.

c) Judgments and estimates have been made which are reasonable and prudent.

The Directors also confirm that the underlying books of account are in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued jointly by The Institute of Chartered Accountants of Sri Lanka (ICASL) and the Securities and Exchange Commission of Sri Lanka (SEC).

The Directors also have taken reasonable measures to safeguard the assets of the CHC and to prevent and detect frauds and other irregularities. In this regard, the Directors have instituted an effective and comprehensive system of internal controls comprising of internal audit function directly reporting to the Board.

The Directors are also of the view that the Company has adequate resources to continue in operation and have applied the going concern basis in preparing these financial statements.

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by CHC, all contributions, levies and taxes payable on behalf of and in respect of the employees of CHC, and all other known statutory dues as were due and payable by CHC and its Subsidiary as at the Reporting date have been paid or, where relevant, provided for.

By Order of the Board of Directors of Ceylon Hotels Corporation PLC

Accounting Systems Secretarial Services (Private) Limited,
Secretaries to the Company

20th November 2020

Corporate Governance

At Ceylon Hotels Corporation PLC we are committed to sound Corporate Governance practices relying on a comprehensive system of internal controls and best practices to achieve this objective. The Company is in compliance with the continuing listing rules of the CSE, Companies Act No.7 of 2007 and the Code of Best Practice of Corporate Governance jointly issued by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka is described below:

Statement of Compliance of Company's act No 7 of 2007

Section Reference	Requirement	Annual Report Reference
168 (1) (a)	The nature of the business of the Group and the Company together with any change thereof during the accounting period	Annual Report of the Board of Directors
168 (1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed	Financial Statements
168 (1) (c)	Auditors' Report on Financial Statements of the Group and the Company	Independent Auditors' Report
168 (1) (d)	Accounting Policies and any changes made during the accounting period	Notes to the Financial Statements
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period	Annual Report of the Board of Directors
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Notes to the Financial Statements
168 (1) (g)	Corporate donations made by the Company during the accounting period	Notes to the Financial Statements
168 (1) (h)	Information on the Directorate of the Company and its Subsidiaries during and at the end of the accounting period	Annual Report of the Board of Directors
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	Notes to the Financial Statements
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries	Annual Report of the Board of Directors
168 (1) (k)	Acknowledgement of the contents of this Report and Signatures on behalf of the Board	Annual Report of the Board of Directors

THE BOARD- PRINCIPLE A

The Board of Directors of Ceylon Hotels Corporation PLC takes responsibility for good Corporate Governance of the Company. The Board sets out the Company's strategic direction, and oversees business and connected affairs of the company and it also formulates the policy framework for the Company. Majority of Directors are Non Executive Directors, of which 04 act as the Independent Non Executive Directors. Independent Directors meet the criteria set out in the CSE regulations for "independence". Annual declarations are obtained from Non Executive Directors and submitted to the Board. The Board represents extensive industry expertise. Profiles of the Directors are given on pages 18 to 19.

Corporate Governance

Board composition and Directors Independence as at 31st March 2020.

Name of the Director	Type	Shareholding
Mr Lakshman Samarasinghe	Non Independent Executive Director	Yes
Mr Sanjeev Gardiner	Non Independent Executive Director	No
Mr Priyantha Maddumage	Non Independent Executive Director	Yes
Mr Kuvera de Zoysa	Independent Non Executive Director	No
Mr Mangala Boyagoda	Independent Non Executive Director	No
Mr Kamantha Amarasekera	Independent Non Executive Director	No
Mr Wasantha Wimalaweera	Independent Non Executive Director	No
Mr Ajith Devasurendra	Non Independent Non Executive Director	No
Mr Ranil Pathirana	Non Independent Non Executive Director	No
Mr Shalike Karunasena	Non Independent Executive Director	No

MEETINGS AND ATTENDANCE

Board meet at least once in every quarter to discuss company's performance and evaluate its strategic direction. There were 03 board meetings held during the year under review and the attendance of the board members are given below.

Directors Name	Board Meetings
Mr Lakshman Samarasinghe	1/3
Mr Sanjeev Gardiner	1/3
Mr Priyantha Maddumage	2/3
Mr Kuvera de Zoysa	2/3
Mr Mangala Boyagoda	3/3
Mr Kamantha Amarasekera	0/3
Mr Wasantha Wimalaweera	1/3
Mr Ajith Devasurendra	3/3
Mr Ranil Pathirana	1/3
Mr Shalike Karunasena	3/3

The Board of Directors demonstrate independent judgement on aspects related to company's corporate strategy, performance and financial evaluation. All the Directors are given fair treatment at board meetings and encouraged to express their views at Board meetings.

Annual Board meeting and sub committee meeting calendar is circulated to the Board well in advance. Board Papers are circulated to the Board in advance, enabling board members to dedicate adequate time and effort in studying the papers. Board members are free to request any additional information on matters that are being discussed at board level.

Currently the Company does not have a Chief Executive Officer (CEO) and the Chairman plays an Executive role. The Chairman ensures that there is a proper balance between Non Executive Directors and Executive Directors.

Senior Management of the company provides all information required for decision making by the Board of Directors, where necessary Directors obtain independent opinion from legal and accounting professionals in order to bring in wider perspectives on matters of importance.

DIRECTORS' REMUNERATION - PRINCIPLE B

Names of the remuneration committee members and the report is given on page 30 of the report. The main objective of the remuneration committee is to retain Quality Managerial Staff and reward those who are performing well. The Chairman and Executive Directors, attend the meetings by invitation and provide information to the committee and participate in the deliberations.

SHAREHOLDER RELATIONS - PRINCIPLE C

Annual General Meeting (AGM) is the main platform for the shareholders to raise queries from the Board. AGM notices and Annual Report in CD form are sent to all the shareholders by giving required statutory notice of the AGM, and shareholders are encouraged to use the AGM to constructively discuss matters. There were no major or material transactions entered into or proposed to be entered into by the company during the period under review.

ACCOUNTABILITY AND AUDIT - PRINCIPLE D

The Board has the task to present balanced and understandable assessment of the company's performance, financial position and outlook. Directors declaration on the preparation of financial statements are given on page 20 of this report.

The Board of Directors accepts the responsibility for the preparation of the financial statements, maintaining adequate records for safeguarding the assets of the Company, and preventing and detecting fraud and/or other irregularities. The Board of Directors also confirms that the applicable Sri Lanka Accounting Standards have been adhered to, subject to any material departures being disclosed and explained in the notes to the financial statements.

The Board of Directors further confirms that suitable accounting policies consistently applied and supported by reasonable and prudent judgment and estimates, have been applied in the preparation of the financial statements.

They further confirm that all known statutory payments have been paid upto date and all retirement gratuities have been provided for in the financial statements. At the same time, all payments made to related parties have been reflected in the financial statements.

At all Audit Committee meetings and Board meetings, statutory compliance statement showing extent to which the company is compliant with the rules and regulations are circulated amongst the Directors for information of the Board. All the Board members have access to the advice of the Company Secretary, Accounting Systems Secretarial Services (Private) Limited who acts as the registered company secretaries to the company.

The Board of Directors are satisfied that the Company is a going concern and has adequate resources to continue in business for the foreseeable future. For this reason, the Company follows the "going concern" basis when preparing financial statements.

The Board is responsible for ensuring that the Company has adequate and effective internal controls in place.

Board Sub Committees

Board Sub Committees consist of the Audit, Remuneration and the Related Party Transactions Review Committee.

Audit Committee

The composition of the Audit Committee and the committees report is detailed out in page 31 of the Annual Report.

Audit Committee Review the financial reporting process, internal controls and external & internal audit functions to ensure the integrity and quality of the financial statements. Audit Committee ensures the Independence of External Auditors, timely delivery of the audited financial statements and review the effectiveness of internal audit procedures.

Audit Committee meets at least once in every quarter with the management to review quarterly financial statements prior to release to shareholders and meet with the Internal Auditors to review the internal audit reports and findings. The Audit Committee also meets external auditors to discuss the external audit programme, plan prior to commencement of the external audit and meet with the Auditors post completion of the Audit to discuss the financial statements and key Audit Findings.

Audit Committee has access to both external auditors as well as Internal Auditors.

Remuneration Committee

The composition of the Remuneration Committee and the committees report is detailed out in page 30 of the Annual Report.

Related Party Transactions Review Committee

The composition of Related Party Transactions Review Committee and the committee report is detailed out in page 32 of the Annual Report.

Related Party Transactions are reviewed by the Related Party Transactions Review Committee on a quarterly basis. Committee updates the board on the related party transactions of the Group on a quarterly basis.

INSTITUTIONAL SHAREHOLDERS AND INVESTING/ DIVESTING DECISION – PRINCIPLE E TO F

Board encourages shareholders to participate at Annual General Meetings (AGM) and make effective dialogue with the Board, and use their voting rights. Shareholders are free to raise any queries on agenda items listed in the notice of AGM.

In addition, the Board is also conscious of its relationship with all stakeholders including the community within which its group operates with sustainable and eco-friendly practices. The hotels of the group enhance and uplift staff standards and morale through regular training and improved facilities. This facilitates improvement in service levels, thereby enriching guest experience. Satisfied guests, apart from providing repeat business, also act as ambassadors for the hotels.

Corporate Governance

Statement of compliance under section 7.6 of the listing rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosure.

Requirement		Reference
(i)	Names of persons who were Directors of the Entity	Page 16
(ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein	Page 14
(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held	Page 110 and 111
(iv)	The public holding percentage	Page 109
(v)	A statement of each Director's holding and Chief Executive Officer's holding in shares of the Entity at the beginning and end of each financial year	Page 18
(vi)	Information pertaining to material foreseeable risk factors of the Entity and details of material issues pertaining to employees and industrial relations of the Entity During the year 2019/20	Page 16
(vii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	Page 73
(viii)	Number of shares representing the Entity's stated capital	Page 15
(ix)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Page 108
(x)	Financial ratios and market price information	Page 4, 109
(xi)	Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year	Page 69 to 74
(xii)	Details of funds raised through a public issue, rights issue and a private placement during the year	N/A
(xiii)	Information in respect of Employee Share Ownership or Stock Option Schemes	N/A
(xiv)	Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Listing Rules	Page 25 to 29
(xv)	Related Party transactions exceeding 10 per cent of the equity or 5 per cent of the total assets of the Entity as per audited financial statements, whichever is lower	Page 99

Statement of compliance under section 7.10 of the listing rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosure.

Section	Requirement	Compliance Status	Reference
7.10.1(a)	The board of directors of a Listed Entity shall include at least, - two non-executive directors; or - such number of non-executive directors equivalent to one third of the total number of directors whichever is higher.	Complied	Out of 10 Directors, company has 06 Non Executive Directors.
7.10.2(a)	Two or 1/3 of non-executive directors appointed to the board of directors, whichever is higher shall be 'independent'.	Complied	Out of 06 Non-Executive Directors, company has 04 Independent Non Executive Directors
7.10.2(b)	The board shall require each non-executive director to submit a signed and dated declaration annually of his/ her independence or non Independence against the specified criteria	Complied	Non-Executive Directors have submitted their confirmation of independence as per the criteria set out by the CSE rules.
7.10.3(a)	The board shall determine annually as to the independence or non-independence of each non-executive director based on such declaration and other information available to the board and shall set out in the annual report the names of directors determined to be 'independent'	Complied	The Board has made such determination and the basis for determination of "Independence" is in line with the definition of the CSE Regulations in force.
7.10.3(b)	In the event a director does not qualify as 'independent' against any of the criteria set out in the regulation but if the board, taking account all the circumstances, is of the opinion that the director is nevertheless 'independent', the board shall specify the criteria not met and the basis for its determination in the annual report.	Complied	Non Executive Directors have declared their independence or non independence. All the new Board appointments were informed to shareholders by making an announcement in Colombo Stock Exchange in compliance with Rule 7.10.3 (d). Mr Kuvera de Zoysa and Mr Mangala Boyagoda has completed 09 years as Independent Non-Executive Directors of the Company. However Board of Directors has resolved that the independence of Mr. de Zoysa and Mr Boyagoda have not been impaired, hence they continue to be Independent Non Executive Directors.
7.10.3(c)	The board shall publish in its annual report a brief resume of each director on its board which includes information on the nature of his/her expertise in relevant functional areas.	Complied	Brief Resume of each Director is given on pages 8 to 9 of the Annual Report.
7.10.3(d)	Upon appointment of a new director to its board, the Entity shall forthwith provide to the Exchange a brief resume of such director for dissemination to the public.	Complied	Whenever there is a new director appointed to the Board, announcement is made to Colombo Stock Exchange together with his/her brief resume.

Corporate Governance

Section	Requirement	Compliance Status	Reference
7.10.5(a)	The remuneration committee shall comprise; of a minimum of two independent non-executive directors (in instances where an Entity has only two directors on its Board); or of non-executive directors a majority of whom shall be independent, whichever shall be higher. In a situation where both the parent company and the subsidiary are 'listed Entities', the remuneration committee of the parent company may be permitted to function as the remuneration committee of the subsidiary.	Complied	Company being the parent company of the group acts as the Remuneration Committee and oversee the functions of both the company and its subsidiary companies, including the listed entity. Composition of the Remuneration Committee is given on page 30 of the Annual Report under Remuneration Committee Report.
7.10.5(b)	The Remuneration Committee shall recommend the remuneration payable to the Executive Directors and Chief Executive Officer of the Listed Entity and/ or equivalent position thereof, to the board of the Listed Entity which will make the final decision upon consideration of such recommendations	Complied	Remuneration received by the Directors is set out in Note 11 to the Financial Statements on page 65.
7.10.5(c)	The annual report should set out the names of directors (or persons in the parent company's committee in the case of a group company) comprising the remuneration committee, contain a statement of the remuneration policy and set out the aggregate remuneration paid to executive and non-executive directors.	Complied	The names of the Directors of the Remuneration Committee are set out on page 30 of this report.
7.10.6(a)	The audit committee shall comprise; of a minimum of two independent non-executive directors (in instances where a Entity has only two directors on its board); or of non-executive directors a majority of whom shall be independent, whichever shall be higher. In a situation where both the parent company and the subsidiary are 'Listed Entities', the audit committee of the parent company may function as the audit committee of the subsidiary. The Chief Executive Officer and the Chief Financial Officer of the Listed Entity shall attend audit committee meetings. The Chairman or one member of the committee should be a Member of a recognized professional accounting body.	Complied	The Audit Committee consists of 03 independent Non Executive Directors and 01 Non Independent Non Executive Director. Report of the Audit Committee is given on page 31 to the Annual Report. The Chief Financial Officer attends the audit committee meetings by invitation. Out of the 04 members, two of them are members of a recognized professional accounting body.

Section	Requirement	Compliance Status	Reference
7.10.6(b)	Function of the Audit committee shall include, (i) Overseeing of the preparation, presentation and adequacy of disclosures in the financial statements of a Listed Entity, in accordance with Sri Lanka Accounting Standards. (ii) Overseeing of the Entity's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements. (iii) Overseeing the processes to ensure that the Entity's internal controls and risk management, are adequate, to meet the requirements of the Sri Lanka Auditing Standards. (iv) Assessment of the independence and performance of the Entity's external auditors. (v) To make recommendations to the board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.	Complied	Report of the Audit Committee set out on page 31 of the Annual Report describes the scope performed by the committee during the year under review.
7.10.6(c)	The names of the directors (or persons in the parent company's committee in the case of a group company) comprising the audit committee should be disclosed in the annual report. The committee shall make a determination of the independence of the auditors and shall disclose the basis for such determination in the annual report. The annual report shall contain a report by the audit committee, setting out the manner of compliance by the Entity in relation to the above, during the period to which the annual report relates.	Complied	Name of the directors on the Audit committee, and its report is given on page 31 of the Annual Report. Statement of Auditors independence is disclosed in page 31 of the Audit Committee report.

Corporate Governance

Statement of Compliance under Section 9 of the Listing Rules of the CSE.

Section	Requirement	Compliance Status	Reference
9.2.1 & 9.2.2	All Related Party Transactions should be reviewed by the "Related Party Transactions Review Committee. The Committee should comprise a combination of non-executive directors and independent non-executive directors. The composition of the Committee may also include executive directors, at the option of the Listed Entity. One independent non-executive director shall be appointed as Chairman of the Committee.	Complied	Composition of related party transactions review committee is given on page 32 of the related party transactions review committee report. Chairman of the committee is an Independent Non Executive Director.
9.2.3	In a situation where both the parent company and the subsidiary are Listed Entities, the Related Party Transactions Review Committee of the parent company may be permitted to function as the Related Party Transactions Review Committee of the subsidiary.	Complied	Company being the parent entity oversee the related party transaction of the subsidiary companies including a listed entity
9.2.4	The Committee shall meet at least once a calendar quarter. The Committee shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.	Note	Attendance of the Related Party Transaction Review committee is given on page 32 of the Annual Report under Related Party Transactions Review Committee Report.
9.3.1	A Listed Entity shall make an immediate announcement to the Exchange; - of any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements. OR - of the latest transaction, if the aggregate value of all non-recurrent Related Party Transactions entered into with the same Related Party during the same financial year amounts to 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements. Listed Entity shall disclose subsequent non-recurrent transactions which exceed 5% of the Equity of the Entity, entered into with the same Related Party during the financial year.	Complied	Related Party Transactions are disclosed on Note 41 to the Financial Statements. There were no non recurrent related party transactions that require immediate announcement to Colombo Stock Exchange.
9.3.2 (a)	In the case of Non-recurrent Related Party Transactions, if aggregate value of the non-recurrent Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets, whichever is lower, of the Listed Entity as per the latest Audited Financial Statements the related information must be presented in the Annual Report:	Complied	There were no non recurrent related party transactions that require disclosure in the financial statements.

Section	Requirement	Compliance Status	Reference
9.3.2 (b)	In the case of Recurrent Related Party Transactions, if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/income (or equivalent term in the Income Statement and in the case of group entity consolidated revenue) as per the latest Audited Financial Statements, the Listed Entity must disclose the aggregate value of recurrent Related Party Transactions entered into during the financial year in its Annual Report.	Complied	Please refer Note 41.1.1 & 41.1.2 to the financial statements.
9.3.2 (c)	Annual Report shall contain a report by the Related Party Transactions Review Committee, setting out the following: • Names of the Directors comprising the Committee; • A statement to the effect that the Committee has reviewed the Related Party Transactions during the financial year and has communicated the comments/ observations to the Board of Directors. • The policies and procedures adopted by the Committee for reviewing the Related Party Transactions. • The number of times the Committee has met during the Financial Year. • Name of the Related Party Relationship Value of the Related Party Transactions entered into during the financial year. (Value of Related Party Transactions as a % of Equity and as a % of Total Assets, terms and conditions of the Related Party Transactions and the rationale for entering into the transactions).	Complied	Please refer report of the Related Party Transaction Review Committee on page 32 of the Annual Report.
9.3.2 (d)	A declaration by the Board of Directors in the Annual Report as an affirmative statement of the compliance with these Rules pertaining to Related Party Transactions or a negative statement in the event the Entity has not entered into any Related Party Transaction/s.	Complied	Affirmative statement is included on page 18 of the Annual Report.

Report of the Remuneration Committee

In terms of Rule 7.10.5 (a) of the listing rule of the Colombo Stock Exchange, the remuneration committee comprises of the following members:

1. Mr. Kuvera de Zoysa
   (Chairman) Independent Non Executive Director

2. Mr. Mangala Boyagoda
   Independent Non Executive Director

3. Mr. Ranil Pathirana
   Non-Independent Non Executive

The main objective of the remuneration committee is designed to retain Quality Managerial Staff and reward those who are performing well. The Chairman and Executive Directors, attend the meetings by invitation and provide information to the committee and participate in the deliberations.

(Sgd.)
Kuvera de Zoysa
Chairman – Remuneration Committee

20th November 2020

Report of the Audit Committee

In accordance with the Colombo Stock Exchange Listing Rules, the Audit Committee comprises the following Board members.

1. Mr. Kuvera de Zoysa
   (Chairman) - Independent Non Executive Director

2. Mr. Mangala Boyagoda
   Independent Non Executive Director

3. Mr. Kamantha Amarasekara
   Independent Non Executive Director

4. Mr. Ranil Pathirana
   Non Independent Non Executive Director

MEETINGS OF THE AUDIT COMMITTEE

During the financial year 2019/20 the Committee met on three occasions to review internal audit report, interim financial statements and the year- end financial statements and to recommend them to the Board for approval prior to these statements being released to the Stock Exchange.

The attendance of the committee during the year was as follows;

Directors Name	Meetings Attended (out of 3)
Mr. Kuvera de Zoysa	1/3
Mr. Mangala Boyagoda	3/3
Mr. Kamantha Amarasekara	0/3
Mr. Ranil Pathirana	1/3

The Audit Committee invites the Group Chief Financial Officer and Financial Controllers when required to attend these meetings.

This enables issues (including Internal Audit Reports) to be discussed and rectifying measures agreed on expeditiously.

PURPOSE OF THE AUDIT COMMITTEE

To assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process and the Company's process for monitoring compliance with laws and regulations, Company policies and procedures and the code of conduct.

To ensure that the internal audit activity is well managed, so that it adds value to the organization by being objective in providing relevant assurance, contributing to the effectiveness and efficiency of governance, risk management and control processes.

FINANCIAL STATEMENTS

The interim financial statements of Ceylon Hotels Corporation PLC have been reviewed by the Audit Committee Members at Audit Committee Meetings. Draft Financial Statements of Ceylon Hotels Corporation PLC for the year ended 31st March 2020 were also reviewed at a meeting of the Audit Committee Members, together with the External Auditors, Messrs. KPMG, prior to release of same to the Regulatory Authorities and to the shareholders.

The Audit Committee also met external auditors to discuss the external audit programme and plan prior to commencement of the year end audit.

The Audit Committee Members were provided with confirmations and declarations as required that the said Financial Statements were prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/ LKAS) and the information required by the Companies Act No. 7 of 2007 therein and presented a true and fair view of the Company as at that date and the Company's activities during the year under review.

INTERNAL AUDIT

In accordance with the recommendation of the Audit Committee, four (04) internal audit cycles are carried out on subsidiaries quarterly. However during the financial year 2019/20 with the drop in business volumes as a result of Easter Sunday attacks, the Audit Committee with the consultation of internal auditors have made modification to the recommended cycles.

EXTERNAL AUDIT

The Members of the Audit Committee have determined that Messrs. KPMG, Chartered Accountants were independent based on written representation and the Committee has reviewed the external audit plan, as well as the management letter and followed up on issues raised.

The members of the Audit Committee have concurred to recommend to the Board of Directors the re-appointment of Messrs. KPMG, Chartered Accountants, as Auditors for the financial year ending 31st March 2021, subject to the approval of the shareholders of Ceylon Hotels Corporation PLC at the Annual General Meeting.

(Sgd.)
Kuvera de Zoysa
Chairman – Audit Committee

20th November 2020

Report of the Related Party Transactions Review Committee

In accordance with the Colombo Stock Exchange Listing Rules, following are the names of the directors comprising Related Party Transactions Review Committee.

1. Mr. Kuvera de Zoysa
   (Chairman) - Independent Non Executive Director

2. Mr. Mangala Boyagoda
   Independent Non Executive Director

3. Mr. Kamatha Amarasekara
   Independent Non Executive Director

4. Mr. Ranil Pathirana
   Non Independent Non Executive Director

The committee met three times during the financial year 2019/2020 to review the related party transactions entered into by the company and has made recommendations to the Board.

The attendance of the related party transaction review committee is as follows:

Directors Name	Meetings Attended (out of 3)
Mr. Kuvera de Zoysa	1/3
Mr. Mangala Boyagoda	3/3
Mr. Kamantha Amarasekara	0/3
Mr. Ranil Pathirana	1/3

The policies and procedures adopted by the Committee for reviewing the Related Party Transactions are as follows :

1. To review all Related Party Transactions pertaining to transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged and making a decision if the transaction needs the approval of the Board of Directors prior to entering to the transaction

2. Details of transactions exceeding 10% of the Company's equity or 5% of the total assets of the Company are promptly disclosed to the Colombo Stock Exchange for transparency.

3. The members of the Board of Directors and their close family members are identified and information pertaining to them for the purpose of identifying parties related to them. The information is shared with the Company Secretaries in order to fulfil the regulatory requirements.

All recurrent related party transactions, are disclosed under Note 41 on pages 97 to 100 to the Financial Statements.

Recurrent transactions with related parties

There were no any recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31st March 2019 audited financial Statements, which required additional disclosures in the 2019/20 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

Non- recurrent transactions with related parties

There were no any non-recurrent related party transactions which aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Group as per 31st March 2019 audited financial statements, which required additional disclosures in the 2019/20 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

DECLARATION

Declarations are obtained from each Key Management Personal (KMP) of the Company and its subsidiaries for the purpose of identifying related parties on a quarterly and annual basis, to determine Related Party Transactions and to comply with the disclosure requirements, if any.

(Sgd.)
Kuvera de Zoysa
Chairman – Related Party Transactions Review Committee

20th November 2020

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Independent Auditors' Report

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TO THE SHAREHOLDERS OF CEYLON HOTELS CORPORATION PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ceylon Hotels Corporation PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 38 to 107.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31st March 2020, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

01. Impairment assessment of Investment in Subsidiaries

Refer note 17 to the financial statements

Risk Description	Our Response
As at 31st March 2020, the Company's investment in subsidiaries amounted to Rs. 909 Mn. Investments which does not generate adequate returns may be an indication of impairment. Management performed the impairment assessment for subsidiaries with indicators of impairment and determined their recoverable amounts based on value-in-use calculations. Further, COVID-19 outbreak resulted in interruption in business activities and resulted in loss of income for some of the subsidiaries within the Group, which would adversely affect the ability to generate adequate return and indicate potential impairment indicators. We considered the audit of management assessment of investment in subsidiaries to be a key audit matter due to the magnitude of the carrying amount of investment in subsidiaries in the financial statements. In addition, these area were significant to our audit because the impairment assessment process involves significant management judgment and required the management to make various assumptions in the underlying cash flow forecasts.	Our audit procedures included. ◆ Assessing the impairment indications of investments made in subsidiaries based on net assets valuation and review of future business plans. ◆ Assessing management's forecasted revenues, growth rates, profit margins and tax rates based on our knowledge of the CGUs' operations, and compared them against historical forecasts and performance, regional indices and industry benchmarks. This included obtaining an understanding of management's planned strategies around business expansion, revenue stream growth strategies and cost initiatives. ◆ Discussions with Group and Component Management with regard to recoverability of the investments. ◆ Assessing the adequacy of disclosures in respect of and investment in subsidiaries and related impairment in the Financial Statements.

KPMG

02. Valuation of Investment in Equity Accounted Investees	
Refer note 17.4 to the consolidated financial statements	
Risk Description	**Our Response**
The Group and company hold Investment in Equity Accounted Investees amounting to Rs. 1,186 Mn and Rs. 329 Mn respectively as at 31st March 2020. Company's investments in Joint Venture is held in shares where no quoted market price is available. Unquoted investments are measured at fair value, which is established using discounted forecasted cash flow method. There is a significant risk over the valuation of these investments given the subjective nature of them as an error may result in a material misstatement. Further, COVID-19 outbreak resulted in interruption in business activities and resulted in loss of income for some of the equity accounted investees within the Group, which would adversely affect the ability to generate adequate return. We have identified the valuation of Investment in Equity Accounted Investees as a key audit matter due to the significance of the carrying amounts and the complexity involved in the valuation method.	Our audit procedures included. ◆ Evaluating the assumptions used in deriving at the forecasted cash flows by comparing key underlying financial data inputs and obtaining Investee Company audited financial statements and management information as applicable. ◆ Discussions with Group and Component Management regarding the recoverability of the investments and evaluate Group management's assessment of valuation of the unquoted investments. ◆ Assessing the adequacy of disclosures in respect of unquoted investments and the effect of changing one or more inputs to reasonably possible alternative valuation assumptions.

03. Revaluation of Freehold Land and Buildings and Building on leasehold land	
Refer note 14 to the consolidated financial statements	
Risk Description	**Our Response**
Included within Property, Plant and equipment is Freehold Land and Buildings and Building on leasehold land carried at fair value. As at the reporting date, such Freehold Land and Building and Building on leasehold Land amounted to Rs. 7,306.5 Mn and Rs, 1,812 Mn respectively. The Group has engaged an independent professional Valuer with appropriate expertise to determine the fair value of the freehold land and buildings and buildings on leasehold land in accordance with recognized industry standards. We identified this as a key audit matter because of the magnitude of the amounts recognized in the financial statements and because the valuation can be inherently subjective and requires the exercise of significant judgments and estimation, in particular in determining the appropriate valuation methodology, capitalization rates and market rents, which increases the risk of error or potential management bias.	Our audit procedures included. ◆ Assessing the objectivity, independence, competence and qualifications of the external Valuer. ◆ With the assistance of our own internal valuation specialists assessing the key assumptions applied and conclusions made in deriving the fair value of the Freehold land and buildings and buildings on leasehold land. In addition to that, we have assessed the valuation methodologies with reference to recognized industry standards ◆ Assessing the adequacy of disclosures in relation to fair value of Freehold land and buildings and buildings on leasehold land in the financial statements in accordance with the relevant accounting standards.

Independent Auditors' Report

KPMG

04. Management assessment of the potential impacts of Coronavirus (COVID-19) on the Group ability to continue as going concern.	
Refer note 40 to the consolidated financial statements	
Risk Description	**Our Response**
The financial statements have been prepared on a going concern basis. In adopting the going concern basis of preparation of the financial statements, the directors have reviewed the company's cash flow projections prepared by the management. The cash flow projections were based on management's assumptions and estimation of future cash inflows and outflows, also taking into consideration the impact of COVID-19 related estimate uncertainty. Notes to the financial statements, which describes increased estimation uncertainty in the preparation of the current year Group financial statements, specifically as it relates to the impacts of COVID-19 on the Group's future prospects, performance and cash flows. Further, the management has described how they plan to deal with these events and circumstances as the outbreak is still prevailing as at the date of this report. We identified the management assessment of potential impact of COVID-19 to the Group's ability to continue as going concern as a key audit matter because the cash flow projections referred to above involves consideration of future events and circumstances which are inherently uncertain, and effect of those uncertainties may significantly impact the resulting accounting estimates. Therefore, the assessment requires the exercise of significant management judgement in assessing future cash inflows and outflows which could be subject to potential management bias.	Our audit procedures included. ◆ Obtaining the Group's cash flow projections covering period of not less than twelve months from the reporting period end date and challenging these key assumptions used in preparing the projections. ◆ Evaluating the sensitivity of the projected available cash by considering downside scenarios together with reasonably plausible changes to the key assumptions and considering whether there were any indicators of management bias in the selection of the assumptions. ◆ Inspecting the facility agreements for the Group's long-term loans to identify any financial covenants or similar terms and assessing the implication of these on the Group's liquidity. ◆ Assessing the adequacy of disclosures in the financial statements in relation to the potential impact of COVID-19 to the Group's ability to continue as going concern with reference to the requirements of the prevailing accounting standards.

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is

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not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2618.

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka
20th November 2020

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 March,	Notes	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Revenue	7	1,023,144,024	1,633,511,759	8,325,511	8,561,856
Cost of sales		(295,670,736)	(458,840,129)	(8,497,787)	(8,440,168)
Gross profit/ (Loss)		727,473,288	1,174,671,630	(172,276)	121,688
Other income	8	7,575,017	356,209,345	4,402,801	39,231,734
Distribution expenses		(61,155,142)	(72,567,943)	-	-
Administrative expenses		(762,006,910)	(921,597,871)	(11,573,043)	(8,467,723)
Other operating expenses	9	(144,709,872)	-	(7,224,998)	(9,805,000)
Profit /(Loss) from operations		(232,823,619)	536,715,161	(14,567,516)	21,080,699
Finance income	10	145,713,825	111,108,064	21,398,586	18,033,989
Finance costs	10	(231,511,832)	(217,603,731)	(81,105,876)	(74,480,244)
Net finance costs	10	(85,798,007)	(106,495,667)	(59,707,290)	(56,446,255)
Share of loss of equity accounted investees (net of tax)	17.4.1	(118,276,064)	(173,795,083)	-	-
Profit / (Loss) before income tax	11	(436,897,690)	256,424,411	(74,274,806)	(35,365,556)
Income tax Benefit/ (Expense)	12	23,022,316	(32,595,227)	-	-
Profit /(Loss) from continuing operations		(413,875,374)	223,829,184	(74,274,806)	(35,365,556)
Discontinued operations					
Loss from discontinued operations, net of tax	11.2	-	(13,115,807)	-	-
Profit / (Loss) for the year		(413,875,374)	210,713,377	(74,274,806)	(35,365,556)

Figures in brackets indicate deductions

The Notes on pages 46 to 107 are an integral part of these Financial Statements.

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 March,	Notes	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Profit/(Loss) for the year		(413,875,374)	210,713,377	(74,274,806)	(35,365,556)
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Net result from Equity Accounted Investees		129,739,704	(95,707)	-	-
Gain on revaluation of property, plant & equipment		1,365,216,305	-	-	-
Deferred tax on revaluation surplus		(191,130,283)	-	-	-
Actuarial Gain/(Loss)		1,111,387	(502,705)	707,755	490,195
Deferred Tax effect on actuarial gain/loss		(56,507)	120,116	-	-
Items that are or may be reclassified to profit or loss					
Effect of translation of foreign operations		(3,322,677)	99,262,353	-	-
Total comprehensive income/ (expenses) for the year, net of tax		887,682,554	309,497,434	(73,567,051)	(34,875,361)
Profit/(Loss) attributable to:					
Equity holders of the company		(348,868,078)	205,718,278	(74,274,806)	(35,365,556)
Non Controlling Interest		(65,007,296)	4,995,099	-	-
Profit/ (Loss) for the year		(413,875,374)	210,713,377	(74,274,806)	(35,365,556)
Total Comprehensive Income/ (Expenses) attributable to :					
Equity holders of the company		635,235,234	283,568,761	(73,567,051)	(34,875,361)
Non Controlling Interest		252,447,320	25,928,673	-	-
Total comprehensive income/ (expenses) for the year		887,682,554	309,497,434	(73,567,051)	(34,875,361)
Earnings/(Loss) per share					
Basic earnings/(loss) per share (Rs).	13	(1.94)	1.14	(0.41)	(0.20)

Figures in brackets indicate deductions

The Notes on pages 46 to 107 are an integral part of these Financial Statements.

Consolidated Statement of Financial Position

As at 31 March	Note	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
ASSETS					
Non-Current Assets					
Property, plant and equipment	14	9,552,201,254	8,384,653,888	28,118	34,653
Intangible assets	15	25,906,107	32,506,858	-	-
Lease hold right over land	16	-	590,179	-	-
Right of use assets	16.2	122,561,130	-	-	-
Investments in subsidiaries	17	-	-	909,348,216	909,348,216
Investment in joint venture	17.4	1,186,298,332	1,028,523,742	329,497,174	329,497,174
Deferred conversion fee	19	-	-	-	-
Investment Property	18	-	-	-	146,759,998
Total Non-Current Assets		10,886,966,823	9,446,274,667	1,238,873,508	1,385,640,041
Current Assets					
Inventories	20	76,405,521	88,738,727	-	-
Trade & other receivables	21	155,096,013	278,475,168	5,374,103	9,712,483
Amounts due from related companies	22	287,741,731	411,430,914	473,430,432	388,770,198
Advances on Pending capitalization	22.1	-	269,955,309	-	-
Income tax recoverable	23	2,180,159	1,356,305	-	-
Assets held for sale	24	-	86,178,102	-	86,178,102
Cash & cash equivalents	25	1,016,724,387	832,199,509	-	23,620
Total current assets		1,538,147,811	1,968,334,034	478,804,535	484,684,403
Total Assets		12,425,114,634	11,414,608,701	1,717,678,043	1,870,324,444
EQUITY AND LIABILITIES					
Equity					
Stated capital	26	362,610,821	362,610,821	362,610,821	362,610,821
Reserves	27	5,516,651,389	4,645,033,024	379,013,425	379,013,425
Accumulated Profit		1,448,391,288	1,675,342,000	34,345,388	107,912,439
Total equity attributable to equity holders of the company		7,327,653,498	6,682,985,845	775,969,634	849,536,685
Non controlling interest		2,201,567,478	1,949,332,931	-	-
Total Equity		9,529,220,976	8,632,318,776	775,969,634	849,536,685
Non-Current Liabilities					
Interest-bearing-borrowings	28	1,536,648,474	1,081,766,888	-	-
Employee benefits	29	16,490,974	18,269,714	6,900,815	7,000,392
Lease rent equalization account	30	-	-	-	-
Deferred tax liabilities	31	774,830,614	621,787,917	-	-
Lease Liability	32	128,299,647	-	-	-
Government grants	33	3,326,722	-	-	-
Total Non-Current Liabilities		2,459,596,431	1,721,824,519	6,900,815	7,000,392

As at 31 March	Note	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Current Liabilities					
Trade and other payables	34	220,739,952	292,673,904	10,771,770	9,208,928
Contract Liabilities	35	13,963,066	4,331,405	-	-
Lease Liability	32	27,989,240	-	-	-
Government grants	33	7,230,450	-	-	-
Amounts due to related companies	36	84,059,386	133,937,429	40,917,757	138,008,030
Related Party Interest-bearing-borrowings	36.1	-	-	882,931,602	865,751,036
Income tax payable	37	16,098,320	8,407,655	13,303	13,303
Bank overdrafts	25	66,216,813	621,115,013	173,162	806,070
Total current liabilities		436,297,227	1,060,465,406	934,807,594	1,013,787,367
Total Equity & Liabilities		12,425,114,634	11,414,608,701	1,717,678,043	1,870,324,444

The Notes on pages 46 to 107 are an integral part of these Financial Statements.

These Financial Statements are in compliance with the requirements of the Companies Act No.07 of 2007.

(Sgd.)
Janaka Ganegoda
Financial Controller

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

Approved & signed for and on behalf of the Board,

(Sgd.)
Lakshman Samarasinghe
Chairman

(Sgd.)
Shalike Karunasena
Director

Colombo
20th November 2020

Statement of Changes in Equity

Group	Attributable to Equity Holders of the Company								
	Stated Capital	Revaluation Reserve	Capital Reserve	General Reserve	Translation Reserve	Accumulated Profit /(Loss)	Total	Non controlling Interest	Total Equity
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st April 2018	362,610,821	4,508,269,722	8,128,011	167,079,660	10,776,427	1,347,681,705	6,404,546,346	2,112,496,332	8,517,042,678
SLFRS 9 Adjustment						(5,129,261)	(5,129,261)	-	(5,129,261)
Adjusted balance as at 1st April 2018	362,610,821	4,508,269,722	8,128,011	167,079,660	10,776,427	1,342,552,444	6,399,417,085	2,112,496,332	8,511,913,417
Total comprehensive income									
Profit for the year	-	-	-	-	-	205,718,278	205,718,278	4,995,099	210,713,377
Other comprehensive income	-	-	-	-	78,044,815	(194,332)	77,850,483	20,933,574	98,784,057
Total comprehensive income for the year	-	-	-	-	78,044,815	205,523,946	283,568,761	25,928,673	309,497,434
Transactions with owners of the company									
Ordinary Share dividend paid to minority	-	-	-	-	-	-	-	(17,590,652)	(17,590,652)
Dividends-(15% Cumulative preference shares)	-	-	-	-	-	-	-	(11,423)	(11,423)
Transfer of excess depreciation on revaluation	-	(69,229,692)	-	-	-	69,229,692	-	-	-
Disposal of subsidiaries	-	-	-	-	(58,035,919)	58,035,919	-	(171,490,000)	(171,490,000)
Total transactions with owners of the company	-	(69,229,692)	-	-	(58,035,919)	127,265,611	-	(189,092,075)	(189,092,076)
Balance as at 31 March 2019	362,610,821	4,439,040,030	8,128,011	167,079,660	30,785,322	1,675,342,000	6,682,985,845	1,949,332,931	8,632,318,776
Initial application of SLFRS 16, net of tax	-	-	-	-	-	9,432,418	9,432,418	(175,273)	9,257,145
Adjusted balance as at 1st April 2019	362,610,821	4,439,040,030	8,128,011	167,079,660	30,785,323	1,684,774,418	6,692,418,263	1,949,157,658	8,641,575,921
Total comprehensive income									
Profit / (Loss) for the year	-	-	-	-	-	(348,868,078)	(348,868,078)	(65,007,296)	(413,875,374)
Other comprehensive income									
Acturial gain on retirement benefit obligation net of tax	-	-	-	-	-	1,017,363	1,017,363	37,517	1,054,880
Gain on revaluation of property, plant and equipment net of tax	-	862,096,238	-	-	-	-	862,096,238	311,989,784	1,174,086,022
Net result from Equity Accounted Investees	-	123,431,726	-	-	-	173,361	123,605,087	6,134,616	129,739,704
Effect of translation of foreign operations from EAI	-	-	-	-	(2,615,375)	-	(2,615,375)	(707,302)	(3,322,677)
Total comprehensive income for the year	-	985,527,964	-	-	(2,615,375)	(347,677,355)	635,235,234	252,447,321	887,682,555
Transactions with owners of the company									
Dividends-(15% Cumulative preference shares)	-	-	-	-	-	-	-	(37,500)	(37,500)
Transfer of excess depreciation on revaluation	-	(111,294,224)	-	-	-	111,294,224	-	-	-
Total transactions with owners of the company	-	(111,294,224)	-	-	-	111,294,224	-	(37,500)	(37,500)
Balance as at 31 March 2020	362,610,821	5,313,273,770	8,128,011	167,079,660	28,169,948	1,448,391,288	7,327,653,498	2,201,567,478	9,529,220,976

Figures in brackets indicate deductions

The Notes on pages 46 to 107 are an integral part of these Financial Statements.

Company	Stated Capital Rs.	Capital Reserve Rs.	Fair value through OCI Reserve Rs.	General reserve Rs.	Accumulated Profit /(Loss) Rs.	Total Rs.
Balance as at 01st April 2018	362,610,821	8,128,011	204,167,021	166,718,393	152,746,891	894,371,137
SLFRS 9 Adjustment	-	-	-	-	(9,959,091)	(9,959,091)
Adjusted balance as at 01st April 2018	362,610,821	8,128,011	204,167,021	166,718,393	142,787,800	884,412,046
Total comprehensive income						
Profit / (Loss) for the year	-	-	-	-	(35,365,556)	(35,365,556)
Other comprehensive income	-	-	-	-	490,195	490,195
Total comprehensive income / (expense) for the year	-	-	-	-	(34,875,361)	(34,875,361)
Balance as at 31st March 2019	362,610,821	8,128,011	204,167,021	166,718,393	107,912,439	849,536,685
Total comprehensive income	-	-	-	-	-	-
Profit / (Loss) for the year	-	-	-	-	(74,274,806)	(74,274,806)
Other comprehensive income	-	-	-	-	707,755	707,755
Total comprehensive income / (expense) for the year	-	-	-	-	(73,567,051)	(73,567,051)
Balance as at 31st March 2020	362,610,821	8,128,011	204,167,021	166,718,393	34,345,388	775,969,634

Figures in brackets indicate deductions

The Notes on pages 46 to 107 are an integral part of these Financial Statements.

Consolidated Statement of Cash Flow

For the Year Ended 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Cash flows from operating activities				
Profit/(Loss) Before Tax from continue operations	(436,897,690)	256,424,411	(74,274,806)	(35,365,556)
Loss before income tax from discontinued operations	-	(13,115,807)	-	-
Profit/(Loss) before income tax from operations	(436,897,690)	243,308,604	(74,274,806)	(35,365,556)
Adjustment for:				
Depreciation on property, plant and equipment	181,312,349	211,609,037	6,535	3,798
Provision for retiring gratuity	4,010,340	4,168,604	1,219,796	1,247,100
Provision/(Reversal) off for Trade & other receivables	(2,467,623)	4,129,822	-	-
Impairment Provision for amounts due from related companies	-	-	185,699	-
Lease rent equalisation charge	-	15,061,563	-	
Provision/(Reversal) off for Inventory	(3,087)	-	-	
Dividend Income	-	-	-	(34,534,784)
Income Tax Receivable written off	704,159	-	-	
Loss on foreign currency transactions	26,781,880	10,316,246	-	
Amortization of Right of use assets	3,240,677	5,852,235	-	
Amortization of Intangible assets	6,702,750	9,666,612	-	
(Profit) / Loss on disposal of Property Plant & Equipment	39,112,274	(52,580)	-	
Share of result of equity accounted investee	118,276,064	173,795,083	-	
Interest income	(74,116,169)	(40,520,159)	(21,398,586)	(18,033,989)
Interest expenses	201,336,007	205,582,840	81,105,876	74,480,244
Non-interest- bearing borrowings write off during the year	-	(1,802,200)	-	(1,522,200)
Impairment Provision on Investment in Equity Accounted Investees	105,433,223		-	
Change in fair value of Investment Property	-	-	7,224,998	9,805,000
Lease rent equalisation account - charged to the capital work in Progress	-	3,764,712	-	
Gain on Disposal of Investment in subsidiary	-	(354,601,082)	-	
Amortization of Deferred conversion fee	-	1,931,779	-	
Operating Profit/ (Loss) before working capital changes	173,425,154	492,211,116	(5,930,488)	(3,920,387)
(Increase)/decrease in inventories	12,336,292	(6,851,399)	-	
(Increase)/decrease in trade and other receivables	125,846,778	13,814,201	4,338,380	(4,558,486)
(Increase)/decrease in amounts due from related companies	159,217,033	84,323,561	140,867,169	(54,353,594)
(Increase)/decrease in advances on pending capitalization	269,955,309	(269,955,309)	-	-
Increase/(decrease) in trade & other payables	(56,343,918)	67,329,938	1,562,842	29,188
Increase/(decrease) in contract liabilities	9,631,661	4,331,405	-	-
Increase/(decrease) in amounts due to related companies	175,835,059	228,059,705	(97,090,273)	48,992,468
Cash generated from/ (used in) operating activities	869,903,369	613,263,218	43,747,630	(13,810,811)
Interest Paid	(187,370,824)	(205,582,840)	(81,105,876)	(74,480,244)
Taxes paid	(6,563,434)	(47,173,236)	-	(1,569,072)
Retiring gratuity amount paid	(4,677,693)	(2,942,453)	(611,618)	(291,509)
Net cash flow generated from/ (used in) operating activities	671,291,418	357,564,689	(37,969,864)	(90,151,636)

For the Year Ended 31 March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Cash flows from investing activities				
Interest received	74,116,169	40,520,159	21,398,586	18,033,989
Proceeds from sale of PPE	12,167,358	191,033	-	
Proceeds from Disposal of Subsidiaries	-	733,016,902	-	
Acquisition of property, plant and equipment	(174,458,042)	(48,345,547)	-	(14,500)
Investment in joint venture	(282,211,204)	(668,227,731)	-	
Dividend received	-	-	-	34,534,784
Addition of Intangible assets	(101,999)	(3,344,576)	-	-
Net cash (used in)/generated from investing activities	(370,487,718)	53,810,239	21,398,586	52,554,273
Cash flows from financing activities				
Loans received during the year	458,391,878	51,736,890	17,180,566	35,225,320
Dividends paid to minority	(37,500)	(17,602,075)	-	-
Loans settled during the year	(19,735,000)	(322,475,033)	-	
Net cash generated from / (used in) financing activities	438,619,378	(288,340,218)	17,180,566	35,225,320
Net increase / (decrease) in cash & cash equivalents	739,423,078	123,034,710	609,288	(2,372,043)
Cash & cash equivalents at the beginning	211,084,496	88,049,786	(782,450)	1,589,593
Cash & cash equivalents at the end	950,507,574	211,084,496	(173,162)	(782,450)
Analysis of cash & cash equivalents				
Cash at banks and in hand	1,016,724,387	832,199,509	-	23,620
Bank overdraft	(66,216,813)	(621,115,013)	(173,162)	(806,070)
Cash & cash equivalents at the end	950,507,574	211,084,496	(173,162)	(782,450)

Figures in brackets indicate deductions

The Notes on pages 46 to 107 are an integral part of these Financial Statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1. Reporting Entity

1.1.1. Domicile and Legal Form

Ceylon Hotels Corporation PLC, which was incorporated and domiciled in Sri Lanka by an Act of parliament in 1967. The Act was replaced in 2008 and the entity was registered under the Companies Act No. 7 of 2007. The registered office of the Company and its Subsidiaries are situated at 327, Union Place, Colombo 02.

1.2. Companies in the Group and Parent Company

The Company, in the consolidated financial statements, refers to Ceylon Hotels Corporation PLC and Group refers to the Company and all its subsidiaries namely United Hotels Company (Pvt) Ltd, Tissa Resort (Pvt) Ltd, CHC Foods (Pvt) Ltd, Kandy Hotels Co. (1938) PLC, Suisse Hotels (Pvt) Limited, Air Line Services Limited, Ceylon Hotels Maldives (Pvt) Ltd (together referred to as the "Group"), whose financial statements have been consolidated.

The Galle Face Hotel Company Ltd is the parent company of Ceylon Hotels Corporation PLC.

1.3. Principal activity and Nature of the Operations

The principal activity of the Company is that of an investment holding company and the subsidiary companies are engaged in the business of hotel services and there has been no change in the nature of such activities during the year.

1.4. Responsibilities for financial statements

The board of directors is responsible for preparation and presentation of the financial statements of the Company as per the provision of Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards. The directors' responsibility over financial statements for the year ended 31 March 2020 is set out in detail in the statement of directors' responsibility.

1.5. Approval of financial statements by Directors

The financial statements of the Group of the year ended 31st March 2020 were authorized for issue in accordance with resolution of the Board of Directors on 20th November 2020.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The consolidated financial statements of The Ceylon Hotel Corporation PLC, comprise the statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity and notes to the consolidated financial statements have been prepared in accordance with the Sri Lanka Accounting Standards (hereinafter referred to as SLFRS) issued by the Institute of Chartered Accountants of Sri Lanka, Sri Lanka Accounting & Auditing Standards act no 15 of 1995 & the requirements of the Companies Act No. 7 of 2007 and the listing rules of the Colombo Stock Exchange.

This is the first set of Group's annual financial statements in which SLFRS 16 Leases has been applied. The related changes to significant accounting policies are described in Note 3.1.

2.2. Basis of Measurement

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

Items	Basis of Measurement	Note
Land and buildings	Measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair values at the date of revaluation	14
Investment Property	Measured at fair Value	18
Defined benefit obligations	Measured at the present value of the defined benefit obligation	29

2.3. Functional and Presentation Currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates (the Functional Currency), which is the Sri Lankan Rupee.

The financial statements of the Group are presented in Sri Lankan Rupees (LKR) which is the functional currency of the Group entities other than for the companies listed below where the functional currency is either based on the country of incorporation of the respective company or elements that could influence in determining its functional currency.

Company	Country of Incorporation	Functional Currency
Handuwaru Ocean Holidays (Pvt) Ltd	Maldives	USD

2.4. Use of Estimates and Judgments

The preparation of consolidated financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affects the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in following notes.

Note 14	–	Revaluation of Land and Buildings
Note 15	–	Measurement of Intangible Assets
Note 17.4	–	Investment in Joint Venture
Note 18	–	Classification of Investment Property
Note 29	–	Measurement of Retirement benefit obligations
Note 31	–	Measurement of Deferred tax liabilities
Note 38	–	Commitments and contingencies

2.5. Measurement of fair values

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

Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, Group assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

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

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

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

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

Further information about the assumption made in measuring fair value is included in note 43.

2.6. Materiality and aggregation

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

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

Notes to the Financial Statements

2.7. Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the income statement, unless required or permitted by Sri Lanka Accounting Standards and as specifically disclosed in the Significant Accounting Policies of the Group.

2.8. Going Concern

The Ceylon Hotels Corporation PLC and its subsidiaries operate in the tourism sector that has been significantly affected by the outbreak of COVID – 19.

As a result of spread of the virus worldwide in mid-March 2020 and the severe measures taken by the respective Governments including the travel restrictions, quarantine efforts, lockdowns and curfews, have forced the provisional shutting of the Group's hotels.

In preparing these financial statements, based on available information, the management has assessed the existing and anticipated effects of COVID-19 on the Group Companies and the appropriateness of the use of the going concern basis. In March 2020, The Company's businesses have been stress tested under multiple scenarios to determine their ability to sustain with available cash resources and banking facilities. In addition, multiple cost saving initiatives have been undertaken at each of the hotels and we have frozen all non-essential expenditure and have introduced stringent expense control measures.

Having presented the outlook to the Board of the Ceylon Hotels Corporation PLC, the Directors are satisfied that the Company, its subsidiary, have adequate resources to continue in operational existence for the foreseeable future, to justify adopting the going concern basis in preparing these financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Except for the changes below, the Group and Company have consistently applied the accounting policies to all periods presented in these financial statements.

3.1. Changes in Accounting Policies

The Group initially applied SLFRS 16 Leases from 1st April 2019. A number of other standards are also effective from 1 April 2019, but they do not have a material effect on Group's financial statements.

The Group applied SLFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at 1st April 2019. Accordingly, the comparative information presented for 2018 is not restated - i.e. it is presented, as previously reported, under LKAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SLFRS 16 have not generally been applied to comparative information.

3.1.1. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease.

On transition to SLFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SLFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under LKAS 17 and IFRIC 4 were not reassessed for whether there is a lease under SLRFS 16. Therefore, the definition of a lease under SLRFS 16 was applied only to contracts entered into or changed on or after 1st April 2019.

3.1.2. As a Lessee

As a lessee, the Group leases many assets including property, production equipment and IT equipment. The Group previously classified leases as operating, or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SLFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases - i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

3.1.3. Leases classified as operating leases under LKAS 17

Previously, the Group classified property leases as operating leases under LKAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1st April 2019. Right-of-use assets are measured at either:

- their carrying amount as if SLFRS 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application: The Group applied this approach to its largest property lease; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, lessee's initial direct costs: The Group applied this approach to all other leases.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying SLFRS 16 to leases previously classified as operating leases under LKAS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right of use asset at the date of initial application; and
- used hindsight when determining the lease term.

3.1.4. Impact on financial statements

The Group has applied SLFRS 16 from 01st April 2019 using the modified retrospective approach. Therefore, the cumulative effect of adopting SLFRS 16 was recognized as an adjustment to the opening balance of Retained Earnings at 01st April 2019, with no restatement of comparative information.

The following table summarizes the impact of transition to SLFRS 16 - "Leases" as at 01st April 2019.

	Rs.
Assets	
Right-of-use assets	5,729,602
Deferred Tax assets	2,395,691
Impact to Total Assets	8,125,293
Equity	
Retained earnings	1,048,922
Non-controlling Interest	(175,272)
	873,650
Liabilities	
Lease Equalisation reserve	(15,590,035)
Lease Liability as per SLFRS 16	22,841,678
	7,251,643
Impact to Total Equity & Liabilities	8,125,293

Total Impact to the Retained Earnings due to adoption of SFFRS 16 – "Leases" as at 01st April 2019.

Impact due to Subsidiary	1,048,923
Impact due to Investment in Equity Accounted Investees (Note 17.4.1)	8,383,495
Total Impact to the Retained Earnings	9,432,418

When measuring lease liability for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate as at 1st April 2019. The weighted average rate applied is 13%.

	1st April 2019 (Rs.)
Operating lease commitments at 31st March 2019 as disclosed under LKAS 17 in the Company's financial statements	41,684,500
Discounted using the incremental borrowing rate at 1st April 2019	22,841,678
Finance lease liabilities recognised as at 31st March 2019	-
Lease Liability recognised at 1st April 2019	22,841,678

3.2. Basis of Consolidation

The Group's financial statements comprise of the financial statements of the company its subsidiaries prepared in terms of Sri Lanka Accounting standard (SLFRS -10) - Consolidated Financial Statements

Notes to the Financial Statements

and share of profit and loss and net assets of equity accounted investees prepared in terms of Sri Lanka Accounting standard (LKAS 28) - Investments in Associates and Joint Ventures.

(a) Business Combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which the control is transferred to the Group. Control is the power to govern Financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, Group takes in to consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred: plus
- The recognized amount of any non-controlling interests in the acquire: plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire: less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of preexisting relationships. Such amounts generally are recognized in profit or loss.

Transaction costs other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re measured and settlement is accounted for within equity. Otherwise subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

(b) Subsidiaries

Subsidiaries are those entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(c) Non-controlling interests

The proportion of the profits or losses after taxation applicable to outside shareholders of subsidiary companies is included under the heading "Non – controlling interest "in the Consolidated Income Statement. Losses applicable to the non-controlling interests in a subsidiary is allocated to the non-controlling interest even if doing so causes the noncontrolling interests to have a deficit balance.

The interest of the minority shareholders in the net assets employed of these companies are reflected under the heading "Non – controlling interest" in the Consolidated Statement of Financial Position.

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. Adjustments to non-controlling interest arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(d) Loss of control

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

Subsequently it is accounted for as equity accounted investee or as financial asset measured as FVOCI depending on the level of influence is retained.

(e) Interests in equity-accounted investees (investments in joint ventures)

The Group's interests in equity-accounted investees comprise interests in joint ventures.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in associates and joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

(f) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealized gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(g) Financial statements of subsidiaries and joint venture companies included in consolidated financial statements

Audited financial statements are used for consolidation. All Financial statements included in the consolidation have financial years ending 31st March except for Handhuvaru Ocean Holidays Ltd and Handhuvaru Ocean Ltd which have the financial year ending 31st December.

(h) Significant transactions and events during the period between date of financial statements of subsidiaries and date of financial statements of the Group

No adjustments to the results of subsidiary companies have been made as they were not significant.

3.3. Foreign Currency

3.3.1. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currency at the reporting date are retranslated to the functional currency at the exchange rate at that date. 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 was determined.

Non-monetary assets and liabilities in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to reporting currency using the exchange rate that was prevailing on the date the fair value was determined.

Foreign currency differences arising on retranslation generally are recognized in income statement. However, the following items are recognized in the other comprehensive income.

- Differences arising on the retranslation of fair value through other comprehensive income equity investments which was recognised in other comprehensive income. Foreign currency gains and losses are reported on a net basis in the income statement.
- Gains and losses arising from translating the financial statements of foreign operations

3.3.2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Rupees at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Rupees at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI (Non-Controlling Interest).

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3.4. Financial Instruments

(a) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Notes to the Financial Statements

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

(b) Classification and subsequent measurement

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

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

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

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

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

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

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

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

Financial assets - Business model assessment:

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

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

Transfers of financial assets to third parties in transactions that do not qualify for de recognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

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

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

Financial assets - Subsequent measurement and gains and losses

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

Financial liabilities - Classification, subsequent measurement and gains and losses

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

(c) Derecognition

Financial assets

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

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Notes to the Financial Statements

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

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

(d) Offsetting

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

(e) Impairment

Non-derivative financial assets

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

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

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

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

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

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

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

Measurement of ECLs

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

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

Credit-impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market tor a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to recovery of amounts due.

Impairment Policy: Non-financial assets

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

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

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

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

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

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

3.5. Share Capital

Ordinary shares are classified as equity. Incremental Costs attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction cost of an equity transaction is accounted for in accordance with LKAS 12.

3.6. Property, Plant & Equipment

3.6.1. Recognition and measurement

Property, plant & equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used during more than one period.

a. Recognition

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

b. Measurement

Items of property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integrated to the functionality of the related equipment is capitalized as part of that equipment.

Expenditure on repairs or maintenance of property, plant and equipment made to restore or maintain future economic benefits expected from the assets has been recognized as an expense when incurred.

Notes to the Financial Statements

c. Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. The cost of replacing part of an item of Property, Plant & Equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

d. De-recognition

An item of property, plant & equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognizing of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset), is recognized in "other expenses" in profit/loss in the year the asset is derecognized.

When replacement costs are recognized in the carrying amount of an item of property, plant & equipment, the remaining carrying amount of the replaced part is derecognized as required by LKAS 16 – Property, Plant & Equipment.

e. Revaluation

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be credited directly to equity under the heading of revaluation surplus. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be debited directly to equity under the heading of revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset

The Group transfer portion of revaluation reserve to retained earnings as the assets are used by the entity, since the future economic benefits embodied in the assets are consumed principally through its use rather than on retirement or disposal.

f. Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives of the assets are as follows.

The estimated useful lives for the current and comparative years are as follows:

Buildings on Leasehold Land	- Over the unexpired lease period
Freehold Buildings	- 20 years
Plant & Machinery	- 10 years
Tools & Implements	- 10 years
Furniture & Office equipment	- 10 years
Freehold Motor Vehicles	- 10 years
Leasehold Motor Vehicles	- 10 years
Leasehold Equipment	- 10 years
Swimming pool	- 08 years
Computer Equipment	- 05 years
Other Equipment	- 05 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be credited directly to equity under the heading of revaluation surplus. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be debited directly to equity under the heading of revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The Group transfer portion of revaluation reserve to retained earnings as the assets are used by the entity, since the future economic benefits embodied in the assets are consumed principally through its use rather than on retirement or disposal.

3.7. Intangible assets and goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see note 3.2(a). Subsequently Goodwill is measured at cost less accumulated impairment losses.

3.7.1. Other intangible assets

Other Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Lease hold rights are shown at historical cost. Lease hold rights have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight- line method to allocate the cost of leasehold right over the estimated useful life.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Intangible assets are amortized on a straight line basis in profit or loss over their estimated useful lives, from the date that they are available for use other than goodwill. The estimated useful life of software is five years. Amortization method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.8. Investment Property

Investment Property, principally comprise freehold land and building held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognized in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investments property includes the cost of materials and direct labour, any other costs directly attributable to bring the investment property to a working condition for their intended use and capitalized borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Investment Property is carried at fair value determined annually by an independent valuer. A gain or loss arising from a change in the fair value of investment property is recognized in profit or loss for the period in which it arises.

3.9.1. Right of use Assets

The Group has applied SLFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under LKAS 17 and IFRIC 4. The details of accounting policies under LKAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1st April 2019

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

This policy is applied to contracts entered into, on or after 1st April 2019.

As a lessee

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

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate.

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

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

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

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

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

The Group presents right-of-use assets that do not meet the definition of investment property in 'Right-of-use assets' and lease liabilities in 'Lease liability' in the statement of financial position.

Short-term leases and leases of low-value assets
The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable before 1st April 2019
For contracts entered into before 1st April 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset.

An arrangement conveyed the right to use the asset if one of the following was met:

- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee
In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum

lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

3.9. Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Accordingly, the costs of inventories are accounted as follows:

Food and Beverage - At weighted average cost

Packeted Snacks - At actual cost on FIFO basis

Other Consumables - At actual cost on FIFO basis

Cutlery, Crockery, Linen & Glassware - At weighted average cost

3.10. Employee Benefits

a. Defined contribution plans

A defined contribution plan is a post-employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognized as expense in the profit and loss in the period during which related services are rendered by employees.

Employees' Provident Fund

The Group and Employees' contribute 12% & 8% respectively on the salary of each employee respectively to the Employee Provident Fund.

Employees Trust Fund

The Group contributes 3% of the salary of each employee to the Employees' Trust Fund contributions to defined contribution plans are recognized as an expense in the income statement as incurred.

b. Defined benefit plans - Retiring Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

In accordance with revised LKAS 19 - "Employee Benefits" which became effective from the financial year commencing after 01 July 2007, the Group has adopted the actuarial valuation method and the valuation method used by the actuary is "Projected Unit Credit Method". The assumptions based on which the results of the actuarial valuation was determined, are included in Note 29 to the financial statements.

However, under the payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continues service.

Any actuarial gains or losses arising are recognized immediately in the statement of other comprehensive income.

The liability was not externally funded.

c. Short-term employee benefits

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

d. Termination benefits

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

Notes to the Financial Statements

3.11. Liabilities and Provisions

3.11.1. Liabilities

Liabilities classified as current liabilities on the balance sheet are those, which fall due for payment on demand or within one year from the balance sheet date.

Non-current liabilities are those balances that fall due for payment after one year from the balance sheet date.

3.11.2. Provisions

A provision is recognized if, as a result of a past event, the Group 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.

3.11.3. Contingent liabilities and contingent assets

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

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

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company and the Group. The Company and the Group does not recognize contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain. In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

4. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

4.1. Revenue

4.1.1. Revenue from Contract with customers

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

a) Revenue recognition

Group recognizes, in the contract interception, whether it has full fill its performance obligation over time or at a point in time. In an occasion where the performance obligation full fills overtime then the company recognize the revenue overtime based on the progress towards satisfaction of that performance obligation.

b) Disaggregation of recognition

The disaggregated revenue is presented with reportable segments based on the revenue recognition timing of revenue recognition and geographical region in the operating segment information section which comes under Revenue note in the financial statement.

c) Contact Balances

Contact liabilities are considered to be the hotel's obligation to transfer goods and services to a customer for which the Group has received consideration from the customer. Short-term advances includes in the contact liabilities which is received to render certain services. Contract liabilities of the group have been disclosed under Revenue note in the financial statement.

d) Performance obligations and revenue recognition policies

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

The Group considers services in the each contract as one performance obligation for packages offered to customers. Revenue in relation to package services are usually recognizes during the period of stay of the customer. The transaction price is determined in the context of the contracts. Further, the Group recognize individual identified services offered to customers as separate performance obligation and the revenue is recognized at the point of satisfying the performance obligations.

Following nature of revenues from contract with customers are involved in the Group operations;

1. **Apartment revenue**

The main obligation in the customer contract is to provide rooms for guests' accommodation. This is represented in the Room Revenue reported in the financial statements. Revenue under this segment is recognised on the rooms occupied on a daily basis over the period of the stay. Invoice is raised to customer on completion of the duration of the stay.

2. **Food and beverages revenue**

- Provision of BB/HB/FB meal for guests occupying the hotels which is part and partial of the contract entered into. Revenue is recognized at the time of sale and invoice to the customers on the completion of the duration of the stay.
- Provision of extra food and beverages - Revenue is recognised at the time of sale and invoice to the customers at the time of consumption.

3. **Other hotel related revenue (Spa income, Laundry income etc.)**

These services are provided to customers as they are implied as business practices in the industry and create a valid expectation of the customer. Revenue is recognised at the time of provision of service and invoice is raised at the time of service is consumed.

4.1.2. Other Income

Following specific criteria are used for the purpose of recognition of other income.

a) Dividend income from investments is recognized when the right to receive is established.

b) Interest income is recognized on an accrual basis.

4.2. Revenue Expenditure

All expenditure incurred in running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year. For the purpose of presentation of Income Statement, the Directors are of the opinion that function of expense method present fairly the elements of the enterprise's performance, hence such presentation method is adopted.

Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

Repairs and renewals are charged to revenue in the year in which the expenditure is incurred.

The profit incurred by the Group before taxation as shown in the Comprehensive Income Statement is after making provision for all known liabilities and for the depreciation of property, plant & equipments.

4.3. Grants and Subsidies

Government grants are recognized initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant and are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognized in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognized.

4.4. Segment Reporting

A segment is a distinguishable component of an enterprise that is engaged in either providing products or services (Business Segment) or in providing products or services within a particular economic environment (Geographical Segment), which is subject to risks & rewards that are different from those of the segment. However, there are no distinguishable components to be identified as segment for the Company or Group.

4.5. Borrowing Cost

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs may include:

(a) Interest expense calculated using the effective interest method as described in SLFRS 09 Financial Instruments: Recognition and Measurement;

(b) Finance charges in respect of finance leases recognised in accordance with SLFRS 16 Leases; and

(c) Exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Group capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group then recognizes other borrowing costs as an expense in the period in which it incurs them.

Notes to the Financial Statements

4.6. Finance income & Finance cost

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method and impairment gains recognized on financial assets (other than trade receivables if any).

Finance cost comprises interest expenses on borrowings, impairment losses recognized on financial assets (other than trade receivables if any).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest rate method.

4.7. Income Tax Expenses

An income tax expense comprises current and deferred tax. An income tax expense is recognized directly in income statements except to the extent that if relates to items recognized directly in equity, in which case it is recognized in equity.

a. Current tax

Income tax expense comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. The Group's liability to taxation has been computed in accordance with the Inland Revenue Act No. 24 of 2017, and subsequent amendments thereto. The Company and its subsidiaries qualify for a concessionary tax rates.

b. Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted by the reporting date.

Deferred tax assets including those related to temporary tax effects of income tax losses and credits available to be carried forward, are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the year in which deferred tax asset is realized or liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted as at the Balance Sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

c. Tax exposures

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company and the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

4.8. Value Added Tax

Revenues, expenses and assets are recognised net of the amount of VAT except where the VAT incurred on a purchase of assets or service is not recoverable from the taxation authorities in which case the VAT is recognised as a part of the cost of the asset or part of the expense items as applicable and receivable and payable that are stated with the amount of VAT included. The amount of VAT recoverable or payable in respect of taxation authorities is included as a part of receivable and payable in the Balance Sheet.

4.9. Basic Earnings Per Share

The consolidated financial statements present basic earnings per share (EPS) data for its ordinary shareholders.

The basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

4.10. Comparative Information

The comparative information has been reclassified wherever necessary to confirm with the current years classification in order to provide a better presentation.

The comparative information of leases for 2018/19 is reported based on LKAS 17 and is not comparative to the information presented for 2019/20. The Group has not restated comparative information for the year 2018/19 in respect of changes resulting from adopting SLFRS 16. The total impact on the adoption of SLFRS 16 have been recognized directly in retained earnings as of 1st April 2019 as disclosed in Note 3.1.4 to the financial statements.

5. CASH FLOW STATEMENT

Cash and Cash Equivalents

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

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

The Cash Flows Statements has been prepared using the "indirect method".

Interest paid are classified as operating cash flows, interest and dividend received are classified as investing cash flows while dividends paid are classified as financing cash flows for the purpose of presenting of cash flow statement.

6. SRI LANKA ACCOUNTING STANDARDS (SLFRS) ISSUED, BUT NOT YET EFFECTIVE AS AT REPORTING DATE

Several amendments to Accounting Standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

- Amendments to LKAS 1 and LKAS 8: Definition of Materiality

In November 2018, the CA Sri Lanka issued amendments to LKAS 1 and Sri Lanka Accounting Standard – LKAS 8 on "Accounting Policies, Changes in Accounting Estimates and Errors" to align the definition of 'material' across the standards and to clarify certain aspects of the term 'definition'. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose Financial Statements make on the basis of those Financial Statements, which provide financial information about a specific reporting entity.' The Group shall apply those amendments prospectively for annual financial periods beginning on or after January 1, 2020.

- Amendments to SLFRS 3: Definition of a Business

In November 2018, the CA Sri Lanka issued amendments to the definition of a business in SLFRS 3 to help entities determine whether an acquired set of activities and assets is a business or not. These amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

The Group shall apply these amendments to business combinations prospectively for annual financial periods beginning on or after January 1, 2020, if the asset acquisitions occurs on or after the beginning of that period.

- Amendments to References to Conceptual Framework for financial reporting

CA Sri Lanka has issued a revised Conceptual Framework which will be used in standard setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

Notes to the Financial Statements

7 REVENUE

For the Year Ended 31 March	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Room revenue	466,545,272	723,066,636	-	-
Food and Beverage revenue	465,331,240	846,021,732	-	-
Others	91,267,512	64,423,391	8,325,511	8,561,856
	1,023,144,024	1,633,511,759	8,325,511	8,561,856

a) Disaggregation of revenue from contract with customers

For the year ended 31 March	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Major products / Service lines				
Room Revenue	466,545,272	723,066,636	-	-
Food and Beverage revenue	465,331,240	846,021,732	-	-
Other revenue	91,267,512	64,423,391	8,325,511	8,561,856
Total Revenue	1,023,144,024	1,633,511,759	8,325,511	8,561,856

The Group derives revenue from the transfer of goods and services over time/the period of stay and at a point in time in the following major categories.

Timing of revenue recognition				
Products & services transferred at a point in time	551,510,810	883,014,196	-	-
Products & services transferred over time	466,545,272	723,066,636	-	-
Other revenue	5,087,942	27,430,927	8,325,511	8,561,856
Total revenue	1,023,144,024	1,633,511,759	8,325,511	8,561,856

8 OTHER INCOME

Rent Income	1,361,664	865,096	4,402,801	4,696,950
Gain on derecognition of investment in subsidiary (Note 11)	-	354,601,082	-	-
Dividend income	-	-	-	34,534,784
Profit/ (Loss) on disposal of Property Plant and Equipment	-	52,580	-	-
Reversal of impairment provision on related party receivable	1,568,386	-	-	-
Sundry income	4,644,967	690,587	-	-
	7,575,017	356,209,345	4,402,801	39,231,734

9 OTHER OPERATING EXPENSES

Loss of Fair Value of Investment Property	-	-	7,224,998	9,805,000
Impairment of assets relating to quick service restaurant business segment	39,112,274	-	-	-
Impairment provision on Investment in Equity Accounted Investees	105,433,223	-	-	-
Others	164,375	-	-	-
	144,709,872	-	7,224,998	9,805,000

10 NET FINANCE COST

For the year ended 31 March	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Finance income				
Interest income on intercompany loan	30,826,157	26,564,870	21,398,586	18,033,989
Interest income From FDs, Savings Accounts & etc.	43,290,012	13,955,289	-	-
Gain on translation of foreign currencies	71,597,656	70,587,905	-	-
	145,713,825	111,108,064	21,398,586	18,033,989
Finance Costs				
Interest on overdrafts	39,451,280	22,768,045	2,399	776,061
Interest on lease	13,965,183	-	-	-
Loss on translation of foreign currencies	30,175,825	12,020,891	-	-
Interest on loans	147,919,544	182,814,795	81,103,477	73,704,183
	231,511,832	217,603,731	81,105,876	74,480,244
Net Finance (Cost)/Income	(85,798,007)	(106,495,667)	(59,707,290)	(56,446,255)

11 PROFIT / (LOSS) BEFORE INCOME TAX

Profit/(Loss) before income tax is stated after charging all expenses including the following:

Directors' emoluments	2,343,000	3,340,000	2,343,000	3,340,000
Auditors' remuneration - statutory audit	2,766,276	2,634,549	682,500	650,000
Auditors' remuneration - non audit services	1,155,108	930,000	315,000	315,000
Depreciation on property, plant & equipment	181,312,349	211,609,037	6,535	3,798
Amortization of lease hold right over land	-	5,852,235	-	-
Amortization of intangible assets	6,702,750	9,666,612	-	-
Amortization of Right of use assets	3,240,677	-	-	-
Provision made with the adoption of SLFRS 9	535,297	150,000	-	-
Provision for bad & doubtful debts	-	3,976,736	185,699	385,104
Donations	291,045	1,193,482	-	-
Professional fees & legal fee	3,406,570	2,566,578	1,344,227	531,250
Staff costs (Note 11.1)	260,055,224	342,753,486	9,789,582	9,759,269

11.1 Staff costs

Wages ,salaries and staff expenses	238,161,073	314,262,339	7,537,261	7,452,880
Defined contribution plan cost- EPF & ETF	17,733,160	24,322,543	1,032,526	1,059,289
Defined benefit plan cost- Retiring gratuity	4,160,991	4,168,604	1,219,796	1,247,100
	260,055,224	342,753,486	9,789,582	9,759,269

Notes to the Financial Statements

11.2 Discontinued Operations (Related to comparative period results)

In September 2018, Ceylon Hotel Maldives (Pvt) Ltd (a subsidiary of the Group) has divested 50% of the voting rights held in Handhuvaru Ocean Holidays (Pvt) Ltd (HOH) and entered to an arrangement to hold the entity jointly with Zhen Hua Engineering Company Limited (ZHEC), following a strategic decision to place greater focus on the Group's key competencies. Consequently, Handhuvaru Ocean (Pvt) Ltd (HOP) a which is also a subsidiary of the Group initiated the liquidation process and transferred the assets and liabilities to its immediate parent, Handhuvaru Ocean Holidays (Pvt) Ltd (HOH). The Group has disposed both HOH and HOP as a whole after the assets and liabilities transfer of HOP to HOH.

The management has initiated the plan in early 2018 and was not previously classified as held-for-sale or as a discontinued operation. Further, HOH and HOP was the only internationally operated geographical area in the Group. Accordingly, comparative consolidated statement of profit or loss and OCI has been represented to show the discontinued operation separately from continuing operations.

Results of Discontinued Operation	Handuwaru Ocean Holidays (Pvt) Ltd 2020 Rs.	Handuwaru Ocean (Pvt) Ltd 2020 Rs.	Total 2020 Rs.	Handuwaru Ocean Holidays (Pvt) Ltd 2019 Rs.	Handuwaru Ocean (Pvt) Ltd 2019 Rs.	Total 2019 Rs.
Revenue	-	-	-	-	-	-
Other income			-	3,211,124	2,888,432	6,099,555
Expenses			-	(955,100)	(18,260,262)	(19,215,362)
Profit / (Loss) before tax from discontinue operations	-	-	-	2,256,023	(15,371,830)	(13,115,807)
Income tax expense	-	-	-	-	-	-
Profit / (Loss) after tax from discontinue operations	-	-	-	2,256,023	(15,371,830)	(13,115,807)
Profit / (loss) attributable to;						
Owners of the Company	-	-	-	1,775,781	(10,889,251)	(9,113,470)
Non Controlling Interest	-	-	-	480,242	(4,482,579)	(4,002,337)
	-	-	-	2,256,023	(15,371,830)	(13,115,807)

Gain on derecognition of investment of subsidiary

	2020 Rs.	2019 Rs.
Fair value of the Consideration received (net of costs)	-	631,203,439
Total identifiable Net assets of subsidiaries	-	(639,641,010)
Goodwill	-	(476,679,078)
Non Controlling Interest	-	171,490,000
Fair value of the remaining investment (equity accounted investee)	-	668,227,731
Gain on derecognition of investment of subsidiary	-	354,601,082

12 INCOME TAX BENEFITS (EXPENSE)

The Company and its Subsidiaries are liable for income tax at the rate of 14% on its business profit and at 28% on other sources of income as per the provisions of Inland Revenue Act No.24 of 2017.

	Group		Company	
	2020	2019	2020	2019
For the Year Ended 31 March	Rs.	Rs.	Rs.	Rs.
Current tax				
Income tax expense for the year (Note 12.1)	12,196,986	35,192,447	-	-
Withholding Tax on Dividends Paid by Subsidiaries	-	5,650,647	-	-
Under/(Over) provision in respect of previous year	529,100	-	-	-
	12,726,086	40,843,094	-	-
Deferred tax				
Origination & Reversal of temporary differences (Note 12.2)	(35,748,402)	(8,247,867)	-	-
Effect on reduction in tax rate	-	-	-	-
Charge for the year	(23,022,316)	32,595,227	-	-

12.1 Reconciliation between accounting profit and income tax on current year profit

	Group 2020	Group 2019	Company 2020	Company 2019
Profit/(Loss) before income tax	(436,897,690)	256,424,411	(74,274,806)	(35,365,556)
Non business income	(100,410,690)	(73,451,018)	(21,398,586)	-
Adjustment on Disallowable Expenses	520,224,761	191,804,931	8,627,029	875,794
Adjustment on Allowable Expenses	(153,439,370)	(35,117,380)	(614,518)	(6,453,726)
Exempt Income	(117,291,923)	(393,340,131)	-	(56,778,106)
Taxable profit on sale / transfer of PPE	122,860,560	31,500	122,860,560	-
Tax Profit/(loss) for the period	(164,954,352)	(53,647,687)	35,199,679	(97,721,594)
Adjustment of tax losses incurred	200,154,031	231,623,870	-	97,721,594
Taxable other income	95,729,561	91,432,427	21,398,586	18,033,989
Tax Losses utilized	(62,502,952)	(18,033,989)	(56,598,265)	(18,033,989)
Taxable Income	68,426,288	251,374,621	-	-
Tax Loss brought forward	1,333,964,236	1,157,255,435	631,519,487	551,831,882
Adjustments to b/f balance	(9,487,965)	-	(14,314,343)	-
Tax Losses utilized during the year	(56,598,265)	(18,033,989)	(56,598,265)	(18,033,989)
Loss incurred during the year	200,154,031	194,742,790	-	97,721,594
Tax Losses carried forward	1,468,032,037	1,333,964,236	560,606,879	631,519,487
Income tax @ 14%	7,899,428	35,192,447	-	-
Income tax @ 28%	4,297,558	-	-	-
Income tax on current year profits	12,196,986	35,192,447	-	-

Notes to the Financial Statements

12.2 Deferred Tax Charged to

For the Year Ended 31 March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Profit or loss	(35,748,402)	(8,247,867)	-	-
Other Comprehensive income	191,186,790	(120,116)	-	-
	155,438,388	(8,367,983)	-	-

13 EARNINGS/(LOSS) PER SHARE

Earnings/(Loss) per ordinary share has been calculated by dividing the loss attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

For the Year Ended 31 March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Profit / (Loss) attributable to equity holders of the Company (Rs.)	(348,868,078)	205,718,278	(74,274,806)	(35,365,556)
Weighted average number of ordinary shares in issue	180,030,942	180,030,942	180,030,942	180,030,942
Earnings / (Loss) per share (Rs.)	(1.94)	1.14	(0.41)	(0.20)

13.1 Diluted Earnings per share

There were no potentially dilutive ordinary shares as at 31st March 2020 and there have been no transactions involving ordinary shares or potential ordinary shares as at the reporting date which would require restatement of EPS.

14 PROPERTY, PLANT AND EQUIPMENT
14.1 Group

	Freehold Land	Free hold buildings	Building on leasehold land	Plant and machinery	Furniture and office equipment	Freehold motor vehicles	Equipment	Computers	Swimming pool	WIP	Total 2020	Total 2019
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost/ valuation												
As at 1st April 2019	4,622,555,000	1,452,485,317	1,924,452,429	154,639,783	265,858,574	22,649,000	238,814,085	46,310,994	35,774,064	4,336,989	8,767,876,235	8,897,714,907
Additions	-	-	140,118,877	23,291,234	1,487,292	-	5,609,781	3,395,365	-	555,493	174,458,042	48,345,547
Revaluations, net of taxes	967,525,000	263,242,040	(128,801,865)	-	-	-	-	-	-	-	1,101,965,175	-
Transfers	-	725,893	4,166,589	-	-	-	-	-	-	(4,892,482)	-	(118,686,978)
Disposals / impairment	-	-	(127,842,029)	(36,268,327)	(45,072,855)	-	(43,681,549)	(5,226,239)	-	-	(258,090,999)	(24,104,490)
Disposal of subsidiaries	-	-	-	-	-	-		-	-	-	-	(35,392,751)
As at 31st March 2020	5,590,080,000	1,716,453,250	1,812,094,001	141,662,690	222,273,011	22,649,000	200,742,317	44,480,120	35,774,064	-	9,786,208,453	8,767,876,235
Accumulated depreciation												
As at 1st April 2019	-	60,609,022	134,392,315	32,303,905	46,740,645	154,739	78,853,786	22,801,606	7,366,329	-	383,222,347	195,870,738
Charge for the year	-	30,281,619	65,482,380	15,365,835	21,349,521	92,800	31,835,256	13,026,943	3,877,995	-	181,312,349	211,609,037
Disposal of subsidiaries	-	-	-	-	-	-		-	-	-	-	(291,391)
Disposals	-	-	(27,514,206)	(9,113,909)	(11,549,250)	-	(16,572,210)	(2,526,792)	-	-	(67,276,367)	(23,966,037)
Depreciation on Revaluation	-	(90,890,641)	(172,360,489)	-	-	-	-	-	-	-	(263,251,130)	-
As at 31st March 2020	-	-	-	38,555,831	56,540,916	247,539	94,116,832	33,301,757	11,244,324	-	234,007,199	383,222,347
As at 31st March 2020	5,590,080,000	1,716,453,250	1,812,094,001	103,106,859	165,732,095	22,401,461	106,625,485	11,178,363	24,529,740	-	9,552,201,254	-
As at 31st March 2019	4,622,555,000	1,391,876,295	1,790,060,114	122,335,878	219,117,929	22,494,261	159,960,299	23,509,388	28,407,735	4,336,989	-	8,384,653,888

Notes to the Financial Statements

14.1.1 As a result of the COVID-19 outbreak globally during the quarter ending 31 March 2020, it has been identified that there is no permanent impairment of plant and equipment which requires provision in the financial statements based on re-assessment of the fair value of the Group's land and Buildings.

The Group does not foresee any indications of Impairment as at the reporting date due to the COVID-19 pandemic as more fully described note 40.

14.1.2 There were no capitalized borrowing costs related to the acquisition of Property Plant and Equipment during the year (2018/2019 - nil).

14.1.3 There were no restrictions on the title of the Property, Plant and Equipment as at 31 March 2020.

14.1.4 There were no items of Property, Plant and Equipment pledged as security as at 31 March 2020 other than disclosed in Note 28.1.

14.1.5 The gross carrying amount of fully depreciated property plant and equipment that is still in use for the Group/ Company as at 31st March 2020 was nil.

14.1.6 Freehold land and freehold building and Buildings on leasehold land of the Group were revalued by an independent professional valuer Mr. S. Sivaskantha, F.I.V. (Sri Lanka) of Perera Sivaskantha & Company, Incorporated valuers, on the basis of Market Approach as at 31st March 2020. The following table provides the fair value measurement hierarchy of the Group's Non financial assets.

As at 31 March 2020						
Name of the Company	**Asset Category**	**Date of valuation**	**Level 1**	**Level 2**	**Level 3**	**Total**
The Kandy Hotels Company (Pvt) Ltd	Freehold land	31 March 2020	-	-	5,590,080,000	5,590,080,000
	Freehold buildings	31 March 2020	-	-	1,716,453,250	1,716,453,250
United Hotels Company Ltd	Buildings on Lease Hold Land	31 March 2020	-	-	1,354,950,001	1,354,950,001
Tissa Resort (Pvt) Ltd	Buildings on Lease Hold Land	31 March 2020	-	-	292,644,000	292,644,000
CHC Foods (Pvt) Ltd	Buildings on Lease Hold Land	31 March 2020	-	-	164,500,000	164,500,000

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used for the Group in measuring Level 3 fair values, and the significant unobservable inputs used.

Name of the Company	Non financial assets	No of Buildings	Location	Valuation technique	Property valuer & Qualification	Significant unobservable inputs	Sensitivity of the input to the fair value
The Kandy Hotels (1938) PLC	Freehold land	-	Kandy	Open market value method	S Sivaskantha, Fellow Member of Institute of Valuation, Incorporated valuer	Price per perch of land	Estimated fair value would increase/ (decrease) if ;- Price per perch increases/ (decreases)
				This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.	S Sivaskantha, Fellow Member of Institute of Valuation, Incorporated valuer	Rs. 6,000,000/- - 14,000,000/-	
	Building	02	Kandy	Depreciated replacement cost method	S Sivaskantha, Fellow Member of Institute of Valuation, Incorporated valuer	Range Rs. 7,000/- - Rs.16,500/-	Estimated fair value would increase/ (decrease) if ;- Price per perch increases/ (decreases)
United Hotels Company Ltd	Building	01	Lake House Hotel, Parakrama Samudraya Pedesa, Polonnaruwa	Depreciated replacement cost method	S Sivaskantha, Fellow Member of Institute of Valuation of Sri Lanka, Incorporated valuer	Range Rs.25,000/= per sq. ft	Estimated fair value would increase/ (decrease) if ;- Price per perch increases/ (decreases)
	Building	01	The Surf at Beach Road, Bentota	Depreciated replacement cost method	S Sivaskantha, Fellow Member of Institute of Valuation of Sri Lanka, Incorporated valuer	Range Rs.6,000/= to Rs.24,500/= per sq. ft	Estimated fair value would increase/ (decrease) if ;- Price per perch increases/ (decreases)

Notes to the Financial Statements

Name of the Company	Non financial assets	No of Buildings	Location	Valuation technique	Property valuer & Qualification	Significant unobservable inputs	Sensitivity of the input to the fair value
	Building	01	The Lake at Pothgul Pedesa, New Town, Polonnaruwa	Depreciated replacement cost method	S Sivaskantha, Fellow Member of Institute of Valuation of Sri Lanka, Incorporated valuer	Range Rs.8,500/= to Rs.20,000/= per sq. ft	Estimated fair value would increase/ (decrease) if ;- Price per perch increases/ (decreases)
CHC Foods (Pvt) Ltd	Building	01	Hawella Rest House Low Level Road Hanwella	Depreciated replacement cost method	S Sivaskantha, Fellow Member of Institute of Valuation of Sri Lanka, Incorporated valuer	Range Rs.3,500/= to Rs.7,000/= per sq. ft	Estimated fair value would increase/ (decrease) if ;- Price per perch increases/ (decreases)
	Building	01	The Heritage Kandy Rd, Ambepussa Warakapola	Depreciated replacement cost method	S Sivaskantha, Fellow Member of Institute of Valuation of Sri Lanka, Incorporated valuer	Range Rs.3,000/= to Rs.23,500/= per sq. ft	Estimated fair value would increase/ (decrease) if ;- Price per perch increases/ (decreases)
Tissa Resort (Pvt) Ltd	Building	01	The Safari at Kataragama Road, Tissamaharama	Depreciated replacement cost method	S Sivaskantha, Fellow Member of Institute of Valuation of Sri Lanka, Incorporated valuer	Range Rs.6,500/= to Rs.20,000/= per sq. ft	Estimated fair value would increase/ (decrease) if ;- Price per perch increases/ (decreases)

Depreciated replacement cost method

The Depreciated replacement cost method works on the basis that a property's value can be equated to its cost. Valuer assesses the cost of the building if it would have constructed in the current year, and deduct margin for usage of the property based on the respective year of construction.

14.1.7 Value of land and building ownership

Name of the Company	Location	Property	Ownership	Extent	Carrying value As at 31st March 2020- Rs.
The Kandy Hotels (1938) PLC	Hotel Suisse - No 30, Sangaraja Mawatha, Kandy.	Land	Freehold	429.85 Perches	2,579,100,000
		Building	Freehold	80,861.5 Sq.ft	841,300,000
	Hotel Queen's - No 04, Dalada Vidiya, Kandy.	Land	Freehold	215.07 Perches	3,010,980,000
		Building	Freehold	114,885.5 Sq.ft	875,153,250
United Hotels Company Ltd	The Lake Hotel Pothgul Pedesa, New Town, Polonnaruwa	Building	Lease Hold	31,533 Sq ft	174,250,000
	The Lake House Hotel, Parakrama Samudraya Pedesa, Polonnaruwa	Building	Lease Hold	15,344 Sq ft	136,500,000
	The Surf Hotel, Beach Road, Bentota	Building	Lease Hold	82,334 Sq ft	1,044,200,001
CHC Foods (Pvt) Ltd	Heritage Ambepussa & Avanhala Kandy road, Ambepussa Warakapola	Building	Lease Hold	29,035 Sq ft	150,000,000
	Hawella Rest HouseLow Level Roard Hanwella	Building	Lease Hold	9,531 Sq ft	14,500,000
Tissa Resort (Pvt) Ltd	The Safari, Kataragama Road, Tissamaharama	Building	Lease Hold	48,497.5 Sq ft	292,644,000

14.2 Company

As at 31st March	Furniture fittings and fixtures Rs.	Computers Rs.	Total 2020 Rs.	Total 2019 Rs.
Cost/ Valuation				
As at 1st April	36,171	14,500	50,671	36,171
Additions	-	-	-	14,500
As at 31st March	36,171	14,500	50,671	50,671
Accumulated Depreciation				
As at 1st April	15,875	143	16,018	12,220
Charge for the year	3,627	2,908	6,535	3,798
As at 31st March	19,502	3,051	22,553	16,018
Carrying Amount				
As at 31st March 2020	16,669	11,449	28,118	-
As at 31st March 2019	20,296	14,357	-	34,653

Notes to the Financial Statements

14.2.1 Based on the assessment carried out internally, by the Board Of Directors no provision was required for the potential impairment of fixed assets as at 31st March 2020.

14.2.2 There were no capitalized borrowing costs related to the acquisition of Property Plant and Equipment during the year (2018/2019 - nil).

14.2.3 There were no restrictions on the title of the Property, Plant and Equipment as at 31st March 2020.

15 INTANGIBLE ASSETS

As at 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Computer Software (15.1)	25,454,248	32,054,999	-	-
Goodwill on Acquisition (15.2)	451,859	451,859	-	-
Total	25,906,107	32,506,858	-	-

15.1 Computer Software

	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Cost				
At the beginning of the year	54,243,029	50,898,453	23,460	23,460
Acquired/ incurred during the year	101,999	3,344,576	-	-
As at 31st March	54,345,028	54,243,029	23,460	23,460
Amortization				
At the beginning of the year	22,188,030	12,521,418	23,460	23,460
Amortization for the year	6,702,750	9,666,612	-	-
At the end of the year	28,890,780	22,188,030	23,460	23,460
Net book Value as at 31st March	25,454,248	32,054,999	-	-

15.2 Goodwill

As at 31st March	2020 Rs.	2019 Rs.
Ceylon Hotels Maldives (Pvt) Ltd	451,859	451,859
	451,859	451,859

15.2.1 Goodwill as at the reporting date has been tested for impairment and no impairment was found in carrying value.

16 LEASE HOLD RIGHT OVER LAND

As at 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Balance at the beginning of the Period	590,179	324,270,343	-	-
Transferred to Right of use asset	(590,179)	-	-	-
Amortization during the period	-	(5,852,235)	-	-
Disposal of Subsidiaries	-	(317,827,929)	-	-
Balance at the end of the Period	-	590,179	-	-

16.1 On 20 August 2013, the Government of Maldives and Handhuvaru Ocean Private Limited entered into an agreement. Accordingly, the lease hold right of the island of Ambaraa in Vaavu Atoll held by Handhuvaru Ocean Holidays Pvt Ltd has been assigned to the Joint Venture Company, Handhuvaru Ocean Holidays Pvt Ltd. Further, Handhuvaru Ocean Pvt Ltd has agreed to pay USD 1,874,000/= to the company as an acquisition fee.

16.2 Right of use assets

As at 31st March	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Balance at the beginning of the Period	-	-	-	-
Recognition on initial al application on of SLFRS 16 - Leases	5,729,602	-	-	-
Adjusted balance at the beginning of the Period	5,729,602	-	-	-
Transferred from Lease hold right over land	590,179	-	-	-
Remeasurement of Right of use asset	119,482,026	-	-	-
Amortization during the period	(3,240,677)	-	-	-
Balance at the end of the Period	122,561,130	-	-	-

Right of Use Assets are in respect of following properties, which are currently on lease with Sri Lanka Tourism Development Authority.

- The Surf – Bentota
- The Safari – Tissa
- The Lake – Polonnaruwa
- The Lake House – Polonnaruwa
- Hanwella Rest House
- Ambepussa Rest House

17 INVESTMENTS IN SUBSIDIARIES

	Market Value 2020 Rs.	No. of shares Company 2020	No. of shares Company 2019	Effective Holding % 2020	Effective Holding % 2019	Company 2020 Rs.	Company 2019 Rs.
Direct - Subsidiaries							
Kandy Hotels Co. (1938) PLC.	2,128,306,425	401,567,250	401,567,250	69.54%	69.54%	1,402,654	1,402,654
United Hotels Co. Ltd.		30,374,967	30,374,967	67.51%	67.51%	837,945,552	837,945,552
Air Line Services Ltd.		150,003	150,003	100.00%	100.00%	300,000	300,000
CHC Foods (Pvt) Ltd.		7,000,001	7,000,001	100.00%	100.00%	70,000,010	70,000,010
Sub - Subsidiaries							
Tissa Resort (Pvt) Ltd.				78.71%	78.71%	-	-
Ceylon Hotel Maldives (Pvt) Ltd				78.71%	78.71%	-	-
Suisse Hotel (Pvt) Ltd				69.54%	69.54%	-	-
						909,648,216	909,648,216
Provision for impairment (17.1)						(300,000)	(300,000)
						909,348,216	909,348,216

Notes to the Financial Statements

17.1 Provision for Impairment

	2020 Rs.	2019 Rs.
At the beginning of the year	300,000	300,000
Provision for the year	-	-
As at 31st March	300,000	300,000

Investment in Airline services (Pvt) Ltd amounting Rs.300,000/- has been provided fully for the impairment during the year ended 31st March 2018 as the operations of the said entity has been ceased.

17.2 Principal Subsidiaries

The following disclosure excerpt highlights the group composition and the proportion of ownership interests held by NCI as at 31st March 2020.

Company and Country of Incorporation/ Operation	Principal Activities	Class of Shares Held	Proportion of interest held by the Company	Group Interest (%)	Non-controlling interest (%)	Proportion of interest held by the Company	Group Interest (%)	Non-controlling interest (%)
Sri Lanka								
United Hotels Co. Ltd	Hotel Services	Ordinary	67.51%	78.71%	21.29%	67.5%	78.7%	21.29%
Tissa Resort (Pvt) Ltd	Hotel Services	Ordinary	-	78.71%	21.29%	-	78.7%	21.29%
Kandy Hotels Co.(1938) PLC	Hotel Services	Ordinary	69.54%	69.54%	30.46%	69.5%	69.5%	30.46%
Suisse Hotel (Pvt) Ltd	Hotel Services	Ordinary	-	69.54%	30.46%	-	69.5%	30.46%
Ceylon Hotels Maldives (Pvt) Ltd	Hotel Services	Ordinary	-	78.71%	21.29%	-	78.7%	21.29%

17.3 Summary financial information for subsidiaries that have non-controlling interests that are material to the Group.

The following table summarises the information relating to the Group's subsidiaries that have material NCI, before any intra-group eliminations.

As at 31st March 2020	**United Hotels Co. Ltd Rs.**	**Tissa Resort (Pvt) Ltd Rs.**	**The Kandy Hotels Co. (1938) PLC Rs.**	**Suisse Hotel (Pvt) Ltd Rs.**
NCI percentage	21.29%	21.29%	30.46%	30.46%
Total Assets	3,453,025,620	366,000,256	9,567,941,530	359,309,216
Total Liabilities	1,199,775,147	262,092,345	1,527,107,738	9,321,320
Net Assets	2,253,250,473	103,907,911	8,040,833,792	349,987,896
Net Assets attributable to NCI	479,651,817	22,118,987	2,449,603,465	106,622,222
Revenue	376,939,047	86,032,672	410,663,517	-
Profit/(Loss)	(110,150,919)	(41,548,489)	26,870,689	(164,375)
OCI	634,098	(264,284)	(176,543,948)	-
Total Comprehensive Income	(109,516,821)	(41,812,773)	(149,673,259)	(164,375)
Profit attributable to NCI	(23,447,943)	(8,844,471)	8,186,033	(50,076)
OCI attributable to NCI	134,981	(56,258)	(53,783,311)	-
Cash flows from operating activities	123,274,825	3,082,125	55,017,285	64,625
Cash flows from investment activities	(74,103,861)	(3,164,765)	65,821,792	-
Cash flows from financing activities	226,156,230	12,065,000	110,712,589	-
Net increase (decrease) in cash and cash equivalents	275,327,194	11,982,360	231,551,666	64,625
Dividends paid to NCI during the year	-	-	-	-

As at 31st March 2019	**United Hotels Co. Ltd Rs.**	**Tissa Resort (Pvt) Ltd Rs.**	**Kandy Hotels Co.(1938) PLC Rs.**	**Suisse Hotel (Pvt) Ltd Rs.**
NCI percentage	21.29%	21.29%	30.46%	30.46%
Total Assets	3,082,943,116	342,118,257	8,364,874,975	359,404,592
Total Liabilities	931,058,649	237,097,586	1,359,392,478	9,252,321
Net Assets	2,151,884,467	105,020,671	7,005,482,497	350,152,271
Net Assets attributable to NCI	458,073,927	22,355,862	2,134,188,397	106,672,298
Revenue	525,021,273	118,619,939	703,479,627	-
Profit/(Loss)	(22,335,042)	(31,115,486)	175,443,333	(146,013)
OCI	(1,155,463)	(27,388)	37,368	-
Total Comprehensive Income	(23,490,505)	(31,142,874)	175,480,701	(146,013)
Profit attributable to NCI	(4,754,484)	(6,623,586)	53,448,014	(44,482)
OCI attributable to NCI	(245,965)	(5,830)	11,384	-
Cash flows from operating activities	(13,282,219)	35,254,548	120,271,818	3,777,492
Cash flows from investment activities	(24,493,673)	(750,991)	6,357,680	-
Cash flows from financing activities	(160,798,142)	(35,520,000)	(132,487,507)	-
Net increase (decrease) in cash and cash equivalents	(198,574,034)	(1,016,444)	(5,858,010)	3,777,492
Dividends paid to NCI during the year			(17,590,652)	

Notes to the Financial Statements

17.4 Investment in Equity Accounted Investees

17.4.1 Principal joint Venture

As at 31st March 2020

The following disclosure excerpt highlights for material joint venture and the proportion of ownership interests held by joint venture.

			2020		2019	
Company and Country of Incorporation/Operation	**Principal Activities**	**Class of Shares Held**	**Proportion of class held by the Company**	**Group Interest (%)**	**Proportion of class held by the Company**	**Group Interest (%)**
Sri Lanka						
Suisse Hotel Kandy (Pvt) Limited	Hotel Services	Ordinary	-	35%	-	35%
Ceylon Holiday Holdings (Pvt) Limited	Hotel Services	Ordinary	50%	50%	50%	50%
Maldives						
Handhuvaru Ocean Holidays (Pvt) Ltd	Hotel Services	Ordinary	-	39%	-	39%

As at 31st March	Handuvaru Ocean Holidays		Suisse Hotel Kandy (Pvt) Limited		Ceylon Holiday Holdings (Pvt) Limited		Total	
	2020 (Rs.)	2019 (Rs.)	2020 (Rs.)	2019 (Rs.)	2020 (Rs.)	2019 (Rs.)	2020 (Rs.)	2019 (Rs.)
No of Shares	2,294,535	2,294,535	142,130,001	142,130,001	198,800,129	198,800,129		
Share Holding	39%	39%	35%	35%	50%	50%		
Opening Balance	612,910,560	-	280,361,334	330,561,230	135,251,849	128,986,820	1,028,523,743	459,548,050
During the year investment	282,211,204	668,227,731	-	-	-	-	282,211,204	668,227,731
Share Application Fund	-	-	-	-	(35,527,850)	35,527,850	(35,527,850)	35,527,850
Impairment provision	(105,433,223)	-	-	-	-	-	(105,433,223)	-
Operating Profit (losses) for the year	(5,914,974)	(94,428,073)	(99,255,835)	(49,672,271)	(13,105,255)	(29,310,098)	(118,276,064)	(173,795,083)
Other Comprehensive income net of tax	(3,322,677)	39,110,902	20,136,905	(142,984)	109,602,799	47,277	126,417,027	39,015,195
Transactions Directly Recorded in Equity - IFRS 16 Impact	-	-	-	-	8,383,495	-	8,383,495	-
	780,450,890	612,910,560	201,242,404	280,361,334	204,605,038	135,251,849	1,186,298,332	1,028,523,743
Share of Joint Venture's Balance Sheet								
Current Asset	396,397,996	347,318,560	105,593,324	128,012,326	129,207,027	184,457,062	631,198,347	659,787,948
Non Current Asset	1,091,441,720	781,853,962	1,757,377,759	1,776,512,043	840,721,050	512,660,242	3,689,540,529	3,071,026,247
Current Liabilities	(1,069,216)	(2,307,582)	(220,720,956)	(274,005,096)	(307,687,788)	(237,188,139)	(529,477,960)	(513,500,817)
Non Current Liabilities	(248,622,512)	(434,664,058)	(1,239,765,319)	(1,069,796,606)	(253,030,214)	(189,425,468)	(1,741,418,045)	(1,693,886,132)
Net Assets (100%)	1,238,147,988	692,200,882	402,484,808	560,722,667	409,210,075	270,503,698	2,049,842,871	1,523,427,247
Group's share of net assets	619,073,994	346,100,441	201,242,404	280,361,334	204,605,038	135,251,849	1,024,921,436	761,713,623
Goodwill	161,376,896	266,810,119	-	-	-	-	161,376,897	266,810,120
Share of net asset attributable to equity accounted investee	780,450,890	612,910,560	201,242,404	280,361,334	204,605,038	135,251,849	1,186,298,332	1,028,523,743

As at 31st March	Handuvaru Ocean Holidays		Suisse Hotel Kandy (Pvt) Limited		Ceylon Holiday Holdings (Pvt) Limited		Total	
	2020 (Rs.)	2019 (Rs.)	2020 (Rs.)	2019 (Rs.)	2020 (Rs.)	2019 (Rs.)	2020 (Rs.)	2019 (Rs.)
Joint Venture's Revenue and Loss								
Revenue	-	-	275,354,971	561,456,332	185,203,726	146,757,020	460,558,697	708,213,352
Losses before income tax	(11,829,948)	(188,856,146)	(198,511,669)	(100,113,824)	(37,011,491)	(58,620,196)	(247,353,108)	(347,590,166)
Income tax	-	-	-	-	10,800,980	-	10,800,980	-
Profit /(Loss) after tax	(11,829,948)	(188,856,146)	(198,511,669)	(100,113,824)	(26,210,511)	(58,620,196)	(236,552,128)	(347,590,166)
Other comprehensive income net of tax	(6,645,354)	78,221,804	40,273,809	(285,968)	219,205,598	94,554	252,834,053	78,030,390
Total comprehensive income for the year	(18,475,302)	(110,634,342)	(158,237,860)	(100,399,792)	192,995,087	(58,525,642)	16,281,925	(269,559,776)
Group Share of Profit /(Loss) after tax	(5,914,974)	(94,428,073)	(99,255,835)	(50,056,912)	(13,105,256)	(29,310,098)	(118,276,064)	(173,795,083)
Group Share of Total comprehensive income net of tax for the year	(3,322,677)	39,110,902	20,136,905	(142,984)	109,602,799	47,277	126,417,027	39,015,195
Share of Joint Venture's Total comprehensive income for the year	(9,237,651)	(55,317,171)	(79,118,930)	(50,199,896)	96,497,544	(29,262,821)	8,140,963	(134,779,888)

17.4.1 Investments in Joint Venture

As at 1st March	Company 2020 Rs.	2019 Rs.
Ceylon Holiday Holdings (Pvt) Limited		
Opening balance as at 1st April	329,497,174	329,497,174
Share Application Fund	-	-
During the year investment	-	-
Fair Value Loss	-	-
Closing balance as at 31st March	329,497,174	329,497,174

17.4.1.1 Valuation technique and significant unobservable inputs

Following table shows the valuation technique used in measuring level 3 fair value of the Investment in Joint Venture and as well as the significant unobservable inputs used, including a sensitivity analysis on possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, on Other comprehensive income.

Type	Valuation Technique	Significant unobservable inputs
Investment In Joint Venture	Discounted Cash Flows	
	The valuation model considers the present value of expected net cash flows from the investment discounted using a risk adjusted discount rate. The expected cash flows are derived based on the budgeted cash flow forecasts of those investments determined by considering the sensible probability of the forecast EBITDA.	Forecast annual revenue growth rate (5%-7%) Forecast annual EBITDA growth rate (4%-8%) Discount Rate (12%)

Notes to the Financial Statements

18 INVESTMENT PROPERTY

As at 31st March	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Opening Balance	-	-	146,759,998	156,564,998
Additions made during the year	-	-	-	-
Change in Fair Value	-	-	(7,224,998)	(9,805,000)
Disposal during the year	-	-	(139,535,000)	-
Closing Balance	-	-	-	146,759,998

As at 31st March	Company					
	2020			2019		
	Building	Other Assets	Total	Building	Other Assets	Total
Balance as at1st April 2019	85,534,999	61,224,999	146,759,998	85,534,999	71,029,999	156,564,998
Change in Fair Value	-	(7,224,998)	(7,224,998)	-	(9,805,000)	(9,805,000)
Disposal during the year	(85,534,999)	(54,000,001)	(139,535,000)	-	-	-
Balance as at 31st March 2020	-	-	-	85,534,999	61,224,999	146,759,998

18.1 Investment Property Details as follows

18.1.1 The Company's part of Investment Property has been accounted for as Property, Plant and Equipment in the Financial Statements of the Group in view of it being owner occupied property from the Group's point of view.

18.1.2 Rental Income earned from Investment Property by the Company amounted to Rs. 4,402,801/- (2018/2019 Rs. 4,696,950)

18.1.3 Direct operating expenses incurred with regard to investment property by the company amounted to Rs.156,021/- (2018/2019 - 149,305/-)

18.1.4 Investment properties above is carried ad fair value. Fair value of the Investment Property is ascertained by an independent valuation carried out by S. Sivaskantha, Fellow Member of Institute of Valuation of Sri Lanka, Incorporated valuer as at 31st March 2020. Based on the assessment carried out by S. Sivaskantha the Board of Directors of the company decided that sales price of comparative properties and the relevant assumptions has not changed significantly during the year 2019/20. A fair value loss of Rs. 7,224,998/- was recognised due to the deterioration of Plant and Machinery, Equipment and Furniture.

18.1.5 Investment properties has been transferred to subsidiary companies United Hotels Co. Ltd & CHC Foods (Pvt) Ltd at the said fair values.

18.1.6 The following table shows the valuation techniques used for the company in measuring Level 3 fair values, and the significant unobservable inputs used for investment property as at 31st March 2020.

Location	Property	Valuation technique	Property valuer & Qualification	Significant unobservable inputs	Sensitivity of the input to the fair value
Lake House Hotel Bund Road, Old Town, Polonnaruwa	Building	Depreciated replacement cost method	S Sivaskantha, Fellow Member of Institute of Valuation of Sri Lanka, Incorporated valuer	Range Rs.25,000/= per sq. ft	Estimated fair value would increase/ (decrease) if ;- Price per perch increases/ (decreases)
The Heritage Kandy Rd, Ambepussa Warakapola	Building	Depreciated replacement cost method	S Sivaskantha, Fellow Member of Institute of Valuation of Sri Lanka, Incorporated valuer	Range Rs.3,000/- Rs.23,500/= per sq. ft	Estimated fair value would increase/ (decrease) if ;- Price per perch increases/ (decreases)
EKHO Surf, Beach road, Bentota	Building	Depreciated replacement cost method	S Sivaskantha, Fellow Member of Institute of Valuation of Sri Lanka, Incorporated valuer	Range Rs.6,000/- Rs.24,500/= per sq. ft	Estimated fair value would increase/ (decrease) if ;- Price per perch increases/ (decreases)

18.2 Investment Property Details as follows

18.2.1 Leasehold property

Location	Extent	Classification Company	Classification Group
Polonnaruwa Rest House			
Land is situated on border of "Parakrama Samudrya"	Buildings area- 15,344 sq.ft	Investment property	Property, Plant and Equipment
Ambepussa Rest House			
Land is situated on 58 Km from Colombo in Kandy - Colombo A 1 Main Road	Buildings area- 22,259sq.ft	Investment property	Property, Plant and Equipment
Surf Hotel			
The property is situated in the village of Pita-aramba within the Pradeshiya Sabha Limits of Bentota,	Buildings area- 82,334 sq.ft	Investment property	Property, Plant and Equipment

19 DEFERRED CONVERSION FEE (RELATED TO COMPARATIVE PERIOD RESULTS)

As at 31st March	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Gross carrying amount at cost				
Conversion fees on the operation lease (note 19.1)	-	177,446,233	-	-
Charge to statement of comprehensive income	-	(1,931,779)	-	-
Disposal of Subsidiaries	-	(175,514,454)	-	-
Net book value	-	-	-	-

Notes to the Financial Statements

19.1 On 21 March 2013, the government of Maldives and Handhuvaru Ocean Holidays Pvt Ltd entered into an agreement to form joint venture company, Handhuvaru Ocean Private Limited to develop and operate a tourist resort on the island Ambaraa in Vaavu Atoll.

On 20 August 2013, the government of Maldives and Handhuvaru Ocean Private Limited entered into an agreement. Accordingly the lease hold rights of the island of Ambaraa in Vaavu Atoll held by Handhuvaru Ocean Holidays Pvt Ltd has been assigned to Handhuvaru Ocean Pvt ltd for period of 50 years commencing from 20 August 2013 to develop and operate a tourist resort on the island as per terms of the agreement conversion fee amounting to USD 1,274,273/- is payable to the Government of Maldives.

As at 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Gross carrying amount at cost				
Conversion fees on the operation lease (note 19.1)	-	177,446,233	-	-
Charge to statement of comprehensive income	-	(1,931,779)	-	-
Disposal of Subsidiaries	-	(175,514,454)	-	-
Net book value	-	-	-	-

20 INVENTORIES

As at 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Food	6,200,222	18,644,602	-	-
Beverages	11,625,593	6,406,717	-	-
Crockery, linen and glassware	46,780,398	51,520,407	-	-
Sundry stock	11,864,281	12,235,060	-	-
	76,470,494	88,806,786	-	-
Provision for slow moving stocks	(64,973)	(68,059)	-	-
	76,405,521	88,738,727	-	-

Even though the Group has closed the Hotel in the last week of the March due to the Covid-19 pandemic, no provision is recognized on above inventory items as Majority is not perishable and subsequently utilized for the operations.

21 TRADE & OTHER RECEIVABLES

As at 31st March	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Accounts receivables (21.1)	94,827,159	197,455,960	-	-
Other receivables (21.2)	60,268,854	81,019,208	5,374,103	9,712,483
	155,096,013	278,475,168	5,374,103	9,712,483

21.1 Accounts receivables

	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Trade receivable	99,339,192	201,432,696	-	-
Less: Provision for Impairment of trade receivables (21.3)	(4,512,033)	(3,976,736)	-	-
	94,827,159	197,455,960	-	-

As at 31st March	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
21.2 Advances and deposits	28,794,208	38,904,284	-	-
Others	32,343,151	45,986,349	5,374,103	9,712,483
Less: Provision for bad & doubtful debts	(868,505)	(3,871,425)	-	-
	60,268,854	81,019,208	5,374,103	9,712,483

21.3 Provision for Impairment of trade receivables

	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Balance as at the beginning of the year	3,976,736		-	-
Provision during the year	535,296	(3,976,736)	-	-
Balance as at the end of the year	4,512,033	(3,976,736)	-	-

Management has carried out an impairment provision based on the simplified approach of ECL method and impairment provision of Rs. 4,512,033/- has been accounted for trade debtors as the ECL. (2019 - Rs. 3,976,736/-)

Management has carried out an impairment provision based on the simplified approach of ECL method. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Management considered 100% ECL for debtors aged more than 180 days in determining the provision matrix for ECL.

The Group has considered the current decline in the tourism industry due to the impact of Covid19 pandemic as a specific factor to the economic environment. The Management has monitored the effect of the global economic downturn to its travel agents through frequent discussions with them and based on the financial strength and negotiated the payment terms and future arrangements accordingly. All above receivables are due from well established travel agents. The Management has considered the subsequent settlements of receivables and results of negotiations with travel agents on arriving the default rates.

Notes to the Financial Statements

22 AMOUNTS DUE FROM RELATED COMPANIES

As at 31st March	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
United Hotels Co Ltd	-	-	89,520,350	39,714,935
Galle Face Group (Pvt) Ltd	3,467,179	-	14,341	-
Studio clay (Pvt) Ltd	184,261	-	12,265	-
CHC Foods (Pvt) Ltd	-	-	102,885,783	10,198,786
Tissa Resort (Pvt) Ltd	-	-	28,456,667	37,850,830
CHC Rest Houses (Pvt) Ltd	31,367,874	31,197,133	29,131,398	30,536,094
Ceylon Holiday Holdings (Pvt) Ltd	43,811,361	1,374,894	43,811,361	36,902,744
Galle Face Hotel 1994 (Pvt) Ltd	5,716,723	-	-	-
Ceylon Hotel Holdings (Pvt) Ltd	203,194,333	378,858,887	189,357,953	243,140,796
Total Amounts due from related companies	287,741,731	411,430,914	483,190,118	398,344,185
Less: Provision for amounts due from related companies	-	-	(9,759,686)	(9,573,987)
	287,741,731	411,430,914	473,430,432	388,770,198

22.1 Advances on Pending Capitalization

	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Handhuvaru Ocean Holidays (Pvt) Ltd	-	269,955,309	-	-
	-	269,955,309	-	-

23 INCOME TAX RECOVERABLE

As at 31st March	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Balance at the beginning of the period	1,356,305	1,286,586	-	-
Over Provision for the period	-	69,719	-	-
WHT receivables	1,528,013	-		-
Write offs during the period	(704,159)	-	-	-
Balance at the end of the period	2,180,159	1,356,305	-	-

24 ASSETS HELD FOR SALE

As at 31st March	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Balance at the beginning of the period	86,178,102	86,178,102	86,178,102	86,178,102
Transferred during the year	(86,178,102)	-	(86,178,102)	-
Balance at the end of the period	-	86,178,102	-	86,178,102

24.1 Company has classified land and buildings located in Waligama,Madawachchiya & Mihintala as financial assets valued at FVOCI since the carrying amount of the assets will be recovered principally through a sale transaction rather than through continuing use. As the Buyer has paid the full amount to acquire the said property on 28th August 2014. Process of ownership transfer to the buyer was in progress all this while and was completed during the financial year ended 31st March 2020.

25 CASH & CASH EQUIVALENTS

As at 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Cash at banks	1,013,612,524	826,382,588		23,620
Cash in hand	3,111,863	5,816,921	-	-
	1,016,724,387	832,199,509	-	23,620
Bank Overdrafts	(66,216,813)	(621,115,013)	(173,162)	(806,070)
Cash & cash equivalents for cash flow purpose	950,507,574	211,084,496	(173,162)	(782,450)

26 STATED CAPITAL

As at 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Ordinary shares (180,030,942)	360,210,821	360,210,821	360,210,821	360,210,821
6% Preference shares (1,200,000 Shares)	2,400,000	2,400,000	2,400,000	2,400,000
	362,610,821	362,610,821	362,610,821	362,610,821

26.1 All shares rank equally with regard to the Company's residual assets, except that preference shareholders participate only to the extent of the face value of the shares.

26.2 The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's shares that are held by the Group, all rights are suspended until those shares are reissued.

27 RESERVES

As at 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Revaluation reserve	5,313,273,770	4,439,040,030	-	-
Capital reserve	8,128,011	8,128,011	8,128,011	8,128,011
FVOCI Reserve	-	-	204,167,021	204,167,021
Foreign Currency Equalization Reserve	28,169,948	30,785,322	-	-
General reserve	167,079,660	167,079,660	166,718,393	166,718,393
	5,516,651,389	4,645,033,024	379,013,425	379,013,425

27.1 Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment immediately before its reclassification as investment property.

27.2 Capital reserve

The capital reserve relates to funds set aside by the group for long term capital investment or other large and anticipated expenses that will be incurred in the future.

Notes to the Financial Statements

27.3 FVOCI Reserve

The fair value through OCI reserve comprises the cumulative net change in the fair value of financial assets valued at fair value through OCI until the assets are derecognized or impaired.

27.4 Foreign Currency Equalization Reserve

The foreign currency translation reserve comprise of all foreign exchange difference arising from the translation of the financial statements of foreign operations.

27.5 General reserve

The general reserve relates to retained earnings set aside by the Group.

28 INTEREST BEARING BORROWINGS

	Group		Company	
As at 31st March	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Analysis of interest bearing borrowings				
Balance at the beginning of the year	1,081,766,888	1,342,188,785	-	-
Obtained during the year	310,207,584	51,736,890	-	-
Interest moratorium loan	148,184,294	-	-	-
Exchange loss	26,781,880	10,316,246	-	-
Recognition of government grant	(10,557,172)	-	-	-
Repayments during the year	(19,735,000)	(322,475,033)	-	-
Balance at the end of the period	1,536,648,474	1,081,766,888	-	-
Payable after one year	1,536,648,474	1,081,766,888	-	-
Payable within one year	-	-	-	-

28.1 Interest bearing borrowing

Debt moratorium for Covid-19 relief for tourism industry

The Government of Sri Lanka has proposed debt moratorium as a relief to industries affected by Covid 19 pandemic. Under that proposal the Group/ Comapny has agreed with the banks to further 12 months grace period (debt moratorium) effective from 01 April 2020 as the Company operated in the tourism industry.

Financial institution	Repayment terms	Principal (Rs) Rs.	Rate	Security	Closing balance as at 31st March 2020 Rs.
Tissa Resort (Pvt) Ltd					
Commercial Bank of Ceylon PLC (Term Loan)	21 equal monthly installments of Rs 2.5 Mn commence from April 2021	216,500,000	1% +AWPLR*	Mortgage of Leasehold rights over the "The Safari" property and a Corporate Guarantee of Rs 216.5 Mn from Ceylon Hotels Corporation PLC	58,420,000
Commercial Bank of Ceylon PLC (Term Loan)	34 equal monthly instalments of Rs 0.835 Mn and Final instalment of Rs 0.735 Mn from April 2021	50,000,000	2.5% + AWPLR	Mortgage of Leasehold rights over the "The Safari" property and a Corporate Guarantee of Rs 216.5 Mn from Ceylon Hotels Corporation PLC	29,125,000

Financial institution	Repayment terms	Principal (Rs) Rs.	Rate	Security	Closing balance as at 31st March 2020 Rs.
Commercial Bank of Ceylon PLC (Term Loan)	Rs 500,000 x 05 months Rs 972,222 x 17 months Rs 972,226 x 01 month	20,000,000	3.46% fixed	Mortgage of Leasehold rights over the "The Safari" property and a Corporate Guarantee of Rs 216.5 Mn from Ceylon Hotels Corporation PLC	18,500,000
Commercial Bank of Ceylon PLC (Interest Moratorium Loan)	Repayment Terms & Interest on the loan to be decided in March 2021				8,802,465
					114,847,465
United Hotels Company Ltd.					
Commercial Bank of Ceylon PLC (Term Loan)	47 equal monthly installments of Rs 1.25 Mn commence from April 20201	75,000,000	2.5% + AWPLR	Primary mortgage bond over leasehold rights of "The Lake House" Polonnaruwa property owned by the Sri Lanka Tourism Development Authority for Rs 75 Mn and Corporate guarantee of Rs 75 Mn from Ceylon Hotels Corporation PLC	58,750,000
Commercial Bank of Ceylon PLC (Term Loan)	Rs 500,000 x 05 months Rs 972,222 x 17 months Rs 972,226 x 01 month	20,000,000	3.46% fixed	Corporate guarantee from Ceylon Hotels Corporation PLC for Rs 3.75 Mn and primary mortgage bond over leasehold rights of "The Lake House" Polonnaruwa property owned by the Sri Lanka Tourism Development Authority for Rs 75 Mn	19,000,000
Commercial Bank of Ceylon PLC (Interest Moratorium Loan)	Repayment Terms & Interest on the loan to be decided in March 2021				8,852,426
Cargills Bank Limited (Term Loan)	78 equal principal instalments (commencing from April 2021)	US $ 1,500,000	6 months LIBOR +4.1%	Primary floating mortgage bond for USD.1.5 Million over the leasehold property "The Surf" and Corporate guarantee of Rs. 394 Mn from Ceylon Hotels Corporation PLC	288,669,180
Cargills Bank Limited (Term Loan)	Rs 5,833,333.33 x 59 months Rs 5,833,333.53 x 1 month (commencing from April 2021)	350,000,000	3%+ AWPLR	Corporate guarantee from Ceylon Hotels Corporation PLC for Rs. 350 Mn	350,000,000
Cargills Bank Limited (Term Loan) - Interest Moratorium Loan)	Repayment Terms to be decided in March 2021	74,200,000	3%+ AWPLR	Corporate guarantee from Ceylon Hotels Corporation PLC for Rs. 52 Mn and USD 120,000	59,517,015
					784,788,621

Notes to the Financial Statements

Financial institution	Repayment terms	Principal (Rs) Rs.	Rate	Security	Closing balance as at 31st March 2020 Rs.
The Kandy Hotels Co (1938) PLC					
Sampath Bank PLC	Loan to be repaid in 61 equal monthly installments of Rs 8.3 Mn and a final installment f Rs 10.7 Mn from April 2021	600,000,000	2% + AWPLR	Mortgage over Shares of United Hotels Co. Ltd (48,000,000 no. shares) for Rs 600 Mn, negative pledge over immovable properties of the Company and a Corporate guarantee issued by Ceylon Hotels Corporation PLC for Rs 595.5 Mn	517,000,000
Sampath Bank PLC (Debt Moratorium Facility)	60 equal monthly installments	78,500,000	10% p.a	Mortgage over Shares of United Hotels Co. Ltd (48,000,000 no. shares) for Rs 600 Mn, negative pledge over immovable properties of the Company and a Corporate guarantee issued by Ceylon Hotels Corporation PLC for Rs 595.5 Mn	60,420,267
Commercial Bank PLC	Rs 1,000,000 x 05 months Rs 1,500,00 x 17 months Rs 2,875,000 x 01 month	50,000,000	3.46% fixed	Corporate Guarantee for Rs.50,000,000 to be signed by Ceylon Hotels Corporation PLC. Primary Floating Mortgage Bond for Rs.50,000,000/- to be obtained over debit and credit card sales of the total operations at "Queens Hotel and Swiss Hotel"	49,000,000
Commercial Bank PLC (Interest Moratorium)	12 months grace period till March 2021 and repayment terms to be decided in March 2021.		11.5% Fixed	Corporate Guarantee of Rs 14 Mn from Ceylon Hotels Corporation PLC	10,592,121
					637,012,388
Total Group					1,536,648,474

* AWPLR - Average Weighted Primary Lending Rate
** AWDR - Average Weighted Deposit Rate
*** LIBOR - London Interbank Offered Rate

29 EMPLOYEE BENEFITS

As at 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
At the beginning of the year	18,269,714	16,540,858	7,000,392	6,534,996
Current service cost	2,039,209	2,349,110	449,753	528,251
Interest cost on benefit obligation	1,971,131	1,819,494	770,043	718,849
Payments made during the year	(4,677,693)	(2,942,453)	(611,618)	(291,509)
Actuarial (Gain)/Losses	(1,111,387)	502,705	(707,755)	(490,195)
At the end of the year	16,490,974	18,269,714	6,900,815	7,000,392

(a) The amounts recognised in the Balance Sheet are as follows.

Present value of the unfunded obligations	16,490,974	18,269,714	6,900,815	7,000,392
Recognised liability for defined benefit obligations	16,490,974	18,269,714	6,900,815	7,000,392

(b) **Net Benefit Expense**

As at 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Included in Profit or Loss				
Interest Cost	1,971,131	1,819,494	770,043	718,849
Current Service Cost	2,039,209	2,349,110	449,753	528,251
	4,010,340	4,168,604	1,219,796	1,247,100
Included in Other Comprehensive Income				
Actuarial Losses/(Gains) on Obligations	(1,111,387)	502,705	(707,755)	(490,195)
	(1,111,387)	502,705	(707,755)	(490,195)
Net Benefit Expense	2,898,953	4,671,309	512,041	756,905

(c) Gratuity liability is based on the actuarial valuation carried out by Messrs. Actuarial and Management Consultants (Private) Limited, Actuaries, on 31 March 2020.

Principal actuarial assumptions used for the Group and the Company are as follows :

As at 31st March	Group		Company	
	% Per Annum		% Per Annum	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
a) Discount Rate	6% - 11%	11%	10.5%	11.0%
b) Salary Increase	6% - 10%	8% - 10%	6%	8%
b) Staff Turnover rate	12%	15%	12%	15%
d) Retirement age	55 years	55 years	55 years	55 years

The Liability is not externally funded

In addition to the above, demographic assumptions such as mortality, withdrawal and disability, and retirement age were considered for the actuarial valuation. "A 67/07 mortality table" issued by the Institute of Actuaries, London was used to estimate the gratuity liability of the Company.

Notes to the Financial Statements

29.1 Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would affect the defined benefit obligation by the amounts shown below.

As at 31st March	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Discount Rate - (1% Increase)	(12,830,570)	(13,653,613)	(6,654,512)	(6,735,109)
Discount Rate - (1% decrease)	13,617,130	14,487,253	7,168,431	7,288,120
Salary Increment Rate - (1% Increase)	13,571,313	14,494,636	7,141,039	7,288,141
Salary Increment Rate - (1% decrease)	(12,833,721)	(13,640,287)	(6,676,585)	(6,731,194)

30 LEASE RENT EQUALISATION ACCOUNT

As at 31st March	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Balance as at 01st April	-	69,015,776	-	-
Charge to P & L	-	15,061,563	-	-
Transferred to Handhuvaru Ocean Holidays	-	(84,077,339)	-	-
Transferred from Handhuvaru Ocean Pvt Ltd	-	84,077,339	-	-
Charged to the Capital Work in Progress	-	3,764,712	-	-
Transferred to Disposal Account	-	(87,842,051)	-	-
Balance as at 31st March	-	-	-	-

30.1 On 20 August 2013, the lease hold rights of the island of Ambaraa in Vaavu atoll held by Handhuvaru Ocean Holidays (Pvt) Ltd has been assigned to Handhuvaru Ocean (Pvt) Ltd for period of 50 years commencing from 20 august 2013 to develop and operate a tourist resort on the island.

31 DEFERRED TAX LIABILITIES

As at 31st March	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Balance at the beginning of the period	621,787,917	630,155,900	-	-
Adjustment on initial application on SLFRS 16	(2,395,691)	-		
Origination /(Reversal) of temporary differences - P & L	(35,748,402)	(8,247,867)	-	-
Origination /(Reversal) of temporary differences - OCI	191,186,790	(120,116)	-	-
Balance at the end of the period	774,830,614	621,787,917	-	-

31.1 Deferred tax impact on revaluation

As per the inland revenue act No 24 of 2017 which is effective from 01 April 2018, Business assets including land will attract income tax at the corporate tax rate applicable to the group, at the time of realization of such assets. Accordingly, land carried under revaluation model in the financial statements has now been considered as a business asset and subjected to taxable temporary differences. Accordingly a deferred tax liability amounting to Rs.373,280,950/- has been recognized through other comprehensive income (OCI) and charged to revaluation reserve as at 31 March 2019.

31.2 The inland revenue act No 24 of 2017 affects a tax rate of 14% for the tourism industry. The tax rate will be applicable to all subsidiary companies from 01st April 2018. Accordingly the revised rate of 14% has been applied for deferred tax computation of the said companies for the year ended 31 March 2020.

31.3 Temporary Deference

As at 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
On Property, Plant and Equipment	2,708,866,840	5,020,929,588	-	-
On Retirement Benefit Obligation	(8,466,747)	(10,385,503)	-	-
On Revaluation of Lands and Buildings	3,633,817,500	-	-	-
On Carried Forward Tax Losses	(768,626,033)	(569,201,810)	-	-
On Leases	(31,087,176)	-	-	-
	5,534,504,384	4,441,342,276	-	-
Balance at the end of the period	774,830,614	621,787,917	-	-

31.4 Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items, because its not probable that future taxable profits will be available against which the company can utilize the benefits there from. The deferred tax asset has been recognized in the financial statements to the extent of deferred tax liability.

Company	Group				Company			
	2020		2019		2020		2019	
	Temporary Differences	Tax Effect	Temporary Differences	Tax Effect	Temporary Differences	Tax Effect	Temporary Differences	Tax Effect
On Property Plant and Equipment	-	-	(14,881,708)	(247,755)	-	-	(16,651,387)	(4,662,388)
On Retirement Benefit Obligation	(6,900,815)	(1,932,228)	(8,576,061)	(2,180,704)	(6,900,815)	(1,932,228)	(7,000,392)	(1,960,110)
On Carried Forward Tax Losses	(560,606,879)	(156,969,926)	(771,068,072)	(196,362,258)	(560,606,879)	(156,969,926)	(631,519,487)	(176,825,456)
	(567,507,694)	(158,902,154)	(794,525,841)	(198,790,717)	(567,507,694)	(158,902,154)	(655,171,266)	(183,447,954)

Deferred Tax Asset amounting to 158,902,154/- (2019 - 198,790,717/-) has not been recognized for the above deductible temporary differences as the Management is of the opinion that the reversal of the taxable asset will not be crystallized in the foreseeable future.

Notes to the Financial Statements

32 LEASE LIABILITIES

As at 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
As at 01 April	-	-	-	-
Recognition of lease liabilities on initial application on of SLFRS 16	22,841,678	-	-	-
Adjusted balance as at 01 April	22,841,678	-	-	-
Remeasurement during the year	119,482,026	-	-	-
Interest expense	13,965,183	-	-	-
Less: Payments made during the year	-	-	-	-
As at 31 March	156,288,887	-	-	-
Lease liabilities included in the statement of financial position				
Payable after one year	128,299,647	-	-	-
Payable within one year	27,989,240	-	-	-
	156,288,887	-	-	-
Amounts recognised in profit or loss				
Interest expense	13,965,183	-	-	-
	13,965,183	-	-	-
Lease commitments				
Lease rentals payable within one year	27,989,240	-	-	-
Lease rentals payable within one to five years	76,764,453	-	-	-
Lease rentals payable after five years	51,535,194	-	-	-
Total	156,288,887	-	-	-

There were no any modifications to the original terms and conditions of the lease contracts due to the impact of COVID 19 pandemic as at the year ended 31st March 2020.

Right of Use Assets are in respect of following properties, which are currently on lease with Sri Lanka Tourism Development Authority.

- The Surf – Bentota
- The Safari – Tissa
- The Lake – Polonnaruwa
- The Lake House – Polonnaruwa
- Hanwella Rest House
- Ambepussa Rest House

33 GOVERNMENT GRANTS

As at 31st March	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Recognized during the year	12,574,480	-	-	-
Setoff against interest expenses during the year	(2,017,308)	-	-	-
Closing balance	10,557,172	-	-	-
Non-Current Portion	3,326,722	-	-	-
Current Portion	7,230,450	-	-	-
	10,557,172	-	-	-

On 14 November 2020, the Group has obtained a term loan facility under "Enterprise Sri Lanka" special interests subsidy loan scheme proposed by the government to strengthen the tourism industry. The interest subsidy will be paid by the Ministry of Finance.

34 TRADE & OTHER PAYABLES

As at 31st March	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Accounts payable	85,741,812	92,091,065	136,872	225,719
Accrued expenses	25,864,299	43,757,446	3,083,962	2,381,886
Accrued rent	7,751,887	21,601,922	-	-
Other payables	101,381,954	135,223,471	7,550,936	6,601,323
	220,739,952	292,673,904	10,771,770	9,208,928

35 CONTRACT LIABILITIES

As at 31st March	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Opening Balance	4,331,405	-	-	-
Advance received during the year	40,775,876	4,331,405	-	-
Transfers during the year	(31,144,215)	-	-	-
Closing Balance	13,963,066	4,331,405	-	-

According to SLFRS 15, advances received from customers on future bookings have been reclassified from the trade payables and presented separately as "Contract Liabilities" in the statement of financial position. Accordingly, advances amounting to Rs. 13,963,066/- have been separately peresented in the statement of financial position.

The Group has lost several bookings in the month of March 2020 due to the worldwide outbreak of Covid-19; Pandemic and in the previous year due to the Easter Sunday terrorist attacks.

Notes to the Financial Statements

36 AMOUNTS DUE TO RELATED COMPANIES

As at 31st March	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
GFH Management Co (Pvt) Ltd	28,100,772	24,617,904	1,262,272	-
The Galle Face Hotel Co Ltd	16,026,475	4,150,000	5,400,000	4,150,000
Galle Face Group (Pvt) Ltd.	2,167,659	-	-	-
Airline Services (Pvt) Ltd	-	-	480,941	480,941
Ceylon Hotel Holdings (Pvt) Ltd	27,872,058	-	-	-
CHC Rest House (Pvt) Ltd	778,468	86,758,537	-	86,178,102
Suisse Hotel Kandy (Pvt) Ltd	9,113,954	9,113,954	-	-
The Kandy Hotels Company (1938) PLC	-	-	33,774,544	47,198,987
Handhuvaru Ocean Holidays (Pvt) Ltd	-	9,297,034	-	-
	84,059,386	133,937,429	40,917,757	138,008,030

36.1 Related Party Interest-bearing-borrowings

As at 31st March	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Kandy Hotels Co. (1938) PLC Loan	-	-	882,931,602	865,751,036
	-	-	882,931,602	865,751,036

36.2 Related party Interest bearing borrowings are at pre-determined interest rates and terms, which disclosed in note 41.1.1.

37 INCOME TAX PAYABLE

As at 31st March	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Balance as at 01 April	8,407,655	14,668,078	13,303	1,582,375
Provision for the year	12,196,986	35,192,448	-	-
Over Provision in respect of previous year	529,100	(275)	-	-
Payment Made During the year	(5,035,421)	(41,452,596)	-	(1,569,072)
Balance at the end of the period	16,098,320	8,407,655	13,303	13,303

38 CONTINGENT LIABILITIES

38.1 Company

Corporate Guarantees

The Company has issued following Corporate Guarantees on behalf of subsidiaries.

Subsidiary	In favour of	Amount (Rs'000)
The Kandy Hotels Co (1938) PLC	Sampath Bank PLC	595,500
The Kandy Hotels Co (1938) PLC	Commercial Bank of Ceylon PLC	164,000
Tissa Resort (Pvt) Ltd	Commercial Bank of Ceylon PLC	216,500
United Hotels Co Ltd	Commercial Bank of Ceylon PLC	78,750
United Hotels Co Ltd	Cargills Bank Ltd	744,000

Subsidiary	In favour of	Amount (USD'000)
United Hotels Co Ltd	Cargills Bank Ltd	120

There were no material contingent liabilities for the group other than those disclosed below, as at the balance sheet date.

i) Arbitration Case involving 26 employees - A 3655

ii) Appeals filed against the High Court in respect of termination of employment (Pending Proceedings) - HC/ALT/81/2017 and HC/ALT/79/2017

38.2 Group

There were no material contingent liabilities for the Group other than those disclosed below, as at the balance sheet date.

The Company is pursuing or is being pursued with legal action on the following legal cases. As per the representation given by the management these cases are still outstanding as at 31st March 2020.

38.2.1. Pending litigations - The Kandy Hotels Co. (1938) PLC.

Name	Nature	Case No.
Tourist Shopping Centre	Tenant	DSP/00014/19
H. M Dingiri Menike	Tenant	RE 2645

Although, there can be no assurance , the directors believe, based on the information currently available, that the ultimate resolution of such legal procedures would not likely have a material adverse affect on the results of operations, financial position or liquidity of the company. Accordingly no provision for any liability has been made in the financial statements, nor has any liability been determined by the ongoing legal cases, as at 31 March 2020.

38.2.2. Pending litigations - United Hotels Company Ltd

Name	Nature	Case No.
D.K. Fernando	Labour	LT/4/G/146/2018

39 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Hotels of the Group were closed the hotel for the business with effect from 20 March to mid-June due to the industry decline in the Covid-19 Pandemic and reopen for the business again from mid-June onwards.

Except above, there have been no other material events occurring after the reporting date that require adjustment to or disclosure in the Financial Statements.

Notes to the Financial Statements

40 IMPACT DUE TO THE COVID-19

40.1 Impact on the business/ operations of the Group and its response

The tourist arrivals to Sri Lanka dropped by 70.8% in March 2020 vis a vis March 2019 as almost all countries imposed travel restrictions and the government of Sri Lanka imposed various travel restrictions and guidelines for the tourism sector. Zero to low levels of arrivals are expected until these measures are relaxed. The outlook for the financial year 2020/ 2021 is negative with the financial performance projected to see a sharp decline. Prospects in the medium term also remain challenging as a resumption of global travel and tourism is dependent on multiple external factors such as the successful containment of the virus, reduced risks of a second wave, lifting of border restrictions without the need to get quarantined and an appetite towards global travel. A resumption in travel and tourism has started within local borders prior to the commencement of any international travel. Therefore, the industry would have to depend on the local travel and leisure market until global travel returns to normalcy.

The Group is also gearing itself for a change in hospitality trends, where customers will prioritize health, safety and hygiene standards as a core part of their expectations. Further, we are actively looking at realigning the leisure assets to explore new opportunities that could provide alternative streams of revenue in the short term and is also evaluating options to align its leisure properties to better serve guests in a transformed world.

The Group's businesses have been stress tested under multiple scenarios to determine their ability to sustain with available cash resources and banking facilities.

Companies of the Group obtained debt service moratoriums for the existing loans of the Company from the bankers in line with concessions announced by the Central Bank of Sri Lanka. The Company also obtained Working Capital Loans under the same scheme.

40.2 Use of estimates, assumptions and judgements due to COVID-19 pandemic

In preparing these Financial Statements, the Company has considered the "Guidance Notes on Accounting Considerations of the COVID-19 Outbreak (updated on 11th May 2020)" issued by The Institute of Chartered Accountants of Sri Lanka. The preparation of the consolidated financial statements in conformity with LKAS/SLFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts.

Such estimates and underlying assumptions are reviewed on an ongoing basis.

A brief explanation of the key estimates, assumptions and judgements that have changed during the year ended 31 March 2020 is given below;

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these Consolidated Financial Statements.

The estimation uncertainty is associated with:

- the extent and duration of the disruption to business arising from the actions by governments, businesses and consumers to contain the spread of the virus;
- the extent and duration of the expected economic downturn (and forecasts for key economic factors including GDP, employment and house prices). This includes the disruption to capital markets, deteriorating credit, liquidity concerns, increasing unemployment, declines in consumer discretionary spending, reductions in production because of decreased demand, and other restructuring activities; and
- the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

The Group has developed various accounting estimates in these Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 March 2020 about future events that the Directors believe are reasonable given present circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Group. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement, and recoverable amount assessments of non-financial assets.

41 RELATED PARTY TRANSACTIONS

The company carries out transactions with parties who are defined as related parties in Sri Lanka Accounting Standard 24 'Related Party Disclosures', the details of which are reported below.

41.1 Recurrent Related Party Transactions

Company Name	Nature of Relationship	Name of the Director	Nature of Transaction	Terms of transactions	Year ended 31.03.2020 Rs.	Year ended 31.03.2019 Rs.
The Kandy Hotels Company (1938) PLC	Subsidiary	Mr. Sanjeev Gardiner	Expenses paid by CHC on behalf of KHCL	Note A	2,346,128	123,327
		Mr. Lakshman Samarasinghe	**Intercompany borrowings:** - Settlement from CHC	Note 41.1.1	(77,581,428)	(9,229,171)
		Mr. Priyantha Maddumage	- Interest expenses on loan given from KHCL	Note 41.1.1	78,991,424	73,318,463
		Mr. Shalike Karunasena (Alternate Director)				
United Hotels Company Ltd	Subsidiary	Mr. Sanjeev Gardiner	Net Expenses paid by CHC on behalf of UHCL	Note A	11,310,744	(2,922,489)
		Mr. Priyantha Maddumage	Rent expenses	Note C	2,061,397	2,837,250
		Mr. Mangala Boyagoda	Net Temporary advance from CHC TO UHCL	Note B	20,967,721	(450,000)
		Mr. Lakshman Samarasinghe	Settlement of related party balance		(68,534,448)	(36,007,518)
		Mr .Kuwera De Soysa				
CHC Foods (Pvt) Ltd	Subsidiary	Mr. Priyantha Maddumage	Net Expenses paid by CHC on behalf of CHCFO	Note A	6,265,946	(831,592)
		Mr. Lakshman Samarasinghe	Rent expenses	Note C	1,945,352	1,859,700
			Temporary advance to CHCFO	Note B	30,653,156	8,470,000
			Settlement of related party balance		(1,712,458)	(10,807,096)
Tissa Resort (Pvt) Ltd	Subsidiary	Mr. Priyantha Maddumage	Expenses paid by CHC on behalf of TRL	Note A	2,944,418	6,300,440
		Mr. Lakshman Samarasinghe	Net Settlement of related party balance		(13,338,583)	4,687,972
			Temporary advance to TRL	Note B	1,000,000	4,000,000
CHC Rest Houses (Pvt) Ltd	Joint Venture	Mr. Priyantha Maddumage	Expenses paid by CHC RH on behalf of CHC	Note A	6,111,594	505,303
		Mr. Lakshman Samarasinghe	Settlement of Related Party Balance		(9,016,290)	(2,250,000)
			Temporary advance to CHC RH	Note B	1,500,000	-

Notes to the Financial Statements

Company Name	Nature of Relationship	Name of the Director	Nature of Transaction	Terms of transactions	Year ended 31.03.2020 Rs.	Year ended 31.03.2019 Rs.
Ceylon Holiday Holdings (Pvt) Ltd	Joint Venture	Mr. Lakshman Samarasinghe	Temporary advance to Ceylon Holiday Holdings (Pvt) Ltd	Note B	6,908,617	35,439,183
		Mr. Priyantha Maddumage				
Ceylon Hotels Holdings (Pvt) Ltd.	Affiliate	Mr. Sanjeev Gardiner	Net Temporary advance to Ceylon Hotels Holdings (Pvt) Ltd	Note 41.1.1	(75,181,429)	26,113,954
		Mr. Lakshman Samarasinghe	Interest Income on loan given to Ceylon Hotels Holdings (Pvt) Ltd	Note 41.1.1	21,398,586	18,033,989
		Mr. Priyantha Maddumage				
		Mr. Shalike Karunasena				
		Mr. Ajith Lasantha Devasurendra				
Galle Face Hotel Co.Ltd	Ultimate Parent	Mr. Sanjeev Gardiner	Net Temporary advance from GFH Co. Ltd	Note B	1,250,000	(4,150,000)
		Mrs. Mavis Gardiner				
		Dr. Dennis Aloysius				
		Mr. Lalith Rodrigo				
		Mr. Lakshman Samarasinghe				
GFH Management Co (Pvt) Ltd	Affiliate	Mr. Sanjeev Gardiner	Expenses paid by GFHM of behalf of CHC	Note A	2,663,272	1,176,098
		Mr. Lakshman Samarasinghe	Settlement of Related party balance		(1,401,000)	(3,532,617)
		Mr Priyantha Maddumage				
		Mr. Shalike Karunasena				

This note should be read in conjunction with the note 22 and 36 Related party receivable and Related party payable respectively.

Ceylon Hotels Corporation PLC	CHC
The Galle Face Hotel Co. Ltd	GFH
United Hotels Co. Ltd	UHCL
Ceylon Hotels Holdings (Pvt) Ltd	CHH
Kandy Hotels Co. (1938) PLC	KHP
GFH Management Company (Pvt) Ltd	GFHM
CHC Rest Houses (Pvt) Ltd.	CHC RH
Tissa Resort (Pvt) Ltd.	TRL
CHC Foods (Pvt) Ltd.	CHCFO

Note A
Transactions carried out in the ordinary course of business and charge at the face value of the expenses.

Note B
Temporary advances given in the ordinary course of business and no interest charge on the outstanding balances. Payable on demand and short term in nature.

Note C
These relates to the rental income on account of the investment properties detailed in Note 18. Transactions are carried out in the ordinary course of business and are at arm's length price.

41.1.1 Terms and conditions of transactions with related parties

Transactions with related parties are carried out in the ordinary course of the business on arm's length basis. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash.

Terms and Conditions related to inter company borrowings/lending

Company	Party	Repayment	Interest Rate
The Kandy Hotels Co. (1938) Ltd.	Lender	On demand	AWDR % p.a.
Ceylon Hotel Corporation PLC	Borrower	On demand	AWDR % p.a.
Ceylon Hotel Corporation PLC	Lender	On demand	AWDR % p.a.
Ceylon Hotel Holdings (Pvt) Ltd	Borrower	On demand	AWDR % p.a.

41.1.2 Recurrent transactions with related parties

There were no any recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31st March 2019 audited financial Statements, which required additional disclosures in the 2019/20 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

41.2 Non- recurrent transactions with related parties

As explained in Note 18.1.5 to the Financial statements, Investment properties of the company has been transferred to following subsidiary companies at the respective fair values during the financial year ending 31-03-2020.

Name of the Related party	Relationship	Value of Related Party Transactions ended in to during the financial year	Basis of valuations	The rationale for entering into the transactions
United Hotels Co. Ltd	Subsidiary	84,000,000	Investment property transferred to UHCL at fair value determined by an independent professional valuer.	Investment property is Transferred to UHCL at the year end.
CHC Foods (Pvt) Ltd	Subsidiary	55,535,000	Investment property transferred to UHCL at fair value determined by an independent professional valuer.	Investment property is Transferred to CHCFO at the year end.

There were no any non-recurrent related party transactions which aggregate value exceeds 10% of the equity or 5% of the total assets which ever is lower of the Group as per 31st March 2019 audited financial statements, which required additional disclosures in the 2019/20 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

Notes to the Financial Statements

41.3 Compensation paid to key management personnel

According to Sri Lanka Accounting Standard 24 "Related Party Disclosures", Key management personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including executive and non-executive Directors) have been classified as Key Management Personnel of the Company. Emoluments paid to key management personnel have been disclosed in note 11.

414 Transactions, arrangements and agreements involving KMP and their close family members (CFM)

CFM of a KMP are those family members who may be expected to influence, or be influenced by, that KMP in their dealings with the entity. They may include KMP's domestic partner and children, children of the KMP domestic partner and dependants of the KMP or the KMP domestic partner. CFM are related parties to the Group. There were no transactions carried out with above parties.

42 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

Financial instruments held by the Group principally comprise of cash, trade and other receivables, trade and other payables, loans and borrowings/(lease payable). The main purpose of these financial instruments is to manage the operating, investing and financing activities of the Group.

Financial risk management of the Group is carried out based on guidelines established by its parent Group's finance department which comes under the preview of the Board of Directors.

42.1 Parent company's finance department evaluates financial risk in close co - operation with the hotel operational units. The parent company provides guidelines for overall risk management as well, covering specific areas such as credit Risk, Liquidity Risk, Interest rate risk and foreign currency risk.

42.1.1 The Group has established guidelines for risk controlling procedures and for the use of financial instruments, including a clear segregation of duties with regard to financial activities, settlements, accounting and related controls. The guide lines and systems are regularly reviewed and adjusted accordingly to changes in markets and products. The Group's Executive Directors monitor these risks primarily through its operating and financing activities.

42.2 Credit risk

Credit risk is the risk that a customer or counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

42.2.1 Credit risk exposure

The carrying amount of the financial assets represent the maximum credit exposure. The maximum credit exposure to credit risk at the end of the reporting period was as follows.

As at 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Trade receivable	94,827,159	197,455,960	-	-
Other receivable	60,268,854	81,019,208	5,374,103	9,712,483
Amount due from related parties	287,741,731	411,430,914	473,430,432	388,770,198
Cash and cash equivalents at Bank	1,013,612,524	826,382,588	-	23,620
	1,456,450,268	1,516,288,670	478,804,535	398,506,301

42.2.2 Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers various statistics of the Group's customer base, including the default risk, business relationships with due attention given to past performances, stability in the industry and creditworthiness, as these factors may have an influence on credit risk.

Impairment losses

However, management has carried out an impairment provision based on the simplified approach of ECL method. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Management considered 100% ECL for debtors aged more than 180 days in determining the provision matrix for ECL.

The Group has considered the changes to macro-economic factors and risk due to COVID -19 impact and formulated necessary alterations to the impairment templates. The resultant increase in impairment provision due to this change is incorporated to the carrying value of trade receivables as at the year end.

The aging of trade receivables at the reporting date was as follows;

As at 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Neither past due nor impaired				
01-29 days	45,265,056	88,037,180	-	-
30-60 days	36,459,401	72,918,802	-	-
61-90 days	16,167,939	32,335,878	-	-
91-120 days	1,014,280	4,435,609	-	-
121-180 days	432,516	3,705,227	-	-
	99,339,192	201,432,696	-	-
Impaired				
Gross carrying value	99,339,192	201,432,696	-	-
Less: Impairment on trade receivable	(4,512,033)	(3,976,736)	-	-
Carrying value of trade receivables	94,827,159	197,455,960	-	-

Notes to the Financial Statements

42.2.3 Credit risk relating to cash and cash equivalents

In order to mitigate concentration, settlement and operational risks related to cash and cash equivalents, the Group limits the maximum cash amount that can be deposited with a single counterparty. In addition, the Group maintains an authorised list of acceptable cash counterparties based on current ratings and economic outlook, taking into account analysis of fundamentals and market indicators. The Group held cash and cash equivalents of Rs. 1,016 Mn as at 31 March 2020 (2019 - Rs. 832 Mn).

42.3 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the Group has available funds to meet its medium term capital and funding obligations, including organic growth and acquisition activities, and to meet any unforeseen obligations and opportunities. The Group holds cash and undrawn committed facilities to enable the Group to manage its liquidity risk.

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

42.3.1 Net (debt)/cash

As at 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Cash in hand and at bank	1,016,724,387	832,199,509	-	23,620
Total liquid assets	1,016,724,387	832,199,509	-	23,620
Interest bearing loans and borrowings	1,536,148,474	1,081,766,888	-	-
Lease Liability	156,288,887	-	-	-
Bank overdrafts	66,216,813	621,115,013	173,162	806,070
Total liabilities	1,758,654,174	1,702,881,901	173,162	806,070
Net (debt)/cash	(741,929,787)	(870,682,392)	(173,162)	(782,450)

42.3.2 Liquidity risk management

The mixed approach combines elements of the cash flow matching approach and the liquid assets approach. The business units attempt to match cash outflows in each time against a combination of contractual cash inflows plus other inflows that can be generated through the sale of assets, repurchase agreement or other secured borrowing.

The Group has already opted for debt moratoriums made available through financial institutions as approved by the CBSL for COVID-19 impacted industries which will ease the cash flow constraints.

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2020 based on contractual undiscounted payments.

Group As at 31st March 2020	Carrying Amount Rs.	Within 1 year Rs.	Between 1-5 year Rs.	More than 5 years Rs.	Total Rs.
Interest bearing borrowings	1,536,648,474	-	1,226,998,855	309,149,619	1,536,148,474
Trade and other payables	220,739,952	220,739,952	-	-	220,739,952
Amounts due to related parties	84,059,386	84,059,386	-	-	84,059,386
Lease Liability	156,288,887	31,627,841	111,635,163	367,102,772	510,365,776
Bank overdrafts	66,216,813	66,216,813	-	-	66,216,813
	2,063,953,512	402,643,992	1,338,634,017	676,252,391	2,417,530,400

Company As at 31st March 2020	Carrying Amount Rs.	Within 1 year Rs.	Between 1-5 year Rs.	More than 5 years Rs.	Total Rs.
Trade and other payables	10,771,770	10,771,770	-	-	10,771,770
Amounts due to related parties	40,917,757	40,917,757	-	-	40,917,757
Related Party Interest-bearing-borrowings	882,931,602	882,931,602			882,931,602
Bank overdrafts	173,162	173,162	-	-	173,162
	934,794,291	934,794,291	-	-	934,794,291

Notes to the Financial Statements

42.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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

Market prices comprise three types of risk:

- Interest rate risk
- Currency risk
- Price risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

42.4.1 Interest rate risk

Interest rate risk is the risk of fluctuation of the value or cash flows of an instrument due to changes in the market interest rates.

The Group has borrowings with variable interest rates such as AWPLR and LIBOR and would expose the Group to cashflow/ profits as the amount of interest paid would be changed depending on market interest rates. Further, the global outbreak of the novel COVID-19 epidemic has resulted in a consecutive reduction in policy rates and monetary easing policies by CBSL to encourage banks and finance companies to reduce lending rates.

At the end of the reporting period the Group's interest-bearing financial instruments were as follows

As at 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Variable rate instruments				
Interest-bearing-borrowings	1,536,648,474	1,081,766,888	-	-
Related Party Interest-bearing-borrowings	-	-	882,931,602	865,751,036
Bank overdrafts	66,216,813	621,115,013	173,162	806,070
	1,602,865,287	1,702,881,901	883,104,764	866,557,106

Cash flow sensitivity for variable rate instruments

A change of 1% in interest rates at the end of the reporting period would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

As at 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Variable rate instruments				
1% Increase in interest rate	(16,028,653)	(17,028,819)	(8,831,048)	(8,665,571)
1% Decrease in interest rate	16,028,653	17,028,819	8,831,048	8,665,571

42.4.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has exposure to foreign currency risk where it has cash flows in overseas operations and foreign currency transactions which are affected by foreign exchange movements.

The Sri Lankan Rupee witnessed a sharp depreciation against the US Dollar in March 2020 on the back of economic turmoil in global, regional and local markets resulting from the COVID-19 pandemic.

The Group reviews fluctuations in foreign exchange rates and takes precautionary measures to revise its rate quotes on a regular basis, in an attempt to mitigate the exposure to currency risk arising from its transactions with tour operator segment, if required.

42.5 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares, have a rights issue or buy back of shares.

The Group's debt to adjusted capital ratio at the end of the reporting period was as follows;

As at 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Interest-bearing-borrowings	1,536,648,474	1,081,766,888	-	-
Bank Overdraft	66,216,813	621,115,013	173,162	806,070
Total debts	1,602,865,287	1,702,881,901	173,162	806,070
Total equity	9,529,220,976	8,632,318,776	775,969,634	849,536,685
Debt to Equity ratio (Times)	0.17	0.20	0.00	0.00

Notes to the Financial Statements

43 FINANCIAL ASSETS AND LIABILITIES BY CATEGORIES

The following table shows the carrying amounts of financial assets and financial liabilities by category as defined in SLFRS 9- Financial Instruments, including their levels in the fair value hierarchy. The carrying value approximates the fair value of these balances.

Group

Year ended 31 March 2020	Amortized cost	Total
Financial assets not measured at fair value		
Trade and other receivables	155,096,013	155,096,013
Amounts due from related companies	287,741,731	287,741,731
Cash and cash equivalents	1,016,724,387	1,016,724,387
	1,459,562,131	1,459,562,131
Financial liabilities not measured at fair value		
Bank overdrafts	66,216,813	66,216,813
Trade payables	85,741,812	85,741,812
Lease Liability	156,288,887	156,288,887
Interest bearing borrowings	1,536,648,474	1,536,648,474
Amounts due to related companies	84,059,386	84,059,386
	1,928,955,372	1,928,955,372

Year ended 31 March 2019	Amortized cost	Total
Financial liabilities not measured at fair value		
Trade and other receivables	278,475,168	278,475,168
Amounts due from related companies	411,430,914	411,430,914
Cash and cash equivalents	826,382,588	826,382,588
	1,516,288,670	1,516,288,670
Financial liabilities not measured at fair value		
Bank overdrafts	621,115,013	621,115,013
Trade payables	92,091,065	92,091,065
Interest bearing borrowings	1,081,766,888	1,081,766,888
Amounts due to related companies	133,937,429	133,937,429
	1,928,910,395	1,928,910,395

Company

Year ended 31 March 2020	Amortized cost	Total
Financial assets not measured at fair value		
Trade and other receivables	5,374,103	5,374,103
Amounts due from related companies	473,430,432	473,430,432
	478,804,535	478,804,535
Financial liabilities not measured at fair value		
Trade payables	136,872	136,872
Related party interest bearing borrowings	882,931,602	882,931,602
Amounts due to related companies	40,917,757	40,917,757
	923,986,231	923,986,231

Year ended 31 March 2019	Amortized cost	Total
Financial assets not measured at fair value		
Trade and other receivables	9,712,483	9,712,483
Amounts due from related companies	388,770,198	388,770,198
Cash and cash equivalents	23,620	23,620
	398,506,301	398,506,301
Financial liabilities not measured at fair value		
Trade payables	225,719	225,719
Related party interest bearing borrowings	865,751,036	865,751,036
Amounts due to related companies	138,008,030	138,008,030
	1,003,984,785	1,003,984,785

44 NUMBER OF EMPLOYEES

The total number of employees of the company as at 31st March 2020 was 45. (31st March 2019 - 54)

Investor Information

SUMMARY OF SHAREHOLDING AS AT 31ST MARCH 2020

Share Range			Resident			Non Resident			Total	
			No. of Shareholders	No. of Shares	Holding %	No. of Shareholders	No. of Shares	Holding %	No. of Shares	Holding %
1	-	1000	6,071	852,956	0.470	30	5,711	0.000	858,667	0.470
1001	-	5000	544	1,041,811	0.580	5	6,716	0.000	1,048,527	0.580
5001	-	10000	138	898,504	0.500	3	16,009	0.010	914,513	0.510
10001	-	50000	93	1,747,451	0.970	7	241,306	0.130	1,988,757	1.100
50001	-	100000	17	1,134,250	0.630	0	0	0.000	1,134,250	0.630
100001	-	500000	10	1,855,514	1.030	1	192,855	0.110	2,048,369	1.140
500001	-	1000000	1	515,022	0.290	1	757,708	0.420	1,272,730	0.710
1000001	-	& Above	10	170,765,129	94.850	0	0	0.000	170,765,129	94.850
Totals			**6,884**	**178,810,637**	**99.320**	**47**	**1,220,305**	**0.670**	**180,030,942**	**100**

Share Range			Company			Individual			Total	
			No. of Shareholders	No. of Shares	Holding %	No. of Shareholders	No. of Shares	Holding %	No. of Shares	Holding %
1	-	1000	30	7,534	0.000	6,071	851,133	0.470	858,667	0.470
1001	-	5000	18	46,660	0.030	531	1,001,867	0.560	1,048,527	0.590
5001	-	10000	12	91,924	0.050	129	822,589	0.460	914,513	0.510
10001	-	50000	17	409,851	0.230	83	1,578,906	0.880	1,988,757	1.110
50001	-	100000	7	550,187	0.310	10	584,063	0.320	1,134,250	0.630
100001	-	500000	7	1,522,182	0.850	4	526,187	0.290	2,048,369	1.140
500001	-	1000000	0	0	0.000	2	1,272,730	0.710	1,272,730	0.710
1000001	-	& Above	10	170,765,129	94.850	0	0	0.000	170,765,129	94.850
Totals			**101**	**173,393,467**	**96.320**	**6,830**	**6,637,475**	**3.690**	**180,030,942**	**100**

ANALYSIS OF PREFERENCE SHAREHOLDERS AS AT 31ST MARCH 2020

Share Range	Resident			Non Resident			No. of Shares	Total Holding %
	No. of Shareholders	No. of Shares	Holding %	No. of Shareholders	No. of Shares	Holding %		
1,000,001 - & Above	1	1,200,000	100	-	-	-	1,200,000	100
Totals	1	1,200,000	100	-	-	-	1,200,000	100

INFORMATION FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020

a) Directors Shareholding in the company

Name of Director	31st March 2020	31st March 2019
Mr. Lakshman Samarasinghe - Chairman	5,590	5,590
Mr. Sanjeev Gardiner	Nil	Nil
Mr. Priyantha Maddumage	1	1
Mr. Kuvera De Zoysa	Nil	Nil
Mr. Mangala Boyagoda	Nil	Nil
Mr. Kamantha Amarasekera	Nil	Nil
Mr. Wasantha Wimalaweera	Nil	Nil
Mr. Ajith Devasurendra	Nil	Nil
Mr. Ranil Pathirana	Nil	Nil
Mr. Shalike Karunasena	Nil	Nil

PUBLIC SHAREHOLDING AS AT 31ST MARCH 2020

b) Public Shareholding - 51,531,383 (2019 - 51,531,383)

c) Percentage of the ordinary shares held by public - 28.62% (2019 - 28.62%)

d) No. of Public shareholders - 6,923 (2019 - 6,954)

MARKET PRICE PER SHARE FOR THE FOR THE PERIOD FROM 01/04/2019 TO 31/03/2020

Name of Director	2019-20		2018-19	
	Date	Share Price (Rs.)	Date	Share Price (Rs.)
Highest Market Price	02/12/2019	14.00	04/03/2018	16.50
Lowest Market Price	20/03/2020	8.30	27/03/2019	8.00
Last Traded Price	20/03/2020	8.50	29/03/2019	9.20

The float adjusted market capitalisation as at 31st March 2020 was Rs. 437,961,273/- with reference to the rule no. 7.6 (iv) of the listing rules of the Colombo Stock Exchange. As the float adjusted market capitalisation is less than Rs. 2.5 billion, Ceylon Hotels Corporation PLC complies under option 5 of the Listing Rules 7.13.1 (a) with the minimum public holding requirements.

Investor Information

TOP 20 SHAREHOLDERS (ORDINARY VOTING) AS AT 31ST MARCH 2020

	Shareholder Name	No. of Ordinary Voting Shares	Holding %
1	National Development Bank Plc/Ceylon Hotel Holdings (Pvt) Ltd	60,245,919	33.46
2	Ceylon Hotel Holdings (Pvt) Ltd	37,994,096	21.10
3	Employees Provident Fund	21,519,334	11.95
4	Rosewood (Pvt) Limited-Account No.1	18,763,003	10.42
5	Seylan Bank Plc/Arrc Capital(Pvt) Limited (Collateral)	10,791,878	5.99
6	Seylan Bank Ltd/The Galle Face Hotel Company Limited	10,365,500	5.76
7	Bank of Ceylon-No2 A/C	5,008,269	2.78
8	National Savings Bank	3,975,017	2.21
9	Associated Electrical Corporation Ltd	1,053,883	0.58
10	Hotel International (Private) Limited	1,048,230	0.58
11	Mrs. C.A.D.S. Woodward	757,708	0.42
12	Mr. K.N. Karunaratne	515,022	0.29
13	Sithlanka (Private) Limited	447,706	0.25
14	Seylan Bank Plc/Arrc Capital (Pvt) Ltd	267,178	0.15
15	Sunshine Holdings Plc	234,662	0.13
16	Rockport Limited	192,855	0.11
17	MR. S. ABISHEK	148,572	0.08
18	Mr. S.M. Hassan Mohamed	139,146	0.08
19	Cocoshell Activated Carbon Company Limited	133,589	0.07
20	Asha Financial Services Limited/Mr.C.N.Pakianathan	125,700	0.07
	SUB TOTAL	173,727,267	96.50
	Balance Held by Others	6,303,675	3.50
	TOTAL	180,030,942	100

TOP 20 SHAREHOLDERS (ORDINARY VOTING) AS AT 31ST MARCH 2019

	Shareholder Name	No. of Ordinary Shares	%
1	National Development Bank Plc/Ceylon Hotel Holdings (Pvt) Ltd	60,245,919	33.46
2	Ceylon Hotel Holdings (Pvt) Ltd	37,994,096	21.10
3	Employees Provident Fund	21,519,334	11.95
4	Rosewood (Pvt) Limited-Account No.1	18,763,003	10.42
5	Seylan Bank Plc/Arrc Capital(Pvt) Limited (Collateral)	10,791,878	5.99
6	Seylan Bank Ltd/The Galle Face Hotel Company Limited	10,365,500	5.76
7	Bank of Ceylon-No2 A/C	5,008,269	2.78
8	National Savings Bank	3,975,017	2.21
9	Associated Electrical Corporation	1,053,883	0.59
10	Hotel International (Private) Limited	1,048,230	0.58
11	Mrs. C.A.D.S. Woodward	723,173	0.40
12	Sithlanka (Private) Limited	447,706	0.25
13	Mr. K.N. Karunaratne	409,704	0.23
14	Seylan Bank Plc/Arrc Capital (Pvt) Ltd	267,178	0.15
15	Sunshine Holdings PLC	234,662	0.13
16	Phoenix Ventures Private Limited	209,551	0.12
17	Rockport Limited	192,855	0.11
18	Union Bank of Colombo PLC/Mr. S. Abishek	148,572	0.08
19	Mr. S.M. Hassan Mohamed	139,146	0.08
20	Cocoshell Activated Carbon Company Ltd	133,589	0.07
	Sub Total	173,671,265	96.47
	Balance Held by Others	6,359,677	3.53
	Total	180,030,942	100.00

Five Year Summary

Year ended 31st March	2020		2019		2018		2017		2016	
	Group Rs. Rs.'000	Company Rs. Rs.'000	Group Rs. Rs.'000	Company Rs. Rs.'000	Group Rs. Rs.'000	Company Rs. Rs.'000	Group Rs. Rs.'000	Company Rs. Rs.'000	Group Rs. Rs.'000	Company Rs. Rs.'000
Trading Results										
Turnover Net of Tax	1,023,144	8,326	1,633,512	8,562	1,543,087	8,447	1,514,277	9,906	1,448,040	9,648
Operating profit/(Loss) before Interest Expenses and other income	(240,399)	(18,970)	180,506	(18,151)	220,315	(10,879)	71,917	(152,306)	268,169	(56,620)
Profit/(Loss) before Taxation	(436,898)	(74,275)	256,424	(35,366)	68,896	(28,757)	(18,877)	247,643	123,177	12,707
Taxation Provision	23,022	-	32,595	-	41,474	1,583	39,669	37	60,519	390
Profit /(Loss) from continuing operations	(413,875)	(74,275)	223,829	(35,366)	27,422	(30,340)	(58,546)	247,606	62,659	12,317
Share Capital & Reserve										
Issued Share Capital	362,611	362,611	362,611	362,611	362,611	362,611	198,500	198,500	1,220,426	1,220,426
Capital, Revaluation & Translation Reserves	5,349,572	212,295	4,477,953	212,295	4,527,174	212,295	4,852,794	213,367	4,767,184	321,125
General Reserves	167,080	166,718	167,080	166,718	167,080	166,718	167,080	166,718	167,080	166,718
Accumulated Losses	1,448,391	34,345	1,675,342	107,912	1,347,682	152,747	1,630,981	355,060	(3,876)	(1,021,957)
Total shareholder's funds	7,327,653	775,970	6,682,986	849,537	6,404,546	894,371	6,849,355	933,646	6,150,814	686,312
Assets Employed										
Current Assets	1,538,148	478,805	1,968,334	484,684	1,090,521	437,328	626,699	235,631	1,116,566	303,660
Current Liabilities	(436,297)	(934,808)	(1,060,465)	(1,013,787)	(957,423)	(931,857)	(826,460)	(665,410)	(1,648,464)	(582,084)
Working Capital	1,101,851	(456,003)	907,869	(529,103)	133,098	(494,528)	(199,761)	(429,779)	(531,898)	(278,423)
Property, Plant and Equipment	9,552,201	28	8,384,654	35	8,701,844	24	8,722,562	667	7,774,159	878
Non-Current Liabilities	2,459,596	6,901	1,721,825	7,000	1,794,672	6,535	1,027,574	6,243	794,605	6,126
Ratio & Statistics										
Gearing Ratio (Times)	0.17	0.00	0.20	0.00	0.19	0.00	0.10	0.01	0.09	0.01
Current Ratio (Times)	3.53	0.51	1.86	0.48	1.14	0.47	0.76	0.35	0.68	0.52
Market Price per share	8.50	8.50	9.20	9.20	15.00	15.00	19.20	19.20	24.00	24.00
Earning/(Losses) per Share	(1.94)	(0.41)	1.14	(0.20)	(0.31)	(0.17)	(0.55)	1.38	(0.62)	1.38
Net Assets Per Ordinary Share	40.70	4.31	37.12	4.72	35.57	4.97	39.86	5.43	39.86	5.43

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Ceylon Hotels Corporation PLC will be held at the Corporate Office No.327, Union Place, Colombo 2 on 21st December 2020 at 10.00 am via Audio/Video Technology for the purpose ofconducting the following business.

1. To receive and consider the Report of the Directors, the Audited Financial Statements for the financial year ended 31st March 2020 and the Report of the Auditors, thereon.

2. To re-elect Mr. Ajith Devasurendra who retires by rotation in terms of Articles of Association.

3. To re-elect Mr Ranil Pathirana who retires by rotation in terms of Articles of Association.

4. To re-elect Mr Shalike Karunasena who retires by rotation in terms of Articles of Association.

5. To re-elect Mr Lakshman Samarasinghe as a Director of the Company. Special Notice has been received from a shareholder pursuant to Section 211 of the Companies Act No.07 of 2007 of the intention to propose the following resolution as an ordinary resolution.

   "RESOLVED that Mr Lakshman Samarasinghe who has reached the age of 78 years be and is hereby re-elected as a Director of the Company and is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to the said Director in accordance with section 211 of the Companies Act No. 07 of 2007.

6. To re-appoint Messrs. KPMG., the retiring Auditors for the ensuing financial year and authorize the Directors to fix their remuneration.

7. To authorize the Directors to determine donations for the year 2020/2021 and up to the date of the next Annual General Meeting.

8. To transact any other business that may properly be brought before the meeting.

By order of the Board of
CEYLON HOTELS CORPORATION PLC

Accounting Systems Secretarial Services (Private) Limited

Company Secretaries

Colombo, this 20th Day of November 2020

Note:
A shareholder who is unable to attend the meeting is entitled to appoint a proxy to attend and vote in his/her place. A proxy need not be a member of the Company. A Form of Proxy accompanies this Notice.

Notes

Form of Proxy

I/We ....
(NIC No.) ....of
....
being a member/members of Ceylon Hotels Corporation PLC, hereby ....
appoint: .... of ....
....(or failing him)

Mr Lakshman Samarasinghe	of Colombo	(or failing him)
Mr Sanjeev Gardiner	of Colombo	(or failing him)
Mr Priyantha Maddumage	of Colombo	(or failing him)
Mr Kuvera De Zoysa	of Colombo	(or failing him)
Mr Mangala Boyagoda	of Colombo	(or failing him)
Mr Kamantha Amarasekara	of Colombo	(or failing him)
Mr Wasantha Wimalaweera	of Colombo	(or failing him)
Mr Ajith Devasurendra	of Colombo	(or failing him)
Mr Ranil Pathirana	of Colombo	(or failing him)
Mr Shalike Karunasena	of Colombo	

as my/our Proxy to represent and speak and vote for me/us* and on my/our behalf at the Annual General Meeting of the Company to be held on 21st December 2020 and at any adjournment thereof and at every poll which may be taken in consequence thereon.

I/We* the undersigned, hereby direct my/our* proxy to speak and vote for me/us and on my/our behalf on the resolution set out in the Notice convening the meeting, as follows:

		For	Against
1.	To receive and consider the Report of the Directors, the Audited Financial Statements for the year ended 31st March 2020 and Report of the Auditors thereon.		
2.	To re-elect Mr. Ajith Devasurendra who retires by rotation in terms of Articles of Association.		
3.	To re-elect Mr Ranil Pathirana who retires by rotation in terms of Articles of Association.		
4.	To re-elect Mr Shalike Karunasena who retires by rotation in terms of Articles of Association.		
5.	To re-elect Mr Lakshman Samarasinghe, who retires in terms of Section 210 of the Companies Act No.07 of 2007.		
6.	To re-appoint Messrs, KPMG the retiring Auditors and authorize he Directors to fix their remuneration.		
7.	To authorize the Directors to determine donations for the Year 2020/2021 and up to the date of the next Annual General Meeting.		

In witness my/our* hands this .... day of .... Two Thousand and Twenty

....
Signature

Notes:

* Instructions as to completion appear below.

Please indicate with an "x" in the space provided, how your Proxy is to vote on the Resolutions. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

Form of Proxy

INSTRUCTIONS FOR COMPLETION

1. Kindly perfect the Form of Proxy by filling in legibly your full name, address and the National Identity Card number and by signing in the space provided and filling in the date of signature.

2. The completed Form of Proxy should be deposited at the Registrars to shares, Accounting Systems Secretarial Services (Private) Limited, Level 03, No.11, Castle Lane, Colombo 4 not later than 48 hours prior to the date of the meeting.

3. If you wish to appoint a person other than the Chairman or a Director of the Company, please insert the relevant details at the space provided (above the names of the Board of Directors) on the Proxy Form.

4. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney should accompany the Form of Proxy for registration if such Power of Attorney has not already been registered with the Company.

5. If the appointor is a company/incorporated body this Form must be executed in accordance with the Articles of Association/Statute.

Corporate Information

NAME OF THE COMPANY
Ceylon Hotels Corporation PLC

REGISTRATION NO.
P.B.3283

LEGAL FORM
A public limited liability company listed in the Colombo Stock Exchange

DIRECTORS
Mr. Sanjeev Gardiner
Mr. Lakshman Samarasighe
Mr. Priyantha Maddumage
Mr. Mangala Boyagoda
Mr. Kuvera De Zoysa
Mr. Ajith Devasurendra
Mr. Ranil Pathirana
Mr. Wasantha Wimalaweera
Mr. Kamantha Amarasekara
Mr. Shalike Karunasena
Mr. Revantha Devasurendra (Alternate Director)

REGISTERED OFFICE
No.327, Union Place, Colombo 02

SECRETARIES
Accounting Systems Secretarial Services (Pvt) Limited
Level 3, No.11, Castle Lane, Colombo 04

REGISTRARS
Accounting Systems Secretarial Services (Pvt) Limited
Level 3, No.11, Castle Lane, Colombo 04

AUDITORS
KPMG
No.32A, Sir Mohamed Macan Markar Mawatha,Colombo 03

INTERNAL AUDITORS
Ernst & Young Advisory Services (Pvt) Limited
201, De Saram Place, Colombo 10

LAWYERS
F J & G De Saram
216, De Saram Place, Colombo 10

BANKERS
Commercial Bank of Ceylon PLC
Hatton National Bank PLC
Sampath Bank PLC
Cargills Bank Ltd
People's Bank

E-MAIL
info@ceylonhotels.net

WEBSITES
www.ekhohotels.com
www.chcresthouses.com
www.queenshotel.lk
www.hotelsuisse.lk

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