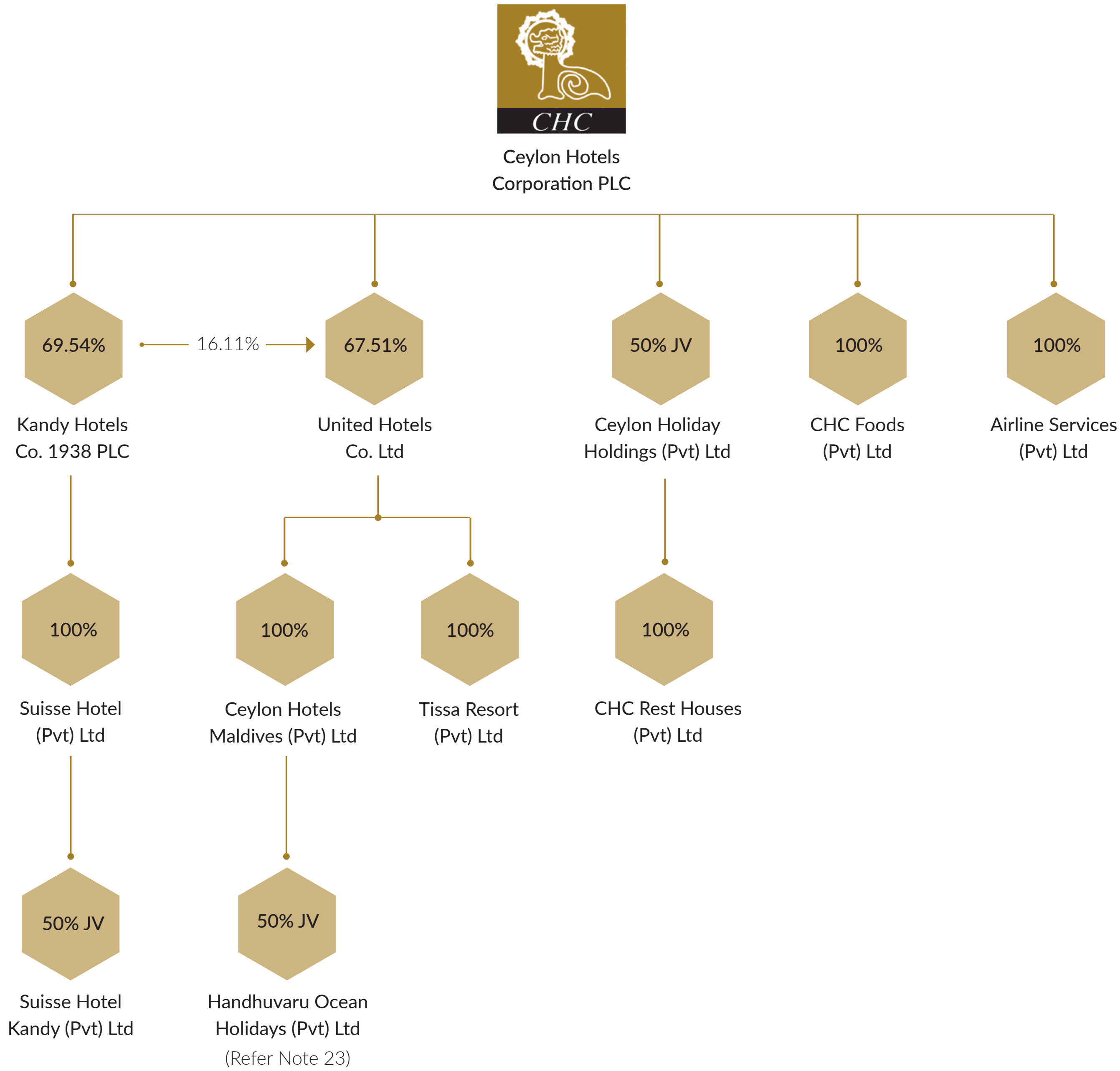
2021/22 ANNUAL REPORT

CEYLON HOTELS CORPORATION PLC

Contents

Group Structure

As at 31st March 2022



Group Financial Highlights

Performance for the year ended 31st March	2022 Rs.	2021 Rs.
Revenue	561,935,589	423,572,249
Earnings before interest, tax , depreciation & amortisation (EBITDA)	43,363,589	(40,434,575)
Profit/(Loss) before tax (PBT)	(34,977,771)	(432,063,031)
Profit/(Loss) after tax (PAT)	(45,856,137)	(385,225,920)
Profit/(Loss) attributable to equity holders of the company	(39,684,680)	(312,064,378)
Earnings/(Losses) per Share	(0.22)	(1.73)
Dividend per Share (Company)	-	-
Dividend Pay-out Ratio (Times)	-	-
Financial Position as at 31st March		
Total Assets	14,008,060,498	12,192,134,866
Total Debt	2,226,385,117	1,864,418,646
Net Debt	(682,456,882)	(833,343,026)
Net Assets	10,417,748,370	9,159,560,902
Net Assets attributable to equity holders	7,922,369,312	7,027,855,608
Net Current Assets	1,864,307,635	832,746,907
No. of Ordinary Shares in Issue	180,030,942	180,030,942
Net Assets per Ordinary Share	44.01	39.04
Net Debt/Equity	6.5%	9.1%
Net Debt/Total Assets	4.9%	6.8%
Current Ratio (Times)	2.5	2.1
Market/Shareholder information as at 31st March		
Closing Market price per share	9.10	10.6
Market Capitalisation	1,638,281,572	1,908,327,985

Chairman's Review

Dear Shareholder,

I am pleased to welcome you to the 56th Annual General Meeting of the Ceylon Hotels Corporation PLC and to present to you, the annual report and financial statements of the Company for the year ended 31st March 2022.

While COVID-19 has transformed our industry (globally) in ways we could never have anticipated, and as we complete two years of the pandemic, we were encouraged and were happy to have seen a gradual rebound in global travel and with what we have achieved during the year.

When we thought we had weathered the worst of the storm, and were feeling optimistic about the future, we are now faced with yet another challenge, as our nation is enduring by the worst economic turmoil encountered since independence.

TOURISM OUTLOOK

Global perspective

While new Covid variants may continue to disrupt the pace of recovery. demand for travel globally appears to be strong. United Nations World Tourism Organization (UNWTO) indicates that rising rates of vaccination, combined with easing of travel restrictions due to increased cross-border coordination and protocols, have all helped release pent up demand. UNWTO reported that during 2021 Global tourism experienced a 4% upturn compared to 2020. Though it was still significantly lower at 30% of pre pandemic 2019 levels, global tourism continues to recover at a strong pace. According to the latest UNWTO World Tourism Barometer, international tourism saw a 182% year-on-year increase in January-March 2022. The pace of recovery though is uneven across world regions. Asia Pacific notably records the slowest recovery as destinations such as China remained closed for non-essential travel, but all indications are that the global travel is in the right direction towards recovery.

Local Perspective

For much of the financial year under review, the industry depended on the local patronage despite On and Off lockdowns until a steady stream of international arrivals starting from the 3rd quarter of the financial year. The Country recorded approximately 195,000 international arrivals during 2021, 80% of which was during October to December 2021. India dominated accounting for almost 30% of the country's visitor traffic, while Europe emerged as the dominant region contributing 48% of the total arrivals. Our major source market, China, remained closed for travel due to strict border controls in place.

The local traveller patronage helped the local industry, albeit within a very competitive landscape, until the country witnessed the rebound in the arrival of international travellers during the 3rd and 4th Quarters of the financial year.

We returned to positive EBITDA during the financial year under review at Group level and most of the Hotel owning subsidiaries / joint venture undertakings.

The growth momentum of international arrivals continued into the 1st quarter of 2022 with 285,000 arrivals recorded. Unfortunately, this momentum slowed, and eventually have now reached pandemic levels, with widespread global news of the country's political and economic instability, the aftermath of isolated violent incidents and the consequent travel advisories which were issued by multiple countries.

PERFORMANCE REVIEW - OPERATING THROUGH ADVERSITY

While, our financial results continue to reflect the challenges our business and our industry have faced, the year under review Occupancy levels and Revenue was up at all our hotel properties across the group compared to those of the previous year, despite intermittent lockdowns (during the first six months), and primarily as result of the positive trends in tourism we experienced during the 3rd and the 4th quarters of the financial year.

Throughout the year we continued to control cost both at property levels and at corporate level, and up until the 3rd quarter, your Company continued to function within the business plans and the business model that were put in place the previous year to operate the business under Covid-19 conditions. From the 3rd quarter onwards, the hotels returned to regular operations with the anticipated rebound in international arrivals, and executed business strategies within the Rooms, F&B, events spaces but in a competitive marketplace. The Company's revenue base grew in tandem during the 3rd and the 4th quarters compared to the previous year, as you would have noticed with our quarterly announcements on results.

We returned to positive EBITDA during the financial year under review at Group level and at most of the Hotel owning subsidiaries / joint venture undertakings. Consolidated Earnings before Interest, Tax, Depreciation/Amortisation amounted to Rs. 43 million for the year under review, compared to negative cash earnings of (Rs.40 million) last year.

We closed the year with a consolidated net loss after tax of Rs. 45.9 million on a revenue of Rs. 561.9 million compared to a consolidated net loss of Rs. 385.2 million recorded during the previous year on a revenue of Rs. 423.6 million. Consolidated Finance Income increased by 262% to Rs. 429.3 million during the year under review, compared to Rs. 118.0 million recorded the previous year, and included a net exchange gain of Rs. 335.1 million arising from the revaluation of foreign currency denominated cash reserves of the group, as a result of the depreciation of the Sri Lankan Rupee (compared to the US Dollar) from Rs. 199/- at 1st April 2021 to Rs. 299/- as of 31st March 2022.

PERFORMANCE ANALYSIS OF SUBSIDIARIES AND JOINT VENTURES

Loss from Operations (before finance cost/income and tax) amounted to Rs. 165.5 million for the period under review compared to Rs. 223.9 million recorded the previous year.

Kandy Hotels Company (1938) PLC

The Kandy Hotels Company (1938) PLC ("KHC") the owning Company of the Queens Hotel, Hotel Suisse Joint Owners of Radisson Kandy (formerly known as Ozo Kandy).

("KHC") recorded a total revenue of Rs. 181.2 million for the financial year ended 31st March 2022 compared to Rs. 145.0 million recorded during the previous financial year. Loss from Operations before finance cost and tax amounted to Rs.61.1 million for the period under review compared to a loss of Rs. 67.8 million recorded last year. The Company recorded consolidated Net Loss of Rs. 154.2million for the year under review compared to a Net Loss of Rs. 167.7 million in FY 2020/2021. The Loss for the period includes Rs.107.8 million (FY 20/21 Rs.114.5 million) of losses as share of losses from the joint venture undertaking (Suisse Hotel Kandy (Pvt) Limited, the owning Company of Radisson Kandy), primarily due to currency translation losses on the Foreign currency denominated Bank loans of the JV Company.

Hotel Suisse continued to operate as a quarantining facility during the 1st quarter and then converted into an Intermediate Care Centre (ICC) of Kings Hospital of Colombo for most part of 2nd Quarter of the Financial Year, an outcome of our strategy to build an 'anchor' revenue stream into the Company as we navigated through adversity. However, with the increasing supply of such facilities throughout the Country over time, and with intermittent secessions of repatriations due to Airport closures, generating continued income streaming from this segment of the business became a challenge.

United Hotels Company Limited

United Hotels Company Limited (UHC) recorded a total revenue of Rs. 309.4 million for the financial year under review compared to Rs. 136.9 million recorded the previous year. UHC recorded an operating loss of Rs. 66.0 million for the financial year ended 31st March 2022, compared an operating loss of Rs. 132.6 million recorded last year. A notable improvement in results during the year, where the company returned to positive EBITDA during the financial year under review at Group level.

CHC Rest Houses

CHC Rest Houses cluster recorded a total revenue of Rs. 120.5 million for the financial year under review compared to Rs. 60.6 million recorded the previous year. The cluster also recorded an operating profit of Rs. 0.5 million for the financial year ended 31st March 2022, compared an operating loss of Rs. 43.2 million recorded last year. This cluster too saw the return to cash profitability during the year with a positive EBITDA being recorded.

CHC Foods (Pvt) Limited

CHC Foods which operated only the two outlets at Ambepussa during the year as a result of the restructuring exercise carried out during 2019 recorded a revenue of Rs. 70.4 million for the financial year ended 31st March 2022 compared to Rs. 64.8 million recorded last year.

The Kandy Colombo Highway once fully operational may have an impact on the revenue streaming of these outlets. We will adopt prudent operational strategies to remain profitable despite these challenges.

The company renovated and refurbished the historic Hanwella rest house during the year under review and will be opened for business within the current financial year. This we believe will augment the operating results of this Company. CHC Foods recorded an operating loss of Rs.5.3 million for the financial year ended 31st March 2022, compared an operating loss of Rs.13.4 million recorded last year.

Ceylon Hotel Maldives (Pvt) Ltd (CHML)

During the financial year, CHML entered into sale and purchase agreement with China Travel International Investment Hong Kong Limited for a sale of the 50% stake in Handuvaru Ocean Holidays (Pvt) Ltd (HOH) for US$ 4,493,663/-(Approx. LKR 1.6 Bn). This transaction when completed will further enhance the asset position of the Group.

Chairman's Review

OUTLOOK

The outlook for global travel remain positive. New Covid variants may continue to disrupt the pace of recovery, but demand for travel globally appears to be strong with nations easing off travel restrictions due to rising rates of vaccination throughout much of the world, combined with increased cross-border coordination and protocols and, population adopting to a new normal, even in the face of new variants.

Sri Lanka has much to offer to the global traveller. A resurgence in tourism in Sri Lanka would depend on how effectively Sri Lanka navigates the present day socio-economic turmoil. Tourism is vital foreign exchange earner, employer and contributor to GDP.A revived tourism industry would be vital and key to building the Country's foreign exchange reserves. For this all efforts including at policy level should be directed at creating a conducive environment travel and tourism in the country in order to restore confidence among foreign travellers. It is for this reason we remain optimistic of the resilience and the revival of the industry.

In the meantime, we will have remained focus on our businesses, and prudent operational strategies to deliver optimum profitability to the company's valued shareholders.

APPRECIATIONS

I wish to thank my fellow Board members and the members of the Audit Committee, Remuneration Committee, for their guidance and counsel and thank the associates and the Management Company/Operator of the hotels of the Company for their endurance and cooperation during these very challenging times. The Company is also grateful to the timely financial support provided by the Government of Sri Lanka, Central Bank of Sri Lanka and the Ministry of Tourism through concessionary funding, loan moratoriums and other concessions on payment of levies. I also would like to thank our valued Guests, Travel Agents, Suppliers, Bankers, Auditors, Secretaries and our Shareholders for the invaluable support given at all times.

Lakshman Samarasinghe
Chairman

30 August 2022

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), Ekho Safari (Tissa) and Ekho Lake House (Polonnaruwa). He is also the Chairman of Ambeon Capital PLC, Ambeon Holdings PLC, and Millennium I.T. E.S.P. (Pvt) Ltd. He is also a Director of Cargills (Ceylon) PLC since 1994.

Mr. Gardiner counts over 31 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 43 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 51 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 16 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 28 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 Gardiner Group of Companies.

MR. MANGALA BOYAGODA

Mr. Boyagoda is a Senior Banker, possessing over 35 years' experience holding key positions in the field of Financial Services. He is the former CEO of Standard Chartered Bank. He is the present Chairman of Wealth Lanka Management (Pvt) Ltd., Director of SAFE Holdings (Pvt) Ltd., Asset Trust Management (Pvt) Ltd, Chemanex PLC,Sierra Constructions (Pvt) Ltd., Sri Lanka Gateway Industries (Pvt) Ltd., CA Crushing (Pvt) Ltd., Ceylinco General Insurance Ltd., Faber Capital Lank (Pvt) Ltd., United Hotels Co. (Pvt) Ltd., Ambeon Holdings PLC., Taprobane Capital Plus (Pvt) Ltd, Asset Holdings (Pvt) Ltd, CIESOT & Dhamma Parami Trust.

He holds a Master's Degree in Business Administration from the Irish International University (European Union).

Board of Directors

MR. KUVERA DE ZOYSA

Mr. 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 is a veteran in the financial services industry in Sri Lanka and counts over 35 years of experience both in Sri Lanka and overseas.

Mr. Devasurendra is the Deputy Chairman of Ambeon Capital PLC, Ambeon Holdings PLC and Dankotuwa Porcelain PLC.

MR. RANIL PATHIRANA

Mr. Ranil Pathirana has extensive experience in finance and management in financial, apparel and energy sectors and presently serves as 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.

Mr. Pathirana is the Chairman of Windforce PLC and a Non-Executive Director of Ambeon Capital PLC, Ambeon Holdings 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. 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 Gardiner 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 16 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 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 Managing Director of British Ceylon Capital (Pvt) Limited and holds directorships in Cyril Rodrigo Restaurants (Private) Limited, Dankotuwa Porcelain PLC, Navitas Investments (Private) Limited, C H C Investments (Private) Limited, Ceylon Hotels Investments (Private) Limited, Eon Tec (Private) Limited, United Hotels Company Limited, Live is to Travel (Private) Limited, Wild Ceylon (Private) Limited and Nidanwala Watta (Private) Limited.

Management Discussion and Analysis

ECONOMIC ENVIRONMENT

Gross Domestic Product

The Sri Lankan economy witnessed a margined rebound in 2021, following the COVID 19 induced contraction in 2020. As per the Central Bank of Sri Lanka the Sri Lankan economy recorded a growth of 3.7% in 2021 in real terms compared to the contraction of 3.6% recorded in 2020.

The GDP per capita followed the same trajectory with 2021 recording US$ 3,815 compared to a GDP per capita of US$ 3,695 recorded in 2020. The industry sector witnessed the largest growth with year on year increase by 5.3%, followed by the services sector with an increase of 3% and the Agriculture sector with an increase of 2%. However, the Tourism sector is a key part of the services sector of the economy continued to be severely affected due to the slow down in international tourist arrivals a result of the Covid-19 pandemic despite the gradual relaxation of restrictions on international travel in 2021.

Trade Account and Exchange Rate

The trade deficit of the country increased from US$ (-6.0) billion in 2020 to US$ (-8.1) billion in 2021, primarily due to the rise in imports from US$ 16.1 billion to US$ 20.6 billion despite a rise in exports from US$ 10 billion to US$ 12.5 billion.

However, the Covid-19 pandemic continued to adversely impacted tourism earnings with lacklustre international tourist arrivals resulting in a steep shortfall in foreign exchange inflows. Significant outflows were also seen in the government securities and the equity markets as foreign capital moved out from the country due to the multiple ratings downgrades and the perceived macroeconomic risks. As a result of these external factors, the exchange rate continued to be volatile and the average rate depreciated by 7.5% during 2021 and remained under pressure due to the large outflows required to repay the international sovereign bond maturities. As we write the rates have seen a record decline in the LKR value amidst a liquidity shortage and external debt default and very low usable foreign reserves.

Interest Rates and Inflation

Market interest rates remained low during most part of the year until the Central Bank begun to tighten monitory policy in 2021. A steep resetting was done in April 2022 by 700 basis points on the back drop of rising inflation and a sharp fall in the currency. The weighted average deposit rates by commercial banks declining from 5.8% in 2020 to 4.9% in 2021. Lending rates followed a opposite trend with the weighted average new lending rate by commercial banks increasing to 9.48% in 2021 compared to 8.38% recorded in 2020. The one-year treasury bill yields were 8.24% by the end of 2021 compared to 5.05% during the end of 2020. However, the present situation is such that there has been a drastic shift towards a sharp contradictory monetary policy where treasury bill rates and bank deposit rates have increased to extremely high levels of above 30% given the record high inflation levels of 64.3% and the sharp depreciation of the Sri Lankan rupee.

INDUSTRY ENVIRONMENT

Global Tourism

Global tourism experienced a 4% upturn in 2021, compared to 2020 (415 million versus 400 million visitors). However, international tourist arrivals in 2021 were 72% below the pre-pandemic year of 2019, according to estimates by UNWTO. This follows on from 2020, the worst year on record for tourism, when international arrivals decreased by 73%.

UNWTO World Tourism Barometer indicates that rising rates of vaccination, combined with easing of travel restrictions due to increased cross-border coordination and protocols, have all helped release pent up demand. International tourism rebounded moderately during the second half of 2021, with international arrivals down 62% in both the third and fourth quarters compared to pre-pandemic levels.

The pace of recovery in 2021 was also uneven across world regions due to varying degrees of mobility restrictions, vaccination rates and traveller confidence. Europe and the Americas recorded the strongest results in 2021 compared to 2020 (+19% and +17% respectively), but still both 63% below pre-pandemic levels.

Africa saw a 12% increase in arrivals in 2021 compared to 2020, though this is still 74% below 2019. In the Middle East arrivals declined 24% compared to 2020 and 79% over 2019. In Asia and the Pacific arrivals were still 65% below 2020 levels and 94% when compared to pre-pandemic values as many destinations including China, remained closed to non-essential travel.

There are reasons to be optimistic about tourism recovery globally. UNWTO's latest reports indicate that, global tourism recovery in 2022 is at a strong pace. According to the latest World Tourism Barometer, international tourism saw a 182% year-on-year increase in January-March 2022. The pace of recovery though is uneven across world regions. Asia Pacific notably records the slowest recovery as destinations such as China remained closed for non-essential travel, but all indications are that the global travel is in the right direction towards recovery to pre pandemic levels.

Sri Lanka Tourism

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 island wide curfew was imposed excluding certain services that were categorized as essential. As a further measure, the international airport was also closed for all inward international commercial passenger flights from 19th March 2020.

The country went through a wave of multiple lockdowns and reopenings since and even to 2021.

Tourist arrivals to Sri Lanka were insignificant with only 10,022 arrivals during the financial year 2020 / 2021.

Much of the financial year under review, the industry depended on the local patronage despite on and off lockdowns until a steady stream of international arrivals starting from the 3rd quarter of the financial year. The Country recorded approximately 195,000 international arrivals during 2021, 80% of which was during October to December 2021. India dominated accounting for almost 30% of the country's visitor traffic, while Europe emerged as the dominant region contributing 48% of the total arrivals. Sadly, our major source market, China, remained closed for travel due to strict border controls in place. As a result, most hospitality companies were forced to shift focus towards domestic tourism, banquets, events, restaurants and food delivery business segments given the new business landscape.

The growth momentum of international arrivals continued into the 1st quarter of 2022 with 285,000 arrivals recorded. Unfortunately, this momentum slowed, and eventually have now reached pandemic levels, with widespread global news of the country's political and economic instability, the aftermath of isolated violent incidents and the consequent travel advisories which were issued by multiple countries.

Tourism earnings is a key contributor to the overall Sri Lankan economy accounting for approximately 5% of GDP during 2019. In 2021, only US$ 500 million in tourism earnings were generated, which was substantially below the US$ 3.6 billion earnings generated in 2019, resulting in a sharp loss of foreign currency inflows to the country.

In this backdrop, Hotel owning companies of Ceylon Hotels Corporation PLC, continued to operate a local centric business model put in place in 2020, to operate under Covid 19 conditions during most part of the financial year, until the 3rd quarter when the country witnessed a steady rebound in international arrivals. Local business was a competitive landscape as other hotels and resorts also had to rely on the same revenue sources. The quarantine business and Intermediate Care Centers were the anchor business that generated a constant stream of cash flows to the Group during the previous financial year with Hotels Ekho Surf, Ekho Safari, The Suisse and Ekho Sigiriya being converted to quarantine hotel facilities. The Suisse hotel was also converted to an Intermediate Care Centre (ICC) of Kings Hospital of Colombo during most part of quarter two of the Financial year. However, with the increasing supply of such facilities, intermittent secessions of repatriations due to airport closures this business segment found it difficult to perform at a sustainable level over an extended period.

From the 3rd quarter onwards, with the country witnessing a steady flow of foreign arrivals most of the hotels of the Group, returned to regular operations with the anticipated rebound in international arrivals, and executed business strategies within the Rooms, F&B, events spaces but in a competitive marketplace.

OVERVIEW OF FINANCIAL AND OPERATIONAL PERFORMANCE

Ceylon Hotels Corporation PLC (CHC) Group consists of The Kandy Hotels Company (1938) PLC, The United Hotels Company Ltd, The Tissa Resorts (pvt) Ltd, CHC Foods (Pvt) Ltd, Ceylon Hotels Maldives (Pvt) Ltd, as operating Subsidiaries, and Ceylon Holidays Holdings (Pvt) Ltd as a Joint Venture undertaking.

Revenue

CHC recorded an increase in the consolidated revenue by 33.% recording a total revenue of Rs.561.9 million for the financial year ended 31st March 2022 compared to Rs.423.6 million recorded during the previous financial year in tandem with the increase in occupancy and Rev Par during the year under review at all the key Hotels/Rest houses of the Group compared to previous year.

Consolidated Room revenue of the Group increased from Rs110.3. million in FY 2021 to Rs. 214.6 million in FY 2022, an increase of 94%. The food and beverage revenue increased from Rs. 291.2 million to Rs.325.4 million for the financial year under review. Other revenue remained constant recording an amount of Rs. 21.9, million compared with the previous financial year.

Operating Performance

The Gross Profit of the Group increased from Rs. 300.7 million during the previous financial year to Rs.414.6 million in the financial year under review with the gross profit margin rising from 71% to 74%.

Despite the stringent cost control measures continuing in to the financial year under review as well, owning to incremental operating cost in tandem with bringing most hotels to regular operations from 3rd quarter, combined with the general inflation in the country, administrative expenses of the Group increased to Rs.545.3 million from Rs.496.5 million of the prior year.

Accordingly, Group recorded an operating loss of Rs. 165.5 million for the year under review compared to an operating loss of Rs. 223.9 million recorded last year.

Notable would be that the Group returned to positive EBITDA during the Financial Year under review, with most hotel owing subsidiaries recording positive EBITDA during the year compared to EBITDA loss reported during the previous Financial year. Consolidated Earnings before Interest, Tax, Depreciation/ amortisation amounted to Rs. 44 million for the year under review, compared to some negative cash earnings of (Rs.52Mn) last year

As more fully described in note No.12 to the financial statements, Group recorded a tax charge for the year of Rs.10.9 million compared to tax reversal of Rs.46.8 million recorded in the previous year. While current tax charge for the year remain

Management Discussion and Analysis

constant compared to prior year (Rs.21 million),the said change is purely contributed by the amount of deferred tax asset recognized for the year of Rs.9.6 million, compared to Rs.67.9 million of the prior year. The said difference is a result of additional amount of tax losses considered for recognition of differed tax in the respective years. During the year Management has re-assessed the amount of brought forward tax losses on which tax benefit to be recognised as of reporting date, giving due consideration to time bar provisions and the revised forecasts of taxable profits of the respective legal entities carrying brought forward taxable losses. Accordingly deferred tax assets are recognised to the extent that future taxable profits will be available as further described in note 29.4 to the financial statements.

CHC closed the year with a consolidate net loss after tax of Rs. 45.8 million compared to a consolidate net loss of Rs. 385.22 million recorded during the previous year. Consolidated Finance Income increased by 262% to Rs. 427.0 million during the year under review, compared to Rs. 117.9 million recorded the previous year, and included an exchange gain of Rs. 335.1 million arising from the revaluation of foreign currency denominated Cash deposits of the group, as a result of the depreciation of the Sri Lankan Rupee (compared to the US Dollar) from Rs.199 at 1st April 2021 to Rs.299 as of 31st March 2022,

FINANCIAL POSITION

Total Assets

The total assets of the Group was Rs. 14billion compared to Rs.12.1 billion during the previous financial year. Both Freehold & lease hold land and buildings of the Group were revalued as of the reporting date by a Chartered Valuer and the details pertaining to the valuation are provided in the Note 14 of the financial statements.

Accordingly, net revaluation gain of Rs.1.25 billion was recognised during the financial year.

The Cash and Cash Equivalents of the Group net of Bank Overdrafts as at the 31st March 2022 was Rs. 1.4 billion and is largely held in foreign currency, and the depreciation of the rupee will have a positive impact on the balance sheet, as seen in the increase Finance income during the year.

Borrowings

Total interest-bearing borrowings of the Group as at 31st March 2022 was Rs. 2.2 billion compared to Rs. 1.9 billion during the previous financial year.

The increase in the total Loan stock is primarily due to capitalization of interest during the period under review as a result of the extension of the Moratorium drafted to Tourism Industry for the payment and Capital and Interest on bank loans.

Debt service moratoriums did assist the Group with cash flow management during the crisis hit period since the Easter Bombings, but have also resulted in increase the overall Borrowings of the Group over the last three years. Due to the capitalization of interest as a result to the moratorium on loans, the debt burden on the Group will increase as a result of the accumulation of debt.

The net debt to equity ratio was 0.07 as at the financial year end vis-à-vis 0.09 during FY 2020/2021.

Net Assets of the Group excluding minority interest was Rs. 7.9 billion as at 31st March 2022 compared to Rs. 7.0 billion during the previous financial year.

In line with the specified moratorium ending dates, Management has initiated discussions with relevant commercial banks to restructure its existing debt portfolio. Pending the incorporation of restructuring terms into the formal agreements, portion of loans to be settled within next twelve months (Current Borrowings) presented in the statement of financial position were determined based on previously negotiated settlement terms & conditions.

PERFORMANCE ANALYSIS OF SUBSIDIARIES AND JOINT VENTURES

Kandy Hotels Company (1938) PLC

The Kandy Hotels Company (1938) PLC ("KHC") the owning Company of the Queens Hotel, Hotel Suisse and Radisson Kandy (formerly known as Ozo Kandy).

("KHC") recorded a total revenue of Rs. 181.2 million for the financial year ended 31st March 2022 compared to Rs. 145.0 million recorded during the previous financial year. Loss from Operations before finance cost and tax amounted to Rs. 61.1 million for the period under review compared to a loss of Rs. 67.8 recorded last year. The Company recorded consolidated Net Loss of Rs. 154.2 million for the year under review compared to a Net Loss of Rs. 167.7 million in FY 2020/2021. The Loss for the period includes Rs.107.8 million (FY 20/21 Rs.114.5) of losses as share of losses from the joint venture undertaking (Suisse Hotel Kandy (Pvt) Limited, the owning Company of Radisson Kandy), primarily due to currency translation losses on the Foreign currency denominated Bank loans of the JV Company.

Hotel Suisse continued to operate as a quarantining facility during the 1st quarter and then converted into an Intermediate Care Centre (ICC) of Kings Hospital of Colombo for most part of 2nd Quarter of the Financial Year, an outcome of our strategy to build an 'anchor' revenue stream into the Company as we navigated through adversity. However, with the increasing supply of such facilities throughout the Country over time, and with intermittent secessions of repatriations due to Airport closures, generating continued income streaming from this segment of the business became a challenge.

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 recorded a total revenue of Rs. 309.4 million for the financial year under review compared to Rs. 210.4 million recorded the previous year. UHC recorded an operating loss of Rs. 66.0 million for the financial year ended 31st March 2022, compared an operating loss of Rs. 132.6 million recorded last year. A notable improvement in results during the year, where the company returned to positive EBITDA during the financial year under review.

CHC Foods (Pvt) Limited

CHC Foods which operated only the outlet lets at Ambepussa during the year as a result of the restructuring exercise carried out during 2019 recorded a revenue of Rs. 70.4 million for the financial year ended 31st March 2022 compared to Rs. 64.8 million recorded last year.

The Kandy Colombo Highway once fully operational may have an impact on the revenue streaming of these outlets. We will adopt prudent operational strategies to remain profitable despite these challenges.

The company renovated and refurbished the historic Hanwella Rest House during the year under review and will be opened for business within the current financial year. This we believe will augment the operating results of this Company. CHC Foods recorded an operating loss of Rs.5.3 million for the financial year ended 31st March 2022, compared an operating loss of Rs. 13.4 million recorded last year.

JOINT VENTURES

Suisse Hotel Kandy (Pvt) Limited

Suisse Hotel Kandy (Pvt) Limited recorded a loss of Rs. 950.2 million during the FY 2021/2022 compared to a loss of Rs. 241 million during the previous financial year as the external environment factors continue to weigh in on the performance of the hotel where the steep depreciation of Sri Lankan Rupee against the United State Dollar (USD) had a negative impact on the significant USD denominated borrowings of the company resulting in currency loss of Rs. 745 million compared to an operational loss of Rs. 72.4 million.

Owing to the above conditions, Group's investment in Suisse Hotel (pvt) Limited, the owning Company of Radisson Kandy (formerly Ozo Kandy) was tested for impairment, factoring in the forecasted future cash flows of the investee entity (Suisse Hotel Kandy private Limited). Significant consideration was also given to the significant USD denominated borrowings of the joint venture undertaking and its potential impact on the value in use assessment.

As a result, an amount of Rs.175.2 million was recognised during the year as a provision for probable deterioration of the value of investment.

CHC Rest Houses

CHC Rest Houses cluster recorded a total revenue of Rs. 120.5 million for the financial year under review compared to Rs. 60.6 million recorded the previous year. The cluster also recorded an operating profit of Rs. 0.5 million for the financial year ended 31st March 2022, compared an operating loss of Rs. 43.2 million recorded last year. This cluster two saw the return to cash profitability during the year with a positive EBITDA being recorded.

Handuvaru Ocean Holidays (Pvt) Ltd.

During the year, the Group has classified an Investment in Joint venture which is held by Ceylon Hotel Maldives (Pvt) Ltd (CHML), a subsidiary of Ceylon Hotel Company PLC as Assets held for sale since the carrying amount of the assets will be recovered principally through a sale transaction rather than through continuing use. Ceylon Hotel Maldives (Pvt) Ltd has entered into a conditional sale and purchase agreement on 12 October 2021 with China Travel International Investment Hong Kong Limited for a sale of the 50% stake in Handuvaru Ocean Holidays (Pvt) Ltd (HOH) for US$ 4,493,663/-(Approx. LKR 1.6 Billion as of 31st May 2022. As per the Sales Purchase Agreement, the conclusion of the Sale and the eventual transfer of Ownership of 50% stake, is subject to due diligence and satisfactory conclusion of certain conditions precedents. The share of loss of Handhuvaru Ocean Holidays Private Limited recognised for the year amounted to LKR 5 million.

OUTLOOK

The outlook for global travel is positive, with nations easing off travel restrictions due to rising rates of vaccination throughout much of the world, combined with increased cross-border coordination and protocols and, population adopting to a new normal, even in the face of new variants.

Much of the outlook for the local tourism industry hence will depend on how Sri Lanka navigates the present day socio-economic turmoil. And It is reasonable to assume that the road ahead for the industry is an uphill climb. On the positives, a revived tourism industry would be vital and key to building the Country's foreign exchange reserves. It is for this reason we remain optimistic of the resilience and the revival of the industry once a conducive environment is established for travel and tourism activities within the country in order to restore confidence among foreign travellers.

There are a few more challenges that we will have to face, those that will effect profitability, record high inflation and rising cost of hotel consumables, the increased cost of electricity and other utilities, and the migration of skilled workforce out of Sri Lanka. We will face these challenges by being adaptive and prudent in our operational strategies and will remain focused on the business models to ensure that we deliver the optimum profitability to our valued shareholders.

Risk Management

The Company's overall Risk Management objective is to ensure that it creates value to its shareholders, whilst minimizing any potential adverse impact to its business plans, brand profile and financial results.

The Company's risk management framework is firmly embedded into its business planning process and is in the hands of the core business teams who ensures early detection, prevention of risk as well as exploitation of opportunities. The Board ensures that the framework is prudent and effective, which enable risk to be assessed and managed, and is supported by the Audit Committee in the overall review process.

Our business is exposed to the following key risks.

I. Risks Relating to COVID-19

COVID-19 has had a negative impact on our business and financial results, and such impact could continue for an unknown period of time.

COVID-19 has been and continues to be a complex and evolving situation, with governments globally, public institutions and other organizations imposing or recommending, at various times and to varying degrees, restrictions on various activities or other actions to combat its spread. COVID-19 has negatively impacted, and may in the future negatively impact, our business, operations, and financial results.

While we know full recovery will take time, we have shown our ability to operate adeptly through uncertainty and to evolve. Therefore, your Company will continue to operate an agile business model.

II. Risks Relating to Our Industry

Our industry is highly competitive, which may impact our ability to compete successfully for guests with other hotel properties and home sharing or rental services. We operate in a market that contain many competitors. Our hotels compete with other hotel chains, independent hotels, and home sharing services in the region.

Our ability to remain competitive and attract and retain business and leisure travellers depends on our success in the offering, experience, strategically located properties, guest loyalty, quality, value for money, and efficiency of our products and services.

Our ability to expand on our operating margins is affected due to this competition and would also depend on demand supply dynamics within the overall industry space.

Economic downturns and other global, national, and regional conditions mainly in our source markets, and generally globally, will have an impact on the overall international traveller arrivals into the country and our industry's growth momentum. Because we rely on key tourism source markets for our businesses, changes in economic conditions, governmental policies, geopolitical and social conditions, pandemics and health related concerns will impact free travel will in turn impact our activities.

Our business is impacted by heightened travel security measures, travel advisories, disruptions in air travel, and concerns over disease, violence, war, or terrorism.

Macro external factors within Sri Lanka, that dampens international traveller sentiments such as political and economic disruption, the emerging risk of infectious diseases (local centric such as a dengue outbreak), actual or threatened acts of terrorism or war, violence natural or man-made disasters could have an impact our grow momentum.

III. Risks Relating to Our Business.

Our business depends on the quality and reputation of our Company and our brands, and any deterioration could adversely impact our market share, reputation, business, financial condition, or results of operations. Many factors can affect the reputation of one or more of our properties and the value of our brand, including service, food quality and safety, safety of our guests and employees, our approach to health and cleanliness, our approach to managing environmental and social matters and support for local communities. Reputational value is also based on perceptions, and broad access to social media makes it easy for anyone to provide public feedback that can influence perceptions of us, our brand and our hotels, and it may be difficult to control or effectively manage negative publicity, regardless of whether it is accurate. Any material decline in the reputation or perceived quality of our brand or corporate image could affect our market share, reputation, business, financial condition, or results of operations.

Attracting, developing and retaining leadership and talent.
We compete with other companies both within and outside of our industry for talented personnel. If we cannot recruit, train, develop, and retain sufficient numbers of talented employees, we could experience increased employee turnover, decreased guest satisfaction, low morale, inefficiency, or internal control failures. Insufficient numbers of talented employee could also limit our ability to grow and expand our businesses. In addition, the efforts and abilities of our senior executives are important elements of maintaining our competitive position and driving future growth, and the loss of the services of one or more of our senior executives could result in challenges executing our business strategies or other adverse effects on our business.

Risks relating to natural or man-made disasters, adversely affected our revenues. We have seen a decline in travel and reduced demand for lodging due to so-called "Acts of God," as well as man-made disasters and the spread of contagious diseases in locations where we own properties and If a terrorist event or other incident of violence were to involve one or more of our branded properties, demand for our properties in particular could suffer disproportionately, which could further hurt our revenues and profits. But the Company has adequate insurance covers in place on both property as well as consequential losses.

IV. Property / Investment Valuation Risk

The valuations of the properties of the company and investment in the investee company are stated at fair value and are assessed by independent professional valuers. Some of the key assumptions which impact the valuation applicable market discount rate, both of which are beyond the control of the Company. While adequate measures are taken to manage the controllable input of the valuation assumptions, volatility in external environment and industry dynamics can result in fluctuations in the appraised fair value of the investments in the financial statements.

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 2022 on the affairs of the Company. Details setout herein provide the pertinent information required by the Companies Act No.07 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 30 August 2022, approved the Company's Audited 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 and the Management Discussion and Analysis on pages 4-6 and 12-13 describes the Company's affairs and highlights important events that occurred during the year, and up to the date of this report. The Group Financial Highlights on page 3 summarize the financial results of the Company. These reports together with the audited financial statements reflect the state of affairs of the Group.

4. FINANCIAL PERFORMANCE OF THE COMPANY

The financial statements which include statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cashflows and the notes to the financial statements of the Company and the Group for the year ended 31st March 2022 and are prepared in compliance with the requirements of Section 151 of the Companies Act No. 07 of 2007 are given on pages 40-113 in this annual report.

5. FINANCIAL RESULTS

The net loss before tax of the Group was Rs. 34.9 million on a turnover of Rs. 561.9 million for the year ended 31st March 2022 compared to net loss before tax Rs. 432 million on a turnover of Rs. 423.6 million in 2020/2021.

An abridgement of the financial performance of the Company and Group is presented below.

For the year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Loss attributable to equity holders	(39,684,680)	(312,064,378)	(55,357,173)	(73,431,051)
Profit/(loss) brought forward from previous year	1,229,398,472	1,448,391,288	(39,457,944)	34,345,388
Other comprehensive (loss)/income attributable to equity holders	(83,107)	(903,243)	773,699	(372,281)
Transfer of excess depreciation on revaluation	79,406,102	93,974,805	-	-
Retained earnings/(loss) carried forward	1,269,036,787	1,229,398,472	(94,041,418)	(39,457,944)

6. AUDITORS' REPORT
The Auditors' Report on the Financial Statements is given on pages 36-39 of this Annual Report.

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 50-66 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. STATED CAPITAL AND RESERVES
The Company's stated capital as at 31st March 2022 was Rs.362,610,821/- represented by 180,030,942 ordinary shares and 1,200,000 preference shares @ 6%. There was no change in the stated capital during the year under review.

The total capital and reserves for the group stood at Rs.10,418 million as at 31st March 2022.(2021: Rs.9,159 million).

10. SHAREHOLDERS' FUND
Total reserves of the Group as at 31st March 2022 was Rs. 7,559 million (2021: Rs. 6,665 million) comprising of retained earnings of Rs. 1,269 million (2021: Rs. 1,229 million) and other reserve of Rs. 6,291 million (2021: Rs. 5,436 million). Total reserves combined with Stated Capital as at 31st March 2022 was Rs. 7,922 million (2021: Rs. 7,027 million) The movements are shown in the Statement of Changes in Equity given on pages 44-45.

11. DIVIDEND
The Board of Directors have not recommended a final dividend for the year ended 31st March 2022.

12. SOLVENCY TEST
Since there is no recommendation for a payment of a dividend for the year ended 31st March 2022, it is not required to prepare a solvency statement in accordance with Section 56 of the Companies Act, No.07 of 2007.

13. GOING CONCERN
The Board of Directors has made an assessment of the Group'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 the Covid-19 pandemic and also the present day Socio Economic crisis in the country.

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.

14. PROPERTY PLANT AND EQUIPMENT
The Group has incurred capital expenditure of Rs. 3.2 million during the year under review (2021 – Rs. 16 million). The movements in property, plant and equipment during the year are set out in Note 14 to the Financial Statements.

15. MARKET VALUE OF PROPERTIES
Freehold land and Building were revalued by an independent professional valuer during the year. The valuation basis/ techniques and the assumptions used there in have been deliberated and agreed by the Management. The carrying value of freehold land and building and Buildings on leasehold land reflected in the Financial Statements as at 31st March 2022 is Rs. 10.212 million (2021 8.843 million).

The details of freehold land and building and Buildings on leasehold land valuation are given in Note 14.1.5 on page 73 to the Financial Statements.

16. INVESTMENTS
Details of long-term Investments held by the Company are given in Note 17 to the financial statements on pages 78-82.

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

a. Investment in Financial Instruments

Investments in financial instruments of the Company represents investments in fair value through other comprehensive income (FVOCI) financial assets, categorized into,

- Fair value hierarchy Level 01 – quoted securities / unit trusts
- Fair value hierarchy Level 03 – unlisted entity

The details of financial instruments categorized into levels in the fair value hierarchy are given in note 40 to the financial statements

17. IMPAIRMENT TESTING

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

18. 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.

19. CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

The Contingent liabilities as at 31st March 2022 are given in Note 36 to the Financial Statements. There were no capital commitments made on account of capital expenditure as at 31 March 2022.

20. POST BALANCE SHEET EVENTS

There are no significant events that have occurred after the balance sheet date Other than disclosed in Note 36 to the financial statements which would have any material effect on the Company that require adjustments.

21. DIRECTORS AS AT 31 MARCH 2022

The Board of Directors of Ceylon Hotels Corporation PLC comprise 09 Directors and 03 of them serves as Independent Non- Executive Directors. The qualification and experience of the Directors are given on pages 7-9 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. Ajith Devasurendra	Non Independent Non Executive Director
Mr. Ranil Pathirana	Non Independent Non Executive Director
Mr. Shalike Karunasena	Non Independent Executive Director
Mr. Revantha Devasurendra - *Alternate Director to Mr. Ajith Devasurendra*	Non Independent Non Executive Director

The names of the Directors of Subsidiary Companies are given below.

Name of the Company	Name of the Directors
CHC Foods (Private) Limited	Mr. Athula Iddawala Mr. Lakshman Samarasinghe Mr. Priyantha Maddumage Mr. Shalike Karunasena (Alternate Director to Mr. Priyantha Maddumage)
The Kandy Hotels Co (1938) PLC	Mr. Sanjeev Gardiner Mr. Charitha Ratwatte Mr. Lakshman Samarasinghe Mr. Lakshman Sirimanne *(Deceased on 20/05/2021)* Mr. Priyantha Maddumage 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 Mr. Shalike Karunasena (Alternate Director Mr. Priyantha Maddumage)
Airline Services (Private)Limited	Mr. Sanjeev Gardiner Mr. Lakshman Samarasinghe Mr. Priyantha Maddumage

The Board of Directors of Ceylon Hotels Corporation PLC comprise 09 Directors and 03 of them served as Independent Non- Executive Directors. The qualification and experience of the Directors are given on pages 7 to 9 of the Annual Report. The Directors to retire in every year shall be those who have been longest in office since their last election. Accordingly Messrs Lakshman Samarasinghe and Mangala Boyagoda retire by rotation in terms of Articles of Association of the company.

All the Non-Executive Directors have submitted annual declarations regarding their independence or non- independence.

After the Annual report include - Messrs Kuvera De Zoysa, Mr Mangala Boyagoda and Mr Kamantha Amarasekara have been serving on the Board over 09 years since their first appointment to the Board. Under Rule 7.10.3(b)of the CSE regulations, if a Director serves more than 09n years on the Board, he or she does not qualify to be an Independent Director. The Board of Directors at its meeting held on 30 August 2022 assessed the status of these three Directors, and was of the view that these Directors have fulfilled all the other criteria for independence and their independence have not been impaired . Accordingly Board decided that the said 03 Directors are suitable to continue serving as Independent Directors.

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

Messrs. Lakshman Samarasinghe and Mangala Boyagoda retire in terms of Section 210 of the Companies Act No.07 of 2007 and be re-appointed as Directors of the Company for a further period of one year from the conclusion of Annual General Meeting. Resolutions have been moved by the Company to re-appoint the said Directors and are set out in the notice of the Annual General Meeting.

22. 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	4/4
Mr Sanjeev Gardiner	4/4
Mr Priyantha Maddumage	4/4
Mr Kuvera de Zoysa	1/4
Mr Mangala Boyagoda	3/4
Mr Kamantha Amarasekera	0/4
Mr Ajith Devasurendra	4/4
Mr Ranil Pathirana	4/4
Mr Shalike Karunasena	4/4

23. BOARD SUB COMMITTEES

In line with corporate governance standards of listing rules and the industry best practices, the following sub-committees have been constituted by the board.

- Audit Committee
- Remuneration Committee
- Related Party Transaction Review Committee

Composition and function of each subcommittee are given on pages 32-34 of the corporate governance section of this Annual Report.

24.1 Audit Committee

The Audit Committee of the Company comprises the following members.

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

The report of the Audit Committee on page 33 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.

24.2 Remuneration Committee

The Remuneration Committee of the Company comprises the following members.

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 32 on this Annual Report.

24.3 Related Party Transactions Review Committee

Following are the names of the directors comprising Related Party Transactions Review Committee

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

The committee met 04 (four) times during the financial year 2021/2022.

The Related party transactions review committee report is given on page 34 on this Annual Report.

24.3.1 Non-Recurrent Related Party Transactions

There were no 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 2022 audited financial statements, which required additional disclosures in the 2021/22 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.

24.3.2 Recurrent Related Party Transactions

All the Recurrent Related Party Transactions which in aggregate value exceeds 10% of the revenue of the Company as per audited Financial Statements of 31st March 2022 are disclosed under Note 38.1 on pages 100-102 to the Financial Statements, as required by Colombo Stock Exchange Listing Rule 9.3.2.

24.3.3 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 2022. 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. The report of the Related Party Transactions Review Committee is given on page 34 in the Annual Report.

25. DIRECTORS DEALINGS WITH THE SHARES OF THE COMPANY

Directors shareholding in the company as at 31st March 2022 are as follows:

a) Directors Shareholding in the Company

	Name	Total
1.	Mr. Lakshman Samarasinghe	5,590
2	Mr. Sanjeev Gardiner	Nil
3.	Mr. Priyantha Pushpakumara Maddumage	01
4.	Mr. Edinadura Kuvera Isuru De Zoysa	Nil
5.	Mr. Ekanayake Mudiyanselage Mangala Boyagoda	Nil
6.	Mr. Don Soshan Kamantha Amarasekera	Nil
7.	Mr. Ajith Lasantha Devasurendra	Nil
8.	Mr. Ranil Prasad Pathirana	Nil
9.	Mr. Chaminda Shalike Karunasena	Nil

As at 31st March 2022, there were 7,215 registered ordinary shareholders. The number of ordinary shares held by the public as per the Colombo Stock Exchange rules as at 31st March 2022 was 40,486,055 shares equivalent to 22.49%.

26. INTEREST REGISTER

In terms with the Companies Act No.07 of 2007, the company maintained an Interest Register and the entries have been made therein. All related party transactions during the period are recoded in the 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.

27. REMUNERATION OF DIRECTORS

Remuneration received by the Directors is set out in Note 11 to the financial statements on page 68.

28. DIRECTORS INTEREST IN CONTRACTS

The Directors' interest in contracts and proposed contracts, if any with the company are disclosed in Note 38 to the Financial Statements.

29. DIRECTORS DECLARATION

The Board of Directors declare as follows:

i. The Company has not engaged in any activity which contravenes laws and regulations

ii. All material interests in contracts involving the Company were disclosed and any interested party refrained from voting on matters in which they were materially interested;

iii. The Company has made all endeavours to ensure the equitable treatment of shareholders;

iv. 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

30. CORPORATE GOVERNANCE

The Board has ensured that the Company has complied with the Corporate Governance Rules as per the Listing Rules of the Colombo Stock Exchange (CSE).

31. SUBSTANTIAL SHAREHOLDING

Names of the twenty largest shareholders for both ordinary and preference shares, percentages of their respective holdings as at 1st April 2021 and 31st March 2022, are given in the section on "Investor Information" on pages 114-117.

32. SHARE INFORMATION AND INFORMATION ON EARNINGS, DIVIDEND, NET ASSETS AND MARKET VALUE

Information relating to earnings, dividend, net assets and market value per share is given in "Financial Highlights" on page 3 Information on the shares traded and movement in the number of shares represented by the stated capital of the company is given in the section on "Investor Information" on Pages 114-117.

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

33. CONTRIBUTIONS TO CHARITY

The sum of contributions made to charities by the company during the financial year ended 31 March 2022 does not exceed Rs. 70,225 (2021: Rs. 58,910).

34. RISK MANAGEMENT

Risk Management is embedded in the day-to-day management of the Company and also part of the Corporate Governance processes.

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

The Company assesses the importance and impact of each employees 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 relations with employees and other stakeholder groups within the market place. Accordingly material issues that can substantially affect the company it's sustainability over the short, medium and long terms are determined through a process and actions are taken accordingly.

36. 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 audit and non audit 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 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.

37. ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 27 September 2022 at 3.30p.m., via audio visual technology.

38. 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
Director

(Sgd.)
Shalike Karunasena
Director

(Sgd.)
By Order of the Board,
Accounting Systems Secretarial Services (Private) Limited,

30th August 2022

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 2022, 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 30th August 2022 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 2022, 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. all applicable accounting standards that are relevant, have been followed.

b) 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 External Auditors, Messrs KPMG, are reappointed in terms of Section 158 of the Companies Act No. 07 of 2007 were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The Report of the Auditors, shown on page 36-39 sets out their responsibilities in relation to the Financial Statements.

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 reporting to the Board Audit committee 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.

COMPLIANCE REPORT

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

30th August 2022

Corporate Governance

At Ceylon Hotel 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's compliance with the continuing listing rules of the CSE, Companies Act No. 07 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 (ICASL) is described below.

Statement of Compliance with Companies Act No. 07 of 2007.

Section Reference	Applicable 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

DIRECTORS- PRINCIPLE A

The Board of Directors of Ceylon Hotel Corporation PLC takes responsibility for good corporate Governance of the Company. The Board sets out the Company's strategic direction, oversees business and connected affairs of the Company and it also formulates the policy framework for the Company.

The Board of Directors comprises of 09 Directors of which 05 are Non-Executive Directors. 03 of them are Independent Non- Executive Directors. The Board represents extensive industry expertise. Profiles of the Directors are given on page 7-9.

Board composition and Director's Independence as at 31st March 2022

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. Ajith Devasurendra	Non Independent Non Executive Director
Mr. Ranil Pathirana	Non Independent Non Executive Director
Mr. Shalike Karunasena	Non Independent Executive Director

The Board meets regularly to discuss company's performance and evaluate its strategic direction. There were 04 board meetings held during the year under review and the attendance of the board members are given below.

Name of the Director	Board Meetings
Mr Lakshman Samarasinghe	4/4
Mr Sanjeev Gardiner	4/4
Mr Priyantha Maddumage	4/4
Mr Kuvera de Zoysa	1/4
Mr Mangala Boyagoda	3/4
Mr Kamantha Amarasekera	0/4
Mr Ajith Devasurendra	4/4
Mr Ranil Pathirana	4/4
Mr Shalike Karunasena	4/4

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 encourage them to express their views at Board meetings.

Annual Board meeting and subcommittee 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. Chairman ensures that there is a proper balance between Non-Executive Directors and Executive Directors. Hotels of the Group are managed/ operated by Galle Face Group (Pvt) Ltd, An Affiliate of the Company.

The 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 and the report is given on page 32 of the report. The main objective of the remuneration committee is to retain Quality Management Staff and retain those who are performing well. The Chairmen and executive directors attend the meetings by invitation and provide information to the committee and participate in deliberations.

SHAREHOLDER RELATIONS- PRINCIPLE C

The Annual General Meeting (AGM) is the main platform for the Shareholders to raise queries from the Board. AGM notices are uploaded to Company's website and CSE website and shareholders are encouraged to use the AGM constructively to discuss matters.

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 16 of this report.

Corporate Governance

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

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

Audit Committee

The composition of the Audit Committee and the committee report is detailed out in page 33 of the Annual Report.

Audit Committee Review the Financial Reporting process, Internal Controls and external audit function to ensure the integrity and quality of the financial statements. Audit Committee ensure the Independence of External Auditors, timely delivery of the Audited financial statements and review the effectiveness of internal audit procedures. Audit Committee tries to 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 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 committee report is detailed out in page 32 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 34 of the Annual Report.

Related Party Transactions are reviewed by the Related Party Transaction Review Committee on a quarterly basis.

Committee updates the board on the related party transactions of the Group on quarterly basis.

INSTITUTIONAL 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 it operates with sustainable and eco-friendly practices. The hotels 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.

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

	Requirement	Reference
(i)	Names of persons who were Directors of the Entity	Page 19
(ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein	Page 16
(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 116
(iv)	The public holding percentage	Page 114
(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 114
(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 2021/22	Page 14-15
(vii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	Page 73-75
(viii)	Number of shares representing the Entity's stated capital	Page 86
(ix)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Page 114
(x)	Financial ratios and market price information	Pages 3 and 115
(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	Pages 73- 75
(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	Pages 24-31
(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	Pages 100-102

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

Section	Applicable Requirement	Compliance Status	Level of Compliance (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 09 Directors, company has 05 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 05 Non-Executive Directors, company has 03 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 by the CSE rules, which is in line with the regulatory requirements.

Corporate Governance

Section	Applicable Requirement	Compliance Status	Level of Compliance (Reference)
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
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	"Independence" is in line with the definition of the CSE Regulations in force. Messrs Kuvera De Zoysa, Mr Mangala Boyagoda and Mr Kamantha Amarasekara have been serving on the Board over 09 years since their first appointment to the Board. Under Rule 7.10.3(b)of the CSE regulations, if a Director serves more than 09n years on the Board, he or she does not qualify to be an Independent Director. The Board of Directors at its meeting held on 30th August 2022 assessed the status of these four Directors, and was of the view that these Directors have fulfilled all the other criteria for independence and their independence have not been impaired . Accordingly Board decided that the said 03 Directors are suitable to continue serving as Independent 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 all the Directors are given on pages 9-7.
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 a new Director is appointed to the Board, a brief resume of the new Director is given to the CSE. During the year, there were no new appointments to the Board.
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.	Complied	Remuneration Committee oversee the functions of the group. Composition of the Remuneration Committee is given on page 32 of the Annual Report under the Remuneration Committee Report.
	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.		
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	Directors of the company were not remunerated for the service rendered during the year.

Section	Applicable Requirement	Compliance Status	Level of Compliance (Reference)
7.10.5(c)	The annual report should set out the names of directors (or persons if 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 and a statement of remuneration policy are set out on page 32 of this report. Directors were not remunerated during the year.
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 recognised professional accounting body.	Complied	Audit Committee oversees the function of the company. The Audit Committee consists of 04 members including three Independent Non-Executive Directors and 01 Non Independent Non-Executive Director. Report of the Audit Committee is given on page 33 to the Annual Report. The Chief Financial Officer attends the audit committee meetings by invitation. Out of the 04 members, 02 of them are members of the recognised professional accounting body.
7.10.6(b)	Function of the Audit committee shall include, Overseeing of the preparation, presentation and adequacy of disclosures in the financial statements of a Listed Entity, in accordance with Sri Lanka Accounting Standards. 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. 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. Assessment of the independence and performance of the Entity's external auditors. 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 33 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 is given on page 33 of the Annual Report. Audit Committee report is given on page 33 of the report. Statement of Auditors independence is disclosed in page 33 of the Audit Committee report.

Corporate Governance

Statement of compliance under the section 9 of the Listing Rules of the CSE

Section	Applicable Requirement	Compliance Status	Level of Compliance (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 transaction review committee is given on page 34 of the related party 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	Related Party Transactions Review Committee oversees the related party transactions of the Group.
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 Transactions Review Committee is given on page 34 of the Annual Report under Related Party 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	Required disclosures have been made to CSE wherever necessary. Details of Related party transactions are disclosed on note 38 to the Financial Statements.
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	Applicable Requirement	Compliance Status	Level of Compliance (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 Statement of profit or loss 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 38 to the financial statements on pages 100-102.
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, The rationale for entering into the transactions.	Complied	Report of the Related Party Transaction Review Committee on page 34 of the Annual Report complies with the requirement.
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 34 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 comprise of the two Non-Executive/Independent Directors and a Non-Executive Director whose names are shown as follows:

The members of the Committee met once in the year under review.

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 Director

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.

(Sgd.)
Kuvera de Zoysa
Chairman – Remuneration Committee

30th August 2022

Report of the Audit Committee

AUDIT COMMITTEE

In accordance with the Rule 7.10.6.(a) of Listing Rules of Colombo Stock Exchange, the Audit Committee, comprises three Non-Executive Independent Directors as per the details given below;

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 2021/22 the Committee met on five occasions to review the interim financial statements and the year-end financial statements and 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 5)
Mr. Kuvera de Zoysa	4/5
Mr. Mangala Boyagoda	5/5
Mr. Kamantha Amarasekara	0/5
Mr. Ranil Pathirana	5/5

The Audit Committee invites the Group Chief Financial Officer and Financial Controller and any member of the management team 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 The Ceylon Hotel 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 2022 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 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, the internal audits are carried out annually. However, during the financial year 2021/22 with the drop in Business volumes as a result of Covid-19 effects, 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 2023, subject to the approval of the shareholders of Ceylon Hotels Corporation PLC at the Annual General Meeting.

(Sgd.)
Kuvera de Zoysa
Chairman – Audit Committee

30th August 2022

Report of the Related Party Transactions Review Committee

The Related Party Transaction Review Committee was formed by the Board of Directors in compliance with the Section 9 of the listing rules of Colombo Stock Exchange (CSE). During the period under review, it comprised three Non-Executive Independent Directors and the following are the directors of 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 four times during the financial year 2021/2022 and reviewed the related party transaction entered into by the company. The Committee further communicated its comments and recommendations to the Board.

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

Directors Name	Meetings Attended (out of 4)
Mr. Kuvera de Zoysa	3/4
Mr. Mangala Boyagoda	4/4
Mr. Kamantha Amarasekara	0/4
Mr. Ranil Pathirana	4/4

THE POLICIES AND PROCEDURES ADOPTED BY THE COMMITTEE

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.

RELATED PARTY TRANSACTIONS DURING THE YEAR

Recurrent related party transactions

All recurrent related party transactions, which in aggregate value exceeds 10% of the revenue of the company as per Audited Financial Statements of 31st March 2021 are disclosed under Note 38 on pages 100-102 to the Financial Statements as required in Section 9.3.2 of the listing rules.

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 2021 audited financial statements, which required additional disclosures in the 2021/22 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 committee has reviewed the related party transactions during the year and has communicated the comment/ observations to the Board of Directors.

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. Self-declarations are obtained from each Director/Key Management Personnel of the Company for the purpose of identifying parties related to them.

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 2022. 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.

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

30th August 2022

Financial Reports

Independent Auditors' Report

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
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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 2022, 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 40 to 113.

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 2022, 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 forming our opinion thereon, and we do not provide a separate opinion on these matters.

01. Impairment assessment of Investment in Subsidiaries

Refer to the significant account policy Note 3.1 explanatory Note 17 to these financial statements

Risk Description	Our Response
As at 31st March 2022, 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, the prevailing uncertain and volatile macro-economic environment resulted an 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. • Obtaining an understanding of management's impairment process. • 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.

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02. Valuation of Investment in Equity Accounted Investees	
Refer to the significant account policy Note 3.1 and explanatory Note 17.4 to these financial statements	
Risk Description	**Our Response**
The Group and the Company hold Investment in Equity Accounted Investees amounting to Rs. 161 Mn and Rs. 309 Mn respectively as at 31st March 2022. The Company's investments in Joint Venture is held in shares measured at fair value 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 and unobservable input used in the computation may result in a material misstatement. Further, prevailing uncertain and volatile macro-economic environment resulted an 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 the Group management's assessment of valuation of the unquoted investments. • Assessing the adequacy of disclosures in the financial statements in respect of unquoted investments and the effect of investment in equity accounted investees.

03. Revaluation of Freehold Land and Buildings and Building on leasehold land	
Refer to the significant account policy Note 3.5 and explanatory Note 14.1.5 to these 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, 31st March 2022, such Freehold Land and Building and Building on leasehold Land amounted to Rs. 8,405 Mn and Rs, 1,806 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 rates, 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. • Reviewing the component auditor's working papers where it necessary. • 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 prevailing uncertain and volatile macro - economic environment on the group operation	
Refer to the significant account policy Note 2.10 and explanatory Note 42 to these 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 prevailing uncertain and volatile macro-economic environment and implication of the COVID 19 pandemic. 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 the prevailing uncertain and volatile macro-economic environment 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 at the date of this report. We identified the management assessment of potential impact of prevailing uncertain and volatile macro-economic environment 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 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 long-term loans to identify any financial covenants or similar terms and assessing the implication of these on the liquidity. • Assessing the adequacy of disclosures in the financial statements in relation to the potential impact of the prevailing volatile macro-economic environment 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 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

30th August 2022

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 March	Notes	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Revenue	7	561,935,589	423,572,249	6,886,792	6,434,649
Cost of sales		(147,299,640)	(122,862,398)	(6,598,002)	(6,101,829)
Gross profit		414,635,949	300,709,851	288,790	332,820
Other income	8	7,501,836	13,968,105	-	-
Distribution expenses		(31,992,576)	(32,209,927)	-	-
Administrative expenses		(545,786,395)	(496,470,920)	(11,923,317)	(11,314,124)
Other operating expenses	9	(9,841,311)	(9,870,822)	-	(361,475)
Loss from operations		(165,482,497)	(223,873,713)	(11,634,527)	(11,342,779)
Finance income	10.1	427,029,366	117,979,526	31,943,665	25,095,258
Finance costs	10.2	(188,402,833)	(178,832,955)	(75,666,311)	(87,183,530)
Net finance income/(costs)	10	238,626,533	(60,853,429)	(43,722,646)	(62,088,272)
Share of loss of equity accounted investees (net of tax)	17.4.1	(108,121,807)	(147,335,889)	-	-
Loss before income tax	11	(34,977,771)	(432,063,031)	(55,357,173)	(73,431,051)
Income tax (expense)/benefit	12	(10,878,366)	46,837,111	-	-
Loss from continuing operations		(45,856,137)	(385,225,920)	(55,357,173)	(73,431,051)
Loss for the year		(45,856,137)	(385,225,920)	(55,357,173)	(73,431,051)

Figures in brackets indicate deductions

The Notes on pages 48 to 113 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 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Loss for the year		(45,856,137)	(385,225,920)	(55,357,173)	(73,431,051)
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Fair value loss on FVOCI investments	17.4.2	-	-	-	(20,000,000)
Gain on revaluation of property, plant & equipment	14.1	1,458,369,545	-	-	-
Deferred tax effect on revaluation (gain) / loss	12.3	(204,171,736)	-	-	-
Actuarial Gain / (Loss)	28	(687,813)	(1,762,559)	773,699	(372,281)
Deferred tax effect on actuarial (gain) / loss	12.3	204,613	194,639	-	-
Equity Accounted Investees - Net share of OCI	17.4	2,723,092	409,916	-	-
Items that are or may be reclassified to profit or loss					
Equity Accounted Investees - Effect of translation of foreign operations	17.4	47,643,404	16,731,350	-	-
Total other comprehensive income for the year, net of tax		1,304,081,105	15,573,346	773,699	(20,372,281)
Total comprehensive income/(expense) for the year, net of tax		1,258,224,968	(369,652,574)	(54,583,474)	(93,803,332)
Profit/(Loss) attributable to:					
Equity holders of the company		(39,684,680)	(312,064,378)	(55,357,173)	(73,431,051)
Non Controlling Interest		(6,171,457)	(73,161,542)	-	-
Loss for the year		(45,856,137)	(385,225,920)	(55,357,173)	(73,431,051)
Total Comprehensive Income/ (Expenses) attributable to :					
Equity holders of the company		894,513,705	(299,797,891)	(54,583,474)	(93,803,332)
Non Controlling Interest		363,711,263	(69,854,683)	-	-
Total comprehensive income/(expense) for the year		1,258,224,968	(369,652,574)	(54,583,474)	(93,803,332)
Loss per share					
Basic & Diluted loss per share (Rs).	13	(0.22)	(1.73)	(0.31)	(0.41)

Figures in brackets indicate deductions

The Notes on pages 48 to 113 are an integral part of these Financial Statements.

Consolidated Statement of Financial Position

As at 31 March	Note	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
ASSETS					
Non-Current Assets					
Property, plant and equipment	14	10,485,924,057	9,195,325,456	15,084	21,601
Intangible assets	15	13,296,966	19,540,789	-	-
Right of use assets	16	113,055,771	118,011,060	-	-
Investments in subsidiaries	17	-	-	909,348,216	909,348,216
Investment in joint venture	17.4	160,599,927	1,056,103,709	309,497,174	309,497,174
Investment Property	18	192,237,968	200,787,968	-	-
Total Non-Current Assets		10,965,114,689	10,589,768,982	1,218,860,474	1,218,866,991
Current Assets					
Inventories	19	65,885,443	66,339,726	-	-
Trade and other receivables	20	122,121,029	63,221,110	6,183,239	6,145,677
Amounts due from related companies	21	471,082,475	439,549,269	601,821,832	574,624,574
Income tax recoverable	22	2,180,159	2,180,159	-	-
Cash & cash equivalents	24	1,543,928,232	1,031,075,620	90,163	17,062
Assets held for sale	23	837,748,471	-	-	-
Total current assets		3,042,945,809	1,602,365,884	608,095,234	580,787,313
Total Assets		14,008,060,498	12,192,134,866	1,826,955,708	1,799,654,304
EQUITY AND LIABILITIES					
Equity					
Stated capital	25	362,610,821	362,610,821	362,610,821	362,610,821
Reserves	26	6,290,721,704	5,435,846,314	359,013,425	359,013,425
Accumulated Profit		1,269,036,787	1,229,398,472	(94,041,418)	(39,457,944)
Total equity attributable to equity holders of the company		7,922,369,312	7,027,855,607	627,582,828	682,166,302
Non controlling interest		2,495,379,058	2,131,705,295	-	-
Total Equity		10,417,748,370	9,159,560,902	627,582,828	682,166,302
Non-Current Liabilities					
Interest-bearing-borrowings	27	1,357,631,841	1,390,579,766	-	-
Employee benefits	28	15,909,578	17,700,704	5,622,197	7,343,185
Deferred tax liabilities	29	901,082,603	706,757,020	-	-
Lease Liability	30	135,829,656	144,391,748	-	-
Government grants	31	1,220,276	3,525,748	-	-
Total Non-Current Liabilities		2,411,673,954	2,262,954,986	5,622,197	7,343,185

As at 31 March	Note	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Current Liabilities					
Trade and other payables	32	221,525,651	220,178,350	10,290,536	9,464,646
Contract Liabilities	33	11,792,060	8,116,422	-	-
Interest-bearing-borrowings	27	703,868,263	334,761,817	-	-
Lease Liability	30	47,171,099	31,737,113	-	-
Government grants	31	6,547,488	7,507,096	-	-
Amounts due to related companies	34	15,382,584	15,014,148	50,410,779	45,886,641
Related Party Interest-bearing-borrowings	34.1	-	-	1,131,844,828	1,052,825,332
Income tax payable	35	7,466,016	13,226,969	13,303	13,303
Bank overdrafts	24	164,885,013	139,077,063	1,191,237	1,954,895
Total current liabilities		1,178,638,174	769,618,978	1,193,750,683	1,110,144,817
Total Equity & Liabilities		14,008,060,498	12,192,134,866	1,826,955,708	1,799,654,304

The Notes on pages 48 to 113 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.

Nilani De Silva
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,

Lakshman Samarasinghe
Chairman

Shalike Karunasena
Director

Colombo
30th August 2022

Statement of Changes in Equity

Group	Note	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 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
Total comprehensive income										
Loss for the year		-	-	-	-	-	(312,064,378)	(312,064,378)	(73,161,542)	(385,225,920)
Other comprehensive income										
Acturial gain on retirement benefit obligation, net of tax		-	-	-	-	-	(1,259,866)	(1,259,866)	(308,054)	(1,567,920)
Net result from Equity Accounted Investees	17.4	-	-	-	-	-	356,623	356,623	53,293	409,916
Effect of translation of foreign operations from EAI	17.4	-	-	-	-	13,169,730	-	13,169,730	3,561,620	16,731,350
Total comprehensive income for the year		-	-	-	-	13,169,730	(312,967,621)	(299,797,891)	(69,854,683)	(369,652,574)
Transactions with owners of the company										
Dividends-(15% Cumulative preference shares)		-	-	-	-	-	-	-	(7,500)	(7,500)
Transfer of excess depreciation on revaluation		-	(93,974,805)	-	-	-	93,974,805	-		-
Total transactions with owners of the company		-	(93,974,805)	-	-	-	93,974,805	-	(7,500)	(7,500)
Balance as at 31 March 2021		362,610,821	5,219,298,965	8,128,011	167,079,660	41,339,678	1,229,398,472	7,027,855,607	2,131,705,295	9,159,560,902
Balance as at 01st April 2021		362,610,821	5,219,298,965	8,128,011	167,079,660	41,339,678	1,229,398,472	7,027,855,607	2,131,705,295	9,159,560,902
Total comprehensive income										
Loss for the year		-	-	-	-	-	(39,684,680)	(39,684,680)	(6,171,457)	(45,856,137)
Other comprehensive income										
Acturial gain on retirement benefit obligation, net of tax		-	-	-	-	-	(144,247)	(144,247)	(338,953)	(483,200)
Gain on revaluation of property, plant and equipment, net of tax		-	894,134,429	-	-	-	-	894,134,429	360,063,380	1,254,197,809
Net result from Equity Accounted Investees	17.4	-	2,645,561	-	-	-	61,140	2,706,701	16,391	2,723,092
Effect of translation of foreign operations from EAI	17.4	-	-	-	-	37,501,502	-	37,501,502	10,141,902	47,643,404
Total comprehensive income for the year		-	896,779,990	-	-	37,501,502	(39,767,787)	894,513,705	363,711,263	1,258,224,968
Transactions with owners of the company										
Dividends-(15% Cumulative preference shares)		-	-	-	-	-	-	-	(37,500)	(37,500)
Transfer of excess depreciation on revaluation		-	(79,406,102)	-	-	-	79,406,102	-	-	-
Total transactions with owners of the company		-	(79,406,102)	-	-	-	79,406,102	-	(37,500)	(37,500)
Balance as at 31 March 2022		362,610,821	6,036,672,853	8,128,011	167,079,660	78,841,180	1,269,036,787	7,922,369,312	2,495,379,058	10,417,748,370

Figures in brackets indicate deductions

The Notes on pages 48 to 113 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 2020	362,610,821	8,128,011	204,167,021	166,718,393	34,345,388	775,969,634
Total comprehensive income						
Loss for the year	-	-	-	-	(73,431,051)	(73,431,051)
Other comprehensive income						
Fair value loss on FVOCI investments	-	-	(20,000,000)	-		(20,000,000)
Acturial gain on retirement benefit obligation, net of tax					(372,281)	(372,281)
Total comprehensive income / (expense) for the year	-	-	(20,000,000)	-	(73,803,332)	(93,803,332)
Balance as at 31st March 2021	362,610,821	8,128,011	184,167,021	166,718,393	(39,457,944)	682,166,302
Balance as at 01st April 2021	362,610,821	8,128,011	184,167,021	166,718,393	(39,457,944)	682,166,302
Total comprehensive income						
Loss for the year	-	-	-	-	(55,357,173)	(55,357,173)
Ordinary Share dividend paid to minority						
Acturial gain on retirement benefit obligation, net of tax	-	-		-	773,699	773,699
Total comprehensive income / (expense) for the year	-	-	-	-	(54,583,474)	(54,583,474)
Balance as at 31st March 2022	362,610,821	8,128,011	184,167,021	166,718,393	(94,041,418)	627,582,828

Figures in brackets indicate deductions

The Notes on pages 48 to 113 are an integral part of these Financial Statements.

Consolidated Statement of Cash Flow

For the Year Ended 31 March	Note	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Cash flows from operating activities					
Loss before income tax from operations		(34,977,771)	(432,063,031)	(55,357,173)	(73,431,051)
Adjustment for:					
Depreciation on property, plant and equipment	14	171,046,817	172,523,750	6,517	6,517
Amortization of Intangible assets	15.1	6,243,823	6,365,318	-	-
Amortization of Right of use assets	16.1	4,955,289	4,550,070	-	-
Provision for retiring gratuity	28	2,638,620	3,723,590	629,488	1,170,184
Provision off for Trade & other receivables	20	3,990,174	846,569	-	-
Impairment Provision for amounts due from related companies	21	-	-	-	361,475
Provision/(Reversal) for Inventory	9	1,291,311	777,836	-	-
Income Tax Receivable / ESC / WHT written off	9	-	8,741,491	-	-
Loss on foreign currency transactions	27	172,419,879	9,885,000	-	-
Share of result of equity accounted investee	17.4.1	108,121,807	147,335,889	-	-
Interest income	10	(91,940,907)	(78,875,251)	(31,943,665)	(25,095,258)
Interest expenses	10	188,402,833	178,832,955	75,666,311	87,183,530
Change in fair value of Investment Property	18	8,550,000	-	-	-
Operating Profit/ (Loss) before working capital changes		540,741,875	22,644,186	(10,998,522)	(9,804,603)
(Increase)/decrease in inventories		(837,028)	9,287,959	-	-
(Increase)/decrease in trade and other receivables		(40,930,466)	82,286,845	(37,562)	(771,574)
(Increase)/decrease in amounts due from related companies		(31,533,206)	(151,807,538)	(27,197,258)	(101,555,617)
Increase/(decrease) in trade & other payables		6,524,621	(561,603)	825,890	(1,307,124)
Increase/(decrease) in contract liabilities		3,675,638	(5,846,644)	-	-
Increase/(decrease) in amounts due to related companies		368,436	(69,045,238)	4,524,138	4,968,884
Cash generated from/ (used in) operating activities		478,009,870	(113,042,032)	(32,883,314)	(108,470,034)
Interest Paid		(7,162,270)	(15,011,932)	-	(87,183,530)
Taxes paid	35	(23,629,177)	(23,913,195)	-	-
Retiring gratuity amount paid	28	(5,117,559)	(4,276,419)	(1,576,777)	(1,100,095)
Net cash flow generated from/ (used in) operating activities		442,100,864	(156,243,578)	(34,460,091)	(196,753,659)

For the Year Ended 31 March	Note	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Cash flows from investing activities					
Interest received		67,329,598	78,875,251	31,943,665	25,095,258
Acquisition of property, plant and equipment	14	(3,275,873)	(16,435,922)	-	-
Net cash (used in)/generated from investing activities		64,053,725	62,439,329	31,943,665	25,095,258
Cash flows from financing activities					
Loans received during the year	27	5,000,000	41,500,000	3,353,185	169,893,730
Dividends paid to minority		(37,500)	(7,500)	-	-
Lease paid during the year	30	(11,599,712)	-	-	
Loans settled during the year	27	(12,472,715)	(6,197,268)	-	-
Net cash generated from / (used in) financing activities		(19,109,927)	35,295,232	3,353,185	169,893,730
Net increase / (decrease) in cash & cash equivalents		487,044,662	(58,509,017)	836,759	(1,764,671)
Cash & cash equivalents at the beginning		891,998,557	950,507,574	(1,937,833)	(173,162)
Cash & cash equivalents at the end		1,379,043,219	891,998,557	(1,101,074)	(1,937,833)
Analysis of cash and cash equivalents at the end of the year	24	1,543,928,232	1,031,075,620	90,163	17,062
Cash at banks and in hand	24	(164,885,013)	(139,077,063)	(1,191,237)	(1,954,895)
Bank overdraft		1,379,043,219	891,998,557	(1,101,074)	(1,937,833)

Figures in brackets indicate deductions

The Notes on pages 48 to 113 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 the 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 Hotel Maldives (together referred to as the "Group") and the Group's interest in equity accounted investees.

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 the preparation and presentation of the financial statements of the Group as per the provisions of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting Standards. The Directors' responsibility over financial statements 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 2022 were authorized for issue in accordance with resolution of the Board of Directors on 30th August 2022.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

The Consolidated Financial Statements of the Group and the Company which comprise of the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive income, Statement of Changes in Equity and Statement of Cash Flows have been prepared in accordance with Sri Lanka Accounting Standards (hereinafter referred to as SLFRS / LKASs) as issued by the Institute of Chartered Accountants of Sri Lanka, and in compliance with the requirements of the Company's Act No. 07 of 2007 and Sri Lanka Accounting and Auditing Standards Act No.15 of 1995. These Financial Statements, except for information on cash flows have been prepared following the accrual basis of accounting.

The Group did not adopt any inappropriate accounting treatment, which is not in compliance with the requirements of the SLFRSs and LKASs, regulations governing the preparation and presentation of the Financial Statements.

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	28
Assets held for sales	Measured at fair Value less cost to sell	23

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 judgement 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.

Critical accounting assumptions and estimation uncertainties	Note
Revaluation of Land and Buildings	14
Useful lifetime of the property, plant and equipment	3.5.1 (e)
Impairment on non-financial assets	3.3 (e)
Measurement of Intangible Assets	15
Valuation of Investment Property	18
Investment in Joint Venture	17.4
Impairment measurement of financial assets: determination of inputs into the ECL measurement model, including key assumptions and incorporation of forward-looking information	3.3 (e)
Measurement of defined benefit obligation: key actuarial assumptions	28
Measurement of Assets held for sales	23
Measurement of Deferred tax liabilities	29

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 40.

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.

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 recognized amounts and there is an intention to settle on a net basis or to realize 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 Rounding

The amounts in the Financial Statements have been rounded-off to the nearest rupees thousands, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard - LKAS 1 on 'Presentation of Financial Statements'.

2.9 Comparative Information

Comparative information including quantitative, narrative, and descriptive information is disclosed in respect of the previous period in the Financial Statements to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability. The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

2.9.1 Previous year Amendment

The personal cost of Rs. 35,374,588 which was classified under cost of sales in the previous year have now being re-classified to Administration cost to give better presentation and in line with group accounting policies.

2.10 Going Concern

The Group has prepared the financial statements for the year ended 31 March 2022 on the basis that it will continue to operate as a going concern.

In determining the basis of preparing the financial statements for the year ended 31 March 2022, based on available information, The Board of Directors has made an assessment of the Group'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 the Covid-19 pandemic and also of the present day socio economic crisis in the country.

The management has formed judgment that the Company, its subsidiaries, associates and joint ventures have adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalization of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group.

Based on the publicly available information at the date these financial statements were authorized for issue, management considered a number of severe but plausible scenarios with respect to the potential development of the outbreak and its expected impact on the entity and economic environment, in which the entity operates, including the measures already taken by the Sri Lankan government.

In preparing these financial statements, based on available information, the management has assessed the existing and anticipated effects of present socio-economic crisis in the country, on the Group and the appropriateness of the use of the going concern basis. In March 2022, Group has evaluated the resilience of its businesses considering a wide range of factors such as current and expected profitability, the ability to defer non-essential capital expenditure, debt repayment schedules, if any, cash reserves and potential sources of financing facilities, if required, and the ability to continue providing goods and services.

In management's view, the Group will have sufficient resources to continue for a future period. Management concluded that the range of possible outcomes considered at arriving at this judgment does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Consolidated Financial Statements of the Group continued to be prepared on a going concern basis. Refer Note 42 to the Financial Statements for impact of Current economic condition on the Financial Statements of the Group

3 SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these Consolidated Financial Statements.

3.1 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 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

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

(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.

Adjustments required to the accounting policies of Subsidiary have been changed wherever necessary to align them with the policies adopted by the Group.

The cost of an acquisition is measured at the fair value of the consideration, including contingent consideration. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair value at the date of acquisition. Subsequent to the acquisition, the Company continues to recognize the investment in the subsidiary at cost.

(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 non- controlling 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.

Notes to the Financial Statements

(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. Interests in associates and joint venture are accounted for using the equity method in the Consolidated financial statement. 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.

Interests in associates and joint venture are accounted for using the fair value method in the Company. The changes in fair value recognized under the other comprehensive income. The Company has classified the Interests in associates and joint venture as a financial asset measured at fair value through OCI equity investment.

(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. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized 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 which has 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.

3.2 Foreign Currency

3.2.1 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

3.2.2 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.

3.3 Financial Instruments

(a) Recognition and initial measurement

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

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: amortized 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 amortized 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 cost	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.

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 the 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 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 90 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 90 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 90 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 for 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 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.

3.4 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.

3.5 Property, Plant & Equipment

3.5.1 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 the Company and cost of the asset can be reliably measured.

b. Measurement

Items of property, plant and equipment are measured at cost/ fair value less accumulated depreciation and any accumulated impairment losses.

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to the working condition of its intended use. This also includes costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

If a significant part of an item of Property Plant & Equipment has different useful lives, then they are accounted for as separate items (major components) of Property Plant & Equipment. Any gain or loss on disposal of Property Plant & Equipment is recognized in profit or loss. 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.

Subsequent measurement - Cost model

The Group applies the Cost Model to all property, plant and equipment except for freehold land and freehold building and records at cost of purchase together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

Subsequent measurement - Revaluation model

The Group applies the Revaluation Model for the entire class of freehold land and freehold building for measurement after initial recognition. Such properties are carried at revalued amounts, being their fair value at the date of revaluation, less any subsequent accumulated depreciation on buildings and any accumulated impairment losses charged subsequent to the date of valuation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of each reporting period. If the fair values of land and Buildings do not change other than by a significant amount at each reporting period, the Group will revalue such land every five years.

Any surplus arising on the revaluation is recognized in other comprehensive income except to the extent that the surplus reverses a previous revaluation deficit on the same asset recognized in income statement, in which case the credit to that extent is recognized in income statement. Any deficit on revaluation is recognized in income statement except to the extent that it reverses a previous revaluation surplus on the same asset, in which case the debit to that extent is recognized in other comprehensive income. Therefore, revaluation increases, and decreases cannot be offset, even within a class of assets.

External, independent qualified valuers having appropriate experience in valuing properties in locations of properties being valued, value the land and Buildings owned by the Group based on market values, this is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The details of land and buildings valuation are disclosed in Note No. 14.1.6 to the financial statements.

c. Subsequent cost

The cost of replacing a component of an item of property or equipment is recognised 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 derecognised. The costs of the day-to-day servicing of property and equipment are recognised in the Income Statement 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 or disposal. Any gains or losses arising on derecognition (disposal or retirement) of an item of Property, Plant and Equipment are determined by comparing the proceeds from disposal with the carrying amount of the assets are recognized net within 'other income' in the Statement of profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

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. Depreciation

The Group provides depreciation from the date the assets are available for use up to the date of disposal, at the following rates on a straight-line basis over the periods appropriate to the estimated useful lives of the different types of assets. Depreciation on revalued classes of assets is based on the remaining useful life of the assets at the time of the revaluation. Land is not depreciated.

Notes to the Financial Statements

Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is recognised as an expense in the Income statement.

Estimated useful lives of significant items of Property, Plant and Equipment 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 of an asset begins when it is available for use or, in respect of self – constructed assets, from the date that the asset is completed and ready for use. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.6 Leases

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.

3.6.1 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.

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 of 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 if 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 asset' and lease liabilities in 'loans and borrowings' in the statement of financial position.

3.6.2 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.

3.6.3 Lease modifications

The Group shall account for a lease modification as a separate lease if both:

a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification the Group shall:

a) allocate the consideration in the modified contract

b) determine the lease term of the modified lease

c) remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

For a lease modification that is not accounted for as a separate lease, the Group shall account for the remeasurement of the lease liability by:

a) decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The lessee shall recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

b) making a corresponding adjustment to the right- of-use asset for all other lease modifications

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 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on re-measurements are recognized in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant, and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

3.10 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

3.11 Cash and Cash Equivalents

Cash and cash equivalents comprise of cash in hand and short-term deposits with original maturity of three months or less. Bank overdrafts are shown in current liabilities. For purpose of Cash Flow, Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as components of cash and cash equivalent.

3.12 Employee Benefits

a. Defined contribution plans

A defined contribution plan is a post-employment plan under which the Group & the Company pays fixed contributions 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. The liability recognized in the Statement of Financial Position in respect of a Defined Benefit Plan is the present value of the defined benefit obligation at the Statement of Financial Position date. The defined benefit obligation is calculated annually by independent actuaries, using the projected unit credit method, as recommended by LKAS 19, "Employee Benefits".

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that apply to the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The assumptions based on which the results of the actuarial valuation were determined are included in the note 28 to the Financial Statements. This liability is not externally funded, and the item is grouped under Non-Current Liabilities in the Statement of Financial Position.

The qualifying remuneration of all permanent employees in considered in the calculation of the defined benefit obligation.

However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service.

Liabilities are computed on the basis of half a month's salary for each year of completed service. The Company's obligations under the said Act is determined based on an actuarial valuation using the projected unit credit method carried out by a professional actuary.

Remeasurements of the defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in OCI. The Group determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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.

3.13 Liabilities and Provisions

3.13.1 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.

3.13.2 Provisions

Provisions are recognised when the Group has a binding present obligation. This may be either legal because it derives from a contract, legislation or other operation of law, or constructive because the Group created valid expectations on the part of third parties by accepting certain responsibilities. To record such an obligation, it must be probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. The amount recognized as a provision and the indicated time range of the outflow of economic benefits are the best estimate (most probable outcome) of the expenditure required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation. Non-current provisions are discounted if the impact is material.

3.13.3 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) Contract Balances

Contract 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 contract liabilities which is received to render certain services. Contract liabilities of the Group have been disclosed under the 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.

Interest income is recognised as it accrues. Interest income included under finance income in the income statement.

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 & equipment.

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.

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.

Notes to the Financial Statements

4.7 Income Tax Expenses

Income tax expense comprises both current and deferred tax. Income tax expense is recognized in income statement except to the extent that it relates to items recognized directly in equity, in which case is recognized in the statement of comprehensive income or statement of changes in equity, in which case it is recognized directly in the respective statements.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

a. Current tax

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

Taxation for the current and previous periods to the extent unpaid is recognised as a liability in the financial Statements. When the amount of taxation already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset in the financial statements.

Provision for current taxation is based on the profit of the year adjusted to arrive at the taxable profit in accordance with the Inland Revenue Act No. 24 of 2017 and amendments thereon.

b. Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Temporary differences in relation to a right-of-use assets and lease liability are regarded as a net package (Right of Use of the assets) for the purpose of recognising deferred tax.

Deferred tax assets and liabilities are offset only if certain criteria are met.

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.

5 STATEMENT OF CASH FLOWS

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 is classified as an operating cash flow, 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

A number of new standards and amendments to standards are effective for annual periods beginning after 1st January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases. The amendments apply for annual reporting periods beginning on or after 1 January 2023.

6.1 The following new and amended standards are not expected to have a significant impact on the Group's financial statements.

- Reference to Conceptual Framework (Amendments to SLFRS 3). The amendment applies to annual reporting period beginning on or after 1 January 2022

Key amendments are as follow:

- add to SLFRS 3 a requirement that, for transactions and other events within the scope of LKAS 37 or IFRIC 21, an acquirer applies LKAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination. The Group does not anticipate this amended to have a significant impact.
- add to SLFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The Group does not anticipate this amended to have a significant impact.
- Annual Improvements to SLFRS Standards 2018–2020. The amendments are effective for annual reporting periods beginning on or after 1 January 2022

As part of its process to make non-urgent but necessary amendments to accounting Standards, the IASB International Accounting Standards Board (the Board) has issued the Annual Improvements to SLFRS Standards 2018–2020. Key Aspects covered is as follows.

- SLFRS 1 First-time Adoption of International Financial Reporting Standards.

This amendment simplifies the application of SLFRS 1 for a subsidiary that becomes a first-time adopter of SLFRS Standards later than its parent. The Group does not anticipate this amended to have a significant impact.

- SLFRS 9 Financial Instruments.

This amendment clarifies that – for the purpose of performing the ''10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group does not anticipate this amended to have a significant impact.

- LKAS 41 Agriculture

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in LKAS 41 with those in SLFRS 13 Fair Value Measurement.

- SLFRS 16 Leases

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.

Notes to the Financial Statements

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to LKAS 16).

This amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The Group does not anticipate this amendment to have a significant impact.

Onerous contracts – Cost of Fulfilling a Contract (Amendments to LKAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1st January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The Group does not anticipate this amendment to have a significant impact.

Definition of Accounting Estimates (Amendments to LKAS 8)

The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. Additionally, the amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendment applies to annual reporting periods beginning on or after 1 January 2023.

Classification of Liabilities as Current or Non-current (Amendments to LKAS 1). The amendment applies to annual reporting periods beginning on or after 1 January 2023

The amendments in Classification of Liabilities as Current or Non-current (Amendments to LKAS 1) affect only the presentation of liabilities in the statement of financial position not the amount or\ timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those item

The Key amendments are as follows:

- the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The standard also clarifies that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Group does not anticipate this amended to have a significant impact.
- Disclosure of Accounting Policies (Amendments to LKAS 1). The amendment applies to annual reporting period beginning on or after 1 January 2023

The key amendments include,

- requiring companies to disclose their material accounting policies rather than their significant accounting policies.
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a Group's financial statements. The Group does not anticipate this amended to have a significant impact.

COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to SFRS 16).

In May 2020, the International Accounting Standards Board issued COVID-19-Related Rent Concessions (the 2020 amendments), which amended IFRS 16 Leases. The 2020 amendments introduced an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. Under that practical expedient, a lessee is not required to assess whether eligible rent concessions are lease modifications, instead accounting for them in accordance with other applicable guidance.

7 REVENUE

For the Year Ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Accommodation income	214,592,745	110,330,703	-	-
Food & Beverage income	325,362,726	291,250,596	-	-
Others	21,980,118	21,990,950	6,886,792	6,434,649
	561,935,589	423,572,249	6,886,792	6,434,649

a) Disaggregation of revenue from contract with customers

For the year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Major products / Service lines				
Room Revenue	214,592,745	110,330,703	-	-
Food and Beverage revenue	325,362,726	291,250,596	-	-
Other revenue	21,980,118	21,990,950	6,886,792	6,434,649
Total Revenue	561,935,589	423,572,249	6,886,792	6,434,649

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	347,342,844	313,241,546	6,886,792	6,434,649
Products & services transferred over time	214,592,745	110,330,703	-	-
Total revenue	561,935,589	423,572,249	6,886,792	6,434,649

8 OTHER INCOME

Rent Income	4,335,817	1,587,366	-	-
Writeback of creditors	2,765,236	-	-	-
Writeback of unclaimed dividend	-	12,122,038	-	-
Sundry income	400,783	258,701	-	-
	7,501,836	13,968,105	-	-

9 OTHER OPERATING EXPENSES

Loss of Fair Value of Investment Property	8,550,000	-	-	-
Provision for advance payment of suppliers	-	351,495	-	-
Write-off of WHT Receivables	-	15,854	-	-
Provision for slow moving stocks	1,291,311	777,836	-	-
Write-off of ESC Receivables	-	8,725,637	-	-
Impairment provision on amounts due from related company	-	-	-	361,475
	9,841,311	9,870,822	-	361,475

Notes to the Financial Statements

10 NET FINANCE COST

10.1 Finance income

For the Year Ended 31 March	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Interest income on intercompany loan	40,602,538	36,462,105	31,943,665	25,095,258
Interest income From FDs, Savings Accounts & etc.	51,338,369	42,413,146	-	-
Net gain on translation of foreign currencies	335,088,459	39,104,275	-	-
	427,029,366	117,979,526	31,943,665	25,095,258

10.2 Finance Costs

	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Interest on overdrafts	32,865,072	29,151,829	2,814	2,003
Interest on lease (Note 30)	18,471,606	19,839,974	-	-
Interest on loans	137,066,155	129,841,152	75,663,497	87,181,527
	188,402,833	178,832,955	75,666,311	87,183,530
Net Finance (Cost)/Income	238,626,533	(60,853,429)	(43,722,646)	(62,088,272)

11 Profit / (Loss) Before Income Tax

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

	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Directors' emoluments	-	-	-	-
Auditors' remuneration - statutory audit	2,926,897	2,661,500	785,000	682,500
Auditors' remuneration - non audit services	350,000	364,356	350,000	315,000
Depreciation on property, plant & equipment	171,046,817	172,523,750	6,517	6,517
Amortization of intangible assets	6,243,823	6,365,318	-	-
Amortization of Right of use assets	4,955,289	4,550,070	-	-
Provision for impairment of trade receivables	4,006,028	479,220	-	-
Donations	70,225	58,910	-	-
Professional fees & legal fee	3,122,963	3,486,811	1,724,948	1,704,525
Provision for Inventory	1,291,311	777,836	-	-
Management fees expense	9,398,630	-	-	-
Staff costs (Note 11.1)	128,961,614	138,251,917	7,363,972	7,775,588

11.1 Staff costs

	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Wages ,salaries and staff expenses	119,231,949	123,824,739	6,598,002	5,734,174
Defined contribution plan cost- EPF & ETF	7,091,045	10,703,588	136,482	871,230
Defined benefit plan cost- Retiring gratuity	2,638,620	3,723,590	629,488	1,170,184
	128,961,614	138,251,917	7,363,972	7,775,588

12 INCOME TAX EXPENSE / (BENEFIT)

12.1 Amounts recognized in Profit or Loss

For the Year Ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Current tax				
Income tax expense for the year (Note 12.2)	18,614,279	20,923,800	-	-
ESC Written Off	2,196,867	-	-	-
Under/(Over) provision in respect of previous year	(291,239)	118,044	-	-
	20,519,907	21,041,844	-	-
Deferred tax				
Origination & Reversal of temporary differences (Note 12.3)	(9,641,541)	(67,878,955)	-	
Charge for the year	10,878,366	(46,837,111)	-	-

12.2 Amounts recognized in Other Comprehensive Income

Deferred tax				
Origination & Reversal of temporary differences (Note 12.3)	203,967,124	(194,639)	-	-
	203,967,124	(194,639)	-	-

12.3 Deferred Tax Charged to;

Profit or loss	(9,641,541)	(67,878,955)	-	-
Other Comprehensive Income				
On revaluation (gain) / loss	204,171,736	-	-	-
On actuarial (gain) / loss	(204,613)	(194,639)	-	-
	194,325,582	(68,073,594)	-	-

Notes to the Financial Statements

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

For the Year Ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Accounting Loss before income tax	(34,977,771)	(432,063,031)	(55,357,173)	(73,431,051)
Non business income	(107,608,096)	(112,277,756)	(31,943,665)	(25,095,258)
Add: Adjustment on Disallowable Expenses	538,605,396	406,456,400	636,010	1,176,701
less: Adjustment on Allowable Expenses	(146,240,906)	(158,872,847)	(1,579,677)	(1,102,995)
Exempt Income	(583,226,476)	(124,771,192)	-	-
Tax Profit/(loss) for the period	(333,447,853)	(421,528,426)	(88,244,505)	(98,452,603)
Adjustment of tax losses incurred	333,447,853	421,528,426	88,244,505	98,452,603
Taxable other income	109,503,159	112,277,756	31,943,665	25,095,258
Tax Losses utilized	(31,943,665)	(25,095,258)	(31,943,665)	(25,095,258)
Taxable Income	77,559,494	87,182,498	-	-
Statutory tax rate				
Income tax @ 14%	-	-	-	-
Income tax @ 24%	18,614,279	20,923,800	-	-
Income tax @ 28%	-	-	-	-
Income tax on current year profits	18,614,279	20,923,800	-	-

12.5 Movement of brought forward tax losses

Tax Loss brought forward	1,826,894,733	1,468,032,037	634,149,925	560,606,879
Adjustments to b/f balance	(727,147)	(37,570,472)	-	185,701
Tax Losses utilized during the year	(31,943,665)	(25,095,258)	(31,943,665)	(25,095,258)
Loss incurred during the year	333,447,853	421,528,426	88,244,505	98,452,603
Tax Losses carried forward	2,127,671,774	1,826,894,733	690,450,765	634,149,925

12.6 Applicable Income Tax Rates

The Group being engaged in an undertaking for the promotion of tourism is liable to income tax at concessionary rate of 14% in terms of the Inland Revenue (Amendment) Act No 10 of 2021.

Other income are subject to tax at the standard rate of 24% (2021 - 24%). (Ceylon Hotels Corporation PLC "the Company" is liable to income tax at 24% (2020/21-24%) (2021 - 24%).

13 LOSS PER SHARE

13.1 Basic loss per share

Basic 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.

	Group		Company	
For the Year Ended 31 March	2022	2021	2022	2021
Loss attributable to equity holders of the Company (Rs.)	(39,684,680)	(312,064,378)	(55,357,173)	(73,431,051)
Weighted average number of ordinary shares in issue	180,030,942	180,030,942	180,030,942	180,030,942
Loss per share (Rs.)	(0.22)	(1.73)	(0.31)	(0.41)

13.2 Diluted loss per share

There were no potential dilutive ordinary shares outstanding at any time during the year. Therefore, Diluted loss per share is the same as Basic loss per share shown above.

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 2022	Total 2021
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost/ valuation												
As at 1st April 2021	5,590,080,000	1,716,453,250	1,637,932,720	141,838,272	210,945,585	22,649,000	179,106,272	42,163,870	32,516,555	12,616,862	9,586,302,386	9,786,208,453
Additions	-	-	13,199,324	1,791,308	76,320	-	547,278	278,505	-	(12,616,862)	3,275,873	16,435,922
Revaluations	644,920,000	453,646,750	155,506,676	-	-	-	-	-	-	-	1,254,073,426	-
Reclassification	-	-	(88,720)	(12,472,812)	88,720	-	12,472,812	-	-	-	-	-
Disposals/ Transfer	-	-	-	-	-	-	-	-	-	-	-	(216,341,989)
As at 31st March 2022	6,235,000,000	2,170,100,000	1,806,550,000	131,156,768	211,110,625	22,649,000	192,126,362	42,442,375	32,516,555	-	10,843,651,685	9,586,302,386
Accumulated depreciation												
As at 1st April 2021	-	36,516,323	65,301,753	55,401,478	72,170,662	340,339	108,652,376	38,943,251	13,650,748	-	390,976,930	234,007,199
Charge for the year	-	36,516,322	65,961,721	16,974,436	18,234,042	92,745	24,737,510	5,064,808	3,465,233	-	171,046,817	172,523,750
Depreciation on Revaluation	-	(73,032,645)	(131,263,474)	-	-	-	-	-	-	-	(204,296,119)	-
Reclassification	-	-	-	10,361,982	-	-	(10,356,408)	-	(5,574)	-	-	-
Disposals/ Transfer	-	-	-	-	-	-	-	-	-	-	-	(15,554,019)
As at 31st March 2022	-	-	-	82,737,896	90,404,704	433,084	123,033,478	44,008,059	17,110,407	-	357,727,628	390,976,930
As at 31st March 2022	6,235,000,000	2,170,100,000	1,806,550,000	48,418,872	120,705,921	22,215,916	69,092,884	(1,565,684)	15,406,148	-	10,485,924,057	
As at 31st March 2021	5,590,080,000	1,679,936,927	1,572,630,966	86,436,795	138,774,923	22,308,661	70,453,896	3,220,619	18,865,807	12,616,862		9,195,325,456

14.1.1 It has been identified that there is no permanent impairment of plant and equipment which requires provision in the financial statements based on reassessment as at 31 March 2022.

14.1.2 There were no capitalized borrowing costs related to the acquisition of Property Plant and Equipment during the year (2020/21 - nil).

14.1.3 There were no restrictions on the title of the Property, Plant and Equipment as at 31 March 2022.

14.1.4 There were no items of Property, Plant and Equipment pledged as security as at 31 March 2022 other than disclosed in Note 27.1.

14.1.5 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 2022.

The following table provides the fair value measurement hierarchy of the Group's Non financial assets.

As at 31 March 2022

Name of the Company	Asset Category	Date of valuation	Level 1	Level 2	Level 3	Total
The Kandy Hotels Company (1938) PLC	Freehold land	31 March 2022	-	-	6,235,000,000	6,235,000,000
	Freehold buildings	31 March 2022	-	-	2,170,100,000	2,170,100,000
United Hotels Co. Ltd	Buildings on Lease Hold Land	31 March 2022	-	-	1,336,700,000	1,336,700,000
Tissa Resort (Pvt) Ltd	Buildings on Lease Hold Land	31 March 2022	-	-	324,600,000	324,600,000
CHC Foods (Pvt) Ltd	Buildings on Lease Hold Land	31 March 2022	-	-	145,250,000	145,250,000

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 / Land	Location	Valuation Technique	Property Valuer & Qualification	Significant unobservable inputs	Sensitivity of the input to the fair value
The Kandy Hotels (1938) PLC	Freehold land	02	Kandy	Open market value method	S Sivaskantha, Fellow Member of Institute of Valuation, Incorporated valuer	Price per perch of land Rs. 7,000,000/- - 15,000,000/-	Estimated fair value would increase/ (decrease) if ;- Price per perch increases/ (decreases)
	Building	02	Hotel Suisse at 30, Sangaraja Mawatha, Kandy	Depreciated replacement cost method	S Sivaskantha, Fellow Member of Institute of Valuation, Incorporated valuer	Range Rs. 9,000/- - Rs.21,000/-	Estimated fair value would increase/ (decrease) if ;- Price per square feet increases/ (decreases)

Name of the Company	Non financial Assets	No of Buildings / Land	Location	Valuation Technique	Property Valuer & Qualification	Significant unobservable inputs	Sensitivity of the input to the fair value
United Hotels Co. Ltd	Building	01	Lake house hotel Parakrama Samudraya Pedesa, Polonnaruwa	Investment Method	S Sivaskantha, Fellow Member of Institute of Valuation of Sri Lanka, Incorporated valuer	Range Rs. 10,00 to Rs. 25,000 per sq. ft Depreciation rate - 45% Rate of Return -12.5% - 13%	Estimated fair value would increase/ (decrease) if ;- Price per square feet increases/ (decreases)
	Building	01	The Surf at Beach Road, Bentota	Investment Method	S Sivaskantha, Fellow Member of Institute of Valuation of Sri Lanka, Incorporated valuer	Range Rs.7,500/= to Rs.30,000/= per sq. ft Depreciation rate - 35% Rate of Return -12.5%-13%	Estimated fair value would increase/ (decrease) if ;- Price per square feet increases/ (decreases)
CHC Foods (Pvt) Ltd	Building	02	Hawella Rest House Low Level Road, Hanwella	Investment Method	S Sivaskantha, Fellow Member of Institute of Valuation of Sri Lanka, Incorporated valuer	Range Rs. 3,500 - Rs. 25,000 per sq. ft Depreciation rate - 35% Rate of Return - 13%	Estimated fair value would increase/ (decrease) if ;- Price per square feet increases/ (decreases)
	Building	01	The Heritage Kandy Rd, Ambepussa, Warakapola	Investment Method	S Sivaskantha, Fellow Member of Institute of Valuation of Sri Lanka, Incorporated valuer	Range Rs. 3,245 - Rs. 8,250 per sq. ft Depreciation rate - 50%-65% Rate of Return - 13%	Estimated fair value would increase/ (decrease) if ;- Price per square feet 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. 8,500 - Rs. 25,000 per sq. ft	Estimated fair value would increase/ (decrease) if ;- Price per square feet increases/ (decreases)

Open Market Value

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.

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.

Investment method

The investment method of valuation is a property valuation method designed to assess the potential return on investment through ongoing income from a property.

14.1.6 Value of land and building ownership

Name of the Company	Location	Property	Ownership	Extent	Carrying value As at 31st March 2022
The Kandy Hotels (1938) PLC	Hotel Suisse -No 30, Sangaraja Mawatha, Kandy.	Land	Freehold	429.85 Perches	3,008,950,000
		Building	Freehold	80,861.5 Sq.ft	1,052,850,000
	Hotel Queen's - No 04, Dalada Vidiya, Kandy.	Land	Freehold	215.07 Perches	3,226,050,000
		Building	Freehold	114,885.5 Sq.ft	1,117,250,000
United Hotels Co. Ltd	The Lake House Hotel, Parakrama Samudraya Pedesa, Polonnaruwa	Building	Lease Hold	15,344 Sq ft	124,300,000
	The Surf Hotel, Beach Road, Bentota	Building	Lease Hold	89,487 Sq ft	1,212,400,000
CHC Foods (Pvt) Ltd	Heritage Ambepussa & Avanhala Kandy road, Ambepussa Warakapola	Building	Lease Hold	29,035 Sq ft	132,250,000
	Hawella Rest House Low Level Roard, Hanwella	Building	Lease Hold	9,531 Sq ft	13,000,000
Tissa Resort (Pvt) Ltd	The Safari, Kataragama Road, Tissamaharama	Building	Lease Hold	48,497.5 Sq ft	324,600,000

Notes to the Financial Statements

14.2 Company

As at 31st March	Furniture fittings and fixtures Rs.	Computers Rs.	Total 2022 Rs.	Total 2021 Rs.
Cost/ Valuation				
As at 1st April	36,171	14,500	50,671	50,671
Additions	-	-	-	-
As at 31st March	36,171	14,500	50,671	50,671
Accumulated Depreciation				
As at 1st April	23,119	5,951	29,070	22,553
Charge for the year	3,617	2,900	6,517	6,517
As at 31st March	26,736	8,851	35,587	29,070
Carrying Amount				
As at 31st March 2022	9,435	5,649	15,084	-
As at 31st March 2021	13,052	8,549	-	21,601

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 2022.

14.2.2 There were no capitalized borrowing costs related to the acquisition of Property Plant and Equipment during the year (2020/21 - nil).

14.2.3 No fully depreciated assets were included in Property, Plant & equipment as at 31 March 2022 (2020/21 - Nil).

14.2.4 There were no items of property, plant & equipment pledged as security as at 31 March 2022.

15 INTANGIBLE ASSETS

As at 31st March	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Computer Software (15.1)	12,845,107	19,088,930	-	-
Goodwill on Acquisition (15.2)	451,859	451,859	-	-
Total	13,296,966	19,540,789	-	-

15.1 Computer Software

	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Cost				
At the beginning of the year	54,345,028	54,345,028	23,460	23,460
Acquired/ incurred during the year	-	-	-	-
As at 31st March	54,345,028	54,345,028	23,460	23,460
Amortization				
At the beginning of the year	35,256,098	28,890,780	23,460	23,460
Amortization for the year	6,243,823	6,365,318		-
At the end of the year	41,499,921	35,256,098	23,460	23,460
Net book Value as at 31st March	12,845,107	19,088,930	-	-

15.2 Goodwill

As at 31st March	2022 Rs.	2021 Rs.
Ceylon Hotels Maldives (Pvt) Ltd	451,859	451,859
	451,859	451,859

15.2.1 The Group has recognized goodwill of Rs. 451,859 as a result of acquisition of subsidiary Ceylon Hotels Maldives (Pvt) Ltd

As required by LKAS 36 - " Impairment of Assets ", goodwill is tested for impairment on annual basis and assessed for any indication of impairment as at each reporting date to ensure that carrying amount does not exceed the recoverable amount. Accordingly, the management of the Group/Company conducted an assessment and concluded that there is no indication of the impairment of the goodwill as at 31st March 2022.

The recoverable amount of goodwill is determined based on Fair value less cost to sell the equity stake held in Ceylon Hotels Maldives (Pvt) Ltd (held through United Hotels Company Ltd).

Ceylon Hotels Maldives (Pvt) Ltd being an investment holding company, Fair value of the business is ascertained based on the adjusted net assets value. Due consideration to contracted sale price of Ceylon Hotels Maldives (Pvt) Ltd's investment in it's joint venture Handhuvaru Ocean Holidays (Classified as held for sale as at reporting date) was given (refer Note 37 - Events after the reporting period).

Accordingly, no impairment was identified in carrying value as at 31 March 2022.

16 LEASES
16.1 Right of use assets

As at 31st March	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Balance at the beginning of the Period	118,011,060	122,561,130	-	-
Amortization during the period	(4,955,289)	(4,550,070)	-	-
Balance at the end of the Period	113,055,771	118,011,060	-	-

16.1.1 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 2022 Rs.	No. of shares Company 2022	No. of shares Company 2021	Effective Holding % 2022	Effective Holding % 2021	Company 2022 Rs.	Company 2021 Rs.
Direct - Subsidiaries							
Kandy Hotels Co. (1938) PLC.	2,770,814,025	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

17.1 Provision for Impairment

	2022	2021
At the beginning of the year	300,000	300,000
Provision for the year	-	-
As at 31st March	300,000	300,000

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 2022.

Company and Country of Incorporation/ Operation	Principal Activities	Class of Shares Held	2022			2021		
			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. (Pvt) Ltd	Hotel Services	Ordinary	67.51%	78.71%	21.29%	67.51%	78.71%	21.29%
Tissa Resort (Pvt) Ltd	Hotel Services	Ordinary	-	78.71%	21.29%	-	78.71%	21.29%
Kandy Hotels Co.(1938) PLC	Hotel Services	Ordinary	69.54%	69.54%	30.46%	69.54%	69.54%	30.46%
Suisse Hotel (Pvt) Ltd	Hotel Services	Ordinary	-	69.54%	30.46%	-	69.54%	30.46%
Ceylon Hotels Maldives (Pvt) Ltd	Investment Holding	Ordinary	-	78.71%	21.29%	-	78.71%	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 2022	United Hotels Co. (Pvt) 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	3,520,748,035	367,575,834	10,614,544,375	183,918,762
Total Liabilities	1,478,138,689	278,013,600	1,768,372,575	9,401,055
Net Assets	2,042,609,346	89,562,234	8,846,171,800	174,517,707
Net Assets attributable to NCI	434,812,417	19,065,208	2,694,946,029	53,166,026
Revenue	241,247,062	68,123,762	181,218,816	-
Profit/(Loss)	(294,156,401)	(34,587,085)	(222,721,600)	(175,372,318)
OCI	(280,677)	67,070	(164,987,272)	-
Total Comprehensive Income	(294,437,078)	(34,520,015)	(387,708,872)	(175,372,318)
Profit attributable to NCI	(62,617,385)	(7,362,589)	(67,851,123)	(53,426,380)
OCI attributable to NCI	(59,748)	14,277	(50,262,622)	-
Cash flows from operating activities	9,855,277	(13,851,264)	(113,575,864)	(219,878)
Cash flows from investment activities	25,225,597	6,673	74,807,686	-
Cash flows from financing activities	(15,641,652)	(2,560,636)	(37,500)	-
Net increase (decrease) in cash and cash equivalents	19,439,222	(16,405,227)	(38,805,678)	(219,878)
Dividends paid to NCI during the year	-	-	(37,500)	-

As at 31st March 2021	United Hotels Co. (Pvt) 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	3,298,030,364	343,931,173	9,550,990,197	359,232,866
Total Liabilities	1,157,828,574	272,498,467	1,563,671,420	9,342,841
Net Assets	2,140,201,790	71,432,706	7,987,318,777	349,890,025
Net Assets attributable to NCI	455,587,024	15,205,956	2,433,300,359	106,592,406
Revenue	136,868,240	73,553,014	145,045,475	-
Profit/(Loss)	(112,603,317)	(32,341,289)	(52,901,101)	(97,871)
OCI	(445,367)	(133,916)	(606,414)	-
Total Comprehensive Income	(113,048,684)	(32,475,205)	(53,507,515)	(97,871)
Profit attributable to NCI	(23,969,987)	(6,884,524)	(16,116,080)	(29,816)
OCI attributable to NCI	(94,806)	(28,507)	(184,741)	-
Cash flows from operating activities	(109,693,551)	1,526,982	87,860,928	(76,350)
Cash flows from investment activities	(383,679)	(1,170,031)	(170,448,038)	-
Cash flows from financing activities	70,104,663	8,888,900	11,223,027	-
Net increase (decrease) in cash and cash equivalents	(39,972,567)	9,245,851	(71,364,083)	(76,350)
Dividends paid to NCI during the year		-	(7,500)	-

17.4 Investment in Equity Accounted Investees

17.4.1 Principal joint Venture

As at 31st March 2022

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

Company and Country of Incorporation/Operation	Principal Activities	Class of Shares Held	2022 Proportion of class held by the Company	2022 Group Interest (%)	2021 Proportion of class held by the Company	2021 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	
	2022 (Rs.)	2021 (Rs.)	2022 (Rs.)	2021 (Rs.)	2022 (Rs.)	2021 (Rs.)	2022 (Rs.)	2021 (Rs.)
No of Shares	2,294,535	2,294,535	142,130,001	142,130,001	198,800,129	198,800,129		
Group Holding	39%	39%	35%	35%	50%	50%		
Opening Balance	795,102,982	780,450,890	86,892,247	201,242,404	174,108,480	204,605,038	1,056,103,709	1,186,298,332
Share of Operating Losses for the year	(4,997,915)	(2,079,258)	(86,946,052)	(114,525,093)	(16,177,840)	(30,731,538)	(108,121,807)	(147,335,889)
Share of Other Comprehensive income, net of tax	47,643,404	16,731,350	53,805	174,936	2,669,287	234,980	50,366,496	17,141,266
Classified as Assets held for sale (Note 23)	(837,748,471)	-	-	-	-	-	(837,748,471)	-
	-	795,102,982	-	86,892,247	160,599,927	174,108,480	160,599,927	1,056,103,709
Summary financial information of Joint Ventures								
Current Asset	402,574,494	394,973,998	126,995,403	89,596,504	120,750,182	879,662,710	650,320,079	1,364,233,212
Non Current Asset	1,258,445,260	1,136,535,642	1,638,451,206	1,696,609,973	780,657,377	32,221,400	3,677,553,843	2,865,367,015
Current Liabilities	(1,793,682)	(727,924)	(236,253,755)	(303,177,961)	(264,870,690)	(280,452,384)	(502,918,127)	(584,358,269)
Non Current Liabilities	(306,482,923)	(263,329,544)	(2,317,889,148)	(1,309,244,022)	(315,337,015)	(283,214,769)	(2,939,709,086)	(1,855,788,335)
Net Assets (100%)	1,352,743,149	1,267,452,172	(788,696,294)	173,784,494	321,199,854	348,216,957	885,246,709	1,789,453,623
Group's share of net assets	676,371,575	633,726,086	(394,348,147)	86,892,247	160,599,927	174,108,480	442,623,355	894,726,813
Goodwill	161,376,896	161,376,896	-	-	-	-	161,376,896	161,376,896
Total unallocated share of losses (Note 17.4.1.1)	-	-	394,348,147	-	-	-	394,348,147	-
Classified as Assets held for sale (Note 23)	(837,748,471)	-	-	-	-	-	(837,748,471)	-
Share of net asset attributable to equity accounted investee	-	795,102,982	-	86,892,247	160,599,927	174,108,480	160,599,927	1,056,103,709
Summary financial information of Share of Joint Ventures								
Revenue	-	-	186,663,675	112,540,678	120,530,876	60,647,024	307,194,551	173,187,702
Losses before income tax	(9,995,830)	(4,158,515)	(962,336,567)	(229,050,186)	(50,429,153)	(80,909,926)	(1,012,765,720)	(314,118,628)
Income tax	-	-	(251,833)	-	18,073,487	19,446,850	17,821,654	19,446,850
Profit /(Loss) after tax	(9,995,830)	(4,158,515)	(962,588,400)	(229,050,186)	(32,355,666)	(61,463,077)	(994,944,066)	(294,671,778)
Other comprehensive income net of tax	95,286,808	33,462,699	107,611	349,871	5,338,574	469,959	5,446,185	34,282,530
Total comprehensive income for the year	85,290,978	29,304,184	(962,480,789)	(228,700,315)	(27,017,092)	(60,993,118)	(989,497,881)	(260,389,249)
Group Share of Profit /(Loss) after tax	(4,997,915)	(2,079,258)	(481,294,199)	(114,525,093)	(16,177,840)	(30,731,538)	(497,472,039)	(147,335,889)
Group Share of Total comprehensive income net of tax for the year	47,643,404	16,731,350	53,806	174,936	2,669,287	234,980	2,723,092	17,141,265
Total unallocated share of losses (Note 17.4.1.1)	-	-	394,348,147	-	-	-	394,348,147	
Share of Joint Venture's Total comprehensive income for the year	42,645,489	14,652,092	(86,892,247)	(114,350,157)	(13,508,553)	(30,496,559)	(100,400,800)	(130,194,624)

17.4.1.1 The investor's share of losses of an equity-accounted investee is recognised only until the carrying amount of the investor's equity interest in the investee is reduced to zero.

17.4.2 Investments in Joint Venture

As at 1st March	Company 2022 Rs.	Company 2021 Rs.
Ceylon Holiday Holdings (Pvt) Limited		
Opening balance as at 1st April	309,497,174	329,497,174
Fair Value Loss	-	(20,000,000)
Closing balance as at 31st March	309,497,174	309,497,174

17.4.2.1 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.

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 risk adjusted discount rates. The expected cash flows are derived based on the budgeted cash flow forecast of those investment.	Volume growth has been budgeted on a reasonable and realistic basis by taking into account the growth rates of one to five years immediately subsequent to the budgeted year based on expected industry growth rates. Cash flows beyond the fifth year period are extrapolated using growth rate.
		Terminal Growth Rate of 2.5%
		Discount Rate of 13% (WACC)

18 INVESTMENT PROPERTY

As at 31st March	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Opening Balance	200,787,968	-	-	-
Transferred from PPE	-	200,787,968	-	-
Change in Fair Value	(8,550,000)	-	-	-
Closing Balance	192,237,968	200,787,968	-	-

18.1 Investment Property Details are as follows;

18.1.2 Rental Income earned from Investment Property by the Company amounted to Rs.2,450,000/- (2020/21 Rs. 750,000/-)

18.1.3 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 2022. A fair value loss of Rs. 8,550,000/- was recognised due to the deterioration of Building on lease hold land.

18.1.4 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 2022.

Location	Property	Valuation technique	Property valuer & Qualification	Significant unobservable inputs	Sensitivity of the input to the fair value
The Lake Hotel Pothugul Pedesa, New Town, Polonnaruwa	Building on lease hold land	Investment Method	S Sivaskantha, Fellow Member of Institute of Valuation of Sri Lanka, Incorporated valuer	Rs. 10,000 to Rs. 25,000 per sq. ft Depreciation rate - 45% Rate of Return -12.5%-13%	Estimated fair value would increase/ (decrease) if ;- Price per square feet increases/(decreases)

19 INVENTORIES

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Food	10,865,522	8,716,575	-	-
Beverages	4,467,619	4,435,466	-	-
Crockery, linen and glassware	41,674,769	43,476,717	-	-
Sundry stock	11,011,653	10,553,777	-	-
	68,019,563	67,182,535	-	-
Provision for slow moving stocks	(2,134,120)	(842,809)	-	-
	65,885,443	66,339,726	-	-

20 TRADE & OTHER RECEIVABLES

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Accounts receivables (20.1)	38,079,739	10,444,471	-	-
Other receivables (20.2)	84,041,290	52,776,639	6,183,239	6,145,677
	122,121,029	63,221,110	6,183,239	6,145,677

20.1 Accounts receivables

Trade receivable	47,077,020	15,435,724	-	-
Less: Provision for bad & doubtful debts ECL (Note 20.3)	(8,997,281)	(4,991,253)	-	-
	38,079,739	10,444,471	-	-

20.2 Other receivables

Advances and deposits	18,294,472	14,006,198	-	-
Fixed deposit interest receivable	24,611,309	-	-	-
Others	42,355,509	40,006,295	6,183,239	6,145,677
Less: Provision for bad & doubtful debts	(1,220,000)	(1,235,854)	-	-
	84,041,290	52,776,639	6,183,239	6,145,677

20.3 Provision for Impairment of trade receivables

As at 31st March	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Balance as at the beginning of the year	4,991,253	4,512,032	-	-
Provision during the year	4,006,028	479,221	-	-
Balance as at the end of the year	8,997,281	4,991,253	-	-

Management has carried out an impairment provision based on the simplified approach of ECL method and impairment provision of Rs.8,997,281/- has been accounted for trade debtors as the ECL. (2020/2021 - Rs. 4,991,253/-)

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 duly considered the current decline in the tourism industry due to continued effects of Covid19 pandemic and the current socio-economic conditions in assessing the ECL. 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 and most of the dues are still within the credit period. The Management has considered the subsequent settlements of receivables and results of negotiations with travel agents on arriving the default rates.

21 AMOUNTS DUE FROM RELATED COMPANIES

As at 31st March	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Studio clay (Pvt) Ltd	17,690	18,607	16,387	12,265
CHC Foods (Pvt) Ltd	-	-	140,258,274	140,030,587
Tissa Resort (Pvt) Ltd	-	-	24,621,336	24,609,641
Hadauru Ocean (Pvt) Ltd	1,480	-	-	-
CHC Rest Houses (Pvt) Ltd	28,089,670	27,995,353	28,089,670	27,969,506
Made in Italy (Pvt) Ltd	2,607	2,607	-	-
Galle Face Group (Pvt) Ltd	4,934,744	7,553,463	2,662,539	2,777,255
Gardiner Group (Pvt) Ltd	339,225	339,225	-	-
Ceylon Holiday Holdings (Pvt) Ltd	42,143,946	44,580,733	42,143,946	44,580,733
Infini Restaurant Management (Pvt) Limited	288	1,130	-	-
Galle Face Hotel 1994 (Pvt) Ltd	272,647	532,109	194,861	81,909
The Galle Face Hotel Co Ltd	4,899,851	-	-	-
GFH Management Co. Ltd.	2,586,450	5,823	-	-
Southerland Holdings (Pvt) Ltd	1,517	-	-	-
Ceylon Hotel Holdings (Pvt) Ltd	387,792,360	358,520,219	373,955,980	344,683,839
Total Amounts due from related companies	471,082,475	439,549,269	611,942,993	584,745,735
Less: Provision for amounts due from related companies	-	-	(10,121,161)	(10,121,161)
	471,082,475	439,549,269	601,821,832	574,624,574

22 INCOME TAX RECOVERABLE

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance at the beginning of the period	2,180,159	2,180,159	-	-
Provision / (reversal) for the year	-	-	-	-
ESC Setoff against Tax Payable	-	-	-	-
Balance at the end of the period	2,180,159	2,180,159	-	-

23 ASSETS HELD FOR SALE

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance at the beginning of the period	-	-	-	-
Transferred during the year	837,748,471	-	-	-
Balance at the end of the period	837,748,471	-	-	-

23.1 During the year, the Group has classified an Investment in Joint venture which is held by Ceylon Hotel Maldives (Pvt) Ltd (CHML), a subsidiary of Ceylon Hotel Company PLC as Assets held for sale since the carrying amount of the assets will be recovered principally through a sale transaction rather than through continuing use. Ceylon Hotel Maldives (Pvt) Ltd has entered into a conditional sale and purchase agreement on 12 October 2021 with China Travel International Investment Hong Kong Limited for a sale of the 50% stake in Handuvaru Ocean Holidays (Pvt) Ltd (HOH) for US$ 4,493,663/-(Approx. LKR 1.6 Bn as of 31st May 2022. As per the Sales Purchase Agreement, the conclusion of the Sale and the eventual transfer of Ownership of 50% stake, is subject to due diligence and satisfactory conclusion of certain conditions precedents. The share of loss of Handhuvaru Ocean Holidays Private Limited recognised for the year amounted to LKR 5Mn.

24 CASH & CASH EQUIVALENTS

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Cash at banks	63,035,509	123,129,964	90,163	17,062
Fixed deposits	1,474,593,253	904,807,231		
Cash in hand	6,299,470	3,138,425	-	-
	1,543,928,232	1,031,075,620	90,163	17,062
Bank Overdrafts	(164,885,013)	(139,077,063)	(1,191,237)	(1,954,895)
Cash & cash equivalents for cash flow purpose	1,379,043,219	891,998,557	(1,101,074)	(1,937,833)

Notes to the Financial Statements

25 STATED CAPITAL

As at 31st March	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 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

25.1 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.

25.2 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.

26 RESERVES

As at 31st March	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Revaluation reserve	6,036,672,853	5,219,298,965	-	-
Capital reserve	8,128,011	8,128,011	8,128,011	8,128,011
FVOCI Reserve	-	-	184,167,021	184,167,021
Foreign Currency Equalization Reserve	78,841,180	41,339,678	-	-
General reserve	167,079,660	167,079,660	166,718,393	166,718,393
	6,290,721,704	5,435,846,314	359,013,425	359,013,425

26.1 Revaluation reserve

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

26.2 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

26.3 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.

26.4 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.

26.5 General reserve

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

27 INTEREST BEARING BORROWINGS

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Analysis of interest bearing borrowings				
Balance at the beginning of the year	1,725,341,583	1,536,648,474	-	-
Obtained during the year	5,000,000	41,500,000	-	-
Interest moratorium loan	171,211,357	143,981,049	-	-
Exchange loss on USD borrowings	172,419,879	9,885,000	-	-
Recognition of government grant	-	(475,672)	-	-
Repayments during the year	(12,472,715)	(6,197,268)	-	-
Balance at the end of the year	2,061,500,104	1,725,341,583	-	-
Payable after one year	1,357,631,841	1,390,579,766	-	-
Payable within one year	703,868,263	334,761,817	-	-

27.1 Interest bearing borrowing

Debt moratorium for Covid-19 relief for tourism industry

Group and Company received a capital and interest moratorium (from April 2021 to June 2022) on the existing term loan and overdrafts in accordance with the financial relief package announced by the Government of Sri Lanka to the Tourism industry, amidst of the Covid-19 pandemic. In line with the specified morotorium ending dates, Management has initiated discussions with relevant commercial banks to restructure its existing debt portfolio.

Financial institution	Repayment terms	Principal (Rs.)	Rate	Security	Closing balance as at 31st March 2022 Rs.
Tissa Resort (Pvt) Ltd					
Commercial Bank of Ceylon PLC (Term Loan)	21 equal monthly installments of Rs 2.5 Mn and final installment of Rs. 4,870,000 commence from July 2022.	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 July 2022	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
Commercial Bank of Ceylon PLC (Term Loan)	Rs. 500,000 x 06 months Rs. 944,000 x 17 months Rs. 952,000 x 01 month commence from July 2022	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 (Saubhagya Covid 19 Renaissance Facility)	17 equal monthly instalments of Rs 555,550 and Final instalment of Rs. 555,650 from July 2022	10,000,000	4% fixed	Mortgage of leasehold rights over the "The Safari" property and a corporate guarantee of Rs. 216.5 Mn from Ceylon Hotels Corporation PLC.	8,888,900

Notes to the Financial Statements

Financial institution	Repayment terms	Principal (Rs.)	Rate	Security	Closing balance as at 31st March 2022 Rs.
Commercial Bank of Ceylon PLC (Interest Moratorium Loan)	Repayment Terms & Interest on the loan to be decided in July 2022				27,239,890
					142,173,790
Government Grants					(2,207,888)
					139,965,902
United Hotels Company (Pvt) Ltd.					
Commercial Bank of Ceylon PLC (Term Loan)	47 equal monthly instalments of Rs. 1.25 Mn commence from July 2022	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 July 2022				20,656,457
Cargills Bank Limited (Term Loan)	78 equal principal instalments (commencing from July 2022)	US $ 291,000 & US $ 1,209,000	6 months LIBOR+ 5.85% (Floor 6%)	Primary floating mortgage bond for USD.1.5 Million over the leasehold property "The Surf"	316,255,290
US $ 442,290 (LKR 132,244,710) Carved out and absorbed in to the Capital Moratorium Loan					
Cargills Bank Limited (Term Loan)	Repayment period will be decided after end of the moratorium period	US $ 442,290	6 months LIBOR+ 5.85% (Floor 6%)	Primary floating mortgage bond for USD.1.5 Million over the leasehold property "The Surf"	132,244,710
Cargills Bank Limited (Term Loan)	Repayment period will be decided after end of the moratorium period	US $ 268,608	6 months LIBOR+ 5.85% (Floor 6%)	Primary floating mortgage bond for USD.1.5 Million over the leasehold property "The Surf"	80,313,731
Cargills Bank Limited (Term Loan)	Rs. 5,833,333.33 x 59 months Rs. 5,833,333.53 x 1 month (commencing from July 2022)	350,000,000	AWPLR + 3%	Corporate guarantee from Ceylon Hotels Corporation PLC for Rs. 350 Mn	210,000,000
LKR 140,000 Carved out and absorbed in to the Capital Moratorium Loan					

Financial institution	Repayment terms	Principal (Rs.)	Rate	Security	Closing balance as at 31st March 2022 Rs.
Cargills Bank Limited (Term Loan) - Interest Moratorium Loan LKR Loan)	Repayment period will be decided after end of the moratorium period	140,000,000	1 Yr TB Rate + 1%	Corporate guarantee from Ceylon Hotels Corporation PLC for Rs. 350 Mn	140,000,000
Cargills Bank Limited (Saubhagya Covid 19 Renaissance Facility)	23 equal monthly instalments of Rs. 695,833 and Final instalment of Rs. 695,841 (Commenced from October 2020)	16,700,000	4% fixed	Corporate guarantee from Ceylon Hotels Corporation PLC for Rs. 16.7 Mn,	4,175,006
Cargills Bank Limited (Term Loan) - Interest Moratorium Loan)	Repayment period and the interest rates will be decided after end of the moratorium period	119,074,452	1 Yr TB Rate + 1%		119,074,452.4
Cargills Bank Limited (Term Loan) - Interest Moratorium Loan)	Repayment period and the interest rates will be decided after end of the moratorium period	6,693,366	1 Yr TB Rate + 1%		6,693,366.1
					1,107,163,013
Government Grants					(2,270,455)
					1,104,892,558

The Kandy Hotels Co (1938) PLC

Sampath Bank PLC	Capital and interest grace period received until 30-06-2022 under Covid-19 Relief Package offered by Central Bank of Sri Lanka. Loan to be repaid in 61 equal monthly installments of Rs 8.3 Mn and a final installment of Rs 10.7 Mn from July 2022. Rs. 157.7 Mn absorbed in to a Capital Moratorium Loan.	517,000,000	AWPLR + 2% p.a	Mortgage over Shares of United Hotels Co. (Pvt) Ltd (48,000,000 no. shares) for Rs 600 Mn and a negative pledge over immovable properties of the Company and a Corporate guarantee issued by Ceylon Hotels Corporation PLC for Rs 595.5 Mn	359,300,000

Financial institution	Repayment terms	Principal (Rs.)	Rate	Security	Closing balance as at 31st March 2022 Rs.
Sampath Bank PLC	Capital and interest grace period received from April 2020 to March 2021 under Covid-19 Relief Package offered by Central Bank of Sri Lanka. Capital to be repaid in 59 monthly installments of Rs 1.3 Mn and a final installment of Rs 1.8 Mn together with interest.	65,130,959	10% p.a (fixed)	Capital and interest grace period received from April 2020 to March 2021 under Covid-19 Relief Package offered by Central Bank of Sri Lanka. Capital to be repaid in 59 monthly installments of Rs. 1.3 Mn and a final installment of Rs. 1.8 Mn together with interest, Rs.24.7Mn has been	40,430,959
Sampath Bank PLC	06 Months Capital grace period from July 2020 to January 2021 and the Capital grace period was extended till June 2022 under Covid-19 Relief Package offered by Central Bank of Sri Lanka. Capital to be repaid in 17 monthly installments of Rs 0.653 Mn and a final installment of Rs 0.658 Mn together with interest	9,800,000	4% p.a (fixed)	06 Months Capital grace period from July 2020 to January 2021 and the Capital grace period was extended till June 2022 under Covid-19 Relief Package offered by Central Bank of Sri Lanka. Capital to be repaid in 17 monthly installments of Rs. 0.653 Mn and a final installment of Rs. 0.658 Mn together with interest.	9,800,000
Sampath Bank PLC	24 equal monthly installments of 11.99Mn each together with interest payable on 26th day of each month commencing from July 2022	245,988,268	364 Days Treasury Bill Rate + 1%		245,988,268
Sampath Bank PLC	24 equal monthly installments of 1.85Mn each together with interest payable on 26th day of each month commencing from July 2022	39,673,333	364 Days Treasury Bill Rate + 1%		39,673,333
Sampath Bank PLC	Repayment terms & interest rates will be decided on after end of moratorium period	5,205,875			5,205,875

Financial institution	Repayment terms	Principal (Rs.)	Rate	Security	Closing balance as at 31st March 2022 Rs.
Sampath Bank PLC	Repayment terms & interest rates will be decided on after end of moratorium period	775,921			775,921
Commercial Bank of Ceylon PLC	12 Months grace period from April 2020 to March 2021 and the grace period was extended till 30-06-2022 under Covid-19 Relief Package offered by Central Bank of Sri Lanka. Capital & interest to be repaid in 24 monthly installments from July 2022.	10,592,121	11.5% p.a (fixed)	Corporate Guarantee of Rs. 14 Mn from Ceylon Hotels Corporation PLC	10,592,121
Commercial Bank of Ceylon PLC	Capital grace period received from April 2020 to June 2022 under Covid-19 Relief Package offered by Central Bank of Sri Lanka. Capital to be repaid in 22 Monthly installments from 01-07-2022.	50,000,000	3.46% p.a (fixed)	Corporate Guarantee of Rs. 50 Mn from Ceylon Hotels Corporation PLC	49,000,000
Commercial Bank of Ceylon PLC	24 equal monthly installments each together with interest payable on 26th day of each month commencing from July 2022. Interest rate will be decide after end of the moratorium period	8,872,372			8,872,372
Commercial Bank of Ceylon PLC	24 equal monthly installments each together with interest payable on 26th day of each month commencing from July 2022. Interest rate will be decide after end of the moratorium period	8,780,878			8,780,878

Financial institution	Repayment terms	Principal (Rs.)	Rate	Security	Closing balance as at 31st March 2022 Rs.
Commercial Bank of Ceylon PLC	24 equal monthly installments each together with interest payable on 26th day of each month commencing from July 2022. Interest rate will be decided after end of the moratorium period	3,390,800			3,390,800
					781,810,526
Government Grants					(3,289,421)
					778,521,105
CHC Foods Pvt Ltd					
Peoples' Bank PLC (Saubhagya Covid 19 Renaissance Facility)	Loan to be repaid in 18 equal monthly installments of Rs 277,778 after initial grace period of 6 months	5,000,000	4% Fixed	Corporate guarantee issued by Ceylon Hotels Corporation PLC	897,206
People's Bank PLC	Loan to be repaid in 54 monthly installments of Rs. 92,592.59 after initial grace period of 6 months	5,000,000	AWPLR + 3.5%	Corporate guarantee issued by Ceylon Hotels Corporation PLC	5,000,000
					5,897,206
Ceylon Hotels Maldives Pvt Ltd					
Hatton National Bank PLC (Interest Moratorium Loan)	Repayment terms & interest rates will be decided on after end of moratorium period				32,223,334
					32,223,334
Total Government Grants					(7,767,764)
Total Group					2,061,500,104

* AWPLR - Average Weighted Primary Lending Rate

** AWDR - Average Weighted Deposit Rate

*** LIBOR - London Interbank Offered Rate

28 EMPLOYEE BENEFITS

As at 31st March	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
At the beginning of the year	17,700,704	16,490,974	7,343,185	6,900,815
Current service cost (b)	1,676,263	1,992,039	340,310	445,599
Interest cost(b)	1,129,949	1,731,551	491,993	724,585
Past service cost (b)	(167,592)	-	(202,815)	-
Payments made during the year	(5,117,559)	(4,276,419)	(1,576,777)	(1,100,095)
Actuarial (Gain)/Losses (b)	687,813	1,762,559	(773,699)	372,281
At the end of the year	15,909,578	17,700,704	5,622,197	7,343,185

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

Present value of the unfunded obligations	15,909,578	17,700,704	5,622,197	7,343,185
Recognised liability for defined benefit obligations	15,909,578	17,700,704	5,622,197	7,343,185

(b) **Net Benefit Expense**

Included in Profit or Loss				
Current Service Cost	1,676,263	1,992,039	340,310	445,599
Interest Cost	1,129,949	1,731,551	491,993	724,585
Past service cost	(167,592)	-	(202,815)	-
	2,638,620	3,723,590	629,488	1,170,184
Included in Other Comprehensive Income				
Actuarial Losses/(Gains) on Obligations	687,813	1,762,559	(773,699)	372,281
	687,813	1,762,559	(773,699)	372,281
Net Benefit Expense	3,326,433	5,486,149	(144,211)	1,542,465

During 2021/2022, the pension arrangements were adjusted to reflect new legal requirements in the country regarding the retirement age. As a result of the plan amendment, the Group's and the Company's defined benefit obligation decreased by Rs. 167,592/- and Rs. 202,815/- respectively. A corresponding past service credit was recognized in profit or loss during 2021/2022.

(c) Gratuity liability is based on the actuarial valuation carried out by Messrs. Actuarial and Management Consultants (Private) Limited, Actuaries, on 31 March 2022.

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

As at 31st March	Group % Per Annum / Years 2022	Group % Per Annum / Years 2021	Company % Per Annum / Years 2022	Company % Per Annum / Years 2021
a) Discount Rate	13% - 15%	6.10% - 10.50%	15%	6.7%
b) Salary Increase	12%	6%	12%	6%
c) Staff salary turnover rate	18% - 45%	18% - 45%	18%	18%
d) Retirement age	60 years	55 years	60 years	55 Years
e) Weighted average retirement age	2.12 - 4.06	2.12 - 4.06	4.06	4.06

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 and the Group.

28.1 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		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Discount Rate - (1% Increase)	(15,534,714)	(12,862,179)	(5,429,903)	(7,092,753)
Discount Rate - (1% decrease)	16,307,797	13,646,778	5,829,507	7,613,688
Salary Increment Rate - (1% Increase)	16,251,782	13,559,553	5,808,915	7,575,664
Salary Increment Rate - (1% decrease)	(15,582,687)	(5,769,637)	(5,446,371)	(7,124,171)

28.2 Maturity analysis of Employee benefit

As at 31st March	Group 2022 Rs.	Company 2022 Rs.
With in 1 year or equal to 1 year	5,338,161	1,306,500
Over 1 year and less than or equal to 2 years	3,337,305	811,175
Over 2 years and less than or equal to 5 years	4,459,222	1,602,512
Over 5 years and less than or equal to 10 years	2,276,489	1,472,204
Over 10 years	498,401	429,806
	15,909,578	5,622,197

29 DEFERRED TAX LIABILITIES

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance at the beginning of the period	706,757,020	774,830,614	-	-
Reversal of temporary differences - P & L	(9,641,541)	(67,878,955)	-	-
Origination /(Reversal) of temporary differences - OCI	203,967,124	(194,639)	-	-
Balance at the end of the period	901,082,603	706,757,020	-	-

29.1 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. 204,171,736/- has been recognized through other comprehensive income (OCI) and charged to revaluation reserve.

29.2 The inland revenue act No 10 of 2021 affects a tax rate of 14% for the tourism industry.

29.3 Temporary Differences

As at 31st March	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
On Property, Plant and Equipment	2,902,342,489	2,496,405,740	-	-
On Inventories	(578,448)	-	-	-
On Trade & other receivables	(1,862,835)	-	-	-
On Amounts due from related companies	(8,899,186)	-	-	-
On Retirement Benefit Obligation	(10,287,381)	(5,320,856)	-	-
On Revaluation of Lands and Buildings	4,805,416,895	3,633,817,500	-	-
On Carried Forward Tax Losses	(1,179,882,249)	(1,018,520,148)	-	-
On Leases	(69,944,983)	(58,117,802)		
	6,436,304,302	5,048,264,434	-	-
Balance at the end of the period	901,082,603	706,757,020		-

29.4 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 therefrom. The deferred tax asset has been recognized in the financial statements to the extent of deferred tax liability.

	Group				Company			
	2022		2021		2022		2021	
	Temporary Differences	Tax Effect	Temporary Differences	Tax Effect	Temporary Differences	Tax Effect	Temporary Differences	Tax Effect
On Retirement Benefit Obligation	(5,622,197)	(1,349,327)	(12,379,848)	(1,733,178)	(5,622,197)	(1,349,327)	(7,343,185)	(2,056,092)
On Carried Forward Tax Losses	(947,759,525)	(201,731,411)	(808,374,585)	(113,172,442)	(690,450,765)	(165,708,184)	(634,149,925)	(88,780,989)
	(953,381,722)	(203,080,738)	(820,754,433)	(114,905,620)	(696,072,962)	(167,057,511)	(641,493,110)	(90,837,081)

Deferred Tax Asset amounting to 203,080,738/- (2021 - 114,905,620/-) 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.

30 LEASE LIABILITIES

As at 31st March	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
As at 01 April	176,128,861	156,288,887	-	-
Interest expense	18,471,606	19,839,974	-	-
Payments made during the year	(11,599,712)	-	-	-
As at 31 March	183,000,755	176,128,861	-	-
Lease liabilities included in the statement of financial position				
Payable within one year	47,171,099	31,737,113	-	-
Payable after one year	135,829,656	144,391,748	-	-
	183,000,755	176,128,861	-	-

30.1 Amounts Recognised in Statement of Profit or Loss

	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Interest expense	18,471,606	19,839,974	-	-
ROU Amortization	4,955,289	4,550,070	-	-

30.2 Amounts Recognised in Statement of Cash Flows

	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Total cash outflow for leases	(11,599,712)	-	-	-

30.3 Maturity Analysis - Contractual Undiscounted Cash Flows

	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Less than one year	19,561,177	59,364,118	-	-
One to five years	101,465,480	101,735,012	-	-
More than five years	329,975,000	349,266,645	-	-
	451,001,657	510,365,775	-	-

31 GOVERNMENT GRANTS

As at 31st March	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Opening balance	11,032,844	10,557,172		
Recognized during the year	-	(3,276,951)	-	-
Modification of Government Grant	5,177,320	6,685,751		
Setoff against interest expenses during the year	(8,442,400)	(2,933,128)	-	-
Closing balance	7,767,764	11,032,844	-	-
Non-Current Portion	1,220,276	3,525,748	-	-
Current Portion	6,547,488	7,507,096	-	-
	7,767,764	11,032,844	-	-

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.

32 TRADE & OTHER PAYABLES

As at 31st March	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Accounts payable	57,256,367	73,601,855	108,533	105,873
Accrued expenses	32,100,710	28,242,663	2,947,908	3,345,789
Accrued rent	7,473,925	7,431,735	-	
Other payables	124,694,649	110,902,097	7,234,095	6,012,984
	221,525,651	220,178,350	10,290,536	9,464,646

33 CONTRACT LIABILITIES

As at 31st March	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Opening Balance	8,116,422	13,963,066	-	-
Advance received during the year	53,577,972	24,152,075	-	-
Transfers during the year	(49,902,334)	(29,998,719)	-	-
Closing Balance	11,792,060	8,116,422	-	-

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. 11,792,060/- have been separately presented in the statement of financial position.

34 AMOUNTS DUE TO RELATED COMPANIES

As at 31st March	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
GFH Management Co (Pvt) Ltd	2,223,322	3,072,329	250,000	2,400,472
The Galle Face Hotel Co Ltd	187,600	152,418	-	-
Galle Face Group (Pvt) Ltd.	3,201,298	2,320,746	-	-
United Hotels Co (Pvt) Ltd	-	-	16,631,866	9,121,677
Airline Services (Pvt) Ltd	-	-	372,406	420,941
CHC Rest House (Pvt) Ltd	504,231	202,522	-	-
Suisse Hotel Kandy (Pvt) Ltd	9,101,475	9,101,475	-	
The Kandy Hotels Co. (1938) PLC	-	-	32,991,849	33,778,893
Unionco Ltd	164,658	164,658	164,658	164,658
	15,382,584	15,014,148	50,410,779	45,886,641

34.1 Related Party Interest-bearing-borrowings

Kandy Hotels Co. (1938) PLC Loan	-	-	1,131,844,828	1,052,825,332
	-	-	1,131,844,828	1,052,825,332

34.2 Refer to note no 38.1.1 for interest rates and terms.

Notes to the Financial Statements

35 INCOME TAX PAYABLE

As at 31st March	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Balance as at 01 April	13,226,969	16,098,320	13,303	13,303
Provision for the year	18,614,279	20,923,800	-	-
Over Provision in respect of previous year	(291,239)	118,044	-	-
WHT & ESC Setoff of Against Tax Payable	(454,816)	-	-	-
Payment Made During the year	(23,629,177)	(23,913,195)	-	-
Balance at the end of the period	7,466,016	13,226,969	13,303	13,303

36 CONTINGENT LIABILITIES

36.1 Company

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

Name	Nature	Case No.
Eranga Ranasighe	Labour Tribunal	LT/6R/7197/12

36.2 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 2022.

36.2.1 Pending litigations - Kandy Hotels Co. (1938) PLC.

Name	Nature	Case No.
Tourist Shopping Centre	Tenant	DSP/02743/19
H. M Dingiri Menike	Tenant	RE 2645
M.D.M.Waheed	Tenant	DSP/00014/19
Unpaid Budgetary Relief allowance	Labour Department	Labour 29057/20 Kandy
Unpaid Budgetary Relief allowance	Labour Department	Labour 24717/ Kandy

36.2.2 Pending litigations - United Hotels Company Limited

Name	Nature	Case No.
Bentota Pradeshiya Sabha	Operating a SLTDA approved Hotel, without a valid License	MC Balapitiya/25263/PS
Bentota Pradeshiya Sabha	Operating a SLTDA approved Hotel, without a valid License	MC Balapitiya/34452/PS
Bentota Pradeshiya Sabha	Operating a SLTDA approved Hotel, without a valid License	MC Balapitiya/43335/PS

36.2.3 Pending litigations - CHC Foods (Pvt) Ltd

Name	Nature	Case No.
S.W.Y.K.P. Sudusinghe	Labour Department	MC Tissamaharama/59270/LT
Labour Department	Labour Department	MC Warakapola/57868 /LT

36.2.4 Pending litigations - Tissa Resort (Pvt) Ltd.

Name	Nature	Case No.
Labour Department	Labour Department	HC Hambanthota/H.C.A 05/2022
Labour Department	Labour Department	HC Hambanthota/H.C.A 04/2022
Labour Department	Labour Department	MC Tissamaharama/63938/LT
Labour Department	Labour Department	MC Tissamaharama/63939/LT

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 2022.

36.2.5 Corporate guarantees given by the Group as disclosed in Note 27.

37 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no any material events occurring after the reporting date except the following that require adjustment to or disclosure in the Consolidated Financial Statements.

Value Added Tax (VAT)

In accordance with the Gazette No 2286/26 enacted on 31st May 2022, Value Added Tax (VAT) as per VAT Act No 14 of 2002 as amended by Act No 6of 2005, has been increased to 12% from 0% effective from 1st June 2022.

38 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.

38.1 Recurrent Related party transactions

Company Name	Aggregate value of Related Party Transactions as a % of Revenue	Nature of Relationship	Name of the Director	Nature of Transaction	Terms of transactions	Year ended 31.03.2022 Rs.	Year ended 31.03.2021 Rs.
Kandy Hotels Company (1938) PLC	18%	Subsidiary	Mr. Sanjeev Gardiner	Expenses paid by CHC on behalf of KHCL	Note A	1,472,464	(60,271)
				Loan Advances to CHC	Note C	(4,041,420)	(82,693,777)
			Mr. Lakshman Samarasinghe	Intercompany borrowings:			
			Mr. Priyantha Maddumage (Mr. Shalike Alternate director)	Interest expenses on loan given from KHCL	Note C	(75,663,497)	(87,144,030)
United Hotels Company Ltd	2%	Subsidiary	Mr. Sanjeev Gardiner	Net Expenses paid by CHC on behalf of UHCL	Note A	1,415,330	449,284
			Mr. Priyantha Maddumage	Settlement of oustanding balance	Note A	(7,737,650)	(98,400,000)
			Mr. Mangala Boyagoda	Expenses paid by UHCL on behalf of CHC	Note A	(1,187,868)	(691,312)
			Mr. Lakshman Samarasinghe				
			Mr .Kuwera De Soysa				
CHC Foods (Pvt) Ltd	0%	Subsidiary	Mr. Priyantha Maddumage	Net Expenses paid by CHC on behalf of CHCFO	Note A	3,099,098	3,203,365
			Mr. Lakshman Samarasinghe	Temporary advance to CHCFO	Note B	-	35,691,018
				Settlement of related party balance	Note A	(2,871,411)	(1,749,579)
Tissa Resort (Pvt) Ltd	0%	Subsidiary	Mr. Priyantha Maddumage	Expenses paid by CHC on behalf of TRL	Note A	425,814	381,482
			Mr. Lakshman Samarasinghe	Net Settlement of related party balance	Note A	(414,118)	-
				Temporary advance to TRL	Note B	-	(4,228,508)
CHC Rest Houses (Pvt) Ltd	0%	Joint Venture	Mr. Priyantha Maddumage	Expenses paid by CHC on behalf of CHC RH	Note A	2,618,847	2,760,735
			Mr. Lakshman Samarasinghe	Settlement of Related Party Balance	Note A	(2,498,684)	(3,868,938)

Company Name	Aggregate value of Related Party Transactions as a % of Revenue	Nature of Relationship	Name of the Director	Nature of Transaction	Terms of transactions	Year ended 31.03.2022 Rs.	Year ended 31.03.2021 Rs.
Ceylon Holiday Holdings (Pvt) Ltd.	0%	Joint Venture	Mr. Lakshman Samarasinghe	Temporary advance	Note B	(5,250,000)	(2,000,000)
			Mr. Priyantha Maddumage	Expenses paid by CHC PLC behalf of C Holidays	Note A	461,689	-
				Interest Income on loan given to C Holidays	Note C	2,351,524	2,769,372
Ceylon Hotels Holdings (Pvt) Ltd.	7%	Affiliate	Mr. Sanjeev Gardiner	Net Temporary advance	Note B	(320,000)	133,000,000
			Mr. Lakshman Samarasinghe	Interest Income on loan given to Ceylon Hotels Holdings (Pvt) Ltd	Note B	29,592,141	22,325,886
			Mr. Priyantha Maddumage				
			Mr. Shalike Karunasena				
			Mr. Ajith Lasantha Devasurendra				
Airline Services (Pvt) Ltd	0%	Subsidiary	Mr. Lakshman Samarasinghe	Expenses paid by CHC PLC on be half of ALSL	Note A	102,549	60,000
Galle Face Group (Pvt) Ltd	0%		Mr. Lakshman Samarasinghe	Temporary advance	Note B	-	2,738,826
				Expenses paid by GFG on behalf of CHC	Note A	(134,050)	-
				Expenses paid by CHC on behalf of GFG	Note A	39,766	24,088
				Settlement	Note A	(20,431)	-
GFH Management Co (Pvt) Ltd	1%	Affiliate	Mr. Sanjeev Gardiner	Service obtained during the year	Note A	(2,289,404)	-
			Mr. Lakshman Samarasinghe	Settlement of oustanding balance	Note A	4,439,876	-
			Mr Priyantha Maddumage				
			Mr. Shalike Karunasena				

Notes to the Financial Statements

38.1.1 This note should be read in conjunction with the note 21 and 34 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	KHCL
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) Terms and conditions related to inter company borrowings/lending's :

Company	Party	Repayment
The Kandy Hotels Company (1938) PLC	Lender	AWPLR + 2% for the balance upto Rs 100 Mn and AWDR + 1% for the remaining
Ceylon Hotels Corporation PLC	Borrower	
Ceylon Hotel Corporation PLC	Lender	AWDR + 1%
Ceylon Hotel Holdings (Pvt) Ltd	Borrower	

38.1.2 Recurrent transactions with related parties

Recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31st March 2021 audited financial Statements, which required additional disclosures in the 2021/22 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 are disclosed under note 38.1 above.

38.2 Non- recurrent transactions with related parties

There are no non-recurrent related party transactions for the period ended 31st March 2022.

38.3 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. No emoluments were paid during the year to key management personnel.

38.4 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.

39 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.

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.

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.

39.1 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.

39.1.1 Exposure to credit risk

The Group's maximum exposure to credit risk as at the year end based on the carrying value of financial assets in the statement of financial position is given below. There were no off-balance sheet exposures as at the year end date.

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Trade receivables	38,079,739	10,444,471	-	-
Other Receivables	84,041,290	52,776,639	6,183,239	6,145,677
Amount due from related parties	471,082,475	439,549,269	601,821,832	574,624,574
Cash & cash equivalents				
- Cash at banks	63,035,509	123,129,964	90,163	17,062
- Fixed Deposits	1,474,593,253	904,807,231	-	-
	2,130,832,266	1,530,707,574	608,095,234	580,787,313

Details of Fixed deposits with institutions in the Group and their credit ratings are as follows;

As at 31st March	Instrument	2022		2021	
		Credit Rating	Total Investment LKR.	Credit Rating	Total Investment LKR.
Hatton National Bank PLC	Fixed Deposit-USD	AA-	1,474,593,253	AA-	904,807,231

39.1.2 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.

In monitoring customer credit risk customers are grouped according to their business volumes and consider separately for granting credit limits. Some customers are graded as "high risk" based on the credit worthiness established through past experience. Such customers are monitored carefully and future sales are made on a prepayment basis.

Impairment losses

Impairment for trade receivables is established based on expected credit loss method. The main component of this allowance is a specific loss component that relates to individually significant exposures based on aging of the outstanding's. The loss rate calculated based on the historical provision matrix is adjusted based on the future calibrated probability of default and the loss given default. Forward looking factors that affect customer default rates and macro-economic data such as GDP are considered in calculating the probability of default.

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

As at 31st March	Group 2022 Rs.	Group 2021 Rs.	Company 2022	Company 2021
Neither past due nor impaired				
01–29 days	26,021,106	3,121,494	-	-
30–60 days	9,151,067	-	-	-
61–90 days	3,461,093	-	-	-
91–120 days	310,905	-	-	-
121–180 days	6,206,801	12,314,230	-	-
> 356 days	1,926,048		-	-
	47,077,020	15,435,724	-	-
Impaired				
Gross carrying value	47,077,020	15,435,724	-	-
Less: Impairment provision	(8,997,281)	(4,991,253)	-	-
Total	38,079,739	10,444,471	-	-

39.1.3 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. 63 Mn as at 31 March 2022 (2021 - Rs. 123 Mn). The cash at bank with counterparties, which are rated AA- /AAA, based on Fitch ratings.

39.2 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.

Notes to the Financial Statements

39.2.1 Net (debt)/cash

As at 31st March	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Cash in hand and at bank	1,543,928,232	1,031,075,620	90,163	17,062
Total liquid assets	1,543,928,232	1,031,075,620	90,163	17,062
Interest bearing loans and borrowings	2,061,500,104	1,725,341,583	-	-
Lease liability	183,000,755	176,128,861	-	-
Bank overdrafts	164,885,013	139,077,063	1,191,237	1,954,895
Total liabilities	2,409,385,872	2,040,547,507	1,191,237	1,954,895
Net (debt)/cash	(865,457,640)	(1,009,471,887)	(1,101,074)	(1,937,833)

39.2.2 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 and The Company received a capital and interest moratorium (from April 2021 to June 2022) on the existing term loan and overdrafts in accordance with the financial relief package announced by the Government of Sri Lanka to the Tourism industry, amidst of the Covid-19 pandemic. In line with the specified morotorium ending dates, Management has initiated discussions with relevant commercial banks to restructure its existing debt portfolio.

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2022 based on contractual undiscounted payments.

Group	Carrying Amount	Contractual Cash flows	Within 1 year	Between 1-5 year	More than 5 years	Total
Interest bearing borrowings	2,061,500,104	2,349,247,465	802,738,825	1,546,508,640	-	2,349,247,465
Trade and other payables	221,525,651	221,525,651	221,525,651	-	-	221,525,651
Amounts due to related parties	15,382,584	15,382,584	15,382,584	-	-	15,382,584
Lease liability	183,000,755	451,001,657	19,561,177	101,465,480	329,975,000	451,001,657
Bank overdrafts	164,885,013	164,885,013	164,885,013	-	-	164,885,013
	2,646,294,107	3,202,042,370	1,224,093,250	1,647,974,120	329,975,000	3,202,042,370

Company	Carrying Amount	Contractual Cash flows	Within 1 year	Between 1-5 year	More than 5 years	Total
Trade and other payables	10,290,536	10,290,536	10,290,536	-	-	10,290,536
Amounts due to related parties	50,410,779	50,410,779	50,410,779			50,410,779
Related Party Interest-bearing-borrowings	1,131,844,828	1,131,844,828	1,131,844,828	-	-	1,131,844,828
Bank overdrafts	1,191,237	1,191,237	1,191,237	-	-	1,191,237
	1,193,737,380	1,193,737,380	1,193,737,380	-	-	1,193,737,380

Management of Liquidity Risk

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 has access to approved short-term financing facilities from commercial banks, if required.

The Group monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables and it is estimated that the maturity of trade receivables as at the reporting date would occur in sufficient quantity and timing, given the historical trends, and currently available information which would enable the Group to meet its contractual obligations.

- Maintaining a diversified funding base and appropriate contingency facilities.
- Carrying a portfolio of highly liquid assets that can be readily converted into cash to protect against unforeseen short-term interruptions to cash flows.
- Monitoring liquidity ratios and carrying out stress-testing of the Company's liquidity position.
- Regular reviews cash flow projections.
- Availability of stand by overdraft facility to be used in the event of an emergency.

39.3 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.

39.3.1 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 Central Bank of Sri Lanka (CBSL) adopted a tightening monetary policy stance during the latter half of the financial year, resulting in an upward trending interest rates. Elevated pressures on inflation on account of many factors including increases in global commodity prices, food supply and the sharp depreciation of the currency in March 2022 have resulted in strong policy actions by the CBSL on monetary policy post the end of the reporting period. Such actions have raised monetary policy rates significantly and helped bridge the gap between policy and market interest rates.

The interest rates have increased significantly after the reporting date, this may lead to substantial negative impact on the future profits of the Group.

a) Exposure to interest rate risk

The interest rate profile of the Group's interest bearing financial instruments as reported to the management of the Group is as follows,

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Variable rate instruments				
Interest-bearing-borrowings	2,061,500,104	1,725,341,583	-	-
Related Party Interest-bearing-borrowings	-	-	1,131,844,828	1,052,825,332
Bank overdrafts	164,885,013	139,077,063	1,191,237	1,954,895
	2,226,385,117	1,864,418,646	1,133,036,065	1,054,780,227

Cash flow sensitivity for variable rate instruments

A change of 8% 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	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Variable rate instruments				
8% Increase in interest rate	(178,110,809)	(149,153,492)	(90,642,885)	(84,382,418)
8% Decrease in interest rate	178,110,809	149,153,492	90,642,885	84,382,418

39.3.2 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 is exposed to currency risk on mainly borrowings and net investments in foreign subsidiaries that are denominated in a currency other than the respective functional currencies of the Group. These currencies primarily are in US Dollars (USD) and Maldives Rufiya.

The Sri Lankan Rupee witnessed significant volatility, particularly during the latter part of the year. Whilst the exchange rate was kept at a pegged level during the year, as per the guidelines issued to the banks by the Central Bank of Sri Lanka (CBSL), the currency depreciated sharply in March 2022 once the CBSL allowed a free float of the currency which resulted in a steep depreciation of the Rs. by 31 March 2022. In addition to the depreciation of the currency, there were significant challenges in the foreign currency market on the back of a marked reduction in liquidity amidst declining confidence and a depletion of foreign currency reserves in the country. This resulted in a series of measures such as the continuation of certain import controls and stipulations on foreign currency conversions and remittances.

a) Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows,

As at 31st March	2022		2021	
	Amount in USD	Amount in LKR	Amount in USD	Amount in LKR
Financial Assets				
Fixed Deposit and Interest Receivable	5,014,062	1,499,204,562	4,564,740	904,807,231
	5,014,062	1,499,204,562	4,564,740	904,807,231
Financial Liability				
Interest-bearing-borrowings	1,757,968	528,813,731	1,669,049	332,140,721
	1,757,968	528,813,731	1,669,049	332,140,721
Net Finance Liability exposure	(3,256,094)	(970,390,831)	(2,895,691)	(572,666,510)

Closing average exchange rate as at 31st March 2022 is Rs. 299/- (2020/2021- Rs.199.22/-).

b) Sensitivity to foreign exchange risk

The following tables demonstrate the sensitivity to a reasonably possible change in the US dollar, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies are not material.

LKR has depreciated significantly against USD subsequent to the reporting date. As a result, the amount required to settle these liabilities would be significantly different from the amount recorded in the financial statements as at 31st March 2022.

Year ended 31 March 2022	Increase decrease in exchange rate	Effect on profit before tax
USD	+15%	146,035,809
	-15%	(146,035,809)

Management of Foreign exchange risk

- The Treasury officer analyses the market condition of foreign exchange and analyse the utilisation of cash flows.
- Regularly review timing of foreign currency cash in flows and outflows and takes decisions on whether to reinvest the foreign cash flows or utilise to make the foreign currency payments.
- Looking out forward contract possibilities.

39.4 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	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Interest-bearing-borrowings	2,061,500,104	1,725,341,583	-	-
Bank Overdraft	164,885,013	139,077,063	1,191,237	1,954,895
Cash in hand and bank	(1,543,928,232)	(1,031,075,620)	(90,163)	(17,062)
Total debts	682,456,885	833,343,026	1,101,074	1,937,833
Total equity	10,417,748,370	9,159,560,902	627,582,828	682,166,302
Debt to Equity ratio (Times)	0.07	0.09	0.00	0.00

40 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

As at 31 March 2022	Amortized cost	Total
Financial assets not measured at fair value		
Trade and other receivables	122,121,029	122,121,029
Amounts due from related companies	471,082,475	471,082,475
Cash and cash equivalents	1,543,928,232	1,543,928,232
	2,137,131,736	2,137,131,736
Financial liabilities not measured at fair value		
Bank overdrafts	164,885,013	164,885,013
Trade payables	57,256,367	57,256,367
Lease Liability	183,000,755	183,000,755
Interest bearing borrowings	2,061,500,104	2,061,500,104
Amounts due to related companies	15,382,584	15,382,584
	2,482,024,823	2,482,024,823

As at 31 March 2021	Amortized cost	Total
Financial assets not measured at fair value		
Trade and other receivables	63,221,110	63,221,110
Amounts due from related companies	439,549,269	439,549,269
Cash and cash equivalents	1,031,075,620	1,031,075,620
	1,533,845,999	1,533,845,999
Financial liabilities not measured at fair value		
Bank overdrafts	139,077,063	139,077,063
Trade payables	73,601,855	73,601,855
Interest bearing borrowings	1,725,341,583	1,725,341,583
Lease Liability	176,128,861	176,128,861
Amounts due to related companies	15,014,148	15,014,148
	2,129,163,510	2,129,163,510

Company

As at 31 March 2022	Fair Value through OCI	Amortized cost	Total
Financial assets measured at fair value			
Investment in Joint Venture	309,497,174	-	309,497,174
Financial assets not measured at fair value			
Trade and other receivables	-	6,183,239	6,183,239
Amounts due from related companies	-	601,821,832	601,821,832
Cash and cash equivalents	-	90,163	90,163
	309,497,174	608,095,234	917,592,408
Financial liabilities not measured at fair value			
Trade payables	-	108,533	108,533
Related party interest bearing borrowings	-	1,131,844,828	1,131,844,828
Amounts due to related companies	-	50,410,779	50,410,779
	-	1,182,364,140	1,182,364,140

As at 31 March 2021	Fair Value through OCI	Amortized cost	Total
Financial assets measured at fair value			
Investment in Joint Venture	309,497,174	-	309,497,174
Financial assets not measured at fair value			
Trade and other receivables	-	6,145,677	6,145,677
Amounts due from related companies	-	574,624,574	574,624,574
Cash and cash equivalents	-	17,062	17,062
	309,497,174	580,787,313	890,284,487
Financial liabilities not measured at fair value			
Trade payables	-	105,873	105,873
Related party interest bearing borrowings	-	1,052,825,332	1,052,825,332
Amounts due to related companies	-	45,886,641	45,886,641
	-	1,098,817,846	1,098,817,846

41 NUMBER OF EMPLOYEES

The total number of employees of the company as at 31st March 2021 was 378. (31st March 2021 - 240)

42 IMPACT FROM RAPID CHANGE IN MACRO ECONOMIC FACTORS

Interest Rate

The Monetary Board of the Central Bank of Sri Lanka (CBSL) has decided to increase the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR). The depletion of foreign reserves has put restrictions on imports and affected supplies.

The Monetary Board of the Central Bank of Sri Lanka, at its meeting held on 08 April 2022, decided to increase the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) of the Central Bank by 700 basis points to 13.50 per cent and 14.50 per cent, respectively, effective from the close of business on 08 April 2022.

As described in note 39, the above changes adversely affect the variable rates borrowings of the Group.

The policy response was made by the Central Bank of Sri Lanka after the reporting period and consequently, no adjustments were necessary to the amounts recognized in the financial statements.

Given the continuing volatility of interest rate movement that resulted as a consequence, and also due to the fact the Company/group has commenced discussions with lending institutions on several concessions on the back drop of the unprecedented impacts to the hospitality industry (that being the key business of the company/group) since 2019 , the Group is not able to make an estimate of its financial effect with acceptable precision.

Foreign Currency Exchange Rates

In March 2022, the Central Bank of Sri Lanka abandoned the temporary peg on US Dollar / LK Rupee (USD / LKR) Exchange Rate. The resulting impact of exchange rate movement during the period have been adjusted to these financial statements.

The USD / LKR exchange rate continued to substantively increase subsequent to the period end.

The depreciation of rupee has made a favourable impact to the foreign currency denominated investments held by the Group. However, no adjustments to these financial statements were necessary, as such large increases arose only after the period end.

Management expect depreciation of rupee will also favourably effect the revenue streams when tourists arrival are gradually improved.

Given the continuing volatility of USD/ LKR movement, the Group is not able to make an estimate of its financial effect with acceptable precision.

In addition to the specific risk assessment and mitigating actions disclosed in note 39, the Company has taken the following overall measures to ensure it continues its operations as a going concern. Detailed discussion at the top management level to identify potential risks and determination of risk mitigation strategies.

- Assessing the possibility of restructuring of borrowings while replacing with borrowings at fixed interest rates for defined period of time.
- Ensuring that foreign currency denominated investments preserved in making cash flow management decisions.

The management of the group continues to monitor the potential impact to the continuity of the business. Accordingly, macroeconomic variables are evaluated while making assumptions and judgments when preparing financial statements.

Investor Information

SUMMARY OF SHAREHOLDING AS AT 31ST MARCH 2022

	Share Range			No. of Shareholders	No. of Shares	Holding %
1	1	-	1000	6,200	911,066	0.506%
2	1001	-	10000	789	2,485,440	1.381%
3	10001	-	100000	193	5,050,385	2.805%
4	100001	-	1000000	23	4,298,546	2.388%
5	1000001	-	& Above	10	167,285,505	92.920%
	Totals			7,215	180,030,942	100.000%

INFORMATION FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2022

a) Directors Shareholding in the company

Name of Director	31st March 2022	31st March 2021
Mr. Lakshman Samarasinghe - Chairman	5590	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. Ajith Devasurendra	Nil	Nil
Mr. Ranil Pathirana	Nil	Nil
Mr. Shalike Karunasena	Nil	Nil

PUBLIC SHAREHOLDING AS AT 31ST MARCH 2022

b) Public Shareholding - 40,486,055 (2021 - 51,531,383)

c) Percentage of the ordinary shares held by public - 22.49% (2021 - 28.62%)

d) No. of Public shareholders - 7.205 (2021 - 6,885)

e) Related Companies

Name of Company	Number of Shares
National Development Bank / Ceylon Hotels Holdings (Pvt) Ltd	60,245,919
Ceylon Hotel Holdings (Pvt) Ltd	37,994,096
Seylan Bank Ltd / The Galle Face Hotel Company Ltd	10,365,500
The Galle Face Hotel Co Ltd.	77,220
Hotel International (Pvt) Ltd	1,048,230

f) Highest, lowest and market value per share from 1st April 2021 to 31st March 2022

Period	Year ended 31st March 2022
Date High	10/6/21
High - Rs.	26.5
Date Low	3/30/22
Low - Rs.	8.5
Close - Rs.	9.1
Trade Vol	8,359
Share Vol	21,634,097
Turnover - Rs.	396,207,362.50
Last Traded date	3/31/22
Days Traded	216

MARKET PRICE PER SHARE FOR THE PERIOD FROM 01/04/2021 TO 31/03/2022

Name of Director	2021-22		2020-21	
	Date	Share Price (Rs.)	Date	Share Price (Rs.)
Highest Market Price	10/6/21	26.5	12/15/20	15.3
Lowest Market Price	3/30/22	8.5	5/20/20	7.2
Last Traded Price	3/31/22	9.1	3/31/21	10.6

The float adjusted market capitalisation as at 31st March 2022 was Rs. 348,423,101/- 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 2022

	Shareholder Name	No. of Ordinary Voting Shares	Holding %
1	National Development Bank PLC/ Ceylon Hotels 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	18,749,275	10.41%
5	Seylan Bank PLC/ARRC Capital (Pvt) Ltd (Collateral)	10,791,878	5.99%
6	Seylan Bank Ltd/The Galle Face Hotel Co .Ltd	10,365,500	5.76%
7	Bank of Ceylon - No 2 A/C (BOC PTF)	4,237,070	2.35%
8	Phantom Investments (Private) Limited	1,280,320	0.71%
9	Associated Electrical Corporation Limited	1,053,883	0.59%
10	Hotel International (Pvt) Ltd	1,048,230	0.58%
11	Sithlanka (Private) Limited	447,706	0.25%
12	Life Insurance Corporation (Lanka) Ltd	420,000	0.23%
13	Dr. G.S. Perera	277,379	0.15%
14	Seylan Bank PLC/Arrc Capital (Pvt) Ltd	267,178	0.15%
15	Mr. K. Mathivanan	250,000	0.14%
16	Sunshine Holdings PLC	234,662	0.13%
17	Hatton National Bank PLC/Kandaiah Kanapathipillai Shujeevan	210,000	0.12%
18	Seylan Bank PLC/ Nalaka Harshajeeva Godahewa	204,000	0.11%
19	D.G. Wijemanna	184,340	0.10%
20	K.N. Karunarathne	171,500	0.10%
	Sub Total	169,952,270	94.40%
	Balance Held by Others	10,078,672	5.60%
	Total	180,030,942	100.00%

TOP 20 SHAREHOLDERS (ORDINARY VOTING) AS AT 31ST MARCH 2021

	Shareholder Name	No. of Ordinary Voting 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 - No 2 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	757,708	0.42%
12	Sithlanka (Private) Limited	447,706	0.25%
13	Mr. K.N. Karunaratne	444,810	0.25%
14	Mr. K.K.Shujeevan	347,661	0.19%
15	Seylan Bank PLC/ARRC Capital (Pvt) Ltd	267,178	0.15%
16	Sunshine Holdings PLC	234,662	0.13%
17	Dr. G.S.Perera	151,379	0.08%
18	Mr. S. Abhishek	148,572	0.08%
19	Mr. S.M. Hassan Mohamed	139,146	0.08%
20	Cocoshell Activated Carbon Company Ltd	133,083	0.07%
	Sub Total	173,837,034	96.54%
	Balance Held by Others	6,193,908	3.44%
	Total	180,030,942	100.00%

Five Year Summary

Year ended 31st March	2022		2021		2020		2019		2018	
	Group Rs.'000	Company Rs.'000	Group Rs.'000	Company Rs.'000	Group Rs.'000	Company Rs.'000	Group Rs.'000	Company Rs.'000	Group Rs.'000	Company Rs.'000
Trading Results										
Turnover Net of Tax	561,936	6,887	423,572	6,435	1,023,144	8,326	1,633,512	8,562	1,543,087	8,447
Operating profit/(Loss) before Interest Expenses and other income	(172,984)	(11,635)	(237,842)	(11,343)	(240,399)	(18,970)	180,506	(18,151)	220,315	(10,879)
Profit/(Loss) before Taxation	(34,978)	(55,357)	(432,063)	(73,431)	(436,898)	(74,275)	256,424	(35,366)	68,896	(28,757)
Taxation Provision	(10,878)	-	46,837	-	23,022	-	32,595	-	41,474	1,583
Profit /(Loss) from continuing operations	(45,856)	(55,357)	(385,226)	(73,431)	(413,875)	(74,275)	223,829	(35,366)	27,422	(30,340)
Share Capital & Reserve										
Issued Share Capital	362,611	362,611	362,611	362,611	362,611	362,611	362,611	362,611	362,611	362,611
Capital, Revaluation & Translation Reserves	6,123,642	192,295	5,268,766	192,295	5,349,572	212,295	4,477,953	212,295	4,527,174	212,295
General Reserves	167,080	166,718	167,080	166,718	167,080	166,718	167,080	166,718	167,080	166,718
Accumulated Profit / (Losses)	1,269,037	(94,041)	1,229,398	(39,458)	1,448,391	34,345	1,675,342	107,912	1,347,682	152,747
Total equity attributable to equity holders	7,922,369	627,583	7,027,856	682,166	7,327,653	775,970	6,682,986	849,537	6,404,546	894,371
Assets Employed										
Current Assets	3,042,946	608,095	1,602,366	580,787	1,538,148	478,805	1,968,334	484,684	1,090,521	437,328
Current Liabilities	1,178,638	1,193,751	769,619	1,110,145	(436,297)	(934,808)	(1,060,465)	(1,013,787)	(957,423)	(931,857)
Working Capital	1,864,308	(585,655)	832,747	(529,358)	1,101,851	(456,003)	907,869	(529,103)	133,098	(494,528)
Property, Plant and Equipment	10,485,924	15	9,195,325	22	9,552,201	28	8,384,654	35	8,701,844	24
Non-Current Liabilities	2,411,674	5,622	2,262,955	7,343	2,459,596	6,901	1,721,825	7,000	1,794,672	6,535
Ratio & Statistics										
Current Ratio (Times)	2.58	0.51	2.1	0.5	3.53	0.51	1.86	0.48	1.14	0.47
Market Price per share	9.10	9.10	10.60	10.60	8.50	8.50	9.20	9.20	15	15
Earning/(Losses) per Share	(0.22)	(0.31)	(1.73)	(0.41)	(1.94)	(0.41)	1.14	(0.20)	(0.31)	(0.17)
Net Assets Per Ordinary Share	44.01	3.49	39.04	3.79	40.70	4.31	37.12	4.72	35.57	4.97

Notes

Notes

Notice of Annual General Meeting

CEYLON HOTELS CORPORATION PLC- PB 3283
No.327, Union Place, Colombo 2

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Ceylon Hotels Corporation PLC will be held as a Virtual Meeting assembled at the Corporate Office No.327, Union Place, Colombo 2 on 27 September 2022 at 3.30p.m., via Audio/Video Technology for the purpose of conducting the following business.

1. To receive, consider and adopt the Annual Report of the Board of Directors on the affairs of the company, the Audited Accounts for the year ended 31st March 2022 and the Report of the Auditors thereon.
2. To re-elect Mr. Kamantha Amarasekara who retires by rotation in terms of Articles 30(1),30(2) and 30(3) of the Articles of Association.
3. To re-elect Mr. Ranil Pathirana who retires by rotation in terms of Articles 30(1),30(2) and 30(3) of the Articles of Association.
4. To re-appoint Mr. Lakshman Samarasinghe as a Director of the Company who is over seventy years of age and to consider and if deemed fit to pass the following resolution.

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not be applicable to Mr. Lakshman Samarasinghe who has reached the age of 80 years and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year.

6. To re-appoint Mr. Mangala Boyagoda as a Director of the Company who is over seventy years of age and to consider and if deemed fit to pass the following resolution.

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not be applicable to Mr. Mangala Boyagoda who has reached the age of 71 years and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year.

7. To re-appoint Messrs KPMG, Chartered Accountants, the retiring Auditors for the ensuing Financial Year and authorize the Directors to fix their remuneration.
8. To authorize the Directors to determine donations for the year 2022/2023 and up to the date of the next Annual General Meeting.
9. 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 30th August 2022

Note:

a. Only persons who are shareholders of the Company and whose names appear on the share register as at the AGM date will be entitled to attend the above meeting.
b. A shareholder entitled to attend and vote at the above meeting is required to complete and submit a pre-registration form in order to ensure participation at the AGM of the Company. Only members of CHC are entitled to take part at the AGM of CHC.
c. A Pre-registration form is enclosed for this purpose to be completed by CHC shareholders only
d. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his/her behalf. A proxy need not be a member of the Company.
e. A form of proxy is enclosed for this purpose
f. The Instruments for registration and appointing a proxy must be completed and deposited at the Accounting Systems Secretarial Services (Private) Limited, Level 03, No.11, Castle Lane, Colombo - 04, 48 hours before the meeting.
g. For more Information on how to participate by virtual means in the above meeting, please refer the supplementary notice to shareholders.

Form of Proxy

CEYLON HOTELS CORPORATION PLC- PB 3283
No. 327, Union Place, Colombo 2

I/We ....

(NIC No.) .... of..

being a member/members of Ceylon Hotels Corporation PLC, hereby ....

appoint:..of..

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. 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 27 September 2022 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, consider and adopt the Annual Report of the Board of Directors on the affairs of the Company, the Audited Accounts for the year ended 31st March 2022 and Report of the Auditors thereon.		
2.	To re-elect Mr. Kamantha Amarasekara who retires by rotation in terms of Articles 30(1),30(2) and 30(3) of the Articles of Association and is eligible for re- election		
3.	To re-elect Mr. Ranil Pathirana who retires by rotation in terms of Articles 30(1),30(2) and 30(3) of the Articles of Association and is eligible for re- election		
4.	To re-appoint Mr. Lakshman Samarasinghe who is over seventy years of age as a Director of the Company		
5.	To re-appoint Mr. Mangala Boyagoda who is over seventy years of age as a Director of the Company		
6.	To re-appoint Messrs, KPMG the retiring Auditors and authorize the Directors to fix their remuneration.		
7.	To authorize the Directors to determine donations for the Year 2022/2023 and up to the date of the next Annual General Meeting.		

In witness my/our* hands this ....day of..Two Thousand and Twenty Two.

....
Signature of Shareholder

Notes:
* Please indicate your folio number given in the address sticker carrying this annual report pack, ** Instructions as to completion appear overleaf, ***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. A proxy need not be a shareholder of the Company. However, the proxy must be above 18 years of age.

3. The completed form of proxy must be deposited at the Accounting Systems Secretarial Services (Private) Limited, Level 03, No:11, Castle Lane, Colombo 4, not less than forty-eight hours before the time fixed for the meeting

4. 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.

5. 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.

6. 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. Kamantha Amarasekara
Mr. Shalike Karunasena
Mr. Revantha Devasurendra (Alternate Director)

HOTEL MANAGEMENT COMPANY
Galle Face Group (Pvt) Limited

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.chcplc.com - corporate website
www.ekhohotels.com
www.chcresthouses.com
www.queenshotel.lk
www.hotelsuisse.lk

Designed & produced by
emagewise

Ceylon Hotels Corporation PLC
No.327, Union Place,
Colombo 02