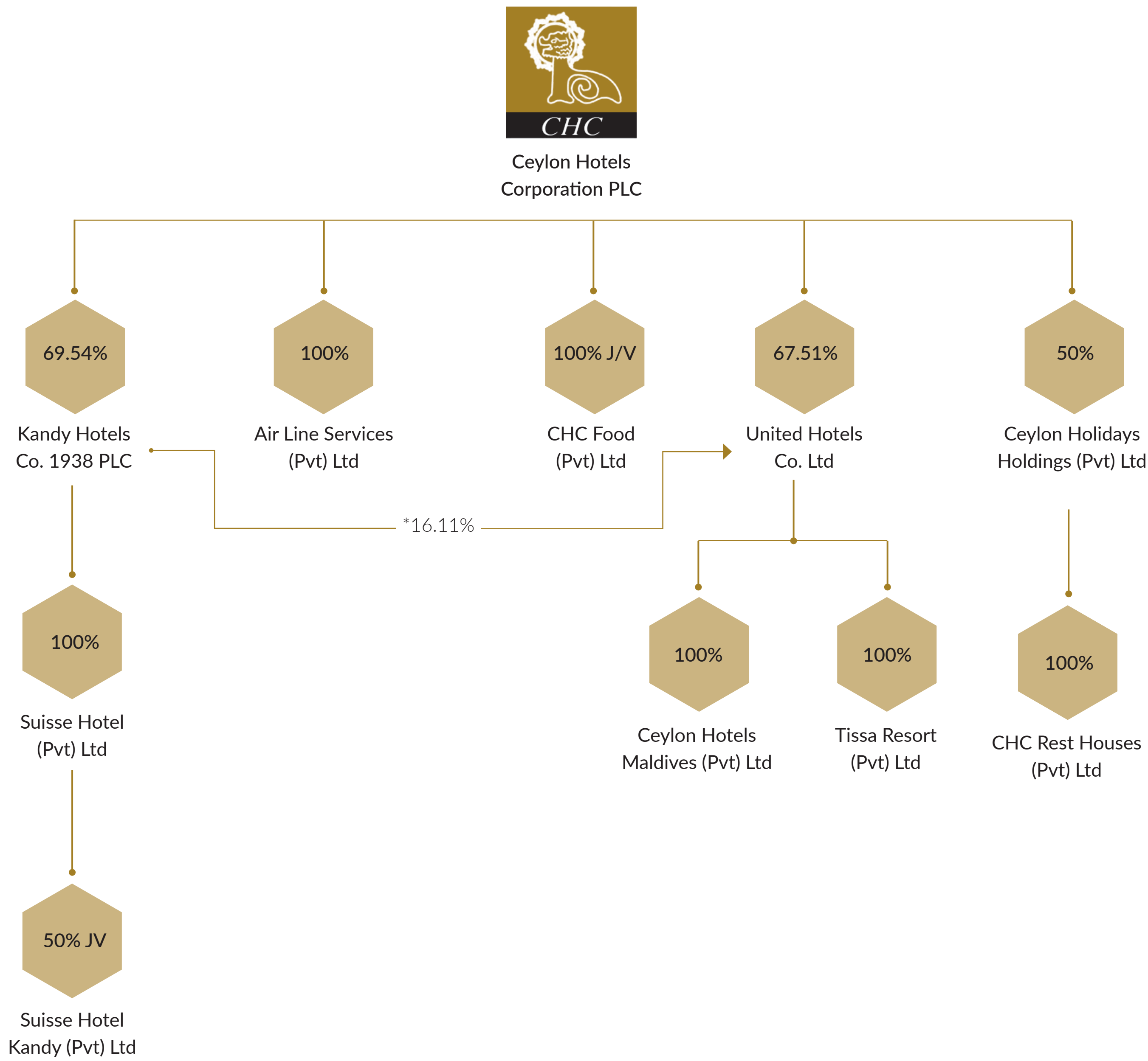
ANNUAL REPORT 2022/23

CEYLON HOTELS CORPORATION PLC

Contents

FINANCIAL REPORTS

Group Structure



* The Kandy Hotels Co 1938 PLC acquired the remaining 83.89% of United Hotels Co Ltd shares in July 2023 in accordance with market announcement made in this regard. Accordingly, United Hotels Co Ltd has now become a fully owned subsidiary of The Kandy Hotels Co 1938 PLC.

Group Financial Highlights

Performance for the year ended 31st March	2023 Rs.	2022 Rs.
Revenue	877,861,629	561,935,589
Earnings before interest, tax , depreciation & amortization (EBITDA)	(11,053,820)	43,363,589
Profit/(loss) before tax (PBT)	594,725,775	(34,977,771)
Profit/(loss) after tax (PAT)	685,239,940	(45,856,137)
Profit/(loss) attributable to equity holders of the company	543,886,474	(39,684,680)
Earnings/(losses) per Share	3.02	(0.22)
Dividend per Share (Company)	-	-
Dividend Pay-out Ratio (Times)	-	-
Financial Position as at 31st March		
Total Assets	14,385,133,875	14,008,060,498
Total Debt	2,092,881,239	2,226,385,117
Net Debt	-	(682,456,882)
Net Assets	9,774,729,598	10,417,748,370
Net Assets attributable to equity holders	7,499,584,971	7,922,369,312
Net Current Assets	2,479,144,406	1,864,307,635
No. of Ordinary Shares in Issue	180,030,942	180,030,942
Net Assets per Ordinary Share	54.29	57.87
Net Debt/Equity	-	6.5%
Net Debt/Total Assets	-	4.9%
Current Ratio (Times)	3.2	2.5
Market/Shareholder information as at 31st March		
Closing Market price per share	22.50	9.10
Market Capitalization	4,050,696,195	1,638,281,572

Chairman's Review

Dear Shareholder,

I am pleased to welcome you to the 57th Annual General Meeting of Ceylon Hotels Corporation PLC and to present to you, the Annual Report and Financial Statements of the Company for the year ended 31st March 2023.

ECONOMIC OUTLOOK

Sri Lanka's economy faced its most challenging year since independence in 2022, resulting in an unprecedented economic and political crisis, causing immense hardships to Sri Lankan citizens and businesses alike. In April 2022, the Country announced its intentions to default on foreign debt settlements in the face of dwindling foreign reserves, a severe shortage in import essentials and sought assistance from the International Monetary Fund and the other multilateral agencies. The shortage in essentials, record high inflation, and public outrage, generated wide spread public and social unrest in the country.

The country faced a painful economic recession, with real GDP contracting by 7.8% to US$ 77 billion with the Industry sector recording the sharpest decline by 16.0%, followed by the decline in the Services sector and the Agriculture sector by 2.0% and 4.6% respectively. The per capita GDP saw a sharp decline, in line with the real GDP contraction to US$ 3,474 in 2022 from US$ 3,997 in 2021.

As the price pressures from the exchange rate devaluation and the BOP crisis trickled down to the real economy, the consumer price inflation reached a record high in September 2022 with the Colombo Consumer price index accelerating to 69.8%. Significant price increases were witnessed in food, energy, and transport sectors creating much hardship to the public.

Whilst the Country is in a much stronger position at present than what it was during the 1st half of the financial year under review, many policy adjustments to restore macroeconomic stability (including those that have been prescribed by the IMF) is and will result in a painful period of economic hardship in the short to medium term.

TOURISM OUTLOOK

Global perspective

International tourism is well on its way to returning to pre-pandemic levels, considering traveler data recoded in 2022 and during the first quarter of 2023.

Quoting data and statements from the UNWTO, International tourism saw stronger than expected results in 2022, backed by large pent-up demand and the lifting or relaxation of travel restrictions in a large number of countries. Over 900 million tourists travelled internationally in 2022. International tourism -recovered 63% of pre-pandemic levels, Europe, the world's largest destination region, recorded 585 million arrivals in 2022 to reach nearly 80% of pre-pandemic levels, The Middle East enjoyed the strongest relative increase across regions in 2022 with arrivals climbing to 83% of pre-pandemic numbers while Asia and the Pacific reached only 23%, due to stronger pandemic-related restrictions continuing into 2022.

All indications are that the global travel is in the right direction towards recovery and International tourism is expected to continue its recovery throughout 2023, backed by strong pent-up demand, the sustained recovery of air connectivity, as well as by the recent reopening of China and other major Asian markets and destinations.

However, many challenges also remain ahead for global travel. Among them the key would be, the challenging economic environment world over with high inflation, interest rates and rising oil prices. Against this backdrop, WTO estimates that tourists are expected to increasingly seek value for money and travel closer to home in response to elevated prices and the overall economic challenges. Mounting geopolitical tensions, will also weigh on global travel. Another area that will shape the future of travel is the return of business traveler and evolving nature of business travel.

Local Perspective

The Tourism sector was adversely affected as the economic crisis led shortage of daily essentials created negative publicity across the world discouraging travel to Sri Lanka. Travel advisories issued for Sri Lanka by multiple countries on the backdrop of incidences of civil unrest, exacerbated the challenging outlook for the industry. Therefore, 2022 witnessed a weak tourist arrivals performance in Sri Lanka despite the end of the Covid-19 pandemic and the lifting of international travel restrictions and travelers around the world adopting to a new normal of living with the pandemic.

The local traveler patronage, which the industry depended on during the Pandemic period despite On and Off lockdowns until a steady stream of international arrivals starting from the 3rd quarter of the previous financial year, dried down due impacts of the economic crisis.

Chairman's Review

The Country recorded approximately 720,000 international arrivals during 2022. India dominated accounting for almost 17% of the country's visitor traffic, while Russia and East Europe emerged as the dominant region. Our major source market, China, remained closed for travel due to strict border controls in place.

There was a positive shift in arrivals mainly from Russia and East European region during the final quarter of the year. But much of this arrivals were concentrated into the southern belt of the island, and did not translate into a island wide distribution of the footfall.

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.

The Company's revenue base during the year under review grew compared to the previous year, recording a consolidated revenue of Rs. 878 million. compared to Rs. 562 million recorded during the previous financial year.

Amidst an environment of high cost fueled by inflationary pressures and supply shortages, we continued to control cost both at property levels and at corporate level.

From the 3rd quarter of the previous financial year all our hotels returned to regular operations (compared to the much scaled down business model under which the hotels operated during the pandemic period) with the anticipated rebound in international Arrivals. This escalated the overhead cost base of the hotels particularly of the payrolls and admin related expenses, as the hotels commenced their rehiring of key hotel position in line with strategy to bring the hotels to full operation, the model we wanted to continue with despite the crisis impacting the earning streams.

We closed the year with a consolidated net profit after tax of Rs. 685 million on a revenue of Rs. 878 million compared to a consolidated net loss of Rs. 46 million recorded during the previous year on a revenue of Rs 562million. The Group results include Rs 838 million of as gain on disposal of the 50% stake in Handhuvaru Ocean Holidays (Pvt) Ltd for US$ 4,493,663/- (Approx. LKR 1.6 Bn at exchange rates prevailed at the time of the transaction) in September 2022 to China Travel International Investment Hong Kong Limited.

Consolidated Finance Income increased by over three folds to Rs. 323 million during the year under review, compared to Rs. 92 million recorded the previous year.

The group recorded an exchange loss of Rs. 42 million during the year under review compared to an exchange gain of Rs. 335 million recorded last year, on the Group's USD denominated deposits. This was primarily due to appreciation in LKR during March 2023.

The sale and the realization of cash has enhanced the liquidity/cash reserve position of the Group which it will leverage (i) to forge ahead with a carefully devised plan of an investment pipeline to upgrade/refurbish key assets of the Group to prepare the property base to capture the upside in tourism industry as we navigate out of the economic turmoil. (ii) to de-risk the balance sheet of the group, after nearly 4 years of stress build up amid successive crises.

Whilst we were devising various operational strategies to remain profitable and or to minimise losses during successive crises over the past few years, we took a few key action plans focused on strengthening the balance sheets and laid the foundation for enhancing shareholder value, consolidating the gains from the disposal of Handhuvaru Ocean Holidays (Pvt) Ltd outlined above.

The successive crises since April 2019, presented significant challenges to the group, like to many other hotel owning companies, which had to resort to borrowings to shore up liquidity in order to maintain operational continuity. Furthermore, the Hotels sector is a capital-intensive industry, and funding of investment have largely been through debt. CHC PLC had a portfolio bank loans in its balance sheet when it entered the crisis. Successive governments since 2019, supported with concessionary loans and granted moratoriums on the payment of capital and interest on the existing bank loans since April 2019, as hotels suffered cash flow constraints amidst crisis.

As at 31st March 2022, the group's debt had increased substantially due to capitalization of interest as a result of the moratoriums. The rising interest rates as result of policy measures taken to curb inflation and arrest currency depreciation, posed a risk of the Group's debt book increasing to a significant level if the capitalization were to continue.

On this back drop, the Group, opted out of the official moratorium on payment of Capital and Interest on some of its loans, (provided the respective financial institution were able to restructure loans on favorable terms at concessionary interest rates) starting 1st July 2022, and proceeded to restructure debt and commence repayment of capital and interest. The Group also repaid some of the bank loans in full, in order to align the bank liabilities with the cashflow generating capacities of those hotel properties. These steps, particularly, our ability to negotiate and secure significantly lower interest rates (i) saved a substantial amount which otherwise we would have had to either pay or accrue on these loans compared to market rates at as high as over 30% which prevailed during the most part of the financial year and to date. The average interest rate on the LKR Term Loans of the Group during the year under review was 13.5% compared to market rate of 25% (ii) and allowed the Group to be able to service such interest without straining the fragile liquidity positions amidst the industry impact on revenue generation.

The deleveraging strategy would continue into the current financial year based on the parity between the local interest rates (concession) and the USD interest rates on USD deposits of the Group. During the Financial year under review, Group subsidiary The Kandy Hotels Co 1938 PLC, announced the acquisition of the subsidiary United Hotels Co Limited, thus streamlining the Group structure and enhancing visibility, by bringing the key Hotel assets and cash reserves under Kandy Hotels Co 1938 PLC. This will facilitate greater synergies and channel reserves into higher return on investment properties that would enhance the overall value of CHC PLC.

PERFORMANCE ANALYSIS OF SUBSIDIARIES AND JOINT VENTURES

Kandy Hotels Company (1938) PLC

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

("KHC") recorded a total revenue of Rs. 309 million for the financial year ended 31st March 2023 compared to Rs. 181 million recorded during the previous financial year. Loss from Operations before finance cost and tax amounted to Rs. 79 million for the period under review compared to a loss of Rs. 60 million recorded last year. The Company recorded a consolidated Net Loss of Rs. 21 million for the year under review compared to a Net Loss of Rs. 154 million in FY 2021/2022.

United Hotels Company Limited

United Hotels Company Limited (UHC) recorded a total revenue of Rs. 382 million for the financial year under review compared to Rs. 241 million recorded the previous year. UHC recorded an operating loss of Rs. 54 million for the financial year ended 31st March 2023, compared to an operating loss of Rs. 39 million recorded last year.

CHC Rest Houses

CHC Rest Houses cluster recorded a total revenue of Rs. 203 million for the financial year under review compared to Rs. 121 million recorded the previous year. The cluster also recorded an operating profit of Rs19 million for the financial year ended 31st March 2023, compared an operating profit of Rs. 1 million recorded last year.

CHC Foods (Pvt) Limited

CHC Foods which operated only the two outlets at Ambepussa, and Hanwella, during the year recorded a revenue of Rs. 98 million for the financial year ended 31st March 2023 compared to Rs. 70 million recorded last year.

The Kandy Colombo Highway once fully operational may have an impact on the revenue streaming of the Ambepussa outlets and as noted in my last year note to shareholder we will adopt prudent operational strategies to remain profitable despite these challenges.

CHC Foods recorded an operating loss of Rs. 12 million for the financial year ended 31st March 2023, compared an operating loss of Rs. 5 million recorded last year.

Ceylon Hotel Maldives (Pvt) Ltd (CHML)

With the sale of the investment in Maldives incorporated Handhuvaru Ocean Holidays (Pvt) Ltd (HOH), this company is a cash owning asset of the group.

OUTLOOK

The outlook for global travel is positive and is well on its way to returning to pre-pandemic levels, considering traveler data recoded in 2022 and during the first quarter of 2023.

Sri Lanka has much to offer to the global traveler. 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. Sri Lanka should also scale up the promotional programme without further delay, and to integrate with the global tourism outlook.

Chairman's Review

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

31st August 2023

Board of Directors

MR. LAKSHMAN SAMARASINGHE

Mr. Samarasinghe was appointed to the Board of Ceylon Hotels Corporation PLC in 2005.As a Director of The Galle Face Hotel Company Ltd for over 45 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 53 years of Management experience.He possesses a wealth of knowledge and has proven to be an invaluable member of the Company.

Mr. Samarasinghe served as an Executive Director of The Autodrome PLC for a period of 20 years and 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 18 consecutive years. He is also Director of The Kandy Hotels Co. (1938) PLC and other subsidiary companies of the Ceylon Hotels Corporation PLC.

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 Group. The Kandy Hotels Company (1938) PLC. 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. 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. 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.

Board of Directors

MR. MANGALA BOYAGODA

Mr. Boyagoda is a Senior Banker, possessing over 35 years of 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 Asset Trust Management (Pvt) Ltd, Chemanex PLC, Sierra Constructions (Pvt) Ltd., Sri Lanka Gateway Industries (Pvt) Ltd., Faber Capital Lank (Pvt) Ltd., United Hotels Co. 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).

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. Ajith Devasurendra

Mr. Ajith Devasurendra is a veteran in the financial services industry in Sri Lanka and overseas.

Mr. Devasurendra is the Deputy Chairman of Ambeon Capital PLC and Ambeon Holdings 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, Deputy Chairman of Dankotuwa Porcelain PLC and a Non-Executive Director of Ambeon Capital PLC, Ambeon Holdings PLC as well as several other listed companies, 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. SHALIKE KARUNASENA

Mr. Shalike Karunasena presently serves as a Director and as the Group Chief Financial Officer of the Gardiner Group of Companies.

Mr. Karunasena is also a Board member and serves as the Chairman of the Board Audit Committee of Dankotuwa Porcelain PLC.

Mr. Karunasena has 25 years of experience in Financial Management, Treasury and Strategy in the fields of Commodities Trading, Overseas Plantations, Refining & Manufacturing and Leisure/ Hospitality with nearly 20 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 Art 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

Economic Recession and Gross Domestic Product (GDP)

The Sri Lankan economy faced its most challenging year since independence in 2022, resulting in an unprecedented economic and political crisis. The country faced a painful economic recession, with real GDP contracting by 7.8% to US$ 77 billion with the Industry sector recording the sharpest decline by 16.0%, followed by the decline in the Services sector and the Agriculture sector by 2.0% and 4.6% respectively.

The per capita GDP saw a sharp decline, in line with the real GDP contraction to US$ 3,474 in 2022 from US$ 3,997 in 2021.The Tourism sector was also adversely affected as the economic crisis resulted in a severe shortage of daily essentials such as petrol, diesel, LPG gas, electricity and medicine, which created negative publicity across the world discouraging travel to Sri Lanka. Therefore, 2022 witnessed a weak tourist arrivals performance in Sri Lanka despite the end of the Covid-19 pandemic and the lifting of international travel restrictions.

Balance of Payments Crisis and Exchange Rate Devaluation

The Balance of Payments (BOP) crisis was a core part of the economic crisis due to a severe shortage of foreign currency in Sri Lanka. There was limited access to foreign financing as large fiscal imbalances resulted in multiple ratings downgrades. The Central Bank of Sri Lanka (CBSL) also had depleted its foreign reserves to near zero level useable foreign reserves by early 2022. The crisis was compounded by a misaligned exchange rate which was completely floated during mid 2022, resulting in a volatile steep devaluation, where by end of 2022, a US Dollar was LKR 363.11 compared to a US dollar being LKR 200.43 in end of 2021.

Sovereign Debt Crisis

The Government of Sri Lanka (GOSL) reached a critical point of inability to service foreign debt by April 2022. As an interim measure, an announcement was made to suspend debt servicing of external debt.

Funding was sought from the IMF, however, since public debt was assessed as unsustainable, a key requirement for any assistance involved a restructure of public debt.

Hyperinflation

As the price pressures from the exchange rate devaluation and the BOP crisis trickled down to the real economy, the consumer price inflation reached a record high in September 2022 with the Colombo Consumer price index accelerating to 69.8%. Significant price increases were witnessed in food, energy, and transport sectors creating much hardship to the public.

Disinflation Process and Interest Rates

In order to bring back the inflation levels to target levels, CBSL adopted a tight monetary policy with average weighted prime lending rate increasing to 27.24% by end 2022. The treasury bill rates also followed a similar direction with the 3 month treasury bill reaching 32.64% by end 2022.

Fiscal tightening was also pursued simultaneously by GOSL as a part of this process, with taxes introduced, tax rates increased and tax concessions removed.

IMF Agreement

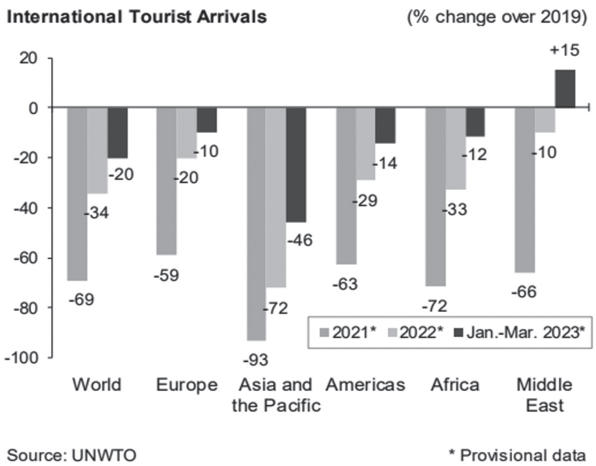
As a result of these measures and several other initiatives such as market pricing of energy, State Owned Enterprise reform initiatives followed by efforts to secure fiscal assurances from Official Creditors, approval was obtained for a 48 month US$ 3 billion IMF extended fund facility support program in March 2023 which has put the country on a recovery path.

INDUSTRY ENVIRONMENT

Global Tourism

As per UNWTO, International tourism saw stronger than expected results in 2022, backed by large pent-up demand and the lifting or relaxation of travel restrictions in a large number of countries. Over 900 million tourists travelled internationally in 2022, double those in 2021 though still 37% fewer than in 2019. International tourism recovered 63% of pre-pandemic levels.

Quoting data released by WTO, Europe, the world's largest destination region, recorded 585 million arrivals in 2022 to reach nearly 80% of pre-pandemic levels. The Middle East enjoyed the strongest relative increase across regions in 2022 with arrivals climbing to 83% of pre-pandemic numbers Africa and the Americas both recovered about 65% of its pre-pandemic visitors, while Asia and the Pacific reached only 23%, due to stronger pandemic-related restrictions continuing throughout 2022.



All indications are that the global travel is in the right direction towards recovery and International tourism is expected to continue its recovery throughout 2023, backed by strong pent-up demand, the sustained recovery of air connectivity, as well as by the recent reopening of China and other major Asian markets and destinations.

However, many challenges also remain ahead for global travel. Among them the key would be, the challenging economic environment world over with high inflation, interest rates and rising oil prices. Against this backdrop, WTO estimates that tourists are expected to increasingly seek value for money and travel closer to home in response to elevated prices and the overall economic challenges. Mounting geopolitical tensions, will also weigh on global travel. Another area that will shape the future of travel is the return of business traveler and evolving nature of business travel.

Sri Lanka Tourism

The Sri Lanka Tourism sector was adversely affected as the economic crisis led shortage of daily essentials created negative publicity across the world discouraging travel to Sri Lanka. Travel advisories issued for Sri Lanka by multiple countries on the backdrop of incidences of civil unrest, exacerbated the challenging outlook for the industry. Therefore, 2022 witnessed a weak tourist arrivals performance in Sri Lanka despite the end of the Covid-19 pandemic and the lifting of international travel restrictions and travelers around the world adopting to a new normal of living with the pandemic.

The local traveler patronage, which the industry depended on during the Pandemic period despite On and Off lockdowns until a steady stream of international arrivals starting from the 3rd quarter of the previous financial year dried down due impacts of the economic crisis.

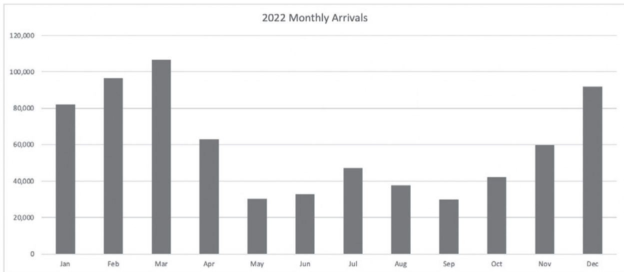
The Country recorded approximately 720,000 international arrivals during 2022. India dominated accounting for almost 17% of the country's visitor traffic, while Russia and East Europe emerged as the dominant region. Our major source market, China, remained closed for travel due to strict border controls in place.

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.

Country	Arrivals	%
India	123,004	17%
Russian Federation	91,272	13%
United Kingdom	85,187	12%
Germany	55,542	8%
France	35,482	5%
Australia	30,924	4%
Canada	26,845	4%
United States	22,230	3%
Maldives	18,880	3%
Poland	15,195	2%
Others	215,417	30%
Total	719,978	100%

Source SLTDA



Source SLTDA

Revenue

CHC recorded an increase in the consolidated revenue by 56% recording a total revenue of Rs 877.9 million for the financial year ended 31st March 2023 compared to Rs. 561.9 million recorded during the previous financial year in tandem with the increase in occupancy and RevPAR during the year under review at all the key Hotels/Rest houses of the Group compared to previous year amidst the socio economic turmoil throughout the Financial Year under review.

Consolidated Room revenue of the Group increased from Rs. 214.6 million in FY 2022 to Rs. 338 million in FY 2023, an increase of 57%. The food and beverage revenue increased from Rs. 325.4 million to Rs. 500.9 million for the financial year under review. Other revenue recorded at Rs. 38.9 million (2022 - 22 million).

Management Discussion and Analysis

Operating Performance

The Gross Profit of the Group increased from Rs. 414.6 million during the previous financial year to Rs. 584.4 million in the financial year under review with the gross profit margin dropping from 74% to 67% due to impact of rising cost levels in tandem with inflationary pressure.

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 of the previous financial year, rising cost due to record high inflation, administrative expenses of the Group increased to Rs. 749.9 million from Rs. 545.8 million of the prior year.

Accordingly, Group recorded an operating loss of Rs. 196.5 million for the year under review compared to an operating loss of Rs. 165.5 million recorded last year.

As morefully described in Note No.12 to the financial statements, Group recorded a tax reversal for the year of Rs. 90.5 million compared to a tax charge of Rs. 10.9 million recorded in the previous year. While current income tax charge for the year remain constant compared to prior year, the said change is purely contributed by the amount of deferred tax asset recognized for the year of Rs.106.3 million, compared to Rs. 9.6 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 current year due to increase in income tax rate from 1st October 2022. During the year the management has re-assessed the amount of brought forward tax losses on which tax benefit to be recognized 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 recognized to the extent that future taxable profits will be available as further described in note to the financial statements.

Consolidated Finance Income increased by Rs. 231 million to Rs. 323.1 million during the year under review, compared to Rs. 91.9 million recorded the previous year.

CHC closed the year with a consolidate profit after tax of Rs. 685.2 million compared to a consolidate net loss of Rs. 45.9 million recorded during the previous year. The Group results include Rs. 837.6 million of gain on disposal of the 50% stake in Handhuvaru Ocean Holidays (Pvt) Ltd for US$ 4,493,663/-(Approx. LKR 1.6 Bn at exchange rates prevailed at the time of the transaction) in. September 2022 to China Travel International Investment Hong Kong Limited. The sale and the realization of cash has enhanced the liquidity/cash reserve position of the Group which the group will leverage to (i) carry out investments that will prepare the property base to capture the upside in tourism industry as we navigate out of the economic turmoil. (ii) de risk the balance sheet of the group, after nearly 4 years of stress build up amid successive crises.

FINANCIAL POSITION

Total Assets

The total assets of the Group were Rs. 14.4 billion compared to Rs. 14 billion during the previous financial year. Both Freehold & leasehold land and buildings of the Group were revalued during the previous financial year 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.

The Cash and Cash Equivalents of the Group net of Bank Overdrafts as at the 31st March 2023 was Rs. 2.2 billion and is largely held in foreign currency.

Borrowings

Total interest-bearing borrowings of the Group as at 31st March 2023 was Rs. 2.1 billion compared to Rs. 2.2 billion during the previous financial year.

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 zero as at the financial year end vis-à-vis 6.5% during FY 2021/2022.

Net Assets of the Group excluding minority interest was Rs. 7.5 billion as at 31st March 2023 compared to Rs. 7.9 billion during the previous financial year.

As at 31st March 2022, the group's debt had increased substantially due to capitalization of interest as a result of the moratoriums. With the rising interest rates as result of policy measures taken to curb inflation and arrest a currency depreciation, posed a risk of the debt book increasing to a significant level if the capitalization were to continue.

On this back drop the Group, opted out of the official moratorium on payment of Capital and Interest on some of its loans, (provided the respective financial institution were able to restructure loans on favorable terms at concessionary interest rates) starting 1st July 2022, and proceeded to restructure debt and commence repayment of capital and interest. The Group also repaid some of the bank loans in full, in order to align the bank liabilities with the cashflow generating capacities of the hotel properties.

These steps, particularly, our ability to negotiate and secure significantly lower interest rates (i) saved a substantial amount which otherwise we would have had to either pay or accrue on these loans compared to market rates at as high as over 30% which prevailed during the most part of the financial year and to date. The average interest rate on the LKR Term Loans of the Group during the year under review was 13.5% compared to market rate of 25% (ii) and allowed the Group to be able to service such interest without straining the fragile liquidity positions amidst the industry impact on revenue generation.

The deleveraging strategy would continue into the current financial year based on the parity between the local interest rates (concession) and the USD interest rates on USD deposits of the Group.

During the Financial year under review, Group subsidiary The Kandy Hotels Co 1938 PLC, announced the acquisition of the subsidiary United Hotels Co Limited, thus streamlining the Group structure and enhancing visibility, by bringing the key Hotel assets and cash reserves under Kandy Hotels Co 1938 PLC which will facilitate greater synergies and channel reserves into higher return on investment properties that would enhance the overall value of CHC PLC.

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. 309.3 million for the financial year ended 31st March 2023 compared to Rs. 181.2 million recorded during the previous financial year. Loss from Operations before finance cost and tax amounted to Rs. 79.2 million for the period under review compared to a loss of Rs. 59.5 million recorded last year. The Company recorded consolidated Net Loss of Rs. 20.8 million for the year under review compared to a Net Loss of Rs. 154.2 million in FY 2021/2022. The Loss of the previous year includes Rs. 108 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.

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 Ceylon Hotels Maldives (Pvt) Ltd. UHC recorded a total revenue of Rs. 471.6 million for the financial year under review compared to Rs. 309.4 million recorded the previous year. UHC recorded an operating loss of Rs. 82.4 million for the financial year ended 31st March 2023, compared an operating loss of Rs. 66.0 million recorded last year.

CHC Foods (Pvt) Limited

CHC Foods which operated the outlet at Ambepussa and Hanwella. During the year under review recorded a revenue of Rs. 98.4 million for the financial year ended 31st March 2023 compared to Rs. 70.4 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.

JOINT VENTURES

CHC Rest Houses

CHC Rest Houses cluster recorded a total revenue of Rs. 203 million for the financial year under review compared to Rs. 120.5 million recorded the previous year. The cluster also recorded an operating profit of Rs. 19 million for the financial year ended 31st March 2023, compared an operating profit of Rs. 1 million recorded last year. This cluster two saw the return to cash profitability during the year with a positive EBITDA being recorded.

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/VARIANTS/PANDAMIC

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.

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 ('the Board') of Ceylon Hotel Corporation PLC ('the Company) have pleasure in presenting the Annual Report together with the Audited Consolidated Financial Statements of the Company and its subsidiaries (collectively referred to as 'the Group') for the year ended 31st March 2023.

The details set out herein provide the pertinent information required by the Companies Act No.07 of 2007 and its amendments ('Companies Act'), the Listing Rules of the Colombo Stock Exchange (CSE) and is guided by recommended best practices on Corporate Governance.

1. FORMATION

The Company is a public limited liability company incorporated and domiciled in Sri Lanka bearing company registration no. PB 3283 and the ordinary shares of the Company are listed on the main board the CSE. The registered office of the Company is located at No.327, Union Place, Colombo 02.

2. PRINCIPAL ACTIVITY OF THE COMPANY AND ITS SUBSIDIARIES

The Company's principal activity is investing in companies engaged in the hospitality industry.

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

There were no significant changes in the nature of the principle activities of the Company and its subsidiary during the financial year under review.

3. CHANGHES TO THE GROUP STRUCTURE

There were no changes to the Group Structure during the year under review, except for the disposal of Joint Venture investment made in Handhuvaru Ocean Holidays (Pvt) Limited ('HoH') held through subsidiary CHML (equity stake of 50%) has been classified as held for sale as of March 31, 2022. This was duly sold to China Travel International Investment Hong Kong Limited('CTIIHK') and the share transfer was effected on September 08, 2022.

4. ANNUAL REPORT

The Board of Directors on 31st August 2023 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 to meet statutory deadlines.

5. REVIEW OF THE YEAR

Chairman's Review and the Management Discussion and Analysis on pages 3 to 6 and 10 to 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 2 summarize the financial results of the Company. These reports together with the audited financial statements reflect the state of affairs of the Group.

6. 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 cash flows and the notes to the financial statements of the Company and the Group for the year ended 31st March 2023 and are prepared in compliance with the Sri Lanka Accounting Standards (SLFRS and LKAS) laid down by the Institute of Chartered Accountants of Sri Lanka and the requirements of Section 151 of the Companies Act No. 07 of 2007 are given on pages 46 to 129 in this annual report.

The aforementioned financial statements for the year ended March 31, 2023, are duly signed by the Financial Controller and two other Directors of the Company.

7. FINANCIAL RESULTS

The net loss before tax of the Group was Rs. 242.9 million on a turnover of Rs. 877.8 million for the year ended 31st March 2023 compared to net loss before tax Rs. 34.9 million on a turnover of Rs. 561.9 million in 2021/2022.

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

For the year ended 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Loss attributable to equity holders	543,886,474	(39,684,608)	(36,994,950)	(55,357,173)
Profit / (loss) brought forward from previous year	1,269,036,787	1,229,398,472	(94,041,418)	(39,457,944)
Other comprehensive Income / (loss) attributable to equity holders	(966,577,065)	934,198,385	(366,305)	-
Trasfer of excess depreciation on revaluation	74,963,798	79,406,102	-	-
Retained earnings / (loss) carried forward	1,886,323,260	1,269,036,787	(131,402,673)	(94,041,418)

8. AUDITORS' REPORT

The Independent Auditors of the Company are Messrs. KPMG, Chartered Accountants. KPMG carried out the audit of the financial statements of the Company for the year ended 31 March 2023 and their report on the financial statements is set out on pages 43 to 45 of this Annual Report.

9. 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 54 to 75 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.

10. 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 Sri Lanka Accounting Standards, Companies Act, the Sri Lanka Accounting and Auditing Standard Act and the Continuing Listing Rules of the Colombo Stock Exchange.

The detailed Statement of Directors' Responsibilities for Financial Reporting is set out on pages 24 to 25 of this Annual Report.

11. STATED CAPITAL AND RESERVES

The Company's stated capital as at 31st March 2023 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. 9,775 million as at 31st March 2023.(2022: Rs.10,418 million).

12. SHAREHOLDERS' FUND

The total reserves of the Group as at 31st March 2023 was Rs. 7,137 million (2022: Rs. 7,559 million) comprising of retained earnings of Rs. 1,886 million (2022: Rs.1,269 million) and other reserves of Rs.5,251 million (2022: Rs.6,291 million). Total reserves combined with Stated Capital as at 31st March 2023 was Rs. 7,500 million (2022: Rs.7,922 million) The movements are shown in the Statement of Changes in Equity given on pages 50 to 51.

13. DIVIDEND

The Board of Directors have not recommended a final dividend for the year ended 31st March 2023.

14. SOLVENCY TEST

Since there is no recommendation for a payment of a dividend for the year ended 31st March 2023, it is not required to prepare a solvency statement in accordance with Section 56 of the Companies Act, No.07 of 2007.

15. GOING CONCERN

The Directors, after making necessary inquiries and reviews including the reviews of the budget for the ensuing year, capital expenditure requirements, future prospects and risks, cash flows and such other matters required to be addressed under the Code of best practice issued by the Institute of Chartered Accountants of Sri Lanka are satisfied that the Company has adequate resources to continue operations in the foreseeable future.

Accordingly, the Directors consider that it is appropriate to adopt the going concern basis in preparing the Financial Statements.

16. PROPERTY PLANT AND EQUIPMENT

(a) Capital Expenditure

The Group has incurred capital expenditure of Rs. 19.6 million during the year under review (2022 - Rs. 3.2 million). The movements in property, plant and equipment during the year are set out in Note 14 to the Financial Statements.

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

(b) Capital Commitments

The capital expenditure approved and contracted for, as of the reporting date is given in note 38 to the financial statements.

17. MARKET VALUE OF PROPERTIES

Freehold land and Building were revalued by an independent professional valuer during the year ended March 31, 2022. The valuation basis/ techniques and the assumptions used therein have been deliberated and agreed by the Management.

The carrying value of freehold land and buildings on leasehold land reflected in the Financial Statements as at 31st March 2023 is Rs. 10,098 million (2022 10.212 million). The details of freehold land and building and Buildings on leasehold land valuation are given in Note 14 on pages 86 to 89 to the Financial Statements.

The Directors are of the view that the carrying value of the properties stated in Note 14.1.6 to the financial statements reflect the fair value.

18. INVESTMENTS

Details of long-term Investments held by the Company are given in Note 17 to the financial statements on pages 92 to 96.

a) Investment in Financial Instruments

Investments in financial instruments of the Company represent 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 42 to the financial statements.

19. 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.

20. STATUTORY PAYMENTS

To the best of their knowledge and having made adequate inquiries from the management, the Directors are satisfied and confirm that all statutory payments in relation to the Government and on behalf and in respect of the Employees have been duly settled to date or wherever relevant have been provided for in the books of the company.

21. OUSTANDING LITIGATION AND CONTINGENT LIABILITIES

In the opinion of the Directors, the Company's lawyers have established that litigation currently pending against the Company will not have a material impact on the reported financial results or future operations of the Company. The Contingent liabilities as at 31st March 2023 are given in Note 37 to the Financial Statements.

22. ENVIORNMENTAL PROTECTION

The Company makes every endeavor to comply with the relevant environmental laws, regulations and best practices applicable in the country. After making adequate inquiries from the management, the Directors are satisfied that the Company operates in a manner that minimizes the detrimental effects on the environment and provides products and services that have a beneficial effect on customers and the communities within which the Company operates.

To the best of the knowledge of the Board of Directors, the Company has not engaged in any activity which is harmful and hazardous to the environment and complies with the relevant environmental laws and regulations.

23. POST BALANCE SHEET EVENTS

No circumstances have arisen since the Statement of Financial Position date, which would require adjustment to or disclosure in, the financial statements other than stated in note 39.

a) Share SWAP/Private Placement

The Company transferred its entire shareholding of 201,130,633 in United Hotels Company Limited (UHCL) to The Kandy Hotels Company (1938) PLC (KHC) at a total consideration of Rs. 3,066,157,660/- as per the restructuring plan as follows:

Out of the related party loan between the company and KHC, LKR 1,164,835,549/- was set off by KHC for the amount payable by the Company to KHC for the acquisition of 77,863,339 ordinary shares at a fair value of Rs. 14.96. Further 127,093,724 ordinary voting shares of KHC were be issued to the Company for the balance consideration of LKR 1,901,322,111/-, calculated at a per-share value of LKR 14.96/-

Major Transaction under S.185 of the Companies Act No.07 of 2007

The Company's acquisition of/subscription to shares in KHC by ways of the share swap/private placement valued at LKR 3,066,157,660/-, amounts to a Major Transaction in terms of Section 185(2) of the Companies Act No.07 of 2007.

Accordingly, an Extraordinary General Meeting was held on 31st of May 2023 and obtained the sanction of the shareholders for the above Share SWAP/Private Placement as the said transaction amounted to a Major Transaction in terms of Section 185 of the Companies Act No.07 of 2007 and approval for the non-recurrent related party transaction under Rule 9.1.1 of the Listing Rules.

24. DIRECTORS AS OF 31 MARCH 2023

The Board of Directors of Ceylon Hotels Corporation PLC comprises 09 Directors with wide commercial knowledge and experience and 03 of them serves as Independent Non-Executive Directors. The qualification and experience of the Directors are given on pages 7 to 9 of the Annual Report.

The classification of Directors into Executive (ED), Non-Executive (NED) and Independent (IND), Non-Independent Directors (NID) is given against the names as per the Listing Rules of the CSE.

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. Priyantha Maddumage Mr. Ranjith Gunatilleke Mr. Nahil Wijesuriya Mr. Chandra Mohotti Mr. Nilanga Dela Mr. Shalike Karunasena (Alternate Director to Mr. Priyantha Maddumage)

Name of the Company	Name of the Directors
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

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

Each of the Non-Executive Directors of the Company has submitted a signed declaration on Independence /Non-Independence as per Rule 7.10.2(b) of the Listing Rules of the Colombo Stock Exchange (CSE). The said declarations were considered at a Board Meeting in order to enable the Board of Directors to determine the Independence/Non-Independence of each of the Non-Executive Directors, in terms of Rule 7.10.3(a) of the Listing Rules of the CSE.

*The Board has determined that Mr.Kuvera De Zoysa is an Independent, Non-Executive Director in spite of being on the Board for more than 9 years since he is not directly involved in the management of the Company.

**The Board has determined that Mr.Mangala Boyagoda is an Independent, Non-Executive Director in spite of being on the Board for more than 9 years, since he is not directly involved in the management of the Company.

***The Board has determined that Mr.Kamantha Amarasekera is an Independent, Non - Executive Director in spite of being on the Board for more than 9 years, since he is not directly involved in the management of the Company.

Re-appointment of Directors who are over 70 years of age

In terms of Section 211 of the Companies Act, No.07 of 2007, Messrs. Lakshman Samarasinghe and Mangala Boyagoda Directors who are over 70 years of age were re-appointed as Directors of the Company at the Annual General Meeting held on 27th September 2022 for a period of one year.

Board has recommended that Mr.Lakshman Samarasinghe and Mr.Mangala Boyagoda, Directors who are over 70 years of age be re-appointed as Directors of the Company for a further period of one year from the conclusion of the Annual General Meeting scheduled for 26th September 2023 and that the age limit stipulated in Section 210 of the Companies Act, No.07 shall not be applicable to the said Directors.

Retirement by rotation and re-election

In terms of Articles 30(1), 30(2) and 30(3) of the Articles of Association of the Company Mr.Kamantha Amarasekara and Mr. Ranil Pathirana retires by rotation and being eligible to offer himself for re-election.

25. DIRECTORS' MEETINGS

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

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

26. BOARD SUBCOMMITTEES

The Board while assuming the highest level of responsibility and accountability for the management oversight of the Company, has appointed board sub-committees to ensure that the activities of the Company at all times are conducted within the highest ethical standards and in the best interests of all its stakeholders.

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

The composition and function of each subcommittee are given on pages 35 to 40 of the corporate governance section of this Annual Report.

26.1 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 pages 35 to 36 set out the manner of compliance by the Company in accordance with the requirements of Rule 7.10.6(c) of the Rules of the Colombo Stock Exchange on Corporate Governance.

26.2 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 pages 37 to 38 on this Annual Report.

26.3 Related Party Transactions Review Committee

Following are the names of the directors comprising the 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 once in each quarter i.e. 06 (six) times during the financial year 2022/2023.

The Related party transactions review committee report is given on pages 37 to 38 on this Annual Report.

26.3.1 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 2023

audited financial statements, which required additional disclosures in the 2022/23 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.

26.3.2 Recurrent Related Party Transactions

The Company has disclosed transactions, if any, that could be classified as Related Party Transactions in terms of Sri Lanka Accounting Standards – LKAS 24 (Related Party Disclosures) which is adopted in the preparation of Financial Statements. The Company carries out transactions in the ordinary course of business on an arms' length basis with the related entities.

All the Recurrent Related Party transactions which in aggregate value exceeded 10% of the revenue of the Company as per 31st March 2023 audited Financial Statements are disclosed under Note 40 to the Financial Statements, as required by Colombo Stock Exchange Listing Ruzle 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

26.3.3 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 2023.

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 pages 37 to 38 in the Annual Report.

27. DIRECTORS DEALINGS WITH THE SHARES OF THE COMPANY

Directors shareholdings in the company for the period under review are as follows:

a) Directors' Shareholding in the Company

	Name	01/04/2022	31/03/2023
1.	Mr. Lakshman Samarasinghe	5,590	5,590
2	Mr. Sanjeev Gardiner	Nil	Nil
3.	Mr. Priyantha Pushpakumara Maddumage	01	01
4.	Mr. Edinadura Kuvera Isuru De Zoysa	Nil	Nil
5.	Mr. Ekanayake Mudiyanselage Mangala Boyagoda	Nil	Nil
6.	Mr. Don Soshan Kamantha Amarasekera	Nil	Nil
7.	Mr. Ajith Lasantha Devasurendra	Nil	Nil
8.	Mr. Ranil Prasad Pathirana	Nil	Nil
9.	Mr. Chaminda Shalike Karunasena	Nil	Nil

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

As at 31st March 2023, there were 7,687 registered ordinary shareholders. The number of ordinary shares held by the public as per the Colombo Stock Exchange rules as at 31st March 2023 was 40,891,429 shares equivalent to 22.71%.

The Company has ensured at all times that all shareholders are treated fairly and equitably.

28. INTEREST REGISTER

In terms of 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 recorded 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.

29. REMUNERATION OF DIRECTORS

Remuneration received by the Directors is set out in Note 11 to the financial statements on page 81.

30. DIRECTORS INTEREST IN CONTRACTS

Directors of the Company have made necessary declarations of their interest in the contract or proposed contracts, in terms of section 192(1) and 192(2) of the Companies Act. These interests have been recorded in the interest register which is available for inspection in terms of the Companies Act.

The Directors have no direct or indirect interest in contracts and proposed contracts, other than disclosed in Note 40 to the Financial Statements.

31. DIRECTORS DECLARATION

The Board of Directors declares 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

32. 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).

33. SUBSTANTIAL SHAREHOLDING

Names of the twenty largest shareholders for both ordinary and preference shares, percentages of their respective holdings as at 1st April 2022 and 31st March 2023, are given in the section on "Investor Information" on pages 130 to 133.

34. SHARE INFORMATION AND INFORMATION ON EARNINGS, DIVIDENDS, NET ASSETS AND MARKET VALUE

Information relating to earnings, dividends, 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 130 to 133.

35. CONTRIBUTIONS TO CHARITY

The sum of contributions made to charities by the company during the financial year ended 31st March 2023 Rs. 137,008 (2022: Rs. 70,225).

36. RISK MANAGEMENT

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

The Directors of the Company have taken reasonable steps to safeguard the financial operation of the Company to prevent and detect fraud and any other irregularities. For this purpose, the Directors consider that the system of internal controls is appropriately designed for identifying, recording, evaluating, and managing the significant risks faced by the Company throughout the year and it is being regularly reviewed by the Board of Directors. The Directors further confirm that an on-going process to identify, evaluate and manage significant business risk.

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

The Company assesses the importance and impact of each employee 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 marketplace. 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.

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

Based on the declaration provided by Messrs. Ernst & Young and as far as the Directors are aware, the Auditors do not have any relationship or interest with the company other than those disclosed above which may reasonably be thought to have a bearing on their independent in accordance with the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

39. NOTICE OF THE ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 26th September 2023 at 2.00 p.m., via audio visual technology. The Notice of Meeting is given on page 138 of the Annual Report.

40. ACKNOWLEDGEMENT OF THE CONTENT OF THE REPORT

As required by 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,

31st August 2023

Statement of Directors' Responsibilities for the Preparation of Financial Statements

The responsibilities of the Directors, in relation to the Financial Statements of Ceylon Hotels Corporation PLC ('the Company') and the Consolidated Financial Statements of the Company and its subsidiaries ('the Group') is set out in the following statement.

In terms of Sections 150 (1), 151, 152 and 153 (1) & (2) of the Companies Act No. 07 of 2007, the Directors of the Company are responsible for ensuring that the Company keeps proper books of account of all the transactions and prepares Financial Statements that give a true and fair view of the financial position of the Company and its subsidiaries, as at the end of each financial year and of the financial performance of the Company for each financial year and places them before a general meeting.

The Financial Statements comprise:

- The Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year
- The Statement of Comprehensive Income
- The Statement of Changes in Equity
- The Statement of Cash Flows
- Notes to the Financial Statements.

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

(a) the financial position of the CHC as at the 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 Company have been certified by the Company's Financial Controller, the Officer responsible for their preparation. In addition, the Financial Statements of the Company and the Group have been signed by two Directors of the Company on 31st August 2023 as required by 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 that correctly record and explain the Company's transactions are maintained to facilitate a proper audit of the Financial Statements. Accordingly, the Directors have taken reasonable steps to ensure that the Company and the Group maintain proper books of account and review the financial reporting system through the 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 2023, prepared and presented in this Annual Report are in agreement with

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

b) All applicable accounting standards (SLFRS/LKAS) that are relevant, have been followed and are consistent with the underlying books of accounts.

c) Reasonable and prudent judgments and estimates have been made so that the form and substance of transactions are properly reflected.

d) and information required by the 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 (CA Sri Lanka) and the Securities and Exchange Commission of Sri Lanka (SEC) have been disclosed.

e) The companies within the Group maintain sufficient accounting records to disclose the financial position of the Group with reasonable accuracy.

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 responsibilities of the independent auditor in relation to the financial statements prepared in accordance with the provisions of the Companies Act, No. 07 of 2007 ('the Companies Act'), are set out in the Independent Auditor's Report from pages 43 to 45.

As required by Section 166(1) and 167(1) of the Companies Act, this Annual Report has been prepared and the Company has met all the requirements under Rule 7 on Continuing Listing Requirements of the Listing Rules of the CSE, where applicable.

The Directors are responsible for taking reasonable measures to safeguard the assets of the Company and its subsidiaries and in this regard to give proper consideration to the establishment, designation, implementation and maintenance of appropriate accounting and internal control systems with a view of preventing and detecting fraud and other irregularities relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error. In this regard, the Directors have instituted an effective and comprehensive system of internal controls comprising an 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 the Company and its subsidiaries, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its subsidiaries as at the date of the statement of financial position have been duly paid or, where relevant, provided for, except as disclosed in note 37 to the financial statements covering contingent liabilities.

The Directors confirm that based on their assessment, the accounting controls are adequate, and nothing has come to their attention to indicate any breakdown in the functioning of these controls that may result in a material loss to the Company. The Directors also confirm that the Company has adequate resources to continue in its operational existence and continue as a going concern for the foreseeable future.

Accordingly, the Directors are of the view that they have discharged their responsibilities as set out in the statement.

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

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

31st August 2023

Corporate Governance

Corporate governance is the process through which businesses operate in order to promote corporate fairness, transparency, accountability, delegation, and sound and prudent decision-making. The Company's Board of Directors is responsible for implementing robust corporate governance mechanisms and practices for the benefit of all stakeholders with a view to achieving the proper segregation of duties and responsibilities between the board and corporate management, supporting the efficient use of resources, promoting accountability and responsible stewardship, compliance with all legal and regulatory requirements, and promoting ethical leadership, good corporate citizenship, and sustainable development for the best interest of all stakeholders.

The corporate governance framework regulates the application of policies and standards and ensures that legal and regulatory compliance, internal controls, risk management, internal audit, information management, stakeholder relationships, ethics and sustainability are complied with. It also defines the roles and responsibilities at each level of authority within the Company.

The Company's governance structure includes but is not limited to compliance with the following.

REGULATORY REQUIREMENTS

- Continuing listing rules of the Colombo Stock Exchange
- Companies Act No. 07 of 2007 and its amendments.
- The Securities and the Exchange Commission of Sri Lanka Act No.36 of 1987 and its amendments thereto, as repealed by the Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021
- The Code of Best Practices on Related Party Transactions issued by Securities and Exchange Commission

INTERNAL

- Articles of Association
- Board approved Terms of Reference (TOR) of sub-committees
- Code of conduct for employees
- Board approved policies

VOLUNTARY CODES

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)

The extent to which the Company has met the requirements specified by the Companies Act No. 07 of 2007 and the Colombo Stock Exchange's listing guidelines as amended is also covered in this report. The following declaration outlines the many facets of corporate governance that the Company implemented during the financial year under review.

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

BOARD OF DIRECTORS

The Board is responsible for the management and supervision of the Company's business and operations.

Ensuring good governance and overseeing the risk management of the Company; effectively reviewing and constructively challenging management performance in meeting the agreed goals; providing strategic guidance; evaluating, reviewing, and approving corporate strategy and the performance objectives of the Company; approving and monitoring financial and other reporting practices adopted by the Company; monitoring the reporting of performance; and ensuring that the necessary financial and human resources are in place for the Company to meet its objectives are among the key responsibilities entrusted with the board.

COMPOSITION

The composition of the Board of Directors as of March 31, 2023, was as follows. There were no changes to the composition of the Board of Directors during the year under review.

Name of the Director	Type
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 Amarasekara	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 profiles of the Board of Directors are given on pages 7 to 9.

As of 31st March 2023, the Company's board comprised nine (09) Directors, of which five (05) function in a non-executive capacity. The 04 (04) Executive Directors are also considered to be Key Management Personnel (KMP) of the Company. Three (03) out of nine (09) Directors are independent bringing independent judgement and objectivity to the board deliberations.

Recognizing the importance of diversity at the Board level, the Company has adopted a more inclusive strategy to promote diversity in order to induce fresh viewpoints that will foster robust debate and effective decision making. The Non- Executive Directors collectively provide a considerable depth of knowledge gained from their experience and have the necessary skills to bring an objective and sound judgement to bear on issues of strategy, performance and resources.

The Board has determined that three (03) of the Non- Executive Directors are 'independent' as per the criteria set out in the Listing Rules of the Colombo Stock Exchange. The composition satisfies the listing rules of the Colombo Stock Exchange.

BOARD MEETINGS AND ATTENDANCE

The Board meets regularly to discuss the company's performance and evaluate its strategic direction. There were two (02) board meetings held during the year under review.

The attendance of Directors at the aforesaid meetings is set out in the table below. All meetings held during the year ensured that the Board has adequate time to discuss the actual and potential impact to the Company from the macro-economic environment and to decide on the way forward.

Name of the Director	Attended/ Eligible to attend
Mr. Sanjeev Gardiner	02/02
Mr. Lakshman Samarasinghe	02/02
Mr. Priyantha Maddumage	00/02
Mr. Mangala Boyagoda	02/02
Mr. Kuvera de Zoysa	01/02
Mr. Ajith Devasurendra	02/02
Mr. Ranil Pathirana	02/02
Mr. Kamantha Amarasekera	00/02
Mr. Shalike Karunasena	02/02
Mr. Revantha Devasurendra	00/02

The routine agenda for board meetings is developed by the Chairman in consultation with all the Directors and the Company Secretary. Agenda items include but are not limited to strategy, industry performance, financial performance, risk management, and human resources. The Company Secretary is responsible for circulating agenda items and board papers to all the Directors.

The Annual Board meeting and subcommittee meeting calendar is circulated to the Board well in advance.

Corporate Governance

The Directors are well prepared for the board meetings and actively participate in board decisions.

The company's Senior Management offers all the information essential for the Board of Directors to make decisions. Directors seek independent advice from legal and accounting professionals when needed to gain a broader view of important issues.

Minutes are circulated by the Company Secretary. The significant matters that require further discussion are incorporated into the agenda items for the next meeting. Board members are free to request any additional information on matters that are being discussed at the board level.

DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board provided stewardship and strategic direction to guide the Corporate Management in achieving the growth objectives of the Company whilst ensuring that the necessary resources are made available, culturally aligned, proper internal control systems and appropriate reporting functions to measure and report the performance.

The board has a key role in formulating the strategy and establishing the strategic direction for the Company. Board-approved policies and procedures serve as the basis for operationalizing the strategy. The board recognises its accountability towards a wide range of stakeholders, provides information, and places a high reliance on financial statements and accounting systems for monitoring performance.

THE CHAIRMAN OF THE BOARD

The Chairman's primary role is to lead the Board to ensure that it effectively functions in achieving the strategic direction. Currently, the company does not have a Chief Executive Officer (CEO), and the Chairman plays an executive role. The Chairman ensures that there is a proper balance between non-executive directors and executive directors. The hotels of the group are managed and operated by Galle Face Group (Pvt) Ltd., an affiliate of the Company.

MANAGING CONFLICTS OF INTEREST

All Directors are expected to act in good faith and maintain transparency regarding matters that could potentially be in conflict of interest. Directors are excused from meetings if an agenda item refers to a matter in which they have an interest, allowing the board to deliberate on the matter without undue influence.

SUB- COMMITTEES

Sub-committees play a crucial role in the Company's governance. They function under the delegated authority of the board. The board is supported by the sub- committees that are established to meet the regulatory requirements, namely, Audit Committee, Related Party Transactions Review Committee and HR and Remuneration Committee.

The aforementioned committee's function is in accordance with the Board approved Terms of Reference (TOR) which include the membership and composition, scope of duties and responsibilities etc.

DIRECTORS' REMUNERATION

The report of the Remuneration Committee is given on pages 39 to 40 of the annual report. The main objective of the remuneration committee is to attract and retain quality management staff who perform well. The Chairman and Executive Directors attend the meetings by invitation, provide information to the committee, and participate in deliberations.

SHAREHOLDER RELATIONS

The board is committed to its responsibility for upholding shareholders' rights. The Company's shareholders and their interests are always equally safeguarded by the Company. Multiple channels are available to encourage shareholders' active engagement such as the corporate websites, the annual report, interim financial statements, CSE announcements and press releases. The Company's website www.chcplc.com contains information on the Company's performance and other important corporate information.

The Annual General Meeting (AGM) is the main platform for the shareholders to meet the board, giving them reasonable opportunity to communicate various matters affecting the Company. All shares have equal voting rights, and shareholders are notified of the annual general meeting well in advance of the mandatory period. AGM notices are uploaded to the Company's website and the CSE website and shareholders are encouraged to use the AGM constructively to discuss matters. Senior management and external auditors attend the AGM.

The Company provides its annual financial statements to all shareholders within the required period, and the unaudited provisional financial statements are released to the CSE in compliance with the CSE's Listing Rules. Quarterly financial results and other important announcements are promptly disclosed to CSE in compliance with the listing rules.

ACCOUNTABILITY AND AUDIT

The members of the Board of Directors have reviewed in detail the annual financial statements in order to satisfy themselves that they present a true and fair view of the affairs of the Company. A summary of Directors' responsibilities in respect of financial statements are given on pages 24 and 25.

The board is responsible for establishing a holistic risk control framework for proactive identification and effective management of risks. A well-defined internal control system is vital for the effective management of risk. The risk management report is detailed on pages 14 and 15 of the annual report, and the Directors' Responsibilities for preparing financial statements are stated on pages 24 to 25.

The report of the Audit Committee is given on pages 35 and 36 of the annual report.

The Audit Committee reviews the financial reporting process, internal controls, and external audit functions to ensure the integrity and quality of the financial statements. The audit committee ensures the independence of external auditors, the timely delivery of the audited financial statements, and the effectiveness of internal audit procedures. The Audit Committee tries to meet at least once a quarter with the management to review quarterly financial statements prior to release to shareholders and with the internal auditors to review the internal audit reports and findings. The Audit Committee also meets with external auditors to discuss the external audit plan prior to the commencement of the external audit and meets with them after the completion of the audit to discuss the financial statements and key audit findings.

Statutory compliance statements demonstrating the extent to which the company complies with the rules and regulations are distributed among the Directors for the board's information at all audit committee and board meetings.

All the Board members have unlimited access to the Company Secretary for advice and guidance regarding compliance with rules, regulations and statutes.

The report of the Related Party Transactions Review Committee is given on pages 37 to 38 of the annual report. Related party transactions are reviewed by the Committee on a quarterly basis.

ENVIORNMENTAL, SOCIAL GOVERNANCE AND PROMITING ETHICS

The board placed a strong emphasis on strengthening ESG credentials by establishing a framework of policies and procedures to drive principles of sustainable business. The board sets the tone for promoting cultural ethics and good business conduct. Every board member complies with the Code of Conduct and governance requirements in executing their duties ethically and in alignment with the business values.

Through sustainable and eco-friendly practices, the Board is cognizant of its relationship with all stakeholders, including the community in which it operates. Through frequent training and enhanced facilities, the hotels raise and improve staff standards and morale. This enables service level improvements, enhancing the passenger experience. Satisfied guests not only provide repeat business, but also serve as ambassadors for the hotels.

CORPORATE GOVERNANCE COMPLIANCE DISCLOSURES

The tables shown here summarize the Company's level of compliance with the regulatory requirements.

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 132 to 133
(iv)	The public holding percentage	Page 130
(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 130
(vi)	Information pertaining to material foreseeable risk factors of the Entity and details of material issues pertaining to employees and industrial relations.	Note No. 37 of Annual Report of the BOD and Management Discussion And Analysis on pages 10 to 13
(vii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	Pages 87 to 89

Corporate Governance

	Requirement	Reference
(viii)	Number of shares representing the Entity's stated capital	Page 101
(ix)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Page 130
(x)	Financial ratios and market price information	Page 131
(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 87 to 89
(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 26 to 34
(xv)	Related Party transactions exceeding 10 percent of the equity or 5 percent of the total assets of the Entity as per audited financial statements, whichever is lower	Pages 116 to 118

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 nine (09) Directors, the Company has five (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 five (05) Non-Executive Directors, the Company has three (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.
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	"Independence" is in line with the definition of the CSE Regulations in force.

Section	Applicable Requirement	Compliance Status	Level of Compliance (Reference)
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 into 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	Messrs. Kuvera De Zoysa, Mr. Mangala Boyagoda and Mr. Kamantha Amarasekara have been serving on the board for over nine (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 nine (09) years on the Board, he or she does not qualify to be an Independent Director. The Board of Directors assessed the status of these four Directors and was of the view that these Directors have fulfilled all the other criteria for independence and that their independence has not been impaired . Accordingly, the Board decided that the said three (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	A brief resume of all the Directors are given on pages 7 to 9.
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. In a situation where both the parent company and the subsidiary are 'listed Entities', the remuneration committee of the parent company may be permitted to function as the remuneration committee of the subsidiary.	Complied	The Remuneration Committee oversees the functions of the group. The composition of the Remuneration Committee is given on pages 39 to 40 of the Annual Report under the Remuneration Committee Report.
7.10.5(b)	The Remuneration Committee shall recommend the remuneration payable to the Executive Directors and Chief Executive Officer of the Listed Entity and/ or equivalent position thereof, to the board of the Listed Entity which will make the final decision upon consideration of such recommendations	Complied	The Directors of the company were not remunerated for the service rendered during the year.
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 pages 39 to 40 of this report. Directors were not remunerated during the year.

Section	Applicable Requirement	Compliance Status	Level of Compliance (Reference)
7.10.6(a)	The audit committee shall comprise; of a minimum of two independent non-executive directors (in instances where an Entity has only two directors on its board); or of non-executive directors a majority of whom shall be independent, whichever shall be higher. In a situation where both the parent company and the subsidiary are 'Listed Entities', the 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	The Audit Committee oversees the functions of the company. The Audit Committee consists of four (04) members including three Independent, Non-Executive Directors and 01 Non-Independent, Non-Executive Director. The report of the Audit Committee is given on pages 35 to 36 of the annual report. The Chief Financial Officer attends the audit committee meetings by invitation. Out of the four (04) members, two (02) of them are members of the recognised professional accounting body.
7.10.6(b)	Function of the Audit committee shall include, Overseeing the preparation, presentation and adequacy of disclosures in the financial statements of a Listed Entity, in accordance with Sri Lanka Accounting Standards. Overseeing 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	The report of the Audit Committee set out on pages 35 to 36 of the annual report describes the scope of work 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	The names of the directors on the Audit committee are given on page 31 of the annual report. The Audit Committee report is given on pages 35 to 36 of the report. The statement of Auditors independence is disclosed on pages 35 to 36 of the Audit Committee report.

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	The composition of the related party transaction review committee is given on pages 37 to 38 of the related party review committee report. The 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	The 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	The attendance of the Related Party Transactions Review Committee is given on page 37 to 38 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. The 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 the Note 40 to the Financial Statements.
9.3.2 (a)	In the case of Non-Recurrent Related Party Transactions, if the 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 required disclosure in the financial statements.
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 to Note 40 to the financial statements on pages 116 to 119.

Section	Applicable Requirement	Compliance Status	Level of Compliance (Reference)
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 pages 37 to 38 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	An affirmative statement is included on pages 37 to 38 of the Annual Report.

Report of the Audit Committee

The Audit Committee ('the Committee') is a formally constituted sub-committee of the Board of Directors ('the Board'). It reports to and is accountable to the Board.

The role, functions and composition of the Committee are defined by the provisions of Section 7.10 of the Listing Rules of the Colombo Stock Exchange (the 'CSE Rules') and the Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

COMPOSITION

The composition of the Audit Committee (BAC) is as follows. The profiles of the members are given on pages 7 to 9.

1. **Mr. Kuvera de Zoysa**
   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

The committee met 05 times during the financial year. Details of attendance of the members are set out below.

Directors Name	Membership status	Attendance (Attended/ Eligible to attend)
Mr. Kuvera de Zoysa	Chairman	5/5
Mr. Mangala Boyagoda	Member	4/5
Mr. Kamatha Amarasekara	Member	0/5
Mr. Ranil Pathirana	Member	4/5

The representatives of the Company's external auditors, Messer. KPMG participated in meetings by invitation. The Group Chief Financial Officer and the Financial Controller attended the meeting by invitation. The senior management of the Company also participated in the meetings from time to time on a need basis.

The Company Secretary served as the Committee's Secretary during the year under review.

ROLES AND RESPONSIBILITIES

The Committee has written Terms of Reference (TOR) and is empowered to oversee financial reporting, internal controls, and functions relating to internal and external audits. It is regularly reviewed to ensure that new developments relating to the Committee's functions are addressed and that the same reflects the best practices of the industry at all times.

1. Financial Reporting

As part of its responsibility to oversee the Company's financial reporting process on behalf of the Board of Directors, the Committee assists the Board in effectively carrying out its supervisory responsibilities with the following reviews:

- Reviewing the financial information of the Company in order to monitor the integrity of its financial statements, annual report, and periodic reports prepared for disclosure requirements.
- Assessing the acceptability and appropriateness of accounting policies and the reasonableness of significant estimates and judgements
- Assessing the reasonableness of the underlying assumptions based on which estimates and judgements are made when preparing the financial statements.
- Review of the policy decisions relating to the adoption of Sri Lanka Accounting Standards (SLFRSs and LKASs) applicable to the Company and monitor compliance with relevant accounting standards.

2. Internal Controls over Financial Reporting

The Committee is satisfied that the financial reporting system is effectively designed to provide the Board, regulatory authorities, and management with accurate, appropriate, and timely information, and that the adequacy, efficiency, and effectiveness of risk management measures, internal controls, and governance processes are sufficient to avoid, mitigate, and transfer current and evolving risks.

3. Internal Audit

Internal auditors are identified as adding value and improving operations through systematic and disciplined approaches to evaluating and improving the effectiveness of governance, risk management, and internal controls. The Committee oversees the internal audit and review of audit reports to ensure that appropriate actions are taken by management to implement the recommendations made by the internal auditors.

Report of the Audit Committee

4. External Audit

Overseeing the appointment, compensation, resignation, and dismissal of external auditors is vested in the Committee. The functions are inclusive of the review of the external audit function, its costs and effectiveness, and monitoring the external auditor's independence. The Committee reviewed and monitored the independence and objectivity of the External Auditors and also assessed the effectiveness of their audit process, considering the relevant professional and regulatory requirements.

The independence and objectivity of the external auditors were reviewed by the Committee and concluded that the services outside the scope of statutory audit provided by the external auditors have not impaired their independence.

Prior to the start of the audit for the financial year, the Committee addressed with the External auditors their audit plan, scope, and methodology for performing the annual audit. There was no scope limitation, and management provided all information and explanations sought by the auditors.

Messrs. KPMG, Chartered Accountants were re-appointed as external auditors of the Company at the Annual General Meeting held on 27th September 2022.

ACTIVITIES FOR THE YEAR ENDED MARCH 31, 2023

The following were among the activities carried out:

- Discussed with external auditors the scope of the audit, audit approach, and procedures.
- Determined that Messrs. KPMG, Chartered Accountants were independent based on written representation.
- Reviewed the Financial statements together with the External auditors, Messrs. KPMG, prior to release to the regulators, shareholders, and the general public.
- Provided confirmations and declarations pertaining to the Financial Statements' compliance with the Sri Lanka Accounting Standards (SLFRS/LKAS) and the Companies Act No. 7 of 2007.
- Reviewed the Letter of Representation issued to the External Auditors by the management.
- Evaluated external auditors based on the audit deliverables and the quality assurance initiatives and recommendations.
- Met with the auditors to review the management letter and the responses from the management. And followed up on the issues raised.
- Assessed the effectiveness of the internal audit function.

Having reviewed the effectiveness of the external auditors, 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 March 31, 2024, subject to the approval of the shareholders at the 57th Annual General Meeting.

REPORTING TO THE BOARD

The proceedings of the Committee meetings with adequate details were discussed and regularly reported to the Board of Directors providing board members with access to the Committee's deliberations.

The Board is apprised of the key issues considered, recommended, and approved by the Committee, and it analyses and accepts the Committee's recommendations, if deemed appropriate.

PROFESSIONAL ADVICE

The Committee has the authority to seek external professional advice from time to time on matters within its purview. Several consultations were sought with various professionals during the financial year under review.

PERFORMANCE EVALUATION OF THE COMMITTEE

The annual self-evaluation of the committee was concluded at year-end by the members of the committee, with the evaluation indicating that its performance was effective.

CONCLUSION

The Committee is satisfied that the Company's accounting policies, internal controls and risk management processes are adequate to provide reasonable assurance that the financial affairs of the Company are managed in accordance with accepted accounting standards.

On behalf of the Audit Committee

(Sgd.)
Kuvera De Zoysa
Chairman of the Audit Committee

August 31, 2023

Report of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee ('the Committee') was established by the Board of Directors ('the Board') in compliance with Section 9 of the listing rules of the Colombo Stock Exchange (the 'CSE Rules'), the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka (the 'SEC Code') and the Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Committee is a formally constituted sub-committee of the Board and reports to the Board.

COMPOSITION

The Composition of the Related Party Transactions Review Committee is as follows: The profiles of the members are given on pages 7 to 9.

1. Mr. Kuvera de Zoysa
   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

The committee met 06 times during the financial year. Details of attendance of the members are set out below.

Directors Name	Membership status	Attendance (Attended/ Eligible to attend)
Mr. Kuvera de Zoysa	Chairman	5/6
Mr. Mangala Boyagoda	Member	6/6
Mr. Kamatha Amarasekara	Member	0/6
Mr. Ranil Pathirana	Member	4/6

The Company Secretary served as the Committee's Secretary during the year under review.

ROLES AND RESPONSIBILITIES

The role and functions of the committee include the following.

1. Formulate and review the 'Related Party Transactions Policy' and review all proposed Related Party Transactions (RPTs) in compliance with the regulations.
2. Ensure that the regulations issued to compel all Related Party Transactions (RPTs) to be referred to the Committee for review.
3. 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.
4. Advise the Board on making immediate market disclosures and disclosures in the annual report where necessary, in respect of RPTs, in compliance with the regulatory provisions.

Accordingly, the Committee adopts the following.

- Review the Committee's Terms of Reference (TOR) on a regular basis to ensure that they represent industry best practices at all times.
- Place a sufficiently effective and efficient mechanism to collect information pertinent to its review role while ensuring that the Company does not engage in such transactions with related parties in a way that would result in a 'More Favourable Treatment'.
- Consider the interests of shareholders when RPTs are initiated.
- Implement appropriate measures and safeguards to avoid conflicts of interests that may arise from any transaction performed by the Company with any category of 'Related Parties' in accordance with regulatory requirements.
- Obtain declarations from all Directors upon joining the Board and annually thereafter, as well as to inform the Company Secretary (the primary contact point for Directors) of any existing or potential RPTs carried out by them or close family members.
- Obtain professional and expert advice, where such advice is necessary for the performance of the review function.

RECURRENT RELATED PARTY TRANSACTIONS

All recurrent related party transactions, whose aggregate value exceeds 10% of the revenue of the Company as per the audited financial statements of March 31, 2023, are disclosed under Note 40 on pages 116 to 118 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 whose aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower, of the Group as per 31st March 2023 audited financial statements, which required additional disclosures in the 2022/23 Annual Report under Colombo Stock Exchange Listing Rule 9.3.2 and the Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security

Report of the Related Party Transactions Review Committee

Exchange Commission Act. The committee has reviewed the related party transactions during the year and has communicated the comments and observations to the Board of Directors.

REPORTING TO THE BOARD

The proceedings of the Committee meetings, which also included activities under its TOR, were regularly presented to the Board of Directors with comments and observations allowing board members access to the Committee's deliberations.

The Board is apprised of the key issues considered, recommended, and approved by the Committee, and it analyses and accepts the Committee's recommendations, if deemed appropriate.

PERFORMANCE EVALUATION OF THE COMMITTEE

The Committee's annual self-assessment was completed at year's end by its members, with the evaluation indicating that its performance was effective.

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 2023.

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 those disclosed in the financial statements.

The Committee is pleased with the Company's RPT policies and practices implemented during the financial year under consideration.

On behalf of the Related Party Transactions Review Committee

(Sgd.)
Kuvera De Zoysa
Chairman of the Related Party Transactions Review Committee

August 31, 2023

Report of the Remuneration Committee

The Remuneration Committee (the 'Committee') is a formally constituted sub-committee of the Board of Directors ('the Board'). It reports to and is accountable to the Board.

COMPOSITION

The Composition of the Remuneration Committee (RC) is as follows: The composition meets the requirements stipulated in rule 7.10.5 (a) of the listing rules of the Colombo Stock Exchange (the 'CSE Rules'). The profiles of the members are given on pages 7 to 9.

1. Mr. Kuvera de Zoysa
   Independent, Non-Executive Director
2. Mr. Mangala Boyagoda
   Independent, Non-Executive Director
3. Mr. Ranil Pathirana
   Non – Independent, Non-Executive Director

MEETINGS

The committee met one time during the year under review. Details of attendance of the members at these meetings are given below.

Directors Name	Membership status	Attendance (Attended/ Eligible to attend)
Mr. Kuvera de Zoysa	Chairman	1/1
Mr. Mangala Boyagoda	Member	1/1
Mr. Ranil Pathirana	Member	1/1

Executive Directors and the Chief Financial Officer are invited to the meetings and participate in the deliberations. During the year under review, the Company Secretary served as the Committee's Secretary.

ROLES AND RESPONSIBILITIES

The Committee has the power to evaluate, decide, and recommend to the Board of Directors any items relevant to the Company's human resource management, which shall explicitly include the following.

- Establishing remuneration policies for Directors and Key Management Personnel (KMP) and review their performance against predetermined targets and goals.
- Establish performance parameters, evaluate the KMP's performance against the defined targets, and submit the same to the Board, along with recommendations for salary, benefits, and other performance-based incentives.
- Advising the KMP heading HR department of guidelines, policies and procedures pertaining to remuneration structure of all staff and overseeing the implementation thereof.
- Ensure that the performance-related component of remuneration is designed and adjusted to align employees' interests with the interests of the company's key stakeholders and to support its sustainable growth.
- Evaluate and recommend organizational structure and succession planning.
- Reviewing, commenting on, and reporting to the Board on HR-related matters, including development plans, talent retention, and the career development of potential successors.
- Make recommendations to the Board of Directors on new managerial expertise that is required.
- Review the Committee's Terms of Reference (ToR) on a regular basis to ensure that it continuously reflects industry best practices.
- Evaluate the Committee's performance, based on the requirements.

Furthermore, the Committee may seek external companies to conduct salary surveys in order to make well-informed decisions about the Company's salaries and standards.

SUMMARY OF ACTIVITIES DURING THE YEAR

- Approval of annual salary revision and performance bonus
- Approval for appointment of Key Management Personnel
- Review of the Organization Structure

REPORTING TO THE BOARD

The proceedings of the Committee meetings, which also included activities under its TOR, were regularly presented to the Board of Directors with comments and observations allowing board members access to the Committee's deliberations.

The Board is apprised of the key issues considered, recommended, and approved by the Committee, and it analyses and accepts the Committee's recommendations, if deemed appropriate.

Report of the Remuneration Committee

PERFORMANCE EVALUATION OF THE COMMITTEE

The Committee's annual self-assessment was completed at year's end by its members, with the evaluation indicating that its performance was effective.

The Committee is pleased with the Company's remuneration policies and practices implemented during the financial year under consideration.

On behalf of the Remuneration Committee

(Sgd.)
Kuvera De Zoysa
Chairman - Remuneration Committee

August 31, 2023

Financial Reports

Independent Auditors' Report

KPMG
(Chartered Accountants)
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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 2023, 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 46 to 129.

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 2023, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

01. Impairment assessment of Investment in Subsidiaries

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

Risk Description	Our Response
As at 31st March 2023, 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. 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 areas 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.

KPMG

02. Valuation of Investment in Equity Accounted Investees	
Refer to the significant account policy Note 3.1(e) and explanatory Note 17.4.2 to these financial statements	
Risk Description	**Our Response**
The Group and the Company hold Investment in Equity Accounted Investees amounting to Rs. 127 Mn and Rs. 309 Mn respectively as at 31st March 2023. 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. 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.

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

31st August 2023

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 March	Notes	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Revenue	7	877,861,629	561,935,589	7,043,164	6,886,792
Cost of sales		(293,421,208)	(147,299,640)	(6,916,990)	(6,598,002)
Gross profit		584,440,421	414,635,949	126,174	288,790
Other operating income	8	24,694,324	7,501,836	-	-
Distribution expenses		(47,593,157)	(31,992,576)	-	-
Administrative expenses		(749,789,148)	(545,786,395)	(16,365,318)	(11,923,317)
Other operating expenses	9	(8,102,594)	(9,841,311)	(4,136,943)	-
Profit/(loss) from operations		(196,350,154)	(165,482,497)	(20,376,087)	(11,634,527)
Finance income	10.1	323,088,939	91,940,907	94,684,309	31,943,665
Finance costs	10.2	(293,588,274)	(188,402,833)	(111,303,171)	(75,666,311)
Net foreign exchange gains/(losses)	10.3	(41,994,832)	335,088,459	-	-
Net finance (costs)/Income	10	(12,494,167)	238,626,533	(16,618,862)	(43,722,646)
Share of loss of equity accounted investees (net of tax)	17.4.1	(34,067,857)	(108,121,807)	-	-
Loss before income tax		(242,912,178)	(34,977,771)	(36,994,949)	(55,357,173)
Income tax (expense)/Reversal	12	90,514,165	(10,878,366)	-	-
Loss from continuing operations		(152,398,013)	(45,856,137)	(36,994,949)	(55,357,173)
Discontinued operation					
Profit from discontinued operations, net of tax	11.2	758,796,773	-	-	-
Reclassification of foreign currency differences on loss of significant influence		78,841,180	-	-	-
Profit/(loss) from discontinuing operations		837,637,953	-	-	-
Profit/(loss) for the period		685,239,940	(45,856,137)	(36,994,950)	(55,357,173)

Figures in brackets indicate deductions

The accounting policies and notes set out on pages 54 to 129 form an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 March	Notes	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Profit/(loss) for the year		685,239,940	(45,856,137)	(36,994,950)	(55,357,173)
Other comprehensive income					
Other comprehensive income items that will never be reclassified to profit or loss in subsequent periods (net of tax)					
Revaluation of property, plant & equipment	14.1	-	1,458,369,545	-	-
Deferred tax on revaluation	30	(1,247,853,733)	(204,171,736)	-	-
Remeasurement gain/(loss) of defined benefit plans	19 (b)	(1,742,720)	(687,813)	(366,305)	773,699
Deferred tax on defined benefit plans	30	273,401	204,613	-	-
Equity Accounted Investees - Net share of other comprehensive income	17.4	(730)	2,723,092	-	-
Other comprehensive income items that are or may be reclassified to profit or loss in subsequent periods (net of tax)					
Equity accounted investees - effect of translation of foreign operations	17.4	-	47,643,404	-	-
Reclassification of foreign currency differences on loss of significant influence	11.2	(78,841,180)	-	-	-
Total other comprehensive income/(expense) for the year, net of tax		(1,328,164,962)	1,304,081,105	(366,305)	773,699
Total comprehensive income/(expense) for the year, net of tax		(642,925,022)	1,258,224,968	(37,361,255)	(54,583,474)
Profit/(loss) attributable to:					
Equity holders of the company		543,886,474	(39,684,680)	(36,994,950)	(55,357,173)
Non controlling interest		141,353,466	(6,171,457)	-	-
Profit/(loss) for the year		685,239,940	(45,856,137)	(36,994,950)	(55,357,173)
Total comprehensive income/ (loss) attributable to :					
Equity holders of the company		(422,690,591)	894,513,705	(37,361,255)	(54,583,474)
Non controlling interest		(220,234,431)	363,711,263	-	-
Total comprehensive income/(expense) for the year		(642,925,022)	1,258,224,968	(37,361,255)	(54,583,474)
Basic/ diluted Earnings/(loss) per share	13	3.02	(0.22)	(0.21)	(0.31)

Figures in brackets indicate deductions.

The accounting policies and notes set out on pages 54 to 129 form an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 31 March	Note	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
ASSETS					
Non-Current Assets					
Property, plant and equipment	14	10,346,505,044	10,485,924,057	8,567	15,084
Intangible assets	15	9,412,947	13,296,966	-	-
Right of use assets	16	108,505,697	113,055,771	-	-
Investments in subsidiaries	17	-	-	909,348,216	909,348,216
Investment in joint venture	17.4	126,531,340	160,599,927	309,497,174	309,497,174
Investment Property	18	193,963,000	192,237,968	-	-
Total Non-Current Assets		10,784,918,028	10,965,114,689	1,218,853,957	1,218,860,474
Current Assets					
Inventories	19	74,867,595	65,885,443	-	-
Trade and other receivables	21	286,737,679	122,121,029	5,595,051	6,183,239
Amounts due from related companies	22	575,418,127	471,082,475	661,933,731	601,821,832
Income tax recoverable	23	2,180,159	2,180,159	-	-
Financial Assets at fair value through profit or loss	20	36,825,500	-	36,825,500	
Cash & cash equivalents	25	2,624,186,801	1,543,928,232	571,745	90,163
Assets held for sale	24	-	837,748,471	-	-
Total current assets		3,600,215,861	3,042,945,809	704,926,027	608,095,234
Total Assets		14,385,133,889	14,008,060,498	1,923,779,984	1,826,955,708
EQUITY AND LIABILITIES					
Equity					
Stated capital	26	362,610,821	362,610,821	362,610,821	362,610,821
Reserves	27	5,250,650,890	6,290,721,704	359,013,425	359,013,425
Retained earnings/ (Accumulated Loss)		1,886,323,260	1,269,036,787	(131,402,672)	(94,041,418)
Total equity attributable to equity holders of the company		7,499,584,971	7,922,369,312	590,221,574	627,582,828
Non controlling interest		2,275,144,627	2,495,379,058	-	-
Total Equity		9,774,729,598	10,417,748,370	590,221,574	627,582,828
Non-Current Liabilities					
Interest-bearing-borrowings	28	1,296,411,766	1,357,631,841	-	-
Employee benefit payables	29	20,544,913	15,909,578	6,985,350	5,622,197
Deferred tax liabilities	30	2,042,291,206	901,082,603	-	-
Lease Liability	31	130,084,934	135,829,656	-	-
Government grants	32	-	1,220,276	-	-
Total Non-Current Liabilities		3,489,332,819	2,411,673,954	6,985,350	5,622,197

As at 31 March	Note	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Current Liabilities					
Trade and other payables	33	265,585,131	221,525,651	10,580,131	10,290,536
Contract Liabilities	34	5,436,821	11,792,060	-	-
Interest-bearing-borrowings	28	376,712,661	703,868,263	-	-
Lease Liability	31	25,524,738	47,171,099	-	-
Government grants	32	-	6,547,488	-	-
Amounts due to related companies	35	23,688,683	15,382,584	151,144,077	50,410,779
Related Party Interest-bearing-borrowings	35.1	-	-	1,164,835,549	1,131,844,828
Income tax payable	36	4,366,626	7,466,016	13,303	13,303
Bank overdrafts	25	419,756,812	164,885,013	-	1,191,237
Total current liabilities		1,121,071,472	1,178,638,174	1,326,573,060	1,193,750,683
Total Equity & Liabilities		14,385,133,889	14,008,060,498	1,923,779,984	1,826,955,708
Net assets per share (Rs.)		54.29	57.87	3.28	3.49

The accounting policies and notes set out on pages 54 to 129 form an integral part of these financial statements.

These Financial Statements have been prepared in compliance with the requirements of the Companies Act No.07 of 2007.

Hasuni Gayasha
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 of Directors.

Lakshman Samarasinghe
Chairman

Shalike Karunasena
Director

Colombo
31st August 2023

Statement of Changes in Equity

Group	Note	Attributable to Equity Holders of the Company								
		Stated Capital	Revaluation Reserve	Capital Reserve	General Reserve	Translation Reserve	Retained earnings	Total	Non controlling Interest	Total Equity
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance at 01 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										
Profit/ (loss) for the year		-	-	-	-	-	(39,684,680)	(39,684,680)	(6,171,457)	(45,856,137)
Other comprehensive income										
Acturial gain/(loss) 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
Equity-accounted investees - share of other comprehensive income	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 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
Balance at 01 April 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
Total comprehensive income										
Profit / (loss) for the year		-	-	-	-	-	543,886,474	543,886,474	141,353,466	685,239,940
Other comprehensive income										
Acturial gain /(loss) on retirement benefit obligation, net of tax		-	-	-	-	-	(1,469,319)	(1,469,319)	-	(1,469,319)
Gain on revaluation of property, plant and equipment, net of tax		-	(886,265,836)	-	-	-	-	(886,265,836)	(361,587,897)	(1,247,853,733)
Equity-accounted investees share of other comprehensive income	17.4	-	-	-	-	-	(730)	(730)	-	(730)
Reclassification of foreign currency differences on loss of significant influence		-	-	-	-	(78,841,180)	-	(78,841,180)	-	(78,841,180)
Total comprehensive income for the year		-	(886,265,836)	-	-	(78,841,180)	542,416,425	(422,690,591)	(220,234,431)	(642,925,022)
Transactions with owners of the company										
Dividends-(15% Cumulative preference shares)		-	-	-	-	-	(93,750)	(93,750)	-	(93,750)
Transfer of excess depreciation on revaluation		-	(74,963,798)	-	-	-	74,963,798	-	-	-
Total transactions with owners of the company		-	(74,963,798)	-	-	-	74,870,048	(93,750)	-	(93,750)
Balance at 31 March 2023		362,610,821	5,075,443,219	8,128,011	167,079,660	-	1,886,323,260	7,499,584,971	2,275,144,627	9,774,729,598

Figures in brackets indicate deductions.

The accounting policies and notes set out on pages 54 to 129 form an integral part of these financial statements.

Company	Stated Capital	Capital Reserve	Fair value through OCI Reserve	General reserve	Retained earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance at 01 April 2021	362,610,821	8,128,011	184,167,021	166,718,393	(39,457,944)	682,166,302
Total comprehensive income						
Profit / (loss) for the year	-	-	-	-	(55,357,173)	(55,357,173)
Other comprehensive income						
Acturial gain /(loss) 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 at 31 March 2022	362,610,821	8,128,011	184,167,021	166,718,393	(94,041,418)	627,582,828
Balance at 01 April 2022	362,610,821	8,128,011	184,167,021	166,718,393	(94,041,418)	627,582,828
Total comprehensive income						
Profit / (loss) for the year	-	-	-	-	(36,994,949)	(36,994,949)
Ordinary Share dividend paid to minority						
Acturial gain on retirement benefit obligation, net of tax	-	-	-	-	(366,305)	(366,305)
Total comprehensive income / (expense) for the year	-	-	-	-	(37,361,254)	(37,361,254)
Balance at 31 March 2023	362,610,821	8,128,011	184,167,021	166,718,393	(131,402,672)	590,221,574

Figures in brackets indicate deductions.

The Notes on pages 54 to 129 are an integral part of these Financial Statements.

Consolidated Statement of Cash Flow

For the Year Ended 31 March	Note	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Cash flows from/ (used in) operating activities					
Profit/(loss) before income tax from operations		(242,912,178)	(34,977,771)	(36,994,949)	(55,357,173)
Profit/ (loss) before income tax from Discontinued Operations		858,866,989	-	-	-
Profit before income tax		615,954,811	(34,977,771)	(36,994,949)	(55,357,173)
Adjustment for:					
Depreciation on property, plant and equipment	14	159,006,943	171,046,817	6,517	6,517
Amortization of Intangible assets	15.1	4,888,835	6,243,823	-	-
Amortization of Right of use assets	16.1	4,550,074	4,955,289	-	-
Provision for employee benefit obligation	29	4,362,078	2,638,620	1,225,958	629,488
Provision/(reversal) for impairment - Trade receivables	21	1,190,658	3,990,174	-	-
Provision/(reversal) for impairment - Other receivables	21	304,190	(15,854)	-	-
Impairment Provision for amounts due from related companies	22	1,431,463	-	4,136,943	-
Provision/(reversal) for Inventory	9	1,772,606	1,291,311	-	-
Loss on foreign currency transactions	28	-	172,419,879	-	-
Share of result of equity-accounted investee	17.4.1	34,067,857	108,121,807	-	-
Interest income	10	(323,088,939)	(91,940,907)	(94,684,309)	(31,943,665)
Interest expenses	10	293,479,714	188,402,833	111,303,171	75,666,311
Change in fair value of investment in shares	20	108,560	-	108,560	-
Impairment Provision on Investment in Equity Accounted Investees	9	4,898,525	-		-
Change in fair value of investment property	18	(1,725,032)	8,550,000	-	-
Gain on Disposal of Assets Held for Sale	11.2	(780,025,809)	-		-
Reclassification of foreign currency differences on loss of significant influence	11.2	(78,841,180)	-	-	-
Operating profit/ (loss) before working capital changes		(57,664,646)	540,741,875	(15,006,669)	(10,998,522)
(Increase)/decrease in inventories		(10,754,759)	(837,028)	-	-
(Increase)/decrease in trade and other receivables		(166,171,359)	(40,930,466)	588,187	(37,562)
(Increase)/decrease in amounts due from related companies		(105,707,256)	(31,533,206)	30,435,467	(27,197,258)
Increase/(decrease) in trade & other payables		45,445,314	6,524,620	289,595	825,890
Increase/(decrease) in contract liabilities		(6,355,239)	3,675,638	-	-
Increase/(decrease) in amounts due to related companies		8,306,099	368,436	67,879,265	4,524,138
Cash generated from/ (used in) operating activities		(292,901,846)	478,009,870	84,185,845	(32,883,314)

For the Year Ended 31 March	Note	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Interest paid		178,868,957	(7,162,270)	-	-
Income taxes paid	36 & 11.2	(40,185,990)	(23,629,177)	-	-
Employee benefit obligations paid	29	(1,469,463)	(5,117,559)	(229,110)	(1,576,777)
Net cash generated from/ (used in) operating activities		(155,688,342)	442,100,864	83,956,735	(34,460,091)
Cash flows from/ (used in) investing activities					
Interest income received		323,088,939	67,329,598	-	31,943,665
Investment in FVTPL investments	20	(36,934,060)	-	(36,934,060)	-
Acquisition of property, plant and equipment	14	(19,587,930)	(3,275,873)	-	-
Investment in joint venture	17.4.1	(4,898,525)	-		-
Proceeds from Disposal of Assets held for Sale	11	1,617,774,280	-	-	-
Addition of Intangible assets	15.1	(1,004,816)	-		-
Net cash generated from/ (used in) investing activities		1,878,437,888	64,053,725	(36,934,060)	31,943,665
Cash flows from financing activities					
Proceeds from borrowings	28	6,447,464	5,000,000	(45,349,856)	3,353,185
Dividends paid to minority		(93,750)	(37,500)	-	-
Principal element of lease payments	31	(44,952,334)	(11,599,712)	-	
Repayment of borrowings	28	(858,764,156)	(12,472,715)	-	-
Net cash generated from / (used in) financing activities		(897,362,776)	(19,109,927)	(45,349,856)	3,353,185
Net increase / (decrease) in cash & cash equivalents		825,386,770	487,044,662	1,672,819	836,759
Cash & cash equivalents at the beginning of the year		1,379,043,219	891,998,557	(1,101,074)	(1,937,833)
Cash & cash equivalents at the end of the year (Note A)		2,204,429,989	1,379,043,219	571,745	(1,101,074)
Note A					
Cash and cash equivalents at the end of the financial year consist of the following.	25	2,624,186,801	1,543,928,232	571,745	90,163
Cash at banks and in hand	25	(419,756,812)	(164,885,013)	-	(1,191,237)
Bank overdraft		2,204,429,989	1,379,043,219	571,745	(1,101,074)

Figures in brackets indicate deductions.

The accounting policies and notes set out on pages 54 to 129 form 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 ("the Company"), 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. Shares of the Company are listed on the Colombo Stock Exchange and are publicly traded. The registered office of the Company and its Subsidiaries are situated at 327, Union Place, Colombo 02.

1.2. Consolidated Financial Statements

The Consolidated financial statements of the Group for the year ended 31 March 2023 comprise Ceylon Hotels Corporation PLC and all its subsidiaries (together referred to as "the Group") namely United Hotels Company Ltd ('UHCL'), Tissa Resort (Pvt) Ltd ('TRL'), CHC Foods (Pvt) Ltd ('CHCF'), The Kandy Hotels Co. (1938) PLC ('KHC'), Suisse Hotels (Pvt) Limited ('SH'), Air Line Services (Pvt) Limited ('ALS'), Ceylon Hotels Maldives (Pvt) Ltd ('CHML') and the Group's interest in equity accounted investees.

Ceylon Holidays Holdings (Pvt) Limited ('CHOH') and its fully owned subsidiary CHC Rest House (Pvt) Limited ('CHCRH') are the joint ventures for the Group.

1.3. Principal activities 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 food, beverage, lodging and other hospitality- industry related activities and there has been no change in the nature of such activities during the year.

1.4. Parent entity and ultimate parent entity

The Company's parent undertaking is Ceylon Hotel Holdings (Pvt) Ltd and the ultimate parent Company and controlling party is the Galle Face Hotel Company Ltd, which is incorporated in Sri Lanka.

1.5. 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.

1.6. Approval of financial statements by Directors

The Consolidated financial statements of the Group for the year ended 31 March 2023 were authorized for issue in accordance with resolution of the Board of Directors on 31 August 2023.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The Financial Statements of the Group and 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 which comprise Sri Lanka Financial Reporting Standards (SLFRS), Sri Lanka Accounting Standards (LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka, relevant interpretations of the Standing Interpretations Committee ('SIC') and International Financial Reporting Interpretations Committee ('IFRIC') and 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 the historical cost basis, except for the following material items in the statement of financial position. Where appropriate, the specific policies are explained in the succeeding notes.

Items	Basis of Measurement	Note
Land and Buildings	Measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair values at the date of revaluation	14
Investment Property	Measured at fair Value	18
Defined Benefit Obligations	Measured at the present value of the defined benefit obligation.	29
Assets held for sales	Measured at fair Value less cost to sell	24
Financial Assets at FVTPL	Measured at fair Value	20

No adjustments have been made for inflationary factors in the financial statements.

2.3. Functional and Presentation Currency

Items included in the financial statements of the Group 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 consolidated financial statements are presented in Sri Lankan Rupees (LKR) which is the Company's and Group's functional currency and presentation currency other than for the company 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
Handhuvaru Ocean Holidays (Pvt) Ltd	Maldives	USD

The aforementioned joint venture investment in Handhuvaru Ocean Holidays (Pvt) Limited (HOH) held through subsidiary CHML (equity stake of 50%) has been classified as held for sale as of March 31, 2022. This was duly sold to China Travel International Investment Hong Kong Limited('CTIIHK') and the share transfer was effected on September 08, 2022.

2.4. 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 inter-period comparability. The presentation and classification of the financial statements of the previous year have been amended, where relevant for better presentation and to be comparable with those of the current year.

2.5. Materiality and aggregation

Each material class of similar items is presented separately in the consolidated 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 the financial statements of the Group and the Company. The 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.

2.6. Use of Estimates and Judgments

The preparation of financial statements in conformity with Sri Lanka Accounting Standards (SLFRS and LKAS) requires management to make judgments, estimates and assumptions that affects the application of policies and reported amounts of assets and liabilities, income and expenses. Judgements and estimates are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgements and estimates.

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period and any future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

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 the following notes.

Critical accounting assumptions and estimation uncertainties	Note
Revaluation of Land and Buildings	14
Useful lifetime of property, plant and equipment	3.5.1(e)
Impairment of 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 (f)

Critical accounting assumptions and estimation uncertainties	Note
Measurement of defined benefit obligation: key actuarial assumptions	29
Measurement of Assets held for sales	24
Measurement of Deferred tax liabilities	30

Fair value measurement

Fair value 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group measures Land and Buildings, Investment Properties and investment in equity shares at fair value. Fair value related disclosures for financial and non-financial assets that are measured at fair value are summarized in the following notes:

- Land and Buildings under revaluation model Note 14
- Investment Property Note 18
- Investments in unquoted equity shares Note 17
- Investments in quoted equity shares Note 20

The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques. The Group and the Company measure fair values using the following fair value hierarchy that reflects the significance of inputs used in making the measurements.

- Level 1 – Quoted prices (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from price
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs.)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for recurring fair value measurement, such as for investment property and Investments in unquoted and quoted equity shares.

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 42.

Fair value of Land & Buildings

The Group carries its land and buildings at fair value, with changes in fair value being recognized in the statement of OCI. The valuer has used valuation techniques such as market values and depreciated replacement cost methods where there was a lack of comparable market data available based on the nature of the property.

The land was valued by reference to transactions involving properties of a similar nature, location and condition. The Group engaged an independent valuation specialist to determine the fair values of land and buildings as at 31 March 2023 and the valuer has confirmed that the fair value is not materially deviated from the carrying value of land and buildings from the last revaluation date.

The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Note 14.1.7.

Estimated useful lives of PPE and intangible assets.

The Group and the Company review annually the estimated useful lives of PPE and intangible assets based on factors such as business plan and strategies, expected level of usage. Future results of operations could be materially affected by changes in these estimates brought by changes in the factors mentioned. A reduction in the estimated useful lives of PPE and intangible assets would increase the recorded depreciation and amortization charge and decrease the carrying value.

Estimation of income taxes in relation to uncertain tax position

Judgement is involved in determining the Company's and the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognize liabilities for tax matters based on estimates of whether additional taxes will be due. If the final outcome of these taxes result in a difference in the amounts initially recognized, such differences will impact the current tax and/ or deferred tax provisions in the period in which such determination is made.

Recognition of deferred income tax assets

Taxes

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized.

This involves significant management judgement regarding future financial performance is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Group has tax losses carried forward as at 31 March 2023 amounting to Rs. 2,555,078,215/- (2022- 2,127,671,774/-).

Impairment of non-financial assets

The Group and the Company test annually the indicators to ascertain whether non-financial assets (including intangibles) have suffered any impairment, in accordance with the accounting policy stated in the financial statements. These calculations require the use of estimates.

Estimation of the defined benefit obligations

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions.

The assumptions used in determining the net cost (income) for defined benefit plan include the discount rate, future salary increase rate, mortality rate, withdrawal and disability rates and retirement age. Any changes in these assumptions will impact the carrying amount of defined benefit plan. The Group and the Company determine the appropriate discount rate at the end of each financial reporting period. This is the interest rate that should be used to determine the present value of estimated future cash outflows, expected to be required to settle the defined benefit plan. In determining the appropriate discount rate, the Group and the Company consider the interest yield of long-term government bonds that are denominated in the currency in which the benefit will be paid, and that have terms to maturity approximating the terms of the related defined benefit plan. Other key assumptions for defined benefit plan are based in part on current market conditions as disclosed in note 29 to the financial statements.

Estimation of provisions

The Group and the Company recognise provisions when they have a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recording of provisions requires the application of judgements about the ultimate resolution of these obligations. As a result, provisions are reviewed at the end of each financial reporting period and adjusted to reflect the Company's and the Group's current best estimate.

Estimation of contingent liabilities

Determination of the treatment of contingent liabilities in the financial statement is based on the management's view of the expected outcome of the applicable contingency. The Group and the Company consult with legal counsel on matters related to litigation and other experts both within and outside the Group and the company with respect to matters in the ordinary course of business.

Notes to the Financial Statements

Impairment of financial assets

The loss allowance for financial assets is based on assumptions about risk of default and expected loss rates. The Group and the Company use judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's and the Group's past history and existing market conditions, as well as forward-looking estimates are end of each reporting period.

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. Management considered 100% ECL for debtors aged more than 180 days in determining the provision matrix for ECL.

The provision matrix is initially based on the Group's historical observed default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

2.7. Rounding

The amounts in the Financial Statements have been rounded to the nearest thousand rupees, as permitted by the Sri Lanka Accounting Standard (LKAS 1) on 'Presentation of Financial Statements', except where otherwise specified.

2.8. Going Concern

When preparing the financial statements, the Board of Directors 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 of the overall tourism industry and they do not intend either to liquidate or to cease trading.

The management has formed the judgement 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 operationalisation 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 the 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 the present socio-economic crisis in the country, on the Group and the appropriateness of the use of the going concern basis. In March 2023, Group 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, revision of interest rates, higher taxes, depreciation of the Sri Lankan Rupee ('LKR') and negative impact of the Group's working capital cycle 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 in at arriving at this judgement 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. The Group and the Company have 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 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 the 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 as profit or loss immediately. Transaction costs are expensed in 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 to direct relevant activities of the entity. The financial statements of subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Adjustments required to the accounting policies of subsidiaries 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.

A listing of the Group's principal subsidiaries is set out in note 17 to the financial statements.

(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 are 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 by these companies is reflected under the heading "Non – controlling interest" in the Consolidated Statement of Financial Position.

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

(d) Loss of control

On the loss of control, the Group derecognises 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 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 a jointly controlled entity whereby the Group and other parties have a contractual arrangement that establishes joint control over the economic activities of the entity. The arrangement requires unanimous agreement for financial and operating decisions among the ventures. This is an entity in which the Group has significant influence, and which is neither a subsidiary nor an associate.

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 ventures 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 ventures 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 ventures 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 are presented for a common financial year, which ends on 31 March except for Handhuvaru Ocean Holidays Ltd which has the financial year ending 31st December.

The aforementioned joint venture investment in Handhuvaru Ocean Holidays (Pvt) Limited (HOH) held through subsidiary CHML (equity stake of 50%) was duly sold to CTIIHK and the share transfer was effected on September 08, 2022.

(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. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in comprehensive income. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

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 in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the 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 are generally recognized in the 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 that were 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 assets

(a) Classification

The Group and the Company classify its financial assets in the following measurement categories.

- those to be measured at amortised cost, and
- those to be measured subsequently at fair value either through other comprehensive income (OCI) or through profit or loss.

The classification depends on the Company's and the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, that will depend on whether the Group and the Company have made an irrevocable election at the time of initial recognition to account for equity investment at fair value through other comprehensive income (FVOCI).

The Group and the Company reclassify debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade date, the date on which the Group and the Company commit to purchase or sell the asset.

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.

(c) 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.

At initial recognition, the Group and the Company measure a financial asset (unless it is a trade receivable without a significant financing component) at its fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in comprehensive income.

A trade receivable without a significant financing component is initially measured at the transaction price.

(d) Subsequent measurement

(i) Debt instrument

Subsequent measurement of debt instruments depends on Group's business model for managing financial assets and the cash flow characteristics 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.

There are three measurement categories into which the Group classifies its debt instruments:

- 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 for collection of 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 outstanding.

Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income/ (losses) together with foreign exchange gains and losses. 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.

- A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated 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.

Movement in the carrying amount are taken through OCI, except for recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to comprehensive income and recognised in other income / (losses). Interest income from these financial assets is included in finance income using the effective interest rate method.

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.

- A financial asset at Fair Value through profit and loss (FVTPL) : Financial Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in comprehensive income and presented net within other gains/ (losses) in the period in which it arises.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

(ii) Equity Instruments

The Group and the Company subsequently measure all equity investments at fair value. Where the Group's management has elected to present fair value gains or losses on equity instruments in OCI, there is no subsequent reclassification of fair value gains and losses to comprehensive income following the derecognition of the investment. Dividends from such investments continue to be recognised in comprehensive income as other income when the Group's rights to receive payments is established. Changes in the fair value of financial assets at FVTPL are recognised in other gains/ (losses) in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investment measured at FVOCI are not reported separately from other changes in fair value.

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 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 realizing 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.

(e) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and Company currently have a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(f) Impairment

The Group and the Company assesses on a forward-looking basis the expected credit loss (ECL) associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Non-derivative financial assets

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

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

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

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

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

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

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

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

Measurement of ECLs

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to the contracts and present value of cash flows the Group and the Company expect to receive, over the remaining the life of the financial instruments.

The measurement of ECL reflects:

- An unbiased and probability- weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

Credit-impaired financial assets

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

- Evidence that a financial asset is credit-impaired includes the following observable data:
- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 180 days past due;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market 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

Assets that have an indefinite life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. 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 for the amount by which the asset's carrying amount of an asset or CGU exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Impairment losses are charged in Profit or Loss. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating assets). Asset that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. 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. Any subsequent increase in recoverable amount is recognised in comprehensive income.

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. Financial liabilities

(a) Classification, recognition and measurement

The Group and the Company classify their financial liabilities in the following categories: trade and other payables (excluding statutory liabilities), borrowings and other financial liabilities. Management determines the classification of financial liabilities at initial recognition.

Financial instruments issued by the Group and the Company, that are not designated at fair value through profit or loss, are carried at amortised cost.

Financial liabilities are initially recognised at fair value net of transaction costs are subsequently carried at amortised costs using effective interest rate method. They are included in current liabilities, except for maturities greater than 12 months after the end of the reporting date in which case they are classified as non-current liabilities.

(b) Derecognition

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.

3.5. Property, Plant & Equipment

3.5.1. Recognition and measurement

Property, plant & equipment are tangible items that are held for servicing, or 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 the cost of the asset can be reliably measured.

b. Measurement

Items of property, plant and equipment are measured at their historical 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 into 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 into 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 buildings and records at the 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 buildings 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 the 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 valuation are disclosed in Note No. 14.1.7 & 14.1.8 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to income statement during the reporting period in which they are incurred.

d. De-recognition

An item of property, plant & equipment is derecognised 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 derecognised 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.

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:

	Estimated useful life (In Years)
Buildings on Leasehold Land	Over the unexpired lease period
Freehold Buildings	20
Plant & Machinery	10
Tools & Implements	10
Furniture & Office equipment	10
Freehold Motor Vehicles	10
Leasehold Motor Vehicles	10
Leasehold Equipment	10
Swimming pool	8
Computer Equipment	5
Other Equipment	5

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

f. Impairment

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

g. Gains or losses on disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the profit or loss.

h. Asset exchange transaction

PPE may be acquired in exchange for a non-monetary asset or for a combination of monetary and non-monetary assets and is measured at fair value unless;

- the exchange transaction lacks commercial substance; or
- the fair value of neither the asset received, nor the assets given up can be measured reliably.

The acquired item is measured in this way even if the Group and the Company cannot immediately derecognise the assets given up. If the acquired item cannot be reliably measured at fair value, its cost is measured at the carrying amount of the asset given up.

i. Repairs and maintenance

Repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group and the Company. This cost is depreciated over the remaining useful life of the related asset.

3.6. Intangible assets

3.6.1. Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree, the resulting gain is recognised in profit or loss.

Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represent the lowest level within the entity at which the goodwill is monitored for internal management purposes. The carrying value of the goodwill is compared to the recoverable amount, which is higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

3.6.2. Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life of 5 years.

Costs associated with maintaining software programmes are recognised an as expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met.

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software will generate probable economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalized development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

3.6.3. 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.

Leasehold rights are shown at historical cost. Leasehold 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 rights over their estimated useful lives.

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.

3.7. Accounting for leases where the Group and the Company are the lessee

Leases are recognised as right-of-use ('ROU') asset and a corresponding liability at the date on which the leased asset is available for use by the Group and the Company (i.e. the commencement date)

Contracts may contain both lease and non-lease components. The Group and the Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

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.

3.7.1. 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.

(a) ROU assets

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 shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company is reasonably certain to exercise purchase option, the ROU asset is depreciated over the underlying asset's useful life. The ROU assets are adjusted for certain measurement of the lease liabilities. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

(b) Lease liabilities

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.

Lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, which is generally the case for leases in the Group and the Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

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.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant rate of return on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

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 the statement of financial position.

3.7.2. Short-term leases and leases of low-value assets

Short-term leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. Payments associated with short-term leases of low value assets are recognised on a straight-line basis as an expense in profit or loss.

3.7.3. 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.

3.8. Investment Property

Investment Property, principally comprise freehold land and buildings 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.

The cost includes expenditures that are 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 its 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 its 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. Investments in subsidiaries

In the Company's separate financial statements, investment in subsidiaries is stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

On disposal of investments in subsidiaries, the difference between the disposal proceeds and the carrying amount of the investments are recognised in comprehensive income. Disposal related costs are expensed as incurred.

3.11. 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. In arriving at the net realizable value, due allowance is made for all obsolete and slow-moving items.

The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition and determined on a weighted average basis. 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

3.12. Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services provided in the ordinary course of business. They are generally due for settlement within a year and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less allowance.

Other receivables generally arise from transactions outside the usual operating activities of the Group and the Company.

3.13. Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise of cash in hand and short-term deposits with original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Bank overdrafts are shown in current liabilities in the statement of financial position, 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 in the statement of cash flows.

3.14. Share Capital

(a) Classification

Ordinary shares with discretionary dividends are classified as equity. Other shares are classified as equity or liability according to the economic substance of the particular instrument. Distribution to holders of a financial instrument is classified as an equity instrument charged directly to equity.

Where any Group company purchases the Company's equity share capital, the consideration paid, including directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(b) Share issue expenses

Incremental costs directly attributable to the issuance of new shares are deducted against equity.

(c) Dividends to shareholders of the Company

Dividends distribution is recognised as a liability in the Company's and the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Distribution to holders of an equity instrument is recognised directly in equity.

3.15. Trade payables

Trade payables represent liabilities for goods and services provided to the Group and the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using effective interest method.

3.16. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extend there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are derecognised from the statement of financial position when the obligation is specified in the contract is discharged, cancelled or expired. Borrowings are classified as current liabilities unless the Group and the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

3.16.1. Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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.

3.17. Employee Benefits

a. Defined contribution plans

A defined contribution plan is a post-employment plan under which the Group & Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay a further amount. Such contributions to defined contribution plans are recognized as employee benefit expenses in the profit and loss in the period during which related services are rendered by employees. The Company and its employees are members of these defined contribution plans.

Employees' Provident Fund

The Group and Employees contribute 12% & 8% respectively on the basic or consolidated wage or salary of each eligible employee to the Employee Provident Fund.

Employees Trust Fund

The Group contributes 3% of the basic or consolidated wage or 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

Defined benefit plan defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The defined benefit plan comprises the gratuity provided under the payment of Gratuity Act, No.12 of 1983.

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 end of the reporting period. 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 yield rate of long-term government bond that have terms to maturity approximating to the terms of the related defined benefit obligation.

The qualifying remuneration of all permanent employees is 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 are 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 arising from experience adjustments and changes in actuarial assumptions, are recognised in the period in which they occur directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position. The assumptions based on which the results of the actuarial valuation were determined are included in note 29 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 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 recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

c. Short-term employee benefits

Wages, salaries, bonuses and non-monetary benefits that are expected to be settled in full within twelve (12) months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Short-term employee benefit obligations are measured on an undiscounted basis. 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 payable when employment is terminated by the Group and the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognises termination benefits at the earlier of the following dates:

(a) When the entity can no longer withdraw the offer of those benefits; and

(b) When the entity recognises costs for a restructuring that is within the scope of LKAS 37 and involves the payments of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees who are expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

3.18. Liabilities and Provisions

3.18.1. Liabilities

A liability is current when it is:

- Expected to be settled within the normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within 12 months after the reporting period, or
- It does not have a right at the reporting date to defer the payment of the liability by the transfer of cash or other assets for at least twelve months after the reporting period.

The Group and the Company classify all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.18.2. Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

3.18.3. 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. However, contingent liabilities do not include financial guarantee contracts.

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.

3.19. 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 all attached conditions will be complied with. Grants that compensate the Group for expenses incurred are recognized in profit or loss as other income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

4. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

4.1. Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods and services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services.

a) Revenue recognition

Goods and services deliverable under contracts with customers are identified as separate performance obligations ('obligations') to the extent that the customer can benefit from the goods or services on their own or together with other resources that are readily available to the customer and that the separate goods and services are considered distinct from other goods and services in the agreement. Where individual goods and services do not meet the criteria to be identified as separate performance obligations they are aggregated with other goods and/or services in the agreement until a separate performance obligation is identified.

Revenue is recognized when the respective obligations in the contract are delivered to the customer and payment remain probable.

The Group recognizes, in the contract interception, whether it has to fulfill its performance obligation over time or at a point in time. In an occasion where the performance obligation fulfills overtime then the Group 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 and geographical region in the operating segment information section which comes under the 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 are included in the contract liabilities that are received to render certain services. Contract liabilities of the Group have been disclosed in other current liabilities Note 34.

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 each contract as one performance obligation for packages offered to customers. Revenue in relation to package services are usually recognized 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.

The specific recognition criteria described below must also be met before revenue is recognised. Following nature of revenues from contract with customers are involved in the Group operations;

1. Room 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.

The performance obligation is to provide the right to use accommodation for a given number of nights, and the transaction price is the room rate for each night determined at the time of booking. The performance obligation is met when the customer is given the right to use the accommodation, and so revenue is recognised for each night as it takes place, at the room rate for that night.

2. Food and beverages revenue

The contract is established when the customer orders the food or beverage item, and the performance obligation is the provision of food and beverage by the Group and the Company. The performance obligation is satisfied when the food and beverage is delivered to the customer (at a point of time), and revenue is recognised at this point at the price in the items purchased.

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

Notes to the Financial Statements

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.

For all financial instruments measured at amortised cost, interest income is recognized using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of profit or loss.

Interest income on bank balances and bank deposits are recognised on an accrual basis and included under finance income in the income statement.

4.2. Revenue Expenditure

All expenditure incurred in the 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 the presentation of the income statement, the Directors are of the opinion that the function of the expense method presents fairly the elements of the enterprise's performance, hence such a 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 Statement of profit or loss is after making provision for all known liabilities and for the depreciation of property, plant & equipment.

4.3. Finance income & Finance cost

Finance income comprises interest income on funds invested in fixed deposits, savings accounts and intercompany loans. Interest income is recognized as it accrues in the statement of profit or loss, using the effective interest method and reversal recognized on financial assets (other than trade receivables if any).

Finance costs comprises interest expenses on loans and borrowings, loss on FVTPL 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.

Foreign currency gains and losses are reported on a net basis.

4.4. Income Tax Expenses

Tax expense for the period comprises current and deferred tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

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

The 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.

b. Deferred tax

Deferred tax is provided using liability method on 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.

The carrying amount of 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. Unrecognised 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 assets and liabilities are 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.

Deferred tax relating to items recognised outside profit or loss is recognised in other comprehensive income. Deferred tax items are recognised in correlation to the underlying transaction, either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed.

Tax withheld on dividend income from the subsidiary is recognised as an expense in the consolidated statement of Profit or Loss at the same time as the liability to pay the related dividend is recognised.

Temporary differences in relation to right-of-use assets and lease liability are regarded as a net amount (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

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The Group and the Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of uncertainty.

Turnover based taxes include Value Added Tax, Social Security Contribution Levy and Tourism Development Levy. The Company pays such taxes in accordance with respective statutes.

4.5. 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 services 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 statement of financial position.

Value Added Tax rate has increased to 15% with effect from October 2022.

4.6. Social Security Contribution Levy (SSCL)

Social Security Contribution Levy shall be paid by any person carrying on the business of supplying financial services, on the liable turnover specified in the second schedule of the Social Security Contribution Levy Act No 25 of 2022, at the rate of 2.5%, with effect from 1st October 2022.

4.7. 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 segments for the Company or Group.

4.8. Earnings Per Share

The basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group and the Company by the weighted average number of ordinary shares outstanding during the financial year.

For diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

4.9. Statement of Cash Flows

The Cash Flow Statements have been prepared using the "indirect method". Interest paid is classified as an operating cash flow, interest and dividends received are classified as investing cash flows while dividends paid are classified as financing cash flows for the purpose of presenting a cash flow statement.

5. NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE

A number of new standards are effective for annual periods beginning on or after 01st April 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these Group's Consolidated financial statements.

5.1 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 and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1st January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

5.2. Classification of Liabilities as Current or Non-Current (Amendments to LKAS 1)

The amendments, as issued on 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 01st January 2023. However, the IASB has subsequently proposed further amendments to LKAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 01st January 2024. Due to these ongoing developments, the Group is unable to determine the impact of these amendments on the financial statements in the period of initial application. The Group is closely monitoring the developments.

5.3. Disclosure of Accounting Policies - Amendments to LKAS 1 'Presentation of Financial Statements'. 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 the Consolidated financial statements of the Group and the separated financial statements of the Company. The Group does not anticipate this amendment to have a significant impact.

5.4. Amendments to LKAS 8 - Definition of Accounting Estimates

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 clarifies how companies should distinguish changes in accounting estimates. The distinction is important, in accounting estimates prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The amendment applies to annual reporting periods beginning on or after 1st January 2023.

The adoption of amendments to published standards is not expected to have a material impact on the financial statements of the Group and the Company.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group and the Company in the current or future reporting periods and on foreseeable future transactions.

Notes to the Financial Statements

7 REVENUE

7.1 Major products / Service lines

For the Year Ended 31 March	Group		Company	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Accommodation income	338,019,459	214,592,745	-	-
Food & Beverage income	500,899,222	325,362,726	-	-
Other revenue	38,942,948	21,980,118	7,043,164	6,886,792
	877,861,629	561,935,589	7,043,164	6,886,792

7.2 Disaggregation of revenue from contract with customers

The companies in the Group are primarily involved in hoteliering and generate revenue from provision of accommodation, food, beverages and other related services to customers.

For the year ended 31 March	Group		Company	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Business lines				
Room Revenue	338,019,459	214,592,745	-	-
Food and Beverage revenue	500,899,222	325,362,726	-	-
Other revenue	38,942,948	21,980,118	7,043,164	6,886,792
Total Revenue	877,861,629	561,935,589	7,043,164	6,886,792

7.3 Timing of revenue recognition

The Group and the Company derives revenue from the transfer of goods and services over time/the period of stay and at a point in time through the following business lines.

Timing of revenue recognition				
Products & services transferred at a point in time	539,842,170	347,342,844	7,043,164	6,886,792
Products & services transferred over time	338,019,459	214,592,745	-	-
Total revenue	877,861,629	561,935,589	7,043,164	6,886,792

8 OTHER OPERATING INCOME

Rent Income	3,874,832	4,335,817	-	-
Writeback of creditors	8,629,565	2,765,236	-	-
Fair Value gain of Investment Property	1,725,032	-	-	-
Sundry income	10,464,895	400,783	-	-
	24,694,324	7,501,836	-	-

9 OTHER OPERATING EXPENSES

Loss of Fair Value of Investment Property	-	8,550,000	-	-
Provision for slow moving stocks	1,772,606	1,291,311	-	-
Impairment provision on amounts due from related company	1,431,463	-	4,136,943	-
Impairment of Investment in Joint Venture	4,898,525	-	-	-
	8,102,594	9,841,311	4,136,943	-

10 NET FINANCE COST

10.1 Finance income

For the Year Ended 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Interest income on				
Intercompany loan	94,684,309	40,602,538	94,684,309	31,943,665
Fixed Deposits, Savings Accounts & etc.	228,404,630	51,338,369	-	-
	323,088,939	91,940,907	94,684,309	31,943,665

10.2 Finance Costs

Interest expense on				
Overdrafts	87,021,244	32,865,072	-	2,814
Lease (Note 31)	17,561,251	18,471,606	-	-
Loans	187,764,137	137,066,155	-	75,663,497
Interest expense on intercompany loan	-	-	111,194,611	-
Loss on Fair Value - FVTPL	108,560	-	108,560	-
Bank charges	1,133,082	-	-	-
	293,588,274	188,402,833	111,303,171	75,666,311
10.3 Net gain/(loss) on translation of foreign currencies	(41,994,832)	335,088,459	-	-
Net Finance (Cost)/Income	(12,494,167)	238,626,533	(16,618,862)	(43,722,646)

11 PROFIT / (LOSS) BEFORE INCOME TAX

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

Directors' emoluments	-	-		-
Auditors' remuneration				
Statutory audit	3,227,940	2,926,897	883,000	785,000
Non audit services	663,043	350,000	385,000	350,000
Depreciation on property, plant & equipment	159,006,943	171,046,817	6,517	6,517
Amortization of intangible assets	4,888,835	6,243,823	-	-
Amortization of Right of use assets	4,550,074	4,955,289	-	-
Provision for impairment of trade recievables	1,190,658	4,006,028	-	-
Donations	137,008	70,225	-	-
Professional fees & legal fee	2,520,855	3,122,963	245,758	1,724,948
Management fees expense	-	9,398,630	-	-
Staff costs (Note 11.1)	181,436,150	128,961,614	8,613,839	7,363,972

11.1 Staff costs

Wages, salaries and staff expenses	163,030,801	119,231,949	7,274,965	6,598,002
Defined contribution plan cost- EPF & ETF	14,043,271	7,091,045	112,917	136,482
Defined benefit plan cost- Retiring gratuity	4,362,078	2,638,620	1,225,958	629,488
	181,436,150	128,961,614	8,613,839	7,363,972

11.2 Discontinued Operations

A - Results of Discontinued Operation

As at 31st March	Handhuvaru Ocean Holidays 2023 Rs.	Group 2023 Rs.
Gain on disposal of assets held for sale	780,025,809	780,025,809
Income tax expenses	(21,229,036)	(21,229,036)
Profit / (loss) after tax from discontinue operations	758,796,773	758,796,773
Reclassification of foreign currency differences on loss of significant influence	78,841,180	78,841,180
Profit / (loss) after tax from discontinue operations	837,637,953	837,637,953
Profit / (loss) attributable to;		
Owners of the Company	659,322,940	659,322,940
Non Controlling Interest	178,315,013	178,315,013
	837,637,953	837,637,953
Earnings per share (Rs)	4.65	4.65

B - Cashflows from (used in) discontinued operations

As at 31st March	2023 Rs.
Net cash from investing activities	1,617,774,280
Net cashflows for the year	1,617,774,280

12 INCOME TAX EXPENSE / (REVERSAL)

12.1 Amounts recognized in Profit or Loss

For the Year Ended 31 March	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Current tax				
Income tax expense for the year (Note 12.4)	15,857,564	18,614,279	-	-
ESC Written Off	-	2,196,867	-	-
Under/(Over) provision in respect of previous year	-	(291,239)	-	-
	15,857,564	20,519,907	-	-
Deferred tax				
Origination & (Reversal) of temporary differences (Note 12.3)	(106,371,729)	(9,641,541)	-	-
Charge/(Reversal) for the year	(90,514,165)	10,878,366	-	-

12.2 Amounts recognized in Other Comprehensive Income

	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Deferred tax				
Origination & (Reversal) of temporary differences (Note 12.3)	1,247,580,332	203,967,123	-	-
	1,247,580,332	203,967,123	-	-

12.3 Deferred Tax Charged to;

	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Profit or loss	(106,371,729)	(9,641,541)	-	-
Other Comprehensive Income				
On revaluation (gain) / loss	1,247,853,733	204,171,736	-	-
On actuarial (gain) / loss	(273,401)	(204,613)	-	-
	1,141,208,603	194,325,582	-	-

Impact recognized in statement of profit or loss

For the Year Ended 31 March	Group 2023	Company 2023
Related to deferred tax assets/liabilities due to rate change	(218,045,045)	-
Related origination/(reversal) of temporary differences during the year	111,673,316	-
	(106,371,729)	-

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	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Accounting (loss)/ profit before income tax	(242,912,178)	(34,977,771)	(36,994,949)	(55,357,173)
Less: Non business income	(204,672,229)	(107,608,096)	(93,445,894)	(31,943,665)
Add: Adjustment on Disallowable Expenses	337,971,787	538,605,396	3,964,225	636,010
Less: Adjustment on Allowable Expenses	(155,803,023)	(146,240,906)	(232,011)	(1,579,677)
Less: Exempt Income	(314,123,998)	(583,226,476)	-	-
Tax Profit/(loss) for the period	(579,539,641)	(333,447,853)	(126,708,629)	(88,244,505)
Adjustment of tax losses incurred	579,539,641	333,447,853	126,708,629	88,244,505
Taxable other income	205,289,769	109,503,159	93,445,894	31,943,665
Tax Losses utilized	(139,216,587)	(31,943,665)	(93,445,894)	(31,943,665)
Taxable Income	66,073,182	77,559,494	-	-
Income tax provision for the year is made up of the following.				
Statutory tax rate				
Income tax @ 30% & 24%	15,857,564	18,614,279	-	-
Income tax on current year profits	15,857,564	18,614,279	-	-

12.5 Movement of brought forward tax losses

Tax Loss brought forward	2,127,671,774	1,826,894,733	690,450,765	634,149,925
Adjustments to brought forward balance	(11,441,941)	(727,147)	-	-
Loss Written off	(1,474,672)	-	-	-
Tax Losses utilized during the year	(139,216,587)	(31,943,665)	(93,445,894)	(31,943,665)
Loss incurred during the year	579,539,641	333,447,853	126,708,629	88,244,505
Tax Losses carried forward	2,555,078,215	2,127,671,774	723,713,500	690,450,765

12.6 Applicable Income Tax Rates

(a). The Group and the Company are also liable to pay income tax at standard rate of 30% on interest income earned in Sri Lanka Rupees (upto 1st October 2022 - 24%)

(b). According to Inland Revenue (amendment) Act No. 45 of 2022, income tax rate of resident companies increased to 30% from 14% effective from 1st October 2022.

(c). 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 until 30th September 2022.

13 EARNINGS/(LOSS) PER SHARE AND DIVIDENDS

13.1 Basic Earnings/(loss) per share

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

For the Year Ended 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Profit/(Loss) attributable to equity holders of the Company (Rs.)	543,886,474	(39,684,680)	(36,994,950)	(55,357,173)
Weighted average number of ordinary shares in issue	180,030,942	180,030,942	180,030,942	180,030,942
Earnings/(Loss) per share (Rs.)	3.02	(0.22)	(0.21)	(0.31)

13.1 Diluted Earnings/(loss) per share

Diluted earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year after adjustment for the effects of all dilutive potential ordinary shares.

As at 31st March 2023 & as at 31st March 2022 there were no dilutive potential ordinary shares. Hence diluted earnings per share is same as basic earnings per share.

14 PROPERTY, PLANT AND EQUIPMENT

14.1 Group

	Freehold Land	Freehold buildings	Building on leasehold land	Plant and machinery	Furniture and office equipment	Freehold motor vehicles	Equipment	Computers	Swimming pool	WIP	Total 2023	Total 2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost/ valuation												
As at 1st April 2022	6,235,000,000	2,170,100,000	1,806,550,000	131,156,769	211,110,625	22,649,000	192,126,362	42,442,374	32,516,555	-	10,843,651,685	9,586,302,386
Additions during the year	-	-	-	1,338,304	2,673,862	-	10,034,063	5,391,701	-	150,000	19,587,930	3,275,873
Revaluations	-	-	-	-	-	-	-	-	-	-	-	1,254,073,426
As at 31st March 2023	6,235,000,000	2,170,100,000	1,806,550,000	132,495,073	213,784,487	22,649,000	202,160,425	47,834,075	32,516,555	150,000	10,863,239,615	10,843,651,685
Accumulated depreciation												
As at 1st April 2022	-	-	-	82,737,892	90,404,706	433,084	123,033,478	44,008,061	17,110,407	-	357,727,628	390,976,930
Charge for the year	-	44,484,487	68,948,862	15,235,946	16,399,892	30,915	8,857,227	1,564,384	3,485,230	-	159,006,943	171,046,817
Depreciation on Revaluation	-	-	-	-	-	-	-	-	-	-	-	(204,296,119)
As at 31st March 2023	-	44,484,487	68,948,862	97,973,838	106,804,598	463,999	131,890,705	45,572,445	20,595,637	-	516,734,571	357,727,628
Net book value as at 31st March 2023	6,235,000,000	2,125,615,513	1,737,601,138	34,521,235	106,979,889	22,185,001	70,269,720	2,261,630	11,920,918	150,000	10,346,505,044	
Net book value as at 31st March 2022	6,235,000,000	2,170,100,000	1,806,550,000	48,418,877	120,705,919	22,215,916	69,092,884	(1,565,687)	15,406,148	-		10,485,924,057

14.1.1 Based on the assessment carried out internally, 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 2023.

14.1.2 There were no capitalized borrowing costs related to the acquisition of Property Plant and Equipment during the year (2021/22 - nil).

14.1.3 There were no restrictions on the title of the Property, Plant and Equipment as at 31 March 2023.

14.1.4 There were no items of Property, Plant and Equipment pledged as security as at 31 March 2023.

14.1.5 At 31 March 2023, property, plant and equipment includes fully depreciated assets that are still in use, the cost of which amounted to Rs. 129,722,070/ -.

14.1.6 During the financial year, the Group acquired Property, Plant & Equipment to the aggregate value of Rs.19,587,930/- (2021/2022 - Rs. 3,275,873/-) .

14.1.7 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.

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

As at 31 March 2023

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. 10,000 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)
	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)
	Building	01	The Lake at Pothgul Pedesa, New Town, Polonnaruwa	Investment Method	S Sivaskantha, Fellow Member of Institute of Valuation of Sri Lanka, Incorporated valuer	Range Rs. 6,500 - Rs. 30,000 per sq. ft Depreciation rate - 40% Rate of Return -12.5%-13%	Estimated fair value would increase/ (decrease) if ;- Price per square feet increases/ (decreases)
CHC Foods (Pvt) Ltd	Building	01	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.

14.1.8 Value of land and building ownership

Name of the Company	Location	Property	Ownership	Extent	Carrying value As at 31st March 2023
The Kandy Hotels (1938) PLC	Hotel Suisse -No 30, Sangaraja Mawatha, Kandy.	Land	Freehold	429.85 Perches	3,008,950,000
		Building	Freehold	114,885.5 Sq.ft	1,072,765,513
	Hotel Queen's - No 04, Dalada Vidiya, Kandy.	Land	Freehold	215.07 Perches	3,226,050,000
		Building	Freehold	80,861.5 Sq.ft	1,052,850,000
United Hotels Co. Ltd	The Lake House Hotel, Parakrama Samudraya Pedesa, Polonnaruwa	Building	Lease Hold	15,344 Sq ft	116,531,249
	The Surf Hotel, Beach Road, Bentota	Building	Lease Hold	89,487 Sq ft	1,593,121,763
CHC Foods (Pvt) Ltd	Heritage Ambepussa & Avanhala Kandy road, Ambepussa Warakapola	Building	Lease Hold	29,035 Sq ft	96,542,500
	Hawella Rest House Low Level Road, Hanwella	Building	Lease Hold	9,531 Sq ft	11,050,000
Tissa Resort (Pvt) Ltd	The Safari, Kataragama Road, Tissamaharama	Building	Lease Hold	48,497.5 Sq ft	308,370,001

14.2 Company

As at 31st March	Furniture fittings and fixtures Rs.	Computers Rs.	Total 2023 Rs.	Total 2022 Rs.
Cost/ Valuation				
As at 1st April	36,171	14,500	50,671	50,671
As at 31st March	36,171	14,500	50,671	50,671
Accumulated Depreciation				
As at 1st April	26,736	8,851	35,587	29,070
Charge for the year	3,617	2,900	6,517	6,517
As at 31st March	30,353	11,751	42,104	35,587
Carrying Amount				
As at 31st March 2023	5,818	2,749	8,567	
As at 31st March 2022	9,435	5,649		15,084

14.2.1 Based on the assessment carried out internally, 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 2023.

14.2.2 There were no capitalized borrowing costs related to the acquisition of Property Plant and Equipment during the year (2021/22 - nil).

14.2.3 No fully depreciated assets were included inproperty plant & equipment as at 31st March 2023 (21/22 - Nil)

15 INTANGIBLE ASSETS

As at 31st March	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Computer Software (15.1)	8,961,088	12,845,107	-	-
Goodwill on Acquisition (15.2)	451,859	451,859	-	-
Total	9,412,947	13,296,966	-	-

15.1 Computer Software

As at 31st March	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Cost				
At the beginning of the year	54,345,028	54,345,028	23,460	23,460
Acquired/ incurred during the year	1,004,816	-	-	-
As at 31st March	55,349,844	54,345,028	23,460	23,460
Amortization				
At the beginning of the year	41,499,921	35,256,098	23,460	23,460
Amortization for the year	4,888,835	6,243,823		-
At the end of the year	46,388,756	41,499,921	23,460	23,460
Net book Value as at 31st March	8,961,088	12,845,107	-	-

15.2 Goodwill

As at 31st March	2023 Rs.	Total 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 2023.

The Group undertakes an annual test for impairment of its Cash-Generating Units (CGUs) which is the lowest level of assets for which there are separately identifiable cash flows, have carrying amounts of goodwill that are considered for the impairment test.

The recoverable amount of CGUs are determined based on the Value in Use ('VIU') calculations. These forecasts and projections reflect management expectations of revenue growth, operating costs and margins for each CGU based on past experience and future plans and startegies.

Discounted Cash Flow ('DCF') method
VIU is calculated by applying DCF model using cash flow projections based on the forecasts and projections approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates. The growth rates do not exceed the long-term average growth-rate for the business in which the CGU operates.

Free cash flow (FCF)
FCF projections are based on EBITDA and capital expenditure projections.

Pre-tax discount rate
The Group's long term Weighted Average Cost of Capital (WACC) is representative of discount rate and is used as the pre-tax discount rate to discount cash flow projections.

Terminal growth rate
Terminal growth reflects the management expectations on the growth potential in Sri Lanka for the forseeable future.

16 LEASES

16.1 Right of use assets

As at 31st March	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Balance at the beginning of the Period	113,055,771	118,011,060	-	-
Amortization during the period	(4,550,074)	(4,955,289)	-	-
Balance at the end of the Period	108,505,697	113,055,771	-	-

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	No. of shares Company		Effective Holding %		Company	
	2023	2023	2022	2023	2022	2023	2022
	Rs.					Rs.	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

	2023	2022
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 2023.

Company and Country of Incorporation/ Operation	Principal Activities	Class of Shares Held	2023			2022		
			Proportion of interest held by the Company	Group Interest (%)	Non-controlling interest (%)	Proportion of interest held by the Company	Group Interest (%)	Non-controlling interest (%)
Sri Lanka								
United Hotels Co.Ltd	Hotel Services	Ordinary	67.51%	78.71%	21.29%	67.51%	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	Hotel Services	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 2023	United Hotels Co.Ltd Rs.	Tissa Resort (Pvt) Ltd Rs.	Kandy Hotels Co. (1938) PLC Rs.	Suisse Hotel (Pvt) Ltd Rs.
NCI percentage	21.29%	21.29%	30.46%	30.46%
Total Assets	3,129,739,696	342,170,385	10,769,783,447	179,174,808
Total Liabilities	1,300,791,963	334,630,423	2,888,108,713	9,741,697
Net Assets	1,828,947,733	7,539,962	7,881,674,734	169,433,111
Net Assets attributable to NCI	389,343,435	1,605,095	2,401,116,382	51,617,027
Revenue	382,368,222	89,275,885	309,339,828	-
Profit/(Loss)	(96,427,302)	(45,965,891)	(15,718,850)	(5,084,596)
OCI	(117,234,311)	(36,056,381)	(948,684,466)	-
Total Comprehensive Income	(213,661,613)	(82,022,272)	(964,403,316)	(5,084,596)
Profit attributable to NCI	(20,527,288)	(9,785,145)	(4,788,676)	(1,548,999)
OCI attributable to NCI	(24,956,651)	(7,675,624)	(289,012,410)	-
Cash flows from operating activities	265,954,392	5,166,303	(208,270,549)	(186,071)
Cash flows from investment activities	48,163,506	19,254,978	137,223,304	-
Cash flows from financing activities	(379,937,097)	(34,573,521)	(62,122,010)	-
Net increase (decrease) in cash and cash equivalents	(65,819,200)	(10,152,240)	(133,169,255)	(186,071)
Dividends paid to NCI during the year	-	-	-	-

As at 31st March 2022	United Hotels Co.Ltd Rs.	Tissa Resort (Pvt) Ltd Rs.	Kandy Hotels Co. (1938) PLC Rs.	Suisse Hotel (Pvt) Ltd Rs.
NCI percentage	21.29%	21.29%	30.46%	30.46%
Total Assets	3,520,748,035	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)	-

17.4 Investment in Equity Accounted Investees

17.4.1 Principal joint Venture

As at 31st March 2023

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	2023 Proportion of class held by the Company	2023 Group Interest (%)	2022 Proportion of class held by the Company	2022 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	-	0%	-	39%

As at 31st March	Handhuvaru Ocean Holidays		Suisse Hotel Kandy (Pvt) Limited		Ceylon Holiday Holdings (Pvt) Limited		Total	
	2023 (Rs.)	2022 (Rs.)	2023 (Rs.)	2022 (Rs.)	2023 (Rs.)	2022 (Rs.)	2023 (Rs.)	2022 (Rs.)
No of Shares	2,294,535	2,294,535	142,130,001	142,130,001	198,800,129	198,800,129		
Holding %	0%	39%	35%	35%	50%	50%		
Opening Balance	-	795,102,982	-	86,892,247	160,599,927	174,108,480	160,599,927	1,056,103,709
During the year investment	-	-	4,898,525	-	-	-	4,898,525	-
Impairment provision	-	-	(4,898,525)	-	-	-	(4,898,525)	-
Share of Operating Losses for the year	-	(4,997,915)	-	(86,946,052)	(34,067,857)	(16,177,840)	(34,067,857)	(108,121,807)
Share of Other Comprehensive income, net of tax	-	47,643,404	-	53,805	(730)	2,669,287	(730)	50,366,496
Classified as Assets held for sale (Note 23)	-	(837,748,471)	-	-	-	-	-	(837,748,471)
	-	-	-	-	126,531,340	160,599,927	126,531,340	160,599,927
Summary financial information of Joint Ventures								
Current Asset	-	402,574,494	136,463,034	126,995,403	139,999,434	120,750,182	276,462,468	650,320,079
Non Current Asset	-	1,258,445,260	3,911,252,269	1,638,451,206	752,209,998	780,657,377	4,663,462,267	3,677,553,843
Current Liabilities	-	(1,793,682)	(241,143,285)	(236,253,755)	(385,289,306)	(264,870,690)	(626,432,591)	(502,918,127)
Non Current Liabilities	-	(306,482,923)	(3,214,428,991)	(2,317,889,148)	(253,857,447)	(315,337,015)	(3,468,286,438)	(2,939,709,086)
Net Assets (100%)	-	1,352,743,149	592,143,027	(788,696,294)	253,062,679	321,199,854	845,205,706	885,246,709
Group's share of net assets		676,371,575	296,071,514	(394,348,147)	126,531,340	160,599,927	422,602,854	442,623,355
Goodwill	-	161,376,896	-	-	-	-	-	161,376,896
(-) Total unallocated share of losses (Note 17.4.1.1)	-	-	711,929,264	394,348,147	-	-	711,929,264	394,348,147
(-) Adjustment for uniform accounting policies	-	-	(1,003,102,253)	-	-	-	-	-
(-) Provision for impairment	-	-	(4,898,525)	-	-	-	-	-
Classified as Assets held for sale (Note 23)	-	(837,748,471)	-	-	-	-	-	(837,748,471)
Share of net asset attributable to equity accounted investee	-	-	-	-	126,531,340	160,599,927	126,531,340	160,599,927
Summary financial information of Share of Joint Ventures								
Revenue	-	-	232,126,552	186,663,675	203,304,944	120,530,876	435,431,496	307,194,551
Losses before income tax		(9,995,830)	(634,424,593)	(962,336,567)	(72,309,735)	(50,429,153)	(706,734,328)	(1,012,765,720)
Income tax	-	-	(251,833)	(251,833)	4,783,317	18,073,487	4,531,484	17,821,654
Profit /(Loss) after tax	-	(9,995,830)	(634,676,426)	(962,588,400)	(67,526,418)	(32,355,666)	(702,202,844)	(994,944,066)
Other comprehensive income net of tax		95,286,808	2,006,204,505	107,611	(1,459)	5,338,574	2,006,203,046	5,446,185
(-) Adjustment for uniform accounting policies	-	-	(2,006,204,505)	-	-	-	-	-
Total comprehensive income for the year	-	85,290,978	(634,676,426)	(962,480,789)	(67,527,877)	(27,017,092)	1,304,000,202	(989,497,881)
Share of Profit /(Loss) after tax - During the year	-	(4,997,915)	(317,338,213)	(481,294,199)	(33,763,208)	(16,177,840)	(351,101,421)	(497,472,039)
Share of Profit /(Loss) after tax - Prior year net assets adjustments	-	-	-	-	(304,649)			
Share of Total other comprehensive income net of tax for the year	-	47,643,404	-	53,806	(730)	2,669,287	(730)	2,723,092
Unallocated share of losses (Note 17.4.1.1)	-	-	317,338,213	394,348,147	-	-	317,338,213	394,348,147
Share of Joint Venture's Total comprehensive income for the year	-	42,645,489	-	(86,892,247)	(34,068,587)	(13,508,553)	(33,763,938)	(100,400,800)

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 31st March	Company	
	2023	2022
	Rs.	Rs.
Ceylon Holiday Holdings (Pvt) Limited		
Opening balance as at 1st April	309,497,174	309,497,174
Fair Value Loss	-	-
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	
	Valuation technique used in measuring level 3 fair value of the Investment in Joint Venture and the significant unobservable inputs used, including a sensitivity analysis on possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, on Other comprehensive income.	forecast annual revenue growth rate (10% - 12%) forecast annual EBITDA growth rate (5% - 8%)
		Terminal Growth Rate of 3%
		Discount Rate of 17% (WACC)

18 INVESTMENT PROPERTY

As at 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Opening balance as at 1st April	192,237,968	200,787,968	-	-
Change in Fair Value	1,725,032	(8,550,000)	-	-
Closing balance as at 31st March	193,963,000	192,237,968	-	-

Investment Property Details are as follows;

18.1 Rental Income earned from Investment Property by the Company amounted to Rs.3,262,500 (2021/22 Rs. 2,450,000)

18.2 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 2023. A fair value gain of Rs. 1,725,032 was recognised due to the development of Building on lease hold land.

18.3 The following table shows the valuation techniques used for the Group in measuring Level 3 fair values, and the significant unobservable inputs used for investment property as at 31st March 2023.

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. 12,000 to Rs. 30,000 per sq. ft Depreciation rate - 45% Rate of Return -12.5%	Estimated fair value would increase/ (decrease) if; - Price per square feet increases/(decreases)

19 INVENTORIES

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Food	18,351,365	10,865,522	-	-
Beverages	6,258,009	4,467,619	-	-
Crockery, linen and glassware	52,586,105	41,674,769	-	-
Sundry stock	1,578,842	11,011,653	-	-
	78,774,321	68,019,563	-	-
Provision for obsolete and slow moving stocks	(3,906,726)	(2,134,120)	-	-
	74,867,595	65,885,443	-	-

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The fair value reflects the total market price of equity instruments as at 31st March 2023.

As at 31st March	Group					Company				
	No.Of shares	2023 Fair Value Rs.	2023 Cost Rs.	2022 Fair Value Rs.	2022 Cost Rs.	No.Of shares	2023 Fair Value Rs.	2023 Cost Rs.	2022 Fair Value Rs.	2022 Cost Rs.
Commercial Bank of Ceylon PLC	55,000	2,975,500	3,058,880	-	-	55,000	2,975,500	3,058,880	-	-
Melstacorp PLC	500,000	27,450,000	27,808,000	-	-	500,000	27,450,000	27,808,000	-	-
Nations Trust Bank PLC	100,000	6,400,000	6,067,180	-	-	100,000	6,400,000	6,067,180	-	-
		36,825,500	36,934,060	-	-		36,825,500	36,934,060	-	-

Notes to the Financial Statements

21 TRADE & OTHER RECEIVABLES

As at 31st March	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Trade receivables (Note 21.1)	97,957,009	38,079,739	-	-
Other receivables (Note 21.2)	188,780,670	84,041,290	5,595,051	6,183,239
	286,737,679	122,121,029	5,595,051	6,183,239

21.1 Trade receivables

Trade receivable	107,840,758	47,077,020	-	-
Less: ECL Provision for bad & doubtful debts (Note 21.3)	(9,883,749)	(8,997,281)	-	-
	97,957,009	38,079,739	-	-

21.2 Other receivables

Advances and deposits	33,791,639	18,294,472	-	-
Fixed deposit interest receivable	-	24,611,309	-	-
Other receivables	156,513,221	42,355,509	5,595,051	6,183,239
Less: Provision for bad & doubtful debts	(1,524,190)	(1,220,000)	-	-
	188,780,670	84,041,290	5,595,051	6,183,239

21.3 ECL Provision for Impairment of trade receivables

Balance as at the beginning of the year	8,997,281	4,991,253	-	-
Provision during the year	1,190,658	4,006,028		-
Write-off during the year	(304,190)	-	-	-
Balance as at the end of the year	9,883,749	8,997,281	-	-

Management has carried out an impairment provision based on the simplified approach of ECL method and impairment provision of Rs.9,883,749 has been accounted for trade debtors as the ECL. (2021/2022 - Rs. 8,997,281)

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.

22 AMOUNTS DUE FROM RELATED COMPANIES

Name of the company	Relationship	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Studio clay (Pvt) Ltd	Affiliate	18,826	17,690	18,821	16,387
CHC Foods (Pvt) Ltd	Subsidiary	-	-	141,706,364	140,258,274
Tissa Resort (Pvt) Ltd	Subsidiary	-	-	79,758,935	24,621,336
Hadauru Ocean (Pvt) Ltd	Equity- accounted investees (Disposed)	-	1,480	-	-
CHC Rest Houses (Pvt) Ltd	Equity- accounted investees	28,087,228	28,089,670	28,087,228	28,089,670
Made in Italy (Pvt) Ltd	Affiliate	2,607	2,607	-	-
Galle Face Group (Pvt) Ltd	Affiliate	8,149,546	4,934,744	2,650,014	2,662,539
Gardiner Group (Pvt) Ltd	Affiliate	339,225	339,225	-	-
Ceylon Holiday Holdings (Pvt) Ltd	Equity- accounted investees	53,400,345	42,143,946	53,400,345	42,143,946
Infini Restaurant Management (Pvt) Limited	Affiliate	-	288	-	-
Galle Face Hotel 1994 (Pvt) Ltd	Affiliate	43,845	272,647	43,845	194,861
The Galle Face Hotel Co Ltd	Parent Company	8,641,780	4,899,851	8,560,892	-
GFH Management Co. Ltd.	Affiliate	1,407,125	2,586,450	-	-
Southerland Holdings (Pvt) Ltd	Affiliate	24,730	1,517	8,310	-
Suisse Hotel Kandy (Pvt) Ltd	Subsidiary	4,000,000	-	-	-
Ceylon Hotel Holdings (Pvt) Ltd	Intermediate Parent Company	472,674,474	387,792,360	361,957,081	373,955,980
		576,789,731	471,082,475	676,191,835	611,942,993
Less: Provision for amounts due from related companies (Note 22.1)		(1,371,604)	-	(14,258,104)	(10,121,161)
Total Amounts due from related companies		575,418,127	471,082,475	661,933,731	601,821,832

22.1 Provision for Expected credit loss

	Group 2023	Group 2022	Company 2023	Company 2022
Opening balance as at 1st April	-	-	10,121,161	10,121,161
Provision made during the year	1,431,463	-	4,136,943	-
Write-off during the year	(59,859)			
Closing balance as at 31st March	1,371,604	-	14,258,104	10,121,161

23 INCOME TAX RECOVERABLE

As at 31st March	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Balance at the beginning of the period	2,180,159	2,180,159	-	-
Balance at the end of the period	2,180,159	2,180,159	-	-

24 ASSETS HELD FOR SALE

As at 31st March	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Balance at the beginning of the period	837,748,471	-	-	-
Transferred during the year	-	837,748,471	-	-
Disposal during the year	(837,748,471)	-	-	-
Balance at the end of the period	-	837,748,471	-	-

24.1 During the year 2021/22, 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 Handhuvaru Ocean Holidays (Pvt) Ltd (HOH) for USD 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 aforementioned joint venture investment in Handhuvaru Ocean Holidays (Pvt) Limited (HOH) held through subsidiary CHML (equity stake of 50%) was duly sold to China Travel International Investment Hong Kong Limited (‘CTIIHK’) for a consideration of USD 4,496,663 and the share transfer was effected on September 08, 2022.

25 CASH & CASH EQUIVALENTS

As at 31st March	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Favourable cash and bank balances				
Cash at banks	26,492,515	63,035,509	571,745	90,163
Fixed deposits	2,590,198,743	1,474,593,253	-	
Cash in hand	7,495,543	6,299,470	-	-
	2,624,186,801	1,543,928,232	571,745	90,163
Unfavourable cash and bank balances				
Bank Overdrafts	(419,756,812)	(164,885,013)	-	(1,191,237)
Cash & cash equivalents for cash flow purpose	2,204,429,989	1,379,043,219	571,745	(1,101,074)

26 STATED CAPITAL

As at 31st March	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Ordinary shares (180,030,942)	360,210,821	360,210,821	360,210,821	360,210,821
6% Preference shares (1,200,000 Shares)	2,400,000	2,400,000	2,400,000	2,400,000
	362,610,821	362,610,821	362,610,821	362,610,821

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

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

27 RESERVES

As at 31st March	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Revaluation reserve	5,075,443,219	6,036,672,853	-	-
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	-	-
General reserve	167,079,660	167,079,660	166,718,393	166,718,393
	5,250,650,890	6,290,721,704	359,013,425	359,013,425

27.1 Revaluation reserve

Nature and purpose of the reserve

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

27.2 Capital reserve

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

27.3 FVOCI Reserve

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

Changes in the fair value arising on translation of unquoted equity investments that are classified as financial assets at fair value through OCI are recognized in other comprehensive income and accumulated in a separate reserve within equity. The amount cannot be reclassified to profit and loss when the associated assets are sold.

The group has elected to recognise changes in fair value of certain investments in equity securities. These changes are accumulated within FVOCI reserve within equity. The group transforms amounts from the reserve to retained earnings when the equity securities are derecognised.

27.4 Foreign Currency Equalization Reserve

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

27.5 General reserve

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

28 INTEREST BEARING BORROWINGS

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Analysis of interest bearing borrowings				
Balance at the beginning of the year	2,061,500,104	1,725,341,583	-	-
Loans obtained during the year	6,447,464	5,000,000	-	-
Interest moratorium loan	436,527,405	171,211,357	-	-
Exchange gain	-	172,419,879	-	-
Interest accrued during the year	26,027,779	-	-	-
Reclassification from other payables	1,385,831	-		
Repayments during the year	(858,764,156)	(12,472,715)	-	-
Balance at the end of the period	1,673,124,427	2,061,500,104	-	-
Payable after one year	1,296,411,766	1,357,631,841	-	-
Payable within one year	376,712,661	703,868,263	-	-

28.1 Interest bearing borrowing analysis

Financial institution	Repayment terms	Principal (Rs.)	Rate	Security	Closing balance as at 31st March 2023 Rs.
Tissa Resort (Pvt) Ltd					
Commercial Bank of Ceylon PLC (Term Loan)	1 installment of Rs 18.5 Mn and 2 installment of Rs. 2.7 MN	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.	23,920,000
Commercial Bank of Ceylon PLC (Term Loan)	34 equal monthly instalments of Rs 0.835 Mn and Final instalment of Rs 0.735 Mn	50,000,000	2.5% + AWPLR	Mortgage of Leasehold rights over the "The Safari" property and a Corporate Guarantee of Rs 216.5 Mn from Ceylon Hotels Corporation PLC	29,125,000

Financial institution	Repayment terms	Principal (Rs.)	Rate	Security	Closing balance as at 31st March 2023 Rs.
Commercial Bank of Ceylon PLC (Term Loan)	Rs 835,000 x 34 Installments	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.	-
Commercial Bank of Ceylon PLC (Saubhagya Covid 19 Renaissance Facility)	Rs 683,000 x 5 Installments and 692,000 x 1 installment	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	3,424,900
Commercial Bank of Ceylon PLC (Interest Moratorium Loan)	Repayment terms & interest on the loan to be decided in June 2023				54,300,043
					110,769,943
United Hotels Company Ltd					
Commercial Bank of Ceylon PLC (Term Loan)	Rs. 240,000 x 12 months Rs. 730,000 x 12 months Rs.1,220,000 x 24 months Rs.1,480,000 x 11 months Rs.1,550,000 x 1 month	75,000,000	Fixed 15%	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. 600,000 x 12 months Rs. 270,000 x 12 months Rs. 380,000 x 24 months Rs. 490,000 x 11 months Rs. 553,000 x 1 month	20,000,000	Fixed 15%	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)	35 Equal Installements of Rs. 1,150,000 and Balance by by final installement (commencing from June 2023)	40,312,585	Fixed 10%		40,312,585

Notes to the Financial Statements

Financial institution	Repayment terms	Principal (Rs.)	Rate	Security	Closing balance as at 31st March 2023 Rs.
Cargills Bank Limited (Term Loan)	Will be Converted in to a single Term Loan and capital & interest repayment will be as follows as per Offer Letter issued on 28th June 2023 US $ 72,980.63 - 12 equal Installments in Calendar Year 2023 US $ 199,400.63 - 12 equal Installments in Calendar Year 2024 US $ 299,100.95 - 12 equal Installments in Calendar Year 2025 US $ 319,041.01 - 12 equal Installments in Calendar Year 2026 US $ 338,981.08 - 12 equal Installments in Calendar Year 2027	US $ 291,000 & US $ 1,209,000	12% Fixed Upon Restructure (To be Reviewed BI Annually)	Primary floating mortgage bond for USD.1.5 Million over the leasehold property "The Surf"	282,839,765
Cargills Bank Limited - USD Interest Morotorium (Accrued Interest)	US $ 358,921.14 - 12 equal Installments in Calendar Year 2028 US $ 405,580.90 - 12 equal Installments in Calendar Year 2029	US $ 1,003,365	12% Fixed Upon Restructure (To be Reviewed BI Annually)		328,387,016
Cargills Bank Limited - USD Interest Morotorium (Accrued Interest)					18,731,522.6
Total					748,020,889

Financial institution	Repayment terms	Principal (Rs.)	Rate	Security	Closing balance as at 31st March 2023 Rs.
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. 157.7Mn absorbed in to a Capital Moratorium Loan.	517,000,000	AWPLR + 2% p.a	Mortgage over Shares of United Hotels Co.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	-
Sampath Bank PLC	Capital to be repaid in 61 monthly installments of Rs. 8,300,000.00 and final installment of 10,700,000.00 commencing from 26-07-2023. Interest to be serviced monthly during the full tenor of the loan	517,000,000	Fixed 12% for aperiod of 12 months commencing from 26-06-2022 thereafter AWPLR +2%	Mortgage over Shares of United Hotels Co.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	517,000,000
Sampath Bank PLC	Capital to be repaid in 37 monthly instalments of Rs.1,700,000.00 and final instalment of 2,230,958.69 commencing from 26-07-2022 together with the interest		10% p.a (fixed)	Debt moratorium facility on above investment loan - Loan value Rs. 65,130,959/-.	53,230,959
Sampath Bank PLC	Loan Outstanding amount of 5.6Mn absorbed in to a Interest Moratorium Loan effective from 01st October 2021	5,647,335	Interest Free	Loan Outstanding amount of 5.6Mn absorbed in to a Interest Moratorium Loan effective from 01st October 2021.	-

Notes to the Financial Statements

Financial institution	Repayment terms	Principal (Rs.)	Rate	Security	Closing balance as at 31st March 2023 Rs.
Sampath Bank PLC	Capital to be repaid in 16 monthly installments of Rs.816,000.00 and final installment of 824,000.00 commencing from 26-07-2022 together with the interest	9,800,000	4% p.a (fixed)	Saubagya Covid 19 Phase II facility Loan value : Rs. 9,800,000/-.	4,052,554
Sampath Bank PLC	Capital to be repaid in 23 monthly installments of Rs.4,900,000.00 and final installment of 6,522,855.54 commencing from 26-07-2022 together with the interest		5.8% p.a (fixed)	Interest moratorium facility on above investment loan - Loan value Rs. 119,222,885/-.	84,922,886
Commercial Bank of Ceylon PLC	Repayment terms & interest on the loan to be decided in June 2023		11.5% p.a	Long Term Loan for Working capital purpose Loan value : Rs. 10,592,121/-	10,592,121
Commercial Bank of Ceylon PLC	Facility Under "Enterprise Sri Lanka" Loan value : Rs. 48,000,000/-.		AWPLR + 2.5% p.a	Repayment terms & interest on the loan to be decided in June 2023	49,000,000
Commercial Bank of Ceylon PLC	Covid IM Loan for POD Interest (01-04-2020 to 31-03-2021)			Repayment terms & interest on the loan to be decided in June 2023	38,219,285
Commercial Bank of Ceylon PLC	Covid IM Loan for 49Mn Term Loan (01-04-2021 to 31-03-2022			Repayment terms & interest on the loan to be decided in June 2023	10,744,881
Interest Morotorium (Accrued Interest)					15,803,958
					783,566,643

Financial institution	Repayment terms	Principal (Rs.)	Rate	Security	Closing balance as at 31st March 2023 Rs.
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	-
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+.5%	Corporate guarantee issued by Ceylon Hotels Corporation PLC	3,888,889
					3,888,889
Ceylon Hotels Maldives Pvt Ltd					
Hatton National Bank PLC	To be repaid in 24 installements 654,414.00 X 23 654,401.57 X 1	15,705,924	Fixed 6.18%	US$ Fixed Deposit of 1,631,512/-	11,779,453
Hatton National Bank PLC	To be repaid in 24 installements 684,200.00 X 23 684,161.31 X 1	16,420,761	Fixed 6.93%	US$ Fixed Deposit of 1,631,512/-	10,263,000
Hatton National Bank PLC	To be repaid in 24 installements 268,645.00 X 23 268,629.16 X 1	6,447,464	Fixed 6.18%	US$ Fixed Deposit of 1,631,512/-	4,835,610
					26,878,063
Total Group					1,673,124,427
* AWPLR - Average Weighted Primary Lending Rate					622,933,889
* FR - Fixed Interest Rate					1,050,190,538
** AWDR - Average Weighted Deposit Rate					
*** LIBOR - London Interbank Offered Rate					-

29 EMPLOYEE BENEFIT PAYABLES

As at 31st March	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Balance at the beginning of the year	15,909,578	17,700,704	5,622,197	7,343,185
Current service cost (b)	2,105,350	1,676,263	382,628	340,310
Interest cost(b)	2,256,728	1,129,949	843,330	491,993
Past service cost (b)	-	(167,592)		(202,815)
Employee benefit obligations paid	(1,469,463)	(5,117,559)	(229,110)	(1,576,777)
Actuarial (Gain)/Losses (b)	1,742,720	687,813	366,305	(773,699)
Balance at the end of the year	20,544,913	15,909,578	6,985,350	5,622,197

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

	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Present value of the unfunded obligations	20,544,913	15,909,578	6,985,350	5,622,197
Recognised liability for defined benefit obligations	20,544,913	15,909,578	6,985,350	5,622,197

(b) **Net Benefit Expense**

Following amount are recognised in statement of profit or loss and other comprehensive income during the year in respect of the retirement benefit obligation.

For the year ended 31st March	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Total amount recognised in Profit or Loss				
Current Service Cost	2,105,350	1,676,263	382,628	340,310
Interest Cost	2,256,728	1,129,949	843,330	491,993
Past service cost	-	(167,592)	-	(202,815)
	4,362,078	2,638,620	1,225,958	629,488
Total amount recognised in Other Comprehensive Income				
Actuarial Losses/(Gains) on Obligations	1,742,720	687,813	366,305	(773,699)
	1,742,720	687,813	366,305	(773,699)
Net Benefit Expense	6,104,798	3,326,433	1,592,263	(144,211)

(c) Gratuity liability is based on the actuarial valuation carried out by Messrs. Actuarial and Management Consultants (Private) Limited, Actuaries, on 31 March 2023.

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

As at 31st March	Group		Company	
	% Per Annum / Years		% Per Annum / Years	
	2023	2022	2023	2022
Financial assumptions				
a) Discount Rate	20%	13% - 15%	20%	15%
b) Salary Increase	17%	12%	17%	12%
Demographic assumptions	A 1967/70 Motality Table issued be the institute acturies, London			
c) Staff salary turnover rate	30% - 40%	18% - 45%	16%	18%
d) Retirement age	60 years	60 years	60 Years	60 years
e) Expected average future working life of the active participants	2.0 - 3.0	2.12 - 4.06	4.6	4.06

The Liability is not externally funded.

From the treasury bond rate of the applicable tenure, the present Sri Lanka country default spread is eliminated and the country default risk price prior to sovereign debt default is added.

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.

As per the Minimum Retirement Age of Workers Act No.28 of 2021, the minimum retirement age of private sector employees was extended to 60 years.

In the absence of a deep market in long-term bonds in Sri Lanka, a long-term interest rate of 20% p.a. (2021/2022 – 13% - 15%p.a.) has been used to discount future retirement benefits obligations. As per the guidelines issued by the Institute of Chartered Accountants of Sri Lanka,the discount rates has been adjusted to remove the risk from the market interest rate in arriving at the discount rate for the purpose of valuing Employee benefit obligations as per LKAS 19.

29.1 Sensitivity Analysis

The defined benefit obligation's sensitivity to changes in key assumptions as at 31 March 2023 and 2022 are shown below.

As at 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Discount Rate - 1% Increase	17,820,873	15,534,714	6,724,937	5,429,903
Discount Rate - 1% decrease	19,378,626	16,307,797	7,265,864	5,829,507
Salary Increment Rate - 1% Increase	19,166,545	16,251,782	7,295,547	5,808,915
Salary Increment Rate - 1% decrease	18,000,732	15,582,687	6,693,452	5,446,371

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

29.2 Maturity analysis of Employee benefit

As at 31st March	Group 2023 Rs.	Company 2023 Rs.
With in 1 year or equal to 1 year	6,984,859	1,440,866
Over 1 year and less than or equal to 2 years	4,327,473	745,273
Over 2 years and less than or equal to 5 years	6,690,076	1,893,228
Over 5 years and less than or equal to 10 years	1,831,756	2,373,640
Over 10 years	710,749	532,343
	20,544,913	6,985,350

30 DEFERRED TAX LIABILITIES

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Balance at the beginning of the period	901,082,603	706,757,020	-	-
Rate change impact on revaluation - Origination /(Reversal) of temporary differences - OCI	1,247,853,733	-		
Reversal of temporary differences - P & L	(106,371,729)	(9,641,541)	-	-
Origination /(Reversal) of temporary differences - OCI	(273,401)	203,967,124	-	-
Balance at the end of the period	2,042,291,206	901,082,603	-	-

Deferred income taxes are calculated on all temporary differences under the liability method using the applicable tax rates at the end of the financial reporting period.

Deferred income tax assets and liabilities of the Group are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when deferred income taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position.

30.1 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. 437,510,863 has been recognized through other comprehensive income (OCI) and charged to revaluation reserve.

30.2 Deferred tax for the year has been computed based on the substantively enacted rates as of the reporting date. Accordingly the enacted rates specified in the Inland Revenue Act No. 45 of 2022 and its amendments, which is 30%.

30.3 The deferred tax asset/ liability on each temporary difference which were recognised in the financial statements are disclosed below.

As at 31st March	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Temporary Differences				
On Property, Plant and Equipment	2,205,798,158	2,902,342,489	-	-
On Inventories	(3,906,726)	(578,448)	-	-
On Trade & other receivables	(8,157,072)	(1,862,835)	-	-
On Amounts due from related companies	(9,392,469)	(8,899,186)	-	-
On Retirement Benefit Obligation	(13,559,563)	(10,287,381)	-	-
On Revaluation of Lands and Buildings	5,845,328,878	4,805,416,895	-	-
On Carried Forward Tax Losses	(1,161,444,106)	(1,179,882,249)	-	-
On Leases	(47,029,740)	(69,944,983)		
	6,807,637,360	6,436,304,302	-	-
Balance at the end of the period	2,042,291,206	901,082,603		-

Unrecognized deferred tax assets

Deferred tax assets have not been recognised 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.

Deferred income tax assets are recognised for tax losses carried forward to the extend that the realisation of related tax benefit through future taxable profit is probable. According to the Inland Revenue Act No.24 of 2017, tax losses could be carried forward for a period of six years, to claim against taxable profits. Any carried forward tax losses prior year to Year of Assessment 2018/2019 shall be treated as loss incurred in the year of assessment 2018/2019. Accordingly, deferred income tax assests of Rs. 418,090,234 (2021/22 - Rs. 132,686,334) was not recognised in respect of subsidiaries in the consolidated financial statements.

Company	Group				Company			
	2023		2022		2023		2022	
	Temporary Differences	Tax Effect	Temporary Differences	Tax Effect	Temporary Differences	Tax Effect	Temporary Differences	Tax Effect
On Retirement Benefit Obligation	6,985,350	2,095,605	5,622,197	787,108	6,985,350	2,095,605	5,622,197	787,108
On Carried Forward Tax Losses	1,393,634,109	418,090,234	947,759,525	132,686,334	723,713,500	217,114,050	690,450,765	96,663,107
	1,400,619,459	420,185,839	953,381,722	133,473,442	730,698,850	219,209,655	696,072,962	97,450,215

Deferred Tax Asset amounting to Rs. 420,185,839 (2022 - Rs. 133,473,442) 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.

31 LEASE LIABILITIES

As at 31st March	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
As at 01 April	183,000,755	176,128,861	-	-
Interest expense	17,561,251	18,471,606	-	-
Payments made during the year	(44,952,334)	(11,599,712)	-	-
As at 31 March	155,609,672	183,000,755	-	-
Lease liabilities included in the statement of financial position				
Payable within one year	25,524,738	47,171,099	-	-
Payable after one year	130,084,934	135,829,656	-	-
	155,609,672	183,000,755	-	-

31.1 Amounts Recognised in Statement of Profit or Loss

Interest expense	17,561,251	18,471,606	-	-

31.2 Amounts Recognised in Statement of Cash Flows

Total cash outflow for leases	(44,952,334)	(11,599,712)	-	-

31.3 Maturity Analysis - Contractual Undiscounted Cash Flows

Less than one year	21,163,615	19,561,177	-	-
One to five years	95,687,768	101,465,480	-	-
More than five years	314,996,667	329,975,000	-	-
	431,848,050	451,001,657	-	-

32 GOVERNMENT GRANTS

As at 31st March	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Opening balance	7,767,764	11,032,844		
Recognized during the year	-	-	-	-
Modification of Government Grant	-	5,177,320		
Setoff against interest expenses during the year	(7,767,764)	(8,442,400)	-	-
Closing balance	-	7,767,764	-	-
Non-Current Portion	-	1,220,276	-	-
Current Portion	-	6,547,488	-	-
	-	7,767,764	-	-

On 14 November 2020, the Group has obtained a term loan facility under "Enterprise Sri Lanka" special interets subsidy loan scheme proposed by the government to strengthen the tourism industry. The interest subsidy will be paid by the Ministry of Finance. This scheme has come to an end by June 30, 2022.

33 TRADE & OTHER PAYABLES

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade payable	83,308,316	57,256,367	98,316	108,533
Accrued expenses	43,840,290	32,100,710	2,645,425	2,947,908
Accrued rent	-	7,473,925	-	-
Other payables	138,436,525	124,694,649	7,836,390	7,234,095
	265,585,131	221,525,651	10,580,131	10,290,536

Terms and conditions of the above financial liabilities.

*Trade payables and accrued expenses are non-interest bearing and are normally settled on 30-60 days.

The carrying amounts of trade and other payables are considered to be the same as their fair value, due to their short-term nature.

34 CONTRACT LIABILITIES

a) The Company recognises advances received for future reservations as contract liabilities.

b) The following table shows unsatisfied performance obligations resulting from customer contracts.

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Opening Balance as at 1st April	11,792,060	8,116,422	-	-
Advance received during the year	-	53,577,972	-	-
Utilized during the year	(6,355,239)	(49,902,334)	-	-
Closing Balance as at 31st March	5,436,821	11,792,060	-	-

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. 5,436,821 have been separately presented in the statement of financial position.

Notes to the Financial Statements

35 AMOUNTS DUE TO RELATED COMPANIES

As at 31st March	Relationship	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
GFH Management Co (Pvt) Ltd	Affiliate	2,628,768	2,223,322	137,297	250,000
The Galle Face Hotel Co Ltd	Parent Company	17,021,270	187,600	-	-
Finance Land & General (Pvt) Ltd	Affiliate	1,000,000	-	1,000,000	-
Galle Face Group (Pvt) Ltd.	Affiliate	1,441,332	3,201,298	-	-
United Hotels Co.Ltd	Subsidiary	-	-	77,321,823	16,631,866
Airline Services (Pvt) Ltd	Subsidiary	-	-	261,446	372,406
CHC Rest House (Pvt) Ltd	Equity- accounted investees	74,495	504,231	-	-
Suisse Hotel Kandy (Pvt) Ltd	Equity- accounted investees	-	9,101,475	-	-
The Kandy Hotels Co. (1938) PLC	Subsidiary	-	-	72,258,853	32,991,849
Gardiner Group (Pvt) Ltd.	Affiliate	1,358,160	-	-	-
Unionco Ltd	Affiliate	164,658	164,658	164,658	164,658
		23,688,683	15,382,584	151,144,077	50,410,779

35.1 Related Party Interest-bearing-borrowings

Kandy Hotels Co. (1938) PLC Loan	-	-	-	1,164,835,549	1,131,844,828
	-	-	-	1,164,835,549	1,131,844,828

Refer to Note No 40.1.1(c) for interest rates and terms.

36 INCOME TAX PAYABLE

As at 31st March	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Opening Balance as at 01 April	7,466,016	13,226,969	13,303	13,303
Provision for the year	15,857,564	18,614,279	-	-
Over Provision in respect of previous year	-	(291,239)	-	-
WHT & ESC Setoff of Against Tax Payable	-	(454,816)	-	-
Payment Made During the year	(18,956,954)	(23,629,177)	-	-
Balance at the end of the period	4,366,626	7,466,016	13,303	13,303

37 CONTINGENT LIABILITIES

37.1 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
District court Colombo	Money recovery	DMR 3389/15

37.2 Group

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from such legal claims.

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 2023.

37.2.1 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
Pledge Holdings (Pvt) Ltd	Tenant	DMR 972/21
Unpaid Budgetary Relief allowance	Labour Department	Labour 29057/20 Kandy
Unpaid Budgetary Relief allowance	Labour Department	Labour 24717/ Kandy
Unpaid Budgetary Relief allowance	Labour Department	Labour APP/07/2022 / Kandy

37.2.2 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
Bentota Pradeshiya Sabha	Operating a SLTDA approved Hotel, without a valid License	MC Balapitiya/51834/PS

37.2.3 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	HC Kegalle/6337 (Appeal of Warakapola MC Case No.2854/LT)

37.2.4 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 31st March 2023.

38 CAPITAL COMMITMENTS

There were no capital commitments approved by the Board of Directors, but not yet contracted as at the reporting date (2021/22- Nil).

39 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No circumstances have arisen since the statement of financial position date that require adjustments to, or disclosure in the financial , other than the item mentioned below.

United Hotels Co.Ltd, ('UHCL') and its subsidiaries become fully owned subsidiaries of The Kandy Hotels Company (1938) PLC ('KHC').

KHC's Board of directors recommended to its shareholders the acquisition of 83.39% of the issued share capital of UHC, an affiliate of the Company, through a share swap. The aforesaid was subject to the approval of KHC's shareholders at the Extra Ordinary General Meeting, as well as the approval by the Securities Exchange Commission (SEC).

The shareholders approved it on May 31, 2023, and the SEC approved on July 4, 2023.

Consequent to the approvals, the proposed allotment and share transfer took place on July 14, 2023. The new shares were listed on the CSE on July 20, 2023. The Company has issued 176,809,253 for a total consideration of Rs. 2,645,066,425.

The total number of ordinary shares of KHC in issue has increased to 754,309,253 (March 31, 2023: 577,500,000)

The stated capital has now been enhanced to Rs. 2,661,816,425 (March 31, 2023: Rs. 16,750,000).

The aforementioned restructure resulted in UHC and its subsidiaries becoming fully owned subsidiaries of KHC.

40 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.

40.1 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	Year ended 31.03.2023 Rs.	Year ended 31.03.2022 Rs.
Kandy Hotels Company (1938) PLC	-8%	Subsidiary	Mr. Sanjeev Gardiner	Expenses paid by CHC on behalf of KHCL	730,524	1,472,464
				Loan Advances to CHC		(4,041,420)
			Mr. Lakshman Samarasinghe	Intercompany borrowings:		
			Mr. Priyantha Maddumage (Mr. Shalike Karunasena Alternate director)	- Settlement from CHC	38,206,362	-
				- Interest expenses on loan given from KHCL	(111,194,611)	(75,663,497)

Company Name	Aggregate value of Related Party Transactions as a % of Revenue	Nature of Relationship	Name of the Director	Nature of Transaction	Year ended 31.03.2023 Rs.	Year ended 31.03.2022 Rs.
United Hotels Company Ltd	0%	Subsidiary	Mr. Sanjeev Gardiner	Net Expenses paid by CHC on behalf of UHCL	1,273,370	1,415,330
			Mr. Priyantha Maddumage	Settlement of outstanding balance	(1,709,617)	(7,737,650)
			Mr. Mangala Boyagoda	Expenses paid by UHCL on behalf of CHC		(1,187,868)
			Mr. Lakshman Samarasinghe	Temporary advance to UHCL	(60,253,710)	
			Mr .Kuwera De Soysa			
CHC Foods (Pvt) Ltd	0.16%	Subsidiary	Mr. Priyantha Maddumage	Net Expenses paid by CHC on behalf of CHCFO	2,118,575	3,099,098
			Mr. Lakshman Samarasinghe	Temporary advance to CHCFO	1,600,000	-
				Settlement of related party balance	(2,270,485)	(2,871,411)
Tissa Resort (Pvt) Ltd	6.281%	Subsidiary	Mr. Priyantha Maddumage	Expenses paid by CHC on behalf of TRL	2,872,412	425,814
			Mr. Lakshman Samarasinghe	Net Settlement of related party balance	(734,814)	(414,118)
				Temporary advance to TRL	53,000,000	-
CHC Rest Houses (Pvt) Ltd	0%	Joint Venture	Mr. Priyantha Maddumage	Expenses paid by CHC on behalf of CHC RH	4,085,716	2,618,847
			Mr. Lakshman Samarasinghe	Settlement of Related Party Balance	(4,088,159)	(2,498,684)
Ceylon Holiday Holdings (Pvt) Ltd	1.28%	Joint Venture	Mr. Lakshman Samarasinghe	Temporary advance		(5,250,000)
			Mr. Priyantha Maddumage	Expenses paid by CHC Plc behalf of C Holidays	463,190	461,689
				Interest Income on loan given to C Holidays	10,793,208	2,351,524
Ceylon Hotels Holdings (Pvt) Ltd.	10%	Affiliate	Mr. Sanjeev Gardiner	Net Temporary advance		(320,000)
			Mr. Lakshman Samarasinghe	Interest Income on loan given to Ceylon Hotels Holdings (Pvt) Ltd	83,891,101	29,592,141
			Mr. Priyantha Maddumage	Settlement of Related Party Balance	(95,890,000)	
			Mr. Shalike Karunasena			
			Mr. Ajith Lasantha Devasurendra			

Company Name	Aggregate value of Related Party Transactions as a % of Revenue	Nature of Relationship	Name of the Director	Nature of Transaction	Year ended 31.03.2023 Rs.	Year ended 31.03.2022 Rs.
Airline Services (Pvt) Ltd	0.01%	Subsidiary	Mr. Lakshman Samarasinghe	Expenses paid by CHC PLC on be half of ALSL	110,960	102,549
Galle Face Group	0.00%	Affiliate	Mr. Lakshman Samarasinghe	Temporary advance		-
				Expenses paid by GFG on behalf of CHC		(134,050)
				Expenses paid by CHC on behalf of GFG	94,845	39,766
				Settlement	(107,371)	(20,431)
GFH Management Co (Pvt) Ltd	0.01%	Affiliate	Mr. Sanjeev Gardiner	Service obtained during the year	(1,112,048)	(2,289,404)
			Mr. Lakshman Samarasinghe	Settlement of oustanding balance	1,224,754	4,439,876
			Mr Priyantha Maddumage			
			Mr. Shalike Karunasena			
Galle Face Hotel Co. Ltd	0.98%	Ultimate Parent	Mr. Sanjeev Gardiner	Net Temporary advance	71,529,039	
			Mrs. Mavis Gardiner	Settlement of Related Party Balance	(62,968,147)	
			Dr. Dennis Aloysius			
			Mr. Lalith Rodrigo			
			Mr. Lakshman Samarasinghe			
Finance land & General (Pvt) Ltd	-0.11%	Affiliate	Mr. Sanjeev Gardiner	Service obtained during the year	(1,000,000)	
			Mr. Lakshman Samarasinghe			
			Mr Priyantha Maddumage			
			Mr. Lalith Rodrigo			

40.1.1 This note should be read in conjunction with the note 21 and 35 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
Finance land & General (Pvt) Ltd	FLG

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 + 1.5% for 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	

40.1.2 Recurrent transactions with related parties

There were no any recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31st March 2023 audited financial Statements, which required additional disclosures in the 2022/23 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.

40.2 Non- recurrent transactions with related parties

There are no non-recurrent related party transactions for the period ended 31st March 2023.

40.3 Compensation paid to key management personnel

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

40.4 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.

40.5 The Directors have disclosed the nature of their interests in contracts, which is entered in the interest register maintained by the Company.

There are no other related party transactions other than disclosed above.

41 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, amount due from and due to related parties, loans and borrowings/lease liabilities . 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.

41.1 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.

41.1.1 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	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade receivables	97,957,009	38,079,739	-	-
Other Receivables	188,780,670	84,041,290	5,595,051	6,183,239
Amount due from related parties	575,418,127	471,082,475	661,933,731	601,821,832
Cash & cash equivalents				
- Cash at banks	26,492,515	63,035,509	571,745	90,163
- Fixed Deposits	2,590,198,743	1,474,593,253	-	-
	3,478,847,064	2,130,832,266	668,100,527	608,095,234

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

Institute	Instrument	2023		2022	
		Credit Rating	Total Investment LKR	Credit Rating	Total Investment LKR
Hatton National Bank PLC	Fixed Deposit-USD	A	2,590,198,743	AA-	1,474,593,253

41.1.2 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 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Neither past due nor impaired				
Past due				
01–29 days	57,494,196	26,021,106	-	-
30–60 days	34,886,015	9,151,067	-	-
61–90 days	6,896,957	3,461,093	-	-
91–120 days	6,330,905	310,905	-	-
121–180 days	253,580	6,206,801	-	-
> 356 days	1,979,105	1,926,048	-	-
	107,840,758	47,077,020	-	-
Impaired				
Gross carrying value	107,840,758	47,077,020	-	-
Less: Impairment provision	(9,883,749)	(8,997,281)	-	-
Total	97,957,009	38,079,739	-	-

41.1.3 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. 26 Mn as at 31 March 2023 (2022 - Rs. 63 Mn). The cash at bank with counterparties, which are rated A /AAA, based on fitch ratings.

41.2 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.

41.2.1 Net (debt)/cash

As at 31st March	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Cash in hand and at bank	2,624,186,801	1,543,928,232	571,745	90,163
Total liquid assets	2,624,186,801	1,543,928,232	571,745	90,163
Interest bearing loans and borrowings	1,673,124,427	2,061,500,104	-	-
Lease liability	155,609,672	183,000,755	-	-
Bank overdrafts	419,756,812	164,885,013	-	1,191,237
Total liabilities	2,248,490,911	2,409,385,872	-	1,191,237
Net (debt)/cash	375,695,890	(865,457,640)	571,745	(1,101,074)

41.2.2 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.

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 moratorium 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 and the Company's financial liabilities at 31 March 2023 based on contractual undiscounted payments.

Group	Carrying Amount Rs.	Contractual Cash flows Rs.	Within 1 year Rs.	Between 1-5 year Rs.	More than 5 years Rs.	Total Rs.
Interest bearing borrowings	1,673,124,427	1,673,124,427	376,712,661	1,296,411,766	-	1,673,124,427
Trade and other payables	265,585,131	265,585,131	265,585,131	-	-	265,585,131
Amounts due to related parties	23,688,683	23,688,683	23,688,683	-	-	23,688,683
Lease liability	155,609,672	431,848,050	21,163,615	95,687,768	314,996,667	431,848,050
Bank overdrafts	419,756,812	419,756,812	419,756,812	-	-	419,756,812
	2,537,764,725	2,814,003,103	1,106,906,902	1,392,099,534	314,996,667	2,814,003,103

Company	Carrying Amount Rs.	Contractual Cash flows Rs.	Within 1 year Rs.	Between 1-5 year Rs.	More than 5 years Rs.	Total Rs.
Trade and other payables	10,580,131	10,580,131	10,580,131	-	-	10,580,131
Amounts due to related parties	151,144,077	151,144,077	151,144,077	-	-	151,144,077
Related Party Interest-bearing-borrowings	1,164,835,549	1,164,835,549	1,164,835,549	-	-	1,164,835,549
	1,326,559,757	1,326,559,757	1,326,559,757	-	-	1,326,559,757

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.

41.3 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.

41.3.1 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

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 trend in 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 2023 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	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Variable rate instruments				
Interest-bearing-borrowings	1,673,124,427	2,061,500,104	-	-
Related Party Interest-bearing-borrowings	-	-	1,164,835,549	1,131,844,828
Bank overdrafts	419,756,812	164,885,013	-	1,191,237
Total	2,092,881,239	2,226,385,117	1,164,835,549	1,133,036,065

Cash flow sensitivity for variable rate instruments

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

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Variable rate instruments				
1% Increase in interest rate	(20,928,812)	(22,263,186)	(11,648,355)	(11,330,361)
1% Decrease in interest rate	20,928,812	22,263,186	11,648,355	11,330,361

Notes to the Financial Statements

41.3.2 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 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 2023 once the CBSL allowed a free float of the currency which resulted in a steep depreciation of the Rs. by 31 March 2023. 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	2023		2022	
	Amount in USD	Amount in LKR	Amount in USD	Amount in LKR
Financial Assets				
Fixed Deposit	7,914,182	2,590,198,743	5,014,062	1,474,593,253
	7,914,182	2,590,198,743	5,014,062	1,474,593,253
Financial Liability				
Interest-bearing-borrowings	1,926,992	630,676,867	1,757,968	528,813,731
	1,926,992	630,676,867	1,757,968	528,813,731
Net Finance assets exposure	5,987,191	1,959,521,877	3,256,094	945,779,522

Closing exchange rate as at 31st March 2023 is Rs.327.29 (2021/2022- Rs. 299).

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 2023.

Currency	Increase decrease in exchange rate	Effect on profit before tax
USD	+10%	195,952,188
	-10%	(195,952,188)

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.

41.4 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;

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Interest-bearing-borrowings	1,673,124,427	2,061,500,104	-	-
Bank Overdraft	419,756,812	164,885,013	-	1,191,237
Cash in hand and bank	(2,624,186,801)	(1,543,928,232)	(571,745)	(90,163)
Total debts	(531,305,562)	682,456,885	(571,745)	1,101,074
Total equity	9,774,729,598	10,417,748,370	590,221,574	627,582,828
Debt to Equity ratio (Times)	(0.05)	0.07	(0.00)	0.00

42 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 2023	Amortized cost	Total
Financial assets not measured at fair value		
Trade and other receivables	286,737,679	286,737,679
Amounts due from related companies	575,418,127	575,418,127
Cash and cash equivalents	2,624,186,801	2,624,186,801
	3,486,342,607	3,486,342,607
Financial liabilities not measured at fair value		
Bank overdrafts	419,756,812	419,756,812
Trade payables	83,308,316	83,308,316
Lease Liability	155,609,672	155,609,672
Interest bearing borrowings	1,673,124,427	1,673,124,427
Amounts due to related companies	23,688,683	23,688,683
	2,355,487,910	2,355,487,910

Notes to the Financial Statements

Group

Year ended 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
Interest bearing borrowings	2,061,500,104	2,061,500,104
Lease Liability	183,000,755	183,000,755
Amounts due to related companies	15,382,584	15,382,584
	2,482,024,823	2,482,024,823

Company

As at 31 March 2023	Fair Value through P&L	Fair Value through OCI	Amortized cost	Total
Financial assets measured at fair value				
Investment in Joint Venture (Level 3)	-	309,497,174	-	309,497,174
Financial assets measured at FVTPL (Level 1)	36,825,500			
Financial assets not measured at fair value				
Trade and other receivables	-	-	5,595,051	5,595,051
Amounts due from related companies	-	-	661,933,731	661,933,731
Cash and cash equivalents	-	-	571,745	571,745
	36,825,500	309,497,174	668,100,527	977,597,701
Financial liabilities not measured at fair value	-			
Trade payables	-	-	98,316	98,316
Related party interest bearing borrowings	-	-	1,164,835,549	1,164,835,549
Amounts due to related companies	-	-	151,144,077	151,144,077
	-	-	1,316,077,942	1,316,077,942

Company

As at 31 March 2022	Fair Value through OCI	Amortized cost	Total
Financial assets measured at fair value			
Investment in Joint Venture (Level 3)	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

43 NUMBER OF EMPLOYEES

The total number of employees of the company as at 31st March 2023 was 398. (31^{st} March 2022 - 378)

Investor Information

SUMMARY OF SHAREHOLDING AS AT 31ST MARCH 2023

	Share Range			No. of Shareholders	No. of Shares	Holding %
1	1	-	1000	6,513	1,031,668	0.573%
2	1001	-	10000	936	3,079,574	1.711%
3	10001	-	100000	216	5,979,740	3.322%
4	100001	-	1000000	23	4,244,146	2.357%
5	1000001	-	& Above	9	165,695,814	92.037%
	Totals			7,697	180,030,942	100.000%

INFORMATION FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2023

a) Directors Shareholding in the company

Name of Director	31st March 2023	31st March 2022
Mr. Lakshman Samarasinghe - Chairman	5590	5590
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
Mr. R Devasurendra (Alternate Director)	Nil	Nil

PUBLIC SHAREHOLDING AS AT 31ST MARCH 2023

b) Public Shareholding - 40,891,429 (2022 - 40,486,055)

c) Percentage of the ordinary shares held by public - 22.71% (2022 - 22.49%)

d) No. of Public shareholders - 7,687 (2022 - 7,205)

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
Rosewood (Pvt) Limited	18,343,901
Seylan Bank Ltd / ARRC Capital (Pvt) Ltd (Collateral)	10,791,878
Seylan Bank Ltd / ARRC Capital (Pvt) Ltd	267,178

f) Highest, lowest and market value per share from 1st April 2022 to 31st March 2023

Period	Year ended 31st March 2023
Date High	9/14/22
High - Rs.	28.60
Date Low	4/27/22
Low - Rs.	6.00
Close - Rs.	22.50
Trade Vol	16,887
Share Vol	32,887,466
Turnover - Rs.	673,720,068.50
Last Traded date	3/31/23
Days Traded	219

MARKET PRICE PER SHARE FOR THE PERIOD FROM 01/04/2022 TO 31/03/2023

Name of Director	2022-23		2021-22	
	Date	Share Price (Rs.)	Date	Share Price (Rs.)
Highest Market Price	9/14/22	28.6	10/6/21	26.5
Lowest Market Price	4/27/22	6	3/30/22	8.5
Last Traded Price	3/31/23	22.5	3/31/22	9.1

The float adjusted market capitalisation as at 31st March 2023 was Rs. 920,057,153 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 7.14.1 (a) with the minimum public holding requirements.

Investor Information

20 LARGEST ORDINARY SHAREHOLDERS (VOTING) OF THE COMPANY AS AT 31ST MARCH 2023

	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	18,343,901	10.19%
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	Associated Electrical Corporation Limited	1,149,886	0.64%
9	Hotel International (Pvt) Ltd	1,048,230	0.58%
10	Sithlanka (Private) Limited	447,706	0.25%
11	Citizens Development Business Finance PLC/T. Ruchira	400,242	0.22%
12	Mr. U. Siriwardena	336,411	0.19%
13	Dr. G.S.Perera	307,012	0.17%
14	Seylan Bank Plc/Arrc Capital (Pvt) Ltd	267,178	0.15%
15	Mr. S.A Jayathilake	202,277	0.11%
16	Dr. S.S.L.Perera	196,787	0.11%
17	Mr.S.Adikari	186,803	0.10%
18	People's Leasing and Finance PLC/S.Gobinath	156,499	0.09%
19	Mr.S.Abishek	148,572	0.08%
20	Mr. L.S.W. Abharana Dewage	146,100	0.08%
21	Mr. S.M. Hassan Mohamed	139,146	0.08%
	Sub Total	168,630,547	93.67%
	Balance Held by Others	11,400,395	6.33%
	Total	180,030,942	100.00%

20 LARGEST ORDINARY SHAREHOLDERS (VOTING) OF THE COMPANY 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%

Five Year Summary

Year ended 31st March	2023		2022		2021		2020		2019	
	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	877,862	7,043	561,936	6,887	423,572	6,435	1,023,144	8,326	1,633,512	8,562
Operating profit/(Loss) before Interest Expenses and other income	(221,153)	(20,485)	(172,984)	(11,635)	(237,842)	(11,343)	(240,399)	(18,970)	180,506	(18,151)
Profit/(Loss) before Taxation	(242,912)	(36,995)	(34,978)	(55,357)	(432,063)	(73,431)	(436,898)	(74,275)	256,424	(35,366)
Taxation Provision	90,514	-	(10,878)	-	46,837	-	23,022	-	32,595	-
Profit /(Loss) from continuing operations	(152,398)	(36,995)	(45,856)	(55,357)	(385,226)	(73,431)	(413,875)	(74,275)	223,829	(35,366)
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	5,083,571	192,295	6,123,642	192,295	5,268,766	192,295	5,349,572	212,295	4,477,953	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)	1,886,323	(131,403)	1,269,037	(94,041)	1,229,398	(39,458)	1,448,391	34,345	1,675,342	107,912
Total equity attributable to equity holders	7,499,585	590,222	7,922,369	627,583	7,027,856	682,166	7,327,653	775,970	6,682,986	849,537
Assets Employed										
Current Assets	3,600,216	704,926	3,042,946	608,095	1,602,366	580,787	1,538,148	478,805	1,968,334	484,684
Current Liabilities	1,121,071	1,326,573	1,178,638	1,193,751	769,619	1,110,145	(436,297)	(934,808)	(1,060,465)	(1,013,787)
Working Capital	2,479,144	(621,647)	1,864,308	(585,655)	832,747	(529,358)	1,101,851	(456,003)	907,869	(529,103)
Property, Plant and Equipment	10,346,505	9	10,485,924	15	9,195,325	22	9,552,201	28	8,384,654	35
Non-Current Liabilities			2,411,674	5,622	2,262,955	7,343	2,459,596	6,901	1,721,825	7,000
Ratio & Statistics										
Current Ratio (Times)	3.21	0.53	2.58	0.51	2.1	0.5	3.53	0.51	1.86	0.48
Market Price per share	-	22.50	-	9.10	-	10.60	-	8.50	-	9.20
Earning/(Losses) per Share	3.02	(0.21)	(0.22)	(0.31)	(1.73)	(0.41)	(1.94)	(0.41)	1.14	(0.20)
Net Assets Per Ordinary Share	54.29	3.28	44.01	3.49	39.04	3.79	40.70	4.31	37.12	4.72

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 26th September at 2.00 p.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 2023 and the Report of the Auditors thereon.

2. To re-elect Mr.Ajith Devasurendra 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.Shalike Karunasena 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 81 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 72 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 2023/2024 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 31st August 2023

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, or e-mail to ppeiris@deloitte.com 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 26th September 2023 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 2023 and Report of the Auditors thereon.		
2.	To re-elect Mr.Ajith Devasurendra 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.Shalike Karunasena 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 2023/2024 and up to the date of the next Annual General Meeting.		

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

....
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, or e-mail to ppeiris@deloitte.com 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 quoted company with limited liability

STOCK EXCHANGE LISTING
The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka

DIRECTORS
Mr. Lakshman Samarasinghe - Chairman
Mr. Sanjeev Gardiner
Mr. Priyantha Maddumage
Mr. Kuvera De Zoysa
Mr. Mangala Boyagoda
Mr. Kamantha Amarasekara
Mr. Ajith Devasurendra
Mr. Ranil Pathirana
Mr. Shalike Karunasena
Mr. Revantha Devasurendra (Alternate Director to Mr. Ajith Devasurendra)

HOTEL MANAGEMENT COMPANY
Galle Face Group (Pvt) Limited

REGISTERED OFFICE
No.327, Union Place, Colombo 02
Tel : 011 2421847
Fax : 011 2325747
Email : Corporateoffice@ceylonhotels.net
Corporate website: www.chcplc.com

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.
Tel : 011 2505152/011 5444425

REGISTRARS
Accounting Systems Secretarial Services (Pvt) Limited
Level 3, No.11, Castle Lane, Colombo 04
Tel : 011 2505152/011 5444425

EXTERNAL AUDITORS
Messrs. KPMG, Chartered Accountants
No.32A, Sir Mohamed Macan Markar Mawatha,
Colombo 03

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

HOTEL RESERVATIONS
Ceylon Hotels Corporation PLC
Regency Wing – Galle Face Hotel
No.02, Galle Road, Colombo 03
Tel: 011 5585858 Fax: 011 5345882
Email : sales@ceylonhotels.net
Website: www.chcresorts.lk

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